

Preview of the 2024 Annual Update of the International Economic Accounts

April 24, 2024

In June, the U.S. Bureau of Economic Analysis (BEA) will release the results of the 2024 annual update of the U.S. International Transactions Accounts (ITAs) and the U.S. International Investment Position (IIP) Accounts. Annual updates provide the opportunity to introduce improvements to the U.S. International Economic Accounts, including those outlined in the BEA strategic plan.¹ The improvements are generally of three types: (1) statistical changes to introduce new and improved methodologies and to incorporate newly available and revised source data, (2) changes in definitions to portray more accurately the evolving U.S. economy and to provide consistent comparisons with data for other national economies, and (3) changes in presentations to reflect the definitional and statistical changes, where necessary, or to provide additional data or perspectives for users. In addition, seasonally adjusted statistics are revised to reflect recalculated seasonal and trading-day adjustments.

This year's annual update will incorporate newly available and revised source data beginning with 2021 and recalculated seasonal and trading-day adjustments beginning with 2019.² With this annual update, BEA will also (1) incorporate a new estimation method for sea freight exports and other improvements to sea transport services, (2) incorporate newly available source data for portfolio investment and implement presentational changes in related tables, and (3) introduce exchange-rate changes in other equity assets in the IIP Accounts.

This article provides an overview of the changes that will be incorporated with the June 2024 annual update. [U.S. International Economic Accounts: Concepts and Methods](#) will also be updated in June 2024 accordingly. An article in the *Survey of Current Business* in July 2024 will provide additional details on the changes.

Improvements to Sea Transport Services

BEA will implement a new methodology for estimating exports of sea freight services for statistics beginning with 2021. The new methodology will improve BEA's measure of receipts of U.S.-operated vessels for transporting U.S. goods exports to foreign ports.³ Sea freight exports also include receipts for transporting goods between foreign ports and for operating leases of transportation equipment, but these components will not be affected by the methodology change.

Currently, BEA estimates sea freight exports for transportation between U.S. and foreign ports using U.S. Customs and Border Protection (CBP) source data on the volume of cargo (in tons) exported from the United States on U.S.-operated vessels combined with IHS Markit data on vessel ownership. These outbound vessel departure data are then multiplied by an estimated freight rate (that is, the revenues earned by U.S. operators per ton shipped) based on a combination of BEA's Quarterly Survey of Ocean Freight Revenues and Foreign Expenses of U.S. Carriers and global rate indexes.⁴

With the annual update, for statistics beginning with 2021, BEA will replace the current method for estimating sea freight exports with a new method that imputes total freight charges (that is, freight rates multiplied by tonnage) in the outbound CBP/IHS Markit data based on more detailed inbound CBP data. BEA will fit a statistical model to U.S.-operated vessels in the inbound data to estimate total freight charges for U.S.-operated vessels in the outbound data based on common fields in the two datasets. This change will result in more accurate measures of total freight charges at both the global level and the country level.

With the annual update, BEA will also incorporate refinements to the production process for estimating exports and imports of sea freight and sea port services. These refinements will result in relatively small revisions at the global level but will improve the quality of country-level estimates. Revisions resulting from these refinements and the new estimation method for sea freight exports will be reflected in ITA tables 1.1, 1.2, 1.3, 1.4, 1.5, 3.1, 3.2, and 3.3.

Newly Available Source Data for Portfolio Investment and Related Table Changes

Historically, BEA has estimated financial asset and liability transactions in portfolio investment equity and investment fund shares and in long-term debt securities by imputing transactions from positions data in the Treasury International Capital System “[Aggregate Holdings, Purchases and Sales, and Fair Value Changes of Long-Term Securities by U.S. and Foreign Residents](#)” (TIC SLT) report. This estimation method is outlined in paragraph 17.15 of *U.S. International Economic Accounts: Concepts and Methods*:

“17.15. Statistics for U.S. residents’ net purchases of foreign equity and long-term debt securities and for foreign residents’ net purchases of U.S. equity and long-term debt securities are based on (1) changes in quarterly holdings of these securities reported on the TIC SLT form; (2) changes in the value of the holdings based on broad market price indexes from [Morgan Stanley Capital International], S&P Dow Jones Indices, and [Intercontinental Exchange]; and (3) other changes in reported holdings not due to transactions or valuation such as changes in reporting panels. Price indexes denominated in U.S. dollars are used to measure changes in prices. For foreign-currency-denominated equity and debt securities, changes in value caused by changes in exchange rates are included in the price changes computed from the U.S.-dollar-denominated price indexes. (See paragraph 24.29 for information on the estimation of exchange-rate changes.) Transactions equal holdings reported at the end of the reference quarter, less holdings reported at the end of the preceding quarter, less the sum of changes in the value of the holdings caused by changes in prices and exchange rates and other changes in holdings not due to transactions or valuation.”

In September 2023, for statistics beginning with the first quarter of 2023, BEA incorporated into the ITAs and IIP Accounts newly available source data on transactions and valuation changes for portfolio investment equity and investment fund shares and for long-term debt securities from the recently expanded TIC SLT report.⁵ BEA’s statistics for portfolio investment transactions now reflect the new TIC SLT transactions data, and statistics for other changes in position, such as price and exchange-rate changes, now reflect the new TIC SLT valuation changes data. Portfolio investment position statistics at the end of a quarter and at yearend are not affected by the new treatment of transactions and other changes in position. Incorporation of these data improves the accuracy of the measures of financial transactions in portfolio investment equity and

investment fund shares and in long-term debt securities in the ITAs as well as the measures of other changes in position of these instruments in the IIP Accounts. The revisions will be reflected in ITA tables 1.1, 1.2, 1.3, 1.4, 7.1, and 9.1 and in IIP table 1.3.

With the incorporation of the newly available TIC SLT source data, BEA will also (1) expand “[Table 1.3. Change in the Yearend U.S. Net International Investment Position](#),” which currently presents annual statistics, to include new quarterly statistics on other changes in position, such as price changes and exchange-rate changes for U.S. assets and liabilities, beginning with the first quarter of 2023 and (2) rename this table “[Table 1.3. Change in the U.S. Net International Investment Position](#),” which is available in BEA’s [Interactive Data Application](#) and [Data Application Programming Interface](#) as a prototype to prepare users for the changes in June. The expanded table 1.3 will present the U.S. net IIP and positions for U.S. assets and liabilities by functional categories (direct investment, portfolio investment, financial derivatives, other investment, and reserve assets) and disaggregate the change in position for a quarter or a year by financial transactions and by other changes in position, which consist of price changes, exchange-rate changes, and changes in volume and valuation n.i.e (not included elsewhere). The new statistics provide a more comprehensive and timely understanding of the U.S. financial interconnectedness with the rest of the world. With the annual update, BEA will incorporate the expanded IIP table 1.3 into the Interactive Data Application and the Data Application Programming Interface as a standard table.

Exchange-Rate Changes in Other Equity Assets

In the IIP Accounts, “other equity” assets include U.S. government equity stakes in international organizations other than the International Monetary Fund (IMF) that do not issue securities. Historically, BEA has treated U.S. government other equity assets as denominated in U.S. dollars. Therefore, the value of these assets was assumed to not be affected by changes in exchange rates. However, recent research has revealed that U.S. other equity positions in three international organizations—the European Bank for Reconstruction and Development (EBRD), the African Development Bank (AfDB), and the African Development Fund (AfDF)—are denominated in foreign currencies and thus are affected by exchange-rate changes. U.S. positions in the EBRD are denominated in euros, and in the AfDB and the AfDF they are denominated in a unit of account equivalent to one special drawing right, which is an international reserve asset created by the IMF.

Currently, statistics for positions in other equity assets are estimated from an initial position brought forward by accumulated transactions. With the annual update, revised positions beginning with 2021 will reflect an initial position that is brought forward by accumulating both unrevised transactions and new estimates of exchange-rate changes for the foreign currency-denominated positions in the ERBD, the AfDB, and the AfDF. The primary sources for exchange rates are the Federal Reserve Board’s Foreign Exchange Rates–H.10 release and the IMF’s Exchange Rate Archives. This change will result in revisions to line 22 (“Other equity”) of IIP tables 1.2 and 1.3.

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Footnotes

1. See [Bureau of Economic Analysis 2024 Strategic Plan](#) on the BEA website.
2. For information on BEA's revision policy and on data sources and estimation methodologies, see [U.S. International Economic Accounts: Concepts and Methods on the BEA website](#).
3. Statistical guidelines assume that the importer (in this case, foreign purchaser) pays the cost of transporting goods from the country of export to the country of import.
4. Although the methodology for sea freight imports is similar, it is not necessary to estimate freight rates for sea freight imports because, unlike outbound CBP data, inbound CBP source data on vessel arrivals contain reported total freight charges for the volume of cargo imported into the United States.
5. For more information on the new source data, see the "[Technical Note](#)" for the "[U.S. International Transactions, 2nd Quarter 2023](#)" news release.



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