



## International Transactions Accounts

**T**he Bureau of Economic Analysis prepares and publishes estimates of transactions between U.S. and foreign residents. These estimates are presented in the international transactions accounts (table 1).

Transactions are defined as the transfer of ownership of something that has an economic value measurable in monetary terms from residents of one country to residents of another. Transactions in goods, services, income, and current transfers constitute the current account. Capital transfers, such as debt forgiveness, largely constitute the capital account. Transactions in financial assets constitute the financial account.

**Current-account transactions** in goods, services, and income involve real resources, which are intrinsically capable of satisfying an economic want or need. Exports of goods and services accounted for 10 percent of the current-dollar value of U.S. gross domestic product in 2001. Imports of goods and services accounted for 13 percent of the current-dollar value of U.S. gross domestic purchases in 2001.

Exports and imports of goods are much larger than other current-account transactions, and the deficit on goods has been the largest component of the current-account balance for many years. Exports and imports of services are much smaller, and the surplus on services partly offsets the deficit on goods. Receipts and payments of income have grown fastest in recent years, mainly as a result of the rapid expansion of cross-border holdings of financial

assets.

**Financial-account transactions** may involve exchanges of financial assets for other financial assets or for real resources, or they may involve the gift or grant of financial assets where nothing of economic value is received in return. Financial-account transactions have grown very rapidly since the early 1990s as a result of the easing of governmental restrictions on financial institutions and markets, rapid innovation in financial techniques and instruments, and economic growth.

Financial-account transactions are organized into two major categories. The first major category is U.S.-owned assets abroad, which includes—among other transactions—U.S. purchases and sales of foreign securities, U.S. bank lending to foreigners, and U.S. direct investment abroad. The second major category is foreign-owned assets in the United States, which includes—among other transactions—foreign purchases and sales of U.S. securities, U.S. bank borrowing from foreigners, and foreign direct investment in the United States.

### For more information

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## International Transactions

**Table 1. U.S. International Transactions—Continued**

[Millions of dollars]

Line	(Credits +; debits -) <sup>1</sup>	2001	Not seasonally adjusted						Seasonally adjusted							
			2001				2002		2001				2002			
			I	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>	I	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>
<b>Memoranda:</b>																
71	Balance on goods (lines 3 and 20) .....	-427,165	-105,864	-102,816	-114,226	-104,259	-97,369	-117,513	-134,374	-113,032	-107,719	-105,751	-100,663	-106,424	-122,467	-123,176
72	Balance on services (lines 4 and 21) .....	68,875	18,136	10,721	25,619	14,399	13,598	9,414	11,609	15,872	14,395	25,973	12,635	10,932	13,154	12,315
73	Balance on goods and services (lines 2 and 19) .....	-358,290	-87,728	-92,095	-88,607	-89,860	-83,771	-108,099	-122,765	-97,160	-93,324	-79,778	-88,028	-95,492	-109,313	-110,861
74	Balance on income (lines 12 and 29) .....	14,382	1,680	5,405	738	6,559	-505	-5,828	-2,977	1,046	6,006	807	6,521	-946	-5,287	-2,959
75	Unilateral current transfers, net (line 35) .....	-49,463	-11,827	-11,250	-12,157	-14,229	-16,381	-12,305	-12,854	-11,608	-11,916	-12,360	-13,579	-16,016	-13,011	-13,221
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75) <sup>13</sup> .....	-393,371	-97,875	-97,940	-100,026	-97,530	-100,657	-126,232	-138,596	-107,722	-99,234	-91,331	-95,086	-112,454	-127,611	-127,041

1. Credits, +: Exports of goods and services and income receipts; unilateral current transfers to the United States; capital account transactions receipts; financial inflows—increase in foreign-owned assets (U.S. liabilities) or decrease in U.S.-owned assets (U.S. claims).

Debits, -: Imports of goods and services and income payments; unilateral current transfers to foreigners; capital account transactions payments; financial outflows—decrease in foreign-owned assets (U.S. liabilities) or increase in U.S.-owned assets (U.S. claims).

2. Excludes exports of goods under U.S. military agency sales contracts identified in Census export documents, excludes imports of goods under direct defense expenditures identified in Census import documents, and reflects various other adjustments (for valuation, coverage, and timing) of Census statistics to balance of payments basis.

3. Includes some goods: Mainly military equipment in line 5; major equipment, other materials, supplies, and petroleum products purchased abroad by U.S. military agencies in line 22; and fuels purchased by airline and steamship operators in lines 8 and 25.

4. Includes transfers of goods and services under U.S. military grant programs.

5. Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents. The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.

6. Beginning in 1982, the "other transfers" component includes taxes paid by U.S. private residents to foreign governments and taxes paid by private nonresidents to the U.S. Government.

7. At the present time, all U.S. Treasury-owned gold is held in the United States.

8. Includes sales of foreign obligations to foreigners.

9. Consists of bills, certificates, marketable bonds and notes, and nonmarketable convertible and nonconvertible bonds and notes.

10. Consists of U.S. Treasury and Export-Import Bank obligations, not included elsewhere, and of debt securities of U.S. Government corporations and agencies.

11. Includes, primarily, U.S. Government liabilities associated with military agency sales contracts and other transactions arranged with or through foreign official agencies.

12. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and State and local governments.

13. Conceptually, line 76 is equal to "net foreign investment" in the national income and product accounts (NIPAs). However, the foreign transactions account in the NIPAs (a) includes adjustments to the international transactions accounts for the treatment of gold, (b) includes adjustments for the different geographical treatment of transactions with U.S. territories and Puerto Rico, and (c) includes services furnished without payment by financial pension plans except life insurance carriers and private noninsured pension plans. A reconciliation of the balance on goods and services from the international accounts and the NIPA net exports appears in reconciliation table 2 of appendix A in the January 2003 issue of the SURVEY OF CURRENT BUSINESS. A reconciliation of the other foreign transactions in the two sets of accounts appears in table 4.5 of the full set of NIPA tables in the August 2002 issue of the SURVEY.