

An Ownership-Based Framework of the U.S. Current Account, 2016

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, but it adds detail from BEA's activities of multinational enterprises (MNEs) data to provide additional insight into the economic actors and activity behind the numbers.¹ 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 an MNE depends on the country where the affiliate's operations are located, not on the country of its owner.

The ownership-based framework highlights the important role that MNEs play in international transactions. For example, in 2015, intra-MNE trade accounted for more than 30 percent of U.S. exports of goods and services and for more than 35 percent of U.S. imports of goods and services. The supplemental framework recognizes that direct investment income results from the MNE'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. This framework also shows that direct investment income receipts and payments are the result of substantial sales of goods and services and purchases of labor and other inputs. It also 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 2016, revised and more detailed statistics for 2015, and revised statistics for

1. The major elements in the standard current account are trade in goods and services as well as receipts and payments of both primary income and secondary income. Primary income generally represents income that results from the production of goods and services or the provision of financial assets; it includes income on foreign investment and compensation of employees. Secondary income represents all other income (also known as current transfers); it includes, for example, foreign aid and remittances.

earlier years.² The updated statistics through 2016 in this report reflect the 2017 annual update of the ITAs, which incorporated newly available and revised source data, new data sources, and improved estimation methodologies.³ In addition, the updated statistics reflect preliminary results from both the 2015 Annual Survey of U.S. Direct Investment Abroad ("outward" direct investment) and the 2015 Annual Survey of Foreign Direct Investment in the United States ("inward" direct investment) as well as the revised results from both the 2014 Benchmark Survey of U.S. Direct Investment Abroad and the 2014 Annual Survey of Foreign Direct Investment in the United States.⁴

A [technical note](#) that presents information on the conceptual basis of the ownership-based framework is available on BEA's Web site.⁵

The following are highlights of the updated statistics in table A.⁶

- In 2016, U.S. receipts from exports of goods and services and net income receipts of U.S. parents from sales by foreign affiliates were \$2,637.9 billion, consist-

2. For the data sources for the statistics, see the tabs "Data Sources for 1982–1998" and "Data Sources for 1999–2016" in the Excel workbook "[Ownership-Based Framework of the U.S. Current Account](#)."

3. For more information about the 2017 annual update, see Eric Bryda, C. Omar Kebbeh, and Daniel H. Meier, "[Annual Update of the U.S. International Transactions Accounts](#)," SURVEY OF CURRENT BUSINESS 97 (July 2017).

4. For more information about the U.S. direct investment abroad survey results, see Derrick Jenniges, "[Activities of U.S. Multinational Enterprises in 2015](#)," SURVEY 97 (December 2017). For more information about foreign direct investment in the United States survey results, see Sarah Stutzman, "[Activities of U.S. Affiliates of Foreign Multinational Enterprises in 2015](#)," SURVEY 97 (August 2017).

5. 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.

6. For the statistics in table A, see the "Ownership-Based Framework of the U.S. Current Account, 1982–2016" in "[Supplemental Statistics](#)" to the international accounts on BEA's Web site. The statistics in table 2 for 1999–2016 reflect the June 2014 comprehensive restructuring of the ITAs. Table 1, which presents statistics for 1982–1998, reflects methodologies before the comprehensive restructuring. For the details, see Maria Borgia and Kristy L. Howell, "[The Comprehensive Restructuring of the International Economic Accounts](#)," SURVEY 94 (March 2014) and Thomas Anderson, "[An Ownership-Based Framework of the U.S. Current Account, 2002–2013](#)" SURVEY 95 (January 2015).

ing of exports of goods and services of \$2,208.1 billion and net income receipts of U.S. parents from sales by their foreign affiliates of \$429.8 billion. U.S. payments for imports of goods and services and net income payments to foreign parents resulting from sales by U.S. affiliates were \$2,883.9 billion, consisting of imports of goods and services of \$2,712.9 billion and net income payments to foreign parents from sales by

their U.S. affiliates of \$171.0 billion.

- In 2016, the deficit on goods, services, and net income receipts from sales by affiliates (U.S. parents' income receipts from foreign affiliates less U.S. affiliates' income payments to foreign parents) was \$246.0 billion, less than the more narrowly defined deficit on trade in goods and services, which was \$504.8 billion. The broader based deficit was smaller because receipts

Table A. Ownership-Based Framework of the U.S. Current Account, 2005–2016—Continues

(Billions of dollars)

Line	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 ¹
1 Exports of goods and services and income receipts (international transactions accounts (ITAs) table 1.2, line 1)	1,885.8	2,209.2	2,559.3	2,742.3	2,283.1	2,624.6	2,982.6	3,095.7	3,212.2	3,333.3	3,173.0	3,157.2
2 Less: Adjustment to convert direct investment receipts to a directional basis (ITA table 4.2, line 8)	6.5	8.4	10.1	9.6	7.8	6.9	6.7	6.6	8.8	10.2	11.1	14.3
3 Equals: Exports of goods and services and income receipts, directional basis	1,879.3	2,200.8	2,549.2	2,732.7	2,275.3	2,617.7	2,975.9	3,089.1	3,203.4	3,323.1	3,161.9	3,142.9
4 Receipts resulting from exports of goods and services and sales by foreign affiliates (line 5 plus line 20)	1,570.9	1,770.2	2,015.2	2,247.2	1,944.5	2,289.8	2,593.9	2,677.3	2,760.9	2,840.5	2,689.7	2,637.9
5 Exports of goods and services, total (ITA table 1.2, line 2)	1,286.0	1,457.6	1,653.5	1,841.6	1,583.1	1,853.6	2,127.0	2,219.0	2,293.5	2,375.9	2,263.9	2,208.1
6 Goods, balance of payments basis (ITA table 1.2, line 3)	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	1,634.0	1,510.8	1,455.7
7 Services (ITA table 1.2, line 13)	373.0	416.7	488.4	532.8	512.7	563.3	627.8	656.4	701.5	741.9	753.2	752.4
8 To unaffiliated foreigners	915.9	1,055.6	1,192.5	1,352.8	1,119.9	1,342.9	1,547.3	1,586.4	1,618.4	1,647.8	1,569.0	1,569.0
9 Goods ²	639.1	747.9	837.2	961.3	748.5	931.5	1,092.5	1,111.8	1,118.6	1,123.7	1,036.2	1,036.2
10 Services	276.8	307.7	355.3	391.5	371.4	411.4	454.8	474.6	499.8	524.1	532.8	524.4
11 To affiliated foreigners	370.1	402.0	461.1	488.8	463.1	510.7	579.7	632.6	675.1	728.1	695.0	695.0
12 Goods ²	273.9	293.0	328.0	347.5	321.8	358.8	406.7	450.8	473.4	510.3	474.6	474.6
13 Services	96.2	109.0	133.1	141.3	141.3	151.9	173.0	181.8	201.7	217.8	220.4	228.0
14 To foreign affiliates of U.S. parents	n.a.	285.8	321.5	340.1	318.4	353.2	403.3	420.5	450.4	501.4	499.9	499.9
15 Goods ²	188.8	200.2	214.1	227.6	207.5	232.8	264.7	276.2	288.7	322.0	321.2	321.2
16 Services	n.a.	85.6	107.4	112.5	110.9	120.4	138.6	144.3	162.0	179.4	178.7	181.9
17 To foreign parent groups of U.S. affiliates	n.a.	116.2	139.6	148.7	144.7	157.5	176.4	212.1	224.4	226.7	195.1	195.1
18 Goods ²	85.1	92.8	113.9	119.9	114.3	126.0	142.0	174.6	184.7	188.3	153.4	153.4
19 Services	n.a.	23.4	25.7	28.8	30.4	31.5	34.4	37.5	39.7	38.4	41.7	46.1
20 Net receipts by U.S. parents of direct investment income resulting from sales by their foreign affiliates (ITA table 4.2, line 11)	284.9	312.6	361.7	405.6	361.4	436.2	466.9	458.3	467.4	464.6	425.8	429.8
21 Sales by foreign affiliates ³	4,362.2	4,793.3	5,785.1	6,513.2	5,640.4	6,066.7	6,894.9	6,977.5	7,054.7	7,590.1	6,879.7	6,879.7
22 Less: Foreign affiliates' purchases of goods and services directly from the United States ⁴	293.1	323.2	363.5	380.4	341.0	379.9	419.9	426.4	450.7	501.4	499.9	499.9
23 Less: Costs and profits accruing to foreign persons	2,846.7	3,117.5	3,761.4	4,293.3	3,706.8	3,956.9	4,506.3	4,621.8	4,657.3	5,092.8	4,610.0	4,610.0
24 Compensation of employees of foreign affiliates	405.0	436.1	505.7	535.9	547.9	559.1	602.5	625.6	633.1	714.4	693.6	693.6
25 Other	2,441.7	2,681.4	3,255.7	3,757.4	3,158.9	3,397.8	3,903.8	3,996.2	4,024.2	4,378.4	3,916.4	3,916.4
26 Less: Sales by foreign affiliates to other foreign affiliates of the same parent	937.5	1,040.0	1,298.5	1,433.9	1,231.2	1,293.7	1,501.8	1,471.0	1,479.3	1,531.3	1,344.0	1,344.0
27 Plus: Bank affiliates (net receipts)	0.2	-6.4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
28 Primary income receipts, except on direct investment (line 29 plus line 33)	242.8	359.8	463.1	400.4	244.0	237.2	282.2	303.2	316.6	342.5	346.1	369.9
29 Investment income, except on direct investment	238.0	354.7	457.9	395.0	238.3	231.3	276.1	296.9	310.0	336.0	339.5	363.4
30 Portfolio investment income (ITA table 1.2, line 26)	129.7	166.1	221.6	241.3	184.4	194.9	237.3	260.4	278.4	305.0	308.0	324.1
31 Other investment income (ITA table 1.2, line 27)	107.1	187.4	234.9	152.1	53.1	35.7	38.0	36.0	31.2	30.7	31.3	39.2
32 Reserve asset income (ITA table 1.2, line 28)	1.2	1.2	1.4	1.6	0.8	0.7	0.8	0.5	0.4	0.3	0.2	0.1
33 Compensation of employees (ITA table 1.2, line 29)	4.8	5.1	5.2	5.4	5.7	5.9	6.1	6.3	6.6	6.5	6.6	6.5
34 Secondary income (current transfer) receipts (ITA table 1.2, line 30)	65.6	70.7	70.8	85.1	86.8	90.8	99.7	108.7	126.0	140.1	126.1	135.2
35 Imports of goods and services and income payments (ITA table 1.2, line 31)	2,631.1	3,015.1	3,270.4	3,423.6	2,655.6	3,055.3	3,427.2	3,521.9	3,561.8	3,707.1	3,607.6	3,608.9
36 Less: Adjustment to convert direct investment receipts to a directional basis (ITA table 4.2, line 8)	6.5	8.4	10.1	9.6	7.8	6.9	6.7	6.6	8.8	10.2	11.1	14.3
37 Equals: Imports of goods and services and income receipts, directional basis	2,624.6	3,006.7	3,260.3	3,414.0	2,647.8	3,048.4	3,420.5	3,515.3	3,553.0	3,696.9	3,596.5	3,594.6
38 Payments resulting from imports of goods and services and sales by U.S. affiliates (line 39 plus line 54)	2,125.7	2,374.3	2,491.6	2,688.1	2,078.9	2,505.9	2,853.9	2,928.6	2,939.4	3,054.1	2,923.7	2,883.9
39 Imports of goods and services, total (ITA table 1.2, line 32)	2,000.3	2,219.4	2,358.9	2,550.3	1,966.8	2,348.3	2,675.6	2,755.8	2,755.3	2,866.2	2,764.4	2,712.9
40 Goods, balance of payments basis (ITA table 1.2, line 33)	1,695.8	1,878.2	1,986.3	2,141.3	1,580.0	1,939.0	2,239.9	2,303.7	2,294.2	2,385.5	2,272.6	2,208.2
41 Services (ITA table 1.2, line 42)	304.4	341.2	372.6	409.1	386.8	409.3	435.8	452.0	461.1	480.8	491.7	504.7
42 From unaffiliated foreigners	1,326.9	1,491.5	1,575.3	1,720.6	1,233.9	1,549.4	1,777.5	1,814.6	1,776.9	1,830.9	1,778.3	1,778.3
43 Goods ²	1,080.8	1,219.1	1,279.7	1,398.3	936.7	1,237.3	1,455.7	1,481.4	1,445.8	1,489.3	1,428.9	1,428.9
44 Services	246.0	272.4	295.6	322.4	297.2	312.1	321.9	333.1	331.1	341.7	349.3	357.7
45 From affiliated foreigners	673.4	727.9	783.6	829.7	732.9	798.9	898.1	941.2	978.4	1,035.3	986.1	986.1
46 Goods ²	615.0	659.1	706.6	743.0	643.3	701.7	784.2	822.3	848.4	896.2	843.7	843.7
47 Services	58.4	68.8	77.0	86.7	89.6	97.2	113.9	118.9	130.0	139.1	142.4	147.0
48 From foreign affiliates of U.S. parents	n.a.	286.5	310.6	321.2	285.3	327.4	391.2	410.0	417.1	472.8	449.0	449.0
49 Goods ²	245.0	249.6	267.4	272.6	233.6	270.7	320.2	338.0	336.9	385.1	357.9	357.9
50 Services	n.a.	36.9	43.2	48.6	51.7	56.7	71.0	72.0	80.2	87.7	91.1	94.9
51 From foreign parent groups of U.S. affiliates	n.a.	441.4	473.0	508.5	447.6	471.5	506.9	531.2	561.3	562.5	537.1	537.1
52 Goods ²	370.0	409.5	439.2	470.4	409.7	431.0	464.0	484.3	511.5	511.1	485.8	485.8
53 Services	n.a.	31.9	33.8	38.1	37.9	40.5	42.9	46.9	49.8	51.4	51.3	52.1

See the footnotes at the end of the table.

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.

- In 2016, the deficit on goods, services, and net income receipts was \$246.0 billion, up from \$234.0 billion in 2015. The increase of \$12.0 billion reflected a \$7.6 billion decrease in the surplus on net income receipts from sales by affiliates and a \$4.4 billion increase in the deficit on trade in goods and services.

- In 2015 (the latest year for which detailed statistics are available), net receipts of direct investment income of \$425.8 billion resulted from sales by foreign affiliates of \$6,879.7 billion less deductions of \$6,453.9 billion for labor, other inputs, and profits accruing to foreign persons. Net payments of \$159.3 billion in 2015 resulted from sales by U.S. affiliates of \$4,303.8 billion less deductions of \$4,144.5 billion for labor, other inputs, and profits accruing to U.S. persons.

Table A. Ownership-Based Framework of the U.S. Current Account, 2005–2016—Table Ends

(Billions of dollars)

Line	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 ¹
54	Net payments to foreign parents of direct investment income resulting from sales by their U.S. affiliates (ITA table 4.2, line 48)											
	125.4	154.9	132.7	137.8	112.1	157.6	178.3	172.8	184.1	187.9	159.3	171.0
55	2,792.5	3,114.5	3,616.2	3,887.1	3,277.2	3,432.2	3,864.6	4,191.7	4,331.6	4,407.8	4,303.8	
56	495.0	546.4	600.2	662.1	555.4	608.8	696.8	719.7	716.6	728.1	677.7	
57	2,180.6	2,424.8	2,889.8	3,095.6	2,617.0	2,670.5	2,995.6	3,306.6	3,430.9	3,491.8	3,466.8	
58	365.5	395.9	437.6	457.2	450.6	448.9	481.6	518.8	534.3	558.5	587.2	
59	1,815.1	2,028.9	2,452.2	2,638.4	2,166.4	2,221.6	2,514.0	2,787.8	2,857.9	2,933.3	2,879.6	
60		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
61	4.4	7.5										
62	Primary income payments, except on direct investment											
63	348.4	490.5	607.2	538.5	378.2	347.5	359.9	381.1	393.9	408.5	431.7	455.5
64	332.5	474.1	591.5	521.4	363.8	333.5	345.7	366.2	377.9	391.4	413.4	435.4
65	238.6	304.9	381.8	400.0	332.5	313.5	324.9	345.2	361.8	377.5	398.4	409.2
66	93.9	169.2	209.7	121.4	31.3	20.0	20.8	21.0	16.1	13.9	15.0	26.2
67	15.9	16.4	15.7	17.1	14.4	14.0	14.2	14.9	16.0	17.1	18.3	20.1
67	Secondary income (current transfer) payments (ITA table 1.2, line 58)											
	150.5	141.8	161.5	187.4	190.7	195.0	206.7	205.6	219.6	234.3	241.2	255.3
Memoranda:												
68	-714.2	-761.7	-705.4	-708.7	-383.8	-494.7	-548.6	-536.8	-461.9	-490.3	-500.4	-504.8
69	-554.8	-604.1	-476.4	-440.9	-134.4	-216.1	-260.0	-251.3	-178.5	-213.6	-234.0	-246.0
70	-745.2	-806.0	-711.0	-681.4	-372.5	-430.7	-444.6	-426.2	-349.5	-373.8	-434.6	-451.7
Addenda:												
Source of the content of foreign affiliates' sales and change in inventories:³												
71	Sales to nonaffiliates and change in inventories, total (line 21 minus line 26 plus the change in inventories)											
	3,544.0	3,722.6	4,565.1	5,069.7	4,433.8	4,794.3	5,413.1	5,529.1	5,616.8	6,029.2	5,519.4	
72	3,250.9	3,399.4	4,201.6	4,689.3	4,092.8	4,414.4	4,993.2	5,102.7	5,166.1	5,527.8	5,019.5	
73	1,050.0	1,151.1	1,346.1	1,466.7	1,350.0	1,458.1	1,651.1	1,661.0	1,639.5	1,738.7	1,566.9	
74	2,200.9	2,248.3	2,855.5	3,222.6	2,742.8	2,956.3	3,342.1	3,441.7	3,526.6	3,789.1	3,452.6	
75	293.1	323.2	363.5	380.4	341.0	379.9	419.9	426.4	450.7	501.4	499.9	
Source of the content of U.S. affiliates' sales and change in inventories:^{3, 4}												
76	Sales to nonaffiliates and change in inventories, total (line 55 minus line 60 plus the change in inventories)											
	2,814.6	3,138.3	3,613.3	3,912.5	3,249.7	3,434.6	3,901.1	4,219.1	4,351.5	4,427.3	4,309.0	
77	2,319.6	2,591.9	3,013.1	3,250.4	2,694.3	2,825.8	3,204.3	3,499.4	3,634.9	3,699.2	3,631.3	
78	611.5	679.7	736.7	714.8	665.5	727.1	808.8	878.9	910.8	935.0	963.3	
79	1,708.1	1,912.2	2,276.4	2,535.6	2,028.8	2,098.7	2,395.5	2,620.5	2,724.1	2,764.2	2,668.0	
80	495.0	546.4	600.2	662.1	555.4	608.8	696.8	719.7	716.6	728.1	677.7	

n.a. Not available

1. The estimates for 2016 are from the international transactions accounts, which are published quarterly. Detailed estimates for 2016 from BEA's annual surveys of the activities of multinational enterprises will not be available until the second half of 2018.

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 BEA's annual surveys of financial and operating data of U.S. parents, their foreign affiliates, and foreign-owned U.S. affiliates.

3. For 2007–2015, 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, lines 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.