The International Investment Position of the United States in 1996

By Russell B. Scholl

Harlan W. King directed the preparation of the estimates; Christopher A. Gohrband prepared several of the accounts with the assistance of Dena A. Holland; Douglas B. Weinberg prepared the direct investment accounts at current cost.

THE NET international investment position of the United States at yearend 1996 was −$870.5 billion with direct investment valued at the current cost of tangible assets, and it was −$831.3 billion with direct investment valued at the current stock-market value of owners' equity (table A, chart 1). For both measures, the value of foreign assets in the United States continued to exceed the value of U.S. assets abroad. However, for the direct investment component of the position valued on either basis, U.S. assets abroad continue to exceed foreign assets in the United States.

The net position on both bases became more negative as a result of large net capital inflows to the United States in 1996; valuation changes nearly offset each other (table B). A negative adjustment for net exchange rate changes mainly represented translation losses in U.S. assets denominated in Western European currencies and the Japanese yen, as these currencies declined against the U.S. dollar. A positive price change reflected a larger price appreciation in U.S. portfolio and direct investments in foreign stocks than in corresponding foreign investments in U.S. stocks. Stock prices in all the major world markets except Japan's advanced strongly.

In 1996, U.S. assets abroad increased strongly, as large private capital outflows were augmented by substantial price appreciation in foreign

Table A.—Summary Components of the U.S. Net Position

[Billions of dollars]

	1995	1996
Net position:		
At current cost	−687.7	−870.5
At market value	−637.5	−831.3
U.S. Government and foreign official assets	−420.5	−561.8
Direct investment:		
At current cost	229.8	241.7
At market value	280.0	281.0
U.S. and foreign securities and U.S. currency	−526.8	−692.3
Bank– and nonbank–reported claims and liabilities	29.8	141.8

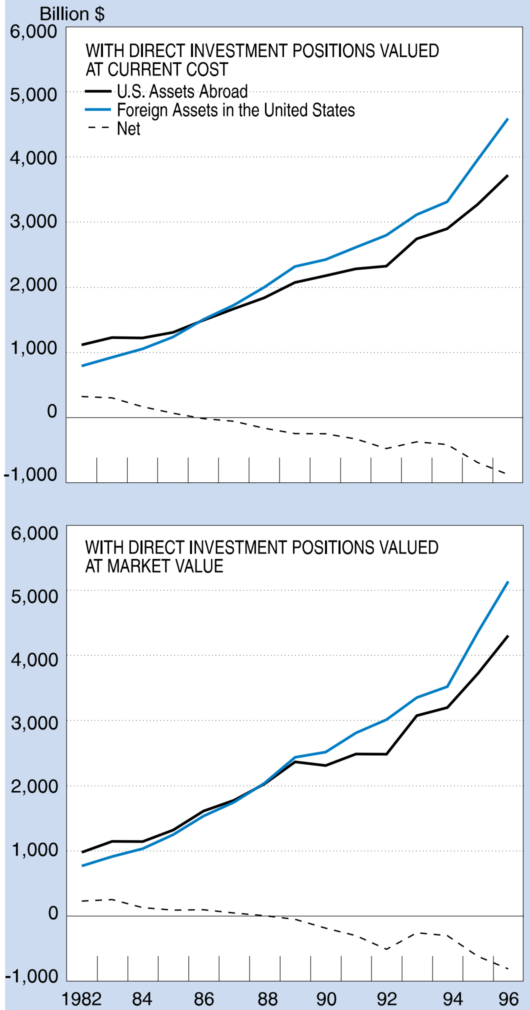
Table B.—Changes in the Net International Investment Position, 1996

[Billions of dollars]

	At current cost	At market value
Total change	**−182.8**	**−193.8**
Capital flows	−195.1	−195.1
Price changes	32.0	39.1
Exchange rate changes	−22.2	−46.3
Other valuation changes	2.4	8.6

CHART 1

Net International Investment Position of the United States, 1982–96



U.S. Department of Commerce, Bureau of Economic Analysis stocks. U.S. banks and nonbanking concerns lent heavily to overseas banks and international bond mutual funds, especially during a surge in overseas demand for dollar loans in the second half of the year. U.S. direct investment abroad on a current-cost basis was boosted by record capital outflows, including record reinvested earnings from widespread growth in overseas affiliates' earnings. On a market-value basis, the direct-investment increase was augmented by a large increase in owners' equity as a result of widespread advances in overseas stock prices; partly offsetting were currency translation losses, primarily in European affiliates. The market value of U.S. portfolio holdings of foreign securities rose not only because of the advance in stock prices overseas, but also because of strong U.S. net purchases of foreign stocks and bonds.

Foreign assets in the United States increased mainly as a result of record capital inflows that included large net foreign purchases of U.S. Treasury, corporate, and federally-sponsored agency bonds, a large increase in foreign direct investment, and a large increase in foreign official assets. Foreign demand for U.S. bonds accelerated through the year; demand was buoyed by a substantial widening in the differential between U.S. and foreign long-term interest rates, a second-half recovery in U.S. bond prices, and widespread strength of the U.S. dollar in exchange markets throughout the year. The foreign direct investment buildup reflected continued growth in foreign acquisitions of U.S. businesses and record reinvested earnings, as the sustained U.S. economic growth further strengthened affiliates' earnings. On a market-value basis, the direct-investment buildup also reflected the strong rise in U.S. stock prices. Foreign portfolio holdings of U.S. stocks also benefited from the rising U.S. stock market. These substantial increases in foreign private assets in the United States were augmented for the second straight year by a record buildup of foreign official assets, largely of U.S. Treasury securities.

This article presents the major changes in U.S. assets abroad and in foreign assets in the United States, including direct investment valued both at current cost and at market value. Tables 1, 2, and 3 at the end of the article present detailed estimates of the yearend position, showing a breakdown of the changes by account from 1995

Data Improvements

As is customary each July, the estimates of the U.S. international investment position incorporate new source data and methodological improvements that relate to the changes incorporated in the annual revision of the U.S. international transactions accounts. This year, the following changes are introduced:

- The estimates of U.S. holdings of foreign bonds and stocks are revised to incorporate the results of the U.S. Treasury Department's new benchmark survey of U.S. portfolio investment abroad as of March 1994. This survey is the first such survey in more than 50 years, and its completion represents a major milestone in the multiyear program for statistical improvement developed jointly by BEA, the Treasury Department, and the Federal Reserve Board.

Based on the survey results, BEA's previous estimates of holdings of foreign securities at yearend 1993 are raised by $302.9 billion, to $853.6 billion. Holdings of foreign stocks are raised by $241.1 billion, to $543.9 billion: The understatement was widespread and was especially large for British stocks; the only overstatement was in Asian stocks other than Japanese stocks. Holdings of foreign bonds increased $62.0 billion, to $309.7 billion: The understatement was widespread; the only overstatement was in Canadian bonds.

- Estimates of foreign holdings of U.S. currency appear for the first time in the international position accounts of the United States. With this addition, BEA closes what had grown into a sizable gap in coverage in the international investment position and international transactions accounts. Currency flows do not appear in the international accounts of most countries because of the difficulties of accurate measurement. The estimates were developed by the Federal Reserve Board.

The new estimates added $209.6 billion to foreign assets in the United States. These holdings of U.S. currency are classified as unallocated in the area breakdown in table 2, in as much as no country detail is available.

- Estimates of the foreign direct investment position in the United States for 1992 (on both the current-cost and market-value bases) have been revised to incorporate data collected in BEA's 1992 benchmark survey of foreign direct investment in the United States. For years after 1992, the estimates have been revised by extrapolating the 1992 universe data on the basis of data collected in BEA's quarterly sample surveys for 1993–96 and by incorporating new or adjusted data from those surveys.

For yearend 1992, the incorporation of the data from the benchmark survey increased the position $1.1 billion on the current-cost basis and $2.0 billion on the market-value basis. No area breakdown for either basis is available; however, for the position at historical cost, small upward revisions were made to investments by Latin America and the Middle East, and small downward revisions were made to investments by the United Kingdom and Japan.

- Currency translation gains and losses have been removed from certain banking transactions in the international transactions accounts to provide a more accurate measure of U.S. banks' international activity; they are now classified more appropriately as valuation adjustments in the investment position accounts.

For a further explanation of these changes, see "U.S. International Transactions, Revised Estimates for 1974–96" in this issue.

to 1996, aggregate estimates by area for 1995–96, and historical estimates for 1982–96, respectively.

This issue also contains a companion article, "Direct Investment Positions for 1996: Country and Industry Detail." The detailed estimates presented in that article are available only on a historical-cost basis.

Changes in U.S. Assets Abroad

Bank claims

U.S. banks' claims increased $96.0 billion, to $864.1 billion, in 1996 (table C). The increase in claims was especially strong in the second half of the year, reflecting a surge in demand for dollar credits in the overseas interbank market and the step-up in foreign demand for U.S. securities. Most of the increase was accounted for by claims payable in dollars, which were augmented by a large increase in U.S. banks' customers' claims.

U.S. banks' own claims payable in dollars increased $68.3 billion, to $600.7 billion, mostly reflecting an increase in claims on their own foreign offices and unaffiliated banks. Interbank lending was particularly strong to banks in Europe, where in the second half of the year, general credit demands were swelled by financing demands for mergers and acquisitions and for purchases of U.S. securities. Lending to banks in Canada and in Asia excluding Japan occurred mostly in the first half of the year. Stepped-up bank lending to Latin America reflected the improved credit standing of several countries. A substantial increase in claims on the Caribbean reflected increased lending to international bond mutual funds by U.S. securities dealers during the bond rally in the fourth quarter. Claims on Japan, though large, changed little, as moderate economic activity and the continued financial difficulties of Japanese banks limited demand.

U.S. banks' customers' claims payable in dollars increased $26.8 billion, to $182.3 billion, as the customers' deposits at foreign banks increased to accommodate the rising overseas demand for dollar loans. In addition, customers continued to invest strongly in foreign commercial paper placed in the U.S. market.

U.S. banks' foreign currency claims declined until the fourth quarter, when lending resumed and brought yearend total outstandings to $81.1 billion, marginally higher than at the end of 1995.

Table C.—U.S. Claims Reported by U.S. Banks at Yearend

[Billions of dollars]

	1995	1996
Total bank-reported claims	**768.1**	**864.1**
Bank own claims, payable in dollars	532.4	600.7
On unaffiliated foreign banks	101.6	113.5
On own foreign offices	307.4	342.5
On other foreigners	123.4	144.7
Bank customer claims, payable in dollars	155.5	182.3
Total claims payable in foreign currencies	80.2	81.1

Foreign securities

Between yearend 1995 and yearend 1996, U.S. holdings of foreign securities increased $219.1 billion, to $1,273.4 billion, as a result of strong net purchases and of large, widespread price appreciation in foreign stocks (table D). Partly offsetting these increases were exchange rate losses, mostly in securities denominated in Continental European currencies and the Japanese yen. These estimates incorporate the results of the new U.S. Treasury Department's Benchmark Survey of U.S. Ownership of Foreign Long-term Securities as of March 31, 1994.[1] Based on this survey, a ranking by country of issue of U.S. foreign portfolio holdings is presented in table E.

In 1996, U.S. holdings of foreign stocks increased $176.4 billion, to $875.5 billion, as

1. For more information, see "U.S. International Transactions, Revised Estimates for 1974–96," page 46.

Table D.—Changes in U.S. Holdings of Foreign Securities, 1996

[Billions of dollars]

Total change	**219.1**
Net U.S. purchases	108.2
Price changes	118.6
Exchange rate changes	–7.7

Table E.—U.S. Holdings of Foreign Securities Ranked by Largest Holdings, as of March 31, 1994

[Billions of dollars]

	Investments in Foreign Stocks	
	Total holdings	**566.7**
1	United Kingdom	99.7
2	Japan	99.4
3	Canada	39.7
4	Netherlands	38.1
5	Mexico	34.7
6	France	25.6
7	Germany	25.6
8	Switzerland	21.0
9	Hong Kong	17.5
10	Australia	16.9
	Investments in Foreign Bonds	
	Total holdings	**303.6**
1	Canada	68.5
2	Japan	31.8
3	Germany	22.1
4	United Kingdom	19.8
5	Italy	17.8
6	Mexico	16.8
7	France	16.7
8	Spain	10.7
9	Sweden	10.2
10	Australia	9.7

Source: The Treasury Department's Benchmark Survey of U.S. Ownership of Foreign Long-Term Securities.

near-record U.S. net purchases of $58.8 billion were augmented by $117.8 billion in price appreciation (table F). During the year, stock prices in most foreign markets rose strongly in response to widespread economic growth and to declining short-term interest rates. Additional factors contributing to the increase in the U.S. position in foreign stocks were U.S. investor participation in the privatization issues of several countries, the recovery of stock prices in emerging countries, and the efforts of U.S. institutional investors to further diversify their portfolio investments. Investments, mostly in Japanese stocks, slowed in the second half of the year.

- Holdings of European stocks increased 30 percent, primarily as a result of U.S. net purchases of $31.2 billion and price appreciation of $75.5 billion. Exchange rate changes were offsetting: Substantial appreciation in holdings of British stocks due to the rise of the pound over the U.S. dollar was offset by the effects of depreciation in the holdings of Continental European stocks as a result of the depreciation of these currencies against the dollar. U.S. purchases of stocks were strongest from Britain, Germany, France, Switzerland, and Italy, where market prices advanced 6 to 26 percent (according to Morgan Stanley's international stock market indexes). U.S. purchases were spurred by merger and acquisition activity, the prospects of the European monetary union, and strong corporate profits.
- Holdings of Japanese stocks, which account for 14 percent of total U.S. holdings of foreign stocks, declined $2.1 billion mostly as a result of the depreciation of the Japanese yen against the U.S. dollar. Net purchases of $9.6 billion, mostly in the first half of the year when Japanese stock prices rose, partly offset the exchange rate depreciation. In the second half, stock prices and U.S. purchases fell, reflecting growing concerns about the strength and sustainability of Japan's economic recovery and the continuing problems in its finance industry.
- Holdings of Canadian stocks increased $19.7 billion, or 42 percent. The increase consisted of $14.5 billion in price appreciation, $3.5 billion in net purchases, and $1.7 billion in exchange rate appreciation. Market prices in Canada rose 30 percent.
- Holdings of other countries' stocks, mostly emerging countries' stocks, increased as stock prices and investor confidence recovered from concerns arising from the Mexican financial crisis in 1994. Holdings of Latin American stocks increased $8.7 billion, reflecting $2.0 billion in price appreciation, $3.6 billion in net purchases, and $3.1 billion in exchange rate appreciation. U.S. investments were boosted by privatization sales in Brazil. All other stock holdings increased $26.4 billion in price appreciation, $5.4 billion in exchange rate appreciation, and $10.9 billion in net purchases. Most of these increases occurred in the stocks of Asian emerging countries, particularly those of Hong Kong where prices advanced 30 percent.

U.S. holdings of foreign bonds increased $42.7 billion, to $398.0 billion, reflecting $49.4 billion in net purchases that was partly offset by $7.5 billion in exchange rate depreciation of European and Japanese bonds (table G). U.S. institutional investors in search of high-yielding assets absorbed a large volume of newly issued foreign dollar bonds in the U.S. market, including many noninvestment grade foreign issues. Foreign

Table F.—U.S. Holdings of Foreign Stocks by Major Area at Yearend

[Billions of dollars]

	1994	1995	1996
Total holdings	**586.6**	**699.1**	**875.5**
Western Europe	288.2	362.0	469.5
Of which: United Kingdom	108.8	137.6	185.4
France	26.7	31.3	42.8
Germany	27.3	31.7	40.4
Netherlands	41.8	52.9	64.8
Spain	13.0	17.7	22.8
Sweden	15.6	23.6	34.2
Switzerland	20.7	30.4	33.9
Canada	40.6	46.9	66.5
Japan	108.1	128.5	126.4
Latin America	37.9	32.0	40.7
Of which: Mexico	23.7	18.8	22.0
Other countries	111.8	129.7	172.4
Of which: Australia	19.3	21.8	26.1
Hong Kong	18.6	24.3	37.3

Table G.—U.S. Holdings of Foreign Bonds by Major Area at Yearend

[Billions of dollars]

	1994	1995	1996
Total holdings	**303.1**	**355.3**	**398.0**
Western Europe	127.4	155.8	167.1
Of which: United Kingdom	21.8	28.6	29.6
France	22.3	27.4	28.0
Germany	17.1	20.9	24.5
Italy	17.1	17.2	17.1
Netherlands	11.1	13.5	15.1
Spain	11.6	14.2	15.0
Sweden	10.0	12.3	13.1
Canada	65.0	73.8	79.2
Japan	28.0	32.7	34.0
Latin America	41.5	44.2	40.7
Of which: Mexico	16.4	17.7	20.3
Other countries	41.2	48.8	77.0
Of which: Australia	9.2	11.1	12.6

new issues, at $52.4 billion, approached the 1993 record. Emerging countries in Latin America and Asia accounted for over 60 percent of the new issues, more than double their new issues in 1995. Europeans and Canadians continued as large borrowers, though not as large as in 1995, as long-term interest-rate differentials against borrowing dollars increased in most of these countries. Net U.S. trading in other foreign bonds amounted to net sales of $3.0 billion. The widening interest-rate differential in favor of U.S. bonds slowed U.S. diversification into most foreign bonds, with the notable exception of British gilt-edged bonds. Net U.S. purchases from the United Kingdom became large in the second half of the year, when U.S. interest rates fell more than British rates.

U.S. direct investment abroad and other private assets

U.S. direct investment abroad at current cost increased $86.5 billion, to $970.8 billion; at market value, it increased $222.6 billion, to $1,534.6 billion (table H). Net capital outflows exceeded the strong outflows of 1995. By account, reinvested earnings increased to a record high, reflecting record profits of foreign affiliates and a continued high rate of reinvestment; net equity outflows slowed but remained strong due to numerous mergers and acquisitions; and net intercompany debt shifted to an outflow, as U.S.-parent firms cut back borrowing from their finance affiliates overseas. The strong outflows reflected widespread economic growth, especially in Europe and emerging Asian countries, and economic recovery in several Latin American countries.

At current cost, the direct investment position increased mostly as a result of capital outflows; valuation adjustments were small and offsetting. At market value, the increase in the position due to capital outflows was augmented by a substantial increase in U.S. owners' equity as a result of the worldwide rise in stock prices. In Europe, where 50 percent of U.S. investments are located, the rise in stock prices averaged 20 percent, ranging from 6 percent in Italy to 40 percent in Sweden (according to Morgan Stanley's international indexes); in several of the emerging countries, stock prices recovered substantially. These increases were partly offset by negative exchange rate changes, mostly in Continental Europe.

Table H.—Changes in U.S. Direct Investment Abroad, 1996

[Billions of dollars]

	At current cost	At market value
Total change	**86.5**	**222.6**
Capital outflows	87.8	87.8
Equity capital	21.6	21.6
Intercompany debt	8.3	8.3
Reinvested earnings	57.9	57.9
Price changes	7.4	153.9
Exchange rate changes	–4.7	–28.4
Other valuation changes	–4.0	9.4

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns increased $61.1 billion, to $369.1 billion, as these U.S. firms sharply accelerated their overseas deposits in the second half of the year. The acceleration, mostly in dollar deposits in European and Caribbean banks, represented funding to meet the surge in overseas demand for bank credit.

U.S. official reserve assets and other U.S. Government assets

U.S. official reserve assets declined $15.3 billion, to $160.7 billion. Foreign-currency holdings decreased $10.8 billion; holdings of pesos declined as Mexico repaid $8.3 billion in short-term and medium-term swap arrangements with U.S. authorities, and holdings of Japanese yen and German marks decreased as these currencies depreciated against the dollar.

Other U.S. Government assets increased $0.7 billion, to $82.6 billion; long-term credits extended exceeded repayments.

Changes in Foreign Assets in the United States

Foreign official assets

Foreign official assets in the United States increased $126.7 billion, to $805.1 billion; record capital inflows accounted for most of the increase. These inflows represented acquisitions of dollars through exchange market intervention and investment of the unused proceeds of funds borrowed by governments in the international markets during the year. Dollar placements were mainly in U.S. Treasury securities: Industrial countries accounted for $65.5 billion, and developing countries, mainly in Latin America and Asia, for $56.9 billion.

Bank liabilities

U.S. banks' liabilities to private foreigners and international financial institutions increased $6.5 billion, to $819.9 billion, reflecting a further reduction in U.S. banks' use of foreign funds (table I). U.S. banks borrowed little from overseas until a surge in domestic and foreign demand for bank credit late in the year. Through much of the year, the growth in domestic deposits provided banks with ample funding and enabled banks to pay down their liability positions with their own foreign offices. Late in the year, banks in the United States, especially foreign-owned banks, financed strong growth in loans by supplementing domestic funds with large-scale borrowing from their overseas offices. Japanese-owned banks in the United States, which made large loan repayments, were the exception.

Foreign-owned banks in the United States, which accounted for much of the increase in interbank liabilities, borrowed heavily from their home offices in Europe and Canada and affiliated offices in the Caribbean, particularly in the fourth quarter, to fund their heavy domestic and foreign lending. This borrowing was partly offset by Japanese banks' large net repayments to their offices abroad throughout much of the year. U.S.-owned banks also borrowed in the fourth quarter, mostly from their own foreign offices in the United Kingdom and the Caribbean; however, this borrowing was not enough to keep net repayments to those offices earlier in the year from resulting in a decline in their interbank liabilities.

Liabilities to nonbank foreigners increased $14.5 billion, to $116.5 billion, reflecting a widening of the short-term interest-rate differentials that favored dollar deposits and the strong exchange value of the dollar in the second half of the year. Large inflows came from the United Kingdom, Canada, Japan, and international financial institutions.

U.S. banks' foreign-currency liabilities declined $5.9 billion, to $103.8 billion, mostly because of repayments to Western Europe and Japan. This cutback in funding coincided with a sharp reduction in foreign-currency lending by U.S. banks.

Custody liabilities reported by U.S. banks increased $2.7 billion, to $36.6 billion. Repayments by U.S. nonbank customers early in the year were more than offset by a surge in their borrowing in the second half, mainly from banks in the Caribbean and the United Kingdom.

U.S. Treasury securities

Foreign holdings of U.S. Treasury securities by both private foreigners and international financial institutions increased $141.2 billion, to $530.6 billion (table J). Net purchases of U.S. Treasury bonds reached a record that was two-thirds higher than the previous record in 1995. A negative price adjustment reflected a drop in bond prices in the first half of the year that was not fully offset by a recovery in prices in the second half. Foreign purchases of Treasury bonds accelerated throughout the year, as the U.S. interest-rate differential in favor of Treasury bonds widened substantially and as the dollar remained strong. The U.S.-Japanese long-term interest-rate differential reached a 7-year high of over 400 basis points, which induced heavy demand from Japan and other countries in Asia. Purchases from the United Kingdom and international bond funds in the Caribbean were especially strong during the second half, when U.S. bond prices rallied.

By country, Japan and the United Kingdom are the largest investors in foreign official and private holdings of U.S. Treasury securities (table K).

U.S. currency

Foreign holdings of U.S. currency increased $17.3 billion, to $209.6 billion, or 53 percent of U.S. currency outstanding at yearend 1996. These newly introduced estimates of foreign holdings indicate that overseas demand for U.S. currency has strengthened considerably in the 1990's,

Table I.—U.S. Liabilities Reported by U.S. Banks at Yearend

[Billions of dollars]

	1995	1996
Total liabilities	**813.4**	**819.9**
Bank own liabilities, payable in dollars	669.8	679.5
To unaffiliated foreign banks	171.5	161.5
To own foreign offices	396.3	401.5
To other foreigners	102.0	116.5
Bank custody liabilities	33.9	36.6
Total liabilities payable in foreign currencies	109.7	103.8

Table J.—Changes in Foreign Holdings of U.S. Treasury Securities, 1996

[Billions of dollars]

Total change	**141.2**
Net foreign purchases	155.6
Price changes	–14.4
Exchange rate changes	0

Table K.—Foreign Official and Private Holdings of U.S. Treasury Securities by Country, as of December 31, 1996

[Billions of dollars]

	Total holdings	**1,109.5**
1	Japan	276.0
2	United Kingdom	188.5
3	Germany	72.1
4	Netherlands Antilles	63.2
5	Peoples Republic of China	46.6
6	Spain	45.5
7	Singapore	38.5
8	Hong Kong	33.2
9	Taiwan	31.7
10	Middle Eastern oil-exporters	31.5

mostly as a result of economic and political upheavals in several areas. No country detail of these currency holdings is available.[2]

Other U.S. securities

Foreign holdings of U.S. securities, other than U.S. Treasury securities, increased $226.0 billion, to $1,225.5 billion. The increase reflected the record net purchases of U.S. corporate and agency bonds and the large price appreciation of U.S. stocks (table L). Despite the swing in U.S. long-term interest rates—rising steeply early in the year and falling in the second half—the change in the differential against most major foreign bond markets increased in favor of U.S. investments. This yield advantage was augmented by the dollars' strength against most major currencies during the year.

Foreign holdings of U.S. bonds increased $120.0 billion, to $654.1 billion, as foreign buying outpaced the record buying in 1995 by 50 percent. In response to this strong foreign demand, U.S. corporations issued a near-record $53.4 billion in new bonds overseas; issues of fixed-rate bonds slowed, but issues of floating-rate bonds and of asset-backed bonds accelerated. Foreigners accelerated investments in U.S. federally-sponsored agency bonds to a record $44.6 billion; some of these bonds were newly issued abroad by U.S. corporations that have sought to diversify their sources of funds in the past 2 years. Foreign investments in other outstanding U.S. corporate bonds also accelerated to $23.2 billion, following small net sales in the past 2 years.

Foreign holdings of U.S. stocks increased $105.9 billion, to $571.3 billion, reflecting $93.3 billion in price appreciation and $12.6 billion in net foreign purchases. Foreign purchases in the last 2 years have been moderate in comparison with the very strong rises in U.S. stock market prices—34 percent in 1995 and 20 percent in 1996 (according to Standard and Poor's combined index of 500 stocks). Notwithstanding the moderate pace of foreigners' purchases in those 2 years, the gains in foreign holdings were considerable, adding over 60 percent to the value of their investments. Western Europeans, who accounted for half of the 1996 net purchases, slowed their purchases from those in 1995. Net purchases by financial centers in the Caribbean and in Asia excluding Japan also slowed.

Foreign direct investment in the United States and other liabilities

Foreign direct investment in the United States at current cost increased $74.6 billion, to $729.1 billion; at market value, it increased $221.7 billion, to $1,253.6 billion (table M). At current cost, net capital inflows more than accounted for the total change. At market value, capital inflows were augmented by substantial price appreciation in owners' equity as a result of the steep rise in U.S. stock prices. These estimates incorporate the results of BEA's 1992 benchmark survey of foreign direct investment in the United States.[3] In 1996, net capital inflows reached a record high. By account, net equity inflows approached their 1990 peak, reflecting continued growth in acquisitions of U.S. businesses, and record reinvested earnings reflected the favorable effect on U.S. affiliates' earnings of the sustained economic growth in the United States; in contrast, net intercompany debt inflows were slightly lower than in 1995.

Liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns increased $38.6 billion, to $271.5 billion, principally reflecting U.S. corporations' borrowing from banks in the Caribbean and the United Kingdom after midyear.

Tables 1 through 3 follow.

2. For more information about the new estimates, see "U.S. International Transactions, Revised Estimates for 1974–96," page 48.

3. For more information, see "U.S. International Transactions, Revised Estimates for 1974–96," page 50.

Table L.—Changes in Foreign Holdings of Other U.S. Securities, 1996

[Billions of dollars]

Total change	**226.0**
Net foreign purchases	133.8
Price changes	94.0
Exchange rate changes	–1.9

Table M.—Changes in Foreign Direct Investment in the United States, 1996

[Billions of dollars]

	At current cost	At market value
Total change	**74.6**	**221.7**
Capital inflows	77.0	77.0
Equity capital	53.0	53.0
Intercompany debt	11.8	11.8
Reinvested earnings	12.2	12.2
Price changes	5.4	144.8
Exchange rate changes	–.4	0
Other valuation changes	–7.4	–.1

Table 1.—International Investment Position of the United States at Yearend, 1995 and 1996

[Millions of dollars]

Line	Type of investment	Position 1995[r]	Changes in position in 1996 (decrease (–))					Position 1996[p]
			Attributable to:				Total	
			Capital flows	Valuation adjustments				
				Price changes	Exchange rate changes[1]	Other changes[2]		
			(a)	(b)	(c)	(d)	(a+b+c+d)	
	Net international investment position of the United States:							
1	**With direct investment positions at current cost (line 3 less line 24)**	**–687,702**	**–195,111**	**32,038**	**–22,195**	**2,446**	**–182,822**	**–870,524**
2	**With direct investment positions at market value (line 4 less line 25)**	**–637,480**	**–195,111**	**39,063**	**–46,339**	**8,564**	**–193,823**	**–831,303**
	U.S. assets abroad:							
3	**With direct investment positions at current cost (lines 5+10+15)**	**3,272,731**	**352,444**	**121,367**	**–21,849**	**–3,964**	**447,998**	**3,720,729**
4	**With direct investment positions at market value (lines 5+10+16)**	**3,700,432**	**352,444**	**267,858**	**–45,567**	**9,373**	**584,108**	**4,284,540**
5	U.S. official reserve assets	176,061	–6,668	–4,581	–4,073	....	–15,322	160,739
6	Gold	101,279	....	[3] –4,581	....	–4,581	96,698	
7	Special drawing rights	11,037	–370	....	–355	....	–725	10,312
8	Reserve position in the International Monetary Fund	14,649	1,280	....	–494	....	786	15,435
9	Foreign currencies	49,096	–7,578	....	–3,224	....	–10,802	38,294
10	U.S. Government assets, other than official reserve assets	81,897	690	....	–34	1	657	82,554
11	U.S. credits and other long-term assets[4]	79,958	796	....	–1	1	796	80,754
12	Repayable in dollars	79,178	846	....	....	–12	834	80,012
13	Other[5]	780	–50	....	–1	13	–38	742
14	U.S. foreign currency holdings and U.S. short-term assets	1,939	–106	....	–33	....	–139	1,800
	U.S. private assets:							
15	With direct investment at current cost (lines 17+19+22+23)	3,014,773	358,422	125,948	–17,742	–3,965	462,663	3,477,436
16	With direct investment at market value (lines 18+19+22+23)	3,442,474	358,422	272,439	–41,460	9,372	598,773	4,041,247
	Direct investment abroad:							
17	At current cost	884,290	87,813	7,375	–4,726	–3,954	86,508	970,798
18	At market value	1,311,991	87,813	153,866	–28,444	9,383	222,618	1,534,609
19	Foreign securities	1,054,352	108,189	118,573	–7,675	....	219,087	1,273,439
20	Bonds	355,284	49,403	806	–7,521	....	42,688	397,972
21	Corporate stocks	699,068	58,786	117,767	–154	....	176,399	875,467
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.	307,982	64,234	....	–3,161	....	61,073	369,055
23	U.S. claims reported by U.S. banks, not included elsewhere	768,149	98,186	....	–2,180	–11	95,995	864,144
	Foreign assets in the United States:							
24	**With direct investment at current cost (lines 26+33)**	**3,960,433**	**547,555**	**89,329**	**346**	**–6,410**	**630,820**	**4,591,253**
25	**With direct investment at market value (lines 26+34)**	**4,337,912**	**547,555**	**228,795**	**772**	**809**	**777,931**	**5,115,843**
26	Foreign official assets in the United States	678,451	122,354	4,345	....	–1	126,698	805,149
27	U.S. Government securities	498,906	115,634	–4,333	....	....	111,301	610,207
28	U.S. Treasury securities	471,508	111,253	–3,802	....	....	107,451	578,959
29	Other	27,398	4,381	–531	....	....	3,850	31,248
30	Other U.S. Government liabilities[7]	25,225	720	....	....	–1	719	25,944
31	U.S. liabilities reported by U.S. banks, not included elsewhere	107,394	4,722	....	....	....	4,722	112,116
32	Other foreign official assets	46,926	1,278	8,678	....	....	9,956	56,882
	Other foreign assets:							
33	With direct investment at current cost (lines 35+37+38+39+42+43)	3,281,982	425,201	84,984	346	–6,409	504,122	3,786,104
34	With direct investment at market value (lines 36+37+38+39+42+43)	3,659,461	425,201	224,450	772	810	651,233	4,310,694
	Direct investment in the United States:							
35	At current cost	654,502	76,955	5,356	–426	–7,335	74,550	729,052
36	At market value	1,031,981	76,955	144,822	....	–116	221,661	1,253,642
37	U.S. Treasury securities	389,383	155,578	–14,411	....	....	141,167	530,550
38	U.S.currency	192,300	17,300	....	....	....	17,300	209,600
39	U.S. securities other than U.S. Treasury securities	999,537	133,798	94,039	–1,887	....	225,950	1,225,487
40	Corporate and other bonds	534,116	121,194	721	–1,887	....	120,028	654,144
41	Corporate stocks	465,421	12,604	93,318	....	....	105,922	571,343
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.	232,891	31,786	....	5,932	926	38,644	271,535
43	U.S. liabilities reported by U.S. banks, not included elsewhere	813,369	9,784	....	–3,273	....	6,511	819,880

p Preliminary.
r Revised.
1. Represents gains or losses on foreign-currency-denominated assets due to their revaluation at current exchange rates.
2. Includes changes in coverage, statistical discrepancies, and other adjustments to the value of assets.
3. Reflects changes in the value of the official gold stock due to fluctuations in the market price of gold.
4. Also includes paid-in capital subscriptions to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.
5. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.
6. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

Table 2.—U.S. Assets Abroad and Foreign Assets in the United States by Area

[Millions of dollars]

Line	Type of investment	Amounts outstanding, by area									
		Western Europe		Canada		Japan		Latin America and Other Western Hemisphere		Other countries, international organizations, and unallocated [1]	
		1995 [r]	1996 [p]	1995 [r]	1996 [p]	1995 [r]	1996 [p]	1995 [r]	1996 [p]	1995 [r]	1996 [p]
	U.S. assets abroad:										
1	U.S. official reserve assets	21,089	20,261	...	...	16,207	14,533	11,800	3,500	126,965	122,445
2	Gold	...	...	...	...	...	...	...	...	101,279	96,698
3	Special drawing rights	...	...	...	...	...	...	...	...	11,037	10,312
4	Reserve position in the International Monetary Fund	...	...	...	...	...	...	...	...	14,649	15,435
5	Foreign currencies	21,089	20,261	...	...	16,207	14,533	11,800	3,500	...	...
6	U.S. Government assets, other than official reserve assets	7,186	6,859	6	–1	76	38	16,212	15,811	58,417	59,847
7	U.S. credits and other long-term assets [2]	7,261	6,892	...	...	...	...	16,169	15,728	56,528	58,134
8	Repayable in dollars	7,216	6,858	...	...	...	...	16,034	15,612	55,928	57,542
9	Other [3]	45	34	...	...	...	...	135	116	600	592
10	U.S. foreign currency holdings and U.S. short-term assets	–75	–33	6	–1	76	38	43	83	1,889	1,713
	U.S. private assets:										
11	Direct investment abroad	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
12	Foreign securities	517,842	636,599	120,665	145,696	161,139	160,391	114,180	144,764	140,526	185,989
13	Bonds	155,826	167,094	73,793	79,235	32,683	34,004	55,490	69,095	37,492	48,544
14	Corporate stocks	362,016	469,505	46,872	66,461	128,456	126,387	58,690	75,669	103,034	137,445
15	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	116,905	144,006	11,711	13,015	2,741	3,100	159,313	190,243	17,312	18,691
16	U.S. claims reported by U.S. banks, not included elsewhere	241,812	282,417	41,251	52,292	100,584	95,102	297,369	326,204	87,133	108,129
	Foreign assets in the United States:										
17	Foreign official assets in the United States	208,174	236,847	23,078	26,224	(5)	(5)	67,425	82,151	(5)	(5)
18	U.S. Government securities	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(6)	(5)	(5)
19	U.S. Treasury securities	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(6)	(5)	(5)
20	Other	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(6)	(5)	(5)
21	Other U.S. Government liabilities [7]	5,159	5,845	238	197	2,500	2,573	570	460	16,758	16,869
22	U.S. liabilities reported by U.S. banks, not included elsewhere	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(6)	(5)	(5)
23	Other foreign official assets	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(6)	(5)	(5)
	Other foreign assets in the United States:										
24	Direct investment in the United States	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
25	U.S. Treasury securities	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
26	U.S. currency	...	...	...	...	...	...	...	...	192,300	209,600
27	U.S. securities other than U.S. Treasury securities	602,293	734,381	92,461	112,977	111,398	132,280	110,946	148,030	82,439	97,819
28	Corporate and other bonds	346,870	421,429	20,023	23,947	67,909	80,634	59,538	80,540	39,776	47,594
29	Corporate stocks	255,423	312,952	72,438	89,030	43,489	51,646	51,408	67,490	42,663	50,225
30	U.S. liabilities to unaffiliated for- eigners reported by U.S. nonbanking concerns	47,789	82,140	2,119	2,770	8,905	10,539	148,469	148,490	25,609	27,596
31	U.S. liabilities reported by U.S. banks, not included elsewhere	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
	Addenda:										
1	U.S. Treasury securities, foreign official plus private holdings (lines 19 + 25, above)	309,497	413,923	25,220	25,813	223,750	276,044	91,574	123,521	210,850	270,208
2	U.S. liabilities reported by U.S. banks, foreign official plus private (lines 22 + 31, above)	335,480	350,312	28,370	38,074	86,840	59,164	346,252	363,544	123,821	120,902

[p] Preliminary.
[r] Revised.
1. Includes U.S. gold stock valued at market price.
2. Also includes paid-in capital subscription to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.
3. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.
4. Positions at current costs or market value are not available by area; country detail are available only at historical costs in the article "Direct Investment Positions on a Historical Cost Basis, 1996; Country and Industry Detail," elsewhere in this issue of the SURVEY.
5. Details are not shown separately.
6. Details not shown separately are included in totals in line 17.
7. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

Table 3.—International Investment Position of the United States at Yearend, 1982–96

[Millions of dollars]

Line	Type of investment	1982[r]	1983[r]	1984[r]	1985[r]	1986[r]	1987[r]	1988[r]	1989[r]	1990[r]	1991[r]	1992[r]	1993[r]	1994[r]	1995[r]	1996[p]
	Net international investment position of the United States:															
1	**With direct investment positions at current cost (line 3 less line 24).**	**324,713**	**303,420**	**167,652**	**69,060**	**–13,354**	**–54,820**	**–161,845**	**–243,759**	**–246,392**	**–325,964**	**–473,029**	**–370,122**	**–411,689**	**–687,702**	**–870,524**
2	**With direct investment positions at market value (line 4 less line 25).**	**210,791**	**232,531**	**109,211**	**71,982**	**78,112**	**27,581**	**–12,570**	**–70,525**	**–206,950**	**–319,929**	**–529,460**	**–274,867**	**–321,469**	**–637,480**	**–831,303**
	U.S. assets abroad:															
3	**With direct investment at current cost (lines 5+10+15)**	**1,119,158**	**1,229,600**	**1,222,423**	**1,309,080**	**1,493,840**	**1,671,760**	**1,840,953**	**2,076,030**	**2,180,003**	**2,285,121**	**2,324,992**	**2,742,525**	**2,899,047**	**3,272,731**	**3,720,729**
4	**With direct investment at market value (lines 5+10+16)**	**958,794**	**1,127,635**	**1,125,158**	**1,300,672**	**1,592,439**	**1,756,910**	**2,006,590**	**2,348,081**	**2,291,734**	**2,468,351**	**2,464,196**	**3,055,316**	**3,178,023**	**3,700,432**	**4,284,540**
5	U.S. official reserve assets	143,445	123,110	105,040	117,930	139,875	162,370	144,179	168,714	174,664	159,223	147,435	164,945	163,394	176,061	160,739
6	Gold [1]	120,635	100,484	81,202	85,834	102,428	127,648	107,434	105,164	102,406	92,561	87,168	102,556	100,110	101,279	96,698
7	Special drawing rights	5,250	5,025	5,641	7,293	8,395	10,283	9,637	9,951	10,989	11,240	8,503	9,039	10,039	11,037	10,312
8	Reserve position in the International Monetary Fund	7,348	11,312	11,541	11,947	11,730	11,349	9,745	9,048	9,076	9,488	11,759	11,818	12,030	14,649	15,435
9	Foreign currencies	10,212	6,289	6,656	12,856	17,322	13,090	17,363	44,551	52,193	45,934	40,005	41,532	41,215	49,096	38,294
10	U.S. Government assets, other than official reserve assets	74,682	79,626	84,971	87,752	89,637	88,880	86,117	84,489	81,993	79,144	80,722	81,029	81,362	81,897	82,554
11	U.S. credits and other long-term assets [2]	72,884	77,814	82,883	85,814	88,710	88,099	85,388	83,903	81,365	77,498	79,087	79,106	79,272	79,958	80,754
12	Repayable in dollars	70,948	75,991	81,103	84,087	87,112	86,486	83,923	82,421	80,040	76,272	77,987	78,100	78,411	79,178	80,012
13	Other [3]	1,936	1,823	1,780	1,727	1,598	1,613	1,465	1,482	1,325	1,226	1,100	1,006	861	780	742
14	U.S. foreign currency holdings and U.S. short-term assets	1,798	1,812	2,088	1,938	927	781	729	586	628	1,646	1,635	1,923	2,090	1,939	1,800
	U.S. private assets:															
15	With direct investment at current cost (lines 17+19+22+23).	901,031	1,026,864	1,032,412	1,103,398	1,264,328	1,420,510	1,610,657	1,822,827	1,923,346	2,046,754	2,096,835	2,496,551	2,654,291	3,014,773	3,477,436
16	With direct investment at market value (lines 18+19+22+23).	740,667	924,899	935,147	1,094,990	1,362,927	1,505,660	1,776,294	2,094,878	2,035,077	2,229,984	2,236,039	2,809,342	2,933,267	3,442,474	4,041,247
	Direct investment abroad:															
17	At current cost [4,5]	387,002	376,307	367,839	394,760	431,475	505,096	526,824	560,409	620,031	644,307	659,426	714,756	797,781	884,290	970,798
18	At market value [6]	226,638	274,342	270,574	386,352	530,074	590,246	692,461	832,460	731,762	827,537	798,630	1,027,547	1,076,757	1,311,991	1,534,609
19	Foreign securities [7]	74,046	84,723	88,804	119,403	158,123	188,589	232,849	314,294	342,313	455,750	515,083	853,528	889,706	1,054,352	1,273,439
20	Bonds [7]	56,604	58,569	62,810	75,020	85,724	93,889	104,187	116,949	144,717	176,774	200,817	309,666	303,079	355,284	397,972
21	Corporate stocks [7]	17,442	26,154	25,994	44,383	72,399	94,700	128,662	197,345	197,596	278,976	314,266	543,862	586,627	699,068	875,467
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns [8].	35,405	131,329	130,138	141,872	167,392	177,368	197,757	234,307	265,315	256,295	254,303	242,022	273,686	307,982	369,055
23	U.S. claims reported by U.S. banks, not included elsewhere [9].	404,578	434,505	445,631	447,363	507,338	549,457	653,227	713,817	695,687	690,402	668,023	686,245	693,118	768,149	864,144
	Foreign assets in the United States:															
24	**With direct investment at current cost (lines 26+33)**	**794,445**	**926,180**	**1,054,771**	**1,240,020**	**1,507,194**	**1,726,580**	**2,002,798**	**2,319,789**	**2,426,395**	**2,611,085**	**2,798,021**	**3,112,647**	**3,310,736**	**3,960,433**	**4,591,253**
25	**With direct investment at market value (lines 26+34)**	**748,003**	**895,104**	**1,015,947**	**1,228,690**	**1,514,327**	**1,729,329**	**2,019,160**	**2,418,606**	**2,498,684**	**2,788,280**	**2,993,656**	**3,330,183**	**3,499,492**	**4,337,912**	**5,115,843**
26	Foreign official assets in the United States	189,109	194,468	199,678	202,482	241,226	283,058	322,036	341,859	375,339	401,678	442,753	516,202	545,744	678,451	805,149
27	U.S. Government securities	132,587	136,987	144,665	145,063	178,916	220,548	260,934	263,725	295,005	315,932	335,695	388,312	415,006	498,906	610,207
28	U.S. Treasury securities [10]	124,929	129,716	138,168	138,438	173,310	213,713	252,962	257,314	287,885	307,096	322,968	371,163	393,437	471,508	578,959
29	Other [10]	7,658	7,271	6,497	6,625	5,606	6,835	7,972	6,411	7,120	8,836	12,727	17,149	21,569	27,398	31,248
30	Other U.S. Government liabilities [11]	13,639	14,231	14,959	15,803	17,993	15,667	15,200	15,374	17,243	18,610	20,801	22,113	24,481	25,225	25,944
31	U.S. liabilities reported by U.S. banks, not included elsewhere.	24,989	25,534	26,090	26,734	27,920	31,838	31,520	36,495	39,880	38,396	54,967	69,721	73,386	107,394	112,116
32	Other foreign official assets [10]	17,894	17,716	13,964	14,882	16,397	15,005	14,382	26,265	23,211	28,740	31,290	36,056	32,871	46,926	56,882
	Other foreign assets in the United States:															
33	With direct investment at current cost (lines 35+37+38+39+42+43).	605,336	731,712	855,093	1,037,538	1,265,968	1,443,522	1,680,762	1,977,930	2,051,056	2,209,407	2,355,268	2,596,445	2,764,992	3,281,982	3,786,104
34	With direct investment at market value (lines 36+37+38+39+42+43).	558,894	700,636	816,269	1,026,208	1,273,101	1,446,271	1,697,124	2,076,747	2,123,345	2,386,602	2,550,903	2,813,981	2,953,748	3,659,461	4,310,694
	Direct investment in the United States:															
35	At current cost [5,12]	176,870	184,394	211,201	231,326	265,833	313,451	375,168	435,917	467,312	491,942	500,542	550,862	584,970	654,502	729,052
36	At market value [12]	130,428	153,318	172,377	219,996	272,966	316,200	391,530	534,734	539,601	669,137	696,177	768,398	773,726	1,031,981	1,253,642
37	U.S. Treasury securities [10]	25,758	33,846	62,121	87,954	96,078	82,588	100,877	166,489	162,404	189,506	225,110	253,903	266,662	389,383	530,550
38	U.S. currency	54,200	59,600	63,700	68,900	73,000	78,400	84,200	90,100	108,900	124,300	137,700	156,600	180,000	192,300	209,600
39	U.S. securities other than U.S. Treasury securities [10]	92,988	113,811	128,477	207,868	309,803	341,732	392,292	482,864	467,437	559,180	620,219	730,569	752,784	999,537	1,225,487
40	Corporate and other bonds [10]	16,709	17,454	32,421	82,290	140,863	166,089	191,314	231,673	245,696	287,308	319,823	389,942	413,858	534,116	654,144
41	Corporate stocks [10]	76,279	96,357	96,056	125,578	168,940	175,643	200,978	251,191	221,741	271,872	300,396	340,627	338,926	465,421	571,343
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns [13].	27,532	61,731	77,415	86,993	90,703	110,187	144,548	167,093	213,406	208,908	220,666	229,038	197,325	232,891	271,535
43	U.S. liabilities reported by U.S. banks, not included elsewhere [14].	227,988	278,330	312,179	354,497	430,551	517,164	583,677	635,467	631,597	635,571	651,031	675,473	783,251	813,369	819,880

p Preliminary.
r Revised.
1. U.S. official gold stock valued at market price.
2. Also includes paid-in capital subscriptions to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.
3. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.
4. Estimates for 1982 forward are linked to both the 1982 and 1989 benchmark surveys of U.S. direct investment abroad.
5. Estimates for 1982 forward reflect new 1992 base-year price indexes for tangible assets, which replace the 1987 base-year price indexes previously used in the national income and product accounts.
6. Estimates are linked to both the 1982 and 1989 benchmark surveys of U.S. direct investment abroad.
7. Estimates include results of the Benchmark Survey of U.S. Ownership of Foreign Long-term Securities as of March 31, 1994, conducted by the U.S. Department of the Treasury.
8. Breaks in series reflect the following: In 1982, an increase in reporters' exemption levels; in 1983, the introduction of data from the United Kingdom and from the Bank for International Settlements (BIS) for Austria, Belgium, Denmark, Finland, Germany, Ireland, Luxembourg, Norway, Spain, Sweden, Switzerland, Caribbean banking centers, and Asian banking centers. BIS data was introduced for the Netherlands in 1986, and for France and Italy in 1989. BIS coverage for Switzerland was also improved in 1989. BIS coverage for Austria, Switzerland and Asian financial centers was adjusted in 1991. BEA methodology for estimating positions vis-a-vis Canada and Germany was adjusted beginning in 1993, and vis-a-vis Asian financial centers in 1994.
9. Breaks in the series reflect the following: in 1982, an increase in reporters' exemption levels; in 1988, the introduction of data on holdings of foreign commercial paper.
10. Estimates include results of 1978, 1984, and 1989 portfolio benchmark surveys conducted by the U.S. Department of the Treasury.
11. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.
12. Estimates for 1982 forward are linked to both the 1987 and 1992 benchmark surveys of foreign direct investment in the United States.
13. Breaks in series reflect the following: In 1982, an increase in reporters' exemption levels; in 1983, the introduction of data from the United Kingdom and BIS-source data for Caribbean and Asian banking centers.
14. A break in series in 1982 reflects an increase in reporters' exemption levels.

NOTE.—Revised area tables for 1982–96 are available upon request from the Balance of Payments Division (BE-58), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230.