

U.S. International Transactions Accounts, Fourth Quarter and Year 2002

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Fourth Quarter

THE U.S. current-account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—increased to \$136.9 billion (preliminary) in the fourth quarter of 2002 from \$126.3 billion (revised) in the third quarter (table A).¹ An increase in the deficit on goods accounted for most of the increase, though a decrease in the surplus on services and an increase in net outflows for unilateral current transfers also contributed.

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 \$144.1 billion in the fourth quarter, down from \$169.6 billion in the third. Financial inflows for foreign-owned assets in the United States increased, while transactions for U.S.-

owned assets abroad shifted to an outflow from an inflow.

The statistical discrepancy—errors and omissions in recorded transactions—was a negative \$7.4 billion in the fourth quarter, compared with a negative \$43.4 billion in the third.

The following are highlights for the fourth quarter of 2002:

- Goods exports fell while good imports increased, leading to a moderate increase in the goods deficit after little change in the third quarter.
- Income receipts fell less than income payments, leading to a moderately smaller deficit on income.
- Transactions in foreign securities shifted to net U.S. purchases from net sales. Inflows into U.S. securities other than U.S. Treasury securities were somewhat higher than in the third quarter.
- U.S. claims reported by U.S. banks were reduced further, but the reduction was not as large as in the third quarter. U.S. liabilities reported by U.S. banks were up sharply, reflecting strong needs for liquidity.

1. Quarterly estimates of U.S. current- and financial-account components are seasonally adjusted when 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 10 in which transactions are included are indicated in () (Credits +; debits -)	2001	2002 ^a	Change: 2001-2002	2001				2002				Change: 2002 III-IV
					I	II	III	IV	I ^r	II ^r	III ^r	IV ^p	
Current account													
1	Exports of goods and services and income receipts (1)	1,281,793	1,216,504	-65,289	349,040	331,612	309,477	291,667	291,005	304,923	312,392	308,183	-4,209
2	Goods, balance of payments basis (3)	718,762	682,586	-36,176	193,284	184,846	173,274	167,358	164,372	172,150	175,372	170,692	-4,680
3	Services (4)	279,260	289,278	10,018	72,720	71,920	69,051	65,572	68,587	72,101	73,545	75,048	1,503
4	Income receipts (12)	283,771	244,640	-39,131	83,036	74,846	67,152	58,737	58,046	60,672	63,475	62,443	-1,032
5	Imports of goods and services and income payments (18)	-1,625,701	-1,663,908	-38,207	-445,154	-418,930	-388,448	-373,174	-387,616	-419,693	-425,656	-430,949	-5,293
6	Goods, balance of payments basis (20)	-1,145,927	-1,166,939	-21,012	-306,316	-292,565	-279,025	-268,021	-270,975	-294,795	-298,225	-302,944	-4,719
7	Services (21)	-210,385	-240,467	-30,082	-56,848	-57,525	-43,078	-52,937	-57,613	-58,902	-60,949	-63,009	-2,060
8	Income payments (29)	-269,389	-256,502	12,887	-81,990	-68,840	-66,345	-52,216	-59,028	-65,996	-66,482	-64,996	1,486
9	Unilateral current transfers, net (35)	-49,463	-56,023	-6,560	-11,608	-11,916	-12,360	-13,579	-15,931	-12,927	-13,073	-14,088	-1,015
Capital account													
10	Capital account transactions, net (39)	826	708	-118	208	207	206	205	208	200	156	144	-12
Financial account													
11	U.S.-owned assets abroad, net (increase/financial outflow (-)) (40)	-370,962	-156,169	214,793	-215,815	-80,036	24,978	-100,088	-26,184	-131,345	40,271	-38,915	-79,186
12	U.S. official reserve assets, net (41)	-4,911	-3,681	1,230	190	-1,343	-3,559	-199	390	-1,843	-1,416	-812	604
13	U.S. Government assets, other than official reserve assets, net (46)	-486	379	865	77	-783	77	143	133	42	-27	231	258
14	U.S. private assets, net (50)	-365,565	-152,867	212,698	-216,082	-77,910	28,460	-100,032	-26,707	-129,544	41,714	-38,334	-80,048
15	Foreign-owned assets in the United States, net (increase/financial inflow (+)) (55)	752,806	630,364	-122,442	302,510	181,610	17,889	250,797	113,600	204,411	129,320	183,030	53,710
16	Foreign official assets in the United States, net (56)	5,224	96,630	91,406	4,087	-20,831	16,882	5,086	7,641	47,252	9,534	32,203	22,669
17	Other foreign assets in the United States, net (63)	747,582	533,734	-213,848	298,423	202,441	1,007	245,711	105,959	157,159	119,786	150,827	31,041
18	Statistical discrepancy (sum of above items with sign reversed) (70)	10,701	28,524	17,823	20,819	-2,547	48,258	-55,828	24,918	54,431	-43,410	-7,405	36,005
Memoranda:													
19	Balance on current account (76)	-393,371	-503,427	-110,056	-107,722	-99,234	-91,331	-95,086	-112,542	-127,697	-126,337	-136,854	-10,517
20	Net financial flows (40 and 55)	381,844	474,195	92,351	86,695	101,574	42,867	150,709	87,416	73,066	169,591	144,115	-25,476

^r Revised.
^p Preliminary.

U.S. dollar in exchange markets

The dollar was unchanged against major currencies in the fourth quarter on a nominal, trade-weighted quarterly average basis against a group of seven major currencies that are widely traded in international markets (table B, chart 1). The dollar depreciated 2 percent against the euro and appreciated 3 percent against the yen. The U.S. Federal Reserve Board, concerned about the lack of expansion in the economy, lowered the target federal funds rate 50 basis points. The European Central Bank, also concerned about weak growth prospects, lowered its minimum financing rate 50 basis points.

Current Account

Goods and services

The deficit on goods and services increased to \$120.2 billion in the fourth quarter from \$110.3 billion in the third. The deficit on goods increased \$9.4 billion, and the surplus on services decreased \$0.6 billion.

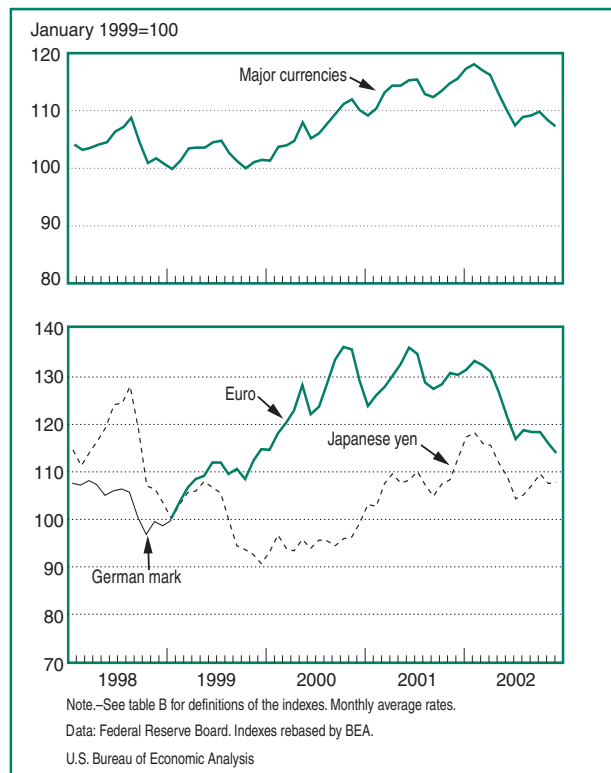
Goods

The deficit on goods increased to \$132.3 billion in the fourth quarter from \$122.9 billion in the third, as exports decreased and imports increased (table A).

Exports. Goods exports decreased \$4.7 billion, or 3 percent, in the fourth quarter; real exports increased 3 percent, and export prices were unchanged.² Most of the decrease was in capital goods, which decreased \$4.1

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 (1996) dollars. Price indexes (1996=100) are also calculated using a chain-type Fisher formula.

Chart 1. Nominal Indexes of Foreign Currency Price of the U.S. Dollar



billion; civilian aircraft and parts accounted for \$2.1 billion of the decrease, and semiconductors accounted for \$1.5 billion. Automotive products decreased \$1.3 billion; exports to Canada fell, following three quarters of growth. Partly offsetting these decreases, nonagricultural industrial supplies and materials increased \$0.5 billion, mainly in petroleum and in chemicals.

Table B. Indexes of Foreign Currency Price of the U.S. Dollar

[January 1999=100]

	2001					2002												
	IV ^r	I ^r	II ^r	III ^r	IV	Dec. ^r	Jan. ^r	Feb. ^r	Mar. ^r	April ^r	May ^r	June ^r	July ^r	Aug. ^r	Sept. ^r	Oct.	Nov.	Dec.
Nominal: ¹																		
Broad ²	110.4	112.3	110.5	109.0	109.9	110.6	112.1	112.8	112.1	111.8	110.5	109.3	107.9	109.1	110.0	110.8	109.7	109.2
Major currencies ³	114.8	117.7	113.3	108.7	108.7	115.7	117.5	118.3	117.2	116.4	113.2	110.3	107.6	109.1	109.4	110.0	108.5	107.5
Other important trading partners ⁴	106.0	106.8	108.0	109.9	112.0	105.4	106.4	107.0	106.9	107.2	107.9	108.8	108.7	109.7	111.2	112.5	111.8	111.8
Real: ¹																		
Broad ²	111.7	113.4	111.9	110.2	110.6	111.7	113.1	113.6	113.4	113.3	111.8	110.6	109.1	110.4	111.2	111.9	110.4	109.6
Major currencies ³	118.3	121.3	116.9	112.2	112.1	118.9	120.9	122.0	120.9	120.2	116.7	113.7	111.0	112.6	113.0	113.6	112.0	110.7
Other important trading partners ⁴	104.1	104.3	106.0	107.8	108.8	103.3	104.1	104.2	104.7	105.3	106.0	106.8	106.7	107.7	108.9	109.8	108.5	108.1
Selected currencies: (nominal) ⁵																		
Canada.....	104.0	105.0	102.3	102.9	103.3	103.9	105.3	105.1	104.5	104.1	102.0	100.8	101.7	103.3	103.7	103.9	103.4	102.6
European currencies:																		
Euro area ⁶	129.6	132.2	126.1	117.8	115.9	130.1	131.2	133.1	132.2	130.8	126.4	121.2	116.7	118.5	118.2	118.1	115.8	113.7
United Kingdom.....	114.4	115.7	112.8	106.5	105.4	114.5	115.2	116.0	115.9	114.3	113.0	111.2	106.0	107.4	106.0	105.9	106.4	104.0
Switzerland.....	118.9	121.3	115.1	107.4	105.8	119.6	120.6	122.5	120.8	119.4	114.7	111.1	106.2	108.1	107.8	107.8	105.8	103.9
Japan.....	109.3	116.9	111.9	105.3	108.1	112.6	117.1	118.0	115.7	115.4	111.6	108.8	104.1	105.0	106.9	109.4	107.3	107.6
Mexico.....	91.2	90.0	93.6	97.7	100.5	90.4	90.5	89.9	89.5	90.5	93.9	96.4	96.6	97.1	99.4	99.7	100.7	101.0
Brazil.....	168.7	157.6	165.6	207.3	242.9	156.3	157.4	160.3	155.1	153.6	163.7	179.5	194.5	205.6	221.9	251.1	237.6	239.9

^r Revised.
1. For more information on the nominal and real indexes of the foreign exchange value of the U.S. dollar, see *Federal Reserve Bulletin*, vol. 84 (October 1998): 811-18.
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. 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.
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.

Agricultural products increased \$0.5 billion as a result of higher shipments of soybeans, wheat, and cotton.

Imports. Goods imports increased \$4.7 billion, or 2 percent, in the fourth quarter; real imports and import prices both increased 1 percent. Consumer goods increased \$1.9 billion, spurred in part by continued strength in U.S. consumer spending. Nonpetroleum industrial supplies and materials increased \$1.1 billion: Iron and steel products, chemicals, and building materials all increased. Foods, feeds, and beverages increased \$0.4 billion. Capital goods changed little overall; within capital goods, most categories decreased, especially semiconductors and electric generating equipment, but civilian aircraft increased \$1.2 billion. Petroleum and petroleum products increased \$1.9 billion. The average number of barrels imported daily increased to 12.59 million from 11.88 million. The increase was more than accounted for by deliveries from Western Europe, Canada, and Saudi Arabia, which rose 22 percent, 14 percent, and 15 percent, respectively. In contrast, deliveries from Venezuela, where the petroleum industry was shut down by a 64-day strike that began December 2nd, decreased 16 percent. The average price per barrel increased slightly to \$25.73 from \$25.52.

Balances by area. The goods deficit increased \$9.4 billion in the fourth quarter, to a record high of \$132.3

billion, after an increase of \$0.2 billion in the third quarter.³ The deficit with Japan increased \$3.9 billion, reflecting higher imports, mostly of passenger cars, and lower exports, mostly of civilian aircraft. The deficit with Western Europe increased \$2.8 billion; an increase in imports, largely passenger cars and pharmaceutical products, outpaced an increase in exports, largely agricultural products. The deficit with Canada increased \$1.1 billion, reflecting higher imports of energy products and lower exports of passenger cars. The deficits with Latin America, with Asia, excluding Japan, and with OPEC changed relatively little.

Services

The surplus on services decreased to \$12.0 billion in the fourth quarter from \$12.6 billion in the third (table A).

Travel receipts increased to \$18.6 billion from \$17.4

3. Seasonally adjusted estimates for 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 for 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.)

Annual Revision of the U.S. International Transactions Accounts

Several major improvements to the quality and the presentation of the estimates will be introduced in the annual revision of the international transactions accounts to be released in June 2003. First, results from the U.S. Treasury Department's 2001 Benchmark Survey of U.S. Portfolio Investment Abroad will be incorporated into the international transactions accounts for 1998–2002. The results will also be incorporated into the international investment position accounts. Second, results from BEA's 1999 Benchmark Survey of U.S. Direct Investment Abroad will be incorporated into the international transactions accounts and into the investment position accounts for 1999–2002. Third, a new methodology for estimating insurance services will be introduced. These services are currently measured as premiums minus claims. The new estimates will be equal to premiums minus "expected" claims; "expected" claims will be based on the relationship between claims and premiums, averaged over many years. The new estimates will eliminate the sharp swings in estimates of insurance services that now occur whenever insurance claims are outside of normal bounds.

In addition, the presentation of tables 5 through 9 will be substantially revised, and several new tables will be

introduced. Data in table 5, which pertain to BEA's direct investment surveys, will be presented on a North American Industry Classification System basis for both U.S. direct investment abroad and foreign direct investment in the United States; historical data will be presented for 1999–2002. Several changes in data items and geography will be introduced for tables 6–9, largely as a result of improvements in the coverage of the Treasury International Capital Reporting System (TIC), which generates data that BEA uses in estimating securities transactions and bank and nonbank claims and liabilities. Table 6 will contain a new and expanded presentation of securities transactions data; historical data will be presented in the new format for 1998–2002. Data now in table 7, on transactions of securities brokers, will be reclassified to tables 8 and 9, where they will be listed with other similar transactions. The new presentations for tables 7 through 9 will begin with estimates for the first quarter of 2003; historical data will be presented in the new format, but not in full detail, for 1998–2002. Finally, new tables reconciling BEA's estimates of securities, bank, and nonbank transactions to TIC source data will be presented. An article discussing these changes will be published in the July 2003 issue of the SURVEY OF CURRENT BUSINESS.

billion, and travel payments increased to \$15.7 billion from \$14.6 billion. These increases were the largest in the past several quarters, but the levels of receipts and payments still remain below the quarterly levels that preceded the terrorist attacks of September 11th.

Passenger fare receipts increased to \$4.6 billion from \$4.5 billion, and passenger fare payments increased to \$5.6 billion from \$5.3 billion.

“Other” transportation receipts increased to \$7.4 billion from \$7.2 billion, and “other” transportation payments increased to \$10.2 billion from \$9.7 billion. Freight services for both receipts and payments accounted for much of the increase and reflected higher freight rates. A work stoppage at West Coast ocean ports in the last 2 days of September and the first 8 days of October had little impact on overall receipts and payments for the fourth quarter.

Receipts of “other” private services increased to \$30.3 billion from \$30.2 billion. Payments of “other” private services increased to \$20.7 billion from \$20.2 billion. Small increases occurred in the affiliated component and in the insurance component of unaffiliated services.

Transfers under U.S. military agency sales contracts increased to \$3.0 billion from \$2.9 billion. Direct defense expenditures abroad increased to \$5.2 billion from \$5.0 billion, reflecting the early stages of troop buildup and deployment for the war with Iraq.

Income

The deficit on income decreased to \$2.6 billion in the fourth quarter from \$3.0 billion in the third (table A).

Receipts of income on U.S. direct investment abroad increased \$1.1 billion, to \$34.8 billion. Earnings increased \$1.1 billion; manufacturing accounted for all of the increase, which was especially strong in chemicals and in industrial machinery in Europe and in transportation in Canada. Petroleum earnings and “other” earnings were nearly unchanged.

Payments of income on foreign direct investment in the United States increased \$1.1 billion, to \$16.3 billion. Earnings increased \$1.5 billion, and interest payments decreased \$0.4 billion. Earnings in “other” industries increased \$2.1 billion, largely in Japanese-owned and European-owned banks (mostly as a result of a reversal of losses) and in insurance. Earnings in petroleum increased \$0.3 billion. In contrast, earnings in manufacturing decreased \$1.0 billion, largely in chemicals and in “other manufacturing.”

Receipts of “other” private income decreased \$2.3 billion, to \$26.0 billion. Nearly half of the decrease was in dividends earned on U.S. holdings of foreign stocks,

which fell as a result of a decline in average holdings, and in interest earned on U.S. holdings of bonds, which fell as a result of a decline in yields. Interest earned on bank and nonbank claims decreased, mostly reflecting an average decline of 30 basis points in interest rates.

Payments of “other” private income decreased \$2.2 billion, to \$28.9 billion. More than half of the decrease was in dividends paid on foreign holdings of U.S. stocks and in interest paid on foreign holdings of U.S. bonds. Interest paid on bank and nonbank claims decreased, mostly reflecting an average decline of 30 basis points in interest rates.

Receipts of income on U.S. Government assets increased \$0.2 billion, to \$1.0 billion. Payments of income on U.S. Government liabilities decreased \$0.5 billion, to \$17.6 billion; the decrease was more than accounted for by declines in interest rates.

Unilateral current transfers

Net outflows for unilateral current transfers increased to \$14.1 billion in the fourth quarter from \$13.1 billion in the third (table A). U.S. Government grants increased, though Congress did not appropriate funds for Israel and Egypt—under the credit waiver program to finance military purchases and for general economic support—that are often disbursed annually in the fourth quarter; instead, these funds were disbursed in the first quarter of 2003.

Revisions to the Estimates for the Third Quarter of 2002

The international transactions accounts estimates for the third quarter of 2002 have been revised from the preliminary estimates that were published in the January 2003 SURVEY OF CURRENT BUSINESS. In addition, the estimates have been revised to ensure that the seasonally adjusted estimates sum to the same annual totals as the unadjusted estimates.

The current-account deficit for the third quarter was revised to \$126.3 billion from \$127.0 billion. The goods deficit was revised to \$122.9 billion from \$123.2 billion; the services surplus was revised to \$12.6 billion from \$12.3 billion; the deficit on income was virtually unchanged at \$3.0 billion; and unilateral current transfers were revised to net outflows of \$13.1 billion from net outflows of \$13.2 billion. Revisions to the estimates for the first and second quarters were small. Net recorded financial inflows were revised to \$169.6 billion from \$172.4 billion.

Capital Account

Capital account transactions were net inflows of \$0.1 billion in the fourth quarter, virtually unchanged from the third (table A).

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 \$144.1 billion in the fourth quarter, down from \$169.6 billion in the third. Financial inflows for foreign-owned assets in the United States increased, while transactions for U.S.-owned assets abroad shifted to an outflow from an inflow.

U.S.-owned assets abroad

Net U.S.-owned assets abroad increased \$38.9 billion in the fourth quarter, in contrast to a decrease of \$40.3 billion in the third. Inflows to U.S. banks slowed, and U.S. transactions in foreign securities shifted to net U.S. purchases from net sales.

U.S. official reserve assets. U.S. official reserve assets increased \$0.8 billion in the fourth quarter, following an increase of \$1.4 billion in the third (table C). The fourth-quarter increase largely reflected an increase in the U.S. reserve position in the International Monetary Fund.

Claims on foreigners reported by banks and by nonbanks. U.S. claims on foreigners reported by U.S. banks decreased \$11.0 billion in the fourth quarter, following a decrease of \$53.8 billion in the third.

Banks' own claims denominated in dollars increased \$0.4 billion, in contrast to a \$46.4 billion decrease. In the fourth quarter, foreign-owned banks in the United States extended sizable amounts of credit to their parent banks and other banks abroad, particularly in Switzerland. However, U.S.-owned banks increased lending to foreign offices only a moderate amount, and U.S. securities brokers cut back lending to borrowers in Asia and in Caribbean financial centers by a sizable amount. Claims denominated in foreign currencies were reduced.

Banks' domestic customers' claims changed little, as increases in negotiable and transferable instruments and in foreign commercial paper in the United States were nearly offset by decreases in dollar deposits and in collections. Claims reported by U.S. nonbanking concerns increased \$7.6 billion, following an increase of \$4.2 billion.

Foreign securities. Net U.S. purchases of foreign securities were \$8.7 billion in the fourth quarter, a shift from net sales of \$18.5 billion in the third. Net U.S. purchases of foreign stocks were \$12.9 billion, following net sales of \$12.8 billion. Most of the shift occurred in Western Europe, where transactions shifted to net purchases of \$8.5 billion from net sales of \$5.8 billion; European stock prices increased 6 percent during the fourth quarter, mostly on positive earnings reports from U.S. and European corporations. Net U.S. sales of foreign bonds slowed to \$4.2 billion from \$5.8 billion.

Direct investment. Net financial outflows for U.S. direct investment abroad were \$33.0 billion in the fourth quarter, up from \$26.4 billion in the third. Re-invested earnings and net equity capital outflows both increased. Net intercompany debt flows changed little.

Foreign-owned assets in the United States

Net foreign-owned assets in the United States increased \$183.0 billion in the fourth quarter, compared with an increase of \$129.3 billion in the third. Inflows to U.S. banks, net foreign purchases of U.S. securities other than U.S. Treasury securities, and inflows for foreign official assets were all larger than in the third quarter.

Foreign official assets. Foreign official assets in the United States increased \$32.2 billion in the fourth quarter, following an increase of \$9.5 billion in the third (table C). Assets of industrial countries increased \$19.1 billion, and assets of developing countries increased \$13.1 billion, principally of China, Korea, and Mexico.

Liabilities reported by banks and by nonbanks. U.S. liabilities to foreigners reported by U.S. banks, excluding U.S. Treasury securities, increased \$54.6 billion

Table C. Selected Transactions with Official Agencies

[Millions of dollars]

	2001	2002 ^a	Change: 2001– 2002	2001				2002				Change: 2002 III–IV	
				I	II	III	IV	I	II	III ^r	IV ^p		
Changes in foreign official assets in the United States, net (decrease –)													
(table 1, line 56)	5,224	96,630	91,406	4,087	–20,831	16,882	5,086	7,641	47,252	9,534	32,203	22,669	
Industrial countries ¹	–1,616	50,099	51,715	–7,273	–10,007	7,199	8,465	5,222	21,693	4,130	19,054	14,924	
Members of OPEC ²	–1,725	–8,132	–6,407	673	–1,699	–4,081	3,382	–8,532	838	–1,289	851	2,140	
Other countries	8,565	54,663	46,098	10,687	–9,125	13,764	–6,761	10,951	24,721	6,693	12,298	5,605	
Changes in U.S. official reserve assets, net (increase –) (table 1, line 41)	–4,911	–3,681	1,230	190	–1,343	–3,559	–199	390	–1,843	–1,416	–812	604	

^r Revised.

^p Preliminary.

1. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.

2. Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Excludes Ecuador beginning January 1993 and Gabon beginning January 1995.

in the fourth quarter, following an increase of \$18.8 billion in the third.

Banks' own liabilities denominated in dollars increased \$61.3 billion, following an increase of \$16.0 billion. In the fourth quarter, inflows were large to U.S.-owned banks, where sizable inflows from abroad supplemented deposit growth from domestic sources, partly to fund purchases of U.S. Government securities. Inflows to foreign-owned banks were also large, as U.S. branches borrowed heavily, partly to fund liquidity needs of parent banks and other banks abroad. U.S. securities brokers reduced their liabilities, especially through sizable reductions in repurchase agreements.

Banks' custody liabilities denominated in dollars decreased \$3.3 billion, following an increase of \$12.2 billion. Liabilities reported by U.S. nonbanking concerns changed little, following a decrease of \$3.8 billion.

U.S. Treasury securities. Net foreign purchasers of U.S. Treasury securities dropped to \$12.7 billion in the fourth quarter from \$52.9 billion in the third. The drop resulted from a shift of \$27.8 billion from large net purchases to net sales by Japanese investors and a decrease of \$14.3 billion in net purchases by British investors. The United Kingdom and Japan had been the source of most of the surge in net purchases in the third quarter.

Other U.S. securities. Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$62.6 billion in the fourth quarter, up from \$46.5 billion in the third.

Net foreign purchases of U.S. corporate and other bonds were \$50.6 billion in the fourth quarter, up from \$39.1 billion. Net foreign purchases of U.S. corporate bonds were \$39.8 billion, up from \$17.1 billion; \$11.8 billion was in new issues sold abroad by U.S. corporations, which were up from \$1.6 billion. After reaching record highs early in October, corporate bond spreads over U.S. Treasury bonds narrowed considerably; investment-grade spreads decreased 40 basis points, and noninvestment-grade spreads decreased 150 basis points. Net purchases of agency bonds were \$10.8 billion, down from \$21.9 billion.

Net foreign purchases of U.S. stocks were \$12.0 billion in the fourth quarter, up from \$7.4 billion in the third. U.S. markets rallied sharply in October and November from a 4-year low in the third quarter. The S&P index increased 8 percent in the fourth quarter after an 18-percent decline in the third; the DJIA gained 10 percent after an 18-percent decline; and the NASDAQ gained 14 percent after a 20-percent decline.

U.S. currency flows. Net U.S. currency shipments to foreigners were \$7.2 billion in the fourth quarter, up from \$2.6 billion in the third, as shipments to several

areas were higher.

Direct investment. Net financial inflows for foreign direct investment in the United States were \$13.5 billion in the fourth quarter, up from \$2.9 billion in the third. A large decrease in net outflows for intercompany debt and a small increase in reinvested earnings more than offset a decrease in net inflows for equity capital. The large decrease in intercompany debt outflows, as well as the decrease in equity capital inflows, reflected a large debt-capitalization transaction in the third quarter.

The Year 2002

The U.S. current-account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—increased to \$503.4 billion in 2002 from \$393.4 billion in 2001. More than two-thirds of the increase was accounted for by an increase in the deficit on goods and a decrease in the surplus on services. The balance on income shifted to a deficit, and net outflows for unilateral current transfers increased (table D, chart 2).

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 \$474.2 billion in 2002, up from \$381.8 billion in 2001. Financial outflows for U.S.-owned assets abroad decreased more than financial inflows for foreign-owned assets in the United States.

The statistical discrepancy—errors and omissions in recorded transactions—was a positive \$28.5 billion in 2002, compared with a positive \$10.7 billion in 2001.

Chart 2. U.S. Current-Account Balance and Its Components

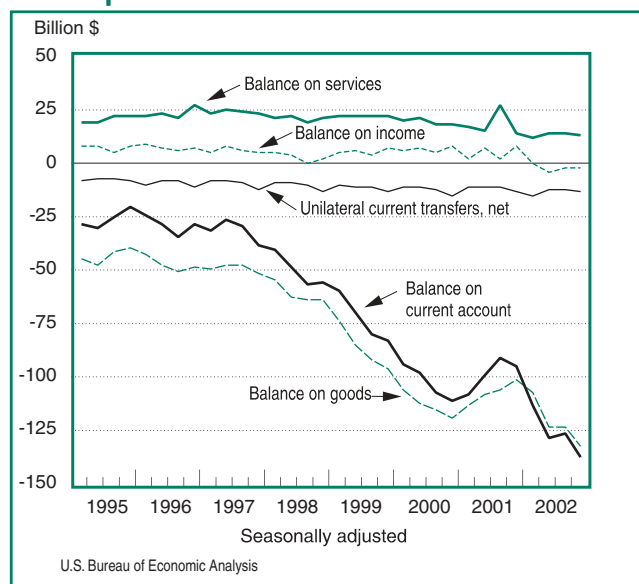


Table D. Selected Balances on U.S. International Transactions

(Millions of dollars, quarters seasonally adjusted)

(Credits +; debits -)	2000	2001	2002 ^p	2002			
				I ^r	II ^r	III ^r	IV ^p
Balance on goods	-452,423	-427,165	-484,353	-106,603	-122,645	-122,853	-132,252
Balance on services	73,742	68,875	48,811	10,974	13,199	12,596	12,039
Balance on income	21,782	14,382	-11,862	-982	-5,324	-3,007	-2,553
Investment income, net	27,651	20,539	-5,424	636	-3,675	-1,462	-927
Direct investment, net	88,862	102,595	77,947	22,023	18,749	18,626	18,548
Other private, net	17,916	-4,952	-13,776	-3,685	-4,457	-2,756	-2,878
U.S. Government, net	-79,127	-77,104	-69,595	-17,702	-17,967	-17,332	-16,597
Compensation of employees, net	-5,869	-6,157	-6,438	-1,618	-1,649	-1,545	-1,626
Unilateral current transfers, net	-53,442	-49,463	-56,023	-15,931	-12,927	-13,073	-14,088
Balance on current account	-410,341	-393,371	-503,427	-112,542	-127,697	-126,337	-136,854

^r Revised.
^p Preliminary.

The following are highlights for 2002:

- The deficit on goods increased as exports fell for the second consecutive year, reflecting little pickup in economic activity abroad, and as imports increased, reflecting a strengthening in U.S. economic activity.
- The services surplus fell sharply. The services surplus had been boosted in 2001 by the recording of large nonrecurring losses recovered from foreign reinsurance companies.
- The balance on income shifted to a deficit, largely as direct investment income payments were sharply higher, reflecting a strengthening in U.S. economic activity and a pickup in corporate profits.
- Financial outflows for U.S.-owned assets abroad were substantially lower. Lending by U.S. banks was sharply curtailed, and transactions in foreign securities shifted from sizable net U.S. purchases to net U.S. sales, as stock prices abroad fell.
- Financial inflows for foreign-owned assets in the United States were also lower. Net financial inflows for foreign direct investment in the United States and net foreign purchases of U.S. securities were sharply lower. Partly offsetting was a step-up in foreign official assets in the United States.

U.S. dollar in exchange markets

The U.S. dollar depreciated 1 percent in 2002 on a nominal, trade-weighted yearly average basis against the group of seven currencies that are widely traded in international markets, following a 6-percent appreciation in 2001 (table B, chart 1). The dollar depreciated 5 percent against the euro and appreciated 3 percent against the yen.

The dollar appreciated 3 percent to a 16-year high in the first quarter. Economic reports released during the quarter indicated that U.S. economic activity was recovering more strongly than in the previous quarter. Economic reports also suggested that euro-area economies might be improving. Neither the U.S. Federal Reserve Board nor the European Central Bank changed interest-rate targets during the quarter.

In the second quarter, the dollar depreciated 4 percent, as U.S. economic activity expanded more moderately than in the previous two quarters. U.S. stock prices, which had rebounded from the previous October, turned down decisively in the second quarter, declining 15 percent. By the end of the quarter, the dollar depreciated to a 28-month low against the euro. The euro benefitted from interest-rate differentials in favor of owning euro-denominated assets. The dollar also depreciated against the Japanese yen; Japanese monetary authorities attempted to limit the yen's rise by selling yen in foreign exchange markets on seven separate occasions. The dollar appreciated against the currencies of several Latin American countries that were experiencing substantial economic and financial difficulties.

The dollar depreciated another 4 percent in the third quarter, as U.S. economic data on employment, manufacturing, and consumer confidence released during the quarter provided mixed indications of the strength of U.S. economic activity. Uncertain U.S. economic prospects and weakness in the global economic recovery were factors underlying an additional decline of 18 percent in U.S. stock prices. Yields on U.S. Treasury securities fell, as losses in equity markets and in noninvestment-grade corporate bond markets worldwide prompted some investors to reallocate funds into lower risk assets. European equity markets fared even worse than their U.S. counterpart, declining 24 percent. However, interest-rate differentials continued to favor euro-area assets (charts 3, 4, and 5). Countries in Latin America continued to encounter economic and financial difficulties, and the dollar appreciated against those countries' currencies, particularly the Brazilian real.

The dollar was unchanged in the fourth quarter. U.S. and European stock markets rebounded in October and November, following 6-month declines of 33 percent and 39 percent, respectively, but turned down again in December. By December, risk premiums of investment- and noninvestment-grade bonds over Trea-

Chart 3. Short-Term Interest Rates

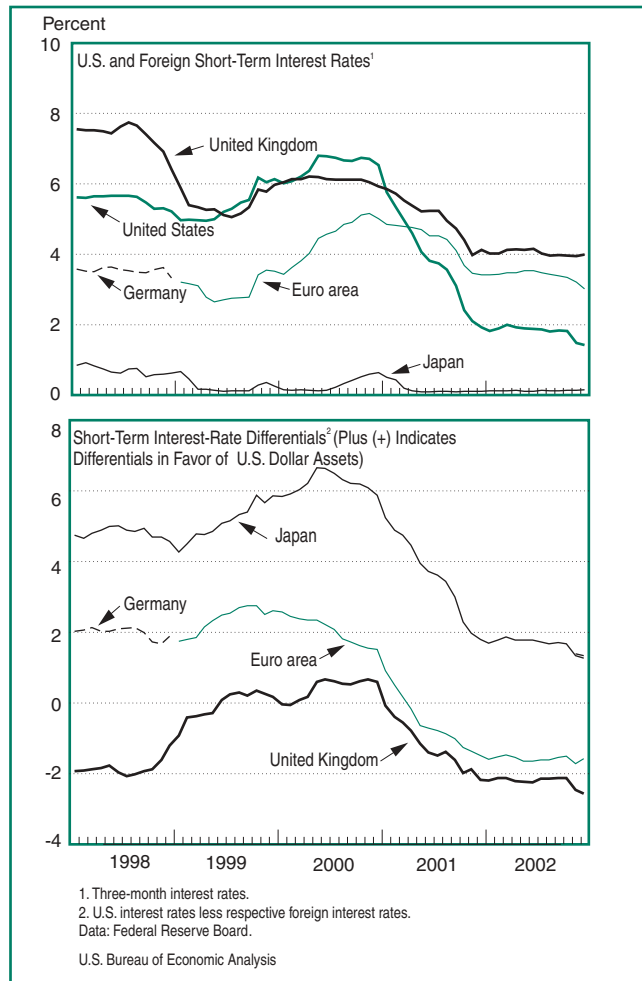
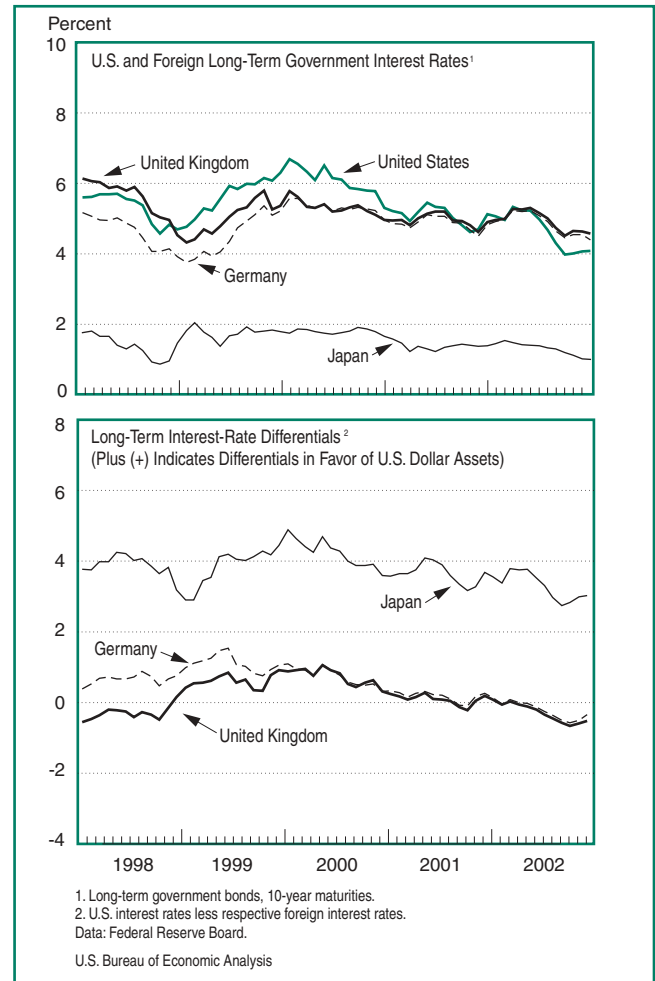


Chart 4. Long-Term Interest Rates



surety securities fell to the same levels as in July, after peaking in October. The U.S. Federal Reserve Board, concerned about the weakness of the U.S. economy, lowered the target federal funds rate 50 basis points in early November. The European Central Bank, also concerned about the lack of economic growth, lowered its minimum refinancing rate 50 basis points in early December. Interest rates in Europe remained higher than those in the United States.

Current Account

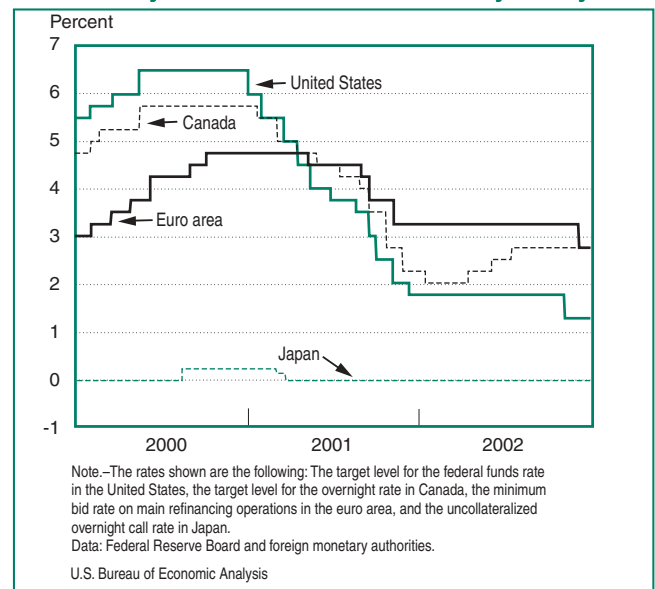
Goods and services

The deficit on goods and services increased to \$435.5 billion in 2002 from \$358.3 billion in 2001. The deficit on goods increased, and the surplus on services decreased (table D).

Goods

The deficit on goods increased to \$484.4 billion in 2002 from \$427.2 billion in 2001. Goods exports decreased for the second year, while goods imports turned up after a decline.

Chart 5. Key Interest Rates for Monetary Policy



Goods exports decreased \$36.2 billion, or 5 percent, in 2002, after decreasing \$53.2 billion, or 7 percent, in 2001. The decrease in 2002 was concentrated in capital goods (tables E and F).

Goods imports increased \$21.0 billion, or 2 percent, in 2002 after decreasing \$78.5 billion, or 6 percent, in 2001. Petroleum imports were unchanged after a decrease of \$16.6 billion. Nonpetroleum imports increased \$21.0 billion, or 2 percent, after a decrease of \$61.9 billion, or 6 percent. Increases in consumer goods and automotive vehicles, engines, and parts were partly offset by decreases in capital goods and nonpetroleum industrial supplies and materials.

U.S. exports in 2002 continued to be restrained by limited expansion abroad. Except in Canada, where there was a strong recovery, expansion in real GDP in many countries in Western Europe and Japan was no stronger than in 2001, though some European countries grew faster in the second half of the year than in the first half (chart 6). Growth in countries in Latin America also failed to increase. There was a sizable pickup in the growth of newly industrialized countries in Asia. The cumulative effect of dollar appreciation in recent years, despite depreciation in much of 2002, also may have restrained U.S. exports.

U.S. imports increased, reflecting a pickup in U.S. real GDP growth to 2.4 percent in 2002 from 0.3 percent in 2001; growth was 3.8 percent in 2000. The cumulative effect of dollar appreciation also may have increased U.S. imports in 2002.

Domestic prices of most U.S. exports decreased slightly in 2002, following a small decrease in 2001. Prices of computers decreased more than in 2001. Prices of the civilian aircraft component of capital goods increased, but less than in 2001 (table G). When

converted into foreign currencies, prices of U.S. exports decreased by a larger amount, because appreciation of foreign currencies augmented declines in domestic prices (table H).

Dollar prices of most nonpetroleum imports decreased, led by a decrease in computer prices, while prices of petroleum and petroleum products increased (table G).

Exports. Goods exports decreased \$36.2 billion, or 5 percent, to \$682.6 billion in 2002, following a decrease of \$53.2 billion, or 7 percent, in 2001. The 2-year decline brought exports 12 percent below the record level in 2000. Real exports decreased 5 percent, and export prices were unchanged. In value, capital goods accounted for more than 85 percent of the de-

Table F. Percent Change in U.S. Trade in Goods, Current and Chained (1996) Dollars

[Balance of payments basis]

	Current dollars			Chained (1996) dollars		
	2000	2001	2002 ^p	2000 ^r	2001 ^r	2002 ^p
Exports	12.9	-6.9	-5.0	11.6	-6.3	-4.6
Agricultural products.....	6.3	4.0	-0.8	8.2	3.2	-2.4
Nonagricultural products.....	13.4	-7.7	-5.4	11.8	-7.0	-4.7
Foods, feeds, and beverages.....	4.1	3.2	0.3	5.9	2.8	-2.1
Industrial supplies and materials.....	16.9	-7.2	-2.0	10.0	-4.4	-0.5
Capital goods, except automotive.....	14.7	-9.9	-9.7	15.3	-9.9	-8.9
Automotive vehicles, parts, and engines.....	6.8	-6.1	4.0	5.9	-6.4	3.4
Consumer goods (nonfood), except automotive.....	10.4	-1.2	-4.5	10.0	-0.8	-3.9
Exports, n.e.c.....	7.9	-4.3	-4.6	6.0	-3.9	-4.6
Imports	18.9	-6.4	1.8	13.5	-3.6	3.6
Petroleum and products.....	77.3	-13.8	0.0	5.9	3.5	-2.7
Nonpetroleum products.....	14.8	-5.6	2.0	14.1	-4.3	4.2
Foods, feeds, and beverages.....	5.4	1.4	6.6	7.1	4.6	5.5
Industrial supplies and materials.....	34.8	-8.6	-2.4	5.7	-1.2	0.6
Capital goods, except automotive.....	17.3	-14.1	-4.7	20.1	-11.7	-1.7
Automotive vehicles, parts, and engines.....	9.4	-3.1	7.5	8.7	-3.0	7.1
Consumer goods (nonfood), except automotive.....	16.5	0.9	8.2	17.5	1.7	9.3
Imports, n.e.c., and U.S. goods returned.....	12.8	-1.0	2.3	11.4	-0.6	3.2

^r Revised.

^p Preliminary.

n.e.c. Not elsewhere classified.

Table E. U.S. Trade in Goods, Current and Chained (1996) Dollars

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

	Current Dollars								Chained (1996) Dollars							
	2000	2001	2002 ^p	2002				2000 ^r	2001 ^r	2002 ^p	2002					
				I ^r	II ^r	III ^r	IV ^p				I ^r	II ^r	III ^r	IV ^p		
Exports	771,994	718,762	682,586	164,372	172,150	175,372	170,692	820,566	769,089	733,911	178,471	185,707	187,564	182,169		
Agricultural products.....	52,801	54,889	54,447	13,766	13,506	13,342	13,833	68,307	70,521	68,804	18,066	17,540	16,431	16,767		
Nonagricultural products.....	719,193	663,873	628,139	150,606	158,644	162,030	156,859	751,560	699,081	665,886	160,732	168,412	171,279	165,463		
Foods, feeds, and beverages.....	47,872	49,408	49,541	12,421	12,142	12,364	12,614	60,583	62,294	60,998	15,843	15,331	14,861	14,963		
Industrial supplies and materials.....	172,650	160,200	157,001	36,820	39,740	39,934	40,507	174,822	167,151	166,267	40,284	42,322	41,641	42,020		
Capital goods, except automotive.....	357,000	321,723	290,649	70,917	73,348	75,250	71,134	394,568	355,686	323,939	78,797	81,679	83,984	79,479		
Automotive vehicles, parts, and engines.....	80,356	75,435	78,435	18,435	20,085	20,593	19,322	78,475	73,433	75,947	17,898	19,481	19,935	18,633		
Consumer goods (nonfood), except automotive.....	89,376	88,330	84,391	20,520	21,023	21,456	21,392	88,645	87,917	84,454	20,541	21,086	21,456	21,371		
Exports, n.e.c.....	24,740	23,666	22,569	5,259	5,812	5,775	5,723	25,302	24,305	23,197	5,472	5,998	5,899	5,828		
Imports	1,224,417	1,145,927	1,166,939	270,975	294,795	298,225	302,944	1,293,416	1,246,514	1,291,059	307,228	325,381	327,001	331,449		
Petroleum and products.....	120,185	103,588	103,570	19,192	27,056	27,709	29,613	86,219	89,209	86,823	20,592	22,177	21,397	22,657		
Nonpetroleum products.....	1,104,232	1,042,339	1,063,369	251,783	267,739	270,516	273,331	1,205,086	1,152,864	1,200,764	285,792	302,188	304,979	307,805		
Foods, feeds, and beverages.....	45,978	46,642	49,716	11,845	12,321	12,558	12,992	49,423	51,699	54,528	13,279	13,614	13,725	13,910		
Industrial supplies and materials.....	302,104	276,115	269,476	57,800	68,462	70,112	73,102	262,316	259,227	260,847	62,554	65,577	65,403	67,313		
Capital goods, except automotive.....	347,023	297,992	283,889	69,294	72,059	71,292	71,244	452,266	399,524	392,677	95,315	99,392	98,606	99,364		
Automotive vehicles, parts, and engines.....	195,876	189,781	203,923	47,578	51,849	52,472	52,024	192,510	186,703	200,012	46,783	50,932	51,443	50,854		
Consumer goods (nonfood), except automotive.....	282,008	284,486	307,859	71,443	76,886	78,837	80,693	293,870	298,896	326,831	75,681	81,707	83,691	85,752		
Imports, n.e.c., and U.S. goods returned.....	51,428	50,911	52,076	13,015	13,218	12,954	12,889	51,156	50,850	52,498	13,186	13,352	13,045	12,915		

^r Revised.

^p Preliminary.

n.e.c. Not elsewhere classified.

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

Chart 6. Major Industrial Countries: Real GDP

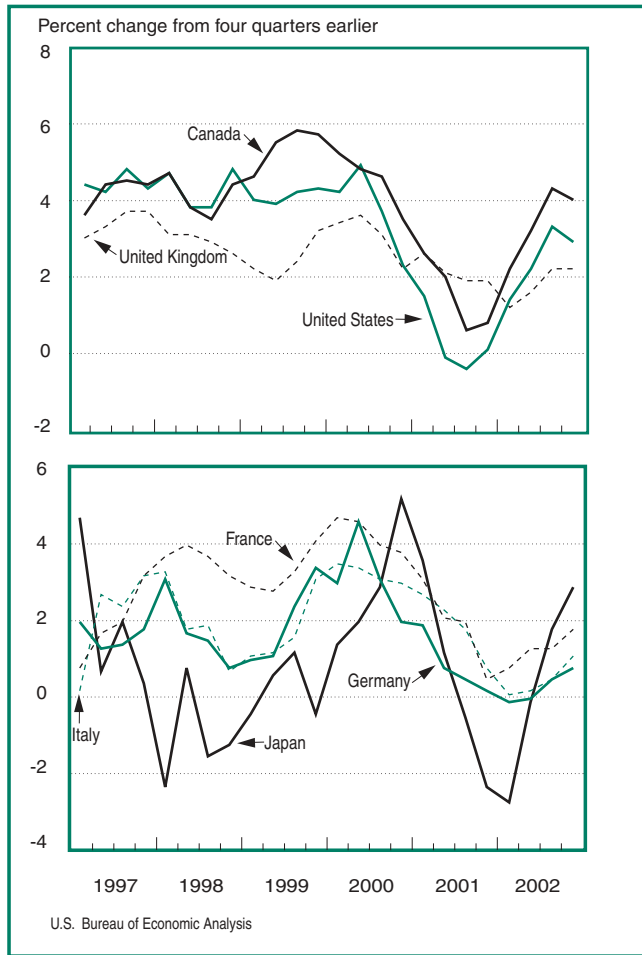
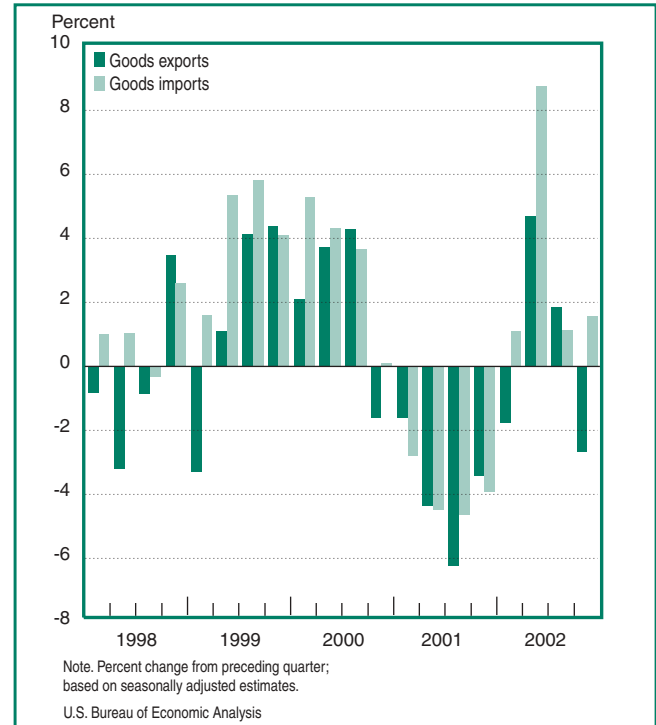


Chart 7. U.S. Trade in Goods



crease (charts 7 and 8). Exports to Western Europe were down \$17.8 billion; to Latin America, down \$10.6 billion; to Japan, down \$6.2 billion; and to Canada, down \$2.4 billion.

Table G. Percent Change in U.S. Goods Trade Chain-Weighted Price Indexes

[Based on index numbers (1996=100)]

	2000 ^r	2001 ^r	2002 ^p
Exports	1.2	-0.7	-0.4
Agricultural products	-1.8	0.8	1.7
Nonagricultural products	1.4	-0.8	-0.6
Foods, feeds, and beverages	-1.6	0.3	2.5
Industrial supplies and materials	6.4	-3.0	-1.5
Capital goods, except automotive	-0.5	-0.1	-0.8
Computers, peripherals, and parts	-4.8	-3.1	-4.9
Civilian aircraft, engines, and parts	4.1	5.5	2.7
Other capital goods	-0.6	-0.4	-0.9
Automotive vehicles, parts, and engines	0.9	0.3	0.6
Consumer goods (nonfood), except automotive	0.4	-0.3	-0.6
Exports, n.e.c.	1.9	-0.5	0.0
Imports	4.8	-2.9	-1.7
Petroleum and products	67.5	-16.7	2.3
Nonpetroleum products	0.5	-1.3	-2.0
Foods, feeds, and beverages	-1.6	-3.0	1.0
Industrial supplies and materials	27.7	-7.6	-3.0
Capital goods, except automotive	-2.4	-2.9	-3.0
Computers, peripherals, and parts	-5.9	-9.0	-7.5
Civilian aircraft, engines, and parts	3.0	3.7	2.0
Other capital goods	-1.6	-1.3	-2.0
Automotive vehicles, parts, and engines	0.7	0.0	0.3
Consumer goods (nonfood), except automotive	-0.8	-0.8	-1.1
Imports, n.e.c., and U.S. goods returned	1.3	-0.4	-0.9

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

Capital goods decreased \$31.1 billion, or 10 percent, following a decrease of \$35.3 billion, or 10 percent. High-technology products decreased \$17.5 billion, following a decrease of \$26.4 billion. The 2-year decline brought capital goods exports to the lowest level since 1996. In 2002, computers, peripherals, and parts decreased \$9.0 billion—largely to Western Europe, Canada, and Japan; telecommunications equipment decreased \$5.7 billion—largely to Western Europe, Latin America, and Canada; and semiconductors decreased \$2.8 billion—largely to Western Europe, Canada, and Mexico. Exports of these products to the newly industrialized countries in Asia changed little. Other industrial, agricultural, and service machinery and electric generating equipment and parts both de-

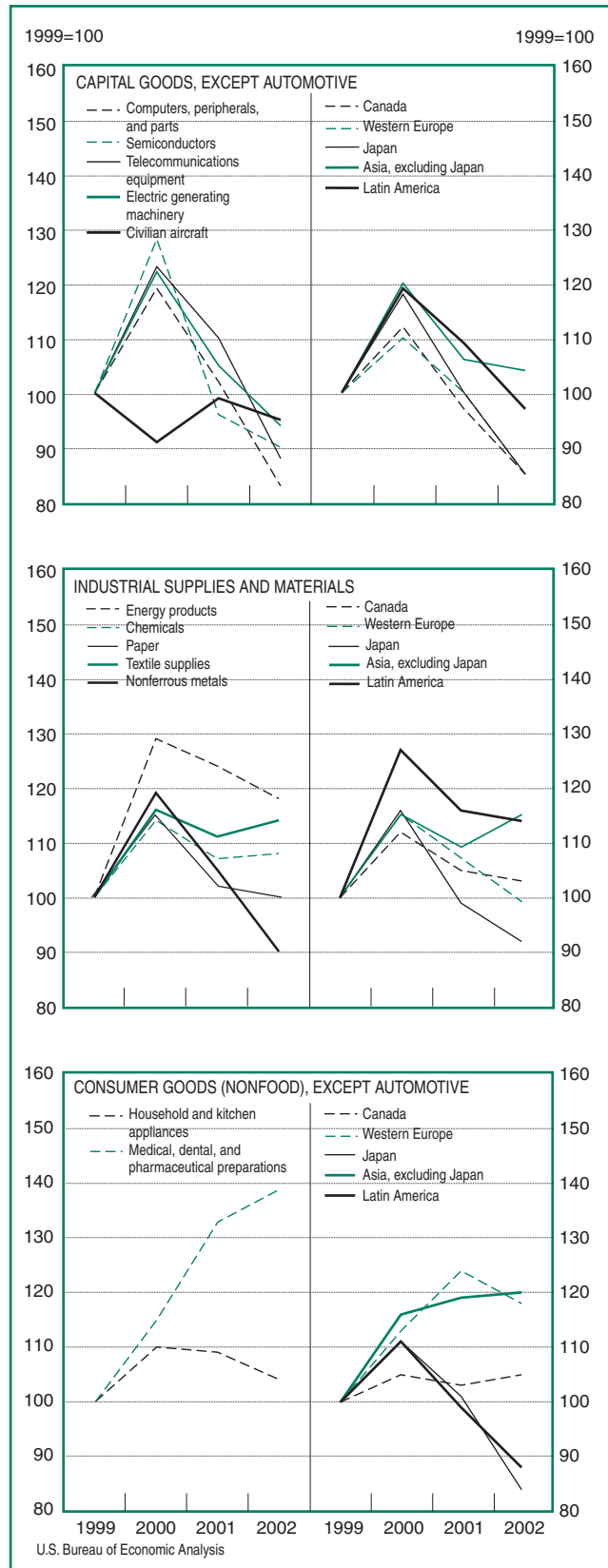
Table H. Percent Change in Foreign Currency Cost of U.S. Exports of Goods

[Based on index numbers (1996=100)]

	2000 ^r	2001 ^r	2002 ^p
Exports	5.8	5.2	-1.7
Agricultural products	2.7	6.8	0.3
Nonagricultural products	6.0	5.1	-1.9
Foods, feeds, and beverages	2.9	6.3	1.2
Industrial supplies and materials	11.2	2.8	-2.7
Capital goods, except automotive	4.0	5.9	-2.1
Computers, peripherals, and parts	-0.5	2.8	-6.1
Civilian aircraft, engines, and parts	8.9	11.8	1.4
Other capital goods	3.9	5.6	-2.1
Automotive vehicles, parts, and engines	5.5	6.3	-0.7
Consumer goods (nonfood), except automotive	5.0	5.7	-1.9
Exports, n.e.c.	6.6	5.5	-1.3

^r Revised.
^p Preliminary.
 n.e.c. Not elsewhere classified.
 NOTE: Chain-weighted price indexes multiplied by trade-weighted exchange rate index of the currencies of Australia, Austria, Belgium, Canada, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, Netherlands, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and from January 2001, Greece.

Chart 8. Growth in Exports by Selected Commodity Categories and Areas



creased, but by smaller amounts than in 2001. Civilian aircraft, engines, and parts decreased \$2.1 billion (table I).

Consumer goods decreased \$3.9 billion, or 4 percent, following a decrease of \$1.0 billion, or 1 percent. Exports to Latin America, Japan, and Western Europe declined. Durable goods—largely artwork, antiques, stamps, and collectibles to Western Europe—accounted for nearly three-fourths of the decrease. Among nondurable goods, household and kitchen appliances—largely to Mexico, Japan, and developing countries in Asia—decreased \$0.8 billion, and medical, dental, and pharmaceutical products increased \$0.8 billion. Unmanufactured consumer goods increased \$0.4 billion; the increase was accounted for by gem diamonds and other gem stones to Israel and India.

Nonagricultural industrial supplies and materials decreased \$2.7 billion, or 2 percent, following a decrease of \$13.4 billion, or 8 percent. Much of the decrease was in metals and nonmetallic products, of which more than half was in nonmonetary gold to Switzerland. Energy products, paper and paper base products, and building materials all decreased. Chemicals increased a small amount (table J).

Automotive vehicles, engines, and parts increased \$3.0 billion, or 4 percent, following a decrease of \$4.9 billion, or 6 percent. Complete cars, trucks, and buses, mainly to Canada, accounted for most of the increase.

Agricultural exports decreased \$0.4 billion, or 1 percent, following an increase of \$2.1 billion, or 4 percent. Increases in corn, wheat, and soybeans were more than offset by a large decrease in meat products.

Imports. Goods imports increased \$21.0 billion, or 2 percent, to \$1,166.9 billion in 2002, following a decrease of \$78.5 billion, or 6 percent in 2001. Real imports increased 4 percent, and import prices decreased 2 percent. In value, increases in consumer goods and autos were partly offset by decreases in capital goods and in nonpetroleum industrial supplies and materials (charts 7 and 9). Imports from Asia increased \$23.5 billion; from Latin America, \$6.0 billion; and from Western Europe, \$5.2 billion. In contrast, imports from Canada decreased \$5.6 billion and from Japan decreased \$5.0 billion.

Consumer goods increased \$23.4 billion, or 8 percent, following an increase of \$2.5 billion, or 1 percent, when import growth was severely limited by the U.S. recession. Durable goods increased \$12.4 billion; 60 percent of the increase was in household and kitchen appliances, three-fourths of which came from China. Nondurable goods increased \$9.4 billion; three-fourths of the increase was accounted for by medical,

dental, and pharmaceutical preparations, most of which came from Ireland (pharmaceutical preparations), Germany, and the United Kingdom.

Automotive vehicles, engines, and parts increased \$14.1 billion, or 7 percent, following a decrease of \$6.1 billion, or 3 percent. Cars and parts from Germany and Japan and parts from Mexico accounted for most of the increase. Total U.S. auto sales fell 2 percent in 2002; all of the decline was accounted for by sales of domestic autos. Sales of domestic autos and trucks fell

3.3 percent, even after aggressive financing deals offered by domestic automakers, while sales of foreign autos and trucks rose 6.3 percent.

Capital goods decreased \$14.1 billion, or 5 percent, following a decrease of \$49.0 billion, or 14 percent. Civilian aircraft, engines, and parts decreased \$5.6 billion, the first decrease in 7 years; imports from France, Germany, the United Kingdom, and Canada all decreased. Semiconductors decreased \$4.4 billion, largely from Asian countries, following a decrease of \$17.9 bil-

Table I. U.S. Trade in Capital Goods, except Automotive

[Balance of payments basis, millions of dollars]

	1997	1998	1999	2000	2001	2002 ^P
Exports	295,874	299,868	311,250	357,000	321,723	290,649
Computers, peripherals, and parts.....	49,361	45,247	46,724	55,542	47,565	38,571
Semiconductors.....	38,861	37,650	46,962	60,077	45,065	42,254
Telecommunications equipment.....	23,340	23,869	25,367	31,268	27,874	22,217
Scientific, hospital, and medical equipment and parts.....	16,173	15,827	16,748	19,309	20,062	19,341
Industrial, agricultural, and service industry machinery.....	46,347	43,573	44,695	53,143	46,060	42,871
Machine tools, metalworking equipment, and control instruments.....	18,275	18,815	19,349	23,837	19,985	18,373
Oil drilling, mining, and construction machinery.....	15,965	15,943	11,965	12,598	14,057	12,911
Industrial engines, pumps, and compressors.....	12,614	11,727	10,993	11,602	11,992	11,563
Electric generating machinery, electric apparatus, and parts.....	27,977	27,301	29,353	35,766	30,887	27,576
Civilian aircraft, engines, and parts.....	41,359	53,547	52,921	48,091	52,619	50,508
Other capital goods, n.e.c.....	5,602	6,369	6,173	5,767	5,567	4,464
Imports	253,398	269,451	295,718	347,023	297,992	283,889
Computers, peripherals, and parts.....	70,177	72,475	81,456	89,762	74,001	75,256
Semiconductors.....	36,880	33,416	37,628	48,353	30,422	26,043
Telecommunications equipment.....	13,822	15,723	21,553	32,688	24,632	23,178
Scientific, hospital, and medical equipment and parts.....	8,958	10,513	12,150	14,941	15,212	16,033
Industrial, agricultural, and service industry machinery.....	41,814	44,711	46,849	51,636	47,478	47,979
Machine tools, metalworking equipment, and control instruments.....	14,973	16,173	15,588	18,192	16,422	14,871
Oil drilling, mining, and construction machinery.....	6,382	8,007	6,984	7,167	6,902	6,573
Industrial engines, pumps, and compressors.....	6,541	7,338	7,715	9,453	9,780	9,089
Electric generating machinery, electric apparatus, and parts.....	27,920	29,074	32,816	39,716	34,789	32,919
Civilian aircraft, engines, and parts.....	16,598	21,814	23,773	26,376	31,358	25,746
Other capital goods, n.e.c.....	9,333	10,207	9,206	8,739	6,996	6,202

^P Preliminary.
n.e.c. Not elsewhere classified.

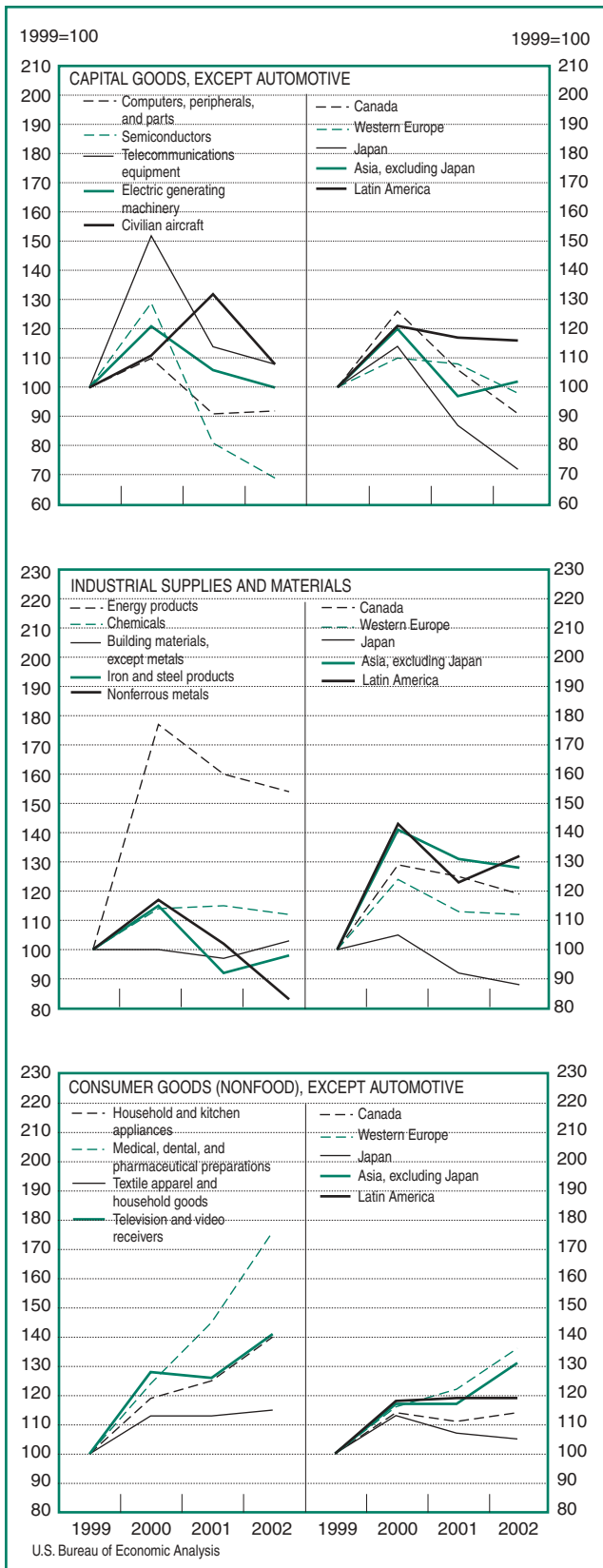
Table J. U.S. Trade in Nonagricultural Industrial Supplies and Materials

[Balance of payments basis, millions of dollars]

	1997	1998	1999	2000	2001	2002 ^P
Exports	147,730	138,528	140,314	163,889	150,476	147,760
Energy products.....	16,566	13,335	12,883	16,636	15,922	15,149
Chemicals, excluding medicinals.....	46,829	44,944	45,927	52,242	49,326	49,830
Paper and paper base stocks.....	12,785	12,151	12,174	14,001	12,386	12,218
Textile supplies and related materials.....	10,700	8,918	9,807	11,367	10,866	11,145
Building materials, except metals.....	9,482	7,977	8,157	8,755	7,770	7,613
Other nonmetals.....	16,705	18,043	18,895	21,628	19,599	19,550
Metals and nonmetallic products.....	34,663	33,160	32,471	39,260	34,607	32,255
Steelmaking materials and iron and steel products.....	8,186	7,328	7,156	8,560	7,966	7,845
Nonferrous metals.....	15,026	14,235	13,526	16,047	14,219	12,173
Other metals and nonmetallic products.....	11,451	11,597	11,789	14,653	12,422	12,237
Imports	211,000	196,853	218,545	296,497	270,803	264,219
Energy products.....	80,158	59,119	78,140	138,397	124,876	120,191
Chemicals, excluding medicinals.....	29,124	29,183	29,601	33,762	34,048	33,072
Paper and paper base stocks.....	10,675	11,222	11,582	13,685	12,240	11,473
Textile supplies and related materials.....	10,097	10,338	10,305	11,256	10,314	10,866
Building materials, except metals.....	16,822	17,909	21,813	21,788	21,261	22,495
Other nonmetals.....	14,177	14,650	15,799	17,848	17,253	18,448
Metals and nonmetallic products.....	49,947	54,432	51,305	59,761	50,811	47,674
Steelmaking materials and iron and steel products.....	21,163	24,456	20,917	24,006	18,944	20,165
Nonferrous metals.....	22,035	22,837	22,795	26,685	23,246	18,824
Other metals and nonmetallic products.....	6,749	7,139	7,593	9,070	8,621	8,685
Memorandum:						
Nonpetroleum industrial supplies and materials imports.....	145,535	152,145	156,311	181,919	172,527	165,906

^P Preliminary.

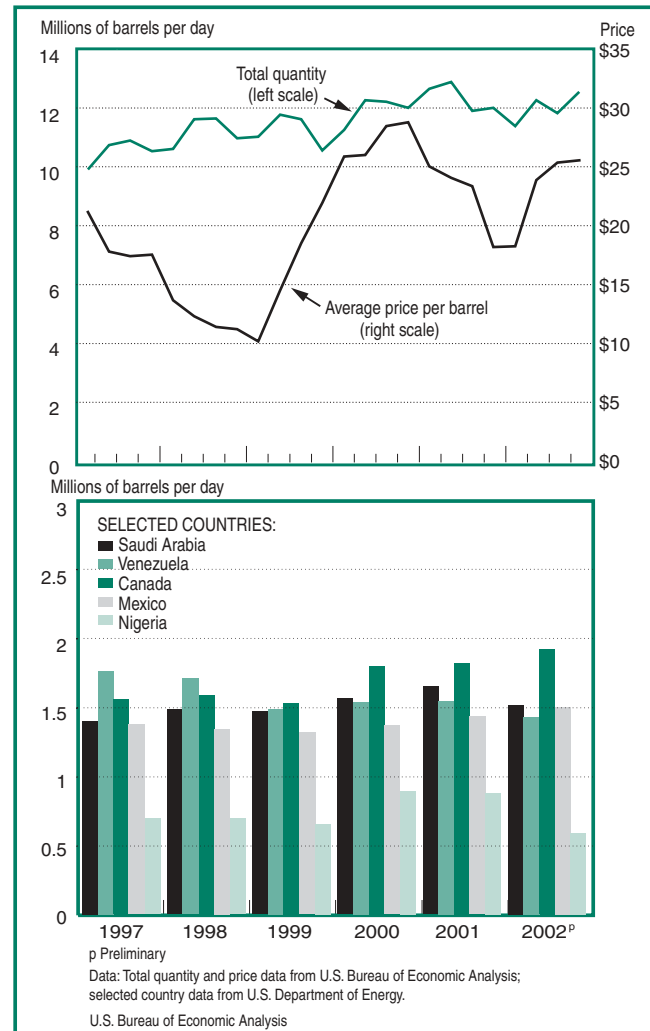
Chart 9. Growth in Imports by Selected Commodity Categories and Areas



lion. Telecommunications equipment decreased \$1.5 billion, following a decrease of \$8.1 billion; decreases from Canada and Japan were sizable, but they were partly offset by increases from China and Sweden. Computers, peripherals, and parts increased \$1.3 billion after a \$15.8 billion decrease. Deliveries from Japan, Canada, Mexico, and Western Europe all continued to decline, while deliveries from China were up 42 percent, or \$4.4 billion; China now accounts for 20 percent of all personal computer shipments to the United States (table I).

Nonpetroleum industrial supplies and materials decreased \$6.6 billion, or 4 percent, following a decrease of \$9.4 billion, or 5 percent. Nonferrous metals, including nonmonetary gold, accounted for most of the decrease. Chemicals and paper and paper base stocks also decreased. Iron and steel products increased 6 percent after a 20-percent drop. Imports from Western

Chart 10. U.S. Current Petroleum Imports and Price, Total and from Selected Countries



Europe and Japan—the two areas most affected by the imposition of selected steel tariffs decreased, while imports from North American Free Trade Agreement (NAFTA) members Canada and Mexico—increased, as NAFTA members were excluded from the imposed tariffs (table J).

Petroleum and petroleum products were unchanged at \$103.6 billion, following a decrease of \$16.6 billion, or 14 percent. The average number of barrels imported daily fell to 12.06 million from 12.42 million. The average price per barrel increased to \$23.42 from \$22.80 (chart 10). Domestic inventories fell, while consumption and production rose slightly. Deliveries from OPEC dropped \$5.5 billion, or 12 percent; 40 percent of the decrease was from Iraq. The drop was offset by increases in imports from Mexico, the United Kingdom, Russia, and Canada. An oil strike began in Ven-

zuela on December 2nd and continued through early February 2003.

Balances by area. The deficit on goods increased \$57.2 billion, to \$484.4 billion, in 2002. Exports decreased for the second consecutive year, while imports increased after a decrease in 2001 (table K).

The deficit with Western Europe increased \$23.0 billion, as a result of stronger imports and much weaker exports. Exports, mostly of capital goods, fell sharply. Increases in imports of consumer goods and autos more than offset a decline in imports of capital goods.

The deficit with Asia, excluding Japan, increased \$22.7 billion. Substantially higher consumer goods imports and moderately higher capital goods imports, both largely from China, accounted for the increase. Exports changed little.

Table K. U.S. Trade in Goods by Major End-Use Category for Selected Areas and Countries

[Balance of payments basis, millions of dollars]

	Canada			Western Europe			United Kingdom			Germany			Japan		
	2000	2001	2002 ^a	2000	2001	2002 ^a	2000	2001	2002 ^a	2000	2001	2002 ^a	2000	2001	2002 ^a
Exports	178,877	163,309	160,879	178,732	171,421	153,573	40,724	39,701	32,139	28,922	29,365	26,038	63,472	55,878	49,682
Agricultural products	8,468	8,942	9,653	7,576	7,784	7,513	1,050	1,078	1,028	942	966	997	9,546	9,076	8,538
Nonagricultural products	170,409	154,367	151,226	171,156	163,637	146,060	39,674	38,623	31,111	27,980	28,399	25,041	53,926	46,802	41,144
Foods, feeds, and beverages	8,441	8,901	9,707	5,923	6,030	6,014	942	1,025	1,008	682	763	859	10,029	9,562	9,065
Industrial supplies and materials	40,350	37,902	37,137	38,009	35,529	32,919	7,212	6,609	6,001	4,793	4,491	4,267	12,571	10,693	9,974
Capital goods, except automotive	60,106	52,325	45,886	96,342	87,504	73,863	23,320	20,518	15,576	17,692	17,525	13,998	28,280	24,072	20,322
Automotive vehicles, parts, and engines	45,810	40,599	44,039	7,470	8,558	9,017	1,633	1,824	1,750	2,203	2,917	3,760	3,032	2,676	2,784
Consumer goods (nonfood), except automotive	18,947	18,485	18,958	25,028	27,422	26,243	6,137	7,549	6,448	2,666	2,804	2,390	8,342	7,596	6,335
Exports, n.e.c.	5,223	5,097	5,152	5,960	6,378	5,517	1,480	2,176	1,356	886	865	764	1,218	1,279	1,202
Imports	233,679	218,735	213,151	243,426	241,030	246,194	43,388	40,982	40,640	58,501	59,035	62,492	146,497	126,485	121,477
Petroleum and products	18,553	16,276	17,153	12,653	11,154	13,041	4,117	3,390	4,734	510	449	526	251	219	122
Nonpetroleum products	215,126	202,459	195,998	230,773	229,876	233,153	39,271	37,592	35,906	57,991	58,586	61,966	146,246	126,266	121,355
Foods, feeds, and beverages	10,275	11,431	11,914	9,709	9,639	10,689	1,262	1,186	1,257	664	648	683	440	385	410
Industrial supplies and materials	85,872	83,109	78,889	53,004	48,356	47,947	10,040	8,824	9,461	9,191	8,532	8,857	13,039	11,477	10,928
Capital goods, except automotive	40,361	33,855	29,180	78,166	76,423	69,595	15,561	14,780	11,820	21,640	21,868	19,800	62,200	47,501	39,315
Automotive vehicles, parts, and engines	63,953	57,865	59,773	30,393	31,118	35,358	4,201	3,852	5,277	18,426	18,831	22,314	47,564	44,854	49,265
Consumer goods (nonfood), except automotive	15,955	15,589	15,966	59,022	61,970	68,993	8,772	8,624	9,212	5,854	6,377	7,739	19,303	18,301	17,942
Imports, n.e.c., and U.S. goods returned	17,263	16,886	17,429	13,132	13,524	13,612	3,552	3,716	3,613	2,726	2,779	3,099	3,951	3,967	3,617
Balance	-54,802	-55,426	-52,272	-64,694	-69,609	-92,621	-2,664	-1,281	-8,501	-29,579	-29,670	-36,454	-83,025	-70,607	-71,795
	Latin America			Mexico			Asia, excluding Japan			Hong Kong, Republic of Korea, Singapore, Taiwan			China		
	2000	2001	2002 ^a	2000	2001	2002 ^a	2000	2001	2002 ^a	2000	2001	2002 ^a	2000	2001	2002 ^a
Exports	158,837	147,858	137,275	111,172	101,181	97,361	152,002	140,062	140,929	83,112	69,877	68,265	16,141	19,108	21,980
Agricultural products	9,482	10,522	10,537	6,603	7,540	7,489	12,622	13,303	13,035	6,147	6,083	6,044	1,761	1,941	1,985
Nonagricultural products	149,355	137,336	126,738	104,569	93,641	89,872	139,380	126,759	127,894	76,965	63,794	62,221	14,380	17,167	19,995
Foods, feeds, and beverages	8,033	9,137	9,101	5,632	6,554	6,469	10,636	10,763	10,701	5,110	4,990	5,149	1,557	1,570	1,508
Industrial supplies and materials	44,642	40,903	40,079	32,084	28,283	28,317	29,269	27,534	29,245	16,013	13,940	14,599	5,113	5,448	6,738
Capital goods, except automotive	62,192	57,257	50,698	40,782	35,981	33,761	93,503	83,094	81,600	53,506	43,024	40,476	8,377	10,812	12,151
Automotive vehicles, parts, and engines	18,674	18,095	16,873	16,601	16,023	15,264	3,327	3,434	3,712	1,001	837	826	269	298	414
Consumer goods (nonfood), except automotive	19,181	17,124	15,296	11,568	10,424	9,859	11,535	11,803	11,919	5,448	5,320	5,156	661	842	1,014
Exports, n.e.c.	6,115	5,342	5,228	4,505	3,916	3,691	3,732	3,434	3,752	2,034	1,766	2,059	164	138	155
Imports	199,833	190,188	196,159	136,811	132,204	135,632	340,265	313,479	337,018	111,460	93,260	91,901	100,021	102,278	125,215
Petroleum and products	37,083	30,217	32,478	12,800	10,154	12,214	26,145	24,179	21,055	1,081	1,126	743	618	318	321
Nonpetroleum products	162,750	159,971	163,681	124,011	122,050	123,418	314,120	289,300	315,963	110,379	92,134	91,158	99,403	101,960	124,894
Foods, feeds, and beverages	13,658	13,111	13,689	5,854	5,973	6,179	8,506	8,384	8,928	702	700	668	1,104	1,233	1,605
Industrial supplies and materials	56,966	49,098	52,633	21,789	18,723	21,391	52,101	48,374	47,325	10,511	9,530	9,564	7,620	7,548	9,068
Capital goods, except automotive	38,744	37,520	37,254	34,310	33,008	32,752	122,728	98,397	104,429	60,430	43,379	41,524	23,288	23,206	30,204
Automotive vehicles, parts, and engines	42,179	42,099	43,981	40,196	40,005	41,521	10,594	12,169	13,860	7,271	8,851	9,785	1,566	1,691	2,197
Consumer goods (nonfood), except automotive	39,882	40,402	40,318	28,206	28,257	27,346	139,208	139,111	155,236	28,751	27,231	27,004	65,333	67,424	80,769
Imports, n.e.c., and U.S. goods returned	8,404	7,958	8,284	6,456	6,238	6,443	7,128	7,044	7,240	3,795	3,569	3,356	1,110	1,176	1,372
Balance	-40,996	-42,330	-58,884	-25,639	-31,023	-38,271	-188,263	-173,417	-196,089	-28,348	-23,383	-23,636	-83,880	-83,170	-103,235

^a Preliminary.
n.e.c. Not elsewhere classified.

The deficit with Latin America increased \$16.6 billion, as a result of stronger imports and lower exports. Exports declined substantially for the second consecutive year, mostly in capital goods and consumer goods. Imports of petroleum and of autos increased.

The deficit with Japan increased \$1.2 billion. Export declines, largely of capital goods and consumer goods, were larger than import declines, largely of capital goods.

The deficit with Canada decreased \$3.2 billion. Exports of capital goods fell, but imports of nonpetroleum industrial supplies and capital goods fell even more.

Services

The surplus on services decreased to \$48.8 billion in 2002 from \$68.9 billion in 2001. The surplus in 2002 was well below the peak of \$90.4 billion in 1997 (table L, chart 11). A substantial amount of the deterioration from 2001 to 2002 was attributable to the recording of large nonrecurring losses recovered from foreign reinsurers at the time of the September 11th attacks, which lowered net payments and boosted the surplus in 2001. In 2002, losses recovered returned to more normal levels, and insurance premiums increased strongly as prices on property and casualty policies were increased; both factors boosted insurance payments.

The September 11th attacks continued to have residual effects on the travel and passenger fares accounts, as travel to and from the United States remained below

pre-September 11th levels. Travel receipts decreased \$2.8 billion, to \$70.3 billion, in 2002, following a decrease of \$9.1 billion in 2001. Slow economic growth abroad also discouraged travel, despite substantial appreciation of major foreign currencies from late March to the end of the year. In 2002, the number of visitors declined 6 percent, following a decline of 14 percent in 2001. Passenger fare receipts reflected these same factors, declining \$0.6 billion after falling \$2.8 billion.

Travel payments decreased \$0.8 billion, to \$59.3 billion, in 2002, following a decrease of \$4.7 billion in

Chart 11. Annual Services Data, 1990–2002

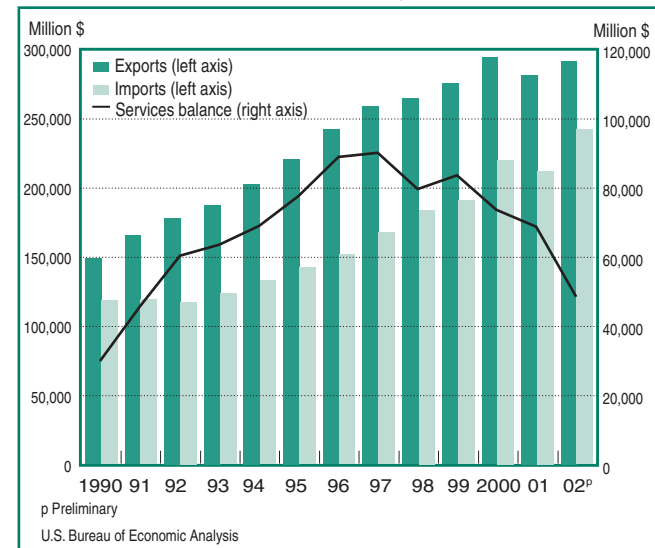


Table L. Services

[Millions of dollars, quarters seasonally adjusted]

	2000	2001	2002 ^p	2002			
				I ^r	II ^r	III ^r	IV ^p
Exports	292,245	279,260	289,278	68,587	72,101	73,545	75,048
Travel.....	82,267	73,119	70,320	17,039	17,202	17,438	18,641
Passenger fares.....	20,760	18,007	17,443	4,170	4,171	4,502	4,600
Other transportation.....	30,137	28,306	28,377	6,810	6,992	7,183	7,392
Royalties and license fees.....	39,607	38,668	42,959	9,922	11,077	11,138	10,823
Other private services.....	104,707	108,109	117,340	27,461	29,373	30,161	30,347
Affiliated services.....	32,580	36,243	39,837	8,647	10,118	10,659	10,415
Unaffiliated services.....	72,127	71,866	77,503	18,814	19,255	19,502	19,932
Education.....	10,348	11,493	12,670	3,034	3,104	3,241	3,291
Financial.....	16,307	15,209	14,877	3,769	3,824	3,668	3,616
Insurance.....	2,050	18	1,120	91	128	352	549
Telecommunications.....	4,756	4,796	5,556	1,277	1,351	1,426	1,502
Business, professional, and technical.....	24,373	25,720	27,521	6,817	6,940	6,862	6,902
Other.....	14,293	14,630	15,759	3,826	3,908	3,952	4,072
Military transactions ¹	13,981	12,220	12,044	2,990	3,087	2,923	3,044
U.S. Government receipts.....	786	831	795	195	199	200	201
Imports	218,503	210,385	240,467	57,613	58,902	60,949	63,009
Travel.....	64,788	60,117	59,303	14,538	14,405	14,631	15,729
Passenger fares.....	24,306	22,418	20,993	5,087	5,002	5,276	5,628
Other transportation.....	41,598	38,823	38,823	8,871	9,752	9,731	10,201
Royalties and license fees.....	16,115	16,359	19,899	4,761	4,948	5,352	4,840
Other private services.....	55,253	54,588	79,379	19,127	19,304	20,220	20,732
Affiliated services.....	25,971	28,410	29,780	7,534	6,988	7,538	7,723
Unaffiliated services.....	29,282	26,178	49,599	11,593	12,316	12,682	13,009
Education.....	2,052	2,378	2,667	631	654	679	703
Financial.....	4,472	4,016	3,607	974	1,012	816	805
Insurance.....	8,175	4,906	27,496	6,177	6,738	7,178	7,402
Telecommunications.....	5,473	4,298	3,990	950	978	1,017	1,045
Business, professional, and technical.....	8,636	10,040	11,232	2,714	2,783	2,838	2,897
Other.....	473	540	607	147	150	153	156
Direct defense expenditures ²	13,560	15,198	19,418	4,488	4,766	5,014	5,150
U.S. Government payments.....	2,883	2,882	2,920	741	725	725	729

^r Revised.

^p Preliminary.

1. Consists of goods and services transferred under U.S. military agency sales contracts, which cannot be

separately identified.

2. Consists of imports of goods and services by U.S. defense agencies, which cannot be separately identified.

2001. U.S. travel overseas was slow to recover after September 11th despite a strengthening in U.S. economic growth; dollar depreciation from late March to the end of the year also discouraged travel abroad. In 2002, the number of U.S. travelers to overseas destinations was down 7 percent, following a decline of 6 percent in 2001. Passenger fare payments reflected these same factors, declining \$1.4 billion after falling \$1.9 billion.

"Other" private services receipts increased \$9.2 billion, to \$117.3 billion, in 2002, up from a \$3.4 billion increase in 2001. Among unaffiliated services, most major categories increased; the largest increases were in business, professional, and technical services, in education, and in insurance. Insurance receipts reflected higher premiums on property and casualty insurance that followed the attacks of September 11th. Financial services receipts decreased for the second consecutive year, reflecting reduced foreign activity in U.S. financial markets.

"Other" private services payments increased \$24.8 billion, to \$79.4 billion, in 2002, following a decrease of \$0.7 billion in 2001. The increase in 2002 was mostly attributable to the insurance payments, which are recorded as the net of premiums paid and losses recovered. Losses recovered are recorded on an accrual basis at the time an insured event occurs. The recording of sizable losses recovered from foreign reinsurers as a result of the September 11th attacks greatly reduced net payments in 2001. In 2002, losses recovered returned to more typical levels, and premiums paid rose sharply, reflecting steep price increases on property and casualty policies. Business, technical, and professional services payments continued to rise. Financial services payments decreased for the second consecutive year, reflecting reduced U.S. activity in foreign financial markets.

"Other" transportation receipts were nearly unchanged at \$28.4 billion in 2002, following a decrease

of \$1.8 billion in 2001.

Freight receipts increased \$0.4 billion, or 3 percent, following a decrease of \$1.1 billion, as an increase in air freight more than offset a decrease in ocean freight. Air freight increased \$0.4 billion, mostly from higher freight rates, and ocean freight decreased \$0.3 billion. Tanker rates remained near record lows for most of the year, U.S. tramp vessel revenues fell, and liner vessel revenues were unchanged; all reflected reduced export volume.

Port services receipts decreased \$0.3 billion as a result of a decline in air port services. Ocean port services were unchanged.

"Other" transportation payments decreased \$0.3 billion in 2002, following a \$2.8 billion decrease in 2001.

Port services payments decreased \$0.5 billion, following a decrease of \$1.1 billion. Reflecting the drop in international air travel following the attacks of September 11th, most passenger carriers operated on reduced flight schedules, resulting in lower expenses overseas. In addition, jet fuel prices decreased 8 percent because of reduced demand.

Freight payments increased \$0.2 billion, following a decrease of \$1.7 billion. Air freight increased \$0.9 billion, reflecting a 15-percent increase in import volume. More than half of the increase resulted from higher air imports from Asia, largely due to a West Coast ocean port strike in the last 2 days of September and the first 8 days of October. Ocean freight decreased \$0.8 billion; revenues from tanker vessels decreased, more than offsetting an increase in revenues from liner vessels. Import volume on liners was strong in the last half of the year.

Transfers under U.S. agency military sales contracts fell slightly to \$12.0 billion in 2002 from \$12.2 billion in 2001; at this level, transfers were well below the recent peak of \$17.4 billion in 1998. Direct defense ex-

Table M. Direct Investment Income and Capital

[Millions of dollars, quarters seasonally adjusted]

(Credits +; debits -)	2000	2001	2002 ^p	2002			
				I ^r	II ^r	III ^r	IV ^p
Income							
Income receipts on U.S. direct investment abroad.....	149,677	125,996	128,068	28,629	30,908	33,730	34,800
Distributed earnings	44,497	42,253	41,904	9,468	11,052	12,477	8,905
Reinvested earnings	101,213	79,668	81,650	18,038	18,795	20,096	24,722
Interest, net	3,966	4,076	4,514	1,123	1,061	1,157	1,173
Income payments on foreign direct investment in the United States.....	-60,815	-23,401	-50,121	-6,606	-12,159	-15,104	-16,252
Distributed earnings	-34,230	-20,405	-17,341	-6,451	-5,015	-2,497	-3,384
Reinvested earnings	-6,519	19,697	-10,213	5,198	-1,321	-6,727	-7,359
Interest, net	-20,066	-22,694	-22,565	-5,353	-5,823	-5,880	-5,509
Capital							
U.S. direct investment abroad (increase/financial outflow (-))	-178,294	-127,840	-123,528	-29,546	-34,521	-26,418	-33,047
Equity capital	-66,089	-49,840	-27,335	-9,507	-3,441	-5,934	-8,453
Reinvested earnings	-101,213	-79,668	-81,650	-18,038	-18,795	-20,096	-24,722
Intercompany debt	-10,993	1,668	-14,546	-2,001	-12,285	-388	128
Foreign direct investment in the United States (increase/financial inflow (+)).....	307,747	130,796	30,114	16,327	-2,600	2,891	13,493
Equity capital	245,943	107,721	57,618	10,964	13,975	21,930	10,749
Reinvested earnings	6,519	-19,697	10,213	-5,198	1,321	6,727	7,359
Intercompany debt	55,285	42,771	-37,716	10,561	-17,896	-25,766	-4,615

^r Revised.

^p Preliminary.

penditures abroad increased to \$19.4 billion in 2002 from \$15.2 billion in 2001. During the last half of the year, expenditures reflected the gradual buildup and deployment of troops prior to the war with Iraq in 2003. Most of the increased expenditures were for purchases of equipment and supplies and for transportation of troops and materiel.

Income

The balance on income shifted to a deficit of \$11.9 billion in 2002 from a surplus of \$14.4 billion in 2001 (table D). Income receipts fell more than income payments.

Receipts of income on U.S. direct investment abroad increased \$2.1 billion, to \$128.1 billion, in 2002 (table M, chart 12). Limited economic expansion in indus-

trial countries abroad generated only a small increase in earnings in 2002. Earnings had fallen sharply in 2001 when growth in industrial countries slowed sharply. Appreciation of some key foreign currencies against the dollar during much of 2002 contributed to some of the increase in earnings in 2002. Depreciation of foreign currencies against the dollar in 2001 contributed to some of the decline in earnings in 2001. In 2002, earnings in "other" industries increased \$4.0 billion, largely in telecommunications, mining, and wholesale trade. Earnings in petroleum decreased \$2.6 billion, largely in Europe and Canada. Earnings in manufacturing decreased \$0.4 billion; the decrease was more than accounted for by declines in electronics, largely from Asia and Pacific, and in transportation equipment from Canada.

Payments of income on foreign direct investment in the United States increased \$26.7 billion, to \$50.1 billion, in 2002 (table M, chart 13). Earnings of U.S. affiliates recovered strongly from the poor results of 2001, as U.S. GDP grew 2.4 percent in 2002 after growth of

Chart 12. Earnings on U.S. Direct Investment Abroad

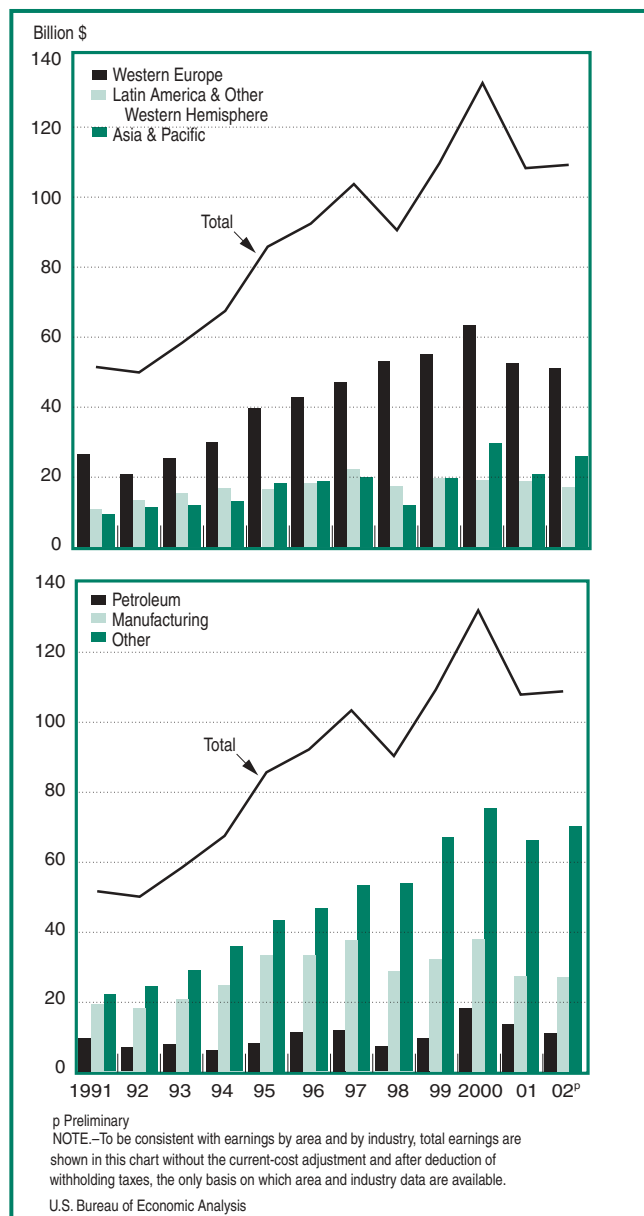
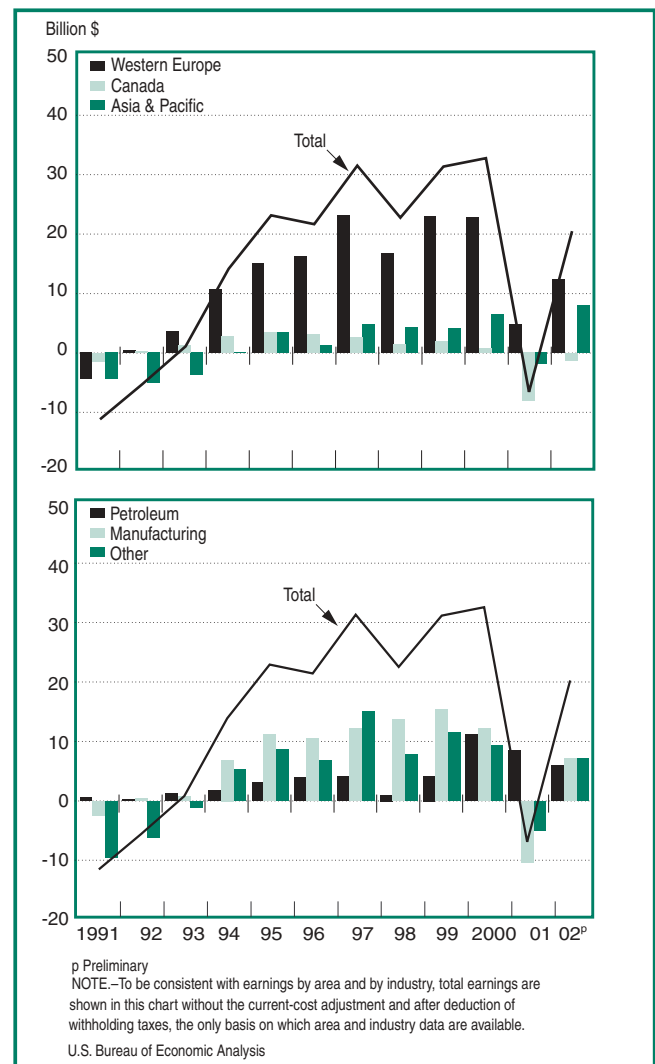


Chart 13. Earnings on Foreign Direct Investment in the United States



only 0.3 percent in 2001. By industry, the largest increases were in manufacturing, which shifted \$17.3 billion to profits of \$7.1 billion. Within “other” industries, earnings increased to \$5.0 billion from \$2.9 billion; all industries except depository institutions increased. In contrast, petroleum earnings fell \$2.5 billion. By area, increases in payments of income were largest for affiliates with parents in Japan (tires, wholesale trade, machinery, and depository institutions), Canada (smaller losses in machinery), and Europe.

Receipts of income on “other” private investment

decreased to \$110.8 billion in 2002 from \$151.8 billion in 2001 and were considerably below receipts of \$197.1 billion in 2000 (table N, chart 14). The largest decrease in 2002 was in interest earned on banks’ and nonbanks’ claims, which decreased \$39.8 billion. The average interest rate on banks’ and nonbanks’ claims was 200 basis points lower than in 2001. Dividends earned on stocks increased slightly, and interest earned on bonds decreased slightly.

Payments of income on “other” private investment decreased to \$124.5 billion in 2002 from \$156.8 billion in 2001 and \$179.2 billion in 2000 (table N, chart 14). Declines in interest paid on banks’ and nonbanks’ liabilities more than accounted for the decrease in 2002 and were attributable to declines in interest rates. Interest paid on bonds increased, reflecting an increase in foreign holdings. Dividends paid increased, reflecting an increase in yields that was only partly offset by a decrease in foreign holdings.

For the second consecutive year, “other” private payments exceeded “other” private receipts. In 2002, the margin was \$13.8 billion; in 2001, it was \$5.0 billion.

U.S. Government income payments decreased to \$72.9 billion in 2002 from \$80.7 billion in 2001 and \$83.0 billion in 2000 (table O). In 2002, a decline in yields more than accounted for the decrease; yields on long-term Treasury securities were 100 basis points lower on average.

Table N. Other Private Income

[Billions of dollars]

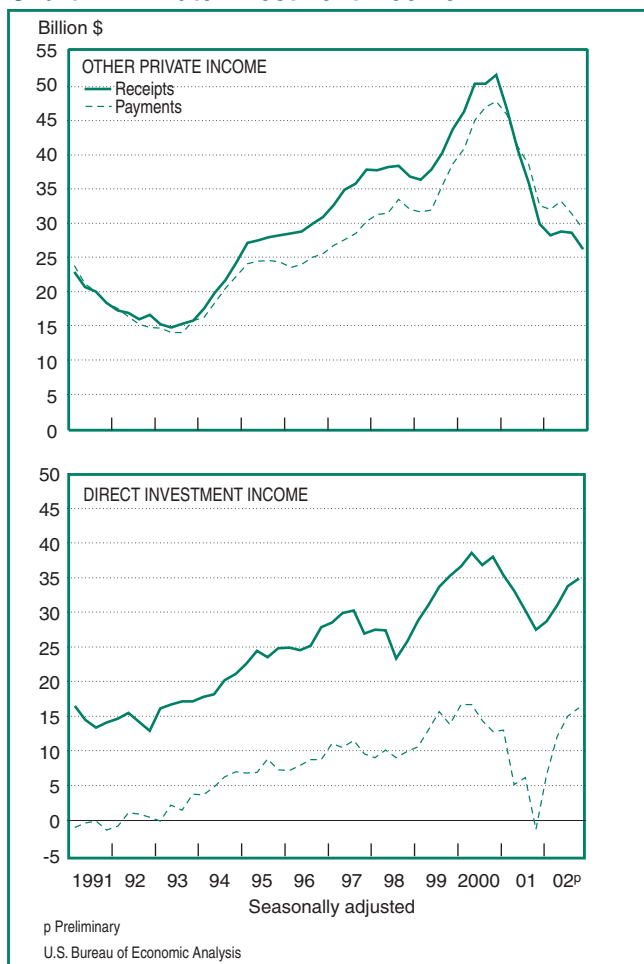
	2000	2001	2002 ^p
Receipts	197.1	151.8	110.8
Dividends	35.9	25.4	26.2
Interest on bonds	42.6	39.9	37.9
Interest on bank claims	57.1	42.3	23.6
Interest on other claims ¹	61.5	44.2	23.1
Payments	179.2	156.8	124.5
Dividends	19.6	20.7	22.6
Interest on bonds	51.9	56.1	61.0
Interest on bank liabilities	65.1	42.0	20.1
Interest on other liabilities ¹	42.6	38.0	20.8

^p Preliminary.

¹ Primarily income of financial concerns other than banks.

NOTE: Excludes direct investment income receipts and payments.

Chart 14. Private Investment Income



Unilateral current transfers

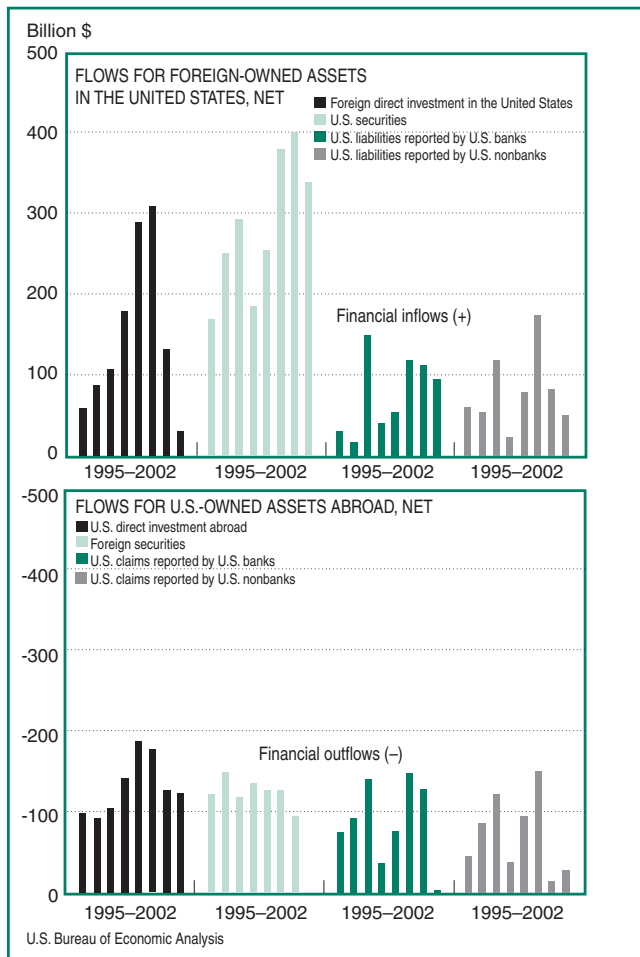
Net unilateral current transfers were outflows of \$56.0 billion in 2002, \$6.6 billion more than in 2001. U.S. Government grants accounted for most of the increase, largely because grant funds that are often disbursed annually to Israel and Egypt under the debt credit waiver program and under economic assistance programs in the fourth quarter of 2001 were not appropriated and disbursed until the first quarter of 2002 (table O). Similar disbursements scheduled for the fourth quarter of 2002 were delayed until the first quarter of 2003. Private remittances and other transfers also increased, mainly because of an increase in institutional remittances and net taxes paid to foreigners.

Capital Account

Capital account transactions were net inflows of \$0.7 billion in 2002, down from net inflows of \$0.8 billion in 2001.

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 \$474.2 billion in 2002, up from \$381.8 billion in 2001. Financial outflows for U.S.-owned assets abroad de-

Chart 15. Financial Flows, 1995–2002

creased more than financial inflows for foreign-owned assets in the United States (chart 15).

U.S.-owned assets abroad

Net U.S.-owned assets abroad increased \$156.2 billion in 2002, compared with an increase of \$371.0 billion in

2001. Net outflows from U.S. banks were greatly reduced, and U.S. transactions in foreign securities shifted from sizable net purchases to net sales.

U.S. official reserve assets. U.S. official reserve assets increased \$3.7 billion in 2002, following an increase of \$4.9 billion in 2001 (table C). The increase in 2002 included a \$2.6 billion increase in the U.S. reserve position in the International Monetary Fund (IMF). Sizable dollar credits that were extended by the IMF to Brazil, Turkey, and Uruguay were only partly offset by repayments of dollar credits to the IMF by Russia.

U.S. claims reported by banks and nonbanks. U.S. claims on foreigners reported by U.S. banks increased \$3.1 billion in 2002, following an increase of \$128.7 billion in 2001 (tables P and Q).

Banks' own claims denominated in dollars increased \$7.6 billion in 2002, following increases of \$119.4 billion in 2001 and \$111.5 billion in 2000. The marked slowdown in lending in 2002 reflected a widespread decline in demand for bank credit and sharp dropoff in new syndicated loans due to a further decline in merger and acquisition activity. Syndicated loan activity had been especially strong in late 1999 and in 2000 at the peak of the merger and acquisition boom before declining in 2001 and 2002.

U.S.-owned banks' claims decreased \$18.3 billion in 2002, following an increase of \$39.0 billion in 2001. U.S. banks tightened lending standards and sought little additional international loan exposure over much of the year—partly as a result of concerns about questionable corporate accounting practices, sizable loan defaults, and an uncertain global economic outlook. Foreign-owned banks' claims increased \$16.8 billion, down from an increase of \$51.4 billion. Most lending was to provide funds to parent banks abroad. Claims on foreigners by U.S. securities brokers increased \$9.1 billion, down from an increase of \$29.0 billion, as fall-

Table O. Selected U.S. Government Transactions

[Millions of dollars]

(Credits +; debits -)	2000	2001	2002 ^p	2002			
				I	II	III ^r	IV ^p
U.S. Government grants.....	-16,821	-11,628	-16,914	-6,273	-3,312	-3,118	-4,211
U.S. Government forgiveness of foreign debt.....	-29	-25	-192	-5	-15	-82	-90
U.S. Government credits and other long-term assets.....	-5,182	-4,431	-5,213	-853	-565	-1,375	-2,420
For debt rescheduling.....	-1,687	-693	-2,634	-253	-88	-250	-2,043
Other disbursements.....	-3,495	-3,738	-2,579	-600	-477	-1,124	-378
Repayments of U.S. Government credits and other long-term assets.....	4,265	3,873	5,696	994	566	1,452	2,684
From debt rescheduling.....	741	474	2,185	136	24	201	1,824
From debt forgiveness.....	20	12	159	3	9	81	66
Other repayments.....	3,504	3,386	3,352	855	533	1,170	794
U.S. Government foreign currency holdings and short-term assets, net.....	-24	72	-104	-8	41	-104	-33
From debt rescheduling.....	303	106	220	31	36	22	131
From debt forgiveness.....	(*)	4	.....	.....	.....	.....	.....
Other.....	-328	-38	-324	-39	5	-126	-164
U.S. Government receipts of income.....	3,846	3,561	3,343	899	607	905	932
From debt rescheduling.....	643	113	229	86	28	27	88
From debt forgiveness.....	9	9	33	2	6	1	24
Other receipts.....	3,193	3,439	3,080	810	573	877	820
U.S. Government payments of income.....	-82,973	-80,665	-72,938	-18,514	-18,631	-18,168	-17,625

^r Revised.^p Preliminary.

* Less than \$500,000 (±).

ing asset prices and increased volatility in most financial markets slowed foreign purchases of securities and related lending by U.S. securities brokers.

Banks' domestic customers' claims increased \$1.5 billion in 2002, following a decrease of \$14.0 billion. The increase was more than accounted for by a \$22.5 billion increase in foreign commercial paper issued in the United States, as foreigners sought short-term funds. Claims on foreigners reported by nonbanking concerns increased \$28.5 billion, following an increase of \$14.4 billion; deposits abroad increased more than twice as much in 2002 as in 2001 (table P).

Foreign securities. Net U.S. transactions in foreign securities shifted to net sales of \$2.2 billion in 2002 from net purchases of \$94.7 billion in 2001. The sizable swing was mostly attributable to a decline in net purchases of foreign stocks to \$18.6 billion from \$106.8 billion. Net U.S. sales of foreign bonds were \$20.8 billion, up from \$12.1 billion (table P).

In merger-related transactions, stock swaps ac-

counted for nearly half of the annual decline in net U.S. purchases; stock swaps fell to \$3.2 billion in 2002 from \$44.7 billion in 2001. Stock swaps in both years were considerably lower than the \$80.4 billion in 2000 and the peak of \$115.8 billion in 1999. Foreign acquisitions of U.S. firms accomplished by stock swaps are recorded in the accounts as increases in foreign direct investment in the United States and as increases in U.S. portfolio holdings of foreign securities.

In nonmerger-related transactions, net U.S. purchases of stocks fell to \$15.4 billion from \$62.1 billion. Growth in key European countries, especially Germany, was limited despite stimulus provided by the European Central Bank, and growth in Japan remained weak. In addition, European stock prices were down an additional 31 percent after a decline of 18 percent in 2001, and Japanese stock prices fell 19 percent after a decline of 20 percent (chart 16).

By area, net purchases of outstanding stocks from Western Europe were \$12.6 billion, down from \$51.5

Table P. Private Financial Flows, Net

[Billions of dollars]

Claims (increase/financial outflow (-)); liabilities (increase/financial inflow (+))	2000	2001	2002 ^p	2002			
				I	II	III ^r	IV ^p
Private financial flows, net	373.1	382.0	380.9	79.3	27.6	161.5	112.5
Bank-reported capital, net ¹	-31.7	-18.0	91.5	-10.3	-36.4	72.6	65.7
U.S. claims.....	-148.7	-128.7	-3.1	0.7	-68.7	53.8	11.0
U.S. liabilities ¹	117.0	110.7	94.6	-11.1	32.2	18.8	54.6
Securities, net.....	250.7	305.3	340.0	65.9	89.6	117.9	66.6
Net U.S. purchases of foreign securities.....	-127.5	-94.7	2.2	2.0	-9.7	18.5	-8.7
Stocks.....	-103.6	-106.8	-18.6	1.5	-19.9	12.8	-12.9
Bonds.....	-23.9	12.1	20.8	0.6	10.2	5.8	4.2
Net foreign purchases of U.S. securities.....	378.2	400.0	337.8	63.8	99.3	99.4	75.3
U.S. Treasury securities.....	-77.0	-7.7	53.2	-7.3	-5.1	52.9	12.7
Other than U.S. Treasury securities.....	455.2	407.7	284.6	71.1	104.4	46.5	62.6
Stocks.....	192.4	119.5	55.8	25.0	11.4	7.4	12.0
Bonds.....	262.8	288.2	228.8	46.1	93.0	39.1	50.6
U.S. currency flows, net.....	1.1	23.8	21.5	4.5	7.2	2.6	7.2
Direct investment, net.....	129.5	3.0	-93.4	-13.2	-37.1	-23.5	-19.6
U.S. direct investment abroad.....	-178.3	-127.8	-123.5	-29.5	-34.5	-26.4	-33.0
Foreign direct investment in the United States.....	307.7	130.8	30.1	16.3	-2.6	2.9	13.5
Nonbank-reported capital, net.....	23.4	68.0	21.2	32.4	4.4	-8.0	-7.5
U.S. claims.....	-150.8	-14.4	-28.5	0.1	-16.7	-4.2	-7.6
U.S. liabilities.....	174.3	82.4	49.7	32.3	21.1	-3.8	0.1

^r Revised.

^p Preliminary.

1. Liabilities exclude U.S. Treasury securities.

Table Q. U.S. Bank-Reported Claims and Liabilities by Type

[Billions of dollars]

	2000	2001	2002 ^p	2002			
				I	II	III ^r	IV ^p
Claims on foreigners reported by U.S. banks (increase/financial outflow (-))	-148.7	-128.7	-3.1	0.7	-68.7	53.8	11.0
Banks' claims for own accounts, payable in dollars:							
Own foreign offices.....	-100.5	-82.8	-22.5	-5.3	-39.2	59.8	-37.8
Unaffiliated banks.....	1.9	-9.5	19.6	5.7	2.7	-2.1	13.4
Public borrowers and other foreigners.....	-13.0	-27.2	-4.7	-5.5	-11.9	-11.3	24.0
Banks' claims for domestic customers' accounts, payable in dollars.....	-40.9	7.3	0.6	9.4	-13.7	5.2	-0.4
Claims payable in foreign currencies.....	3.7	-16.6	3.9	-3.6	-6.6	2.2	11.9
Liabilities to foreigners reported by U.S. banks (excluding U.S. Treasury securities) (increase/financial inflow (+))	117.0	110.7	94.6	-11.1	32.2	18.8	54.6
Banks' liabilities for own accounts, payable in dollars:							
Own foreign offices.....	85.8	66.6	59.9	-11.4	15.3	-7.8	63.7
Unaffiliated banks.....	17.0	-13.2	-1.6	5.3	-9.5	-4.7	7.3
Other private foreigners and international financial institutions.....	13.9	23.0	27.1	-2.3	10.8	28.4	-9.8
Banks' custody liabilities, payable in dollars.....	7.0	14.0	11.2	-4.2	6.5	12.2	-3.3
Liabilities payable in foreign currencies.....	-6.8	20.2	-2.1	1.5	9.1	-9.4	-3.3

^r Revised.

^p Preliminary.

1. Excludes liabilities to foreign official agencies.

billion; net purchases from Asia and Latin America were \$5.9 billion, down from \$28.2 billion; and net purchases from Japan were \$1.0 billion, down from \$19.9 billion. Trading activity (that is, gross purchases plus gross sales) in foreign stocks decreased 11 percent in 2002, following a decrease of 21 percent in 2001.

For bonds, new issues in the United States decreased to \$20.8 billion from \$39.5 billion. Strong issuances of U.S. bonds left little demand for issuances of foreign bonds, and those borrowers with less than investment-grade credit ratings encountered higher interest rates (chart 17). New sovereign issues from Latin America dropped to \$6.0 billion from \$14.7 billion. Latin American financial markets and economies were under considerable political and economic pressure during 2002, as evidenced by debt default in Argentina, election turmoil in Brazil, and the oil industry strike in Venezuela. New issues from Canada were substantially lower than in 2001. New issues from Western Europe were slightly above those in 2001, but were available only to the highest rated borrowers. Transactions in outstanding bonds reflected a decline in net sales to \$6.3 billion from \$18.2 billion. Trading activity in foreign bonds increased 27 percent in 2002, following an increase of 12 percent in 2001.

Direct investment. Financial outflows on U.S. direct investment abroad decreased to \$123.5 billion in 2002 from \$127.8 billion in 2001 (table M). Equity capital outflows fell, intercompany debt shifted to net outflows, and reinvested earnings increased.

Net equity capital outflows were \$27.3 billion, down

from \$49.8 billion. Net outflows were \$66.1 billion in 2000 and had peaked at \$79.2 billion in 1999. The decline partly reflected the sizable further reduction of large-scale mergers and acquisitions that were especially prevalent in 1999-2000. In 2002, the few large-scale mergers were in food, electronics manufacturing, and mining. The largest decreases in net equity capital outflows were in depository institutions, which had included an unusually large acquisition in Mexico in 2001, and in finance. The largest decreases in outflows in finance were to Europe and to the Caribbean.

Intercompany debt shifted \$16.2 billion to net outflows of \$14.5 billion. Most of the shift was attributable to finance affiliates, particularly in Europe and Canada.

Reinvested earnings increased \$2.0 billion, to \$81.7 billion.

Foreign-owned assets in the United States

Net foreign-owned assets in the United States increased \$630.4 billion in 2002, compared with an increase of \$752.8 billion in 2001. Net foreign purchases of U.S. securities other than U.S. Treasury securities

Chart 16. Selected Stock Price Indexes in Local Currencies

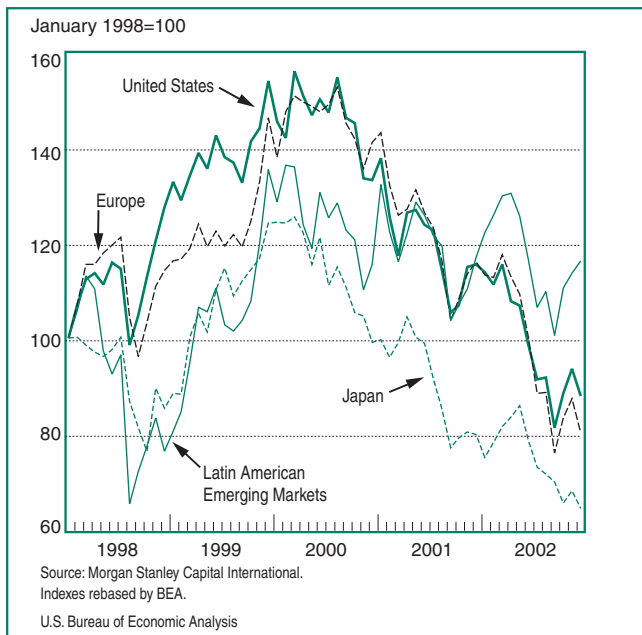
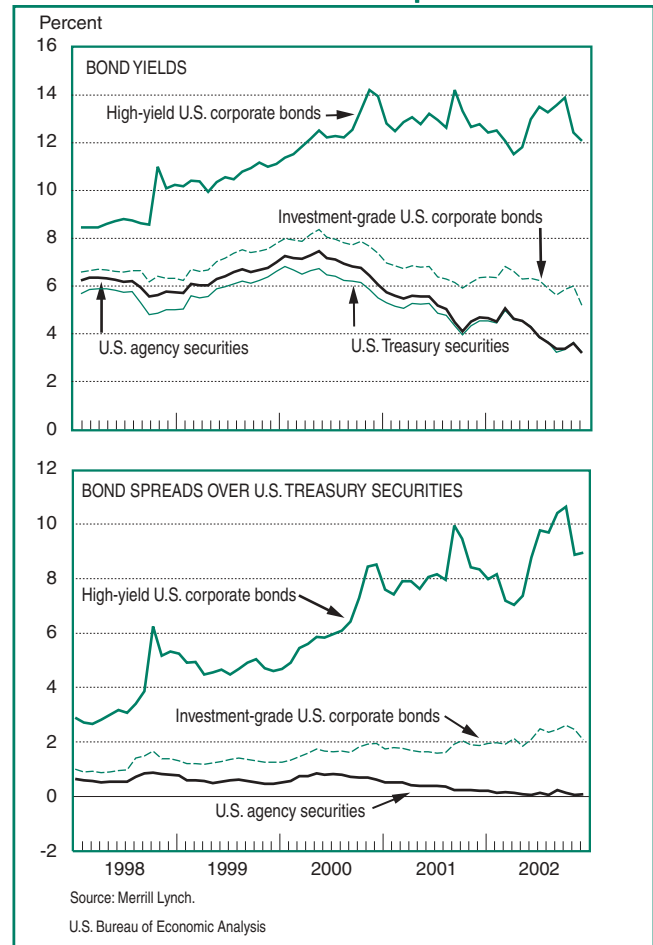


Chart 17. U.S. Bond Yields and Spreads



and net inflows for foreign direct investment in the United States were substantially lower. Foreign official assets increased substantially.

Foreign official assets. Foreign official assets in the United States increased \$96.6 billion in 2002, following an increase of \$5.2 billion in 2001 (table C). The inflow was the largest since 1996, when the dollar began its recovery from lows reached in 1995. In 2002, assets of industrial countries increased \$50.1 billion; over half of the increase was attributable to Japan and partly reflected currency market interventions in the second quarter to limit appreciation of the yen. Assets of developing countries increased \$46.5 billion, as China, Taiwan, Korea, and Russia all increased their holdings of foreign exchange reserves and dollar assets.

U.S. liabilities reported by banks and by non-banks. U.S. liabilities reported by U.S. banks, excluding U.S. Treasury securities, increased \$94.6 billion in 2002, following increases of \$110.7 billion in 2001 and \$117.0 billion in 2000 (tables P and Q).

Banks' own liabilities denominated in dollars increased \$85.5 billion in 2002, following an increase of \$76.5 billion in 2001. Much of the increase in 2002 was in liabilities of foreign-owned banks, which increased \$61.0 billion after an increase of \$11.8 billion; the increase was concentrated in the first and fourth quarters. In contrast, liabilities of U.S.-owned banks decreased \$18.5 billion, following an increase of \$44.0 billion; the decrease reflected the downturn in international lending, the decline in U.S. commercial and industrial lending, and the rise in U.S. domestic deposits. Liabilities of U.S. securities brokers to private foreigners in Western Europe and the Caribbean (largely mutual funds) increased \$42.9 billion, up from an increase of \$20.7 billion, largely in the form of repurchase agreements.

U.S. banks' custody liabilities increased \$11.2 billion, mostly to the Caribbean and Western Europe, following an increase of \$14.0 billion. U.S. liabilities reported by U.S. nonbanking concerns increased \$49.7 billion, following an increase of \$82.4 billion (table P).

U.S. Treasury securities. Foreigners shifted to net purchases of \$53.2 billion of U.S. Treasury securities in 2002, following 3 years of net sales. Net sales were \$7.7 billion in 2001 (table P). Most net purchases occurred in the second half of the year, especially in the third quarter, when U.S. equity prices fell sharply and aversion to risk increased significantly. In this environment, investors sought the liquidity and relative safety of high-quality securities, despite sharp reductions in their yields (chart 18).

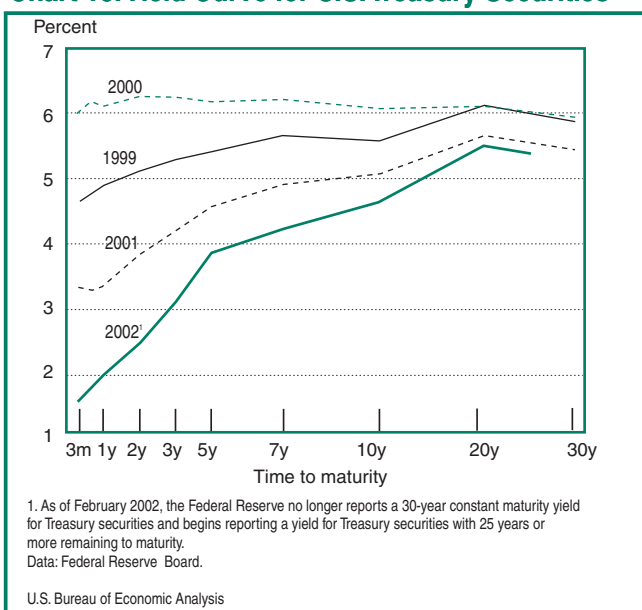
Other U.S. securities. Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$284.6 billion in 2002, down from a near-record

\$407.7 billion in 2001. Net foreign purchases of stocks fell sharply; net foreign purchases of bonds also fell (table P).

Net foreign purchases of U.S. stocks were \$55.8 billion in 2002, less than half the \$119.5 billion in 2001. U.S. stock prices fell sharply in 2002, marking the third consecutive year of sizable declines. The S&P 500 index declined 23 percent, its largest annual decline since 1974; the DJIA declined 17 percent, its largest annual decline since 1977; and the NASDAQ declined 32 percent, its second largest annual decline. Uncertainties over the pace of U.S. economic recovery, concerns over corporate governance and accounting irregularities, and toward yearend, concerns over the possibility of war with Iraq all contributed to changes in prices and in net foreign purchases. Net purchases from Western Europe fell to \$31.6 billion from \$86.7 billion, accounting for most of the decline. An increase in net purchases from Japan was partly offsetting. Trading activity in U.S. stocks (that is, gross purchases plus gross sales) increased 5 percent in 2002, following a decrease of 15 percent in 2001.

Net foreign purchases of U.S. bonds were \$228.8 billion in 2002, down from a record \$288.2 billion in 2001. Although interest-rate differentials in favor of U.S. over foreign bonds narrowed, U.S. bonds remained attractive and continued to provide better liquidity and higher returns than foreign bonds. U.S. dollar bonds yielded a total return of 10.3 percent, compared with 9.3 percent on euro-area bonds, 9.6 percent on British sterling bonds, and 3.6 percent on Japanese yen bonds. Some foreign investors probably sought the relative safety of U.S. bonds, which kept net

Chart 18. Yield Curve for U.S. Treasury Securities



bond purchases from falling further. Net purchases from Western Europe decreased to \$104.7 billion from \$181.0 billion, accounting for much of the decline. Partly offsetting, net purchases from Japan nearly doubled to \$35.8 billion from \$18.5 billion. Trading activity in U.S. bonds increased 35 percent in 2002, following an increase of 71 percent in 2001.

New U.S. bond issues sold abroad were \$105.4 billion in 2002, down slightly from a record \$112.1 billion in 2001 (table R). Highly rated U.S. agency issuers, such as Fannie Mae and Freddie Mac, sold \$47.6 billion of new debt to foreign investors, down only slightly from a record \$49.0 billion in 2001. U.S. corporations sold \$57.8 billion of new debt to foreigners, down from \$63.1 billion in 2001 but well below the record \$84.8 billion in 1997. Straight fixed-rate dollar issues continued to dominate the market. Foreign currency-denominated issues increased, reflecting an increase in euro-denominated issues.

U.S. currency flows. Net U.S. shipments of currency to foreigners were \$21.5 billion in 2002, compared with \$23.8 billion in 2001. The introduction of the euro resulted in little increase in the demand for dollars. Dollar demand from Argentina and Russia, traditionally heavy users of dollars, was moderate, reflecting relative calm in Russia and weak economic conditions in Argentina.

Direct investment. Net financial inflows for foreign direct investment in the United States were \$30.1 billion in 2002, down substantially from \$130.8 billion in 2001 (table M). Net equity capital inflows decreased, and intercompany debt shifted to net outflows; in contrast, there was a shift to positive reinvested earnings.

Net equity capital inflows were \$57.6 billion, down from \$107.7 billion, leaving equity capital inflows well

below the peak of \$245.9 billion in 2000. The decline over the past 2 years reflected the worldwide reduction in merger and acquisition activity. The value of announced mergers in 2002 was the lowest since 1994. In addition, potential buyers in 2002 had concerns about the future earnings prospects of acquisition targets in the United States and the accuracy of financial reporting. Among countries that are historically major sources of foreign direct investment in the United States—including France, Germany, the Netherlands, Canada, the United Kingdom, and Japan—weak economic conditions in many also contributed to the slowdown in equity inflows. In 2002, the largest reduc-

Data Availability

Interactive access to the estimates that are presented in tables 1–10a of the U.S. international transactions accounts is available on BEA's Web site at <www.bea.gov>. You may view the most recent quarterly (annual for table 10a) estimates for an entire table with a single mouse click, or you may select the time period, frequency, and line(s) that you wish to view. The estimates are available as an HTML table or as comma-separated values that can be downloaded and imported into a spreadsheet or database.

The current and historical estimates presented in tables 1–10a are also available as compressed files on BEA's Web site; click on "Catalog of Products," and look under "International Accounts Products," "Balance of Payments."

The estimates are also available from BEA on diskettes. For more information, call BEA's Order Desk at 1–800–704–0415 (outside the United States, call 202–606–9666).

Table R. New International Bond Issues by U.S. Borrowers

[Millions of dollars]

	2000	2001	2002 ^P	2002			
				I	II	III	IV ^P
Total	109,201	112,121	105,435	35,352	35,999	12,657	21,427
By issuer:							
Industrial corporations.....	17,999	19,485	8,404	2,134	3,922	681	1,667
Banking corporations ¹	6,153	4,255	10,007	2,198	3,258	217	4,334
Nonbank financial corporations ²	33,961	37,011	38,552	16,599	15,495	735	5,723
U.S. federally sponsored agencies.....	44,236	49,008	47,649	14,197	12,794	11,024	9,634
All other borrowers.....	6,852	2,362	823	224	530	.....	69
By instrument:							
Straight fixed-rate bonds.....	92,866	103,432	97,244	33,920	31,320	12,477	19,527
Floating-rate notes.....	14,698	8,542	8,191	1,432	4,679	180	1,900
Zero-coupon bonds.....	49	.....	.....	.....	.....	.....	.....
Bonds convertible into stock.....	1,389	147	.....	.....	.....	.....	.....
Other debt instruments.....	199	.....	.....	.....	.....	.....	.....
By currency:							
U.S. dollars.....	62,048	68,425	61,195	21,789	17,206	7,487	14,713
Foreign currencies.....	47,153	43,696	44,240	13,563	18,793	5,170	6,714
Japanese yen.....	11,130	5,113	4,370	1,098	2,016	.....	1,256
Swiss franc.....	2,099	1,478	1,865	848	380	.....	637
British pound.....	6,508	5,434	3,594	854	2,506	234	.....
Euro.....	26,422	30,889	34,046	10,586	13,834	4,936	4,690
Canadian dollar.....	148	.....	.....	.....	.....	.....	.....
Other currencies.....	846	782	365	177	57	.....	131

^P Preliminary.

1. Includes banks and bank holding companies.

2. Principally credit, securities, brokerage, and insurance companies.

tions in equity inflows were from Europe and Canada; there had been exceptionally large acquisitions from these areas in 2001. By industry, reductions in finance and in depository institutions more than accounted for the decrease.

Intercompany debt flows shifted \$80.5 billion to an

outflow of \$37.7 billion. Both payables and receivables shifted to outflows.

Reinvested earnings shifted from a negative \$19.7 billion to a positive \$10.2 billion, as a result of an increase in total earnings.

Tables 1–10 follow.

Table S. Selected U.S. Transactions With OPEC Members

[Millions of dollars]

(Credits +; debits -)	1988	1989	1990	1991	1992	1993	1994	1995 ¹	1996 ¹	1997 ¹	1998 ¹	1999 ¹	2000 ¹	2001 ¹	2002 ²
Exports of goods and services and income receipts:															
Goods, balance of payments basis	13,777	13,189	13,141	18,105	20,666	18,319	16,297	17,405	19,224	23,696	22,933	18,315	17,625	19,502	18,103
Transfers under U.S. military agency sales contracts	1,430	1,309	2,687	3,809	4,454	3,675	2,936	4,471	5,638	4,039	5,179	4,046	3,546	1,831	1,609
Royalties and license fees ¹	77	71	94	149	161	220	357	394	253	312	263	298	374	349	348
Other private services ¹	1,516	1,541	1,423	1,898	2,546	2,210	2,080	2,187	3,018	3,103	4,612	5,435	3,517	3,724	4,486
U.S. Government miscellaneous services	18	16	20	16	22	13	14	17	11	8	8	14	13	13	8
Income receipts on U.S.-owned assets abroad:															
Direct investment receipts	1,875	1,835	2,854	3,293	3,224	2,745	2,701	3,966	4,220	4,073	2,682	3,485	5,184	4,268	3,931
Other private receipts	1,941	2,435	2,326	1,441	1,202	1,045	1,470	1,456	1,371	1,697	1,846	1,952	2,152	1,392	998
U.S. Government receipts	215	154	261	217	187	141	122	192	268	263	238	266	448	330	317
Imports of goods and services and income payments:															
Goods, balance of payments basis	-23,016	-30,720	-38,399	-33,430	-33,718	-32,648	-31,674	-34,265	-42,676	-43,996	-33,673	-41,953	-66,996	-59,753	-53,337
Direct defense expenditures	-377	-614	-1,419	-784	-883	-455	-360	-335	-545	-944	-1,754	-1,815	-1,568	-1,647	-3,741
Royalties and license fees ¹	-6	-1	(*)	-1	-1	-37	-7	-2	-38	-5	-8	-8	-17	-39	-18
Other private services ¹	-259	-245	-306	-461	-388	-340	-405	-456	-628	-585	-860	-872	-686	-588	-606
U.S. Government miscellaneous services	-96	-104	-96	-87	-47	-26	-39	-34	-31	-29	-28	-46	-46	-45	-28
Income payments on foreign-owned assets in the United States:															
Direct investment payments	164	-50	-98	-93	182	-82	-49	-34	-136	-448	-111	-22	-170	-500	-121
Other private payments	-2,175	-2,798	-2,892	-2,669	-2,302	-2,176	-1,964	-2,679	-2,566	-2,800	-2,622	-2,828	-3,782	-2,493	-1,570
U.S. Government payments	-2,141	-2,758	-3,241	-2,764	-2,524	-2,160	-1,747	-1,995	-2,365	-3,356	-3,112	-2,819	-3,235	-2,741	-1,772
U.S. Government grants	-97	-94	3,368	27,453	1,018	-197	-204	-195	-152	-55	-54	-108	-115	-81	-169
U.S. Government pensions and other current transfers	-20	5	-25	-305	-32	-27	-28	-25	-93	-57	-40	-26	-23	-20	-20
U.S.-owned assets abroad, net (increase/capital outflow (-))	-782	-1,875	1,847	-577	-12,162	-513	-3,107	143	-7,078	-8,974	-12,558	2,952	3,281	892	-1,892
U.S. Government assets, other than official reserve assets, net	-59	135	-253	-788	-529	19	-422	-901	-458	12	-10	-317	-217	-610	-3
U.S. credits and other long-term assets	-396	-212	-647	-246	-277	-85	-234	-925	-912	-412	-166	-504	-566	-1,095	-304
Repayments on U.S. credits and other long-term assets	344	343	481	397	279	224	177	215	290	420	154	210	366	490	339
U.S. foreign currency holdings and U.S. short-term assets, net	-7	4	-87	-939	-531	-120	-365	-191	164	4	2	-23	-17	-5	-38
U.S. private assets, net	-723	-2,010	2,100	211	-11,633	-532	-2,685	1,044	-6,620	-8,986	-12,548	3,269	3,498	1,502	-1,889
Direct investment	1,133	535	-1,277	-2,706	-1,465	-1,597	-3,575	-2,379	-2,884	-2,411	-4,323	1,358	-5,980	-2,915	-1,587
Foreign securities	-365	96	-2,815	-17	337	-679	-2,077	-675	-2,882	-3,997	-677	97	1,515	2,080	1,107
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	41	100	13	-224	-44	-306	-146	-25	-478	-336	369	-534	566	430	65
U.S. claims reported by U.S. banks, not included elsewhere	-1,532	-2,741	6,179	3,158	-10,461	2,050	3,113	4,123	-2,242	-7,917	-7,917	2,348	7,397	1,907	-1,474
Foreign-owned assets in the United States, net (increase/capital inflow (+))	-728	15,282	3,320	-4,416	14,529	-8,904	1,400	4,544	18,133	17,353	-12,162	10,039	30,095	-1,756	-2,021
Of which: foreign official	-2,885	10,724	1,555	-5,235	5,626	-3,850	-1,464	4,061	14,105	12,700	-11,420	1,510	12,000	-1,725	-8,132
U.S. Treasury securities	1,688	7,815	-244	-5,902	4,323	-6,302	-1,668	1,293	16,125	8,965	-13,870	3,501	10,101	-930	-4,550
Other U.S. securities	-2,591	3,170	-2,676	1,989	4,186	3,322	-820	1,276	3	3,657	3,393	2,104	13,718	3,810	1,198
Other U.S. Government liabilities	177	437	505	151	569	730	1,797	617	-982	-348	-2,260	-1,248	-734	-307	18
U.S. liabilities reported by U.S. banks, not included elsewhere	-1,146	1,836	5,686	-164	4,793	-5,665	1,677	1,059	1,813	4,094	2,296	5,540	4,473	-3,975	-791
Direct investment in the United States	1,629	1,503	-662	81	167	-812	251	-140	623	177	-1,291	315	2,237	-26	794
U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-485	521	711	-571	491	-177	163	439	551	808	-430	-173	300	-328	1,310
All other transactions with OPEC and transfers of funds between foreign areas, net	8,684	3,422	15,135	-10,794	3,866	19,197	12,207	5,245	4,172	6,705	29,221	3,695	10,403	37,362	35,495
Memorandum:															
Balance on goods	-9,239	-17,531	-25,258	-15,325	-13,052	-14,329	-15,377	-16,860	-23,452	-20,300	-10,740	-23,638	-49,371	-40,251	-35,234

¹ Revised.

² Preliminary.

* Less than \$500,000 (±).

1. Beginning in 1992, 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.

NOTE: OPEC members are Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela. Excludes Ecuador beginning January 1993 and Gabon in January 1995. Individual country information is not available for all accounts; therefore, some accounts are estimated from regional data.

Table 4. Selected U.S. Government Transactions

[Millions of dollars]

Line		2001	2002 ^P	Not seasonally adjusted							
				2001				2002			
				I	II	III	IV	I	II	III ^r	IV ^P
A1	U.S. Government grants and transactions increasing Government assets, total	16,011	22,422	3,420	3,882	3,956	4,753	7,138	3,851	4,679	6,754
	By category										
2	Grants, net.....	11,652	17,105	2,426	2,526	2,916	3,785	6,277	3,327	3,200	4,301
3	U.S. Government current grants, net (table 1, line 36, with sign reversed).....	11,628	16,914	2,419	2,522	2,905	3,782	6,273	3,312	3,118	4,211
4	Financing military purchases ¹	1,784	5,942	326	337	391	730	3,506	641	363	1,433
5	Other grants.....	9,844	10,971	2,093	2,185	2,513	3,052	2,767	2,671	2,755	2,778
6	Cash contributions received from coalition partners for Persian Gulf operations.....										
7	Debt forgiveness (table 1, part of line 39, with sign reversed).....	25	192	8	4	11	2	5	15	82	90
8	Credits and other long-term assets (table 1, line 47, with sign reversed).....	4,431	5,213	1,094	1,330	1,011	996	853	565	1,375	2,420
9	Capital subscriptions and contributions to international financial institutions, excluding IMF.....	1,704	1,485	521	498	359	327	446	368	364	308
10	Credits repayable in U.S. dollars.....	2,727	3,728	573	832	652	669	408	197	1,011	2,113
11	Credits repayable in other than U.S. dollars.....	(^r)					(^r)				
12	Other long-term assets.....										
13	Foreign currency holdings and short-term assets, net (table 1, line 49 with sign reversed).....	-72	104	-100	26	30	-28	8	-41	104	33
14	Foreign currency holdings (excluding administrative cash holdings), net.....	4	2	2	2		3		2	(^r)	
	Receipts from:										
15	Sales of agricultural commodities.....										
16	Interest.....	1	(^r)		1		1		(^r)		
17	Repayments of principal.....	3	2		1		2		2	(^r)	
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.....									(^r)	
23	Assets acquired in performance of U.S. Government guarantee and insurance obligations, net.....	44	73	13	30	29	-28	10	-23	92	-6
24	Other assets held under Commodity Credit Corporation Charter Act, net.....	(^r)	(^r)	(^r)	(^r)	(^r)	(^r)	(^r)	(^r)		
25	Assets financing military sales contracts, net ²										
26	Other short-term assets (including changes in administrative cash holdings), net.....	-120	30	-113	-5	1	-3	-2	-20	12	40
	By program										
27	Capital subscriptions and contributions to international financial institutions, excluding IMF.....	1,704	1,485	521	498	359	327	446	368	364	308
28	Under Agricultural Trade Development and Assistance Act and related programs.....	1,585	2,564	317	313	342	613	291	239	383	1,652
29	Under Foreign Assistance Act and related programs.....	9,816	15,275	1,825	2,012	2,931	3,049	5,906	2,759	3,006	3,605
30	Under Export-Import Bank Act.....	1,679	1,460	446	772	93	369	230	118	636	477
31	Under Commodity Credit Corporation Charter Act.....	31	352	15	5	8	3	3	10	15	325
32	Under other grant and credit programs.....	1,313	1,256	410	288	224	392	266	377	263	349
33	Other foreign currency assets acquired (lines A16, A17, and A19).....	5	2	2	2		3		2	(^r)	
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.....	-120	30	-113	-5	1	-3	-2	-20	12	40
	By disposition ³										
36	Estimated transactions involving no direct dollar outflow from the United States.....	10,868	16,811	2,147	2,589	2,756	3,377	5,725	2,428	3,293	5,365
37	Expenditures on U.S. goods.....	4,289	7,212	814	1,299	796	1,380	4,023	711	1,107	1,371
38	Expenditures on U.S. services ⁴	3,889	4,439	767	872	1,002	1,248	1,174	1,023	1,109	1,134
39	Financing of military sales contracts by U.S. Government ⁵ (line C6).....	2,036	2,485	316	363	866	491	346	640	677	822
40	By long-term credits.....	517	328	2	29	476	11	6	4	317	1
41	By short-term credits ¹										
42	By grants ¹	1,518	2,157	315	334	390	480	341	636	360	820
43	U.S. Government grants and credits to repay prior U.S. Government credits ^{1 4}	505	2,382	179	24	61	241	141	41	285	1,915
44	U.S. Government long- and short-term credits to repay prior U.S. private credits ⁶ and other assets.....	170	251	71	32	49	19	46	17	131	58
45	Increase in liabilities associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) ⁷ (line C11).....	(^r)	(^r)	(^r)	(^r)	(^r)	(^r)	(^r)	(^r)		
46	Less receipts on short-term U.S. Government assets (a) financing military sales contracts ¹ (b) financing repayment of private credits and other assets, and (c) financing expenditures on U.S. goods.....	21	-42		2	17	3	5	4	17	-67
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.....	5,143	5,612	1,273	1,294	1,200	1,376	1,414	1,423	1,387	1,389
B1	Repayments on U.S. Government long-term assets, total (table 1, line 48)	3,873	5,696	1,071	573	1,118	1,111	994	566	1,452	2,684
2	Receipts of principal on U.S. Government credits.....	3,872	5,696	1,071	573	1,118	1,111	994	566	1,452	2,684
3	Under Agricultural Trade Development and Assistance Act and related programs.....	601	1,763	99	13	173	316	47	39	161	1,515
4	Under Foreign Assistance Act and related programs.....	1,662	1,609	486	251	553	373	509	254	569	277
5	Under Export-Import Bank Act.....	1,219	1,683	366	270	262	322	340	219	635	489
6	Under Commodity Credit Corporation Charter Act.....	218	561	65	37	75	42	91	52	87	331
7	Under other credit programs.....	172	81	56	2	56	59	6	2	(^r)	74
8	Receipts on other long-term assets.....	(^r)					(^r)				
C1	U.S. Government liabilities other than securities, total, net increase (+) (table 1, line 60)	-1,882	158	-676	-791	89	-504	-790	54	1,001	-107
2	Associated with military sales contracts ²	-1,879	134	-674	-792	91	-504	-794	52	988	-111
3	U.S. Government cash receipts from foreign governments (including principal repayments on credits financing military sales contracts), net of refunds ¹	7,129	10,024	1,234	1,872	1,747	2,276	2,659	2,190	2,695	2,480
4	Less U.S. Government receipts from principal repayments.....	735	916	224	88	261	162	204	91	254	367
5	Less U.S. Treasury securities issued in connection with prepayments for military purchases in the United States.....	-1,912	-586	-806	-289	-817		607	-400	-793	1
6	Plus financing of military sales contracts by U.S. Government ⁵ (line A39).....	2,036	2,485	316	363	866	491	346	640	677	822
7	By long-term credits.....	517	328	2	29	476	11	6	4	317	1
8	By short-term credits ¹										
9	By grants ¹	1,518	2,157	315	334	390	480	341	636	360	820
10	Less transfers of goods and services (including transfers financed by grants for military purchases, and by credits) ^{1 2} (table 1, line 5).....	12,220	12,044	2,806	3,227	3,078	3,108	2,990	3,087	2,924	3,044
11	Associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) ⁷ (line A45).....	(^r)	(^r)	(^r)	(^r)	(^r)	(^r)	(^r)	(^r)		
12	Associated with other liabilities.....	-4	24	-2	1	-2	-1	5	2	14	4
13	Sales of nuclear material by Department of Energy/U.S. Enrichment Corporation.....										
14	Sales of space launch and other services by National Aeronautics and Space Administration.....	(^r)	10	(^r)	2	-2	(^r)	3	2	5	1
15	Other sales and miscellaneous operations.....	-4	14	-2	-1	-1	(^r)	2	(^r)	9	3

See footnotes on page 60.

Table 6. Securities Transactions

[Millions of dollars]

Line	(Credits +; debits -)	2001	2002 ^p	Not seasonally adjusted							
				2001				2002			
				I	II	III	IV	I	II	III ^r	IV ^p
A1	Foreign securities, net U.S. purchases (-), (table 1, line 52 or lines 2 + 13 below)	-94,662	2,222	-26,895	-51,764	10,087	-26,090	2,047	-9,675	18,543	-8,693
2	Stocks, net U.S. purchases	-106,810	-18,603	-21,533	-55,718	-10,886	-18,673	1,473	-19,919	12,765	-12,922
3	New issues in the United States	-4,583	-3,429	-1,142	-2,591	-418	-432	-1,455	-1,544		-430
4	Of which: Western Europe	(D)	(D)	(D)	(D)				(D)		
5	Canada	(D)	(D)		(D)	-256			(D)		-209
6	Latin America	(D)	(D)		(D)			(D)			
7	Transactions in outstanding stocks, net	-102,227	-15,175	-20,391	-53,127	-10,468	-18,241	2,928	-18,375	12,765	-12,493
8	Western Europe	-51,465	-12,642	-7,797	-24,516	-9,234	-9,918	1,105	-11,023	5,793	-8,517
9	Of which: United Kingdom	-27,413	-14,392	-6,125	-1,742	-11,213	-11,817	194	-14,408	6,016	-6,194
10	Canada	-2,687	4,305	225	-4,612	1,375	325	1,463	944	2,391	-493
11	Japan	-19,867	-952	-7,477	-10,370	-951	-1,069	163	-3,247	2,783	-651
12	Other	-28,208	-5,886	-5,342	-13,629	-1,658	-7,579	197	-5,049	1,798	-2,832
13	Bonds, net U.S. purchases	12,148	20,825	-5,362	3,954	20,973	-7,417	574	10,244	5,778	4,229
14	New issues in the United States	-39,511	-20,777	-8,325	-8,997	-9,895	-12,294	-6,012	-5,160	-2,887	-6,718
	By issuer:										
15	Central governments and their agencies and corporations	(D)	-9,294	-3,253	-2,087	(D)	-3,273	-2,555	-2,498	-2,196	-2,045
16	Other governments and their agencies and corporations ¹	(D)	(D)	-59	(D)		-798	(D)	(D)	(D)	(D)
17	Private corporations	-23,969	-9,751	-4,813	-5,350	-5,583	-8,223	-2,854	-1,739	-636	-4,522
18	International financial institutions ²	(D)	(D)	-200	(D)			(D)	(D)	(D)	(D)
	By area:										
19	Western Europe	(D)	(D)	-350	(D)	(D)	-2,455	(D)	(D)	(D)	-2,921
20	Canada	-9,108	(D)	-923	-3,646	-2,331	-2,208	-897	(D)	-1,754	-1,765
21	Japan	(D)			(D)						
22	Latin America	-14,286	-6,001	-4,763	-2,724	-3,585	-3,214	-2,276	-1,154	-541	-2,030
23	Other countries	-10,547	(D)	-2,089	-1,212	-2,829	-4,417	-1,745	-1,785	-537	(D)
24	International financial institutions ²	(D)	(D)	-200	(D)			(D)	(D)	(D)	(D)
25	Redemptions of U.S.-held foreign bonds ³	33,441	35,326	7,422	6,162	8,880	10,977	4,720	8,281	11,211	11,114
26	Western Europe	9,774	10,487	1,372	2,382	1,031	4,989	1,462	2,163	3,312	3,550
27	Canada	6,240	7,985	1,571	1,436	1,131	2,102	924	1,994	3,201	1,866
28	Other countries	13,929	14,925	2,622	1,505	6,368	3,434	1,934	3,528	4,053	5,410
29	International financial institutions ²	3,498	1,929	1,857	839	350	452	400	596	645	288
30	Other transactions in outstanding bonds, net ³	18,218	6,276	-4,459	6,789	21,988	-6,100	1,866	7,123	-2,546	-167
31	Western Europe	-7,570	6,849	-11,438	-4,248	19,310	-11,194	4,309	-1,607	756	3,391
32	Of which: United Kingdom	-17,998	4,335	-13,845	-10,873	18,541	-11,821	1,387	-3	58	2,893
33	Canada	3,999	-2,610	-247	4,472	137	-363	-1,159	1,287	-2,505	-233
34	Japan	147	-8,687	-59	3,866	-689	-2,971	-3,133	2,877	-459	-7,972
35	Other	21,642	10,724	7,285	2,699	3,230	8,428	1,849	4,566	-338	4,647
B1	U.S. securities, excluding Treasury securities and transactions of foreign official agencies, net foreign purchases (+), (table 1, line 66 or lines 2 + 10 below)	407,653	284,611	129,990	113,556	64,787	99,320	71,095	104,404	46,494	62,618
2	Stocks, net foreign purchases	119,453	55,838	39,932	34,204	12,331	32,986	24,975	11,423	7,422	12,018
	By area:										
3	Western Europe	86,712	31,633	33,597	22,402	8,307	22,406	19,686	-896	1,640	11,203
4	Of which: Germany	8,282	-251	3,730	1,325	1,047	2,180	1,211	-149	-2,118	805
5	Switzerland	3,335	2,397	2,043	856	-1,067	1,503	1,578	147	-1,619	2,291
6	United Kingdom	37,353	14,335	11,160	8,745	9,156	8,292	8,008	-1,207	3,301	4,233
7	Canada	11,708	12,114	4,370	3,161	1,825	2,352	6,440	2,149	2,446	1,079
8	Japan	6,660	12,475	-221	4,104	1,179	1,598	955	7,517	6,125	-2,122
9	Other	14,373	-383	2,186	4,537	1,020	6,630	-2,105	2,653	-2,789	1,858
10	Corporate and other bonds, net foreign purchases	288,200	228,772	90,058	79,352	52,456	66,334	46,119	92,981	39,072	50,600
	By type:										
11	New issues sold abroad by U.S. corporations	63,113	57,786	17,694	18,008	13,185	14,226	21,155	23,205	1,633	11,793
12	U.S. federally sponsored agency bonds, net	86,256	67,788	25,162	13,746	19,340	28,008	2,716	32,308	21,936	10,828
13	Other outstanding bonds, net	138,831	103,198	47,202	47,598	19,931	24,100	22,248	37,468	15,503	27,979
	By area:										
14	Western Europe	180,957	104,737	61,127	53,510	30,498	35,822	21,755	46,475	9,779	26,728
15	Of which: Germany	10,762	2,785	3,327	2,834	1,264	3,337	1,601	563	-217	838
16	Switzerland	5,701	5,734	2,681	1,678	766	576	136	2,319	2,815	464
17	United Kingdom	159,857	82,398	52,365	47,637	29,791	30,064	18,032	37,151	5,885	21,330
18	Canada	516	-3,611	-44	1,348	-2,374	1,586	448	599	-1,523	-3,135
19	Japan	18,472	35,791	3,345	766	2,534	11,827	-4,626	15,182	10,506	14,729
20	Other countries	88,387	92,063	25,679	23,832	21,790	17,086	28,447	30,966	20,657	11,993
21	International financial institutions ²	-132	-208	-49	-104	8	13	95	-241	-347	285
	Memoranda:										
	Other foreign transactions in marketable, long-term U.S. securities included elsewhere in international transactions accounts:										
	Foreign official assets in the United States (lines in table 9):										
1	U.S. Treasury marketable bonds (line A4)	9,974	15,151	3,142	-4,885	2,151	9,566	77	486	-8,144	22,732
2	Other U.S. Government securities (line A6)	20,920	30,357	3,574	9,932	-216	7,630	7,296	6,548	10,885	5,628
3	U.S. corporate and other bonds (part of line A14)	3,755	5,613	1,033	567	623	1,532	2,003	1,412	999	1,199
4	U.S. stocks (part of line A14)	1,964	-1,985	-30	461	1,358	175	-1,277	-486	-164	-58
5	Other foreign transactions in U.S. Treasury bonds and notes (table 9, line B4)	-16,281	42,752	-5,854	-15,386	-17,402	22,361	-9,301	-8,897	47,835	13,115

See footnotes on page 60.

Table 7. Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns

[Millions of dollars]

Line	(Credits +; increase in U.S. liabilities or decrease in U.S. assets. Debits -; decrease in U.S. liabilities or increase in U.S. assets.)	2001	2002 ^p	Not seasonally adjusted								Amounts outstanding Dec. 31, 2002
				2001				2002				
				I	II	III	IV	I	II	III ^r	IV ¹	
A1	Claims, total (table 1, line 53)	-14,358	-28,489	-51,759	9,670	-9,479	37,210	65	-16,693	-4,226	-7,635	873,276
2	Financial claims	-19,624	-32,037	-55,437	12,273	-11,475	35,015	-1,354	-18,088	-4,960	-7,635	845,189
3	<i>Denominated in U.S. dollars</i>	-25,564	-25,754	-43,179	11,988	-19,380	25,007	1,651	-23,194	3,424	-7,635	738,810
4	<i>Denominated in foreign currencies</i>	5,940	-6,283	-12,258	285	7,905	10,008	-3,005	5,106	-8,384		106,379
5	By type: Deposits ²	-19,118	-40,316	-34,818	24,021	-27,796	19,475	7,224	-8,162	-25,718	-13,660	658,901
6	Financial intermediaries' accounts	3,038	8,082	-16,538	-12,079	13,878	17,777	-9,314	-10,305	21,676	6,025	171,702
7	Other claims ^{2,3}	-3,544	197	-4,081	331	2,443	-2,237	736	379	-918		14,586
8	By area: Industrial countries ⁴	-34,693	-30,732	-61,004	-4,973	-3,478	34,762	-29,729	6,159	-7,162		503,324
9	<i>Of which: United Kingdom</i>	-22,042	-22,444	-46,843	-7,603	6,844	25,560	-18,870	6,209	-9,783		296,249
10	Canada	2,392	-1,568	3,494	222	-3,160	1,836	1,108	2,060	-4,736		10,437
11	Caribbean banking centers ⁵	19,950	-10,778	8,958	17,174	-7,267	1,085	28,348	-24,870	2,107	-16,363	324,958
12	Other	-4,881	9,473	-3,391	72	-730	-632	27	623	95	8,728	16,907
13	Commercial claims	5,266	3,548	3,678	-2,603	1,996	2,195	1,419	1,395	734		28,088
14	<i>Denominated in U.S. dollars</i>	3,943	4,463	3,132	-2,681	1,628	1,864	2,775	1,565	123		24,783
15	<i>Denominated in foreign currencies</i>	1,323	-915	546	78	368	331	-1,356	-170	611		3,305
16	By type: Trade receivables	5,518	3,899	4,146	-2,149	1,779	1,742	1,951	1,202	746		23,513
17	Advance payments and other claims	-252	-351	-468	-454	217	453	-532	193	-12		4,575
18	By area: Industrial countries ⁴	3,071	1,967	2,360	-1,532	1,256	987	1,159	764	44		18,081
19	Members of OPEC ⁶	440	-6	163	-117	175	219	136	-182	40		1,360
20	Other	1,755	1,587	1,155	-954	565	989	124	813	650		8,647
B1	Liabilities, total (table 1, line 68)	82,353	49,736	111,644	-5,307	-25,154	1,170	32,345	21,056	-3,804	139	829,852
2	Financial liabilities	74,316	40,269	105,966	-5,886	-28,697	2,933	27,260	17,043	-4,173	139	802,365
3	<i>Denominated in U.S. dollars</i>	72,603	30,508	90,382	6,960	-23,877	-862	21,516	6,548	2,305	139	743,543
4	<i>Denominated in foreign currencies</i>	1,713	9,761	15,584	-12,846	-4,820	3,795	5,744	10,495	-6,478		58,822
5	By type: Financial intermediaries' accounts	-13,324	-11,076	14,099	6,731	-22,994	-11,160	15,078	-687	-23,773	-1,694	224,194
6	Other liabilities	87,640	51,345	91,867	-12,617	-5,703	14,093	12,182	17,730	19,600	1,833	578,171
7	By area: Industrial countries ⁴	49,120	7,174	92,203	-13,977	-21,829	-7,277	26,142	4,207	-23,175		541,100
8	<i>Of which: United Kingdom</i>	18,326	12,466	77,624	-11,987	-21,238	-26,073	11,166	8,167	-6,867		321,683
9	Caribbean banking centers ⁵	28,282	29,452	16,655	7,927	-4,531	8,231	1,787	11,642	18,598	-2,575	238,111
10	Other	-3,086	3,643	-2,892	164	-2,337	1,979	-669	1,194	404	2,714	23,154
11	Commercial liabilities	8,037	9,467	5,678	579	3,543	-1,763	5,085	4,013	369		27,487
12	<i>Denominated in U.S. dollars</i>	9,347	9,662	5,956	1,060	3,492	-1,161	4,809	4,174	679		26,194
13	<i>Denominated in foreign currencies</i>	-1,310	-195	-278	-481	51	-602	276	-161	-310		1,293
14	By type: Trade payables	-2,473	2,177	-1,812	732	-1,473	80	3,103	-679	-247		13,712
15	Advance receipts and other liabilities	10,510	7,290	7,490	-153	5,016	-1,843	1,982	4,692	616		13,775
16	By area: Industrial countries ⁴	8,289	6,588	5,121	538	2,661	-31	3,210	4,094	-716		15,303
17	Members of OPEC ⁶	-327	1,219	563	-334	-18	-538	642	-35	612		4,474
18	Other	75	1,660	-6	375	900	-1,194	1,233	-46	473		7,710

See footnotes on page 60.

Table 8. Claims on Foreigners Reported by U.S. Banks

[Millions of dollars]

Line	(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)	2001	2002 ^p	Not seasonally adjusted								Amounts outstanding Dec. 31, 2002
				2001				2002				
				I	II	III	IV	I	II	III ^r	IV ^p	
1	Total (table 1, line 54)	-128,705	-3,072	-113,914	-685	69,576	-83,682	727	-68,655	53,815	11,041	1,438,874
	By type:											
2	Banks' own claims.....	-142,744	-1,544	-105,573	-21,087	40,345	-56,429	-9,895	-55,450	53,213	10,588	1,141,679
3	Payable in dollars.....	-119,395	-7,611	-85,054	-15,565	29,207	-47,983	-5,149	-48,429	46,385	-418	1,065,061
	By borrower:											
	Claims on:											
4	own foreign offices.....	-82,779	-22,457	-44,336	-20,620	24,171	-41,994	-5,328	-39,197	59,839	-37,771	771,822
5	unaffiliated foreign banks.....	-9,459	19,582	-10,766	10,194	-845	-8,042	5,667	2,683	-2,122	13,354	80,920
6	foreign public borrowers ¹	-11,389	737	-11,494	-3,075	6,418	-3,238	-6,284	4,520	-10,047	12,548	48,749
7	other private foreigners.....	-15,768	-5,473	-18,458	-2,064	-537	5,291	796	-16,435	-1,285	11,451	163,570
	By type of reporting institution: ²											
	U.S.-owned banks' claims on:											
8	own foreign offices.....	-32,435	4,629	-3,375	-3,222	-24,564	-1,274	7,489	-11,288	12,347	-3,919	210,706
9	unaffiliated foreign banks.....	-16,620	10,743	-12,351	7,274	-2,669	-8,874	2,316	2,802	-389	6,014	27,397
10	other foreigners.....	10,024	2,903	16,756	857	-16,341	8,752	-5,254	5,310	11,131	-8,284	27,794
	Foreign-owned banks' claims on:											
11	own foreign offices.....	-50,344	-27,086	-40,961	-17,398	48,735	-40,720	-12,817	-27,909	47,492	-33,852	561,116
12	unaffiliated foreign banks.....	9,053	6,118	665	3,662	2,948	1,778	3,489	-2,492	2,369	2,752	37,925
13	other foreigners.....	-10,104	4,174	-21,513	-2,332	14,534	-793	-540	2,205	-7,750	10,259	73,782
	Brokers' and dealers' claims on:											
14	unaffiliated foreign banks.....	-1,892	2,721	920	-742	-1,124	-946	-138	2,373	-4,102	4,588	15,598
15	other foreigners.....	-27,077	-11,813	-25,195	-3,664	7,688	-5,906	306	-19,430	-14,713	22,024	110,743
16	Payable in foreign currencies.....	-23,349	6,067	-20,519	-5,522	11,138	-8,446	-4,746	-7,021	6,828	11,006	76,618
	Banks' domestic customers' claims.....	14,039	-1,528	-8,341	20,402	29,231	-27,253	10,622	-13,205	602	453	297,195
18	Payable in dollars.....	7,256	596	-11,647	20,440	28,971	-30,508	9,445	-13,654	5,229	-424	277,597
19	Deposits.....	7,803	20,810	-10,974	17,667	22,119	-21,009	4,912	1,281	7,674	6,943	79,512
20	Foreign commercial paper ³	19,207	-22,523	11,253	3,380	5,146	-572	746	-9,461	-7,608	-6,200	136,574
21	Other negotiable and readily transferable instruments ⁴	-16,665	-5,910	-11,289	2,276	-4,707	-2,945	2,641	-6,432	5,091	-7,210	55,221
22	Outstanding collections and other.....	-3,089	8,219	-637	-2,883	6,413	-5,982	1,146	958	72	6,043	6,290
23	Payable in foreign currencies.....	6,783	-2,124	3,306	-38	260	3,255	1,177	449	-4,627	877	19,598
	By area:											
24	Industrial countries ⁵	-84,748	-35,280	-103,719	-15,780	75,376	-40,625	-26,629	-35,668	26,884	133	887,678
25	Western Europe.....	-63,296	-20,110	-89,855	-18,107	69,952	-25,286	-26,682	-29,587	34,863	1,296	729,657
26	Of which: United Kingdom.....	-31,419	-3,159	-30,154	-2,311	2,040	-994	10,247	-17,199	-4,672	8,465	337,616
27	Canada.....	-18,901	-4,484	-6,137	-6,018	2,504	-9,250	-2,419	-5,597	912	2,620	86,778
28	Japan.....	-5,119	-8,673	-7,861	4,890	2,042	-4,190	2,294	-73	-8,072	-2,822	55,084
29	Other.....	2,568	-2,013	134	3,455	878	-1,899	178	-411	-819	-961	16,159
30	Caribbean banking centers ⁶	-42,409	20,345	-7,858	14,736	-3,233	-46,054	30,187	-25,541	27,798	-12,099	410,680
31	Other areas.....	-1,548	11,863	-2,337	359	-2,567	2,997	-2,831	-7,446	-867	23,007	140,516
32	Of which: Members of OPEC, included below ⁷	1,907	-1,474	286	464	512	645	-2,370	-859	863	892	15,874
33	Latin America.....	7,529	12,635	2,847	2,003	-2,631	5,310	-493	-607	5,541	8,194	73,620
34	Asia.....	-8,644	-918	-5,664	-239	-215	-2,526	-1,412	-7,223	-8,453	16,170	58,310
35	Africa.....	214	19	39	-73	261	-13	58	-96	56	1	1,422
36	Other ⁸	-647	127	441	-1,332	18	226	-984	480	1,989	-1,358	7,164
	Memoranda:											
1	International banking facilities' (IBF's) own claims, payable in dollars (lines 1-13 above).....	-25,429	-7,763	-12,840	-18,786	31,183	-24,986	-2,996	-12,874	22,103	-13,996	314,314
	By borrower:											
	Claims on:											
2	own foreign offices.....	-27,619	-27,239	-15,552	-22,009	32,557	-22,615	-8,982	-15,142	21,154	-24,269	262,026
3	unaffiliated foreign banks.....	-2,837	12,957	330	1,156	-943	-3,380	4,732	355	-685	8,555	27,079
4	foreign public borrowers.....	1,414	1,234	353	468	138	455	-191	529	599	297	3,052
5	all other foreigners.....	3,613	5,285	2,029	1,599	-569	554	1,445	1,384	1,035	1,421	22,157
	By bank ownership: ²											
6	U.S.-owned IBF's.....	-27,817	11,296	2,737	-12,668	-7,042	-10,844	19,824	-6,723	-1,490	-315	72,921
7	Foreign-owned IBF's.....	2,388	-19,059	-15,577	-6,118	38,225	-14,142	-22,820	-6,151	23,593	-13,681	241,393
8	Banks' dollar acceptances payable by foreigners.....	1,660	141	1,255	-61	586	-120	449	-214	3	-97	2,450
9	Resale agreements ⁹ (in lines 1 through 15 above).....		-18,286		4,390	17,849	-25,505	22,432	-35,000	-7,497	1,779	158,101

See footnotes on page 60.

Table 10. U.S. International

[Millions]

Line	(Credits +; debits -) ¹	Western Europe						European Union	
		2001	2002 ^P	2002				2001	2002 ^P
				I	II	III ^r	IV ^P		
Current account									
1	Exports of goods and services and income receipts	397,085	365,039	87,531	91,183	91,423	94,902	354,145	326,227
2	Exports of goods and services	270,892	259,802	62,432	64,448	64,202	68,720	244,472	235,422
3	Goods, balance of payments basis ²	171,421	153,573	39,414	38,636	35,961	39,562	155,788	140,520
4	Services ³	99,471	106,229	23,018	25,812	28,241	29,158	88,684	94,902
5	Transfers under U.S. military agency sales contracts ⁴	3,603	3,158	677	838	788	855	2,420	2,101
6	Travel	22,557	21,771	4,179	5,328	6,243	6,021	20,555	19,865
7	Passenger fares	5,978	5,832	1,140	1,344	1,726	1,622	5,788	5,643
8	Other transportation	9,138	9,093	2,070	2,225	2,451	2,347	7,906	7,943
9	Royalties and license fees ⁵	18,133	20,764	4,529	5,234	5,246	5,755	16,333	18,581
10	Other private services ⁵	39,910	45,472	10,389	10,808	11,752	12,523	35,548	40,646
11	U.S. Government miscellaneous services	152	139	34	35	35	35	134	123
12	Income receipts	126,193	105,237	25,099	26,735	27,221	26,182	109,673	90,805
13	Income receipts on U.S.-owned assets abroad	126,033	105,069	25,058	26,694	27,178	26,139	109,525	90,649
14	Direct investment receipts	54,407	53,557	12,132	13,469	13,925	14,031	45,249	43,848
15	Other private receipts	70,600	50,550	12,662	13,049	12,990	11,849	63,360	45,981
16	U.S. Government receipts	1,026	962	264	176	263	259	936	820
17	Compensation of employees	160	168	41	41	43	43	148	156
18	Imports of goods and services and income payments	-460,387	-470,877	-106,813	-120,970	-121,435	-121,659	-415,109	-421,312
19	Imports of goods and services	-325,308	-344,079	-76,608	-87,927	-88,636	-90,908	-293,212	-310,906
20	Goods, balance of payments basis ²	-241,030	-246,194	-55,245	-62,395	-61,841	-66,713	-219,492	-225,679
21	Services ³	-84,278	-97,885	-21,363	-25,532	-26,795	-24,195	-73,720	-85,227
22	Direct defense expenditures	-8,662	-9,138	-2,184	-2,271	-2,323	-2,360	-6,946	-7,662
23	Travel	-20,901	-20,266	-3,526	-6,245	-6,338	-4,157	-19,053	-18,476
24	Passenger fares	-11,813	-10,993	-2,283	-3,187	-3,341	-2,182	-10,677	-9,957
25	Other transportation	-13,033	-12,593	-2,745	-3,159	-3,326	-3,363	-10,568	-10,470
26	Royalties and license fees ⁵	-8,390	-8,979	-2,038	-2,186	-2,361	-2,394	-6,548	-6,994
27	Other private services ⁵	-20,332	-34,716	-8,300	-8,182	-8,801	-9,433	-18,952	-30,640
28	U.S. Government miscellaneous services	-1,147	-1,200	-287	-302	-305	-306	-976	-1,028
29	Income payments	-135,079	-126,798	-30,205	-33,043	-32,799	-30,751	-121,897	-110,406
30	Income payments on foreign-owned assets in the United States	-134,481	-126,160	-30,040	-32,891	-32,650	-30,579	-121,376	-109,851
31	Direct investment payments	-25,777	-32,662	-5,784	-8,490	-9,644	-8,744	-23,806	-25,169
32	Other private payments	-86,257	-74,467	-19,177	-19,462	-18,407	-17,421	-67,772	-67,772
33	U.S. Government payments	-22,447	-19,031	-5,079	-4,939	-4,599	-4,414	-20,237	-16,910
34	Compensation of employees	-598	-638	-165	-152	-149	-172	-521	-555
35	Unilateral current transfers, net	-1,516	-1,765	-561	-327	-417	-460	106	-117
36	U.S. Government grants ⁴	-753	-733	-209	-175	-181	-168	-17	-6
37	U.S. Government pensions and other transfers	-1,583	-1,566	-393	-369	-364	-440	-1,307	-1,336
38	Private remittances and other transfers ⁶	820	534	41	217	128	148	1,430	1,225
Capital and financial account									
Capital account									
39	Capital account transactions, net	134	97	36	37	38	-14	122	139
Financial account									
40	U.S.-owned assets abroad, net (increase/financial outflow (-))	-201,495	-115,403	-57,727	-57,624	16,037	-16,089	-182,988	-66,012
41	U.S. official reserve assets, net	-223	-573	-152	-129	-148	-144	-529	-464
42	Gold ⁷								
43	Special drawing rights								
44	Reserve position in the International Monetary Fund								
45	Foreign currencies	-223	-573	-152	-129	-148	-144	-529	-464
46	U.S. Government assets, other than official reserve assets, net	253	485	260	142	-62	145	244	314
47	U.S. credits and other long-term assets	-515	-301			-297	-4	-215	-122
48	Repayments on U.S. credits and other long-term assets ⁸	791	834	259	115	281	179	472	454
49	U.S. foreign currency holdings and U.S. short-term assets, net	-23	-48	1	27	-46	-30	-13	-18
50	U.S. private assets, net	-201,525	-115,315	-57,835	-57,637	16,247	-16,090	-182,703	-65,862
51	Direct investment	-54,504	-66,504	-8,857	-23,059	-21,658	-12,930	-46,597	-57,710
52	Foreign securities	-52,503	-715	6,244	-12,323	9,862	-4,498	-54,586	-1,964
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-31,208	-27,950	-28,544	7,369	-6,775		-28,944	-29,518
54	U.S. claims reported by U.S. banks, not included elsewhere	-63,310	-20,146	-26,678	-29,624	34,818	1,338	-52,576	23,330
55	Foreign-owned assets in the United States, net (increase/financial inflow (+))	450,172	226,428	80,524	30,557	21,472	93,875	404,151	136,715
56	Foreign official assets in the United States, net	-3,184	17,473	63	3,838	1,998	11,574	(¹⁸)	(¹⁸)
57	U.S. Government securities	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁸)	(¹⁸)
58	U.S. Treasury securities ⁹	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁸)	(¹⁸)
59	Other ¹⁰	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁸)	(¹⁸)
60	Other U.S. Government liabilities ¹¹	-1,051	181	-54	-91	484	-158	-92	817
61	U.S. liabilities reported by U.S. banks, not included elsewhere	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁸)	(¹⁸)
62	Other foreign official assets ¹²	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁶)	(¹⁸)
63	Other foreign assets in the United States, net	453,356	208,955	80,461	26,719	19,474	82,301	(¹⁸)	(¹⁸)
64	Direct investment	111,304	15,992	20,918	-8,239	404	2,909	59,069	22,714
65	U.S. Treasury securities	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁸)	(¹⁸)
66	U.S. securities other than U.S. Treasury securities	267,669	136,369	41,440	45,579	11,419	37,931	257,027	124,617
67	U.S. currency								
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	56,851	7,425	27,838	5,052	-25,465		67,877	6,184
69	U.S. liabilities reported by U.S. banks, not included elsewhere	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	(¹⁷)	¹⁸ 20,270	¹⁸ -17,617
70	Statistical discrepancy (sum of above items with sign reversed)	-183,993	-3,519	-2,990	57,144	-7,118	-50,555	-160,427	24,360
Memoranda:									
71	Balance on goods (lines 3 and 20)	-69,609	-92,621	-15,831	-23,759	-25,880	-27,151	-63,704	-85,159
72	Balance on services (lines 4 and 21)	15,193	8,344	1,655	280	1,446	4,963	14,964	9,675
73	Balance on goods and services (lines 2 and 19)	-54,416	-84,277	-14,176	-23,479	-24,434	-22,188	-48,740	-75,484
74	Balance on income (lines 12 and 29)	-8,886	-21,561	-5,106	-6,308	-5,578	-4,569	-12,224	-19,601
75	Unilateral current transfers, net (line 35)	-1,516	-1,765	-561	-327	-417	-460	106	-117
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75) ¹³	-64,818	-107,603	-19,843	-30,114	-30,429	-27,217	-60,858	-95,202

Table 10. U.S. International

[Millions]

Line	(Credits +; debits -) ¹	Eastern Europe						Canada	
		2001	2002 ²	2002				2001	2002 ²
				I	II	III ³	IV ⁴		
Current account									
1	Exports of goods and services and income receipts	14,285	14,089	3,541	3,477	3,699	3,372	209,676	203,093
2	Exports of goods and services	11,102	10,833	2,656	2,728	2,724	2,725	187,757	184,929
3	Goods, balance of payments basis ²	6,804	6,369	1,519	1,641	1,579	1,630	163,309	160,879
4	Services ³	4,298	4,464	1,137	1,087	1,145	1,095	24,448	24,050
5	Transfers under U.S. military agency sales contracts ⁴	483	432	111	147	95	79	99	90
6	Travel	1,238	1,177	245	309	335	288	6,484	6,192
7	Passenger fares	58	57	16	13	13	15	1,668	1,543
8	Other transportation	271	244	56	58	63	67	2,212	2,346
9	Royalties and license fees ⁵	316	406	92	99	102	113	2,256	2,638
10	Other private services ⁵	1,875	2,107	609	450	526	522	11,657	11,155
11	U.S. Government miscellaneous services	57	41	8	11	11	11	72	86
12	Income receipts	3,183	3,256	885	749	975	647	21,919	18,164
13	Income receipts on U.S.-owned assets abroad	3,163	3,236	880	744	970	642	21,841	18,081
14	Direct investment receipts	1,259	1,444	367	367	461	249	11,773	9,791
15	Other private receipts	1,613	1,466	375	368	365	358	10,068	8,290
16	U.S. Government receipts	291	326	138	9	144	35	.....	.....
17	Compensation of employees	20	20	5	5	5	5	78	83
18	Imports of goods and services and income payments	-19,886	-20,353	-3,573	-5,185	-5,652	-5,943	-235,442	-236,903
19	Imports of goods and services	-16,953	-17,441	-3,029	-4,505	-4,805	-5,102	-237,166	-232,421
20	Goods, balance of payments basis ²	-14,342	-14,869	-2,561	-3,804	-3,941	-4,563	-218,735	-213,151
21	Services ³	-2,611	-2,572	-468	-701	-864	-539	-18,431	-19,270
22	Direct defense expenditures	-152	-191	-41	-52	-48	-50	-77	-74
23	Travel	-1,164	-1,128	-161	-323	-463	-181	-6,477	-6,516
24	Passenger fares	-382	-352	-56	-111	-114	-71	-684	-582
25	Other transportation	-245	-242	-51	-57	-66	-68	-3,298	-3,704
26	Royalties and license fees ⁵	-76	-64	-26	-12	-12	-14	-1,195	-1,375
27	Other private services ⁵	-532	-538	-118	-132	-147	-141	-6,479	-6,842
28	U.S. Government miscellaneous services	-60	-57	-15	-14	-14	-14	-221	-177
29	Income payments	-2,933	-2,912	-544	-680	-847	-841	1,724	-4,482
30	Income payments on foreign-owned assets in the United States	-2,851	-2,823	-519	-660	-815	-815	2,100	-4,087
31	Direct investment payments	-267	-857	-65	-171	-308	-313	7,737	788
32	Other private payments	-828	-482	-117	-127	-129	-109	-3,974	-3,717
33	U.S. Government payments	-1,756	-1,484	-337	-362	-392	-393	-1,663	-1,158
34	Compensation of employees	-82	-89	-25	-20	-18	-26	-376	-395
35	Unilateral current transfers, net	-3,432	-3,888	-880	-987	-1,031	-990	-744	-807
36	U.S. Government grants ⁴	-1,493	-1,885	-362	-512	-505	-506	.....	.....
37	U.S. Government pensions and other transfers	-59	-52	-13	-14	-14	-11	-528	-550
38	Private remittances and other transfers ⁶	-1,880	-1,951	-505	-461	-512	-473	-216	-257
Capital and financial account									
Capital account									
39	Capital account transactions, net	25	23	6	6	6	5	118	141
Financial account									
40	U.S.-owned assets abroad, net (increase/financial outflow (-))	-180	-5	134	595	-616	-118	-32,180	-18,486
41	U.S. official reserve assets, net .....	.....	.....	.....	.....	.....	.....	.....	.....
42	Gold ⁷ .....	.....	.....	.....	.....	.....	.....	.....	.....
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	140	102	45	-21	15	63	.....	.....
47	U.S. credits and other long-term assets	-89	-291	-6	-40	-237	-8	.....	.....
48	Repayments on U.S. credits and other long-term assets ⁸	229	393	51	19	252	71	.....	.....
49	U.S. foreign currency holdings and U.S. short-term assets, net .....	.....	.....	.....	.....	.....	.....	.....	.....
50	U.S. private assets, net	-320	-107	89	616	-631	-181	-32,180	-18,486
51	Direct investment	-1,629	-1,145	224	-692	-343	-334	-14,440	-17,328
52	Foreign securities	1,801	1,128	465	358	-548	853	-1,886	4,692
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	140	70	35	82	-47	.....	3,047	-1,366
54	U.S. claims reported by U.S. banks, not included elsewhere	-432	-160	-635	868	307	-700	-18,901	-4,484
55	Foreign-owned assets in the United States, net (increase/financial inflow (+))	11,331	20,721	1,324	12,285	7,040	72	10,941	2,204
56	Foreign official assets in the United States, net	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	-285	-2,334
57	U.S. Government securities	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁷)	(¹⁷)
58	U.S. Treasury securities ⁹	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁷)	(¹⁷)
59	Other ¹⁰	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁷)	(¹⁷)
60	Other U.S. Government liabilities ¹¹	27	197	31	61	62	43	2	27
61	U.S. liabilities reported by U.S. banks, not included elsewhere	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁷)	(¹⁷)
62	Other foreign official assets ¹²	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁷)	(¹⁷)
63	Other foreign assets in the United States, net	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	11,226	4,538
64	Direct investment	6,756	7,548	285	4,985	2,128	150	4,628	-5,533
65	U.S. Treasury securities	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁷)	(¹⁷)
66	U.S. securities other than U.S. Treasury securities	-1,227	-2,297	-178	-393	-596	-1,130	12,224	8,505
67	U.S. currency .....	.....	.....	.....	.....	.....	.....	.....	.....
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-147	-3	123	206	-332	.....	2,858	4,512
69	U.S. liabilities reported by U.S. banks, not included elsewhere	¹⁸ 5,922	¹⁸ 15,276	¹⁸ 1,063	¹⁸ 7,426	¹⁸ 5,778	¹⁸ 1,009	(¹⁷)	(¹⁷)
70	Statistical discrepancy (sum of above items with sign reversed)	-2,143	-10,587	-552	-10,191	-3,446	3,602	47,631	50,758
Memoranda:									
71	Balance on goods (lines 3 and 20)	-7,538	-8,500	-1,042	-2,163	-2,362	-2,933	-55,426	-52,272
72	Balance on services (lines 4 and 21)	1,687	1,892	669	386	281	556	6,017	4,780
73	Balance on goods and services (lines 2 and 19)	-5,851	-6,608	-373	-1,777	-2,081	-2,377	-49,409	-47,492
74	Balance on income (lines 12 and 29)	250	344	341	69	128	-194	23,643	13,682
75	Unilateral current transfers, net (line 35)	-3,432	-3,888	-880	-987	-1,031	-990	-744	-807
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75) ¹³	-9,033	-10,152	-912	-2,695	-2,984	-3,561	-26,510	-34,617

Table 10. U.S. International
[Millions]

Line	(Credits +; debits -) ¹	Australia					
		2001	2002 ^P	2002			
				I	II	III ^r	IV ^P
Current account							
1	Exports of goods and services and income receipts	20,419	23,462	5,295	5,739	6,290	6,138
2	Exports of goods and services	15,506	17,944	3,984	4,491	4,740	4,729
3	Goods, balance of payments basis ²	10,597	12,760	2,830	3,228	3,369	3,333
4	Services ³	4,909	5,184	1,154	1,263	1,371	1,396
5	Transfers under U.S. military agency sales contracts ⁴	195	220	42	68	55	55
6	Travel	1,424	1,367	293	341	356	377
7	Passenger fares	375	360	94	75	92	99
8	Other transportation	263	279	59	70	74	76
9	Royalties and license fees ⁵	722	837	182	199	235	221
10	Other private services ⁵	1,922	2,110	482	507	556	565
11	U.S. Government miscellaneous services	8	11	2	3	3	3
12	Income receipts	4,913	5,518	1,311	1,248	1,550	1,409
13	Income receipts on U.S.-owned assets abroad	4,909	5,514	1,310	1,247	1,549	1,408
14	Direct investment receipts	1,690	2,667	579	530	835	723
15	Other private receipts	3,219	2,847	731	717	714	685
16	U.S. Government receipts						
17	Compensation of employees	4	4	1	1	1	1
18	Imports of goods and services and income payments	-10,398	-11,774	-2,369	-2,976	-3,306	-3,123
19	Imports of goods and services	-10,103	-10,170	-2,254	-2,423	-2,876	-2,617
20	Goods, balance of payments basis ²	-6,463	-6,455	-1,386	-1,670	-1,756	-1,643
21	Services ³	-3,640	-3,715	-868	-753	-1,120	-974
22	Direct defense expenditures	-112	-122	-24	-29	-34	-35
23	Travel	-1,542	-1,523	-353	-287	-541	-342
24	Passenger fares	-754	-735	-199	-124	-185	-227
25	Other transportation	-216	-217	-57	-54	-56	-50
26	Royalties and license fees ⁵	-82	-106	-20	-24	-25	-37
27	Other private services ⁵	-902	-973	-206	-225	-269	-273
28	U.S. Government miscellaneous services	-32	-39	-9	-10	-10	-10
29	Income payments	-295	-1,604	-115	-553	-430	-506
30	Income payments on foreign-owned assets in the United States	-274	-1,582	-109	-548	-425	-500
31	Direct investment payments	918	-604	104	-323	-157	-228
32	Other private payments	-692	-540	-116	-123	-150	-151
33	U.S. Government payments	-500	-438	-97	-102	-118	-121
34	Compensation of employees	-21	-22	-6	-5	-5	-6
35	Unilateral current transfers, net	-338	-328	-77	-78	-83	-90
36	U.S. Government grants ⁴						
37	U.S. Government pensions and other transfers	-47	-50	-13	-13	-13	-11
38	Private remittances and other transfers ⁶	-291	-278	-64	-65	-70	-79
Capital and financial account							
Capital account							
39	Capital account transactions, net	4	4	1	1	1	1
Financial account							
40	U.S.-owned assets abroad, net (increase/financial outflow (-))	-1,346	-856	-2,330	-2,125	2,845	754
41	U.S. official reserve assets, net						
42	Gold ⁷						
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 ⁸						
49	U.S. foreign currency holdings and U.S. short-term assets, net						
50	U.S. private assets, net	-1,346	-856	-2,330	-2,125	2,845	754
51	Direct investment	424	-2,040	-2,473	-264	834	-137
52	Foreign securities	-3,296	436	-202	-395	906	127
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-1,323	-624	-827	-527	730	
54	U.S. claims reported by U.S. banks, not included elsewhere	2,849	1,372	1,172	-939	375	764
55	Foreign-owned assets in the United States, net (increase/financial inflow (+))	-797	16,515	5,481	3,944	5,537	1,553
56	Foreign official assets in the United States, net	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)
57	U.S. Government securities	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)
58	U.S. Treasury securities ⁹	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)
59	Other ¹⁰	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)
60	Other U.S. Government liabilities ¹¹	92	53	35	4	16	-2
61	U.S. liabilities reported by U.S. banks, not included elsewhere	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)
62	Other foreign official assets ¹²	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)
63	Other foreign assets in the United States, net	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)
64	Direct investment	3,649	3,111	760	2,180	907	-736
65	U.S. Treasury securities						
66	U.S. securities other than U.S. Treasury securities	-2,154	7,693	2,152	888	4,133	520
67	U.S. currency						
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	653	-231	122	631	-984	
69	U.S. liabilities reported by U.S. banks, not included elsewhere	¹⁸ -3,037	¹⁸ 5,889	¹⁸ 2,412	¹⁸ 241	¹⁸ 1,465	¹⁸ 1,771
70	Statistical discrepancy (sum of above items with sign reversed)	-7,544	-27,023	-6,001	-4,505	-11,284	-5,233
Memoranda:							
71	Balance on goods (lines 3 and 20)	4,134	6,305	1,444	1,558	1,613	1,690
72	Balance on services (lines 4 and 21)	1,269	1,469	286	510	251	422
73	Balance on goods and services (lines 2 and 19)	5,403	7,774	1,730	2,068	1,864	2,112
74	Balance on income (lines 12 and 29)	4,618	3,914	1,196	695	1,120	903
75	Unilateral current transfers, net (line 35)	-338	-328	-77	-78	-83	-90
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75) ¹³	9,683	11,360	2,849	2,685	2,901	2,925

Transactions, by Area—Continued

of dollars]

Other countries in Asia and Africa						International organizations and unallocated ¹⁶						Line
2001	2002 ^P	2002				2001	2002 ^P	2002				
		I	II	III ^r	IV ^P			I	II	III ^r	IV ^P	
235,495	238,727	56,348	59,915	62,166	60,298	33,146	33,353	8,305	8,272	8,379	8,397	1
207,985	208,705	49,517	52,561	54,356	52,271	5,843	5,870	1,404	1,462	1,467	1,537	2
151,780	150,968	34,863	38,881	38,810	38,414	.....	.....	.....	.....	.....	.....	3
56,205	57,737	14,654	13,680	15,546	13,857	5,843	5,870	1,404	1,462	1,467	1,537	4
6,552	6,912	1,904	1,686	1,608	1,714	.....	.....	.....	.....	.....	.....	5
11,846	11,204	2,211	2,994	3,611	2,388	.....	.....	.....	.....	.....	.....	6
1,626	1,542	355	409	454	324	.....	.....	.....	.....	.....	.....	7
9,506	9,529	2,243	2,366	2,549	2,371	529	483	119	121	117	126	8
4,854	5,192	1,199	1,294	1,315	1,384	2,047	2,270	513	570	574	613	9
21,516	23,100	6,678	4,867	5,944	5,611	3,267	3,117	772	771	776	798	10
305	258	64	64	65	65	.....	.....	.....	.....	.....	.....	11
27,510	30,022	6,831	7,354	7,810	8,027	27,303	27,483	6,901	6,810	6,912	6,860	12
27,426	29,934	6,809	7,332	7,788	8,005	25,407	25,529	6,416	6,322	6,422	6,369	13
17,156	20,770	4,528	5,085	5,462	5,695	15,309	15,843	3,951	3,881	3,957	4,054	14
9,081	7,956	1,965	2,041	2,044	1,906	9,468	9,210	2,356	2,333	2,333	2,188	15
1,189	1,208	316	206	282	404	630	476	109	108	132	127	16
84	88	22	22	22	22	1,896	1,954	485	488	490	491	17
-413,178	-433,106	-93,837	-106,304	-117,463	-115,502	-14,987	-15,443	-4,154	-3,918	-3,674	-3,697	18
-379,180	-403,507	-86,183	-98,718	-110,074	-108,532	-2,794	-3,364	-1,109	-871	-681	-703	19
-339,262	-359,541	-76,164	-87,939	-98,731	-96,707	.....	.....	.....	.....	.....	.....	20
-39,918	-43,966	-10,019	-10,779	-11,343	-11,825	-2,794	-3,364	-1,109	-871	-681	-703	21
-4,511	-8,087	-1,793	-1,939	-2,124	-2,231	.....	.....	.....	.....	.....	.....	22
-10,474	-10,251	-2,534	-2,620	-2,560	-2,537	.....	.....	.....	.....	.....	.....	23
-4,891	-4,697	-1,123	-1,066	-1,167	-1,341	.....	.....	.....	.....	.....	.....	24
-12,216	-12,569	-2,717	-3,071	-3,324	-3,457	-1,556	-1,302	-273	-334	-342	-353	25
-263	-281	-58	-69	-72	-82	-819	-1,728	-752	-464	-253	-259	26
-6,771	-7,289	-1,592	-1,817	-1,900	-1,980	-416	-333	-83	-73	-86	-91	27
-792	-792	-202	-197	-196	-197	-3	-1	-1	.....	.....	.....	28
-33,998	-29,599	-7,654	-7,586	-7,389	-6,970	-12,193	-12,079	-3,045	-3,047	-2,993	-2,994	29
-33,258	-28,797	-7,416	-7,418	-7,243	-6,720	-12,193	-12,079	-3,045	-3,047	-2,993	-2,994	30
192	-288	-142	-23	-144	21	-7,436	-7,382	-1,906	-1,820	-1,780	-1,876	31
-10,218	-6,845	-1,703	-1,803	-1,745	-1,594	-3,187	-3,247	-769	-850	-852	-776	32
-23,232	-21,664	-5,571	-5,592	-5,354	-5,147	-1,570	-1,450	-370	-377	-361	-342	33
-740	-802	-238	-168	-146	-250	.....	.....	.....	.....	.....	.....	34
-18,424	-24,027	-8,369	-4,758	-4,966	-5,934	-7,949	-7,328	-1,810	-1,710	-1,592	-2,216	35
-6,459	-11,491	-5,015	-1,904	-1,691	-2,881	-802	-770	-169	-249	-232	-120	36
-539	-530	-128	-131	-131	-140	-2,070	-1,453	-413	-130	-58	-852	37
-11,426	-12,006	-3,226	-2,723	-3,144	-2,913	-5,077	-5,105	-1,228	-1,331	-1,302	-1,244	38
117	11	31	18	-36	-2	.....	.....	.....	.....	.....	.....	39
-19,163	-4,869	-8,254	-7,237	-6,180	16,802	-18,022	-8,079	-3,812	-4,170	-3,154	3,057	40
.....	.....	.....	.....	.....	.....	-4,230	-3,107	543	-1,714	-1,268	-668	41
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	42
.....	.....	.....	.....	.....	.....	-630	-475	-109	-107	-132	-127	43
.....	.....	.....	.....	.....	.....	-3,600	-2,632	652	-1,607	-1,136	-541	44
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	45
157	625	88	146	158	233	-1,292	-1,078	-304	-262	-251	-261	46
-2,019	-3,050	-444	-157	-422	-2,027	-1,292	-1,078	-304	-262	-251	-261	47
2,049	3,706	535	290	614	2,267	.....	.....	.....	.....	.....	.....	48
127	-31	-3	13	-34	-7	.....	.....	.....	.....	.....	.....	49
-19,320	-5,494	-8,342	-7,383	-6,338	16,569	-12,500	-3,894	-4,051	-2,194	-1,635	3,986	50
-12,027	-12,676	-5,210	-1,577	-2,860	-3,029	-13,679	-14,793	-3,539	-3,693	-3,718	-3,843	51
3,513	11,479	-385	1,577	5,478	4,809	1,017	1,113	403	110	356	244	52
-2,013	896	-874	1,106	664	.....	2	8,728	.....	.....	.....	8,728	53
-8,793	-5,193	-1,873	-8,489	-9,620	14,789	160	1,058	-915	1,389	1,727	-1,143	54
53,044	104,410	21,864	29,927	25,590	27,029	33,947	37,599	3,016	14,749	3,485	16,349	55
(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	19	18	13	.....	5	.....	56
(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	.....	.....	.....	.....	.....	.....	57
(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	.....	.....	.....	.....	.....	.....	58
(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	.....	.....	.....	.....	.....	.....	59
-552	72	-701	176	422	175	19	18	13	.....	5	.....	60
(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	.....	.....	.....	.....	.....	.....	61
(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	.....	.....	.....	.....	.....	.....	62
(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	33,928	37,581	3,003	14,749	3,480	16,349	63
-1,307	364	-497	176	888	-203	6,361	6,492	1,587	1,605	1,632	1,668	64
(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	(¹⁸)	65
44,727	33,929	9,518	7,911	9,931	6,569	-103	63	-257	-338	313	313	66
.....	.....	.....	.....	.....	.....	23,783	21,513	4,525	7,183	2,556	7,249	67
-598	4,381	268	2,405	1,708	.....	73	2,736	30	-9	1	2,714	68
¹⁸ 10,774	¹⁸ 65,664	¹⁸ 13,276	¹⁸ 19,259	¹⁸ 12,641	¹⁸ 20,488	¹⁸ 3,814	¹⁸ 7,059	¹⁸ -3,202	¹⁸ 6,227	¹⁸ -371	¹⁸ 4,405	69
162,109	118,854	32,217	28,439	40,889	17,309	-26,135	-40,102	-1,545	-13,223	-3,444	-21,890	70
-187,482	-208,573	-41,301	-49,058	-59,921	-58,293	.....	.....	.....	.....	.....	.....	71
16,287	13,771	4,635	2,901	4,203	2,032	3,049	2,506	295	591	786	834	72
-171,195	-194,802	-36,666	-46,157	-55,718	-56,261	3,049	2,506	295	591	786	834	73
-6,488	423	-823	-232	421	1,057	15,110	15,404	3,856	3,763	3,919	3,866	74
-18,424	-24,027	-8,369	-4,758	-4,966	-5,934	-7,949	-7,328	-1,810	-1,710	-1,592	-2,216	75
-196,107	-218,406	-45,858	-51,147	-60,263	-61,138	10,210	10,582	2,341	2,644	3,113	2,484	76

Footnotes to U.S. International Transactions Tables 1–10

General notes for all tables: ^a Preliminary. ^b Revised. ^c Less than \$500,000 (+/-) ^d 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 accounts 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 4.

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 4.5 of the full set of NIPA tables in the August issue of the SURVEY.

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 1996–2001 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 10, line 5 (transfers under U.S. military agency sales contracts); the imports are included in tables 1 and 10, 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 10, 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.

Table 4:

1. Expenditures to release foreign governments from their contractual liabilities to pay for military goods and ser-

vices 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.

Table 5:

1. Beginning with 1991, payments and receipts of interest related to interest rate and foreign currency swaps between affiliates and parents are netted and are shown as either net payments or net receipts. Receipts and payments of other types of interest are shown on a gross basis.

2. Petroleum includes, and manufacturing and "other" industries exclude, the exploration, development, and production of crude oil and gas, and the transportation, refining, and marketing of petroleum products, exclusive of petrochemicals. "Other" industries includes wholesale trade; banking; finance (except banking), insurance, and real estate; services; and other industries—agriculture, forestry, and fishing; mining construction; transportation, communication, and public utilities; and retail trade.

3. Acquisition of equity holdings in existing and newly established companies, capital contributions, capitalization of intercompany debt, and other equity contributions.

4. Sales (total and partial), liquidations, returns of capital contributions, and other dispositions of equity holdings.

Table 6:

1. Primarily provincial, regional, and municipal.

2. Largely transactions by International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Asian Development Bank (ADB), and Inter-American Development Bank (IDB).

3. Estimate for scheduled redemptions and identifiable early redemptions. Includes estimates based on Canadian statistics for redemptions of Canadian issues held in the United States. Unidentified and nonscheduled retirements appear in line A30.

Table 7:

1. Estimates of transactions other than those with U.S. banks' Caribbean branches and with financial intermediaries (F.I.s) are not available. Preliminary estimates of transactions with F.I.s, by area, are commingled in "other" to avoid disclosure of individual companies' area data.

2. Deposits (line A5) include other financial claims (line A7) for some countries due to the commingling of these categories in foreign source data.

3. Primarily mortgages, loans, and bills and notes drawn on foreigners.

4. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.

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

6. Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Excludes Ecuador beginning in January 1993.

Table 8:

1. Includes central governments and their agencies and corporations; state, provincial, and local governments and their agencies and corporations; and international and regional organizations.

2. U.S.-owned banks are mainly 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 are identified separately beginning with the first quarter of 1997; prior to 1997, they are commingled with U.S.-owned banks' accounts.

3. Commercial paper issued in the U.S. market by foreign incorporated entities; excludes commercial paper issued through foreign direct investment affiliates in the United States.

4. Negotiable and readily transferable instruments other than commercial paper, payable in dollars; consists largely of negotiable certificates of deposit.

5. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.

6. Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.

7. Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Excludes Ecuador beginning in January 1993.

8. Includes Eastern Europe and international and regional organizations.

9. Estimates first available for the second quarter of 2001.

Table 9:

1. Negotiable certificates of deposit issued by banks in the United States are included in banks' custody liabilities and are separately identified in memorandum line 8. Nonnegotiable certificates of deposit are included in time deposits.

2. Includes borrowing under Federal funds or repurchase arrangements, deferred credits, and liabilities other than deposits.

3. Mainly negotiable and readily transferable instruments, excluding U.S. Treasury securities.

4. Mainly International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Asian Development Bank (ADB), Inter-American Development Bank (IDB), and the Trust Fund of the International Monetary Fund.

5. U.S.-owned banks are mainly 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 are identified separately beginning with the first quarter of 1997; prior to 1997, they are commingled with U.S.-owned banks' accounts.

6. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.

7. Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.

8. Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Excludes Ecuador beginning in January 1993.

9. Includes Eastern Europe and international and regional organizations.

10. Estimates first available for the second quarter of 2001.

Table 10: For footnotes 1–13, see table 1.

14. The "European Union" includes the "European Union (6)," United Kingdom (6), 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, the estimated direct investment in foreign affiliates engaged in international shipping, in operating oil and gas drilling equipment internationally, and in petroleum trading. Also includes taxes withheld; current-cost adjustments associated with U.S. and foreign direct investment; before 1996, small transactions in business services that are not reported by country; and net U.S. currency flows, for which geographic source data are not available.

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

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