

# U.S. International Transactions in 2005

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THE U.S. current-account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—increased to \$804.9 billion in 2005 from \$668.1 billion in 2004. An increase in the deficit on goods to \$781.6 billion from \$665.4 billion accounted for most of the increase. Other contributors to the increase in the deficit were a decrease in the surplus on income to \$1.6 billion from \$30.4 billion and a small increase in net outflows for unilateral current transfers to \$82.9 billion from \$80.9 billion. In contrast, the surplus on services increased to \$58.0 billion from \$47.8 billion (table A, chart 1).

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 \$801.0 billion in 2005, up from \$584.6 billion in 2004. Financial inflows for foreign-owned assets in the United States slowed less than financial outflows for U.S.-owned assets abroad.

The statistical discrepancy—errors and omissions in recorded transactions—was a positive \$9.6 billion in

2005, compared with a positive \$85.1 billion in 2004.

The following are highlights for 2005:

- The deficit on goods increased by a large amount for the second consecutive year, but the size of the increase was no larger than that in 2004. Export growth slowed slightly, but remained strong. Import growth also slowed because of a slowdown in nonpetroleum imports, but it remained strong. The major hurricanes in the U.S. Gulf Coast region late in the year had an impact on both exports and imports, although much of the impact was temporary.
- The surplus on services increased for the first time in 6 years. Receipts increased about the same amount as in 2004, but payments increased by a substantially smaller amount than in 2004. All major categories of services payments increased less than in 2004.
- The surplus on income dropped sharply. The surplus on direct investment income and the deficit on portfolio income each changed little. However, the

**Table A. Summary of U.S. International Transactions**

[Millions of dollars, quarters seasonally adjusted]

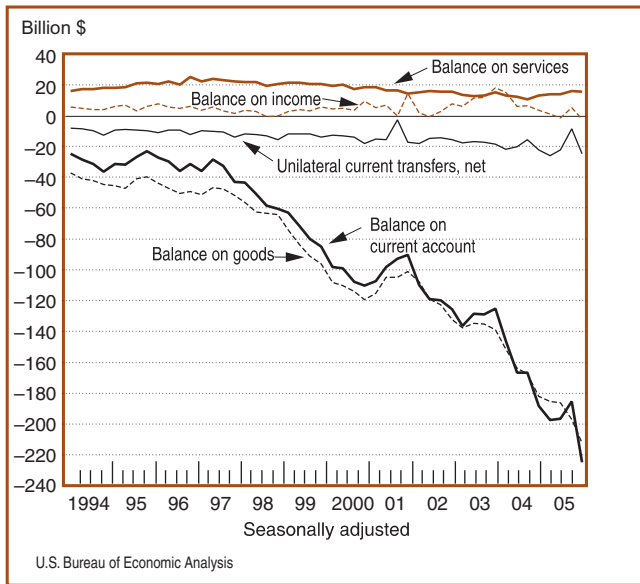
Line	Lines in tables 1 and 11 in which transactions are included are indicated in ( ) (Credits +; debits -)	2004	2005 <sup>p</sup>	Change: 2004-2005	2004				2005				Change: 2005:III-IV
					I	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>	
<b>Current account</b>													
1	Exports of goods and services and income receipts (1).....	1,530,975	1,740,897	209,922	363,494	376,564	385,874	405,041	413,076	428,058	441,821	457,939	16,118
2	Goods, balance of payments basis (3).....	807,536	892,619	85,083	193,789	200,072	204,801	208,874	213,407	223,106	224,793	231,313	6,520
3	Services (4).....	343,912	379,604	35,692	83,304	85,027	85,569	90,013	92,745	93,832	96,220	96,806	586
4	Income receipts (12).....	379,527	468,674	89,147	86,401	91,465	95,504	106,154	106,924	111,120	120,808	129,820	9,012
5	Imports of goods and services and income payments (18).....	-2,118,119	-2,462,946	-344,827	-487,324	-522,684	-537,085	-571,026	-584,567	-602,326	-618,310	-657,746	-39,436
6	Goods, balance of payments basis (20).....	-1,472,926	-1,674,261	-201,335	-345,241	-364,059	-372,576	-391,050	-399,079	-409,378	-422,061	-443,743	-21,682
7	Services (21).....	-296,105	-321,578	-25,473	-70,704	-73,082	-75,259	-77,058	-79,198	-80,278	-80,352	-81,749	-1,397
8	Income payments (29).....	-349,088	-467,107	-118,019	-71,379	-85,543	-89,250	-102,918	-106,290	-112,670	-115,897	-132,254	-16,357
9	Unilateral current transfers, net (35).....	-80,930	-82,896	-1,966	-22,271	-20,515	-15,771	-22,374	-26,252	-22,633	-8,940	-25,069	-16,129
<b>Capital account</b>													
10	Capital account transactions, net (39).....	-1,648	-5,647	-3,999	-428	-372	-393	-455	-4,466	-315	-435	-431	4
<b>Financial account</b>													
11	U.S.-owned assets abroad, net (increase/financial outflow (-)) (40).....	-855,509	-491,729	363,780	-295,140	-133,886	-137,525	-288,957	-81,803	-225,422	-141,429	-43,077	98,352
12	U.S. official reserve assets, net (41).....	2,805	14,096	11,291	557	1,122	429	697	5,331	-797	4,766	4,796	30
13	U.S. Government assets, other than official reserve assets, net (46).....	1,215	7,580	6,365	727	-2	-11	501	4,487	971	1,516	606	-910
14	U.S. private assets, net (50).....	-859,529	-513,405	346,124	-296,424	-135,006	-137,943	-290,155	-91,621	-225,596	-147,711	-48,479	99,232
15	Foreign-owned assets in the United States, net (increase/financial inflow (+)) (55).....	1,440,105	1,292,695	-147,410	423,023	304,937	254,228	457,915	243,311	376,085	395,264	278,037	-117,227
16	Foreign official assets in the United States, net (56).....	394,710	220,676	-174,034	147,401	77,039	75,792	94,478	25,277	82,646	38,176	74,577	36,401
17	Other foreign assets in the United States, net (63).....	1,045,395	1,072,019	26,624	275,622	227,898	178,436	363,437	218,034	293,439	357,088	203,460	-153,628
18	Statistical discrepancy (sum of above items with sign reversed) (70).....	85,126	9,626	-75,500	18,646	-4,044	50,672	19,856	40,701	46,553	-67,971	-9,653	58,318
<b>Memoranda:</b>													
19	Balance on current account (76).....	-668,074	-804,945	-136,871	-146,101	-166,635	-166,982	-188,359	-197,743	-196,901	-185,429	-224,876	-39,447
20	Net financial flows (40 and 55).....	584,596	800,966	216,370	127,883	171,051	116,703	168,958	161,508	150,663	253,835	234,960	-18,875

<sup>r</sup> Revised  
<sup>p</sup> Preliminary

deficit on U.S. Government income increased substantially, leading to most of the drop in the surplus on income.

- Financial outflows for U.S.-owned assets abroad were much smaller in 2005 than in 2004, partly as U.S. direct investment abroad slowed substantially. Financial outflows for U.S. direct investment abroad fell by a large amount as a result of the sizable drawdown of reinvested earnings of affiliates abroad for distribution to parents in the United States. The drawdown resulted from tax incentives provided by the American Jobs Creation Act of 2004. Drawdowns of this size are not expected to continue, because of time limitations contained in the legislation.
- Financial inflows for foreign-owned assets in the United States were smaller in 2005 than in 2004, but remained strong. Private foreign holdings of U.S. Treasury securities and of U.S. securities other than U.S. Treasury securities increased by a much larger amount in 2005 than in 2004. In contrast, foreign official assets in the United States increased by a much smaller amount.

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



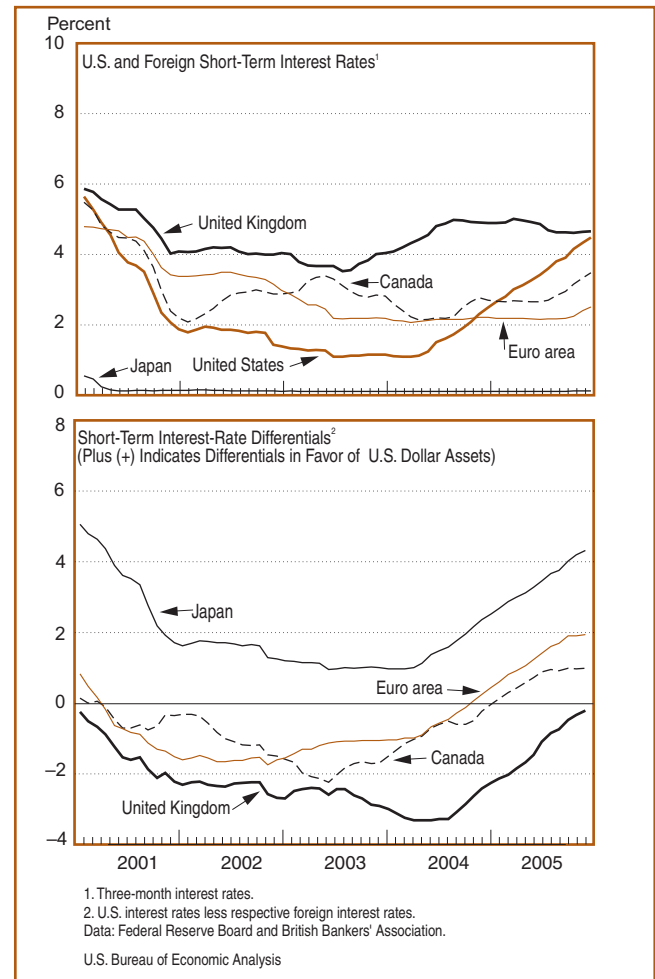
**Selected economic and financial conditions**

U.S. real gross domestic product (GDP) growth slowed to 3.5 percent in 2005 from 4.2 percent in 2004. Businesses continued to spend vigorously on nonresidential fixed investment, consumer spending remained strong, and corporate profits accelerated. Although energy prices and prices of energy-related

goods continued to rise strongly, core consumer inflation changed little. Exports and imports in the U.S. Gulf Coast region were temporarily affected by the hurricanes that hit the area late in the third quarter. U.S. real growth exceeded real growth in most advanced countries by a significant margin again in 2005, and with domestic demand expanding strongly, the U.S. current-account deficit widened further.

The Federal Reserve raised the target Federal funds rate 200 basis points in eight successive steps to 4.25 percent in 2005, which brought the total rise since early 2004 to 325 basis points. The sharp rise in U.S. short-term interest rates relative to foreign interest rates, which changed little until late in the year, led to increasingly large short-term interest differentials in favor of U.S. financial assets. U.S. long-term interest rates were not significantly influenced by monetary tightening, but long-term interest differentials in favor of U.S. financial assets increased slightly (charts 2 and 3).

**Chart 2. Short-Term Interest Rates**



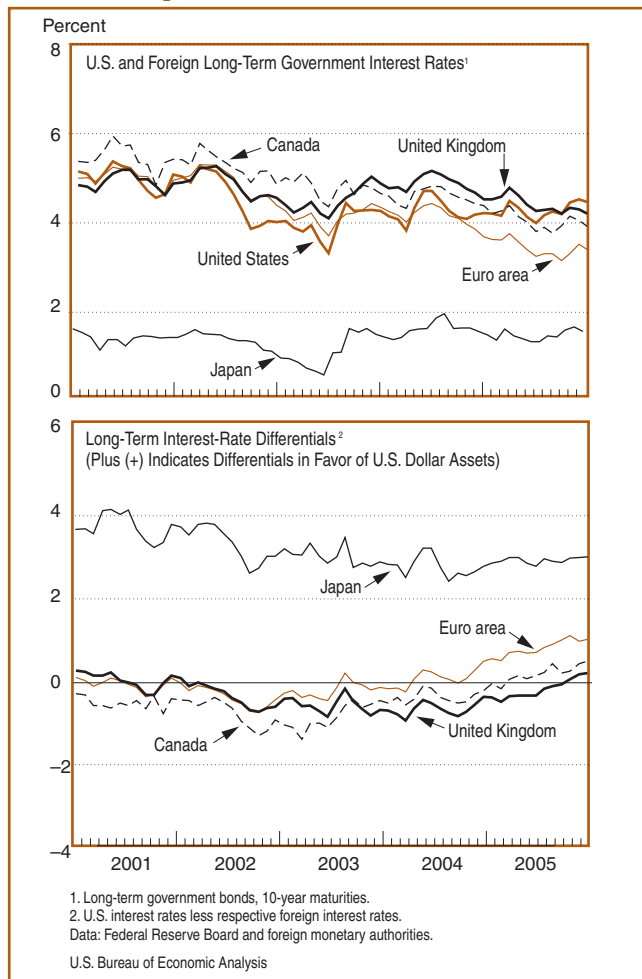
1. Three-month interest rates.  
 2. U.S. interest rates less respective foreign interest rates.  
 Data: Federal Reserve Board and British Bankers' Association.  
 U.S. Bureau of Economic Analysis

Economic growth in many foreign countries slowed in 2005. Real GDP growth in the euro area slowed to 1.3 percent in 2005 from 2.1 percent in 2004, and unemployment remained high. The slowdown was particularly evident in Germany and France. The European Central Bank left the minimum bid rate on main refinancing operations unchanged until very late in the year when the rate was raised 25 basis points. Real GDP growth in Japan increased to 2.7 percent from 2.3 percent. The Japanese monetary authority left the uncollateralized overnight call rate unchanged at a very low level. Real GDP growth in the United Kingdom slowed to 1.8 percent from 3.1 percent. The British monetary authority lowered the repurchase rate 25 basis points in the third quarter. Real GDP growth in Canada was 2.9 percent, unchanged from a year earlier. The Canadian monetary authority increased the target for the overnight rate 75 basis points in three successive steps in the last half of the year (chart 4).

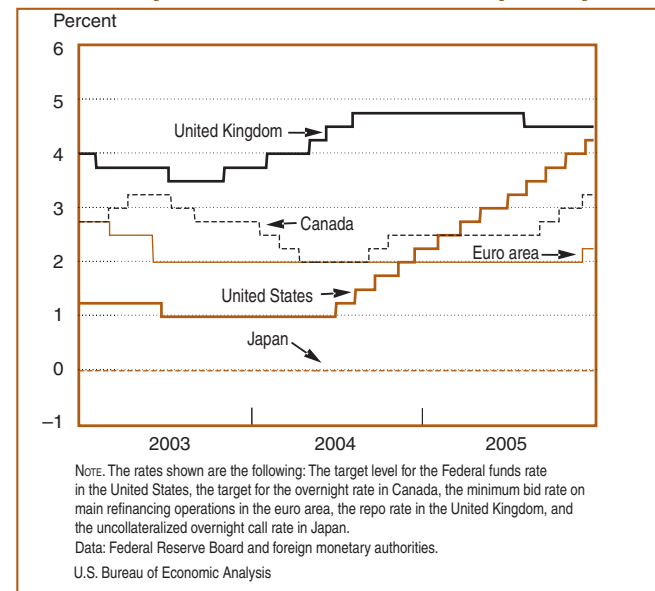
In 2005, the dollar depreciated 2 percent on a trade-weighted yearly average basis against a group of seven

major currencies that are widely traded in international markets. However, from December 2004 to December 2005, the dollar appreciated 7 percent against the group and 11–14 percent against major European currencies and the Japanese yen. This appreciation offset some of the sizeable depreciation of the past 3 years (table B, chart 5). The dollar appreciated 13 percent

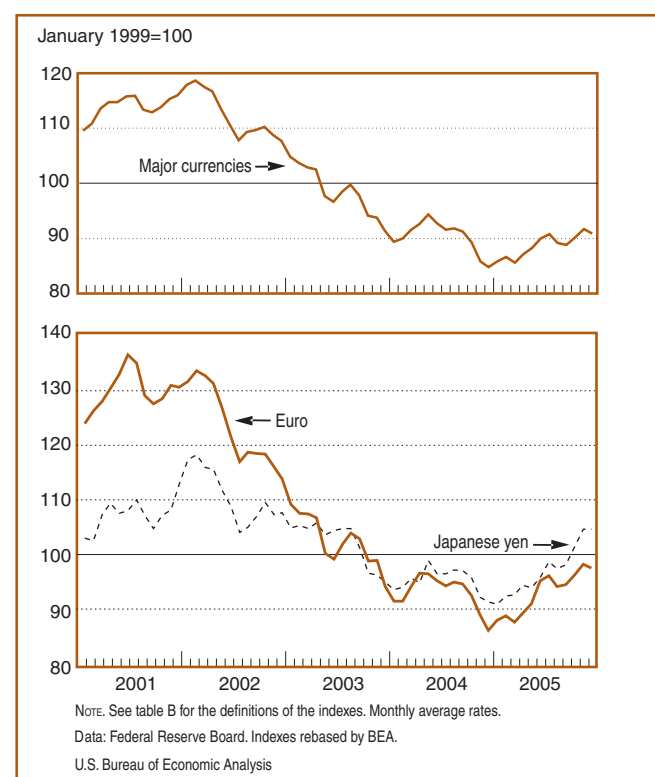
**Chart 3. Long-Term Interest Rates**



**Chart 4. Key Interest Rates for Monetary Policy**



**Chart 5. Nominal Indexes of Foreign Currency Price of the U.S. Dollar**



against the euro, 14 percent against the Japanese yen, 11 percent against the British pound, and it depreciated 5 percent against the Canadian dollar. On July 21, China revalued the renminbi 2.1 percent against the dollar and announced that it would manage the value of its currency with reference to a basket of

foreign currencies. Economic growth in China remained vigorous, supported by robust domestic demand and exports. The Chinese trade surplus in 2005 more than tripled to over \$100 billion, and its foreign exchange reserves increased more than \$200 billion.

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

	2004	2005				2004	2005											
	IV <sup>r</sup>	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>	Dec. <sup>r</sup>	Jan. <sup>r</sup>	Feb. <sup>r</sup>	March <sup>r</sup>	April <sup>r</sup>	May <sup>r</sup>	June <sup>r</sup>	July <sup>r</sup>	Aug. <sup>r</sup>	Sept. <sup>r</sup>	Oct. <sup>p</sup>	Nov. <sup>p</sup>	Dec. <sup>p</sup>
<b>Nominal:<sup>1</sup></b>																		
Broad <sup>2</sup> .....	96.7	95.7	96.8	97.2	98.0	95.2	95.7	95.9	95.4	96.2	96.6	97.6	98.0	96.8	96.7	97.7	98.4	97.8
Major currencies <sup>3</sup> .....	86.6	86.0	88.4	89.5	90.8	84.8	85.8	86.6	85.6	87.0	88.2	89.9	90.7	89.1	88.7	90.1	91.6	90.8
Other important trading partners <sup>4</sup> .....	110.1	108.4	107.8	107.1	107.1	108.9	108.8	108.1	108.2	108.2	107.5	107.6	107.5	106.7	107.1	107.5	107.1	106.6
<b>Real:<sup>1</sup></b>																		
Broad <sup>2</sup> .....	97.9	96.9	98.8	99.9	100.4	96.1	96.9	97.0	96.9	98.3	98.5	99.7	100.3	99.3	100.0	100.9	100.7	99.6
Major currencies <sup>3</sup> .....	91.6	91.6	94.6	96.6	98.2	89.5	91.1	92.3	91.5	93.3	94.3	96.2	97.5	96.0	96.3	98.0	99.0	97.7
Other important trading partners <sup>4</sup> .....	105.2	103.0	103.6	103.5	102.7	103.8	103.6	102.3	103.2	104.0	103.3	103.6	103.4	103.0	104.2	104.0	102.4	101.6
<b>Selected currencies: (nominal)<sup>5</sup></b>																		
Canada.....	80.4	80.7	81.8	79.1	77.2	80.2	80.6	81.6	80.0	81.3	82.6	81.6	80.5	79.3	77.5	77.5	77.8	76.4
European currencies:																		
Euro area <sup>6</sup> .....	89.5	88.4	92.1	95.1	97.5	86.5	88.3	89.1	87.9	89.6	91.3	95.4	96.3	94.3	94.7	96.4	98.3	97.7
United Kingdom.....	88.5	87.3	88.9	92.5	94.4	85.5	87.8	87.4	86.6	87.0	88.9	90.8	94.2	91.9	91.3	93.5	95.1	94.5
Switzerland.....	85.4	85.3	88.5	92.0	93.9	82.7	85.1	86.0	84.8	86.3	87.8	91.4	93.4	91.1	91.4	93.0	94.6	94.2
Japan.....	93.3	92.2	94.9	98.2	103.5	91.6	91.2	92.6	92.9	94.6	94.1	96.0	98.8	97.6	98.2	101.4	104.6	104.6
Mexico.....	111.8	110.4	108.3	105.8	105.8	110.6	111.2	110.0	110.1	109.7	108.4	106.8	105.4	105.5	106.5	107.0	105.4	104.9
Brazil.....	184.2	176.2	164.2	154.9	148.7	179.6	177.9	171.8	179.0	170.4	162.4	159.7	156.8	156.1	151.8	149.0	146.2	150.9

<sup>r</sup> Revised

<sup>p</sup> Preliminary

1. For more information on the nominal and real indexes of the foreign exchange value of the U.S. dollar, see *Federal Reserve Bulletin* (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. 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. Index prepared by BEA.

6. The euro area includes Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain.

## Current Account

### Goods and services

The deficit on goods and services increased to \$723.6 billion in 2005 from \$617.6 billion in 2004. The deficit on goods increased substantially, and the surplus on services increased (table C).

### Goods

The deficit on goods increased to \$781.6 billion in 2005 from \$665.4 billion in 2004. Goods exports

slowed slightly but remained strong, continuing the stronger growth that began in mid-2003. Goods imports also slowed because of a slowdown in nonpetroleum imports, but remained strong.

Goods exports increased \$85.1 billion in 2005, or 11 percent, after an increase of \$94.1 billion, or 13 percent, in 2004. Capital goods and industrial supplies and materials accounted for two-thirds of the increase in 2005; smaller increases occurred in consumer goods and in automotive vehicles, engines, and parts (tables D and E).

**Table C. Selected Balances on U.S. International Transactions**

[Millions of dollars, quarters seasonally adjusted]

(Credits +; debits -)	2003	2004	2005 <sup>p</sup>	2005			
				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>
<b>Balance on goods</b> .....	-547,296	-665,390	-781,642	-185,672	-186,272	-197,268	-212,430
<b>Balance on services</b> .....	52,482	47,807	58,026	13,547	13,554	15,868	15,057
<b>Balance on income</b> .....	46,304	30,439	1,567	634	-1,550	4,911	-2,434
Investment income, net.....	51,834	36,234	7,406	2,044	-126	6,427	-944
Direct investment, net.....	121,842	127,921	129,865	28,363	28,475	38,855	34,167
Other private, net.....	-1,237	-4,946	-9,122	-1,034	-1,384	-3,066	-3,638
U.S. Government, net.....	-68,771	-86,741	-113,337	-25,285	-27,217	-29,362	-31,473
Compensation of employees, net.....	-5,530	-5,795	-5,839	-1,410	-1,424	-1,516	-1,490
<b>Unilateral current transfers, net</b> .....	-71,169	-80,930	-82,896	-26,252	-22,633	-8,940	-25,069
<b>Balance on current account</b> .....	-519,679	-668,074	-804,945	-197,743	-196,901	-185,429	-224,876

<sup>r</sup> Revised

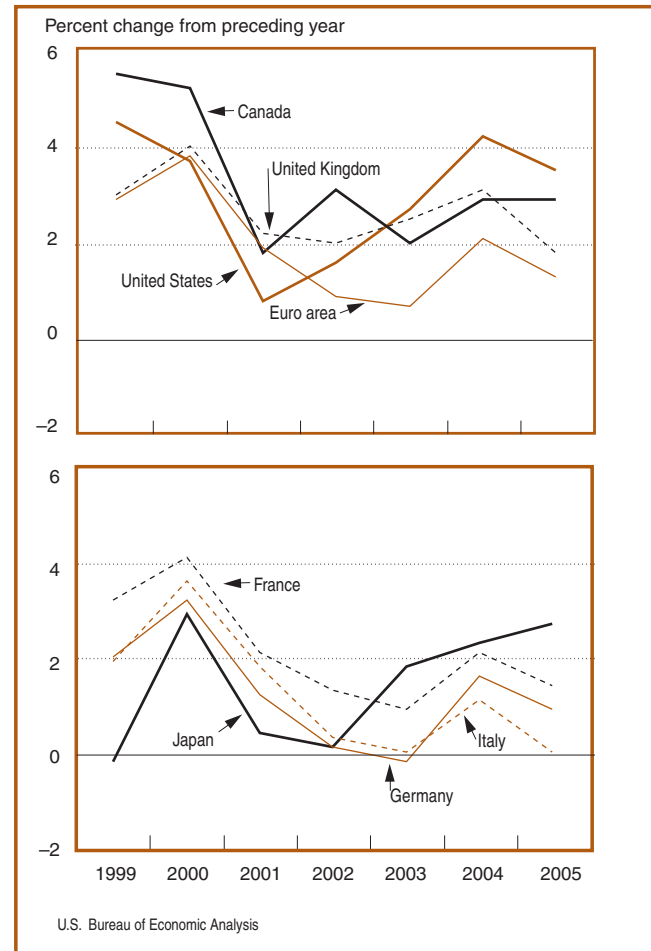
<sup>p</sup> Preliminary

Goods imports increased \$201.3 billion, or 14 percent, in 2005, after an increase of \$212.2 billion, or 17 percent, in 2004. Half of the increase in 2005 was in industrial supplies and materials; sizable increases also occurred in capital goods and in consumer goods (tables D and E).

U.S. exports slowed slightly in 2005, partly in response to the slowing of real GDP growth in the euro area to 1.3 percent from 2.1 percent and to the slowing in real GDP growth in the United Kingdom, Japan, and Canada to a range of 1.8–2.9 percent from a range of 2.3–3.1 percent (chart 6). Growth in the newly industrialized countries in Asia slowed to 4.0 percent from 5.6 percent, and growth in Latin America included significant slowdowns in Brazil and Mexico.

U.S. imports slowed in 2005, especially nonpetroleum imports, partly reflecting the slowdown in U.S. real GDP growth to 3.5 percent in 2005 from 4.2

**Chart 6. Major Industrial Countries: Real GDP**



**Table E. Percent Change in U.S. Trade in Goods, Current and Chained (2000) Dollars**  
[Balance of payments basis]

	Current dollars			Chained (2000) dollars		
	2003	2004	2005 P	2003	2004	2005 P
<b>Exports</b> .....	<b>4.5</b>	<b>13.2</b>	<b>10.5</b>	<b>2.5</b>	<b>9.1</b>	<b>7.2</b>
Agricultural products.....	11.7	3.4	3.0	1.4	-5.6	5.9
Nonagricultural products.....	3.9	14.1	11.2	2.6	10.5	7.3
Foods, feeds, and beverages.....	10.9	2.8	4.1	1.8	-6.4	6.5
Industrial supplies and materials.....	10.3	17.9	13.6	3.2	5.7	2.0
Capital goods, except automotive.....	1.1	12.9	9.2	2.2	12.9	8.9
Automotive vehicles, engines, and parts.....	2.2	10.7	9.5	1.5	9.8	8.2
Consumer goods (nonfood), except automotive.....	6.6	14.6	12.1	6.0	13.6	10.8
Exports, n.e.c. ....	-5.0	9.6	15.8	-7.5	4.9	11.4
<b>Imports</b> .....	<b>8.2</b>	<b>16.8</b>	<b>13.7</b>	<b>5.2</b>	<b>11.3</b>	<b>6.8</b>
Petroleum and products.....	28.6	35.6	39.4	6.5	6.5	2.4
Nonpetroleum products.....	6.3	14.6	10.1	5.0	11.8	7.4
Foods, feeds, and beverages.....	12.4	11.3	9.6	7.8	5.7	3.7
Industrial supplies and materials.....	17.3	31.3	26.1	3.6	11.0	3.7
Capital goods, except automotive.....	4.4	16.1	10.5	6.0	17.3	11.2
Automotive vehicles, engines, and parts.....	3.2	8.6	5.1	2.6	6.8	4.0
Consumer goods (nonfood), except automotive.....	8.5	11.7	9.1	8.7	10.9	8.2
Imports, n.e.c., and U.S. goods returned.....	-3.0	5.3	11.0	-5.0	1.9	7.3

p Preliminary  
n.e.c. Not elsewhere classified

**Table D. U.S. Trade in Goods, Current and Chained (2000) Dollars**  
[Balance of payments basis, millions of dollars, quarters seasonally adjusted]

	Current dollars									Chained (2000) dollars <sup>1</sup>							
	2003	2004	2005 P	2005				2003	2004	2005 P	2005						
				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>			
<b>Exports</b> .....	<b>713,421</b>	<b>807,536</b>	<b>892,619</b>	<b>213,407</b>	<b>223,106</b>	<b>224,793</b>	<b>231,313</b>	<b>708,919</b>	<b>773,450</b>	<b>828,948</b>	<b>199,866</b>	<b>207,454</b>	<b>208,327</b>	<b>213,190</b>			
Agricultural products.....	60,884	62,940	64,829	15,328	16,894	16,567	16,040	53,872	50,844	53,866	13,037	13,902	13,636	13,276			
Nonagricultural products.....	652,537	744,596	827,790	198,079	206,212	208,226	215,273	654,895	723,745	776,364	187,126	193,816	195,001	200,319			
Foods, feeds, and beverages.....	55,026	56,568	58,873	13,996	15,471	14,760	14,646	49,097	45,932	48,929	11,885	12,756	12,119	12,159			
Industrial supplies and materials.....	173,053	203,966	231,804	55,729	58,804	58,877	58,394	169,406	179,078	182,635	45,110	46,740	46,212	44,600			
Capital goods, except automotive.....	293,620	331,476	361,844	85,482	90,208	90,860	95,294	300,557	339,467	369,761	87,164	92,019	92,816	97,799			
Automotive vehicles, engines, and parts.....	80,685	89,292	97,760	23,631	23,407	24,577	26,145	79,442	87,231	94,424	22,904	22,642	23,721	25,147			
Consumer goods (nonfood), except automotive.....	89,908	103,075	115,515	28,238	28,468	28,950	29,859	90,183	102,422	113,445	27,771	27,976	28,461	29,234			
Exports, n.e.c. ....	21,129	23,159	26,823	6,331	6,748	6,769	6,975	20,667	21,682	24,149	5,765	6,089	6,080	6,210			
<b>Imports</b> .....	<b>1,260,717</b>	<b>1,472,926</b>	<b>1,674,261</b>	<b>399,079</b>	<b>409,378</b>	<b>422,061</b>	<b>443,743</b>	<b>1,285,580</b>	<b>1,430,442</b>	<b>1,528,349</b>	<b>376,714</b>	<b>377,401</b>	<b>379,456</b>	<b>394,266</b>			
Petroleum and products.....	133,088	180,459	251,619	52,953	57,418	67,538	73,710	129,346	137,795	141,066	36,514	34,404	33,769	36,895			
Nonpetroleum products.....	1,127,629	1,292,467	1,422,642	346,126	351,960	354,523	370,033	1,155,772	1,292,622	1,388,282	339,966	344,350	346,874	356,920			
Foods, feeds, and beverages.....	55,831	62,143	68,082	16,515	16,756	17,223	17,588	54,567	57,700	59,829	14,684	14,678	15,209	15,254			
Industrial supplies and materials.....	314,509	412,989	520,764	117,908	122,311	132,861	147,684	310,415	344,698	357,530	91,010	87,277	86,488	92,703			
Capital goods, except automotive.....	295,833	343,451	379,453	90,572	95,734	95,924	97,223	320,512	376,059	418,171	99,232	104,904	106,038	108,064			
Automotive vehicles, engines, and parts.....	210,172	228,235	239,976	58,119	58,024	60,547	63,286	208,560	222,705	231,682	56,211	56,055	58,417	60,989			
Consumer goods (nonfood), except automotive.....	334,006	373,054	407,112	101,701	101,694	100,672	103,045	340,937	378,251	409,108	102,109	102,104	101,211	103,685			
Imports, n.e.c., and U.S. goods returned.....	50,366	53,054	58,874	14,264	14,859	14,834	14,917	49,993	50,962	54,687	13,380	13,868	13,800	13,638			

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.

percent in 2004. Nonetheless, continued strong expansion in the U.S. domestic economy was a dominant factor in strong import growth.

Dollar prices of total U.S. exports increased less strongly in 2005 than in 2004. Many of the stronger price increases in 2005 were attributable to industrial supplies and materials (including petroleum, chemicals, and metals and metallic products). Prices of capital goods changed little, and prices of foods, feeds, and beverages declined after a large increase (table F). When translated into foreign currencies, prices of U.S. exports increased in 2005; the foreign currency price of industrial supplies and materials, which includes energy products and petroleum, was sharply higher (table G).

**Table F. Percent Change in U.S. Trade in Goods, Chain-Weighted Price Indexes**

[Based on index numbers (2000=100)]

	2003 <sup>r</sup>	2004 <sup>r</sup>	2005 <sup>p</sup>
<b>Exports</b> .....	<b>2.0</b>	<b>3.7</b>	<b>3.1</b>
Agricultural products .....	10.1	9.5	-2.8
Nonagricultural products .....	1.3	3.3	3.6
Foods, feeds, and beverages .....	9.0	9.9	-2.3
Industrial supplies and materials.....	6.9	11.5	11.4
Capital goods, except automotive .....	-1.1	0.0	0.2
Computers, peripherals, and parts.....	-2.4	-1.5	-7.9
Civilian aircraft, engines, and parts.....	3.9	4.0	4.2
Other capital goods .....	-2.0	-0.7	0.9
Automotive vehicles, engines, and parts.....	0.7	0.8	1.1
Consumer goods (nonfood), except automotive.....	0.6	0.9	1.1
Exports, n.e.c. ....	2.7	4.5	4.0
<b>Imports</b> .....	<b>2.9</b>	<b>5.0</b>	<b>6.4</b>
Petroleum and products .....	20.8	27.3	36.7
Nonpetroleum products.....	1.2	2.5	2.5
Foods, feeds, and beverages .....	4.3	5.3	5.6
Industrial supplies and materials.....	13.3	18.3	21.5
Capital goods, except automotive .....	-1.5	-1.1	-0.6
Computers, peripherals, and parts.....	-6.6	-6.4	-7.9
Civilian aircraft, engines, and parts.....	0.6	3.8	3.8
Other capital goods .....	0.4	0.6	1.8
Automotive vehicles, engines, and parts.....	0.5	1.7	1.1
Consumer goods (nonfood), except automotive.....	-0.2	0.7	0.9
Imports, n.e.c., and U.S. goods returned .....	2.1	3.3	3.4

<sup>r</sup> Revised  
<sup>p</sup> Preliminary  
n.e.c. Not elsewhere classified

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

[Based on index numbers (2000=100)]

	2003 <sup>r</sup>	2004 <sup>r</sup>	2005 <sup>p</sup>
<b>Exports</b> .....	<b>-10.5</b>	<b>-4.8</b>	<b>1.2</b>
Agricultural products .....	-3.4	0.5	-4.6
Nonagricultural products .....	-11.1	-5.2	1.7
Foods, feeds, and beverages .....	-4.4	0.9	-4.1
Industrial supplies and materials.....	-6.2	2.3	9.4
Capital goods, except automotive .....	-13.2	-8.3	-1.7
Computers, peripherals, and parts.....	-14.3	-9.5	-9.6
Civilian aircraft, engines, and parts.....	-8.8	-4.5	2.2
Other capital goods .....	-14.0	-8.8	-1.0
Automotive vehicles, engines, and parts.....	-11.6	-7.5	-0.7
Consumer goods (nonfood), except automotive.....	-11.8	-7.3	-0.8
Exports, n.e.c. ....	-9.9	-4.1	2.0

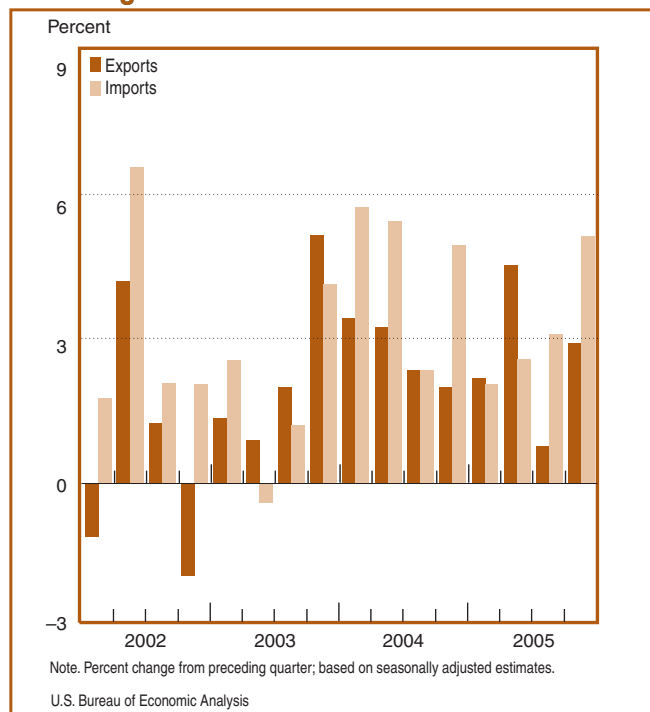
<sup>r</sup> Revised  
<sup>p</sup> Preliminary  
n.e.c. Not elsewhere classified

NOTE. Chain-weighted price indexes multiplied by the 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 since January 2001, Greece.

Dollar prices of total U.S. imports increased faster in 2005 than in 2004. Price increases of nonpetroleum products were unchanged in 2005. In contrast, prices of petroleum products were sharply higher (table F).

**Exports.** Goods exports increased \$85.1 billion, or 11 percent, to \$892.6 billion in 2005, following an increase of \$94.1 billion, or 13 percent, in 2004 (table D). Despite the slowdown, export growth remained strong by historical standards. The last time 2 successive years of substantial export growth occurred was in 1994–95 when an increase of \$45.9 billion in 1994 was followed by an increase of \$72.3 billion in 1995. Real exports increased 7 percent in 2005, and export prices increased 3 percent. In value, capital goods and industrial supplies and materials led the increase in 2005, accounting for two-thirds of the rise in total exports (chart 7 and

**Chart 7. U.S. Trade in Goods: Change From Preceding Quarter**



### Data Availability

The estimates that are presented in tables 1–12 of the U.S. international transactions accounts (table 12 is presented annually in the July SURVEY OF CURRENT BUSINESS) are available interactively on BEA's Web site at <www.bea.gov>. Users may view and download the most recent quarterly estimates for an entire table, or they may select the period, frequency, and lines that they wish to view. The estimates are available in an HTML table, in an Excel file, or as comma-separated values.



chart 8). By area, exports increased to Canada, \$21.5 billion; to Asia excluding Japan, \$20.6 billion; to Europe, \$18.4 billion; to Latin America, \$17.4 billion; and to Japan, \$0.9 billion.

Capital goods increased \$30.4 billion, or 9 percent, following an increase of \$37.9 billion, or 13 percent. Some of the strength in 2005 was attributable to civilian aircraft, engines, and parts, which jumped \$10.6 billion, or 21 percent. The increase, in both dollar and percentage terms, was three times that of 2004 and accounted for over a third of the increase in capital goods exports in 2005. Aircraft exports in 2005 were at near-record levels despite a month-long machinists' strike at Boeing that began on September 2. Deliveries were especially strong to China and the United Arab Emirates.

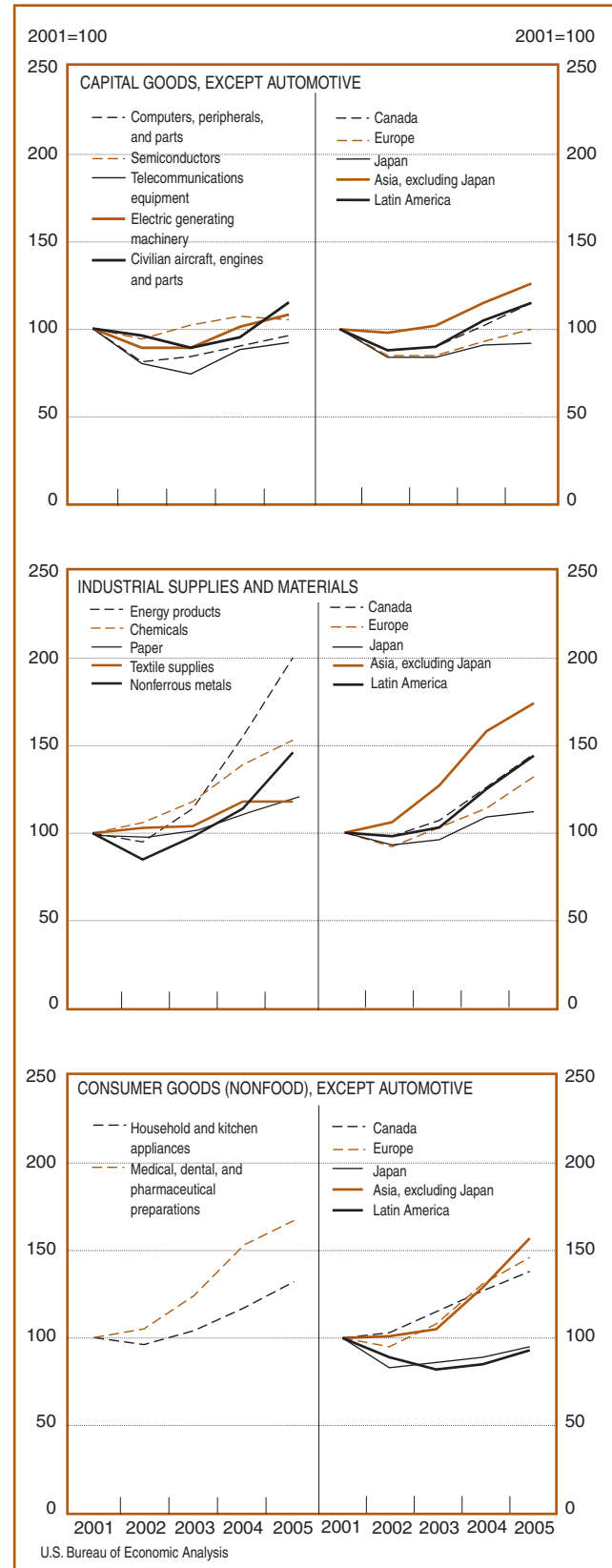
Excluding civilian aircraft, engines, and parts, capital goods increased \$19.8 billion, or 7 percent, following an increase of \$34.6 billion, or 14 percent. Although exports of most capital goods categories continued to increase in 2005, the pace slowed considerably from the robust pace in 2004. High-technology products gained \$2.9 billion, just a third of their \$8.6 billion increase in 2004; the smaller increase was attributable to a decrease in semiconductors, mainly to Japan and other countries in Asia, and to a much smaller increase in telecommunications equipment, largely to Latin America. Increases in machine tools and metalworking machinery, in industrial, agricultural, and service industry machinery, and in electric generating machinery, electric apparatus, and parts also slowed substantially from strong increases in 2004. Oil drilling, mining, and construction machinery increased by a slightly larger amount in 2005 than in 2004 (table H).

**Annual Revision of the U.S. International Transactions Accounts**

The annual revision of the U.S. international accounts to be released in June 2006 will incorporate selected results from the U.S. Treasury Department's annual surveys of Foreign Portfolio Investment in the United States for June 2005 and U.S. Portfolio Investment Abroad for December 2004. In addition, estimates of banks' holdings of short-term instruments for both claims and liabilities will be revised. Results of BEA's Benchmark Survey of Foreign Direct Investment in the United States for 2002 will also be introduced. Other revisions include the introduction of results from BEA's benchmark survey of unaffiliated financial services for 2004, and updated estimates of immigrants' transfers. In addition, BEA will introduce a greatly expanded set of geographic detail for the accounts, including new detail for countries in Asia, Latin America, and Europe.

Nonagricultural industrial supplies and materials increased \$27.9 billion, or 15 percent, following an

**Chart 8. Growth in Exports by Selected Commodity Categories and Areas, 2001–2005**



increase of \$29.8 billion, or 18 percent. Prices increased 12 percent, the same percentage as in 2004. In value, metals and nonmetallic products increased \$10.4 billion, up from an increase of \$6.9 billion, and they accounted for over a third of the increase in non-agricultural industrial supplies and materials in 2005. Within metals, nonferrous metals increased \$4.5 billion, mainly to China and Europe; prices increased 16 percent. Iron and steel products, which increased \$2.4 billion, and steelmaking materials, which increased \$1.9 billion, also contributed to the increase in value; Canada and Europe accounted for most of the increases.

Energy products increased \$7.1 billion, or 29 percent, following an increase of \$6.4 billion, or 35 percent. Exports to Mexico and Canada accounted for nearly two-thirds of the increase in energy products. Chemicals slowed to an increase of \$6.7 billion, or 10 percent, from an increase of \$10.6 billion, or 18 percent. Much of the slowdown was to Latin America and Asia excluding Japan. Hurricanes in September significantly reduced chemical production and exports in the U.S. Gulf Coast region. Textile supplies and related materials were unchanged, following a \$1.5 billion increase in 2004, reflecting sharply lower exports to Latin America, especially to Mexico (table I).

**Table H. U.S. Trade in Capital Goods, Except Automotive**

[Balance of payments basis, millions of dollars]

	2000	2001	2002	2003	2004	2005 <sup>p</sup>
<b>Exports</b> .....	<b>356,999</b>	<b>321,723</b>	<b>290,437</b>	<b>293,620</b>	<b>331,476</b>	<b>361,844</b>
Computers, peripherals, and parts.....	55,542	47,555	38,553	39,924	42,805	45,504
Semiconductors.....	60,077	45,065	42,235	46,137	48,051	47,206
Telecommunications equipment.....	31,268	27,874	22,208	20,744	24,543	25,613
Scientific, hospital, and medical equipment and parts.....	19,309	20,063	19,305	20,861	23,946	27,041
Industrial, agricultural, and service industry machinery.....	53,142	46,060	42,831	43,467	52,860	58,639
Machine tools, metalworking equipment, and control instruments.....	23,837	19,985	18,392	19,189	24,002	24,324
Oil drilling, mining, and construction machinery.....	12,598	14,057	12,893	12,833	15,512	18,883
Industrial engines, pumps, and compressors.....	11,602	11,992	11,602	11,690	13,512	14,900
Electric generating machinery, electric apparatus, and parts.....	35,766	30,887	27,544	27,445	31,261	33,224
Civilian aircraft, engines, and parts.....	48,091	52,618	50,426	46,723	49,975	60,529
Other capital goods, n.e.c. ....	5,767	5,567	4,448	4,607	5,009	5,981
<b>Imports</b> .....	<b>347,024</b>	<b>297,992</b>	<b>283,323</b>	<b>295,833</b>	<b>343,451</b>	<b>379,453</b>
Computers, peripherals, and parts.....	89,762	74,001	75,150	76,511	88,635	93,342
Semiconductors.....	48,354	30,423	26,015	24,605	26,749	25,769
Telecommunications equipment.....	32,688	24,632	23,135	24,781	29,448	37,051
Scientific, hospital, and medical equipment and parts.....	14,941	15,213	16,030	18,444	22,055	24,348
Industrial, agricultural, and service industry machinery.....	51,636	47,478	47,979	51,873	62,015	70,160
Machine tools, metalworking equipment, and control instruments.....	18,193	16,422	14,870	15,879	18,535	20,521
Oil drilling, mining, and construction machinery.....	7,166	6,901	6,573	7,823	11,619	15,636
Industrial engines, pumps, and compressors.....	9,453	9,780	9,034	9,211	11,087	12,654
Electric generating machinery, electric apparatus, and parts.....	39,716	34,788	32,879	33,291	38,525	43,078
Civilian aircraft, engines, and parts.....	26,376	31,358	25,458	24,085	24,299	25,919
Other capital goods, n.e.c. ....	8,739	6,996	6,200	9,330	10,484	10,975

<sup>p</sup> Preliminary  
n.e.c. Not elsewhere classified

**Table I. U.S. Trade in Nonagricultural Industrial Supplies and Materials**

[Balance of payments basis, millions of dollars]

	2000	2001	2002	2003	2004	2005 <sup>p</sup>
<b>Exports</b> .....	<b>163,889</b>	<b>150,476</b>	<b>147,615</b>	<b>162,480</b>	<b>192,298</b>	<b>220,231</b>
Energy products.....	16,636	15,922	15,085	18,230	24,641	31,787
Chemicals, excluding medicinals.....	52,242	49,326	52,320	57,993	68,621	75,366
Paper and paper base stocks.....	14,000	12,386	12,211	12,814	13,971	15,091
Textile supplies and related materials.....	11,367	10,866	11,142	11,347	12,824	12,857
Building materials, except metals.....	8,755	7,770	7,610	7,829	8,953	9,518
Other nonmetals.....	21,629	19,598	17,030	17,953	20,048	21,989
Metals and nonmetallic products.....	39,260	34,608	32,217	36,314	43,240	53,623
Steelmaking materials and iron and steel products.....	8,559	7,968	7,851	9,689	12,860	17,195
Nonferrous metals.....	16,048	14,219	12,127	13,942	16,256	20,799
Other metals and nonmetallic products.....	14,653	12,421	12,239	12,683	14,124	15,629
<b>Imports</b> .....	<b>296,496</b>	<b>270,802</b>	<b>262,846</b>	<b>308,683</b>	<b>406,312</b>	<b>513,460</b>
Energy products.....	138,397	124,876	118,802	157,123	210,899	291,848
Chemicals, excluding medicinals.....	33,761	34,049	33,088	36,661	42,288	51,034
Paper and paper base stocks.....	13,686	12,239	11,462	11,768	13,051	13,573
Textile supplies and related materials.....	11,255	10,314	10,868	10,806	12,029	12,796
Building materials, except metals.....	21,788	21,261	22,487	24,163	32,016	34,404
Other nonmetals.....	17,848	17,252	18,433	20,141	23,279	25,958
Metals and nonmetallic products.....	59,761	50,811	47,706	48,021	72,750	83,847
Steelmaking materials and iron and steel products.....	24,006	18,945	20,182	19,157	34,505	36,943
Nonferrous metals.....	26,686	23,245	18,841	19,349	26,038	31,798
Other metals and nonmetallic products.....	9,069	8,621	8,683	9,515	12,207	15,106
<b>Memorandum:</b>						
Nonpetroleum industrial supplies and materials imports.....	181,918	172,527	164,588	181,421	232,530	269,145

<sup>p</sup> Preliminary



Consumer goods increased \$12.4 billion, or 12 percent, following an increase of \$13.2 billion, or 15 percent. Durable goods increased \$7.1 billion in 2005, largely in household goods to Europe, Canada, and Asia excluding Japan, in jewelry and collectibles to Europe and Canada. Nondurable goods increased \$3.8 billion, largely in medical and pharmaceutical products, mainly to Europe and Asia excluding Japan.

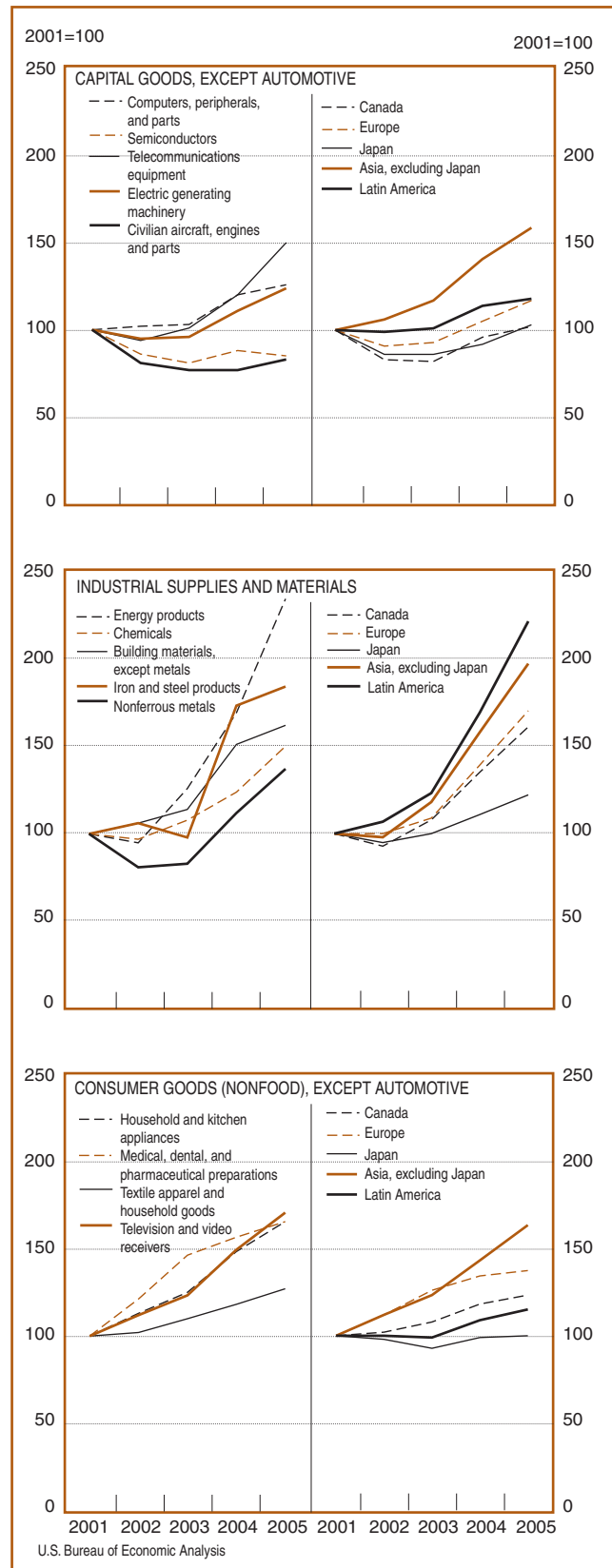
Automotive vehicles, engines, and parts increased \$8.5 billion, or 9 percent, following an increase of \$8.6 billion, or 11 percent. Over two-thirds of the increase in 2005 was in shipments of passenger cars, mainly to Canada and Saudi Arabia. Shipments of parts slowed significantly, reflecting a much smaller increase to Canada and Mexico than in 2004.

Agricultural products increased \$1.9 billion, or 3 percent, following an increase of \$2.1 billion, or 3 percent. Meat products and vegetables, fruits, nuts, and preparations more than accounted for the increase in 2005. Meat products increased strongly after a decrease in 2004, when Japan and South Korea imposed especially strict controls on beef imports; these controls were removed in 2005. Partly offsetting these increases were declines in exports of corn, particularly to South Korea and Japan, of wheat, to China and Egypt, and of soybeans; these bulk commodities had increased strongly in 2004.

**Imports.** Goods imports increased \$201.3 billion, or 14 percent, to \$1,674.3 billion in 2005, following an increase of \$212.2 billion, or 17 percent, in 2004 (table D). Real imports and import prices each increased 7 percent. In value, a third of the increase was in petroleum imports, which increased a substantial amount for the third consecutive year. Two-thirds of the increase was in nonpetroleum imports which increased less than in 2004, and its growth rate slowed to 10 percent from 15 percent. This slowdown was evident across all major nonpetroleum commodity categories (charts 7 and 9). By area, imports increased from Asia excluding Japan \$70.1 billion; from Latin America, \$34.5 billion; from Europe, \$33.4 billion; from Canada, \$31.8 billion; and from Japan, \$8.3 billion.

Petroleum and products increased \$71.2 billion, or 39 percent, following an increase of \$47.4 billion, or 36 percent, in 2004. The dollar increase in 2005 was the largest on record. About 40 percent of the increase in 2005 was from OPEC members, particularly Venezuela, Nigeria, and Saudi Arabia, but sizable increases also occurred from Canada, Western Europe, and Mexico (chart 10). The average price per barrel in 2005 surged 37 percent to \$49.28 from \$36.05, following an

**Chart 9. Growth in Imports by Selected Commodity Categories and Areas, 2001–2005**



increase of 28 percent in 2004. Prices jumped 19 percent in the third quarter of 2005 alone, reflecting damage to production facilities and supply disruptions caused by Hurricanes Katrina and Rita in the U.S. Gulf Coast region (chart 10).

The average number of barrels imported daily in 2005 increased 2 percent to 13.98 million in 2005 from 13.71 million in 2004; the increase in 2005 is a substantial slowdown from volume increases of 6 percent in 2004 and of 7 percent in 2003. Most of the volume increase in 2005 was accounted for by Canada; volumes from Saudi Arabia, Venezuela, and Mexico all declined (chart 10). By yearend, all OPEC members except Saudi Arabia were producing at near capacity.

Domestic production declined 4 percent in 2005, mostly because of a 12-percent drop in the third quarter when U.S. offshore rigs, refineries, pipelines, and platforms were impaired by hurricane damage. In September, in order to counter the fall in domestic pro-

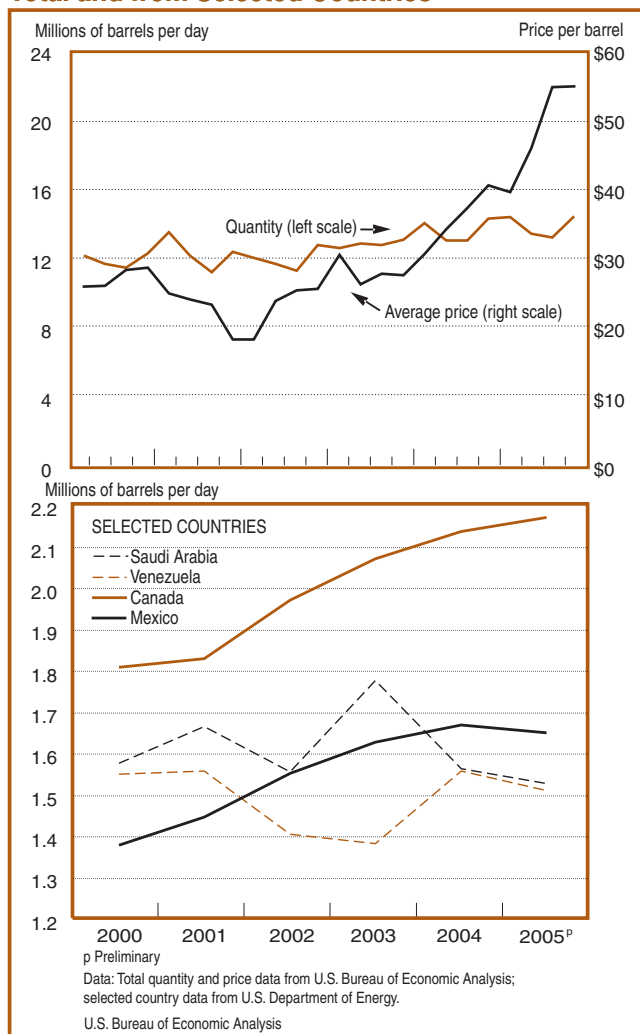
duction and to help alleviate rising prices, the U.S. Government approved the release of emergency stockpiles from the U.S. Strategic Petroleum Reserve through loans and competitive sales to oil companies, and the International Energy Agency recommended the release of additional crude oil into the international market. U.S. consumption was virtually unchanged in 2005.

Nonpetroleum industrial supplies and materials increased \$36.6 billion, or 16 percent, down sharply from an increase of \$51.1 billion, or 28 percent. Much, but not all, of the slowdown in 2005 was attributable to steelmaking materials and iron and steel products, which increased only \$2.4 billion after an increase of \$15.3 billion. These products had risen significantly in 2004, following the lifting of tariffs in December 2003. Prices of iron and steel products jumped 45 percent in 2004; in 2005, their increase was 14 percent. Building materials slowed to an increase of \$2.4 billion, or 7 percent, from an increase of \$7.9 billion, or 33 percent, and nonferrous metals slowed to an increase of \$5.8 billion, or 22 percent, from an increase of \$6.7 billion, or 35 percent. These slowdowns were partly offset by larger increases in chemicals of \$8.7 billion, or 21 percent (which were particularly strong in the fourth quarter in order to compensate for production lost from damaged facilities in the U.S. Gulf Coast region), and in natural gas of \$8.1 billion, or 34 percent, due entirely to a price spike in September and October as a result of hurricane damage to production facilities (table I).

Capital goods increased \$36.0 billion, or 10 percent, down from an increase of \$47.6 billion, or 16 percent. Nearly all major commodity categories increased strongly again in 2005, though the increases were substantially smaller in size than those in 2004. Much of the slowdown was in the high-technology products, which slowed to an increase of \$11.3 billion from an increase of \$18.9 billion; computers, peripherals, and parts increased \$4.7 billion, down sharply from an increase of \$12.1 billion, and semiconductors fell \$1.0 billion after an increase of \$2.1 billion. These slowdowns were partly offset by a larger increase in telecommunications equipment, which increased \$7.6 billion, following an increase of \$4.7 billion. The slowdown in industrial, agricultural, and service industry machinery was less than that in high-technology products; these machinery products increased \$8.1 billion, following a \$10.1 billion increase. Oil drilling, mining, and construction machinery continued to rise strongly, by \$4.0 billion, following a \$3.8 billion increase. Civilian aircraft, engines, and parts were up \$1.6 billion (table H).

Consumer goods increased strongly for the fourth

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



consecutive year, rising \$34.1 billion, or 9 percent, down from an increase of \$39.0 billion, or 12 percent. Imports from China accounted for over three-fourths of the increase in 2005. Durable goods increased \$20.2 billion, down from an increase of \$24.6 billion; the increase in 2005 was partly attributable to increases of \$9.7 billion in household and kitchen appliances and of \$5.7 billion in home entertainment equipment. Nondurable goods increased \$11.8 billion, down from an increase of \$12.4 billion; the increase in 2005 was mostly attributable to increases in textile apparel and household goods from China and in medical, dental, and pharmaceutical preparations from Europe. Textiles from China increased sharply in the first half of 2005, partly because of the expiration on December 31, 2004, of a quota system that capped U.S. imports of textiles and apparel from developing countries. However, after the United States imposed new quotas on several categories of textiles from China in late May, textile imports from China fell sharply in the last two quarters of 2005.

Automotive vehicles, engines, and parts increased \$11.7 billion, or 5 percent, down from an increase of \$18.1 billion, or 9 percent. Most of the increase in 2005 was attributable to a 10-percent increase in engines and parts. Complete autos and buses slowed to a 2-percent increase from a 7-percent increase. U.S. sales of autos and light trucks were virtually unchanged. Domestic auto production increased 2 percent after 2 years of decline.

Foods, feeds, and beverages increased \$5.9 billion, or 10 percent, following an increase of \$6.3 billion, or 11 percent. The increase in 2005 was mostly attributable to a rise in agricultural goods from Latin America, particularly coffee, cocoa, and sugar, and an increase in vegetables, fruits, nuts, and preparations. Prices for coffee, cocoa, and sugar increased 21 percent, following an increase of 3 percent in 2004.

**Balances by area.** The deficit on goods increased \$116.3 billion to \$781.6 billion in 2005. In 2004, the deficit increased \$118.1 billion to \$665.4 billion. Both export and import growth slowed in 2005 from the robust pace in 2004, but remained strong. For exports, capital goods and industrial supplies and materials accounted for two-thirds of the increase. For imports, industrial supplies and materials, dominated by natural gas and petroleum and products, accounted for half of the increase; capital goods and consumer goods each accounted for a fifth of the increase (table J).

The deficit with Asia excluding Japan increased \$49.5 billion. China accounted for two-thirds of the increase in imports from this region, mainly consumer goods and capital goods. China accounted for more than a third of the increase in exports, mainly capital

goods and industrial supplies and materials.

The deficit with OPEC members increased \$21.3 billion. Imports of petroleum more than accounted for the increase, particularly from Venezuela, Nigeria, and Saudi Arabia. Exports to OPEC members also increased, reflecting higher shipments of aircraft to the United Arab Emirates and of autos to both the United Arab Emirates and Saudi Arabia.

The deficit with Europe increased \$15.1 billion. The increase in imports was led by industrial supplies and materials (which includes petroleum) and capital goods. The increase in exports was also led by industrial supplies and materials and by capital goods.

The deficit with Canada increased \$10.2 billion. The increase in imports was dominated by industrial supplies and materials (which includes petroleum and natural gas). The increase in exports was led by industrial supplies and materials and by capital goods.

The deficit with Latin America increased \$17.0 billion. Industrial supplies and materials (which includes petroleum) accounted for nearly three-fourths of the increase in imports. Much of the increase in exports was in industrial supplies and materials and in capital goods.

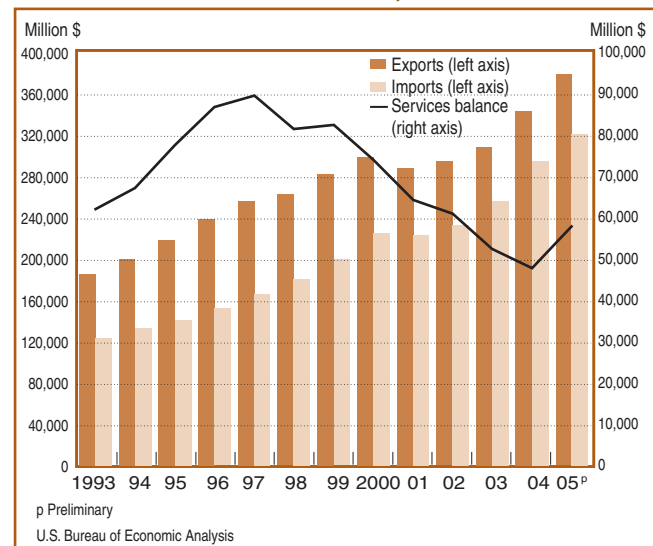
The deficit with Japan increased \$7.3 billion. The increase in exports was small, while the increase in imports was led by automotive vehicles, engines, and parts and by capital goods.

## Services

The surplus on services increased to \$58.0 billion in 2005 from \$47.8 billion in 2004 (table K, chart 11).

Services receipts increased more than services payments in 2005, leading to the first increase in the

**Chart 11. Annual Services Data, 1993–2005**



services surplus since 1999. Although the surplus increased to \$58.0 billion in 2005 from \$47.8 billion in 2004, growth in receipts and payments was not as brisk as in 2004. Services receipts increased 10 percent, down slightly from 11 percent, and services payments increased 9 percent, down significantly from 15 percent in 2004. In general, growth in travel, passenger fares, and other transportation in 2005 was off considerably from that in 2004, with payments slowing much more than receipts. Receipts and payments reflected the general pullback in international travel and the slowing in the growth of goods exports and goods imports transported by both air and ocean carriers. "Other" private services receipts increased more than "other" private services payments. Transfers under U.S. military sales contracts continued to rise strongly, while U.S. direct defense expenditures abroad were up only slightly.

Travel receipts increased \$7.9 billion, or 11 percent,

in 2005, down from an increase of \$10.1 billion, or 16 percent, in 2004. Nonetheless, 2004 and 2005 were the first years of strong back-to-back growth since before September 11<sup>th</sup>. The increase in overseas visitors to the United States slowed to 7 percent from 13 percent, partly because of the depreciation of foreign currencies against the dollar in 2005; the depreciations were large for the euro area and Japan, as were the slowdowns in passenger arrivals from those areas. Higher ticket prices also held back travel.

Travel receipts from Canada increased \$1.2 billion, or 15 percent, in 2005, following an increase of \$1.1 billion, or 16 percent, in 2004. Appreciation of the Canadian dollar relative to the U.S. dollar encouraged greater spending in the United States, and the number of travelers grew. Travel receipts from Mexico increased \$1.0 billion, or 15 percent, following an increase of \$0.6 billion, or 10 percent. Travel to the interior of the United States increased strongly,

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

[Balance of payments basis, millions of dollars]

	Canada			Europe			United Kingdom			Germany			Japan		
	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>
<b>Exports</b> .....	<b>169,929</b>	<b>189,982</b>	<b>211,528</b>	<b>168,313</b>	<b>189,418</b>	<b>207,814</b>	<b>32,871</b>	<b>35,120</b>	<b>37,610</b>	<b>28,291</b>	<b>30,844</b>	<b>33,555</b>	<b>50,253</b>	<b>52,288</b>	<b>53,234</b>
Agricultural products.....	10,477	11,040	12,103	8,759	9,282	9,690	1,049	1,172	1,172	1,043	1,205	1,081	9,051	8,290	8,039
Nonagricultural products.....	159,452	178,942	199,425	159,554	180,136	198,124	31,822	33,948	36,438	27,248	29,639	32,474	41,202	43,998	45,195
Foods, feeds, and beverages.....	10,569	11,157	12,198	7,399	8,032	8,339	1,041	1,173	1,117	907	1,143	1,044	9,478	8,823	8,677
Industrial supplies and materials.....	40,492	47,670	54,981	37,598	41,556	48,218	6,605	6,670	8,064	4,678	5,229	5,939	10,237	11,609	11,950
Capital goods, except automotive.....	46,992	53,236	59,920	76,986	84,825	90,988	15,732	16,873	16,954	14,021	14,375	16,240	20,302	22,015	22,251
Automotive vehicles, engines, and parts.....	46,226	50,017	52,769	10,757	11,919	12,839	2,013	1,940	1,739	4,963	5,276	5,079	2,534	2,015	2,022
Consumer goods (nonfood), except automotive.....	21,194	23,396	25,593	30,359	37,039	41,268	6,350	7,223	8,435	2,899	3,929	4,309	6,535	6,770	7,228
Exports, n.e.c.....	4,456	4,506	6,067	5,214	6,047	6,162	1,130	1,241	1,301	823	892	944	1,167	1,056	1,106
<b>Imports</b> .....	<b>224,249</b>	<b>259,034</b>	<b>290,797</b>	<b>284,680</b>	<b>320,915</b>	<b>354,364</b>	<b>42,574</b>	<b>46,032</b>	<b>50,719</b>	<b>68,007</b>	<b>77,130</b>	<b>84,531</b>	<b>118,034</b>	<b>129,807</b>	<b>138,064</b>
Petroleum and products.....	21,783	28,485	36,792	18,849	24,990	36,592	5,553	6,124	8,493	626	1,072	1,918	129	209	406
Nonpetroleum products.....	202,466	230,549	254,005	265,831	295,925	317,772	37,021	39,908	42,226	67,381	76,058	82,613	117,905	129,598	137,658
Foods, feeds, and beverages.....	12,061	13,164	13,965	13,725	15,361	16,773	1,342	1,508	1,547	783	894	963	436	462	511
Industrial supplies and materials.....	89,432	111,913	134,023	61,557	78,817	95,850	10,447	12,062	15,147	9,609	12,021	14,261	11,441	12,742	14,002
Capital goods, except automotive.....	29,254	31,195	35,027	73,017	82,687	92,193	11,462	12,747	13,670	20,709	24,136	28,097	38,935	45,805	48,574
Automotive vehicles, engines, and parts.....	60,652	67,677	71,184	42,065	44,265	45,447	6,263	6,107	7,123	25,244	26,635	27,148	46,711	48,938	52,706
Consumer goods (nonfood), except automotive.....	16,819	18,413	19,161	81,039	86,116	88,036	10,092	10,649	9,936	8,817	10,405	10,755	16,997	18,159	18,301
Imports, n.e.c., and U.S. goods returned.....	16,031	16,672	17,437	13,277	13,669	16,065	2,968	2,959	3,296	2,845	3,039	3,307	3,514	3,701	3,970
<b>Balance</b> .....	<b>-54,320</b>	<b>-69,052</b>	<b>-79,269</b>	<b>-116,367</b>	<b>-131,497</b>	<b>-146,550</b>	<b>-9,703</b>	<b>-10,912</b>	<b>-13,109</b>	<b>-39,716</b>	<b>-46,286</b>	<b>-50,976</b>	<b>-67,781</b>	<b>-77,519</b>	<b>-84,830</b>

	Latin America			Mexico			Asia, excluding Japan			Hong Kong, Republic of Korea, Singapore, Taiwan			China		
	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>	2003	2004	2005 <sup>p</sup>
<b>Exports</b> .....	<b>137,446</b>	<b>159,426</b>	<b>176,843</b>	<b>97,224</b>	<b>110,698</b>	<b>119,946</b>	<b>152,863</b>	<b>177,100</b>	<b>197,683</b>	<b>70,069</b>	<b>82,072</b>	<b>85,023</b>	<b>28,287</b>	<b>34,639</b>	<b>41,743</b>
Agricultural products.....	11,273	12,067	13,076	8,020	8,687	9,537	16,543	16,932	16,608	6,326	5,806	5,742	5,012	5,554	5,247
Nonagricultural products.....	126,173	147,359	163,767	89,204	102,011	110,409	136,320	160,168	181,075	63,743	76,266	79,281	23,275	29,085	36,496
Foods, feeds, and beverages.....	9,804	10,410	11,595	7,064	7,562	8,526	13,363	13,065	12,944	5,471	4,963	4,980	3,835	3,760	3,479
Industrial supplies and materials.....	42,144	51,101	58,925	28,731	34,278	39,705	35,054	43,507	47,995	16,278	20,091	19,715	9,749	12,903	16,155
Capital goods, except automotive.....	51,330	60,357	65,824	35,343	40,492	42,012	84,448	95,925	104,741	40,414	47,723	49,278	12,811	15,561	18,842
Automotive vehicles, engines, and parts.....	15,192	17,519	18,714	13,640	15,521	16,089	3,987	5,449	8,332	900	1,051	1,313	582	798	1,100
Consumer goods (nonfood), except automotive.....	14,065	14,635	15,858	8,895	9,043	9,569	12,425	15,179	18,550	5,352	6,176	7,476	1,118	1,363	1,889
Exports, n.e.c.....	4,911	5,404	5,927	3,551	3,802	4,045	3,586	3,975	5,121	1,654	2,068	2,261	192	254	278
<b>Imports</b> .....	<b>206,049</b>	<b>241,664</b>	<b>276,128</b>	<b>139,036</b>	<b>157,105</b>	<b>171,478</b>	<b>377,103</b>	<b>453,855</b>	<b>523,977</b>	<b>92,816</b>	<b>105,465</b>	<b>102,629</b>	<b>152,426</b>	<b>196,674</b>	<b>243,484</b>
Petroleum and products.....	38,952	52,518	72,401	15,506	19,801	25,746	27,499	36,268	46,883	666	1,446	2,973	351	370	620
Nonpetroleum products.....	167,097	189,146	203,727	123,530	137,304	145,732	349,604	417,587	477,094	92,150	104,019	99,656	152,075	196,304	242,864
Foods, feeds, and beverages.....	15,458	17,270	19,850	7,051	8,007	9,132	10,298	11,618	12,586	682	684	727	2,138	2,486	2,892
Industrial supplies and materials.....	60,317	82,787	108,276	24,918	32,277	40,334	57,046	76,367	95,119	10,106	13,107	16,291	10,928	16,537	21,714
Capital goods, except automotive.....	37,874	42,703	44,329	33,022	36,676	38,276	114,662	138,898	156,775	38,874	41,904	38,799	42,050	60,940	74,000
Automotive vehicles, engines, and parts.....	43,880	45,931	47,663	41,238	43,188	44,433	15,891	20,084	21,975	11,164	13,890	13,766	2,807	4,012	5,755
Consumer goods (nonfood), except automotive.....	40,072	44,043	46,544	26,388	29,876	31,929	171,671	198,247	227,260	28,650	32,255	29,138	92,751	110,391	136,294
Imports, n.e.c., and U.S. goods returned.....	8,448	8,930	9,466	6,419	7,081	7,374	7,535	8,641	10,262	3,340	3,625	3,908	1,752	2,308	2,829
<b>Balance</b> .....	<b>-68,603</b>	<b>-82,238</b>	<b>-99,285</b>	<b>-41,812</b>	<b>-46,407</b>	<b>-51,532</b>	<b>-224,240</b>	<b>-276,755</b>	<b>-326,294</b>	<b>-22,747</b>	<b>-23,393</b>	<b>-17,606</b>	<b>-124,139</b>	<b>-162,035</b>	<b>-201,741</b>

<sup>p</sup> Preliminary  
n.e.c. Not elsewhere classified

spurred by a 5-percent appreciation of the peso against the dollar; however, travel to the U.S. border area was down.

Travel payments increased \$3.9 billion, or 6 percent, in 2005, following an increase of \$8.2 billion, or 14 percent, in 2004. The increase in the total number of overseas travelers slowed sharply to 6 percent from 12 percent; within the overseas total, the increase in travelers to the euro area slowed to 7 percent from 13 percent, and the increase in travelers to the Far East slowed to 9 percent from 25 percent. Higher ticket prices, attributable to fuel prices that rose 52 percent, were one factor holding back travel.

Travel payments to Canada decreased \$0.1 billion, or 2 percent, following an increase of \$0.8 billion, or 13 percent. A 5-percent depreciation of the U.S. dollar against the Canadian dollar was one factor leading to a 9-percent drop in the number of U.S. travelers to Canada. Travel payments to Mexico increased \$0.9 billion, or 10 percent, following an increase of \$1.1 billion, or 13 percent. Growth in the number of travelers slowed, partly as a result of a 5-percent depreciation of the U.S. dollar against the Mexican peso; most of the slowdown was in travel to the border area. In addition, Hurricane Wilma, which destroyed major tourist areas in the interior, held down U.S. travel to Mexico in the last 3 months of the year.

Passenger fare receipts increased \$2.6 billion, or 14

percent, in 2005, following an increase of \$3.2 billion, or 20 percent in 2004. The increase in 2005 reflected a 7-percent increase in the number of visitors and an increase in the share of foreign visitors on U.S.-flag carriers. Passenger fare payments increased \$2.5 billion, or 11 percent, following an increase of \$2.7 billion, or 13 percent. The increase in 2005 reflected a 7-percent increase in the number of travelers and little change in the share of U.S. travelers on foreign-flag carriers. Sizeable price increases resulting from higher fuel costs affected both receipts and payments; price increases were larger for receipts than for payments.

"Other" transportation receipts increased \$4.6 billion, or 13 percent, in 2005, following an increase of \$5.5 billion, or 18 percent, in 2004. The slowing partly reflected a slowdown from 2004 in the growth of U.S. exports and imports to all major countries and areas. In volume, goods exports slowed to an increase of 7 percent from an increase of 9 percent, and goods imports slowed to an increase of 7 percent from an increase of 11 percent; nonetheless, by historical standards, export and import volumes were strong in both 2004 and 2005. Port services receipts increased \$3.3 billion, or 16 percent, down from a 22-percent increase, reflecting strong export and import volumes and sharply higher fuel prices. Jet fuel and bunker fuel prices increased significantly because of strong global demand for oil and the disruption in U.S. refinery

**Table K. Services**

[Millions of dollars, quarters seasonally adjusted]

	2003	2004	2005 <sup>p</sup>	2005			
				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>
<b>Exports</b> .....	<b>309,146</b>	<b>343,912</b>	<b>379,604</b>	<b>92,745</b>	<b>93,832</b>	<b>96,220</b>	<b>96,806</b>
Travel.....	64,348	74,481	82,415	20,000	21,372	20,582	20,461
Passenger fares.....	15,693	18,858	21,490	5,119	5,449	5,572	5,350
Other transportation.....	31,329	36,862	41,509	9,878	10,135	10,461	11,035
Royalties and license fees.....	48,137	52,643	58,121	14,951	14,140	14,626	14,404
Other private services.....	136,060	145,433	156,726	38,062	38,105	39,610	40,948
Affiliated services.....	47,304	50,639	50,148	12,837	11,609	12,742	12,959
Unaffiliated services.....	88,755	94,794	106,578	25,225	26,496	26,868	27,989
Education.....	13,261	13,523	14,102	3,486	3,497	3,548	3,571
Financial.....	19,081	21,897	26,998	6,014	6,401	7,006	7,577
Insurance.....	5,880	6,125	7,036	1,638	1,658	1,831	1,909
Telecommunications.....	4,514	4,374	4,634	1,095	1,148	1,184	1,207
Business, professional, and technical.....	31,473	33,773	38,976	8,974	9,799	9,922	10,281
Other.....	14,548	15,101	14,833	4,019	3,992	3,377	3,445
Military transactions <sup>1</sup> .....	12,769	14,814	18,502	4,525	4,425	5,145	4,407
U.S. Government receipts.....	810	821	841	210	206	224	201
<b>Imports</b> .....	<b>256,664</b>	<b>296,105</b>	<b>321,578</b>	<b>79,198</b>	<b>80,278</b>	<b>80,352</b>	<b>81,749</b>
Travel.....	57,444	65,635	69,529	17,438	18,120	17,155	16,816
Passenger fares.....	20,957	23,701	26,201	6,224	6,539	6,588	6,850
Other transportation.....	44,705	54,169	61,807	15,734	14,976	15,101	15,996
Royalties and license fees.....	19,390	23,901	25,038	6,420	6,137	6,383	6,098
Other private services.....	85,741	95,666	105,054	24,871	26,064	26,609	27,509
Affiliated services.....	35,312	39,446	41,146	9,633	10,201	10,609	10,703
Unaffiliated services.....	50,429	56,220	63,908	15,238	15,863	16,000	16,806
Education.....	3,184	3,525	3,892	943	967	989	992
Financial.....	4,232	4,968	6,680	1,533	1,603	1,673	1,871
Insurance.....	26,561	29,882	33,077	7,979	8,107	8,258	8,733
Telecommunications.....	4,259	4,365	4,360	1,017	1,062	1,136	1,145
Business, professional, and technical.....	11,393	12,519	14,524	3,465	3,764	3,575	3,720
Other.....	801	962	1,376	302	360	370	344
Direct defense expenditures <sup>2</sup> .....	25,296	29,299	30,068	7,545	7,491	7,521	7,511
U.S. Government payments.....	3,131	3,734	3,881	966	951	995	969

<sup>r</sup> Revised

<sup>p</sup> 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.

production and capacity as a result of Hurricanes Katrina and Rita late in the year. Freight receipts increased \$1.4 billion, or 9 percent, following a 13-percent increase; higher volume accounted for most of the rise.

“Other” transportation payments increased \$7.6 billion, or 14 percent, in 2005, following a \$9.5 billion, or 21-percent, increase in 2004. Freight payments increased \$4.9 billion, or 12 percent, following a 24-percent increase in 2004. The increase in 2005, which was mostly in ocean freight payments, reflected increases in import volumes that were partly offset by decreases in freight rates. Increases in import volumes from Asia had been especially strong in 2004, leading to record high liner rates that reflected the tightened vessel capacity. Increases in import volumes from Asia were more modest in 2005. Port services payments increased \$2.8 billion, or 19 percent, following a 16-percent increase. Air carriers reported higher overseas expenses, especially for fuel.

“Other” private services receipts increased to \$156.7 billion in 2005 from \$145.4 billion in 2004. Receipts for business, professional, and technical services increased more than twice as much as in 2004. Financial services receipts also increased significantly more than in 2004, partly because of the step-up in activity in the U.S. financial markets, but more importantly, because of higher fees received for financial management and financial advisory services, including fees for arranging mergers and acquisitions. “Other” private services payments increased to \$105.1 billion from \$95.7 billion. Payments for insurance services, for business, professional, and technical services, and for financial services were higher. The increase in insurance services payments was unrelated to Hurricanes Katrina and Rita; insurance services performed are mostly based on pre-

miums, and the premiums on most policies were set before the hurricanes occurred.

Transfers under U.S. military agency sales contracts increased to \$18.5 billion in 2005 from \$14.8 billion in 2004. These receipts have risen strongly in 2004 and 2005 largely as a result of services rendered for reconstruction in Iraq. Transfers of equipment and related services under the Foreign Military Sales Program increased only slightly during this period. Direct defense expenditures abroad increased to \$30.1 billion in 2005, up slightly from \$29.3 billion in 2004. Purchases of materials and supplies abroad to sustain military operations and to support reconstruction in Iraq continued to rise, but the increase was partly offset by a sizable drop in purchases of petroleum because the transportation of troops and materials was significantly lower than in 2004.

### Income

The surplus on income decreased to a surplus of \$1.6 billion in 2005 from a surplus of \$30.4 billion in 2004 (table C). Income payments increased substantially more than income receipts. The surplus on direct investment income increased to \$129.9 billion from \$127.9 billion, the deficit on “other” private income increased to \$9.1 billion from \$4.9 billion, and the deficit on U.S. Government income increased to \$113.3 billion from \$86.7 billion.

Receipts of income on U.S. direct investment abroad were \$248.9 billion in 2005, up from \$233.1 billion in 2004 (table L, chart 12). Earnings growth slowed to 7 percent in 2005 from 21 percent in 2004. The slowdown partly reflected the slowing in worldwide growth, especially in the advanced countries of Europe, and the depreciation of many European

**Table L. Direct Investment Income and Financial Flows**

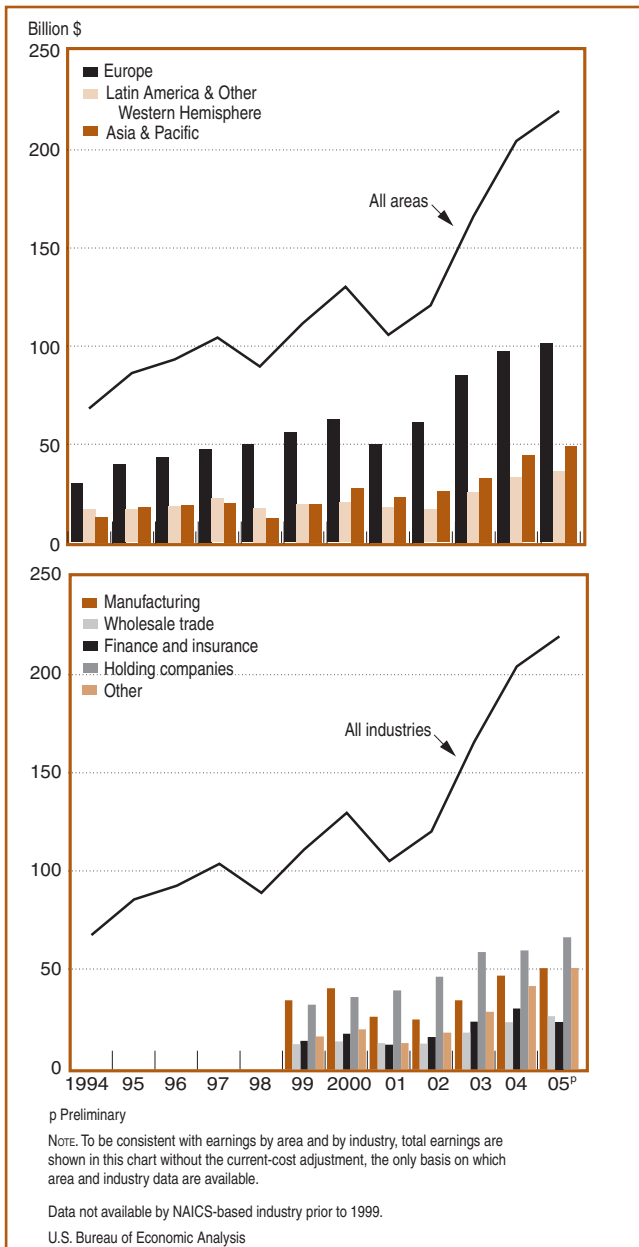
[Millions of dollars, quarters seasonally adjusted]

(Credits +; debits -)	2003	2004	2005 <sup>p</sup>	2005			
				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>
<b>Income</b>							
<b>Income receipts on U.S. direct investment abroad</b> .....	<b>193,289</b>	<b>233,067</b>	<b>248,856</b>	<b>58,162</b>	<b>59,617</b>	<b>63,830</b>	<b>67,245</b>
Distributed earnings .....	56,054	50,398	244,001	30,783	41,857	90,986	80,373
Reinvested earnings .....	131,007	176,540	-1,030	25,904	16,251	-28,629	-14,554
Interest, net .....	6,228	6,128	5,884	1,475	1,509	1,473	1,426
<b>Income payments on foreign direct investment in the United States</b> .....	<b>-71,447</b>	<b>-105,146</b>	<b>-118,991</b>	<b>-29,799</b>	<b>-31,142</b>	<b>-24,975</b>	<b>-33,078</b>
Distributed earnings .....	-42,132	-31,984	-42,139	-13,727	-3,904	-12,771	-11,739
Reinvested earnings .....	-11,774	-55,972	-59,419	-11,900	-23,081	-7,849	-16,591
Interest, net .....	-17,540	-17,191	-17,432	-4,172	-4,156	-4,355	-4,749
<b>Financial Flows</b>							
<b>U.S. direct investment abroad (increase/financial outflow (-))</b> .....	<b>-140,579</b>	<b>-252,012</b>	<b>-21,481</b>	<b>-27,290</b>	<b>-21,610</b>	<b>25,311</b>	<b>2,106</b>
Equity capital .....	-19,206	-80,686	-43,712	-9,271	-9,250	-4,594	-20,597
Reinvested earnings .....	-131,007	-176,540	1,030	-25,904	-16,251	28,629	-14,554
Intercompany debt .....	9,634	5,214	21,201	7,885	3,891	1,276	8,149
<b>Foreign direct investment in the United States (increase/financial inflow (+))</b> .....	<b>67,091</b>	<b>106,832</b>	<b>128,630</b>	<b>34,916</b>	<b>14,723</b>	<b>48,386</b>	<b>30,607</b>
Equity capital .....	87,045	68,657	48,648	10,432	9,966	13,886	14,364
Reinvested earnings .....	11,774	55,972	59,419	11,900	23,081	7,849	16,591
Intercompany debt .....	-31,729	-17,797	20,564	12,584	-18,324	26,651	-348

<sup>r</sup> Revised  
<sup>p</sup> Preliminary

currencies against the dollar. In 2002–2004, growth abroad had accelerated strongly, and appreciations of foreign currencies against the dollar had been sizable. In 2005, earnings growth was largest in “other” industries, which increased \$9.2 billion (mainly petroleum exploration), and in holding companies, which increased \$6.7 billion; there were much smaller gains in wholesale trade, which increased \$3.1 billion, and in manufacturing, which increased \$2.9 billion (mainly chemicals). Earnings in finance and insurance decreased \$6.7 billion, mainly as a result of large losses at depository institutions, especially those in the Caribbean and the United Kingdom (table L, chart 12).

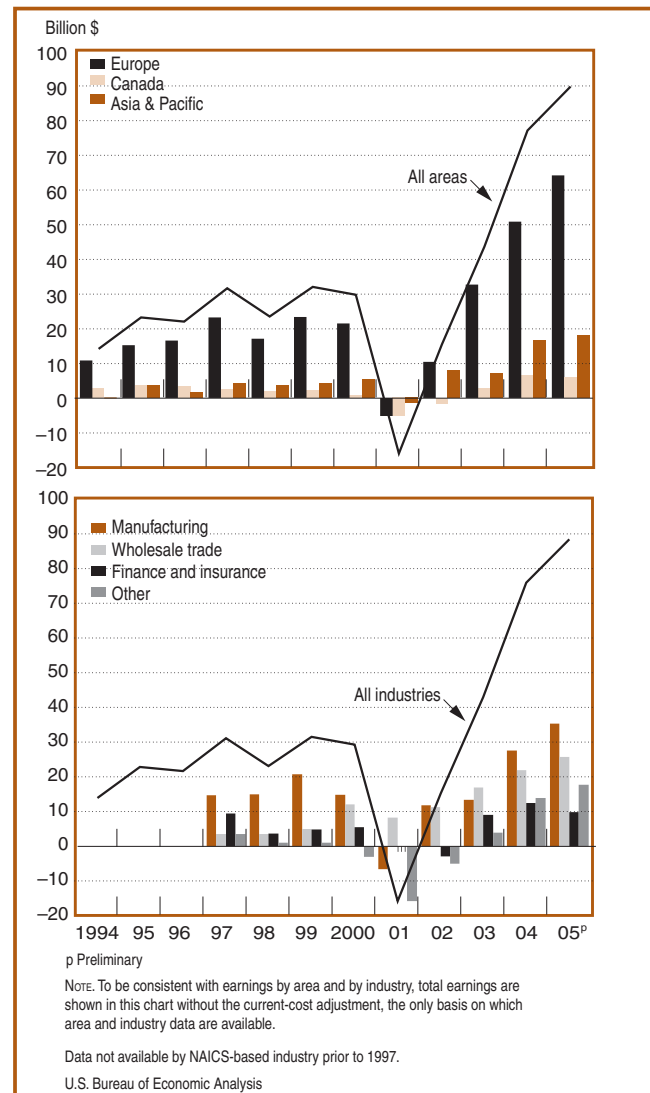
**Chart 12. Earnings on U.S. Direct Investment Abroad**



The composition of earnings changed dramatically in 2005. Reinvested earnings were -\$1.0 billion, down from \$176.5 billion, as U.S. parents drew down reinvested earnings abroad for distribution to U.S. parents, largely as a result of tax incentives included in the American Jobs Creation Act of 2004. Consequently, earnings distributed to U.S. parents increased to \$244.0 billion from \$50.4 billion. These distributions were particularly large in the third and fourth quarters and were dominated by holding companies. The largest distributions were by holding companies with operations in pharmaceuticals, petroleum, electronics, and beverages.

Payments of income on foreign direct investment in the United States were \$119.0 billion in 2005, up from \$105.1 billion in 2004 (table L, chart 13). Earnings growth slowed to 16 percent in 2005 from an unusually

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





strong 63-percent increase in 2004. In 2005, the largest increase was in manufacturing, which increased \$7.9 billion, led by pharmaceuticals, chemicals, and petroleum manufacturing; earnings in computers and electronic products decreased. Earnings in wholesale trade increased \$3.9 billion, mainly in petroleum trading, and earnings in “other” industries increased \$3.8 billion, mainly in mining. In contrast, earnings in finance (including depository institutions) and insurance decreased \$2.8 billion, which were more than accounted for by losses in Swiss-owned affiliates.

“Other” private income receipts and “other” private income payments, each of which had risen strongly in 2004, rose even more strongly in 2005. Outstanding claims and liabilities of banks and nonbanks and holdings of securities increased considerably, but much of the increase in receipts and payments was attributable to sizable increases in short-term U.S. and foreign interest rates. Prior to 2004 and 2005, the last year “other” private income receipts and payments had increased so strongly was in 2000 at the peak of the high-tech and merger and acquisition boom, when strong increases in financial activity and sizable increases in interest rates were also present.

Receipts of income on “other” private investment increased to \$214.0 billion in 2005 from \$140.4 billion in 2004 (table M, chart 14). Nearly two-thirds of the \$73.6 billion increase was attributable to rising yields.

**Table M. Other Private Income**  
[Billions of dollars]

	2003	2004	2005 <sup>p</sup>
<b>Receipts</b> .....	<b>108.9</b>	<b>140.4</b>	<b>214.0</b>
Dividends .....	41.4	53.9	63.0
Interest on bonds .....	28.9	34.7	39.0
Interest on bank claims .....	18.1	26.2	62.5
Interest on other claims <sup>1</sup> .....	20.4	25.6	49.6
<b>Payments</b> .....	<b>110.1</b>	<b>145.4</b>	<b>223.2</b>
Dividends .....	25.6	36.4	36.9
Interest on bonds .....	51.9	63.7	81.8
Interest on bank liabilities .....	16.1	23.4	61.7
Interest on other liabilities <sup>1</sup> .....	16.5	21.9	42.8

<sup>p</sup> Preliminary

<sup>1</sup> Primarily income of financial concerns other than banks.

Note: Excludes direct investment income receipts and payments.

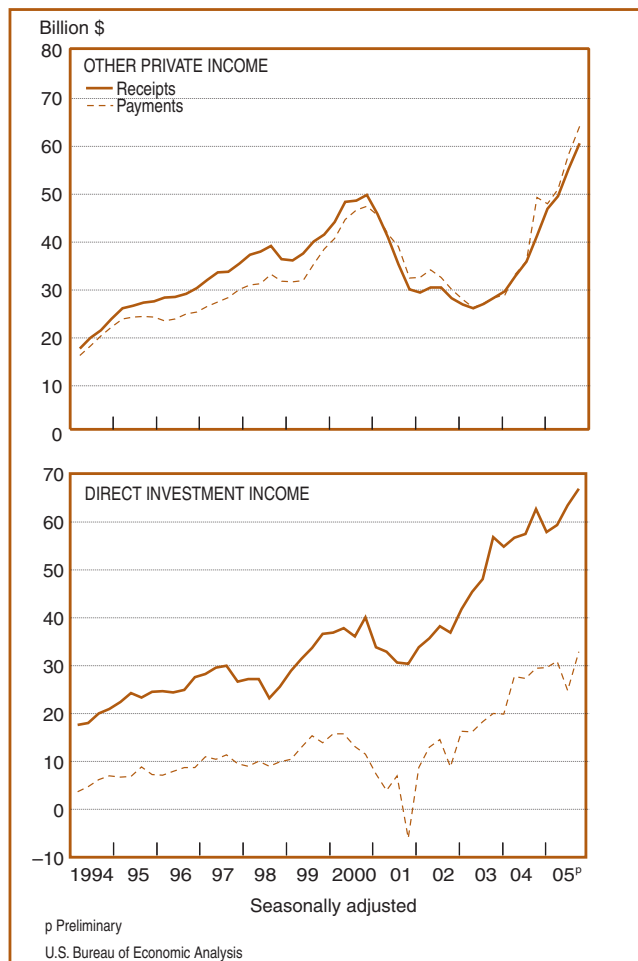
Interest received on bank claims increased \$36.3 billion, mostly as a result of a 175-basis-point increase in yields. Interest on “other” (largely nonbank) claims increased \$24.0 billion, largely as a result of a 143-basis-point increase in yields. Income received on securities increased \$13.4 billion. Dividends on stocks accounted for \$9.1 billion of the increase, largely as a result of a 22-percent increase in average U.S. holdings that was partly offset by a 10-basis-point decline in dividend

yields. Interest on bonds increased \$4.3 billion as a result of a 37-basis-point increase in yields.

Payments of income on “other” private investment increased to \$223.2 billion in 2005 from \$145.4 billion in 2004 (table M, chart 14). Nearly two-thirds of the \$77.8 billion increase was attributable to rising yields.

Interest paid on bank liabilities increased \$38.3 billion, mostly as a result of a 183-basis-point increase in yields. Interest on “other” (largely nonbank) liabilities increased \$20.9 billion, mostly as a result of a 143-basis-point increase in yields. Income paid on securities increased \$18.6 billion, mostly as a result of an increase in foreign holdings. Interest on bonds increased \$18.1 billion as a result of a 20-percent increase in average foreign holdings and a 32-basis-point rise in yields. Dividends on stocks increased only \$0.5 billion; however, if the special Microsoft dividend is excluded from 2004 dividends, the increase in 2005 would have been larger.

**Chart 14. Private Investment Income**



<sup>p</sup> Preliminary

U.S. Bureau of Economic Analysis

Receipts of income on U.S. Government assets decreased to \$2.7 billion in 2005 from \$3.0 billion in 2004. Receipts of interest on rescheduled debt were small in 2005 (table N).

Payments of income on U.S. Government liabilities increased to \$116.1 billion in 2005 from \$89.7 billion in 2004, an increase of \$26.3 billion (table N). About two-thirds of the increase was due to larger average foreign holdings. Unlike short-term yields that were pushed higher by the tightening of monetary policy, long-term yields were little affected by the tightening and therefore had relatively little impact on the increase in interest payments on U.S. Treasury securities. Payments on agency bonds increased \$11.6 billion. The increase was about evenly split between the increase in average foreign holdings and higher yields. Payments on U.S. Treasury bonds increased \$10.6 billion. The increase was more than accounted for by an increase in average foreign holdings. Payments on U.S. Treasury bills increased \$4.1 billion, entirely as a result of an increase in yields.

### Unilateral current transfers

Unilateral current transfers were net outflows of \$82.9 billion in 2005, up from \$80.9 billion in 2004.

U.S. Government grants increased \$7.0 billion to \$30.4 billion (table N). Grants to Israel and Egypt under the credit waiver program and under economic assistance programs totaled \$6.5 billion in 2005, up from \$3.8 billion in 2004; these grants were higher than in recent years because they included not only appropriated funds for 2005, but also some appropriated funds for 2004 that were not disbursed until 2005.

U.S. Government grants also included a step-up in

disbursements for reconstruction in Iraq to \$7.8 billion in 2005 from \$5.0 billion in 2004 and \$3.2 billion in 2003.

Excluding these special transactions with Israel, Egypt, and Iraq, U.S. Government grants to developing countries for all other purposes were \$14.8 billion in 2005, up from \$13.5 billion in 2004.

Private remittances and other transfers to foreigners decreased to \$46.2 billion in 2005 from \$51.3 billion in 2004. The decrease resulted mostly from inflows in the third quarter of 2005 for claims received by U.S. companies from foreign insurance companies that substantially exceeded "expected" claims as a result of the catastrophic damage caused by Hurricanes Katrina and Rita. Donations from abroad for hurricane relief resulted in additional inflows. As a result, private remittances and other transfers became less negative and reduced the current-account deficit. In the fourth quarter, these inflows were not present, and private remittances and other transfers returned to more a more typical level. Early in the year, private remittances and other transfers were boosted by outflows of private aid to countries affected by the tsunami in South Asia in late December 2004.

### Capital Account

Capital account transactions were net outflows of \$5.6 billion in 2005, up from outflows of \$1.6 billion in 2004. Outflows in 2005 resulted mostly from debt forgiveness for Iraq.

### Financial Account

Net recorded financial inflows—net acquisitions by foreign residents of assets in the United States less net

Table N. Selected U.S. Government Transactions

[Millions of Dollars]

(Credits + ; debits -)	2003	2004	2005 <sup>p</sup>	2005			
				I	II	III <sup>r</sup>	IV <sup>p</sup>
U.S. Government grants .....	-21,834	-23,317	-30,362	-9,035	-5,724	-6,447	-9,156
U.S. Government forgiveness of foreign debt .....	-1,886	-163	-4,235	-4,073	-101	-39	-22
U.S. Government credits and other long-term assets .....	-7,279	-3,044	-2,217	-519	-708	-518	-472
From debt rescheduling .....	-4,505	-309	-403	-34	-225	-68	-76
Other disbursements .....	-2,774	-2,735	-1,814	-485	-483	-450	-396
Repayments of U.S. Government credits and other long-term assets .....	7,981	4,221	5,720	1,083	1,586	1,957	1,094
From debt rescheduling .....	2,681	56	125	4	54	35	32
From debt forgiveness .....	1,639	98	252	107	97	33	15
Other repayments .....	3,661	4,067	5,343	972	1,435	1,889	1,047
U.S. Government foreign currency holdings and short-term assets, net .....	-165	38	4,077	3,923	93	77	-16
From debt rescheduling .....	292	112	115	.....	111	4	.....
From debt forgiveness .....	29	17	3,928	3,928	.....	.....	.....
Other .....	-486	-92	34	-5	-18	73	-16
U.S. Government receipts of income .....	4,697	2,998	2,729	786	567	678	698
From debt rescheduling .....	1,533	152	162	29	60	29	44
From debt forgiveness .....	218	48	56	38	5	6	7
Other receipts .....	2,945	2,797	2,511	719	502	643	647
U.S. Government payments of income .....	-73,468	-89,739	-116,066	-26,004	-27,971	-29,958	-32,133

<sup>r</sup> Revised  
<sup>p</sup> Preliminary

acquisitions by U.S. residents of assets abroad—were \$801.0 billion in 2005, up from \$584.6 billion in 2004. Financial inflows for foreign-owned assets in the United States slowed less than financial outflows for U.S.-owned assets abroad (chart 15).

**U.S.-owned assets abroad**

Net U.S.-owned assets abroad increased \$491.7 billion in 2005, down from an increase of \$855.5 billion in 2004. Net financial outflows for U.S. direct investment abroad and U.S. claims reported by U.S. banks both slowed substantially. Net U.S. purchases of foreign securities were stronger.

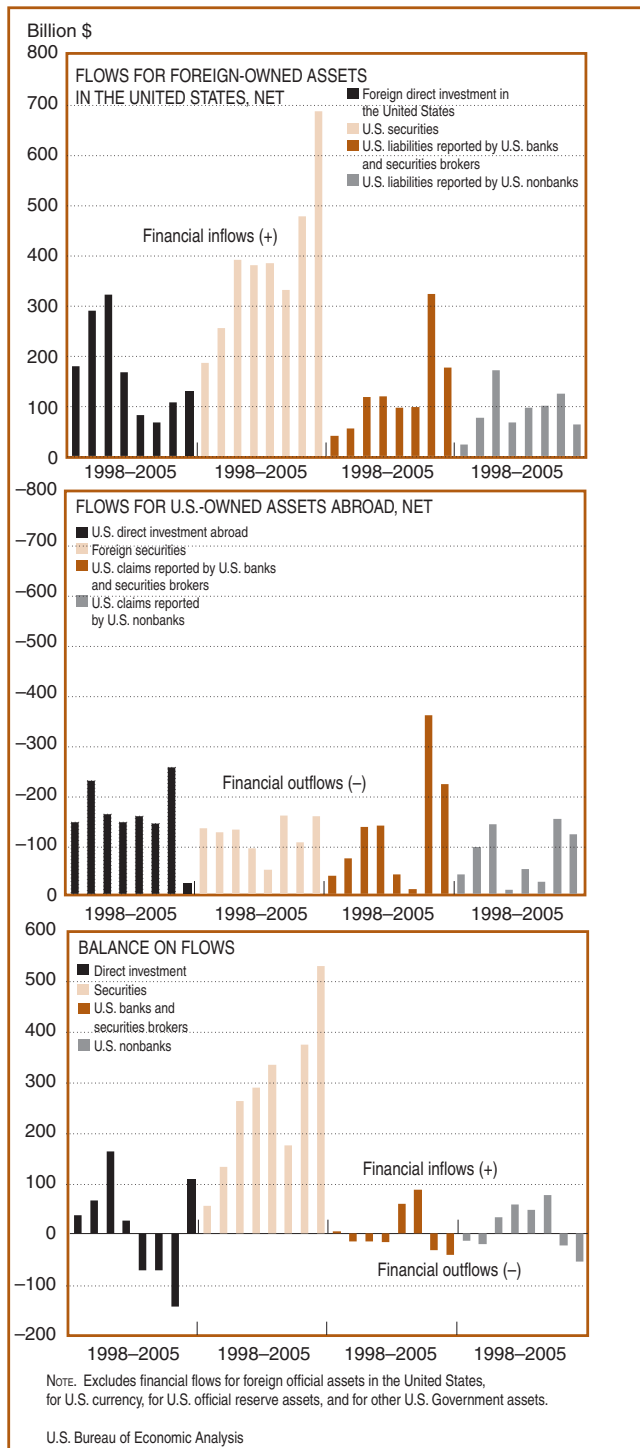
**U.S. official reserve assets.** U.S. official reserve assets decreased \$14.1 billion in 2005, following a decrease of \$2.8 billion in 2004. The decrease in 2005 resulted from a record \$10.2 billion decrease in the U.S. reserve position at the International Monetary Fund (IMF) and a record \$4.5 billion decrease in Special Drawing Rights (SDR). The decrease in the U.S. reserve position at the IMF resulted from large repayments of dollar funds to the IMF by Brazil, Turkey, Argentina, and Russia. Repayments by Russia were concentrated in the early part of the year, and repayments by Brazil and Argentina, in the last half. By yearend, Brazil had repaid all of its outstanding debt to the IMF 2 years earlier than scheduled. Argentina also repaid all of its outstanding debt to the IMF earlier than scheduled—part in December 2005 and part in January 2006. The large decreases in SDR holdings by the United States in the first and third quarters coincided with large increases in SDR holdings by Argentina.

**Claims reported by banks and nonbanks.** U.S. claims reported by U.S. banks and securities brokers increased \$218.2 billion in 2005, down sharply from a record increase of \$356.1 billion in 2004 (tables O and P). The marked downturn in international lending reflected a reduction in international claims of U.S. brokerage firms; few new credits were extended, and collateralized contracts (security resale agreements) with foreigners were sharply reduced. Asset exposure and credits extended through resale agreements had increased especially strongly in 2004. U.S.-owned and foreign-owned banks extended a slightly larger amount of new credits to foreigners in 2005 than in 2004.

Gross lending and gross borrowing of banks and securities dealers was significantly lower in 2005 than in 2004. However, the small amount of funds supplied to foreigners on a net basis changed little from one year to the next (table O).

Claims of U.S. securities brokers decreased \$25.2 billion in 2005, mostly on nonbanks, compared with an increase of \$164.2 billion in 2004. The decrease resulted from few new credits being extended and from reductions in outstanding resale agreements, largely with investment funds in the Caribbean.

**Chart 15. Selected Financial Flows, 1998–2005**



Claims of foreign-owned banks increased \$102.2 billion in 2005, down from an increase of \$152.1 billion in 2004. Although credit advanced was lower than in 2004, lending to foreigners was still strong in 2005, mostly as a result of especially large interoffice transfers. These transfers were used to meet temporary needs for funds, some of which were likely related to pickups in syndicated bank lending and in mergers and acquisitions.

Claims of U.S.-owned banks increased \$88.5 billion in 2005, up from \$17.7 billion in 2004. The step-up resulted from especially large interoffice transfers.

Claims for banks' customers' accounts increased \$71.3 billion, following an increase of \$0.6 billion. Other short-term instruments increased \$24.6 billion, up from an increase of \$6.2 billion, and deposits and brokerage balances increased \$20.8 billion, following a decrease of \$4.6 billion. Claims denominated in foreign currencies increased \$15.7 billion, despite a decline in the value of foreign currencies relative to the dollar. There was little activity in commercial paper, partly because much lending shifted to the securities market.

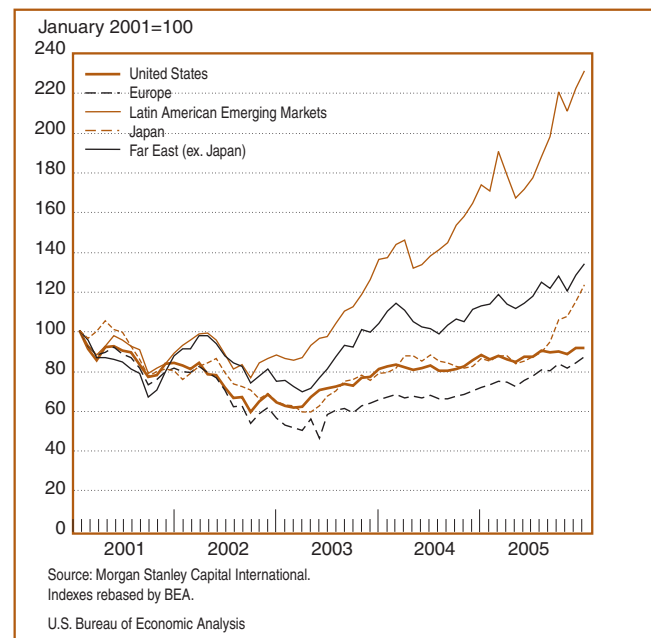
Claims reported by U.S. nonbanking concerns increased \$118.5 billion in 2005, following an increase of \$149.0 billion in 2004 (table O). The increase was mostly accounted for by an increase in deposits, which increased \$106.9 billion; about 60 percent of the deposit increase was from the United Kingdom.

**Foreign securities.** Net U.S. purchases of foreign securities were \$155.2 billion in 2005, up from \$102.4 billion in 2004 (table O). Net U.S. purchases of foreign stocks were \$136.7 billion, up from \$83.2 billion. Net U.S. purchases of foreign bonds were \$18.6 billion,

down from \$19.2 billion.

Global equity market returns changed little in the first half of the year, but returns increased strongly in the second half with double-digit gains for most markets. In 2005, foreign stock prices appreciated 27 percent in local currency and 14 percent in U.S. dollar terms, compared with a gain of 4 percent for U.S. equities. Foreign returns exceeded U.S. returns in local currency for the second consecutive year, and in U.S. dollar terms, for the fourth consecutive year (chart 16).

**Chart 16. Selected Stock Price Indexes in Local Currencies**



**Table O. Private Financial Flows, Net**

[Billions of dollars]

Claims (increase/financial outflows (-)); liabilities (increase/financial inflow (+))	2003	2004	2005 <sup>p</sup>	2005			
				I	II	III <sup>r</sup>	IV <sup>p</sup>
<b>Private financial flows, net</b> .....	<b>280.3</b>	<b>185.9</b>	<b>558.6</b>	<b>126.4</b>	<b>67.8</b>	<b>209.4</b>	<b>155.0</b>
<b>Bank-reported capital, net</b> <sup>1</sup> .....	<b>87.1</b>	<b>-33.5</b>	<b>-42.4</b>	<b>-18.5</b>	<b>-21.9</b>	<b>-29.3</b>	<b>27.3</b>
U.S. claims.....	-9.6	-356.1	-218.2	49.3	-171.0	-108.0	11.5
U.S. liabilities <sup>1</sup> .....	96.7	322.6	175.7	-67.7	149.1	78.7	15.7
<b>Securities, net</b> .....	<b>174.6</b>	<b>374.4</b>	<b>530.8</b>	<b>117.2</b>	<b>82.0</b>	<b>172.1</b>	<b>159.4</b>
Net U.S. purchases of foreign securities.....	-156.1	-102.4	-155.2	-38.7	-42.0	-34.6	-40.0
Stocks.....	-114.2	-83.2	-136.7	-39.8	-23.9	-33.9	-39.0
Bonds.....	-41.9	-19.2	-18.6	1.2	-18.1	-0.7	-1.0
Net foreign purchases of U.S. securities.....	330.7	476.8	686.0	155.9	124.0	206.7	199.4
U.S. Treasury securities.....	104.4	107.0	196.8	75.9	9.9	40.8	70.1
Other than U.S. Treasury securities.....	226.3	369.8	489.2	80.0	114.1	165.9	129.3
Stocks.....	35.3	60.5	88.5	21.2	13.7	30.8	22.9
Bonds.....	191.0	309.3	400.7	58.8	100.3	135.1	106.4
<b>U.S. currency flows, net</b> .....	<b>16.6</b>	<b>14.8</b>	<b>19.4</b>	<b>1.1</b>	<b>4.5</b>	<b>4.7</b>	<b>9.2</b>
<b>Direct investment, net</b> .....	<b>-73.5</b>	<b>-145.2</b>	<b>107.1</b>	<b>7.6</b>	<b>-6.9</b>	<b>73.7</b>	<b>32.7</b>
U.S. direct investment abroad.....	-140.6	-252.0	-21.5	-27.3	-21.6	25.3	2.1
Foreign direct investment in the United States.....	67.1	106.8	128.6	34.9	14.7	48.4	30.6
<b>Nonbank-reported capital, net</b> .....	<b>75.4</b>	<b>-24.6</b>	<b>-56.3</b>	<b>19.0</b>	<b>10.1</b>	<b>-11.8</b>	<b>-73.6</b>
U.S. claims.....	-24.2	-149.0	-118.5	-74.9	9.0	-30.4	-22.1
U.S. liabilities.....	99.7	124.4	62.2	93.9	1.2	18.6	-51.5

<sup>r</sup> Revised

<sup>p</sup> Preliminary

<sup>1</sup> Liabilities exclude U.S. Treasury securities.

Global bond market returns were generally weaker in 2005 than in 2004. Global bond markets posted a total return of 3 percent in 2005, compared with a 5-percent return in 2004. The U.S. Federal Reserve's 200-basis-point increase in interest rates and the downgrading of bonds of General Motors and Ford, two of the world's largest corporate bond issuers, to below investment grade had a negative impact on bond markets in the United States and abroad for much of the year. Returns in the U.S. bond market were 3 percent in 2005, down from 4 percent in 2004.

**Stocks.** Net U.S. purchases of foreign stocks were a record \$136.7 billion in 2005, up from \$83.2 billion in 2004. The previous record was in 1999 and other highs were reached in 1998, 2000, and 2001—a period characterized by record levels of merger and acquisition activity that was often financed by stock swaps. Stock swap mergers and acquisitions were small in 2005, totaling only \$4.0 billion, down from \$12.1 billion in 2004, and well below levels in 1998–2001.

Most of the step-up in net purchases of stocks in 2005 was from developing countries, especially Asia and Latin America. Net U.S. purchases from Asian countries were \$63.4 billion, up from \$38.4 billion. The increase reflected an \$8.7 billion shift to net purchases of stocks from Hong Kong and stronger net purchases from Japan, up \$6.6 billion; from Taiwan, up \$4.5 billion; from China, up \$2.8 billion; and from Singapore, up \$2.3 billion. Japanese stocks gained 43 percent in local currency and 24 percent in U.S. dollar terms. Chinese stocks gained 16 percent both in local currency and in U.S. dollar terms.

Transactions in stocks from Latin America shifted to net U.S. purchases of \$6.2 billion from net U.S. sales of \$2.2 billion. Most of the shift resulted from a \$3.6 billion shift to net U.S. purchases from Mexico and a \$3.1

billion increase in net U.S. purchases from Brazil. Latin American stocks gained 33 percent in local currency and 45 percent in U.S. dollar terms, partly because the Mexican peso appreciated 5 percent and the Brazilian real appreciated 13 percent against the dollar. In contrast to these increases in net purchases, net U.S. purchases from the United Kingdom were \$33.0 billion, down from \$41.5 billion, and net U.S. purchases from Canada were \$4.9 billion, down from \$13.4 billion. Transactions with Australia shifted to net U.S. purchases of \$3.4 billion from net U.S. sales of \$23.4 billion. Transactions in 2004 had included the restructuring of a large foreign media company as a U.S. company, which resulted in large net U.S. sales of Australian stock.

**Bonds.** Net U.S. purchases of foreign bonds were \$18.6 billion in 2005, down from \$19.2 billion in 2004. Net U.S. purchases of bonds from the United Kingdom were \$20.6 billion, down from exceptionally large net purchases of \$59.7 billion in 2004. Transactions in bonds from Latin America shifted to net U.S. purchases of \$16.3 billion from net sales of \$2.4 billion, mainly as a result of a \$7.7 billion shift to net purchases from Brazil and a \$4.1 billion shift to net purchases from Mexico. Compared with other bond markets, Latin American markets posted strong gains, rising 12 percent in 2005; Brazilian bonds gained 13 percent in local currency, and Mexican bonds gained 8 percent in local currency. Net U.S. sales of bonds from Japan were \$5.2 billion, down from \$12.5 billion.

**Direct investment.** Net financial outflows for U.S. direct investment abroad were \$21.5 billion in 2005, down sharply from \$252.0 billion in 2004 (table L).

Reinvested earnings dropped substantially from an outflow of \$176.5 billion to an inflow of \$1.0 billion. This reduction reflected the drawdown of reinvested

Table P. Claims and Liabilities Reported by U.S. Banks and Securities Brokers

[Billions of dollars]

	2003	2004	2005 <sup>p</sup>	2005			
				I	II	III <sup>r</sup>	IV <sup>p</sup>
<b>Claims on foreigners reported by U.S. banks and securities brokers (increase/financial outflow (-)).....</b>	<b>-9.6</b>	<b>-356.1</b>	<b>-218.2</b>	<b>49.3</b>	<b>-171.0</b>	<b>-108.0</b>	<b>11.5</b>
Claims for own accounts, denominated in dollars:							
Foreign banks .....	10.5	-202.3	-206.7	45.6	-150.0	-91.1	-11.2
Foreign nonbanks, excluding foreign official institutions .....	-8.6	-112.3	35.9	12.2	-11.3	4.6	30.4
Foreign official institutions .....	-16.2	-19.5	5.3	3.3	-7.9	-0.5	10.3
Claims for domestic customers' accounts, denominated in dollars .....	-8.6	5.9	-55.6	-17.0	2.9	-27.8	-13.7
Claims denominated in foreign currencies .....	13.3	-28.0	2.9	5.2	-4.7	6.8	-4.3
<b>Liabilities to foreigners reported by U.S. banks and securities brokers (excluding U.S. Treasury securities)</b>							
<b>(Increase/financial inflow (+))<sup>1</sup> .....</b>	<b>96.7</b>	<b>322.6</b>	<b>175.7</b>	<b>-67.7</b>	<b>149.1</b>	<b>78.7</b>	<b>15.7</b>
Liabilities for own accounts, denominated in dollars:							
Foreign banks .....	26.7	106.8	212.6	-62.3	158.8	48.7	67.4
Foreign nonbanks, including international organizations .....	110.1	189.3	-36.6	-18.9	-18.3	33.3	-32.7
Liabilities for domestic customers' accounts, denominated in dollars .....	-14.7	21.4	-5.5	13.2	-9.4	-12.1	2.8
Liabilities denominated in foreign currencies .....	-25.4	5.2	5.3	0.3	18.0	8.7	-21.8

<sup>r</sup> Revised

<sup>p</sup> Preliminary

<sup>1</sup> Excludes liabilities to foreign official agencies.

earnings abroad to fund the distribution of earnings to U.S. parents as a result of tax incentives provided by the American Jobs Creation Act of 2004. These drawdowns were especially sizable in the last half of the year. They may continue in early 2006, but they will not continue much beyond then because of time limitations placed on such distributions by the act. Most of these drawdowns were by U.S. holding companies with operations in pharmaceuticals, petroleum manufacturing, electronic components, and beverages.

Net equity outflows dropped to \$43.7 billion from \$80.7 billion, as increases in net equity capital for foreign affiliates slowed. The restructuring of a large foreign media company had significantly raised equity outflows in 2004. In 2005, there were large acquisitions in pipeline operations, beverages, computers and electronic components, and communications.

Net inflows for intercompany debt increased to \$21.2 billion from \$5.2 billion.

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

Net foreign-owned assets in the United States increased \$1,292.7 billion in 2005, compared with an increase of \$1,440.1 billion in 2004. Foreign official assets in the United States increased by a significantly smaller amount in 2005 than in 2004, as did both bank and nonbank liabilities. In contrast, private foreign holdings of U.S. Treasury securities and of U.S. securities other than U.S. Treasury securities increased by much larger amounts in 2005 than in 2004.

**Foreign official assets.** Foreign official assets in the United States increased \$220.7 billion in 2005, about half the increase of \$394.7 billion in 2004. Dollar assets of advanced countries decreased \$21.5 billion, following an increase of \$183.4 billion. In 2003 and 2004, Japan had intervened heavily in foreign exchange markets to restrain the yen's appreciation against the dollar. Proceeds acquired from the intervention were invested in dollar assets and accounted for virtually all of the increase in U.S. reserve assets by advanced countries in 2003 and 2004. In 2005, Japan did not intervene in the exchange markets, and its reserve assets in the United States declined slightly. Assets of other advanced countries changed little in 2005.

Dollar assets of developing countries increased \$242.3 billion in 2005, up from an increase of \$212.2 billion in 2004. China continued to accumulate foreign currency reserves at a record pace and accounted for a large share of the increase in foreign official assets in the United States in both 2004 and 2005. Russia, and to a much smaller extent South Korea, also increased their holdings of dollar assets. Most other developing Asian countries reduced their holdings of dollar assets slightly.

**Liabilities reported by banks and nonbanks.** U.S. liabilities reported by U.S. banks and securities brokers increased \$175.7 billion in 2005, down substantially from a record increase of \$322.6 billion in 2004 (tables O and P). Securities brokers sharply reduced their new borrowing and repaid earlier borrowing, particularly borrowing associated with repurchase agreements. Borrowing through repurchase agreements had been especially strong in 2004. In contrast, U.S.-owned and foreign-owned banks stepped up their borrowing; their large interoffice transfers may have been related to the funds supplied by U.S.-owned and foreign-owned banks to foreigners for syndicated lending and mergers.

Liabilities of U.S. securities brokers decreased \$3.4 billion, mostly to nonbanks, following an increase of \$167.1 billion. New borrowing was limited, and borrowing associated with repurchase agreements was reduced, largely with investment funds in the Caribbean.

Liabilities of foreign-owned banks increased \$85.3 billion, up from \$75.8 billion, indicating a continued strong demand for borrowed funds, mainly from interoffice borrowings.

Liabilities of U.S.-owned banks increased \$94.2 billion, up from \$53.1 billion. The step-up in borrowing paralleled the step-up in credits extended by these banks.

Liabilities for banks' customers' accounts increased \$1.4 billion, down from an increase of \$25.3 billion. Negotiable certificates of deposit and other short-term instruments decreased \$8.4 billion, mostly against the Caribbean, following an increase of \$19.9 billion.

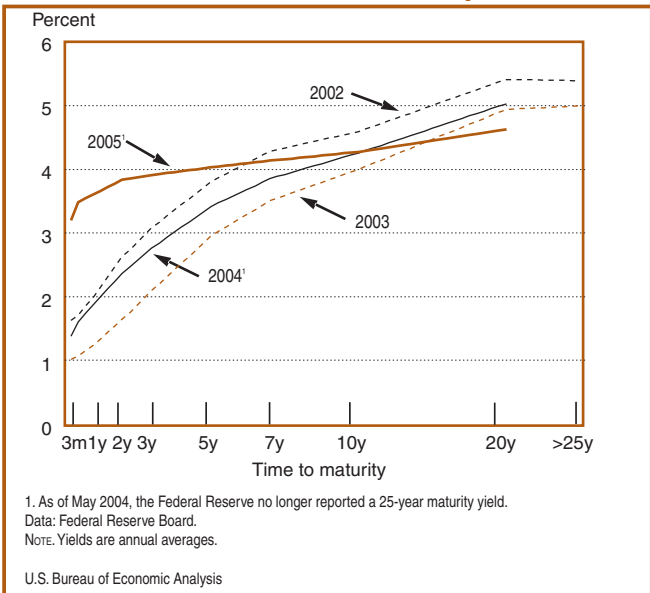
Liabilities reported by U.S. nonbanking concerns increased \$62.2 billion in 2005, following an increase of \$124.4 billion in 2004 (table O). In 2005, the increase was more than accounted for by an increase of \$72.0 billion in loans, advances, and other borrowings, nearly all of which was from Europe.

**U.S. Treasury securities.** Private net foreign purchases of U.S. Treasury securities were a record \$196.8 billion in 2005, up from \$107.0 billion in 2004 (table O). The previous record of \$147.0 was set in 1996. The largest net purchases were from Europe, at \$114.8 billion, from Caribbean financial centers, at \$49.8 billion, and from Latin America, at \$10.9 billion. Asia was once again a net seller at \$1.2 billion. Inflows into Treasury securities were large for the fourth consecutive year. In 2004, official foreigners accounted for about 75 percent of the inflows into Treasury securities, and private foreigners, for 25 percent; in contrast, in 2005, the share of official inflows dropped to 30 percent, and the share of private inflows rose to 70 percent. Foreigners held 52 percent of total U.S. Federal Government marketable debt at yearend 2005.



Relative to 2004, the Treasury yield curve flattened in 2005 on an average annual basis (chart 17). During 2005, short-term interest rates increased 200 basis points in response to the tightening of monetary policy throughout the year, while long-term interest rates fell slightly.

**Chart 17. Yield Curve for U.S. Treasury Securities**



**Other U.S. securities.** Net foreign purchases of U.S. securities other than U.S. Treasury securities were a record \$489.2 billion in 2005, up sharply from \$369.8 billion in 2004 (table O). Net foreign purchases of U.S. corporate bonds were a record \$332.4 billion, up sharply from the previous record of \$243.0 billion in 2004. Net foreign purchases of U.S. stocks were \$88.5 billion, up from \$60.5 billion. Net foreign purchases of U.S. federally sponsored agency bonds were \$68.3 billion, up from \$66.3 billion.

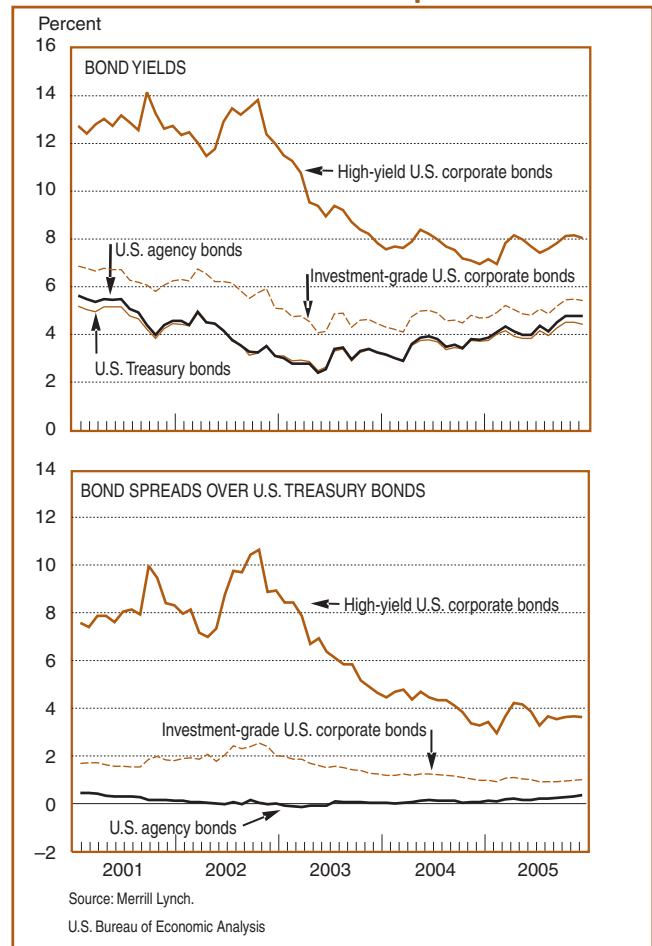
**Bonds.** Net foreign purchases of U.S. corporate bonds were a record \$332.4 billion in 2005, up from the previous record of \$243.0 billion in 2004. The increase was mostly attributable to a sharp increase in net purchases from Europe. The record demand for U.S. corporate bonds in 2005 was driven partly by strong corporate earnings and balance sheets. Demand was also strengthened by a search for higher yields during a period of historically low Treasury bond yields. During the year, long-term interest differentials in favor of U.S. bonds increased, particularly against British, Canadian, and euro area bonds. In 2005, both U.S. investment-grade and noninvestment-grade corporate bond spreads over U.S. Treasury bonds changed

little (chart 18).

Net foreign purchases of U.S. federally sponsored agency bonds were \$68.3 billion, up slightly from \$66.3 billion. Net purchases from Japan increased \$19.7 billion to \$36.3 billion, while net purchases from the United Kingdom decreased \$17.2 billion to \$29.6 billion. Agency bond prices were down 2 percent for the year, and spreads over Treasury bonds changed little. During the year, new accounting problems at major issuers prompted stepped-up calls for more regulatory oversight.

**Stocks.** Net foreign purchases of U.S. stocks were \$88.5 billion, up from \$60.5 billion. Net purchases increased \$16.9 billion from Canada, \$12.2 billion from Caribbean financial centers, and \$8.8 billion from Europe. In 2005, the S&P 500 Index was up 3 percent, the NASDAQ Composite was up 1 percent, and the Dow Jones Industrial Average was down 1 percent—all well below their gains in 2004 and 2003. Higher interest rates and record oil prices were factors limiting the rise. However, the strength of the U.S. economy, the

**Chart 18. U.S. Bond Yields and Spreads**





continued strengthening of U.S. corporate earnings and balance sheets, higher dividend payouts, and increased share buybacks among large U.S. corporations helped sustain the demand for equities. By comparison, in local currencies, the MSCI European Stock Index was up 22 percent, the MSCI Japan Index was up 43 percent, and the MSCI Emerging Markets Index was up 32 percent. As a result of the decline of major European currencies and the yen against the dollar in 2005, these foreign market returns were significantly reduced when translated into dollar terms.

**U.S. currency flows.** Net U.S. currency shipments to foreigners were \$19.4 billion in 2005, up from \$14.8 billion in 2004. Dollar outflows to Russia and some countries of the former Soviet Union were sharply higher, and outflows to Europe were lower. Dollar inflows from several other areas were significantly higher.

**Direct investment.** Net financial inflows for foreign direct investment in the United States were \$128.6 billion in 2005, up from \$106.8 billion in 2004 (table L).

Intercompany debt transactions shifted \$38.4 billion to net inflows of \$20.6 billion. Most of the shift was by affiliates of European parents. By industry, manufacturing accounted for \$16.7 billion of the shift; "other," for \$14.1 billion; wholesale trade, for \$5.4 billion; and finance (including depository institutions) and insurance, for \$2.2 billion. This is the first year in the last 4 years that U.S. affiliates have been net borrowers of debt capital; in 2002–2004, they had reduced their net intercompany borrowings.

Equity capital inflows decreased \$20.0 billion, to \$48.6 billion. This is the lowest volume of equity capital inflows since 1995 and is the fifth consecutive year of decline since equity capital inflows peaked at \$259.6 billion in 2000. Reduced inflows may have

**Table Q. Selected U.S. Transactions with OPEC Members**

(Millions of dollars)

(Credit +; debit -)	1991	1992	1993	1994	1995	1996	1997	1998 <sup>r</sup>	1999 <sup>r</sup>	2000 <sup>r</sup>	2001 <sup>r</sup>	2002 <sup>r</sup>	2003 <sup>r</sup>	2004 <sup>r</sup>	2005 <sup>p</sup>
<b>Exports of goods and services and income receipts:</b>															
Goods, balance of payments basis .....	18,106	20,667	18,318	16,295	17,405	19,226	23,696	22,933	18,315	17,625	19,503	17,808	16,556	21,592	30,990
Transfers under U.S. military agency sales contracts .....	3,809	4,454	3,675	2,936	4,471	5,638	4,039	5,179	3,982	3,029	2,056	1,983	2,590	4,716	7,270
Royalties and license fees .....	149	161	220	357	394	253	312	263	332	409	353	364	393	395	516
Other private services .....	1,898	3,076	2,752	3,096	3,372	4,138	4,195	4,637	5,585	3,394	3,819	4,031	4,661	4,747	5,245
U.S. Government miscellaneous services .....	16	22	13	14	17	11	8	8	14	13	13	13	12	85	86
Income receipts on U.S.-owned assets abroad:															
Direct investment receipts .....	3,293	3,224	2,745	2,701	3,966	4,220	4,073	2,682	3,750	4,789	3,738	3,097	4,450	6,169	8,470
Other private receipts .....	1,441	1,242	1,015	1,426	1,436	1,241	1,522	1,824	1,810	1,988	1,094	703	549	588	794
U.S. Government receipts .....	217	187	141	122	192	268	263	238	266	448	330	311	754	285	295
<b>Imports of goods and services and income payments:</b>															
Goods, balance of payments basis .....	-33,430	-33,718	-32,648	-31,675	-34,265	-42,675	-43,997	-33,672	-41,952	-66,995	-59,752	-53,246	-68,346	-94,105	-124,834
Direct defense expenditures .....	-784	-883	-455	-360	-335	-545	-944	-1,754	-1,815	-1,568	-1,687	-3,847	-6,561	-9,370	-9,566
Royalties and license fees .....	-1	-1	-37	-7	-2	-38	-5	-8	-9	-17	-25	-7	-7	-4	-5
Other private services .....	-461	-482	-430	-535	-570	-801	-821	-916	-954	-566	-585	-620	-635	-811	-923
U.S. Government miscellaneous services .....	-87	-47	-26	-39	-34	-31	-29	-28	-46	-46	-45	-42	-53	-90	-88
Income payments on foreign-owned assets in the United States:															
Direct investment payments .....	-93	182	-82	-49	-34	-136	-448	-111	-17	-169	-434	169	-585	-1,505	-1,388
Other private payments .....	-2,669	-2,385	-2,166	-1,979	-2,697	-2,570	-2,811	-2,738	-2,832	-3,808	-2,751	-1,828	-1,612	-2,401	-3,658
U.S. Government payments .....	-2,764	-2,524	-2,160	-1,747	-2,080	-2,374	-3,454	-3,145	-2,912	-3,224	-3,103	-2,570	-1,719	-1,920	-2,811
<b>U.S. Government grants</b> .....	<b>27,453</b>	<b>1,018</b>	<b>-197</b>	<b>-204</b>	<b>-195</b>	<b>-152</b>	<b>-55</b>	<b>-54</b>	<b>-108</b>	<b>-115</b>	<b>-82</b>	<b>-203</b>	<b>-3,334</b>	<b>-5,301</b>	<b>-7,851</b>
<b>U.S. Government pensions and other current transfers</b> .....	<b>-305</b>	<b>-32</b>	<b>-27</b>	<b>-28</b>	<b>-25</b>	<b>-93</b>	<b>-57</b>	<b>-40</b>	<b>-26</b>	<b>-23</b>	<b>-20</b>	<b>-20</b>	<b>-16</b>	<b>-24</b>	<b>-27</b>
<b>U.S.-owned assets abroad, net (increase/capital outflow (-))</b> .....	<b>-577</b>	<b>-12,162</b>	<b>-513</b>	<b>-2,963</b>	<b>262</b>	<b>-7,318</b>	<b>-9,054</b>	<b>-12,846</b>	<b>1,484</b>	<b>3,438</b>	<b>802</b>	<b>-4,561</b>	<b>4,169</b>	<b>-260</b>	<b>-1,032</b>
U.S. Government assets, other than official reserve assets, net .....	-788	-529	19	-422	-901	-458	12	-10	-317	-217	-610	-11	-947	498	4,348
U.S. credits and other long-term assets .....	-246	-277	-85	-234	-925	-912	-412	-166	-504	-566	-1,095	-329	-1,923	-27	-102
Repayments on U.S. credits and other long-term assets .....	397	279	224	177	215	290	420	154	210	366	490	351	1,024	573	570
U.S. foreign currency holdings and U.S. short-term assets, net .....	-939	-531	-120	-365	-191	164	4	2	-23	-17	-5	-33	-48	-48	3,880
U.S. private assets, net .....	211	-11,633	-532	-2,541	1,163	-6,860	-9,066	-12,836	1,801	3,655	1,412	-4,550	5,116	-758	-5,380
Direct investment .....	-2,706	-1,465	-1,597	-3,575	-2,379	-2,884	-2,411	-4,323	-113	-5,824	-2,997	-4,051	7	-497	-2,880
Foreign securities .....	-17	337	-679	-1,933	-556	-3,122	-4,077	-965	97	1,515	2,080	981	4,587	1,933	502
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	-224	-44	-306	-146	-25	-478	-336	369	-531	566	429	53	-60	-483	-707
U.S. claims reported by U.S. banks, not included elsewhere .....	3,158	-10,461	2,050	3,113	4,123	-376	-2,242	-7,917	2,348	7,398	1,900	-1,533	582	-1,711	-2,295
<b>Foreign-owned assets in the United States, net (increase/capital inflow (+))</b> .....	<b>-4,416</b>	<b>14,529</b>	<b>-8,904</b>	<b>1,400</b>	<b>4,544</b>	<b>18,133</b>	<b>17,353</b>	<b>-12,162</b>	<b>9,868</b>	<b>30,528</b>	<b>-1,702</b>	<b>-2,839</b>	<b>4,935</b>	<b>24,481</b>	<b>20,013</b>
Of which: Foreign official .....	-5,235	5,626	-3,850	-1,464	4,061	14,105	12,700	-11,420	1,595	12,056	-1,710	-9,636	4,972	8,712	61
U.S. Treasury securities .....	-5,902	4,323	-6,302	-1,668	1,293	16,125	8,965	-13,870	3,250	10,201	-934	-4,593	-5,841	9,580	4,609
Other U.S. securities .....	1,989	4,186	3,322	-820	1,276	3	3,657	3,393	2,104	14,028	4,391	2,274	5,558	13,167	3,251
Other U.S. Government liabilities .....	151	569	730	1,797	617	-982	-348	-2,260	-1,163	-678	-288	-337	-1,050	-3,460	-5,930
U.S. liabilities reported by U.S. banks, not included elsewhere .....	-164	4,793	-5,665	1,677	1,059	1,813	4,094	2,296	5,540	4,473	-3,893	-1,946	6,799	4,582	13,754
Direct investment in the United States .....	81	167	-812	251	-140	623	177	-1,291	315	2,204	-650	538	173	668	2,809
U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	-571	491	-177	163	439	551	808	-430	-178	300	-328	1,225	-704	-56	1,520
All other transactions with OPEC and transfers of funds between foreign areas, net .....	-10,795	3,472	18,766	11,239	4,178	3,605	6,214	29,710	5,265	10,870	38,478	41,304	43,799	52,733	78,504
<b>Memorandum:</b>															
Balance on goods .....	-15,324	-13,051	-14,330	-15,380	-16,860	-23,449	-20,301	-10,739	-23,637	-49,370	-40,249	-35,438	-51,790	-72,513	-93,844

<sup>r</sup> Revised

<sup>p</sup> Preliminary

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.

partly reflected slower growth abroad, especially in Europe where growth in 2005 was about half that in 2004. In addition, growth of affiliates' domestic earnings may have provided sufficient additions to capital in order to reduce the need for equity transfers from parents abroad. The largest acquisitions in 2005 were in banking, steel manufacturing, defense equipment manufacturing, and pharmaceuticals.

Reinvested earnings increased \$3.4 billion, to \$59.4 billion. The relatively small increase partly reflected an unusually large distribution to a large petroleum firm in Europe and losses reported by Swiss-owned affiliates in finance (except depository institutions) and insurance.

*Tables 1 through 11 follow.*

Table 1. U.S. International

[Millions]

Line	(Credits +; debits -) <sup>1</sup>	2004	2005 <sup>p</sup>	Not seasonally adjusted			
				2004			
				I	II	III	IV
<b>Current account</b>							
<b>1</b>	<b>Exports of goods and services and income receipts</b>	<b>1,530,975</b>	<b>1,740,897</b>	<b>362,123</b>	<b>379,651</b>	<b>382,768</b>	<b>406,433</b>
2	Exports of goods and services	1,151,448	1,272,223	275,424	286,363	287,467	302,194
3	Goods, balance of payments basis <sup>2</sup>	807,536	892,619	193,773	203,223	198,711	211,829
4	Services <sup>3</sup>	343,912	379,604	81,651	83,140	88,756	90,365
5	Transfers under U.S. military agency sales contracts <sup>4</sup>	14,814	18,502	3,899	3,756	3,604	3,555
6	Travel	74,481	82,415	16,042	18,817	21,452	18,170
7	Passenger fares	18,858	21,490	4,224	4,577	5,387	4,670
8	Other transportation	36,862	41,509	8,562	9,200	9,327	9,773
9	Royalties and license fees <sup>5</sup>	52,643	58,121	12,244	12,408	12,589	15,402
10	Other private services <sup>5</sup>	145,433	156,726	36,482	34,176	36,192	38,583
11	U.S. Government miscellaneous services	821	841	198	206	205	212
12	Income receipts	379,527	468,674	86,699	93,288	95,301	104,239
13	Income receipts on U.S.-owned assets abroad	376,489	465,631	85,955	92,561	94,531	103,442
14	Direct investment receipts	233,067	248,856	55,323	59,060	57,568	61,116
15	Other private receipts	140,424	214,046	29,758	32,972	36,117	41,577
16	U.S. Government receipts	2,998	2,729	874	529	846	749
17	Compensation of employees	3,038	3,043	744	727	770	797
<b>18</b>	<b>Imports of goods and services and income payments</b>	<b>-2,118,119</b>	<b>-2,462,946</b>	<b>-470,345</b>	<b>-527,526</b>	<b>-545,940</b>	<b>-574,308</b>
19	Imports of goods and services	-1,769,031	-1,995,839	-399,736	-440,524	-455,895	-472,876
20	Goods, balance of payments basis <sup>2</sup>	-1,472,926	-1,674,261	-333,053	-365,598	-377,289	-396,986
21	Services <sup>3</sup>	-296,105	-321,578	-66,683	-74,926	-78,606	-85,890
22	Direct defense expenditures	-29,299	-30,068	-7,099	-7,399	-7,433	-7,368
23	Travel	-65,635	-69,529	-13,498	-18,376	-19,269	-14,492
24	Passenger fares	-23,701	-26,201	-5,335	-6,246	-6,458	-5,662
25	Other transportation	-54,169	-61,807	-12,351	-13,289	-13,946	-14,583
26	Royalties and license fees <sup>5</sup>	-23,901	-25,038	-5,184	-5,462	-6,530	-6,725
27	Other private services <sup>5</sup>	-95,666	-105,054	-22,334	-23,225	-23,998	-26,109
28	U.S. Government miscellaneous services	-3,734	-3,881	-882	-929	-972	-951
29	Income payments	-349,088	-467,107	-70,609	-87,002	-90,045	-101,432
30	Income payments on foreign-owned assets in the United States	-340,255	-458,225	-68,509	-84,854	-87,817	-99,075
31	Direct investment payments	-105,146	-118,991	-19,304	-29,496	-28,297	-28,049
32	Other private payments	-145,370	-223,168	-29,040	-33,355	-36,246	-46,729
33	U.S. Government payments	-89,739	-116,066	-20,165	-22,003	-23,274	-24,297
34	Compensation of employees	-8,833	-8,882	-2,100	-2,148	-2,228	-2,357
<b>35</b>	<b>Unilateral current transfers, net</b>	<b>-80,930</b>	<b>-82,896</b>	<b>-22,341</b>	<b>-19,590</b>	<b>-15,977</b>	<b>-23,022</b>
36	U.S. Government grants <sup>4</sup>	-23,317	-30,362	-7,744	-4,961	-4,911	-5,701
37	U.S. Government pensions and other transfers	-6,264	-6,312	-1,392	-1,159	-1,337	-2,376
38	Private remittances and other transfers <sup>6</sup>	-51,349	-46,222	-13,205	-13,470	-9,729	-14,945
<b>Capital and financial account</b>							
<b>Capital account</b>							
<b>39</b>	<b>Capital account transactions, net</b>	<b>-1,648</b>	<b>-5,647</b>	<b>-428</b>	<b>-372</b>	<b>-393</b>	<b>-455</b>
<b>Financial account</b>							
<b>40</b>	<b>U.S.-owned assets abroad, net (increase/financial outflow (-))</b>	<b>-855,509</b>	<b>-491,729</b>	<b>-298,594</b>	<b>-138,784</b>	<b>-139,909</b>	<b>-278,222</b>
41	U.S. official reserve assets, net	2,805	14,096	557	1,122	429	697
42	Gold <sup>7</sup>	-	-	-	-	-	-
43	Special drawing rights	-398	4,511	-100	-90	-98	-110
44	Reserve position in the International Monetary Fund	3,826	10,200	815	1,345	676	990
45	Foreign currencies	-623	-615	-158	-133	-149	-183
46	U.S. Government assets, other than official reserve assets, net	1,215	7,580	727	-2	-11	501
47	U.S. credits and other long-term assets	-3,044	-2,217	-561	-668	-1,270	-545
48	Repayments on U.S. credits and other long-term assets <sup>8</sup>	4,221	5,720	1,374	544	1,299	1,004
49	U.S. foreign currency holdings and U.S. short-term assets, net	38	4,077	-86	122	-40	42
50	U.S. private assets, net	-859,529	-513,405	-299,878	-139,904	-140,327	-279,420
51	Direct investment	-252,012	-21,481	-55,821	-63,323	-43,606	-89,262
52	Foreign securities	-102,383	-155,244	-15,532	-30,181	-38,444	-18,226
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-149,001	-118,522	-55,452	-5,390	-13,490	-74,669
54	U.S. claims reported by U.S. banks, not included elsewhere	-356,133	-218,158	-173,073	-41,010	-44,787	-97,263
<b>55</b>	<b>Foreign-owned assets in the United States, net (increase/financial inflow (+))</b>	<b>1,440,105</b>	<b>1,292,695</b>	<b>421,949</b>	<b>306,918</b>	<b>255,802</b>	<b>455,436</b>
56	Foreign official assets in the United States, net	394,710	220,676	147,401	77,039	75,792	94,478
57	U.S. Government securities	311,133	177,179	124,010	63,456	66,899	56,768
58	U.S. Treasury securities <sup>9</sup>	272,648	84,046	112,586	62,977	55,357	41,728
59	Other <sup>10</sup>	38,485	93,133	11,424	479	11,542	15,040
60	Other U.S. Government liabilities <sup>11</sup>	488	-134	-109	45	710	-158
61	U.S. liabilities reported by U.S. banks, not included elsewhere	70,329	24,272	22,058	11,350	4,867	32,054
62	Other foreign official assets <sup>12</sup>	12,760	19,359	1,442	2,188	3,316	5,814
63	Other foreign assets in the United States, net	1,045,395	1,072,019	274,548	229,879	180,010	360,958
64	Direct investment	106,832	128,630	7,429	33,020	37,240	29,143
65	U.S. Treasury securities	106,958	196,794	31,931	60,424	-1,107	15,710
66	U.S. securities other than U.S. Treasury securities	369,793	489,203	45,476	81,678	84,401	158,238
67	U.S. currency	14,827	19,416	-1,800	8,754	2,560	5,313
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	124,358	62,234	44,623	3,887	14,752	61,096
69	U.S. liabilities reported by U.S. banks, not included elsewhere	322,627	175,742	146,889	42,116	42,164	91,458
<b>70</b>	<b>Statistical discrepancy (sum of above items with sign reversed)</b>	<b>85,126</b>	<b>9,626</b>	<b>7,636</b>	<b>-297</b>	<b>63,649</b>	<b>14,138</b>
70a	Of which: Seasonal adjustment discrepancy	-	-	-	-	-	-
<b>Memoranda:</b>							
71	Balance on goods (lines 3 and 20)	-665,390	-781,642	-139,280	-162,375	-178,578	-185,157
72	Balance on services (lines 4 and 21)	47,807	58,026	14,968	8,214	10,150	14,475
73	Balance on goods and services (lines 2 and 19)	-617,583	-723,616	-124,312	-154,161	-168,428	-170,682
74	Balance on income (lines 12 and 29)	30,439	1,567	16,090	6,286	5,256	2,807
75	Unilateral current transfers, net (line 35)	-80,930	-82,896	-22,341	-19,590	-15,977	-23,022
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75) <sup>13</sup>	-668,074	-804,945	-130,563	-167,465	-179,149	-190,897















**Table 4. U.S. Official Reserve Assets and Foreign Official Assets in the United States**  
[Millions of dollars]

Line	(Credits +; decrease in U.S. assets or increase in foreign assets. Debits -; increase in U.S. assets or decrease in foreign assets.)	2004	2005 <sup>P</sup>	Not seasonally adjusted								Amounts outstanding Dec. 31, 2005
				2004				2005				
				I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>P</sup>	
A1	<b>U.S. official reserve assets, net (table 1, line 41)</b> .....	<b>2,805</b>	<b>14,096</b>	<b>557</b>	<b>1,122</b>	<b>429</b>	<b>697</b>	<b>5,331</b>	<b>-797</b>	<b>4,766</b>	<b>4,796</b>	<b>188,043</b>
2	Gold (table 1, line 42) .....	-398	4,511	-100	-90	-98	-110	1,713	-97	2,976	-81	134,175
3	Special drawing rights (table 1, line 43) .....	3,826	10,200	815	1,345	676	990	3,763	-564	1,951	5,050	8,210
4	Reserve position in the International Monetary Fund (table 1, line 44) .....	-623	-615	-158	-133	-149	-183	-145	-136	-161	-173	8,036
5	Foreign currencies (table 1, line 45) .....											37,622
B1	<b>Foreign official assets in the United States, net (table 1, line 56)</b> .....	<b>394,710</b>	<b>220,676</b>	<b>147,401</b>	<b>77,039</b>	<b>75,792</b>	<b>94,478</b>	<b>25,277</b>	<b>82,646</b>	<b>38,176</b>	<b>74,577</b>	<b>2,174,697</b>
	By instrument:											
2	U.S. Treasury securities (table 1, line 58) .....	272,648	84,046	112,586	62,977	55,357	41,728	14,306	22,448	9,651	37,641	1,323,084
3	Bills and certificates .....	16,814	-43,334	19,861	1,383	10,918	-15,348	-9,354	-30,946	-9,530	6,496	201,863
4	Bonds and notes, marketable .....	256,816	128,062	93,798	61,564	44,409	57,045	23,629	54,144	19,163	31,126	1,120,273
5	Bonds and notes, nonmarketable .....	-982	-682	-1,073	30	30	31	31	-750	18	19	948
6	Other U.S. Government securities (table 1, line 59) .....	38,485	93,133	11,424	479	11,542	15,040	24,938	21,620	20,471	26,104	325,923
7	Other U.S. Government liabilities (table 1, line 60) .....	488	-134	-109	45	710	-158	-650	297	467	-248	16,981
8	U.S. liabilities reported by U.S. banks, not included elsewhere (table 1, line 61) .....	70,329	24,272	22,058	11,350	4,867	32,054	-15,843	34,190	850	5,075	294,657
9	Banks' liabilities for own account <sup>1</sup> .....	28,875	23,478	8,148	15,579	-78	5,226	1,195	15,541	7,324	-582	168,994
10	Repurchase agreements .....	23,376	3,601	1,855	18,609	6,428	-3,516	-2,917	6,932	6,852	-7,266	115,142
11	Deposits and brokerage balances <sup>2</sup> .....	3,509	18,663	1,079	3,467	-5,098	4,061	5,677	6,808	240	5,938	45,276
12	Other liabilities .....	1,990	1,214	5,214	-6,497	-1,408	4,681	-1,565	1,801	232	746	8,576
13	Banks' customers' liabilities <sup>1</sup> .....	41,454	794	13,910	-4,229	4,945	26,828	-17,038	18,649	-6,474	5,657	125,663
14	Negotiable certificates of deposit and other short-term instruments .....	42,197	1,375	16,018	-6,388	6,245	26,322	-15,703	14,482	-2,923	5,519	124,538
15	Other liabilities .....	-743	-581	-2,108	2,159	-1,300	506	-1,335	4,167	-3,551	138	1,125
16	Other foreign official assets (table 1, line 62) .....	12,760	19,359	1,442	2,188	3,316	5,814	2,526	4,091	6,737	6,005	214,052
	By area:											
17	Europe .....	43,646	24,918	4,596	22,823	4,826	11,401	-7,259	17,510	669	13,998	385,398
18	Canada .....	1,672	247	1,572	-114	1,024	-810	-665	457	-6	461	8,245
19	Latin America and Caribbean .....	24,412	6,006	7,562	9,078	3,841	3,931	-771	1,486	-1,416	6,707	118,433
20	Asia .....	313,359	186,578	133,313	46,802	65,975	67,269	32,302	55,253	50,952	48,071	1,613,585
21	Africa .....	2,782	6,178	1,431	730	1,423	-802	3,340	944	-3,209	5,103	20,787
22	Other .....	8,839	-3,251	-1,073	-2,280	-1,297	13,489	-1,670	6,996	-8,814	237	28,249

See the footnotes on pages 67-68.

Table 5. Selected U.S. Government Transactions

[Millions of dollars]

Line		2004	2005 <sup>P</sup>	Not seasonally adjusted							
				2004				2005			
				I	II	III	IV	I	II	III <sup>P</sup>	IV <sup>P</sup>
A1	<b>U.S. Government grants and transactions increasing Government assets, total</b>	<b>26,485</b>	<b>32,737</b>	<b>8,451</b>	<b>5,510</b>	<b>6,248</b>	<b>6,276</b>	<b>9,704</b>	<b>6,440</b>	<b>6,926</b>	<b>9,667</b>
	<b>By category</b>										
2	Grants, net	23,480	34,597	7,804	4,964	4,938	5,774	13,108	5,825	6,486	9,178
3	U.S. Government current grants, net (table 1, line 36, with sign reversed)	23,317	30,362	7,744	4,961	4,911	5,701	9,035	5,724	6,447	9,156
4	Financing military purchases <sup>1</sup>	6,316	9,062	3,973	626	432	1,285	3,777	439	531	4,315
5	Other grants	17,001	21,300	3,772	4,334	4,479	4,416	5,259	5,285	5,916	4,841
6	Cash contributions received from coalition partners for Persian Gulf operations										
7	Debt forgiveness (table 1, part of line 39, with sign reversed)	163	4,235	59	3	28	73	4,073	101	39	22
8	Credits and other long-term assets (table 1, line 47, with sign reversed)	3,044	2,217	561	668	1,270	545	519	708	518	472
9	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,993	1,264	342	513	849	289	363	355	294	252
10	Credits repayable in U.S. dollars	1,051	951	219	155	421	256	156	353	222	220
11	Credits repayable in other than U.S. dollars		2							2	
12	Other long-term assets										
13	Foreign currency holdings and short-term assets, net (table 1, line 49 with sign reversed)	-38	-4,077	86	-122	40	-42	-3,923	-93	-77	16
14	Foreign currency holdings (excluding administrative cash holdings), net	1	2			1	(*)			2	
	Receipts from:										
15	Sales of agricultural commodities										
16	Interest										
17	Repayments of principal	1	2	(*)		1	(*)			2	
18	Reverse grants										
19	Other sources										
	Less currencies disbursed for:										
20	Grants and credits in the recipient's currency										
21	Other grants and credits										
22	Other U.S. Government expenditures										
23	Assets acquired in performance of U.S. Government guarantee and insurance obligations, net	-29	-4,059	78	-137	32	-1	-3,910	-86	-78	15
24	Other assets held under Commodity Credit Corporation Charter Act, net										
25	Assets financing military sales contracts, net <sup>2</sup>										
26	Other short-term assets (including changes in administrative cash holdings), net	-11	-19	8	15	8	-42	-13	-6	-1	2
	<b>By program</b>										
27	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,993	1,264	342	513	849	289	363	355	294	252
28	Under Agricultural Trade Development and Assistance Act and related programs	1,140	1,290	306	276	267	291	366	368	267	289
29	Under Foreign Assistance Act and related programs	21,644	28,358	7,444	4,305	4,693	5,202	8,566	5,288	5,840	8,663
30	Under Export-Import Bank Act	273	446	60	23	104	86	131	79	175	61
31	Under Commodity Credit Corporation Charter Act	133	20	68	13	18	35	2	4	5	9
32	Under other grant and credit programs	1,313	1,377	224	364	309	415	289	352	345	391
33	Other foreign currency assets acquired (lines A16, A17, and A19)	1	2			1	(*)			2	
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	-11	-19	8	15	8	-42	-13	-6	-1	2
	<b>By disposition <sup>3</sup></b>										
36	Estimated transactions involving no direct dollar outflow from the United States	17,524	21,775	6,733	3,142	3,273	4,376	6,960	3,663	3,997	7,155
37	Expenditures on U.S. goods	7,494	10,526	3,815	871	946	1,862	3,921	840	1,098	4,667
38	Expenditures on U.S. services <sup>4</sup>	6,840	8,520	1,632	1,685	1,807	1,715	2,111	1,216	2,371	1,912
39	Financing of military sales contracts by U.S. Government <sup>5</sup> (line C6)	2,903	2,326	1,123	615	451	715	763	517	526	520
40	By long-term credits	124	239			46	77	47	87		105
41	By short-term credits <sup>1</sup>										
42	By grants <sup>1</sup>	2,780	2,087	1,123	615	405	637	715	431	526	415
43	U.S. Government grants and credits to repay prior U.S. Government credits <sup>1 4</sup>	201	4,348	82	6	37	77	4,075	156	76	41
44	U.S. Government long- and short-term credits to repay prior U.S. private credits <sup>6</sup> and other assets	149	-9	71	20	36	23	14	26	-63	15
45	Increase in liabilities associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) <sup>7</sup> (line C11)										
46	Less receipts on short-term U.S. Government assets (a) financing military sales contracts <sup>1</sup> (b) financing repayment of private credits and other assets, and (c) financing expenditures on U.S. goods	63	3,935	-11	55	3	16	3,924	1	11	
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	8,961	10,962	1,718	2,367	2,975	1,901	2,744	2,777	2,929	2,511
B1	<b>Repayments on U.S. Government long-term assets, total (table 1, line 48)</b>	<b>4,221</b>	<b>5,720</b>	<b>1,374</b>	<b>544</b>	<b>1,299</b>	<b>1,004</b>	<b>1,083</b>	<b>1,586</b>	<b>1,957</b>	<b>1,094</b>
2	Receipts of principal on U.S. Government credits	4,220	5,720	1,374	544	1,299	1,004	1,083	1,586	1,957	1,094
3	Under Agricultural Trade Development and Assistance Act and related programs	488	686	55	31	137	266	54	140	168	324
4	Under Foreign Assistance Act and related programs	1,814	1,328	795	235	445	339	404	273	358	293
5	Under Export-Import Bank Act	1,446	1,506	390	223	583	250	445	362	383	315
6	Under Commodity Credit Corporation Charter Act	390	1,931	125	56	133	76	170	811	867	84
7	Under other credit programs	83	269	10		1	72	11		180	78
8	Receipts on other long-term assets						(*)				
C1	<b>U.S. Government liabilities other than securities, total, net increase (+) (table 1, line 60)</b>	<b>488</b>	<b>-134</b>	<b>-109</b>	<b>45</b>	<b>710</b>	<b>-158</b>	<b>-650</b>	<b>297</b>	<b>467</b>	<b>-248</b>
2	Associated with military sales contracts <sup>2</sup>	489	-133	-111	35	724	-160	-643	298	460	-247
3	U.S. Government cash receipts from foreign governments (including principal repayments on credits financing military sales contracts), net of refunds <sup>1</sup>	13,938	17,268	4,080	2,934	4,115	2,810	3,684	4,385	5,348	3,851
4	Less U.S. Government receipts from principal repayments	991	825	567	57	238	129	268	179	168	210
5	Less U.S. Treasury securities issued in connection with prepayments for military purchases in the United States	548	397	847	-299			298		100	
6	Plus financing of military sales contracts by U.S. Government <sup>5</sup> (line A39)	2,903	2,326	1,123	615	451	715	763	517	526	520
7	By long-term credits	124	239			46	77	47	87		105
8	By short-term credits <sup>1</sup>										
9	By grants <sup>1</sup>	2,780	2,087	1,123	615	405	637	715	431	526	415
10	Less transfers of goods and services (including transfers financed by grants for military purchases, and by credits) <sup>1 2</sup> (table 1, line 5)	14,814	18,504	3,899	3,756	3,604	3,555	4,525	4,425	5,146	4,408
11	Associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) <sup>7</sup> (line A45)										
12	Associated with other liabilities	-1	-2	1	10	-14	2	-6	-1	7	-1
13	Sales of nuclear material by Department of Energy/U.S. Enrichment Corporation <sup>8</sup>										
14	Sales of space launch and other services by National Aeronautics and Space Administration	(*)	-1	(*)	(*)	(*)	(*)	(*)			-1
15	Other sales and miscellaneous operations			2	10	-14	2	-6	-1	7	

See the footnotes on pages 67-68.





**Table 7a. Transactions in Long-Term Securities—Continues**  
(Millions of dollars)

Line	(Credits +; debits -)	2004	2005 <sup>P</sup>	Not seasonally adjusted							
				2004				2005			
				I	II	III	IV	I	II	III <sup>1</sup>	IV <sup>P</sup>
<b>A1</b>	<b>Foreign securities, net purchases (-) or net sales (+) by U.S. residents (table 1, line 52 or lines 4 + 18 below)</b>	<b>-102,383</b>	<b>-155,244</b>	<b>-15,532</b>	<b>-30,181</b>	<b>-38,444</b>	<b>-18,226</b>	<b>-38,675</b>	<b>-41,979</b>	<b>-34,589</b>	<b>-40,001</b>
2	Stocks, gross purchases by U.S. residents .....	1,747,459	2,321,857	451,200	475,965	383,967	436,327	520,045	513,471	570,109	718,232
3	Stocks, gross sales by U.S. residents .....	1,664,256	2,185,199	434,581	435,748	367,227	426,700	480,217	489,563	536,174	679,245
4	<b>Stocks, net purchases by U.S. residents</b> .....	<b>-83,203</b>	<b>-136,658</b>	<b>-16,619</b>	<b>-40,217</b>	<b>-16,740</b>	<b>-9,627</b>	<b>-39,828</b>	<b>-23,908</b>	<b>-33,935</b>	<b>-38,987</b>
5	New issues in the United States <sup>1</sup> .....	-372	.....	-75	-92	.....	-205	.....	.....	.....	.....
6	Transactions in outstanding stocks, net .....	-82,831	.....	-16,544	-40,125	-16,740	-9,422	.....	.....	.....	.....
	Net purchases by U.S. residents, by area:										
7	Europe .....	-57,580	-53,890	-1,053	-23,668	-12,174	-20,685	-21,170	-11,864	-8,617	-12,239
8	Of which: United Kingdom .....	-41,451	-32,999	332	-17,997	-8,411	-15,375	-17,265	-4,542	-7,857	-3,335
9	Canada .....	-13,437	-4,851	485	-11,663	-544	-1,715	-2,748	725	799	-3,627
10	Caribbean financial centers <sup>2</sup> .....	817	-2,806	-1,614	-2,653	1,252	3,832	-2,533	-5,811	2,190	3,348
11	Latin America, excluding Caribbean financial centers .....	2,226	-6,249	1,137	1,141	310	-362	-296	-489	-1,566	-3,898
12	Asia .....	-38,443	-63,433	-15,556	-2,979	-4,221	-15,687	-11,091	-5,737	-25,438	-21,167
13	Of which: Japan .....	-33,062	-39,701	-15,406	-5,722	-3,598	-8,336	-4,455	-836	-17,411	-16,999
14	Africa .....	-20	-1,856	17	34	369	-440	-70	-326	-609	-851
15	Other .....	23,234	-3,573	-35	-429	-1,732	25,430	-1,920	-406	-694	-553
16	Bonds, gross purchases by U.S. residents .....	1,475,252	1,521,293	436,432	318,024	351,132	369,664	380,249	410,858	370,730	359,456
17	Bonds, gross sales by U.S. residents .....	1,456,072	1,502,707	437,519	328,060	329,428	361,065	381,402	392,787	370,076	358,442
18	<b>Bonds, net purchases by U.S. residents</b> .....	<b>-19,180</b>	<b>-18,586</b>	<b>1,087</b>	<b>10,036</b>	<b>-21,704</b>	<b>-8,599</b>	<b>1,153</b>	<b>-18,071</b>	<b>-654</b>	<b>-1,014</b>
19	New issues in the United States <sup>1</sup> .....	-15,664	.....	-4,518	-2,261	-5,039	-3,846	.....	.....	.....	.....
20	Transactions in outstanding bonds, net .....	-3,516	.....	5,605	12,297	-16,665	-4,753	.....	.....	.....	.....
	Net purchases by U.S. residents, by area:										
21	Europe .....	-51,600	-20,850	-12,658	-4,874	-23,881	-10,187	-3,888	-26,236	8,450	824
22	Of which: United Kingdom .....	-59,714	-20,590	-16,588	-5,782	-25,268	-12,076	-10,790	-21,995	10,243	1,952
23	Canada .....	-440	2,481	2,882	-825	-524	-1,973	3,171	639	-1,782	453
24	Caribbean financial centers <sup>2</sup> .....	-1,094	-1,465	305	-2,605	3,581	-2,375	-636	9,007	-4,987	-4,849
25	Latin America, excluding Caribbean financial centers .....	2,435	-16,297	1,240	2,738	393	-1,936	-2,305	-5,171	-8,301	-520
26	Asia .....	31,822	24,391	9,396	16,386	-1,694	7,734	4,738	8,297	6,985	4,371
27	Of which: Japan .....	12,546	5,161	1,985	10,294	-3,648	3,915	-1,267	3,904	2,085	439
28	Africa .....	1,632	288	200	410	72	950	160	-66	162	32
29	Other .....	-1,935	-7,134	-278	-1,194	349	-812	-87	-4,541	-1,181	-1,325

See the footnotes on pages 67-68.

Table 7a. Transactions in Long-Term Securities

(Millions of dollars)

Line	(Credits +; debits -)	2004	2005 <sup>P</sup>	Not seasonally adjusted							
				2004				2005			
				I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>P</sup>
B1	<b>U.S. securities, excluding transactions in U.S. Treasury securities and transactions of foreign official agencies, net purchases (+) or net sales (-) by foreign residents (table 1, line 66 or lines 4 + 16 + 30 below)</b> .....	<b>369,793</b>	<b>489,203</b>	<b>45,476</b>	<b>81,678</b>	<b>84,401</b>	<b>158,238</b>	<b>79,973</b>	<b>114,064</b>	<b>165,856</b>	<b>129,310</b>
2	Stocks, gross purchases by foreign residents .....	3,969,421	4,447,660	988,581	1,026,924	893,898	1,080,018	1,034,840	1,128,804	1,095,383	1,188,633
3	Stocks, gross sales by foreign residents .....	3,928,886	4,359,119	983,826	1,018,008	892,781	1,034,271	1,013,674	1,115,079	1,064,613	1,165,753
4	<b>Stocks, net purchases by foreign residents</b> .....	<b>60,535</b>	<b>88,541</b>	<b>4,755</b>	<b>8,916</b>	<b>1,117</b>	<b>45,747</b>	<b>21,166</b>	<b>13,725</b>	<b>30,770</b>	<b>22,880</b>
	Net purchases by foreign residents, by area:										
5	Europe.....	36,384	45,203	4,938	6,516	-292	25,222	12,197	10,813	11,483	10,710
6	Of which: United Kingdom.....	29,159	25,119	1,621	5,019	1,239	21,280	8,289	7,504	4,925	4,401
7	Canada.....	3,942	20,802	2,906	1,931	565	-1,460	3,102	948	11,241	5,511
8	Caribbean financial centers <sup>2</sup> .....	1,827	14,009	-444	-5,582	-922	8,775	4,301	-2,244	7,512	4,440
9	Latin America, excluding Caribbean financial centers.....	-376	-206	195	-267	-51	-253	-188	-45	439	-412
10	Asia.....	6,546	8,819	-3,278	5,724	1,981	2,119	2,026	4,759	-347	2,381
11	Of which: Japan.....	4,946	118	-3,277	2,450	1,947	3,826	-85	146	-1,125	1,182
12	Africa.....	-77	105	-197	12	107	1	141	-51	55	-40
13	Other.....	12,289	-191	635	582	-271	11,343	-413	-455	387	290
14	Corporate bonds, gross purchases by foreign residents .....	1,142,793	1,243,070	283,009	265,446	288,528	305,810	309,467	320,676	305,674	307,253
15	Corporate bonds, gross sales by foreign residents .....	899,822	910,716	240,077	217,175	206,083	236,487	251,401	240,693	205,256	213,366
16	<b>Corporate bonds, net purchases by foreign residents</b> .....	<b>242,971</b>	<b>332,354</b>	<b>42,932</b>	<b>48,271</b>	<b>82,445</b>	<b>69,323</b>	<b>58,066</b>	<b>79,983</b>	<b>100,418</b>	<b>93,887</b>
17	New issues sold abroad by U.S. corporations <sup>1</sup> .....	84,876	.....	19,181	23,611	23,875	18,209	.....	.....	.....	.....
18	Transactions in outstanding bonds, net.....	158,095	.....	23,751	24,660	58,570	51,114	.....	.....	.....	.....
	Net purchases by foreign residents, by area:										
19	Europe.....	116,554	213,083	14,253	18,700	47,719	35,882	34,400	51,560	64,175	62,948
20	Of which: United Kingdom.....	60,824	143,725	618	6,117	27,918	26,171	18,135	36,936	46,679	41,975
21	Canada.....	6,007	3,229	1,091	879	1,736	2,301	390	-88	1,244	1,683
22	Caribbean financial centers <sup>2</sup> .....	48,026	41,295	11,510	15,287	11,663	9,566	6,055	12,017	15,289	7,934
23	Latin America, excluding Caribbean financial centers.....	20,279	7,831	1,968	3,567	7,040	7,704	2,081	2,818	1,604	1,328
24	Asia.....	48,982	58,343	12,756	9,062	13,375	13,789	13,208	11,880	15,055	18,200
25	Of which: Japan.....	30,533	26,372	9,856	6,374	6,937	7,366	5,800	4,350	6,660	9,562
26	Africa.....	558	709	69	157	197	135	210	133	217	149
27	Other.....	2,565	7,864	1,285	619	715	-54	1,722	1,663	2,834	1,645
28	Federally sponsored agency bonds, gross purchases by foreign residents .....	1,100,350	978,461	276,874	333,845	258,877	230,754	223,656	228,500	257,594	268,711
29	Federally sponsored agency bonds, gross sales by foreign residents .....	1,034,063	910,153	279,085	309,354	258,038	187,586	222,915	208,144	222,926	256,168
30	<b>Federally sponsored agency bonds, net purchases by foreign residents</b> .....	<b>66,287</b>	<b>68,308</b>	<b>-2,211</b>	<b>24,491</b>	<b>839</b>	<b>43,168</b>	<b>741</b>	<b>20,356</b>	<b>34,668</b>	<b>12,543</b>
31	New issues sold abroad by federally sponsored agencies <sup>1</sup> .....	55,637	.....	20,639	11,371	11,967	11,660	.....	.....	.....	.....
32	Transactions in outstanding bonds, net.....	10,650	.....	-22,850	13,120	-11,128	31,508	.....	.....	.....	.....
	Net purchases by foreign residents, by area:										
33	Europe.....	28,470	22,237	-7,124	9,726	4,942	20,926	6,103	-2,977	14,491	4,620
34	Of which: United Kingdom.....	46,788	29,628	4,681	14,350	11,763	15,994	12,758	-3,564	13,850	6,584
35	Canada.....	4,904	11,423	2,394	786	513	1,211	2,531	2,904	2,356	3,632
36	Caribbean financial centers <sup>2</sup> .....	10,892	3,595	-1,555	5,473	742	6,232	-1,312	4,543	6,306	-5,942
37	Latin America, excluding Caribbean financial centers.....	1,719	6,584	647	-1,818	1,685	1,205	4,737	306	194	1,347
38	Asia.....	20,708	24,741	3,392	10,324	-7,024	14,016	-10,939	15,330	11,422	8,928
39	Of which: Japan.....	16,616	36,313	-2,758	7,828	-6,555	18,101	-5,566	8,867	13,741	19,271
40	Africa.....	-125	-227	142	134	-250	-151	-211	-21	125	-120
41	Other.....	-281	-45	-107	-134	231	-271	-168	271	-226	78
C1	<b>U.S. Treasury bonds and notes, excluding transactions of foreign official agencies, net purchases (+) or net sales (-) by foreign residents (table 1, part of line 65)</b> .....	<b>85,826</b>	<b>212,517</b>	<b>27,246</b>	<b>60,409</b>	<b>-3,719</b>	<b>1,890</b>	<b>75,023</b>	<b>11,530</b>	<b>56,743</b>	<b>69,221</b>
2	U.S. Treasury bonds and notes, gross purchases by foreign residents.....	8,057,389	9,443,937	1,866,879	2,101,105	1,991,836	2,097,569	2,370,622	2,507,235	2,451,549	2,114,531
3	U.S. Treasury bonds and notes, gross sales by foreign residents.....	7,971,563	9,231,420	1,839,633	2,040,696	1,995,555	2,095,679	2,295,599	2,495,705	2,394,806	2,045,310
	Net purchases by foreign residents, by area:										
4	Europe.....	62,703	121,896	19,467	16,484	-1,668	28,420	16,992	21,736	34,981	48,187
5	Canada.....	16,250	21,817	4,382	1,317	2,892	7,659	5,868	5,656	4,307	5,986
6	Caribbean financial centers <sup>2</sup> .....	22,105	57,422	12,564	38,047	1,501	-30,007	63,685	-20,270	1,134	12,873
7	Latin America, excluding Caribbean financial centers.....	-3,382	10,411	-3,107	4,602	-4,464	-413	967	2,581	5,391	1,472
8	Asia.....	-11,717	-1,840	-4,469	-501	-2,010	-4,737	-12,641	1,972	10,055	-1,226
9	Africa.....	679	1,931	12	325	129	213	850	-326	816	591
10	Other.....	-812	880	-1,603	135	-99	755	-698	181	59	1,338
	<b>Memoranda:</b>										
	<b>Net purchases of marketable long-term U.S. securities by foreign official agencies included elsewhere in the international transactions accounts, net purchases (+) or net sales (-) (lines in table 4):</b>										
1	U.S. Treasury marketable bonds and notes (line B4).....	256,816	128,062	93,798	61,564	44,409	57,045	23,629	54,144	19,163	31,126
2	Other U.S. Government securities (line B6).....	38,485	93,133	11,424	479	11,542	15,040	24,938	21,620	20,471	26,104
3	U.S. corporate and other bonds (part of line B16).....	11,384	18,872	1,893	1,943	3,167	4,381	2,965	4,313	5,766	5,828
4	U.S. stocks (part of line B16).....	1,376	487	-451	245	149	1,433	-439	-222	971	177

See the footnotes on pages 67-68.



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

Line	(Credits +; decrease in U.S. assets or increase in U.S. liabilities. Debits -; increase in U.S. assets or decrease in U.S. liabilities.)	2004	2005 <sup>p</sup>	Not seasonally adjusted								Amounts outstanding Dec. 31, 2005
				2004				2005				
				I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>2</sup>	
<b>A1</b>	<b>Claims, total (table 1, line 53)</b>	<b>-149,001</b>	<b>-118,522</b>	<b>-55,452</b>	<b>-5,390</b>	<b>-13,490</b>	<b>-74,669</b>	<b>-74,934</b>	<b>8,978</b>	<b>-30,440</b>	<b>-22,126</b>	<b>808,598</b>
2	<b>Financial claims</b>	<b>-150,068</b>	<b>-119,047</b>	<b>-54,897</b>	<b>-4,954</b>	<b>-16,179</b>	<b>-74,038</b>	<b>-74,230</b>	<b>9,251</b>	<b>-31,942</b>	<b>-22,126</b>	<b>776,955</b>
3	Denominated in U.S. dollars	-125,482	-135,288	-44,302	-2,428	-21,401	-57,351	-82,516	3,447	-42,470	-13,749	614,666
4	Denominated in foreign currencies	-24,586	16,241	-10,595	-2,526	5,222	-16,687	8,286	5,804	10,528	-8,377	162,289
	By instrument: <sup>3</sup>											
5	Resale agreements	-10,670	7,547	-936	-6,084	372	-4,022	5,697	2,302	-502	50	4,191
6	Negotiable certificates of deposit	54	38	151	-123	59	-33	9	-79	91	17	65
7	Other short-term instruments (including money market instruments)	-6,730	-3,343	583	-2,876	-2,184	-2,253	-2,034	3,086	-3,039	-1,356	13,115
8	Deposits	-109,490	-106,931	-51,457	11,251	-16,333	-52,951	-77,967	1,867	-5,594	-25,237	637,939
9	Other claims	-23,232	-16,358	-3,238	-7,122	1,907	-14,779	65	2,075	-22,898	4,400	121,645
10	Of which: Financial intermediaries' accounts <sup>4</sup>	-10,614	-1,574	-108	-1,484	2,244	-11,266	2,299	-2,398	-4,607	3,132	76,796
	By area:											
11	Europe	-44,890	-107,287	-37,119	14,412	-1,120	-21,063	-72,513	13,375	-33,580	-14,569	449,135
	Of which:											
12	United Kingdom	-30,736	-67,818	-24,008	10,058	-1,690	-15,096	-56,428	3,399	-6,932	-7,857	227,649
13	Germany	16,873	2,766	5,473	3,316	1,806	6,278	-408	5,213	-279	-1,760	69,141
14	Caribbean financial centers <sup>5</sup>	-98,912	-7,787	-15,688	-23,279	-14,922	-45,023	4,095	-7,436	8,072	-12,518	286,206
15	Other	-6,266	-3,973	-2,090	3,913	-137	-7,952	-5,812	3,312	-6,434	4,961	41,614
16	<b>Commercial claims</b>	<b>1,067</b>	<b>525</b>	<b>-555</b>	<b>-436</b>	<b>2,689</b>	<b>-631</b>	<b>-704</b>	<b>-273</b>	<b>1,502</b>		<b>31,643</b>
17	Denominated in U.S. dollars	-1,955	-611	-929	-961	-502	437	-1,010	-493	892		27,934
18	Denominated in foreign currencies	3,022	1,136	374	525	3,191	-1,068	306	220	610		3,709
	By instrument:											
19	Trade receivables	-449	729	-280	-1,119	2,592	-1,642	388	-658	999		28,052
20	Advance payments and other claims	1,516	-204	-275	683	97	1,011	-1,092	385	503		3,591
	By area:											
21	Europe	1,190	725	-62	1,024	561	-333	-605	474	856		12,531
22	Canada	1,064	-6	-207	970	34	267	-147	3	138		2,004
23	Asia	-1,529	140	107	-949	-431	-256	334	-882	688		8,737
24	Other	342	-334	-393	-1,481	2,525	-309	-286	132	-180		8,371
<b>B1</b>	<b>Liabilities, total (table 1, line 68)</b>	<b>124,358</b>	<b>62,234</b>	<b>44,623</b>	<b>3,887</b>	<b>14,752</b>	<b>61,096</b>	<b>93,897</b>	<b>1,153</b>	<b>18,635</b>	<b>-51,451</b>	<b>567,444</b>
2	<b>Financial liabilities</b>	<b>122,265</b>	<b>54,549</b>	<b>40,456</b>	<b>4,436</b>	<b>15,386</b>	<b>61,987</b>	<b>89,497</b>	<b>-2,922</b>	<b>19,425</b>	<b>-51,451</b>	<b>529,907</b>
3	Denominated in U.S. dollars	94,476	38,339	71,963	-30,730	4,602	48,641	91,341	-917	4,039	-56,124	421,739
4	Denominated in foreign currencies	27,789	16,210	-31,507	35,166	10,784	13,346	-1,844	-2,005	15,386	4,673	108,168
	By instrument: <sup>3</sup>											
5	Repurchase agreements	19,604	-19,309	6,305	11,046	-1,142	3,395	-7,738	-10,731	-1,938	1,098	17,845
6	Short-term instruments	-2,978	1,879	-4,024	1,069	425	-448	-1,304	4,814	-2,123	492	11,608
7	Other liabilities	105,639	71,979	38,175	-7,679	16,103	59,040	98,539	2,995	23,486	-53,041	500,454
8	Of which: Financial intermediaries' accounts <sup>4</sup>	2,889	1,551	-6,517	-2,802	-3,534	15,742	1,780	47	-5,187	4,911	61,103
	By area:											
9	Europe	90,609	55,822	36,869	-2,780	8,560	47,960	91,007	4,818	6,166	-46,169	453,756
	Of which:											
10	United Kingdom	84,017	19,568	37,835	-7,047	7,842	45,387	79,039	-5,019	-1,522	-52,930	266,907
11	Germany	1,504	3,559	-2,422	287	-128	3,767	410	-3,925	4,918	2,156	78,595
12	Caribbean financial centers <sup>5</sup>	23,041	-2,944	-2,446	9,621	5,669	10,197	-4,403	-4,666	12,477	-6,352	57,003
13	Other	8,615	1,671	6,033	-2,405	1,157	3,830	2,893	-3,074	782	1,070	19,148
14	<b>Commercial liabilities</b>	<b>2,093</b>	<b>7,685</b>	<b>4,167</b>	<b>-549</b>	<b>-634</b>	<b>-891</b>	<b>4,400</b>	<b>4,075</b>	<b>-790</b>		<b>37,537</b>
15	Denominated in U.S. dollars	1,429	7,978	4,367	-803	-1,427	-708	4,415	4,278	-715		34,751
16	Denominated in foreign currencies	664	-293	-200	254	793	-183	-15	-203	-75		2,786
	By instrument:											
17	Trade payables	903	6,118	316	918	-47	-284	3,524	1,239	1,355		24,201
18	Advance receipts and other liabilities	1,190	1,567	3,851	-1,467	-587	-607	876	2,836	-2,145		13,336
	By area:											
19	Europe	1,117	-304	1,869	-1,177	-736	1,161	-1,191	2,800	-1,913		11,534
20	Canada	-71	3,305	261	344	476	-1,152	2,379	-611	1,537		2,848
21	Asia	477	3,291	937	-165	320	-615	2,271	1,107	-87		16,625
22	Other	570	1,393	1,100	449	-694	-285	941	779	-327		6,530

See the footnotes on pages 67-68.

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

[Millions of dollars]

Line	(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)	2004	2005 <sup>P</sup>	Not seasonally adjusted								Amounts outstanding Dec. 31, 2005
				2004				2005				
				I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>P</sup>	
1	<b>Claims reported by U.S. banks and securities brokers, total (table 1, line 54)</b>	<b>-356,133</b>	<b>-218,158</b>	<b>-173,073</b>	<b>-41,010</b>	<b>-44,787</b>	<b>-97,263</b>	<b>49,278</b>	<b>-170,985</b>	<b>-107,993</b>	<b>11,542</b>	<b>2,435,388</b>
2	<b>Claims for own accounts</b> .....	<b>-355,514</b>	<b>-146,882</b>	<b>-182,071</b>	<b>-19,476</b>	<b>-56,875</b>	<b>-97,092</b>	<b>67,683</b>	<b>-170,574</b>	<b>-80,240</b>	<b>36,249</b>	<b>1,917,698</b>
3	Denominated in dollars .....	-334,042	-165,478	-178,154	-11,514	-62,451	-81,923	61,138	-169,200	-86,968	29,552	1,823,954
	By instrument: <sup>2</sup>											
4	Resale agreements .....	-128,918	13,600	-36,798	3,377	-60,353	-35,144	3,724	-46,797	-472	57,145	470,523
5	Negotiable certificates of deposit .....	-3,594	1,166	-1,165	-1,178	-297	-954	-273	-425	697	1,167	2,804
6	Other short-term instruments (including money market instruments) .....	570	-2,325	158	-106	143	375	-1,152	-1,635	-1,785	2,247	6,765
7	Deposits and brokerage balances .....	-120,368	-72,894	-63,860	-18,280	10,971	-49,199	10,872	-69,448	5,122	-19,440	741,612
8	Other claims (including loans) .....	-81,732	-105,025	-76,489	4,673	-12,915	2,999	47,967	-50,895	-90,530	-11,567	602,250
	By foreign borrower:											
	Claims on:											
9	Foreign banks .....	-202,282	-206,679	-134,056	400	-44,285	-24,341	45,625	-150,005	-91,085	-11,214	1,390,378
10	Foreign nonbanks, excluding foreign official institutions .....	-112,258	35,940	-27,027	-11,617	-23,431	-50,183	12,189	-11,332	4,649	30,434	355,294
11	Foreign official institutions <sup>3</sup> .....	-19,502	5,261	-17,071	-297	5,265	-7,399	3,324	-7,863	-532	10,332	78,282
	By type of U.S. reporting institution: <sup>4</sup>											
	U.S.-owned banks' claims on:											
12	Foreign banks .....	-22,340	-81,290	-37,772	1,239	-6,052	20,245	15,107	-74,856	-696	-20,845	412,338
13	Foreign nonbanks and foreign official institutions .....	4,619	-7,194	-2,745	2,010	6,344	-990	-2,412	997	-6,087	308	54,232
	Foreign-owned banks' claims on:											
14	Foreign banks .....	-147,254	-99,390	-80,014	-7,859	-8,569	-50,812	26,700	-38,053	-82,487	-5,550	843,675
15	Foreign nonbanks and foreign official institutions .....	-4,840	-2,775	-671	-7,360	2,050	1,141	4,099	-4,147	3,742	-6,469	75,772
	Brokers' and dealers' claims on:											
16	Foreign banks .....	-32,688	-25,999	-16,270	7,020	-29,664	6,226	3,818	-37,096	-7,902	15,181	134,365
17	Foreign nonbanks and foreign official institutions .....	-131,539	51,170	-40,682	-6,564	-26,560	-57,733	13,826	-16,045	6,462	46,927	303,572
18	Denominated in foreign currencies .....	-21,472	18,596	-3,917	-7,962	5,576	-15,169	6,545	-1,374	6,728	6,697	93,744
	By instrument: <sup>2</sup>											
19	Deposits and brokerage balances .....	-2,019	-188	-182	-1,940	1,746	-1,643	-2,072	92	3,357	-1,565	44,322
20	Other claims (including loans) .....	-19,453	18,784	-3,735	-6,022	3,830	-13,526	8,617	-1,466	3,371	8,262	49,422
21	<b>Claims for customers' accounts</b> .....	<b>-619</b>	<b>-71,276</b>	<b>8,998</b>	<b>-21,534</b>	<b>12,088</b>	<b>-171</b>	<b>-18,405</b>	<b>-411</b>	<b>-27,753</b>	<b>-24,707</b>	<b>517,690</b>
22	Denominated in dollars .....	5,878	-55,617	6,535	-20,382	16,243	3,482	-17,044	2,907	-27,796	-13,684	462,477
	By instrument: <sup>2</sup>											
23	Commercial paper <sup>5</sup> .....	6,472	344	-6,216	9,123	39	3,526	17	-3,049	1,270	2,106	115,441
24	Negotiable certificates of deposit .....	4,483	-4,766	4,851	-18,998	18,738	-108	-4,479	5,499	-6,481	695	110,337
25	Other short-term instruments (including money market instruments) <sup>6</sup> .....	-6,193	-24,604	-9,976	304	3,441	-3,962	-1,357	-5,587	-7,443	-10,217	39,885
26	Deposits and brokerage balances (including sweep accounts) <sup>7</sup> .....	4,642	-20,794	12,285	-12,426	-5,377	10,160	-12,354	8,779	-13,062	-4,157	176,858
27	Other claims .....	-3,526	-5,797	1,591	1,615	-598	-6,134	1,129	-2,735	-2,080	-2,111	19,956
28	Denominated in foreign currencies .....	-6,497	-15,659	2,463	-1,152	-4,155	-3,653	-1,361	-3,318	43	-11,023	55,213
	By instrument: <sup>2</sup>											
29	Deposits and brokerage balances .....	-2,880	-2,036	-519	-4,493	2,364	-232	-3,609	1,198	58	317	20,891
30	Other claims .....	-3,617	-13,623	2,982	3,341	-6,519	-3,421	2,248	-4,516	-15	-11,340	34,322
	<b>Claims, total (line 1), by area:</b>											
31	Europe .....	-223,469	-97,602	-114,565	-26,394	-34,367	-48,143	47,899	-83,551	-96,393	34,443	1,216,683
	Of which:											
32	United Kingdom .....	-131,461	-46,012	-51,578	-17,906	-40,373	-21,604	27,832	-34,092	-42,128	2,376	640,806
33	Switzerland .....	-31,253	-38,138	-24,619	10,413	-15,120	-1,927	24,730	-33,521	-52,808	23,461	154,677
34	Canada .....	8,207	-19,230	4,135	-716	7,093	-2,305	997	347	-8,746	-11,828	102,965
35	Caribbean financial centers <sup>8</sup> .....	-114,219	-60,454	-48,951	-21,830	-10,025	-33,413	-7,247	-76,848	8,393	15,248	832,397
36	Latin America, excluding Caribbean financial centers .....	3,010	-243	-757	715	2,861	191	-1,857	1,565	2,223	-2,174	52,902
37	Asia .....	-29,491	-32,010	-7,748	-4,368	-9,084	-8,291	7,748	-7,362	-11,645	-20,751	196,034
38	Of which: Japan .....	-26,715	-10,125	5,449	-12,793	-10,118	-9,253	12,804	-5,490	3,574	-21,013	110,204
39	Africa .....	3,382	-303	-57	3,442	83	-86	-105	-160	225	-263	1,339
40	Other .....	-3,553	-8,316	-5,130	8,141	-1,348	-5,216	1,843	-4,976	-2,050	-3,133	33,068
	<b>Memoranda:</b>											
1	International banking facilities <sup>9</sup> (IBFs) own claims, denominated in dollars (in lines 1-15 above) .....	-71,602	-82,764	-45,466	-1,959	-33,587	9,410	28,986	-59,367	-45,245	-7,138	448,031
	By bank ownership: <sup>4</sup>											
2	U.S.-owned IBFs .....	7,381	-9,946	-16,359	-6,071	2,438	27,373	3,137	-25,596	15,619	-3,106	56,887
3	Foreign-owned IBFs .....	-78,983	-72,818	-29,107	4,112	-36,025	-17,963	25,849	-33,771	-60,864	-4,032	391,144

See the footnotes on pages 67-68.

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

Line	(Credits +; increase in U.S. liabilities. Debits -; decrease in U.S. liabilities.)	2004	2005 <sup>P</sup>	Not seasonally adjusted								Amounts outstanding Dec. 31, 2005
				2004				2005				
				I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>P</sup>	
1	<b>Liabilities reported by U.S. banks and securities brokers, total (table 1, part of line 65 and table 1, line 69) .....</b>	<b>343,759</b>	<b>160,019</b>	<b>151,574</b>	<b>42,131</b>	<b>44,776</b>	<b>105,278</b>	<b>-66,847</b>	<b>147,462</b>	<b>62,789</b>	<b>16,615</b>	<b>2,668,886</b>
2	<b>U.S. Treasury bills and certificates (table 1, part of line 65).....</b>	<b>21,132</b>	<b>-15,723</b>	<b>4,685</b>	<b>15</b>	<b>2,612</b>	<b>13,820</b>	<b>888</b>	<b>-1,607</b>	<b>-15,909</b>	<b>905</b>	<b>69,400</b>
3	<b>Other U.S. liabilities, total (table 1, line 69).....</b>	<b>322,627</b>	<b>175,742</b>	<b>146,889</b>	<b>42,116</b>	<b>42,164</b>	<b>91,458</b>	<b>-67,735</b>	<b>149,069</b>	<b>78,698</b>	<b>15,710</b>	<b>2,599,486</b>
4	<b>Liabilities for own accounts .....</b>	<b>297,347</b>	<b>174,345</b>	<b>141,437</b>	<b>20,510</b>	<b>45,009</b>	<b>90,391</b>	<b>-81,989</b>	<b>155,181</b>	<b>87,726</b>	<b>13,427</b>	<b>2,170,540</b>
5	Denominated in dollars .....	296,048	176,032	139,128	17,933	40,259	98,728	-81,225	140,482	82,067	34,708	2,084,777
	By instrument: <sup>2</sup>											
6	Repurchase agreements.....	163,573	397	67,031	3,431	43,144	49,967	-38,787	12,522	37,603	-10,941	585,739
7	Deposits and brokerage balances.....	85,932	77,991	12,021	37,510	1,018	35,383	-55,083	93,609	44,340	-4,875	1,000,736
8	Other liabilities (including loans).....	46,543	97,644	60,076	-23,008	-3,903	13,378	12,645	34,351	124	50,524	498,302
	By foreign holder:											
	Liabilities to:											
9	Foreign banks .....	106,781	212,605	79,395	1,175	-2,351	28,562	-62,320	158,779	48,748	67,398	1,537,649
10	Foreign nonbanks, including international organizations .....	189,267	-36,573	59,733	16,758	42,610	70,166	-18,905	-18,297	33,319	-32,690	547,128
	By type of U.S. reporting institution: <sup>3</sup>											
	U.S.-owned banks' liabilities to:											
11	Foreign banks .....	34,975	89,211	15,521	28,297	-12,238	3,395	-29,007	70,447	13,263	34,508	619,207
12	Foreign nonbanks, including international organizations .....	18,151	4,990	-1,943	6,304	2,106	11,684	1,389	4,236	3,692	-4,327	99,158
	Foreign-owned banks' liabilities to:											
13	Foreign banks .....	71,069	83,802	32,637	-12,844	4,977	46,299	-27,353	65,606	40,819	4,730	625,068
14	Foreign nonbanks, including international organizations .....	4,750	1,467	4,468	-2,390	3,121	-449	184	-1,205	484	2,004	65,616
	Brokers' and dealers' liabilities to:											
15	Foreign banks .....	737	39,592	31,237	-14,278	4,910	-21,132	-5,960	22,726	-5,334	28,160	293,374
16	Foreign nonbanks, including international organizations .....	166,366	-43,030	57,208	12,844	37,383	58,931	-20,478	-21,328	29,143	-30,367	382,354
17	Denominated in foreign currencies .....	1,299	-1,687	2,309	2,577	4,750	-8,337	-764	14,699	5,659	-21,281	85,763
	By instrument: <sup>2</sup>											
18	Deposits and brokerage balances.....	-7	9,850	2,553	-6,768	5,486	-1,278	3,886	8,115	4,972	-7,123	59,259
19	Other liabilities (including loans).....	1,306	-11,537	-244	9,345	-736	-7,059	-4,650	6,584	687	-14,158	26,504
20	<b>Liabilities for customers' accounts .....</b>	<b>25,280</b>	<b>1,397</b>	<b>5,452</b>	<b>21,606</b>	<b>-2,845</b>	<b>1,067</b>	<b>14,254</b>	<b>-6,112</b>	<b>-9,028</b>	<b>2,283</b>	<b>428,946</b>
21	Denominated in dollars .....	21,398	-5,544	2,703	21,468	-1,571	-1,202	13,196	-9,428	-12,112	2,800	414,822
	By instrument: <sup>2</sup>											
22	Negotiable certificates of deposit and other short-term instruments .....	19,926	-8,415	427	10,616	1,386	7,497	6,010	-10,709	-16,162	12,446	215,946
23	Other liabilities (including loans) .....	1,472	2,871	2,276	10,852	-2,957	-8,699	7,186	1,281	4,050	-9,646	198,876
24	Denominated in foreign currencies .....	3,882	6,941	2,749	138	-1,274	2,269	1,058	3,316	3,084	-517	14,124
	<b>Other U.S. liabilities, total (line 3), by area:</b>											
25	Europe.....	119,382	140,743	91,383	14,034	43,402	-29,437	25,429	66,511	51,829	-3,026	1,059,879
26	Canada.....	-4,950	1,143	-4,421	1,258	-324	-1,463	924	-927	5,639	-4,493	33,399
27	Caribbean financial centers <sup>4</sup> .....	213,216	18,916	55,932	40,710	-1,900	118,474	-74,117	79,683	6,102	7,248	1,214,872
28	Latin America, excluding Caribbean financial centers .....	4,866	11,412	4,486	-2,560	-283	3,223	4,239	5,765	-755	2,163	96,449
29	Asia .....	-3,594	4,251	1,372	-12,309	4,738	2,605	-25,982	3,115	12,612	14,506	168,476
30	Africa .....	-216	941	197	550	-614	-349	-288	13	782	434	9,237
31	Other .....	-6,077	-1,664	-2,060	433	-2,855	-1,595	2,060	-5,091	2,489	-1,122	17,174
	<b>Memoranda:</b>											
1	International banking facilities' (IBFs) own liabilities, denominated in dollars (in lines 3-14 above) .....	2,380	78,308	40,671	-15,697	6,092	-28,686	-33,546	72,952	44,248	-5,346	447,884
	By bank ownership: <sup>3</sup>											
2	U.S.-owned IBFs .....	2,275	25,825	13,974	904	10,105	-22,708	-3,420	30,056	-8,779	7,968	102,868
3	Foreign-owned IBFs .....	105	52,483	26,697	-16,601	-4,013	-5,978	-30,126	42,896	53,027	-13,314	345,016

See the footnotes on pages 67-68.

Table 11. U.S. International

[Millions]

Line	(Credits +; debits -) <sup>1</sup>	Europe						European Union <sup>14</sup>	
		2004	2005 <sup>P</sup>	2005				2004	2005 <sup>P</sup>
				I	II	III <sup>1</sup>	IV <sup>P</sup>		
<b>Current account</b>									
<b>1 Exports of goods and services and income receipts</b>		<b>496,888</b>	<b>568,193</b>	<b>134,416</b>	<b>141,782</b>	<b>141,458</b>	<b>150,537</b>	<b>431,956</b>	<b>493,794</b>
2 Exports of goods and services		325,824	357,179	86,809	90,417	87,384	92,569	285,813	313,495
3 Goods, balance of payments basis <sup>2</sup>		189,418	207,814	51,395	53,723	48,433	54,263	167,669	183,362
4 Services <sup>3</sup>		136,406	149,365	35,414	36,694	38,951	38,306	118,144	130,133
5 Transfers under U.S. military agency sales contracts <sup>4</sup>		3,512	3,027	936	602	815	674	2,417	1,856
6 Travel		24,995	27,158	5,623	7,216	8,169	6,150	22,730	25,099
7 Passenger fares		6,946	7,430	1,517	1,879	2,162	1,872	6,449	6,797
8 Other transportation		12,693	14,743	3,366	3,592	3,818	3,967	11,285	13,263
9 Royalties and license fees <sup>5</sup>		25,237	28,048	6,744	6,676	6,966	7,662	21,183	22,967
10 Other private services <sup>5</sup>		62,830	68,770	17,183	16,685	16,966	17,936	53,941	60,022
11 U.S. Government miscellaneous services		193	189	45	44	55	45	139	129
12 Income receipts		171,064	211,014	47,607	51,365	54,074	57,968	146,143	180,299
13 Income receipts on U.S.-owned assets abroad		170,663	210,611	47,508	51,264	53,972	57,867	145,832	179,983
14 Direct investment receipts		101,485	104,871	24,071	26,543	26,417	27,840	83,912	85,898
15 Other private receipts		67,973	104,596	23,054	24,548	27,242	29,752	61,071	93,290
16 U.S. Government receipts		1,205	1,144	383	173	313	275	849	795
17 Compensation of employees		401	403	99	101	102	101	311	316
<b>18 Imports of goods and services and income payments</b>		<b>-619,715</b>	<b>-727,649</b>	<b>-167,675</b>	<b>-184,749</b>	<b>-184,196</b>	<b>-191,029</b>	<b>-539,038</b>	<b>-640,977</b>
19 Imports of goods and services		-446,957	-493,357	-113,138	-127,659	-124,880	-127,680	-387,190	-428,134
20 Goods, balance of payments basis <sup>2</sup>		-320,915	-354,364	-82,535	-91,036	-87,329	-93,464	-278,153	-307,965
21 Services <sup>3</sup>		-126,042	-138,993	-30,603	-36,623	-37,551	-34,216	-109,037	-120,169
22 Direct defense expenditures		-11,903	-11,580	-2,929	-2,750	-2,955	-2,946	-10,506	-10,277
23 Travel		-22,038	-23,354	-3,905	-7,738	-7,200	-4,511	-20,032	-21,207
24 Passenger fares		-11,737	-13,199	-2,675	-3,626	-3,919	-2,979	-10,948	-12,341
25 Other transportation		-20,142	-23,877	-5,679	-5,901	-6,164	-6,133	-17,320	-20,803
26 Royalties and license fees <sup>5</sup>		-13,081	-14,189	-3,439	-3,362	-3,580	-3,808	-10,010	-10,674
27 Other private services <sup>5</sup>		-45,464	-50,993	-11,529	-12,811	-13,275	-13,378	-38,876	-43,468
28 U.S. Government miscellaneous services		-1,677	-1,801	-447	-435	-458	-461	-1,345	-1,399
29 Income payments		-172,758	-234,292	-54,537	-57,090	-59,316	-63,349	-151,848	-212,843
30 Income payments on foreign-owned assets in the United States		-172,302	-233,831	-54,409	-56,980	-59,210	-63,232	-151,480	-212,461
31 Direct investment payments		-66,890	-80,501	-20,635	-21,543	-19,127	-19,196	-57,865	-76,965
32 Other private payments		-82,174	-122,714	-26,964	-28,150	-32,203	-35,397	-74,874	-110,407
33 U.S. Government payments		-23,238	-30,616	-6,810	-7,287	-7,880	-8,639	-18,721	-25,089
34 Compensation of employees		-456	-461	-128	-110	-106	-117	-368	-382
<b>35 Unilateral current transfers, net</b>		<b>-4,844</b>	<b>-2,913</b>	<b>-1,418</b>	<b>-3,265</b>	<b>3,379</b>	<b>-1,609</b>	<b>-1,727</b>	<b>1,316</b>
36 U.S. Government grants <sup>4</sup>		-2,115	-2,452	-611	-595	-536	-710	-123	-81
37 U.S. Government pensions and other transfers		-1,792	-1,827	-414	-451	-483	-479	-1,486	-1,529
38 Private remittances and other transfers <sup>6</sup>		-937	1,366	-393	-2,219	4,398	-420	-118	2,926
<b>Capital and financial account</b>									
<b>Capital account</b>									
<b>39 Capital account transactions, net</b>		<b>-590</b>	<b>-571</b>	<b>-155</b>	<b>-93</b>	<b>-160</b>	<b>-163</b>	<b>-245</b>	<b>-205</b>
<b>Financial account</b>									
<b>40 U.S.-owned assets abroad, net (increase/financial outflow (-))</b>		<b>-472,551</b>	<b>-250,550</b>	<b>-62,985</b>	<b>-116,974</b>	<b>-102,016</b>	<b>31,425</b>	<b>-420,121</b>	<b>-213,230</b>
41 U.S. official reserve assets, net		-621	-606	-145	-136	-161	-164	-465	-504
42 Gold <sup>7</sup>									
43 Special drawing rights									
44 Reserve position in the International Monetary Fund									
45 Foreign currencies		-621	-606	-145	-136	-161	-164	-465	-504
46 U.S. Government assets, other than official reserve assets, net		1,268	2,845	278	906	1,251	410	612	1,370
47 U.S. credits and other long-term assets		-222	-334	-83	-117	-17	-117	-127	-242
48 Repayments on U.S. credits and other long-term assets <sup>8</sup>		1,443	3,163	350	1,017	1,268	528	737	1,595
49 U.S. foreign currency holdings and U.S. short-term assets, net		47	16	11	6		-1	2	17
50 U.S. private assets, net		-473,198	-252,789	-63,118	-117,744	-103,106	31,179	-420,268	-214,096
51 Direct investment		-96,848	26,113	-12,842	-9,943	26,178	22,720	-83,195	25,987
52 Foreign securities		-109,180	-74,740	-25,058	-38,100	-167	-11,415	-110,690	-63,058
53 U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns		-43,701	-106,560	-73,117	13,850	-32,724	-14,569	-43,631	-103,115
54 U.S. claims reported by U.S. banks, not included elsewhere		-223,469	-97,602	47,899	-83,551	-96,393	34,443	-182,752	-73,910
<b>55 Foreign-owned assets in the United States, net (increase/financial inflow (+))</b>		<b>547,509</b>	<b>695,374</b>	<b>194,934</b>	<b>190,062</b>	<b>205,674</b>	<b>104,704</b>	<b>475,825</b>	<b>603,591</b>
56 Foreign official assets in the United States, net		43,646	24,917	-7,259	17,510	669	13,997	13,997	(18)
57 U.S. Government securities		(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
58 U.S. Treasury securities <sup>9</sup>		(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
59 Other <sup>10</sup>		(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
60 Other U.S. Government liabilities <sup>11</sup>		-385	199	-184	153	42	188	-270	181
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 <sup>12</sup>		(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
63 Other foreign assets in the United States, net		503,863	670,457	202,193	172,552	205,005	90,707	475,825	603,591
64 Direct investment		41,397	78,825	17,113	18,656	30,976	12,080	38,426	83,542
65 U.S. Treasury securities		69,951	114,847	17,135	20,370	27,798	49,544	69,951	114,847
66 U.S. securities other than U.S. Treasury securities		181,408	280,523	52,700	59,396	90,149	78,278	159,771	270,477
67 U.S. currency									
68 U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns		91,725	55,519	89,816	7,619	4,253	-46,169	92,052	53,864
69 U.S. liabilities reported by U.S. banks, not included elsewhere		119,382	140,743	25,429	66,511	51,829	-3,026	185,846	195,527
<b>70 Statistical discrepancy (sum of above items with sign reversed)</b>		<b>53,303</b>	<b>-281,884</b>	<b>-97,117</b>	<b>-26,763</b>	<b>-64,139</b>	<b>-93,865</b>	<b>53,303</b>	<b>-244,289</b>
<b>Memoranda:</b>									
71 Balance on goods (lines 3 and 20)		-131,497	-146,550	-31,140	-37,313	-38,896	-39,201	-110,484	-124,603
72 Balance on services (lines 4 and 21)		10,364	10,372	4,811	71	1,400	4,090	9,107	9,964
73 Balance on goods and services (lines 2 and 19)		-121,133	-136,178	-26,329	-37,242	-37,496	-35,111	-101,377	-114,639
74 Balance on income (lines 12 and 29)		-1,694	-23,278	-6,930	-5,725	-5,242	-5,381	-5,705	-32,544
75 Unilateral current transfers, net (line 35)		-4,844	-2,913	-1,418	-3,265	3,379	-1,609	-1,727	1,316
76 Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75) <sup>13</sup>		-127,671	-162,369	-34,677	-46,232	-39,359	-42,101	-108,870	-145,867

See the footnotes on pages 67-68.



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

Line	(Credits +; debits -) <sup>1</sup>	Latin America and Other Western Hemisphere						Mexico <sup>15</sup>	
		2004	2005 <sup>P</sup>	2005				2004	2005 <sup>P</sup>
				I	II	III <sup>1</sup>	IV <sup>P</sup>		
<b>Current account</b>									
1	<b>Exports of goods and services and income receipts</b> .....	<b>296,334</b>	<b>348,597</b>	<b>79,880</b>	<b>84,837</b>	<b>89,606</b>	<b>94,274</b>	<b>138,323</b>	<b>152,346</b>
2	Exports of goods and services .....	230,422	253,084	58,500	62,550	64,622	67,412	128,698	140,843
3	Goods, balance of payments basis <sup>2</sup> .....	171,887	191,830	44,275	48,384	48,156	51,015	110,698	119,946
4	Services <sup>3</sup> .....	58,535	61,254	14,225	14,166	16,466	16,397	18,000	20,897
5	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	453	725	141	112	280	192	6	8
6	Travel .....	18,577	19,121	3,891	4,575	5,425	5,230	6,257	7,207
7	Passenger fares .....	4,826	5,595	1,276	1,389	1,539	1,391	1,367	1,780
8	Other transportation .....	4,336	5,299	1,219	1,292	1,352	1,436	1,158	1,387
9	Royalties and license fees <sup>5</sup> .....	4,509	4,951	1,613	1,124	1,050	1,164	1,253	1,381
10	Other private services <sup>5</sup> .....	25,680	25,418	6,049	5,640	6,781	6,948	7,940	9,118
11	U.S. Government miscellaneous services .....	154	145	36	34	39	36	19	16
12	Income receipts .....	65,912	95,513	21,380	22,287	24,984	26,862	9,625	11,503
13	Income receipts on U.S.-owned assets abroad .....	65,709	95,305	21,328	22,235	24,932	26,810	9,597	11,475
14	Direct investment receipts .....	33,379	36,688	9,160	8,688	9,391	9,449	7,582	8,813
15	Other private receipts .....	32,025	58,378	12,139	13,461	15,497	17,281	1,999	2,650
16	U.S. Government receipts .....	305	239	29	86	44	80	16	12
17	Compensation of employees .....	203	208	52	52	52	52	28	28
18	<b>Imports of goods and services and income payments</b> .....	<b>-368,024</b>	<b>-437,151</b>	<b>-99,973</b>	<b>-109,538</b>	<b>-109,813</b>	<b>-117,827</b>	<b>-179,695</b>	<b>-197,564</b>
19	Imports of goods and services .....	-314,339	-353,914	-82,263	-89,249	-88,859	-93,543	-170,790	-186,364
20	Goods, balance of payments basis <sup>2</sup> .....	-255,762	-294,362	-67,061	-74,277	-74,638	-78,386	-157,105	-171,478
21	Services <sup>3</sup> .....	-58,577	-59,552	-15,202	-14,972	-14,221	-15,157	-13,685	-14,886
22	Direct defense expenditures .....	-413	-257	-78	-59	-60	-60	-13	-16
23	Travel .....	-20,981	-22,306	-5,978	-5,835	-5,417	-5,076	-9,317	-10,228
24	Passenger fares .....	-3,535	-3,571	-764	-1,147	-787	-873	-860	-950
25	Other transportation .....	-4,801	-6,285	-1,608	-1,524	-1,521	-1,632	-1,049	-1,072
26	Royalties and license fees <sup>5</sup> .....	-1,696	-1,624	-345	-399	-450	-430	-245	-150
27	Other private services <sup>5</sup> .....	-26,537	-24,965	-6,293	-5,874	-5,842	-6,956	-1,996	-2,290
28	U.S. Government miscellaneous services .....	-614	-544	-136	-134	-144	-130	-205	-180
29	Income payments .....	-53,685	-83,237	-17,710	-20,289	-20,954	-24,284	-8,905	-11,200
30	Income payments on foreign-owned assets in the United States .....	-46,498	-76,007	-16,095	-18,533	-18,987	-22,392	-1,890	-4,134
31	Direct investment payments .....	-3,144	-1,443	-529	-741	741	-507	241	-88
32	Other private payments .....	-34,291	-61,426	-12,727	-14,125	-16,356	-18,218	-964	-2,075
33	U.S. Government payments .....	-9,063	-13,138	-2,839	-3,260	-3,372	-3,667	-1,167	-1,971
34	Compensation of employees .....	-7,187	-7,230	-1,615	-1,756	-1,967	-1,892	-7,015	-7,066
35	<b>Unilateral current transfers, net</b> .....	<b>-33,002</b>	<b>-26,726</b>	<b>-9,060</b>	<b>-7,907</b>	<b>-885</b>	<b>-8,874</b>	<b>-9,974</b>	<b>-10,455</b>
36	U.S. Government grants <sup>4</sup> .....	-2,240	-2,582	-692	-599	-658	-633	-41	-37
37	U.S. Government pensions and other transfers .....	-960	-977	-191	-211	-253	-322	-280	-260
38	Private remittances and other transfers <sup>6</sup> .....	-29,802	-23,167	-8,177	-7,097	26	-7,919	-9,653	-10,158
<b>Capital and financial account</b>									
<b>Capital account</b>									
39	<b>Capital account transactions, net</b> .....	<b>-122</b>	<b>-132</b>	<b>-80</b>	<b>1</b>	<b>-26</b>	<b>-27</b>	<b>36</b>	<b>87</b>
<b>Financial account</b>									
40	<b>U.S.-owned assets abroad, net (increase/financial outflow (-))</b> .....	<b>-227,145</b>	<b>-88,204</b>	<b>-9,773</b>	<b>-86,506</b>	<b>1,807</b>	<b>6,268</b>	<b>-4,974</b>	<b>-13,646</b>
41	U.S. official reserve assets, net .....								
42	Gold <sup>7</sup> .....								
43	Special drawing rights .....								
44	Reserve position in the International Monetary Fund .....								
45	Foreign currencies .....								
46	U.S. Government assets, other than official reserve assets, net .....	541	508	168	151	12	177	39	25
47	U.S. credits and other long-term assets .....	-361	-367	-29	-189	-133	-16	-6	-17
48	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....	829	766	192	232	149	193	45	42
49	U.S. foreign currency holdings and U.S. short-term assets, net .....	73	109	5	108	-4			
50	U.S. private assets, net .....	-227,686	-88,712	-9,941	-86,657	1,795	6,091	-5,013	-13,671
51	Direct investment .....	-20,978	9,006	1,394	-2,299	-3,614	13,525	-7,424	-7,310
52	Foreign securities .....	4,384	-26,817	-5,770	-2,464	-12,664	-5,919	3,034	-4,661
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	-99,961	-8,531	4,201	-6,455	6,630	-12,907	-701	-27
54	U.S. claims reported by U.S. banks, not included elsewhere .....	-111,131	-62,370	-9,766	-75,439	11,443	11,392	78	-1,673
55	<b>Foreign-owned assets in the United States, net (increase/financial inflow (+))</b> .....	<b>379,197</b>	<b>170,159</b>	<b>5,611</b>	<b>70,049</b>	<b>60,189</b>	<b>34,310</b>	<b>27,252</b>	<b>14,055</b>
56	Foreign official assets in the United States, net .....	24,412	6,007	-771	1,486	-1,415	6,707	( <sup>18</sup> )	( <sup>18</sup> )
57	U.S. Government securities .....	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>18</sup> )	( <sup>18</sup> )
58	U.S. Treasury securities <sup>9</sup> .....	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>18</sup> )	( <sup>18</sup> )
59	Other <sup>10</sup> .....	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>18</sup> )	( <sup>18</sup> )
60	Other U.S. Government liabilities <sup>11</sup> .....	242	14	46	48	-59	-21	-5	-2
61	U.S. liabilities reported by U.S. banks, not included elsewhere .....	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>18</sup> )	( <sup>18</sup> )
62	Other foreign official assets <sup>12</sup> .....	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>18</sup> )	( <sup>18</sup> )
63	Other foreign assets in the United States, net .....	354,785	164,152	6,382	68,563	61,604	27,603	( <sup>18</sup> )	( <sup>18</sup> )
64	Direct investment .....	383	1,569	-1,863	-4,309	6,097	1,644	-541	-267
65	U.S. Treasury securities .....	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>18</sup> )	( <sup>18</sup> )
66	U.S. securities other than U.S. Treasury securities .....	82,367	73,108	15,674	17,395	31,344	8,695	14,545	6,343
67	U.S. currency .....								
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	( <sup>17</sup> )	706	-94
69	U.S. liabilities reported by U.S. banks, not included elsewhere .....	218,082	30,328	-69,878	85,448	5,347	9,411	<sup>18</sup> 12,547	<sup>18</sup> 8,075
70	<b>Statistical discrepancy (sum of above items with sign reversed)</b> .....	<b>-47,238</b>	<b>33,457</b>	<b>33,395</b>	<b>49,064</b>	<b>-40,878</b>	<b>-8,124</b>	<b>29,032</b>	<b>55,177</b>
<b>Memoranda:</b>									
71	Balance on goods (lines 3 and 20) .....	-83,875	-102,532	-22,786	-25,893	-26,482	-27,371	-46,407	-51,532
72	Balance on services (lines 4 and 21) .....	-42	1,702	-977	-806	2,245	1,240	4,315	6,011
73	Balance on goods and services (lines 2 and 19) .....	-83,917	-100,830	-23,763	-26,699	-24,237	-26,131	-42,092	-45,521
74	Balance on income (lines 12 and 29) .....	12,227	12,276	3,670	3,670	4,030	2,578	720	303
75	Unilateral current transfers, net (line 35) .....	-33,002	-26,726	-9,060	-7,907	-885	-8,874	-9,974	-10,455
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75) <sup>13</sup> .....	-104,692	-115,280	-29,153	-32,608	-21,092	-32,427	-51,346	-55,673







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

**General notes for all tables:** <sup>P</sup> Preliminary. <sup>r</sup> Revised. <sup>\*</sup> Less than \$500,000 (+/-). <sup>D</sup> Suppressed to avoid disclosure of data of individual companies. Quarterly estimates are not annualized and are expressed at quarterly rates.

**Table 1:**

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

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

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

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

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

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

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

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

8. Includes sales of foreign obligations to foreigners.

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

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

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

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

13. Conceptually, the sum of line 76 and line 39 is equal to "net lending or net borrowing" 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 4.3B of the full set of NIPA tables.

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

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

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

16. Break in series. See Technical Notes in the June 1989–90, 1992–95, and July 1996–2005 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 Techni-

cal 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, B47, and B82 reflect the Census Bureau's reconciliation of discrepancies between the goods statistics published by the United States and the counterpart statistics published in Canada. These adjustments are distributed to the affected end-use categories in section C. Beginning in 1986, estimates for undocumented exports to Canada, the largest item in the U.S.-Canadian reconciliation, are included in Census basis data shown in line A1.

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

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

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

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

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

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

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

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

**Table 3:**

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

2. Includes royalties, license fees, and other fees associated with the use of

copyrights, trademarks, franchises, rights to broadcast live events, software licensing fees, and other intangible property rights.

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

4. These reflect the amount of premiums explicitly charged by, or paid to, insurers and reinsurers.

**Table 4:**

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

2. Prior to 2003, includes only demand deposits and nonnegotiable time and savings deposits.

**Table 5:**

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

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

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

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

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

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

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

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

**Table 6a:**

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

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

**Table 7a:**

1. Beginning with 2005, source data for new issue estimates are no longer separately available. New issues continue to be included in net purchases.

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

**Table 8a:**

1. Prior to 2003, securities brokers' claims on and liabilities to their foreign

affiliates are included in the estimates. They are excluded beginning in 2003.

2. Estimates of commercial claims and liabilities with unaffiliated foreigners are not available.

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

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

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

**Table 9a:**

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

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

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

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

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

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

7. Prior to 2003, includes only deposits.

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

**Table 10a:**

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

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

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

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

**Table 11:**

For footnotes 1–13, see table 1.

14. The "European Union" includes Belgium, Denmark, France, Germany (includes the former German Democratic Republic (East Germany) beginning in the fourth quarter of 1990), Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, United Kingdom; beginning with the first quarter of 1995, also includes Austria, Finland, and Sweden; and beginning with the second quarter of 2004, also includes Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. The "European Union" also includes the European Atomic Energy Community, the European Coal and Steel Community (through the third quarter of 2002), and the European Investment Bank.

15. Quarterly estimates for Mexico are available beginning with 2004.

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

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

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

19. Details for lines 51 and 53 are combined and shown in line 53 for the fourth quarter of 2004 and the year 2004.