

# Annual Revision of the U.S. International Accounts, 1974–2007

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AS IS customary each June, the estimates of the U.S. international transactions and of the U.S. international investment position have been revised to incorporate statistical and methodological revisions as well as changes in the details presented in the tables. This year, the Bureau of Economic Analysis (BEA) has continued to address gaps in coverage. In large part, the gaps have arisen because of the dynamic nature of the international financial markets. However, services markets have also changed rapidly in recent years.

Major revisions this year were as follows:

- Services receipts and payments were revised for 2006–2007 to incorporate the results of BEA's benchmark survey of international services for 2006 and BEA's new follow-on survey of international services for 2007. Services receipts and payments were also revised for 2004–2005 to incorporate updated source data for those years.
- For foreign securities, financial flows and interest receipts for foreign bonds and dividend receipts for foreign stocks were revised for 2006–2007 to incorporate results of the U.S. Treasury Department's benchmark survey of securities claims for December 2006. The same accounts were revised for 2002–2005 to adjust the results from earlier annual surveys.
- For U.S. securities, financial flows and interest payments for U.S. corporate bonds, U.S. Treasury bonds, and U.S. agency bonds and dividend payments for U.S. stocks were revised for 2006–2007 to incorporate results of the U.S. Treasury Department's annual survey of securities liabilities for June 2007.
- Claims on foreigners reported by U.S. nonbanking concerns were revised to account for financial intermediaries' claims associated with the issuance of asset-backed commercial paper for 2005–2007.
- Net U.S. currency shipments to foreign banks from U.S. banks were revised for 1974–2007.
- U.S. direct investment abroad financial flows and income receipts were revised to incorporate the results of BEA's benchmark survey of U.S. direct investment abroad for 2004.

Significant changes in presentation have been made to the standard tables on services (table 3) and goods

(table 2), and a new standard table on investment income has been introduced (table 4). The standard tables follow the article "U.S. International Transactions: First Quarter of 2008" in this issue of the *SURVEY OF CURRENT BUSINESS*.

Estimates of the international transactions accounts were revised for 1974–2007, and estimates of the international investment position were revised for 1976–2006. The revisions to the international transactions accounts were concentrated in 2002–2007, and the revisions to the investment position were concentrated in 2002–2006.

The improved statistical coverage and measurement in the accounts, new methodologies, and changes in presentation are discussed in the remainder of this article. In addition to these major changes, revisions to the accounts resulted from the incorporation of regularly available data from BEA's quarterly surveys, from the U.S. Treasury Department's and Federal Reserve System's monthly surveys, and from other U.S. government agencies and private sources. These revisions affected the estimates for 2005–2007.

For 2007, as a result of all the changes, the current-account deficit was reduced \$7.4 billion, to \$731.2 billion (table 1). By account, \$0.7 billion was removed from goods exports and \$3.3 billion was added to goods imports, resulting in a deficit that was \$4.0 billion higher than previously estimated. For services, \$18.1 billion was added to services exports and \$5.8 billion was added to services imports, resulting in a surplus that was \$12.3 billion higher than previously estimated. For income, \$35.6 billion was added to income receipts and \$28.1 billion was added to income payments, resulting in a surplus that was \$7.4 billion higher than previously estimated. For net current unilateral transfers, \$8.3 billion in net outflows (transfers to foreign residents) was added. Net financial account inflows (net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad) were revised up \$117.0 billion, to \$774.3 billion. Details on revisions to individual series are shown in table 2.

For 2006, as a result of all the changes, the net international investment position with direct investment at current cost was revised to -\$2,225.8 billion from

–\$2,539.6 billion: U.S. assets abroad were revised to \$14,381.3 billion from \$13,755.0 billion, and foreign assets in the United States were revised to \$16,607.1 billion from \$16,294.6 billion. Details on revisions to individual series are shown in table 3.

### Services

BEA has recently completed a benchmark survey of international services for 2006 that significantly expands the coverage of transactions and improves their accuracy. The benchmark survey also requested for the first time data from affiliated parties on their transactions by detailed type of service. These improvements were incorporated into the follow-on quarterly surveys beginning with the first quarter of 2007. Estimates based on the new data now provide a complete picture of trade by detailed type of service, which was not previously possible.

These changes are the latest steps taken in a larger BEA effort to rethink its approach to collecting data on international business services. The effort began in 2004 when annual reporting was converted to quarterly reporting for most services, and three sample surveys were consolidated into a single survey. In this latest effort, a major emphasis was to further consolidate data collection, with data for nearly all business services collected on a single form. Historically, BEA's data collection system had utilized several forms. These forms were sometimes completed by different parts of a business organization, which often led to inconsistent responses. It was hoped that the consolidation of reporting requirements, as well as the requests for new information that are identified below, would lead companies to locate all reporting responsibilities to a single area of the company's administrative structure that would have direct knowledge of service transactions and the ability to provide accurate data. A second emphasis was to convert all reporting of remaining annual data to quarterly data in order to better capture the increased volatility of business services transactions. A third emphasis was to improve coverage of international services that were in the forefront of changes brought about by the rapid increase in globalization, especially business, professional, and technical services. A fourth emphasis was to request from affiliated reporters the same detail by type of service as requested from unaffiliated reporters; these details had been absent from previous reporting and impeded analysis by detailed type of service, but they had been included in totals by major type of service.

By design, the latest changes were planned to begin in the same year as a scheduled benchmark survey (2006) so that, in principle, comprehensive data would be captured at the lowest level of detail. Exemption

levels were lowered sharply, as they normally are in a benchmark survey, and the exemption level for payments was placed at a much lower level than the exemption level for receipts in recognition of the perceived greater difficulty in identifying and collecting payments transactions. In addition, the newly expanded follow-on quarterly survey of services, which replaced a more limited survey, retained the full amount of detail by type of service and country as the benchmark survey, the only difference being the higher exemption levels.

The results of the benchmark survey for 2006 and the newly expanded follow-on quarterly survey beginning with estimates for the first quarter of 2007 are included in this year's annual revision. Services covered by the surveys include royalties and license fees and the many types of services that comprise "other" private services. These estimates are supplemented with the results of the benchmark survey of U.S. direct investment abroad for 2004, which updated some of the previously collected service data, and with the final results of an annual survey of services for 2005. Most of the revisions result from the benchmark and follow-on surveys and are concentrated in 2006 and 2007. For these years, total royalties and license fee receipts are revised up and payments are revised down, and total "other" private services (which include financial services, insurance services, telecommunications services,

### Acknowledgments

The revised estimates were prepared under the general direction of Paul Farello with the assistance of Renee Sauers and Erin Whitaker.

Estimates based on the U.S. Treasury Department's annual surveys of securities were prepared by Renee Sauers, Elena Nguyen, and Jessica Hanson under the direction of Christopher Gohrband. Estimates of asset-backed commercial paper were prepared by Douglas Weinberg and Jessica Hanson.

The new services estimates for royalties and license fees and "other" private services were prepared under the direction of Michael Mann and Christopher Emond by members of the Current-Account Services Branch and of the Special Surveys Branch.

The benchmark estimates of U.S. direct investment abroad were prepared under the direction of Mark New by members of the Direct Investment Abroad Branch.

Mai-Chi Hoang prepared the updated presentation of merchandise trade transactions, Kristy Howell prepared the new table on investment income, and Barbara Berman prepared the currency flow estimates.

and business, professional, and technical services) are revised up for receipts and up for payments (table 2, lines 9, 10, 26, 27).

The benchmark and follow-on quarterly surveys of selected business services, as well as the quarterly surveys of financial services, also collect for the first time data for affiliated transactions by detailed type of service. Affiliated transactions by major type of service had previously been included in the aggregate services estimates, but affiliation by type of detailed service had not previously been available. That shortcoming has now been removed because the new surveys now col-

lect data on affiliated transactions by detailed type of service. Consequently, presentations of services data by type, such as those that appear in standard table 3 of the international transactions accounts, now include both affiliated and unaffiliated transactions by detailed type of service, whereas the previous estimates included only unaffiliated transactions by detailed type of service. The new estimates fill a long-standing gap in the accounts and now provide a more complete picture of trade by detailed type of service.

Table A summarizes the new estimates of affiliated transactions for the detailed components of royalties

**Table A. Exports of Private Services by Detailed Type of Service—Continues**

[Millions of dollars]

	2003	2004	2005	2006	2007
<b>Exports of private services (table 3, line 1)</b> .....	<b>290,217</b>	<b>336,332</b>	<b>368,496</b>	<b>415,321</b>	<b>479,980</b>
<i>Of which:</i>					
Royalties and license fees (table 1, line 9 or table 3, line 7) .....	46,988	56,715	64,395	72,191	82,614
By type:					
Industrial processes .....	n.a.	n.a.	n.a.	33,650	37,441
U.S. parents' receipts from their foreign affiliates .....	n.a.	n.a.	n.a.	22,647	26,217
U.S. affiliates' receipts from their foreign parent groups .....	n.a.	n.a.	n.a.	3,173	3,294
U.S. receipts from unaffiliated foreigners .....	4,617	5,657	6,480	7,829	7,931
Other .....	n.a.	n.a.	n.a.	38,541	45,172
U.S. parents' receipts from their foreign affiliates .....	n.a.	n.a.	n.a.	26,205	28,510
U.S. affiliates' receipts from their foreign parent groups .....	n.a.	n.a.	n.a.	444	861
U.S. receipts from unaffiliated foreigners .....	6,833	7,984	9,420	11,893	15,802
By affiliation:					
U.S. parents' receipts from their foreign affiliates .....	32,324	39,399	44,408	48,852	54,726
U.S. affiliates' receipts from their foreign parent groups .....	3,215	3,675	4,088	3,617	4,154
U.S. receipts from unaffiliated foreigners .....	11,449	13,642	15,900	19,723	23,733
Other private services (table 1, line 10 or table 3, line 13) .....	131,563	149,262	160,051	189,050	223,483
By type:					
Education .....	13,312	13,634	14,021	14,645	15,732
U.S. parents' receipts from their foreign affiliates .....					
U.S. affiliates' receipts from their foreign parent groups .....					
U.S. receipts from unaffiliated foreigners .....	13,312	13,634	14,021	14,645	15,732
Financial services .....	n.a.	n.a.	n.a.	47,439	58,266
U.S. parents' receipts from their foreign affiliates .....	n.a.	n.a.	n.a.	8,632	10,113
U.S. affiliates' receipts from their foreign parent groups .....	n.a.	n.a.	n.a.	1,761	2,179
U.S. receipts from unaffiliated foreigners .....	19,699	27,766	31,004	37,046	45,974
Insurance services .....	5,974	7,314	7,566	10,095	10,286
U.S. parents' receipts from their foreign affiliates .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
U.S. affiliates' receipts from their foreign parent groups .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
U.S. receipts from unaffiliated foreigners .....	5,974	7,314	7,566	10,095	10,286
Telecommunications .....	n.a.	n.a.	n.a.	7,278	8,283
U.S. parents' receipts from their foreign affiliates .....	n.a.	n.a.	n.a.	1,577	2,413
U.S. affiliates' receipts from their foreign parent groups .....	n.a.	n.a.	n.a.	590	955
U.S. receipts from unaffiliated foreigners .....	4,452	4,651	4,748	5,111	4,915
Business, professional, and technical services .....	n.a.	n.a.	n.a.	89,692	107,675
U.S. parents' receipts from their foreign affiliates .....	n.a.	n.a.	n.a.	24,462	30,401
U.S. affiliates' receipts from their foreign parent groups .....	n.a.	n.a.	n.a.	17,903	20,918
U.S. receipts from unaffiliated foreigners .....	30,781	34,546	40,454	47,327	56,355
Other services .....	n.a.	n.a.	n.a.	19,901	23,241
U.S. parents' receipts from their foreign affiliates .....	n.a.	n.a.	n.a.	2,738	6,311
U.S. affiliates' receipts from their foreign parent groups .....	n.a.	n.a.	n.a.	0	0
U.S. receipts from unaffiliated foreigners .....	14,337	14,877	14,257	17,162	16,929
By affiliation:					
U.S. parents' receipts from their foreign affiliates .....	26,313	28,841	31,496	37,410	49,238
U.S. affiliates' receipts from their foreign parent groups .....	16,693	17,634	16,506	20,254	24,052
U.S. receipts from unaffiliated foreigners .....	88,557	102,787	112,050	131,386	150,193

n.a. Not available

.... Not applicable

1. Most insurance services transactions are deemed to be unaffiliated even when they are between affiliated companies because the services are deemed to be provided to the policyholders who pay the insurance

premiums and who are unaffiliated with either company. Only primary insurance services between a U.S. company that is not an insurance company and an affiliated foreign insurance company, such as a captive foreign insurance affiliate, are considered to be affiliated. Data on affiliated insurance transactions are not available separately.

and license fees and for “other” private services. Within royalties and license fees receipts, industrial processes by affiliated parties totaled \$25.8 billion in 2006, and “other” royalties and license fees totaled \$26.6 billion. Within royalties and license fees payments, industrial processes by affiliated parties totaled \$13.9 billion, and “other” royalties and fees totaled \$4.3 billion. Within “other” private services, the largest increases resulting from the introduction of affiliated transactions were for business, professional, and technical services, which totaled \$42.4 billion for 2006 for receipts and \$41.8 billion for payments, and for finan-

cial services, which totaled \$10.4 billion for 2006 for receipts and \$6.0 billion for payments. Within business, professional, and technical services, the largest increases for both receipts and payments were in management, consulting, and public relations services, in computer and data base services, and in research, development, and testing. Detailed transactions by affiliation by type of detailed service are not available prior to 2006.

Additional results from the benchmark survey and follow-on survey will be presented in their most complete form in the October SURVEY.

**Table A. Imports of Private Services by Detailed Type of Service—Table Ends**

[Millions of dollars]

	2003	2004	2005	2006	2007
<b>Imports of private services (table 3, line 23)</b> .....	<b>221,938</b>	<b>258,147</b>	<b>279,486</b>	<b>313,865</b>	<b>341,126</b>
<i>Of which:</i>					
Royalties and license fees (table 1, line 26 or table 3, line 29).....	19,033	23,266	24,612	23,777	25,048
By type:					
Industrial processes.....	n.a.	n.a.	n.a.	16,983	18,093
U.S. parents' payments to their foreign affiliates.....	n.a.	n.a.	n.a.	1,476	1,426
U.S. affiliates' payments to their foreign parent groups.....	n.a.	n.a.	n.a.	12,396	13,030
U.S. payments to unaffiliated foreigners.....	2,358	2,881	2,843	3,111	3,637
Other.....	n.a.	n.a.	n.a.	6,794	6,955
U.S. parents' payments to their foreign affiliates.....	n.a.	n.a.	n.a.	573	807
U.S. affiliates' payments to their foreign parent groups.....	n.a.	n.a.	n.a.	3,715	4,390
U.S. payments to unaffiliated foreigners.....	1,495	2,513	1,438	2,506	1,758
By affiliation:					
U.S. parents' payments to their foreign affiliates.....	2,645	2,612	3,181	2,049	2,233
U.S. affiliates' payments to their foreign parent groups.....	12,534	15,261	17,150	16,112	17,420
U.S. payments to unaffiliated foreigners.....	3,854	5,393	4,281	5,617	5,396
Other private services (table 1, line 27 or table 3, line 35).....	79,764	90,252	97,818	125,221	144,375
By type:					
Education.....	3,148	3,542	3,992	4,465	4,523
U.S. parents' payments to their foreign affiliates.....					
U.S. affiliates' payments to their foreign parent groups.....					
U.S. payments to unaffiliated foreigners.....	3,148	3,542	3,992	4,465	4,523
Financial services.....	n.a.	n.a.	n.a.	14,242	18,928
U.S. parents' payments to their foreign affiliates.....	n.a.	n.a.	n.a.	4,855	6,047
U.S. affiliates' payments to their foreign parent groups.....	n.a.	n.a.	n.a.	1,176	1,426
U.S. payments to unaffiliated foreigners.....	3,996	5,486	6,420	8,211	11,455
Insurance services.....	25,234	29,090	28,710	37,373	42,761
U.S. parents' payments to their foreign affiliates.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
U.S. affiliates' payments to their foreign parent groups.....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
U.S. payments to unaffiliated foreigners.....	25,234	29,090	28,710	37,373	42,761
Telecommunications.....	n.a.	n.a.	n.a.	6,367	7,334
U.S. parents' payments to their foreign affiliates.....	n.a.	n.a.	n.a.	479	757
U.S. affiliates' payments to their foreign parent groups.....	n.a.	n.a.	n.a.	1,094	1,398
U.S. payments to unaffiliated foreigners.....	4,255	4,601	4,519	4,794	5,179
Business, professional, and technical services.....	n.a.	n.a.	n.a.	61,068	68,763
U.S. parents' payments to their foreign affiliates.....	n.a.	n.a.	n.a.	26,775	29,177
U.S. affiliates' payments to their foreign parent groups.....	n.a.	n.a.	n.a.	14,995	17,693
U.S. payments to unaffiliated foreigners.....	10,971	13,771	14,810	19,298	21,893
Other services.....	n.a.	n.a.	n.a.	1,706	2,065
U.S. parents' payments to their foreign affiliates.....	n.a.	n.a.	n.a.	251	564
U.S. affiliates' payments to their foreign parent groups.....	n.a.	n.a.	n.a.	6	2
U.S. payments to unaffiliated foreigners.....	705	927	1,541	1,449	1,500
By affiliation:					
U.S. parents' payments to their foreign affiliates.....	18,841	20,380	22,544	32,360	36,545
U.S. affiliates' payments to their foreign parent groups.....	12,618	12,457	15,282	17,271	20,518
U.S. payments to unaffiliated foreigners.....	48,305	57,416	59,992	75,590	87,312

n.a. Not available

.... Not applicable

1. Most insurance services transactions are deemed to be unaffiliated even when they are between affiliated companies because the services are deemed to be provided to the policyholders who pay the insurance

premiums and who are unaffiliated with either company. Only primary insurance services between a U.S. company that is not an insurance company and an affiliated foreign insurance company, such as a captive foreign insurance affiliate, are considered to be affiliated. Data on affiliated insurance transactions are not available separately.

## Securities

BEA is revising its estimates of securities transactions and of U.S. nonbank financial intermediaries' claims because recent developments in securitization have led to transactions that have not been fully captured in the Treasury International Capital (TIC) reporting system and BEA's direct investment reporting system.

Securitization has grown rapidly in recent years as a result of strong demand for securitized products, which contributed to product innovation. The rapid growth has presented numerous challenges to statistical reporting systems. Consequently, purchases and sales of assets by offshore securitization vehicles and the funding of the vehicles have not always been fully captured in the international accounts.

Securitization is the pooling of preexisting, often illiquid assets, such as mortgage loans, in a separate legal entity called a special purpose vehicle (SPV) that finances the assets by issuing debt and a small, sometimes nominal, amount of equity. SPVs are partly distinguished by the types of debt that they issue. Some vehicles are funded solely through the issuance of very short-term asset-backed commercial paper (ABCP). These vehicles are known as ABCP conduits. Structured investment vehicles (SIVs) also issue ABCP as well as medium-term notes. Other vehicles are financed solely or in large part through the issuance of long-term debt. Examples of these vehicles include mortgage-backed securities (MBSs) and collateralized debt obligations (CDOs).

Some transactions in long-term securities resulting from the securitization process that should have been captured in the TIC reporting system were not fully captured. The most recent benchmark survey of securities claims by the Treasury Department indicated that U.S. holdings of foreign securities were substantially higher than estimated positions previously published by BEA. In addition, the most recent annual survey of securities liabilities by the Treasury Department indicated that foreign holdings of U.S. securities were substantially higher than estimated positions previously published by BEA. For U.S. securities, BEA's analysis suggests that the unreported transactions were mainly purchases of U.S. asset-backed securities by offshore SPVs, such as SIVs and CDOs. For foreign securities, BEA's analysis suggests that the unreported transactions were mainly U.S. purchases of foreign asset-backed securities issued by some of these same offshore SPVs.

BEA has also determined that much of the short-term U.S. funding for these offshore vehicles should have been reported in BEA's direct investment reporting system but was not reported. The short-term funding should have been reported as changes in nonbank

financial intermediaries' claims resulting from the transfer of ABCP proceeds from Delaware affiliates to offshore SPVs through intercompany loans or note purchases.

The difficulties in reporting transactions associated with the securitization process are the source of nearly all of the revisions to foreign securities, U.S. securities, and U.S. nonbank financial intermediaries' accounts in this year's annual revision.

## Foreign securities

**Positions.** U.S. holdings of foreign securities (table 3, line 19) were revised up \$172.2 billion to \$5,604.5 billion for 2006 to incorporate the results of the December 2006 Treasury Department benchmark survey of securities claims and other updated source data. The benchmark survey results caused upward revisions to both bond and stock positions for 2006 because the positions reported on the survey were higher than the previously published positions. The position for foreign bonds for 2006 was revised up \$108.3 billion because of the benchmark survey and up \$5.0 billion because of updated source data. The upward revisions were largely attributable to the underreporting of U.S. holdings of asset-backed bonds. In addition, positions were revised down \$18.5 billion to remove positions for U.S. official holdings of foreign sovereign debt, which were already accounted for in the U.S. reserve asset position. The position for foreign stocks for 2006 was revised up \$78.8 billion because of the benchmark survey and down \$1.4 billion because of updated source data.

Information from the survey was also used to adjust the weights used to estimate price changes on bonds. In addition, BEA is modifying its measure of stock price changes used to estimate stock position estimates. The new methodology uses 47 individual country indexes and 9 regional Morgan Stanley Capital International (MSCI) stock price indexes stated in dollars to estimate stock position estimates. Previously, more aggregated indexes had been used. The new methodology will provide more accurate individual country and area stock positions as well as individual country and area income estimates (which are estimated by applying a dividend yields to position estimates).

**Transactions.** Transactions in foreign securities (table 2, line 52) were revised for 2004–2007 to incorporate updated monthly transactions data from the Treasury International Capital (TIC) reporting system and to incorporate a change to the quarterly adjustments to net purchases of foreign bonds and foreign stocks prompted by the benchmark survey results.

For foreign bonds, survey results indicate that net

U.S. purchases reported in the TIC reporting system were too low. Some net purchases in primary and secondary markets of asset-backed bonds issued by offshore SPVs may have been missed. In addition, some U.S. purchases of foreign bonds may have been misreported as foreign sales of U.S. corporate bonds, thus understating net U.S. purchases of foreign bonds. This misreporting may have occurred because offshore SPVs were viewed by market participants as extensions of their U.S. sponsors rather than as separate foreign entities.

To remedy the underreporting and misreporting of net U.S. purchases, BEA has increased its upward adjustment of net U.S. purchases of foreign bonds from \$2.0 billion each quarter to \$8.0 billion each quarter in 2004, to \$4.5 billion each quarter in 2005, to \$20.0 billion each quarter in 2006, and to \$17.5 billion in the first and second quarters of 2007. The adjustment returns to \$2.0 billion each quarter from the third quarter of 2007 onward because the issuance of asset-backed bonds fell off sharply in the second half of 2007 in the midst of the market turmoil related to the U.S. subprime mortgage market.

For foreign stocks, survey results indicate that net U.S. purchases do not need any additional adjustments for 2006. However, BEA took this opportunity to review all 5 years of data between the 2006 benchmark survey and the 2001 benchmark survey and concluded that additional adjustments were needed for 2005. As a result, BEA increased its upward adjustment to net U.S. purchases of foreign stocks for 2005 from \$12.6 billion to \$56.6 billion spread over the four quarters of the year.

In total, net U.S. purchases of foreign securities were revised up \$24.0 billion for 2004, up \$54.1 billion for 2005, up \$75.8 billion for 2006, and up \$14.9 billion for 2007 because of the change in quarterly adjustments and updated source data.

**Income.** Income on foreign securities (excluding income earned on asset-backed commercial paper) (table 2, part of line 15) was revised for 2002–2007 to incorporate the results of the December 2006 benchmark survey of securities claims and other updated source data. The revisions to positions in foreign securities from the benchmark survey described above were carried through to the income estimates, which were estimated by applying coupon and dividend yields to position estimates. Information from the annual survey was also used to adjust the weights for the yields. Income on foreign securities was revised down \$0.3 billion for 2002, down \$0.1 billion for 2003, down \$0.5 billion for 2004, down \$0.8 billion for 2005, up \$4.4 billion for 2006, and up \$14.1 billion for 2007 because of the benchmark survey results, the removal of

reserve positions for foreign bonds, and updated source data.

### **U.S. corporate bonds and stocks**

**Positions.** Foreign holdings of U.S. corporate bonds and stocks were revised for yearend 2006 to incorporate results of the June 2007 Treasury Department annual survey of securities liabilities and other updated source data. The annual survey results caused a small downward revision to foreign official holdings of U.S. corporate bonds and stocks, a sizable upward revision to private holdings of U.S. corporate bonds, and a small upward revision to private holdings of corporate stocks. (Securities liabilities surveys are conducted for each June and BEA's estimates of positions are for yearend. BEA estimates yearend positions by using the June position data from the liabilities survey plus monthly TIC transactions and estimates of valuation changes.)

For 2006, foreign official holdings of U.S. corporate bonds and stocks (table 3, line 33) were revised down \$7.0 billion because the survey results were lower than the previously published estimates. Private holdings of U.S. corporate bonds (table 3, part of line 38) were revised up \$110.3 billion because the survey results were higher than the previously published estimates and up \$10.5 billion because of updated transactions data. Private holdings of stocks (table 3, line 39) were revised up \$10.4 billion because of the survey results and down \$1.6 billion because of updated transactions data.

**Transactions.** Net private foreign purchases of U.S. corporate bonds (table 2, part of line 66) were revised up \$96.0 billion for 2006 and \$114.0 billion for 2007 as a result of the June 2007 Treasury annual survey of securities liabilities, and were revised up \$9.5 billion for 2006 and up \$11.3 billion for 2007 as a result of updated transactions data.

BEA's estimate of foreign private holdings of U.S. corporate bonds as of June 2007 was \$238.0 billion, or 9 percent, lower than the annual survey result, in stark contrast to the discrepancy pattern in recent years. BEA's June 2006 estimate was \$19.8 billion, or 1 percent, higher than the 2006 survey result, and BEA's June 2005 estimate was \$18.3 billion, or 1 percent, higher than the 2005 survey result. The unusually large underestimation for 2007 was mostly related to transactions associated with offshore SPVs that were unreported entirely or misreported in the TIC transactions reporting system.

Transactions related to both the assets and liabilities of SPVs may have been missed or misreported. On the asset side, the initial transfer of U.S. corporate debt securities to offshore SPVs by U.S. sponsors should have been reported as foreign purchases of U.S. securities

but may not have been fully reported because some U.S. sponsors did not consider these transfers to be reportable transactions. In addition, secondary market transactions in U.S. corporate bonds by offshore SPVs may not have been fully reported.

On the liabilities side, transactions between U.S. and foreign residents in long-term debt securities issued by offshore SPVs may have been misreported to some extent as transactions in U.S. securities rather than as transactions in foreign securities. Specifically, U.S. purchases of foreign bonds issued by offshore SPVs may have been misreported as foreign sales of U.S. corporate bonds. Hence, net foreign purchases of U.S. corporate bonds, which are gross purchases minus gross sales, may have been understated. Since BEA's position estimates are partly based on transactions data, the misreporting of transactions helps to explain the underestimate of foreign holdings of U.S. corporate bonds.

Net private foreign purchases of corporate stocks (table 2, part of line 66) were revised down \$2.9 billion for 2006 and down \$0.9 billion for 2007 as a result of updated transactions data.

**Income.** Income payments on U.S. corporate bonds and stocks (table 2, part of line 32) were revised for 2006 and 2007 to incorporate results from the June 2007 annual survey and other updated source data. As a result, income payments on U.S. corporate bonds and stocks were revised up \$1.5 billion for 2006 and \$13.7 billion for 2007.

Interest payments on U.S. corporate bonds were revised up \$1.2 billion for 2006 and \$9.5 billion for 2007 as a result of a June 2007 annual survey position that was higher than BEA's previously published estimates. Updated transactions data led to upward revisions of \$0.2 billion for 2006 and \$3.6 billion for 2007.

Dividend payments on U.S. corporate stocks were revised up \$0.1 billion for 2006 and \$0.6 billion for 2007 as a result of a June 2007 annual survey position that was slightly higher than BEA's previously published estimates.

### **U.S. claims reported by U.S. nonbanking concerns**

**Positions.** U.S. claims reported by U.S. nonbanking concerns (table 3, line 22) were revised up to account for U.S. nonbank financial intermediaries claims associated with the issuance of asset-backed commercial paper (ABCP) that were not captured in BEA's direct investment reporting system. Claims were revised up \$226.0 billion for 2005 and up \$316.0 billion for 2006. The reasons are the same as those for financial flows.

**Financial flows.** Short-term funds raised in U.S. markets by offshore SPVs should have been reported

in BEA's direct investment reporting system but were not. Many offshore SIVs and ABCP conduits set up 100 percent owned affiliates in Delaware for the sole purpose of issuing ABCP in the U.S. market. The ABCP proceeds were then lent to the offshore SPVs, which used the funds to purchase other assets. Beginning in the third quarter of 2007, many offshore SPVs were forced to repay funds to their Delaware affiliates that were suddenly unable to roll over maturing ABCP. The intercompany debt transactions between Delaware affiliates and their offshore parents took the form of increases and decreases in U.S. nonbank claims on financial intermediaries' accounts.

BEA has developed a proxy measure to estimate the intercompany debt transactions between Delaware affiliates and their offshore parents in lieu of reporting by the affiliates. (The affiliates are now included in the direct investment reporting system, and the need to continue use of the proxy measure will be reexamined as data are reported.) The proxy measure is based on quarterly changes in U.S. ABCP outstanding for the affiliates as reported by industry sources. Quarterly changes in ABCP outstanding are assumed to lead to intercompany debt transactions between affiliates and their foreign parents. Therefore, if affiliates' ABCP outstanding increased in a quarter, it is assumed affiliates had net lending to their foreign parents in the amount that ABCP increased. If ABCP outstanding decreased in the quarter, it is assumed that foreign parents repaid their Delaware affiliates.

BEA initially included estimates for these intercompany debt transactions beginning with the third quarter of 2007, when very large decreases in ABCP outstanding led to very large repayments of funds by offshore SPVs to their Delaware affiliates. BEA has now included estimates beginning with 2005, when ABCP borrowing by affiliates of offshore SPVs began to accelerate. U.S. nonbank financial intermediaries' claims were revised up \$55.0 billion for 2005, \$90.0 billion for 2006, and \$30.0 billion for 2007 (table 2, line 53).

**Income.** Income earned on U.S. nonbank claims on financial intermediaries' accounts is included in other private income receipts (table 2, line 15). As a result of the additional claims that arise from the inclusion of ABCP, income receipts are revised up \$4.9 billion for 2005, up \$10.0 billion for 2006, and up \$4.3 billion for 2007.

### **U.S. Treasury and agency bonds**

**Positions.** Foreign holdings of U.S. Treasury bonds and agency bonds were revised for 2006 to incorporate the results of the 2007 Treasury Department annual survey of securities liabilities and other updated source data.

For 2006, foreign official holdings of Treasury bonds (table 3, line 29) were revised up \$37.7 billion as a result of the annual survey and were revised down \$0.2 billion as a result of updated source data. For 2006, private holdings of U.S. Treasury bonds (table 3, line 36) were revised down \$26.4 billion as a result of the annual survey.

For 2006, foreign official holdings of agency bonds (table 3, line 30) were revised up \$24.6 billion as a result of the annual survey and up \$0.3 billion as a result of updated source data. For 2006, private holdings of U.S. agency bonds (table 3, part of line 38) were revised up \$17.2 billion as a result of the survey and were revised down \$3.0 billion as a result of updated source data.

**Transactions.** Transactions in U.S. Treasury bonds and notes were revised for 2006 and 2007 to incorporate the annual survey results and other updated source data. The findings are similar to those for the position estimates; that is, the survey results indicate that net purchases reported in the TIC reporting system for private foreigners were too high, while net purchases for official foreigners were too low. BEA, using estimates provided by the Federal Reserve Board based on the survey results, has adjusted the transactions data to correct for the misclassification that can occur when foreign official transactions are mistakenly attributed to the private sector rather than to the official sector of the accounts.

Foreign official net purchases of Treasury bonds and notes (table 2, line 58) were revised up \$19.4 billion for 2006 and up \$8.4 billion for 2007 as a result of the annual survey and were revised up \$0.6 billion for 2007 as a result of updated source data. Foreign private purchases (table 2, line 65) were revised down \$19.4 billion for 2006 and down \$8.4 billion for 2007 as a result of the annual survey and were revised down \$2.9 billion for 2006 and down \$1.1 billion for 2007 as a result of updated source data.

Transactions in U.S. agency bonds were revised for 2006 and 2007 to incorporate the annual survey results and updated monthly source data, a change to the methodology for the adjustment of net foreign purchases for prepayments of mortgage-backed securities and “other redemptions,” and a reclassification of some net foreign purchases to official holdings from private holdings.

The 2007 annual liabilities survey highlighted a shortage of net purchases reported in the TIC reporting system. BEA has added additional net purchases to both the private and official foreign accounts to bring BEA estimates in line with the annual liabilities survey.

BEA has also revised its methodology for adjusting net purchases of agency bonds for prepayments of

mortgage-backed securities and “other redemptions”. With the availability of results from the 2007 annual liabilities survey, it has become clear that the size of adjustments for “other redemptions” had become too large. Therefore, for now, BEA is removing this adjustment. The adjustment for prepayments of mortgage-backed securities has been retained.

Similar to the situation for U.S. Treasury bonds, some net foreign purchases of agency bonds initially reported as private transactions should be classified as official transactions. BEA, using estimates provided by the Federal Reserve Board based on the survey results, has adjusted the transactions data to correct for the misclassification that can occur when foreign official transactions are mistakenly attributed to the private sector rather than to the official sector of the accounts.

In total, foreign official net purchases of agency bonds (table 2, line 59) were revised up \$28.3 billion for 2006 and down \$10.5 billion for 2007. Foreign private purchases (table 2, part of line 66) were revised down \$11.2 billion for 2006 and up \$57.6 billion for 2007.

**Income.** Income on U.S. Treasury bonds was revised for 2006 and 2007 to incorporate the results of the June 2007 annual liabilities survey and other updated source data. Income on U.S. Treasury bonds (table 2, part of line 33) was revised up \$0.5 billion for 2006 and up \$2.3 billion for 2007.

Income on U.S. agency bonds was revised for 2006 and 2007 to incorporate the results of the June 2007 annual liabilities survey and other updated source data. Income on U.S. agency bonds (table 2, part of line 33) was revised up \$0.8 billion for 2006 and up \$5.6 billion for 2007.

### U.S. currency flows

U.S. currency—particularly Federal Reserve notes—is widely held by foreigners. The currency is used for many of the same reasons as in the United States. It serves as a unit of account, a medium of exchange, and a store of value, especially when the purchasing power of the domestic currency is uncertain. As a safe asset in an unpredictable world, dollars flow into a country during periods of economic and political upheaval and sometimes remain there well after the crisis has subsided. In other situations, the dollar co-circulates with the domestic currency for extended time periods.

Although the amount of U.S. currency outstanding is known, the shares in domestic and in foreign circulation are notoriously difficult to measure accurately. The difficulty is not surprising, given the diversity of channels through which currency may flow abroad, the destinations of the currency, and its varied uses.

The international transactions accounts have



included estimates of currency flows to and from the United States since 1997.<sup>1</sup> At that time, a method of measurement was developed in close cooperation with the research staff at the Federal Reserve Board. The Federal Reserve staff maintains the statistical series, and the estimates are for the period from 1974 to the present. Recent developments have led to refinement of the method used to prepare the estimates, but the basic methodology remains sound and is unchanged.

The exact amount of currency flowing abroad is not known. As a proxy, the previous estimates used total net disbursements of \$100 notes from the New York City and Los Angeles cash offices of the Federal Reserve district banks. At the time of the introduction of the estimates, these were the only cash offices with sizable net disbursements of \$100 notes. Over the past decade, net disbursements from other cash offices have become larger. In recognition of this development, adjustments have been made to the set of offices used in the proxy measure, and the entire series has been revised for 1974–2007.

Net shipments to foreigners for the revised series are lower for all years of 1974–2007 because the revised series records more completely return flows of currency to the United States. The quarterly pattern of movements in the previously published and revised series is very similar. The outstanding stock of U.S. currency held abroad, which is included in the international investment position, is also lower for all years.

Revised estimates of net currency flows to foreigners, foreign holdings at yearend, and the total amount of currency in circulation are shown in table B. At yearend 2007, U.S. currency held abroad had grown to \$272.0 billion, or 36 percent, of the \$763.8 billion in circulation.

The new measure of net currency flows is believed to represent nearly all of the currency transactions that occur through wholesale banking channels. Currency that flows abroad through other channels—through tourists, through business persons, through personal remittances, and through U.S. military personnel stationed overseas—is not covered in this estimate. Currency smuggled and other illegal activities involving cash, such as drug trafficking, are also not covered in this estimate.

### U.S. direct investment abroad

Results of BEA's 2004 benchmark survey of U.S. direct investment abroad are incorporated into the accounts. For years after 2004, the estimates were revised by extrapolating forward the 2004 universe data by using

**Table B. U.S. Currency, 1973–2007**

[Millions of dollars]

	Net flows to foreigners	Foreign holdings at yearend	Currency in circulation at yearend <sup>1</sup>
1973.....	n.a.	7,743	61,929
1974.....	986	8,729	68,188
1975.....	1,200	9,929	74,138
1976.....	1,321	11,250	80,967
1977.....	1,451	12,701	89,043
1978.....	2,239	14,940	97,963
1979.....	1,702	16,642	106,882
1980.....	2,773	19,415	117,379
1981.....	1,559	20,974	124,641
1982.....	2,467	23,441	134,805
1983.....	4,105	27,546	148,604
1984.....	2,396	29,942	158,449
1985.....	3,316	33,258	170,094
1986.....	2,421	35,679	182,852
1987.....	3,866	39,545	199,128
1988.....	4,111	43,656	214,646
1989.....	3,749	47,405	224,977
1990.....	16,586	63,991	249,041
1991.....	12,813	76,804	269,487
1992.....	11,086	87,890	294,540
1993.....	16,618	104,508	324,343
1994.....	20,585	125,093	357,589
1995.....	8,840	133,933	376,272
1996.....	14,151	148,084	398,047
1997.....	22,425	170,509	428,954
1998.....	13,847	184,356	464,261
1999.....	24,407	208,763	522,071
2000.....	-3,357	205,406	535,565
2001.....	23,794	229,200	585,229
2002.....	18,861	248,061	630,267
2003.....	10,591	258,652	666,670
2004.....	13,301	271,953	702,385
2005.....	8,447	280,400	728,924
2006.....	2,227	282,627	754,548
2007.....	-10,675	271,952	763,758

1. Measured as a component of U.S. money stock.  
n.a. Not available

data collected in BEA's quarterly cutoff sample survey, which covers all U.S.-owned foreign businesses above a specified size-exemption level, and by incorporating new or adjusted data from the sample surveys for those years. Previously, the estimates for 2004 forward were extrapolated from the 1999 benchmark survey.

The 2004 benchmark survey covers the universe of foreign affiliates of U.S. direct investors. In nonbenchmark years, universe estimates of the direct investment position and related capital and income flows are derived from data reported quarterly by a sample of affiliates and from estimates for affiliates not in the sample. The estimates for affiliates not in the sample are derived by extrapolating data from the benchmark survey using matched sample data as the basis for extrapolation.

**Direct investment financial flows.** Net financial outflows for U.S. direct investment abroad are revised for 2004–2007 to incorporate the results of BEA's 2004 benchmark survey of U.S. direct investment abroad and to incorporate new or adjusted data from sample surveys from those years. The revisions also reflected revised estimates of depreciation, depletion, and expensed exploration and development costs used to adjust the reinvested earnings component of capital to a

1. See Christopher L. Bach, "U.S. International Accounts: Revised Estimates for 1974–96," SURVEY OF CURRENT BUSINESS (July 1997): 48–50.

current-cost basis. Net capital outflows were revised up \$37.1 billion for 2004, up \$43.9 billion for 2005, up \$5.9 billion for 2006, and down \$2.1 billion for 2007 (table 2, line 51). For 2004, the upward revisions reflected revisions to equity capital investment and intercompany debt investment, particularly U.S. parents' receivables. For 2005, the same accounts were revised upward, and an upward revision to reinvested earnings also contributed. For 2006, the upward revision was more than accounted for by reinvested earnings. For 2007, the downward revision resulted from downward revisions to equity capital and intercompany debt investment, particularly U.S. parents' payables.

**Direct investment income.** Net receipts of income by U.S. parents from their foreign affiliates are revised for 2004–2007 to incorporate the results of BEA's 2004 benchmark survey of U.S. direct investment abroad and to incorporate new or adjusted data from sample surveys for those years. The revisions also reflected revised estimates of depreciation, depletion, and expensed exploration and development costs used to adjust the earnings component of direct investment income to a current-cost basis and of related withholding tax adjustments. Net direct investment income receipts were revised up \$11.6 billion for 2004, up \$25.2 billion for 2005, up \$18.3 billion for 2006, and up \$15.6 billion for 2007 (table 2, line 14). For all years, the revision was mainly, or entirely, accounted for by holding company affiliates. In recent years, U.S. parent companies have funneled an increasing share of their direct investment abroad through these vehicles.

### Changes in presentation

**Goods.** Several modifications have been made in standard table 2 of the international transactions accounts to the presentation of U.S. trade in goods by principal end-use category. The most substantive changes occur within the category *consumer goods (nonfood), except automotive*, which has been expanded to present a more detailed and informative description of the underlying components. The most significant change is the separate identification of medical, dental, and pharmaceutical preparations, which have grown rapidly in recent years and now constitute a sizable share of both goods exports and imports. These commodities are also often important determinants of quarterly variations in total consumer goods. The grouping of other components has been changed to more easily identify patterns in electronic products and in toys, games, and sporting goods, and to regroup all household products and appliances under a single heading. Gems, jewelry, and collectibles are now shown as a category clearly separated from other consumer goods.

Other changes occur within the category *industrial*

*supplies and materials*, where *natural gas* is now separately identified as a component of energy products in recognition of its importance to both energy exports and imports. The category *fuels and lubricants* is no longer shown separately but continues to be included in total energy exports and imports.

Within capital goods, except automotive, the terminology *machinery, except consumer-type* is changed to the more comprehensive *machinery and equipment, except consumer-type*, and the category *nonelectric, including parts* and attachments is deleted.

**Investment income.** A new table on investment income (table 4) is introduced as part of the standard presentation of tables of the international transactions accounts. This table fills a gap that has existed for many years in the standard tables but that can no longer be ignored because of the growing size and increased volatility of investment income flows.

Investment income is grouped according to the direct investment, other private, and U.S. government classifications used in table 1 of the standard presentation of the international transactions accounts. Direct investment income receipts and payments, including separate identification of earnings and interest, have been available as part of the direct investment estimates in standard table 7 (previously designated as table 6) for many years. Within "other" private income, details are introduced for income received and paid on securities, including separate identification for dividends and interest, and income received and paid by banks is shown separately from income received and paid by nonbanks. The details are available beginning with the first quarter of 1999. Within U.S. government income, receipts and payments are shown separately. A balance on investment income is shown as a memorandum item.

The availability of these new details in a single table each quarter should aid in the analysis of income flows in the current account and in the analysis of rates of return on investments when related to the position estimates in the international investment position accounts.

**Services.** Table 3 of the standard presentation of the accounts has been revised to incorporate newly available details from BEA's recently completed benchmark survey of selected business services for 2006 and BEA's new follow-on quarterly survey of international services beginning in the first quarter of 2007.

As detailed earlier, the statistical collection system for the 2006 and 2007 surveys was completely redesigned to provide a more rational and consolidated system of data collection and, for affiliated transactions, to request a significant amount of additional detail by type of service. The improvements and

information requested on the benchmark survey were, by design, carried over directly to the quarterly survey, the only difference being the increase in the exemption levels on the quarterly survey from the low levels used in the benchmark survey.

BEA's surveys of business services for royalties and license fees and for "other" private services have long collected data on both affiliated and unaffiliated services at the aggregate, or total, level for major types of services. Previously, however, estimates of activity for the more detailed types of services were available only for transactions among unaffiliated parties. Thus, estimates presented in table 3 by detailed type of service were only for transactions among unaffiliated parties. The new surveys collected information on transactions among affiliated parties in the same detail as those for unaffiliated transactions, and the new information presented in table 3 now includes by detailed type of service the combined estimates of transactions between both affiliated and unaffiliated parties. The new estimates fill a long-standing gap in the accounts and the accounts now provide a complete picture of trade by detailed type of service. The new estimates are dis-

cussed in an earlier section of this article and will be presented in full detail in the October SURVEY. The details for affiliated transactions by detailed type of service are only available beginning with the first quarter of 2006.

**New geographic area.** A complete set of accounts for OPEC has been added to the quarterly presentation of international transactions in table 12. Earlier estimates of accounts for OPEC were only partial and were presented only annually. The inclusion of the new estimates extends the significant advances made in recent years that have provided greatly expanded geographic details for the accounts.

**Financial derivatives.** New estimates of transactions in financial derivatives were introduced in the annual revision of June 2007. A technical note in the July 2007 SURVEY presented an explanation of the new source data, and supplemental tables presented estimates for the four quarters of 2006. The accompanying tables C, D, and E present, in the same format as last year, revised estimates for 2006 and updated estimates for the four quarters of 2007.

*Tables C through E and 1 through 3 follow.*

**Table C. Transactions in Financial Derivatives**

[Millions of dollars]

Line	(Credits+; debits -)	2006	2007	2006				2007			
				I	II	III	IV	I	II	III	IV
1	<b>Financial derivatives, net</b> .....	<b>29,710</b>	<b>6,496</b>	<b>1,633</b>	<b>14,090</b>	<b>15,134</b>	<b>-1,147</b>	<b>14,795</b>	<b>-1,007</b>	<b>5,942</b>	<b>-13,234</b>
	By type of contract:										
2	Over-the-counter contracts .....	15,516	7,126	-3,142	11,039	9,093	-1,474	10,206	862	5,001	-8,943
3	Single-currency interest rate contracts .....	12,092	9,636	670	6,341	6,911	-1,830	507	6,557	3,849	-1,277
4	Foreign exchange contracts .....	-231	-3,601	741	-1,033	-61	122	2,053	-2,814	-2,229	-611
5	Other contracts .....	3,655	1,091	-4,553	5,731	2,243	234	7,646	-2,881	3,381	-7,055
6	Exchange-traded contracts .....	14,194	-630	4,775	3,051	6,041	327	4,589	-1,869	941	-4,291
7	U.S. residents' contracts on foreign exchanges .....	10,350	6,195	2,549	3,141	3,619	1,041	2,497	2,529	1,726	-557
8	Own contracts .....	6,613	3,569	679	3,684	2,103	147	1,079	1,229	2,353	-1,092
9	Customers' contracts .....	3,737	2,626	1,870	-543	1,516	894	1,418	1,300	-627	535
10	Foreign residents' contracts on U.S. exchanges .....	3,844	-6,825	2,226	-90	2,422	-714	2,092	-4,398	-785	-3,734
	By area or country:										
11	Europe .....	19,724	16,309	-2,615	11,367	10,859	113	11,731	3,841	10,123	-9,386
	Of which:										
12	European Union .....	n.a.	10,018	n.a.	10,105	6,698	2,035	7,958	2,187	8,190	-8,317
	Of which:										
13	Euro area .....	9,200	-3,260	3,675	4,590	3,380	-2,445	-3,380	3,462	-1,018	-2,324
	Of which:										
14	Belgium .....	-317	-2,396	-595	171	124	-17	-503	139	381	-2,413
15	France .....	775	-3,782	813	450	66	-554	-728	-1,679	-1,175	-200
16	Germany .....	-687	-101	2,422	-1,182	-412	-1,515	1,974	-424	-1,804	153
17	Ireland .....	4,435	-258	391	2,741	943	360	-3,114	1,103	605	1,148
18	Italy .....	217	741	-181	102	850	-554	-269	55	641	314
19	Netherlands .....	1,912	516	573	288	614	437	-56	928	-401	45
20	United Kingdom .....	6,378	13,133	-7,103	5,984	3,150	4,347	11,476	-1,185	8,408	-5,566
21	Switzerland .....	4,848	6,420	557	1,659	4,004	-1,372	3,458	1,847	2,080	-965
22	Canada .....	-3,425	-2,953	-1,700	-1,159	-1,281	715	2,630	-3,865	-625	-1,093
23	Caribbean financial centers .....	5,331	-1,450	3,339	1,272	1,322	-602	1,995	-1,271	-3,754	1,580
24	Of which: Cayman Islands .....	4,846	-1,196	2,812	1,056	1,677	-699	1,073	-1,238	-3,732	2,701
25	Latin America, excluding Caribbean financial centers .....	-1,464	-1,317	565	-591	-69	-1,369	-805	485	1,346	-2,343
26	Asia .....	5,853	-2,629	1,105	2,071	2,584	93	181	1,105	-1,374	-2,541
27	Of which: Japan .....	-355	-2,490	257	742	-412	-942	-14	-936	511	-2,051
28	Africa .....	610	-267	146	151	70	243	-263	-212	329	-121
29	Other .....	3,081	-1,197	793	979	1,649	-340	-674	-1,090	-103	670
	Of which:										
30	Australia .....	-2,494	-1,617	689	-733	-813	-1,637	-649	-2,012	-36	1,080
31	International and regional organizations .....	5,396	651	-32	1,734	2,491	1,203	112	959	-2	-418
	<b>Memorandum:</b>										
32	Contracts with foreign official institutions .....	2,120	1,521	1,203	399	307	211	-443	1,315	-309	958

n.a. Not available

Table D. Fair Value of Financial Derivatives by Type of Contract at Quarterend

[Millions of dollars]

Line	2006				2007				
	I	II	III	IV	I	II	III	IV	
1	<b>Financial derivatives, net (line 17 less line 33).....</b>	<b>66,356</b>	<b>67,939</b>	<b>60,307</b>	<b>59,836</b>	<b>56,972</b>	<b>56,814</b>	<b>70,949</b>	<b>83,529</b>
2	Over-the-counter contracts.....	63,513	65,957	58,141	57,113	55,451	53,959	66,099	82,040
3	Single-currency interest rate contracts.....	42,056	42,042	37,349	44,048	38,048	35,179	33,786	26,811
4	Forwards.....	492	-4,337	-174	486	453	270	163	-191
5	Swaps.....	25,397	33,162	18,296	23,973	19,650	22,463	19,138	11,251
6	Options.....	16,167	13,217	19,227	19,589	17,945	12,446	14,485	15,751
7	Foreign exchange contracts.....	14,859	18,617	16,884	25,221	29,028	29,863	37,109	50,626
8	Forwards.....	-2,281	-4,838	-3,039	-2,127	-3,176	-4,069	-5,883	3,283
9	Swaps.....	15,436	21,264	17,210	24,405	29,298	29,336	37,789	42,266
10	Options.....	1,704	2,191	2,713	2,943	2,906	4,596	5,203	5,077
11	Other contracts.....	6,598	5,298	3,908	-12,156	-11,625	-11,083	-4,796	4,603
12	Exchange-traded contracts.....	2,843	1,982	2,166	2,723	1,521	2,855	4,850	1,489
13	U.S. residents' contracts on foreign exchanges.....	873	881	524	692	536	665	1,036	220
14	Own contracts.....	1,397	424	674	548	672	1,202	1,264	456
15	Customers' contracts.....	-524	457	-150	144	-136	-537	-228	-236
16	Foreign residents' contracts on U.S. exchanges.....	1,970	1,101	1,642	2,031	985	2,190	3,814	1,269
17	<b>Financial derivatives, gross positive fair value.....</b>	<b>1,189,856</b>	<b>1,296,050</b>	<b>1,194,164</b>	<b>1,238,995</b>	<b>1,255,575</b>	<b>1,546,712</b>	<b>1,720,605</b>	<b>2,284,581</b>
18	Over-the-counter contracts.....	1,168,623	1,270,737	1,173,055	1,213,354	1,232,097	1,516,672	1,687,484	2,251,340
19	Single-currency interest rate contracts.....	839,046	902,011	803,357	793,057	798,480	1,004,345	960,242	1,321,630
20	Forwards.....	2,353	5,240	1,688	1,027	1,003	2,312	1,646	1,047
21	Swaps.....	755,082	814,689	715,285	702,386	703,564	902,124	839,023	1,168,805
22	Options.....	81,611	82,082	86,384	89,644	93,913	99,909	119,573	151,778
23	Foreign exchange contracts.....	139,673	159,565	148,117	176,267	169,301	196,449	279,826	279,695
24	Forwards.....	31,316	40,094	33,783	44,941	38,584	47,015	79,290	69,624
25	Swaps.....	82,534	92,413	88,817	102,795	101,064	114,228	153,116	157,772
26	Options.....	25,823	27,058	25,517	28,531	29,653	35,206	47,420	52,299
27	Other contracts.....	189,904	209,161	221,581	244,030	264,316	315,878	447,416	650,015
28	Exchange-traded contracts.....	21,233	25,313	21,109	25,641	23,478	30,040	33,121	33,241
29	U.S. residents' contracts on foreign exchanges.....	7,442	9,197	7,364	7,472	7,433	8,197	8,172	7,964
30	Own contracts.....	4,378	5,587	4,571	4,590	4,724	6,005	5,063	4,557
31	Customers' contracts.....	3,064	3,610	2,793	2,882	2,709	2,192	3,109	3,407
32	Foreign residents' contracts on U.S. exchanges.....	13,791	16,116	13,745	18,169	16,045	21,843	24,949	25,277
33	<b>Financial derivatives, gross negative fair value.....</b>	<b>1,123,500</b>	<b>1,228,111</b>	<b>1,133,857</b>	<b>1,179,159</b>	<b>1,198,603</b>	<b>1,489,898</b>	<b>1,649,656</b>	<b>2,201,052</b>
34	Over-the-counter contracts.....	1,105,110	1,204,780	1,114,914	1,156,241	1,176,646	1,462,713	1,621,385	2,169,300
35	Single-currency interest rate contracts.....	796,990	859,969	766,008	749,009	760,432	969,166	926,456	1,294,819
36	Forwards.....	1,861	9,577	1,862	541	550	2,042	1,483	1,238
37	Swaps.....	729,685	781,527	696,989	678,413	683,914	879,661	819,885	1,157,554
38	Options.....	65,444	68,865	67,157	70,055	75,968	87,463	105,088	136,027
39	Foreign exchange contracts.....	124,814	140,948	131,233	151,046	140,273	166,586	242,717	229,069
40	Forwards.....	33,597	44,932	36,822	47,068	41,760	51,084	85,173	66,341
41	Swaps.....	67,098	71,149	71,607	78,390	71,766	84,892	115,327	115,506
42	Options.....	24,119	24,867	22,804	25,588	26,747	30,610	42,217	47,222
43	Other contracts.....	183,306	203,863	217,673	256,186	275,941	326,961	452,212	645,412
44	Exchange-traded contracts.....	18,390	23,331	18,943	22,918	21,957	27,185	28,271	31,752
45	U.S. residents' contracts on foreign exchanges.....	6,569	8,316	6,840	6,780	6,897	7,532	7,136	7,744
46	Own contracts.....	2,981	5,163	3,897	4,042	4,052	4,803	3,799	4,101
47	Customers' contracts.....	3,588	3,153	2,943	2,738	2,845	2,729	3,337	3,643
48	Foreign residents' contracts on U.S. exchanges.....	11,821	15,015	12,103	16,138	15,060	19,653	21,135	24,008
	<b>Memoranda:</b>								
	Net fair value of contracts:								
49	With own foreign offices.....	15,847	9,969	9,395	6,146	1,507	6,395	4,242	6,418
50	With foreign official institutions.....	-328	-1,124	838	799	967	249	-2,899	-1,256
51	Between U.S. depository institutions and foreigners.....	19,121	19,910	9,778	15,646	13,336	16,106	14,972	21,309
	Gross positive fair value of contracts:								
52	With own foreign offices.....	282,355	275,686	277,792	318,870	337,374	427,383	479,632	597,010
53	With foreign official institutions.....	13,807	12,050	10,961	10,385	9,846	10,821	11,017	12,633
54	Between U.S. depository institutions and foreigners.....	405,034	483,430	407,250	407,594	408,855	501,678	526,490	811,889
	Gross negative fair value of contracts:								
55	With own foreign offices.....	266,508	265,717	268,397	312,724	335,867	420,988	475,390	590,592
56	With foreign official institutions.....	14,135	13,174	10,123	9,586	8,879	10,572	13,916	13,889
57	Between U.S. depository institutions and foreigners.....	385,913	463,520	397,472	391,948	395,519	485,572	511,518	790,580

Table E. Fair Value of Financial Derivatives by Area or Country at Quarterend

[Millions of dollars]

Line		2006				2007			
		I	II	III	IV	I	II	III	IV
1	<b>Financial derivatives, net (line 23 less line 45)</b> .....	<b>66,356</b>	<b>67,939</b>	<b>60,307</b>	<b>59,836</b>	<b>56,972</b>	<b>56,814</b>	<b>70,949</b>	<b>83,529</b>
2	Europe .....	52,804	58,629	47,630	53,608	51,120	53,675	62,059	67,518
	<i>Of which:</i>								
3	European Union .....	n.a.	58,313	47,479	52,466	49,588	51,890	58,356	61,261
	<i>Of which:</i>								
4	Euro area .....	19,528	22,604	20,079	26,305	25,367	24,991	21,864	27,883
	<i>Of which:</i>								
5	Belgium .....	-192	583	193	468	216	-567	-385	517
6	France .....	4,195	4,846	4,124	6,422	5,303	6,030	6,440	9,532
7	Germany .....	11,452	14,794	10,442	11,777	12,008	15,764	10,599	9,497
8	Ireland .....	3,679	2,163	2,936	5,431	5,771	4,928	5,215	4,693
9	Italy .....	4,979	5,200	5,521	6,269	6,845	6,637	7,469	9,248
10	Netherlands .....	2,328	2,543	3,350	2,433	2,875	2,512	3,446	4,504
11	United Kingdom .....	32,751	34,448	28,336	26,586	23,112	23,365	34,068	30,511
12	Switzerland .....	-820	-198	160	1,139	2,175	2,581	5,236	7,674
13	Canada .....	3,947	4,706	4,333	4,372	3,569	4,969	5,833	8,090
14	Caribbean financial centers .....	3,622	-1,688	3,569	-5,726	-3,956	-10,730	-6,563	684
15	<i>Of which: Cayman Islands</i> .....	750	-2,321	1,424	-7,532	-5,648	-10,750	-5,346	2,059
16	Latin America, excluding Caribbean financial centers .....	-543	453	1,024	979	1,290	2,237	2,147	2,310
17	Asia .....	4,634	2,863	2,635	4,443	2,418	2,078	3,021	1,779
18	<i>Of which: Japan</i> .....	2,714	612	810	1,250	120	2,265	153	-1,844
19	Africa .....	781	982	1,137	935	1,198	824	785	1,235
20	Other .....	1,111	1,994	-21	1,225	1,333	3,761	3,667	1,913
	<i>Of which:</i>								
21	Australia .....	2,426	2,823	1,814	2,942	2,738	4,515	5,482	4,092
22	International and regional organizations .....	-1,544	-833	-2,121	-1,903	-1,585	-880	-1,882	-2,285
23	<b>Financial derivatives, gross positive fair value</b> .....	<b>1,189,856</b>	<b>1,296,050</b>	<b>1,194,164</b>	<b>1,238,995</b>	<b>1,255,575</b>	<b>1,546,712</b>	<b>1,720,605</b>	<b>2,284,581</b>
24	Europe .....	1,010,405	1,097,219	1,010,985	1,047,984	1,069,011	1,331,710	1,469,891	1,975,747
	<i>Of which:</i>								
25	European Union .....	n.a.	1,063,436	979,750	1,015,511	1,036,441	1,293,805	1,418,452	1,905,227
	<i>Of which:</i>								
26	Euro area .....	269,204	288,038	263,663	349,741	342,463	396,621	409,853	499,683
	<i>Of which:</i>								
27	Belgium .....	9,557	8,904	9,726	9,806	8,912	8,842	9,314	11,457
28	France .....	80,335	81,038	73,689	73,478	73,207	83,389	93,953	119,548
29	Germany .....	94,527	102,194	94,658	97,012	98,356	117,155	121,413	149,431
30	Ireland .....	40,616	48,757	37,638	120,433	112,496	133,020	126,251	163,044
31	Italy .....	11,840	11,372	11,756	12,119	11,957	12,016	12,539	14,729
32	Netherlands .....	20,658	22,320	23,315	23,547	24,160	26,664	30,090	24,130
33	United Kingdom .....	704,349	767,812	710,356	658,948	686,388	886,400	997,074	1,393,046
34	Switzerland .....	26,429	30,254	27,953	29,175	29,596	34,479	47,315	54,792
35	Canada .....	30,560	34,436	32,727	31,611	29,244	37,100	45,346	49,642
36	Caribbean financial centers .....	56,788	61,897	60,267	67,163	67,774	75,392	93,773	126,042
37	<i>Of which: Cayman Islands</i> .....	43,424	47,725	45,692	49,702	51,721	58,765	76,659	105,644
38	Latin America, excluding Caribbean financial centers .....	10,031	10,501	13,623	14,278	13,204	16,905	16,055	16,035
39	Asia .....	61,204	69,307	56,816	57,887	55,179	63,369	67,445	92,061
40	<i>Of which: Japan</i> .....	42,915	46,666	36,415	38,327	35,427	40,831	41,031	56,113
41	Africa .....	3,762	3,828	3,734	3,088	3,127	3,075	3,579	4,253
42	Other .....	17,106	18,862	16,012	16,984	18,036	19,161	24,516	20,801
	<i>Of which:</i>								
43	Australia .....	12,801	14,180	12,198	13,509	14,605	15,424	20,397	16,748
44	International and regional organizations .....	3,276	4,134	3,113	2,713	2,665	2,770	3,253	3,104
45	<b>Financial derivatives, gross negative fair value</b> .....	<b>1,123,500</b>	<b>1,228,111</b>	<b>1,133,857</b>	<b>1,179,159</b>	<b>1,198,603</b>	<b>1,489,898</b>	<b>1,649,656</b>	<b>2,201,052</b>
46	Europe .....	957,601	1,038,590	963,355	994,376	1,017,891	1,278,035	1,407,832	1,908,229
	<i>Of which:</i>								
47	European Union .....	n.a.	1,005,123	932,271	963,045	986,853	1,241,915	1,360,096	1,843,966
	<i>Of which:</i>								
48	Euro area .....	249,676	265,434	243,584	323,436	317,096	371,630	387,989	471,800
	<i>Of which:</i>								
49	Belgium .....	9,749	8,321	9,533	9,338	8,696	9,409	9,699	10,940
50	France .....	76,140	76,192	69,565	67,056	67,904	77,359	87,513	110,016
51	Germany .....	83,075	87,400	84,216	85,235	86,348	101,391	110,814	139,934
52	Ireland .....	36,937	46,594	34,702	115,002	106,725	128,092	121,036	158,351
53	Italy .....	6,861	6,172	6,235	5,850	5,112	5,379	5,070	5,481
54	Netherlands .....	18,330	19,777	19,965	21,114	21,285	24,152	26,644	19,626
55	United Kingdom .....	671,598	733,364	682,020	632,362	663,276	863,035	963,006	1,362,535
56	Switzerland .....	27,249	30,452	27,793	28,036	27,421	31,898	42,079	47,118
57	Canada .....	26,613	29,730	28,394	27,239	25,675	32,131	39,513	41,552
58	Caribbean financial centers .....	53,166	63,585	56,698	72,889	71,730	86,122	100,336	125,358
59	<i>Of which: Cayman Islands</i> .....	42,674	50,046	44,268	57,234	57,369	69,515	82,005	103,585
60	Latin America, excluding Caribbean financial centers .....	10,574	10,048	12,599	13,299	11,914	14,668	13,908	13,725
61	Asia .....	56,570	66,444	54,181	53,444	52,761	61,291	64,424	90,282
62	<i>Of which: Japan</i> .....	40,201	46,054	35,605	37,077	35,307	38,566	40,878	57,957
63	Africa .....	2,981	2,846	2,597	2,153	1,929	2,251	2,794	3,018
64	Other .....	15,995	16,868	16,033	15,759	16,703	15,400	20,849	18,888
	<i>Of which:</i>								
65	Australia .....	10,375	11,357	10,384	10,567	11,867	10,909	14,915	12,656
66	International and regional organizations .....	4,820	4,967	5,234	4,616	4,250	3,650	5,135	5,389

n.a. Not available

**Table 1. Revisions to U.S. International Transactions**  
 (Millions of dollars; quarters seasonally adjusted)

	Exports of goods and services and income receipts			Imports of goods and services and income payments			Unilateral current transfers, net (inflows +, outflows -)			Balance on current account			Net financial flows (inflows +, outflows -)		
	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
1997	1,191,257	1,191,257		-1,286,921	-1,286,921		-45,062	-45,062		-140,726	-140,726		221,334	218,977	-2,357
1998	1,194,983	1,194,983		-1,356,868	-1,356,868		-53,187	-53,187		-215,062	-215,062		69,740	66,965	-2,775
1999	1,259,809	1,259,809		-1,511,011	-1,511,011		-50,428	-50,428		-301,630	-301,630		236,148	238,148	2,000
2000	1,421,515	1,421,515		-1,780,296	-1,780,296		-58,645	-58,645		-417,426	-417,426		486,373	477,701	-8,672
2001	1,295,693	1,295,693		-1,629,097	-1,629,097		-51,295	-51,295		-384,699	-384,699		400,243	400,254	11
2002	1,255,936	1,255,663	-273	-1,651,990	-1,651,990		-63,587	-64,948	-1,361	-459,641	-461,275	-1,634	503,167	500,515	-2,652
2003	1,338,325	1,338,213	-112	-1,789,819	-1,789,819		-70,607	-71,794	-1,187	-522,101	-523,400	-1,299	538,928	532,879	-6,049
2004	1,559,191	1,574,326	15,135	-2,114,926	-2,114,837	89	-84,414	-84,482	-68	-640,148	-624,993	15,155	556,742	532,331	-24,411
2005	1,788,557	1,819,016	30,459	-2,454,871	-2,458,225	-3,354	-88,535	-89,784	-1,249	-754,848	-728,993	25,855	777,356	700,716	-76,640
2006	2,096,165	2,142,164	45,999	-2,818,047	-2,838,254	-20,207	-89,595	-92,027	-2,432	-811,477	-788,116	23,361	833,183	839,074	5,891
2007	2,410,587	2,463,505	52,918	-3,044,786	-3,082,014	-37,228	-104,438	-112,705	-8,267	-738,638	-731,214	7,424	1 657,365	774,345	116,980
1997: I	287,279	287,279		-313,391	-313,391		-9,967	-9,967		-36,079	-36,079		20,276	19,518	-758
II	299,679	299,679		-318,210	-318,210		-10,267	-10,267		-28,798	-28,798		47,567	47,070	-497
III	303,542	303,542		-325,593	-325,593		-10,666	-10,666		-32,717	-32,717		47,836	47,222	-614
IV	300,762	300,762		-329,728	-329,728		-14,160	-14,160		-43,126	-43,126		105,651	105,163	-488
1998: I	302,195	302,195		-334,146	-334,146		-12,053	-12,053		-44,004	-44,004		4,732	3,927	-805
II	298,846	298,846		-337,834	-337,834		-12,361	-12,361		-51,349	-51,349		16,427	15,911	-516
III	293,115	293,115		-338,864	-338,864		-13,140	-13,140		-58,889	-58,889		17,443	16,673	-770
IV	300,835	300,835		-346,026	-346,026		-15,633	-15,633		-60,824	-60,824		31,136	30,452	-684
1999: I	300,183	300,183		-351,564	-351,564		-11,885	-11,885		-63,266	-63,266		24,660	23,694	-966
II	307,288	307,288		-367,128	-367,128		-12,260	-12,260		-72,100	-72,100		65,434	64,785	-649
III	319,936	319,936		-388,656	-388,656		-11,987	-11,987		-80,707	-80,707		33,368	32,570	-798
IV	332,407	332,407		-403,662	-403,662		-14,295	-14,295		-85,550	-85,550		112,686	117,099	4,413
2000: I	341,683	341,683		-427,646	-427,646		-12,859	-12,859		-98,822	-98,822		41,092	35,176	-5,916
II	355,307	355,307		-441,576	-441,576		-13,368	-13,368		-99,637	-99,637		140,258	139,263	-995
III	360,295	360,295		-454,243	-454,243		-14,208	-14,208		-108,156	-108,156		161,338	160,217	-1,121
IV	364,231	364,231		-456,835	-456,835		-18,212	-18,212		-110,816	-110,816		143,685	143,045	-640
2001: I	350,489	350,489		-442,826	-442,826		-15,171	-15,171		-107,508	-107,508		115,961	114,573	-1,388
II	334,968	334,968		-416,706	-416,706		-15,802	-15,802		-97,540	-97,540		121,164	120,165	-999
III	312,094	312,094		-400,657	-400,657		-2,941	-2,941		-91,504	-91,504		55,794	57,084	1,290
IV	298,144	298,144		-368,912	-368,912		-17,374	-17,374		-88,142	-88,142		107,325	108,433	1,108
2002: I	302,466	302,429	-37	-388,601	-388,601		-18,326	-18,542	-216	-104,461	-104,714	-253	89,272	88,384	-888
II	314,290	314,174	-116	-415,267	-415,267		-14,764	-15,007	-243	-115,741	-116,100	-359	91,584	91,613	29
III	321,839	321,743	-96	-423,307	-423,307		-14,599	-15,005	-406	-116,067	-116,569	-502	162,677	161,227	-1,450
IV	317,345	317,321	-24	-424,810	-424,810		-15,897	-16,394	-497	-123,362	-123,883	-521	159,631	159,288	-343
2003: I	321,646	321,626	-20	-439,095	-439,095		-17,660	-18,219	-559	-135,109	-135,688	-579	159,729	158,593	-1,136
II	324,744	324,745	1	-437,889	-437,889		-16,962	-17,600	-638	-130,107	-130,744	-637	63,301	60,305	-2,996
III	335,211	335,183	-28	-448,024	-448,024		-17,710	-17,707	3	-130,523	-130,548	-25	129,579	128,422	-1,157
IV	356,719	356,654	-65	-464,810	-464,810		-18,277	-18,269	8	-126,368	-126,425	-57	186,323	185,563	-760
2004: I	372,271	375,712	3,441	-489,241	-489,177	64	-22,972	-22,987	-15	-139,941	-136,453	3,488	121,924	105,507	-16,417
II	384,288	387,382	3,094	-521,604	-521,673	-69	-21,371	-21,385	-14	-158,687	-155,676	3,011	165,936	161,128	-4,808
III	393,272	396,956	3,684	-534,072	-534,133	-61	-17,273	-17,289	-16	-158,073	-154,466	3,607	103,222	104,685	1,463
IV	409,357	414,275	4,918	-570,010	-569,854	156	-22,799	-22,822	-23	-183,452	-178,401	5,051	165,659	161,012	-4,647
2005: I	424,101	434,701	10,600	-578,269	-580,114	-1,845	-28,225	-28,644	-419	-182,392	-174,057	8,335	145,995	105,007	-40,988
II	440,217	447,848	7,631	-599,084	-600,704	-1,620	-24,372	-24,964	-592	-183,238	-177,821	5,417	97,517	82,483	-15,034
III	451,964	457,508	5,544	-616,350	-617,311	-961	-9,019	-9,090	-71	-173,406	-168,892	4,514	242,180	221,043	-21,137
IV	472,275	478,958	6,683	-661,169	-660,097	1,072	-26,915	-27,085	-170	-215,809	-208,223	7,586	291,665	292,183	518
2006: I	494,027	504,862	10,835	-673,277	-679,297	-6,020	-21,360	-21,516	-156	-200,611	-195,952	4,659	195,741	179,674	-16,067
II	518,595	529,782	11,187	-700,504	-705,572	-5,068	-23,686	-24,116	-430	-205,595	-199,906	5,689	157,225	184,270	27,045
III	532,894	543,893	10,999	-726,352	-730,083	-3,731	-23,877	-24,716	-839	-217,334	-210,906	6,428	255,000	253,223	-1,777
IV	550,649	563,627	12,978	-717,914	-723,303	-5,389	-20,673	-21,679	-1,006	-187,938	-181,355	6,583	225,218	221,908	-3,310
2007: I	557,146	572,182	15,036	-728,338	-738,938	-10,600	-27,009	-30,174	-3,165	-198,201	-196,930	1,271	182,591	265,443	82,852
II	590,756	602,122	11,366	-757,645	-771,262	-13,617	-23,169	-24,953	-1,784	-190,058	-194,093	-4,035	155,937	193,549	37,612
III	626,130	638,393	12,263	-777,362	-783,548	-6,186	-26,211	-27,796	-1,585	-177,444	-172,952	4,492	111,080	101,942	-9,138
IV	636,554	650,808	14,254	-781,438	-788,264	-6,826	-28,052	-29,784	-1,732	-172,936	-167,241	5,695	230,103	213,411	-16,692

1. The previously published annual data for 2007 excluded transactions in financial derivatives because data were only available for the first three quarters of the year.

Table 2. Major Sources of Revisions, International Transactions Accounts, 2002–2007—Continues

[Millions of dollars]

(Credits +; debits -) <sup>1</sup>	2002	2003	2004	2005	2006	2007
<b>Current account</b>						
<b>Royalties and license fees receipts (line 9):</b>						
Revised .....	44,508	46,988	56,715	64,395	72,191	82,614
Changes due to 2004 U.S. direct investment benchmark survey .....			2,225	( <sup>(2)</sup> )	( <sup>(2)</sup> )	( <sup>(2)</sup> )
Changes due to 2006 services benchmark survey .....					9,813	( <sup>(2)</sup> )
Revisions due to updated source data .....			( <sup>(3)</sup> )	4,986	( <sup>(3)</sup> )	11,269
Previously published .....	44,508	46,988	54,490	59,409	62,378	71,345
<b>Other private services receipts (line 10):</b>						
Revised .....	122,207	131,563	149,262	160,051	189,050	223,483
Changes due to 2004 U.S. direct investment benchmark survey .....			1,113	( <sup>(2)</sup> )	( <sup>(2)</sup> )	( <sup>(2)</sup> )
Changes due to 2006 services benchmark survey .....					1,279	( <sup>(2)</sup> )
Revisions due to updated source data .....			( <sup>(3)</sup> )	-4,250	( <sup>(3)</sup> )	6,874
Previously published .....	122,207	131,563	148,149	164,301	187,771	216,609
<b>Direct investment income receipts (line 14):</b>						
Revised .....	145,590	186,417	250,606	294,538	328,543	368,275
Changes due to 2004 U.S. direct investment benchmark survey .....			11,598	( <sup>(2)</sup> )	( <sup>(2)</sup> )	( <sup>(2)</sup> )
Revisions due to updated source data .....			( <sup>(3)</sup> )	25,192	18,319	15,639
Previously published .....	145,590	186,417	239,008	269,346	310,224	352,636
<b>Other private income receipts (line 15):</b>						
Revised .....	129,238	126,529	157,313	235,120	351,327	444,299
Amount of revision .....	-273	-112	199	4,583	16,369	19,866
Previously published .....	129,511	126,641	157,114	230,537	334,958	424,433
<b>Interest on foreign bonds:</b>						
Revised .....	40,911	46,454	50,472	55,391	63,866	79,344
Changes due to 2006 Treasury benchmark survey .....			-20		3,800	9,810
Changes due to removal of reserve positions .....	-76	-233	-369	-683	-994	-1,067
Revisions due to updated source data .....					163	136
Previously published .....	40,987	46,687	50,861	56,074	60,897	70,465
<b>Dividends on foreign stocks:</b>						
Revised .....	38,229	41,554	54,087	64,628	84,330	114,617
Changes due to 2006 Treasury benchmark survey .....				-85	1,718	4,364
Changes due to new stock price methodology .....	-197	121	-77	-8	-214	1,148
Revisions due to updated source data .....					-25	-243
Previously published .....	38,426	41,433	54,164	64,721	82,851	109,348
<b>Other:</b>						
Revised .....	50,098	38,521	52,754	115,101	203,131	250,338
Changes due to new data on asset-backed commercial paper .....				4,931	9,976	4,256
Revisions due to updated source data .....			665	428	1,945	1,462
Previously published .....	50,098	38,521	52,089	109,742	191,210	244,620
<b>Royalties and license fees payments (line 26):</b>						
Revised .....	-19,353	-19,033	-23,266	-24,612	-23,777	-25,048
Changes due to 2004 U.S. direct investment benchmark survey .....			8	( <sup>(2)</sup> )	( <sup>(2)</sup> )	( <sup>(2)</sup> )
Changes due to 2006 services benchmark survey .....					2,655	( <sup>(2)</sup> )
Revisions due to updated source data .....			( <sup>(3)</sup> )	20	( <sup>(3)</sup> )	2,876
Previously published .....	-19,353	-19,033	-23,274	-24,632	-26,432	-27,924
<b>Other private services payments (line 27):</b>						
Revised .....	-72,604	-79,764	-90,252	-97,818	-125,221	-144,375
Changes due to 2004 U.S. direct investment benchmark survey .....			1,015	( <sup>(2)</sup> )	( <sup>(2)</sup> )	( <sup>(2)</sup> )
Changes due to 2006 services benchmark survey .....					-8,697	( <sup>(2)</sup> )
Revisions due to updated source data .....			( <sup>(3)</sup> )	2,109	( <sup>(3)</sup> )	-9,090
Previously published .....	-72,604	-79,764	-91,267	-99,927	-116,524	-135,285
<b>Other private income payments (line 32):</b>						
Revised .....	-127,012	-119,051	-155,266	-228,408	-339,088	-426,515
Amount of revision .....			-781	-977	-4,443	-14,591
Previously published .....	-127,012	-119,051	-154,485	-227,431	-334,645	-411,924
<i>Of which:</i>						
<b>Interest on U.S. corporate bonds:</b>						
Revised .....	-55,676	-60,974	-71,501	-85,303	-106,564	-139,536
Changes due to 2007 Treasury annual survey .....					-1,218	-9,546
Revisions due to updated source data .....					-186	-3,645
Previously published .....	-55,676	-60,974	-71,501	-85,303	-105,160	-126,345
<b>Dividends on U.S. corporate stocks:</b>						
Revised .....	-23,560	-25,661	-37,037	-38,084	-44,884	-54,344
Changes due to 2007 Treasury annual survey .....					-70	-584
Revisions due to updated source data .....					7	55
Previously published .....	-23,560	-25,661	-37,037	-38,084	-44,821	-53,815
<b>U.S. government income payments (line 33):</b>						
Revised .....	-74,908	-73,834	-82,536	-103,874	-134,981	-165,102
Amount of revision .....					-1,226	-7,858
Previously published .....	-74,908	-73,834	-82,536	-103,874	-133,755	-157,244
<i>Of which:</i>						
<b>Interest on U.S. Treasury bonds and notes:</b>						
Revised .....	-44,541	-43,717	-50,785	-59,723	-73,575	-86,254
Changes due to 2007 Treasury annual survey .....					-451	-2,263
Revisions due to updated source data .....					-9	-40
Previously published .....	-44,541	-43,717	-50,785	-59,723	-73,115	-83,951
<b>Interest on U.S. agency bonds:</b>						
Revised .....	-25,849	-26,786	-28,137	-36,431	-49,872	-66,372
Changes due to 2007 Treasury annual survey .....					-779	-5,577
Revisions due to updated source data .....					15	13
Previously published .....	-25,849	-26,786	-28,137	-36,431	-49,108	-60,808

See the footnotes at the end of the table.

Table 2. Major Sources of Revisions, International Transactions Accounts, 2002–2007—Table Ends

[Millions of dollars]

(Credits +; debits -) <sup>1</sup>	2002	2003	2004	2005	2006	2007
<b>Financial account</b>						
<b>U.S. private assets abroad</b>						
<b>U.S. direct investment abroad (line 51):</b>						
Revised .....	-154,460	-149,564	-316,223	-36,235	-241,244	-333,271
Changes due to 2004 U.S. direct investment benchmark survey .....			-37,137	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Revisions due to updated source data .....			( <sup>3</sup> )	-43,897	-5,886	2,144
Previously published .....	-154,460	-149,564	-279,086	7,662	-235,358	-335,415
<b>Foreign securities (line 52):</b>						
Revised .....	-48,568	-146,722	-170,549	-251,199	-365,204	-288,731
Amount of revision .....			-24,000	-54,101	-75,782	-14,880
Previously published .....	-48,568	-146,722	-146,549	-197,098	-289,422	-273,851
<b>Foreign bonds:</b>						
Revised .....	-31,614	-28,719	-85,793	-64,513	-227,795	-170,708
Changes due to 2006 Treasury benchmark survey .....			-24,000	-10,000	-72,000	-31,000
Revisions due to updated source data .....				-16	-4,911	3,144
Previously published .....	-31,614	-28,719	-61,793	-54,497	-150,884	-142,852
<b>Foreign stocks:</b>						
Revised .....	-16,954	-118,003	-84,756	-186,686	-137,409	-118,023
Changes due to 2006 Treasury benchmark survey .....				-44,000		
Revisions due to updated source data .....				-85	1,129	12,976
Previously published .....	-16,954	-118,003	-84,756	-142,601	-138,538	-130,999
<b>U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns (line 53):</b>						
Revised .....	-50,022	-18,184	-152,566	-71,207	-164,597	-706
Changes due to new data on asset-backed commercial paper .....				-55,000	-90,000	-30,000
Revisions due to updated source data .....			-28,429	23,396	8,934	13,475
Previously published .....	-50,022	-18,184	-124,137	-39,603	-83,531	15,819
<b>Foreign official assets in the United States</b>						
<b>U.S. Treasury securities (line 58):</b>						
Revised .....	60,466	184,931	273,279	112,841	208,564	58,865
Changes to bonds and notes due to 2007 Treasury annual survey .....					19,383	8,390
Revisions due to updated source data .....						575
Previously published .....	60,466	184,931	273,279	112,841	189,181	49,900
<b>Other (line 59):</b>						
Revised .....	30,505	39,943	41,662	100,493	219,837	171,465
Changes to agency bonds due to 2007 Treasury annual survey .....					28,284	-9,804
Revisions due to updated source data .....						-683
Previously published .....	30,505	39,943	41,662	100,493	191,553	181,952
<b>Other foreign assets in the United States</b>						
<b>U.S. Treasury securities (line 65):</b>						
Revised .....	100,403	91,455	93,608	132,300	-58,204	156,825
Changes to bonds and notes due to 2007 Treasury annual survey .....					-19,382	-8,390
Revisions due to updated source data .....					-2,891	-1,086
Previously published .....	100,403	91,455	93,608	132,300	-35,931	166,301
<b>U.S. securities other than U.S. Treasury securities (line 66):</b>						
Revised .....	283,299	220,705	381,493	450,386	683,363	573,850
Amount of revision .....					91,412	181,966
Previously published .....	283,299	220,705	381,493	450,386	591,951	391,884
<b>U.S. corporate bonds:</b>						
Revised .....	145,415	223,215	254,564	312,314	517,773	372,087
Changes due to 2007 Treasury annual survey .....					96,000	114,000
Revisions due to updated source data .....					9,513	11,349
Previously published .....	145,415	223,215	254,564	312,314	412,260	246,738
<b>U.S. agency bonds:</b>						
Revised .....	81,832	-36,801	67,380	49,768	25,783	19,353
Changes due to 2007 Treasury annual survey .....					-7,915	53,734
Revisions due to updated source data .....					-3,236	3,830
Previously published .....	81,832	-36,801	67,380	49,768	36,934	-38,211
<b>U.S. corporate stocks:</b>						
Revised .....	56,052	34,291	59,549	88,304	139,807	182,410
Revisions due to updated source data .....					-2,950	-947
Previously published .....	56,052	34,291	59,549	88,304	142,757	183,357
<b>U.S. currency (line 67):</b>						
Revised .....	18,861	10,591	13,301	8,447	2,227	-10,675
Changes due to updated methodology <sup>4</sup> .....	-2,652	-6,049	-1,528	-10,522	-10,344	-21,612
Previously published .....	21,513	16,640	14,829	18,969	12,571	10,937

1. Credits +: An increase in U.S. receipts and U.S. liabilities, or a decrease in U.S. payments and U.S. claims.  
 Debits -: An increase in U.S. payments and U.S. claims, or a decrease in U.S. receipts and U.S. liabilities.  
 2. Revisions due to benchmark surveys are not separately identifiable for this period.  
 3. Revisions due to updated source data other than the benchmark survey are not separately identifiable for

this period.

4. U.S. currency was revised back to 1974. See table B in this article for the revised estimates.

NOTE: Line numbers refer to table 1 in "U.S. International Transactions: First Quarter of 2008" in this issue of the SURVEY.



Table 3. Major Sources of Revisions, International Investment Position at Yearend, 2002–2007

[Millions of dollars]

	2002	2003	2004	2005	2006	2007
<b>U.S. private assets</b>						
<b>U.S. direct investment abroad (lines 18 and 43):</b>						
Revised:						
At current cost .....	1,867,043	2,054,464	2,498,494	2,651,721	2,935,977	3,332,828
At market value .....	2,022,588	2,729,126	3,362,796	3,637,996	4,454,635	5,147,952
Changes due to 2004 U.S. direct investment benchmark survey:						
At current cost .....			34,886	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>3</sup> )
At market value .....			26,375	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>3</sup> )
Revisions due to updated source data:						
At current cost .....			( <sup>2</sup> )	116,533	80,358	( <sup>3</sup> )
At market value .....			( <sup>2</sup> )	67,744	76,805	( <sup>3</sup> )
Previously published:						
At current cost .....	1,867,043	2,054,464	2,463,608	2,535,188	2,855,619	( <sup>3</sup> )
At market value .....	2,022,588	2,729,126	3,336,421	3,570,252	4,377,830	( <sup>3</sup> )
<b>Foreign securities (line 19):</b>						
Revised .....	2,076,722	2,948,370	3,545,396	4,329,259	5,604,475	6,648,686
Amount of revision .....	-3,169	-5,408	-7,991	-16,625	172,211	( <sup>3</sup> )
Previously published .....	2,079,891	2,953,778	3,553,387	4,345,884	5,432,264	( <sup>3</sup> )
<b>Foreign bonds (line 20):</b>						
Revised .....	702,742	868,948	984,978	1,011,554	1,275,515	1,478,087
Changes due to 2006 Treasury benchmark survey .....					108,269	( <sup>3</sup> )
Changes due to removal of reserve positions .....	-2,484	-5,408	-7,991	-16,625	-18,544	( <sup>3</sup> )
Revisions due to updated source data .....					5,032	( <sup>3</sup> )
Previously published .....	705,226	874,356	992,969	1,028,179	1,180,758	( <sup>3</sup> )
<b>Foreign stocks (line 21):</b>						
Revised .....	1,373,980	2,079,422	2,560,418	3,317,705	4,328,960	5,170,599
Changes due to 2006 Treasury benchmark survey .....					78,827	( <sup>3</sup> )
Changes due to new stock price methodology .....	-685					( <sup>3</sup> )
Revisions due to updated source data .....					-1,373	( <sup>3</sup> )
Previously published .....	1,374,665	2,079,422	2,560,418	3,317,705	4,251,506	( <sup>3</sup> )
<b>U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns (line 22):</b>						
Revised .....	901,946	594,004	793,556	1,018,462	1,163,102	1,176,027
Changes due to new data on asset-backed commercial paper .....				226,000	316,000	( <sup>3</sup> )
Revisions due to updated source data .....			55,918	58,428	-1,362	( <sup>3</sup> )
Previously published .....	901,946	594,004	737,638	734,034	848,464	( <sup>3</sup> )
<b>Foreign official assets in the United States</b>						
<b>U.S. government securities (line 28):</b>						
Revised .....	970,359	1,186,500	1,509,986	1,725,193	2,167,112	2,502,831
Amount of revision .....					62,416	( <sup>3</sup> )
Previously published .....	970,359	1,186,500	1,509,986	1,725,193	2,104,696	( <sup>3</sup> )
<b>U.S. Treasury securities (line 29):</b>						
Revised .....	811,995	986,301	1,251,943	1,340,598	1,558,317	1,697,365
Changes to bonds and notes due to 2007 Treasury annual survey .....					37,724	( <sup>3</sup> )
Revisions due to updated source data .....					-175	( <sup>3</sup> )
Previously published .....	811,995	986,301	1,251,943	1,340,598	1,520,768	( <sup>3</sup> )
<b>Other (line 30):</b>						
Revised .....	158,364	200,199	258,043	384,595	608,795	805,466
Changes to agency bonds due to 2007 Treasury annual survey .....					24,566	( <sup>3</sup> )
Revisions due to updated source data .....					301	( <sup>3</sup> )
Previously published .....	158,364	200,199	258,043	384,595	583,928	( <sup>3</sup> )
<b>Other foreign official assets (line 33):</b>						
Revised .....	107,598	158,589	215,239	268,586	342,822	404,468
Changes to corporate bonds and stocks due to 2007 Treasury annual survey .....					-6,961	( <sup>3</sup> )
Revisions due to updated source data .....						( <sup>3</sup> )
Previously published .....	107,598	158,589	215,239	268,586	349,783	( <sup>3</sup> )
<b>Other foreign assets in the United States</b>						
<b>U.S. Treasury securities (line 36):</b>						
Revised .....	473,503	527,223	561,610	643,793	567,885	734,776
Changes to bonds and notes due to 2007 Treasury annual survey .....					-26,361	( <sup>3</sup> )
Revisions due to updated source data .....					3	( <sup>3</sup> )
Previously published .....	473,503	527,223	561,610	643,793	594,243	( <sup>3</sup> )
<b>U.S. securities other than U.S. Treasury securities (line 37):</b>						
Revised .....	2,779,067	3,422,856	3,995,506	4,352,998	5,372,361	6,132,438
Amount of revision .....					143,825	( <sup>3</sup> )
Previously published .....	2,779,067	3,422,856	3,995,506	4,352,998	5,228,536	( <sup>3</sup> )
<b>U.S. corporate bonds (part of line 38):</b>						
Revised .....	1,126,381	1,333,509	1,584,304	1,758,370	2,289,301	2,712,252
Changes due to 2007 Treasury annual survey .....					110,347	( <sup>3</sup> )
Revisions due to updated source data .....					10,481	( <sup>3</sup> )
Previously published .....	1,126,381	1,333,509	1,584,304	1,758,370	2,168,473	( <sup>3</sup> )
<b>U.S. agency bonds (part of line 38):</b>						
Revised .....	404,601	377,278	450,845	484,765	535,578	587,073
Changes due to 2007 Treasury annual survey .....					17,246	( <sup>3</sup> )
Revisions due to updated source data .....					-3,011	( <sup>3</sup> )
Previously published .....	404,601	377,278	450,845	484,765	521,343	( <sup>3</sup> )
<b>U.S. corporate stocks (line 39):</b>						
Revised .....	1,248,085	1,712,069	1,960,357	2,109,863	2,547,482	2,833,113
Changes due to 2007 Treasury annual survey .....					10,357	( <sup>3</sup> )
Revisions due to updated source data .....					-1,595	( <sup>3</sup> )
Previously published .....	1,248,085	1,712,069	1,960,357	2,109,863	2,538,720	( <sup>3</sup> )
<b>U.S. currency (line 40):</b>						
Revised .....	248,061	258,652	271,953	280,400	282,627	271,952
Changes due to updated methodology <sup>4</sup> .....	-53,207	-59,256	-60,784	-71,306	-81,650	( <sup>3</sup> )
Previously published .....	301,268	317,908	332,737	351,706	364,277	( <sup>3</sup> )

1. Revisions due to benchmark surveys are not separately identifiable for this period.

2. Revisions due to updated source data other than the benchmark survey are not separately identifiable for this period.

3. Estimates were not previously published.

4. U.S. currency was revised back to 1976. See table B in this article for revised estimates.

NOTE: Line numbers refer to table 1 in "The International Investment Position of the United States at Yearend 2007" in this issue of the Survey.