U.S. Government Assets, Other Than Official Reserve Assets

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Coverage and definitions

U.S. government assets, other than official reserve assets, consist of (1) U.S. government credits extended to foreign residents, (2) capital subscriptions in, or contributions to, international financial institutions, (3) repayments of credits by foreign residents, and (4) net changes in other U.S. government assets. Credits extended are disbursements of cash (loans), or deliveries on sales made on credit, to foreign governments and other foreign entities. Loans may be disbursed in dollars or in foreign currencies. Repayments may be in dollars, foreign currencies, services, property, or the assumption of claims. Other U.S. government assets consist mainly of holdings of foreign currencies, other than those held by the U.S. Treasury Department and the Federal Reserve System as reserves, and of assets acquired, including those from the U.S. private sector, in performance of U.S. government guarantee and insurance programs.

Estimation methods overview

Changes in U.S. government assets, other than official reserve assets, are recorded in the following accounts: (1) U.S. credits and other long-term assets (line 47); (2) repayments on U.S. credits and other long-term assets (line 48); and (3) U.S. foreign currency holdings and other short-term assets, net (line 49).

Quarterly estimates are made by BEA from data submitted by U.S. government operating agencies under Office of Management and Budget Directive No. 19; data are summarized by country, by agency, and by type of asset. BEA supplements these data with information from quarterly statements of receipts, expenditures, and balances of foreign currency holdings, provided by the U.S. Treasury Department, published financial statements, annual reports and other submissions to the U.S. Congress, and the financial and operating records of other U.S. government agencies.

1 **U.S. Government Credits and Other Long-Term Assets** (line 47)

1.1 This account measures utilization of U.S. government credits (including loans) and other long-term assets by the transfer of resources to foreigners under programs enacted by the U.S. Congress for the provision of foreign assistance requiring repayment over a period of years, usually with interest (see table 19). Transfers of resources represent the dollars disbursed and the dollar equivalents of goods transferred, services performed, or foreign currencies disbursed by the U.S. government to, or for the account of, a foreign government or other foreign entity. Transfers are valued on the basis of the obligation assumed by the

debtor under the contractual agreement for repayment.

1.2 Also included in this account are U.S. government investments, by means of capital subscriptions or contributions, in international financial institutions and multilateral development banks that provide development and other long-term economic assistance to foreign countries. Each institution or development bank establishes its own schedule on which to request additional capital subscriptions from its members; thus, subscription payments may be small or zero in any given year for many of the institutions. Subscription payments to the International Monetary Fund (IMF) are not included in this account, but are included in the reserve position of the United States in the IMF (line 44). Other transactions, all for earlier time periods, include U.S. government credits to U.S. private entities for specific projects abroad; investments by the U.S. government in productive facilities and installations abroad; and acquisitions of equity holdings of "public enterprise" accounts of U.S. government agencies. U.S. government credits are classified in table 19 by the legislative program under which they were extended to foreigners; the amounts include capitalized interest.

1.3 It should be noted that data on transactions in this account provide only a partial measure of the foreign assistance activity of the U.S. government; other foreign assistance-related activity is recorded in lines 16, 36, 48, and 49. For a detailed discussion of the concepts, the different measures of foreign assistance, and a historical data series on the assistance extended by the U.S. government under various programs in earlier time periods, reference should be made to the annual reports of the Treasury Department's National Advisory Council on International Monetary and Financial Policies. These reports continue the series formerly published by BEA in a supplement to the Survey of Current Business and in the *Foreign Grants and Credits by the United States Government.*[1]

2 **Repayments on U.S. Government Credits and Other Long-Term Assets** (line 48)

2.1 This account measures collections of principal on credits and recoveries against other long-term assets (see table 20). Also included are (1) principal collections in liquidation of outstanding indebtedness, which are formalized by intergovernmental agreements in settlement of assistance that was originally provided under indeterminate terms and recorded in U.S. government grants at the time the assistance was provided (line 36); (2) collections on claims settled by intergovernmental agreements requiring payment in installments over a period of years (including funds for distribution to U.S. private residents)[2]; (3) recoveries of U.S. government investments, whether debt or equity, in productive facilities and installations abroad; and (4) sales of promissory notes (or other evidences of indebtedness) owned by the U.S. government to third-party foreign participants, either in the country of the borrower or in third countries.

2.2 Excluded from this account are principal charged off as uncollectible and exchange rate gains or losses (in dollar equivalents) on indebtedness denominated in foreign currencies. As shown in table 20, collections are classified by the legislative programs

1. U.S. Department of the Treasury. National Advisory Council on International Monetary and Financial Policies. *International Finance: Annual Report.* Washington, DC: GPO, annually.

U.S. Department of Commerce. Office of Business Economics. *Balance of Payments Statistical Supplement.* Washington, DC: GPO, 1963.

U.S. Department of Commerce. Office of Business Economics. *Foreign Grants and Credits by the United States Government.* Washington, DC: GPO, annually 1964–67, quarterly 1943–63.

U.S. Department of Commerce. Bureau of Foreign and Domestic Commerce. *Foreign Aid by the United States Government, 1940–1951.* Washington, DC: GPO, 1952.

2. Collections of claims settled by intergovernmental agreements requiring only one-time payments are recorded in U.S. government pensions and other transfers (line 37).

under which credits and other long-term assets were extended.

3 **U.S. Government Foreign Currency Holdings and Other Short-Term Assets, Net** (line 49)

3.1 This account measures central bank currency swaps between the Federal Reserve System and foreign central banks to aid in the easing of liquidity shortages, such as occurred in 2008–2010 (see table 21). While these transactions are between central banks and temporarily increase the Federal Reserve's holdings of foreign currencies, they do not meet the strict definition of reserve asset transactions.

3.2 Drawings under these reciprocal short-term swap programs, known as dollar liquidity swap lines, involve the sale of foreign currencies by the foreign central bank in exchange for dollars from the Federal Reserve with an agreement to reverse the transaction on a specified future date at the same exchange rate. The Federal Reserve holds the foreign currency in an account at the foreign central bank. The dollars provided by the Federal Reserve are deposited in an account that the foreign central bank maintains at the Federal Reserve Bank of New York. When the swap is reversed, the foreign central bank buys back its currency at a specified date at the same exchange rate, and pays interest, at a market-based rate, to the Federal Reserve.

3.3 When the foreign central bank lends the dollars it obtained by drawing on its swap line to institutions in its jurisdiction, the dollars are transferred from the foreign central bank's account at the Federal Reserve to the account of the bank that the borrowing institution uses to clear its dollar transactions. The foreign central bank remains obligated to return the dollars to the Federal Reserve under the terms of the agreement, and the Federal Reserve is not a counterparty to the loan extended by the foreign central bank. The foreign central bank bears the credit risk associated with the loans it makes to institutions in its jurisdiction. Dollar liquidity swaps have maturities ranging from overnight to three months. Large negative values in this account indicate sizable drawings by foreign central banks on these credit lines in 2008, and large positive values indicate sizable repayments of borrowings in 2009.

3.4 Dollar liquidity swaps are differentiated from transactions in foreign currencies that are part of U.S. reserve asset transactions included in line 45. The distinguishing characteristic of reserve assets is that they are readily available to, and controlled by, monetary authorities for meeting balance of payments financing needs and for intervention in exchange markets in order to affect the currency exchange rate.

3.5 Also included in this account are acquisitions (less dispositions) of assets acquired by the U.S. government in performance of guarantee and insurance obligations for private sector investments abroad, and changes in foreign currency holdings of U.S. government and military disbursing officers.

3.6 Excluded from this account are gains or losses (in dollar equivalents) on foreign currency balances due to fluctuations in exchange rates, and changes in foreign currencies held as official reserve assets by U.S. monetary authorities.

3.7 Changes in foreign currency holdings and other short-term assets are recorded net, that is, drawings less repayments.

3.8 In earlier time periods, this account contained numerous types of entries related to short-term lending programs and foreign currency transactions related to the (1) financing of U.S. farm product exports by acceptance of foreign currencies under the Agricultural Trade Development and Assistance Act (Public Law 83–480) and under the Commodity Credit Corporation Charter Act, less the U.S. government's disbursements of these currencies as grants, credits, or for purchases; (2) financing, net of repayments, of U.S. farm exports by purchase of exporters' receivables with original maturities of 12 months or less under the Commodity Credit Corporation short-term export credit sales program; (3) transactions affecting U.S. government holdings of foreign currencies collected as interest, principal, reverse grants, or under other assistance programs; (4) changes in foreign currency holdings of U.S. government disbursing officers;

(5) changes in accounts receivable of U.S. government agencies that report their current transactions on an accrual basis rather than on a cash basis; and (6) any advances of the U.S. Treasury's Exchange Stabilization Fund that were not identified as reserve assets.

3.9 The financial assistance provided by these short-term lending programs reflected transfers of resources, as measured by the dollars disbursed and the dollar equivalents of goods transferred, services performed, or foreign currencies disbursed by the U.S. government to, or for the account of, a foreign government or other foreign entity. Transfers were valued on the basis of the obligation assumed by the debtor under the contractual agreement for repayment. Farm product sales were recorded when the U.S. government transferred commodities from its stocks or disbursed dollars for the financing of agricultural exports; the amounts included the value of ocean transportation when it was financed by the U.S. government under arrangements for reimbursement by foreign governments in foreign currencies.

3.10 For more detailed information on U.S. government foreign assistance through net accumulations of foreign currency claims in earlier periods, reference should be made to the annual reports of the U.S. Treasury Department's National Advisory Council on International Monetary and Financial Policies.

Table 19. U.S. Government Credits and Other Long-Term Assets, 2009 (Line 47)

[Millions of dollars; credits +, debits –]

Total	**–4,069**
Credits	**–2,419**
Under Export-Import Bank Act	–1,990
Under Foreign Assistance Act and related programs:	
Financing military sales	0
Country program loans	–44
Investment incentive loans	–321
Under Agricultural Trade Development and Assistance Act:	
Long-term dollar credits	–63
Foreign currency loans	0
Under Commodity Credit Corporation Charter Act	–1
Other U.S. Government assets	**–1,650**
Investments in international financial institutions and multilateral development banks	
World Bank Group:	
International Development Association	–1,257
International Bank for Reconstruction and Development	–89
Multilateral Investment Guaranty Agency	0
International Finance Corporation	0
Inter-American Development Bank Group:	
Inter-American Development Bank	0
Enterprise for the Americas Multilateral Investment Fund	–11
Inter-American Investment Corporation	0
Asian Development Bank Group:	
Asian Development Bank	–67
Asian Development Fund	0
African Development Bank Group:	
African Development Bank	–3
African Development Fund	–205
European Bank for Reconstruction and Development	–3
North American Development Bank	–15

Table 20. Repayments on U.S. Government Credits and Other Long-Term Assets, 2009 (Line 48)

[Millions of dollars]

Total	**2,133**
Repayments of principal on U.S. long-term credits	**2,133**
Under Export-Import Bank Act	858
Under Foreign Assistance Act and related programs:	
Financing military sales	217
Country program loans	437
Investment incentive loans	83
Under Agricultural Trade Development and Assistance Act:	
Long-term dollar credits	521
Foreign currency loans	0
Under Commodity Credit Corporation Charter Act	17
Repayments on other U.S. long-term assets	*

* Less than $1 million

Table 21. U.S. Government Foreign Currency Holdings and Other Short-Term Assets, Net, (Line 49)

[Millions of dollars; credits +, decrease in U.S. assets; debits –, increase in U.S. assets]

U.S. government foreign currency holdings and short-term assets, net	**543,278**
Federal Reserve liquidity swaps, net	543,457
Assets acquired in performance of U.S. government guarantee insurance obligations, net	–107
Foreign currency holdings of U.S. government and military disbursing officers (excluding administrative cash holdings), net	–37
Other short-term assets (including changes in administrative cash holdings), net	–35