
U.S. International Transactions in the Second Quarter, 2002

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Current Account

The U.S. current account deficit (the combined balances on trade in goods and services, income, and net unilateral transfers) increased to \$130.0 billion in the second quarter of 2002 from \$112.5 billion in the first quarter, according to the U.S. Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce.² Increases in the deficit on goods and services and in the deficit on income more than offset a decrease in net outflows for unilateral current transfers.

Goods and Services

The deficit on goods and services increased to \$110.6 billion in the second quarter from \$95.5 billion in the first. The deficit on goods increased to \$122.6 billion from \$106.4 billion in the first. Goods exports increased to \$172.7 billion from \$164.6 billion. The largest export increases were in industrial supplies and materials, in capital goods, and in automotive products. Goods imports increased to \$295.3 billion from \$271.1 billion. Imports of petroleum and products increased strongly, largely as a result of an increase in petroleum prices. Imports of non-petroleum products also increased strongly, where the largest increases were in consumer goods and in automotive products. The surplus on services increased to \$12.0 billion in the second quarter from \$10.9 billion in the first. Services receipts increased to \$71.1 billion from \$68.6 billion.

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² This article is taken largely from material found in U.S. Department of Commerce News, Bureau of Economic Analysis, Economics and Statistics Administration, Sept. 12, 2002, BEA 02-27, also found at Internet address <http://www.bea.gov/bea/rels.htm>.

Much of the increase in services receipts was accounted for by increases in “other” private services and in royalties and license fees. Services payments increased to \$59.0 billion from \$57.7 billion, where much of the increase was accounted for by increases in “other” transportation and in “other” private services.

Income

The deficit on income increased to \$6.3 billion in the second quarter from \$0.9 billion in the first, income receipts on U.S. investment abroad or on U.S.-owned assets abroad increased to \$60.0 billion from \$57.5 billion. Most of the increase was attributable to an increase in direct investment receipts. Income payments of foreign-owned assets in the United States increased to \$64.6 billion from \$56.8 billion. Most of the increase was accounted for by an increase in direct investment payments, but “other” private payments and U.S. Government payments also increased. Receipts for compensation of U.S. workers abroad were virtually unchanged at \$0.6 billion, whereas payments for compensation of foreign workers in the United States edged up to \$2.3 billion.

Unilateral Current Transfers

Unilateral current transfers were net outflows of \$13.1 billion in the second quarter, down from net outflows of \$16.0 billion in the first. The decrease was more than accounted for by a decrease in U.S. Government grants.

Capital and Financial Account

Capital Account

Capital account transactions were net inflows of \$0.2 billion in the second quarter virtually unchanged from the first.

Financial Account

Net recorded financial inflows—net acquisitions by foreign residents of assets in the United States less net

acquisitions by U.S. residents of assets abroad were \$80.4 billion in the second quarter, compared with \$87.6 billion in the first. Financial outflows for U.S.-owned assets abroad increased more than financial inflows for foreign-owned assets in the United States. U.S.-owned assets abroad increased by \$140.8 billion in the second quarter, following an increase of \$25.9 billion in the first. Net financial outflows for U.S. direct investment abroad were \$29.4

billion in the second quarter up slightly from \$29.3 billion in the first.

Foreign-owned assets in the United States increased by \$221.2 billion in the second quarter, following an increase of \$113.5 billion in the first. Net financial inflows for foreign direct investment in the United States were \$1.0 billion in the second quarter, down from \$16.2 billion in the first. Table 1 shows a brief summary of U.S. international transactions by year and quarter.

Table 1**Summary of U.S. International Transactions, million dollars, by year, and by first and second quarter, 2001-2002**

Item	2001	2001	2001	2002	2002
		Q:I	Q:II	Q:I	Q:II
Balance on goods	-427165	-113032	-107719	-106424	-122640
Balance on services	66875	15872	14395	10932	12027
Balance on goods and services	-358290	-97160	-93324	-95492	-110613
Balance on income	14382	1046	6006	-946	-6286
Unilateral current transfers	-49463	-11608	-11916	-16016	-13060
Balance on current account	-393371	-107722	-99234	-112454	-129959
U.S. assets abroad (net increase/financial outflow (-))	-370962	-215815	-80036	-25918	-140833
Foreign assets in the United States, net (increase/financial inflow (+))	752806	302510	181610	113496	221213
Net Capital Inflows (+), Outflows (-)	381844	86695	101574	87578	80380

Source: U.S. International Transactions, million dollars, seasonally adjusted, U.S. Department of Commerce, Bureau of Economic Analysis, also available at Internet address <http://www.bea.gov/bea/rels.htm>.