

Preview of the 2023 Annual Update of the International Economic Accounts

April 17, 2023

In June, the U.S. Bureau of Economic Analysis (BEA) will release the results of the 2023 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 both standard updates to maintain the international accounts and 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 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.

As in previous years, the annual update of the 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 2023 annual update, BEA will also incorporate (1) the results of BEA's 2019 Benchmark Survey of U.S. Direct Investment Abroad and (2) an improved methodology and newly available source data for transfers through the Presidential Drawdown Authority (PDA).

This article provides an overview of the changes that will be incorporated with the June 2023 annual update. The [U.S. International Economic Accounts: Concepts and Methods](#) will also be updated in June 2023 accordingly. An article in the *Survey of Current Business* in July 2023 will provide additional details on the changes.

Results of Benchmark Survey of U.S. Direct Investment Abroad

BEA collects information on direct investment through mandatory surveys of U.S. companies. In addition to quarterly and annual surveys, which collect information from a sample of companies whose transactions or positions are covered in the relevant ITAs or IIP Accounts, BEA 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.

With the annual update, direct investment positions, transactions in financial assets and liabilities, and related income receipts and payments for 2019–2022 will be revised to incorporate the results of the 2019 Benchmark Survey of U.S. Direct Investment Abroad, which collected data on the finances and operations of foreign affiliates of U.S. multinational enterprises.⁴ Estimates for 2019–2022 income, transactions, and positions for foreign affiliates that are not required to file the quarterly survey are currently based on the 2014 benchmark survey and will be replaced with estimates based on reporting from the 2019 benchmark survey.

Improved Methodology and Source Data for Transfers Through the Presidential Drawdown Authority

The PDA is an executive branch policy tool that authorizes U.S. government agencies to provide immediate assistance to foreign countries and international organizations in crisis situations under the Foreign Assistance Act. From August 2021 through March 2023, there have been 34 authorizations through the PDA for Ukraine. These authorizations allowed for the immediate delivery of defense articles from U.S. Department of Defense (DOD) stocks and related services.⁵

According to international guidelines, this assistance should be recorded in the ITAs as either a current transfer payment or a capital transfer payment and, because the ITAs employ a double-entry accounting system, an equal counter entry in goods exports or services exports, or both, depending on the form of the assistance. A transfer is a transaction in which a good, service, or asset is provided without a corresponding return of economic value.⁶ Specifically, this type of transaction should be recorded as an investment grant payment in the capital account if the assistance is in the form of capital goods, such as tanks or vehicles. Assistance in the form of other goods and services should be recorded as an international cooperation payment, which is a component of secondary income in the current account. With respect to the counter entry, all goods that were transferred from U.S.-owned stockpiles should be recorded in goods exports in the current account, and related services should be recorded in services exports, also in the current account.⁷

BEA's current source data on transfers include other military assistance programs, in addition to assistance through the PDA, and contain commingled deliveries of goods and services.⁸ Currently, BEA uses public PDA announcements on the total value of goods and services transferred and on a partial listing of equipment transferred to Ukraine, in conjunction with the current source data, to estimate current and capital transfers to Ukraine.⁹

With the annual update, BEA will revise these estimates using newly available detailed source data from the DOD. The detail in these data enables more accurate identification of transfers through the PDA as capital goods, noncapital goods, or services. As a result, statistics on goods exports, services exports, international cooperation payments in the current account, and investment grant payments in the capital account will be revised beginning with the third quarter of 2021.

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1. See [Bureau of Economic Analysis 2020 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. See [A Guide to BEA's Direct Investment Surveys](#) on the BEA website.
4. The benchmark survey data are also the source of BEA's [statistics on the activities of U.S. multinational enterprises](#), which are available on the BEA website.
5. See "[Use of Presidential Drawdown Authority for Military Assistance for Ukraine](#)" on the U.S. Department of State website.
6. For an explanation of the difference between a current transfer and a capital transfer, see paragraphs 12.12 and 12.13 of the International Monetary Fund's [Balance of Payments and International Investment Position Manual, Sixth Edition](#).
7. Goods that are transferred from U.S.-owned stockpiles are recorded in goods exports through an adjustment to exports that are collected by U.S. Customs and Border Protection (CBP), which is BEA's primary data source for goods. These transferred goods are not reported on export customs declarations and therefore are not included in the CBP data.
8. U.S. government operating agencies submit data to BEA quarterly on grants provided by the U.S. government under Office of Management and Budget Statistical Directive No. 19.
9. See "[Presidential Drawdown Authority \(PDA\) Announcements](#)" on the DOD website.



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