

THE BALANCE OF PAYMENTS OF THE UNITED STATES

Concepts, Data Sources, and Estimating Procedures

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Introduction

The balance of payments is a statistical summary of international transactions. These transactions are defined as the transfer of ownership of something that has an economic value measurable in monetary terms from residents of one country to residents of another. The transfer may involve (1) goods, which consist of tangible and visible commodities or products, (2) services, which consist of intangible commodities that are produced, transferred, and consumed at the same time, (3) income (which is sometimes classified in “services”), and (4) financial claims on, and liabilities to, the rest of the world, including changes in a country’s reserve assets held by the central monetary authorities. Generally, a transaction is the exchange of one asset for another—or one asset for several assets—but it may also involve a gift, which is the provision by one party of something of economic value to another party without something of economic value being received in return.

International transactions are recorded in the balance of payments on the basis of the double-entry principle used in business accounting, in which each transaction gives rise to two offsetting entries of equal value so that, in principle, the resulting credit and debit entries always balance. Transactions are generally valued at market prices and are, to the extent possible, recorded when a change of ownership occurs. Transactions in goods, services, and unilateral transfers constitute the current account, and transactions in financial assets and liabilities constitute the capital account.

The International Monetary Fund, which strives for international comparability, defines the balance of payments as “a statistical statement for a given period showing (1) transactions in goods, services, and income between an economy and the rest of the world, (2) changes of ownership and other changes in that economy’s monetary gold, special drawing rights (SDR’s), and claims on and liabilities to the rest of the world, and (3) unrequited transfers and counterpart entries that are needed to balance, in the accounting sense, any entries for the foregoing transactions and changes which are not mutually offsetting” [16].

Balance of payments estimates for the United States are prepared by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce, on a quarterly basis. The methodology used by BEA in constructing the balance of payments statement is described in this volume, which is divided into three parts. **Part I** provides detailed ex-

planations of the basic concepts, definitions, and general methodological issues and includes brief discussions of how the balance of payments estimates are used in constructing the statement on the international investment position of the United States and how the balance of payments estimates are incorporated into the U.S. national income and product accounts. The underlying concepts, data sources, and estimating procedures pertaining to the balance of payments transactions that constitute the current and capital accounts are discussed in **parts II and III**, respectively.

Changes Introduced in June 1990

As this volume went to press, BEA introduced several changes in estimation procedures and the presentation of data. The major changes are noted below.

1. Capital gains and losses associated with currency translation adjustments have been removed from receipts of income on U.S. direct investment abroad and from the reinvested earnings component of U.S. direct investment capital flows. These gains and losses arise because of changes, from the end of one accounting period to the next, in exchange rates applied in translation of foreign affiliates’ assets and liabilities from foreign currencies into dollars. This redefinition recognizes that these gains and losses are more appropriately classified as valuation adjustments to the direct investment position than as income and capital flows in the international accounts.
2. The term “services” has been redefined to exclude investment income. Receipts and payments of investment income are now shown in a position of importance equal to services in the presentation of estimates. Services are defined to include only services such as travel, other transportation, and business, professional and technical services. Corresponding changes have been made to the partial balances published by BEA to emphasize that the basic building blocks of the current account are merchandise trade, services, investment income, and unilateral transfers. The balance on goods, services, and income is equivalent to the previous balance on goods and services. This redefinition aligns the terms more closely with general usage and with concepts employed in the International Monetary Fund’s *Balance of Payments Manual* and the United Nation’s *System of National Accounts*.
3. U.S. military grants of goods and services (line 30) have been combined with other U.S. Government grants (line 32). Transfers of goods and services under U.S. military grants (line 15) have been combined with transfers under U.S. military agency sales contracts (line 4).

For more details on these and other changes introduced in June 1990, see the technical notes in “U.S. International Transactions, First Quarter 1990” in the June 1990 SURVEY OF CURRENT BUSINESS.

NOTE.—Bracketed numbers in the text refer to items in the “Sources,” at the end of the publication.

Part I
CONCEPTS AND STRUCTURE

Concepts, Definitions, and Principles

1 Concept of Economy

An economy consists of economic entities that have a closer degree of association with a given territory than with any other. For the U.S. balance of payments, the economy consists of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, Midway Island, the Virgin Islands, Wake Island, and all other U.S. territories and possessions. U.S. Government military, diplomatic, consular, and other non-military installations abroad are considered to be within the U.S. economy, and their operations are regarded as an extension of U.S. Government domestic operations.

2 Concept of Resident

There are two criteria for drawing the distinction between residents and nonresidents: (1) The person has a center of economic interest (i.e., consumes, produces, or otherwise participates in economic activities) in a given country and (2) resides, or expects to reside, for 1 year or more in that country. As mentioned below, there are a few exceptions to these criteria; they involve cases where a person resides outside his or her country of residence, but remains subject to that country's jurisdiction (e.g., military and diplomatic personnel).

Thus, U.S. residents are those persons residing and pursuing economic interests in the United States; nonresidents are those residing and pursuing economic interests outside the United States. The term "U.S. resident" (or "U.S. person") is interpreted broadly to include (1) individuals residing permanently in the United States, (2) business enterprises and nonprofit organizations established under U.S. laws, including proprietorships, partnerships, and corporations, and (3) Federal, State, and local governments, together with their agencies and subdivisions. International organizations are treated as a separate category and are not considered residents of any country.

2.1 Individuals

In general, individuals are considered residents of the country in which they ordinarily live. Thus, U.S. individuals who reside outside the United States for less than 1 year are considered U.S. residents, but those who reside outside the United States for 1 year or more are, with three exceptions, considered nonresidents. One exception is that of an owner or employee of a U.S. business enterprise who is residing outside the United States in order to further the enterprise's business, but who in-

tends to return in a reasonable period of time. Another exception is that of individuals and members of their immediate families who reside outside the United States as a result of employment by the U.S. Government, such as diplomats, consular officials, and members of the armed forces; they are considered U.S. residents, regardless of their length of stay elsewhere. The third exception is that of American students who are enrolled in a course of study at foreign educational institutions; they are considered U.S. residents, regardless of how long they study abroad. Similarly, an owner or employee of a foreign business enterprise who is residing temporarily in the United States in order to further the enterprise's business is not considered a U.S. resident. Aliens who work in the United States for foreign embassies, consulates, or other missions, and foreign students enrolled at American educational institutions are also not considered U.S. residents, regardless of how long they stay in the United States.

2.2 Business enterprises and nonprofit organizations

Business enterprises and nonprofit organizations are considered residents of the country in which they are located, operated, organized, incorporated, or controlled financially. U.S. resident organizations consist of all profit-making and nonprofit organizations established under local U.S. laws; their foreign branches, subsidiaries, and agencies are considered residents of the countries in which they are located. Similarly, all branches, subsidiaries, and agencies of foreign profit-making and nonprofit organizations that operate in the United States are considered U.S. residents. A foreign branch is an unincorporated business affiliate established in a foreign country to conduct the business of the parent company in the parent's name; it is not a separate legal entity. A foreign subsidiary is a business affiliate established and incorporated in a foreign country under local laws; it is a separate legal entity from the parent company. Transactions between parent companies and their unincorporated and incorporated affiliates are recorded in the U.S. balance of payments as transactions between residents and nonresidents.

In some cases, business firms, although organized in the United States, are foreign owned and operate entirely abroad. These firms are treated as residents of the countries of operations, not as U.S. residents. In other cases, the firms may be organized in the United States and controlled by U.S. interests, but operate abroad. Because of control by U.S. interests, these firms are treated as U.S. residents.

2.3 Governments

Federal, State, and local governments and their agencies and subdivisions, operating at home and abroad, are considered residents of their home country.

2.4 International organizations

International organizations, such as the United Nations, the International Monetary Fund, and the International Bank for Reconstruction and Development (IBRD), are considered residents of an international area beyond national boundaries, rather than residents of the countries in which they are located or in which they operate. U.S. transactions with these organizations are recorded under a separate geographic classification, "international and unallocated." Transactions include, for example, the administrative expenditures of these organizations in the United States and the sale of bonds to U.S. residents and the payment of interest thereon by the IBRD.

3 Double-Entry Principle

In the balance of payments, in accordance with the general principle of double-entry business accounting, every increase in an asset must be offset by a decrease in another asset or by an increase in a liability, and a decrease in an asset must be offset by an increase in another asset or by a decrease in a liability. The converse is true, of course, for changes in liabilities.

The same rules of debit and credit that are applied in business accounting are applied in recording international transactions; namely, increases in assets and decreases in liabilities are entered as debits, and decreases in assets and increases in liabilities are entered as credits. By convention, a debit entry is represented by a negative (-) sign and a credit entry by a positive (+) sign.

An export of merchandise is recorded as a credit because it reduces the exporting country's assets; the same is true for the rendering of services to nonresidents. If the export is paid for from foreign-owned holdings of the exporting country's currency, there is an offsetting reduction in liabilities to foreigners, a debit entry. If the export is financed on credit, or by accepting payments in the currency of the importing or another foreign country, the offsetting entry is an increase in the exporting country's assets, that is, its claims on foreigners, which is also a debit entry. An import of merchandise is recorded as a debit because it increases the importing country's assets; the payment for the import is recorded as a credit because it reduces the importing country's assets. Similar treatment is accorded to the exchange of financial assets. For example, if a domestic security is sold to a nonresident, the country's assets are reduced and the sale is recorded as a credit; the payment for the security is recorded as a debit because it increases the country's assets.

Unilateral transfers, such as gifts, are also recorded using the double-entry principle, although there is no exchange of assets. In recording these transfers, which may be goods, services, or financial items, the country making the gift debits unilateral transfers and, in equal amount,

credits merchandise exports, or services, or the capital accounts, depending on the nature of the gift. When a gift is received, unilateral transfers are credited and merchandise imports, services, or the capital accounts debited.

As a practical matter, the credit and debit entries required for each specific transaction in double-entry accounting are seldom separately identifiable either in the basic data reported to BEA or in the published balance of payments statement. For example, when merchandise is shipped to a nonresident, an individual export document is filed with the U.S. Customs Service at the point of exportation; the offsetting debit entry, which represents the payment for that export, is contained indistinguishably in the aggregate data on foreign claims and liabilities reported to the U.S. Treasury Department by U.S. banks or nonbanking concerns. For a loan to a nonresident, neither the extension of the loan, which is a debit entry, nor the offsetting credit entry can be readily identified explicitly.

4 Net and Gross Recording

In summary presentations, international transactions may be shown either on a net or gross basis. The net basis is used for most financial items and for unilateral transfers. For financial transactions, increases and decreases in assets during a period are usually consolidated into single entries and are recorded either as a net increase (debit) or a net decrease (credit); similarly, increases and decreases in liabilities are consolidated, and the net amount is recorded with the appropriate sign. This practice reflects the fact that banks and other reporters generally report their financial transactions in terms of net outstanding amounts as of the end of a particular time period. For unilateral transfers, transfers to and from nonresidents are consolidated into single entries.

For goods and most services, transactions are recorded on a gross basis, with exports and imports shown separately.

5 Time of Recording

To provide for the uniform recording of international transactions in the balance of payments, the timing principle employed in the accounts specifies that transactions are to be recorded when the change of ownership occurs in real or financial assets. This principle is the same as that employed throughout the U.S. national economic accounts. The change of ownership is generally understood to refer to the time when the parties to the transaction record the relinquishment and the acquisition of assets on their books. Consistency among the balance of payments accounts requires that, for example, an export of merchandise or service and its corresponding financing entry be recorded in the same time period.

As a practical matter, the application of the change-of-ownership rule varies according to the nature of the transaction. First, merchandise trade is recorded in the balance of payments on the basis of the physical movement of goods across the U.S. customs frontier, as ev-

idenced by the export and import documents filed with the U.S. Customs Service. However, it is not clear that a legal change of ownership always occurs at that time; in lieu of other evidence, the physical movement is taken as the best available indication of ownership change. Second, services—such as travel, transportation, and insurance (which are produced, transferred, and consumed at the same time)—are recorded when performed. Third, investment income is generally recorded on an accrual basis, regardless of when the income is paid or received. If funds are not actually transferred at that time, an offsetting entry is made in the appropriate capital account. Fourth, reinvested earnings of direct investment enterprises are recorded as income when earned, with offsets of opposite sign in the direct investment capital account. (Direct investment is defined as ownership of at least 10 percent of the voting stock of, or an equivalent interest in, an affiliate located in another country.) Fifth, unilateral transfers are recorded when the assets—real or financial—change ownership. The change in ownership of financial items is presumed to occur when the parties to the transaction enter the claim or liability on their books.

In the special case of shipments between a parent company and its unincorporated foreign affiliate, no legal change of ownership can occur in the strict sense because the parent and foreign affiliate are one legal entity. Nevertheless, the shipments are between residents and nonresidents and are treated in the balance of payments as if ownership had changed, in the same way that shipments between a parent company and its incorporated foreign affiliate—which is a separate legal entity—are treated. Goods shipped under leasing arrangements where most of the original cost of the equipment is recovered (financial leases) are treated as having changed ownership and are included in the appropriate merchandise trade account. Goods shipped under leasing arrangement for periods of less than 1 year (operational leases) are considered temporary shipments and thus are omitted from the merchandise trade accounts; the lease payments are included in the services accounts.

6 Valuation

Transactions in real and financial assets must be valued uniformly if the balance of payments accounts are to be consistent. In conformity with the valuation concept employed throughout the U.S. national economic accounts, international transactions are usually valued at market prices. In theory, this is the price that a willing buyer pays to a willing seller in a purely commercial transaction when the parties are not related and when there are no noncommercial considerations. In practice, these conditions do not always exist, because many international transactions occur between parties affiliated in a business relationship, and noncommercial considerations often enter into the determination of the price. Nevertheless, adjustments in the reported values are made only in unusual cases.

For merchandise trade, the reported transactions are generally assumed to represent market prices, even for shipments between affiliated enterprises. This approach

is largely dictated by pragmatic considerations, because there is no feasible way to construct market price equivalents in most cases; moreover, there is the strong likelihood that the same valuation is reflected in the financial counterparts of these transactions. For services, transactions are generally estimated from sample surveys in which reporters are asked to report transactions at market values. For income on direct investment, including reinvested earnings, transactions are actual amounts reported by direct investment enterprises; income on portfolio investment, even when related financial institutions are involved, is estimated using market prices. For unilateral transfers, transactions are usually valued on the basis of the actual cost incurred in providing real and financial assets. Transactions in financial assets and liabilities are recorded at acquisition or sales values. Market prices for traded securities are usually established in organized markets; claims and liabilities reported by banks and nonbanks are recorded at face value.

When real or financial assets are acquired at one price and sold at another, both transactions are recorded at their market values. Thus, realized capital gains and losses, including those due to exchange rate changes, are reflected in the balance of payments statement. Except for direct investment income and its related capital flows, unrealized gains and losses are not reflected in the balance of payments.¹

Transactions denominated in foreign currencies are reported at their dollar equivalents, generally converted at exchange rates prevailing at the time of the transaction.

1. Beginning in June 1990, capital gains and losses associated with translation adjustments—that is, gains and losses that arise because of changes in the exchange rates applied in the translation of affiliates' assets and liabilities from foreign currencies into dollars—are removed from receipts and payments of direct investment income. The translation adjustments are also removed from the reinvested earnings component of the direct investment capital accounts, where they are entered with the opposite sign from that in the current account. In the international investment position, the translation adjustments are removed from the direct investment capital flow accounts and reclassified as valuation (exchange rate) adjustments. This change does not affect either the direct investment positions or the net international investment position.

The inclusion of other capital gains and losses in the direct investment accounts is under review.

Classification of Transactions

In general, the balance of payments classification system is designed to group together transactions that respond to similar economic influences and that show similar patterns of behavior. International transactions are grouped into four major categories: Goods, services (including income), unilateral transfers, and capital flows. Goods, services, and unilateral transfers constitute the current account. Capital flows, which consist of changes in U.S. assets abroad and foreign assets in the United States, constitute the capital account. [Table I-1](#) presents a summary of the U.S. balance of payments classification system for 1988. The presentation of the U.S. balance of payments accounts is shown in [table I-2](#), and the complete set is shown in [the appendix](#).

1 Current Account

The current account measures transactions in goods, services, and unilateral transfers between residents and nonresidents. Transactions in goods and services involve real resources, which may be defined as capable of satisfying an economic need or want in and by themselves. The term “goods” refers to all tangible and visible commodities, which may be in the form of raw materials or intermediate or final products. The term “services” refers to economic output of intangible commodities that may be produced, transferred, and consumed at the same time. The distinction between goods and services is sometimes blurred because items classified as services may include goods; examples are gifts purchased by travelers, which are included in the travel account, and fuel and other supplies purchased by carriers, which are included in the

transportation account. (In some cases, items classified as goods include services.) Services, in the broad sense, include receipts and payments of income on international investments, which are considered to be returns for the use of capital, a factor of production. Returns on nonfinancial assets—such as leased equipment, patents, and copyrights—are also services.

Transactions included in unilateral transfers measure transfers of real resources or financial assets without a quid pro quo; the country receiving the transfer neither provides nor promises to provide anything of economic value measurable in monetary terms in return. A distinction is made between government grants, other government transfers, and private transfers. Included in other government transfers and private transfers are grants, donations in kind, gifts, and pension payments, with transfers by U.S. residents being netted against transfers from nonresidents in the presentation of the accounts.

U.S. military grants of goods and services, although conceptually equivalent to unilateral transfers, are not included in unilateral transfers. Rather, they are shown in a separate account and are offset by entries in a counterpart account in which the physical transfers of goods and services are recorded.

2 Capital Account

The capital account measures transactions in financial assets between residents and nonresidents. These assets may be exchanged for real resources or other financial assets, or they may represent the offsets to unilateral transfers. Financial assets encompass international claims payable in money, such as loans, bank deposits, drafts, acceptances, notes, government and private debt and equity securities, and intercompany accounts. In the case of direct investment abroad by U.S. residents or in the United States by foreign residents, the physical or real assets held for the production of income are considered financial claims on the country in which the asset is located.

The major organizing principle employed in classifying the capital account is the distinction between U.S. assets abroad (claims) and foreign assets in the United States (liabilities). The sector identification for the accounts is that of the domestic creditor for assets and the domestic debtor for liabilities. The functional breakdown of U.S. assets abroad distinguishes among U.S. official reserve assets, U.S. Government assets other than official reserve assets, and private U.S. assets. Private U.S. assets

Table I-1.—Summary of U.S. International Transactions, 1988

[Millions of dollars; credits +, debits -]

Exports of goods and services	529,806
Merchandise, excluding military	319,251
Other goods and services	210,555
Imports of goods and services	-641,698
Merchandise, excluding military	-446,466
Other goods and services	-195,232
U.S. Government grants (excluding military grants of goods and services)	-10,377
Remittances, pensions, and other transfers	-4,279
U.S. assets abroad, net (increase/capital outflow (-))	-82,110
U.S. official reserve assets, net	-3,566
U.S. Government assets, other than official reserve assets, net	2,999
U.S. private assets, net	-81,543
Foreign assets in the United States, net (increase/capital inflow (+))	219,299
Foreign official assets, net	38,882
Other foreign assets, net	180,418
Allocations of special drawing rights .....	.....
Statistical discrepancy	-10,641

Table I-2.—U.S. International Transactions, 1988

[Millions of dollars; credits +, debits —]

1	Exports of goods and services ²	529,806	35	U.S. assets abroad, net (increase/capital outflow (-))	-82,110
2	Merchandise, adjusted, excluding military ³	319,251	36	U.S. official reserve assets, net ⁵	-3,566
3	Services ⁴	210,555	37	Gold	474
4	Transfers under U.S. military agency sales contracts	10,050	38	Special drawing rights	1,025
5	Travel	29,202	39	Reserve position in the International Monetary Fund	-5,064
6	Passenger fares	8,860	40	Foreign currencies	2,999
7	Other transportation	18,930	41	U.S. Government assets, other than official reserve assets, net	-7,579
8	Royalties and license fees	10,735	42	U.S. credits and other long-term assets	10,313
9	Other private services	24,331	43	U.S. foreign currency holdings and U.S. short-term assets, net	265
10	U.S. Government miscellaneous services	672	44	U.S. private assets, net	-81,543
11	Receipts of income on U.S. assets abroad	107,775	45	Direct investment	-17,846
12	Direct investment	48,264	46	Foreign securities	-1,684
13	Other private receipts	52,840	47	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-54,481
14	U.S. Government receipts	6,672	48	U.S. claims reported by U.S. banks, not included elsewhere	
15	Transfers of goods and services under U.S. military grant programs, net	92	49		
16	Imports of goods and services	-641,698	50	Foreign assets in the United States, net (increase/capital inflow (+))	219,299
17	Merchandise, adjusted, excluding military ³	-446,466	51	Foreign official assets in the United States, net	38,882
18	Services ⁴	-195,232	52	U.S. Government securities	42,992
19	Direct defense expenditures	-14,656	53	U.S. Treasury securities ⁷	41,683
20	Travel	-32,112	54	Other ⁸	1,309
21	Passenger fares	-7,872	55	Other U.S. Government liabilities ⁹	-1,284
22	Other transportation	-19,641	56	U.S. liabilities reported by U.S. banks, not included elsewhere	-331
23	Royalties and license fees	-2,048	57	Other foreign official assets ¹⁰	-2,495
24	Other private services	-11,400	58	Other foreign assets in the United States, net	180,418
25	U.S. Government miscellaneous services	-1,955	59	Direct investment	58,436
26	Payments of income on foreign assets in the United States	-105,548	60	U.S. Treasury securities	20,144
27	Direct investment	-16,748	61	U.S. securities other than U.S. Treasury securities	26,448
28	Other private payments	-59,746	62	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	6,558
29	U.S. Government payments	-29,054	63	U.S. liabilities reported by U.S. banks, not included elsewhere	68,832
30	U.S. military grants of goods and services, net	-92	64	Allocations of special drawing rights	
31	Unilateral transfers (excluding military grants of goods and services), net	-14,656	65	Statistical discrepancy (sum of above items with sign reversed)	-10,641
32	U.S. Government grants (excluding military grants of goods and services)	-10,377		Memoranda:	
33	U.S. Government pensions and other transfers	-2,491	66	Balance on merchandise trade (lines 2 and 17)	-127,215
34	Private remittances and other transfers	-1,788	67	Balance on services (lines 3 and 18)	15,323
			68	Balance on goods and services (lines 66 and 67) ¹¹	-111,892
			69	Balance on goods, services, and remittances (lines 68, 33, and 34)	-116,171
			70	Balance on current account (lines 68 and 31) ¹¹	-126,548
				Transactions in U.S. official reserve assets and in foreign official assets in the United States:	
			71	Increase (-) in U.S. official reserve assets, net (line 36)	-3,566
			72	Increase (+) in foreign official assets in the United States (line 51 less line 55)	40,166

1. Credits, +: Exports of goods and services; unilateral transfers to United States; capital inflows (increase in foreign assets (U.S. liabilities) or decrease in U.S. assets); decrease in U.S. official reserve assets; increase in foreign official assets in the United States.

Debits, -: Imports of goods and services; unilateral transfers to foreigners; capital outflows (decrease in foreign assets (U.S. liabilities) or increase in U.S. assets); increase in U.S. official reserve assets; decrease in foreign official assets in the United States.

2. Excludes transfers of goods and services under U.S. military grant programs (see line 15).
3. Excludes exports of goods under U.S. military agency sales contracts identified in Census export documents, excludes imports of goods under direct defense expenditures identified in Census import documents, and reflects various other adjustments (for valuation, coverage, and timing) of Census statistics to balance of payments basis.

4. Includes some goods: Mainly military equipment in line 4; major equipment, other materials, supplies, and petroleum products purchased abroad by U.S. military agencies in line 19; and fuels purchased by airline and steamship operators in lines 7 and 22.

5. For all areas, amounts outstanding March 31, 1989, were as follows in millions of dollars: Line 36, 49,854; line 37, 11,061; line 38, 9,443; line 39, 9,052; line 40, 20,298. Data are preliminary.

6. Includes sales of foreign obligations to foreigners.

7. Consists of bills, certificates, marketable bonds and notes, and nonmarketable convertible

and nonconvertible bonds and notes.

8. Consists of U.S. Treasury and Export-Import Bank obligations, not included elsewhere, and of debt securities of U.S. Government corporations and agencies.

9. Includes, primarily, U.S. Government liabilities associated with military agency sales contracts and other transactions arranged with or through foreign official agencies.

10. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and State and local governments.

11. Conceptually, the sum of lines 70 and 64 is equal to "net foreign investment" in the national income and product accounts (NIPA's). However, the foreign transactions account in the NIPA's (a) includes adjustments to the international transactions accounts for the treatment of gold, (b) excludes capital gains and losses of foreign affiliates of U.S. parent companies from the NIPA's measure of income receipts from direct investment abroad, and from the corresponding income payments on direct investment in the United States, (c) includes an adjustment for the different geographical treatment of transactions with U.S. territories and Puerto Rico, and (d) includes services furnished without payment by financial intermediaries, except life insurance carriers and private noninsured pension plans. In addition, for NIPA purposes, U.S. Government interest payments to foreigners are excluded from "net exports of goods and services" but included with transfers in "net foreign investment." A reconciliation of the international accounts and the NIPA's appears in table I-6.

are classified into direct investment, foreign securities, nonbank-reported claims, and bank-reported claims.

The functional breakdown for foreign assets in the United States distinguishes between assets held by foreign official agencies and those held by other foreigners. (For the definition of a foreign official agency, see the section "Transactions With Foreign Official Agencies.") Foreign official assets are subdivided into U.S. Treasury securities, other U.S. Government securities, other U.S. Government liabilities, bank-reported liabilities, and other foreign official assets. "Other" foreigners include private residents, international organizations, and foreign government owned or sponsored corporations and other organizations that are not regarded as official agencies. The accounts covering "other" foreigners are classified into direct investment, U.S. Treasury secu-

rities, U.S. securities other than Treasury securities, nonbank-reported liabilities, and bank-reported liabilities. Included among the capital accounts is a counterpart account established to record the allocations to the United States of special drawing rights (SDR's) by the International Monetary Fund (IMF). Entries in this account offset changes in U.S. official reserve assets resulting from the allocations.

3 Correspondence With IMF Manual

The classification of accounts used in the U.S. balance of payments statement generally corresponds with that recommended as an international standard in the IMF

Balance of Payments Manual (fourth edition) [16].² With one significant exception noted below, the differences between the individual accounts shown in the U.S. presentation and the standard components listed in the *Manual* are relatively minor, apart from some variation in terminology and arrangement.

The one significant exception in the U.S. presentation concerns capital gains and losses in direct investment income. In the U.S. balance of payments, direct investment income is defined on an “all-inclusive” basis, that is, both ordinary and other types of income, including both realized and unrealized capital gains and losses. The *Manual*, on the other hand, recommends that only ordinary income be included in direct investment income and that capital gains and losses be excluded. (As noted earlier, BEA’s treatment of capital gains and losses has been changed; see [footnote 1](#), page 5.)

There are three minor differences. The first concerns international reserve assets. The *Manual* recommends that the total change in holdings be recorded, not just changes resulting from transactions. Thus, the

Manual includes counterpart accounts for the monetizations and demonetizations of gold, allocations and cancellations of SDR’s, and valuation changes in all reserve items, in order to provide the necessary offsets to changes in holdings, as required by the double-entry accounting principle. The U.S. balance of payments, as mentioned earlier, includes only one counterpart account for reserves, that for SDR allocations; otherwise, only the changes arising from transactions are recorded. The second difference concerns capital subscriptions to international organizations. The *Manual* recommends that they be recorded when due; the U.S. balance of payments records them on a cash basis, that is, when disbursed. The third difference is the treatment of income distributed to shareholders in the form of stock dividends. The *Manual* recommends that these dividends be included in direct investment income, offset by a counterentry in the direct investment capital account. The U.S. balance of payments omits stock dividends because they are treated as a capitalization of retained earnings—a substitution of one type of equity for another—rather than as a remittance of earnings.

2. The fifth edition of the *Manual* is in preparation.

Statistical Discrepancy

From the earlier discussion of the double-entry accounting principle, it is apparent that if all international transactions that take place in a given time period were estimated correctly and recorded in that period, credits would equal debits and the algebraic sum of the two—counting credits as positive and debits as negative—would be zero. However, because the data are collected from many different sources, there are inevitable discrepancies between credits and debits in any given time period. These discrepancies reflect many factors, including inaccurate valuation, timing differences, incomplete reporting, and errors from estimating procedures.

The entry necessary to balance recorded credits and debits is termed the “statistical discrepancy”—formerly “errors and omissions”; it represents the sum of credits and debits in the balance of payments statement with the sign reversed. A negative sign for this item indicates one of the following situations: Total credits have been overestimated; total debits have been underestimated; a combination of the two has occurred; or both credits and debits have been overestimated, but credits by a larger amount than debits. A positive sign for the statistical discrepancy indicates the converse.

Because errors and omissions in the various accounts may be offsetting, their gross sum cannot be determined; it is probably much larger than the net figure. Neither is it possible to determine how much each account contributes to the statistical discrepancy on a net or gross basis. However, some general observations can be made concerning the likely sources of error in broad groups of accounts. The merchandise trade accounts may be subject to inaccurate valuation on both the export and import sides. Export values shown on the individual export documents that are used as source data may not include the cost of inland transportation, or the import documents may erroneously include the cost of transportation and insurance beyond the port of export. Another difference between the credit and debit entries may occur when merchandise shipped and recorded in one period is not offset by a corresponding payment entry in the same time period.

In contrast to merchandise exports and imports, there are no individual documents or equivalent reporting mechanism for most services transactions. Here, the largest source of error is probably one of coverage. Error may result from a partial omission because of inadequate sample data, or it may result from a complete omission because certain transactions are not reported at all. Examples of the latter include such items as real estate commissions, certain financial services provided by banks

and nonbanks, and foreign participation in U.S. limited partnerships.³

Estimates of U.S. Government transactions may also be subject to errors. For example, there is no information on the amount of funds transferred to and received from the United States through private channels by U.S. military personnel stationed abroad, which may affect estimates of U.S. direct defense expenditures abroad. Difficulties may also arise in obtaining accurate reporting on foreign expenditures of U.S. agencies working on projects abroad under long-term contracts (for example, the U.S. Army Corps of Engineers).

Estimates of transactions in U.S. official reserve assets and transactions with foreign official agencies are generally well documented and are not likely to be a significant source of errors and omissions. Private capital transactions, on the other hand, may contribute substantially to the size and fluctuations in the statistical discrepancy. Capital transactions, particularly in periods of economic or political uncertainties, may be partly unreported, particularly if the funds are transferred via nontraditional channels outside the reporting system, or if the transactors desire to conceal the ownership or location of funds. Transactions undertaken by foreigners with U.S. residents through foreign-owned subsidiaries, bank agencies, or trusts located in the United States may also give rise to errors, because the ultimate beneficial owners often are not known and because the parties involved may consider the transactions to be domestic and, therefore, not reportable. In addition, short-term lending or borrowing between residents and nonresidents may utilize intermediaries that have not yet been identified or that have not yet been adequately covered by reporting requirements.

If both the credit and debit entries for a transaction have been omitted, no statistical discrepancy arises. However, in most cases, data representing the two sides of a transaction are derived independently from separate statistical sources, with the consequent possibility of timing and other differences. For example, the financing of an export may be recorded earlier or later than the change of ownership, especially when currency values fluctuate. If the exporter's currency is expected to strengthen against other currencies, importers may seek to prepay for deliveries in order to avoid less favorable exchange rates later; if a weakening in the value of the exporter's currency is anticipated, payments may be postponed to take advantage of more favorable rates. These leads and lags in flows may result in a statistical discrepancy between recorded credits and debits in a given time period. In addition to exchange rate expectations, timing differences may also

3. Work is underway to develop estimates for some of these items.

reflect the usual lag between payments for and the arrival of merchandise. If the flow of goods is relatively stable, the differences cancel out. In periods of rising or falling trade volumes, the offsetting credit or debit entries may not be recorded in the same time period; however, they will still cancel out over time.

In the geographic breakdown of the balance of payments, the statistical discrepancy reflects not only errors and omissions in reporting and estimating, but other factors as well. The statistical discrepancy for individual countries and areas includes the net effect of multilateral settlements, which occur when dollar funds move

between foreign countries; therefore, changes in dollar balances held by one country cannot be accounted for by U.S. transactions with that country. For example, a positive statistical discrepancy for a country may indicate either that it has transferred dollars to a third country or that some of its transactions with the United States were settled in currencies other than the dollar. Because the dollar is used extensively in settling international transactions and forms a large part of foreign currency reserves of many countries, the statistical discrepancies included in [table 10](#) of the appendix cannot be interpreted as a measure of area distribution of the global statistical discrepancy.

Legal Authority

The legal authority for the collection of U.S. balance of payments data derives from section 8 of the Bretton Woods Agreements Act of 1945 (Public Law 79-171, as amended), implemented by Executive Order No. 10033, which directed the U.S. Government to collect and publish complete balance of payments information and to furnish this information to international organizations. The Bretton Woods Agreements Act is supplemented by the International Investment and Trade in Services Survey Act (Public Law 94-472, as amended). Except for personal and institutional remittances to foreign coun-

tries and expenditures of travelers, the reporting of U.S. international transactions specified in the act is now mandatory; certain exemption levels apply, as specified in [table I-3](#).

Overall responsibility for approving U.S. balance of payments surveys rests with the Office of Management and Budget (OMB). Proposals for changes in coverage of existing reporting forms and requests for authority to conduct new surveys must be submitted to OMB for approval.

Table I-3.—BEA Balance of Payments Surveys

Survey title and number	Types of information	Collection procedures	BPA table 1 line number
Direct Investment			
Direct Transactions of U.S. Reporter With Foreign Affiliate (BE-577).	U.S. direct investors' share of net income, distributed earnings, capital gains and losses, and undistributed earnings of foreign affiliates; interest; royalties and license fees; rentals, management fees, allocated expenses and other service charges; changes in U.S. direct investors' equity in their foreign affiliates; intercompany debt transactions between foreign affiliates and U.S. direct investors; U.S. direct investors' equity and debt position in their foreign affiliates.	Mandatory quarterly survey of U.S. persons who hold 10 percent or more of voting stock or equivalent interest in a foreign business enterprise (affiliate), when the affiliate's total assets, annual sales, or annual net income exceeds \$15 million. In 1988, 9,100 reports for foreign affiliates were filed each quarter.	Line 12 (Receipts of income on U.S. direct investment abroad). Line 8 (Royalties and license fees). Line 9 (Other private services). Line 46 (U.S. direct investment abroad).
Transactions of U.S. Affiliate, Except an Unincorporated Bank, With Foreign Parent (BE-605); Transactions of U.S. Banking Branch or Agency With Foreign Parent (BE-606B).	Foreign direct investors' share of net income, distributed earnings, capital gains and losses, and undistributed earnings of their U.S. affiliates; interest; royalties and license fees; rentals, management fees, allocated expenses, and other service charges; changes in foreign direct investors' equity in their U.S. affiliates; intercompany debt transactions between U.S. affiliates and foreign direct investors; foreign direct investors' equity and debt position in their U.S. affiliates.	Mandatory quarterly survey of U.S. business enterprises (affiliates) in which a foreign person holds 10 percent or more of voting stock or equivalent interest, when the affiliate's assets, annual sales, or annual net income exceeds \$20 million. In 1988, 3,400 reports were filed quarterly.	Line 27 (Payments of income on foreign direct investment in the United States). Line 23 (Royalties and license fees). Line 24 (Other private services). Line 59 (Foreign direct investment in the United States).
Benchmark Survey of U.S. Direct Investment Abroad (BE-10A, BE-10A Bank, BE-10B, BE-10B Bank).	Complete financial and operating data for U.S. persons who are direct investors abroad (BE-10A, and BE-10A Bank) and for each foreign affiliate (BE-10B and BE-10B Bank); data on investment position and transactions between foreign affiliates and U.S. direct investors.	Mandatory benchmark survey (usually taken every 5 years) of all U.S. persons who hold 10 percent or more of voting stock or equivalent interest in a foreign business enterprise, and of foreign affiliates of U.S. direct investors, when the affiliate's assets, sales, or net income exceeds \$3 million. In 1982, U.S. parents filed 2,245 BE-10A or BE-10A Bank reports and 18,339 BE-10B or BE-10B Bank reports for their foreign affiliates.	Line 12 (Receipts of income on U.S. direct investment abroad). Line 8 (Royalties and license fees). Line 9 (Other private services). Line 46 (U.S. direct investment abroad).

Table I-3.—BEA Balance of Payments Surveys—Continued

Survey title and number	Types of information	Collection procedures	BPA table 1 line number
Direct Investment—Continued			
Benchmark Survey of Foreign Direct Investment in the U.S. (BE-12).	Complete financial and operating data for each U.S. affiliate of foreign direct investors; data on investment position and transactions between U.S. affiliates and foreign direct investors.	Mandatory benchmark survey (taken every 5 years) of each U.S. business enterprise (affiliate) in which one foreign person holds 10 percent or more of voting stock or equivalent interest, when the U.S. affiliate's total assets, sales, or net income exceeds \$1 million. In 1987, 7,700 reports were filed..	Line 27 (Payments of income on foreign direct investment in the United States). Line 23 (Royalties and license fees). Line 24 (Other private services). Line 59 (Foreign direct investment in the United States).
Travel			
Survey of U.S. Travelers Visiting Canada (BE-536).	Total expenditures of U.S. residents visiting Canada for food, lodging, entertainment, gifts, local transportation, etc.; length of visit; provinces visited and number of days spent in each; number in party; method of transportation; and purpose of visit.	Voluntary survey (distributed continuously at border points) of U.S. residents visiting Canada. In 1988, 30,000 questionnaires were returned.	Part of line 20 (Travel).
Expenditures of United States Travelers in Mexico (BE-575).	Total expenditures of U.S. residents visiting Mexico for food, lodging, entertainment, gifts, local transportation, etc.; place of currency exchange (United States or Mexico), if any; length of visit and principal cities visited; number in party; and purpose of visit.	Voluntary survey (distributed continuously at border points) of U.S. residents visiting Mexico. In 1988, 5,000 questionnaires were returned.	Part of line 20 (Travel).
Transportation			
Ocean Freight Revenues and Foreign Expenses of U.S. Carriers (BE-30).	Revenues of U.S. carriers from transporting U.S. exports to foreign countries, from transporting freight between foreign points, and from transporting imports into the United States; shipping weight on U.S. exports; charter hire received and paid; expenses in foreign countries for fuel, stores, repairs, stevedoring, harbor fees, agents' commissions and similar expenses.	Mandatory quarterly survey of U.S. operators of dry cargo, passenger (including combination), and tanker vessels with covered revenues or expenses of \$500,000 or more. In 1988, 40 reports were filed quarterly.	Part of lines 7 and 22 (Other transportation).
U.S. Airline Operators' Foreign Revenues and Expenses (BE-37).	Revenues of U.S. airlines from transporting U.S. exports to foreign countries and from transporting freight and passengers between foreign points. Expenditures abroad of U.S. air carriers for fuels and oils loaded aboard aircraft; maintenance of bases, freight and passenger facilities, and offices abroad; landing fees; wages paid to crew members abroad; and similar expenses.	Mandatory quarterly survey of U.S. airline operators with covered revenues or expenses of \$500,000 or more. In 1988, 14 reports were filed quarterly.	Part of line 6 (Passenger fares) and part of lines 7 and 22 (Other transportation).
Foreign Ocean Carriers' Expenses in the United States (BE-29).	Expenditures related to loading, unloading, and storing cargo at U.S. ports, such as stevedoring; container, barge, and warehouse rentals; expenditures for fuels and oils loaded aboard in U.S. ports; expenditures for pilotage, towing, documentation, harbor fees; and similar services.	Mandatory annual survey of foreign ocean carriers with covered expenses of \$500,000 or more. In 1988, 130 reports were filed by U.S. agents of foreign ocean carriers.	Part of line 7 (Other transportation).
Foreign Airline Operators' Revenues and Expenses in the United States (BE-36).	Revenues of foreign airlines from transporting freight to the United States; shipping weight on such freight; expenditures in the United States for fuels and oils; wages and salaries paid to employees; agents' and brokers' fees and commissions; aircraft handling and terminal services; aircraft leasing and similar expenses.	Mandatory annual survey of foreign airlines with covered revenues or expenses of \$500,000 or more. In 1988, 60 reports were filed.	Part of lines 7 and 22 (Other transportation).

Table I-3.—BEA Balance of Payments Surveys—Continued

Survey title and number	Types of information	Collection procedures	BPA table 1 line number
Other Services			
Benchmark Survey of Selected Services Transactions With Unaffiliated Foreign Persons (BE-20).	Payments and receipts relating to advertising; computer and data processing; telecommunications; agriculture; research, development, and testing; accounting; legal; industrial engineering; performing arts; direct insurance (payments only); construction, engineering, and mining services (payments only); and similar services.	Mandatory benchmark survey (usually taken every 5 years) of all U.S. persons who have one or more individual sale or purchase transaction in excess of \$250,000 with an unaffiliated foreign person in any of the covered services. In 1986, 900 reports were filed.	Part of lines 9 and 24 (Other private services).
Annual Survey of Selected Services Transactions With Unaffiliated Foreign Persons (BE-22).	Payments and receipts relating to advertising; computer and data processing; telecommunications; agriculture; research, development, and testing; accounting; legal; industrial engineering; performing arts; direct insurance (payments only); construction, engineering, and mining services payments only); and similar services. Data are reported in less detail than in benchmark surveys.	Mandatory annual survey (follow-on to the BE-20) of all U.S. persons who have one or more individual sale or purchase transactions in excess of \$250,000 with an unaffiliated foreign person in any of the covered services. In 1988, 900 reports were filed.	Part of lines 9 and 24 (Other private services).
Annual Survey of Royalties, License Fees, and Other Receipts and Payments for Intangible Rights Between U.S. and Unaffiliated Foreign Persons (BE-93).	Sale and purchase of rights relating to industrial processes and products; books, records, audio tapes; trademarks; motion picture and TV tapes; broadcast and recording of live performances and events; business format franchising; and other intangibles.	Mandatory annual survey of U.S. persons (enterprises and individuals) whose foreign receipts or payments amount to at least \$500,000. List of U.S. persons with reportable transactions is maintained by BEA. In 1988, 500 reports were filed.	Lines 8 and 23 (Royalties and license fees). Part of lines 9 and 24 (Other private services).
Annual Survey of Construction, Engineering, Architectural, and Mining Services Provided by U.S. Firms to Unaffiliated Foreign Persons (BE-47).	General contracting and construction; supervision of construction; procurement; consulting engineering; management engineering; metal and coal mining services; oil and gas field services; architectural and surveying; and similar services.	Mandatory annual survey of U.S. contractors known to have foreign contracts whose gross operating revenue is \$1 million or more or who receive foreign contracts with a gross value of \$1 million or more. List of U.S. contractors is maintained by BEA. In 1988, 130 reports were filed.	Part of line 9 (Other private services).
Annual Survey of Reinsurance and Other Insurance Transactions by U.S. Insurance Companies With Foreign Persons (BE-48).	Reinsurance premiums ceded and assumed, and reinsurance losses paid to and recovered from insurance companies resident abroad; primary insurance sold to foreign persons.	Mandatory annual survey of U.S. insurance companies whose insurance premium receipts, payments, or losses is \$1 million or more. List of U.S. insurance companies is maintained by BEA. In 1988, 200 reports were filed.	Part of lines 9 and 24 (Other private services).
Unilateral Transfers			
Institutional Remittances to Foreign Countries (BE-40).	Funds remitted to foreign residents, including outright grants; payments abroad for procurement of goods to be used abroad; expenditures for salaries and administrative expenses abroad; and shipments of purchased or privately donated goods and supplies.	Voluntary annual survey of U.S. religious, charitable, educational, scientific, and similar nonprofit organizations with total remittances of \$25,000 or more. If annual remittances total \$1 million or more, the organizations are requested to report quarterly. In 1988, 90 questionnaires were submitted quarterly and 360 annually.	Part of line 34 (Private remittances and other transfers).
Foreign Personal Remittances (BE-579).	Noncommercial payments by individuals in the United States to individuals abroad by means of bank drafts, checks, and other instruments.	Voluntary monthly (or quarterly) survey of U.S. banks and agencies engaged in handling remittances. In 1988, 2 questionnaires were submitted monthly and 6 quarterly (24 monthly reports from 2 reporters, and 24 quarterly reports from 6 reporters).	Part of line 34 (Private remittances and other transfers).

Data Sources

Balance of payments transactions are estimated on the basis of data obtained from a variety of sources, including the Commerce Department's Bureau of the Census, the Department of the Treasury, BEA, other U.S. Government agencies, international organizations, and industry and trade associations. Only an overview of the balance of payments data sources is given here; detailed descriptions of the reporting forms, frequency of reporting, and some information on the number and type of reporters pertaining to individual accounts are included in the sections that follow.

Sources of data for the balance of payments evolved in a pragmatic manner over a period of years, in line with the expansion and growing complexity of international transactions. To avoid placing an unnecessary reporting burden on private transactors, efforts are made to utilize data already available to BEA or other U.S. Government agencies. Reporting procedures are modified to account for changes in institutional settings or practices. The major sources utilized in preparing balance of payments estimates are (1) Census Bureau merchandise trade statistics, (2) BEA surveys, (3) U.S. Treasury Department data on international capital movements, (4) data from other U.S. Government agencies, and (5) data from other sources.

1 Census Bureau Merchandise Trade Statistics

Monthly Census Bureau tabulations of shipping documents that exporters and importers must file with the U.S. Customs Service are the basis of the monthly and quarterly estimates of merchandise exports and imports. These tabulations, which are described in [table II-1](#), require several adjustments by BEA for coverage, timing, and valuation to make them conform to balance of payments concepts and definitions.

2 BEA Surveys

BEA surveys (designated by the letters "BE") are the basis of the estimates of receipts and payments of income and capital flows relating to direct investment, receipts and payments for selected services, and private remittances and other transfers.

The mandatory surveys, described in [table I-3](#), collect data from private organizations, primarily businesses, that engage in transactions with foreign residents on their own behalf or on behalf of others. The surveys of income on direct investment and related capital flows and of services receipts from, and payments to, affiliated

foreigners are quarterly and are linked to periodic benchmarks. Many annual and quarterly surveys of services transactions are also linked to benchmarks. Other, voluntary, surveys collect travel information from U.S. residents visiting Canada and Mexico.

Data obtained from the BEA surveys are, in some cases, combined with information from other U.S. Government agencies, such as data on the number of travelers from the U.S. Immigration and Naturalization Service and data on shipping tonnage from the Census Bureau.

3 U.S. Treasury International Capital Reporting System

The Treasury Department collects data on international capital movements within the framework of the Treasury International Capital (TIC) reporting system. These data are used by BEA, in combination with representative yields from other sources, to estimate receipts and payments of income on portfolio investment. The TIC system, which is administered by the Federal Reserve Bank of New York for the Treasury Department, provides monthly and quarterly data on holdings of, and on transactions in, portfolio investment—investment in the form of debt instruments between unaffiliated parties, equity positions of less than 10 percent, and other claims and liabilities. The data cover (1) purchases and sales of securities and (2) amounts of outstanding claims and liabilities reported by banks and nonbanking concerns; the system is summarized in [table II-28](#).

Reports are filed by banks, bank holding companies, and securities brokers and dealers with the Federal Reserve bank of the district in which they are located; nonbanking enterprises file directly with the Federal Reserve Bank of New York. All reports are consolidated by the Federal Reserve Bank of New York and transmitted to the Treasury Department for publication in the *Treasury Bulletin* [75]; the Treasury, in turn, provides the data to BEA.

4 Data From Other U.S. Government Agencies

All U.S. Government agencies engaged in international transactions are required to report these transactions quarterly to BEA, under Office of Management and Budget Statistical Policy Directive No. 19. These data

are the basis of the estimates of foreign military sales and direct defense expenditures, receipts and payments for U.S. Government miscellaneous services, interest paid to and received from foreigners, U.S. Government grants and pensions and other transfers, U.S. official reserve assets, other U.S. Government assets abroad, and certain U.S. Government liabilities.

Reporting requirements under Directive No. 19 apply to all U.S. Government agencies (executive departments and establishments) where one or more of the following conditions prevail: (1) Reportable international transactions total \$1,000,000 or more per year, (2) balances of foreign assets and liabilities total \$500,000 or more, (3) transactions involving foreign grants or credits to-

tal \$100,000 or more per year, or (4) balances of foreign credits total \$100,000 or more.

5 Data From Other Sources

BEA estimates services transactions between U.S. and foreign residents on the basis of a variety of published and unpublished source data, in addition to BEA surveys and Directive No. 19 reports. These include information from U.S. Government budgetary documents, as well as data from the Federal Reserve Board, other U.S. Government agencies, international organizations, foreign central banks and statistical offices, trade associations, banks, and various other international transactors.

Seasonal Adjustment

The quarterly time series on international transactions are seasonally adjusted if they exhibit statistically significant seasonal variation. The concept of seasonal adjustment is based on the premise that the intrayear seasonal pattern—which is repeated constantly or in an evolving manner from year to year—can be identified, measured, and separated from the trend, cyclical, and irregular fluctuations in a time series. The main technique for seasonal adjustment in the U.S. balance of payments is the ratio-to-moving-average method; the variant in use is the Census Bureau's X-11 program, with options for multiplicative and additive adjustments. This program is sometimes combined with the Autoregressive Integrated Moving Average (ARIMA) model, developed by Statistics Canada; the resulting X-11 ARIMA program provides improved estimates of seasonal factors near the ends of some original time series. (For a detailed explanation of seasonal adjustment concepts and procedures, see the Census Bureau publication [42] and subsequent technical bulletins.)

The application of seasonal adjustment to quarterly balance of payments estimates is limited because many series do not exhibit discernible seasonal patterns. The quarterly series on individual accounts are tested each year—using a historical time period with the addition of the latest year—to determine if statistically significant

seasonal patterns are present. If an item no longer meets the requirements, seasonal adjustment is discontinued. On the other hand, seasonal adjustment may be initiated or resumed if there is new evidence of seasonality.

In the current account, about one-half of the individual accounts are seasonally adjusted. The X-11 ARIMA program is used to adjust merchandise exports and imports. The X-11 program is used to adjust the following services accounts: Travel, passenger fares, other transportation, and U.S. Government services (receipts and payments); and direct investment income and related services, and U.S. Government income (receipts). The X-11 program is also used to seasonally adjust U.S. Government pensions and other transfers and private remittances.

In the capital account, only the accounts covering repayments on U.S. Government credits and other long-term assets, and the reinvested earnings portion of capital outflows on U.S. direct investment abroad, are seasonally adjusted. Until 1973, changes in U.S. private assets abroad and in foreign assets in the United States were seasonally adjusted; however, beginning in 1973, seasonal patterns were severely disrupted as a result of changes in the international monetary system, the removal of U.S. controls on capital outflows, and the impact of the extraordinary rise in petroleum prices.

Summary Measures

The U.S. balance of payments presentation does not contain a specific number that indicates an overall “balance,” although partial balances are published. In an accounting sense, an overall balance is not possible, because, as discussed earlier, the net sum of credit and debit entries in the balance of payments accounts is conceptually zero, in accordance with the principles of double-entry accounting. If the entries do not balance exactly, the net amount of missing credits or debits is entered as a statistical discrepancy in order to bring the two parts of the statement into equilibrium.

In an analytical sense, a summary measure of international transactions may be obtained by dividing the balance of payments statement horizontally, to produce two groups of transactions—one above the line and the other below it. The net sum of the transactions in each group will be numerically equal, but one will be a net credit and the other a net debit; the net credit is conventionally termed a “surplus” and the net debit a “deficit.” Further subdivision of the transactions will produce additional balances, with the net sums always numerically equal, but with opposite signs. The lower the line is drawn, the more inclusive the balance becomes. However, as stated in the report of a review committee examining the U.S. balance of payments statistics in 1965 [10]:

No single number can adequately describe the international position of the United States during any given period. The definition of an international surplus or deficit is an analytical problem rather than an accounting problem. The appropriate focus of analysis will change with changing circumstances and with the nature of the particular problem being analyzed. Data must therefore be compiled and presented in a form that facilitates a wide variety of analyses. Furthermore, useful analysis of the international position is rarely possible on the basis of balance of payments data alone; internal developments and policy objectives here and abroad need also to be taken into account.

Before 1976, the quarterly presentation of U.S. international transactions included a number of balances. The intent was to provide a focus for the accompanying analysis and to assist users with the interpretation of the estimates. Some of the balances were partial in that they covered only a limited number of transactions; others were more inclusive and known as overall balances, measuring balance of payments surpluses or deficits. The balances presented have changed over time in order to keep pace with changes in the economic environment. (For a historical review of the balance of payments summary measures, see the report mentioned above. Overall balances have not been published since March 1976, as is discussed more fully in the June 1976 SURVEY OF CURRENT BUSINESS (SURVEY.)

Partial balances continue to be published. The four partial balances that are shown in the quarterly presentation of U.S. international transactions are those on (1) merchandise trade, (2) goods and services, (3) goods, services, and remittances, and (4) the current account.

The **balance on merchandise trade** measures the difference between merchandise exports and imports. It differs from the trade balance published monthly by the Bureau of the Census not only in the frequency of its publication (quarterly), but also in its conformity to balance of payments concepts, as explained in part II, in “[Merchandise Trade](#).”

The **balance on goods and services** measures the net transfer of merchandise plus services, including the “services” of capital in the form of income on direct and portfolio investments. In the broad sense, this balance is conceptually equal to net exports of goods and services included in GNP. A reconciliation is presented later in “[Balance of Payments and the National Accounts](#).”⁴

The **balance on goods, services, and remittances** includes, in addition to merchandise and services, unilateral transfers in the form of net U.S. Government and private remittances and other transfers to private foreign residents. This balance is used by the International Monetary Fund and others in international comparisons of the positions of industrial countries and developing countries. In drawing this balance, Government grants—the official portion of unilateral transfers—are placed “below the line” along with official and all private capital, because they can be viewed as part of the “financing element” in international transactions, particularly for developing countries.

The **balance on current account**, the most inclusive of the four partial balances, measures net receipts or payments on goods and services and all unilateral transfers, that is, including net U.S. Government grants to foreign countries. It is widely used internationally for analysis and forecasting. It is generally more feasible to forecast the impact of economic activities and exchange rate and policy changes on the current account than on the more volatile capital account, because some current account transactions are relatively stable (for example, merchandise trade) and usually cannot be reversed in the short run. In addition, balance of payments objectives are often expressed in terms of current account balances. Despite its widespread use, the current account balance is a partial measure and retains its limitations as such; in both analysis and forecasting, it must be regarded as only

4. Beginning in June 1990, the service accounts are redefined to exclude receipts and payments of income on direct and portfolio investments.

one of the indicators to be used in evaluating a country's international economic position.

The current account balance plus capital grants received by the United States—mainly allocations of special drawing rights—serves as a measure of net foreign investment in the United States in the national economic accounts. When the United States records a current account deficit—net payments to foreigners on transfers of goods, services, and unilateral transfers—the deficit is reflected in the net sum of capital transactions recorded in accounts below that balance, including the statisti-

cal discrepancy. The current account deficit may be “financed” by drawing down U.S. monetary reserves or by borrowing from foreigners. In either case, foreigners acquire net claims on U.S. residents; that is, net foreign investment in the United States is increased. Conversely, when the current account is in surplus, U.S. residents transfer to foreigners an equal amount of capital, which enables foreigners to “finance” their deficit with the United States. In this case, U.S. residents acquire net claims on foreigners; that is, net U.S. investment abroad is increased.

Publication of Estimates

Balance of payments estimates are prepared and released to the public on a quarterly basis. Summary estimates are issued in a news release about 10 weeks after the close of the quarter to which they refer, and a full set of preliminary estimates is published in the March, June, September, and December issues of the SURVEY. In addition to a summary table, nine tables present additional detail by type of transaction (see the [appendix](#)). The SURVEY for these months includes an article that analyzes current developments in U.S. international transactions, changes in the foreign exchange value of the U.S. dollar, and current economic and financial trends in the United States and abroad insofar as they affect U.S. international transactions. Revised estimates for each quarter are released 3 months later. Estimates for the 4 most recent years are revised on the basis of more complete information and are published each year in the June SURVEY. The summary tables presented in this issue include a historical time series, generally 25–28 years of annual data and 6–8 years of quarterly data. Annual bilateral estimates for a number of individual countries are presented in the June SURVEY and, for members of the Organization of Petroleum Exporting Countries, in the March SURVEY. Detailed data relating to U.S. direct investment abroad and foreign direct investment in the United States are presented in the August SURVEY.

In addition to the SURVEY, balance of payments estimates prepared by BEA are available in other publications. Summary balance of payments tables are included in the monthly *Federal Reserve Bulletin*, the monthly *Economic Indicators*, prepared for the Joint Economic Committee of Congress, the annual *Economic Report of the President*, and other U.S. Government publications. The format of presentation varies somewhat from BEA's format.

Other sources of international financial data include the *Federal Reserve Bulletin*, which presents, in its "International Statistics" section, additional detailed data from U.S. banking and nonbanking enterprises on claims on, and liabilities to, foreigners and on transactions of securities brokers and dealers. The U.S. Treasury Department's quarterly *Treasury Bulletin* publishes other international financial data, arranged under the headings "International Financial Statistics" and "Capital Movements." BEA estimates of U.S. foreign assistance and historical data series on U.S. Government grants, credits, and other assistance are included in the annual reports of the National Advisory Council on International Monetary and Financial Policies. These annual reports continue the series formerly published by BEA in *Foreign Grants and Credits by the United States Government* [54]; a special volume, *Foreign Aid by the United States Gov-*

ernment 1940–1951 [52], presents data for earlier years. The Census Bureau publishes monthly, quarterly, and annual reports on merchandise exports and imports; a complete listing of these publications is available in *Guide to Foreign Trade Statistics* [33].

A presentation of the U.S. balance of payments is also available in the International Monetary Fund (IMF) *Balance of Payments Yearbook*, which contains complete balance of payments statements for member countries. The U.S. data are derived from BEA estimates published in the SURVEY and from supplementary details supplied by BEA to the IMF. The U.S. data are rearranged to fit the format specified in the IMF *Balance of Payments Manual*; they are denominated in terms of special drawing rights in order to achieve intercountry comparability in the *Yearbook*.

1 Geographic Allocation

The quarterly presentations of U.S. international transactions contain complete bilateral balance of payments estimates for three countries, seven regions, and "international organizations and unallocated," as shown in [table 10](#) in the appendix. Once a year, bilateral estimates are prepared and published for additional countries and regions. Although the basic data on many transactions are available on a country basis, the preparation of additional bilateral estimates is not generally feasible because the sample coverage for many countries or transactions is inadequate. Additional country details for a few accounts are made available in special articles, and detailed country data are published regularly for the direct investment accounts.

Balance of payments statements for individual countries or regions do not necessarily indicate that the transactions measured in the accounts were in fact between U.S. residents and residents of that particular country or region. For example, U.S. export statistics generally reflect the first country of reported destination, but, in many cases, the merchandise is transshipped to third countries. Transshipments frequently occur from countries that have extensive port and distribution facilities, such as Germany and the Netherlands. Transactions in securities also present problems of country attribution, because residents in countries with well-developed financial markets—such as the United Kingdom and Switzerland—often act as intermediaries on behalf of residents of other countries. Thus, the geographic allocation of securities transactions reflects the country with which the transaction occurred, but does not necessarily re-

flect the ultimate source of foreign funds or the ultimate destination of U.S. funds.

These problems of geographic attribution add to the statistical discrepancy shown for individual countries or regions. For this reason, the statistical discrepancy included in geographic balance of payments statements is termed "statistical discrepancy, and transfers of funds between foreign areas, net." Reference to some of these and other difficulties in assessing the significance of geographic statistical discrepancies is included in the section "[Statistical Discrepancy](#)."

2 Historical Data

As mentioned earlier, the June issues of the SURVEY not only present data for the most recent period, but include a limited historical time series on U.S. international transactions as well. For example, the June 1989 SURVEY includes annual estimates of the summary balance of payments accounts for 1960–88 and quarterly estimates for 1982–88. The quarterly series are presented both seasonally adjusted and unadjusted.

Balance of payments data for the period before 1960 are available in back issues of the SURVEY, with two issues carrying the series back to 1946. The June 1973 SURVEY presents annual data for 1948–59; annual data for 1946–47 are available in the June 1970 SURVEY. For a number of accounts, there is a relative degree of consistency over the years; for others, the comparability of data has been impaired by changes in concepts, data availability, and statistical procedures.

Extensive historical data are presented in a 1963 *Balance of Payments Statistical Supplement* to the SURVEY [53]. The coverage of the *Supplement* begins in 1870; it presents fragmentary balance of payments data for 1870–1918 by periods, more complete annual data for 1919–61, and quarterly data for 1945–61. This issue also presents geographic balance of payments tables for 1946–61 annually and for 1948–61 quarterly. Also included are detailed tables containing data on the major components of the individual accounts; the time periods vary, depending on data availability. Related publications and articles providing additional references to sources of historical data are listed at the end of the *Supplement*.

International Investment Position

The balance of payments is a record of transactions between U.S. residents and residents of the rest of the world during a given time period; it is analogous to an income statement in business accounting in that it measures **flows**. The international investment position, on the other hand, is a measure of the value of accumulated stocks of U.S. assets abroad and of foreign assets in the United States at the end of a given time period; it is analogous to a balance sheet in that it measures **stocks**.

An annual statement of the international investment position is compiled and published by BEA; it shows the value of outstanding U.S. assets abroad and foreign assets in the United States as well as the net international investment position of the United States at the end of each calendar year (see [table I-4](#)). The statement, by providing information on the composition of U.S. assets abroad and of foreign assets in the United States, facilitates analyses of the economic effects of such lending and investment.

The international investment position summarizes two effects on the stocks of assets; one is the net change attributable to international capital transactions; the other is valuation adjustments attributable to market price changes, exchange rate changes, and other factors (see [table I-5](#)). The net capital flow is the mirror image of the balance on current account, plus entries for the allocation of special drawing rights (SDR's) by the International Monetary Fund (IMF) and for the statistical discrepancy in the accounts.

Assets are recorded in the international investment position statement at market, book, or face values. Market values are the basis for holdings of equity and long-term marketable debt securities; book values are the basis for direct investment; and face values are the basis for most other types of assets, especially short-term instruments and nonmarketable forms of indebtedness.

The international investment position should be interpreted with caution because it is only a rough indicator, not a precise measure. On the one hand, U.S. assets abroad probably are understated because direct investment is carried at book values and because U.S. reserve holdings of gold are carried at the official monetization value of \$42.2222 per ounce, compared with the market price of about 9 times that amount (as of mid-1990). On the other hand, foreign assets in the United States are also understated because foreign direct investment in the United States is carried at book values and because a large part of unrecorded inflows in recent years—as indicated by the statistical discrepancy in the balance of payments—may have been accounted for by capital inflows.

1 U.S. Assets Abroad

1.1 U.S. official reserve assets

The stock of U.S. official reserve assets consists of assets held by the U.S. Treasury Department and the Federal Reserve System, reported in terms of outstanding amounts. In addition to international transactions, changes in the value of holdings reflect exchange rate adjustments for three of the four asset categories not denominated in U.S. dollars, that is, U.S. holdings of SDR's, the U.S. reserve position in the IMF, and official reserve holdings of foreign currencies. These three types of reserve assets are revalued at current exchange rates in order to reflect any unrealized gain or loss resulting from exchange rate fluctuations. The fourth category, monetary gold holdings, is valued at \$42.2222 per troy ounce; most changes in this category result from monetizations and demonetizations of gold, when the U.S. Treasury purchases or sells gold either as bullion or as a numismatic product.

1.2 U.S. Government assets, other than official reserve assets

Data on U.S. Government assets, other than official reserve assets, are generally reported to BEA by U.S. Government agencies in terms of outstanding amounts. The value of foreign-currency-denominated U.S. loans and other long- and short-term assets and foreign currency holdings of U.S. Government disbursing officers are adjusted to reflect exchange rate changes in each quarter. Other valuation adjustments are made as appropriate.

1.3 U.S. private assets

These assets consist of U.S. direct investment abroad, holdings of foreign securities, and claims on unaffiliated foreigners reported by U.S. banks and nonbanking concerns. Data on U.S. private assets are reported to BEA by private transactors. The accumulated stock of direct investment is carried forward from the latest benchmark survey by adding the net capital outflows—which consist of equity capital flows, intercompany debt flows, and reinvested earnings—and valuation adjustments to the previous year's position. The direct investment position is equal to the U.S. parents' contribution to the total assets of their foreign affiliates in the form of debt and equity; that is, the position measures the U.S. parents' share of the affiliates' assets, not the affiliates' total assets. Direct investment assets are valued according to the books of the foreign affiliates. Valuation adjustments primarily reflect differences between values on the books of U.S. parent

companies, which are used to record equity capital and intercompany debt outflows, and values on the books of affiliates, which are used to record the direct position.

Data on transactions in foreign securities are cumulated from periodic benchmark surveys and adjusted for price changes to derive outstanding holdings. Price adjustments are made annually. The price adjustment for dollar-denominated foreign bonds is based on information gathered by BEA. The price adjustment for foreign stocks is made by utilizing indexes of stock prices in individual foreign countries, as published by the IMF and the Organisation for Economic Co-operation and Development. Exchange rate adjustments are also applied to foreign stocks. The application of price and exchange rate adjustments is limited to the securities of a few countries that account for the major portion of U.S. holdings.

Table I-4.—International Investment Position of the United States at Yearend, 1988^P
(Millions of dollars)

1	Net international investment position of the United States (line 2 less line 20)	-532,534
2	U.S. assets abroad	1,253,671
3	U.S. official reserve assets ¹	47,802
4	Gold ¹	11,057
5	Special drawing rights ¹	9,637
6	Reserve position in the International Monetary Fund ¹	9,745
7	Foreign currencies ¹	17,363
8	U.S. Government assets, other than official reserve assets	85,484
9	U.S. loans and other long-term assets ²	84,880
10	Repayable in dollars	83,403
11	Other ³	1,477
12	U.S. foreign currency holdings and U.S. short-term assets	604
13	U.S. private assets	1,120,385
14	Direct investment abroad ⁴	326,900
15	Foreign securities	156,758
16	Bonds	94,027
17	Corporate stocks	62,731
18	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	32,900
19	U.S. claims reported by U.S. banks, not included elsewhere	603,828
20	Foreign assets in the United States	1,786,205
21	Foreign official assets in the United States	322,103
22	U.S. Government securities	259,249
23	U.S. Treasury securities ⁵	250,287
24	Other ⁵	8,982
25	Other U.S. Government liabilities ⁵	14,187
26	U.S. liabilities reported by U.S. banks, not included elsewhere	31,507
27	Other foreign official assets ⁵	17,160
28	Other foreign assets in the United States	1,464,103
29	Direct investment in the United States ⁷	328,851
30	U.S. Treasury securities ⁵	96,626
31	U.S. securities other than U.S. Treasury securities ⁵	393,623
32	Corporate and other bonds ⁵	195,186
33	Corporate stocks ⁵	198,437
34	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	35,532
35	U.S. liabilities reported by U.S. banks, not included elsewhere	609,471

^P Preliminary.

1. Total reserve assets include increases from changes in the par value of the dollar: On May 8, 1972, the increase totaled \$1,016 million, consisting of \$828 million gold stock, \$155 million special drawing rights (SDR's), and \$33 million U.S. reserve position in the International Monetary Fund (IMF); on October 18, 1973, the increase totaled \$1,436 million, consisting of \$1,165 million gold stock, \$217 million SDR's, and \$54 million reserve position in the IMF. The gold stock is valued at \$35 per fine troy ounce until May 8, 1972; thereafter, at \$38 per fine troy ounce until October 18, 1973, pursuant to the Par Value Modification Act (P.L. 92-268); and, thereafter, at \$42-2/9 per fine troy ounce pursuant to an amendment (in P.L. 93-110) to the Par Value Modification Act. Beginning in 1974, the value of the SDR, in which U.S. holdings of SDR's and the reserve position in the IMF are denominated, fluctuates based on the weighted average of exchange rates for the currencies of principal IMF members. Foreign currency reserves are valued at exchange rates at time of purchase through 1973 and at current exchange rates thereafter.

2. Also includes paid-in capital subscription to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.

3. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.

4. Estimates are linked to the U.S. Department of Commerce 1982 benchmark survey.

5. Estimates are linked to U.S. Department of the Treasury 1978 benchmark survey. Marketable Treasury bonds are valued at market price.

6. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

7. Estimates are linked to the U.S. Department of Commerce 1980 benchmark survey.

Bank and nonbank claims on unaffiliated foreign residents are reported in terms of outstanding amounts. These claims are generally reported at face value; most are denominated in U.S. dollars, although claims denominated in foreign currencies have grown in importance in recent years. Valuation adjustments are not available.

2 Foreign Assets in the United States

2.1 Foreign official assets

Foreign official assets in the United States consist of (1) foreign official agency holdings of U.S. Treasury and other Government securities, (2) other U.S. Government liabilities, (3) bank-reported liabilities, and (4) other foreign official assets, that is, debt and equity securities of U.S. corporations. The largest category of foreign official assets consists of U.S. Treasury securities, including marketable and nonmarketable bonds, notes, bills, and certificates. Outstanding holdings, based on a Treasury benchmark survey, are carried forward by adding transactions obtained from the Treasury International Capital (TIC) reporting system to the benchmark. Transactions are recorded at face values. Price adjustments are applied to marketable Treasury bonds and notes to derive outstanding amounts at current market values. No adjustments are applied to the face value of nonmarketable bonds and notes. For foreign-currency-denominated Treasury notes held by foreign monetary authorities, adjustments are limited to exchange rate changes.

Outstanding holdings of securities of U.S. corporations and federally sponsored agencies, based on U.S. Treasury benchmark surveys, are carried forward by adding transactions to the benchmark amounts. The value of outstanding stocks, bonds, notes, and other obligations is adjusted for price changes, based on indexes for securities traded in the U.S. market. Liabilities to foreign official agencies reported by U.S. banks are obtained from the TIC reporting system in terms of outstanding amounts; they are recorded at face values.

2.2 Other foreign assets

Other foreign assets in the United States consist of (1) foreign direct investment in the United States, (2) foreign holdings of U.S. Treasury, other U.S. Government, and corporate securities, and (3) liabilities reported by U.S. banks and nonbanking concerns. Assets are held by private foreign residents, international organizations, and foreign government owned or sponsored corporations and other organizations that are not considered official agencies. The stock of foreign direct investment in the United States is carried forward from the latest benchmark survey by adding net capital inflows—consisting of equity capital flows, intercompany debt flows, and reinvested earnings of U.S. affiliates—and valuation adjustments to the previous year's position. The direct investment position is equal to the foreign parents' contribution to the total assets of their U.S. affiliates in the form of debt and equity; that is, the position measures the foreign parents' share of the affiliates' assets, not the affiliates' total as-

Table I-5.—International Investment Position of the United States at Yearend, 1987 and 1988
[Millions of dollars]

Line	Type of investment	Position 1987 ^r	Changes in position in 1988 (decrease (-))					Total (a+b+c+d)	Position 1988 ^r	Position, by area									
			Attributable to:				Western Europe			Canada		Japan		Latin America and Other Western Hemisphere		Other countries, international organizations, and unallocated [†]			
			Capital flows (a)	Valuation adjustments						1987	1988	1987	1988	1987	1988	1987	1988	1987	1988
				Price changes (b)	Ex-change rate changes ¹ (c)	Other changes ² (d)													
1	Net international investment position of the United States (line 2 less line 20)	-378,300	-137,189	-14,190	-5,900	3,041	-154,234	-532,534	-390,425	-436,855	53,381	53,498	-84,317	-128,489	28,852	-23,556	14,207	2,867	
2	U.S. assets abroad	1,169,679	82,110	8,507	-7,863	1,238	83,992	1,253,671	402,668	431,037	151,980	154,940	113,402	156,291	298,838	303,486	202,790	207,917	
3	U.S. official reserve assets	45,797	3,566		-1,539	-21	2,005	47,802	12,073	14,970	(*)	(*)	982	2,345	31	48	32,710	30,439	
4	Gold	11,078				³ -21	-21	11,057									11,078	11,057	
5	Special drawing rights	10,283	-474		-173		-646	9,637									10,283	9,637	
6	Reserve position in the International Monetary Fund	11,349	-1,025		-580		-1,604	9,745									11,349	9,745	
7	Foreign currencies	13,086	5,064		-787		4,277	17,363	12,073	14,970	(*)	(*)	982	2,345	31	48			
8	U.S. Government assets, other than official reserve assets	88,513	-2,999		-16	-15	-3,029	85,484	9,925	9,037	396	317	36	29	18,347	18,580	59,809	57,520	
9	U.S. loans and other long-term assets ⁴	87,638	-2,733		-11	-14	-2,758	84,880	9,871	8,984	370	320	4		18,050	18,243	59,343	57,332	
10	Repayable in dollars	86,024	-2,667				-2,621	83,403	9,698	8,825	370	320	4		17,660	17,883	58,292	56,374	
11	Other ⁵	1,614	-67		-11	-59	-137	1,477	173	159					390	360	1,051	958	
12	U.S. foreign currency holdings and U.S. short-term assets	875	-265		-5	-1	-271	604	54	53	26	-3	32	29	297	337	466	187	
13	U.S. private assets	1,035,369	81,543	8,507	-6,308	1,274	85,016	1,120,385	380,670	407,030	151,584	154,623	112,384	153,917	280,460	284,858	110,271	119,957	
14	Direct investment abroad	307,983	17,533			1,384	18,917	326,900	146,243	152,232	58,377	61,244	14,671	16,868	44,905	49,283	64,378	67,273	
15	Foreign securities	146,713	7,846	8,507	-6,308		10,045	156,758	80,111	84,888	58,572	65,489	(*)	(*)	1,182	1,070	7,648	7,310	
16	Bonds	92,044	6,937		-375	-4,579	1,983	94,027	48,218	47,362	38,613	42,926	(*)	(*)	(*)	(*)	7,213	7,379	
17	Corporate stocks	54,669	909	8,882	-1,729		8,062	62,731	31,893	37,526	19,959	22,563	(*)	(*)	1,182	1,070	7,165	7,151	
18	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	31,216	1,684				1,684	32,900	13,693	15,125	3,913	3,624	1,767	1,540	8,927	9,196	2,916	3,415	
19	U.S. claims reported by U.S. banks, not included elsewhere	549,457	54,481			-110	54,371	603,828	140,623	154,785	30,722	24,266	95,946	135,509	225,446	225,309	56,720	63,959	
20	Foreign assets in the United States	1,547,979	219,299	22,697	-1,967	-1,803	238,226	1,786,205	793,093	867,892	98,599	101,442	197,719	284,780	269,986	327,042	188,583	205,050	
21	Foreign official assets in the United States	283,552	38,882	-331			38,551	322,103	128,168	127,052	5,266	9,764	(*)	(*)	8,843	10,997	(*)	(*)	
22	U.S. Government securities	307,983	42,992	-2,672			40,320	259,249	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
23	U.S. Treasury securities	211,078	41,683	-2,474			39,209	250,287	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
24	Other	7,851	1,309	-198			1,111	8,962	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
25	Other U.S. Government liabilities ¹⁰	15,471	-1,284				-1,284	14,187	4,424	4,030	322	306	1,425	1,644	627	565	8,672	7,642	
26	U.S. liabilities reported by U.S. banks, not included elsewhere	31,838	-331				-331	31,507	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
27	Other foreign official assets	17,314	-2,495	2,341			-154	17,160	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
28	Other foreign assets in the United States	1,264,427	180,418	23,028	-1,967	-1,803	199,676	1,464,103	664,925	740,840	93,333	91,678	(*)	(*)	261,143	316,045	(*)	(*)	
29	Direct investment in the United States	271,788	58,436			-1,373	57,063	328,851	186,076	216,418	24,013	27,361	(*)	(*)	35,151	53,354	12,671	17,019	
30	U.S. Treasury securities	78,339	20,144	-1,857			18,287	96,626	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	
31	U.S. securities other than U.S. Treasury securities	344,257	26,448	24,885	-1,967		49,366	393,623	238,778	265,317	32,208	38,124	37,910	48,768	20,150	25,446	15,213	15,968	
32	Corporate and other bonds	170,831	26,925	-603	-1,967		24,355	195,186	134,090	149,170	3,384	4,054	23,186	30,072	4,383	6,174	5,788	5,716	
33	Corporate stocks	173,426	-477	25,488			25,011	198,437	104,688	116,147	28,824	34,070	14,724	18,696	15,767	19,272	9,425	10,252	
34	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	29,404	6,558			-430	6,128	35,532	14,543	18,920	1,834	2,047	4,708	5,387	1,928	2,322	6,391	6,856	
35	U.S. liabilities reported by U.S. banks, not included elsewhere	540,639	68,832				68,832	609,471	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	

^r Revised.
^p Preliminary.
[†] Includes U.S. gold stock.
^{*} Less than \$500,000 (±).

1. Represents gains or losses on foreign currency-denominated assets due to their revaluation at current exchange rates.
2. Includes changes in coverage, statistical discrepancies, and other adjustments to the value of assets.
3. Reflects changes in gold stock from U.S. Treasury sales of gold medallions and commemorative and bullion coins; also reflects replenishment through open market purchases. These demonetizations/monetizations are not included in international transactions capital flows.
4. Also includes paid-in capital subscription to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts

that are not being serviced.
5. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.
6. Includes, as part of international and unallocated, the estimated direct investment in foreign affiliates engaged in international shipping, in operating oil and gas drilling equipment that is moved from country to country during the year, and in petroleum trading.
7. U.S. holdings of foreign securities in some areas may be understated. This understatement is in part due to the recording of security transactions by area of transactor rather than by area of issuer.
8. Details not shown separately are included in line 20.
9. Details not shown separately are included in totals in lines 21 and 28.
10. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

sets. Direct investment assets are valued according to the books of the foreign affiliates. Valuation adjustments primarily reflect differences between transaction values, which are used to record equity capital and intercompany debt inflows, and book values, which are used to record the position.

Holdings of U.S. Treasury securities are derived from the same source and in the same manner as those held by foreign official agencies, described earlier. Price adjustments are applied to bonds and notes using an index developed by BEA. An exchange rate adjustment is applied to outstanding foreign-currency-denominated U.S. Treasury notes issued to foreign official institutions.

Holdings of U.S. securities other than Treasury securities, based on an early benchmark figure, are adjusted for price movements. For U.S. corporate and federally sponsored agency bonds, the previous yearend value is first

revalued to reflect current market values; the procedure is to adjust outstanding amounts of corporate Eurobonds by a price index of Eurobonds developed by BEA, and outstanding amounts of federally sponsored agency bonds by another index developed by BEA. Net transactions for the current year are then added, and total holdings are revalued by the change in the price index between the annual average and the yearend figure.

For U.S. stocks, the procedure is similar. The measure of price change is the Standard & Poor's Index of 500 stocks. First, the previous yearend estimate is revalued to reflect the change in market prices from yearend to the first quarter's average, before adding net transactions in the first quarter. Next, holdings are revalued to reflect changes in average market prices in the second quarter before adding net transactions in the second quarter. These steps are repeated through the fourth quarter, when the holdings are revalued to reflect the change in

market prices from the fourth-quarter average to the end of the year. Other adjustments are made as necessary to reflect changes in classification between portfolio holdings and direct investment.

Bank and nonbank liabilities to private foreign residents and international organizations are reported in terms of outstanding amounts, and are generally at face values; most are denominated in dollars.

Balance of Payments and the National Accounts

The national income and products accounts (NIPA's) measure the production, distribution, and use of output in the United States in terms of the transactions of four major economic groups—persons, business, government, and the rest of the world. In summary form, the NIPA's consist of five accounts. Total output of goods and services (GNP) is measured in the national income and product (NIP) account both in terms of incomes generated in production and in terms of final sales to the four groups plus the change in business inventories. The distribution and use of output are measured in the three receipts and expenditures accounts established for persons, government, and foreigners; the remaining account measures the saving and investment transactions of the domestic groups. (For a summary explanation of the NIPA's, see “[Introduction to National Income Accounting](#)” in the March 1985 SURVEY.)

The NIPA's incorporate components of the balance of payments accounts. The NIP account includes exports of goods and services—sales to foreigners—in addition to sales of goods and services to consumers, business (for domestic capital formation), and government. The sum of purchases of the four groups equals national output of goods and services plus imports. Because GNP is the market value of goods and services produced by labor and property supplied by residents of the United States, imports must be removed. This is accomplished by including only net exports (that is, exports minus imports) in the NIP account because it is not feasible to eliminate the import component from purchases of the domestic groups. The receipts and expenditures accounts for persons and government include transactions with foreigners. The gross saving and investment account includes net foreign investment and capital grants received by the United States.

The foreign transactions account in the NIPA's is essentially a condensed and modified version of the balance of payments current account. The adjustments needed to derive the appropriate NIPA entries from the balance of payments accounts are published in a reconciliation table in the March, June, September, and December issues of the SURVEY; [table I-6](#) presents estimates for 1988. The current account balance from the balance of payments accounts and the reconciliation items between the balance of payments accounts and the NIPA's provide the framework for deriving the net foreign investment entry in the NIPA's. Net foreign investment may also be viewed as the acquisition of assets abroad by U.S. residents, less the acquisition of assets in the United States by foreign residents, plus the statistical discrepancy in the balance of payments accounts.

More complete discussions of the relationship between the balance of payments and the NIPA's are contained in *Foreign Transactions*, BEA Methodology Paper No. 3 [44], and in an article entitled “Foreign Transactions in the National Income and Product Accounts: An Overview” in the November 1986 issue of the SURVEY. Both sources present the conceptual basis and framework of foreign transactions in the NIPA's, describe the presentations of the estimates, and summarize the sources and methods used to prepare them.

The differences, or reconciliation items, between the NIPA and balance of payments entries reflect (1) different publication and revision schedules, (2) different treatment of Puerto Rico and U.S. territories and possessions, and (3) different treatment of certain transactions. The first source of difference arises because revisions in the balance of payments are entered in the NIPA's with time lags. The second arises because the balance of payments accounts include Puerto Rico and U.S. territories and possessions in the definition of the United States, whereas the NIPA's exclude them. The third, and most important difference, arises because the two sets of accounts serve different purposes and, therefore, treat certain types of transactions differently. The main differences involve U.S. Government interest payments to foreigners, gold transactions, capital gains and losses in direct investment income, and imputed interest paid to foreigners. These differences are described, below, in terms of the adjustments that are made to the balance of payments estimates to put them on the basis needed in foreign transactions in the NIPA's.

1 U.S. Government Interest

In the balance of payments accounts, imports include interest payments to foreigners by the U.S. Government because they represent payments on foreign assets in the United States. In the NIPA's, however, government interest payments are not considered payments for a factor service; government production is defined as the value of services rendered by government employees. Therefore, U.S. Government interest payments to foreigners are excluded from imports. These interest payments are recorded as separate entries in the foreign transactions account and the government receipts and expenditures account.

2 Gold Transactions

In the balance of payments accounts, a distinction is made between monetary and nonmonetary gold. Monetary gold

Table I-6.—Relation of Foreign Transactions in the National Income and Product Accounts to the Corresponding Items in the Balance of Payments Accounts, 1988

		(Billions of dollars)
1	Exports of goods and services, BPA's	529.8
2	Less: Gold, BPA's ¹	5.9
3	Capital gains net of losses in direct investment income receipts, BPA's ²	-1
4	Statistical differences ³	0
5	Other items	0
6	Plus: Adjustment for U.S. territories and Puerto Rico ⁴	16.6
7	Services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans	7.0
8	Equals: Exports of goods and services, NIPA's⁵	547.7
9	Imports of goods and services, BPA's	641.7
10	Less: Payments of income on U.S. Government liabilities ⁶	29.1
11	Gold, BPA's ¹	4.9
12	Capital gains net of losses in direct investment income payments, BPA's ² .....	.9
13	Statistical differences ³	0
14	Other items	0
15	Plus: Gold, NIPA's ¹	-1.8
16	Adjustment for U.S. territories and Puerto Rico ⁴	9.2
17	Imputed interest paid to foreigners	7.0
18	Equals: Imports of goods and services, NIPA's⁷	621.3
19	Balance on goods and services, BPA's (1-9)	-111.9
20	Less: Gold (2-11+15)	-7
21	Capital gains net of losses in direct investment income, BPA's (3-12)	-1.0
22	Statistical differences (4-13)	0
23	Other items (5-14)	0
24	Plus: Payments of income on U.S. Government liabilities (10)	29.1
25	Adjustment for U.S. territories and Puerto Rico (6-16)	7.0
26	Equals: Net exports of goods and services, NIPA's (8-18)	-73.7
27	Allocations of special drawing rights, BPA's	0
28	Plus: Other items	0
29	Equals: Capital grants received by the United States, net, NIPA's	0
30	Unilateral transfers (excluding military grants of goods and services), net, BPA's	14.7
31	Less: Statistical differences ³	0
32	Other items	0
33	Plus: Adjustment for U.S. territories and Puerto Rico ⁴ .....	.1
34	Equals: Transfer payments to foreigners, net, NIPA's	14.7
35	Payments of income on U.S. Government liabilities, BPA's	0
36	Equals: Interest paid by government to foreigners, NIPA's	29.1
37	Balance on current account, BPA's (19-30)	-126.5
38	Less: Gold (20)	-7
39	Capital gains net of losses in direct investment income, BPA's (21)	-1.0
40	Statistical differences (22-31)	0
41	Other items (23-32)	0
42	Plus: Capital grants received by the United States, net, NIPA's (29)	0
43	Adjustment for U.S. territories and Puerto Rico (25-33)	7.3
44	Equals: Net foreign investment, NIPA's (26+29-34-36)	-117.5

BPA Balance of payments accounts.

NIPA National income and product accounts.

1. The treatment of net exports of gold in the NIPA's differs from that in the BPA's. BPA gold exports (line 2) and imports (line 11) are removed from the NIPA's. Imports of gold in the NIPA's (line 15) is the excess of the value of gold in domestic final sales plus the change in business inventories over the value of U.S. production of gold.

2. BPA capital gains and losses included in U.S. direct investment income abroad (line 3) and in foreign direct investment income in the U.S. (line 12) are removed from the NIPA's.

3. Consists of statistical revisions in the BPA's that have not yet been incorporated in the NIPA's.

4. Consists of transactions between the United States and its territories and Puerto Rico. The treatment of U.S. territories and Puerto Rico in the NIPA's differs from that in the BPA's. In the NIPA's they are included in the rest of the world; in the BPA's, they are treated as part of the United States. The adjustments to exports and imports of goods and services are shown in lines 6 and 16 respectively; however, because data are not available to adjust service exports and imports separately, line 6 includes the net of exports and imports of services by U.S. territories and Puerto Rico. The adjustment to unilateral transfers, net (line 33) consists only of transfer payments from persons because transfer payments, subsidies, and grants-in-aid from the Federal Government to residents of U.S. territories and Puerto Rico are excluded from NIPA transfer payments to foreigners.

5. Estimates cover many business, professional, and technical services and incorporate improved measurement of telecommunications services and insurance services; incorporate new source data on travel and passenger fares; and cover foreign students' expenditures in the United States. See the box on page 21 in the July 1989 SURVEY OF CURRENT BUSINESS.

6. Represents interest paid by government to foreigners. This item is treated as an import of services in the BPA's. In the NIPA's, it is excluded from government purchases and, thus, also from imports.

7. Estimates cover many business, professional, and technical services and incorporate improved measurement of telecommunications services and insurance services; incorporate new source data on travel and passenger fares; and cover U.S. students' expenditures abroad. See the box on page 21 in the July 1989 SURVEY OF CURRENT BUSINESS.

is gold held by the Treasury Department as part of U.S. official reserve assets; transactions between U.S. Government agencies (including the Treasury Department's Exchange Stabilization Fund) and foreign official agencies and international monetary institutions are recorded as changes in U.S. official reserve assets, offset by entries in the appropriate capital accounts. All other gold is nonmonetary gold, and transactions between U.S. and foreign residents are recorded as merchandise exports or imports. Nonmonetary gold includes gold sold by the Treasury at public auctions; in effect, this gold, which is removed from official monetary holdings, is demonetized. No transaction is recorded for the demonetization itself, but the stock of U.S. official reserve assets is reduced. If the gold is subsequently exported, a merchandise export entry is recorded. The basic data on nonmonetary gold exports and imports are provided by the Census Bureau and the Federal Reserve Bank of New York; the adjustments to these data to make them conform to balance of payments concepts are discussed in the section "Merchandise Trade" in part II.

In the NIPA's, net exports of nonmonetary gold are equal to the difference between domestic gold production and the sum of industrial gold consumption plus the change in gold business inventories. The inclusion in net exports of all changes in inventories of gold held in the United States other than for industrial use is equivalent to placing the gold stocks in the foreign sector.

Thus, both gold exports and imports included in the balance of payments accounts are removed before incorporating the estimates into the NIPA's and replaced by a single entry in the net exports component of GNP. Because U.S. production historically has fallen short of industrial use, exports are set at zero, and the estimate is entered as an import. This methodology is explained more fully in the July 1979 SURVEY.

3 Capital Gains and Losses in Direct Investment Income

In the balance of payments accounts, direct investment income receipts and payments are estimated on an "all-inclusive" basis; that is, direct investment income is intended to reflect all the benefits that parents receive from their investment in affiliates, whether in the form of ordinary income, extraordinary income, or other types of income. Extraordinary income and other types of income consist primarily of capital gains and losses, such as gains and losses resulting from the sale or other disposition of assets and liabilities, gains and losses due to changes in exchange rates of foreign currencies in which the affiliates' assets and liabilities are measured or denominated, and gains and losses resulting from writeups or writedowns of the book values of assets and liabilities. (See footnote on capital gains and losses in "Concepts, Definitions, and Principles.")

In the NIPA's, capital gains and losses are not considered income from current production. Realized and unrealized gains and losses are not reflected in corporate profits because there are no offsetting entries included in

measuring the business sector's contribution to production. Accordingly, realized and unrealized capital gains and losses included in the balance of payments are removed before incorporating the estimates into net exports in the NIPA's.

4 Imputed Interest

In the balance of payments accounts, only receipts and payments of monetary interest are recorded. In the NIPA's, depository institutions resident in the United

States—in NIPA terminology, “financial intermediaries other than life insurance carriers and private noninsured pension plans”—provide services to foreigners for which the intermediaries “compensate” themselves, not with an actual service charge, but implicitly, by paying depositors less interest on their deposits than the interest that the intermediaries earn from lending or investing the funds. Thus, in the NIPA's, a service is imputed as “services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans” and included in exports, and an equivalent amount of interest is imputed and included in imports.

Part II
THE CURRENT ACCOUNT

Merchandise Trade

Conceptually, the merchandise exports and imports accounts (lines 2 and 17) cover all movable goods sold, given away, or otherwise transferred from U.S. to foreign ownership and vice versa. The goods are valued at transaction prices—exports at the customs boundaries of the United States and imports at the foreign port of export. Transfers are recorded at the time of change of ownership.

In practice, BEA estimates the merchandise trade accounts from data compiled by the Census Bureau, U.S. Department of Commerce. The data record the physical movement of goods across U.S. customs boundaries, but not always the change of ownership. In using the data for the balance of payments, the assumption is made that goods moving across U.S. customs boundaries change ownership, so that physical possession indicates actual ownership. Goods shipped between affiliated firms in the United States and abroad are assumed to change ownership as well, even though the change-of-ownership rule may not strictly apply in a legal sense for some transactions—as in the case of shipments to an unincorporated foreign affiliate, which may not be a separate legal entity from its parent company. A similar assumption of ownership change is made for shipments of goods under leasing agreements if the leases are for periods exceeding 1 year, irrespective of whether the leases are financial or operational.⁵ Shipments under leases for periods of less than 1 year are excluded from Census Bureau data, as are other temporary shipments, that is, shipments to be returned in less than 1 year. The basic data that BEA uses are the seasonally unadjusted monthly data on exports (including reexports and military grant-aid) and on imports (general imports at customs values). The main features of the trade data—sources, coverage, valuation, commodity classification, exclusions, and so on—are presented in [table II-1](#). Further information is available in the *Highlights of U.S.*

NOTE.—The line numbers refer to [table I-2](#), and correspond to those used in table 1 in the U.S. international transactions articles published in the March, June, September, and December issues of the SURVEY OF CURRENT BUSINESS (SURVEY). [Table 1](#) from the June 1989 SURVEY is shown in the appendix.

5. A financial—or capital—lease is a financial arrangement in which (1) the leasing term is close to the expected useful life of the equipment; (2) the present value of the lease payments approximates the market value of the equipment; and (3) the ownership of the equipment transfers, or may transfer, to the lessee at the termination of the lease. Payments by the lessee are assumed to be large enough to allow the lessor to recover the original cost of the equipment plus interest. An operational lease does not meet any of the above three conditions, and the lessor generally expects to lease the equipment several times. Payments by the lessee cover depreciation, profit, and administrative expenses.

Export and Import Trade [34] and other Census Bureau publications.

First, BEA retabulates the Census Bureau export and import data to correct for timing discrepancies, which arise when exports or imports of goods are reported by the Census Bureau in one period, but are actually shipped or received in another. This retabulation is based on information provided by the Census Bureau. Then, BEA adjusts the data for coverage and valuation to bring them into conformity with balance of payments concepts, and for seasonal variation. Seasonally adjusted quarterly totals are derived by summing the seasonally adjusted monthly data.

Commodity classification.—The Census Bureau commodity classification of exports and imports is based on the physical nature of commodities and their stage of processing or on the industry categories associated with their production. In balance of payments presentations, BEA classifies commodity data in broad commodity categories based on the concept of end-use demand. This end-use commodity classification system was developed by BEA in the mid-1950's to make it easier to relate changes in merchandise trade to production and income data. For example, the end-use categories “automotive vehicles, parts, and engines,” “consumer goods,” and “capital goods” are related to their counterparts in the national income and product accounts (NIPAs) and to the individual production indexes of the Federal Reserve Board; the category “foods, feeds, and beverages” is related to NIPA farm production and income; and the category “industrial supplies and materials” reflects changes in the total industrial production index.

The end-use commodity classification system has undergone a number of changes since its introduction. The system currently in use incorporates the Harmonized System (HS), which, for the United States, comprises nearly 8,000 10-digit export codes (product designations) and 14,000 10-digit import codes. The HS was developed under the auspices of the International Customs Cooperation Council, which sought to establish an internationally accepted standard for the classification of internationally traded goods, in order to eliminate one source of nontariff trade barriers. (A complete outline of the current end-use system is presented in the June 1988 SURVEY.)

Export and import data classified by end-use categories are prepared quarterly and are published in the international transactions articles in the SURVEY. End-use data were first published by BEA in 1963 [53]. More comprehensive data were published in 1970 [49], and further details were made available in 1977 [51]. A time series for recent years is available from BEA [50].

Table II-1.—Census Bureau Statistics on Merchandise Trade Used in Preparing the Balance of Payments

	Exports	Imports
Source	Shipper's Export Declaration (Commerce Department Form 7525) or equivalent, filed at point of export; direct Department of Defense reports to the Census Bureau on shipments under military assistance program grant-aid.	Import entry (Customs Form 7501) and warehouse withdrawal (Customs Form 7502), filed at the point of entry.
Merchandise coverage.	Shipments of domestic and foreign merchandise by U.S. persons, involving both commercial and noncommercial transactions. Domestic merchandise consists of commodities grown, produced, or manufactured in the United States, and commodities of foreign origin that have been changed from the form in which they were imported. Foreign merchandise consists of commodities of foreign origin that are substantially in the same condition as when imported.	Foreign merchandise imported by U.S. persons, involving both commercial and noncommercial transactions. General imports are items for immediate consumption and entries into Customs bonded warehouses and foreign trade zones.
Valuation	Transaction price f.a.s. at U.S. port of export. Transaction price includes inland freight, insurance, and other charges incurred in placing merchandise alongside the carrier.	Customs value. Customs value is the price actually paid or payable for merchandise at foreign port of exportation, excluding import duties, freight, insurance, and other charges incurred in bringing the merchandise to the United States.
Commodity classification.	Commodity information is collected and published in terms of the HS Codes introduced by the United States in January 1989; the HS is an internationally used classification system of goods designed to facilitate comparability between exports and imports. U.S. exports are classified under 8,000 HS Codes.	Commodity information is collected and published in terms of the HS Codes introduced by the United States in January 1989; the HS is an internationally used classification system of goods designed to facilitate comparability between exports and imports. U.S. imports are classified under 14,000 HS Codes.
Types of information	Commodity data are published in terms of value, shipping weight, and method of transportation.	
Geographic coverage.	U.S. Customs territory (50 States, District of Columbia, and Puerto Rico), the U.S. Virgin Islands, and U.S. foreign trade zones.	
Exclusions	<p>Merchandise in transit through the United States from one foreign country to another;</p> <p>Shipments (a) between the United States and Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, and other U.S. possessions; (b) between any of these outlying areas; (c) between Guam, American Samoa, and other U.S. possessions and foreign countries;</p> <p>Temporary exports or imports, defined as merchandise shipped for a period of less than 1 year;</p> <p>U.S. merchandise returned by U.S. Armed Forces for their own use and shipments to U.S. Armed Forces and other U.S. Government units abroad for use abroad;</p> <p>Purchases of vessels;</p> <p>Purchases of bunker fuels and other supplies and equipment by U.S. carriers abroad and by foreign carriers in the United States;</p> <p>Other: Electrical energy; personal and household effects of travelers; gift parcels; issued monetary coins.</p>	
Publication schedule	Monthly export and import data are published by the Census Bureau with a 45-day lag.	
Publication of data	<i>Highlights of U.S. Export and Import Trade</i> , issued monthly by the Census Bureau. Other sources of detailed commodity and country data are listed in the <i>Guide to Foreign Trade Statistics</i> , issued periodically by the Census Bureau.	

f.a.s. Free alongside ship.
 HS Harmonized System.

Geographic attribution.—A problem of geographic classification of export shipments in the Census Bureau data may arise when the country of destination shown on the Shipper's Export Declaration form is not the ultimate destination. For example, some shipments shown as exports to the Netherlands may in fact be destined for buyers in other European countries, but, because they are unloaded from vessels at Netherlands ports and transhipped via various modes of transportation to buyers elsewhere, the geographic attribution is incorrect. In the case of agricultural exports, BEA adjusts Census Bureau data for transshipments from Netherlands, Belgian, and West German ports, based on data from the U.S. Department of Agriculture. BEA has no data to make similar adjustments for nonagricultural products. Similar problems arise for imports when the country in which the merchandise was grown, mined, or manufactured cannot be determined. It is the usual procedure for the Census Bureau to attribute the transactions to the country of shipment. Again, BEA has no basis on which to make any adjustment.

Another type of geographic problem may arise from international leasing transactions. For example, when a foreign resident purchases aircraft in the United States, but leases it to an airline in another country, the country of destination shown on the Shipper's Export Declaration form is that of the lessee, not that of the lessor (the owner of the equipment). If the foreign owner leases the aircraft to a U.S. airline, no export document is filed because the aircraft does not physically leave the United States. Because the transaction is omitted from the trade data, there is a statistical discrepancy in the balance of payments because the capital account may include an entry

for the financing of this transaction vis-a-vis the country of the lessor.

1 Merchandise Exports, Excluding Military (line 2)

This account measures the value of domestic and foreign merchandise (reexports) exported from the United States. As described earlier, the balance of payments estimates are based on export data compiled and published by the Census Bureau. Definitions of domestic and foreign merchandise and other characteristics of the Census Bureau export data, such as sources, coverage, valuation, and commodity classification, are presented in [table II-1](#).

The procedures used in making the coverage, valuation, and other adjustments to the Census Bureau export data needed to bring them into conformity with balance of payments concepts are described below. The adjustments fall into eight major categories. [Table II-2](#) shows the derivation of merchandise exports on a balance of payments basis for 1988.

The largest adjustments are (1) a net addition to correct the value of exports to Canada and (2) a deduction for the value of transfers under foreign military sales (FMS) contracts.

- (1) The net addition to adjust the value of exports to Canada is based primarily on annual reconciliations of United States-Canadian trade data by the Census Bureau and Statistics Canada [28]. The major components are:
 - (a) Addition for U.S. inland freight valuation to correct for the omission in the Census Bureau export data of certain inland transportation and insurance charges to U.S. border points. The adjustment factor is based on a special Census Bureau sample study [35].
 - (b) Addition for the value of electric energy supplied to Canada, based on Canadian and U.S. Department of Energy data [59].
 - (c) Deduction for U.S. grain shipped for storage in Canada and addition for subsequent delivery of U.S.-owned grain from Canadian warehouses. Adjustments are based on data from the U.S. Department of Agriculture [30] and the Census Bureau [35].
 - (d) Miscellaneous valuation, error, definition, and timing adjustments, as identified in the annual reconciliations of the United States-Canadian current account data by BEA and Statistics Canada [46].⁶

Table II-2.—Derivation of U.S. Merchandise Exports, Balance of Payments Basis, Excluding Military, 1988 (Line 2)

[Millions of dollars]

Merchandise exports, Census basis, including reexports and military grant-aid shipments	322,471
Adjustments:	
Exports to Canada	1,927
Inland U.S. freight (valuation)	1,845
Electric energy	47
Grain exports:	
For storage in Canada	-240
Via Canada	273
Miscellaneous	2
FMS identified in Census documents	-5,221
Military grant-aid identified in Census documents	-8
Private gift parcels	245
Nonmonetary gold	592
Vessels omitted from Census data	31
Electric energy to Mexico	5
Exposed motion picture film	-49
Sales of fish	205
Repair of equipment	-859
Errata	-86
Merchandise exports, balance of payments basis, excluding military ...	319,251

FMS Foreign military sales.

6. Changes introduced in 1989 and 1990 eliminated the need for most of these adjustments. Beginning in 1989, with the introduction of the harmonized classification system, electric energy to Canada (b) is included in Census published data. (BEA still makes an adjustment for exports and imports of electric energy to and from Mexico.) Beginning in 1990, the United States and Canada exchange import data so that each can use the other country's import data for its exports. This exchange eliminated the need for the inland freight adjustment (a) and the miscellaneous valuation, error, definition, and timing adjustments (d). The only adjustment still being made is the grain adjustment (c) for storage in Canada and subsequent shipment from Canada to third countries.

- (2) The deduction for the value of transfers under U.S. military agency sales contracts is made because the Census Bureau includes transfers under FMS contracts in the merchandise data, but BEA includes them in transfers under U.S. military agency sales contracts (line 4). The adjustment is based on data obtained from regular BEA reviews of unpublished Census Bureau tabulations of shipments valued over \$100,000, augmented by special information provided by the U.S. Department of Defense.
- (3) A deduction is made for military grant-aid shipments because the Census Bureau includes them in merchandise exports, but BEA includes them in transfers of goods and services under U.S. military grant programs (line 15). The adjustment is based on Census Bureau documents.
- (4) An addition is made for private gift parcels mailed through the U.S. Postal Service because Census Bureau data do not cover these items. The adjustment is based on a BEA survey of postal operations. For details, see "Private Remittances and Other Transfers," where the financial counterpart of this item is included.
- (5) An addition is made for nonmonetary gold not included in Census Bureau data. This involves gold that is received at the Federal Reserve Bank of New York and held in custody for foreign official accounts; no export documents are filed for this gold. The adjustment is based on the monthly average of daily fixings of London gold prices (data on the morning and afternoon fixings of gold prices in London are reported daily in the financial press) and on unpublished data provided by the Federal Reserve Bank of New York. Effective with data for January 1978, most exports of nonmonetary gold (ore, scrap and base bullion, refined bullion, etc.) are included in Census Bureau data.
- (6) An addition is made for exports of vessels omitted from Census Bureau data, particularly "sail away" exports and sales overseas, for which no export documents are filed. The adjustment is based on unpublished data from the Department of Transportation and on data from media reports [13, 19, 22] and the United Nations [27].
- (7) An addition is made for electric energy supplied to Mexico. The adjustment is based on U.S. Department of Energy data [59].
- (8) A deduction is made for exposed motion picture film for sale or rent [37] because, in the balance of payments, these exports are included in receipts for other private services (line 9).
- (9) An addition is made for exports of fish caught within the 200-mile limit established as U.S. territorial waters, based on data provided by the National Oceanic and Atmospheric Administration.
- (10) A deduction is made for the value of repairs and alterations included in the Census data for equipment exported from the United States. This item is included in other private services (line 9).

2 Merchandise Imports, Excluding Military (line 17)

This account measures the value of foreign merchandise imported into the United States. As described earlier, the balance of payments estimates are based on import data compiled and published by the Census Bureau. Definitions of foreign merchandise and other characteristics of the Census Bureau data, such as sources, coverage, valuation, and commodity classification, are presented in [table II-1](#).

The procedures used in making the coverage, valuation, and other adjustments to the Census Bureau import data needed to bring them into conformity with balance of payments concepts are described below. The adjustments fall into five major categories. [Table II-3](#) shows the derivation of merchandise imports on a balance of payments basis for 1988.

The largest adjustments are (1) an addition for imports from Canada and (2) a deduction for imports of U.S. military agencies.

- (1) The addition for imports from Canada is based on the quarterly reconciliations of United States-Canadian trade data by the Census Bureau and Statistics Canada [28] and on the annual reconciliations of United States-Canadian current account data by BEA and Statistics Canada [46]. The major components are:
 - (a) Addition to imports at the Canadian border to reflect inland freight costs [5].
 - (b) Addition for the value of electric energy imported from Canada, based on Canadian [6] and U.S. Department of Energy data [59]. (After 1990, this adjustment is no longer made.)
 - (c) Miscellaneous valuation, error, definition, and timing adjustments, as identified in the United States-Canadian reconciliations of merchandise trade and current account data.

Table II-3.—Derivation of U.S. Merchandise Imports, Balance of Payments Basis, Excluding Military, 1988 (Line 17)
[Millions of dollars]

Merchandise imports, Census basis (general imports)	441,351
Adjustments:	
Imports from Canada	3,003
Inland Canadian freight (valuation)	2,254
Electric energy	749
Miscellaneous	
Military imports identified in Census documents	-1,686
Nonmonetary gold	3,576
Vessels omitted from Census data	100
Electric energy from Mexico	95
Repair of equipment	-515
Other	-75
Guam	
Exposed movie film	-61
Repair of U.S. vessels abroad	-14
Errata	617
Merchandise imports, balance of payments basis, excluding military ...	446,466

- (2) The deduction for imports by U.S. military agencies is made because BEA includes these imports in direct defense expenditures (line 19). The adjustment is based on data obtained from regular BEA reviews of Census Bureau import documents.
- (3) An addition is made for nonmonetary gold not included in Census Bureau statistics. This involves gold sold by foreign official agencies to private purchasers out of stock held at the Federal Reserve Bank of New York; no import documents are filed for this gold. The adjustment is based on the average of daily fixings of London gold prices and on unpublished data provided by the Federal Reserve Bank of New York. For 1980 and some prior years, the adjustment also included the value of gold sold at International Monetary Fund auctions out of stocks held in the United States, regardless of whether the purchaser was a U.S. or foreign resident; the valuation was the average bid price. Purchases by foreign official agencies taking immediate delivery were excluded. Effective with data for January 1978, most imports of nonmonetary gold (ore, scrap and base bullion, refined bullion, etc.) are included in the Census Bureau data.
- (4) An addition is made for the conversion and subsequent import of vessels for commercial use omitted from the Census Bureau data. Information is obtained from media reports [13, 19, 22] and the United Nations [27].
- (5) An addition is made for the value of electric energy imported from Mexico. The adjustment is based on U.S. Department of Energy data [59].
- (6) A deduction is made for the value of repairs and alterations included in the Census data for equipment imported into the United States. This item is included in other private services (line 24).
- (7) Additions or deductions are made for other types of imports, including deductions for imports of exposed movie film (included in payments for other private services, line 24) and for repairs of U.S. vessels abroad (included in other transportation, line 22). These adjustments are based on Census Bureau data [39].

Military Transactions

The military accounts (lines 4 and 19) cover international transactions in which U.S. Government military agencies participate. Commercial transactions between U.S. private firms, on the one hand, and foreign firms and governments, on the other, involving military types of goods or services without military agency participation are not included here. Thus, the transactor is the basis for classification, because it is impossible to distinguish between military and commercial transactions on the basis of the nature of the goods; for example, truck engines or radar equipment can be used for both military and civilian purposes.

The military accounts exclude exports and imports of goods and services procured outside military agency channels; these goods are included in merchandise trade (lines 2 and 17), and services are included either in other private services (lines 9 and 24) or U.S. Government miscellaneous services (lines 10 and 25). The military accounts also exclude transfers of goods and services to foreign governments under U.S. military grant programs; these are included in transfers of goods and services under U.S. military grant programs (line 15).

In the military accounts, transfers of goods and services to foreign governments are recorded as receipts, and direct defense expenditures abroad are recorded as payments. Because military installations abroad are considered within the U.S. economy, receipts include deliveries of military equipment to foreign governments from U.S. installations abroad, and payments include purchases of goods and services from foreigners for use at U.S. installations abroad. Estimates are based primarily on data submitted quarterly by U.S. military agencies to BEA as required by Office of Management and Budget (OMB) Directive No. 19. This directive is supplemented by detailed U.S. Department of Defense (DOD) instructions to its various agencies, especially DOD Instruction 7060.2 [55].

DOD reimbursable contractual activities abroad (mostly reconstruction and related services) are recorded in both receipts and payments. When a foreign government or an international organization contracts for DOD services, the foreign entity's provision of funds to DOD creates a U.S. liability. DOD, acting as a prime contractor, draws on these funds to pay its agencies, U.S. contractors, and foreign contractors for the delivery of goods and the rendering of services. Delivered goods and services are recorded as transfers under U.S. military agency sales contracts and the liability is liquidated. To the extent that foreign goods and services are procured (including those purchased by U.S. contractors) to fulfill DOD contractual obligations, purchases are recorded as direct

defense expenditures abroad. Net receipts or payments from these reimbursable contractual activities overseas are the difference between total DOD deliveries to fulfill the contracts (transfers) and expenditures for foreign goods and services used in these contracts (direct defense expenditures). If foreign contractors purchase U.S.-origin goods and services, these purchases are recorded (but not identified) in the merchandise trade account.

Direct defense expenditures abroad do not measure the cost of conducting U.S. military operations abroad. On the one hand, costs incurred in the United States for repair, maintenance, and the procurement of equipment, materials, and supplies for U.S. troops and installations abroad are not included. On the other hand, direct defense expenditures abroad include payments to foreign suppliers utilized for construction undertaken abroad for foreign governments.

1 U.S. Receipts—Transfers Under U.S. Military Agency Sales Contracts (line 4)

This account measures transfers of goods and services by U.S. Government military agencies to foreign governments under foreign military sales (FMS) program contracts and some non-FMS transfers (see [table II-4](#)).

The FMS program is authorized under the provisions of the Arms Export Control Act of 1976 (Public Law 90-629, as amended) and predecessor legislation. Deliveries may be financed by cash, grants, or credits under various foreign assistance programs. In most cases, U.S. military

Table II-4.—Transfers Under U.S. Military Agency Sales Contracts, 1988 (Line 4)
[Millions of dollars]

Total	10,050
Transfers under FMS contracts	9,795
Goods	7,413
Aircraft	4,481
Ships	121
Vehicles and weapons	854
Ammunition	150
Missiles	1,157
Communications equipment	405
Other equipment	244
Services	2,383
Construction	485
Repair and rehabilitation of equipment	197
Supply operations	441
Training	400
Other services ¹	860
Non-FMS transfers	255

1. Contains nonspecific FMS deliveries.
FMS Foreign military sales.

agencies transfer the goods or services directly to foreign governments; the transfer may be made abroad or in the United States for immediate shipment abroad or for use in the United States. In the latter case, although the goods physically remain in the United States (for example, equipment to train foreign personnel), ownership is transferred to a foreign government. Transfers may also be made from stocks at U.S. military installations abroad.

The quarterly reports submitted under OMB Directive No. 19 contain details of FMS deliveries by broad product category, by country of destination, and by military service (Army, Navy, Air Force, etc.). The distinction between receipts for goods and services is not precise for some categories, particularly "construction" and "repair and rehabilitation of equipment."

Receipts arising from non-FMS transfers are relatively small. They include sales abroad of surplus equipment that would be too costly to return to the United States (such as used vehicles and office equipment); sales of material and services to foreign countries or international organizations under logistical support programs (such as sales of goods and services to Israel for construction in the Sinai Desert); sales of petroleum products and other goods and services to foreign naval vessels and aircraft; and receipts for services provided to United Nations peace-keeping forces in Cyprus. Returns to foreign governments of military equipment borrowed by the United States are also included in receipts. In general, non-FMS deliveries are recorded on the basis of receipt of funds by the U.S. Government, which is presumed to occur within 30 days following delivery.

2 U.S. Payments—Direct Defense Expenditures (line 19)

This account primarily measures direct defense expenditures incurred abroad by military agencies (see table II-5). The account covers (1) expenditures by U.S. personnel abroad, (2) payments of wages to foreign residents, (3) construction expenditures abroad, (4) payments for foreign contractual services, (5) procurement of foreign goods, (6) purchases of foreign goods and services for military assistance programs, (7) North Atlantic Treaty Organization (NATO) support project payments, and (8) purchases of foreign goods and services by the U.S. Coast Guard. The account also includes returns of leased military equipment to the United States from foreign governments.

The account excludes (1) overseas procurement and import into the United States of goods by U.S. private firms in fulfillment of defense contracts, which are included in merchandise imports (line 17); (2) procurement of crude oil by DOD on behalf of the U.S. Department of Energy for the Strategic Petroleum Reserve, which is also included in merchandise imports; (3) expenditures abroad incurred by U.S. transportation companies for their own account on cargoes carried for DOD, included in other transportation (line 22); (4) expenditures abroad by DOD for certain civil functions, included in U.S. Government miscellaneous services (line 25); and (5) military pension

payments to persons residing outside the United States, included in U.S. Government pensions and other transfers (line 33).

Direct defense expenditures are generally recorded on a cash disbursement basis. Payments are presumed to occur within 30 days following receipt of the goods or services.

In addition to data reported under OMB Directive No. 19, estimates of direct defense expenditures are based on data from supplementary sources of information, including reports by the individual military services on their operating strength in foreign locations [57] and DOD reports submitted for a NATO defense expenditure questionnaire [56].

2.1 Expenditures by U.S. personnel abroad

This item consists of (1) personal expenditures by U.S. civilian and military personnel stationed abroad, (2) personal expenditures abroad by U.S. naval personnel homeported in the United States, and (3) expenditures by military exchanges and similar facilities abroad.

The estimates for personal expenditures abroad by military and civilian personnel are based on the amount paid—in the form of checks, cash, and electronic transfers—to U.S. military personnel and civilian personnel and their dependents stationed abroad. These payments include allowances, claim payments, and allotments mailed to foreign addresses. The following items are added to derive an estimate of funds available for spending abroad: (1) Paychecks mailed by DOD to banks or financial institutions, foreign or domestic, for credit to the individual accounts of these personnel, (2) money orders cashed by individuals in military postal facilities abroad, and (3) reimbursable expenditures by personnel on temporary duty abroad.

Table II-5.—U.S. Direct Defense Expenditures, 1988 (Line 19)
[Millions of dollars]

Total	14,656
Expenditures by U.S. personnel abroad	3,708
Personal expenditures by military and civilian personnel	1,950
Personal expenditures by naval personnel homeported in the United States	187
Expenditures by military exchanges and similar facilities	1,571
Payments of wages to foreign residents	2,369
Direct hire	536
Contract hire	1,832
Construction expenditures abroad	690
Direct DOD use	472
Reimbursable from foreign governments	218
Payments for foreign contractual services and other transactions	5,391
Direct DOD use	5,338
Reimbursable from foreign governments	53
Procurement of foreign goods	2,148
Direct DOD use	2,097
Major equipment	727
Petroleum (excluding the Strategic Petroleum Reserve)	612
Other materials and supplies	758
Reimbursable from foreign governments	51
Military assistance programs	37
NATO infrastructure projects	301
Coast Guard expenditures	11

DOD U.S. Department of Defense.
NATO North Atlantic Treaty Organization.

Because many personal expenditures are made at U.S. installations abroad, the following items are deducted: (1) Sales by foreign-based military exchanges, commissaries, and similar facilities of foreign and U.S. goods and services to military and civilian personnel of U.S. military and nonmilitary agencies, (2) sales of money orders and stamps, fees collected by military postal facilities, sales of bank money orders, and fees collected by base exchanges, and (3) other DOD sales to individuals, including clothing store cash sales, and DOD receipts for drycleaning, laundry, and other services. A deduction is also made for one-half of the amount of paychecks mailed to addresses in the United States by disbursing officers on behalf of personnel located abroad.⁷

After these deductions are made, the remainder is assumed to represent the net amount of funds spent directly in the local economy of each foreign country by U.S. military and civilian personnel and their dependents stationed abroad. No information is available on the amount of funds returned to the United States through private channels by DOD personnel or their dependents stationed abroad, or on the amount of funds received by them from the United States through private channels.

The estimates for personal expenditures abroad of naval personnel homeported in the United States are based on the number of port calls, average length of stay, and average per capita amount spent directly in the local economy of each foreign country. The basic information is obtained by DOD from surveys of personnel returning from port leave in various countries.

The estimates for expenditures by military exchanges and similar facilities abroad are based on data on known purchases of *foreign* goods and services by military exchanges and other nonappropriated fund activities, such as officers' clubs and movie facilities located abroad. This measure of expenditures in local economies is used in lieu of an expenditure figure obtained directly from U.S. military and civilian personnel and their dependents. Expenditures abroad for foreign products by commissaries are included in the category "procurement of foreign goods," discussed below.

If military exchanges purchase goods and services in one foreign country, but sell them in another, the purchases are reported for the country where the goods and services are bought and the sales are recorded for the country where they are later sold. For example, goods purchased in Japan for sale in Korea are recorded as expenditures in Japan when purchased, and as sales in Korea when sold.

2.2 Payments of wages to foreign residents

This item consists of direct payroll expenditures for foreign employees and payments for the hire of foreign residents under government-to-government contracts. Payments include U.S. Government contributions to foreign retirement programs and separation allowances.

7. The assumption regarding paychecks reflects the fact that subsistence and living quarters are generally provided by U.S. military agencies to their personnel abroad and that, in many cases, dependents live in the United States.

2.3 Construction expenditures abroad

This item consists of foreign expenditures of U.S. prime contractors and their U.S. and foreign subcontractors, including the U.S. contractors' and subcontractors' personnel, for foreign goods and services in connection with both the construction of installations abroad for DOD use and the reimbursable construction undertaken for foreign governments. Payments to U.S. contractors for work abroad are net of expenditures in the United States for U.S. products and services. Data are classified primarily by the country where the installation is located. Payments to foreign prime contractors for construction abroad are also included and are classified by the country where the foreign contractor is incorporated.

2.4 Payments for foreign contractual services

This item consists of DOD payments for services performed at U.S. installations abroad by foreigners, such as real property maintenance and repair, and payments for utilities, communications, and transportation. Also included are DOD payments for services under reimbursable contracts. Payments to U.S. contractors for work abroad are net of expenditures in the United States for U.S. products and services.

2.5 Procurement of foreign goods

This item consists of (1) direct DOD expenditures for major equipment, petroleum, and other materials and supplies and (2) DOD payments to foreign suppliers under reimbursable contracts.

Major equipment expenditures abroad are made under appropriations for the procurement of items such as aircraft and missiles and for the repair, transportation, and other services related to major equipment. Included are purchases of (1) foreign products to be used or stockpiled abroad and (2) foreign products imported into the United States by U.S. military agencies on military or commercial carriers. Expenditures for petroleum and other materials and supplies, including foreign food products purchased by U.S. commissaries abroad, are made from both appropriated and nonappropriated funds. Payments by DOD to foreign suppliers under reimbursable contracts with foreign governments are also included. Payments made to U.S. contractors are net of expenditures in the United States for U.S. products and services.

2.6 Military assistance programs

This item consists of U.S. payments to defray international military headquarters expenses and certain other outlays related to the administration of the Military Assistance Program (MAP), including its Offshore Procurement Program. MAP was originally established to develop the military capacity of U.S. allies by transfers of grant-aid. The offshore program was established to enhance the military productive capacity of the allies by buying abroad some of the equipment that was previously delivered under grant programs from U.S. production.

2.7 NATO infrastructure projects

This item consists of payments by the United States for its share of multinational construction costs for airfields, pipelines, and communications and naval facilities under the NATO infrastructure program; the installations are utilized by the forces of all NATO countries. Also included are U.S. contributions to the multinational acquisition fund for the Airborne Early Warning and Control System; this fund is used by NATO to acquire special

aircraft and ground facilities to monitor, coordinate, and support activities of NATO forces in European airspace.

2.8 Coast Guard expenditures

This item consists mainly of payments to maintain Coast Guard installations abroad that provide navigational assistance to the U.S. military and to U.S. maritime commerce. Expenditures abroad by Coast Guard personnel are also included.

Travel

The travel accounts (lines 5 and 20) cover purchases of goods and services by U.S. travelers abroad and by foreign visitors to the United States. A traveler is defined as a person who stays for a period of less than 1 year in a country of which he is not a resident. Military and other government personnel and their dependents stationed outside their country of residence are not considered travelers, regardless of the length of their stay abroad; they are considered to have remained within the economy of their home country. The definition of travelers also excludes owners or employees of business enterprises who temporarily work abroad in order to further the enterprise's business, but intend to return to their country of residence in a reasonable period of time.

Purchases of goods and services by U.S. travelers abroad, and by foreign visitors to the United States, consist of expenditures for food, lodging, recreation, gifts, and other items incidental to a foreign visit. Also included is local transportation purchased in the country of travel. Passenger fares for travel between the United States and overseas countries, Canada, or Mexico, when paid by U.S. travelers to foreign carriers or paid by foreign visitors to U.S. carriers are excluded; they are covered in the passenger fares accounts (lines 6 and 21).

The travel accounts also exclude expenditures abroad by employees and their dependents of U.S. Government nonmilitary agencies (included in U.S. Government miscellaneous services, line 25), expenditures abroad by U.S. military personnel and their dependents stationed abroad (included in direct defense expenditures, line 19), and expenditures in the United States of foreign governments and international organizations, expenditures of U.S. business employees who temporarily work abroad, and expenditures of Mexican workers who commute to jobs in the U.S. border area (all included in other private services, lines 9 and 24).

The method of estimating the travel accounts involves, in general, combining data on numbers of travelers, provided by U.S. and foreign immigration authorities, with estimates of average expenditures, obtained from three U.S. surveys of travelers (see [table I-3](#)). If average expenditures are not available, data on numbers of travelers are combined with changes in a relevant price index. Expenditures of U.S. travelers overseas and of foreign visitors to the United States are estimated on the basis of a survey administered by the U.S. Travel and Tourism Administration (USTTA), U.S. Department of Commerce, and designed in part to meet balance of payments estimation needs. The survey is conducted aboard a sample of scheduled flights departing the United States; it covers about 70 percent of U.S. carriers and 35 percent of foreign carriers, who voluntarily choose to participate. Sample

results are expanded to universe estimates to account for nonresponse of passengers on each sampled flight, for coverage of all flights on each major airline route, and for all international routes. The basis for the expansion is the number of passengers departing the United States, obtained from the Immigration and Naturalization Service (INS), U.S. Department of Justice.

Coverage of individual areas or countries in the USTTA survey is highly uneven in quality. The unevenness is partly due to the voluntary participation of air carriers and cannot be compensated for fully in the estimation procedure. The unevenness is reflected in the overseas totals, which are the sum of the individual area and country estimates.

Expenditures of U.S. travelers in Canada and Mexico are estimated on the basis of data from BEA surveys, as described below. Response to the travel questionnaires is voluntary.

1 U.S. Receipts (line 5)

This account measures foreign visitors' expenditures in the United States, as defined earlier (see [table II-6](#)). Receipts are estimated separately for overseas, Canada, and Mexico.

Table II-6.—U.S. Travel Receipts, by Area, 1988 (Line 5)
[Millions of dollars]

Total	29,202
Overseas	22,574
Western Europe	9,795
United Kingdom	2,643
Belgium-Luxembourg	173
France	942
Germany, Federal Republic of	1,950
Italy	634
Netherlands	322
Denmark, Ireland, Greece, Spain, and Portugal	913
Other Western Europe	2,218
Eastern Europe	179
Caribbean, Central and South America	3,636
Japan	4,926
Australia	702
Other countries in Asia and Africa	3,336
Canada	3,976
Mexico	2,652
U.S. border area	2,092

1.1 Overseas

The estimating procedure starts with data obtained from INS [63] on the number of nonimmigrant aliens admitted to the United States. Foreign residents arriving to take up employment with international organizations or private business concerns are excluded. Data are grouped according to balance of payments estimating areas and countries, as shown in table II-7.

Average travel expenditures of foreign travelers in the United States from each major area or country are developed from data in the USTTA survey described earlier. These averages are multiplied by the number of visitors from the same areas or countries obtained from INS data. The sum of all major areas and countries is the estimate for overseas travel receipts. For those who travel on a tour package, only expenditures on land are included as travel receipts; the airfare paid to U.S. carriers is included in passenger fare receipts.

Because results of the USTTA survey are only available with a lag, BEA uses a simplified methodology to develop estimates for the most recent quarters. First, the percent change between the current quarter and the same quarter of the previous year in the number of visitors from each area is calculated from the INS data. Next, the percent change in the U.S. Consumer Price Index [18] is computed in a similar manner. Then, these two percent changes for each area or country are added and applied to the estimate of travel receipts for the same quarter of the previous year to obtain an estimate of expenditures by overseas visitors to the United States for the most recent quarter.

1.2 Canada

Since 1939, BEA has collaborated with Statistics Canada in estimating travel transactions between the two countries. BEA uses Statistics Canada estimates of Canadian travel expenditures in the United States as a measure of U.S. travel receipts from Canada. The Canadian estimates are derived from questionnaires distributed to returning Canadians (see table II-8), from which average expenditures are developed and applied to the number of Canadians returning. Data provided by Statistics Canada [8] on the number of travelers are grouped by method of

transportation, length of stay, and other factors, as shown in table II-8.

1.3 Mexico

U.S. travel receipts from Mexico are estimated separately for expenditures of Mexican travelers in the interior of the United States and in the U.S. border area. The major sources of information are INS and the Bank of Mexico. Estimating the travel account with Mexico is particularly difficult because the two-way traffic across the border is enormous; many travelers cross the border for short periods and remain only in the border area. Detailed data on traffic, comparable to those for the United States-Canadian border, are not collected either by Mexico or by the United States, although data by point of entry are available.

Interior travel.—The estimate of the number of Mexican visitors to the U.S. interior is based on monthly INS data [63] on the number of nonimmigrant Mexicans admitted beyond the U.S. border area: All Mexican air travelers and 60 percent of land and sea travelers are considered by BEA to be visitors to the U.S. interior.

The estimate of the average expenditure of Mexican visitors in the U.S. interior is made by adjusting the average expenditure figure estimated for the same quarter of the previous year by the change in the U.S. Consumer Price Index. The resulting figure is then multiplied by the number of Mexican visitors to estimate U.S. receipts from interior travel.

Border travel.—U.S. receipts in the border area are based on data from Bank of Mexico surveys of Mexicans returning from the United States. The Bank of Mexico uses counts of citizen and alien border crossers by the INS to corroborate its own traffic estimates. The data are published by the Bank of Mexico [20].

Table II-7.—Overseas Visitors to the United States, by Area, 1988
[Thousands]

Total	12,494
Western Europe	5,651
United Kingdom	1,818
Belgium-Luxembourg	123
France	618
Germany, Federal Republic of	1,153
Italy	357
Netherlands	248
Denmark, Ireland, Greece, Spain, and Portugal	475
Other Western Europe	859
Eastern Europe	111
Caribbean, Central and South America	2,367
Japan	2,534
Australia	336
Other countries in Asia and Africa	1,495

Table II-8.—Canadian Visitors to the United States, by Method of Transportation, 1988
[Thousands]

Total	51,308
Auto	45,500
Same day	36,185
One night	1,406
Two or more nights	7,909
Bus	1,416
Same day	845
One or more nights	571
Rail	30
Other land	435
Air	3,555
Commercial	3,497
Private	58
Sea	372
Commercial	243
Private	129

Source: Statistics Canada.

2 U.S. Payments (line 20)

This account measures expenditures abroad by U.S. travelers, as defined earlier (see [table II-9](#)). Expenditures for local transportation abroad are included. Expenditures are estimated for overseas, Canada, and Mexico.

2.1 Overseas

Overseas expenditures of U.S. travelers are estimated by combining U.S. Department of Transportation data [70], which incorporate INS data on the number of U.S. citizens departing the United States by country or region of debarkation, with average expenditures of travelers, developed from the USTTA survey described earlier (see [table II-10](#)).

Average expenditures for each major area or country are multiplied by the number of travelers to each major area or country, obtained from INS data and the results summed. Information on single and multiple destinations of travelers, also developed from the survey, serves as the

Table II-9.—U.S. Travel Payments, by Area, 1988 (Line 20)

[Millions of dollars]

Total	32,112
Overseas	24,151
Western Europe	11,004
United Kingdom	3,324
Belgium-Luxembourg	166
France	1,187
Germany, Federal Republic of	2,413
Italy	1,700
Netherlands	186
Denmark, Ireland, Greece, Spain, and Portugal	994
Other Western Europe	1,034
Eastern Europe	244
Caribbean, Central and South America	4,486
Japan	1,793
Australia	781
Other countries in Asia and Africa	5,843
Canada	3,241
Mexico	4,720
Mexican border area	2,748

NOTE.—Data include shore expenditures of cruise travelers.

Table II-10.—U.S. Travelers to Overseas Areas, by Destination, 1988

[Thousands]

Total	21,280
Western Europe	11,308
United Kingdom	3,252
Belgium-Luxembourg	332
France	1,435
Germany, Federal Republic of	1,846
Italy	1,523
Netherlands	407
Denmark, Ireland, Greece, Spain, and Portugal	1,199
Other Western Europe	1,314
Eastern Europe	245
Caribbean, Central and South America	5,383
Japan	1,023
Australia	477
Other countries in Asia and Africa	2,844

NOTE.—Because some travelers visit more than one country, components do not add to totals.

basis for the allocation of expenditures abroad. For tours, an estimate of commissions paid to U.S. travel agents and tour operators is deducted before travel payments are computed, and tour package airfares that are paid to foreign carriers are removed and placed in passenger fare payments.

The survey questionnaire for payments asks travelers departing the United States how much they intend to spend while abroad; thus, it is a survey of intended rather than of actual expenditures. The relationship between intended and actual expenditures is unknown. Consequently, for balance of payments purposes, the estimates of payments may be less reliable than those of receipts.

Because results of the USTTA survey are available only with a lag, BEA uses a simplified methodology to develop estimates for the most recent quarters. First, the percent change between the current quarter and the same quarter of the previous year in the number of U.S. travelers to each area or country is calculated from INS data. Next, the percent change in the consumer price index in the appropriate area or country, adjusted for changes in exchange rates, is computed in a similar manner. Then, these two percent changes for each area or country are added and applied to estimates of travel payments for the same quarter of the previous year to obtain estimates of U.S. travel expenditures abroad for the most recent quarter.

2.2 Canada

BEA collaborates with Statistics Canada in estimating U.S. travel expenditures in that country. Monthly data on the number of U.S. residents visiting Canada are supplied by Statistics Canada by port of entry and by type of transportation [7], based on actual count by Canadian immigration officials at border points (see [table II-11](#)). The data are combined with average expenditure figures, developed from BEA sample data in the BE-536, "Survey of U.S. Travelers Visiting Canada." The BE-536 is distributed continuously at border points by INS and U.S. Customs Service inspectors to returning U.S. residents.

Table II-11.—U.S. Travelers to Canada, 1988

[Thousands]

Total	36,147
Auto	30,380
Same day	21,465
One night	1,835
Two or more nights	7,080
Bus	1,542
Same day	711
One or more nights	831
Rail	61
Other land	629
Air	2,513
Commercial	2,404
Private	109
Sea	1,022
Commercial	704
Private	318

Source: Statistics Canada.

Recipients are instructed to complete the form and mail it to BEA.⁸

Estimates of U.S. travelers' expenditures in Canada are developed by port, means of transportation, and length of stay (auto, bus, and boat travelers only). The number of travelers in each category is multiplied by the estimated average expenditure for each group.

2.3 Mexico

U.S. travel payments to Mexico are estimated on the basis of data from the Bank of Mexico [21], the BE-575 survey, "Expenditures of United States Travelers in Mexico," and, for air travelers, the last available sample data from a discontinued BEA survey of travelers. The BE-575 is distributed continuously at border points by INS and U.S. Customs Service inspectors to returning U.S. residents. Separate estimates are prepared for U.S. travel expenditures in the interior and the border area.

Interior travel.—The number of U.S. travelers are obtained from the Bank of Mexico [21], which bases the

estimate on counts by Mexican immigration officials of total alien arrivals by air and land. Studies by the Bank of Mexico indicate that 80 percent of persons arriving by air and 90 percent of persons arriving by land in the interior of Mexico are U.S. residents.

Quarterly expenditures are estimated by multiplying the number of U.S. travelers to the interior of Mexico by the average expenditure. For U.S. air travelers, the average expenditure is based on the last available sample data from a discontinued BEA survey of travelers, adjusted for changes in exchange rates and the Mexican Consumer Price Index [18]. For land travelers, the average expenditure is based on the BE-575.

Border travel.—Data on the number of U.S. residents visiting the border area of Mexico are provided by INS [63] by point of entry. The number of border crossers is combined with average expenditures developed from BE-575 data; average expenditures are calculated for each of seven major points of entry (others are combined) and multiplied by the appropriate traffic.

8. Beginning in January 1990, Statistics Canada administers the survey of U.S. travelers visiting Canada. The survey is distributed 1 week per quarter and returned to Statistics Canada for processing.

Passenger Fares

The passenger fare accounts (lines 6 and 21) cover international transactions in fares paid by residents of one country to carriers resident in other countries. Receipts consist of fares received by U.S. air carriers from foreign residents for travel between the United States and foreign countries and between two foreign points. Payments consist of fares paid by U.S. residents to foreign carriers for travel between the United States and foreign countries.

The passenger fare accounts exclude expenditures for local transportation abroad. The accounts also exclude fares paid by U.S. Government personnel to foreign carriers and fares paid by foreign governments and international organizations to U.S. carriers; these items are included in U.S. Government miscellaneous services (line 25) and in other private services (line 9).

The method of estimating the passenger fare accounts involves, in general, combining data on numbers of travelers, provided by the Immigration and Naturalization Service (INS), U.S. Department of Justice, with estimates of average passenger fares developed from the travel survey administered by the U.S. Travel and Tourism Administration (USTTA), U.S. Department of Commerce. The survey is conducted aboard a randomly chosen sample of scheduled flights departing the United States; it covers about 70 percent of U.S. carriers and 35 percent of foreign-flag carriers, who voluntarily choose to participate. Sample results are expanded to universe estimates to account for nonresponse of passengers on each sampled flight, for coverage of all flights on each major airline route, and for all international routes. The basis for the expansion is the number of passengers departing the United States obtained from INS.

Data from the U.S. Department of Transportation (DOT) and data from a BEA survey of U.S. airlines are also utilized in estimating U.S. passenger fare receipts and payments.

1 U.S. Receipts (line 6)

This account measures fares paid by foreign travelers to U.S. air carriers (see [table II-12](#)). Because of the virtual disappearance of scheduled U.S. passenger liners, ocean transportation has not been included in this account since 1972.

Passenger fares received by U.S. air carriers from foreign travelers are estimated separately for travel between the United States and overseas, the United States and Canada, and the United States and Mexico, and for travel between two foreign points.

1.1 Overseas

The number of foreign visitors to the United States arriving on U.S. carriers is estimated from two sources. The total number of foreign visitors, by country of residence, is estimated from a count of INS entry documents [61], but these data are not available by flag of carrier. Therefore, the proportion of foreign visitors arriving on U.S. carriers is estimated from the DOT report *U.S. International Air Travel Statistics* [70], which incorporates data from other INS reports [63] on the number of alien and U.S. citizen arrivals on U.S. carriers. The U.S. carriers' share of total traffic is developed for each major area or country, and is then applied to the total number of foreign visitors from the appropriate area or country to estimate the number traveling to the United States on U.S. carriers.

Average passenger fares are developed from the USTTA survey described earlier; the averages are multiplied by the number of foreign visitors on U.S. carriers from each major area or country, and the results are summed to derive U.S. receipts of passenger fares for travel between the United States and overseas. To develop an adequate measure of average passenger fares, the average fares on both U.S. and foreign carriers must be combined, even though, in principle, only the average fare on U.S. carriers should be used in the estimates.

Because results of the USTTA survey are only available with a lag, BEA uses a simplified methodology to develop estimates for the most recent quarters. First, the percent change between the current quarter and the same quarter

Table II-12.—U.S. Passenger Fare Receipts, 1988 (Line 6)
[Millions of dollars]

Total	8,860
Overseas	8,014
Western Europe	3,680
United Kingdom	1,219
Belgium-Luxembourg	38
France	562
Germany, Federal Republic of	658
Italy	383
Netherlands	35
Denmark, Ireland, Greece, Spain, and Portugal	287
Other Western Europe	498
Eastern Europe .....	.....
Caribbean, Central and South America	1,211
Japan	1,861
Australia	481
Other countries in Asia and Africa	781
Canada	664
Mexico	182

of the previous year in the number of foreign visitors using U.S. carriers is calculated from INS data, as described above. Next, the percent change in average air fares is computed in a similar manner. Average air fares are calculated for selected city pairs (U.S. and foreign cities) published in the *Official Airline Guide* [9], weighted by the number of passengers for these city pairs. Then, these two percent changes for each area or country are added and applied to the estimates of passenger fare receipts for the same quarter of the previous year to obtain current quarterly estimates of the passenger fare receipts of U.S. air carriers from foreign visitors.

1.2 Canada

BEA uses Statistics Canada estimates of Canadian payments for passenger fares for travel to the United States as a measure of U.S. passenger fare receipts from Canada. The Canadian estimates are derived from questionnaires distributed to returning Canadians, from which average passenger fares are developed and applied to the number of Canadians returning.

1.3 Mexico

Receipts are estimated by applying weighted average fares of Mexican residents flying on U.S. air carriers to the number of travelers. Weighted average fares are based on data for representative published air fares between certain major U.S. and Mexican cities. Data on the number of travelers are obtained from INS and DOT.

1.4 Two foreign points

Estimates of fare receipts of U.S. air carriers for transporting passengers between two foreign points are based on BEA data obtained from the quarterly BE-37 survey, "U.S. Airline Operators' Foreign Revenues and Expenses."

2 U.S. Payments (line 21)

This account measures fares paid by U.S. residents to foreign air carriers and foreign cruise operators (see table II-13). Passenger fares for travel on regularly scheduled foreign-operated ocean liners have not been tabulated since 1975, when the INS discontinued publishing ocean passenger traffic statistics; by that time, nearly all U.S. ocean passenger liners had been taken out of service.

2.1 Air

Data on the number of U.S. travelers by flag of carrier are based on INS form I-92 [62], as published in the DOT report *U.S. International Air Travel Statistics* [71].

The estimation method for passenger fare payments is similar to that for passenger fare receipts for travel to overseas destinations and Mexico. For overseas travel, the number of U.S. travelers on foreign-flag air carriers to each major area or country is multiplied by average passenger fares developed from the USTTA survey for the appropriate area or country, and the results are summed. In developing estimates for average fares, fares on both U.S. and foreign air carriers are combined, even though, in principle, only the average fare on foreign-flag carriers should be used in the estimates. Use of only the average fare for foreign-flag carriers would result in a substantial understatement of passenger fare payments.

For travel to Mexico, weighted average fares of U.S. residents are applied to the number of travelers. Weighted average fares are based on representative published air fares between certain major U.S. and Mexican cities. For travel to Canada, passenger fare payments are estimated on the basis of sample data obtained in the BE-536, "Survey of U.S. Travelers Visiting Canada."⁹

2.2 Cruise

Cruise passenger fare payments are estimated by adjusting the latest available payments estimate by the change in cruise package prices; data for the latter are obtained mainly from the *Official Steamship Guide International* [24]. Before 1976, the estimate of cruise payments was based on INS data [64] on the number of U.S. cruise travelers and on BEA data on average fares.

Table II-13.—U.S. Passenger Fare Payments, 1988 (Line 21)
[Millions of dollars]

Total	7,872
Overseas	7,165
Western Europe	3,736
United Kingdom	1,075
Belgium-Luxembourg	82
France	301
Germany, Federal Republic of	549
Italy	214
Netherlands	350
Denmark, Ireland, Greece, Spain, and Portugal	556
Other Western Europe	609
Eastern Europe .....	.....
Caribbean, Central and South America	1,078
Japan	465
Australia	331
Other countries in Asia and Africa	1,555
Canada	241
Mexico	466

9. Beginning in January 1990, Statistics Canada administers the survey of U.S. travelers visiting Canada.

Transportation

The transportation accounts (lines 7 and 22) cover U.S. international transactions arising from the transportation of goods by ocean, air, waterway, and rail carriers to and from the United States; pipeline transportation is also covered. The accounts cover freight charges, operating expenses that transportation companies incur in foreign ports, and payments for vessel charters and aircraft and freight car rentals. The accounts exclude passenger fares, which are covered in lines 6 and 21.

Freight charges are recorded in the U.S. balance of payments when shipping services are performed by the residents of one country for residents of other countries. A key convention in estimating U.S. freight receipts and payments is the assumption that shipping services performed on a country's merchandise exports beyond its borders are services performed for the importing country. Thus, freight charges for transporting U.S. exports are included in the U.S. balance of payments if the carriers are U.S. residents; if the carriers are foreign residents, the charges are excluded because the transactions are between foreign residents. Similarly, freight charges for transporting U.S. imports are included in the U.S. balance of payments if the carriers are foreign residents; if the carriers are U.S. residents, the freight charges are excluded because the transactions are between U.S. residents.

In estimating transportation receipts and payments, the residency of the vessel operator must be determined because it may differ from the country of registry of the vessel. For example, many tankers are registered in flag-of-convenience countries (for example, Panama, Liberia, Honduras), but are operated by U.S. companies either directly or through foreign shipping subsidiaries. For direct operation, the U.S. operators of foreign-flag vessels are treated as U.S. residents. For indirect operation, the shipping subsidiaries are treated as foreign residents.

The main sources of information for the transportation accounts are four mandatory BEA surveys and the Census Bureau, U.S. Department of Commerce, tabulations of U.S. exports and imports by method of transportation, type of service (liner, tramp, and tanker), shipping weight of cargo, freight and insurance charges on imports, and flag of vessel. Two of the BEA surveys are quarterly (U.S. ocean and air carriers), and two are annual (foreign ocean and air carriers). The Census tabulations are monthly.

1 U.S. Receipts (line 7)

This account primarily measures (1) freight receipts arising from foreign residents' expenditures on ocean, air, and other methods of transportation provided by U.S. residents, and (2) receipts arising from foreign-operated

carriers' expenditures in U.S. ports (see [table II-14](#)). This account also includes receipts from foreigners for vessel charters, aircraft rentals, freight car rentals, and transportation by pipeline of Canadian gas and oil in transit through the United States.

1.1 Freight receipts

Ocean.—These receipts measure the earnings of U.S. vessel operators for carrying U.S. merchandise exports from the United States to foreign ports and for carrying freight between foreign ports. The basic sources of information are the Census Bureau monthly tabulation SM 704, *U.S. Waterborne Exports, Domestic and Foreign Merchandise* [40], and the BEA quarterly survey BE-30, "Ocean Freight Revenues and Foreign Expenses of U.S. Carriers."

Receipts of U.S. operators for carrying U.S. exports are estimated in four steps. First, the data on waterborne export tonnage carried by U.S.-flag vessels are obtained from the SM 704. Second, this figure is increased by an estimate of the share of export tonnage carried by U.S. operators of foreign-flag vessels. Since the SM 704 does not provide the residency of operators, the U.S. operators' share of foreign-flag shipping for U.S. exports is assumed to be the same as that for U.S. imports, which is provided by the Census Bureau tabulation SM 304, *U.S. Waterborne Imports* [41] and the Customs Bureau form 1400, "Record of Vessels Engaged in Foreign Trade and Entered or Arrived Under Permit to Proceed" [76]. Third, the resulting total export tonnage carried by U.S.-operated vessels is multiplied by an average freight rate per ton, estimated from the quarterly BEA survey of U.S.

Table II-14.—U.S. Transportation Receipts, 1988 (Line 7)
[Millions of dollars]

Total	18,930
Freight receipts	5,345
Ocean	3,648
Exports from the United States	2,959
Shipments between foreign ports	689
Air	1,385
Exports from the United States	963
Shipments between foreign ports	422
Pipeline	259
Rail	43
Great Lakes	10
Port services receipts	12,830
Ocean	7,315
Air	5,407
Rail	94
Great Lakes	14
Charter hire and rentals	755
Vessel charter	153
Aircraft rental	500
Freight car rental	102

carriers (the BE-30). Reported data include receipts on intransit and transshipment cargoes, but exclude receipts on cargoes carried for the U.S. Department of Defense. Finally, estimates of receipts are adjusted to include subsidies paid by the U.S. Government to U.S. vessel operators on grain shipments under foreign aid programs, and to reflect negotiated rates on grain shipments to Eastern Europe. The adjustments are based on data from the U.S. Department of Agriculture [30].

Receipts for carrying freight between foreign ports are estimated by applying the year-to-year percent change in revenue on cross-trade cargoes, reported in the BE-30, to receipts estimated for the corresponding quarter of the preceding year. The estimate includes an allowance for some unreported freight receipts of U.S.-operated tankers, based on past observations that reported data do not fully cover receipts on cargoes between foreign points.

Air.—These receipts measure the earnings of U.S. air carriers for transporting U.S. exports from the United States to foreign countries and for transporting freight between foreign points. The basic source of information is the BEA quarterly BE-37 survey, “U.S. Airline Operators’ Foreign Revenues and Expenses.” Reported earnings (revenue) are increased 5 percent to allow for small carriers that are exempt from reporting. The expansion factor is derived by comparing export freight tonnage carried by BE-37 reporters—17 U.S. carriers in 1988—with tonnage data included in the Census Bureau tabulation AM 754, *U.S. Exports by Air* [36].

Pipeline.—These receipts measure earnings of U.S.-incorporated affiliates of Canadian pipeline companies for transporting oil and gas, unloaded from tankers at Portland, ME, to Canadian destinations. Transportation of oil enroute from one Canadian point to another through pipelines across the northeast region of the United States is also included. Data are obtained each quarter from the four U.S. affiliates of Canadian companies that provide such services.

Rail.—These receipts measure earnings of U.S. rail carriers for transporting (1) Canadian exports to, and imports from, third countries through the United States, (2) U.S. exports from the U.S. customs frontier to their interior destination or to other rail connections in Canada, and (3) goods within Canada transported on the U.S. rail carriers’ leased trackage in Canada. Quarterly estimates of these receipts are based on annual submissions of revenue data to BEA by the four U.S. rail carriers operating in Canada.

Great Lakes.—These receipts measure the earnings of U.S. ship operators for transporting goods between U.S. and Canadian Great Lakes ports. Data on export tonnage are obtained by type of shipping service from the Census Bureau SM 704. Total receipts are derived by multiplying export tonnage by estimates of average freight rates, obtained from the BE-30.

1.2 Port services receipts

Ocean.—These receipts measure foreign ship operators’ expenditures in the United States. Expenditures include

port call expenses (pilotage, towing, tugboat), cargo expenses (stevedoring, container, barge rentals, warehouse), fuel, and other expenses (stores, supplies, wages paid to crew members in U.S. ports, agents’ and brokers’ fees, maintenance of offices). The main sources of information are the BEA annual BE-29 survey, “Foreign Ocean Carriers’ Expenses in the United States” and data from the Census Bureau SM 704 for exports and the SM 304 for imports. The shipping weight of U.S. exports and imports carried by foreign-flag vessels, adjusted to exclude tonnage carried by U.S. operators of foreign-flag vessels, is multiplied by an average per ton rate of port expenditures, obtained from the BE-29, in which both the expenditures and shipping weights are reported. Quarterly estimates are derived by distributing the annual total according to the shipping weights of exports and imports reported in Census Bureau tabulations.

Until results of the annual survey become available, current quarterly estimates are based on quarterly estimates of the volume of exports and imports carried by foreign ship operators and the average of port expenditures for the comparable quarter a year earlier, adjusted for the change in the U.S. Producer Price Index for services, and for the change in fuel prices paid by ship operators from the Census tabulation FT 810, *Bunker Fuels* [32]. Estimates are made separately by type of service (liner, tramp, tanker).

Air.—These receipts measure foreign air carriers’ expenditures in the United States for fuel, wages paid to employees in the United States, agents’ and brokers’ fees, aircraft repair and maintenance, terminal services and maintenance, and other expenses, such as landing fees, catering, and administrative and other office expenses. The source of information is the BEA annual BE-36 survey, “Foreign Airline Operators’ Revenues and Expenses in the United States.”

Annual estimates include the addition of 5 percent to the total of expenses incurred in the United States, reported in the BE-36, to allow for small carriers that are exempt from reporting. This expansion factor is based on a comparison of the tonnage transported by reporting carriers and the data on total tonnage contained in the Census Bureau tabulation AM 354, *U.S. General Imports by Air* [38]. Quarterly estimates are derived by distributing the annual estimate by the quarterly pattern of total number of foreign flights to the United States and shipping weights from the AM 354.

Until results of the annual survey become available, current quarterly estimates are made by multiplying the total estimate for the comparable quarter a year earlier by the weighted average of (1) the percent change in the volume of freight carried by foreign air carriers reported in the Census AM 354 and (2) the percent change in passenger traffic on foreign airlines.

Rail.—These receipts measure Canadian rail carriers’ expenditures in the United States for maintenance, repair, fuel, and other supplies. Quarterly estimates are obtained from Statistics Canada [5].

Great Lakes.—These receipts measure expenditures of Canadian carriers in U.S. Great Lakes ports. Quarterly estimates are obtained from Statistics Canada [5].

1.3 Charter hire and rentals

This item measures receipts of U.S. vessel operators for the charter of vessels to foreigners, reported in the BE-30, and receipts from foreign airline operators for aircraft leasing expenses, reported in the BE-36 (for operating leases that have not been capitalized). Also included are U.S. receipts from Canada and Mexico for rentals of freight cars owned by U.S. rail lines to transport freight to a point in Canada or Mexico or between two points in either of the two countries. Estimates for Canada are based on data from Statistics Canada [5]; estimates for Mexico are extrapolated from data provided by the Association of American Railroads in the past.

2 U.S. Payments (line 22)

This account primarily measures (1) freight payments to foreign residents for ocean, air, and other methods of transportation, and (2) expenditures abroad of U.S.-operated carriers (see [table II-15](#)). This account also includes payments to foreigners for vessel charters and for aircraft and freight car rentals.

2.1 Freight payments

Ocean.—These payments measure the earnings of foreign ship operators for carrying U.S. merchandise imports from foreign ports to U.S. ports. The basic source of information is the Census Bureau SM 304, which provides data on import charges (freight and insurance combined), shipping weights, and the f.a.s. (free alongside ship) value of imports by type of service (liner, tramp, and tanker) and by flag of vessel.

To estimate total charges by residency of operator, BEA obtains a sample of vessel names, shipping weights, and import charges, by the flag of vessel, from the SM 304. The residency of operator of each vessel in the sample is determined by examining Customs forms 1400, "Records of Vessels Engaged in Foreign Trade and Entered or Arrived Under Permit to Proceed," which contain information on owners, operators, and agents. The sample provides the basis for redistributing import charges from a flag-of-vessel basis to a residency-of-operator basis. The redistribution mostly involves identifying U.S. operators of tramp and tanker service vessels registered in flag-of-convenience countries. An estimate of insurance charges is subtracted from import charges because insurance is not part of the transportation account.

Air.—These payments measure the earnings of foreign air carriers for transporting U.S. imports from foreign countries to U.S. destinations. The basic source of information is the annual BE-36 survey. Annual estimates include the addition of 5 percent to the total of reported earnings to account for small carriers that are exempt from reporting. Quarterly estimates are derived by distributing the

Table II-15.—U.S. Transportation Payments, 1988 (Line 22)

[Millions of dollars]

Total	19,641
Freight payments	11,841
Ocean	9,505
Air	2,226
Rail	63
Great Lakes	47
Port services payments	7,058
Ocean	2,244
Air	4,755
Rail	54
Great Lakes	5
Charter hire and rentals	742
Vessel charter	564
Aircraft rental	78
Freight car rental	100

annual estimate according to the shipping weight of imports, as reported in the Census Bureau tabulation AM 354.

Until results of the annual survey become available, current quarterly estimates are made by multiplying the shipping weight of U.S. imports carried by foreign air carriers by an average freight rate. Data on shipping weight are obtained from the Census AM 354, which includes information on the residency of carrier. The average freight rate is derived from data on import charges and shipping weights by method of transportation as reported in the AM 354.

Rail.—These payments measure the earnings of Canadian rail carriers for transporting U.S. imports in transit through Canada and U.S. goods through Canada enroute from one U.S. point to another. Quarterly estimates are obtained from Statistics Canada [5].

Great Lakes.—These payments measure the earnings of Canadian carriers from transporting goods from Canadian to U.S. Great Lakes ports. Estimates are obtained each quarter from data on import charges in the Census SM 304.

2.2 Port services payments

Ocean.—These payments measure U.S. ship operators' expenditures in foreign ports. Expenditures include port call expenses (pilotage, towing, tugboat), cargo expenses (stevedoring, container, barge rentals, warehouse), fuel, and other expenses (stores, supplies, wages paid to crew members in foreign ports, agents' and brokers' fees, maintenance of offices). Expenditures incurred abroad, but paid for in the United States, are also included, for example, fuel laden abroad for which payment is made to oil companies in the United States. Sources of information are the Census SM 704 and SM 304 and the quarterly BE-30 survey.

Quarterly estimates are derived by multiplying the export and import tonnage carried by U.S. ship operators, by type of service, by an average per ton rate of port expenditures. Export and import tonnages include tonnage carried on U.S.-flag vessels and on U.S.-operated foreign-flag vessels. Average port expenditure rates per

ton are calculated on the basis of data provided in the BE-30.

Air.—These payments measure U.S. air carriers' expenditures abroad for fuel, wages paid to crew members abroad, agents' and brokers' fees, aircraft repair and maintenance, terminal services and maintenance, and other expenses, such as landing fees, catering, and administrative and other office expenses. Expenditures incurred outside the United States are included regardless of whether paid in the United States or not. The source of information is the quarterly BE-37 survey. Estimates include the addition of 5 percent to the reported total for expenses incurred outside the United States, to allow for small carriers that are exempt from reporting.

Rail.—These payments measure U.S. rail carriers' expenditures in Canada for maintenance, repair, fuel, and other supplies. Annual estimates are based on reports voluntarily submitted to BEA by three of the four U.S. rail carriers operating in Canada; quarterly estimates are derived by distributing the annual total evenly across quarters. Until results of the annual reports

become available, current quarterly estimates are BEA projections.

Great Lakes.—These payments measure U.S. ship operators' expenditures in Canadian Great Lakes ports. Estimates are based on the tonnage of U.S. exports and imports carried on U.S.-operated vessels, obtained from the Census SM 704 and SM 304, multiplied by an average rate of port expenditures per ton, obtained from the BE-30.

2.3 Charter hire and rentals

This item measures payments by U.S. vessel operators for the charter of vessels from foreign owners, reported in the BE-30, and payments by U.S. airline operators for aircraft leasing expenses reported in the BE-37 (for operating leases that have not been capitalized). Payments to Canadian and Mexican rail carriers for freight car rentals are also included. Estimates for Canada are based on data from Statistics Canada [5]; estimates for Mexico are extrapolated from data provided by the Association of American Railroads in the past.

Royalties and License Fees

The royalties and license fees accounts (lines 8 and 23) cover transactions with foreign residents involving intangible assets and proprietary rights, such as the use of patents, techniques, processes, formulas, designs, know-how, trademarks, copyrights, franchises, and manufacturing rights. The term “royalties” generally refers to payments for the utilization of copyrights or trademarks, and the term “license fees” generally refers to payments for the use of patents or industrial processes. Transactions with both affiliated and unaffiliated foreign residents are covered. Because of differences in the nature of transactors and, thus, in the data collection procedures and estimating methodology necessary for each, the transactions are described separately.

Transactions With Affiliated Foreigners

These transactions consist of net receipts of U.S. parent companies from their foreign affiliates and net payments by U.S. affiliates to their foreign parents, or other members of their foreign parent group, of royalties and license fees.

The term “affiliated” refers to a direct investment relationship, which exists when a U.S. person has ownership or control, directly or indirectly, of 10 percent or more of a foreign business enterprise’s voting securities or the equivalent, or when a foreign person has a similar interest in a U.S. business enterprise. (A detailed discussion of the basic concepts and definitions of direct investment and of the reporting system and estimating procedures is presented in “Direct Investment” in part III.)

Receipts and payments of royalties and license fees are net of U.S. or foreign withholding taxes and are reported when received or accrued. When funds are not actually transferred, offsetting entries are made in the intercompany debt component of the direct investment capital accounts.

Data for the accounts covered in this section are obtained from a series of BEA benchmark and sample surveys of U.S. direct investors and U.S.-based affiliates of foreign direct investors. For a detailed description of data sources, see “Direct Investment” in part III.

1 U.S. Receipts (part of line 8)

This account measures net receipts of royalties and license fees, received or accrued, by U.S. parents from their

Table II-16.—U.S. Receipts of Royalties and License Fees From Affiliated Foreigners, 1988 (Part of Line 8)

[Millions of dollars]

Total, net	8,319
U.S. parents' receipts	8,431
Less: U.S. parents' payments	112

foreign affiliates for the sale and use of the proprietary rights and intangible assets listed earlier (see table II-16). Net receipts are calculated by subtracting payments by U.S. parents to their foreign affiliates from receipts by U.S. parents from their foreign affiliates, after deduction of U.S. and foreign withholding taxes. The estimates are based on the books of the U.S. parents and are reported as of the date the royalties and license fees are either received from, or paid to, foreign affiliates or entered into intercompany accounts with foreign affiliates, whichever occurs first.

2 U.S. Payments (part of line 23)

This account measures net payments of royalties and license fees by U.S. affiliates to their foreign parents and other members of the foreign parent group for the sale and use of the proprietary rights and intangible assets listed earlier (see table II-17). Net payments are calculated by subtracting receipts of U.S. affiliates from the foreign parent group from payments by U.S. affiliates to the foreign parent group, after deduction of foreign and U.S. withholding taxes. Estimates are based on the books of the U.S. affiliates and are reported as of the date the royalties and license fees are either paid to (or received from) foreign parents or other members of the foreign parent group, or entered into intercompany accounts with foreign parents or other members of the foreign parent group, whichever occurs first.

Table II-17.—U.S. Payments of Royalties and License Fees to Affiliated Foreigners, 1988 (Part of Line 23)

[Millions of dollars]

Total, net	968
U.S. affiliates' payments	1,205
Less: U.S. affiliates' receipts	238

Transactions With Unaffiliated Foreigners

Estimates of transactions in royalties and license fees between unaffiliated U.S. and foreign residents are based on BEA data obtained from the BE-93 survey, "Annual Survey of Royalties, License Fees, and Other Receipts and Payments for Intangible Rights Between U.S. and Unaffiliated Foreign Persons."¹⁰ The survey is mandatory for U.S. persons having receipts and payments for the use, sale, or purchase of intangible assets and proprietary rights. The list of reporters is developed from industry directories and includes persons that reported transactions with unaffiliated foreigners in previous benchmark surveys of U.S. direct investment abroad, and from a list of potential reporters developed from the BE-20 benchmark survey and the follow-on BE-22 annual surveys.¹¹

Beginning with 1987, reported data are disaggregated by royalties and license fees for (1) industrial processes and products, (2) books, records, and audio tapes, (3) trademarks, (4) broadcasting and recording of live

events, (5) business format franchising fees, and (6) other intangibles.

Quarterly estimates are interpolations of the annual estimates. Country detail reported in the BE-93 survey is summarized by balance of payments geographic areas and by industry, based on the U.S. reporter's industry classification.

3 U.S. Receipts (part of line 8)

This account measures total receipts of royalties and license fees by U.S. residents for the sale and use of U.S. proprietary rights and intangible assets listed earlier (see [table II-18](#)). Amounts are reported net of foreign taxes and other deductions.

4 U.S. Payments (part of line 23)

This account measures total payments of royalties and license fees to nonresidents for the purchase and use of nonresidents' proprietary rights and intangible assets listed earlier (see [table II-19](#)). Amounts are reported net of U.S. taxes and other deductions.

Table II-18.—U.S. Receipts of Royalties and License Fees From Unaffiliated Foreigners, by Type of Intangible Property, 1988 (Part of Line 8)

[Millions of dollars]	
Total	2,416
Industrial processes	1,799
Books, records, and tapes	135
Trademarks	317
Broadcasting and recording of live events	42
Franchises	123
Other	

Table II-19.—U.S. Payments of Royalties and License Fees to Unaffiliated Foreigners, by Type of Intangible Property, 1988 (Part of Line 23)

[Millions of dollars]	
Total	1,080
Industrial processes	445
Books, records, and tapes	51
Trademarks	72
Broadcasting and recording of live events	451
Franchises	(D)
Other	(D)

^D Data suppressed to avoid disclosure of data of individual companies.

10. The BE-93 survey is also used to obtain data on the rental and sale of motion picture and television films and tapes. These transactions are included in other private services (lines 9 and 24).

11. The BE-20 benchmark survey and the BE-22 annual surveys are discussed in "Other Private Services."

Other Private Services

The other private services accounts (lines 9 and 24) cover transactions with foreign residents in a number of services not specifically covered in the travel, passenger fares, other transportation, or royalties and license fees accounts. Transactions with both affiliated and unaffiliated foreign residents are covered. Because of differences in the nature of transactors and, thus, in the data collection procedures and estimating methodologies necessary for each, the transactions with affiliated and with unaffiliated foreigners are described separately.

Transactions With Affiliated Foreigners

These transactions consist of net receipts of U.S. parent companies from their foreign affiliates and net payments by U.S. affiliates to their foreign parents, or other members of their foreign parent group, of service charges, charges for the use of tangible property, and film and tape rentals.

The term “affiliated” refers to a direct investment relationship, which exists when a U.S. person has ownership or control, directly or indirectly, of 10 percent or more of a foreign business enterprise’s voting securities or the equivalent, or when a foreign person has a similar interest in a U.S. business enterprise. (A detailed discussion of the basic concepts and definitions of direct investment and of the reporting system and estimating procedures is presented in “[Direct Investment](#)” in part III.)

Receipts and payments for other private services are net of U.S. or foreign withholding taxes and are reported when received or accrued. When funds are not actually transferred, offsetting entries are made in the intercompany debt component of the direct investment capital accounts.

1 U.S. Receipts (part of line 9)

This account measures net receipts by U.S. parents from their foreign affiliates of service charges, charges for the use of tangible property, and film and television tape rentals (see [table II-20](#)). Receipts are measured on a net basis, after subtracting similar payments by U.S. parents to their foreign affiliates. The data are based on the books of the U.S. parents and are reported as of the date the funds are either received from, or paid to, foreign affiliates or entered into intercompany accounts with foreign affiliates, whichever occurs first.

Table II-20.—U.S. Receipts for Other Private Services From Affiliated Foreigners, 1988 (Part of Line 9)
[Millions of dollars; credits +, debits -]

Total, net	2,858
U.S. parents' receipts	6,168
U.S. parents' payments	-3,310
Service charges and rentals, net	2,541
Film and television tape rentals, net	317

Service charges are fees for services—such as management, professional, or technical services—and include the sales of, and reimbursements for, services rendered to foreign affiliates. Sales of services are receipts for services rendered that are normally included in sales in the income statement of the U.S. seller because the performance of the service is a primary activity of the enterprise. For example, if a U.S. management consulting firm provides management consulting services to its foreign affiliates, the resulting revenues would normally be included in its sales.

Reimbursements are receipts for services rendered that are normally included in “other income,” rather than in sales, in the income statement of the service provider because performance of the service is not a primary activity of the enterprise, although it may facilitate or support the conduct of the enterprise’s primary activities. This would be the case, for example, if a U.S. manufacturing firm occasionally provides management, professional, technical, or other services to its foreign affiliates on a fee basis. Reimbursements may take the form of allocated expenses or direct charges for the services rendered. Allocated expenses are types of overhead expenses that are apportioned among the various divisions or parts of an enterprise, such as assessments on a foreign affiliate for research and development work that the parent performs and shares with its affiliate.

Charges for the use of tangible property are total lease payments under operational leases of 1 year or less and net rent on operational leases of more than 1 year (for a definition of an operational lease, see “[Merchandise Trade](#)”). From the lessor’s viewpoint, total lease payments for operational leases consist of two components: (1) Net rent, which covers interest, administrative expenses, and profit, and (2) depreciation, which is a return of capital. For operational leases of 1 year or less, total lease payments—both net rent and depreciation—are included in the account. Depreciation is included here, rather than in the direct investment capital account, because it is considered part of rentals—a receipt for services rendered by, rather than a return of capital to, the

lessor. For operational leases of more than 1 year, only net rent is included in the account; depreciation is included as an intercompany debt flow in the direct investment capital account.

Film and tape rentals are rentals received by U.S. parents from, less rentals paid by U.S. parents to, their foreign affiliates for the use or sale of film and tapes. When film and tapes are shipped by U.S. parents to foreign affiliates, receipts for the use or sale of the tapes are considered receipts for services, rather than receipts for merchandise, because the cost of the physical tapes themselves is usually incidental to the value of the services—entertainment, education, and so on—that they provide. Thus, film and tape rentals are excluded from U.S. merchandise trade.

2 U.S. Payments (part of line 24)

This account measures net payments by U.S. affiliates to their foreign parents, and other members of the foreign parent group, of service charges, charges for the use of tangible property, and film and tape rentals (see [table II-21](#)). Payments are measured on a net basis, after subtracting similar receipts by U.S. affiliates from the foreign parent group. The data are based on the books of the U.S. affiliate and are reported as of the date the funds are either paid to, or received from, foreign parents or other members of the foreign parent group, or entered into intercompany accounts with foreign parents or other members of the foreign parent group, whichever occurs first.

The definitions of the components of other private services between U.S. affiliates and their foreign parent groups are exactly parallel to those for the components of U.S. receipts on the transactions between U.S. parents and their foreign affiliates.

Transactions With Unaffiliated Foreigners

These transactions consist of receipts and payments for education, financial and insurance services, business, professional, and technical services, and a variety of other services transactions, such as expenditures in the United States by foreign governments and international organizations, and expenditures and earnings in the United States of foreign workers.

Estimates of receipts and payments are based on data obtained from various sources. These include four annual mandatory BEA surveys, data provided directly to BEA by U.S. Government agencies, private organizations, and foreign governments, and publications of foreign governments and international organizations. Where only annual data are available, quarterly estimates are interpolations of annual estimates.

Beginning with estimates published in June 1989, these accounts incorporate data from the 1986 BE-20 "Benchmark Survey of Selected Services Transactions With

Table II-21.—U.S. Payments for Other Private Services to Affiliated Foreigners, 1988 (Part of Line 24)

[Millions of dollars; credits +, debits -]

Total, net	694
U.S. affiliates' payments	-2,334
U.S. affiliates' receipts	3,028
Service charges and rentals, net	691
Film and television tape rentals, net	3

Unaffiliated Foreign Persons." This benchmark survey was conducted to obtain data on services transactions not covered in existing surveys and to obtain improved data on others. The BE-20 covered advertising, computer and data processing services; database and other information services; telecommunications; agricultural services; research and development, commercial testing, and laboratory services; management, consulting, and public relations services; management of health care facilities; accounting, auditing, and bookkeeping services; legal services; primary insurance; educational and training services; mailing, reproduction, and commercial art; employment agencies and temporary help supply services; industrial engineering services; industrial maintenance and repair, installation, and training services; performing arts, sports, and other live performances, presentations, and events; and construction, engineering, architectural, and mining services.

Data on services transactions collected in the BE-20 benchmark survey for 1986 continue to be collected by BEA for subsequent years in a follow-on survey, the BE-22, "Annual Survey of Selected Services Transactions With Unaffiliated Foreign Persons." The BE-22 is required of U.S. persons who had one or more individual sale or purchase transaction in excess of \$250,000 with an unaffiliated foreign person in any of the covered services. The BE-22 survey has made possible a significant broadening of the coverage of international services transactions on a current basis. Other surveys used by BEA in estimating services transactions with unaffiliated foreigners are the BE-47, BE-48, and the BE-93.

The BE-22, BE-47, BE-48, and BE-93 survey forms are sent at the beginning of each year to U.S. persons with reportable transactions for the preceding year. The mailing list is derived from industry directories, trade journals, and the list developed for the 1986 BE-20 benchmark survey. Estimates of private services transactions with unaffiliated foreigners included in the U.S. balance of payments are the sum of reported data in the four surveys, BEA estimates, and of data obtained from sources listed in the appropriate sections below.

3 U.S. Receipts (part of line 9)

This account measures receipts for services rendered to unaffiliated foreigners in the United States and abroad, as represented by receipts for education; financial services; insurance; telecommunications; business, professional, and technical services; and other services (see [table II-22](#)).

3.1 Education

This item measures foreign students' expenditures in the United States. Foreign students are defined as individuals enrolled in institutions of higher education in the United States who are not U.S. citizens, immigrants, or refugees. Data on the number of students is obtained from an annual survey of about 2,900 accredited U.S. institutions, conducted by the Institute for International Education (IIE) [15]; the response rate is about 95 percent. Characteristics of the population used in the estimates include the geographic area of origin (residence), type of institution (public or private), enrollment status (part time or full time), and academic level of institution (2 year, 4 year, or university).

Estimates of average expenditures for tuition and for room and board are developed from annual surveys of most U.S. accredited institutions; the survey is conducted by the College Board and adjusted by the National Center for Education Statistics, U.S. Department of Education, and matched by BEA to the characteristics of the student population. Data on living expenses are based on Bureau of Labor Statistics, U.S. Department of Labor, estimates of low-income-level family budgets in metropolitan and nonmetropolitan areas, reduced to a single person, and adjusted for inflation. Estimates of foreign students' expenditures are made by multiplying the number of students by average expenditures.

Other transactions in the current account partly offset these receipts. Surveys of the foreign student population by IIE indicate that most of their education is financed from sources abroad. A small amount of their education, however, is financed from sources within the United States—through scholarships from colleges, universities, private corporations, or other nonprofit in-

stitutions. These payments to foreigners are entered in private remittances and other transfers (line 34). Financial contributions (grants) from the U.S. Government are already included in U.S. Government grants, excluding military grants of goods and services (line 32), and are not separately identifiable. In addition, wages earned from employment, also developed from the IIE survey, are entered in other private service payments (line 24).

3.2 Financial services

This item measures (1) commissions and other transactions fees associated with the purchase and sale of U.S. securities paid by foreign residents to U.S. securities and commodities brokers, and (2) noninterest income of U.S. banks.

Estimates of commissions and fees paid are made by multiplying the reported value of securities transactions by estimated average rates for commissions and adding other fees. Sources for the estimates consist of data on gross foreign purchases and sales of U.S. securities contained in the U.S. Treasury Department International Capital reporting system, BEA estimates of new securities issues and redemptions, and information provided by the Federal Reserve Bank of New York.

Average rates for commissions and other fees, which include underwriting and redemption fees, are based on average commission rates estimated from Securities and Exchange Commission data for the United States and from information provided by securities dealers. The geographic breakdown of securities, and associated commissions, transactions reflects the country with which the transaction occurred, but may not reflect the ultimate source of foreign funds.

This item also includes commission receipts of U.S. commodity futures traders; these receipts are estimated by applying average commissions charged, derived from the commission schedules of major brokerage firms, to the number of contracts closed with foreign residents.

Estimates of noninterest income of U.S. banks (including the branches, subsidiaries, and other affiliates of foreign banks located in the United States) are made by applying appropriate fee rates to an estimated volume of transactions. Fee rates, ranging from 10 to 50 basis points, are applied to bankers acceptances, commercial letters of credit, standby letters of credit, undrawn funds under commitment, and items for collection [2, 3]. The coverage of the estimates is incomplete in that it does not include all types of fees, largely because source data that can be organized into a framework appropriate for the international accounts are not available.

3.3 Insurance

This item measures net receipts of U.S. insurance companies from reinsurance assumed from insurance companies resident abroad and from primary insurance sold to foreign persons. Net receipts consist of net premiums received, less losses paid to the ceding companies or individuals abroad; net premiums are derived after deducting cancellations and commissions charged by the ceding

Table II-22.—U.S. Receipts for Other Private Services From Unaffiliated Foreigners, 1988 (Part of Line 9)

(Millions of dollars)

Total	21,471
Education	4,111
Financial services	3,835
Insurance ¹	1,564
Primary insurance, net	1,311
Reinsurance, net	253
Telecommunications	2,357
Business, professional, and technical services	4,787
Accounting, auditing, and bookkeeping	n.a.
Advertising	n.a.
Computer and data processing	n.a.
Database and other information	n.a.
Engineering, architectural, construction, and mining, net	n.a.
Installation, maintenance, and repair of equipment	n.a.
Legal services	n.a.
Management, consulting, and public relations	n.a.
Medical services	541
Research and development, commercial testing, and laboratory services	n.a.
Other	n.a.
Other	4,817
Expenditures of foreign governments and international organizations in the United States	3,504
Film and tape rentals	776
Earnings of U.S. residents employed temporarily abroad	129
Other	408

n.a. Details not yet available.

1. Net of losses paid.

companies abroad. Estimates are the sum of reported data.

Data on the international operations of U.S. insurance companies are obtained from the BE-48 survey, "Annual Survey of Reinsurance and Other Insurance Transactions by U.S. Insurance Companies With Foreign Persons." This survey covers reinsurance receipts and payments and primary insurance receipts of U.S. insurance companies, both affiliated and unaffiliated, on a country-by-country basis. Primary insurance transactions were not included in the survey before 1987.

3.4 Telecommunications

This item measures gross U.S. receipts for international telecommunications services. Included are receipts for message telephone services; private leased channel services; telex, telegram, and other jointly provided (basic) services; value-added services (such as electronic mail, management of data networks, facsimile, and video conferencing); and support services (such as repair, ground station services, and the launching of communications satellites). Estimates are based on data reported in the BE-22 annual survey.

3.5 Business, professional, and technical services

This item measures U.S. receipts for the following services: Accounting, auditing, and bookkeeping; advertising; agricultural services; computer and data processing; database, and other information services; employment services; engineering, architectural, construction, and mining services; industrial engineering; installation, maintenance, and repair of equipment; legal services; mailing, reproduction, and commercial art; management, consulting, and public relations; management of health care facilities; medical services; research and development, commercial testing, and laboratory services; training; and fees for performing arts and sports events. Except for receipts of U.S. contractors for engineering, architectural, construction, and mining services, and receipts for medical services, estimates are based on data reported in the BE-20 and BE-22 annual surveys. Receipts for installation, maintenance, and repair of equipment includes estimates on the alteration and repair of equipment that have been reclassified from the merchandise trade account.

U.S. contractors.—These receipts are obtained from the BE-47 survey, "Annual Survey of Construction, Engineering, Architectural, and Mining Services Provided by U.S. Firms to Unaffiliated Foreign Persons." Included are services performed by U.S. contractors under foreign contracts, retainer-fee types of contracts, and contracts of a continuing nature where no definite contract termination date is stipulated. The following types of services are covered: General contracting construction; supervision of construction; procurement and consulting engineering; seismographic and geological services; oil well drilling and petroleum and mining exploration and construction; hydroelectric and other power consulting and construction;

marine and salvage operations, dredging, aerial survey, dusting, and spraying; and similar service operations.

U.S. firms' contracts with the following parties are covered:

(1) An unaffiliated foreign individual, corporation, or government, regardless of whether the services are performed in the United States or abroad; international organizations, whether or not domiciled in the United States; and foreign governments or corporations, whether the contracts are financed by private U.S. entities, U.S. Government agency grants or loans, or international organizations.

(2) A U.S. Government nonmilitary agency, if (a) the contract project is located or is to be located in a foreign country, or (b) if the project is part of an aid or technical cooperation program with a foreign entity, whether the project is located in the United States or abroad. Contracts may be carried out wholly or partly in the United States. Contracts with the U.S. Department of Defense or any of its agencies, such as the U.S. Army Corps of Engineers or Air Force, are not included; these contracts are included in transfers under military sales contracts (line 4).

(3) An unaffiliated U.S. corporation if the project is located, or is to be located, in a foreign country. This type of contract is generally related to investment in plants and installations abroad by U.S. corporations in establishing or expanding foreign affiliates.

Net receipts are derived by deducting foreign expenses from gross receipts as reported on the BE-47. Gross receipts are gross operating revenues (sales) for the value of services sold or construction completed during the reporting period. Also deducted from gross receipts is the value of goods exported from the United States that are part of the contract, because those goods are already included in U.S. merchandise exports (line 2.) Estimates are the sum of reported data. The U.S. home office and its foreign project (jobsite) offices and temporary branches or subsidiaries are considered a single U.S. entity, and thus file a consolidated report.¹²

For long-term contracts, U.S. companies report the portion of the contract completed each year, rather than the entire contract amount in the year of contract completion. Thus, companies reporting on long-term contracts may sometimes show negative amounts on a net basis, if expenses are larger than revenues in the initial stages of foreign contract operations.

Medical services.—This item covers receipts for services provided to foreign residents at U.S. nonprofit and State and local government hospitals. Receipts measure only hospital in-patient expenditures and associated physicians' fees; expenditures for outpatient and ambulatory treatment, and for outpatient prescription and nonprescription drugs, are not included.

Estimates are prepared by extrapolating the 1985 estimate forward by means of price indexes for hospital

12. For contracts entered into by permanently established branches or subsidiaries abroad, the reporting company, as a parent, reports the intercompany transactions to BEA on the BE-577, "Direct Transactions of U.S. Reporter With Foreign Affiliate." These transactions are included in direct investment (lines 12 and 46).

and physicians' services in the U.S. Consumer Price Index. For 1985, data were collected by BEA from hospital administrators, primarily at major medical centers and university hospitals and hospitals in major foreign visitor destinations. Estimates of admissions were multiplied by an estimated average hospital cost to obtain total hospital expenditures. This figure was increased by an estimate of associated physicians' fees, which generally were 30 to 40 percent of the total for hospital expenditures. Both estimates were expanded to cover medical treatment provided at other U.S. hospitals, where a much lower incidence of treatment of foreigners was assumed.

3.6 Other services

This item measures U.S. receipts arising from expenditures by foreign governments in the United States; expenditures by international organizations in the United States; film and tape rentals; earnings of U.S. residents employed temporarily abroad; expenditures of foreign residents employed temporarily in the United States; and trade union receipts.

Expenditures by foreign governments in the United States.—This item consists of (1) expenditures associated with diplomatic activities, (2) expenditures by agents of foreign governments, or quasi-government agencies, providing legal, public relations, news dissemination, travel, and trade promotion services, and (3) expenditures for construction of embassy buildings and related facilities.

Estimates of expenditures associated with diplomatic activities cover the cost of operating embassies in Washington, DC, consular offices, and missions to the United States and to the United Nations, that is, wages, salaries rents, utilities, and other expenditures. These expenditures are estimated by applying an average dollar-per-person figure to the number of each government's diplomatic personnel in the United States. Data on personnel levels are obtained from the U.S. State Department's *Diplomatic List* [67] and *Foreign Consular Offices in the United States* [68]. A United Nations document, *Permanent Missions to the United Nations* [26], is also used. The average dollar-per-person figure is constructed on the basis of limited information made available by some foreign governments; this figure is adjusted by the change in the U.S. Consumer Price Index each year.

Estimates of foreign agents' expenditures in the United States are based on BEA reviews of published reports filed annually with the U.S. Justice Department under the Foreign Agents Registration Act of 1938. Data on expenditures in the United States by Canadian Provincial governments for travel and trade promotion are provided to BEA by Statistics Canada [5] on a quarterly basis.

Estimates of construction expenditures are based on partial information on construction plans obtained on an ad hoc basis from the Census Bureau, U.S. Department of Commerce, and the U.S. Department of State. Quarterly estimates are derived from a general construction pattern schedule for projects of various sizes, provided by the Census Bureau. Beginning in 1986, these transactions are reportable on the BE-47 survey of U.S. contractors.

Expenditures by international organizations in the United States.—This item measures their operational and administrative expenditures—wages, salaries, rents, travel in the United States, office equipment and maintenance, construction, etc. Data are obtained from an analysis of annual reports published by the various organizations and, in some cases, through direct BEA contact with their fiscal officers. These sources generally provide estimates of expenses anticipated in the current year. Where possible, data are adjusted to exclude expenditures of international organizations' staff outside the United States and deductions from wages and employer contributions for retirement plans. Construction expenditures are estimated from data reported in the BE-47 survey.

Film and tape rentals.—This item measures receipts from unaffiliated foreigners for the sale and rental of U.S. motion picture and television films and tapes distributed or exhibited abroad. Sales are included with rentals as services transactions because receipts primarily measure earnings from distribution and exhibition rights; the cost of the physical films and tapes is usually very small and is excluded from U.S. merchandise exports. Data are obtained from the BE-93, "Annual Survey of Royalties, License Fees, and Other Receipts and Payments for Intangible Rights Between U.S. and Unaffiliated Foreign Persons."

Earnings of U.S. residents employed temporarily abroad.—This item measures the earnings of U.S. residents employed temporarily in Germany, Canada, and the United Kingdom; information on U.S. workers' earnings in other countries is not available. Estimates are provided to BEA by the Deutsche Bundesbank [14] and Statistics Canada [5] on a quarterly basis, and by the Central Statistical Office of the United Kingdom [25] on an annual basis.

Expenditures of foreign residents employed temporarily in the United States.—This item measures the expenditures of Mexican and West Indies workers employed temporarily in the United States. The estimates of expenditures are based on these workers' earnings in the United States. (For estimating procedures for these earnings, see "Earnings of foreign residents employed temporarily in the United States," below.) For Mexican workers, it is assumed that 40 percent of their earnings are spent on U.S. goods and services and that one-fourth of these goods and services are consumed in the United States; the remainder represents purchases of goods taken to Mexico for consumption. This assumed spending pattern is based on BEA consultations with local authorities, U.S. Immigration and Naturalization Service and U.S. Customs Service personnel, bankers, retailers, and employers in the United States-Mexican border area.

For West Indies workers, it is assumed that 82 percent of their earnings are spent on goods and services in the United States. This assumption reflects the fact that 18 percent of total earnings are channelled through the British West Indies Central Labour Organisation for compulsory remittance to home countries, as reported by that organization.

Trade union receipts.—This item measures dues paid by affiliated Canadian local unions to U.S. national trade unions, mainly in the automotive industry. Estimates are provided to BEA by Statistics Canada [5] on a quarterly basis.

4 U.S. Payments (part of line 24)

This account measures the value of services rendered by foreigners to unaffiliated U.S. residents in the United States and abroad, as represented by payments for education; financial services; insurance; telecommunications; business, professional, and technical services; and other services (see table II-23).

4.1 Education

This item measures U.S. students' expenditures abroad. A student is defined as anyone who receives academic credit for studying abroad from an accredited institution of higher education in the United States. Data on the number of students are obtained from a biennial survey of about 2,900 U.S. institutions conducted by the Institute of International Education [15]; the response rate is about 65 percent. BEA includes an estimate for nonresponse to the survey. Characteristics of the population used in the estimates include country of study, type of institution (public or private), and academic level of institution in the United States (2 year, 4 year, or university). The total of U.S. students' expenditures abroad is the sum of estimates for two groups of students; the estimates are made by multiplying the number of students by average expenditures.

The first group consists of students who earn academic credit abroad through a U.S. institution that has estab-

lished a formal study program with foreign institutions of higher education. (Estimates do not include noncredit programs.) Student payments to U.S. colleges and universities for tuition and room and board are assumed to be forwarded to foreign institutions. Estimates of average expenditures for tuition and room and board are developed from an annual survey of most accredited U.S. institutions; the survey is conducted by the College Board, and the data are adjusted by the National Center for Education Statistics, U.S. Department of Education [58].

The second, much smaller, group consists of students who make their own arrangements with foreign institutions, but who still receive credit from a U.S. institution. These students are assumed to pay the same average tuition as those enrolled in a formal program of a U.S. institution; their average living expenses are estimated by applying a ratio of U.S.-to-foreign living costs [69] to the low-income-level family budget series developed for foreign students who study in the United States.

4.2 Financial services

This item measures U.S. payments to foreign residents of commissions and other transactions fees associated with the purchase and sale of foreign securities.

Estimates are made by multiplying the reported value of securities transactions by estimated average rates for commissions and adding other fees. Sources for the estimates consist of data on gross U.S. purchases and sales of foreign securities contained in the U.S. Treasury Department International Capital reporting system, BEA estimates of new issues abroad by U.S. corporations and municipalities, and information provided by the Federal Reserve Bank of New York. Average rates for commissions and other fees, which include underwriting fees and transfer taxes, are based on published commission schedules of foreign securities exchanges [23] and discussions with securities dealers. Commission rates are adjusted to reflect the impact of off-exchange trading and negotiated rates. Different rates are applied to various types of securities; these rates vary by country and major geographic area. The geographic breakdown of securities and associated commission transactions reflects the country with which the transaction occurred, but may not reflect the ultimate destination of U.S. funds.

4.3 Insurance

This item measures net payments of U.S. insurance companies for reinsurance ceded to insurance companies resident abroad and net payments for primary insurance. Net payments consist of net premiums paid, less losses recovered. Net premiums are derived after deducting cancellations and commissions charged to the ceding companies abroad.

Estimates of international reinsurance transactions are based on the BE-48 survey. Transactions between affiliated and unaffiliated U.S. and foreign insurance companies are covered. Estimates of payments by U.S. residents for primary insurance placed directly with foreign companies—that is, not through an American company (reinsurance) and not with a U.S. branch or sub-

Table II-23.—U.S. Payments for Other Private Services to Unaffiliated Foreigners, 1988 (Part of Line 24)

(Millions of dollars)

Total	12,094
Education	555
Financial services	1,656
Insurance ¹	2,781
Primary insurance, net	603
Reinsurance, net	2,179
Telecommunications	4,264
Business, professional, and technical services	1,646
Accounting, auditing, and bookkeeping	n.a.
Advertising	n.a.
Computer and data processing	n.a.
Database and other information services	n.a.
Engineering, architectural, construction, and mining, net ²	n.a.
Installation, maintenance, and repair of equipment	n.a.
Legal services	n.a.
Management, consulting, and public relations	n.a.
Research and development, commercial testing, and laboratory services	n.a.
Other	n.a.
Other	1,192
Earnings of foreign residents employed temporarily in the United States	950
Film rentals	50
Other	192

n.a. Details not yet available.

1. Net of losses recovered.

2. Engineering, architectural, construction, and mining receipts are published net of merchandise exports, which are included in the merchandise trade account, and net of outlays abroad for wages, services, materials, and other expenses.

subsidiary of a foreign company (a domestic transaction)—are derived from data reported in the BE-22 survey. Only premiums paid are reported; losses paid are estimated by BEA based on industry reports.

4.4 Telecommunications

This item measures gross U.S. payments for international telecommunications services. Included are payments for message telephone services; private leased channel services; telex, telegram, and other jointly provided (basic) services; value-added services (such as electronic mail, management of data networks, facsimile, and video conferencing); and support services (such as repair, ground station services, and the launching of communications satellites). Estimates are based on data reported in the BE-22 annual survey.

4.5 Business, professional, and technical services

This item measures U.S. payments for the following services: Accounting, auditing, and bookkeeping; advertising; agricultural services; computer and data processing; database and other information services; employment services; engineering, architectural, construction, and mining services; industrial engineering; installation, maintenance, and repair of equipment; legal services; mailing, reproduction, and commercial art; management, consulting, and public relations; management of health care facilities; research and development, commercial testing, and laboratory services; training; and fees for performing arts and sports events. Estimates are based on data reported in the BE-20 and BE-22 annual surveys. Payments for installation, maintenance, and repair of equipment include estimates on the alteration and repair of equipment that have been reclassified from the merchandise trade account.

4.6 Other services

This item measures earnings of foreign residents employed temporarily in the United States; expenditures of U.S. residents employed temporarily abroad; film and tape rentals; and trade union payments.

Earnings of foreign residents employed temporarily in the United States.—This item measures earnings of Mexican and Canadian residents who commute to jobs in the United States, and West Indies residents employed temporarily in the United States. Also included is an estimate for wages earned by foreign students studying in the United States.

Earnings of Mexican workers are estimated by combining data on the number of Mexican workers in the United States with their estimated average annual earnings. Both legal and nonauthorized workers are included.¹³ The number of legal workers (that is, those who have employment permits) is tabulated by the U.S. Immigration

and Naturalization Service (INS) and is obtained by BEA from an unpublished INS report, "Permanent Resident Alien Commuters and Seasonal Workers." Since 1985, the number of nonauthorized workers has been based on an estimate of 20,000, adjusted for the rate of change in total employment levels in border area States (California, Texas, Arizona, and New Mexico). Before 1985, the number of nonauthorized workers was held constant at 20,000, an estimate based on discussions in earlier years with INS officials in the border area. Information on wage rates in the U.S. border area is published annually by the U.S. Labor Department [66] and quarterly by the U.S. Department of Agriculture [31]. Estimates of earnings of nonauthorized workers are based on border area minimum wage rates.

Estimates of the earnings of West Indies workers are based on information on cash remittances, provided to BEA by the British West Indies Central Labour Organisation on a quarterly basis.

Estimates of earnings of Canadian residents working in the United States are provided to BEA by Statistics Canada [5] on a quarterly basis. Earnings are net of U.S. taxes, social security contributions, and other deductions.

Estimates of wages earned by foreign students studying in the United States are made on the basis of data taken from the IIE survey of foreign students; the survey is described earlier in this section in connection with U.S. receipts for education services.

Expenditures of U.S. residents employed temporarily abroad.—This item is estimated by BEA on the basis of social security and corporate tax records. Information on geographic distribution is not available; it is assumed that expenditures of U.S. residents working abroad follow the geographic distribution of receipts for other private services from affiliated foreigners (part of line 9).

Film and tape rentals.—This item measures payments by U.S. film distributors to unaffiliated foreign residents for the purchase or rental of motion picture and television films and tapes to be exhibited in the United States. Estimates are obtained from the BE-93 survey. Purchases are included with rentals as services transactions because payments are primarily for distribution and exhibition rights; the cost of the physical films and tapes is usually very small and is excluded from U.S. merchandise imports.

Trade union payments.—This item measures the financial benefits, including strike benefits, paid by U.S. national trade unions to Canadian local unions. Estimates are provided to BEA by Statistics Canada [5] on a quarterly basis.

13. Estimates of nonauthorized workers are limited to those who commute to jobs in the United States-Mexican border area. No estimate is available on the number of permanent nonauthorized workers elsewhere because they are de facto residents.

U.S. Government Miscellaneous Services

The U.S. Government miscellaneous services accounts (lines 10 and 25) cover transactions of U.S. Government nonmilitary agencies with foreign residents. Most of these transactions involve provision of services to, or purchases of services from, foreigners; transfers of some goods are also included. Transactions between U.S. Government nonmilitary facilities abroad and foreign entities are included, because the operations are regarded as extensions of U.S. Government domestic operations.

Estimates are based on data submitted to BEA quarterly by U.S. Government agencies under Office of Management and Budget Directive No. 19. Transactions are generally reported at the time the service is performed or, for the few miscellaneous transactions involving goods, at the time of transfer of possession. The data are adjusted to conform to balance of payments concepts, based on supplementary information from the U.S. Department of State and U.S. diplomatic posts abroad, the appendix to the *Budget of the United States Government* [12], and consultations with reporting agencies.

1 U.S. Receipts (line 10)

This account measures receipts for services rendered to foreigners by the U.S. Government nonmilitary agencies listed in [table II-24](#), including the value of services rendered under foreign assistance programs and the value of certain goods transferred to foreigners by U.S. agencies from U.S. installations abroad.

Receipts for services cover (1) receipts of the U.S. Postal Service for services provided to nonresidents, including terminal charges on parcel post, (2) the value of services provided directly by U.S. Government nonmilitary agencies under foreign assistance programs, (3) receipts of the National Aeronautics and Space Administration for placing communications, weather, and other satellites into

Table II-24.—Receipts of U.S. Government for Miscellaneous Services, 1988 (Line 10)

[Millions of dollars]

Total	672
U.S. Postal Service	218
Peace Corps ¹	123
U.S. Department of State	107
Agency for International Development ¹	156
National Aeronautics and Space Administration	7
Other U.S. Government agencies	61

1. Represents services provided directly under foreign assistance programs.

orbit (the value of the launch vehicle is also included), and (4) miscellaneous receipts of other U.S. Government agencies, including (a) the U.S. share of receipts from foreigners for tolls and other collections by the St. Lawrence Seaway Development Corporation, (b) receipts from sales, primarily by the National Technical Information Service, U.S. Department of Commerce, of publicly available technical information and processes, and (c) consular and visa fees collected by the U.S. Department of State.

The main agencies providing services included in item (2) above are the Peace Corps and the Agency for International Development. The value of these services includes, in general, all costs chargeable to foreign aid appropriations for overhead and administrative expenses, training, technical services, and similar service items, whether incurred in the United States or abroad. These receipts are offsets to the corresponding entries for unilateral transfers in U.S. Government grants (line 32) and for U.S. credits disbursed in U.S. credits and other long-term assets (line 42).

Also included in receipts are the value of goods that U.S. nonmilitary agencies transfer from U.S. Government-owned stocks abroad, such as office equipment or vehicles deemed surplus to U.S. requirements, and the sale or lease of foreign real estate, such as embassy and consulate buildings.

Through the third quarter of 1979, receipts also included the revenues of the Panama Canal Company from tolls, receipts of harbor and terminal fees, freight charges, and receipts from sales of certain supplies to foreign-owned vessels. However, by the treaty with Panama and

Table II-25.—Payments by U.S. Government for Miscellaneous Services, 1988 (Line 25)

[Millions of dollars]

Total	1,955
U.S. Department of State	1,239
U.S. Postal Service	341
Agency for International Development	111
Peace Corps	51
U.S. Department of Justice	41
U.S. Department of Agriculture	31
Other U.S. Government agencies	141
Memoranda:	
Payments to foreign entities	1,482
Expenditures of U.S. Government personnel abroad	466
Payments to U.S. contractors abroad	2
Other	5

supporting legislation enacted by the U.S. Congress and approved September 27, 1979 (Public Law 96-70), the Canal Zone reverted to Panama. The legislation transferred the assets of the Panama Canal Company to the Panama Canal Commission, which is considered a U.S. Government enterprise operating in Panama and thus is treated as a foreign resident; that is, the assets of the Commission represent a direct investment in Panama by the U.S. Government.

2 U.S. Payments (line 25)

This account measures (a) payments by U.S. Government nonmilitary agencies to foreign entities for services, purchases of land and leaseholds, and for foreign goods that are purchased abroad and used or stockpiled abroad, (b) expenditures of U.S. Government nonmilitary personnel and their dependents, and (c) U.S. Government payments to U.S. contractors for nonmilitary work abroad (see [table II-25](#)). Most transactions covered in this account are undertaken by the U.S. Department of State.

2.1 Payments to foreign entities

This item measures the value of services provided abroad by foreign entities. Included are wage payments to foreign residents employed both under contracts with foreign governments and with U.S. Government nonmilitary agencies; payments include amounts withheld from wages and paid to foreign governments for taxes and U.S. social security. Amounts are net of U.S. withholdings—for example, retirement deductions from foreign residents who are covered under the U.S. Civil Service Retirement System. Also included are payments by the U.S. Postal Service to foreigners for postal services, including terminal dues and payments to foreign carriers for transporting U.S. mail; U.S. payments abroad for utilities, rent, and property maintenance; purchases of land, buildings, and leaseholds; and supplies, material, and equipment purchased abroad, but not imported into the United States.

2.2 Expenditures of U.S. Government personnel and dependents abroad

This item measures expenditures abroad by U.S. Government nonmilitary personnel and their dependents for foreign goods and services. Estimates are based on payments, net of withholdings for U.S. income taxes, for retirement, and for other employee benefits by the U.S. Government to U.S. residents employed or stationed abroad and their dependents, including living quarters and other allowances. Net payments are a part of gross pay that is given or mailed directly to individuals, including paychecks deposited by overseas disbursing officers in U.S. banks for credit to individual accounts. No information is available on the amount of funds subsequently returned to the United States by the personnel or their dependents through private channels, or on the amount of funds received by them from the United States through private channels.

Also included in this item are reimbursements or net advances to persons officially traveling abroad, but not stationed there, for per diem and other expenses. Reimbursements for purchases in the United States of transportation on U.S. carriers are excluded.

2.3 Payments to U.S. contractors for work abroad

This item measures the value of services provided abroad by U.S. contractors to nonmilitary agencies under U.S. Government contracts. Payments are recorded gross, and the returns to the United States are included as receipts in other private services (line 9). (Services provided abroad by U.S. contractors to U.S. military agencies are recorded, net of returns to the United States, as direct defense expenditures (line 19).)

Through the third quarter of 1979, this account included payments for services related to the operation and maintenance of the Panama Canal, such as wages paid to residents of Panama and payments to private foreign contractors for maintenance and construction projects. As noted in the discussion of U.S. receipts, these transactions are no longer included in Government miscellaneous services because of the change in the status of the Canal Zone.

Income on Direct Investment

The direct investment income accounts (lines 12 and 27) cover international transactions involving income on U.S. direct investment abroad and on foreign direct investment in the United States. Income measures the return that direct investors receive on their investment in affiliates abroad or in the United States; it consists of earnings of the affiliates, less withholding taxes on distributed earnings, plus interest on intercompany accounts. Income includes earnings distributed to parent companies and the share of earnings reinvested in the affiliate; the inclusion of reinvested earnings in direct investment income recognizes that the earnings of an affiliate (less withholding taxes on distributed earnings) are income to the parent, whether or not a portion is reinvested. Both income and earnings include the direct investors' share of capital gains and losses of their affiliates, including those arising from foreign currency translations into U.S. dollars.¹⁴ (A detailed discussion of the basic concepts and definitions of direct investment and of the reporting system and estimating procedures is presented in "Direct Investment" in part III.)

1 U.S. Receipts (line 12)

This account measures the return on the U.S. direct investment position abroad—that is, it is the U.S. parents' return on their equity and debt investment in their foreign affiliates (see [table II-26](#)). As shown in the table, direct investment income receipts consist of earnings, less foreign withholding taxes on distributed earnings received by U.S. parents from their foreign affiliates, plus interest (net of withholding taxes) on intercompany accounts. (Interest is defined as interest received by U.S. parents from their foreign affiliates, net of interest paid by U.S. parents to their foreign affiliates.)

Earnings—the major component of direct investment income receipts—are U.S. parents' shares in the net income of their foreign affiliates, after provision for foreign income taxes, plus their shares of any capital gains or losses not included in the affiliates' net income. Net income and, therefore, earnings are based on the books of the foreign affiliate. A U.S. parent's share in net income is based on its directly held equity interest in the foreign affiliate.

Direct investment income differs from earnings because it is from the perspective of the U.S. parent—that is, income is the return the U.S. parent receives on its investment. Earnings, in contrast, are from the perspective of the affiliate—that is, they are the U.S. parent's share

of what the affiliate earns from its business. Thus, to derive direct investment income, foreign withholding taxes on distributed earnings are subtracted from the affiliate's earnings because they reduce the U.S. parent's return, and interest (net of withholding taxes) on intercompany accounts is added to earnings because it increases the U.S. parent's return. Earnings (less withholding taxes on distributed earnings) are the parent's return on equity investment, and interest (net of withholding taxes) is the U.S. parent's return on debt investment in the foreign affiliate.

Both direct investment income and earnings are defined on an "all-inclusive basis." This basis includes both ordinary and all other types of income that have been recognized. The latter includes U.S. parents' shares of capital gains and losses of affiliates, such as realized or unrealized gains and losses that result from the sale or other disposition of affiliates' assets and liabilities, from writeups or writedowns of the book value of assets and liabilities, and from changes in the dollar value of foreign-currency-denominated assets and liabilities or from the translation of the affiliates' financial statements from local currencies into dollars due to changes in exchange rates. These capital gains and losses, like ordinary income, are considered part of the U.S. parents' return on investment in their affiliates.¹⁵

The two major components of earnings are distributed earnings and reinvested earnings. For incorporated foreign affiliates, distributed earnings are dividends on common and preferred stock held by U.S. parents, before deduction of foreign withholding taxes, whether paid out of current or past earnings. Dividends exclude stock and liquidating dividends. Stock dividends are excluded because they are not considered to be a remittance of earnings, but rather a capitalization of retained earnings and thus a substitution of one type of equity (capital stock) for another (retained earnings). Liquidating dividends are excluded because they are a return of capital, rather than a remittance of earnings. For unincorporated affiliates, distributed earnings are earnings distributed to U.S. parents, whether paid out of current or past earnings. Reinvested earnings of foreign affiliates, whether incorporated or unincorporated, are earnings less distributed earnings.

Foreign withholding taxes on distributed earnings are taxes withheld by foreign governments on income distributed or remitted to U.S. parents. As noted earlier, earnings are before, but direct investment income is after, deduction of foreign withholding taxes.

14. See [footnote 1](#), page 5.

15. See [footnote 1](#), page 5.

Table II-26.—Receipts of Income on U.S. Direct Investment Abroad, 1988 (Line 12)

[Millions of dollars; credits +, debits -]

Total	48,264
Earnings	49,860
<i>Of which:</i>	
Capital gains/losses (gains +; losses -)	-144
Distributed earnings	34,690
Reinvested earnings	15,170
Interest (net of withholding taxes) on intercompany accounts	-1,596
U.S. parents' receipts	2,052
U.S. parents' payments	-3,648
Memorandum:	
Withholding taxes on distributed earnings	2,475

Interest is interest received by, or credited to, U.S. parents on debt owed to them by their foreign affiliates, less interest paid or credited by U.S. parents on debt owed by them to their foreign affiliates, both after deduction of (foreign or U.S.) withholding taxes. For foreign affiliates that are banks, interest includes only receipts on the U.S. parents' permanent invested debt capital. Interest includes net interest on capitalized leases between U.S. parents and foreign affiliates.

Interest and distributed earnings are based on the U.S. parents' books. They are included whether they are paid in cash, through debt creation, or in kind. When funds are not actually transferred to U.S. parents, an offsetting entry is made in the direct investment capital account (line 46).

2 U.S. Payments (line 27)

This account measures the return on the foreign direct investment position in the United States—that is, it is the foreign parents' return on their equity and debt investment in their U.S. affiliates, plus the return of other members of the foreign parent group on their debt investment in U.S. affiliates (see [table II-27](#)). (By definition, only foreign parents can have direct equity investment in U.S. affiliates; the other members of the foreign parent group can have only direct debt, not direct equity, investment. Because the direct debt investment of the other members is included in the foreign direct investment position, interest, which is the return on that investment, is

Table II-27.—Payments of Income on Foreign Direct Investment in the United States, 1988 (Line 27)

[Millions of dollars; credits +, debits -]

Total	-16,748
Earnings	-11,830
<i>Of which:</i>	
Capital gains/losses (gains -; losses +)	-866
Distributed earnings	-5,270
Reinvested earnings	-6,560
Interest (net of withholding taxes) on intercompany accounts	-4,918
U.S. affiliates' payments	-6,240
U.S. affiliates' receipts	1,321
Memorandum:	
Withholding taxes on distributed earnings	232

included in income.) For the definition of a foreign parent group, see "[Direct Investment](#)" in part III.

As shown in [table II-27](#), direct investment income payments consist of earnings, less U.S. withholding taxes on distributed earnings paid to foreign parents by their U.S. affiliates, plus interest (net of withholding taxes) on intercompany accounts of U.S. affiliates with their foreign parents and other members of the foreign parent group. (Interest is defined as interest paid by U.S. affiliates to their foreign parent group, net of interest received by U.S. affiliates from their foreign parent group.)

Earnings are the foreign parents' shares in the net income of their U.S. affiliates, after provision for U.S. income taxes, plus their shares of any capital gains or losses not included in the affiliates' net income. Net income and, therefore, earnings are based on the books of the U.S. affiliate. A foreign parent's share in net income is based on its directly held equity interest in the U.S. affiliate.

Direct investment income differs from earnings because it is from the perspective of the foreign parent group—that is, income is the return the foreign parent and other members of the group receive on their investment. Earnings, in contrast, are from the perspective of the affiliate—that is, they are the foreign parent's share of what the affiliate earns from its business. Thus, to derive direct investment income, U.S. withholding taxes on distributed earnings are subtracted from the affiliate's earnings because they reduce the foreign parent's return, and interest net of withholding taxes on intercompany accounts is added to earnings because it increases the return of the foreign parent and other members of the foreign parent group. Earnings (less withholding taxes on distributed earnings) are the foreign parent's return on equity investment, and interest (net of withholding taxes) is the return of the foreign parent and other members of the foreign parent group on debt investment in their U.S. affiliate.

Both direct investment income and earnings are defined to include the foreign parents' shares of capital gains and losses of affiliates. Included are realized or unrealized gains and losses that result from currency translations, the sale or other disposition of affiliates' assets and liabilities, and from writeups and writedowns of the book value of assets and liabilities.¹⁶

The two major components of earnings are distributed earnings and reinvested earnings. For incorporated U.S. affiliates, distributed earnings are dividends on common and preferred stock held by foreign parents, before deduction of U.S. withholding taxes, whether paid out of current or past earnings. Dividends exclude stock and liquidating dividends. Stock dividends are excluded because they are not considered to be a remittance of earnings, but rather a capitalization of retained earnings and thus a substitution of one type of equity (capital stock) for another (retained earnings). Liquidating dividends are excluded because they are a return of capital, rather than a remittance of earnings. For unincorporated U.S. affiliates, distributed earnings are earnings distributed to foreign parents, whether paid out of current or past earnings. Reinvested earnings of U.S. affiliates, whether incorpo-

16. See [footnote 1](#), page 5.

rated or unincorporated, are earnings less distributed earnings.

U.S. withholding taxes on distributed earnings are taxes withheld by the U.S. Federal, State, and local governments on income distributed or remitted to foreign parents. As noted earlier, earnings are before, but direct investment income is after, deduction of U.S. withholding taxes.

Interest is interest paid or credited to foreign parents and other members of the foreign parent group on debt owed to them by their U.S. affiliates, less interest received from, or credited by, foreign parents and other

members of the foreign parent group on debt owed by them to their U.S. affiliates, both after deduction of (U.S. or foreign) withholding taxes. For U.S. affiliates that are banks, interest includes only payments on the foreign parents' permanent invested debt capital. Interest includes net interest on capitalized leases between U.S. affiliates and foreign parents or other members of the foreign parent group.

Interest and distributed earnings are based on the U.S. affiliates' books. They are included whether paid in cash, through debt creation, or in kind. When funds are not actually transferred to foreign parents, an offsetting entry is made in the direct investment capital account (line 59).

Income on Other Investments

The other private and U.S. Government income accounts (lines 13, 14, 28, and 29) cover receipts of income on U.S. private and U.S. Government assets abroad and payments of income on foreign private assets in the United States and on U.S. Government liabilities. Transactions covered in these accounts are between unaffiliated residents, except for international banking transactions; income on the latter transactions covers receipts and payments on the banks' international banking business with affiliated as well as unaffiliated foreign residents. (Banks' income on their equity and permanent debt investment in foreign or U.S. banking affiliates is recorded in direct investment income (lines 12 and 27).) The accounts also include dividends on stocks, interest on debt securities, income on assets and liabilities of nonbanking business enterprises, and income on U.S. Government assets and liabilities.

Income generated on these investments is sometimes referred to as "portfolio investment income" to distinguish it from direct investment income. Portfolio investment often presents the opportunity to realize short-term income or capital gains and to shift funds between various types of financial market instruments or between countries. Portfolio investment differs from direct investment in that the latter involves some degree of management influence and lasting interest in a business enterprise located in another country; according to the U.S. definition, equity ownership of 10 percent or more is considered evidence that this management influence exists. Income generated on these investments is covered in direct investment income (lines 12 and 27).

The two accounts covering receipts are distinguished on the basis of ownership of assets abroad by U.S. private or U.S. Government entities. The two accounts covering payments are distinguished on the basis of the types of assets held by foreign residents in the United States—securities issued by U.S. private or by U.S. Government entities.

Quarterly estimates of receipts and payments are prepared by BEA for major types of investments. Income on banking and on certain nonbanking concerns' activities are prepared by multiplying outstanding amounts of particular assets and liabilities by representative yields. Income on securities is based on a cumulative income stream formed by adjusting income in a base period for changes in subsequent periods. The base-period income is established by the U.S. Treasury Department from periodic comprehensive surveys of holdings of securities and their yields; subsequent changes in income are estimated from transactions.

Representative yields, developed by BEA, reflect institutional market practices, relationships between transactors, various maturities, and cross-border risks appro-

priate to the specific categories of assets and liabilities. In general, publicly available interest rates [1, 4], for example, federal funds rate, bankers acceptance rates, certificate of deposit rates, Eurodollar rates, and face rates on newly issued bonds, are adjusted to approximate yields that reflect the cost or return on funds. In some cases, lag structures are employed to reflect different payment cycles, and several interest rates are combined on a weighted basis to approximate average maturities for certain types of assets and liabilities. Allowances are made for differing country risks.

Estimation procedures are revised by BEA on the basis of information obtained in periodic consultations with industry participants, and adjustments are incorporated when underlying conditions change significantly. For example, in 1978, a more precise breakdown of assets and liabilities became available from the Treasury International Capital reporting system (TIC), enabling BEA to refine its income estimates. In addition, BEA developed separate estimates of selected components on banks' noninterest income, based on transactions volume data and representative fee rates; beginning with 1986, these estimates are included in receipts for other private services (line 9). BEA began to use Eurodollar interest rates more extensively when international banking facilities (IBF's) were introduced in the United States in late 1981. In 1982, BEA introduced changes to reflect the banking industry's shift from all-inclusive pricing to separate factor pricing, and to place more emphasis on market-determined and cost-of-funds interest rates, thus reducing the emphasis on administered rates. In 1987, BEA introduced separate estimates for commissions and fees on securities transactions, and, in mid-1990, BEA was trying to obtain more complete information on noninterest income of financial institutions.

Receipts of income on U.S. private assets abroad (line 13) and payments of income on foreign assets in the United States (line 28) are estimated from data on outstanding amounts of assets and liabilities and on securities transactions, obtained from the TIC reporting system. The TIC reporting system (see [table II-28](#)) consists of a series of mandatory monthly and quarterly report forms filed by U.S. banks and other depository institutions, bank holding companies, securities brokers and dealers, investment banks and other intermediaries, non-bank concerns, and certain other persons, as defined in the instructions. In addition to reporting for their own account, many reporters, acting as market intermediaries, also report their customers' accounts. Reporting by type of asset or liability covers only broad categories, for example, deposits, negotiable instruments, bonds, and stocks;

Table II-28.—U.S. Treasury Department International Capital Reporting System Data Used in Preparing the Balance of Payments

Reports	Reporter	Type of information	Reporting coverage	Frequency
International capital banking forms (B series).	Banks, other depository institutions, bank holding companies, international banking facilities, brokers and dealers, including U.S. affiliates of foreign banks, such as U.S. branches, agencies, and subsidiaries, who for their own account, or the account of other U.S. persons, have liabilities to or claims on foreign residents.	<p>Liabilities outstanding:</p> <ol style="list-style-type: none"> 1. Banks' and other reporters' own liabilities to foreign residents, including demand, time, and savings deposits, federal funds borrowings, repurchase agreements, and designated borrowings from foreign affiliates, payable in dollars or foreign currency. 2. Custody liabilities from the reporters' records: Foreign claims on persons in the United States, other than long-term securities, held by or through the reporting institution, payable in dollars for the account of foreign residents. Included are short-term U.S. Treasury obligations, U.S.-issued commercial paper, bankers acceptances, and other U.S. short-term indebtedness held in custody as a foreign-owned asset in the United States. <p>Claims outstanding:</p> <ol style="list-style-type: none"> 1. Banks' and other reporters' own claims on foreign residents, i.e., assets owned by reporting institutions that represent claims on foreign residents, e.g., loans, acceptances, overdrafts, overseas deposits, advances, and certain lending to foreign affiliates. 2. Domestic customers' claims on foreigners held by the reporting institutions. They represent claims on foreign residents held here or abroad by the reporting institution for the account of its domestic customers, including overseas deposits, foreign-issued commercial paper, and foreign governments' short-term obligations. 	Mandatory survey of institutions whose end-of-month outstanding liabilities to, or claims on, foreign residents are \$15 million or more.	Monthly, quarterly, and semiannually.
International capital nonbanking forms (C series).	Nonbanking business enterprises, including exporters, importers, industrial and commercial concerns, and non-banking financial institutions (e.g., insurance companies), who for their own account, or the account of other U.S. persons, have liabilities to or claims on unaffiliated foreign residents.	<p>Commercial liabilities and claims outstanding:</p> <p>Liabilities and claims arising from the purchase and sale of goods and services in regular business operations, covering trade receivables and payables, advance payments and receipts, accrued claims and liabilities, and claims and liabilities arising from deferred payments for exported or imported goods.</p> <p>Financial liabilities and claims outstanding:</p> <p>Liabilities and claims arising from the borrowing and investment activities of an enterprise (such as mortgages, loan balances, bills and notes, and any negotiable and readily transferable short-term instruments not covered in bank reporting). Long-term securities and claims and liabilities related to direct investment are excluded.</p>	Mandatory survey of non-banking concerns whose end-of-month outstanding liabilities to, or claims on, foreign residents are \$10 million or more.	Quarterly.
International capital form S (purchases and sales of long-term securities by foreigners).	Securities brokers and dealers, investment bankers, other banking institutions, and other U.S. persons, who on their own behalf, or on behalf of their customers, engage in transactions in long-term marketable securities directly with foreign residents.	Transactions in long-term marketable securities executed in the United States for the account of foreign residents, and transactions executed abroad for reporter's own account or for the account of its domestic customers. Long-term securities are those having no contractual maturity (e.g., stocks) or a maturity of more than 1 year from date of issue (e.g., bonds, debentures), whether publicly issued or privately placed.	Mandatory survey of U.S. persons, who for their own account, or the account of other U.S. persons, purchase from or sell to foreigners, long-term securities amounting to at least \$500,000 in a given month.	Monthly.

NOTE.—Data are published in the *Treasury Bulletin*, issued quarterly by the U.S. Treasury Department.

these categories serve as the basis for BEA's estimating procedures.

U.S. Government receipts and payments of income (lines 14 and 29) are based mostly on data reported to BEA by U.S. Government agencies as required by Office of Management and Budget (OMB) Directive No. 19. U.S. Government income payments to foreigners, provided by the U.S. Treasury Department's Office of Government Finance and Market Analysis, are augmented by BEA estimates of income paid to private foreign residents on their holdings of U.S. Government securities, based partly on TIC reports.

Income receipts and payments are estimated and recorded on an accrual basis, except for income on U.S. Government assets abroad, which is reported on a collection basis. Accrued income flows may at times differ from the receipt of cash that is recorded in the capital accounts. In estimating income receipts and payments, BEA does not adjust for interest rate swaps.

1 Other Private Receipts of Income on U.S. Assets Abroad (line 13)

This account measures income received by private U.S. residents on their investments abroad, excluding direct investment. Estimates are prepared for income on claims reported by U.S. banks, income on foreign securities, and income on claims reported by U.S. nonbanking concerns (see [table II-29](#)).

1.1 Income on claims reported by U.S. banks

This item measures income receipts for the major categories of U.S. assets abroad reported by U.S. banks (including the branches, agencies, subsidiaries, and other affiliates of foreign banks located in the United States), other depository institutions, bank holding companies, and brokers and dealers (when they conduct banking types of transactions). Income received by reporters for their own account and for the account of their domestic customers are covered. Estimates of income on assets of IBF's are developed separately because pricing of their assets is unique.

Three major income components, classified by type of foreign borrower are distinguished in [table II-29](#). The first, interest on U.S. banks' own **claims on foreign banks**, includes banks' own foreign offices and unaffiliated banks abroad. Interest on claims on banks' own foreign offices represents principally income on intra-company banking, that is, transactions between U.S.-owned banks and their foreign branches and majority-owned subsidiaries abroad, and transactions between foreign-owned banks in the United States (U.S. agencies, branches, and majority-owned subsidiaries) and their related offices abroad, including overseas home offices. Although most income receipts are associated with interbank activity, some U.S. reporters are not banking institutions—for example, bank holding companies, brokers, and dealers.

The second major component, interest on U.S. banks' own **claims on other foreigners**, covers loans, accept-

Table II-29.—Other Private Receipts of Income on U.S. Assets Abroad, 1988 (Line 13)

(Millions of dollars)

Total	52,840
Income on claims reported by U.S. banks ¹	40,187
Interest on banks' own claims on foreign banks ²	27,650
Interest on banks' own claims on other foreigners ³	10,346
Interest on banks' domestic customers' claims on foreigners	2,191
Income on foreign securities	9,532
Interest on bonds	8,702
Dividends on stocks	830
Income on claims reported by U.S. nonbanking concerns	3,121
Financial	2,118
Commercial	1,003

1. Excludes noninterest income receipts.

2. Includes interest received from the banks' own foreign offices.

3. Includes interest received from foreign public borrowers and private foreigners other than banks.

ances, overdrafts, and other lending to private nonbank and foreign public borrowers. The third component, interest on **banks' domestic customers' claims on foreigners**, covers income earned on U.S. holdings of overseas deposits, foreign-issued negotiable certificates of deposit, and other short-term financial paper held by U.S. banks for their domestic customers.

Quarterly estimates of interest receipts are prepared by applying representative yields to each type of asset or to a group of similarly yielding assets reported on the TIC B forms—BC, BQ-1, and BQ-2:

BC: Reporting Bank's Own Claims, and Selected Claims of Broker or Dealer, on Foreigners, Payable in Dollars. (Monthly.)

BQ-1: Part 1.—Reporting Bank's Own Claims, and Selected Claims of Broker or Dealer, on Foreigners. (Quarterly.)

Part 2.—Domestic Customers' Claims on Foreigners Held by Reporting Bank, Broker, or Dealer, Payable in Dollars. (Quarterly.)

BQ-2: Part 1.—Liabilities to, and Claims on, Foreigners of Reporting Bank, Broker, or Dealer. (Quarterly.)

Part 2.—Domestic Customers' Claims on Foreigners Held by Reporting Bank, Broker, or Dealer, Payable in Foreign Currencies. (Quarterly.)

Yields applied to interbank claims are derived from combinations of U.S. and Eurodollar interest rates, mostly rates on deposits of 30 days and under. Yields applied to banks' own claims on other foreigners are based on the U.S. bankers acceptance rate, the U.S. prime rate, and the London Interbank Offered Rate (LIBOR). Rates for 90- to 180-day maturities are averaged, and an addition of 50-150 basis points is made to account for different country risks. The size of the addition is estimated from data in Organisation for Economic Co-operation and Development (OECD) publications and financial press reports. Yields applied to the banks' domestic customers' claims are based on Eurodollar interest rates and representative rates on medium-maturity finance paper in a few major countries. For all three major components, data on outstanding assets represent the average of reported

amounts at the beginning and end of each month or, if only quarterly data are available, at the beginning and end of the quarter.

Estimating procedures for interest receipts are modified periodically to reflect changes in institutional practices. Three examples illustrate the process. First, U.S. bank-reported items for collection are now considered to be fee-earning assets, and are included in other private services (line 9). Previously, they were considered to be interest-earning assets, and were included in income on bank claims. Second, no estimate of interest income is made on foreign currency balances—except banks' own nondeposit claims—because they are considered to be working balances rather than interest-earning assets; this treatment is being reexamined, however, because the nature and size of the foreign currency transactions of U.S. banks have expanded markedly in recent years. Third, an adjustment for interest arrearages was incorporated when, in the wake of concerns about problem loans to some developing countries, banks were required by U.S. regulatory agencies to place nonaccruing loans on a cash basis after 90 days.

1.2 Income on foreign securities

This item measures income receipts on foreign securities, estimated separately for bonds and stocks reported on the TIC S form, "Purchases and Sales of Long-Term Securities by Foreigners," by U.S. banks and other depository institutions, brokers, dealers, nonbanking enterprises, and other persons, who on their own behalf, or on behalf of their customers, engage in transactions in long-term securities directly with foreigners. Data by transactor are not available; thus, the ultimate U.S. beneficiary or economic sector cannot be identified. In estimating income receipts, BEA applies representative yields to transaction amounts to derive current receipts; receipts are then added to the cumulative income stream associated with outstanding holdings of foreign securities. The income stream is based on data on U.S. holdings of various types of foreign securities, and their representative yields, obtained in the census of American-owned assets in foreign countries, conducted by the U.S. Treasury Department in the past. Dependence on this out-of-date benchmark survey introduces the possibility of significant cumulative errors in the position figures.

For foreign bonds newly issued in the United States, changes in income receipts for the current quarter reflect interest received from new issues, less the interest on issues redeemed or amortized two quarters earlier, added to the cumulative income stream. The two-quarter lag reflects the semiannual interest payment cycle. Additions to income are derived by applying face interest rates to the amount of bonds newly issued in the United States. Deductions are derived by applying an estimated historical average yield to the amount redeemed or amortized. Data for the face rate of interest on new issues, for the yields on bonds previously issued, and for the dollar volume of bonds newly issued, redeemed, or amortized, are based on records maintained by BEA. These records contain information both from publicly available sources and

from information developed by BEA, the U.S. Treasury Department, and the Federal Reserve Bank of New York. Information on trading in these bonds is not available; therefore, it is assumed that bonds initially placed in the U.S. market are held by U.S. residents until maturity, unless redeemed or amortized earlier.

For transactions in outstanding foreign bonds, changes in income receipts for the current quarter are based on the income stream four quarters earlier, adjusted for changes in interest due to net trading two quarters earlier; the adjustment is calculated by applying an approximate average bond yield, based on yields in major countries, to net U.S. purchases or sales of outstanding foreign bonds.

For U.S. holdings of foreign corporate stocks, a one-quarter lag is used to reflect the usual quarterly dividend payment cycle. Receipts for the current quarter are based on the preceding quarter's income stream, adjusted for the net change in dividends due to net trading in the preceding quarter. The net change in dividends is derived by applying appropriate foreign yields to net U.S. purchases or sales of foreign stocks. Foreign stock yields are applied on a country basis to net trading for Canada and Japan and on a weighted-average area basis for Western Europe and other areas. Data on foreign yields are obtained from the *International Financial Statistics* [17].

Yields on foreign stocks are assumed to remain constant during the time the stocks are held by U.S. residents. No allowance is made for stocks that do not pay dividends. No adjustment is made for foreign withholding taxes because foreign securities are not identified by country of issue.

1.3 Income on claims reported by U.S. nonbanking concerns

This item measures income on financial and commercial claims on unaffiliated foreigners reported by U.S. nonbanking concerns on TIC form C. The nonbanking concerns are exporters, importers, industrial and commercial concerns, and nonbanking financial institutions. U.S. affiliates of foreign business enterprises are included to the extent that they have claims on unaffiliated foreign residents. Quarterly estimates are derived for long- and short-term components of overseas deposits (mainly Eurodollars) and other financial assets and commercial assets, reported on part 2 of TIC forms CQ-1 and CQ-2:

CQ-1: Part 2.—Financial Claims on Unaffiliated Foreigners.

CQ-2: Part 2.—Commercial Claims on Unaffiliated Foreigners.

Quarterly estimates of receipts are made by applying representative yields—a 15-month moving average of the U.S. prime rate for long-term claims and a 6-month moving average of the U.S. prime rate and the bankers acceptance rate for short-term claims—to average balances reported outstanding at the beginning and end of a quarter. Yields are adjusted upward for cross-border risk.

2 Income Receipts on U.S. Government Assets Abroad (line 14)

This account primarily measures interest receipts on long- and short-term credits extended by the U.S. Government (see [table II-30](#)). It also includes interest receipts on other U.S. Government assets abroad, such as net earnings on U.S. reserve assets with the International Monetary Fund (IMF).

Estimates of interest receipts are based on data submitted quarterly by U.S. Government agencies under OMB Directive No. 19. The data are summarized by country and by type of credit or asset. Gains and losses realized by U.S. monetary authorities from acquisitions or borrowings of foreign currencies and from sales or repayments of these currencies at varying exchange rates are excluded, as are gains and losses due to changes in exchange rates on foreign currency balances held by disbursing officers abroad.

2.1 Income on credits

This item measures interest receipts on outstanding U.S. Government credits, classified according to the legislative program under which the credits were extended to foreigners. Interest receipts include capitalized interest, which is reported as having been realized through the recording of an additional credit utilization, which, in turn, increases principal indebtedness outstanding. Except for capitalized interest, receipts are recorded on a cash collection basis or when the debtor delivers goods or services to U.S. agencies. Collections of commitment fees for credits extended by U.S. Government agencies are included. Most of the income on "other credits" shown in [table II-30](#) involves interest receipts on a 1946 loan to the United Kingdom.

Table II-30.—Income Receipts by U.S. Government on Assets Abroad, 1988 (Line 14)

[Millions of dollars]

Total	6,672
Income on credits	5,478
Under Export-Import Bank Act	936
Under Foreign Assistance Act and related programs:	
Financing military sales	3,587
Country program loans	461
Social Progress Trust Fund	4
Investment incentive loans	4
Under Agricultural Trade Development and Assistance Act:	
Long-term dollar credits	301
Foreign currency loans	7
Under Commodity Credit Corporation Charter Act	128
On other credits	50
Income on other U.S. Government assets, net	1,194
Earnings on reserve assets, net	1,158
On other assets	36

2.2 Income on other U.S. Government assets, net

The main item in this category is receipts of interest on U.S. reserve assets, consisting of (1) interest on U.S. holdings of special drawing rights (SDR's) with the IMF and on U.S. lending to IMF credit facilities, less IMF charges on SDR allocations, and (2) interest on the investment of foreign currency holdings of the U.S. Treasury Department's Exchange Stabilization Fund and of the Federal Reserve System. Receipts are recorded on a collection basis. Interest collected on U.S. Government disbursing officers' deposits and other assets abroad are also included.

3 Other Private Payments of Income on Foreign Assets in the United States (line 28)

This account measures income paid by U.S. residents to foreigners on their investments in the United States, excluding direct investment (see [table II-31](#)). Estimates are prepared for interest on bank-reported liabilities to foreigners, interest and dividends on U.S. debt and equity securities held by unaffiliated foreigners, and interest on financial and commercial liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.

3.1 Income on liabilities reported by U.S. banks

This item measures income payments for the major categories of foreign assets in the United States reported by U.S. banks (including foreign banks' branches, agencies, subsidiaries, and other affiliates in the United States), other depository institutions, bank holding companies, and brokers and dealers (for banking types of transactions). Income paid by reporters for their own account and income paid for accounts placed in their custody are covered. Estimates of income on IBF liabilities are developed separately because pricing of their liabilities is unique.

Four major income components, classified by type of U.S. borrower, are distinguished in [table II-31](#). The first, interest payments on banks' own liabilities to foreign banks, includes the banks' own foreign offices and unaffiliated

Table II-31.—Other Private Payments of Income on Foreign Assets in the United States, 1988 (Line 28)

[Millions of dollars]

Total	59,746
Income on liabilities reported by U.S. banks ¹	38,249
Interest on banks' own liabilities to foreign banks ^{2,3}	27,625
Interest on banks' own liabilities to other private foreigners ^{2,3}	5,011
Interest on banks' custody liabilities ^{3,4}	3,374
Interest on liabilities to foreign official agencies ^{2,4}	2,239
Income on U.S. securities	19,393
Interest on bonds	15,548
Dividends on stocks	3,845
Income on liabilities reported by U.S. nonbanking concerns	2,104
Financial	1,146
Commercial	958

1. Excludes noninterest income payments.

2. Includes interest paid on negotiable and nonnegotiable certificates of deposit, time and savings deposits, and other U.S. borrowing.

3. Excludes interest on liabilities to foreign official agencies.

4. Includes interest paid on short-term obligations of U.S. Government corporations and federally sponsored agencies.

banks abroad. Interest on liabilities to banks' own foreign offices represents income on intracompany banking—transactions between U.S.-owned banks and their foreign branches and majority-owned subsidiaries abroad, and transactions between foreign-owned banks in the United States (U.S. agencies, branches, and majority-owned subsidiaries) and their related offices abroad, including overseas home offices. Although most income payments are associated with interbank activity, some payments are made to overseas offices that are not banking institutions.

The second major component, interest on banks' own **liabilities to other private foreigners**, includes other than official foreign government entities and international financial institutions, for example, the International Bank for Reconstruction and Development. The third component, interest on **banks' custody liabilities** to other than foreign official agencies, excludes short-term U.S. Treasury obligations. The fourth component covers interest on **liabilities to foreign official agencies** that are principally monetary authorities, for example, treasuries, ministries of finance, and central banks.

Quarterly estimates of interest payments are prepared by applying representative yields to each type of liability or to a group of similarly yielding liabilities reported on the TIC B forms—BL-1, BL-2, and BL-3:

- BL-1: Reporting Bank's Own Liabilities, and Selected Liabilities of Broker or Dealer, to Foreigners, Payable in Dollars. (Monthly.)
- BL-2: Custody Liabilities of Reporting Banks, Brokers, and Dealers, to Foreigners, Payable in Dollars. (Monthly.)
- BL-3: Intermediary's Notification of Foreign Borrowing Denominated in U.S. Dollars. (Monthly.)

Yields applied to interbank liabilities are based on an average of short-term Eurodollar rates (30 days and less). Yields applied to deposit liabilities—time and savings deposits and negotiable certificates of deposit—represent a weighted average of rates extending to 180 days. Yields applied to other nondeposit forms of borrowing—deferred credits, repurchase agreements, federal funds borrowings—are based on a weighted combination of the U.S. federal funds rate and several Eurodollar deposit rates extending up to 90 days. Interest rates for bankers acceptances and commercial paper are applied to banks' custody liabilities (other than negotiable certificates of deposit, mentioned above, and short-term U.S. Treasury obligations, covered in U.S. Government payments, line 29). Short-term instruments of U.S. Government corporations and agencies are covered in this account, rather than in U.S. Government income payments, because these instruments are not separately identifiable in bank custody reporting, as are other instruments of the U.S. Treasury. Recent changes in estimating procedures include the adoption of a separate treatment for transactions handled through IBF's and an allowance for greater emphasis placed by banks on market-determined pricing. No estimate is made, however, for fees and commissions paid by U.S. banking institutions to foreigners, because the amounts are presumed to be insignificant. No estimate of payments is made for demand deposits denominated in

dollars or for liabilities denominated in foreign currencies because they are, for the most part, working balances of a non-interest-earning status.

3.2 Income on U.S. securities

This item measures income payments on U.S. securities, estimated separately for bonds and stocks reported on TIC form S. Because reporters commingle their own and client accounts, data by transactor are not available; thus, the ultimate economic sector cannot be identified. In estimating income payments, BEA applies representative yields to transaction amounts to derive current payments; payments are then added to the cumulative income stream associated with outstanding foreign holdings of U.S. securities. The income stream is based on a 1978 Treasury Department benchmark survey of foreign holdings of U.S. securities outstanding and of applicable yields [74]. The Treasury Department conducted a similar comprehensive survey for yearend 1984; partial survey results were released in mid-August 1989 and will be incorporated into the accounts in 1990.

For bonds newly issued abroad by U.S. corporations, payments in any given quarter represent the income stream four quarters earlier, adjusted for the addition of interest paid on new issues and the deduction of interest on issues redeemed or amortized two quarters earlier. The two-quarter lag reflects the usual semiannual interest payment cycle. Additions to income are derived by applying the face rate of interest on the bonds to the amount of new U.S. bonds issued abroad. Deductions are derived by applying a weighted average of interest rates on previous holdings to the amount of U.S. bonds redeemed or amortized. Data for the face rate of interest on new issues, for the yields on bonds previously issued, and for the volume of bonds newly issued, redeemed, or amortized are based on information obtained by BEA from financial publications and public notices by U.S. borrowers. Information on trading in these bonds is not available; therefore, it is assumed that bonds initially placed abroad are held by foreign residents until maturity, unless redeemed or amortized earlier.

For transactions in outstanding U.S. bonds, changes in income payments for the current quarter are based on the income stream four quarters earlier, adjusted for changes in interest paid due to net trading two quarters earlier; the adjustment is calculated by applying an average of U.S. corporate bond yields to net foreign purchases or sales of outstanding U.S. bonds. Moody's domestic AA corporate bond yield is used as a representative interest rate [43].

For foreign holdings of U.S. corporate stocks, a one-quarter lag is used to reflect the usual quarterly dividend payment cycle. Payments for the current quarter are based on the preceding quarter's income stream, adjusted for the net change in dividends due to net trading in the preceding quarter. The net change in dividends is derived by applying the Standard & Poor's composite yield on 500 stocks [43] to net foreign purchases or sales of U.S. stocks.¹⁷ Yields on U.S. stocks are assumed to remain constant during the time the stocks are held by foreign

17. Beginning in June 1990, yields are applied directly to amounts outstanding.

residents. No allowance is made for stocks that do not pay dividends. Dividend payments are adjusted to exclude U.S. withholding taxes, estimated at 15 percent.

3.3 Income on liabilities reported by U.S. nonbanking concerns

This item measures income payments on financial and commercial liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns on TIC form C. The nonbanking concerns are exporters, importers, industrial and commercial concerns, and other nonbanking financial institutions in the United States. Quarterly estimates are derived for long- and short-term components of financial and commercial liabilities reported on part 1 of the C forms—CQ-1 and CQ-2:

CQ-1: Part 1.—Financial Liabilities to Unaffiliated Foreigners.

CQ-2: Part 1.—Commercial Liabilities to Unaffiliated Foreigners.

Quarterly estimates of income payments are made by applying representative rates to average balances reported outstanding at the beginning and end of a quarter. Payments on U.S. financial liabilities primarily represent interest payments on Eurodollar borrowings from overseas banks; estimates are made by applying a short-term Eurodollar rate to short-term liabilities, and the U.S. prime rate to long-term liabilities. Representative rates for each quarter are calculated by averaging rates over several preceding months to reflect the varied maturities of liabilities. Estimates of income payments on U.S. commercial liabilities are adjusted to exclude progress payments made by foreigners on their purchases of aircraft from U.S. manufacturers and to exclude certain account payables relating to petroleum trade; both of these items are considered non-interest-earning U.S. liabilities.

4 U.S. Government Income Payments (line 29)

This account measures accrued interest payments by the U.S. Government to foreign official agencies and other foreign residents holding U.S. Government obligations. Four major components are distinguished in [table II-32](#). (1) Interest on short-term U.S. Treasury obligations, such as bills and certificates of indebtedness, including “foreign series” issues. (2) Interest on U.S. Government marketable bonds and notes, and on bonds and notes of U.S. Government corporations—such as the Export-

Import Bank, Federal Housing Administration, and the Government National Mortgage Association—and of U.S. federally sponsored agencies, including the Federal home loan banks and Federal land banks. (Short-term obligations of U.S. Government corporations and federally sponsored agencies are not included here because these obligations are commingled among the custody liabilities reported by U.S. banking institutions.) (3) Interest on U.S. Government nonmarketable bonds and notes, primarily U.S. Treasury “foreign series” bonds and notes payable in dollars or foreign currencies. (4) Interest on other U.S. Government liabilities.

Treasury “foreign series” issues are short- and long-term nonmarketable securities, payable in dollars or foreign currencies, specifically designed for sale to foreign official agencies or to other foreign residents.

An estimate of interest paid on most U.S. Government securities held by foreign residents is reported quarterly to BEA, under OMB Directive No. 19, by the U.S. Treasury Department’s Office of Government Finance and Market Analysis. That office estimates payments to foreign official agencies based on amounts outstanding, face interest rates, and maturities of issues held in custody at the Federal Reserve Bank of New York. An estimate of payments to private foreigners is also included in this account; the estimate is based on amounts outstanding multiplied by appropriate yields. BEA augments the Treasury data by including an estimate of interest paid to private foreign holders of U.S. federally sponsored agency issues and of U.S. Government corporation bonds; average market yields are applied to estimated amounts held. Also, BEA modifies the yield applied by the Treasury to private holdings of U.S. Government securities to reflect the high-yielding, long-term maturities preferred by some foreign institutional investors. BEA also prepares estimates for interest accrued on Treasury foreign series issues of zero coupon bonds. Estimates of income payments on other U.S. Government liabilities are reported to BEA by U.S. Government agencies. These include payments of interest on various foreign deposits with the U.S. Treasury Department that are prepayments against future deliveries of materials.

Table II-32.—Income Payments by U.S. Government on Foreign Assets in the United States, 1988 (Line 29)

(Millions of dollars)

	Total	Foreign official agencies	Other foreign residents
Total	29,054	19,171	9,883
Short-term U.S. Treasury obligations	7,019	6,224	795
U.S. Government marketable bonds and notes ¹	21,982	12,894	9,088
U.S. Government nonmarketable bonds and notes ²	47	47	n.a.
Other U.S. Government liabilities ³	6	6	n.a.

n.a. Not applicable.

1. Includes income payments on bonds and notes of the U.S. Treasury, U.S. Government corporations, and federally sponsored agencies.

2. Consists of income payments on U.S. Treasury foreign series bonds.

3. Consists of income payments on foreign deposits with the U.S. Treasury Department and other U.S. Government liabilities.

Unilateral Transfers

The unilateral transfers accounts (lines 30, 32, 33, and 34) cover international transactions in which goods, services, or financial assets are transferred between U.S. residents and residents of other countries without something of economic value being received in return.

In most international transactions, both sides of the transaction have measurable economic values; for example, the provision of real resources to foreign residents is offset by payment for them, as financial claims on foreign residents are acquired or as financial liabilities to foreign residents are reduced. Hence, the principle of *quid pro quo*—something for something—is embodied in balance of payments accounting. However, certain international transactions—for example, a government donation of food products to alleviate famine in another country or a cash gift sent by an individual to another individual abroad—take place without a *quid pro quo*. These transactions are termed “unilateral transfers” in the U.S. balance of payments (and “unrequited transfers” in the International Monetary Fund’s *Balance of Payments Manual*). Entries in the accounts discussed in this section offset transfers of real resources or financial assets to foreign residents recorded in the appropriate merchandise, services, or capital accounts.

In general, transfers are recorded as of the time of delivery of goods, performance of services, or disbursement of cash; the valuation of noncash transfers generally corresponds to the value of the goods or services to which they are offsets. Transfers also include funds transferred by immigrants or emigrants as they enter or leave the United States, although, in a strict sense, no transaction has occurred between residents and nonresidents. Estimates of unilateral transfers are published on a net basis, with U.S. transfers to foreign residents (debits) netted against foreign transfers to U.S. residents (credits).

Unilateral transfers are recorded in the following accounts: (1) Transfers under U.S. military grant programs, net (line 30); (2) U.S. Government grants, excluding military grants of goods and services (line 32); (3) U.S. Government pensions and other transfers (line 33); and (4) private remittances and other transfers (line 34).

The first three accounts are estimated on the basis of data submitted quarterly by U.S. Government operating agencies under Office of Management and Budget Directive No. 19. Where necessary, the reported data are adjusted for timing; the adjustments are based on supplementary information, including published statements, congressional submissions, and the financial and operating records of Government agencies. For transactions that are reported only partially or not at all by the operating agencies, BEA prepares estimates using supplementary information. The fourth account, private remittances and

other transfers, is estimated from a wide variety of data sources.

1 U.S. Military Grants of Goods and Services, Net (line 30)

This account measures net transfers of goods delivered and services rendered by U.S. military services to foreign countries under programs enacted by the U.S. Congress to authorize the provision of military assistance for which no repayment is expected or for which repayment terms are indeterminate.

Gross transfers include goods and services purchased with dollar funds appropriated or with foreign currencies owned by the U.S. Government and authorized by legislation for that use (valued on the basis of the U.S. Government financial records reflecting the expenditure of authorized funds). Gross transfers also include transfers of goods under authorizations to deliver to foreign nations the equipment and material deemed excess to U.S. requirements (valued according to the legislative authorization under which the transfer is made).

Transactions netted against gross transfers—reverse grants—include returns of equipment previously transferred and supplies and services provided to the U.S. Government as part of a mutual assistance program.

The value of transfers of goods and services under U.S. military grant programs is offset by an identical credit entry in line 15.¹⁸

2 U.S. Government Grants, Excluding Military Grants of Goods and Services (line 32)

This account measures the utilization of U.S. Government financing to transfer real resources or financial assets to foreigners under programs enacted by the U.S. Congress for the provision of nonmilitary foreign assistance (grants) for which no repayment is expected. These grants are classified in [table II-33](#) according to the legislative programs under which they were extended. Utilized assistance represents the goods delivered or shipped, services rendered, or cash disbursed by the U.S. Government to, or for the account of, a foreign government or other foreign entity. Grants are measured on a net basis, with the amount of gross grants netted against cash

18. Beginning in June 1990, U.S. military grants of goods and services are combined with other U.S. Government grants. Transfers of goods and services under U.S. military grant programs are combined with transfers under U.S. military agency sales contracts.

settlements for grants previously provided, for returns of equipment previously transferred, for foreign currencies provided to offset U.S. expenditures under foreign assistance programs, and for goods and services provided under mutual assistance programs that require the receiver to extend assistance to the United States or other countries to achieve a common objective. Corresponding entries representing the actual shipment of goods, performance of services, or disbursement of cash are included in the appropriate merchandise, services, or capital accounts.

Also included in U.S. Government grants are transfers under assistance programs for which repayment terms are indeterminate at the time of the transfer, subject to future settlement. These types of assistance are included with grants in the period rendered. Subsequently, when settlement for the assistance is agreed upon, the terms may call for a cash settlement or may establish a long-term credit. Cash settlements are included as reverse grants. Amounts of newly established long-term credits are not included in the balance of payments estimates, but are added as an adjustment to outstanding long-term credits in the international investment position, discussed in part I.

U.S. Government grants include contributions and special grants to international agencies carrying out humanitarian activities—such as the United Nations Relief and Works Agency for Palestine Refugees, United Nations Children's Emergency Fund (UNICEF), and United Nations High Commissioner for Refugees. Contributions to the economic development and subsidies for the Pacific Ocean islands that the United States holds in trusteeship for the United Nations are also included, as are Peace Corps expenditures and Agency for International Development (AID) expenditures, including their administrative overhead in the United States and abroad and their payments to other U.S. Government agencies for services in support of AID programs. The offsetting entries to the expenditures by the Peace Corps and AID are included in receipts for U.S. Government miscellaneous services (line 10) or in other private services (line 9), where they represent the "export" of U.S. Govern-

ment services, or private services, respectively, to the aid-receiving countries. When services are obtained and paid for abroad, an entry is also made for payments under U.S. Government miscellaneous services (line 25).

(It should be noted that the amount of foreign assistance included in the U.S. Government grants account does not provide a comprehensive measure of the foreign aid activity of the U.S. Government. For a detailed discussion of the different concepts and measures of foreign assistance and historical data series on foreign assistance extended by the United States under various programs, reference should be made to the annual reports of the U.S. Treasury Department's National Advisory Council on International Monetary and Financial Policies [72]. These reports continue the series published by BEA in *Foreign Aid by the United States Government, 1940-1951*, a supplement to the SURVEY OF CURRENT BUSINESS [52], and in the periodic reports *Foreign Grants and Credits by the United States Government* [54].)

3 U.S. Government Pensions and Other Transfers (line 33)

This account measures (1) payments of social security, railroad retirement, and other social insurance benefits to eligible persons residing abroad, (2) payments under retirement and compensation programs for former U.S. Government civilian employees, military personnel, and veterans residing abroad, including the cost of providing medical services abroad under Veterans' Administration programs, (3) payments under U.S. educational, cultural exchange, and research programs, (4) membership contributions to international nonfinancial organizations, (5) damage claims paid by the U.S. armed services in countries where they have installations, and (6) other transfers (see table II-34).

Other transfers include receipts from foreign residents on U.S. claims arising from damage to, or nationalization of, U.S. property abroad settled by intergovernmental agreements. Generally, these are one-time transactions involving receipts of funds by the United States. If funds received from foreign governments are distributed to U.S. owners residing abroad, the transfers are recorded in this account as payments. When foreign payments for damage or nationalization are made in installments over a period of time, they are recorded as U.S. receipts in repayments

Table II-33.—U.S. Government Grants, Excluding Military Grants of Goods and Services, 1988 (Line 32)

(Millions of dollars)

Total, net	10,377
Grants, gross	10,377
Under Foreign Assistance Act and related programs:	
Financing military purchases ¹	3,185
Other grants	5,778
Under authorizations for farm product disposals:	
From foreign currencies under the Agricultural Trade Development and Assistance Act	1
For famine, other urgent and extraordinary relief, for economic development, and through private welfare agencies	509
Freight donations	212
Food for development loan forgiveness	115
For international refugee assistance	224
For trust territory development	202
For Peace Corps	151
Less: Reverse grants and returns	

1. Includes funds advanced to finance military sales to foreign governments and to release foreign governments from their contractual liabilities to pay for defense articles and services purchased under the Arms Export Control Act.

Table II-34.—U.S. Government Pensions and Other Transfers, 1988 (Line 33)

(Millions of dollars)

Total	2,491
Transfers of annuities and other benefits:	
Under social security and related programs	1,382
Under retirement and compensation programs for Federal Government service	485
Transfers under educational, cultural exchange, and research programs	14
Membership contributions to international nonfinancial organizations	670
Damage claims paid by U.S. armed services	3
Less: Receipts (including fishing fees)	61

on U.S. credits and other long-term assets (line 42). U.S. Government pensions and other transfers also include a credit entry for receipts of fees from foreign vessels for fishing in U.S. territorial waters.

4 Private Remittances and Other Transfers (line 34)

This account measures net private unilateral transfers of goods, services, and cash and other financial assets between U.S. private residents and foreign residents (see table II-35). Published estimates are on a net basis; transfers by private U.S. residents to foreign residents (debits) are netted against transfers by foreign residents to private U.S. residents (credits).

Data sources for this account include BEA surveys of charitable institutions, banks, and agencies engaged in handling personal remittances, the U.S. Postal Service, and the published balance of payments data of a few major countries. These sources provide only limited coverage, however, because the flow of cash, personal checks, and other nonpostal money order remittances sent directly to foreign residents is unrecorded. Likewise, receipts by U.S. individuals, universities, hospitals, and religious institutions are mostly unrecorded.

4.1 U.S. transfers to foreign residents

Unilateral transfers by private U.S. residents to foreign residents, as shown in table II-35, consist of (1) institutional remittances, (2) personal remittances, (3) parcel post shipments, (4) inheritance, emigrant, and other transfers, (5) contributions to UNICEF, (6) transfers for medical services, and (7) transfers to foreign students studying in the United States.

Institutional remittances.—This item measures institutional remittances, based on data reported to BEA by U.S. religious, charitable, educational, scientific, and similar nonprofit organizations in the BE-40 survey, "Institutional Remittances to Foreign Countries." Data are reported on a country basis, with funds remitted and goods shipped shown separately. Funds transferred to foreign residents include outright grants, payments abroad for procurement of goods to be used abroad, payments for contract services abroad, administrative expenses abroad, and transfers to foreign banks or to foreign accounts at U.S. banks. The value of goods shipped abroad includes transportation expenses if the transfer covers them.

In 1988, approximately 90 BE-40 reports were submitted quarterly and 360 annually. Quarterly reporters accounted for about 70 percent of the annual value; this ratio serves as the basis for expanding the quarterly data to universe estimates.

Personal remittances.—This item measures personal remittances in cash, based on data submitted to BEA by selected U.S. banks, the U.S. Postal Service, and other reporters. Banks report on the annual BE-579 survey, "Foreign Personal Remittances," for specific countries or groups of countries. Banks may report either the actual

Table II-35.—Private Remittances and Other Transfers, 1988
(Line 34)
[Millions of dollars]

Total	1,788
U.S. transfers to foreign residents	4,218
Institutional remittances	2,087
Cash	1,815
Goods	272
Personal remittances	993
Parcel post shipments by individuals	244
Inheritance, emigrant, and other transfers	198
Contributions to United Nations Children's Emergency Fund	12
Transfers to foreign students	630
Transfers for medical services	54
Less: Foreign transfers to U.S. residents	2,430
Inheritance, immigrant, and other transfers	2,088
Indemnification transfers	235
Personal remittances	107

totals of all daily remittances in a given month or quarter or for certain sampling days. Banks are instructed to report the total of all noncommercial payments from U.S. individuals to individuals residing abroad; these payments include funds transferred by special "foreign remittance" instruments and by customary foreign bank drafts.

The U.S. Postal Service provides quarterly data to BEA on the total value of postal money orders sent abroad, listed by country. In addition, selected private companies provide quarterly data to BEA on the total value of telegraphic money orders sent to certain foreign countries. The reported total of money orders is assumed to cover personal remittances rather than commercial payments.

Personal remittances include gift transfers to residents in Eastern Europe through private business agencies located in the United States; data are obtained from the annual reports of these agencies [60] to the U.S. Justice Department under the Foreign Agents Registration Act of 1938; the summary of the reports is published annually [65]. Also included are transfers of medical supplies and other essential commodities to Cuba and Vietnam; these transfers are estimated by BEA from records of the Office of Export Licensing, U.S. Department of Commerce.

Parcel post shipments.—This item measures parcel post shipments by individuals, based on data provided quarterly to BEA by the U.S. Postal Service on the weight (in pounds) of parcel post shipped overseas by country and by surface and air transportation [77]. Data on shipping weights are combined with estimates of average dollar-value per pound, developed by BEA in a special survey of parcel post shipments at a bulk mail center in New Jersey and at postal facilities at Kennedy Airport in New York. For a random sample of packages, information was collected on the weight and value of each parcel, whether or not the parcel was insured, the country of destination, and the nature of both sender and receiver (commercial or personal). The data were taken from the U.S. Customs Service declaration forms affixed to the parcels and from the address and return address labels. The average values per pound of parcel post initially calculated are adjusted by BEA each year for changes in the

consumer price index for nondurable products, prepared by the Bureau of Labor Statistics, U.S. Department of Labor.

The value of parcel post shipments estimated for inclusion in unilateral transfers is offset by an equal credit entry in merchandise exports (line 2), to compensate for the omission of personal parcel post shipments from Census Bureau export data. It is one of the balance of payments adjustments to the Census Bureau data, as described in “[Merchandise Trade](#).”

Inheritance, emigrant, and other transfers.—This item measures transfers associated with inheritance payments to persons residing in Canada, transfers of funds to Canada by U.S. residents emigrating to that country, and pension payments by U.S. trade unions to retired members of Canadian local unions. Data are provided by Statistics Canada [5] on a quarterly basis. Data for other countries are not available.

Contributions to UNICEF.—This item measures contributions by private U.S. residents to the U.S. Committee for UNICEF, which then transfers the contributions to UNICEF. Data are provided by the U.S. Committee for UNICEF [29]. (U.S. Government contributions to UNICEF are included in U.S. Government grants (line 32).)

Transfers for medical services.—This item measures the value of U.S. transfers of medical services to foreign residents, including charity cases, for which no payments are made by the recipients or other foreign residents. The transfers are estimated by hospital administrators at 10 percent of the total value of medical services provided; the total value of services provided by U.S. residents to foreign residents is included in other private services (line 9).

Transfers to foreign students.—This item measures the value of assistance provided by U.S. sources to foreign students studying in the United States through scholarships from colleges, universities, private corporations, and other nonprofit institutions. Estimates are made on the basis of data from a survey by the Institute for International Education, described in connection with U.S. receipts for education services (included in other private services).

4.2 Foreign transfers to U.S. residents

Unilateral transfers by foreign residents to private U.S. residents consist of (1) inheritance, immigrant, and other transfers, (2) indemnification transfers, and (3) personal remittances.

Inheritance, immigrant, and other transfers.—This item measures inheritance and pension receipts by U.S. residents from Canada, the United Kingdom, and the Federal Republic of Germany. Data are provided quarterly by Statistics Canada [5], and annually by the Central Statistical Office of the United Kingdom [25] and the Deutsche Bundesbank [14]. Data for other countries are not available.

Indemnification transfers.—This item measures transfers from the Federal Republic of Germany, associated with World War II indemnification claims of U.S. residents. Annual data, taken from publications of the Deutsche Bundesbank [14], are distributed quarterly on the basis of the quarterly pattern of German indemnification payments worldwide.

Personal remittances.—This item measures personal remittances in the form of postal money orders received from abroad. Data are provided quarterly to BEA by the U.S. Postal Service on a country-by-country basis.

Part III
THE CAPITAL ACCOUNT

U.S. Official Reserve Assets

Transactions in U.S. official reserve assets are measured in the following accounts: (1) Gold (line 37); (2) special drawing rights (SDR's) (line 38); (3) reserve position in the International Monetary Fund (IMF) (line 39); and (4) foreign currencies (line 40) (see [table III-1](#)). Transactions consist of sales and purchases by U.S. monetary authorities of monetary gold (that is, gold held by the U.S. Treasury as a financial asset); IMF allocations of SDR's to the United States, acquisitions of outstanding SDR's, and sales of U.S.-owned SDR's for foreign currencies; changes in IMF holdings of dollars, resulting from transactions between the IMF and member countries; and exchange market interventions by U.S. monetary authorities, acquisitions of foreign currencies from the IMF or foreign governments, and net earnings on U.S. official reserve assets. Transactions with private foreign residents are included in these accounts only if they result in changes in U.S. official reserve holdings of foreign currencies.

BEA estimates quarterly transactions on the basis of data provided—generally under Office of Management and Budget (OMB) Directive No. 19—by the U.S. Treasury Department, the Federal Reserve System, and the IMF. Data on U.S. reserve assets are published by the Treasury Department in terms of holdings (outstanding amounts) as of the end of each month; changes in holdings reflect both transactions and other changes. Thus, BEA

makes adjustments to exclude changes in holdings that do not reflect international transactions. For example, in the case of gold, BEA adjusts the U.S. gold stock data to exclude from transactions the public sales of gold to private U.S. residents at market prices—either as bullion or, since 1976, as medallions and commemorative and bullion coins. These sales—equivalent to demonetizations—are between U.S. residents and are not international transactions. If the sale is to a nonresident, it is recorded as an export of merchandise (nonmonetary gold), offset by a debit in the capital account. Other BEA adjustments that affect the gold account as well as the other official U.S. reserve assets accounts are those that exclude changes in the par value of the dollar (such as those in 1972 and 1973) and that exclude changes in the exchange market value of the dollar vis-a-vis other currencies.

[Table III-1](#) shows, for 1988, the adjustments in U.S. reserve assets for U.S. Treasury end-of-period position data and for BEA balance of payments transactions data.

1 Gold (line 37)

This account measures transactions in monetary gold between U.S. Government agencies and foreign governments or international monetary institutions. Transactions in nonmonetary gold—gold exported or imported in forms such as ore, scrap and base bullion, refined bullion, and coins and medallions—are not included here, but rather in merchandise trade (lines 2 and 17).

The U.S. Government gold stock, including that in the Exchange Stabilization Fund (ESF), is held by the Treasury Department.¹⁹ The stock and monetary gold transactions with foreign governments are valued at the official U.S. Treasury par value of gold, \$42.2222 per fine troy ounce. Between May 1972 and October 1973, U.S. gold was valued at \$38 per fine troy ounce. From January 1934 until May 1972, the valuation was \$35. Official valuations of U.S. gold are made pursuant to the Par Value Modification Act (Public Law 92-268) and its amendment (Public Law 93-110). Gold transactions with the IMF—including the return of gold contributed by the United States (restitutions)—are valued at the U.S. dollar equivalent of the established price of gold in terms of SDR's.

Table III-1.—Changes in U.S. Official Reserve Assets, 1988

(Lines 37-40)

(Millions of dollars)

(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)	Based on U.S. Treasury data in outstanding amounts	Based on trans- actions data in the U.S. balance of payments
Total, net	-2,002	-3,566
Gold	21	.....
U.S. Treasury sales ¹	21	n.a.
IMF restitution .....	.....	.....
Valuation adjustments .....	.....	n.a.
Special drawing rights	646	474
Allocations .....	.....	.....
Other transactions	474	474
Exchange rate adjustments	173	n.a.
Reserve position in IMF	1,604	1,025
Transactions	1,025	1,025
Exchange rate adjustments	580	n.a.
Foreign currencies	-4,274	-5,064
Transactions	-5,064	-5,064
Exchange rate adjustments	790	n.a.

n.a. Not applicable.

1. Reflects changes in gold stock from U.S. Treasury sales of gold medallions and commemorative and bullion coins; also reflects replenishment through open market purchases.

IMF International Monetary Fund.

19. The ESF was established in the Treasury Department, by section 10 of the Gold Reserve Act of 1934, to stabilize the exchange value of the dollar through the purchase and sale of foreign currencies and gold in the open market.

BEA estimates quarterly U.S. Government gold transactions on the basis of U.S. Treasury data on changes in amounts outstanding at the beginning and end of the period. BEA adjusts the data to exclude (1) revaluations of the gold stock due to changes in the par value of gold, (2) Treasury public sales of gold (which have occurred since 1976, when the United States allowed private residents to own gold), and (3) the consumption and replacement of the gold stock used for medallions and commemorative and bullion coins.

2 Special Drawing Rights (line 38)

This account, which measures transactions in U.S. holdings of SDR's in the IMF Special Drawing Rights Department, reflects SDR allocations, cancellations, acquisitions, and sales.

The SDR was created in 1969—through an amendment to the IMF Articles of Agreement—to supplement existing international reserve assets. The first SDR allocation to IMF member countries was made in 1970; five subsequent allocations were made, the last one in 1981. The valuation of the SDR has changed over the years, from the equivalent of 0.888671 grams of fine gold in 1970 (equal to the U.S. dollar at the dollar's par value of \$35 per troy ounce of fine gold) to the current valuation that is based on a weighted average of exchange rates for the currencies of five major countries. Beginning January 1, 1986, the relative weights are:

	<i>Percent</i>
United States.....	42
West Germany.....	19
Japan.....	15
France.....	12
United Kingdom.....	12

BEA estimates quarterly SDR transactions on the basis of U.S. Treasury and IMF data on transactions and on amounts outstanding at the beginning and end of period. BEA records transactions in U.S. dollar equivalents. Valuation changes in U.S. holdings of SDR's, resulting from changes in the par value of the U.S. dollar and from changes in the exchange market value of the dollar vis-a-vis other SDR basket currencies, are not included in the transactions estimates.

3 Reserve Position in the IMF (line 39)

This account measures transactions affecting the U.S. reserve position in the IMF; it reflects IMF transactions in U.S. dollars with both the United States and foreign countries. IMF transactions with the United States consist of (1) IMF acquisitions of dollars resulting from net sales of gold to the United States for use in IMF operations, (2) U.S. purchases from the IMF of SDR's and foreign currencies in exchange for dollars, and U.S. repurchases of dollars, (3) net U.S. dollar loans to the IMF under the General Agreements to Borrow and under the Supplementary Financing Facility, (4) U.S. payments of dollars to the IMF as charges against the United States, and

IMF payments of dollars to the United States as interest on IMF borrowings, and (5) IMF payments of dollars for its administrative operations in the United States. IMF transactions in dollars with other countries consist of (1) IMF sales of dollars for foreign currencies and SDR's and repurchases of those currencies for dollars, (2) IMF sales of gold for dollars, (3) IMF dollar borrowings and relendings, (4) IMF payments on its borrowings, and (5) IMF payments of dollars for its administrative operations outside the United States.

The U.S. reserve position in the IMF is equal to the U.S. quota in the IMF minus IMF holdings of dollars (excluding dollar holdings in IMF administrative and subsidiary accounts)—the "U.S. reserve tranche"—plus net U.S. loans to the IMF. The reserve position represents the amount of foreign exchange that the United States can unconditionally draw from the IMF, up to the full amount of its quota. Under appropriate conditions, the United States can draw additional amounts based on its quota.

The initial U.S. quota in the IMF in 1946 was \$2,750 million. It was subsequently increased in a number of steps—including revaluations in 1972 and 1973 as a result of changes in the par value of the dollar—to SDR 17,918 million in December 1983, and has remained at that level.

BEA estimates the net change in the U.S. reserve position in the IMF on the basis of U.S. Treasury and IMF data on transactions and on amounts outstanding at the beginning and end of the period. Estimates do not include valuation changes in the reserve position that result from changes in the par value of the U.S. dollar and from changes in the exchange market value of the dollar in terms of the SDR.

4 Foreign Currencies (line 40)

This account measures the net transactions that affect U.S. Treasury Department and Federal Reserve System holdings of the foreign currencies that are included in the U.S. official international reserves. Changes in these holdings result from (1) transactions associated with U.S. exchange market intervention through the ESF and the Federal Reserve System, (2) transactions under reciprocal currency arrangements of the ESF and Federal Reserve System with foreign monetary authorities, (3) foreign currency transactions with the IMF, and (4) transactions arising from U.S. Treasury Department borrowings of foreign currencies in foreign capital markets.

ESF transactions consist of (1) drawings and repayments of foreign currencies against the U.S. reserve position in the IMF, (2) sales of SDR's to other countries for foreign currencies, and (3) acquisitions, sales, and repayments of foreign currencies associated with the sale, in foreign capital markets, of U.S. Treasury obligations denominated in foreign currencies. The ESF also engages (since 1962) in reciprocal currency arrangements, carried out by the Federal Reserve Bank of New York acting as agent on behalf of the Treasury, to enable the U.S. Federal Reserve System and major foreign central

banks to obtain immediate access to each other's currencies in order to deal with temporary pressures in exchange markets.

BEA estimates quarterly transactions on the basis of U.S. Treasury and Federal Reserve Bank of New York

data on transactions, on the amounts of foreign currencies outstanding at the beginning and end of the period, and on the realized gains or losses from transactions consummated. Unrealized gains and losses are not reflected in the estimates.

Allocations of Special Drawing Rights (Line 64)

This account measures net allocations of special drawing rights (SDR's) to the United States by the International Monetary Fund (IMF) (see [table III-1](#)). Entries in this account are the counterparts to the allocations and cancellations of SDR's in the special drawing rights account (line 38); counterpart entries for acquisitions and sales of outstanding SDR's are recorded in other official reserve assets accounts or in other capital accounts.

Provision for SDR allocations and cancellations was made in the amendments to the IMF Articles of Agreement in July 1969. The initial allocation was made on January 1, 1970, valued at \$867 million. The latest allocation was made in 1981, valued at \$1,093 million. These allocations were based on a percentage of the U.S. quota in the IMF at the time of each allocation.

U.S. Government Assets, Other Than Official Reserve Assets

U.S. Government assets, other than official reserve assets, consist of U.S. Government credits extended to foreign residents, capital subscriptions in, or contributions to, international financial institutions, repayments of credits by foreign residents, and net changes in other U.S. Government assets. Credits extended are disbursements of cash (loans), or deliveries on sales made on credit, to foreign governments and other foreign entities. Loans may be disbursed in dollars or in foreign currencies. Repayments may be in dollars, foreign currencies, services, property, or the assumption of claims. Other U.S. Government assets consist mainly of holdings of foreign currencies, other than those held by the U.S. Treasury Department and the Federal Reserve System as reserves, and of assets acquired, including those from the U.S. private sector, in performance of U.S. Government guarantee and insurance programs.

Changes in U.S. Government assets, other than official reserve assets, are recorded in the following accounts: (1) U.S. credits and other long-term assets (line 42); (2) repayments on U.S. credits and other long-term assets (line 43); and (3) U.S. foreign currency holdings and U.S. short-term assets, net (line 44).

Quarterly estimates are made by BEA from data submitted by U.S. Government operating agencies under Office of Management and Budget Directive No. 19; data are summarized by country, by agency, and by type of asset. BEA supplements these data with information from quarterly statements of receipts, expenditures, and balances of foreign currency holdings, provided by the U.S. Treasury Department, published financial statements, annual reports and other submissions to the U.S. Congress, and the financial and operating records of other U.S. Government agencies.

1 U.S. Credits and Other Long-Term Assets (line 42)

This account measures utilization of U.S. Government credits (including loans) and other long-term assets by the transfer of resources to foreigners under programs enacted by the U.S. Congress for the provision of foreign assistance requiring repayment over a period of years, usually with interest (see table III-2). Transfers of resources represent the dollars disbursed and the dollar equivalents of goods transferred, services performed, or foreign currencies disbursed by the U.S. Government to, or for the account of, a foreign government or other foreign entity. Transfers are valued on the basis of the obligation

assumed by the debtor under the contractual agreement for repayment.

Also included in this account are U.S. Government credits to U.S. private entities for specific projects abroad; investments by the U.S. Government in productive facilities and installations abroad; acquisitions of equity holdings of "public enterprise" accounts of U.S. Government agencies; and capital subscriptions in, or contributions to, international financial institutions that provide development and other long-term economic assistance to foreign countries. An exception is U.S. transactions with the International Monetary Fund (IMF), which are not included in this account, but are included in the reserve position of the United States in the IMF (line 39). U.S. Government credits are classified in table III-2 by the legislative program under which they were extended to foreigners; the amounts include capitalized interest.

It should be noted that data on transactions in this account provide only a partial measure of the foreign assistance activity of the U.S. Government; other foreign assistance activity is recorded in lines 30, 32, 43, and 44. For a detailed discussion of the concepts, the different measures of foreign assistance, and a historical data series on the assistance extended by the U.S. Government under various programs, reference should be made

**Table III-2.—U.S. Government Credits and Other Long-Term Assets,
1988 (Line 42)**
[Millions of dollars]

Total	7,579
Credits	5,808
Under Export-Import Bank Act	971
Under Foreign Assistance Act and related programs:	
Financing military sales	2,992
Country program loans	474
Social Progress Trust Fund	-4
Investment incentive loans	11
Under Agricultural Trade Development and Assistance Act:	
Long-term dollar credits	948
Foreign currency loans	3
Under Commodity Credit Corporation Charter Act	414
Other U.S. Government assets	1,771
Investments in international financial institutions:	
International Development Association	874
Inter-American Development Bank	137
International Bank for Reconstruction and Development	95
International Finance Corporation	25
Asian Development Bank	112
African Development Fund	40
African Development Bank	9
Multilateral Investment Guaranty Agency	22
Other	457

to the annual reports of the Treasury Department's National Advisory Council on International Monetary and Financial Policies [72]. These reports continue the series formerly published by BEA in a supplement to the SURVEY OF CURRENT BUSINESS [52] and in the *Foreign Grants and Credits by the United States Government* [54].

2 Repayments on U.S. Credits and Other Long-Term Assets (line 43)

This account measures collections of principal on credits and recoveries against other long-term assets (see table III-3). Also included are (1) principal collections in liquidation of outstanding indebtedness, which are formalized by intergovernmental agreements in settlement of assistance that was originally provided under indeterminate terms and recorded in U.S. Government grants at the time the assistance was provided (line 32); (2) collections on claims settled by intergovernmental agreements requiring payment in installments over a period of years (including funds for distribution to U.S. private residents);²⁰ (3) recoveries of U.S. Government investments, whether debt or equity, in productive facilities and installations abroad; and (4) sales of promissory notes (or other evidences of indebtedness) owned by the U.S. Government to third-party foreign participants, either in the country of the borrower or in third countries.

Excluded from this account are principal charged off as uncollectible and exchange rate gains or losses (in dollar equivalents) on indebtedness denominated in foreign currencies. As shown in table III-3, collections are classified by the legislative programs under which credits and other long-term assets were extended.

20. Collections of claims settled by intergovernmental agreements requiring only one-time payments are recorded in U.S. Government pensions and other transfers (line 33).

Table III-3.—Repayments on U.S. Government Credits and Other Long-Term Assets, 1988 (Line 43)

(Millions of dollars)

Total	10,313
Repayments of principal on U.S. long-term credits	9,855
Under Export-Import Bank Act	1,440
Under Foreign Assistance Act and related programs:	
Financing military sales	7,197
Country program loans	497
Social Progress Trust Fund	15
Investment incentive loans	7
Under Agricultural Trade Development and Assistance Act:	
Long-term dollar credits	412
Foreign currency loans	39
Under Commodity Credit Corporation Charter Act	126
British loan	92
Other	30
Repayments on other U.S. Government assets	458

3 U.S. Foreign Currency Holdings and U.S. Short-Term Assets, Net (line 44)

This account (see table III-4) measures (1) financing of U.S. farm product exports by acceptance of foreign currencies under the Agricultural Trade Development and Assistance Act (Public Law 83-480) and under the Commodity Credit Corporation Charter Act, less the U.S. Government's disbursements of these currencies as grants, credits, or for purchases; (2) financing, net of repayments, of U.S. farm exports by purchase of exporters' receivables with original maturities of 12 months or less under the Commodity Credit Corporation short-term export credit sales program; (3) transactions affecting U.S. Government holdings of foreign currencies collected as interest, principal, reverse grants, or under other assistance programs; (4) changes in foreign currency holdings of U.S. Government disbursing officers; (5) acquisitions (less dispositions) of assets acquired by the U.S. Government in performance of guarantee and insurance obligations for private sector investments abroad; (6) changes in accounts receivable of U.S. Government agencies that report their current transactions on an accrual basis rather than on a cash basis; and (7) any advances of the Exchange Stabilization Fund that are not identified as reserve assets.

Changes in foreign currency holdings and other assets are recorded net. The changes reflect transfers of resources, which represent the dollars disbursed and the dollar equivalents of goods transferred, services performed, or foreign currencies disbursed by the U.S. Government to, or for the account of, a foreign government or other foreign entity. Transfers are valued on the basis of the obligation assumed by the debtor under the contractual agreement for repayment. Farm product sales are recorded when the U.S. Government transfers commodities from its stocks or disburses dollars for the financing of agricultural exports; the amounts include the value of ocean transportation when it is financed by the U.S. Government under arrangements

Table III-4.—U.S. Government Foreign Currency Holdings and U.S. Short-Term Assets, Net, 1988 (Line 44)

(Millions of dollars; credits +, decrease in U.S. assets; debits -, increase in U.S. assets.)

Total	265
Foreign currency holdings (excluding administrative cash holdings), net	72
Receipts from:	
Sales of agricultural commodities	-38
Interest	-38
Repayments of principal	-68
Reverse grants	
Other sources	-6
Less disbursements for:	
Grants and credits in recipient's currency	4
Other grants and credits	
Other U.S. Government expenditures	218
Assets acquired in performance of U.S. Government guarantee and insurance obligations, net	179
Other assets held under Commodity Credit Corporation Charter Act, net	(*)
Other short-term assets (including changes in administrative cash holdings), net ...	15

* Less than \$500,000 (±).

for reimbursement by foreign governments in foreign currencies.

Excluded from this account are gains or losses on foreign currency balances due to fluctuations in exchange rates, and changes in foreign currencies held as official reserve assets by U.S. monetary authorities.

Table III-4 lists the sources and uses of foreign currencies, together with changes in other short-term assets. For more detailed information on U.S. Government foreign assistance through net accumulations of foreign currency claims, reference should be made to the annual reports of the National Advisory Council on International Monetary and Financial Policies [72].

Direct Investment

The direct investment section of this methodology is divided into two parts. The first discusses, in an overview, the basic concepts and definitions, the reporting system, country and industry classification of data, and procedures used by BEA to estimate the direct investment accounts. The second details the direct investment capital flows recorded in U.S. direct investment abroad (line 46) and foreign direct investment in the United States (line 59).

Discussions of receipts and payments of income, royalties and license fees generated by direct investment, and transactions in other services between affiliated parties are included in the relevant accounts in part II.

Overview

Basic Concepts and Definitions

Direct investment

International investment is customarily divided into two categories—direct and portfolio. Direct investment implies that a person in one country has a lasting interest in, and a degree of influence over the management of, a business enterprise in another country. This interest—in some instances, control—generally makes direct investment a long-term relationship, in which the operation of the enterprise is linked with the real output of the country in which it operates. Portfolio investment, on the other hand, primarily reflects short-term activity in financial markets, where the ability to shift funds between countries or financial investments is a major consideration. The criteria used to distinguish direct investment from portfolio investment are necessarily somewhat arbitrary. In the U.S. balance of payments, the criterion presently used to define direct investment is ownership or control of 10 percent or more of an enterprise's voting securities or the equivalent.

Thus, U.S. direct investment abroad (outward investment) is defined as the ownership or control, directly or indirectly, by one U.S. person of 10 percent or more of the voting securities of an incorporated foreign business enterprise, or an equivalent interest in an unincorporated foreign business enterprise. Foreign direct investment in the United States (inward investment) is defined as the ownership or control, directly or indirectly, by one foreign person of 10 percent or more of the voting securities of an

incorporated U.S. business enterprise, or an equivalent interest in an unincorporated U.S. business enterprise. In the U.S. balance of payments, any international investment that is not direct investment by these definitions is considered portfolio investment. Data on direct investment are collected by BEA; data on portfolio investment are collected by the U.S. Treasury Department and the Federal Reserve Bank of New York.

Direct investment refers to ownership by a single person, not to the combined ownership of all persons in a country. A "person" is broadly defined to include any individual, branch, partnership, associated group, association, estate, trust, corporation or other organization (whether or not organized under the laws of any State), and any government, including a foreign government, the U.S. Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government-sponsored agency. However, in the case of direct investment by the U.S. Government in a foreign business enterprise, any positions or transactions of the U.S. Government with such an enterprise are excluded from the outward direct investment accounts and are included, instead, in the appropriate Government or military accounts. In contrast, direct investment by foreign governments (including any of their agencies and corporations) in U.S. business enterprises is included in the inward direct investment account.

An associated group is treated as if it were a single person. An associated group consists of two or more persons who, by the appearance of their actions, by agreement, or by an understanding, exercise their voting privileges in a concerted manner to influence the management of a business enterprise. The following are deemed to be an associated group: (1) Members of the same family, (2) a business enterprise and one or more of its officers or directors, (3) members of a syndicate or joint venture, or (4) a corporation and its domestic subsidiaries. Even if each member of an associated group owns less than 10 percent of a business enterprise, as long as all members combined own at least 10 percent, direct investment is considered to exist. The members of the group are considered to influence management in a manner comparable to that of a single person with the same ownership interest.

Because direct investment is defined from a single-owner viewpoint, it excludes investment in companies in which ownership is so dispersed that no one person in another country has an interest of 10 percent or more and the owners do not, or cannot, act in concert to influence management. (Before 1974 for inward investment and 1977 for outward, investment was considered direct if the combined interests of all owners in a country exceeded 50

percent. Combined interests in excess of 50 percent were viewed as being sufficient, potentially or in fact, to affect management even without concerted action.)

The use of the single-owner viewpoint means that investment by a person of less than 10 percent in an enterprise is not considered direct investment, even if another person in the same country has an interest of at least 10 percent, unless both persons are members of an associated group. Thus, if one person owns 11 percent and another owns 9 percent, the 11-percent interest is included, but the 9-percent interest is excluded.

A direct investment ownership in a business enterprise may be held either directly or indirectly. For outward investment, it is directly held if the U.S. person itself holds the ownership interest in a foreign business enterprise. It is indirectly held if the U.S. person holds the ownership interest in another foreign business enterprise that, in turn, directly or indirectly owns the given foreign business enterprise. There may be any number of intervening tiers of ownership between a direct investor and an indirectly owned enterprise. A U.S. person's percentage of indirect voting ownership in a given foreign business enterprise is equal to the direct voting ownership percentage in the first foreign business enterprise in the chain, multiplied by the first enterprise's direct ownership percentage in the second foreign enterprise in the chain, and so on, finally multiplied by the last enterprise's direct ownership percentage in the given foreign business enterprise. If more than one ownership chain between a U.S. person and a given foreign business enterprise exists, the percentages of direct and indirect ownership in all chains are summed to determine the direct investment ownership percentage. For inward investment, the ownership percentage of a foreign person in a given U.S. business enterprise is calculated in a parallel manner.

Direct investor

The direct investor is the person who has a 10-percent or more direct or indirect ownership interest in a business enterprise located in another country. For outward investment, the direct investor is referred to as the "U.S. parent" (or "U.S. reporter," for BEA reporting purposes). If incorporated, the U.S. parent is the fully consolidated domestic U.S. enterprise that consists of (1) the U.S. corporation whose voting securities are not owned more than 50 percent by another U.S. corporation, and (2) proceeding down each ownership chain from that U.S. corporation, any U.S. corporation whose voting securities are more than 50 percent owned by the U.S. corporation above it in the chain. All other U.S. corporations and all foreign business enterprises owned by the U.S. parent are excluded from the full consolidation.

For inward investment, the direct investor is referred to as the "foreign parent," but the concept is defined much more narrowly than that of "U.S. parent" for outward investment. The foreign parent is the first foreign person outside the United States in a U.S. affiliate's ownership chain that has direct investment in the affiliate. Thus, while for outward investment the parent includes all members of the fully consolidated U.S. enterprise, for

inward investment it includes only the first foreign person outside the United States and excludes all other affiliated foreign persons. However, the direct investment accounts include direct transactions of U.S. business enterprises with all of the affiliated foreign persons that, together with the foreign parent, constitute the "foreign parent group." The foreign parent group, which is conceptually analogous to the U.S. parent for outward investment, consists of (1) the foreign parent, (2) any foreign person, proceeding up the foreign parent's ownership chain, that owns more than 50 percent of the person below it up to and including the ultimate beneficial owner (the person that is not owned more than 50 percent by another foreign person), and (3) any foreign person, proceeding down the ownership chain of each of these members, that is owned more than 50 percent by the person above it. Because the members of the foreign parent group may be located in different countries, transactions of a U.S. business enterprise with members of the foreign parent group are classified in the U.S. balance of payments accounts by the respective country of each member.

Affiliate

An affiliate is a business enterprise in which there is direct investment—that is, it is a business enterprise located in one country that is directly or indirectly owned or controlled by a person in another country to the extent of 10 percent or more of its voting stock for an incorporated business, or an equivalent interest for an unincorporated business. For outward investment, the affiliate is referred to as a "foreign affiliate"; for inward investment, it is referred to as a "U.S. affiliate." A business enterprise is any organization, association, branch, or venture that exists for profit-making purposes or to otherwise secure economic advantage, including ownership of real estate (see below). A business enterprise, and therefore an affiliate, may be either incorporated or unincorporated. Unincorporated business enterprises include branches, partnerships, and sole proprietorships.

A branch consists of operations or activities conducted by a person in another country in its own name, rather than through an entity incorporated in that country. By definition, a branch is wholly owned. In some cases, an affiliate is formally organized as a branch, such as a foreign sales office of a U.S. manufacturing company or a U.S. branch of a foreign bank. In other cases, the branch may merely represent fixed or movable assets—such as a warehouse, an oil drilling rig, a pipeline, or other assets—held in another country and used by the parent to conduct its business there. Also, if a parent is incorporated in one country, but carries out essentially all of its operations in another country, its operations in the other country are treated as a branch (and therefore as an affiliate) even though the parent corporation itself may consider the operations to be an integral part of, and would normally consolidate them with, its own operations and accounts.

Ownership of real estate, as previously stated, is defined to be a business enterprise. However, real estate held for personal use and not for profit-making purposes is exempt from being reported to BEA and, therefore,

is excluded from direct investment. A residence that is leased to others by an owner who intends to reoccupy it is considered real estate held for personal use.

Foreign stations, ticket offices, and terminal or port facilities of U.S. airlines and ship operators—and U.S. stations, ticket offices, and terminal or port facilities of foreign airlines and ship operators—that provide services only to the airlines' and ship operators' own operations are not considered affiliates and are therefore excluded from direct investment. The exclusion is based on the fact that most of the revenues—such as passenger fares and freight charges—collected by these facilities are generated by the travel and transportation services rendered by the airline or ship operator of which they are a part, not by the activities of these facilities per se. However, if these facilities provide services to unaffiliated persons, rather than solely to the airline or ship operator that owns them, they are considered affiliates and are included in direct investment.

For outward investment, each foreign affiliate must be reported separately, unless the recordkeeping system of the affiliate makes this impossible or extremely difficult. In that case, an affiliate may be consolidated with other foreign affiliates in the same country, if the affiliates are also in the same industry or are integral parts of the same business operation.

For inward investment, a much higher degree of consolidation is required because there is no need to classify affiliates by country of location. The U.S. affiliate files its reports with BEA on a fully consolidated basis, including in the full consolidation all other U.S. affiliates of its foreign parent in which it directly or indirectly owns more than 50 percent of the outstanding voting interest. Any U.S. subsidiaries of a given affiliate that are not U.S. affiliates of its foreign parent are excluded from the consolidation, even if they are owned more than 50 percent by the given affiliate.

Reporting System

Legal authority

From 1950 to 1976, all mandatory direct investment surveys, except the 1974 benchmark survey of foreign direct investment in the United States, were conducted under authority of the Bretton Woods Agreements Act of 1945. In that act, the United States agreed to furnish balance of payments data, including data on direct investment, to the International Monetary Fund.

In the early 1970's, increased emphasis was placed on inward investment, which began to grow rapidly. Concern about this rapid growth, and the need to obtain additional information on the amount, types, and financial and operating characteristics of the investment, prompted the passage of the Foreign Investment Study Act of 1974. The act provided authority to conduct a one-time, mandatory benchmark survey of foreign direct investment in the United States, covering the year 1974. Increased interest in the operations of multinational companies beyond the balance of payments aspects covered by the Bretton Woods Agreements Act led to the passage of the International

Investment Survey Act of 1976 (Public Law 94-472; 90 Stat. 2059; 22 U.S.C. 3101 through 3108), which provided the legal authority for the collection of direct investment and related data. That act was amended by the Trade and Tariff Act of 1984 (Public Law 98-573). It was renamed the International Investment and Trade in Services Survey Act, and its coverage was extended to include the collection of data on international services transactions.

The legislation requires that benchmark surveys of direct investment be taken at least once every 5 years and that a regular data collection program be conducted to secure current information on international investment. It also provides for other surveys on specific aspects of international investment that may have significant implications for U.S. economic welfare and national security. Information collected on direct investment covers not only data related to the balance of payments, but items such as production, sales, trade, employment, financial statements, technology, and external financing. Response to the surveys is mandatory.

Reporters

For outward investment, each U.S. parent (U.S. reporter) as consolidated must report for itself and for each of its foreign affiliates, unless specifically exempt. For inward investment, each U.S. affiliate as consolidated must report for itself, unless specifically exempt. (Foreign parents are not required to report.)

Exemption levels are based on specified levels (whether positive or negative) of the affiliate's total assets, net sales or gross operating revenues (excluding sales taxes), and net income after income taxes. If, for a given affiliate, all of these items are below the specified level for the year, the affiliate is exempt from being reported.²¹ If any one item is above that level, the affiliate must be reported.

Direct investment data collected by BEA from individual reporters are confidential. Data are published only in aggregates so that an individual reporter's data are not revealed. Any tabulations released by BEA are first subjected to a suppression analysis to determine which data cells must be suppressed to avoid disclosure of an individual reporter's data. In general, a data cell is suppressed if one or two reporters account for a dominant share of the data in the cell.

Surveys

Data on direct investment are presently collected by BEA by means of a series of mandatory surveys. Separate surveys are conducted for outward and inward investment; for a summary description of these surveys, see [table I-3](#).

The benchmark surveys (censuses) of both outward and inward direct investment are comprehensive surveys that cover virtually the entire universe; exemption levels are minimal. These surveys collect detailed information on transactions and positions between parents and affiliates

21. There are exceptions to this general rule. For example, in the outward investment surveys, a large, indirectly owned foreign affiliate does not have to report if its quarterly intercompany transactions and fees and royalties receipts and payments are less than \$1 million.

and on the financial structure and operations of parent companies and affiliates, including balance sheets and income statements, composition of external financing, sales, employment and employee compensation, trade, technology, and property, plant, and equipment.

For outward investment, the most recently completed benchmark survey covered the year 1982. Reports were required from each U.S. parent for itself and, separately, for each of its foreign affiliates that had assets, sales, or net income greater than \$3 million (positive or negative). The most detailed data had to be reported for nonbank foreign affiliates that were majority owned—that is, in which the combined direct and indirect ownership interest of all U.S. parents exceeded 50 percent—and that had assets, sales, or net income greater than \$3 million. The survey covered 2,245 U.S. parents and 18,339 foreign affiliates. The next benchmark survey will cover 1989.

For inward investment, the most recent benchmark survey covered the year 1987. Depending on their size, all U.S. affiliates of foreign persons were required to file either a complete or a partial report. Complete reports, covering financial, operating, balance of payments, and direct investment position data, had to be filed if the U.S. affiliate's total assets, sales, or net income were at least \$1 million or if the affiliate owned 200 or more acres of U.S. land. Partial reports were to be filed if the U.S. affiliate's total assets, sales, and net income were less than \$1 million; for these affiliates, the information required was limited to data on total assets, sales, net income, and acres of land owned. Of the approximately 7,700 reports that were filed, 2,600 were complete and 5,100 were partial.

BEA's other direct investment surveys are less comprehensive and cover only a sample of companies. Data from the sample surveys, which are quarterly, are linked to data from the most recent benchmark survey and, for some data items, are expanded to universe levels based on the benchmark survey data. (See discussion of the estimating procedures [below](#).)

The quarterly surveys of outward and inward investment are sample surveys that cover transactions between parents and affiliates and transactions between parents and other persons that change the parents' equity or debt position in their affiliates. (For inward investment, they also cover transactions of other members of the foreign parent group with U.S. affiliates.) Data from these surveys provide estimates of items such as equity capital flows, intercompany debt flows, income, earnings, distributed earnings, reinvested earnings, interest, royalties and license fees, charges for other services, and the direct investment position. Reports are due 30 days after the close of each quarter, except for the last quarter of a reporter's calendar or fiscal year, when 45 days are allowed.

For outward investment in 1988, separate reports were required from U.S. parent companies for each affiliate whose total assets, annual net sales, or annual net income exceeded \$15 million (positive or negative). Quarterly reports were received from approximately 1,300 U.S. parents for their 9,100 foreign affiliates. The quarterly report form is the "BE 577: Direct Transactions of U.S. Reporter With Foreign Affiliate."

For inward investment in 1988, reports were required from each U.S. affiliate whose assets, annual net sales, or annual net income exceeded \$20 million (positive or negative). Quarterly reports were received from approximately 3,400 U.S. affiliates, as consolidated. The following report forms are used:

BE-605: Transactions of U.S. Affiliate, Except an Unincorporated Bank, With Foreign Parent.

BE-606B: Transactions of U.S. Banking Branch or Agency With Foreign Parent.

Adjustments for fiscal year reporting

In the most recent benchmark surveys, to ease the reporting burden on respondents, data could be reported to BEA either on a calendar or fiscal year basis. For presentations of the U.S. balance of payments and the international investment position, data were adjusted to a calendar year basis when necessary.

In the benchmark surveys, an affiliate's fiscal year is defined as its financial reporting year that had an ending date in the year of the benchmark. Most affiliates had fiscal years that coincided with the calendar year; data for these affiliates required no adjustment. For the remaining affiliates, the specific adjustment procedure depended upon whether or not the affiliate reported in BEA's regular quarterly sample surveys.

For affiliates that reported in the quarterly surveys, the first step was to isolate the benchmark survey data for the quarters of the fiscal year that also fell in the benchmark years. Second, these data were then added to data from the quarterly survey for any remaining quarters of the calendar year to obtain estimates for the calendar year as a whole.

For affiliates that did not report in the quarterly surveys, the procedure differed depending on the item being estimated. For income and its components, except capital gains and losses, and for royalties and license fees and charges for other services, benchmark survey data for the fiscal years were used as the estimates for the calendar year. For equity capital and intercompany debt—two components of total capital flows—and for capital gains and losses, the calendar year estimates consisted only of the amounts for the quarters of the affiliates' fiscal year that were also in the year of the benchmark. For any remaining quarters of the calendar year, the amounts were assumed to be zero.

The treatment of the latter items is consistent with that in nonbenchmark periods, in which data for the items are not expanded to universe levels, but are included in the estimates only as actually reported in the quarterly sample surveys. These items tend to be volatile, with frequent sign reversals; thus, the reported sample data do not provide a reliable basis for estimating unreported data.

Accounting principles

In the direct investment surveys, data usually are reported as they are for purposes of preparing stockholders' reports, rather than for tax or other purposes. Thus, U.S. generally accepted accounting principles (GAAP) are followed unless a departure from GAAP would result in conceptually or analytically more useful data.

For both outward and inward investment, data are reported to BEA in U.S. dollars. When an enterprise's assets, liabilities, revenues, and expenses are denominated or measured in a foreign currency, reporters must translate them into dollars using GAAP, as set forth in the currently applicable standard (as of 1990, the Financial Accounting Standards Board Statement No. 52 (FASB-52)).

Reporting by bank affiliates

The direct investment position in bank affiliates is defined to include only their parents' permanent debt and equity investment in them; thus, the direct investment flows for these affiliates include only transactions related to the permanent investment. All other transactions and positions—mainly claims and liabilities arising from the parents' and affiliates' normal banking business—are excluded from the direct investment accounts and are included with other banking claims and liabilities in the portfolio investment accounts.

Bank affiliates are instructed to report data on permanent investment and related transactions (such as interest on permanent debt) to BEA and to report data on all other transactions to the U.S. Treasury Department.

Classification Methods

Country classification

For outward investment, each foreign affiliate is generally classified by its country of location, that is, the country in which the affiliate's physical assets are located or where its primary activity is carried out. In most cases, the country of location of a business enterprise is the same as its country of organization or incorporation. However, in some cases, a business enterprise is organized or incorporated in one country, but has part or all of its physical assets, or its activities, in a second country.

If all its physical assets or operations are located outside its country of organization, the enterprise is treated as an incorporated foreign affiliate in the country where its physical assets and operations are located. No foreign affiliate is considered to exist in the country of organization, because the entity there is only a shell or paper company, and transactions would not normally occur with it. If, however, an enterprise has some physical assets or operations in each country, it is considered two separate affiliates—an incorporated affiliate located in the country of organization and an unincorporated affiliate (a branch) located in the other country. An affiliate is deemed to exist in the country of organization if the enterprise has any

of the following there: (1) Bank account, (2) personnel, (3) property, plant, or equipment, or (4) sales.

There are two exceptions. First, if a business enterprise incorporated in one foreign country has physical assets or operations in more than one other foreign country, an incorporated foreign affiliate is deemed to exist in the country of incorporation, even though the enterprise has none of the four items listed above in that country. Unincorporated foreign affiliates (branches) are deemed to exist in each of the other foreign countries. In effect, the affiliate in the country of incorporation is considered a holding company whose assets are the equity it holds in the unincorporated affiliates in the other countries. Second, if a business enterprise incorporated abroad has physical assets or operations in the United States, an incorporated foreign affiliate is deemed to exist in the country of incorporation, even though the enterprise has no physical assets or operations there.

Balance of payments transactions involving a given affiliate are classified in the affiliate's country of location, even when they are with a third-country transactor rather than with the affiliate itself—as when a U.S. parent purchases an affiliate's capital stock from a person in a country other than the affiliate's country of location. The direct investment capital flows resulting from the transaction are classified in the country of the affiliate because the flows change the U.S. direct investment position in that country. (However, the financial entry, which is included in the portfolio investment accounts of the U.S. balance of payments, is likely to be classified in the country of the foreign transactor.)

For inward investment, transactions of U.S. affiliates are classified by country of each member of the foreign parent group, rather than strictly by country of the foreign parent, because a U.S. affiliate may have transactions and direct positions with members of the group other than its foreign parent. For example, the affiliate may borrow funds from, or lend funds to, another member of the group located in a country that is different from that of the foreign parent.

Industry classification

Each U.S. parent or foreign affiliate in the case of outward investment, or U.S. affiliate in the case of inward investment, is classified by industry using a three-stage procedure based on sales (total income for holding companies).

The industry classification system used by BEA is adapted from the *Standard Industrial Classification Manual, 1987* [11], which classifies individual establishments within an enterprise. The BEA adaptation was necessary because the direct investment surveys collect data at the enterprise, not the establishment level. The classifications used by BEA are found in its *Guide to Industry and Foreign Trade Classifications for International Surveys* (ISI) [45]. The three stages of classification are:

- (1) A given parent or affiliate is first classified in the major industry group that accounts for the largest percentage of its sales. The major industry groups used

for this purpose are agriculture, forestry, and fishing; mining; petroleum; construction; manufacturing; transportation, communication, and public utilities; wholesale trade; retail trade; finance, insurance, and real estate; and services.

- (2) Within the major industry group, the parent or affiliate is then classified in the industry (at the two-digit ISI classification level) in which its sales are largest.
- (3) Within its two-digit industry, the parent or affiliate is then classified in the three-digit ISI subindustry in which its sales are largest. If, at any of these three stages, two or more categories account for the same percentage of sales, classification is based on judgment.

This procedure ensures that the parent or affiliate is not assigned to a three-digit subindustry that is outside its major industry even if its sales in that subindustry exceed its sales in the largest three-digit subindustry within its major industry. It also ensures that the affiliate is not assigned to a three-digit subindustry that is outside its two-digit industry, even if its sales in that subindustry exceed its sales in the largest subindustry within its two-digit industry.

Affiliates must disaggregate their sales by industry in the benchmark and the annual surveys and, in some cases, in the "Industry Classification Questionnaire," BE-507 (for outward investment) and BE-607 (for inward investment). The questionnaire must be filed for new affiliates or for existing affiliates whose major industry has changed. For outward investment, it must also be filed for new U.S. parents or for existing U.S. parents whose industry classification has changed.

Estimates of the direct investment position, capital flows, and income are published annually for all industries in which there was investment. Country by industry estimates of the position and transactions that enter the U.S. balance of payments accounts are published annually for 13 industries for outward investment and 14 for inward investment.

Estimating Procedures

In a benchmark survey year, data for the universe of all affiliates are available. As mentioned earlier, some data are collected on a fiscal year basis in the benchmark surveys; these data are adjusted to a calendar year basis for use in the balance of payments. In nonbenchmark years, quarterly data are available only for a sample of affiliates. To construct consistent time series, the data actually reported in nonbenchmark periods for some of the components are combined with estimates for the remaining components, which are derived from an expansion of sample data to universe levels. Specifically, for equity capital, intercompany debt, and capital gains and losses, the estimates for 1983 forward for outward investment and 1981 forward for inward investment consist only of the sample data reported in the quarterly surveys; no estimates are made for affiliates that do not report. In contrast, for income and its components, except capital gains and losses,

for royalties and license fees, and for charges for other services, the estimates are expanded to universe levels.

For the items that are expanded to universe levels, the estimation procedure used is designed to ensure coverage as complete as that in the benchmark surveys. Thus, estimates are made for affiliates that filed complete reports in the benchmark surveys, but that did not report in the quarterly sample survey, either because they were exempt from the quarterly survey or should have reported, but did not. The estimates for affiliates that did not report in the quarterly survey are then added to the data for affiliates that reported to obtain the universe estimates.

For most nonreporting affiliates, the estimate for the current period is the product of two factors: (1) The prior-period estimate for the affiliate, and (2) the ratio of current-to-prior-period data for a matched sample of affiliates—that is, affiliates that reported in both the prior and current periods—that are in the same industry (and, for outward investment, the same area) as the affiliate for which data are being estimated. The multiplication of the first factor by the ratio essentially assumes that, in the given industry (and area), data for each nonreporting affiliate change at the same rate as data for affiliates in the matched sample.

This procedure for expanding sample data to universe levels involves the following:

- (1) For all items except distributed earnings, the "prior period" is defined as the immediately preceding quarter; for distributed earnings, it is the same quarter of the preceding year. The reason for the different treatment is that current-period data for all items except distributed earnings tend to be estimated more accurately using data for the immediately preceding quarter than for the same quarter of the preceding year, despite seasonal variations. (Seasonal variations are reflected in the ratio of current-to-prior-period data for affiliates that reported in both periods; thus, they are reflected in the estimates.) For distributed earnings, in contrast, data for the current quarter bear a much stronger relationship to those for the same quarter of the preceding year, because affiliates often make earnings distributions only once a year and usually in the same quarter each year.
- (2) The ratios of current-to-prior-period data for affiliates in the matched sample are calculated for 14 industries for inward investment, and for 3 industries by 8 countries for outward investment. The use of these aggregated levels reduces the likelihood that the ratios will be unrepresentative because they are based on data for only a few affiliates. Ratios are not computed by country of the foreign direct investor, because an affiliate's industry and the economic conditions in the United States have been found to be more important factors than the country of the affiliate's foreign parent in explaining changes in income, royalties and license fees, and charges for other services.
- (3) In a given industry, a separate current-period estimate for each nonreporting affiliate is obtained by applying a ratio to the prior-period estimate for

each nonreporting affiliate. The ratio is determined judgmentally, but is heavily influenced by the ratio of current-to-prior-period data for affiliates in the matched sample.

- (4) As noted earlier, data for capital gains and losses are included in the estimates of earnings and income only to the extent they are actually reported in the quarterly sample survey.
- (5) Separate estimates are derived for payments and receipts of interest on intercompany debt and on payments and receipts for royalties, license fees, and other services.
- (6) To deal with cases in which the ratio of current-to-prior-period earnings of affiliates in the matched sample is derived from numbers that are of the same sign, but the ratio is to be applied to an individual affiliate's earnings that are of the opposite sign, the ratio is inverted before it is applied. The inverted ratio yields an estimate that moves in the correct direction and that usually shows an appropriate degree of change.

Direct Investment Capital Flows

1 U.S. Direct Investment Abroad (line 46)

Capital flows for U.S. direct investment abroad consist of equity capital flows, reinvested earnings, and intercompany debt flows of U.S. direct investors to both their incorporated and unincorporated foreign affiliates (see table III-5).

The identical treatment of the two types of affiliates has been in effect since the 1982 benchmark survey, when reporting for unincorporated affiliates was changed to make it comparable with that for incorporated affiliates. Unincorporated affiliates' payables to, and receivables from, their U.S. parents are included in the affiliates' intercompany accounts; previously, the net amount of these payables and receivables, together with the U.S. parents' equity position in the affiliates, was reported as a single summary account. Also, earnings of unincorporated affiliates are disaggregated into the portion distributed to U.S. parents and the portion reinvested in the affiliates; previously, these earnings were reported as a single item and the entire amount was treated as if it were distributed.

1.1 Equity capital

U.S. parents' equity in incorporated foreign affiliates consists of the U.S. parents' holdings of capital stock in, and other capital contributions to, their affiliates and the U.S. parents' equity in the retained earnings of their affiliates. Capital stock consists of all stock of affiliates, whether common or preferred, voting or nonvoting. Other capital contributions by U.S. parents, also referred to as the "U.S.

parents' equity in additional paid-in capital," consist of (1) capital, invested or contributed, that is not included in capital stock (such as amounts paid for stock in excess of its par or stated value), and (2) capitalizations of intercompany accounts (conversions of debt to equity) that do not result in the issuance of capital stock. U.S. parents' equity in retained earnings is the U.S. parents' share of the undistributed earnings of their incorporated foreign affiliates.

U.S. parents' equity in unincorporated affiliates consists of the U.S. parents' share of the affiliates' total owners' equity. No breakdown of owners' equity is available for these affiliates.

Increases in U.S. parents' equity in their foreign affiliates that give rise to equity capital outflows result from the U.S. parents' establishment of new foreign affiliates, initial acquisitions of a 10-percent-or-more ownership interest in existing foreign business enterprises, and acquisitions of additional ownership interests in existing foreign affiliates. Decreases in equity that give rise to equity capital inflows result from liquidations of foreign affiliates, sales of ownership interests in foreign affiliates, and the return of capital contributions. Included are liquidating dividends, which are a return of capital to U.S. parents upon the liquidation of affiliates or the sale of affiliates' assets. Decreases in equity capital are recorded as inflows to U.S. parents and are netted against increases in equity to derive net equity capital outflows for U.S. direct investment abroad.

Equity capital outflows are recorded at transactions values, based on the books of U.S. parents. These outflows may differ from those based on the books of foreign affiliates. For example, when a U.S. parent purchases or sells capital stock of an affiliate from or to an unaffiliated third party, the transaction is recorded only on the parent's books, not on the affiliate's books. Also, transactions values on U.S. parents' books reflect the actual cost of ownership interests in affiliates that are acquired or sold by U.S. parents, including any premium or discount; the

Table III-5.—U.S. Direct Investment Abroad, Capital, 1988 (Line 46)

[Millions of dollars; credits +, debits -]

Total	-17,533
Equity capital	5,469
Increases in equity capital	-8,655
Decreases in equity capital	14,124
Reinvested earnings	-15,170
Intercompany debt	-7,831
U.S. parents' receivables	-2,357
U.S. parents' payables	-5,474
By industry of affiliate:	
Equity capital	5,469
Petroleum	3,381
Manufacturing	797
Other	1,290
Reinvested earnings	-15,170
Petroleum	-45
Manufacturing	-7,266
Other	-7,859
Intercompany debt	-7,831
Petroleum	-1,584
Manufacturing	1,163
Other	-7,410

values may differ from those values recorded on affiliates' books.

1.2 Reinvested earnings

Reinvested earnings of foreign affiliates are total earnings, including capital gains and losses, less distributed earnings.²² Earnings are U.S. parents' shares in the net income of their foreign affiliates, after provision for foreign income taxes. Net income and, therefore, earnings are taken from the books of the foreign affiliates. A U.S. parent's share in net income is based on its directly held equity interest in the foreign affiliate. Reinvested earnings of incorporated affiliates have been included in the U.S. balance of payments accounts since June 1978, at which time they were included retroactively to 1960 on an annual basis and to 1970 on a quarterly basis. (See part II of the June 1978 issue of the SURVEY OF CURRENT BUSINESS (SURVEY).) Reinvested earnings of unincorporated affiliates have been included since 1982. Reinvested earnings are shown as a separate component of direct investment income, in recognition of the fact that the earnings of an affiliate (less withholding taxes on distributed earnings) are income to the U.S. parent, whether they are reinvested or remitted to the parent. Because reinvested earnings increase the parent's investment in its affiliate, an entry of equal magnitude, but opposite sign, is made in the direct investment capital account, offsetting the entry made in direct investment income (line 12).

1.3 Intercompany debt

Intercompany debt flows consist of the increase in U.S. parents' net intercompany account receivables from their foreign affiliates during the year. The annual increase can be derived by subtracting the net outstanding intercompany account balance at the end of the previous year from the net outstanding balance at the end of the current year. The net balance at the end of a year can be calculated as U.S. parents' receivables less U.S. parents' payables. For example, when a U.S. parent lends funds to its foreign affiliate, the parent's receivables (amounts due) from the affiliate increase; subsequently, when the affiliate repays the principal owed to its U.S. parent, the U.S. parent's receivables from the affiliate are reduced. When a U.S. parent borrows funds from its foreign affiliate, its payables (amounts owed) to the affiliate increase; subsequently, when the U.S. parent repays the principal owed to its affiliate, the U.S. parent's payables to the affiliate are reduced. Increases in U.S. parents' receivables from their affiliates or reductions in U.S. parents' payables to their affiliates give rise to outflows on the intercompany account. Reductions in U.S. parents' receivables from their affiliates, or increases in U.S. parents' payables to their affiliates, give rise to inflows.

Intercompany debt consists of trade accounts and trade notes payable, other current liabilities, and long-term debt owed by the affiliates to their U.S. parents, net of similar items due to the affiliates from their U.S. parents.

Intercompany debt outflows, like equity capital outflows, are recorded at transactions values. They are based on the books of U.S. parents and may differ from values based on the books of foreign affiliates. For example, a U.S. parent's receivables from its affiliate, as recorded on the parent's books, may not necessarily be equal to the affiliate's payables to its parent, as recorded on the affiliate's books, due to differences in the time the debt transaction is recorded on each set of books or to differences in accounting or valuation.

Not all intercompany account transactions reflect actual flows of funds. For example, when distributed earnings, interest, royalties and license fees, or charges for other services accrue to a U.S. parent from a foreign affiliate, the full amount (net of foreign withholding taxes) is included in the U.S. balance of payments as a receipt of income, royalties and license fees, or charges for other services. If all or part of that amount is not actually transferred to the U.S. parent, the amount not transferred is entered into the intercompany account as an increase in the U.S. parent's receivables from its affiliate.

Financial and operational leases.—Intercompany accounts include the net book value of all financial (capital) leases and operational leases of more than 1 year between U.S. parents and their foreign affiliates. Financial leases recognize that title to the leased property will be transferred to the lessee at the termination of the lease (similar to an installment sale on credit). Operational leases have a term that is significantly shorter than the expected useful life of the tangible property being leased, and there is usually the expectation that the leased property will be returned to the lessor at the termination of the lease.

Under a financial lease, the transaction may be reported differently by lessees and lessors. For example, if the U.S. reporter is a lessee, it would generally report the present value of its expected future lease payments as an increase in intercompany payables at the inception of the lease. Subsequent payments pursuant to the lease would consist of payments of principal and interest; the payment of principal is recorded as a reduction in intercompany payables (an intercompany debt outflow), and interest is recorded as a debit entry in direct investment income (line 12). If the U.S. reporter is a lessor, the sum—not the present value—of future expected lease receipts is reported as an increase in intercompany receivables at the inception of the lease. All subsequent receipts made pursuant to the lease are reported as a reduction in that receivable. No receipts of interest income under a financial lease are reported by the lessor.

For operational leases of more than 1 year, the net book value of the leased property is the original cost of the property less accumulated depreciation. The net book value of the leased property is recorded as an intercompany account flow. Total lease payments on these (more than 1 year) operational leases consist of depreciation and net rent. Depreciation is a return of capital and is recorded as a reduction in intercompany accounts because it reduces the net book value of the leased property. Net rent is included in rental receipts for the use of tangible property, which is a part of other private services (line 9). For operational leases of 1 year or less, total lease receipts—both

22. See footnote 1, page 5.

net rent and depreciation—are included in other private services (line 9) because depreciation is considered part of rentals—a payment for services rendered by, rather than a return of capital to, U.S. parents.

Netherlands Antilles finance affiliates.—Beginning with the 1977 benchmark survey of direct investment abroad, the direct investment intercompany accounts include funds that are borrowed from unaffiliated foreigners and then transferred to U.S. parents by Netherlands Antilles finance affiliates. Previously, this borrowing was treated as direct borrowing abroad (mostly in the Euro-market) by the U.S. parents and recorded in the balance of payments accounts as portfolio investment inflows from unaffiliated foreigners. Most of the Antilles affiliates were initially established by U.S. companies in response to U.S. mandatory controls on direct investment abroad, in effect from 1968 to 1974. The controls encouraged U.S. companies to finance their direct investments with foreign, rather than U.S., source funds. Typically, Netherlands Antilles affiliates were established to provide U.S. parents with a means of raising funds abroad without having the associated interest payments subject to a 30-percent U.S. withholding tax. Almost all of the proceeds of the affiliates' borrowing were in fact transferred to their U.S. parents for further disposition, usually to other foreign affiliates.

After the dismantling of the direct investment controls in 1974, new borrowing by Netherlands Antilles affiliates declined and a smaller proportion of the proceeds were transferred to U.S. parents. Because of this development and BEA's ability to obtain more complete coverage of transactions through the direct investment reporting system, the treatment was changed to include such borrowing in the direct investment intercompany accounts. After a period of resurgence, borrowing by these affiliates declined again in 1984, when the 30-percent withholding tax on interest payments to foreign residents was abolished. BEA continues to publish separate data on transactions with Netherlands Antilles finance affiliates to enable users to treat, for analytical purposes, the transactions as portfolio flows with unaffiliated foreigners.

1.4 Reverse investment

A U.S. parent may have investment in a foreign affiliate that, in turn, has investment in the U.S. parent as a result of the affiliate's lending funds to, or acquiring voting securities or other equity interest in, the U.S. parent ("reverse investment"). Before 1977, affiliates' investments in their U.S. parents were netted against their parents' investments in them. Because it resulted in double-counting among some of the components of the capital account in the balance of payments, this treatment was changed; reverse investment is now recorded as an inflow on foreign direct investment in the United States if the equity ownership interest is 10 percent or more, or as an inflow on portfolio investment if the equity ownership is less than 10 percent. Reverse debt flows from foreign affiliates to U.S. parents continue to be netted in the intercompany debt accounts, except in the rare case in which a foreign

affiliate and its U.S. parent own 10 percent or more of each other; in that case, the debt flows are included in foreign direct investment in the United States or in U.S. direct investment abroad, as appropriate.

1.5 Classification and presentation

In the geographic classification of capital outflows, the country of the foreign affiliate is used, even if the foreign affiliate is not itself a party to the transaction. For example, if a U.S. parent purchases an affiliate's capital stock from a third-country transactor, the transaction is classified in the country of the affiliate because the resulting outflows change the U.S. direct investment position in that country. (However, the financial entry, which is included in the portfolio investment accounts, is likely to be classified in the country of the foreign transactor.)

Capital outflows are disaggregated into several components in the quarterly presentations of U.S. international transactions. Certain transactions may affect two or more of these components simultaneously and by offsetting amounts. These transactions are "grossed up"—that is, the outflows and the offsetting inflows resulting from the transactions are recorded separately rather than being netted to zero. Because the gross flows are offsetting, they have no net effect on capital outflows as a whole. An example is the capitalization of intercompany debt (which gives rise to an inflow for intercompany debt and an outflow for (increase in) capital stock and additional paid-in capital).

In general, transactions that have an effect on capital outflows and a simultaneous effect of the same amount on another account are also "grossed up." For example, if dividends are declared, but not actually remitted to U.S. parents, the amount is included both in dividends and, with opposite sign, in intercompany debt outflows (as an increase in U.S. parents' receivables from affiliates). Exceptions to this general rule on "grossing up" are the reclassifications from portfolio to direct investment and transactions associated with the distribution of stock dividends.

Table III-5 shows the major components of capital outflows for U.S. direct investment abroad in 1988; current quarterly and annual estimates are published in the SURVEY. Additional details, such as area-by-industry detail or detail by type of affiliate or account cross-classified by area and industry, are available after estimates for the fourth quarter of a given year are revised. At that time, revised estimates of capital outflows, both total and by type of affiliate and account, are made for all quarters of the year. The standard table format level consists of 13 industries by 63 countries or areas, excluding subtotals and addenda; these detailed estimates are published annually in the August issue of the SURVEY.

1.6 Estimating methods

In nonbenchmark years, the estimates of equity capital and intercompany debt outflows are the sum of reported sample data. No estimates of unreported transactions are made, because the procedure (described earlier) used to expand some sample data series to universe levels does not produce reliable estimates for series where the data tend to be highly volatile and characterized by relatively frequent sign reversals (from outflows to inflows or vice versa). Use of the reported sample data assumes, in effect, that unreported transactions net to zero—that is, outflows to some affiliates are offset by inflows from others. Estimates of reinvested earnings are derived by subtracting universe estimates of gross distributed earnings (distributed earnings plus foreign withholding taxes) from universe estimates of total earnings. (The procedure for obtaining universe estimates of total earnings of affiliates, distributed earnings, and foreign withholding taxes on distributed earnings is described in the section on U.S. receipts of direct investment income. That section also describes the level of country-by-industry detail for which quarterly and annual estimates of reinvested earnings are available.)

In benchmark years, equity capital and intercompany debt outflows include data reported in the benchmark survey only for affiliates that were also reported in the quarterly sample surveys for the year. This is done so that the data for benchmark years are consistent with the data for nonbenchmark years, which, as discussed above, are the sum of reported sample data. Universe data on equity capital and intercompany debt outflows for a benchmark year are published with other universe data from the benchmark survey in a separate publication. (For a detailed report on the 1982 benchmark year, see [47].)

2 Foreign Direct Investment in the United States (line 59)

Capital flows for foreign direct investment in the United States consist of equity capital flows, reinvested earnings, and intercompany debt flows from foreign direct investors to both their incorporated and unincorporated U.S. affiliates (see [table III-6](#).)

The identical treatment of the two types of affiliates has been in effect since the 1980 benchmark survey, when reporting for unincorporated U.S. affiliates was changed to make it comparable with that for incorporated affiliates. Unincorporated affiliates' receivables from, and payables to, their foreign parents are now included in the affiliates' intercompany accounts; previously, the net amount of these receivables and payables, together with the foreign parents' equity position in the affiliates, was reported as a single summary account. Also, earnings of unincorporated affiliates are disaggregated into the portion distributed to foreign parents and the portion reinvested in the affiliates; previously, these earnings were reported as a single item and the entire amount was treated as if it were distributed.

2.1 Equity capital

Foreign parents' equity in incorporated U.S. affiliates consists of the foreign parents' holdings of capital stock in, and other capital contributions to, their affiliates and the foreign parents' equity in the retained earnings share of the undistributed earnings of their incorporated U.S. affiliates. Foreign parents' equity in unincorporated affiliates consists of foreign parents' shares of the affiliates' total owners' equity. No breakdown of owners' equity is available for these affiliates.

Increases in foreign parents' equity in their U.S. affiliates that give rise to equity capital inflows result from the foreign parents' establishment of new U.S. affiliates, initial acquisitions of a 10-percent-or-more ownership interest in existing U.S. business enterprises, and acquisitions of additional ownership interests in existing U.S. affiliates. Decreases in equity that give rise to equity capital outflows result from liquidations of U.S. affiliates, sales of ownership interests in U.S. affiliates, and the return of capital contributions. Included are liquidating dividends, which are a return of capital to foreign parents upon the liquidation of affiliates or the sale of affiliates' assets. Decreases in equity are recorded as outflows to foreign parents and are netted against increases in equity to derive the net change in foreign parents' equity capital flows for foreign direct investment in the United States.

Equity capital inflows are recorded at transactions values, and except in the situation discussed in section 2.6 below, are based on the books of U.S. affiliates. These inflows may differ from those based on the books of foreign parents. For example, when a foreign parent purchases or sells capital stock of an affiliate from or to an unaffiliated third party, the transaction is recorded only on the parent's books, not on the affiliate's books.

Table III-6.—Foreign Direct Investment in the United States, Capital, 1988 (Line 59)

[Millions of dollars; credits +, debits -]

Total	58,435
Equity capital	40,362
Increases in equity capital	43,644
Decreases in equity capital	-3,282
Reinvested earnings	6,560
Intercompany debt	11,513
U.S. affiliates' payables	17,747
U.S. affiliates' receivables	-6,234
By industry of affiliate:	
Equity capital	40,362
Petroleum	866
Manufacturing	17,573
Other	21,923
Reinvested earnings	6,560
Petroleum	696
Manufacturing	4,030
Other	1,834
Intercompany debt	11,513
Petroleum	-2,426
Manufacturing	6,629
Other	7,310

2.2 Reinvested earnings

Reinvested earnings of U.S. affiliates are total earnings, including capital gains and losses, less distributed earnings.²³ Earnings are foreign parents' shares in the net income of their U.S. affiliates, after provision for U.S. income taxes. Net income and, therefore, earnings are taken from the books of the U.S. affiliate. A foreign parent's share in net income is based on its directly held equity interest in the U.S. affiliate.

Reinvested earnings of incorporated affiliates have been included in the U.S. balance of payments accounts since June 1978, at which time they were included retroactively to 1960 on an annual basis and to 1970 on a quarterly basis. (See part II of the June 1978 issue of the SURVEY.) Reinvested earnings of unincorporated affiliates have been included since 1980. Reinvested earnings are shown as a separate component of direct investment income, in recognition of the fact that the earnings of an affiliate (less withholding taxes on dividends) are income to the foreign parent, whether they are reinvested or remitted to the parent. Because reinvested earnings increase the parent's investment in its affiliate, an entry of equal magnitude, but opposite sign, is made in the direct investment capital account, offsetting the entry made in direct investment income (line 27).

2.3 Intercompany debt

Intercompany debt flows consist of the increase in U.S. affiliates' net intercompany account payables to their foreign parents during the year. The annual increase can be derived by subtracting the net outstanding intercompany account balance at the end of the previous year from the net outstanding balance at the end of the current year. The net balance at the end of a year can be calculated as U.S. affiliate payables less U.S. affiliate receivables. For example, when a member of a foreign parent group lends funds to a U.S. affiliate, the affiliate's payables to the foreign parent group increase; subsequently, when the affiliate repays the principal owed to a member of the foreign parent group, the affiliate's payables to the group are reduced. When a member of the foreign parent group borrows funds from a U.S. affiliate, the affiliate's receivables from the group increase; subsequently, when the member of the foreign parent group repays the principal owed to the affiliate, the affiliate's receivables from the group are reduced. Increases in affiliates' payables to, or reductions in affiliates' receivables from, their foreign parent groups give rise to inflows on the intercompany account. Increases in affiliates' receivables from, or reductions in affiliates' payables to, their foreign parent groups give rise to outflows.

Intercompany debt consists of trade accounts and trade notes payable, other current liabilities, and long-term debt owed by the affiliates to their foreign parents, net of similar items due to the affiliates from their foreign parents.

Not all intercompany account transactions reflect actual flows of funds. For example, when distributed

earnings, interest, royalties and license fees, or charges for other services accrue to a foreign parent group from a U.S. affiliate, the full amount (net of U.S. withholding taxes) is included in the U.S. balance of payments as a payment of income, royalties and license fees, or charges for other services. If all or part of that amount is not actually transferred to the foreign parent group, the amount not transferred is entered into the intercompany account as an increase in the U.S. affiliate's payables to its foreign parent group.

Financial and operational leases.—Intercompany accounts include the net book value of all financial (capital) leases and of operational leases of more than 1 year between U.S. affiliates and their foreign parents. Financial leases recognize that title to the leased property will be transferred to the lessee at the termination of the lease (similar to an installment sale on credit). Operational leases have a term that is significantly shorter than the expected useful life of the tangible property being leased, and there is usually the expectation that the leased property will be returned to the lessor at the termination of the lease.

Under a financial lease, when property is leased by a U.S. affiliate from its foreign parent, the present value of the future lease payments, but not more than the net book value of the leased property, is recorded as an intercompany account inflow. For lessees, total lease payments on financial leases consist of payments of principal and interest. The payment of principal is a return of capital and is recorded as an intercompany account outflow because it reduces the net book value of the capital lease. Interest is included in payments of direct investment income (line 27).

For operational leases of more than 1 year, the net book value of the leased property is the original cost of the property less accumulated depreciation. The net book value of the leased property is recorded as an intercompany account flow. Total lease payments on these (more than 1 year) operational leases consist of depreciation and net rent. Depreciation is a return of capital and is recorded as a reduction in intercompany accounts because it reduces the net book value of the leased property. Net rent is included in rental payments for the use of tangible property, which is a part of other private services (line 24). For operational leases of 1 year or less, total lease payments—both net rent and depreciation—are included in other private services (line 24) because depreciation is considered part of rentals—a payment for services rendered by, rather than a return of capital to, the foreign parent group.

2.4 Reverse investment

A foreign parent may have investment in a U.S. affiliate that, in turn, has investment in the foreign parent as a result of the affiliate's lending funds to, or acquiring voting securities or other equity interest in, the foreign parent ("reverse investment"). Before 1974, affiliates' investments in their foreign parents were netted against their parents' investments in them. Because it resulted in double-counting among some of the components of the capital account in the balance of payments, this treatment

23. See footnote 1, page 5.

was changed; reverse investment is recorded as an outflow on U.S. direct investment abroad if the equity ownership interest is 10 percent or more, or as an outflow on portfolio investment if equity ownership is less than 10 percent. Reverse debt flows from U.S. affiliates to foreign parents and other members of the foreign parent group continue to be netted in the intercompany debt account, except in the rare case in which a U.S. affiliate and its foreign parent own 10 percent or more of each other; in that case, the debt flows are included in U.S. direct investment abroad or in foreign direct investment in the United States, as appropriate.

2.5 Transactions with foreign parent groups

All intercompany debt outflows result from transactions between foreign parent groups and U.S. affiliates. Equity capital flows, however, may result from transactions between foreign parents and either the U.S. affiliate or unaffiliated U.S. persons. An example of the latter is a foreign parent's purchase of an affiliate's capital stock from an unaffiliated U.S. person, rather than from the affiliate itself.

Equity capital and intercompany debt flows exclude transactions among members of a foreign parent group or between the members of the group and other foreigners because foreign-to-foreign transactions are not reflected in U.S. international transactions. Thus, if a foreign parent purchases additional capital stock in a U.S. affiliate from another foreign person, the foreign parent's ownership interest in the U.S. affiliate will increase, but no equity capital inflow is recorded. This transaction occurs entirely outside the United States. In addition, there is no net increase in foreign claims on the United States; rather, the foreign parent's claims have merely been substituted for the claims of the other foreign person.

Equity capital and intercompany debt inflows also exclude transactions between a U.S. affiliate and foreign persons other than the members of its own foreign parent group. Excluded, for example, are loans by a foreign bank to a U.S. affiliate in which the bank does not have a direct investment ownership interest, and loans by one foreign parent to another foreign parent's U.S. affiliate in which the first-mentioned foreign parent does not have a direct investment ownership interest.

2.6 Basis of recording

Generally, equity capital and intercompany debt flows are based on the books of U.S. affiliates. An exception is for changes in equity that do not involve transactions with the U.S. affiliate. For example, if the foreign parent purchases or sells a U.S. affiliate's capital stock from or to an unaffiliated U.S. person, rather than from or to the U.S. affiliate itself, the transaction would not be recorded on the U.S. affiliate's books at all. For these transactions to be reported to BEA and included in equity capital inflows, data on the market value of the transaction from the parent's books must be used.

2.7 Classification and presentation

Capital inflows are disaggregated into several components in the quarterly presentations of U.S. international transactions. Certain transactions may affect two or more of these components simultaneously and by offsetting amounts. The transactions are "grossed-up"—that is, the inflows and the offsetting outflows resulting from the transactions are recorded separately rather than being netted to zero. Because these gross flows are offsetting, they have no net effect on capital inflows as a whole. An example is the capitalization of intercompany debt (which gives rise to an outflow on intercompany debt and an inflow for (increase in) capital stock and additional paid-in capital).

In general, transactions that have an effect on capital inflows and a simultaneous effect of the same amount on another balance of payments account are also "grossed up." For example, if dividends are declared, but not actually remitted to foreign parents, the amount is included both in dividends and, with opposite sign, in intercompany debt inflows (as an increase in U.S. affiliates' payables to foreign parents). Exceptions to this general rule on "grossing up" are the reclassifications from portfolio to direct investment and transactions associated with the distribution of stock dividends.

Table III-6 shows the major components of capital inflows for foreign direct investment in the United States in 1988; current quarterly and annual estimates are published in the SURVEY. Additional details, such as area-by-industry detail, or detail by type of affiliate or account cross-classified by area and industry, are available after estimates for the fourth quarter of a given year are revised. At that time, revised estimates of capital inflows, both total and by type of affiliate and account, are made for all quarters of the year. The calculations are made for 14 industries; these estimates are published annually in the August issue of the SURVEY.

2.8 Estimating methods

In nonbenchmark years, the estimates of equity capital and intercompany debt inflows are the sum of reported sample data. No estimates of unreported transactions are made because the procedure (described earlier) used to expand some sample data series to universe levels does not produce reliable estimates for series where the data tend to be highly volatile and characterized by relatively frequent sign reversals (from outflows to inflows and or vice versa). Use of the reported sample data assumes, in effect, that unreported transactions net to zero—that is, outflows to some affiliates are offset by inflows from others. Estimates of reinvested earnings are derived by subtracting universe estimates of distributed earnings from universe estimates of total earnings. (The procedure for obtaining universe estimates of

earnings of affiliates, distributed earnings, and U.S. withholding taxes on distributed earnings is described in the section on U.S. payments of direct investment income. That section also describes the level of country-by-industry detail at which quarterly and annual estimates of reinvested earnings are available.)

In benchmark years, equity capital and intercompany debt inflows include data reported in the benchmark survey only for affiliates that were also reported in the

quarterly sample surveys for the year. This is done so that the data for benchmark years are consistent with the data for nonbenchmark years, which, as discussed above, are the sum of reported sample data. Universe data on equity capital and intercompany debt inflows for a benchmark year are published with other universe data from the benchmark survey in a separate publication. (For a detailed report on the 1980 benchmark year, see [48].)

Transactions in Securities Other Than U.S. Treasury Securities

Securities transactions between U.S. and unaffiliated foreign residents other than foreign official agencies are measured in the following accounts: (1) Foreign securities—net U.S. purchases (line 47); and (2) U.S. securities other than U.S. Treasury securities—net foreign purchases (line 61). Securities covered are long-term securities of foreign governments and their political subdivisions, of U.S. and foreign private corporations, and of international and regional financial institutions. Long-term securities are those with no contractual maturity (for example, stocks) and those with an original maturity of more than 1 year. The term “securities” is interpreted broadly to include marketable issues of rights, warrants, options, and script, as well as stocks (both common and preferred), straight bonds, notes, floating-rate notes, continually offered medium-term notes, debentures, collateralized mortgage obligations, zero coupon bonds, equipment trust certificates, and similar debt obligations—both publicly offered and privately placed. The securities may be denominated in U.S. dollars, foreign currencies, or other units of account.

The accounts cover securities newly issued in the United States and abroad and trading in, and redemptions of, outstanding U.S. and foreign securities; they exclude transactions under repurchase agreements and transactions in participations in loans of U.S. Government-sponsored agencies and international lending institutions, and trading in U.S. securities by foreign official agencies. However, transactions undertaken by private entities for foreign official accounts may be included here if the transactions are not specifically identified as official in the reported data. Interest rate and foreign currency swaps are also excluded from these accounts. The accounts also exclude transactions between U.S. and foreign residents that establish a direct investment relationship through the acquisition of a 10-percent-or-more ownership equity in a business enterprise in the United States or abroad; however, the accounts include purchases and sales by an affiliate of its parent company’s securities if the affiliate itself is not a direct investor in its parent. If the affiliate’s ownership interest in its parent is 10 percent or more, a “reverse” direct investment relationship exists, with the result that transactions in the parent company’s securities would be included in the direct investment accounts.

Net U.S. purchases of foreign securities and net foreign purchases of U.S. securities are estimated by BEA on the basis of data from the U.S. Department of the Treasury International Capital reporting system, specifically

the monthly S form, “Purchases and Sales of Long-term Securities by Foreigners.”

Filing of S forms is required for all banks, banking institutions (including bank holding companies), brokers, dealers, and other persons in the United States, who on their own behalf, or on the behalf of their customers, engage in transactions in long-term securities with foreigners. Reports are required if the total of purchases or sales amounts to \$500,000 or more during a given month. A report from a large institution generally contains a consolidation of many transactions and transactors that deal through the reporting institution. Because of this consolidation and the concentration of activity in the securities industry, a small number of reporters account for a large share of the reported total. In 1988, approximately 275 reporters filed regular monthly reports.

Data are reported on a transactions basis, that is, the total amount of money debited or credited as of the payment or settlement date. The reported amounts represent the cost of purchases plus commissions and other charges or the proceeds of sales less commissions, taxes, and other charges incurred in the transactions.

Transactions in foreign currencies are reported in terms of their dollar equivalents; foreign currencies are converted at the rate of exchange prevailing either at the time the transactions were executed or at the close of the last business day of the reporting month. In general, data are classified by the foreign country or geographical area in which the foreign transactor or intermediary is domiciled, as shown on the records of the U.S. reporting institutions. The geographic distribution of the reported data may not necessarily reflect the nationality of the ultimate foreign owner or the country of issue of foreign securities traded. Thus, securities transactions between U.S. and foreign residents effected in countries with well-developed financial markets—such as the United Kingdom, Switzerland, the Netherlands, and Hong Kong—are recorded for those countries, irrespective of the country of issue of the foreign security or of the ultimate foreign owners’ locations. Moreover, estimates of net transactions between the United States and individual countries or areas may, in certain instances, represent transactions between residents of different countries. For instance, such transactions can arise in the United States if both parties are foreign residents, but are domiciled in different countries; a gross sale would be recorded for one country and a gross purchase for the other. Thus, data on the geographic pattern of U.S. securities transactions with foreign residents must be interpreted with caution.

Data reported on the S form are adjusted by BEA to bring them into conformity with balance of payments concepts. Estimates of commissions, taxes, and other charges are deducted from reported purchases, and estimates of commissions and other charges are added to reported sales in order to derive the actual value of transactions. These charges are included as receipts or payments for other private services (lines 9 and 24). Other adjustments are estimated by BEA on the basis of information provided by U.S. Government agencies and the Federal Reserve Bank of New York to BEA, direct investment reports submitted to BEA, and information from financial journals, other business periodicals, and newspapers. For balance of payments estimation purposes, the total of reported foreign purchases corresponds to U.S. sales and the total of reported foreign sales corresponds to U.S. purchases. However, for reasons stated earlier, gross foreign purchases (sales) of securities recorded for a country may not correspond to gross U.S. sales to (purchases from) residents of that country.

1 Foreign Securities—Net U.S. Purchases (line 47)

This account measures net U.S. purchases of foreign securities classified as foreign stocks and bonds (see [table III-7](#)). Foreign securities consist of securities of foreign central governments and their political subdivisions, of corporations and similar organizations chartered in foreign countries, and of international and regional organizations—whether located in the United States or abroad. The securities may be payable in U.S. dollars, foreign currencies, or other units of account. Included are purchases of foreign securities newly issued in the United States and trading in, and redemptions of, outstanding securities.

The procedure for estimating net U.S. purchases of foreign stocks is as follows:

- (1) Data on gross sales and gross purchases of foreign stocks in the United States by foreigners are based on the monthly S reports. BEA adjusts the data to exclude estimates of commissions, taxes, and other charges from reported gross foreign purchases and to include estimates of charges in reported gross foreign sales. The net adjusted figure on foreign sales or purchases is used as the equivalent of net U.S. purchases or sales, respectively.
- (2) The value of stocks representing U.S. direct investment abroad, recorded in line 46, is deducted from the net figure. This adjustment is made if transactions reported on the S form include direct investment, as in the case of takeovers conducted in the open market through securities dealers. (In most cases, direct investment transactions bypass the open market, and are effected through private dealings between participants.) BEA estimates the adjustment on the basis of information on publicly known takeover bids reported in financial journals, market reports, and other sources, supplemented by a program of monitoring

Table III-7.—Foreign Securities, Net U.S. Purchases, 1988 (Line 47)

[Millions of dollars; credits +, net U.S. sales; debits -, net U.S. purchases.]

Total	-7,846
Stocks	-909
New issues in the United States	-1,079
Transactions in outstanding stocks, net	170
Bonds	-6,937
New issues in the United States	-6,855
By issuer:	
Central governments and their agencies and corporations	-2,295
Other governments and their agencies and corporations	-1,496
Private corporations	-2,573
International financial institutions	-491
Redemptions of U.S.-held foreign bonds	5,261
Other transactions in outstanding bonds, net	-5,343

large month-to-month changes in reported securities and direct investment transactions.

- (3) The value of stocks exchanged as part of a foreign direct investment in the United States is added. This adjustment represents U.S. residents' acquisition of stocks in a foreign company in exchange for the debt and equity securities that the U.S. residents hold in that foreign company's U.S. affiliate. The U.S. residents' acquisition of stocks is portfolio investment if U.S. residents' holdings account for less than 10 percent of ownership equity; if U.S. residents' holdings account for 10 percent or more of ownership equity, the transaction is recorded as U.S. direct investment abroad (line 46). Estimates are based on financial market information and direct investment reporting.
- (4) Other adjustments include additions or subtractions for transactions that have not yet been incorporated in the Treasury data, and additions for transactions that have been omitted from the S forms, but that have been verified from other sources.

These adjustments to the data reported to the Treasury Department result in estimates of net U.S. purchases (or net U.S. sales) of foreign stocks on a balance of payments basis. BEA estimates the amount of new issues included in the net figures on the basis of financial market information.

The procedure for estimating net U.S. purchases of foreign corporate bonds is as follows:

- (1) Data on gross sales and gross purchases in the United States by foreigners of foreign corporate bonds are based on the monthly S reports. BEA adjusts the data to exclude estimates of commissions, taxes, and other charges from reported gross foreign purchases and to include estimates of underwriting fees on new issues, other fees, taxes, and other charges in reported gross foreign sales. The net adjusted figure on foreign sales or purchases is used as the equivalent of net U.S. purchases or sales, respectively.
- (2) Adjustments are made to the data covering U.S. purchases of Canadian bonds to account for additional redemptions of Canadian-issued bonds that are held by U.S. residents. This adjustment is based on a comparison of data on gross purchases reported for Canada on the S form with data on redemptions reported to Statistics Canada by Canadian issuers of

Table III-8.—U.S. Securities, Other Than U.S. Treasury Securities, Net Foreign Purchases, 1988 (Line 61)

[Millions of dollars; credits +, net foreign purchases; debits –, net foreign sales.]

Total	26,448
Stocks	–476
Corporate and other bonds	26,924
New issues sold abroad by U.S. corporations	18,788
U.S. federally sponsored agency bonds, net	5,410
Other outstanding bonds, net	2,726

securities. Canadian data cover issues handled both by fiscal agents in the United States who may not file the S form and by fiscal agents in Canada, who are not subject to U.S. reporting requirements. The U.S. data are adjusted to match the Canadian series for redemptions.

- (3) Other adjustments include additions or subtractions for transactions that have not been incorporated into the Treasury data; additions for transactions that have been omitted from the S form, but that have been verified from other sources; and additions for acquisitions of foreign debt securities by U.S. residents through the exchange of securities with foreign residents, including those resulting in foreign direct investment in the United States.

These adjustments to the data reported to the Treasury Department result in estimates of net U.S. purchases (or net U.S. sales) of foreign bonds on a balance of payments basis. BEA estimates the amount of new foreign issues on the basis of financial market information, with separate estimates for type of issuer and type of issue. Most of the new issues are denominated in U.S. dollars and are designed specifically for U.S. placement; that is, they are registered with the Securities and Exchange Commission and placed with U.S. underwriters. The U.S. agent reports the issue as a foreign sale on the S form, whether it is publicly offered or privately placed. If a new foreign issue in the United States is purchased by a foreigner, the foreign sale is offset by a reported foreign purchase on the S form. Redemptions of securities are not reported separately on the S form. Redemptions of foreign issues held by U.S. residents are reported by U.S. fiscal agents as purchases by foreigners when the security is called or matures. Redemptions handled abroad for the U.S. reporter's own account or the account of its domestic customers are also reported as purchases by foreigners. If foreign securities are presented for redemption to U.S. fiscal agents for the account of foreigners, both purchases by foreigners and sales to foreigners are reported. BEA estimates the total amount of bond redemptions on the basis of information obtained through a program of monitoring public notices of redemptions. Other transactions represent net trading in outstanding bonds, either net purchases or net sales of U.S. dollar- and foreign-currency-denominated foreign bonds.

2 U.S. Securities Other Than U.S. Treasury Securities—Net Foreign Purchases (line 61)

This account measures net foreign purchases of U.S. securities classified as U.S. stocks and U.S. corporate and other bonds (see [table III-8](#)). Included are U.S. corporate new issues of securities in foreign markets; trading in, and redemptions of, outstanding stocks and bonds issued by U.S. corporations and State and local governments; and trading in securities of U.S. Government corporations and federally sponsored agencies.

The procedure for estimating net foreign purchases of U.S. stocks is as follows:

- (1) Data on gross purchases and sales of U.S. stocks by foreign residents are based on the monthly S form. BEA adjusts the data to exclude commissions and other charges from reported gross foreign purchases and to include estimates of commissions, taxes, and other charges in reported gross foreign sales.
- (2) The value of stocks exchanged as part of U.S. direct investment abroad (line 46) is added. (Exchanges of these securities are not generally included on the S form.) This adjustment represents the acquisition of stocks by foreign residents in a U.S. company in exchange for the debt and equity securities that the foreign residents hold in that U.S. company's foreign affiliate. The foreign residents' acquisition of stocks is portfolio investment if it accounts for less than 10 percent of ownership equity; if it accounts for 10 percent or more of ownership equity, the transaction is recorded as direct investment in the United States (line 59). The U.S. acquisition of additional securities of an affiliate abroad is recorded in U.S. direct investment abroad (line 46). Estimates are based on financial market information and direct investment reporting.
- (3) If transactions reported on the S form involve direct investment in the United States, as in the case of takeovers conducted in the open market through securities dealers, the value of stocks is deducted from the net figure. (In most cases, however, direct investment transactions bypass the open market and are effected through private dealings between participants.) BEA estimates the adjustment on the basis of information on publicly known takeover bids reported in financial journals, market reports, and other sources, supplemented by a program of monitoring large month-to-month changes in reported securities and direct investment transactions.
- (4) Other adjustments include subtractions for purchases of U.S. corporate stocks by foreign official agencies from the total reported on the S form (recorded in other foreign official assets (line 57)); additions or subtractions for transactions that have not yet been incorporated into the Treasury data; and additions for transactions that have been omitted from the S form, but that have been verified from other sources.

These adjustments to the data reported to the Treasury Department result in estimates of net foreign purchases (or net foreign sales) of U.S. corporate stocks on a balance of payments basis.

The procedure for estimating net foreign purchases of U.S. bonds is as follows:

- (1) Data on gross purchases and sales by foreign residents of U.S. bonds are based on the monthly S reports. BEA adjusts the data to exclude underwriting costs on U.S. corporations' overseas issues and other charges from reported gross foreign purchases and to include the cost of commissions and other charges in reported gross foreign sales.
- (2) Other adjustments include subtractions for purchases by foreign official agencies of debt securities of U.S. Government corporations and agencies, private corporations, and State and local governments; additions or subtractions for transactions that have not been incorporated into the Treasury data; and additions for transactions that have been omitted from the S form, but that have been verified from other sources.

These adjustments to the data reported to the Treasury Department result in estimates of net foreign purchases (or net foreign sales) of U.S. bonds on a balance of payments basis. BEA estimates the amount of new U.S. issues purchased by foreign residents on the basis of financial market information, including debt securities denominated in both U.S. dollars and foreign currencies placed directly in the Eurobond and other foreign markets by U.S. companies. Separate estimates are developed for the types of issuers, issues, and currencies. An estimate is also made for net foreign purchases of bonds of U.S. Government corporations and of nonguaranteed bonds of U.S. federally sponsored agencies.

Redemptions of securities are not reported separately on the S form and no estimate is made by BEA; redemptions are included in other outstanding bonds, net, in [table III-8](#). U.S. securities presented for redemption directly by foreigners to fiscal agents or trustees, or sinking fund purchases abroad of these securities, are reported as sales by foreigners. Called or matured securities presented for redemption abroad for the reporter's own account or for the account of its domestic customers are reported as purchases by foreigners.

Transactions in U.S. Treasury Securities— Net Foreign Purchases (Line 60)

This account measures net purchases by private foreign residents and international financial institutions of U.S. Treasury bills, notes, bonds, certificates of indebtedness, and special nonmarketable U.S. Treasury issues (see [table III-9](#)). U.S. Treasury securities of all maturities are included. Excluded from this account are net purchases by foreign official agencies.

Quarterly estimates are made by BEA on the basis of data reported to the U.S. Treasury Department under its International Capital reporting system, supplemented by Treasury Department data on its special note issues sold to foreign residents.

Estimates of net foreign purchases of U.S. Treasury bills and certificates of indebtedness are based on the monthly BL-2 report, "Custody Liabilities of Reporting Banks, Brokers, and Dealers, to Foreigners—Payable in Dollars," that U.S. banks, banking institutions, brokers, and dealers file with district Federal Reserve banks. The data are reported at face value for outstanding amounts at the end of each month. Net transactions for the quarter represent the difference between outstanding amounts for the closing month of each quarter. Information is not available to BEA to adjust the data for discounts or premiums reflecting fluctuations in the market price of these obligations. Furthermore, because reporting is at face value, any initial discount reflecting prepaid interest is not taken into account.

Bonds and notes are marketable long-term securities issued by the Treasury Department and one of its agencies, the Federal Financing Bank. Estimates of net foreign purchases are based on the monthly S reports that U.S. banks, banking institutions, brokers, dealers,

**Table III-9.—U.S. Treasury Securities, Net Foreign Purchases, 1988
(Line 60)**

[Millions of dollars; credits +, net foreign purchases; debits –, net foreign sales.]

Total	20,144
Bills and certificates	–1,651
Marketable bonds and notes	21,795
Nonmarketable notes .....	.....

and other persons file with the district Federal Reserve banks.

Data are reported on a transactions basis, that is, the total amount of money debited or credited as of the payment or settlement date. For foreign purchases in the United States, the amount represents money received for or owed by the foreign buyer, excluding commissions and other charges; for foreign sales in the United States, the amount represents money paid or due to the foreign seller, net of discounts, commissions, taxes, and other charges incurred in the United States.

Special nonmarketable notes denominated in foreign currencies, issued by the Treasury Department, were sold through foreign central banks to residents in the countries in which the notes were issued. Several issues were sold to residents of Germany and Switzerland between December 1978 and January 1980; however, none of these notes were outstanding after July 1983. The primary purpose was to obtain foreign currencies for exchange market operations in support of the U.S. dollar; the securities were subject to restricted transferability among foreign residents.

Transactions Reported by U.S. Banks

Banking transactions between U.S. and foreign residents, other than those with foreign official agencies, are measured in the following accounts: (1) U.S. claims reported by U.S. banks (line 49); and (2) U.S. liabilities reported by U.S. banks (line 63). Although U.S. banks and their international banking facilities (IBF's) account for most of the transactions, reporters include other depository institutions (for example, savings and loan associations), Edge Act Corporations, bank holding companies, brokers, and dealers in the United States. The branches, agencies, subsidiaries, and other affiliates of foreign banking institutions in the United States are also included. Transactions represent changes in claims on and liabilities to foreigners and include both those undertaken for the banks' own account and those undertaken for the account of their domestic and foreign customers. For foreign residents, data are reported separately for foreign banks, other private foreigners, international financial institutions, and foreign government agencies other than official agencies. Liabilities to foreign official agencies—that is, foreign monetary and exchange rate authorities—reported by U.S. banks are included in **“Transactions With Foreign Official Agencies.”**

Banking transactions, payable in dollars or in foreign currencies, cover loans, advances, and overdrafts; placements of funds; acceptance financing and depositing; and borrowing through repurchase and resale agreements, that is, temporary exchanges of securities as collateral on short-term lendings or borrowings. Also included are operating transactions between related institutions, such as those between U.S. banks and their foreign branches and majority-owned subsidiaries, and transactions between the U.S. branches, agencies, and majority-owned subsidiaries of foreign banks and their head offices, parents, and other branches of the same banking organizations located abroad. (Equity and permanent debt transactions between these institutions are included in direct investment (lines 46 and 59).)

Quarterly estimates of transactions are made by BEA on the basis of data on outstanding claims and liabilities at the end of a period, reported on the U.S. Treasury International Capital (TIC) BC, BQ, and BL forms. Data are reported separately for each country or group of countries in certain geographic areas and for international and regional institutions. The reporting system consists principally of the following forms:

BC: Reporting Bank's Own Claims, and Selected Claims of Broker or Dealer, on Foreigners, Payable in Dollars. (Monthly.)

BQ-1: Part 1.—Reporting Bank's Own Claims, and Selected Claims of Broker or Dealer, on Foreigners. (Quarterly.)

Part 2.—Domestic Customers' Claims on Foreigners Held by Reporting Bank, Broker, or Dealer, Payable in Dollars. (Quarterly.)

BQ-2: Part 1.—Liabilities to, and Claims on, Foreigners, of Reporting Bank, Broker, or Dealer. (Quarterly.)

Part 2.—Domestic Customers' Claims on Foreigners Held by Reporting Bank, Broker, or Dealer, Payable in Foreign Currencies. (Quarterly.)

BL-1: Reporting Bank's Own Liabilities, and Selected Liabilities of Broker or Dealer, to Foreigners, Payable in Dollars. (Monthly.)

BL-2: Custody Liabilities of Reporting Banks, Brokers, and Dealers, to Foreigners, Payable in Dollars. (Monthly.)

Reporting is mandatory, and the reports are filed with district Federal Reserve banks by banks and banking institutions and with the Federal Reserve Bank of New York by all brokers and dealers. Reports are required if total claims on, or liabilities to, foreigners are \$15 million or more for any monthend closing balance. Reporting must continue for 5 succeeding months, after which it may be discontinued if the outstanding balance falls below \$15 million, computed on a 6-month moving average basis. Banks or banking institutions with branches in the United States may apply the \$15 million exemption limit separately to each branch. In 1988, approximately 975 reporters, mainly banks and banking institutions, filed regular monthly and quarterly reports. Amounts on outstanding claims and liabilities are reported on a gross basis, without deduction of any offsets against them.

Excluded from both claims and liabilities are: Long-term securities of foreign or U.S. issuers (reportable on the S form); permanent capital invested in affiliated agencies, branches, subsidiaries abroad or in the United States by U.S. or foreign banks (reportable on BEA's direct investment reporting forms); contingent claims and liabilities, unutilized credits, and credit commitments; gold, silver, or currency in transit to and from the United States or held abroad or in the United States; interest rate and foreign currency swaps associated with bank indebtedness; and forward exchange contracts.

1 Claims on Foreigners (line 49)

This account measures claims on foreign residents, acquired or held in the United States or abroad, reported

by U.S. banks; reporters also include other depository institutions, bank holding companies, and brokers and dealers (see [table III-10](#)). Two categories of claims are distinguished: (1) Banks' own claims, which refer to assets owned by the reporting institutions, and (2) claims of domestic customers held by the reporting institutions. Claims payable in both dollars and foreign currencies—which are converted into dollars at exchange rates prevailing on the reporting date—are included. Transactions for a given quarter represent changes between outstanding amounts at the end of the current quarter and end of the preceding quarter, reported on the BC, BQ-1 (part 2), and BQ-2. International banking facilities (IBF's) are U.S. banking offices set up solely to conduct banks' international lending and borrowing operations; their transactions are separately identified in [table III-10](#).

No deduction is made for any reserves or allowances that may have been established against possible future losses. For example, provisions by banks for possible future loan losses against heavily indebted developing countries do not alter the amount of the reported claims. However, when an asset is partially or entirely written off, or required by regulatory agencies to be so treated,

the amount of the writeoff is deducted from outstanding claims and from changes in claims in the accounts. These writeoffs are considered valuation changes and are included in the U.S. international investment position.

Banks' own claims payable in dollars are reported separately for banks' own foreign offices, unaffiliated foreign banks, foreign public borrowers, and all other foreigners. These claims cover loans, advances, and overdrafts granted to foreigners; participations purchased in loans of the Export-Import Bank and international and regional lending institutions; acceptances payable by foreigners; items in process of collection; demand and time deposits with unaffiliated foreign banks; certificates of deposit purchased; and amounts due from foreign branches and majority-owned foreign subsidiaries or from head offices, parents, and other directly related foreign institutions. Data are derived from the monthly and the semiannual BC forms; the semiannual BC is identical to the monthly BC except that it is filed semiannually for countries not reported separately in the monthly report.

Claims on foreigners held for the account of the reporting banks' domestic customers cover demand and time deposits; marketable instruments, such as negotiable certificates of deposit, bankers acceptances, commercial paper issued by foreign financial and nonfinancial business concerns, and obligations of foreign governments; outstanding items held for collection; and other dollar assets held here or abroad for the account of domestic customers, which represent claims on foreigners. These data are not classified by type of foreign resident. Data on customers' claims are derived from the BQ-1, which also provides data on the maturity breakdown of banks' own claims on unaffiliated foreigners—1 year or less, or over 1 year, according to time remaining to maturity. Because foreign currency positions are reported at dollar equivalents, changes derived from outstanding amounts include some changes due to exchange rate fluctuations that do not result from transactions. These cannot be removed because the data are not available by currency.

Foreign-currency-denominated claims on foreigners reported by banks—both the banks' own claims and claims held for the account of domestic customers—include demand and time deposits, certificates of deposit, obligations of foreign governments, commercial paper, finance paper, loans, and collection items outstanding. Data are derived from the BQ-2; the maturity composition of certain types of claims is on the basis of time remaining to maturity.

Table III-10.—U.S. Claims on Foreigners Reported by U.S. Banks, 1988 (Line 49)

[Millions of dollars; credits +, decrease in U.S. assets; debits -, increase in U.S. assets.]

Total	-54,481
Banks' own claims	-45,231
Payable in dollars	-30,414
By borrower:	
Claims on:	
Own foreign offices	-31,788
Unaffiliated foreign banks	-1,934
Foreign public borrowers	2,730
Other private foreigners	577
By bank ownership:	
U.S.-owned banks' claims on:	
Own foreign offices	-22,670
Unaffiliated foreign banks	-982
Other foreigners	-1,296
Foreign-owned banks' claims on:	
Own foreign offices	-9,118
Unaffiliated foreign banks	-951
Other foreigners	4,603
Payable in foreign currencies	-14,816
Banks' domestic customers' claims	-9,250
Payable in dollars	-9,437
Deposits	-4,597
Negotiable and readily transferable instruments	1,324
Outstanding collections and other	-6,165
Payable in foreign currencies	188
Memoranda:	
IBF's own claims, payable in dollars	-17,881
By borrower:	
Claims on:	
Own foreign offices	-21,679
Unaffiliated foreign banks	490
Foreign public borrowers	63
All other foreigners	3,245
By bank ownership:	
U.S.-owned IBF's	-8,051
Foreign-owned IBF's	-9,830
Banks' dollar acceptances payable by foreigners	3,622

IBF's International banking facilities.

2 Liabilities to Foreigners (line 63)

This account measures liabilities, acquired or held in the United States or abroad, to private foreign residents and international financial institutions reported by U.S. banks; reporters also include other depository institutions, bank holding companies, and brokers and dealers (see [table III-11](#)). Two categories of liabilities are distinguished: (1) Reporting banks' own liabilities to foreigners, and (2) custody liabilities, which are financial claims on persons in the United States held by or through the reporting institutions for the account

of foreigners. Liabilities payable in both dollars and foreign currencies—which are converted into dollars at exchange rates prevailing on the reporting date—are included. Transactions of IBF's are separately identified in the table. Transactions for a given quarter represent the difference between amounts outstanding at the end of the current quarter and end of the preceding quarter, reported on the BL-1, BL-2, and BQ-2 (part 1).

Banks' own liabilities payable in dollars are reported separately for banks' own foreign offices, unaffiliated foreign banks, other private foreigners, and international financial institutions. These liabilities represent demand, time, and savings deposits; nonnegotiable time certificates of deposit; federal funds borrowings; borrowings under repurchase agreements; deferred credits; sales of participations in pools of loans in which the terms of participation are different from the terms of the loans; and amounts due to foreign branches and majority-owned foreign subsidiaries or to head offices, parents, and other directly related foreign institutions.

Included as part of banks' own liabilities are deposits and other balances held with the reporting institutions by domestic trustees for the account of trusts created in the United States by foreign entities, both businesses and gov-

ernments (personal or individual trusts are not covered). Borrowing from foreigners through the sale of securities under repurchase agreements or other arrangements by brokers and dealers is also included on the BL-1. To avoid possible duplication in reporting, negotiable certificates of deposit are not included by the issuing bank as part of its own liabilities reported on the BL-1; these certificates are reportable on the BL-2 by the institution that holds them in custody for the account of foreigners, regardless of whether the reporting bank itself or another bank is the issuer.

International financial institutions include the International Bank for Reconstruction and Development, International Development Association, Asian Development Bank, International Finance Corporation, Inter-American Development Bank, and the International Monetary Fund's Trust Fund. Although reporting on the TIC forms classifies these institutions as "foreign official institutions," they are not so classified in the U.S. balance of payments, in which the "official" category is limited to the monetary and exchange rate authorities of individual countries.

Foreign-currency-denominated liabilities to foreigners are reported by banks and banking institutions on the BQ-2. These liabilities, which are held by the reporters for their own account, include loans, advances, and overdrafts granted by foreign banks; acceptances made by foreign correspondents; and other liabilities payable in foreign currencies. There is no breakdown by maturity, by type of currency, or by type of foreign resident. Because foreign currency positions are reported at dollar equivalents, changes derived from outstanding amounts include some changes due to exchange rate fluctuations that do not result from transactions. These cannot be removed because the data are not available by currency.

Banks' custody liabilities payable in dollars are reported separately for foreign banks, for other private foreigners, including the banks' own foreign offices, and for international financial institutions. Custody liabilities cover financial claims on persons in the United States, other than long-term securities, which the reporting institutions hold for foreigners either in direct custody or in their own name with a custodian bank or other institution. Included are negotiable certificates of deposit, whether issued by the reporting bank or other banks; bankers acceptances, whether created by the reporting bank or other banks; commercial paper issued by U.S. financial and nonfinancial business concerns; short-term (original maturity of 1 year or less) obligations of U.S. Government corporations and federally sponsored agencies and of State and local governments; participations granted to foreigners in loans to domestic customers; and bills held for collection for foreign customers. Also included in custody liabilities are assets held with the reporting institutions by domestic trustees for the account of trusts created in the United States by foreign entities, both businesses and governments (personal or individual trusts are not covered). (A discussion of short-term U.S. Treasury obligations, which are reported on the BL-2, is included in "Transactions in U.S. Treasury Securities.")

Table III-11.—U.S. Liabilities to Private Foreigners and International Financial Institutions Reported by U.S. Banks, 1988 (Line 63)

(Millions of dollars; credits +, increase in U.S. liabilities; debits -, decrease in U.S. liabilities.)

Total	68,832
Banks' own liabilities	60,068
Payable in dollars	44,506
By account:	
Liabilities to own foreign offices	40,402
Liabilities to unaffiliated foreigners:	
Demand deposits	-704
Time deposits	5,705
Other liabilities	-897
By holder:	
Liabilities to own foreign offices	40,402
Unaffiliated foreign banks	-3,604
Other private foreigners	7,883
International financial institutions	-175
By bank ownership:	
U.S.-owned banks' liabilities to:	
Own foreign offices	27,663
Unaffiliated foreign banks	-246
Other private foreigners and international financial institutions	4,409
Foreign-owned banks' liabilities to:	
Own foreign offices	12,739
Unaffiliated foreign banks	-3,358
Other private foreigners and international financial institutions	3,299
Payable in foreign currencies	15,562
Banks' custody liabilities payable in dollars	8,764
Of which: Negotiable and readily transferable instruments	573
Memoranda:	
IBF's own liabilities, payable in dollars	17,668
By holder:	
Liabilities to:	
Own foreign offices	22,287
Unaffiliated foreign banks	-3,842
Foreign official agencies	-3,133
Other private foreigners and international financial institutions	2,356
By bank ownership:	
U.S.-owned IBF's	8,761
Foreign-owned IBF's	8,908
Negotiable certificates of deposit held for foreigners	-901

IBF's International banking facilities.

This account also covers foreign bank loans to U.S. residents if the transaction is reported by a U.S. intermediary, such as a bank or broker, or a U.S. addressee servicing the U.S. resident's loan. (TIC form BL-3, "Intermediary's Notification of Foreign Borrowing Denominated in U.S. Dollars," notifies reporters that these

transactions are to be included in amounts reported on the BL-2 forms.)

Direct foreign loans to U.S. residents, other than banks, are not included in this account, but in liabilities to unaffiliated foreigners reported by nonbanking concerns (line 62).

Transactions Reported by U.S. Nonbanking Concerns

Transactions of U.S. nonbanking concerns with unaffiliated foreign residents are measured in the following accounts: (1) U.S. claims on unaffiliated foreigners (line 48); and (2) U.S. liabilities to unaffiliated foreigners (line 62). Nonbanking concerns include exporters, importers, industrial and commercial firms, and nonbanking financial institutions, whether sole proprietorships, partnerships, associations or corporations, and the U.S. agencies, branches, subsidiaries, and other affiliates of foreign business enterprises, which, for their own account or for the account of other U.S. persons, have claims on, or liabilities to, unaffiliated foreigners.

Quarterly estimates of transactions are made by BEA on the basis of data on outstanding assets and liabilities reported on Treasury International Capital (TIC) nonbanking forms and on the basis of data on futures transactions. The two main forms are the CQ-1, "Financial Liabilities to, and Financial Claims on, Unaffiliated Foreigners," and the CQ-2, "Commercial Liabilities to, and Commercial Claims on, Unaffiliated Foreigners," which U.S. nonbanking concerns are required to file quarterly with the Federal Reserve Bank of New York. Data are reported separately for each country or group of countries in certain geographical areas and for international and regional institutions. Reports are required for the first quarter when financial or commercial claims on, or liabilities to, unaffiliated foreigners total \$10 million or more at the end of the quarter; subsequently, two succeeding end-of-quarter totals may be averaged and reporting may be discontinued if the average of closing balances falls below the exemption level. Reports are required only for that part of the form for which the reportable items exceed the exemption level. In 1988, approximately 475 reporters filed quarterly reports.

Other Treasury Department data are available concerning the foreign activities of U.S. nonbanking concerns in two additional reports: the monthly CM report, "Dollar Deposit and Certificate of Deposit Claims on Banks Abroad."

Amounts of outstanding claims and liabilities are on a gross basis, without deduction of any offsets against them. No deduction is made for any reserves or allowances that may have been established against possible future losses. However, when an asset is partially or entirely written off, the amount of the writeoff is deducted from the outstanding amounts. These writeoffs are considered valuation changes and are included in the U.S. international investment position. The reported maturity breakdown—between 1 year or less, and over 1 year—is based on the time remaining to maturity; all advance receipts and payments are considered as maturing in 1 year or less.

Claims and liabilities are also distinguished according to whether they are denominated in dollars or foreign currencies. Those denominated in foreign currencies are translated into dollars at the closing spot exchange rates prevailing on the date of the report. Thus, changes derived from outstanding amounts include exchange rate changes that do not result from transactions. These valuation changes cannot be removed because the data are not available by currency.

Reporters on the CQ-1 and CQ-2 are instructed to exclude from liabilities any accounts, notes, and drafts payable to foreigners that are held for collection by banks in the United States. Also excluded are any deposits and investments abroad held for their account by banks, dealers, or brokers in the United States, and any accounts, notes, and drafts receivable from foreigners that are held for collection by banks in the United States. These items are reported on the TIC B forms by banks, which are required to report their domestic customers' claims on foreigners as shown on the reporters' books and their custody liabilities to foreigners that represent claims on U.S. residents. Similarly, firms reporting on the TIC nonbanking forms are instructed to exclude their holdings in long-term securities; transactions in these securities are reportable on the TIC S form. Interest rate and foreign currency swaps associated with nonbanking concerns are not included.

1 Claims on Unaffiliated Foreigners (line 48)

This account measures claims on unaffiliated foreign residents reported by U.S. nonbanking concerns (see [table III-12](#)). Two categories of claims are distinguished: (1) Financial claims, which typically arise from invest-

Table III-12.—U.S. Claims on Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns, 1988 (Line 48)

[Millions of dollars; credits +, decrease in U.S. assets; debits -, increase in U.S. assets.]

Total	-1,684
Financial claims	-577
<i>Denominated in U.S. dollars</i>	-976
<i>Denominated in foreign currencies</i>	399
By type:	
Deposits	714
Other claims	-1,291
Commercial claims	-1,107
<i>Denominated in U.S. dollars</i>	-1,126
<i>Denominated in foreign currencies</i>	19
By type:	
Trade receivables	-1,105
Advance payments and other claims	-2

Table III-13.—U.S. Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns, 1988 (Line 62)

[Millions of dollars; credits +, increase in U.S. liabilities; debits -, decrease in U.S. liabilities.]

Total	6,558
Financial liabilities	2,846
<i>Denominated in U.S. dollars</i>	2,962
<i>Denominated in foreign currencies</i>	-116
Commercial liabilities	3,712
<i>Denominated in U.S. dollars</i>	3,818
<i>Denominated in foreign currencies</i>	-106
By type:	
Trade payables	-683
Advance receipts and other liabilities	4,395

the subsequent U.S. purchase of electricity. Other adjustments are made as necessary for the omission from the TIC forms of transactions that have been verified from other sources and for notes exchanged for direct investment acquisitions by foreigners.

An additional source of information is the monthly CM report, which contains data on deposit claims of \$10 million or more reported by major corporations.

2 Liabilities to Unaffiliated Foreigners (line 62)

This account measures liabilities to unaffiliated foreign residents reported by U.S. nonbanking concerns (see [table III-13](#)). Two categories of liabilities are distinguished: (1) Financial liabilities, which typically arise from borrowing activities conducted by an enterprise, and (2) commercial liabilities, which generally arise from the purchase of goods and services in normal business operations.

Financial liabilities include loans received from foreigners and accrued interest; commercial paper and other marketable short-term obligations issued abroad or held by foreigners abroad; other accounts, notes, bills, and drafts payable to foreigners; and accrued tax liabilities to foreign governments. Included among commercial liabilities are trade payables, representing deferred payments arising from the purchase of goods and services; advance payments received from foreigners for future delivery of goods and services; and liabilities arising from obligations to deliver commodities under barter agreements.

Net transactions for a given quarter represent the difference between outstanding amounts at the end of the current quarter and end of the preceding quarter, reported on the CQ-1 and CQ-2 forms. BEA adjusts the Treasury data to bring them into conformity with balance of payments concepts and for the omission from the TIC reports of transactions that have been verified from other sources. In addition, BEA estimates the margin accounts and profits and losses on futures trading, based on information on foreign transactions on U.S. futures exchanges.

ment activities conducted by an enterprise, and (2) commercial claims, which generally arise from the sale of goods and services in normal business operations and from the disposal of assets employed in business.

Financial claims include demand and time deposits and certificates of deposit held with banks abroad; loans made to unaffiliated foreigners and accrued interest thereon; mortgage claims on foreigners; and other negotiable and readily transferable financial instruments, such as bills and notes drawn on foreigners, participations in loans of international lending institutions, and short-term obligations of foreign governments and their agencies. Also included are notes issued by foreign governments to U.S. corporations in payment for nationalization of U.S. direct investment assets abroad. Included among commercial claims are trade receivables representing deferred receipts from the sale of goods and services; advance payments made to foreigners for future delivery of goods and services; claims arising from rights to receive commodities under barter agreements; and the value of goods located abroad that are owned by reporters.

Transactions for a given quarter represent the difference between outstanding amounts at the end of the current quarter and end of the previous quarter, reported on the CQ-1 and CQ-2 forms. BEA makes certain adjustments to the Treasury data to bring them into conformity with balance of payments concepts. The adjustments include a regular quarterly deduction from claims on Canada related to the Columbia River project—for which the United States provided part of the financing—and

Transactions With Foreign Official Agencies

Changes in foreign official assets in the United States—or in the corresponding U.S. liabilities to foreign official agencies—are measured in the following accounts: (1) U.S. Treasury securities (line 53); (2) Other U.S. Government securities (line 54); (3) Other U.S. Government liabilities (line 55); (4) U.S. liabilities reported by U.S. banks (line 56); and (5) other foreign official assets (line 57). Foreign official agencies are defined as the treasuries, including ministries of finance or corresponding departments of national governments; central banks; stabilization funds, exchange control offices, or other governmental exchange authorities; fiscal agents of national governments that have as an important part of their functions activities similar to those of a treasury, central bank, or stabilization fund; diplomatic and consular establishments; and other agencies of national governments.

U.S. liabilities recorded in lines 53, 54, 56, and 57 represent claims of foreign official agencies on the U.S. Government, State and local governments, and on other U.S. residents, including banks, nonbanking firms, and other organizations. Most foreign official assets are held in the form of U.S. Treasury securities, other U.S. Government obligations, and bank deposits; generally, they constitute part of the foreign exchange reserves of foreign monetary authorities held in U.S. dollars. Included in these accounts are changes in foreign official holdings of U.S. Government securities as a result of official reciprocal currency arrangements with foreign central banks. Some foreign official assets are held in the form of U.S. corporate bonds and stocks.

Quarterly estimates of transactions are made by BEA on the basis of data from U.S. Treasury International Capital (TIC) reports and, for line 55, from data provided by other U.S. Government agencies. The various TIC reporting forms used in estimating the accounts are listed in the appropriate sections below. Additional information necessary to estimate these accounts is obtained from special monthly reports prepared by the Federal Reserve Bank of New York and the U.S. Treasury Department. BEA works closely with both agencies to maintain comprehensive coverage of the relevant international transactions. Special issues of securities and other unusual transactions are handled on a case-by-case basis for proper inclusion in the estimates. The term “foreign official institutions” used in the TIC reporting system differs from the term “foreign official agencies” used in the U.S. balance of payments in that the former includes, and latter excludes, international and regional organizations; the necessary adjustments are made by BEA.

Table III-14.—U.S. Treasury Securities, Net Transactions by Foreign Official Agencies, 1988 (Line 53)

[Millions of dollars; credits +, net foreign purchases; debits –, net foreign sales.]

Total	41,683
Bills and certificates	14,834
Bonds and notes, nonmarketable	224
<i>Denominated in U.S. dollars</i>	224
<i>Denominated in foreign currencies</i>	
Bonds and notes, marketable	26,625

1 U.S. Treasury Securities (line 53)

This account measures net transactions by foreign official agencies in U.S. Treasury bills, certificates, and bonds and notes, both marketable and nonmarketable, as listed in [table III-14](#).

1.1 Bills and certificates

Data are obtained from the monthly BL-2 form, “Custody Liabilities of Reporting Banks, Brokers, and Dealers, to Foreigners, Payable in Dollars.” Holdings of short-term U.S. Treasury obligations for the account of foreign official agencies are reported on the BL-2 by banks, brokers, and dealers at par value; both marketable and nonmarketable foreign series bills and certificates of indebtedness are included. Obligations held for foreign accounts under repurchase agreements are excluded from this account; they are included in U.S. liabilities reported by U.S. banks (line 56).

Net foreign transactions for a given quarter represent the difference between outstanding amounts at the end of the current quarter and end of the preceding quarter. Because reporting is at par value, any initial discount due to prepaid interest is not taken into account. Information is not available to adjust for transactions at market prices of outstanding obligations involving premiums or discounts. Nonmarketable short-term U.S. Treasury obligations denominated in foreign currencies—part of the foreign series securities—are reported in terms of their dollar equivalents at time of issue. When these securities are repurchased or redeemed by the U.S. Treasury, BEA adjusts the original dollar-equivalent values for subsequent exchange rate changes in order to record the transactions at current exchange rates.

1.2 Marketable bonds and notes

Data are obtained from the monthly S form, “Purchases and Sales of Long-term Securities by Foreigners.” This

Table III-15.—U.S. Government Securities, Excluding U.S. Treasury Securities, Net Transactions by Foreign Official Agencies, 1988 (Lines 54 and 57)

[Millions of dollars; credits +, net foreign purchases; debits -, net foreign sales.]

Total	-1,186
U.S. Government securities, excluding U.S. Treasury securities	1,309
Other foreign official assets:	
U.S. corporate and other bonds	-103
U.S. stocks	-2,392

form is filed by U.S. banks, and other depository institutions, brokers, dealers, nonbanking enterprises, and other persons, who on their own behalf, or on behalf of their customers, engage in transactions in long-term securities directly with foreigners; transactions are reported at market prices as of the payment or settlement date. Long-term refers to securities with an original maturity of more than 1 year.

Net foreign transactions are estimated by BEA on the basis of data reported under "U.S. Treasury and Federal Financing Bank Bonds and Notes" on the S form. Foreign purchases in the United States represent the amount of money received or due from the foreign buyer, including commissions and other charges. Foreign sales in the United States represent the amount of money paid or due to the foreign seller, after deducting all discounts, commissions, taxes, and other charges incurred in the United States; redemptions of securities are reported as sales by foreigners. Gross foreign official purchases and sales are not adjusted to exclude commissions and other charges, partly because market costs are often not applicable in official transactions.

1.3 Nonmarketable bonds and notes

Net foreign purchases or sales of nonmarketable U.S. Treasury bonds and notes are estimated by BEA on the basis of data provided monthly in a special attachment to the Treasury S form—the "Issue and Redemption Notice"—by the Federal Reserve Bank of New York acting as collection agent for the Treasury. An issue-by-issue listing of nonmarketable foreign series securities is published by the Treasury Department in the *Monthly Statement of the Public Debt of the United States* [73] and in the quarterly *Treasury Bulletin* [75].

Securities included have original maturities of more than 1 year; some are payable prior to maturity only under special conditions. Both dollar and foreign-currency-denominated securities are reported at face values at time of issue. Special issues of zero coupon bonds are reported at current value—principal plus accrued interest. BEA makes adjustments to account for any premiums or discounts. Issues of foreign-currency-denominated securities are recorded by BEA in dollar equivalents at exchange rates prevailing at the time of issue or redemption.

2 Other U.S. Government Securities (line 54)

This account measures net transactions by foreign official agencies in bonds, notes, and other obligations of U.S. Government corporations and federally sponsored agencies and U.S. Government obligations not included elsewhere (see [table III-15](#)). Securities included in this account have contractual maturities of more than 1 year.

Net foreign purchases or sales of bonds and notes are estimated by BEA on the basis of transactions data from the Treasury S form, "Purchases and Sales of Long-term Securities by Foreigners." Reported transactions, gross purchases and gross sales, represent the cost of purchases and sales as of the payment or settlement date. Redemptions of securities are reported as sales by foreigners. Periodic transactions in special U.S. Government obligations are also included in this account, based on data provided separately by the Treasury Department under Office of Management and Budget Directive No. 19. No adjustments are made by BEA for commissions or other charges.

3 Other U.S. Government Liabilities (line 55)

This account primarily measures net transactions in U.S. Government liabilities to foreign official agencies associated with U.S. military agency sales contracts and other U.S. Government transactions (see [table III-16](#)). Changes in certain other U.S. Government liabilities to foreigners—generally, to foreign government agencies other than official agencies—are also included.

Transactions included in military-related liabilities represent the sum of U.S. Government cash receipts from foreign governments for purchases of military goods and services and the financing of military sales by U.S. Government credits and grants. Netted against this gross total are (1) the part of the receipts from foreign governments that represents principal repayments on credits financing military agency sales contracts, (2) issues of

Table III-16.—U.S. Government Liabilities to Foreign Official Agencies Other Than U.S. Government Securities, 1988 (Line 55)

[Millions of dollars; credits +, increase in U.S. liabilities; debits -, decrease in U.S. liabilities.]

Total	-1,284
Associated with military sales contracts	-1,280
U.S. Government cash receipts from foreign governments, net of refunds	10,396
Plus: Financing of military sales contracts by U.S. Government	2,191
By long-term credits	730
By short-term credits	1,461
By grants	3,489
Less: U.S. Government receipts from principal repayments	376
Less: U.S. Treasury securities issued in connection with repayments for military purchases in the United States, net of redemptions	10,002
Less: Transfers of goods and services	
Associated with U.S. Government grants and transactions increasing Government assets	-2
Associated with other liabilities	-2
Sales of nuclear materials by U.S. Department of Energy	21
Sales of space launch and other services by NASA	5
Other sales and miscellaneous operations	-27

NASA National Aeronautics and Space Administration.

special U.S. Treasury securities that are subject to redemption prior to maturity for the purpose of prepaying for military purchases in the United States, and (3) the counterpart to the value of deliveries of goods and services recorded in deliveries under U.S. military agency sales contracts (line 4).

The nonmilitary liabilities include changes associated with (1) deposits and trust funds held with the U.S. Government and the sales operations of its nonmilitary agencies, such as sales of nuclear materials by the Department of Energy, (2) funds provided as grants or loans under assistance programs, but held in restricted accounts with the U.S. Government to ensure their expenditure for purchases from the United States, (3) accounts payable of Government agencies that report their current transactions on an accrual basis, and (4) non-interest-bearing Treasury securities that were issued as part of U.S. Government contributions to international institutions, but are subject to redemption prior to maturity to obtain U.S. dollars for the immediate operating needs of the institutions.

Quarterly estimates are made by BEA on the basis of data on transactions submitted by U.S. Government agencies under Directive No. 19 and from published statements and other financial and operating records of Government agencies.

4 U.S. Liabilities Reported by U.S. Banks (line 56)

This account measures net transactions in U.S. liabilities to foreign official agencies, not included in other accounts, reported by U.S. banks and other depositor institutions, brokers, and dealers (see [table III-17](#)). Transactions are estimated by BEA on the basis of outstanding liabilities reported on the TIC BL-1 and BL-2 forms.

Banks' own liabilities to foreign official agencies as reported on the BL-1, "Reporting Bank's Own Liabilities, and Selected Liabilities of Broker or Dealer, to Foreigners, Payable in Dollars." Included are demand deposits, time deposits, nonnegotiable time certificates of deposit, savings deposits, federal funds borrowings, and borrowings under repurchase agreements.

Liabilities that reporters hold for foreign official agencies either in direct custody or in their own name with a

Table III-17.—U.S. Liabilities to Foreign Official Agencies Reported by U.S. Banks, Not Included Elsewhere, 1988 (Line 56)

[Millions of dollars; credits +, increase in U.S. liabilities; debits -, decrease in U.S. liabilities.]

Total	-331
Banks' liabilities for own account, payable in dollars	-1,606
Demand deposits	144
Time deposits	-3,058
Other	1,308
Banks' custody liabilities, payable in dollars	1,275

custodian bank or other institution are reported on the BL-2 form. Included are negotiable certificates of deposit issued by banks in the United States; bankers acceptances created by banks in the United States; commercial paper issued by U.S. financial and nonfinancial business concerns; short-term (original maturity of 1 year or less) obligations of U.S. Government corporations and federally sponsored agencies, and of State and local governments; participations in loans to domestic customers; and bills held for collection for foreign customers. Also included are assets held with the reporting institutions by domestic trustees for the account of trusts created in the United States by foreign governments.

Transactions for a given quarter represent the difference between outstanding amounts at the end of the current quarter and end of the preceding quarter, reported on the BL-1 and BL-2. Liabilities are reported on a gross basis.

5 Other Foreign Official Assets (line 57)

This account measures net transactions by foreign official agencies in stocks and bonds of U.S. corporations and in bonds of State and local governments (see [table III-15](#)). These securities are long term; that is, they have no contractual maturities (stocks) or have maturities of more than 1 year. Transactions are estimated by BEA on the basis of data on gross foreign purchases and gross foreign sales reported on the S form. Reported transactions represent the cost of purchase and sale as of the payment or settlement date; no adjustments are made by BEA for commissions or other charges.

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Appendix

This appendix reproduces the complete set of balance of payments tables from the June 1989 SURVEY OF CURRENT BUSINESS.

Table 1.—U.S. International

[Millions of dollars.]

Line	(Credits +; debits -) ¹	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
1	Exports of goods and services ²	28,861	29,937	31,803	34,214	38,826	41,087	44,562	47,314	52,363	57,522	65,674
2	Merchandise, adjusted, excluding military ³	19,650	20,108	20,781	22,272	25,501	26,461	29,310	30,666	33,626	36,414	42,469
3	Services ⁴	9,211	9,829	11,022	11,942	13,325	14,626	15,252	16,648	18,737	21,108	23,205
4	Transfers under U.S. military agency sales contracts	335	402	656	657	747	830	829	1,152	1,392	1,528	1,501
5	Travel	919	947	957	1,015	1,207	1,380	1,590	1,646	1,775	2,043	2,331
6	Passenger fares	175	183	191	205	241	271	317	371	411	450	544
7	Other transportation	1,607	1,620	1,764	1,898	2,076	2,175	2,333	2,426	2,548	2,652	3,125
8	Royalties and license fees ^{5,6}	837	906	1,056	1,162	1,314	1,534	1,516	1,747	1,867	2,019	2,331
9	Other private services ⁶	570	607	585	613	651	714	814	951	1,024	1,160	1,294
10	U.S. Government miscellaneous services	153	164	195	236	265	285	326	336	353	343	332
11	Receipts of income on U.S. assets abroad	4,616	4,999	5,618	6,157	6,824	7,437	7,528	8,021	9,367	10,913	11,748
12	Direct investment	3,621	3,823	4,241	4,636	5,106	5,506	5,260	5,603	6,591	7,649	8,169
13	Other private receipts	646	793	904	1,022	1,256	1,421	1,669	1,781	2,021	2,338	2,671
14	U.S. Government receipts	349	383	473	499	462	510	599	636	756	925	907
15	Transfers of goods and services under U.S. military grant programs, net	1,695	1,465	1,537	1,562	1,340	1,636	1,892	2,039	2,547	2,610	2,713
16	Imports of goods and services	-23,670	-23,453	-25,676	-26,970	-29,102	-32,708	-38,468	-41,476	-48,671	-53,998	-59,901
17	Merchandise, adjusted, excluding military ³	-14,758	-14,537	-16,260	-17,048	-18,700	-21,510	-25,493	-26,866	-32,991	-35,807	-39,866
18	Services ⁴	-8,912	-8,916	-9,416	-9,922	-10,402	-11,198	-12,975	-14,610	-15,680	-18,191	-20,035
19	Direct defense expenditures	-3,087	-2,998	-3,105	-2,961	-2,880	-2,952	-3,764	-4,378	-4,535	-4,856	-4,855
20	Travel	-1,750	-1,785	-1,939	-2,114	-2,211	-2,438	-2,657	-3,207	-3,030	-3,373	-3,980
21	Passenger fares	-513	-506	-567	-612	-642	-717	-753	-829	-885	-1,080	-1,215
22	Other transportation	-1,402	-1,437	-1,558	-1,701	-1,817	-1,951	-2,161	-2,157	-2,367	-2,455	-2,843
23	Royalties and license fees ^{5,6}	-74	-89	-100	-112	-127	-135	-140	-166	-186	-221	-224
24	Other private services ⁶	-593	-588	-528	-493	-527	-461	-506	-565	-668	-751	-827
25	U.S. Government miscellaneous services	-254	-268	-296	-370	-415	-457	-513	-561	-631	-686	-576
26	Payments of income on foreign assets in the United States	-1,238	-1,245	-1,324	-1,560	-1,783	-2,088	-2,481	-2,747	-3,378	-4,869	-5,515
27	Direct investment	-394	-432	-399	-459	-529	-657	-711	-821	-876	-848	-875
28	Other private payments	-511	-535	-586	-701	-802	-942	-1,221	-1,328	-1,800	-3,244	-3,617
29	U.S. Government payments	-332	-278	-339	-401	-453	-489	-549	-598	-702	-777	-1,024
30	U.S. military grants of goods and services, net	-1,695	-1,465	-1,537	-1,562	-1,340	-1,636	-1,892	-2,039	-2,547	-2,610	-2,713
31	Unilateral transfers (excluding military grants of goods and services), net	-2,367	-2,662	-2,740	-2,831	-2,901	-2,948	-3,064	-3,255	-3,082	-3,125	-3,443
32	U.S. Government grants (excluding military grants of goods and services)	-1,672	-1,855	-1,916	-1,917	-1,888	-1,808	-1,910	-1,805	-1,709	-1,649	-1,736
33	U.S. Government pensions and other transfers	-273	-373	-347	-339	-399	-463	-499	-571	-537	-537	-611
34	Private remittances and other transfers	-423	-434	-477	-575	-614	-677	-655	-879	-836	-939	-1,096
35	U.S. assets abroad, net (increase/capital outflow (-))	-4,099	-5,538	-4,174	-7,270	-9,560	-5,716	-7,321	-9,757	-10,977	-11,585	-9,337
36	U.S. official reserve assets, net ⁷	2,145	607	1,535	378	171	1,225	570	53	-870	-1,179	2,481
37	Gold	1,703	857	890	461	125	1,665	571	1,170	1,173	-967	787
38	Special drawing rights											-851
39	Reserve position in the International Monetary Fund	442	-136	620	29	266	-94	537	-94	-870	-1,034	389
40	Foreign currencies		-115	19	-112	-220	-346	-538	-1,023	-1,173	822	2,156
41	U.S. Government assets, other than official reserve assets, net	-1,100	-910	-1,085	-1,662	-1,680	-1,605	-1,543	-2,423	-2,274	-2,200	-1,589
42	U.S. credits and other long-term assets	-1,214	-1,928	-2,128	-2,204	-2,382	-2,463	-2,513	-3,638	-3,722	-3,489	-3,293
43	Repayments on U.S. credits and other long-term assets ⁸	642	1,279	1,288	988	720	874	1,235	1,005	1,386	1,200	1,721
44	U.S. foreign currency holdings and U.S. short-term assets, net	-528	-261	-245	-447	-19	-16	-265	209	62	89	-16
45	U.S. private assets, net	-5,144	-5,235	-4,623	-5,986	-8,050	-5,336	-6,347	-7,386	-7,833	-8,206	-10,229
46	Direct investment	-2,940	-2,653	-2,851	-3,483	-3,760	-5,011	-5,418	-4,805	-5,295	-5,960	-7,590
47	Foreign securities	-663	-762	-969	-1,105	-677	-759	-720	-1,308	-1,569	-1,549	-1,076
48	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-394	-558	-354	-157	-1,108	341	-442	-779	-1,203	-126	-596
49	U.S. claims reported by U.S. banks, not included elsewhere	-1,148	-1,261	-450	-1,556	-2,505	93	233	-495	233	-570	-967
50	Foreign assets in the United States, net (increase/capital inflow (+))	2,294	2,705	1,911	3,217	3,643	742	3,661	7,379	9,928	12,702	6,359
51	Foreign official assets in the United States, net	1,473	765	1,270	1,986	1,660	134	-672	3,451	-774	-1,301	6,908
52	U.S. Government securities	655	233	1,409	816	432	-141	-1,527	2,261	-769	-2,343	9,439
53	U.S. Treasury securities ⁹	655	233	1,410	803	434	-134	-1,548	2,222	-798	-2,269	9,411
54	Other ¹⁰			-1	12	-2	-7	21	39	29	-74	28
55	Other U.S. Government liabilities ¹¹	215	25	152	429	208	65	113	83	-15	251	-456
56	U.S. liabilities reported by U.S. banks, not included elsewhere	603	508	-291	742	930	210	742	1,106	10	792	-2,075
57	Other foreign official assets ¹²											
58	Other foreign assets in the United States, net	821	1,939	641	1,231	1,983	607	4,333	3,928	10,703	14,002	-550
59	Direct investment	315	311	346	231	322	415	425	698	807	1,263	1,464
60	U.S. Treasury securities	-364	151	-66	-149	-146	-131	-356	-135	136	-68	81
61	U.S. securities other than U.S. Treasury securities	282	324	134	287	-85	-358	906	1,016	4,414	3,130	2,189
62	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-90	226	-110	-37	75	178	476	584	1,475	792	2,014
63	U.S. liabilities reported by U.S. banks, not included elsewhere	678	928	336	898	1,818	503	2,882	1,765	3,871	8,886	-6,298
64	Allocations of special drawing rights											867
65	Statistical discrepancy (sum of above items with sign reversed)	-1,019	-989	-1,124	-360	-907	-457	629	-205	438	-1,516	-219
66	Memoranda:											
67	Balance on merchandise trade (lines 2 and 17)	4,892	5,571	4,521	5,224	6,801	4,951	3,817	3,800	635	607	2,603
68	Balance on services (lines 3 and 18)	299	913	1,606	2,020	2,923	3,427	2,278	2,038	3,058	2,917	3,170
69	Balance on goods and services (lines 66 and 67) ¹³	5,191	6,484	6,127	7,244	9,724	8,378	6,095	5,838	3,693	3,524	5,773
70	Balance on goods, services, and remittances (lines 68, 33, and 34)	4,496	5,677	5,303	6,331	8,711	7,238	4,941	4,388	2,320	2,048	4,067
71	Balance on current account (lines 68 and 31) ¹¹	2,824	3,822	3,387	4,414	6,823	5,431	3,031	2,583	611	399	2,331
72	Transactions in U.S. official reserve assets and in foreign official assets in the United States:											
71	Increase (-) in U.S. official reserve assets, net (line 36)	2,145	607	1,535	378	171	1,225	570	53	-870	-1,179	2,481
72	Increase (+) in foreign official assets in the United States (line 51 less line 55)	1,258	741	1,118	1,558	1,362	69	-785	3,368	-759	-1,552	7,364

Transactions

not seasonally adjusted]

1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Line
68,838	77,495	110,241	146,666	155,729	171,630	184,276	219,994	286,796	342,485	378,697	352,127	337,380	371,101	371,212	391,958	446,138	529,806	1
43,319	49,381	71,410	98,306	107,088	114,745	120,816	142,054	184,473	224,269	237,085	211,198	201,820	219,900	215,935	223,367	250,266	319,251	2
25,519	28,114	38,831	48,360	48,641	56,885	63,460	77,940	102,323	118,216	141,612	140,929	135,560	151,201	155,277	168,591	195,872	210,555	3
1,926	1,364	2,559	3,379	4,049	5,454	7,351	7,973	6,516	8,274	10,041	11,986	12,344	9,817	8,626	8,495	11,238	10,050	4
2,534	2,817	3,412	4,032	4,697	5,742	6,150	7,183	8,441	10,588	12,913	12,393	10,947	17 17,753	17,937	20,454	23,505	29,202	5
615	699	975	1,104	1,039	1,229	1,366	1,603	2,156	2,591	3,111	3,174	3,610	4,015	4,388	5,546	6,882	8,860	6
3,299	3,579	4,465	5,697	5,840	6,747	7,090	8,136	9,971	11,618	12,560	12,317	12,590	13,809	14,674	15,458	16,989	18,930	7
2,545	2,770	3,225	3,821	4,300	4,353	4,920	5,885	6,184	7,085	7,284	5,177	5,276	5,629	5,995	7,254	9,070	10,735	8
1,546	1,764	1,985	2,321	2,920	3,584	3,848	4,296	4,403	5,158	17 8,775	11,757	12,876	13,555	13,948	17 22,174	22,959	24,331	9
347	357	401	419	446	489	557	620	520	398	517	576	666	714	878	595	526	672	10
12,707	14,765	21,808	27,587	25,351	29,286	32,178	42,245	64,132	72,506	86,412	83,548	77,251	85,908	88,832	88,615	104,703	107,775	11
9,160	10,949	16,542	19,157	16,595	18,999	19,673	25,458	38,183	37,146	32,549	21,381	20,499	21,217	33,202	38,533	54,754	48,264	12
2,641	2,949	4,330	7,356	7,644	8,955	10,881	14,944	23,654	32,798	50,182	58,050	51,920	59,464	50,131	43,669	44,638	52,840	13
906	866	936	1,074	1,112	1,332	1,625	1,843	2,295	2,562	3,680	4,118	4,832	5,227	5,521	6,413	5,311	6,672	14
3,546	4,492	2,810	1,818	2,207	373	203	236	465	756	679	585	180	153	46	96	53	92	15
-66,414	-79,237	-98,997	-137,274	-132,745	-162,109	-193,764	-229,869	-281,659	-333,360	-362,887	-349,936	-371,890	-462,818	-468,468	-509,428	-575,626	-641,698	16
-45,579	-55,797	-70,499	-103,811	-98,185	-124,228	-151,907	-176,001	-212,009	-249,749	-265,063	-247,642	-268,900	-332,422	-338,083	-368,425	-409,766	-446,466	17
-20,835	-23,440	-28,498	-33,463	-34,560	-37,881	-41,857	-53,868	-69,650	-83,611	-97,824	-102,294	-102,990	-130,396	-130,385	-141,003	-165,860	-195,232	18
-4,819	14 -4,784	14 -4,629	-5,032	-4,795	-4,895	-5,823	-7,352	-8,294	-10,851	-11,564	-12,460	-12,687	-11,916	-12,183	-13,071	-14,095	-14,656	19
-4,373	-5,042	-5,526	-5,980	-6,417	-6,856	-7,451	-8,475	-9,413	-10,397	-11,479	-12,394	-13,149	17 -22,709	-24,517	-26,000	-29,215	-32,112	20
-1,290	-1,596	-1,790	-2,095	-2,263	-2,568	-2,748	-2,896	-3,184	-3,607	-4,487	-4,772	-6,003	-5,910	-6,671	-6,774	-7,423	-7,872	21
-3,130	-3,520	-4,694	-5,942	-5,708	-6,852	-7,972	-9,124	-10,906	-11,790	-12,474	-11,710	-12,222	-14,843	-15,643	-16,715	-18,062	-19,641	22
-241	-294	-385	-346	-472	-482	-504	-671	-831	-724	-650	-617	-723	-855	-891	-1,062	-1,365	-2,048	23
-956	-1,043	-1,180	-1,262	-1,551	-2,006	-2,190	-2,573	-2,822	-2,909	17 -3,554	-3,997	-4,264	-5,113	-5,847	17 -8,730	-11,390	-11,400	24
-592	-589	-640	-722	-789	-911	-951	-1,099	-1,239	-1,214	-1,287	-1,460	-1,567	-1,531	-1,732	-1,684	-1,891	-1,955	25
-5,435	-6,572	-9,655	-12,084	-12,564	-13,311	-14,217	-21,680	-32,961	-42,119	-52,329	-54,884	-52,376	-67,419	-62,901	-66,968	-82,420	-105,548	26
-1,164	-1,284	-1,331	-2,234	-2,834	-3,110	-2,834	-4,211	-6,357	-8,635	-10,635	-11,555	-13,155	-15,598	-16,079	-16,748	-18,500	-16,748	27
-2,428	-2,604	-4,209	-6,491	-5,788	-5,681	-5,841	-8,795	-15,481	-20,893	-28,553	-33,443	-28,953	-38,421	-35,516	-38,982	-48,868	-59,746	28
-1,844	-2,684	-3,836	-4,262	-4,542	-4,520	-5,542	-6,674	-11,122	-12,592	-16,878	-18,285	-17,825	-19,769	-21,306	-22,607	-24,052	-29,054	29
-3,546	-4,492	-2,810	-1,818	-2,207	-373	-203	-236	-465	-756	-679	-585	-180	-153	-46	-96	-53	-92	30
-3,856	-4,052	-4,103	15 -7,431	-4,868	-5,314	-5,023	-5,552	-6,128	-7,593	17 -7,647	-9,188	-9,776	-12,468	-15,426	-15,778	-14,212	-14,656	31
-2,043	-2,173	-1,938	15 -5,475	-2,894	-3,146	-2,787	-3,176	-3,550	-4,731	-4,466	-5,501	-6,288	-8,543	-11,222	-11,730	-10,149	-10,377	32
-696	-770	-915	-839	-1,068	-1,250	-1,378	-1,658	-1,818	-2,041	-2,251	-2,207	-2,159	-2,138	-2,197	-2,212	-2,491	-2,491	33
-1,117	-1,109	-1,250	-1,107	-906	-917	-859	-920	-1,044	-1,140	-1,436	-1,436	-1,436	-1,281	-1,766	-1,852	-1,851	-1,788	34
-12,475	-14,497	-22,874	-34,745	-39,703	-51,269	-34,785	-61,130	-64,331	-86,118	-110,951	-121,153	-49,777	-22,304	-32,628	-99,665	-76,218	-82,110	35
2,349	-4	158	-1,467	-849	-2,558	-375	732	-1,133	-8,155	-5,175	-4,965	-1,196	-3,131	-3,858	312	9,149	-3,566	36
866	547	.....	.....	.....	.....	-118	-65	-65	.....	(*)	.....	.....	.....	.....	.....	.....	.....	37
-249	-703	9	-172	-86	-78	-121	1,249	-1,136	-16	-1,824	-1,371	-86	-979	-897	-246	-509	474	38
1,350	153	-33	-1,265	-466	-2,212	-294	4,231	-189	-1,687	-2,491	-2,552	-4,434	-995	908	1,501	2,070	1,025	39
382	-1	182	-30	-317	-268	158	-4,683	257	-6,472	-861	-1,041	3,304	-1,156	-3,869	-942	7,588	-1,064	40
-1,884	-1,568	-2,644	15 366	-3,474	-4,214	-3,693	-4,660	-3,746	-5,162	-5,097	-6,131	-5,006	-5,489	-2,821	-2,024	997	2,999	41
-4,181	-3,819	-4,638	-5,001	-5,941	-6,943	-6,445	-7,470	-7,697	-9,860	-9,674	-10,063	-9,967	-9,599	-7,657	-9,093	-6,515	-7,579	42
2,115	2,086	2,596	15 4,826	2,475	2,596	2,719	3,926	4,456	4,413	4,292	5,012	4,490	4,719	6,090	7,625	10,313	43	
182	165	-602	15 541	-9	133	33	-131	25	242	164	-360	-51	-379	117	979	-113	265	44
-12,940	-12,925	-20,388	-33,643	-35,380	-44,498	-30,717	-57,202	-59,453	-72,802	-100,679	-110,058	-43,576	-13,685	-25,950	-97,954	-86,363	-81,543	45
-7,618	-7,747	-11,353	-9,052	-14,244	-11,949	-11,890	-16,056	-25,222	-19,222	-9,624	2,369	-3,793	-2,821	-10,068	-26,312	-44,194	-17,533	46
-1,113	-618	-671	-1,854	-6,247	-8,885	-5,460	-3,626	-4,726	-3,568	-5,699	-7,983	-6,762	-4,756	-7,481	-4,271	-5,251	-7,846	47
-1,229	-3,221	-2,383	-3,221	-1,357	-2,296	-1,940	-3,853	-3,291	-3,174	-3,174	6,626	-6,513	5,019	923	-7,396	5,201	-1,684	48
-2,980	-3,506	-5,980	-19,516	-13,532	-21,368	-11,427	-33,667	-26,213	-46,838	-84,175	-111,070	-29,928	-11,127	-1,323	-59,975	-42,119	-54,481	49
22,970	21,461	18,388	34,241	15,670	36,518	51,319	64,036	38,752	58,112	83,032	93,746	84,869	102,621	130,012	221,605	218,039	219,299	50
26,879	10,475	6,026	10,546	7,027	17,693	36,816	33,678	-13,665	15,497	4,960	3,593	5,845	3,140	-1,083	35,594	45,193	38,882	51
26,570	8,470	641	4,172	5,563	9,892	32,538	24,221	-21,972	11,895	6,322	5,085	6,496	4,703	-1,139	33,150	44,802	42,992	52
26,578	8,213	59	3,270	4,658	9,319	30,230	23,555	-22,435	9,708	5,019	5,779	6,972	4,690	-838	34,364	43,238	41,683	53
-8	257	582	902	905	573	2,308	666	463										

Table 1.—U.S. International

[Millions of dollars.]

Line	(Credits +; debits -) ¹	1983				1984			
		I	II	III	IV	I	II	III	IV
1	Exports of goods and services ²	82,610	83,943	83,081	87,746	91,945	93,448	91,279	94,428
2	Merchandise, adjusted, excluding military ³	49,652	50,592	48,032	53,544	53,668	55,963	53,420	56,849
3	Services ⁴	32,958	33,351	35,049	34,202	38,277	37,485	37,859	37,579
4	Transfers under U.S. military agency sales contracts	3,669	3,136	3,064	2,475	2,639	2,464	2,522	2,192
5	Travel	2,593	2,781	3,361	2,212	17 3,637	4,899	5,046	4,171
6	Passenger fares	810	976	1,027	797	17 826	1,106	1,189	894
7	Other transportation	2,950	3,131	3,255	3,254	3,237	3,434	3,550	3,588
8	Royalties and license fees ^{5,6}	1,224	1,317	1,290	1,445	1,289	1,375	1,354	1,611
9	Other private services ⁶	3,579	2,943	3,116	3,237	3,803	2,997	3,381	3,374
10	U.S. Government miscellaneous services	159	252	142	113	157	186	178	193
11	Receipts of income on U.S. assets abroad	17,973	18,814	19,795	20,669	22,690	21,024	20,638	21,556
12	Direct investment	4,275	4,971	5,242	6,011	7,551	4,759	3,350	5,557
13	Other private receipts	12,568	12,533	13,247	13,572	13,912	14,949	15,934	14,669
14	U.S. Government receipts	1,130	1,311	1,305	1,086	1,227	1,315	1,354	1,331
15	Transfers of goods and services under U.S. military grant programs, net	34	26	46	74	25	31	44	54
16	Imports of goods and services	-82,175	-91,603	-98,080	-100,032	-106,751	-118,662	-120,111	-117,294
17	Merchandise, adjusted, excluding military ³	-58,852	-65,614	-70,304	-74,130	-78,203	-84,913	-83,772	-85,534
18	Services ⁴	-23,323	-25,989	-27,776	-25,902	-28,548	-33,749	-36,339	-31,760
19	Direct defense expenditures	-3,127	-3,149	-3,191	-3,220	-2,903	-3,065	-2,864	-3,083
20	Travel	-2,317	-3,461	-4,572	-2,799	17 -4,016	-6,335	-7,882	-4,476
21	Passenger fares	-1,185	-1,924	-1,637	-1,257	17 -1,157	-1,605	-1,806	-1,342
22	Other transportation	-2,779	-2,957	-3,228	-3,258	-3,384	-3,770	-3,867	-3,823
23	Royalties and license fees ^{5,6}	-153	-163	-185	-221	-222	-213	-244	-277
24	Other private services ⁶	-1,155	-1,087	-1,047	-975	-1,083	-1,182	-1,285	-1,564
25	U.S. Government miscellaneous services	-385	-447	-390	-345	-348	-384	-413	-386
26	Payments of income on foreign assets in the United States	-12,221	-12,800	-13,526	-13,828	-15,435	-17,196	-17,979	-16,810
27	Direct investment	-1,085	-1,512	-1,640	-1,361	-2,356	-2,569	-2,294	-2,010
28	Other private payments	-6,709	-6,919	-7,425	-7,901	-8,423	-9,865	-10,625	-9,508
29	U.S. Government payments	-4,428	-4,368	-4,462	-4,567	-4,656	-4,762	-5,059	-5,291
30	U.S. military grants of goods and services, net	-34	-26	-46	-74	-25	-31	-44	-54
31	Unilateral transfers (excluding military grants of goods and services), net	-1,777	-1,961	-2,389	-3,649	-2,440	-2,366	-3,110	-4,553
32	U.S. Government grants (excluding military grants of goods and services)	-1,011	-1,245	-1,549	-2,483	-1,473	-1,526	-2,230	-3,314
33	U.S. Government pensions and other transfers	-485	-450	-445	-827	-470	-445	-450	-795
34	Private remittances and other transfers	-281	-265	-395	-340	-496	-395	-430	-444
35	U.S. assets abroad, net (increase/capital outflow (-))	-24,899	-815	-8,435	-15,629	-4,413	-20,204	17,265	-14,951
36	U.S. official reserve assets, net ⁷	-787	16	529	-953	-657	-566	-799	-1,110
37	Gold	-98	-303	-209	545	-226	-288	-271	-194
38	Special drawing rights	-2,139	-212	-88	-1,996	-200	-321	-331	-143
39	Reserve position in the International Monetary Fund	1,450	531	826	498	-231	44	-197	-772
40	Foreign currencies	-1,225	-1,246	-1,207	-1,328	-2,153	-1,295	-1,408	-633
41	U.S. Government assets, other than official reserve assets, net	-2,278	-2,421	-2,755	-2,413	-2,782	-2,695	-2,190	-1,922
42	U.S. credits and other long-term assets	1,229	1,213	1,511	1,058	892	1,397	912	1,289
43	Repayments on U.S. credits and other long-term assets ⁸	-77	-38	38	27	-252	3	-130	1
44	U.S. foreign currency holdings and U.S. short-term assets, net	-22,886	415	-7,756	-13,348	-1,603	-18,344	19,472	-13,209
45	U.S. private assets, net	-1,742	-61	-2,600	-546	-1,678	1,002	1,220	-3,365
46	Direct investment	-1,549	-2,813	-1,308	-1,093	758	-764	-1,106	-3,644
47	Foreign securities	-2,776	-230	-233	-3,274	873	1,564	1,541	1,041
48	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-20,303	3,518	-3,616	-9,527	-1,557	-20,146	17,817	-7,241
49	U.S. claims reported by U.S. banks, not included elsewhere								
50	Foreign assets in the United States, net (increase/capital inflow (+))	16,002	15,635	19,386	33,847	22,116	41,855	2,472	36,178
51	Foreign official assets in the United States, net	-38	1,612	-2,689	6,960	-2,956	-156	-884	7,136
52	U.S. Government securities	2,641	1,825	-973	3,003	-271	-125	-487	5,586
53	U.S. Treasury securities ⁹	3,012	1,995	611	2,576	-274	-271	-571	5,806
54	Other ¹⁰	-371	-170	-362	427	3	146	84	-220
55	Other U.S. Government liabilities ¹¹	-404	382	101	523	150	576	-73	86
56	U.S. liabilities reported by U.S. banks, not included elsewhere	-1,893	231	-1,353	3,560	-2,242	363	400	2,034
57	Other foreign official assets ¹²	-382	-826	-464	-126	-593	-970	-724	-570
58	Other foreign assets in the United States, net	16,039	14,023	22,075	26,887	25,073	42,011	3,355	29,042
59	Direct investment	1,789	4,097	4,325	1,736	5,199	9,009	4,853	6,208
60	U.S. Treasury securities	16 2,913	16 3,116	16 1,008	1,652	1,950	6,336	5,303	9,412
61	U.S. securities other than U.S. Treasury securities	2,873	2,470	1,777	1,044	1,333	362	1,447	9,426
62	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-2,763	-64	1,311	1,398	5,066	4,714	-3,056	-2,020
63	U.S. liabilities reported by U.S. banks, not included elsewhere	11,227	4,404	13,654	21,057	11,525	21,590	-5,192	5,926
64	Allocations of special drawing rights								
65	Statistical discrepancy (sum of above items with sign reversed)	10,239	-5,199	6,437	-2,282	-458	5,930	12,206	6,191
66	Memoranda:								
67	Balance on merchandise trade (lines 2 and 17)	-9,200	-15,022	-22,272	-20,586	-24,535	-28,950	-30,352	-28,685
68	Balance on services (lines 3 and 18)	9,636	7,362	7,273	8,299	9,730	3,736	1,520	5,820
69	Balance on goods and services (lines 66 and 67) ¹³	436	-7,660	-14,999	-12,287	-14,805	-25,214	-28,832	-22,865
70	Balance on goods, services, and remittances (lines 68, 33, and 34)	-330	-8,376	-15,838	-13,453	-15,772	-26,055	-29,713	-24,104
71	Balance on current account (lines 68 and 31) ¹⁴	-1,341	-9,621	-17,388	-15,936	-17,245	-27,581	-31,942	-27,418
72	Transactions in U.S. official reserve assets and in foreign official assets in the United States:								
73	Increase (-) in U.S. official reserve assets, net (line 36)	-787	16	529	-953	-657	-566	-799	-1,110
74	Increase (+) in foreign official assets in the United States (line 51 less line 55)	366	1,230	-2,790	6,437	-3,106	-732	-811	7,050

Transactions—Continued

not seasonally adjusted]

1985				1986				1987				1988				1989	Line
I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I ^P	
90,432	94,054	91,516	95,210	96,932	99,322	96,474	99,229	104,131	107,428	108,826	125,753	127,448	129,075	129,305	143,978	141,661	1
55,381	55,500	50,779	54,275	54,052	58,017	53,734	57,564	57,668	61,696	61,635	69,267	77,011	80,461	77,547	84,232	88,634	2
35,051	38,554	40,737	40,935	42,880	41,305	42,740	41,665	46,463	45,732	47,191	56,486	50,437	48,614	51,758	59,746	53,027	3
2,614	2,255	1,962	1,795	1,880	2,023	2,103	2,490	3,266	3,324	2,579	2,070	2,665	2,604	2,645	2,136	2,180	4
4,152	4,757	5,133	3,895	4,528	4,896	6,277	4,753	4,706	5,793	7,230	5,776	5,751	7,031	9,118	7,302	6,999	5
829	1,161	1,334	1,064	1,106	1,234	1,910	1,296	1,289	1,752	2,187	1,654	1,771	2,180	2,858	2,051	1,979	6
3,515	3,568	3,707	3,885	3,745	3,632	3,978	3,903	3,945	4,163	4,415	4,466	4,605	4,769	4,800	4,757	4,944	7
1,315	1,382	1,342	1,956	1,575	1,754	1,787	2,138	2,025	2,130	2,215	2,700	2,377	2,548	2,556	3,254	2,734	8
3,927	3,098	3,428	3,494	17,603	5,112	5,461	5,570	6,144	5,321	5,720	5,774	6,583	5,514	6,008	6,227	7,431	9
218	231	275	154	161	151	129	155	103	124	177	122	124	179	189	181	148	10
18,481	22,102	23,556	24,692	23,855	22,304	21,096	21,360	24,986	23,126	22,668	33,923	26,561	23,790	23,585	33,839	26,613	11
4,201	8,269	9,638	11,094	10,711	9,866	8,498	9,458	13,270	10,974	10,221	20,289	12,115	10,203	8,649	17,297	8,880	12
12,994	12,694	12,244	12,199	11,560	11,140	10,460	10,509	10,332	10,873	10,942	12,491	11,724	12,382	13,613	15,121	16,544	13
1,287	1,140	1,674	1,398	1,583	1,298	2,137	1,394	1,384	1,279	1,505	1,143	2,722	1,205	1,323	1,421	1,189	14
6	6	8	26	19	10	19	48	4	24	13	11	41	4	7	40	13	15
-109,490	-120,197	-119,132	-119,649	-121,077	-128,648	-129,898	-129,806	-130,983	-143,781	-149,976	-150,887	-151,674	-160,164	-162,910	-166,951	-164,333	16
-78,761	-85,565	-83,721	-90,036	-87,113	-92,674	-92,524	-96,114	-93,458	-101,189	-104,510	-110,609	-107,464	-111,473	-110,252	-117,277	-113,162	17
-30,729	-34,632	-35,411	-29,613	-33,964	-35,974	-37,374	-33,692	-37,525	-42,592	-45,466	-40,278	-44,210	-48,691	-52,658	-49,674	-51,171	18
-2,938	-2,939	-2,833	-3,474	-3,291	-3,321	-3,192	-3,267	-3,442	-3,534	-3,610	-3,510	-3,629	-3,637	-3,651	-3,740	-3,662	19
-4,483	-7,133	-8,346	-4,555	-5,154	-6,542	-8,892	-5,412	-5,324	-8,390	-9,283	-6,218	-6,181	-8,679	-10,598	-6,654	-6,398	20
-1,301	-1,877	-2,095	-1,398	-1,479	-1,646	-2,139	-1,510	-1,487	-1,965	-2,295	-1,676	-1,702	-2,062	-2,347	-1,769	-1,769	21
-3,563	-3,984	-3,922	-4,175	-3,913	-4,107	-4,428	-4,267	-3,923	-4,477	-4,658	-5,005	-4,883	-5,005	-4,923	-4,830	-4,964	22
-229	-201	-228	-234	-262	-279	-301	-220	-331	-322	-323	-389	-474	-539	-550	-485	-438	23
-1,425	-1,400	-1,468	-1,554	17,-2,063	-2,159	-2,218	-2,291	-2,886	-2,915	-2,854	-2,736	-2,918	-2,699	-2,749	-3,034	-3,083	24
-433	-429	-465	-405	-445	-388	-475	-375	-378	-436	-540	-537	-468	-457	-530	-487	-487	25
-16,358	-16,670	-16,055	-13,818	-17,357	-17,532	-15,729	-16,350	-19,755	-20,554	-21,904	-20,207	-23,955	-25,613	-27,310	-28,670	-30,370	26
-2,284	-2,544	-1,937	686	-2,061	-2,388	-577	-353	-3,412	-2,606	-3,648	166	-3,807	-4,512	-4,373	-4,056	-4,225	27
-8,779	-8,854	-8,749	-9,135	-9,669	-9,585	-9,462	-10,266	-10,391	-11,984	-12,276	-14,217	-13,509	-14,001	-15,396	-16,840	-18,013	28
-5,296	-5,272	-5,369	-5,369	-5,627	-5,560	-5,690	-5,731	-5,952	-5,964	-5,980	-6,156	-6,639	-7,100	-7,541	-7,774	-8,132	29
-6	-6	-8	-26	-19	-10	-19	-48	-4	-24	-13	-11	-41	-4	-7	-40	-13	30
-3,396	-3,419	-4,096	-4,515	-3,090	-4,121	-4,347	-4,220	-3,173	-3,101	-3,218	-4,720	-3,330	-2,786	-3,322	-5,218	-3,458	31
-2,230	-2,585	-3,085	-3,321	-2,078	-3,246	-3,450	-2,956	-2,103	-2,244	-2,194	-3,609	-2,233	-1,928	-2,288	-3,928	-2,228	32
-484	-416	-459	-779	-456	-511	-435	-794	-490	-472	-513	-738	-494	-589	-537	-871	-596	33
-683	-418	-552	-414	-557	-364	-462	-469	-580	-386	-511	-374	-603	-269	-420	-635	-34	34
-2,482	-2,584	-7,473	-20,090	-15,999	-26,474	-26,563	-30,629	8,352	-24,556	-26,022	-33,992	3,892	-19,443	-37,855	-28,703	-32,107	35
-233	-356	-121	-3,148	-115	16	280	132	1,956	3,419	32	3,741	1,503	39	-7,380	2,272	-4,000	36
-264	-180	-264	-189	-274	-104	163	-31	76	-171	-210	-205	155	180	-35	173	-188	37
281	72	388	168	344	366	508	283	606	335	407	722	446	69	202	307	316	38
-250	-248	-245	-3,126	-185	-246	-391	-120	1,274	3,255	-165	3,225	901	-210	-7,547	1,791	-4,128	39
-920	-1,002	-437	-462	-381	-158	-1,579	94	-121	-100	289	929	-1,673	-829	2,001	3,499	832	41
-1,790	-2,553	-1,733	-1,581	-1,826	-1,637	-4,274	-1,356	-978	-2,127	-2,067	-1,343	-2,808	-2,017	-1,458	-1,296	-1,093	42
940	1,285	1,278	1,217	1,423	1,436	1,737	1,494	1,010	1,867	2,360	2,388	1,031	1,166	3,402	4,714	1,922	43
-70	266	18	-98	22	43	957	-43	-153	159	-4	-116	105	22	57	81	3	44
-1,329	-1,226	-6,915	-16,480	-15,503	-26,332	-25,263	-30,855	6,517	-27,875	-26,343	-38,662	4,061	-18,653	-32,477	-34,474	-28,938	45
-127	-4,388	-7,317	-6,236	-11,852	-9,165	-6,352	1,058	-11,211	-8,157	-8,646	-16,180	-6,600	-941	-4,912	-5,080	-3,783	46
-2,474	-2,019	-1,572	-1,217	-5,930	-1,051	181	2,529	-1,749	-287	-1,159	-2,056	-4,539	1,333	-1,592	-3,047	-2,554	47
988	2,256	-1,874	-247	-2,637	-2,458	-183	-2,120	-760	3,442	322	2,197	-65	-6,443	255	4,569	n.a.	48
284	3,325	3,847	-8,779	4,916	-13,660	-18,909	-32,322	20,237	-22,873	-16,860	-22,623	15,266	-12,602	-26,229	-30,916	-22,601	49
16,507	25,103	35,082	53,320	39,048	50,290	69,927	62,340	33,381	51,134	73,575	59,950	27,027	65,334	46,179	80,759	49,077	50
-10,976	8,507	2,488	-1,102	2,720	15,838	15,785	1,251	14,040	10,330	753	20,070	24,631	5,895	-2,234	10,589	6,914	51
-7,499	8,886	-358	-2,168	3,061	13,896	11,895	4,298	12,131	11,340	1,555	19,776	27,540	6,055	-3,197	12,594	5,301	52
-7,177	8,750	-414	-1,997	3,238	14,540	12,171	4,415	12,193	11,084	841	19,120	27,702	5,853	-3,769	11,897	4,585	53
-322	136	56	-171	-177	-644	-276	-117	-62	256	714	658	-162	202	572	697	716	54
-357	565	302	370	431	1,001	1,149	-440	-1,274	-1,343	-142	238	-304	-517	-232	-377	55	
-3,007	-120	2,927	845	-1,131	1,472	3,043	-2,197	3,543	615	-35	-205	-1,772	774	1,703	-1,036	1,538	56
-113	-824	-383	-149	359	-531	-302	-410	-360	-283	-625	261	-833	-417	-508	-737	452	57
27,484	16,596	32,594	54,422	36,328	34,453	54,142	61,088	19,341	40,805	72,822	39,879	2,396	59,438	48,413	70,170	42,163	58
5,321	5,342	5,007	3,352	4,014	5,888	8,087	16,304	8,180	7,876	16,277	14,561	9,616	13,885	11,896	23,038	14,429	59
2,590	5,188	7,736	4,919	5,820	3,820	-1,754	-4,077	-2,826	-2,431	-2,835	449	5,928	5,458	3,422	5,336	8,745	60
9,615	7,194	11,689	22,484	18,730	22,752	17,107	12,380	18,372	15,960	12,676	-4,888	2,424	9,699	7,454	6,871	8,591	61
-2,148	-1,778	870	2,690	-1,933	-1,131	1,122	-699	2,153	1,045	109	-857	1,565	-59	2,350	2,702	n.a.	

Table 1.—U.S. International

[Millions of dollars.]

Line	(Credits +; debits -) ¹	1983				1984			
		I	II	III	IV	I	II	III	IV
1	Exports of goods and services ²	82,257	82,602	86,311	86,213	91,913	92,436	94,014	92,733
2	Merchandise, adjusted, excluding military ³	49,317	49,224	50,824	52,455	53,240	54,656	56,170	55,834
3	Services ⁴	32,940	33,378	35,487	33,758	38,673	37,780	37,844	36,899
4	Transfers under U.S. military agency sales contracts	3,669	3,136	3,064	2,475	2,639	2,464	2,522	2,192
5	Travel	2,647	2,662	2,999	2,639	17 4,040	4,778	4,294	4,641
6	Passenger fares	899	900	879	932	17 983	1,026	1,001	1,004
7	Other transportation	3,034	3,111	3,187	3,258	3,332	3,436	3,500	3,541
8	Royalties and license fees ^{5,6}	1,278	1,330	1,343	1,326	1,352	1,393	1,433	1,452
9	Other private services ⁶	3,189	3,266	3,199	3,223	3,380	3,334	3,439	3,402
10	U.S. Government miscellaneous services	147	241	132	147	149	201	164	197
11	Receipts of income on U.S. assets abroad	18,077	18,732	20,684	19,758	22,798	21,148	21,491	20,470
12	Direct investment	4,298	5,028	6,205	4,968	7,676	4,762	4,302	4,476
13	Other private receipts	12,568	12,533	13,247	13,572	13,912	14,949	15,934	14,669
14	U.S. Government receipts	1,211	1,171	1,232	1,218	1,210	1,437	1,255	1,325
15	Transfers of goods and services under U.S. military grant programs, net	34	26	46	74	25	31	44	54
16	Imports of goods and services	-83,721	-89,689	-97,384	-101,102	-109,996	-116,095	-118,335	-118,391
17	Merchandise, adjusted, excluding military ³	-59,488	-64,406	-70,839	-74,167	-79,635	-83,332	-84,339	-85,116
18	Services ⁴	-24,233	-25,283	-26,545	-26,935	-30,361	-32,763	-33,996	-33,275
19	Direct defense expenditures	-3,127	-3,149	-3,191	-3,220	-2,903	-3,065	-2,864	-3,083
20	Travel	-2,966	-3,259	-3,501	-3,424	17 -5,397	-5,596	-5,970	-5,746
21	Passenger fares	-1,336	-1,517	-1,542	-1,609	17 -1,423	-1,463	-1,467	-1,558
22	Other transportation	-2,880	-2,865	-3,157	-3,320	-3,550	-3,663	-3,782	-3,848
23	Royalties and license fees ^{5,6}	-154	-163	-186	-221	-222	-213	-243	-277
24	Other private services ⁶	-1,144	-1,100	-1,069	-951	-1,069	-1,196	-1,309	-1,539
25	U.S. Government miscellaneous services	-404	-431	-372	-361	-362	-371	-383	-415
26	Payments of income on foreign assets in the United States	-12,222	-12,799	-13,527	-13,829	-15,435	-17,196	-17,978	-16,809
27	Direct investment	-1,085	-1,512	-1,640	-1,361	-2,356	-2,569	-2,294	-2,010
28	Other private payments	-6,709	-6,919	-7,425	-7,901	-8,423	-9,865	-10,625	-9,508
29	U.S. Government payments	-4,428	-4,368	-4,462	-4,567	-4,656	-4,762	-5,059	-5,291
30	U.S. military grants of goods and services, net	-34	-26	-46	-74	-25	-31	-44	-54
31	Unilateral transfers (excluding military grants of goods and services), net	-1,782	-2,107	-2,489	-3,399	-2,442	-2,524	-3,173	-4,328
32	U.S. Government grants (excluding military grants of goods and services)	-1,011	-1,245	-1,549	-2,483	-1,473	-1,526	-2,230	-3,314
33	U.S. Government pensions and other transfers	-542	-559	-550	-557	-536	-555	-524	-544
34	Private remittances and other transfers	-229	-303	-390	-359	-433	-443	-419	-470
35	U.S. assets abroad, net (increase/capital outflow (-))	-23,634	-464	-8,561	-17,119	-3,581	-19,454	17,395	-16,661
36	U.S. official reserve assets, net ⁷	-787	16	529	-953	-657	-566	-799	-1,110
37	Gold	-98	-303	-209	545	-226	-288	-271	-194
38	Special drawing rights	-2,139	-212	-88	-1,996	-200	-321	-331	-143
39	Reserve position in the International Monetary Fund	1,450	531	826	498	-231	44	-197	-772
40	Foreign currencies	-1,136	-1,263	-1,171	-1,436	-2,033	-1,342	-1,392	-720
41	U.S. Government assets, other than official reserve assets, net	-2,378	-2,421	-2,755	-2,413	-2,792	-2,695	-2,190	-1,922
42	U.S. credits and other long-term assets	1,319	1,196	1,546	950	1,011	1,350	928	1,201
43	Repayments on U.S. credits and other long-term assets ⁸	-77	-78	38	27	-252	3	-130	1
44	U.S. foreign currency holdings and U.S. short-term assets, net	-21,711	783	-7,919	-14,730	-891	-17,547	19,586	-14,832
45	U.S. private assets, net	2,917	308	-2,762	-836	-965	1,799	1,334	-4,988
46	Direct investment	-1,549	-2,813	-1,308	-1,093	758	-764	-1,106	-3,644
47	Foreign securities	-2,776	-230	-233	-3,274	873	1,564	1,541	1,041
48	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-20,303	3,518	-3,616	-9,527	-1,557	-20,146	17,817	-7,241
49	U.S. claims reported by U.S. banks, not included elsewhere								
50	Foreign assets in the United States, net (increase/capital inflow (+))	16,002	15,635	19,386	33,847	22,116	41,855	2,472	36,178
51	Foreign official assets in the United States, net	-38	1,612	-2,689	6,960	-2,956	-156	-884	7,136
52	U.S. Government securities	2,641	1,825	-973	3,003	-271	-125	-487	5,586
53	U.S. Treasury securities ⁹	3,012	1,995	611	2,576	-274	-271	-571	5,806
54	Other ¹⁰	-371	-170	-362	427	3	146	84	-220
55	Other U.S. Government liabilities ¹¹	-404	382	101	523	150	576	73	86
56	U.S. liabilities reported by U.S. banks, not included elsewhere	-1,893	231	-1,353	3,560	-2,242	363	400	2,034
57	Other foreign official assets ¹²	-382	-826	-464	-126	-593	-970	-724	-570
58	Other foreign assets in the United States, net	16,039	14,023	22,075	26,887	25,073	42,011	3,355	29,042
59	Direct investment	1,789	4,097	4,325	1,736	5,199	9,009	4,853	6,208
60	U.S. Treasury securities	16 2,913	16 3,116	16 1,008	1,652	1,950	6,336	5,303	9,412
61	U.S. securities other than U.S. Treasury securities	2,873	2,470	1,777	1,044	1,333	362	1,447	9,426
62	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-2,763	-64	1,311	1,398	5,066	4,714	-3,056	-2,020
63	U.S. liabilities reported by U.S. banks, not included elsewhere	11,227	4,404	13,654	21,057	11,525	21,590	-5,192	5,926
64	Allocations of special drawing rights								
65	Statistical discrepancy (sum of above items with sign reversed)	10,879	-5,977	2,737	1,560	1,989	3,782	7,628	10,469
65a	Of which seasonal adjustment discrepancy	641	-778	-3,700	3,842	2,447	-2,148	-4,578	4,278
66	Memoranda:								
67	Balance on merchandise trade (lines 2 and 17)	-10,171	-15,182	-20,015	-21,712	-26,395	-28,676	-28,169	-29,282
68	Balance on services (lines 3 and 18)	8,707	8,095	8,942	6,823	8,312	5,017	3,848	3,624
69	Balance on goods and services (lines 66 and 67) ¹³	-1,464	-7,087	-11,073	-14,889	-18,083	-23,659	-24,321	-25,658
68	Balance on goods, services, and remittances (lines 68, 33, and 34)	-2,235	-7,949	-12,013	-15,805	-19,052	-24,657	-25,264	-26,672
70	Balance on current account (lines 68 and 31) ¹¹	-3,246	-9,194	-13,562	-18,288	-20,525	-26,183	-27,494	-29,986
71	Transactions in U.S. official reserve assets and in foreign official assets in the United States:								
71	Increase (-) in U.S. official reserve assets, net (line 36)	-787	16	529	-953	-657	-566	-799	-1,110
72	Increase (+) in foreign official assets in the United States (line 51 less line 55)	366	1,230	-2,790	6,437	-3,106	-732	-811	7,050

Transactions—Continued

seasonally adjusted]

1985				1986				1987				1988				1989	Line
I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I ^a	
90,532	92,932	93,947	93,800	97,413	98,115	98,322	98,109	104,315	105,694	110,922	125,211	127,810	126,800	131,573	143,626	142,569	1
55,067	54,197	53,434	53,237	53,899	56,796	56,182	56,490	57,255	60,015	64,297	68,699	76,447	78,471	80,604	83,729	88,496	2
35,465	38,735	40,513	40,563	43,514	41,319	42,140	41,619	47,060	46,679	46,625	56,512	51,363	48,329	50,969	59,897	54,073	3
2,614	2,255	1,962	1,795	1,880	2,023	2,103	2,490	3,266	3,324	2,579	2,070	2,665	2,604	2,645	2,136	2,180	4
4,645	4,623	4,341	4,328	5,130	4,788	5,276	5,260	5,304	5,722	6,073	6,405	6,518	6,968	7,626	8,090	7,847	5
979	1,086	1,119	1,203	1,328	1,168	1,577	1,473	1,533	1,670	1,797	1,883	2,115	2,085	2,321	2,339	2,348	6
3,595	3,572	3,642	3,865	3,826	3,844	3,910	3,878	4,009	4,163	4,337	4,480	4,675	4,769	4,710	4,776	5,014	7
1,391	1,414	1,407	1,782	1,664	1,789	1,879	1,922	2,144	2,176	2,334	2,416	2,517	2,610	2,697	2,911	2,885	8
3,468	3,468	3,488	3,533	17 5,527	5,496	5,524	5,627	5,578	5,748	5,782	5,852	5,974	5,973	6,078	6,306	6,773	9
230	233	244	171	189	133	127	147	109	132	145	141	149	172	180	180	164	10
18,543	22,092	24,310	23,886	23,970	22,078	21,744	20,822	25,117	22,744	23,578	33,265	26,750	23,148	24,720	33,159	26,862	11
4,284	8,112	10,516	10,290	10,832	9,491	9,307	8,902	13,415	10,446	11,300	19,595	12,297	9,439	9,940	16,589	9,094	12
12,994	12,694	12,244	12,199	11,560	11,140	10,460	10,509	10,332	10,873	10,942	12,491	11,724	12,382	13,613	15,121	16,544	13
1,265	1,286	1,550	1,397	1,578	1,447	1,477	1,411	1,370	1,425	1,336	1,179	2,729	1,327	1,167	1,449	1,224	14
6	6	8	26	19	10	19	48	4	24	13	11	41	4	7	40	13	15
-113,508	-117,397	-116,922	-120,644	-125,693	-125,768	-127,532	-130,439	-135,505	-141,249	-147,609	-151,266	-156,492	-157,386	-160,537	-167,285	-169,834	16
-80,770	-83,843	-84,032	-89,438	-89,549	-90,812	-92,983	-95,081	-95,916	-99,834	-104,903	-109,113	-109,893	-109,882	-110,943	-115,748	-116,130	17
-32,738	-33,554	-32,890	-31,206	-36,144	-34,956	-34,549	-35,358	-39,589	-41,415	-42,706	-42,153	-46,599	-47,504	-49,594	-51,537	-53,704	18
-2,938	-2,939	-2,833	-3,474	-3,291	-3,321	-3,192	-3,267	-3,442	-3,534	-3,610	-3,510	-3,629	-3,637	-3,651	-3,740	-3,662	19
-6,013	-6,295	-6,310	-5,899	-6,811	-5,749	-6,588	-6,852	-6,973	-7,358	-7,034	-7,850	-8,092	-7,643	-8,084	-8,293	-8,377	20
-1,599	-1,728	-1,712	-632	-1,794	-1,507	-1,736	-1,738	-1,789	-1,816	-1,880	-1,939	-2,037	-1,903	-1,902	-2,031	-2,152	21
-3,750	-3,883	-3,826	-4,184	-4,131	-4,009	-4,313	-4,262	-4,049	-4,469	-4,572	-4,972	-5,033	-4,995	-4,826	-4,787	-5,144	22
-229	-201	-228	-234	-262	-279	-301	-220	-331	-322	-323	-389	-474	-539	-550	-485	-437	23
-1,411	-1,415	-1,492	-1,529	17 -2,049	-2,174	-2,245	-2,263	-2,871	-2,932	-2,882	-2,705	-2,902	-2,718	-2,780	-3,000	-3,066	24
-439	-423	-434	-436	-449	-384	-446	-406	-379	-430	-501	-581	-477	-456	-491	-531	-496	25
-16,359	-16,670	-16,055	-13,818	-17,357	-17,533	-15,729	-16,350	-19,755	-20,554	-21,904	-20,207	-23,955	-25,613	-27,310	-28,670	-30,370	26
-2,284	-2,544	-1,937	686	-2,061	-2,388	-577	-353	-3,412	-2,606	-3,648	166	-3,807	-4,512	-4,373	-4,056	-4,225	27
-8,779	-8,854	-8,749	-9,135	-9,669	-9,585	-9,462	-10,266	-10,391	-11,984	-12,276	-14,217	-13,509	-14,001	-15,396	-16,840	-18,013	28
-5,296	-5,272	-5,369	-5,369	-5,627	-5,560	-5,690	-5,731	-5,952	-5,964	-5,980	-6,156	-6,639	-7,100	-7,541	-7,774	-8,132	29
-6	-6	-8	-26	-19	-10	-19	-48	-4	-24	-13	-11	-41	-4	-7	-40	-13	30
-3,381	-3,583	-4,151	-4,312	-3,068	-4,199	-4,376	-4,136	-3,137	-3,265	-3,225	-4,586	-3,364	-2,899	-3,376	-5,018	-3,420	31
-2,230	-2,585	-3,085	-3,321	-2,078	-3,246	-3,450	-2,956	-2,103	-2,244	-2,194	-3,609	-2,233	-1,928	-2,288	-3,928	-2,228	32
-542	-522	-531	-544	-517	-521	-489	-670	-544	-559	-551	-558	-620	-622	-626	-623	-649	33
-609	-476	-535	-447	-473	-432	-437	-510	-490	-462	-480	-419	-511	-349	-462	-467	-543	34
-1,611	-1,622	-7,592	-21,804	-15,401	-24,763	-26,078	-33,422	8,759	-22,632	-25,976	-36,370	4,540	-16,119	-37,886	-32,648	-31,816	35
-233	-356	-121	-3,148	-115	16	280	132	1,956	3,419	32	3,742	1,503	39	-7,380	2,272	-4,000	36
-264	-180	-264	-189	-274	-104	163	-31	76	-171	-210	-205	155	180	-35	173	-188	37
281	72	388	168	344	366	508	283	606	335	407	722	446	69	202	307	316	38
-250	-248	-245	-3,126	-185	-246	-391	-120	1,274	3,255	-165	3,225	901	-210	-7,547	1,791	-4,128	40
-760	-1,053	-453	-555	-232	-238	-1,565	11	40	-195	308	843	-1,490	-885	1,961	3,413	1,012	41
-1,790	-2,553	-1,733	-1,581	-1,826	-1,637	-4,274	-1,356	-978	-2,127	-2,067	-1,343	-2,808	-2,017	-1,458	-1,296	-1,093	42
1,100	1,264	1,262	1,124	1,572	1,356	1,752	1,410	1,171	1,723	2,379	2,302	1,213	1,110	3,362	4,628	2,102	43
-70	266	18	-98	22	43	957	-43	-153	159	-4	-116	105	22	57	81	3	44
-618	-213	-7,018	-18,102	-15,054	-24,541	-24,793	-33,565	6,763	-25,856	-26,316	-40,955	4,528	-15,273	-32,467	-38,332	-28,828	45
584	-3,375	-7,419	-7,859	-11,403	-7,374	-5,882	-1,652	-10,965	-6,138	-8,619	-18,473	-6,134	2,439	-4,901	-6,938	-3,673	46
-2,474	-2,219	-1,572	-1,217	-5,930	-1,051	1,811	2,529	-1,749	-287	-1,159	-2,056	-4,539	1,333	-1,592	-3,047	-2,554	47
988	2,056	-1,874	-2,47	-2,637	-2,458	-183	-2,120	-760	3,442	322	2,197	-65	-6,443	255	4,569	n.a.	48
284	3,325	3,847	-8,779	4,916	-13,660	-18,909	-32,322	20,237	-22,873	-16,860	-22,623	15,266	-12,602	-26,229	-30,916	-22,601	49
16,507	25,103	35,082	53,320	39,048	50,291	69,927	62,339	33,381	51,134	73,575	59,949	27,027	65,334	46,179	80,759	49,077	50
-10,976	8,507	2,488	-1,102	2,720	15,838	15,785	1,251	14,040	10,329	753	20,070	24,631	5,895	-2,234	10,589	6,914	51
-7,499	8,886	-358	-2,168	3,061	13,896	11,895	4,298	12,131	11,340	1,555	19,776	27,540	6,055	-3,197	12,594	5,301	52
-7,177	8,750	-414	-1,997	3,238	14,540	12,171	4,415	12,193	11,084	841	19,120	27,702	5,853	-3,769	11,897	4,585	53
-327	136	56	-171	-177	-644	-276	-117	-62	256	714	658	-162	202	572	697	716	54
-357	565	302	370	431	1,001	1,149	-440	-1,274	-1,343	-142	238	-304	-517	-232	-377	55	
-3,007	-120	2,927	845	-1,131	1,472	3,043	-2,197	3,543	615	-35	-205	-1,772	774	1,703	-1,036	1,538	56
-113	-824	-383	-149	359	-531	-302	-410	-360	-283	-625	261	-833	-417	-508	-737	452	57
27,484	16,596	32,594	54,422	36,328	34,453	54,142	61,088	19,341	40,805	72,822	39,879	2,396	59,438	48,413	70,170	42,163	58
5,321	5,342	5,007	3,352	4,014	5,886	8,087	16,304	8,180	7,876	16,277	14,561	9,616	13,885	11,896	23,038	14,429	59
2,590	5,188	7,736	4,919	5,820	3,820	-1,754	-4,077	-2,826	-2,431	-2,835	448	5,928	4,588	3,422	5,336	8,745	60
9,615	7,194	11,689	22,484	18,730	22,752	17,107	12,380	18,372	15,960	12,676	4,488	2,424	9,699	7,454	8,591	61	
-2,148	-1,778	870	2,690	-1,933	-1,131	1,122	-699	2,153	1,045	109	-857	1,565	-59	2,350	2,702	n.a.	62

Table 2.—U.S. Merchandise

[Millions]

Line	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
A	Balance of payments adjustments to Census trade data:										
	EXPORTS										
1	143,682	181,860	220,626	233,677	212,193	201,656	218,722	212,606	226,471	253,934	322,471
	Adjustments:										
2	102	109	156	178	163	166	169	194	175	243	245
3	36	159	317	1,285	883	350	330	406	457	718	592
4	756	899	1,043	1,151	967	1,164	1,373	1,345	1,298	1,609	1,845
5	2,118	4,662	5,103	5,108	4,485	5,014	5,164	6,771			
6	-4,720	-3,229	-3,317	-4,921	-7,369	-6,546	-5,719	-5,461	-4,550	-5,686	-5,221
7	80	13	341	607	-124	16	-139	74	-484	-552	-681
8	142,054	184,473	224,269	237,085	211,198	201,820	219,900	215,935	223,367	250,266	319,251
	IMPORTS										
9	174,757	209,458	244,871	261,305	243,941	261,724	330,514	336,228	365,672	406,283	441,351
	Adjustments:										
10	422	623	664	940	910	999	1,067	1,022	872	986	844
11	844	1,407	2,772	1,816	1,462	290	474	559	2,163	2,133	3,576
12					1,118	1,325	1,504	1,376	1,643	1,830	2,254
13	-247	403	419	823	115	1,292	-841	-708	-445		
14	-162	-225	-394	-307	-427	-446	-774	-1,005	-1,199	-1,320	-1,686
15	387	343	1,418	686	523	3,716	478	611	-81	-136	127
16	176,001	212,009	249,750	265,063	247,642	268,900	332,422	338,083	368,425	409,766	446,466
B	Merchandise trade, by area and country, adjusted to balance of payments basis, excluding military:⁶										
	EXPORTS										
1	142,054	184,473	224,269	237,085	211,198	201,820	219,900	215,935	223,367	250,266	319,251
2	39,546	54,177	67,603	65,108	59,701	55,448	56,867	56,015	60,375	68,605	86,414
3	31,778	42,474	53,466	51,366	46,905	43,776	46,380	45,191	51,848	59,530	74,510
4	3,682	5,223	6,673	5,843	5,153	5,055	5,194	4,805	5,456	6,147	7,353
5	4,258	5,663	7,539	7,431	7,194	6,029	6,055	6,097	7,119	7,949	9,996
6	7,204	8,694	11,449	10,502	9,213	8,641	8,775	8,939	10,461	11,533	14,036
7	3,371	4,459	5,606	5,415	4,641	3,947	4,310	4,557	4,750	5,466	6,668
8	4,843	6,334	7,454	7,358	7,455	7,286	7,486	7,241	7,190	8,026	9,961
9	7,277	10,686	12,818	12,483	10,694	10,572	12,201	11,087	11,152	13,752	18,042
10	1,123	1,425	1,693	2,622	2,419	2,246	2,359	2,465	5,720	6,657	8,454
11	7,768	11,703	14,137	13,742	12,796	11,672	10,487	10,824	8,527	9,075	11,904
12	31,229	38,690	41,626	46,016	39,203	44,512	53,037	55,390	56,503	62,005	73,540
13	12,960	17,629	20,806	21,796	20,694	21,789	23,241	22,145	26,354	27,619	37,148
14	4,213	5,434	7,117	8,980	7,656	6,604	7,849	6,967			
15	2,712	3,482	4,044	5,100	4,402	3,850	4,849	5,060	5,072	5,291	6,804
16	3,893	5,913	4,143	4,440	3,749	2,976	4,290	3,258	2,074	2,262	3,796
17	22,033	28,555	38,844	42,804	33,152	25,641	29,766	30,788	30,757	34,971	43,624
18	2,959	3,425	4,359	3,784	3,446	2,556	2,746	3,311	3,879	4,082	4,240
19	6,689	9,931	15,231	18,207	11,736	9,094	12,020	13,386	12,310	14,558	20,573
20	3,727	3,933	4,574	5,441	5,192	2,707	3,386	3,063	3,094	3,534	4,525
21	8,658	11,266	14,680	15,372	12,778	11,284	11,614	11,028	11,474	12,797	14,286
22	28,180	34,075	44,097	47,853	46,978	44,785	44,817	41,180	42,232	49,513	67,925
23	23,466	29,141	37,332	39,473	39,817	38,639	39,005	35,265	36,332	43,694	60,394
24	8,633	8,372	9,655	11,597	12,000	10,217	8,419	6,203	5,780	5,775	7,369
25	863	1,731	3,821	3,624	2,920	2,228	3,017	3,854	3,065	3,512	5,028
26	1,625	2,082	2,682	2,633	2,450	2,572	3,118	2,754	2,981	3,974	5,663
27	2,929	3,830	4,403	4,998	5,286	5,732	5,887	5,728	5,862	7,646	10,666
28	1,452	2,251	3,028	2,967	3,206	3,715	3,687	3,444	3,344	4,044	5,756
29	2,165	3,089	4,089	4,033	4,006	4,291	4,765	4,274	5,115	7,096	11,859
30	4,576	4,706	6,504	7,873	6,933	5,876	5,526	5,619	5,636	5,581	7,195
31	1,886	1,557	2,281	3,207	2,647	1,733	1,316	1,558	911	778	1,177
32			33	88	65	65	33	192			
	Memoranda:										
33	87,948	115,930	137,152	141,900	127,254	128,353	140,994	140,517	150,318	165,623	206,531
34	14,846	14,556	17,368	21,097	20,651	15,256	13,771	11,409	10,387	10,706	13,745
35	39,260	53,987	69,716	74,000	63,228	58,146	65,102	63,817	62,662	73,937	98,975

See footnotes on page 146.

Trade
of dollars]

Not seasonally adjusted									Seasonally adjusted									Line
1987				1988				1989	1987				1988				1989	
I	II	III	IV	I	II	III	IV	I ^p	I	II	III	IV	I	II	III	IV	I ^p	
58,471	62,924	62,296	70,243	77,713	81,091	78,438	85,229	89,176	58,050	61,266	64,945	69,673	77,145	79,127	81,478	84,721	89,040	1
58	52	59	74	58	54	58	75	60	58	52	59	74	58	54	58	75	60	2
152	147	363	56	14	296	126	156	133	152	147	363	56	14	296	126	156	133	3
368	424	399	418	453	473	458	461	447	376	400	412	421	457	447	475	466	445	4
-1,221	-1,685	-1,396	-1,384	-1,076	-1,305	-1,472	-1,368	-1,036	-1,221	-1,685	-1,396	-1,384	-1,076	-1,305	-1,472	-1,368	-1,036	5
-160	-166	-86	-140	-151	-148	-61	-321	-146	-160	-165	-86	-141	-151	-148	-61	-321	-146	7
57,668	61,696	61,635	69,267	77,011	80,461	77,547	84,232	88,634	57,255	60,015	64,297	68,699	76,447	78,471	80,604	83,729	88,496	8
92,903	100,757	103,465	109,158	105,527	109,693	109,665	116,466	112,681	95,360	99,402	103,858	107,663	107,957	108,101	110,356	114,937	115,649	9
241	242	256	247	246	193	238	167	.....	241	242	256	247	246	193	238	167	.....	10
264	170	560	1,139	1,573	1,460	224	319	443	264	170	560	1,139	1,573	1,460	224	319	443	11
447	469	453	461	665	554	501	534	535	447	469	453	461	665	554	501	534	535	12
-285	-330	-370	-345	-409	-387	-445	-445	-360	-285	-330	-370	-345	-409	-387	-445	-445	-360	13
-112	-119	146	-51	-138	-40	69	236	-137	-112	-119	146	-52	-139	-39	69	236	-137	14
93,458	101,189	104,510	110,609	107,464	111,473	110,252	117,277	113,162	95,916	99,834	104,903	109,113	109,893	109,882	110,943	115,748	116,130	15
57,668	61,696	61,635	69,267	77,011	80,461	77,547	84,232	88,634	57,255	60,015	64,297	68,699	76,447	78,471	80,604	83,729	88,496	16
16,964	17,033	15,812	18,796	21,552	22,110	19,927	22,825	24,632	16,867	16,573	16,498	18,667	21,439	21,541	20,673	22,761	24,634	2
14,879	14,773	13,673	16,205	18,636	19,015	17,202	19,657	21,348	14,790	14,381	14,276	16,083	18,529	18,531	17,855	19,595	21,346	3
1,494	1,454	1,585	1,614	1,837	1,794	1,764	1,958	2,038	1,488	1,409	1,644	1,606	1,833	1,740	1,823	1,957	2,041	4
1,847	1,963	1,854	2,285	2,613	2,432	2,370	2,581	2,857	1,843	1,902	1,926	2,278	2,607	2,361	2,448	2,580	2,864	5
2,963	2,704	2,640	3,226	3,583	3,668	3,138	3,647	4,102	2,941	2,630	2,755	3,207	3,563	3,571	3,258	3,644	4,109	6
1,408	1,434	1,173	1,451	1,616	1,768	1,496	1,790	1,829	1,398	1,402	1,224	1,442	1,605	1,726	1,551	1,786	1,829	7
2,273	1,880	1,749	2,124	2,533	2,396	2,282	2,750	2,820	2,243	1,854	1,853	2,076	2,498	2,359	2,387	2,717	2,802	8
3,274	3,587	3,243	3,648	4,424	4,679	4,202	4,737	5,089	3,274	3,471	3,363	3,644	4,422	4,537	4,345	4,738	5,106	9
1,620	1,751	1,429	1,857	2,030	2,280	1,950	2,194	2,613	1,603	1,713	1,511	1,830	2,001	2,237	2,043	2,173	2,595	10
2,085	2,260	2,139	2,591	2,916	3,095	2,725	3,168	3,284	2,077	2,192	2,222	2,584	2,910	3,010	2,818	3,166	3,288	11
14,947	16,242	14,185	16,631	19,094	18,807	16,924	18,715	20,524	14,953	15,720	14,686	16,646	19,091	18,230	17,479	18,740	20,582	12
5,808	6,487	7,532	7,792	8,740	9,226	9,590	9,592	10,375	5,709	6,366	7,897	7,647	8,609	9,061	10,027	9,451	10,316	13
1,182	1,385	1,354	1,370	1,335	1,529	1,736	2,204	1,817	1,182	1,337	1,399	1,373	1,333	1,477	1,798	2,206	1,824	14
343	702	582	635	1,190	1,036	552	1,018	1,711	328	708	630	596	1,132	1,081	601	982	1,648	15
7,580	8,469	9,348	9,574	9,601	10,630	11,318	12,075	11,894	7,516	8,231	9,726	9,498	9,536	10,342	11,763	11,983	11,884	16
716	901	1,316	1,149	951	1,189	1,043	1,057	1,044	709	873	1,360	1,140	952	1,150	1,076	1,062	1,048	17
3,335	3,567	3,732	3,924	4,325	4,975	5,374	5,899	6,022	3,314	3,461	3,876	3,907	4,302	4,836	5,585	5,850	6,018	18
665	840	964	1,065	997	1,044	1,230	1,254	1,037	656	820	1,006	1,052	986	1,018	1,281	1,240	1,032	19
2,864	3,161	3,336	3,436	3,328	3,422	3,671	3,865	3,791	2,837	3,077	3,484	3,399	3,296	3,338	3,821	3,831	3,786	20
10,844	11,378	12,822	14,469	15,499	17,123	17,500	17,803	17,681	10,700	11,080	13,461	14,272	15,307	16,739	18,273	17,606	17,608	21
9,496	9,960	11,356	12,892	13,898	15,056	15,553	15,887	15,916	9,372	9,688	11,896	12,738	13,750	14,694	16,214	15,736	15,862	22
1,288	1,364	1,464	1,659	1,812	1,704	1,830	2,023	1,964	1,268	1,335	1,546	1,626	1,784	1,671	1,918	1,996	1,955	23
863	703	837	1,109	1,053	1,263	1,319	1,393	1,492	858	684	871	1,099	1,048	1,233	1,374	1,373	1,477	24
908	905	1,030	1,131	1,200	1,352	1,631	1,480	1,487	900	881	1,073	1,120	1,192	1,314	1,685	1,472	1,486	25
1,677	1,881	2,028	2,060	2,387	2,572	2,878	2,829	3,059	1,644	1,842	2,144	2,016	2,339	2,523	3,011	2,793	3,041	26
954	968	992	1,130	1,250	1,398	1,525	1,583	1,771	954	936	1,025	1,129	1,250	1,352	1,570	1,584	1,778	27
1,331	1,578	1,707	2,480	3,245	3,432	2,688	2,494	2,428	1,307	1,543	1,794	2,452	3,225	3,353	2,807	2,474	2,420	28
1,316	1,352	1,402	1,511	1,536	1,980	1,873	1,806	1,660	1,286	1,327	1,497	1,471	1,492	1,960	1,978	1,765	1,640	29
193	204	164	217	287	306	262	322	252	188	205	178	207	276	310	281	310	248	30
39,350	41,671	39,441	45,161	51,303	52,287	48,920	54,021	57,969	39,159	40,500	41,060	44,904	51,052	50,903	50,734	53,842	57,977	31
2,281	2,585	2,747	3,093	3,251	3,208	3,510	3,776	3,436	2,246	2,533	2,891	3,036	3,198	3,150	3,675	3,722	3,417	32
16,037	17,440	19,447	21,013	22,457	24,966	25,117	26,435	27,229	15,850	16,982	20,346	20,759	22,197	24,418	26,195	26,165	27,102	33

Table 2.—U.S. Merchandise

[Millions]

Line		1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
B	Merchandise trade, by area and country, adjusted to balance of payments basis, excluding military⁶—Continued:											
	IMPORTS											
36	Total, all countries (A-16)	176,001	212,009	249,750	265,063	247,642	268,900	332,422	338,083	368,425	409,766	446,466
37	Western Europe	36,608	41,817	47,235	52,864	52,900	55,623	72,054	77,454	88,959	96,127	102,200
38	European Communities	29,049	33,219	36,077	41,416	42,342	45,161	57,774	62,591	74,162	81,451	85,646
39	Belgium and Luxembourg	1,762	1,739	1,912	2,281	2,386	2,502	3,069	3,269	3,938	4,223	4,502
40	France	4,067	4,781	5,261	5,838	5,531	6,185	7,957	8,907	9,542	10,506	12,118
41	Germany, Federal Republic of	9,969	10,952	11,692	11,388	11,902	13,163	17,426	19,535	24,526	26,941	26,295
42	Italy	4,107	4,922	4,298	5,179	5,289	5,695	8,056	9,355	10,347	10,916	11,502
43	Netherlands	1,590	1,851	1,895	2,348	2,476	3,029	4,126	4,111	4,097	4,809	5,951
44	United Kingdom	6,470	8,004	9,842	12,742	13,042	12,660	14,418	14,475	15,055	17,210	17,680
45	Other	5,009	1,032	1,137	1,689	1,696	1,927	2,702	2,939	6,657	6,846	7,598
46	Western Europe, excluding EC	7,559	8,598	11,158	11,448	10,558	10,462	14,280	14,863	14,797	14,676	16,554
47	Canada ²	33,756	39,227	42,901	48,253	48,523	55,982	67,630	70,394	69,693	73,599	84,400
48	Japan	24,540	26,260	31,216	37,597	37,683	42,844	60,210	65,653	80,752	84,578	89,760
49	Australia, New Zealand, and South Africa ⁶	4,440	5,493	6,532	5,608	5,033	5,443	5,632	5,601	.....	.....	.....
50	Australia	1,657	2,163	2,508	2,458	2,282	2,268	2,745	2,697	2,595	2,965	3,516
51	Eastern Europe	1,508	1,896	1,444	1,553	1,066	1,413	2,217	1,847	1,979	1,920	2,165
52	Latin America and Other Western Hemisphere	23,038	30,532	37,522	39,096	38,554	42,836	48,364	46,109	42,014	47,291	51,421
53	Brazil	2,826	3,133	3,793	4,475	4,808	5,132	7,754	7,195	6,990	8,178	9,448
54	Mexico	6,091	8,798	12,581	13,767	15,556	17,243	18,076	19,104	17,664	20,289	23,325
55	Venezuela	3,589	5,204	5,314	5,563	4,761	5,011	6,660	6,521	4,811	5,652	5,163
56	Other	10,532	13,397	15,834	15,291	13,429	15,450	15,874	13,289	12,443	13,172	13,485
57	Other countries in Asia and Africa ⁶	51,359	65,599	81,613	80,092	63,860	64,758	76,315	71,025	82,549	103,286	113,004
58	Asia ⁶	35,683	42,425	49,931	55,296	47,894	52,200	64,423	60,777	72,261	91,259	102,065
59	Members of OPEC	16,162	19,306	22,792	23,330	14,784	10,933	11,629	8,459	8,318	11,556	11,325
60	China	326	594	1,057	1,892	2,284	3,314	3,114	3,830	4,690	6,300	8,535
61	Hong Kong	3,476	3,998	4,739	5,422	5,531	6,615	8,357	7,936	8,782	9,829	10,238
62	Korea, Republic of	3,746	4,047	4,244	5,141	5,667	7,475	9,857	9,980	12,805	16,964	20,154
63	Singapore	1,068	1,467	1,921	2,114	2,193	3,032	3,959	4,127	4,589	6,148	7,943
64	Taiwan	5,174	5,908	6,854	8,049	8,892	11,611	15,429	15,480	19,757	24,604	24,856
65	Africa ⁶	15,500	22,965	31,103	24,648	15,941	12,472	11,793	9,890	10,064	11,946	10,861
66	Members of OPEC	12,794	19,699	26,620	20,020	10,840	7,894	6,801	5,945	4,308	5,937	5,284
67	International organizations and unallocated	752	1,185	1,287	.....	23	1	.....	.....	.....	.....	.....
	Memoranda:											
68	Industrial countries ⁷	99,344	112,797	127,884	144,322	144,139	159,892	205,526	219,102	245,350	259,665	282,363
69	Members of OPEC ⁷	33,286	45,039	55,602	49,934	31,517	25,282	26,852	18,895	24,416	23,000	23,000
70	Other countries ⁷	42,619	52,968	64,977	70,807	71,963	83,725	100,044	96,301	104,180	125,685	141,103
	BALANCE (EXCESS OF EXPORTS +)											
71	Total, all countries	-33,947	-27,536	-25,481	-27,978	-36,444	-67,080	-112,522	-122,148	-145,058	-159,500	-127,215
72	Western Europe	2,938	12,360	20,368	12,244	6,801	-175	-15,187	-21,439	-28,584	-27,522	-15,786
73	European Communities	2,729	9,255	17,389	9,950	4,563	-1,385	-11,394	-17,400	-22,314	-21,921	-11,136
74	Belgium and Luxembourg	1,920	3,484	4,761	3,362	2,767	2,553	2,105	1,536	1,518	1,924	2,851
75	France	1,911	882	2,278	1,593	1,663	-156	-1,902	-2,810	-2,423	-2,557	-2,122
76	Germany, Federal Republic of	-2,765	-2,258	-243	-886	-2,689	-4,522	-8,651	-10,596	-14,065	-15,408	-12,259
77	Italy	-736	-463	1,308	236	-648	-1,748	-3,746	-4,798	-5,597	-5,450	-4,834
78	Netherlands	3,253	4,483	5,559	5,010	4,979	4,257	3,360	3,130	3,093	3,217	4,010
79	United Kingdom	807	2,682	2,976	-259	-2,348	-2,088	-2,217	-3,388	-3,903	-3,458	362
80	Other	114	393	556	929	723	319	-343	-474	-937	-189	856
81	Western Europe, excluding EC	209	3,105	2,979	2,294	2,238	1,210	-3,793	-4,039	-6,270	-5,601	-4,650
82	Canada ²	-2,527	-537	-1,275	-2,237	-9,320	-11,470	-14,593	-15,004	-13,190	-11,594	-10,860
83	Japan	-11,580	-8,631	-10,410	-15,801	-16,989	-21,055	-36,969	-43,508	-54,398	-56,959	-52,612
84	Australia, New Zealand, and South Africa ⁶	-227	-59	585	3,372	2,623	1,161	2,217	1,366	.....	.....	.....
85	Australia	1,055	1,319	1,536	2,642	2,120	1,582	2,104	2,363	2,477	2,326	3,288
86	Eastern Europe	2,385	4,017	2,699	2,887	2,683	1,563	2,073	1,411	95	342	1,631
87	Latin America and Other Western Hemisphere	-1,005	-1,977	1,322	3,708	-5,402	-17,195	-18,598	-15,321	-11,257	-12,320	-7,797
88	Brazil	133	292	566	-691	-1,362	-2,576	-5,008	-3,884	-3,111	-4,096	-5,208
89	Mexico	598	1,133	2,650	4,440	-3,820	-8,149	-6,056	-5,718	-5,354	-5,731	-2,752
90	Venezuela	138	-1,271	-740	-122	431	-2,304	-3,274	-3,458	-1,717	-2,118	-638
91	Other	-1,874	-2,131	-1,154	81	-651	-4,166	-4,260	-2,261	-1,075	-375	801
92	Other countries in Asia and Africa ⁶	-23,179	-31,524	-37,516	-32,239	-16,882	-19,973	-31,498	-29,845	-40,201	-53,773	-45,079
93	Asia ⁶	-12,217	-13,284	-12,599	-15,823	-8,077	-13,561	-25,418	-25,512	-35,929	-47,565	-41,671
94	Members of OPEC	-7,529	-10,934	-13,137	-11,732	-2,784	-716	-3,210	-2,256	-2,538	-5,781	-3,956
95	China	537	1,137	2,764	1,732	636	-86	-97	24	-1,625	-2,788	-3,507
96	Hong Kong	-1,851	-1,916	-2,057	-2,789	-3,081	-4,043	-5,239	-5,182	-5,801	-5,855	-4,575
97	Korea, Republic of	-817	-217	159	-143	-381	-1,743	-3,970	-4,252	-6,943	-9,318	-9,488
98	Singapore	384	784	1,107	853	1,013	683	-272	-683	-1,245	-2,104	-2,187
99	Taiwan	-3,009	-2,819	-2,765	-4,016	-4,886	-7,320	-10,664	-11,206	-14,642	-17,508	-12,997
100	Africa ⁶	-10,924	-18,259	-24,599	-16,775	-9,008	-6,596	-6,267	-4,271	-4,428	-6,365	-3,666
101	Members of OPEC	-10,908	-18,142	-24,339	-16,813	-8,193	-6,161	-5,485	-4,387	-3,397	-5,159	-4,107
102	International organizations and unallocated	-752	-1,185	-1,254	88	42	64	33	192	.....	.....	.....
	Memoranda:											
103	Industrial countries ⁷	-11,396	3,133	9,268	-2,422	-16,885	-31,539	-64,532	-78,585	-95,032	-94,042	-75,832
104	Members of OPEC ⁷	-18,440	-30,483	-38,234	-28,837	-10,866	-10,026	-13,081	-11,271	-8,508	-13,710	-9,255
105	Other countries ⁷	-3,359	999	4,739	3,193	-6,735	-25,579	-34,942	-32,484	-41,518	-51,748	-42,128

See footnotes on page 146.

Trade—Continued

[of dollars]

Not seasonally adjusted									Seasonally adjusted									Line
1987				1988				1989	1987				1988				1989	
I	II	III	IV	I	II	III	IV	I ^P	I	II	III	IV	I	II	III	IV	I ^P	
93,458	101,189	104,510	110,609	107,464	111,473	110,252	117,277	113,162	95,916	99,834	104,903	109,113	109,893	109,882	110,943	115,748	116,130	36
22,151	23,948	23,048	26,980	25,205	26,109	23,908	26,978	24,988	22,757	23,606	23,140	26,624	25,782	25,723	24,065	26,630	25,658	37
18,695	20,164	19,625	22,967	21,242	21,686	20,161	22,557	20,756	19,207	19,875	19,704	22,665	21,732	21,358	20,292	22,264	21,312	38
674	1,017	1,072	1,260	1,172	1,198	991	1,141	1,127	899	1,003	1,077	1,244	1,200	1,180	997	1,125	1,158	39
2,317	2,603	2,638	2,948	2,784	3,239	3,011	3,084	3,063	2,384	2,564	2,650	2,908	2,855	3,186	3,032	3,045	3,148	40
6,415	7,002	6,173	7,351	6,645	6,491	6,099	7,060	6,162	6,594	6,896	6,198	7,253	6,806	6,383	6,138	6,968	6,333	41
2,510	2,656	2,803	2,947	2,847	2,782	2,623	3,050	2,727	2,579	2,616	2,814	2,907	2,914	2,737	2,841	3,010	2,801	42
985	999	973	1,852	1,833	1,615	1,188	1,315	1,234	1,010	986	977	1,836	1,856	1,600	1,196	1,299	1,265	43
4,017	4,222	4,243	4,728	4,178	4,589	4,154	4,759	4,248	4,121	4,169	4,258	4,662	4,276	4,526	4,182	4,696	4,363	44
1,577	1,665	1,723	1,881	1,763	1,772	1,895	2,148	2,195	1,620	1,641	1,730	1,855	1,625	1,746	1,906	2,121	2,244	45
3,456	3,784	3,423	4,013	3,963	4,423	3,747	4,421	4,232	3,550	3,731	3,436	3,959	4,050	4,365	4,386	4,346	46	
18,002	18,491	17,018	20,088	20,774	22,455	19,631	21,540	22,574	18,466	18,238	17,076	19,819	21,240	22,134	19,756	21,270	23,171	47
19,516	21,127	21,281	22,654	20,853	21,501	22,242	25,164	22,843	20,058	20,804	21,364	22,352	21,362	21,156	22,394	24,848	23,475	48
701	748	834	682	969	899	792	856	859	719	738	836	672	990	886	796	844	882	49
426	490	500	504	514	626	477	548	559	436	485	502	497	524	620	480	541	573	50
10,734	11,644	12,212	12,701	12,763	12,761	12,932	12,965	13,445	10,988	11,522	12,257	12,524	13,030	12,603	13,003	12,785	13,773	51
1,709	1,855	2,264	2,350	2,350	2,290	2,532	2,276	2,072	1,754	1,830	2,274	2,320	2,401	2,255	2,547	2,245	2,126	52
4,675	5,184	4,985	5,435	5,739	5,878	5,670	6,038	6,335	4,791	5,123	5,014	5,361	5,866	5,798	5,704	5,957	4,688	53
1,312	1,375	1,532	1,433	1,244	1,377	1,217	1,465	1,331	1,376	1,376	1,536	1,409	1,661	1,377	1,197	1,497	1,455	54
3,038	3,230	3,421	3,483	3,430	3,216	3,405	3,434	3,573	3,112	3,193	3,433	3,434	3,502	3,173	3,424	3,386	3,662	55
21,928	24,741	29,617	27,000	26,386	27,122	30,270	29,226	27,894	22,492	24,441	29,728	26,625	26,965	26,760	30,449	28,830	28,598	56
19,713	21,903	25,931	23,712	23,606	24,270	27,576	26,613	24,788	20,236	21,609	26,029	23,385	24,142	23,920	27,744	26,259	25,433	57
2,154	2,335	3,894	3,173	2,905	2,651	2,961	2,808	3,080	2,191	2,335	3,906	3,124	2,946	2,647	2,970	2,762	3,130	58
1,573	1,517	1,721	1,489	1,813	1,692	2,375	2,455	2,260	1,614	1,494	1,726	1,466	1,656	1,864	2,392	2,423	2,322	59
2,076	2,278	2,916	2,559	2,202	2,297	2,890	2,849	2,111	2,134	2,244	2,927	2,524	2,256	2,259	2,813	2,169	61	
3,476	4,338	4,696	4,454	4,505	4,793	5,528	5,328	4,708	3,576	4,275	4,717	4,396	4,615	4,715	5,564	5,280	4,838	62
1,326	1,453	1,646	1,723	1,743	1,926	2,078	2,196	1,934	1,363	1,432	1,653	1,700	1,786	1,895	2,093	2,169	1,987	63
5,476	6,208	6,712	6,208	6,208	6,144	6,674	6,139	5,352	5,629	6,112	6,738	6,125	6,039	6,043	6,716	6,058	5,500	64
2,196	2,819	3,668	3,263	2,761	2,635	2,655	2,610	3,065	2,240	2,814	3,680	3,212	2,804	2,824	2,665	2,568	3,120	65
943	1,426	1,945	1,263	1,304	1,538	1,253	1,189	1,493	956	1,432	1,951	1,598	1,320	1,540	1,256	1,168	1,515	66
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	67
60,949	64,924	62,816	70,976	68,482	71,673	67,063	75,145	72,007	62,593	63,986	63,054	70,032	70,071	70,595	67,505	74,192	73,949	68
4,740	5,372	7,654	6,650	5,759	5,853	5,844	5,544	6,403	4,816	5,375	7,679	6,546	5,837	5,848	5,863	5,452	6,505	69
27,769	30,893	34,040	32,983	33,223	33,947	37,345	36,588	34,752	28,507	30,473	34,170	32,535	33,985	33,439	37,575	36,104	35,676	70
-35,790	-39,493	-42,875	-41,342	-30,453	-31,012	-32,705	-33,045	-24,528	-38,661	-39,819	-40,606	-40,414	-33,446	-31,411	-30,339	-32,019	-27,634	71
-5,187	-6,915	-7,236	-8,184	-3,653	-3,999	-3,981	-4,153	-356	-5,890	-7,033	-6,642	-7,957	-4,343	-4,182	-3,392	-3,869	-1,024	72
-3,816	-5,391	-5,952	-6,762	-2,606	-2,671	-2,959	-2,900	592	-4,417	-5,498	-5,428	-6,582	-3,203	-2,827	-2,437	-2,669	34	73
620	437	513	354	665	596	773	817	911	589	406	567	362	633	602	832	883	74	74
-470	-640	-784	-663	-171	-807	-641	-503	-206	-541	-662	-724	-630	-248	-825	-584	-465	-284	75
-3,452	-4,298	-3,533	-4,125	-3,062	-2,823	-2,961	-3,413	-2,060	-3,653	-4,266	-3,443	-4,046	-3,243	-2,812	-2,880	-3,324	-2,224	76
-1,102	-1,222	-1,630	-1,496	-1,231	-1,016	-1,327	-1,260	-898	-1,181	-1,214	-1,590	-1,465	-1,309	-1,011	-1,220	-972	77	77
1,288	881	776	272	700	781	1,094	1,435	1,586	1,233	868	876	240	642	759	1,191	1,128	1,537	78
-743	-635	-1,000	-1,080	246	90	48	-22	841	-847	-698	-895	-1,018	146	11	163	42	743	79
43	86	-294	-24	247	508	55	46	418	-17	72	-219	-25	176	491	137	52	351	80
-1,371	-1,524	-1,284	-1,422	-1,047	-1,328	-1,022	-1,253	-948	-1,473	-1,539	-1,214	-1,375	-1,140	-1,355	-955	-1,200	-1,058	81
-3,055	-2,249	-2,833	-3,457	-1,680	-3,648	-2,707	-2,825	-2,050	-3,513	-2,518	-2,390	-3,173	-2,149	-3,904	-2,277	-2,530	-2,589	82
-13,708	-14,640	-13,749	-14,862	-12,113	-12,275	-12,652	-15,572	-12,468	-14,349	-14,438	-13,467	-14,705	-12,753	-12,995	-12,367	-15,397	-13,159	83
481	637	520	688	366	630	944	1,348	958	463	599	563	701	343	591	992	1,362	942	84
-83	212	82	131	676	410	75	470	1,152	-108	223	128	99	608	461	121	441	1,075	85
-3,154	-3,175	-2,864	-3,127	-3,162	-2,131	-1,614	-890	-1,551	-3,472	-3,291	-2,531	-3,026	-3,494	-2,261	-1,240	-802	-1,889	87
-993	-954	-948	-1,201	-1,399	-1,101	-1,489	-1,219	-1,028	-957	-914	-1,180	-1,449	-1,105	-1,105	-1,471	-1,183	-1,078	88
-1,340	-1,617	-1,263	-1,511	-1,414	-903	-296	-139	-313	-1,477	-1,662	-1,138	-1,454	-1,564	-962	-119	-107	-480	89
-647	-535	-568	-368	-247	-333	-95	37	-428	-675	-556	-530	-307	-359	-397	43	43	-455	90
-174	-69	-85	-47	-102	206	266	431	218	-275	-116	51	-35	-206	165	397	445	124	91
-11,084	-13,363	-16,795	-12,531	-10,887	-9,999	-12,770	-11,423	-10,213	-11,792	-13,361	-16,267	-12,353	-11,658	-10,021	-12,176	-11,224	-10,990	92
-10,227	-11,943	-14,575	-10,820	-9,708	-9,214	-12,023	-10,726	-8,872	-10,864	-11,921	-14,133	-10,647	-10,392	-9,226	-11,530	-10,523	-9,571	93
-866	-971	-2,430	-1,514	-1,093	-847	-1,131	-785	-1,116	-923	-1,000	-2,360	-1,498	-1,162	-976	-1,052	-786	-1,175	94
-710	-814	-884	-380	-760	-629	-1,056	-628	-768										

Table 2.—U.S. Merchandise

[Millions]

Line		1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
C	Merchandise trade, by principal end-use category, adjusted to balance of payments basis, excluding military:²											
1	Merchandise exports, balance of payments basis, excluding military (A-8)	142,054	184,473	224,269	237,085	211,198	201,820	219,900	215,935	223,367	250,266	319,251
2	Agricultural products	29,885	35,593	42,157	44,035	37,231	37,140	38,401	29,573	27,356	29,547	38,142
3	Nonagricultural products	112,169	148,880	182,112	193,050	173,967	164,680	181,499	186,362	196,011	220,719	281,109
4	Foods, feeds, and beverages	25,287	30,171	35,893	38,338	31,783	31,754	31,790	24,140	23,273	24,757	32,944
5	Agricultural	24,179	28,843	34,640	36,956	30,515	30,551	30,650	22,870	21,351	22,658	30,139
6	Grains and preparations	13,367	16,598	20,737	21,995	17,032	18,092	18,065	12,557	9,758	10,515	15,430
7	Wheat	4,600	5,583	6,658	8,153	6,920	6,651	6,672	3,863	3,288	3,272	5,108
8	Corn	5,294	7,017	8,547	8,009	5,637	6,523	7,036	5,202	2,659	3,260	5,136
9	Soybeans	5,201	5,739	5,888	6,229	6,251	5,817	5,299	3,748	4,315	4,332	4,850
10	Meat products and poultry	1,028	1,187	1,359	1,565	1,366	1,251	1,277	1,221	1,497	1,891	2,639
11	Vegetables, fruits, nuts, and preparations	1,947	2,361	3,089	3,407	2,886	2,632	2,661	2,573	2,869	3,323	3,921
12	Other agricultural foods, feeds, and beverages	2,636	2,958	3,567	3,760	2,980	2,759	3,348	2,771	2,912	2,597	3,299
13	Nonagricultural (fish, distilled beverages, etc.)	1,108	1,328	1,253	1,382	1,268	1,203	1,140	1,270	1,922	2,099	2,805
14	Fish and shellfish	832	1,020	904	1,073	985	912	845	1,019	1,424	1,797	2,400
15	Industrial supplies and materials	38,820	57,812	71,583	69,743	63,622	58,416	63,296	60,275	64,068	68,952	88,824
16	Agricultural	5,286	6,236	6,954	6,529	6,257	6,164	7,271	6,272	5,387	6,307	7,319
17	Raw cotton	1,754	2,213	2,880	2,278	1,980	1,845	2,488	1,612	823	1,658	1,987
18	Tobacco, unmanufactured	1,358	1,184	1,334	1,458	1,547	1,465	1,541	1,499	1,204	1,090	1,254
19	Hides and skins, including furskins	914	1,313	1,037	1,021	1,017	1,004	1,372	1,303	1,509	1,752	1,838
20	Other agricultural industrial supplies	1,253	1,502	1,671	1,773	1,713	1,791	1,820	1,812	1,671	1,807	2,240
21	Nonagricultural	33,534	51,576	64,629	63,214	57,365	52,252	56,025	54,003	58,681	62,645	81,505
22	Energy products	4,775	6,844	9,307	11,948	14,400	10,831	10,935	11,426	9,956	9,102	9,519
23	Fuels and lubricants	4,771	6,841	9,289	11,926	14,395	10,828	10,924	11,417	9,945	9,092	9,468
24	Coal and related fuels	2,132	3,507	4,800	6,019	6,113	4,114	4,239	4,543	4,060	3,501	4,200
25	Petroleum and products	1,858	2,329	3,487	4,676	6,953	5,304	5,126	5,413	4,532	4,533	4,377
26	Paper and paper base stocks	2,544	3,276	4,871	4,841	4,235	4,185	4,503	3,996	4,684	6,072	7,664
27	Textile supplies and related materials	2,507	3,691	4,258	4,276	3,280	2,793	3,090	2,995	3,145	3,604	4,574
28	Chemicals, excluding medicinals	9,850	13,996	17,156	16,831	15,562	15,282	17,439	16,680	17,163	20,875	25,981
29	Building materials, except metals	2,567	3,670	3,750	3,293	3,067	3,309	3,134	3,036	3,332	4,474	6,096
30	Other nonmetals	2,628	3,811	4,786	5,093	4,686	5,127	5,293	5,355	6,244	5,313	6,641
31	Metals and nonmetallic products	8,663	16,288	20,502	16,935	12,135	10,725	11,631	10,515	14,157	13,205	21,030
32	Steelmaking materials	927	1,454	1,605	956	823	904	1,247	1,258	1,334	1,276	1,733
33	Iron and steel products	1,628	2,205	2,923	2,724	1,957	1,517	1,393	1,249	1,178	1,463	2,265
34	Nonferrous metals	3,283	9,280	11,738	8,723	5,591	5,166	5,652	5,029	8,622	6,806	12,297
35	Nonmonetary gold	1,168	5,371	4,259	4,447	2,232	1,785	2,172	1,740	5,646	2,666	5,872
36	Other precious metals	230	688	2,273	647	400	709	492	358	350	465	557
37	Other nonferrous metals	1,884	3,221	5,206	3,629	2,959	2,672	2,988	2,931	2,624	3,475	5,868
38	Other metal and nonmetallic products	2,825	3,479	4,236	4,532	3,764	3,138	3,339	2,979	3,023	3,860	4,735
39	Capital goods, except automotive	46,714	59,183	75,140	82,426	74,345	69,230	74,273	76,519	79,342	87,736	112,352
40	Machinery, except consumer-type	38,536	47,641	59,278	66,517	62,355	56,511	62,777	61,684	62,760	70,209	89,895
41	Electric generating machinery, electric apparatus, and parts	4,085	5,053	6,267	7,117	6,912	6,342	6,997	6,324	7,544	8,214	10,857
42	Nonelectric, including parts and attachments	34,451	42,588	53,011	59,400	55,443	50,169	55,780	55,360	55,216	61,995	79,038
43	Oil drilling, mining, and construction machinery	6,675	7,478	9,401	11,922	9,901	6,037	6,886	6,418	5,355	4,836	6,393
44	Machine engines, pumps, and compressors	2,646	3,476	4,337	4,726	4,496	3,730	3,478	3,249	2,926	3,007	3,967
45	Machine tools and metalworking machinery	1,687	1,742	2,202	2,610	2,002	1,446	1,543	1,848	2,100	2,573	3,297
46	Measuring, testing, and control instruments	2,001	2,545	3,203	3,740	3,726	3,610	3,920	4,011	3,829	4,321	5,397
47	Other industrial, agricultural, and service industry machinery	10,693	12,874	15,691	17,188	14,746	12,395	13,257	12,194	12,019	14,301	18,565
48	Computers, peripherals, and parts	4,115	5,377	7,450	8,478	8,937	10,398	13,467	13,702	14,310	17,735	22,374
49	Semiconductors	1,516	2,069	2,786	2,837	3,063	3,683	4,764	3,627	4,056	5,434	7,078
50	Telecommunications equipment	2,214	2,504	2,791	3,247	3,449	3,596	3,511	3,863	4,074	4,756	5,976
51	Other office and business machines	994	1,203	1,378	1,482	1,407	1,432	1,453	1,275	1,125	1,448	1,591
52	Scientific, hospital, and medical equipment and parts	1,655	2,115	2,456	2,943	2,958	2,921	3,016	3,141	3,476	4,057	5,124
53	Civilian aircraft, engines, parts	7,129	10,373	14,103	13,703	9,712	10,891	9,758	13,046	14,793	15,936	20,642
54	Civilian aircraft, complete, all types	3,657	6,297	8,601	8,809	4,906	5,818	4,143	6,716	7,333	7,528	10,282
55	Other transportation equipment	1,049	1,169	1,759	2,206	2,278	1,828	1,738	1,789	1,789	1,591	1,815
56	Automotive vehicles, parts, and engines	15,522	18,065	17,088	19,284	16,984	18,316	22,147	24,728	24,916	27,546	32,514
57	To Canada	10,443	11,810	10,194	11,464	10,698	13,840	17,098	19,349	19,407	20,553	22,572
58	Passenger cars, new and used	2,617	3,289	3,037	3,155	2,344	3,857	4,565	5,722	7,002	6,770	7,437
59	Trucks, buses, and special purpose vehicles	1,094	1,501	1,003	1,096	745	1,071	1,701	2,096	2,431	3,229	3,187
60	Engines and engine parts	1,435	1,209	1,092	1,347	1,375	1,632	1,868	1,982	1,729	2,166	2,069
61	Other parts and accessories	5,597	5,811	5,062	5,866	6,234	7,280	8,964	9,549	8,245	8,388	9,879
62	To other areas	5,079	6,255	6,894	7,820	6,286	4,476	5,049	5,379	5,509	6,993	9,942
63	Passenger cars, new and used	1,025	1,400	959	841	579	391	305	342	521	1,168	2,429
64	Trucks, buses, and special purpose vehicles	1,643	1,768	1,963	2,131	1,666	907	724	645	611	734	1,066
65	Engines and engine parts	537	701	827	916	856	711	939	932	901	932	1,221
66	Other parts and accessories	1,874	2,386	3,145	3,932	3,185	2,467	3,081	3,460	3,476	4,159	5,226
67	Consumer goods (nonfood), except automotive	10,520	12,899	16,311	16,142	14,538	13,968	13,818	13,134	14,613	18,290	24,180
68	Consumer nondurables, manufactured	5,260	6,423	7,652	8,375	8,013	7,757	7,961	7,726	8,532	10,514	13,106
69	Medical, dental, and pharmaceutical preparations, including vitamins	1,521	1,722	2,072	2,312	2,427	2,653	2,791	2,863	3,203	3,438	4,179
70	Consumer durables, manufactured	4,570	5,396	7,522	6,865	5,690	5,168	5,044	4,539	5,034	6,965	9,962
71	Household and kitchen appliances and other household goods	2,047	2,374	2,969	3,256	2,783	2,461	2,430	2,053	2,069	2,906	4,014
72	Unmanufactured consumer goods (gem stones, nursery stock)	532	718	753	584	418	500	473	501	627	811	1,112
73	Exports, n.e.c., and reexports	5,191	6,343	8,254	11,152	9,926	10,136	14,576	17,139	17,155	22,985	28,437
74	Other domestic exports and balance of payments adjustments not included above (minimum value shipments and miscellaneous exports)	2,690	3,208	4,209	6,407	5,029	5,554	8,780	10,938	9,958	14,059	16,500
75	Foreign (reexports)	2,501	3,135	4,045	4,745	4,897	4,582	5,796	6,201	7,197	8,926	11,937

Trade—Continued

[of dollars]

Not seasonally adjusted									Seasonally adjusted									Line
1987				1988				1989	1987				1988				1989	
I	II	III	IV	I	II	III	IV	I ^a	I	II	III	IV	I	II	III	IV	I ^a	
57,668	61,696	61,635	69,267	77,011	80,461	77,547	84,232	88,634	57,255	60,015	64,297	68,699	76,447	78,471	80,604	83,729	88,496	1
7,086	6,728	7,057	8,676	9,743	8,928	8,876	10,595	11,418	6,546	7,089	8,047	7,865	9,021	9,405	9,927	9,789	10,884	2
50,582	54,968	54,578	60,591	67,268	71,533	68,671	73,637	77,216	50,709	52,926	56,250	60,834	67,426	69,066	70,677	73,940	77,612	3
5,630	5,569	6,489	7,069	7,782	7,608	8,485	9,069	9,788	5,425	5,889	6,833	6,610	7,545	8,053	8,708	8,638	9,733	4
5,293	5,143	5,650	6,572	7,293	7,022	7,279	8,545	9,122	4,978	5,391	6,303	5,986	6,885	7,347	7,954	7,953	8,842	5
2,460	2,570	2,745	2,740	3,582	3,714	3,840	4,294	5,011	2,348	2,634	2,828	2,705	3,444	3,758	3,998	4,230	4,965	6
604	749	1,093	826	1,168	1,309	1,339	1,272	1,774	660	789	896	927	1,269	1,344	1,070	1,425	1,922	7
683	947	774	856	978	1,184	1,370	1,604	1,746	655	875	948	782	1,066	1,066	1,668	1,475	1,699	8
1,132	719	933	1,548	1,580	919	885	1,466	1,580	836	883	1,463	1,150	1,197	1,182	1,368	1,103	1,215	9
407	460	464	560	464	601	766	808	717	435	468	467	521	502	614	770	753	770	10
726	788	781	1,028	906	950	919	1,146	1,018	776	813	845	889	964	969	982	1,006	1,075	11
568	606	727	696	761	838	869	831	796	583	593	700	721	778	824	836	861	817	12
337	426	839	497	489	586	1,206	524	666	447	498	530	624	660	706	754	685	891	13
271	350	756	420	398	471	1,106	425	566	376	424	452	545	564	596	658	582	787	14
15,658	17,233	17,224	18,837	21,924	22,944	21,705	22,251	23,667	15,684	16,788	17,672	18,808	21,866	22,406	22,206	22,346	23,819	15
1,615	1,447	1,283	1,962	2,255	1,716	1,465	1,883	2,112	1,412	1,563	1,600	1,732	1,964	1,870	1,820	1,665	1,878	16
373	383	342	560	765	536	276	410	576	287	386	471	514	630	571	402	384	465	17
321	321	132	390	397	297	214	346	471	312	300	222	256	361	334	349	210	448	18
481	456	386	429	538	456	422	422	435	399	439	454	460	448	440	486	464	367	19
440	361	423	583	555	427	553	705	630	414	438	453	502	525	525	583	607	598	20
14,043	15,786	15,941	16,875	19,669	21,228	20,240	20,368	21,555	14,272	15,225	16,072	17,076	19,902	20,536	20,386	20,681	21,941	21
1,962	2,402	2,284	2,454	2,001	2,487	2,531	2,500	2,749	2,151	2,327	2,319	2,305	2,197	2,407	2,558	2,357	3,049	22
1,961	2,400	2,280	2,451	1,990	2,480	2,513	2,485	2,745	2,150	2,324	2,317	2,301	2,186	2,401	2,540	2,341	3,044	23
730	904	910	957	698	1,110	1,201	1,191	1,060	941	810	835	915	904	1,010	1,128	1,158	1,368	24
1,094	1,158	1,063	1,218	1,100	1,138	978	1,161	1,263	1,074	1,170	1,178	1,111	1,091	1,151	1,082	1,053	1,258	25
1,384	1,534	1,588	1,566	1,843	1,889	1,944	1,988	2,092	1,379	1,489	1,591	1,613	1,841	1,834	1,943	2,046	2,084	26
866	936	879	923	1,098	1,123	1,133	1,220	1,311	860	900	910	934	1,090	1,081	1,169	1,234	1,300	27
4,835	5,313	5,301	5,426	6,316	6,525	6,704	6,436	6,810	4,811	5,120	5,271	5,673	6,267	6,295	6,655	6,764	6,769	28
1,022	1,036	1,170	1,246	1,396	1,647	1,516	1,537	1,681	1,022	1,004	1,210	1,238	1,395	1,603	1,568	1,530	1,682	29
1,221	1,372	1,337	1,383	1,654	1,712	1,634	1,641	1,835	1,206	1,307	1,353	1,447	1,634	1,626	1,718	1,814	1,814	30
2,753	3,193	3,382	3,877	5,361	5,845	4,778	5,046	5,077	2,843	3,078	3,418	3,866	5,478	5,690	4,830	5,032	5,243	31
216	349	321	390	290	526	453	464	494	283	304	319	370	381	459	453	440	634	32
341	361	359	402	440	506	540	492	557	338	349	371	405	437	492	557	779	957	33
1,350	1,480	1,693	2,083	3,506	3,630	2,627	2,534	2,432	1,367	1,458	1,702	2,079	3,525	3,604	2,637	2,531	2,464	34
498	496	716	956	2,235	1,979	916	742	586	498	496	716	956	2,235	1,979	916	742	586	35
90	135	121	119	153	141	127	136	226	90	135	121	119	153	141	127	136	226	36
762	849	856	1,008	1,118	1,510	1,584	1,656	1,620	779	827	865	1,004	1,137	1,484	1,594	1,653	1,652	37
846	1,003	1,009	1,002	1,125	1,183	1,158	1,269	1,179	855	967	1,026	1,012	1,135	1,135	1,183	1,282	1,188	38
19,881	21,232	22,051	24,572	26,838	28,107	27,174	30,233	30,849	19,881	20,627	22,924	24,304	26,882	27,319	28,216	29,935	30,857	39
15,660	17,357	17,410	19,782	21,656	21,989	22,098	24,152	24,436	15,683	16,908	17,978	19,640	21,679	21,450	22,816	23,950	24,430	40
1,860	2,069	2,029	2,256	2,648	2,703	2,688	2,818	2,729	1,842	1,984	2,092	2,296	2,619	2,595	2,771	2,872	2,702	41
13,800	15,288	15,381	17,526	19,008	19,286	19,410	21,334	21,707	13,841	14,924	15,886	17,344	19,060	18,855	20,045	21,078	21,728	42
1,073	1,199	1,200	1,364	1,541	1,541	1,597	1,714	1,084	1,156	1,239	1,357	1,549	1,549	1,498	1,706	2,020	43	
670	722	755	860	1,044	893	956	1,074	1,375	682	732	786	807	1,060	905	987	1,015	1,389	44
491	555	506	548	569	630	621	753	700	491	531	536	542	569	603	658	745	698	45
966	1,085	1,081	1,189	1,282	1,316	1,344	1,455	1,193	972	1,081	1,097	1,171	1,291	1,308	1,360	1,438	1,201	46
3,208	3,605	3,507	3,981	4,447	4,620	4,556	4,925	4,442	3,214	3,457	3,627	4,003	4,442	4,447	4,960	4,922	4,727	47
3,930	4,260	4,354	5,191	5,510	5,438	5,328	6,098	5,423	3,906	4,219	4,570	5,040	5,480	5,405	5,603	5,886	5,342	48
1,113	1,345	1,446	1,530	1,578	1,756	1,856	1,888	2,225	1,151	1,268	1,433	1,582	1,638	1,650	1,840	1,950	2,314	49
1,064	1,158	1,168	1,366	1,408	1,472	1,485	1,611	1,677	1,076	1,129	1,195	1,356	1,424	1,431	1,529	1,697	2,150	50
331	347	374	396	374	398	413	406	548	338	344	375	391	385	394	412	400	564	51
954	1,012	990	1,101	1,255	1,222	1,254	1,393	1,594	1,027	1,078	1,028	1,095	1,222	1,214	1,386	1,551	1,552	52
3,853	3,454	4,239	4,390	4,734	5,692	4,648	5,568	5,864	3,830	3,298	4,544	4,264	4,755	5,443	4,972	5,472	5,878	53
1,874	1,475	2,087	2,092	2,378	3,122	2,088	2,694	2,789	1,848	1,314	2,346	2,020	2,398	2,864	2,354	2,666	2,801	54
368	421	402	400	448	426	428	513	549	368	421	402	448	448	426	428	513	549	55
6,909	7,328	5,738	7,571	8,551	8,455	7,009	8,499	9,137	6,662	6,683	6,460	7,741	8,190	7,770	7,981	8,573	8,833	56
5,288	5,587	4,104	5,574	6,384	5,955	4,691	5,542	6,333	5,025	5,024	4,712	5,792	6,031	5,408	5,430	5,703	6,032	57
1,699	2,125	1,137	1,809	2,034	1,987	1,557	1,859	2,262	1,602	1,795	1,430	1,943	1,899	1,664	1,921	1,953	2,142	58
791	895	690	853	912	845	710	720	872	802	785	728	914	912	750	76			

Table 2.—U.S. Merchandise
[Millions]

Line		1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
C	Merchandise trade, by principal end-use category, adjusted to balance of payments basis, excluding military—Continued:											
76	Merchandise imports, balance of payments basis, excluding military (A-16)	176,001	212,009	249,750	265,063	247,642	268,900	332,422	338,083	368,425	409,766	446,466
77	Petroleum and products	42,649	60,956	79,355	78,580	62,018	55,342	58,030	51,262	34,391	42,944	39,309
78	Nonpetroleum products	133,352	151,053	170,395	186,483	185,624	213,558	274,392	286,821	334,034	366,822	407,157
79	Foods, feeds, and beverages	15,836	18,001	18,548	18,531	17,462	18,871	21,873	21,873	24,346	24,809	24,909
80	Agricultural	12,106	13,716	14,552	14,149	12,874	13,851	16,596	16,335	17,702	17,266	17,451
81	Coffee, cocoa, and sugar	5,126	5,358	6,263	5,236	3,922	3,960	4,866	4,433	5,387	3,664	3,137
82	Green coffee	3,728	3,820	3,872	2,622	2,730	2,561	3,099	3,079	4,263	2,710	2,283
83	Meat products and poultry	2,176	2,836	2,650	2,243	2,445	2,383	2,539	2,711	2,820	3,305	3,475
84	Vegetables, fruits, nuts, and preparations	1,600	1,984	1,939	2,847	2,783	2,883	3,874	3,826	4,092	4,426	4,633
85	Wine and related products	832	986	1,083	1,169	1,257	1,397	1,562	1,607	1,760	1,916	1,905
86	Other agricultural foods, feeds, and beverages	2,370	2,653	2,618	2,654	2,478	2,920	3,799	3,767	3,701	3,955	4,301
87	Nonagricultural (fish, distilled beverages, etc.)	3,730	4,285	3,996	4,382	4,588	5,020	5,277	5,538	6,644	7,543	7,458
88	Fish and shellfish	2,194	2,621	2,593	2,943	3,123	3,559	3,663	3,927	4,746	5,591	5,422
89	Whiskey and other alcoholic beverages	912	1,028	1,137	1,230	1,296	1,235	1,312	1,273	1,247	1,356	1,501
90	Industrial supplies and materials	83,221	108,464	132,256	134,944	110,922	109,193	124,026	113,678	104,263	113,746	122,350
91	Agricultural	1,572	1,771	1,948	2,863	2,630	2,701	3,086	2,738	2,730	3,106	3,400
92	Nonagricultural products	81,649	106,693	130,308	132,081	108,292	106,492	120,940	110,940	101,533	110,640	118,950
93	Energy products	46,412	65,620	85,006	84,751	68,728	61,198	64,041	56,813	38,574	46,781	43,394
94	Fuels and lubricants	45,990	64,998	84,341	83,812	67,818	60,199	62,973	55,792	37,702	45,796	42,550
95	Paper and paper base stocks	3,906	4,693	5,148	5,456	5,136	5,323	7,103	6,926	7,382	8,670	10,211
96	Textile supplies and related materials	2,054	2,185	2,254	2,910	2,587	3,363	3,833	3,402	4,558	5,417	5,497
97	Chemicals, excluding medicinals	3,884	4,577	5,246	5,914	5,617	6,682	8,697	8,651	8,972	9,812	12,369
98	Building materials, except metals	4,596	5,057	3,962	3,974	3,437	4,866	5,694	6,256	7,438	7,390	7,400
99	Other nonmetals	1,127	1,367	1,632	1,869	1,952	2,411	3,225	3,639	4,430	4,546	5,032
100	Metals and nonmetallic products	19,670	23,194	27,060	27,207	20,835	22,040	28,347	25,253	30,179	28,024	35,047
101	Steelmaking materials	1,901	2,156	1,728	2,088	1,090	1,122	1,394	1,250	1,193	1,277	1,920
102	Iron and steel products	7,362	7,638	7,393	9,916	7,703	7,748	11,593	10,099	9,974	10,822	12,579
103	Nonferrous metals	7,748	10,315	15,055	12,545	9,652	10,469	11,454	10,206	15,264	11,894	15,472
104	Nonmonetary gold	1,765	2,913	5,565	4,104	3,403	2,395	3,359	3,179	7,859	3,784	4,860
105	Other precious metals	893	1,869	2,921	1,936	1,545	2,910	2,004	1,991	2,159	1,889	2,026
106	Bauxite and aluminum	1,823	1,752	2,066	2,413	2,025	2,122	2,754	2,132	2,654	2,982	3,669
107	Other nonferrous metals	3,267	3,781	4,503	4,182	2,679	3,042	3,337	2,904	2,592	3,239	4,917
108	Other metallic and nonmetallic products	2,659	3,085	2,884	2,658	2,390	2,701	3,906	3,698	3,748	4,031	5,076
109	Capital goods, except automotive	19,356	24,460	31,420	36,912	38,407	43,193	60,460	61,434	72,139	85,129	101,757
110	Machinery, except consumer-type	18,166	22,560	27,068	32,618	34,448	39,361	55,586	54,770	65,025	77,408	93,441
111	Electric generating machinery, electric apparatus and parts	1,813	2,362	2,786	3,296	3,703	4,432	6,070	6,752	8,047	9,518	11,529
112	Nonelectric, including parts and attachments	16,353	20,198	24,282	29,322	30,745	34,929	49,516	48,018	56,978	67,890	81,912
113	Oil drilling, mining, and construction machinery	1,371	1,395	1,788	3,466	3,775	4,406	3,144	3,265	3,125	3,502	4,229
114	Industrial engines, pumps, and compressors	1,168	1,599	1,744	2,129	1,718	1,566	2,299	2,353	2,682	3,215	3,962
115	Machine tools and metalworking machinery	1,135	2,635	1,964	2,123	2,028	1,693	2,268	2,852	3,440	3,320	3,672
116	Measuring, testing, and control instruments	482	606	727	862	845	1,078	1,524	1,725	2,032	2,472	2,939
117	Other industrial, agricultural, and service industry machinery	5,263	6,225	8,049	8,840	8,621	9,482	12,266	12,999	15,831	18,074	20,889
118	Computers, peripherals, and parts	977	1,219	1,452	1,912	2,689	5,384	8,342	8,404	11,020	14,839	18,331
119	Semiconductors	1,788	2,516	3,342	3,865	4,577	5,488	7,857	5,607	5,947	7,784	10,961
120	Telecommunications equipment	1,674	2,023	2,958	3,568	3,853	5,578	7,434	6,924	8,128	9,396	11,259
121	Other office and business machines	1,207	1,213	1,405	1,573	1,840	2,598	2,598	3,315	3,605	4,130	4,303
122	Scientific, hospital, and medical equipment and parts	688	767	853	984	1,105	1,414	1,784	2,095	2,862	2,951	3,403
123	Transportation equipment, except automotive	1,190	1,900	4,352	4,294	3,959	3,832	4,874	6,664	7,114	7,721	8,316
124	Civilian aircraft, engines, parts	856	1,371	3,123	3,844	3,524	3,189	3,700	5,309	6,038	6,577	7,544
125	Civilian aircraft, complete, all types	271	519	1,015	1,339	1,132	1,012	1,081	1,833	1,902	2,081	2,691
126	Automotive vehicles, parts, and engines	25,009	26,454	28,058	30,885	34,040	43,218	56,561	65,077	78,110	85,174	87,941
127	From Canada	10,423	9,668	8,708	10,686	13,058	17,335	22,755	24,528	24,668	24,531	29,200
128	Passenger cars, new and used	4,027	3,652	3,727	4,372	5,584	7,840	9,904	11,086	11,681	10,185	13,256
129	Trucks, buses, and special purpose vehicles	2,290	2,143	2,004	2,721	3,285	3,559	4,697	4,793	4,231	5,261	6,082
130	Engines and engine parts	1,113	816	529	766	941	1,375	1,902	1,826	1,600	1,720	1,977
131	Other parts and accessories	2,993	3,057	2,448	2,827	3,248	4,561	6,252	6,823	7,156	7,365	7,885
132	From other areas	14,586	16,786	19,350	20,199	20,982	25,883	33,806	40,549	53,442	60,643	58,741
133	Passenger cars, new and used	9,545	11,135	13,137	13,474	14,475	16,809	20,601	24,897	33,469	37,373	33,794
134	Trucks, buses, and special purpose vehicles	1,473	1,682	2,124	2,201	1,995	2,335	3,605	4,774	6,198	5,483	4,266
135	Engines and engine parts	745	782	832	874	1,002	1,659	2,225	2,542	3,035	3,696	4,557
136	Other parts and accessories	2,823	3,187	3,257	3,650	3,510	5,080	7,375	8,336	10,740	13,727	16,124
137	Consumer goods (nonfood), except automotive	29,399	31,207	34,222	38,302	39,661	47,200	61,155	66,345	79,179	88,824	96,379
138	Consumer nondurables, manufactured	11,226	11,975	12,997	14,765	16,010	19,332	25,957	27,707	33,393	39,431	43,092
139	Textile apparel and household goods, except rugs	5,269	5,552	6,350	7,564	8,201	9,765	13,469	14,528	17,449	20,292	20,764
140	Footwear of leather, rubber, and other materials	2,634	2,955	2,527	2,728	3,017	3,637	4,554	4,563	4,878	5,558	5,902
141	Consumer durables, manufactured	15,824	16,912	18,327	20,593	21,050	24,037	31,451	34,724	41,236	44,894	47,744
142	Household and kitchen appliances and other household goods	4,550	4,976	5,634	6,271	6,828	8,069	10,487	11,167	13,372	16,066	17,215
143	Toys, shooting, and sporting goods, including bicycles	1,775	2,153	2,505	2,803	3,223	3,147	4,383	4,653	5,778	7,196	7,982
144	Television and video receivers	2,064	2,166	1,396	2,152	2,145	3,147	5,329	6,793	8,095	6,410	5,822
145	Radio and stereo equipment, including records, tapes, and disks	2,292	1,959	1,926	2,459	2,285	2,466	3,438	3,452	4,229	4,851	5,630
146	Unmanufactured consumer goods (gemstones, nursery stock)	2,349	2,320	2,898	2,944	2,601	3,256	3,747	3,914	4,550	4,499	5,543
147	Imports, n.e.c., and U.S. goods returned	3,180	3,423	5,246	5,489	7,150	7,225	8,347	9,676	10,388	12,084	13,130
148	U.S. goods returned	2,548	2,879	4,316	4,531	5,204	5,017	5,793	6,221	6,450	7,192	7,876
149	Other products, including balance of payments adjustments not included above (minimum value shipments and miscellaneous imports)	632	544	930	958	1,946	2,208	2,554	3,455	3,938	4,892	5,254

See footnotes on page 146.

Trade—Continued
of dollars]

Not seasonally adjusted										Seasonally adjusted										Line
1987				1988				1989	1987				1988				1989			
I	II	III	IV	I	II	III	IV	I ^p	I	II	III	IV	I	II	III	IV	I ^p			
93,458	101,189	104,510	110,609	107,464	111,473	110,252	117,277	113,162	95,916	99,834	104,903	109,113	109,893	109,882	110,943	115,748	116,130	76		
8,750	10,058	12,713	11,423	9,954	10,225	9,748	9,382	10,690	8,866	10,090	12,753	11,235	10,068	10,248	9,775	9,218	10,834	77		
84,708	91,131	91,797	99,186	97,510	101,248	100,504	107,895	102,472	87,050	89,744	92,150	97,878	99,825	99,634	101,168	106,530	105,296	78		
5,945	6,181	6,183	6,500	6,517	5,920	6,049	6,423	6,328	5,967	6,177	6,325	6,340	6,503	5,939	6,198	6,269	6,290	79		
4,240	4,369	4,195	4,462	4,746	4,102	4,246	4,357	4,574	4,131	4,325	4,383	4,427	4,610	4,072	4,430	4,339	4,418	80		
953	995	818	898	877	654	851	755	900	953	995	819	897	877	654	851	755	909	81		
689	768	620	633	635	483	658	507	604	689	768	620	633	635	483	658	507	604	82		
793	866	846	800	1,059	868	790	758	874	793	866	846	800	1,059	868	790	758	874	83		
1,195	1,085	1,048	1,098	1,410	1,078	987	1,158	1,431	945	1,026	1,248	1,207	1,129	1,032	1,190	1,282	1,146	84		
399	490	477	550	414	502	489	500	358	488	472	461	495	502	484	470	449	432	85		
900	933	1,006	1,116	986	1,000	1,129	1,186	1,002	952	966	1,009	1,028	1,043	1,034	1,129	1,095	1,057	86		
1,705	1,812	1,988	2,038	1,771	1,818	1,803	2,066	1,754	1,836	1,852	1,942	1,913	1,893	1,867	1,768	1,930	1,872	87		
1,248	1,393	1,498	1,452	1,326	1,372	1,300	1,424	1,322	1,324	1,382	1,455	1,430	1,394	1,363	1,268	1,397	1,389	88		
326	286	317	427	341	313	355	492	335	364	331	326	335	378	364	365	394	369	89		
25,546	27,031	30,177	30,992	30,873	31,661	29,651	30,165	32,062	25,641	26,533	30,408	31,164	30,979	31,057	29,936	30,378	32,325	90		
910	772	660	764	865	802	797	936	1,164	808	778	740	780	781	802	876	941	1,063	91		
24,636	26,259	29,517	30,228	30,008	30,859	28,854	29,229	30,898	24,833	25,755	29,668	30,384	30,198	30,255	29,060	29,437	31,282	92		
9,777	10,822	13,595	12,587	11,130	11,150	10,729	10,385	11,670	9,794	10,887	13,729	12,371	11,138	11,212	10,857	10,187	11,726	93		
9,536	10,580	13,340	12,340	10,885	10,956	10,492	10,217	11,532	9,553	10,646	13,474	12,123	10,892	11,019	10,619	10,020	11,588	94		
2,082	2,083	2,186	2,319	2,458	2,567	2,664	2,522	2,455	2,098	2,088	2,181	2,303	2,474	2,578	2,651	2,508	2,472	95		
1,230	1,371	1,384	1,432	1,369	1,402	1,357	1,369	1,320	1,243	1,322	1,377	1,475	1,391	1,346	1,354	1,406	1,349	96		
2,401	2,431	2,331	2,649	3,088	3,170	2,952	3,159	3,521	2,298	2,395	2,421	2,758	2,944	3,051	3,079	3,295	3,394	97		
1,635	1,920	1,996	1,839	1,752	1,988	1,912	1,748	1,833	1,768	1,754	1,893	1,975	1,896	1,812	1,809	1,883	1,990	98		
1,130	1,175	1,102	1,139	1,187	1,255	1,235	1,355	1,646	1,154	1,127	1,114	1,151	1,202	1,200	1,260	1,370	1,681	99		
6,381	6,457	6,923	8,263	9,024	9,327	8,005	8,691	8,443	6,478	6,242	6,953	8,351	9,153	9,056	8,050	8,788	8,650	100		
212	315	336	414	398	478	523	521	539	277	282	312	406	506	433	480	501	691	101		
2,630	2,726	2,642	2,824	3,076	3,185	3,134	3,184	2,726	2,646	2,643	2,650	2,883	3,079	3,087	3,162	3,251	2,721	102		
2,596	2,406	2,966	3,926	4,304	4,381	3,109	3,678	3,946	3,109	3,420	2,351	2,983	3,940	4,332	4,305	3,136	3,699	103		
462	472	904	1,654	1,870	1,764	559	667	805	754	702	904	1,654	1,870	1,764	559	667	805	104		
669	729	744	840	858	913	936	962	1,053	678	674	745	885	862	840	935	1,032	1,075	106		
711	768	822	938	1,124	1,167	1,141	1,485	1,496	726	768	838	907	1,148	1,164	1,169	1,436	1,547	107		
943	1,010	979	1,099	1,246	1,283	1,239	1,308	1,232	935	966	1,008	1,122	1,236	1,231	1,337	1,219	1,088	108		
18,630	20,910	21,837	23,752	23,532	25,510	25,547	27,168	26,267	19,133	20,678	21,892	23,426	24,054	25,254	25,670	26,779	26,930	109		
17,155	18,995	19,683	21,575	21,798	23,125	23,477	25,041	24,009	17,685	18,729	19,727	21,267	22,350	22,826	23,587	24,678	24,705	110		
2,141	2,466	2,364	2,547	2,831	2,994	2,831	3,160	2,723	2,231	2,417	2,376	2,494	2,631	2,775	3,008	3,115	2,831	111		
15,014	16,529	17,319	19,028	19,254	20,294	20,483	21,881	21,286	15,454	16,312	17,351	18,773	19,719	20,051	20,579	21,563	21,874	112		
760	898	925	929	1,096	1,148	1,033	952	1,065	803	819	900	990	1,154	1,067	1,002	1,110	1,113	113		
751	808	788	868	916	1,001	1,035	1,080	1,090	751	755	788	921	914	942	1,018	1,088	1,078	114		
810	856	793	861	934	855	882	1,001	1,063	810	856	793	861	934	855	868	1,001	1,063	115		
542	614	607	709	701	735	721	782	472	557	598	630	687	719	714	748	758	483	116		
4,114	4,576	4,532	4,852	5,059	5,346	5,020	5,464	5,738	4,169	4,392	4,582	4,931	5,085	5,139	5,117	5,548	5,802	117		
3,173	3,415	3,740	4,511	4,299	4,443	4,605	4,984	4,671	3,276	3,490	3,832	4,241	4,418	4,544	4,704	4,665	4,806	118		
1,625	1,903	2,080	2,176	2,331	2,716	2,934	2,980	2,919	1,692	1,856	2,018	2,218	2,400	2,652	2,872	3,037	3,062	119		
1,774	1,944	2,180	2,230	2,139	2,269	2,398	2,590	2,375	1,898	1,968	2,125	2,137	2,281	2,293	2,341	2,481	2,527	120		
796	806	944	1,059	1,012	938	1,009	1,171	1,016	797	853	946	1,009	1,014	995	1,011	1,111	1,016	121		
669	719	730	833	767	843	871	922	887	701	725	737	788	800	850	881	872	927	122		
1,475	1,915	2,154	2,177	1,734	2,385	2,070	2,127	2,258	1,448	1,949	2,165	2,159	1,704	2,428	2,258	2,101	2,225	123		
1,302	1,658	1,711	1,906	1,580	2,084	1,907	1,973	1,949	1,276	1,701	1,718	1,882	1,552	2,136	1,916	1,940	1,920	124		
20,426	22,465	19,177	23,100	21,313	22,634	19,626	24,368	22,404	20,818	21,256	21,074	22,026	21,618	21,319	21,754	23,250	22,775	126		
6,552	6,307	4,801	6,871	7,181	8,154	6,131	7,734	7,714	6,485	5,812	5,647	6,587	7,046	7,458	7,324	7,372	7,600	127		
2,920	2,538	1,613	3,114	3,423	3,916	2,638	3,279	3,360	2,890	2,324	2,069	2,902	3,349	3,542	3,366	2,999	3,288	128		
1,217	1,366	1,256	1,422	1,404	1,633	1,361	1,684	1,743	1,181	1,217	1,457	1,406	1,364	1,456	1,596	1,664	1,711	129		
465	423	368	464	502	519	384	572	571	456	395	420	449	490	487	451	549	558	130		
1,950	1,980	1,564	1,871	1,852	2,086	1,748	2,199	2,040	1,958	1,876	1,701	1,830	1,843	1,971	1,911	2,160	2,043	131		
13,880	16,158	14,376	16,229	14,132	14,480	13,495	16,634	14,690	14,333	15,444	15,427	15,439	14,572	13,861	14,430	15,878	15,175	132		
8,176	10,200	9,028	10,333	8,018	8,154	7,622	10,000	8,325	8,744	9,641	9,888	9,464	8,643	7,718	8,306	9,127	9,004	133		
1,597	1,578	1,083	1,225	1,146	1,043	927	1,150	1,027	1,597	1,578	1,083	1,225	1,146	1,043	927	1,150	1,027	134		
927	947	874	948	1,080	1,210	1,040														

Table 3.—Selected Service Transactions

[Millions of dollars]

Line		1986	1987	1988	Not seasonally adjusted					Seasonally adjusted				
					1988				1989	1988				1989
					I	II	III	IV	I ^a	I	II	III	IV	I ^a
1	Exports of selected services	70,886	79,405	92,058	21,087	22,042	25,340	23,591	24,087	21,799	22,405	23,432	24,422	24,867
2	Travel (table 1, line 5)	20,454	23,505	29,202	5,751	7,031	9,118	7,302	6,999	6,518	6,968	7,626	8,090	7,847
3	Passenger fares (table 1, line 6)	5,546	6,882	8,860	1,771	2,180	2,858	2,051	1,979	2,115	2,085	2,321	2,339	2,348
4	Other transportation (table 1, line 7)	15,458	16,989	18,930	4,605	4,769	4,800	4,757	4,944	4,675	4,769	4,710	4,776	5,014
5	Freight	3,969	4,700	5,345	1,370	1,372	1,289	1,315	1,481	1,370	1,372	1,289	1,315	1,481
6	Port services	10,480	11,575	12,830	3,054	3,209	3,319	3,248	3,281	3,124	3,209	3,229	3,267	3,351
7	Other	1,009	714	755	181	188	192	194	182	181	188	192	194	182
8	Royalties and license fees (table 1, line 8)	7,254	9,070	10,735	2,377	2,548	2,556	3,254	2,734	2,517	2,610	2,697	2,911	2,885
9	Affiliated, net	5,412	6,900	8,319	1,797	1,954	1,945	2,623	2,079	1,938	2,016	2,086	2,279	2,230
10	U.S. parents' receipts	5,516	7,049	8,431	1,831	1,980	1,964	2,656	2,104	1,984	2,043	2,103	2,300	2,265
11	U.S. parents' payments	106	150	112	34	26	19	33	25	46	27	17	21	35
12	Unaffiliated	1,842	2,171	2,416	580	594	611	631	655	580	594	611	631	655
13	Other private services (table 1, line 9)	22,174	22,959	24,331	6,583	5,514	6,008	6,227	7,431	5,974	5,973	6,078	6,306	6,773
14	Affiliated services, net	3,024	2,196	2,858	651	726	699	782	849	677	722	717	743	883
15	U.S. parents' receipts	5,375	5,106	6,168	1,453	1,523	1,491	1,702	1,674	1,491	1,542	1,501	1,634	1,717
16	U.S. parents' payments	2,351	2,910	3,310	801	797	792	919	825	814	820	784	891	836
17	Unaffiliated services	19,150	20,763	21,471	5,931	4,788	5,310	5,445	6,581	5,297	5,251	5,362	5,564	5,891
18	Education	3,480	3,804	4,111	1,628	1,540	1,010	934	1,787	994	1,003	1,062	1,053	1,097
19	Financial services	3,301	3,731	3,835	972	934	937	992	1,125	972	934	937	992	1,125
20	Insurance ¹	2,041	2,285	1,564	440	388	365	370	405	440	388	365	370	405
21	Telecommunications	1,827	2,105	2,357	564	579	567	618	640	564	579	567	618	640
22	Business, professional, and technical services	4,368	4,270	4,787	1,135	1,153	1,205	1,295	1,345	1,135	1,153	1,205	1,295	1,345
23	Other unaffiliated services ²	4,133	4,568	4,817	1,192	1,194	1,196	1,236	1,279	1,192	1,194	1,196	1,236	1,279
24	Imports of selected services	59,281	67,455	73,073	16,158	18,984	21,167	16,764	16,652	18,538	17,798	18,142	18,596	19,176
25	Travel (table 1, line 20)	26,000	29,215	32,112	6,181	8,679	10,598	6,654	6,398	8,092	7,643	8,084	8,293	8,377
26	Passenger fares (table 1, line 21)	6,774	7,423	7,872	1,702	2,062	2,347	1,761	1,769	2,037	1,903	1,902	2,031	2,152
27	Other transportation (table 1, line 22)	16,715	18,062	19,641	4,883	5,005	4,923	4,830	4,964	5,033	4,995	4,826	4,787	5,144
28	Freight	10,687	10,999	11,841	3,042	3,022	2,895	2,882	2,839	3,042	3,022	2,895	2,882	2,839
29	Port services	5,201	6,360	7,059	1,671	1,799	1,837	1,753	1,933	1,816	1,788	1,741	1,714	2,103
30	Other	827	703	741	170	184	191	195	192	175	185	190	191	202
31	Royalties and license fees (table 1, line 23)	1,062	1,365	2,048	474	539	550	485	438	474	539	550	485	437
32	Affiliated, net	602	843	968	247	236	242	242	257	247	236	242	242	257
33	U.S. affiliates' receipts	171	240	238	41	56	63	78	74	41	56	63	78	74
34	U.S. affiliates' payments	773	1,083	1,205	289	292	305	320	331	289	292	305	320	331
35	Unaffiliated	461	522	1,080	227	303	308	243	180	227	303	308	243	180
36	Other private services (table 1, line 24)	8,730	11,390	11,400	2,918	2,699	2,749	3,034	3,083	2,902	2,718	2,780	3,000	3,066
37	Affiliated services, net	-1,284	-616	-694	18	-255	-245	-213	-211	18	-255	-245	-211	-211
38	U.S. affiliates' receipts	2,808	2,683	3,028	628	761	765	874	852	628	761	765	874	852
39	U.S. affiliates' payments	1,524	2,067	2,334	646	506	521	661	642	646	506	521	661	642
40	Unaffiliated services	10,014	12,006	12,094	2,899	2,953	2,994	3,247	3,295	2,884	2,972	3,026	3,212	3,278
41	Education	461	513	555	133	130	131	160	147	135	136	140	144	148
42	Financial services	1,769	2,077	1,656	342	387	435	492	489	342	387	435	492	489
43	Insurance ¹	2,201	3,168	2,781	727	688	677	689	735	727	688	677	689	735
44	Telecommunications	3,252	3,701	4,264	1,002	1,042	1,086	1,133	1,165	1,002	1,042	1,086	1,133	1,165
45	Business, professional, and technical services	1,252	1,425	1,646	389	402	413	442	426	389	402	413	442	426
46	Other unaffiliated services ²	1,079	1,122	1,192	306	304	252	331	333	289	317	275	312	315

See footnotes on page 146.

Table 4.—Selected U.S. Government Transactions

[Millions of dollars]

Line		1986	1987	1988	1987				1988				1989
					I	II	III	IV	I	II	III	IV	
A1	U.S. Government grants (excluding military) and transactions increasing Government assets, total	19,843	16,777	17,691	3,234	4,211	4,265	5,068	4,936	3,923	3,689	5,142	3,318
	By category												
2	Grants, net (table 1, line 32, with sign reversed)	11,730	10,149	10,377	2,103	2,244	2,194	3,609	2,233	1,928	2,288	3,928	2,228
3	Financing military purchases ¹	3,873	2,816	3,185	715	683	611	807	994	681	705	807	929
4	Other grants	7,856	7,333	7,192	1,388	1,560	1,582	2,802	1,239	1,247	1,583	3,122	1,300
5	Credits and other long-term assets (table 1, line 42, with sign reversed)	9,093	6,515	7,579	978	2,127	2,067	1,343	2,808	2,017	1,458	1,296	1,093
6	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,481	1,212	1,314	189	282	407	333	279	298	325	412	261
7	Credits repayable in U.S. dollars	7,050	4,738	5,733	685	1,707	1,491	854	2,425	1,603	984	721	706
8	Credits repayable in other than U.S. dollars	121	115	75	-6	19	61	41	-11	6	57	23	14
9	Other long-term assets	440	450	457	109	118	107	115	115	110	92	139	113
10	Foreign currency holdings and short-term assets, net (table 1, line 44, with sign reversed)	-979	113	-265	153	-159	4	116	-105	-22	-57	-81	-3
11	Foreign currency holdings (excluding administrative cash holdings), net	-12	-137	-72	-66	-40	5	-38	-14	-46	9	-21	-4
	Receipts from:												
12	Sales of agricultural commodities	49	41	38	2	5	24	10	4	(*)	31	3	6
13	Interest	53	76	38	34	14	17	11	11	12	10	6	17
14	Repayments of principal	120	53	68	7	19	12	15	16	21	9	23	21
15	Reverse grants												
16	Other sources	48	12	6	4	3	2	1	1	3	1	2	2
	Less currencies disbursed for:												
17	Grants and credits in the recipient's currency	10	15	4	1	1	7	7	(*)	3	(*)	(*)	(*)
18	Other U.S. Government expenditures	1											
19	Other assets held under Commodity Credit Corporation Charter Act, net	272	304	218	112	79	45	68	44	77	43	53	49
20	Assets acquired in performance of U.S. Government guarantee and insurance obligations, net	-908	235	-179	165	-134	44	161	-171	-8	-1	1	7
21	Assets financing military sales contracts, net ²	14	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
22	Other short-term assets (including changes in administrative cash holdings), net	-73	14	-15	54	15	-46	-8	80	32	-65	-62	-7
	By program												
24	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,481	1,212	1,314	189	282	407	333	279	298	325	412	261
25	Under Agricultural Trade Development and Assistance Act and related programs	1,873	1,757	1,815	242	377	659	478	346	511	545	413	430
26	Under Foreign Assistance Act and related programs	13,194	11,258	12,448	2,230	2,780	2,640	3,608	3,696	2,545	2,286	3,921	2,207
27	Under Export-Import Bank Act	1,260	998	971	152	487	206	153	253	311	295	112	215
28	Under Commodity Credit Corporation Charter Act	1,139	713	224	211	76	209	216	78	80	42	24	4
29	Under other grant and credit programs	1,575	540	577	114	121	93	212	103	81	188	204	101
30	Other foreign currency assets acquired (lines A13, A14, and A16)	221	141	112	45	35	32	26	27	34	22	29	39
31	Less foreign currencies used by U.S. Government other than for grants or credits (line A19)	272	304	218	112	79	45	68	44	77	43	53	49
32	Other (including changes in administrative cash holdings), net	369	462	448	162	130	63	107	198	140	30	79	111
	By disposition³												
33	Estimated transactions involving no direct dollar outflow from the United States	19,842	11,770	12,984	2,354	3,210	3,262	2,943	4,037	3,016	2,776	3,155	2,308
34	Expenditures on U.S. merchandise	5,256	5,486	5,422	1,328	1,070	1,589	1,499	1,312	1,091	1,328	1,692	1,542
35	Expenditures on U.S. services ⁴	2,912	2,473	4,522	425	952	501	595	1,889	882	689	1,062	1,441
36	Financing of military sales contracts by U.S. Government ⁵ (line C6)	3,742	2,807	2,209	457	809	868	674	539	726	521	423	525
37	By long-term credits	1,448	1,492	730	218	499	504	272	108	332	179	111	114
38	By short-term credits ¹												
39	By grants ¹	2,294	1,315	1,479	239	310	364	402	431	394	342	312	410
40	U.S. Government grants and credits to repay prior U.S. Government credits ¹⁻⁴	1,197	559	610	88	313	118	40	237	265	87	21	121
41	U.S. Government long- and short-term credits to repay prior U.S. private credits ⁶ and other assets	494	796	568	173	151	267	206	108	136	213	13	36
42	Increase in liabilities associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) ⁷ (line C1)	-12	2	-2	(*)	(*)	1	1	-1		(*)		
43	Less receipts on short-term U.S. Government assets (a) financing military sales contracts, (b) financing repayment of private credits and other assets, and (c) financing expenditures on U.S. merchandise	21	52	31	4	5	38	4	4	7	18	3	7
44	Less foreign currencies used by U.S. Government other than for grants or credits (line A19)	272	304	218	112	79	45	68	44	77	43	53	49
45	Estimated dollar payments to foreign countries and international financial institutions	6,546	5,009	4,707	880	1,001	1,003	2,125	899	907	913	1,987	1,010
B1	Repayments on U.S. Government long-term assets, total (table 1, line 43)	6,090	7,625	10,313	1,010	1,867	2,360	2,388	1,031	1,166	3,402	4,714	1,922
2	Receipts of principal on U.S. Government credits	5,649	7,176	9,855	899	1,754	2,247	2,275	911	1,049	3,290	4,603	1,809
3	Under Agricultural Trade Development and Assistance Act and related programs	368	275	451	31	52	46	145	90	113	122	50	50
4	Under Foreign Assistance Act and related programs	1,674	2,336	7,716	248	362	601	1,126	392	404	2,835	4,085	1,327
5	Under Export-Import Bank Act	2,916	4,293	1,440	564	1,315	1,549	865	377	501	293	269	388
6	Under Commodity Credit Corporation Charter Act	569	152	126	47	25	46	34	10	52	45	18	42
7	Under other credit programs	122	120	122	9	1	5	105	6	1	5	110	2
8	Receipts on other long-term assets	441	449	456	111	113	112	113	119	116	112	110	113
C1	U.S. Government liabilities other than securities, total, net increase (+) (table 1, line 55)	2,141	-2,520	-1,284	-1,274	-1,343	-142	238	-304	-517	-232	-232	-377
2	Associated with military sales contracts ²	2,187	-2,277	-1,280	-1,261	-1,170	-74	228	-335	-405	-250	-211	-326
3	U.S. Government cash receipts from foreign governments (including principal repayments on credits financing military sales contracts), net of refunds ¹	7,250	7,828	10,378	1,971	2,205	1,700	1,952	1,604	1,381	3,849	3,544	2,463
4	Less U.S. Government receipts from principal repayments	875	1,301	3,489	161	160	387	584	184	139	1,417	1,749	1,145
5	Less U.S. Treasury securities issued in connection with prepayments for military purchases in the United States	-565	373	376	262	700	-324	-266	-371	-152	606	293	-12
6	Plus financing of military sales contracts by U.S. Government ⁵ (line A36)	3,742	2,807	2,209	457	809	868	674	539	726	521	423	525
7	By long-term credits	1,448	1,492	730	218	499	504	272	108	332	179	111	114
8	By short-term credits ¹												
9	By grants ¹	2,294	1,315	1,479	239	310	364	402	431	394	342	312	410
10	Less transfers of goods and services (including transfers financed by grants for military purchases, and by credits) ¹⁻³ (table 1, line 4)	8,495	11,238	10,050	3,266	3,324	2,579	2,070	2,665	2,604	2,645	2,136	2,180
11	Associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) ⁷ (line A42)	-12	2	-2	(*)	(*)	1	1	-1		(*)		
12	Associated with other liabilities	-34	-246	-2	-12	-173	-69	9	32	-32	18	-21	-52
13	Sales of nuclear material by Department of Energy	-77	75	21	-27	-25	-3	-20	-8	46	2	-32	
14	Sales of space launch and other services by National Aeronautics and Space Administration	47	-68	5	14	-56	-29	2	3	-1	-2	4	-36
15	Other sales and miscellaneous operations	-4	-103	-27	1	-92	-38	26	50	-24	-27	-27	16

See footnotes on page 146.

Table 5.—Direct Investment: Income, Capital, Royalties and License Fees, and Other Private Services

[Millions of dollars]

Line	(Credits +, debits -)	1986	1987	1988	1987				1988				1989
					I	II	III	IV	I	II	III	IV	
U.S. direct investment abroad:													
1	Income (table 1, line 12)	38,533	54,754	48,264	13,270	10,974	10,221	20,289	12,115	10,203	8,649	17,297	8,880
2	Income before capital gains/losses	29,927	38,580	48,408	8,463	9,862	9,126	11,129	11,256	12,690	11,233	13,228	12,645
3	Capital gains/losses (gains +, losses -) ¹	8,606	16,174	-144	4,807	1,112	1,095	9,160	858	-2,487	-2,585	4,069	-3,764
4	Earnings (net of withholding taxes)	41,780	57,246	49,860	13,918	11,572	10,866	20,890	12,561	10,542	9,041	17,716	9,170
5	Distributed earnings	24,126	22,982	34,690	4,884	4,448	4,836	8,814	8,660	7,821	4,552	13,658	5,613
6	Reinvested earnings	17,654	34,264	15,170	9,035	7,124	6,030	12,076	3,901	2,721	4,489	4,058	3,557
7	Interest (net of withholding taxes)	-3,247	-2,492	-1,596	-648	-598	-645	-601	-446	-339	-392	-419	-289
8	U.S. parents' receipts	1,512	1,615	2,052	377	392	417	429	550	554	508	561	561
9	U.S. parents' payments	-4,759	-4,107	-3,648	-1,025	-989	-1,062	-1,030	-896	-879	-900	-972	-850
10	Capital (table 1, line 46)	-26,311	-44,194	-17,533	-11,211	-8,157	-8,646	-16,180	-6,600	-941	-4,912	-5,080	-3,783
11	Equity capital	-551	-3,677	5,469	-923	508	-715	-2,547	1,015	2,195	-294	2,552	2,945
12	Increases in equity capital ²	-12,473	-14,831	-8,655	-3,546	-2,109	-2,723	-6,453	-2,628	-1,522	-1,902	-2,604	-1,711
13	Decreases in equity capital ³	11,922	11,154	14,124	2,622	2,618	2,008	3,906	3,642	3,718	1,608	5,156	4,656
14	Reinvested earnings	-17,654	-34,264	-15,170	-9,035	-7,124	-6,030	-12,076	-3,901	-2,721	-4,489	-4,058	-3,557
15	Intercompany debt	-8,106	-6,252	-7,831	-1,253	-1,542	-1,901	-1,557	-3,714	-415	-128	-3,574	-3,171
16	U.S. parents' receivables	-1,498	-4,173	-2,357	-2,701	-1,812	955	-615	-3,684	457	-300	1,169	-3,981
17	U.S. parents' payables	-6,609	-2,079	-5,474	1,448	270	-2,856	-942	-30	-873	172	-4,743	810
18	Royalties and license fees (table 1, line 8)	5,412	6,900	8,319	1,512	1,594	1,661	2,132	1,797	1,954	1,945	2,623	2,079
19	U.S. parents' receipts	5,518	7,049	8,431	1,530	1,625	1,714	2,181	1,831	1,980	1,964	2,656	2,104
20	U.S. parents' payments	-106	-150	-112	-17	-31	-53	-49	-34	-26	-19	-33	-25
21	Other private services (table 1, line 9)	3,024	2,196	2,858	490	567	516	623	651	726	699	782	849
22	U.S. parents' receipts	5,375	5,106	6,168	1,184	1,263	1,235	1,424	1,453	1,523	1,491	1,702	1,674
23	U.S. parents' payments	-2,351	-2,910	-3,310	-694	-696	-719	-801	-801	-797	-792	-919	-825
By industry of affiliate:⁴													
24	Income (line 1)	38,533	54,754	48,264	13,270	10,974	10,221	20,289	12,115	10,203	8,649	17,297	8,880
25	Petroleum	8,477	8,667	7,932	2,263	1,979	1,987	2,438	2,428	1,630	1,778	2,096	1,242
26	Manufacturing	18,061	27,616	23,319	6,624	4,975	4,339	11,678	5,269	4,393	4,246	9,412	5,066
27	Other	11,995	18,471	17,013	4,383	4,021	3,895	6,173	4,418	4,180	2,625	5,789	2,572
28	Income before capital gains/losses (line 2)	29,927	38,580	48,408	8,463	9,862	9,126	11,129	11,256	12,690	11,233	13,228	12,645
29	Petroleum	7,240	7,620	7,476	1,702	1,878	1,861	2,179	1,880	1,740	1,739	2,117	1,790
30	Manufacturing	13,586	18,537	25,447	4,008	4,658	3,817	6,053	5,830	6,610	6,186	8,821	6,802
31	Other	9,101	12,423	15,485	2,753	3,325	3,448	2,897	3,547	4,340	3,308	4,290	4,052
Capital:													
32	Equity capital (line 11)	-551	-3,677	5,469	-923	508	-715	-2,547	1,015	2,195	-294	2,552	2,945
33	Petroleum	-1,391	-2,127	3,381	65	-730	131	-1,584	1,496	1,080	39	766	3,207
34	Manufacturing	3,089	-744	797	-50	176	-522	-347	282	641	231	-357	-525
35	Other	-2,249	-806	1,290	-938	1,062	-324	-606	-763	475	-564	2,143	262
36	Reinvested earnings (line 14, or line 6 with sign reversed)	-17,654	-34,264	-15,170	-9,035	-7,124	-6,030	-12,076	-3,901	-2,721	-4,489	-4,058	-3,557
37	Petroleum	-27	-1,822	-45	-718	-715	-259	-129	-686	371	-752	1,764	507
38	Manufacturing	-11,166	-19,903	-7,266	-5,023	-3,427	-2,431	-9,022	-973	-542	-1,907	-3,844	-2,783
39	Other	-6,461	-12,539	-7,859	-3,293	-2,982	-3,340	-2,924	-2,242	-1,806	-1,979	-1,181	-1,281
40	Intercompany debt (line 15)	-8,106	-6,252	-7,831	-1,253	-1,542	-1,901	-1,557	-3,714	-415	-128	-3,574	-3,171
41	Petroleum	-1,940	604	-1,584	316	1,288	-1,067	66	-368	-427	-425	-364	-857
42	Manufacturing	-2,006	-213	1,163	-498	-418	1,545	-843	685	-205	1,277	-595	-2,166
43	Other	-4,161	-6,642	-7,410	-1,072	-2,412	-2,379	-780	-4,031	216	-981	-2,615	-148
Foreign direct investment in the United States:													
44	Income (table 1, line 27)	-5,379	-9,500	-16,748	-3,412	-2,606	-3,648	166	-3,807	-4,512	-4,373	-4,056	-4,225
45	Income before capital gains/losses	-7,433	-9,871	-15,882	-2,104	-2,588	-2,990	-2,190	-3,458	-4,364	-4,114	-3,947	-4,328
46	Capital gains/losses (gains -, losses +) ⁵	2,054	371	866	-1,308	-18	-658	2,355	-349	-148	-259	-109	103
47	Earnings (net of withholding taxes)	-2,231	-5,874	-11,830	-2,617	-1,770	-2,792	1,305	-2,710	-3,378	-3,077	-2,664	-2,700
48	Distributed earnings	-4,524	-4,393	-5,270	-956	-1,190	-788	-1,459	-937	-2,021	-995	-1,317	-1,063
49	Reinvested earnings	2,293	-1,481	-6,560	-1,662	-580	-2,003	2,764	-1,774	-1,357	-2,083	-1,347	-1,637
50	Interest (net of withholding taxes)	-3,148	-3,626	-4,918	-795	-836	-857	-1,139	-1,134	-1,295	-1,392	-1,525	-1,525
51	U.S. affiliates' payments	-3,990	-4,813	-6,240	-1,027	-1,085	-1,284	-1,417	-1,367	-1,416	-1,633	-1,824	-1,955
52	U.S. affiliates' receipts	842	1,187	1,321	232	249	428	279	282	337	431	430	
53	Capital (table 1, line 59)	34,091	46,894	58,435	8,180	7,876	16,277	14,561	9,616	13,885	11,896	23,038	14,429
54	Equity capital	25,086	30,621	40,362	4,465	5,534	7,243	13,379	9,600	9,318	7,938	13,507	4,192
55	Increases in equity capital ²	30,663	36,222	43,644	5,541	6,305	8,888	15,488	10,921	9,754	8,678	14,290	4,362
56	Decreases in equity capital ³	-5,577	-5,601	-3,282	-1,076	-772	-1,645	-2,109	-1,322	-436	-741	-783	-170
57	Reinvested earnings	-2,293	1,481	6,560	1,662	580	2,003	-2,764	1,774	1,357	2,083	1,347	1,637
58	Intercompany debt	11,298	14,792	11,513	2,053	1,762	7,031	3,946	-1,758	3,210	1,876	8,185	8,600
59	U.S. affiliates' payables	13,412	21,364	17,747	5,263	3,489	8,434	4,177	-847	4,189	4,310	10,095	8,289
60	U.S. affiliates' receivables	-2,113	-6,572	-6,234	-3,211	-1,727	-1,403	-231	-911	-978	-2,434	-1,911	311
61	Royalties and license fees (table 1, line 23)	-602	-843	-968	-215	-201	-190	-247	-236	-242	-242	-242	-257
62	U.S. affiliates' payments	-773	-1,083	-1,205	-237	-250	-254	-341	-289	-292	-305	-320	-331
63	U.S. affiliates' receipts	171	240	238	22	49	64	104	41	56	63	78	74
64	Other private services (table 1, line 24)	1,284	616	694	44	148	123	301	-18	255	245	213	211
65	U.S. affiliates' payments	-1,524	-2,067	-2,334	-498	-489	-430	-651	-646	-506	-521	-661	-642
66	U.S. affiliates' receipts	2,808	2,683	3,028	542	637	552	952	628	761	765	874	852
By industry of affiliate:⁴													
67	Income (line 44)	-5,379	-9,500	-16,748	-3,412	-2,606	-3,648	166	-3,807	-4,512	-4,373	-4,056	-4,225
68	Petroleum	-302	-2,345	-2,929	-303	-622	-765	-656	-914	-758	-856	-401	-817
69	Manufacturing	-75	-3,864	-1,712	-859	-1,253	-1,079	-672	-1,460	-1,986	-1,815	-1,911	-1,765
70	Other	-5,001	-3,291	-6,647	-2,250	-731	-1,804	1,494	-1,768	-1,702	-1,743	-1,644	-1,644
71	Income before capital gains/losses (line 45)	-7,433	-9,871	-15,882	-2,104	-2,588	-2,990	-2,190	-3,458	-4,364	-4,114	-3,947	-4,328
72	Petroleum	-1,430	-2,321	-3,001	-642	-642	-713	-664	-877	-784	-850	-490	-774
73	Manufacturing	-2,318	-4,166	-5,961	-900	-1,161	-1,026	-1,079	-1,393	-1,849	-1,438	-1,282	-1,762
74	Other	-3,685	-3,383	-6,920	-902	-785	-1,251	-446	-1,188	-1,731	-1,826	-2,175	-1,792
Capital:													
75	Equity capital (line 54)	25,086	30,621	40,362	4,465	5,534	7,243	13,379	9,600	9,318	7,938	13,507	4,192
76	Petroleum	1,226	761	866	41	80	350	290	21	164	-2	683	4
77	Manufacturing	9,488	15,020	17,573	2,783	2,400	3,184	6,653	2,027	5,836	3,220	6,490	1,501
78	Other	-14,372	-14,840	-21,923	-1,641	-3,054	-3,709	6,436	7,5				

Table 6.—Securities Transactions

[Millions of dollars]

Line	(Credits +; debits -)	1986	1987	1988	1987				1988				1989
					I	II	III	IV	I	II	III	IV		I^{p}
A1	Foreign securities, net U.S. purchases (-), (table 1, line 47 or lines 2 + 11 below)	-4,271	-5,251	-7,845	-1,749	-287	-1,159	-2,056	-4,539	1,333	-1,592	-3,047	-2,554
2	Stocks, net U.S. purchases	-1,153	2,130	-909	-1,363	-685	272	3,906	-716	1,216	-228	-1,181	-1,335
3	New issues in the United States	-924	-2,665	-1,079	-232	-1,431	-797	-205	-286	-181	-612	-111	
4	Of which Canada	-104	-463	-24	-148	-315			-24				
5	Transactions in outstanding stocks, net	-229	4,795	170	-1,131	746	1,069	4,111	-716	1,502	-47	-569	-1,224
6	Western Europe	-426	-1,123	-577	-936	-723	-363	899	-9	574	-1,560	418	-1,031
7	Of which United Kingdom	-547	-1,888	198	-1,200	-164	-84	-440	533	660	-961	-34	-505
8	Canada	-945	-1,853	521	-985	-566	-321	19	78	45	133	265	-103
9	Japan	1,642	7,149	-217	450	2,095	1,561	3,043	-901	551	1,296	-1,163	-556
10	Other	-500	622	443	340	-60	192	150	116	332	84	-89	466
11	Bonds, net U.S. purchases	-3,118	-7,381	-6,937	-386	398	-1,431	-5,962	-3,823	116	-1,364	-1,866	-1,219
12	New issues in the United States	-6,708	-6,071	-6,855	-1,139	-909	-377	-3,646	-2,115	-1,048	-2,051	-1,641	-1,584
13	By issuer:												
14	Central governments and their agencies and corporations	-3,150	-2,658	-2,295	-891	-193	-261	-1,313	-669	-725	-156	-745	-793
15	Other governments and their agencies and corporations ¹	-1,186	-1,876	-1,496	-188	-233	-116	-1,339	-949		-150	-397	-691
16	Private corporations	-926	-197	-2,573	-60	-87		-50	-497	-224	-1,553	-299	-100
17	International financial institutions ²	-1,446	-1,340	-491		-396		-944		-99	-192	-200	
18	By area:												
19	Western Europe	-996	-910	-1,483			-116	-794	-358	-450	-333	-342	-745
20	Canada	-1,477	-1,745	-2,537	-440	-414		-891	-1,291	-99	-728	-419	-691
21	Japan		-642	-1,079	-134		-112	-396		-263	-642	-174	
22	Latin America			-250						-250			
23	Other countries	-2,789	-1,434	-1,015	-565	-99	-149	-621	-216	-137	-156	-506	-148
24	International financial institutions ²	-1,446	-1,340	-491		-396		-944		-99	-192	-200	
25	Redemptions of U.S.-held foreign bonds ³	3,717	2,994	5,261	1,094	800	550	550	1,000	2,048	821	1,392	1,400
26	Western Europe		447	1,747	447					1,448	21	278	100
27	Canada	2,442	1,347	1,981	347	350	300	350	500	300	400	781	700
28	Other countries			33								33	300
29	International financial institutions ²	1,275	1,200	1,500	300	450	250	200	500	300	400	300	300
30	Other transactions in outstanding bonds, net ³	-127	-4,304	-5,343	-341	507	-1,604	-2,866	-2,708	-884	-134	-1,617	-1,035
31	Western Europe	-14,611	-8,207	-5,715	-1,289	-2,727	-973	-3,218	-2,840	-1,265	263	-1,873	-385
32	Of which United Kingdom	-13,486	-8,989	-5,876	-1,227	-3,585	-2,280	-1,897	-2,163	-1,084	-314	-2,315	-1,867
33	Canada	-760	-1,307	-3,696	-184	-156	-1,071	104	-951	-989	-607	-1,149	-1,382
34	Japan	6,282	-12	1,803	-801	1,708	36	-955	669	415	-583	1,302	672
35	Other	8,962	5,222	2,265	1,933	1,682	404	1,203	414	955	793	103	60
B1	U.S. securities, excluding Treasury securities and transactions of foreign official agencies, net foreign purchases (+), (table 1, line 61 or lines 2 + 10 below)	70,969	42,120	26,448	18,372	15,960	12,676	-4,888	2,424	9,699	7,454	6,871	8,591
2	Stocks, net foreign purchases	17,166	15,587	-476	9,837	8,402	5,083	-7,735	-208	818	1,074	-2,160	-127
3	By area:												
4	Western Europe	9,095	1,336	-3,768	4,547	3,051	2,022	-8,284	-1,006	-758	-108	-1,896	-257
5	Of which Germany	311	-113	191	87	-148	-93	41	187	-4	-20	28	139
6	Switzerland	1,451	-1,279	-2,326	335	415	-12	-2,017	-416	-480	-652	-778	-1,458
7	United Kingdom	4,592	362	-1,135	2,352	1,491	1,525	-5,006	-639	-172	763	-1,087	729
8	Canada	714	915	1,007	260	21	126	508	-100	150	245	712	65
9	Japan	3,225	11,096	1,668	3,448	4,043	1,833	1,772	999	1,459	133	-923	-1,537
10	Other	4,132	2,240	617	1,582	1,287	1,102	-1,731	-101	-33	804	-53	1,602
11	Corporate and other bonds, net foreign purchases	53,803	26,533	26,924	8,535	7,558	7,593	2,847	2,632	8,881	6,380	9,031	8,718
12	By type:												
13	New issues sold abroad by U.S. corporations ⁴	39,378	22,585	18,788	7,000	5,929	6,348	3,308	2,626	4,957	4,803	6,402	4,598
14	U.S. federally-sponsored agency bonds, net	8,180	3,472	5,410	773	767	726	1,206	304	2,448	889	1,789	3,265
15	Other outstanding bonds, net	6,245	476	2,726	762	862	519	-1,667	-298	1,476	688	860	855
16	By area:												
17	Western Europe	39,745	21,469	16,773	6,396	6,438	6,912	1,733	2,251	4,707	3,895	5,920	4,987
18	Of which Germany	-312	27	1,341	125	-65	17	-50	437	586	331	-13	200
19	Switzerland	4,566	1,581	459	697	339	663	-118	-81	68	39	433	263
20	United Kingdom	34,125	19,460	13,442	5,535	5,890	5,958	2,077	1,761	3,702	2,971	5,008	4,254
21	Canada	542	1,289	701	449	230	125	485	84	416		201	520
22	Japan	9,568	1,584	7,642	1,555	-8	197	-160	525	3,017	1,772	2,328	1,661
23	Other countries	3,163	1,481	2,363	147	725	470	139	599	512	594	658	1,535
24	International financial institutions ²	785	710	-555	-2	173	-111	650	-827	229	119	-76	15
Memoranda:													
Other foreign transactions in marketable, long-term U.S. securities included elsewhere in international transactions accounts:													
Foreign official assets in the United States (lines in table 9):													
1	U.S. Treasury marketable bonds (line A4)	14,215	31,058	26,625	8,213	10,650	6,203	5,992	20,450	6,510	-5,346	5,011	12,819
2	Other U.S. Government securities (line A6)	-1,214	1,564	1,309	-62	256	714	656	-162	202	572	697	716
3	U.S. corporate and other bonds (part of line A14)	-1,617	-445	-103	-36	-231	-370	72	-36	-7	-88	28	147
4	U.S. stocks (part of line A14)	732	-562	-2,392	-324	-52	-255	189	-797	-410	-420	-765	305
5	Other foreign transactions in U.S. Treasury bonds and notes (table 9, line B4)	4,942	-5,808	21,795	-1,601	-1,940	-3,848	1,581	6,235	5,748	3,785	6,027	7,483

See footnotes on page 146.

Table 7.—Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns

[Millions of dollars]

Line	(Credits +; increase in U.S. liabilities or decrease in U.S. assets. Debits; decrease in U.S. liabilities or increase in U.S. assets.)	1986	1987	1988	1987				1988				1989	Amounts out-standing Dec. 31, 1988
					I	II	III	IV	I	II	III	IV		
A1	Claims, total (table 1, line 48)	-7,396	5,201	-1,684	-760	3,442	322	2,197	-65	-6,443	255	4,569	n.a.	32,900
2	Financial claims	-7,398	5,848	-577	-856	3,467	814	2,423	71	-5,826	-142	5,320	n.a.	21,016
3	Denominated in U.S. dollars	-7,106	5,938	-976	-578	3,768	327	2,421	-186	-5,856	229	4,837	n.a.	19,384
4	Denominated in foreign currencies	-292	-90	399	-278	-301	487	2	257	30	-371	483	n.a.	1,632
5	By type: Deposits	-4,403	5,007	714	405	3,522	-1,272	2,352	1,867	-6,802	284	5,365	n.a.	14,209
6	Other claims ¹	-2,995	841	-1,291	-1,261	-55	2,086	71	-1,796	976	-426	-45	n.a.	6,807
7	By area: Industrial countries ²	-5,884	3,448	-481	-543	1,459	804	1,728	-425	-1,402	56	1,290	n.a.	13,612
8	Of which United Kingdom	-3,848	1,383	-646	-466	-424	671	1,602	-590	-1,580	1,099	425	n.a.	9,118
9	Canada	-1,548	1,957	281	10	1,085	419	443	156	-264	-585	974	n.a.	2,571
10	Caribbean banking centers ³	-1,401	2,306	-89	-419	2,105	29	591	468	-4,340	-192	3,975	n.a.	6,540
11	Other	-113	94	-7	106	-97	-19	104	28	-84	-6	55	n.a.	864
12	Commercial claims	2	-647	-1,107	96	-25	-492	-226	-136	-617	397	-751	n.a.	11,884
13	Denominated in U.S. dollars	-197	-567	-1,126	97	-27	-425	-212	-294	-567	534	-799	n.a.	11,361
14	Denominated in foreign currencies	199	-80	19	-1	2	-67	-14	158	-50	-137	48	n.a.	523
15	By type: Trade receivables	-87	-800	-1,105	-41	-40	-557	-162	-91	-697	345	-662	n.a.	10,687
16	Advance payments and other claims	89	153	-2	137	15	65	-64	-45	80	52	-89	n.a.	1,197
17	By area: Industrial countries ²	165	-818	-577	-131	-239	-402	-46	-152	-306	534	-653	n.a.	6,240
18	Members of OPEC ⁴	21	37	22	94	56	36	-149	72	-78	22	6	n.a.	1,003
19	Other	-184	134	-552	133	158	-126	-31	-56	-233	-159	-104	n.a.	4,641
B1	Liabilities, total (table 1, line 62)	-2,641	2,450	6,558	2,153	1,045	109	-857	1,565	-59	2,350	2,702	n.a.	35,532
2	Financial liabilities	-1,467	-251	2,846	872	916	-964	-1,075	1,754	-417	856	653	n.a.	14,727
3	Denominated in U.S. dollars	-1,648	-1,251	2,962	623	753	-1,039	-1,588	1,643	-254	972	601	n.a.	11,319
4	Denominated in foreign currencies	181	1,000	-116	249	163	75	513	111	-163	-116	52	n.a.	3,408
5	By area: Industrial countries ²	-43	768	2,387	470	1,563	-348	-917	1,428	-556	1,317	198	n.a.	12,880
6	Of which United Kingdom	836	218	941	224	1,282	-289	-999	870	-344	837	-422	n.a.	6,300
7	Caribbean banking centers ³	-1,213	-1,027	299	422	-616	-712	-121	341	.....	-363	321	n.a.	1,118
8	Other	-211	8	160	-20	-31	96	-37	-15	139	-98	134	n.a.	729
9	Commercial liabilities	-1,174	2,701	3,712	1,281	1,073	218	-189	358	1,494	2,049	n.a.	20,805	
10	Denominated in U.S. dollars	-1,302	2,155	3,818	1,174	-4	1,055	-70	-240	498	1,454	2,106	n.a.	19,051
11	Denominated in foreign currencies	128	546	-106	107	133	18	288	51	-140	40	-57	n.a.	1,754
12	By type: Trade payables	-235	984	-683	584	253	262	-115	-852	318	-290	141	n.a.	6,751
13	Advance receipts and other liabilities	-939	1,717	4,395	697	-124	811	333	663	40	1,784	1,908	n.a.	14,054
14	By area: Industrial countries ²	312	1,977	3,522	634	333	157	853	235	-1	1,444	1,844	n.a.	14,607
15	Members of OPEC ⁴	-1,249	93	-745	238	-110	207	-242	-911	256	114	-204	n.a.	1,542
16	Other	-237	631	935	409	-94	709	-393	487	103	-64	409	n.a.	4,656

See footnotes on page 146.

Table 8.—Claims on Foreigners Reported by U.S. Banks

[Millions of dollars]

Line	(Credits +; decrease in U.S. assets. Debits; increase in U.S. assets.)	1986	1987	1988	1987				1988				1989	Amounts out- standing Mar. 31, 1989
					I	II	III	IV	I	II	III	IV		
1	Total (table 1, line 49)	-59,975	-42,119	-54,481	20,237	-22,873	-16,860	-22,623	15,266	-12,602	-26,229	-30,916	-22,601	626,435
2	By type:													
3	Banks' own claims	-53,023	-40,223	-45,231	17,258	-22,324	-15,966	-19,191	14,721	-14,069	-26,410	-19,473	-16,606	572,881
4	Payable in dollars	-43,137	-15,133	-30,414	25,862	-22,157	-8,887	-9,951	15,728	-15,330	-17,652	-13,160	-15,443	505,626
5	By borrower:													
6	Claims on:													
7	own foreign offices	-37,271	-13,195	-31,788	20,911	-14,552	-5,360	-14,194	1,531	-7,423	-14,854	-11,042	-15,957	272,471
8	unaffiliated foreign banks	-6,292	-4,663	-1,934	5,483	-9,099	-1,624	577	9,884	-5,733	-1,103	-4,982	-414	129,957
9	foreign public borrowers ¹	-3,587	-511	2,730	-1,642	857	-3,316	3,590	1,285	-784	-1,075	3,304	-462	62,230
10	other private foreigners	4,013	3,236	577	1,110	637	1,413	76	3,027	-1,390	-620	-440	1,390	40,968
11	By bank ownership: ²													
12	U.S.-owned banks' claims on:													
13	own foreign offices	26	-3,580	-22,670	6,038	-4,736	-5,694	812	-1,696	7,906	-13,062	-15,818	-5,076	125,526
14	unaffiliated foreign banks	2,010	7,570	-982	5,232	872	-109	1,575	2,068	-3,331	-1,288	1,569	686	45,038
15	other foreigners	80	2,409	-1,296	-641	975	-1,599	3,674	1,434	-1,815	-2,790	1,875	502	60,306
16	Foreign-owned banks' claims on:													
17	own foreign offices	-37,297	-9,615	-9,118	14,873	-9,816	334	-15,006	3,227	-15,329	-1,792	4,776	-10,881	146,945
18	unaffiliated foreign banks	-8,302	-12,233	-951	251	-9,971	-1,515	-998	7,817	-2,402	185	-6,551	-1,100	84,919
19	other foreigners	346	316	4,603	109	519	-304	-8	2,878	-359	1,095	989	426	42,892
20	Payable in foreign currencies	-9,886	-25,090	-14,816	-8,604	-167	-7,079	-9,240	-1,006	1,261	-8,758	-6,313	-1,163	67,255
21	Banks' domestic customers' claims	-6,952	-1,896	-9,250	2,979	-549	-894	-3,432	545	1,467	181	-11,443	-5,995	53,554
22	Payable in dollars	-5,025	-3,853	-9,437	2,484	-1,639	-750	-3,948	804	1,681	-487	-11,415	-5,982	53,178
23	Deposits	-1,078	721	-4,597	1,031	-92	306	-524	-1,318	167	-548	-2,898	-3,795	12,084
24	Negotiable and readily transferable instruments	-4,713	-2,652	1,324	3,493	-833	-622	-4,690	3,377	-663	3,086	-4,476	412	24,960
25	Outstanding collections and other	766	-1,922	-6,165	-2,040	-714	-434	1,266	-1,255	2,157	-3,026	-4,041	-2,599	16,134
26	Payable in foreign currencies	-1,927	1,957	188	495	1,090	-144	516	-259	-194	669	-28	-13	376
27	By area:													
28	Industrial countries ³	-47,583	-31,380	-46,403	11,945	-22,669	-776	-19,880	10,173	-20,340	-8,824	-27,412	-15,169	333,948
29	Western Europe	-10,551	1,465	-14,145	8,830	-14,434	8,365	-1,296	10,090	-3,938	-1,938	-18,359	-3,804	158,277
30	Of which United Kingdom	-3,414	4,966	-12,636	5,651	-5,961	5,387	-111	6,151	-2,901	-2,192	-13,694	2,206	93,061
31	Canada	-5,150	-5,175	6,456	574	-1,977	267	-4,039	3,543	-2,014	1,184	3,743	-571	25,238
32	Japan	-32,463	-27,850	-39,563	2,521	-6,627	-9,505	-14,239	-4,105	-14,158	-8,602	-12,698	-10,496	146,004
33	Other	581	180	849	20	369	97	-306	645	-230	532	-98	-298	4,429
34	Caribbean banking centers ⁴	-8,704	-9,610	-5,721	8,069	-4,067	-11,086	-2,526	296	9,456	-12,820	-2,653	-10,016	143,449
35	Other areas	-3,688	-1,129	-2,356	223	3,863	-4,998	-217	4,798	-1,718	-4,585	-851	2,584	149,038
36	Of which Members of OPEC, included below ⁵	178	-787	-2,530	-1,324	1,618	-1,260	179	749	-789	-1,962	-528	-153	22,098
37	Latin America	675	891	5,762	147	95	-1,237	1,886	1,171	1,326	1,285	1,980	-819	92,957
38	Asia	-2,282	-1,138	-7,882	1,026	2,496	-285	-4,375	2,435	-2,307	-2,933	-5,077	3,482	45,731
39	Africa	396	-169	-678	-327	200	-2	-40	-144	-248	-19	-267	-232	4,505
40	Other ⁶	-2,477	-713	441	-623	1,072	-3,474	2,312	1,335	-489	-2,918	2,513	153	5,845
41	Memoranda:													
42	International banking facilities' (IBF's) own claims, payable in dollars (lines 1-13 above)	-28,235	-15,546	-17,881	10,435	-13,655	-8,271	-4,055	13,376	-9,910	-7,678	-13,669	-11,015	274,756
43	By borrower:													
44	Claims on:													
45	own foreign offices	-21,369	-4,439	-21,679	9,519	-5,656	-4,875	-3,427	6,971	-8,585	-8,163	-11,902	-7,065	146,945
46	unaffiliated foreign banks	-5,638	-10,888	490	848	-7,708	-2,572	-1,456	5,361	-1,738	-1,061	-2,072	-3,571	84,919
47	foreign public borrowers	-3,019	-8	63	413	-1,382	-100	1,061	-531	53	882	-341	61	26,165
48	all other foreigners	1,791	-211	3,245	-345	1,091	-724	-233	1,575	360	664	646	-440	16,727
49	By bank ownership: ²													
50	U.S.-owned IBF's	5,438	-8,651	-8,051	943	-2,507	-4,736	-2,351	323	1,605	-5,485	-4,494	-1,368	94,216
51	Foreign-owned IBF's	-33,673	-6,895	-9,830	9,492	-11,148	-3,535	-1,704	13,053	-11,515	-2,193	-9,175	-9,647	180,540
52	Banks' dollar acceptances payable by foreigners	2,781	2,600	3,622	271	1,853	1,851	-1,375	4,398	-880	911	-807	2,323	17,161

See footnotes on page 146.

Table 9.—Foreign Official Assets and Other Foreign Assets in the United States Reported by U.S. Banks

[Millions of dollars]

Line	(Credits +; increase in foreign assets. Debits ; decrease in foreign assets.)	1986	1987	1988	1987				1988				1989	Amounts out-standing Mar. 31, 1989 ¹
					I	II	III	IV	I	II	III	IV		
A1	Foreign official assets in the United States (table 1, line 51)	35,594	45,193	38,882	14,040	10,330	753	20,070	24,631	5,895	-2,234	10,589	6,914	332,783
	By type:													
2	U.S. Treasury securities (table 1, line 53)	34,364	43,238	41,683	12,193	11,084	841	19,120	27,702	5,853	-3,769	11,897	4,585	260,149
3	Bills and certificates	22,399	13,180	14,834	3,980	1,034	-4,962	13,128	6,760	-367	1,566	6,875	-8,245	95,478
4	Bonds and notes, marketable	14,215	31,058	26,625	8,213	10,650	6,203	5,992	20,450	6,510	-5,346	5,011	12,819	164,148
5	Bonds and notes, nonmarketable	-2,250	-1,000	224	-800	-400	656	492	-290	11	11	11	523	
6	Other U.S. Government securities (table 1, line 54)	-1,214	1,564	1,309	-62	256	714	656	-162	202	572	697	716	10,276
7	Other U.S. Government liabilities (table 1, line 55)	2,141	-2,520	-1,284	-1,274	-1,343	-142	238	-304	-517	-232	-232	-377	13,611
8	U.S. liabilities reported by U.S. banks, not included elsewhere (table 1, line 56)	1,187	3,918	-331	3,543	615	-35	-205	-1,772	774	1,703	-1,036	1,538	33,044
9	Banks' liabilities for own account, payable in dollars ¹	4,593	3,275	-1,606	2,989	372	-345	359	-1,683	920	1,073	-1,916	283	27,379
10	Demand deposits	191	-510	144	-348	-176	57	-43	259	-183	-84	152	-298	1,607
11	Time deposits ¹	-453	2,346	-3,058	569	2,458	742	-1,423	-1,052	155	-89	-2,072	1,086	10,880
12	Other liabilities ²	4,855	1,439	1,308	2,668	-1,910	-1,144	1,825	-890	948	1,246	4	-505	14,892
13	Banks' custody liabilities, payable in dollars ^{1, 3}	-3,406	643	1,275	654	243	310	-564	-89	-146	630	880	1,255	5,665
14	Other foreign official assets (table 1, line 57)	-884	-1,007	-2,495	-360	-283	-625	261	-833	-417	-508	-737	452	15,703
	By area (see text table B):													
B1	Other foreign assets in the United States (table 1, lines 60 and 63)	83,592	81,383	88,976	-9,364	15,924	43,760	31,063	-11,209	35,913	26,713	37,559	19,143	732,727
	By type:													
2	U.S. Treasury securities (line 60)	3,809	-7,643	20,144	-2,826	-2,431	-2,835	449	5,928	5,458	3,422	5,336	8,745	112,736
	By security:													
3	Bills and certificates	-1,133	-1,835	-1,651	-1,225	-491	1,013	-1,132	-307	-290	-363	-691	1,262	12,517
4	Marketable bonds and notes	4,942	-5,808	21,795	-1,601	-1,940	-3,848	1,581	6,235	5,748	3,785	6,027	7,483	100,219
	By holder:													
5	Foreign banks	152	-850	-1,533	-225	-693	140	-72	-539	-383	-243	-368	-340	7,263
6	Other private foreigners	6,594	-1,463	20,774	-2,658	330	163	702	7,038	3,374	4,788	5,574	8,943	99,092
7	International financial institutions ⁴	-2,937	-5,330	903	57	-2,068	-3,138	-181	-571	2,467	-1,123	130	142	6,381
8	U.S. liabilities reported by U.S. banks (line 63)	79,783	89,026	68,832	-6,538	18,355	46,956	30,614	-17,137	30,455	23,291	32,223	10,398	619,991
9	Banks' own liabilities ¹	75,119	86,721	60,068	-4,874	15,452	45,636	30,917	-23,834	30,316	19,973	33,613	10,141	567,106
10	Payable in dollars	60,784	60,986	44,506	-13,118	13,607	38,804	21,693	-24,314	31,682	13,214	23,924	10,381	496,346
	By account:													
11	Liabilities to own foreign offices	35,680	39,212	40,402	-5,448	8,842	16,798	19,020	-10,642	27,810	2,185	21,049	885	289,097
	Liabilities to unaffiliated foreigners:													
12	demand deposits	2,493	-895	-704	-1,529	777	-1,702	1,559	-853	1,262	-1,396	283	981	20,862
13	time deposits	14,066	15,137	5,705	-6,819	5,789	14,454	1,713	-9,471	3,369	7,552	4,255	6,681	147,846
14	other liabilities ²	8,545	7,532	-897	678	-1,801	9,254	-599	-3,348	-759	4,673	-1,663	1,834	38,541
	By holder:													
15	Liabilities to:													
16	own foreign offices	35,680	39,212	40,402	-5,448	8,842	16,798	19,020	-10,642	27,810	2,185	21,049	885	289,097
17	unaffiliated foreign banks	21,723	22,965	-3,604	-4,926	6,016	15,848	6,027	-14,597	754	7,877	2,362	8,366	128,773
16	other private foreigners	2,043	65	7,883	-3,492	940	3,903	-1,286	-973	1,993	3,955	2,908	489	75,308
18	international financial institutions ⁴	1,338	-1,256	-175	748	-2,191	2,255	-2,068	1,898	1,125	-803	-2,395	641	3,168
	By bank ownership: ⁵													
19	U.S.-owned banks' liabilities to:													
20	own foreign offices	-3,546	24,425	27,663	-2,066	7,491	14,959	4,041	-7,108	9,544	7,917	17,310	-2,244	131,136
21	unaffiliated foreign banks	1,466	124	-246	-1,463	551	4,215	-3,179	1,742	2	561	-2,551	4,687	24,528
21	other private foreigners and international financial institutions ⁴	558	-1,352	4,409	-1,694	-1,179	3,249	-1,728	464	2,336	1,295	314	464	45,516
22	Foreign-owned banks' liabilities to:													
23	own foreign offices	39,226	14,787	12,739	-3,382	1,351	1,839	14,979	-3,534	18,266	-5,732	3,739	3,129	157,961
23	unaffiliated foreign banks	20,257	22,841	-3,358	-3,463	5,465	11,633	9,206	-16,339	752	7,316	4,913	3,679	104,245
24	other private foreigners and international financial institutions ⁴	2,823	161	3,299	-1,050	-72	2,909	-1,626	461	782	1,857	199	666	32,960
25	Payable in foreign currencies	14,335	25,735	15,562	8,244	1,435	6,832	9,224	480	-1,366	6,759	9,689	-240	70,760
26	Banks' custody liabilities, payable in dollars ^{1, 3}	4,664	2,305	8,764	-1,664	3,313	959	-303	6,697	139	3,318	-1,390	257	52,885
27	Of which negotiable and readily transferable instruments	929	157	573	-1,108	1,642	-150	-227	1,253	-1,668	996	-8	-333	10,829
	By area:													
28	Industrial countries ⁶	50,427	66,605	41,178	4,623	14,535	27,185	20,262	-12,789	20,975	12,809	20,183	16,591	401,047
29	Western Europe	20,615	50,419	15,573	6,657	18,820	10,509	14,433	-13,768	18,423	2,152	8,766	6,211	249,046
30	Canada	9,454	5,963	-11,024	299	-3,761	4,722	4,703	-4,682	1,347	-1,657	-6,032	2,313	26,994
31	Other	20,358	10,223	36,629	-2,333	-524	11,954	1,126	5,661	1,205	12,314	17,449	8,067	125,007
32	Caribbean banking centers ⁷	30,355	10,471	39,306	-11,472	1,290	13,465	7,188	-672	10,640	11,708	17,630	1,345	216,317
33	Other areas	2,810	4,309	8,492	-2,515	99	3,112	3,813	2,252	4,298	2,196	-254	1,207	115,363
34	Of which Members of OPEC, included below ⁸	150	3,966	8,467	996	1,410	2,191	761	-60	-763	2,114	-1,624	708	24,107
35	Latin America	667	1,227	6,414	-2,007	722	1,286	1,226	2,651	237	1,923	1,603	1,553	57,645
36	Asia	3,452	9,836	2,680	-7,575	3,674	2,556	4,361	-1,679	18	2,690	1,631	-1,416	43,260
37	Africa	-589	29	101	-194	36	30	157	-126	314	-198	111	66	2,581
38	Other ⁹	-720	-6,784	-683	441	-4,334	-760	-2,131	1,406	3,729	-2,219	-3,599	1,004	11,877
	Memoranda:													
1	International banking facilities' (IBF's) own liabilities, payable in dollars (in lines A9, and B10 above)	43,224	35,401	17,668	-11,028	13,155	21,418	11,856	-16,842	14,073	8,249	12,188	14,115	293,782
	By holder:													
2	Liabilities to:													
3	own foreign offices	20,925	11,436	22,287	-4,797	4,035	3,843	8,355	-1,407	12,784	-862	11,772	9,551	148,212
4	unaffiliated foreign banks	21,009	22,313	-3,842	-3,534	5,581	13,661	6,605	-14,652	487	7,492	2,831	3,118	105,033
4	foreign official agencies	3,897	1,912	-3,133	-1,429	2,775	1,737	-1,171	-1,172	379	244	-2,584	1,786	14,032
5	other private foreigners and international financial institutions ⁴	-2,607	-260	2,356	-1,268	764	2,177	-1,933	389	423	1,375	169	-340	26,505
	By bank ownership: ⁵													
6	U.S.-owned IBF's	-3,077	9,197	8,761	-1,738	444	8,499	1,992	-240	-128	1,804	7,325	-53	82,915
7	Foreign-owned IBF's	46,300	26,204	8,908	-9,290	12,711	12,919	9,864	-16,602	14,201	6,445	4,864	14,168	210,867
8	Negotiable certificates of deposit held for foreigners ¹ (in lines A13 and B27 above)	-2,349	-183	-901	359	-499	-855	812	14	425	-1,313	-27	-481	5,881

Table 10.—U.S. International Transactions, by Area—Continued (from page 143)

[Millions of dollars]

Line	(Credits +; debits -) ¹	Other countries in Asia and Africa					International organizations and unallocated ¹⁶				
		1988				1989	1988				1989
		I	II	III	IV	I ²	I	II	III	IV	I ²
1	Exports of goods and services ²	24,926	25,478	26,615	25,811	25,819	1,287	1,465	1,464	1,538	1,471
2	Merchandise, adjusted, excluding military ³	15,499	17,123	17,500	17,803	17,681					
3	Services ⁴	9,427	8,355	9,115	8,008	8,138	1,287	1,465	1,464	1,538	1,471
4	Transfers under U.S. military agency sales contracts	1,189	1,360	1,250	942	934					
5	Travel	409	859	1,231	837	488					
6	Passenger fares	107	215	317	142	113					
7	Other transportation	1,191	1,291	1,224	1,197	1,311	333	449	403	419	391
8	Royalties and license fees ^{5,6}	154	172	174	212	197					
9	Other private services ⁶	1,859	1,189	1,536	1,603	2,167	532	521	547	545	574
10	U.S. Government miscellaneous services	53	106	74	100	55	(⁷)	1	1	1	(⁷)
11	Receipts of income on U.S. assets abroad	4,464	3,163	3,308	2,976	2,873	422	495	513	573	505
12	Direct investment	1,601	1,658	1,622	1,389	1,346	-5	64	92	107	77
13	Other private receipts	818	787	973	1,085	1,132	246	297	270	306	243
14	U.S. Government receipts	2,045	718	713	492	395	181	134	152	160	186
15	Transfers of goods and services under U.S. military grant programs, net	24	1	4	24	7					
16	Imports of goods and services	-32,016	-33,734	-37,093	-35,624	-34,059	-720	-790	-760	-703	-639
17	Merchandise, adjusted, excluding military ³	-26,386	-27,122	-30,270	-29,226	-27,894					
18	Services ⁴	-5,630	-6,612	-6,823	-6,398	-6,165	-720	-790	-760	-703	-639
19	Direct defense expenditures	-404	-458	-459	-485	-418					
20	Travel	-1,089	-1,793	-1,569	-1,392	-1,027					
21	Passenger fares	-351	-344	-395	-395	-383	-21	-13	-18	-18	-21
22	Other transportation	-1,015	-1,112	-1,063	-988	-1,032	-444	-537	-478	-440	-401
23	Royalties and license fees ^{5,6}	-21	-33	-41	-12	5					
24	Other private services ⁶	-218	-230	-268	-293	-261	-98	-104	-110	-114	-117
25	U.S. Government miscellaneous services	-188	-177	-212	-201	-200		-1			
26	Payments of income on foreign assets in the United States	-2,344	-2,466	-2,817	-2,632	-2,850	-157	-134	-155	-131	-99
27	Direct investment	-17	85	-19	147	101					
28	Other private payments	-968	-991	-1,053	-1,186	-1,201	-104	-105	-113	-105	-70
29	U.S. Government payments	-1,359	-1,560	-1,745	-1,593	-1,750	-53	-29	-42	-26	-29
30	U.S. military grants of goods and services, net	-24	-1	-4	-24	-7					
31	Unilateral transfers (excluding military grants of goods and services), net	-2,278	-1,758	-2,139	-3,406	-2,370	-143	-215	-321	-596	-187
32	U.S. Government grants (excluding military grants of goods and services)	-1,614	-1,323	-1,590	-2,905	-1,680	-127	-107	-265	-300	-100
33	U.S. Government pensions and other transfers	-83	-95	-86	-86	-90	-16	-96	-56	-296	-87
34	Private remittances and other transfers	-582	-340	-464	-415	-600		-12			
35	U.S. assets abroad, net (increase/capital outflow (-))	139	-3,787	-900	-2,617	3,086	1,771	-57	-2,854	4,127	329
36	U.S. official reserve assets, net ⁵						602	249	167	481	127
37	Gold										
38	Special drawing rights						155	180	-35	173	-188
39	Reserve position in the International Monetary Fund						446	69	202	307	316
40	Foreign currencies										
41	U.S. Government assets, other than official reserve assets, net	-1,424	-486	2,307	2,663	542	-189	-245	-232	-302	-191
42	U.S. credits and other long-term assets	-2,025	-1,228	-640	-434	-430	-189	-245	-232	-302	-191
43	Repayments on U.S. credits and other long-term assets ⁶	430	697	2,853	3,169	963	1				
44	U.S. foreign currency holdings and U.S. short-term assets, net	171	46	93	-73	9					
45	U.S. private assets, net	1,564	-3,302	-3,207	-5,280	2,545	1,358	-61	-2,790	3,949	392
46	Direct investment	-872	-581	-837	253	-740	63	16	106	-9	-7
47	Foreign securities	-11	62	547	-103	188	58	213	178	310	153
48	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	121	-166	-195	-67	n.a.	1	-1		-3	n.a.
49	U.S. claims reported by U.S. banks, not included elsewhere	2,325	-2,617	-2,721	-5,363	3,097	1,235	-289	-3,074	3,651	246
50	Foreign assets in the United States, net (increase/capital inflow (+))	400	-2,260	3,749	8,562	7,943	262	4,211	-2,106	-2,352	163
51	Foreign official assets in the United States, net	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)			(¹⁹)
52	U.S. Government securities	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)					
53	U.S. Treasury securities ⁷	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)					
54	Other ⁸	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)					
55	Other U.S. Government liabilities ⁹	123	-400	-96	-190	86	(¹⁹)	(¹⁹)			(¹⁹)
56	U.S. liabilities reported by U.S. banks, not included elsewhere	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)					
57	Other foreign official assets ¹⁰	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)					
58	Other foreign assets in the United States, net	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	262	4,211	-2,106	-2,352	163
59	Direct investment	-352	-190	418	1,620	502					
60	U.S. Treasury securities	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)
61	U.S. securities other than U.S. Treasury securities	-410	156	464	-124	384	-865	188	146	-211	-185
62	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-527	217	180	165	n.a.	11	59	-153	49	n.a.
63	U.S. liabilities reported by U.S. banks, not included elsewhere	¹⁹ 1,566	¹⁹ -2,044	¹⁹ 2,783	¹⁹ 7,091	¹⁹ 6,970	¹⁹ 1,116	¹⁹ 3,964	¹⁹ -2,099	¹⁹ -2,190	¹⁹ 348
64	Allocations of special drawing rights										
65	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	8,830	16,062	9,769	7,274	-418	-2,457	-4,614	4,578	-2,014	-1,137
Memoranda:											
66	Balance on merchandise trade (lines 2 and 17)	-10,887	-9,999	-12,770	-11,423	-10,213					
67	Balance on services (lines 3 and 18)	3,797	1,743	2,292	1,610	1,973	567	675	704	835	832
68	Balance on goods and services (lines 66 and 67) ¹¹	-7,091	-8,257	-10,479	-9,813	-8,240	567	675	704	835	832
69	Balance on goods, services, and remittances (lines 68, 33, and 34)	-7,755	-8,691	-11,028	-10,314	-8,930	551	568	648	735	745
70	Balance on current account (lines 68 and 31) ¹¹	-9,369	-10,014	-12,618	-13,218	-10,611	424	461	383	238	645

See footnotes on page 146.

Table 10.—U.S. International

[Millions]

Line	(Credits +; debits -) ¹	Western Europe			European Communities (12) ^{1,4}			United Kingdom		
		1986	1987	1988	1986	1987	1988	1986	1987	1988
1	Exports of goods and services ²	120,894	145,935	159,467	102,820	125,149	135,790	27,480	38,341	44,233
2	Merchandise, adjusted, excluding military ³	60,375	68,605	86,414	51,848	59,530	74,510	11,152	13,752	18,042
3	Services ⁴	60,519	77,330	73,053	50,972	65,619	61,280	16,328	24,589	26,191
4	Transfers under U.S. military agency sales contracts	2,029	3,250	3,532	1,550	2,528	2,585	405	386	470
5	Travel	5,725	7,602	9,795	4,655	6,167	7,577	1,492	2,025	2,643
6	Passenger fares	1,894	2,722	3,680	1,684	2,428	3,182	610	819	1,219
7	Other transportation	4,857	4,889	5,439	3,968	3,827	4,303	858	803	878
8	Royalties and license fees ^{5,6}	4,197	5,364	6,172	3,688	4,751	5,542	834	1,094	1,351
9	Other private services ⁶	17 5,600	6,056	6,131	17 4,622	5,097	5,143	17 1,853	2,484	2,413
10	U.S. Government miscellaneous services	130	121	136	107	96	101	58	44	22
11	Receipts of income on U.S. assets abroad	36,088	47,326	38,168	30,698	40,725	32,848	10,218	16,934	17,196
12	Direct investment	22,971	32,975	22,033	19,638	28,321	18,957	3,456	9,428	8,636
13	Other private receipts	12,095	13,258	14,781	10,281	11,603	13,121	6,686	7,440	8,510
14	U.S. Government receipts	1,023	1,094	1,354	778	801	769	76	65	50
15	Transfers of goods and services under U.S. military grant programs, net	24	3	22	19	2	15			
16	Imports of goods and services	-153,130	-174,318	-194,735	-128,775	-148,305	-165,111	-39,870	-49,965	-57,431
17	Merchandise, adjusted, excluding military ³	-88,959	-96,127	-102,200	-74,162	-81,451	-85,646	-15,055	-17,210	-17,680
18	Services ⁴	-64,171	-78,191	-92,535	-54,613	-66,854	-79,465	-24,815	-32,755	-39,751
19	Direct defense expenditures	-8,713	-9,632	-10,355	-8,376	-9,116	-9,690	-897	-1,107	-1,416
20	Travel	-9,032	-9,812	-11,004	-8,242	-8,854	-9,970	-3,003	-2,884	-3,324
21	Passenger fares	-3,037	-3,495	-3,736	-2,509	-2,938	-3,127	-817	-1,046	-1,075
22	Other transportation	-5,199	-5,541	-6,449	-4,024	-4,366	-5,169	-809	-1,085	-1,343
23	Royalties and license fees ^{5,6}	-740	-994	-1,349	-533	-722	-881	-175	-266	-339
24	Other private services ⁶	17 -3,459	-4,360	-4,097	17 -2,961	-3,765	-3,399	17 -2,043	-2,454	-1,966
25	U.S. Government miscellaneous services	-510	-542	-588	-404	-404	-468	-52	-49	-73
26	Payments of income on foreign assets in the United States	-33,481	-43,816	-54,958	-27,565	-36,890	-46,761	-17,019	-23,864	-30,216
27	Direct investment	-5,701	-8,465	-13,370	-4,878	-7,040	-11,658	-2,611	-4,520	-7,259
28	Other private payments	-18,566	-24,587	-29,008	-15,920	-21,466	-25,300	-12,360	-16,904	-19,810
29	U.S. Government payments	-9,214	-10,764	-12,580	-6,767	-8,184	-9,803	-2,048	-2,440	-3,147
30	U.S. military grants of goods and services, net	-24	-3	-22	-19	-2	-15			
31	Unilateral transfers (excluding military grants of goods and services), net	-442	-24	-64	226	547	662	268	298	540
32	U.S. Government grants (excluding military grants of goods and services)	-589	-330	-520	-191	-49	-142			-3
33	U.S. Government pensions and other transfers	-759	-766	-825	-613	-624	-651	-87	-92	-97
34	Private remittances and other transfers	906	1,072	1,281	1,030	1,220	1,455	355	391	640
35	U.S. assets abroad, net (increase/capital outflow (-))	-45,366	-29,692	-28,765	-48,354	-26,942	-30,567	-23,600	-10,736	-24,017
36	U.S. official reserve assets, net ⁷	-431	2,168	-3,906	-2,517	1,672	-3,470	-2	-3	-3
37	Gold									
38	Special drawing rights									
39	Reserve position in the International Monetary Fund									
40	Foreign currencies	-431	2,168	-3,906	-2,517	1,672	-3,470	-2	-3	-3
41	U.S. Government assets, other than official reserve assets, net	346	54	888	247	223	-179	196	352	96
42	U.S. credits and other long-term assets	-1,090	-1,532	-1,068	-763	-963	-660			
43	Repayments on U.S. credits and other long-term assets ⁸	1,448	1,499	1,953	998	1,112	486	202	347	107
44	U.S. foreign currency holdings and U.S. short-term assets, net	-13	87	2	13	75	-6	-7	5	-10
45	U.S. private assets, net	-45,280	-31,914	-25,747	-46,085	-28,836	-28,918	-23,794	-11,085	-24,111
46	Direct investment	-14,053	-22,376	-3,335	-12,778	-18,916	-4,439	-1,850	-5,370	-4,627
47	Foreign securities	-16,761	-11,688	-6,817	-18,766	-12,608	-8,188	-14,582	-11,967	-6,072
48	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-3,902	661	-1,433	-3,741	557	-1,131	-3,948	1,286	-776
49	U.S. claims reported by U.S. banks, not included elsewhere	-10,564	1,489	-14,162	-10,800	2,131	-13,160	-3,414	4,966	-12,636
50	Foreign assets in the United States, net (increase/capital inflow (+))	106,762	151,233	62,835	100,355	131,113	61,170	66,557	82,946	40,598
51	Foreign official assets in the United States, net	15,132	36,099	75	(19)	(19)	(19)	(19)	(19)	(19)
52	U.S. Government securities	(18)	(18)	(18)	(19)	(19)	(19)	(19)	(19)	(19)
53	U.S. Treasury securities ⁹	(18)	(18)	(18)	(19)	(19)	(19)	(19)	(19)	(19)
54	Other ¹⁰	(18)	(18)	(18)	(19)	(19)	(19)	(19)	(19)	(19)
55	Other U.S. Government liabilities ¹¹	955	104	-395	832	48	-312	155	73	-19
56	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(19)	(19)	(19)	(19)	(19)	(19)
57	Other foreign official assets ¹²	(18)	(18)	(18)	(19)	(19)	(19)	(19)	(19)	(19)
58	Other foreign assets in the United States, net	91,630	115,134	62,759	(19)	(19)	(19)	(19)	(19)	(19)
59	Direct investment	21,729	40,436	29,824	19,095	36,174	28,365	10,827	22,444	18,774
60	U.S. Treasury securities	(18)	(18)	(18)	(19)	(19)	(19)	(19)	(19)	(19)
61	U.S. securities other than U.S. Treasury securities	48,838	22,805	13,006	42,327	22,132	14,770	38,716	19,823	12,307
62	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	404	1,456	4,354	443	1,499	3,418	994	561	1,721
63	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	17 37,658	19 71,260	19 14,929	19 15,866	19 40,045	19 7,815
64	Allocations of special drawing rights									
65	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-28,718	-93,135	1,262	-26,272	-81,562	-1,943	-30,835	-60,884	-3,922
66	Memoranda:									
67	Balance on merchandise trade (lines 2 and 17)	-28,584	-27,522	-15,786	-22,314	-21,921	-11,136	-3,903	-3,458	362
68	Balance on services (lines 3 and 18)	-3,653	-861	-19,483	-3,641	-1,235	-18,186	-8,487	-8,166	-13,560
69	Balance on goods and services (lines 66 and 67) ¹³	-32,237	-28,383	-35,269	-25,955	-23,156	-29,322	-12,390	-11,624	-13,198
70	Balance on goods, services, and remittances (lines 68, 33, and 34)	-32,090	-28,076	-34,813	-25,538	-22,561	-28,518	-12,122	-11,326	-12,655
71	Balance on current account (lines 68 and 31) ¹¹	-32,679	-28,406	-35,332	-25,729	-22,609	-28,660	-12,122	-11,326	-12,658

See footnotes on page 146.

Transactions, by Area

[of dollars]

European Communities (6) ¹⁵			Eastern Europe			Canada			Latin America and Other Western Hemisphere			Japan			Australia			Line	
1986	1987	1988	1986	1987	1988	1986	1987	1988	1986	1987	1988	1986	1987	1988	1986	1987	1988		
64,511	72,962	75,313	3,120	2,759	4,402	75,662	84,278	99,282	65,401	68,341	81,867	43,501	48,655	62,863	8,091	9,407	13,343	1	
34,976	39,121	48,014	2,074	2,262	3,796	56,503	62,005	73,540	30,757	34,971	43,624	26,354	27,619	37,148	5,072	5,291	6,804	2	
29,535	33,841	27,299	1,046	497	606	19,159	22,273	25,742	34,644	33,370	38,243	17,147	21,036	25,715	3,019	4,116	6,539	3	
740	1,064	1,061	.....	.....	(*)	98	165	197	302	282	304	164	371	309	355	569	967	4
2,545	3,390	4,021	128	129	179	2,689	3,252	3,976	5,717	5,494	6,288	3,183	3,941	4,926	483	548	702	5	
937	1,409	1,676	.....	.....	.....	496	604	664	1,310	1,233	1,393	1,102	1,481	1,861	178	313	481	6
2,198	2,287	2,478	75	94	108	876	901	1,035	2,068	2,639	2,851	2,369	2,558	2,753	200	255	238	7	
2,626	3,313	3,705	13	9	32	724	739	790	278	267	295	1,347	1,933	2,420	214	230	315	8	
172,174	2,019	2,113	17 104	105	123	17 2,994	3,236	3,181	17 3,782	3,641	3,950	17 1,798	1,774	2,130	17 504	494	486	9	
41	41	57	5	5	10	31	56	33	89	91	119	16	12	31	6	2	5	10	
18,274	20,319	12,188	721	155	154	11,251	13,319	15,867	21,099	19,724	23,044	7,167	8,965	11,285	1,078	1,706	3,345	11	
14,670	16,061	7,528	.....	.....	.....	5,063	6,990	8,954	3,516	3,612	4,617	3,387	3,873	3,270	548	1,182	2,862	12
3,157	3,782	4,209	127	120	130	6,140	6,288	6,882	16,972	15,305	17,832	3,435	4,921	7,949	510	509	474	13	
447	477	451	595	35	24	48	41	31	611	606	594	345	170	66	21	16	10	14	
(*)	-3	-1	.....	.....	.....	.....	.....	.....	25	18	18	-1	-1	.....	.....	.....	.....	15
-78,512	-87,422	-94,936	-2,400	-2,485	-2,740	-77,543	-82,927	-95,833	-68,239	-78,181	-88,205	-97,205	-103,924	-112,734	-4,134	-4,771	-6,011	16	
-52,450	-57,395	-60,368	-1,979	-1,920	-2,165	-69,693	-73,599	-84,400	-42,014	-47,291	-51,421	-80,752	-84,578	-89,760	-2,595	-2,965	-3,516	17	
-26,062	-30,027	-34,568	-421	-565	-575	-7,850	-9,328	-11,433	-26,225	-30,890	-36,784	-16,453	-19,346	-22,974	-1,539	-1,806	-2,495	18	
-6,944	-7,378	-7,658	-3	-4	-3	-217	-201	-249	-347	-333	-236	-1,994	-2,055	-1,955	-37	-42	-54	19	
-4,508	-5,008	-5,652	-117	-230	-244	-3,030	-2,949	-3,241	-7,208	-8,094	-9,206	-1,321	-1,522	-1,793	-459	-622	-781	20	
-1,202	-1,322	-1,496	.....	.....	.....	-212	-195	-241	-1,456	-1,511	-1,544	-422	-457	-465	-239	-295	-331	21
-2,087	-2,345	-2,693	-168	-185	-171	-476	-588	-716	-1,939	-2,291	-2,132	-3,096	-3,328	-3,676	-424	-420	-420	22	
-345	-434	-521	(*)	-1	.....	-17	-25	-225	-30	-28	-9	-281	-324	-361	-7	-9	3	23
17-705	-1,203	-1,164	17-61	-64	-76	17-881	-1,220	-1,650	17-3,099	-3,576	-3,391	17-485	-753	-628	17-54	-123	-126	24	
-272	-268	-289	-42	-48	-40	-95	-149	-114	-278	-324	-303	-58	-62	-99	-43	-32	-34	25	
-9,999	-12,070	-15,095	-31	-33	-42	-2,922	-4,002	-4,997	-11,868	-14,733	-19,963	-8,795	-10,845	-13,999	-328	-259	-752	26	
-2,208	-2,416	-4,217	.....	.....	.....	-390	-943	-1,082	1,395	247	-893	-1,009	-846	-1,478	-39	174	-120	27
-3,323	-4,287	-5,098	-29	-29	-41	-1,932	-2,155	-2,615	-12,044	-13,888	-17,931	-2,435	-3,954	-5,347	-137	-179	28		
-4,468	-5,367	-5,780	-2	-4	-1	-600	-904	-1,300	-1,219	-1,092	-1,139	-5,350	-6,045	-7,174	-191	-296	-453	29	
(*)	3	1	.....	.....	.....	.....	.....	.....	-25	-18	-18	1	1	.....	.....	.....	.....	30
359	534	498	-161	-161	-176	-290	-325	-337	-2,722	-3,155	-3,046	-87	-97	-103	-51	-56	-75	31	
-24	-11	-17	-15	-11	-9	.....	.....	.....	-1,421	-1,790	-1,618	.....	.....	.....	.....	.....	.....	32
-362	-364	-378	-19	-18	-20	-288	-298	-318	-390	-416	-467	-4	-14	-29	-16	-17	-18	33	
744	908	893	-127	-132	-147	-3	-27	-19	-911	-950	-961	-84	-83	-74	-35	-39	-56	34	
-24,861	-13,374	-4,668	-617	163	-1,103	-9,937	-14,526	-1,031	-14,755	-14,557	-3,863	-27,145	-18,781	-41,939	-592	-1,546	-1,229	35	
-2,514	1,674	-3,467	.....	.....	.....	.....	.....	.....	-198	167	-17	-313	5,253	-1,142	.....	.....	.....	36
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	37
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	38
-2,514	1,674	-3,467	.....	.....	.....	.....	.....	.....	-198	167	-17	-313	5,253	-1,142	.....	.....	.....	39
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	40
199	116	51	-395	172	141	73	152	79	-851	-1,001	-238	84	322	8	89	42	31	41	
.....	.....	.....	-1,855	.....	.....	-7	.....	.....	-2,162	-2,057	-1,216	.....	.....	.....	.....	.....	.....	42
156	51	52	610	135	110	68	158	50	1,249	1,146	1,019	87	318	4	118	30	26	43	
44	65	-1	851	37	31	12	-6	29	62	-90	-41	-3	3	4	-28	12	4	44	
-22,546	-15,164	-1,252	-222	-9	-1,244	-10,010	-14,678	-1,110	-13,705	-13,723	-3,608	-26,917	-24,355	-40,806	-681	-1,588	-1,260	45	
-10,031	-11,544	1,481	.....	.....	.....	-2,565	-7,450	-4,101	-7,441	-8,042	-4,579	-1,987	-2,908	37	-1,062	-1,681	46	
-4,012	64	-2,244	.....	-18	-23	-844	-4,020	-3,751	3,312	639	1,213	7,923	6,289	507	-223	-225	47	
206	-724	-216	-98	38	-74	-1,451	1,967	289	-1,548	2,221	-270	-390	114	227	23	-87	-113	48	
-8,709	-2,832	-274	-124	-29	-1,147	-5,150	-5,175	6,456	-8,028	-8,741	28	-32,463	-27,850	-39,563	531	-176	760	49	
31,184	43,989	7,807	145	-148	327	13,611	12,672	-1,666	30,854	8,643	56,669	51,253	42,697	86,325	5,696	252	4,345	50	
(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	789	3,020	4,606	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	51
(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	52
(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	53
(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	54
270	102	16	(*)	(*)	.....	100	64	-16	-44	-168	-63	66	-87	219	354	25	-467	55
(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	56
(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	57
(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	12,823	9,652	-6,272	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	58
8,040	13,548	8,742	.....	.....	.....	2,547	1,614	2,947	-332	-4,200	5,899	7,268	7,504	17,838	2,606	469	532	59
(¹⁹)	(¹⁹)	(¹⁹)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	(¹⁹)	60
3,512	2,303	2,326	-2	30	21	1,2													

Table 10.—U.S. International
[Millions]

Line	(Credits +; debits -) ¹	Other countries in Asia and Africa			International organizations and unallocated ¹⁶			Western Europe				
		1986	1987	1988	1986	1987	1988	1988				1989
								I	II	III	IV	
1	Exports of goods and services²	71,077	81,554	102,829	4,214	5,210	5,754	38,158	37,231	36,389	47,689	42,197
2	Merchandise, adjusted, excluding military ³	42,232	49,513	67,925	.....	.....	.....	21,552	22,110	19,927	22,825	24,632
3	Services ⁴	28,845	32,041	34,904	4,214	5,210	5,754	16,606	15,121	16,462	24,864	17,565
4	Transfers under U.S. military agency sales contracts	5,547	6,601	4,741	.....	.....	.....	1,039	823	907	764	917
5	Travel	2,529	2,539	3,336	.....	.....	.....	1,669	2,361	3,266	2,499	1,934
6	Passenger fares	566	529	781	.....	.....	.....	683	879	1,238	820	755
7	Other transportation	3,948	4,419	4,903	1,066	1,234	1,603	1,362	1,372	1,344	1,360	1,542
8	Royalties and license fees ^{5,6}	482	528	712	.....	.....	.....	1,390	1,427	1,444	1,911	1,545
9	Other private services ⁶	17,540	5,542	6,187	17,989	2,112	2,144	1,626	1,447	1,472	1,586	1,890
10	U.S. Government miscellaneous services	316	235	333	3	3	4	38	28	37	34	49
11	Receipts of income on U.S. assets abroad	10,054	11,649	13,911	1,155	1,860	2,003	8,800	6,783	6,694	15,891	8,934
12	Direct investment	3,563	5,796	6,270	-516	127	258	5,289	2,933	2,830	10,981	3,994
13	Other private receipts	3,529	3,189	3,673	861	1,048	1,119	3,236	3,632	3,616	4,297	4,523
14	U.S. Government receipts	2,962	2,664	3,968	810	685	626	275	218	248	612	417
15	Transfers of goods and services under U.S. military grant programs, net	47	33	53	.....	.....	.....	12	2	2	6	4
16	Imports of goods and services	-103,722	-126,485	-138,468	-3,055	-2,536	-2,972	-46,364	-49,788	-48,753	-49,830	-48,591
17	Merchandise, adjusted, excluding military ³	-82,433	-103,286	-113,004	.....	.....	.....	-25,205	-26,109	-23,908	-26,978	-24,988
18	Services ⁴	-21,289	-23,199	-25,464	-3,055	-2,536	-2,972	-21,159	-23,679	-24,845	-22,852	-23,603
19	Direct defense expenditures	-1,760	-1,829	-1,805	.....	.....	.....	-2,627	-2,567	-2,555	-2,606	-2,620
20	Travel	-4,833	-5,986	-5,843	.....	.....	.....	-1,839	-3,169	-4,309	-1,687	-1,953
21	Passenger fares	-1,340	-1,400	-1,485	-68	-70	-70	-685	-1,042	-1,239	-770	-747
22	Other transportation	-4,020	-4,339	-4,179	-1,444	-1,367	-1,899	-1,586	-1,646	-1,580	-1,638	-1,728
23	Royalties and license fees ^{5,6}	13	15	-107	.....	.....	.....	-327	-340	-339	-343	-350
24	Other private services ⁶	17-377	-927	-1,008	17-314	-366	.....	-1,022	-959	-968	-1,147	-1,096
25	U.S. Government miscellaneous services	-658	-734	-777	-1	-1	-1	-161	-134	-137	-155	-147
26	Payments of income on foreign assets in the United States	-8,315	-7,999	-10,259	-1,228	-732	-577	-12,912	-13,822	-13,719	-14,506	-14,962
27	Direct investment	366	334	196	.....	.....	.....	-3,104	-3,649	-3,286	-3,332	-3,384
28	Other private payments	-3,620	-3,796	-4,198	-259	-322	-427	-6,780	-6,961	-7,371	-7,896	-8,234
29	U.S. Government payments	-5,061	-4,537	-6,257	-969	-410	-150	-3,028	-3,212	-3,062	-3,278	-3,344
30	U.S. military grants of goods and services, net	-47	-33	-53	.....	.....	.....	-12	-2	-2	-6	-4
31	Unilateral transfers (excluding military grants of goods and services), net	-11,071	-9,462	-9,581	-955	-932	-1,276	-10	39	47	-140	48
32	U.S. Government grants (excluding military grants of goods and services)	-9,011	-7,420	-7,432	-694	-599	-799	-123	-112	-72	-212	-47
33	U.S. Government pensions and other transfers	-473	-349	-349	-248	-333	-465	-198	-201	-196	-231	-211
34	Private remittances and other transfers	-1,587	-1,693	-1,801	-13	.....	-12	311	353	315	303	306
35	U.S. assets abroad, net (increase/capital outflow (-))	-1,056	2,237	-7,165	-198	483	2,986	4,901	-2,498	-7,647	-23,521	-12,248
36	U.S. official reserve assets, net ⁷ .....	.....	.....	.....	1,254	1,561	1,498	656	-214	-4,795	447	-3,534
37	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
38	Special drawing rights .....	.....	.....	.....	-246	-509	474	.....	.....	.....	.....	.....
39	Reserve position in the International Monetary Fund .....	.....	.....	.....	1,501	2,070	1,025	.....	.....	.....	.....	.....
40	Foreign currencies .....	.....	.....	.....	.....	.....	.....	656	-214	-4,795	447	-3,534
41	U.S. Government assets, other than official reserve assets, net	-446	2,039	3,059	-924	-784	-968	23	-233	-9	1,106	339
42	U.S. credits and other long-term assets	-3,052	-2,138	-4,327	-927	-788	-969	-245	-340	-249	-234	-272
43	Repayments on U.S. credits and other long-term assets ⁸	2,508	4,334	7,149	4	4	1	293	139	226	1,296	608
44	U.S. foreign currency holdings and U.S. short-term assets, net	98	-157	237	.....	.....	.....	-25	-31	15	44	3
45	U.S. private assets, net	-609	198	-10,225	-529	-294	2,456	4,222	-2,052	-2,843	-25,075	-9,053
46	Direct investment	-1,190	-2,173	-2,037	887	-183	176	-2,161	3,949	-454	-4,668	-3,189
47	Foreign securities	2,796	3,236	495	576	374	760	-3,208	20	-1,622	-2,008	-2,061
48	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-26	283	-307	-4	.....	-3	-525	-2,083	1,171	4	n.a.
49	U.S. claims reported by U.S. banks, not included elsewhere	-2,189	-1,148	-8,376	-1,988	-489	1,523	10,116	-3,938	-1,937	-18,403	-3,803
50	Foreign assets in the United States, net (increase/capital inflow (+))	14,185	8,239	10,450	-902	-5,548	15	-3,913	27,954	8,291	30,503	21,521
51	Foreign official assets in the United States, net	(19)	(19)	(19)	(*)	-52	(*)	4,523	-2,701	-5,464	3,717	-510
52	U.S. Government securities	(19)	(19)	(19)	.....	.....	.....	(18)	(18)	(18)	(18)	(18)
53	U.S. Treasury securities ⁹	(19)	(19)	(19)	.....	.....	.....	(18)	(18)	(18)	(18)	(18)
54	Other ¹⁰	(19)	(19)	(19)	.....	.....	.....	(18)	(18)	(18)	(18)	(18)
55	Other U.S. Government liabilities ¹¹	708	-2,406	-563	(*)	-52	(*)	-286	-93	-161	145	-296
56	U.S. liabilities reported by U.S. banks, not included elsewhere	(19)	(19)	(19)	.....	.....	.....	(18)	(18)	(18)	(18)	(18)
57	Other foreign official assets ¹²	(19)	(19)	(19)	.....	.....	.....	(18)	(18)	(18)	(18)	(18)
58	Other foreign assets in the United States, net	(19)	(19)	(19)	-902	-5,496	15	-8,436	30,655	13,754	26,787	22,031
59	Direct investment	273	1,071	1,496	.....	.....	.....	2,660	9,018	5,573	12,574	11,049
60	U.S. Treasury securities	(19)	(19)	(19)	(19)	(19)	(19)	(18)	(18)	(18)	(18)	(18)
61	U.S. securities other than U.S. Treasury securities	2,723	1,222	86	565	653	-742	1,245	3,950	3,787	4,024	4,731
62	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-1,291	869	35	151	52	-34	1,421	-714	2,217	1,430	n.a.
63	U.S. liabilities reported by U.S. banks, not included elsewhere	19 11,772	19 7,483	19 9,396	19 -	19 -	19 791	(18)	(18)	(18)	(18)	(18)
64	Allocations of special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
65	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	30,587	43,918	41,934	896	3,324	-4,508	7,228	-12,938	11,673	-4,700	-2,928
66	Memoranda:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
67	Balance on merchandise trade (lines 2 and 17)	-40,201	-53,773	-45,079	.....	.....	.....	-3,653	-3,999	-3,981	-4,153	-3,566
68	Balance on services (lines 3 and 18)	7,556	8,842	9,441	1,159	2,673	2,782	-4,553	-8,558	-8,383	2,012	-6,037
69	Balance on goods and services (lines 66 and 67) ¹³	-32,645	-44,931	-35,638	1,159	2,673	2,782	-8,206	-12,557	-12,364	-2,141	-6,393
70	Balance on goods, services, and remittances (lines 68, 33, and 34)	-34,705	-46,974	-37,787	898	2,340	2,306	-8,093	-12,405	-12,245	-2,070	-6,299
71	Balance on current account (lines 68 and 31) ¹¹	-43,716	-54,393	-45,219	204	1,741	1,506	-8,216	-12,517	-12,317	-2,282	-6,346

Transactions, by Area—Continued

of dollars]

European Communities (12) ¹⁴					United Kingdom					European Communities (6) ¹⁵					Line
1988				1989	1988				1989	1988				1989	
I	II	III	IV	I ^P	I	II	III	IV	I ^P	I	II	III	IV	I ^P	
32,658	31,320	31,115	40,697	36,081	10,576	10,125	10,320	13,212	11,421	18,124	17,072	17,081	23,035	20,065	1
18,636	19,015	17,202	19,657	21,348	4,424	4,679	4,202	4,737	5,089	12,182	12,056	11,050	12,726	13,646	2
14,022	12,305	13,913	21,040	14,733	6,152	5,446	6,118	8,475	6,332	5,942	5,016	6,031	10,309	6,419	3
821	576	671	518	712	187	83	106	94	114	231	260	317	253	340	4
1,282	1,803	2,596	1,896	1,462	428	622	833	760	512	715	938	1,413	955	782	5
587	739	1,146	710	654	223	298	402	296	270	316	376	642	342	328	6
1,043	1,093	1,075	1,092	1,276	215	225	215	223	298	616	618	622	623	695	7
1,257	1,273	1,296	1,716	1,397	307	317	322	405	313	857	841	868	1,139	932	8
1,366	1,226	1,236	1,315	1,562	674	565	560	613	726	525	515	530	543	639	9
32	18	25	25	41	8	1	11	2	16	21	9	11	17	18	10
7,634	5,577	5,869	13,768	7,630	4,109	3,335	3,669	6,083	4,083	2,662	1,460	1,628	6,437	2,684	11
4,497	2,359	2,389	9,713	3,200	2,223	1,339	1,523	3,551	1,320	1,591	390	481	5,067	1,251	12
2,946	3,090	3,306	3,779	4,148	1,886	1,995	2,145	2,484	2,762	966	989	1,086	1,188	1,252	13
191	129	174	275	282	1	1	1	48	1	106	81	82	182	181	14
9	2	1	3	2						(*)	(*)		(*)		15
-39,284	-41,995	-41,587	-42,246	-40,933	-13,004	-14,685	-14,599	-15,144	-14,462	-23,547	-24,253	-23,537	-23,600	-22,912	16
-21,242	-21,686	-20,161	-22,557	-20,756	-4,178	-4,589	-4,154	-4,759	-4,248	-15,281	-15,325	-14,112	-15,650	-14,313	17
-18,042	-20,309	-21,426	-19,689	-20,177	-8,826	-10,096	-10,445	-10,385	-10,214	-8,266	-8,928	-9,425	-7,950	-8,599	18
-2,462	-2,412	-2,350	-2,466	-2,470	-431	-327	-326	-332	-350	-1,877	-1,925	-1,895	-1,961	-1,950	19
-1,616	-2,903	-3,883	-1,568	-1,739	-515	-1,125	-1,200	-484	-591	-977	-1,478	-2,259	-938	-1,015	20
-580	-849	-1,024	-674	-648	-191	-284	-343	-211	-283	-409	-409	-313	-313	-334	21
-1,217	-1,331	-1,278	-1,344	-1,380	-301	-339	-345	-357	-357	-662	-696	-649	-687	-715	22
-208	-221	-224	-228	-250	-75	-80	-90	-94	-94	-127	-136	-129	-129	-151	23
-868	-791	-815	-925	-922	-479	-467	-460	-560	-569	-340	-263	-279	-282	-281	24
-133	-105	-107	-124	-113	-22	-17	-17	-17	-19	-90	-62	-63	-75	-68	25
-10,958	-11,697	-11,745	-12,361	-12,656	-6,812	-7,458	-7,664	-8,283	-8,023	-3,910	-3,959	-3,660	-3,566	-4,085	26
-2,693	-3,184	-2,896	-2,885	-2,857	-1,485	-1,864	-1,864	-2,027	-1,644	-1,186	-1,262	-984	-785	-1,137	27
-5,908	-6,079	-6,439	-6,874	-7,123	-4,598	-4,829	-5,045	-5,338	-5,420	-1,231	-1,169	-1,293	-1,405	-1,544	28
-2,357	-2,434	-2,410	-2,602	-2,676	-729	-745	-755	-918	-959	-1,493	-1,528	-1,383	-1,376	-1,404	29
-9	-2	-1	-3	-2						(*)	(*)		(*)		30
197	160	177	128	179	114	148	160	119	112	154	126	100	119	146	31
-3	-68	-19	-52	-8		-1	-1	-1		-1	-11	(*)	-5	-1	32
-163	-162	-163	-163	-172	-24	-24	-25	-25	-25	-95	-95	-95	-95	-100	33
363	390	358	344	359	138	173	185	145	137	249	231	194	218	247	34
3,430	-2,643	-8,906	-22,448	-7,011	1,417	-4,943	-4,911	-15,580	-2,674	2,832	1,528	-3,331	-5,697	-3,590	35
722	-154	-4,781	743	-3,527	-1	-1	-1	-1	-1	722	-153	-4,780	744	-3,526	36
															37
															38
722	-154	-4,781	743	-3,527	-1	-1	-1	-1	-1	722	-153	-4,780	744	-3,526	39
															40
-90	-82	-2	-6	340	-2	-5	(*)	104	6	-10	-13	31	43	12	41
-190	-125	-142	-204	-90											42
129	76	121	161	429						14	12	14	12	14	43
-29	-33	20	37	2	-2	-5	(*)	-3	6	-24	-26	18	31	-1	44
2,798	-2,407	-4,123	-23,185	-3,824	1,420	-4,937	-4,910	-15,683	-2,678	2,120	1,694	1,418	-6,484	-76	45
-3,120	3,633	-445	-4,507	-3,045	-2,524	67	-2,466	296	-2,016	-103	3,588	2,142	-4,143	-610	46
-2,694	-1,039	-1,915	-2,540	-1,755	-1,630	-486	-1,275	-2,680	-2,868	-1,113	-1,073	-452	395	1,189	47
-592	-1,939	1,116	284	n.a.	-577	-1,617	1,023	395	n.a.	-33	-284	98	3	n.a.	48
9,204	-3,062	-2,880	-16,422	976	6,151	-2,901	-2,192	-13,694	2,206	3,369	-535	-370	-2,738	-655	49
-2,168	28,201	6,272	28,866	19,541	-7,891	23,660	9,948	14,880	17,248	3,812	218	-7,274	11,050	2,483	50
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	51
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	52
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	53
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	54
-312	-106	-85	190	-269	-127	20	-7	95	-110	-56	-42	34	80	-69	55
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	56
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	57
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	58
3,497	8,644	4,650	11,575	10,514	2,567	5,231	2,963	8,012	9,255	861	3,330	1,651	2,900	870	59
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	60
1,599	4,296	4,505	4,370	5,894	1,122	3,530	3,734	3,921	4,984	468	742	678	438	746	61
1,174	-505	2,066	683	n.a.	-1,038	-339	1,146	-124	n.a.	116	-172	914	552	n.a.	62
19-8,126	19 15,871	19-4,864	19 12,048	19 3,402	19-12,491	19 15,218	19 2,112	19 2,976	19 3,119	19 2,423	19-3,640	19-10,551	19 7,081	19 936	63
															64
5,167	-15,043	12,929	-4,997	-7,857	8,789	-14,306	-918	2,513	-11,645	-1,376	5,309	16,961	-4,907	3,809	65
-2,606	-2,671	-2,959	-2,900	592	246	90	48	-22	841	-3,099	-3,269	-3,062	-2,924	-667	66
-4,020	-8,004	-7,513	1,351	-5,444	-2,674	-4,649	-4,327	-1,910	-3,882	-2,323	-3,911	-3,394	2,359	-2,181	67
-6,626	-10,675	-10,472	-1,549	-4,852	-4,428	-4,559	-4,279	-1,932	-3,041	-5,422	-7,180	-6,456	-565	-2,848	68
-6,426	-10,447	-10,276	-1,369	-4,664	-2,314	-4,410	-4,119	-1,812	-2,929	-5,268	-7,044	-6,355	-442	-2,701	69
-6,429	-10,515	-10,295	-1,421	-4,673	-2,314	-4,412	-4,119	-1,813	-2,929	-5,269	-7,055	-6,356	-447	-2,701	70

Table 10.—U.S. International Transactions,

[Millions]

Line	(Credits +; debits -) ¹	Eastern Europe					Canada				
		1988				1989	1988				1989
		I	II	III	IV	I ²	I	II	III	IV	I ²
1	Exports of goods and services ²	1,323	1,181	712	1,185	1,890	25,783	25,667	23,271	24,562	26,819
2	Merchandise, adjusted, excluding military ³	1,190	1,036	552	1,018	1,711	19,094	18,807	16,924	18,715	20,524
3	Services ⁴	133	145	160	167	179	6,689	6,860	6,347	5,847	6,295
4	Transfers under U.S. military agency sales contracts	(*)			(*)		63	75	32	27	39
5	Travel	29	38	59	53	41	1,011	1,110	1,061	794	1,285
6	Passenger fares						184	165	141	174	211
7	Other transportation	33	29	22	23	26	253	244	252	287	259
8	Royalties and license fees ^{5,6}	6	8	9	9	9	183	193	199	216	185
9	Other private services ⁶	31	29	31	32	36	840	770	781	790	865
10	U.S. Government miscellaneous services	1	1	5	3	2	6	10	10	8	6
11	Receipts of income on U.S. assets abroad	33	40	34	47	65	4,149	4,295	3,872	3,551	3,446
12	Direct investment						2,521	2,616	2,074	1,743	1,608
13	Other private receipts	28	27	31	44	61	1,613	1,678	1,783	1,808	1,824
14	U.S. Government receipts	5	13	3	3	4	15	1	15	(*)	14
15	Transfers of goods and services under U.S. military grant programs, net										
16	Imports of goods and services	-621	-774	-702	-643	-662	-23,342	-25,201	-23,162	-24,129	-25,073
17	Merchandise, adjusted, excluding military ³	-514	-626	-477	-548	-559	-20,774	-22,455	-19,631	-21,540	-22,574
18	Services ⁴	-107	-148	-225	-95	-103	-2,568	-2,746	-3,531	-2,589	-2,499
19	Direct defense expenditures	-1	-1	-1	-1	-1	-69	-48	-72	-59	-50
20	Travel	-16	-65	-151	-12	-16	-378	-776	-1,528	-559	-365
21	Passenger fares						-38	-73	-68	-42	-65
22	Other transportation	-55	-45	-31	-40	-42	-172	-173	-179	-192	-178
23	Royalties and license fees ^{5,6}						-40	-78	-75	-33	1
24	Other private services ⁶	-18	-18	-19	-20	-20	-536	-345	-390	-379	-443
25	U.S. Government miscellaneous services	-9	-9	-11	-11	-10	-20	-28	-40	-26	-19
26	Payments of income on foreign assets in the United States	-9	-10	-12	-11	-14	-1,315	-1,225	-1,159	-1,299	-1,380
27	Direct investment						-418	-277	-138	-250	-409
28	Other private payments	-9	-9	-12	-11	-14	-618	-642	-668	-687	-608
29	U.S. Government payments		-1				-279	-306	-353	-362	-363
30	U.S. military grants of goods and services, net										
31	Unilateral transfers (excluding military grants of goods and services), net	-38	-42	-40	-55	-40	-90	-69	-105	-73	-95
32	U.S. Government grants (excluding military grants of goods and services)		-6	-1	-1	-1					
33	U.S. Government pensions and other transfers	-6	-3	-5	-6	-6	-79	-79	-80	-80	-82
34	Private remittances and other transfers	-32	-33	-34	-49	-32	-11	10	-26	8	-12
35	U.S. assets abroad, net (increase/capital outflow (-))	109	-165	95	-1,142	-76	670	-3,798	-2,427	4,524	-1,840
36	U.S. official reserve assets, net ⁷										
37	Gold										
38	Special drawing rights										
39	Reserve position in the International Monetary Fund										
40	Foreign currencies										
41	U.S. Government assets, other than official reserve assets, net	12	83	12	34	4	9	39	20	11	15
42	U.S. credits and other long-term assets										
43	Repayments on U.S. credits and other long-term assets ⁸	10	67	6	28	4	13	23	14		15
44	U.S. foreign currency holdings and U.S. short-term assets, net	3	16	6	7	(*)	-4	16	6	11	1
45	U.S. private assets, net	97	-248	83	-1,176	-80	661	-3,837	-2,447	4,514	-1,855
46	Direct investment										
47	Foreign securities	-15		-9		-7	-1,663	-743	-825	-522	-1,477
48	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-2	-78	86	-80	n.a.	-86	-34	-589	978	n.a.
49	U.S. claims reported by U.S. banks, not included elsewhere	114	-170	6	-1,097	-73	3,543	-2,014	1,184	3,743	-571
50	Foreign assets in the United States, net (increase/capital inflow (+))	121	201	-280	285	88	-762	4,812	-1,599	-4,117	3,808
51	Foreign official assets in the United States, net	(19)	(19)	(19)	(19)	(19)	2,993	2,772	-705	-455	577
52	U.S. Government securities	(19)	(19)	(19)	(19)	(19)	(18)	(18)	(18)	(18)	(18)
53	U.S. Treasury securities ⁹	(19)	(19)	(19)	(19)	(19)	(18)	(18)	(18)	(18)	(18)
54	Other ¹⁰	(19)	(19)	(19)	(19)	(19)	(18)	(18)	(18)	(18)	(18)
55	Other U.S. Government liabilities ¹¹	(*)	(*)	(*)	(*)	(*)	-47	14	17	4	
56	U.S. liabilities reported by U.S. banks, not included elsewhere	(19)	(19)	(19)	(19)	(19)	(18)	(18)	(18)	(18)	(18)
57	Other foreign official assets ¹²	(19)	(19)	(19)	(19)	(19)	(18)	(18)	(18)	(18)	(18)
58	Other foreign assets in the United States, net	(19)	(19)	(19)	(19)	(19)	-3,755	2,039	-894	-3,662	3,232
59	Direct investment						884	407	495	1,061	335
60	U.S. Treasury securities	(19)	(19)	(19)	(19)	(19)	(18)	(18)	(18)	(18)	(18)
61	U.S. securities other than U.S. Treasury securities	12	2	5	2	-2	-16	565	245	913	585
62	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	9	-8	9	98	n.a.	59	-280	23	396	n.a.
63	U.S. liabilities reported by U.S. banks, not included elsewhere	19	100	19	185	90	(18)	(18)	(18)	(18)	(18)
64	Allocations of special drawing rights										
65	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-894	-401	215	370	-1,200	-2,259	-1,411	4,022	-768	-3,620
66	Memoranda:										
66	Balance on merchandise trade (lines 2 and 17)	676	410	75	470	1,152	-1,680	-3,648	-2,707	-2,825	-2,050
67	Balance on services (lines 3 and 18)	26	-3	-65	72	75	4,121	4,114	2,816	3,258	3,796
68	Balance on goods and services (lines 66 and 67) ¹³	702	407	10	542	1,227	2,441	466	109	433	1,746
69	Balance on goods, services, and remittances (lines 68, 33, and 34)	664	371	-29	488	1,189	2,351	398	4	360	1,652
70	Balance on current account (lines 68 and 31) ¹¹	664	365	-30	487	1,188	2,351	398	4	360	1,652

by Area—Continued

of dollars]

Latin America and Other Western Hemisphere					Japan					Australia					Line
1988				1989	1988				1989	1988				1989	
I	II	III	IV	I ^P	I	II	III	IV	I ^P	I	II	III	IV	I ^P	
18,737	19,693	21,569	21,869	23,059	14,741	15,089	15,990	17,042	17,590	2,494	3,271	3,295	4,283	2,816	1
9,601	10,630	11,318	12,075	11,894	8,740	9,226	9,590	9,592	10,375	1,335	1,529	1,736	2,204	1,817	2
9,136	9,063	10,251	9,794	11,165	6,001	5,863	6,400	7,450	7,215	1,159	1,742	1,559	2,079	999	3
60	62	111	71	50	118	49	52	91	71	196	235	293	242	170	4
1,346	1,412	1,868	1,662	1,788	1,152	1,109	1,418	1,247	1,279	135	142	215	210	184	5
296	327	392	378	349	432	470	566	393	454	69	124	144	144	97	6
714	657	775	705	675	657	665	724	708	694	63	62	56	58	47	7
62	74	70	88	78	522	603	581	715	639	60	72	80	103	81	8
1,061	919	950	1,019	1,181	511	524	569	525	579	123	115	121	127	138	9
24	29	40	27	29	2	3	22	4	7	(*)	1	(*)	4	(*)	10
5,572	5,583	6,045	5,844	7,015	2,607	2,441	2,469	3,768	3,493	513	991	651	1,191	283	11
1,299	1,325	1,178	815	1,348	1,040	713	322	1,195	364	370	893	531	1,068	144	12
4,084	4,145	4,683	4,920	5,518	1,558	1,721	2,139	2,531	3,106	141	95	118	120	137	13
189	113	184	109	149	10	7	8	42	23	2	3	2	3	2	14
5	1	2	10	2											15
-21,378	-21,280	-22,561	-22,987	-24,549	-25,814	-27,179	-28,326	-31,416	-29,154	-1,419	-1,419	-1,553	-1,620	-1,606	16
-12,763	-12,761	-12,932	-12,965	-13,445	-20,853	-21,501	-22,242	-25,164	-22,843	-969	-899	-792	-856	-859	17
-8,615	-8,519	-9,629	-10,022	-11,104	-4,961	-5,678	-6,084	-6,252	-6,311	-450	-520	-761	-764	-747	18
-53	-50	-68	-64	-60	-461	-503	-479	-512	-500	-15	-10	-17	-12	-13	19
-2,309	-2,140	-2,413	-2,344	-2,370	-390	-586	-391	-426	-454	-160	-150	-237	-234	-213	20
-443	-377	-386	-338	-397	-89	-136	-126	-114	-87	-75	-77	-95	-84	-69	21
-598	-527	-528	-480	-521	-898	-860	-967	-950	-956	-115	-106	-98	-101	-107	22
-2	-2	-3	-2	-2	-83	-90	-91	-97	-92	-1	3	-1	2	-1	23
-852	-855	-813	-872	-1,100	-143	-156	-149	-180	-8	-32	-32	-32	-30	-38	24
-61	-75	-94	-73	-77	-18	-28	-31	-21	-23	-11	-5	-5	-13	-11	25
-4,297	-4,493	-5,324	-5,849	-6,577	-2,879	-3,320	-3,848	-3,951	-4,191	-42	-144	-275	-292	-296	26
-222	-216	-238	-217	-197	-116	-438	-608	-315	-229	70	-18	-83	-90	-106	27
-3,836	-4,051	-4,756	-5,288	-6,031	-1,154	-1,203	-1,374	-1,616	-1,799	-40	-39	-49	-51	-56	28
-239	-226	-330	-349	-349	-1,609	-1,679	-1,866	-2,020	-2,163	-72	-87	-143	-151	-134	29
-5	-1	-2	-10	-2											30
-716	-712	-713	-906	-756	-37	-15	-31	-21	-39	-18	-16	-20	-20	-20	31
-369	-379	-360	-510	-398											32
-99	-109	-101	-159	-107	-9	-2	-9	-9	-8	-5	-5	-5	-5	-4	33
-248	-224	-252	-238	-251	-27	-12	-22	-12	-31	-14	-12	-15	-16	-14	34
-32	5,508	-13,449	4,109	-10,839	-4,680	-13,496	-10,731	-13,032	-10,558	1,014	-1,149	58	-1,152	39	35
-129	160		-48	-402	375	-156	-2,752	1,392	-192						36
															37
															38
-129	160		-48	-402	375	-156	-2,752	1,392	-192						39
															40
-120	4	-99	-24	121	3	3	(*)	3	(*)	13	6	3	8	3	41
-349	-204	-337	-326	-199											42
277	233	298	210	328	1	(*)	(*)	3		5	8	5	8	5	43
-48	-25	-60	92	-8	1	2	-1	1	(*)	8	-2	-2	(*)	-2	44
217	5,344	-13,350	4,181	-10,558	-5,057	-13,343	-7,979	-14,427	-10,366	1,000	-1,154	54	-1,160	36	45
-1,821	-2,090	-1,565	896	-152	-671	-347	537	-1,495	14	14	-842	-482	-372	97	46
163	1,150	(*)	-119	422	-232	703	71	-35	116	348	-72	70	-571	112	47
392	-4,497	-239	4,074	n.a.	-49	460	15	-199	63	63	-44	6	-138	n.a.	48
1,463	10,781	-11,546	-670	-10,828	-4,105	-14,158	-8,602	-12,698	-10,496	575	-197	461	-79	-173	49
6,271	12,473	15,762	22,163	4,855	23,900	14,855	21,331	26,239	11,337	749	3,088	1,032	-525	-639	50
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	51
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	52
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	53
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	54
-19	50	-54	-40	9	-96	110	246	-43	-80	-26	-138	-183	-121	-100	55
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	56
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	57
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	58
2,281	-293	1,005	2,906	1,251	3,879	5,076	4,339	4,542	1,602	265	-135	66	336	-310	59
(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	60
755	409	915	913	2,820	1,525	4,475	1,905	1,405	123	178	-46	-13	-51	135	61
427	234	-448	349	n.a.	66	169	311	215	n.a.	99	264	211		n.a.	62
192,827	19 12,073	19 14,344	19 18,035	19 775	19 18,526	19 5,023	19 14,528	19 20,120	19 9,693	19 233	19 3,143	19 951	19 689	19 364	63
															64
-2,883	-15,683	-609	-24,248	8,230	-8,110	10,746	1,767	1,187	10,823	-2,819	-3,775	-2,812	-966	-590	65
-3,162	-2,131	-1,614	-890	-1,551	-12,113	-12,275	-12,652	-15,572	-12,468	366	630	944	1,348	958	66
521	544	622	-228	61	1,040	185	316	1,199	904	709	1,222	798	1,315	252	67
-2,641	-1,587	-992	-1,118	-1,490	-11,073	-12,090	-12,336	-14,373	-11,564	1,075	1,852	1,742	2,663	1,210	68
-2,988	-1,919	-1,345	-1,515	-1,847	-11,110	-12,104	-12,367	-14,394	-11,603	1,057	1,836	1,723	2,643	1,191	69
-3,357	-2,298	-1,705	-2,025	-2,246	-11,110	-12,104	-12,367	-14,394	-11,603	1,057	1,836	1,723	2,643	1,190	70

Table 10a.—U.S. International Transactions,

[Millions]

Line	(Credits +; debits -) ¹	Belgium-Luxembourg			France			Federal Republic of Germany		
		1986	1987	1988 ²	1986	1987	1988 ²	1986	1987	1988 ²
1	Exports of goods and services ²	9,102	10,320	11,172	12,618	15,034	16,099	19,836	23,209	21,900
2	Merchandise, adjusted, excluding military ³	5,456	6,147	7,353	7,119	7,949	9,996	10,461	11,533	14,036
3	Services ⁴	3,646	4,173	3,819	5,499	7,085	6,103	9,375	11,676	7,864
4	Transfers under U.S. military agency sales contracts	29	65	251	89	90	38	247	426	358
5	Travel	124	150	173	682	832	942	1,032	1,544	1,950
6	Passenger fares	62	45	38	355	539	562	292	490	658
7	Other transportation	197	204	258	507	494	515	723	719	822
8	Royalties and license fees ^{5,6}	285	307	313	581	815	906	847	1,177	1,176
9	Other private services ⁶	¹⁴ 293	238	304	¹⁴ 260	263	323	¹⁴ 693	580	474
10	U.S. Government miscellaneous services	1	3	3	10	16	16	23	13	24
11	Receipts of income on U.S. assets abroad	2,655	3,161	2,479	3,015	4,036	2,801	5,518	6,727	2,402
12	Direct investment	1,627	1,891	1,016	2,043	2,759	1,321	4,826	6,056	1,683
13	Other private receipts	1,024	1,267	1,461	965	1,271	1,475	278	215	284
14	U.S. Government receipts	4	3	2	7	6	5	414	456	435
15	Transfers of goods and services under U.S. military grant programs, net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
16	Imports of goods and services	-5,178	-6,253	-6,889	-13,109	-14,774	-17,430	-38,353	-42,394	-43,639
17	Merchandise, adjusted, excluding military ³	-3,938	-4,223	-4,502	-9,542	-10,506	-12,118	-24,526	-26,941	-26,295
18	Services ⁴	-1,240	-2,030	-2,387	-3,567	-4,268	-5,312	-13,827	-15,453	-17,344
19	Direct defense expenditures	-117	-184	-196	-67	-81	-97	-6,158	-6,386	-6,652
20	Travel	-153	-120	-166	-1,002	-1,187	-1,187	-1,913	-2,203	-2,413
21	Passenger fares	-106	-85	-82	-199	-255	-301	-417	-464	-549
22	Other transportation	-167	-214	-225	-284	-314	-412	-863	-889	-1,078
23	Royalties and license fees ^{5,6}	-30	-29	-36	-72	-69	-81	-237	-302	-334
24	Other private services ⁶	¹⁴ -80	-56	-61	¹⁴ -196	-248	-312	¹⁴ -117	-502	-350
25	U.S. Government miscellaneous services	-35	-42	-32	-86	-92	-89	-106	-80	-108
26	Payments of income on foreign assets in the United States	-552	-1,300	-1,589	-1,661	-2,071	-2,833	-4,016	-4,627	-5,860
27	Direct investment	20	-346	-428	-54	-56	-414	23	172	-589
28	Other private payments	-443	-755	-949	-946	-1,254	-1,553	-1,047	-1,102	-1,280
29	U.S. Government payments	-129	-199	-212	-661	-761	-866	-2,992	-3,697	-3,991
30	U.S. military grants of goods and services, net	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31	Unilateral transfers (excluding military grants of goods and services), net	-28	-31	-31	-86	-87	-88	744	922	898
32	U.S. Government grants (excluding military grants of goods and services)									
33	U.S. Government pensions and other transfers	-9	-9	-9	-33	-34	-35	-133	-133	-140
34	Private remittances and other transfers	-19	-22	-22	-53	-53	-53	877	1,055	1,038
35	U.S. assets abroad, net (increase/capital outflow (-))	-6,407	-5,715	-2,048	-3,641	-5,800	-1,688	-7,954	-1,282	194
36	U.S. official reserve assets, net ⁷				(*)	(*)	(*)	-2,514	1,674	-3,467
37	Gold									
38	Special drawing rights									
39	Reserve position in the International Monetary Fund									
40	Foreign currencies				(*)	(*)	(*)	-2,514	1,674	-3,467
41	U.S. Government assets, other than official reserve assets, net	19	18		28	8	16	-5	64	6
42	U.S. credits and other long-term assets									
43	Repayments on U.S. credits and other long-term assets ⁸	9	9	9	26	13	14			
44	U.S. foreign currency holdings and U.S. short-term assets, net	10	9	-9	2	-5	2	-5	64	6
45	U.S. private assets, net	-6,426	-5,733	-2,048	-3,669	-5,808	-1,704	-5,435	-3,020	3,655
46	Direct investment	-278	-1,715	-415	-1,236	-2,222	-754	-3,542	-3,568	3,521
47	Foreign securities	-4,311	-1,731	-2,676	7	-1,039	-743	-1,492	1,802	1,278
48	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	11	-12	-1	42	-420	64	9	-107	-68
49	U.S. claims reported by U.S. banks, not included elsewhere	-1,848	-2,275	1,044	-2,482	-2,127	-271	-410	-1,147	-1,076
50	Foreign assets in the United States, net (increase/capital inflow (+))	3,086	2,789	3,183	8,912	11,415	-2,343	9,074	18,380	-1,368
51	Foreign official assets in the United States, net	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)
52	U.S. Government securities	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)
53	U.S. Treasury securities ⁹	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)
54	Other ¹⁰	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)
55	Other U.S. Government liabilities ¹¹	56	70	-119	41	-25	-4	142	120	123
56	U.S. liabilities reported by U.S. banks, not included elsewhere	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)
57	Other foreign official assets ¹²	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)
58	Other foreign assets in the United States, net	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)
59	Direct investment	552	-32	1,747	1,017	2,471	962	1,982	3,150	2,306
60	U.S. Treasury securities	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)	(¹⁵)
61	U.S. securities other than U.S. Treasury securities	1,045	103	-74	812	1,044	-181	-3	-87	1,532
62	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-59	-4	241	-309	-115	-41	178	450	902
63	U.S. liabilities reported by U.S. banks, not included elsewhere	¹⁵ 1,492	¹⁵ 2,652	¹⁵ 1,388	¹⁵ 7,351	¹⁵ 8,040	¹⁵ -3,079	¹⁵ 6,775	¹⁵ 14,747	¹⁵ -6,231
64	Allocations of special drawing rights									
65	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-575	-1,110	-5,387	-4,694	-5,788	5,450	16,653	1,165	22,015
66	Memoranda:									
67	Balance on merchandise trade (lines 2 and 17)	1,518	1,924	2,851	-2,423	-2,557	-2,122	-14,065	-15,408	-12,259
68	Balance on services (lines 3 and 18)	2,406	2,143	1,432	1,932	2,817	791	-4,452	-3,777	-9,480
69	Balance on goods and services (lines 66 and 67) ¹³	3,924	4,067	4,283	-491	260	-1,331	-18,517	-19,185	-21,739
70	Balance on goods, services, and remittances (lines 68, 33, and 34)	3,896	4,036	4,252	-577	173	-1,419	-17,773	-18,263	-20,841
70	Balance on current account (lines 68 and 31) ¹¹	3,896	4,036	4,252	-577	173	-1,419	-17,773	-18,263	-20,841

by Selected Countries (published annually)

of dollars]

Italy			Netherlands			Mexico			Venezuela			South Africa			Line
1986	1987	1988 ^p	1986	1987	1988 ^p	1986	1987	1988 ^p	1986	1987	1988 ^p	1986	1987	1988 ^p	
10,000	10,510	10,903	12,952	13,878	15,242	19,017	21,438	28,679	5,226	5,447	6,806	1,873	2,037	2,188	1
4,750	5,466	6,668	7,190	8,026	9,961	12,310	14,558	20,573	3,094	3,534	4,525	1,149	1,281	1,683	2
5,250 66	5,044 73	4,235 74	5,762 309	5,852 410	5,281 341	6,707 7	6,880 3	8,106 15	2,132 42	1,913 48	2,281 31	724	756	505	3
492	585	634	215	279	322	1,942	2,040	2,652							4
192	302	383	36	33	35	117	145	182	614	453	611	95	62	100	5
246	268	307	525	602	577	355	394	252				38	62	52	6
483	549	640	430	466	671	105	104	133	14	21	20	71	54	59	7
14,404	385	395	14,525	552	617	14,865	813	843				14,98	96	108	8
5	8	12	2	1	2	10	22	27	14,279	261	264	4	1	2	9
3,362	2,874	1,790	3,720	3,509	2,716	3,306	3,359	4,002	1,183	1,130	1,355	418	481	184	10
2,650	2,127	1,120	3,523	3,228	2,388	217	707	1,190	162	223	351	285	367	45	12
692	737	662	196	280	327	2,986	2,512	2,649	1,009	896	995	133	114	139	13
20	10	8	1	1	1	103	140	163	12	11	9	(*)	(*)	(*)	14
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	15
-13,675	-14,690	-15,772	-8,194	-9,313	-11,201	-23,950	-27,339	-31,315	-6,103	-6,870	-6,564	-2,520	-1,485	-1,724	16
-10,347	-10,916	-11,502	-4,097	-4,809	-5,951	-17,664	-20,289	-23,325	-4,811	-5,652	-5,163	-2,372	-1,342	-1,529	17
-3,328	-3,774	-4,270	-4,097	-4,504	-5,250	-6,286	-7,050	-7,990	-1,292	-1,218	-1,401	-148	-143	-195	18
-502	-611	-566	-99	-117	-147	-2	-4	-3	-1	-2	-1	-1	(*)	(*)	19
-1,337	-1,447	-1,700	-103	-100	-186	-3,579	-3,928	-4,720				-62	-68	-107	20
-169	-197	-214	-311	-321	-350	-420	-544	-466				-4			21
-390	-443	-544	-383	-486	-434	-339	-442	-372				-24	-17	-34	22
-15	-24	-32	10	-10	-39		-3	1	14,477	-503	-592	-2	-1	1	23
14-210	-254	-284	14-102	-142	-157	14-916	-1,032	-1,102				14-12	-14	-16	24
-32	-41	-49	-13	-12	-11	-49	-66	-69				-19	-19	-18	25
-673	-757	-881	-3,096	-3,316	-3,926	-981	-1,031	-1,259	-814	-713	-808	-24	-24	-21	26
-18	53	83	-2,179	-2,240	-2,869	21	11	-36	-74	-81	-133	-1	-4	-2	27
-514	-634	-720	-373	-542	-596	-936	-994	-1,096	-649	-670	-654	-18	-18	-19	28
-141	-176	-244	-544	-534	-461	-66	-48	-127	-91	-52	-21	-5	-2		29
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30
-239	-245	-242	-21	-22	-22	-499	-571	-540	-27	-38	-39	-26	-33	-44	31
-12	-8	-1				-57	-72	-21				-1	-2	-6	32
-178	-179	-184	-9	-9	-9	-172	-174	-189	-2	-3	-3	-2	-2	-2	33
-49	-58	-57	-12	-13	-13	-270	-325	-330	-25	-35	-35	-22	-25	-33	34
-1,227	934	-25	-5,631	-1,510	-1,101	1,151	58	3,414	-592	193	-127	462	49	141	35
						-198	198								36
															37
															38
															39
															40
116	30	34	41	-3	-5	79	-466	9	31	37	30	(*)		-1	41
							-92	-201	(*)						42
119	29	29	1	1	1	177	299	209	31	38	29				43
-3	1	5	40	-4	-5	-6	6	1	(*)	-1	(*)			-1	44
-1,343	904	-59	-5,672	-1,507	-1,096	1,270	326	3,405	-623	156	-157	462	49	142	45
-459	-1,446	12	-4,515	-2,593	-882	132	-275	-607	-545	58	-256	1	-37	327	46
514	652	10	1,270	252	-113	227	221	-103	68	50	9	35	12	14	47
14	-14	-82	130	-171	-129	103	46	-70	-70	-57	68	35	-24	-29	48
-1,412	1,712	1	-2,557	1,005	28	808	334	4,185	-76	105	40	391	98	-170	49
1,950	1,635	2,409	8,161	9,767	5,930	228	1,014	1,313	-1,374	-811	402	15	124	43	50
(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	51
(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	52
(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	53
(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	54
26	7	-28	5	-73	48	-3	2	-9	-14	-66	-31	(*)	(*)	(*)	55
(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	56
(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	57
(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	58
114	-334	-1,039	4,374	8,293	4,766	315	26	18	444	-23	193	84	194	-184	59
(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	(15)	60
351	125	91	1,307	1,118	958	508	163	208	166	119	6	10	1	-9	61
-11	44	120	-243	310	188	-212	-35	-16	2	-54	16	23	-9	24	62
151,470	15,1793	15,3,265	15,2,718	15,119	15,30	15,380	15,858	15,1,112	15,1,972	15,787	15,218	15,102	15,62	15,212	63
															64
3,191	1,856	2,727	-7,267	-12,800	-8,848	4,053	5,400	-1,551	2,870	2,079	-478	196	-692	-604	65
-5,597	-5,450	-4,834	3,093	3,217	4,010	-5,354	-5,731	-2,752	-1,717	-2,118	-638	-1,223	-61	154	66
1,922	1,270	-35	1,665	1,348	31	421	-170	116	840	895	880	576	613	310	67
-3,675	-4,180	-4,869	4,758	4,565	4,041	-4,933	-5,901	-2,636	-877	-1,423	242	-647	552	464	68
-3,902	-4,417	-5,110	4,737	4,543	4,019	-5,375	-6,400	-3,155	-904	-1,461	204	-671	525	429	69
-3,914	-4,425	-5,111	4,737	4,543	4,019	-5,432	-6,472	-3,176	-904	-1,461	203	-673	519	420	70