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U.S. International Transactions, 4th quarter and Year 2012

Sarah Scott:

(202) 606-9286

Paul W. Farello:

(202) 606-9561

(Revisions)

The U.S. current-account deficit—the combined balances on trade in goods and services, income, and net unilateral current transfers—decreased to \$110.4 billion (preliminary) in the fourth quarter from \$112.4 billion (revised) in the third quarter. The decrease in the current-account deficit was accounted for by increases in the surpluses on income and services. These increases were partly offset by an increase in the deficit on goods and an increase in outflows of net unilateral current transfers.

Goods and services

The deficit on goods and services increased to \$128.4 billion in the fourth quarter from \$124.8 billion in the third.

Goods

The deficit on goods increased to \$180.6 billion in the fourth quarter from \$174.2 billion in the third.

Goods exports decreased to \$389.8 billion from \$392.8 billion. Decreases in three major end-use categories were partly offset by increases in the other three categories. The largest decreases were in foods, feeds, and beverages and in capital goods. The decrease in foods, feeds, and beverages was largely due to a decrease in soybean exports. The decrease in capital goods reflected decreases in exports of civilian aircraft and exports of various subcategories in machinery and equipment. The largest increase in exports of goods was in industrial supplies and materials, reflecting increases in petroleum and products and nonmonetary gold (Table 2a ([/iTable/iTable.html.cfm?reqid=6&step=3&isuri=1&600=3](#))).

Goods imports increased to \$570.4 billion from \$566.9 billion. Imports of four of the six major end-use categories increased. The largest increases were in industrial supplies and materials and in consumer goods. The increase in imports of industrial supplies and materials was more than accounted for by an increase in petroleum and products. The increase in consumer goods imports was more than accounted for by an increase in durable goods, which reflected an increase in cell phones within other household goods. The largest decrease was in imports of automotive vehicles, parts, and engines, reflecting widespread decreases in most subcategories (Table 2a ([/iTable/iTable.html.cfm?reqid=6&step=3&isuri=1&600=3](#))).

Services

The surplus on services increased to \$52.2 billion in the fourth quarter from \$49.3 billion in the third.

Services receipts increased to \$159.6 billion from \$157.7 billion. Exports in five of the seven major services categories increased. The largest services export increase was in other private services, mostly reflecting increases in business, professional, and technical services and financial services (Table 3a ([/iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=7](#))).

Services payments decreased to \$107.4 billion from \$108.4 billion. Imports of five of the seven major services categories decreased. The largest decreases were in royalties and license fees and travel. Royalties and license fees increased significantly in the third quarter as a result of payments for the rights to broadcast the Summer Olympic Games in July and August, then decreased commensurately in the fourth quarter. These fourth-quarter decreases were partly offset by an increase in other private services, which reflected increases in financial services and business, professional, and technical services (Table 3a ([/iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=7](#))).

Income

The surplus on income increased to \$52.4 billion in the fourth quarter from \$46.6 billion in the third.

Investment income

Income receipts on U.S.-owned assets abroad increased to \$189.4 billion from \$181.3 billion. The increase was more than accounted for by an increase in direct investment receipts. Other private receipts, which consists of interest and dividends decreased, reflecting a decrease in interest income.

Income payments on foreign-owned assets in the United States increased to \$135.1 billion from \$132.8 billion. The increase was more than accounted for by an increase in other private payments, which reflected an increase in dividends.

Compensation of employees

Receipts for compensation of U.S. residents paid by nonresidents remained at \$1.5 billion in the fourth quarter. Payments for compensation of foreign residents paid by U.S. residents remained at \$3.4 billion.

Unilateral current transfers

Net unilateral current transfers to foreigners were \$34.4 billion in the fourth quarter, up from \$34.2 billion in the third. The increase was more than accounted for by an increase in the category of private remittances and other transfers, which includes U.S. immigrants remittances to households abroad, taxes withheld on international transactions, U.S. charitable donations to foreign residents, and transfers between U.S. and foreign insurance companies. The increase in private remittances and other transfers was mostly offset by a decrease in U.S. government grants.

Capital Account

Net capital account receipts were \$7.2 billion in the fourth quarter after net payments of \$0.5 billion in the third quarter. The fourth-quarter receipts reflected receipts from foreign insurance companies for losses resulting from Hurricane Sandy.

Financial Account

Net financial inflows were \$58.4 billion in the fourth quarter, down from \$68.3 billion in the third. Growth of both U.S.-owned assets abroad and foreign-owned assets in the United States slowed in the fourth quarter after more rapid growth in the third. Financial derivatives shifted to net inflows in the fourth quarter from net outflows in the third.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$120.5 billion in the fourth quarter after increasing \$217.2 billion in the third.

U.S. claims on foreigners reported by U.S. banks and securities brokers decreased \$30.8 billion in the fourth quarter after increasing \$144.3 billion in the third. Examples of these

claims are deposits of U.S. banks at foreign banks and loans by U.S. banks to foreigners. The fourth-quarter decrease was due to decreases in claims for both customer accounts and bank and broker own accounts (Table 10a (</iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=23>)).

U.S. purchases of foreign securities exceeded sales (net purchases) by \$64.8 billion in the fourth quarter after net sales of \$2.1 billion in the third. Net purchases of foreign stocks were \$27.4 billion, a shift from net sales of \$2.1 billion in the third quarter. Net purchases of foreign bonds were \$37.4 billion, a shift from net sales near zero in the third quarter (Table 8a (</iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=19>)).

U.S. direct investment abroad was \$81.9 billion in the fourth quarter, down from \$90.9 billion in the third. The increase was mostly accounted for by a shift to net inflows of intercompany debt investment from net outflows in the third quarter (Table 7a (</iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=18>)).

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns increased \$7.6 billion in the fourth quarter after decreasing \$1.6 billion in the third.

U.S. official reserve assets decreased \$0.9 billion in the fourth quarter after increasing \$0.8 billion in the third. The fourth-quarter decrease reflected a decrease in the U.S. reserve position in the International Monetary Fund (IMF).

U.S. government assets other than official reserve assets decreased \$2.2 billion in the fourth quarter after decreasing \$15.2 billion in the third. The decreases in both quarters reflect a reduction of central bank liquidity swaps between the U.S. Federal Reserve System and foreign central banks.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$176.0 billion in the fourth quarter after increasing \$290.6 billion in the third.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers, other than those recorded under foreign official assets, decreased \$70.5 billion in the fourth quarter after increasing \$11.1 billion in the third. Examples of these liabilities are deposits of foreign residents at U.S. banks and loans by foreign banks to U.S. banks. The fourth-quarter

decrease was more than accounted for by decreases in liabilities for bank and broker own accounts (Table 11a ([/iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=25](#))).

Foreign private purchases of U.S. Treasury securities exceeded sales by \$26.0 billion in the fourth quarter, a decrease from third-quarter net purchases of \$47.8 billion. The decrease from the third quarter reflected a shift to net sales of U.S. Treasury bills from foreign net purchases (Table 8a ([/iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=19](#)) and Table 11a ([/iTable/](#)

Foreign private purchases of U.S. securities other than U.S. Treasury securities exceeded sales by \$68.5 billion in the fourth quarter, up from net purchases of \$47.6 billion in the third. Net purchases of U.S. stocks were \$42.5 billion, up from \$37.3 billion. Net purchases of U.S. federally sponsored agency bonds increased to \$18.5 billion from \$16.4 billion. Net purchases of U.S. corporate bonds were \$7.5 billion, a shift from net sales of \$6.1 billion (Table 8a ([/iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=19](#))).

Foreign direct investment in the United States was \$60.3 billion in the fourth quarter, up from \$41.8 billion in the third. The increase was more than accounted for by higher equity investment, which was partly offset by a shift to net outflows of intercompany debt investment (Table 7a ([/iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=15](#))).

U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$17.2 billion in the fourth quarter after decreasing \$4.9 billion in the third.

Foreign official assets in the United States increased \$93.0 billion in the fourth quarter after increasing \$131.1 billion in the third. The fourth-quarter increase was mostly due to net purchases of U.S. Treasury securities.

Net shipments of U.S. currency to foreign countries were \$15.8 billion in the fourth quarter following net shipments of \$16.2 billion in the third.

Financial Derivatives

Net inflows of financial derivatives were \$3.0 billion in the fourth quarter after net outflows of \$5.1 billion in the third.

* * *

The statistical discrepancythe amount that balances the sum of the recorded credits and debits across all the accounts in the international transactions accounts was \$44.8 billion in the fourth quarter compared with \$44.6 billion in the third.

In the fourth quarter, the U.S. dollar depreciated 1.3 percent on a trade-weighted quarterly average basis against a group of 7 major currencies. In the third quarter, the U.S. dollar appreciated 0.2 percent on the same basis. Exchange rate data are based on Federal Reserve Statistical Release H.10.

The Year 2012

Current Account

The U.S. current-account deficitthe combined balances on trade in goods and services, income, and net unilateral current transfersincreased to \$475.0 billion (preliminary) in 2012 from \$465.9 billion in 2011.

Goods and services

The deficit on goods and services decreased to \$539.5 billion in 2012 from \$559.9 billion in 2011.

Goods

The deficit on goods decreased to \$735.3 billion in 2012 from \$738.4 billion in 2011.

Goods exports increased to \$1,564.1 billion from \$1,497.4 billion. All major end-use categories of goods exports increased. More than half of the increase was due to an increase in capital goods, which reflected widespread increases in most subcategories; the largest increase was in exports of civilian aircraft (Table 2a ([/iTable/iTableHtml.cfm?reqid=6&step=3&isur:](#)

Goods imports increased to \$2,299.4 billion from \$2,235.8 billion. Five of the six major end-use categories of goods imports increased. The largest increases were in automotive

vehicles, parts, and engines and in capital goods. More than half of the increase in imports of automotive vehicles, parts, and engines was due to an increase in passenger cars. All subcategories in capital goods increased. The largest decrease in imports was in industrial supplies and materials and was mostly accounted for by a decrease in petroleum and products (Table 2a (</iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=3>)).

Services

The surplus on services increased to \$195.8 billion in 2012 from \$178.5 billion in 2011.

Services receipts increased to \$630.4 billion from \$606.0 billion. All major categories of services receipts increased, with the largest increases in travel and in other private services. The increase in other private services was mostly accounted for by an increase in business, professional, and technical services (Table 3a (</iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=3>)).

Services payments increased to \$434.6 billion from \$427.4 billion. Four of the seven major categories of services payments increased. The largest increases were in travel, royalties and license fees, and passenger fares. The increase in royalties and license fees partly reflects payments for the rights to broadcast the Summer Olympic Games in July and August. These increases were partly offset by decreases in direct defense expenditures, which includes expenditures abroad by the U.S. Department of Defense, and in other private services. The decrease in other private services was more than accounted for by a decrease in insurance services (Table 3a (</iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=7>)).

Income

The surplus on income decreased to \$198.6 billion in 2012 from \$227.0 billion in 2011.

Investment income

Income receipts on U.S.-owned assets abroad decreased to \$736.1 billion from \$738.8 billion. The decrease was more than accounted for by a decrease in direct investment receipts that was mostly offset by an increase in other private receipts, which consists of interest and dividends. The increase in other private receipts reflected an increase in dividends.

Income payments on foreign-owned assets in the United States increased to \$529.8 billion from \$503.8 billion. The increase was accounted for by increases in direct investment payments and other private payments. The increase in other private payments reflected an increase in dividends.

Compensation of employees

Receipts for compensation of U.S. workers paid by nonresidents increased to \$6.0 billion from \$5.8 billion. Payments for compensation of foreign residents paid by U.S. residents decreased to \$13.6 billion from \$13.8 billion.

Unilateral current transfers

Net unilateral current transfers to foreigners were \$134.1 billion in 2012, up from \$133.1 billion in 2011. The change was more than accounted for by an increase in cross-border payments of U.S. government pensions and other transfers. Private remittances and other transfers also increased. Partly offsetting these increases was a decrease in U.S. government grants.

Capital Account

Net capital account receipts (inflows) were \$6.4 billion in 2012, up from net payments (outflows) of \$1.2 billion in 2011. The shift to net receipts was accounted for by receipts from foreign insurance companies for losses resulting from Hurricane Sandy.

Financial Account

Net financial inflows were \$339.7 billion in 2012, down from \$556.3 billion in 2011. Growth in foreign-owned assets in the United States slowed for a second consecutive year. U.S.-owned assets abroad decreased for the first time since 2008. Financial derivatives shifted to net outflows in 2012 from net inflows in 2011.

U.S.-owned assets abroad

U.S.-owned assets abroad decreased \$17.9 billion in 2012 following an increase of \$483.7

billion in 2011.

U.S. claims on foreigners reported by U.S. banks and securities brokers decreased \$371.9 billion in 2012 following a decrease of \$213.6 billion in 2011. Examples of these claims are deposits of U.S. banks at foreign banks and loans by U.S. banks to foreigners. The decrease in 2012 was the result of a larger decrease in claims for bank and broker own accounts, partly offset by an increase in claims for customer accounts (Table 10a (/iTable/iTableHtml.cfm?reqid=6&s

U.S. purchases of foreign securities exceeded sales by \$52.5 billion in 2012. In 2011, U.S. purchases exceeded sales by \$146.8 billion. Net purchases of foreign stocks decreased to \$61.0 billion from \$89.0 billion. Net sales of foreign bonds were \$8.5 billion, a shift from net purchases of \$57.8 billion (Table 8a (/iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=19)).

U.S. direct investment abroad was \$351.4 billion in 2012, down from \$419.3 billion in 2011. A decrease in reinvested earnings accounted for more than half of the decrease. Net intercompany debt investment and equity investment also decreased (Table 7a (/iTable/iTableHtml.cfi

U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns increased \$30.6 billion in 2012 following an increase of \$11.6 billion in 2011.

U.S. official reserve assets increased \$4.5 billion in 2012 following an increase of \$15.9 billion in 2011. Both of these increases were the result of increases in the U.S. reserve position in the International Monetary Fund.

U.S. government assets other than official reserve assets decreased \$85.1 billion in 2012 following an increase of \$103.7 billion in 2011. The decrease resulted from a decrease in central bank liquidity swaps after a sharp increase at the end of 2011.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$384.9 billion in 2012 following an increase of \$1,001.0 billion in 2011.

U.S. liabilities to foreigners reported by U.S. banks and securities brokers (other than foreign official assets) decreased \$395.9 billion in 2012 following an increase of \$309.2

billion in 2011. Examples of these liabilities are deposits of foreign residents at banks in the United States and loans by banks abroad to banks in the United States. The decrease in 2012 was the result of a larger decrease in liabilities for bank and broker own accounts, partly offset by an increase in liabilities for customer accounts (Table 11a ([/iTable/iTableHtml.c](#)

Private foreign net purchases of U.S. Treasury securities were \$123.6 billion in 2012, down from \$240.9 billion in 2011.

Private foreign purchases of U.S. securities other than U.S. Treasury securities exceeded sales by \$76.7 billion in 2012, a shift from 2011 when foreign sales exceeded purchases by \$56.4 billion. Net purchases of U.S. stocks were \$90.2 billion, up from \$12.4 billion. Net sales of U.S. corporate bonds were \$51.6 billion, down from \$68.8 billion. Net foreign purchases of U.S. federally sponsored agency bonds were \$38.0 billion, compared to near zero in 2011 (Table 8a ([/iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=19](#))).

Foreign direct investment in the United States was \$174.7 billion in 2012 following investment of \$234.0 billion in 2011. The slowdown was due to decreases in net intercompany debt investment and in equity investment. These decreases were partly offset by an increase in reinvested earnings (Table 7a ([/iTable/iTableHtml.cfm?reqid=6&step=3&isuri=1&600=15](#))).

U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns decreased \$25.0 billion in 2012 following an increase of \$6.6 billion in 2011.

Foreign official assets in the United States increased \$373.6 billion in 2012 following an increase of \$211.8 billion in 2011. Net foreign purchases of U.S. Treasury securities accounted for most of the increase.

Net U.S. currency shipments to foreign countries were \$57.1 billion in 2012, up from \$55.0 billion in 2011.

Financial Derivatives

Net outflows of financial derivatives were \$3.1 billion in 2012 after net inflows of \$39.0 billion in 2011.

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The statistical discrepancythe amount that balances the sum of the recorded credits and debits across all the accounts in the international transactions accounts was \$68.8 billion in 2012 compared with -\$89.2 billion in 2011.

In 2012, the U.S. dollar appreciated 3.8 percent on a trade-weighted yearly average basis against a group of 7 major currencies. In 2011, the U.S. dollar depreciated 6.0 percent on the same basis. Exchange rate data are based on Federal Reserve Statistical Release H.10.

Revisions

Statistics for the first three quarters of 2012 were revised to reflect revised seasonal adjustments and, for the third quarter, new or revised source data. For the third quarter, the current-account deficit was revised upward to \$112.4 billion from \$107.5 billion. The goods deficit was revised upward to \$174.2 billion from \$173.9 billion. The services surplus was revised downward to \$49.3 billion from \$49.4 billion. The income surplus was revised downward to \$46.6 billion from \$50.8 billion. Net outflows of unilateral current transfers were revised upward to \$34.2 billion from \$33.8 billion. Net financial inflows were revised upward to \$68.3 billion from \$45.8 billion.

Upcoming Revisions to the U.S. International Transactions Accounts

On June 14, 2013, the U.S. Bureau of Economic Analysis will release U.S. International Transactions: First Quarter 2013. With the June 14 release, the U.S. international transactions statistics will be revised to reflect newly available and more complete source data, changes in classifications, and improved methodologies. The earliest period revised will be the first quarter of 1999.

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Release dates in 2013:

Fourth quarter and year 2012.....March 14, 2013 (Thursday)
First quarter 2013.....June 14, 2013 (Friday)

Second quarter 2013.....September 19, 2013 (Thursday)
Third quarter 2013.....December 17, 2013 (Tuesday)

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NOTE: This news release is available on BEAs Web site (<http://www.bea.gov>) along with Highlights (related to this release, the latest detailed statistics (/iTable/index_ita.cfm) for U.S. international transactions, and a description of the estimation methods (/methodologies/index_ita.cfm) used to compile them. The fourth-quarter statistics in this release are preliminary and will be revised. All links in the text of this release including archived versions of this release refer to the latest available revised statistics.



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