

# The International Investment Position of the United States in 1995

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THE NET international investment position of the United States at yearend 1995 was  $-\$814.0$  billion with direct investment valued at the current cost of tangible assets, and it was  $-\$773.7$  billion with direct investment valued at the current stock-market value of owners' equity (table A, chart 1). For both measures, the value of foreign assets in the United States continues to exceed the value of U.S. assets abroad. However, for direct investment valued on both bases, U.S. assets abroad continue to exceed foreign assets in the United States. For all other assets combined, foreign holdings in the United States substantially exceed U.S. holdings abroad, mostly reflecting large foreign private and official holdings of U.S. bonds.

The net position on both bases became more negative, primarily as a result of large net capital inflows to the United States in 1995 and as a result of greater price appreciation in U.S. securities than in foreign securities (table B). Price appreciation was more pronounced on the market-value basis than on the current-cost basis, because the relatively steep rise in U.S. stock prices not only increased the value of foreign

portfolio holdings of stocks but also increased the value of foreign direct investment in the United States. The increase in the negative position was moderated by the appreciation of most European currencies against the U.S. dollar between yearend 1994 and yearend 1995, which increased

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

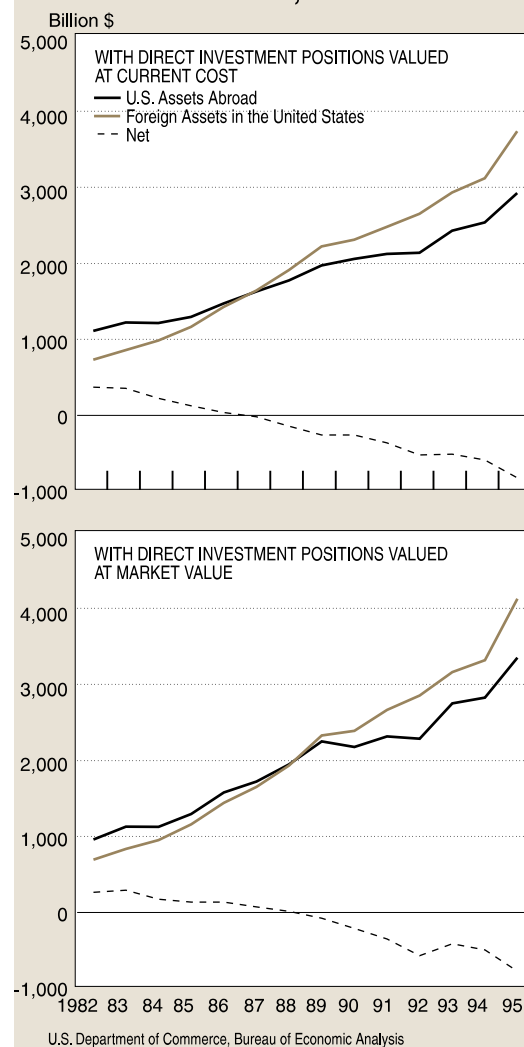
	[Billions of dollars]	
	1994	1995
Net position:		
At current cost .....	-580.1	-814.0
At market value .....	-492.5	-773.7
U.S. Government and foreign official assets .....	-301.3	-420.3
Direct investment:		
At current cost .....	199.5	241.6
At market value .....	287.0	281.9
U.S. and foreign securities .....	-463.2	-665.8
Bank- and nonbank-reported claims and liabilities .....	-15.0	30.5

Table B.—Changes in the Net International Investment Position, 1995

	[Billions of dollars]	
	At current cost	At market value
Total change .....	-233.9	-281.2
Capital flows .....	-116.6	-116.6
Price changes .....	-119.9	-194.5
Exchange rate changes .....	6.5	27.4
Other valuation changes .....	-3.9	2.6

CHART 1

## Net International Investment Position of the United States, 1982-95



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

the value of U.S. direct investment in Western Europe.

In 1995, U.S. assets abroad increased sharply, following a slowdown in 1994. U.S. direct investment outflows reached record levels, bolstered by a surge in reinvested earnings that reflected strong affiliate profits abroad and high rate of reinvestment and by numerous large acquisitions. U.S. portfolio diversification into foreign securities, mainly by U.S. pension and mutual funds, strengthened with the recovery in stock and bond prices abroad and with relatively strong corporate earnings. In addition, U.S. bank-reported outflows recovered somewhat.

Foreign assets in the United States increased substantially, buoyed by record net foreign purchases of U.S. bonds as U.S. bond markets rallied throughout most of the year. U.S. bond prices recovered strongly during 1995, as the slowdown in U.S. economic growth and the easing of U.S. inflation concerns contributed to a steep decline in U.S. long-term interest rates. Foreign net purchases of U.S. stocks accelerated, reflecting a large direct investment acquisition through an exchange of stock; in addition, holdings were augmented by the sharp rise in U.S. stock prices, which partly reflected the reduced cost of borrowing in the United States and the increase in U.S. corporate earnings. Foreign direct investment inflows strengthened with the continued growth in foreign acquisitions of U.S. businesses and strong affiliates' earnings. These private capital inflows were augmented by a record build-up in foreign official holdings of U.S. dollar assets.

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, showing a breakdown of the changes by account from 1994 to 1995, aggregate estimates by area for 1994-95, and historical estimates for 1981-95, respectively.

This issue also contains a companion article, "Direct Investment Positions on a Historical-Cost Basis: Country and Industry Detail for 1995 and Changes in Geographic Composition Since 1982." 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. bank-reported claims increased \$69.0 billion in 1995, to \$761.3 billion, the first sizable

#### Data Improvements

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

- Coverage of U.S. bank- and nonbank-reported claims has been improved for 1994-95 through the incorporation of newly available data from a benchmark survey of selected foreign financial assets; the survey was designed by the Federal Reserve Bank of New York and the Department of the Treasury, with assistance from the Bureau of Economic Analysis.

For a further explanation of this and other changes, see "U.S. International Transactions, Revised Estimates for 1986-95" in this issue.

increase in 5 years. Much of the increase reflected lending by U.S. securities brokers and dealers to international bond funds in the Caribbean and the United Kingdom through resale agreements to finance purchases of U.S. bonds. The increase also reflected a moderate recovery in bank lending, mostly by European-owned banking offices in the United States. In contrast, U.S.-owned banks in the United States reduced their claims on foreigners. International lending by U.S.-owned banks was sluggish despite the pronounced acceleration in international lending by banks worldwide, partly because of continued competition with efficient (low-cost) capital markets abroad. In addition, U.S.-owned banks were concerned about the riskiness of international loans and the persistence of especially low margins on international syndications.

U.S. banks' claims on foreign banks payable in dollars increased \$39.8 billion, to \$526.1 billion. Lending by U.S. securities brokers and dealers to international bond funds in the Caribbean and the United Kingdom accounted for much of the increase (table C). U.S. banks' lending was moderate to affiliated offices in Western

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

[Billions of dollars]

	1994	1995
<b>Total bank-reported claims</b> .....	<b>692.3</b>	<b>761.3</b>
Bank own claims, payable in dollars .....	486.3	526.1
On unaffiliated foreign banks .....	111.7	98.5
On own foreign offices .....	283.5	304.0
On other foreigners .....	91.1	123.6
Bank customer claims, payable in dollars .....	135.1	154.5
Total claims payable in foreign currencies .....	70.9	80.7

Europe, where mergers and acquisitions bolstered demand for bank credit. Lending was also moderate to Caribbean and Asian offices, where loan demand from emerging countries was buoyed by economic growth. In contrast, net repayments from unaffiliated banks abroad, mostly in the second half of the year, reflected a cutback in interbank lending by Japanese-owned banks in the United States. As a result of their mounting financial problems, Japanese banks encountered a large risk premium on borrowed funds in the interbank market that constrained their incentive to lend to that market.

U.S. banks' foreign currency claims increased \$9.8 billion, to \$80.7 billion, mostly in the first half of the year when the dollar depreciated in exchange markets and when foreign currency lending by foreign-owned U.S. offices to Western Europe and Japan accelerated.

U.S. banks' domestic customers' claims payable in dollars increased \$19.4 billion, to \$154.5 billion, as customers shifted from a large increase in deposits with banks overseas in 1994 to a large increase in purchases of foreign commercial paper placed in the United States (mostly by Europeans) in 1995.

### Foreign securities

U.S. holdings of foreign securities increased \$165.5 billion, to \$721.7 billion, as an acceleration in U.S. net purchases during the recovery of stock and bond prices abroad in 1995 was augmented by significant price appreciation in the holdings (table D). Small exchange rate depreciation from yearend 1994 to yearend 1995 reflected nearly offsetting changes; British, Japanese, and Latin American currencies depreciated against the dollar, while several Western European currencies appreciated.

U.S. holdings of foreign stocks increased \$87.1 billion, to \$411.1 billion; net purchases of \$50.7 billion in 1995—the second strongest year on record—and price appreciation of \$38.6 billion more than accounted for the increase. Exchange rate losses were small. U.S. investors, especially pension and mutual funds, stepped up their purchases of Japanese and European stocks con-

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

[Billions of dollars]

	1994	1995	Change
<b>Total holdings</b> .....	<b>324.0</b>	<b>411.1</b>	<b>87.1</b>
Western Europe .....	142.1	186.8	44.7
Of which: United Kingdom .....	44.5	58.1	13.6
France .....	17.3	21.0	3.7
Germany .....	25.5	30.0	4.5
Netherlands .....	20.0	26.3	6.3
Canada .....	25.0	29.0	4.0
Japan .....	69.1	90.4	21.3
Latin America .....	22.6	20.3	-2.3
Of which: Mexico .....	15.9	12.8	-3.1
Other countries .....	65.2	84.6	19.4

siderably as prices recovered in those countries. Net purchases of emerging countries' stocks, particularly those of Asian countries, remained strong (table E).

- Holdings of European stocks were bolstered by \$21.3 billion in net purchases and \$23.4 billion in price appreciation. Beginning in the second quarter, U.S. net purchases accelerated as economic growth and rising corporate earnings contributed to stock price increases of 12–13 percent from yearend 1994 to yearend 1995. Exchange rate appreciation of several currencies also encouraged net purchases.
- Holdings of Japanese stocks surged, reflecting a step-up to \$19.4 billion in net purchases, mainly in the second half of the year when stock prices recovered sharply. Price appreciation of \$6.1 billion was largely offset by \$5.2 billion in exchange rate depreciation of the yen, which occurred mostly in the second half of the year.
- Holdings of stocks from other Asian countries, mostly emerging countries, increased as a result of continued strong net purchases—\$8.3 billion—and sizable price appreciation—\$10.7 billion.
- Holdings of Latin American stocks declined, principally as a result of a \$4.8 billion exchange rate loss.

U.S. holdings of foreign bonds increased \$78.4 billion, to \$310.7 billion, reflecting \$48.3 billion in net purchases and \$29.6 billion in price appreciation. Foreign new issues in the United States were strong at \$39.4 billion; however, they were down from the 1994 level, reflecting the large risk premiums that were placed on most issues of Latin American and other emerging countries after the Mexican peso crisis at the end of 1994. U.S. purchases of European and Canadian issues continued strong, accounting for nearly 60 percent of the new issues. Private corporations

Table D.—Changes in U.S. Holdings of Foreign Securities, 1995

[Billions of dollars]

<b>Total change</b> .....	<b>165.5</b>
Net U.S. purchases .....	99.0
Price changes .....	68.2
Exchange rate changes .....	-1.6

accounted for three-fourths of new issues placed with U.S. investors; U.S. investors avoided new issues by governments in many emerging market countries. Redemptions were \$10.6 billion. Net purchases of outstanding bonds were \$19.5 billion, in contrast to net sales in 1994; net purchases were mostly in British gilt-edged bonds and, to a much lesser extent, in Japanese bonds.

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

U.S. direct investment abroad at current cost increased \$100.8 billion, to \$880.1 billion; at market value, it increased \$242.2 billion, to \$1,301.1 billion (table F). Capital outflows surged to a record \$95.5 billion, bolstered by numerous large acquisitions of affiliates in several countries, particularly in Europe: Net equity outflows nearly tripled to \$36.3 billion; reinvested earnings increased substantially to \$54.5 billion, reflecting growth in foreign affiliates' earnings and the share of those earnings reinvested; and intercompany debt outflows remained small at \$4.7 billion. Record total outflows were encouraged by strong domestic profits of U.S. parents, which reduced the need to repatriate earnings from affiliates abroad. In addition, lower borrowing costs resulting from declining U.S. interest rates may have encouraged cross-border expansion.

At current cost, the position increased mostly as a result of capital outflows, which were augmented by small adjustments for price appreciation in affiliates' capital equipment, inventories, and land and exchange rate appreciation of European currencies. At market value, capital outflows were augmented by a substantial increase in the U.S. owners' equity that resulted from the worldwide recovery in stock prices from yearend 1994 to yearend 1995 and by appreciation of European currencies.

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns increased \$37.5 billion, to \$311.1 billion, mainly from continued heavy deposits in banks in the Caribbean and Europe. In 1995, overseas offices of foreign-owned

banks in the United States drew heavily on U.S. funds to finance their loans to U.S. nonbank borrowers. In contrast, in 1994, offices overseas of foreign-owned banks in the United States loaned their U.S.-borrowed funds to related banking offices in the United States, where loan growth surged.

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

U.S. official reserve assets increased \$12.7 billion, to \$176.1 billion, mostly reflecting an increase in foreign currency holdings. U.S. authorities' large acquisitions of Mexican pesos under reciprocal currency arrangements with Mexican authorities were only partly offset by sales of German marks and Japanese yen. In addition, price appreciation of gold and exchange rate appreciation on holdings of German marks added to the increase in reserve assets.

U.S. Government assets other than reserve assets increased \$0.3 billion, to \$81.5 billion; increases in credit disbursements slowed and were largely offset by repayments. The increase in U.S. Government assets included the acquisition of outstanding claims on the former Soviet Union from U.S. banks under credit guarantee programs, but these acquisitions were only half those in 1994.

### Changes in Foreign Assets in the United States

#### *Foreign official assets*

Foreign official assets in the United States increased \$131.9 billion in 1995, to \$677.9 billion, as record capital inflows were augmented by price appreciation, mostly in holdings of U.S. Treasury securities. Developing countries (including OPEC countries) acquired \$86.7 billion of U.S. assets, reflecting large accumulations of dollar reserves by several countries in Latin America and Asia. Industrial countries acquired \$23.1 billion, primarily reflecting exchange market intervention purchases of dollars in the first half of the year.

#### *Bank liabilities*

U.S. bank-reported liabilities to private foreigners and international financial institutions increased \$25.3 billion, to \$809.0 billion, a marked slowdown from heavy borrowing from abroad in 1994. The slowdown was partly due to reduced growth in U.S. demand for domestic bank credit as the U.S. economic expansion slowed, and it

Table F.—Changes in U.S. Direct Investment Abroad, 1995

[Billions of dollars]

	At current cost	At market value
<b>Total change</b> .....	<b>100.8</b>	<b>242.2</b>
Capital outflows .....	95.5	95.5
Equity capital .....	36.3	36.3
Intercompany debt .....	4.7	4.7
Reinvested earnings .....	54.5	54.5
Price changes .....	6.4	117.8
Exchange rate changes .....	6.3	27.2
Other valuation changes .....	-7.4	1.7



Table G.—U.S. Liabilities Reported by U.S. Banks

[Billions of dollars]

	1994	1995
<b>Total liabilities</b> .....	<b>783.7</b>	<b>809.0</b>
Bank own liabilities, payable in dollars .....	662.3	666.6
To unaffiliated foreign banks .....	170.6	171.9
To own foreign offices .....	395.6	392.2
To other foreigners .....	96.1	102.5
Bank custody liabilities .....	31.7	30.1
Total liabilities payable in foreign currencies .....	89.7	112.3

was partly due to a switch by foreign investors to U.S. Treasury securities as U.S. bond prices rose.

U.S. banks' liabilities payable in dollars increased \$4.3 billion, to \$666.6 billion, reflecting a significant cutback in U.S. banks' overseas borrowing from the previous year's record (table G). U.S.-owned banks, after heavy reliance on overseas funding in 1994 when U.S. demand for bank credit surged, reduced their liabilities, primarily with affiliated offices in Europe and the Caribbean. More than offsetting that decrease, foreign-owned banks in the United States increased their liabilities, mostly on affiliated foreign offices in Japan and other Asian countries. Japanese-owned U.S. offices drew on home office funds to replace funds withdrawn by unaffiliated foreign banks, as the imposition of risk premiums on Japanese banks raised the cost of their interbank funding. Other foreign-owned banks in the United States drew funds from unaffiliated banks in Latin America and Asia (except Japan) to re-lend to home offices abroad. An increase in dollar liabilities to nonbank foreigners mainly reflected borrowing by U.S. brokers and dealers through repurchase agreements with Caribbean residents and bank deposits from Latin American residents.

Other U.S. bank-reported liabilities, mostly payable in foreign currencies, increased \$25.3 billion, to \$142.4 billion; this increase also primarily reflected activities of foreign-owned banks in the United States. Their borrowing and lending in foreign currencies with Japan and Western Europe accelerated in the first half of the year when the dollar depreciated in exchange markets.

### U.S. Treasury securities

Foreign holdings of U.S. Treasury securities increased \$122.4 billion, to \$389.0 billion, reflecting record net purchases and large price appreciation in U.S. Treasury bonds (table H). Net purchases were nearly three times the 1994 level and exceeded the previous record 1992 level, as U.S. bond prices rose more steeply than foreign bond prices and as the falling yield curve on dollar instruments attracted investment into

Table H.—Changes in Foreign Holdings of U.S. Treasury Securities, 1995

[Billions of dollars]

<b>Total change</b> .....	<b>122.4</b>
Net foreign purchases .....	99.3
Price changes .....	23.2
Exchange rate changes .....	-2

long-term dollar instruments. Foreigners were also attracted by the dollar's recovery in exchange markets in the second half of the year. Japanese holdings increased substantially; strong purchases early in the year, mostly reflecting the large yield advantage of U.S. bonds over Japanese bonds, more than offset large sales in the latter part of the year that were attributable to the weakness of Japanese financial institutions. Western European holdings increased, reflecting the rise in U.S. bond prices and large net purchases for the year, but there was some profit-taking in the fourth quarter. Caribbean holdings, largely by international bond mutual funds, also increased as a result of strong purchases, some of which were financed by borrowing from U.S. brokers and dealers through repurchase agreements. Latin American holdings increased, partly reflecting local concerns that arose from financial problems associated with the Mexican peso crisis at the end of 1994.

### Other U.S. securities

Foreign holdings of U.S. securities, other than U.S. Treasury securities, increased \$245.8 billion, to \$998.6 billion, reflecting record net purchases of U.S. bonds and sizable price appreciation of U.S. stocks (table I). Holdings of U.S. corporate and federally-sponsored agency bonds increased \$119.3 billion, to \$533.2 billion, as a result of strong net foreign purchases and a sharp rise in U.S. bond prices. U.S. borrowers issued a record amount of new bonds, mainly in the international bond market in response to declining bond interest rates. U.S. banking and other financial corporations were the largest borrowers; most of the issues were straight fixed-rate bonds, though some were floating-rate notes. Nearly two-thirds of the issues were payable in U.S. dollars; most of the rest were payable in Japanese yen, German

Table I.—Changes in Foreign Holdings of Other U.S. Securities, 1995

[Billions of dollars]

<b>Total change</b> .....	<b>245.8</b>
Net foreign purchases .....	95.3
Price changes .....	149.5
Exchange rate changes .....	1.1

marks, or Swiss francs. U.S. federally-sponsored agencies accelerated their overseas issues, partly to broaden their investor base.

Foreign holdings of U.S. stocks increased \$126.5 billion, to \$465.4 billion, largely due to the steep rise in U.S. stock prices. The 35-percent surge in U.S. stock prices outpaced price increases in most other major world markets in 1995, but, the pickup in foreign purchases of U.S. stocks was limited. Net foreign purchases increased to \$13.4 billion, but the increase was largely attributable to a portfolio-transaction offset to an exceptionally large foreign acquisition of a U.S. company through an exchange of stock. Net purchases from the United Kingdom and Caribbean accelerated, augmented by a step-up in Euroequity offerings by U.S. companies.

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


Foreign direct investment in the United States at current cost increased \$58.7 billion, to \$638.5 billion; at market value, it increased \$247.3 billion, to \$1,019.2 billion (table J). Bolstered by continued growth in foreign acquisitions, capital inflows strengthened to \$60.2 billion, an inflow surpassed only by the record of 1989: Equity capital inflows increased to \$39.5 billion, mostly as a result of foreign acquisitions; reinvested earnings increased to \$13.3 billion, reflecting an increase in earnings after last year's return to

**Table J.—Changes in Foreign Direct Investment in the United States, 1995**

[Billions of dollars]

	At current cost	At market value
<b>Total change</b> .....	<b>58.7</b>	<b>247.3</b>
Capital inflows .....	60.2	60.2
Equity capital .....	39.5	39.5
Intercompany debt .....	7.4	7.4
Reinvested earnings .....	13.3	13.3
Price changes .....	1.0	187.1
Exchange rate changes .....	0	0
Other valuation changes .....	-2.5	0

profitability after several years of losses; and intercompany debt inflows decreased to \$7.4 billion. Capital inflows were encouraged by continued economic expansion in the United States, by strong earnings growth of U.S. affiliates, by foreign parents' improved financial condition as a result of economic expansion abroad, and by the global consolidation in several industries, especially the health-care industry. At current cost, valuation adjustments were small and mostly offsetting. At market value, a large valuation adjustment reflected the price increase in owners' equity due to the substantial rise in U.S. stock prices from yearend 1994 to yearend 1995.

Liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns increased \$35.6 billion, to \$232.9 billion. The increase represented substantial lending from Caribbean banking offices of foreign-owned banks in the United States to the U.S. nonbank sector, using deposit funds borrowed from the United States. 

*Tables 1 through 3 follow.*

Table 1.—International Investment Position of the United States at Yearend, 1994 and 1995

[Millions of dollars]

Line	Type of investment	Position 1994 <sup>r</sup>	Changes in position in 1995 (decrease (-))				Total (a+b+c+d)	Position 1995 <sup>r</sup>
			Attributable to:					
			Capital flows	Valuation adjustments				
				Price changes	Exchange rate changes <sup>1</sup>	Other changes <sup>2</sup>		
		(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) ...	-580,095	-116,606	-119,855	6,512	-3,932	-233,881	-813,976
2	With direct investment positions at market value (line 4 less line 25) ..	-492,482	-116,606	-194,498	27,380	2,553	-281,171	-773,653
<b>U.S. assets abroad:</b>								
3	With direct investment at current cost (lines 5+10+15) .....	2,546,189	307,856	75,769	9,635	-7,545	385,715	2,931,904
4	With direct investment at market value (lines 5+10+16) .....	2,825,830	307,856	187,177	30,531	1,517	527,081	3,352,911
5	U.S. official reserve assets .....	163,394	9,742	1,177	1,756	-8	12,667	176,061
6	Gold .....	100,110	.....	<sup>3</sup> 1,177	.....	<sup>4</sup> -8	1,169	101,279
7	Special drawing rights .....	10,039	808	.....	190	.....	998	11,037
8	Reserve position in the International Monetary Fund .....	12,030	2,466	.....	153	.....	2,619	14,649
9	Foreign currencies .....	41,215	6,468	.....	1,413	.....	7,881	49,096
10	U.S. Government assets, other than official reserve assets .....	81,269	280	.....	-1	.....	279	81,548
11	U.S. credits and other long-term assets <sup>5</sup> .....	79,188	382	.....	.....	.....	382	79,570
12	Repayable in dollars .....	78,327	431	.....	.....	32	463	78,790
13	Other <sup>6</sup> .....	861	-49	.....	.....	-32	-81	780
14	U.S. foreign currency holdings and U.S. short-term assets .....	2,081	-102	.....	-1	.....	-103	1,978
<b>U.S. private assets:</b>								
15	With direct investment at current cost (lines 17+19+22+23) .....	2,301,526	297,834	74,592	7,880	-7,537	372,769	2,674,295
16	With direct investment at market value (lines 18+19+22+23) .....	2,581,167	297,834	186,000	28,776	1,525	514,135	3,095,302
<b>Direct investment abroad:</b>								
17	At current cost .....	779,300	95,509	6,410	6,279	-7,375	100,823	880,123
18	At market value .....	1,058,941	95,509	117,818	27,175	1,687	242,189	1,301,130
19	Foreign securities .....	556,241	98,960	68,182	-1,634	.....	165,508	721,749
20	Bonds .....	232,265	48,263	29,628	511	.....	78,402	310,667
21	Corporate stocks .....	323,976	50,697	38,554	-2,145	.....	87,106	411,082
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.	273,686	34,219	.....	3,235	.....	37,454	311,140
23	U.S. claims reported by U.S. banks, not included elsewhere .....	692,299	69,146	.....	.....	-162	68,984	761,283
<b>Foreign assets in the United States:</b>								
24	With direct investment at current cost (lines 26+33) .....	3,126,284	424,462	195,624	3,123	-3,613	619,596	3,745,880
25	With direct investment at market value (lines 26+34) .....	3,318,312	424,462	381,675	3,151	-1,036	808,252	4,126,564
26	Foreign official assets in the United States .....	546,015	109,757	21,979	.....	159	131,895	677,910
27	U.S. Government securities .....	415,005	72,547	11,190	.....	158	83,895	498,900
28	U.S. Treasury securities .....	393,436	68,813	9,095	.....	158	78,066	471,502
29	Other .....	21,569	3,734	2,095	.....	.....	5,829	27,398
30	Other U.S. Government liabilities <sup>7</sup> .....	24,858	1,082	.....	.....	1	1,083	25,941
31	U.S. liabilities reported by U.S. banks, not included elsewhere .....	73,281	32,862	.....	.....	.....	32,862	106,143
32	Other foreign official assets .....	32,871	3,266	10,789	.....	.....	14,055	46,926
<b>Other foreign assets:</b>								
33	With direct investment at current cost (lines 35+37+38+41+42) .....	2,580,269	314,705	173,645	3,123	-3,772	487,701	3,067,970
34	With direct investment at market value (lines 36+37+38+41+42) .....	2,772,297	314,705	359,696	3,151	-1,195	676,357	3,448,654
<b>Direct investment in the United States:</b>								
35	At current cost .....	579,826	60,236	1,015	-28	-2,530	58,693	638,519
36	At market value .....	771,854	60,236	187,066	.....	47	247,349	1,019,203
37	U.S. Treasury securities .....	266,594	99,340	23,172	.....	-157	122,355	388,949
38	U.S. securities other than U.S. Treasury securities .....	752,792	95,268	149,458	1,078	.....	245,804	998,596
39	Corporate and other bonds .....	413,866	81,911	36,322	1,078	.....	119,311	533,177
40	Corporate stocks .....	338,926	13,357	113,136	.....	.....	126,493	465,419
41	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.	197,325	34,578	.....	2,073	-1,085	35,566	232,891
42	U.S. liabilities reported by U.S. banks, not included elsewhere .....	783,732	25,283	.....	.....	.....	25,283	809,015

<sup>r</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-

monetizations/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>	
		1994 <sup>r</sup>	1995 <sup>p</sup>	1994 <sup>r</sup>	1995 <sup>p</sup>	1994 <sup>r</sup>	1995 <sup>p</sup>	1994 <sup>r</sup>	1995 <sup>p</sup>	1994 <sup>r</sup>	1995 <sup>p</sup>
<b>U.S. assets abroad:</b>											
1	U.S. official reserve assets .....	22,077	21,089	.....	.....	19,138	16,207	.....	11,800	122,179	126,965
2	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....	100,110	101,279
3	Special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....	10,039	11,037
4	Reserve position in the International Monetary Fund .....	.....	.....	.....	.....	.....	.....	.....	.....	12,030	14,649
5	Foreign currencies .....	22,077	21,089	.....	.....	19,138	16,207	.....	11,800	.....	.....
6	U.S. Government assets, other than official reserve assets .....	7,341	7,205	4	(*)	36	56	16,764	16,248	57,124	58,033
7	U.S. credits and other long-term assets <sup>2</sup> .....	7,351	7,208	.....	.....	.....	.....	16,695	16,191	55,142	56,171
8	Repayable in dollars .....	7,292	7,163	.....	.....	.....	.....	16,542	16,056	54,493	55,571
9	Other <sup>3</sup> .....	59	45	.....	.....	.....	.....	153	135	649	600
10	U.S. foreign currency holdings and U.S. short-term assets .....	-10	-3	4	(*)	36	56	69	57	1,982	1,862
U.S. private assets:											
11	Direct investment abroad .....	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
12	Foreign securities .....	199,912	273,651	100,449	123,359	77,689	103,587	66,799	76,550	111,392	144,602
13	Bonds .....	57,767	86,871	75,498	94,353	8,629	13,222	44,180	56,205	46,191	60,016
14	Corporate stocks .....	142,145	186,780	24,951	29,006	69,060	90,365	22,619	20,345	65,201	84,586
15	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	90,859	117,718	11,910	11,710	3,608	2,739	148,688	159,296	18,621	19,677
16	U.S. claims reported by U.S. banks, not included elsewhere .....	214,270	246,372	37,215	37,361	93,459	98,526	266,993	293,703	80,362	85,321
<b>Foreign assets in the United States:</b>											
17	Foreign official assets in the United States .....	210,543	208,230	18,710	23,205	(5)	(5)	41,861	67,032	(5)	(5)
18	U.S. Government securities .....	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(6)	(5)	(5)
19	U.S. Treasury .....	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(6)	(5)	(5)
20	Other .....	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(6)	(5)	(5)
21	Other U.S. Government liabilities <sup>7</sup> .....	3,990	5,379	366	365	3,012	2,652	678	690	16,812	16,855
22	U.S. liabilities reported by U.S. banks, not included elsewhere .....	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(6)	(5)	(5)
23	Other foreign official assets .....	(6)	(6)	(6)	(6)	(5)	(5)	(6)	(6)	(5)	(5)
Other foreign assets in the United States:											
24	Direct investment in the United States .....	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
25	U.S. Treasury securities .....	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
26	U.S. securities other than U.S. Treasury securities .....	437,612	601,440	71,976	92,447	95,166	111,356	83,043	110,911	64,995	82,442
27	Corporate and other bonds .....	254,066	346,018	16,231	20,009	59,987	67,869	49,243	59,502	34,339	39,779
28	Corporate stocks .....	183,546	255,422	55,745	72,438	35,179	43,487	33,800	51,409	30,656	42,663
29	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	36,941	47,789	2,191	2,119	12,269	8,905	122,179	148,469	23,745	25,609
30	U.S. liabilities reported by U.S. banks, not included elsewhere .....	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
<b>Addenda:</b>											
1	U.S. Treasury securities, foreign official plus private holdings (lines 19+25, above) .....	264,999	308,877	23,229	25,204	169,077	223,636	45,445	91,535	157,259	211,199
2	U.S. liabilities reported by U.S. banks, foreign official plus private (lines 22+30, above) .....	354,238	338,182	23,477	24,125	63,698	87,843	325,730	341,056	89,858	123,952

<sup>r</sup> Preliminary.  
<sup>r</sup> Revised.  
<sup>\*</sup> Less than \$500,000 (±).  
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 on a Historical Cost Basis, 1995; 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, 1981–95

[Millions of dollars]

Line	Type of investment	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991 <sup>r</sup>	1992 <sup>r</sup>	1993 <sup>r</sup>	1994 <sup>r</sup>	1995 <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)	374,254	378,913	363,020	231,352	132,845	44,954	-11,057	-134,518	-250,341	-251,112	-355,054	-512,784	-503,541	-580,095	-813,976
2	With direct investment positions at market value (line 4 less line 25)	264,991	292,131	172,911	135,767	136,420	71,344	14,757	-77,107	-211,670	-349,019	-568,398	-412,544	-492,482	-773,653	
<b>U.S. assets abroad:</b>																
3	With direct investment at current cost (lines 5+10+15)	1,004,162	1,119,158	1,229,600	1,222,423	1,303,965	1,479,148	1,637,123	1,784,080	1,979,348	2,066,383	2,131,731	2,146,389	2,437,613	2,546,189	2,931,904
4	With direct investment at market value (lines 5+10+16)	958,794	1,127,635	1,125,158	1,295,557	1,577,747	1,722,273	1,949,717	2,251,399	2,178,114	2,314,961	2,285,593	2,750,318	2,825,830	3,352,911	
5	U.S. official reserve assets	124,568	143,445	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
6	Gold <sup>1</sup>	105,644	120,635	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
7	Special drawing rights	4,096	5,250	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
8	Reserve position in the International Monetary Fund	5,054	7,348	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
9	Foreign currencies	9,774	10,212	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
10	U.S. Government assets, other than official reserve assets	68,774	74,682	79,626	84,971	87,752	89,637	88,880	86,117	84,489	81,993	79,079	80,656	80,945	81,269	81,548
11	U.S. credits and other long-term assets <sup>2</sup>	67,201	72,884	77,814	82,883	85,814	88,710	88,099	85,388	83,903	81,365	77,433	79,021	79,032	79,188	79,570
12	Repayable in dollars	64,959	70,948	75,991	81,103	84,087	87,112	86,486	83,923	82,421	80,040	76,207	77,921	78,026	78,327	78,790
13	Other <sup>3</sup>	2,242	1,936	1,823	1,780	1,727	1,598	1,613	1,465	1,482	1,325	1,226	1,100	1,006	861	780
14	U.S. foreign currency holdings and U.S. short-term assets	1,573	1,798	1,812	2,088	1,938	927	781	729	586	628	1,646	1,635	1,913	2,081	1,978
<b>U.S. private assets:</b>																
15	With direct investment at current cost (lines 17+19+22+23)	810,820	901,031	1,026,864	1,032,412	1,098,283	1,249,636	1,385,873	1,553,784	1,726,145	1,809,726	1,893,429	1,918,298	2,191,723	2,301,526	2,674,295
16	With direct investment at market value (lines 18+19+22+23)	740,667	924,899	935,147	1,089,875	1,348,235	1,471,023	1,719,421	1,998,196	1,921,457	2,076,659	2,057,502	2,504,428	2,581,167	3,095,302	
<b>Direct investment abroad:</b>																
17	At current cost <sup>4,5</sup>	412,418	387,002	376,307	367,839	394,760	431,475	505,096	526,824	560,409	620,031	644,307	659,426	714,842	779,300	880,123
18	At market value <sup>6</sup>	226,638	274,342	270,574	386,352	530,074	590,246	692,461	832,460	731,762	827,537	798,630	1,027,547	1,058,941	1,301,130	
19	Foreign securities	62,142	74,046	84,723	88,804	114,288	143,431	153,952	175,976	217,612	228,693	302,425	336,546	550,633	556,241	721,749
20	Bonds	45,675	56,604	58,569	62,810	73,273	80,433	84,326	89,986	97,751	118,660	143,616	156,834	247,842	232,265	310,667
21	Corporate stocks	16,467	17,442	26,154	25,994	41,015	62,998	69,626	85,990	119,861	110,033	158,809	179,712	302,791	323,976	411,082
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns <sup>7</sup>	42,752	35,405	131,329	130,138	141,872	167,392	177,368	197,757	234,307	265,315	256,295	254,303	242,022	273,686	311,140
23	U.S. claims reported by U.S. banks, not included elsewhere <sup>8</sup>	293,508	404,578	434,505	445,631	447,363	507,338	549,457	653,227	713,817	695,687	690,402	668,023	684,226	692,299	761,283
<b>Foreign assets in the United States:</b>																
24	With direct investment at current cost (lines 26+33)	629,908	740,245	866,580	991,071	1,171,120	1,434,194	1,648,180	1,918,598	2,229,689	2,317,495	2,486,785	2,659,173	2,941,154	3,126,284	3,745,880
25	With direct investment at market value (lines 26+34)	693,803	835,504	952,247	1,159,790	1,441,327	1,650,929	1,934,960	2,328,506	2,389,784	2,663,980	2,853,991	3,162,862	3,318,312	4,126,564	
26	Foreign official assets in the United States	180,425	189,109	194,468	199,678	202,482	241,226	283,058	322,036	341,859	375,339	401,678	442,753	516,603	546,015	677,910
27	U.S. Government securities	125,130	132,587	136,987	144,665	145,063	178,916	220,548	260,934	263,725	295,005	315,932	335,695	388,312	415,005	498,900
28	U.S. Treasury securities <sup>9</sup>	117,004	124,929	129,716	138,168	138,438	173,310	213,743	252,962	257,314	287,885	307,096	322,968	371,163	393,436	471,502
29	Other <sup>10</sup>	8,126	7,658	7,271	6,497	6,625	5,606	6,835	7,972	6,411	7,120	8,836	12,777	17,149	21,569	27,398
30	Other U.S. Government liabilities <sup>11</sup>	13,029	13,639	14,231	14,959	15,803	17,993	15,667	15,200	15,374	17,243	18,610	20,801	22,514	24,858	25,941
31	U.S. liabilities reported by U.S. banks, not included elsewhere	26,737	24,989	25,534	26,090	26,734	27,920	31,838	31,520	36,495	39,880	38,396	54,967	69,721	73,281	106,143
32	Other foreign official assets <sup>9</sup>	15,529	17,894	17,716	13,964	14,882	16,397	15,005	14,382	26,265	23,211	28,740	31,290	36,056	32,871	46,926
<b>Other foreign assets in the United States:</b>																
33	With direct investment at current cost (lines 35+37+38+41+42)	449,483	551,136	672,112	791,393	968,638	1,192,968	1,365,122	1,596,562	1,887,830	1,942,156	2,085,107	2,216,420	2,424,551	2,580,269	3,067,970
34	With direct investment at market value (lines 36+37+38+41+42)	504,694	641,036	752,569	957,308	1,200,101	1,367,871	1,612,924	1,986,647	2,014,445	2,262,302	2,411,238	2,646,259	2,772,297	3,448,654	
<b>Direct investment in the United States:</b>																
35	At current cost <sup>11</sup>	159,926	176,870	184,394	211,201	231,326	265,833	313,451	375,168	435,917	467,312	491,942	499,394	539,151	579,826	638,519
36	At market value <sup>12</sup>	130,428	153,318	172,377	219,966	272,966	316,200	391,530	534,734	539,601	689,137	694,212	760,859	771,854	1,019,203	
37	U.S. Treasury securities <sup>9</sup>	18,505	25,758	33,846	62,121	87,954	96,078	82,588	100,877	166,489	162,404	189,506	225,110	253,903	266,594	388,949
38	U.S. securities other than U.S. Treasury securities <sup>9</sup>	75,085	92,988	113,811	128,477	207,868	309,803	341,732	392,292	482,864	467,437	559,180	620,219	730,569	752,792	996,596
39	Corporate and other bonds <sup>9</sup>	10,694	16,709	17,454	32,421	82,290	140,863	166,089	191,314	231,673	245,696	287,308	319,823	389,942	413,866	533,177
40	Corporate stocks <sup>9</sup>	64,391	76,279	96,357	96,056	125,578	168,940	175,643	200,978	251,191	221,741	271,872	300,396	340,627	338,926	465,419
41	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns <sup>13</sup>	30,806	27,532	61,731	77,415	86,993	90,703	110,187	144,548	167,093	213,406	208,908	220,666	229,038	197,325	232,891
42	U.S. liabilities reported by U.S. banks, not included elsewhere <sup>14</sup>	165,361	227,988	278,330	312,179	354,497	430,551	517,164	583,677	635,467	631,597	635,571	651,031	671,890	783,732	809,015

<sup>p</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. Estimates for 1982 forward are linked to both the 1982 and 1989 benchmark surveys of U.S. direct investment abroad. Estimates for 1981 are linked to both the 1977 and 1982 benchmark surveys of U.S. direct investment abroad.

5. Estimates for 1981 forward reflect new 1987 base-year price indexes for tangible assets, which replace the 1982 base-year price indexes previously used in the national income and product accounts.

6. Estimates are linked to both the 1982 and 1989 benchmark surveys of U.S. direct investment abroad.

7. Breaks in series reflect the following: In 1982, an increase in reporters' exemption levels; 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 financial

centers was adjusted in 1991. 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.

8. Breaks in the series reflect the following: In 1981, expanded coverage of brokers' and security dealers' reporting of claims; in 1982, an increase in reporters' exemption levels; in 1988, the introduction of data on holdings of foreign commercial paper; in 1993, implementation of results from the U.S. Department of the Treasury's survey of selected foreign financial assets.

9. Estimates include results of 1978, 1984, and 1989 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 1981 forward are linked to both the 1980 and 1987 benchmark surveys of foreign direct investment in the United States.

12. Estimates for 1982 forward are linked to both the 1980 and 1987 benchmark surveys of foreign direct investment in the United States.

13. Breaks in series reflect the following: In 1982, an increase in reporters' exemption levels; in 1983, the introduction of data from the United Kingdom and BIS-source data for Caribbean and Asian banking centers.

14. A break in series in 1982 reflects an increase in reporters' exemption levels.

NOTE.—Revised area tables for 1981–95 are available upon request from the Balance of Payments Division (BE-58), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230.