

# U.S. International Transactions, Fourth Quarter and Year 1997

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## FOURTH QUARTER 1997

**T**HE U.S. current-account deficit increased to \$45.6 billion in the fourth quarter from \$43.1 billion (revised) in the third (table A, table 1).<sup>1</sup> A decrease in the deficit on goods was more than offset by an increase in net unilateral transfers, a decrease in the surplus on services, and an increase in the deficit on investment income.

In the capital account, net recorded inflows were \$85.2 billion in the fourth quarter, compared with net inflows of \$72.6 billion in the third. The step-up in net inflows reflected a larger slowdown

1. Quarterly estimates of U.S. current- and capital-account components are seasonally adjusted when statistically significant seasonal patterns are present. The accompanying tables present both adjusted and unadjusted estimates.

in the increase in U.S. assets abroad than in the increase in foreign assets in the United States.

The statistical discrepancy—errors and omissions in recorded transactions—was a negative \$39.6 billion in the fourth quarter, compared with a negative \$29.5 billion in the third. In the fourth quarter, and perhaps in the third, the size of the discrepancy is believed to reflect the imperfect recording of short-term capital flows.

The following are highlights for the fourth quarter of 1997:

- The deficit on goods fell as exports resumed their rise.
- Net U.S. purchases of foreign securities were sharply lower, reflecting uncertainties created by financial problems in Asia. Direct investment outflows were sharply higher, off-

Table A.—Summary of U.S. International Transactions

[Millions of dollars, seasonally adjusted]

Line	Lines in tables 1 and 10 in which transactions are included indicated in ( )	1996	1997 <sup>P</sup>	Change: 1996-97	1996				1997				Change: 1997 III-IV
					I	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>r</sup>	
1	Exports of goods, services, and income (1) .....	1,055,233	1,167,610	112,377	256,382	262,335	261,979	274,545	279,320	293,668	295,527	299,096	3,569
2	Goods, adjusted, excluding military (2) .....	612,069	678,348	66,279	150,048	153,411	150,764	157,846	162,341	171,227	170,255	174,525	4,270
3	Services (3) .....	236,764	253,220	16,456	57,057	58,736	59,322	61,656	61,736	63,335	64,397	63,754	-643
4	Income receipts on investments (11) .....	206,400	236,043	29,643	49,277	50,188	51,893	55,043	55,243	59,106	60,875	60,817	-58
5	Imports of goods, services, and income (15) .....	-1,163,450	-1,295,530	-132,080	-278,860	-289,231	-295,865	-299,493	-310,659	-322,608	-329,571	-332,691	-3,120
6	Goods, adjusted, excluding military (16) .....	-803,239	-877,282	-74,043	-192,973	-200,973	-203,257	-206,036	-212,185	-218,415	-222,256	-224,426	-2,170
7	Services (17) .....	-156,634	-167,929	-11,295	-38,671	-38,953	-39,345	-39,664	-41,216	-41,817	-42,303	-42,592	-289
8	Income payments on investments (25) .....	-203,577	-250,320	-46,743	-47,216	-49,305	-53,263	-53,793	-57,258	-62,376	-65,012	-65,673	-661
9	Unilateral transfers (29) .....	-39,968	-38,526	1,442	-10,406	-8,689	-8,947	-11,926	-8,577	-8,855	-9,070	-12,024	-2,954
10	U.S. assets abroad, net (increase/capital outflow (-)) (33) .....	-352,444	-426,938	-74,494	-70,768	-49,698	-77,542	-154,436	-128,297	-91,264	-110,696	-96,678	14,018
11	U.S. official reserve assets, net (34) .....	6,668	-1,010	-7,678	17	-523	7,489	-315	4,480	-236	-730	-4,524	-3,794
12	U.S. Government assets, other than official reserve assets, net (39) .....	-690	177	867	-210	-358	162	-284	-21	-268	461	5	-456
13	U.S. private assets, net (43) .....	-358,422	-426,105	-67,683	-70,575	-48,817	-85,193	-153,837	-132,756	-90,760	-110,427	-92,159	18,268
14	Foreign assets in the United States, net (increase/ capital inflow (+)) (48) .....	547,555	690,497	142,942	88,233	106,114	158,629	194,579	182,282	143,059	183,292	181,863	-1,429
15	Foreign official assets, net (49) .....	122,354	18,157	-104,197	52,014	13,154	24,089	33,097	28,891	-5,374	21,867	-27,227	-49,094
16	Other foreign assets, net (56) .....	425,201	672,340	247,139	36,219	92,960	134,540	161,482	153,391	148,433	161,425	209,090	47,665
17	Allocations of special drawing rights (62) .....												
18	Statistical discrepancy (63) .....	-46,927	-97,113	-50,186	15,419	-20,831	-38,254	-3,269	-14,069	-14,000	-29,482	-39,566	-10,084
19	Memoranda:												
20	Balance on goods (64) .....	-191,170	-198,934	-7,764	-42,925	-47,562	-52,493	-48,190	-49,844	-47,188	-52,001	-49,901	2,100
21	Balance on goods and services (66) .....	-111,040	-113,643	-2,603	-24,539	-27,779	-32,516	-26,198	-29,324	-25,670	-29,907	-28,739	1,168
22	Balance on investment income (67) .....	2,824	-14,277	-17,101	2,061	883	-1,370	1,250	-2,015	-3,270	-4,137	-4,856	-719
23	Balance on current account (70) .....	-148,184	-166,446	-18,262	-32,884	-35,585	-42,833	-36,874	-39,916	-37,795	-43,114	-45,619	-2,505
23	Net capital flows (33 and 48) .....	195,111	263,559	68,448	17,465	56,416	81,087	40,143	53,985	51,795	72,596	85,185	12,589

<sup>r</sup> Revised.

<sup>P</sup> Preliminary.

setting some of the decline in outflows for net securities purchases.

- U.S. banks borrowed heavily to fund strong demand for credit at financial centers in the Caribbean and the United Kingdom and to replace the drop-off in deposit inflows to foreign-owned banks in the United States. In addition, some foreigners elected to hold deposits at banks in the United States, rather than at foreign banking institutions, in the face of uncertainties created by deteriorating economic and financial conditions in Asia.

**U.S. dollar in exchange markets**

In the fourth quarter, the U.S. dollar depreciated 1 percent on a trade-weighted quarterly average basis against the currencies of 10 industrial countries. Against the European currencies, the dollar depreciated 3–4 percent. Against the Japanese yen, the dollar appreciated 6 percent. Against the currencies of developing countries in Asia, appreciation was substantial: 7 percent against the Singapore dollar, 10 percent against the Taiwan dollar, 24 percent against the Thai bhat, 25 percent against the Malaysian ringgit, 31 percent against the South Korean won, and 47 percent against the Indonesian rupiah (table B, chart 1).

The U.S. dollar depreciated 3–4 percent against most European currencies in the quarter. Weakness of the dollar for much of the quarter partly reflected a decision by German monetary authorities to raise short-term interest rates 30 basis points in early October. By the end of the quarter, the market had pushed German rates up further, leading to a more rapid rise in German rates than in U.S. rates and a narrowing of the interest differential in favor of U.S. assets (charts 2 and 3). The dollar strengthened late in the quarter, partly because the U.S. economy came to be seen as less vulnerable to the financial problems in Asia than the European economies. In addition, at the end of the quarter, German and other European officials reached an understanding to orient interest rates toward the lowest interest rates among “core” countries of the European Monetary Union.

The U.S. dollar appreciated 6 percent against the Japanese yen, as additional evidence accumulated of slowing economic growth in Japan. Negative prospects about future economic growth were exacerbated when several large, prominent, financial institutions failed in November. By early December, concerns over creditworthiness led to a widening to 100 basis points of the

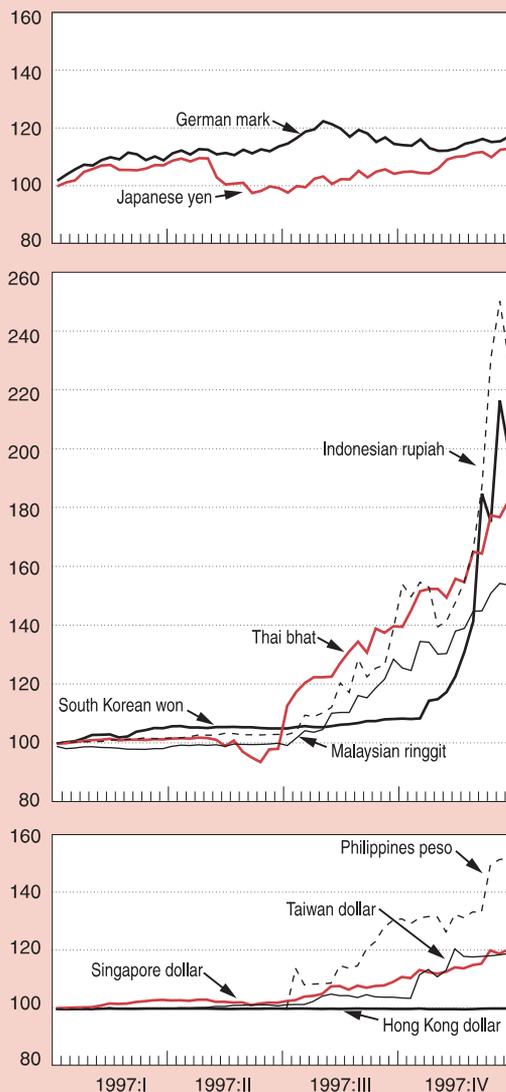
premium paid by some Japanese banks over non-Japanese banks for dollar funding. Falling equity prices, asset values, and currency prices in developing Asian countries also adversely affected the Japanese economy and exchange rate. Late in December, Japanese monetary authorities confirmed that they had intervened to support the yen in exchange markets.

In late October, the Hong Kong Monetary Authority moved to defend the tie of the Hong Kong dollar to the U.S. dollar, despite the round of

**CHART 1**

**Indexes of Foreign Currency Price of the U.S. Dollar**

December 31, 1996=100



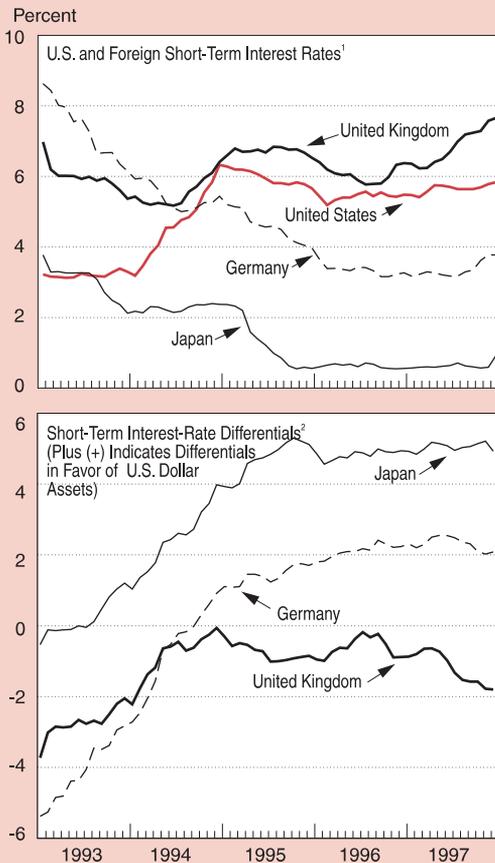
Indexes prepared by BEA from weekly data.  
 Data: Federal Reserve Board and The Wall Street Journal  
 U.S. Department of Commerce, Bureau of Economic Analysis

competitive currency devaluations just completed by other developing countries in Asia, including Taiwan. A sharp rise in interest rates halted depreciation of the Hong Kong dollar, but led to a sudden, sizable drop in prices on the Hong Kong

stock exchange, which in turn triggered temporary sharp price declines in stock markets around the world and sharply raised risk premiums in world bond markets. In November, the Republic of Korea announced that it would no longer

CHART 2

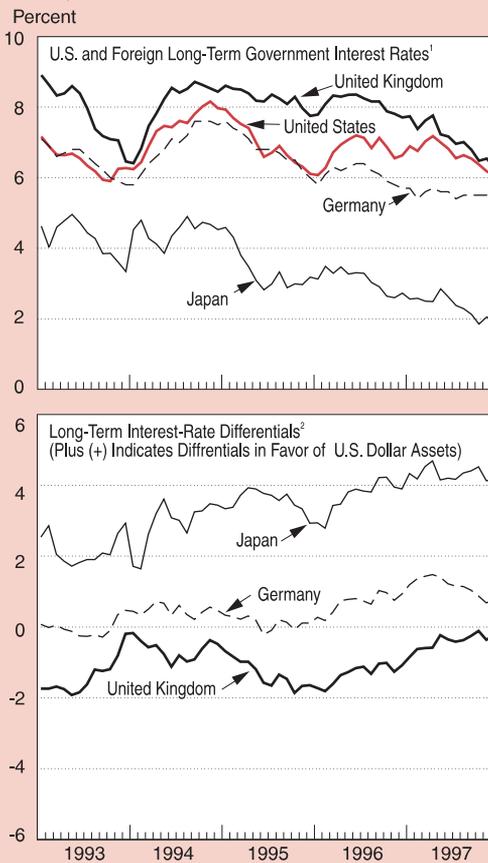
Short-Term Interest Rates



1. Interest rates for 90-day deposits.  
2. U.S. interest rates less respective foreign interest rates.  
Data: OECD.  
U.S. Department of Commerce, Bureau of Economic Analysis

CHART 3

Long-Term Interest Rates



1. Secondary-market yields on long-term government bonds—U.S.(composite over 10 years); Germany (7-15 year public sector bonds); U.K. (20-year government bonds); Japan (Central Government 10-year benchmark bond)  
2. U.S. interest rates less respective foreign interest rates.  
Data: OECD.  
U.S. Department of Commerce, Bureau of Economic Analysis

Table B.—Indexes of Foreign Currency Price of the U.S. Dollar

[March 1973=100]

	1996					1997													
	IV	I	II	III	IV	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Trade-weighted average against 10 currencies <sup>1</sup>	87.9	93.7	95.7	98.6	97.4	88.7	91.0	94.5	95.6	96.4	95.3	95.4	97.5	100.0	98.3	97.1	96.4	98.8	
Selected currencies: <sup>2</sup>																			
Canada	135.5	136.4	139.1	139.0	141.3	136.7	135.4	136.0	137.7	139.9	138.5	138.9	138.2	139.5	139.2	139.1	141.7	143.2	
European currencies:																			
Belgium	80.1	86.8	89.8	94.7	92.0	81.2	84.0	87.7	88.7	89.6	89.3	90.5	94.0	96.5	93.6	92.0	90.7	93.3	
France	114.6	123.9	128.0	134.7	130.3	116.1	119.9	125.2	126.6	127.7	127.3	129.1	134.0	137.3	132.9	130.6	128.4	131.9	
Germany	54.4	58.9	61.0	64.2	62.4	55.2	57.0	59.5	60.2	60.9	60.6	61.4	63.8	65.4	63.5	62.5	61.6	63.2	
Italy	267.9	288.3	297.6	310.1	302.8	269.0	276.0	291.3	297.7	298.2	296.4	298.3	307.3	316.3	306.8	302.9	298.7	306.9	
Netherlands	59.8	64.9	67.2	70.9	68.9	60.7	62.8	65.5	66.4	67.1	66.8	67.7	70.4	72.1	70.1	69.0	68.0	69.8	
Switzerland	40.0	44.6	44.9	46.3	44.5	41.3	43.2	45.2	45.5	45.4	44.5	44.8	46.1	47.0	45.7	45.1	43.7	44.7	
United Kingdom	151.0	151.6	151.2	152.2	148.9	148.6	149.1	152.1	153.6	151.7	151.5	150.3	148.1	154.2	154.4	151.4	146.4	149.0	
Japan	43.1	46.3	45.7	45.1	47.9	43.5	45.0	47.0	46.9	48.0	45.5	43.7	44.1	45.0	46.2	46.2	47.9	49.5	

1. Currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and United Kingdom. Data: Federal Reserve Board. Monthly and quarterly average rates. Index rebased by BEA.  
2. Data: Federal Reserve Board. Monthly and quarterly average rates. Indexes prepared by BEA.

support the won in exchange markets and, experiencing a large number of corporate failures and an inability to pay interest on its foreign currency debt, applied to the International Monetary Fund (IMF) for assistance. An IMF rescue package was approved in early December for Korea. An IMF rescue package for Indonesia had previously been approved in November.

## Current Account

### *Goods and services*

The deficit on goods and services decreased to \$28.7 billion in the fourth quarter from \$29.9 billion in the third. The deficit on goods decreased, and the surplus on services decreased.

**Goods.**—The deficit on goods decreased to \$49.9 billion in the fourth quarter from \$52.0 billion in the third. The reduction resulted from a larger increase in exports than in imports (table A, table 2).

**Exports.**—Exports increased \$4.3 billion, or 3 percent, to \$174.5 billion in the fourth quarter. Quantity, measured in chained (1992) dollars, also increased 3 percent. Prices were unchanged.

Nonagricultural goods increased \$3.5 billion, or 2 percent, to \$159.2 billion. Quantity increased 3 percent, and prices decreased 1 percent. In value, capital goods accounted for nearly two-thirds of the increase. Gains for the quarter included record deliveries of civilian aircraft, mostly in December, over two-thirds of which was to Saudi Arabia. The bunching of deliveries late in the quarter reflected a makeup for production that was curtailed by parts shortages during the summer and autumn months. Excluding civilian aircraft and parts, capital goods were virtually unchanged. Automotive products increased to both Canada and Mexico. Consumer goods, mostly to Western Europe, also increased. Nonagricultural industrial supplies and materials changed little; they had decreased in the third quarter when nonmonetary gold shipments had dropped sharply.

Agricultural exports increased \$0.8 billion, or 6 percent, to \$15.4 billion. Quantity increased 7 percent, and prices fell 1 percent. In value, an especially strong increase in soybeans more than accounted for the rise, with large shipments to Asia, Western Europe, and Latin America.

**Imports.**—Imports increased \$2.2 billion, or 1 percent, to \$224.4 billion in the fourth quarter. Quantity, measured in chained (1992) dol-

lars, increased 2 percent, and prices decreased 1 percent.

All of the increase was accounted for by non-petroleum products, which increased \$2.2 billion, or 1 percent, to \$206.8 billion. Quantity increased 2 percent, and prices decreased 1 percent. In value, consumer goods accounted for nearly all of the increase, with over one-half of the increase from Western Europe and other large increases from Japan, Latin America, and Canada. Consumer goods from China declined. Capital goods increased slightly; an increase in most types of machinery, mostly from Japan, was partly offset by declines in computers and parts, mostly from Singapore, and in semiconductors, all from Japan. Nonpetroleum industrial supplies and materials rose slightly. Automotive imports fell; the decline consisted largely of autos from Japan.

Petroleum imports were unchanged at \$17.6 billion. The average number of barrels imported daily decreased to 10.87 million from 10.96 million, but the average price per barrel increased to \$17.72 from \$17.58. Both consumption and production increased, while inventories fell.

**Balances by area.**—The deficit on goods decreased to \$49.9 billion in the fourth quarter from \$52.0 billion in the third. The deficit with Asia, excluding Japan, fell \$5.1 billion, to \$23.1 billion, more than accounting for the decrease in the global deficit; the deficit with China—which declined \$2.3 billion, to \$12.9 billion—accounted for nearly one-half of the reduction. Trade with the newly industrialized countries was mixed, as a lower deficit with Taiwan and a higher surplus with Hong Kong were partly offset by higher deficits with the Republic of Korea and Singapore.

The decrease in the deficit with Asia, excluding Japan, was partly offset by an increase in the deficit with industrial countries to \$24.7 billion from \$21.1 billion. Most of the increase was with Canada, followed by Western Europe and Japan.

**Services.**—The surplus on services decreased to \$21.2 billion in the fourth quarter from \$22.1 billion in the third (table A, table 3). Most major categories of service receipts decreased, more than offsetting the rise in “other” transportation receipts. Within service payments, travel, passenger fares, “other” transportation, and direct defense expenditures abroad increased, and royalties and license fees and “other” services decreased.

Foreign visitors spent \$18.5 billion on travel in the United States, down 1 percent. Receipts from overseas visitors (excluding Canada and Mexico)

were \$16.0 billion, down 1 percent; a decline in visitors from Asia as a result of the financial problems in the region partly offset continued growth in visitors from the rest of the world. However, receipts from Canada and Mexico were both down. U.S. travelers spent \$13.2 billion abroad, up 3 percent. Payments by U.S. travelers overseas were \$10.5 billion, up 5 percent; payments to Canada were unchanged, and payments to Mexico were down.

Passenger fare receipts were \$5.4 billion, down 1 percent, and passenger fare payments were \$4.3 billion, up 3 percent.

“Other” transportation receipts increased \$0.3 billion, to \$7.2 billion, as a result of higher port expenditure receipts and freight receipts. “Other” transportation payments increased \$0.1 billion, to \$7.5 billion, as a result of higher port expenditure payments.

Royalties and license fee receipts were unchanged at \$7.5 billion, and royalties and license fee payments decreased \$0.2 billion, to \$1.8 billion.

“Other” private service receipts decreased to \$21.0 billion from \$21.3 billion, largely as a result of a decrease in affiliated services. Among unaffiliated services, receipts on financial services decreased, as foreign activity dropped sharply in U.S. financial markets in response to market concerns over Asian financial problems. “Other” private service payments decreased to \$12.0 billion from \$12.3 billion, as affiliated service payments declined. Among unaffiliated services, payments on financial services abroad decreased, as U.S. activity in foreign financial markets dropped sharply in response to the same concerns about Asian financial problems.

Transfers under U.S. military sales contracts were \$4.0 billion, down from \$4.3 billion; despite the decline, deliveries in the fourth quarter remained above the levels of most recent quarters. Direct defense expenditures abroad were \$3.1 billion, up from \$2.9 billion. Increased maneuvers in the Persian Gulf in response to tensions in Iraq and higher purchases of contractual services boosted expenditures.

### ***Investment income***

The deficit on investment income increased to \$4.9 billion in the fourth quarter from \$4.1 billion in the third, as payments increased more than receipts (table A).

*Direct investment income.*—Receipts of income on U.S. direct investment abroad, which consist of

earnings and interest, decreased to \$27.2 billion in the fourth quarter from \$28.2 billion in the third. A \$1.1 billion decrease in earnings more than accounted for the drop. Earnings increased for affiliates in Western Europe, but they decreased for Canada, Other Western Hemisphere, and Asia. Within Asia, decreases were largest in Hong Kong and Japan, where about half of U.S. direct investment in Asia is located. For Indonesia, Korea, and Thailand, which experienced the largest currency depreciations and account for about 17 percent of investment in Asia, earnings were down slightly.

Payments of income on foreign direct investment in the United States decreased to \$11.1 billion in the fourth quarter from \$11.7 billion in the third, reflecting a decrease in earnings. The largest decrease was in affiliates of Western European parents and was concentrated in chemicals, machinery, and petroleum.

*“Other” private and U.S. Government income.*—Receipts of income on “other” private investment increased to \$32.8 billion in the fourth quarter from \$31.8 billion in the third, mostly as a result of higher outstanding bank claims. Payments of income on “other” private investment increased to \$30.9 billion from \$29.9 billion, as a result of higher outstanding bank liabilities.

Receipts of income on U.S. Government assets decreased slightly to \$0.8 billion in the fourth quarter. Payments of income on U.S. Government liabilities increased to \$23.7 billion from \$23.5 billion.

### ***Unilateral transfers***

Net unilateral transfers were \$12.0 billion in the fourth quarter, up from \$9.1 billion in the third (table A, table 1). Nearly all of the increase was attributable to U.S. Government grants, which rose to \$5.1 billion from \$2.2 billion as a result of cash grants to Israel—\$1.8 billion under the credit waiver program to finance military purchases and \$1.2 billion to finance economic purchases. Normally, these funds are drawn in their entirety as soon as the U.S. Congress appropriates the funds early in the new fiscal year, usually in October. This year, because of delays in the budget process, these funds were appropriated and drawn in December.

## Capital Account

Net recorded capital inflows—that is, the difference between changes in net U.S. assets abroad and changes in net foreign assets in the United States—were \$85.2 billion in the fourth quarter, compared with net inflows of \$72.6 billion in the third. The step-up in net inflows from the third to the fourth quarter reflected a larger slowdown in the increase in U.S. assets abroad than in the increase in foreign assets in the United States.

### *U.S. assets abroad*

U.S. assets abroad increased \$96.7 billion in the fourth quarter, compared with an increase of \$110.7 billion in the third. The slowdown reflected sharply lower net outflows for U.S. purchases of foreign securities. Direct investment outflows increased sharply.

*U.S. official reserve assets.*—U.S. official reserve assets increased \$4.5 billion in the fourth quarter, compared with an increase of \$0.7 billion in the third. In the fourth quarter, the U.S. reserve position with the International Monetary Fund (IMF) increased \$4.2 billion, mainly reflecting drawings by Indonesia and Korea on the IMF's credit facilities (table C, table 1).

*Claims reported by U.S. banks.*—U.S. claims on foreigners reported by U.S. banks increased \$30.5 billion in the fourth quarter, compared with an increase of \$30.6 billion in the third (table 8). Banks' own claims payable in dollars increased strongly in the fourth quarter, by \$48.1 billion, in response to heightened demands for credit in the Eurodollar market, particularly by banks in the Caribbean and the United Kingdom. U.S.-owned

banks supplied funds to meet heavy foreign purchases of U.S. Treasury securities in October; to meet strong interbank demand for credit, particularly in Europe, toward the end of the quarter; and to provide liquidity at a time when overseas markets were reacting to deteriorating financial conditions in Asia. Foreign-owned banks also supplied funds to the interbank market in Europe, but on a smaller scale than U.S.-owned banks. U.S. banks' domestic customers' claims fell sharply, \$12.6 billion, as U.S. residents reduced their deposits with banks in foreign financial centers, possibly in response to concerns about the Asian financial situation.

*Foreign securities.*—Net U.S. purchases of foreign securities were \$3.7 billion in the fourth quarter, down sharply from \$39.2 billion in the third (table 6).

Net U.S. purchases of foreign bonds fell to \$6.3 billion from \$23.7 billion, largely as a result of a drop in foreign new issues in the United States to \$12.5 billion from \$23.6 billion. Uncertainties about credit risks of new bond issues by emerging market countries in Asia as well as Latin America led to a sharp reduction in new bond issues in the U.S. market. Corporations in these areas had been heavy borrowers in the first half of the year, but by the fourth quarter, risk premiums on new issues by Asian emerging countries had risen 180–200 basis points from the first half of the year, effectively curtailing much borrowing. Some borrowing may have shifted to the banking markets. New issues from the emerging market countries in Latin America were also adversely affected by the Asian developments, although the risk premiums on these issues rose only 40–60 basis points. Borrowing by Latin

**Table C.—Selected Transactions With Official Agencies**

[Millions of dollars]

	1996	1997 <sup>P</sup>	Change: 1996–97	1996				1997				Change: 1997 III–IV
				I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>P</sup>	
Changes in foreign official assets in the United States, net (decrease –) (table 1, line 49) .....	122,354	18,157	-104,197	52,014	13,154	24,089	33,097	28,891	-5,374	21,867	-27,227	-49,094
Industrial countries <sup>1</sup> .....	65,498	11,188	-54,310	39,787	9,434	11,367	4,910	18,013	6,326	4,944	-18,095	-23,039
Members of OPEC <sup>2</sup> .....	12,278	12,782	504	-1,539	5,239	5,263	3,315	9,272	2,287	2,619	-1,396	-4,015
Other countries .....	44,578	-5,813	-50,391	13,766	-1,519	7,459	24,872	1,606	-13,987	14,304	-7,736	-22,040
Changes in U.S. official reserve assets, net (increase –) (table 1, line 34) .....	6,668	-1,010	-7,678	17	-523	7,489	-315	4,480	-236	-730	-4,524	-3,794
Activity under U.S. official reciprocal currency arrangements with foreign monetary authorities: <sup>3</sup>												
Foreign drawings, or repayments (–), net .....	-8,300	-3,500	4,800	-1,300	.....	-7,000	.....	-3,500	.....	.....	.....	.....
Drawings .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Repayments .....	-8,300	-3,500	4,800	-1,300	.....	-7,000	.....	-3,500	.....	.....	.....	.....

<sup>r</sup> Revised.

<sup>P</sup> Preliminary.

1. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.

2. Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.

3. Consists of transactions of the Federal Reserve System and the U.S. Treasury Department's Exchange Stabilization Fund.

America dropped to \$1.5 billion from \$6.8 billion, and by other emerging market countries (mainly Asia) to \$3.6 billion from \$9.1 billion. Issues from Eastern Europe were delayed. Borrowing by corporations in Western Europe was \$6.0 billion, up from \$5.5 billion. In total, foreign new bond issues in the United States dropped to their lowest level since the second quarter of 1996. Trading activity in bonds—gross purchases plus gross sales—increased less than 1 percent.

U.S. transactions in foreign stocks shifted to net sales of \$2.6 billion from net purchases of \$15.6 billion. Transactions in Japanese stocks shifted to net sales of \$4.2 billion from net purchases of \$3.1 billion, reflecting weak economic prospects for that country and large declines in stock prices and currency values of Japan and other Asian countries. The repercussions of Asian developments were also felt in the European markets, where U.S. transactions shifted to net sales of \$0.1 billion from net purchases of \$7.9 billion; the shift was partly in response to the sharp, but temporary, pullback in European stock prices that quickly followed the sudden drop in Hong Kong stock prices at the end of October. Trading activity in stocks increased 6 percent.

*Direct investment.*—Net capital outflows for U.S. direct investment abroad were \$32.9 billion in the fourth quarter, up from \$22.8 billion in the third (table 5). Equity capital outflows increased \$8.6 billion, and reinvested earnings increased \$1.8 billion. Equity capital outflows financed several exceptionally large mergers, particularly in the European investment management and securities industries.

### *Foreign assets in the United States*

Foreign assets in the United States increased \$181.9 billion in the fourth quarter, compared with an increase of \$183.3 billion in the third. U.S. banks acquired an exceptionally large amount of foreign funds in the fourth quarter. These inflows were partly offset by a sharp reduction in inflows for net foreign purchases of U.S. securities other than U.S. Treasury securities and by a decrease in foreign official assets in the United States.

*Foreign official assets.*—Foreign official assets in the United States decreased \$27.2 billion in the fourth quarter, following a \$21.9 billion increase in the third. In the fourth quarter, industrial countries accounted for about two-thirds of the decrease, partly through intervention sales in

exchange markets, and developing countries accounted for one-third. Dollar assets of developing Asian countries were mixed; some countries sold dollar assets in response to financial problems, and others purchased dollar assets (table C, table 1).

*Liabilities reported by banks.*—U.S. liabilities reported by U.S. banks, excluding U.S. Treasury securities, increased \$87.0 billion in the fourth quarter, up sharply from an increase of \$10.1 billion in the third (table 9). U.S.-owned banks borrowed heavily from banks in financial centers in the Caribbean and the United Kingdom in order to fund especially strong interbank demand in the Eurodollar market, particularly toward the end of the quarter. In addition, some inflows were in response to the desire to hold liquid dollar assets at a time when financial conditions in Asia were deteriorating. In contrast, most foreign-owned banks in the United States borrowed little from financial centers abroad. However, Japanese-owned banks in the United States borrowed heavily from parent banks in Japan in order to replace deposit inflows that fell sharply in response to adverse developments both in Japan and throughout Asia.

*U.S. Treasury securities.*—Net foreign purchases of U.S. Treasury securities remained strong at \$33.8 billion in the fourth quarter, down \$2.5 billion from the third (table 9). The U.S. Treasury bond market continued to rally in the fourth quarter, benefiting from continued low inflation and news of a pending Federal budget surplus. These conditions, together with a desire to hold U.S. Treasury securities as the seriousness of the Asian situation became evident, led to exceptionally large purchases in October, nearly all from Western Europe. Net purchases weakened significantly in November and shifted to net sales in December—partly as Japan sold securities to meet liquidity needs, perhaps to fund banks in the United States whose borrowing costs escalated after several prominent financial institutions in Japan failed in November, and partly as investors in Western European countries reassessed their outlook following the initial reaction to the financial problems in Asia. Net purchases through the Caribbean picked up substantially, perhaps reflecting a shift of transactions from other market centers. Trading activity in U.S. Treasury securities decreased 5 percent.

*U.S. currency flows.*—Net outflows of U.S. currency were \$9.9 billion in the fourth quarter, up

from \$6.6 billion in the third (table 9). Much of the growth in recent quarters was concentrated in Russia and other states of the Commonwealth of Independent States. Elsewhere, the demand for U.S. banknotes has been relatively stable.

*Other U.S. securities.*—Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$38.4 billion in the fourth quarter, down from \$60.4 billion in the third quarter (table 6).

Net foreign purchases of U.S. stocks were \$11.8 billion, down from \$23.2 billion. Transactions by brokers and dealers in the Caribbean shifted to net sales of \$4.6 billion from net purchases of \$6.3 billion, most likely reflecting both the temporary 7-percent decline in U.S. stock prices at the end of October and uncertainties created by financial problems in Asia. However, net purchases by Western Europeans continued unabated, rising to \$16.7 billion from \$15.1 billion. Trading activity in stocks increased 10 percent.

Net foreign purchases of U.S. bonds were \$26.6 billion, down from \$37.2 billion. The decline was more than accounted for by a sharp drop in new issues sold abroad by U.S. corporations to \$8.2 billion from \$27.5 billion. As the financial situation in Asia deteriorated, many new issues were postponed or borrowing shifted to banking markets, either in the United States or abroad, as borrowers reassessed their funding needs in the face of a possible economic slowdown in Asia. Trading activity in bonds decreased 13 percent.

*Direct investment.*—Net capital inflows for foreign direct investment in the United States were \$24.6 billion in the fourth quarter, down from \$25.9 billion in the third (table 5). A \$5.1 billion decrease in intercompany debt inflows and a \$1.2 billion decrease in reinvested earnings were partly offset by a \$5.0 billion increase in equity capital inflows. For intercompany debt, both receivables and payables registered especially large

swings; Other Western Europe and Australia contributed the most to the net decrease. Equity inflows included especially large acquisitions of U.S. pharmaceutical and U.S. insurance companies by Western European companies but primarily reflected capital contributions to existing U.S. affiliates.

## THE YEAR 1997

The U.S. current-account deficit increased to \$166.4 billion in 1997 from \$148.2 billion in 1996. The increase was more than accounted for by a shift to a deficit on investment income and an increase in the goods deficit. The surplus on services increased, and net unilateral transfers decreased (table D).

In the capital account, net inflows in 1997 were higher than in 1996—\$263.6 billion, compared with \$195.1 billion—reflecting a larger step-up in the increase in foreign assets in the United States than in the increase in U.S. assets abroad.

The statistical discrepancy—errors and omissions in recorded transactions—was a negative \$97.1 billion in 1997, compared with a negative \$46.9 billion in 1996. Much of increase occurred in the last half of the year; in the fourth quarter, and perhaps in the third, the size of the discrepancy is believed to reflect the imperfect recording of short-term capital flows.

The following are highlights for the year 1997:

- Goods exports and goods imports both accelerated in 1997. Exports increased nearly twice as fast as in 1996 in response to a pickup in economic activity in industrial countries abroad in the last half of 1996 and in 1997; export growth was between the strong increases in 1994 and 1995. Imports increased somewhat more rapidly in 1997 than in 1996, reflecting more rapid growth in the U.S.

Table D.—Selected Balances on U.S. International Transactions

[Millions of dollars, quarters seasonally adjusted]

	1995	1996	1997 <sup>P</sup>	1997			
				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>P</sup>
Goods, net .....	-173,560	-191,170	-198,934	-49,844	-47,188	-52,001	-49,901
Services, net .....	71,703	80,130	85,291	20,520	21,518	22,094	21,162
Investment income, net .....	6,808	2,824	-14,277	-2,015	-3,270	-4,137	-4,856
Direct, net .....	60,004	66,758	67,700	17,326	17,722	16,523	16,128
Other private, net .....	3,388	2,763	5,566	963	810	1,930	1,863
U.S. Government, net .....	-56,584	-66,698	-87,543	-20,304	-21,802	-22,590	-22,847
Unilateral transfers, net .....	-34,046	-39,968	-38,526	-8,577	-8,855	-9,070	-12,024
Current account balance .....	-129,095	-148,184	-166,446	-39,916	-37,795	-43,114	-45,619

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

economy over the past 2 years; however, import growth remained well below the sizable increases in 1994 and 1995.

- Net U.S. purchases of foreign securities were sharply lower in 1997 than in 1996; although purchases in the first three quarters were ahead of the pace of a year earlier, uncertainties and higher risks created by Asian financial conditions sharply curtailed net purchases in the fourth quarter. In contrast, net foreign purchases of U.S. securities other than U.S. Treasury securities were substantially higher in 1997 than in 1996, despite a slowdown in the fourth quarter when foreign investors reassessed the impact of financial conditions in Asia. Net foreign purchases of U.S. Treasury securities remained strong.
- The increase in credit extended by U.S. banks to their offices abroad in 1997 was in response to the heightened level of financial activity in interbank markets abroad, to the strong pace of merger and acquisition activity, particularly in Western Europe, and to the unique set of developments in the fourth quarter that led U.S. banks to provide liquidity in response to developments in Asia. During the first three quarters, U.S. banks borrowed relatively small amounts from abroad to finance this overseas lending, but in the fourth quarter, heavy borrowing from foreign banks and the receipt of funds in response to uncertainties created by financial developments in Asia led to very large net inflows of capital to U.S. banks.
- Foreign official assets in the United States increased much less in 1997 than in 1996.

### *U.S. dollar in exchange markets*

The dollar appreciated 11 percent on a trade-weighted basis against the currencies of 10 industrial countries in 1997. Appreciation against the German mark and most other major European currencies averaged 14 percent, and appreciation against the Japanese yen was also 14 percent. Appreciation was even larger against the currencies of many developing countries in Asia: 19 percent against the Taiwan dollar, 20 percent against the Singapore dollar, 53 percent against the Malaysian ringgit, 82 percent against the Thai baht, 100 percent against the South Korean won, and 230 percent against the Indonesian rupiah ([table B, chart 1](#)).

Early in 1997, the dollar advanced sharply against the European currencies, encouraged by a

further increase in short- and long-term interest-rate differentials in favor of U.S. dollar assets. U.S. interest rates were pushed higher, partly by a strengthening in U.S. economic activity and partly by expectations that U.S. monetary policy might be tightened. In late March, the Federal Reserve Board raised the target federal funds rate 25 basis points. Subsequently, through the summer months, the U.S. expansion continued while inflation remained low, and the dollar reached an 8-year high in August against the German mark and registered strong increases against other European currencies. During this period, German economic growth remained below that of the United States. In October and November, a strengthening in German economic growth and a rise in German and other European interest rates led to a temporary strengthening of the mark and other European currencies against the dollar. Nonetheless, interest-rate differentials in favor of dollar assets remained large ([charts 2 and 3](#)). At times during the last half of the year, there were concerns that the European Monetary Union (EMU) would include a broad group of currencies and thus would result in a “weak” single currency. There were also temporary concerns that France and, perhaps, Germany might not meet the requirements for participation in the EMU. However, by yearend, European countries had made major progress in converging their interest rates and lowering inflation, in reducing central government fiscal deficits relative to gross domestic product, and in increasing the growth rates of their economies. In addition, at yearend, German and other European officials reached an understanding to orient interest rates toward the lowest rates among “core” countries of the EMU.

The dollar also appreciated strongly against the Japanese yen, especially in the first and fourth quarters. Early in the year, there was concern about the economic health of Japanese financial institutions, particularly banks and brokerage firms. Subsequently, it became apparent that Japanese growth would, at best, be moderate, and interest-rate differentials in favor of U.S. assets remained large ([charts 2 and 3](#)). Additional evidence of weakening Japanese growth accumulated over the last half of the year, and several large, prominent Japanese financial institutions failed in November. During the last half of the year, currency devaluations and declining stock prices in many other Asian countries had negative repercussions on the Japanese economy and were additional factors holding down the value of the yen against the dollar.

Several Asian countries were unable to maintain their currencies' fixed exchange rates against the U.S. dollar during the last half of the year. Efforts to do so led initially to the loss of large amounts of reserve assets and then to decisions by many countries to permit their currencies to fluctuate freely in exchange markets. A decision by Thailand in July to break its link with the dollar was followed by similar decisions by Indonesia in August, by Malaysia and the Philippines in September, by Taiwan in October, and by the Republic of Korea in November. Currency values relative to the dollar fell sharply immediately following these decisions and continued to depreciate through yearend. The declines in currency values, stock prices, and financial asset values reduced prospects for economic growth in the region and had a major impact on international capital flows, including those to the United States. The spread of the economic difficulties to the regional banking centers of Hong Kong and Singapore reflected the dominant role of these regional centers in financing local economies. The economic difficulties also adversely affected Japan, another major supplier of banking capital to the region.

## Current Account

### Goods and services

The deficit on goods and services increased to \$113.6 billion in 1997 from \$111.0 billion in 1996. The larger deficit on goods more than accounted

for the increase; the surplus on services increased (table D).

**Goods.**—The deficit on goods increased to \$198.9 billion in 1997 from \$191.2 billion in 1996. Both exports and imports increased substantially, but the increase in imports exceeded that in exports.

Goods exports increased \$66.3 billion, or 11 percent, to \$678.3 billion. The 11-percent increase was up sharply from a 6-percent increase in 1996 and was between the strong increases of 10 percent and 15 percent in 1994 and 1995, respectively. Agricultural exports decreased \$3.1 billion, while nonagricultural exports increased \$69.4 billion, more than double the increase in 1996 (tables E and F).

Goods imports increased \$74.0 billion, or 9 percent, to \$877.3 billion. The 9-percent increase exceeded the 7-percent increase in 1996 but was well below the sizable increases of 13 percent and 12 percent in 1994 and 1995, respectively. An increase in the volume of petroleum imports was more than offset by a sharp decline in prices, leading to a \$0.7 billion reduction in petroleum imports for the year. Nonpetroleum imports increased \$74.7 billion, double the increase in 1996.

U.S. exports increased substantially in 1997, reflecting considerably faster economic expansion abroad in industrial countries and in Latin America (especially Mexico) and slightly slower economic expansion in the developing countries of Asia. Economic expansion accelerated in Canada, the United Kingdom, Germany, and

Table E.—U.S. Trade in Goods, Current and Chained (1992) Dollars

[Balance of payments basis, millions of dollars, quarters seasonally adjusted]

	Current dollars								Chained (1992) dollars <sup>1</sup>							
	1995	1996	1997 <sup>P</sup>	1997				1995	1996	1997 <sup>P</sup>	1997					
				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>P</sup>				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>P</sup>		
<b>Exports</b> .....	<b>575,871</b>	<b>612,069</b>	<b>678,348</b>	<b>162,341</b>	<b>171,227</b>	<b>170,255</b>	<b>174,525</b>	<b>565,887</b>	<b>622,803</b>	<b>716,675</b>	<b>169,813</b>	<b>180,049</b>	<b>180,355</b>	<b>186,458</b>		
Agricultural products .....	57,229	61,488	58,414	14,352	14,137	14,559	15,366	49,484	48,569	49,430	11,950	11,820	12,391	13,269		
Nonagricultural products .....	518,642	550,581	619,934	147,989	157,090	155,696	159,159	516,856	575,745	670,523	158,616	169,278	168,685	173,944		
Foods, feeds, and beverages .....	50,472	55,533	51,371	12,861	12,224	12,485	13,801	44,476	43,978	44,045	10,862	10,290	10,744	12,149		
Industrial supplies and materials .....	146,374	147,973	158,102	38,451	40,733	39,605	39,313	120,631	127,873	137,125	33,291	35,328	34,231	34,275		
Capital goods, except automotive .....	233,776	253,141	294,122	68,899	74,129	74,505	76,589	263,489	310,356	387,815	88,902	97,027	98,944	102,942		
Automotive vehicles, parts, and engines .....	61,828	65,022	73,391	17,669	18,292	18,213	19,217	59,955	62,385	69,828	16,844	17,404	17,313	18,267		
Consumer goods (nonfood), except automotive .....	64,425	70,138	77,418	18,792	19,699	19,222	19,705	62,607	67,260	73,713	17,931	18,797	18,272	18,713		
Exports, n.e.c. ....	18,996	20,262	23,944	5,669	6,150	6,225	5,900	17,961	19,553	23,750	5,602	6,077	6,200	5,871		
<b>Imports</b> .....	<b>749,431</b>	<b>803,239</b>	<b>877,282</b>	<b>212,185</b>	<b>218,415</b>	<b>222,256</b>	<b>224,426</b>	<b>741,078</b>	<b>817,392</b>	<b>935,491</b>	<b>221,026</b>	<b>232,852</b>	<b>238,728</b>	<b>242,885</b>		
Petroleum and products .....	56,155	72,744	72,053	19,153	17,732	17,581	17,587	59,285	63,823	66,966	15,521	17,017	17,287	17,141		
Nonpetroleum products .....	693,276	730,495	805,229	193,032	200,683	204,675	206,839	680,515	751,801	868,677	205,572	215,788	221,510	225,807		
Foods, feeds, and beverages .....	33,176	35,711	39,704	9,516	9,997	10,148	10,043	29,319	32,253	35,506	8,550	8,839	9,069	9,048		
Industrial supplies and materials .....	184,987	209,497	217,397	54,904	55,023	53,621	53,849	176,418	189,345	200,243	47,909	51,471	50,348	50,515		
Capital goods, except automotive .....	221,429	229,049	254,167	59,344	62,940	65,634	66,249	246,462	294,526	377,732	85,142	92,423	98,402	101,765		
Automotive vehicles, parts, and engines .....	123,796	128,938	140,720	35,406	34,430	35,772	35,112	114,769	118,781	129,337	32,602	31,733	32,848	32,154		
Consumer goods (nonfood), except automotive .....	159,906	171,007	192,947	45,321	48,031	48,787	50,808	155,136	165,317	188,680	44,130	46,905	47,784	49,861		
Imports, n.e.c., and U.S. goods returned .....	26,137	29,037	32,347	7,694	7,994	8,294	8,365	24,337	27,032	30,384	7,184	7,513	7,795	7,892		

<sup>r</sup> Revised.

<sup>P</sup> Preliminary.

1. Because chain indexes use weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

most other countries in Europe. Expansion in Japan slowed sharply. Expansion in the developing countries in Asia slowed, as it has every year since 1994 (chart 4).

U.S. imports accelerated in 1997, reflecting faster growth in the U.S. economy. Growth in U.S. real gross domestic product (GDP) was 3.8 percent in 1997, above the 2.8 percent growth in 1996 and 2.0 percent growth in 1995.<sup>2</sup>

Domestic prices of exports decreased in 1997; the largest declines were in foods and many types of capital goods (table G). Prices of total industrial supplies and materials, automotive products, and consumer goods changed little. However, prices increased significantly for most major categories when converted into foreign currencies, as depreciation of foreign currencies more than offset the decrease in domestic prices or added to small domestic price increases (table H).

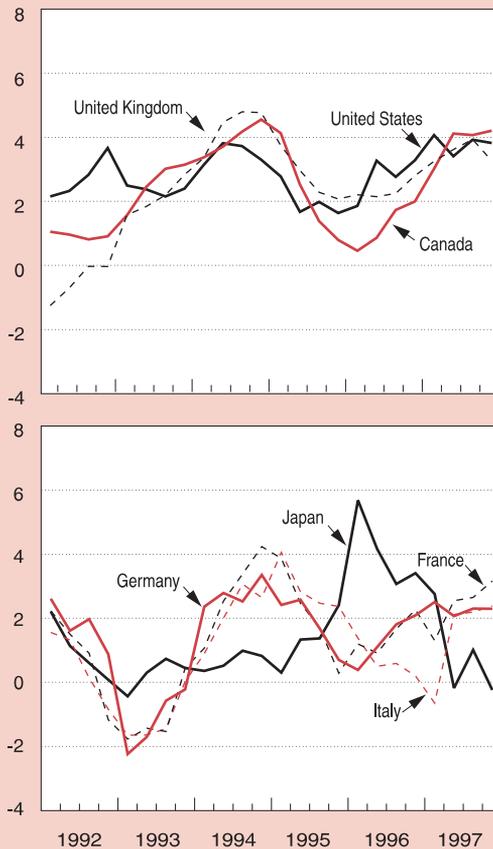
Dollar prices of most imports decreased or changed little. Prices of many capital goods, nonpetroleum industrial supplies and materials, petroleum products, and consumer goods were all lower (table G).

**Exports.**—Nonagricultural exports increased \$69.4 billion, or 13 percent, to \$619.9 billion in 1997, up sharply from a 6-percent increase in 1996. Quantity increased 17 percent, following an 11-percent increase. In value, capital goods increased \$41.0 billion in 1997, up from an increase of \$19.4 billion in 1996, and total industrial supplies and materials increased \$10.1 billion, up from an increase of \$1.6 billion. Automotive products and consumer

CHART 4

Major Industrial Countries: Real GDP

Percent change from four quarters earlier



Data: International Monetary Fund.

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

2. GDP estimates are shown in table 1.2 on page D-2 in this issue.

Table F.—Percent Changes in U.S. Trade in Goods, Current and Chained (1992) Dollars

[Balance of payments basis]

	Current dollars			Chained (1992) dollars		
	1995	1996	1997 <sup>P</sup>	1995	1996	1997 <sup>P</sup>
<b>Exports</b> .....	<b>14.6</b>	<b>6.3</b>	<b>10.8</b>	<b>12.6</b>	<b>10.1</b>	<b>15.1</b>
Agricultural products .....	21.6	7.4	-5.0	11.5	-1.8	7.2
Nonagricultural products .....	13.9	6.2	12.6	12.8	11.4	16.5
Foods, feeds, and beverages .....	20.3	10.0	-7.5	10.8	-1.1	.2
Industrial supplies and materials .....	20.4	1.1	6.8	6.2	6.0	7.2
Capital goods, except automotive .....	13.9	8.3	16.2	20.6	17.8	25.0
Automotive vehicles, parts, and engines .....	7.0	5.2	12.9	5.7	4.1	11.9
Consumer goods (nonfood), except automotive .....	7.4	8.9	10.4	6.0	7.4	9.6
Exports, n.e.c. ....	19.6	6.7	18.2	15.8	8.9	21.5
<b>Imports</b> .....	<b>12.1</b>	<b>7.2</b>	<b>9.2</b>	<b>9.6</b>	<b>10.3</b>	<b>14.4</b>
Petroleum and products .....	9.5	29.5	-9	-1.5	7.7	4.9
Nonpetroleum products .....	12.3	5.4	10.2	10.6	10.5	15.5
Foods, feeds, and beverages .....	7.2	7.6	11.2	2.2	10.0	10.1
Industrial supplies and materials .....	12.2	13.2	3.8	2.2	7.3	5.8
Capital goods, except automotive .....	20.1	3.4	11.0	25.1	19.5	28.3
Automotive vehicles, parts, and engines .....	4.7	4.2	9.1	1.7	3.5	8.9
Consumer goods (nonfood), except automotive .....	9.3	6.9	12.8	7.7	6.6	14.1
Imports, n.e.c., and U.S. goods returned .....	9.9	11.1	11.4	5.6	11.1	12.4

<sup>P</sup> Preliminary.

goods also increased significantly more in 1997 than in 1996 (chart 5).

Capital goods jumped \$41.0 billion, or 16 percent, to \$294.1 billion, following an 8-percent increase; in both dollar and percentage terms, this jump exceeded the sizable increases in 1994 and 1995. Quantity increased 25 percent, following an 18-percent increase. In value, exports to all major areas rose strongly in 1997; Latin America (\$11.3 billion), Western Europe (\$11.1 billion), and Asia, excluding Japan (\$9.2 billion) accounted for over three-fourths of the increase. The gains in 1996 were as follows: Latin America (\$3.9 billion), Western Europe (\$2.0 billion), and Asia, excluding Japan (\$6.6 billion).

About one-fourth of the jump in 1997 in capital goods was attributable to civilian aircraft, en-

gines, and parts, which rose \$10.6 billion, more than double a 1996 increase that in turn followed declines in 1993–95. The strength in 1997 occurred in the first half of the year, as production problems and parts shortages curtailed shipments in the last half. Although there were scattered cancellations of future deliveries by Asian countries, there was no effect on deliveries in 1997.

**Table G.—Percent Changes in U.S. Goods Trade Chain-Weighted Price Indexes**

[Based on index numbers (1992=100)]

	1995	1996	1997 <sup>p</sup>
<b>Exports</b> .....	<b>1.7</b>	<b>-3.3</b>	<b>-3.7</b>
Agricultural products .....	9.2	9.4	-6.6
Nonagricultural products .....	1.0	-4.8	-3.3
Foods, feeds, and beverages .....	8.6	11.3	-7.7
Industrial supplies and materials .....	13.3	-4.6	-3
Capital goods, except automotive .....	-5.6	-8.0	-7.0
Computers, peripherals, and parts .....	-18.8	-24.5	-24.7
Civilian aircraft, engines, and parts .....	3.4	4.0	3.7
Other capital goods .....	-3.7	-5.6	-4.2
Automotive vehicles, parts, and engines .....	1.3	1.2	.8
Consumer goods (nonfood), except automotive .....	1.4	1.4	.7
Exports, n.e.c. ....	3.2	-2.1	-2.7
<b>Imports</b> .....	<b>2.2</b>	<b>-2.8</b>	<b>-4.6</b>
Petroleum and products .....	11.2	20.4	-5.6
Nonpetroleum products .....	1.6	-4.6	-4.6
Foods, feeds, and beverages .....	4.9	-2.2	1.0
Industrial supplies and materials .....	9.6	5.6	-1.9
Capital goods, except automotive .....	-4.1	-13.4	-13.5
Computers, peripherals, and parts .....	-14.4	-18.1	-20.8
Civilian aircraft, engines, and parts .....	2.4	4.3	4.1
Other capital goods .....	-5	-12.8	-11.8
Automotive vehicles, parts, and engines .....	3.0	.6	.2
Consumer goods (nonfood), except automotive .....	1.5	.3	-1.1
Imports, n.e.c., and U.S. goods returned .....	4.1	0	-8

<sup>p</sup> Preliminary.

**Table H.—Percent Changes in Foreign Currency Cost of U.S. Exports of Goods**

[Based on index numbers (1992=100)]

	1995	1996	1997 <sup>p</sup>
<b>Exports</b> .....	<b>-6.1</b>	<b>0.1</b>	<b>6.3</b>
Agricultural products .....	.8	13.4	3.0
Nonagricultural products .....	-6.8	-1.4	6.6
Foods, feeds, and beverages .....	.3	15.3	1.8
Industrial supplies and materials .....	4.6	-1.2	9.9
Capital goods, except automotive .....	-12.9	-4.7	2.6
Computers, peripherals, and parts .....	-25.0	-21.8	-16.9
Civilian aircraft, engines, and parts .....	-4.5	7.8	14.4
Other capital goods .....	-11.1	-2.2	5.7
Automotive vehicles, parts, and engines .....	-6.5	4.8	11.2
Consumer goods (nonfood), except automotive .....	-6.4	5.0	11.1
Exports, n.e.c. ....	-4.7	1.4	7.3

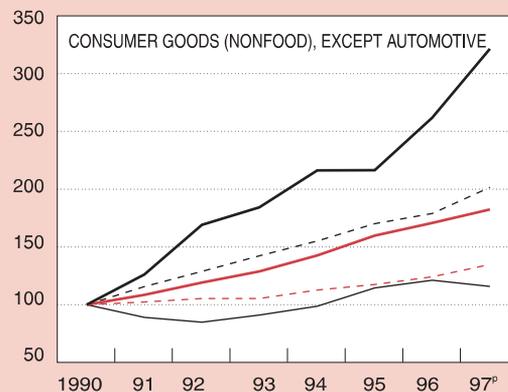
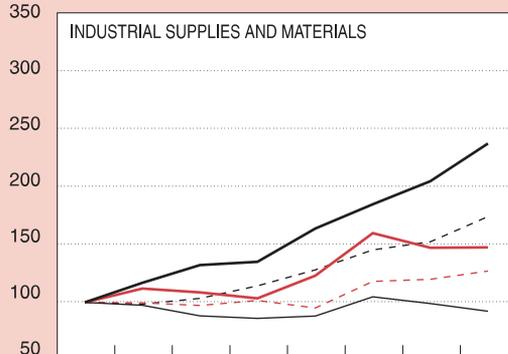
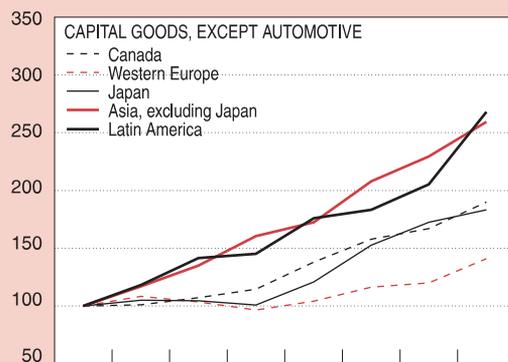
<sup>p</sup> Preliminary.

NOTE.—Chain-weighted price indexes multiplied by trade-weighted exchange rate index of the currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and United Kingdom.

**CHART 5**

**Growth in Exports by Selected Commodity Categories and Areas**

1990=100



<sup>p</sup> Preliminary

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

Excluding civilian aircraft, engines, and parts, capital goods increased \$30.4 billion, or 14 percent, to \$252.7 billion. This double-digit growth rate is more in line with the growth rates of 16 percent in 1994 and 19 percent in 1995 than with the 7-percent growth rate in 1996. Computers, peripherals, and parts strengthened in 1997, but the increase was less than in 1995; in 1997, ex-

ports were particularly strong to the Netherlands and the United Kingdom. Semiconductors continued to rise, but the increase was modest in comparison with the increase in 1995, which was three times as large; higher exports to Asia and Mexico more than accounted for the rise in 1997. Telecommunications equipment jumped, led by stronger sales to Mexico and Brazil, but the in-

**Table I.—U.S. Trade in Capital Goods, Except Automotive**

[Balance of payments basis, millions of dollars]

	1992	1993	1994	1995	1996	1997 <sup>P</sup>
<b>Exports</b> .....	<b>176,070</b>	<b>182,096</b>	<b>205,248</b>	<b>233,776</b>	<b>253,141</b>	<b>294,122</b>
Computers, peripherals, and parts .....	28,763	29,317	33,320	39,654	43,719	49,276
Semiconductors .....	15,987	19,122	25,178	34,153	35,768	38,823
Telecommunications equipment .....	11,450	13,513	16,296	20,248	20,323	23,795
Scientific, hospital, and medical equipment and parts .....	9,930	10,569	11,523	13,073	14,747	16,160
Industrial, agricultural, and service industry machinery .....	26,291	28,422	31,922	37,088	40,096	45,564
Machine tools, metalworking equipment, and control instruments .....	9,836	10,650	12,320	14,259	15,606	18,236
Oil drilling, mining, and construction machinery .....	9,620	9,474	10,216	11,514	12,693	14,824
Industrial engines, pumps, and compressors .....	6,658	7,506	9,176	10,160	10,287	12,518
Electric generating machinery, electric apparatus, and parts .....	15,480	16,959	19,674	23,040	24,113	27,940
Civilian aircraft, engines, parts .....	37,725	32,678	31,475	26,129	30,792	41,398
Other capital goods, n.e.c. ....	4,330	3,886	4,148	4,458	4,997	5,588
<b>Imports</b> .....	<b>134,252</b>	<b>152,305</b>	<b>184,369</b>	<b>221,429</b>	<b>229,049</b>	<b>254,167</b>
Computers, peripherals, and parts .....	31,686	38,026	46,160	56,276	61,515	70,186
Semiconductors .....	15,475	19,482	26,156	39,042	36,707	36,868
Telecommunications equipment .....	10,776	11,275	14,184	15,332	14,375	15,601
Scientific, hospital, and medical equipment and parts .....	5,436	5,746	5,908	6,669	7,208	8,151
Industrial, agricultural, and service industry machinery .....	23,358	26,149	31,852	36,707	37,671	41,287
Machine tools, metalworking equipment, and control instruments .....	7,055	8,040	9,804	12,244	13,463	14,959
Oil drilling, mining, and construction machinery .....	2,948	4,314	5,325	5,481	5,685	6,656
Industrial engines, pumps, and compressors .....	3,618	4,094	5,758	6,176	6,266	6,528
Electric generating machinery, electric apparatus, and parts .....	15,336	17,421	20,030	24,150	24,749	27,921
Civilian aircraft, engines, parts .....	12,581	11,275	11,298	10,709	12,671	16,664
Other capital goods, n.e.c. ....	5,983	6,483	7,894	8,643	8,739	9,346

<sup>P</sup> Preliminary.

**Table J.—U.S. Trade in Industrial Supplies and Materials, Excluding Agricultural Products**

[Balance of payments basis, millions of dollars]

	1992	1993	1994	1995	1996	1997 <sup>P</sup>
<b>Exports</b> .....	<b>101,688</b>	<b>105,002</b>	<b>112,558</b>	<b>135,485</b>	<b>137,935</b>	<b>147,373</b>
Energy products .....	14,364	12,713	12,041	13,777	15,533	16,266
Chemicals, excluding medicinals .....	29,840	30,082	35,137	42,985	42,472	46,843
Paper and paper base stocks .....	9,298	8,483	10,104	14,488	12,482	12,782
Textile supplies and related materials .....	6,809	6,999	8,183	9,284	9,555	10,703
Building materials, except metals .....	8,078	8,751	8,839	9,061	9,261	9,477
Other nonmetals .....	10,302	10,750	11,900	13,410	15,262	16,641
Metals and nonmetallic products .....	22,997	27,224	26,354	32,480	33,370	34,661
Steelmaking materials and iron and steel products .....	5,405	5,443	5,789	8,575	7,564	8,155
Nonferrous metals .....	10,963	14,649	12,279	14,602	15,480	15,020
Other metals and nonmetallic products .....	6,629	7,132	8,286	9,303	10,326	11,486
<b>Imports</b> .....	<b>136,035</b>	<b>147,879</b>	<b>160,224</b>	<b>179,416</b>	<b>203,036</b>	<b>211,150</b>
Energy products .....	56,820	57,390	58,080	62,159	80,278	80,276
Chemicals, excluding medicinals .....	16,872	18,081	21,359	25,551	26,897	29,159
Paper and paper base stocks .....	8,232	8,320	8,931	12,880	10,871	10,681
Textile supplies and related materials .....	6,866	7,550	8,182	8,617	8,843	10,109
Building materials, except metals .....	8,282	10,556	12,684	12,819	15,035	16,833
Other nonmetals .....	9,455	10,330	11,047	12,503	13,353	14,139
Metals and nonmetallic products .....	29,508	35,652	39,941	44,887	47,759	49,953
Steelmaking materials and iron and steel products .....	12,603	13,591	18,377	19,134	20,265	21,167
Nonferrous metals .....	13,228	18,128	16,728	20,260	21,679	22,034
Other metals and nonmetallic products .....	3,677	3,933	4,836	5,493	5,815	6,752

<sup>P</sup> Preliminary.

crease was less than those in 1994 and in 1995. Most types of heavy machinery also contributed to the rise in capital goods exports in 1997; the increase exceeded that in the peak year of 1995 (table I).

Nonagricultural industrial supplies and materials increased \$9.4 billion, or 7 percent, to \$147.4 billion in 1997, compared with a 2-percent increase in 1996. Quantity increased 7 percent, following a 6-percent increase. In value, chemicals, textiles, and metals and nonmetallic products were all higher. Chemicals increased 10 percent, or \$4.4 billion, compared with a decrease of 1 percent; nearly one-half of the increase was to Canada and Mexico. Textile supplies increased 12 percent, or \$1.2 billion. Within metals, iron and steel products and steelmaking materials increased, and nonmonetary gold fell sharply after a sizable increase in 1996 (table J).

Automotive products increased \$8.4 billion, or 13 percent, to \$73.4 billion in 1997, following a 5-percent increase in 1996. Quantity increased 12 percent, following a 4-percent increase. In value, the surge was due to a 17-percent increase in engines and parts, largely to Mexico. In 1995, shipments to Mexico were held down as a result of the December 1994 currency devaluation and economic recession in 1995, but they grew rapidly in both 1996 and 1997 as auto manufacturers shifted production to Mexico. Shipments of engines and parts, as well as of completed autos, to Canada also accelerated sharply in 1997.

Consumer goods increased \$7.3 billion, or 10 percent, to \$77.4 billion, up from a 9-percent increase. Quantity increased 10 percent, following an 8-percent increase. In value, shipments picked up substantially to Canada and Mexico.

Agricultural products decreased \$3.1 billion, or 5 percent, to \$58.4 billion, in contrast to a 7-percent increase in 1996. The decrease was more than accounted for by a 7-percent decline in prices; prices had increased 9 percent in 1996 when production shortages had driven prices for grains and soybeans to record levels. Quantity increased 2 percent, following a 2-percent decrease. In value, sharply reduced shipments of corn and wheat more than accounted for the decline. The largest declines were to Asia and Mexico.

Corn dropped \$3.2 billion, or 36 percent, to \$5.7 billion. Prices fell 27 percent, as world supplies improved, while quantity declined 8 percent. Shipments to Asia and Mexico dropped the most.

Wheat dropped \$2.2 billion, or 34 percent to \$4.2 billion. Prices dropped 20 percent, as world supplies improved, while quantity dropped 16

percent. Shipments to Asia and Latin America dropped the most.

Soybeans increased \$0.1 billion, or 1 percent, to \$7.5 billion, following increases of 36 percent in 1996 and 24 percent in 1995. Shipments increased to Latin America. In the fourth quarter, shipments increased sharply when the United States had a record crop and supplies abroad remained tight.

*Imports.*—Nonpetroleum imports increased \$74.7 billion, or 10 percent, to \$805.2 billion in 1997, up from a 5-percent increase in 1996. Quantity increased 16 percent, up from a 10-percent increase. In value, capital goods increased \$25.1 billion, up from a \$7.6 billion increase, and consumer goods increased \$21.9 billion, up from an \$11.1 billion increase. Automotive products also increased. Petroleum imports fell after a substantial increase in 1996 (chart 6).

Capital goods increased \$25.1 billion, or 11 percent, to \$254.2 billion, compared with a 3-percent increase in 1996. Quantity increased 28 percent, following a 20-percent increase. Computers, peripherals, and parts increased \$8.7 billion, or 14 percent, up from an increase of 9 percent in 1996 but below the 21-percent and 22-percent increases in 1994 and 1995, respectively. Semiconductors increased \$0.2 billion, rebounding from a 6-percent decline in 1996 that resulted from overproduction. As with computers, peripherals, and parts, imports came primarily from Asia, excluding Japan. Telecommunications equipment increased \$1.2 billion, rebounding from a \$1.0 billion decrease in 1996. Machinery increased strongly in 1997, following a lackluster performance in 1996 and larger increases in 1994 and 1995. Within this group, industrial, agricultural, and service industry machinery increased \$3.6 billion, or 10 percent, and electric generating machinery, electric apparatus, and parts increased \$3.2 billion, or 13 percent. Civilian aircraft, engines, and parts were sharply higher, increasing \$4.0 billion, or 32 percent (table I).

Consumer goods increased \$22.0 billion, or 13 percent, to \$192.9 billion, up from a 7-percent increase. Quantity increased 14 percent, up from a 7-percent increase. In value, imports from China increased \$7.1 billion, accounting for 33 percent of the growth. Other sizable increases were from Mexico and Canada. Three-fifths of the increase was accounted for by nondurable goods, mainly apparel, footwear, and household goods. Two-fifths of the increase was accounted for by durable goods, mainly household goods and recreational equipment.

Automotive products increased \$11.8 billion, or 9 percent, to \$140.7 billion, following a 4-percent increase. Quantity increased 9 percent, following a 3-percent increase. In value, imports of autos from Germany, Canada, and Japan were higher than in 1996.

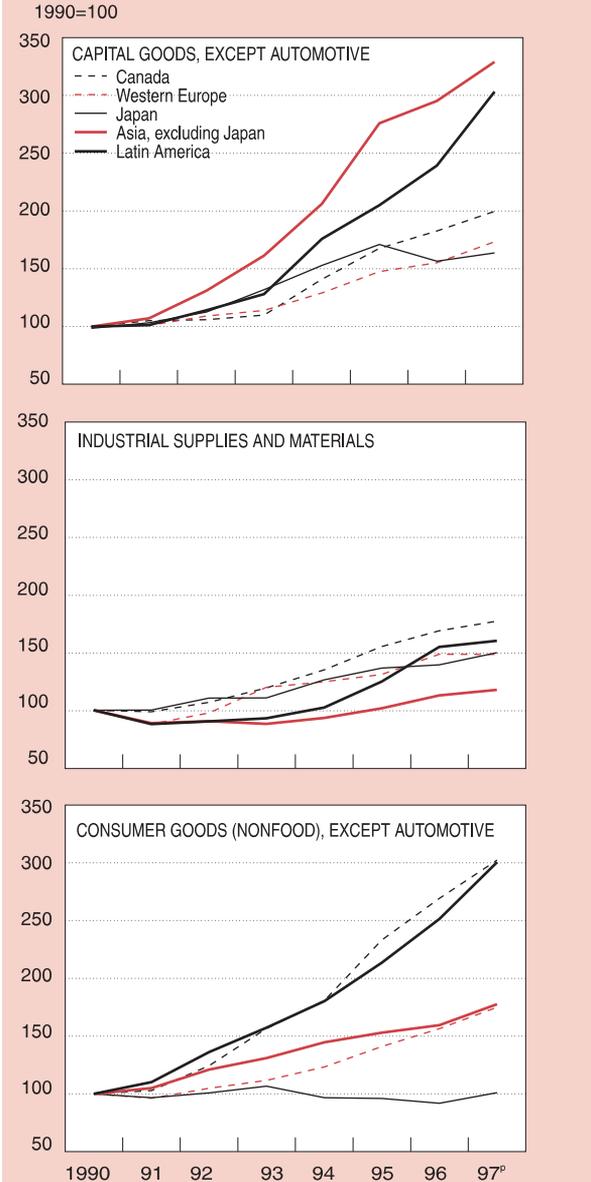
Nonpetroleum industrial supplies and materials increased \$8.6 billion, or 6 percent, to \$145.3 billion, following a 6-percent increase. Quantity increased 6 percent, following an 8-percent in-

crease. In value, chemicals increased \$2.3 billion, or 8 percent. A 6-percent rise in industrial production in the United States led to strong imports and rising prices for most imported chemical products. Metals and nonmetallic products increased \$2.2 billion, or 5 percent; the increase was held down by a decrease in nonmonetary gold. Building materials increased \$1.8 billion, or 12 percent; paper and paper based stocks declined. Textile supplies increased \$1.3 billion, or 14 percent (table J).

Petroleum imports decreased \$0.7 billion, or 1 percent, to \$72.1 billion in 1997, compared with a 30-percent increase. The decrease in 1997 resulted from a decline in prices to an average of \$18.58 per barrel from \$19.71 per barrel. Quantity increased to 10.62 million barrels per day from 10.11 million barrels. OPEC's share of total petroleum imports remained about unchanged at 48 percent. In quantity, imports from Saudi

**CHART 6**

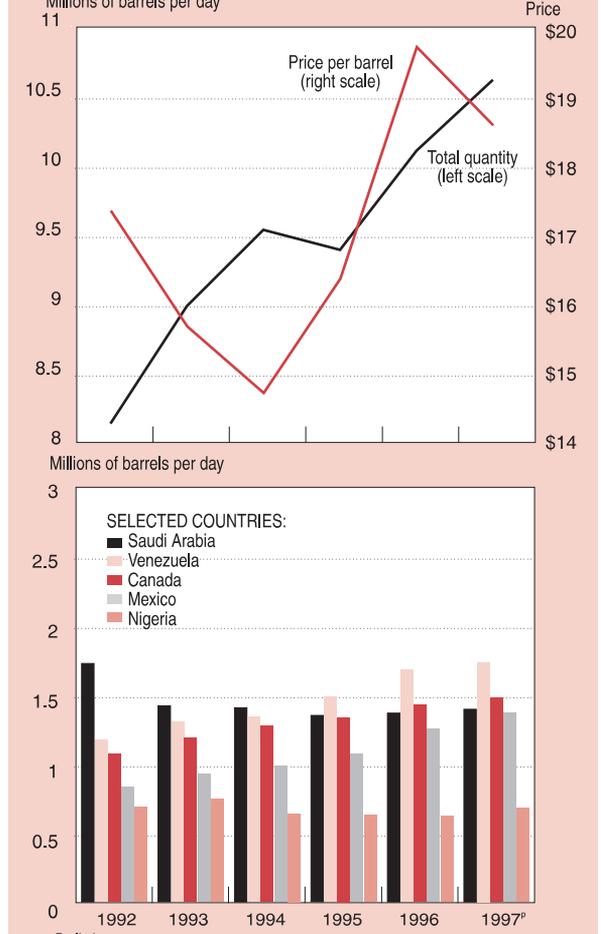
**Growth in Imports by Selected Commodity Categories and Areas**



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

**CHART 7**

**U.S. Petroleum Imports and Price, Total and from Selected Countries**



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

Arabia decreased 2 percent; imports from Mexico and Nigeria increased 10 percent each; and imports from Canada and Venezuela increased 3 percent each (chart 7).

U.S. consumption of petroleum and products increased 2 percent to 18.6 million barrels per day. Production and inventories each increased 2 percent. Imports as a percent of consumption increased to 57 percent from 55 percent.

*Balances by area.*—The U.S. deficit in goods increased to \$198.9 billion in 1997 from \$191.2 billion in 1996; the increase in imports exceeded the increase in exports.

The deficit with Western Europe decreased to \$22.9 billion from \$24.4 billion. Exports of capital goods picked up sharply, and total industrial supplies and materials increased, partly in response to accelerated European economic growth in the

past 2 years. Imports of capital goods, consumer goods, and automotive products strengthened, partly in response to continued expansion in the United States (table K).

The deficit with Canada decreased to \$19.0 billion from \$24.0 billion. Exports of capital goods, total industrial supplies and materials, and automotive products increased more strongly than in 1996, as Canadian economic growth accelerated. Imports by the United States strengthened for automotive products, but most other categories were only slightly stronger or were somewhat weaker.

The deficit with Japan increased to \$56.9 billion from \$49.2 billion. Exports decreased, led by declines in foods and in total industrial supplies and materials. Imports accelerated, led by increases in capital goods, automotive products,

Table K.—U.S. Trade in Goods by Major End-Use Category for Selected Areas and Countries

(Balance of payments basis, millions of dollars)

	Canada			Western Europe			United Kingdom			Germany			Japan		
	1995	1996	1997 <sup>P</sup>	1995	1996	1997 <sup>P</sup>	1995	1996	1997 <sup>P</sup>	1995	1996	1997 <sup>P</sup>	1995	1996	1997 <sup>P</sup>
<b>Exports</b>	<b>127,585</b>	<b>134,609</b>	<b>151,824</b>	<b>132,431</b>	<b>137,194</b>	<b>152,936</b>	<b>28,024</b>	<b>30,246</b>	<b>35,907</b>	<b>21,879</b>	<b>22,970</b>	<b>24,203</b>	<b>63,108</b>	<b>65,954</b>	<b>64,683</b>
Agricultural products	6,614	6,984	8,060	9,804	10,517	10,442	1,086	1,239	1,315	1,258	1,501	1,319	11,110	11,690	10,562
Nonagricultural products	120,971	127,625	143,764	122,627	126,677	142,494	26,938	29,007	34,592	20,621	21,469	22,884	51,998	54,264	54,121
Foods, feeds, and beverages	6,504	6,819	7,789	7,952	8,647	8,098	928	1,050	1,111	949	1,225	1,037	11,890	12,402	10,919
Industrial supplies and materials	28,247	29,603	33,832	34,433	34,953	37,032	6,365	7,578	7,047	4,416	4,127	4,694	15,985	15,079	14,071
Capital goods, except automotive	40,810	43,166	49,135	61,596	63,557	74,626	15,686	16,062	20,893	11,693	12,073	12,541	21,942	24,795	26,358
Automotive vehicles, parts, and engines	34,043	35,138	39,085	6,197	6,659	7,318	929	919	1,123	1,700	2,182	2,195	4,697	4,605	3,936
Consumer goods (nonfood), except automotive	13,201	13,888	15,629	17,459	18,442	20,016	3,289	3,753	4,376	2,498	2,589	2,597	7,994	8,458	8,087
Exports, n.e.c.	4,780	5,995	6,354	4,794	4,936	5,846	827	884	1,357	623	774	1,139	600	615	1,312
<b>Imports</b>	<b>147,110</b>	<b>158,640</b>	<b>170,829</b>	<b>147,680</b>	<b>161,629</b>	<b>175,884</b>	<b>26,766</b>	<b>28,832</b>	<b>32,498</b>	<b>36,764</b>	<b>38,831</b>	<b>43,003</b>	<b>123,453</b>	<b>115,167</b>	<b>121,556</b>
Petroleum and products	9,814	12,194	11,996	5,652	6,908	6,222	2,828	2,893	2,135	96	166	184	50	53	112
Nonpetroleum products	137,296	146,446	158,833	142,028	154,721	169,662	23,938	25,939	30,363	36,668	38,665	42,819	123,403	115,114	121,444
Foods, feeds, and beverages	6,583	7,765	8,562	7,054	7,628	8,178	885	933	987	646	672	660	360	343	423
Industrial supplies and materials	55,515	60,420	63,371	36,817	41,698	41,695	6,998	7,071	6,711	7,065	7,593	8,006	11,620	11,871	12,764
Capital goods, except automotive	22,206	24,182	26,425	50,045	52,679	58,808	10,123	10,987	13,649	14,720	15,079	15,834	59,382	54,376	56,868
Automotive vehicles, parts, and engines	44,382	45,914	50,412	16,462	17,912	20,504	2,200	2,386	2,682	9,161	10,048	11,761	37,938	34,694	36,069
Consumer goods (nonfood), except automotive	8,611	9,945	11,166	30,452	33,802	37,807	4,928	5,607	6,254	3,832	3,886	4,946	12,300	11,778	12,952
Imports, n.e.c., and U.S. goods returned	9,813	10,414	10,893	6,850	7,910	8,892	1,632	1,848	2,215	1,340	1,553	1,796	1,853	2,105	2,480
<b>Balance</b>	<b>-19,525</b>	<b>-24,031</b>	<b>-19,005</b>	<b>-15,249</b>	<b>-24,435</b>	<b>-22,948</b>	<b>1,258</b>	<b>1,414</b>	<b>3,409</b>	<b>-14,885</b>	<b>-15,861</b>	<b>-18,800</b>	<b>-60,345</b>	<b>-49,213</b>	<b>-56,873</b>
	Latin America			Mexico			Asia, excluding Japan			Hong Kong, Republic of Korea, Singapore, Taiwan			China		
	1995	1996	1997 <sup>P</sup>	1995	1996	1997 <sup>P</sup>	1995	1996	1997 <sup>P</sup>	1995	1996	1997 <sup>P</sup>	1995	1996	1997 <sup>P</sup>
<b>Exports</b>	<b>87,564</b>	<b>100,248</b>	<b>123,643</b>	<b>46,189</b>	<b>56,735</b>	<b>71,214</b>	<b>130,436</b>	<b>135,380</b>	<b>144,803</b>	<b>71,836</b>	<b>73,319</b>	<b>76,417</b>	<b>11,754</b>	<b>11,938</b>	<b>12,669</b>
Agricultural products	6,761	9,125	8,962	3,529	5,461	5,223	16,559	16,299	14,444	8,145	8,624	7,470	2,636	2,096	1,601
Nonagricultural products	80,803	91,123	114,681	42,660	51,274	65,991	113,877	119,081	130,359	63,691	64,695	68,947	9,118	9,842	11,068
Foods, feeds, and beverages	5,533	7,666	7,202	2,931	4,581	4,242	12,653	13,387	11,675	6,433	7,340	6,188	1,702	1,324	1,001
Industrial supplies and materials	26,071	28,857	33,479	13,802	16,573	19,644	34,458	31,736	31,801	20,145	18,022	17,882	4,350	4,109	4,138
Capital goods, except automotive	32,832	36,734	48,007	15,900	18,594	24,940	63,955	70,557	79,767	36,053	39,434	41,798	5,094	5,741	6,584
Automotive vehicles, parts, and engines	9,723	10,923	15,196	6,961	8,284	11,600	5,123	5,334	5,502	2,357	1,955	2,306	167	181	392
Consumer goods (nonfood), except automotive	10,732	12,988	15,949	4,811	6,524	8,095	10,056	10,744	11,480	5,391	5,680	5,836	338	484	534
Exports, n.e.c.	2,673	3,080	3,810	1,784	2,179	2,693	4,191	3,622	4,578	1,457	888	2,407	103	99	20
<b>Imports</b>	<b>98,739</b>	<b>117,475</b>	<b>132,503</b>	<b>62,767</b>	<b>75,108</b>	<b>86,674</b>	<b>199,698</b>	<b>212,788</b>	<b>234,843</b>	<b>81,957</b>	<b>82,705</b>	<b>86,135</b>	<b>45,542</b>	<b>51,511</b>	<b>62,566</b>
Petroleum and products	17,488	23,972	24,288	6,270	8,127	8,459	10,846	13,401	12,527	286	216	269	326	434	475
Nonpetroleum products	81,251	93,503	108,215	56,497	66,981	78,215	188,852	199,387	222,316	81,671	82,489	85,866	45,216	51,077	62,091
Foods, feeds, and beverages	11,076	11,337	12,892	4,290	4,221	4,620	5,935	6,210	6,888	691	667	711	622	662	737
Industrial supplies and materials	31,465	39,042	40,399	12,494	14,825	15,853	27,608	30,671	31,973	6,757	6,821	7,632	3,857	4,260	5,179
Capital goods, except automotive	14,566	17,004	21,544	13,185	15,596	19,767	73,390	78,558	87,563	46,173	48,449	50,875	7,596	8,741	11,527
Automotive vehicles, parts, and engines	19,703	24,500	27,363	18,641	23,345	25,881	5,035	5,493	5,689	3,297	3,566	3,707	635	750	788
Consumer goods (nonfood), except automotive	18,329	21,583	25,808	11,213	13,823	16,816	84,581	88,143	98,250	23,440	21,176	20,898	32,464	36,697	43,873
Imports, n.e.c., and U.S. goods returned	3,600	4,009	4,907	2,944	3,298	3,737	3,149	3,713	4,480	1,599	2,026	2,312	368	401	462
<b>Balance</b>	<b>-11,175</b>	<b>-17,227</b>	<b>-8,860</b>	<b>-16,578</b>	<b>-18,373</b>	<b>-15,460</b>	<b>-69,262</b>	<b>-77,408</b>	<b>-90,040</b>	<b>-10,121</b>	<b>-9,386</b>	<b>-9,718</b>	<b>-33,788</b>	<b>-39,573</b>	<b>-49,897</b>

and consumer goods that followed sharp declines in these categories in 1996.

The deficit with Latin America decreased to \$8.9 billion from \$17.2 billion. Sharply higher exports, mostly of capital goods but also of total industrial supplies and materials and automotive products, were only partly offset by continued strength in most import categories, except petroleum imports, which changed little.

The deficit with the Asia, excluding Japan, increased to \$90.0 billion from \$77.4 billion. Exports of capital goods recovered somewhat from the sharp slowdown in 1996, and total industrial supplies and materials were unchanged. Imports of capital goods, largely computers and semiconductors, picked up somewhat (but those from Hong Kong, the Republic of Korea, Singapore, and Taiwan, collectively, increased about the same amount as in 1996), while imports of consumer goods from China accelerated sharply.

**Services.**—The surplus on services increased to \$85.3 billion in 1997 from \$80.1 billion in 1996, a smaller increase than in 1996. In 1997, service receipts increased to \$253.2 billion from \$236.8

billion, and service payments increased to \$167.9 billion from \$156.6 billion (table L).

Foreign visitors spent \$74.4 billion for travel in the United States in 1997, an increase of 6 percent. Receipts from overseas (excluding Canada and Mexico) increased 7 percent, following an 11-percent increase; the growth in visitors from Western Europe was less than in 1996, partly reflecting the restraining effect of dollar appreciation against the European currencies. The growth in visitors from Asia was also less; it was held down by a decline in visitors in the fourth quarter when financial conditions in Asia deteriorated. Receipts from Canada were unchanged, and receipts from Mexico increased.

U.S. residents spent \$52.0 billion for travel abroad in 1997, an increase of 7 percent. Expenditures overseas increased 7 percent, following a 5-percent increase; the growth in travelers to Western Europe and Japan were both up 11 percent, as U.S. income continued to rise strongly and the dollar appreciated. Expenditures in Canada were down, and expenditures in Mexico increased.

“Other” transportation receipts were \$28.2 billion in 1997, up 4 percent after a 1-percent

**Table L.—Services**

[Millions of dollars, quarters seasonally adjusted]

	1995	1996	1997 <sup>a</sup>	1997			
				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>p</sup>
<b>Exports</b> .....	<b>218,739</b>	<b>236,764</b>	<b>253,220</b>	<b>61,736</b>	<b>63,335</b>	<b>64,397</b>	<b>63,754</b>
Travel .....	63,395	69,908	74,407	18,585	18,634	18,732	18,456
Passenger fares .....	19,125	20,557	21,710	5,316	5,508	5,468	5,418
Other transportation .....	27,412	27,216	28,194	7,001	7,045	6,939	7,210
Royalties and license fees .....	27,383	29,974	30,269	7,688	7,608	7,520	7,452
Other private services .....	66,850	73,569	82,681	19,753	20,622	21,277	21,031
Affiliated services .....	20,272	22,810	25,483	6,103	6,425	6,622	6,334
Unaffiliated services .....	46,578	50,759	57,198	13,650	14,197	14,655	14,697
Education .....	7,512	7,807	8,134	1,986	2,003	2,074	2,071
Financial .....	7,029	8,034	10,104	2,259	2,492	2,701	2,652
Insurance .....	1,390	2,121	2,558	620	637	648	654
Telecommunications .....	3,183	3,405	3,596	845	895	913	944
Business, professional, and technical .....	17,765	19,247	22,116	5,287	5,543	5,642	5,644
Other .....	9,699	10,145	10,690	2,653	2,627	2,677	2,732
Military transactions <sup>1</sup> .....	13,756	14,647	15,175	3,190	3,727	4,261	3,997
U.S. Government receipts .....	818	893	784	203	191	200	190
<b>Imports</b> .....	<b>147,036</b>	<b>156,634</b>	<b>167,929</b>	<b>41,216</b>	<b>41,817</b>	<b>42,303</b>	<b>42,592</b>
Travel .....	46,053	48,739	52,029	13,004	12,989	12,813	13,224
Passenger fares .....	14,433	15,776	16,927	4,272	4,190	4,166	4,298
Other transportation .....	28,249	28,453	29,771	7,377	7,541	7,368	7,484
Royalties and license fees .....	6,503	7,322	7,512	1,797	1,846	2,043	1,826
Other private services .....	39,285	42,796	47,548	11,327	11,893	12,320	12,009
Affiliated services .....	13,597	16,026	17,610	4,227	4,368	4,600	4,415
Unaffiliated services .....	25,689	26,770	29,938	7,100	7,525	7,720	7,594
Education .....	949	1,041	1,131	276	279	285	291
Financial .....	2,472	3,184	4,059	888	1,106	1,182	883
Insurance .....	5,383	4,387	4,817	1,139	1,195	1,232	1,251
Telecommunications .....	7,773	8,385	8,576	2,076	2,137	2,157	2,205
Business, professional, and technical .....	4,691	5,253	6,464	1,540	1,612	1,648	1,664
Other .....	4,420	4,520	4,891	1,180	1,196	1,215	1,299
Direct defense expenditures <sup>2</sup> .....	9,890	10,861	11,345	2,753	2,679	2,863	3,050
U.S. Government payments .....	2,623	2,687	2,796	686	679	730	701

<sup>a</sup> Revised.  
<sup>p</sup> Preliminary.  
 1. Consists of transfers under U.S. military agency sales contracts. Includes goods which can-

not be separately identified.  
 2. Consists of imports of U.S. defense agencies. Includes goods which cannot be separately identified.

decrease in 1996. The increase in overseas demand for U.S. goods exports, particularly by Western Europe and Latin America, had the greatest impact on air export volumes, resulting in substantial growth in air freight receipts; ocean export volumes decreased slightly. Port service receipts were up slightly.

“Other” transportation payments were \$29.8 billion in 1997, up 5 percent after a 1-percent increase in 1996. Like receipts, the increase in payments was strong for Western Europe and Latin America. Freight payments increased: While ocean freight payments were held down by the continued erosion of liner freight rates, particularly on imports from Asia due to overcapacity on that trade route, air freight payments continued to rise, partly because of a jump in import tonnage carried by Asian airlines. Air port service payments increased, reflecting both larger import and export volumes carried by U.S. airlines, and ocean port service payments decreased for the second consecutive year.

“Other” private service receipts were \$82.7 billion in 1997, up from \$73.6 billion in 1996. Affiliated services increased about the same amount in 1997 as in 1996. Among unaffiliated services, business, professional, and technical services increased more rapidly in 1997 than in 1996. Financial services also increased more rapidly than in 1996, reflecting heightened activity in U.S. financial markets that was tempered late in the year by repercussions from financial problems in Asia.

“Other” private service payments were \$47.5 billion in 1997, up from \$42.8 billion in 1996. Affiliated services increased less in 1997 than in

1996. Among unaffiliated services, business, professional, and technical services increased more rapidly in 1997 than in 1996. Financial services increased only slightly more rapidly than in 1996: Activity in financial markets abroad was particularly high in the second and third quarters, but fell sharply in the fourth quarter as a result of repercussions from financial problems in Asia.

Transfers under U.S. military sales contracts increased to \$15.2 billion in 1997, up from \$14.6 billion in 1996. Most of the increase was in the delivery of aircraft, missiles, and weapons systems to Turkey, Saudi Arabia, and Taiwan.

Direct defense expenditures abroad were \$11.3 billion in 1997, up from \$10.9 billion in 1996. Much of the increase was attributable to higher personnel expenditures. Key developments within the year included the continuation of the U.S. peace-keeping mission to Bosnia at half the troop strength of 1996 and, toward yearend, the repositioning of U.S. troops to the Persian Gulf area as tensions escalated with Iraq over the access of United Nations’ weapons inspection teams to Iraqi facilities.

### Investment income

The balance on investment income shifted to a deficit of \$14.3 billion in 1997 from a surplus of \$2.8 billion in 1996 (table D). “Other” private receipts increased much more strongly than in 1996; direct investment receipts also increased more strongly. All types of payments—U.S. Government, “other” private, and direct investment—increased substantially more than in 1996.

Table M.—Direct Investment Income and Capital

[Millions of dollars, quarters seasonally adjusted]

(Credits +; debits -)	1995	1996	1997 <sup>P</sup>	1997			
				I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>P</sup>
<b>Income</b>							
Income receipts on U.S. direct investment abroad .....	90,349	98,890	109,227	25,864	27,963	28,189	27,209
Distributed earnings .....	32,991	37,629	40,778	9,036	10,975	11,835	8,932
Reinvested earnings .....	54,007	57,885	63,955	15,938	15,933	15,135	16,949
Interest, net, .....	3,350	3,377	4,491	890	1,055	1,219	1,328
Income payments on foreign direct investment in the United States .....	-30,345	-32,132	-41,527	-8,538	-10,241	-11,666	-11,081
Distributed earnings .....	-12,254	-12,024	-10,953	-2,200	-3,575	-2,299	-2,879
Reinvested earnings .....	-9,826	-12,187	-20,355	-4,229	-3,894	-6,707	-5,525
Interest, net .....	-8,265	-7,921	-10,217	-2,110	-2,772	-2,660	-2,677
<b>Capital</b>							
U.S. direct investment abroad (increase/capital outflow (-)) .....	-86,737	-87,813	-119,443	-26,754	-36,988	-22,763	-32,936
Equity capital .....	-36,611	-21,605	-48,054	-11,252	-10,036	-9,102	-17,664
Reinvested earnings .....	-54,007	-57,885	-63,955	-15,938	-15,933	-15,135	-16,949
Intercompany debt .....	3,881	-8,323	-7,433	436	-11,019	1,474	1,677
Foreign direct investment in the United States (increase/capital inflow (+)) .....	67,526	76,955	107,927	30,685	26,652	25,949	24,641
Equity capital .....	45,057	53,030	47,849	11,799	8,558	11,265	16,226
Reinvested earnings .....	9,826	12,187	20,355	4,229	3,894	6,707	5,525
Intercompany debt .....	12,643	11,739	39,724	14,657	14,200	7,977	2,890

<sup>r</sup> Revised.

<sup>P</sup> Preliminary.

**Direct investment income.**—Receipts of income on U.S. direct investment abroad were \$109.2 billion in 1997, compared with \$98.9 billion in 1996 (table M, chart 8). The increase was about the same as that in 1996, but both years trailed an increase in 1995 that was more than twice as large. Most of the increase in earnings in 1997 was in finance, wholesale trade, services, and “other” industries. Earnings of manufacturing affiliates increased moderately (chart 9).

Payments of income on foreign direct investment in the United States were a record \$41.5 billion in 1997, up sharply from the previous record of \$32.1 billion in 1996 (table M, chart 8). Earnings in “other” industries increased \$4.5 billion, mainly in insurance and finance, following a decline in 1996. Earnings in manufacturing increased \$2.0 billion, more than twice the increase in 1996; more than half of the increase in 1997 was

in machinery. Earnings in petroleum increased \$0.6 billion (chart 10).

**“Other” private and U.S. Government income.**—Receipts of income on “other” private investment increased to a record \$123.3 billion in 1997, up from the previous record of \$102.9 billion in 1996 (table N, chart 8). All the major components increased, led by higher interest income receipts by banks and nonbanks, as increased financial activity resulted in higher outstanding claims on foreigners. Income receipts from stocks and bonds reflected an increase in U.S. holdings of foreign securities.

CHART 8

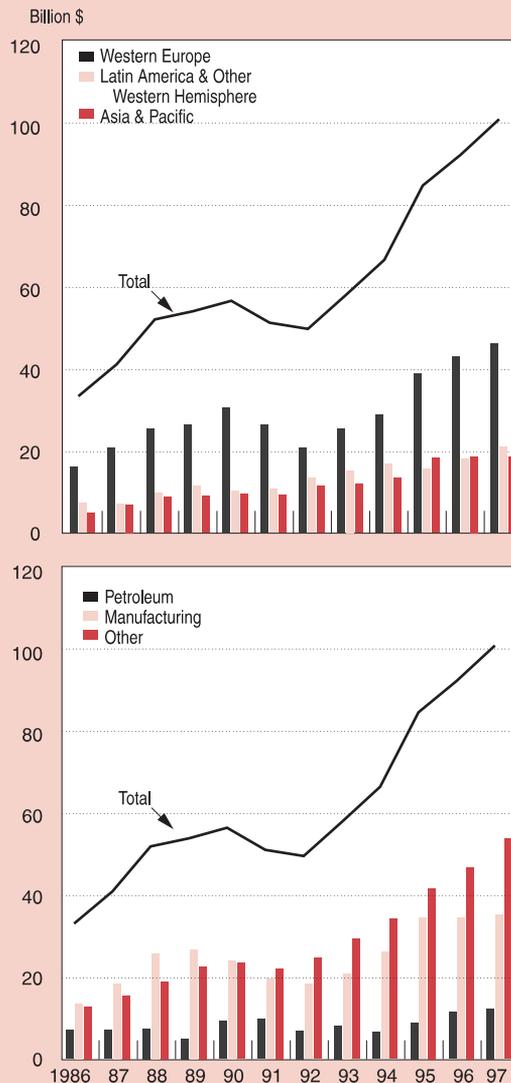
Private Investment Income



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

CHART 9

Earnings on U.S. Direct Investment Abroad



NOTE.—To be consistent with earnings by area and by industry, total earnings are shown in this chart without the current-cost adjustment and after deduction of withholding taxes, the only basis on which area and industry data are available.

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

Receipts of income on U.S. Government assets decreased to \$3.5 billion from \$4.6 billion (table O).

Payments of income on "other" private investment increased to a record \$117.7 billion from the previous record of \$100.1 billion in 1996 (table N, chart 8). Payments of interest on U.S. corporate bonds increased the most, largely as a result of higher foreign holdings. Payments of interest on U.S. bank liabilities reflected higher outstanding liabilities, as interest rates changed little.

Payments of income on U.S. Government liabilities were a record \$91.1 billion, up from the previous record of \$71.3 billion, as a result of a large increase in foreign holdings of U.S. Treasury securities (table O).

**Table N.—Other Private Income**  
[Billions of dollars]

	1995	1996	1997 <sup>P</sup>
<b>Receipts</b> .....	<b>101.8</b>	<b>102.9</b>	<b>123.3</b>
Dividends .....	17.9	20.7	24.7
Interest on bonds .....	26.9	26.0	28.0
Interest on bank claims .....	31.0	29.6	36.7
Interest on other claims <sup>1</sup> .....	26.0	26.6	33.9
<b>Payments</b> .....	<b>98.4</b>	<b>100.1</b>	<b>117.7</b>
Dividends .....	11.2	12.3	14.3
Interest on bonds .....	29.1	33.5	40.2
Interest on bank liabilities .....	42.7	37.7	42.8
Interest on other liabilities <sup>1</sup> .....	15.4	16.6	20.4

<sup>P</sup> Preliminary.  
1. Primarily income of business concerns other than banks.  
NOTE.—Excludes direct investment income receipts and payments.

**Table O.—Selected U.S. Government Transactions**  
[Millions of dollars]

	1995	1996	1997 <sup>P</sup>	1997			
				I	II	III <sup>r</sup>	IV <sup>P</sup>
<b>U.S. Government grants</b> .....	-11,096	-14,933	-11,688	-2,109	-2,245	-2,231	-5,103
Disbursed .....	-11,096	-14,933	-11,688	-2,109	-2,245	-2,231	-5,103
For debt forgiveness .....	-434	-179	-179		-69	-89	-21
Other disbursements .....	-10,662	-14,933	-11,509	-2,109	-2,176	-2,142	-5,082
Received .....							
For Defense Cooperation Account .....							
Other receipts .....							
<b>U.S. Government credits and other long-term assets</b> .....	-4,803	-4,930	-5,237	-1,107	-1,613	-1,415	-1,102
For debt rescheduling .....	-1,067	-876	-1,114	-80	-593	-352	-89
Other disbursements .....	-3,736	-4,054	-4,123	-1,027	-1,020	-1,063	-1,013
<b>Repayments of U.S. Government credits and other long-term assets</b> .....	4,115	4,134	5,439	1,111	1,358	1,876	1,094
From debt rescheduling .....	174	373	878	26	480	323	49
From debt forgiveness .....	408	138	138		66	63	9
Other repayments .....	3,533	3,761	4,423	1,085	812	1,490	1,036
<b>U.S. Government receipts of income</b> .....	4,695	4,644	3,538	955	747	1,019	817
From debt rescheduling .....	103	150	174	45	80	26	23
From debt forgiveness .....	26		39		1	25	13
Other receipts .....	4,567	4,494	3,325	910	666	968	781
<b>U.S. Government payments of income</b> .....	-61,279	-71,342	-91,081	-21,139	-22,794	-23,469	-23,679

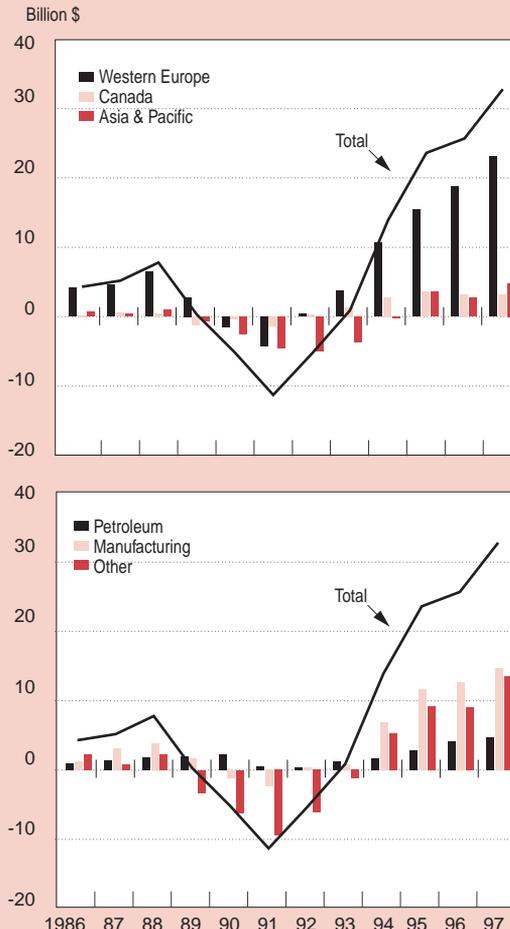
<sup>r</sup> Revised.  
<sup>P</sup> Preliminary.

**Unilateral transfers**

Net unilateral transfers were \$38.5 billion in 1997, compared with \$40.0 billion in 1996. U.S. Government grants decreased to \$11.7 billion from \$14.9 billion (table O); they had been boosted to an unusually high level in early 1996 as the Federal Government resumed operations after the budget deadlock and U.S. Government shutdown at the end of 1995. Grant disbursements for debt forgiveness were \$0.2 billion in 1997, compared with none in 1996. The decrease in grants was partly offset by an increase in private remittances and other transfers.

**CHART 10**

**Earnings on Foreign Direct Investment in the United States**



NOTE.—To be consistent with earnings by area and by industry, total earnings are shown in this chart without the current-cost adjustment and after deduction of withholding taxes, the only basis on which area and industry data are available.

## Capital Account

Net recorded capital inflows—that is, the difference between changes in net U.S. assets abroad and changes in net foreign assets in the United States—were \$263.6 billion in 1997, compared with \$195.1 billion in 1996, reflecting a larger step-up in the increase in foreign assets in the United States than in the increase in U.S. assets abroad.

### U.S. assets abroad

U.S. assets abroad increased \$426.9 billion in 1997, compared with an increase of \$352.4 billion in 1996. The increases in U.S. claims on foreigners

reported by U.S. banks and in U.S. direct investment outflows were both higher in 1997 than in 1996. Net U.S. purchases of foreign securities were lower.

*U.S. official reserve assets.*—U.S. official reserve assets increased \$1.0 billion in 1997, compared with a decrease of \$6.7 billion in 1996. In 1997, reserve assets decreased in the first quarter, when Mexico made the last repayment on its medium-term swap arrangement with the United States, and increased in the fourth, when the U.S. reserve position with the IMF increased, mainly reflecting drawings by Indonesia and the Republic of Korea on the IMF's credit facilities. U.S. mone-

**Table P.—Private Capital Flows, Net**

[Billions of dollars]

Claims (increase/capital outflow (-)); liabilities (increase/capital inflow (+))	1995	1996	1997 <sup>P</sup>	1997			
				I	II	III <sup>r</sup>	IV <sup>P</sup>
Private capital flows .....	43.6	66.9	246.2	20.6	57.6	50.9	116.9
Bank-reported capital, net <sup>1</sup> .....	-44.9	-88.4	-8.6	-44.6	.1	-20.5	56.4
U.S. claims .....	-75.1	-98.2	-151.1	-62.0	-28.0	-30.6	-30.5
U.S. liabilities <sup>1</sup> .....	30.2	9.8	142.5	17.4	28.1	10.1	86.9
Securities, net .....	95.8	181.2	273.1	72.0	74.9	57.5	68.5
Net U.S. purchases of foreign securities .....	-100.1	-108.2	-79.3	-14.6	-21.9	-39.2	-3.7
Stocks .....	-50.4	-58.8	-38.0	-11.8	-13.3	-15.6	2.6
Bonds .....	-49.7	-49.4	-41.3	-2.8	-8.6	-23.6	-6.3
Net foreign purchases of U.S. securities .....	195.9	289.4	352.4	86.6	96.8	96.7	72.2
U.S. Treasury securities .....	99.5	155.6	163.1	47.8	45.1	36.3	33.8
Other than U.S. Treasury securities .....	96.4	133.8	189.3	38.8	51.7	60.4	38.4
Stocks .....	13.5	12.6	66.9	10.2	21.7	23.2	11.8
Bonds .....	82.9	121.2	122.4	28.6	30.0	37.2	26.6
U.S. currency flows, net .....	12.3	17.3	24.8	3.5	4.8	6.6	9.9
Direct investment, net .....	-19.2	-10.8	-11.5	4.0	-10.3	3.1	-8.3
U.S. direct investment abroad .....	-86.7	-87.8	-119.4	-26.7	-37.0	-22.8	-32.9
Foreign direct investment in the United States .....	67.5	77.0	107.9	30.7	26.7	25.9	24.6
Nonbank-reported capital, net .....	-4	-32.4	-31.6	-14.3	-11.9	4.2	-9.6
U.S. claims .....	-35.0	-64.2	-76.3	-29.5	-4.0	-17.8	-25.0
U.S. liabilities .....	34.6	31.8	44.7	15.2	-7.9	22.0	15.4

<sup>r</sup> Revised.

<sup>P</sup> Preliminary.

1. Liabilities exclude U.S. Treasury securities.

**Table Q.—U.S. Bank-Reported Claims and Liabilities by Type**

[Billions of dollars]

	1995	1996	1997 <sup>P</sup>	1997			
				I	II	III <sup>r</sup>	IV <sup>P</sup>
<b>Claims on foreigners reported by U.S. banks (increase/capital outflow (-))</b> .....	<b>-75.1</b>	<b>-98.2</b>	<b>-151.1</b>	<b>-62.0</b>	<b>-27.9</b>	<b>-30.6</b>	<b>-30.5</b>
Banks' claims for own accounts, payable in dollars:							
Own foreign offices .....	-24.4	-35.1	-86.1	-17.8	-19.1	5.0	-54.2
Unaffiliated banks .....	8.8	-11.9	4.4	-4.9	-1.1	14.8	-4.4
Public borrowers and other foreigners .....	-31.6	-21.2	-22.6	-13.2	5.2	-25.0	10.5
Banks' claims for domestic customers' accounts, payable in dollars .....	-19.4	-26.8	-27.5	-19.6	.2	-19.0	10.9
Claims payable in foreign currencies .....	-8.5	-3.1	-19.3	-6.5	-13.2	-6.4	6.7
<b>Liabilities to foreigners reported by U.S. banks (excluding U.S. Treasury securities) (increase/capital inflow (+))<sup>1</sup></b> .....	<b>30.2</b>	<b>9.8</b>	<b>142.5</b>	<b>17.4</b>	<b>28.1</b>	<b>10.1</b>	<b>87.0</b>
Banks' liabilities for own accounts, payable in dollars:							
Own foreign offices .....	.8	5.2	82.5	12.0	5.1	-8.1	73.5
Unaffiliated banks .....	3.4	-10.1	-3.5	-7.1	3.2	-5.5	5.9
Other private foreigners and international financial institutions .....	7.1	14.5	17.2	7.7	4.0	1.5	4.1
Banks' custody liabilities, payable in dollars .....	-1.7	2.7	26.6	-4.2	16.7	11.2	2.9
Liabilities payable in foreign currencies .....	20.5	-2.6	19.7	9.0	-9	11.0	6

<sup>r</sup> Revised.

<sup>P</sup> Preliminary.

1. Excludes liabilities to foreign official agencies.

tary authorities did not intervene in the foreign exchange markets in 1997 (table C).

*Claims reported by banks.*—Claims on foreigners reported by U.S. banks increased \$151.1 billion in 1997, compared with an increase of \$98.2 billion in 1996 (tables P and Q).

Banks' own claims payable in dollars increased \$104.2 billion in 1997, up sharply from an increase of \$68.3 billion in 1996. The 1997 increase was just under the record \$104.3 billion increase in 1982. Foreign-owned banks accounted for much of the increase in claims in 1997. Outflows were especially strong in the first half of the year, when foreign-owned banks extended \$65.0 billion in credit, but their lending slowed to \$12.3 billion in the second half. In the first half, foreign-owned banks shifted the booking of international loans from overseas to their U.S. offices, but this practice ended abruptly in the third quarter. The lending supported buoyant credit conditions in Europe, where consolidation and merger and acquisition activity among both industrial companies and major European banking groups accelerated in preparation for the beginning of the European Monetary Union. The lending also supported, through October, strong foreign purchases of U.S. Treasury bonds, as bond prices rose and the dollar appreciated. In the fourth quarter, foreign-owned banks were joined by U.S.-owned banks in meeting the surge in borrowing abroad that was partly attributable to uncertainties created by financial problems in Asia and to the desire of many foreign borrowers to enter into shorter term borrowing arrangements.

U.S.-owned banks did not participate in the cross-border funding of financial activity in Europe or elsewhere during the first three quarters; their claims decreased \$10.2 billion during this period. In the fourth quarter, however, U.S.-owned banks provided \$37.2 billion in credit to meet a surge in demand for credit by banks in financial centers in the Caribbean and the United Kingdom. Much of the increased lending financed unusually strong purchases of U.S. Treasury securities in October and met a step-up in credit demand toward the end of the quarter. However, some lending provided dollar credits during a period of uncertainty when the Asian financial situation depressed credit availability and Asian currencies depreciated rapidly. Uncertainty also adversely affected the bond markets worldwide. With the temporary drying up of available funds, particularly for less than highly rated borrowers, some borrowing was shifted to

the banking markets, particularly borrowing for working capital purposes.

Banks' claims on other private foreigners and foreign public borrowers increased \$22.6 billion in 1997, following a \$21.2 billion increase in 1996. A large part of the 1997 increase occurred in the third quarter, when U.S. securities dealers lent to international bond mutual funds in the Caribbean to finance purchases of U.S. Treasury securities, largely in the form of repurchase agreements. The step-up in lending to public (sovereign) borrowers in Latin America in the fourth quarter reflected a shift of borrowing to the bank markets when risk premiums on emerging market new issues rose sharply as a result of financial problems in Asia.

Banks' own claims payable in foreign currencies increased \$20.8 billion in 1997, compared with a decrease of \$5.4 billion in 1996. Most of the increase in 1997 was in the first half of the year and was mostly to Western Europe.

Banks' domestic customers' claims increased \$26.0 billion in 1997, down from an increase of \$35.3 billion in 1996. In 1997, the increase in deposits abroad was sharply lower, and less commercial paper was issued in the United States by foreigners. Outstanding collections shifted to an increase.

*Foreign securities.*—Net U.S. purchases of foreign securities were \$79.3 billion in 1997, down from \$108.2 billion in 1996; a sharp decline occurred in the fourth quarter, reflecting uncertainties created by Asian financial problems. For the year, net U.S. purchases of foreign stocks were \$38.0 billion, down from \$58.8 billion, and net purchases of foreign bonds were \$41.3 billion, down from \$49.4 billion (table P, charts 11 and 14).

A decline of 97 basis points in U.S. corporate Aaa rates from a high in April sharply reduced the cost of borrowing in the United States in 1997. Lower U.S. rates than foreign rates and longer maturities available in the U.S. market than in foreign markets led to record borrowing in the first three quarters of the year before uncertainties and elevated risk premiums for most borrowers from Asia and Latin America slowed borrowing in the fourth quarter. Stock prices in most foreign markets were sharply higher, particularly in Western Europe where gains averaged more than 40 percent in local currencies even after sharp, but temporary, retrenchments in the fourth quarter. Stock prices in Latin America also pulled back sharply in the fourth quarter but were up 28 percent for the year. However, stock prices in Asian countries, including Japan, fell

nearly 40 percent for the year, mostly in the last half (chart 12).

U.S. institutional investors maintained their cross-border portfolio holdings in 1997. The value of U.S. pension fund assets invested abroad as a share of total U.S. pension fund assets increased to approximately 18 percent late in 1997 from 14 percent late in 1996, reflecting strong price gains and, to a lesser extent, new investments. The share of total capital flows into U.S. equity mutual funds that was invested abroad in 1997 remained unchanged at approximately 11 percent. The value of U.S. equity mutual fund assets invested abroad as a share of total U.S. equity mutual fund assets decreased to approximately 15 percent at yearend 1997 from 16 percent at yearend 1996.

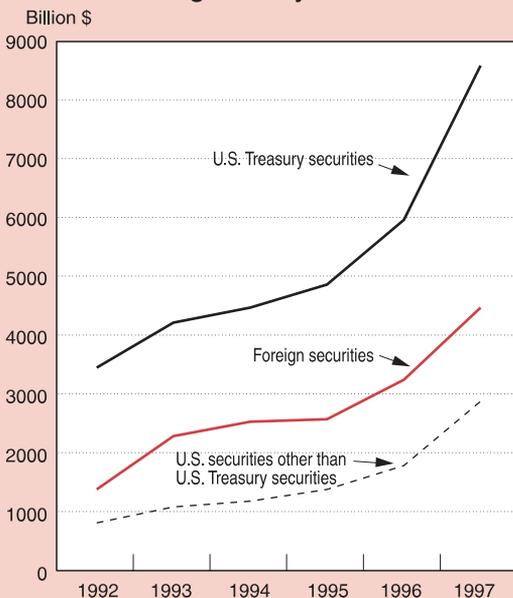
Net U.S. purchases of foreign stocks were \$38.0 billion in 1997, down from \$58.8 billion in 1996. Net purchases in the first three quarters of 1997 were just under the strong net purchases in first three quarters of 1996. However, declines in Asian currency markets and equity markets in the fourth quarter led to a sharp and substantial shift to net sales for the quarter in most major countries and areas, including many countries in Western Europe, as investors became cautious of the economic and financial implications of developments in Asia. For the year 1997, net purchases from Western Europe, at

\$13.3 billion, were less than half the 1996 total. There were large slowdowns or shifts to net sales with France, Germany, and Switzerland; however, net purchases from the United Kingdom increased. Transactions with Canada declined to net purchases of \$1.3 billion from net purchases of \$3.5 billion, and transactions with Latin America slowed to net purchases of \$0.3 billion from net purchases of \$3.6 billion. Net purchases from Japan declined slightly to \$9.4 billion. Net purchases in other markets, mostly Asian emerging markets, slowed to \$5.3 billion from \$8.6 billion; emerging-market countries account for only 6 percent of U.S. holdings of foreign equities. Trading activity in stocks—gross purchases plus gross sales—increased 53 percent in 1997.

Net U.S. purchases of foreign bonds were \$41.3 billion, down from \$49.4 billion. However, new issues placed in U.S. markets increased \$14.1 billion to \$66.5 billion. The continued strength in new issues reflected low U.S. long-term rates, compared with foreign rates, and heavy financing needs of foreign governments and corporations. The pace of new issues was stronger in the first three quarters of 1997 than in the first three quarters of 1996, but fell off sharply in the fourth quarter when the market placed substantial risk premiums on new issues from emerging-market countries, more so for Asian issues than for Latin American issues (chart 13).

CHART 11

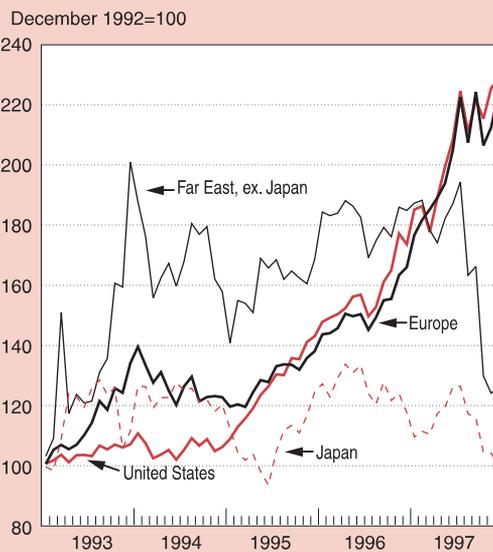
Gross Trading Activity



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

CHART 12

Selected Stock Price Indexes in Local Currencies



Source: Morgan Stanley Capital International  
Indexes rebased by BEA.

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

Transactions in outstanding bonds shifted to net sales of \$9.3 billion from net purchases of \$13.1 billion. Net purchases in the United Kingdom, where much of the trading takes place, slowed substantially to \$2.3 billion from \$17.6 billion. Much of the reduction occurred in the first half of the year; there was renewed interest, particularly in British "gilt-edged" securities, in the last half. Trading activity in bonds increased 33 percent in 1997.

**Direct investment.**—Net capital outflows for U.S. direct investment abroad were \$119.4 billion in 1997, up from \$87.8 billion in 1996. Equity capital outflows more than doubled, and reinvested earnings were higher. In contrast, intercompany debt outflows were lower (table M).

Equity capital outflows were a record \$48.1 billion, up from \$21.6 billion in 1996 and well above the previous record of \$36.6 billion in 1995. The outflows in 1997 reflected numerous multibillion dollar acquisitions. Several of the largest transactions occurred in the finance industry, where consolidations and restructurings were propelled partly by the continuing integration of capital markets around the world and partly by the advent of the European Monetary Union. Additional large investments occurred in public utilities (electric power and telecommunications); these transactions partly reflected the desire to capitalize on new market opportunities provided by privatizations of State-owned

enterprises and partly reflected the desire to enter foreign markets where the potential for growth was greater than in the United States. Western Europe accounted for nearly 60 percent of equity outflows in 1997.

Reinvested earnings were \$64.0 billion, up from \$57.9 billion; the largest increase was in Western Europe.

Intercompany debt outflows were \$7.4 billion, down from \$8.3 billion. Although little changed for the year, debt flows fluctuated widely during the year, particularly as U.S. parents borrowed or loaned funds to their finance affiliates abroad.

**Foreign assets in the United States**

Foreign assets in the United States increased \$690.5 billion in 1997, compared with an increase of \$547.6 billion in 1996. The increases in U.S. liabilities reported by U.S. banks, in net inflows

**CHART 13**

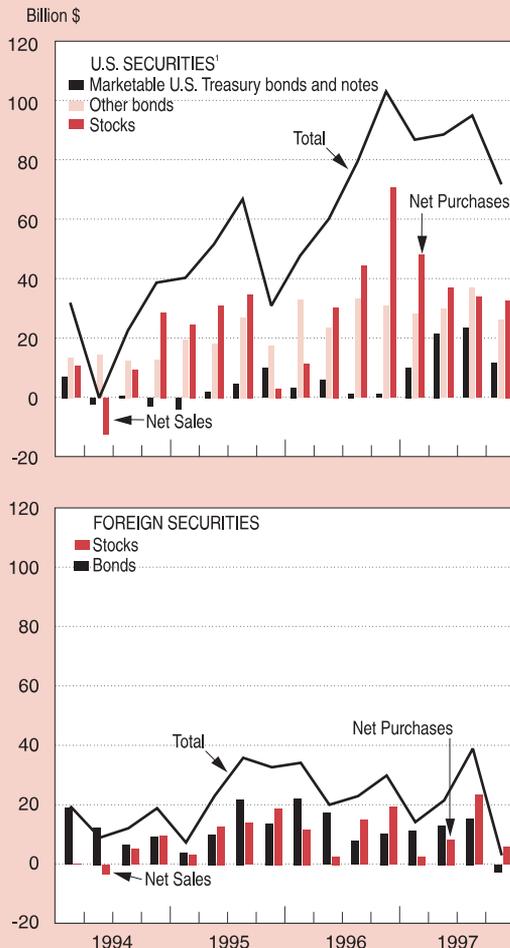
**Emerging Market Bond Yields**



Source: J.P. Morgan . Emerging Market Bond Index Plus, EMBI+, represents external currency denominated debt in emerging markets. It is comprised mostly of U.S. dollar issues.  
U.S. Department of Commerce, Bureau of Economic Analysis

**CHART 14**

**Securities Transactions**



1. Excluding transactions of foreign official agencies.  
U.S. Department of Commerce, Bureau of Economic Analysis

for foreign direct investment in the United States, and in net foreign purchases of U.S. securities other than U.S. Treasury securities were all substantially larger in 1997 than in 1996. The increase in foreign official assets in the United States was substantially smaller.

*Foreign official assets.*—Foreign official assets in the United States increased \$18.2 billion in 1997, compared with an increase of \$122.4 billion in 1996, as both industrial and developing countries slowed their accumulation of dollar assets (table C). Dollar assets of industrial countries increased \$11.2 billion, down from an increase of \$65.5 billion. The accumulation was in the first three quarters; in the fourth, there were net sales, partly to support certain currencies in exchange markets.

Assets of developing countries increased \$7.0 billion, following an increase of \$56.9 billion. While most developing countries had accumulated dollar assets in 1996, many sold dollar assets in 1997. In 1997, large increases by several countries in Latin America and Asia were offset in large part by decreases by several emerging-market countries in Asia.

*Liabilities reported by banks.*—U.S. liabilities to foreigners reported by U.S. banks, excluding U.S. Treasury securities, increased \$142.5 billion in 1997, compared with an increase of \$9.8 billion in 1996; the previous record inflow was \$104.3 billion in 1994 (tables P and Q).

U.S.-owned banks' liabilities payable in dollars increased little during the first three quarters of 1997. Given the strong growth in domestic deposits, U.S.-owned banks had little need to borrow from abroad to meet either domestic or foreign demand for credit. In the fourth quarter, U.S.-owned banks borrowed heavily to fund the strong demand for credit at financial centers in the Caribbean and the United Kingdom, as well as in other countries in Western Europe, particularly toward the end of the quarter. In addition, some foreigners elected to hold dollar deposits at U.S. banking institutions rather than at foreign banking institutions, in the face of uncertainties created by the deteriorating financial situation in Asia.

Foreign-owned banks' liabilities increased only moderately in the first half of the year. During the first half, funds drawn from related branches in the Caribbean complemented funds raised in the United States to finance increased dollar lending in the United States and overseas. In the fourth quarter, the surge in borrowing was

attributable to transactions of Japanese-owned banks and, to a small extent, of other Asian-owned banks in the United States. Repercussions from Asian financial problems led to a substantial loss in deposit inflows to Japanese banks located in the United States. In order to replace these inflows and to continue to meet their loan commitments, Japanese banks borrowed heavily from their parent offices in Japan rather than borrow in the U.S. interbank market where borrowing costs had risen sharply to reflect the failure of several Japanese banking and securities firms. In order to provide these funds, parent banks in Japan may have liquidated holdings of U.S. Treasury securities. European-owned banks in the United States also accelerated their foreign borrowing in the fourth quarter, mostly to finance overseas lending.

Banks' liabilities to "other" private foreigners increased \$19.3 billion in 1997, following an increase of \$11.5 billion in 1996. Most of the borrowing in 1997 was by U.S. securities dealers from international bond mutual funds in the Caribbean and was likely in the form of repurchase agreements.

Banks' custody liabilities increased \$26.6 billion in 1997, compared with an increase of \$2.7 billion in 1996. Much of the increase in 1997 reflected strong borrowing from banks in the United Kingdom and Caribbean by U.S. nonbanking concerns.

Banks' liabilities payable in foreign currencies increased \$19.7 billion in 1997, compared with an increase of \$2.6 billion in 1996. Most of the increase in 1997 was in liabilities to Japan, the Caribbean, and Western Europe.

*U.S. Treasury securities.*—Net foreign purchases of U.S. Treasury securities were a record \$163.1 billion in 1997, up from the previous record of \$155.6 billion in 1996. Net purchases in the first three quarters of 1997 were well ahead of net purchases in the first three quarters of 1996, but they fell off in the fourth quarter (table P, charts 11 and 14).

Economic conditions in the United States were particularly favorable for bonds. Low inflation and the prospects of a dwindling supply of U.S. Treasury bonds as the Federal budget deficit moved toward a surplus led to the lowest yields since 1993. Yield differentials in favor of U.S. Treasury bonds over German and Japanese Government bonds widened in the early months of the year, but even with some narrowing later in the year, differentials in favor of U.S. Treasury bonds remained sizable (chart 3). Dollar

appreciation increased the attractiveness of U.S. Treasury bonds and complemented large price appreciation.

Net purchases by Western Europeans increased substantially. Early in the year, the strength was attributable to a rise in the interest-rate differential in favor of U.S. Treasury bonds, and in the July-October period, it was related indirectly to preparations for the European Monetary Union and the desire to hold dollar assets when financial difficulties in Asia first became evident. In contrast, net purchases by Japan were sharply lower in 1997 than in 1996; net sales began in the third quarter and accelerated in the fourth as balance sheets of Japanese financial institutions weakened. Net purchases by Asian countries other than Japan were also sharply lower in 1997 than in 1996; there were few net purchases over the last three quarters. Net purchases by international bond mutual funds in the Caribbean fell substantially, reflecting net sales in the first three quarters when international bond funds took profits before a shift to net purchases in the fourth. Trading activity in U.S. Treasury bonds increased 37 percent in 1997.

*U.S. currency flows.*—Net outflows of U.S. currency were \$24.8 billion in 1997, compared with \$17.3 billion in 1996 (table P). A large part of the increase in currency outflows in 1997, and since 1994, has been to Russia and the other states in the Commonwealth of Independent States. Pur-

chases of U.S. currency by these areas have not declined, even after their political and economic situations have stabilized. Their high demand most likely reflects the underdevelopment of their financial sector, as well as strengthening in their income and consumption. At the end of 1997, dollar purchases in Russia increased, likely reflecting concern about the ruble redenomination. Elsewhere in the world, the demand for U.S. bank notes has been relatively stable.

*Other U.S. securities.*—Net foreign purchases of U.S. securities other than U.S. Treasury securities were a record \$189.3 billion in 1997, compared with the previous record of \$133.8 billion in 1996. Net foreign purchases of U.S. stocks increased more than fivefold—to \$66.9 billion from \$12.6 billion (table P, charts 11 and 14).

U.S. stock prices continued to advance; the Standard and Poor's 500 index rose 32 percent in 1997. Falling U.S. interest rates, low U.S. inflation, strong corporate earnings, and rising valuations placed on those earnings pushed U.S. stock prices to record highs. After rising early in the year, yields on U.S. corporate bonds declined an average of 85 basis points through yearend 1997, leading to an average price rise of 14 percent.

Net foreign purchases of U.S. stocks surged to a record \$66.9 billion—over five times the purchases of \$12.6 billion in 1996 and over three times the previous record of \$19.0 billion in 1993. The increase in the demand for U.S. stocks was

Table R.—New International Bond Issues by U.S. Borrowers

[Millions of dollars]

	1995	1996	1997 <sup>P</sup>	1997			
				I <sup>P</sup>	II	III <sup>P</sup>	IV <sup>P</sup>
<b>Total</b> .....	<b>71,400</b>	<b>64,858</b>	<b>91,411</b>	<b>24,616</b>	<b>26,889</b>	<b>30,492</b>	<b>9,414</b>
By issuer:							
Industrial corporations .....	3,540	2,410	7,810	2,303	1,113	3,592	803
Banking corporations <sup>1</sup> .....	10,967	15,539	23,543	8,034	5,943	7,376	2,190
Nonbank financial corporations <sup>2</sup> .....	35,571	27,741	44,014	9,250	14,884	15,855	4,025
U.S. federally sponsored agencies .....	12,139	11,413	11,278	3,876	3,170	3,016	1,216
All other borrowers .....	9,183	7,755	4,766	1,153	1,779	654	1,181
By instrument:							
Of which: Issued through medium-term note programs .....	14,233	13,869	6,259	2,045	1,919	2,033	262
Straight fixed-rate bonds .....	49,339	39,254	53,240	12,856	16,014	18,999	5,371
Floating-rate notes .....	19,662	24,195	34,967	11,206	10,816	10,006	2,940
Zero-coupon bonds .....	1,037	298	2,059	554	59	688	757
Bonds convertible into stock .....	1,167	801	601	.....	.....	601	.....
Other debt instruments .....	195	310	544	.....	.....	198	346
By currency:							
U.S. dollars .....	43,869	39,572	61,165	17,599	18,802	19,060	5,703
Foreign currencies .....	27,531	25,286	30,246	7,017	8,087	11,431	3,711
Japanese yen .....	6,112	5,416	2,774	699	690	1,014	372
Swiss franc .....	4,148	1,762	3,331	737	860	953	782
German mark .....	8,664	8,372	4,751	1,331	1,073	2,255	92
British pound .....	978	2,363	6,432	2,461	1,212	2,421	337
European currency unit .....	488	.....	456	.....	171	285	.....
Canadian dollar .....	346	147	257	102	144	12	.....
Other currencies .....	6,795	7,226	12,244	1,687	3,937	4,491	2,128

<sup>P</sup> Preliminary.  
<sup>R</sup> Revised.

1. Includes banks and bank holding companies.  
 2. Principally credit, securities, brokerage, and insurance companies.

from Western Europe; purchases by the United Kingdom increased fivefold to a record \$21.3 billion, and purchases by Germany, Switzerland also accelerated sharply. These increases occurred despite stock price increases of more than 40 percent in local currencies in many European markets, which exceeded the 32-percent increase

in the U.S. market. Foreign purchases dropped sharply in the fourth quarter, to one-half of those in the third quarter, largely as a result of uncertainties created by developments in Asia and by the related sharp, but temporary, drop in U.S. stock prices at the end of October; however, net purchases in the fourth quarter were still

Table S.—Selected U.S. Transactions With OPEC Members

[Millions of dollars]

(Credits +; debits -)	1983	1984	1985	1986	1987	1988 <sup>r</sup>	1989 <sup>r</sup>	1990 <sup>r</sup>	1991 <sup>r</sup>	1992 <sup>r</sup>	1993 <sup>r</sup>	1994 <sup>r</sup>	1995 <sup>r</sup>	1996 <sup>r</sup>	1997 <sup>p</sup>
Exports of goods, services, and income:															
Goods, adjusted, excluding military .....	15,257	13,775	11,397	10,386	10,714	13,777	12,669	12,712	18,446	19,726	18,692	17,113	18,384	20,325	24,240
Transfers under U.S. military agency sales contracts .....	5,555	3,241	2,890	2,992	2,781	1,430	1,309	2,687	3,809	4,454	3,675	2,980	4,490	4,974	4,588
Royalties and license fees <sup>1</sup> .....	81	75	84	48	103	77	71	94	149	140	173	161	216	219	241
Other private services <sup>1</sup> .....	3,397	2,611	2,482	<sup>2</sup> 2,270	1,939	1,516	1,541	1,547	2,029	2,708	2,363	2,186	2,441	2,503	2,621
U.S. Government miscellaneous services .....	44	48	41	15	25	18	16	20	16	22	13	14	17	11	10
Income receipts on U.S. assets abroad:															
Direct investment receipts .....	2,830	3,366	2,485	1,858	1,965	1,875	1,835	2,854	3,293	3,224	2,745	2,782	4,047	4,359	4,639
Other private receipts .....	2,256	2,453	1,995	1,535	1,680	1,941	2,435	2,326	1,441	1,202	1,045	1,470	1,593	1,489	1,829
U.S. Government receipts .....	274	212	222	196	167	215	154	261	217	187	141	122	200	343	311
Imports of goods, services, and income:															
Goods, adjusted, excluding military .....	-24,919	-26,853	-22,834	-18,893	-24,416	-23,016	-29,243	-37,024	-33,431	-32,377	-32,644	-31,674	-35,609	-44,393	-46,286
Direct defense expenditures .....	-1,976	-1,440	-962	-494	-370	-377	-614	-1,419	-784	-883	-455	-360	-335	-545	-767
Royalties and license fees <sup>1</sup> .....	( <sup>D</sup> )	( <sup>D</sup> )	( <sup>D</sup> )	( <sup>D</sup> )	(*)	-6	-1	(*)	-1	-2	-37	-4	(*)	-20	-23
Other private services <sup>1</sup> .....	( <sup>D</sup> )	( <sup>D</sup> )	( <sup>D</sup> )	<sup>2</sup> ( <sup>D</sup> )	-253	-259	-245	-330	-483	-410	-361	-412	-475	-599	-581
U.S. Government miscellaneous services .....	-106	-116	-120	-102	-118	-96	-104	-96	-87	-47	-26	-39	-34	-31	-31
Income payments on foreign assets in the United States:															
Direct investment payments .....	27	38	-72	114	-78	164	-50	-98	-93	182	-82	-49	-94	-179	-329
Other private payments .....	-2,914	-3,094	-2,499	-1,916	-1,837	-2,175	-2,798	-2,892	-2,669	-2,302	-2,176	-1,964	-2,944	-2,789	-3,111
U.S. Government payments .....	-5,462	-4,806	-4,241	-3,141	-2,586	-2,141	-2,758	-3,297	-2,784	-2,514	-2,218	-1,995	-2,406	-2,685	-3,943
U.S. Government grants .....	-51	-66	-62	-74	-84	-97	-130	3,368	27,422	1,019	-196	-203	-196	-147	-38
U.S. Government pensions and other transfers .....	-8	-8	-9	-21	-25	-20	5	-25	-305	-32	-27	-28	-27	-94	-60
U.S. assets abroad, net (increase/capital outflow (-)) .....	-4,294	-1,138	2,005	-945	-571	-782	-1,875	1,847	-577	-12,161	-513	-2,556	324	-6,163	-8,279
U.S. Government assets, other than official reserve assets, net .....	82	-92	-7	158	141	-59	135	-253	-788	-528	19	-421	-509	-180	134
U.S. credits and other long-term assets .....	-525	-425	-358	-195	-165	-396	-212	-647	-246	-275	-85	-232	-924	-851	-410
Repayments on U.S. credits and other long-term assets .....	586	331	348	349	308	344	343	481	397	278	224	177	208	507	581
U.S. foreign currency holdings and U.S. short-term assets, net .....	21	2	3	4	-2	-7	4	-87	-939	-531	-120	-366	207	164	-37
U.S. private assets, net .....	-4,376	-1,046	2,012	-1,103	-712	-723	-2,010	2,100	211	-11,633	-532	-2,135	833	-5,983	-8,413
Direct investment .....	-1,292	-1,665	331	-1,357	-64	1,133	535	-1,277	-2,706	-1,465	-1,597	-3,037	-2,584	-2,144	-3,468
Foreign securities .....	-77	324	156	33	58	-365	96	-2,815	-17	337	-679	-2,077	-675	-2,777	-2,297
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	98	171	208	43	81	41	100	13	-224	-44	-306	-134	-31	-473	17
U.S. claims reported by U.S. banks, not included elsewhere .....	-3,105	124	1,317	178	-787	-1,532	-2,741	6,179	3,158	-10,461	2,050	3,113	4,123	-589	-2,665
Foreign assets in the United States, net (increase/capital inflow(+)) .....	-7,931	-3,133	-3,393	-9,380	-5,371	-728	15,282	3,320	-4,416	14,529	-8,902	1,350	5,247	17,145	17,953
Of which: foreign official .....	-8,561	-4,664	-6,644	-9,308	-9,939	-2,885	10,724	1,555	-5,235	5,626	-3,848	-1,508	4,034	12,278	12,782
U.S. Treasury securities and U.S. currency flows .....	-6,650	-3,501	-1,389	-4,938	-5,398	1,688	7,815	-244	-5,902	4,323	-6,302	-1,668	1,829	13,926	9,844
Other U.S. securities .....	-1,947	-3,228	-2,327	-1,746	-1,808	-2,591	3,170	-2,676	1,989	4,186	3,322	-820	1,592	334	3,265
Other U.S. Government liabilities .....	-276	838	23	-427	-957	177	437	505	151	569	732	1,753	590	-214	-858
U.S. liabilities reported by U.S. banks, not included elsewhere .....	1,043	3,458	325	-1,459	2,405	-1,146	1,836	5,686	-164	4,793	-5,665	1,677	1,059	1,773	4,198
Direct investment in the United States .....	-11	747	176	510	296	1,629	1,503	-662	81	167	-812	245	-246	767	651
U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	-90	-1,447	-201	-1,320	91	-485	521	711	-571	491	-177	163	423	559	853
All other transactions with OPEC and transfers of funds between foreign areas, net .....	18,217	15,086	10,876	15,834	16,335	8,684	2,501	14,145	-11,192	3,335	18,790	11,106	5,161	6,277	7,016
Memorandum:															
Balance on goods .....	-9,662	-13,078	-11,437	-8,507	-13,702	-9,239	-16,574	-24,312	-14,985	-12,651	-13,952	-14,561	-17,225	-24,068	-22,046

<sup>D</sup> Suppressed to avoid disclosure of data of individual companies.

<sup>r</sup> Revised.

<sup>p</sup> Preliminary.

\* Less than \$500,000 (±).

1. Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents.

The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.

2. Break in series. See Technical Notes in June 1989 and June 1990 SURVEY.

NOTE.—OPEC members are Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela. Beginning in January 1993, excludes Ecuador. Individual country information is not available for all accounts; therefore, some accounts are estimated from regional data.

considerably stronger than those in most quarters in recent years. Purchases from Western Europe continued unabated during the fourth quarter; the large shift to net sales occurred in transactions conducted through brokers and dealers in the Caribbean. Trading activity in stocks was 56 percent higher than in 1996.

Net foreign purchases of U.S. bonds were a record \$122.4 billion, slightly higher than the previous record of \$121.2 billion in 1996. New issues sold abroad by U.S. corporations were \$80.1 billion, up from \$53.4 billion, reflecting continued strong demand from Western Europe for new issues, many of which were part of global launch programs or asset-backed securities; issues of asset-backed securities were strongest in the third and fourth quarters. Both bank and nonbank financial institutions stepped up their borrowing considerably. By type of instrument, straight fixed-rate instruments increased considerably more than floating-rate instruments. The dollar was increasingly favored as the most popular currency of issue. New issues fell by two-thirds in the fourth quarter in response to uncertainties created by the situation in Asia (table R). Net foreign purchases of outstanding U.S. bonds slowed, partly because foreigners

sold bonds to realize capital gains resulting from the large run-up in bond prices. Trading activity in bonds was 48 percent higher than in 1996.

*Direct investment.*—Net capital inflows for foreign direct investment in the United States were a record \$107.9 billion in 1997, up from the previous record of \$77.0 billion in 1996. Intercompany debt inflows increased sharply, reinvested earnings increased, and equity capital inflows decreased (table M).

Intercompany debt inflows were \$39.7 billion, up from \$11.7 billion. Inflows in 1997 were dominated by a few exceptionally large transactions by a number of European financial institutions who loaned large amounts to their finance affiliates in the United States. In addition, other large inflows of funds to financial institutions occurred from the Caribbean. Reinvested earnings were \$20.4 billion, up from \$12.2 billion; increases were strong for affiliates of Western European and Japanese parents. Equity capital inflows were \$47.8 billion, down from \$53.0 billion; new acquisitions trailed those in 1996 because several large-scale transactions in 1996 were not matched by comparable transactions in 1997.

*Tables 1 through 10 follow.* 

Table 1.—U.S. International Transactions

[Millions of dollars]

Line	(Credits +; debits -) <sup>1</sup>	1996	1997 <sup>P</sup>	Not seasonally adjusted				Seasonally adjusted			
				1997				1997			
				I	II	III <sup>P</sup>	IV <sup>P</sup>	I <sup>P</sup>	II <sup>P</sup>	III <sup>P</sup>	IV <sup>P</sup>
1	<b>Exports of goods, services, and income</b> .....	<b>1,055,233</b>	<b>1,167,610</b>	<b>278,315</b>	<b>293,478</b>	<b>294,591</b>	<b>301,226</b>	<b>279,320</b>	<b>293,668</b>	<b>295,527</b>	<b>299,096</b>
2	Goods, adjusted, excluding military <sup>2</sup> .....	612,069	678,348	162,812	172,548	165,548	177,440	162,341	171,227	170,255	174,525
3	Services <sup>3</sup> .....	236,764	253,220	59,841	61,652	68,949	62,778	61,736	63,335	64,397	63,754
4	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	14,647	15,175	3,190	3,727	4,261	3,997	3,190	3,727	4,261	3,997
5	Travel .....	69,908	74,407	16,421	18,428	22,350	17,208	18,585	18,634	18,732	18,456
6	Passenger fares .....	20,557	21,710	4,976	5,302	6,376	5,056	5,316	5,508	5,468	5,418
7	Other transportation .....	27,216	28,194	6,873	7,029	6,990	7,302	7,001	7,045	6,939	7,210
8	Royalties and license fees <sup>5</sup> .....	29,974	30,269	7,389	7,445	7,460	7,975	7,688	7,608	7,520	7,452
9	Other private services <sup>5</sup> .....	73,569	82,681	20,789	19,530	21,312	21,050	19,753	20,622	21,277	21,031
10	U.S. Government miscellaneous services .....	893	784	203	191	200	190	203	191	200	190
11	Income receipts on U.S. assets abroad .....	206,400	236,043	55,663	59,278	60,094	61,008	55,243	59,106	60,875	60,817
12	Direct investment receipts .....	98,890	109,227	26,164	28,380	27,268	27,415	25,864	27,963	28,189	27,209
13	Other private receipts .....	102,866	123,278	28,544	30,151	31,807	32,776	28,544	30,151	31,807	32,776
14	U.S. Government receipts .....	4,644	3,538	955	747	1,019	817	835	992	879	832
15	<b>Imports of goods, services, and income</b> .....	<b>-1,163,450</b>	<b>-1,295,530</b>	<b>-300,017</b>	<b>-322,999</b>	<b>-336,367</b>	<b>-336,147</b>	<b>-310,659</b>	<b>-322,608</b>	<b>-329,571</b>	<b>-332,691</b>
16	Goods, adjusted, excluding military <sup>2</sup> .....	-803,239	-877,282	-204,876	-217,230	-225,541	-229,635	-212,185	-218,415	-222,256	-224,426
17	Services <sup>3</sup> .....	-156,634	-167,929	-38,247	-43,073	-45,522	-41,087	-41,216	-41,817	-42,303	-42,592
18	Direct defense expenditures .....	-10,861	-11,345	-2,753	-2,679	-2,863	-3,050	-2,753	-2,679	-2,863	-3,050
19	Travel .....	-48,739	-52,029	-10,935	-14,205	-15,347	-11,542	-13,004	-12,989	-12,813	-13,224
20	Passenger fares .....	-15,776	-16,927	-3,947	-4,445	-4,672	-3,863	-4,272	-4,190	-4,166	-4,298
21	Other transportation .....	-28,453	-29,771	-7,191	-7,514	-7,538	-7,528	-7,377	-7,541	-7,368	-7,484
22	Royalties and license fees <sup>5</sup> .....	-7,322	-7,512	-1,772	-1,758	-2,056	-1,926	-1,797	-1,846	-2,043	-1,826
23	Other private services <sup>5</sup> .....	-42,796	-47,548	-10,962	-11,793	-12,316	-12,477	-11,327	-11,893	-12,320	-12,009
24	U.S. Government miscellaneous services .....	-2,687	-2,796	-686	-679	-730	-701	-686	-679	-730	-701
25	Income payments on foreign assets in the United States .....	-203,577	-250,320	-56,895	-62,696	-65,304	-65,425	-57,258	-62,376	-65,012	-65,673
26	Direct investment payments .....	-32,132	-41,527	-8,175	-10,561	-11,958	-10,833	-8,538	-10,241	-11,666	-11,081
27	Other private payments .....	-100,103	-117,712	-27,581	-29,341	-29,877	-30,913	-27,581	-29,341	-29,877	-30,913
28	U.S. Government payments .....	-71,342	-91,081	-21,139	-22,794	-23,469	-23,679	-21,342	-22,794	-23,469	-23,679
29	<b>Unilateral transfers, net</b> .....	<b>-39,968</b>	<b>-38,526</b>	<b>-8,604</b>	<b>-8,623</b>	<b>-9,031</b>	<b>-12,268</b>	<b>-8,577</b>	<b>-8,855</b>	<b>-9,070</b>	<b>-12,024</b>
30	U.S. Government grants <sup>4</sup> .....	-14,933	-11,688	-2,109	-2,245	-2,231	-5,103	-2,109	-2,245	-2,231	-5,103
31	U.S. Government pensions and other transfers .....	-4,331	-4,075	-795	-1,057	-963	-1,260	-988	-1,033	-1,031	-1,023
32	Private remittances and other transfers <sup>6</sup> .....	-20,704	-22,763	-5,700	-5,321	-5,837	-5,905	-5,480	-5,577	-5,808	-5,898
33	<b>U.S. assets abroad, net (increase/capital outflow (-))</b> .....	<b>-352,444</b>	<b>-426,938</b>	<b>-130,316</b>	<b>-92,849</b>	<b>-112,046</b>	<b>-91,727</b>	<b>-128,297</b>	<b>-91,264</b>	<b>-110,696</b>	<b>-96,678</b>
34	U.S. official reserve assets, net <sup>7</sup> .....	6,668	-1,010	4,480	-236	-730	-4,524	4,480	-236	-730	-4,524
35	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
36	Special drawing rights .....	370	-350	72	-133	-139	-150	72	-133	-139	-150
37	Reserve position in the International Monetary Fund .....	-1,280	-3,575	1,055	54	-463	-4,221	1,055	54	-463	-4,221
38	Foreign currencies .....	7,578	2,915	3,353	-157	-128	-153	3,353	-157	-128	-153
39	U.S. Government assets, other than official reserve assets, net .....	-690	177	-21	-268	461	5	-21	-268	461	5
40	U.S. credits and other long-term assets .....	-4,930	-5,237	-1,107	-1,613	-1,415	-1,102	-1,107	-1,613	-1,415	-1,102
41	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....	4,134	5,439	1,111	1,358	1,876	1,094	1,111	1,358	1,876	1,094
42	U.S. foreign currency holdings and U.S. short-term assets, net .....	106	-25	-25	-13	.....	13	-25	-13	.....	13
43	U.S. private assets, net .....	-358,422	-426,105	-134,775	-92,345	-111,777	-87,208	-132,756	-90,760	-110,427	-92,159
44	Direct investment .....	-87,813	-119,444	-28,773	-38,573	-24,113	-27,985	-26,754	-36,988	-22,763	-32,936
45	Foreign securities .....	-108,189	-79,287	-14,510	-21,841	-39,214	-37,722	-14,510	-21,841	-39,214	-37,722
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	-64,234	-76,298	-29,466	-3,984	-17,848	-25,000	-29,466	-3,984	-17,848	-25,000
47	U.S. claims reported by U.S. banks, not included elsewhere .....	-98,186	-151,076	-62,026	-27,947	-30,602	-30,501	-62,026	-27,947	-30,602	-30,501
48	<b>Foreign assets in the United States, net (increase/capital inflow (+))</b> .....	<b>547,555</b>	<b>690,497</b>	<b>181,978</b>	<b>143,508</b>	<b>183,846</b>	<b>181,165</b>	<b>182,282</b>	<b>143,509</b>	<b>183,292</b>	<b>181,863</b>
49	Foreign official assets in the United States, net .....	122,354	18,157	28,891	-5,374	21,867	-27,227	28,891	-5,374	21,867	-27,227
50	U.S. Government securities .....	115,634	-2,971	23,940	-11,464	9,353	-24,800	23,940	-11,464	9,353	-24,800
51	U.S. Treasury securities <sup>9</sup> .....	111,253	-7,019	23,289	-12,108	6,686	-24,886	23,289	-12,108	6,686	-24,886
52	Other <sup>10</sup> .....	4,381	4,048	651	644	2,667	86	651	644	2,667	86
53	Other U.S. Government liabilities <sup>11</sup> .....	720	539	478	654	-510	-83	478	654	-510	-83
54	U.S. liabilities reported by U.S. banks, not included elsewhere .....	4,722	21,274	7,698	4,536	12,391	-3,351	7,698	4,536	12,391	-3,351
55	Other foreign official assets <sup>12</sup> .....	1,278	-685	-3,225	900	633	1,007	-3,225	900	633	1,007
56	Other foreign assets in the United States, net .....	425,201	672,340	153,087	148,882	161,979	208,392	153,391	148,433	161,425	209,090
57	Direct investment .....	76,955	107,928	30,381	27,101	26,503	23,943	30,685	26,652	25,949	24,641
58	U.S. Treasury securities and U.S. currency flows .....	172,878	187,854	51,289	49,915	42,919	43,731	51,289	49,915	42,919	43,731
59	U.S. securities other than U.S. Treasury securities .....	133,798	189,273	38,820	51,682	60,409	38,362	38,820	51,682	60,409	38,362
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	31,786	44,740	15,210	-7,916	22,046	15,400	15,210	-7,916	22,046	15,400
61	U.S. liabilities reported by U.S. banks, not included elsewhere .....	9,784	142,545	17,387	28,100	10,102	86,956	17,387	28,100	10,102	86,956
62	<b>Allocations of special drawing rights</b> .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
63	<b>Statistical discrepancy (sum of above items with sign reversed)</b> .....	<b>-46,927</b>	<b>-97,113</b>	<b>-21,356</b>	<b>-12,515</b>	<b>-20,993</b>	<b>-42,249</b>	<b>-14,069</b>	<b>-14,000</b>	<b>-29,482</b>	<b>-39,566</b>
63a	Of which seasonal adjustment discrepancy .....	.....	.....	.....	.....	.....	.....	7,287	-1,485	-8,489	2,683
64	<b>Memoranda:</b>	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
65	Balance on goods (lines 2 and 16) .....	-191,170	-198,934	-42,064	-44,682	-59,993	-52,195	-49,844	-47,188	-52,001	-49,901
66	Balance on services (lines 3 and 17) .....	80,130	85,291	21,594	18,579	23,427	21,691	20,520	21,518	22,094	21,162
67	Balance on goods and services (lines 64 and 65) .....	-111,040	-113,643	-20,470	-26,103	-36,566	-30,504	-29,324	-25,670	-29,907	-28,739
68	Balance on investment income (lines 11 and 25) .....	2,824	-14,277	-1,232	-3,418	-5,210	-4,417	-2,015	-3,270	-4,137	-4,856
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) <sup>13</sup> .....	-108,216	-127,920	-21,702	-29,521	-41,776	-34,921	-31,339	-28,940	-34,044	-33,595
70	Unilateral transfers, net (line 29) .....	-39,968	-38,526	-8,604	-8,623	-9,031	-12,268	-8,577	-8,855	-9,070	-12,024
71	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) <sup>13</sup> .....	-148,184	-166,446	-30,306	-38,144	-50,807	-47,189	-39,916	-37,795	-43,114	-45,619

See footnotes on page 91.

Table 2.—U.S. Trade in Goods

[Millions of dollars]

Line	1996	1997 <sup>P</sup>	Not seasonally adjusted								Seasonally adjusted							
			1996			1997					1996			1997				
			II	III	IV	I	II	III <sup>r</sup>	IV <sup>P</sup>	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>r</sup>		
<b>A</b>	<b>Balance of payments adjustments to Census trade data:</b>																	
	<b>EXPORTS</b>																	
1	Exports of goods, Census basis <sup>1</sup> including reexports and including military grant shipments	625,075	688,896	157,053	149,771	164,419	165,022	175,097	168,755	180,022	156,266	154,865	161,505	164,551	173,775	173,462	177,108	
	Adjustments:																	
2	Private gift parcel remittances	816	774	209	187	207	217	196	190	171	209	187	207	217	196	190	171	
3	Gold exports, nonmonetary	264	22	247	8	9		22			247	8	9					
4	Inland U.S. freight to Canada <sup>2</sup>																	
5	U.S.-Canadian reconciliation adjustments, n.e.c., net <sup>3</sup>																	
6	Exports transferred under U.S. military agency sales contracts identified in Census documents <sup>4</sup>	-12,427	-9,116	-2,943	-3,859	-3,465	-1,929	-2,177	-2,755	-2,255	-2,943	-3,859	-3,465	-1,929	-2,177	-2,755	-2,255	
7	Other adjustments, net <sup>5</sup>	-1,659	-2,228	-368	-437	-411	-498	-590	-642	-498	-368	-437	-411	-498	-590	-642	-498	
8	<b>Equals: Exports of goods, adjusted to balance of payments basis excluding "military" (table 1, line 2)</b>	<b>612,069</b>	<b>678,348</b>	<b>154,198</b>	<b>145,670</b>	<b>160,759</b>	<b>162,812</b>	<b>172,548</b>	<b>165,548</b>	<b>177,440</b>	<b>153,411</b>	<b>150,764</b>	<b>157,846</b>	<b>162,341</b>	<b>171,227</b>	<b>170,255</b>	<b>174,525</b>	
	<b>IMPORTS</b>																	
9	Imports of goods, Census basis <sup>1</sup> (general imports)	795,289	870,723	195,717	204,016	209,703	202,744	214,423	224,814	228,742	197,240	201,755	205,197	210,052	215,609	221,529	223,533	
	Adjustments:																	
10	Electric energy	73	73	18	18	19	18	18	18	19	18	18	19	18	18	18	19	
11	Gold imports, nonmonetary	4,948	3,536	2,973	794	125	1,352	1,980		204	2,973	794	125	1,352	1,980		204	
12	Inland freight in Canada <sup>2</sup>	3,595	3,704	913	862	885	917	982	914	891	913	862	885	917	982	914	891	
13	U.S.-Canadian reconciliation adjustment, n.e.c., net <sup>3</sup>																	
14	Imports of U.S. military agencies identified in Census documents <sup>4</sup>	-504	-633	-136	-131	-139	-119	-144	-178	-192	-136	-131	-139	-119	-144	-178	-192	
15	Other adjustments, net <sup>5,7</sup>	-162	-121	-35	-41	-51	-36	-29	-27	-29	-35	-41	-51	-36	-29	-27	-29	
16	<b>Equals: Imports of goods, adjusted to balance of payments basis, excluding "military" (table 1, line 16)</b>	<b>803,239</b>	<b>877,282</b>	<b>199,450</b>	<b>205,518</b>	<b>210,542</b>	<b>204,876</b>	<b>217,230</b>	<b>225,541</b>	<b>229,635</b>	<b>200,973</b>	<b>203,257</b>	<b>206,036</b>	<b>212,185</b>	<b>218,415</b>	<b>222,256</b>	<b>224,426</b>	
<b>B</b>	<b>Trade in goods, by area and country, adjusted to balance of payments basis, excluding military:<sup>8</sup></b>																	
	<b>EXPORTS</b>																	
1	Total, all countries (A-8)	612,069	678,348	154,198	145,670	160,759	162,812	172,548	165,548	177,440	153,411	150,764	157,846	162,341	171,227	170,255	174,525	
2	Western Europe	137,194	152,936	36,075	30,568	35,621	38,645	39,866	35,316	39,109	35,853	31,614	35,059	38,545	39,534	36,302	38,555	
3	European Union	124,786	138,823	32,501	27,890	32,732	35,089	35,147	32,354	36,233	32,294	28,815	32,220	35,032	34,843	33,226	35,722	
4	Belgium and Luxembourg	12,685	13,891	3,126	3,056	3,355	3,429	3,373	3,412	3,677	3,101	3,148	3,303	3,429	3,337	3,497	3,628	
5	France	14,454	15,818	3,560	3,175	3,977	3,842	3,985	3,718	4,273	3,532	3,269	3,924	3,844	3,943	3,809	4,222	
6	Germany <sup>9</sup>	22,970	24,203	5,305	5,295	6,017	6,136	6,268	5,737	6,062	5,761	5,468	5,926	6,129	6,211	5,888	5,975	
7	Italy	8,621	8,909	2,312	1,780	2,123	2,229	2,332	2,004	2,344	2,300	1,844	2,086	2,223	2,314	2,064	2,308	
8	Netherlands	16,501	19,662	3,917	3,523	4,932	4,755	4,818	4,759	5,330	3,920	3,653	4,845	4,742	4,785	4,892	5,243	
9	United Kingdom	30,246	35,907	9,025	6,954	6,992	9,554	9,327	8,150	8,876	8,946	7,167	6,890	9,537	9,236	8,360	8,774	
10	Other	19,309	20,433	4,756	4,107	5,336	5,144	5,044	4,574	5,671	4,734	4,266	5,246	5,128	5,017	4,716	5,572	
11	Western Europe, excluding EU	12,408	14,113	3,574	2,678	2,889	3,556	4,719	2,962	2,876	3,559	2,799	2,839	3,513	4,691	3,076	2,833	
12	Canada <sup>3</sup>	134,609	151,824	34,378	32,353	34,674	36,823	39,042	36,783	39,176	34,124	33,323	34,135	36,868	38,690	37,668	38,598	
13	Japan	65,954	64,683	16,476	16,131	16,181	16,448	16,557	15,711	15,967	16,474	16,768	15,802	16,303	16,507	16,249	15,624	
14	Australia, New Zealand, and South Africa <sup>10</sup>																	
15	Australia	11,705	11,904	2,910	2,895	2,915	2,823	3,095	3,071	2,915	2,879	2,980	2,873	2,824	3,101	3,144	2,875	
16	Eastern Europe	7,359	7,582	1,634	1,788	2,004	1,811	2,110	1,743	1,918	1,646	1,873	1,944	1,785	2,069	1,818	1,870	
17	Latin America and Other Western Hemisphere	108,864	133,606	26,460	27,718	30,000	29,516	32,425	34,449	37,216	26,305	28,642	29,442	29,474	32,165	35,376	36,591	
18	Brazil	12,347	15,835	2,918	3,373	3,499	3,377	3,829	4,099	4,530	2,889	3,476	3,442	3,378	3,790	4,196	4,471	
19	Mexico	56,735	71,214	13,647	14,343	15,780	15,665	16,980	18,538	20,031	13,574	14,813	15,487	15,659	16,837	19,022	19,696	
20	Venezuela	4,665	6,585	1,216	1,181	1,205	1,298	1,653	1,846	1,788	1,210	1,183	1,292	1,642	1,894	1,757	1,894	
21	Other	35,117	39,972	8,679	8,821	9,516	9,176	9,963	9,966	10,867	8,632	9,133	9,330	9,145	9,896	10,264	10,667	
22	Other countries in Asia and Africa <sup>8,10</sup>	146,382	155,813	36,265	34,217	39,364	36,746	39,453	38,475	41,139	36,130	35,564	38,591	36,542	39,161	39,698	40,412	
23	Asia <sup>8,10</sup>	135,380	144,803	33,548	31,452	36,593	34,380	36,807	35,197	38,419	33,402	32,656	35,912	34,210	36,533	36,286	37,774	
24	Members of OPEC	13,856	16,042	3,507	3,272	3,823	3,275	3,953	3,660	5,154	3,484	3,421	3,749	3,247	3,921	3,781	5,093	
25	China	11,938	12,669	2,486	2,514	3,788	2,857	2,921	2,957	3,934	2,486	2,624	3,716	2,850	2,909	3,051	3,859	
26	Hong Kong	13,873	15,061	3,575	3,300	3,841	3,486	3,933	3,778	3,864	3,560	3,417	3,770	3,466	3,907	3,896	3,792	
27	Korea, Republic of	25,653	24,624	6,354	6,264	6,732	6,337	6,982	5,842	5,463	6,345	5,502	6,595	6,290	6,936	6,037	5,361	
28	Singapore	16,253	17,557	4,104	3,909	3,930	4,336	4,290	4,686	4,245	4,064	4,029	3,882	4,337	4,235	4,792	4,193	
29	Taiwan	17,540	19,175	4,573	3,995	4,613	4,542	4,546	4,562	5,525	4,559	4,162	4,515	4,510	4,523	4,720	5,422	
30	Africa <sup>8,10</sup>	10,636	10,619	2,608	2,685	2,864	2,281	2,550	3,157	2,631	2,608	2,814	2,595	2,248	2,532	3,287	2,552	
31	Members of OPEC	1,804	1,613	602	381	425	310	389	523	391	604	400	415	303	387	544	379	
32	International organizations and unallocated	2																
	<b>Memoranda:</b>																	
33	Industrial countries <sup>8</sup>	354,301	386,282	91,044	83,222	90,552	95,852	99,836	92,130	98,464	90,525	86,001	89,009	95,653	99,057	94,645	96,927	
34	Members of OPEC <sup>8</sup>	20,325	24,240	5,325	4,834	5,453	4,883	5,995	6,029	7,333	5,298	5,041	5,347	4,842	5,950	6,219	7,229	
35	Other countries <sup>8</sup>	237,441	267,826	57,829	57,614	64,754	62,077	66,717	67,389	71,643	57,588	59,722	63,490	61,846	66,220	69,391	70,369	

See footnotes on page 91.





Table 2.—U.S. Trade in Goods—Continued

(Millions of dollars)

Line	1996	1997 <sup>P</sup>	Not seasonally adjusted								Seasonally adjusted							
			1996			1997					1996			1997				
			II	III	IV	I	II	III <sup>r</sup>	IV <sup>P</sup>	II	III	IV	I <sup>r</sup>	II <sup>r</sup>	III <sup>r</sup>	IV <sup>r</sup>		
<b>C</b>	<b>Trade in goods, by principal end-use category, adjusted to balance of payments basis, excluding military—Continued:</b>																	
<b>74</b>	<b>803,239</b>	<b>877,282</b>	<b>199,450</b>	<b>205,518</b>	<b>210,542</b>	<b>204,876</b>	<b>217,230</b>	<b>225,541</b>	<b>229,635</b>	<b>200,973</b>	<b>203,257</b>	<b>206,036</b>	<b>212,185</b>	<b>218,415</b>	<b>222,256</b>	<b>224,426</b>		
75	Petroleum and products <sup>7</sup>	72,744	72,053	18,403	19,130	20,678	18,891	17,695	17,723	17,744	18,514	19,052	20,559	19,153	17,732	17,581		
76	Nonpetroleum products	730,495	805,229	181,047	186,388	189,864	185,985	199,535	207,818	211,891	182,459	184,205	185,477	193,032	200,683	206,839		
77	Foods, feeds, and beverages	35,711	39,704	8,987	8,791	9,435	9,375	9,978	9,950	10,401	8,980	8,953	9,173	9,516	9,997	10,148		
78	Agricultural	26,484	29,291	6,839	6,346	6,830	7,211	7,596	7,080	7,404	6,716	6,630	6,786	7,099	7,492	7,402		
79	Coffee, cocoa, and sugar	4,118	5,039	968	1,068	910	1,244	1,382	1,368	1,045	968	1,068	910	1,244	1,382	1,368		
80	Green coffee	2,491	3,575	599	561	619	815	1,040	928	792	599	561	619	815	1,040	928		
81	Meat products and poultry	3,769	4,162	927	970	928	979	1,113	1,022	1,048	927	970	928	980	1,113	1,022		
82	Vegetables, fruits, nuts, and preparations	7,390	7,624	2,183	1,460	1,754	2,296	2,018	1,474	1,836	2,032	1,817	1,913	1,896	1,886	1,984		
83	Wine and related products	2,793	3,252	718	745	807	622	835	860	935	704	723	721	767	815	841		
84	Other agricultural foods, feeds, and beverages	8,413	9,214	2,042	2,103	2,431	2,070	2,249	2,356	2,540	2,084	2,052	2,315	2,212	2,287	2,312		
85	Nonagricultural (fish, distilled beverages, etc.)	9,227	10,413	2,148	2,445	2,805	2,164	2,382	2,870	2,997	2,264	2,323	2,387	2,412	2,515	2,746		
86	Fish and shellfish	6,663	7,701	1,563	1,737	1,911	1,577	1,729	2,149	2,246	1,630	1,661	1,765	1,751	1,817	2,072		
87	Whiskey and other alcoholic beverages	2,045	2,191	465	574	565	464	518	587	622	504	529	493	544	562	541		
88	Industrial supplies and materials	209,497	217,397	54,308	53,294	54,451	54,384	55,677	53,744	53,592	53,933	53,377	54,654	54,904	55,023	53,621		
89	Agricultural	6,461	6,247	1,612	1,726	1,524	1,614	1,686	1,517	1,430	1,597	1,756	1,537	1,585	1,664	1,560		
90	Nonagricultural products	203,036	211,150	52,696	51,568	52,927	52,770	53,991	52,227	52,162	52,336	51,621	53,117	53,319	53,359	52,061		
91	Energy products	80,278	80,276	20,626	20,925	22,970	21,130	19,522	19,682	19,942	20,179	21,002	22,779	21,211	19,599	19,725		
92	Fuels and lubricants <sup>11</sup>	79,311	79,225	19,805	20,637	22,721	20,910	19,285	19,375	19,655	19,958	20,714	22,531	20,990	19,363	19,419		
93	Paper and paper base stocks	10,871	10,680	2,588	2,602	2,610	2,548	2,624	2,715	2,794	2,595	2,597	2,573	2,593	2,621	2,699		
94	Textile supplies and related materials	8,843	10,109	2,228	2,278	2,318	2,375	2,609	2,595	2,530	2,158	2,246	2,370	2,465	2,159	2,544		
95	Chemicals, excluding medicinals	26,897	29,159	6,723	6,453	6,810	7,439	7,401	6,721	7,056	6,781	6,022	6,868	7,161	7,193	7,498		
96	Building materials, except metals	15,035	16,833	3,723	4,221	3,951	3,731	4,458	4,722	4,172	3,587	4,091	4,061	3,985	4,272	4,283		
97	Other nonmetals	13,353	14,139	3,361	3,464	3,381	3,298	3,606	3,645	3,590	3,313	3,381	3,397	3,456	3,536	3,599		
98	Metals and nonmetallic products	47,759	49,953	13,898	11,625	11,855	12,249	13,771	11,855	12,078	13,783	11,602	11,069	12,448	13,619	11,764		
99	Steelmaking materials	3,044	2,997	840	736	737	625	750	784	858	799	703	719	892	715	751		
100	Iron and steel products	17,221	18,170	4,206	4,578	4,550	4,391	4,702	4,599	4,478	4,160	4,573	4,557	4,446	4,641	4,584		
101	Nonferrous metals	21,679	22,034	7,393	4,818	4,335	5,627	6,622	4,768	5,017	7,399	4,826	4,312	5,660	6,613	4,724		
102	Nonmonetary gold	7,747	6,601	3,659	1,539	859	2,170	2,739	741	951	3,659	1,539	859	2,170	2,739	741		
103	Other precious metals	2,494	2,633	612	576	717	488	554	718	873	613	577	713	492	554	709		
104	Bauxite and aluminum	5,071	5,831	1,395	1,182	1,201	1,318	1,571	1,402	1,450	1,398	1,192	1,332	1,567	1,386	1,546		
105	Other nonferrous metals	6,367	6,969	1,727	1,521	1,558	1,651	1,758	1,907	1,653	1,729	1,525	1,546	1,666	1,753	1,888		
106	Other metallic and nonmetallic products	5,815	6,752	1,459	1,493	1,465	1,626	1,697	1,704	1,725	1,425	1,500	1,481	1,650	1,650	1,747		
107	Capital goods, except automotive	229,049	254,167	56,105	57,400	59,425	57,463	62,564	66,035	68,105	56,572	56,846	57,855	59,344	62,940	65,634		
108	Machinery, except consumer-type	214,433	235,521	52,420	53,305	55,527	53,595	58,191	60,767	62,968	52,878	53,143	53,942	55,489	58,568	60,359		
109	Electric generating machinery, electric apparatus and parts	24,749	27,921	6,006	6,371	6,552	6,331	6,894	7,181	7,515	5,982	6,294	6,428	6,650	6,833	7,068		
110	Nonelectric, including parts and attachments	189,684	207,600	46,414	46,934	48,975	47,264	51,297	53,586	55,453	46,896	46,849	47,514	48,839	51,735	53,291		
111	Oil drilling, mining, and construction machinery	5,685	6,656	1,498	1,371	1,422	1,547	1,854	1,592	1,663	1,404	1,422	1,529	1,742	1,653	1,736		
112	Industrial engines, pumps, and compressors	6,263	6,528	1,595	1,572	1,538	1,547	1,702	1,588	1,691	1,562	1,570	1,718	1,547	1,592	1,657		
113	Machine tools and metalworking machinery	5,006	5,245	1,901	1,875	1,914	2,055	2,104	1,918	2,168	1,913	1,938	1,942	2,094	2,021	2,196		
114	Measuring, testing, and control instruments	5,960	6,714	1,445	1,530	1,561	1,508	1,623	1,723	1,860	1,450	1,514	1,536	1,566	1,604	1,699		
115	Other industrial, agricultural, and service industry machinery	37,671	41,287	9,592	9,248	9,460	9,502	10,642	10,290	10,853	9,364	9,405	9,512	9,640	10,349	10,365		
116	Computers, peripherals, and parts	61,515	70,186	14,558	15,705	16,654	15,625	16,942	18,740	18,879	15,189	15,423	15,698	16,385	17,655	18,417		
117	Semiconductors	36,707	36,868	9,136	8,499	8,534	8,521	9,030	9,722	9,595	9,138	8,573	8,390	8,670	9,009	9,739		
118	Telecommunication equipment	14,375	15,601	3,349	3,572	4,126	3,495	3,633	4,005	4,468	3,536	3,524	3,799	3,721	3,820	3,962		
119	Other office and business machines	6,794	7,364	1,593	1,687	1,825	1,710	1,849	1,851	1,954	1,655	1,666	1,760	1,744	1,920	1,865		
120	Scientific, hospital, and medical equipment and parts	7,208	8,151	1,747	1,865	1,941	1,754	1,918	2,157	2,322	1,785	1,814	1,843	1,898	1,958	2,094		
121	Transportation equipment, except automotive	14,616	18,646	3,685	3,735	3,898	3,868	4,373	5,268	5,137	3,694	3,703	3,913	3,855	4,372	5,144		
122	Civilian aircraft, engines, parts	12,671	16,664	3,182	3,289	3,481	3,423	3,882	4,750	4,609	3,191	3,258	3,495	3,410	3,880	4,757		
123	Civilian aircraft, complete, all types	3,920	4,599	1,010	965	1,049	745	1,059	1,472	1,323	1,010	965	1,049	745	1,059	1,472		
124	Automotive vehicles, engines, and parts	128,938	140,720	33,406	30,920	33,587	35,156	35,770	33,096	36,698	32,274	33,420	32,236	35,406	34,430	35,772		
125	From Canada	45,915	50,412	12,845	11,029	10,950	12,754	13,265	11,473	12,920	11,870	12,215	10,619	13,037	12,163	12,580		
126	Passenger cars, new and used	24,139	26,046	6,929	5,830	5,540	6,848	7,009	5,694	6,495	6,303	6,400	5,307	7,216	6,037	6,217		
127	Trucks, buses, and special purpose vehicles	8,835	10,272	2,377	2,097	2,187	2,454	2,682	2,507	2,629	2,305	2,360	2,083	2,456	2,518	2,789		
128	Engines and engine parts	2,540	2,823	679	585	626	694	765	675	689	640	660	642	646	721	747		
129	Other parts and accessories	10,401	11,271	2,800	2,521	2,597	2,758	2,809	2,597	3,107	2,622	2,795	2,587	2,719	2,617	3,108		
130	From other areas	83,023	90,308	20,561	19,891	22,637	22,402	22,505	21,623	23,778	20,404	21,205	21,617	22,369	22,267	23,192		
131	Passenger cars, new and used	41,725	46,969	9,988	9,765	12,165	11,384	11,735	11,350	12,500	10,096	10,688	11,110	11,337	11,805	12,539		
132	Trucks, buses, and special purpose vehicles	4,840	5,536	1,190	1,295	1,301	1,430	1,302	1,420	1,384	1,184	1,332	1,276	1,434	1,294	1,463		
133	Engines and engine parts	9,210	8,901	2,423	2,153	2,307	2,365	2,214	2,022	2,300	2,360	2,245	2,319	2,349	2,147	2,301		
134	Other parts and accessories	27,248	28,902	6,660	6,678	6,864	7,223	7,254	6,8									

Table 3.—Private Service Transactions

[Millions of dollars]

Line		1996	1997 <sup>a</sup>	Not seasonally adjusted								Seasonally adjusted							
				1996				1997				1996				1997			
				I	II	III	IV	I	II	III <sup>b</sup>	IV <sup>b</sup>	I	II	III	IV	I <sup>c</sup>	II <sup>c</sup>	III <sup>c</sup>	IV <sup>c</sup>
1	<b>Exports of private services</b> .....	<b>221,224</b>	<b>237,261</b>	<b>52,029</b>	<b>52,974</b>	<b>59,782</b>	<b>56,440</b>	<b>56,448</b>	<b>57,734</b>	<b>64,488</b>	<b>58,591</b>	<b>53,676</b>	<b>54,588</b>	<b>55,540</b>	<b>57,427</b>	<b>58,343</b>	<b>59,417</b>	<b>59,936</b>	<b>59,567</b>
2	Travel (table 1, line 5) .....	69,908	74,407	14,804	17,165	21,041	16,898	16,421	18,428	22,350	17,208	16,712	17,356	17,659	18,183	18,585	18,634	18,732	18,456
3	Passenger fares (table 1, line 6) .....	20,557	21,710	4,768	4,768	6,104	4,916	4,976	5,302	6,376	5,056	5,087	4,952	5,237	5,282	5,316	5,508	5,468	5,418
4	Other transportation (table 1, line 7) .....	27,216	28,194	6,436	6,788	7,229	6,873	7,029	6,990	7,302	6,555	6,805	6,716	7,142	7,001	7,045	6,939	7,210	7,210
5	Freight .....	11,161	11,691	2,629	2,844	2,736	2,952	2,885	2,942	2,867	2,997	2,649	2,823	2,747	2,941	2,910	2,920	2,877	2,986
6	Port services .....	14,691	15,001	3,467	3,603	3,683	3,938	3,618	3,711	3,745	3,927	3,565	3,639	3,625	3,861	3,722	3,749	3,685	3,847
7	Other .....	1,364	1,503	340	342	343	339	370	377	378	378	340	342	343	339	370	377	378	378
8	Royalties and license fees (table 1, line 8) .....	29,974	30,269	7,121	7,170	7,410	8,273	7,389	7,445	7,460	7,975	7,432	7,345	7,495	7,703	7,688	7,608	7,520	7,452
9	Affiliated .....	23,760	23,411	5,616	5,639	5,845	6,661	5,722	5,738	5,725	6,226	5,927	5,814	5,929	6,091	6,022	5,901	5,785	5,703
10	U.S. parents' receipts .....	21,916	21,977	5,232	5,322	5,456	5,907	5,450	5,345	5,360	5,823	5,531	5,436	5,505	5,445	5,755	5,452	5,402	5,369
11	U.S. affiliates' receipts .....	1,844	1,434	384	317	389	754	272	393	365	403	396	378	424	646	267	449	383	534
12	Unaffiliated .....	6,214	6,857	1,505	1,531	1,566	1,612	1,666	1,707	1,735	1,749	1,505	1,531	1,566	1,612	1,666	1,670	1,735	1,749
13	Industrial processes <sup>1</sup> .....	3,979	4,456	956	978	1,006	1,040	1,080	1,109	1,129	1,139	956	978	1,006	1,040	1,080	1,109	1,129	1,139
14	Other <sup>2</sup> .....	2,235	2,402	549	554	560	570	587	598	607	610	549	554	560	573	587	598	607	610
15	Other private services (table 1, line 9) .....	73,569	82,681	18,900	17,082	18,464	19,124	20,789	19,530	21,312	21,050	17,890	18,130	18,433	19,117	19,753	20,622	21,277	21,031
16	Affiliated services .....	22,810	25,483	5,474	5,477	5,674	6,186	5,940	6,320	6,510	6,713	5,623	5,671	5,777	5,840	6,103	6,425	6,622	6,334
17	U.S. parents' receipts .....	13,763	14,997	3,400	3,389	3,358	3,617	3,521	3,756	3,719	4,001	3,494	3,429	3,410	3,431	3,623	3,802	3,776	3,796
18	U.S. affiliates' receipts .....	9,047	10,486	2,074	2,088	2,316	2,569	2,419	2,564	2,791	2,712	2,129	2,142	2,367	2,409	2,480	2,623	2,846	2,538
19	Unaffiliated services .....	50,579	57,198	13,426	11,605	12,790	12,938	14,849	13,210	14,802	14,337	12,267	12,659	12,656	13,277	13,850	14,197	14,655	14,697
20	Education .....	7,807	10,134	3,147	999	2,071	1,589	3,266	1,321	2,155	1,681	1,916	1,938	1,998	1,955	1,986	2,003	2,074	2,071
21	Insurance, net .....	6,034	6,744	1,847	1,938	1,925	2,325	2,259	2,492	2,701	2,652	1,847	1,938	1,925	2,325	2,259	2,492	2,701	2,652
22	Premiums received .....	1,179	6,744	1,480	1,524	1,567	1,809	1,650	1,681	1,702	1,712	1,480	1,524	1,567	1,809	1,650	1,681	1,702	1,712
23	Losses paid .....	4,058	4,186	1,030	1,011	1,006	1,012	1,030	1,044	1,054	1,058	1,030	1,011	1,006	1,012	1,030	1,044	1,054	1,058
24	Telecommunications .....	3,405	3,596	863	854	838	850	845	895	913	944	863	854	838	850	845	895	913	944
25	Business, professional, and technical services .....	19,247	22,116	4,681	4,734	4,847	4,985	5,287	5,543	5,642	5,644	4,681	4,734	4,847	4,985	5,287	5,543	5,642	5,644
26	Other unaffiliated services <sup>3</sup> .....	10,145	10,690	2,438	2,568	2,547	2,592	2,573	2,611	2,744	2,762	2,510	2,583	2,486	2,565	2,653	2,627	2,677	2,732
27	<b>Imports of private services</b> .....	<b>143,086</b>	<b>153,787</b>	<b>32,572</b>	<b>36,725</b>	<b>38,943</b>	<b>34,846</b>	<b>34,807</b>	<b>39,715</b>	<b>41,929</b>	<b>37,336</b>	<b>35,406</b>	<b>35,549</b>	<b>35,873</b>	<b>36,257</b>	<b>37,777</b>	<b>38,459</b>	<b>38,710</b>	<b>38,841</b>
29	Travel (table 1, line 19) .....	48,739	52,029	10,492	13,276	14,321	10,690	10,935	14,205	15,347	11,542	12,484	12,099	11,915	12,241	13,004	12,989	12,813	13,224
30	Passenger fares (table 1, line 20) .....	15,776	16,927	3,545	4,188	4,406	3,637	3,947	4,445	4,672	3,863	3,860	3,943	3,920	4,053	4,272	4,190	4,166	4,298
31	Other transportation (table 1, line 21) .....	28,453	29,771	6,648	7,222	7,380	7,203	7,191	7,514	7,538	7,528	6,816	7,253	7,218	7,166	7,377	7,541	7,368	7,484
32	Freight .....	16,879	17,799	3,970	4,386	4,326	4,197	4,257	4,608	4,463	4,471	4,025	4,414	4,312	4,130	4,319	4,637	4,447	4,396
33	Port services .....	10,792	11,162	2,485	2,643	2,857	2,807	2,720	2,707	2,884	2,851	2,598	2,647	2,709	2,838	2,844	2,705	2,730	2,883
34	Other .....	793	812	193	193	198	199	214	200	192	206	193	193	198	199	214	200	192	206
35	Royalties and license fees (table 1, line 22) .....	7,322	7,512	1,697	1,606	2,154	1,865	1,772	1,758	2,056	1,926	1,724	1,684	2,144	1,770	1,797	1,846	2,043	1,826
36	Affiliated .....	5,301	5,932	1,331	1,226	1,274	1,471	1,377	1,373	1,642	1,541	1,358	1,304	1,264	1,376	1,401	1,461	1,629	1,441
37	U.S. parents' payments .....	554	742	117	137	136	164	155	172	192	224	117	137	136	164	155	172	192	224
38	U.S. affiliates' payments .....	4,748	5,190	1,214	1,089	1,138	1,307	1,222	1,201	1,450	1,517	1,241	1,167	1,128	1,212	1,246	1,289	1,437	1,217
39	Unaffiliated .....	2,021	1,580	366	380	890	394	396	385	414	385	366	380	890	394	396	385	414	385
40	Industrial processes <sup>1</sup> .....	1,126	1,159	267	279	288	292	291	290	289	289	267	279	288	292	291	290	289	289
41	Other <sup>2</sup> .....	895	421	99	101	592	103	106	95	125	96	99	101	592	103	106	95	125	96
42	Other private services (table 1, line 23) .....	42,796	47,548	10,190	10,473	10,682	11,451	10,962	11,793	12,316	12,477	10,522	10,570	10,676	11,027	11,327	11,893	12,320	12,009
43	Affiliated services .....	16,026	17,610	3,677	3,905	3,968	4,476	4,013	4,328	4,471	4,798	3,877	3,945	4,073	4,130	4,227	4,368	4,600	4,415
44	U.S. parents' payments .....	7,505	8,630	1,714	1,783	1,879	2,129	1,764	2,130	2,177	2,559	1,914	1,788	1,935	1,867	1,979	2,145	2,251	2,255
45	U.S. affiliates' payments .....	8,521	8,980	1,963	2,122	2,089	2,347	2,249	2,198	2,294	2,239	1,963	2,157	2,138	2,263	2,248	2,223	2,349	2,160
46	Unaffiliated services .....	26,770	29,938	6,513	6,568	6,714	6,975	6,949	7,465	7,845	6,679	6,645	6,625	6,603	6,897	7,100	7,525	7,720	7,594
47	Education .....	1,041	1,131	213	256	315	259	231	278	342	280	253	256	262	269	276	279	285	291
48	Financial services .....	3,184	4,059	774	781	769	859	888	1,106	1,182	883	774	781	769	859	888	1,106	1,182	883
49	Insurance, net .....	4,387	4,817	1,188	1,089	1,047	1,064	1,139	1,195	1,232	1,251	1,188	1,089	1,047	1,064	1,139	1,195	1,232	1,251
50	Premiums paid .....	15,473	16,525	3,816	3,833	3,877	3,947	4,046	4,119	4,168	4,121	3,816	3,833	3,877	3,947	4,046	4,119	4,168	4,192
51	Losses recovered .....	11,086	11,708	2,629	2,745	2,830	2,884	2,907	2,924	2,936	2,941	2,629	2,745	2,830	2,884	2,907	2,924	2,936	2,941
52	Telecommunications .....	8,385	8,576	2,127	2,103	2,066	2,089	2,076	2,137	2,157	2,205	2,127	2,103	2,066	2,089	2,076	2,137	2,157	2,205
53	Business, professional, and technical services .....	5,253	6,464	1,234	1,278	1,335	1,406	1,540	1,612	1,648	1,664	1,234	1,278	1,335	1,406	1,540	1,612	1,648	1,664
54	Other unaffiliated services <sup>3</sup> .....	4,520	4,891	978	1,062	1,181	1,299	1,074	1,138	1,284	1,395	1,070	1,119	1,122	1,210	1,180	1,196	1,215	1,299

Table 4.—Selected U.S. Government Transactions

[Millions of dollars]

Line		1996	1997 <sup>a</sup>	Not seasonally adjusted							
				1996				1997			
				I	II	III	IV	I	II	III <sup>b</sup>	IV <sup>b</sup>
A1	<b>U.S. Government grants and transactions increasing Government assets, total</b>	<b>19,758</b>	<b>16,949</b>	<b>5,544</b>	<b>3,652</b>	<b>3,735</b>	<b>6,828</b>	<b>3,240</b>	<b>3,871</b>	<b>3,645</b>	<b>6,192</b>
	<b>By category</b>										
2	Grants, net (table 1, line 30, with sign reversed)	14,933	11,688	4,321	2,423	2,690	5,499	2,109	2,245	2,231	5,103
3	Financing military purchases <sup>1</sup>	5,461	3,661	1,739	527	812	2,383	534	423	419	2,284
4a	Other grants	9,472	8,028	2,582	1,896	1,878	3,116	1,575	1,822	1,812	2,820
4b	Cash contributions received from coalition partners for Persian Gulf operations										
5	Credits and other long-term assets (table 1, line 40, with sign reversed)	4,930	5,237	1,076	1,489	1,127	1,238	1,107	1,613	1,415	1,102
6	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,814	1,588	438	358	433	586	427	411	415	336
7	Credits repayable in U.S. dollars	2,487	2,982	498	974	531	484	525	1,030	832	595
8	Credits repayable in other than U.S. dollars	-6	-5	-6	(*)	(*)	(*)	1		1	-7
9	Other long-term assets	636	670	145	158	164	169	154	173	166	178
10	Foreign currency holdings and short-term assets, net (table 1, line 42 with sign reversed)	-106	25	147	-261	-83	91	25	13		-13
11	Foreign currency holdings (excluding administrative cash holdings), net	-20	60	4	-20	-5	2	13	23	26	-3
	Receipts from:										
12	Sales of agricultural commodities	(*)	(*)	(*)		(*)	(*)	(*)			
13	Interest	13	18	4	3	4	2	7	1	9	1
14	Repayments of principal	40	27	21	10	4	6	10	5	10	2
15	Reverse grants										
16	Other sources	6	2	(*)	1	4	1	(*)	(*)	1	1
	Less currencies disbursed for:										
17	Grants and credits in the recipient's currency	2		1	1						
18	Other grants and credits										
19	Other U.S. Government expenditures	77	-13	20	34	16	6	4	-17	-6	6
20	Assets acquired in performance of U.S. Government guarantee and insurance obligations, net	-147	-17	70	-215	25	-27	-5	-7	(*)	-5
21	Other assets held under Commodity Credit Corporation Charter Act, net	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
22	Assets financing military sales contracts, net <sup>2</sup>										
23	Other short-term assets (including changes in administrative cash holdings), net	60	-19	73	-26	-103	116	16	-3	-27	-6
	<b>By program</b>										
24	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,814	1,588	438	358	433	586	427	411	415	336
25	Under Agricultural Trade Development and Assistance Act and related programs	823	811	207	196	175	245	147	190	261	213
26	Under Foreign Assistance Act and related programs	13,710	10,738	4,173	2,143	2,461	4,933	1,947	2,136	1,927	4,729
27	Under Export-Import Bank Act	1,356	1,552	218	478	392	269	336	405	413	398
28	Under Commodity Credit Corporation Charter Act	216	505	109	71	31	6	29	346	118	13
29	Under other grant and credit programs	1,161	1,044	176	295	187	503	171	192	347	334
30	Other foreign currency assets acquired (lines A13, A14, and A16)	58	47	25	14	11	8	17	6	20	4
31	Less foreign currencies used by U.S. Government other than for grants or credits (line A19)	77	-13	20	34	16	6	4	-17	-6	6
32	Other (including changes in administrative cash holdings), net	696	651	218	132	61	285	170	170	139	172
	<b>By disposition<sup>3</sup></b>										
33	Estimated transactions involving no direct dollar outflow from the United States	12,012	10,609	3,337	2,329	2,458	3,888	1,988	2,543	2,365	3,713
34	Expenditures on U.S. goods	6,282	5,067	2,135	674	869	2,603	737	737	964	2,629
35	Expenditures on U.S. services <sup>4</sup>	2,635	2,533	662	718	669	586	627	736	642	529
36	Financing of military sales contracts by U.S. Government <sup>5</sup> (line C6)	2,553	2,011	447	654	813	638	588	505	442	477
37	By long-term credits	457	259	151	147	67	92	77	102	65	16
38	By short-term credits <sup>1</sup>										
39	By grants <sup>1</sup>	2,096	1,752	297	508	746	545	511	404	377	460
40	U.S. Government grants and credits to repay prior U.S. Government credits <sup>1,4</sup>	413	940	42	231	91	48	36	523	309	73
41	U.S. Government long- and short-term credits to repay prior U.S. private credits <sup>6</sup> and other assets	233	61	70	93	50	19	4	34	5	18
42	Increase in liabilities associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) <sup>7</sup> (line C11)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
43	Less receipts on short-term U.S. Government assets (a) financing military sales contracts <sup>1</sup> (b) financing repayment of private credits and other assets, and (c) financing expenditures on U.S. goods	27	16	(*)	8	19		1	8	1	6
44	Less foreign currencies used by U.S. Government other than for grants or credits (line A19)	77	-13	20	34	16	6	4	-17	-6	6
45	Estimated dollar payments to foreign countries and international financial institutions	7,747	6,339	2,206	1,323	1,277	2,940	1,252	1,328	1,280	2,480
B1	<b>Repayments on U.S. Government long-term assets, total (table 1, line 41)</b>	<b>4,134</b>	<b>5,439</b>	<b>1,013</b>	<b>870</b>	<b>1,206</b>	<b>1,045</b>	<b>1,111</b>	<b>1,358</b>	<b>1,876</b>	<b>1,094</b>
2	Receipts of principal on U.S. Government credits	3,482	4,752	850	704	1,040	887	938	1,191	1,713	910
3	Under Agricultural Trade Development and Assistance Act and related programs	402	490	69	72	92	169	39	96	181	174
4	Under Foreign Assistance Act and related programs	1,585	1,731	558	213	565	249	529	340	578	284
5	Under Export-Import Bank Act	1,145	1,786	172	398	295	279	337	421	728	300
6	Under Commodity Credit Corporation Charter Act	175	501	51	21	63	41	33	331	113	24
7	Under other credit programs	175	244	(*)	(*)	26	149	(*)	3	113	128
8	Receipts on other long-term assets	652	687	163	165	167	157	173	167	163	184
C1	<b>U.S. Government liabilities other than securities, total, net increase (+) (table 1, line 53)</b>	<b>720</b>	<b>539</b>	<b>-143</b>	<b>-204</b>	<b>907</b>	<b>160</b>	<b>478</b>	<b>654</b>	<b>-510</b>	<b>-83</b>
2	Associated with military sales contracts <sup>2</sup>	724	553	-107	-209	854	187	503	666	-550	-66
3	U.S. Government cash receipts from foreign governments (including principal repayments on credits financing military sales contracts), net of refunds. <sup>1</sup>	14,993	11,945	3,561	2,913	3,714	4,804	2,790	3,631	3,180	2,344
4	Less U.S. Government receipts from principal repayments	867	869	368	31	386	83	333	83	342	111
5	Less U.S. Treasury securities issued in connection with prepayments for military purchases in the United States	1,307	-2,643	657	-216	-285	1,151	-648	-341	-432	-1,222
6	Plus financing of military sales contracts by U.S. Government <sup>5</sup> (line A36)	2,553	2,011	447	654	813	638	588	505	442	477
7	By long-term credits	457	259	151	147	67	92	77	102	65	16
8	By short-term credits <sup>1</sup>										
9	By grants <sup>1</sup>	2,096	1,752	297	508	746	545	511	404	377	460
10	Less transfers of goods and services (including transfers financed by grants for military purchases, and by credits)/1 2/ (table 1, line 4)	14,647	15,175	3,092	3,961	3,572	4,022	3,190	3,727	4,261	3,997
11	Associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) <sup>7</sup> (line A42)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
12	Associated with other liabilities	-5	-15	-36	5	53	-27	-26	-13	40	-17
13	Sales of nuclear material by Department of Energy/U.S. Enrichment Corporation	34	-61	1	1	44	-11	-34	-3	18	-41
14	Sales of space launch and other services by National Aeronautics and Space Administration	-43	47	-39	8	-3	-10	3	-3	23	23
15	Other sales and miscellaneous operations	5	-1	2	-4	12	-6	5	-7	(*)	(*)

See footnotes on page 91.

Table 5.—Direct Investment: Income, Capital, Royalties and License Fees, and Other Private Services

(Millions of dollars)

Line	(Credits +; debits -)	Not seasonally adjusted												Seasonally adjusted					
		1996	1997 <sup>a</sup>	1996				1997				1996				1997			
				I	II	III	IV	I	II	III <sup>b</sup>	IV <sup>b</sup>	I	II	III	IV	I <sup>c</sup>	II <sup>c</sup>	III <sup>c</sup>	IV <sup>c</sup>
<b>U.S. direct investment abroad:</b>																			
1	Income with current-cost adjustment, before deduction of withholding taxes (table 1, line 12) .....	98,890	109,227	23,613	24,318	23,837	27,123	26,164	28,380	27,268	27,415	23,389	23,929	24,675	26,898	25,864	27,963	28,189	27,209
2	Earnings .....	95,514	104,733	22,821	23,496	22,993	26,204	25,273	27,325	26,500	26,087	22,597	23,107	23,831	25,978	24,974	26,908	26,970	25,881
3	Distributed earnings .....	37,629	40,778	6,697	9,091	8,235	13,606	7,317	9,806	9,565	14,089	8,521	10,165	10,169	8,773	9,036	10,975	11,835	9,932
4	Reinvested earnings .....	57,885	63,955	16,124	14,405	14,758	12,598	17,956	17,518	16,484	11,998	14,076	12,942	13,662	17,205	15,938	15,933	15,135	16,949
5	Interest <sup>1</sup> .....	3,377	4,491	792	822	843	920	890	1,055	1,218	1,328	792	822	843	920	890	1,055	1,219	1,328
6	U.S. parents' receipts .....	6,737	7,855	1,622	1,667	1,678	1,769	1,703	1,860	2,077	2,215	1,622	1,667	1,678	1,769	1,703	1,860	2,077	2,215
7	U.S. parents' payments .....	-3,360	-3,363	-830	-846	-835	-850	-813	-805	-858	-887	-830	-866	-835	-850	-813	-805	-858	-887
8	Less: Current-cost adjustment .....	2,252	2,887	504	543	583	622	662	702	742	781	504	543	583	622	662	702	742	781
9	Less: Withholding taxes .....	1,572	1,632	289	396	355	532	358	351	381	542	318	459	409	385	396	403	435	397
10	Equals: Income without current-cost adjustment, after deduction of withholding taxes <sup>2</sup> .....	95,067	104,705	22,820	23,379	22,899	25,969	25,144	27,327	26,145	26,092	22,567	22,926	23,683	25,891	24,806	26,858	27,012	26,030
11	Petroleum .....	11,960	12,725	3,007	2,858	2,611	3,484	3,735	3,154	3,017	2,819	2,831	2,969	2,864	3,296	3,488	3,262	3,320	2,654
12	Manufacturing .....	34,975	36,348	8,990	9,356	8,194	8,436	8,624	9,917	8,903	8,905	8,913	8,792	8,725	8,545	8,533	9,340	9,467	9,008
13	Other .....	48,132	55,633	10,823	11,165	12,094	14,050	12,785	14,256	14,225	14,367	10,823	11,165	12,094	14,050	12,785	14,256	14,225	14,367
14	Capital with current-cost adjustment (table 1, line 44) ..	-87,813	-119,443	-24,258	-25,097	-12,200	-26,258	-28,773	-38,573	-24,113	-27,985	-22,210	-23,634	-11,104	-30,865	-26,754	-36,988	-22,763	-32,936
15	Equity capital .....	-21,605	-48,054	-9,370	-2,161	-4,788	-5,286	-11,252	-10,036	-9,102	-17,664	-9,370	-2,161	-4,788	-5,286	-11,252	-10,036	-9,102	-17,664
16	Increases in equity capital <sup>3</sup> .....	-38,995	-61,164	-12,469	-7,949	-7,545	-10,932	-13,604	-14,891	-11,787	-20,881	-12,469	-7,949	-7,545	-10,932	-13,604	-14,891	-11,787	-20,881
17	Decreases in equity capital <sup>4</sup> .....	17,290	13,110	3,098	5,788	2,577	5,646	2,352	4,855	2,685	3,217	3,098	5,788	2,577	5,646	2,352	4,855	2,685	3,217
18	Reinvested earnings .....	-57,885	-63,955	-16,124	-14,405	-14,758	-12,598	-17,956	-17,518	-16,484	-11,998	-14,076	-12,942	-13,662	-17,205	-15,938	-15,933	-15,135	-16,949
19	Intercompany debt .....	-8,323	-7,433	1,237	-8,531	7,346	-8,374	436	-11,019	1,474	1,677	1,237	-8,531	7,346	-8,374	436	-11,019	1,474	1,677
20	U.S. parents' receivables .....	-8,563	-22,981	7,254	-10,528	4,405	-9,793	-6,167	-12,564	-4,122	-129	7,254	-10,528	4,405	-9,793	-6,167	-12,564	-4,122	-129
21	U.S. parents' payables .....	241	15,548	-6,017	1,997	2,841	1,419	6,602	1,544	5,996	1,806	-6,017	1,997	2,841	1,419	6,602	1,544	5,996	1,806
22	Less: Current-cost adjustment (line 8 with sign reversed) .....	-2,252	-2,887	-504	-543	-583	-622	-662	-702	-742	-781	-504	-543	-583	-622	-662	-702	-742	-781
23	Equals: Capital without current-cost adjustment <sup>2</sup> .....	-85,561	-116,556	-23,754	-24,554	-11,617	-25,636	-28,111	-37,871	-23,371	-27,204	-21,706	-23,090	-10,521	-30,244	-26,092	-36,286	-22,021	-32,155
24	Equity capital (line 15) .....	-21,605	-48,054	-9,370	-2,161	-4,788	-5,286	-11,252	-10,036	-9,102	-17,664	-9,370	-2,161	-4,788	-5,286	-11,252	-10,036	-9,102	-17,664
25	Petroleum .....	352	-4,486	-331	2,215	-910	-623	-762	-873	-1,074	-1,776	-331	2,215	-910	-623	-762	-873	-1,074	-1,776
26	Manufacturing .....	-9,024	-9,727	-4,688	-1,378	-873	-2,105	-3,595	-1,287	-1,494	-2,901	-4,688	-1,378	-873	-2,105	-3,595	-1,287	-1,494	-2,901
27	Other .....	-12,933	-33,841	-4,371	-2,998	-3,005	-2,559	-6,895	-7,876	-6,084	-12,987	-4,371	-2,998	-3,005	-2,559	-6,895	-7,876	-6,084	-12,987
28	Reinvested earnings without current-cost adjustment (line 18 less line 22) .....	-56,633	-61,068	-15,620	-13,862	-14,175	-11,976	-17,294	-16,816	-15,742	-11,217	-13,572	-12,399	-13,079	-16,583	-15,276	-15,231	-14,393	-16,168
29	Petroleum .....	-5,533	-7,116	-1,640	-1,141	-1,000	-1,753	-2,580	-1,325	-1,914	-1,297	-1,166	-1,420	-1,047	-1,900	-2,044	-1,608	-2,064	-1,399
30	Manufacturing .....	-21,248	-18,381	-6,589	-6,542	-4,518	-3,589	-5,842	-5,280	-4,952	-2,508	-6,370	-5,274	-4,431	-5,173	-5,411	-3,552	-4,904	-4,515
31	Other .....	-28,852	-35,572	-7,391	-6,179	-8,658	-6,624	-9,073	-10,211	-8,777	-7,411	-6,036	-5,705	-7,601	-9,510	-7,821	-10,071	-7,425	-10,254
32	Intercompany debt (line 19) .....	-8,323	-7,433	1,237	-8,531	7,346	-8,374	436	-11,019	1,474	1,677	1,237	-8,531	7,346	-8,374	436	-11,019	1,474	1,677
33	Petroleum .....	-963	1,266	947	-1,722	419	-807	435	35	-286	1,082	947	-1,722	419	-807	435	35	-286	1,082
34	Manufacturing .....	1,743	-2,893	1,987	-772	-1,953	937	-2,693	-678	1,521	-1,042	1,987	-772	-1,953	937	-2,693	-678	1,521	-1,042
35	Other .....	-9,102	-5,807	-1,698	-7,581	8,880	-8,704	2,694	-10,376	239	1,637	-1,698	-7,581	8,880	-8,704	2,694	-10,376	239	1,637
36	Royalties and license fees, before deduction of withholding taxes, net .....	21,363	21,235	5,115	5,185	5,189	5,742	5,296	5,173	5,168	5,593	5,415	5,299	5,369	5,281	5,600	5,280	5,210	5,145
37	U.S. parents' receipts (table 1, part of line 8) .....	21,916	21,977	5,232	5,322	5,456	5,907	5,450	5,345	5,360	5,589	5,415	5,436	5,505	5,445	5,755	5,582	5,402	5,369
38	U.S. parents' payments (table 1, part of line 22) .....	-554	-742	-117	-137	-136	-164	-155	-172	-192	-224	-117	-137	-136	-164	-155	-172	-192	-224
39	Other private services, before deduction of withholding taxes, net .....	6,259	6,367	1,686	1,606	1,479	1,488	1,757	1,626	1,542	1,442	1,580	1,641	1,475	1,564	1,643	1,657	1,525	1,541
40	U.S. parents' receipts (table 1, part of line 9) .....	13,763	14,997	3,400	3,389	3,358	3,617	3,521	3,756	3,719	4,001	3,494	3,429	3,410	3,431	3,623	3,602	3,776	3,796
41	U.S. parents' payments (table 1, part of line 23) .....	-7,505	-8,630	-1,714	-1,783	-1,879	-2,129	-1,764	-2,130	-2,177	-2,559	-1,914	-1,788	-1,935	-1,867	-1,979	-2,145	-2,251	-2,255
<b>Foreign direct investment in the United States:</b>																			
42	Income with current-cost adjustment, before deduction of withholding taxes (table 1, line 26) .....	-32,132	-41,527	-6,488	-8,184	-9,905	-7,554	-8,175	-10,561	-11,958	-10,833	-6,842	-7,873	-9,612	-7,805	-8,538	-10,241	-11,666	-11,081
43	Earnings .....	-24,211	-31,308	-5,259	-6,079	-7,569	-5,304	-6,065	-7,789	-9,298	-8,157	-5,612	-5,767	-7,276	-5,555	-6,429	-7,469	-9,006	-8,404
44	Distributed earnings .....	-12,024	-10,953	-2,652	-2,496	-2,131	-4,745	-2,141	-3,447	-2,037	-3,330	-2,792	-2,639	-2,439	-4,155	-2,200	-3,875	-2,299	-2,879
45	Reinvested earnings .....	-12,187	-20,355	-2,607	-3,583	-5,438	-559	-3,924	-4,342	-7,262	-4,827	-2,821	-3,129	-4,836	-1,400	-4,229	-3,954	-6,709	-5,525
46	Interest <sup>1</sup> .....	-7,921	-10,217	-1,230	-2,105	-2,336	-2,250	-2,110	-2,772	-2,660	-2,677	-2,330	-2,105	-2,336	-2,250	-2,110	-2,772	-2,660	-2,677
47	U.S. affiliates' payments .....	-13,220	-15,904	-2,935	-3,077	-3,596	-3,612	-3,437	-4,069	-4,167	-4,232	-2,935	-3,077	-3,596	-3,612	-3,436	-4,069	-4,167	-4,232
48	U.S. affiliates' receipts .....	5,299	5,687	1,706	972	1,260	1,363	1,327	1,297	1,507	1,556	1,706	972	1,260	1,363	1,327	1,297	1,507	1,556
49	Less: Current-cost adjustment .....	1,873	1,900	468	468	468	468	471	473	476	480	468	468	468	468	471	473	476	480
50	Less: Withholding taxes .....	-245	-186	-47	-38	-64	-96	-39	-44	-51	-53	-47	-38	-64	-96	-38	-44	-51	-53
51	Equals: Income without current-cost adjustment, after deduction of withholding taxes <sup>2</sup> .....	-33,759	-43,240	-6,909	-8,615	-10,309	-7,927	-8,607	-10,990	-12,383	-11,260	-7,263	-8,303	-10,016	-8,178	-8,971	-10,670	-12,091	-11,509
52	Petroleum .....	-4,190	-4,839	-704	-988	-1,426	-1,072	-1,182	-1,126	-1,377	-1,155	-704	-988	-1,426	-1,072	-1,182	-1,126	-1,377	-1,155
53	Manufacturing .....	-17,262	-20,093	-3,562	-4,863	-4,662	-4,176	-4,189	-5,638</										

Table 6.—Securities Transactions

[Millions of dollars]

Line	(Credits +; debits -)	1996	1997 <sup>a</sup>	Not seasonally adjusted							
				1996				1997			
				I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>r</sup>
A1	<b>Foreign securities, net U.S. purchases (-), (table 1, line 45 or lines 2 + 13 below)</b>	<b>-108,189</b>	<b>-79,287</b>	<b>-34,455</b>	<b>-20,328</b>	<b>-23,206</b>	<b>-30,200</b>	<b>-14,510</b>	<b>-21,841</b>	<b>-39,214</b>	<b>-3,722</b>
2	<b>Stocks, net U.S. purchases</b>	<b>-58,786</b>	<b>-37,984</b>	<b>-22,520</b>	<b>-17,519</b>	<b>-8,164</b>	<b>-10,583</b>	<b>-11,757</b>	<b>-13,257</b>	<b>-15,561</b>	<b>2,591</b>
3	New issues in the United States	-11,353	-13,045	-2,920	-4,908	-1,342	-2,183	-2,007	-2,377	-3,305	-5,356
4	Of which Western Europe	-5,796	-3,454	-757	-3,341	-644	-1,054	-547	-757	-787	-1,363
5	Canada	(D)	(D)	-645	-561	(D)	(D)	(D)	-56	-182	-1,172
6	Latin America	(D)	(D)	-394	-92	-119	-503	(D)	-917	-1,555	-99
7	Transactions in outstanding stocks, net	-47,433	-24,939	-19,600	-12,611	-6,822	-8,400	-9,750	-10,880	-12,256	7,948
8	Western Europe	-25,408	-9,810	-6,919	-6,917	-5,088	-6,484	-4,824	664	-7,113	1,463
9	Of which United Kingdom	-12,983	-15,876	-2,054	-4,843	-1,958	-4,128	-3,122	-2,378	-8,057	-2,319
10	Canada	-2,152	289	-889	-933	372	-702	1,506	-804	-1,494	1,081
11	Japan	-9,561	-9,384	-7,929	-2,527	-102	997	-1,320	-8,642	-3,052	4,229
12	Other	-10,312	-6,034	-3,863	-2,234	-2,004	-2,211	-4,512	-2,099	-597	1,175
13	<b>Bonds, net U.S. purchases</b>	<b>-49,403</b>	<b>-41,299</b>	<b>-11,935</b>	<b>-2,809</b>	<b>-15,042</b>	<b>-19,617</b>	<b>-2,753</b>	<b>-8,583</b>	<b>-23,650</b>	<b>-6,313</b>
14	New issues in the United States	-52,472	-66,527	-12,895	-8,411	-13,800	-17,366	-14,959	-15,476	-23,554	-12,538
15	By issuer:										
16	Central governments and their agencies and corporations	-9,867	-9,988	-3,022	-89	-5,517	-1,239	-3,990	-2,861	-2,237	-900
17	Other governments and their agencies and corporations <sup>1</sup>	-10,206	-5,042	-2,716	-1,587	-1,014	-4,889	-910	-1,111	-3,899	-122
18	Private corporations	-31,280	-50,710	-6,957	-6,725	-6,423	-11,175	-9,859	-12,504	-16,831	-11,516
19	International financial institutions <sup>2</sup>	-1,119	-787	-200	-10	-846	-63	-200		-587	
20	By area:										
21	Western Europe	-11,380	-18,121	-3,942	-1,420	-1,989	-4,029	-4,023	-2,614	-5,518	-5,966
22	Canada	-7,531	-6,229	-3,042	-963	-1,493	-2,033	-1,220	-1,668	-2,065	-1,276
23	Japan	-197	-135	-197							-135
24	Latin America	-16,169	-19,443	-3,330	-2,785	-6,518	-3,536	-5,825	-5,245	-6,837	-1,536
25	Other countries	-16,076	-22,339	-2,381	-3,036	-2,954	-7,705	-3,691	-5,949	-9,134	-3,625
26	International financial institutions <sup>2</sup>	-1,119	-200	-200	-10	-846	-63	-200			
27	Redemptions of U.S.-held foreign bonds <sup>3</sup>	16,176	15,912	3,475	3,438	4,500	4,763	3,633	1,566	3,947	6,766
28	Western Europe	6,125	4,853	2,508	977	1,578	1,062	888	274	988	2,704
29	Canada	3,141	3,019	388	1,206	983	564	678	493	1,042	806
30	Other countries	5,813	4,684	579	1,230	1,764	2,240	517	701	1,403	2,062
31	International financial institutions <sup>2</sup>	1,097	3,357		25	175	897	1,550	99	515	1,193
32	Other transactions in outstanding bonds, net <sup>3</sup>	-13,107	9,315	-2,515	2,164	-5,742	-7,014	8,573	5,327	-4,043	-541
33	Western Europe	-20,645	2,957	-1,820	1,491	-10,458	-9,858	5,141	7,206	-7,343	-2,048
34	Of which United Kingdom	-17,577	-2,292	-2,668	4,818	-8,872	-10,855	2,848	5,710	-8,950	-1,900
35	Canada	1,524	751	-356	1,148	2,057	1,325	1,518	-392	-1,718	1,342
36	Japan	3,419	-1,015	-478	-589	3,216	1,270	-1,471	-1,591	514	1,533
37	Other	2,595	6,623	139	114	-557	2,899	3,385	103	4,503	-1,369
B1	<b>U.S. securities, excluding Treasury securities and transactions of foreign official agencies, net foreign purchases (+), (table 1, line 59 or lines 2 + 10 below)</b>	<b>133,798</b>	<b>189,273</b>	<b>36,475</b>	<b>29,761</b>	<b>35,115</b>	<b>32,447</b>	<b>38,820</b>	<b>51,682</b>	<b>60,409</b>	<b>38,362</b>
2	<b>Stocks, net foreign purchases</b>	<b>12,604</b>	<b>66,907</b>	<b>3,530</b>	<b>6,068</b>	<b>1,681</b>	<b>1,325</b>	<b>10,223</b>	<b>21,675</b>	<b>23,209</b>	<b>11,800</b>
3	By area:										
4	Western Europe	6,307	56,735	2,129	491	3,273	414	10,579	14,384	15,088	16,684
5	Of which Germany	1,252	8,984	277	352	542	81	2,727	2,090	2,018	2,149
6	Switzerland	2,606	7,672	736	531	1,008	331	1,331	1,996	1,030	3,315
7	United Kingdom	3,942	21,287	-682	120	1,484	3,020	3,231	5,949	6,625	5,483
8	Canada	2,156	-1,176	1,059	-274	-35	1,406	1,130	1,555	-1,182	
9	Japan	-443	4,665	-807	2,309	-1,314	-631	-2,340	4,151	1,398	1,456
10	Other	4,584	6,683	1,149	3,542	-243	136	854	2,985	8,002	-5,158
11	<b>Corporate and other bonds, net foreign purchases</b>	<b>121,194</b>	<b>122,368</b>	<b>32,945</b>	<b>23,693</b>	<b>33,434</b>	<b>31,122</b>	<b>28,597</b>	<b>30,007</b>	<b>37,202</b>	<b>26,562</b>
12	By type:										
13	New issues sold abroad by U.S. corporations	53,445	80,133	13,511	11,643	13,716	14,575	20,740	23,719	27,476	8,198
14	U.S. federally-sponsored agency bonds, net	44,558	39,538	14,392	5,662	12,162	12,342	7,422	9,624	12,470	10,023
15	Other outstanding bonds, net	23,191	2,697	5,042	6,388	7,556	4,205	435	-3,336	-2,744	8,341
16	By area:										
17	Western Europe	74,561	71,860	21,356	16,090	20,656	16,459	20,368	18,142	23,658	9,693
18	Of which Germany	5,218	1,554	2,329	1,658	1,237	-6	400	109	1,476	-431
19	Switzerland	888	284	-60	271	785	-108	-151	147	-1,202	1,490
20	United Kingdom	54,991	57,160	14,963	10,462	15,366	14,200	18,239	15,087	18,460	5,374
21	Canada	3,902	6,205	504	1,420	1,000	978	1,794	822	1,498	2,091
22	Japan	13,749	9,393	984	2,601	5,464	4,700	3,339	3,251	4,243	-1,440
23	Other countries	28,941	34,842	10,026	3,593	6,323	8,999	3,097	7,789	7,803	16,152
24	International financial institutions <sup>2</sup>	41	64	75	-11	-9	-14	-1	3	-4	66
<b>Memoranda:</b>											
Other foreign transactions in marketable, long-term U.S. securities included elsewhere in international transactions accounts:											
Foreign official assets in the United States (lines in table 9):											
1	U.S. Treasury marketable bonds (line A4)	86,875	42,815	26,044	8,087	30,404	22,340	25,060	20,534	8,913	-11,692
2	Other U.S. Government securities (line A6)	4,381	4,048	52	1,258	1,217	1,854	651	644	2,667	86
3	U.S. corporate and other bonds (part of line A14)	1,636	1,121	-9	831	905	-91	365	16	642	98
4	U.S. stocks (part of line A14)	-358	-1,806	-202	454	-2,490	1,880	-3,590	884	-9	909
5	Other foreign transactions in U.S. Treasury bonds and notes (table 9, line B5)	157,259	152,195	11,500	30,538	44,479	70,742	48,222	37,106	33,845	33,022

See footnotes on page 91.

Table 7.—Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns

[Millions of dollars]

Line	(Credits +; increase in U.S. liabilities or decrease in U.S. assets. Debits -; decrease in U.S. liabilities or increase in U.S. assets.)	1996	1997 <sup>p</sup>	Not seasonally adjusted								Amounts outstanding Dec. 31, 1997
				1996				1997				
				I	II	III	IV	I	II	III <sup>p</sup>	IV <sup>1</sup>	
A1	<b>Claims, total (table 1, line 46)</b>	<b>-64,234</b>	<b>-76,298</b>	<b>-15,778</b>	<b>-5,047</b>	<b>-17,294</b>	<b>-26,115</b>	<b>-29,466</b>	<b>-3,984</b>	<b>-17,848</b>	<b>-25,000</b>	<b>449,040</b>
2	Financial claims	-61,568	-76,021	-16,257	-4,832	-17,774	-22,705	-30,369	-4,005	-16,647	-25,000	420,239
3	Denominated in U.S. dollars	-41,661	-61,437	-4,470	-4,891	-8,639	-23,661	-26,035	2,596	-12,998	-25,000	332,387
4	Denominated in foreign currencies	-19,907	-14,583	-11,787	59	-9,135	956	-4,334	-6,601	-3,648		87,852
5	By type: Deposits <sup>2</sup>	-60,856	-75,859	-16,147	-4,672	-17,563	-22,474	-30,823	-3,749	-16,287	-25,000	415,206
6	Other claims <sup>2,3</sup>	-712	-162	-110	-160	-211	-231	454	-256	-360		5,033
7	By area: Industrial countries <sup>4</sup>	-29,780	-26,878	-14,987	6,319	-8,112	-13,000	-16,197	-2,656	-8,025		168,270
8	Of which United Kingdom	-18,167	-15,681	-10,672	3,180	-4,072	-6,603	-8,873	-4,827	-1,981		80,468
9	Canada	-1,061	2,814	-141	55	3,126	-4,101	894	2,843	-923		8,418
10	Caribbean banking centers <sup>5</sup>	-30,719	-48,294	-1,234	-10,854	-9,399	-9,232	-14,279	-957	-8,058	-25,000	238,835
11	Other	-1,069	-848	-36	-297	-263	-473	107	-392	-563		13,134
12	Commercial claims	-2,666	-278	479	-215	480	-3,410	903	21	-1,202		28,802
13	Denominated in U.S. dollars	-2,657	168	410	-166	432	-3,333	916	148	-896		27,060
14	Denominated in foreign currencies	-9	-446	69	-49	48	-77	-13	-127	-306		1,742
15	By type: Trade receivables	-2,227	673	875	-153	266	-3,215	1,015	-52	-290		25,148
16	Advance payments and other claims	-439	-951	-396	-62	214	-195	-112	73	-912		3,654
17	By area: Industrial countries <sup>4</sup>	-1,161	-348	-231	-72	645	-1,503	485	159	-992		16,071
18	Members of OPEC <sup>6</sup>	-278	29	-100	120	-91	-207	68	83	-122		1,979
19	Other	-1,227	41	810	-263	-74	-1,700	350	-221	-88		10,752
B1	<b>Liabilities, total (table 1, line 60)</b>	<b>31,786</b>	<b>44,740</b>	<b>6,800</b>	<b>7,288</b>	<b>20,610</b>	<b>-2,912</b>	<b>15,210</b>	<b>-7,916</b>	<b>22,046</b>	<b>15,400</b>	<b>321,788</b>
2	Financial liabilities	26,194	41,780	5,774	7,108	18,375	-5,063	13,863	-8,161	20,678	15,400	287,212
3	Denominated in U.S. dollars	12,420	47,270	3,574	3,100	11,156	-5,410	11,301	-3,713	24,282	15,400	252,462
4	Denominated in foreign currencies	13,774	-1,490	2,200	4,008	7,219	347	2,562	-448	-3,604		34,750
5	By area: Industrial countries <sup>4</sup>	27,031	18,900	10,054	6,530	10,247	200	11,177	-1,118	8,841		94,490
6	Of which United Kingdom	25,140	20,721	7,757	7,738	9,176	469	11,896	167	8,658		82,714
7	Caribbean banking centers <sup>5</sup>	-657	22,600	-4,105	900	7,897	-5,349	2,300	-7,000	11,900	15,400	176,000
8	Other	-180	280	-175	-322	231	86	386	-43	-63		16,722
9	Commercial liabilities	5,592	2,960	1,026	180	2,235	2,151	1,347	245	1,368		34,576
10	Denominated in U.S. dollars	5,919	2,896	1,338	102	2,356	2,123	1,434	236	1,226		33,405
11	Denominated in foreign currencies	-327	64	-312	78	-121	28	-87	9	142		1,171
12	By type: Trade payables	1,506	-1,761	-198	266	524	914	-1,200	-393	-168		10,954
13	Advance receipts and other liabilities	4,086	4,721	1,224	-86	1,711	1,237	2,547	638	1,536		23,622
14	By area: Industrial countries <sup>4</sup>	3,967	1,511	1,371	-143	1,217	1,522	637	46	828		15,802
15	Members of OPEC <sup>6</sup>	632	1,095	-225	304	260	293	308	131	656		4,005
16	Other	993	354	-120	19	758	336	402	68	-116		14,769

See footnotes on page 91.

**Table 8.—Claims on Foreigners Reported by U.S. Banks**  
[Millions of dollars]

Line	(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)	1996	1997 <sup>p</sup>	Not seasonally adjusted								Amounts outstanding Dec. 31, 1997
				1996				1997				
				I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>r</sup>	
1	<b>Total, net (table 1, line 47)</b> .....	<b>-98,186</b>	<b>-151,076</b>	<b>1,868</b>	<b>192</b>	<b>-33,589</b>	<b>-66,657</b>	<b>-62,026</b>	<b>-27,947</b>	<b>-30,602</b>	<b>-30,501</b>	<b>1,004,111</b>
2	By type:											
	Banks' own claims .....	-62,878	-125,038	5,304	-1,932	-11,136	-55,114	-44,047	-26,233	-11,673	-43,085	787,491
3	Payable in dollars .....	-68,258	-104,231	1,257	-4,736	-8,734	-56,045	-35,969	-14,957	-5,219	-48,086	704,762
	By borrower:											
	Claims on:											
4	own foreign offices .....	-35,084	-86,107	9,811	-9,802	-4,170	-30,923	-17,832	-19,085	4,983	-54,173	428,616
5	unaffiliated foreign banks .....	-11,929	4,432	-2,107	-1,814	-4,033	-3,975	-4,891	-1,083	14,796	-4,390	109,139
6	foreign public borrowers <sup>1</sup> .....	294	1,441	-5,338	4,775	153	704	-6,657	-530	-888	9,516	20,771
7	other private foreigners .....	-21,539	-23,997	-1,109	2,105	-684	-21,851	-6,589	5,741	-24,110	961	146,236
	By bank ownership: <sup>2</sup>											
	U.S.-owned banks' claims on:											
8	own foreign offices .....	-17,794	-23,612	-1,317	582	-5,814	-11,245	7,062	3,428	2,433	-36,535	166,653
9	unaffiliated foreign banks .....	-11,568	11,745	3,727	-6,760	-4,784	-3,751	1,591	600	7,676	1,878	38,885
10	other foreigners .....	-11,389	-15,137	-4,213	7,364	3,991	-18,531	-1,634	2,992	-13,963	-2,532	107,549
	Foreign-owned banks' claims on:											
11	own foreign offices .....	-17,290	-62,495	11,128	-10,384	1,644	-19,678	-24,894	-22,513	2,550	-17,638	261,963
12	unaffiliated foreign banks .....	-361	-7,313	-5,834	4,946	751	-224	-6,482	-1,683	7,120	-6,268	70,254
13	other foreigners .....	-9,856	-7,419	-2,234	-484	-4,522	-2,616	-11,612	2,219	-11,035	13,009	59,458
14	Payable in foreign currencies .....	5,380	-20,807	4,047	2,804	-2,402	931	-8,078	-11,276	-6,454	5,001	82,729
15	Banks' domestic customers' claims .....	-35,308	-26,038	-3,436	2,124	-22,453	-11,543	-17,979	-1,714	-18,929	12,584	216,620
16	Payable in dollars .....	-26,840	-27,513	-3,197	3,294	-22,617	-4,320	-19,600	221	-18,984	10,850	208,144
17	Deposits .....	-19,131	-7,907	-10,431	-1,453	-10,292	3,045	-17,474	556	-7,092	16,103	85,580
18	Foreign commercial paper <sup>3</sup> .....	-10,668	-6,897	3,577	-2,142	-10,163	-1,940	-1,107	1,211	-8,271	-1,270	72,901
19	Other negotiable and readily transferable instruments <sup>4</sup> .....	-1,993	-5,207	1,387	5,377	-2,060	-6,697	-1,153	-1,508	-2,967	-1,885	27,006
20	Outstanding collections and other .....	4,952	-7,502	2,270	1,512	-102	1,272	-2,172	-38	-654	-4,638	22,657
21	Payable in foreign currencies .....	-8,468	1,475	-239	-1,170	164	-7,223	1,621	-1,935	55	1,734	8,476
	By area:											
22	Industrial countries <sup>5</sup> .....	-52,753	-71,511	12,303	-8,637	-33,987	-22,432	-61,572	-3,218	4,093	-10,814	512,160
23	Western Europe .....	-40,870	-70,579	-700	-7,479	-24,806	-7,885	-50,727	1,681	-19,244	-2,289	355,762
24	Of which United Kingdom .....	-17,842	-31,239	-4,309	1,857	-16,076	686	-21,261	3,574	-82	-13,470	169,394
25	Canada .....	-10,760	-4,031	2,487	-4,189	-6,129	-2,929	-12,749	-2,552	14,165	-2,895	56,510
26	Japan .....	2,305	3,773	10,724	2,416	-210	-10,625	1,468	-1,208	7,829	-4,316	86,616
27	Other .....	-3,428	-674	-208	615	-2,842	-993	436	-1,139	1,343	-1,314	13,272
28	Caribbean banking centers <sup>6</sup> .....	-17,366	-64,338	-2,497	14,461	-3,663	-25,667	8,308	-16,988	-33,307	-22,351	306,746
29	Other areas .....	-28,067	-15,227	-7,938	-5,632	4,061	-18,558	-8,762	-7,741	-1,388	2,664	185,205
30	Of which Members of OPEC, included below <sup>7</sup> .....	-589	-2,665	2,609	-733	-1,862	-603	-197	-122	1,219	-3,565	18,780
31	Latin America .....	-10,505	-15,269	677	-675	-1,449	-9,058	144	-4,427	-2,518	-8,468	96,177
32	Asia .....	-15,430	-2,600	-4,914	-7,494	4,729	-7,751	-4,920	-5,174	2,422	5,072	78,995
33	Africa .....	128	-456	-78	-30	213	23	-61	-571	82	94	3,238
34	Other <sup>8</sup> .....	-2,260	3,098	-3,623	2,567	568	-1,772	-3,925	2,431	-1,374	5,966	6,795
	<b>Memoranda:</b>											
1	International banking facilities' (IBF's) own claims, payable in dollars (lines 1-13 above) .....	-17,199	-34,681	3,223	1,012	2,326	-23,760	-10,367	-2,403	2,728	-24,639	254,277
	By borrower:											
	Claims on:											
2	own foreign offices .....	-15,723	-21,247	6,264	-3,304	2,744	-21,427	-4,188	1,574	-634	-17,999	152,186
3	unaffiliated foreign banks .....	563	-3,396	-3,870	4,443	-525	515	-3,854	-4,703	5,534	-373	59,095
4	foreign public borrowers .....	1,495	-289	859	963	145	-472	339	670	-86	-1,212	6,868
5	all other foreigners .....	-3,534	-9,749	-30	-1,090	-38	-2,376	-2,664	56	-2,086	-5,055	36,128
	By bank ownership: <sup>2</sup>											
6	U.S.-owned IBF's .....	4,872	-4,009	-278	-141	3,309	1,982	-1,341	2,430	1,484	-6,582	61,948
7	Foreign-owned IBF's .....	-22,071	-30,672	3,501	1,153	-983	-25,742	-9,026	-4,833	1,244	-18,057	192,329
8	Banks' dollar acceptances payable by foreigners .....	-1214	825	-622	-303	-61	-228	-810	-235	583	1287	9587

See footnotes on page 91.

Table 9.—Foreign Official Assets and Other Foreign Assets in the United States Reported by U.S. Banks

[Millions of dollars]

Line	(Credits +; increase in foreign assets. Debits -; decrease in foreign assets.)	1996	1997 <sup>p</sup>	Not seasonally adjusted								Amounts outstanding Dec. 31, 1997
				1996				1997				
				I	II	III	IV	I	II	III <sup>r</sup>	IV <sup>p</sup>	
A1	<b>Foreign official assets in the United States, net (table 1, line 49)</b> .....	<b>122,354</b>	<b>18,157</b>	<b>52,014</b>	<b>13,154</b>	<b>24,089</b>	<b>33,097</b>	<b>28,891</b>	<b>-5,374</b>	<b>21,867</b>	<b>-27,227</b>	<b>808,319</b>
	By type:											
2	U.S. Treasury securities (table 1, line 51) .....	111,253	-7,019	55,600	-3,383	25,472	33,564	23,289	-12,108	6,686	-24,886	575,735
3	Bills and certificates .....	24,901	-49,805	29,848	-11,211	-5,049	11,313	-1,887	-32,269	-2,340	-13,309	143,630
4	Bonds and notes, marketable .....	86,875	42,815	26,044	8,087	30,404	22,340	25,060	20,534	8,913	-11,692	426,166
5	Bonds and notes, nonmarketable .....	-523	-29	-292	-259	117	-89	116	-373	113	115	5,939
6	Other U.S. Government securities (table 1, line 52) .....	4,381	4,048	52	1,258	1,217	1,854	651	644	2,667	86	33,678
7	Other U.S. Government liabilities (table 1, line 53) .....	720	539	-143	-204	907	160	478	654	-510	-83	27,503
8	U.S. liabilities reported by U.S. banks, not included elsewhere (table 1, line 54) .....	4,722	21,274	-3,284	14,198	-1,922	-4,270	7,698	4,536	12,391	-3,351	134,643
9	Banks' liabilities for own account, payable in dollars <sup>1</sup> .....	-4,107	21,369	5,206	3,322	-5,948	-6,687	11,294	6,346	7,674	-3,945	101,962
10	Demand deposits .....	-588	222	-675	788	-162	-539	879	-886	263	566	2,333
11	Time deposits <sup>2</sup> .....	2,947	7,731	1,735	6,464	-4,014	-1,238	-645	7,003	35	1,338	41,408
12	Other liabilities <sup>3</sup> .....	-6,467	12,816	4,146	-3,930	-1,772	-4,911	11,060	229	7,376	-5,849	58,221
13	Banks' custody liabilities, payable in dollars <sup>1,3</sup> .....	8,829	-95	-8,490	10,876	4,026	2,417	-3,596	-1,810	4,717	594	32,681
14	Other foreign official assets (table 1, line 55) .....	1,278	-685	-211	1,285	-1,585	1,789	-3,225	900	633	1,007	36,760
	By area (see text table C):											
B1	<b>Other foreign assets in the United States, net (table 1, lines 58 and 61)</b> .....	<b>182,662</b>	<b>330,399</b>	<b>-22,933</b>	<b>38,471</b>	<b>52,838</b>	<b>114,286</b>	<b>68,676</b>	<b>78,015</b>	<b>53,021</b>	<b>130,687</b>	<b>1,886,869</b>
	By type:											
2	U.S. Treasury securities and US currency flows (line 58) .....	172,878	187,854	10,602	36,152	50,798	75,326	51,289	49,915	42,919	43,731	924,312
3	U.S. Treasury securities .....	155,578	163,068	13,002	31,652	43,398	67,526	47,805	45,093	36,339	33,831	689,926
4	Bills and certificates .....	-1,681	10,873	1,502	1,114	-1,081	-3,216	-417	7,987	2,494	809	45,145
5	Marketable bonds and notes .....	157,259	152,195	11,500	30,538	44,479	70,742	48,222	37,106	33,845	33,022	644,781
6	U.S. currency flows .....	17,300	24,786	-2,400	4,500	7,400	7,800	3,484	4,822	6,580	9,900	234,386
7	U.S. liabilities reported by U.S. banks (line 61) .....	9,784	142,545	-33,535	2,319	2,040	38,960	17,387	28,100	10,102	86,956	962,557
8	Banks' own liabilities <sup>1</sup> .....	7,037	115,990	-29,897	2,107	295	34,532	21,543	11,401	-1,056	84,102	892,411
9	Payable in dollars .....	9,657	96,267	-28,944	-2,991	686	40,906	12,564	12,258	-12,102	83,547	775,673
	By account:											
10	Liabilities to own foreign offices .....	5,238	82,508	-21,934	-10,350	-7,473	44,995	12,012	5,050	-8,050	73,496	484,056
	Liabilities to unaffiliated foreigners:											
11	demand deposits .....	3,172	4,614	-418	3,226	-1,703	2,067	150	2,759	-1,476	3,181	29,768
12	time deposits .....	-6,788	-1,625	-872	-10,429	7,083	-2,570	2,519	-9,110	536	4,430	152,021
13	other liabilities <sup>2</sup> .....	8,035	10,770	-5,720	14,562	2,779	-3,586	-2,117	13,559	-3,112	2,440	109,828
	By holder:											
	Liabilities to:											
14	own foreign offices .....	5,238	82,508	-21,934	-10,350	-7,473	44,995	12,012	5,050	-8,050	73,496	484,056
15	unaffiliated foreign banks .....	-10,077	-3,490	-6,418	140	3,046	-6,845	-7,099	3,217	-5,520	5,912	157,570
16	other private foreigners .....	11,488	19,295	1,161	4,899	2,184	3,244	9,213	2,303	3,440	4,339	122,723
17	international financial institutions <sup>4</sup> .....	3,008	-2,046	-1,753	2,320	2,929	-488	-1,562	1,688	-1,972	-200	11,324
	By bank ownership: <sup>5</sup>											
	U.S.-owned banks' liabilities to:											
18	own foreign offices .....	-12,363	41,823	-13,019	-7,698	-4,562	12,916	3,268	-2,649	674	40,530	196,725
19	unaffiliated foreign banks .....	4,374	-3,905	2,241	6,811	-293	-4,385	-2,274	7,377	-695	-8,313	39,076
20	other private foreigners and international financial institutions <sup>4</sup> .....	8,175	13,064	-3,102	9,191	-2,576	4,662	224	4,151	1,843	6,846	85,242
	Foreign-owned banks' liabilities to:											
21	own foreign offices .....	17,601	40,685	-8,915	-2,652	-2,911	32,079	8,744	7,699	-8,724	32,966	287,331
22	unaffiliated foreign banks .....	-14,451	4,415	-8,659	-6,671	3,339	-2,460	-4,825	-4,160	-4,825	14,225	118,494
23	other private foreigners and international financial institutions <sup>4</sup> .....	6,321	4,185	2,510	-1,972	7,689	-1,906	7,427	-160	-375	-2,707	48,805
24	Payable in foreign currencies .....	-2,620	19,723	-953	5,098	-391	-6,374	8,979	-857	11,046	555	116,738
25	Banks' custody liabilities, payable in dollars <sup>1,3</sup> .....	2,747	26,555	-3,638	212	1,745	4,428	-4,156	16,699	11,158	2,854	70,146
26	Of which negotiable and readily transferable instruments .....	3,093	22,058	-3,084	115	2,023	4,039	-4,644	13,989	10,812	1,901	60,272
27	U.S. Treasury securities and U.S. liabilities reported by U.S. banks, by area <sup>6</sup> .....	165,362	305,613	-20,533	33,971	45,438	106,486	65,192	73,193	46,441	120,787	1,652,483
28	Industrial countries <sup>7</sup> .....	100,586	234,812	1,662	22,833	24,824	51,267	46,261	51,104	44,941	92,506	1,033,785
29	Western Europe .....	92,042	192,633	3,263	19,077	25,747	43,955	30,073	37,760	58,925	65,875	736,949
30	Canada .....	10,326	-9,133	4,434	3,574	-243	2,561	-696	5,013	-9,634	-3,816	42,067
31	Other .....	-1,782	51,312	-6,035	182	-680	4,751	16,884	8,331	-4,350	30,447	254,769
32	Caribbean banking centers <sup>8</sup> .....	41,832	36,479	-20,485	6,618	5,184	50,515	5,708	14,426	-1,692	18,037	387,598
33	Other areas .....	22,944	34,322	-1,710	4,520	15,430	4,704	13,223	7,663	3,192	10,244	231,100
34	Of which Members of OPEC, included below <sup>9</sup> .....	3,537	485	796	586	2,466	-311	1,181	-373	265	-588	33,972
35	Latin America .....	8,066	3,124	1,073	2,342	2,351	2,300	-747	-509	226	4,154	57,161
36	Asia .....	17,755	27,764	3,848	2,046	10,559	1,302	15,072	2,224	5,358	5,110	136,302
37	Africa .....	216	1,112	-62	-48	140	186	131	802	-171	350	7,767
38	Other <sup>10</sup> .....	-3,093	2,322	-6,569	180	2,380	916	-1,233	5,146	-2,221	630	29,870
	<b>Memoranda:</b>											
1	International banking facilities' (IBF's) own liabilities, payable in dollars (in lines A9, and B9 above) .....	-16,782	53,650	-5,842	-8,316	-13,832	11,208	-2,109	8,175	344	47,240	406,465
	By holder:											
	Liabilities to:											
2	own foreign offices .....	-2,699	46,641	-1,445	-7,696	-10,311	16,753	5,691	44	3,064	37,842	208,135
3	unaffiliated foreign banks .....	-18,151	-6,418	-7,420	-7,155	-701	-2,875	-5,664	-5,335	-2,926	7,507	113,892
4	foreign official agencies .....	974	16,230	1,414	7,508	-4,961	-2,987	-1,038	12,247	2,467	2,554	56,538
5	other private foreigners and international financial institutions <sup>4</sup> .....	3,094	-2,803	1,609	-973	2,141	317	-1,098	1,219	-2,261	-663	27,900
	By bank ownership: <sup>5</sup>											
6	U.S.-owned IBF's .....	-13,645	-3,114	2,030	-1,857	-16,065	2,247	-3,755	-4,906	-2,254	7,801	66,527
7	Foreign-owned IBF's .....	-3,137	56,764	-7,872	-6,459	2,233	8,961	1,646	13,081	2,598	39,439	339,938
8	Negotiable certificates of deposit held for foreigners <sup>1</sup> (in lines A13 and B26 above) .....	831	1,517	902	-360	821	-532	-602	1,844	101	174	16,046

See footnotes on page 91.

FOOTNOTES TO U.S. INTERNATIONAL TRANSACTIONS TABLES 1-10

General notes for all tables: <sup>P</sup> Preliminary. <sup>R</sup> Revised. \*Less than \$500,000 (±)  
<sup>D</sup> Suppressed to avoid disclosure of data of individual companies.

- Table 1:**
- Credits, +: Exports of goods, services, and income; unilateral transfers to United States; capital inflows (increase in foreign assets (U.S. liabilities) or decrease in U.S. assets); decrease in U.S. official reserve assets; increase in foreign official assets in the United States.
  - Debits, -: Imports of goods, services, and income; unilateral transfers to foreigners; capital outflows (decrease in foreign assets (U.S. liabilities) or increase in U.S. assets); increase in U.S. official reserve assets; decrease in foreign official assets in the United States.
  - Excludes exports of goods under U.S. military agency sales contracts identified in Census export documents, excludes imports of goods under direct defense expenditures identified in Census import documents, and reflects various other adjustments (for valuation, coverage, and timing) of Census statistics to balance of payments basis; see table 2.
  - Includes some goods. Mainly military equipment in line 4; major equipment, other materials, supplies, and petroleum products purchased abroad by U.S. military agencies in line 18; and fuels purchased by airline and steamship operators in lines 7 and 21.
  - Includes transfers of goods and services under U.S. military grant programs.
  - Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents. The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.
  - Beginning in 1982, the "other transfers" component includes taxes paid by U.S. private residents to foreign governments and taxes paid by private nonresidents to the U.S. Government.
  - For all areas, amounts outstanding December 31, 1997, were as follows in millions of dollars: Line 34, 69,955; line 35, 11,047; line 36, 10,027; line 37, 18,071; line 38, 30,809. Data are preliminary.
  - Includes sales of foreign obligations to foreigners.
  - Consists of bills, certificates, marketable bonds and notes, and nonmarketable convertible and nonconvertible bonds and notes.
  - Consists of U.S. Treasury and Export-Import Bank obligations, not included elsewhere, and of debt securities of U.S. Government corporations and agencies.
  - Includes, primarily, U.S. Government liabilities associated with military agency sales contracts and other transactions arranged with or through foreign official agencies; see table 4.
  - Consists of investments in U.S. corporate stocks and in debt securities of private corporations and State and local governments.
  - Conceptually, the sum of lines 70 and 62 is equal to "net foreign investment" in the national income and product accounts (NIPA's). However, the foreign transactions account in the NIPA's (a) includes adjustments to the international transactions accounts for the treatment of gold, (b) includes adjustments for the different geographical treatment of transactions with U.S. territories and Puerto Rico, and (c) includes services furnished without payment by financial pension plans except life insurance carriers and private noninsured pension plans. A reconciliation of the balance on goods and services from the international accounts and the NIPA net exports appears in the "Reconciliation and Other Special Tables" section in this issue of the SURVEY OF CURRENT BUSINESS. A reconciliation of the other foreign transactions in the two sets of accounts appears in table 4.5 of the full set of NIPA tables (published annually in the August issue of the SURVEY).
  - Additional footnotes for historical data in June issues of the SURVEY:
  - For 1974, includes extraordinary U.S. Government transactions with India. See "Special U.S. Government Transactions," June 1974 SURVEY, p. 27.
  - For 1978-83, includes foreign currency-denominated notes sold to private residents abroad.
  - Break in series. See Technical Notes in the June 1989, June 1990, June 1992, June 1993, June 1995, July 1996, and July 1997 issues of the SURVEY.

- Table 2:**
- Exports, Census basis, represent transactions values, f.a.s. U.S. port of exportation, for all years; imports, Census basis, represent Customs values (see Technical Notes in the June 1982 SURVEY), except for 1974-81, when they represent transactions values, f.a.s. foreign port of exportation (see June issues of the SURVEY for historical data).
  - From 1983 forward, both unadjusted and seasonally adjusted data have been prepared by BEA from "actual" and "revised statistical" month data supplied by the Census Bureau (see Technical Notes in the December 1985 SURVEY).
  - Seasonally adjusted data reflect the application of seasonal factors developed jointly by Census and BEA. The seasonally adjusted data are the sum of seasonally adjusted five-digit end-use categories (see Technical Notes in the June 1980 SURVEY, in the June 1988 SURVEY, and in the June 1991 SURVEY). Prior to 1983, annual data are as published by the Census Bureau, except that for 1975-80 published Census data are adjusted to include trade between the U.S. Virgin Islands and foreign countries.
  - Beginning in 1990, the Census Bureau replaced its compiled export statistics with counterpart Canadian import statistics. Similarly, Statistics Canada replaced its compiled export statistics with counterpart U.S. import statistics. This exchange of data has eliminated the need for the inland freight adjustment on U.S. exports, but not on U.S. imports.
  - Adjustments in lines A5 and A13, B12, B47, and B82 reflect the Census Bureau's reconciliation of discrepancies between the goods statistics published by the United States and the counterpart statistics published in Canada. These adjustments are distributed to the affected end-use categories in section C. Beginning in 1986, estimates for undocumented exports to Canada, the largest item in the U.S.-Canadian reconciliation, are included in Census basis data shown in line A1.
  - Exports of military equipment under U.S. military agency sales contracts with foreign governments (line A6), and direct imports by the Department of Defense and the Coast Guard (line A14), to the extent such trade is identifiable from Customs declarations. The exports are included in tables 1 and 10, line 4 (transfers under U.S. military agency sales contracts); the imports are included in tables 1 and 10, line 18 (direct defense expenditures).
  - Addition of electrical energy; deduction of exposed motion picture film for rental rather than sale; net change in stock of U.S.-owned grains in storage in Canada; coverage adjustments for special situations in which shipments were omitted from Census data; deduction of the value of repairs and alterations to foreign-owned equipment shipped to the United States for repair; and the inclusion of fish exported outside of U.S. customs area. Also includes deduction of exports to the Panama Canal Zone before October 1, 1979, and for 1975-82, net timing adjustments for goods recorded in Census data in one period but found to have been shipped in another (see June issues of the SURVEY for historical data).
  - Deduction of foreign charges for repair of U.S. vessels abroad, which are included in tables 1 and 10, line 21 (other transportation); coverage adjustments for special situations in which shipments were omitted from Census data; and the deduction of the value of repairs and alterations to U.S.-owned equipment shipped abroad for repair. Also includes addition of understatement of inland freight in f.a.s. values of U.S. imports of goods from Canada in 1974-81; deduction of imports from the Panama Canal Zone before October 1, 1979; and for 1975-82, net timing adjustments for goods recorded in Census data in one period but found to have been shipped in another (see June issues of the SURVEY for historical data).
  - For 1988-89, correction for the understatement of crude petroleum imports from Canada.
  - Annual and unadjusted quarterly data shown in this table correspond to country and area data in table 10, lines 2 and 16. Trade with international organizations includes purchases of nonmonetary gold from the International Monetary Fund, transfers of tin to the International Tin Council (ITC), and sales of satellites to Intelsat. The memoranda are defined as follows: *Industrial countries:* Western Europe, Canada, Japan, Australia, New Zealand, and South Africa; *Members of OPEC:* Venezuela, Ecuador, Iraq, Iran, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Indonesia, Algeria, Libya, Nigeria, and Gabon (beginning in January 1993, excludes Ecuador); *Other countries:* Eastern Europe, Latin America and Other Western Hemisphere, and other countries in Asia and Africa, less OPEC. Before 1984, complete geographic area detail was not available for some balance of payments adjustments. Therefore, the detail shown does not always sum to the values shown for the area aggregates. For all years, "Asia" and "Africa" exclude certain Pacific Islands and unidentified countries included in "Other countries in Asia and Africa."
  - Includes the former German Democratic Republic (East Germany) beginning in fourth quarter of 1990. In earlier periods, the German Democratic Republic was included in Eastern Europe.
  - Beginning in 1986, New Zealand and South Africa are included in "Other countries in Asia and Africa," with New Zealand included as part of "Asia" and South Africa as part of "Africa."
  - Includes nuclear fuel materials and fuels.

- Table 3:**
- Patented techniques, processes, and formulas and other intangible property rights that are used in goods production.
  - Copyrights, trademarks, franchises, rights to broadcast live events, and other intangible property rights.
  - Other unaffiliated services receipts (exports) include mainly expenditures of foreign governments and international organizations in the United States. Payments (imports) include mainly wages of foreign residents temporarily employed in the United States and Canadian and Mexican commuters in U.S. border areas.

- Table 4:**
- Expenditures to release foreign governments from their contractual liabilities to pay for military goods and services purchased through military sales contracts—first authorized (for Israel) under Public Law 93-199, section 4, and subsequently authorized (for many recipients) under similar legislation—are included in line A3. Deliveries against these military sales contracts are included in line C10; see footnote 2. Of the line A3 items, part of these military expenditures is applied in lines A40 and A43 to reduce short-term assets previously recorded in lines A38 and C8; this application of funds is excluded from lines C3 and C4. A second part of line A3 expenditures finances future deliveries under military sales contracts for the recipient countries and is applied directly to lines A39 and C9. A third part of line A3, disbursed directly to finance purchases by recipient countries from commercial suppliers in the United States, is included in line A34. A fourth part of line A3, representing dollars paid to the recipient countries to finance purchases from countries other than the United States, is included in line A45.
  - Transactions under military sales contracts are those in which the Department of Defense sells and transfers military goods and services to a foreign purchaser, on a cash or credit basis. Purchases by foreigners directly from commercial suppliers are not included as transactions under military sales contracts. The entries for the several categories of transactions related to military sales contracts in this and other tables are partly estimated from incomplete data.
  - The identification of transactions involving direct dollar outflows from the United States is made in reports by each operating agency.
  - Line A35 includes foreign currency collected as interest and line A40 includes foreign currency collected as principal, as recorded in lines A13 and A14, respectively.
  - Includes (a) advance payments to the Department of Defense (on military sales contracts) financed by loans extended to foreigners by U.S. Government agencies and (b) the contraentry for the part of line C10 that was delivered without prepayment by the foreign purchaser. Also includes expenditures of appropriations available to release foreign purchasers from liability to make repayment.
  - Includes purchases of loans from U.S. banks and exporters and payments by the U.S. Government under commercial export credit and investment guarantee programs.
  - Excludes liabilities associated with military sales contracts financed by U.S. Government grants and credits and included in line C2.
- Table 5:**
- Beginning with 1991, payments and receipts of interest related to interest rate and foreign currency swaps between affiliates and parents are netted and are shown as either net payments or net receipts. Receipts and payments of other types of interest are shown on a gross basis.
  - Petroleum includes, and manufacturing and "other" industries exclude, the exploration, development, and production of crude oil and gas, and the transportation, refining, and marketing of petroleum products, exclusive of petrochemicals. "Other" industries includes wholesale trade; banking; finance (except banking), insurance, and real estate; services; and other industries—agriculture, forestry, and fishing; mining; construction; transportation, communication, and public utilities; and retail trade.
  - Acquisition of equity holdings in existing and newly established companies, capital contributions, capitalization of intercompany debt, and other equity contributions.
  - Sales (total and partial), liquidations, returns of capital contributions, and other dispositions of equity holdings.
- Table 6:**
- Primarily provincial, regional, and municipal.
  - Largely transactions by International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Asian Development Bank (ADB), and Inter-American Development Bank (IDB).
  - Estimate for scheduled redemptions and identifiable early retirements. Includes estimates based on Canadian statistics for redemptions of Canadian issues held in the United States. Unidentified and nonscheduled retirements appear in line A30.

- Table 7:**
- Estimates of transactions other than those with U.S. banks' Caribbean branches are not available.
  - Deposits (line A5) include other financial claims (line A6) for some countries due to the commingling of these categories in foreign source data.
  - Primarily mortgages, loans, and bills and notes drawn on foreigners.
  - Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
  - Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
  - Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.
- Table 8:**
- Includes central governments and their agencies and corporations; state, provincial, and local governments and their agencies and corporations; and international and regional organizations.
  - U.S.-owned banks are mainly U.S.-chartered banks and Edge Act subsidiaries. U.S. brokers' and dealers' accounts may be commingled in some categories. Foreign-owned banks include U.S. branches and agencies of foreign banks and majority-owned bank subsidiaries in the United States.
  - Commercial paper issued in the U.S. market by foreign incorporated entities; excludes commercial paper issued through foreign direct investment affiliates in the United States.
  - Negotiable and readily transferable instruments other than commercial paper, payable in dollars; consists largely of negotiable certificates of deposit.
  - Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
  - Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
  - Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.
  - Includes Eastern Europe and international and regional organizations.

- Table 9:**
- Negotiable certificates of deposit issued by banks in the United States are included in banks' custody liabilities and are separately identified in memorandum line 8. Nonnegotiable certificates of deposit are included in time deposits.
  - Includes borrowing under Federal funds or repurchase arrangements, deferred credits, and liabilities other than deposits.
  - Mainly negotiable and readily transferable instruments, excluding U.S. Treasury securities.
  - Mainly International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Asian Development Bank (ADB), Inter-American Development Bank (IDB), and the Trust Fund of the International Monetary Fund.
  - U.S.-owned banks are mainly U.S.-chartered banks and Edge Act subsidiaries. U.S. brokers' and dealers' liabilities may be commingled in some categories. Foreign-owned banks are U.S. branches and agencies of foreign banks and majority-owned bank subsidiaries in the United States.
  - U.S. currency flows are not included, because no geographic data are available.
  - Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
  - Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
  - Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.
  - Includes Eastern Europe and international and regional organizations.
- Table 10:** For footnotes 1-13, see table 1.
- The "European Union" includes the "European Union (6)," United Kingdom, Denmark, Ireland, Greece, Spain, and Portugal. Beginning with the first quarter of 1995, the "European Union" also includes Austria, Finland, and Sweden.
  - The "European Union (6)" includes Belgium, France, Germany (includes the former German Democratic Republic (East Germany) beginning in the fourth quarter of 1990), Italy, Luxembourg, Netherlands, European Atomic Energy Community, European Coal and Steel Community, and European Investment Bank.
  - Includes, as part of international and unallocated, the estimated direct investment in foreign affiliates engaged in international shipping, in operating oil and gas drilling equipment internationally, and in petroleum trading. Also includes taxes withheld; current-cost adjustments associated with U.S. and foreign direct investment; small transactions in business services that are not reported by country; and net U.S. currency flows, for which geographic source data are not available.
  - Details not shown separately; see totals in lines 49 and 56.
  - Details not shown separately are included in line 61.

Table 10.—U.S. International  
[Millions]

Line	(Credits +; debits -) <sup>1</sup>	Western Europe						European Union <sup>14</sup>	
		1996	1997 <sup>2</sup>	1997				1996	1997 <sup>2</sup>
				I	II	III <sup>3</sup>	IV <sup>3</sup>		
1	<b>Exports of goods, services, and income</b> .....	<b>305,718</b>	<b>340,426</b>	<b>82,285</b>	<b>85,940</b>	<b>84,503</b>	<b>87,698</b>	<b>275,794</b>	<b>306,248</b>
2	Goods, adjusted, excluding military <sup>2</sup> .....	137,194	152,936	38,645	39,866	35,316	39,109	124,786	138,823
3	Services <sup>3</sup> .....	80,819	86,836	19,651	21,070	24,087	22,028	72,288	76,950
4	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	3,451	3,833	934	879	1,111	909	2,334	2,344
5	Travel .....	22,166	23,945	4,678	5,896	7,537	5,834	20,092	21,704
6	Passenger fares .....	6,804	7,294	1,448	1,728	2,375	1,743	6,443	6,908
7	Other transportation .....	7,703	8,057	1,942	2,002	2,020	2,093	6,113	6,525
8	Royalties and license fees <sup>5</sup> .....	15,522	14,752	3,711	3,540	3,582	3,919	14,804	14,020
9	Other private services <sup>5</sup> .....	25,007	28,795	6,896	6,990	7,419	7,490	22,357	25,310
10	U.S. Government miscellaneous services .....	167	160	42	35	43	40	145	139
11	Income receipts on U.S. assets abroad .....	87,705	100,655	23,990	25,004	25,100	26,561	78,720	90,475
12	Direct investment receipts .....	45,686	49,089	12,013	12,442	11,690	12,944	39,496	42,760
13	Other private receipts .....	40,948	50,646	11,695	12,392	13,135	13,424	38,298	46,927
14	U.S. Government receipts .....	1,071	920	282	170	275	193	926	788
15	<b>Imports of goods, services, and income</b> .....	<b>-324,755</b>	<b>-367,894</b>	<b>-83,405</b>	<b>-94,876</b>	<b>-94,566</b>	<b>-95,047</b>	<b>-293,572</b>	<b>-334,568</b>
16	Goods, adjusted, excluding military <sup>2</sup> .....	-161,629	-175,884	-40,901	-45,115	-43,106	-46,762	-146,293	-160,207
17	Services <sup>3</sup> .....	-61,827	-66,322	-14,442	-17,876	-18,462	-15,542	-54,592	-58,712
18	Direct defense expenditures .....	-7,043	-6,900	-1,780	-1,594	-1,724	-1,802	-5,678	-5,424
19	Travel .....	-16,738	-17,912	-3,057	-5,009	-5,728	-3,518	-15,573	-16,663
20	Passenger fares .....	-7,863	-8,337	-1,752	-2,338	-2,455	-1,792	-7,529	-7,529
21	Other transportation .....	-9,527	-10,294	-2,456	-2,683	-2,577	-2,578	-7,545	-8,155
22	Royalties and license fees <sup>5</sup> .....	-4,543	-4,989	-1,213	-1,196	-1,331	-1,249	-3,820	-4,225
23	Other private services <sup>5</sup> .....	-14,903	-16,721	-3,890	-4,168	-4,354	-4,309	-13,812	-15,712
24	U.S. Government miscellaneous services .....	-1,210	-1,168	-293	-288	-293	-294	-1,061	-1,004
25	Income payments on foreign assets in the United States .....	-101,299	-125,689	-28,063	-31,885	-32,998	-32,743	-92,688	-115,649
26	Direct investment payments .....	-25,805	-31,539	-6,311	-8,578	-8,698	-7,952	-23,311	-28,333
27	Other private payments .....	-48,444	-58,237	-13,688	-14,475	-14,829	-15,245	-45,539	-54,400
28	U.S. Government payments .....	-27,050	-35,913	-8,064	-8,832	-9,471	-9,546	-23,838	-32,916
29	<b>Unilateral transfers, net</b> .....	<b>360</b>	<b>169</b>	<b>45</b>	<b>63</b>	<b>-2</b>	<b>63</b>	<b>1,230</b>	<b>1,049</b>
30	U.S. Government grants <sup>4</sup> .....	-476	-457	-102	-134	-145	-76	-97	-28
31	U.S. Government pensions and other transfers .....	-1,259	-1,269	-281	-330	-322	-336	-1,049	-1,087
32	Private remittances and other transfers <sup>6</sup> .....	2,095	1,895	428	527	465	475	2,376	2,164
33	<b>U.S. assets abroad, net (increase/capital outflow (-))</b> .....	<b>-171,397</b>	<b>-182,434</b>	<b>-83,486</b>	<b>-21,851</b>	<b>-54,737</b>	<b>-22,360</b>	<b>-154,604</b>	<b>-161,454</b>
34	U.S. official reserve assets, net <sup>7</sup> .....	-649	-611	-196	-139	-142	-134	-609	-1,377
35	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....
36	Special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....
37	Reserve position in the International Monetary Fund .....	.....	.....	.....	.....	.....	.....	.....	.....
38	Foreign currencies .....	-649	-611	-196	-139	-142	-134	-609	-1,377
39	U.S. Government assets, other than official reserve assets, net .....	326	534	157	-17	186	208	222	355
40	U.S. credits and other long-term assets .....	-563	-332	-86	-112	-71	-63	-247	-166
41	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....	933	908	255	109	281	263	506	564
42	U.S. foreign currency holdings and U.S. short-term assets, net .....	-44	-42	-12	-14	-24	8	-37	-43
43	U.S. private assets, net .....	-171,074	-182,357	-83,447	-21,695	-54,781	-22,434	-154,217	-160,432
44	Direct investment .....	-43,470	-58,456	-12,590	-22,885	-8,044	-14,937	-38,973	-52,546
45	Foreign securities .....	-57,674	-23,576	-3,366	4,773	-19,773	-5,210	-54,498	-23,609
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	-29,176	-29,747	-16,678	-5,269	-7,800	.....	-28,199	-29,378
47	U.S. claims reported by U.S. banks, not included elsewhere .....	-40,754	-70,578	-50,813	1,686	-19,164	-2,287	-32,547	-54,899
48	<b>Foreign assets in the United States, net (increase/capital inflow (+))</b> .....	<b>290,120</b>	<b>427,129</b>	<b>111,398</b>	<b>85,754</b>	<b>126,783</b>	<b>103,194</b>	<b>284,192</b>	<b>390,522</b>
49	Foreign official assets in the United States, net .....	29,320	6,617	11,034	1,172	832	-6,421	(18)	(18)
50	U.S. Government securities .....	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
51	U.S. Treasury securities <sup>9</sup> .....	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
52	Other <sup>10</sup> .....	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
53	Other U.S. Government liabilities <sup>11</sup> .....	696	695	73	209	101	312	44	689
54	U.S. liabilities reported by U.S. banks, not included elsewhere .....	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
55	Other foreign official assets <sup>12</sup> .....	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
56	Other foreign assets in the United States, net .....	260,800	420,512	100,364	84,582	125,951	109,615	(18)	(18)
57	Direct investment .....	59,640	77,352	26,390	14,755	18,650	17,557	59,898	57,355
58	U.S. Treasury securities and U.S. currency flows .....	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities .....	80,868	128,594	30,948	32,525	38,745	26,376	77,157	119,055
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	28,281	22,021	12,825	-368	9,564	.....	28,090	21,506
61	U.S. liabilities reported by U.S. banks, not included elsewhere .....	(17)	(17)	(17)	(17)	(17)	(17)	18 119,003	18 191,917
62	<b>Allocations of special drawing rights</b> .....	.....	.....	.....	.....	.....	.....	.....	.....
63	<b>Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)</b> .....	<b>-100,047</b>	<b>-217,396</b>	<b>-26,837</b>	<b>-55,030</b>	<b>-61,981</b>	<b>-73,548</b>	<b>-113,039</b>	<b>-201,796</b>
64	<b>Memoranda:</b>								
65	Balance on goods (lines 2 and 16) .....	-24,435	-22,948	-2,256	-5,249	-7,790	-7,653	-21,507	-21,384
66	Balance on services (lines 3 and 17) .....	18,993	20,514	5,209	3,194	5,625	6,486	17,696	18,238
67	Balance on goods and services (lines 64 and 65) .....	-5,442	-2,434	2,953	-2,055	-2,165	-1,167	-3,811	-3,146
68	Balance on investment income (lines 11 and 25) .....	-13,594	-25,034	-4,073	-6,881	-7,898	-6,182	-13,968	-25,174
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) <sup>13</sup> .....	-19,036	-27,468	-1,120	-8,936	-10,063	-7,349	-17,779	-28,321
70	Unilateral transfers, net (line 29) .....	360	169	45	63	-2	63	1,230	1,049
71	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) <sup>13</sup> .....	-18,676	-27,299	-1,075	-8,873	-10,065	-7,286	-16,549	-27,272

Transactions, by Area

[of dollars]

European Union <sup>14</sup>				United Kingdom						European Union (6) <sup>15</sup>						Line
1997				1996	1997 <sup>P</sup>	1997				1996	1997 <sup>P</sup>	1997				
I	II	III <sup>r</sup>	IV <sup>P</sup>			I	II	III <sup>r</sup>	IV <sup>P</sup>			I	II	III <sup>r</sup>	IV <sup>P</sup>	
74,107	76,451	76,344	79,346	82,363	97,038	23,784	24,050	24,122	25,082	148,524	161,235	38,711	40,599	40,411	41,514	1
35,089	35,147	32,354	36,233	30,246	35,907	9,554	9,327	8,150	8,876	75,231	82,483	20,391	20,776	19,630	21,686	2
17,350	18,686	21,463	19,451	20,916	23,330	5,347	5,673	6,336	5,974	37,642	39,653	8,859	9,613	11,321	9,860	3
566	487	695	596	393	520	213	108	107	92	1,051	608	150	109	183	166	4
4,247	5,388	6,892	5,177	7,306	7,896	1,602	2,023	2,332	1,939	9,654	10,422	1,937	2,536	3,548	2,401	5
1,375	1,639	2,260	1,634	1,645	1,762	358	379	550	475	3,815	4,090	821	1,008	1,378	883	6
1,557	1,593	1,664	1,711	1,433	1,737	458	423	421	435	2,727	2,981	687	715	776	803	7
3,542	3,355	3,403	3,720	2,665	2,733	625	630	709	769	8,832	8,498	2,162	2,014	2,080	2,242	8
6,026	6,194	6,512	6,578	7,433	8,638	2,079	2,099	2,209	2,251	11,486	12,984	3,086	3,217	3,333	3,348	9
37	30	37	35	41	44	12	11	8	13	77	69	15	14	23	17	10
21,668	22,618	22,527	23,662	31,201	37,801	8,883	9,050	9,636	10,232	35,652	39,100	9,462	10,210	9,460	9,968	11
10,583	10,967	10,096	11,114	13,862	15,282	3,795	3,537	3,711	4,239	20,076	21,227	5,184	5,783	4,884	5,376	12
10,843	11,506	12,200	12,378	17,311	22,493	5,088	5,513	5,925	5,967	14,913	17,464	4,137	4,295	4,440	4,592	13
242	145	231	170	28	26				26	663	409	141	132	136		14
-75,539	-86,504	-86,289	-86,236	-102,700	-125,457	-28,874	-31,843	-32,436	-32,304	-150,141	-164,341	-36,856	-42,988	-42,258	-42,239	15
-37,268	-41,220	-39,327	-42,392	-28,832	-32,498	-7,578	-7,949	-8,118	-8,853	-92,727	-101,469	-23,637	-26,620	-24,733	-26,479	16
-12,697	-15,744	-16,509	-13,762	-17,658	-20,847	-4,671	-5,438	-5,850	-4,888	-29,012	-29,836	-6,567	-7,937	-8,273	-7,059	17
-1,415	-1,263	-1,351	-1,395	-437	-589	-136	-132	-166	-155	-4,742	-4,462	-1,168	-1,044	-1,100	-1,150	18
-2,871	-5,133	-5,357	-3,302	-4,790	-5,121	-1,020	-1,450	-1,526	-1,125	-8,216	-8,790	-1,554	-2,738	-2,866	-1,632	19
-1,593	-2,102	-2,220	-1,614	-2,844	-3,025	-631	-899	-897	-598	-2,946	-3,130	-679	-828	-892	-731	20
-1,932	-2,062	-2,073	-2,088	-1,646	-2,213	-565	-514	-574	-560	-3,863	-4,071	-967	-1,002	-1,021	-1,081	21
-1,035	-995	-1,139	-1,056	-1,875	-1,983	-511	-474	-549	-449	-1,740	-1,923	-465	-454	-487	-517	22
-3,599	-3,942	-4,116	-4,055	-5,974	-7,826	-1,785	-1,946	-2,118	-1,977	-6,702	-6,703	-1,547	-1,687	-1,708	-1,761	23
-252	-247	-253	-252	-92	-90	-23	-23	-20	-24	-803	-756	-186	-184	-199	-187	24
-25,574	-29,540	-30,453	-30,082	-56,210	-72,113	-16,626	-18,456	-18,468	-18,563	-28,402	-33,036	-6,652	-8,431	-9,252	-8,701	25
-5,521	-7,951	-7,838	-7,023	-9,220	-11,435	-2,666	-3,247	-2,721	-2,721	-12,155	-14,158	-2,344	-3,964	-4,289	-3,561	26
-12,762	-13,523	-13,873	-14,242	-34,129	-41,262	-9,776	-10,345	-10,505	-10,636	-9,406	-10,697	-2,429	-2,570	-2,770	-2,928	27
-7,291	-8,066	-8,742	-8,817	-12,861	-19,416	-4,184	-4,864	-5,162	-5,206	-6,841	-8,181	-1,879	-1,897	-2,193	-2,212	28
243	288	261	257	1,206	1,416	350	374	386	306	809	406	87	110	70	139	29
-17	-11															30
-249	-282	-282	-274	-178	-185	-44	-48	-48	-45	-599	-614	-144	-157	-157	-156	31
509	581	543	531	1,384	1,601	394	422	434	351	1,408	1,020	231	267	227	295	32
-75,870	-20,810	-42,925	-21,849	-92,218	-99,981	-34,277	-14,108	-21,006	-30,590	-56,708	-46,720	-31,031	-3,431	-18,659	6,401	33
12	-227	189	-1,351							-609	-1,377	12	-227	189	-1,351	34
																35
																36
																37
12	-227	189	-1,351							-609	-1,377	12	-227	189	-1,351	38
141	-62	158	118	128	123	-5	4	-4	128	-38	-37	-8	-17	-14	2	39
-35	-51	-35	-45													40
188	4	212	160	125	127				127							41
-12	-15	-19	3	3	-4	-5	-4	-4	1	-38	-37	-8	-17	-14	2	42
-76,023	-20,521	-43,272	-20,616	-92,346	-100,104	-34,272	-14,112	-21,002	-30,718	-56,061	-45,306	-31,035	-3,187	-18,834	7,750	43
-11,023	-21,951	-5,872	-13,700	-18,310	-25,804	-2,446	-14,312	978	-10,024	-14,984	-21,772	-6,631	-6,722	-5,645	-2,774	44
-2,135	4,397	-20,224	-5,647	-37,776	-27,424	-2,013	1,663	-19,850	-7,224	-13,889	3,042	1,104	1,111	-822	1,249	45
-16,590	-5,152	-7,636		-18,418	-15,637	-8,552	-5,037	-2,048	-8,112	-11,184	-8,877	-7,145	1,708	-3,440		46
-46,275	2,185	-9,540	-1,269	-17,842	-31,239	-21,261	3,574	-82	-13,470	-16,004	-17,699	-18,763	716	-8,927	9,275	47
103,122	84,121	117,841	85,798	187,456	243,065	80,358	40,075	66,546	56,086	66,972	117,664	11,978	42,247	39,911	23,528	48
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	49
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	50
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	51
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	52
94	157	175	263	12	-59	-77	-32	5	45	-290	360	76	106	83	95	53
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	54
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	55
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	56
24,223	12,349	9,666	11,117	18,929	15,992	13,684	1,488	1,280	-460	40,099	37,511	10,138	11,037	6,204	10,132	57
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	58
29,431	30,234	38,489	20,901	58,933	78,438	21,470	21,027	25,084	10,857	14,503	33,334	6,003	7,631	11,774	7,926	59
12,560	-386	9,332		26,082	20,630	11,576	412	8,642		1,819	51	713	-914	252		60
18 36,814	18 41,767	18 59,819	18 53,517	18 83,500	18 128,064	18 33,705	18 17,180	18 31,535	18 45,644	18 10,841	18 46,408	18 4,952	18 24,387	18 21,598	18 5,375	61
																62
-26,062	-53,546	-64,872	-57,316	-76,108	-116,081	-41,341	-18,548	-37,612	-18,580	-9,456	-68,244	17,111	-36,537	-19,475	-29,343	63
-2,179	-6,073	-6,973	-6,159	1,414	3,409	1,976	1,378	32	23	-17,496	-18,986	-3,246	-5,844	-5,103	-4,793	64
4,653	2,942	4,954	5,689	3,258	2,484	677	235	486	1,086	8,629	9,817	2,292	1,676	3,048	2,801	65
2,474	-3,131	-2,019	-470	4,672	5,893	2,653	1,613	518	1,109	-8,867	-9,169	-954	-4,168	-2,055	-1,992	66
-3,906	-6,922	-7,926	-6,420	-25,009	-34,312	-7,743	-9,406	-8,832	-8,331	7,250	6,063	2,809	1,779	208	1,267	67
-1,433	-10,053	-9,945	-6,890	-20,337	-28,419	-5,090	-7,793	-8,314	-7,222	-1,617	-3,106	1,855	-2,389	-1,847	-725	68
243	288	261	257	1,206	1,416	350	374	386	306	809	406	87	110	70	139	69
-1,190	-9,765	-9,684	-6,633	-19,131	-27,003	-4,740	-7,419	-7,928	-6,							

Table 10.—U.S. International  
[Millions]

Line	(Credits +; debits -) <sup>1</sup>	Eastern Europe						Canada	
		1996	1997 <sup>2</sup>	1997				1996	1997 <sup>2</sup>
				I	II	III <sup>3</sup>	IV <sup>3</sup>		
1	<b>Exports of goods, services, and income</b> .....	<b>12,028</b>	<b>12,867</b>	<b>3,108</b>	<b>3,403</b>	<b>3,217</b>	<b>3,139</b>	<b>172,286</b>	<b>192,907</b>
2	Goods, adjusted, excluding military <sup>2</sup> .....	7,359	7,582	1,811	2,110	1,743	1,918	134,609	151,824
3	Services <sup>3</sup> .....	3,548	3,637	881	846	981	929	20,181	20,767
4	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	477	318	96	80	56	86	166	92
5	Travel .....	842	909	173	227	287	222	6,763	6,746
6	Passenger fares .....	100	109	20	22	29	38	1,331	1,160
7	Other transportation .....	474	454	99	97	130	128	2,889	3,015
8	Royalties and license fees <sup>5</sup> .....	127	160	42	36	41	41	1,416	1,392
9	Other private services <sup>5</sup> .....	1,485	1,643	442	374	423	404	7,552	8,310
10	U.S. Government miscellaneous services .....	42	44	9	10	15	10	63	51
11	Income receipts on U.S. assets abroad .....	1,122	1,648	416	447	493	292	17,497	20,316
12	Direct investment receipts .....	497	898	247	302	242	107	8,642	10,610
13	Other private receipts .....	348	492	100	109	131	152	8,855	9,706
14	U.S. Government receipts .....	277	258	69	36	120	33		
15	<b>Imports of goods, services, and income</b> .....	<b>-10,897</b>	<b>-12,723</b>	<b>-2,792</b>	<b>-3,108</b>	<b>-3,552</b>	<b>-3,271</b>	<b>-182,614</b>	<b>-196,614</b>
16	Goods, adjusted, excluding military <sup>2</sup> .....	-7,003	-8,444	-1,864	-2,009	-2,325	-2,246	-158,640	-170,829
17	Services <sup>3</sup> .....	-2,612	-2,641	-580	-722	-777	-562	-13,967	-14,986
18	Direct defense expenditures .....	-309	-252	-79	-51	-37	-85	-47	-60
19	Travel .....	-1,087	-1,162	-212	-338	-407	-205	-4,606	-4,840
20	Passenger fares .....	-276	-294	-52	-96	-94	-52	-391	-455
21	Other transportation .....	-309	-276	-80	-70	-73	-53	-3,607	-3,787
22	Royalties and license fees <sup>5</sup> .....	-8	-7	-2	-1	-2	-2	-192	-265
23	Other private services <sup>5</sup> .....	-561	-589	-142	-151	-146	-150	-5,022	-5,440
24	U.S. Government miscellaneous services .....	-62	-62	-14	-15	-18	-15	-101	-140
25	Income payments on foreign assets in the United States .....	-1,282	-1,638	-348	-377	-450	-463	-10,007	-10,799
26	Direct investment payments .....	-1	15	-3	5	8	5	-3,285	-3,356
27	Other private payments .....	-410	-482	-99	-99	-137	-147	-4,429	-5,234
28	U.S. Government payments .....	-871	-1,171	-246	-283	-321	-321	-2,293	-2,209
29	<b>Unilateral transfers, net</b> .....	<b>-3,283</b>	<b>-2,659</b>	<b>-653</b>	<b>-687</b>	<b>-799</b>	<b>-520</b>	<b>-338</b>	<b>-361</b>
30	U.S. Government grants <sup>4</sup> .....	-1,972	-1,296	-292	-359	-459	-186		
31	U.S. Government pensions and other transfers .....	-36	-38	-9	-10	-10	-9	-408	-421
32	Private remittances and other transfers <sup>6</sup> .....	-1,275	-1,325	-352	-318	-330	-325	70	60
33	<b>U.S. assets abroad, net (increase/capital outflow (-))</b> .....	<b>-3,816</b>	<b>-2,444</b>	<b>-3,738</b>	<b>1,044</b>	<b>-2,636</b>	<b>2,886</b>	<b>-25,200</b>	<b>-16,722</b>
34	U.S. official reserve assets, net <sup>7</sup> .....								
35	Gold .....								
36	Special drawing rights .....								
37	Reserve position in the International Monetary Fund .....								
38	Foreign currencies .....								
39	U.S. Government assets, other than official reserve assets, net .....	-122	11	11	-13	20	-7	7	10
40	U.S. credits and other long-term assets .....	-132	-647	-28	-328	-235	-56		
41	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....	47	615	27	315	226	47		
42	U.S. foreign currency holdings and U.S. short-term assets, net .....	-37	43	12		29	2	7	10
43	U.S. private assets, net .....	-3,694	-2,455	-3,749	1,057	-2,656	2,893	-25,207	-16,732
44	Direct investment .....	-1,804	-1,502	-748	-578	-352	176	-6,875	-11,281
45	Foreign securities .....	-421	-1,092	-85	-577	-609	179	-6,324	-3,763
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	98	-16	38	-31	-23		-1,248	2,343
47	U.S. claims reported by U.S. banks, not included elsewhere .....	-1,567	155	-2,954	2,243	-1,672	2,538	-10,760	-4,031
48	<b>Foreign assets in the United States, net (increase/capital inflow (+))</b> .....	<b>3,467</b>	<b>213</b>	<b>1,180</b>	<b>3,708</b>	<b>1,911</b>	<b>-6,586</b>	<b>24,647</b>	<b>440</b>
49	Foreign official assets in the United States, net .....	(18)	(18)	(18)	(18)	(18)	(18)	1,829	-2,578
50	U.S. Government securities .....	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
51	U.S. Treasury securities <sup>9</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
52	Other <sup>10</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
53	Other U.S. Government liabilities <sup>11</sup> .....	76	-14	-22	1	32	-25	-41	21
54	U.S. liabilities reported by U.S. banks, not included elsewhere .....	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
55	Other foreign official assets <sup>12</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
56	Other foreign assets in the United States, net .....	(18)	(18)	(18)	(18)	(18)	(18)	22,818	3,018
57	Direct investment .....	169	-67	-217	75	158	-83	5,670	8,436
58	U.S. Treasury securities and U.S. currency flows .....	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
59	U.S. securities other than U.S. Treasury securities .....	87	270	-33	73	189	41	6,058	5,028
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	-44	204	33	-47	218		765	-1,313
61	U.S. liabilities reported by U.S. banks, not included elsewhere .....	18 3,179	18 -180	18 1,419	18 3,606	18 1,314	18 -6,519	(17)	(17)
62	<b>Allocations of special drawing rights</b> .....								
63	<b>Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)</b> .....	<b>2,501</b>	<b>4,747</b>	<b>2,896</b>	<b>-4,360</b>	<b>1,859</b>	<b>4,352</b>	<b>11,219</b>	<b>20,351</b>
64	<b>Memoranda:</b>								
65	Balance on goods (lines 2 and 16) .....	356	-862	-53	101	-582	-328	-24,031	-19,005
66	Balance on services (lines 3 and 17) .....	936	996	301	124	204	367	6,214	5,781
67	Balance on goods and services (lines 64 and 65) .....	1,292	134	248	225	-378	39	-17,617	-13,224
68	Balance on investment income (lines 11 and 25) .....	-161	10	68	70	43	-171	7,490	9,517
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) <sup>13</sup> .....	1,131	143	315	295	-335	-132	-10,327	-3,708
70	Unilateral transfers, net (line 29) .....	-3,283	-2,659	-653	-687	-799	-520	-338	-361
71	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) <sup>13</sup> .....	-2,152	-2,516	-338	-392	-1,134	-652	-10,665	-4,069

See footnotes on page 91.

Transactions, by Area—Continued

[of dollars]

Canada				Latin America and Other Western Hemisphere						Japan				Line		
1997				1996	1997 <sup>P</sup>	1997				1996	1997 <sup>P</sup>	1997				
I	II	III <sup>r</sup>	IV <sup>P</sup>			I	II	III <sup>r</sup>	IV <sup>P</sup>			I	II		III <sup>r</sup>	IV <sup>P</sup>
47,188	49,685	47,166	48,868	191,974	230,958	51,153	55,830	60,576	63,399	111,326	112,615	28,710	28,385	28,391	27,129	1
36,823	39,042	36,783	39,176	108,864	133,606	29,516	32,425	34,449	37,216	65,954	64,683	16,448	16,557	15,711	15,967	2
5,448	5,392	5,082	4,845	34,694	38,680	8,905	9,046	10,564	10,165	35,907	38,752	9,753	9,266	10,518	9,215	3
24	22	22	24	475	480	114	95	110	161	564	559	156	98	195	110	4
1,954	1,907	1,622	1,263	14,379	15,741	3,543	3,551	4,487	4,160	13,163	14,085	3,486	3,243	4,075	3,281	5
327	307	269	257	3,933	4,283	979	993	1,199	1,112	6,174	6,584	1,743	1,627	1,772	1,442	6
726	768	753	768	3,438	3,701	849	930	931	991	3,205	3,184	774	796	805	809	7
343	329	344	376	1,401	1,655	362	390	420	483	5,484	5,974	1,445	1,573	1,478	1,478	8
2,056	2,043	2,058	2,153	10,922	12,670	3,019	3,050	3,381	3,220	7,227	8,308	2,135	1,919	2,170	2,084	9
17	16	14	4	146	150	39	37	36	38	89	58	14	10	23	11	10
4,917	5,251	5,301	4,847	48,417	58,672	12,732	14,359	15,563	16,018	9,466	9,180	2,509	2,562	2,162	1,947	11
2,581	2,793	2,844	2,392	17,404	21,174	4,192	5,450	5,855	5,677	3,950	3,589	1,103	1,148	797	541	12
2,336	2,458	2,457	2,455	29,680	37,071	8,401	8,841	9,585	10,244	5,449	5,539	1,399	1,392	1,366	1,382	13
				1,333	427	139	68	123	97	67	52	7	22	-1	24	14
-47,506	-50,077	-48,784	-50,247	-194,558	-220,324	-51,733	-54,841	-56,526	-57,224	-157,101	-172,857	-41,415	-41,837	-44,445	-45,160	15
-42,004	-43,383	-41,326	-44,116	-124,933	-140,484	-32,831	-34,925	-36,114	-36,614	-115,167	-121,556	-30,096	-29,317	-30,787	-31,356	16
-3,009	-3,781	-4,770	-3,426	-30,929	-33,493	-8,081	-8,362	-8,563	-8,487	-14,392	-15,371	-3,548	-3,754	-4,025	-4,044	17
-18	-14	-13	-15	-458	-379	-85	-83	-101	-110	-1,050	-1,129	-257	-293	-299	-280	18
-619	-1,270	-2,157	-794	-13,850	-14,825	-3,713	-3,708	-3,693	-3,711	-3,166	-3,381	-790	-865	-879	-847	19
-82	-121	-157	-95	-2,426	-2,691	-742	-617	-675	-657	-679	-725	-190	-182	-183	-170	20
-925	-965	-937	-960	-2,241	-2,446	-589	-672	-594	-591	-4,340	-4,269	-982	-1,018	-1,170	-1,099	21
-59	-70	-66	-70	-144	-153	-28	-37	-49	-39	-1,398	-1,496	-326	-323	-419	-428	22
-1,275	-1,308	-1,401	-1,456	-11,409	-12,552	-2,815	-3,134	-3,335	-3,268	-3,662	-4,253	-978	-1,049	-1,040	-1,186	23
-32	-33	-39	-36	-401	-448	-110	-111	-116	-111	-98	-117	-24	-24	-35	-34	24
-2,483	-2,913	-2,688	-2,705	-38,697	-46,347	-10,821	-11,554	-11,849	-12,123	-27,541	-35,930	-7,771	-8,766	-9,633	-9,760	25
-685	-983	-845	-843	-1,557	-1,861	-351	-477	-552	-481	-3,106	-6,808	-1,016	-1,408	-2,129	-2,055	26
-1,279	-1,380	-1,278	-1,297	-28,438	-33,410	-7,668	-8,240	-8,586	-8,916	-6,188	-8,843	-1,610	-1,758	-1,678	-1,797	27
-529	-550	-565	-565	-8,702	-11,076	-2,802	-2,837	-2,711	-2,726	-18,247	-22,479	-5,145	-5,600	-5,826	-5,908	28
-102	-74	-93	-92	-10,423	-10,877	-2,627	-2,700	-2,739	-2,811	-121	-119	-66	-25	-14	-14	29
				-1,433	-1,196	-276	-342	-245	-333							30
-101	-102	-102	-116	-660	-630	-140	-161	-156	-173	-86	-89	-22	-23	-23	-21	31
-1	28	9	24	-8,330	-9,051	-2,211	-2,197	-2,338	-2,305	-35	-30	-44	-2	9	32	
-12,332	-5,131	5,716	-4,975	-76,268	-173,025	-13,440	-40,996	-53,869	-64,720	-5,729	-7,769	-2,623	-11,820	4,409	2,265	33
				8,300	3,500	3,500				-73	26	49	-18	14	-19	34
																35
																36
				8,300	3,500	3,500				-73	26	49	-18	14	-19	37
																38
-1	1	10		384	476	106	228	61	81	27	10	8	3	1	-2	39
				-1,047	-1,080	-270	-219	-341	-250							40
				1,489	1,540	386	437	385	332							41
-1	1	10		-58	16	-10	10	17	-1	27	10	8	3	1	-2	42
-12,331	-5,132	5,706	-4,975	-84,952	-177,001	-17,046	-41,224	-53,930	-64,801	-5,683	-7,805	-2,680	-11,805	4,394	2,286	43
-2,563	-2,914	-2,942	-2,862	-14,299	-24,338	-4,657	-7,024	-6,858	-5,799	-1,817	-1,855	-1,045	-514	-796	500	44
2,300	-2,428	-4,417	782	-10,620	-24,003	-6,992	-11,098	-2,816	-3,097	-5,812	-9,745	-3,258	-10,150	-2,439	6,102	45
681	2,762	-1,100		-32,072	-46,987	-13,884	-1,576	-8,527	-25,000	-359	22	155	67	-200		46
-12,749	-2,552	14,165	-2,895	-27,961	-79,673	8,487	-21,526	-35,729	-30,905	2,305	3,773	1,468	-1,208	7,829	-4,316	47
3,906	7,813	-9,219	-2,060	90,776	117,042	7,023	27,322	30,916	51,781	57,710	79,771	26,740	20,656	9,091	23,284	48
682	-1,430	645	-2,475	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	49
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	50
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	51
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	52
28	-10	-6	9	-113	-7	58	11	-22	-54	74	309	-154	429	156	-122	53
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	54
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	55
3,224	9,243	-9,864	415	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	56
2,034	3,509	-429	3,322	131	7,889	443	3,832	2,470	1,144	11,930	9,706	1,219	1,670	3,686	3,131	57
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	58
2,924	977	218	909	26,516	32,458	192	8,725	12,755	10,786	13,306	14,057	999	7,402	5,640	16	59
-1,038	-256	-19		-386	22,577	2,469	-6,935	11,643	15,400	1,709	-242	-111	-293	162		60
(17)	(17)	(17)		18 64,628	18 54,125	18 3,861	18 21,689	18 4,070	18 24,505	18 30,691	18 55,941	18 24,787	18 11,448	18 -553	18 20,259	61
																62
8,847	-2,216	5,214	8,506	-1,501	56,225	9,623	15,385	21,642	9,575	-6,086	-11,641	-11,346	4,641	2,568	-7,504	63
-5,181	-4,341	-4,543	-4,940	-16,069	-6,878	-3,315	-2,500	-1,665	602	-49,213	-56,873	-13,648	-12,760	-15,076	-15,389	64
2,439	1,611	312	4,419	3,765	5,187	824	684	2,001	1,678	21,514	23,382	6,206	5,512	6,493	5,171	65
-2,742	-2,730	-4,231	-3,521	-12,904	-1,691	-2,491	-1,816	336	2,280	-27,699	-33,491	-7,442	-7,248	-8,583	-10,218	66
2,424	2,338	2,613	2,142	9,720	12,325	1,911	2,805	3,714	3,895	-18,075	-26,750	-5,262	-6,204	-7,471	-7,813	67
-319	-392	-1,618	-1,379	-2,584	10,634	-580	-989	4,050	6,175	-45,774	-60,242	-12,705	-13,452	-16,054	-18,031	68
-102	-74	-93	-92	-10,423	-10,877	-2,627	-2,700	-2,739	-2,811	-121	-119	-66	-25	-14	-14	69
-421	-466	-1,711	-1,471	-13,007	-243	-3,207	-1,711	1,311	3,364	-45,895	-60,361	-12,771	-13,477	-16,068	-18,045	70

Table 10.—U.S. International  
[Millions]

Line	(Credits +; debits -) <sup>1</sup>	Australia					
		1996	1997 <sup>2</sup>	1997			
				I	II	III <sup>3</sup>	IV <sup>4</sup>
1	<b>Exports of goods, services, and income</b> .....	<b>21,726</b>	<b>23,347</b>	<b>5,319</b>	<b>6,174</b>	<b>6,005</b>	<b>5,849</b>
2	Goods, adjusted, excluding military <sup>2</sup> .....	11,705	11,904	2,823	3,095	3,071	2,915
3	Services <sup>3</sup> .....	4,792	5,365	1,122	1,293	1,470	1,480
4	Transfers under U.S. military agency sales contracts <sup>4</sup> .....	204	378	35	46	76	221
5	Travel .....	1,819	1,941	392	480	608	461
6	Passenger fares .....	461	494	100	133	143	118
7	Other transportation .....	297	320	72	79	84	85
8	Royalties and license fees <sup>5</sup> .....	575	625	141	159	161	164
9	Other private services <sup>5</sup> .....	1,423	1,595	379	393	396	427
10	U.S. Government miscellaneous services .....	13	12	3	3	2	4
11	Income receipts on U.S. assets abroad .....	5,229	6,078	1,374	1,786	1,464	1,454
12	Direct investment receipts .....	2,979	3,598	777	1,169	836	816
13	Other private receipts .....	2,250	2,480	597	617	628	638
14	U.S. Government receipts .....						
15	<b>Imports of goods, services, and income</b> .....	<b>-6,820</b>	<b>-8,194</b>	<b>-2,074</b>	<b>-1,658</b>	<b>-2,196</b>	<b>-2,266</b>
16	Goods, adjusted, excluding military <sup>2</sup> .....	-3,869	-4,870	-1,159	-1,169	-1,290	-1,252
17	Services <sup>3</sup> .....	-2,501	-2,702	-743	-567	-645	-747
18	Direct defense expenditures .....	-53	-88	-21	-12	-25	-30
19	Travel .....	-943	-1,003	-325	-175	-197	-306
20	Passenger fares .....	-503	-538	-157	-114	-126	-141
21	Other transportation .....	-326	-241	-61	-60	-65	-65
22	Royalties and license fees <sup>5</sup> .....	-32	-77	-8	-8	-54	-7
23	Other private services <sup>5</sup> .....	-599	-702	-155	-187	-174	-186
24	U.S. Government miscellaneous services .....	-45	-54	-17	-11	-14	-12
25	Income payments on foreign assets in the United States .....	-450	-622	-172	78	-261	-267
26	Direct investment payments .....	31	-75	-65	213	-108	-115
27	Other private payments .....	-333	-468	-88	-115	-133	-132
28	U.S. Government payments .....	-148	-79	-19	-20	-20	-20
29	<b>Unilateral transfers, net</b> .....	<b>-92</b>	<b>-88</b>	<b>-25</b>	<b>-22</b>	<b>-21</b>	<b>-20</b>
30	U.S. Government grants <sup>4</sup> .....						
31	U.S. Government pensions and other transfers .....	-34	-35	-9	-9	-9	-8
32	Private remittances and other transfers <sup>6</sup> .....	-58	-53	-16	-13	-12	-12
33	<b>U.S. assets abroad, net (increase/capital outflow (-))</b> .....	<b>-11,507</b>	<b>-4,782</b>	<b>-595</b>	<b>-2,026</b>	<b>-146</b>	<b>-2,015</b>
34	U.S. official reserve assets, net <sup>7</sup> .....						
35	Gold .....						
36	Special drawing rights .....						
37	Reserve position in the International Monetary Fund .....						
38	Foreign currencies .....						
39	U.S. Government assets, other than official reserve assets, net .....	15	(*)	-1	-1	2	
40	U.S. credits and other long-term assets .....						
41	Repayments on U.S. credits and other long-term assets <sup>8</sup> .....			-1			
42	U.S. foreign currency holdings and U.S. short-term assets, net .....	15	(*)	-1	-1	2	
43	U.S. private assets, net .....	-11,522	-4,782	-594	-2,025	-148	-2,015
44	Direct investment .....	-3,789	-1,658	-797	-632	207	-436
45	Foreign securities .....	-4,470	-2,727	-1,082	-197	-921	-517
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns .....	-222	150	142	-57	65	
47	U.S. claims reported by U.S. banks, not included elsewhere .....	-3,041	-547	1,153	-1,139	501	-1,062
48	<b>Foreign assets in the United States, net (increase/capital inflow (+))</b> .....	<b>4,280</b>	<b>4,887</b>	<b>-921</b>	<b>2,560</b>	<b>2,788</b>	<b>460</b>
49	Foreign official assets in the United States, net .....	(18)	(18)	(18)	(18)	(18)	(18)
50	U.S. Government securities .....	(18)	(18)	(18)	(18)	(18)	(18)
51	U.S. Treasury securities <sup>9</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)
52	Other <sup>10</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)
53	Other U.S. Government liabilities <sup>11</sup> .....	-53	-150	23	2	-16	-159
54	U.S. liabilities reported by U.S. banks, not included elsewhere .....	(18)	(18)	(18)	(18)	(18)	(18)
55	Other foreign official assets <sup>12</sup> .....	(18)	(18)	(18)	(18)	(18)	(18)
56	Other foreign assets in the United States, net .....	(18)	(18)	(18)	(18)	(18)	(18)
57	Direct investment .....	2,129	3,412	469	213	3,277	-547
58	U.S. Treasury securities and U.S. currency flows .....	(18)	(18)	(18)	(18)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities .....	-614	717	272	325	295	-175
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns .....	427	-73	128	-153	-48	
61	U.S. liabilities reported by U.S. banks, not included elsewhere .....	18,239	18,981	18,-1,813	18,2,173	18,-720	18,1,341
62	<b>Allocations of special drawing rights</b> .....						
63	<b>Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)</b> .....	<b>-7,587</b>	<b>-15,169</b>	<b>-1,703</b>	<b>-5,028</b>	<b>-6,430</b>	<b>-2,008</b>
64	<b>Memoranda:</b>						
65	Balance on goods (lines 2 and 16) .....	7,836	7,034	1,664	1,926	1,781	1,663
66	Balance on services (lines 3 and 17) .....	2,291	2,862	378	726	825	733
67	Balance on goods and services (lines 64 and 65) .....	10,127	9,896	2,042	2,652	2,606	2,396
68	Balance on investment income (lines 11 and 25) .....	4,779	5,456	1,202	1,864	1,203	1,187
69	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) <sup>13</sup> .....	14,906	15,152	3,244	4,516	3,809	3,583
70	Unilateral transfers, net (line 29) .....	-92	-88	-25	-22	-21	-20
71	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) <sup>13</sup> .....	14,814	15,064	3,219	4,494	3,788	3,563

Transactions, by Area—Continued  
of dollars]

Other countries in Asia and Africa						International organizations and unallocated <sup>16</sup>						Line
1996	1997 <sup>P</sup>	1997				1996	1997 <sup>P</sup>	1997				
		I	II	III <sup>P</sup>	IV <sup>P</sup>			I	II	III <sup>P</sup>	IV <sup>P</sup>	
222,809	236,170	56,128	59,659	60,099	60,284	17,364	18,320	4,424	4,402	4,634	4,860	1
146,382	155,813	36,746	39,453	38,475	41,139	2	.....	.....	.....	.....	.....	2
51,121	53,549	12,623	13,380	14,864	12,682	5,704	5,634	1,458	1,359	1,383	1,434	3
9,297	9,515	1,831	2,507	2,691	2,486	13	.....	.....	.....	.....	.....	4
10,776	11,040	2,195	3,124	3,734	1,987	.....	.....	.....	.....	.....	.....	5
1,754	1,786	359	492	589	346	.....	.....	.....	.....	.....	.....	6
8,683	8,943	2,230	2,250	2,158	2,305	527	520	181	107	109	123	7
3,899	4,143	962	1,033	1,047	1,101	1,550	1,567	382	385	387	413	8
16,339	17,813	4,967	3,894	4,578	4,374	3,614	3,547	895	867	887	898	9
373	309	79	80	67	83	.....	.....	.....	.....	.....	.....	10
25,306	26,809	6,760	6,826	6,760	6,463	11,659	12,686	2,966	3,043	3,251	3,426	11
15,429	15,271	4,087	3,912	3,758	3,514	4,304	4,999	1,165	1,164	1,246	1,424	12
8,611	10,222	2,357	2,597	2,639	2,629	6,725	7,122	1,659	1,745	1,866	1,852	13
1,266	1,316	316	317	363	320	630	565	142	134	139	150	14
-282,525	-313,088	-70,072	-75,688	-85,365	-81,963	-4,181	-3,835	-1,019	-914	-933	-969	15
-231,998	-255,215	-56,021	-61,312	-70,593	-67,289	.....	.....	.....	.....	.....	.....	16
-27,379	-29,976	-7,146	-7,439	-7,701	-7,690	-3,028	-2,437	-697	-572	-579	-589	17
-1,901	-2,537	-513	-632	-664	-728	.....	.....	.....	.....	.....	.....	18
-8,349	-8,906	-2,219	-2,240	-2,286	-2,161	.....	.....	.....	.....	.....	.....	19
-3,638	-3,887	-972	-977	-982	-956	.....	.....	.....	.....	.....	.....	20
-7,125	-7,395	-1,741	-1,811	-1,903	-1,940	-978	-1,063	-357	-235	-229	-242	21
-101	-70	-22	-19	-13	-16	-904	-456	-115	-104	-122	-115	22
-5,497	-6,374	-1,483	-1,563	-1,638	-1,690	-1,144	-918	-225	-233	-228	-232	23
-768	-807	-196	-197	-215	-199	-2	.....	.....	.....	.....	.....	24
-23,148	-27,897	-6,905	-6,937	-7,071	-6,984	-1,153	-1,398	-322	-342	-354	-380	25
-36	-184	-176	-238	-59	181	1,628	1,713	432	429	425	427	26
-9,271	-10,070	-2,423	-2,530	-2,501	-2,590	-2,590	-2,968	-726	-744	-735	-763	27
-13,841	-18,011	-4,306	-4,645	-4,511	-4,549	-190	-143	-28	-27	-44	-44	28
-16,610	-15,059	-3,061	-2,818	-3,040	-6,140	-9,461	-9,532	-2,115	-2,360	-2,323	-2,734	29
-10,180	-8,026	-1,213	-1,203	-1,233	-4,377	-872	-713	-226	-207	-149	-131	30
-508	-488	-121	-125	-123	-119	-1,340	-1,105	-297	-297	-218	-478	31
-5,922	-6,545	-1,727	-1,490	-1,684	-1,644	-7,249	-7,714	-1,777	-1,856	-1,956	-2,125	32
-51,803	-34,754	-16,737	-10,535	-9,432	1,950	-6,725	-5,007	2,636	-1,534	-1,351	-4,758	33
.....	.....	.....	.....	.....	.....	-910	-3,925	1,127	-79	-602	-4,371	34
.....	.....	.....	.....	.....	.....	370	-350	72	-133	-139	-150	35
.....	.....	.....	.....	.....	.....	-1,280	-3,575	1,055	54	-463	-4,221	36
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	37
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	38
-40	356	32	-129	474	-21	-1,287	-1,220	-333	-340	-293	-254	39
-1,901	-1,958	-390	-614	-475	-479	-1,287	-1,220	-333	-340	-293	-254	40
1,665	2,376	443	497	984	452	.....	.....	.....	.....	.....	.....	41
196	-62	-21	-12	-35	6	.....	.....	.....	.....	.....	.....	42
-51,763	-35,110	-16,769	-10,406	-9,906	1,971	-4,528	138	1,842	-1,115	-456	-133	43
-11,412	-16,851	-5,445	-3,198	-4,468	-3,740	-4,348	-3,502	-927	-828	-860	-887	44
-23,394	-17,643	-3,665	-2,297	-8,760	-2,921	526	3,262	1,648	133	521	960	45
-1,203	-106	24	123	-253	.....	-52	43	56	-3	-10	.....	46
-15,754	-510	-7,683	-5,034	3,575	8,632	-654	335	1,065	-417	-107	-206	47
59,216	39,563	31,640	-11,650	17,290	2,283	17,340	21,452	1,012	7,345	4,286	8,809	48
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	49
(18)	(18)	(18)	(18)	(18)	(18)	2	.....	.....	.....	.....	.....	50
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	51
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	52
89	-315	472	12	-755	-44	.....	.....	.....	.....	.....	.....	53
(18)	(18)	(18)	(18)	(18)	(18)	2	.....	.....	.....	.....	.....	54
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	55
(18)	(18)	(18)	(18)	(18)	(18)	17,338	21,452	1,012	7,345	4,286	8,809	56
-840	3,100	514	3,520	-933	-101	-1,873	-1,900	-471	-473	-476	-480	57
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	58
7,695	8,205	3,509	1,680	2,640	376	-118	-56	9	-25	-73	33	59
779	1,426	890	79	467	.....	255	140	24	57	59	.....	60
<sup>18</sup> 51,493	<sup>18</sup> 27,147	<sup>18</sup> 26,265	<sup>18</sup> -16,941	<sup>18</sup> 15,771	<sup>18</sup> 2,052	<sup>18</sup> 19,074	<sup>18</sup> 23,268	<sup>18</sup> 1,450	<sup>18</sup> 7,786	<sup>18</sup> 4,776	<sup>18</sup> 9,256	61
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	62
68,913	87,168	2,102	41,032	20,448	23,586	-14,338	-21,398	-4,938	-6,939	-4,313	-5,208	63
-85,616	-99,402	-19,275	-21,859	-32,118	-26,150	2	.....	.....	.....	.....	.....	64
23,742	23,573	5,477	5,941	7,163	4,992	2,676	3,197	761	787	804	845	65
-61,874	-75,829	-13,798	-15,918	-24,955	-21,158	2,678	3,197	761	787	804	845	66
2,158	-1,088	-145	-311	-521	10,506	11,288	11,288	2,644	2,701	2,897	3,046	67
-59,716	-76,918	-13,944	-16,029	-25,266	-21,679	13,184	14,486	3,406	3,488	3,701	3,891	68
-16,610	-15,059	-3,061	-2,818	-3,040	-6,140	-9,461	-9,532	-2,115	-2,360	-2,323	-2,734	69
-76,326	-91,977	-17,005	-18,847	-28,306	-27,819	3,723	4,954	1,291	1,128	1,378	1,157	70