

Preview of the 2022 Annual Update of the International Economic Accounts

In June, the U.S. Bureau of Economic Analysis (BEA) will release the results of the 2022 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 standard updates, such as updated source data and seasonal factors, to maintain the international accounts, and to implement major improvements, such as those outlined in the BEA strategic plan.¹ The improvements are generally of three major types: (1) statistical changes to introduce new and improved methodologies and to incorporate newly available and revised source data, (2) changes in definitions to more accurately portray 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.

As in previous years, the annual update of the U.S. ITAs and IIP Accounts will incorporate newly available and revised source data for the preceding 3 years and for additional years for selected series and recalculated seasonal and trading-day adjustments for at least the preceding 5 years.² With the June 2022 annual update, BEA will also (1) incorporate the results of the benchmark survey of financial services transactions between U.S. financial services providers and foreign persons, (2) incorporate an improved methodology and source data for foreign commercial paper (FCP), and (3) introduce new statistics on special purpose entities (SPEs), which are legal entities with little or no employment or presence, into the international accounts. BEA will also introduce several new standard ITA and IIP tables as well as modify several existing standard table presentations.

This article provides an overview of the changes that will be incorporated with the June 2022 annual update. The *U.S. International Economic Accounts: Concepts and Methods* will also be updated in June 2022 with additional information on the concepts and estimation methods used to produce statistics on FCP and SPEs. A July 2022 *Survey of Current Business* article will provide additional details on the changes.

Incorporation of Benchmark Survey Results

BEA collects information on trade in services through mandatory surveys of U.S. companies. In addition to quarterly and annual surveys, which collect information from a sample of companies whose transactions are covered in the relevant ITAs, BEA also conducts benchmark surveys every 5 years to collect information from the entire population—or universe—of these companies.³ BEA extrapolates data from benchmark surveys for companies that are not required to report on the sample surveys. Therefore, statistical coverage is complete whether the periods are covered by benchmark surveys or only sample surveys.

Estimates for 2015–2021 financial services exports and imports, which are currently based on both the 2014 Benchmark Survey of Financial Services Transactions Between U.S. Financial Services Providers and Foreign Persons and the quarterly surveys, will be replaced with estimates that also incorporate results from the 2019 benchmark survey.

Improved Methodology and Source Data for FCP and Other Short-Term Securities

BEA will implement changes to the methodology and source data for estimating U.S. positions, transactions, and income for FCP and other types of short-term foreign securities (OSTS). OSTS include money-market instruments, such as short-term agency securities, bankers' acceptances, and short-term notes.

Currently, BEA uses Depository Trust & Clearing Corporation (DTCC) data on FCP placements in the U.S. commercial paper market to compute FCP positions, transactions, and income. BEA began using this source in the 1990s before comparable data were available elsewhere. The Treasury International Capital (TIC) reporting system has collected quarterly data on U.S. holdings of FCP and OSTS since 2003. In the TIC reports, FCP and OSTS data are commingled on a country-level basis, and there is a memorandum item for FCP claims on all countries combined. BEA estimates holdings of OSTS by subtracting the DTCC-based holdings of FCP from the commingled TIC data for each country, assuming the OSTS amount is zero if the FCP estimate for a given country is larger than the TIC value.

There have been substantial enhancements to TIC reporting of FCP and OSTS since BEA began using the DTCC data. Recent investigation by the Federal Reserve Board suggests that TIC data on FCP held by U.S. residents are now more accurate than BEA estimates, which are based on DTCC FCP market placements that assume that U.S. residents hold all FCP issued in the U.S. market.

BEA will replace DTCC data with TIC data as the source data for estimating positions, transactions, and income for both FCP and OSTS, beginning with statistics for 2012. BEA will derive FCP country-level positions by computing the ratio of the FCP memorandum item to the commingled TIC data and applying the ratio to the country-level positions. OSTS country-level positions will be calculated as the difference between commingled country positions and the derived FCP country-level positions. Transactions will be calculated as the difference between end-of-period and beginning-of-period positions. Income will be calculated by multiplying average positions by representative interest rates. This improvement will result in revisions to positions, transactions, and income for short-term portfolio investment assets, beginning with statistics for 2012.

New Statistics on SPEs

With the December 2021 releases of the ITAs and IIP Accounts, BEA introduced new tables that feature annual statistics on U.S. SPEs—that is, U.S. legal entities with little or no employment or physical presence. (See “[New Standard Tables and Changes to Existing Tables](#)” in this article for more information.) With the annual update, BEA will expand the scope of the tables to include annual statistics on U.S.-owned foreign SPEs—that is, foreign legal entities with little or no employment or physical presence. BEA’s SPE statistics will cover both foreign SPE affiliates of U.S. multinational enterprises (MNEs) and U.S. SPE affiliates of foreign MNEs, beginning with annual statistics for 2019. BEA plans to subsequently release and update these annual statistics each March and June. These new tables fulfill a commitment to the [International Monetary Fund Task Force on Special Purpose Entities](#) (TFSPE).

MNEs increasingly set up complex global structures to maximize their worldwide profits. These structures include SPEs that can be set up to take advantage of different tax or regulatory regimes. The increased prevalence of SPEs heightens the need for separate statistics on their activities for analysis and for improved interpretability of macroeconomic statistics.

BEA’s statistics on SPEs are compiled using its surveys of direct investment. Financial and operating data reported on the Annual and Benchmark Surveys of U.S. Direct Investment Abroad and Foreign Direct Investment in the United States are used to identify SPEs in the Quarterly Surveys of U.S. Direct Investment Abroad and Foreign Direct Investment in the United States. Based on guidelines from the TFSPE, BEA identifies entities as SPEs using the following criteria:

- Majority-owned by their U.S. or foreign parent(s)
- Zero to five employees
- Less than \$1 million of gross property, plant, and equipment
- Less than 10 percent of total sales to local customers

New Standard Tables and Changes to Existing Tables

BEA will introduce several new standard ITA and IIP tables as well as modify several existing table presentations. To prepare data users for these changes, BEA has provided prototype tables in BEA's [Interactive Data Application](#) with the March 2022 releases of the ITAs and IIP Accounts. With the annual update, these tables will be incorporated into the standard presentations of the ITAs and IIP Accounts in the Interactive Data Application and in BEA's [Data Application Programming Interface](#).

SPEs

With the December 2021 releases of the ITAs and IIP Accounts, BEA introduced new ITA tables 4.6 and 6.3 and new IIP table 2.2 that feature statistics on U.S. SPEs. With the March 2022 releases, these tables were updated with annual statistics for 2021 on U.S. SPEs and were published as prototype ITA tables [4.6](#) and [6.3](#) and IIP [table 2.2](#) in BEA's Interactive Data Application. With the annual update, BEA will expand the scope of these tables to include U.S.-owned foreign SPEs. ITA table 4.6 will present primary income on direct investment in foreign and U.S. SPEs; ITA table 6.3 will present financial transactions for direct investment in foreign and U.S. SPEs; and IIP table 2.2 will present direct investment positions in foreign and U.S. SPEs. The prototype tables released in March include placeholders for the forthcoming foreign SPE statistics. With the annual update, these tables will be incorporated into the standard presentation of the ITAs and IIP Accounts, beginning with annual statistics for 2019.

U.S. debt positions by currency

With the December 2021 release of the IIP Accounts, BEA introduced new IIP table 4.1 that features quarter-end statistics on U.S. debt positions by currency, sector, and maturity for U.S. assets and liabilities. This table fulfills a commitment to the [G20 Data Gaps Initiative](#) to begin releasing these statistics by yearend 2021. These statistics are valuable for assessing U.S. exposure to foreign currency risks and for helping to identify potential future financial crises. With the March 2022 release, [IIP table 4.1](#) was updated and published as a prototype table in BEA's Interactive Data Application. With the annual update, this table will be incorporated into the standard presentation of the IIP Accounts, beginning with quarter-end statistics for 2020.

Direct investment by country and industry

Quarterly statistics on direct investment by country and industry have traditionally been published in supplemental Excel files on BEA's website. With the March 2022 release of the ITAs, these statistics were also published as prototype [ITA table 4.5](#), which presents international transactions in primary income on direct investment by country and industry, and [ITA table 6.2](#), which presents international financial transactions for direct investment by country and industry, in BEA's Interactive Data Application. With the annual update, these tables will be incorporated into the standard presentation of the ITAs, beginning with statistics for 2011.

Additional country detail

With the annual update, selected ITA tables that present statistics by geography will be expanded to include additional countries. ITA table 2.2, which presents seasonally adjusted trade in goods by selected countries and areas, and ITA table 3.2, which presents seasonally adjusted trade in services by selected countries and areas, will be expanded to include Australia, Belgium, Ireland, Israel, Malaysia, the Netherlands, Switzerland, and Vietnam.⁴ In addition, ITA table 2.3, which presents not seasonally adjusted trade in goods by selected countries and areas, will be expanded to include Vietnam. Prototype ITA tables 2.2, 2.3, and 3.2 released in March include placeholders for the forthcoming statistics for the added countries. With the annual update, these tables will be incorporated into the standard presentation of the ITAs. Statistics for the added countries in all three tables will be mostly available beginning with 1999. Exceptions are in ITA table 3.2 in which annual statistics for Ireland and Vietnam will be available beginning with 2006 and quarterly statistics for Ireland, Israel, Malaysia, Switzerland, and Vietnam will be available beginning with 2013.

Acknowledgments

The following individuals contributed to this article: Edward Dozier, Christopher Gohrband, Mai-Chi Hoang, Ricardo Limes, Michelle Murillo, Elena Nguyen, Douglas Weinberg, and Erin Whitaker. Others who reviewed the article include Patricia Abaroa, Jessica Hanson, and Benjamin Kavanaugh.

1. See *Bureau of Economic Analysis 2020 Strategic Plan* on BEA's 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 BEA's website.
3. For more information, see *A Guide to BEA's Direct Investment Surveys* on BEA's website.
4. With the release of "*U.S. International Trade in Goods and Services*" on June 7, 2022, related exhibits 20, 20a, and 20b will also be expanded to include these countries.