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Foreign Holdings of Federal Debt

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Summary

This report presents current data on foreign ownership of U.S. Treasury securities, including major holders of federal debt by country. Federal debt represents the accumulated balance of borrowing by the federal government. The gross debt is composed of debt held by the public and intragovernmental debt held by federal trust funds. To finance the publicly held debt, U.S. Treasury securities are sold to investors in the United States and abroad. Treasury securities may be purchased directly from the Treasury or on the secondary market by individual private investors; the Federal Reserve; financial institutions in the United States or overseas; and foreign, state, or local governments.

As of December 2025, foreign holdings of federal debt totaled approximately \$9.2 trillion, or 31% of total U.S. publicly held debt (\$30.1 trillion). (Figures are rounded.) After staying relatively flat in dollar terms for several years, overall foreign holdings increased in 2019-2021, fell in 2022, then jumped in 2023-2025. Because the total debt has increased faster than the debt held by foreigners, the share of federal debt held by foreigners has declined in recent years: It was 31% in December 2025. Interest on the debt paid to foreigners in 2025 was \$282.4 billion.

Foreign holdings can be divided into official (governmental) and private sources: 41.9% (\$3.9 trillion) of foreign holdings in U.S. federal debt are held by governmental sources, and the other 58.1% (\$5.4 trillion) are held by private investors.

Including governments and private investors, the top three estimated foreign holders of federal debt, by country, are Japan (\$1.2 trillion), the United Kingdom (\$0.9 trillion), and China (\$0.7 trillion) as of December 2025. Based on these estimates, Japan holds approximately 12.8% of all foreign investment in U.S. publicly held federal debt, the United Kingdom holds approximately 9.3%, and China holds approximately 7.4%.

From an economic perspective, foreign holdings of federal debt can be viewed in the broader context of U.S. savings, investment, and borrowing from abroad. For decades, the United States has saved less than it invests. Domestic saving is composed of saving by U.S. households, businesses, and governments. By *accounting identity* (the formulas and definitions used to produce official economic statistics), when the government runs budget deficits, it reduces domestic saving. By the same accounting identity, the shortfall between U.S. saving and physical investment is met by borrowing from abroad. To be a net borrower from abroad, the United States must run a trade deficit (i.e., it must buy more imports from foreigners than it sells in exports to foreigners). Borrowing from abroad has occurred through foreign purchases of both U.S. government and U.S. private securities and other assets.

As a result of foreign purchases of Treasury securities, the federal government must send U.S. income abroad to foreigners—for example, in the form of interest. If the overall economy is larger as a result of federal borrowing (because the borrowing stimulated economic recovery or was used to productively add to the U.S. capital stock, for example), then this outcome may leave the United States better off overall on net despite the transfer of income abroad. In other words, without foreign borrowing, U.S. income would be lower than it currently is net of foreign interest payments in this scenario.

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Selected Statistics on Foreign Holdings of Federal Debt

Federal debt represents, in large measure, the accumulated balance of federal borrowing of the U.S. government. The gross debt is composed of debt held by the public and intragovernmental debt held by federal trust funds. Although gross federal debt is the broadest measure of the debt, the debt measure that is relevant in an economic sense is debt held by the public. This is the measure of debt that has actually been sold in credit markets and has influenced interest rates and private investment decisions. Intragovernmental debt, by contrast, is both an asset and a liability to the federal government.

The portion of gross federal debt held by the public consists primarily of investment in marketable U.S. Treasury securities (i.e., bills, bonds, and notes traded in private markets).¹ Investors in the United States and abroad include official institutions, such as the U.S. Federal Reserve and foreign central banks; financial institutions, such as commercial banks; and private individual investors.

Table 1 provides December 2021 through December 2025 data, available as of March 2026, on estimated ownership of U.S. Treasury securities by type of investment and the percentage of that investment attributable to foreign investors.²

The table shows that during this period, foreign holdings of debt increased by \$1.5 trillion, from \$7.7 trillion in December 2021 to approximately \$9.2 trillion in December 2025. After staying relatively flat in dollar terms for several years, overall foreign holdings increased in 2019-2021, fell in 2022, and then jumped in 2023-2025. Total publicly held debt increased by approximately \$7.5 trillion between December 2021 and December 2025, from \$22.6 trillion to \$30.1 trillion.³ Because the total debt has increased faster than the debt held by foreigners, the share of federal debt held by foreigners has declined in recent years. In December 2025, foreigners held 31% of the publicly held debt.⁴ Interest on the debt paid to foreigners in 2025 was \$282.4 billion.⁵

¹ Current data on federal debt held by the public are available on the Department of the Treasury's Fiscal Data website, "The Debt to the Penny," <https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny>. See CRS Report R44383, *Deficits, Debt, and the Economy: An Introduction*, by Grant A. Driessen.

² This report discusses foreign holdings of U.S. federal debt. Foreign investors also hold U.S. private securities. For data on foreign holdings of U.S. private securities, see "Portfolio Holdings of U.S. and Foreign Securities," <https://home.treasury.gov/data/treasury-international-capital-tic-system-home-page/tic-forms-instructions/securities-b-portfolio-holdings-of-us-and-foreign-securities>, produced by the Treasury Department International Capital System.

³ Figures are rounded.

⁴ Data are excerpted from the Board of Governors of the Federal Reserve System's flow of funds data, Table L.210 in *Financial Accounts of the United States (Z.1)*. A small amount of publicly held debt is nonmarketable and includes savings bonds and debt issued to state and local governments.

⁵ Bureau of Economic Analysis (BEA), International Transactions (ITA), Table 4.3 (*U.S. International Transactions in Primary Income on Portfolio Investment by Sector*), line 39. No data are available for interest on the debt paid to individual countries.

Table I. Estimated Ownership of U.S. Treasury Securities (2021-2025)
In Trillions of Dollars

End of Month	Total Debt	Foreign Holdings	Foreign Holdings as a Share of Total Debt
Dec. 2025	\$30.1	\$9.2	31%
Dec. 2024	\$28.1	\$8.6	30%
Dec. 2023	\$26.2	\$7.9	30%
Dec. 2022	\$23.8	\$7.2	30%
Dec. 2021	\$22.6	\$7.7	34%

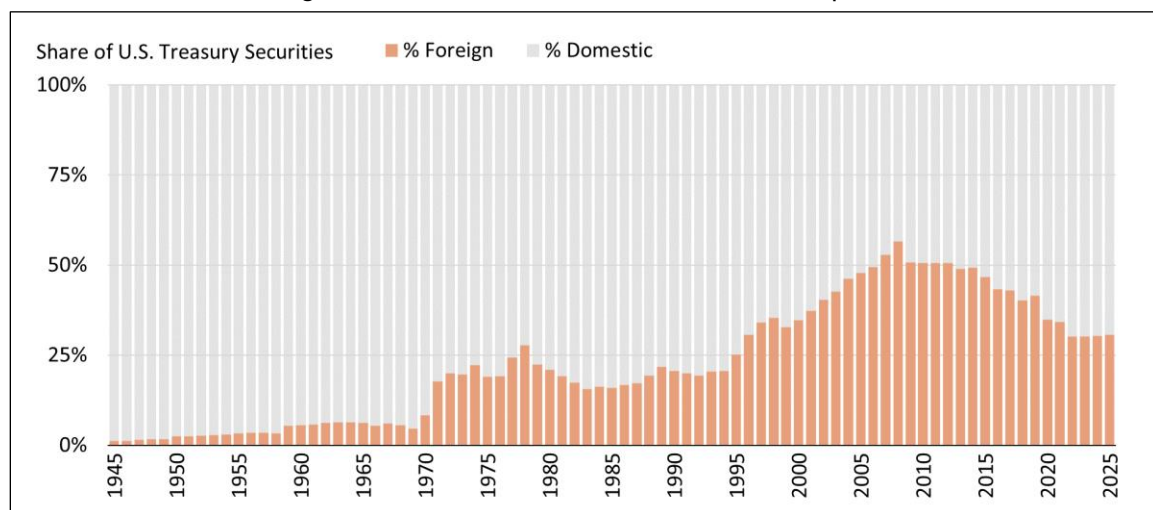
Source: Board of Governors of the Federal Reserve System, *Financial Accounts of the United States (Z.1)*, Table L.210 (Treasury Securities), via Data Download Program at <https://www.federalreserve.gov/datadownload>.

Notes: Table includes marketable Treasury securities held by the public. Data current as of March 19, 2026.

Figure 1 shows the foreign share of total Treasury securities outstanding over time since 1945.

Figure I. Foreign and Domestic Holdings of Treasury Securities (1945-2025)

Figure is interactive in the HTML version of this report.



Source: Created by CRS. Data from Board of Governors of the Federal Reserve System, *Financial Accounts of the United States (Z.1)*, Table L.210 (Treasury Securities), via Data Download Program at <https://www.federalreserve.gov/datadownload>.

Notes: Table includes marketable Treasury securities held by the public. Data current as of March 19, 2026.

Table 2 provides data on major foreign holders of federal debt by country. The top three estimated foreign holders of federal debt by country, ranked in descending order as of December 2025, are Japan (\$1.2 trillion), the United Kingdom (\$0.9 trillion), and China (\$0.7 trillion). Based on these estimates, Japan holds approximately 12.8% of all foreign investment in U.S. privately held federal debt, the United Kingdom holds approximately 9.3%, and China holds approximately 7.4%. While China remains a large holder of federal debt, its holdings have fallen in both nominal terms and as a share of total foreign holdings. However, the Treasury Department estimates foreign holdings based on the location of the holdings, not the nationality of the holder. Some of the largest holders are international financial centers whose clients are presumably

mostly from third countries.⁶ This makes it difficult to ascertain exactly how much Treasury debt the citizens of any specific country are holding, and how that has changed over time.

Table 2. Top 10 Foreign Holders of Federal Debt, by Country

Country	December 2025		Country	December 2021	
	Amount Held (\$ billions)	Percentage of All Foreign Holdings in Federal Debt		Amount Held (\$ billions)	Percentage of All Foreign Holdings in Federal Debt
Japan	\$1,185.5	12.79%	Japan	\$1,300.8	16.81%
United Kingdom	\$866.0	9.34%	Mainland China	\$1,040.3	13.44%
Mainland China	\$683.5	7.37%	United Kingdom	\$649.3	8.39%
Belgium	\$477.3	5.15%	Ireland	\$334.5	4.32%
Canada	\$468.2	5.05%	Luxembourg	\$327.8	4.23%
Luxembourg	\$435.1	4.69%	Switzerland	\$284.0	3.67%
Cayman Islands	\$421.2	4.54%	Belgium	\$271.6	3.51%
France	\$368.9	3.98%	Cayman Islands	\$262.8	3.40%
Ireland	\$340.7	3.67%	Taiwan	\$249.5	3.22%
Taiwan	\$310.6	3.35%	Brazil	\$240.6	3.11%
Total top 10 countries of foreign investors in federal debt	\$5,557.0	59.94%	Total top 10 countries of foreign investors in federal debt	\$4,961.2	64.09%
Total all foreign investment in federal debt	\$9,271.0	100%	Total all foreign investment in federal debt	\$7,740.4	100%

Source: Treasury Department International Capital System (TIC), <https://www.treasury.gov/resource-center/data-chart-center/tic/Documents/mfhhis01.txt>.

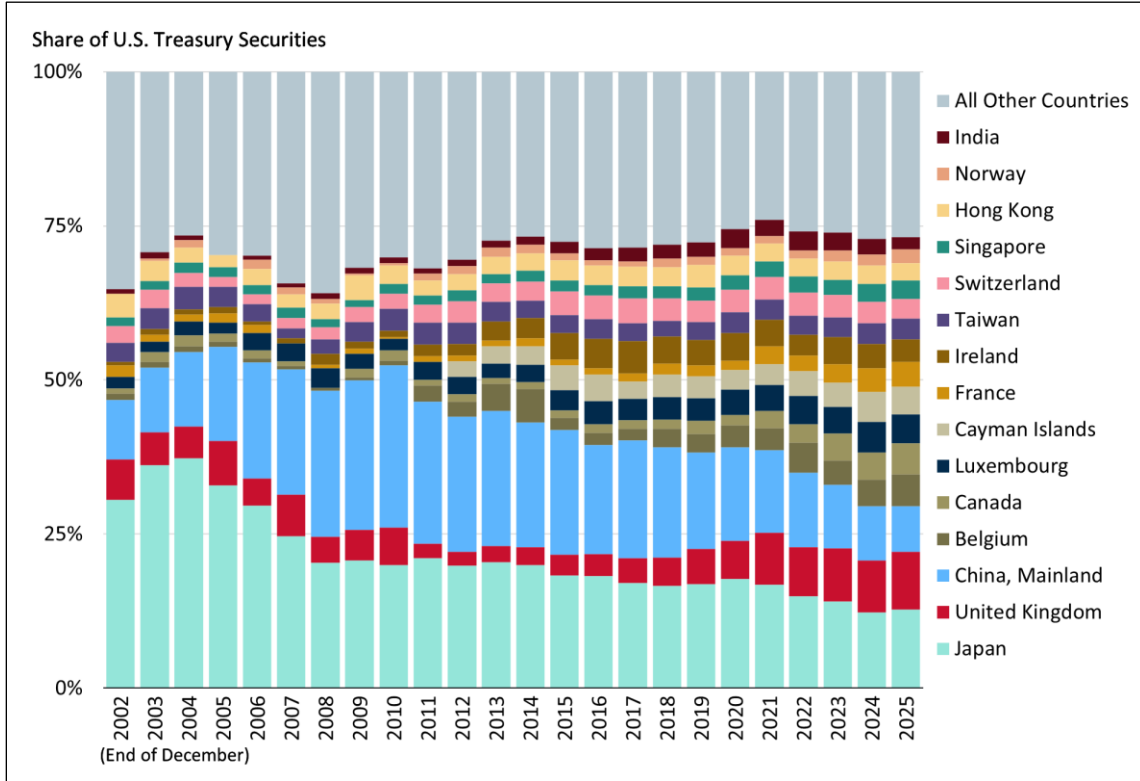
Notes: Data, including estimated foreign holders of federal debt historically by month, in these Treasury Department tables are periodically adjusted. Aggregate data totals in **Table 1** vary slightly from aggregate data totals in **Table 2** because of minor technical differences between the two sources. Percentage approximations calculated by CRS. Percentages may not sum to 100% due to rounding. Data current as of March 19, 2026.

Figure 2 shows the changing composition of foreign holdings over time since 2002.

⁶ A Chinese investor who buys U.S. securities and keeps them in the custody of a Belgian bank would have those assets counted under Belgium, not Mainland China. This helps explain why such large holdings appear in major banking hubs (e.g., Belgium, Caribbean countries, Luxembourg, Switzerland).

Figure 2. Share of Foreign-Held U.S. Treasury Securities (2002-2025)

Figure is interactive in the HTML version of this report.

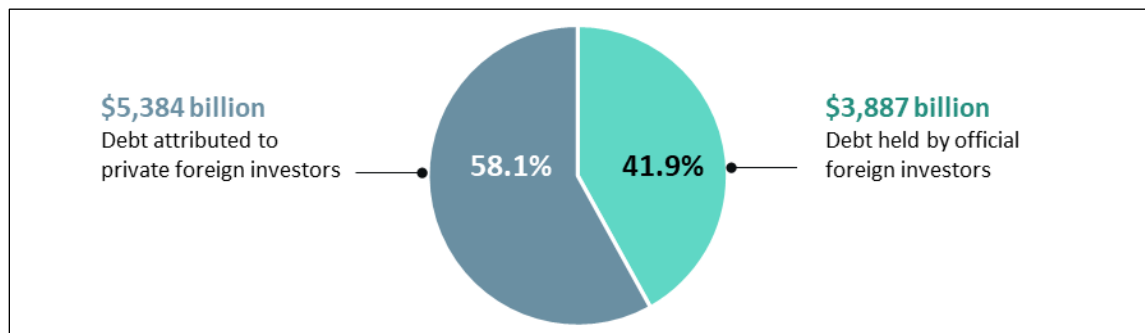


Source: Created by CRS. Data from U.S. Department of the Treasury, Treasury International Capital (TIC) System, at <https://ticdata.treasury.gov/resource-center/data-chart-center/tic/Documents/mfhhis01.txt>.

Notes: The Treasury Department’s data track the location of an asset, not its owner’s nationality. Not all countries have data for all years. “All Other” may not represent the same countries in each year. After 2011, the “Caribbean Banking Centers” and “Oil Exporters” groups were replaced by individual countries. Data current as of March 19, 2026.

Figure 3 provides data on the current breakdown of estimated foreign holdings in U.S. federal debt between official (government/central bank) and private sources. As the chart shows, governmental sources hold 41.9% (\$3.9 trillion) of foreign holdings in U.S. federal debt. Private investors hold the other 58.1% (\$5.4 trillion). The breakdown between estimated official and private holdings is not publicly available on a country-by-country basis.

Figure 3. Breakdown of Official Versus Private Foreign Holdings of U.S. Federal Debt
December 2025



Source: Created by CRS. Data from U.S. Department of the Treasury, Treasury International Capital (TIC) System, <https://ticdata.treasury.gov/resource-center/data-chart-center/tic/Documents/mfhhis01.txt>.

Notes: Approximate percentages calculated by CRS. Official foreign investors are government/central bank entities. Data current as of March 19, 2026.

Foreign Investment in U.S. Federal Debt: Why Is It an Issue of Concern?

From an economic perspective, foreign holdings of federal debt can be viewed in the broader context of U.S. saving, investment, and borrowing from abroad. For decades, the United States has saved less than it invests. Domestic saving is composed of saving by U.S. households, businesses, and governments. By accounting identity,⁷ when the government runs budget deficits, it reduces domestic saving. By the same accounting identity, the shortfall between U.S. saving and physical investment is met by borrowing from abroad. When the deficit rises (i.e., public saving falls), U.S. investment must fall (referred to as the deficit *crowding out* investment) or borrowing from abroad must rise. If capital were fully mobile and unlimited, a larger deficit would be fully matched by greater borrowing from abroad, and there would be no crowding out of domestic investment.

By accounting identity, to be a net borrower from abroad, the United States must run a current account deficit. The trade deficit is the largest component of the current account deficit.⁸ In other words, to be a net borrower, the United States must buy more imports from foreigners than it sells in exports to foreigners. Since 2000, U.S. borrowing from abroad and the trade deficit have each exceeded \$300 billion each year. Borrowing from abroad was \$1.1 trillion in 2025, down slightly from \$1.2 trillion in 2024 but up from \$935 billion in 2023.⁹ Borrowing from abroad has occurred through foreign purchases of both U.S. government and U.S. private securities and other assets.¹⁰

As a result of foreign purchases of Treasury securities, the federal government must send U.S. income abroad to foreigners. If the overall economy is larger as a result of federal borrowing

⁷ The accounting identity is (household saving + business saving + government saving) + (borrowing from abroad - lending to abroad) = (public investment + private investment).

⁸ The current account also includes net income and transfer payments made by the United States.

⁹ BEA, ITA, Table 1.2 (*U.S. International Transactions, Expanded Detail*), line 116.

¹⁰ For more information, see CRS In Focus IF13047, *Introduction to U.S. Economy: Trade Deficit*, by Marc Labonte and Lida R. Weinstock.

(because the borrowing stimulated economic recovery¹¹ or was used to productively add to the U.S. capital stock, for example), then this outcome may leave the United States better off overall on net despite the transfer of income abroad. In other words, without foreign borrowing, U.S. income would be lower than it currently is net of foreign interest payments in this scenario.

It can be argued that the underlying long-term economic issue is the budget deficit itself and not that the deficit is financed in part by foreigners. This can be illustrated by the counterfactual. Assume the same budget deficits and U.S. saving rates without the possibility of foreign borrowing. In this case, budget deficits would have had a much greater crowding-out effect on U.S. private investment, because only domestic saving would have been available to finance both. The pressures the deficit has placed on domestic saving would have pushed up interest rates throughout the economy and caused fewer private investment projects to be profitably undertaken. With fewer private investment projects, overall GDP would have been lower over time relative to what it would have been. The ability to borrow from foreigners avoids the deleterious effects on U.S. interest rates, private investment, and GDP, to an extent, even if it means that the returns on some of this investment now flow to foreigners instead of Americans. In other words, all else equal, foreign purchases of Treasury securities reduce the federal government's borrowing costs and reduce the costs the deficit imposes on the broader economy.

The burden of a foreign-financed deficit is borne by exporters and import-competing businesses, because borrowing from abroad necessitates a trade deficit. It is also borne by future generations, because future interest payments will require income transfers to foreigners.¹² To the extent that the deficit crowds out private investment rather than being financed through foreign borrowing, its burden is also borne by future generations through an otherwise smaller GDP. As interest rates have increased in recent years, interest paid on Treasury securities (to both Americans and foreigners)¹³ has risen rapidly. If rates do not fall, the burden will continue to rise as old debt matures and is rolled over into new debt instruments with higher rates.

Thus far, this report has considered the impact of the government's budget deficit and the low U.S. saving rate on U.S. Treasury yields but not investor demand. To date, investors, including foreign investors, have absorbed the large increases in the supply of federal debt without market disruption. Since 2022, interest rates have been higher than during the low-rate period of 2008-2021 but comparable to historical averages. Treasury securities are sought out by international investors because of the dollar's unique role as the world's *reserve currency*. As a result, Treasury securities are in permanent demand as underlying collateral in financial transactions and as a temporary store of value while trade or financial transactions are being executed. Treasury securities may also be relatively attractive compared to other government's bonds because, for a variety of reasons, Treasury yields tend to be slightly higher, when adjusted for risk. This relative movement in rates could attract additional foreign capital inflows.

Additionally, any discussion of foreign holdings of Treasuries would be incomplete without a discussion of the large holdings of foreign governments (referred to as *foreign official holdings* in **Figure 3**).¹⁴ Foreign official holdings are motivated primarily by a desire for a liquid and stable

¹¹ For a discussion of how government deficits can stimulate the economy, see CRS Report R45723, *Fiscal Policy: Economic Effects*, by Lida R. Weinstock.

¹² See CRS Report RL30520, *The National Debt: Who Bears Its Burden?*, by Marc Labonte. Income transfers to domestic debt holders have no net cost on the United States because they transfer income from one group of Americans (taxpayers) to another (bond holders).

¹³ Bureau of Economic Analysis (BEA), ITA, Table 4.3 (*U.S. International Transactions in Primary Income on Portfolio Investment by Sector*), line 39).

¹⁴ Department of the Treasury, *Major Foreign Holders of Treasury Securities*, <https://ticdata.treasury.gov/resource-center/data-chart-center/tic/Documents/mfhhis01.txt>.

store of value for foreign reserves. Relatively few assets besides U.S. Treasury securities fill this role well. Depending on the country, foreign reserves may be accumulated as a result of a country's exchange rate policy,¹⁵ the desire to reinvest export proceeds, or the desire to build a *war chest* to fend off speculation against the country's exchange rate and securities. If motivated by any of these factors, rate of return may be a lesser consideration for foreign governments than it is for a private investor, although large, foreign official holdings have not been significantly increasing since 2013—and peaked in 2020—after more than a decade of rapid growth before then.

Since 1989, the United States has had a net foreign debt (combined private and public), and that debt was roughly \$27.5 trillion in 2025.¹⁶ Additional growth in net foreign debt would be unsustainable in the long run if it grows faster than GDP, as it has generally done in recent decades. On net, however, this foreign debt has not imposed any burden on Americans thus far, because the United States has consistently earned more income on its foreign assets than it has paid on its foreign debt, even though foreigners owned more U.S. assets than Americans owned foreign assets—although that trend is unlikely to continue indefinitely. To date, the primary drawback is the risk that its unsustainable growth poses. Although that risk is slight in the short run, unsustainable growth in the net foreign debt could lead to foreigners at some point reevaluating and reducing their U.S. asset holdings. If this happened suddenly, it could lead to financial instability and a sharp decline in the dollar's value. Alternatively, were the growth in the debt to decline gradually, it is unlikely to be destabilizing.¹⁷

A related concern is whether the major role of foreigners in Treasury markets adds more risk to financial stability. In other words, would financial stability be less at risk if the United States borrowed the same amount from foreigners, but foreigners invested exclusively in private securities instead of U.S. Treasury securities? Empirical evidence does not shed much light on this question. Although countries such as Greece with large foreign holdings of government debt experienced financing problems during the Euro crisis of the 2010s, a large share of Italy's large government debt was held domestically, and it nevertheless also faced financing problems at the time.¹⁸ In addition, another victim of the Euro crisis was Ireland, which had accumulated mainly private, not government, debts—suggesting that avoiding foreign ownership of government debt is not a panacea. The major role of foreign governments as holders of U.S. Treasuries could reduce financial instability if foreign governments are less motivated by rate-of-return concerns, because that implies they would be less likely to sell their holdings if prices started to fall. Finally, foreign official holdings of U.S. debt may have foreign policy (as opposed to economic) implications that are beyond the scope of this report.

¹⁵ If a country does not maintain a freely floating exchange rate (i.e., allow the value of its currency to be determined by market supply and demand), then the government must intervene in foreign exchange markets to influence the exchange rate.

¹⁶ BEA, International Investment Position, Table 1.1 (*U.S. Net International Investment Position at the End of the Period*), Line 1. The net foreign debt is the difference in value between the foreign assets and foreign liabilities of U.S. residents.

¹⁷ The “safe haven” role of Treasuries and “reserve currency” role of the dollar have led to counterintuitive outcomes—lower Treasury yields in response to U.S. events with systemic risk potential, such as the subprime mortgage crisis and the federal debt downgrade. These counterintuitive outcomes make it even harder to accurately predict when the debt might become unsustainable and perhaps make a destabilizing reversal of capital flows less likely compared with other countries.

¹⁸ For more information, see CRS Report R42377, *The Eurozone Crisis: Overview and Issues for Congress*, coordinated by Rebecca M. Nelson.

What policy options exist if policymakers decided foreign ownership of federal debt is undesirable? Absent strict capital controls, it is unlikely that foreigners could effectively be prevented from buying Treasury securities. After Treasury securities are initially auctioned by Treasury, they are traded privately on diffused and international secondary markets, and turnover is much higher on secondary markets than on initial auctions. A foreign ban on secondary markets would be hard to enforce because secondary market activity could shift overseas, and even if it could be enforced, the U.S. saving-investment imbalance would likely shift foreign investment into other U.S. securities—perhaps even newly created financial products that allowed foreigners to indirectly invest in Treasury securities. Thus, a ban would not address the underlying economic factors driving foreign purchases. Economically, the only way the U.S. government could reduce its reliance on foreign borrowing is by raising the U.S. saving rate, which could be done most directly by reducing budget deficits. Reducing deficits too quickly could be counterproductive, however, if it undermined economic growth, which is a greater concern when the economy is in a recession.

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