



CENTRAL STATISTICAL OFFICE

# UNITED KINGDOM BALANCE OF PAYMENTS

1971

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1971

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# INTRODUCTION

THIS PUBLICATION has been prepared by the Central Statistical Office in collaboration with other government departments and the Bank of England. It contains calendar year estimates of the United Kingdom balance of payments. The general balance of payments figures for the years 1960–1970 are shown in Table 1. Subsequent tables, containing estimates of individual items in greater detail, are listed in the Table of Contents (page 2). Summary estimates of the general balance of payments for the years 1946–1959 are shown in Table 4; more detailed figures for the years 1946–51 are shown on page 88 and for 1952–59 on page 86. The tables are followed by a description of the sources, methods and definitions used in compiling the statistics.

Preliminary estimates of the United Kingdom balance of payments for the latest calendar year are published in a White Paper (the most recent was Cmnd. 4631) in the spring of each year. Detailed quarterly estimates are published, with a commentary and notes on any major revisions to previous figures, in the March, June, September and December issues of *Economic Trends* (September containing a full quarterly series from 1962) and are reproduced in summary form in other monthly publications of the Central Statistical Office.

## New information and revisions

### *Invisibles—shipping*

A change has been introduced in the treatment of ships on short-term charter to United Kingdom operators, which are now regarded as an extension of the fleet operated by United Kingdom shipping companies. The main reason for making this change has been the increasing artificiality of distinguishing between time and voyage chartering by fleet operators. The effect of adopting this treatment is to increase both shipping credits and debits by similar amounts with little change in the estimates for net shipping transactions. Further details are given in the notes on page 68.

Additional information now available about the operations of foreign oil companies in the United Kingdom has also led to revised estimates both for charter payments and for import freight paid to overseas shipping operators.

### *Invisibles—other items*

Two relatively minor changes have been made within the invisibles account in addition to the revisions on shipping transactions described above. First, the net earnings of UK banks on their external claims and liabilities in non-sterling currencies are now included under 'Interest, profits and dividends' instead of 'Other services'. Earnings and payments on sterling claims and liabilities are already included under 'Interest, profits and dividends'. Secondly, private transfers now include migrants' funds only in so far

as these are remitted to or from the United Kingdom at the time of migration; formerly, some migrants' funds, because of re-designation of the migrants as non-residents, were treated as giving rise to private transfers on migration even when no remittance of funds occurred.

### *Investment and other capital flows*

Some rearrangement of the items in Table 3, which was introduced last year, has been made in the light of experience and further developments. The items 'Balances (gross) of sterling area countries' and 'Balances (gross) of non-sterling countries' have been replaced by new items together providing broadly similar coverage—'Exchange reserves in sterling' and 'Other external banking and money market liabilities in sterling'. The area breakdown continues to be shown in Tables 5 and 6, and this change achieves consistency with the data now regularly published on the levels of external sterling liabilities, first introduced in December 1970; further details are given in the notes on page 79.

The estimates of export credit between unrelated firms are now presented in a somewhat different form, taking account of advance payments by overseas customers financed under credit arrangements with United Kingdom banks which were formerly included under 'Other short-term flows'. The effect of this change has been to reduce significantly the outflow of export credit shown for 1970; a detailed analysis of trade credit between unrelated firms is given in Table 30 and Annex 3.

A number of revisions to the figures for 1969 and earlier years have been made as a result of later and more complete information and through continuing scrutiny of the methods of estimation and consistency of treatment between different items in the accounts.

## Reliability of the estimates

All the estimates are expressed in terms of a precise number of £ million, but this does not imply that they can be regarded as accurate to the last digit. Some of the figures, particularly those relating to 1970, are provisional and may be revised later.

Notes on the reliability of the estimates are given on page 80.

## Symbols and conventions used

- .. = not available
- = nil or less than £500,000
- n.e.i. = not elsewhere included

Central Statistical Office,  
Great George Street,  
London, SW1P 3AQ  
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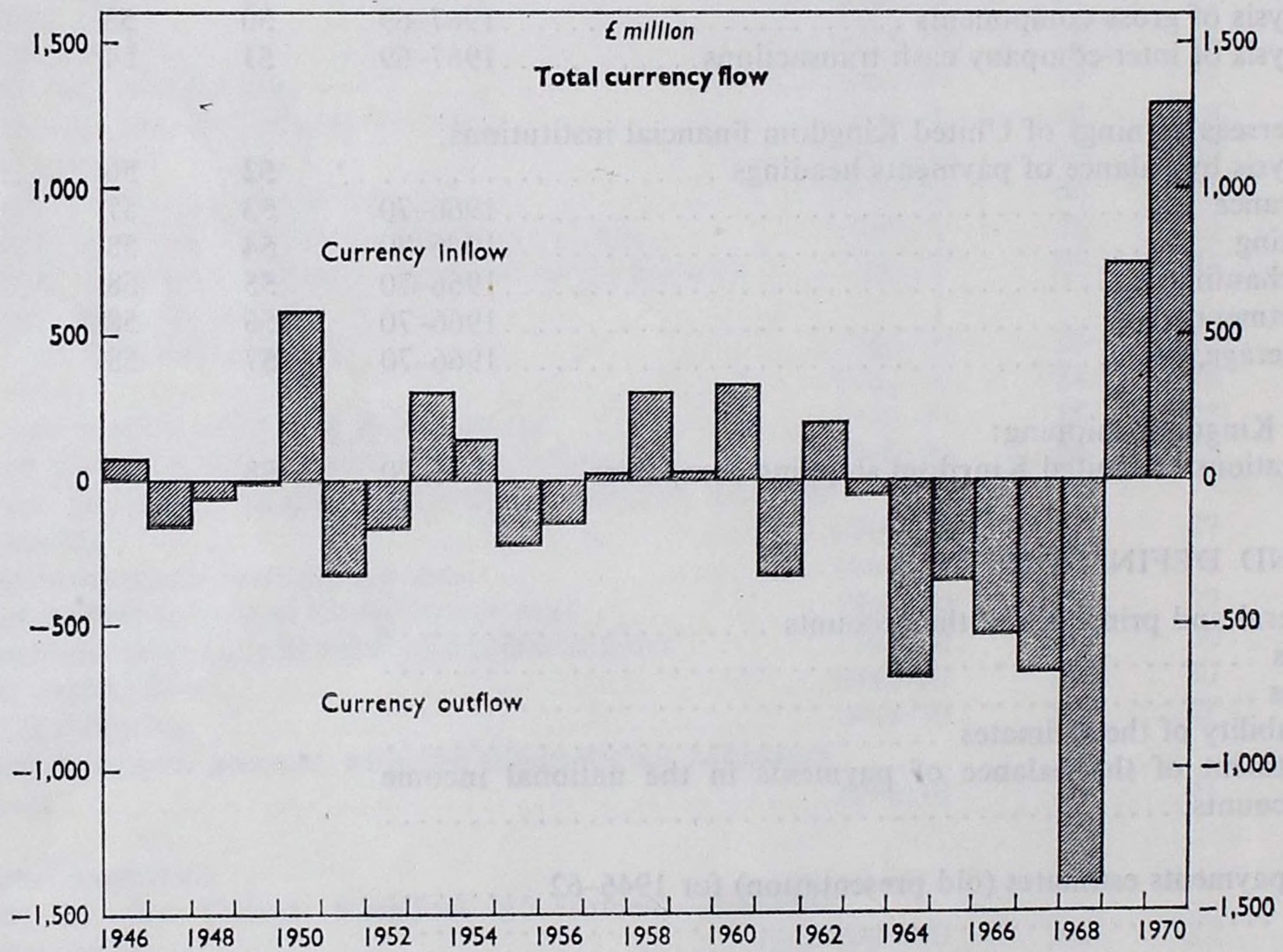
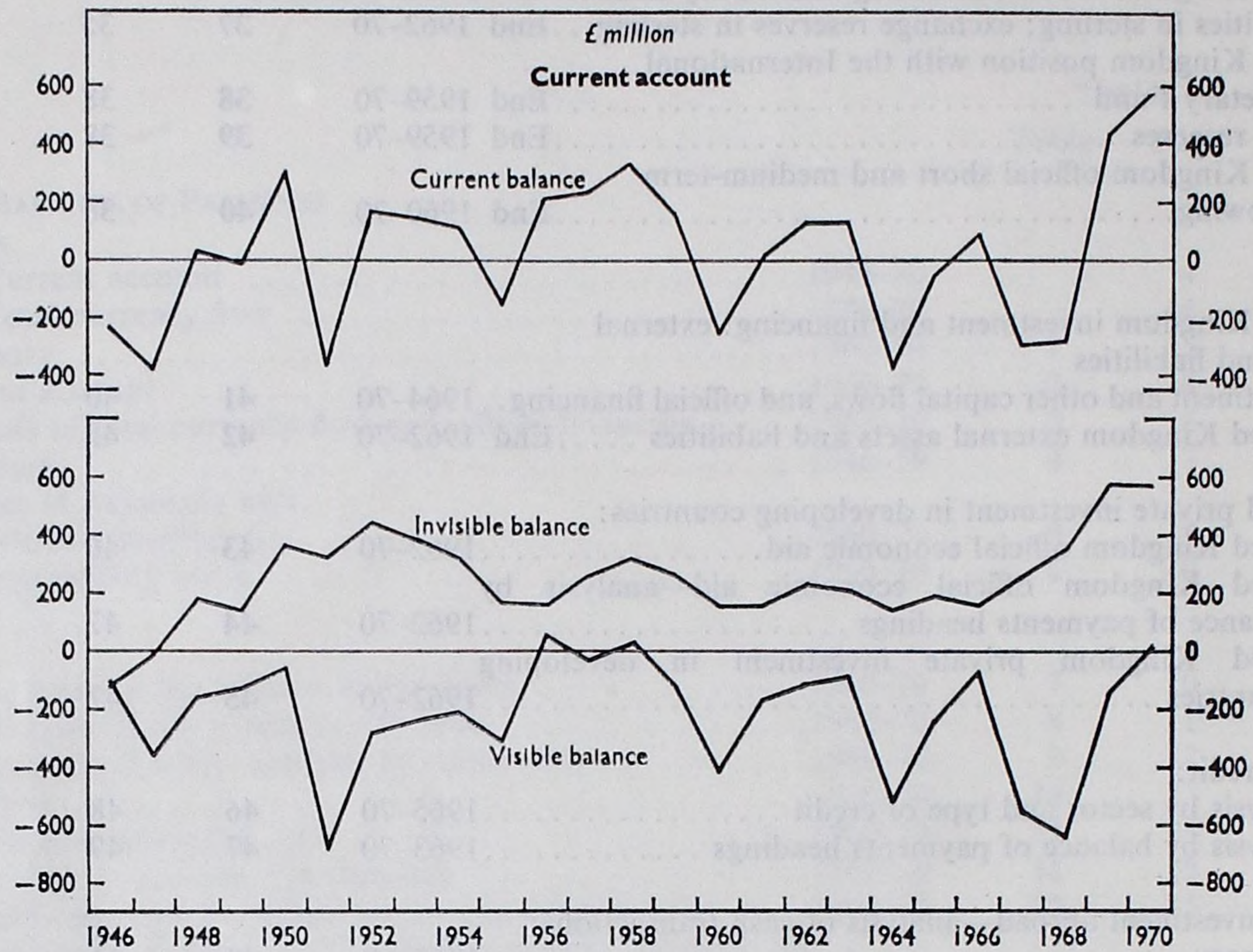
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# Summary

TABLE 1

1960-1970

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>A. Current account</b>											
Visible trade.....	-406	-152	-102	-80	-519	-237	-73	-552	-643	-141	+3
Invisibles.....	+151	+158	+224	+204	+143	+185	+156	+254	+355	+581	+576
<b>CURRENT BALANCE.....</b>	<b>-255</b>	<b>+6</b>	<b>+122</b>	<b>+124</b>	<b>-376</b>	<b>-52</b>	<b>+83</b>	<b>-298</b>	<b>-288</b>	<b>+440</b>	<b>+579</b>
<b>B. Currency flow and official financing</b>											
Current balance.....	-255	+6	+122	+124	-376	-52	+83	-298	-288	+440	+579
Investment and other capital flows.....	+286	-316	-3	-107	-299	-322	-556	-573 <sup>(1)</sup>	-1,005 <sup>(1)</sup>	-72	+615
Balancing item.....	+294	-29	+73	-75	-20	+21	-74	+200	-117	+375	+93
<b>TOTAL CURRENCY FLOW.....</b>	<b>+325</b>	<b>-339</b>	<b>+192</b>	<b>-58</b>	<b>-695</b>	<b>-353</b>	<b>-547</b>	<b>-671</b>	<b>-1,410</b>	<b>+743</b>	<b>+1,287</b>
Allocation of Special Drawing Rights.....	—	—	—	—	—	—	—	—	—	—	+171
Gold subscription to IMF (-) <sup>(3)</sup> .....	-32	—	—	—	—	—	-44	—	—	—	-38
<b>Total of above.....</b>	<b>+293</b>	<b>-339</b>	<b>+192</b>	<b>-58</b>	<b>-695</b>	<b>-353</b>	<b>-591</b>	<b>-671</b>	<b>-1,410</b>	<b>+743</b>	<b>+1,420</b>
<i>Financed as follows:</i>											
Net transactions with overseas monetary authorities.....	-116	+370	-375	+5	+573	+599	+625 <sup>(2)</sup>	+556 <sup>(2)</sup>	+1,296	-699	-1,295
Official reserves (drawings on, +; additions to, -).....	-177	-31	+183	+53	+122	-246	-34	+115	+114	-44	-125

<sup>(1)</sup> Includes EEA loss on forwards (-105 in 1967 and -251 in 1968). See note on page 77.

<sup>(2)</sup> Includes transfer of dollar portfolio to reserves (+316 in 1966 and +204 in 1967).

<sup>(3)</sup> See footnote (3) to Table 33.

## Current account

TABLE 2

1960-1970

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>A. Visible trade</b>											
I Exports (f.o.b.).....	3,732	3,891	3,993	4,282	4,486	4,817	5,182	5,122	6,273	7,061	7,885
II Imports (f.o.b.).....	4,138	4,043	4,095	4,362	5,005	5,054	5,255	5,674	6,916	7,202	7,882
<b>Visible balance (I - II).....</b>	<b>-406</b>	<b>-152</b>	<b>-102</b>	<b>-80</b>	<b>-519</b>	<b>-237</b>	<b>-73</b>	<b>-552</b>	<b>-643</b>	<b>-141</b>	<b>+3</b>
<b>B. Invisibles<sup>(1)</sup></b>											
Government services and transfers (net).....	-282	-332	-360	-382	-432	-447	-470	-463	-466	-467	-486
Other invisibles											
Private <sup>(2)</sup> services and transfers (net).....	+200	+236	+250	+188	+182	+197	+233	+332	+480	+547	+550
Interest, profits and dividends											
Private sector.....	+381	+418	+480	+531	+512	+569	+553	+558	+576	+832	+772
Public sector.....	-148	-164	-146	-133	-119	-134	-160	-173	-235	-331	-260
<b>Invisible balance.....</b>	<b>+151</b>	<b>+158</b>	<b>+224</b>	<b>+204</b>	<b>+143</b>	<b>+185</b>	<b>+156</b>	<b>+254</b>	<b>+355</b>	<b>+581</b>	<b>+576</b>
<b>C. Current balance (A + B).....</b>	<b>-255</b>	<b>+6</b>	<b>+122</b>	<b>+124</b>	<b>-376</b>	<b>-52</b>	<b>+83</b>	<b>-298</b>	<b>-288</b>	<b>+440</b>	<b>+579</b>

<sup>(1)</sup> Details are shown in Table 10.

<sup>(2)</sup> Including public corporations.



# Analysis of total currency flow and official financing<sup>(1)</sup>

TABLE 3

1963-1970

£ million

	1963	1964	1965	1966	1967 <sup>(2)</sup>	1968	1969	1970
1. Current balance.....	+124	-376	-52	+83	-298	-288	+440	+579
<i>Investment and other capital flows</i>								
2. Official long-term capital.....	-105	-116	-85	-80	-57	+17	-98	-204
3. Overseas investment in UK public sector <sup>(3)</sup>	+41	+15	-12	+35	+54	+16	—	-10
4. Overseas investment in UK private sector..	+229	+143	+238	+264	+360	+567	+673	+727
5. UK private investment overseas.....	-320	-399	-368	-303	-456	-727	-667	-714
6. Foreign currency borrowing (net) by UK banks to finance UK investment overseas	+5	+15	+45	+15	+55	+155	+72	+184
7. Other foreign currency borrowing or lending (net) by UK banks.....	-10	+138	-74	-162	-43	-124	-108	+295
<i>Exchange reserves in sterling<sup>(4)</sup>:</i>								
8. British government stocks.....	-33	+52	-46	-51	-40	-22	+237	+59
9. Banking and money market liabilities.....	+154	-73	-104	+22	-148	-158	+77	+125
10. Other external banking and money market liabilities in sterling.....	+111	+38	+49	-70	-96	-128	-53	+250
11. Import credit <sup>(5)</sup> .....	+12	+3	+13	-4	+26	+83	+156	+23
12. Export credit <sup>(5)</sup> .....	-103	-48	-62	-169	-187	-331	-328	-234
13. Other short-term flows.....	-88	-67	+84	-53	+64	-102	-33	+114
14. Total investment and other capital flows...	-107	-299	-322	-556	-468	-754	-72	+615
15. Balancing item.....	-75	-20	+21	-74	+200	-117	+375	+93
16. EEA loss on forwards <sup>(6)</sup> .....	—	—	—	—	-105	-251	—	—
17. Total currency flow.....	-58	-695	-353	-547	-671	-1,410	+743	+1,287
18. Allocation of Special Drawing Rights.....	—	—	—	—	—	—	—	+171
19. Gold subscription to IMF.....	—	—	—	-44	—	—	—	-38
20. Total—rows 17 to 19.....	-58	-695	-353	-591	-671	-1,410	+743	+1,420
<i>Official financing</i>								
<i>Net transactions with overseas monetary authorities<sup>(7)</sup>:</i>								
21. IMF.....	+5	+357	+489	+15	-339	+506	-30	-134
22. Other monetary authorities.....	—	+216	+110	+294	+691	+790	-669	-1,161
23. Transfer from dollar portfolio to reserves..	—	—	—	+316	+204	—	—	—
24. Drawings on (+)/additions to (-) official reserves.....	+53	+122	-246	-34	+115	+114	-44	-125
25. Total official financing.....	+58	+695	+353	+591	+671	+1,410	-743	-1,420

(1) The sum of items 1-5 equals the total formerly known as the 'basic balance'; the remainder (except for item 15) makes up the total formerly known as 'monetary movements'.

(2) Figures exclude revaluation payments, and revaluations to the official reserves and other assets and liabilities not denominated in sterling, at the time of devaluation—see Table 42.

(3) Excluding investment in British government stocks by central monetary institutions and international organisations (item 8).

(4) Sterling reserves of overseas countries and international organisations (other than the IMF) as reported by banks, etc. in the U.K. Excludes other official funds such as trust, pension and other earmarked funds, holdings of equities and funds held locally with commercial banks, movements in which are included in items 3, 4 and 10.

(5) Excluding trade credit between 'related' firms (part of items 4 and 5). After deducting advance and progress payments to suppliers (see Table 30).

(6) See note on page 77.

(7) See Table 32.



# Summary: 1946—1959

£ million

TABLE 4

	1946	1947	1948	1949 <sup>(1)</sup>	1950	1951	1952
<b>A. Current account</b>							
Visible trade.....	-103	-361	-151	-137	-51	-689	-279
Invisibles.....	-127	-20	+177	+136	+358	+320	+442
<b>CURRENT BALANCE.....</b>	<b>-230</b>	<b>-381</b>	<b>+26</b>	<b>-1</b>	<b>+307</b>	<b>-369</b>	<b>+163</b>
<b>B. Currency flow and official financing</b>							
Current balance.....	-230	-381	+26	-1	+307	-369	+163
Special grants.....	—	+30	+138	+154	+140	+43	—
Investment and other capital flows <sup>(2)(3)</sup> .....	(+235)	(+342)	(-128)	(-106)	(+128)	(+92)	-404
Balancing item <sup>(3)</sup> .....	(+50)	(-150)	(-100)	(-50)	(-)	(-100)	+66
<b>TOTAL CURRENCY FLOW</b>	<b>+55</b>	<b>-159</b>	<b>-64</b>	<b>-3</b>	<b>+575</b>	<b>-334</b>	<b>-175</b>
Gold subscription to IMF.....	—1	—51	—6	—	—	—	—
Total of above.....	+54	-210	-70	-3	+575	-334	-175
<i>Financed as follows:</i>							
Net transactions with overseas monetary authorities..	—	+58	+15	—	—	-10	—
Official reserves (drawings on, +; additions to, -) ..	-54	+152	+55	+3	-575	+344	+175

	1953	1954	1955	1956	1957	1958	1959
<b>A. Current account</b>							
Visible trade.....	-244	-204	-313	+53	-29	+29	-117
Invisibles <sup>(4)</sup> .....	+389	+321	+158	+155	+262	+315	+269
<b>CURRENT BALANCE.....</b>	<b>+145</b>	<b>+117</b>	<b>-155</b>	<b>+208</b>	<b>+233</b>	<b>+344</b>	<b>+152</b>
<b>B. Currency flow and official financing</b>							
Current balance.....	+145	+117	-155	+208	+233	+344	+152
Investment and other capital flows <sup>(2)</sup> .....	+119	-48	-195	-409	-300	-121	-108
Balancing item.....	+32	+57	+121	+42	+80	+67	-26
<b>TOTAL CURRENCY FLOW</b>	<b>+296</b>	<b>+126</b>	<b>-229</b>	<b>-159</b>	<b>+13</b>	<b>+290</b>	<b>+18</b>
Gold subscription to IMF.....	—	—	—	—	—	—	-58
Total of above.....	+296	+126	-229	-159	+13	+290	-40
<i>Financed as follows:</i>							
Net transactions with overseas monetary authorities ..	-56	-39	—	+201	—	-6	-79
Official reserves (drawings on, +; additions to, -) ..	-240	-87	+229	-42	-13	-284	+119

<sup>(1)</sup> Figures exclude the revaluation of the official reserves and other assets and liabilities not denominated in sterling at the time of devaluation, but revaluation payments made in sterling to certain countries are included in 'special grants' (-) and in 'investment and other capital flows' (increase in the value of sterling holdings = +).

<sup>(2)</sup> Including European Recovery Programme and post-war loan drawings.

<sup>(3)</sup> For 1946-51, the total of 'investment and other capital flows' and of the 'balancing item' is a residual figure. Very approximate estimates are given to the nearest £50 million for the 'balancing item', from which figures of 'investment and other capital flows' are derived.

<sup>(4)</sup> For details see page 87.



# Balance of payments with overseas sterling area

TABLE 5

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Current account</b>											
Exports (f.o.b.) <sup>(1)</sup> .....	1,458	1,429	1,370	1,481	1,561	1,676	1,620	1,572	1,825	2,027	2,257
Imports (f.o.b.).....	1,410	1,402	1,421	1,513	1,632	1,575	1,543	1,538	1,946	2,059	2,102
Visible balance.....	- 48	+ 27	- 51	- 32	- 71	+101	+ 77	+ 34	-121	- 32	+155
<b>Invisibles<sup>(2)</sup></b>											
Government services and transfers (net).....	-204	-233	-248	-260	-276	-283	-285	-275	-264	-303	-243
Other invisibles											
Private services and transfers (net).....	+236	+238	+225	+204	+210	+216	+218	+255	+284	+303	+389
Interest, profits and dividends (net).....	+215	+208	+252	+301	+319	+338	+291	+291	+328	+407	+383
Invisible balance.....	+247	+213	+229	+245	+253	+271	+224	+271	+348	+461	+529
<b>Current balance.....</b>	<b>+295</b>	<b>+240</b>	<b>+178</b>	<b>+213</b>	<b>+182</b>	<b>+372</b>	<b>+301</b>	<b>+305</b>	<b>+227</b>	<b>+429</b>	<b>+684</b>
<b>Investment and other capital flows<sup>(3)</sup></b>											
Official long-term capital.....	- 56	- 75	- 53	- 49	- 74	- 57	- 66	- 61	- 64	- 60	- 89
Overseas investment in UK private and public sectors.....	+ 26	+ 52	+ 20	+ 18	- 28	- 29	+ 2	+ 29	+ 27	+ 26	+ 6
UK private investment overseas.....	-201	-186	-150	-163	-187	-199	-141	-226	-354	-377	-263
UK banks' net external liabilities/assets in foreign currencies.....				+ 22	+ 40	+ 23	+ 60	+ 38	+170	+126	-155
Exchange reserves in sterling:											
British government stocks.....				- 26	+ 49	- 42	- 52	- 41	- 13	+181	+ 53
Banking and money market liabilities in sterling.....	-227	+117	+ 50	+145	- 17	- 26	- 19	- 66	- 71	+130	+121
Other external banking and money market liabilities in sterling.....				+ 51	+ 53	+ 51	+ 47	- 28	- 17	- 48	+170
Other capital flows <sup>(4)</sup> .....				- 33	-109	+ 31	-113	- 9	- 76	- 3	- 30
Total investment and other capital flows...	-458	- 92	-133	- 35	-273	-248	-282	-364	-398	- 25	-187
<b>Inter-area transfers.....</b>	<b>+ 40</b>	<b>-140</b>	<b>- 85</b>	<b>- 56</b>	<b>+172</b>	<b>- 15</b>	<b>- 49</b>	<b>+ 4</b>	<b>+151</b>	<b>-347</b>	<b>- 88</b>
<b>Balancing item.....</b>	<b>+123</b>	<b>- 8</b>	<b>+ 40</b>	<b>-122</b>	<b>- 81</b>	<b>-109</b>	<b>+ 30</b>	<b>+ 55</b>	<b>+ 20</b>	<b>- 57</b>	<b>-409</b>

<sup>(1)</sup> See note on page 65.

<sup>(2)</sup> Details are shown in Table 11.

<sup>(3)</sup> Assets: increase - / decrease +. Liabilities: increase + / decrease -.

<sup>(4)</sup> Including trade credit between unrelated companies.



# Balance of payments with non-sterling areas

£ million

TABLE 6

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Current account</b>											
Exports (f.o.b.) <sup>(1)</sup> .....	2,274	2,462	2,623	2,801	2,925	3,141	3,562	3,550	4,448	5,034	5,628
Imports (f.o.b.).....	2,728	2,641	2,674	2,849	3,373	3,479	3,712	4,136	4,970	5,143	5,780
Visible balance.....	-454	-179	-51	-48	-448	-338	-150	-586	-522	-109	-152
<b>Invisibles<sup>(2)</sup></b>											
Government services and transfers (net).....	-78	-99	-112	-122	-156	-164	-185	-188	-202	-218	-243
Other invisibles											
Private services and transfers (net).....	-36	-2	+25	-16	-28	-19	+15	+77	+196	+244	+161
Interest, profits and dividends (net).....	+18	+46	+82	+97	+74	+97	+102	+94	+13	+94	+129
Invisible balance.....	-96	-55	-5	-41	-110	-86	-68	-17	+7	+120	+47
<b>Current balance.....</b>	<b>-550</b>	<b>-234</b>	<b>-56</b>	<b>-89</b>	<b>-558</b>	<b>-424</b>	<b>-218</b>	<b>-603</b>	<b>-515</b>	<b>+11</b>	<b>-105</b>
<b>Investment and other capital flows<sup>(3)</sup></b>											
Official long-term capital.....	-47	+30	-54	-56	-42	-28	-14	+4	+81	-38	-115
Overseas investment in UK private and public sectors.....	+202	+368	+223	+252	+186	+255	+297	+385	+556	+647	+711
UK private investment overseas.....	-121	-127	-92	-157	-212	-169	-162	-230	-373	-290	-451
UK banks' net external liabilities/assets in foreign currencies.....				-27	+113	-52	-207	-26	-139	-162	+634
Exchange reserves in sterling:											
British government stocks.....				-7	+3	-4	+1	+1	-9	+56	+6
Banking and money market liabilities in sterling.....	+710	-495	+53	+9	-56	-78	+41	-82	-87	-53	+4
Other external banking and money market liabilities in sterling.....				+60	-15	-2	-117	-68	-111	-5	+80
Other capital flows <sup>(4)</sup> .....				-146	-3	+4	-113	-88	-274	-202	-67
<b>Total investment and other capital flows...</b>	<b>+744</b>	<b>-224</b>	<b>+130</b>	<b>-72</b>	<b>-26</b>	<b>-74</b>	<b>-274</b>	<b>-104</b>	<b>-356</b>	<b>-47</b>	<b>+802</b>
<b>Inter-area transfers.....</b>	<b>-40</b>	<b>+140</b>	<b>+85</b>	<b>+56</b>	<b>-172</b>	<b>+15</b>	<b>+49</b>	<b>-4</b>	<b>-151</b>	<b>+347</b>	<b>+88</b>
<b>Balancing item.....</b>	<b>+171</b>	<b>-21</b>	<b>+33</b>	<b>+47</b>	<b>+61</b>	<b>+130</b>	<b>-104</b>	<b>+145</b>	<b>-137</b>	<b>+432</b>	<b>+502</b>
<b>EEA loss on forwards.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-105</b>	<b>-251</b>	<b>—</b>	<b>—</b>
<b>Total currency flow.....</b>	<b>+325</b>	<b>-339</b>	<b>+192</b>	<b>-58</b>	<b>-695</b>	<b>-353</b>	<b>-547</b>	<b>-671</b>	<b>-1,410</b>	<b>+743</b>	<b>+1,287</b>

(1) See note on page 65.

(2) Details are shown in Table 11.

(3) Assets: increase—/decrease+. Liabilities: increase+/decrease—.

(4) Including trade credit between unrelated companies.



# Visible trade in the balance of payments

TABLE 7

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Exports</b>											
Trade statistics (f.o.b.) . . . . .	3,789	3,955	4,062	4,365	4,565	4,901	5,255	5,230	6,434	7,339	8,063
Valuation adjustments . . . . .	—	+ 6	—	—	—	—	—	—	—	—	—
Coverage adjustments											
Second-hand ships . . . . .	+ 18	+ 19	+ 29	+ 21	+ 24	+ 20	+ 21	+ 29	+ 38	+ 33	+ 42
Second-hand aircraft . . . . .	+ 2	+ 1	+ 2	+ 6	+ 7	+ 5	+ 13	+ 7	+ 12	+ 20	+ 18
N.A.A.F.I. . . . .	— 9	— 11	— 10	— 13	— 13	— 15	— 15	— 12	— 13	— 14	— 12
British components for U.S. military aircraft <sup>(1)</sup>	—	—	—	—	—	—	—	— 11	— 55	— 14	—
Aircraft bonded spares . . . . .	— 1	— 1	— 1	— 5	— 6	— 7	— 7	— 10	—	—	—
Other . . . . .	+ 18	+ 20	+ 20	+ 30	+ 21	+ 27	+ 30	+ 32	+ 39	+ 29	+ 19
Returned goods . . . . .	— 60	— 68	— 71	— 77	— 77	— 80	— 91	— 105	— 138	— 155	— 165
Goods for process and repair . . . . .	— 25	— 30	— 38	— 45	— 55	— 74	— 84	— 118	— 174	— 220	— 241
Net adjustment for recording of exports . . . . .	—	—	—	—	+ 20	+ 40	+ 60	+ 80	+ 130	+ 43	+ 161
Balance of payments exports (f.o.b.) . . . . .	<b>3,732</b>	<b>3,891</b>	<b>3,993</b>	<b>4,282</b>	<b>4,486</b>	<b>4,817</b>	<b>5,182</b>	<b>5,122</b>	<b>6,273</b>	<b>7,061</b>	<b>7,885</b>
<b>Imports</b>											
Trade statistics (c.i.f.) . . . . .	4,655	4,546	4,628	4,983	5,696	5,751	5,949	6,437	7,897	8,315	9,052
Valuation adjustments											
Freight and insurance <sup>(2)</sup> . . . . .	— 488	— 479	— 487	— 505	— 558	— 559	— 552	— 633	— 753	— 784	— 885
Sugar . . . . .	+ 27	+ 35	+ 40	— 19	— 9	—	—	—	—	—	—
Other . . . . .	— 16	— 18	— 18	— 21	— 27	— 26	— 31	— 33	— 36	— 37	— 49
Coverage adjustments											
Second-hand ships . . . . .	+ 2	+ 6	+ 3	+ 2	+ 3	+ 4	+ 4	+ 5	+ 7	+ 3	+ 5
Second-hand aircraft . . . . .	+ 4	+ 5	+ 6	+ 4	+ 5	+ 6	+ 3	+ 4	+ 20	+ 29	+ 21
Ships delivered abroad . . . . .	+ 12	+ 15	+ 14	+ 15	+ 13	+ 2	+ 8	+ 49	+ 97	+ 155	+ 122
Aircraft bonded spares . . . . .	— 2	— 2	— 3	— 5	— 5	— 7	— 7	— 14	—	—	—
Other . . . . .	+ 29	+ 33	+ 21	+ 30	+ 17	+ 25	+ 17	+ 28	+ 33	+ 22	+ 34
Returned goods . . . . .	— 60	— 68	— 71	— 77	— 77	— 80	— 91	— 105	— 138	— 155	— 165
Goods for process and repair . . . . .	— 25	— 30	— 38	— 45	— 55	— 74	— 84	— 118	— 174	— 220	— 241
Arrivals of U.S. military aircraft and missiles <sup>(1)</sup>	—	—	—	—	—	—	— 2	— 44	— 146	— 187	— 22
Payments for U.S. military aircraft and missiles <sup>(1)</sup>	—	—	—	—	+ 2	+ 12	+ 41	+ 98	+ 109	+ 61	+ 10
Balance of payments imports (f.o.b.) . . . . .	<b>4,138</b>	<b>4,043</b>	<b>4,095</b>	<b>4,362</b>	<b>5,005</b>	<b>5,054</b>	<b>5,255</b>	<b>5,674</b>	<b>6,916</b>	<b>7,202</b>	<b>7,882</b>
<b>Visible balance . . . . .</b>	<b>— 406</b>	<b>— 152</b>	<b>— 102</b>	<b>— 80</b>	<b>— 519</b>	<b>— 237</b>	<b>— 73</b>	<b>— 552</b>	<b>— 643</b>	<b>— 141</b>	<b>+ 3</b>

<sup>(1)</sup> See note on page 65.

<sup>(2)</sup> Including port charges.



# Visible trade (f.o.b.)(<sup>1</sup>)(<sup>2</sup>)—analysis by area

£ million

TABLE 8

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>All areas</b>											
Exports.....	3,732	3,891	3,993	4,282	4,466	4,777	5,122	5,042	6,143	7,018	7,724
Imports( <sup>2</sup> ).....	4,138	4,043	4,095	4,362	5,005	5,054	5,255	5,674	6,916	7,202	7,882
Visible balance( <sup>1</sup> )( <sup>2</sup> ) .....	-406	-152	-102	-80	-539	-277	-133	-632	-773	-184	-158
<b>Overseas sterling area</b>											
Exports( <sup>3</sup> ).....	1,458	1,429	1,370	1,481	1,551	1,661	1,601	1,547	1,790	2,015	2,212
Imports.....	1,410	1,402	1,421	1,513	1,632	1,575	1,543	1,538	1,946	2,059	2,102
Visible balance( <sup>1</sup> )( <sup>3</sup> ).....	+48	+27	-51	-32	-81	+86	+58	+9	-156	-44	+110
<b>Western Europe</b>											
Exports.....	1,119	1,284	1,451	1,614	1,705	1,777	1,946	1,928	2,269	2,721	3,169
Imports.....	1,206	1,225	1,253	1,354	1,626	1,688	1,839	2,099	2,604	2,758	3,064
Visible balance( <sup>1</sup> ).....	-87	+59	+198	+260	+79	+89	+107	-171	-335	-37	+105
of which: <i>European Economic Community</i>											
Exports.....	597	689	800	904	922	929	993	969	1,187	1,404	1,625
Imports.....	620	635	660	712	847	885	984	1,124	1,383	1,474	1,588
Visible balance( <sup>1</sup> ).....	-23	+54	+140	+192	+75	+44	+9	-155	-196	-70	+37
<i>European Free Trade Association</i>											
Exports.....	395	443	470	511	564	601	672	695	792	956	1,259
Imports.....	417	418	419	462	575	604	647	751	939	982	1,311
Visible balance( <sup>1</sup> ).....	-22	+25	+51	+49	-11	-3	+25	-56	-147	-26	-52
<b>North America</b>											
Exports.....	573	552	562	563	590	694	830	782	1,031	1,078	1,083
Imports( <sup>2</sup> ).....	857	760	751	801	995	1,022	1,068	1,161	1,360	1,295	1,584
Visible balance( <sup>1</sup> )( <sup>2</sup> ) .....	-284	-208	-189	-238	-405	-328	-238	-379	-329	-217	-501
<b>Latin America</b>											
Exports.....	172	168	166	147	158	158	170	182	244	260	290
Imports.....	268	238	256	258	260	242	244	251	280	315	285
Visible balance( <sup>1</sup> ).....	-96	-70	-90	-111	-102	-84	-74	-69	-36	-55	+5
<b>Other non-sterling areas</b>											
Exports.....	410	458	444	477	462	487	575	603	809	944	970
Imports.....	397	418	414	436	492	527	561	625	726	775	847
Visible balance( <sup>1</sup> ).....	+13	+40	+30	+41	-30	-40	+14	-22	+83	+169	+123

(<sup>1</sup>) Excluding net adjustment for recording of exports.

(<sup>2</sup>) Excluding deliveries of, but including payments for, U.S. military aircraft and missiles.

(<sup>3</sup>) Notional rounded figures including net adjustment for recording of exports are shown in Table 5.



# Visible trade (f.o.b.)(<sup>1</sup>)(<sup>2</sup>)—analysis by commodity

TABLE 9

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Food, beverages and tobacco											
Exports.....	219	232	238	270	300	315	345	347	419	442	503
Imports.....	1,437	1,393	1,472	1,513	1,612	1,555	1,565	1,610	1,718	1,754	1,852
Visible balance( <sup>1</sup> ).....	- 1,218	- 1,161	- 1,234	- 1,243	- 1,312	- 1,240	- 1,220	- 1,263	- 1,299	- 1,312	- 1,349
Basic materials											
Exports.....	186	200	204	207	193	186	192	173	205	219	269
Imports.....	918	861	788	839	941	930	892	842	1,001	1,040	1,137
Visible balance( <sup>1</sup> ).....	- 732	- 661	- 584	- 632	- 748	- 744	- 700	- 669	- 796	- 821	- 868
Mineral fuels and lubricants											
Exports.....	135	125	148	167	140	134	134	132	168	173	207
Imports.....	358	350	395	426	448	476	479	530	664	657	673
Visible balance( <sup>1</sup> ).....	- 223	- 225	- 247	- 259	- 308	- 342	- 345	- 398	- 496	- 484	- 466
Manufactured goods											
Exports.....	3,067	3,212	3,286	3,509	3,699	3,997	4,286	4,230	5,165	5,980	6,488
Imports( <sup>2</sup> ).....	1,396	1,403	1,400	1,533	1,948	2,028	2,244	2,611	3,424	3,669	4,118
Visible balance( <sup>1</sup> )( <sup>2</sup> ).....	+ 1,671	+ 1,809	+ 1,886	+ 1,976	+ 1,751	+ 1,969	+ 2,042	+ 1,619	+ 1,741	+ 2,311	+ 2,370
Commodities and transactions not classified according to kind											
Exports.....	125	122	117	129	134	145	165	160	186	204	257
Imports.....	29	36	40	51	56	65	75	81	109	82	102
Visible balance( <sup>1</sup> ).....	+ 96	+ 86	+ 77	+ 78	+ 78	+ 80	+ 90	+ 79	+ 77	+ 122	+ 155
Total											
Exports.....	3,732	3,891	3,993	4,282	4,466	4,777	5,122	5,042	6,143	7,018	7,724
Imports( <sup>2</sup> ).....	4,138	4,043	4,095	4,362	5,005	5,054	5,255	5,674	6,916	7,202	7,882
Visible balance( <sup>1</sup> )( <sup>2</sup> ).....	- 406	- 152	- 102	- 80	- 539	- 277	- 133	- 632	- 773	- 184	- 158

(<sup>1</sup>) Excluding net adjustment for recording of exports.

(<sup>2</sup>) Excluding deliveries of, but including payments for, U.S. military aircraft and missiles.



## Invisibles

£ million

TABLE 10

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Credits</b>											
Government Services.....	45	46	39	40	45	46	42	36	44	48	51
Private services											
Transport											
Shipping.....	637	641	647	658	697	749	760	877	1,048	1,051	1,371
Civil aviation.....	96	108	119	131	143	162	180	199	235	287	316
Travel.....	169	176	183	188	190	193	219	236	282	359	433
Other services.....	468	506	522	510	558	592	649	762	909	1,032	1,126
Total.....	1,370	1,431	1,471	1,487	1,588	1,696	1,808	2,074	2,474	2,729	3,246
Interest, profits and dividends											
Private sector.....	643	645	715	805	845	947	914	928	1,077	1,299	1,313
Public sector.....	28	31	39	37	43	45	55	56	38	42	68
Total.....	671	676	754	842	888	992	969	984	1,115	1,341	1,381
Private transfers.....	104	109	111	113	131	135	134	143	161	176	182
Total.....	2,190	2,262	2,375	2,482	2,652	2,869	2,953	3,237	3,794	4,294	4,860
<b>Debits</b>											
Government Services.....	233	260	278	290	314	316	332	311	331	338	365
Transfers.....	94	118	121	132	163	177	180	188	179	177	172
Total.....	327	378	399	422	477	493	512	499	510	515	537
Private services											
Transport											
Shipping.....	671	675	668	679	734	748	760	887	1,025	1,071	1,466
Civil aviation.....	78	85	97	104	116	134	150	172	206	246	279
Travel.....	186	200	210	241	261	290	297	274	271	324	385
Other services.....	248	252	256	270	291	320	345	366	432	486	521
Total.....	1,183	1,212	1,231	1,294	1,402	1,492	1,552	1,699	1,934	2,127	2,651
Interest, profits and dividends											
Private sector.....	262	227	235	274	333	378	361	370	501	467	541
Public sector.....	176	195	185	170	162	179	215	229	273	373	328
Total.....	438	422	420	444	495	557	576	599	774	840	869
Private transfers.....	91	92	101	118	135	142	157	186	221	231	227
Total.....	2,039	2,104	2,151	2,278	2,509	2,684	2,797	2,983	3,439	3,713	4,284
<b>Net</b>											
Government Services.....	-188	-214	-239	-250	-269	-270	-290	-275	-287	-290	-314
Transfers.....	-94	-118	-121	-132	-163	-177	-180	-188	-179	-177	-172
Total.....	-282	-332	-360	-382	-432	-447	-470	-463	-466	-467	-486
Private services											
Transport											
Shipping.....	-34	-34	-21	-21	-37	+1	-	-10	+23	-20	-95
Civil aviation.....	+18	+23	+22	+27	+27	+28	+30	+27	+29	+41	+37
Travel.....	-17	-24	-27	-53	-71	-97	-78	-38	+11	+35	+48
Other services.....	+220	+254	+266	+240	+267	+272	+304	+396	+477	+546	+605
Total.....	+187	+219	+240	+193	+186	+204	+256	+375	+540	+602	+595
Interest, profits and dividends											
Private sector.....	+381	+418	+480	+531	+512	+569	+553	+558	+576	+832	+772
Public sector.....	-148	-164	-146	-133	-119	-134	-160	-173	-235	-331	-260
Total.....	+233	+254	+334	+398	+393	+435	+393	+385	+341	+501	+512
Private transfers.....	+13	+17	+10	-5	-4	-7	-23	-43	-60	-55	-45
Invisible balance.....	+151	+158	+224	+204	+143	+185	+156	+254	+355	+581	+576



# Invisibles—analysis by area

TABLE 11

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Credits</b>											
Overseas sterling area											
Government .....	8	12	10	7	12	10	13	15	18	16	19
Private services											
Transport											
Shipping .....	236	233	218	221	230	250	245	273	331	335	407
Civil aviation .....	32	36	41	45	49	59	64	69	80	91	107
Travel .....	59	63	64	61	59	63	65	67	75	88	106
Other services .....	155	162	171	160	179	179	196	224	248	281	308
Interest, profits and dividends .....	358	356	400	453	496	531	493	485	548	657	676
Private transfers .....	57	62	65	65	68	69	66	72	81	92	96
Total .....	905	924	969	1,012	1,093	1,161	1,142	1,205	1,381	1,560	1,719
Non-sterling areas											
Government .....	37	34	29	33	33	36	29	21	26	32	32
Private services											
Transport											
Shipping .....	401	408	429	437	467	499	515	604	717	716	964
Civil aviation .....	64	72	78	86	94	103	116	130	155	196	209
Travel .....	110	113	119	127	131	130	154	169	207	271	327
Other services .....	313	344	351	350	379	413	453	538	661	751	818
Interest, profits and dividends .....	313	320	354	389	392	461	476	499	567	684	705
Private transfers .....	47	47	46	48	63	66	68	71	80	84	86
Total .....	1,285	1,338	1,406	1,470	1,559	1,708	1,811	2,032	2,413	2,734	3,141
<b>Debits</b>											
Overseas sterling area											
Government .....	212	245	258	267	288	293	298	290	282	265	262
Private services											
Transport											
Shipping .....	138	145	145	142	143	149	150	156	178	185	222
Civil aviation .....	20	21	28	30	34	43	46	52	63	78	94
Travel .....	44	49	53	55	64	75	75	81	85	95	90
Other services .....	46	45	45	47	49	51	50	55	61	69	74
Interest, profits and dividends .....	143	148	148	152	177	193	202	194	220	250	293
Private transfers .....	55	58	63	74	85	86	97	106	144	157	155
Total .....	658	711	740	767	840	890	918	934	1,033	1,099	1,190
Non-sterling areas											
Government .....	115	133	141	155	189	200	214	209	228	250	275
Private services											
Transport											
Shipping .....	533	530	523	537	591	599	610	731	847	886	1,244
Civil aviation .....	58	64	69	74	82	91	104	120	143	168	185
Travel .....	142	151	157	186	197	215	222	193	186	229	295
Other services .....	202	207	211	223	242	269	295	311	371	417	447
Interest, profits and dividends .....	295	274	272	292	318	364	374	405	554	590	576
Private transfers .....	36	34	38	44	50	56	60	80	77	74	72
Total .....	1,381	1,393	1,411	1,511	1,669	1,794	1,879	2,049	2,406	2,614	3,094
<b>Invisible balance</b>											
Overseas sterling area .....	+ 247	+ 213	+ 229	+ 245	+ 253	+ 271	+ 224	+ 271	+ 348	+ 461	+ 529
Non-sterling areas .....	- 96	- 55	- 5	- 41	- 110	- 86	- 68	- 17	+ 7	+ 120	+ 47
Total .....	+ 151	+ 158	+ 224	+ 204	+ 143	+ 185	+ 156	+ 254	+ 355	+ 581	+ 576



**Government—services and transfers**

£ million

TABLE 12

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Credits</b>											
Services											
U.S. and Canadian forces' expenditure.....	21	16	17	12	12	9	9	11	13	20	18
Other military.....	20	25	16	23	26	16	16	14	15	7	11
Other.....	4	5	6	5	7	21	17	11	16	21	22
<b>Total services.....</b>	<b>45</b>	<b>46</b>	<b>39</b>	<b>40</b>	<b>45</b>	<b>46</b>	<b>42</b>	<b>36</b>	<b>44</b>	<b>48</b>	<b>51</b>
of which: military.....	41	41	33	35	38	25	25	25	28	27	29
other.....	4	5	6	5	7	21	17	11	16	21	22
<b>Debits</b>											
Services											
Military.....	203	224	243	250	270	270	283	264	275	282	302
Administrative, diplomatic, etc.....	30	36	35	40	44	46	49	47	56	56	63
<b>Total services.....</b>	<b>233</b>	<b>260</b>	<b>278</b>	<b>290</b>	<b>314</b>	<b>316</b>	<b>332</b>	<b>311</b>	<b>331</b>	<b>338</b>	<b>365</b>
Transfers											
Economic grants.....	58	74	78	75	83	93	87	90	88	87	85
Military grants.....	7	13	12	19	30	19	19	21	12	9	6
Subscriptions to international organisations											
Military.....	2	—	1	1	5	3	4	6	6	6	7
Other.....	8	11	10	9	14	19	20	22	23	26	30
Contributions to international organisations											
Military.....	1	2	1	2	1	1	1	1	1	1	—
Multilateral economic assistance.....	5	5	5	7	7	7	8	7	8	11	11
Other.....	2	2	2	6	9	20	17	10	12	12	6
Other transfers.....	11	11	12	13	14	15	24	31	29	25	27
<b>Total transfers.....</b>	<b>94</b>	<b>118</b>	<b>121</b>	<b>132</b>	<b>163</b>	<b>177</b>	<b>180</b>	<b>188</b>	<b>179</b>	<b>177</b>	<b>172</b>
<b>Total.....</b>	<b>327</b>	<b>378</b>	<b>399</b>	<b>422</b>	<b>477</b>	<b>493</b>	<b>512</b>	<b>499</b>	<b>510</b>	<b>515</b>	<b>537</b>
of which: military.....	213	239	257	272	306	293	307	292	294	298	314
other.....	114	139	142	150	171	200	205	207	216	217	223
<b>Government (net).....</b>	<b>-282</b>	<b>-332</b>	<b>-360</b>	<b>-382</b>	<b>-432</b>	<b>-447</b>	<b>-470</b>	<b>-463</b>	<b>-466</b>	<b>-467</b>	<b>-486</b>

**Government—services and transfers: analysis by area**

£ million

TABLE 13

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Credits</b>											
Overseas sterling area.....	8	12	10	7	12	10	13	15	18	16	19
Non-sterling areas.....	37	34	29	33	33	36	29	21	26	32	32
<b>Total.....</b>	<b>45</b>	<b>46</b>	<b>39</b>	<b>40</b>	<b>45</b>	<b>46</b>	<b>42</b>	<b>36</b>	<b>44</b>	<b>48</b>	<b>51</b>
<b>Debits</b>											
Overseas sterling area											
Services.....	143	154	163	166	170	176	182	165	168	161	160
Transfers.....	69	91	95	101	118	117	116	125	114	104	102
<b>Total.....</b>	<b>212</b>	<b>245</b>	<b>258</b>	<b>267</b>	<b>288</b>	<b>293</b>	<b>298</b>	<b>290</b>	<b>282</b>	<b>265</b>	<b>262</b>
Non-sterling areas											
Services.....	90	106	115	124	144	140	150	146	163	177	205
Transfers.....	25	27	26	31	45	60	64	63	65	73	70
<b>Total.....</b>	<b>115</b>	<b>133</b>	<b>141</b>	<b>155</b>	<b>189</b>	<b>200</b>	<b>214</b>	<b>209</b>	<b>278</b>	<b>250</b>	<b>275</b>
<b>Government (net).....</b>	<b>-282</b>	<b>-332</b>	<b>-360</b>	<b>-382</b>	<b>-432</b>	<b>-447</b>	<b>-470</b>	<b>-463</b>	<b>-466</b>	<b>-467</b>	<b>-486</b>



# Government—services and transfers debits: analysis by main component and country or country groups

TABLE 14

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Services</b>											
N. America: Military . . . . .	3	6	6	2	15	9	8	4	7	8	10
Administrative, diplomatic, etc. . . . .	6	7	5	7	5	6	7	6	7	7	10
Central and S. America: Military . . . . .	2	2	2	1	2	1	1	2	—	—	—
Administrative, diplomatic, etc. . . . .	1	2	2	3	2	3	3	3	3	3	3
W. Germany: Military . . . . .	46	60	68	77	85	85	89	88	100	108	132
Administrative, diplomatic, etc. . . . .	1	1	1	1	1	1	1	1	2	2	2
Other W. Europe: Military . . . . .	17	13	16	17	15	16	19	19	19	22	18
Administrative, diplomatic, etc. . . . .	6	6	6	6	8	9	10	9	12	12	14
Gibraltar, Malta, Cyprus: Military . . . . .	39	40	41	40	37	35	34	33	35	40	40
Administrative, diplomatic, etc. . . . .	—	—	—	—	—	—	1	1	1	1	—
Persian Gulf, S. Yemen: Military . . . . .	12	18	19	22	23	25	27	25	14	10	9
Administrative, diplomatic, etc. . . . .	—	—	—	—	1	1	1	1	1	1	2
Other Middle East: Military . . . . .	—	—	—	—	—	—	—	—	—	—	—
Administrative, diplomatic, etc. . . . .	2	3	3	2	2	2	2	2	3	3	3
Africa: Military . . . . .	12	13	13	13	8	5	7	1	1	1	1
Administrative, diplomatic, etc. . . . .	3	3	3	5	6	6	6	6	8	8	8
India, Pakistan, Nepal: Military . . . . .	2	1	2	1	1	1	1	2	2	2	2
Administrative, diplomatic, etc. . . . .	2	3	2	3	3	3	2	2	3	3	3
Malaysia, Singapore: Military . . . . .	44	47	49	53	61	70	76	69	71	57	51
Administrative, diplomatic, etc. . . . .	1	1	1	1	2	2	2	2	2	2	2
Hong Kong: Military . . . . .	9	10	10	9	10	12	10	9	9	12	14
Administrative, diplomatic, etc. . . . .	—	—	—	—	—	—	—	—	—	—	—
Australia, N. Zealand: Military . . . . .	12	8	12	10	8	8	7	8	8	6	5
Administrative, diplomatic, etc. . . . .	3	5	6	6	6	7	7	6	5	4	5
Other countries: Military . . . . .	5	6	5	5	5	3	4	4	9	16	20
Administrative, diplomatic, etc. . . . .	5	5	6	6	8	6	7	8	9	10	11
<b>Total—all countries: Military . . . . .</b>	<b>203</b>	<b>224</b>	<b>243</b>	<b>250</b>	<b>270</b>	<b>270</b>	<b>283</b>	<b>264</b>	<b>275</b>	<b>282</b>	<b>302</b>
<b>Administrative, diplomatic, etc. . . . .</b>	<b>30</b>	<b>36</b>	<b>35</b>	<b>40</b>	<b>44</b>	<b>46</b>	<b>49</b>	<b>47</b>	<b>56</b>	<b>56</b>	<b>63</b>
<b>Transfers</b>											
<b>Economic grants</b>											
Central and S. America (including Caribbean)	7	9	8	7	7	6	9	9	9	10	12
of which: British West Indies . . . . .	3	4	4	5	4	5	8	5	6	8	9
West Africa . . . . .	6	6	4	4	3	4	4	4	4	6	6
of which: Nigeria . . . . .	5	5	2	1	1	2	3	2	3	4	4
East Africa . . . . .	6	17	27	20	17	17	14	9	11	11	11
of which: Kenya . . . . .	1	8	9	9	7	8	4	4	4	3	3
Tanzania . . . . .	2	5	10	5	5	3	3	1	2	2	2
Uganda . . . . .	1	—	5	2	3	2	3	2	2	2	2
Central and Southern Africa . . . . .	4	7	8	11	24	25	19	25	23	21	11
of which: Botswana . . . . .	1	2	2	2	3	3	4	5	6	5	2
Lesotho . . . . .	1	1	2	2	2	3	4	4	4	4	1
Malawi . . . . .	1	2	2	5	8	9	6	5	5	4	4
Zambia . . . . .	—	—	1	1	5	4	2	7	5	5	3
Other Africa . . . . .	4	6	5	4	4	3	2	2	4	2	3
of which: Mauritius . . . . .	—	1	1	1	1	1	—	1	2	1	1
Europe and Middle East . . . . .	20	17	14	13	13	20	20	17	9	6	11
of which: Cyprus . . . . .	8	5	3	2	1	2	—	—	—	—	—
Malta . . . . .	5	3	2	3	4	5	5	5	5	3	7
Southern Yemen . . . . .	4	3	4	4	6	9	11	8	14	14	12
Asia . . . . .	8	9	9	10	11	12	12	14	14	14	12
of which: India, Pakistan . . . . .	1	1	5	4	5	2	5	4	3	6	4
Malaysia, Singapore . . . . .	5	5	3	3	4	4	4	6	5	3	3
Other countries . . . . .	1	1	3	3	3	3	4	4	6	8	9
General—unallocated <sup>(1)</sup> . . . . .	2	2	—	3	1	3	3	6	8	9	10
<b>Total—all countries . . . . .</b>	<b>58</b>	<b>74</b>	<b>78</b>	<b>75</b>	<b>83</b>	<b>93</b>	<b>87</b>	<b>90</b>	<b>88</b>	<b>87</b>	<b>85</b>

<sup>(1)</sup> Grants to organisations for the benefit of a number of developing countries, e.g. for research or volunteers.



# Shipping

£ million

TABLE 15

	1966	1967	1968	1969	1970
<b>Credits</b>					
<b>Ships owned by UK operators</b>					
Freight on exports.....	133	138	162	171	195
Freight on cross-trades.....	204	227	274	280	377
Charter receipts.....	35	46	56	59	102
Passenger revenue:					
Visitors to the UK.....	19	25	23	23	22
Other passengers.....	33	36	36	41	39
<b>Total.....</b>	<b>424</b>	<b>472</b>	<b>551</b>	<b>574</b>	<b>735</b>
<b>Ships on charter to UK operators<sup>(1)</sup></b>					
Freight on exports.....	13	18	26	25	15
Freight on cross-trades.....	202	255	323	298	447
Charter receipts.....	11	12	17	18	25
<b>Total.....</b>	<b>226</b>	<b>285</b>	<b>366</b>	<b>341</b>	<b>487</b>
<b>Overseas operators</b>					
Disbursements in the UK.....	110	120	131	136	149
<b>Total credits.....</b>	<b>760</b>	<b>877</b>	<b>1,048</b>	<b>1,051</b>	<b>1,371</b>
<b>Debits</b>					
<b>Ships owned by UK operators</b>					
Disbursements abroad.....	241	239	260	273	355
<b>Ships on charter to UK operators<sup>(1)</sup></b>					
Charter payments.....	225	344	385	399	640
Disbursements abroad.....	78	86	100	98	95
<b>Total.....</b>	<b>303</b>	<b>430</b>	<b>485</b>	<b>497</b>	<b>735</b>
<b>Overseas operators</b>					
Freight on imports.....	204	206	266	287	360
Passenger revenue:					
Visitors from UK.....	9	9	10	10	} 16
Other passengers.....	3	3	4	4	
<b>Total.....</b>	<b>216</b>	<b>218</b>	<b>280</b>	<b>301</b>	<b>376</b>
<b>Total debits.....</b>	<b>760</b>	<b>887</b>	<b>1,025</b>	<b>1,071</b>	<b>1,466</b>
<b>Shipping (net).....</b>	<b>—</b>	<b>— 10</b>	<b>+ 23</b>	<b>— 20</b>	<b>— 95</b>
of which:					
Ships owned by UK operators <sup>(2)</sup> .....	+183	+233	+291	+301	+380
Ships on charter to UK operators <sup>(1)(2)</sup> .....	— 77	— 145	— 119	— 156	— 248
Ships operated by overseas owners.....	— 106	— 98	— 149	— 165	— 227
	<b>—</b>	<b>— 10</b>	<b>+ 23</b>	<b>— 20</b>	<b>— 95</b>
<b>Memorandum item</b>					
<b>Other receipts of UK operators from international services</b>					
Freight on imports.....	267	323	377	370	397
Passenger revenue from UK residents.....	31	32	34	36	37

<sup>(1)</sup> Includes ships on both time-charter and voyage-charter to UK operators.

<sup>(2)</sup> Earnings of these ships from import voyages do not enter the balance of payments accounts, but they are shown here as a memorandum item (see also Annex 6).



# Civil aviation

TABLE 16

£ million

	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Credits</b>									
<b>United Kingdom airlines</b>									
Passenger revenue:									
Visitors to the United Kingdom.....	73	80	44	53	61	64	78	106	117
Other passengers.....	8	9	45	46	47	50	54	56	60
Freight on exports and cross-trades.....	14	16	11	13	16	19	24	30	29
Other.....			14	15	17	19	22	26	28
<b>Total.....</b>	<b>95</b>	<b>105</b>	<b>114</b>	<b>127</b>	<b>141</b>	<b>152</b>	<b>178</b>	<b>218</b>	<b>234</b>
<b>Overseas airlines</b>									
Disbursements in the United Kingdom...	24	26	29	35	39	47	57	69	82
<b>Total credits.....</b>	<b>119</b>	<b>131</b>	<b>143</b>	<b>162</b>	<b>180</b>	<b>199</b>	<b>235</b>	<b>287</b>	<b>316</b>
<b>Debits</b>									
<b>United Kingdom airlines</b>									
Disbursements abroad.....	58	61	63	72	82	90	103	124	146
<b>Overseas airlines</b>									
Passenger revenue:									
Visitors from the United Kingdom.....	30	34	37	44	48	59	72	85	89
Other passengers.....	7	7	6	7	7	8	11	12	13
Freight on imports.....	2	2	9	9	10	13	17	22	28
Other.....			1	2	3	2	3	3	3
<b>Total.....</b>	<b>39</b>	<b>43</b>	<b>53</b>	<b>62</b>	<b>68</b>	<b>82</b>	<b>103</b>	<b>122</b>	<b>133</b>
<b>Total debits.....</b>	<b>97</b>	<b>104</b>	<b>116</b>	<b>134</b>	<b>150</b>	<b>172</b>	<b>206</b>	<b>246</b>	<b>279</b>
<b>United Kingdom airlines (net).....</b>	<b>+ 37</b>	<b>+ 44</b>	<b>+ 51</b>	<b>+ 55</b>	<b>+ 59</b>	<b>+ 62</b>	<b>+ 75</b>	<b>+ 94</b>	<b>+ 88</b>
<b>Overseas airlines (net).....</b>	<b>- 15</b>	<b>- 17</b>	<b>- 24</b>	<b>- 27</b>	<b>- 29</b>	<b>- 35</b>	<b>- 46</b>	<b>- 53</b>	<b>- 51</b>
<b>Civil aviation (net).....</b>	<b>+ 22</b>	<b>+ 27</b>	<b>+ 27</b>	<b>+ 28</b>	<b>+ 30</b>	<b>+ 27</b>	<b>+ 29</b>	<b>+ 41</b>	<b>+ 37</b>
<b>Memorandum item</b>									
<b>Other receipts of United Kingdom airlines from international services</b>									
Freight on imports.....	4	6	7	8	9	12	16	20	26
Passenger revenue from United Kingdom residents.....	..	..	..	82	101	106	122	132	147
Other.....	10	11	11	12	13	13	15	15	16



# Travel—analysis by area

TABLE 17

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Credits</b>											
Irish Republic.....	13	14	16	19	21	23	27	24	30	32	34
Other overseas sterling area countries.....	46	49	48	42	38	40	38	43	45	56	72
Western Europe.....	37	41	46	53	53	55	63	70	88	112	137
North America.....	58	54	54	55	60	61	71	79	92	126	150
Other non-sterling countries.....	15	18	19	19	18	14	20	20	27	33	40
<b>Total.....</b>	<b>169</b>	<b>176</b>	<b>183</b>	<b>188</b>	<b>190</b>	<b>193</b>	<b>219</b>	<b>236</b>	<b>282</b>	<b>359</b>	<b>433</b>
<b>Debits</b>											
Irish Republic.....	30	37	39	41	50	57	55	56	60	59	56
Other overseas sterling area countries.....	14	12	14	14	14	18	20	25	25	36	34
Western Europe.....	127	135	139	166	174	188	192	163	159	196	252
North America.....	10	11	12	13	14	14	16	17	15	17	23
Other non-sterling countries.....	5	5	6	7	9	13	14	13	12	16	20
<b>Total.....</b>	<b>186</b>	<b>200</b>	<b>210</b>	<b>241</b>	<b>261</b>	<b>290</b>	<b>297</b>	<b>274</b>	<b>271</b>	<b>324</b>	<b>385</b>
<b>Travel (net).....</b>	<b>-17</b>	<b>-24</b>	<b>-27</b>	<b>-53</b>	<b>-71</b>	<b>-97</b>	<b>-78</b>	<b>-38</b>	<b>+11</b>	<b>+35</b>	<b>+48</b>

# Travel—analysis by purpose of visit

TABLE 18

£ million

21.24%  
45.0%

	Total <sup>(1)</sup>					of which:									
						Holiday					Business				
	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970
<b>Credits</b>															
Western Europe <sup>(2)</sup> .....	63	70	88	112	137	23	26	34	41	47	18	19	23	30	36
North America.....	71	79	92	126	150	39	44	48	67	80	14	15	17	23	26
Rest of World.....	85	87	102	121	146	47	48	52	58	68	16	16	21	24	30
<b>Total.....</b>	<b>219</b>	<b>236</b>	<b>282</b>	<b>359</b>	<b>433</b>	<b>109</b>	<b>118</b>	<b>134</b>	<b>166</b>	<b>195</b>	<b>48</b>	<b>50</b>	<b>61</b>	<b>77</b>	<b>92</b>
<b>Debits</b>															
Western Europe <sup>(2)</sup> .....	192	163	159	196	252	156	126	118	146	192	21	22	25	31	36
Rest of World.....	105	111	112	128	133	63	64	66	70	66	23	26	25	28	32
<b>Total.....</b>	<b>297</b>	<b>274</b>	<b>271</b>	<b>324</b>	<b>385</b>	<b>219</b>	<b>190</b>	<b>184</b>	<b>216</b>	<b>258</b>	<b>44</b>	<b>48</b>	<b>50</b>	<b>59</b>	<b>68</b>

<sup>(1)</sup> Includes visits for study, visits to friends or relatives and other visits for which the main purpose was neither holiday nor business.

<sup>(2)</sup> Excluding overseas sterling area countries.



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**Other services<sup>(1)</sup>**

£ million

TABLE 19

	1964	1965	1966	1967	1968	1969	1970
<b>Credits</b>							
Financial and allied services (n.e.i.) <sup>(2)</sup> :							
Insurance.....	36	31	39	75	117 <sup>25</sup>	165	193 <sup>154</sup>
Banking.....	18	18	22	26	36 <sup>5</sup>	41	42 <sup>20</sup>
Merchanting.....	23	25	26	26	28 <sup>3</sup>	34	36 <sup>10</sup>
Brokerage, etc.....	26	28	29	35	51 <sup>10</sup>	60	74 <sup>45</sup>
<b>Total.....</b>	<b>103</b>	<b>102</b>	<b>116</b>	<b>162</b>	<b>232</b>	<b>300</b>	<b>345</b> <sup>229</sup>
Commissions, etc. on imports.....	77	82	89	100	124 <sup>22</sup>	136	152 <sup>63</sup>
Telecommunications and postal services.....	20	22	24	28	34	39	36 <sup>12</sup>
Films and television.....	20	29	34	49	46	43	28 <sup>-6</sup>
Royalties, etc. from:							
Overseas parent companies, branches, subsidiaries and associates.....	20	22	21	26	30	36	190 <sup>+72</sup>
Other overseas concerns.....	38	42	52	52	74 <sup>20</sup>	76 <sup>169</sup>	
Services rendered by United Kingdom enterprises:							
To overseas parent companies.....	9	14	14	13	14	13	44 <sup>15</sup>
To overseas branches, subsidiaries and associates.....	31	30	31	36	38	44	
Agency expenses, advertising and other commercial services.....	25	27	29	33	37	42	44 <sup>15</sup>
Construction work overseas.....	35	37	39	50	56	62	72 <sup>33</sup>
Expenditure by overseas students and journalists.....	41	42	46	49	51	54	57 <sup>11</sup>
Overseas governments' and non-territorial organisations' expenditure.....	39	46	47	48	50	54	55 <sup>8</sup>
Non-governmental receipts from foreign military forces.....	30	28	31	37	42	43	50 <sup>10</sup>
Other.....	70	69	76	79	81	90	97 <sup>21</sup>
<b>Total.....</b>	<b>558</b>	<b>592</b>	<b>649</b>	<b>762</b>	<b>909</b>	<b>1,032</b>	<b>1,126</b> <sup>477</sup>
<b>Debits</b>							
Commissions, etc. on exports.....	60	66	70	71	86	101	107
Telecommunications and postal services.....	18	20	23	31	38	39	44
Films and television.....	14	22	25	22	22	28	17
Royalties, etc. to:							
Overseas parent companies, branches, subsidiaries and associates.....	27	30	31	37	47	57	171
Other overseas concerns.....	24	27	26	30	40	43	
Services rendered to United Kingdom enterprises:							
By overseas parent companies.....	26	30	31	32	41	39	9
By overseas branches, subsidiaries and associates.....	9	6	6	6	8	9	
Agency expenses, advertising and other commercial services.....	35	38	44	50	56	66	81
Non-monetary gold.....	8	8	10	10	13	17	16
Other <sup>(3)</sup> .....	70	73	79	77	81	87	85
<b>Total.....</b>	<b>291</b>	<b>320</b>	<b>345</b>	<b>366</b>	<b>432</b>	<b>486</b>	<b>521</b>
<b>Other services (net).....</b>	<b>+267</b>	<b>+272</b>	<b>+304</b>	<b>+396</b>	<b>+477</b>	<b>+546</b>	<b>+605</b>

<sup>(1)</sup> For notes on, and definitions of, the items in this table see page 70. As explained there, some estimates are subject to a wide margin of error and are liable to revision as new sources of information become available.

<sup>(2)</sup> Interest received by United Kingdom banks and other financial institutions and the profits of their overseas branches, subsidiaries and associates are included in 'interest, profits and dividends' (Table 20), see note on page 71. Furthermore, the earnings on services rendered to related enterprises overseas by United Kingdom banks are included in the appropriate item in this table.

<sup>(3)</sup> Including some items for which the corresponding credits are shown separately (see note on page 72).



# Interest, profits and dividends

£ million

TABLE 20

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Credits</b>											
All areas											
Direct investment <sup>(1)</sup> .....	258	249	274	330	370	400	429	438	568	650	701
Portfolio investment.....	125	126	134	137	143	158	153	145	164	161	171
Other <sup>(2)</sup> .....	288	301	346	375	375	434	387	401	383	530	509
<b>Total</b> .....	<b>671</b>	<b>676</b>	<b>754</b>	<b>842</b>	<b>888</b>	<b>992</b>	<b>969</b>	<b>984</b>	<b>1,115</b>	<b>1,341</b>	<b>1,381</b>
of which: <i>private sector</i> .....	643	645	715	805	845	947	914	928	1,077	1,299	1,313
<i>public sector</i> <sup>(3)</sup> .....	28	31	39	37	43	45	55	56	38	42	68
<b>Overseas sterling area</b>											
Direct investment <sup>(1)</sup> .....	173	163	180	213	249	251	237	237	286	344	368
Portfolio investment.....	72	73	80	82	84	91	89	82	94	89	97
Other <sup>(2)</sup> .....	113	120	140	158	163	189	167	166	168	224	211
<b>Total</b> .....	<b>358</b>	<b>356</b>	<b>400</b>	<b>453</b>	<b>496</b>	<b>531</b>	<b>493</b>	<b>485</b>	<b>548</b>	<b>657</b>	<b>676</b>
<b>Non-sterling areas</b>											
Direct investment <sup>(1)</sup> .....	85	86	94	117	121	149	192	201	282	306	333
Portfolio investment.....	53	53	54	55	59	67	64	63	70	72	74
Other.....	175	181	206	217	212	245	220	235	215	306	298
<b>Total</b> .....	<b>313</b>	<b>320</b>	<b>354</b>	<b>389</b>	<b>392</b>	<b>461</b>	<b>476</b>	<b>499</b>	<b>567</b>	<b>684</b>	<b>705</b>
<b>Debits</b>											
All areas											
Direct investment <sup>(1)</sup> .....	137	128	134	168	203	235	204	216	329	308	340
Portfolio investment.....	56	51	51	63	70	78	83	85	96	100	113
Other <sup>(2)</sup> .....	245	243	235	213	222	244	289	298	349	432	416
<b>Total</b> .....	<b>438</b>	<b>422</b>	<b>420</b>	<b>444</b>	<b>495</b>	<b>557</b>	<b>576</b>	<b>599</b>	<b>774</b>	<b>840</b>	<b>869</b>
of which: <i>private sector</i> .....	262	227	235	274	333	378	361	370	501	467	541
<i>public sector</i> <sup>(3)</sup> .....	176	195	185	170	162	179	215	229	273	373	328
<b>Overseas sterling area</b>											
Direct investment <sup>(1)</sup> .....	3	1	4	5	4	6	8	9	13	14	16
Portfolio investment.....	29	28	27	41	44	40	35	36	37	37	59
Other <sup>(2)</sup> .....	111	119	117	106	129	147	159	149	170	199	218
<b>Total</b> .....	<b>143</b>	<b>148</b>	<b>148</b>	<b>152</b>	<b>177</b>	<b>193</b>	<b>202</b>	<b>194</b>	<b>220</b>	<b>250</b>	<b>293</b>
<b>Non-sterling areas</b>											
Direct investment <sup>(1)</sup> .....	134	127	130	163	199	229	196	207	316	294	324
Portfolio investment.....	27	23	24	22	26	38	48	49	59	63	54
Other <sup>(2)</sup> .....	134	124	118	107	93	97	130	149	179	233	198
<b>Total</b> .....	<b>295</b>	<b>274</b>	<b>272</b>	<b>292</b>	<b>318</b>	<b>364</b>	<b>374</b>	<b>405</b>	<b>554</b>	<b>590</b>	<b>576</b>
<b>Interest, profits and dividends (net)</b> .....	<b>+233</b>	<b>+254</b>	<b>+334</b>	<b>+398</b>	<b>+393</b>	<b>+435</b>	<b>+393</b>	<b>+385</b>	<b>+341</b>	<b>+501</b>	<b>+512</b>

(<sup>1</sup>) See footnotes to Table 21.

(<sup>2</sup>) Including oil.

(<sup>3</sup>) See note on page 74.



# Earnings of direct investment<sup>(1)</sup> Analysis by area

TABLE 21

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Credits<sup>(2)</sup></b>											
Overseas sterling area.....	173	163	180	213	249	251	237	237	286	344	368
Non-sterling areas.....	85	86	94	117	121	149	192	201	282	306	333
of which: <i>European Economic Community</i> ....	15	20	20	21	13	19	25	25	65	83	..
<i>European Free Trade Association</i> ...	5	6	5	7	9	8	8	10	13	17	..
<i>Other Western Europe</i> .....	3	2	2	2	2	3	5	6	6	8	..
<i>North America</i> .....	39	39	45	65	74	85	108	113	135	136	..
<i>Latin America</i> .....	15	12	14	16	19	20	25	24	34	33	..
<i>Other non-sterling countries</i> .....	8	7	8	6	4	14	21	23	29	29	..
<b>Total</b> .....	<b>258</b>	<b>249</b>	<b>274</b>	<b>330</b>	<b>370</b>	<b>400</b>	<b>429</b>	<b>438</b>	<b>568</b>	<b>650</b>	<b>701</b>
<b>Debits<sup>(3)</sup></b>											
Overseas sterling area.....	3	1	4	5	4	6	8	9	13	14	16
Non-sterling areas.....	134	127	130	163	199	229	196	207	316	294	324
of which: <i>European Economic Community</i> ....	7	7	5	7	19	15	13	17	21	14	..
<i>European Free Trade Association</i> ...	9	6	8	10	14	15	14	18	24	26	..
<i>Other Western Europe</i> .....	1	2	2	—	—	—	—	1	1	1	..
<i>North America</i> .....	116	111	114	144	164	195	166	168	267	250	..
<i>Latin America</i> .....	—	—	—	—	—	3	2	1	1	—	..
<i>Other non-sterling countries</i> .....	1	1	1	2	2	1	1	2	2	3	..
<b>Total</b> .....	<b>137</b>	<b>128</b>	<b>134</b>	<b>168</b>	<b>203</b>	<b>235</b>	<b>204</b>	<b>216</b>	<b>329</b>	<b>308</b>	<b>340</b>

<sup>(1)</sup> Department of Trade and Industry inquiry into overseas direct investment.

<sup>(2)</sup> Excluding oil and, before 1963, insurance.

<sup>(3)</sup> Excluding oil and insurance.



# Earnings of direct investment<sup>(1)</sup> Analysis by component

£ million

TABLE 22

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Credits</b>											
All areas											
Profits of branches	96	91	91	110	113	103	111	103	126	140	149
Profits of subsidiaries <sup>(2)</sup> —dividends remitted	72	78	82	97	103	122	128	140	159	178	231
unremitted profits	85	74	95	118	147	167	183	190	277	321	309
Interest received	5	6	6	5	7	8	7	5	6	11	12
<b>Total</b>	<b>258</b>	<b>249</b>	<b>274</b>	<b>330</b>	<b>370</b>	<b>400</b>	<b>429</b>	<b>438</b>	<b>568</b>	<b>650</b>	<b>701</b>
Overseas sterling area											
Profits of branches	80	76	76	93	99	87	82	68	84	98	102
Profits of subsidiaries <sup>(2)</sup> —dividends remitted	39	47	45	46	49	59	62	70	78	89	116
unremitted profits	51	36	56	71	98	101	89	95	120	150	143
Interest received	3	4	3	3	3	4	4	4	4	7	7
<b>Total</b>	<b>173</b>	<b>163</b>	<b>180</b>	<b>213</b>	<b>249</b>	<b>251</b>	<b>237</b>	<b>237</b>	<b>286</b>	<b>344</b>	<b>368</b>
Non-sterling areas											
Profits of branches	16	15	15	17	14	16	29	35	42	42	47
Profits of subsidiaries <sup>(2)</sup> —dividends remitted	33	31	37	51	54	63	66	70	81	89	115
unremitted profits	34	38	39	47	49	66	94	95	157	171	166
Interest received	2	2	3	2	4	4	3	1	2	4	5
<b>Total</b>	<b>85</b>	<b>86</b>	<b>94</b>	<b>117</b>	<b>121</b>	<b>149</b>	<b>192</b>	<b>201</b>	<b>282</b>	<b>306</b>	<b>333</b>
<b>Debits</b>											
All areas											
Profits of branches	11	8	9	9	10	14	15	20	30	36	37
Profits of subsidiaries <sup>(2)</sup> —dividends remitted	57	81	64	66	108	97	90	92	114	131	127
unremitted profits	67	37	58	90	80	118	93	97	176	132	166
Interest paid	2	2	3	3	5	6	6	7	9	9	10
<b>Total</b>	<b>137</b>	<b>128</b>	<b>134</b>	<b>168</b>	<b>203</b>	<b>235</b>	<b>204</b>	<b>216</b>	<b>329</b>	<b>308</b>	<b>340</b>
Overseas sterling area											
Profits of branches	2	—	3	3	2	3	3	4	6	6	7
Profits of subsidiaries <sup>(2)</sup> —dividends remitted	—	—	—	1	1	2	2	1	5	3	3
unremitted profits	1	1	1	1	1	1	3	4	2	5	6
Interest paid	—	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>9</b>	<b>13</b>	<b>14</b>	<b>16</b>
Non-sterling areas											
Profits of branches	9	8	6	6	8	11	12	16	24	30	30
Profits of subsidiaries <sup>(2)</sup> —dividends remitted	57	81	64	65	107	95	88	91	109	128	124
unremitted profits	66	36	57	89	79	117	90	93	174	127	160
Interest paid	2	2	3	3	5	6	6	7	9	9	10
<b>Total</b>	<b>134</b>	<b>127</b>	<b>130</b>	<b>163</b>	<b>199</b>	<b>229</b>	<b>196</b>	<b>207</b>	<b>316</b>	<b>294</b>	<b>324</b>

<sup>(1)</sup> See footnotes to Table 21.

<sup>(2)</sup> Including associated companies.



# Inter-government loans

TABLE 23

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Loans made by the United Kingdom</b>											
Overseas sterling area.....	57	60	56	55	75	63	79	76	81	75	101
Western Europe.....	2	—	3	3	3	6	6	7	6	3	5
Latin America.....	—	1	3	6	3	2	6	1	1	1	—
Other non-sterling countries.....	2	—	—	2	3	3	3	3	2	3	4
<b>Total.....</b>	<b>61</b>	<b>61</b>	<b>62</b>	<b>66</b>	<b>84</b>	<b>74</b>	<b>94</b>	<b>87</b>	<b>90</b>	<b>82</b>	<b>110</b>
<b>Loans repaid to the United Kingdom</b>											
Overseas sterling area.....	4	5	6	6	10	14	19	20	23	24	20
Western Europe.....	30	97	3	3	4	4	3	2	2	1	1
Latin America.....	2	1	1	2	3	4	6	3	4	4	4
Other non-sterling countries.....	5	6	5	3	2	2	2	1	1	1	2
<b>Total.....</b>	<b>41</b>	<b>109</b>	<b>15</b>	<b>14</b>	<b>19</b>	<b>24</b>	<b>30</b>	<b>26</b>	<b>30</b>	<b>30</b>	<b>27</b>
<b>Inter-government loans by the United Kingdom (net)<sup>(1)</sup>.....</b>	<b>- 20</b>	<b>+ 48</b>	<b>- 47</b>	<b>- 52</b>	<b>- 65</b>	<b>- 50</b>	<b>- 64</b>	<b>- 61</b>	<b>- 60</b>	<b>- 52</b>	<b>- 83</b>
<b>Loans made to the United Kingdom</b>											
Western Europe.....	—	18	—	—	—	—	—	—	—	52	—
North America <sup>(2)</sup> .....	—	—	—	—	—	—	51	88	98	64	9
<b>Total.....</b>	<b>—</b>	<b>18</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>51</b>	<b>88</b>	<b>98</b>	<b>116</b>	<b>9</b>
<b>Loans repaid by the United Kingdom</b>											
Overseas sterling area.....	—	—	—	—	2	—	—	—	—	—	—
Western Europe.....	42	51	13	13	31	12	13	12	15	14	15
North America.....	30	31	31	32	3	4	35	54	29	98	89
<b>Total.....</b>	<b>72</b>	<b>82</b>	<b>44</b>	<b>45</b>	<b>36</b>	<b>16</b>	<b>48</b>	<b>66</b>	<b>44</b>	<b>112</b>	<b>104</b>
<b>Inter-government loans to the United Kingdom (net)<sup>(1)</sup>.....</b>	<b>- 72</b>	<b>- 64</b>	<b>- 44</b>	<b>- 45</b>	<b>- 36</b>	<b>- 16</b>	<b>+ 3</b>	<b>+ 22</b>	<b>+ 54</b>	<b>+ 4</b>	<b>- 95</b>
<b>Inter-government loans (net)<sup>(1)</sup>.....</b>	<b>- 92</b>	<b>- 16</b>	<b>- 91</b>	<b>- 97</b>	<b>- 101</b>	<b>- 66</b>	<b>- 61</b>	<b>- 39</b>	<b>- 6</b>	<b>- 48</b>	<b>- 178</b>
of which:											
New loans (net).....	- 61	- 43	- 62	- 66	- 84	- 74	- 43	+ 1	+ 8	+ 34	- 101
Repayments (net).....	- 31	+ 27	- 29	- 31	- 17	+ 8	- 18	- 40	- 14	- 82	- 77

(<sup>1</sup>) Assets: increase -/decrease +. Liabilities: increase +/decrease -.

(<sup>2</sup>) Export-Import Bank credit for the purchase of U.S. military aircraft and missiles.

## Other official long-term capital (net)<sup>(1)</sup>

TABLE 24

£ million

	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Subscriptions to international lending bodies</b>									
International Development Association.....	- 9	- 9	- 9	- 11	- 11	- 11	- 4 <sup>(2)</sup>	- 43	- 22
Regional Development Banks.....	—	—	—	—	- 1	- 1	- 1	- 2	- 1
International Bank for Reconstruction and Development <sup>(2)</sup> .....	—	—	—	—	—	—	—	—	- 1
<b>Bilateral aid loans<sup>(3)</sup></b>									
U.K. government loans to the Malta dockyard.....	- 1	- 2	- 2	- 1	—	—	—	—	—
Loans and investment by C.D.C.....	- 9	- 5	- 8	- 10	- 8	- 9	- 11	- 13	- 13
Capital repayments to and disinvestment by C.D.C.....	+ 2	+ 4	+ 2	+ 2	+ 2	+ 4	+ 5	+ 4	+ 5
Loans by U.K.A.E.A. (net of repayments).....	+ 5	+ 3	+ 2	+ 1	+ 1	—	—	—	—
Purchase of U.N. bonds (net of redemptions).....	- 4	—	—	—	—	—	—	—	—
Suez Canal compensation.....	—	+ 1	—	—	—	—	—	—	—
Repayment to I.B.R.D. on loan to Rhodesia, guaranteed by U.K. government.....	—	—	—	—	- 2	- 1	- 2	- 2	- 2
Loan from Deutsche Bundesbank.....	—	—	—	—	—	—	+ 21	—	—
Repayment by Alcan Aluminium Ltd. of Canada on war-time loan.....	—	—	—	—	—	—	+ 15	+ 6	+ 8
<b>Other official long-term capital (net).....</b>	<b>- 16</b>	<b>- 8</b>	<b>- 15</b>	<b>- 19</b>	<b>- 19</b>	<b>- 18</b>	<b>+ 23</b>	<b>- 50</b>	<b>- 26</b>

(<sup>1</sup>) Assets: increase -/decrease +. Liabilities: increase +/decrease -.

(<sup>2</sup>) Maintenance of value payment consequent upon the devaluation of sterling in November, 1967.

(<sup>3</sup>) Other than inter-government loans. (See Table 23).



# Overseas investment in UK public sector<sup>(1)</sup>

£ million

TABLE 25

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
All areas											
British government stocks <sup>(2)</sup> .....	-21	+52	+23	+33	+35	+41	+43	+48	+9	-74	-10
Local authorities—securities and mortgages.....	—	-1	+1	+8	-20	-53	-8	+6	+7	-1	+2
Public corporations—net issues abroad.....	—	—	—	—	—	—	—	—	—	+54	—
Public corporations—borrowing abroad from banks, etc.....	—	—	—	—	—	—	—	—	—	+16	-2
Local authorities—borrowing abroad from banks, etc. <sup>(3)</sup> .....	—	—	—	—	—	—	—	—	—	+5	—
Total .....	-21	+51	+24	+41	+15	-12	+35	+54	+16	—	-10
of which:											
Overseas sterling area.....	+10	+40	+12	+29	-12	-23	+21	+30	-11	-78	-5
Non-sterling areas.....	-31	+11	+12	+12	+27	+11	+14	+24	+27	+78	-5

(1) Net of disinvestment. Assets: increase—/decrease+. Liabilities: increase+/decrease—.

(2) Excluding investment by central monetary institutions and international organisations (see Table 3, item 8).

(3) Other than short-term borrowing (part of external banking and money market liabilities in sterling, for which end-year levels are shown in Table 37).



# UK and overseas private investment<sup>(1)</sup>

TABLE 26

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>UK private investment overseas</b>											
All areas											
Direct <sup>(2)</sup> .....	-250	-226	-209	-236	-263	-308	-276	-281	-410	-547	-486
Portfolio—London Market Loans (net new issues).....	-6	-15	-2	-21	-6	+14	+18	-18	+10	+7	+16
Other.....	+43	+43	+41	+16	+3	+80	+65	-41	-246	-41	-95
Other (oil and miscellaneous).....	-109	-115	-72	-79	-133	-154	-110	-116	-81	-86	-149
Total.....	-322	-313	-242	-320	-399	-368	-303	-456	-727	-667	-714
Overseas sterling area											
Direct <sup>(2)</sup> .....	-160	-124	-122	-135	-161	-186	-119	-142	-177	-311	-209
Portfolio.....	+13	-11	+5	+8	+25	+50	+39	-41	-157	-20	-15
Other (oil and miscellaneous).....	-54	-51	-33	-36	-51	-63	-61	-43	-20	-46	-39
Non-sterling areas											
Direct <sup>(2)</sup> .....	-90	-102	-87	-101	-102	-122	-157	-139	-233	-236	-277
Portfolio.....	+24	+39	+34	-13	-28	+44	+44	-18	-79	-14	-64
Other (oil and miscellaneous).....	-55	-64	-39	-43	-82	-91	-49	-73	-61	-40	-110
<b>Overseas investment in UK private sector</b>											
All areas											
Direct <sup>(2)</sup> .....	+135	+236	+130	+160	+162	+197	+195	+170	+274	+319	+317
Investment in UK company securities:											
Issues abroad (net).....	+4	+8	+16	+6	+5	+5	+4	+25	+19	+6	+35
Other securities.....	+55	+50	+16	-34	-55	-31	-75	-46	+15	+130	+49
Other (oil and miscellaneous).....	+55	+75	+57	+97	+31	+67	+140	+211	+259	+218	+326
Total.....	+249	+369	+219	+229	+143	+238	+264	+360	+567	+673	+727
Overseas sterling area											
Direct <sup>(2)</sup> .....	+14	+5	+1	-3	+1	+1	+12	+21	-4	+59	+14
Other.....	+2	+7	+7	-8	-17	-7	-31	-22	+42	+45	-3
Non-sterling areas											
Direct <sup>(2)</sup> .....	+121	+231	+129	+163	+161	+196	+183	+149	+278	+260	+303
Other.....	+112	+126	+82	+77	-2	+48	+100	+212	+251	+309	+413

(<sup>1</sup>) Net of disinvestment. Assets: increase—/decrease+. Liabilities: increase+ /decrease—.

(<sup>2</sup>) See notes to Table 29.



# United Kingdom private investment overseas and its financing<sup>(1)</sup>

£ million

TABLE 27

	1966	1967	1968	1969	1970
<b>I. United Kingdom private investment overseas</b>					
1. Net total.....	- 303	- 456	- 727	- 667	- 714
2. Direct investment—unremitted profits <sup>(2)</sup> .....	- 215	- 237	- 324	- 368	- 359
3. Direct investment—export and import credit by UK parent companies (net).....	- 4	- 18	- 6	- 36	- 10
Other components of UK private investment (net) <sup>(3)</sup>					
4. In sterling area.....	- 35	- 104	- 207	- 173	(- 76)
5. In non-sterling areas.....	- 49	- 97	- 190	- 90	(- 269)
<b>II. Financing of UK private investment in non-sterling areas</b>					
6. Other components of UK private investment (net) in non-sterling areas (line 5 above).....	- 49	- 97	- 190	- 90	(- 269)
(a) Borrowing applied to finance investment overseas					
7. Overseas investment in UK private sector—direct borrowing abroad by UK companies and institutions (net).....	+ 30	+ 69	+ 88	+ 83	+ 108
8. Foreign currency borrowing (net) by UK banks to finance UK investment overseas.....	+ 17	+ 64	+ 145	+ 80	+ 159
9. Adjustment for funds not used at time of borrowing (increase in liquid assets = -).....	—	- 5	- 39	- 44	+ 3
10. Total borrowing applied to finance investment overseas.....	+ 47	+ 128	+ 194	+ 119	+ 270
(b) 11. Direct investment in UK matched by UK portfolio investment in non-sterling areas <sup>(4)</sup> .....	—	—	—	+ 27	—
(c) 12. Broad effect on 'total currency flow' of net investment in the NSA (net effect of rows 6, 10 and 11) <sup>(6)</sup> .....	- 2	+ 31	+ 4	+ 56	(+ 1)
of which:					
Effect of identified disinvestment					
13. Net disinvestment of non-sterling portfolios through investment currency pool.....	+ 69	+ 58	+ 59	+ 126	+ 52
14. Proceeds of net sales of direct investments applied to investment currency pool.....	+ 3	- 2	+ 37	+ 21	+ 9
15. Total disinvestment leading to an increase of the UK official reserves through the 25 per cent surrender scheme <sup>(5)</sup> .....	+ 72	+ 56	+ 96	+ 147	+ 61
16. Broad net effect of remaining types of investment <sup>(6)(7)</sup> .....	- 74	- 25	- 92	- 91	- 60

(1) Figures in brackets are precarious estimates based on incomplete information. Assets: increase—/decrease+. Liabilities: increase+/decrease—

(2) Including rough estimates for unremitted profits of branches.

(3) Including trade credit extended by UK oil companies.

(4) This reflects funds which were raised by US resident companies for use by their subsidiaries in the UK; equal, offsetting entries appear in both inward and outward private investment.

(5) The total yield to the UK official reserves of the 25 per cent surrender scheme may be reconciled with the figures in line 15 as follows:

£ million

	1966	1967	1968	1969	1970
Net disinvestment of non-sterling portfolios and direct investments (line 15 above)..... 7a.	+ 72	+ 56	+ 96	+ 147	+ 61
Other investment currency accruals less utilisations.... 7b.	+ 2	+ 8	- 4	- 15	- 4
Change in liquid investment currency balances (increase—, decrease+).... 7c.	- 4	+ 24	+ 12	- 23	+ 30
Total yield to UK official reserves.....	70	88	104	109	87

(6) Includes, however, changes in insurance funds earned and held overseas, investment in the form of UK exports not subsequently paid for and oil investment in the form of trade credit which generally do not affect the total currency flow.

(7) Represents, apart from items mentioned in footnote (8) above, investment mainly in the form of remittances from the UK when these are not financed through overseas borrowing, net of certain disinvestment, which affects the total currency flow. Much oil investment is remitted from the UK because it is not the general practice to use locally reinvested profits as a source of finance.



# Direct investment<sup>(1)</sup> Analysis by area

TABLE 28

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>By United Kingdom<sup>(2)(3)</sup></b>											
Overseas sterling area.....	-160	-124	-122	-135	-161	-186	-119	-142	-177	-311	-209
Non-sterling areas.....	-90	-102	-87	-101	-102	-122	-157	-139	-233	-236	-277
of which: <i>European Economic Community....</i>	-22	-26	-29	-40	-37	-32	-51	-30	-73	-105	..
<i>European Free Trade Association...</i>	-4	-12	-19	-16	-5	-15	-11	+8	-19	-14	..
<i>Other Western Europe.....</i>	—	-2	-1	-3	-4	-6	-9	-8	-9	-20	..
<i>North America.....</i>	-44	-40	-19	-21	-34	-41	-61	-85	-114	-89	..
<i>Latin America.....</i>	-15	-21	-14	-16	-18	-18	-11	-8	-17	-21	..
<i>Other non-sterling countries.....</i>	-5	-1	-5	-5	-4	-10	-14	-16	-1	+13	..
<b>Total.....</b>	<b>-250</b>	<b>-226</b>	<b>-209</b>	<b>-236</b>	<b>-263</b>	<b>-308</b>	<b>-276</b>	<b>-281</b>	<b>-410</b>	<b>-547</b>	<b>-486</b>
<b>In United Kingdom<sup>(3)(4)</sup></b>											
Overseas sterling area.....	+14	+5	+1	-3	+1	+1	+12	+21	-4	+59	+14
Non-sterling areas.....	+121	+231	+129	+163	+161	+196	+183	+149	+278	+260	+303
of which: <i>European Economic Community....</i>	+4	+17	+3	+10	+19	+15	+9	+47	+25	+35	..
<i>European Free Trade Association...</i>	+12	+11	+20	+23	+11	+12	+16	+19	+28	+15	..
<i>Other Western Europe.....</i>	—	+2	—	—	—	-1	—	—	+1	—	..
<i>North America.....</i>	+104	+201	+104	+126	+130	+178	+158	+77	+222	+205	..
<i>Latin America.....</i>	—	—	+1	—	+1	-2	-1	+3	+1	-5	..
<i>Other non-sterling countries.....</i>	+1	—	+1	+4	—	-6 <sup>(5)</sup>	+1	+3	+1	+10	..
<b>Total.....</b>	<b>+135</b>	<b>+236</b>	<b>+130</b>	<b>+160</b>	<b>+162</b>	<b>+197</b>	<b>+195</b>	<b>+170</b>	<b>+274</b>	<b>+319</b>	<b>+317</b>

(1) Department of Trade and Industry inquiry into overseas direct investment. Assets: increase—/decrease +. Liabilities: increase +/decrease—.

(2) Excluding oil, and, before 1963, insurance.

(3) The total for the latest year, and in particular the overseas sterling area/non-sterling areas split, is liable to substantial revision.

(4) Excluding oil and insurance.

(5) Including amounts not allocated by area.



# Direct investment<sup>(1)</sup> Analysis by component

£ million

TABLE 29

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>By United Kingdom</b>											
<b>All areas</b>											
Change in branch indebtedness.....	- 33	- 36	- 44	- 35	- 6	- 15	- 14	- 26	- 49	- 60	- 31
Unremitted profits of subsidiaries <sup>(2)</sup> .....	- 85	- 74	- 95	- 118	- 147	- 167	- 183	- 190	- 277	- 321	- 309
Net acquisition of share and loan capital.....	- 80	- 82	- 64	- 61	- 82	- 55	- 52	- 46	- 59	- 102	- 178
Change in inter-company accounts.....	- 52	- 34	- 6	- 22	- 28	- 71	- 27	- 19	- 25	- 64	+ 32
Total.....	- 250	- 226	- 209	- 236	- 263	- 308	- 276	- 281	- 410	- 547	- 486
<b>Overseas sterling area</b>											
Change in branch indebtedness.....	- 23	- 18	- 35	- 26	- 1	- 10	+ 2	- 25	- 27	- 50	..
Unremitted profits of subsidiaries <sup>(2)</sup> .....	- 51	- 36	- 56	- 71	- 98	- 101	- 89	- 95	- 120	- 150	- 143
Net acquisition of share and loan capital.....	- 47	- 49	- 40	- 26	- 54	- 31	- 31	- 16	- 22	- 59	..
Change in inter-company accounts.....	- 39	- 21	+ 9	- 12	- 8	- 44	- 1	- 6	- 8	- 52	..
Total.....	- 160	- 124	- 122	- 135	- 161	- 186	- 119	- 142	- 177	- 311	- 209
<b>Non-sterling areas</b>											
Change in branch indebtedness.....	- 10	- 18	- 9	- 9	- 5	- 5	- 16	- 1	- 22	- 10	..
Unremitted profits of subsidiaries <sup>(2)</sup> .....	- 34	- 38	- 39	- 47	- 49	- 66	- 94	- 95	- 157	- 171	- 166
Net acquisition of share and loan capital.....	- 33	- 33	- 24	- 35	- 28	- 24	- 21	- 30	- 37	- 43	..
Change in inter-company accounts.....	- 13	- 13	- 15	- 10	- 20	- 27	- 26	- 13	- 17	- 12	..
Total.....	- 90	- 102	- 87	- 101	- 102	- 122	- 157	- 139	- 233	- 236	- 277
<b>In United Kingdom</b>											
<b>All areas</b>											
Change in branch indebtedness.....	+ 3	+ 10	+ 1	- 7	- 4	+ 9	+ 5	+ 15	+ 1	+ 33	+ 17
Unremitted profits of subsidiaries <sup>(2)</sup> .....	+ 67	+ 37	+ 58	+ 90	+ 80	+ 118	+ 93	+ 97	+ 176	+ 132	+ 166
Net acquisition of share and loan capital.....	+ 35	+ 170	+ 49	+ 49	+ 69	+ 51	+ 74	+ 56	+ 124	+ 114	+ 82
Change in inter-company accounts.....	+ 30	+ 19	+ 22	+ 28	+ 17	+ 19	+ 23	+ 2	- 27	+ 40	+ 52
Total.....	+ 135	+ 236	+ 130	+ 160	+ 162	+ 197	+ 195	+ 170	+ 274	+ 319	+ 317
<b>Overseas sterling area</b>											
Change in branch indebtedness.....	+ 5	+ 1	- 2	- 9	- 7	+ 6	+ 3	+ 10	- 1	+ 17	..
Unremitted profits of subsidiaries <sup>(2)</sup> .....	+ 1	+ 1	+ 1	+ 1	+ 1	+ 1	+ 3	+ 4	+ 2	+ 5	+ 6
Net acquisition of share and loan capital.....	+ 8	+ 1	+ 1	+ 2	+ 2	- 1	+ 1	+ 8	+ 1	+ 37	..
Change in inter-company accounts.....	—	+ 2	+ 1	+ 3	+ 5	- 5	+ 5	- 1	- 6	—	..
Total.....	+ 14	+ 5	+ 1	- 3	+ 1	+ 1	+ 12	+ 21	- 4	+ 59	+ 14
<b>Non-sterling areas</b>											
Change in branch indebtedness.....	- 2	+ 9	+ 3	+ 2	+ 3	+ 3	+ 2	+ 5	+ 2	+ 16	..
Unremitted profits of subsidiaries <sup>(2)</sup> .....	+ 66	+ 36	+ 57	+ 89	+ 79	+ 117	+ 90	+ 93	+ 174	+ 127	+ 160
Net acquisition of share and loan capital.....	+ 27	+ 169	+ 48	+ 47	+ 67	+ 52	+ 73	+ 48	+ 123	+ 77	..
Change in inter-company accounts.....	+ 30	+ 17	+ 21	+ 25	+ 12	+ 24	+ 18	+ 3	- 21	+ 40	..
Total.....	+ 121	+ 231	+ 129	+ 163	+ 161	+ 196	+ 183	+ 149	+ 278	+ 260	+ 303

(1) Assets: increase—/decrease+. Liabilities: increase+/decrease—. See also footnotes to Table 28.

(2) Including associated companies.



# Import and export credit between unrelated firms<sup>(1)</sup>

TABLE 30

£ million

Row in Table 3 presentation		1963	1964	1965	1966	1967	1968	1969	1970
11	<b>Import credit<sup>(2)</sup></b>								
	Credit received								
	Identified long-term <sup>(3)</sup> .....	—	— 3	— 5	— 1	+ 31	+ 36	+ 50	+ 38
	Other.....	+ 12	+ 16	+ 18	— 3	+ 1	+ 58	+ 73	+ 25
	Total.....	+ 12	+ 13	+ 13	— 4	+ 32	+ 94	+ 123	+ 63
	Advance and progress payments by UK businesses...	—	— 10	—	—	— 6	— 12	— 26	— 8
	Import deposits paid directly from overseas.....	—	—	—	—	—	+ 1	+ 59	— 32
	Total.....	+ 12	+ 3	+ 13	— 4	+ 26	+ 83	+ 156	+ 23
	<b>Export credit<sup>(2)</sup></b>								
	Credit extended by UK banks <sup>(4)</sup>								
	Identified long-term <sup>(5)</sup> .....	— 13	— 23	— 23	— 73	— 116	— 143	— 201	— 281
12	Other.....	— 27	— 13	— 3	—	— 18	— 54	— 13	— 9
	Total.....	— 40	— 36	— 26	— 73	— 134	— 197	— 214	— 290
	Suppliers' credit.....	— 86	— 50	— 57	— 97	— 32	— 149	— 180	— 51
	Advance and progress payments by overseas customers <sup>(6)</sup> .....	+ 23	+ 38	+ 21	+ 1	— 21	+ 15	+ 66	+ 107
	Total.....	— 103	— 48	— 62	— 169	— 187	— 331	— 328	— 234

<sup>(1)</sup> Figures of trade credit between 'related' firms are given in Table 47.

<sup>(2)</sup> Change in amounts outstanding.

<sup>(3)</sup> Credit on ships and aircraft only.

<sup>(4)</sup> Includes amounts refinanced with the Issue Department of the Bank of England.

<sup>(5)</sup> Credit extended under E.C.G.D. buyer credit schemes and E.C.G.D. specific bank guarantees.

<sup>(6)</sup> Includes advance payments under credit arrangements financed by UK banks.

## Other capital flows

TABLE 31

£ million

Row in Table 3 presentation		1963	1964	1965	1966	1967	1968	1969	1970
6	<b>Foreign currency borrowing (net) by UK banks to finance UK investment overseas.....</b>	+ 5	+ 15	+ 45	+ 15	+ 55	+ 155	+ 72	+ 184
7	<b>Other foreign currency borrowing or lending (net) by UK banks.....</b>	— 10	+ 138	— 74	— 162	— 43	— 124	— 108	+ 295
	Total.....	— 5	+ 153	— 29	— 147	+ 12	+ 31	— 36	+ 479
	of which:								
	Liabilities <sup>(1)</sup> .....	+ 241	+ 506	+ 326	+ 886	+ 749	+ 2,761	+ 4,829	+ 3,149
	Claims <sup>(1)</sup> .....	— 246	— 353	— 355	— 1,033	— 737	— 2,730	— 4,865	— 2,670
	<b>Other short-term flows</b>								
	External sterling claims <sup>(1)</sup> ...	— 78	— 78	+ 1	+ 10	+ 53	— 41	— 38	+ 64
	External liabilities and claims (net) in overseas sterling area currencies.....	— 6	+ 8	+ 7	— 45	+ 24	— 46	— 2	— 7
	Official assets and liabilities (n.e.i.) <sup>(2)</sup> .....	— 4	— 6	+ 46	— 37	— 15	+ 7	— 8	+ 22
	Other commercial short-term transactions (net).....	—	+ 7	+ 20	— 8	— 19	— 41	—	+ 39
	IMF expenditure and receipts in sterling.....	—	+ 2	+ 7	+ 15	+ 20	+ 20	+ 15	—
	IMF gold deposits in the UK	—	—	+ 3	+ 12	+ 1	— 1	—	— 4
13	Total.....	— 88	— 67	+ 84	— 53	+ 64	— 102	— 33	+ 114

<sup>(1)</sup> Excluding UK trade credit (see note on page 76).

<sup>(2)</sup> Excluding import deposits paid directly from overseas.



# Official financing

£ million

TABLE 32

Row in Table 3 presentation		1963	1964	1965	1966	1967	1968	1969	1970
	<b>Net transactions with overseas monetary authorities</b>								
	International Monetary Fund <sup>(1)</sup>								
	UK drawings.....	—	+357	+500	+44	—	+583	+354	+63
	UK repurchases.....	—	—	—	—	-249	-77	-382	-141
	Other net drawings <sup>(2)</sup> .....	+5	—	-10	-29	-89	—	-2	-56
21	Total.....	+5	+357	+489	+15	-339	+506	-30	-134
	<b>Other monetary authorities</b>								
	Foreign currency.....	—	+72	-72	+14	+173	+18	-61	-150
	Sterling.....	—	+144	+182	+280	+518	+772	-608	-1,011
22	Total.....	—	+216	+110	+294	+691	+790	-669	-1,161
23	Transfer from dollar portfolio to reserves.....	—	—	—	+316	+204	—	—	—
24	Drawings on (+)/additions to (-) official reserves.....	+53	+122	-246	-34	+115	+114	-44	-125
25	Total official financing....	+58	+695	+353	+591	+671	+1,410	-743	-1,420

<sup>(1)</sup> Components and the total are rounded independently.

<sup>(2)</sup> Drawings and repurchases in sterling by other countries which affect the UK's repurchase obligations to the IMF.

## United Kingdom account with the International Monetary Fund<sup>(1)(2)</sup>

TABLE 33

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>United Kingdom</b>											
Subscription in gold <sup>(3)</sup> .....	—	—	—	—	—	—	-44	—	—	—	-38
IMF gold deposits in UK <sup>(4)</sup> .....	—	—	—	—	—	+3	+12	+1	-1	—	-4
Drawings.....	—	+536	—	—	+357	+500	+44 <sup>(5)</sup>	—	+583	+354	+63
Repurchases of drawings.....	-110	-150	-308	—	—	—	—	-249	-77	-382	-141
other <sup>(6)</sup> .....	-17	—	—	—	—	—	—	—	—	—	—
<b>Overseas sterling area countries</b>											
Sterling drawings.....	-2	-38	-15	—	—	-10	-26	-43	—	-2	-54
Sterling repurchases.....	—	+23	—	+7	+1	—	—	—	—	—	—
<b>Non-sterling countries</b>											
Sterling drawings.....	-22	-2	-56	-2	-3	—	-3	-46	—	—	-2
Sterling repurchases.....	—	+2	—	—	+2	—	—	—	—	—	—
Other transactions in sterling <sup>(7)</sup> .....	—	+3	—	—	+2	+6	+15	+19	+20	+16	—
Change in UK account with IMF.....	-151	+374	-379	+5	+359	+499	-2	-318 <sup>(8)</sup>	+525	-15	-176
United Kingdom subscription in sterling.....	—	—	—	—	—	—	-131	—	—	—	-113
Change in IMF holdings of sterling.....	-151	+374	-379	+5	+359	+496	+161	-99	+526	-15	-21
Change in UK total tranche position.....	-151	+374	-379	+5	+359	+496	-189	-389	+526	-15	-321

<sup>(1)</sup> In the main presentation in Tables 1 and 3 UK drawings and repurchases, and drawings and repurchases in sterling by other countries which affect the UK's repurchase obligations to the IMF are brought together as shown in Table 32.

<sup>(2)</sup> UK assets with IMF: increase -/decrease +. UK liabilities to IMF: increase +/decrease -. Components and the total are rounded independently.

<sup>(3)</sup> The UK's original subscription in gold was less than 25% of quota. In the fourth quarter of 1960 the voluntary payments in dollars in exchange for sterling and certain sterling drawings by other countries reduced the Fund's holding of sterling to 75 per cent of quota. In Table 1 these transactions are recorded as being equivalent to an increase in the gold subscription to 25% of quota.

<sup>(4)</sup> Deposits of gold to alleviate the impact of gold purchases from the United Kingdom by other Fund members in order to pay the increase in their gold subscriptions. The deposits do not affect the United Kingdom tranche position.

<sup>(5)</sup> Special drawing covering additional gold subscription.

<sup>(6)</sup> Voluntary payments in dollars in exchange for sterling.

<sup>(7)</sup> IMF administrative and operational expenditure and receipts in sterling (including receipts for charges on drawings).

<sup>(8)</sup> Excludes the increase in liabilities (+75) ensuing from the revaluation of sterling holdings in excess of 100 per cent of quota.



# Loans by the United Kingdom Government<sup>(1)</sup>

TABLE 34

Outstanding at end of year

£ million

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Overseas sterling area<sup>(2)</sup></b>												
East African Common Services Organisation.....	2	2	10	11	12	15	16	17	18	18	18	17
Ghana.....	—	—	—	—	1	3	3	5	6	12	17	21
Guyana.....	6	7	9	10	12	12	13	13	13	13	14	15
India.....	45	75	96	117	134	166	187	218	245	272	289	325
Jordan.....	12	13	13	14	14	15	16	17	17	18	20	20
Kenya.....	7	12	17	21	22	29	37	42	45	50	54	59
Malawi.....	2	2	2	3	4	6	7	9	12	14	16	19
Malaysia <sup>(3)</sup> .....	12	11	11	11	11	10	7	7	5	4	5	9
Nigeria.....	1	6	14	17	16	17	24	26	28	30	30	34
Pakistan.....	5	6	10	14	20	28	35	43	52	58	67	75
Rhodesia <sup>(2)(4)</sup> .....	2	2	2	2	7	6	5	—	—	—	—	—
Sierra Leone.....	—	2	3	4	5	6	7	7	8	8	8	8
Southern Yemen.....	4	4	4	4	4	4	4	4	4	4	4	4
Tanzania.....	1	2	5	7	8	10	12	13	13	13	13	13
Uganda.....	—	6	8	12	14	17	18	19	22	23	24	25
West Indies.....	3	4	4	5	6	5	5	4	6	6	6	7
Zambia.....	—	—	—	1	2	5	5	5	6	6	6	6
Other <sup>(3)</sup> .....	7	9	9	12	15	17	19	23	29	39	48	63
<b>Total.....</b>	<b>108</b>	<b>162</b>	<b>216</b>	<b>264</b>	<b>306</b>	<b>370</b>	<b>418</b>	<b>473</b>	<b>529</b>	<b>588</b>	<b>639</b>	<b>720</b>
<b>Western Europe</b>												
Austria.....	3	3	3	3	3	3	2	2	2	2	1	1
Denmark.....	—	—	—	—	—	—	—	—	—	—	—	—
France.....	44	27	—	—	—	—	—	—	—	—	—	—
Federal German Republic.....	76	68	1	1	1	—	—	—	—	—	—	—
Greece.....	1	—	—	—	—	—	—	—	—	—	—	—
Netherlands.....	—	—	—	—	—	—	—	—	—	—	—	—
Norway.....	1	1	1	1	1	—	—	—	—	—	—	—
Turkey.....	10	8	8	8	10	13	20	26	33	37	39	43
Yugoslavia.....	14	14	12	13	12	9	6	3	1	1	1	1
<b>Total.....</b>	<b>149</b>	<b>122</b>	<b>25</b>	<b>25</b>	<b>26</b>	<b>26</b>	<b>29</b>	<b>32</b>	<b>36</b>	<b>39</b>	<b>41</b>	<b>45</b>
<b>Latin America</b>												
Argentina.....	17	15	13	12	15	14	10	9	8	6	3	1
Other.....	—	—	1	4	5	6	7	9	8	7	7	5
<b>Total.....</b>	<b>17</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>20</b>	<b>20</b>	<b>18</b>	<b>18</b>	<b>16</b>	<b>13</b>	<b>10</b>	<b>6</b>
<b>Other non-sterling countries<sup>(2)</sup></b>												
China.....	12	12	12	12	12	12	12	12	12	12	12	12
Czechoslovakia.....	20	20	20	20	20	20	20	20	19	19	19	19
Poland.....	52	52	52	52	51	51	50	49	49	48	48	48
U.S.S.R.....	15	12	8	5	3	2	1	—	—	—	—	—
Other <sup>(2)</sup> .....	5	5	3	2	3	5	7	15	18	20	22	25
<b>Total.....</b>	<b>104</b>	<b>100</b>	<b>95</b>	<b>90</b>	<b>89</b>	<b>89</b>	<b>90</b>	<b>96</b>	<b>98</b>	<b>99</b>	<b>101</b>	<b>104</b>
<b>Total—all countries.....</b>	<b>377</b>	<b>398</b>	<b>351</b>	<b>396</b>	<b>442</b>	<b>505</b>	<b>555</b>	<b>618</b>	<b>679</b>	<b>739</b>	<b>791</b>	<b>875</b>

(1) Some loans have, by agreement with the debtor country, been written down either in whole or in part. Such changes are reflected in the entries in this table but are not recorded as repayments in the general balance of payments tables or in Table 23.

Following the liquidation of the European Payments Union early in 1959, the outstanding balances were converted into bilateral long-term loans. The amounts owing to the United Kingdom government have been included from the end of 1959 as loans by the United Kingdom government but the balance of payments tables record repayments only.

The rounded figures for individual loans do not necessarily equal the totals shown, which have been rounded separately.

(2) Rhodesia has been treated as a sterling area country until the end of 1965, and as a non-sterling country from the beginning of 1966.

(3) Singapore has been excluded from Malaysia from the end of 1965 and included in other overseas sterling area.

(4) Figures for 1962 and 1963 include £1 million and £2 million respectively for amounts outstanding on E.C.G.D. loans to the former Federation which cannot be allocated between Malawi, Rhodesia and Zambia. By the end of 1964, however, agreement had been reached on the territorial allocation of the amounts then outstanding.



# Loans to the United Kingdom Government<sup>(1)</sup>

TABLE 35

Outstanding at end of year

£ million

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Overseas sterling area</b>												
Ceylon.....	—	—	—	—	—	—	—	—	—	—	—	—
India.....	2	2	2	2	2	—	—	—	—	—	—	—
Pakistan.....	5	5	5	4	4	4	4	3	3	3	3	3
Other.....	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total.....</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Western Europe<sup>(2)</sup></b>												
Belgium.....	18	9	—	—	—	—	—	—	—	—	—	—
Federal German Republic <sup>(3)</sup> .....	118	104	77	69	61	53	45	37	35	25	70	60
Italy.....	5	2	—	—	—	—	—	—	—	—	—	—
Portugal.....	59	55	50	46	41	37	33	28	28	23	18	12
Sweden.....	6	3	—	—	—	—	—	—	—	—	—	—
Switzerland.....	5	—	18	18	18	—	—	—	—	—	—	—
Other.....	5	2	—	—	—	—	—	—	—	—	—	—
<b>Total.....</b>	<b>215</b>	<b>174</b>	<b>145</b>	<b>132</b>	<b>120</b>	<b>90</b>	<b>78</b>	<b>66</b>	<b>63</b>	<b>48</b>	<b>88</b>	<b>72</b>
<b>North America<sup>(2)</sup></b>												
U.S.A.												
Lend-lease.....	190	187	184	180	177	176	176	173	197	197	193	188
Line of credit.....	1,203	1,184	1,165	1,145	1,125	1,125	1,125	1,103	1,262	1,262	1,235	1,208
Economic Co-operation												
Administration.....	117	116	114	112	110	107	104	101	113	108	103	98
Mutual Security Agency.....	17	17	17	17	17	16	16	16	18	18	17	17
Export-Import Bank credit <sup>(4)</sup> .....	—	—	—	—	—	—	—	51	146	220	231	197
Other.....	4	4	3	3	2	1	1	1	1	1	1	1
<b>Total U.S.A.....</b>	<b>1,531</b>	<b>1,508</b>	<b>1,483</b>	<b>1,457</b>	<b>1,431</b>	<b>1,426</b>	<b>1,422</b>	<b>1,444</b>	<b>1,737</b>	<b>1,806</b>	<b>1,780</b>	<b>1,709</b>
Canada												
Line of credit.....	399	375	352	335	329	329	329	323	369	369	361	353
<b>Total Canada.....</b>	<b>399</b>	<b>375</b>	<b>352</b>	<b>335</b>	<b>329</b>	<b>329</b>	<b>329</b>	<b>323</b>	<b>369</b>	<b>369</b>	<b>361</b>	<b>353</b>
<b>Total.....</b>	<b>1,931</b>	<b>1,883</b>	<b>1,834</b>	<b>1,791</b>	<b>1,759</b>	<b>1,755</b>	<b>1,751</b>	<b>1,767</b>	<b>2,106</b>	<b>2,175</b>	<b>2,141</b>	<b>2,062</b>
<b>Total—all countries.....</b>	<b>2,153</b>	<b>2,063</b>	<b>1,986</b>	<b>1,930</b>	<b>1,885</b>	<b>1,849</b>	<b>1,833</b>	<b>1,836</b>	<b>2,172</b>	<b>2,226</b>	<b>2,232</b>	<b>2,136</b>

(1) Drawings from the International Monetary Fund are not included in this table. The sterling value of loans to the United Kingdom government in foreign currencies has varied in conformity with changes in exchange rates. Such changes are reflected in the entries in this table but are not recorded as loans or loan repayments in the general balance of payments tables or in Table 23.

Debts owing by the United Kingdom arising out of the liquidation of the European Payments Union have been included from the end of 1959. The rounded figures for individual loans do not necessarily equal the totals shown, which have been rounded separately.

(2) The levels at end-1967 take into account the increase in sterling terms (approximately one-sixth) in the amount outstanding at the time of devaluation.

(3) The level at end-1969 takes into account the increase in sterling terms in the amount outstanding at the time of the Deutschmark revaluation.

(4) Credit for the purchase of U.S. military aircraft and missiles from 1966.



# External liabilities and claims of United Kingdom banks in non-sterling currencies<sup>(1)</sup>

TABLE 36

End of year

£ million

	Total all non-sterling currencies ( <sup>2</sup> )	Currency		Overseas sterling area countries	Area			
		US dollars ( <sup>2</sup> )	Other non- sterling currencies		Western Europe	North America	Latin America	Other non- sterling countries ( <sup>2</sup> )
United Kingdom liabilities( <sup>2</sup> )								
1962.....	1,038	884	154	18	552	273	48	147
1963.....	1,280	1,072	208	41	652	286	67	234
1964.....	1,786	1,566	220	82	850	477	90	287
1965.....	2,122	1,893	229	125	1,165	365	100	367
1966.....	3,002	2,727	275	200	1,692	549	135	426
1967( <sup>3</sup> ).....	4,384	4,038	346	298	2,413	912	201	560
1968.....	7,139	6,404	735	546	3,917	1,624	276	776
1969.....	11,994	10,728	1,266	1,049	6,709	2,357	575	1,304
1970.....	15,153	13,086	2,067	1,280	9,045	2,557	735	1,536
United Kingdom claims								
1962.....	1,010	803	207	2	471	355	27	155
1963.....	1,268	1,024	244	3	692	327	29	217
1964.....	1,626	1,312	314	4	840	461	30	291
1965.....	1,980	1,624	356	24	916	630	76	334
1966.....	3,020	2,611	409	39	1,161	1,337	81	402
1967( <sup>3</sup> ).....	4,376	3,837	539	99	1,453	1,855	177	792
1968.....	7,117	6,245	872	177	2,166	3,263	342	1,169
1969.....	12,006	10,514	1,492	554	3,570	5,884	616	1,382
1970.....	14,691	12,189	2,502	940	6,270	4,528	899	2,054
Net liabilities( <sup>4</sup> )								
1962.....	28	81	- 53	16	81	- 82	21	- 8
1963.....	12	48	- 36	38	- 40	- 41	38	17
1964.....	160	254	- 94	78	10	16	60	- 4
1965.....	142	269	- 127	101	249	- 265	24	33
1966.....	- 18	116	- 134	161	531	- 788	54	24
1967( <sup>3</sup> ).....	8	201	- 193	199	960	- 943	24	- 232
1968.....	22	159	- 137	369	1,751	- 1,639	- 66	- 393
1969.....	- 12	214	- 226	495	3,139	- 3,527	- 41	- 78
1970.....	462	897	- 435	340	2,775	- 1,971	- 164	- 518

(1) Excluding official UK liabilities amounting to £72 million at end-1964, £14 million at end-1966, £193 million at end-1967, £211 million at end-1968, £150 million at end-1969 and nil at end-1970.

(2) Includes unallocated items; under liabilities these are mainly unallocated certificates of deposit which are thought to be held by residents of non-sterling countries.

(3) Includes the revaluation in sterling terms at the time of devaluation, which affected total liabilities and claims by 610, from the fourth quarter of 1967; the revaluation is, however, excluded in Tables 3 and 31.

(4) Minus sign indicates that claims exceed liabilities.



# UK external banking and money market liabilities in sterling; exchange reserves in sterling<sup>(1)</sup>

By type of liability

TABLE 37

End of period

£ million

	UK external banking and money market liabilities in sterling					British government stocks <sup>(5)</sup> held by CMI's <sup>(6)</sup> and international organisations	Exchange reserves in sterling <sup>(1)</sup>
	External deposits with			Treasury bills <sup>(4)</sup>	Total		
	Banks <sup>(2)</sup>	Local <sup>(3)</sup> authorities	Hire purchase finance companies				
<b>Total</b>							
1962.....	1,532	93	98	1,096	2,819	1,044	2,312
1963.....	1,738	84	76	1,186	3,084	1,018	2,440
1964.....	1,757	132	87	1,073	3,049	1,087	2,436
1965.....	1,896	170	126	802	2,994	1,073	2,318
1966.....	1,934	135	137	741	2,946	1,037	2,304
1967.....	1,845	135	102	618	2,700	985	2,102
1968.....	1,745	71	51	547	2,414	961	1,920
1969.....	1,834	96	57	450	2,438	1,283	2,319
1970.....	2,200	56	99	458	2,813	1,380	2,541
<b>Total all countries</b>							
1962.....	1,526	93	98	1,016	2,733	1,041	2,223
1963.....	1,720	84	76	1,103	2,983	1,014	2,335
1964.....	1,740	132	87	986	2,945	1,081	2,326
1965.....	1,881	170	126	719	2,896	1,067	2,214
1966.....	1,919	135	137	646	2,837	1,029	2,187
1967.....	1,838	135	102	536	2,611	973	2,001
1968.....	1,735	71	51	453	2,309	949	1,803
1969.....	1,816	96	57	375	2,344	1,204	2,146
1970.....	2,187	56	99	376	2,717	1,294	2,359
<b>International organisations</b>							
1962.....	6	—	—	80	86	3	89
1963.....	18	—	—	83	101	4	105
1964.....	17	—	—	87	104	6	110
1965.....	15	—	—	83	98	6	104
1966.....	15	—	—	95	109	8	117
1967.....	7	—	—	82	89	12	101
1968.....	11	—	—	94	105	12	117
1969.....	18	—	—	76	94	79	173
1970.....	14	—	—	82	96	86	182

(1) Sterling reserves of overseas countries and international organisations (other than the IMF) as reported by UK banks, etc. Excludes the following official funds totalling about £530 million in Dec. 1970; trust, pension and other earmarked funds, holdings of equities and funds held locally with commercial banks.

(2) Current and deposit accounts and certificates of deposit.

(3) Figures for local authorities comprise temporary loans and bills; mortgages are not included here but in 'overseas investment in the UK public sector'.

(4) Includes certain non-interest-bearing notes.

(5) At nominal values. The flows resulting from changes in holdings, shown in Table 3 (item 8), are estimated at transaction values.

(6) Central monetary institutions.

(7) The sum of UK external banking and money market liabilities in sterling to CMI's and international organisations and these institutions' holdings of British Government stocks.

(8) Includes Rhodesia up to the end of 1965 and Burma up to the end of 1966; thereafter they are included in non-sterling countries.



# UK external banking and money market liabilities in sterling; exchange reserves in sterling<sup>(1)</sup>

By type of liability and type of holder, and by area

TABLE 37 (continued)

End of period

£ million

	UK external banking and money market liabilities in sterling											British government stocks <sup>(5)</sup> held by CMI's	Exchange reserves in sterling <sup>(1) (7)</sup>
	External deposits with						Treasury bills <sup>(4)</sup>		Total				
	Banks <sup>(2)</sup>		Local authorities <sup>(3)</sup>		Hire purchase <sup>(3)</sup> finance companies								
	CMI's	Other	CMI's	Other	CMI's	Other	CMI's	Other	All holders	CMI's	Other		
<b>Total all countries</b>													
1962.....	250	1,276	3	90	—	98	929	87	2,733	1,182	1,551	1,041	2,223
1963.....	273	1,447	3	81	—	76	1,045	58	2,983	1,321	1,662	1,014	2,335
1964.....	269	1,471	19	113	—	87	957	29	2,945	1,245	1,700	1,081	2,326
1965.....	315	1,566	131	39	—	126	701	18	2,896	1,147	1,749	1,067	2,214
1966.....	398	1,521	121	14	7	130	632	14	2,837	1,158	1,679	1,029	2,187
1967.....	383	1,455	120	15	19	83	507	29	2,611	1,028	1,583	973	2,001
1968.....	333	1,401	59	12	14	37	448	5	2,309	854	1,455	949	1,803
1969.....	459	1,357	87	10	25	32	370	5	2,344	942	1,402	1,204	2,146
1970.....	605	1,582	52	4	36	63	373	3	2,717	1,065	1,652	1,294	2,359
<b>OSA countries<sup>(8)</sup></b>													
1962.....	155	678	3	38	—	51	608	56	1,589	766	823	1,006	1,772
1963.....	172	753	3	40	—	40	736	41	1,785	911	874	987	1,898
1964.....	176	798	19	49	—	61	699	19	1,821	894	927	1,053	1,947
1965.....	217	866	131	26	—	75	520	11	1,846	868	978	1,043	1,911
1966.....	310	922	105	10	7	81	427	12	1,874	849	1,025	1,006	1,855
1967.....	291	908	104	11	19	65	370	12	1,780	783	997	953	1,736
1968.....	270	938	59	9	14	32	368	3	1,691	712	979	938	1,650
1969.....	423	893	87	9	25	28	307	2	1,773	842	931	1,197	2,039
1970.....	537	1,039	52	4	36	56	339	3	2,065	963	1,102	1,285	2,248
<b>NSA countries<sup>(8)</sup></b>													
1962.....	95	598	—	52	—	47	321	31	1,144	416	728	35	451
1963.....	101	694	—	41	—	36	309	17	1,198	410	788	27	437
1964.....	93	673	—	64	—	26	258	10	1,124	351	773	28	379
1965.....	98	700	—	13	—	51	181	7	1,050	279	771	24	303
1966.....	88	599	16	4	—	49	205	2	963	309	654	23	332
1967.....	92	547	16	4	—	18	137	17	831	245	586	20	265
1968.....	63	464	—	3	—	5	80	2	617	142	475	11	153
1969.....	36	464	—	1	—	4	64	2	570	100	470	7	107
1970.....	69	542	—	—	—	7	34	1	652	102	550	9	111

See footnotes on page 35.



# United Kingdom external banking and money market liabilities in sterling

## 3. Geographical details by class of holder

TABLE 37 (continued)

End of period

£ million

	United Kingdom external banking and money market liabilities in sterling													
	Total all countries	Overseas sterling area countries								Non-sterling countries				
		Total	Australia, New Zealand and South Africa	India, Pakistan and Ceylon	Caribbean area <sup>(1)</sup>	East, Central and West Africa <sup>(2)</sup>	Middle East <sup>(3)</sup>	Far East <sup>(4)</sup>	Other <sup>(5)</sup>	Total	North America <sup>(6)</sup>	Latin America <sup>(7)</sup>	Western Europe <sup>(8)</sup>	Other non-sterling
<b>Total</b>														
1962..	2,733	1,589	474	58	130	240	286	214	187	1,144	170	38	594	342
1963..	2,983	1,785	606	75	150	225	285	236	208	1,198	154	58	585	401
1964..	2,945	1,821	523	53	161	264	375	229	216	1,124	169	53	540	362
1965..	2,896	1,846	328	101	172	253	465	315	212	1,050	127	59	517	346
1966..	2,837	1,874	315	54	185	233	471	358	258	963	120	32	418	393
1967..	2,611	1,780	275	61	178	200	485	325	256	831	78	28	400	325
1968..	2,309	1,691	229	113	215	223	355	319	237	617	73	27	283	234
1969..	2,344	1,773	205	131	184	258	369	355	271	570	78	29	272	191
1970..	2,717	2,065	202	93	214	300	442	455	359	652	84	33	301	234
<b>Central monetary institutions</b>														
1962..	1,182	766	355	35	20	135	81	80	60	416	2	6	215	193
1963..	1,321	911	463	47	30	110	90	105	66	410	8	21	193	188
1964..	1,245	894	389	20	45	124	139	109	68	351	26	16	173	136
1965..	1,147	868	191	58	42	110	225	164	78	279	26	29	101	123
1966..	1,158	849	211	17	35	97	220	165	104	309	50	7	73	179
1967..	1,028	783	162	24	25	61	264	169	78	245	2	5	78	160
1968..	854	712	99	78	50	89	197	117	82	142	9	4	42	87
1969..	942	842	77	94	40	118	257	148	108	100	5	7	34	54
1970..	1,065	963	92	53	47	137	320	180	134	102	3	4	32	63
<b>Other holders</b>														
1962..	1,551	823	119	23	110	105	205	134	127	728	168	32	379	149
1963..	1,662	874	143	28	120	115	195	131	142	788	146	37	392	213
1964..	1,700	927	134	33	116	140	236	120	148	773	143	37	367	226
1965..	1,749	978	137	43	130	143	240	151	134	771	101	30	416	224
1966..	1,679	1,025	104	37	150	136	251	193	154	654	70	25	345	214
1967..	1,583	997	113	37	153	139	221	156	178	586	76	23	322	165
1968..	1,455	979	130	35	165	134	158	202	155	475	64	23	241	147
1969..	1,402	931	128	37	144	140	112	207	163	470	73	22	238	137
1970..	1,652	1,102	110	40	167	163	122	275	225	550	81	29	269	171

<sup>(1)</sup> Includes Bahamas, Bermuda, British Honduras and Guyana.

Source: Bank of England

<sup>(2)</sup> Gambia, Ghana, Kenya, Malawi, Nigeria, Sierra Leone, Tanzania, Uganda and Zambia.

<sup>(3)</sup> Jordan, Libya, Kuwait, other Persian Gulf territories, and Southern Yemen.

<sup>(4)</sup> Brunei, Hong Kong, Malaysia, Singapore and, until December 1966, Burma.

<sup>(5)</sup> Cyprus, Iceland, the Republic of Ireland, Malta and United Kingdom dependent territories not elsewhere included.

<sup>(6)</sup> United States and dependencies, and Canada.

<sup>(7)</sup> Other independent non-sterling countries of the American continent.

<sup>(8)</sup> Includes the Bank for International Settlements.



## United Kingdom position with the International Monetary Fund

TABLE 38

End of year

£ million

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
IMF holdings of sterling.....	673	522	896	517	522	881	1,377	1,538	1,439 <sup>(2)</sup>	1,965	1,950	1,929
UK total tranche position <sup>(1)</sup> .....	720	871	497	876	871	512	16	205	594	68	83	404

<sup>(1)</sup> The amount of foreign exchange which the United Kingdom may draw from the International Monetary Fund without raising the Fund's holding of sterling beyond 200 per cent. of quota. The United Kingdom quota was increased in 1959 from \$1,300 million (£464 million) to \$1,950 million (£696 million) and in 1966 to \$2,440 million (£871 million). (The sterling equivalent of the United Kingdom quota after revaluation in November 1967 was £1,017 million.) There was a further increase, to \$2,800 million (£1,167 million) in November 1970. Minor inconsistencies between the figures of IMF holdings of sterling and the UK total tranche position are due to differences in timing between Bank of England and International Monetary Fund records.

<sup>(2)</sup> Includes maintenance of value adjustment.

## Official reserves<sup>(1)</sup>

TABLE 39

End of year

£ million

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Gold.....	898	1,000	810	922	887	763	809	693	538	614	613	562
IMF Special Drawing Rights.....	—	—	—	—	—	—	—	—	—	—	—	111
Convertible currencies.....	79	154	375	80	62	64	264	414	585	395	440	505
Total.....	977	1,154	1,185	1,002	949	827	1,073	1,107	1,123	1,009	1,053	1,178

<sup>(1)</sup> The parity of sterling changed from £1 to \$2.80 to £1 to \$2.40 on 18th November 1967.

## United Kingdom official short and medium-term borrowing

TABLE 40

Outstanding at end of year

£ million

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
International Monetary Fund <sup>(1)</sup> .....	—	370	—	—	357	846	861	628	1,134	1,104	970
Swiss loan <sup>(2)</sup> .....	—	—	—	—	28	42	42	17	11	—	—
Other official borrowing <sup>(3)</sup> .....	—	—	—	—	72	—	14	193	211	150	—
Foreign currency.....	—	—	—	—	116	284	564	1,229	2,007	1,410	399
Sterling.....	—	—	—	—	—	—	—	—	—	—	—
Total.....	—	—	—	—	188	284	578	1,422	2,218	1,560	399
Total.....	—	370	—	—	573	1,172	1,481	2,067	3,363	2,664	1,369

<sup>(1)</sup> Drawings from the IMF, excluding interest and charges, and net of repayments and drawings in sterling from the IMF by other countries (see Table 33, United Kingdom account with the IMF). At the end of 1970 interest and charges amounted to £83 million.

<sup>(2)</sup> Borrowing from Switzerland (with a sterling counterpart) in parallel with drawings from the IMF under the General Arrangements to Borrow.

<sup>(3)</sup> Borrowing from other monetary authorities (and a consortium of Swiss banks in 1967) in the form of foreign currency deposits and assistance with a sterling counterpart.



## ANNEX I United Kingdom investment and financing: external assets and liabilities

Previous issues of this publication have included an annex with tables explaining the relationship between the balance of payments and changes in external assets and liabilities. Since the 1969 issue these tables have been expanded to show a rearrangement both of the capital account of the balance of payments, and of the statement of outstanding external assets and liabilities and changes in them.

Table 41, the 'investment and financing' account, shows capital flows distinguishing outflows (acquisition of assets) and inflows (assumption of liabilities); the economic sector (private or public) of United Kingdom creditors or debtors; and the principal types of assets and liabilities in which transactions take place. In principle, a surplus on current account leads to a corresponding gain in the balance between assets and liabilities. Conversely, a deficit on current account leads to a corresponding worsening of the total asset/liability position. The correspondence between the outcome of current account transactions, as recorded in the balance of payments estimates, and changes in assets and liabilities, is affected by the balancing item, which reflects the net total of errors and omissions arising throughout the balance of payments accounts, but is now thought to represent mainly timing discrepancies or unidentified capital flows (see page 83). In addition the correspondence is affected by the special transfers in 1967 and 1968 resulting from the Exchange Equalisation Account's loss on forward deals maturing after devaluation. Thus, the table shows the total of the identified capital flows, of the balancing item and of the loss on forward deals, which is the same as the current balance, with sign reversed. Notes and definitions to the items in Table 41 are given at the end of this annex.

Table 42 gives the amounts outstanding, at the end of 1962, 1966, 1968, 1969, and 1970, of the United Kingdom's external assets and liabilities, arranged according to the same headings as in Table 41, and for each of the intervening periods the table includes a column, taken from Table 41, showing the capital flows which are part of the balance of payments. A further column shows approximately the revaluations and other changes to the value of outstanding assets and liabilities, which do not result from the transactions recorded in the balance of payments: it will also pick up discrepancies in the coverage between the two series. These changes in value include changes in sterling value arising from changes in exchange parities (notably the devaluation of sterling in November 1967), other changes in the value of existing investments (arising from changes of book or market values, as appropriate—see below) and, in principle, the creation or extinction of assets or liabilities (for instance, capitalisation of goodwill, the writing off of bad debts).

A detailed discussion of the sources and methods used in compiling the estimates of assets and liabilities was

given by the Bank of England at the time when the estimates were introduced in 1964, and some account of present methods will be found in the September 1970 and June 1971 issues of the *Bank of England Quarterly Bulletin*. A number of qualifications regarding the completeness of these estimates and their interpretation have been made in the Bank of England's articles. The heterogeneous nature of the various items and the different methods of valuation that are employed mean that the figures produced by adding the estimates together and striking balances between them must be incomplete and precarious, and therefore of only limited significance. Nevertheless, the figures offer a broad guide to the United Kingdom's creditor/debtor position and to the changes that have taken place in the period covered.

It should be noted that in Table 42 only the balance between the assets and liabilities of United Kingdom banks in non-sterling and in overseas sterling area currencies is shown. Similarly in the IMF account only net liabilities or net assets (as appropriate) are given. In the Bank of England's articles, however, (and in the 1968 and earlier issues of this publication) the gross figures of assets and liabilities of United Kingdom banks are shown, as are separate figures for various components of the United Kingdom's position with the IMF. The difference of treatment affects the overall totals recorded for assets and liabilities without affecting the balance between them.

Existing assets and liabilities are valued in various ways, and when denominated in currencies other than sterling are converted to sterling at rates of exchange ruling at the appropriate date. Private portfolio investments and overseas holdings of United Kingdom government stocks are shown at market value, the change in which (apart from the effect of any change in exchange rates) reflects not only purchases and sales of securities but also rises and falls in share prices. Direct investments, on the other hand, are measured at book values and changes in book value do not always exactly match the recorded flows of direct investment for various reasons, including (as well as any change in exchange rates) revaluation of existing assets and disposals of assets for more or less than their book value. The book values of direct investments tend to be less than the values at written-down replacement cost and less than the market values; the report<sup>(1)</sup> of the investigation by W. B. Reddaway and associates on United Kingdom direct investments overseas gave tentative estimates of the likely scale of this shortfall. The comparison between the outcome of current account transactions in the balance of payments estimates and changes in total assets and liabilities is not affected by allowances for depreciation of fixed assets charged to profit and loss account; such allowances are deducted before arriving at the earnings included in the current account, and the provision for depreciation is regarded as maintaining the total book value of the

<sup>(1)</sup> *The Effects of United Kingdom Direct Investment Overseas* (Cambridge University Press 1967 and 1968).



TABLE 41

	1964		1965		1966	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>INVESTMENT AND CAPITAL FLOWS</b>						
<b>UK private investment overseas</b>						
1. Direct investment abroad.....	- 263 ✓		- 308 ✓		- 276 ✓	
2. Portfolio investment abroad.....	- 3		+ 94		+ 83	
3. Oil and miscellaneous investment abroad.....	- 133		- 154		- 110	
4. Total.....	- 399		- 368		- 303	
<b>Overseas investment in UK private sector</b>						
5. Direct investment in UK.....		+ 162		+ 197		+ 195
6. Portfolio investment in UK companies.....		- 50		- 26		- 71
7. Oil and miscellaneous investment in UK.....		+ 31		+ 67		+ 140
8. Total.....		+ 143		+ 238		+ 264
<b>Unrelated import credit</b>						
9. Credit received by UK businesses.....		+ 13		+ 13		- 4
10. Advance and progress payments.....	- 10		—		—	
<b>Suppliers' export credit to unrelated firms</b>						
11. Credit extended by UK suppliers.....	- 50		- 57		- 97	
12. Advance and progress payments.....		+ 38		+ 21		+ 1
<b>UK banks—external claims</b>						
13. Commercial bills owned.....	- 43		- 78		- 116	
13a. of which, export bills <sup>(2)</sup> .....	- 36		- 26		- 73	
14. Other claims in sterling.....	- 90		+ 27		+ 23	
<b>UK banks—external liabilities</b>						
15. Deposit liabilities in sterling.....		+ 19		+ 139		+ 37
16. Liabilities in overseas sterling area currencies (net of assets).....		+ 8		+ 7		- 45
17. Liabilities in non-sterling currencies (net of assets).....		+ 172		- 3		- 117
18. Overseas sterling deposits with UK finance houses.....		+ 11		+ 39		+ 11
19. Other commercial short-term capital (net of liabilities).....	+ 7		+ 20		- 8	
<b>Inter-government loans, etc.</b>						
20. Inter-government loans by UK and other long-term official assets.....	- 80		- 69		- 81	
21. Inter-government loans to UK and other long-term official liabilities.....		- 36		- 16		+ 1
<b>Overseas investment in UK public sector stocks</b>						
22. UK government stocks <sup>(3)</sup> .....		+ 87		- 5		- 8
23. UK public corporation issues abroad.....		—		—		—
24. UK local authority securities and mortgages.....		- 20		- 53		- 8
25. Public corporations borrowing abroad.....		—		—		—
26. Local authorities borrowing abroad.....		—		—		—
<b>Public sector capital—short-term n.e.i.</b>						
27. Overseas holdings of Treasury bills and notes <sup>(4)</sup> .....		- 111		- 261		- 34
28. Overseas sterling deposits with UK local authorities.....		+ 48		+ 38		- 35
29. Other official short-term capital (net of liabilities) <sup>(5)</sup> .....	- 6		+ 46		- 37	
30. Refinanced export credit.....	—		—		—	
31. Total investment and other capital flows.....	- 671	+ 372	- 479	+ 157	- 619	+ 63
32. Allocation of Special Drawing Rights.....	—		—		- 44	
33. UK gold subscription to IMF.....	—		—		—	
<b>OFFICIAL FINANCING</b>						
34. IMF—net drawings and repurchases.....	+ 174	+ 183		+ 489		+ 15
Other monetary authorities:						
35. Foreign currencies.....		+ 72		- 72		+ 14
36. In sterling.....		+ 144		+ 182		+ 280
37. Use of dollar portfolio.....	—		—		+ 316	
38. Reserves.....	+ 122		- 246		- 34	
39. Total identified assets.....	- 375		- 725		- 381	
40. Total identified liabilities.....		+ 771		+ 756		+ 372
41. Balancing item.....	- 20		+ 21		- 74	
42. EEA loss on forwards.....	—		—		—	
43. Total investment and financing (=current balance with sign reversed).....	+ 376		+ 52		- 83	

(1) Assets: increase -/decrease +. Liabilities: increase +/decrease —. See notes and definitions on page 45.

(2) Figures after 1969 are rough estimates.

(3) Including sterling government guaranteed stocks.

(4) Excluding changes in liabilities to central banks as the counterpart of official borrowing.

(5) Import deposits paid directly from overseas are shown separately in the liabilities column.



# and official financing<sup>(1)</sup>

Net acquisition of assets = -/net assumption of liabilities = +. £ million

1967		1968		1969		1970		
Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
-281		-410		-547		-486		<b>INVESTMENT AND CAPITAL FLOWS</b>
-59		-236		-34		-79		<b>UK private investment overseas</b>
-116		-81		-86		-149		1. Direct investment abroad
								2. Portfolio investment abroad
								3. Oil and miscellaneous investment abroad
-456		-727		-667		-714		4. Total
	+170		+274		+319		+317	<b>Overseas investment in UK private sector</b>
	-21		+34		+136		+84	5. Direct investment in UK
	+211		+259		+218		+326	6. Portfolio investment in UK companies
	+360		+567		+673		+727	7. Oil and miscellaneous investment in UK
	+32		+94		+123		+63	8. Total
-6		-12		-26		-8		<b>Unrelated import credit</b>
								9. Credit received by UK businesses
-32		-149		-180		-51		10. Advance and progress payments
	-21		+15		+66		+107	<b>Suppliers' export credit to unrelated firms</b>
								11. Credit extended by UK suppliers
								12. Advance and progress payments
-145		-253		-265		-165		<b>UK banks—external claims</b>
-134		-197		-186		(-130)		13. Commercial bills owned
+13		-29		-31		+56		13a. of which, export bills <sup>(2)</sup>
								14. Other claims in sterling
	-89		-100		+90		+365	<b>UK banks—external liabilities</b>
	+24		-46		-2		-7	15. Deposit liabilities in sterling
	+63		+75		+36		+522	16. Liabilities in overseas sterling area currencies (net of assets)
	-35		-51		+6		+42	17. Liabilities in non-sterling currencies (net of assets)
-19		-41		—		+39		18. Overseas sterling deposits with UK finance houses
								19. Other commercial short-term capital (net of liabilities)
-78		-56		-100		-107		<b>Inter-government loans, etc.</b>
	+21		+73		+2		-97	20. Inter-government loans by UK and other l.t. official assets
	+8		-13		+163		+49	21. Inter-government loans to UK and other long-term official liabilities
	+6		+7		+54		—	<b>Overseas investment in UK public sector stocks</b>
	—		—		-1		+2	22. UK government stocks <sup>(3)</sup>
	—		—		+16		-2	23. UK public corporation issues abroad
	-99		-52		+5		—	24. UK local authority securities and mortgages
	—		-64		—		—	25. Public corporations borrowing abroad
-15		+7	+1	-8	-82	+22	+4	26. Local authorities borrowing abroad
—		—	—	-28	+25	-160	-40	<b>Public sector capital—short-term n.e.i.</b>
					+59		-32	27. Overseas holdings of Treasury bills and notes <sup>(4)</sup>
-738	+270	-1,260	+506	-1,305	+1,233	-1,088	1,703	28. Overseas sterling deposits with UK local authorities
—	—	—	—	—	—	+171	—	29. Other official short-term capital (net of liabilities) <sup>(5)</sup>
	-339		+506		-30	-38	—	30. Refinanced export credit
	+173		+18		-61		-150	31. Total investment and other capital flows
+204	+518		+772		-608		-1,011	32. Allocation of Special Drawing Rights
+115		+114		-44		-125		33. UK gold subscription to IMF
-419		-1,146		-1,349		-1,080		<b>OFFICIAL FINANCING</b>
	+622		+1,802		+534		+408	34. IMF—net drawings and repurchases
								Other monetary authorities:
+200		-117		+375		+93		35. Foreign currencies
-105		-251		—		—		36. In sterling
								37. Use of dollar portfolio
+298		+288		-440		-579		38. Reserves
								39. Total identified assets
								40. Total identified liabilities
								41. Balancing item
								42. EEA loss on forwards
								43. Total investment and financing (=current balance with sign reversed)



TABLE 42

	Balance <sup>(7)</sup> end-1962	1963 to 1966 <sup>(1)</sup>		Balance <sup>(7)</sup> end-1966	1967 to 1968 <sup>(1)</sup>	
		Investment and Financing	Re- valuations and other changes		Investment and Financing	Re- valuations and other changes
<b>UK assets</b>						
UK private investment overseas						
Direct <sup>(2)</sup> .....	3,770	-1,083	+ 75	4,785	- 691	- 625
Portfolio.....	3,200	+169	- 625	3,650	- 295	- 2,200
Oil <sup>(3)</sup> .....	1,100	} - 476	+ 75 {	1,500	} - 197	+ 50 {
Miscellaneous.....	..			..		
	8,070	-1,390	- 475	9,935	-1,183	- 2,775
Suppliers' export credit to unrelated firms.....	530	- 290	- 66 <sup>(6)</sup>	886	- 181	- 9
Advance and progress payments on imports by UK businesses.....	5	- 10	—	15	- 18	—
Commercial bills owned by UK banks <sup>(4)</sup> .....	141	- 287	—	428	- 398	+ 12
Other claims in sterling of UK banks.....	506	- 118	—	624	- 16	—
Other known assets of UK companies.....	55	- 15	—	70	- 35	—
Other commercial capital flows.....	..	+ 34	..	..	- 25	..
Inter-government loans by UK and other long-term official assets.....	712	- 290	+ 2	1,000	- 134	- 5
Other official short-term capital (net of liabilities).....	..	- 2	..	..	- 8	..
Refinanced export credit.....	—	—	—	—	—	—
Account with IMF <sup>(8)(9)</sup> .....	179	+179	—	—	—	—
Government portfolio of non-sterling securities.....	360	+316	- 136	180	+204	- 24
Gold and convertible currency reserves.....	1,002	- 105	—	1,107	+229	- 131 <sup>(13)</sup>
<b>Total identified assets<sup>(8)</sup>.....</b>	<b>11,560</b>	<b>-1,978</b>	<b>- 675</b>	<b>14,245</b>	<b>-1,565</b>	<b>- 2,950</b>
<b>UK liabilities</b>						
Overseas investment in UK private sector						
Direct <sup>(2)</sup> .....	1,430	+714	+125 <sup>(6)</sup>	2,280	+444	—
Portfolio.....	1,030	- 175	+300	1,150	+ 13	+1,325
Oil.....	700	} +335	.. {	850	} +470	.. {
Miscellaneous <sup>(5)</sup> .....	5			100		
	3,165	+874	+425	4,380	+927	+1,300
Unrelated import credit received by UK businesses.....	129 x	+ 34	+ 24 <sup>(6)</sup>	187	+126	+ 7
Advance and progress payments by overseas customers...	46 x	+ 83	—	129	- 6	—
UK banks external liabilities						
Deposit liabilities in sterling.....	1,532	+402	—	1,934	-189	—
Liabilities in overseas sterling area currencies (net) <sup>(8)</sup> ..	72	- 36	—	36	- 22	—
Liabilities in non-sterling currencies (net) <sup>(8)</sup> .....	45	+ 57	—	102	+138	- 10
Overseas sterling deposits with finance houses.....	98	+ 39	—	137	- 86	—
Inter-government loans to UK and other long-term official liabilities.....	1,930	- 96	+ 14	1,848	+ 94	+314
Overseas investment in UK public sector						
UK government stocks.....	1,765	+ 74	—	1,840	- 5	- 85 <sup>(14)</sup>
UK public corporation issues abroad.....	—	—	—	—	—	—
UK local authority securities and mortgages.....	110	- 73	—	40	+ 13	—
Public corporations borrowing abroad.....	—	—	—	—	—	—
Local authorities borrowing abroad.....	—	—	—	—	—	—
Other public sector capital.....						
Overseas holdings of Treasury bills and notes <sup>(11)</sup> .....	1,096	- 355	—	741	-191	- 3
Overseas sterling deposits with UK local authorities....	93	+ 42	—	135	- 64	—
Import deposits paid directly from overseas.....	—	—	—	—	+ 1	—
Account with IMF <sup>(8)(10)</sup> .....	—	+682	—	682	+207	+ 75 <sup>(12)</sup>
Official borrowing from other monetary authorities:						
Foreign currencies.....	—	+ 14	—	14	+191	+ 6 <sup>(13)</sup>
In sterling.....	—	+606	—	606	+1,290	+122 <sup>(13)</sup>
<b>Total identified liabilities<sup>(8)</sup>.....</b>	<b>10,080</b>	<b>+2,347</b>	<b>+450</b>	<b>12,810</b>	<b>+2,424</b>	<b>+1,725</b>

(1) Signs follow the standard balance of payments convention, i.e. — indicates net increase in assets or decrease in liabilities, and —+ indicates net decrease in assets or increase in liabilities.

(2) Balances exclude banking and insurance other than the estimated value of direct investments of United Kingdom insurance companies in the USA. See also 'Note on certain coverage differences' on page 45.

(3) See 'Note on certain coverage differences' on page 45.

(4) Excluding bills refinanced with the Issue Department of the Bank of England.

(5) Estimates only available for certain items.

(6) Includes an adjustment for the reclassification of trade credit between 'sister' companies. This credit is included in suppliers' export and import credit from 1966 onwards, but previously was all included in inward private direct investment, where credit extended would appear as a reduction in liabilities to overseas.



# assets and liabilities

£ million

Balance <sup>(7)</sup> end-1968	1969 <sup>(1)</sup>		Balance <sup>(7)</sup> end-1969	1970 <sup>(1)</sup>		Balance <sup>(7)</sup> end-1970	
	Investment and Financing	Re- valuations and other changes		Investment and Financing	Re- valuations and other changes		
6,100	-547	+50	6,575	-486	..	7,050	<b>UK assets</b> UK private investment overseas Direct <sup>(2)</sup> Portfolio Oil <sup>(3)</sup> Miscellaneous
6,150	-34	+525	5,650	-79	+275	5,450	
1,650	{ -86	-25 }	1,775	{ -149	+25 }	1,900	
..			..			..	
13,900	-667	+550	14,000	-714	+300	14,400	
1,076	-180	+4	1,252	-51	—	1,303	Suppliers' export credit to unrelated firms
33	-26	—	59	-8	—	67	Advance and progress payments on imports by UK businesses
814	-265	—	1,079	-165	-50	1,294	Commercial bills owned by UK banks <sup>(4)</sup>
640	-31	—	671	+56	—	615	Other claims in sterling of UK banks
105	-30	-5	145	-3	—	140	Other known assets of UK companies
..	+30	..	..	+42	..	..	Other commercial capital flows
1,139	-100	—	1,239	-107	+5	1,341	Inter-government loans by UK and other long-term official assets
..	-8	..	..	+22	..	..	Other official short-term capital (net of liabilities)
—	-28	—	28	-160	—	188	Refinanced export credit
—	—	—	—	—	—	—	Account with IMF <sup>(8)(9)</sup>
1,009	-44	—	1,053	-125	—	1,178	Government portfolio of non-sterling securities
18,715	-1,349	+550	19,525	-1,213	+250	20,525	Gold and convertible currency reserves
							Total identified assets <sup>(8)</sup>
2,720	+319	-50	3,000	+317	..	3,300	<b>UK liabilities</b> Overseas investment in UK private sector Direct <sup>(2)</sup> Portfolio Oil Miscellaneous <sup>(5)</sup>
2,455	+136	-300	2,310	+84	-300	2,100	
1,150	{ +218	.. }	1,250	{ +326	.. }	1,350	
180			275			435	
6,505	+673	-350	6,835	+727	-400	7,185	
320	+123	—	443	+63	—	506	Unrelated import credit received by UK businesses
123	+66	—	189	+107	—	296	Advance and progress payments by overseas customers
1,745	+90	—	1,835	+365	—	2,200	UK banks external liabilities
14	-2	—	12	-7	—	5	Deposit liabilities in sterling
231	+36	—	264	+522	—	786	Liabilities in overseas sterling area currencies (net) <sup>(8)</sup>
51	+6	—	57	+42	—	99	Liabilities in non-sterling currencies (net) <sup>(8)</sup>
2,256	+2	+4	2,262	-97	—	2,165	Overseas sterling deposits with finance houses
1,750	+163	-80 <sup>(14)</sup>	1,835	+49	—	1,885	Inter-government loans to UK and other long-term official liabilities
—	+54	+6	60	—	—	60	Overseas investment in UK public sector
50	-1	—	50	+2	—	50	UK government stocks
—	+16	—	16	-2	—	14	UK public corporation issues abroad
—	+5	+1	6	—	—	6	UK local authority securities and mortgages
547	-97	—	450	+8	—	458	Public corporations borrowing abroad
71	+25	—	96	-40	—	56	Local authorities borrowing abroad
1	+59	—	60	-32	—	28	Other public sector capital
965	-15	—	950	-176	—	774	Overseas holdings of Treasury bills and notes <sup>(11)</sup>
211	-61	—	150	-150	—	—	Overseas sterling deposits with UK local authorities
2,018	-608	—	1,410	-1,011	—	399	Import deposits paid directly from overseas
16,855	+534	-420	16,980	+370	-400	16,970	Account with IMF <sup>(8)(10)</sup>
							Official borrowing from other monetary authorities:
							Foreign currencies
							In sterling
							Total identified liabilities <sup>(8)</sup>

<sup>(7)</sup> Totals of assets and liabilities are rounded; see text regarding incompleteness of estimates.

<sup>(8)</sup> In these tables the figures shown for the liabilities of UK banks in non-sterling currencies and in overseas sterling area currencies are net of claims other than commercial bills. Similarly the position with the IMF is shown as a net asset or as a net liability (as appropriate). In this respect the figures differ from those in the 1968 and earlier editions of this publication.

<sup>(9)</sup> UK gold tranche position including any creditor position resulting from other countries' net purchases of sterling.

<sup>(10)</sup> Net drawings outstanding, accumulated charges paid in sterling and IMF gold deposits in the UK (see Tables 32 and 33).

<sup>(11)</sup> Excluding liabilities to central banks as the counterpart of official borrowing.

<sup>(12)</sup> Increases resulting from revaluation payments at the time of devaluation.

<sup>(13)</sup> Increases in sterling equivalent of balances at the time of devaluation.

<sup>(14)</sup> Market depreciation in overseas investment in UK gilt-edged stocks.



existing assets. Similarly, the comparison is unaffected by the treatment of profits from direct investments which are reinvested, since these appear both in the current account as earnings and in the capital account as a flow of capital adding to the stock of assets.

The relationship between the balance of payments figures of investment and capital flows, and of official financing, and the asset/liability estimates is shown in Table 41 (giving investment and financing flows) and in Table 42 (which compares these flows with the estimated changes in assets and liabilities). A description of the changes in assets and liabilities between 1963 and 1967 was given in the 1968 issue of this publication, and included a detailed discussion of the exceptional revaluation effects at the time of the devaluation of sterling in 1967. Changes in assets and liabilities during 1968 and 1969 were described in the 1969 and 1970 issues respectively.

In 1970 the total currency inflow of £1,287 million, shown in Table 3, results from a current surplus of nearly £600 million, identified net investment capital inflows of over £600 million, and a favourable balancing item of some £90 million. In addition to the total currency flow of £1,287 million, £171 million was taken into the reserves as the United Kingdom share of the allocation by the IMF of Special Drawing Rights, and £38 million of the total currency flow was used to finance the United Kingdom gold subscription to the IMF in respect of an increase in quota. In all, therefore, £1,420 million was available for repayment of debt or reserve building, and this was reflected in an increase in the reserves of £125 million and a decrease of official short and medium-term borrowing from the IMF and from other monetary authorities of £1,295 million. In Table 41 these are shown in lines 34–36 and 38.

The total change in assets and liabilities between the beginning and the end of the year is affected by revaluations and other changes to assets and liabilities during the year, as well as by the investment and financing flows. This is shown in Table 42, which also gives estimates of the outstanding asset/liability position. The investment and financing flows leading to an increase<sup>(1)</sup> of assets were over £1,200 million in 1970, but revaluations etc. (mainly the reduction in the market values of United Kingdom portfolio investments) led to a reduction<sup>(1)</sup> of some £350 million in the value of assets. On the liabilities side, the investment and financing flows led to a net increase of over £350 million in liabilities, but revaluations etc. (mainly the reduction in the market value of overseas portfolio investments in the United Kingdom) led to a reduction in the value of liabilities of about the same amount.

Among investment and financing flows affecting the United Kingdom's external assets, private United Kingdom investment abroad amounted to over £700 million in 1970, predominantly direct investment

(including reinvested profits). Among other flows United Kingdom export credit led to an increase of £340 million in assets, much at medium or long-term; £50 million of this was in the form of credit extended by United Kingdom suppliers and £290 million was the export credit component of external lending by United Kingdom banks in the form of discounted commercial bills (including amounts refinanced with the Issue Department of the Bank of England—Table 41, row 30).

Among the flows affecting United Kingdom liabilities, overseas investment in the United Kingdom private sector accounted for an inflow of over £700 million in 1970. Inward direct investment (including reinvested profits) was some £300 million and net portfolio investment in United Kingdom company securities was some £80 million. Other overseas investment in the United Kingdom private sector included investment by foreign oil companies, and direct borrowing abroad by United Kingdom companies in foreign currencies, either to finance United Kingdom investment overseas (over £100 million in 1970, see Table 27) or for use at home. (United Kingdom companies' foreign currency borrowing from United Kingdom banks to finance investment overseas, some £180 million in 1970, does not appear in this table, being reflected in the figures for the change in the banks' external liabilities in non-sterling currencies). Among other capital flows in 1970 affecting United Kingdom liabilities, the major items were the increase in external deposit liabilities in sterling (£365 million), the increase in net liabilities in non-sterling currencies of United Kingdom banks (some £520 million) and the very substantial reduction in official borrowing from the IMF and other monetary authorities of £1,295 million already mentioned above.

**Notes and definitions to Table 41 (Row numbers in brackets)**

**(1–4) UK private investment overseas**

The same as in Table 26.

**(5–8) Overseas investment in UK private sector**

The same as in Table 26.

**(9 and 10) Unrelated import credit**

The same as in Annex 3.

**(11 and 12) Suppliers' export credit to unrelated firms**

The same as in Annex 3

**(13 and 14) UK banks—external claims**

*Commercial bills owned* are (i) changes in sterling commercial bills and promissory notes plus (ii) commercial bills in foreign currencies (part of Table 36, claims). *Export bills owned by banks* (part of row 13) are also shown in Table 47. *Other claims in sterling* comprise changes in advances and overdrafts and in acceptances. Export credit bills refinanced with the Issue Department of the Bank of England are excluded

<sup>(1)</sup> Since the signs in Table 42 follow the standard balance of payments convention, an increase in assets is shown as +, and a reduction in the value of assets is shown as –.



from the external claims of UK banks and shown separately in row 30.

**(15-17) UK banks—external liabilities**

*Deposit liabilities in sterling* are the change in 'current and deposit accounts' together with sterling certificates of deposit. *Liabilities in OSA currencies (net of assets)* are the same as in Table 31. *Liabilities in NSA currencies (net of assets)* comprise liabilities other than acceptances less claims other than commercial bills.

**(18) Overseas sterling deposits with UK finance houses**

The same as 'funds with hire purchase finance companies' (Table 37.)

**(19) Other commercial short-term capital (net of liabilities)**

Comprises 'other commercial short-term transactions (net)' (Table 31, 'other capital flows').

**(20 and 21) Inter-government loans, etc.**

The assets and liabilities sides of Tables 23 and 24.

**(22-26) Overseas investment in UK public sector stocks**

*UK government stocks.* Comprises 'investment in British government stocks' (Table 25) and investment

by central monetary institutions and international organisations in British government stocks.

*Issues and other borrowing abroad by UK public corporations; UK local authorities securities, mortgages and other borrowing abroad.*

Long-term funds raised on capital markets abroad by issue or borrowed direct from financial institutions. (See Table 25).

**(27-30) Public sector capital—short-term (n.e.i.)**

*Overseas holdings of Treasury bills and notes.* Comprises changes in holdings of United Kingdom Treasury bills (excluding IMF and the counterpart of central monetary institutions' borrowing); IMF administrative and operational expenditure and receipts and IMF gold deposits in UK.

*Overseas sterling deposits with UK local authorities.* The same as 'funds with local authorities' (Table 37).

*Other official short-term capital (net of liabilities).* Comprises official assets and liabilities (n.e.i.) (see Table 31).

*Refinanced export credit*

Export credit bills refinanced with the Issue Department of the Bank of England.

**(34-38) Official financing—as shown in Table 32.**

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**Note on certain coverage differences**

In Table 42, the connection between figures of Balances and of 'investment and financing flows' is affected by certain differences of coverage. The figures of 'revaluation and other changes' are not, therefore, arithmetically linked with the figures in the other columns. The items affected are:—

*UK assets—UK direct investment overseas*

*UK liabilities—Overseas direct investment in UK*

Figures in the 'revaluation and other changes' columns are broad estimates relating to investments excluding banking and all insurance. The connection between balances, investment and financing flows, and other changes, is affected by the inclusion in 'investment

and financing' of banking and insurance. (Separate figures for the banking element have been published as part of the detailed results of the Department of Trade and Industry direct investment inquiry in *Trade and Industry*).

*UK assets—UK oil investment*

The value of oil investments is after deducting certain companies' issues or other borrowing directly abroad. The corresponding 'investment and financing' flow is included in inward oil investment (among the UK liabilities section of Table 42). The figures in the 'revaluation and other changes' columns are broad estimates excluding the effect of this difference in definition.



Table 43 shows the value of economic aid provided by the United Kingdom government and the Commonwealth Development Corporation to developing countries in the years 1962-70 and the following table analyses this by balance of payments headings.

'Developing countries' are defined (as by the OECD) as the dependent Commonwealth territories, the independent Commonwealth countries except for Australia, Canada and New Zealand, and the rest of the world except for EEC and EFTA countries, Finland, Iceland, Irish Republic, Japan, the Sino-Soviet Bloc, South Africa and the USA.

The figures in the tables relate to United Kingdom economic aid only and do not include aid for military purposes.

Further details about the composition of United Kingdom economic aid can be found in the publications *Overseas Development: The Work in Hand* (Cmnd. 3180) and *British Aid Statistics*. Quarterly details of grants and loans are published regularly in *Financial Statistics*.

Table 45 shows United Kingdom private investment (net of disinvestment) in developing countries for the years 1962-70.

### United Kingdom official economic aid<sup>(1)</sup>

TABLE 43

£ million

	1962	1963	1964	1965	1966	1967	1968	1969	1970
<b>Aid programme</b>									
Bilateral aid									
Economic transfers									
Grants.....	57	51	58	61	57	57	47	43	40
Technical assistance <sup>(2)</sup> .....	21	24	25	32	30	33	41	44	46
Loans.....	63	68	86	75	93	84	87	79	100
Exchequer advances to CDC <sup>(3)</sup> .....	6	2	6	9	7	8	9	14	9
Total.....	147	144	176	176	187	182	184	179	194
Multilateral aid									
International Development Association <sup>(4)</sup> and Asian Development Bank.....	—	10	3	15	13	15	10	21	7
Other.....	5	7	7	7	8	7	8	11	13
Total.....	5	17	10	22	21	22	19	32	20
<b>Total aid programme.....</b>	<b>152</b>	<b>161</b>	<b>186</b>	<b>198</b>	<b>208</b>	<b>204</b>	<b>203</b>	<b>211</b>	<b>214</b>
<b>Other financial aid</b>									
Bilateral grants.....	1	1	1	1	5	7	5	1	1
CDC <sup>(3)</sup> overseas investment other than Exchequer advances.....	3	3	2	1	1	1	2	-1	4
Total other financial aid.....	4	4	3	2	6	8	8	—	5
<b>Total United Kingdom official economic aid.....</b>	<b>156</b>	<b>165</b>	<b>189</b>	<b>200</b>	<b>215</b>	<b>212</b>	<b>211</b>	<b>211</b>	<b>219</b>

<sup>(1)</sup> Grants and loans to the developing countries for economic development, technical assistance, budget support and emergency relief. Discrepancies between the totals shown and the sums of constituent items are due to rounding.

<sup>(2)</sup> Excluding certain types of technical assistance which cannot be assessed in quantitative terms.

<sup>(3)</sup> Commonwealth Development Corporation.

<sup>(4)</sup> Encashments of promissory notes.



# **United Kingdom official economic aid Analysis by balance of payments headings<sup>(1)</sup>**

£ million

TABLE 44

UK official economic aid classification	1962	1963	1964	1965	1966	1967	1968	1969	1970	Balance of payments classification
<b>Aid programme</b>										Government current expenditure overseas: Economic grants
	78	75	83	93	87	90	88	87	85	
	62	66	84	74	93	84	87	77	100	Intergovernment loans by UK <sup>(2)</sup>
	—	—	—	—	—	—	—	1	—	Other official long-term capital: UK subscriptions to international lending bodies (part)
	7	4	8	10	7	8	9	14	9	Bilateral aid loans (part)
<b>Total bilateral aid . . . . .</b>	<b>147</b>	<b>144</b>	<b>176</b>	<b>176</b>	<b>187</b>	<b>182</b>	<b>184</b>	<b>179</b>	<b>194</b>	
	9	9	9	11	12	12 <sup>(3)</sup>	5 <sup>(3)</sup>	44	24	UK subscriptions to international lending bodies <sup>(4)</sup>
<b>Adjustments to encashments basis of timing<sup>(5)</sup> . . . . .</b>	<b>-9</b>	<b>+1</b>	<b>-6</b>	<b>+4</b>	<b>+1</b>	<b>+3</b>	<b>+5</b>	<b>-23</b>	<b>-15</b>	
	5	7	7	7	8	7	8	11	11	Government current expenditure overseas: Multilateral economic assistance
<b>Total multilateral aid . . . . .</b>	<b>5</b>	<b>17</b>	<b>10</b>	<b>22</b>	<b>21</b>	<b>22</b>	<b>19</b>	<b>32</b>	<b>20</b>	
<b>Total aid programme . . . . .</b>	<b>152</b>	<b>161</b>	<b>186</b>	<b>198</b>	<b>208</b>	<b>204</b>	<b>203</b>	<b>211</b>	<b>214</b>	
<b>Other financial aid</b>										
	1	1	1	1	5	7	5	1	1	Other transfers <sup>(6)</sup>
	3	3	2	1	1	1	2	-1	4	Other official long-term capital: Bilateral aid loans (part)
<b>Total other financial aid . . . . .</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>8</b>	<b>8</b>	<b>—</b>	<b>5</b>	
<b>Total UK official economic aid . .</b>	<b>156</b>	<b>165</b>	<b>189</b>	<b>200</b>	<b>215</b>	<b>212</b>	<b>211</b>	<b>211</b>	<b>219</b>	

<sup>(1)</sup> Discrepancies between the totals shown and the sums of constituent items are due to rounding.

<sup>(2)</sup> Excluding loans for military purposes.

<sup>(3)</sup> Including the revaluation of the sterling equivalent of the subscriptions, consequent upon the devaluation of sterling in November 1967.

<sup>(4)</sup> International Development Association and Asian Development Bank.

<sup>(5)</sup> The figures in the aid programme show the encashments by I.D.A. as loans are made to developing countries; the figures in the balance of payments, however, record the subscriptions as they fall due, which, insofar as not encashed, are reflected in sterling liabilities to I.D.A.

<sup>(6)</sup> Part of 'other transfers' shown in Table 12.

## **United Kingdom private investment in developing countries<sup>(1)</sup>**

£ million

TABLE 45

	1962	1963	1964	1965	1966	1967	1968	1969	1970 <sup>(2)</sup>
<b>Direct investment (Dept. of Trade and Industry inquiry) . .</b>	<b>67</b>	<b>54</b>	<b>65</b>	<b>95</b>	<b>61</b>	<b>63</b>	<b>91<sup>(3)</sup></b>	<b>147<sup>(3)</sup></b>	<b>120<sup>(3)</sup></b>
of which: <i>unremitted profits</i> . . . . .	26	38	40	48	49	49	68	77	..
<b>Other investment (including oil) . . . . .</b>	<b>8</b>	<b>19</b>	<b>34</b>	<b>62</b>	<b>34</b>	<b>14</b>	<b>-21</b>	<b>41</b>	<b>16</b>
<b>Total . . . . .</b>	<b>75</b>	<b>73</b>	<b>99</b>	<b>157</b>	<b>95</b>	<b>77</b>	<b>70</b>	<b>188</b>	<b>136</b>

<sup>(1)</sup> Net of disinvestment but see footnote <sup>(3)</sup> below. In accordance with the definition of private investment, the figures exclude trade credit other than that extended to overseas branches, subsidiaries and associates.

<sup>(2)</sup> Figures for 1970 are preliminary and must be regarded as subject to a considerable margin of error.

<sup>(3)</sup> In accordance with the definitions used by the Development Assistance Committee of OECD, the reported figures for 1968 onwards take no account of loans raised by financial subsidiaries registered in developing countries for the use of the UK parent company. In the United Kingdom balance of payments estimates these loans are treated as outward direct disinvestment.



Tables 46 and 47 present the results in terms of the balance of payments of the annual inquiries carried out by the Department of Trade and Industry into the structure of trade credit extended to or received from other countries.

The transactions of the central government, most public corporations and oil companies are excluded and credit provided by banks is included only when covered

by bills of exchange or promissory notes. A full description of the scope of the inquiry was given with the detailed results in *Trade and Industry* for 14 April 1971. Further information on trade credit included in UK and overseas direct investment is given in *Trade and Industry* for 7 April 1971 in an article describing the results of the 1969 Overseas Investment Inquiry.

Table 46 gives an analysis by domestic sector of the

### Trade credit—analysis by sector and type of credit<sup>(1)</sup>

TABLE 46

£ million

	Amount outstanding at end 1969	Change in amounts outstanding <sup>(2)</sup>					
		1965	1966 <sup>(3)</sup>	1967	1968	1969	1970 <sup>(4)</sup>
<b>Credit extended</b>							
by UK businesses—							
to overseas affiliates and parent companies:							
credit extended.....	503	-45	- 8	-12	-25	-67	-21
advance and progress payments.....	15	+ 3	- 3	+ 1	+ 5	+ 3	—
net credit extended.....	488	-42	-11	-11	-20	-64	-21
to other overseas concerns:							
credit extended.....	1,252	-57	-97	-32	-149	-180	- 51
advance and progress payments <sup>(5)</sup> .....	189	+21	+ 1	-21	+ 15	+ 66	+107
net credit extended.....	1,063	-36	-96	-53	-134	-114	+56
Total.....	1,551	-78	-107	-64	-154	-178	+35
by banks in the United Kingdom—							
to overseas affiliates and parent companies of UK businesses.....	163	- 3	-16	-15	-51	-32	} (-290)
to other overseas concerns.....	710	-23	-57	-119	-146	-182	
Total.....	873	-26	-73	-134	-197	-214	(-290)
<b>Total net credit extended.....</b>	<b>2,424</b>	<b>-104</b>	<b>-180</b>	<b>-198</b>	<b>-351</b>	<b>-392</b>	<b>(-255)</b>
<b>Credit received</b>							
by UK businesses—							
from overseas affiliates and parent companies:							
credit received.....	367	+23	+12	-11	+17	+76	+72
advance and progress payments.....	7	—	- 2	+ 1	- 1	- 2	—
net credit received.....	360	+23	+10	-10	+16	+74	+72
from other overseas concerns:							
credit received <sup>(6)</sup> .....	443	+13	- 4	+32	+94	+123	+ 63
advance and progress payments.....	59	—	—	- 6	-12	-26	- 8
net credit received <sup>(6)</sup> .....	384	+13	- 4	+26	+82	+97	+55
<b>Total net credit received<sup>(6)</sup>.....</b>	<b>744</b>	<b>+36</b>	<b>+ 6</b>	<b>+16</b>	<b>+98</b>	<b>+171</b>	<b>+127</b>
<b>Net credit extended less net credit received<sup>(6)</sup></b>	<b>1,680</b>	<b>-68</b>	<b>-174</b>	<b>-182</b>	<b>-253</b>	<b>-221</b>	<b>-128</b>

<sup>(1)</sup> See notes and definitions on page 50; excluding credit extended or received by oil companies.

<sup>(2)</sup> Assets: increase—/decrease+. Liabilities: increase+/decrease—. The changes represent new credit extended less old credit repaid, and exclude other changes in outstanding amounts of credit, such as the revaluation in terms of sterling at the time of devaluation of credit denominated in foreign currencies, and outstanding credit written off by ECGD (or by exporters if not guaranteed). These amounts are included in the 'revaluation and other changes' column in Table 42.

<sup>(3)</sup> Credit extended between 'sister' companies is included in unrelated trade credit from 1966 onwards, having been part of related trade credit prior to this date. The adjustment is included in the 'revaluation and other changes' column in Table 42.

<sup>(4)</sup> Provisional estimates. Final estimates of all categories are usually available some eighteen months after the end of the year to which they relate.

<sup>(5)</sup> Includes advance payments under credit arrangements financed by UK banks.

<sup>(6)</sup> Includes adjustments for estimated coverage deficiencies in respect of credit received on new dry-cargo ships and aircraft.



amounts of credit outstanding at end 1969, and of the changes during 1965 to 1970. The available information for 1963 was published in *United Kingdom Balance of Payments* 1968 (Table 36) and that for 1964 in the 1970 issue (Table 50).

In Table 47, the figures of changes in net credit outstanding from 1963 to 1970 have been rearranged and summarised to show how they appear in the balance of payments headings. The amounts included in 'UK direct investment overseas' and in 'overseas direct

### Trade credit—analysis by balance of payments headings<sup>(1)</sup>

TABLE 47	Changes in amount due <sup>(2)</sup>							£ million
	1963	1964	1965	1966	1967	1968	1969	1970 <sup>(3)</sup>
<b>UK and overseas direct investment</b>								
UK direct investment overseas								
Net credit extended by United Kingdom parent companies to overseas affiliates.....	..	-20	-25	-6	-10	-13	-42	..
Net credit received by United Kingdom parent companies from overseas affiliates.....	..	+6	-1	+2	-7	+9	+20	..
	..	-14	-26	-4	-17	-4	-22	..
Overseas direct investment in UK private sector								
Net credit extended by United Kingdom affiliates to overseas parent companies.....	..	-8	-17	-5	-1	-7	-22	..
Net credit received by United Kingdom affiliates from overseas parent companies.....	..	+48	+24	+8	-3	+7	+54	..
	..	+40	+7	+3	-4	—	+32	..
UK and overseas direct investment (net).....	—	+26	-19	-1	-21	-4	+10	+51
<b>Unrelated export and import credit<sup>(4)</sup></b>								
Export credit								
Credit extended by United Kingdom banks								
Buyer credit schemes.....	-10	-20	-24	-45	-82	-106	-124	-162
Bank guarantees.....	-3	-3	+1	-28	-34	-37	-77	-119
Other.....	-27	-13	-3	—	-18	-54	-13	-9
	-40	-36	-26	-73	-134	-197	-214	-290
Credit extended by United Kingdom suppliers.....	-86	-50	-57	-97	-32	-149	-180	-51
Advance and progress payments by overseas customers								
Buyer credit schemes.....	+6	+18	+15	-7	-12	+16	+21	+77
Other.....	+17	+20	+6	+8	-9	-1	+45	+30
	+23	+38	+21	+1	-21	+15	+66	+107
Total.....	-103	-48	-62	-169	-187	-331	-328	-234
Import credit								
Credit received by United Kingdom businesses								
Identified long-term.....	—	-3	-5	-1	+31	+36	+50	+38
Other.....	+12	+16	+18	-3	+1	+58	+73	+25
	+12	+13	+13	-4	+32	+94	+123	+63
Advance and progress payments by United Kingdom businesses								
Identified long-term.....	—	—	—	-5	—	-13	-14	-8
Other.....	—	-10	—	+5	-6	+1	-12	—
	—	-10	—	—	-6	-12	-26	-8
Total.....	+12	+3	+13	-4	+26	+82	+97	+55
Total unrelated export and import credit.....	-91	-45	-49	-173	-161	-249	-231	-179
<b>Total, all trade credit (net).....</b>	<b>-91</b>	<b>-19</b>	<b>-68</b>	<b>-174</b>	<b>-182</b>	<b>-253</b>	<b>-221</b>	<b>-128</b>

(1) See notes and definitions on page 50; excluding credit extended or received by oil companies.

(2) Assets: increase -/decrease +. Liabilities: increase +/decrease -.

(3) Provisional estimates.

(4) These detailed figures of unrelated trade credit, arranged as in the main presentation of the balance of payments (Table 3), are shown in Table 30.

(5) Excludes import deposits paid directly from overseas to H.M. Customs (see Table 30).



investment in the UK private sector' bring together the figures of credit extended to, or received from, overseas parent companies and overseas subsidiaries and other affiliates, classified to show total credit transactions with overseas parent companies separately from total credit transactions with overseas subsidiaries and other affiliates; in Table 46 the primary classification separates all credit extended (whether with parent or subsidiaries etc.) from all credit received. The figures shown in Table 46 of credit extended to, or received from, overseas concerns other than overseas parent companies or subsidiaries etc. are summarised in Table 47; credit extended by UK banks and by UK suppliers, and advance and progress payments by overseas customers are shown separately.

The figures for 1963 to 1969 are based on the results of the Department of Trade and Industry's full annual inquiry. Those for 1970 are based on information obtained from the Department of Trade and Industry's quarterly inquiry.

Estimates for years before 1963 are not available, but in order that the series of figures shown in the general balance of payments tables should be as consistent as possible, estimates of the changes of credit (with overseas concerns other than overseas parent companies, subsidiaries or other affiliates) not covered elsewhere in the accounts have been incorporated in the summary figures for 'investment and other capital flows' shown in Table 1, and in the figures according to the old classification for 'miscellaneous capital' given in the Table on page 86. These estimates are based on the structure of credit shown by the Board of Trade inquiries for 1963 to 1965 and on a number of indicators, including total United Kingdom exports of capital goods, information on medium and long-term credit guaranteed by the Export Credits Guarantee Department and certain information derived from Exchange Control records on credit extended to the non-sterling area, and take account of the fact that changes in export credit extended by banks (or by suppliers and covered by export bills lodged with UK banks) were

included in the figures of total external claims in sterling in these years, as shown in Table 38 of *United Kingdom Balance of Payments 1970*.

### Notes and definitions to Annex 3

*Net credit extended.* The change in the amount of credit extended outstanding on United Kingdom exports and other sales overseas after deducting outstanding advance and progress payments received before shipment.

*Net credit received.* The change in the amount of credit received outstanding on United Kingdom imports after deducting advance and progress payments still outstanding before receipt of the goods.

*United Kingdom businesses.* Credit extended by United Kingdom businesses excludes amounts covered by unmatured bills of exchange and promissory notes discounted or assigned to banks in the United Kingdom.

*Affiliates.* Branches and subsidiary or associated companies.

*Banks in the United Kingdom.* The figures relate to credit covered by bills of exchange discounted or assigned, or by promissory notes held, including those in connection with the buyer credit schemes.

*Credit extended by UK suppliers.* The amount of credit extended by United Kingdom businesses to overseas concerns other than affiliates and parent companies before deducting advance and progress payments by overseas customers.

*Credit received by UK businesses.* The amount of credit received by United Kingdom businesses from overseas concerns other than affiliates and parent companies before deducting advance and progress by overseas customers.



Tables 50 and 51 provide estimates of the extent to which in 1967, 1968 and 1969 direct investment abroad (other than oil) involved cash transactions directly impinging on the United Kingdom's reserves and sterling liabilities. Direct investment abroad is recorded in the balance of payments as the net movement of capital between parent companies and their overseas affiliates

(subsidiaries, associates or branches) and is included in 'investment and other capital flows'. Measured in these terms, investment amounted to £281 million, £410 million, and £547 million in 1967, 1968 and 1969 respectively. Net investment abroad, however, is the outcome of transactions in both outward and inward directions, as Table 48 illustrates:

### Summary

TABLE 48	£ million								
	1967			1968			1969		
	Gross investment	Gross disinvestment	Net investment	Gross investment	Gross disinvestment	Net investment	Gross investment	Gross disinvestment	Net investment
United Kingdom direct investment abroad									
In non-sterling areas.....	-262	+123	-139	-390	+157	-233	-410	+174	-236
In the overseas sterling area.....	-268	+126	-142	-318	+141	-177	-443	+132	-311
Total.....	-530	+249	-281	-708	+298	-410	-853	+306	-547

Gross investment and disinvestment take the form partly of unremitted profits and other transactions which do not involve flows of cash. By distinguishing between cash and other (non-cash) transactions and by taking account of other information about the extent to which parent companies finance investment in their affiliates by borrowing abroad, or by using the proceeds of sales of securities in the investment currency market, it is possible to make rough estimates of the extent to which investment abroad impinges directly on the United Kingdom's reserves and sterling liabilities.

In Table 50 an analysis is given of gross investment, gross disinvestment and net investment in terms of accounting components—unremitted profits, share and loan capital, trade credit and other inter-company indebtedness. In Table 51 there is an analysis of the cash transactions associated with direct investment abroad. These cash transactions do not wholly impinge directly on the United Kingdom's reserves and sterling liabilities because of the extent to which parent companies use alternative finance. In Table 49 estimates of such finance in respect of investment in non-sterling areas are based upon exchange control information and are set against the total of inter-company cash transactions to give a rough estimate of the extent to which these cash transactions affect the United Kingdom's reserves or sterling liabilities. Investment in the overseas sterling area is not subject to exchange control and comprehensive information about overseas borrowing to finance investment there is not available.

The figures in Tables 26, 27 and 49 to 51 are related as shown in the table at the end of this Annex.

#### Nature of gross investment

Gross investment is defined in this Annex as the sum

of all the accounting components in which investment was made during each company's year of account, whether the net outcome for any affiliate is positive or negative, and whether or not one component offsets another in the same affiliate. Loans and credits which are both extended and repaid during the course of the accounting year are not included. A fuller discussion of alternative measures of gross investment is given on page vii of the *Board of Trade Journal* for 30 June 1967.

Gross investment abroad takes the form of a cash transaction when United Kingdom funds are used to acquire share and loan capital, to repay credit previously received on goods imported from an overseas affiliate, or to provide new working capital for an overseas affiliate. Conversely, gross disinvestment which takes the form of cash transactions consists of the sale of share and loan capital, the receipt of dividends in excess of its profits from an overseas affiliate, the repayment of credit previously extended on United Kingdom exports and the repatriation of working balances. The remaining, 'non-cash', transactions in gross investment/disinvestment include unremitted profits (net of overseas losses), the funding of short-term indebtedness (by switching into share and loan capital), imports or exports free of payment, services rendered or received on credit or free of payment, and trade credit extended on exports or received on imports. A parent company may re-invest profits in an overseas affiliate and repatriate an equivalent sum out of the affiliate's working balances; a significant part of cash disinvestment between 1967 and 1969 was attributable to transactions of this kind and to the repayment of trade credit.



## Financing of investment

Finance for direct investment abroad may be obtained in a number of ways which do not directly affect the United Kingdom reserves and sterling liabilities. Parent companies in the UK may borrow from overseas residents, or in non-sterling currencies from UK banks or, in the case of non-sterling areas, they may make purchases in the investment currency market which results from the sale of non-sterling investments by other UK investors. In the balance of payments accounts net borrowing from UK banks is represented by the item 'foreign currency borrowing (net) by UK banks to finance UK investment overseas', while borrowing from overseas residents is included in private inward investment. Investment financed by overseas subsidiaries' own borrowing abroad is not included in United Kingdom direct investment abroad since there is no increase in indebtedness between the subsidiary and the United Kingdom parent company.

## Notes on figures

The figures for the components of investment, and for inter-company cash transactions associated with investment, are derived from the Board of Trade inquiries into overseas investment, reported on in the *Board of Trade Journal* for 9 May 1969, 8 April 1970 and in *Trade and Industry* for 7 April 1971. The figures for foreign currency borrowing by parent companies, and the use of investment currency for investment in non-sterling areas, have been derived from exchange control sources. The division of purchases of share and loan capital into purchases for cash and capitalisa-

tion of working balances is subject to a considerable margin of uncertainty. There is also some uncertainty about the estimates of retained branch profits which affect the distinction drawn between the cash and non-cash elements of gross investment. Also, the information on gross cash transactions for banking and insurance investment is more incomplete than for other investment. Moreover, there may be discrepancies in timing between the figures for overseas borrowing and the use of investment currency and those for the investment associated with it, partly because of timing difficulties in matching figures for calendar and company accounting years, and partly because funds borrowed abroad may be retained in the United Kingdom for a time pending their use for overseas investment. The figures for the years 1967 to 1969 taken together are therefore more reliable than the figures for the individual years.

The estimates for the years 1967 to 1969 taken together indicate that inter-company cash transactions with non-sterling areas accounted for just under a third of gross investment but were largely financed by foreign currency borrowing by parent companies and the use of investment currency. In the overseas sterling area inter-company cash transactions accounted for just over a third of gross investment.

Inter-company cash transactions accounted for about two thirds of gross disinvestment in non-sterling areas in the three-year period 1967 to 1969 but disposals of investment currency and repayments of foreign currency loans brought the proportion down to rather more than a third. About three-quarters of gross

**Financing of direct investment cash transactions in non-sterling areas**

TABLE 49

£ million

	1967			1968			1969		
	Gross invest-ment	Gross disinvest-ment	Net invest-ment	Gross invest-ment	Gross disinvest-ment	Net invest-ment	Gross invest-ment	Gross disinvest-ment	Net invest-ment
1. Total inter-company cash transactions with affiliates in non-sterling areas.....	-72	+90	+18	-130	+106	-24	-119	+104	-15
2. Method of financing:									
A. Euro-currency borrowing by parent companies from UK banks.....	+41	-6	+35	+72	-10	+62	+83	-35	+48
B. Direct borrowing abroad by parent companies <sup>(2)</sup> .....	+41	-2	+39	+54	-7	+47	+63	-17	+46
C. Use of investment currency..	+13	-8 <sup>(3)</sup>	+5	+3	-31 <sup>(3)</sup>	-28	+3	-18 <sup>(3)</sup>	-15
Total of above financing	+95	-16	+79	+129	-48	+81	+149	-70	+79
3. Other cash transactions associated with direct investment abroad <sup>(4)</sup> of which:	+23	+74	+97	-1	+58	+57	+30	+34	+64
4. Trade credit repaid.....	-7	+27	+20	-5	+28	+23	-4	+22	+18
5. Other cash transactions.....	+30	+47 <sup>(5)</sup>	+77	+4	+30 <sup>(5)</sup>	+34	+34	+12 <sup>(5)</sup>	+46

<sup>(1)</sup> Assets: increase - /decrease +. Liabilities: increase + /decrease -.

<sup>(2)</sup> Excludes borrowing directly by affiliates.

<sup>(3)</sup> Equals 75% of disinvestment; the remaining 25% which accrues to the reserves is included below.

<sup>(4)</sup> Mainly represents investment which impinges broadly on the United Kingdom's reserves.

<sup>(5)</sup> Includes an element of current earnings which are reinvested and then repatriated in the form of disinvestment of inter-company balances.



# Direct investment<sup>(1)</sup> (other than oil)

## Analysis of gross components

£ million

TABLE 50

	1967			1968			1969		
	Gross invest-ment	Gross disinvest-ment	Net invest-ment	Gross invest-ment	Gross disinvest-ment	Net invest-ment	Gross invest-ment	Gross disinvest-ment	Net invest-ment
<b>All areas</b>									
Unremitted profits of affiliates <sup>(2)</sup> .....	-284	+ 47	-237	-368	+ 44	-324	-413	+ 45	-368
Purchases and sales of share and loan capital—									
for cash.....	- 65	+ 26	- 39	-106	+ 67	- 39	-133	+ 46	- 87
funding of working balances <sup>(3)</sup> .....	- 8	—	- 8	- 19	—	- 19	- 14	—	- 14
Trade credit: extended to overseas.....	- 73	—	- 73	- 73	—	- 73	- 98	—	- 98
extended to United Kingdom...	—	+ 9	+ 9	—	+ 20	+ 20	—	+ 31	+ 31
repaid to overseas.....	- 15	—	- 15	- 9	—	- 9	- 10	—	- 10
repaid to the United Kingdom..	—	+ 61	+ 61	—	+ 56	+ 56	—	+ 41	+ 41
Changes in other inter-company indebtedness <sup>(4)</sup>	- 85	+105	+ 20	-135	+113	- 22	-185	+143	- 42
Total direct investment.....	-530	+249	-281	-708	+298	-410	-853	+306	-547
<b>Overseas sterling area—developed countries</b>									
Unremitted profits of affiliates <sup>(2)</sup> .....	- 91	+ 10	- 81	-111	+ 10	-101	-136	+ 7	-129
Purchases and sales of share and loan capital—									
for cash.....	- 22	+ 11	- 12	- 26	+ 19	- 7	- 51	+ 15	- 36
funding of working balances <sup>(3)</sup> .....	- 3	—	- 3	- 7	—	- 7	- 5	—	- 5
Trade credit: extended to overseas.....	- 18	—	- 18	- 20	—	- 20	- 19	—	- 19
extended to United Kingdom...	—	+ 2	+ 2	—	+ 4	+ 4	—	+ 5	+ 5
repaid to overseas.....	- 4	—	- 4	- 2	—	- 2	- 2	—	- 2
repaid to United Kingdom.....	—	+ 15	+ 15	—	+ 18	+ 18	—	+ 10	+ 10
Changes in other inter-company indebtedness <sup>(4)</sup>	- 28	+ 23	- 5	- 40	+ 24	- 16	- 66	+ 27	- 39
Total direct investment.....	-166	+ 61	-105	-206	+ 75	-131	-279	+ 64	-215
<b>Overseas sterling area—developing countries</b>									
Unremitted profits of affiliates <sup>(2)</sup> .....	- 48	+ 8	- 41	- 58	+ 10	- 48	- 69	+ 10	- 59
Purchases and sales of share and loan capital—									
for cash.....	- 11	+ 9	- 2	- 8	+ 4	- 4	- 20	+ 4	- 16
funding of working balances <sup>(3)</sup> .....	- 1	—	- 1	- 3	—	- 3	- 2	—	- 2
Trade credit: extended to overseas.....	- 14	—	- 14	- 15	—	- 15	- 23	—	- 23
extended to United Kingdom...	—	+ 4	+ 4	—	+ 9	+ 9	—	+ 8	+ 8
repaid to overseas.....	- 4	—	- 4	- 2	—	- 2	- 4	—	- 4
repaid to United Kingdom.....	—	+ 19	+ 19	—	+ 10	+ 10	—	+ 9	+ 9
Changes in other inter-company indebtedness <sup>(4)</sup>	- 24	+ 26	+ 2	- 27	+ 34	+ 7	- 46	+ 37	- 9
Total direct investment.....	-102	+ 65	- 37	-112	+ 66	- 46	-164	+ 68	- 96
<b>Non-sterling areas</b>									
Unremitted profits of affiliates <sup>(2)</sup> .....	-145	+ 30	-115	-199	+ 24	-175	-208	+ 28	-180
Purchases and sales of share and loan capital—									
for cash.....	- 32	+ 7	- 25	- 72	+ 44	- 28	- 62	+ 27	- 35
funding of working balances <sup>(3)</sup> .....	- 4	—	- 4	- 9	—	- 9	- 7	—	- 7
Trade credit: extended to overseas.....	- 41	—	- 41	- 38	—	- 38	- 56	—	- 56
extended to United Kingdom...	—	+ 3	+ 3	—	+ 7	+ 7	—	+ 18	+ 18
repaid to overseas.....	- 7	—	- 7	- 5	—	- 5	- 4	—	- 4
repaid to United Kingdom.....	—	+ 27	+ 27	—	+ 28	+ 28	—	+ 22	+ 22
Changes in other inter-company indebtedness <sup>(4)</sup>	- 33	+ 56	+ 23	- 68	+ 55	- 13	- 73	+ 79	+ 6
Total direct investment.....	-262	+123	-139	-390	+157	-233	-410	+174	-236

<sup>(1)</sup> Assets: increase -/decrease +. Liabilities: increase +/decrease -. Discrepancies between the totals shown and the sum of constituent items are due to rounding.

<sup>(2)</sup> Includes rough estimates for unremitted profits of branches.

<sup>(3)</sup> Rough estimates.

<sup>(4)</sup> Including change in branch/head office indebtedness other than that part of current earnings roughly estimated to have been retained abroad. Includes as disinvestment the short-term indebtedness funded as share and loan capital.



# Direct investment<sup>(1)</sup> (other than oil) Analysis of inter-company cash transactions

TABLE 51

£ million

	1967			1968			1969		
	Gross invest-ment	Gross disinvest-ment	Net invest-ment	Gross invest-ment	Gross disinvest-ment	Net invest-ment	Gross invest-ment	Gross disinvest-ment	Net invest-ment
<b>All areas</b>									
Dividends in excess of profits <sup>(2)</sup> .....	—	+13	+13	—	+7	+7	—	+17	+17
Purchases and sales of share and loan capital for cash <sup>(3)</sup> .....	-65	+26	-39	-96	+67	-29	-131	+46	-85
Miscellaneous inter-company remittances <sup>(4)</sup> .....	-85	+94 <sup>(5)</sup>	+9	-130	+79 <sup>(5)</sup>	-51	-164	+106 <sup>(5)</sup>	-58
Trade credit repaid.....	-15	+61	+46	-9	+56	+47	-10	+41	+31
Total cash transactions.....	-165	+194	+29	-235	+209	-26	-305	+210	-95
<b>Overseas sterling area—developed countries</b>									
Dividends in excess of profits <sup>(2)</sup> .....	—	+3	+3	—	+2	+2	—	+2	+2
Purchases and sales of share and loan capital for cash <sup>(3)</sup> .....	-22	+11	-12	-26	+19	-7	-51	+15	-36
Miscellaneous inter-company remittances <sup>(4)</sup> .....	-28	+19 <sup>(5)</sup>	-9	-40	+17 <sup>(5)</sup>	-23	-63	+22 <sup>(5)</sup>	-41
Trade credit repaid.....	-4	+15	+11	-2	+18	+16	-2	+10	+8
Total cash transactions.....	-54	+47	-7	-68	+56	-12	-116	+49	-67
<b>Overseas sterling area—developing countries</b>									
Dividends in excess of profits <sup>(2)</sup> .....	—	+6	+6	—	+2	+2	—	+9	+9
Purchases and sales of share and loan capital for cash <sup>(3)</sup> .....	-11	+9	-2	-8	+4	-4	-20	+4	-16
Miscellaneous inter-company remittances <sup>(4)</sup> .....	-24	+23 <sup>(5)</sup>	-1	-27	+31 <sup>(5)</sup>	+4	-46	+35 <sup>(5)</sup>	-11
Trade credit repaid.....	-4	+19	+15	-2	+10	+8	-4	+9	+5
Total cash transactions.....	-39	+57	+18	-37	+47	+10	-70	+57	-13
<b>Non-sterling areas</b>									
Dividends in excess of profits <sup>(2)</sup> .....	—	+4	+4	—	+3	+3	—	+6	+6
Purchases and sales of share and loan capital for cash <sup>(3)</sup> .....	-32	+7	-25	-62	+44	-18	-60	+27	-33
Miscellaneous inter-company remittances <sup>(4)</sup> .....	-33	+52 <sup>(5)</sup>	+19	-63	+31 <sup>(5)</sup>	-32	-55	+49 <sup>(5)</sup>	-6
Trade credit repaid.....	-7	+27	+20	-5	+28	+23	-4	+22	+18
Total cash transactions.....	-72	+90	+18	-130	+106	-24	-119	+104	-15

(1) Assets: increase —/decrease +. Liabilities: increase +/decrease —. Discrepancies between the totals shown and the sums of constituent items are due to rounding.

(2) Part of unremitted profits of affiliates (gross disinvestment) in Table 50.

(3) Excluding funding of short-term indebtedness and acquisitions financed by borrowing from overseas subsidiaries.

(4) Changes in inter-company and branch/head office indebtedness, excluding amounts of trade credit extended and repaid, branch profits re-invested, short-term indebtedness funded as share and loan capital, and funds raised by overseas subsidiaries which are all transferred to other overseas subsidiaries in the group via the UK parent.

(5) Contains substantial amounts resulting from parent companies reinvesting profits in overseas affiliates and repatriating equivalent sums out of working balances.



disinvestment in the overseas sterling area took the form of inter-company cash transactions.

Total net cash transactions associated with direct investment abroad in the years 1967 to 1969, taken together, are estimated to have resulted in a net cash inflow of nearly £220 million from non-sterling areas, and a net cash outflow, not allowing for overseas borrowing of some £70 million, to the overseas sterling area. Two main points need to be borne in mind in using these figures. First, the gross figures are a good deal more meaningful than the net totals. Second, though the 'cash flow' element in United Kingdom overseas investment is in principle the measure of the direct impact of that investment on the United Kingdom reserves or sterling liabilities, it is not, of course, a measure of the 'cost' of that investment to the balance of payments, as compared with a hypothetical alternative situation in which no new investment was taking place. Only to a relatively small extent do the cash flows in gross disinvestment relate to a genuine repatriation of capital. The most obvious case is the physical sale for cash of an overseas asset (if the proceeds are not eligible for sale in the investment currency market). Another example is the case of a United Kingdom company which (perhaps because of a squeeze on its liquidity here) brings back working capital from its overseas affiliates. This may include the proceeds of borrowing by an individual subsidiary on behalf of the whole group. However the bulk of the cash disinvestment relates to the repayment by individual subsidiaries of balances

outstanding on export credit and to the repatriation by United Kingdom companies of their overseas profits in the form of disinvestment over inter-company accounts. These receipts are in effect more akin to current earnings—dividends, payments for services, export receipts—than to capital receipts as normally conceived. The extent to which disinvestment in other components of investment offset unremitted profits is illustrated in the publication *Business Monitor—M4 Overseas Transactions* (see Table 5). Their economic significance relates to the current yield on our existing overseas investments, rather than to the primary effect of new investment and disinvestment flows on our reserves and sterling liabilities, so that in real terms the cash debits component of the net cash flow in net investment tends to be of a different nature from the cash receipts.

This qualification is particularly important for the figures for trade credit. In this analysis an increase in the trade credit balance of a United Kingdom concern with its overseas affiliate is shown as gross (non-cash) investment but if the balance is run down as the overseas affiliate makes repayment this is shown as gross (cash) disinvestment so that the transactions as a whole will result in an apparent return flow of cash to the United Kingdom. But this may clearly be a matter of the timing of export receipts rather than a net repatriation of investment capital to the United Kingdom over the period of the transactions.

The figures in Tables 26, 27 and 49 to 51 are related as in the table below.

£ million

	1967	1968	1969
Net outward direct investment in non-sterling areas (Tables 26 and 50).....	-139	-233	-236
Comprising:			
Unremitted profits (Table 50).....	-115	-175	-180
Trade credit (Table 50).....	-18	-8	-20
Remainder (direct investment component of Table 27, line 5).....	-6	-50	-36
Net borrowing to finance outward direct investment in non-sterling areas (Table 49).....	+74	+109	+94
Use of investment currency pool (net) (Table 49).....	+5	-28	-15
Total overseas financing of remainder above.....	+79	+81	+79
Remainder (above) not financed by overseas borrowing or investment currency.....	+73	+31	+43
Add dividends in excess of profits not treated as remittances in Table 27 (Table 51).....	+4	+3	+6
Subtract borrowing from financial subsidiaries in the non-sterling area to finance investment in overseas sterling area.....	—	—	-3
Cash transactions other than those financed by overseas borrowing or investment currency (Table 49 line 5)	+77	+34	+46



This note brings together the current account figures for various financial and allied activities which are classified to a number of different headings in the standard tables. Activities of professions such as accountants, solicitors and actuaries are excluded. So are figures relating to transactions between United Kingdom residents and overseas financial institutions except where United Kingdom financial institutions are involved.

There can sometimes be doubt as to the group of institutions to which receipts of a particular kind should be allocated (see, for example, the paragraph following Table 54 below). There can also be doubt as to how far associated debits should be offset against the credits recorded where these are not net of all overseas expenses. (In this note, debit items are separately noted only in respect of banking, since most of the credit figures for other groups of institutions are recorded net of expenses.) A more basic difficulty is that this note deals only with the figures as recorded, in accordance with international conventions, in the balance of payments accounts. It does not attempt to answer the question of what the effect on overseas earnings would have been if this or that group of institutions did not exist, and the services they provided had been provided in other ways (or not at all). Clearly a range of different estimates for the contributions to overseas earnings of the various groups of institutions can be obtained, depending on the basis of estimation adopted; and it is not easy to select one as being preferable to the others. For this reason, the figures given here for particular groups of institutions are not added to produce a total for all the various activities.

A broad picture of the treatment in the standard tables of the entries for United Kingdom or overseas financial and allied institutions is given in the table below.

A description of the entries for 'other services: financial and allied services (n.e.i.)' is given in the Notes and definitions section on page 71.

### Insurance

The overseas earnings of British insurance companies (other than through overseas branches, subsidiaries and associates), Lloyd's underwriters and insurance brokers, from risk underwriting and other insurance for non-residents, are recorded in 'other services:—financial and allied services (n.e.i.)'.

The profits received by United Kingdom insurance companies from their overseas branches, subsidiaries and associates (direct investment income) and the interest and dividends received on portfolios of overseas securities (portfolio investment income) are recorded in 'interest, profits and dividends'.

The estimates for insurance companies include all income on direct investment overseas (except that of life insurance companies whose direct investment income is thought to be very small) and on portfolio investment, but for insurance business written in the UK (known as home/foreign business) net earnings from marine, aviation and transit only are included. Net earnings from other home/foreign underwriting business are believed to be both very small and difficult to determine.

## Transactions on current account of United Kingdom or overseas financial and allied institutions Analysis by balance of payments headings

TABLE 52

Type of institution or activity	Main heading in standard tables	Sub-heading in standard tables
Insurance	Other services	Credits: Financial and allied services (n.e.i.): insurance
	Interest, profits and dividends	Credits: Direct investment Portfolio investment
Banking	Visible trade	Exports: Discount on short-term trade credit is implicitly included in the valuation of exports
	Other services	Credits: Financial and allied services (n.e.i.): banking Credits and debits: Services rendered between related companies
	Interest, profits and dividends	Credits and debits: Direct investment Credits and debits: 'Other'
Merchanting	Visible trade	Exports: Merchanting profit on re-exports of imported merchandise is implicitly included in the valuation of exports
	Other services	Credits: Financial and allied services (n.e.i.): merchanting
Investment trusts, etc.	Interest, profits and dividends	Credits: Portfolio income
Brokerage, etc.	Other services	Credits: Financial and allied services (n.e.i.): brokerage, etc.



Table 53 does not cover the earnings in the United Kingdom of overseas insurers, though the earnings of United Kingdom insurance companies are calculated net of reinsurances ceded in the United Kingdom to overseas insurance companies.

Lloyd's underwriting income is initially measured as the excess of premiums collected over claims paid out. However, premiums collected will cover unexpired risks to be carried in the future and claims settled will include some made in respect of premiums collected in previous periods. Hence, the premiums collected, net of claims paid, in any period could either overstate or understate the true earnings accruing for that period. In the 'other services' table and in this Annex, it is taken that the overseas earnings of Lloyd's underwriters on an accruals basis are better represented by an average of three years' premium income, net of claims paid, centred on the year to which they are being applied. For 1970 the average of the two latest years has been used.

The net overseas income of United Kingdom insurance may be summarised as follows:

TABLE 53 Insurance £ million

	1966	1967	1968	1969	1970
Companies (home/foreign underwriting business and income on direct and portfolio investment).....	66	78	90	111	111
Lloyd's (underwriting and interest).....	20 <sup>(1)</sup>	45 <sup>(1)</sup>	74 <sup>(1)</sup>	105 <sup>(1)</sup>	121 <sup>(2)</sup>
Brokers.....	23	27	35	41	49
UK net insurance income overseas including portfolio income.....	109	150	199	257	281
UK net insurance income overseas excluding portfolio income.....	78	115	161	214	237

(<sup>1</sup>) Three year average. (<sup>2</sup>) Two year average.

In order to align various other entries in the balance of payments, the standard tables show as part of the 'financial and allied services (n.e.i.): insurance' entry, all earnings from underwriting risks on international cargoes, irrespective of whether these are earned from United Kingdom or overseas residents (see note on page 71 on the IMF recommended simplified treatment of cargo insurance). In this Annex, however, only the estimated earnings from overseas residents are included.

Estimates are based on returns made to the Department of Trade and Industry by the British Insurance Association, the Corporation of Lloyd's and insurance brokers.

## Banking

The banking figures represent the net receipts from the overseas operations of all banks in the United Kingdom (including the profits earned by overseas branches of British-owned banks), less profits earned

in the United Kingdom and abroad by United Kingdom branches, subsidiaries and associates of foreign-owned banks.

The overseas receipts of all banks in the United Kingdom comprise:

- net receipts of banks from services they provide to 'non-related' customers (including arbitrage) and net receipts from banking charges and commissions;
- net receipts for services rendered by United Kingdom banks to their overseas branches, subsidiaries and associates;
- net receipts on lending and borrowing in foreign currency;
- interest and discount on lending to overseas residents in sterling and overseas sterling area currencies;
- interest, profits and dividends accruing to the United Kingdom from the overseas branches, subsidiaries and associates of United Kingdom banks.

Items (i) and (ii) are recorded in 'other services': item (i) is the banking component of 'financial and allied services (n.e.i.)' whilst item (ii) is a component of 'services rendered to, and by, United Kingdom enterprises'. Receipts in (iii), (iv) and (v) (with the exception of discount earned on short-term export credit) are recorded in 'interest, profits and dividends'; item (v) being included in the classification 'direct investment' and items (iii) and (iv) under 'other'. It is thought that the discount earned on short-term export credit is compounded into the valuation of exports in 'visible trade'.

The total which is debited against these overseas receipts comprises:

- net payments for services rendered by overseas banks to their United Kingdom branches, subsidiaries and associates;
- amounts due by United Kingdom branches, subsidiaries and associates to overseas head offices or parent companies in the form of interest, profits and dividends;
- payments of interest by banks in the United Kingdom on liabilities to overseas residents denominated in sterling or in overseas sterling area currencies. (As indicated above, the amounts paid by the banks on their liabilities in non-sterling currencies are netted against receipts of interest on their lending in such currencies; the net figures are included on the credit side).

Item (i) is recorded in 'other services' and is a component of 'services rendered to, and by, United Kingdom enterprises'. Item (ii) is included in 'interest, profits and dividends' under the classification 'direct investment'. Item (iii) is recorded in 'interest, profits and dividends' under the classification of 'other'.



The figures may be summarised as follows:

TABLE 54 Banking £ million

	1966	1967	1968	1969	1970
<b>Credits</b>					
Financial and allied services (n.e.i.).....	22	26	36	41	42
Discount on export credit .....	19	25	39	54	64
Investment income from and services rendered to overseas branches, etc.....	41	38	53	63	72
Interest and discount on lending in sterling and foreign currency ....	40	36	50	72	52
Total .....	122	125	178	230	230
<b>Debits</b>					
Investment income due to and services rendered by overseas parents.....	13	16	27	32	41
Interest on borrowing in sterling and overseas sterling area currencies.....	87	82	86	88	93
Total .....	100	98	113	120	134

The receipts of banks from the provision of services to non-residents (other than overseas banks and subsidiaries) include commissions in respect of credit and bill transactions (advising, opening and confirming documentary credits, collection of bills, etc.); net receipts on foreign exchange dealing; commission on new issues of overseas securities; banking charges, fees and commissions in respect of current account operations, executor and trustee services, portfolio management, commitment fees, guarantees, security transactions and similar services. It is these receipts that are recorded in 'financial and allied services (n.e.i.)' in 'other services'.

Receipts from lending to non-residents include interest on overdrafts and loans both in sterling and foreign currencies, discount on bills connected with trade between overseas countries and with United Kingdom imports and discount on United Kingdom export credit when covered by bills of exchange discounted by banks or assigned to them; in the case of short-term credit this discount is thought to be compounded in the valuation of United Kingdom exports, and in the case of medium and long-term credit, including bills in connection with the ECGD financial guarantees scheme, it is included in 'interest, profits and dividends' (no distinction being drawn between credit given by suppliers and that given by financial institutions).

Most earnings in the United Kingdom of overseas banks will be through branches or subsidiaries situated in the United Kingdom, but any other transactions

directly between United Kingdom residents and overseas banks would not be included in the above figures.

It is arguable that certain income of banks, which is indirectly derived from overseas residents, should be included together with their other receipts from overseas. In particular, in the case of bills lodged with banks by United Kingdom exporters against ECGD Bank Guarantees (short or longer-term), the banks pay the exporters the value of the bills, less interest, at the time of the acceptance of the goods by the buyer, even though the lender to the overseas customer remains the exporter rather than the bank. As with discount, this interest is either implicitly included in the valuation of exports (in the case of short-term credit) or in interest on trade credit recorded in 'interest, profits and dividends'. Receipts of this kind for the years 1966 to 1970 are assessed at around £9 million, £14 million, £20 million, £29 million and £40 million respectively. Other indirect earnings, such as interest on advances and overdrafts to United Kingdom exporters cannot be so readily quantified.

Estimates are based mainly on information available to the Bank of England and on the Department of Trade and Industry annual inquiries into trade credit.

### Merchanting

Merchanting profit on third-country trade is shown in 'financial and allied services (n.e.i.)'. Profits on re-exports of imported merchandise, estimated at between £5 million and £10 million, are included in the valuation of exports under 'visible trade'.

The estimates, based partly on exchange control information, are made by the Bank of England.

TABLE 55 Merchanting profit £ million

	1966	1967	1968	1969	1970
Third-country trade	26	26	28	34	36
Exports .....	(5-10)	(5-10)	(5-10)	(5-10)	(5-10)
Total .....	30-35	30-35	30-35	40-45	40-45

### Investment trusts, etc.

The income earned by investment and unit trusts and pension funds on their overseas investments is contained—but is not identifiable—in 'interest, profits and dividends'. The estimates in the table below have mostly been compiled by applying what is thought to be an appropriate interest or dividend yield (net of certain taxes) to holdings of overseas securities at the end of each year. Payments abroad by the institutions—dividend or income distributions, or pensions—are believed to be relatively small. The overseas receipts and payments of building societies are also believed to be very small, and for that reason are not included here.



The estimates for investment trusts, etc. are shown in the table below:

	1966	1967	1968	1969	1970
Investment trusts.....	30	30	35	34 <sup>(1)</sup>	35 <sup>(1)</sup>
Unit trusts.....	2	2	2	3	4
Pension funds.....	5	5	5	5	6

<sup>(1)</sup> There is a break in the series for investment trusts. The figures for 1969 and 1970 are derived from a new series of annual returns.

### Brokerage, etc.

These estimates of the net overseas receipts of various United Kingdom financial and allied service organisations not specified elsewhere in this Annex include the net receipts of the Baltic Exchange (other than its commodity section), the London Stock Exchange and

Lloyd's Register of Shipping. Also included are the commissions of gold and silver bullion dealers, management expenses on investment portfolios held for overseas clients, and other miscellaneous receipts.

Whilst the estimates for the London Stock Exchange and Lloyd's Register of Shipping are based on information supplied by the institutions, other receipts have been assessed approximately by reference to related indicators. Improvements in estimation methods are in progress.

Net overseas receipts from brokerage, etc. given as a component of 'financial and allied services (n.e.i.)' in Table 20 on 'other services' are:

1966	1967	1968	1969	1970
29	35	51	60	74

## ANNEX 6

### Shipping services provided by United Kingdom operators

Table 58 gives a detailed analysis, based on the Chamber of Shipping's full inquiry for 1966 and sample inquiries for other years, of the operations of ships owned by and ships on charter to United Kingdom shipping companies, distinguishing between dry-cargo ships and tankers. In the table the term *net revenue from abroad* represents the direct earnings of foreign exchange resulting from transactions with non-residents, i.e., revenue on services provided by United Kingdom shipping operators to non-residents less expenditure on services which non-residents provided to United Kingdom shipping operators. In addition to the estimates of direct earnings from abroad, the table also shows the receipts by United Kingdom shipping operators arising from the provision of international shipping services to U.K. residents.

The balance of payments records only those elements of the total revenue and costs of United Kingdom shipping companies which arise from transactions with non-residents. Thus, although revenue on inward voyages is regarded as a domestic transaction, the disbursements abroad incurred in making these inward voyages are included in the balance of payments account for ships owned by or on charter to United Kingdom operators. Transactions such as the revenue on inward voyages do have a bearing on the balance of payments, however, since if United Kingdom shipping did not operate on both inward and outward voyages of the international routes, overseas shipping would do so. If United Kingdom shipping companies

did not exist, the resources of labour and capital employed in them would have a potential exportable output in other uses. There would also be the following effects—the revenue earned abroad would be lost; the revenue earned on the inward voyages would become a debit to overseas shipping; the costs previously incurred abroad by United Kingdom operators would be saved; and there would be additional expenditure by overseas shipping in the United Kingdom.

### Notes and definitions to Table 58

The items for individual categories of transaction are the same as those in Table 15 which are defined on page 68. In the sub-division between ships owned by United Kingdom operators and ships on charter to United Kingdom operators (also given in Table 15) some element of estimation is involved, particularly in the allocation of the overheads element of disbursements abroad. *Ships owned by United Kingdom operators* are ships registered in this country and owned by United Kingdom resident shipping companies. *Ships on charter to United Kingdom operators* include foreign or Commonwealth owned ships on time-charter or voyage-charter to United Kingdom shipping companies. As explained on page 68, the distinction made in the 1970 and earlier issues of this publication between ships on time-charter and ships on voyage-charter has been dropped, both types of ship now being regarded as part of the fleet to which they are on charter.



# Operations of United Kingdom shipping companies

TABLE 58

£ million

	1966			1967			1968			1969		
	Total	Dry-Cargo	Tankers	Total	Dry-Cargo	Tankers	Total	Dry-Cargo	Tankers	Total	Dry-Cargo	Tankers
<b>Ships owned by UK operators</b>												
Revenue from services to non-residents												
Freight on exports.....	133	131	2	138	135	3	162	159	3	171	168	3
Freight on cross-trades.....	204	132	72	227	129	98	274	146	128	280	149	131
Charter receipts.....	35	24	11	46	31	15	56	41	15	59	43	16
Passenger revenue.....	52	52	—	61	61	—	59	59	—	64	64	—
Total.....	424	339	85	472	356	116	551	405	146	574	424	150
Disbursements abroad...	241	203	38	239	203	36	260	218	42	273	226	47
Net revenue from abroad.	+183	+136	+ 47	+233	+153	+80	+291	+187	+104	+301	+198	+103
<b>Ships on charter to UK operators</b>												
Revenue from services to non-residents												
Freight on exports.....	13	8	5	18	13	5	26	21	5	25	21	4
Freight on cross-trades.....	202	11	191	255	13	242	323	19	304	298	21	277
Charter receipts.....	11	3	8	12	2	10	17	2	15	18	3	15
Total.....	226	22	204	285	28	257	366	42	324	341	45	296
Expenditure incurred abroad												
Charter payments.....	225	16	209	344	23	321	385	29	356	399	31	368
Other disbursements abroad.....	78	15	63	86	18	68	100	28	72	98	30	68
Total.....	303	31	272	430	41	389	485	57	428	497	61	436
Net revenue from abroad.	-77	- 9	-68	-145	-13	-132	-119	-15	-104	-156	- 16	-140
<b>Receipts from international services provided to UK residents</b>												
Ships owned by UK operators												
Freight on imports.....	178	154	24	195	166	29	213	176	37	212	174	38
Passenger revenue.....	31	31	—	32	32	—	34	34	—	36	36	—
Ships on charter to UK operators												
Freight on imports.....	89	12	77	128	15	113	164	22	142	158	20	138



# UNITED KINGDOM BALANCE OF PAYMENTS

## NOTES AND DEFINITIONS

### GENERAL

The object of the balance of payments accounts is to identify and record all transactions between residents of the United Kingdom and overseas residents (non-residents).

In principle, transactions are recorded when the ownership of goods changes and when services are rendered.

#### Residence

The United Kingdom is defined as including the Isle of Man and the Channel Islands. The term 'resident' covers both individuals living permanently in the United Kingdom, and corporate bodies located there (but not their overseas branches and subsidiaries). Individuals, other than government officials and Forces, who enter (or leave) the country with the intention of staying here (or abroad) for a year or more are regarded as migrants changing their residence. Overseas branches of companies are treated as residents of the country in which they are located, and subsidiaries are treated as residents of the country in which they are registered. Government agencies operating abroad, such as embassies or military units, are regarded as residents of their home country. Agencies of business enterprises are regarded as residents of the countries in which they operate. Transactions through agents are, in general, treated as though made directly with the overseas principal, but commissions etc. received by agents for their services are regarded as accruing to the agents' country of residence. A more detailed description of the criteria adopted for defining residence is given on pages 436–438 of *National Accounts Statistics: Sources and Methods* (HMSO September 1968).

#### Exchange rates

When information is expressed in currencies other than sterling, the figures are converted into sterling at the rate of exchange at the time of the transaction. The transaction values of goods are declared on Customs documents in sterling, and when any invoice amounts are expressed in a foreign currency there is a requirement for the UK trader (or his agent) to convert to sterling at the market rate appropriate at the time of lodgement of the Customs document, which may differ by a small margin from the prevailing parity. However, the sterling equivalent of the consequential changes in the official reserves (or in banking assets or liabilities denominated in foreign currencies) is derived by conversion at the appropriate parity. There are therefore small discrepancies reflected in the balancing item (see below) insofar as the *balance* of those imports or exports invoiced in foreign currencies and converted at market rates of exchange may differ from the *balance* of the

corresponding payments converted at parity. In general, other commercial transactions are based on direct inquiries of the transactors, who are asked to use the same rate of exchange as in their own accounts when conversion from an overseas currency to the sterling equivalent is involved.

#### Principles of the accounts

The balance of payments accounts are arranged in a form in which the total of all entries is equal to zero. Every balance of payments transaction involves, in book-keeping language, both a credit and a debit and so should be entered twice. That is to say, in a way analogous to a double-entry book-keeping system, the recording of a current account transaction leads to recording also the way it is financed—i.e., to a corresponding change in the balance between assets and liabilities. In a double-entry book-keeping system there is always an exact balance since the same piece of information is used in effecting each entry. In the balance of payments, although the underlying principle exists, the accounts are not, in practice, constructed on a double-entry basis since the two entries made in respect of each transaction are derived from separate sources in almost every case. Moreover, the methods of estimation are neither complete nor precisely accurate; one (or both) entries in respect of a particular transaction may elude the records, or the two entries may not match each other precisely in their timing. In order to bring the total of all entries to zero an additional entry, the balancing item, is therefore included to offset the sum of all the errors and omissions in the other items of the accounts.

In the United Kingdom balance of payments accounts transactions are classified in three main groups:

The *current account* covers exports and imports of goods and services, investment income and transfers.

*Investment and other capital flows* cover official long-term capital transactions, investment flows, changes in the balances of other countries held in London, trade credit, and other capital flows.

*Official financing* covers changes in the official reserves, net borrowing from the International Monetary Fund, and net transactions with other overseas monetary authorities.

Balances are struck for each of these groups. The *current balance* shows whether the United Kingdom has had a surplus of income over expenditure—i.e. whether it has added to or consumed its net external assets in any period. The current balance and the net balance of investment and other capital flows, together with the net total of the unidentified transactions reflected in the balancing item, are brought together to show the *total currency flow* resulting from all external



transactions. The balance of changes in the reserves and of other official financing transactions thus reflects the total currency flow, together with gold subscriptions to the IMF, and (from 1970) the allocation by the IMF of the reserve asset, Special Drawing Rights.

There is some mutual interdependence between current transactions and the investment and other capital flows. In some cases current earnings are directly and, in effect, permanently matched in investment outflows; examples are the undistributed portion of current earnings of overseas subsidiaries and associates, which appear as investment overseas, or any investment taking the form of exports of machinery and equipment from the United Kingdom. In these cases current earnings do not directly affect the total currency flow. In other cases, as when earnings on current account are accompanied by the extension of trade credit, e.g. on exports, the currency flow associated with a particular transaction is deferred. Since, taking all transactions together, the fund of lending in the form of export credit has tended to increase, part of total

export shipments included in the current account (up to the amount of the net extension of trade credit) is not matched by an inflow of currency.

There is a remaining difficulty also in respect of transfers, not all of which are wholly appropriate to the current account, in which they are included. Transfers include workers' remittances, grants by the government, charitable donations, migrants' funds, and private gifts and legacies, a number of which may be of a capital nature, or closely resemble capital transactions. An alternative treatment, if it were possible to establish criteria for distinguishing between current and capital transfers, would be to divide them between the current account and the group showing investment and other capital flows; this would lead to a distinction between the changes in net assets arising from current transactions and those arising from gifts of capital. But it has been considered most useful to continue the practice of showing all transfers within the current account, so that the current balance shows in principle the net addition, for whatever reason, to net external assets.



## ITEMS

### VISIBLE TRADE

#### Exports (f.o.b.)

The f.o.b. value of goods leaving the United Kingdom and passing into non-resident ownership<sup>(1)</sup>.

#### Imports (f.o.b.)

The f.o.b. value (that is excluding the costs of insurance and freight) of goods entering the United Kingdom and passing into United Kingdom ownership. Ships delivered abroad to United Kingdom owners are also included. Arrivals of U.S. military aircraft and missiles<sup>(2)</sup> are excluded but payments to the U.S. are included.

#### Visible balance

Exports (f.o.b.) less imports (f.o.b.) as defined above.

### ADJUSTMENTS TO THE TRADE STATISTICS

The monthly *Overseas Trade Statistics of the United Kingdom (Trade Statistics)* form the starting point for calculating the balance of payments figures of exports and imports (see Table 7).

#### Timing basis of the figures

To achieve consistency with the basis for estimating other countries' external transactions (and the estimates of domestic transactions given in the national income accounts), exports and imports of goods should be recorded at the time when the ownership of the goods changes. In practice, however, no adjustment is made to the figures for differences in timing between change in ownership and the recording in the *Trade Statistics*. The compilation of the *Trade Statistics* is geared to the declarations made by exporters and importers which are received in the statistical office of H.M. Customs and Excise. With certain exceptions, traders are allowed a short period of grace before documents have to be presented at the ports. Export documents are required to be presented after shipment; the normal period of grace is six days, but this may be extended. There is a further interval before copies reach the statistical office. The effect of these lags is accentuated since the monthly processing of the exports statistics begins before the end of the calendar month. Importers are usually required to present their documents before they can obtain customs clearance and remove the goods. Moreover, the monthly total for imports includes those recorded in documents relating to the month which reach the statistical office up to the third working day after the end of the month. The imports statistics therefore correspond more closely than the exports statistics to movements through the ports during the calendar month.

No single definition can be given of the time when ownership changes, but on the assumption that on average it occurs at some time between the departure of goods from the exporting country and their arrival in the importing country, United Kingdom exports are recorded at various times around the time of change of ownership, whilst imports tend to be recorded in arrears of change of ownership.

Apart from the important exception of the treatment of purchases of U.S. military aircraft and missiles<sup>(2)</sup>, identified differences in timing between the recording in the *Trade Statistics* and actual payments (for example, due to the granting of trade credit) are treated as changes in financial assets or liabilities, and are recorded as 'unrelated' trade credit, or as part of direct investment, in the investment and capital flows account. The net effect of unidentified differences in timing between trade declarations and payments will be reflected in the balancing item.

A number of adjustments are made, however, in respect of valuation and coverage, to convert the *Trade Statistics* figures to a balance of payments basis. The following are the more important of these adjustments.

#### Valuation adjustments

##### *Freight and insurance*

Imports in the *Trade Statistics* are valued c.i.f., that is inclusive of the costs of insurance and freight from the country of consignment. In the balance of payments these costs are deducted since freight and insurance payments to foreign shipping, airline and insurance companies are included in the appropriate invisibles account item and those to United Kingdom concerns are regarded as domestic transactions. (But see note on page 71 about treatment of cargo insurance in the invisibles account.)

The freight element of the c.i.f. value of dry cargo imports is estimated from the actual freight rates applicable to a large sample of individual commodities imported from various sources. For the years up to 1968 the system of estimating freight on imports of oil is based on the Average Freight Rate Assessments (A.F.R.A.) of the London Tanker Brokers' Panel. From 1969 oil imports f.o.b. have been estimated directly from detailed information available to the Department of Trade and Industry; the freight is the difference between this and c.i.f. valuation declared to H.M. Customs and Excise. Estimates of payments for air freight and for insurance are based on a sample examination of customs entry forms and supporting invoices, augmented, in the case of insurance, by data supplied by the British Insurance Association and Lloyd's.

##### *Valuation of exports*

See note about the net adjustment for recording of exports on page 65.

(1) See detailed note on page 65 regarding net adjustment for recording of exports.

(2) See detailed note on page 65.



### *Port charges*

Certain charges associated with the unloading of imports at United Kingdom ports are included in the *Trade Statistics* valuation. These charges are excluded from the balance of payments figures since the payments are made by United Kingdom importers to United Kingdom residents. The deductions made are based on a sample examination of customs entry forms.

### *Customs uplift*

The value of imports recorded in the *Trade Statistics* is based on the price they would fetch on sale in the open market. In certain cases where the transaction is not an open market one, e.g. some transactions between related companies, the *Trade Statistics* value may exceed that paid or payable to the supplier abroad. As it is the latter value which is appropriate to the balance of payments accounts an adjustment is made to the *Trade Statistics* figures. Estimates of the amounts to be deducted are derived from a sample examination of customs entry forms.

### *Imports on consignment*

Certain classes of goods are imported on a consignment basis in which case the market value of the goods is not known until they are actually sold. Until the final value is known, a provisional value, which is often above the market value, is entered in the *Trade Statistics*. Where the goods are subject to an *ad valorem* duty, the actual market value is eventually declared to H.M. Customs and Excise, thus allowing for a subsequent correction to appear in the trade figures. However, some of the goods imported on a consignment basis, especially fruit and vegetables, are either duty-free or are subject to specific duties. In many such instances it appears, from a sample comparison of the value as originally declared on the customs entry and the actual payments as shown by Exchange Control records, that there is a tendency for the original higher value to remain in the *Trade Statistics*. A deduction is made from the imports figures to allow for this overstatement.

### *Sugar*

An adjustment is included in the balance of payments figures for 1964 and earlier years to take account of the difference between the market value of imported sugar recorded in the *Trade Statistics* and the amount actually paid by the Sugar Board under the Commonwealth Sugar Agreement. From the beginning of 1965 the values recorded in the *Trade Statistics* have included the amounts paid under the Agreement.

### *Coverage adjustments*

#### *Second-hand ships and aircraft*

These are excluded from the *Trade Statistics* but need to be included in the balance of payments figures.

The value of trade in second-hand aircraft is obtained mainly from customs records. Details about both purchases and sales of second-hand ships are derived from a number of sources including information provided by the General Register and Record Office of Shipping and Seamen, government departments and various trade publications.

#### *New ships delivered abroad*

Certain ships built abroad for United Kingdom owners are delivered in the first place to overseas ports. These purchases are not always recorded in the *Trade Statistics* but they are appropriate to balance of payments figures of imports. The details are obtained from the same sources as for second-hand ships.

#### *Atomic energy materials*

Imports and exports of certain atomic energy materials, including uranium ore, are omitted from the *Trade Statistics* figures. Details are supplied by the United Kingdom Atomic Energy Authority and included in the balance of payments figures.

#### *Exports by letter post*

The *Trade Statistics* do not include exports from the United Kingdom by letter post. Information about the most important element of this trade, the export of books, is obtained from the Publishers' Association. Other details are derived from a sample inquiry made by the Post Office.

#### *Tin buffer stock*

Imports of tin into the United Kingdom for the International Tin Council (regarded as an international organisation) are included in the *Trade Statistics*. In the balance of payments accounts, therefore, imports of tin for the buffer stock of the I.T.C. are recorded as having been simultaneously exported to the Council. Similarly, when tin is sold in the United Kingdom from the buffer stock, either for retention in the United Kingdom or for export, a corresponding entry for imports is entered in the balance of payments figures.

#### *N.A.A.F.I.*

Goods exported by the Navy, Army and Air Force Institute for the use of United Kingdom Forces abroad are included in the *Trade Statistics* but, since they are for sale to United Kingdom residents, they are deducted from the *Trade Statistics* for balance of payments purposes. The figures are obtained through returns received from the Institute.

#### *Aircraft bonded spares*

The *Trade Statistics* until the end of 1967 include, though do not separately identify, aircraft spare parts imported by overseas airlines for repairing their aircraft in the United Kingdom and also those parts subsequently taken out of bond and re-exported. On the basis of



figures available for the year 1967, estimates have been made for earlier years. As there is no change in ownership of these spare parts, the value of both imports and exports is deducted for balance of payments purposes.

#### *Returned goods and goods for processing and repair*

The *Trade Statistics* include certain goods which are imported and exported without payment. These are of two types, returned goods and goods for processing and repair. Returned goods include, for example items such as contractors' plant temporarily exported without changing ownership. The value of these goods is known to H.M. Customs and Excise since duty is normally involved and exemption from this duty can be claimed. The same value is deducted from both imports and exports in the balance of payments accounts at the time of import. This probably results in some error in timing of exports, however, and in this event the error would be reflected in the balancing item. In the case of goods imported for processing and repair, this treatment means that the value added as a result of the processing or repair remains in the export figures. Theoretically these processing fees more appropriately belong to the invisibles account but, as their precise value is not known, this transfer is not made; the current balance is not, however, affected.

#### **Recording of exports**

In June 1969 it was announced that exports had been under-recorded because of the failure of some exporters and agents to lodge documents with Customs. In August 1969 comprehensive checking of documents against ship and aircraft manifests was introduced, to identify the consignments for which no export documents had been received. H.M. Customs attempted to obtain documents for such consignments by writing to or visiting the traders concerned, and their efforts succeeded in reducing under-recording to negligible proportions by November 1969. This improvement was not, however, maintained and in November 1970 the Secretary of State for Trade and Industry announced that in the early months of 1970 a shortfall in recording of exports had re-emerged of about 2 per cent (about £150 million a year). Subsequent manifest checks have shown that the deficiency continued through 1970 at this level. To remedy the shortfall and ensure the full recording of exports, new procedures, for which powers were taken in the Finance Act 1971, are being introduced.

Adjustments, based on the manifest checks, for the net under-recording of exports are indicated in Table 7 and included in Tables 1 to 6 (the adjustments which are included, though not separately shown, in Tables 5 and 6 are notional and rounded, pro-rata to the total allowances for under-recording). Adjustments are also indicated in the quarterly balance of payments estimates and in the monthly trade press releases. However, it is not possible to make separate adjustments to the area and commodity patterns of exports.

The completeness of the recording of exports does not of itself affect the calculations of the country's reserves or the total currency flow. The figures of currency flow are known from sources independent of the visible trade figures. The difference between the figures so known and the identified balances on current account (one of the components of which is the visible balance) and on investment and other capital transactions is shown as the balancing item. An improvement in the identified current balance as a result simply of improving the recording of exports implies therefore a compensating adjustment in the opposite direction in the balancing item.

(Further information on the recording of exports has appeared in *United Kingdom Balance of Payments 1969*, page 82, and 1970, page 70; and in the *Board of Trade Journal* for 18 June and 10 September 1969, and 21 January 1970; and in *Trade and Industry* for 16 November 1970 and 5 May 1971.)

#### **US military aircraft and missiles**

In 1964 purchase began of a quantity of military aircraft and missiles, together with certain spare parts, from the United States under credit arrangements with the Export-Import Bank of the United States. Payments to the United States manufacturers are made largely in advance of delivery, during the course of production. The bulk of these production payments and the final payments on delivery are financed through credit provided to the United Kingdom government by the Export-Import Bank of the United States, each drawing of credit being repayable by instalments over seven years. The cost to the balance of payments occurs as interest payments and capital repayments are made to the Export-Import Bank.

In the *Trade Statistics*, the aircraft and missiles are recorded as imports when they arrive in the United Kingdom. However, in the full balance of payments accounts the purchases are recorded as imports in the period when payments to the United States manufacturers are made and not when the finished products arrive in the United Kingdom. In so far as the payments are financed through drawings from the Export-Import Bank credit, the counterpart of the payments appears in inter-government loans in the investment and other capital flows account. This treatment is a departure from the usual practice of recording imports when they arrive in this country but is consistent with the treatment of corresponding purchases from United Kingdom manufacturers; central government current expenditure on defence equipment includes progress payments made in advance of the delivery of the equipment.

Certain components, mainly engines, are being purchased by the United Kingdom government from British manufacturers and supplied to the United States for incorporation in the aircraft. These are included as exports in the *Trade Statistics*, but excluded



from the balance of payments figures of exports (and from the visible balance) since they do not leave United Kingdom ownership and no payment is received from overseas. Certain other components, however, are purchased directly by the United States manufacturers from United Kingdom suppliers and are included in the price charged for the aircraft. The value of these components is left in the figures of exports in the balance of payments, and is also included, although not necessarily in the same period, in imports since it forms part of the payment for the complete aircraft.

Details of the necessary adjustments to the *Trade Statistics* figures are derived from H.M. Customs and Excise and other official records.

A more detailed explanation of the treatment of these transactions in all headings of the balance of payments accounts was given in the June 1967 issue of *Economic Trends* (pages xii and xiii). However, it should be noted that the figures shown for inter-government loans received by the United Kingdom are expressed as the sterling equivalent of the loan at the time of receipt.

Following the devaluation of sterling, the sterling equivalent of the amount to be repaid has been increased by about one sixth of the sterling amount outstanding at the time of devaluation.

It may be noted from the following table, which summarises the various entries made, that one effect of the treatment is to charge the current account of the balance of payments at the time when payments are made in respect of the dollar content of the work. Most of the payments are made in advance of the time when deliveries take place, though final payments remain to be made after delivery. At the end of 1970, the cumulative total of payments in respect of the dollar content of the work was £304 million (excluding the £30 million non-creditworthy payments in respect of certain UK components). By that time arrivals were substantially complete and their value recorded in the *Trade Statistics* had reached £400 million. The valuations used in the *Trade Statistics* include about £105 million representing work paid in sterling (including engines). The remainder represents the value of work for which payment is due in dollars.

## Purchases of US military aircraft and missiles

### Entries in balance of payments accounts

	1964	1965	1966	1967	1968	1969	1970	£ million Total <sup>(1)</sup> from 1964 to 31 December 1970
Current account								
Visible account <sup>(2)</sup>								
debits—payments to US manufacturers....	- 2	-12	-41	-98	-109	-61 <sup>(3)</sup>	-10	-334
Invisibles								
Interest, profits and dividends.....	—	—	—	- 5	- 10	-11	-11	- 37
Investment and capital flows account								
Inter-government loans to the UK.....	—	—	+51	+88	+98	+64	+ 9	+310
Inter-government loans repaid by the UK...	—	—	—	-12	-24	-53	-43	-133
Total above <sup>(2)</sup> .....	- 2	-12	+10	-27	- 45	-61	-55	-193
of which:								
net cost to balance of payments <sup>(4)</sup> .....	- 2	- 1	—	-17	- 34	-55 <sup>(3)</sup>	-54	-163
non-creditworthy payments to US manufacturers <sup>(5)</sup> .....	—	—	- 2	-10	- 11	- 6	- 1	- 30

(<sup>1</sup>) Rounded independently.

(<sup>2</sup>) The visible account excludes British engines supplied without payment for incorporation in the aircraft. The credit entries under exports (and the debit entries under payments to US manufacturers) include certain other British components which are exported for sale to US manufacturers. (The credit entries cannot be distinguished in the exports total and therefore are not shown in this table.)

(<sup>3</sup>) After allowing for receipts totalling £9 million in connection with the cancelled F111 aircraft programme.

(<sup>4</sup>) Payments to US manufacturers in 1964 and the first half of 1965 before the inception of the credit agreement. Subsequently, interest and capital repayments.

(<sup>5</sup>) Part of the payments to US manufacturers, and equal to the difference between these payments and inter-government loans to the UK. Represents, apart from timing differences, the amount of British components exported for sale to US manufacturers, which in the balance of payments accounts are included, though indistinguishably, as part of exports.



A final reconciliation between the payments made, which include some £44 million for research and development charged to current account as at 31 December 1970 that has not yet been fully taken into account in the arrivals and net expenditure of £11 million on the cancelled F111 aircraft, and the value of arrivals recorded in the *Trade Statistics* will not be possible until all outstanding deliveries and payments have been completed and final prices determined.

## INVISIBLES

### GOVERNMENT

This item includes all transactions in services between the United Kingdom government (including its employees stationed abroad) and overseas residents, which are not appropriate to other items in the accounts, or which cannot be allocated to these items for statistical reasons. Transactions in services between United Kingdom private residents and overseas governments are not included in this item. The item also includes the value of most transactions in goods by government installations abroad. Grants to overseas countries, subscriptions and contributions to international organisations and other transfer payments by the United Kingdom government to overseas residents, and similar receipts from overseas by the United Kingdom government are also included here.

The figures for government overseas receipts and expenditure are derived from returns provided by government departments having transactions with overseas residents.

#### *Services: credits*

##### **Military receipts**

These include receipts by the United Kingdom government from the United States and Canadian Forces stationed in the United Kingdom for supplies and services, receipts from the United States government in respect of goods supplied to the United Kingdom Forces (offshore sales) and contributions from overseas governments towards common defence projects. The value of goods held abroad and transferred to overseas countries by the United Kingdom Forces is also included, together with the value of services provided in the United Kingdom to overseas residents by the service departments, for example military training schemes. Where no charge is made these entries are offset under 'military grants'.

##### **Other receipts**

These include the value of services which the government provides in the United Kingdom to overseas residents under its economic aid programmes to overseas countries (which are offset under 'economic grants') and various miscellaneous receipts by the United Kingdom government from overseas countries.

#### *Services: debits*

##### **Military expenditure**

Expenditure overseas is recorded partly on a net basis, that is after deducting receipts arising locally; in particular in the years from 1955/56 to 1960/61 when contributions in cash were received from the Federal German Republic towards meeting the costs of the United Kingdom Forces stationed in Germany, these receipts were deducted from expenditure. Military expenditure overseas includes wage and salary payments to locally engaged staff of United Kingdom military bases abroad, contributions towards common defence projects, the personal expenditure abroad of United Kingdom Forces, and local purchases of food, equipment, fuel and services.

##### **Administrative, diplomatic, etc. expenditure**

The operating costs of United Kingdom embassies, High Commission offices and consulates, wages and salaries of locally engaged staff, and the personal expenditure of United Kingdom diplomatic and other non-military personnel stationed overseas, account for most of the expenditure shown under this head.

#### *Transfers: debits*

##### **Economic grants**

These comprise cash grants made to the developing countries to assist in their economic development and the value of goods and services provided to these countries without charge by the United Kingdom government.

##### **Military grants**

These consist of cash grants for military purposes and goods and services of a military nature provided to overseas countries by the United Kingdom government without charge.

##### **Subscriptions and contributions to international organisations**

These items include United Kingdom subscriptions to the United Nations and other international bodies to meet the administrative expenses of these organisations, similar payments to international military agencies (S.E.A.T.O., C.E.N.T.O., etc.) and United Kingdom contributions to international organisations for multilateral economic assistance to the developing countries and other international projects. Subscriptions to IMF, I.F.C., I.D.A., the European Fund and regional development banks are not included under this heading but in the 'investment and other capital flows account'.

##### **Other transfers**

These are mainly national insurance and war pensions paid to overseas residents. Except where economic or military aid is involved, no entry is made, either under government grants or under government receipts, in respect of fixed assets transferred without charge to overseas countries.



## TRANSPORT: SHIPPING

The shipping estimates cover both dry cargo and tanker transactions. Credits include the earnings of ships owned by and on charter (both time and voyage charter) to United Kingdom operators from the carriage of United Kingdom exports and from freight on cross-trades; receipts from chartering ships to overseas residents; and passenger revenue. Also included are the disbursements of overseas operators in United Kingdom ports. Debits comprise the disbursements abroad of United Kingdom operators (including bunkers taken up abroad); payments to overseas residents for both time and voyage charters; freight payments to foreign shipping companies for the carriage of United Kingdom imports; and payments by United Kingdom residents to overseas shipping companies for passenger fares.

Ships on short-term charter to United Kingdom operators were formerly regarded as though still operated by the owner (i.e. payments for short-term (voyage) charters were treated as payments for freight). All chartering by United Kingdom operators (whether time or voyage chartering) is now treated as an extension of the fleet operated by United Kingdom shipping companies so that, as explained in the paragraph above, credits now include the earnings of ships on voyage charter to United Kingdom operators and debits include all payments for voyage charters (formerly only those used for the carriage of United Kingdom imports were included; the former treatment of voyage charters on cross-trades is described in a technical note in *Economic Trends*, December 1967). This change in the treatment of voyage charters has been made as a result of the increasingly artificial nature of the attempt to distinguish between time and voyage chartering by fleet operators.

## United Kingdom operators

Statistics relating to United Kingdom operators are provided by the Chamber of Shipping of the United Kingdom which conducts a full inquiry, generally every four years, and large scale sample inquiries in the intervening years, into its participation in overseas trade. In the years up to 1969 earnings from freight carried in voyage-chartered ships employed on cross-trades were not covered by the inquiry and official estimates have been included. From 1970 these earnings are covered in the Chamber of Shipping inquiry.

The sample results have been grossed up by reference to the full censuses on the assumption that the experience of the companies included in the sample is typical of the shipping industry as a whole, with appropriate adjustments for any changes in the size of fleet. Since the war full inquiries have been made in 1947, 1952, 1958, 1962, 1966 and 1970, and sample inquiries in the intervening years since 1959. Provisional results of the full inquiry for 1970 have been included.

## Credits

Credits do not include freight earned by the United Kingdom shipping industry from carrying United Kingdom imports since this is treated as a domestic transaction between United Kingdom residents. Estimates are, however, shown in the memorandum item described below.

In the Chamber of Shipping inquiries, for the years up to 1969, the earnings from freight of United Kingdom tanker operators were usually valued at A.F.R.A. (Average Freight Rate Assessments compiled by a panel of London brokers). From 1970 tanker operators have been asked to report earnings from freight at whatever basis of valuation is used in their own company accounts. The change in the basis of reporting does not appear to have significantly affected the series.

The special method of valuation formerly applied to the earnings of oil companies from freight on cross-trades (discussed in the technical note referred to earlier), is now no longer followed. Since these earnings now include freight on cross-trades carried in voyage-chartered tankers, in addition to owned and time-chartered tankers, the use of A.F.R.A. (or companies' own rates from 1970) is regarded as appropriate for valuing the earnings of the fleet as a whole. (The net effect of the changes in the treatment of voyage-chartered tankers and valuation of freight earnings described above is, in fact, to add roughly equivalent amounts to both shipping credits and debits with virtually no change in shipping (net).)

In measuring passenger revenue, United Kingdom shipowners are not able to distinguish between fares received from United Kingdom residents and those from overseas residents. In the years until 1961, and from 1967, passenger revenue comprises receipts from passenger fares collected abroad whether for cross-voyages or voyages to or from the United Kingdom. It is assumed that the bulk of fares collected abroad are from overseas residents and that the small amount of passenger revenue collected abroad from United Kingdom residents is counter-balanced by that collected in the United Kingdom from overseas residents. In the intervening years passenger revenue comprises the fares received from all passengers embarking abroad, and it is assumed that the fares of United Kingdom residents embarking abroad are approximately equalled by those of foreign residents embarking in the United Kingdom. In all years a small amount is added to allow for receipts from the Australian government for emigrants' assisted passages and, from 1964, a further amount has been added to allow for receipts from passengers' expenditure on board ship.

## Debits

Disbursements abroad include payments by United Kingdom operators for bunkers, canal dues, maintenance of shore establishments, port charges, agency fees, handling charges, crews' expenditure, pilotage and towage, repair work, ships' stores, light dues and other miscellaneous port expenditure abroad.



## Overseas operators

### *Credits*

These consist of disbursements in the United Kingdom by overseas operators for bunkers, port charges, handling charges, agency fees, crews' expenditure, pilotage and towage, repair work, light dues and ships' stores.

Estimates of port charges, handling costs, agency fees, crews' expenditure and the value of ships' stores are based on the results of sample inquiries. Pilotage and towage costs, light dues and expenditure on repairs are assessed from regular returns made to the Department of Trade and Industry. The estimated value of oil bunkers lifted in the United Kingdom by vessels of overseas operators is based on information supplied by oil companies.

### *Debits*

Estimates of freight on imports, other than oil, paid to overseas residents are obtained by deducting the Chamber of Shipping's estimates of the amount earned by United Kingdom ships for carrying United Kingdom imports from the estimates of total freight on imports by sea described on page 63. Estimates of freight on oil imports paid to overseas residents are based on information made available to the Bank of England by those oil companies who do not operate a tanker fleet. An estimate of passenger fares paid to overseas ship-owners, almost all of whom are resident in the non-sterling area, is provided by the Bank of England from an analysis of Exchange Control records. Other expenditure by United Kingdom passengers on board overseas shipping is included, but not separately identified, in travel debits.

### **Passenger revenue—'visitors' and 'other' passengers**

The allocation of passenger revenue between 'visitors to and from the United Kingdom' and 'other' passengers is based on information from the International Passenger Survey and, for the earnings of United Kingdom shipping operators, the inquiry conducted by the Chamber of Shipping of the United Kingdom. 'Visitors' are predominantly passengers whose purpose of travel is holiday, business and visiting friends. 'Other' passengers include those on voyages between foreign ports, and migrants. See note on 'travel' below.

### **Memorandum item**

The memorandum item shows other receipts of United Kingdom operators from international services which are excluded from the balance of payments accounts since they are treated as domestic transactions between United Kingdom residents. See page 60. The estimates are derived from the inquiries by the Chamber of Shipping of the United Kingdom.

## TRANSPORT: CIVIL AVIATION

Credits comprise receipts by the British airlines from overseas residents for passenger fares, for the carriage of United Kingdom exports, freight on cross-trades,

mail and charter hire, together with disbursements in the United Kingdom by overseas airlines.

Debits include expenditure abroad by B.O.A.C., B.E.A. and the British independent airlines on airport charges, crews' expenses, charter payments, etc. Also included are passenger fares paid to overseas airlines by United Kingdom residents and freight on United Kingdom imports carried by overseas airlines.

### **United Kingdom airlines**

The transactions of B.O.A.C. and B.E.A. are derived from quarterly returns supplied by the two corporations. Estimates of the transactions of the British independent airlines are derived from annual returns supplied by these airlines to the Department of Trade and Industry, supplemented by quarterly information on traffic handled and the capacity provided.

### *Credits*

Credits do not include freight earned by United Kingdom airlines from carrying United Kingdom imports since this is treated as a domestic transaction between United Kingdom residents. Estimates are, however, shown in the memorandum item described below.

Passenger revenue relates to all tickets sold outside the United Kingdom and used on British aircraft, together with receipts from carrying passengers' excess baggage and vehicles on the ferry services. Also included is passenger revenue received from overseas residents travelling on charter flights. Since it is not practicable to distinguish between fares for scheduled flights received abroad from United Kingdom residents and overseas residents it is in general assumed that the bulk of tickets sold abroad are to overseas residents and that the small amount of ticket sales to United Kingdom residents abroad is counter-balanced by sales in the United Kingdom to overseas residents.

Other revenue comprises receipts from carrying overseas airmails, receipts from the leasing of aircraft, and settlements of sums due from overseas airlines under pooling arrangements.

### *Debits*

Disbursements abroad include airport landing fees, other airport charges, handling charges, purchases of fuel and stores, charter payments, crews' expenses, operating costs of overseas offices, commissions to agents, advertising, settlements of sums due to overseas airlines under pooling arrangements and other miscellaneous expenditure abroad.

### **Overseas airlines**

#### *Credits*

These include expenditure in the United Kingdom by overseas airlines on landing fees, other airport charges, handling charges, purchases of fuel and stores, crews' expenses, office rentals and expenses, salaries and wages of staff at United Kingdom offices, commissions to agents and advertising. The estimates are based on



information supplied to the Department of Trade and Industry by the major overseas airlines operating in the United Kingdom, and on returns from the British Airports Authority and municipal airports on the receipts from overseas airlines for airport landing fees and other airport charges.

### Debits

Passenger revenue is estimated by applying average fares appropriate to the various routes to estimates of the numbers of United Kingdom residents travelling on overseas airlines. The information is derived from the International Passenger Survey conducted by the Office of Population Censuses and Surveys for the Department of Trade and Industry (see note on 'travel' below). An estimated amount is added for expenditure of United Kingdom residents on flights between the United Kingdom and the Irish Republic, which are not covered by the Survey.

Estimates of total freight on imports by air are apportioned between overseas airlines and United Kingdom airlines (the latter included in the memorandum item) by reference to the proportions by weight of total freight carried. Other debits comprise payments to overseas airlines for carrying United Kingdom airmails as reported by the Post Office.

### Passenger revenue—'visitors' and 'other' passengers

The allocation of United Kingdom and overseas airlines' passenger revenue between 'visitors' and 'other' passengers is derived from the International Passenger Survey (see note on 'travel' below). 'Visitors to and from the United Kingdom' cover those passengers whose principal purpose of visit is holiday, business, studies, visiting friends and 'transit' (passengers who pass through immigration but spend no nights in the country visited); also included are passengers who have more than one principal purpose for travelling, classified as 'other' in the surveys. 'Other' passengers are those whose journey is between foreign countries or whose journey to (and from) the United Kingdom is for employment, military, airline and merchant navy personnel positioning, and migration.

### Memorandum item

The memorandum item shows other receipts of United Kingdom airlines for international services which are excluded from the balance of payments accounts since they are treated as domestic transactions between United Kingdom residents. Freight on imports carried by U.K. airlines is estimated by reference to the proportion by weight of total freight on imports by air carried by United Kingdom airlines. The estimate of passenger revenue from United Kingdom residents is derived from returns supplied by United Kingdom airlines, and other receipts, which comprise receipts by United Kingdom airlines from carrying United Kingdom airmails, are reported by the Post Office.

## TRAVEL

This covers personal expenditure by United Kingdom residents in overseas countries and by overseas residents in the United Kingdom. With the exception indicated below, the cost of air and sea travel on the international routes is not included here; payments to shipping and airline companies affecting the balance of payments are for the most part included in 'transport'. But payments for transport made abroad by United Kingdom residents for travel within or between overseas countries, and by overseas visitors within the United Kingdom, are included under 'travel'.

The travel estimates for 1962 and later periods are based primarily on sample surveys of air and sea passengers, conducted by the Office of Population Censuses and Surveys for the Department of Trade and Industry, which provide information on the numbers and expenditure of overseas visitors to the United Kingdom and United Kingdom residents travelling abroad. A detailed description of the surveys appeared in the *Board of Trade Journal* for 23 August 1963. Subsequent developments are described in articles included in the *Board of Trade Journal* (now *Trade and Industry*) in the summer of each year.

The survey distinguishes five different principal purposes of visit—holiday, business, study, visits to friends or relatives, and other visits—but to avoid recording groups too small to have statistical significance visits for study and visits to friends or relatives have been grouped with other visits in the category 'other'. Visits having more than one principal purpose neither of which could be classified as either mainly holiday or mainly business have also been classified as 'other'.

The sample surveys do not cover travel between the United Kingdom and the Irish Republic for which estimates are derived from statistics published by the Irish Central Statistics Office.

Before the introduction of the sample surveys, estimates of travel were derived as a product of numbers of passengers and rough estimates of average expenditure per head supported by information made available by 'partner-countries'. For some areas the estimates based on the sample surveys showed considerable differences from those based on previous methods and, in order to preserve a reasonably consistent series of estimates, some of the travel figures previously published were revised in the light of the sample surveys.

## OTHER SERVICES

This item includes all transactions in services between United Kingdom private residents and overseas residents—both government and private—which are not appropriate to other items in the account or which cannot be allocated to these items for statistical reasons.



Table 19 contains details of some of the major components of credits and debits. Some estimates are obtained from the Department of Trade and Industry's inquiries on royalties, on services rendered between related companies and on films. For other credits, a variety of sources is used, including returns from commercial organisations and government departments. While for some items accurate estimates can be made, for miscellaneous transactions and certain other components which present particularly difficult problems of measurement, the estimates are approximate and may be revised as new sources of information become available. Other estimates on the debit side are derived from Exchange Control records of payments to non-sterling areas and from 'partner-country' information.

#### **Financial and allied services (n.e.i.)**

Items recorded in 'other services' are the net earnings of financial and allied institutions for services, including brokerage, merchanting, arbitrage, banking charges and commissions, underwriting of capital issues, risk underwriting, and other insurance. The sub-heading 'financial and allied services' brings together earnings of financial and allied institutions other than for services provided by United Kingdom head offices to overseas branches and subsidiaries, which are included in the sub-heading 'services rendered by United Kingdom enterprises' below. Other overseas receipts of financial institutions, for example profits of overseas branches, subsidiaries and associates and receipts of interest or dividends, are appropriate to 'interest, profits and dividends', and are recorded there. Tables bringing together from the various balance of payments classifications the entries for financial and allied institutions are given in Annex 5.

#### **Insurance**

Net overseas earnings of United Kingdom insurers from risk underwriting and other insurance (excluding profits of overseas branches, subsidiaries and associates of UK insurance companies and income received by UK head offices on portfolios of overseas securities—see note above).

The figures of insurance earnings include the whole of the net earnings of United Kingdom insurers from underwriting risks on international cargoes. An offsetting entry is included in the debit side of 'other services' representing all premiums for cargo insurance on United Kingdom imports (whether paid to United Kingdom or overseas insurers). This is the simplified treatment of cargo insurance recommended by the International Monetary Fund (*Balance of Payments Manual, Third Edition*, 1961, paragraphs 225 and 226). The offsetting entries include certain transactions between residents, and also align the figures of 'visible trade' and 'investment and other capital flows' when cargoes fail to reach their destination or are damaged in transit.

Estimates are based on returns made to the Department of Trade and Industry by the Corporation of

Lloyd's, the British Insurance Association and insurance brokers. See notes in Annex 5 on the timing basis of the figures for Lloyds.

#### **Banking**

Net earnings of United Kingdom banks for services, including banking charges and commissions, arbitrage and underwriting commission (but excluding net earnings on services rendered by United Kingdom banks to related enterprises overseas, net receipts of interest or discounts earned on external claims and liabilities in sterling, overseas sterling area currencies and other foreign currencies, and profits of the overseas branches, subsidiaries and associates of the UK banks—see note above. Formerly net earnings on claims and liabilities in non-sterling currencies were included here, but are now treated as credits from interest, profits and dividends.)

Estimates are based on information available to the Bank of England.

#### **Merchanting**

Only profit on third-country trade is appropriate to this entry. Merchanting profit on imported goods subsequently exported, amounting to £5 million–£10 million a year, is included in the valuation of exports under 'visible trade'.

Estimates, based partly on Exchange Control information, are made by the Bank of England.

#### **Brokerage, etc.**

Baltic Exchange: net earnings from commissions, brokerage, agency fees, etc. in respect of chartering and sales and purchases of ships and aircraft, and miscellaneous associated activities. Earnings on the Exchange's commodities section are excluded.

Estimates are based on information available to the Bank of England.

Stock Exchange: net earnings from fees, commissions, arbitrage, underwriting of capital issues. Returns of overseas earnings are made to the Stock Exchange council by broker members.

Other: miscellaneous earnings for financial and allied services, such as Lloyd's Register of Shipping, management of investment portfolios for overseas clients and earnings of financial institutions not specified above.

#### **Commissions, etc. on exports and imports**

These are agents' commissions from suppliers and the value of after-sales service provided by traders with sole concessions in certain products. The estimates of commissions on imports are made by applying appropriate percentages to the c.i.f. values of imports in the various commodity classes; these percentages are based on a sample of customs records and on information from traders. Commissions on exports to non-sterling areas are obtained from Exchange Control



records and those to the overseas sterling area are assumed to be in the same proportion to the value of exports. It is thought that the coverage of commissions on exports is less complete, and less fully consistent with the valuation of goods under 'visible trade', than that of commissions on imports.

### **Telecommunications and postal services**

Comprises overseas receipts and expenditure arising from international telephone, telegraph and telex services, the UK share in the satellite system (Intelsat), submarine cable work and surface mail. Figures are based on returns by the Post Office and on Exchange Control records of payments by private cable companies.

### **Films and television**

The figures are derived from the Department of Trade and Industry annual inquiries into overseas transactions in respect of production costs, royalties, rentals and purchases of cinematograph films and television material. A description of the latest inquiry is published annually in an article in *Trade and Industry*. A deduction is made to eliminate the overlap between this inquiry and the purchases and sales of exposed cinematograph films recorded in the *Trade Statistics* and included in exports and imports of goods.

### **Royalties, etc.**

Comprise amounts payable or receivable by United Kingdom residents in respect of the right to use processes and other information (for example royalties, licences to use patents, trade marks, designs, copyrights, etc., or for manufacturing rights and use of technical 'know-how') or in respect of mineral royalties.

Royalties on printed matter, sound recordings and performing rights are included, but film royalties are included under films. The figures include royalties between related companies, that is, between parent companies and their branches, subsidiaries and associates. Royalties paid locally by the overseas subsidiaries of United Kingdom parent companies (for example, on the production of oil) are not, however, included here; like other production costs, they are accounted for in arriving at the net profit of these subsidiaries included in 'interest, profits and dividends'.

A description of the Department of Trade and Industry annual inquiry on royalties is published regularly in an article in *Trade and Industry*.

### **Services rendered to, and by, United Kingdom enterprises**

These comprise all net charges for services rendered (excluding royalties) between related companies, including management expenses, commissions, branches' contributions to head office expenses and subsidiaries' and associates' contributions to directors' fees. The estimates are obtained from returns collected by the

Department of Trade and Industry, which record the net amount debited or credited between parent companies and individual branches, subsidiaries and associates but exclude oil companies—see note under 'other investment income' below.

### **Agency expenses, advertising and other commercial services**

These represent miscellaneous commercial transactions between non-related companies (that is, other than with branches, subsidiaries and associates). In the main they reflect sales promotion costs other than agents' commissions. Estimates are based on information made available by various bodies including the Institute of Practitioners in Advertising, the International Wool Secretariat, the Incorporated Society of British Advertisers, and by information derived from Exchange Control records. The estimates of credits are no more than rough.

### **Construction work overseas**

This covers the fees of consulting engineers, architects and quantity surveyors engaged on projects overseas, and the net earnings of United Kingdom building and civil engineering contractors (after deducting their local expenses) on projects managed direct from the United Kingdom. This is estimated from the values of contracts in hand and returns provided by the construction industry.

### **Expenditure by overseas students and journalists**

The figures are obtained by applying estimates of average expenditure to the number of overseas students and journalists who are in the United Kingdom for twelve months or more. (The expenditure of overseas students and journalists in the United Kingdom for shorter periods is recorded in 'travel' credits.) Some allowance is made for receipts from United Kingdom nationals living permanently overseas whose children are being maintained and educated in the United Kingdom.

### **Overseas governments' and non-territorial organisations' expenditure**

Comprises the cost of operating and maintaining Commonwealth High Commission offices, foreign embassies and consulates in the United Kingdom (including the personal expenditure of diplomatic staff) and similar expenditure by the United Kingdom offices of non-territorial organisations. The estimates are based on the number of diplomats stationed in the United Kingdom in conjunction with an assumed average expenditure, and on information provided by the non-territorial organisations.

### **Non-governmental receipts from foreign military Forces**

Comprise the personal expenditure of these Forces and the purchase of goods and services by military establishments located in the United Kingdom from the



private sector. The figures are derived from information provided by the appropriate military authorities.

#### **Non-monetary gold (debits)**

Comprise sales of gold in the United Kingdom for industrial use.

#### **Other credits**

Include the remitted earnings of United Kingdom residents working temporarily overseas (such as entertainers' earnings); professional consultants' fees not included elsewhere; pensions; subscriptions to United Kingdom professional associations; a contra-entry for grants given by the United Kingdom government which are spent on services (other than education) in the United Kingdom; and other miscellaneous receipts.

#### **Other debits**

Include insurance premiums on imports (see note on 'financial and allied services: insurance', above) and the following other items which are shown separately on the credit side of the account: other payments for insurance and financial services; expenditure overseas by journalists and students; and the net earnings of overseas contractors from work done in the United Kingdom. Also included are the net amounts remitted back to their home countries by temporary workers in the United Kingdom, such as entertainers and domestic workers; professional consultants' fees; pensions; and other miscellaneous payments.

### **INTEREST, PROFITS AND DIVIDENDS**

This item includes interest, profits and dividends accruing to or payable by United Kingdom residents after deduction of local taxes and after allowing for depreciation. Its components are grouped into direct, portfolio and other investment income. In Table 20 a division is also given between public sector and private sector.

#### **Direct investment income**

Income on direct investment includes branch earnings, interest payments in respect of loans granted and the remitted dividends from subsidiaries, together with the parent companies' share of the unremitted profits which is retained for re-investment. This last item is entered additionally in 'private investment' as a contra item.

Since 1958, the entries of both credits and debits in respect of direct investment have been obtained from the Department of Trade and Industry inquiry into overseas direct investment, the results of which are published periodically in *Trade and Industry*. Both quarterly and annual returns are obtained. The former are on a sample basis but the annual returns are substantially complete. Returns are rendered by United Kingdom companies which have overseas branches or subsidiaries or are associated with overseas companies,

and by the United Kingdom branches, subsidiaries and associates of overseas companies having corresponding United Kingdom interests. Oil companies and, up to 1962, insurance companies are excluded. From 1963 the inquiry includes the income of United Kingdom insurance companies from the operations of their overseas branches, subsidiaries and associates: previously this was included as part of the credit entry for general insurance earnings in 'other services'. Prior to 1958 the estimates were derived from a variety of sources including Exchange Control records. A comparison of the estimates from these sources and from the direct investment inquiry for 1958 showed that the main deficiency in the earlier estimates of interest, profits and dividends was the omission, both as a debit in 'interest, profits and dividends' and as an inflow to the United Kingdom in the capital account, of a large part of the profits earned by United Kingdom subsidiaries of overseas companies and re-invested in this country. A special inquiry was made to identify this element and allowance has been made for it in years prior to 1958 in both current account debits and in the capital account.

#### **Portfolio investment income**

The entries for interest and dividends on portfolio investment, both by and to the United Kingdom, relate solely to remitted amounts. Estimates of portfolio income accruing to the United Kingdom are based mainly on Board of Inland Revenue records. Debits include dividends and interest paid on UK company securities (where capital flows are included in 'overseas investment in UK private sector'), and interest paid on UK public sector stocks or issues (where capital flows are included in 'overseas investment in UK public sector'). They are estimated in relation to the outstanding level of liabilities, from Exchange Control records and from information published or made available by overseas sterling area countries.

#### **Other investment income**

Included under this heading are the earnings of oil companies. Broadly speaking, oil credits represent the surplus on the current transactions of United Kingdom companies resulting from their operations overseas, and align the entries for oil companies' transactions recorded in visible trade, shipping and in 'UK private investment overseas: other (oil and miscellaneous)' with their net cash flow. This surplus includes timing discrepancies and earnings which are appropriate to other items in the accounts; for example, the value of services rendered between parents, overseas subsidiaries and associated companies (such as current expenditure in the United Kingdom on marketing, headquarters' expenses, research, etc.). It cannot therefore be regarded as a precise measure of the profits earned overseas (see notes on reliability of the estimates given on page 81). Oil debits consist of the interest, profits and dividends paid abroad by the United Kingdom subsidiaries and associates of overseas oil companies and the profits retained by these companies for re-investment in the United Kingdom. The items are, to a large extent, based on information supplied by the oil industry.



The division of oil credits between the overseas sterling area and non-sterling areas is roughly assessed in relation to the scale of the activities of United Kingdom oil companies in the two areas.

Other transactions under this heading are interest payments and receipts on inter-government loans and other official investment including interest received on the reserves, net charges for the use of SDRs and interest (or dividends), until November 1967, on the Treasury portfolio of dollar securities; interest paid on official currency liabilities; charges on drawings from IMF; interest on direct borrowing abroad by UK companies; net earnings arising from the claims and liabilities in non-sterling currencies of UK banks, formerly included with 'other services' credits; interest received on UK export credit; interest on long-term import credit; interest on external liabilities and claims in sterling, other than trade credit, and in overseas sterling area currencies; income from real estate owned abroad (other than through the overseas subsidiaries of property companies); and income from trust funds invested abroad to the benefit of United Kingdom persons or institutions.

Interest on trade credit extended by UK residents is estimated by applying appropriate interest rates to the amount of outstanding credit (broadly credit at medium or long-term) on which interest is estimated to be chargeable. Estimates for other items are based mainly on returns of the outstanding assets and liabilities and on other records of the Bank of England, government departments and certain other official bodies.

#### **Public sector investment income**

Public sector credits shown in Table 20 comprise interest received on inter-government loans, on the reserves (*less* net charges for the use of SDRs), and interest (or dividends) on loans by the Commonwealth Development Corporation, and, until November 1967, on the Treasury portfolio of dollar securities.

Public sector debits comprise interest paid on inter-government loans and on overseas holdings of United Kingdom government stock and Treasury bills; interest paid on official currency liabilities; interest paid by United Kingdom public corporations and local authorities; and charges paid on drawings from the International Monetary Fund.

#### **PRIVATE TRANSFERS**

This item includes cash gifts and the value of goods transferred and services rendered between United Kingdom private residents and overseas residents without a *quid pro quo*. The transactions in goods and services are recorded under their appropriate item in the current account in the first instance and offset here. A similar treatment is adopted for cash gifts and other

private assets transferred between United Kingdom and overseas residents, where the prime entry is in the capital account. Examples of the types of transaction giving rise to entries under this heading are gifts of goods sent by parcel post, payments by United Kingdom residents to their dependants overseas, transfers of sums by missionary societies and charitable institutions, legacies and those migrants' assets (other than their personal and household belongings) which are transferred at the time of migration.

For United Kingdom transfers to non-sterling areas, Exchange Control records are used. Receipts from non-sterling areas are partly based on Exchange Control information (but this source was lost as the result of the changes in exchange regulations in 1965) and partly on information available from other countries' balance of payments statistics of their transfers to the United Kingdom. For the overseas sterling area, information from the balance of payments statistics of the sterling area countries is the main source both for credits and debits. Estimates of the value of the 'gift' element in parcel post trade are provided by the Department of Trade and Industry on the basis of a sample inquiry.

## **INVESTMENT AND OTHER CAPITAL FLOWS**

### **OFFICIAL LONG-TERM CAPITAL**

#### **Inter-government loans**

The entries under this item cover drawings and repayments of loans made by the United Kingdom government to overseas governments and drawings and repayments of loans made to the United Kingdom government by overseas governments. As a consequence of the winding-up of the European Payments Union early in 1959, the outstanding debts were converted into bilateral long-term loans. Repayments of these loans are included under this item.

For an explanation of transactions involving the Export-Import Bank credit for the purchase of U.S. military aircraft and missiles see notes on page 65.

The details of inter-government loan drawings and repayments are obtained from quarterly returns provided by the various United Kingdom government departments.

Tables 34 and 35 respectively give details of the amounts outstanding for repayments on inter-government loans made by and to the United Kingdom government.

#### **Other United Kingdom official long-term capital (net)**

Included in this item are the United Kingdom's capital subscriptions to the International Finance Corporation, the International Development Association, the European Fund and regional development banks.



This item also includes net changes in other overseas assets held by the United Kingdom government or such organisations as the Commonwealth Development Corporation and the United Kingdom Atomic Energy Authority. The purchase by the United Kingdom government of United Nations bonds in 1962 and subsequent redemptions are also included in this item, as is the repayment to the International Bank for Reconstruction and Development of the loan to Rhodesia, guaranteed by the United Kingdom government. Also included is the loan from the Deutsche Bundesbank in 1968 and the repayments in 1968-70 by Alcan Aluminium Ltd. of Canada on a war-time loan.

The information is obtained from official records.

## OVERSEAS INVESTMENT IN UK PUBLIC SECTOR

This consists of transactions with overseas residents in United Kingdom government and government guaranteed stocks (excluding those with central monetary institutions and international organisations), local authority securities and mortgages, public corporations net issues abroad and public sector borrowing abroad from banks, etc.

For the years from 1960, direct sources of measurement have been used of investment in the various types of United Kingdom securities, both for investment from the overseas sterling area and from the non-sterling area. An inquiry measures the changes in the holdings of government and government guaranteed stocks by private overseas residents; the coverage of this inquiry was far from complete in the earlier years, but has been improved progressively. Figures of changes in holdings of local authority mortgages held in the names of private overseas residents are obtained from the Treasury survey of local authority borrowing. Information on changes in holdings through nominees is incomplete; from 1963, however, additional information about overseas holdings of government stocks and local authority mortgages and securities through banks and their nominee companies has been provided by respondents to the Bank of England series on external sterling liabilities.

## UK AND OVERSEAS PRIVATE INVESTMENT

A sub-division of United Kingdom private investment overseas is made between direct, portfolio and other investment, the last category including oil investment. Overseas investment in the United Kingdom private sector is sub-divided between direct investment, portfolio investment in United Kingdom company securities and other investment.

### Direct investment

Direct investment comprises investment by United Kingdom companies in their overseas branches, subsidiaries or associated companies and investment by

overseas companies in branches, subsidiaries or associated companies in the United Kingdom. Oil and insurance companies are excluded except that from 1963 investment by United Kingdom insurance companies in their overseas branches and subsidiaries is included. The estimates of direct investment, both overseas by United Kingdom companies and in the United Kingdom by overseas companies, include the parent's share of the unremitted profits of the subsidiary or associated company, the net acquisition of share and loan capital, changes in branch/head office indebtedness and changes in inter-company accounts.

Since 1958, estimates of direct investment have been derived from the Department of Trade and Industry inquiry. Estimates for earlier years were derived from Exchange Control and various other sources; and allowance has been made for the element of re-invested profits as described in the notes under 'interest, profits and dividends'.

### Portfolio investment

#### *United Kingdom portfolio investment overseas*

Overseas portfolio investment by United Kingdom residents includes United Kingdom participation in new issues of sterling loan stock raised by overseas public authorities and overseas registered companies on the London Market, less redemptions of existing similar stock owned by United Kingdom residents. Other overseas portfolio investment by United Kingdom residents consists largely of net purchases or sales by United Kingdom residents of overseas government and municipal loans (including purchases or sales of loan stock previously issued on the London Market), together with net purchases or sales of the stocks and shares of overseas registered companies.

The estimates are based upon the Bank of England's survey of overseas investment, which includes transactions in securities dealt in on the London Stock Exchange and in non-sterling securities quoted abroad. The survey makes use of information obtained from registrars and paying agents in the United Kingdom and from Exchange Control sources. Adjustments based on balance of payments information compiled in other countries ('partner-country' information) are made to cover overseas sterling area securities falling outside the range of the Bank of England's survey.

#### *Overseas investment in United Kingdom company securities*

The figures shown for this item represent the changes in the holdings by overseas residents of United Kingdom company securities, including securities issued abroad. The estimates are derived from a Department of Trade and Industry inquiry based upon company registers.

### Other (oil and miscellaneous) investment

Overseas investment by oil companies is measured on a basis comparable to the estimates for other direct



investment. The estimates of overseas investment by the British oil industry thus include the share attributable to United Kingdom interests of oil earnings re-invested overseas but exclude the overseas companies' share of investment by 'joint venture oil companies' (i.e. companies operating in the Middle East and which, though registered in the United Kingdom, are jointly owned by the United Kingdom and overseas oil companies). Estimates of the change in United Kingdom oil companies' investment abroad and of overseas oil companies' investment in their United Kingdom subsidiaries are based on information supplied by the oil industry.

Other overseas investment by United Kingdom residents includes, as far as identifiable, the purchase of real estate abroad, investment by the Commonwealth Development Finance Company, and, before 1963, by United Kingdom insurance companies. Compensation payments to United Kingdom residents in respect of overseas assets which have been nationalised are included as a disinvestment. Other overseas investment in the UK private sector includes borrowing by United Kingdom companies direct from banks and commercial companies overseas and identified investment in real estate and in the insurance industry in the United Kingdom.

#### FOREIGN CURRENCY BORROWING (NET) BY UK BANKS TO FINANCE UK INVESTMENT OVERSEAS

Non-sterling currencies on-lent by United Kingdom banks to United Kingdom residents in the form of credits to finance United Kingdom investment overseas.

#### OTHER FOREIGN CURRENCY BORROWING OR LENDING (NET) BY UK BANKS

This item covers changes in external liabilities and claims of United Kingdom banks in non-sterling currencies other than liabilities as commercial bills and claims in the form of bills lodged with the banks (which are included in trade credit) and excluding borrowing reflected in amounts on-lent to United Kingdom residents referred to above.

The net change in total external liabilities and claims corresponds to the difference between changes in the banks' net lending in foreign currencies to other United Kingdom residents and in their total net position in foreign currencies (i.e. the extent to which they switch foreign currency assets into sterling or sterling assets into foreign currencies).

#### EXCHANGE RESERVES IN STERLING

This item provides a broad measure of the changes in sterling reserves of overseas countries and international organisations (other than the International Monetary Fund) as reported by United Kingdom banks, etc. Transactions in British government stocks and banking and money market liabilities in sterling are shown separately. The end-year level of these

liabilities for the years 1962-70 is shown in Table 37 and analysed by type and by area of holder. (See also note on page 79.) Some countries hold other official sterling assets, transactions in which are covered elsewhere in the accounts (see footnote (4) to Table 3 on page 6).

#### OTHER EXTERNAL BANKING AND MONEY MARKET LIABILITIES IN STERLING

This item consists of the changes in United Kingdom external banking and money market liabilities in sterling to overseas residents other than central monetary institutions and international organisations ('Other' holders, see Table 37, page 36 and note on page 79).

#### IMPORT CREDIT

This item consists of the change in trade credit received by United Kingdom businesses from overseas businesses other than affiliates and parent companies, less advance and progress payments by United Kingdom businesses. It includes, as identified long-term import credit, credit received in respect of ships and aircraft (see Table 30). Since the transaction between a United Kingdom business and its overseas supplier is recorded in the current account at the time when goods arrive in this country—the full value then being recorded as an import—credit is regarded as being received by the United Kingdom business at the same time. When progress payments made in advance to manufacturers before delivery are financed out of credit arrangements with overseas banks both the credit received and the advance payments made to the overseas manufacturer are recorded separately (see Table 30), though these transactions net out within 'import credit' as a whole. At the time of delivery the net amount of credit incurred in respect of a particular contract (the full value of goods less advance payments in cash and payments on delivery) is recorded as an increase in import credit.

For convenience, import deposits paid direct to H.M. Customs by overseas firms are also included under this heading in the summary tables.

The figures are compiled from the annual inquiries carried out by the Department of Trade and Industry into trade credit extended to or received from other countries, the corresponding quarterly inquiries by the Department of Trade and Industry for the latest year, returns from B.O.A.C. in connection with credit received on imported commercial aircraft, and estimates prepared by the Central Statistical Office for credit received on ships. Figures of import deposits paid directly by overseas firms are derived from information available to the Bank of England.

#### EXPORT CREDIT

The entries for export credit consists of the changes in credit extended by banks in the United Kingdom and



trade credit extended by United Kingdom businesses to overseas businesses other than affiliates and parent companies—suppliers' trade credit—less advance and progress payments (see Table 30). Credit extended by the banks is reflected in the United Kingdom banks' external claims in the form of commercial bills discounted and credit extended under E.C.G.D. Financial Guarantees (see Table 47). Advance and progress payments received by United Kingdom manufacturers from overseas are now shown separately. These advances now include amounts financed by United Kingdom banks (included under 'credit extended by United Kingdom banks') which were formerly covered by an entry in 'other short-term flows'.

Details are obtained from the Department of Trade and Industry annual and quarterly inquiries mentioned above, and the Export Credits Guarantee Department.

## OTHER SHORT-TERM FLOWS

This item consists of changes in the following: total United Kingdom external sterling claims other than export bills; United Kingdom external liabilities and claims (net) in overseas sterling area currencies; official assets and liabilities (n.e.i.) other than import deposits paid directly from overseas; other commercial short-term transactions (net); IMF administrative and operational expenditure and receipts in sterling, and IMF gold deposits in the United Kingdom. (See Table 31).

## BALANCING ITEM

The amount necessary to balance the accounts: it represents the net total of errors and omissions in other items. A description of the characteristics of the balancing item is given on page 83.

## EEA LOSS ON FORWARDS

This item records the loss arising from the fact that the Exchange Equalisation Account's forward commitments with the market entered into before devaluation have been recorded as being settled on maturity at the new parity.

## OFFICIAL FINANCING

### IMF

United Kingdom drawings and repurchases, and drawings and repurchases in sterling by other countries which affect the UK's repurchase obligations to the IMF. Other transactions with the IMF (see note on page 78) are covered in 'other short-term flows', and the United Kingdom gold subscription is shown separately in the summary tables. Figures exclude the revaluation in terms of sterling of outstanding net liabilities at the time of devaluation – see note on page 78.

## OTHER OVERSEAS MONETARY AUTHORITIES

Net borrowing from Switzerland (with a sterling counterpart) in parallel with drawings from the IMF under the General Arrangements to Borrow, other net borrowing from monetary authorities in the form of assistance with a sterling counterpart and net borrowing from other monetary authorities (and a consortium of Swiss banks in 1967) in the form of foreign currency deposits.

The figures, as those for borrowing from the IMF, exclude the revaluation in terms of sterling of outstanding liabilities and assets at the time of devaluation. The figure of £691 million for net borrowing in 1967 differs by the amount of such revaluation from the £819 million change in the outstanding amounts of the Swiss loans and 'other official borrowing' shown in Table 40. The relatively small effect of the revaluation in terms of sterling of certain outstanding official borrowing from West Germany (at the time of the change in parity of the deutschmark on 24 October 1969) has not been excluded; it is broadly matched by a corresponding revaluation to holdings of deutschmarks in the official reserves, and a contra-entry for the very small net difference is included in 'other short-term flows: official assets and liabilities (n.e.i.)'.

## TRANSFER FROM DOLLAR PORTFOLIO TO RESERVES

Until November 1967 the Exchange Equalisation Account held a portfolio of dollar securities which had been vested in the United Kingdom government during the war. Its transfer to the gold and convertible currency reserves (in February 1966 and November 1967) is included in the balance of payments accounts as a separate item in 'official financing'.

## OFFICIAL RESERVES

Changes in the sterling equivalent of the gold and convertible currencies, and, from 1 January 1970, S.D.R. held in the Exchange Equalisation Account. Changes in 1956 and 1957 in the special waiver accounts have been included in this item. These were accounts into which the interest due on 31 December 1956 on the United States and Canadian credits and the lend-lease settlement loan was paid pending the decision on the United Kingdom's claim for a waiver. Following the conclusion of agreements with the United States and Canadian governments for deferment of interest the sums were returned to the gold and convertible currency reserves during April 1957. The reserves are valued at the prevailing par rates of exchange; changes in the reserves during 1967 exclude the effect of their revaluation at the time of the devaluation of sterling on 18 November 1967 – the amount excluded is £131 million. The relatively small effect of the revaluation in terms of sterling (at the time of the change in parity of the deutschmark on 24 October 1969) on holdings of deutschmarks in the official reserves has not been excluded; it is broadly matched by the corresponding



revaluation of certain outstanding official borrowing from West Germany, and a contra-entry for the very small net difference is included in 'other short-term flows: official assets and liabilities (n.e.i.)'. Before the devaluation of sterling, gold was valued at £12.50 per fine ounce and US dollars at £1 = \$2.80; the new values are £14.5833 per fine ounce of gold and £1 = \$2.40. Parities for other currencies against sterling are derived from the declared parities of those currencies in terms of the US dollar. Until a par value for the Canadian dollar was established on 2 May 1962, holdings of this currency were valued at the appropriate exchange rates.

## UNITED KINGDOM ACCOUNT WITH THE INTERNATIONAL MONETARY FUND

Details of the transactions leading to the change in the United Kingdom account with the International Monetary Fund are given in Table 33. This table also shows the changes in the International Monetary Fund's holdings of sterling and changes in the United Kingdom's total tranche position with the Fund.

The following components of the account are identified:

- (i) The United Kingdom subscription in gold to the International Monetary Fund on the occasion of the increases in quotas in 1959, 1966 and 1970 (—).
- (ii) IMF gold deposits in the United Kingdom in 1965 to 1967 to alleviate the impact of gold purchases from the United Kingdom by other Fund members in order to pay the increase in their gold subscriptions (+). (Repayments in 1968 and 1970.)
- (iii) United Kingdom drawings from the Fund (+).
- (iv) United Kingdom repurchases from the Fund (—).
- (v) Drawings in sterling from the Fund by other countries (—).
- (vi) Repurchases in sterling by other countries (+).
- (vii) IMF administrative and operational expenditure (—) and receipts (+) in sterling. Receipts include charges payable in sterling on drawings from the Fund.

They are included in Table 3 (Analysis of total currency flow and official financing) as follows:

- (i) Item 19.
- (ii) Part of item 13 (see Table 31).
- (iii)–(vi) Item 21.
- (vii) Part of item 13 (see Table 31).

Holdings of sterling by the International Monetary Fund represent (a) the sterling portion of the United Kingdom subscription to the Fund and (b) the net effect of the transactions described under (iii) to (vii) above. The sterling is held in the United Kingdom in the form of non-interest-bearing notes issued by

the Exchequer, except for a small amount, equivalent to 1 per cent. of quota, which is held on deposit at the Bank of England. When drawings are made from the Fund by the United Kingdom the foreign currencies drawn are purchased for sterling and the Fund lends back the sterling to the Exchequer on the security of non-interest-bearing notes.

The changes in the Fund's holdings of sterling are the net totals of the transactions described under (iii) to (vii) above, together with the United Kingdom's subscription in sterling in 1959, 1966 and 1970, and the maintenance of value adjustment (£220 million) due to the devaluation of sterling on 18 November 1967. Of this £220 million, £146 million is due to the revaluation of the sterling equivalent of the United Kingdom quota (see below) and the remainder is due to the revaluation of sterling liabilities in excess of 100 per cent. of quota. The definition of 'change in account with IMF' in international use excludes the maintenance of value adjustment. However, the figures in Annex 1 (Table 42) giving the overseas assets and liabilities of the United Kingdom at the end of 1967 show, as an increase in net liabilities, the revaluation of the sterling equivalent of the United Kingdom drawings in excess of 100 per cent. of the quota. The figures of the changes in the Fund's holdings of sterling are derived from United Kingdom sources.

The United Kingdom total tranche position is the amount which the United Kingdom may draw from the Fund without raising the Fund's holding of sterling beyond 200 per cent. of quota. The quota was increased in 1959 from \$1,300m (£464m) to \$1,950m (£696m) and in 1966 to \$2,440m (£871m). (The sterling equivalent of the United Kingdom's quota after revaluation in November 1967 was £1,017 million.) There was a further increase, to \$2,800 million (£1,167 million) in November 1970.

The International Monetary Fund's holdings of sterling and the United Kingdom's tranche position with the Fund at the end of each year from 1959 to 1970 are shown in Table 38.

## ASSETS AND LIABILITIES

### LIABILITIES AND CLAIMS OF UK BANKS IN NON-STERLING CURRENCIES

Gross figures of United Kingdom banks' external liabilities and claims in non-sterling currencies at the end of each year from 1962 to 1970 are given in Table 36.

Liabilities include:

- (i) Deposits and advances in non-sterling currencies received from overseas residents;
- (ii) Commercial bills drawn in non-sterling currencies on United Kingdom residents and held by the banks on behalf of their overseas customers;
- (iii) From June 1966, negotiable dollar certificates of deposit, issued in London, which are held by the



banks on behalf of their overseas customers; and, in addition, unallocated dollar certificates of deposit thought to be held by residents of non-sterling countries.

#### Claims include:

- (i) Non-sterling currency deposits with and advances to overseas residents;
- (ii) Holdings of non-sterling currency notes and coin;
- (iii) Holdings of Treasury bills and similar short-term paper denominated in non-sterling currencies;
- (iv) Commercial bills drawn in non-sterling currencies on overseas residents and owned by the reporting institutions;
- (v) Claims on overseas customers arising from non-sterling currency acceptances;
- (vi) Commercial bills drawn in non-sterling currencies on overseas residents and held by the banks on behalf of their United Kingdom customers.

The figures are derived from returns made to the Bank of England by all banks and similar institutions in the United Kingdom known to have liabilities and claims in non-sterling currencies.

In Tables 3 and 41 changes in the liabilities and assets are shown as follows:

#### Changes in liabilities

Description	Item in Table 3	Line of Table 41
Commercial bills accepted by UK residents and held by UK banks	UK import credit	9
Other liabilities of UK banks	(i) Foreign currency borrowing (net) by UK banks to finance UK investment overseas	17
	(ii) Other foreign currency borrowing or lending (net) by UK banks	17

#### Changes in assets:

Description	Item in Table 3	Line of Table 41
Commercial bills owned by UK banks	Other foreign currency borrowing or lending (net) by UK banks	13
Commercial bills owned by other UK residents and lodged with banks	UK export credit	13a
Other claims of UK banks	Other foreign currency borrowing or lending (net) by UK banks	17

## LIABILITIES AND CLAIMS (NET) IN OVERSEAS STERLING AREA CURRENCIES

Figures of the level of United Kingdom banks' external liabilities and claims (net) in overseas sterling area currencies at the end of the years 1962, 1966 and 1968-70 are shown in Table 44. The types of liability and claim included are similar to those described above under 'liabilities and claims of UK banks in non-sterling currencies.'

## EXTERNAL BANKING AND MONEY MARKET LIABILITIES IN STERLING; EXCHANGE RESERVES IN STERLING

External banking and money market liabilities in sterling comprise:

- (i) Current and deposit accounts and certificates of deposit held for banks overseas (including overseas offices of U.K. banks) and other account holders abroad
- (ii) Temporary loans to and bills drawn on local authorities, and deposits with hire purchase finance companies, whether made direct by overseas residents or by UK banks and other UK agents for account of overseas residents.
- (iii) United Kingdom Treasury bills and non-interest-bearing notes held for overseas residents.

Exchange reserves in sterling comprise:

- (i) Banking and money markets liabilities in sterling to central monetary institutions and international organisations (other than the IMF)
- (ii) British government stocks held for these bodies.

The figures exclude the following official funds totalling about £530 million in December 1970: trust, pension and other earmarked funds, holdings of equities, and funds held locally with commercial banks.

Returns are made to the Bank of England by over 250 banks and other financial institutions, including their nominee companies. Funds held with the Crown Agents for Oversea Governments and Administrations are also included.

The figures in Table 37 supersede those formerly shown for 'External liabilities and claims in sterling' (Tables 38 and 39 in the 1970 'Pink Book'). An article in the December 1970 issue of the *Bank of England Quarterly Bulletin* describes the background to this revised presentation of external sterling liabilities and claims. The items no longer included here are as follows:

- (i) Official short and medium-term borrowing giving rise to a sterling counterpart (see Table 40) and other sterling liabilities to the IMF.



- (ii) British government stocks held by overseas banks other than central monetary institutions; (total overseas holdings of British government stocks at estimated market values are given in Table 42).
- (iii) Commercial bills, etc. made by United Kingdom residents and held for account of overseas residents, where the proceeds have still to be credited to overseas account; (these liabilities are included in the estimates of United Kingdom import credit outstanding—given in Tables 42 and 46—and are no longer separately identified).
- (iv) External claims in sterling. The most important category of the claims formerly given here is 'Commercial and other bills', the bulk of which are in respect of United Kingdom export credit; these claims are included in Table 42 partly under the heading 'Commercial bills owned by United Kingdom banks' and (in so far as they relate to bills lodged with United Kingdom banks) partly within the item 'Suppliers' export credit'. United Kingdom banks' advances and overdrafts in sterling to non-residents and sterling acceptances outstanding are given in Table 42 under the heading 'Other claims in sterling of United Kingdom banks'.

In Table 3 (items 8 to 10) transactions arising from changes in external holdings of exchange reserves and other banking and money market liabilities in sterling are given. These estimates are based on the levels of liabilities given in Table 37, but in the case of transactions in British government stocks the figures in Table 3 are at transaction values whereas the levels shown in Table 37 are at nominal values. Minor discrepancies between the changes in levels of outstanding liabilities in Table 37 and the value of transactions given in Table 3, for liabilities in sterling other than British government stocks, are the result of rounding differences.

In Table 41 changes in these categories of external sterling liabilities are shown as follows:

Description	Line Table 41
Sterling deposits and certificates of deposit	15
Temporary loans to and bills drawn on UK local authorities	28
Deposits with UK hire purchase finance companies	18
UK Treasury bills	27 (part)
British government stocks held by central monetary institutions and international organisations	22 (part) (transaction values)

## AREAS

The geographical divisions for all periods covered by this publication are as follows:

- (i) **Overseas sterling area:** The Colonial Territories of the United Kingdom (Colonies, Protectorates, Trust Territories, etc.) but excluding Rhodesia from the beginning of 1966; the independent Commonwealth countries other than Canada; the British Protected States in the Persian Gulf (Bahrain, Qatar and the Trucial States), Iceland, Irish Republic, Jordan, Kuwait, Libya, the Republic of South Africa, Southern Yemen and, until the end of 1966, Burma.
- (ii) **Western Europe:** Andorra, Austria, Belgium, Denmark (including Faroe Islands and Greenland), Federal German Republic, Finland, France, Greece, Italy, Luxembourg, the Netherlands, Norway, Portugal (including Azores and Madeira), Spain (including Canary Islands, Balearic Islands and Spanish ports in North Africa), Sweden, Switzerland, Turkey, the Vatican City, Yugoslavia and the Bank for International Settlements.
- (iii) **North America:** USA and dependencies; Canada.
- (iv) **Latin America:** Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama (including Canal Zone), Paraguay, Peru, Uruguay and Venezuela.
- (v) **Other non-sterling countries:** All other countries, including Rhodesia from the beginning of 1966 and Burma from the beginning of 1967.
- (vi) **International organisations:** The United Nations and its specialised agencies; the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the International Development Association (IDA) and other international organisations.

Transactions with the International Monetary Fund (IMF) are treated as separate items in the accounts.

## RELIABILITY OF THE ESTIMATES

The balance of payments estimates are compiled from a large number of different sources and the degree of accuracy attained varies considerably between items. Some of the errors and omissions may be persistent and tend to be in the same direction in all years. For this reason, the absolute error in the *change* from year to year is likely to be less than the error in any particular year. Errors are likely, to some extent, to offset each other in any particular year, and the proportionate error in major aggregates is likely to be less than the weighted average of the proportionate errors in the components. However, where a balance is drawn between two aggregates and the balance is small in relation to the aggregates, such as the current balance, the proportionate error attached to the balance is liable to be very substantial. The following notes assess the comparative quality of the individual components of the annual estimates for the later years and the main points at which errors and omissions may arise.



## Visible trade

Customs regulations lay down a formula for the valuing of export and import merchandise on the customs entry forms from which the *Trade Statistics* are compiled. A number of adjustments are made, as described in the notes on items above, for both valuation and coverage to bring the *Trade Statistics* figures on to a balance of payments basis. Some of these adjustments are based on comprehensive returns and others on the results of sample inquiries; any errors in them are thought to be comparatively small. For the most important adjustment (the estimate of total freight on dry-cargo imports, which is deducted to bring the value of imports to an f.o.b. basis) any error will be offset by an equal and opposite error in the invisibles account, since the same estimate is used as the starting point for the calculation of transport freight debits. It is possible, however, that there is some inconsistency between the value of commissions assumed to be included in figures of exports and imports in the visible trade account and the estimate for credits and debits on commissions included in 'other services' in the invisibles account. In other respects there may be rather less accuracy in the valuation of exports than in the valuation of imports, particularly in the case of a series of consignments forming part of a single large contract. In relation to the large gross value involved the margin of error in the estimates for visible trade is probably very small, although it is still of significance in relation to the difference between the two estimates. A description of the special problems arising from errors in the recording of exports, and the allowance made for these distortions, is given on page 65.

It would be inappropriate to make an allowance, in the visible trade account, for changes in the timing of payments for exports and imports. Conceptually such changes, which may arise through the advancing or retarding of payments through shifts in the timing pattern as a result of changes in the commodity make-up of exports and imports or through shifts to imports on consignment, are regarded as equivalent to short-term capital movements. Such changes in timing of payments are treated in the same way as the giving and taking of normal trade credit. To a large extent trade credit is recorded in the balance of payments accounts, but in so far as changes in the timing of payments are not so recorded, they may contribute significantly to fluctuations in the balancing item, which reflects the total of errors and omissions.

## Invisibles

Figures of government transactions are based on records of government departments and can be considered good; any errors are generally limited to minor timing discrepancies.

The figures relating to United Kingdom shipping operators are based on the inquiries carried out by the Chamber of Shipping and the margin of error is unlikely to be large. There may, however, be appreciable errors in the preliminary estimates produced before the

full results of these inquiries became available. In the full census years of 1952, 1958, 1962, 1966 and 1970 complete returns in respect of voyages performed and other overseas transactions were made by all United Kingdom shipping companies. In the other years since 1958 a fairly large sample return has been obtained, and the results grossed-up using the results for the full census years as bench-marks. The Chamber of Shipping inquiry for 1970 covered for the first time the operation of ships on voyage charter to United Kingdom Shipping companies, in line with the revised treatment described on page 68; earlier inquiries covered only the operation of owned and time-chartered ships. Thus, although the estimates now given in principle treat ships on voyage charter similarly in all years, the estimates for years prior to 1970 (having been adjusted on the basis of supplementary data on voyage-chartering) are less reliable in this respect; however, the balance on shipping transactions is not thought to be significantly affected by this factor. Errors in the estimates of freight payments to overseas shipping arise from two main sources: errors in the estimates of total freight charges on dry-cargo imports and errors in the estimates of the earnings of United Kingdom shipping companies from the carriage of dry-cargo imports. The former errors are offset by equal and opposite errors in the estimates of the f.o.b. values of imports. It is therefore only the latter errors which affect the overall estimates of current account debits, and these errors are probably relatively small although again they are larger in the preliminary estimate for the most recent year. The estimates in the civil aviation account are considered to be reliable; they are based on regular returns from airlines and airport authorities and on the International Passenger Survey.

Estimates of travel expenditure have since 1962 been based largely on a system of interviews with a sample of passengers leaving or arriving at seaports or airports. Though still subject to some sampling error and to deficiencies in reporting, the estimates are more firmly based than in earlier years.

Estimates for the numerous and heterogeneous types of transaction which fall into 'other services' are of varying quality. The range of estimates which are based on direct inquiries of industry and commerce has been extended in recent years and now covers about half the estimated total value of credits and debits in this category. The estimates for several credit items are still derived from various related indicators and are inevitably no more than rough, though the amount of direct information available has increased over the years and is continuously developed. Exchange Control records remain the basis for other debits with non-sterling areas and 'partner-country' information for much of the debits with the overseas sterling area. But the totals for both credits and debits under this heading must still be regarded as subject to an appreciable margin of error. In particular, errors are likely to arise here in distinguishing transactions between residents and non-residents.



The interest, profits and dividends arising from direct investment are thought to be satisfactorily measured both on the credit and debit side though the preliminary estimates for the most recent year are regarded as less reliable. Estimates of interest and dividends on portfolio investment are somewhat less reliable than those on direct investment. Earnings from oil, taken in conjunction with the entries for oil operations under visible trade, shipping and investment and other capital flows, are also thought to measure fully the effect of oil companies' transactions on the balance of payments, but the figures of oil earnings which are included under 'interest, profits and dividends' differ in various ways from the accounting measure which is required of profits earned overseas. For example, they are arrived at after partly taking account of payments of taxes overseas, rather than of the accrued liability for overseas taxation; and include the earnings of headquarters companies from services rendered to overseas companies. The estimates for certain other elements of investment income are not directly measured, and may be subject to error, particularly where no precise information is available on the type of liabilities and assets involved.

Estimates of private transfers to non-sterling areas are based mainly on Exchange Control data and are likely to be substantially complete. Until 1965 certain types of cash transfers from non-sterling areas were eligible for the 'investment currency' premium and this provided a basis for estimating the amounts of the transfers. As a result of changes in Exchange Control regulations in that year, however, this source of information was lost and subsequent estimates have been based on incomplete information from other countries supplemented by related indicators. Private transfers to and

from the overseas sterling area are also estimated from information from other countries and related indicators, such as numbers of migrants. The total estimates of private transfers are therefore only approximate.

### Current account

Approximate reliability gradings for the main credit and debit components of the current account are given in the table below. As explained on pages 39 to 41 of *National Accounts Statistics: Sources and Methods*, it is impracticable to calculate statistical margins of error of the kind that are derived from random samples for any of the aggregates or for most of their components. It is however possible, from knowledge of the data, to form very rough and mainly subjective judgments of the range of reasonable doubt attaching to the estimates. Like margins of error derived from random samples, these judgments do not represent absolute certainty. They may be taken to mean that, in the opinion of the estimators and in their present state of knowledge, there is, say, a 90 per cent. chance that the true value of the figures referred to lies within the limits set by the grading.

The gradings apply to the estimates for the later years as shown in this publication. Although less information is available for the latest year, the estimates (other than 'interest, profits and dividends') do not warrant a lower grading. A substantially wider margin of error attaches to the quarterly estimates for most components of invisibles. The estimate of the balance of the current account, being a relatively small balance resulting from the large aggregates of transactions described above, is regarded as subject to a high margin of error in percentage terms; however, the current balance for years other than the most recent might be regarded as subject to an error of £50 million in either direction.

Reliability of annual estimates of current account  
credit and debit items

A  $\pm$  less than 3 per cent.  
B  $\pm$  3 per cent. to 10 per cent.  
C  $\pm$  more than 10 per cent.

	Grading	Credits 1969	Debits 1969
Exports <sup>(1)</sup> and imports of goods	A	7,061	7,202
Invisibles:			
Services:			
Government.....	A	48	338
Shipping.....	B	1,051	1,071
Civil aviation.....	B	287	246
Travel.....	B	359	324
Other services.....	C	1,032	486
Total services.....	B	2,777	2,465
Total goods and services.....	A	9,838	9,667
Transfers:			
Government.....	A	—	177
Private.....	C	176	231
Total transfers.....	C	176	408
Interest, profits and dividends..	B	1,341	840
Total current account.....	B	11,355	10,915
Current balance.....	C	440	

<sup>(1)</sup> Including net adjustment for recording of exports.

### Investment and other capital flows

Complete records of inter-government loans and other official capital transactions are available. The flows of private direct investment are also thought to be adequately measured, but a substantial margin of error attaches to the estimate for the most recent year, which is based on quarterly data because the results of the Department of Trade and Industry full annual inquiry are not yet available. The estimates of outward portfolio investment are based partly on changes in holdings of overseas securities quoted in London and having a United Kingdom registrar or paying agent; some transactions in other overseas sterling area securities escape recording although some of the gap is filled by use of information from other countries. Gaps still exist in the measurement of inward portfolio investment. The Department of Trade and Industry inquiry on company securities is limited to the major companies (which nevertheless cover 70 per cent. of the total market value of issued capital). Holdings *via* nominees are only partially identified. From 1971, improved estimates on company securities will result from a continuing inquiry by the Bank of England.



The figures of changes in exchange reserves in sterling, other external banking and money market liabilities in sterling and United Kingdom banks' net external liabilities/assets in foreign currencies are precise ones rather than estimates, being taken from the regular returns made by banks and other financial institutions. However, errors may arise through failure to recognise non-resident status, especially where nominee accounts are employed. The coverage of changes in unrelated trade credit has been improved in recent years, particularly with the development of the Department of Trade and Industry inquiry, but the estimates for trade credit remain subject to a substantial margin of error. The figures of 'other short-term capital flows' are based on a variety of sources, and a number of gaps remain in these estimates.

### Official financing

The figures are based on official records and are precise.

### Summary

Despite the continuing improvements which have been effected the main weaknesses in the present statistics are still in 'private transfers' and 'other services' in the invisibles account, and 'portfolio investment' and in the investment and other capital flows account. More generally, because of the wide variety of sources and methods which have to be used in compiling the accounts, there are difficulties in obtaining complete consistency of definition and treatment between one item and another, and some marginal overlapping or shortfall results.

### Balancing item

The balancing item represents the net total of errors and omissions arising throughout the accounts. It has varied considerably in recent years, from positive to negative, but the inclusion in exports of approximate estimates for the net under-recording of exports reduced its average value. The main causes of fluctuations in the balancing item are likely to be in part timing errors in the recording of transactions and the corresponding payments, and in part unrecorded capital flows; the latter include short-term 'leads and lags' in the timing of payments which, like identified flows of short-term funds, are probably influenced by the level of interest rates in the United Kingdom relative to those abroad, the relative degree of credit stringency and, on occasion, by speculation about exchange rates.

In the 1968 and earlier issues of this publication, reference was made to a recurrent positive element in the balancing item, thought to be a growing amount in the range of +£50 million to +£75 million a year, and then attributed to deficiencies in the measurement of current account transactions (see 1968 issue, page 73). This was assessed by averaging the balancing item over a long period of years, in the course of which the timing errors and the more volatile unrecorded capital inflows

and outflows would tend to cancel out. Such an average is now best assessed by taking the figures for the period from the early 1960's, in which the data on certain components of invisibles and capital flows (particularly trade credit), have been more complete than previously. The average is affected by the apparent tendency of the figures for recent years to be strongly positive in periods when timing discrepancies or 'leads and lags' have been unwound—there was a large positive figure for the first half of 1967, and there were large positive figures for the fourth quarter of 1969, and the first quarters of 1970 and 1971, though as suggested below this will have owed a lot to liquidity pressures in the tax paying season. It will also be affected by any structural change in the relative impact of credit policies at home and overseas.

On present estimates the balancing item over the years 1962 to 1970 averaged +£53 million. This is small when compared with the total of credits and debits in the balance of payments accounts as a whole—it amounts to about 0.5 per cent of current transactions only<sup>(1)</sup>. The average may be affected by subsequent revisions to the figures for 1970; there has been if anything a tendency for information becoming available with some delay, e.g. from full annual inquiries, to reduce large balancing items of either sign (whether positive or negative) from original estimates based on quarterly inquiries, etc.

Even allowing for the possible effect of revisions, the interpretation of this average depends critically upon the assumption made about the state of timing differences between transactions and payments (other than those recorded as trade credit)—or 'leads and lags'—at the beginning of the period covered by the average and at the end. With growing turnover on current account (now approaching £25,000 million a year), relatively small differences in the usual terms of settlements between the beginning and the end of the periods could have a very large effect upon the average of the balancing item.

There were very large positive balancing items in the fourth quarter of 1969 and in the first quarters of 1970 and 1971. These are likely to have been caused by the return of confidence in sterling and in other currencies and by the considerable pressures on liquidity in the United Kingdom. It is likely that these pressures were even greater than in other countries. Furthermore, in the first quarters of 1970 and 1971 it seems probable that there was a substantial seasonal inflow of funds, reflected as a positive element of the balancing item, because of the incidence of tax payments. There are signs that because of the liquidity pressures this seasonal impact may have been larger than in earlier years.

For all these reasons, it is impracticable at present to assess to what extent the balancing item may reflect a persistent tendency for errors and omissions in the accounts. It seems, however, on present information that any persistent net error affecting the current account may well be fairly small. Recent experience

<sup>(1)</sup> Taking an average of the balancing item with sign ignored.



suggests that the main errors, in identifying fluctuations in the balances of the accounts and in their absolute levels, are now likely to be in the accounts for investment and other capital flows.

### Revisions

Provisional figures for the latest year are published about the end of March. Revised figures are prepared during the summer (the revised figures for 1970 are incorporated in the present publication).

Other revisions are made from time to time when new inquiries and investigations have produced improved series of figures. Where it can be done these revisions are carried back to earlier years and they may therefore involve changes in the figures for several years.

## TREATMENT OF THE BALANCE OF PAYMENTS IN THE NATIONAL INCOME ACCOUNTS

A full account of the treatment of the balance of payments in the national income accounts is given in Chapter XV (International transactions) of *National Accounts Statistics: Sources and Methods*. Attention is drawn to the problem of defining 'residents of the United Kingdom', and other practical differences which give rise to minor inconsistencies between international transactions as shown in the national accounts.

The national income can be measured as a sum of incomes derived from economic activity (factor incomes), as a sum of expenditure or as a sum of the products of the various industries.

Most of the national income of the United Kingdom arises from economic activity by United Kingdom residents; this total is domestic income or product and it is distinguished from national income or product which is the total of incomes accruing to United Kingdom residents wherever the economic activity that gives rise to the income takes place. The income which appears in the balance of payments accounts as credits under 'interest, profits and dividends' accrues to United Kingdom residents as a result of economic activity abroad or property held abroad. Conversely debits under 'interest, profits and dividends' represent income which arises within the United Kingdom but which accrues to non-residents. The national income therefore consists of domestic income *plus* net property income from abroad. The net property income from abroad, which is the difference between the gross domestic product and the gross national product, is equal to the net earnings from interest, profits and dividends in the balance of payments accounts. But in order to maintain consistency with the treatment of incomes in the current accounts of the different sectors, property income is measured in the national income accounts before deduction of local taxes; whereas in the balance of payments, interest, profits and dividends are recorded after deduction of taxes. In the national income accounts the tax payments are entered again on the opposite side of the account so that the balance between

payments and receipts is preserved. The payment of tax to a foreign government on income accruing to United Kingdom residents is thus entered as a payment of property income by the United Kingdom and *vice versa*.

As mentioned above, the national income can be measured not only as a sum of incomes but also by totalling expenditure. The total of final expenditures on the goods and services becoming available in the United Kingdom must include expenditure by other countries on the available goods and services (i.e. exports); but many of the available goods contain imported materials and some of the available services are rendered by overseas residents. Expenditure on such goods and services therefore generates income and product not only in the home economy but also in the overseas country from which the imported material has been bought or which renders the service. The gross domestic product measured as a sum of expenditure is therefore equal to total final expenditure in the United Kingdom (including exports) on all goods and services *less* imports of goods and services. Exports and imports of goods are equal to exports (f.o.b.) and imports (f.o.b.) including payments for U.S. military aircraft and missiles in the balance of payments (see note about U.S. military aircraft and missiles on page 65). Exports and imports of services are equivalent to transport (shipping and civil aviation), travel, other services and that part of government transactions in the invisibles account of the balance of payments which relates to services. As with the income approach, an adjustment for net property income from abroad is required to move from the gross domestic product to the gross national product.

The remaining items in the current account of the balance of payments, i.e. official and private transfer payments, do not appear directly in the composition of the national income but they are shown in the sector accounts. For instance, government transfer payments appear in the current account of the central government and private transfer payments appear in the analysis of personal income and expenditure.

The overall current balance is described in the national income accounts as net investment abroad. It appears as part of total investment in the combined capital account and since all other forms of financing between different sectors of the home economy cancel each other out, it is equal, but opposite in sign to, the net acquisition of financial assets in the financial accounts tables of the national income accounts.

## BALANCE OF PAYMENTS ESTIMATES (OLD PRESENTATION) FOR 1946-62

### 1952-1962

The table on page 85 shows the balance of payments in the years 1952-62 in the form of presentation used in issues of this publication made prior to 1970. It is not possible to give a full analysis of investment and other capital flows, as appears for 1963 and subsequent



# General balance of payments

1952-1962

£ million

	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
<b>Current account</b>											
Exports (f.o.b.).....	2,769	2,683	2,785	3,073	3,377	3,509	3,406	3,522	3,732	3,891	3,993
Imports (f.o.b.).....	3,048	2,927	2,989	3,386	3,324	3,538	3,377	3,639	4,138	4,043	4,095
Visible balance.....	-279	-244	-204	-313	+53	-29	+29	-117	-406	-152	-102
Invisible balance <sup>(1)</sup> .....	+442	+389	+321	+158	+155	+262	+315	+269	+151	+158	+224
<b>Current balance.....</b>	<b>+163</b>	<b>+145</b>	<b>+117</b>	<b>-155</b>	<b>+208</b>	<b>+233</b>	<b>+344</b>	<b>+152</b>	<b>-255</b>	<b>+6</b>	<b>+122</b>
<b>Long-term capital account<sup>(2)</sup></b>											
Inter-government loans (net).....	—	-30	-20	-52	-50	+75	-44	-118	-92	-16	-91
Other UK official long-term capital (net).....	-20	-19	-8	-10	-18	-9	-6	-6	-11	-29	-16
Private investment											
Abroad.....	-127	-173	-238	-182	-258	-298	-310	-303	-322	-313	-242
In the UK.....	+13	+28	+75	+122	+139	+126	+164	+167	+228	+420	+243
<b>Balance of long-term capital.....</b>	<b>-134</b>	<b>-194</b>	<b>-191</b>	<b>-122</b>	<b>-187</b>	<b>-106</b>	<b>-196</b>	<b>-260</b>	<b>-197</b>	<b>+62</b>	<b>-106</b>
<b>Balance of current and long-term capital transactions.....</b>	<b>+29</b>	<b>-49</b>	<b>-74</b>	<b>-277</b>	<b>+21</b>	<b>+127</b>	<b>+148</b>	<b>-108</b>	<b>-452</b>	<b>+68</b>	<b>+16</b>
<b>Balancing item.....</b>	<b>+66</b>	<b>+32</b>	<b>+57</b>	<b>+121</b>	<b>+42</b>	<b>+80</b>	<b>+67</b>	<b>-26</b>	<b>+294</b>	<b>-29</b>	<b>+73</b>
<b>Monetary movements<sup>(2)</sup></b>											
Miscellaneous capital (net).....	+18	+29	+43	+59	-45	+11	-21	+10	+8	-35	+13
Change in liabilities in non-sterling currencies (net).....	+18	+29	+43	+59	-45	+11	+10	-5	+60	-15	+40
Change in liabilities in overseas sterling area currencies (net).....	-315	+275	+182	-133	-181	-195	+76	+126	+416	-333	+53
Change in external liabilities in sterling (net)....	-26	+30	-3	—	-1	-22	+23	+8	+2	+1	+1
Change in official holdings of non-convertible currencies.....	+53	-21	-78	+1	+4	+11	-10	+9	—	—	—
Change in UK balance in EPU.....	—	-56	-40	—	+202	+1	-9	-133	-151	+374	-379
Change in account with IMF.....	+175	-240	-87	+229	-42	-13	-284	+119	-177	-31	+183
<b>Change in gold and convertible currency reserves</b>											
<b>Balance of monetary movements.....</b>	<b>-95</b>	<b>+17</b>	<b>+17</b>	<b>+156</b>	<b>-63</b>	<b>-207</b>	<b>-215</b>	<b>+134</b>	<b>+158</b>	<b>-39</b>	<b>-89</b>

(<sup>1</sup>) Details leading to the invisible balance for the years 1952-59 and 1960-62 are shown in the following table and Table 10, respectively.

(<sup>2</sup>) Assets: increase -/decrease +. Liabilities: increase +/decrease -.



# Current account

1952-1959

£ million

	1952	1953	1954	1955	1956	1957	1958	1959
Current account								
Exports (f.o.b.).....	2,769	2,683	2,785	3,073	3,377	3,509	3,406	3,522
Imports (f.o.b.).....	3,048	2,927	2,989	3,386	3,324	3,538	3,377	3,639
Visible balance.....	- 279	- 244	- 204	- 313	+ 53	- 29	+ 29	- 117
Invisibles								
Credits								
Government.....	165	162	105	105	92	106	57	43
Transport								
Shipping.....	559	535	520	540	611	659	631	620
Civil aviation.....	38	41	38	37	44	49	68	82
Travel.....	80	88	95	111	121	129	134	143
Other services.....	304	300	345	358	379	405	414	438
Interest, profits and dividends.....	500	495	540	517	571	583	682	658
Private transfers.....	63	72	76	80	91	90	103	100
Total.....	1,709	1,693	1,719	1,748	1,909	2,021	2,089	2,084
Debits								
Government.....	226	228	236	243	267	250	276	270
Transport								
Shipping.....	425	447	484	570	659	652	586	606
Civil aviation.....	38	39	38	40	45	52	60	64
Travel.....	83	89	101	125	132	146	152	164
Other services.....	182	174	183	187	200	215	212	224
Interest, profits and dividends.....	248	266	290	343	342	334	389	396
Private transfers.....	65	61	66	82	109	110	99	91
Total.....	1,267	1,304	1,398	1,590	1,754	1,759	1,774	1,815
Net								
Government.....	- 61	- 66	- 131	- 138	- 175	- 144	- 219	- 227
Transport								
Shipping.....	+ 134	+ 88	+ 36	- 30	- 48	+ 7	+ 45	+ 14
Civil aviation.....	—	+ 2	—	- 3	- 1	- 3	+ 8	+ 18
Travel.....	- 3	- 1	- 6	- 14	- 11	- 17	- 18	- 21
Other services.....	+ 122	+ 126	+ 162	+ 171	+ 179	+ 190	+ 202	+ 214
Interest, profits and dividends.....	+ 252	+ 229	+ 250	+ 174	+ 229	+ 249	+ 293	+ 262
Private transfers.....	- 2	+ 11	+ 10	- 2	- 18	- 20	+ 4	+ 9
Invisible balance.....	+ 442	+ 389	+ 321	+ 158	+ 155	+ 262	+ 315	+ 269
Current balance.....	+ 163	+ 145	+ 117	- 155	+ 208	+ 233	+ 344	+ 152



years in Table 3, for years prior to 1963. However, the figures are given in summary form in Table 4 (1952–59) and Table 1 (1960–62). As explained in footnote<sup>(1)</sup> to Table 3, the total formerly known as ‘monetary movements’ consists of items 6 to 13, 18, 19, and 21 to 24 in that table.

Details of invisibles in 1952–59 are also given on page 86.

### 1946–51

Detailed estimates of the United Kingdom balance of payments in the years 1946 to 1951(\*) were last published in *United Kingdom Balance of Payments, 1946–1957* (HMSO, 1959). The estimates in that publication relied partly on the Exchange Control records and returns from the banking system and were therefore compiled largely on a ‘cash payments’ basis. Subsequently, the continued simplification of Exchange Control regulations substantially reduced the value of this source of statistics and necessitated the development of alternative sources. Increasing use was made of direct inquiries of industry as a source of data on invisible transactions and private long-term capital movements, whilst the *Trade Statistics* were adopted as the basis for the balance of payments figures of all exports and imports. In general the changes made tended to move the form of the accounts further towards a ‘flow of resources’ basis—a more satisfactory basis for the interpretation of economic developments and for the integration of international transactions into the national income accounts.

The main stage in this transition took place in 1961. At this stage figures on the revised basis were published only for years from 1958. In recognition of the desirability of having figures for a longer run of years on as comparable as possible a basis, a series of estimates was subsequently compiled for the years 1952 to 1957 which, although containing some element of rough estimation, was broadly comparable to the new estimates for later years. A full series of figures from 1952 was presented in the 1964 issue of the annual publication on the balance of payments and has been brought up to date in the tables on pages 86 and 87 of this issue.

The very limited data available did not permit estimates of equivalent standing to be produced for years prior to 1952. However, in order to provide a reasonably consistent series on international transactions for the national income accounts, the figures for 1946 to 1951 previously published were re-assessed so far as possible to take account of the more important changes in sources and methods.

It is not possible to give a full analysis of investment and other capital flows, as appears for 1963 and subsequent years in Table 3. However, rough figures are given in summary form in Table 4. Estimates are shown in the table below in the form of presentation similar to that used in previous issues of this publication.

(\*) The only available estimates of the UK balance of payments in the wartime period (1940–45) were published in Cmnd. 8354.

## Balance of payments—1946–51<sup>(1)</sup>

£ million

	1946	1947	1948	1949	1950	1951
Exports (f.o.b.) .....	960	1,180	1,639	1,863	2,261	2,735
Imports (f.o.b.) .....	1,063	1,541	1,790	2,000	2,312	3,424
Visible balance .....	–103	–361	–151	–137	–51	–689
Government (net) .....	–327	–152	–83	–140	–136	–158
Interest, profits and dividends (net) .....	+85	+150	+235	+219	+396	+342
Private services and transfers .....	+115	–18	+25	+57	+98	+136
Invisible balance .....	–127	–20	+177	+136	+358	+320
Current balance .....	–230	–381	+26	–1	+307	–369
Special grants <sup>(2)</sup> .....	—	+30	+138	+154	+140	+43
Official long-term capital (net) .....	+214	+629	+304	–30	–14	–68
Private investment, miscellaneous capital and balancing item .....	+34	–362	–163	–171	–70	–295
Liabilities in sterling and overseas sterling area currencies (net) .....	+69	–78	–368	+24	+320	+72
Official holdings of non-convertible currencies .....	–33	+4	–1	+15	–28	+37
UK balance in EPU .....	—	—	—	—	–80	+246
Account with IMF .....	—	+6	+9	+6	—	–10
Gold and convertible currency reserves .....	–54	+152	+55	+3	–575	+344
Balance of identified monetary movements <sup>(3)</sup> .....	–18	+84	–305	+48	–363	+689

<sup>(1)</sup> Summary figures arranged as in the new presentation are given in Table 4.

<sup>(2)</sup> Grants to or from the UK government which, because they were of a non-recurrent financing nature, are not appropriate to the current account.

<sup>(3)</sup> Excluding miscellaneous capital.



## REFERENCES

### UNITED KINGDOM BALANCE OF PAYMENTS AND RELATED STATISTICS

#### General

Provisional annual estimates of the United Kingdom balance of payments are presented in the White Paper *Preliminary Estimates of National Income and Balance of Payments* published shortly before the presentation of the Budget. Detailed quarterly estimates including seasonally adjusted estimates for the current account are published each quarter, together with a commentary, in the March, June, September and December issues of *Economic Trends*. They are reproduced in summary form in the *Monthly Digest of Statistics* and in *Financial Statistics*. An article on the seasonal adjustment of the balance of payments was published in the January 1968 issue of *Economic Trends*.

#### Visible trade

Monthly estimates of the visible trade balance, seasonally adjusted and on a balance of payments basis are included in a press notice issued each month by the Department of Trade and Industry.

Figures of imports (c.i.f.) and exports (f.o.b.) (not adjusted to a balance of payments basis) are published each month in the *Overseas Trade Statistics of the United Kingdom*. The monthly figures, both as recorded in the *Trade Statistics* and seasonally adjusted, are the subject of regular articles in *Trade and Industry* and are later presented in summary form in the *Monthly Digest of Statistics* and *Annual Abstract of Statistics*. Annual statistics are also contained in the *Annual Statement of the Trade of the United Kingdom*, which shows the figures in greater detail.

#### Government

Details of United Kingdom government assistance for overseas development are given in the annual publication *British Aid Statistics (Statistics of Economic Aid to Developing Countries)*. Quarterly details appear regularly in *Financial Statistics*. Further information on inter-government loans and other official long-term capital transactions is available in the *Finance Accounts of the United Kingdom* and the *Annual Reports of the Commonwealth Development Corporation*.

#### Shipping

An analysis of the overseas receipts and payments of United Kingdom shipping companies is given in the *Annual Report of the Chamber of Shipping of the United Kingdom*.

#### Civil aviation

Articles on civil aviation are published from time to time in *Trade and Industry*.

#### Travel

Articles on travel to and from the United Kingdom appear regularly in *Trade and Industry*.

#### Other services

Articles on the Department of Trade and Industry annual inquiries into royalties and films and television appear regularly in *Trade and Industry*.

#### UK and overseas private investment and interest, profits and dividends

The results of the Department of Trade and Industry inquiry into overseas direct investment are published in *Trade and Industry* and in the *Business Monitor* series.

#### Liabilities and claims in non-sterling currencies

An article introducing the series on United Kingdom banks' liabilities and claims in non-sterling currencies appeared in the June 1964 issue of the *Bank of England Quarterly Bulletin*.

#### External banking and money market liabilities in sterling: exchange reserves in sterling

Quarterly figures are published in the *Bank of England Quarterly Bulletin* and *Financial Statistics* and, in summary form, in *Economic Trends*. An article introducing the series appeared in the December 1970 issue of the *Bank of England Quarterly Bulletin*.

#### United Kingdom account with the International Monetary Fund

Monthly figures are published in *International Financial Statistics* (published by the IMF) and in *Financial Statistics*.

#### Official reserves

Monthly figures of the reserves are published in the Press and reproduced in *Financial Statistics* and other monthly publications of the Central Statistical Office.

#### Trade credit

Articles on the Department of Trade and Industry inquiries are included in *Trade and Industry*.

#### National income

Annual statistics on the national income are presented in the annual Blue Book *National Income and Expenditure*. Quarterly estimates of the main items are published regularly in the *Monthly Digest of Statistics* and, with a commentary, in the January, April, July and October issues of *Economic Trends*. A definitive account of the sources of the data and methods of estimation used are given in *National Accounts Statistics: Sources and Methods* (HMSO) September 1968.



## Publications relating to other countries' balance of payments

The main publications containing estimates of the balance of payments of individual countries are listed below.

Title	Frequency of publication	Published by
International Financial Statistics	Monthly	International Monetary Fund
Balance of Payments Yearbook	Compiled by monthly instalments	International Monetary Fund
Balance of Payments Yearbook	Annual	Statistical Office of the European Communities
Statistical Yearbook	Annual	United Nations
Monthly Bulletin of Statistics	Monthly	United Nations
Various publications by OECD		O.E.C.D.
The Commonwealth and the Sterling Area Statistical Abstract <sup>(1)</sup>	Annual	Department of Trade and Industry (formerly Board of Trade), London

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<sup>(1)</sup> The final issue of this publication was in 1968. However, estimates for selected countries will appear in the September issue of *Economic Trends*.



