



# *Chronicling 100 Years of the U.S. Economy*

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## **Preview of the 2021 Annual Update of the International Economic Accounts**

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In June, the Bureau of Economic Analysis (BEA) will release the results of the 2021 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.<sup>1</sup> 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.<sup>2</sup> With the June 2021 annual update, BEA will also incorporate the results of the benchmark survey of insurance transactions by U.S. insurance companies with foreign persons and the benchmark survey of foreign direct investment in the United States. The annual update of the ITAs will also incorporate new data on U.S. imports of aircraft that are delivered to U.S. air carriers at foreign airports without first entering the United States.

This article provides an overview of the changes that will be incorporated in the June 2021 annual update. A July 2021 *Survey of Current Business* article will provide additional details on the changes.

## Incorporation of Results from Benchmark Surveys

BEA collects information on direct investment and 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 or positions are covered in the relevant ITAs or IIP Accounts, BEA also conducts benchmark surveys every 5 years to collect information from the entire population—or universe—of these companies.<sup>3</sup> 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.

Direct investment positions, transactions in financial assets and liabilities, and related income receipts and payments for 2017–2020 will be revised to incorporate the results of BEA's 2017 Benchmark Survey of Foreign Direct Investment in the United States. This survey collected data on the finances and operations of U.S. affiliates of foreign multinational enterprises.<sup>4</sup> Estimates for 2017–2020 income, transactions, and positions for U.S. affiliates that are not required to file the quarterly survey are currently based on the 2012 benchmark survey and will be replaced with estimates based on reporting from the 2017 benchmark survey.

Insurance services exports and imports for 2013–2020 will be revised to incorporate the results of BEA's 2018 Benchmark Survey of Insurance Transactions by U.S. Insurance Companies with Foreign Persons. This survey covered all U.S. insurance companies that engaged in reinsurance transactions with foreign persons that earned premiums from, or incurred losses to, foreign persons in the capacity of primary insurers or that had receipts or payments for international auxiliary insurance services.<sup>5</sup> Estimates for 2013–2020 insurance services exports and imports are currently based on the 2013 benchmark survey and will be replaced with estimates that incorporate data from the 2018 benchmark survey.

## Improved Coverage of Aircraft Imports

BEA's statistics on goods trade are based primarily on data that are collected by U.S. Customs and Border Protection (CBP) and compiled by the U.S. Census Bureau. These data generally reflect the movement of goods across the U.S. border. BEA applies adjustments to the data to align them with the coverage, valuation, definitions, and concepts used for the international and national economic accounts.

With the release of the third quarter 2020 ITAs, BEA introduced a new coverage adjustment to record deliveries of foreign-manufactured aircraft to U.S. air carriers at foreign airports. Because these aircraft did not cross the U.S. border, they were not reported on CBP import declarations. However, according to international guidelines, they should be recorded in goods imports in the ITAs because a change in ownership between a U.S. resident and a nonresident has occurred. With the annual update, BEA will extend this adjustment to the first quarter of 2020 to record additional deliveries at foreign ports. BEA has found no evidence of aircraft deliveries at foreign ports prior to 2020. The adjustment is included in other adjustments, net, on line 20 of ITA “[Table 2.4. U.S. International Trade in Goods, Balance of Payments Adjustments.](#)”

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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](#) and [A Guide to BEA's Services Surveys](#) on BEA's website.
  4. The benchmark survey data are also the source of BEA's statistics on the U.S. activities of foreign multinational enterprises for 2017. [These statistics are available on BEA's website.](#)
  5. Auxiliary insurance services include agents' commissions; insurance brokering and agency services; insurance consulting services; evaluation, loss adjustment expenses, and adjustment services; and regulatory and monitoring services on indemnities and recovery services.