ECONOMIC COMMISSION
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ECLAC Office in Washington, D.C.

United States economic outlook

Evolving trends in the ownership of United States federal debt

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This document was prepared by Helvia Velloso, Officer in Charge of the Economic Commission for Latin America and the Caribbean (ECLAC) office in Washington, D.C. Thanks are owed to Pablo Martin for his invaluable contributions in the preparation of this document.

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Contents

Highlights

- The foreign share of U.S. Treasury securities has declined steadily over the past decade, falling from about 42% in 2018 to 35% by the second quarter of 2025, reflecting a heavier reliance on domestic investors.
- Japan remains the largest foreign holder of U.S. debt, with Treasury holdings of approximately US$ 1.15 trillion as of June 2025. China's holdings have declined from nearly US$ 1.1 trillion in early 2020 to US$ 756 billion, while the United Kingdom has nearly doubled its holdings to US$ 858 billion, overtaking China.
- In Latin America and the Caribbean, Treasury holdings reached US$ 485 billion in June 2025, equivalent to 13.5% of the total foreign holdings. Brazil (44%), Mexico (19%), Colombia (10%), and Peru (9%) account for the majority.
- This shift in foreign demand for U.S. Treasury securities underscores broader global dynamics, including diversification of foreign exchange reserves, changes in currency management strategies, concerns about fiscal sustainability and shifting geopolitical strategies.
- For Latin America and the Caribbean, the implications are felt mainly through financial conditions and reserve management. Rising U.S. yields tend to tighten external financing and weigh on local currencies, while shifts in U.S. growth influence trade, remittances, and investment.

Introduction

The composition and ownership of U.S. federal debt have become an increasingly important dimension of the country's economic outlook. As of mid-2025, foreign holders account for roughly a third of publicly held U.S. Treasury securities, down from nearly one-half in the early 2010s. This gradual decline reflects a combination of factors, including changes in reserve management strategies by central banks, diversification away from the U.S. dollar, and growing concerns about fiscal sustainability. This shift is taking place against a backdrop of rising federal borrowing needs, recurring debt-ceiling standoffs, and warnings from international creditors about the pace at which U.S. government obligations are expanding.

While the U.S. retains a unique position as the issuer of the world's dominant reserve currency, reduced foreign demand for U.S. Treasury securities has the potential to reverberate across global markets. Higher yields could not only raise the cost of servicing federal debt but also spill over to broader financial conditions, lifting borrowing costs for households and firms. For international investors, the evolving dynamics of ownership of U.S. Treasury securities feed into perceptions of risk and confidence in U.S. creditworthiness, with implications for portfolio allocation decisions and global capital flows.

For Latin America and the Caribbean, these dynamics matter through financial and trade linkages. Shifts in U.S. yields and growth affect capital flows, exchange rates, and demand for the region's exports, underscoring that changes in the structure of U.S. debt ownership carry consequences beyond the U.S. economy itself.

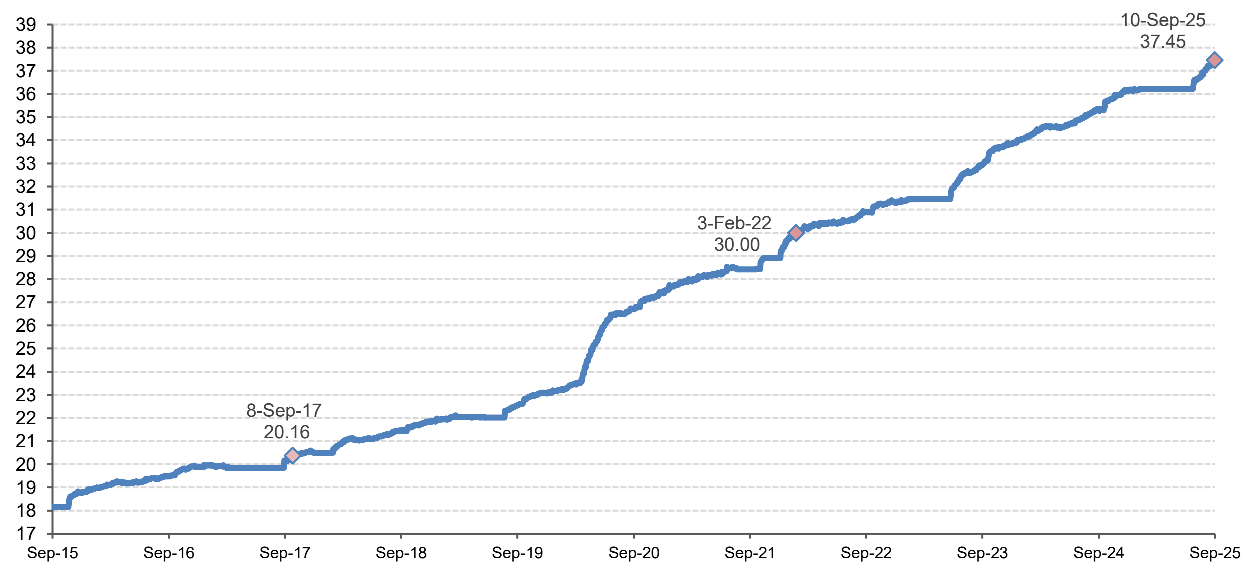
This report examines the changing landscape of U.S. federal debt ownership, tracing the recent decline in overall foreign participation, assessing the potential implications for fiscal and financial stability, and exploring the channels through which these developments may affect Latin America and the Caribbean. It builds on two earlier studies by the ECLAC Washington Office —*Trends and Major Holders of U.S. Federal Debt* (LC/WAS/TS.2019/3, April 2019) and *United States Debt: Major Foreign Holders* (LC/WAS/R.62, March 2012), prepared for internal circulation— updating their findings with data through mid-2025.[1]

[1] The report *Trends and Major Holders of U.S. Federal Debt* is available at https://www.cepal.org/en/publications/44595-trends-and-major-holders-us-federal-debt.

I. U.S. federal debt

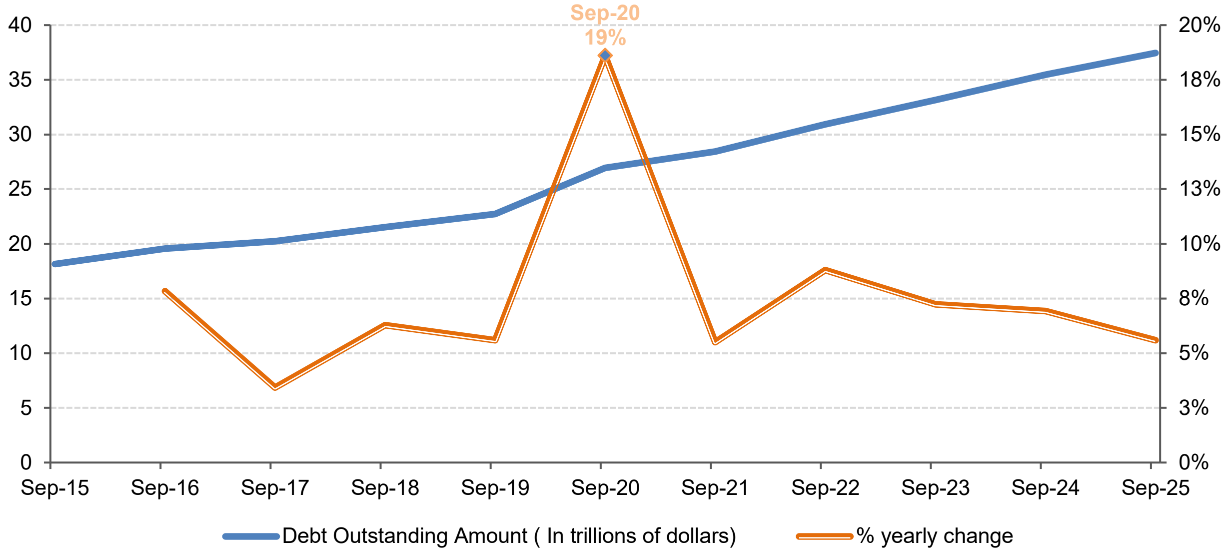
The U.S. federal debt breached the US$ 20 trillion mark in September 2017 and surpassed US$ 30 trillion in February 2022, despite recurring statutory debt-ceiling constraints (figure 1). On 10 September 2025, it reached US$ 37.45 trillion. The sharpest increase occurred during the COVID-19 crisis, when federal debt rose by 19% between 2020 and 2021 (figure 2); annual growth averaged about 7% between 2021 and 2025.

Figure 1
Total Public Debt Outstanding, September 2015–September 2025
(Trillions of dollars, Daily)



Source: ECLAC Washington Office, based on data from U.S. Department of the Treasury. Debt to the Penny. Fiscal Data. Available at: https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny, retrieved on 10 September 2025.

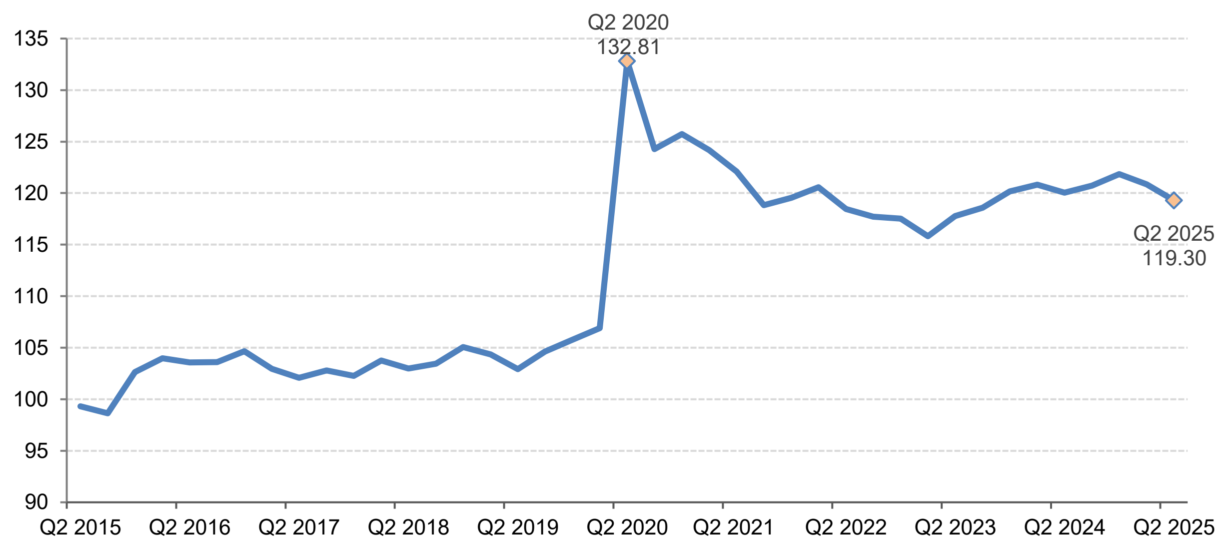
Figure 2
Total public debt outstanding, annual growth, September 2015–September 2025
(Left axis: Trillions of Dollars; Right axis: Percentage)



Source: ECLAC Washington Office, based on data from U.S. Department of the Treasury. Debt to the Penny. Fiscal Data. Available at: https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny, retrieved on 10 September 2025.

Strong post-pandemic economic growth led the debt-to-GDP ratio to decline somewhat. As of the second quarter of 2025, total federal debt stood at 119.3% of GDP—13.5 percentage points below its peak of 132.8% in the second quarter of 2022 (figure 3). Despite this decline, high debt levels highlight the structural challenges to fiscal sustainability, including in periods of economic expansion.

Figure 3
Total public debt as percent of GDP, second quarter of 2015–second quarter of 2025
(Percent of GDP, Quarterly, Seasonally Adjusted)



Source: ECLAC Washington Office, based on Federal Reserve Economic Data, Federal Reserve Bank of St. Louis (FRED), series GFDEGDQ188S, retrieved on 10 September 2025.

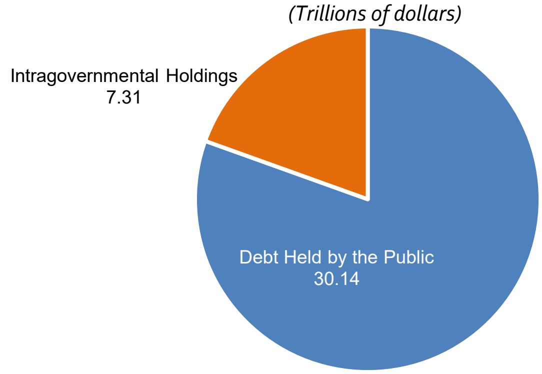
A. Composition

The U.S. public debt outstanding consists of two main components:

- *Debt Held by the Public:* This includes U.S. Treasury securities owned by individuals, corporations, the Federal Reserve, and foreign, state, and local governments.
- *Intragovernmental Holdings:* These are U.S. Treasury securities held by federal government trust funds, such as Social Security and Medicare.

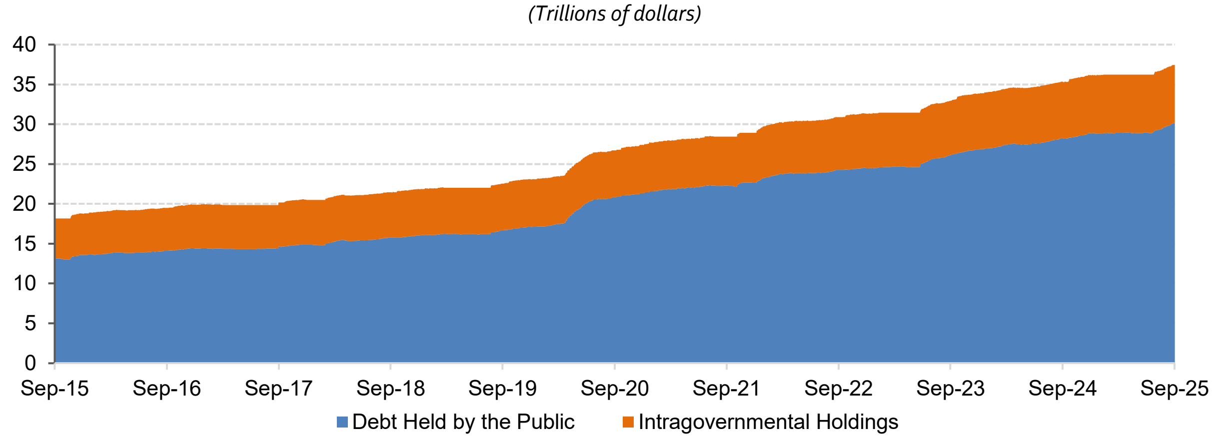
As of 10 September 2025, debt held by the public totaled US$ 30.14 trillion, while intragovernmental holdings accounted for US$ 7.31 trillion (figures 4 and 5). In the 10-year period through September 2025, the share of debt held by the public rose from 72.5% to 80.5% of the total (figure 6), with a big jump observed during the COVID-19 pandemic. Projections from the U.S. Government Accountability Office (March 2025) suggest that public debt could exceed 200% of GDP by 2047, posing long-term fiscal sustainability challenges.[2]

Figure 4
Composition of U.S. federal debt, 10 September 2025
(Trillions of dollars)



Source: ECLAC Washington Office, based on data from U.S. Department of the Treasury. Debt to the Penny. Fiscal Data. Available at: https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny, retrieved on 10 September 2025.

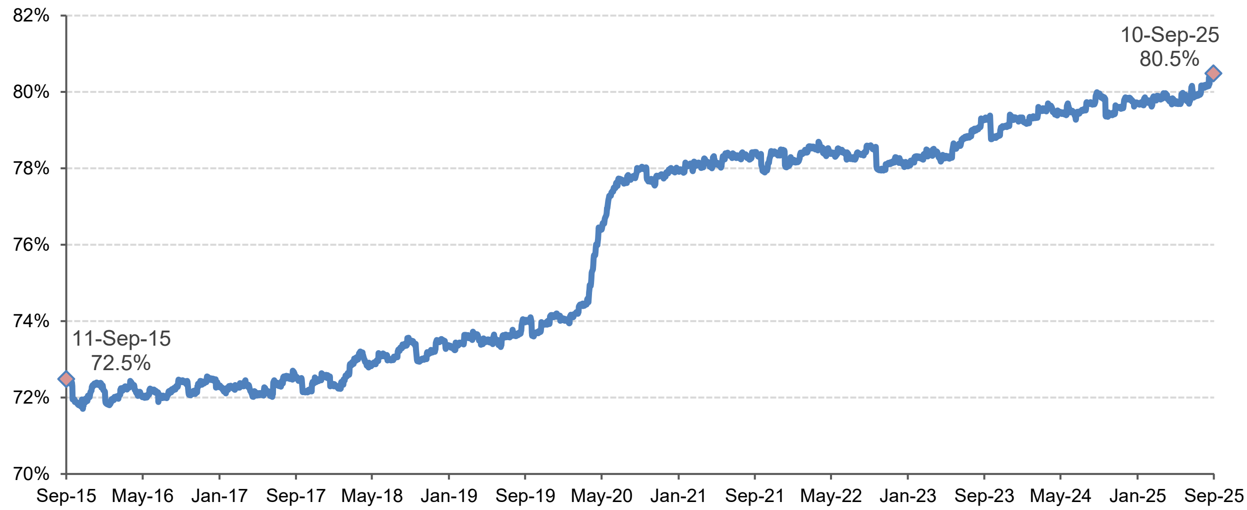
Figure 5
Composition of U.S. federal debt, September 2015–September 2025
(Trillions of dollars)



Source: ECLAC Washington Office, based on data from U.S. Department of the Treasury. Debt to the Penny. Fiscal Data. Available at: https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny, retrieved on 10 September 2025.

[2] U.S. Government Accountability Office (GAO), "The Nation's Fiscal Health: Strategy Needed as Debt Levels Accelerate." GAO-25-107714, Annual Report to Congress, February 2025. Available at: https://www.gao.gov/products/gao-25-107714; accessed on 10 September 2025.

Figure 6
Debt held by the public as a percentage of total public debt outstanding, September 2015–September 2025
(Percentage)



Source: ECLAC Washington Office, based on data from U.S. Department of the Treasury. Debt to the Penny. Fiscal Data. Available at: https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny, retrieved on 10 September 2025.

According to the Congressional Budget Office (CBO), an independent, nonpartisan agency, the One Big and Beautiful Bill (OBBB) passed in July 2025 would significantly expand the debt-to-GDP ratio relative to baseline forecasts. The CBO projects that the OBBB will increase the federal deficit by US$ 3.4 trillion over ten years—or US$ 4.1 trillion including interest. Including the effects of the legislation, this agency projects that debt held by the public will rise to about 127% of GDP by the end of 2034, compared with roughly 100% in fiscal year 2025.[3] The Administration contends that the CBO's ten-year cost projections for the OBBB are overstated, as they do not fully account for rising tariff revenues. Treasury Secretary Scott Bessent asserted in late August that customs duty receipts could exceed US$ 500 billion per annum, equating to over 1% of GDP in 2025.[4]

B. Debt held by the public

Debt held by the public consists of U.S. Treasury securities held by investors outside the federal government, including those held by individuals, corporations, the Federal Reserve System, and foreign, state and local governments. It represents the amount of money the federal government has borrowed from external sources to finance cumulative fiscal deficits. This type of debt can be further subdivided into the following categories of holders of U.S. Treasury securities, which are based on the Federal Reserve's Financial Accounts of the United States.

- Individuals (household sector)
- Mutual Funds (includes mutual funds, money market funds, closed-end funds and exchange traded funds)
- Banking Institutions (including commercial banks, savings institutions, credit unions, broker dealers and holding companies)
- Insurance Companies (includes property-casualty and life insurance companies)

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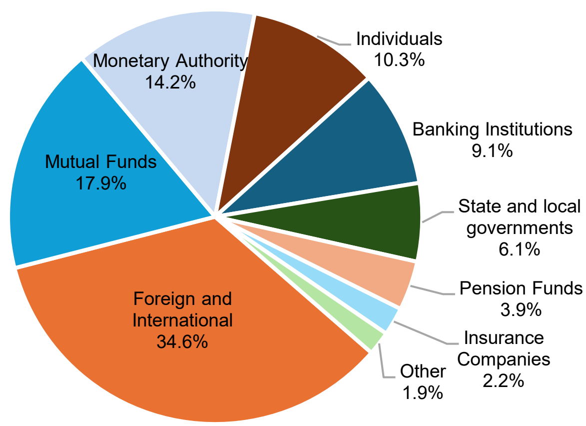
3 Congressional Budget Office, Effects on Deficits and the Debt of Public Law 119-21 and of Making Certain Tax Policies in the Act Permanent, 4 August 2025. Available at https://www.cbo.gov/publication/61466.

4 Reuters, Bessent says US tariff revenue could be well over $500 billion a year by David Lawder, 26 August 2025.

- Monetary Authority (Federal Reserve)
- State and Local Governments
- Foreign and International (including foreign banking offices in the U.S.)
- Pension Funds (including private pension funds, state and local government and federal government retirement funds)
- Other (includes nonfinancial corporate institutions, nonfinancial noncorporate institutions, government-sponsored enterprises (GSE), asset-backed security issuers (ABS))

As of the second quarter of 2025, 35% of the U.S. Treasury securities held by the public were held by foreign entities. Mutual funds and the monetary authority (the Federal Reserve) were the second and third largest holders, at 18% and 14%, respectively (figure 7).

Figure 7
Holders of U.S. Treasury securities, second quarter of 2025
(Percent)

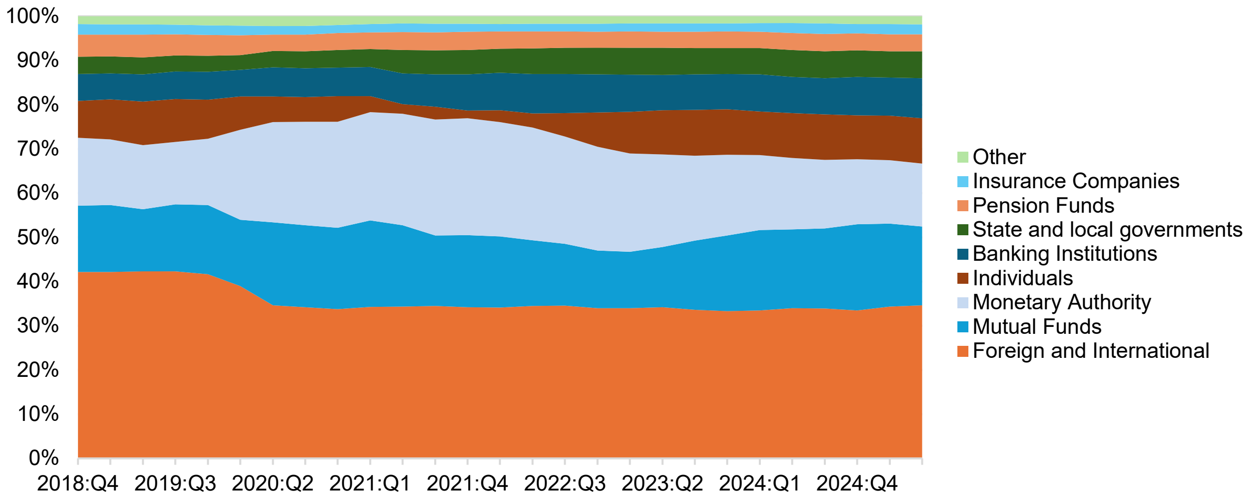


Source: ECLAC Washington Office, based on data from the Federal Reserve, Financial Accounts of the United States - Z.1, L.210 Treasury Securities. Available at: https://www.federalreserve.gov/releases/z1/current/, retrieved on 10 September 2025.

From the fourth quarter of 2018 to the second quarter of 2025, the composition of holders of U.S. federal debt shifted notably (figure 8). The share of foreign holders declined from 42.2% to 34.6%, reflecting slower accumulation of reserves by official institutions and reduced demand from foreign private investors. The monetary authority's share fell slightly from 15.4% to 14.2%. While the Federal Reserve's balance sheet had expanded sharply in 2020–2021 under quantitative easing, subsequent rounds of quantitative tightening reduced its relative weight. Pension funds lowered their share from 5.0% to 3.9%, as rising interest rates after 2022 improved funding ratios, allowing them to diversify away from U.S. Treasury securities toward higher-yielding assets. Insurance companies also reduced their exposure, from 2.4% to 2.2%, consistent with their focus on longer-duration assets that better match their liabilities; in particular, higher yields in corporate and structured products made those securities more attractive, and regulatory capital rules also favor high-quality corporates.

In contrast, several categories expanded. Mutual funds rose from 15.0% to 17.9%, supported by strong inflows and investor preference for liquid and transparent fixed-income vehicles. The household sector (individual investors) increased its share from 8.3% to 10.3%, reflecting stronger retail demand amid higher yields and the popularity of savings bonds purchased through TreasuryDirect, the Treasury's online portal for retail investors.[5] Banking institutions grew from 6.1% to 9.1%, as U.S. Treasury securities played a larger role in liquidity management and regulatory capital requirements. State and local governments nearly doubled their holdings, from 3.9% to 6.1%, largely using U.S. Treasury securities as a safe and liquid instrument for managing reserves and trust funds. Finally, the residual "other" category edged up from 1.7% to 1.9%, reflecting modest holdings by nonfinancial corporations, GSEs, and ABS issuers, which generally use U.S. Treasury securities for collateral and cash management rather than long-term investment.

Figure 8
Breakdown of U.S. debt held by the public, fourth quarter 2018–second quarter 2025
(Percent)



Source: ECLAC Washington Office, based on data from the Federal Reserve, Financial Accounts of the United States - Z.1, L.210 Treasury Securities. Available at: https://www.federalreserve.gov/releases/z1/current/, retrieved on 10 September 2025.

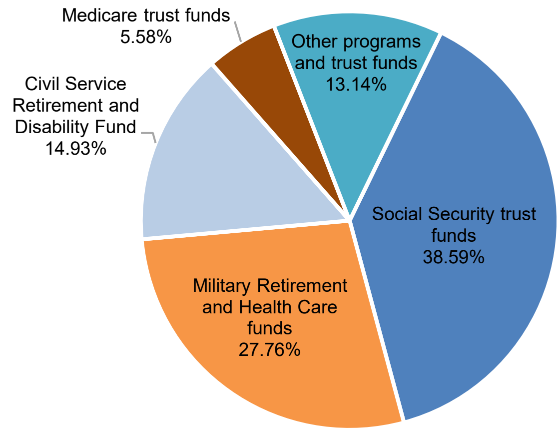
Overall, these shifts highlight the growing role of domestic investors in absorbing the expanding supply of U.S. Treasury securities, offsetting the gradual decline in foreign participation. While foreign holders remain the single largest category, the increasing weight of mutual funds, households, banks, and state and local governments underscores the importance of domestic demand. This diversification of holders may help support market resilience, but it also reflects structural changes in global reserve management and the evolving preferences of institutional and retail investors.

C. Intragovernmental holdings

Debt held by government accounts, also known as intragovernmental debt, consists of non-marketable U.S. Treasury securities held in the accounts of federal programs. These holdings primarily reflect the balances of the Social Security trust funds, the Military Retirement and Health Care funds, the Civil Service Retirement and Disability Fund (CSRDF), and the Medicare trust funds. They represent the cumulative surpluses of these programs —together with accrued interest— that have been invested in U.S. Treasury securities. Although not traded in financial markets, these special securities are legal obligations of the Treasury and are backed by the full faith and credit of the U.S. government. At the end of fiscal year 2024, the Social Security trust funds accounted for the largest share of intragovernmental debt (39%), followed by Military Retirement and Health Care funds (28%), the CSRDF (15%), and the Medicare trust funds (6%) (figure 9).

[5] TreasuryDirect is the U.S. Treasury's online platform that allows individuals to buy and hold government securities (Treasury bills, notes, bonds, TIPS, and savings bonds) directly, without using a bank or broker.

Figure 9
Components of Intragovernmental Debt Holdings as of 30 September 2024
(Share of total in percentage)

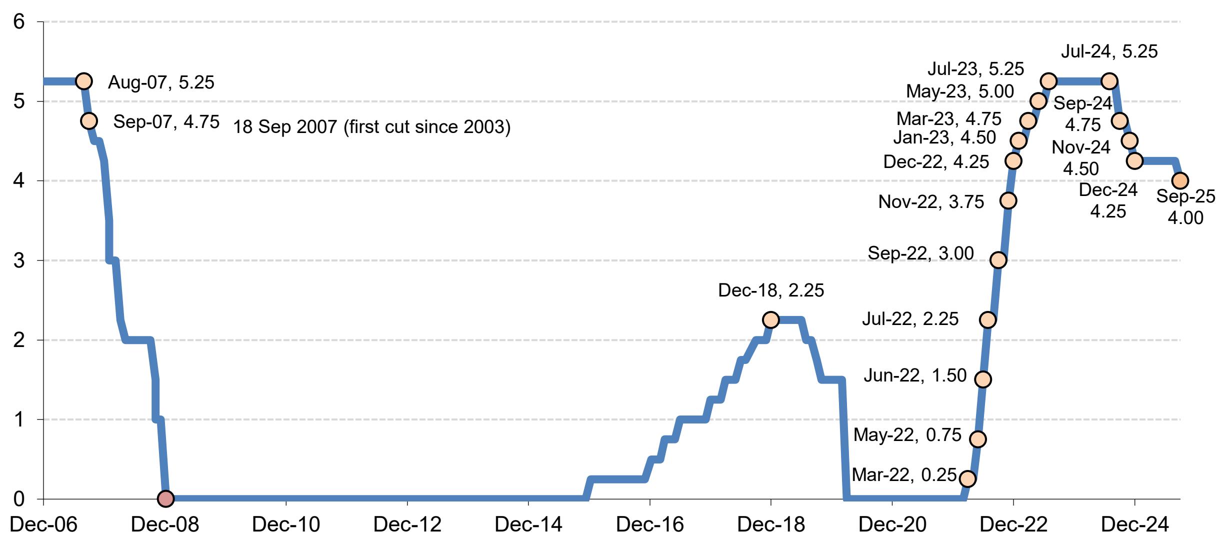


Source: ECLAC Washington Office, based on data from the GAO Report to the Secretary of the Treasury: "[Financial Audit: Bureau of the Fiscal Service's Fiscal Years 2023 and 2024 Schedules of Federal Debt](#)," GAO-25-107138, p.30, November 2024.

D. Interest expense

Interest expenses on the federal debt have risen significantly, shaped by shifts in monetary policy and the growing debt stock. During the pandemic, from March 2020 to February 2022, the Federal Reserve maintained a near-zero policy rate. As inflation accelerated, driven by fiscal stimulus and supply-side disruptions, it raised the policy rate to a peak of 5.25–5.50% by July 2023. With signs of easing inflation, the Fed implemented three rate cuts in the second half of 2024, lowering the target range to 4.25–4.50% in December. On 17 September 2025, the Fed made another cut, reducing the federal funds rate by 25 basis points to a range of 4.00–4.25%, its first reduction in 2025 (figure 10).

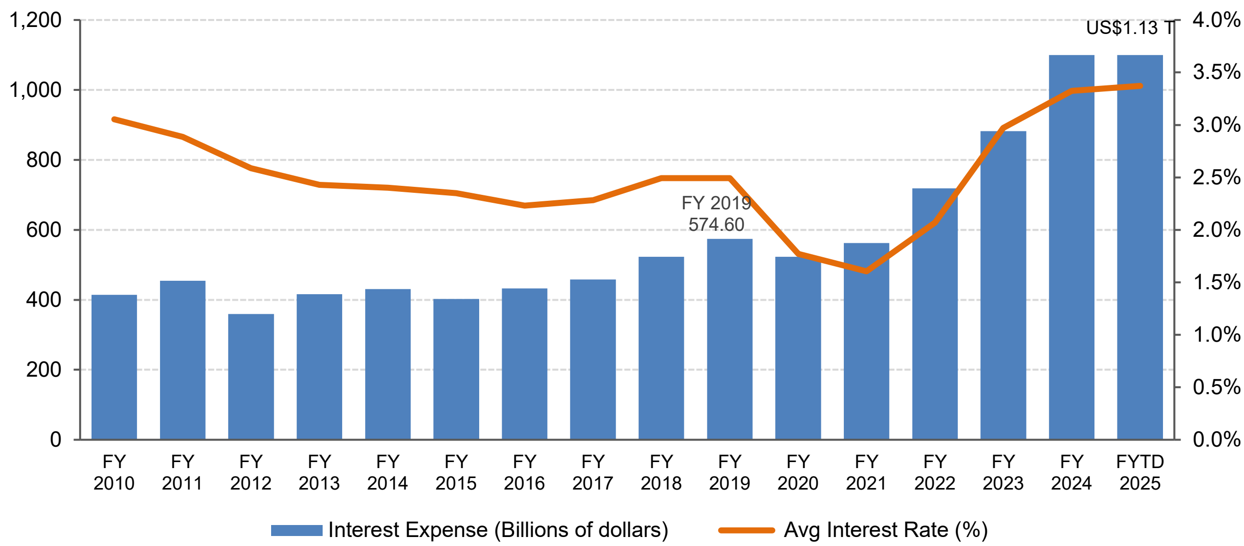
Figure 10
United States federal funds target rate, December 2006–September 2025
(Percentage)



Source: ECLAC Washington Office, based on data from the U.S. Federal Reserve. Rates in the chart are the bottom limit of the target range for the federal funds rate. The top limit is currently 4.5% (since 18 December 2024).

Even with these recent cuts, borrowing costs remain elevated. The average interest rate on federal debt climbed from 1.6% on 30 September 2021 to 3.4% by 31 August 2025, reflecting both tighter monetary conditions and shifts in global demand for U.S. Treasury securities. As a result, the cost of servicing the federal debt more than doubled between fiscal years 2019 and 2025, rising from US$ 575 billion to US$ 1.13 trillion, underscoring the increasing pressure that debt service places on the federal budget (figure 11).

Figure 11
Interest rate expenses and average interest rate on U.S. federal debt, Fiscal Year 2010–Fiscal Year 2025
(Left axis: Billions of Dollars; Right axis: Percentage)

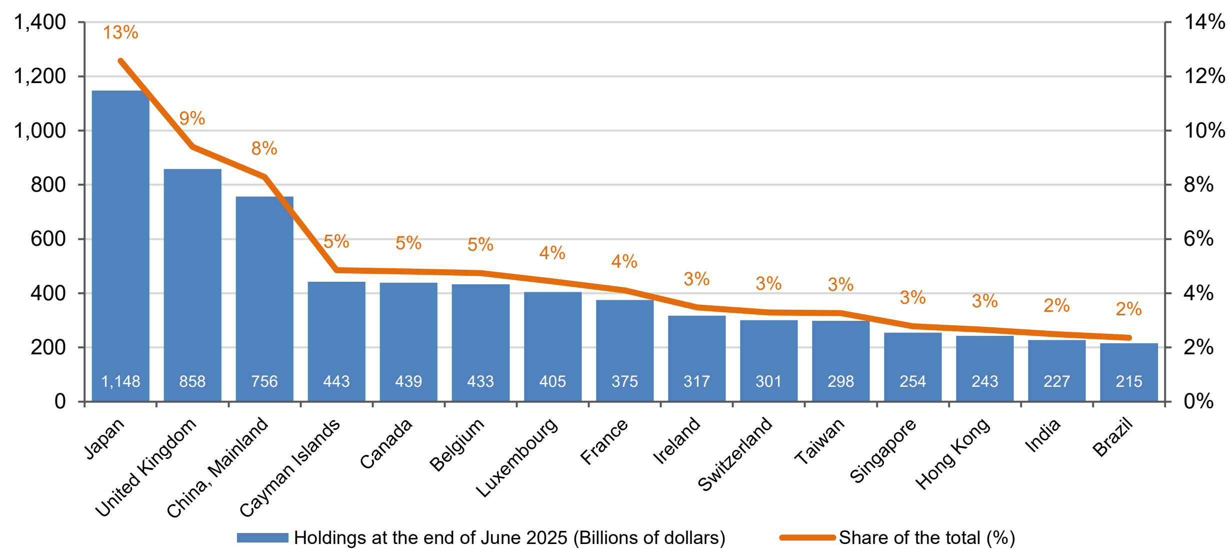


Source ECLAC Washington Office, based on data from U.S. Department of the Treasury: Interest expense on the debt outstanding and average interest rates. Available at: https://fiscaldata.treasury.gov/interest-expense-avg-interest-rates/. The fiscal Data was retrieved on 10 September 2025. FYTD stands for Fiscal Year to Date, as of 31 August 2025.

II. Major foreign holders of U.S debt

The five largest foreign holders of U.S. Treasury securities as of June 2025, the latest available data, were Japan, the United Kingdom, mainland China, the Cayman Islands, and Canada (figure 12, table 1). These jurisdictions collectively accounted for approximately 40% of total foreign holdings. However, there has been a notable shift in the composition of foreign demand for U.S. Treasury securities, with the aggregate share of the top five holders declining by 8 percentage points relative to December 2020.

Figure 12
Top 15 foreign holders of U.S. Treasury securities, end-June 2025
(Left axis: Billions of dollars; Right axis: percentage)



Source ECLAC Washington Office, based on data from U.S. Department of treasury, Resource center, Securities (B): 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, retrieved on 10 September 2025.

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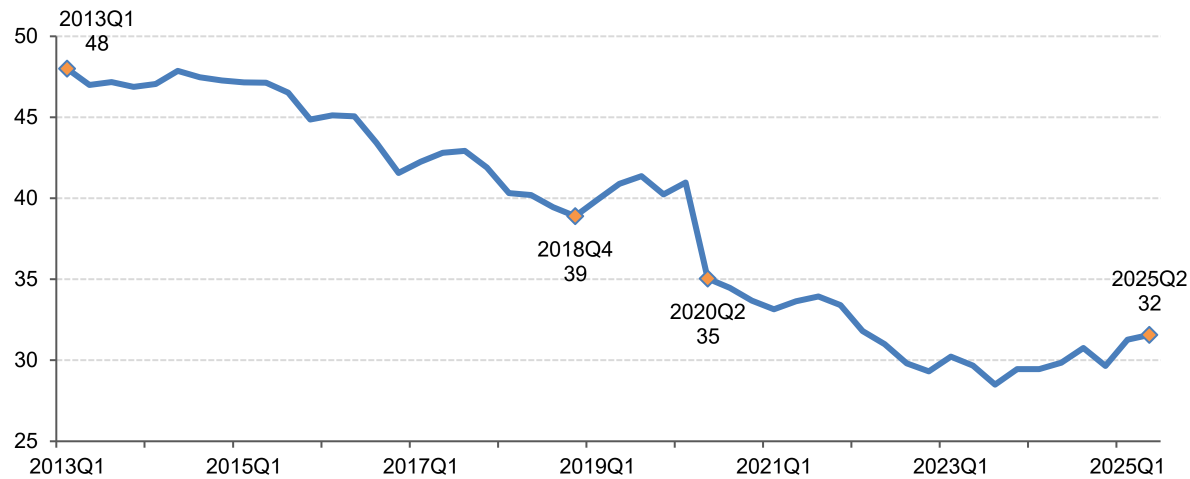
Table 1
Major foreign holders of U.S. Treasury securities, end-June 2025
(Billions of dollars; percentage of total)

Rank	Country	Amount (Billions of dollars)	% of total	Change vs Jun 2024 (Billions of dollars)
1	Japan	1,147.6	12.57%	+17.0
2	United Kingdom	858.1	9.39%	+78.8
3	China, Mainland	756.4	8.27%	-7.6
4	Cayman Islands	442.7	4.84%	-12.6
5	Canada	438.5	4.80%	+12.3
6	Luxembourg	433.4	4.74%	+21.0
7	Belgium	404.7	4.43%	+2.6
8	France	374.9	4.10%	+11.8
9	Ireland	317.4	3.47%	-11.9
10	Switzerland	300.9	3.29%	+9.3
11	Taiwan	298.1	3.27%	+0.3
12	Hong Kong	242.6	2.66%	-20.3
13	Singapore	227.4	2.49%	-35.3
14	India	215.3	2.36%	+11.8
15	Brazil	201.6	2.21%	-6.8
16	Norway	195.1	2.14%	-5.0
17	Saudi Arabia	137.5	1.51%	+5.9
18	Korea, South	124.9	1.37%	-0.9
19	Mexico	102.6	1.12%	+11.1
20	Germany	97.0	1.06%	-14.4
21	Bermuda	90.1	0.99%	-5.5
22	Israel	82.1	0.90%	-10.4
23	Netherlands	78.5	0.86%	-12.4
24	United Arab Emirates	77.1	0.84%	-27.2
25	Thailand	70.0	0.77%	-7.9
26	Australia	67.3	0.74%	+5.1
27	Philippines	62.8	0.69%	+3.5
28	Italy	60.0	0.66%	+0.2
29	Spain	59.4	0.65%	-1.6
30	Kuwait	50.3	0.55%	-2.4
31	Sweden	49.2	0.54%	-6.7
32	Colombia	45.9	0.50%	-1.3
33	Peru	43.7	0.48%	+0.9
—	All Other	679.6	7.44%	+49.4
—	**Grand Total**	**9,127.7**	**100%**	**+659.0**

Source ECLAC Washington Office, based on data from U.S. Department of treasury, Resource center, Securities (B): 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, retrieved on 10 September 2025.

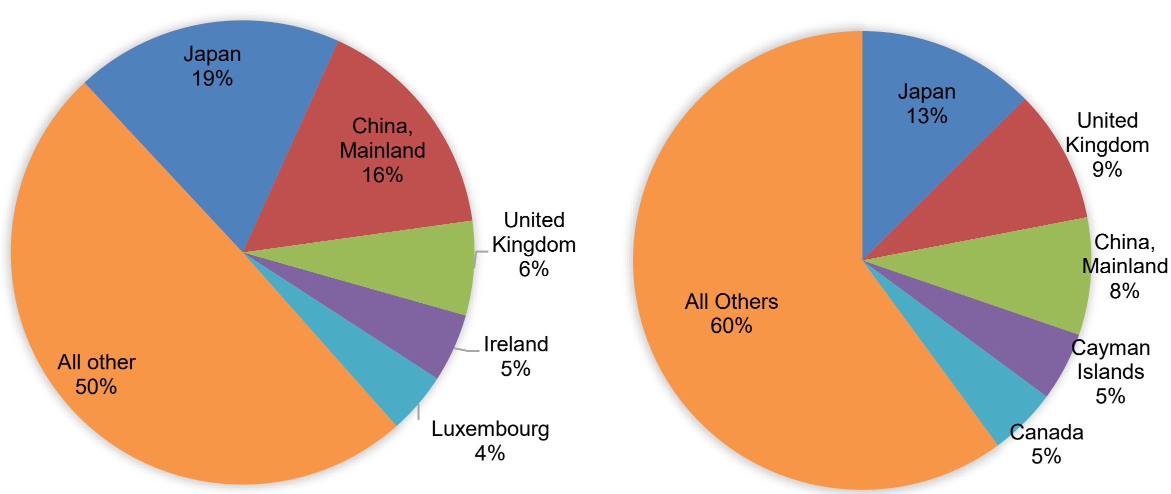
Foreign demand for U.S. Treasury securities has declined steadily in recent years. Federal Reserve data show that the foreign share of U.S. Treasury securities fell from about 48% in the first quarter of 2013 to 39% by the end of 2018, 34% in 2020, and 32% by mid-2025 (figure 13). This trend is largely driven by China and Japan. According to U.S. Treasury International Capital (TIC) data, China's share of total foreign holdings dropped from 16.0% in December 2020 to 8.3% in June 2025, while Japan's share declined from 18.7% to 12.6% over the same period. By contrast, the United Kingdom expanded its share from 5.7% to 9.4% (figure 14).

Figure 13
Foreign share of U.S. Treasuries, first quarter of 2013–second quarter of 2025
(Percentage)



Sources: ECLAC Washington Office, based on data retrieved on 10 September 2025 from Federal Reserve, Financial Accounts of the United States (Z.1), Table L.210, "Rest of the world; Treasury securities; asset" https://fred.stlouisfed.org/series/ROWTSEQ027S and U.S. Treasury, Monthly Statement of the Public Debt (MSPD); and U.S. Treasury, Treasury International Capital (TIC) System, Table 5: Major Foreign Holders of U.S. Treasury Securities https://fred.stlouisfed.org/series/FYGFDPUN .

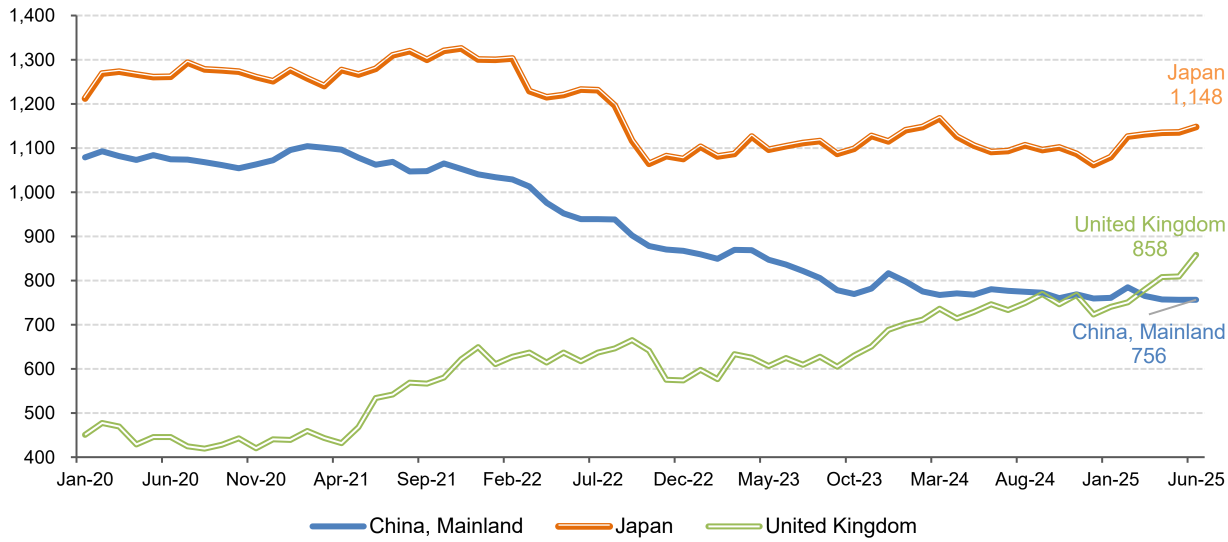
Figure 14
Country shares of total U.S. Treasury securities owned by foreigners, December 2020 and June 2025
(Percentage)



Source ECLAC Washington Office, based on data from U.S. Department of treasury, Resource center, Securities (B): 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, retrieved on 10 September 2025.

Japan remains the largest foreign holder of U.S. Treasury securities, with its holdings stable at about US$ 1.14–1.15 trillion since 2022. China, by contrast, has steadily reduced its exposure: its portfolio declined from nearly US$ 1.1 trillion in early 2020 to US$ 756 billion by June 2025, including a sharp US$ 18.9 billion drop in March 2025 (figure 15). This retrenchment, pushing China into third place, is consistent with the country's broader strategy of reserve diversification and currency management. The United Kingdom has become the second-largest foreign holder. U.K. holdings rose from about US$ 441 billion in early 2020 to US$ 858 billion in June 2025, reflecting both stronger demand for safe U.S. dollar assets and London's role as a key custodial and trading hub for global U.S. Treasury holdings.[6]

Figure 15
Holdings U.S. Treasuries: Japan, United Kingdom and China, January 2020–June 2025
(Billions of dollars)



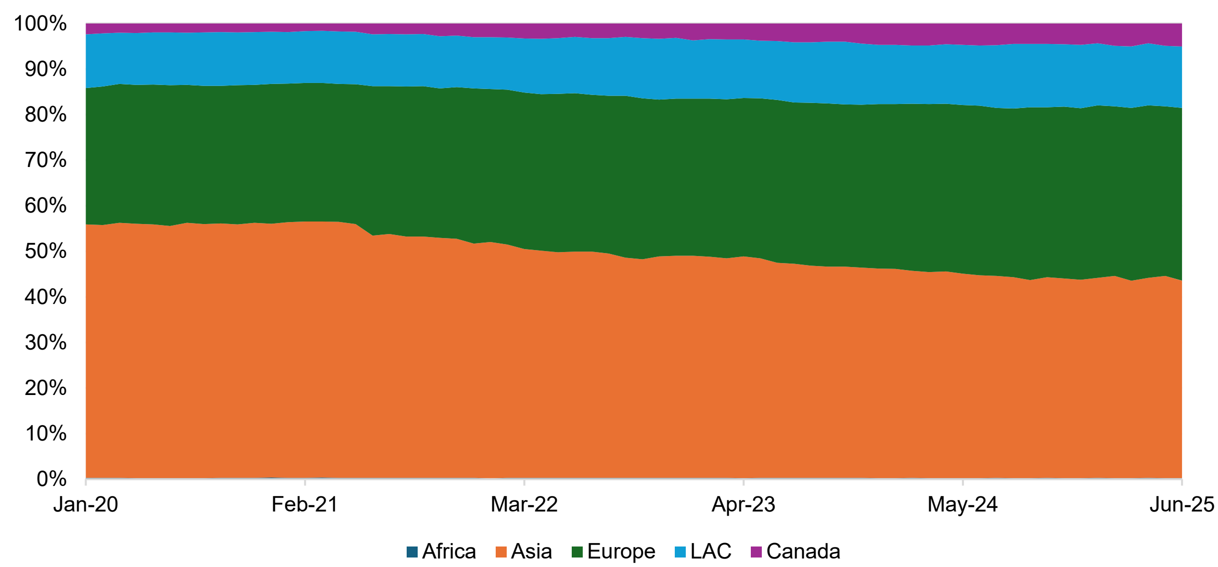
Source ECLAC Washington Office, based on data from U.S. Department of treasury, Resource center, Securities (B): Portfolio Holdings of U.S. and Foreign Securities: https://home.treasury.gov/data/treasury-international-capital-tic-system-home-page/tic-forms-instructions/securities-b-portfolio-holdings-of-us-and-foreign-securities, retrieved on 10 September 2025.

6 In the Treasury International Capital (TIC) system, holdings are attributed to the country of the immediate custodian rather than the ultimate owner. The sharp increase in U.K.-reported holdings therefore reflects London's role as a major custodial and clearing center for global dollar assets, in addition to genuine portfolio reallocations, rather than a surge in U.K. domestic demand.

III. LAC holdings of U.S. Treasury securities

As of June 2025, Latin America and the Caribbean (LAC) accounted for 13.5% of total foreign holdings of U.S. Treasury securities—an increase of nearly two percentage points since 2020. While this represents a relatively modest share compared with Asia (43.3%) and Europe (37.9%), the region's exposure has grown steadily in recent years (figure 16).

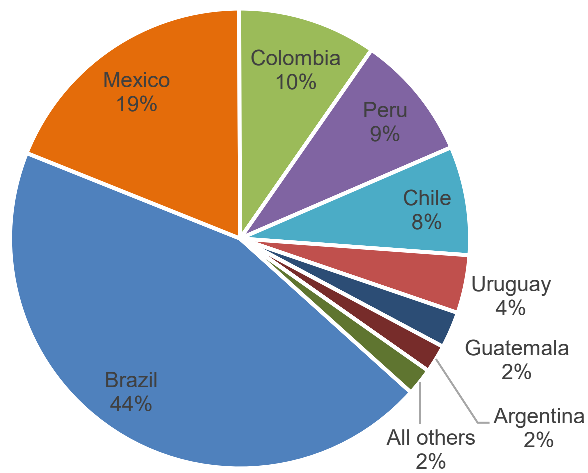
Figure 16
Foreign holdings of U.S. Treasury securities by region, January 2020–June 2025
(Percentage)



Source ECLAC Washington Office, based on data from U.S. Department of treasury, Resource center, Securities (B): 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, retrieved on 10 September 2025.

Within Latin America and the Caribbean (LAC), the Caribbean subregion accounts for the largest share of U.S. Treasury holdings, primarily through offshore financial centers such as the Cayman Islands. Excluding these centers, Brazil stands out as the region's principal holder, with US$ 215 billion in June 2025—equivalent to 44% of LAC's total. Mexico follows with 19%, while Colombia and Peru represent 10% and 9%, respectively (figure 17, table 2).

Figure 17
LAC holdings of U.S. Treasury securities: country distribution, end-June 2025
(Percentage)



Source ECLAC Washington Office, based on data from U.S. Department of treasury, Resource center, Securities (B): 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, retrieved on 10 September 2025.

Table 2
LAC holdings of U.S. Treasury securities, end-June 2025
(Millions of dollars; percentage of total)

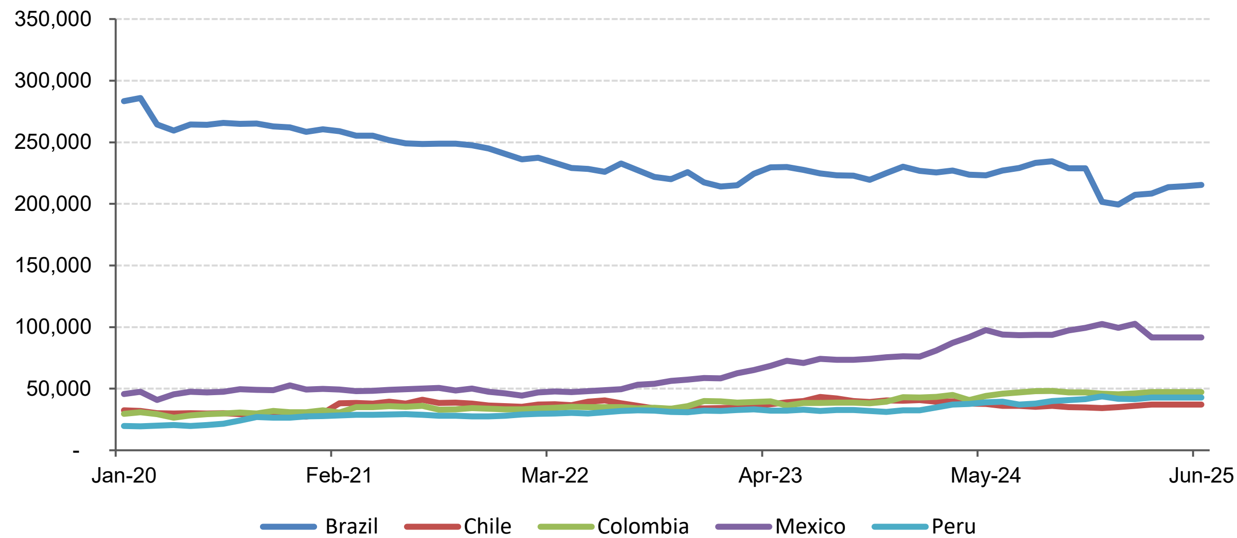
Rank	Country	Amount *(US$ Millions)*	% of total
1	Brazil	215,300	44.4%
2	Mexico	91,516	18.9%
3	Colombia	47,267	9.8%
4	Peru	42,804	8.8%
5	Chile	37,103	7.6%
6	Uruguay	19,791	4.1%
7	Guatemala	12,401	2.6%
8	Argentina	9,484	2.0%
9	Trinidad and Tobago	4,344	0.9%
10	Costa Rica	3,553	0.7%
11	Barbados	2,644	0.5%
12	Jamaica	1,406	0.3%
13	Ecuador	1,168	0.2%
14	Venezuela	720	0.1%
	Regional Total	484,935	100%

Source ECLAC Washington Office, based on data from U.S. Department of treasury, Resource center, Securities (B): 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, retrieved on 10 September 2025.

The composition of LAC's U.S. Treasury holdings has shifted considerably over the past decade. Brazil, which in 2018 was the third-largest foreign holder of U.S. debt worldwide[7], has steadily reduced its exposure, reflecting both active currency management policies during episodes of volatility and a broader diversification of reserves. The share of Chinese renminbi in Brazil's international reserves, for example, has risen from just over 1% in 2019 to nearly 5% in 2023, underscoring this long-term reallocation strategy. Despite these shifts, U.S. Treasury securities still dominate Brazil's reserves, accounting for about 80% of the total.

By contrast, Mexico and Peru have expanded their exposure significantly. Between December 2020 and March 2025, Mexico increased its U.S Treasury holdings by nearly 50%, while Peru raised theirs by 46%. This expansion reflects reserve accumulation linked to favorable commodity cycles, attractive yield differentials, and, in Mexico's case, surging foreign direct investment (figure 18). Colombia and Chile have also maintained sizable positions, with holdings of US$ 47 billion and US$ 37 billion, respectively.

Figure 18
Top 5 LAC holders of U.S. Treasury securities, January 2020–June 2025
(Millions of dollars)



Source ECLAC Washington Office, based on data from U.S. Department of treasury, Resource center, Securities (B): 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, retrieved on 10 September 2025.

These trends highlight the interplay between global demand for U.S. debt and regional policy choices. While U.S. Treasury securities remain an anchor of external stability and a safeguard against currency volatility, for some economies diversification has become an increasingly important priority.

Looking ahead, the region's holdings of U.S. debt will continue to inform exposure to shifts in U.S. fiscal and monetary conditions. Rising U.S. Treasury yields may translate into higher financing costs and exchange-rate pressures in LAC, while sustained U.S. growth remains critical for the region's export and remittance flows. Higher U.S. Treasury yields can curb investors' appetite for LAC assets by tightening financial conditions and siphoning funds away from them (figure 19). In this sense, the evolving structure of U.S. debt ownership is not only a domestic issue for the United States but also a factor influencing financial stability and policy space across Latin America and the Caribbean.

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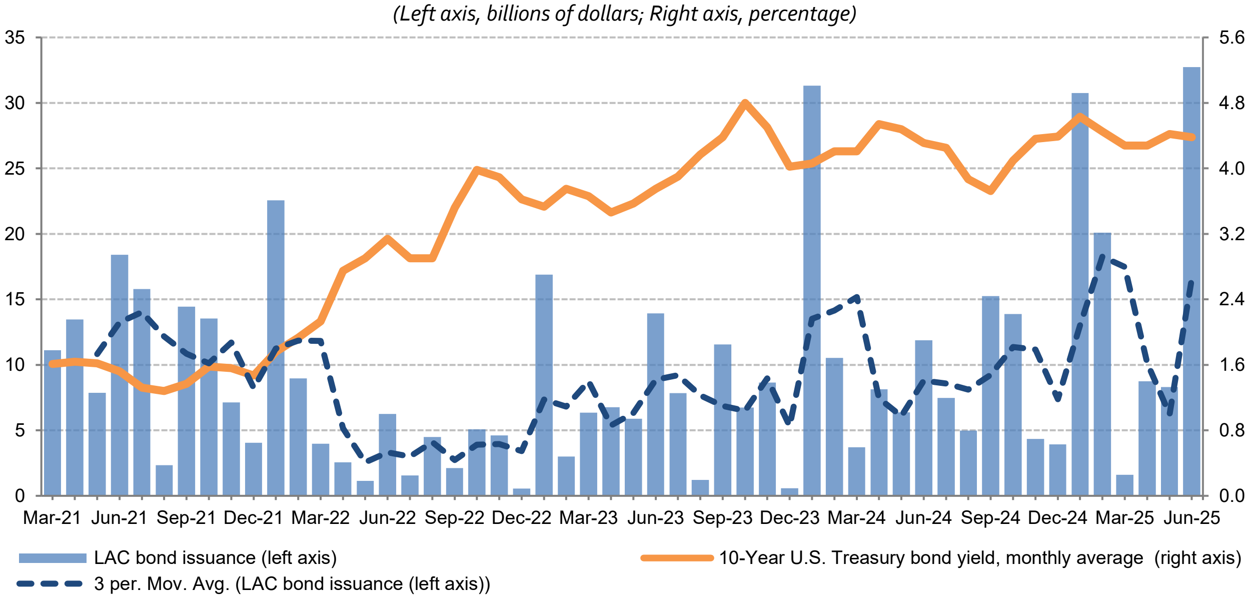
[7] See ECLAC office in Washington D.C.. *[Trends and Major Holders of U.S. Federal Debt]()* (LC/WAS/TS.2019/3), April 2019, Table 3, p.21

Figure 19

Monthly LAC international bond issuance and ten-year U.S. Treasury yield, March 2021–June 2025

(Left axis, billions of dollars; Right axis, percentage)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Capital flows to Latin America and the Caribbean: 2024 year-in-review and early 2025 developments (LC/WAS/TS.2024/2), Santiago, 2025. Updated to end of June 2025. Debt issuance data is preliminary and will be updated in the next Capital Flows report to be released in October 2025.

IV. Looking ahead

The evolution of U.S. federal debt ownership underscores a dual challenge: managing persistent domestic fiscal pressures while adapting to shifting global demand for U.S. Treasury securities. The share of debt held by the public—over 80% of the total as of 10 September 2025—combined with the retreat of foreign holders (from 42% in late 2018 to 35% by mid-2025) signals growing reliance on domestic institutions such as mutual funds, banks, and households.

Foreign demand remains substantial but its composition is changing. Japan, the United Kingdom, and China still account for a large share of foreign holdings, though both Japan and China have scaled back. By contrast, several European and Latin American countries have modestly increased their positions, reflecting reserve diversification and cyclical factors. Within Latin America and the Caribbean, Brazil, Mexico, Peru, and Colombia remain the largest holders, though with divergent trends: Brazil has reduced its exposure in line with currency management and diversification strategies, while Mexico and Peru have increased theirs. These shifts underscore that, while U.S. Treasury securities remain the cornerstone of global reserve portfolios, their relative weight is being recalibrated in response to evolving economic and financial realities.

Looking ahead, the trajectory of U.S. debt will hinge on fiscal policy choices. The CBO projects that the legislation signed in July will increase deficits by about US$ 4.1 trillion over the next decade, pushing debt held by the public from about 100% of GDP in fiscal year 2025 to roughly 127% by fiscal year 2034. Higher structural deficits, coupled with elevated rates, imply rising debt-servicing costs that may constrain fiscal flexibility.

For Latin America and the Caribbean, spillovers from U.S. debt dynamics will be felt mainly through financial channels. Higher U.S. Treasury security yields tend to pull out capital from the region, tightening financing conditions and pressuring exchange rates, while slower growth linked to heavier debt burdens would weigh on trade flows and remittances. These linkages underscore that debt ownership patterns in the United States carry implications well beyond its borders. How U.S. policymakers manage fiscal challenges, interest costs, and investor confidence will shape not only domestic sustainability but also global financial stability.

This special issue of the *United States economic outlook* examines the trends in the ownership composition of United States federal debt holders, focusing on the balance between domestic and foreign investors and its implications for fiscal policy, financial stability and Latin America and the Caribbean. It provides updated data through mid-2025 on the structure of Treasury holdings, highlighting both the region's participation as holders of United States debt and the strategies adopted by Latin American and Caribbean countries. The publication builds on two earlier reports by the ECLAC office in Washington D.C.: *Trends and major holders of U.S. Federal Debt* (LC/WAS/TS.2019/3, April 2019) and *United States debt: major foreign holders* (LC/WAS/R.62, March 2012), prepared for internal circulation.

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