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OPEC Transactions in the U.S. International Accounts, 1972-77

The Bureau of Economic Analysis of the U.S. Department of Commerce has compiled estimates of international transactions between the United States and members of the Organization of Petroleum Exporting Countries (OPEC) from 1972 through 1977.[1] These estimates are presented within the framework of the U.S. international accounts, and measure only direct transactions; indirect transactions, which probably were sizable, are excluded.

The major developments in U.S. transactions with OPEC members in selected periods from 1972 through 1977 were:

1. In 1974-77, cumulative payments for imports of goods and services from OPEC members--reflecting sharply higher petroleum prices--totaled $106 billion; cumulative receipts from exports of goods and services totaled $70 billion. The net outflows on these transactions were $36 billion. Cumulative capital inflows from OPEC members totaled $38 billion. Thus, reported net outflows on goods and services were approximately offset by reported net capital inflows in 1974-77.

2. U.S. merchandise imports from OPEC members rose from $3.0 billion in 1972 to $35.6 billion in 1977. Petroleum imports accounted for approximately 95 percent of total import value in 1977. U.S. merchandise exports to OPEC members rose from $2.6 billion in 1972 to $12.9 billion in 1977. Capital goods and industrial supplies accounted for about two-thirds of exports in 1977.

3. Net transactions on services accounts with OPEC members for which data are available rose from a $3.1 billion surplus in 1972 to a $5.9 billion surplus in 1977. Higher receipts

1. OPEC members are Algeria, Ecuador, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela, and associate member, Gabon.

were primarily attributable to increased transfers under U.S. military agency sales contracts. Partly offsetting were higher payments of income on U.S. Government and private financial instruments, as OPEC members utilized oil revenues to expand their portfolios of U.S. financial assets.

4. OPEC official reserve assets placed directly in the United States were $10.8 billion in 1974; in 1977, placements were $6.8 billion. In 1976, these capital inflows from OPEC purchases of U.S. financial assets more than offset the emerging worldwide U.S. current-account deficit. In 1977, capital inflows from these purchases declined and offset less than one-third of a much larger worldwide U.S. current-account deficit.

5. Most OPEC assets placed in the United States in 1974 were held in the form of U.S. Treasury obligations and commercial bank certificates of deposit. In subsequent years, Middle East members of OPEC diversified their portfolio holdings by acquiring a moderate amount of U.S. corporate stocks and bonds; other OPEC members generally reduced the rate at which they placed funds with U.S. banks.

An article presenting these developments in more detail will appear in the April issue of the Survey of Current Business, the monthly journal of the Bureau of Economic Analysis.

The Survey is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. First class mail: domestic only; annual subscription $31.00, single issues $2.75. Foreign air mail delivery rates available upon request. Second class mail: annual subscription $19.00 domestic, $23.75 foreign. Single copy $1.60 domestic, $2.00 foreign.

Selected U.S. Transactions with OPEC Members
(Millions of dollars)

(Credits +; debits -)	1972	1973	1974	1975	1976	1977
Exports of goods and services:						
Merchandise, adjusted, excluding military	2,551	3,414	6,219	9,956	11,558	12,877
Transfers under U.S. military agency sales contracts	217	489	862	1,607	2,620	4,021
Fees and royalties from affiliated foreigners	125	141	181	184	209	169
Fees and royalties from unaffiliated foreigners	9	11	14	20	30	31
Other private services	139	146	253	372	535	801
U.S. Government miscellaneous services	5	7	7	8	21	17
Receipts of income on U.S. assets abroad:						
Direct investments	2,660	3,789	5,671	2,650	4,050	3,057
Other private receipts	85	166	330	332	405	445
U.S. Government receipts	76	87	105	118	117	116
Imports of goods and services:						
Merchandise, adjusted, excluding military	-2,974	-5,097	-17,234	-18,897	-27,409	-35,640
Direct defense expenditures	-105	-75	-243	-141	-441	-789
Fees and royalties to affiliated foreigners	(*)	(*)	(*)	(*)	(*)	(*)
Fees and royalties to unaffiliated foreigners	(*)	(*)	(*)	(*)	(*)	(*)
Private payments for other services	-16	-20	-20	-22	-26	-37
U.S. Government payments for miscellaneous services	-34	-34	-34	-40	-60	-60
Payments of income on foreign assets in the United States:						
Direct investments	(*)	(*)	-5	-8	-6	-5
Other private payments	-52	-103	-451	-574	-655	-755
U.S. Government payments	-19	-38	-276	-650	-816	-1,094
U.S. Government grants	-44	-33	-35	-27	-20	-15
U.S. assets abroad, net (increase/capital outflow (-))	-905	841	6,347	-3,158	-2,501	-1,242
U.S. Government assets, other than official reserve assets, net	-214	-391	-211	-44	-261	-74
U.S. loans and other long-term assets	-408	-594	-436	-256	-470	-313
Repayments on U.S. loans	194	205	229	212	215	230
U.S. foreign currency holdings and U.S. short-term assets, net	(*)	-2	-4	(*)	-6	9
U.S. private assets, net	-691	1,232	6,558	-3,114	-2,240	-1,168
Direct investments abroad	-203	1,806	7,556	-1,955	-967	-663
Foreign securities	8	9	5	32	35	18
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns:						
Long-term	-31	-35	-126	-318	115	150
Short-term	-80	-123	-341	-230	-92	102
U.S. claims reported by U.S. banks, not included elsewhere:						
Long-term	-175	-207	45	-5	-76	-168
Short-term	-210	-218	-581	-638	-1,255	-607
Foreign assets in the United States, net (increase/capital inflow (+))	796	1,179	11,884	8,095	11,260	7,320
Of which: foreign official	593	872	10,840	7,111	9,455	6,758
U.S. Treasury securities	184	50	5,473	2,426	3,206	3,457
Other U.S. securities	-26	-2	1,191	3,199	3,005	2,938
Other U.S. Government liabilities	90	433	518	1,118	2,851	758
U.S. liabilities reported by U.S. banks, not included elsewhere:						
Long-term	-23	36	41	801	360	47
Short-term	597	515	4,057	-170	1,278	379
Direct investments in the United States	-18	2	111	-36	23	12
U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns:						
Long-term	(*)	-5	80	7	-77	20
Short-term	-8	150	413	749	614	-291
All other transactions and transfers of funds between foreign areas, net	-2,514	-4,870	-13,575	175	1,129	10,783
Memorandum:						
Balance on merchandise trade	-423	-1,683	-11,015	-8,941	-15,851	-22,763

* Less than $500,000 (*)

1. OPEC members are Algeria, Ecuador, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, Venezuela, United Arab Emirates, and associate member, Gabon. Individual country information is not available for all accounts; therefore, some accounts are estimated from regional data.

2. Direct investment account data for 1974 and 1975 differ substantially from previously published estimates because of methodological changes in reporting these transactions. A technical note describing these changes appears in "U.S. International Transactions, First Quarter 1977," in the June 1977 Survey of Current Business.

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