

Research and Analysis

The Bureau of Economic Analysis (BEA) conducts a variety of research and analytical activities in support of the international economic accounts. The results of the research and analysis may be published in the *SURVEY OF CURRENT BUSINESS*, presented in outside publications or meetings, or used to improve the various sets of accounts.

To interpret the international accounts and place them in context, BEA's economists relate developments in the accounts to developments in the U.S. and foreign economies, such as macroeconomic developments, changes in exchange rates, and events in markets for particular types of goods, services, and financial assets and liabilities.

Research has resulted in new estimation methodologies that have improved the usefulness of the accounts or that have expanded their scope and application. Examples include the development of techniques for valuing direct investment in terms of current-period prices, which gives a more meaningful picture of U.S. international investment and of the income earned on that investment, and analysis that explored trends in information and communications technology (ICT) services and ICT-enabled services, which resulted in a new annual dataset and report. An ongoing project to link BEA's data on MNEs with Bureau of Labor Statistics data on all U.S. establishments aims to expand U.S. statistics on employment at MNEs and will assist in assessing the impacts of globalization on the U.S. labor market from foreign direct investment.

As the collector of primary source data on U.S. direct investment abroad, foreign direct investment in the United States, and international services transactions, BEA conducts significant research to analyze and interpret these data. A current research theme is to measure the impact of globalization on the U.S. economy, including the effects

of a rise in global value chains, such as production sharing within multinationals and contract manufacturing with foreign persons. For example, one project examined how headquarters services provided by U.S. parent companies to foreign affiliates are influenced by production sharing between parents and affiliates. Another project explored how a slowdown in U.S. productivity might be connected to the transfer of intellectual property between parent companies and foreign affiliates. In the area of operations of affiliates, BEA's researchers have developed techniques

for deriving statistics on value added of MNEs from accounting data reported on BEA surveys. Related research developed methods for estimating services supplied through direct investment enterprises in industries such as banking, insurance, and wholesale and retail trade.

Researchers have also been involved in the development of international statistical guidelines. For example, they have worked with international organizations to prepare manuals for the compilation of statistics on balance-of-payments transactions, on trade in services, and on trade in value added. A significant amount of research is currently focused on implementing these newly adopted guidelines, including efforts to better measure the goods and services transactions associated with global manufacturing arrangements and to measure trade in implicitly

priced financial services to account for all the ways financial services are delivered in international markets.

For more information

Much of this research material is available on the BEA Web site at www.bea.gov. To contact one of our staff, call the Balance of Payments Division at (301) 278-9545, or e-mail internationalaccounts@bea.gov.

