

# The International Investment Position of the United States at Yearend 2005

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**T**HE net international investment position of the United States was  $-\$2,693.8$  billion (preliminary) at yearend 2005, compared with  $-\$2,360.8$  billion (revised) at yearend 2004, with direct investment valued at current cost (table 1, chart 1). The value of foreign-owned assets in the United States continued to exceed the value of U.S.-owned assets abroad.

The  $-\$333.0$  billion change in the net investment position from yearend 2004 to yearend 2005 was largely due to record private net foreign purchases of U.S. securities, including Treasury securities, and to depreciation of most major foreign currencies against

the U.S. dollar, which lowered the dollar value of U.S.-owned assets abroad. The impact of these net foreign purchases and exchange-rate changes was partly offset by price appreciation of U.S.-held foreign stocks that surpassed by a large amount price appreciation of foreign-held U.S. stocks.

On an alternative valuation basis with direct investment valued at the current stock market value of owners' equity, the net investment position was  $-\$2,546.2$  billion (preliminary) at yearend 2005, compared with  $-\$2,448.7$  billion (revised) at yearend 2004. This article features estimates valued at the current cost of direct

## Valuing Direct Investment Positions and Other Components of the U.S. International Investment Position

Virtually all of the categories in the international investment position accounts except direct investment positions can be directly estimated with reference to readily observable market prices. For example, the value of positions in portfolio investment securities, gold, loans, currencies, and bank deposits can be directly estimated based on face values or market prices of recent transactions. In contrast, direct investment positions typically involve illiquid ownership interests in companies that may possess many unique attributes—such as customer base, management, and ownership of intangible assets—whose values in the current period are difficult to determine, because there is no widely accepted standard for revaluing company financial statements at historical cost into prices of the current period.

Since 1991, in the series of annual articles on the international investment position of the United States, two measures of valuing direct investment positions—the current-cost method and the market-value method—have been discussed and presented as two alternatives to the historical-cost valuation. The current-cost method values the U.S. and foreign parents' shares of their affiliates' investment in plant and equipment, using the current cost of capital equipment; in land, using general price indexes; and in inventories, using estimates of their replacement cost. The market-value method values the owners' equity share of direct investment, using indexes of stock market prices. (For additional infor-

mation, 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.)

In this article, BEA emphasizes the current-cost method, because the estimates prepared using the current-cost method are comparable with BEA's current-cost estimates of the net stock of fixed assets and consumer durable goods and with the Federal Reserve Board's estimates of domestic net worth (the sum of tangible assets located in the United States, including plant and equipment, inventories, and land). Furthermore, BEA's calculation of direct investment income includes a current-cost adjustment to depreciation; this adjustment converts depreciation as reported on company financial statements to the preferred economic accounts measure, which is based on the current cost, rather than on the historical cost, of assets.

The estimates of direct investment in the international investment position continue to be presented on both current-cost and market-value bases in order to highlight that different methods of valuing direct investment may be appropriate for different circumstances and that depending on the valuation method used, the resulting estimates may differ substantially.

For detailed data on direct investment at historical cost by country and industry, see "Direct Investment Positions for 2005: Country and Industry Detail" in this issue.

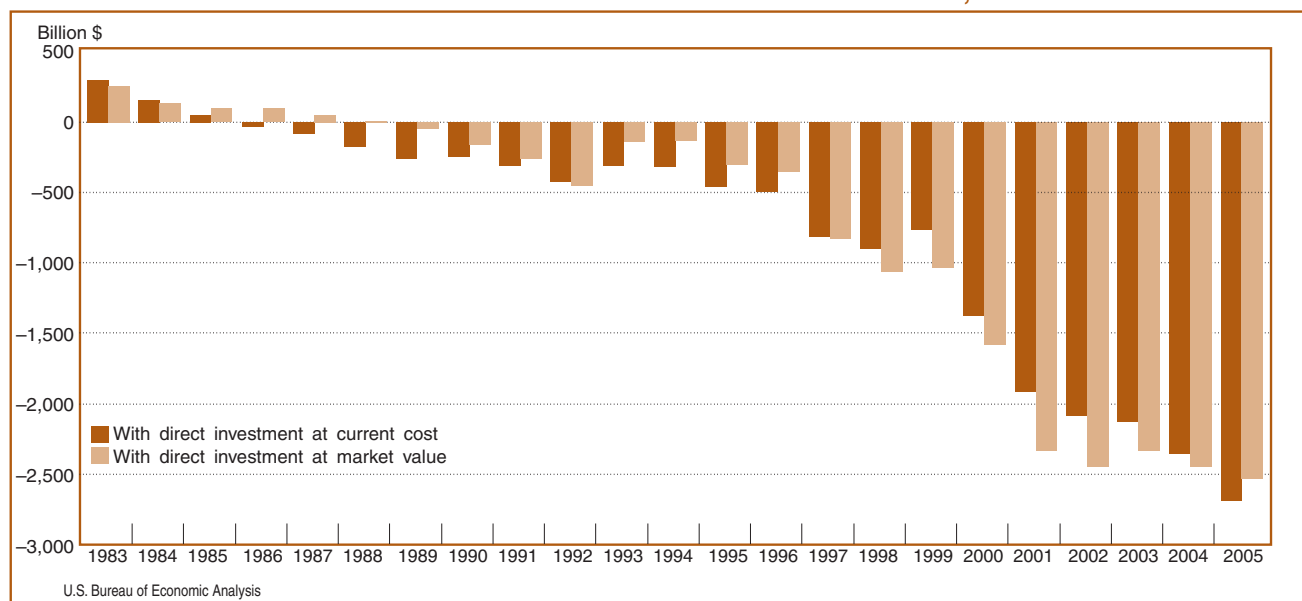
investment; however, estimates valued at the stock market value of direct investment are mentioned when the two valuations of direct investment differ substantially. The differences between the two methods are limited to the valuation of direct investment. All financial transactions and all asset and liability positions except direct investment are identical under both of these valuation measures.

With direct investment valued at current cost, U.S.-owned assets abroad increased to \$10,008.7 billion at yearend 2005 from \$9,186.7 billion at yearend 2004 (table A).

**Table A. U.S. International Investment Position at Yearend**  
[Billions of dollars]

	2003	2004	2005
<b>Net position:</b>			
At current cost .....	-2,131.2	-2,360.8	-2,693.8
At market value .....	-2,339.8	-2,448.7	-2,546.2
U.S.-owned assets abroad:			
At current cost .....	7,648.9	9,186.7	10,008.7
At market value .....	8,318.2	10,075.3	11,079.2
Foreign-owned assets in the United States:			
At current cost .....	9,780.1	11,547.4	12,702.5
At market value .....	10,657.9	12,524.1	13,625.4

**Chart 1. Net International Investment Position of the United States at Yearend, 1983–2005**



### Improvements in the Estimates

As is customary each July, the estimates of the U.S. international investment position incorporate newly available source data and methodological changes that relate to the improvements incorporated in the annual revision of the U.S. international transactions accounts.

This year, the estimates of U.S. holdings of foreign securities for 2003–2004 were revised to incorporate results from the U.S. Treasury Department’s Annual Survey of U.S. Portfolio Investment Abroad as of December 31, 2004. The estimates of foreign holdings of U.S. securities for 2003–2004 were revised to incorporate results from the U.S. Treasury Department’s Annual Survey of Foreign Portfolio Investment in the United States as of June 30, 2005. These estimates also included revised results from the U.S. Treasury Department’s Benchmark Survey of Foreign Portfolio Investment in the United States as of June 30, 2004. The estimates of short-term U.S. Treasury securities and other short-term debt instruments reported by U.S. banks for 2003–2004 were also revised to incorporate results from the U.S. Treasury

Department’s Annual Survey of Foreign Portfolio Investment in the United States as of June 30, 2005. The estimates of foreign direct investment in the United States for 2002–2004 were revised to incorporate results from BEA’s Benchmark Survey of Foreign Direct Investment in the United States for 2002.

In addition to the above improvements, all estimates are revised as a result of the incorporation of newly available or revised quarterly source data. Revisions attributable to these updated source data are for 2002–2004. The net result of revisions from all sources raised the value of U.S.-owned assets abroad relative to the value of foreign-owned assets in the United States for 2002–2004. The net international investment position at yearend 2004 was revised to -\$2,360.8 billion from -\$2,484.2 billion with direct investment at current cost and to -\$2,448.7 billion from -\$2,542.2 billion with direct investment at market value.

For additional information, see “Annual Revision of the U.S. International Accounts, 1995–2005” in this issue.

- Financial transactions increased the value of U.S. investments abroad by \$426.8 billion in 2005 (table B), down significantly from a record increase of \$867.8 billion in 2004. Increases in U.S. direct investment abroad and increases in claims reported by U.S. banks and by U.S. nonbanking concerns slowed sharply from 2004. In contrast, net U.S. purchases of foreign securities, mostly foreign stocks, picked up.
- Valuation adjustments increased the value of U.S. investments abroad by \$395.2 billion (table B). Price appreciation of foreign stocks substantially increased the value of U.S. holdings of foreign stocks abroad. In contrast, exchange-rate depreciation of most major foreign currencies lowered the dollar value of U.S. investments abroad.

**Table B. Changes in U.S.-Owned Assets Abroad, 2005**  
[Billions of dollars]

	At current cost	At market value
<b>Total change</b> .....	<b>822.0</b>	<b>1,003.9</b>
<b>Financial flows</b> .....	<b>426.8</b>	<b>426.8</b>
<b>Valuation adjustments</b> .....	<b>395.2</b>	<b>577.1</b>
Price changes .....	608.5	993.6
Exchange-rate changes .....	-279.0	-444.3
Other valuation changes .....	65.7	27.8

With direct investment valued at current cost, foreign-owned assets in the United States increased to \$12,702.5 billion at yearend 2005 from \$11,547.4 billion at yearend 2004.

- Financial transactions increased the value of foreign investments in the United States by \$1,212.3 billion in 2005 (table C), down from a record increase of \$1,450.2 billion in 2004. Foreign official net purchases of U.S. Treasury securities, as well as increases in U.S. liabilities reported by U.S. banks and by U.S. nonbanking concerns, slowed substantially. In contrast, private net purchases of U.S. securities, including U.S. Treasury securities, increased to a record.

**Table C. Changes in Foreign-Owned Assets in the United States, 2005**  
[Billions of dollars]

	At current cost	At market value
<b>Total change</b> .....	<b>1,155.0</b>	<b>1,101.3</b>
<b>Financial flows</b> .....	<b>1,212.3</b>	<b>1,212.3</b>
<b>Valuation adjustments</b> .....	<b>-57.2</b>	<b>-111.0</b>
Price changes .....	-16.9	-67.8
Exchange-rate changes .....	-52.7	-50.7
Other valuation changes .....	12.4	7.5

- Valuation adjustments decreased the value of foreign investments in the United States by \$57.2

billion, largely as a result of exchange-rate depreciation of foreign-currency-denominated U.S. corporate bonds (table C). Price depreciation of U.S. bonds, including U.S. Treasury securities, lowered the value of foreign-held U.S. bonds and more than offset price appreciation of U.S. stocks.

This article presents the major changes in U.S.-owned assets abroad and in foreign-owned assets in the United States in 2005. Tables 1 and 2 at the end of this article present estimates of the yearend positions by type of investment.

## Changes in U.S.-Owned Assets Abroad

### Bank and nonbank claims

U.S. claims on foreigners reported by U.S. banks and securities brokers increased \$202.8 billion, to \$2,430.7 billion, in 2005. The increase was more than accounted for by financial transactions of \$213.0 billion. U.S. banks' own claims denominated in dollars increased to \$1,816.5 billion from \$1,653.0 billion (table D). Most of the increase in claims reflected interoffice transfers of funds in the form of loans and deposit placements. In 2005, both U.S.-owned banks and foreign-owned banks participated in sizable international syndicated lending facilities associated with mergers and acquisitions and corporate debt refinancings. Claims on other foreigners decreased to \$357.6 billion from \$383.2 billion as U.S. securities brokers and dealers received payments, mostly through the reversal of resale agreements with investment funds in the Caribbean.

**Table D. U.S. Claims Reported by U.S. Banks and Securities Brokers and U.S. Nonbanks at Yearend**  
[Billions of dollars]

	2003	2004	2005
<b>Total bank-reported claims</b> .....	<b>1,772.9</b>	<b>2,227.9</b>	<b>2,430.7</b>
Banks' claims for own accounts, denominated in dollars .....	1,311.0	1,653.0	1,816.5
On foreign banks .....	981.5	1,191.9	1,380.6
On foreign nonbanks, excluding foreign official institutions .....	271.6	383.2	357.6
On foreign official institutions .....	57.9	77.9	78.3
Banks' claims for customers' accounts, denominated in dollars .....	358.9	413.3	466.2
Banks' claims, denominated in foreign currencies .....	103.0	161.6	148.0
<b>Total nonbank-reported claims</b> .....	<b>594.0</b>	<b>733.5</b>	<b>784.5</b>

U.S. banks' domestic customers' claims denominated in dollars increased to \$466.2 billion from \$413.3 billion, reflecting an upturn in deposits and an increase in holdings of short-term instruments. U.S. banks' claims payable in foreign currencies decreased to \$148.0 billion from \$161.6 billion, as most major foreign currencies depreciated against the dollar in 2005.

U.S. claims on foreigners reported by U.S. nonbanking concerns increased to \$784.5 billion from \$733.5 billion, reflecting a step-up in U.S. deposits in Europe and in Caribbean banking centers (table D).

## Foreign securities

U.S. holdings of foreign securities increased \$520.6 billion, to \$4,074.0 billion, in 2005. The increase was largely accounted for by price appreciation of foreign stocks.

U.S. holdings of foreign stocks increased \$526.0 billion, to \$3,086.5 billion, in 2005. Stock price appreciation of \$566.7 billion and net U.S. purchases of \$142.1 billion more than offset exchange-rate depreciation of \$182.8 billion. Foreign stock prices (based on Morgan Stanley broad market indexes) appreciated 27 percent in local currency in 2005, the third consecutive year of double-digit appreciation. In U.S. dollars, foreign stock prices appreciated 14 percent, outperforming U.S. stock prices, which appreciated only 4 percent. Net U.S. purchases of foreign stocks were a record \$142.1 billion, up from \$84.8 billion in 2004. The increase was partly accounted for by a step-up in net U.S. purchases of stocks from the emerging markets in Asia and Latin America. Despite a pickup in cross-border merger and acquisition activity, transactions involving stock swaps were subdued in 2005.

- At yearend 2005, U.S. holdings of European stocks increased to \$1,582.1 billion from \$1,356.2 billion (table E). The increase was mostly attributable to a 22-percent increase in European stock prices (in local currency). Appreciation of European stock prices was partly offset by a 13-percent exchange-rate depreciation of the euro and an 11-percent exchange-rate depreciation of the pound against the U.S. dollar. In dollar terms, European stocks appreciated 7 percent. Net U.S. purchases of European stocks decreased to \$54.9 billion from \$58.7 billion.

**Table E. U.S. Holdings of Foreign Stocks  
by Major Area and Country at Yearend**  
(Billions of dollars)

	2003	2004	2005
<b>Total holdings</b> .....	<b>2,079.4</b>	<b>2,560.4</b>	<b>3,086.5</b>
Europe.....	1,135.3	1,356.2	1,582.1
Of which: United Kingdom.....	426.2	461.8	553.7
France.....	130.8	164.6	188.5
Switzerland.....	117.9	138.2	157.4
Netherlands.....	115.8	136.5	156.9
Germany.....	103.2	123.7	140.4
Spain.....	43.8	63.0	71.7
Italy.....	39.0	57.5	65.9
Sweden.....	27.5	38.3	49.2
Finland.....	35.2	33.9	38.7
Canada.....	149.3	180.4	207.0
Caribbean financial centers.....	180.3	257.5	292.3
Of which: Bermuda.....	107.5	153.5	175.8
Cayman Islands.....	45.3	69.7	82.1
Latin America, excluding Caribbean financial centers.....	80.1	105.8	145.9
Of which: Brazil.....	31.8	43.1	61.4
Mexico.....	28.5	37.5	50.8
Asia.....	454.4	565.8	739.6
Of which: Japan.....	255.5	330.4	411.2
Korea, Republic of.....	49.1	66.6	88.9
Taiwan.....	27.0	34.6	54.5
Hong Kong.....	36.2	35.4	47.5
Africa.....	18.7	28.9	40.0
Of which: South Africa.....	15.1	21.6	30.2
Other countries.....	61.3	65.8	79.6
Of which: Australia.....	56.5	57.1	68.8

- U.S. holdings of Japanese stocks increased to \$411.2 billion from \$330.4 billion, mostly as a result of a 43-percent increase in Japanese stock prices (in local currency). Appreciation of Japanese stock prices was partly offset by a 14-percent exchange-rate depreciation of the Japanese yen against the dollar. Net U.S. purchases of Japanese stocks rose to \$39.9 billion in 2005 from \$33.1 billion in 2004.
- U.S. holdings of Asian stocks excluding Japanese stocks increased to \$328.4 billion from \$235.4 billion, and U.S. holdings of Latin American stocks increased to \$145.9 billion from \$105.8 billion. The increase in these U.S. holdings reflected appreciation of emerging market stock prices (in local currencies), exchange-rate appreciation of several Asian and Latin American currencies, and strong net U.S. purchases.
- U.S. holdings of Canadian stocks increased to \$207.0 billion from \$180.4 billion, reflecting a 24-percent appreciation of Canadian stock prices (in local currency) and a 5-percent exchange-rate appreciation of the Canadian dollar against the U.S. dollar. Net U.S. purchases of Canadian stocks were \$4.8 billion, down from \$13.5 billion.

U.S. holdings of foreign bonds decreased \$5.4 billion, to \$987.5 billion, in 2005. The decrease resulted from exchange-rate depreciation of \$22.9 billion and price depreciation of \$20.5 billion that more than offset net U.S. purchases. In 2005, U.S. net purchases of foreign bonds were \$38.0 billion, down from \$61.8 billion. U.S. investors sharply curtailed acquisitions of European bonds and continued as net sellers of Asian bonds. In contrast, net purchases of Latin American emerging market bonds, notably of Brazilian bonds, increased to a record.

- At yearend 2005, U.S. holdings of European bonds were \$487.0 billion, up from \$478.2 billion at yearend 2004 (table F). Net U.S. purchases of European bonds were \$30.3 billion, a sharp decrease from net purchases of \$71.5 billion in 2004. Net purchases were mostly offset by exchange-rate depreciation of the euro and the pound against the dollar.
- U.S. holdings of Asian bonds were \$53.7 billion at yearend 2005, down from \$78.9 billion at yearend 2004. Net U.S. sales of \$22.3 billion accounted for most of the decrease. U.S. holdings of Japanese bonds were \$27.8 billion, down from \$36.4 billion.
- U.S. holdings of Latin American emerging market bonds, particularly Mexican and Brazilian bonds, were \$97.0 billion, up from \$83.8 billion. Net U.S. purchases increased to \$17.1 billion from \$3.2 billion and more than accounted for the increase in holdings.

**Table F. U.S. Holdings of Foreign Bonds  
by Major Area and Country at Yearend**  
[Billions of dollars]

	2003	2004	2005
<b>Total holdings</b> .....	<b>874.4</b>	<b>993.0</b>	<b>987.5</b>
Europe.....	442.4	478.2	487.0
Of which: United Kingdom.....	148.3	178.6	192.7
Germany.....	71.4	67.9	63.0
Netherlands.....	58.0	55.1	53.1
France.....	43.0	41.8	41.5
Belgium and Luxembourg.....	20.2	31.8	25.9
Sweden.....	12.8	14.6	17.0
Italy.....	25.0	17.4	16.2
Canada.....	139.4	151.9	146.8
Caribbean financial centers.....	89.8	129.3	126.4
Of which: Cayman Islands.....	75.7	114.4	110.3
Latin America, excluding Caribbean financial centers.....	75.2	83.8	97.0
Of which: Mexico.....	27.6	28.6	29.7
Brazil.....	18.4	19.9	26.6
Asia.....	69.3	78.9	53.7
Of which: Japan.....	37.2	36.4	27.8
Africa.....	6.6	6.3	5.8
Of which: South Africa.....	2.7	3.0	3.1
Other countries.....	51.7	64.6	70.7
Of which: Australia.....	29.2	40.4	47.8

- U.S. holdings of bonds issued through the Caribbean financial centers, predominantly the Cayman Islands, were \$126.4 billion, down a little from \$129.3 billion.
- U.S. holdings of Canadian bonds decreased to \$146.8 billion from \$151.9 billion, while holdings of Australian bonds increased to \$47.8 billion from \$40.4 billion.

### U.S. direct investment abroad

U.S. direct investment abroad at current cost increased \$54.7 billion, to \$2,453.9 billion, in 2005 (table G). At market value, U.S. direct investment abroad increased \$236.6 billion, to \$3,524.5 billion; the increase was attributable to the price appreciation in owners' equity resulting from an increase in foreign stock prices that more than offset the exchange-rate depreciation (table H). Financial transactions increased U.S. direct investment abroad \$9.1 billion, down sharply from the 2004

**Table G. U.S. Direct Investment Abroad at Yearend**  
[Billions of dollars]

	2003	2004	2005
<b>U.S. direct investment abroad:</b>			
At current cost.....	2,059.9	2,399.2	2,453.9
At market value.....	2,729.1	3,287.9	3,524.5

**Table H. U.S. Direct Investment Abroad, 2005**  
[Billions of dollars]

	At current cost	At market value
<b>Total position at yearend</b> .....	<b>2,453.9</b>	<b>3,524.5</b>
<b>Total change</b> .....	<b>54.7</b>	<b>236.6</b>
Financial outflows.....	9.1	9.1
Equity capital.....	39.7	39.7
Intercompany debt.....	-19.4	-19.4
Reinvested earnings.....	-11.2	-11.2
Price changes.....	42.1	427.1
Exchange-rate changes.....	-32.1	-197.4
Other valuation changes.....	35.7	-2.2

increase of \$244.1 billion, largely as a result of tax incentives provided by the American Jobs Creation Act that encouraged the payment of dividends by foreign affiliates to their U.S. parent companies.<sup>1</sup> Net equity capital transactions slowed to \$39.7 billion following a spike in 2004 caused by the restructuring of a large foreign media company, and intercompany debt shifted to a decrease of \$19.4 billion from an increase of \$5.4 billion.

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

U.S. official reserve assets decreased \$1.5 billion, to \$188.0 billion, in 2005. The U.S. reserve position at the International Monetary Fund (IMF) decreased \$11.5 billion, mostly as a result of large repayments of U.S. dollar funds to the IMF from Brazil, Turkey, Argentina, and Russia. Exchange-rate depreciation also contributed to the decrease in the U.S. reserve position. U.S. official holdings of foreign currencies decreased \$4.9 billion as a result of exchange-rate depreciation that more than offset small financial transactions. U.S. holdings of special drawing rights decreased \$5.4 billion as a result of financial transactions and exchange-rate depreciation. Substantial price appreciation in the market value of the U.S. gold stock nearly offset financial transactions and exchange-rate depreciation of U.S. reserve assets.

U.S. Government assets other than official reserve assets decreased \$5.5 billion, to \$77.5 billion, as repayments of loans exceeded new U.S. Government credits.

### Changes in Foreign-Owned Assets in the United States

#### Foreign official assets

Foreign official assets in the United States increased to \$2,216.1 billion in 2005 from \$2,001.4 billion in 2004. Financial transactions of \$199.5 billion accounted for most of the increase. Foreign official net purchases of U.S. Treasury securities were \$71.7 billion, down sharply from a record \$263.3 billion in 2004, when several Asian monetary authorities intervened heavily in the exchange markets in an attempt to slow the

1. This act, which was signed into law on October 22, 2004, allowed U.S. companies that received dividends from foreign subsidiaries during a specific period (calendar 2004 or calendar year 2005, at taxpayer option, for calendar-year taxpayers) to be taxed on the dividends at reduced rates. Most of these dividends were not paid until 2005, because the act was signed into law late in 2004 and many companies delayed distributions until regulatory guidance had been issued. One condition that had to be satisfied in order to realize the tax savings was the development of a domestic reinvestment plan for the dividends. Another condition was for the dividends to exceed the amount that had historically been paid. For more information on this act and its effects on BEA's international accounts, see FAQs on this topic on BEA's Web site at <[www.bea.gov/bea/faq/international/FAQ.htm](http://www.bea.gov/bea/faq/international/FAQ.htm)>.

appreciation of their currencies against the U.S. dollar. In contrast, foreign official net purchases of U.S. agency bonds more than doubled to \$84.7 billion.

### Bank and nonbank liabilities

U.S. liabilities to private foreigners and international financial institutions reported by U.S. banks and securities brokers increased \$179.9 billion, to \$2,600.6 billion, in 2005. Financial transactions of \$179.8 billion accounted for nearly all of the increase.

U.S. banks' own liabilities denominated in dollars increased to \$2,082.5 billion from \$1,906.9 billion, mostly as a result of interoffice transfers of funds from affiliates overseas, mainly in Europe, in the form of loans and deposit placements (table I). In 2005, funding demand remained strong as U.S. banks borrowed funds to support considerable international credit growth. Liabilities to foreign nonbanks decreased to \$546.2 billion from \$582.6 billion as a result of payments by U.S. securities brokers and dealers, mostly through the reversal of repurchase agreements with investment funds in the Caribbean. U.S. banks' customers' liabilities denominated in dollars increased \$10.7 billion, to \$418.2 billion, mostly in the form of negotiable certificates of deposit and other short-term instruments. U.S. banks' foreign currency liabilities decreased \$6.5 billion, to \$99.9 billion, as most major foreign currencies depreciated against the dollar in 2005.

**Table I. U.S. Liabilities Reported by U.S. Banks and Securities Brokers and U.S. Nonbanks at Yearend**  
[Billions of dollars]

	2003	2004	2005
<b>Total bank-reported liabilities</b> .....	<b>1,921.4</b>	<b>2,420.8</b>	<b>2,600.6</b>
Banks' liabilities for own accounts, denominated in dollars.....	1,527.3	1,906.9	2,082.5
To foreign banks .....	1,132.5	1,324.3	1,536.3
To foreign nonbanks, including international organizations.....	394.8	582.6	546.2
Banks' liabilities for customers' accounts, denominated in dollars....	327.2	407.5	418.2
Banks' liabilities, denominated in foreign currencies.....	66.9	106.4	99.9
<b>Total nonbank-reported liabilities</b> .....	<b>450.9</b>	<b>507.7</b>	<b>563.7</b>

U.S. liabilities to foreigners reported by U.S. nonbanking concerns increased to \$563.7 billion from \$507.7 billion, reflecting an increase in U.S. corporate borrowings, mostly from Europe and Canada (table I).

### U.S. Treasury securities

Foreign holdings of U.S. Treasury securities, excluding foreign official holdings, increased \$142.6 billion, to \$704.9 billion, in 2005. Net private foreign purchases of U.S. Treasury securities were a record \$199.5 billion, up from \$102.9 billion, and more than offset small price depreciation. Net purchases were strong despite lower returns on U.S. Treasury bonds relative

to returns on most major foreign government bonds in 2005. At yearend 2005, Japan remained by far the largest holder of U.S. Treasury securities at \$659.0 billion, followed by China at \$335.8 billion. Together, they accounted for half of total foreign holdings (table J). (In table J, foreign private holdings and foreign official holdings are combined in order to avoid the disclosure of sensitive data on individual country holdings by foreign official agencies.)

**Table J. Foreign Official and Private Holdings of U.S. Treasury Securities by Selected Countries at Yearend**

[Billions of dollars]

	2003	2004	2005
<b>Total holdings</b> .....	<b>1,513.5</b>	<b>1,803.5</b>	<b>1,993.8</b>
Japan .....	551.1	683.1	659.0
China .....	176.2	245.3	335.8
United Kingdom .....	46.3	60.2	98.5
Korea, Republic of .....	55.5	56.7	67.8
Taiwan .....	56.1	66.3	66.9
OPEC Asia .....	22.8	48.1	60.7
Belgium and Luxembourg .....	46.1	56.0	51.4
Germany .....	49.5	41.6	47.4
Hong Kong .....	47.6	43.3	39.7
Mexico .....	24.4	31.5	34.5

### Other U.S. securities

Foreign holdings of U.S. securities other than U.S. Treasury securities, excluding foreign official holdings, increased \$395.2 billion, to \$4,390.7 billion, in 2005. Net foreign purchases were a record \$474.1 billion, up from \$381.5 billion, and more than offset price depreciation and exchange-rate depreciation of foreign-currency-denominated U.S. corporate bonds.

Foreign holdings of U.S. corporate bonds and agency bonds increased \$240.0 billion to \$2,275.2 billion (table K). Net foreign purchases were \$388.4 billion, up from \$321.9 billion, and more than offset price depreciation and exchange-rate depreciation. Net purchases of corporate bonds were a record \$316.0 billion, up from \$254.6 billion in 2004, and net purchases

**Table K. Foreign Private Holdings of U.S. Corporate and Agency Bonds by Major Area and Country at Yearend**

[Billions of dollars]

	2003	2004	2005
<b>Total holdings</b> .....	<b>1,710.8</b>	<b>2,035.1</b>	<b>2,275.2</b>
Europe .....	1,139.3	1,295.8	1,393.4
Of which: United Kingdom .....	492.9	463.7	522.4
Belgium and Luxembourg .....	413.0	517.3	521.7
Netherlands .....	40.0	60.8	72.9
Germany .....	44.2	62.5	67.8
Ireland .....	47.6	56.2	63.6
Switzerland .....	42.6	60.2	60.6
France .....	24.7	25.1	30.3
Canada .....	47.1	52.0	63.2
Caribbean financial centers .....	255.6	329.8	359.3
Of which: Cayman Islands .....	140.8	197.6	231.1
Bermuda .....	78.4	96.0	95.7
Latin America, excluding Caribbean financial centers .....	20.5	28.3	33.4
Asia .....	233.3	308.9	398.5
Of which: Japan .....	158.9	213.7	264.4
Africa .....	1.6	2.1	2.7
Other countries .....	13.4	18.2	24.7

of agency bonds were \$72.4 billion, up from \$67.4 billion. Strong net purchases of U.S. corporate bonds were partly attributable to strong earnings and healthy balance sheets. Net purchases were also stimulated by attractive yields on U.S. corporate bonds during a period of historically low Treasury bond yields.

At yearend 2005, investors in Europe accounted for \$1,393.4 billion, or 61 percent, of total foreign holdings of U.S. corporate and agency bonds; most of the European holdings were in the United Kingdom and in Belgium and Luxembourg. Outside of Europe, investment funds in the Caribbean financial centers accounted for \$359.3 billion, or 16 percent, of total foreign holdings, and Japanese investors accounted for \$264.4 billion, or 12 percent, of total foreign holdings.

Foreign holdings of U.S. stocks increased \$155.1 billion, to \$2,115.5 billion, reflecting an increase in net foreign purchases and modest price appreciation (table L). Net purchases in 2005 were \$85.8 billion, up from \$59.5 billion. Stock swap transactions were subdued as cross-border merger and acquisition activity involving U.S. companies during the year was mostly in cash. Net foreign purchases of U.S. stocks picked up in 2005 after declining continuously from a peak in 2000. The increase in net foreign purchases of U.S. equities was partly supported by strong corporate profits and higher dividend payouts by major U.S. companies. In 2005, the U.S. stock market gained a modest 4 percent, well below the gains of its counterparts in Europe and in Asia. Higher interest rates and record oil prices during the year limited the price gain.

**Table L. Foreign Private Holdings of U.S. Corporate Stocks by Major Area and Country at Yearend**

[Billions of dollars]

	2003	2004	2005
<b>Total holdings</b> .....	<b>1,712.1</b>	<b>1,960.4</b>	<b>2,115.5</b>
Europe.....	948.5	1,098.7	1,174.5
<i>Of which:</i> United Kingdom.....	247.4	292.4	304.1
Belgium and Luxembourg.....	140.1	162.6	186.0
Netherlands.....	129.8	156.5	167.0
Switzerland.....	123.6	134.4	140.2
Germany.....	75.6	81.9	83.7
France.....	57.0	67.4	80.1
Ireland.....	48.5	56.6	60.6
Sweden.....	43.0	49.9	50.8
Italy.....	33.6	34.2	31.3
Canada.....	203.9	220.2	247.5
Caribbean financial centers.....	243.3	281.7	322.3
<i>Of which:</i> Cayman Islands.....	116.0	139.5	163.7
Bermuda.....	51.9	56.7	63.7
Netherlands Antilles.....	21.8	23.3	25.4
Latin America, excluding Caribbean financial centers.....	29.7	31.8	34.4
Asia.....	230.7	256.1	264.3
<i>Of which:</i> Japan.....	155.8	179.4	186.0
Africa.....	4.3	4.9	4.9
Other countries.....	51.7	67.0	67.6
<i>Of which:</i> Australia.....	45.1	59.3	60.0

At yearend 2005, investors in Europe accounted for \$1,174.5 billion, or 56 percent, of total foreign holdings of U.S. stocks. Outside of Europe, investment

funds in the Caribbean financial centers accounted for \$322.3 billion, or 15 percent, of total foreign holdings, Canadian investors accounted for \$247.5 billion, or 12 percent, of total holdings, and Japanese investors accounted for \$186.0 billion, or 9 percent, of total holdings.

### U.S. currency

U.S. currency held by foreigners increased \$19.4 billion, to \$352.2 billion, in 2005. Net U.S. currency shipments to foreigners increased in 2005, largely to Europe, particularly Russia and some countries of the former Soviet Union. Dollars returned from several other countries were significantly higher than in 2004.

### Foreign direct investment in the United States

Foreign direct investment in the United States at current cost increased \$147.2 billion, to \$1,874.3 billion, in 2005, mostly as a result of financial transactions (table M). At market value, foreign direct investment in the United States increased \$93.5 billion, to \$2,797.2 billion, as financial transactions more than offset price depreciation in owners' equity (table N). The negative price valuation adjustment resulted from a decline in the adjusted U.S. stock market index used in BEA's market-value revaluation formula. The stock market index is adjusted to remove the effect of reinvested earnings on stock prices to prevent double-counting of reinvested earnings in the revaluation formula. (For additional information, see J. Steven Landefeld and Ann M. Lawson, "Valuation of the U.S. Net International Investment Position," SURVEY OF CURRENT BUSINESS 71 (May 1991): 49.)

**Table M. Foreign Direct Investment in the United States at Yearend**

[Billions of dollars]

	2003	2004	2005
<b>Foreign direct investment in the United States:</b>			
At current cost.....	1,577.0	1,727.1	1,874.3
At market value.....	2,454.9	2,703.7	2,797.2

**Table N. Foreign Direct Investment in the United States, 2005**

[Billions of dollars]

	At current cost	At market value
<b>Total position at yearend</b> .....	<b>1,874.3</b>	<b>2,797.2</b>
<b>Total change</b> .....	<b>147.2</b>	<b>93.5</b>
Financial inflows.....	109.8	109.8
Equity capital.....	57.7	57.7
Intercompany debt.....	-6.9	-6.9
Reinvested earnings.....	58.9	58.9
Price changes.....	28.0	-22.9
Exchange-rate changes.....	-2.0	
Other valuation changes.....	11.5	6.6

Financial transactions increased foreign direct investment in the United States \$109.8 billion, down from the 2004 increase of \$133.2 billion. Net equity capital transactions, which have declined in each of the last 5 years since their peak of \$259.6 billion in 2000,

were \$57.7 billion, down from \$74.1 billion. Reinvested earnings increased to \$58.9 billion from \$55.6 billion, and intercompany debt shifted to a decrease of \$6.9 billion from an increase of \$3.5 billion.

*Tables 1 and 2 follow.*

Table 1. International Investment Position of the United States at Yearend, 2004 and 2005

[Millions of dollars]

Line	Type of investment	Position, 2004 <sup>r</sup>	Changes in position in 2005				Total (a+b+c+d)	Position, 2005 <sup>p</sup>
			Attributable to					
			Financial 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) .....	-2,360,785	-785,449	625,441	-226,283	53,277	-333,014	-2,693,799
2	With direct investment positions at market value (line 4 less line 25) .....	-2,448,744	-785,449	1,061,360	-393,614	20,272	-97,431	-2,546,175
<b>U.S.-owned assets abroad:</b>								
3	With direct investment positions at current cost (lines 5+10+15) .....	9,186,661	426,801	608,509	-278,993	65,698	822,015	10,008,676
4	With direct investment positions at market value (lines 5+10+16) .....	10,075,337	426,801	993,566	-444,317	27,815	1,003,865	11,079,202
5	U.S. official reserve assets .....	189,591	-14,096	20,241	-7,680	-13	-1,548	188,043
6	Gold .....	113,947	.....	<sup>3</sup> 20,241	.....	<sup>4</sup> -13	20,228	134,175
7	Special drawing rights .....	13,628	-4,511	.....	-907	.....	-5,418	8,210
8	Reserve position in the International Monetary Fund .....	19,544	-10,200	.....	-1,308	.....	-11,508	8,036
9	Foreign currencies .....	42,472	615	.....	-5,465	.....	-4,850	37,622
10	U.S. Government assets, other than official reserve assets .....	83,062	-5,539	.....	.....	.....	-5,539	77,523
11	U.S. credits and other long-term assets <sup>5</sup> .....	80,308	-3,348	.....	.....	.....	-3,348	76,960
12	Repayable in dollars .....	80,035	-3,348	.....	.....	.....	-3,348	76,687
13	Other <sup>6</sup> .....	273	.....	.....	.....	.....	.....	273
14	U.S. foreign currency holdings and U.S. short-term assets .....	2,754	-2,191	.....	.....	.....	-2,191	563
<b>U.S. private assets:</b>								
15	With direct investment at current cost (lines 17+19+22+23) .....	8,914,008	446,436	588,268	-271,313	65,711	829,102	9,743,110
16	With direct investment at market value (lines 18+19+22+23) .....	9,802,684	446,436	973,325	-436,637	27,828	1,010,952	10,813,636
<b>Direct investment abroad:</b>								
17	At current cost .....	2,399,224	9,072	42,085	-32,112	35,664	54,709	2,453,933
18	At market value .....	3,287,900	9,072	427,142	-197,436	-2,219	236,559	3,524,459
19	Foreign securities .....	3,553,387	180,125	546,183	-205,698	.....	520,610	4,073,997
20	Bonds .....	992,969	37,991	-20,533	-22,884	.....	-5,426	987,543
21	Corporate stocks .....	2,560,418	142,134	566,716	-182,814	.....	526,036	3,086,454
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	733,538	44,221	.....	-18,151	24,913	50,983	784,521
23	U.S. claims reported by U.S. banks, not included elsewhere .....	2,227,859	213,018	.....	-15,352	5,134	202,800	2,430,659
<b>Foreign-owned assets in the United States:</b>								
24	With direct investment at current cost (lines 26+33) .....	11,547,446	1,212,250	-16,932	-52,710	12,421	1,155,029	12,702,475
25	With direct investment at market value (lines 26+34) .....	12,524,081	1,212,250	-67,794	-50,703	7,543	1,101,296	13,625,377
26	Foreign official assets in the United States .....	2,001,407	199,495	-26,059	.....	41,280	214,716	2,216,123
27	U.S. Government securities .....	1,499,293	156,450	-28,661	.....	22,315	150,104	1,649,397
28	U.S. Treasury securities .....	1,241,250	71,749	-21,682	.....	-2,436	47,631	1,288,881
29	Other .....	258,043	84,701	-6,979	.....	24,751	102,473	360,516
30	Other U.S. Government liabilities <sup>7</sup> .....	16,488	-488	.....	.....	.....	-488	16,000
31	U.S. liabilities reported by U.S. banks, not included elsewhere .....	270,387	24,275	.....	.....	.....	24,275	294,662
32	Other foreign official assets .....	215,239	19,258	2,602	.....	18,965	40,825	256,064
<b>Other foreign assets:</b>								
33	With direct investment at current cost (lines 35+37+38+41+42+43) .....	9,546,039	1,012,755	9,127	-52,710	-28,859	940,313	10,486,352
34	With direct investment at market value (lines 36+37+38+41+42+43) .....	10,522,674	1,012,755	-41,735	-50,703	-33,737	886,580	11,409,254
<b>Direct investment in the United States:</b>								
35	At current cost .....	1,727,062	109,754	27,950	-2,007	11,504	147,201	1,874,263
36	At market value .....	2,703,697	109,754	-22,912	.....	6,626	93,468	2,797,165
37	U.S. Treasury securities .....	562,288	199,491	-7,671	.....	-49,233	142,587	704,875
38	U.S. securities other than U.S. Treasury securities .....	3,995,506	474,140	-11,152	-29,411	-38,401	395,176	4,390,682
39	Corporate and other bonds .....	2,035,149	388,357	-72,646	-29,411	-46,252	240,048	2,275,197
40	Corporate stocks .....	1,960,357	85,783	61,494	.....	7,851	155,128	2,115,485
41	U.S. currency .....	332,735	19,416	.....	.....	.....	19,416	352,151
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	507,668	30,105	.....	-10,309	36,285	56,081	563,749
43	U.S. liabilities reported by U.S. banks, not included elsewhere .....	2,420,780	179,849	.....	-10,983	10,986	179,852	2,600,632

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

2. Includes changes in coverage, capital gains and losses of direct investment affiliates, and other adjustments to the value of assets and liabilities.

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 demonetizations/monetiza-

tions are not included in international transactions financial flows.

5. Also includes paid-in capital subscriptions to international financial institutions and resources provided to foreigners under foreign assistance programs requiring repayment over several years. 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. International Investment Position

[Millions]

Line	Type of Investment	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>Net international investment position of the United States:</b>														
1	With direct investment positions at current cost (line 3 less line 24) .....	164,832	171,440	206,423	316,926	360,838	339,767	328,954	298,304	160,695	54,343	-36,209	-80,007	-178,470
2	With direct investment positions at market value (line 4 less line 25) .....							235,947	257,393	134,088	96,886	100,782	50,529	10,466
<b>U.S.-owned assets abroad:</b>														
3	With direct investment at current cost (lines 5+10+15) .....	456,964	512,278	621,227	786,701	929,806	1,001,667	1,108,436	1,210,974	1,204,900	1,287,396	1,469,396	1,646,527	1,829,665
4	With direct investment at market value (lines 5+10+16) .....							961,015	1,129,673	1,127,132	1,302,712	1,594,652	1,758,711	2,008,365
5	U.S. official reserve assets .....	44,094	53,376	69,450	143,260	171,412	124,568	143,445	123,110	105,040	117,930	139,875	162,370	144,179
6	Gold <sup>1</sup> .....	36,944	45,781	62,471	135,476	155,816	105,644	120,635	100,484	81,202	85,834	102,428	127,648	107,434
7	Special drawing rights .....	2,395	2,629	1,558	2,724	2,610	4,096	5,250	5,025	5,641	7,293	8,395	10,283	9,637
8	Reserve position in the International Monetary Fund .....	4,434	4,946	1,047	1,253	2,852	5,054	7,348	11,312	11,541	11,947	11,730	11,349	9,745
9	Foreign currencies .....	321	20	4,374	3,807	10,134	9,774	10,212	6,289	6,656	12,856	17,322	13,090	17,363
10	U.S. Government assets, other than official reserve assets .....	44,978	48,567	53,187	58,851	65,573	70,893	76,903	81,664	86,945	89,792	91,850	90,681	87,892
11	U.S. credits and other long-term assets <sup>2</sup> .....	44,124	47,749	52,252	57,909	63,731	69,320	75,105	79,852	84,857	87,854	90,923	89,900	87,163
12	Repayable in dollars .....	41,309	45,154	49,817	54,616	60,731	66,591	72,635	77,618	82,819	85,978	89,271	88,344	85,788
13	Other <sup>3</sup> .....	2,815	2,595	2,435	3,293	3,000	2,729	2,470	2,234	2,038	1,876	1,652	1,556	1,395
14	U.S. foreign currency holdings and U.S. short-term assets .....	854	818	935	942	1,842	1,573	1,798	1,812	2,088	1,938	927	781	729
<b>U.S. private assets:</b>														
15	With direct investment at current cost (lines 17+19+22+23) .....	367,892	410,335	498,590	584,590	692,821	806,206	888,088	1,006,200	1,012,915	1,079,674	1,237,671	1,393,476	1,597,594
16	With direct investment at market value (lines 18+19+22+23) .....							740,667	924,899	935,147	1,094,990	1,362,927	1,505,660	1,776,294
<b>Direct investment abroad:</b>														
17	At current cost <sup>4</sup> .....	222,283	246,078	285,005	336,301	388,072	407,804	374,059	355,643	348,342	371,036	404,818	478,062	513,761
18	At market value <sup>4</sup> .....							226,638	274,342	270,574	386,352	530,074	590,246	692,461
19	Foreign securities <sup>5</sup> .....	44,157	49,439	53,384	56,769	62,454	62,142	74,046	84,723	88,804	119,403	158,123	188,589	232,849
20	Bonds <sup>5</sup> .....	34,704	39,329	42,148	41,966	43,524	45,675	56,604	58,569	62,810	75,200	85,724	93,889	104,187
21	Corporate stocks <sup>5</sup> .....	9,453	10,110	11,236	14,803	18,930	16,467	17,442	26,154	25,994	44,363	72,399	94,700	128,662
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns <sup>6</sup> .....	20,317	22,256	29,385	34,491	38,429	42,752	35,405	131,329	130,138	141,872	167,392	177,368	197,757
23	U.S. claims reported by U.S. banks, not included elsewhere <sup>7</sup> .....	81,135	92,562	130,816	157,029	203,866	293,508	404,578	434,505	445,631	447,363	507,338	549,457	653,227
<b>Foreign-owned assets in the United States:</b>														
24	With direct investment at current cost (lines 26+33) .....	292,132	340,838	414,804	469,775	568,968	661,900	779,482	912,670	1,044,205	1,233,053	1,505,605	1,726,534	2,008,135
25	With direct investment at market value (lines 26+34) .....							725,068	872,280	993,044	1,205,826	1,493,870	1,708,182	1,997,899
26	Foreign official assets in the United States .....	104,445	140,867	173,057	159,852	176,062	180,425	189,109	194,468	199,678	202,482	241,226	283,058	322,036
27	U.S. Government securities .....	72,572	105,386	128,511	106,640	118,189	125,130	132,587	136,987	144,665	145,063	178,916	220,548	260,934
28	U.S. Treasury securities <sup>8</sup> .....	70,555	101,092	123,991	101,748	111,336	117,004	124,929	129,716	138,168	138,438	173,310	213,713	252,962
29	Other <sup>8</sup> .....	2,017	4,294	4,520	4,892	6,853	8,126	7,658	7,271	6,497	6,625	5,606	6,835	7,972
30	Other U.S. Government liabilities <sup>9</sup> .....	8,860	10,260	12,749	12,749	13,367	13,029	13,639	14,231	14,959	15,803	17,993	15,667	15,200
31	U.S. liabilities reported by U.S. banks, not included elsewhere .....	17,231	18,004	23,327	30,540	30,381	26,737	24,989	25,534	26,090	26,734	27,920	31,838	31,520
32	Other foreign official assets <sup>8</sup> .....	5,782	7,217	8,470	9,923	14,125	15,529	17,894	17,716	13,964	14,882	16,397	15,005	14,382
<b>Other foreign assets:</b>														
33	With direct investment at current cost (lines 35+37+38+41+42+43) .....	187,687	199,971	241,747	309,923	392,906	481,475	590,373	718,202	844,527	1,030,571	1,264,379	1,443,476	1,686,099
34	With direct investment at market value (lines 36+37+38+41+42+43) .....							535,959	677,812	793,366	1,003,344	1,252,644	1,425,124	1,675,863
<b>Direct investment in the United States:</b>														
35	At current cost <sup>10</sup> .....	47,528	55,413	68,976	88,579	127,105	164,623	184,842	193,708	223,538	247,223	284,701	334,552	401,766
36	At market value <sup>10</sup> .....							130,428	153,318	172,377	219,996	272,966	316,200	391,530
37	U.S. Treasury securities <sup>8</sup> .....	7,028	7,562	8,910	14,210	16,113	18,505	25,758	33,846	62,121	87,954	96,078	82,588	100,877
38	U.S. securities other than U.S. Treasury securities <sup>8</sup> .....	54,913	51,235	53,554	58,587	74,114	75,085	92,988	113,811	128,477	207,868	309,803	341,732	392,292
39	Corporate and other bonds <sup>8</sup> .....	11,964	11,456	11,457	10,269	9,545	10,694	16,709	17,454	32,421	82,290	140,863	166,089	191,314
40	Corporate stocks <sup>8</sup> .....	42,949	39,779	42,097	48,318	64,569	64,391	76,279	96,357	96,056	125,578	168,940	175,643	200,978
41	U.S. currency .....	11,792	13,656	16,569	19,552	24,079	27,295	31,265	36,776	40,797	46,036	50,122	55,584	61,261
42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns <sup>11</sup> .....	12,961	11,921	16,019	18,669	30,426	30,606	27,532	61,731	77,415	86,993	90,703	110,187	144,548
43	U.S. liabilities reported by U.S. banks, not included elsewhere <sup>12</sup> .....	53,465	60,184	77,719	110,326	121,069	165,361	227,988	278,330	312,179	354,497	432,972	518,833	585,355

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

2. Also includes paid-in capital subscriptions to international financial institutions and resources provided to foreigners under foreign assistance programs requiring repayment over several years. 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 reclassification from the direct investment accounts to the nonbank investment accounts of intercompany debt positions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation. Estimates for 1976 forward are linked to the 1977, 1982, 1989, 1994,

and 1999 benchmark surveys of U.S. direct investment abroad.

5. Estimates include results of the 1994, 1997, and 2001 Benchmark Surveys of U.S. Portfolio Holdings of Foreign Securities, and the results of the 2003 and 2004 Annual Surveys of U.S. Holdings of Foreign Securities, conducted by the U.S. Department of the Treasury.

6. A break in series in 1983 reflects the introduction of counterparty data from the United Kingdom and from the Bank for International Settlements (BIS) for several European countries, Caribbean banking centers, and Asian banking centers. Additional coverage from BIS data was introduced in 1986, 1989, 1993, and 1994. In 1994, intercompany debt positions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation are reclassified from the direct investment accounts to the nonbank investment accounts. A break in series in 2003 reflects the reclassification of assets reported by U.S. securities brokers from nonbank-reported assets to bank-reported assets, and a reduction in counterparty balances to eliminate double counting.

## of the United States at Yearend, 1976–2005

of dollars]

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002 <sup>1</sup>	2003 <sup>1</sup>	2004 <sup>1</sup>	2005 <sup>2</sup>	Line
-259,506	-245,347	-309,259	-431,198	-306,956	-323,397	-458,462	-495,055	-820,682	-895,358	-766,237	-1,381,196	-1,919,430	-2,088,008	-2,131,170	-2,360,785	-2,693,799	1
-46,987	-164,495	-260,819	-452,305	-144,268	-135,251	-305,836	-360,024	-822,732	-1,070,769	-1,037,437	-1,581,007	-2,339,448	-2,454,328	-2,339,788	-2,448,744	-2,546,175	2
2,070,868	2,178,978	2,286,456	2,331,696	2,753,648	2,987,118	3,486,272	4,032,307	4,567,906	5,095,546	5,974,394	6,238,785	6,308,681	6,652,248	7,648,880	9,186,661	10,008,676	3
2,350,235	2,294,085	2,470,629	2,466,496	3,091,421	3,315,135	3,964,558	4,650,837	5,379,128	6,179,126	7,399,678	7,401,192	6,930,484	6,807,793	8,318,156	10,075,337	11,079,202	4
168,714	174,664	159,223	147,435	164,945	163,394	176,061	160,739	134,836	146,006	136,418	128,400	129,961	158,602	183,577	189,591	188,043	5
105,164	102,406	92,561	87,168	102,556	100,110	101,279	96,698	75,929	75,291	75,950	71,799	72,328	90,806	108,866	113,947	134,175	6
9,951	10,989	11,240	8,503	9,039	10,039	11,037	10,312	10,027	10,603	10,336	10,539	10,783	12,166	12,638	13,628	8,210	7
9,048	9,076	9,488	11,759	11,818	12,030	14,649	15,435	18,071	24,111	17,950	14,824	17,869	21,979	22,535	19,544	8,036	8
44,551	52,193	45,934	40,005	41,532	41,215	49,096	38,294	30,809	36,001	32,182	31,238	28,981	33,651	39,538	42,472	37,622	9
86,643	84,344	81,422	83,022	83,382	83,908	85,064	86,123	86,198	86,768	84,227	85,168	85,654	85,309	84,772	83,062	77,523	10
86,057	83,716	79,776	81,352	81,435	81,884	82,802	83,999	84,130	84,850	81,657	82,574	83,132	82,682	81,980	80,308	76,960	11
84,734	82,602	78,814	80,498	80,660	81,389	82,358	83,606	83,780	84,528	81,367	82,293	82,854	82,406	81,706	80,035	76,687	12
1,323	1,114	962	854	775	495	444	393	350	322	290	281	278	276	274	273	273	13
586	628	1,646	1,670	1,947	2,024	2,262	2,124	2,068	1,918	2,570	2,594	2,522	2,627	2,792	2,754	563	14
1,815,511	1,919,970	2,045,811	2,101,239	2,505,321	2,739,816	3,225,147	3,785,445	4,346,872	4,862,772	5,753,749	6,025,217	6,093,066	6,408,337	7,380,531	8,914,008	9,743,110	15
2,094,878	2,035,077	2,229,984	2,236,039	2,843,094	3,067,833	3,703,433	4,403,975	5,158,094	5,946,352	7,179,033	7,187,624	6,714,869	6,563,882	8,049,807	9,802,684	10,813,636	16
553,093	616,655	643,364	663,830	723,526	786,565	885,506	989,810	1,068,063	1,196,021	1,414,355	1,531,607	1,693,131	1,867,043	2,059,850	2,399,224	2,453,933	17
832,460	731,762	827,537	798,630	1,061,299	1,114,582	1,363,792	1,608,340	1,879,285	2,279,601	2,839,639	2,694,014	2,314,934	2,022,588	2,729,126	3,287,900	3,524,459	18
314,294	342,313	455,750	515,083	853,528	937,153	1,203,925	1,487,546	1,751,183	2,069,383	2,551,949	2,425,534	2,169,735	2,079,891	2,953,778	3,553,387	4,073,997	19
116,949	144,717	176,774	200,817	309,666	310,391	413,310	481,411	543,396	594,400	548,233	572,692	557,062	705,226	874,356	992,969	987,543	20
197,345	197,596	278,976	314,266	543,862	626,762	790,615	1,006,135	1,207,787	1,474,983	2,003,716	1,852,842	1,612,673	1,374,665	2,079,422	2,560,418	3,086,454	21
234,307	265,315	256,295	254,303	242,022	322,980	367,567	450,578	545,524	588,322	704,517	836,559	839,303	901,946	594,004	733,538	784,521	22
713,817	695,687	690,402	668,023	686,245	693,118	768,149	857,511	982,102	1,009,046	1,082,928	1,231,517	1,390,897	1,559,457	1,772,899	2,227,859	2,430,659	23
2,330,374	2,424,325	2,595,715	2,762,894	3,060,604	3,310,515	3,944,734	4,527,362	5,388,588	5,990,904	6,740,631	7,619,981	8,228,111	8,740,256	9,780,050	11,547,446	12,702,475	24
2,397,222	2,458,580	2,731,448	2,918,801	3,235,689	3,450,386	4,270,394	5,010,861	6,201,860	7,249,895	8,437,115	8,982,199	9,269,932	9,262,121	10,657,944	12,524,081	13,625,377	25
341,746	373,293	398,538	437,263	509,422	535,227	682,873	820,823	873,716	896,174	951,088	1,030,708	1,109,072	1,250,977	1,562,770	2,001,407	2,216,123	26
263,612	291,228	311,199	329,317	381,687	407,152	507,460	631,088	648,188	669,768	693,781	756,155	847,005	970,359	1,186,500	1,499,293	1,649,397	27
257,201	285,911	305,994	322,600	373,050	396,887	489,952	606,427	615,076	622,921	617,680	639,796	720,149	811,995	986,301	1,241,250	1,288,881	28
6,411	5,317	5,205	6,717	8,637	10,265	17,508	24,661	33,112	46,847	76,101	116,359	126,856	158,364	200,199	258,043	360,516	29
15,374	17,243	18,610	20,801	22,113	23,678	23,573	22,592	21,836	21,141	19,316	17,007	17,144	16,627	16,488	16,000	16,000	30
36,495	39,880	38,396	54,967	69,721	73,386	107,394	113,098	135,384	125,883	138,847	153,403	134,655	155,876	201,054	270,387	294,662	31
26,265	24,942	30,333	32,178	35,901	31,011	44,446	54,045	68,432	82,137	97,319	101,834	110,405	107,598	158,589	215,239	256,064	32
1,988,628	2,051,032	2,197,177	2,325,631	2,551,182	2,775,288	3,261,861	3,706,539	4,514,872	5,094,730	5,789,543	6,589,273	7,119,039	7,489,279	8,217,280	9,546,039	10,486,352	33
2,055,476	2,085,287	2,332,910	2,481,538	2,726,267	2,915,159	3,587,521	4,190,038	5,328,144	6,353,721	7,486,027	7,951,491	8,160,860	8,011,144	9,095,174	10,522,674	11,409,254	34
467,886	505,346	533,404	540,270	593,313	617,982	680,066	745,619	824,136	920,044	1,101,709	1,421,017	1,518,473	1,499,952	1,576,983	1,727,062	1,874,263	35
534,734	539,601	669,137	696,177	768,398	757,853	1,005,726	1,229,118	1,637,408	2,179,035	2,798,193	2,783,235	2,560,294	2,021,817	2,454,877	2,703,697	2,797,165	36
166,541	152,452	170,295	197,739	221,501	235,684	326,995	433,903	538,137	543,323	440,685	381,630	375,059	473,503	527,223	562,288	704,875	37
482,864	460,644	546,008	599,447	696,449	739,695	969,849	1,165,113	1,512,725	1,903,443	2,351,291	2,623,014	2,821,372	2,779,067	3,422,856	3,995,506	4,390,682	38
231,673	238,903	274,136	299,287	355,822	368,077	459,080	539,308	618,837	724,619	825,175	1,068,566	1,343,071	1,530,982	1,710,787	2,035,149	2,275,197	39
251,191	221,741	271,872	300,160	340,627	371,618	510,769	625,805	893,888	1,178,824	1,526,116	1,554,448	1,478,301	1,248,085	1,712,069	1,960,357	2,115,485	40
67,118	85,933	101,317	114,804	133,734	157,185	169,484	186,846	211,628	228,250	250,657	255,972	279,755	301,268	317,908	332,735	352,151	41
167,093	213,406	208,908	220,666	229,038	239,817	300,424	346,810	459,407	485,675	578,046	738,904	798,314	897,335	450,884	507,668	563,749	42
637,126	633,251	637,245	652,705	677,147	784,925	815,043	828,248	968,839	1,013,995	1,067,155	1,168,736	1,326,066	1,538,154	1,921,426	2,420,780	2,600,632	43

7. A break in series in 1988 reflects the introduction of data on holdings of foreign commercial paper. A break in series in 2003 reflects the reclassification of assets reported by U.S. securities brokers from nonbank-reported assets to bank-reported assets.

8. Estimates include results of the 1978, 1984, 1989, 1994, 2000, and 2004 Benchmark Surveys of Foreign Portfolio Investment in the United States, and the results of the 2002, 2003, and 2005 Annual Surveys of Foreign Holdings of U.S. Securities, conducted by the U.S. Department of the Treasury.

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

10. A break in series in 1994 reflects the reclassification from the direct investment accounts to the nonbank investment accounts of intercompany debt positions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation. Estimates for 1976 forward are linked to the 1980, 1987, 1992, 1997,

and 2002 benchmark surveys of foreign direct investment in the United States.

11. A break in series in 1983 reflects the introduction of counterparty data from the United Kingdom. A break in series in 1994 reflects the reclassification of intercompany debt positions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation from the direct investment accounts to the nonbank investment accounts. A break in series in 1996 reflects the introduction of counterparty data from the Bank of International Settlements (BIS) for several European countries. A break in series in 2003 reflects the reclassification of liabilities reported by U.S. securities brokers from nonbank-reported liabilities to bank-reported liabilities, and a reduction in counterparty balances to eliminate double counting.

12. A break in series in 2003 reflects the reclassification of liabilities reported by U.S. securities brokers from nonbank-reported liabilities to bank-reported liabilities.