

# U.S. International Transactions, Third Quarter 2003

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THE U.S. current-account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—decreased to \$135.0 billion in the third quarter of 2003 from \$139.4 billion (revised) in the second quarter (table A, chart 1).<sup>1</sup> The decrease was attributable to a decrease in the deficit on goods, to increases in the surpluses on services and on income, and to a decrease in net outflows for unilateral current transfers.

In the financial account, net recorded financial inflows—net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad—were \$123.3 billion in the third quarter, down from \$150.0 billion in the second quarter. Both financial inflows for foreign-owned assets in the United States and financial outflows for U.S.-owned assets abroad slowed, but inflows slowed more than outflows.

The statistical discrepancy—errors and omissions in recorded transactions—was a positive \$12.5 billion in

the third quarter, compared with a negative \$9.1 billion in the second quarter.

The following are highlights for the third quarter of 2003:

- The deficit on goods decreased, as goods exports increased more than goods imports.
- Travel and passenger fare receipts and payments rebounded.
- Direct investment income receipts and payments both increased to record levels.
- Net foreign purchases of U.S. securities decreased sharply, and transactions in foreign securities shifted to net U.S. purchases from net U.S. sales.
- Claims on foreigners reported by U.S. banks decreased in the third quarter, following a large increase in the second quarter.

## U.S. dollar in exchange markets

In the third quarter, the U.S. dollar on a nominal, trade-weighted quarterly average basis was unchanged against a group of seven major currencies that are widely traded in international markets (table B, chart 2). The dollar appreciated 1 percent against the euro, and it depreciated 1 percent against the Japanese yen.

1. Quarterly estimates of U.S. current- and financial-account components are seasonally adjusted when the series demonstrate statistically significant patterns. The accompanying tables present both adjusted and unadjusted estimates.

Table A. Summary of U.S. International Transactions

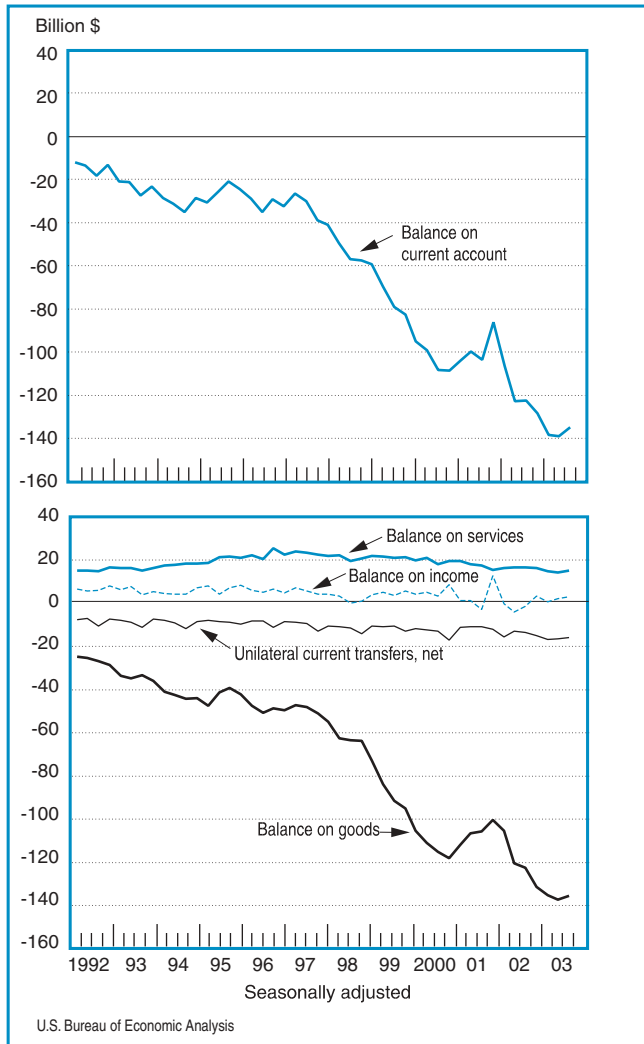
[Millions of dollars, quarters seasonally adjusted]

Line	Lines in tables 1 and 11 in which transactions are included are indicated in ( ) (Credits +; debits -)	2002	2002				2003			Change: 2003: II-III	January-September		
			I	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>		2002	2003	Change: 2002-2003
<b>Current account</b>													
1	Exports of goods and services and income receipts (1) .....	1,229,649	297,074	307,616	313,939	311,015	310,278	311,794	322,014	10,220	918,629	944,086	25,457
2	Goods, balance of payments basis (3) .....	681,874	165,298	171,421	174,315	170,840	173,346	174,247	177,858	3,611	511,034	525,451	14,417
3	Services (4) .....	292,233	71,144	72,275	73,500	75,311	74,031	73,237	76,812	3,575	216,919	224,080	7,161
4	Income receipts (12) .....	255,542	60,632	63,920	66,124	64,864	62,901	64,310	67,344	3,034	190,676	194,555	3,879
5	Imports of goods and services and income payments (18) .....	-1,651,657	-387,864	-416,962	-422,666	-424,165	-431,716	-434,248	-440,736	-6,488	-1,227,492	-1,306,700	-79,208
6	Goods, balance of payments basis (20) .....	-1,164,746	-271,331	-292,707	-297,627	-303,081	-309,364	-312,335	-314,090	-1,755	-861,665	-935,789	-74,124
7	Services (21) .....	-227,399	-55,168	-55,877	-57,168	-59,186	-59,642	-59,333	-61,897	-2,564	-168,213	-180,872	-12,659
8	Income payments (29) .....	-259,512	-61,365	-68,378	-67,871	-61,898	-62,710	-62,580	-64,749	-2,169	-197,614	-190,039	7,575
9	Unilateral current transfers, net (35) .....	-58,853	-15,938	-13,481	-13,997	-15,436	-17,269	-16,940	-16,319	621	-43,416	-50,528	-7,112
<b>Capital account</b>													
10	Capital account transactions, net (39) .....	-1,285	-277	-286	-364	-358	-388	-1,553	-795	758	-927	-2,736	-1,809
<b>Financial account</b>													
11	U.S.-owned assets abroad, net (increase/financial outflow (-)) (40) .....	-178,985	-35,227	-128,567	29,712	-44,902	-101,331	-112,818	-4,891	107,927	-134,082	-219,040	-84,958
12	U.S. official reserve assets, net (41) .....	-3,681	390	-1,843	-1,416	-812	83	-170	-611	-441	-2,869	-698	2,171
13	U.S. Government assets, other than official reserve assets, net (46) .....	-32	133	42	-27	-180	-70	427	530	103	148	887	739
14	U.S. private assets, net (50) .....	-175,272	-35,750	-126,766	31,155	-43,910	-101,344	-113,075	-4,810	108,265	-131,361	-219,229	-87,868
15	Foreign-owned assets in the United States, net (increase/financial inflow (+)) (55) .....	706,983	146,813	221,242	141,478	197,448	242,004	262,819	128,200	-134,619	509,533	633,023	123,490
16	Foreign official assets in the United States, net (56) .....	94,860	6,106	47,552	8,992	32,210	40,978	57,000	43,895	-13,105	62,650	141,873	79,223
17	Other foreign assets in the United States, net (63) .....	612,123	140,707	173,690	132,486	165,238	201,026	205,819	84,305	-121,514	446,883	491,150	44,267
18	Statistical discrepancy (sum of above items with sign reversed) (70) .....	-45,852	-4,581	30,438	-48,102	-23,602	-1,578	-9,054	12,527	21,581	-22,245	1,895	24,140
<b>Memoranda:</b>													
19	Balance on current account (76) .....	-480,861	-106,728	-122,827	-122,724	-128,586	-138,707	-139,394	-135,041	4,353	-352,279	-413,142	-60,863
20	Net financial flows (40 and 55) .....	527,998	111,586	92,675	171,190	152,546	140,673	150,001	123,309	-26,692	375,451	413,983	38,532

<sup>r</sup> Revised.

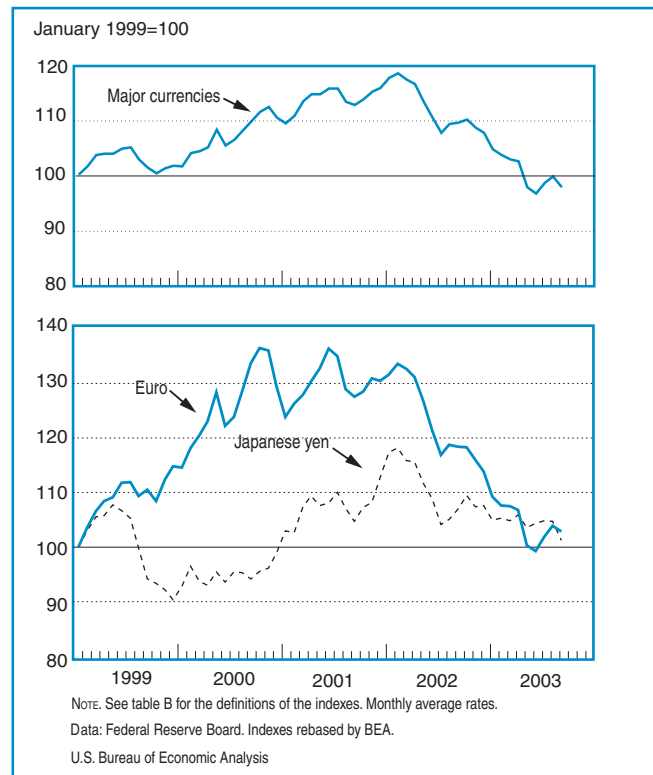
<sup>p</sup> Preliminary.

**Chart 1. U.S. Current-Account Balance and Its Components**



In the first half of the quarter, the dollar appreciated against most currencies, as economic data releases indicated that U.S. economic conditions were strengthening. During this time, U.S. long-term interest rates increased sharply, and U.S. stock prices also increased. At their quarterly peaks, long-term interest rates were 140 to 150 basis points above their second-quarter

**Chart 2. Nominal Indexes of Foreign Currency Price of the U.S. Dollar**



**Table B. Indexes of Foreign Currency Price of the U.S. Dollar**  
[January 1999=100]

	2002		2003			2002				2003								
	III	IV	I	II	III	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.
Nominal: <sup>1</sup>																		
Broad <sup>2</sup> .....	109.0	109.9	107.7	103.9	103.8	110.0	110.8	109.7	109.2	107.9	107.8	107.3	106.4	102.9	102.4	103.4	104.6	103.4
Major currencies <sup>3</sup> .....	108.7	108.7	103.6	98.9	98.6	109.4	110.0	108.5	107.5	104.6	103.5	102.7	102.4	97.7	96.6	98.5	99.7	97.7
Other important trading partners <sup>4</sup> .....	109.9	112.0	113.3	110.9	111.0	111.2	112.5	111.8	111.8	112.5	113.7	113.7	112.0	110.2	110.4	110.3	111.4	111.2
Real: <sup>1</sup>																		
Broad <sup>2</sup> .....	110.4	110.7	108.6	105.0	105.2	111.3	112.0	110.5	109.7	108.5	108.7	108.5	107.4	103.9	103.6	104.8	106.1	104.8
Major currencies <sup>3</sup> .....	112.5	112.3	107.5	102.7	102.7	113.3	113.8	112.2	110.8	108.2	107.5	106.8	106.4	101.3	100.3	102.5	103.8	101.9
Other important trading partners <sup>4</sup> .....	107.8	108.8	109.6	107.6	108.2	108.9	109.8	108.5	108.1	108.6	109.9	110.3	108.5	106.9	107.5	107.5	108.7	108.3
Selected currencies: (nominal) <sup>5</sup>																		
Canada .....	102.9	103.3	99.4	92.0	90.9	103.7	103.9	103.4	102.6	101.4	99.5	97.2	96.0	91.1	89.0	91.0	91.9	89.7
European currencies:																		
Euro area <sup>6</sup> .....	117.8	115.9	108.0	102.1	102.9	118.2	118.1	115.8	113.7	109.1	107.5	107.4	106.7	100.3	99.3	102.0	103.9	102.9
United Kingdom .....	106.5	105.0	103.0	101.9	102.4	106.0	105.9	105.0	104.0	102.0	102.6	104.3	104.8	101.7	99.3	101.7	103.5	102.1
Switzerland .....	107.4	105.8	98.6	96.4	99.0	107.8	107.8	105.8	103.9	99.3	98.2	98.3	99.5	94.6	95.2	98.2	99.7	99.2
Japan .....	105.3	108.1	105.0	104.6	103.6	106.9	109.4	107.3	107.6	104.9	105.3	104.8	105.8	103.6	104.4	104.8	104.7	101.3
Mexico .....	97.7	100.5	106.9	103.2	105.9	99.4	99.7	100.7	101.0	104.9	108.1	107.7	104.6	101.2	103.7	103.3	106.5	107.8
Brazil .....	207.3	242.9	231.2	197.3	194.2	221.9	251.1	237.6	239.9	227.3	237.8	228.6	205.6	195.2	191.1	190.7	198.8	193.1

1. For more information on the nominal and real indexes of the foreign exchange value of the U.S. dollar, see *Federal Reserve Bulletin* 84 (October 1998): 811-818.  
 2. Weighted average of the foreign exchange value of the U.S. dollar against the currencies of a broad group of U.S. trading partners, including the currencies of the euro-area countries, Australia, Canada, Japan, Sweden, Switzerland, United Kingdom, Argentina, Brazil, Chile, Colombia, Mexico, Venezuela, China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Israel, Saudi Arabia, and Russia. Data: Federal Reserve Board. Monthly and quarterly average rates. Index rebased by BEA.  
 3. Weighted average of the foreign exchange value of the U.S. dollar against broad-index currencies that circulate widely outside the country of issue, including the currencies of the euro-area countries, Australia, Canada, Japan, Sweden, Switzerland, and the United Kingdom. The weight for each currency is its broad-index weight divided by the sum of the broad-index weights for all of the currencies included in the major

currency index. Data: Federal Reserve Board. Monthly and quarterly average rates. Index rebased by BEA.  
 4. Weighted average of the foreign exchange value of the U.S. dollar against broad-index currencies that do not circulate widely outside the country of issue, including the currencies of Argentina, Brazil, Chile, Colombia, Mexico, Venezuela, China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Israel, Saudi Arabia, and Russia. The weight for each currency is its broad-index weight divided by the sum of the broad-index weights for all of the currencies included in the other important trading partners index. Data: Federal Reserve Board. Monthly and quarterly average rates. Index rebased by BEA.  
 5. Data: Federal Reserve Board. Monthly and quarterly average rates. Indexes prepared by BEA.  
 6. The euro area includes Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain.

lows. However, in September, the dollar depreciated as new reports on the U.S. economy were released and U.S. long-term interest rates decreased 40 to 50 basis points. U.S. monetary authorities left the target level for the Federal funds rate at 1 percent and stated that an accommodative monetary policy could be maintained for a considerable period of time.

Economic data releases indicated that economic activity in the euro area changed little, and the European Central Bank left the minimum bid rate on main refinancing operations unchanged. In contrast, data releases indicated that Japanese economic activity was strengthening. Forecasts of future Japanese economic activity were revised upward, and Japanese stock prices increased more than in most countries. The Bank of Japan made intervention purchases of dollars for yen in foreign exchange markets on several occasions.

## Current Account

### Goods and services

The deficit on goods and services decreased to \$121.3 billion in the third quarter from \$124.2 billion in the second quarter. The deficit on goods decreased, and the surplus on services increased.

### Goods

The deficit on goods decreased to \$136.2 billion in the third quarter from \$138.1 billion in the second after increasing in the previous six quarters. In the third quarter, exports increased twice as much as imports.

**Exports.** Goods exports increased \$3.6 billion, or 2 percent, to \$177.9 billion in the third quarter. Real exports increased 2 percent, and export prices changed

little (table C).<sup>2</sup>

After decreasing from the fourth quarter of 2000 to the first quarter of 2002, exports have increased in five of the last six quarters, though by generally modest amounts (chart 3). The increase in the third quarter of 2003 mostly resulted from a rebound in capital goods.

2. Quantity (real) estimates are calculated using a chain-type Fisher formula with annual weights for all years and quarterly weights for all quarters. Real estimates are expressed as chained (2000) dollars. Price indexes (2000=100) are also calculated using a chain-type Fisher formula.

Chart 3. U.S. Trade in Goods

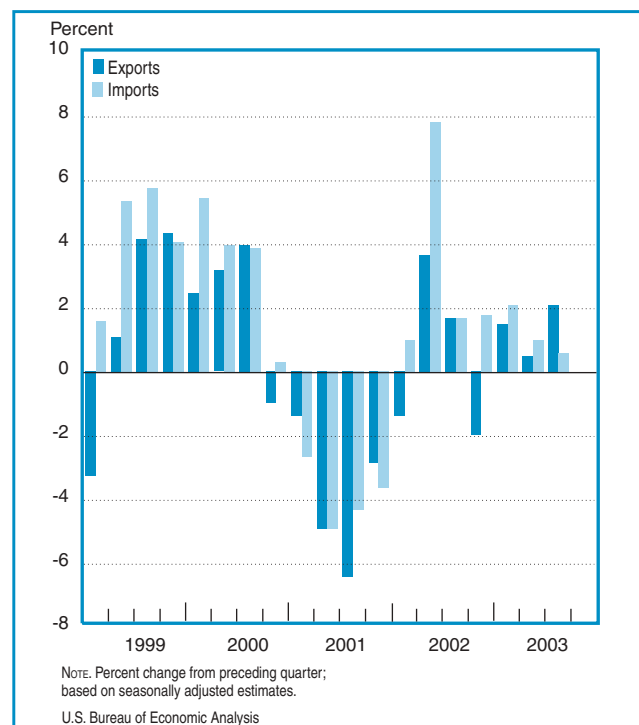


Table C. U.S. Trade in Goods, Current and Chained (2000) Dollars, and Percent Changes From Previous Period

[Balance of payments basis, millions of dollars, quarters seasonally adjusted]

	Current dollars									Chained (2000) dollars <sup>1</sup>								
	2001	2002	2002				2003			2001 <sup>r</sup>	2002 <sup>r</sup>	2002				2003		
			I	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>			I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>r</sup>	I <sup>r</sup>	II <sup>r</sup>	III <sup>p</sup>
Exports .....	718,712	681,874	165,298	171,421	174,315	170,840	173,346	174,247	177,858	723,662	691,079	168,944	174,286	175,786	172,025	173,071	173,227	176,922
Agricultural products .....	54,889	54,513	13,723	13,506	13,557	13,727	14,228	14,369	15,206	54,506	53,141	13,914	13,554	12,885	12,849	13,203	13,070	13,571
Nonagricultural products .....	663,823	627,361	151,575	157,915	160,758	157,113	159,118	159,878	162,652	669,102	637,821	155,004	160,718	162,907	159,160	159,829	160,128	163,289
Imports .....	1,145,927	1,164,746	271,331	292,707	297,627	303,081	309,364	312,335	314,090	1,180,942	1,221,612	291,165	306,192	309,274	314,517	312,218	320,827	320,592
Petroleum and products .....	103,588	103,491	19,140	27,052	27,913	29,386	33,983	32,629	34,270	124,372	120,899	28,655	30,889	30,014	31,341	30,306	33,842	33,574
Nonpetroleum products .....	1,042,339	1,061,255	252,191	265,655	269,714	273,695	275,381	279,706	279,820	1,057,547	1,100,579	262,535	275,410	279,302	283,258	281,939	286,913	286,918

	Percent change from previous period (current dollars)									Percent change from previous period (chained (2000) dollars)								
	2001	2002	2002				2003			2001 <sup>r</sup>	2002 <sup>r</sup>	2002				2003		
			I	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>			I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>r</sup>	I <sup>r</sup>	II <sup>r</sup>	III <sup>p</sup>
Exports .....	-6.9	-5.1	-1.4	3.7	1.7	-2.0	1.5	0.5	2.1	-6.3	-4.5	-1.0	3.2	0.9	-2.1	0.6	0.1	2.1
Agricultural products .....	4.0	-0.7	-1.0	-1.6	0.4	1.3	3.6	1.0	5.8	3.2	-2.5	-0.3	-2.6	-4.9	-0.3	2.8	-1.0	3.8
Nonagricultural products .....	-7.7	-5.5	-1.4	4.2	1.8	-2.3	1.3	0.5	1.7	-7.0	-4.7	-1.1	3.7	1.4	-2.3	0.4	0.2	2.0
Imports .....	-6.4	1.6	1.0	7.9	1.7	1.8	2.1	1.0	0.6	-3.6	3.4	1.6	5.2	1.0	1.7	-0.7	2.8	-0.1
Petroleum and products .....	-13.8	-0.1	-5.5	41.3	3.2	5.3	15.6	-4.0	5.0	3.5	-2.8	-5.2	7.8	-2.8	4.4	-3.3	11.7	-0.8
Nonpetroleum products .....	-5.6	1.8	1.6	5.3	1.5	1.5	0.6	1.6	0.0	-4.2	4.1	2.2	4.9	1.4	1.4	-0.5	1.8	0.0

<sup>r</sup> Revised.

<sup>p</sup> Preliminary.

1. Because chain indexes use weights of more than one period, the corresponding chained dollar estimates are usually not additive.

In the third quarter, capital goods increased \$2.9 billion, to \$73.4 billion. In both dollar and percentage terms, the increase was the largest in 3 years. Civilian aircraft, engines, and parts increased \$1.0 billion, following three quarters of decline, mostly as a result of a rise in completed civilian aircraft to Singapore, Taiwan, and Australia. Computers, peripherals, and parts increased \$0.9 billion, the largest increase in 3 years, mainly to Mexico. Semiconductors increased \$0.4 billion, mainly to Taiwan. Telecommunications equipment increased \$0.1 billion, the second consecutive quarterly increase after 10 quarters of decline.

Agricultural products increased \$0.8 billion, the largest increase in several years, to \$15.2 billion. The increase was largely attributable to sharp increases in wheat, mainly to Africa, and in "other" agricultural industrial supplies. Consumer goods increased \$0.7 billion, to \$22.7 billion. Durable goods, nondurable goods, and unmanufactured consumer goods all increased.

In contrast, nonagricultural industrial supplies and materials decreased \$0.4 billion, to \$40.1 billion; an increase in chemicals was more than offset by decreases in iron and steel products and in fuels and lubricants. Automotive vehicles, engines, and parts decreased \$0.3 billion, to \$19.7 billion, as a result of a decrease in shipments of passenger cars to Canada.

**Imports.** Goods imports increased \$1.8 billion, or 1 percent, to \$314.1 billion. The increase was mostly accounted for by a rise in imports of petroleum and petroleum products. In percentage terms, real imports were unchanged, and import prices increased 1 percent (table C).

After decreasing throughout 2001, imports have increased for seven consecutive quarters, though by generally modest amounts (chart 3). The increase in the third quarter of 2003 was the smallest in recent quarters despite a surge in U.S. economic growth.

In the third quarter, petroleum and petroleum products increased \$1.6 billion, to \$34.3 billion. The average price per barrel increased 6 percent, to \$28.04 in the third quarter from \$26.47 in the second. In contrast, the average number of barrels imported daily decreased slightly, to 13.39 million from 13.50 million.

Nonpetroleum industrial supplies and materials increased \$1.2 billion, to \$46.6 billion. Most of the increase was accounted for by a sharp rise in building materials, mainly from Canada, and by increases in chemicals and in steelmaking materials. Capital goods except automotive vehicles and parts increased \$1.0 billion, to \$74.0 billion. Most of the increase was accounted for by increases in "other" industrial, agricultural, and service industry machinery from China and Western Europe and in computers, peripherals, and

### Revisions to the Estimates for the Second Quarter of 2003

The international transactions accounts estimates for the second quarter of 2003 have been revised from the preliminary estimates that were published in the October 2003 SURVEY OF CURRENT BUSINESS. The current-account deficit for the second quarter was revised to \$139.4 billion from \$138.7 billion. The goods deficit was revised to \$138.1 billion from \$138.0 billion; the services surplus was revised to \$13.9 billion from \$14.6 billion; the income surplus was virtually unrevised at \$1.7 billion; and unilateral current transfers were virtually unrevised at net outflows of \$16.9 billion. Net recorded financial inflows were revised to \$150.0 billion from \$148.6 billion.

In addition, the reference year for the estimates of real exports and real imports has been updated (table C). These estimates are now expressed in chained (2000) dollars; previously, they were expressed in chained (1996) dollars. The reference year was updated to be consistent with the reference year for the chained-dollar estimates published in the national income and product accounts, which underwent a comprehensive revision in December 2003.

parts from China.

In contrast, automotive vehicles, engines, and parts decreased a record \$2.1 billion, to \$50.8 billion, as a result of a substantial decline in passenger cars. Consumer goods changed little for the second consecutive quarter; an increase in durable goods, mainly recreational and home entertainment equipment from China, was offset by a decrease in nondurable goods, mainly apparel, footwear and household goods from Latin America.

**Balances by area.** The goods deficit with Mexico decreased \$2.1 billion, reflecting higher exports and lower imports.<sup>3</sup> The deficit with Germany decreased \$1.8 billion, mostly as a result of lower imports of passenger cars. The balance with Singapore shifted \$1.5 billion to a surplus from a deficit, largely reflecting an increase in exports of aircraft, and the deficit with Japan fell \$1.2 billion. In contrast, the goods deficit with China, the largest deficit with any country, increased

3. Seasonally adjusted estimates of exports for areas and countries are derived by applying seasonal factors for total U.S. agricultural and nonagricultural exports to the unadjusted agricultural and nonagricultural exports for areas and countries and then summing the seasonally adjusted estimates. Seasonally adjusted estimates of imports for areas and countries are derived by applying seasonal factors for total U.S. petroleum and nonpetroleum imports to the unadjusted petroleum and nonpetroleum imports for areas and countries and then summing the seasonally adjusted estimates. (The seasonal factors are derived from the seasonal adjustment of U.S. exports and U.S. imports by five-digit end-use commodity category.)

\$5.3 billion as a result of a surge in imports.

### Services

The surplus on services increased to \$14.9 billion in the third quarter from \$13.9 billion in the second. Services receipts increased \$3.6 billion, to \$76.8 billion, and services payments increased \$2.6 billion, to \$61.9 billion.

Both travel receipts and travel payments rebounded in the third quarter after declining substantially in the previous two quarters. In the first half of 2003, concerns about the spread of the severe acute respiratory syndrome and tensions about the situation in Iraq contributed to a decline in the number of international travelers. In the third quarter, these concerns eased, and both the number of foreign visitors to the United

States and the number of U.S. residents traveling abroad increased. As a result, travel receipts increased \$2.0 billion, to \$16.6 billion, and travel payments increased \$1.6 billion, to \$14.5 billion.

Passenger fare receipts increased \$0.6 billion, to \$4.1 billion, and passenger fare payments increased \$0.6 billion, to \$5.3 billion, reflecting the increase in the number of international travelers.

“Other” transportation receipts decreased \$0.1 billion, to \$7.8 billion. A decrease in freight services was largely offset by an increase in air port services. “Other” transportation payments increased slightly, to \$11.3 billion.

“Other” private services receipts increased \$0.4 billion, to \$32.7 billion. The increase was more than accounted for by a step-up in business, professional, and

### Relief and Reconstruction Activities in Iraq and the International Transactions Accounts

Transactions associated with relief and reconstruction activities in Iraq are included in several international transactions accounts. The major types of transactions that are part of Operation Iraqi Freedom and their location in the accounts are listed below.

Shipments of food and other commodities and supplies, such as those related to health and nutrition, are included in goods exports (table 1, line 3).

Services provided by U.S. companies under contracts with U.S. military agencies, such as the Army Corps of Engineers, are included in services exports as a component of “transfers under U.S. military agency sales contracts” (table 1, line 5). Services provided by U.S. companies under contracts with U.S. nonmilitary agencies, such as the Agency for International Development (AID), are included in services exports as a component of “other private services” (table 1, line 10). A large share of the contracts awarded to U.S. companies are subcontracted to foreign firms.

Purchases from foreigners by U.S. companies under contracts with the Army Corps of Engineers are included in services imports as a component of “direct defense expenditures” (table 1, line 22). Purchases from foreigners by U.S. companies for *nonconstruction* projects under contracts with AID are included in services imports in “other private services” (table 1, line 27). By convention, purchases by U.S. companies for *construction* projects under contracts with AID and other nonmilitary agencies have a special treatment; these purchases are subtracted from construction exports, and the result is recorded as a net export of construction services, that is, as a component of “other private services” (table 1, line 10).

U.S. Government grants (table 1, line 36) include disbursements from congressionally appropriated funds.

Currency found in various locations throughout Iraq in 2003 has provided a source of funding for infrastructure projects, but expenditures of these funds are not included in the international accounts. In addition, Iraqi funds on deposit in the United States were frozen after Iraq invaded Kuwait in 1990. As a result of an executive order, these funds have also been made available to U.S. administrators for expenditures on infrastructure projects in 2003. Flows of funds from these bank accounts in the United States are included in the financial account as decreases in U.S. bank liabilities to foreigners (table 1, line 69).

Funds channeled through the United Nations Development Fund for Iraq are excluded from the financial account, unless the United Nations funds are deposited in a U.S. bank. These funds belong to the United Nations, which is an international organization and not a U.S. resident.

Expenditures of the U.S. Department of Defense and its military agencies for overhead, salaries, transportation, purchases of munitions and supplies from U.S. suppliers, and all other purchases of goods and services from U.S. residents are excluded from the international accounts. For purposes of constructing the economic accounts, the U.S. military is defined as a U.S. resident regardless of where its bases and personnel are located around the world.

Thus, transactions in the international accounts present only a partial picture of current relief efforts and military operations in Iraq. BEA's current estimates of relief and reconstruction transactions are small relative to other transactions included in individual lines. The largest transactions are associated with U.S. Government grants, which are estimated at \$0.5 billion in the second quarter and at \$1.7 billion in the third quarter.

technical services. Receipts for financial services and for education also increased. "Other" private services payments increased \$0.4 billion, to \$19.3 billion. The increase was more than accounted for by increases in business, professional, and technical services, in financial services, and in insurance services.

### Income

The surplus on income increased to \$2.6 billion in the third quarter from \$1.7 billion in the second. A \$3.0 billion increase in income receipts, to \$67.3 billion, was largely offset by a \$2.2 billion increase in income payments, to \$64.7 billion.

Receipts of income on U.S. direct investment abroad increased \$2.8 billion, to a record \$42.4 billion. Earnings have been strong in the last several quarters, partly as a result of the improvement in foreign economic conditions and the appreciation of foreign currencies against the U.S. dollar. In the third quarter, earnings of foreign affiliates in Asian countries, particularly Singapore and Malaysia, and in Brazil and Australia increased the most.

Payments of income on foreign direct investment in the United States increased \$1.0 billion, to a record \$18.4 billion. Earnings increased for the third consecutive quarter partly as a result of the strengthening of U.S. economic activity. In the third quarter, earnings increased most in "other" industries, such as real estate and rental and leasing. Manufacturing earnings also increased.

Receipts of "other" private income increased \$0.3 billion, to \$22.9 billion, after decreasing in the previous four quarters. Increases in dividends and interest earned on U.S. holdings of foreign securities, resulting from a rise in average holdings, more than offset decreases in interest earned on bank and nonbank claims.

Payments of "other" private income increased \$1.2 billion, to \$28.0 billion, after decreasing in the previous four quarters. The increase was more than accounted for by increases in dividends and interest paid on foreign holdings of U.S. securities that resulted from higher average holdings and yields. Interest payments on both bank liabilities and nonbank liabilities decreased.

### Unilateral current transfers

Unilateral current transfers were net outflows of \$16.3 billion in the third quarter, down from net outflows of \$16.9 billion in the second quarter. U.S. Government grants were \$5.3 billion in the third quarter, down from \$5.7 billion in the second quarter; \$1.7 billion of the third-quarter amount and \$0.5 billion of the second-quarter amount were attributable to transactions

with Iraq (see the box on page 73).

### Capital Account

Capital account transactions were net outflows of \$0.8 billion in the third quarter, down from net outflows of \$1.6 billion in the second.

### Financial Account

Net recorded financial inflows—net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad—were \$123.3 billion in the third quarter, down from \$150.0 billion in the second. Both financial inflows for foreign-owned assets in the United States and financial outflows for U.S.-owned assets abroad were substantially lower in the third quarter than in the second, but inflows fell more than outflows.

### U.S.-owned assets abroad

Net U.S.-owned assets abroad increased \$4.9 billion in the third quarter after increasing \$112.8 billion in the second quarter. The slowdown was attributable to decreases in U.S. claims on foreigners reported by U.S. banks and by nonbanks after increases in the second quarter. In contrast, transactions in foreign securities shifted to net U.S. purchases from net U.S. sales, and net outflows for U.S. direct investment abroad increased.

**U.S. official reserve assets.** U.S. official reserve assets increased \$0.6 billion in the third quarter after increasing \$0.2 billion in the second quarter. The third-quarter increase was largely accounted for by an increase in the U.S. reserve position in the International Monetary Fund (IMF), reflecting net borrowing of U.S. dollars from the IMF by Brazil and Uruguay.

**Claims reported by banks and by nonbanks.** U.S. claims on foreigners reported by U.S. banks and securities brokers decreased \$39.3 billion in the third quarter in contrast to an increase of \$72.8 billion in the second quarter (chart 4).

Claims for own accounts denominated in dollars decreased \$9.5 billion in contrast to an increase of \$52.7 billion in the second quarter. In the third quarter, interbank claims fell sharply as a result of dollar payments to U.S. banks by their own offices in the Caribbean and Western Europe. Foreign demand for U.S. bank credit weakened, partly as a result of a sharp drop in net foreign purchases of U.S. securities and subdued syndicated lending. In contrast, securities brokers' and dealers' claims increased strongly, largely reflecting an increase in resale agreements.

Claims for customers' accounts denominated in dollars decreased \$17.2 billion in contrast to an increase of \$24.0 billion in the second quarter. In the

third quarter, decreases in dollar deposits abroad and in holdings of foreign commercial paper more than offset increases in holdings of negotiable certificates of deposits and other short-term instruments.

Claims reported by U.S. nonbanking concerns decreased \$22.2 billion in contrast to an increase of \$19.1 billion in the second quarter.

**Foreign securities.** Transactions in foreign securities shifted to net U.S. purchases of \$28.8 billion in the third quarter from net U.S. sales of \$8.7 billion in the second quarter. The shift was attributable to a pickup in net U.S. purchases of foreign stocks and a slowdown in net U.S. sales of foreign bonds.

Net U.S. purchases of foreign stocks increased to \$30.1 billion from \$16.9 billion. The increase was more than accounted for by a surge in net U.S. purchases from Japan and Asian emerging markets. Net U.S. purchases of Asian stocks were spurred by indications that the U.S. and Japanese economies were strengthening and that this strengthening would especially benefit

Asian exporters. Stock markets around the world rallied, and the largest price increases were in emerging markets, which have underperformed most major developed stock markets in recent years. In local currency terms, foreign stock prices increased 6 percent, and U.S. stock prices increased 2 percent during the quarter.

Net U.S. sales of foreign bonds decreased to \$1.2 billion from a record \$25.6 billion. The drop was largely attributable to a shift to net U.S. purchases from Europe after six consecutive quarters of net U.S. sales. In the third quarter, substantial net U.S. purchases from the United Kingdom, where the bonds of many countries are traded, may have partly reflected U.S. investors' desire to shift some funds into higher yielding emerging market bonds. Foreign new issues in the United States edged higher as a result of increased issuance by Latin American governments and private corporations.

**Direct investment.** Net financial outflows for U.S. direct investment abroad increased to \$37.5 billion in the third quarter from \$29.9 billion in the second. The increase was mostly accounted for by a shift in inter-company debt to net outflows from net inflows, largely reflecting an increase in U.S. parents' lending to their finance affiliates in the United Kingdom; an increase in reinvested earnings also contributed to the increase in total outflows. In contrast, net equity capital outflows decreased. These outflows in recent quarters have been very weak as a result of the absence of large-scale U.S. acquisitions of foreign companies.

**Foreign-owned assets in the United States**

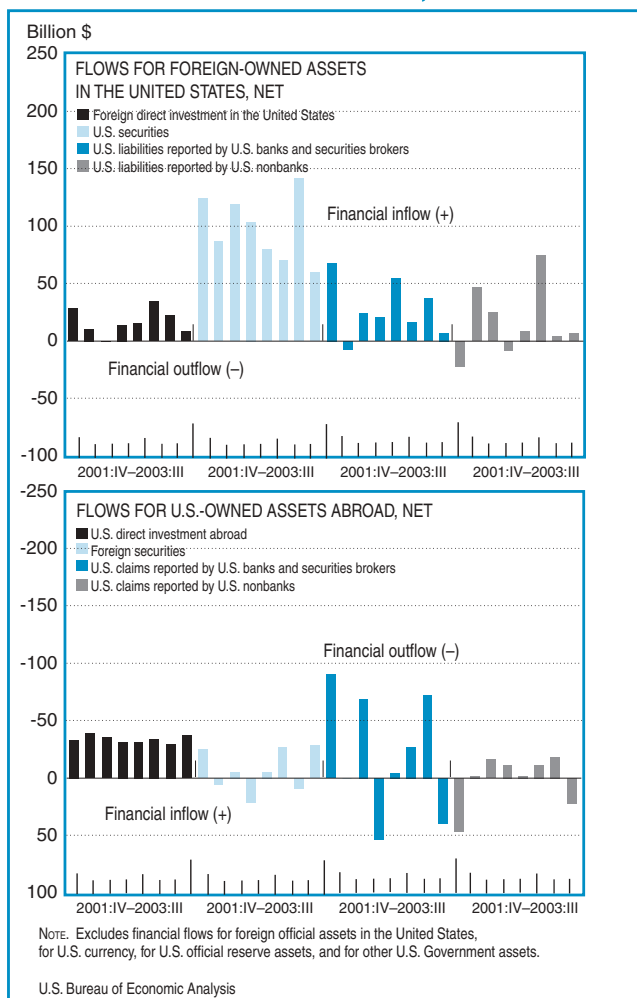
Net foreign-owned assets in the United States increased \$128.2 billion in the third quarter after increasing \$262.8 billion in the second quarter. The slowdown was mostly attributable to a sharp decline in net foreign purchases of U.S. securities. In addition, financial inflows for U.S. liabilities reported by banks, for foreign direct investment in the United States, and for foreign official assets in the United States also slowed.

**Foreign official assets.** Foreign official assets in the United States increased \$43.9 billion in the third quarter, following a record increase of \$57.0 billion in the second quarter. Assets of Asian countries increased strongly for the third consecutive quarter, partly reflecting intervention purchases of U.S. dollars in foreign exchange markets by Asian countries.

**Liabilities reported by banks and by nonbanks.** U.S. liabilities to foreigners reported by U.S. banks and securities brokers, excluding U.S. Treasury securities, increased \$7.1 billion in the third quarter after increasing \$36.8 billion in the second quarter.

Liabilities for banks' own accounts denominated in

**Chart 4. Selected Financial Flows, 2001:IV–2003:III**



dollars increased \$41.3 billion after increasing \$34.8 billion. The third-quarter increase was more than accounted for by substantial borrowing by U.S. brokers and dealers, largely in the form of repurchase agreements with affiliated offices in Western Europe. Brokers' and dealers' increased borrowing may have partly been associated with their increased lending to foreigners. In contrast, banks' liabilities decreased, as their demand for funds from abroad weakened amid sluggish domestic and international lending.

Liabilities for customers' accounts denominated in dollars decreased \$26.6 billion, in contrast to an increase of \$18.8 billion in the second quarter. The large third-quarter decrease was attributable to decreases in negotiable certificates of deposit and other short-term instruments and in "other" liabilities.

Liabilities reported by U.S. nonbanking concerns increased \$6.8 billion after increasing \$4.1 billion.

**U.S. Treasury securities.** Net purchases of U.S. Treasury securities by private foreigners decreased to \$49.9 billion in the third quarter from \$55.0 billion in the second (chart 5). Foreign demand for U.S. Treasury securities remained strong, and the largest net purchases came from Japan and the United Kingdom. The U.S. Treasury market was exceptionally volatile. Treasury bond prices fell sharply in July, which resulted in the largest negative total returns in more than two decades. However, in September, the market reversed course, and Treasury bond prices increased strongly, which resulted in the largest positive total returns in more than a decade. September's gains were smaller than July's losses, and long-term interest rates were substantially higher at the end of the quarter than at

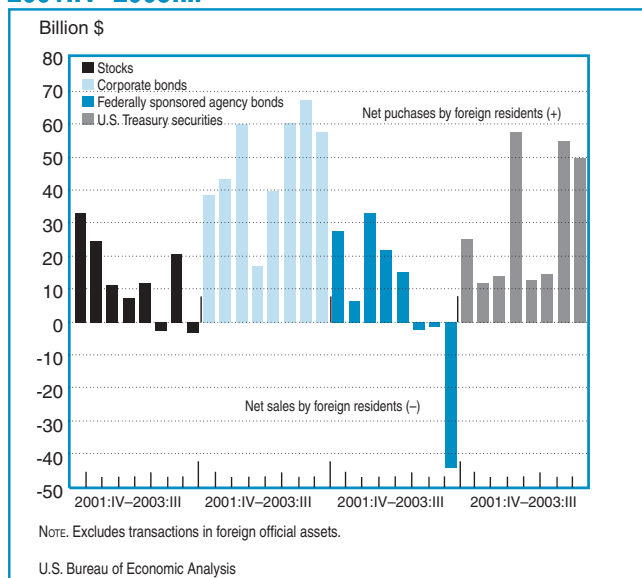
the beginning of the quarter.

**Other U.S. securities.** Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$9.6 billion in the third quarter, down sharply from \$86.0 billion in the second quarter. The third-quarter net foreign purchases were the lowest in 5 years. Transactions in U.S. stocks shifted to net foreign sales from net foreign purchases, net foreign purchases of U.S. corporate bonds decreased, and net foreign sales of federally sponsored agency bonds increased strongly. The drop in foreign demand for U.S. securities was partly attributable to an overall improvement in the global economy that created attractive investment opportunities abroad, particularly in emerging markets.

Transactions in U.S. stocks shifted to net foreign sales of \$3.5 billion from net foreign purchases of \$20.6 billion, despite increases in U.S. stock prices and indications that the economic recovery in the United States was being sustained. All major U.S. stock indexes posted gains for the second consecutive quarter; the NASDAQ Composite Index gained 10 percent, the Dow Jones Industrial Average Index, 3 percent, and the S&P 500 Index, 2 percent. Net foreign sales were largest from Canada and Japan, where stock markets markedly outperformed the U.S. market, and from the United Kingdom.

Net foreign purchases of U.S. corporate bonds decreased to \$57.5 billion from a record \$67.2 billion. Demand for U.S. corporate bonds remained strong, as corporate earnings and balance sheets continued to strengthen in an environment of improving economic conditions. Despite the heightened volatility in bond markets, the spread on high-yield corporate bonds

**Chart 5. Transactions in U.S. Securities, 2001:IV–2003:III**



#### Data Availability

Interactive access to the estimates that are presented in tables 1–12 of the U.S. international transactions accounts (table 12 is presented once a year in the July SURVEY OF CURRENT BUSINESS) is available on BEA's Web site at <[www.bea.gov](http://www.bea.gov)>. You may view the most recent quarterly estimates (annual estimates for table 12) for an entire table with one mouse click, or you may select the period, frequency, and lines that you wish to view. The estimates are available in an HTML table or as comma-separated values that can be downloaded and imported into a spreadsheet or a database.

The current and historical estimates in tables 1–12 are also available as compressed files on BEA's Web site; click on "Publications," and look under "Catalog of Products," "International Accounts Products," "Balance of Payments."



over U.S. Treasury bonds narrowed by 63 basis points, and the spread on investment-grade corporate bonds narrowed by 10 basis points (chart 6).

Net foreign sales of federally sponsored agency bonds increased to a record \$44.5 billion from \$1.8 billion. The large increase was accounted for by a decrease in gross foreign purchases and by an increase in prepayments of mortgage-backed agency bonds to a new record level, as refinancing activity remained strong. The drop in foreign demand for agency bonds may have partly reflected a shift of funds into higher yielding assets by some investors, as the world economic outlook brightened. The spread on agency bonds over U.S. Treasury bonds widened by 10 basis points, as financial market regulators began looking into the accounting practices of some agency issuers.

**U.S. currency flows.** Net U.S. currency shipments to foreigners increased to \$2.8 billion in the third quarter from \$1.5 billion in the second.

**Direct investment.** Net financial inflows for foreign direct investment in the United States decreased to \$8.1 billion in the third quarter from \$22.4 billion in the second quarter. The decrease was more than accounted for by a shift in intercompany debt to net outflows from net inflows, partly reflecting a shift to net outflows to parent companies in Germany. In contrast, reinvested earnings and net equity capital inflows both increased. Reinvested earnings have been especially strong in 2003 as a result of the rebound in U.S. affiliates' earnings.

*Tables 1 through 11 follow.*

**Chart 6. U.S. Bond Yields and Spreads**

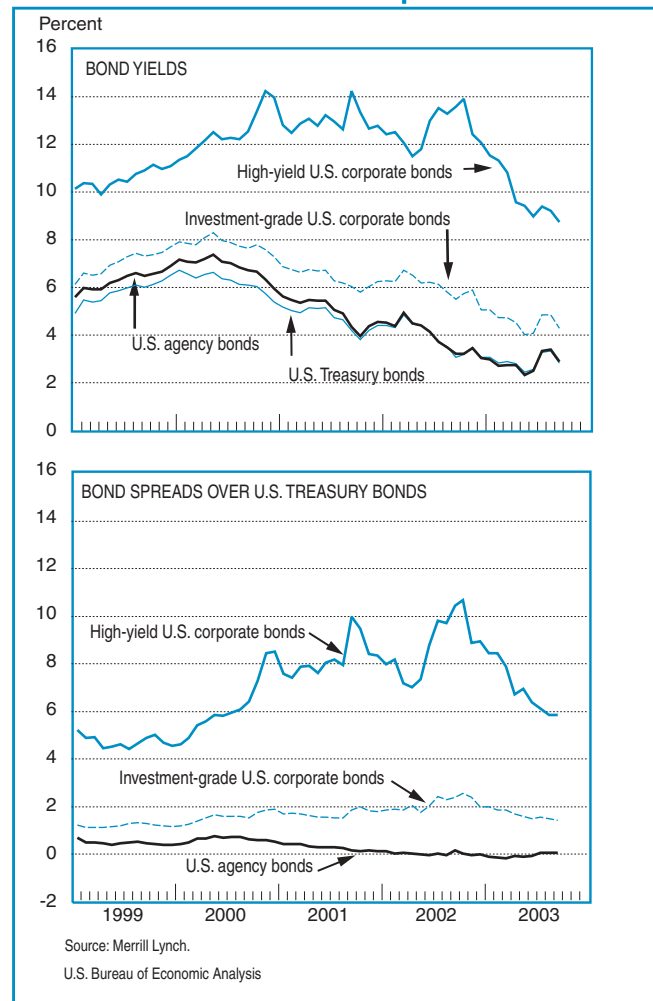














Table 4. U.S. Official Reserve Assets and Foreign Official Assets in the United States

[Millions of dollars]

Line	(Credits +; decrease in U.S. assets or increase in foreign assets. Debits -; increase in U.S. assets or decrease in foreign assets.)	2002	Not seasonally adjusted						Amounts outstanding Sept. 30, 2003	
			2002				2003			
			I	II	III	IV	I	II <sup>r</sup>		III <sup>p</sup>
A1	<b>U.S. official reserve assets, net (table 1, line 41)</b> .....	<b>-3,681</b>	<b>390</b>	<b>-1,843</b>	<b>-1,416</b>	<b>-812</b>	<b>83</b>	<b>-170</b>	<b>-611</b>	<b>174,729</b>
2	Gold (table 1, line 42) .....									101,484
3	Special drawing rights (table 1, line 43) .....	-475	-109	-107	-132	-127	897	-102	-97	12,062
4	Reserve position in the International Monetary Fund (table 1, line 44) ..	-2,632	652	-1,607	-1,136	-541	-644	86	-383	24,067
5	Foreign currencies (table 1, line 45) .....	-574	-153	-129	-148	-144	-170	-154	-131	37,116
B1	<b>Foreign official assets in the United States, net (table 1, line 56)</b> .....	<b>94,860</b>	<b>6,106</b>	<b>47,552</b>	<b>8,992</b>	<b>32,210</b>	<b>40,978</b>	<b>57,000</b>	<b>43,895</b>	<b>1,277,613</b>
	By instrument:									
2	U.S. Treasury securities (table 1, line 58) .....	43,144	-1,039	15,138	1,415	27,630	22,288	35,349	16,271	779,237
3	Bills and certificates .....	28,656	-843	14,810	9,501	5,188	15,778	3,914	-3,236	206,721
4	Bonds and notes, marketable .....	15,131	56	487	-8,144	22,732	6,457	31,380	19,451	569,584
5	Bonds and notes, nonmarketable .....	-643	-252	-159	58	-290	53	55	56	2,932
6	Other U.S. Government securities (table 1, line 59) .....	30,377	7,296	6,568	10,885	5,628	9,480	3,290	3,340	203,782
7	Other U.S. Government liabilities (table 1, line 60) .....	137	-597	365	464	-95	-437	-16	-41	16,651
8	U.S. liabilities reported by U.S. banks, not included elsewhere (table 1, line 61) .....	17,594	-280	24,575	-4,607	-2,094	8,321	17,628	22,879	190,302
9	Banks' liabilities for own account <sup>1</sup> .....	6,998	-4,139	13,394	3,519	-5,776	5,018	9,104	16,300	121,322
10	Repurchase agreements .....						8,776	5,291	17,962	88,249
11	Deposits and brokerage balances <sup>2</sup> .....	-2,039	-5,147	-707	-902	4,717	1,125	1,235	-3,337	20,430
12	Other liabilities .....	9,037	1,008	14,101	4,421	-10,493	-4,883	2,578	1,675	12,643
13	Banks' customers' liabilities <sup>1</sup> .....	10,596	3,859	11,181	-8,126	3,682	3,303	8,524	6,579	68,980
14	Negotiable certificates of deposit and other short-term instruments	11,602	3,716	11,372	-8,048	4,562	2,482	4,329	4,988	62,309
15	Other liabilities .....	-1,006	143	-191	-78	-880	821	4,195	1,591	6,671
16	Other foreign official assets (table 1, line 62) .....	3,608	726	906	835	1,141	1,326	749	1,446	87,641
	By area:									
17	Europe .....	30,096	-1,254	11,977	6,920	12,453	7,448	2,589	517	302,738
18	Canada .....	-2,333	868	-3,199	-995	993	-1,262	-168	407	10,799
19	Latin America and Caribbean .....	-7,815	-4,488	-2,071	-2,299	1,043	59	8,092	351	75,069
20	Asia .....	70,798	10,516	40,138	5,439	14,705	37,220	41,768	44,937	860,552
21	Africa .....	-130	-2,345	1,291	-1,051	1,975	-118	505	-972	14,929
22	Other .....	4,244	2,809	-584	978	1,041	-2,369	4,214	-1,345	13,526

See the footnotes on pages 98-99.



Table 5. Selected U.S. Government Transactions

[Millions of dollars]

Line		2002	Not seasonally adjusted						
			2002				2003		
			I	II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>
A1	<b>U.S. Government grants and transactions increasing Government assets, total</b>	<b>23,007</b>	<b>7,263</b>	<b>3,827</b>	<b>4,636</b>	<b>7,281</b>	<b>8,451</b>	<b>8,450</b>	<b>7,293</b>
	<b>By category</b>								
2	Grants, net	17,290	6,402	3,303	3,157	4,429	5,910	6,922	5,796
3	U.S. Government current grants, net (table 1, line 36, with sign reversed)	17,097	6,397	3,287	3,075	4,338	5,813	5,654	5,309
4	Financing military purchases <sup>1</sup>	5,818	3,504	617	319	1,378	2,979	1,642	509
5	Other grants	11,279	2,893	2,671	2,756	2,959	2,834	4,012	4,800
6	Cash contributions received from coalition partners for Persian Gulf operations								
7	Debt forgiveness (table 1, part of line 39, with sign reversed)	193	5	15	82	91	97	1,267	487
8	Credits and other long-term assets (table 1, line 47, with sign reversed)	5,611	853	565	1,375	2,818	2,578	1,454	1,515
9	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,485	446	368	364	308	378	369	357
10	Credits repayable in U.S. dollars	4,125	408	197	1,011	2,510	2,200	1,085	1,158
11	Credits repayable in other than U.S. dollars					(*)			
12	Other long-term assets								
13	Foreign currency holdings and short-term assets, net (table 1, line 49 with sign reversed)	105	8	-41	104	34	-36	74	-18
14	Foreign currency holdings (excluding administrative cash holdings), net	6		2	(*)	4			
	Receipts from:								
15	Sales of agricultural commodities								
16	Interest	1		(*)		1			
17	Repayments of principal	5		2	(*)	3			
18	Reverse grants								
19	Other sources								
	Less currencies disbursed for:								
20	Grants and credits in the recipient's currency								
21	Other grants and credits								
22	Other U.S. Government expenditures	(*)		(*)					
23	Assets acquired in performance of U.S. Government guarantee and insurance obligations, net	73	10	-23	92	-6	-4	94	-15
24	Other assets held under Commodity Credit Corporation Charter Act, net								
25	Assets financing military sales contracts, net <sup>2</sup>								
26	Other short-term assets (including changes in administrative cash holdings), net	27	-2	-20	12	37	-33	-20	-4
	<b>By program</b>								
27	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,485	446	368	364	308	378	369	357
28	Under Agricultural Trade Development and Assistance Act and related programs	2,426	291	239	383	1,514	334	1,314	433
29	Under Foreign Assistance Act and related programs	15,663	6,030	2,734	2,963	3,936	6,629	6,068	4,993
30	Under Export-Import Bank Act	1,460	230	118	636	477	874	429	1,159
31	Under Commodity Credit Corporation Charter Act	712	3	10	15	685	17	5	
32	Under other grant and credit programs	1,227	266	377	263	321	252	284	355
33	Other foreign currency assets acquired (lines A16, A17, and A19)	6		2	(*)	4			
34	Less foreign currencies used by U.S. Government other than for grants or credits (line A22)	(*)		(*)					
35	Other (including changes in administrative cash holdings), net	27	-2	-20	12	37	-33	-20	-4
	<b>By disposition<sup>3</sup></b>								
36	Estimated transactions involving no direct dollar outflow from the United States	17,319	5,813	2,404	3,249	5,853	6,730	6,613	5,297
37	Expenditures on U.S. goods	7,658	4,058	711	1,107	1,782	4,211	2,540	1,688
38	Expenditures on U.S. services <sup>4</sup>	4,590	1,228	1,023	1,109	1,230	1,782	2,232	2,085
39	Financing of military sales contracts by U.S. Government <sup>5</sup> (line C6)	2,361	345	616	634	767	603	474	565
40	By long-term credits	328	6	4	317	1	10	76	58
41	By short-term credits <sup>1</sup>								
42	By grants <sup>1</sup>	2,033	339	612	317	766	592	398	507
43	U.S. Government grants and credits to repay prior U.S. Government credits <sup>1 4</sup>	2,417	141	41	285	1,949	123	1,256	931
44	U.S. Government long- and short-term credits to repay prior U.S. private credits <sup>6</sup> and other assets	321	46	17	131	128	25	120	48
45	Increase in liabilities associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) <sup>7</sup> (line C11)								
46	Less receipts on short-term U.S. Government assets (a) financing military sales contracts <sup>1</sup> (b) financing repayment of private credits and other assets, and (c) financing expenditures on U.S. goods	28	5	4	17	3	13	10	19
47	Less foreign currencies used by U.S. Government other than for grants or credits (line A22)	(*)		(*)					
48	Estimated dollar payments to foreign countries and international financial institutions	5,688	1,450	1,423	1,387	1,428	1,721	1,837	1,995
B1	<b>Repayments on U.S. Government long-term assets, total (table 1, line 48)</b>	<b>5,684</b>	<b>994</b>	<b>566</b>	<b>1,452</b>	<b>2,672</b>	<b>2,472</b>	<b>1,955</b>	<b>2,027</b>
2	Receipts of principal on U.S. Government credits	5,684	994	566	1,452	2,672	2,472	1,955	2,027
3	Under Agricultural Trade Development and Assistance Act and related programs	1,649	47	39	161	1,401	88	1,023	149
4	Under Foreign Assistance Act and related programs	1,703	509	254	569	370	1,398	569	714
5	Under Export-Import Bank Act	1,695	340	219	635	501	440	310	1,054
6	Under Commodity Credit Corporation Charter Act	561	91	52	87	331	125	51	110
7	Under other credit programs	77	6	2	(*)	69	421	2	
8	Receipts on other long-term assets								
C1	<b>U.S. Government liabilities other than securities, total, net increase (+) (table 1, line 60)</b>	<b>137</b>	<b>-597</b>	<b>365</b>	<b>464</b>	<b>-95</b>	<b>-437</b>	<b>-16</b>	<b>-42</b>
2	Associated with military sales contracts <sup>2</sup>	113	-602	363	450	-99	-441	-35	-49
3	U.S. Government cash receipts from foreign governments (including principal repayments on credits financing military sales contracts), net of refunds <sup>1</sup>	10,024	2,649	2,190	2,695	2,491	3,126	2,081	2,365
4	Less U.S. Government receipts from principal repayments	916	204	91	254	367	346	124	244
5	Less U.S. Treasury securities issued in connection with prepayments for military purchases in the United States	-586	607	-400	-793	1	997	-549	-647
6	Plus financing of military sales contracts by U.S. Government <sup>5</sup> (line A39)	2,361	345	616	634	767	603	474	565
7	By long-term credits	328	6	4	317	1	10	76	58
8	By short-term credits <sup>1</sup>								
9	By grants <sup>1</sup>	2,033	339	612	317	766	592	398	507
10	Less transfers of goods and services (including transfers financed by grants for military purchases, and by credits) <sup>1 2</sup> (table 1, line 5)	11,943	2,785	2,751	3,418	2,989	2,827	3,014	3,381
11	Associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) <sup>7</sup> (line A45)								
12	Associated with other liabilities	24	5	2	14	4	4	19	7
13	Sales of nuclear material by Department of Energy/U.S. Enrichment Corporation <sup>8</sup>								
14	Sales of space launch and other services by National Aeronautics and Space Administration	11	3	2	5	1	17	17	
15	Other sales and miscellaneous operations	14	2		9	3	-13	3	7

See the footnotes on pages 98-99.







Table 8a. Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns Except Securities Brokers<sup>1</sup>

[Millions of dollars]

Line	(Credits +; decrease in U.S. assets or increase in U.S. liabilities. Debits -; increase in U.S. assets or decrease in U.S. liabilities.)	2002	Not seasonally adjusted						Amounts outstanding Sept. 30, 2003	
			2002				2003			
			I	II	III	IV	I	II <sup>r</sup>		III <sup>2</sup>
A1	<b>Claims, total (table 1, line 53)</b> .....	<b>-31,880</b>	<b>-1,886</b>	<b>-16,210</b>	<b>-11,862</b>	<b>-1,922</b>	<b>-11,998</b>	<b>-19,101</b>	<b>22,206</b>	<b>617,547</b>
2	<b>Financial claims</b> .....	<b>-32,513</b>	<b>-3,374</b>	<b>-17,772</b>	<b>-12,622</b>	<b>1,255</b>	<b>-13,060</b>	<b>-16,839</b>	<b>22,206</b>	<b>585,490</b>
3	Denominated in U.S. dollars .....	-25,016	1,969	-22,847	-4,279	141	-3,487	-22,706	22,206	467,098
4	Denominated in foreign currencies .....	-7,497	-5,343	5,075	-8,343	1,114	-9,573	5,867	.....	118,392
	By instrument: <sup>3</sup>									
5	Resale agreements .....	.....	.....	.....	.....	.....	-582	2,866	.....	2,284
6	Negotiable certificates of deposit .....	.....	.....	.....	.....	.....	-15	108	.....	132
7	Other short-term instruments (including money market instruments) .....	.....	.....	.....	.....	.....	-395	469	.....	3,022
8	Deposits .....	-31,630	6,170	-6,716	-25,191	-5,893	-4,866	-22,498	45,798	432,475
9	Other claims .....	-883	-9,544	-11,056	12,569	7,148	-7,202	2,216	-23,592	147,577
10	Of which: Financial intermediaries' accounts <sup>4</sup> .....	-1,937	-10,280	-11,435	13,487	6,291	-3,291	2,245	-23,592	115,721
	By area:									
11	Europe .....	-22,421	-30,744	5,643	-15,962	18,642	-25,084	-10,311	.....	337,162
	Of which:									
12	United Kingdom .....	-13,940	-25,234	12,904	-19,476	17,866	-25,373	-7,178	.....	155,823
13	Germany .....	-451	1,837	-1,147	-1,810	669	3,799	708	.....	86,681
14	Caribbean financial centers <sup>5</sup> .....	-10,357	27,986	-24,994	2,687	-16,036	13,726	-9,743	16,960	210,205
15	Other .....	265	-616	1,579	653	-1,351	-1,702	3,215	5,246	38,123
16	<b>Commercial claims</b> .....	<b>633</b>	<b>1,488</b>	<b>1,562</b>	<b>760</b>	<b>-3,177</b>	<b>1,062</b>	<b>-2,262</b>	.....	<b>32,057</b>
17	Denominated in U.S. dollars .....	2,925	2,831	1,731	149	-1,786	3,403	-2,077	.....	21,885
18	Denominated in foreign currencies .....	-2,292	-1,343	-169	611	-1,391	-2,341	-185	.....	10,172
	By instrument:									
19	Trade receivables .....	1,133	1,968	1,355	772	-2,962	952	-794	.....	25,824
20	Advance payments and other claims .....	-500	-480	207	-12	-215	110	-1,468	.....	6,233
	By area:									
21	Europe .....	-190	1,326	847	-137	-2,226	457	-1,769	.....	15,255
22	Canada .....	69	97	10	131	-169	97	-317	.....	2,913
23	Asia .....	515	340	206	531	-562	223	-282	.....	6,359
24	Other .....	239	-275	499	235	-220	285	106	.....	7,530
B1	<b>Liabilities, total (table 1, line 68)</b> .....	<b>72,142</b>	<b>46,771</b>	<b>24,610</b>	<b>-8,102</b>	<b>8,863</b>	<b>74,848</b>	<b>4,147</b>	<b>6,772</b>	<b>538,599</b>
2	<b>Financial liabilities</b> .....	<b>67,193</b>	<b>41,686</b>	<b>21,655</b>	<b>-8,079</b>	<b>11,931</b>	<b>75,215</b>	<b>5,607</b>	<b>6,772</b>	<b>510,150</b>
3	Denominated in U.S. dollars .....	50,829	35,645	11,109	-1,752	5,827	61,989	11,721	6,772	406,960
4	Denominated in foreign currencies .....	16,364	6,041	10,546	-6,327	6,104	13,226	-6,114	.....	103,190
	By instrument: <sup>3</sup>									
5	Repurchase agreements .....	.....	.....	.....	.....	.....	2,460	-659	.....	15,505
6	Short-term instruments .....	.....	.....	.....	.....	.....	726	-3,861	.....	17,410
7	Other liabilities .....	67,193	41,686	21,655	-8,079	11,931	72,029	10,127	6,772	477,235
8	Of which: Financial intermediaries' accounts <sup>4</sup> .....	6,954	24,586	3,543	-26,299	5,124	17,982	-1,768	20,723	167,180
	By area:									
9	Europe .....	40,526	39,712	10,738	-26,981	17,057	64,148	3,606	.....	386,427
	Of which:									
10	United Kingdom .....	28,327	18,983	7,446	-8,168	10,066	56,683	167	.....	230,489
11	Germany .....	4,248	8,812	-538	-3,791	-235	10,461	6,001	.....	81,314
12	Caribbean financial centers <sup>5</sup> .....	30,191	2,154	11,599	18,429	-1,991	5,873	7,416	-17,565	76,847
13	Other .....	-3,524	-180	-682	473	-3,135	5,194	-5,415	24,337	46,876
14	<b>Commercial liabilities</b> .....	<b>4,949</b>	<b>5,085</b>	<b>2,955</b>	<b>-23</b>	<b>-3,068</b>	<b>-367</b>	<b>-1,460</b>	.....	<b>28,449</b>
15	Denominated in U.S. dollars .....	4,578	4,810	3,119	285	-3,636	-2,037	-1,042	.....	25,190
16	Denominated in foreign currencies .....	371	275	-164	-308	568	1,670	-418	.....	3,259
	By instrument:									
17	Trade payables .....	2,519	3,052	-913	-401	781	330	499	.....	15,378
18	Advance receipts and other liabilities .....	2,430	2,033	3,868	378	-3,849	-697	-1,959	.....	13,071
	By area:									
19	Europe .....	-5,778	686	269	-3,159	-3,574	-2,221	2,372	.....	9,870
20	Canada .....	3,220	375	1,822	1,296	-273	1,143	-1,599	.....	1,749
21	Asia .....	6,256	2,716	1,312	1,411	817	593	-1,535	.....	12,336
22	Other .....	1,251	1,308	-448	429	-38	118	-698	.....	4,494

See the footnotes on pages 98-99.

Table 9a. Claims on Foreigners Reported by U.S. Banks and Securities Brokers <sup>1</sup>

[Millions of dollars]

Line	(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)	2002	Not seasonally adjusted						Amounts outstanding Sept. 30, 2003	
			2002			2003				
			I	II	III	IV	I	II <sup>r</sup>		III <sup>p</sup>
1	<b>Claims reported by U.S. banks and securities brokers, total (table 1, line 54).....</b>	<b>-21,357</b>	<b>-148</b>	<b>-69,254</b>	<b>52,999</b>	<b>-4,954</b>	<b>-27,795</b>	<b>-72,765</b>	<b>39,335</b>	<b>1,813,066</b>
2	Claims for own accounts.....	-15,091	-9,115	-52,766	51,730	-4,940	-17,842	-54,386	20,021	1,421,329
3	Denominated in dollars.....	-25,257	-6,731	-48,238	46,433	-16,721	-10,427	-52,743	9,522	1,343,289
	By instrument: <sup>2</sup>									
4	Resale agreements.....						-20,469	-23,274	-33,883	344,200
5	Negotiable certificates of deposit.....						1,174	1,850	-339	1,110
6	Other short-term instruments (including money market instruments).....						10,882	1,080	-817	13,250
7	Deposits and brokerage balances.....						-1,895	-10,608	578	476,044
8	Other claims (including loans).....						-119	-21,791	43,983	508,685
	By foreign borrower:									
	Claims on:									
9	Own foreign offices.....	-38,074	-3,653	-39,375	59,834	-54,880	-1,934	-33,736	16,097	959,954
10	Unaffiliated foreign banks.....	18,921	4,197	3,347	-2,097	13,474	-3,528	-7,097	526	98,847
11	Foreign official institutions <sup>3</sup> .....	654	-6,075	4,228	-10,048	12,549	-13,261	5,239	-8,276	51,509
12	Other foreigners.....	-6,758	-1,200	-16,438	-1,256	12,136	8,296	-17,149	1,175	232,979
	By type of U.S. reporting institution: <sup>4</sup>									
	U.S.-owned banks' claims on:									
13	Own foreign offices and unaffiliated foreign banks.....	22,127	13,944	-5,798	12,004	1,977	-10,135	9,037	29,059	322,789
14	Foreign official institutions and other foreigners.....	3,923	-4,972	3,010	11,134	-5,249	1,390	2,292	867	30,216
	Foreign-owned banks' claims on:									
15	Own foreign offices and unaffiliated foreign banks.....	-44,001	-13,070	-32,795	49,835	-47,971	9,057	-44,302	18,166	622,585
16	Foreign official institutions and other foreigners.....	1,480	-641	1,936	-7,725	7,910	-8,296	-4,033	-3,397	73,437
	Brokers' and dealers' claims on:									
17	Own foreign offices and unaffiliated foreign banks.....	2,721	-330	2,565	-4,102	4,588	-4,384	-5,568	-30,602	113,427
18	Foreign official institutions and other foreigners.....	-11,507	-1,662	-17,156	-14,713	22,024	1,941	-10,169	-4,571	180,835
19	Denominated in foreign currencies.....	10,166	-2,384	-4,528	5,297	11,781	-7,415	-1,643	10,499	78,040
	By instrument: <sup>2</sup>									
20	Deposits and brokerage balances.....						-19,041	-3,697	6,953	36,600
21	Other claims (including loans).....						11,626	2,054	3,546	41,440
22	<b>Claims for customers' accounts.....</b>	<b>-6,266</b>	<b>8,967</b>	<b>-16,488</b>	<b>1,269</b>	<b>-14</b>	<b>-9,953</b>	<b>-18,379</b>	<b>19,314</b>	<b>391,737</b>
23	Denominated in dollars.....	-4,299	7,978	-17,282	5,896	-891	-5,588	-24,004	17,240	367,173
	By instrument: <sup>2</sup>									
24	Commercial paper <sup>5</sup> .....	-21,554	78	-7,758	-6,115	-7,759	-2,115	-4,320	13,235	131,293
25	Negotiable certificates of deposit.....						-10,393	-4,666	-9,317	78,135
26	Other short-term instruments (including money market instruments) <sup>6</sup> .....	-6,324	3,884	-8,356	4,672	-6,524	487	-3,989	-2,708	15,249
27	Deposits and brokerage balances (including sweep accounts) <sup>7</sup> .....	14,053	891	-1,455	7,267	7,350	5,621	-13,995	16,982	126,541
28	Other claims.....	9,526	3,125	287	72	6,042	812	2,966	-952	15,955
29	Denominated in foreign currencies.....	-1,967	989	794	-4,627	877	-4,365	5,625	2,074	24,564
	By instrument: <sup>2</sup>									
30	Deposits and brokerage balances.....						2,979	560	459	4,347
31	Other claims.....						-7,344	5,065	1,615	20,217
	<b>Claims, total (line 1), by area:</b>									
32	Europe.....	-20,676	-34,553	-23,168	34,695	2,350	-8,164	-62,712	6,217	871,257
	Of which:									
33	United Kingdom.....	-8,034	3,688	-15,313	-4,680	8,271	-11,059	-54,218	-9,715	469,238
34	Switzerland.....	-31,168	-26,235	176	12,247	-17,356	5,918	3,189	11,268	103,765
35	Canada.....	-5,239	-3,133	-6,721	1,689	2,926	-1,259	11,081	-5,008	82,802
36	Caribbean financial centers <sup>8</sup> .....	1,933	34,714	-32,927	26,987	-26,841	-17,983	-24,781	43,531	642,823
37	Latin America, excluding Caribbean financial centers.....	16,218	590	3,162	7,217	5,249	6,487	1,480	1,745	57,586
38	Asia.....	-12,557	3,284	-10,500	-18,613	13,272	-5,882	3,784	-5,207	129,673
39	Of which: Japan.....	-11,830	4,578	-5,291	-8,031	-3,086	-9,761	-6,807	983	72,091
40	Africa.....	133	7	5	116	5	19	371	-163	4,577
41	Other.....	-1,169	-1,057	895	908	-1,915	-1,013	-1,988	-1,780	24,348
	<b>Memoranda:</b>									
1	International banking facilities' (IBFs) own claims, denominated in dollars (in lines 1-16 above).....	-9,155	-3,036	-13,004	22,103	-15,218	-4,676	-15,341	3,496	312,936
	By bank ownership: <sup>4</sup>									
2	U.S.-owned IBFs.....	16,519	19,808	-1,484	-1,490	-315	-12,430	-3,140	6,476	62,489
3	Foreign-owned IBFs.....	-25,674	-22,844	-11,520	23,593	-14,903	7,754	-12,201	-2,980	250,447

See the footnotes on pages 98-99.

Table 10a. Liabilities to Foreigners, Except Foreign Official Agencies, Reported by U.S. Banks and Securities Brokers <sup>1</sup>

[Millions of dollars]

Line	(Credits +; increase in U.S. liabilities. Debits -; decrease in U.S. liabilities.)	2002	Not seasonally adjusted						Amounts outstanding Sept. 30, 2003	
			2002			2003				
			I	II	III	IV	I	II <sup>r</sup>		III <sup>p</sup>
1	<b>Liabilities reported by U.S. banks and securities brokers, total (table 1, part of line 65 and table 1, line 69)</b>	<b>105,866</b>	<b>-2,271</b>	<b>28,902</b>	<b>25,469</b>	<b>53,766</b>	<b>17,248</b>	<b>34,667</b>	<b>7,490</b>	<b>1,848,632</b>
2	U.S. Treasury bills and certificates (table 1, part of line 65).....	14,740	5,175	4,954	5,021	-410	525	-2,155	358	42,085
3	<b>Other U.S. liabilities, total (table 1, line 69).....</b>	<b>91,126</b>	<b>-7,446</b>	<b>23,948</b>	<b>20,448</b>	<b>54,176</b>	<b>16,723</b>	<b>36,822</b>	<b>7,132</b>	<b>1,806,547</b>
4	<b>Liabilities for own accounts .....</b>	<b>76,091</b>	<b>-13,310</b>	<b>23,605</b>	<b>8,243</b>	<b>57,553</b>	<b>25,410</b>	<b>17,335</b>	<b>34,636</b>	<b>1,537,643</b>
5	Denominated in dollars .....	86,132	-8,562	16,879	15,946	61,869	19,588	34,833	41,273	1,470,486
	By instrument: <sup>2</sup>									
6	Repurchase agreements.....						29,294	16,790	44,142	335,609
7	Deposits and brokerage balances.....						9,131	41,829	-31,073	802,141
8	Other liabilities (including loans).....						-18,837	-23,786	28,204	332,736
	By foreign holder:									
	Liabilities to:									
9	Own foreign offices .....	60,180	-11,820	15,492	-7,765	64,273	-25,672	48,287	29,858	1,060,814
10	Unaffiliated foreign banks .....	-4,697	2,534	-8,174	-6,133	7,076	3,243	-4,284	3,628	131,384
11	Other foreigners and international organizations .....	30,649	724	9,561	29,844	-9,480	42,017	-9,170	7,787	278,288
	By type of U.S. reporting institution: <sup>3</sup>									
	U.S.-owned banks' liabilities to:									
12	Own foreign offices and unaffiliated foreign banks .....	4,104	-37,257	17,793	-13,700	37,268	1,216	1,975	6,292	505,046
13	Other foreigners and international organizations .....	-17,754	-4,512	-3,346	-10,883	987	-12,733	6,247	-18,547	18,785
	Foreign-owned banks' liabilities to:									
14	Own foreign offices and unaffiliated foreign banks .....	42,322	20,495	-10,175	-6,319	38,321	-31,226	13,584	-15,645	479,788
15	Other foreigners and international organizations .....	14,482	3,845	-359	10,823	173	9,899	-1,721	2,365	77,988
	Brokers' and dealers' liabilities to:									
16	Own foreign offices and unaffiliated foreign banks .....	9,057	7,476	-300	6,121	-4,240	7,581	28,444	42,839	207,364
17	Other foreigners and international organizations .....	33,921	1,391	13,266	29,904	-10,640	44,851	-13,696	23,969	181,515
18	Denominated in foreign currencies .....	-10,041	-4,748	6,726	-7,703	-4,316	5,822	-17,498	-6,637	67,157
	By instrument: <sup>2</sup>									
19	Deposits and brokerage balances.....						2,934	-9,173	-5,392	40,117
20	Other liabilities (including loans).....						2,888	-8,325	-1,245	27,040
21	<b>Liabilities for customers' accounts .....</b>	<b>15,035</b>	<b>5,864</b>	<b>343</b>	<b>12,205</b>	<b>-3,377</b>	<b>-8,687</b>	<b>19,487</b>	<b>-27,504</b>	<b>268,904</b>
22	Denominated in dollars .....	15,035	5,864	343	12,205	-3,377	-8,687	18,762	-26,566	268,630
	By instrument: <sup>2</sup>									
23	Negotiable certificates of deposit and other short-term instruments .....	12,342	7,106	-1,803	9,560	-2,521	3,657	15,512	-15,431	137,612
24	Other liabilities (including loans).....	2,693	-1,242	2,146	2,645	-856	-12,344	3,250	-11,135	131,018
25	Denominated in foreign currencies .....							725	-938	274
	By instrument: <sup>2</sup>									
26	Negotiable certificates of deposit and other short-term instruments .....							-16		
27	Other liabilities (including loans).....							741	-938	274
	<b>Other U.S. liabilities, total (line 3), by area:</b>									
28	Europe.....	63,426	-1,024	3,064	20,268	41,118	-22,710	-17,339	24,909	623,475
29	Canada.....	-424	71	-195	440	-740	4,073	1,717	-2,417	30,273
30	Caribbean financial centers <sup>4</sup> .....	37,550	-19,356	33,081	8,585	15,240	48,089	58,219	-20,317	890,140
31	Latin America, excluding Caribbean financial centers .....	-871	1,838	-3,953	-101	1,345	-777	-2,232	-3,017	73,534
32	Asia .....	-16,102	12,052	-13,109	-8,471	-6,574	-11,148	-8,847	7,128	151,072
33	Africa.....	753	385	74	-68	362	467	-206	118	6,628
34	Other.....	6,794	-1,412	4,986	-205	3,425	-1,271	5,510	728	31,425
	<b>Memoranda:</b>									
1	International banking facilities' (IBFs) own liabilities, denominated in dollars (in lines 3-15 above).....	17,111	11,771	3,968	-19,065	20,437	-61,647	5,981	6,426	355,617
	By bank ownership: <sup>3</sup>									
2	U.S.-owned IBFs .....	-9,639	-17,753	3,257	5,166	-309	-978	6,904	-9,388	61,369
3	Foreign-owned IBFs .....	26,750	29,524	711	-24,231	20,746	-60,669	-923	15,814	294,248

See the footnotes on pages 98-99.











**Table 11. U.S. International**  
 [Millions]

Line	(Credits +; debits -) <sup>1</sup>	Australia						
		2002	2002			2003		
			II	III	IV	I	II <sup>r</sup>	III <sup>p</sup>
<b>Current account</b>								
1	<b>Exports of goods and services and income receipts</b> .....	<b>22,653</b>	<b>5,572</b>	<b>6,096</b>	<b>5,880</b>	<b>5,283</b>	<b>6,153</b>	<b>7,012</b>
2	Exports of goods and services .....	18,149	4,569	4,802	4,709	4,075	4,774	5,265
3	Goods, balance of payments basis <sup>2</sup> .....	12,760	3,228	3,368	3,331	2,766	3,155	3,580
4	Services <sup>3</sup> .....	5,389	1,341	1,434	1,378	1,309	1,619	1,685
5	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	176	43	42	48	57	43	37
6	Travel .....	1,473	385	420	370	317	375	449
7	Passenger fares .....	339	91	77	67	66	69	92
8	Other transportation .....	292	73	74	80	73	89	97
9	Royalties and license fees <sup>5</sup> .....	834	200	235	217	207	236	222
10	Other private services <sup>5</sup> .....	2,264	546	583	593	587	805	786
11	U.S. Government miscellaneous services .....	11	3	3	3	2	2	2
12	Income receipts .....	4,504	1,003	1,294	1,171	1,208	1,379	1,747
13	Income receipts on U.S.-owned assets abroad .....	4,480	997	1,288	1,165	1,201	1,372	1,740
14	Direct investment receipts .....	2,612	515	809	733	768	967	1,309
15	Other private receipts .....	1,868	482	479	432	433	405	431
16	U.S. Government receipts .....							
17	Compensation of employees .....	24	6	6	6	7	7	7
18	<b>Imports of goods and services and income payments</b> .....	<b>-11,356</b>	<b>-2,918</b>	<b>-3,014</b>	<b>-3,038</b>	<b>-2,856</b>	<b>-2,984</b>	<b>-2,894</b>
19	Imports of goods and services .....	-9,539	-2,371	-2,508	-2,455	-2,212	-2,348	-2,480
20	Goods, balance of payments basis <sup>2</sup> .....	-6,446	-1,668	-1,753	-1,640	-1,415	-1,594	-1,694
21	Services <sup>3</sup> .....	-3,093	-703	-755	-815	-797	-754	-786
22	Direct defense expenditures .....	-119	-29	-34	-32	-26	-27	-27
23	Travel .....	-997	-207	-244	-246	-267	-249	-245
24	Passenger fares .....	-641	-147	-142	-164	-176	-141	-159
25	Other transportation .....	-192	-47	-45	-45	-52	-46	-46
26	Royalties and license fees <sup>5</sup> .....	-76	-17	-16	-29	-15	-19	-23
27	Other private services <sup>5</sup> .....	-1,029	-246	-264	-289	-252	-263	-277
28	U.S. Government miscellaneous services .....	-39	-10	-10	-10	-9	-9	-9
29	Income payments .....	-1,817	-547	-506	-583	-644	-636	-414
30	Income payments on foreign-owned assets in the United States .....	-1,805	-544	-503	-580	-640	-633	-411
31	Direct investment payments .....	-777	-300	-227	-302	-372	-363	-122
32	Other private payments .....	-594	-140	-160	-162	-159	-157	-166
33	U.S. Government payments .....	-434	-104	-116	-116	-109	-113	-123
34	Compensation of employees .....	-12	-3	-3	-3	-4	-3	-3
35	<b>Unilateral current transfers, net</b> .....	<b>-238</b>	<b>-62</b>	<b>-59</b>	<b>-55</b>	<b>-64</b>	<b>-60</b>	<b>-62</b>
36	U.S. Government grants <sup>4</sup> .....							
37	U.S. Government pensions and other transfers .....	-52	-13	-13	-13	-13	-14	-14
38	Private remittances and other transfers <sup>9</sup> .....	-186	-49	-46	-42	-51	-46	-48
<b>Capital and financial account</b>								
<b>Capital account</b>								
39	<b>Capital account transactions, net</b> .....	<b>-24</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>	<b>-6</b>
<b>Financial account</b>								
40	<b>U.S.-owned assets abroad, net (increase/financial outflow (-))</b> .....	<b>-5,165</b>	<b>-626</b>	<b>2,358</b>	<b>-2,279</b>	<b>1,051</b>	<b>-3,685</b>	<b>-598</b>
41	U.S. official reserve assets, net .....							
42	Gold <sup>7</sup> .....							
43	Special drawing rights .....							
44	Reserve position in the International Monetary Fund .....							
45	Foreign currencies .....							
46	U.S. Government assets, other than official reserve assets, net .....							
47	U.S. credits and other long-term assets .....							
48	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....							
49	U.S. foreign currency holdings and U.S. short-term assets, net .....							
50	U.S. private assets, net .....	-5,165	-626	2,358	-2,279	1,051	-3,685	-598
51	Direct investment .....	-3,726	239	106	-883	-1,276	-863	-1,080
52	Foreign securities .....	457	-370	904	126	369	-1,905	665
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	-2,880	504	993	-2,306	1,499	1,498	
54	U.S. claims reported by U.S. banks, not included elsewhere .....	984	-999	355	784	459	-2,415	-183
55	<b>Foreign owned assets in the United States, net (increase/financial inflow (+))</b> .....	<b>19,574</b>	<b>4,980</b>	<b>5,380</b>	<b>2,020</b>	<b>-3,365</b>	<b>6,916</b>	<b>894</b>
56	Foreign official assets in the United States, net .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)
57	U.S. Government securities .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)
58	U.S. Treasury securities <sup>9</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)
59	Other <sup>10</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)
60	Other U.S. Government liabilities <sup>11</sup> .....	99	30	29	6	-9	11	19
61	U.S. liabilities reported by U.S. banks, not included elsewhere .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)
62	Other foreign official assets <sup>12</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)
63	Other foreign assets in the United States, net .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)
64	Direct investment .....	4,262	3,018	1,114	-520	1,104	-1,458	365
65	U.S. Treasury securities .....	(18)	(18)	(18)	(18)	(18)	(18)	(18)
66	U.S. securities other than U.S. Treasury securities .....	7,703	936	4,124	495	-2,708	776	-426
67	U.S. currency .....							
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	314	688	-794	270	715	-146	
69	U.S. liabilities reported by U.S. banks, not included elsewhere .....	<sup>18</sup> 7,196	<sup>18</sup> 308	<sup>18</sup> 907	<sup>18</sup> 1,769	<sup>18</sup> -2,467	<sup>18</sup> 7,733	<sup>18</sup> 936
70	<b>Statistical discrepancy (sum of above items with sign reversed)</b> .....	<b>-25,444</b>	<b>-6,940</b>	<b>-10,755</b>	<b>-2,522</b>	<b>-43</b>	<b>-6,334</b>	<b>-4,346</b>
<b>Memoranda:</b>								
71	Balance on goods (lines 3 and 20) .....	6,314	1,560	1,615	1,691	1,351	1,561	1,886
72	Balance on services (lines 4 and 21) .....	2,296	638	679	563	512	865	899
73	Balance on goods and services (lines 2 and 19) .....	8,610	2,198	2,294	2,254	1,863	2,426	2,785
74	Balance on income (lines 12 and 29) .....	2,687	456	788	588	564	743	1,333
75	Unilateral current transfers, net (line 35) .....	-238	-62	-59	-55	-64	-60	-62
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75) <sup>13</sup> .....	11,059	2,592	3,023	2,787	2,363	3,109	4,056

See the footnotes on pages 98-99.



## Footnotes to U.S. International Transactions Tables 1–11

**General notes for all tables:** <sup>p</sup> Preliminary, <sup>r</sup> Revised, \* Less than \$500,000 (+/-) <sup>D</sup> Suppressed to avoid disclosure of data of individual companies.

### Table 1:

1. Credits, +: Exports of goods and services and income receipts; unilateral current transfers to the United States; capital account transactions receipts; financial inflows—increase in foreign-owned assets (U.S. liabilities) or decrease in U.S.-owned assets (U.S. claims).

Debits, -: Imports of goods and services and income payments; unilateral current transfers to foreigners; capital account transactions payments; financial outflows—decrease in foreign-owned assets (U.S. liabilities) or increase in U.S.-owned assets (U.S. claims).

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

3. Includes some goods: Mainly military equipment in line 5; major equipment, other materials, supplies, and petroleum products purchased abroad by U.S. military agencies in line 22; and fuels purchased by airline and steamship operators in lines 8 and 25.

4. Includes transfers of goods and services under U.S. military grant programs.

5. Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents. The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.

6. Beginning in 1982, the "other transfers" component includes taxes paid by U.S. private residents to foreign governments and taxes paid by private nonresidents to the U.S. Government.

7. At the present time, all U.S. Treasury-owned gold is held in the United States.

8. Includes sales of foreign obligations to foreigners.

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

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

11. Includes, primarily, U.S. Government liabilities associated with military agency sales contracts and other transactions arranged with or through foreign official agencies; see table 5.

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

13. Conceptually, line 76 is equal to "net foreign investment" in the national income and product accounts (NIPAs). However, the foreign transactions account in the NIPAs (a) includes adjustments to the international transactions accounts for the treatment of gold, (b) includes adjustments for the different geographical treatment of transactions with U.S. territories and Puerto Rico, and (c) includes services furnished without payment by financial pension plans except life insurance carriers and private noninsured pension plans. A reconciliation of the balance on goods and services from the international accounts and the NIPA net exports appears in reconciliation table 2 in appendix A in this issue of the SURVEY OF CURRENT BUSINESS. A reconciliation of the other foreign transactions in the two sets of accounts appears in table 4.3 of the full set of NIPA tables.

Additional footnotes for historical data in July issues of the SURVEY:

14. For 1974, includes extraordinary U.S. Government transactions with India. See "Special U.S. Government Transactions," June 1974 SURVEY, p. 27.

15. For 1978–83, includes foreign currency-denominated notes sold to private residents abroad.

16. Break in series. See Technical Notes in the June 1989–90, 1992–95, and July 1996–2003 issues of the SURVEY.

### Table 2:

1. Exports, Census basis, represent transactions values, f.a.s. U.S. port of exportation, for all years; imports, Census basis, represent Customs values (see Technical Notes in the June 1982 SURVEY), except for 1974–81, when they represent transactions values, f.a.s. foreign port of exportation (see July issues of the SURVEY for historical data). From 1983 forward, both unadjusted and seasonally adjusted data have been prepared by BEA from "actual" and "revised statistical" monthly data supplied by the Census Bureau (see Technical Notes in the December 1985 SURVEY). Seasonally adjusted data reflect the application of seasonal factors developed jointly by Census and BEA. The seasonally adjusted data are the sum of seasonally adjusted five-digit end-use categories (see technical Notes in the June 1980 SURVEY, in the June 1988 SURVEY,

and in the June 1991 SURVEY). Prior to 1983, annual data are as published by the Census Bureau, except that for 1975–80 published Census data are adjusted to include trade between the U.S. Virgin Islands and foreign countries.

2. Adjustments in lines A5 and A13, B12, B48, and B84 reflect the Census Bureau's reconciliation of discrepancies between the goods statistics published by the United States and the counterpart statistics published in Canada. These adjustments are distributed to the affected end-use categories in section C. Beginning in 1986, estimates for undocumented exports to Canada, the largest item in the U.S.-Canadian reconciliation, are included in Census basis data shown in line A1.

3. Exports of military equipment under U.S. military agency sales contracts with foreign governments (line A6), and direct imports by the Department of Defense and the Coast Guard (line A14), to the extent such trade is identifiable from Customs declarations. The exports are included in tables 1 and 11, line 5 (transfers under U.S. military agency sales contracts); the imports are included in tables 1 and 11, line 22 (direct defense expenditures).

4. Addition of electrical energy; deduction of exposed motion picture film for rental rather than sale; net change in stock of U.S.-owned grains in storage in Canada; coverage adjustments for special situations in which shipments were omitted from Census data; deduction of the value of repairs and alterations to foreign-owned equipment shipped to the United States for repair; and the inclusion of fish exported outside of U.S. customs area. Also includes deduction of exports to the Panama Canal Zone before October 1, 1979, and for 1975–82, net timing adjustments for goods recorded in Census data in one period but found to have been shipped in another (see July issues of the SURVEY for historical data).

5. Coverage adjustments for special situations in which shipments were omitted from Census data; the deduction of the value of repairs and alterations to U.S.-owned equipment shipped abroad for repair; and the adjustment of software imports to market value. Also includes addition of understatement of inland freight in f.a.s. values of U.S. imports of goods from Canada in 1974–81; deduction of imports from the Panama Canal Zone before October 1, 1979; and for 1975–82, net timing adjustments for goods recorded in Census data in one period but found to have been shipped in another (see July issues of the SURVEY for historical data).

6. For 1988–89, correction for the understatement of crude petroleum imports from Canada.

7. Annual and unadjusted quarterly data shown in this table correspond to country and area data in table 11, lines 3 and 20. Trade with international organizations includes purchases of nonmonetary gold from the International Monetary Fund, transfers of tin to the International Tin Council (ITC), and sales of satellites to Intelsat. The memoranda are defined as follows: *Industrial countries*: Western Europe, Canada, Japan, Australia, New Zealand, and South Africa; *Members of OPEC*: Venezuela, Ecuador, Iraq, Iran, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Indonesia, Algeria, Libya, Nigeria, and Gabon (Excludes Ecuador beginning in January 1993 and Gabon beginning in January 1995.); *Other countries*: Eastern Europe, Latin America and Other Western Hemisphere, and other countries in Asia and Africa, less OPEC. Before 1984, complete geographic area detail was not available for some balance of payments adjustments. Therefore, the detail shown does not always sum to the values shown for the area aggregates. For all years, "Asia" and "Africa" exclude certain Pacific Islands and unidentified countries included in "Other countries in Asia and Africa."

8. Includes the former German Democratic Republic (East Germany) beginning in fourth quarter of 1990. In earlier periods, the German Democratic Republic was included in Eastern Europe.

9. Beginning in 1986, New Zealand and South Africa are included in "Other countries in Asia and Africa," with New Zealand included as part of "Asia" and South Africa as part of "Africa."

10. The "Euro area," which formed in January 1999, includes Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and from January 2001, Greece.

### Table 3:

1. Includes royalties, license fees, and other fees associated with the use of intangible assets, including patents, trade secrets, and other proprietary rights, that are used in connection with the production of goods.

2. Includes royalties, license fees, and other fees associated with the use of copyrights, trademarks, franchises, rights to broadcast live events, software licensing fees, and other intangible property rights.

3. Other unaffiliated services receipts (exports) include mainly expenditures of foreign governments and international organizations in the United States and film and television tape rentals. Payments (imports) include mainly expenditures of U.S. residents temporarily working abroad and film and television tape rentals.

4. Includes charges for auxiliary insurance services.
5. Beginning in 1992, the net result of (line 51 – line 52) – (line 55 – line 56) is recorded in “private remittances and other transfers” (table 1, line 38).

**Table 4:**

1. Complete instrument detail is only available beginning with 2003.
2. Prior to 2003, includes only demand deposits and nonnegotiable time and savings deposits.

**Table 5:**

1. Expenditures to release foreign governments from their contractual liabilities to pay for military goods and services purchased through military sales contracts—first authorized (for Israel) under Public Law 93–199, section 4, and subsequently authorized (for many recipients) under similar legislation—are included in line A4. Deliveries against these military sales contracts are included in line C10; see footnote 2. Of the line A4 items, part of these military expenditures is applied in lines A43 and A46 to reduce short-term assets previously recorded in lines A41 and C8; this application of funds is excluded from lines C3 and C4. A second part of line A4 expenditures finances future deliveries under military sales contracts for the recipient countries and is applied directly to lines A42 and C9. A third part of line A4, disbursed directly to finance purchases by recipient countries from commercial suppliers in the United States, is included in line A37. A fourth part of line A4, representing dollars paid to the recipient countries to finance purchases from countries other than the United States, is included in line A48.

2. Transactions under military sales contracts are those in which the Department of Defense sells and transfers military goods and services to a foreign purchaser, on a cash or credit basis. Purchases by foreigners directly from commercial suppliers are *not* included as transactions under military sales contracts. The entries for the several categories of transactions related to military sales contracts in this and other tables are partly estimated from incomplete data.

3. The identification of transactions involving direct dollar outflows from the United States is made in reports by each operating agency.

4. Line A38 includes foreign currency collected as interest and line A43 includes foreign currency collected as principal, as recorded in lines A16 and A17, respectively.

5. Includes (a) advance payments to the Department of Defense (on military sales contracts) financed by loans extended to foreigners by U.S. Government agencies and (b) the contraentry for the part of line C10 that was delivered without prepayment by the foreign purchaser. Also includes expenditures of appropriations available to release foreign purchasers from liability to make repayment.

6. Includes purchases of loans from U.S. banks and exporters and payments by the U.S. Government under commercial export credit and investment guarantee programs.

7. Excludes liabilities associated with military sales contracts financed by U.S. Government grants and credits and included in line C2.

8. Excludes transactions of the U.S. Enrichment Corporation since it became a non-government entity in July 1998.

**Table 6a:**

1. For bank affiliates, includes only interest on permanent debt investment by their parent companies. Excludes interest between financial parent companies and nonbank financial affiliates.

2. For bank affiliates, includes only permanent debt investment by their parent companies. Excludes intercompany debt between financial parent companies and nonbank financial affiliates.

**Table 7a:**

1. Bahamas, Bermuda, British West Indies (Cayman Islands), and Netherlands Antilles.

2. Includes all redemptions and early retirements.

**Table 8a:**

1. Securities brokers' claims on and liabilities to their foreign affiliates are included from 1998–2002 and excluded beginning with 2003.

2. Estimates of transactions other than those with U.S. banks' Caribbean branches and with financial intermediaries (F.I.s) are not available. Prelimi-

nary estimates of transactions with F.I.s, by area, are commingled in “other” to avoid disclosure of individual companies' area data.

3. Complete instrument detail is only available beginning with 2003.

4. Financial intermediaries' accounts are shown under “other claims (liabilities)” because the majority of these claims (liabilities) are in the form of intercompany balances. Financial intermediaries' accounts represent transactions between firms in a direct investment relationship (that is, between U.S. parents and their foreign affiliates or between U.S. affiliates and their foreign parent groups), where both the U.S. and foreign firms are classified in a finance industry, but the firms are neither banks nor securities brokers.

5. Bahamas, Bermuda, British West Indies (Cayman Islands), and Netherlands Antilles.

**Table 9a:**

1. Beginning with 2003, includes securities brokers' claims on their foreign affiliates.

2. Complete instrument detail is only available beginning with 2003.

3. Includes foreign official agencies and international and regional organizations. Prior to 2003, also includes government-owned corporations and state, provincial, and local governments and their agencies.

4. U.S.-owned banks include U.S.-chartered banks, Edge Act subsidiaries, and U.S. bank holding companies. Foreign-owned banks include U.S. branches and agencies of foreign banks and majority-owned bank subsidiaries in the United States. Brokers and dealers may be U.S.-owned or foreign-owned.

5. Commercial paper issued in the U.S. market by foreign incorporated entities and held in U.S. customers' accounts. Excludes commercial paper issued through foreign direct investment affiliates in the United States.

6. Prior to 2003, includes negotiable certificates of deposit and other negotiable and transferable instruments.

7. Prior to 2003, includes only deposits.

8. Bahamas, Bermuda, British West Indies (Cayman Islands), and Netherlands Antilles.

**Table 10a:**

1. Beginning with 2003, includes securities brokers' liabilities to their foreign affiliates.

2. Complete instrument detail is only available beginning with 2003.

3. U.S.-owned banks include U.S.-chartered banks, Edge Act subsidiaries, and U.S. bank holding companies. Foreign-owned banks include U.S. branches and agencies of foreign banks and majority-owned bank subsidiaries in the United States. Brokers and dealers may be U.S.-owned or foreign-owned.

4. Bahamas, Bermuda, British West Indies (Cayman Islands), and Netherlands Antilles.

**Table 11:**

For footnotes 1–13, see table 1.

14. The “European Union” includes the “European Union (6),” United Kingdom, Denmark, Ireland, Greece, Spain, and Portugal. Beginning with the first quarter of 1995, the “European Union” also includes Austria, Finland, and Sweden.

15. The “European Union (6)” includes Belgium, France, Germany (includes the former German Democratic Republic (East Germany) beginning in the fourth quarter of 1990), Italy, Luxembourg, Netherlands, European Atomic Energy Community, European Coal and Steel Community, and European Investment Bank.

16. Includes, as part of international and unallocated, taxes withheld; current-cost adjustments associated with U.S. and foreign direct investment; and net U.S. currency flows. Before 1999, also includes the estimated direct investment in foreign affiliates engaged in international shipping, in operating oil and gas drilling equipment internationally, and in petroleum trading. Before 1996, also includes small transactions in business services that are not reported by country.

17. Details are not shown separately; see totals in lines 56 and 63.

18. Details not shown separately are included in line 69.