

The International Investment Position of the United States in 1994

By Russell B. Scholl

Harlan W. King directed the preparation of estimates other than those of direct investment, with major contributions from Christopher A. Gohrband, Dena A. Holland, and Lori A. Trawinski.

THE NET international investment position of the United States at yearend 1994 was -\$680.8 billion when direct investment is valued at the current cost of replacing plant, equipment, and other tangible assets, and it was -\$584.0 billion when direct investment is valued at the current stock-market value of owners' equity. However, for direct investment valued on both bases, U.S. assets abroad exceeded foreign assets in the United States. For other assets taken as a whole, foreign holdings in the United States exceeded U.S. holdings abroad, mostly reflecting large foreign private and official portfolio holdings in the United States (table A, chart 1).

The net position on both bases became more negative in 1994 principally because of large net capital inflows into the United States, financing the current account deficit in 1994 (table B). With direct investment at current cost, capital inflows were partly offset by a net positive exchange rate adjustment, primarily for U.S. assets abroad denominated in several European currencies and the Japanese yen, all of which appreciated substantially against the dollar. Price changes and

other valuation changes were small, particularly in portfolio investment, in which the effects of falling U.S. bond prices nearly equaled the effects of a drop in stock prices in several foreign countries. With direct investment at market value, the capital inflows were also partly offset by the valuation adjustments: A positive exchange rate adjustment was partly offset by a large net negative price change, mostly attributable to a decline in the value of U.S. holdings of foreign securities

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

[Billions of dollars]

	1993	1994
Net position:		
At current cost	-545.3	-680.8
At market value	-453.9	-584.0
U.S. Government and foreign official assets	-270.8	-300.6
Direct investment:		
At current cost	170.8	180.5
At market value	262.2	277.3
U.S. and foreign securities	-442.6	-482.7
Bank- and nonbank-reported claims and liabilities	-2.8	-77.9

Table B.—Changes in the Net International Investment Position, 1994

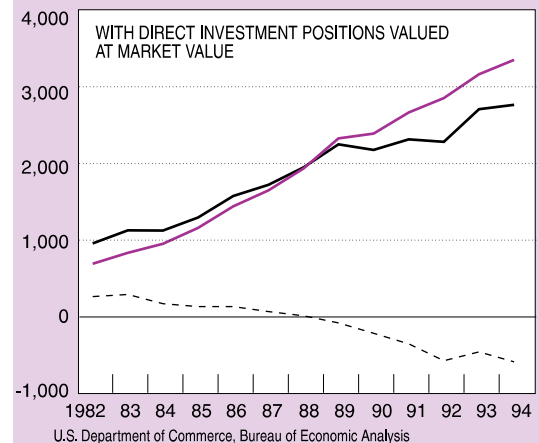
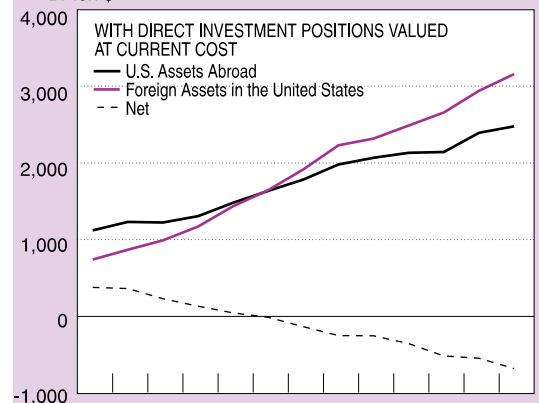
[Billions of dollars]

	At current cost	At market value
Total change	-135.5	-130.1
Capital flows	-165.5	-165.5
Price changes	1.2	-23.2
Exchange rate changes	25.6	53.6
Other valuation changes	3.1	5.0

CHART 1

Net International Investment Position of the United States, 1982-94

Billion \$



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

and to a decline in the value of U.S. direct investment abroad, both of which reflected the drop in foreign stock prices.

In 1994, U.S. assets abroad grew less rapidly than the record pace of 1993. U.S. institutional investors' aggressive diversification into foreign securities slowed as rising interest rates depressed bond and stock prices abroad. In addition, U.S. direct investors reduced capital outflows from the exceptional pace in 1993. Finally, U.S. banks' outflows remained weak, but those to Europe recovered somewhat when economic activity in several countries there picked up in the second half of the year. In contrast, U.S. deposit outflows from U.S. nonbanking concerns turned up sharply in 1994.

Foreign assets in the United States increased strongly again in 1994, buoyed by record capital inflows, especially to U.S. banks. Throughout the year, U.S. banks funded a substantial portion of the revival in U.S. demand for bank credit by drawing on foreign funds, especially from their Caribbean offices. Foreign direct investment inflows strengthened, boosted by robust economic growth in the United States. Strong foreign inflows into U.S. bond markets, despite a steep drop in bond prices and associated capital losses, reflected heavy new bond issues overseas by U.S. corporations and large foreign purchases of U.S. Treasury bonds. Foreign official assets increased, mainly as a result of further large increases by a few countries in Asia.

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 changes by account from 1993 to 1994, aggregate estimates by area for 1993–94, and historical estimates for 1980–94.

This issue also contains a companion article, “[Direct Investment Positions on a Historical-Cost Basis, 1994: 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. bank-reported claims decreased \$1.0 billion, to \$646.7 billion. This decrease reflected a continuation of the weakness that had been evident for the past several years as foreign economies entered recession and emerged from it only slowly.

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

[Billions of dollars]

	1993	1994
Total bank-reported claims	647.7	646.7
Bank own claims, payable in dollars	484.6	478.2
On unaffiliated foreign banks	98.4	109.6
On own foreign offices	286.4	282.4
On other foreigners	99.8	86.2
Bank customer claims, payable in dollars	98.4	103.3
Total claims payable in foreign currencies	64.7	65.2

By the second half of 1994, however, growth abroad was sufficient to stimulate the demand for bank credit, particularly in several countries in Western Europe. The response to this increase in demand was tempered by a sharp increase in the cost of U.S. funds relative to foreign funds, strong expansion of domestic loans that drew reserves away from potential expansion of foreign loans, and continued reliance by international borrowers on international bond markets and medium-term note programs as sources of short- and intermediate-term funds.

U.S. banks' own claims on foreign banks payable in dollars decreased \$6.4 billion, to \$478.2 billion ([table C](#)). An increase in claims on banks in Western Europe was more than offset by decreases in claims on banks in the Caribbean and Asia. The decrease in claims on Japan was much smaller than in recent years, when Japanese banks repaid a large volume of loans from their U.S. offices as part of a general scaling back of their international business. Claims on nonbank foreigners decreased, largely reflecting a sharp cutback in securities resale agreements with residents of the United Kingdom. A large

Data Improvements

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

- Foreign bonds held by U.S. residents have been revised for 1991–94 as a result of new source data on foreign new issues in the United States.
- U.S. direct investment abroad for 1983–88 has been revised based on information obtained from BEA's 1989 benchmark survey.

For a further explanation of these changes, see “[U.S. International Transactions, Revised Estimates for 1983–94](#)” in this issue.

Table D.—Changes in U.S. Holdings of Foreign Securities, 1994

[Billions of dollars]

Total change	-4.3
Net U.S. purchases	49.8
Price changes	-60.4
Exchange rate changes	6.4

reduction in claims on foreign public borrowers resulted from the implementation of a program to restructure Brazilian debt, which permitted U.S. banks to exchange their claims for Brazilian Government bonds.

U.S. banks reduced their foreign currency claims \$6.2 billion, to \$59.7 billion. The decrease was mostly in claims on Caribbean banking centers and Japan.

U.S. banks' domestic customers' claims payable in dollars increased \$4.9 billion, to \$103.3 billion. The increase largely stemmed from dollar deposits placed by these customers in U.S.-owned banks' Caribbean branches, much of which was re-lent to banks in the United States to fund U.S. domestic credit expansion. Banks' customers' claims payable in foreign currencies more than doubled. Partly offsetting these increases was a large drop in U.S.-held foreign commercial paper issued by Western Europeans and Australians; new issues were constrained by the rising cost of borrowing in the United States.

Foreign securities

U.S. holdings of foreign securities decreased \$4.3 billion, to \$538.6 billion, as the substantial decline in stock and bond prices worldwide reduced U.S. holdings and discouraged net purchases (table D). Exchange rate gains reflected the appreciation of European and Japanese currencies against the U.S. dollar during much of the year.

U.S. holdings of foreign stocks increased \$16.2 billion, to \$313.9 billion; net purchases of \$42.7 billion and an exchange rate gain of \$5.4 billion more than offset price depreciation of \$31.9 billion. Net purchases in 1994 were off 30 percent from the exceptional 1993 level, but they still exceeded those for any other year. The increase in value of U.S.-held foreign stocks raised their share of total U.S. stock holdings from 5.4 percent at yearend 1993 to 5.8 percent at yearend 1994. U.S. investors mostly purchased stocks from a few countries in Europe and from Japan, and they cut back on stocks from developing countries in Latin America and Asia (table E):

- Holdings of European stocks, despite \$10.9 billion in price depreciation, were bolstered

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

[Billions of dollars]

	1993	1994	Change
Total holdings	287.7	313.9	16.2
Western Europe	123.2	137.3	14.1
Of which: United Kingdom	41.9	42.7	0.8
France	16.3	17.3	1.0
Germany	23.0	25.5	2.5
Netherlands	18.0	20.0	2.0
Canada	23.1	24.6	1.5
Japan	42.7	66.2	23.5
Latin America	35.8	22.0	-13.8
Of which: Mexico	25.7	15.9	-9.8
Other countries	72.9	63.8	-9.1

by \$13.1 billion in net purchases and \$11.9 billion in exchange rate gains. U.S. purchases accelerated in the second half of the year, when economic growth picked up in several countries. Much of the 10–15 percent decline in stock prices from yearend 1993 to yearend 1994 occurred in the first half of the year.

- Holdings of Japanese stocks jumped 50 percent, reflecting \$13.7 billion in net purchases (more than double net purchases in 1993), \$6.9 billion in exchange rate gains, and \$2.7 billion in price appreciation. U.S. net purchases were strong early in the year, when Japanese stock prices rose sharply.
- Holdings of stocks from Latin American and other countries, mostly in Asia, decreased \$22.9 billion, as a result of sharply lower net purchases and of price depreciation.

U.S. holdings of foreign bonds decreased \$20.5 billion, to \$224.7 billion, reflecting a 12-percent drop in foreign bond prices. The drop in prices reduced holdings \$28.5 billion and contributed to a slowdown in net purchases to \$7.1 billion. Exchange rate appreciation was small because most U.S. bond holdings are Yankee bonds—dollar-denominated foreign issues. The slowdown in net purchases reflected strong buying of newly issued Yankee bonds that was largely offset by net sales of outstanding foreign bonds. New issues of Yankee bonds in the United States were \$48.2 billion, second only to 1993, despite sharply lower bond prices in the U.S. market. Western Europeans, Canadians, and Latin Americans continued to be large borrowers in the U.S. market, but not as large as they were in 1993; their quasi-government and corporate issues were cut back more sharply than their central government issues. Acquisitions of Latin American governments' bonds included the Brazilian Government's bonds exchanged for U.S. commercial banks' loans as part of the 1994 Brazilian debt restructuring program. Substantially offsetting net purchases of Yankee bonds were \$34.2 bil-

Table F.—Changes in U.S. Direct Investment Abroad, 1994

(Billions of dollars)

	At current cost	At market value
Total change	54.3	26.7
Capital outflows	49.4	49.4
Equity capital	11.7	11.7
Intercompany debt	3.0	3.0
Reinvested earnings	34.7	34.7
Price changes	-2.3	-59.8
Exchange rate changes	12.2	40.2
Other valuation changes	-5.0	-3.2

lion in U.S. net sales of outstanding foreign bonds, principally to the London market (following very large net purchases in the worldwide bond market rally in 1993).

U.S. direct investment abroad and other private assets

U.S. direct investment abroad at current cost increased \$54.3 billion, to \$761.0 billion; at market value, it increased \$26.7 billion, to \$1,048.4 billion (table F). Capital outflows slowed to \$49.4 billion in 1994: Intercompany debt and equity outflows slowed from the record pace in 1993, but reinvested earnings remained strong, reflecting affiliates' increased profits. The positions in several countries were also boosted by positive currency translation adjustments that were due to the appreciation of European and Japanese currencies.

At current cost, capital outflows and a positive exchange rate adjustment were partly offset by a negative price adjustment in capital equipment, land, and inventories and by other valuation adjustments. The large positive exchange rate adjustment reflects the translation into U.S. dollars of affiliates' positions in Europe and Japan, where currencies appreciated against the dollar. At market value, the capital outflows and a positive exchange rate adjustment were partly offset by a large price decline in owners' equity as a result of the price declines in most countries' stock markets between yearend 1993 and yearend 1994.

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns increased \$36.3 billion, largely reflecting an increase in these concerns' deposits at U.S. banks' Caribbean branches. These funds were subsequently lent to parent banks in the United States to meet the strong surge in U.S. domestic demand for bank credit. In addition, dollar deposits were channeled to banks in Canada and to Asian banking centers.

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

U.S. official reserve assets decreased \$1.6 billion, to \$163.4 billion. Gold decreased \$2.4 billion, reflecting a 2-percent drop in market price between yearend 1993 and yearend 1994. Holdings of foreign currencies decreased \$0.3 billion, as intervention sales of German marks and Japanese yen to support the dollar in exchange markets more than offset the effect of exchange rate appreciation.

U.S. Government assets, other than official reserve assets, increased \$0.3 billion, to \$81.3 billion; credit disbursements and repayments both slowed in 1994. The increase in short-term credits included the acquisition from U.S. banks of outstanding claims on the former Soviet Union.

Changes in Foreign Assets in the United States

Foreign official assets

Foreign official assets in the United States increased \$28.6 billion, to \$545.3 billion, a much smaller increase than in 1993. Most of the increase in 1994 was in U.S. Treasury bonds, but depreciation caused by the drop in U.S. bond prices offset one-third of the inflows. Inflows from industrial countries slowed to \$29.8 billion; the slowdown was chiefly from Western Europe. Inflows from non-OPEC developing countries were \$10.8 billion, less than one-third of the inflows in 1993. Latin American inflows were off sharply, while Asian inflows accelerated sharply. OPEC outflows slowed to \$1.2 billion.

Bank liabilities

U.S. bank-reported liabilities to foreigners, excluding U.S. Treasury securities, increased \$114.4 billion, to \$786.3 billion (table G). This exceptionally large increase reflected robust U.S. economic growth and the associated strong demand for funds by U.S. banks to finance the surge

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

(Billions of dollars)

	1993	1994
Total liabilities	671.9	786.3
Bank own liabilities, payable in dollars	559.2	661.8
To unaffiliated foreign banks	160.4	173.3
To own foreign offices	316.6	395.0
To other foreigners	82.2	93.5
Bank custody liabilities	34.6	34.9
Total liabilities payable in foreign currencies	78.1	89.6

Table H.—Changes in Foreign Holdings of U.S. Treasury Securities, 1994

[Billions of dollars]

Total change	12.3
Net foreign purchases	33.8
Price changes	-21.5
Exchange rate changes	0

in domestic lending. Foreign inflows to banks were bolstered by large interest-rate differentials favoring dollar deposits and by a shift to shorter term dollar assets as a result of increased uncertainty over the course of bond and equity prices. In addition, U.S. nonbank deposits at foreign offices of U.S. banks increased substantially, augmenting overseas funds available to U.S. banks. In 1994, U.S. banks relied heavily on funds available at their own foreign offices to finance their U.S. loan growth.

U.S. banks' liabilities to foreign banks and own foreign offices payable in dollars increased \$91.2 billion, to \$568.3 billion; over four-fifths of the increase was from own foreign offices, mainly in the Caribbean and, to a lesser extent, the United Kingdom. U.S.-owned banks in the United States, which accounted for the bulk of the increase in domestic lending, borrowed \$60.3 billion from their own foreign offices; foreign-owned banks in the United States drew only \$18.0 billion. These funds were augmented with \$12.9 billion in borrowing from unaffiliated foreign banks, mostly in the first half of the year, when U.S. interest rates rose rapidly.

Liabilities to nonbank foreigners increased \$11.3 billion, representing U.S. brokers' and dealers' borrowing through repurchase agreements with residents in Western Europe.

U.S. banks' liabilities payable in foreign currencies increased \$11.5 billion, to \$89.6 billion; most of the increase was in Japanese yen.

U.S. Treasury securities

Foreign holdings of U.S. Treasury securities increased \$12.3 billion, to \$265.6 billion, largely as a result of near-record purchases of U.S. Treasury bonds in the fourth quarter (table H). Fourth-quarter purchases were encouraged by a partial recovery in U.S. bond prices and in the U.S. dollar in exchange markets. Much of the increase due to the purchases was offset by price depreciation of \$21.5 billion, reflecting the steep drop in bond prices from yearend 1993 to yearend 1994.

Table I.—Changes in Foreign Holdings of Other U.S. Securities, 1994

[Billions of dollars]

Total change	23.6
Net foreign purchases	58.6
Price changes	-38.4
Exchange rate changes	3.4

Other U.S. securities

Foreign holdings of U.S. securities, other than U.S. Treasury issues, increased \$23.6 billion, to \$755.7 billion (table I). Strong net foreign purchases of U.S. bonds were partly offset by substantial price depreciation, mostly in their bond holdings.

Holdings of U.S. corporate and federally-sponsored agency bonds increased \$25.7 billion; \$55.6 billion in net foreign purchases was partly offset by \$33.3 billion in price depreciation. With costs substantially lower abroad than in the United States, a record volume of new issues was placed abroad by U.S. borrowers, who accelerated the use of shortened maturities, medium-term note programs, and foreign-currency-denominated issues. Foreigners purchased \$38.7 billion and \$16.9 billion of U.S. corporate and agency bonds, respectively, increasing their purchases of corporate issues while reducing their purchases of agency issues.

Holdings of U.S. stocks decreased \$2.1 billion, to \$337.9 billion, as net foreign purchases of \$3.0 billion were more than offset by price depreciation of \$5.1 billion. Strong U.S. corporate earnings and economic growth were not enough to overcome foreign investors' concerns over lackluster stock prices, rising U.S. interest rates, the progressive tightening in domestic monetary policy, and weakness of the dollar in exchange markets.

Foreign direct investment in the United States and other liabilities

Foreign direct investment in the United States at current cost increased \$44.7 billion, to \$580.5 billion; at market value, it increased \$11.6 billion, to \$771.1 billion (table J). As a share of the U.S. business sector's tangible assets, these investments on a current-cost basis accounted for 6 percent of business assets and, on a market-value basis, for 8 percent.

Capital inflows strengthened to \$49.4 billion: Net equity capital inflows increased, reflecting a step-up in acquisitions and establishments of U.S. businesses by foreigners, and reinvested earnings

Table J.—Changes in Foreign Direct Investment in the United States, 1994

[Billions of dollars]

	At current cost	At market value
Total change	44.7	11.6
Capital inflows	49.4	49.4
Equity capital	32.4	32.4
Intercompany debt	9.5	9.5
Reinvested earnings	7.5	7.5
Price changes	4.4	-28.7
Exchange rate changes	0	0
Other valuation changes	-9.1	-9.2

shifted to a positive value, reflecting a return to profitability for U.S. affiliates. Partly offsetting was a slowdown in net intercompany debt inflows. Strong capital inflows reflected robust U.S. economic growth and foreign parents' enhanced financial condition as a result of improved

business activity in some major countries. At current cost, valuation adjustments for large capital losses by Japanese and German affiliates in the United States exceeded price appreciation in U.S. affiliates' capital equipment and other assets. At market value, valuation adjustments reflected the price decline in owners' equity due to the drop in U.S. stock prices between yearend 1993 and yearend 1994.

Liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$3.9 billion, to \$225.1 billion, as a result of large net repayments of loans from Caribbean banking centers. Partly offsetting was an increase in borrowing from banks in the United Kingdom and an increase in commercial-trade payables.


Tables 1 through 3 follow. 

Table 1.—International Investment Position of the United States at Yearend, 1993 and 1994

[Millions of dollars]

Line	Type of investment	Position 1993 ^r	Changes in position in 1994 (decrease (—))					Position 1994 ^r
			Attributable to:				Total (a+b+c+d)	
			Capital flows	Valuation adjustments				
				Price changes	Exchange rate changes ¹	Other changes ²		
			(a)	(b)	(c)	(d)		
Net international investment position of the United States:								
1	With direct investment positions at current cost (line 3 less line 24)	-545,312	-165,514	1,230	25,623	3,149	-135,512	-680,824
2	With direct investment positions at market value (line 4 less line 25)	-453,861	-165,514	-23,206	53,631	4,960	-130,129	-583,990
U.S. assets abroad:								
3	With direct investment positions at current cost (lines 5+10+15)	2,393,577	125,851	-65,106	28,502	-5,075	84,172	2,477,749
4	With direct investment positions at market value (lines 5+10+16)	2,708,685	125,851	-122,619	56,531	-3,278	56,485	2,765,170
5	U.S. official reserve assets	164,945	-5,346	-2,422	6,241	-24	-1,551	163,394
6	Gold	102,556		³ -2,422		⁴ -24	-2,446	100,110
7	Special drawing rights	9,039	441		559		1,000	10,039
8	Reserve position in the International Monetary Fund	11,818	-494		706		212	12,030
9	Foreign currencies	41,532	-5,293		4,976		-317	41,215
10	U.S. Government assets, other than official reserve assets	81,001	322		-18	1	305	81,306
11	U.S. credits and other long-term assets ⁵	79,021	138		-1	3	140	79,161
12	Repayable in dollars	78,015	185			100	285	78,300
13	Other ⁶	1,006	-47		-1	-97	-145	861
14	U.S. foreign currency holdings and U.S. short-term assets	1,980	184		-17	-2	165	2,145
U.S. private assets:								
15	With direct investment at current cost (lines 17+19+22+23)	2,147,631	130,875	-62,684	22,279	-5,052	85,418	2,233,049
16	With direct investment at market value (lines 18+19+22+23)	2,462,739	130,875	-120,197	50,308	-3,255	57,731	2,520,470
Direct investment abroad:								
17	At current cost	706,636	49,370	-2,257	12,196	-4,965	54,344	760,980
18	At market value	1,021,744	49,370	-59,770	40,225	-3,168	26,657	1,048,401
19	Foreign securities	542,867	49,799	-60,427	6,366		-4,262	538,605
20	Bonds	245,185	7,118	-28,536	926		-20,492	224,693
21	Corporate stocks	297,682	42,681	-31,891	5,440		16,230	313,912
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.	250,434	32,621		3,717		36,338	286,772
23	U.S. claims reported by U.S. banks, not included elsewhere	647,694	-915			-87	-1,002	646,692
Foreign assets in the United States:								
24	With direct investment at current cost (lines 26+33)	2,938,889	291,365	-66,336	2,879	-8,224	219,684	3,158,573
25	With direct investment at market value (lines 26+34)	3,162,546	291,365	-99,413	2,900	-8,238	186,614	3,349,160
26	Foreign official assets in the United States	516,695	39,409	-10,844			28,565	545,260
27	U.S. Government securities	388,312	36,748	-10,130			26,618	414,930
28	U.S. Treasury securities	371,163	30,723	-8,471			22,252	393,415
29	Other	17,149	6,025	-1,659			4,366	21,515
30	Other U.S. Government liabilities ⁷	22,496	2,211				2,211	24,707
31	U.S. liabilities reported by U.S. banks, not included elsewhere	69,808	2,923				2,923	72,731
32	Other foreign official assets	36,079	-2,473	-714			-3,187	32,892
Other foreign assets:								
33	With direct investment at current cost (lines 35+37+38+41+42)	2,422,194	251,956	-55,492	2,879	-8,224	191,119	2,613,313
34	With direct investment at market value (lines 36+37+38+41+42)	2,645,851	251,956	-88,569	2,900	-8,238	158,049	2,803,900
Direct investment in the United States:								
35	At current cost	535,805	49,448	4,407	-21	-9,136	44,698	580,503
36	At market value	759,462	49,448	-28,670		-9,150	11,628	771,090
37	U.S. Treasury securities	253,304	33,811	-21,468			12,343	265,647
38	U.S. securities other than U.S. Treasury securities	732,157	58,625	-38,431	3,377		23,571	755,728
39	Corporate and other bonds	392,128	55,623	-33,328	3,377		25,672	417,800
40	Corporate stocks	340,029	3,002	-5,103			-2,101	337,928
41	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.	229,038	-4,324		-477	912	-3,889	225,149
42	U.S. liabilities reported by U.S. banks, not included elsewhere	671,890	114,396				114,396	786,286

^a Preliminary.^r 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 +	
		1993 ^r	1994 ^p	1993 ^r	1994 ^p	1993 ^r	1994 ^p	1993 ^r	1994 ^p	1993 ^r	1994 ^p
	U.S. assets abroad:										
1	U.S. official reserve assets	21,699	22,077	(*)	.....	19,833	19,138	.....	.....	123,413	122,179
2	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....	102,556	100,110
3	Special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....	9,039	10,039
4	Reserve position in the International Monetary Fund .....	.....	.....	.....	.....	.....	.....	.....	.....	11,818	12,030
5	Foreign currencies	21,699	22,077	(*)	.....	19,833	19,138	.....	.....	.....	.....
6	U.S. Government assets, other than official reserve assets	7,090	7,338	123	-2	46	37	17,232	16,773	56,510	57,161
7	U.S. credits and other long-term assets ¹	7,135	7,351	120	.....	.....	.....	17,164	16,690	54,602	55,120
8	Repayable in dollars	7,065	7,292	120	.....	.....	.....	16,879	16,537	53,951	54,471
9	Other ²	70	59	.....	.....	.....	.....	285	153	651	649
10	U.S. foreign currency holdings and U.S. short-term assets	-45	-13	3	-2	46	37	68	83	1,908	2,041
	U.S. private assets:										
11	Direct investment abroad	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)
12	Foreign securities	227,523	184,530	104,582	99,739	46,299	74,682	53,443	69,473	111,020	110,181
13	Bonds	104,314	47,251	81,465	75,133	3,595	8,487	17,642	47,452	38,169	46,370
14	Corporate stocks	123,209	137,279	23,117	24,606	42,704	66,195	35,801	22,021	72,851	63,811
15	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	96,416	96,627	10,307	15,099	3,026	3,406	124,048	149,921	16,637	21,719
16	U.S. claims reported by U.S. banks, not included elsewhere	193,883	195,477	33,162	32,487	82,307	79,598	246,567	253,791	91,775	85,339
	Foreign assets in the United States:										
17	Foreign official assets in the United States	207,873	210,049	17,133	18,707	(⁴)	(⁴)	56,718	41,560	(⁴)	(⁴)
18	U.S. Government securities	(⁵)	(⁵)	(⁵)	(⁵)	(⁴)	(⁴)	(⁵)	(⁵)	(⁴)	(⁴)
19	U.S. Treasury securities	(⁵)	(⁵)	(⁵)	(⁵)	(⁴)	(⁴)	(⁵)	(⁵)	(⁴)	(⁴)
20	Other	(⁵)	(⁵)	(⁵)	(⁵)	(⁴)	(⁴)	(⁵)	(⁵)	(⁴)	(⁴)
21	Other U.S. Government liabilities ⁶	3,872	3,796	383	362	3,010	3,000	696	676	14,535	16,873
22	U.S. liabilities reported by U.S. banks, not included elsewhere	(⁵)	(⁵)	(⁵)	(⁵)	(⁴)	(⁴)	(⁵)	(⁵)	(⁴)	(⁴)
23	Other foreign official assets	(⁵)	(⁵)	(⁵)	(⁵)	(⁴)	(⁴)	(⁵)	(⁵)	(⁴)	(⁴)
	Other foreign assets in the United States:										
24	Direct investment in the United States	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)
25	U.S. Treasury securities	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
26	U.S. securities other than U.S. Treasury securities	418,458	440,614	74,147	71,960	93,813	95,391	84,813	82,789	60,926	64,974
27	Corporate and other bonds	238,692	257,578	16,341	16,356	59,263	60,209	48,180	49,232	29,652	34,425
28	Corporate stocks	179,766	183,036	57,806	55,604	34,550	35,182	36,633	33,557	31,274	30,549
29	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	58,641	63,610	2,181	2,188	9,164	11,622	134,631	123,879	24,421	23,850
30	U.S. liabilities reported by U.S. banks, not included elsewhere	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
	Memorandum:										
31	U.S. Treasury securities, combined holdings (lines 19 + 25, above)	243,000	264,607	22,785	23,184	145,685	168,681	69,536	45,516	143,461	157,074
32	U.S. liabilities reported by U.S. banks, combined (lines 22 + 30, above)	332,855	354,108	16,541	23,117	57,579	64,546	253,432	328,907	81,291	88,339

^p Preliminary.^r Revised.⁺ Includes U.S. gold stock valued at market price.^{*} Less than \$500,000 (+/-).

1. 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.

2. 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.

3. 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, 1994; Country and Industry Detail," elsewhere in this issue of the SURVEY.

4. Details are not shown separately.

5. Details not shown separately are included in totals in line 17.

6. 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, 1980–94

Line	Type of investment	1980	1981	1982 ^r	1983 ^r	1984 ^r	1985 ^r	1986 ^r	1987 ^r	1988 ^r	1989 ^r	1990 ^r	1991 ^r	1992 ^r	1993 ^r	1994 ^r
Net international investment position of the United States:																
1	With direct investment positions at current cost (line 3 less line 24)	392,547	374,254	378,913	363,020	231,352	132,845	44,954	-11,057	-134,518	-250,341	-251,112	-355,070	-515,734	-545,312	-680,824
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	-349,035	-570,571	-453,861	-583,990
U.S. assets abroad:																
3	With direct investment at current cost (lines 5+10+15)	936,275	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	2,131,715	2,142,172	2,393,577	2,477,749
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	2,314,945	2,282,948	2,708,685	2,765,170
5	U.S. official reserve assets	171,412	124,568	143,445	123,110	105,400	117,930	139,875	162,370	144,179	168,714	174,664	159,223	147,435	164,945	163,394
6	Gold ¹	155,816	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
7	Special drawing rights	2,610	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
8	Reserve position in the International Monetary Fund	2,852	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
9	Foreign currencies	10,134	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
10	U.S. Government assets, other than official reserve assets	63,865	68,774	74,682	79,626	84,971	87,752	89,637	88,880	86,117	84,489	81,993	79,063	80,723	81,001	81,306
11	U.S. credits and other long-term assets ²	62,023	67,201	72,884	77,814	82,883	85,814	88,710	88,099	85,388	83,903	81,365	77,417	79,010	79,021	79,161
12	Repayable in dollars	59,799	64,959	70,948	75,991	81,103	84,087	87,112	86,486	83,923	82,421	80,404	76,191	77,910	78,015	78,300
13	Other ³	2,224	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
14	U.S. foreign currency holdings and U.S. short-term assets	1,842	1,573	1,798	1,812	2,088	1,938	927	781	729	586	628	1,646	1,713	1,980	2,145
U.S. private assets:																
15	With direct investment at current cost (lines 17+19+22+23)	700,998	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	1,914,014	2,147,631	2,233,049
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	2,054,790	2,462,739	2,520,470
Direct investment abroad:																
17	At current cost ^{4,5}	396,249	412,418	387,002	376,307	367,839	394,760	431,475	505,096	526,824	560,409	620,031	644,307	657,854	706,636	760,980
18	At market value ⁶ .....	.....	.....	226,638	274,342	270,574	386,352	530,074	590,246	692,461	832,460	731,762	827,537	798,630	1,021,744	1,048,401
19	Foreign securities	62,454	62,142	74,046	84,723	88,804	114,288	143,431	153,952	175,976	217,612	228,693	302,425	333,834	542,867	538,605
20	Bonds	43,524	45,675	56,604	58,569	62,810	73,273	80,433	84,326	89,986	97,751	118,660	143,616	155,778	245,185	224,693
21	Corporate stocks	18,930	16,467	17,442	26,154	25,994	41,015	62,998	69,626	85,990	119,861	110,033	158,809	178,056	297,682	313,912
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns ⁷	38,429	42,752	35,405	131,329	130,138	141,872	167,392	177,368	197,757	234,307	265,315	256,295	254,303	250,434	286,772
23	U.S. claims reported by U.S. banks, not included elsewhere ⁸	203,866	293,508	404,578	434,505	445,631	447,363	507,338	549,457	653,227	713,817	695,687	690,402	668,023	647,694	646,692
Foreign assets in the United States:																
24	With direct investment at current cost (lines 26+33)	543,728	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	2,657,906	2,938,889	3,158,573
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	2,853,519	3,162,546	3,349,160
26	Foreign official assets in the United States ..	176,062	180,425	189,109	194,468	199,678	202,482	241,226	283,058	322,036	341,859	375,339	401,678	442,742	516,695	545,260
27	U.S. Government securities	118,189	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	414,930
28	U.S. Treasury securities ⁹	111,336	117,004	124,929	129,716	138,168	138,438	173,310	213,713	252,962	257,314	287,885	307,096	322,968	371,163	393,415
29	Other ⁹	6,853	8,126	7,658	7,271	6,497	6,625	5,606	6,835	7,972	6,411	7,120	8,836	12,727	17,149	21,515
30	Other U.S. Government liabilities ¹⁰	13,367	13,029	13,639	14,231	14,959	15,803	17,993	15,667	15,200	15,374	17,243	18,610	20,790	22,496	24,707
31	U.S. liabilities reported by U.S. banks, not included elsewhere	30,381	26,737	24,989	25,534	26,090	26,734	27,920	31,838	31,520	36,495	39,880	38,396	54,967	69,808	72,731
32	Other foreign official assets ⁹	14,125	15,529	17,894	17,716	13,964	14,882	16,397	15,005	14,382	26,265	23,211	28,740	31,290	36,079	32,892
Other foreign assets in the United States:																
33	With direct investment at current cost (lines 35+37+38+41+42)	367,666	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	2,215,164	2,422,194	2,613,313
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	2,410,777	2,645,851	2,803,900
Direct investment in the United States:																
35	At current cost ¹¹	125,944	159,926	176,870	184,394	211,201	231,326	265,833	313,451	375,168	435,917	467,312	491,942	498,599	535,805	580,503
36	At market value ¹² .....	.....	.....	130,428	153,318	172,377	219,996	272,966	316,200	391,530	534,734	539,601	669,137	694,212	759,462	771,090
37	U.S. Treasury securities ⁹	16,113	18,505	25,758	33,846	62,121	87,954	96,078	82,588	100,877	166,489	162,404	189,506	224,835	253,304	265,647
38	U.S. securities other than U.S. Treasury securities ⁹	74,114	75,085	92,988	113,811	128,477	207,868	309,803	341,732	392,292	482,864	467,437	559,180	620,033	732,157	755,728
39	Corporate and other bonds ⁹	9,545	10,694	16,709	17,454	32,421	82,290	140,863	166,089	191,314	231,673	245,696	287,308	319,873	392,128	417,800
40	Corporate stocks ⁹	64,569	64,391	76,279	96,357	96,056	125,578	168,940	175,643	200,978	251,191	221,741	271,872	300,160	340,029	337,928
41	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns ¹³	30,426	30,606	27,532	61,731	77,415	86,993	90,703	110,187	144,548	167,093	213,406	208,908	220,666	229,038	225,149
42	U.S. liabilities reported by U.S. banks, not included elsewhere ¹⁴	121,069	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	786,286

^p Preliminary.^r 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 1980–81 are linked to both the 1977 and 1982 benchmark surveys of U.S. direct investment abroad.

5. Estimates for 1980 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.

8. Breaks in 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.

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 1980 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 1980–94 are available upon request from the Balance of Payments Division (BE-58), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230.