

An Ownership-Based Framework of the U.S. Current Account, 2003–2014

This report updates the supplemental ownership-based framework of the current account of the U.S. international transactions accounts (ITAs) prepared by the Bureau of Economic Analysis (BEA). The supplemental presentation includes the same major elements as the standard current-account presentation: trade in goods and services as well as receipts and payments of both primary income and secondary income. Primary income includes income on foreign investment and compensation of employees. Secondary income (current transfers) includes, for example, foreign aid and remittances. As in the standard presentation, transactions are defined as international when they occur between a U.S. resident and a nonresident. The residency of an affiliate of a multinational enterprise depends on the country where its operations are located, not on the country of its owner.

The ownership-based framework goes beyond the standard presentation of the current account, highlighting the important role that multinational enterprises play in international transactions. First, it recognizes that direct investment income results from the multinational enterprise's active role in decisions about the production of goods and services by its affiliates. Under the ownership-based framework, direct investment income is renamed "net receipts or payments of direct investment income resulting from sales by affiliates" to distinguish this income from the other, more passive types of investment income included in the current account, such as dividends and interest on foreign stocks and bonds. Second, it shows that these receipts and payments are the result of substantial sales of goods and services and purchases of labor and other inputs. Third, it disaggregates trade in goods and services to show trade with affiliated foreigners separately from trade with unaffiliated foreigners.

This report includes new summary statistics on the major current-account aggregates for 2014, revised and more detailed statistics for 2013, and revised statistics for earlier years.¹ The updated statistics in this report

1. The statistics for 1982–2014 are available on BEA's Web site. For details about data sources for the statistics, see the "Data Sources" tabs of the Excel spreadsheet.

through 2014 reflect the 2015 annual revision of the ITAs, which incorporates newly available and revised source data and improved estimation methodologies.² In addition, the updated statistics reflect preliminary results from both the 2013 Annual Survey of U.S. Direct Investment Abroad and the 2013 Annual Survey of Foreign Direct Investment in the United States as well as final results from both the 2012 Annual Survey of U.S. Direct Investment Abroad and the 2012 Benchmark Survey of Foreign Direct Investment in the United States.³

A technical note that presents information on the conceptual basis of the ownership-based framework is available on [BEA's Web site](#).⁴

The following are highlights of the updated statistics in table A:⁵

- In 2014, U.S. receipts from exports of goods and services and net income receipts of U.S. parents from sales by foreign affiliates were \$2,812.5 billion, consisting of exports of goods and services of \$2,343.2 billion and net income receipts of U.S. parents from sales by their foreign affiliates of \$469.3 billion. U.S. payments for imports of goods and services and net income payments to foreign parents resulting from sales by U.S.

2. For more information about the 2015 revision of the U.S. ITAs, see C. Omar Kebbeh and Cavan Wilk, "Annual Revision of the U.S. International Transactions Accounts," *SURVEY OF CURRENT BUSINESS* 95 (July 2015).

3. For more information about the U.S. direct investment abroad survey results, see Sarah P. Scott, "Activities of U.S. Multinational Companies in 2013," *SURVEY* 95 (August 2015). For more information about the foreign direct investment in the United States survey results, see Rita Ismaylov and Ricardo Limés, "Activities of U.S. Affiliates of Foreign Multinational Enterprises in 2013," *SURVEY* 95 (November 2015) and *Foreign Direct Investment in the United States: Final Results From the 2012 Benchmark Survey*.

4. For additional information about the sources and methods used to prepare the supplemental estimates, see Obie G. Whichard and Jeffrey H. Lowe, "An Ownership-Based Disaggregation of the U.S. Current Account, 1982–93," *SURVEY* 75 (October 1995): 52–61. For a general review of the issues relating to ownership relationships in international transactions, see J. Steven Landefeld, Obie G. Whichard, and Jeffrey H. Lowe, "Alternative Frameworks for U.S. International Transactions," *SURVEY* 73 (December 1993): 50–61.

5. The statistics in table A correspond to the statistics in table 2 on BEA's Web site. Table 2, which presents statistics for 1999–2014, reflects the June 2014 comprehensive restructuring of the ITAs. Table 1, which presents statistics for 1982–1998, reflects methodologies before comprehensive restructuring. For more details, see "An Ownership-Based Framework of the U.S. Current Account, 2002–2013" *SURVEY* 95 (January 2015) and Maria Borgia and Kristy L. Howell, "The Comprehensive Restructuring of the International Economic Accounts," *SURVEY* 94 (March 2014).

affiliates were \$3,020.4 billion, consisting of imports of goods and services of \$2,851.5 billion and net income payments to foreign parents from sales by their U.S. affiliates of \$168.9 billion.

- In 2014, net receipts of direct investment income by U.S. parents (sales by their foreign affiliates net of costs and profits accruing to foreigners) were \$469.3 billion, down from \$471.3 billion in 2013. Net pay-

ments of direct investment income to foreign parents (sales by their U.S. affiliates net of costs and profits accruing to U.S. persons) were \$168.9 billion in 2014, down from \$169.6 billion in 2013.

- In 2013 (the latest year for which detailed statistics are available), net receipts of direct investment income of \$471.3 billion resulted from sales by foreign affiliates of \$7,045.0 billion less deductions of \$6,573.6 billion

Table A. Ownership-Based Framework of the U.S. Current Account, 2003–2014—Continues

(Billions of dollars)

Line	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 ¹
1 Exports of goods and services and income receipts (international transactions accounts (ITAs) table 1.2, line 1)	1,409.1	1,642.3	1,896.0	2,222.1	2,569.5	2,751.9	2,285.9	2,630.8	2,987.6	3,098.1	3,201.3	3,306.6
2 Less: Adjustment to convert direct investment receipts to a directional basis (ITA table 4.2, line 8)	4.3	4.8	6.6	8.4	10.1	9.6	7.8	6.9	6.7	6.7	6.7	7.3
3 Equals: Exports of goods and services and income receipts, directional basis	1,404.8	1,637.5	1,889.3	2,213.7	2,559.4	2,742.3	2,278.1	2,623.9	2,980.9	3,091.3	3,194.6	3,299.3
4 Receipts resulting from exports of goods and services and sales by foreign affiliates (line 5 plus line 20)	1,206.8	1,412.2	1,580.6	1,782.5	2,024.3	2,255.4	1,945.6	2,294.5	2,597.7	2,678.6	2,751.3	2,812.5
5 Exports of goods and services, total (ITA table 1.2, line 2)	1,020.4	1,161.5	1,286.0	1,457.6	1,653.5	1,841.6	1,583.1	1,853.6	2,127.0	2,219.0	2,279.9	2,343.2
6 Goods, balance of payments basis (ITA table 1.2, line 3)	730.4	823.6	913.0	1,040.9	1,165.2	1,308.8	1,070.3	1,290.3	1,499.2	1,562.6	1,592.0	1,632.6
7 Services (ITA table 1.2, line 13)	290.0	338.0	373.0	416.7	488.4	532.8	512.7	563.3	627.8	656.4	687.9	710.6
8 To unaffiliated foreigners	709.9	821.5	916.0	1,055.6	1,192.5	1,352.8	1,120.0	1,343.0	1,547.2	1,586.4	1,637.6	.....
9 Goods ²	498.5	572.8	639.2	747.9	837.2	961.3	748.5	931.5	1,092.5	1,111.8	1,137.4	.....
10 Services	211.4	248.7	276.8	307.7	355.3	391.5	371.4	411.4	454.8	474.6	500.2	512.8
11 To affiliated foreigners	310.6	340.0	370.0	402.1	461.0	488.9	463.1	510.6	579.8	632.6	642.3	.....
12 Goods ²	232.0	250.7	273.8	293.0	328.0	347.5	321.8	358.7	406.8	450.8	454.6	.....
13 Services	78.6	89.3	96.2	109.1	133.0	141.3	141.3	151.9	173.0	181.8	187.7	197.7
14 To foreign affiliates of U.S. parents	n.a.	n.a.	n.a.	285.9	321.4	340.1	318.3	353.2	403.4	420.5	436.2	.....
15 Goods ²	156.6	170.6	188.8	200.2	214.1	227.6	207.5	232.8	264.7	276.2	287.8	.....
16 Services	n.a.	n.a.	n.a.	85.6	107.4	112.5	110.9	120.4	138.6	144.3	148.4	160.3
17 To foreign parent groups of U.S. affiliates	n.a.	n.a.	n.a.	116.2	139.6	148.8	144.8	157.4	176.4	212.1	206.1	.....
18 Goods ²	75.3	80.1	85.1	92.8	113.9	119.9	114.3	126.0	142.0	174.6	166.8	.....
19 Services	n.a.	n.a.	n.a.	23.4	25.7	28.8	30.4	31.5	34.4	37.5	39.3	37.5
20 Net receipts by U.S. parents of direct investment income resulting from sales by their foreign affiliates (ITA table 4.2, line 11)	186.4	250.6	294.5	324.8	370.8	413.7	362.5	440.9	470.7	459.6	471.3	469.3
21 Sales by foreign affiliates ³	3,319.5	3,841.4	4,362.2	4,793.3	5,785.1	6,513.2	5,640.4	6,066.7	6,894.9	6,977.5	7,045.0	.....
22 Less: Foreign affiliates' purchases of goods and services directly from the United States ⁴	242.6	264.0	293.1	323.2	363.5	380.4	341.0	379.9	419.9	426.4	436.0	.....
23 Less: Costs and profits accruing to foreign persons	2,246.3	2,548.2	2,837.3	3,099.0	3,752.4	4,285.2	3,705.7	3,952.2	4,502.5	4,620.5	4,668.3	.....
24 Compensation of employees of foreign affiliates	338.1	378.6	405.0	436.1	505.7	535.9	547.9	559.1	602.5	625.6	631.6	.....
25 Other	1,908.2	2,169.6	2,432.3	2,662.9	3,246.6	3,749.3	3,157.8	3,393.1	3,900.0	3,994.9	4,036.7	.....
26 Less: Sales by foreign affiliates to other foreign affiliates of the same parent	646.4	780.0	937.5	1,040.0	1,298.5	1,433.9	1,231.2	1,293.7	1,501.8	1,471.0	1,467.3	.....
27 Plus: Bank affiliates (net receipts)	2.3	1.3	0.2	-6.4	.....	.....	.....	.....	.....	.....	.....	.....
28 Primary income receipts, except on direct investment (line 29 plus line 33)	136.0	165.2	242.8	359.9	463.2	400.3	244.1	237.1	282.3	303.1	316.7	346.7
29 Investment income, except on direct investment	131.3	160.4	238.0	354.8	458.0	395.0	238.3	231.2	276.2	296.8	310.0	339.8
30 Portfolio investment income (ITA table 1.2, line 26)	90.7	108.6	129.7	166.1	221.6	241.3	184.4	194.9	237.3	260.4	278.4	308.2
31 Other investment income (ITA table 1.2, line 27)	39.6	50.6	107.1	187.4	234.9	152.1	53.1	35.7	38.0	35.9	31.1	31.3
32 Reserve asset income (ITA table 1.2, line 28)	1.1	1.2	1.2	1.2	1.4	1.6	0.8	0.7	0.8	0.5	0.4	0.3
33 Compensation of employees (ITA table 1.2, line 29)	4.7	4.7	4.8	5.1	5.2	5.4	5.7	5.9	6.1	6.3	6.8	6.9
34 Secondary income (current transfer) receipts (ITA table 1.2, line 30)	61.9	60.2	66.0	71.4	71.9	86.6	88.5	92.3	100.8	109.6	126.6	140.0

See the footnotes at the end of the table.

for labor, other inputs, and profits accruing to foreign persons. Net payments of \$169.6 billion in 2013 resulted from sales by U.S. affiliates of \$4,276.2 billion less deductions of \$4,106.6 billion.

- In 2014, the deficit on goods, services, and net income receipts from sales by affiliates (foreign income receipts less U.S. income receipts) was \$207.9 billion, less than the more narrowly defined deficit on trade in goods and services, which was \$508.3 billion. The more comprehensive deficit was smaller because

receipts of income by U.S. parents resulting from sales by their foreign affiliates were larger than payments of income to foreign parents from sales by their U.S. affiliates.

- The \$207.9 billion deficit on goods, services, and net income receipts was up from \$176.7 billion in 2013. The increase of \$31.2 billion reflected an increase of \$29.9 billion in the deficit on trade in goods and services and a decrease of \$1.3 billion in the surplus on net income receipts from sales by affiliates.

Table A. Ownership-Based Framework of the U.S. Current Account, 2003–2014—Table Ends

[Billions of dollars]

Line	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 ¹
35 Imports of goods and services and income payments (ITA table 1.2, line 31)	1,930.4	2,276.1	2,641.4	3,028.9	3,288.1	3,442.7	2,669.9	3,072.8	3,447.9	3,547.7	3,578.0	3,696.1
36 Less: Adjustment to convert direct investment receipts to a directional basis (ITA table 4.2, line 8)	4.3	4.8	6.6	8.4	10.1	9.6	7.8	6.9	6.7	6.7	6.7	7.3
37 Equals: Imports of goods and services and income receipts, directional basis	1,926.1	2,271.3	2,634.8	3,020.4	3,278.0	3,433.1	2,662.2	3,065.9	3,441.2	3,541.0	3,571.3	3,688.8
38 Payments resulting from imports of goods and services and sales by U.S. affiliates (line 39 plus line 54)	1,588.1	1,871.2	2,121.6	2,370.1	2,485.1	2,679.8	2,071.7	2,501.2	2,847.8	2,925.1	2,927.9	3,020.4
39 Imports of goods and services, total (ITA table 1.2, line 32)	1,514.3	1,771.4	2,000.3	2,219.4	2,358.9	2,550.3	1,966.8	2,348.3	2,675.6	2,755.8	2,758.3	2,851.5
40 Goods, balance of payments basis (ITA table 1.2, line 33)	1,272.1	1,488.3	1,695.8	1,878.2	1,986.3	2,141.3	1,580.0	1,939.0	2,239.9	2,303.7	2,294.6	2,374.1
41 Services (ITA table 1.2, line 42)	242.2	283.1	304.4	341.2	372.6	409.1	386.8	409.3	435.8	452.0	463.7	477.4
42 From unaffiliated foreigners	974.9	1,168.8	1,326.9	1,491.5	1,575.3	1,720.6	1,234.0	1,549.5	1,777.6	1,814.5	1,792.0	1,859.0
43 Goods ²	779.7	936.8	1,080.8	1,219.1	1,279.8	1,398.3	936.8	1,237.3	1,455.7	1,481.4	1,454.2	1,511.0
44 Services	195.3	232.0	246.1	272.4	295.5	322.4	297.2	312.1	321.9	333.1	337.8	345.9
45 From affiliated foreigners	539.4	602.6	673.3	727.8	783.6	829.7	732.8	798.8	896.0	941.2	966.3	999.0
46 Goods ²	492.4	551.5	615.0	659.1	706.5	743.0	643.2	701.6	784.2	822.3	840.4	874.0
47 Services	46.9	51.1	58.4	68.8	77.1	86.7	89.6	97.2	113.9	118.9	125.9	131.5
48 From foreign affiliates of U.S. parents	n.a.	n.a.	n.a.	286.5	310.6	321.2	285.2	327.4	391.2	410.1	409.4	412.0
49 Goods ²	192.6	218.8	245.0	249.6	267.4	272.6	233.6	270.7	320.2	338.0	333.2	333.2
50 Services	n.a.	n.a.	n.a.	36.9	43.2	48.6	51.7	56.7	71.0	72.0	76.2	81.2
51 From foreign parent groups of U.S. affiliates	n.a.	n.a.	n.a.	441.3	473.0	508.5	447.6	471.4	506.9	531.2	556.9	556.9
52 Goods ²	299.8	332.7	370.0	409.5	439.2	470.4	409.7	431.0	464.0	484.3	507.2	507.2
53 Services	n.a.	n.a.	n.a.	31.9	33.8	38.1	37.9	40.5	42.9	46.9	49.7	50.3
54 Net payments to foreign parents of direct investment income resulting from sales by their U.S. affiliates (ITA table 4.2, line 48)	73.8	99.8	121.3	150.8	126.2	129.4	104.8	152.9	172.2	169.3	169.6	168.9
55 Sales by U.S. affiliates ³	2,323.2	2,526.3	2,792.5	3,114.5	3,616.2	3,887.1	3,277.2	3,432.2	3,864.6	4,191.7	4,276.2	4,276.2
56 Less: U.S. affiliates' purchases of goods and services directly from abroad ⁵	393.3	437.5	495.0	546.4	600.2	662.1	555.4	608.8	696.8	719.7	737.7	737.7
57 Less: Costs and profits accruing to U.S. persons	1,858.2	1,993.8	2,180.5	2,424.9	2,889.9	3,095.6	2,617.0	2,670.5	2,995.6	3,302.6	3,368.9	3,368.9
58 Compensation of employees of U.S. affiliates	342.7	351.9	365.5	395.9	437.6	457.2	450.6	448.9	481.6	518.8	530.4	530.4
59 Other	1,515.5	1,641.9	1,815.0	2,029.0	2,452.3	2,638.4	2,166.4	2,221.6	2,514.0	2,783.9	2,838.5	2,838.5
60 Less: Sales by U.S. affiliates to other U.S. affiliates of the same parent ⁶	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
61 Plus: Bank affiliates (net payments)	2.2	4.7	4.4	7.5	.....	.....	.....	.....	.....	.....	.....	.....
62 Primary income payments, except on direct investment	205.9	251.9	348.4	490.6	607.2	538.5	378.2	347.5	359.9	381.2	393.9	409.2
63 Investment income, except on direct investment	193.0	237.9	332.5	474.1	591.4	521.4	363.8	333.5	345.7	366.3	378.0	392.9
64 Portfolio investment income (ITA table 1.2, line 55)	163.5	195.8	238.6	304.9	381.8	400.0	332.5	313.5	324.9	345.2	361.8	378.7
65 Other investment income (ITA table 1.2, line 56)	29.5	42.1	93.9	169.2	209.7	121.4	31.3	20.0	20.8	21.0	16.3	14.2
66 Compensation of employees (ITA table 1.2, line 57)	12.9	14.0	15.9	16.4	15.7	17.1	14.4	14.0	14.2	14.9	15.8	16.3
67 Secondary income (current transfer) payments (ITA table 1.2, line 58)	132.2	148.2	164.8	159.7	185.8	214.8	212.3	217.2	233.5	234.7	249.5	259.2
68 Memoranda:												
68 Balance on goods and services (line 5 minus line 39, and ITA table 1.2, line 102)	-493.9	-609.9	-714.2	-761.7	-705.4	-708.7	-383.8	-494.7	-548.6	-536.8	-478.4	-508.3
69 Balance on goods, services, and net receipts from sales by affiliates (line 4 minus line 38)	-381.2	-459.0	-541.0	-587.7	-460.8	-424.4	-126.1	-206.6	-250.1	-246.5	-176.7	-207.9
70 Balance on current account (line 1 minus line 35, and ITA table 1.2, line 101)	-521.3	-633.8	-745.4	-806.7	-718.6	-690.8	-384.0	-442.0	-460.4	-449.7	-376.8	-389.5
71 Addenda:												
71 Source of the content of foreign affiliates' sales and change in inventories: ³												
72 Sales to nonaffiliates and change in inventories, total (line 21 minus line 26 plus the change in inventories)	2,692.3	3,092.4	3,544.0	3,722.6	4,565.1	5,069.7	4,433.8	4,794.3	5,413.1	5,529.0	5,622.0	5,622.0
73 Foreign content	2,449.7	2,828.5	3,250.9	3,399.4	4,201.6	4,689.3	4,092.8	4,414.4	4,993.2	5,102.6	5,183.9	5,183.9
74 Value added by foreign affiliates of U.S. parents	808.4	948.9	1,050.0	1,151.1	1,346.1	1,466.7	1,350.0	1,458.1	1,651.1	1,661.0	1,626.1	1,626.1
75 Other foreign content ⁷	1,641.3	1,879.6	2,200.9	2,248.3	2,855.5	3,222.5	2,742.8	2,956.3	3,342.1	3,441.6	3,557.9	3,557.9
76 U.S. content	242.6	264.0	293.1	323.2	363.5	380.4	341.0	379.9	419.9	426.4	438.0	438.0
77 Source of the content of U.S. affiliates' sales and change in inventories: ^{3,8}												
76 Sales to nonaffiliates and change in inventories, total (line 55 minus line 60 plus the change in inventories)	2,326.1	2,543.4	2,814.6	3,138.3	3,613.3	3,912.5	3,249.7	3,434.6	3,901.1	4,219.1	4,290.4	4,290.4
77 U.S. content	1,932.7	2,105.9	2,319.5	2,592.0	3,013.1	3,250.5	2,694.4	2,825.8	3,204.3	3,499.4	3,552.7	3,552.7
78 Value added by U.S. affiliates of foreign parents	519.9	563.5	611.5	679.7	736.7	714.8	665.5	727.1	808.8	878.9	903.4	903.4
79 Other U.S. content ⁹	1,412.8	1,542.4	1,708.0	1,912.3	2,276.4	2,535.7	2,028.9	2,098.7	2,395.5	2,620.5	2,649.3	2,649.3
80 Foreign content	393.3	437.5	495.0	546.4	600.2	662.1	555.4	608.8	696.8	719.7	737.7	737.7

n.a. Not available

1. The estimates for 2014 are from the international transactions accounts, which are published quarterly. Detailed estimates for 2014 from BEA's annual surveys of the activities of multinational enterprises will not be available until the second half of 2016.

2. The sources for total U.S. exports and imports of goods are based on Census Bureau tabulations of Customs data. The sources for U.S. parent trade in goods with their foreign affiliates and U.S. affiliate trade in goods with their foreign parent groups are BEAs annual surveys of financial and operating data of U.S. parents, their foreign affiliates, and foreign-owned U.S. affiliates.

3. For 2007–2013, annual data on sales, purchases, costs, and profits for both bank and nonbank affiliates are included in the calculation in lines 21–26, lines 55–60, line 71–75, and lines 76–80. For 1999–2006, these data for bank affiliates are unavailable.

4. In principle, purchases of services from the United States should include both purchases from the U.S. parent and purchases from unaffiliated providers. However, data on purchases from unaffiliated providers are unavailable, so for

services, line 22 only includes purchases from U.S. parents.

5. In principle, purchases of services from abroad should include both purchases from the foreign parent group and purchases from unaffiliated providers. However, data on purchases from unaffiliated providers are unavailable, so for services, line 56 only includes purchases from the foreign parent groups.

6. In principle, sales by U.S. affiliates to other U.S. affiliates of the same foreign parent should be subtracted, but data on these sales are unavailable. Because U.S. affiliates are generally required to report to BEA on a fully consolidated basis, most of these sales are eliminated through consolidation, and the remaining amount is thought to be negligible.

7. Other foreign content (purchases from foreign persons by foreign affiliates) is overstated to the extent that it includes U.S. exports that are embodied in goods and services purchased by foreign affiliates from foreign suppliers.

8. In principle, the sales exclude the affiliates' sales to other affiliates of their parent. For U.S. affiliates, data on sales to other affiliates are unavailable, but these sales are thought to be negligible. (See footnote 6.)

9. Other U.S. content (purchases from U.S. persons by U.S. affiliates) is overstated to the extent that it includes U.S. imports that are embodied in goods and services purchased by U.S. affiliates from U.S. suppliers.