The Canadian-U.S. current account reconciliation, which explains the differences between the official bilateral statistics published by Statistics Canada and those published by the U.S. Bureau of Economic Analysis (BEA), is undertaken because of the extensive economic links between Canada and the United States. Reconciliation of the U.S.-Canadian current account has been undertaken each year between 1970 and 2008, and periodically since 2008. The reconciled estimates are intended to assist analysts who use both countries' statistics and to show how the current account estimates would appear if both countries used common definitions, methodologies, and data sources.

Differences occur in the official statistics of the U.S. and Canadian current accounts because of variations in the definitions, methodologies, and sources used by each country. Some of the differences are sometimes in components of the current account for which data are preliminary and subject to revision; these differences may be reduced or eliminated when final data for these components are incorporated.

The longstanding Canadian-U.S. current account reconciliation is among the leading examples of the benefits of international data exchanges. As a part of the reconciliation process, Canada and the United States have evaluated the accuracy of each other’s statistics, and as a result, each country now includes in its official statistics data that are provided by the other country. The exchange of data between Canada and the United States for transactions such as trade in goods, travel, passenger fares, Canadian and U.S. Government transactions, and some large transportation transactions covers a substantial portion of the value of the Canadian and U.S. current account and has eliminated some of the differences in the Canadian and U.S. official statistics. In addition, the reconciliation process has identified areas where errors and omissions may exist helping each country to target data improvement efforts.

Although the U.S. and Canadian official statistics are reconciled and extensive exchange of data take place between Canada and the United States, differences in the official statistics remain. Complete substitution of the reconciled statistics for official statistics and complete exchange of data are not feasible for several reasons. For some accounts, the protection of the confidentiality of the source data bars the exchange of data. A few differences are attributable to different requirements for integrating the international and national (domestic) accounts in each country.

To reconcile the official Canadian and U.S. bilateral current account statistics, the official statistics are first restated to a common basis, that is, they are adjusted for definitional and methodological differences; and then statistical adjustments are applied to reach the reconciled values. The framework

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3. To better understand the differences in investment income, each country’s positions on bilateral foreign direct investment and on some portfolio investment accounts are also compared during the exercise of the Canadian-U.S. current account reconciliation.
for restating the statistics to a common basis mainly follows the international guidelines published in the International Monetary Fund's Balance of Payments Manual. The official Canadian and U.S. statistics now largely conform to the international guidelines, but some differences from the international guidelines, and between the Canadian and U.S. statistics, remain because of data limitations, difficulties in determining country attribution, and differences in classification. In addition the international guidelines can sometimes provide for more than one acceptable treatment.

Definitional adjustments mainly reflect data limitations and differences in country attribution. Methodological adjustments mainly reflect differences in classification.

Statistical differences reflect the use of different source data in the United States and Canada, the difficulty in determining country attribution because of insufficient data, the preliminary nature of some data (particularly for the most recent year), and the use of sample data between benchmarks. For both the northbound (United States credit transactions and Canada debit transactions) and the southbound (United States debit transactions and Canada credit transactions) statistics, most of the statistical differences are in the categories of services other than transport and travel and in the investment income accounts.