Annual Revision of the U.S. International Transactions Accounts

By Helen Y. Bai and Mai-Chi Hoang

IN JUNE, the Bureau of Economic Analysis (BEA) released annual revisions of the U.S international transactions accounts (ITAs) and the U.S. international investment position (IIP) accounts.[1] Through annual revisions, BEA introduces new definitions and classifications, newly available and more complete source data, improved methodologies, and new and updated presentations. Taken together, these changes improve the reliability and consistency of the statistics and address important new developments in the U.S. and international economies. This article focuses on the annual revision of the ITAs.

This annual revision introduces several significant changes in definitions and classifications in the ITAs. These changes are part of a multiyear effort to modernize and enhance BEA's international economic accounts and to align them with recently updated guidelines for international economic accounts. For additional information on these updates, see the box "Updated International Statistical Standards."

For this annual revision, changes related to the implementation of international standards include the following:

- Reclassification of certain exports and imports of military-related items from services to goods on a balance-of-payments basis, beginning with statistics for 1999.[2]
- Reclassification of air and ocean carriers' expenditures on fuel in foreign ports from services to goods, beginning with statistics for 1999.
- Exclusion of migrants' transfers, a measure of the net worth of individuals who immigrate or emigrate during a period, from the capital account, beginning with statistics for 1982.
- Reclassification of permanent debt between affiliated banks, bank holding companies, and financial holding companies from direct investment to U.S. claims and liabilities reported by U.S. banks, beginning with statistics for 2007.

In addition to these changes, BEA implemented a new treatment of the allocations of special drawing rights (SDRs) recommended by the sixth edition of the *Balance of Payments and International Investment Position Manual* (BPM6) with the December 2009 release of the ITAs.[3] Previously, BEA followed the recommendation of the fifth edition of this manual and excluded

1. For a discussion of revisions to the IIP accounts and additional information, see Elena L. Nguyen, "The International Investment Position of the United States at Yearend 2009" in this issue.

2. Unless otherwise specified, "goods" in this article refers to goods on a balance-of-payments basis. The statistics on goods are based on Census Bureau data that are collected by the U.S. Customs and Border Protection and adjusted by BEA for coverage, timing, valuation, and classification to a balance-of-payments basis.

3. *Balance of Payments and International Investment Position Manual*, 6th ed. (Washington, DC: International Monetary Fund, 2009).

Updated International Statistical Standards

Last year, the International Monetary Fund released the sixth edition of the *Balance of Payments and International Investment Position Manual* (BPM6). This update, the first since 1993, was coordinated with an update in 2008 of the *System of National Accounts* (2008 SNA) in order to maximize the overall consistency between these two key sets of international standards for economic accounts. In addition, the Organisation for Economic Co-operation and Development released the fourth edition of the *Benchmark Definition of Foreign Direct Investment* in 2008, and the United Nations Statistical Commission approved updates of the 2010 editions of the *Manual on Statistics of International Trade in Services* and the *International Merchandise Trade Statistics: Concepts and Definition* in February of this year. Updates of these three manuals were also prepared in coordination with BPM6 and the 2008 SNA as part of a concerted effort to maximize to the extent possible consistency in definitions, concepts, principles, and recommended practices.

SDR allocations from the ITAs. For additional information, see the box "Allocations of Special Drawing Rights in the ITAs."

BEA expects to implement additional BPM6-related changes in future annual revisions. These changes are generally more complex and involve changes in definitions, classifications, methodologies, or presentations. Some changes require new source data or other resources, such as new data-processing applications. Implementation will depend on several factors, including source data availability, resource requirements, consistency with BEA's national, industry, and regional accounts, and possible effects on tables and data dissemination processes.[4]

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

- Exports and imports of goods were revised for 2007–2009 to incorporate new balance-of-payments adjustments developed to phase in a revised Census Bureau methodology for low-value transactions that was implemented for goods on a Census basis for statistics that begin in 2010.[5]
- Imports of goods were revised, beginning with statistics for 1999, to improve the coverage of an existing balance-of-payments adjustment used to remove transactions related to repair of equipment (a component of trade in services) from Census Bureau statistics. In addition, portions of these

4. For additional information, see Kristy L. Howell and Robert E. Yuskavage, "Modernizing and Enhancing BEA's International Economic Accounts: Recent Progress and Future Directions," SURVEY OF CURRENT BUSINESS 90 (May 2010): 6–20.

5. Low-value transactions in Census Bureau statistics are those that fall below the reporting threshold in customs documents. For exports, the threshold is $2,500; for imports, the threshold is $2,000 ($250 for certain quota items).

Allocations of Special Drawing Rights in the ITAs

The International Monetary Fund (IMF) distributed special drawing rights (SDRs) valued at more than $280 billion to the worldwide membership of the IMF, including $47.6 billion to the United States, through two allocations of SDRs in August and September of 2009. The allocations were taken as steps to help combat the global financial crisis, primarily in response to requests from the G–20 Heads of State and the IMF's International Monetary and Financial Committee at their respective meetings in April 2009. The allocations increase the reserve assets available to IMF member countries. An SDR is an asset that is created by the IMF to supplement the official reserves of members and that is readily convertible into reserve currencies, which include the U.S. dollar, the Japanese yen, the British pound, and the euro.

The Bureau of Economic Analysis (BEA) included the allocations of SDRs to the United States in the international transactions accounts (ITAs) with the December 2009 release of the ITAs; previously, such allocations had been excluded from the ITAs. Specifically, the allocations to the United States were included in the SDR component of U.S. official reserve assets in table 1 of the ITAs (line 43). The offset to these transactions is included in "other" U.S. government liabilities (line 60) in order to reflect the increase in the liabilities of the U.S. Treasury. The adoption of the new international standards for reporting the allocations of SDRs allows BEA to show the significant impact of these allocations on U.S. claims and liabilities.

In order to treat all SDR allocations consistently, BEA departed from its usual practice of making historical revisions only in the June release of the ITAs. Instead, BEA revised the ITAs in December 2009 to include allocations for the third quarter of 2009 and the six earlier allocations of SDRs. Revisions to account for these allocations were made for the first quarters of 1970, 1971, 1972, 1979, 1980, and 1981.

Revisions to Selected Financial-Account Transactions, 1970–81

[Millions of dollars]

(Credits +; debits –) [1]	1970	1971	1972	1979	1980	1981
U.S.-owned assets abroad, excluding financial derivatives (line 40):						
Revised	–9,337	–12,475	–14,497	–66,054	–86,967	–114,147
Previously published	–8,470	–11,758	–13,787	–64,915	–85,815	–113,054
Amount of revision	–867	–717	–710	–1,139	–1,152	–1,093
U.S. official reserve assets						
Special drawing rights (line 43):						
Revised	–851	–249	–703	–1,136	–16	–1,823
Previously published	16	468	7	3	1,136	–730
Amount of revision	–867	–717	–710	–1,139	–1,152	–1,093
Foreign-owned assets in the United States, excluding financial derivatives (line 55):						
Revised	7,226	23,687	22,171	40,693	62,037	85,684
Previously published	6,359	22,970	21,461	39,554	60,885	84,591
Amount of revision	867	717	710	1,139	1,152	1,093
Foreign official assets in the United States						
Other U.S. government liabilities (line 60):						
Revised	411	207	892	1,099	1,767	755
Previously published	–456	–510	182	–40	615	–338
Amount of revision	867	717	710	1,139	1,152	1,093

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

NOTE. Line numbers refer to table 1 in "U.S. International Transactions: First Quarter of 2010" in this issue of the SURVEY OF CURRENT BUSINESS.

transactions that are not covered by BEA's international services surveys were added to imports of services. This partial reclassification from goods to services resulted in partly offsetting revisions to services imports.

- Exports and imports of services (services receipts and payments) were revised to incorporate new and updated source data. The revisions resulted largely from the incorporation of newly available and updated data for 2007–2009 from BEA's quarterly international services surveys and from the initial results of BEA's benchmark survey of international insurance transactions. In addition, services exports and imports were revised for 2006–2009 to incorporate updated source data on transportation services from the U.S. Army Corps of Engineers.
- Direct investment financial flows and related income receipts and payments were revised for 2007–2009 to incorporate new quarterly and annual data from BEA's surveys of U.S. direct investment abroad and foreign direct investment in the United States.
- Foreign securities financial flows and interest receipts for foreign bonds and dividend receipts for foreign stocks were revised for 2007–2009 to incorporate the results of the U.S. Treasury Department's annual survey "U.S. Ownership of Foreign Securities" for December 2008 and other updated source data.
- U.S. securities financial flows and interest payments for U.S. bonds and dividend payments for U.S. stocks were revised for 2007–2009 to incorporate the results of the U.S. Treasury Department's benchmark survey "Foreign-Residents' Holdings of U.S. Securities" for June 2009 and other updated source data.
- The presentation of the adjustments used to convert goods on a Census basis to goods on a balance-of-payments basis was modified, primarily to incorporate new adjustments introduced in this annual revision.
- The terminology in table 7 in the quarterly ITA article "U.S. International Transactions: First Quarter of 2010" in this issue was changed; "capital" was replaced with "financial flow" in the title and in several lines and was also dropped from several lines.[6]

Statistics on U.S. international transactions were revised for 1982–2009.[7] The revisions for 1982–98 were entirely due to the removal of migrants' transfers from the capital account. Revised statistics for the detailed components of the ITAs for 1982–2009 are shown in table 1 in the quarterly ITA article in this issue; unless otherwise specified, all line numbers noted in this article refer to this table. See summary information on revisions for 1999–2009 in table E on pages 49 and 50.

Despite several relatively large changes, this annual revision has not significantly altered the overall picture of U.S. international transactions for the past several years (charts 1 and 2). Downward revisions to the goods deficit were mostly offset by downward revisions to the services surplus for 1999–2009. The revisions to goods and services were primarily due to the reclassifications of certain transactions from services to goods that resulted in upward revisions to goods exports and imports and offsetting downward revisions to services exports and imports. These reclassifications did not affect either the combined balance on goods and services or the current-account balance. The revised statistics for the current account show nearly the same widening

Acknowledgments

The revised statistics for the U.S. international transactions accounts were prepared under the general direction of Paul W. Farello and Christopher A. Gohrband. Robert E. Yuskavage provided overall guidance.

Revised statistics for the improved classifications of goods and services were prepared by Jeffrey R. Bogen for U.S. military agency sales contracts, Rodney D. Thorn for direct defense expenditures abroad, and Patricia A. Brown and Edward F. Dozier for fuel purchases in ports, all under the direction of Paul W. Farello and Michael A. Mann. Mai-Chi Hoang and Benjamin P. Kavanaugh prepared the related balance-of-payments adjustments for statistics on goods under the direction of John W. Rutter.

The benchmark insurance services survey was conducted by Mark P. Samuel under the direction of Christopher J. Emond. Adjustments for the exclusion of migrants' transfers from the capital account were prepared by Anne Flatness. Statistics for the reclassification of permanent debt were prepared by the staff of the Direct Investment Division under the direction of David H. Galler.

Elena L. Nguyen, Erin M. Whitaker, and Cavan J. Wilk prepared financial-account statistics based on the U.S. Treasury Department's surveys of securities under the direction of Christopher A. Gohrband. Helen Y. Bai and Barbara H. Berman prepared revised statistics for bank and nonbank claims and liabilities that reflect the reclassification of certain financial firms to bank holding companies and the reclassification of permanent debt in the banking accounts.

6. For information on U.S. international transactions tables 1–12, see Sarah Scott Thomas, Erin M. Whitaker, and Daniel R. Yorgason, "U.S. International Transactions: First Quarter of 2010" in this issue.

7. Statistics for 1970–72 and for 1979–81 were revised in December 2009 with the release of the ITAs. Revisions for these years reflect the new treatment of allocations of SDRs. For additional information, see the box "Allocations of Special Drawing Rights in the ITAs."

of the current-account deficit through 2006 and larger declines in the deficit for 2007–2009. Net financial flows were revised up considerably for 2008. The combined effects of revisions to the current, capital, and financial accounts resulted in downward revisions to the statistical discrepancy for 2008 and 2009. Despite these downward revisions, the statistical discrepancy in 2009 remains relatively large. BEA is continuing its efforts to improve the coverage of international transactions and to reduce the size of the statistical discrepancy.[8]

This article is divided into two major sections. The first section summarizes the impact of the revisions on the statistics from the current, capital, and financial accounts, including the statistical discrepancy. The second section discusses the major changes in definitions, statistical methods, and presentations that are introduced in this annual revision.

Impact of the Revisions

The revisions to the statistics mostly resulted from updated source data and the incorporation of new source data, reclassifications of certain transactions between goods and services, and new and updated methodologies. This annual revision is also the first time that statistics on financial derivatives for the fourth quarter of 2009 are available, providing the first complete picture of transactions for 2009.

Current-account highlights

Current-account statistics were revised for 1999–2009 (table A). The revised statistics show the same trend in the current-account deficit as the previously published statistics. The deficit increased for 1999 and 2000, declined slightly for 2001, rose continuously for 2002–2006, and then declined again for 2007–2009. In the revised statistics, however, the declines for 2007–2009 are larger, particularly for 2008, and the deficit for 2009 is lower than the deficit for 2001. The larger decreases in the deficit for 2007 and 2008 are primarily due to larger increases in the surplus on income; the larger decrease for 2009 is due to a larger decline in the deficit on goods.

The current-account deficit was revised down for all years; the largest revisions were for 2008 and 2009. Downward revisions to the current-account deficit for 1999–2009 reflected the removal of transactions related to the repair of equipment from goods imports and the addition of the portion of these transactions not covered by BEA's international services surveys to services imports. In addition, downward revisions to the current-account deficit for 2007–2009 mostly reflected upward revisions to the income surplus resulting from new survey data on direct investment income flows.

8. For additional information, see the box "The Statistical Discrepancy in Periods of Economic Turbulence" in Anne Flatness, Erin M. Whitaker, and Robert E. Yuskavage, "Annual Revision of the U.S. International Accounts," Survey 89 (July 2009): 42.

Chart 1. Current-Account Deficit, 1999–2009

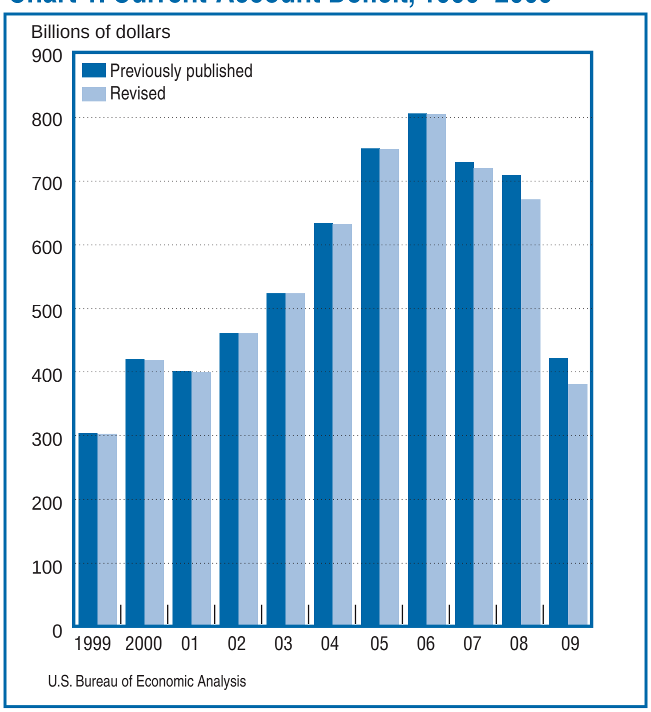
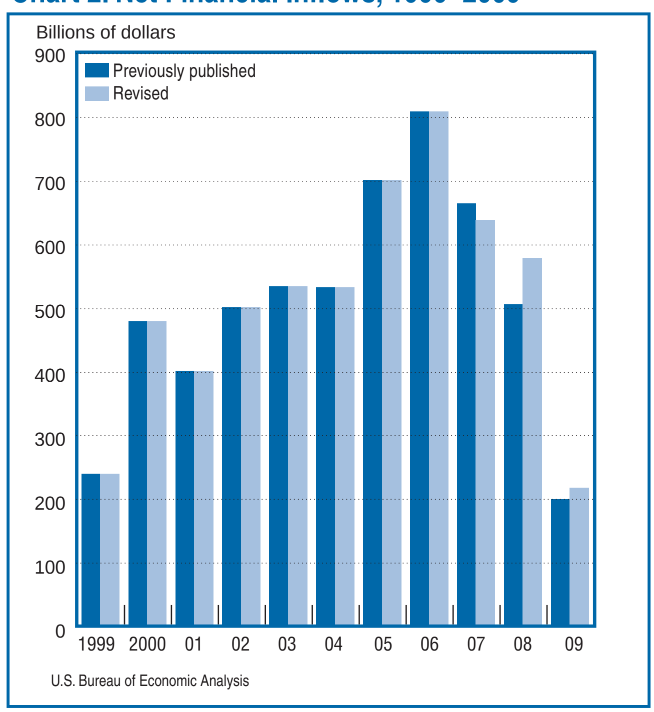


Chart 2. Net Financial Inflows, 1999–2009



In addition to the sources of revisions described above for the annual statistics, the quarterly statistics incorporate revised seasonal factors for exports and imports of goods and services and for income flows. In general, the revisions to the quarterly statistics for exports, imports, income, and transfers did not significantly affect the previously published patterns of quarter-to-quarter changes in the current-account deficit (chart 3). However, some quarterly patterns were revised, mostly for 2009. For the first quarter of 2009, the surplus on services increased in the revised statistics and decreased in the preliminary statistics; in contrast, for the third quarter of 2009, it decreased in the revised statistics and increased in the preliminary statistics. For the second quarter of 2009, the surplus on income increased in the revised statistics and decreased in the preliminary statistics.

For most quarters, the revisions did not significantly affect the magnitude of change in the seasonally adjusted quarterly statistics for major current-account aggregates. The revisions to changes in the current-account deficit were largest for the fourth quarter of 2007 and the third and fourth quarters of 2009. The decrease in the current-account deficit for the fourth quarter of 2007 is now larger, primarily due to a smaller increase in the deficit on goods and a larger increase in the surplus on income. The increase in the current-account deficit for the fourth quarter of 2009 is now smaller, resulting from the combined effects of a smaller increase in the deficit on goods, a smaller decrease in the surplus on income, and a larger increase in the surplus on services.

Goods and services. The revisions to goods and services exports and imports were primarily due to the reclassifications of certain transactions from services to

Chart 3. Quarterly Current-Account Deficit, 2007–2009

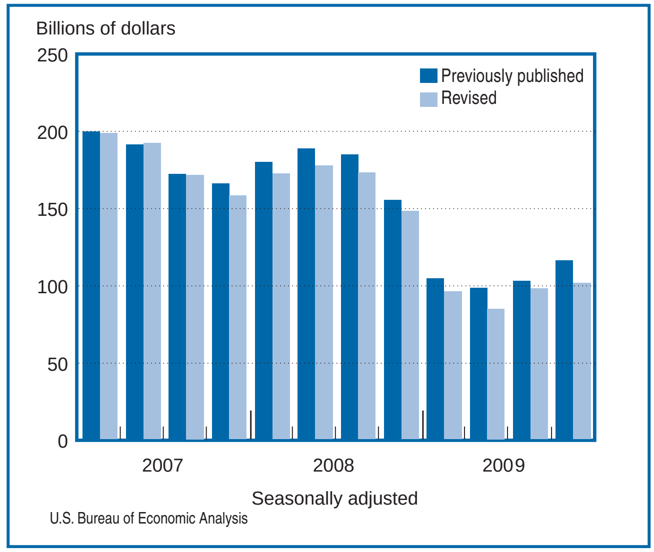


Table A. Revisions to Current-Account and Capital-Account Balances, Net Financial Flows, and the Statistical Discrepancy, 1999–2009

[Billions of dollars]

(Credits +, debits –) [1]	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Balance on current account (line 77):											
Revised	–300.8	–416.4	–397.2	–458.1	–520.7	–630.5	–747.6	–802.6	–718.1	–668.9	–378.4
Previously published	–301.6	–417.4	–398.3	–459.2	–521.5	–631.1	–748.7	–803.5	–726.6	–706.1	–419.9
Amount of revision	0.9	1.1	1.1	1.1	0.9	0.6	1.1	0.9	8.5	37.2	41.4
Balance on goods (line 72):											
Revised	–336.3	–446.2	–422.0	–475.3	–541.5	–665.6	–783.8	–839.5	–823.2	–834.7	–506.9
Previously published	–347.8	–454.7	–429.9	–482.8	–549.0	–671.8	–790.9	–847.3	–831.0	–840.3	–517.0
Amount of revision	11.5	8.5	7.9	7.5	7.5	6.2	7.1	7.8	7.8	5.6	10.1
Balance on services (line 73):											
Revised	72.1	67.5	57.6	54.8	47.4	56.3	69.6	80.2	121.1	135.9	132.0
Previously published	82.7	74.9	64.4	61.2	54.0	61.8	75.6	86.9	129.6	144.3	138.4
Amount of revision	–10.7	–7.4	–6.8	–6.4	–6.6	–5.6	–6.0	–6.7	–8.5	–8.5	–6.4
Balance on goods and services (line 74):											
Revised	–264.2	–378.8	–364.4	–420.5	–494.2	–609.3	–714.2	–759.2	–702.1	–698.8	–374.9
Previously published	–265.1	–379.8	–365.5	–421.6	–495.0	–610.0	–715.3	–760.4	–701.4	–695.9	–378.6
Amount of revision	0.9	1.1	1.1	1.1	0.9	0.6	1.1	1.1	–0.7	–2.9	3.7
Balance on income (line 75):											
Revised	13.9	21.1	31.7	27.4	45.3	67.2	72.4	48.1	99.6	152.0	121.4
Previously published	13.9	21.1	31.7	27.4	45.3	67.2	72.4	48.1	90.8	118.2	89.0
Amount of revision	....	....	....	....	....	....	....	....	8.7	33.7	32.4
Unilateral current transfers, net (line 76):											
Revised	–50.4	–58.6	–64.5	–64.9	–71.8	–88.4	–105.8	–91.5	–115.5	–122.0	–124.9
Previously published	–50.4	–58.6	–64.5	–64.9	–71.8	–88.4	–105.8	–91.3	–116.0	–128.4	–130.2
Amount of revision	....	....	....	....	....	....	....	–0.2	0.4	6.3	5.3
Capital-account transactions, net (line 39):											
Revised	–4.2	(*)	13.2	–0.1	–1.8	3.0	13.1	–1.8	0.4	6.0	–0.1
Previously published	–4.9	–1.0	11.9	–1.5	–3.5	1.3	11.3	–3.9	–1.9	1.0	–2.9
Amount of revision	0.8	1.0	1.3	1.3	1.7	1.7	1.8	2.1	2.3	5.1	2.7
Net financial flows (lines 40, 55, and 70):											
Revised	238.1	477.7	400.3	500.5	532.9	532.3	700.7	809.2	638.2	577.9	216.1
Previously published	238.1	477.7	400.3	500.5	532.9	532.3	700.7	809.2	663.6	505.1	197.8
Amount of revision	....	....	....	....	....	....	....	....	–25.4	72.8	18.3
Statistical discrepancy (line 71):											
Revised	66.8	–61.3	–16.3	–42.3	–10.4	95.1	33.8	–4.7	79.6	85.0	162.5
Previously published	68.4	–59.3	–13.9	–39.9	–7.9	97.5	36.6	–1.7	64.9	200.1	224.9
Amount of revision	–1.6	–2.1	–2.4	–2.4	–2.5	–2.4	–2.9	–3.0	14.6	–115.1	–62.4

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

NOTE. Line numbers refer to table 1 in "U.S. International Transactions: First Quarter of 2010" in this issue of the SURVEY OF CURRENT BUSINESS.

goods. These reclassifications resulted in upward revisions to goods exports and imports and entirely offsetting downward revisions to services exports and imports; they did not affect the combined balance on goods and services.

The deficit on goods and services was revised down for 1999–2006 and 2009, and it was revised up for 2007 and 2008. Downward revisions for 1999–2009 reflected the removal of transactions related to the repair of equipment from goods imports and the addition of only portions of these transactions to services imports; revisions for 2007–2009 also reflected the incorporation of updated source data. The largest revision was for 2009 when the deficit on goods and services was revised down $3.7 billion—the net effect of a $10.1 billion downward revision to the deficit on goods and a $6.4 billion downward revision to the surplus on services.

Goods were revised for 1999–2009; the largest revisions were for 2006–2009 (table B). The deficit on goods was revised down for all years. These revisions largely resulted from upward revisions to goods exports related to the reclassifications of certain transactions from services to goods. Goods imports were also revised upward for all years due to the reclassifications; however, upward revisions due to reclassifications were partly offset by an upward revision to the balance-of-payments adjustment used to remove transactions related to the repair of equipment from goods imports. The revisions to goods transactions for 1999–2009 did not significantly change the trends in exports, imports, or the deficit on goods.

Services were also revised for 1999–2009. The services surplus was revised down for all years, largely as a result of downward revisions to exports. Within exports, transfers under U.S. military agency sales contracts and "other" transportation services were revised down significantly as a result of the reclassifications of certain transactions from these accounts to goods exports. For 2007–2009, the downward revisions resulting from the reclassifications were partly offset by upward revisions to exports of "other" private services—largely as a result of upward revisions to insurance services and to business, professional, and technical services—and to exports recorded under royalties and license fees. The revisions to these services

Table B. Revisions to Selected Current-Account and Capital-Account Transactions, 1999–2009

[Billions of dollars]

(Credits +, debits –) [1]	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Exports of goods and services and income receipts (line 1):											
Revised	1,259.8	1,421.5	1,295.7	1,258.4	1,340.4	1,572.3	1,816.4	2,135.0	2,478.3	2,635.5	2,159.0
Previously published	1,259.8	1,421.5	1,295.7	1,258.4	1,340.6	1,573.0	1,816.7	2,133.9	2,462.1	2,591.2	2,115.9
Amount of revision	....	....	(*)	(*)	–0.3	–0.7	–0.3	1.1	16.2	44.3	43.1
Goods, balance of payments basis (line 3):											
Revised	698.0	784.2	730.3	696.3	728.3	819.9	909.0	1,035.9	1,160.4	1,304.9	1,068.5
Previously published	684.0	772.0	718.7	685.2	715.8	806.2	892.3	1,015.8	1,138.4	1,277.0	1,045.5
Amount of revision	14.1	12.2	11.6	11.1	12.4	13.7	16.7	20.1	22.0	27.9	23.0
Services (line 4):											
Revised	267.9	286.4	274.6	281.2	291.6	338.7	372.2	416.9	488.3	534.1	502.3
Previously published	281.9	298.6	286.2	292.3	304.3	353.1	389.1	435.9	504.8	549.6	509.2
Amount of revision	–14.1	–12.2	–11.6	–11.1	–12.7	–14.4	–17.0	–19.0	–16.5	–15.5	–6.9
Income receipts (line 12):											
Revised	293.9	350.9	290.8	280.9	320.5	413.7	535.3	682.2	829.6	796.5	588.2
Previously published	293.9	350.9	290.8	280.9	320.5	413.7	535.3	682.2	818.9	764.6	561.2
Amount of revision	....	....	....	....	....	....	....	....	10.7	31.9	27.0
Imports of goods and services and income payments (line 18):											
Revised	–1,510.2	–1,779.2	–1,628.4	–1,651.5	–1,789.2	–2,114.4	–2,458.3	–2,846.2	–3,080.8	–3,182.4	–2,412.5
Previously published	–1,511.0	–1,780.3	–1,629.5	–1,652.6	–1,790.4	–2,115.7	–2,459.6	–2,846.2	–3,072.7	–3,168.9	–2,405.6
Amount of revision	0.9	1.1	1.1	1.1	1.1	1.3	1.4	(*)	–8.1	–13.4	–6.9
Goods, balance of payments basis (line 20):											
Revised	–1,034.3	–1,230.4	–1,152.3	–1,171.6	–1,269.8	–1,485.5	–1,692.8	–1,875.3	–1,983.6	–2,139.5	–1,575.4
Previously published	–1,031.8	–1,226.7	–1,148.6	–1,168.0	–1,264.9	–1,478.0	–1,683.2	–1,863.1	–1,969.4	–2,117.2	–1,562.6
Amount of revision	–2.6	–3.7	–3.6	–3.6	–4.9	–7.5	–9.6	–12.3	–14.2	–22.3	–12.9
Services (line 21):											
Revised	–195.8	–219.0	–217.0	–226.4	–244.3	–282.4	–302.5	–336.7	–367.2	–398.3	–370.3
Previously published	–199.2	–223.7	–221.8	–231.1	–250.4	–291.2	–313.5	–349.0	–375.2	–405.3	–370.8
Amount of revision	3.4	4.8	4.8	4.7	6.1	8.8	11.0	12.3	8.0	7.0	0.5
Income payments (line 29):											
Revised	–280.0	–329.9	–259.1	–253.5	–275.1	–346.5	–462.9	–634.1	–730.0	–644.6	–466.8
Previously published	–280.0	–329.9	–259.1	–253.5	–275.1	–346.5	–462.9	–634.1	–728.1	–646.4	–472.2
Amount of revision	....	....	....	....	....	....	....	....	–2.0	1.9	5.4
Unilateral current transfers, net (line 35):											
Revised	–50.4	–58.6	–64.5	–64.9	–71.8	–88.4	–105.8	–91.5	–115.5	–122.0	–124.9
Previously published	–50.4	–58.6	–64.5	–64.9	–71.8	–88.4	–105.8	–91.3	–116.0	–128.4	–130.2
Amount of revision	....	....	....	....	....	....	....	–0.2	0.4	6.3	5.3
Capital account transactions, net (line 39):											
Revised	–4.2	(*)	13.2	–0.1	–1.8	3.0	13.1	–1.8	0.4	6.0	–0.1
Previously published	–4.9	–1.0	11.9	–1.5	–3.5	1.3	11.3	–3.9	–1.9	1.0	–2.9
Amount of revision	0.8	1.0	1.3	1.3	1.7	1.7	1.8	2.1	2.3	5.1	2.7

(*) Less than 50,000,000 (+/–)

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

NOTE. Line numbers refer to table 1 in "U.S. International Transactions: First Quarter of 2010" in this issue of the SURVEY OF CURRENT BUSINESS.

transactions resulted from the initial results of BEA's benchmark survey of international insurance transactions and from updated source data from other BEA surveys. Imports of services were also revised down for all years, as a result of the reclassifications of certain transactions from "other" transportation services and from direct defense expenditures to goods imports. Downward revisions to "other" transportation services were also attributable to updated source data from BEA surveys for 2007–2009 and from the U.S. Army Corps of Engineers for 2006–2009. These downward revisions were partly offset by upward revisions to "other" private services for 1999–2009 to incorporate transactions related to repair of equipment that were previously recorded in goods imports. Within "other" private services, upward revisions also reflected upward revisions to insurance services for 2006–2009 and to business, professional, and technical services for 2007–2009. These revisions were largely due to the initial results of BEA's benchmark survey of international insurance transactions and to updated source data from other BEA surveys.

Income. The surplus on income was revised up for 2007–2009, mostly reflecting upward revisions to direct investment receipts that were due to new data on direct investment income flows. In addition, for 2009, "other" private income receipts and payments were revised down, and U.S. government payments were revised up. The revisions to "other" private income receipts and payments mostly resulted from lower estimates of income earned on foreign securities and lower estimates of interest payments on U.S. securities. The revision to U.S. government payments reflected results from the U.S. Treasury Department's benchmark survey "Foreign-Residents' Holdings of U.S. Securities" for June 2009.

Transfers. Net outflows of unilateral current transfers were revised up slightly for 2006 and down for 2007–2009. The largest revisions were for 2008 and 2009; private remittances and other transfers were revised down, primarily reflecting the initial results of BEA's benchmark survey of international insurance transactions.[9]

9. BEA defines and measures insurance services as premiums less "normal" losses, where normal losses are inferred from the relationship of actual losses to premiums averaged over several years. (Income on assets deemed to be the property of policyholders and services auxiliary to insurance are also reflected in the measure of insurance services.) The differences between actual losses and normal losses are accounted for with offsetting entries, which are recorded in private remittances and other transfers (line 38) in the current account for regularly occurring losses. With the annual revision for 2009, BEA began recording certain disaster-related losses recovered from international insurers in the capital account, as recommended by international statistical standards, rather than as a component of unilateral transfers in the current account. For additional information on this change in treatment, see Flatness, Whitaker, and Yuskavage, 43.

Capital-account highlights

Upward revisions to net capital-account transactions for 1982–2009 resulted from the removal of migrants' transfers from the ITAs. The upward revision for 2008 was also due to updated source data on disaster-related losses from BEA's benchmark survey of international insurance transactions. Revisions for 1982–99 were less than $1 billion a year; the largest revisions were for 2006–2009.

Financial-account highlights

Financial-account statistics were revised for 2007–2009 (table A). Net financial inflows were revised down $25.4 billion for 2007 and were revised up $72.8 billion for 2008 and $18.3 billion for 2009. Revisions to net financial inflows represent the combined effects of revisions to U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives (which are recorded on a net basis in the ITAs). These revisions reflect the incorporation of new and updated source data from the Treasury International Capital (TIC) reporting system, the U.S. Treasury Department's surveys of securities, and BEA's surveys of direct investment.

For 2007, U.S.-owned assets abroad were revised up slightly, foreign-owned assets in the United States were revised down, and net financial derivatives were unrevised, resulting in a downward revision to net financial inflows for the year. For 2008 and 2009, both U.S.-owned assets abroad and foreign-owned assets in the United States were revised down. Despite being relatively large individually, these revisions partly offset one another and produced smaller revisions to net financial inflows for 2008 and 2009. Net financial derivatives were revised down $4.0 billion for 2008.[10]

Generally, the revisions did not change the quarterly transactions trend in 2007 despite the widening of the decline in net financial inflows between the first and second quarters of 2007 due to the combination of a first-quarter upward revision and a second-quarter downward revision to net financial inflows (chart 4). For 2008, net financial inflows were revised up each quarter; the largest revisions were for the second and fourth quarters. The upward revision of $48.4 billion for the second quarter significantly leveled quarterly net financial inflows during 2008, reducing the quarter-to-quarter changes exhibited in previously published statistics. These revisions also establish a steadily declining trend for 2008.

Quarterly revisions to net financial inflows for 2009

10. Net financial derivatives inflows were $50.8 billion in 2009. Previously published 2009 statistics were not available because data were not available for the fourth quarter of 2009.

were relatively large individually; however, because of downward revisions that were mostly offset by upward revisions, the revision for the year ($18.3 billion) was small relative to the revisions to the gross flows. Net financial inflows were revised down for the first three quarters, particularly the first and second quarters; however, a large upward revision for the fourth quarter mostly offset these downward revisions. These revisions also altered the trend for 2009. Following the steady declines in 2008, net financial inflows reached a trough in the first half of 2009 and began to increase at a fairly rapid rate in the second half of 2009.

U.S.-owned assets abroad

U.S.-owned assets abroad excluding financial derivatives represent the net acquisition of foreign financial assets by U.S. residents. These transactions in which net acquisitions are recorded as outflows with a minus sign were revised up (became more negative) $3.6 billion for 2007 and revised down (became more positive) $156.2 billion for 2008 and $97.0 billion for 2009 (table C). The downward revision for 2008 was noteworthy, both in absolute terms and because it resulted in net inflows, a deviation from persistent net outflows over several decades. The downward revision for 2009 reduced net outflows to a level not seen since the early 1990s.

U.S. direct investment abroad. The revisions largely resulted from updated data from BEA's quarterly and annual direct investment surveys. The statistics were revised up $15.4 billion for 2007, $19.1 billion for

Chart 4. Quarterly Net Financial Inflows, 2007–2009

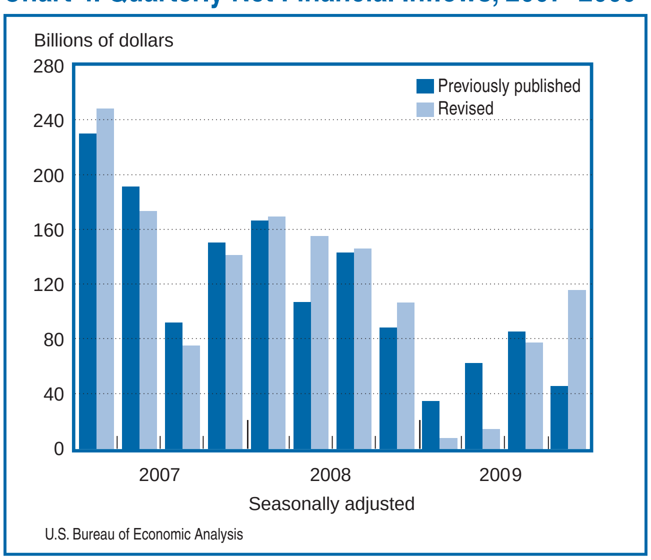


Table C. Revisions to Selected Financial-Account Transactions, 2007–2009

[Billions of dollars]

(Credits +, debits –) [1]	2007	2008	2009
U.S.-owned assets abroad, excluding financial derivatives (increase/financial outflow (–)) (line 40):			
Revised	–1,475.7	156.1	–140.5
Previously published	–1,472.1	–0.1	–237.5
Amount of revision	–3.6	156.2	97.0
U.S. private assets abroad			
Direct investment (line 51):			
Revised	–414.0	–351.1	–268.7
Previously published	–398.6	–332.0	–221.0
Amount of revision	–15.4	–19.1	–47.7
Foreign securities (line 52):			
Revised	–366.5	197.9	–208.2
Previously published	–366.5	60.8	–221.5
Amount of revision	(*)	137.1	13.3
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns (line 53):			
Revised	–23.1	421.2	124.4
Previously published	–40.5	372.2	135.8
Amount of revision	17.4	48.9	–11.4
U.S. claims reported by U.S. banks, not included elsewhere (line 54):			
Revised	–649.7	422.6	–277.1
Previously published	–644.1	433.4	–420.3
Amount of revision	–5.6	–10.7	143.2
Foreign-owned assets in the United States, excluding financial derivatives (increase/financial inflow (+)) (line 55):			
Revised	2,107.7	454.7	305.7
Previously published	2,129.5	534.1	435.2
Amount of revision	–21.8	–79.3	–129.5
Foreign official assets in the United States			
U.S. Treasury securities (line 58):			
Revised	98.4	548.7	561.1
Previously published	98.4	477.7	490.1
Amount of revision	....	71.0	71.0
Other U.S. government securities (line 59):			
Revised	171.5	42.7	–120.1
Previously published	171.5	65.8	–39.0
Amount of revision	....	–23.1	–81.1
Other foreign official assets (line 62):			
Revised	96.7	103.9	21.9
Previously published	96.7	88.3	9.6
Amount of revision	....	15.6	12.3
Other foreign assets in the United States			
Direct investment (line 64):			
Revised	271.2	328.3	134.7
Previously published	275.8	319.7	152.1
Amount of revision	–4.5	8.6	–17.4
U.S. Treasury securities (line 65):			
Revised	66.8	161.4	22.8
Previously published	66.8	196.6	37.6
Amount of revision	(*)	–35.2	–14.8
U.S. securities other than U.S. Treasury securities (line 66):			
Revised	605.4	–166.5	0.1
Previously published	605.7	–126.7	–6.6
Amount of revision	–0.2	–39.8	6.7
U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns (line 68):			
Revised	182.4	–36.5	–1.5
Previously published	201.7	–45.2	27.0
Amount of revision	–19.3	8.6	–28.4
U.S. liabilities reported by U.S. banks, not included elsewhere (line 69):			
Revised	511.5	–412.0	–313.0
Previously published	509.3	–326.6	–235.0
Amount of revision	2.2	–85.4	–78.0
Financial derivatives, net (line 70):			
Revised	6.2	–32.9	50.8
Previously published	6.2	–28.9	n.a.
Amount of revision	....	–4.0	50.8

(*) Less than 50,000,000 (+/–)
n.a. Not available
1. Credits +; U.S. receipts, an increase in U.S. liabilities, or a decrease in U.S. claims. Debits –; U.S. payments, an increase in U.S. claims, or a decrease in U.S. liabilities.
NOTE. Line numbers refer to table 1 in "U.S. International Transactions: First Quarter of 2010" in this issue of the SURVEY OF CURRENT BUSINESS.

2008, and $47.7 billion for 2009. For 2007 and 2008, the revisions reflected upward revisions to U.S. equity investment abroad and were partly offset by downward revisions to reinvested earnings and intercompany debt. For 2009, the revisions were mostly due to upward revisions to reinvested earnings and intercompany debt and were partly offset by a downward revision to equity investment.

Foreign securities. For 2008, the $137.1 billion downward revision to foreign securities accounted for most of the total revisions to U.S.-owned assets abroad. The large downward revision resulted from the incorporation of statistics from the U.S. Treasury Department's annual survey "U.S. Ownership of Foreign Securities" for December 2008 into the ITAs. For 2009, net sales of foreign securities were revised down $13.3 billion.

Nonbank claims. The downward revisions of $17.4 billion for 2007 and $48.9 billion for 2008 and the upward revision of $11.4 billion for 2009 were mainly due to updated data on deposit claims from the TIC reporting system and on the intercompany debt claims of financial intermediaries from BEA's surveys of direct investment.[11] For 2009, the revision also reflected the impact of a delay in the availability of data for nonbank financial firms that converted to bank holding companies in late 2008.

Bank claims. Upward revisions of $5.6 billion for 2007 and $10.7 billion for 2008 were largely accounted for by updated data from BEA's annual and quarterly direct investment surveys.[12] The downward revision of $143.2 billion for 2009 reflected updated TIC system data for short-term instruments claims reported by banks for customers' accounts and the delay in the availability of TIC source data for the new bank holding companies.

Foreign-owned assets in the United States

Foreign-owned assets in the United States excluding financial derivatives represent the net acquisition of U.S. financial assets by foreign residents. In these transactions, net acquisitions are recorded as inflows with a positive sign. Net acquisition of U.S. assets by foreign residents as previously published reached a historic high in 2007, a status unaffected by the downward revision of $21.8 billion. From the 2007 high, financial inflows as previously published fell sharply in 2008 and 2009. With the downward revisions to inflows of $79.3 billion for 2008 and $129.5 billion for 2009, the declines were even steeper than previously published.

Official and private transactions in U.S. Treasury securities. For both 2008 and 2009, foreign official net purchases of U.S. Treasury securities were revised up significantly, and private net purchases were revised down. The $71.0 billion upward revision to official net purchases of U.S. Treasury securities for 2008 partly offset other sizable downward revisions to foreign-owned assets in the United States. Results from the U.S. Treasury Department's benchmark survey "Foreign-Residents' Holdings of U.S. Securities" for June 2009 drove the revisions.

Official transactions in other U.S. government securities. Official transactions in other (U.S.-government-sponsored agency) securities were revised down $23.1 billion for 2008 and $81.0 billion for 2009. The 2009 downward revision was the largest contributor to the total revision to foreign-owned assets in the United States. For both 2008 and 2009, the revisions were due to results from the U.S. Treasury Department's benchmark survey "Foreign-Residents' Holdings of U.S. Securities" for June 2009.

Other foreign official assets and private transactions in U.S. securities other than U.S. Treasury securities. Net purchases of other foreign official assets (U.S. corporate stocks and bonds) were revised up $15.6 billion for 2008 and $12.3 billion for 2009. Private transactions in U.S. securities other than U.S. Treasury securities were revised down $39.8 billion for 2008 and revised up $6.7 billion for 2009. The revisions were largely due to results from the U.S. Treasury Department's benchmark survey "Foreign-Residents' Holdings of U.S. Securities" for June 2009.

Nonbank liabilities. For 2007, the $19.3 billion downward revision was primarily due to the incorporation of updated data from BEA's quarterly and annual direct investment surveys. An upward revision of $8.6 billion for 2008 and a downward revision of $28.4 billion for 2009 resulted from the incorporation of updated data from the TIC reporting system and those from BEA's quarterly and annual direct investment surveys. TIC source data revisions reflected the delayed availability of data for nonbank financial firms that converted to bank holding companies in late 2008.

Bank liabilities. Downward revisions of $85.4 billion for 2008 and $78.0 billion for 2009 accounted for significant portions of the total downward revisions to foreign-owned assets in the United States for both

11. Nonbank claims and liabilities include intercompany debt between affiliated financial intermediaries that is collected in surveys of direct investment and reclassified to the nonbank accounts, as recommended by international statistical standards.

12. Survey data on direct investment affect U.S. claims reported by banks because owner's equity in unincorporated affiliates is included in direct investment statistics; bank claims are adjusted to avoid duplication in the ITAs.

years. Updated data from the TIC reporting system accounted for the majority of the revisions for 2008 and 2009; the revision for 2009 also partly reflected the delayed availability of TIC source data for the new bank holding companies.

Statistical discrepancy

In principle, net financial inflows should equal the combined balances on the current and capital accounts. In practice, they differ, sometimes by large amounts, because of incomplete source data, gaps in coverage, timing differences, or other errors and omissions. In certain periods, revisions to net financial inflows differed significantly from the revisions to the combined deficits on the current and capital accounts. As a result, revisions to the statistical discrepancy were relatively large for some periods.

For 1982–2009, the removal of migrants' transfers from the capital account resulted in a corresponding reduction in the statistical discrepancy. For 2007, the combined revisions to the deficits on the current and capital accounts and to net financial inflows resulted in a larger statistical discrepancy. For both 2008 and 2009, the large downward revisions to the statistical discrepancy primarily reflect the combined effects of significant downward revisions to the current-account deficit and upward revisions to net financial inflows. As described above, the downward revisions to the current-account deficit for both years were largely attributable to upward revisions to the surplus on income. For net financial inflows, the upward revision for 2008 was primarily due to U.S.-owned assets abroad excluding net financial derivatives; the upward revision for 2009 was due to upward revisions to the second and third quarters and to the inclusion of net financial derivatives in the fourth quarter. For 2008 and 2009, the combined revisions resulted in smaller statistical discrepancies. However, the discrepancies remain relatively large, and BEA continues to conduct research and work closely with its source data partners to address concerns about the size of the statistical discrepancy.

Changes in Definitions, Statistical Methods, and Presentations

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

Changes in definitions and classifications

For this annual revision, all the changes in definitions and classifications reflect new treatments of certain transactions as recommended by recent international statistical standards. This year's changes affect the current account, the capital account, and the financial account.

Current account. International guidelines recommend separating goods and services transactions to the extent possible, given the nature of the source data used to compile the accounts. A clearer separation of goods and services will more closely align BEA's goods and services statistics with international economic accounting concepts and definitions and will improve comparability of statistics for trade and domestic production. This year's annual revision introduces a new treatment of several goods transactions that were previously recorded in services.

In the previously published statistics, certain exports and imports of military-related goods were recorded on a transactor basis and were combined with other services transactions in the services account. Goods exported under Foreign Military Sales (FMS) contracts were included in services as "transfers under U.S. military agency sales contracts," and military imports of goods were included in services as "direct defense expenditures." Beginning with statistics for 1999, goods exported under FMS contracts were reclassified from "transfers under U.S. military agency sales contracts" (table 1, line 5) to exports of goods (line 3), and petroleum purchases abroad by the U.S. military were reclassified from direct defense expenditures (line 22) to imports of goods (line 20).[13] For goods, these transactions were reclassified through the new adjustments "exports under U.S. military agency sales contracts" and "imports by U.S. military agencies," which will be discussed further in a later section.

In the previously published statistics, expenditures on goods and services by foreign air and ocean carriers

13. Other goods transactions and all goods transactions for periods before 1999 remain in lines 5 and 22 because they are commingled with services transactions in BEA's source data. In addition, BEA is maintaining these series as they were previously defined in a supplemental presentation on the BEA Web site in order to assist users who would like to obtain a more complete picture of the role of the U.S. military in international transactions.

in U.S. ports (exports) and by U.S. air and ocean carriers in foreign ports (imports) were included in "other" transportation services. Beginning with statistics for 1999, fuel expenditures by foreign and U.S. air and ocean carriers were reclassified from "other" transportation services (lines 8 and 25) to goods (lines 3 and 20).[14] For goods, these expenditures were reclassified through the new adjustments "goods procured in U.S. ports by foreign carriers" and "goods procured in foreign ports by U.S. carriers," which will be discussed further in a later section.

These reclassifications resulted in upward revisions to goods and offsetting downward revisions to services for 1999–2009. For both exports and imports, the largest revisions were for 2008 when transactions reclassified from services to goods amounted to $24.7 billion for exports and $24.3 billion for imports (table D).

Capital account. International guidelines place greater emphasis on the change-of-ownership principle in the recording of current-account and capital-account transactions in order to increase consistency with the treatment of the related financial flows. Beginning with statistics for 1982, migrants' transfers, a measure of the net worth of individuals who immigrate or emigrate during a period, were removed from the capital account (line 39). Immigration and emigration do not generate transactions between a resident and a nonresident, and international guidelines now exclude migrants' transfers from international transactions. Migrants' investments in their country of origin will continue to be recorded in the international investment position accounts when migration changes the status of these investments from domestic to international, but they will enter the position as other changes in value rather than as financial flows.

The removal of migrants' transfers from the ITAs resulted in upward revisions (larger net inflows) to net capital-account transactions. The revisions ranged from less than $1 billion a year for 1982–99 to $2.7 billion for 2009 (table D).

Financial account. As a part of its ongoing efforts to introduce new international standards, BEA has changed the treatment of "permanent" debt transactions between affiliated depository institutions—banks, bank holding companies, and financial holding companies—by removing these transactions from direct investment and recording them in other investment accounts. Permanent debt is debt that is deemed to represent a lasting interest in the institution

14. Other goods transactions and all goods transactions for periods before 1999 remain in lines 8 and 25 because they are commingled with services transactions in BEA's source data.

Table D. Sources of Revisions for Selected Current-Account and Capital-Account Transactions, 1999–2009

[Billions of dollars]

(Credits +, debits –) [1]	Amount of revision										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Exports of goods and services (line 2)	**(*)**	....	**(*)**	**(*)**	**–0.3**	**–0.7**	**–0.3**	**1.1**	**5.5**	**12.4**	**16.1**
Goods, balance of payments basis (line 3)	**14.1**	**12.2**	**11.6**	**11.1**	**12.4**	**13.7**	**16.7**	**20.1**	**22.0**	**27.9**	**23.0**
Reclassifications from services to goods [2]	14.1	12.2	11.6	11.1	12.4	13.7	16.7	20.1	21.1	24.7	19.9
Statistical changes	....	....	....	....	....	....	....	....	0.9	3.2	3.1
Services (line 4)	**–14.1**	**–12.2**	**–11.6**	**–11.1**	**–12.7**	**–14.4**	**–17.0**	**–19.0**	**–16.5**	**–15.5**	**–6.9**
Reclassifications from services to goods [2]	–14.1	–12.2	–11.6	–11.1	–12.4	–13.7	–16.7	–20.1	–21.1	–24.7	–19.9
Statistical changes	....	....	....	....	–0.3	–0.7	–0.3	1.1	4.6	9.2	13.0
Transfers under U.S. military agency sales contracts (line 5)	–10.7	–7.7	–7.4	–7.3	–7.4	–6.9	–7.4	–8.2	–8.2	–7.6	–9.0
Reclassification from services to goods [2]	–10.7	–7.7	–7.4	–7.3	–7.4	–6.9	–7.4	–8.2	–7.9	–7.1	–9.0
Statistical changes	....	....	....	....	....	....	....	....	–0.3	–0.5	(*)
Other transportation (line 8)	–3.4	–4.5	–4.2	–3.8	–5.3	–7.5	–9.6	–10.7	–11.2	–15.2	–9.5
Reclassification from services to goods [2]	–3.4	–4.5	–4.2	–3.8	–5.0	–6.8	–9.3	–11.8	–13.1	–17.5	–10.9
Statistical changes	....	....	....	....	–0.3	–0.7	–0.3	1.1	1.9	2.3	1.4
Imports of goods and services (line 19)	**0.9**	**1.1**	**1.1**	**1.1**	**1.1**	**1.3**	**1.4**	**0.0**	**–6.2**	**–15.3**	**–12.4**
Goods, balance of payments basis (line 20)	**–2.6**	**–3.7**	**–3.6**	**–3.6**	**–4.9**	**–7.5**	**–9.6**	**–12.3**	**–14.2**	**–22.3**	**–12.9**
Reclassifications from services to goods [2]	–4.0	–5.5	–5.5	–5.4	–6.9	–9.5	–11.8	–14.6	–16.6	–24.3	–13.7
Statistical changes	1.4	1.8	1.9	1.8	1.9	2.0	2.2	2.3	2.4	2.0	0.8
Services (line 21)	**3.4**	**4.8**	**4.8**	**4.7**	**6.1**	**8.8**	**11.0**	**12.3**	**8.0**	**7.0**	**0.5**
Reclassifications from services to goods [2]	4.0	5.5	5.5	5.4	6.9	9.5	11.8	14.6	16.6	24.3	13.7
Statistical changes	–0.6	–0.7	–0.7	–0.7	–0.8	–0.7	–0.8	–2.3	–8.6	–17.3	–13.2
Direct defense expenditures (line 22)	0.9	0.8	1.3	1.7	2.3	3.2	2.4	3.7	4.9	8.1	5.2
Reclassification from services to goods [2]	0.9	0.8	1.3	1.7	2.3	3.2	2.4	3.7	4.9	8.1	5.1
Statistical changes	....	....	....	....	....	....	....	....	....	....	0.1
Other transportation (line 25)	3.1	4.7	4.2	3.7	4.5	6.4	9.5	11.9	13.6	18.4	13.1
Reclassification from services to goods [2]	3.1	4.7	4.2	3.7	4.5	6.3	9.4	10.9	11.7	16.2	8.5
Statistical changes	....	....	....	....	....	0.1	0.1	1.0	1.9	2.2	4.6
Capital account transactions, net (line 39)	**0.8**	**1.0**	**1.3**	**1.3**	**1.7**	**1.7**	**1.8**	**2.1**	**2.3**	**5.1**	**2.7**
Removal of migrants' transfers [2]	0.8	1.0	1.3	1.3	1.7	1.7	1.8	2.1	2.3	2.6	2.7
Statistical changes	....	....	....	....	....	....	....	....	....	2.4	(*)

(*) Less than 50,000,000 (+/–)

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

2. Revision includes the effect of updated source data.

NOTE. Line numbers refer to table 1 in "U.S. International Transactions: First Quarter of 2010" in this issue of the SURVEY OF CURRENT BUSINESS.

receiving the funds, such as funding used for working capital or to finance plant and equipment. The previous treatment was consistent with the recommendations of the fifth edition of the *Balance of Payments Manual and International Investment*. In the sixth edition of the *Balance of Payments and International Investment Manual* (BPM6), the International Monetary Fund recommends that all debt between affiliated financial intermediaries be excluded from direct investment and recorded in other investment accounts. Following this recommendation, beginning with statistics for 2007, permanent debt between these affiliated financial intermediaries is excluded from direct investment, and like loans and deposits made in the ordinary course of carrying out financial intermediation, it is recorded as claims reported by U.S. banks (line 54) and liabilities reported by U.S. banks (line 69).[15]

The reclassification resulted in very small revisions to the affected ITAs; they did not affect the overall financial flows. Permanent debt transactions between affiliated banks, bank holding companies, and financial holding companies reclassified from direct investment to claims reported by U.S. banks were –$0.3 billion for 2007, $0.1 billion for 2008, and $0.1 billion for 2009. Permanent debt transactions reclassified to liabilities reported by U.S. banks were $1.1 billion for 2007, $3.2 billion for 2008, and $1.1 billion for 2009.

Statistical changes

Current account and capital account

Several changes in methodologies and source data were introduced in order to improve the statistics on goods exports and imports. In addition, source data were updated for services, income, transfers, and capital-account transactions.

For this annual revision, BEA introduced several new adjustments used to convert goods on a Census basis to goods on a balance-of-payments basis. These adjustments are itemized in table 2, part A, in the quarterly ITA article in this issue and are incorporated into the respective commodity categories in table 2, part C.

Beginning with statistics for 1999, new adjustments were introduced to reclassify the goods transactions by the U.S. military from services to goods. Census Bureau statistics include some military-type goods that are also included in the primary source data provided to BEA by the U.S. Department of Defense (DOD). To avoid duplication, the new adjustments represent the difference between transactions included in the DOD data and those included in the Census Bureau statistics. The new adjustment “exports under U.S. military agency sales contracts” is incorporated into the commodity category “exports, n.e.c.” (not elsewhere classified) (table 2, part C, line 81), which includes military-type goods; the new adjustment “imports by U.S. military agencies” is incorporated into the commodity category “petroleum and products” (table 2, part C, line 100).

Beginning with statistics for 1999, new adjustments were introduced to reclassify air and ocean carriers’ expenditures on fuel in foreign ports from services to goods. The new export adjustment “goods procured in U.S. ports by foreign carriers” reclassifies these goods transactions as U.S. exports of petroleum and products (table 2, part C, line 24). The new adjustment “goods procured in foreign ports by U.S. carriers” reclassifies these transactions as U.S. imports of petroleum and products (table 2, part C, line 100).

New adjustments were introduced to phase in a revised Census Bureau methodology for low-value transactions that was implemented for goods on a Census basis for statistics that begin in 2010. These adjustments were applied to “exports, n.e.c.” (table 2, part C, line 81) and “imports, n.e.c. and U.S. goods returned” (table 2, part C, line 158) for 2007–2009 statistics and contributed to revisions to goods that resulted from statistical changes (table D).

An existing adjustment to remove transactions related to the repair of equipment from goods imports was expanded to improve coverage for 1999–2009 statistics. Portions of these transactions that are not covered by BEA’s international services surveys were added to imports of “business, professional, and technical services,” a component of “other” private services (line 27). This partial reclassification from goods to services is reflected in the revisions to goods and services that resulted from statistical changes (table D).

Other changes include the following:

- The incorporation of initial results of BEA’s benchmark survey of international insurance transactions, which affected “other” private services (lines 10 and 27) for 2006–2009, net unilateral current transfers (line 38), mostly for 2008 and 2009, and net capital-account transactions (line 39), primarily for 2008. Revisions to transfers are presented in table B. Revisions to services and to capital-account transactions are reflected in the statistical changes for those accounts in table D.

15. In the prototype BPM6-type tables presented in Howell and Yuskavage, 17–20, these permanent debt transactions would fall under the new category “other investment.” However, this change in treatment was not reflected in the data presented in those tables.

- The incorporation of new and updated data from BEA surveys covering receipts and payments of private services for 2007–2009 and the incorporation of updated source data on other transportation services from the U.S. Army Corps of Engineers for 2006–2009. These revisions are reflected in the statistical changes for services (table D).
- The incorporation of annual survey data for 2007–2008 and quarterly survey data for 2007–2009 on direct investment financial flows and investment income.
- The incorporation of new source data on financial positions from the U.S. Treasury Department's surveys of securities that resulted in revisions to "other" private receipts (line 15) and "other" private payments (line 32) for 2007–2009. For additional information about the revisions to positions, see the following section, "Financial account."

Financial account

This annual revision introduces new and improved source data from the U.S. Treasury Department's annual survey "U.S. Ownership of Foreign Securities" for December 2008 and its benchmark survey "Foreign-Residents' Holdings of U.S. Securities" for June 2009 (June 2009 survey). The incorporation of data from these surveys led to revised transaction and income statistics for 2008 and 2009 associated with cross-border holdings of U.S. and foreign securities. The survey results are also reflected in revisions to the U.S. international investment position for 2008 and in the preliminary estimates for 2009. Below is a summary of the impact of the incorporation of these surveys.

Foreign stocks and bonds. Position and transaction statistics were revised to incorporate the results from the U.S. Treasury Department's annual survey "U.S. Ownership of Foreign Securities" for December 2008. To align BEA's statistics with the 2008 yearend survey results, positions for foreign stocks were revised down $103.0 billion, and positions for foreign bonds were revised down $155.6 billion. U.S. transactions in foreign securities (line 52) were revised down for 2008 and 2009 because the lower positions reported in the survey indicated that the actual net U.S. sales of foreign securities were larger than had been reported in the monthly TIC data.

U.S. Treasury bonds. Position and transaction statistics for private and foreign official holdings were revised to incorporate results from the U.S. Treasury Department's June 2009 survey. The survey revealed that foreign official holdings were $142.0 billion higher than estimated in June 2009 and that private holdings were $31.0 billion lower than estimated, leading to offsetting revisions to positions and transactions. As a result, for 2008, foreign official holdings of U.S. Treasury bonds were revised up $74.8 billion, and private holdings were revised down $34.0 billion. The survey results indicated that BEA estimates of net foreign official purchases had been too low and that estimates of net private purchases had been too high from mid-2008 to mid-2009. Therefore, for 2008 and 2009, foreign official net purchases of U.S. Treasury securities (line 58) were revised up, and private net purchases (line 65) were revised down.

U.S. agency bonds. The June 2009 survey revealed that foreign official holdings were $93.0 billion lower than estimated in June 2009 and that private holdings were $36.0 billion higher than estimated, leading to offsetting revisions to positions and transactions. As a result, for 2008, foreign official holdings were revised down $39.1 billion, and private holdings were revised up $15.9 billion. The survey results indicated that BEA estimates of net foreign official purchases had been too high and that estimates of net private purchases had been too low from mid-2008 to mid-2009. Therefore, for 2008 and 2009, foreign official net purchases of agency bonds securities (line 59) were revised down, and private net purchases (a component of line 66) were revised up.

U.S. corporate bonds. The June 2009 survey revealed that foreign private holdings of U.S. corporate bonds were $189.0 billion lower than estimated in June 2009 and that official holdings were $5.0 billion higher than estimated. As a result, for 2008, private holdings of U.S. corporate bonds were revised down $111.0 billion, and official holdings were revised up $3.0 billion. The survey results indicated that BEA estimates of net foreign private purchases of corporate bonds had been too high from mid-2008 to mid-2009. As a result, for 2008 and 2009, foreign private net purchases of corporate bonds (a component of line 66) were revised down.

U.S. corporate stocks. The June 2009 survey revealed that private holdings of U.S. stocks were $28.0 billion higher than estimated and that official holdings of U.S. stocks were $41.0 billion higher than estimated. As a result, for 2008, foreign official holdings were revised up $13.0 billion, and foreign private holdings were revised up $22.0 billion. The survey results indicated that BEA estimates of net foreign private purchases and net foreign official purchases of corporate stocks had been too low from mid-2008 to mid-2009. Therefore, for 2008 and 2009, foreign official net purchases of corporate stocks (a component of line 62) were revised up, explaining the total revisions to line 62. Foreign private net purchases (a component of line 66) were also revised up for both years.

Foreign private net purchases of U.S. securities, other than U.S. Treasury securities (line 66). In this line, the revisions to foreign private transactions in agency bonds, corporate bonds, and corporate stocks are combined and were revised down for 2008 and 2009. The downward revisions to corporate bonds more than offset the upward revisions to agency bonds and stocks.

Changes in presentations

Current account. Several modifications have been made to table 2, part A, in the quarterly ITA article, which presents the adjustments made to convert exports and imports of goods on a Census basis to the balance-of-payments basis used to prepare the ITAs. Lines have been added to present new adjustments and to separately identify large adjustments that had been included in "other adjustments, net."

Lines have been added for the adjustments introduced in this annual revision to reclassify certain transactions from services to goods. For exports, the adjustments are "exports under U.S. military agency sales contracts" and "goods procured in U.S. ports by foreign carriers." For imports, the adjustments are "imports by U.S. military agencies" and "goods procured in foreign ports by U.S. carriers."

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

[Millions of dollars, quarters seasonally adjusted]

(Credits +, debits –) [1]	Exports of goods and services and income receipts			Imports of goods and services and income payments			Unilateral current transfers, net (inflows +, outflows –)		
	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
1999	1,259,809	1,259,810	1	–1,511,011	–1,510,160	851	–50,428	–50,428	
2000	1,421,515	1,421,515		–1,780,296	–1,779,241	1,055	–58,645	–58,645	
2001	1,295,692	1,295,693	1	–1,629,475	–1,628,364	1,111	–64,487	–64,487	
2002	1,258,411	1,258,412	1	–1,652,615	–1,651,538	1,077	–64,948	–64,948	
2003	1,340,647	1,340,353	–294	–1,790,372	–1,789,227	1,145	–71,794	–71,794	
2004	1,572,971	1,572,315	–656	–2,115,739	–2,114,441	1,298	–88,362	–88,362	
2005	1,816,723	1,816,449	–274	–2,459,633	–2,458,268	1,365	–105,772	–105,772	
2006	2,133,905	2,135,004	1,099	–2,846,179	–2,846,159	20	–91,273	–91,481	–208
2007	2,462,099	2,478,267	16,168	–3,072,675	–3,080,813	–8,138	–115,996	–115,548	448
2008	2,591,233	2,635,540	44,307	–3,168,938	–3,182,368	–13,430	–128,363	–122,026	6,337
2009	2,115,929	2,159,000	43,071	–2,405,555	–2,412,489	–6,934	–130,243	–124,943	5,300
1999: I	300,183	300,183		–351,564	–351,384	180	–11,885	–11,885	
II	307,288	307,288		–367,128	–366,942	186	–12,260	–12,260	
III	319,936	319,936		–388,656	–388,429	227	–11,987	–11,987	1
IV	332,407	332,407		–403,662	–403,404	258	–14,295	–14,295	
2000: I	341,683	341,684	1	–427,646	–427,435	211	–12,859	–12,859	
II	355,307	355,307		–441,576	–441,346	230	–13,368	–13,368	
III	360,295	360,295		–454,243	–453,930	313	–14,208	–14,208	1
IV	364,231	364,231		–456,835	–456,532	303	–18,212	–18,212	
2001: I	350,489	350,489		–442,884	–442,651	233	–15,171	–15,171	
II	334,968	334,968		–416,828	–416,573	255	–15,802	–15,802	
III	312,093	312,094	1	–400,716	–400,408	308	–16,134	–16,134	1
IV	298,144	298,144		–369,050	–368,736	314	–17,374	–17,374	
2002: I	303,113	303,113		–388,736	–388,482	254	–18,542	–18,542	
II	314,893	314,894	1	–415,445	–415,201	244	–15,007	–15,007	
III	322,397	322,396	–1	–423,480	–423,203	277	–15,005	–15,005	
IV	318,013	318,013		–424,949	–424,648	301	–16,394	–16,394	
2003: I	322,280	322,251	–29	–439,190	–438,915	275	–18,219	–18,219	
II	325,332	325,297	–35	–438,044	–437,795	249	–17,600	–17,600	
III	335,764	335,696	–68	–448,175	–447,874	301	–17,707	–17,707	
IV	357,265	357,105	–160	–464,962	–464,643	319	–18,269	–18,269	
2004: I	375,738	375,509	–229	–489,332	–488,983	349	–22,987	–22,987	
II	387,174	387,026	–148	–521,845	–521,555	290	–21,385	–21,385	
III	396,473	396,510	37	–534,397	–534,087	310	–21,141	–21,141	
IV	413,584	413,268	–316	–570,166	–569,815	351	–22,850	–22,850	
2005: I	434,626	434,342	–284	–580,374	–580,106	268	–28,723	–28,723	
II	447,206	447,045	–161	–601,069	–600,750	319	–25,196	–25,196	
III	456,955	456,957	2	–617,635	–617,365	270	–24,658	–24,658	
IV	477,936	478,105	169	–660,557	–660,048	509	–27,194	–27,194	
2006: I	503,350	503,544	194	–681,005	–680,987	18	–20,995	–20,521	474
II	528,763	528,994	231	–707,132	–707,129	3	–23,708	–23,582	126
III	540,184	540,586	402	–730,097	–730,008	89	–24,876	–25,123	–247
IV	561,608	561,880	272	–727,946	–728,035	–89	–21,693	–22,255	–562
2007: I	574,689	579,878	5,189	–742,980	–745,529	–2,549	–30,807	–32,189	–1,382
II	600,300	607,461	7,161	–765,079	–772,733	–7,654	–25,752	–26,449	–697
III	631,854	635,412	3,558	–774,912	–778,227	–3,315	–28,557	–28,126	431
IV	655,255	655,515	260	–789,703	–784,323	5,380	–30,883	–28,786	2,097
2008: I	654,217	667,109	12,892	–800,185	–806,180	–5,995	–33,330	–32,928	402
II	671,886	688,549	16,663	–828,458	–835,632	–7,174	–31,147	–29,747	1,400
III	673,383	684,836	11,453	–825,200	–827,042	–1,842	–32,361	–30,177	2,184
IV	591,747	595,046	3,299	–715,096	–713,514	1,582	–31,527	–29,176	2,351
2009: I	507,291	521,735	14,444	–581,287	–587,564	–6,277	–30,185	–29,747	438
II	506,204	520,110	13,906	–570,691	–574,265	–3,574	–33,256	–30,292	2,964
III	535,114	540,729	5,615	–602,438	–604,594	–2,156	–35,025	–33,638	1,387
IV	567,322	576,426	9,104	–651,138	–646,066	5,072	–31,777	–31,268	509

See the footnotes at the end of the table.

For both exports and imports, lines have been added for the adjustments “low-value transactions.” These adjustments were introduced in this annual revision to phase in a revised Census Bureau methodology for low-value transactions that was implemented for goods on a Census basis for statistics that begin in 2010.

For imports, a new line has been added to identify the adjustment “repair of equipment,” which was previously included in “other adjustments, net.” For this year’s annual revision, this adjustment, which is used to reclassify transactions related to equipment repairs included in the Census Bureau statistics from goods to services, was expanded to improve coverage.

In addition, new lines have been added to present total export and import balance-of-payments adjustments to statistics on goods.

Financial account. A term has been changed in table 7 in the quarterly ITA article to replace “capital” with “financial flows” in the title and on several relevant lines in the table. This change was made to more consistently reflect the current nomenclature used in international economic accounts and in the rest of the ITAs.

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

[Millions of dollars, quarters seasonally adjusted]

(Credits +, debits –) [1]	Balance on current account			Capital account transactions, net (inflows +, outflows –)			Net financial flows (inflows +, outflows –)		
	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
1999	–301,630	–300,779	851	–4,939	–4,176	763	238,148	238,148	
2000	–417,426	–416,371	1,055	–1,010	–1	1,009	477,701	477,701	
2001	–398,270	–397,158	1,112	11,922	13,198	1,276	400,254	400,254	
2002	–459,151	–458,074	1,077	–1,470	–141	1,329	500,515	500,515	
2003	–521,519	–520,668	851	–3,480	–1,821	1,659	532,879	532,879	
2004	–631,130	–630,488	642	1,323	3,049	1,726	532,331	532,331	
2005	–748,683	–747,590	1,093	11,344	13,116	1,772	700,716	700,716	
2006	–803,547	–802,636	911	–3,906	–1,788	2,118	809,150	809,150	
2007	–726,573	–718,094	8,479	–1,895	384	2,279	663,556	638,158	–25,398
2008	–706,068	–668,854	37,214	953	6,010	5,057	505,060	577,852	72,792
2009	–419,868	–378,432	41,436	–2,859	–140	2,719	[2] 197,782	216,075	18,293
1999: I	–63,266	–63,086	180	–196	–7	189	23,694	23,694	
II	–72,100	–71,914	186	–191	–1	190	64,785	64,785	
III	–80,707	–80,480	227	–189	–3	186	32,570	32,570	
IV	–85,550	–85,292	258	–4,363	–4,165	198	117,099	117,099	
2000: I	–98,822	–98,611	211	–223		223	35,176	35,176	
II	–99,637	–99,407	230	–238	2	240	139,263	139,263	
III	–108,156	–107,843	313	–270	–10	260	160,217	160,217	
IV	–110,816	–110,514	302	–279	6	285	143,045	143,045	
2001: I	–107,567	–107,333	234	–301		301	114,573	114,573	
II	–97,662	–97,407	255	–313	4	317	120,165	120,165	
III	–104,757	–104,448	309	12,859	13,188	329	57,084	57,084	
IV	–88,280	–87,966	314	–323	6	329	108,433	108,433	
2002: I	–104,166	–103,911	255	–321	7	328	88,384	88,384	
II	–115,559	–115,314	245	–333	–2	331	91,613	91,613	
III	–116,088	–115,812	276	–399	–69	330	161,227	161,227	
IV	–123,329	–123,029	300	–417	–77	340	159,288	159,288	
2003: I	–135,129	–134,883	246	–489	–82	407	158,593	158,593	
II	–130,312	–130,098	214	–1,663	–1,252	411	60,305	60,305	
III	–130,118	–129,886	232	–909	–492	417	128,422	128,422	
IV	–125,966	–125,808	158	–419	5	424	185,563	185,563	
2004: I	–136,581	–136,461	120	–487	–56	431	105,507	105,507	
II	–156,055	–155,914	141	–427		427	161,128	161,128	
III	–159,066	–158,718	348	2,739	3,173	434	104,685	104,685	
IV	–179,432	–179,398	34	–503	–68	435	161,012	161,012	
2005: I	–174,471	–174,486	–15	–2,594	–2,160	434	105,007	105,007	
II	–179,059	–178,901	158	–510	–83	427	82,483	82,483	
III	–185,339	–185,066	273	14,913	15,362	449	221,043	221,043	
IV	–209,815	–209,137	678	–465	–3	462	292,183	292,183	
2006: I	–198,651	–197,964	687	–1,721	–1,220	501	159,592	159,592	
II	–202,078	–201,717	361	–1,017	–487	530	197,789	197,789	
III	–214,789	–214,545	244	–539	–2	537	245,186	245,186	
IV	–188,031	–188,411	–380	–629	–79	550	206,583	206,583	
2007: I	–199,098	–197,840	1,258	–549		549	229,889	248,176	18,287
II	–190,531	–191,720	–1,189	–124	443	567	191,292	173,465	–17,827
III	–171,614	–170,941	673	–625	–57	568	91,836	75,364	–16,472
IV	–165,330	–157,593	7,737	–597	–2	595	150,539	141,152	–9,387
2008: I	–179,298	–171,999	7,299	–637	–8	629	166,591	169,357	2,766
II	–187,719	–176,830	10,889	–682	–18	664	106,991	155,362	48,371
III	–184,178	–172,383	11,795	2,967	6,043	3,076	143,144	146,300	3,156
IV	–154,875	–147,644	7,231	–695	–7	688	88,333	106,833	18,500
2009: I	–104,182	–95,577	8,605	–710	–20	690	34,916	8,031	–26,885
II	–97,743	–84,447	13,296	–719	–29	690	62,675	14,661	–48,014
III	–102,348	–97,503	4,845	–718	–36	682	85,692	77,640	–8,052
IV	–115,593	–100,907	14,686	–713	–56	657	[2] 45,666	115,742	70,076

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

2. Excludes financial derivatives, net (table 1, line 70).

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