

jointly by BEA and the Census Bureau. Revised seasonally adjusted data for 1978–88 will be published with the introduction of the benchmarked national income and product accounts estimates in the autumn of 1991 and will be incorporated into the international transactions accounts in June 1992.

BEA and the Census Bureau now publish the same seasonally adjusted Census-basis data for the period beginning with the first quarter of 1990 except for six series—four in exports and two in imports—that show quarterly, but not monthly, seasonal patterns. BEA seasonally adjusts these series, but the Census Bureau does not.

Unadjusted historical Census-basis data for 1978–89 published by BEA will differ slightly from those published by the Census Bureau because BEA retabulates data to incorporate timing adjustments over a longer period than does the Census Bureau.

The effects of these revisions for 1989–90 are shown in table F.

Technical Notes

As is customary each June, estimates of U.S. international transactions are revised to incorporate new source data, improved methodologies, and changes in definitions. Major improvements introduced this year include new seasonal adjustment procedures for merchandise trade and incorporation of results from the benchmark survey of foreign direct investment in the United States for 1987.

Merchandise trade

Estimates for merchandise trade have been revised for 1989–90. For both exports and imports, the revisions reflect the inclusion of errata, the retabulation of data to incorporate timing adjustments, revisions of some balance of payments adjustments, and the application of new seasonal factors.

Quarterly seasonally adjusted series have been revised to reflect the application of seasonal factors developed

Direct investment accounts

For 1987–90, estimates for the foreign direct investment in the United States accounts (part of lines 22 and 23 in tables 1 and 10, lines 26 and 57 in tables 1 and 10, and lines 44–86 in table 5) have been revised to incorporate the results of the 1987 benchmark survey of foreign direct investment in the United States. Previously, estimates were based on the 1980 benchmark survey.

The benchmark survey covered the universe of U.S. affiliates of foreign direct investors. In nonbenchmark years, universe estimates for income, royalties and fees, and other private services are derived from data reported quarterly by a sample of the affiliates

Table F.—Sources of Revision to Merchandise Trade Data

[Millions of dollars]

	1989	1989				1990	1990			
		I	II	III	IV		I	II	III	IV
Exports:										
Amount of revision	986	-1,060	498	793	755	264	-849	503	486	124
Retabulation and errata	1,012	-147	252	317	590	-452	224	-108	24	-592
New seasonal adjustment		-1,072	252	496	324		-1,225	546	403	276
Balance of payments adjustments	-26	159	-6	-20	-159	716	152	65	59	440
Imports:										
Amount of revision	2,039	265	976	178	620	-301	-121	1,368	-539	-1,009
Retabulation and errata	883	187	132	158	406	269	234	970	-149	-786
New seasonal adjustment		-65	548	-339	-144		-56	638	-348	-234
Balance of payments adjustments	1,156	143	296	359	358	-570	-299	-240	-42	11
Memorandum:										
Effect of using quarterly factors: ¹										
Exports		-85	-302	529	-142		-138	-410	668	-120
Imports		-106	-42	169	-21		-122	-22	183	-39

1. Difference between seasonally adjusted data used by BEA and not seasonally adjusted data used by the Census Bureau. Positive values indicate that seasonally adjusted data exceed not seasonally adjusted data. Negative values indicate that not seasonally adjusted data exceed seasonally adjusted data.

that reported in the benchmark survey, as well as by affiliates that entered the direct investment universe since the benchmark survey and that met the reporting criteria for the quarterly sample survey. To obtain universe estimates in nonbenchmark years, data reported previously (usually in the benchmark survey) by affiliates that did not report in the quarterly sample survey are extrapolated forward based on the movement of data for a matched sample of affiliates that did report in the quarterly survey. For capital flows (excluding reinvested earnings) and for capital gains and losses, only data actually reported on the surveys are included in the estimates.

In table G, the revised estimates for 1987, which incorporate information from the 1987 benchmark survey, are compared with previously published estimates for 1987, which were based on the 1980 benchmark survey. On the revised basis, capital inflows were \$58.1 billion, \$11.2 billion higher than previously published. Income on the revised basis, at \$7.2 billion, was \$2.3 billion lower. Net payments for royalties and license fees were \$0.1 billion higher, and net receipts for other services were \$0.1 billion lower.

Much of the \$11.2 billion upward revision in capital inflows for 1987 was in intercompany debt and was accounted for by affiliates that did not report in the 1987 quarterly surveys or that reported inaccurately or too late for the

reported data to be included in the estimates. Much of the \$2.3 billion downward revision in income reflected the prior overestimation of reported earnings and, to a lesser extent, the removal of affiliates that the benchmark survey indicated had left the universe.

The revisions to the estimates for 1988 and 1989 reflect not only the incorporation of information from the 1987 benchmark survey, but also information obtained from BEA's survey of new foreign investments, its annual survey of foreign direct investment, and from late and revised quarterly reports.

The revisions in capital inflows for 1988 and 1989 were relatively small, reflecting partly offsetting revisions to its components: Capital inflows were revised up \$1.0 billion for 1988 and down \$1.7 billion for 1989. Sizable

upward revisions in equity capital inflows for both years largely reflected information from late reports. However, these upward revisions were largely offset by downward revisions in reinvested earnings for both years and a sizable downward revision in intercompany debt inflows for 1989.

Income was revised downward for both 1988 and 1989, by \$3.1 billion and \$2.5 billion, respectively. The revisions mainly reflected the prior overestimation of earnings and, to a lesser extent, the removal of affiliates that the benchmark survey indicated had left the universe.

For a more detailed explanation of the revisions made and the estimation procedures used, see the Technical Notes in "The International Investment Position of the United States in 1990" in this issue of the SURVEY.

Table G.—Foreign Direct Investment in the United States in 1987–89 (1980 and 1987 Bases)
[Millions of dollars]

(Credits +; debits -)	1987			1988			1989		
	1980 basis	1987 basis	Difference	1980 basis	1987 basis	Difference	1980 basis	1987 basis	Difference
Capital (table 1, line 57)	46,894	58,119	11,226	58,435	59,424	988	72,244	70,551	-1,693
Equity capital	30,621	34,319	3,699	40,362	45,046	4,684	46,683	51,884	5,201
Reinvested earnings	1,481	-883	-2,364	6,560	2,816	-3,744	-88	-3,844	-3,756
Intercompany debt	14,792	24,683	9,892	11,513	11,562	49	25,649	22,511	-3,138
Income (table 1, line 26)	-9,500	-7,198	2,302	-16,748	-13,626	3,122	-14,004	-11,512	2,492
Income before capital gains/losses	-9,871	-8,659	1,212	-15,882	-12,774	3,108	-11,437	-9,867	1,570
Capital gains/losses	371	1,462	1,091	-866	-852	13	-2,567	-1,646	921
Royalties and license fees (table 1, part of line 22) ..	-843	-896	-53	-968	-1,001	-33	-1,374	-1,318	55
Other private services (table 1, part of line 23)	616	530	-86	694	178	-516	581	332	-248