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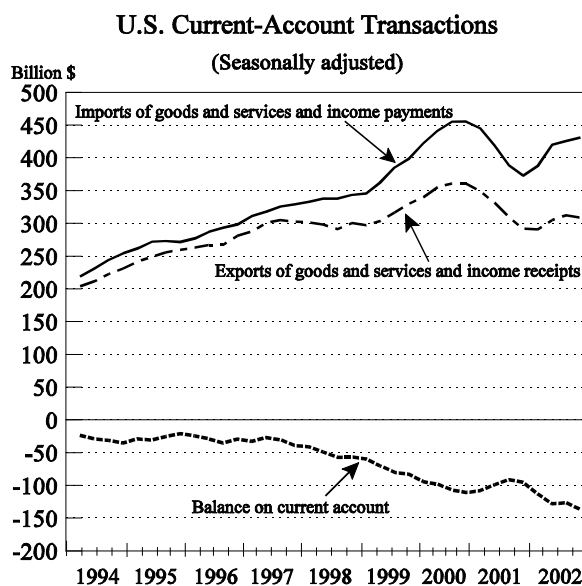
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## U.S. International Transactions: Fourth Quarter and Year 2002

### Fourth Quarter

#### Current Account

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, according to the Bureau of Economic Analysis. 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 to the rise in the deficit.



NOTE: This news release is available on BEA's Web site at <[www.bea.gov/bea/rels.htm](http://www.bea.gov/bea/rels.htm)>.

## 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.

Goods The deficit on goods increased to \$132.3 billion in the fourth quarter from \$122.9 billion in the third.

Goods exports decreased to \$170.7 billion from \$175.4 billion. Nonagricultural exports (mainly capital goods and automotive vehicles, engines, and parts) more than accounted for the decrease. Agricultural exports increased.

Goods imports increased to \$302.9 billion from \$298.2 billion. Nonpetroleum imports (mainly consumer goods and nonpetroleum industrial supplies and materials) accounted for three-fifths, and petroleum imports for two-fifths, of the increase.

Services The surplus on services decreased to \$12.0 billion in the fourth quarter from \$12.6 billion in the third.

Services exports increased to \$75.0 billion from \$73.5 billion. Increases in travel, “other” transportation (such as freight and port services), and “other” private services (such as business, professional, and technical services and financial services) were partly offset by a decrease in royalties and license fees.

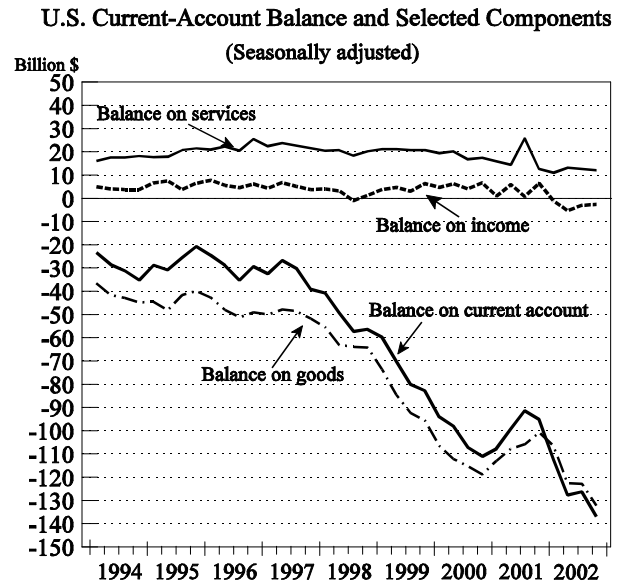
Services imports increased to \$63.0 billion from \$60.9 billion. All categories of services increased with the exception of royalties and license fees.

## Income

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

Investment income Income receipts on U.S.-owned assets abroad decreased to \$61.8 billion from \$62.9 billion. “Other” private receipts (which consists of interest and dividends) more than accounted for the decrease. Direct investment receipts increased.

Income payments on foreign-owned assets in the United States decreased to \$62.8 billion from \$64.3 billion. “Other” private payments (which consists of interest and dividends) more than accounted for the decrease. Direct investment payments increased.



Compensation of employees Receipts for compensation of U.S. workers abroad were virtually unchanged at \$0.6 billion. Payments for compensation of foreign workers in the United States increased slightly to \$2.2 billion.

#### Unilateral current transfers

Net outflows for unilateral current transfers were \$14.1 billion in the fourth quarter, up from \$13.1 billion in the third.

### Capital and Financial Account

#### Capital Account

Capital account transactions were net inflows of \$0.1 billion in the fourth quarter, little changed from the third.

#### 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

U.S.-owned assets abroad increased \$38.9 billion in the fourth quarter, compared with a decrease of \$40.3 billion in the third.

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.

Net U.S. purchases of foreign securities were \$8.7 billion in the fourth quarter, in contrast to net U.S. sales of \$18.5 billion in the third. Transactions in foreign stocks shifted to net U.S. purchases of \$12.9 billion from net U.S. sales of \$12.8 billion. Net U.S. sales of foreign bonds were \$4.2 billion, down from \$5.8 billion.

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. Reinvested earnings and net equity capital outflows both increased. Net intercompany debt flows changed little.

U.S. official reserve assets increased \$0.8 billion in the fourth quarter, following an increase of \$1.4 billion in the third.

### Foreign-owned assets in the United States

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.

U.S. liabilities to foreigners reported by U.S. banks increased \$54.6 billion in the fourth quarter, compared with an increase of \$18.8 billion in the third.

Net foreign purchases of U.S. Treasury securities were \$12.7 billion in the fourth quarter, down from \$52.9 billion in the third.

Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$62.6 billion in the fourth quarter, up from net foreign purchases of \$46.5 billion in the third. Net foreign purchases of U.S. bonds were \$50.6 billion, up from \$39.1 billion. Net foreign purchases of U.S. stocks were \$12.0 billion, up from \$7.4 billion.

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.

Foreign official assets in the United States increased \$32.2 billion in the fourth quarter, compared with an increase of \$9.5 billion in the third. In the fourth quarter, industrial countries and developing countries both accounted for the increase.

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

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.

In the fourth quarter, the U.S. dollar was unchanged on a trade-weighted quarterly average basis against a group of 7 major currencies.

## **The Year 2002**

### **Current Account**

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. An increase in the deficit on goods and a decrease in the surplus on services accounted for more than two-thirds of the increase. The balance on income shifted to a deficit, and net outflows for unilateral current transfers increased, accounting for the remainder of the increase.

#### Goods and services

The deficit on goods and services increased to \$435.5 billion in 2002 from \$358.3 billion in 2001.

Goods The deficit on goods increased to \$484.4 billion in 2002 from \$427.2 billion in 2001.

Goods exports decreased to \$682.6 billion from \$718.8 billion. Nonagricultural products (mainly capital goods) accounted for nearly all of the decrease. Agricultural products also decreased.

Goods imports increased to \$1,166.9 billion from \$1,145.9 billion. Nonpetroleum products accounted for virtually all of the increase; an increase in consumer goods and automotive products was partly offset by a decrease in capital goods and nonpetroleum industrial supplies and materials. Petroleum and products changed little.

Services The surplus on services decreased to \$48.8 billion in 2002 from \$68.9 billion in 2001.

Services exports increased to \$289.3 billion from \$279.3 billion. Increases in "other" private services (such as business, professional, and technical services, and financial services) and in royalties and license fees were partly offset by decreases in travel and in passenger fares.

Services imports increased to \$240.5 billion from \$210.4 billion. An increase in "other" private services (largely insurance) accounted for four-fifths of the increase. Imports had been depressed in 2001 by the recording of large nonrecurring losses recovered from foreign reinsurance companies as a result of the September 11th attacks. Travel and passenger fare payments decreased.

#### Income

The balance on income shifted to a deficit of \$11.9 billion in 2002 from a surplus of \$14.4 billion in 2001.

Investment income Income receipts on U.S.-owned assets abroad decreased to \$242.2 billion from \$281.4 billion. “Other” private receipts (which consists of interest and dividends) more than accounted for the decrease. Direct investment receipts increased.

Income payments on foreign-owned assets in the United States decreased to \$247.6 billion from \$260.9 billion. “Other” private payments (which consists of interest and dividends) and U.S. Government payments both decreased, while direct investment payments increased.

Compensation of employees Receipts for compensation of U.S. workers abroad increased to \$2.5 billion from \$2.4 billion. Payments for compensation of foreign workers in the United States increased to \$8.9 billion from \$8.5 billion.

#### Unilateral current transfers

Net outflows for unilateral current transfers were \$56.0 billion in 2002, up from \$49.5 billion in 2001. Increases in U.S. Government grants and in private remittances and other transfers accounted for the increase.

### Capital and Financial 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 decreased more than financial inflows for foreign-owned assets in the United States.

#### U.S.-owned assets abroad

U.S.-owned assets abroad increased \$156.2 billion in 2002, compared with an increase of \$371.0 billion in 2001.

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.

Transactions in foreign securities shifted to net U.S. sales of \$2.2 billion in 2002, from net U.S. purchases of \$94.7 billion in 2001. Net U.S. purchases of foreign stocks dropped to \$18.6 billion from \$106.8 billion. Net U.S. sales of foreign bonds were \$20.8 billion, up from \$12.1 billion.

Net financial outflows for U.S. direct investment abroad were \$123.5 billion in 2002, down from \$127.8 billion in 2001. Net equity capital outflows dropped sharply. The drop was nearly offset by a sizable shift in intercompany debt to net outflows from net inflows and a small increase in reinvested earnings.

U.S. official reserve assets increased \$3.7 billion in 2002, following an increase of \$4.9 billion in 2001.

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

Foreign-owned assets in the United States increased \$630.4 billion in 2002, compared with an increase of \$752.8 billion in 2001.

U.S. liabilities reported by U.S. banks increased \$94.6 billion in 2002, compared with an increase of \$110.7 billion in 2001.

Transactions in U.S. Treasury securities shifted to net foreign purchases of \$53.2 billion in 2002 from net foreign sales of \$7.7 billion in 2001.

Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$284.6 billion in 2002, down from \$407.7 billion in 2001. Net foreign purchases of U.S. stocks were \$55.8 billion, down from \$119.5 billion. Net foreign purchases of U.S. bonds were \$228.8 billion, down from \$288.2 billion.

Net financial inflows for foreign direct investment in the United States were \$30.1 billion in 2002, down from \$130.8 billion in 2001. Net equity capital inflows dropped substantially and net intercompany debt transactions shifted by a sizable amount to net outflows. In contrast, reinvested earnings turned positive.

Foreign official assets in the United States increased \$96.6 billion in 2002, compared with an increase of \$5.2 billion in 2001. In 2002, assets of industrial countries and of developing countries each accounted for half of the increase.

Net U.S. currency shipments to foreigners were \$21.5 billion in 2002, down from \$23.8 billion in 2001.

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.

In 2002, the U.S. dollar depreciated 1 percent on a trade-weighted yearly average basis against a group of 7 major currencies.

## Revisions

The first three quarters of 2002 were revised to reflect revised seasonal adjustments and, for the third quarter, receipt of new or revised data. In the third quarter, the current-account deficit 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 first and second quarters were small.

\* \* \*

Release dates in 2003:

Fourth quarter and year 2002.....	March 14, 2003 (Friday)
First quarter 2003.....	June 19, 2003 (Thursday)
Second quarter 2003.....	September 15, 2003 (Monday)
Third quarter 2003.....	December 16, 2003 (Tuesday)

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Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606 -5362 U.S. international transactions  
-5306 Gross domestic product  
-5303 Personal income and outlays

Most of BEA's estimates and analyses are published in the Survey of Current Business, BEA's monthly journal. Subscriptions and single copies of the printed Survey are for sale by the Superintendent of Documents, U.S. Government Printing Office. Internet: <[bookstore.gpo.gov](http://bookstore.gpo.gov)>; phone: (202) 512-1800; fax: (202) 512-2250; mail: Stop SSOP, Washington, DC 20402-0001.



Table 1.--U.S. International Transactions  
[Millions of dollars, quarters seasonally adjusted]

(Credits +, debits -)	2001	2002 <sup>p</sup>	Change: 2001-2002	2001	2002				Change: 2002 III-IV
				IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>	
Current account									
1 Exports of goods and services and income receipts.....	1,281,793	1,216,504	-65,289	291,667	291,005	304,923	312,392	308,183	-4,209
2 Exports of goods and services.....	998,022	971,864	-26,158	232,930	232,959	244,251	248,917	245,740	-3,177
3 Goods, balance of payments basis.....	718,762	682,586	-36,176	167,358	164,372	172,150	175,372	170,692	-4,680
4 Services.....	279,260	289,278	10,018	65,572	68,587	72,101	73,545	75,048	1,503
5 Transfers under U.S. military agency sales contracts.....	12,220	12,044	-176	3,108	2,990	3,087	2,923	3,044	121
6 Travel.....	73,119	70,320	-2,799	14,736	17,039	17,202	17,438	18,641	1,203
7 Passenger fares.....	18,007	17,443	-564	3,629	4,170	4,171	4,502	4,600	98
8 Other transportation.....	28,306	28,377	71	6,674	6,810	6,992	7,183	7,392	209
9 Royalties and license fees.....	38,668	42,959	4,291	9,672	9,922	11,077	11,138	10,823	-315
10 Other private services.....	108,109	117,340	9,231	27,559	27,461	29,373	30,161	30,347	186
11 U.S. Government miscellaneous services.....	831	795	-36	194	195	199	200	201	1
12 Income receipts.....	283,771	244,640	-39,131	58,737	58,046	60,672	63,475	62,443	-1,032
13 Income receipts on U.S.-owned assets abroad.....	281,389	242,177	-39,212	58,137	57,435	60,058	62,857	61,823	-1,034
14 Direct investment receipts.....	125,996	128,068	2,072	27,436	28,629	30,908	33,730	34,800	1,070
15 Other private receipts.....	151,832	110,766	-41,066	29,659	27,994	28,486	28,291	25,995	-2,296
16 U.S. Government receipts.....	3,543	3,343	-218	1,042	812	664	836	1,028	192
17 Compensation of employees.....	2,382	2,463	81	600	611	614	618	620	2
18 Imports of goods and services and income payments.....	-1,625,701	-1,663,908	-38,207	-373,174	-387,616	-419,693	-425,656	-430,949	-5,293
19 Imports of goods and services.....	-1,356,312	-1,407,406	-51,094	-320,958	-328,588	-353,697	-359,174	-365,953	-6,779
20 Goods, balance of payments basis.....	-1,145,927	-1,166,939	-21,012	-268,021	-270,975	-294,795	-298,225	-302,944	-4,719
21 Services.....	-210,385	-240,467	-30,082	-52,937	-57,613	-58,902	-60,949	-63,009	-2,060
22 Direct defense expenditures.....	-15,198	-19,418	-4,220	-4,353	-4,488	-4,766	-5,014	-5,150	-136
23 Travel.....	-60,117	-59,303	814	-12,948	-14,538	-14,405	-14,631	-15,729	-1,098
24 Passenger fares.....	-22,418	-20,993	1,425	-4,451	-5,087	-5,002	-5,276	-5,628	-352
25 Other transportation.....	-38,823	-38,555	268	-8,997	-8,871	-9,752	-9,731	-10,201	-470
26 Royalties and license fees.....	-16,359	-19,899	-3,540	-4,110	-4,761	-4,948	-5,352	-4,840	512
27 Other private services.....	-54,588	-79,379	-24,791	-17,371	-19,127	-19,304	-20,220	-20,732	-512
28 U.S. Government miscellaneous services.....	-2,882	-2,920	-38	-707	-741	-725	-725	-729	-4
29 Income payments.....	-269,389	-256,502	12,887	-52,216	-59,028	-65,996	-66,482	-64,996	1,486
30 Income payments on foreign-owned assets in the United States.....	-260,850	-247,601	13,249	-50,035	-56,799	-63,733	-64,319	-62,750	1,569
31 Direct investment payments.....	-23,401	-50,121	-26,720	1,166	-6,606	-12,159	-15,104	-16,252	-1,148
32 Other private payments.....	-156,784	-124,542	32,242	-32,230	-31,679	-32,943	-31,047	-28,873	2,174
33 U.S. Government payments.....	-80,665	-72,938	7,727	-18,971	-18,514	-18,631	-18,168	-17,625	543
34 Compensation of employees.....	-8,539	-8,901	-362	-2,181	-2,229	-2,263	-2,163	-2,246	-83
35 Unilateral current transfers, net.....	-49,463	-56,023	-6,560	-13,579	-15,931	-12,927	-13,073	-14,088	-1,015
36 U.S. Government grants.....	-11,628	-16,914	-5,286	-3,782	-6,273	-3,312	-3,118	-4,211	-1,093
37 U.S. Government pensions and other transfers.....	-5,798	-5,131	667	-1,886	-1,271	-1,279	-1,282	-1,298	-16
38 Private remittances and other transfers.....	-32,037	-33,978	-1,941	-7,911	-8,387	-8,336	-8,673	-8,579	94

**Table 1.--U.S. International Transactions (Continued)**  
 [Millions of dollars, quarters seasonally adjusted]

(Credits +, debits -)		2001	2002 <sup>P</sup>	Change: 2001-2002	2001	2002				Change: 2002 III-IV
					IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>P</sup>	
Capital and financial account										
Capital account										
39	Capital account transactions, net.....	826	708	-118	205	208	200	156	144	-12
Financial account										
40	U.S.-owned assets abroad, net (increase/financial outflow (-)).....	-370,962	-156,169	214,793	-100,088	-26,184	-131,345	40,271	-38,915	-79,186
41	U.S. official reserve assets, net.....	-4,911	-3,681	1,230	-199	390	-1,843	-1,416	-812	604
42	Gold.....	....	....	....	....	....	....	....	....	....
43	Special drawing rights.....	-630	-475	155	-140	-109	-107	-132	-127	5
44	Reserve position in the International Monetary Fund.....	-3,600	-2,632	968	83	652	-1,607	-1,136	-541	595
45	Foreign currencies.....	-681	-574	107	-142	-153	-129	-148	-144	4
46	U.S. Government assets, other than official reserve assets, net.....	-486	379	865	143	133	42	-27	231	258
47	U.S. credits and other long-term assets.....	-4,431	-5,213	-782	-996	-853	-565	-1,375	-2,420	-1,045
48	Repayments on U.S. credits and other long-term assets.....	3,873	5,696	1,823	1,111	994	566	1,452	2,684	1,232
49	U.S. foreign currency holdings and U.S. short-term assets, net.....	72	-104	-176	28	-8	41	-104	-33	71
50	U.S. private assets, net.....	-365,565	-152,867	212,698	-100,032	-26,707	-129,544	41,714	-38,334	-80,048
51	Direct investment.....	-127,840	-123,528	4,312	-27,470	-29,546	-34,521	-26,418	-33,047	-6,629
52	Foreign securities.....	-94,662	2,222	96,884	-26,090	2,047	-9,675	18,543	-8,693	-27,236
53	U.S. claims on unaffiliated foreigners reported by									
	U.S. nonbanking concerns.....	-14,358	-28,489	-14,131	37,210	65	-16,693	-4,226	-7,635	-3,409
54	U.S. claims reported by U.S. banks, not included elsewhere.....	-128,705	-3,072	125,633	-83,682	727	-68,655	53,815	11,041	-42,774
55	Foreign-owned assets in the United States, net (increase/financial inflow (+))...	752,806	630,364	-122,442	250,797	113,600	204,411	129,320	183,030	53,710
56	Foreign official assets in the United States, net.....	5,224	96,630	91,406	5,086	7,641	47,252	9,534	32,203	22,669
57	U.S. Government securities.....	31,665	74,013	42,348	24,390	6,714	21,741	12,300	33,258	20,958
58	U.S. Treasury securities.....	10,745	43,656	32,911	16,760	-582	15,193	1,415	27,630	26,215
59	Other.....	20,920	30,357	9,437	7,630	7,296	6,548	10,885	5,628	-5,257
60	Other U.S. Government liabilities.....	-1,882	158	2,040	-504	-790	54	1,001	-107	-1,108
61	U.S. liabilities reported by U.S. banks, not included elsewhere.....	-30,278	18,831	49,109	-20,507	991	24,531	-4,602	-2,089	2,513
62	Other foreign official assets.....	5,719	3,628	-2,091	1,707	726	926	835	1,141	306
63	Other foreign assets in the United States, net.....	747,582	533,734	-213,848	245,711	105,959	157,159	119,786	150,827	31,041
64	Direct investment.....	130,796	30,114	-100,682	21,897	16,327	-2,600	2,891	13,493	10,602
65	U.S. Treasury securities.....	-7,670	53,155	60,825	27,229	-7,282	-5,124	52,856	12,705	-40,151
66	U.S. securities other than U.S. Treasury securities.....	407,653	284,611	-123,042	99,320	71,095	104,404	46,494	62,618	16,124
67	U.S. currency.....	23,783	21,513	-2,270	10,497	4,525	7,183	2,556	7,249	4,693
68	U.S. liabilities to unaffiliated foreigners reported by									
	U.S. nonbanking concerns.....	82,353	49,736	-32,617	1,170	32,345	21,056	-3,804	139	3,943
69	U.S. liabilities reported by U.S. banks, not included elsewhere.....	110,667	94,605	-16,062	85,598	-11,051	32,240	18,793	54,623	35,830
70	Statistical discrepancy (sum of above items with sign reversed).....	10,701	28,524	17,823	-55,828	24,918	54,431	-43,410	-7,405	36,005
Memoranda:										
71	Balance on goods (lines 3 and 20).....	-427,165	-484,353	-57,188	-100,663	-106,603	-122,645	-122,853	-132,252	-9,399
72	Balance on services (lines 4 and 21).....	68,875	48,811	-20,064	12,635	10,974	13,199	12,596	12,039	-557
73	Balance on goods and services (lines 2 and 19).....	-358,290	-435,542	-77,252	-88,028	-95,629	-109,446	-110,257	-120,213	-9,956
74	Balance on income (lines 12 and 29).....	14,382	-11,862	-26,244	6,521	-982	-5,324	-3,007	-2,553	454
75	Unilateral current transfers, net (line 35).....	-49,463	-56,023	-6,560	-13,579	-15,931	-12,927	-13,073	-14,088	-1,015
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75).....	-393,371	-503,427	-110,056	-95,086	-112,542	-127,697	-126,337	-136,854	-10,517

<sup>r</sup> Revised. <sup>P</sup> Preliminary.

NOTE:--Details may not add to totals because of rounding. Source: U. S. Bureau of Economic Analysis