

U.S. International Transactions

Fourth Quarter and Year 2011

THE U.S. CURRENT-ACCOUNT deficit—a net measure of transactions between the United States and the rest of the world in goods, services, income, and unilateral current transfers—increased to \$124.1 billion (preliminary) in the fourth quarter of 2011 from \$107.6 billion (revised) in the third quarter (see pages 24–27).¹ The deficit increased to 3.2 percent of current-dollar gross domestic product (GDP) after dipping to 2.8 percent in the third quarter.² Most of the increase resulted from a decrease in the surplus on income and an increase in the deficit on goods; a smaller contribution came from a decrease in the surplus on services. In 2011, the current-account deficit increased slightly to \$473.4 billion from \$470.9 billion in 2010 (see page 30). The 2011 deficit decreased to 3.1 percent of current-dollar GDP from 3.2 percent in 2010; this GDP-scaled deficit has been close to 3 percent for the last 3 years, well below the record peak of 6.0 percent reached in 2006.

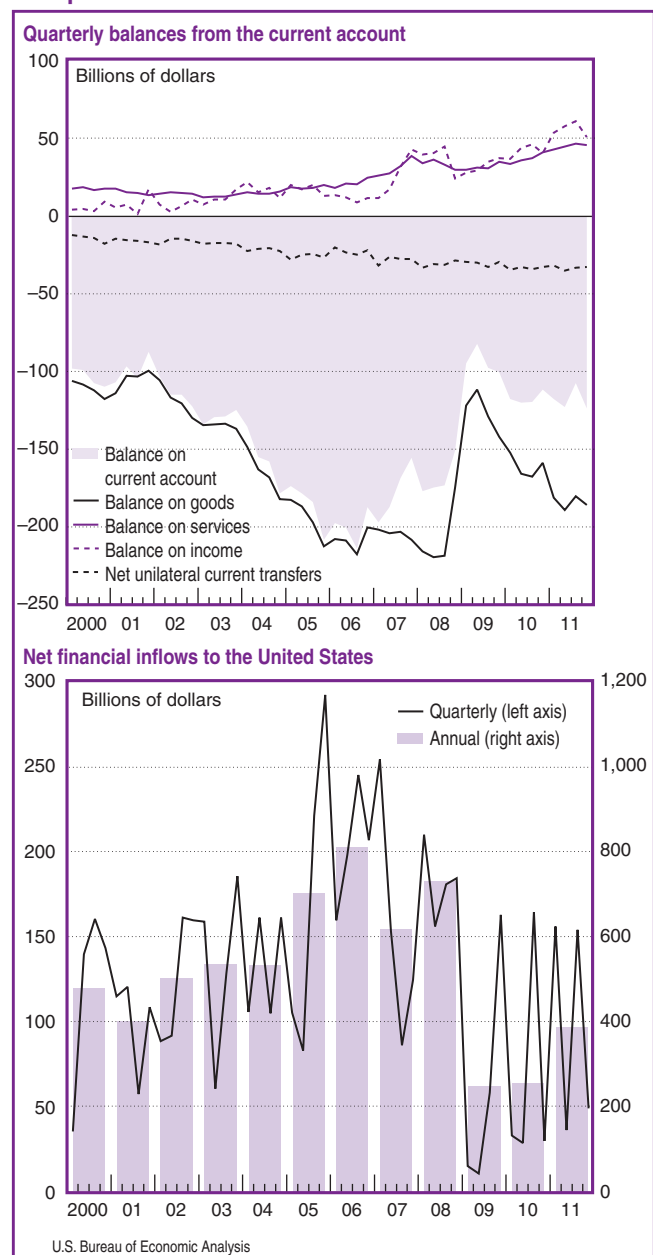
Net financial inflows to the United States were \$48.6 billion in the fourth quarter, down from \$153.7 billion in the third quarter (see pages 28–29). Net financial flows reflect combined transactions in U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives. However, the preliminary statistics exclude fourth-quarter transactions for financial derivatives because the data are not yet available. In 2011, net financial inflows increased to \$394.1 billion from \$254.3 billion in 2010 (see page 31).

The statistical discrepancy—net errors and omissions in recorded transactions—was \$75.5 billion in the fourth quarter, compared with -\$45.8 billion in the third quarter. In 2011, the statistical discrepancy was \$80.5 billion, compared with \$216.8 billion in 2010.

1. Quarterly statistics are seasonally adjusted when series demonstrate statistically significant seasonal patterns; seasonally adjusted statistics are cited in this article when available.

2. Current-dollar GDP is used to provide a consistently scaled comparison across time. In this context, its use does not imply that these international transactions accounts statistics are components of GDP.

Chart 1. U.S. Current-Account Balance and Its Components and Net Financial Flows



Fourth-Quarter Overview

Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

(Credits +; debits -)	2011				Change 2011:III- 2011:IV
	I ^r	II ^r	III ^r	IV ^p	
Current account					
Exports of goods and services and income receipts	687,900	715,132	724,627	716,105	-8,522
Goods, balance of payments basis	361,425	372,926	382,661	380,377	-2,284
Services	146,177	150,938	155,529	155,012	-517
Income receipts	180,298	191,268	186,437	180,716	-5,721
Imports of goods and services and income payments	-773,914	-803,056	-798,764	-806,921	-8,157
Goods, balance of payments basis	-542,793	-562,636	-563,529	-566,722	-3,193
Services	-103,772	-106,443	-109,373	-109,732	-359
Income payments	-127,349	-133,976	-125,862	-130,466	-4,604
Unilateral current transfers, net	-32,263	-35,508	-33,489	-33,290	199
U.S. government grants	-10,987	-13,179	-10,812	-10,374	438
U.S. government pensions and other transfers	-2,629	-2,654	-2,677	-2,674	3
Private remittances and other transfers	-18,647	-19,675	-20,000	-20,242	-242
Capital account					
Capital account transactions, net	-29	-829	-300	-3	297
Financial account					
U.S.-owned assets abroad (increase/financial outflow (-))¹	-334,721	24,446	-75,147	-10,953	64,194
U.S. official reserve assets	-3,619	-6,267	-4,079	-1,912	2,167
U.S. government assets, other than official reserve assets	-547	-1,358	-956	-99,289	-98,333
U.S. private assets	-330,555	32,070	-70,112	90,248	160,360
Direct investment	-89,567	-139,209	-74,071	-103,395	-29,324
Foreign securities	-58,171	-30,444	-40,103	35,812	75,915
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	-95,007	7,069	18,202	69,343	51,141
U.S. claims reported by banks and brokers	-87,810	194,654	25,860	88,488	62,628
Foreign-owned assets in the United States (increase/financial inflow (+))¹	487,513	3,849	232,816	59,558	-173,258
Foreign official assets in the United States	48,764	95,143	21,847	-923	-22,770
Other foreign assets in the United States	438,749	-91,294	210,969	60,481	-150,488
Direct investment	28,812	53,184	67,566	78,303	10,737
U.S. Treasury securities	3,466	-59,320	118,910	78,748	-40,162
U.S. securities other than U.S. Treasury securities	-2,590	-10,743	-25,569	-37,438	-11,869
U.S. currency	12,576	13,989	9,614	18,817	9,203
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	42,045	24,204	-21,092	-31,294	-10,202
U.S. liabilities reported by banks and brokers	354,440	-112,608	61,540	-46,655	-108,195
Financial derivatives, net	3,220	7,504	-3,949	n.a.	n.a.
Statistical discrepancy (sum of the bold lines above with sign reversed)	-37,707	88,462	-45,793	175,502	212,295
Memoranda:					
Balance on goods	-181,368	-189,711	-180,868	-186,345	-5,477
Balance on services	42,405	44,495	46,156	45,280	-876
Balance on goods and services	-138,963	-145,215	-134,712	-141,066	-6,354
Balance on income	52,949	57,292	60,575	50,250	-10,325
Unilateral current transfers, net	-32,263	-35,508	-33,489	-33,290	199
Balance on current account	-118,277	-123,431	-107,626	-124,105	-16,479
Net financial flows ³	156,012	35,799	153,720	148,605	2105,115

p Preliminary r Revised n.a. Not available

1. Excludes transactions in net financial derivatives.

2. Change from prior period, not the sum of changes in components.

3. Sum of U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives.

NOTE: The statistics, except for net financial flows, are presented in table 1 after this article and on BEA's Web site.

Data Availability and Methodology

Detailed statistics for U.S. international transactions are presented in tables 1–12 after this article. The statistics and a description of the estimation methods used to compile them are available at www.bea.gov under “International.” For the statistics, click on “Detailed estimates.” For the methods, see “U.S. International Transactions Accounts: Concepts and Estimation Methods,” under “Methodologies.”

Current-account highlights

- The deficit on goods increased, reflecting a small increase in imports and a small decrease in exports.
- The surplus on services decreased slightly as a result of a small decrease in services receipts and a small increase in services payments.
- The surplus on income decreased after increasing the previous three quarters, as receipts decreased and payments increased.

Financial-account highlights

- U.S.-owned assets abroad and foreign-owned assets in the United States both increased less than in the third quarter.
- U.S.-owned assets abroad increased for the ninth quarter out of the last 10 quarters. The fourth-quarter increase resulted from an increase in U.S. government assets other than official reserve assets that was mostly offset by a decrease in U.S. private assets.
- Foreign-owned assets in the United States increased for the 10th straight quarter, but the increase was considerably smaller than in the third quarter. The fourth-quarter increase reflected an increase in “other” foreign assets in the United States.

Revisions

The preliminary statistics for U.S. international transactions for the third quarter that were published in the January 2012 SURVEY OF CURRENT BUSINESS have been revised to reflect new or revised source data. In addition, the statistics for the first, second, and third quarters have been revised to ensure that the seasonally adjusted statistics sum to the same annual totals as the unadjusted statistics.

Revisions to the statistics for the first and second quarters were small. In the third quarter, the current-account deficit was revised down to \$107.6 billion from \$110.3 billion. The goods deficit was revised down to \$180.9 billion from \$181.8 billion; the services surplus remained at \$46.2 billion; the income surplus was revised up to \$60.6 billion from \$58.3 billion; and net outflows of unilateral current transfers were revised up to \$33.5 billion from \$33.0 billion. Net financial inflows were revised down to \$153.7 billion from \$183.9 billion.

Fourth-Quarter Current Account—Goods

Table B. Goods Exports
[Millions of dollars, seasonally adjusted]

	2011				Change 2011:III- 2011:IV
	I ^r	II ^r	III ^r	IV ^p	
Exports, balance of payments basis	361,425	372,926	382,661	380,377	-2,284
Agricultural products	37,320	35,989	33,251	33,425	174
Nonagricultural products	324,105	336,937	349,410	346,952	-2,458
Foods, feeds, and beverages	32,241	32,247	30,871	30,788	-83
Grains and preparations	9,199	10,800	8,404	7,785	-619
Other	23,042	21,447	22,467	23,003	536
Industrial supplies and materials	123,984	128,835	133,844	131,076	-2,768
Petroleum and products	28,256	32,354	34,628	35,604	976
Nonpetroleum products	95,728	96,481	99,216	95,472	-3,744
Chemicals, excluding medicinals	29,897	30,726	31,114	31,187	73
Metals and nonmetallic products	31,041	31,730	35,643	32,590	-3,053
Nonferrous metals	16,996	16,853	20,618	17,802	-2,816
Other	14,045	14,877	15,025	14,788	-237
Other	34,790	34,025	32,459	31,695	-764
Capital goods, except automotive	117,542	122,175	125,551	126,136	585
Electric generating machinery, apparatus, and parts	11,528	12,092	12,133	12,338	205
Oil drilling, mining, and construction machinery	7,257	8,075	8,472	9,034	562
Industrial engines, pumps, and compressors	6,562	7,120	7,216	7,205	-11
Industrial, agricultural, and service machinery, n.e.c.	29,294	30,852	31,370	31,433	63
Computers, peripherals, and parts	11,659	12,240	12,493	12,005	-488
Semiconductors	11,781	10,812	10,717	10,465	-252
Telecommunications equipment	8,812	8,893	9,083	9,061	-22
Scientific, hospital, and medical equipment	10,447	10,771	10,752	10,730	-22
Civilian aircraft, engines, and parts	18,173	19,152	21,284	21,565	281
Other	2,029	2,168	2,031	2,300	269
Automotive vehicles, parts, and engines	32,015	32,137	34,457	33,910	-547
Passenger cars	11,089	11,847	12,178	12,241	63
Trucks, buses, and special purpose vehicles	4,694	4,970	5,106	4,641	-465
Engines, parts, and accessories	16,230	15,318	17,174	17,029	-145
Consumer goods, except automotive	42,400	44,095	44,511	45,251	740
Nondurable goods	18,537	19,534	19,860	20,234	374
Medicinal, dental, and pharmaceutical products	10,590	11,404	11,551	11,923	372
Other	7,947	8,130	8,309	8,311	2
Durable goods	23,863	24,561	24,651	25,017	366
Household appliances and other household goods	8,160	8,458	8,678	8,740	62
Other	15,703	16,103	15,973	16,277	304
Other exports	13,243	13,436	13,427	13,215	-212

p Preliminary r Revised
n.e.c. Not elsewhere classified

NOTE: The statistics are presented in table 2 after this article and on BEA's Web site. Additional goods exports statistics are also available on BEA's Web site.

Table C. Real Goods Exports and Imports

[Percent change from preceding period in chained-dollar exports and imports, seasonally adjusted]

	2010		2011			
	III	IV	I ^r	II ^r	III ^r	IV ^p
Exports, balance of payments basis	2.9	2.4	2.3	0.8	2.3	0.6
Imports, balance of payments basis	3.1	-0.4	2.8	0.3	0.5	0.7

p Preliminary r Revised

Trends in the Trade in Goods

The deficit on goods increased in the fourth quarter, after decreasing in the third quarter. Relative to current-dollar GDP, the goods deficit increased to 4.9 percent in the fourth quarter from 4.8 percent in the third quarter. Current-dollar goods imports increased 0.6 percent, and exports decreased 0.6 percent.

Growth in real exports slowed in the fourth quarter, and real imports picked up. For the first time since the first quarter of 2011, real imports grew faster than real exports (table C).

Goods exports decreased after increasing for nine consecutive quarters. Four of the six major end-use categories decreased in the fourth quarter; the largest decrease was in industrial supplies and materials. The other two major categories changed little from the third quarter.

Foods, feeds, and beverages decreased slightly after a larger decrease in the third quarter. A drop in grains and preparations was partly offset by increases in vegetables, fruits, nuts and preparations and in soybeans.

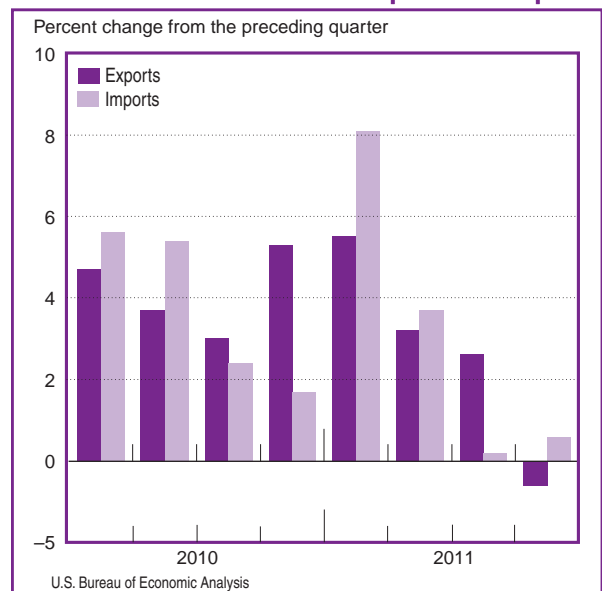
Industrial supplies and materials decreased after increasing for 10 quarters. The decrease was more than accounted for by a drop in nonferrous metals.

Capital goods increased for the 10th straight quarter, but by the smallest amount over this period. The largest fourth-quarter increase was in oil drilling, mining, and construction machinery.

Automotive vehicles, parts, and engines decreased slightly, mainly because of a decrease in trucks, buses, and special purpose vehicles.

Consumer goods rose, reflecting increases in both nondurable and durable goods. Among nondurable goods, the increase was attributable to medicinal, dental, and pharmaceutical products. Durable goods increased for the 10th straight quarter; the fourth-quarter increase was mostly within "other," which was led by gems, jewelry, and collectibles.

Chart 2. Current-Dollar Goods Exports and Imports



Fourth-Quarter Current Account—Goods

Table D. Goods Imports
[Millions of dollars, seasonally adjusted]

	2011				Change 2011:III- 2011:IV
	I ^p	II ^r	III ^r	IV ^p	
Imports, balance of payments basis.....	542,793	562,636	563,529	566,722	3,193
Petroleum and products.....	111,559	120,182	114,678	116,024	1,346
Nonpetroleum products.....	431,235	442,455	448,851	450,698	1,847
Foods, feeds, and beverages.....	25,789	27,331	27,059	28,058	999
Industrial supplies and materials.....	187,935	202,509	197,775	194,829	-2,946
Petroleum and products.....	111,559	120,182	114,678	116,024	1,346
Nonpetroleum products.....	76,376	82,327	83,097	78,805	-4,292
Natural gas.....	4,014	4,880	4,614	3,261	-1,353
Chemicals, excluding medicinals.....	17,473	19,029	19,764	19,140	-624
Building materials, except metals.....	4,981	4,901	4,999	4,997	-2
Metals and nonmetallic products.....	30,944	33,206	33,028	30,896	-2,132
Iron and steel products.....	8,598	10,127	9,417	9,131	-286
Nonferrous metals.....	15,052	15,224	15,566	14,434	-1,132
Other.....	7,294	7,855	8,045	7,331	-714
Other.....	18,964	20,311	20,692	20,511	-181
Capital goods, except automotive.....	123,212	128,379	128,985	132,770	3,785
Electric generating machinery, apparatus, and parts.....	15,162	15,594	15,237	16,283	1,046
Oil drilling, mining, and construction machinery.....	4,692	5,439	5,794	5,894	100
Industrial engines, pumps, and compressors.....	5,171	5,083	5,547	5,638	91
Industrial, agricultural, and service machinery, n.e.c.	28,999	29,657	30,985	31,515	530
Computers, peripherals, and parts.....	28,235	30,880	30,330	30,267	-63
Semiconductors.....	9,560	9,639	9,188	9,557	369
Telecommunications equipment.....	12,453	12,285	12,142	11,600	-542
Scientific, hospital, and medical equipment.....	8,716	9,046	9,050	9,053	3
Civilian aircraft, engines, and parts.....	8,247	8,543	8,287	10,295	2,008
Other.....	1,977	2,213	2,425	2,668	243
Automotive vehicles, parts, and engines.....	63,827	57,986	66,574	66,601	27
Passenger cars.....	31,675	25,855	32,326	32,730	404
Trucks, buses, and special purpose vehicles.....	4,597	5,040	5,788	4,809	-979
Engines, parts, and accessories.....	27,555	27,093	28,460	29,062	602
Consumer goods, except automotive.....	128,281	130,907	128,327	129,294	967
Nondurable goods.....	59,563	62,357	61,487	60,461	-1,026
Apparel, footwear, and household goods.....	30,414	32,473	32,286	30,557	-1,729
Medicinal, dental, and pharmaceutical products.....	22,600	23,203	22,556	23,346	790
Other.....	6,549	6,682	6,646	6,558	-88
Durable goods.....	68,718	68,550	66,840	68,833	1,993
Televisions and other video equipment.....	8,898	8,532	8,001	8,072	71
Toys and sporting goods, including bicycles.....	9,091	8,701	8,956	8,832	-124
Household appliances and other household goods.....	33,601	33,170	31,715	35,335	3,620
Other.....	17,128	18,147	18,168	16,594	-1,574
Other imports and U.S. goods returned.....	13,748	15,525	14,808	15,171	363

^p Preliminary ^r Revised
n.e.c. Not elsewhere classified
NOTE: The statistics are presented in table 2 after this article and on BEA's Web site. Additional goods imports statistics are also available on BEA's Web site.

Goods imports increased slightly in the fourth quarter, the 10th consecutive quarter of growth. Five of the six major end-use categories increased, and the largest increase was in capital goods.

Foods, feeds, and beverages increased after decreasing slightly in the third quarter. The increase was led by "other" agricultural foods, feeds, and beverages.

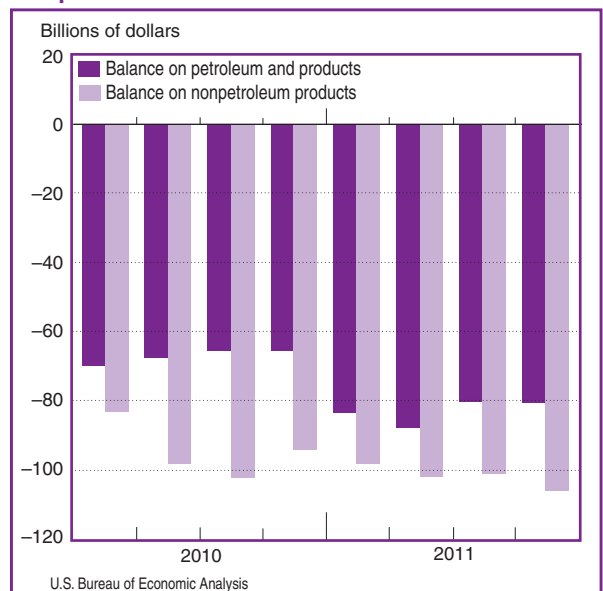
Industrial supplies and materials decreased less than in the third quarter. The fourth-quarter decrease was led by declines in natural gas and nonferrous metals that were partly offset by an increase in petroleum and products.

Capital goods rose for the 10th consecutive quarter. The fourth-quarter increase was mostly due to increases in civilian aircraft, engines, and parts and in electric generating machinery, electric apparatus, and parts.

Automotive vehicles, parts, and engines was nearly unchanged. Increases in engines, parts, and accessories and in passenger cars offset a decrease in trucks, buses, and special purpose vehicles.

Consumer goods increased slightly after decreasing in the third quarter; an increase in durable goods more than offset a decrease in nondurable goods. Durable goods increased as a result of an increase in "other" household goods, mostly in cell phones. Nondurable goods decreased as a result of a decrease in apparel, footwear, and household goods.

Chart 3. Balance on Total Petroleum and Nonpetroleum Products



Goods Deficit by Area and Type of Product

The goods deficit increased \$5.5 billion in the fourth quarter after decreasing \$8.8 billion in the third quarter. The increase was more than accounted for by an increase in the deficit with Europe, but the deficits with Canada and Latin America and Other Western Hemisphere also increased. Deficits with Asia and Pacific, the Middle East, and Africa decreased.

Petroleum products. The deficit on petroleum products increased slightly in the fourth quarter after decreasing considerably in the third quarter and increasing in the first and second quarters. The fourth-quarter increase was due to an increase in the value of imports that was larger than that of exports.

Fourth-Quarter Current Account—Services

Table E. Services Exports and Imports
[Millions of dollars, seasonally adjusted]

	2011				Change 2011:III- 2011:IV
	I ^r	II ^r	III ^r	IV ^p	
Services exports	146,177	150,938	155,529	155,012	-517
Travel.....	27,440	29,309	30,218	29,312	-906
Passenger fares.....	8,389	9,150	9,889	9,289	-600
Other transportation.....	10,463	10,635	10,765	10,592	-173
Freight.....	5,167	5,367	5,361	5,250	-111
Port services.....	5,296	5,268	5,404	5,342	-62
Royalties and license fees.....	28,021	29,808	30,877	31,913	1,036
Other private services.....	67,318	67,297	68,943	69,190	247
Education.....	5,549	5,649	5,763	5,863	100
Financial services.....	17,627	17,944	19,004	18,414	-590
Insurance services.....	3,853	3,703	3,871	3,924	53
Telecommunications.....	3,005	3,095	3,335	3,310	-25
Business, professional, and technical services.....	34,602	34,153	34,212	34,895	683
Other services.....	2,683	2,754	2,760	2,785	25
Transfers under U.S. military agency sales contracts	4,231	4,474	4,534	4,431	-103
U.S. government miscellaneous services.....	314	265	303	284	-19
Services imports	103,772	106,443	109,373	109,732	359
Travel.....	19,293	19,863	19,993	19,971	-22
Passenger fares.....	7,542	7,693	7,946	7,923	-23
Other transportation.....	13,435	13,933	13,724	13,392	-332
Freight.....	9,932	10,267	10,150	9,991	-159
Port services.....	3,503	3,667	3,574	3,401	-173
Royalties and license fees.....	8,880	8,588	9,396	9,717	321
Other private services.....	45,970	47,764	49,802	50,450	648
Education.....	1,462	1,485	1,503	1,520	17
Financial services.....	4,060	3,974	3,548	3,488	-60
Insurance services.....	13,796	14,185	14,923	14,658	-265
Telecommunications.....	1,943	1,922	1,956	2,001	45
Business, professional, and technical services.....	24,510	25,997	27,671	28,589	918
Other services.....	199	201	201	196	-5
Direct defense expenditures.....	7,570	7,545	7,343	7,123	-220
U.S. government miscellaneous services.....	1,081	1,057	1,170	1,157	-13

Travel receipts—purchases of goods and services by foreign travelers in the United States—decreased for the first time since the second quarter of 2009.

Passenger fare receipts decreased after increasing in the three preceding quarters.

“Other” transportation receipts turned down after rising in the previous nine quarters. The fourth-quarter decrease was mostly attributable to freight services.

Royalties and license fees increased less than in the third quarter.

“Other” private services receipts increased less than in the third quarter; an increase in business, professional, and technical services was partly offset by a decrease in financial services.

Travel payments—purchases of goods and services by U.S. travelers abroad—edged down after increasing in the previous three quarters.

Passenger fare payments decreased slightly after increasing in the previous six quarters.

“Other” transportation payments decreased for a second consecutive quarter. The fourth-quarter decrease was the result of lower payments for both port and freight services.

“Other” private services payments increased for the fourth straight quarter; the increase was more than accounted for by business, professional, and technical services.

^p Preliminary ^r Revised

NOTE: The statistics are presented in tables 1 and 3 after this article and on BEA's Web site. For additional information on services, including definitions, see Jennifer Koncz-Bruner and Anne Flatness, "U.S. International Services: Cross-Border Trade in 2010 and Services Supplied Through Affiliates in 2009," SURVEY OF CURRENT BUSINESS 91 (October 2011): 13–56.

Chart 4. Foreign Currency Price of the U.S. Dollar

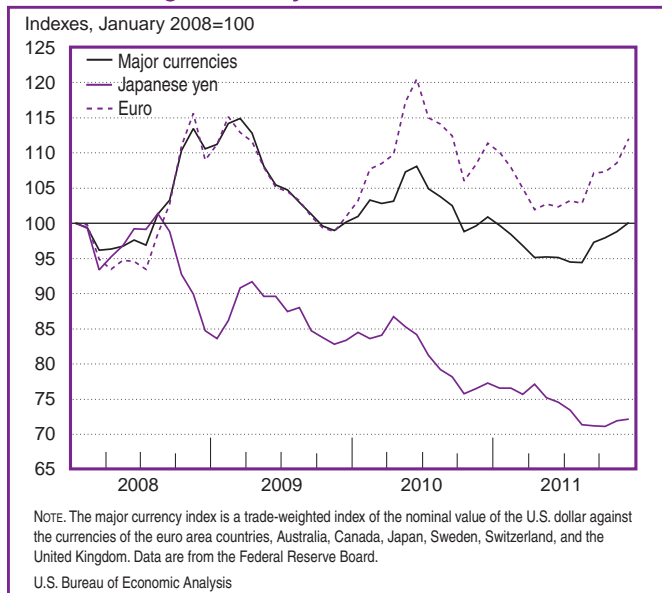
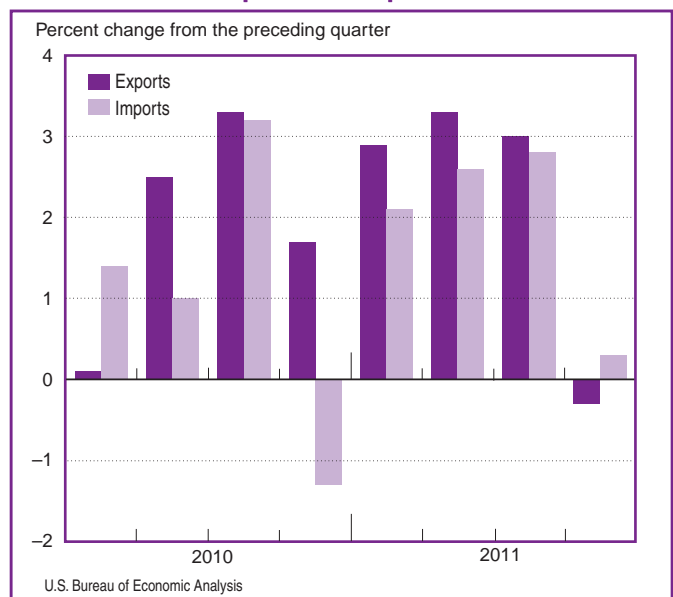


Chart 5. Services Exports and Imports



Fourth-Quarter Current Account—Income

Table F. Income Receipts and Payments
[Millions of dollars, seasonally adjusted]

	2011				Change 2011:III- 2011:IV
	I ^p	II ^r	III ^r	IV ^p	
Income receipts	180,298	191,268	186,437	180,716	-5,721
Income on U.S.-owned assets abroad	178,938	189,909	185,075	179,360	-5,715
Direct investment receipts	118,276	125,796	118,953	114,226	-4,727
Earnings	116,807	124,025	117,247	112,374	-4,873
Interest	1,468	1,772	1,706	1,852	146
Other private receipts	60,231	63,593	65,693	64,765	-928
Income on foreign securities	50,616	53,716	56,104	54,594	-1,510
Dividends	30,258	33,342	35,328	33,894	-1,434
Interest	20,358	20,374	20,776	20,700	-76
Interest on claims reported by banks and brokers	5,945	6,293	5,715	6,298	583
For own claims	5,052	5,454	4,988	5,548	560
For customers' claims	893	839	726	750	24
Interest on claims reported by nonbanking concerns	3,671	3,584	3,874	3,874	0
U.S. government receipts	432	519	428	369	-59
Compensation of employees	1,360	1,359	1,362	1,356	-6
Income payments	127,349	133,976	125,862	130,466	4,604
Income on foreign-owned assets in the United States	123,760	130,402	122,270	126,846	4,576
Direct investment payments	38,997	44,900	36,006	40,648	4,642
Earnings	32,832	37,868	29,024	33,991	4,967
Interest	6,165	7,032	6,982	6,658	-324
Other private payments	51,014	51,731	52,341	51,892	-449
Income on U.S. corporate securities	45,976	46,324	47,252	46,049	-1,203
Dividends	17,389	17,970	18,729	17,861	-868
Interest	28,587	28,355	28,522	28,188	-334
Interest on liabilities reported by banks and brokers	3,350	3,468	3,294	3,788	494
For own liabilities	2,127	2,162	2,109	2,537	428
For customers' liabilities	1,223	1,306	1,185	1,251	66
Interest on liabilities reported by nonbanking concerns	1,688	1,938	1,795	2,055	260
U.S. government payments	33,749	33,771	33,923	34,306	383
Compensation of employees	3,590	3,574	3,592	3,620	28

^p Preliminary ^r Revised
Note: The statistics are presented in tables 1, 4, and 7 after this article and on BEA's Web site.

Income receipts on U.S. direct investment abroad decreased for the second straight quarter after increasing nine consecutive quarters. The fourth-quarter decrease reflected lower foreign-affiliate earnings in manufacturing and in wholesale trade.

“Other” private income receipts decreased for the first time since the first quarter of 2010. Dividend income fell as U.S. holdings of foreign stocks decreased.

U.S. government receipts decreased for a second straight quarter after increasing for two quarters.

Income payments on foreign direct investment in the United States increased. The increase was largely due to growth in U.S.-affiliate earnings in manufacturing that was partly offset by a decrease in affiliate earnings in wholesale trade.

“Other” private income payments decreased slightly after increasing for four straight quarters. The decrease mostly resulted from lower dividend payments that reflected lower foreign holdings of U.S. corporate stocks.

U.S. government payments increased for the third consecutive quarter because of an increase in foreign holdings of U.S. Treasury bonds.

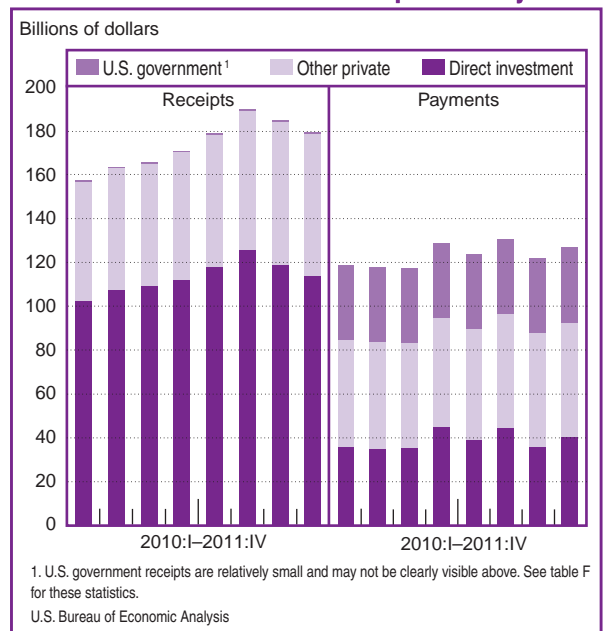
Trends in Income

The surplus on income fell to \$50.3 billion in the fourth quarter after building up over the first three quarters of 2011. Relative to U.S. current-dollar GDP, the surplus was 1.3 percent, slipping from 1.6 percent in the third quarter.

Income receipts decreased for a second straight quarter as a result of lower direct investment receipts after increasing in the previous five quarters. Income payments increased in the fourth quarter after decreasing in the third quarter; the increase reflected higher direct investment payments.

Direct investment receipts decreased for a second quarter in a row after increasing for nine consecutive quarters. However, the fourth-quarter receipts were 47 percent higher than in the first quarter of 2009. Direct investment payments decreased in the fourth quarter after increasing in the third quarter; payments have seesawed in recent quarters. Despite this recent trend, fourth-quarter payments were more than three times the payments in the first quarter of 2009.

Chart 6. Investment Income Receipts and Payments



Fourth-Quarter Financial Account—U.S.-Owned Assets Abroad

Table G. U.S.-Owned Assets Abroad
[Millions of dollars, seasonally adjusted]

(Increase/financial outflow (-), decrease/financial inflow (+))	2011				Change 2011:III-2011:IV
	I ^r	II ^r	III ^r	IV ^p	
U.S.-owned assets abroad ¹	-334,721	24,446	-75,147	-10,953	64,194
U.S. official reserve assets	-3,619	-6,267	-4,079	-1,912	2,167
U.S. government assets, other than official reserve assets.....	-547	-1,358	-956	-99,289	-98,333
U.S. private assets.....	-330,555	32,070	-70,112	90,248	160,360
Direct investment	-89,567	-139,209	-74,071	-103,395	-29,324
Equity	-3,019	-30,766	-1,692	-21,029	-19,337
Reinvested earnings.....	-85,812	-98,634	-82,067	-81,763	304
Intercompany debt	-736	-9,808	9,688	-603	-10,291
Foreign securities.....	-58,171	-30,444	-40,103	35,812	75,915
Stocks.....	-47,127	-26,943	-22,797	9,078	31,875
Bonds.....	-11,044	-3,501	-17,306	26,734	44,040
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	-95,007	7,069	18,202	69,343	51,141
U.S. claims reported by banks and brokers	-87,810	194,654	25,860	88,488	62,628
For own accounts.....	-89,045	188,341	-61,804	28,714	90,518
For customers' accounts.....	1,235	6,313	87,664	59,774	-27,890

^p Preliminary ^r Revised
¹ Excludes transactions in financial derivatives.

NOTE: Under balance-of-payments conventions, increases in U.S.-owned assets abroad are shown with a negative sign, and decreases are shown with a positive sign. The statistics are presented in tables 1, 7, 8, and 10 after this article and on BEA's Web site.

U.S. official reserve assets increased for the fourth consecutive quarter. The increase was less than in the third quarter due to a smaller increase in the U.S. reserve position in the International Monetary Fund.

The rise in “U.S. government assets, other than official reserve assets” was sharply higher than in the third quarter as a result of increased dollar liquidity swaps between the U.S. Federal Reserve System and foreign central banks, mostly the European Central Bank.

U.S. direct investment increased, mostly because of a sharp rise in equity investment. A shift to outflows from inflows of intercompany debt investment also contributed.

U.S. sales of foreign securities exceeded U.S. purchases for the first time since the fourth quarter of 2008, reflecting shifts from net purchases to net sales of foreign stocks and bonds, mainly in European securities.

U.S. claims on foreigners reported by nonbanks decreased more than in the third quarter. The larger decrease reflected a larger reduction in U.S. deposits abroad.

U.S. claims on foreigners reported by U.S. banks and securities brokers—such as U.S. residents’ deposits at foreign banks and loans to foreigners—decreased more than in the third quarter. Claims for banks’ own accounts increased in the fourth quarter after decreasing in the third quarter.

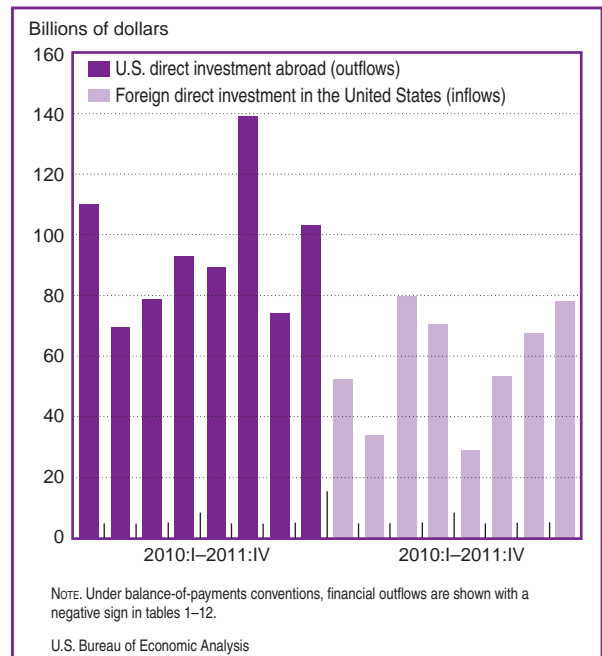
Developments in the Financial Account

U.S.-owned assets abroad rose slightly in the fourth quarter after a moderate increase in the third quarter and a small decrease in the second quarter. Foreign-owned assets in the United States rose for the 10th straight quarter, but by much less than in the third quarter. As a result, net inflows were much lower than in the third quarter.

The rise in U.S.-owned assets abroad resulted from direct investment abroad and an increase in “U.S. government assets, other than official reserve assets” that were mostly offset by declines in claims reported by U.S. banks and securities brokers and U.S. nonbanks and in U.S. net sales of foreign securities. U.S. government assets increased the most since the fourth quarter of 2008; the increase was primarily due to dollar liquidity swaps. U.S. direct investment abroad was higher than in the third quarter. For the first time since the fourth quarter of 2008, U.S. transactions in foreign securities were net sales rather than net purchases. U.S. claims reported by U.S. banks and securities brokers and U.S. nonbanks declined for the third consecutive quarter.

The increase in foreign-owned assets in the United States was more than accounted for by inflows from private foreign investors (increases in “other” foreign assets). These inflows reflected foreign purchases of U.S. Treasury securities, which exceeded foreign sales (but by less than the record level of the third quarter) and direct investment. Several outflows tempered the increase in foreign-owned assets in the United States: a decrease in U.S. liabilities to foreigners reported by U.S. banks and brokers, stronger foreign sales than foreign purchases of U.S. securities other than U.S. treasury securities, and decreases in U.S. liabilities to foreigners reported by nonbanks.

Chart 7. Direct Investment Financial Flows



Fourth-Quarter Financial Account—Foreign-Owned Assets in the United States

Table H. Foreign-Owned Assets in the United States

[Millions of dollars, seasonally adjusted]

(Increase/financial inflow (+), decrease/financial outflow (-))	2011				Change 2011:III-2011:IV
	I ^r	II ^r	III ^r	IV ^p	
Foreign-owned assets in the United States¹	487,513	3,849	232,816	59,558	-173,258
Foreign official assets	48,764	95,143	21,847	-923	-22,770
U.S. government securities	48,814	76,346	13,249	-15,417	-28,666
U.S. Treasury securities	33,510	79,552	28,115	-17,573	-45,688
Other	15,304	-3,206	-14,866	2,156	17,022
Other U.S. government liabilities	2,645	2,089	2,245	1,828	-417
U.S. liabilities reported by banks and brokers	-3,073	15,319	5,121	12,149	7,028
Other foreign official assets	378	1,389	1,232	517	-715
Other foreign assets	438,749	-91,294	210,969	60,481	-150,488
Direct investment	28,812	53,184	67,566	78,303	10,737
Equity	8,356	27,295	22,150	25,072	2,922
Reinvested earnings	26,547	26,205	17,699	23,171	5,472
Intercompany debt	-6,091	-316	27,717	30,061	2,344
U.S. Treasury securities	3,466	-59,320	118,910	78,748	-40,162
U.S. securities other than U.S. Treasury securities	-2,590	-10,743	-25,569	-37,438	-11,869
Stocks	34,195	27,645	-28,298	-17,121	11,177
Corporate bonds	-4,291	-15,027	-9,735	-31,277	-21,542
Federally sponsored agency bonds	-32,494	-23,361	12,464	10,960	-1,504
U.S. currency	12,576	13,989	9,614	18,817	9,203
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	42,045	24,204	-21,092	-31,294	-10,202
U.S. liabilities reported by banks and brokers	354,440	-112,608	61,540	-46,655	-108,195
For own accounts	329,920	-112,272	81,764	-19,514	-101,278
For customers' accounts	24,520	-336	-20,224	-27,141	-6,917

^p Preliminary ^r Revised

¹ Excludes transactions in financial derivatives.

NOTE: The statistics are presented in tables 1, 7, 8, and 11 after this article and on BEA's Web Site.

Foreign official assets in the United States fell for the first time since the second quarter of 2001 because of foreign official sales of U.S. Treasury securities exceeding purchases.

Foreign direct investment in the United States picked up for the third consecutive quarter. The fourth-quarter pickup was mainly the result of an increase in reinvested earnings. Net equity capital investment and intercompany debt investment also increased.

Purchases of U.S. Treasury securities by private foreigners exceeded sales, but by less than the record level of net purchases reached in the third quarter. The slowdown resulted from a decrease in net purchases of long-term Treasury bonds, which was partly offset by an increase in net purchases of short-term Treasury securities.

Sales of other U.S. securities by private foreigners exceeded purchases in the fourth quarter. Net sales were higher than in the third quarter, mostly due to a sharp rise in net sales of U.S. corporate bonds, that was partly offset by a decrease in net sales of U.S. stocks.

U.S. liabilities to foreigners reported by nonbanks decreased for a second quarter. The larger fourth-quarter decrease was due to a shift to a decrease in commercial liabilities, mostly to Europe.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers—such as foreign residents' deposits at U.S. banks and loans to U.S. residents—fell after rising in the third quarter. Banks' and brokers' liabilities for own accounts decreased after increasing in the third quarter.

Chart 8. Changes in U.S. Claims and Liabilities Reported by Banks and Brokers

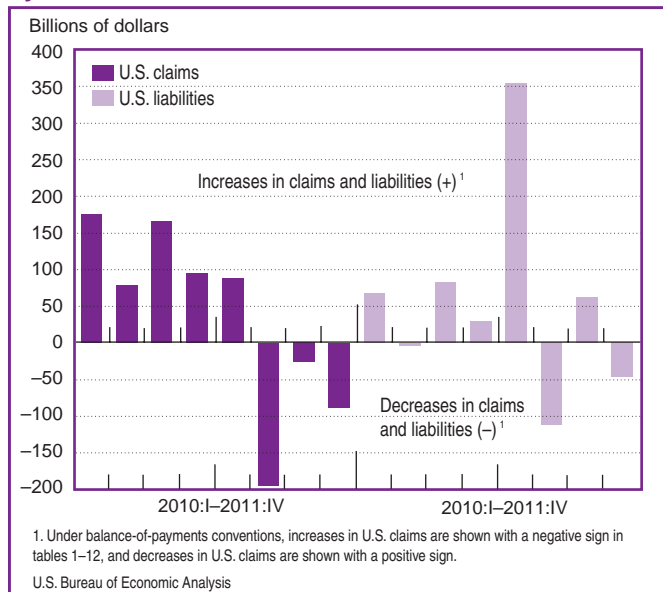
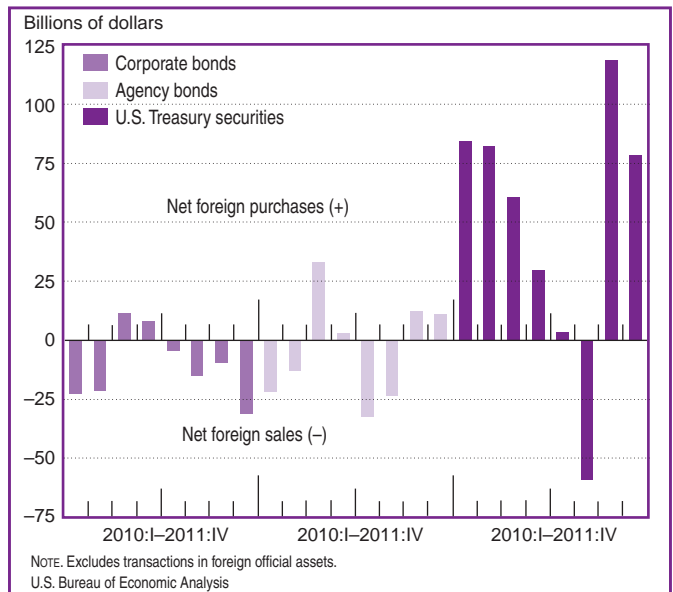


Chart 9. Transactions in U.S. Debt Securities



Current and Capital Accounts in 2011

Table I. Current and Capital Accounts

[Millions of dollars]

(Credits +; debits -)	2008	2009	2010	2011 ^p	Change 2010- 2011
Current account					
Exports of goods and services and income receipts	2,656,585	2,174,533	2,500,817	2,843,764	342,947
Goods, balance of payments basis	1,307,499	1,069,491	1,288,699	1,497,389	208,690
Foods, feeds, and beverages	108,349	93,908	107,705	126,148	18,443
Industrial supplies and materials	405,606	307,674	406,224	517,739	111,515
Capital goods, except automotive	457,655	390,461	446,597	491,405	44,808
Automotive vehicles, parts, and engines	121,451	81,715	111,989	132,519	20,530
Consumer goods, except automotive	161,281	150,035	165,883	176,257	10,374
Other exports	53,156	45,698	50,301	53,321	3,020
Services	535,183	505,547	548,878	607,656	58,778
Travel	110,423	94,191	103,505	116,279	12,774
Passenger fares	30,957	26,103	30,931	36,717	5,786
Other transportation	44,016	35,533	39,936	42,454	2,518
Royalties and license fees	102,125	97,183	105,583	120,619	15,036
Other private services	232,019	234,858	250,320	272,749	22,429
Transfers under U.S. military agency sales contracts	14,711	16,611	17,483	17,671	188
U.S. government misc. services	933	1,069	1,121	1,167	46
Income receipts	813,903	599,495	663,240	738,719	75,479
Income on U.S.-owned assets abroad	808,721	594,319	657,963	733,282	75,319
Direct investment receipts	413,739	356,203	432,000	477,252	45,252
Other private receipts	389,881	233,324	224,469	254,282	29,813
U.S. government receipts	5,101	4,792	1,494	1,748	254
Compensation of employees	5,182	5,176	5,278	5,437	159
Imports of goods and services and income payments	-3,207,834	-2,427,804	-2,835,620	-3,182,655	-347,035
Goods, balance of payments basis	-2,137,608	-1,575,400	-1,934,555	-2,235,681	-301,126
Foods, feeds, and beverages	-90,439	-82,849	-92,475	-108,238	-15,763
Industrial supplies and materials	-811,600	-478,771	-623,825	-783,048	-159,223
Capital goods, except automotive	-458,698	-372,660	-449,967	-513,346	-63,379
Automotive vehicles, parts, and engines	-233,204	-159,165	-225,593	-254,989	-29,396
Consumer goods, except automotive	-486,722	-432,453	-486,560	-516,810	-30,250
Other imports and U.S. goods returned	-56,945	-49,503	-56,135	-59,251	-3,116
Services	-403,413	-380,909	-403,048	-429,320	-26,272
Travel	-80,494	-74,118	-75,507	-79,120	-3,613
Passenger fares	-31,841	-25,137	-27,279	-31,104	-3,825
Other transportation	-56,696	-42,591	-51,202	-54,484	-3,282
Royalties and license fees	-29,623	-29,849	-33,450	-36,581	-3,131
Other private services	-172,543	-174,325	-180,598	-193,986	-13,388
Direct defense expenditures	-28,311	-30,474	-30,391	-29,581	810
U.S. government misc. services	-3,905	-4,415	-4,621	-4,465	156
Income payments	-666,814	-471,494	-498,016	-517,654	-19,638
Income on foreign-owned assets in the United States	-650,880	-457,261	-483,504	-503,278	-19,774
Direct investment payments	-129,447	-94,025	-151,361	-160,551	-9,190
Other private payments	-354,609	-218,881	-196,004	-206,978	-10,974
U.S. government payments	-166,824	-144,355	-136,139	-135,749	390
Compensation of employees	-15,934	-14,233	-14,512	-14,375	137
Unilateral current transfers, net	-125,885	-123,280	-136,095	-134,550	1,545
U.S. government grants	-36,461	-42,221	-44,717	-45,352	-635
U.S. government pensions and other transfers	-8,390	-8,874	-10,365	-10,634	-269
Private remittances and other transfers	-81,034	-72,185	-81,013	-78,564	2,449
Capital account					
Capital account transactions, net	6,010	-140	-152	-1,160	-1,008
Memoranda:					
Balance on goods	-830,109	-505,910	-645,857	-738,292	-92,435
Balance on services	131,770	124,637	145,830	178,336	32,506
Balance on goods and services	-698,338	-381,272	-500,027	-559,956	-59,929
Balance on income	147,089	128,001	165,224	221,065	55,841
Unilateral current transfers, net	-125,885	-123,280	-136,095	-134,550	1,545
Balance on current account	-677,135	-376,551	-470,898	-473,440	-2,542

^p Preliminary

Note: The statistics are presented in tables 1 and 2 after this article and on BEA's Web site.

In 2011, the current-account deficit rose slightly after a much sharper increase in 2010. In 2011, an increase in the deficit on goods was nearly offset by increases in the surpluses on income and services. Previously, the current-account deficit had decreased for 3 consecutive years, bottoming out in 2009 to its lowest level in a decade.

Goods exports continued to grow sharply for the second consecutive year as all the major end-use categories rose. Three-fourths of the increase was accounted for by industrial supplies and materials (led by petroleum and products) and capital goods.

Services exports increased for the second consecutive year. All the major categories of services receipts increased, and the largest increases were in "other" private services (led by business, professional, and technical services), in royalties and license fees, and in travel.

Income receipts continued to rebound for the second straight year. Direct investment receipts, which also continued a post-2009 rebound, accounted for more than half of the increase. "Other" private receipts increased after 3 consecutive years of decline.

Goods imports continued to rebound. With the strong increases in the past 2 years, goods imports climbed past the previous peak reached in 2008. In 2011, all the major end-use categories increased; the largest increase was in industrial supplies and materials, particularly petroleum and products.

Services imports rose to a level surpassing the previous peak reached in 2008. "Other" private services, which accounted for over half of the increase, was led by business, professional, and technical services. Passenger fares, travel, other transportation, and royalties and license fees increased by nearly equal amounts.

Income payments posted moderate growth for the second consecutive year, but did not return to the peak reached in 2007. "Other" private payments grew moderately, turning around a 3-year decline. Direct investment payments also rose moderately after a larger increase in 2010. Recent declines in U.S. government payments slowed.

Financial Account in 2011

Table J. Financial Account and the Statistical Discrepancy

[Millions of dollars]

	2008	2009	2010	2011 ^p	Change 2010-2011
Financial account					
U.S.-owned assets abroad (increase/ financial outflow (-))¹	332,109	-139,330	-1,005,182	-396,375	608,807
U.S. official reserve assets.....	-4,848	-52,256	-1,834	-15,877	-14,043
U.S. government assets, other than official reserve assets.....	-529,615	541,342	7,540	-102,150	-109,690
U.S. private assets.....	866,571	-628,417	-1,010,888	-278,348	732,540
Direct investment.....	-329,081	-303,606	-351,350	-406,241	-54,891
Equity.....	-127,037	-24,514	-47,706	-56,506	-8,800
Reinvested earnings.....	-233,093	-237,661	-320,524	-348,277	-27,753
Intercompany debt.....	31,049	-41,431	16,880	-1,458	-18,338
Foreign securities.....	197,347	-226,813	-151,916	-92,906	59,010
Stocks.....	38,549	-63,586	-79,131	-87,789	-8,658
Bonds.....	158,798	-163,227	-72,785	-5,117	67,668
U.S. claims on unaffiliated foreigners reported by nonbanking concerns	456,177	144,867	7,421	-393	-7,814
U.S. claims reported by banks and brokers.....	542,128	-242,865	-515,043	221,192	736,235
For own accounts.....	489,817	-190,414	-430,551	66,206	496,757
For customers' accounts.....	52,311	-52,451	-84,492	154,986	239,478
Foreign-owned assets in the United States (increase/financial inflow (+))¹	431,406	335,793	1,245,736	783,737	-461,999
Foreign official assets.....	554,634	480,237	349,754	164,831	-184,923
U.S. government securities.....	591,381	437,324	316,980	122,992	-193,988
U.S. Treasury securities.....	548,653	569,893	397,797	123,604	-274,193
Other.....	42,728	-132,569	-80,817	-612	80,205
Other U.S. government liabilities.....	9,029	58,182	12,124	8,807	-3,317
U.S. liabilities reported by banks and brokers.....	-149,676	-68,873	-9,375	29,516	38,891
Other foreign official assets.....	103,900	53,604	30,025	3,516	-26,509
Other foreign assets.....	-123,228	-144,444	895,982	618,906	-277,076
Direct investment.....	310,092	158,581	236,226	227,866	-8,360
Equity.....	255,724	134,312	114,714	82,872	-31,842
Reinvested earnings.....	39,137	13,499	93,714	93,622	-92
Intercompany debt.....	15,231	10,770	27,797	51,371	23,574
U.S. Treasury securities.....	162,944	-14,937	256,428	141,804	-114,624
U.S. securities other than U.S. Treasury securities.....	-165,639	3,955	120,453	-76,340	-196,793
Stocks.....	57,943	165,043	143,144	16,421	-126,723
Corporate bonds.....	-50,988	-116,876	-24,200	-60,330	-36,130
Federally sponsored agency bonds	-172,594	-44,212	1,509	-32,431	-33,940
U.S. currency.....	29,187	12,632	28,319	54,996	26,677
U.S. liabilities to unaffiliated foreigners reported by nonbanking concerns	-31,475	12,404	77,456	13,863	-63,593
U.S. liabilities reported by banks and brokers.....	-428,337	-317,079	177,100	256,717	79,617
For own accounts.....	-327,138	-226,373	218,269	279,898	61,629
For customers' accounts.....	-101,199	-90,706	-41,169	-23,181	17,988
Financial derivatives, net	-32,947	49,456	13,735	3,675	-6,960
Statistical discrepancy (sum of the bold lines in tables I and J with sign reversed)	-59,443	130,773	216,761	80,464	-136,297
Memorandum:					
Net financial flows ²	730,568	245,919	254,289	394,137	139,848

p Preliminary n.a. Not available

1. Excludes transactions in financial derivatives.

2. Sum of U.S.-owned assets abroad, foreign-owned assets in the United States, and financial derivatives.

3. Equals the sum of financial derivatives for the first, second, and third quarters of the year.

NOTE: The statistics, except for net financial flows, are presented in tables 1, 7, 8, 10, and 11 after this article and on BEA's Web site.

U.S. official reserve assets increased more sharply than in 2010 as a result of an increase in the U.S. reserve position in the International Monetary Fund.

U.S. government assets other than official reserve assets increased as a result of drawings by foreign central banks on dollar liquidity swaps from the U.S. Federal Reserve System, mostly by the European Central Bank.

U.S. direct investment abroad increased for the second consecutive year, nearly returning to the peak reached in 2007. A rise in reinvested earnings accounted for more than half of the increase. A shift to outflows of net intercompany debt investment and an increase in net equity capital investment also contributed.

U.S. purchases of foreign securities exceeded sales in 2011 less than in 2010 as a result of a decrease in net U.S. purchases of foreign bonds. Net U.S. purchases of foreign stocks increased slightly.

U.S. claims on foreigners reported by U.S. banks and securities brokers decreased in 2011 after increasing in 2009 and 2010. In 2011, both claims for own accounts and claims for customers' accounts fell.

Foreign official assets in the United States increased, the smallest increase since 2002. The slowdown was more than accounted for by a drop in net purchases of U.S. Treasury securities.

Foreign direct investment in the United States was slightly less than in 2010. The slowdown was due to a decrease in net equity investment that was mostly offset by an increase in net intercompany debt investment.

Purchases of U.S. Treasury securities by private foreigners exceeded sales in 2011, by less than in 2010.

Sales of other U.S. securities by private foreigners exceeded purchases in 2011, a shift from net purchases in 2010. Most of the shift was caused by a decrease in net purchases of U.S. stocks by foreigners. An increase in net sales of U.S. corporate bonds and a shift to net sales from net purchases of federally sponsored agency bonds also contributed to the shift.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers increased more in 2011 than in 2010 after decreasing in 2008 and 2009. The 2011 increase was larger primarily due to a larger rise in liabilities for own accounts. A smaller decrease in liabilities for customers' accounts also contributed.