

# The International Investment Position of the United States in 1997

By Russell B. Scholl

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

**T**HE NET international investment position of the United States—U.S. assets abroad less foreign assets in the United States—at yearend 1997 was a negative \$1,223.6 billion with direct investment valued at the current cost of tangible assets, and it was a negative \$1,322.5 billion with direct investment valued at the current market value of owners' equity (table A, chart 1).<sup>1</sup> For both measures, the net positions were more negative in 1997 than they were in 1996.

The net position on both bases became more negative primarily as a result of large net capital inflows, particularly for U.S. securities and U.S. banking, and of a net negative exchange rate adjustment that mainly affected U.S. assets abroad (table B). That adjustment reflected the large decrease in the translation value of U.S. assets denominated in foreign currencies, as most major currencies and the currencies of many emerging Asian countries declined against the dollar from yearend 1996 to yearend 1997. A small net neg-

ative price adjustment reflected a sizable rise in the stock market value of foreign portfolio investment and of foreign direct investment in the United States that more than offset a substantial

1. For a description of the current cost and market value of direct investment, see J. Steven Landefeld and Ann M. Lawson, "Valuation of the U.S. Net International Investment Position," SURVEY OF CURRENT BUSINESS 71 (May 1991): 40-49.

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

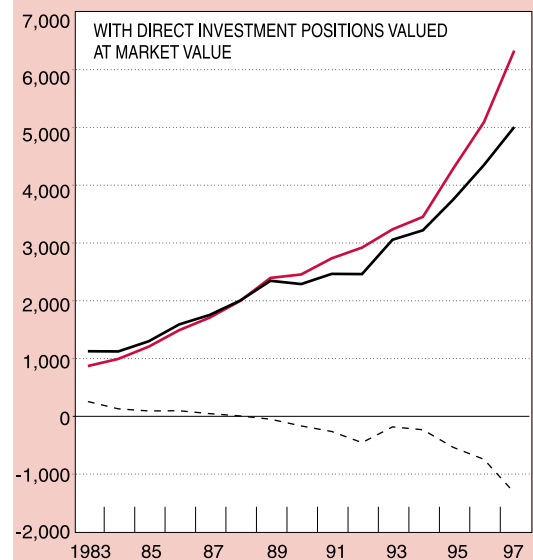
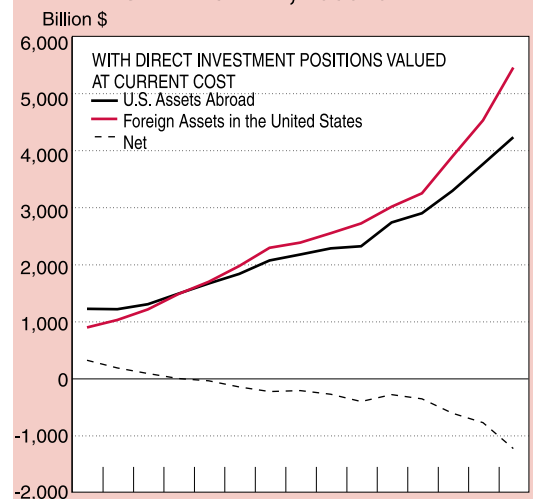
	1996	1997
[Billions of dollars]		
Net position:		
At current cost .....	-767.1	-1,223.6
At market value .....	-743.7	-1,322.5
U.S. Government and foreign official assets .....	-558.6	-617.6
Direct investment:		
At current cost .....	270.0	272.0
At market value .....	293.4	173.1
U.S. and foreign securities and U.S. currency .....	-610.9	-1,005.3
Bank- and nonbank-reported claims and liabilities .....	132.4	127.3

**Table B.—Changes in the Net International Investment Position, 1997**

	At current cost	At market value
[Billions of dollars]		
<b>Total change</b> .....	<b>-456.5</b>	<b>-578.8</b>
Capital flows .....	-254.9	-254.9
Valuation adjustments:		
Price changes .....	-51.7	-116.1
Exchange rate changes .....	-127.7	-197.8
Other valuation changes .....	-22.2	-10.0

**CHART 1**

## Net International Investment Position of the United States, 1983-97



U.S. Department of Commerce, Bureau of Economic Analysis

price appreciation in the stock market value of U.S. portfolio and direct investment abroad.

In 1997, U.S. assets abroad increased strongly as continued large capital outflows and price appreciation in foreign stocks and in direct investment more than offset the exchange rate depreciation. U.S. banks' and nonbanking concerns' claims increased as they lent heavily, mostly in dollars, to meet large demands for bank credit in Europe, the Caribbean, and Latin America. U.S. holdings of foreign securities increased as a result of strong net U.S. purchases, particularly in new foreign issues of dollar bonds; in addition, substantial price appreciation in non-Asian foreign stocks was only partly offset by exchange rate depreciation. U.S. direct investment abroad at current cost and at market value increased as a result of record capital outflows that were bolstered by strong earnings of foreign affiliates and by large acquisitions. On a market-value basis, the increase also reflected a large price appreciation in owners' equity as a result of the sizable rise in foreign stock prices.

Foreign assets in the United States increased as a result of the substantial foreign capital inflows and the exceptionally strong price appreciation in holdings of U.S. stocks. Inflows surged to record levels in all major categories of foreign private assets except net foreign purchases of U.S. Treasury securities, which were just below last year's record. Foreign holdings of U.S. bonds were bolstered by rising U.S. bond prices and large net purchases; foreign capital inflows were attracted by the rise in bond prices, stable U.S. inflation, growing prospects for a budget surplus, relatively high—though falling—U.S. interest rates, and a strong dollar in exchange markets. The strong foreign demand induced record new issues of bonds overseas by U.S. corporations. Robust U.S. corporate earnings, rising U.S. stock prices, and strong demand for stocks by Europeans bolstered foreign holdings of U.S. stocks. Foreign direct investment in the United States at current cost and at market value increased as a result of record capital inflows, reflecting continued strong new acquisitions and record reinvested earnings. On a

### Data Improvements

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

- The estimates of foreign portfolio holdings of U.S. securities are revised to incorporate the results of the U.S. Treasury Department's Benchmark Survey of Foreign Portfolio Investment in the United States that covered foreign ownership of U.S. long-term securities as of December 31, 1994. The position estimates for 1990–97 are revised, and the survey results also enabled BEA to develop improved estimates of the associated flows of interest and dividend income payments, which have been incorporated into BEA's international transactions accounts.

Based on the survey results, BEA's previous estimates of foreign holdings of U.S. securities at yearend 1994 are revised down \$53.0 billion, to \$1,414.0 billion. Holdings of U.S. Government securities are revised down \$54.0 billion, to \$740.0 billion; holdings of U.S. corporate bonds are revised down \$28.0 billion, to \$276.0 billion; and holdings of U.S. corporate stocks are revised up \$29.0 billion, to \$398.0 billion.

- Estimates of U.S. direct investment abroad positions on both current-cost and market-value bases are revised to incorporate data collected in BEA's Benchmark Survey of U.S. Direct Investment Abroad for 1994. For the years after 1994, the estimates have been benchmarked to (that is, extrapolated from) that survey and include new

or corrected data from BEA's quarterly sample surveys. Previously, the estimates for 1994–96 were benchmarked to the 1989 benchmark survey.

For yearend 1994, the benchmark results and the reclassification of certain direct investment financial affiliates' positions (discussed below) lower the position on the current-cost basis by \$45.7 billion and the position on the market-value basis by \$9.0 billion.

- Certain position estimates of direct investment financial affiliates that are not depository institutions and that primarily serve as intermediaries in the financial markets are reclassified for 1994–97. The reclassification is from both U.S. direct investment abroad and foreign direct investment in the United States to U.S. claims and liabilities reported by U.S. nonbanking concerns.

For yearend 1994, the reclassification raised U.S. claims reported by U.S. nonbanking concerns by \$49.3 billion and U.S. liabilities reported by U.S. nonbanking concerns by \$42.5 billion.

- The 1973 estimate of U.S. currency held by foreigners—the first year such data were introduced—was lowered as a result of research by the Federal Reserve Board. A more consistent measure was developed for that year's foreign holdings by changing the basis for computing the portion of foreign holdings from all U.S. currency in circulation to only \$100 notes in circulation. Position estimates for each year since 1973 were lowered by \$23 billion; annual net shipments were unaffected.

For further explanations of these changes, see "U.S. International Transactions, Revised Estimates for 1986–97" in this issue.

market-value basis, the increase was substantially augmented by the appreciation in owners' equity from rising U.S. stock prices. U.S. bank and non-bank inflows were also quite strong. Banks in the United States drew on foreign funds especially in the fourth quarter when financing opportunities arose at their overseas offices. In addition, the spillover of strong demand for bank credit in the United States resulted in record borrowing from banks overseas by U.S. nonbanking concerns.

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

This issue also contains a companion article, "Direct Investment Positions for 1997: Country and Industry Detail." The detailed estimates presented in that article are available only on a historical-cost basis.

## Changes in U.S. Assets Abroad

### Bank claims

U.S. claims on foreigners reported by U.S. banks increased a record \$130.9 billion, to \$988.4 billion in 1997 (table C). The increase primarily reflected especially strong lending, mostly in dollars, to banks' own foreign offices in Europe and the Caribbean and, to a much lesser extent, to international bond mutual funds in the Caribbean and to several emerging countries in Latin America.

U.S. banks' own claims, payable in dollars, increased \$108.3 billion, to \$708.2 billion. Foreign-owned banks in the United States accounted for over two-thirds of the increase, mostly in lending to affiliated offices in Europe where credit demand was high. European funding needs rose with a quickening of both economic growth and the pace of mergers and acquisitions, some of which may have reflected the progression toward European Monetary Union. Lending also financed foreign purchases of U.S. Treasury securities, which were strong throughout 1997. U.S.-

owned banks' foreign lending increased sharply in the fourth quarter as uncertainties related to financial problems in Asia spurred the demand for short-term credit.

U.S. banks' claims on foreign public borrowers in Latin American countries accelerated late in the year as the financial problems of countries in Asia caused capital markets to increase risk premiums applicable to bond issues of emerging countries. Claims on Caribbean international bond mutual funds increased sharply, particularly in the third quarter, reflecting U.S. securities dealers' lending to those funds to finance purchases of U.S. Treasury securities.

U.S. banks' domestic customers' claims increased \$8.4 billion, to \$189.0 billion; the increase, mostly in deposits overseas and in foreign commercial paper, was moderated by heavy net liquidations in the fourth quarter.

U.S. bank-reported foreign currency claims increased \$14.2 billion—the strongest increase since 1987—to \$91.2 billion; strong bank lending to Western Europe in the first half of the year accounted for much of the increase.

### Foreign securities

Foreign securities held by U.S. residents increased \$166.1 billion, to \$1,446.3 billion in 1997; the increase reflected both strong net purchases and substantial price appreciation in foreign stocks (table D). A partly offsetting exchange rate depreciation, mostly in stocks, reflected the widespread, large decline in foreign exchange rates against the dollar from yearend 1996 to yearend 1997. A strong U.S. buildup in foreign securities holdings continued until the fourth quarter, when financial markets reacted negatively to the deteriorating financial situation in Asia. Despite the fourth-quarter slowdown, U.S. holdings of foreign stocks increased 20 percent, and holdings of foreign bonds increased 9 percent, mostly as a result of record new issues of foreign dollar bonds in the U.S. market.

U.S.-held foreign stocks increased \$124.5 billion, to \$1,001.3 billion; substantial price appreciation of \$177.9 billion and strong net purchases of \$41.3 billion were partly offset by a \$94.7 billion

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

[Billions of dollars]

	1996	1997
<b>Total bank-reported claims</b> .....	<b>857.5</b>	<b>988.4</b>
Bank own claims, payable in dollars .....	599.9	708.2
On unaffiliated foreign banks .....	113.7	109.2
On own foreign offices .....	341.6	431.7
On other foreigners .....	144.6	167.3
Bank customer claims, payable in dollars .....	180.6	189.0
Total claims payable in foreign currencies .....	77.0	91.2

Table D.—Changes in U.S. Holdings of Foreign Securities, 1997

[Billions of dollars]

<b>Total change</b> .....	<b>166.1</b>
Net U.S. purchases .....	88.0
Price changes .....	186.5
Exchange rate changes .....	-108.4

exchange rate depreciation. Strong net purchases, largely in the first three quarters, were not as widespread as in past years and were mainly from Britain, France, Japan, and Australia, and, to a lesser extent, Canada. In the fourth quarter, U.S. net purchases slowed from all areas, including Western Europe, in response to the financial problems in Asia.

- Holdings of Western European stocks increased 25 percent as a result of \$15.0 billion in net purchases and \$167.0 billion in price appreciation that was partly offset by exchange rate depreciation (table E). European stock market prices rose steeply—between 20 and 55 percent—mostly in the first three quarters, bolstered by sustained economic growth, by merger activity, and by the progression toward the European Monetary Union.
- Holdings of Japanese stocks decreased 5 percent, as \$9.5 billion in net purchases was more than offset by price and exchange rate depreciation. Buying opportunities due to the low Japanese stock prices and a weak yen attracted U.S. fund managers until the

fourth quarter, when the decline in the yen and stock prices quickened and when the problems with Japan's financial institutions unfolded.

- Other U.S. holdings, primarily of stocks of emerging market countries, had large offsetting changes: Asian securities suffered severe price depreciation, while Latin American securities gained from price appreciation until they were affected by the financial problems in Asia in the fourth quarter.

U.S. holdings of foreign bonds increased \$41.7 billion, to \$445.0 billion; net purchases of \$46.7 billion and price appreciation of \$8.7 billion were partly offset by \$13.7 billion in exchange rate depreciation (table F). Net U.S. purchases were mostly of newly issued dollar bonds in the United States. Foreign new issues surged to a record level; the surge was encouraged by falling U.S. long-term interest rates, stable inflation, and ample liquidity. Latin American and Asian corporations led the list of foreign borrowers, significantly accelerating their placements until the fourth quarter, when few new issues were placed by emerging market countries. Western European corporations also accelerated their new issues. Most of the increase in U.S. holdings of European bonds was offset by net sales of outstanding European bonds and by exchange rate depreciation.

**Table E.—U.S. Holdings of Foreign Stocks by Major Areas at Yearend**

[Billions of dollars]

	1995	1996	1997
<b>Total holdings</b> .....	<b>699.1</b>	<b>876.8</b>	<b>1,001.3</b>
Western Europe .....	362.0	468.8	585.5
Of which: United Kingdom .....	137.6	185.4	277.8
France .....	31.3	42.8	56.7
Germany .....	31.7	40.5	47.9
Netherlands .....	52.9	64.8	77.4
Spain .....	17.7	22.8	25.9
Sweden .....	23.6	34.2	36.6
Switzerland .....	30.4	33.9	47.6
Canada .....	46.9	67.0	79.0
Japan .....	128.5	126.4	120.4
Latin America and Other Western Hemisphere .....	32.0	76.8	103.3
Of which: Mexico .....	18.8	22.1	26.1
Other countries .....	129.7	137.8	113.1
Of which: Australia .....	21.8	26.1	33.9
Hong Kong .....	24.3	37.3	27.7

### *U.S. direct investment abroad and other private assets*

U.S. direct investment abroad at current cost increased \$86.9 billion, to \$1,023.9 billion in 1997; at market value, it increased \$276.6 billion, to \$1,793.7 billion (table G).<sup>2</sup> Net capital outflows were a record \$121.8 billion: Reinvested earnings increased to a record as a result of continued, widespread strong earnings of foreign affiliates and of an increase in the rate of reinvestment;

2. These estimates incorporate the final results of BEA's 1994 benchmark survey of U.S. direct investment abroad; for more information, see "U.S. International Transactions, Revised Estimates for 1986-97" in this issue.

**Table G.—Changes in U.S. Direct Investment Abroad, 1997**

[Billions of dollars]

	At current cost	At market value
<b>Total change</b> .....	<b>86.9</b>	<b>276.6</b>
Capital outflows .....	121.8	121.8
Equity capital .....	45.7	45.7
Intercompany debt .....	11.8	11.8
Reinvested earnings .....	64.3	64.3
Price changes .....	9.3	250.2
Exchange rate changes .....	-29.0	-97.7
Other valuation changes .....	-15.2	2.3

**Table F.—U.S. Holdings of Foreign Bonds by Major Areas at Yearend**

[Billions of dollars]

	1995	1996	1997
<b>Total holdings</b> .....	<b>355.3</b>	<b>403.4</b>	<b>445.0</b>
Western Europe .....	155.8	166.8	170.1
Of which: United Kingdom .....	28.6	33.9	41.1
France .....	27.4	28.0	28.0
Germany .....	20.9	24.5	27.4
Netherlands .....	17.2	17.1	17.0
Spain .....	13.5	15.1	19.4
Sweden .....	14.2	15.0	15.6
Switzerland .....	12.3	13.1	13.5
Canada .....	73.8	80.8	82.7
Japan .....	32.7	33.8	30.1
Latin America and Other Western Hemisphere .....	44.2	71.2	93.1
Of which: Mexico .....	17.7	20.3	24.6
Other countries .....	48.8	50.8	69.0
Of which: Australia .....	11.1	12.6	14.5

net equity outflows increased substantially, bolstered by numerous large acquisitions; and net intercompany debt outflows increased sharply.

At current cost, capital outflows were partly offset by foreign exchange rate depreciation due to the translation into U.S. dollars of the foreign affiliates' asset and liability positions, which reflected the significant depreciation of many European and Asian currencies. At market value, capital outflows were augmented by a substantial increase in the U.S. owners' equity as a result of the sharp rise in prices in most non-Asian stock markets from yearend 1996 to yearend 1997; this increase was partly offset by negative valuation adjustments, primarily for exchange rate depreciation.

Claims on unaffiliated foreigners reported by U.S. nonbanking concerns increased a record \$112.4 billion, to \$562.4 billion. The increase reflected continued large deposits in banks in Europe and the Caribbean and strong lending to European financial affiliates by U.S. financial affiliates in the first half of the year.

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

U.S. official reserve assets decreased \$25.9 billion, to \$134.8 billion; most of the decrease was accounted for by a sharp decline in the market price of gold and by exchange rate depreciation in foreign-currency reserve assets. In addition, U.S. holdings of Mexican pesos were eliminated when Mexico repaid its medium-term swap line, and the U.S. reserve position in the International Monetary Fund (IMF) increased as several Asian countries drew dollars from the IMF's credit facilities in the fourth quarter.

Other U.S. Government assets declined \$0.2 billion, to \$81.5 billion, as repayments exceeded disbursements in the U.S. Governments' foreign credit programs.

### Changes in Foreign Assets in the United States

#### *Foreign official assets*

Foreign official assets in the United States increased \$32.8 billion, to \$833.9 billion in 1997, largely as a result of small net capital inflows and price appreciation in holdings of U.S. stocks. These estimates incorporate the results of the U.S. Treasury Department's survey of foreign portfolio investment in the United States for

1994 (table H).<sup>3</sup> The accumulation of dollars as reserve assets by industrial countries and by non-OPEC developing countries slowed sharply between 1996 and 1997; inflows from industrial countries dropped to \$11.9 billion, and non-OPEC developing countries shifted to net outflows of \$6.9 billion. Inflows by members of OPEC continued strong at \$10.8 billion.

#### *Bank liabilities*

U.S. liabilities to private foreigners and international financial institutions reported by U.S. banks surged a record \$141.8 billion, to \$970.0 billion in 1997. U.S. banks' dollar positions increased \$102.0 billion, to \$781.6 billion, representing substantial borrowing of dollars from

3. For more information, see "U.S. International Transactions, Revised Estimates for 1986-97" in this issue and the "Report on Foreign Portfolio Investment in the United States, as of December 31, 1997" by the Office of the Assistant Secretary Economic Policy, U.S. Department of the Treasury.

**Table H.—Foreign Official and Private Holdings of U.S. Securities Ranked by Largest Holdings, from U.S. Treasury Department's Benchmark Survey of Foreign Ownership of U.S. Long-Term Securities as of December 31, 1994**

[Billions of dollars]

		Investments in U.S. stocks	
	Total holdings .....		397.7
1	United Kingdom .....		89.6
2	Canada .....		46.5
3	Switzerland .....		39.1
4	Japan .....		33.8
5	Netherlands .....		21.7
6	Germany .....		14.9
7	British West Indies .....		12.8
8	Belgium .....		12.8
9	Bermuda .....		10.8
10	France .....		10.3
		Investments in U.S. agency bonds	
	Total holdings .....		107.5
1	Japan .....		38.8
2	United Kingdom .....		10.3
3	British West Indies .....		9.1
4	Taiwan .....		6.0
5	Belgium .....		4.2
6	Hong Kong .....		3.2
7	Bermuda .....		3.2
8	Singapore .....		2.5
		Investments in U.S. corporate bonds	
	Total holdings .....		275.7
1	United Kingdom .....		169.7
2	Japan .....		29.9
3	British West Indies .....		10.0
4	Bermuda .....		7.5
5	Switzerland .....		6.8
6	Belgium .....		5.8
7	Germany .....		4.5
8	France .....		3.8
9	Netherlands .....		3.8
10	Canada .....		3.6
		Investments in U.S. Treasury bonds	
	Total holdings .....		463.5
1	Japan .....		127.7
2	Germany .....		46.1
3	United Kingdom .....		45.3
4	Taiwan .....		27.4
5	Singapore .....		20.7
6	Spain .....		19.5
7	China .....		17.2
8	Hong Kong .....		10.7
9	Switzerland .....		10.2
10	Belgium .....		8.9

**Table I.—U.S. Liabilities Reported by U.S. Banks at Yearend**  
[Billions of dollars]

	1996	1997
<b>Total liabilities</b> .....	<b>828.2</b>	<b>970.0</b>
Bank own liabilities, payable in dollars .....	679.6	781.6
To unaffiliated foreign banks .....	161.4	157.6
To own foreign offices .....	401.5	485.0
To other foreigners .....	116.7	139.0
Bank custody liabilities .....	45.3	71.6
Total liabilities payable in foreign currencies .....	103.3	116.8

offices in Europe, the Caribbean, and Asia that intensified in the fourth quarter (table I).

This surge reflected three major developments. First, U.S. banks stepped up their borrowing, partly to support lending to the overseas interbank market, where credit demands strengthened along with the expansion in economic growth, particularly in Western Europe. Second, substantial liquidity was available in the overseas interbank market in the fourth quarter as a result of investors' inflows in response to the uncertainties created by financial problems in Asia. Third, in the fourth quarter, Japanese bank offices in the United States drew heavily on funds from their home offices to offset deposit losses and to avoid the sharp rise in their interbank borrowing costs that had resulted from the failure of several large financial institutions in Japan.

U.S. banks' dollar liabilities to other foreigners increased \$22.3 billion, to \$139.0 billion. Most of the increase was attributable to borrowing by U.S. securities dealers through repurchase agreements with international bond mutual funds in the Caribbean and the United Kingdom.

U.S. banks' custody liabilities increased \$26.3 billion, to \$71.6 billion, largely reflecting borrowing from Western European and Caribbean banks by U.S. nonbanking concerns.

U.S. banks' foreign currency liabilities increased \$13.5 billion, to \$116.8 billion, mostly reflecting borrowing from Caribbean banking centers and Asia to finance strong growth in U.S. banks' foreign-currency lending.

### *U.S. Treasury securities*

U.S. Treasury securities held by private foreigners and international financial institutions increased \$157.2 billion, to \$662.0 billion in 1997, reflecting strong net purchases of U.S. Treasury bonds throughout most of the year and price appreciation in U.S. bond holdings (table J). These estimates incorporate the results of the U.S. Treasury Department's survey of foreign portfolio investment for 1994 (table H).<sup>4</sup> Low U.S. inflation, a

**Table J.—Changes in Foreign Holdings of U.S. Treasury Securities, 1997**  
[Billions of dollars]

<b>Total change</b> .....	<b>157.2</b>
Net foreign purchases .....	146.7
Price changes .....	10.5
Exchange rate changes .....	0

**Table K.—Foreign Official and Private Holdings of U.S. Treasury Securities by Country at Yearend**  
[Billions of dollars]

	1995	1996	1997
<b>Total holdings</b> .....	<b>880.0</b>	<b>1,097.7</b>	<b>1,251.8</b>
Japan .....	208.3	271.3	289.1
United Kingdom .....	93.3	157.9	257.7
Germany .....	59.5	77.2	96.9
Spain .....	18.3	45.0	53.1
China .....	36.8	47.8	49.0
Singapore .....	31.6	40.5	36.4
Netherlands Antilles .....	25.0	38.1	36.2
Hong Kong .....	17.4	23.2	35.9
British West Indies .....	26.2	30.8	35.5
Taiwan .....	29.3	37.0	35.1

shift to a Federal budget surplus, a dwindling supply of new Treasury issues, and yield differentials favoring U.S. Government bonds over most foreign government bonds all led to strong net purchases. These net purchases, which were only slightly below the 1996 record level, strengthened markedly from Western Europe, where bond yields dropped sharply, partly reflecting the convergence of fiscal policies in preparation for the European Monetary Union. Asian net purchases were strong until financial problems intensified in the last half of the year. Complementing foreign demand was a strong dollar exchange rate throughout the year.

When foreign official holdings and private investor holdings are combined, the largest holders are Japan, the United Kingdom, and Germany (table K). The United Kingdom has unusually large holdings because as a major world market center for U.S. Treasury securities, it holds inventories for trading and it serves as an intermediary for non-British beneficial owners.

### *U.S. currency*

U.S. currency held by foreigners increased \$24.8 billion, to \$211.6 billion in 1997. In 1997 as in the past several years, the increase in the use of U.S. currency abroad has been largely due to demand from Russia and other members of the Commonwealth of Independent States.

### *Other U.S. securities*

Foreign holdings of U.S. securities other than U.S. Treasury securities increased \$378.5 billion, to \$1,578.0 billion in 1997, mostly as a result of

4. See footnote 3.

**Table L.—Changes in Foreign Holdings of Other U.S. Securities, 1997**

[Billions of dollars]	
<b>Total change</b> .....	<b>378.5</b>
Net foreign purchases .....	196.8
Price changes .....	202.1
Exchange rate changes .....	-20.4

record net purchases and a sizable rise in U.S. stock prices (table L). These estimates incorporate the results of the U.S. Treasury Department's survey of foreign portfolio investment for 1994 (table H).<sup>5</sup>

Foreign holdings of U.S. stocks reached \$860.0 billion at yearend 1997, reflecting \$182.5 billion in price appreciation and record net purchases of \$66.0 billion. This year is the third consecutive year of large increases in U.S. stock prices and of large price appreciation in foreign holdings. Buying from nearly all areas accelerated, but it was especially strong from Western Europe, particularly the United Kingdom. Japanese investors shifted to net purchases from net sales in 1995-96. Latin American net purchases were strong, particularly by Caribbean investment funds. Canadian holdings increased, all from price appreciation. By country, the United Kingdom, Canada, and Japan were the largest holders of U.S. stocks abroad (table M).

Foreign holdings of U.S. corporate bonds and federally sponsored agency bonds increased \$130.0 billion, to \$718.1 billion, mainly as a result of record new corporate issues placed abroad. Record new bond issues and record net foreign purchases occurred despite a marked slowdown in the fourth quarter, when financial problems in Asia created considerable uncertainty in the bond markets that led to the postponement of many issues. U.S. banks and other financial corporations sharply increased their new bond issues abroad. U.S. federally sponsored agencies also issued large amounts of new bonds, primarily

5. See footnote 3.

**Table M.—Foreign Private Holdings of U.S. Corporate Stocks by Major Areas at Yearend**

[Billions of dollars]			
	1995	1996	1997
<b>Total holdings</b> .....	<b>490.1</b>	<b>611.4</b>	<b>859.9</b>
Western Europe .....	273.1	339.4	499.4
<i>Of which:</i> United Kingdom .....	125.4	157.7	226.6
France .....	12.8	15.6	23.9
Germany .....	18.6	22.6	34.7
Italy .....	5.5	6.6	10.2
Netherlands .....	27.1	32.9	50.6
Canada .....	57.7	72.8	93.0
Japan .....	40.6	49.1	68.0
Latin America and Other Western Hemisphere .....	62.5	82.5	111.9
Other countries .....	56.2	67.6	87.6

**Table N.—Foreign Private Holdings of U.S. Corporate and Agency Bonds by Major Areas at Yearend**

[Billions of dollars]			
	1995	1996	1997
<b>Total holdings</b> .....	<b>481.2</b>	<b>588.0</b>	<b>718.1</b>
Western Europe .....	315.7	383.8	455.3
<i>Of which:</i> United Kingdom .....	255.5	309.3	365.6
France .....	6.3	10.6	13.6
Germany .....	9.3	13.6	16.1
Italy .....	2.1	2.0	2.0
Netherlands .....	6.6	8.5	12.2
Canada .....	6.7	10.8	17.0
Japan .....	76.4	88.9	98.8
Latin America and Other Western Hemisphere .....	50.0	64.5	97.8
Other countries .....	32.4	40.0	49.2

mortgage-backed securities. Issues payable in dollars were most popular due to the dollar's strength, but issues payable in foreign currencies, including several nonmajor currencies, were used in combination with foreign currency swaps. The United Kingdom accounted for most of the purchases of U.S. new issues overseas because market underwriters are mainly located there, and Caribbean international bond funds stepped up their purchases. European and Asian investors continued their large purchases of the agency bonds.

By country, the United Kingdom is the largest foreign holder of U.S. bonds because of its unique role as the world market center for Eurobonds (table N).

#### *Foreign direct investment in the United States and other liabilities*

Foreign direct investment in the United States valued at current cost increased \$84.9 billion, to \$751.8 billion in 1997; at market value, it increased \$396.9 billion, to \$1,620.5 billion (table O). In 1997, net capital inflows of \$93.4 billion exceeded the 1996 record: Net equity inflows slowed slightly from 1996; reinvested earnings doubled, reflecting further strong growth in affiliates' earnings; and net intercompany debt inflows more than doubled. Sustained economic growth in the United States attracted new investments, and growth in Europe and Canada bolstered funding of for-

**Table O.—Changes in Foreign Direct Investment in the United States, 1997**

[Billions of dollars]		
	At current cost	At market value
<b>Total change</b> .....	<b>84.9</b>	<b>396.9</b>
Capital inflows .....	93.4	93.4
Equity capital .....	46.5	46.5
Intercompany debt .....	24.4	24.4
Reinvested earnings .....	22.5	22.5
Price changes .....	-2.7	302.7
Exchange rate changes .....	-1.3	0
Other valuation changes .....	-4.5	.8

eign parents' financing of these investments. New investments by Japanese parents were constrained by economic and financial problems in Japan.

At current cost, net capital inflows accounted for nearly all of the change in foreign direct investment. At market value, net capital inflows were augmented by the substantial price appre-

ciation in owners' equity that resulted from the sharp rise in U.S. stock prices.

Liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns increased \$106.8 billion, to \$453.6 billion, reflecting U.S. corporate borrowing from banks in the Caribbean and the United Kingdom, especially in the fourth quarter.


*Tables 1 through 3 follow.* 



Table 1.—International Investment Position of the United States at Yearend, 1996 and 1997

[Millions of dollars]

Line	Type of investment	Position 1996 <sup>r</sup>	Changes in position in 1997 (decrease (-))				Total (a+b+c+d)	Position 1997 <sup>p</sup>
			Attributable to:					
			Capital flows	Valuation adjustments				
				Price changes	Exchange rate changes <sup>1</sup>	Other changes <sup>2</sup>		
(a)	(b)	(c)	(d)	(a+b+c+d)				
<b>Net international investment position of the United States:</b>								
1	With direct investment positions at current cost (line 3 less line 24)	-767,076	-254,939	-51,669	-127,725	-22,159	-456,492	-1,223,568
2	With direct investment positions at market value (line 4 less line 25)	-743,656	-254,939	-116,094	-197,805	-9,961	-578,799	-1,322,455
<b>U.S. assets abroad:</b>								
3	With direct investment positions at current cost (lines 5+10+15) ...	3,767,018	478,502	175,135	-155,352	-27,992	470,293	4,237,311
4	With direct investment positions at market value (lines 5+10+16) ...	4,347,148	478,502	416,045	-224,102	-10,474	659,971	5,007,119
5	U.S. official reserve assets .....	160,739	1,010	-20,762	-6,144	-7	-25,903	134,836
6	Gold .....	96,698	.....	<sup>3</sup> -20,762	.....	<sup>4</sup> -7	-20,769	75,929
7	Special drawing rights .....	10,312	350	.....	-635	.....	-285	10,027
8	Reserve position in the International Monetary Fund .....	15,435	3,575	.....	-939	.....	2,636	18,071
9	Foreign currencies .....	38,294	-2,915	.....	-4,570	.....	-7,485	30,809
10	U.S. Government assets, other than official reserve assets .....	81,677	-174	.....	-17	-3	-194	81,483
11	U.S. credits and other long-term assets <sup>5</sup> .....	79,786	-202	.....	-8	-3	-213	79,573
12	Repayable in dollars .....	79,114	-168	.....	.....	-4	-172	78,942
13	Other <sup>6</sup> .....	672	-34	.....	-8	1	-41	631
14	U.S. foreign currency holdings and U.S. short-term assets .....	1,891	28	.....	-9	.....	19	1,910
<b>U.S. private assets:</b>								
15	With direct investment at current cost (lines 17+19+22+23) .....	3,524,602	477,666	195,897	-149,191	-27,982	496,390	4,020,992
16	With direct investment at market value (lines 18+19+22+23) .....	4,104,732	477,666	436,807	-217,941	-10,464	686,068	4,790,800
<b>Direct investment abroad:</b>								
17	At current cost .....	936,954	121,843	9,325	-28,998	-15,252	86,918	1,023,872
18	At market value .....	1,517,084	121,843	250,235	-97,748	2,266	276,596	1,793,680
19	Foreign securities .....	1,280,159	87,981	186,572	-108,411	.....	166,142	1,446,301
20	Bonds .....	403,373	46,723	8,671	-13,718	.....	41,676	445,049
21	Corporate stocks .....	876,786	41,258	177,901	-94,693	.....	124,466	1,001,252
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	449,978	120,403	.....	-7,724	-261	112,418	562,396
23	U.S. claims reported by U.S. banks, not included elsewhere .....	857,511	147,439	.....	-4,058	-12,469	130,912	988,423
<b>Foreign assets in the United States:</b>								
24	With direct investment at current cost (lines 26+33) .....	4,534,094	733,441	226,804	-27,627	-5,833	926,785	5,460,879
25	With direct investment at market value (lines 26+34) .....	5,090,804	733,441	532,139	-26,297	-513	1,238,770	6,329,574
26	Foreign official assets in the United States .....	801,062	15,817	16,968	.....	54	32,839	833,901
27	U.S. Government securities .....	612,656	-2,936	4,615	.....	55	1,734	614,390
28	U.S. Treasury securities .....	592,891	-7,270	4,174	.....	55	-3,041	589,850
29	Other .....	19,765	4,334	441	.....	.....	4,775	24,540
30	Other U.S. Government liabilities <sup>7</sup> .....	23,099	-2,521	.....	.....	-1	-2,522	20,577
31	U.S. liabilities reported by U.S. banks, not included elsewhere .....	113,098	21,928	.....	.....	.....	21,928	135,026
32	Other foreign official assets .....	52,209	-654	12,353	.....	.....	11,699	63,908
<b>Other foreign assets:</b>								
33	With direct investment at current cost (lines 35+37+38+39+42+43) ...	3,733,032	717,624	209,836	-27,627	-5,887	893,946	4,626,978
34	With direct investment at market value (lines 36+37+38+39+42+43)	4,289,742	717,624	515,171	-26,297	-567	1,205,931	5,495,673
<b>Direct investment in the United States:</b>								
35	At current cost .....	666,962	93,449	-2,680	-1,330	-4,556	84,883	751,845
36	At market value .....	1,223,672	93,449	302,655	.....	764	396,868	1,620,540
37	U.S. Treasury securities .....	504,792	146,710	10,459	.....	.....	157,169	661,961
38	U.S. currency .....	186,843	24,782	.....	.....	.....	24,782	211,625
39	U.S. securities other than U.S. Treasury securities .....	1,199,460	196,845	202,057	-20,378	.....	378,524	1,577,984
40	Corporate and other bonds .....	588,043	130,879	19,532	-20,378	.....	130,033	718,076
41	Corporate stocks .....	611,417	65,966	182,525	.....	.....	248,491	859,908
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	346,727	107,779	.....	380	-1,331	106,828	453,555
43	U.S. liabilities reported by U.S. banks, not included elsewhere .....	828,248	148,059	.....	-6,299	.....	141,760	970,008

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

1. Represents gains or losses on foreign-currency-denominated assets due to their revaluation at current exchange rates.

2. Includes changes in coverage, statistical discrepancies, and other adjustments to the value of assets.

3. Reflects changes in the value of the official gold stock due to fluctuations in the market price of gold.

4. Reflects changes in gold stock from U.S. Treasury sales of gold medallions and commemorative and bullion coins; also reflects replenishment through open market purchases. These de-

monizations/monetizations are not included in international transactions capital flows.

5. Also includes paid-in capital subscriptions to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.

6. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.

7. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

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

[Millions of dollars]

Line	Type of investment	Amounts outstanding, by area									
		Western Europe		Canada		Japan		Latin America and Other Western Hemisphere		Other countries, international organizations, and unallocated <sup>1</sup>	
		1996 <sup>r</sup>	1997 <sup>p</sup>	1996 <sup>r</sup>	1997 <sup>p</sup>	1996 <sup>r</sup>	1997 <sup>p</sup>	1996 <sup>r</sup>	1997 <sup>p</sup>	1996 <sup>r</sup>	1997 <sup>p</sup>
<b>U.S. assets abroad:</b>											
1	U.S. official reserve assets .....	20,261	17,942			14,533	12,867	3,500		122,445	104,027
2	Gold .....									96,698	75,929
3	Special drawing rights .....									10,312	10,027
4	Reserve position in the International Monetary Fund .....									15,435	18,071
5	Foreign currencies .....	20,261	17,942			14,533	12,867	3,500			
6	U.S. Government assets, other than official reserve assets .....	6,855	6,322	24		39	30	15,702	15,228	59,057	59,903
7	U.S. credits and other long-term assets <sup>2</sup> .....	6,901	6,328					15,647	15,168	57,238	58,077
8	Repayable in dollars .....	6,876	6,307					15,532	15,059	56,706	57,576
9	Other <sup>3</sup> .....	25	21					115	109	532	501
10	U.S. foreign currency holdings and U.S. short-term assets .....	-46	-6	24		39	30	55	60	1,819	1,826
U.S. private assets:											
11	Direct investment abroad .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
12	Foreign securities .....	635,608	755,592	147,830	161,672	160,218	150,515	148,007	196,384	188,496	182,138
13	Bonds .....	166,776	170,058	80,849	82,699	33,830	30,107	71,209	93,089	50,709	69,096
14	Corporate stocks .....	468,832	585,534	66,981	78,973	126,388	120,408	76,798	103,295	137,787	113,042
15	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	207,287	265,902	13,387	13,531	8,890	10,880	198,212	248,281	22,202	23,802
16	U.S. claims reported by U.S. banks, not included elsewhere .....	287,960	349,164	52,558	56,518	92,172	86,609	323,818	391,461	101,003	104,671
<b>Foreign assets in the United States:</b>											
17	Foreign official assets in the United States .....	223,435	231,715	13,364	11,248	( <sup>5</sup> )	( <sup>5</sup> )	79,640	97,444	( <sup>5</sup> )	( <sup>5</sup> )
18	U.S. Government securities .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
19	U.S. Treasury securities .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
20	Other .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
21	Other U.S. Government liabilities <sup>7</sup> .....	5,907	5,683	207	226	2,625	2,894	455	448	13,905	11,326
22	U.S. liabilities reported by U.S. banks, not included elsewhere .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
23	Other foreign official assets .....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
Other foreign assets in the United States:											
24	Direct investment in the United States .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
25	U.S. Treasury securities .....	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
26	U.S. currency .....									186,843	211,625
27	U.S. securities other than U.S. Treasury securities .....	723,194	954,730	83,539	109,945	137,968	166,839	147,070	209,688	107,689	136,682
28	Corporate and other bonds .....	383,832	455,337	10,751	16,991	88,875	98,843	64,544	97,767	40,041	49,138
29	Corporate stocks .....	339,362	499,393	72,788	92,954	49,093	67,996	82,526	111,921	67,648	87,544
30	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	137,428	215,193	5,963	7,722	19,444	21,381	154,531	177,256	29,361	32,003
31	U.S. liabilities reported by U.S. banks, not included elsewhere .....	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
<b>Addenda:</b>											
1	U.S. Treasury securities, foreign official plus private holdings (lines 19 + 25, above) .....	393,246	527,547	13,788	12,176	271,332	289,072	134,545	132,784	284,772	290,232
2	U.S. liabilities reported by U.S. banks, foreign official plus private (lines 22 + 31, above) .....	354,066	417,372	38,360	31,069	60,855	100,375	363,085	418,782	124,980	137,436

<sup>p</sup> Preliminary.  
<sup>r</sup> Revised.  
 1. Includes U.S. gold stock valued at market price.  
 2. Also includes paid-in capital subscription to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.  
 3. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.

4. Positions at current costs or market value are not available by area; country detail are available only at historical costs in the article "Direct Investment Positions for 1997: Country and Industry Detail" elsewhere in this issue of the SURVEY.  
 5. Details are not shown separately.  
 6. Details not shown separately are included in totals in line 17.  
 7. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

Table 3.—International Investment Position of the United States at Yearend, 1983–97

[Millions of dollars]

Line	Type of investment	1983 <sup>r</sup>	1984 <sup>r</sup>	1985 <sup>r</sup>	1986 <sup>r</sup>	1987 <sup>r</sup>	1988 <sup>r</sup>	1989 <sup>r</sup>	1990 <sup>r</sup>	1991 <sup>r</sup>	1992 <sup>r</sup>	1993 <sup>r</sup>	1994 <sup>r</sup>	1995 <sup>r</sup>	1996 <sup>r</sup>	1997 <sup>r</sup>
<b>Net international investment position of the United States:</b>																
1	With direct investment positions at current cost (line 3 less line 24)	326,245	190,556	91,924	7,103	-33,672	-140,584	-222,374	-206,287	-269,131	-398,173	-275,626	-351,897	-603,100	-767,076	-1,223,568
2	With direct investment positions at market value (line 4 less line 25)	255,356	132,115	94,846	98,569	48,729	8,691	-49,140	-166,845	-263,096	-454,604	-180,371	-232,943	-537,064	-743,656	-1,322,455
<b>U.S. assets abroad:</b>																
3	With direct investment at current cost (lines 5-10+15)	1,229,600	1,222,423	1,309,080	1,493,840	1,671,760	1,840,953	2,076,030	2,180,003	2,285,121	2,324,992	2,742,525	2,901,776	3,296,785	3,767,018	4,237,311
4	With direct investment at market value (lines 5-10+16)	1,127,635	1,125,158	1,300,672	1,592,439	1,756,910	2,006,590	2,348,081	2,291,734	2,468,351	2,464,196	3,055,316	3,217,431	3,754,289	4,347,148	5,007,119
5	U.S. official reserve assets	123,110	105,040	117,930	139,875	162,370	144,179	168,714	174,664	159,223	147,435	164,945	163,394	176,061	160,739	134,836
6	Gold <sup>1</sup>	100,484	81,202	85,834	102,428	127,648	107,434	105,164	102,406	92,561	87,168	102,556	100,110	101,279	96,698	75,929
7	Special drawing rights	5,025	5,641	7,293	8,395	10,283	9,637	9,951	10,989	11,240	8,503	9,039	10,039	11,037	10,312	10,027
8	Reserve position in the International Monetary Fund	11,312	11,541	11,947	11,730	11,349	9,745	9,048	9,076	9,488	11,759	11,818	12,030	14,649	15,435	18,071
9	Foreign currencies	6,289	6,656	12,856	17,322	13,090	17,363	44,551	52,193	45,934	40,005	41,532	41,215	49,096	38,294	30,809
10	U.S. Government assets, other than official reserve assets	79,626	84,971	87,752	89,637	88,880	86,117	84,489	81,993	79,144	80,722	81,029	80,430	81,005	81,677	81,483
11	U.S. credits and other long-term assets <sup>2</sup>	77,814	82,883	85,814	87,710	88,099	85,388	83,903	81,365	77,498	79,087	79,106	78,249	78,975	79,786	79,573
12	Repayable in dollars	75,991	81,103	84,087	87,112	86,486	83,923	82,421	80,040	76,272	77,987	78,100	77,474	78,252	79,114	78,942
13	Other <sup>3</sup>	1,823	1,780	1,727	1,598	1,613	1,465	1,482	1,325	1,226	1,100	1,006	775	723	672	631
14	U.S. foreign currency holdings and U.S. short-term assets	1,812	2,088	1,938	927	781	729	586	628	1,646	1,635	1,923	2,181	2,030	1,891	1,910
<b>U.S. private assets:</b>																
15	With direct investment at current cost (lines 17+19+22+23)	1,026,864	1,032,412	1,103,398	1,264,328	1,420,510	1,610,657	1,822,827	1,923,346	2,046,754	2,096,835	2,496,551	2,657,952	3,039,719	3,524,602	4,020,992
16	With direct investment at market value (lines 18+19+22+23)	924,899	935,147	1,094,990	1,362,927	1,505,660	1,776,294	2,094,878	2,035,077	2,229,984	2,236,039	2,809,342	2,973,607	3,497,223	4,104,732	4,790,800
<b>Direct investment abroad:</b>																
17	At current cost <sup>4,5</sup>	376,307	367,839	394,760	431,475	505,096	526,824	560,409	620,031	644,307	659,426	714,756	752,148	849,651	936,954	1,023,872
18	At market value <sup>4</sup>	274,342	270,574	386,352	530,074	590,246	692,461	832,460	731,762	827,537	798,630	1,027,547	1,067,803	1,307,155	1,517,084	1,793,680
19	Foreign securities <sup>6</sup>	84,723	88,804	119,403	158,123	188,589	232,849	314,294	342,313	455,750	515,083	853,528	889,706	1,054,352	1,280,159	1,446,301
20	Bonds <sup>6</sup>	58,569	62,810	75,020	85,724	93,889	104,187	116,949	144,717	176,774	200,817	309,666	303,079	355,284	403,373	445,049
21	Corporate stocks <sup>6</sup>	26,154	25,994	44,383	72,399	94,700	128,662	197,345	197,596	278,976	314,266	543,862	586,627	699,068	876,786	1,001,252
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns <sup>7</sup>	131,329	130,138	141,872	167,392	177,368	197,757	234,307	265,315	256,295	254,303	242,022	322,980	367,567	449,978	562,396
23	U.S. claims reported by U.S. banks, not included elsewhere <sup>8</sup>	434,505	445,631	447,363	507,338	549,457	653,227	713,817	695,687	690,402	668,023	686,245	693,118	768,149	857,511	988,423
<b>Foreign assets in the United States:</b>																
24	With direct investment at current cost (lines 26+33)	903,355	1,031,867	1,217,156	1,486,737	1,705,432	1,981,537	2,298,404	2,386,290	2,554,252	2,723,165	3,018,151	3,253,673	3,899,885	4,534,094	5,460,879
25	With direct investment at market value (lines 26+34)	872,279	993,043	1,205,826	1,493,870	1,708,181	1,997,899	2,397,221	2,458,579	2,731,447	2,918,800	3,235,687	3,450,374	4,291,353	5,090,804	6,329,574
26	Foreign official assets in the United States	194,468	199,678	202,482	241,226	283,058	322,036	341,746	373,293	398,538	437,263	509,422	535,217	671,631	801,062	833,901
27	U.S. Government securities	136,987	144,665	145,063	178,916	220,548	260,934	263,612	291,228	311,199	329,317	381,687	407,152	497,810	612,656	614,390
28	U.S. Treasury securities <sup>9</sup>	129,716	138,168	138,438	173,310	213,713	252,962	257,201	285,911	308,984	322,600	373,050	396,887	482,807	592,891	589,850
29	Other <sup>3</sup>	7,271	6,497	6,625	5,606	6,835	7,972	6,411	5,317	5,205	6,717	8,637	10,265	15,003	19,765	24,540
30	Other U.S. Government liabilities <sup>10</sup>	14,231	14,959	15,803	17,993	15,667	15,200	15,374	17,243	18,610	20,801	22,113	23,678	23,460	23,099	20,577
31	U.S. liabilities reported by U.S. banks, not included elsewhere	25,534	26,090	26,734	27,920	31,838	31,520	36,495	39,880	38,396	54,967	69,721	73,386	107,394	113,098	135,026
32	Other foreign official assets <sup>9</sup>	17,716	13,964	14,882	16,397	15,005	14,382	26,265	24,942	30,333	32,178	35,901	31,001	42,967	52,209	63,908
<b>Other foreign assets in the United States:</b>																
33	With direct investment at current cost (lines 35+37+38+39+42+43)	708,887	832,189	1,014,674	1,245,511	1,422,374	1,659,501	1,956,658	2,012,997	2,155,714	2,285,902	2,508,729	2,718,456	3,228,254	3,733,032	4,626,978
34	With direct investment at market value (lines 36+37+38+39+42+43)	677,811	793,365	1,003,344	1,252,644	1,425,123	1,675,863	2,055,475	2,085,286	2,332,909	2,481,537	2,726,265	2,915,157	3,619,722	4,289,742	5,495,673
<b>Direct investment in the United States:</b>																
35	At current cost <sup>11</sup>	184,394	211,201	231,326	265,833	313,451	375,168	435,917	467,312	491,942	500,542	550,862	561,152	614,258	666,962	751,845
36	At market value <sup>11</sup>	153,318	172,377	219,966	272,966	316,200	391,530	534,734	539,601	669,137	696,177	768,398	757,853	1,005,726	1,223,672	1,620,540
37	U.S. Treasury securities <sup>9</sup>	33,846	62,121	87,954	96,078	82,588	100,877	166,541	152,452	170,295	197,739	221,501	235,684	357,691	504,792	661,961
38	U.S. currency	36,775	40,796	46,036	50,122	55,583	61,261	67,117	85,932	101,316	114,803	133,732	157,183	169,482	186,843	211,625
39	U.S. securities other than U.S. Treasury securities	113,811	128,477	207,868	309,803	341,732	392,292	482,864	460,644	546,008	599,447	696,449	739,695	971,356	1,199,460	1,577,984
40	Corporate and other bonds <sup>9</sup>	17,454	32,421	82,290	140,863	166,089	191,314	231,673	238,903	274,136	299,287	355,822	368,077	481,214	588,043	718,076
41	Corporate stocks <sup>9</sup>	96,357	96,056	125,578	168,940	175,643	200,978	251,191	221,741	271,872	300,160	340,627	371,618	490,142	611,417	859,908
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns <sup>12</sup>	61,731	77,415	86,993	90,703	110,187	144,548	167,093	213,406	208,908	220,666	229,038	239,817	300,424	346,727	453,555
43	U.S. liabilities reported by U.S. banks, not included elsewhere	278,330	312,179	354,497	432,972	518,833	585,355	637,126	633,251	637,245	652,705	677,147	784,925	815,043	828,248	970,008

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

1. U.S. official gold stock valued at market price.

2. Also includes paid-in capital subscriptions to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. Government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.

3. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.

4. A break in series in 1994 reflects the incorporation of results of the 1994 benchmark survey of U.S. direct investment abroad and the reclassification from the direct investment capital accounts to the nonbank investment accounts of intercompany debt transactions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation. Estimates for 1983-93 are linked to the 1982 and 1989 benchmark surveys of U.S. direct investment abroad.

5. Estimates for 1983 forward reflect 1992 base-year price indexes for tangible assets, which replace the 1987 base-year price indexes previously used in the national income and product accounts.

6. Estimates include results of the Benchmark Survey of U.S. Ownership of Foreign Long-term Securities as of March 31, 1994, conducted by the U.S. Department of the Treasury.

7. Breaks in series reflect the following: In 1983, the introduction of data from the United Kingdom and from the Bank for International Settlements (BIS) for Austria, Belgium, Denmark, Finland, Germany, Ireland, Luxembourg,

Norway, Spain, Sweden, Switzerland, Caribbean banking centers, and Asian banking centers. BIS data was introduced for the Netherlands in 1986, and for France and Italy in 1989. BIS coverage for Switzerland was also improved in 1989. BIS coverage for Austria, Switzerland and Asian banking centers was also improved in 1989. BEA methodology for estimating positions vis-a-vis Canada and Germany was adjusted beginning in 1993, and vis-a-vis Asian financial centers in 1994. In 1994, intercompany debt transactions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation are reclassified from the direct investment capital accounts to the nonbank investment accounts.

8. A break in series in 1988 reflects the introduction of data on holdings of foreign commercial paper.

9. Estimates include results of 1978, 1984, 1989, and 1994 portfolio benchmark surveys conducted by the U.S. Department of the Treasury.

10. Primarily U.S. Government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

11. Estimates for 1983 forward are linked to the 1987 and 1992 benchmark surveys of foreign direct investment in the United States.

12. A break in series in 1994 reflects the reclassification of intercompany debt transactions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation from the direct investment capital accounts to the nonbank investment accounts.

NOTE.—Revised area tables for 1983-97 are available upon request from the Balance of Payments Division BE-58, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230.