



CENTRAL STATISTICAL OFFICE

# UNITED KINGDOM BALANCE OF PAYMENTS

1966

LONDON: HER MAJESTY'S STATIONERY OFFICE

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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, and of the balance of payments of the overseas sterling area and the sterling area as a whole.

A summary of the United Kingdom balance of payments in the years 1952–1965 is given in Table 1. Subsequent tables cover varying periods as shown in the Table of Contents.

Estimates of the United Kingdom general balance of payments with the rest of the world, with the overseas sterling area and with non-sterling areas are given in Tables 2–4 respectively. Tables 5–20 give greater details of individual items, the tables following the sequence of headings adopted in the general balance of payments account. Tables 21–28 give particulars of the outstanding amounts of certain overseas assets and liabilities of the United Kingdom.

Tables 29–33 and the notes accompanying them in the Annex are designed to illustrate certain aspects of the balance of payments which do not emerge from the standard form of presentation. Table 29, included for the first time in this publication, brings together estimates of the value of United Kingdom external assets and liabilities at end-1962 and end-1964 and compares the changes during this two-year period with the figures for long-term capital flows and monetary movements in the balance of payments. Tables 30 and 31 deal with aid and investment in developing countries and Tables 32 and 33 with trade credit between the United Kingdom and overseas countries.

The tables on the United Kingdom balance of payments are followed by a description of the sources, methods and definitions used in compiling the statistics.

In the section on the balance of payments of the overseas sterling area, Tables A–C give estimates of the general balance of payments and of the balance of payments with the sterling area and with non-sterling areas. In Table D figures for the overseas sterling area and the United Kingdom are brought together to give estimates of the balance of payments of the sterling area as a whole. Tables A–D are followed by notes on the compilation of these 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 Cmd. 2966) shortly before the Budget in the spring of each year. Quarterly estimates are published, with a short commentary and notes on any major revisions to previous figures, in the March, June, September and December issues of *Economic Trends* and are reproduced in other monthly publications of the Central Statistical Office. These issues of *Economic Trends* also contain a note on the latest available estimates of the balance of payments of the overseas sterling area.

## New information and revisions

During the past year the first results have become available from a new inquiry conducted by the Board

of Trade into royalty transactions with overseas residents. At the same time further investigation has been carried out into other transactions included under the heading 'other services'. The information now available has enabled a new table (Table 11) to be included, showing the main components of 'other services'. Some of the figures are, however, still only approximate and may need revision later.

In the monetary movements section of the accounts, the scope of 'external liabilities in sterling' has been widened to incorporate overseas deposits with local authorities and hire purchase finance companies, movements in which were formerly included in 'miscellaneous capital'. The change has been made to enable an assessment to be made more readily of overall movements in overseas holdings of sterling. Deposits with local authorities and hire purchase finance companies are shown separately in the analysis of liabilities and claims in sterling in Table 26. As full details of the area and type of holders of the deposits are not available, however, the subsidiary analyses of liabilities in Table 26 remain on the old basis.

At the end of the notes and definitions, a new section has been added giving, in the standard balance of payments form, the estimates of the United Kingdom balance of payments in the years 1946–1951 used in compiling the national income accounts.

A number of revisions to the figures for 1964 and earlier years have been made as a result of later and more complete information and as a result of continuing scrutiny of the methods of estimation and consistency of treatment between different items in the accounts. The overall effect of the revisions is, however, slight, a small increase in the estimates of net invisible earnings being offset by minor changes in the visible and long-term capital 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 (see page 51). Some of the figures, particularly those relating to 1965, are provisional and may be revised later.

## Symbols and conventions used

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

Central Statistical Office,  
Great George Street,  
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# Balance of payments—summary

TABLE 1

£ million

	1952	1953	1954	1955	1956	1957	1958
Imports (f.o.b.) .....	3,048	2,927	2,989	3,386	3,324	3,538	3,378
Exports and re-exports (f.o.b.) .....	2,769	2,683	2,785	3,073	3,377	3,509	3,407
Visible balance .....	-279	-244	-204	-313	+ 53	- 29	+ 29
Government (net):							
Military .....	- 12	- 17	- 60	- 67	-101	- 61	-126
Other .....	- 49	- 49	- 71	- 71	- 74	- 83	- 93
Interest, profits and dividends (net) .....	+252	+229	+250	+174	+229	+249	+294
Private services and transfers (net).....	+251	+226	+202	+122	+101	+147	+232
Invisible balance .....	+442	+389	+321	+158	+155	+252	+307
Current balance.....	+163	+145	+117	-155	+208	+223	+336
Official capital (net)(1) .....	- 20	- 49	- 28	- 62	- 68	+ 66	- 50
Private investment (net)(1) .....	-114	-145	-163	- 60	-119	-172	-146
Balance of long-term capital(1) .....	-134	-194	-191	-122	-187	-106	-196
Balance of current and long-term capital transac- tions .....	+ 29	- 49	- 74	-277	+ 21	+117	+140
Balancing item .....	+ 66	+ 32	+ 57	+121	+ 42	+ 90	+ 75
Balance of monetary movements(1) .....	- 95	+ 17	+ 17	+156	- 63	-207	-215

£ million

	1959	1960	1961	1962	1963	1964	1965
Imports (f.o.b.) .....	3,640	4,141	4,045	4,098	4,370	5,014	5,059
Exports and re-exports (f.o.b.) .....	3,522	3,733	3,892	3,994	4,287	4,471	4,779
Visible balance .....	-118	-408	-153	-104	- 83	-543	-280
Government (net):							
Military .....	-129	-171	-199	-223	-236	-268	-276
Other .....	- 98	-112	-134	-138	-147	-165	-180
Interest, profits and dividends .....	+267	+242	+264	+336	+396	+416	+473
Private services and transfers .....	+214	+174	+217	+230	+177	+167	+159
Invisible balance .....	+254	+133	+148	+205	+190	+150	+176
Current balance .....	+136	-275	- 5	+101	+107	-393	-104
Official capital (net)(1) .....	-124	-103	- 45	-104	-105	-116	- 84
Private investment (net)(1) .....	-131	- 89	+113	+ 6	- 65	-252	-131
Balance of long-term capital(1) .....	-255	-192	+ 68	- 98	-170	-368	-215
Balance of current and long-term capital transac- tions .....	-119	-467	+ 63	+ 3	- 63	-761	-319
Balancing item .....	- 15	+309	- 24	+ 86	- 53	+ 27	+ 87
Balance of monetary movements(1) .....	+134	+158	- 39	- 89	+116	+734	+232

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



# General balance of payments

£ million

TABLE 2

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>Current account</b>											
<i>Visible trade</i>											
Imports (f.o.b.) .....	3,386	3,324	3,538	3,378	3,640	4,141	4,045	4,098	4,370	5,014	5,059
Exports and re-exports (f.o.b.) .....	3,073	3,377	3,509	3,407	3,522	3,733	3,892	3,994	4,287	4,471	4,779
Visible balance .....	-313	+ 53	- 29	+ 29	-118	-408	-153	-104	- 83	-543	-280
<i>Invisibles</i>											
Government											
Debits .....	243	267	250	276	270	328	379	400	423	478	502
Credits .....	105	92	106	57	43	45	46	39	40	45	46
Transport											
Shipping											
Debits .....	570	659	652	586	606	671	675	668	687	738	748
Credits .....	540	611	659	629	618	634	639	647	663	704	752
Civil aviation											
Debits .....	40	45	52	60	64	78	85	94	102	113	131
Credits .....	37	44	49	68	82	96	108	118	129	140	158
Travel											
Debits .....	125	132	146	152	164	186	200	210	241	261	290
Credits .....	111	121	129	134	143	169	176	183	188	190	193
Other services											
Debits .....	187	200	226	224	239	264	260	264	269	292	316
Credits .....	358	379	406	419	444	471	507	518	510	560	575
Interest, profits and dividends											
Debits .....	343	342	334	389	396	438	422	418	435	484	530
Credits .....	517	571	583	683	663	680	686	754	831	900	1,003
Private transfers											
Debits .....	82	109	110	99	100	101	102	111	128	154	165
Credits .....	80	91	90	103	100	104	109	111	114	131	131
Total invisibles											
Debits .....	1,590	1,754	1,770	1,786	1,839	2,066	2,123	2,165	2,285	2,520	2,682
Credits .....	1,748	1,909	2,022	2,093	2,093	2,199	2,271	2,370	2,475	2,670	2,858
Invisible balance .....	+158	+155	+252	+307	+254	+133	+148	+205	+190	+150	+176
<b>CURRENT BALANCE</b> .....	<b>-155</b>	<b>+208</b>	<b>+223</b>	<b>+336</b>	<b>+136</b>	<b>-275</b>	<b>- 5</b>	<b>+101</b>	<b>+107</b>	<b>-393</b>	<b>-104</b>
<b>Long-term capital account<sup>(1)</sup></b>											
Inter-government loans (net) .....	- 52	- 50	+ 75	- 44	-118	- 92	- 16	- 91	- 97	-101	- 66
U.K. subscriptions to I.F.C., I.D.A. and European Fund .....	—	- 5	—	—	- 4	- 10	- 9	- 9	- 9	- 9	- 12
Other United Kingdom official long-term capital (net) .....	- 10	- 13	- 9	- 6	- 2	- 1	- 20	- 4	+ 1	- 6	- 6
Private investment											
Abroad .....	-182	-258	-298	-310	-303	-322	-313	-242	-343	-405	-312
In the United Kingdom .....	+122	+139	+126	+164	+172	+233	+426	+248	+278	+153	+181
<b>BALANCE OF LONG-TERM CAPITAL</b> .....	<b>-122</b>	<b>-187</b>	<b>-106</b>	<b>-196</b>	<b>-255</b>	<b>-192</b>	<b>+ 68</b>	<b>- 98</b>	<b>-170</b>	<b>-368</b>	<b>-215</b>
<b>BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS</b> .....	<b>-277</b>	<b>+ 21</b>	<b>+117</b>	<b>+140</b>	<b>-119</b>	<b>-467</b>	<b>+ 63</b>	<b>+ 3</b>	<b>- 63</b>	<b>-761</b>	<b>-319</b>
<b>Balancing item</b> .....	<b>+121</b>	<b>+ 42</b>	<b>+ 90</b>	<b>+ 75</b>	<b>- 15</b>	<b>+309</b>	<b>- 24</b>	<b>+ 86</b>	<b>- 53</b>	<b>+ 27</b>	<b>+ 87</b>
<b>Monetary movements <sup>(1)</sup></b>											
Miscellaneous capital (net) .....											
Change in liabilities in non-sterling currencies (net) .....	+ 59	- 45	+11	-21	+ 10	+ 8	- 35	+ 13	- 39	- 26	+ 34
Change in liabilities in overseas sterling area currencies (net) .....	-133	-181	-195	+10	- 5	+ 60	- 15	+ 40	- 16	+218	-137
Change in external liabilities in sterling (net) .....				+ 76	+126	+416	-333	+53	- 6	+ 8	+ 7
Change in official holdings of non-convertible currencies .....				+ 23	+ 8	+ 2	+ 1	+ 1	—	—	—
Change in U.K. balance in E.P.U. .....	+ 1	+ 4	+ 11	- 10	+ 9	—	—	—	—	—	—
Change in account with I.M.F. .....	—	+202	+ 1	- 9	-133	-151	+374	-379	+ 5	+359	+499
Change in gold and convertible currency reserves .....	+229	- 42	- 13	-284	+119	-177	- 31	+183	+ 53	+122	-246
<b>BALANCE OF MONETARY MOVEMENTS</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>	<b>+116</b>	<b>+734</b>	<b>+232</b>

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



# Balance of payments with overseas sterling area

TABLE 3

£ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Current account</b>								
<i>Visible trade</i>								
Imports (f.o.b.) .....	1,251	1,352	1,410	1,402	1,421	1,513	1,632	1,579
Exports and re-exports (f.o.b.) .....	1,434	1,369	1,459	1,429	1,370	1,481	1,552	1,659
Visible balance .....	+183	+ 17	+ 49	+ 27	- 51	- 32	- 80	+ 80
<i>Invisibles</i>								
Government								
Debits .....	172	182	213	246	258	267	289	294
Credits .....	10	12	8	12	10	7	12	10
Transport								
Shipping								
Debits .....	137	138	138	145	145	143	147	149
Credits .....	237	232	237	235	220	226	233	245
Civil aviation								
Debits .....	15	16	20	21	22	24	26	34
Credits .....	23	27	32	36	39	44	46	54
Travel								
Debits .....	40	39	44	49	53	55	64	75
Credits .....	50	49	59	63	64	61	59	63
Other services								
Debits .....	50	48	50	49	48	47	48	50
Credits .....	145	150	152	158	164	158	169	175
Interest, profits and dividends								
Debits .....	128	114	143	148	149	147	171	184
Credits .....	381	359	426	424	432	470	473	489
Private transfers								
Debits .....	55	57	55	58	63	74	86	85
Credits .....	52	52	57	62	65	65	68	68
Total invisibles								
Debits .....	597	594	663	716	738	757	831	871
Credits .....	898	881	971	990	994	1,031	1,060	1,104
Invisible balance .....	+301	+287	+308	+274	+256	+274	+229	+233
<b>CURRENT BALANCE</b> .....	<b>+484</b>	<b>+304</b>	<b>+357</b>	<b>+301</b>	<b>+205</b>	<b>+242</b>	<b>+149</b>	<b>+313</b>
<b>Long-term capital account (1)</b>								
Inter-government loans (net) .....	- 28	- 53	- 53	- 55	- 50	- 49	- 67	- 49
Other United Kingdom official long-term capital (net) .....	- 6	- 4	- 3	- 20	-	-	- 7	- 6
Private investment								
Abroad .....	-186	-165	-201	-186	-150	-166	-186	-195
In the United Kingdom .....	- 14	+ 30	+ 26	+ 52	+ 20	+ 17	- 30	- 57
<b>BALANCE OF LONG-TERM CAPITAL</b> .....	<b>-234</b>	<b>-192</b>	<b>-231</b>	<b>-209</b>	<b>-180</b>	<b>-198</b>	<b>-290</b>	<b>-307</b>
<b>BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS</b> .....	<b>+250</b>	<b>+112</b>	<b>+126</b>	<b>+ 92</b>	<b>+ 25</b>	<b>+ 44</b>	<b>-141</b>	<b>+ 6</b>
<b>Inter-area transfers</b> .....	<b>- 52</b>	<b>-328</b>	<b>- 27</b>	<b>-176</b>	<b>- 71</b>	<b>-168</b>	<b>+ 16</b>	<b>- 63</b>
<b>Balancing item</b> .....	<b>- 94</b>	<b>+ 25</b>	<b>+128</b>	<b>- 33</b>	<b>- 4</b>	<b>- 29</b>	<b>+100</b>	<b>+ 21</b>
<b>Monetary movements</b>								
Miscellaneous capital (net) .....	- 13	+ 3	- 4	- 34	- 11	- 25	- 27	- 3
Change in liabilities in non-sterling currencies (net) .....	-	+ 5	+ 5	- 5	+ 5	+ 22	+ 40	+ 23
Change in liabilities in overseas sterling area currencies (net) .....	-91	+183	-228	+156	+56	- 6	+ 8	+ 7
Change in external liabilities in sterling (net) .....	-	-	-	-	-	+162	+ 4	+ 9
<b>BALANCE OF MONETARY MOVEMENTS</b> .....	<b>-104</b>	<b>+191</b>	<b>-227</b>	<b>+117</b>	<b>+ 50</b>	<b>+153</b>	<b>+ 25</b>	<b>+ 36</b>

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



# Balance of payments with non-sterling areas

£ million

TABLE 4

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Current account</b>								
<b>Visible trade</b>								
Imports (f.o.b.) .....	2,127	2,288	2,731	2,643	2,677	2,857	3,382	3,480
Exports and re-exports (f.o.b.) .....	1,973	2,153	2,274	2,463	2,624	2,806	2,919	3,120
Visible balance .....	-154	-135	-457	-180	- 53	- 51	-463	-360
<b>Invisibles</b>								
Government								
Debits .....	104	88	115	133	142	156	189	208
Credits .....	47	31	37	34	29	33	33	36
Transport								
Shipping								
Debits .....	449	468	533	530	523	544	591	599
Credits .....	392	386	397	404	427	437	471	507
Civil aviation								
Debits .....	45	48	58	64	72	78	87	97
Credits .....	45	55	64	72	79	85	94	104
Travel								
Debits .....	112	125	142	151	157	186	197	215
Credits .....	84	94	110	113	119	127	131	130
Other services								
Debits .....	174	191	214	211	216	222	244	266
Credits .....	274	294	319	349	354	352	391	400
Interest, profits and dividends								
Debits .....	261	282	295	274	269	288	313	346
Credits .....	302	304	254	262	322	361	427	514
Private transfers								
Debits .....	44	43	46	44	48	54	68	80
Credits .....	51	48	47	47	46	49	63	63
Total invisibles								
Debits .....	1,189	1,245	1,403	1,407	1,427	1,528	1,689	1,811
Credits .....	1,195	1,212	1,228	1,281	1,376	1,444	1,610	1,754
Invisible balance .....	+ 6	- 33	-175	-126	- 51	- 84	- 79	- 57
<b>CURRENT BALANCE</b> .....	<b>-148</b>	<b>-168</b>	<b>-632</b>	<b>-306</b>	<b>-104</b>	<b>-135</b>	<b>-542</b>	<b>-417</b>
<b>Long-term capital account <sup>(1)</sup></b>								
Inter-government loans (net) .....	- 16	- 65	- 39	+ 39	- 41	- 48	- 34	- 17
United Kingdom subscriptions to I.D.A. and European Fund .....	—	- 4	- 10	- 9	- 9	- 9	- 9	- 12
Other United Kingdom official long-term capital (net) .....	—	+ 2	+ 2	—	- 4	+ 1	+ 1	—
Private investment								
Abroad .....	-124	-138	-121	-127	- 92	-177	-219	-117
In the United Kingdom .....	+178	+142	+207	+374	+228	+261	+183	+238
<b>BALANCE OF LONG-TERM CAPITAL</b> .....	<b>+ 38</b>	<b>- 63</b>	<b>+ 39</b>	<b>+277</b>	<b>+ 82</b>	<b>+ 28</b>	<b>- 78</b>	<b>+ 92</b>
<b>BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS</b>	<b>-110</b>	<b>-231</b>	<b>-593</b>	<b>- 29</b>	<b>- 22</b>	<b>-107</b>	<b>-620</b>	<b>-325</b>
<b>Inter-area transfers</b> .....	<b>+ 52</b>	<b>+328</b>	<b>+ 27</b>	<b>+176</b>	<b>+ 71</b>	<b>+168</b>	<b>- 16</b>	<b>+ 63</b>
<b>Balancing item</b> .....	<b>+169</b>	<b>- 40</b>	<b>+181</b>	<b>+ 9</b>	<b>+ 90</b>	<b>- 24</b>	<b>- 73</b>	<b>+ 66</b>
<b>Monetary movements <sup>(1)</sup></b>								
Miscellaneous capital (net) .....	- 8	+ 7	+ 12	- 1	+ 24	- 14	+ 1	+ 37
Change in liabilities in non-sterling currencies (net) .....	+ 10	- 10	+ 55	- 10	+ 35	- 38	+178	-160
Change in external liabilities in sterling (net) .....	+167	- 57	+644	-489	- 3	- 43	+ 49	+ 66
Change in official holdings of non-convertible currencies .....	+ 23	+ 8	+ 2	+ 1	+ 1	—	—	—
Change in U.K. balance in E.P.U. ....	- 10	+ 9	—	—	—	—	—	—
Change in account with I.M.F. ....	- 9	-133	-151	+374	-379	+ 5	+359	+499
Change in gold and convertible currency reserves .....	-284	+119	-177	- 31	+183	+ 53	+122	-246
<b>BALANCE OF MONETARY MOVEMENTS</b> .....	<b>-111</b>	<b>- 57</b>	<b>+385</b>	<b>-156</b>	<b>-139</b>	<b>- 37</b>	<b>+709</b>	<b>+196</b>

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



# Visible trade in the balance of payments

TABLE 5

£ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Imports</b>								
Trade accounts (c.i.f.) .....	3,835	4,087	4,656	4,546	4,627	4,983	5,696	5,763
Valuation adjustments								
Freight and insurance .....	-436	-451	-479	-471	-479	-496	-550	-553
Sugar .....	+ 18	+ 27	+ 27	+ 35	+ 40	- 19	- 9	-
Other .....	- 21	- 24	- 25	- 26	- 26	- 27	- 29	- 28
Coverage adjustments								
Second-hand ships and aircraft .....	+ 3	+ 2	+ 6	+ 11	+ 9	+ 6	+ 8	+ 10
Ships delivered abroad.....	+ 6	+ 18	+ 12	+ 15	+ 14	+ 15	+ 13	+ 2
Other .....	+ 31	+ 62	+ 29	+ 33	+ 22	+ 30	+ 17	+ 19
Returned goods.....	- 41	- 61	- 60	- 68	- 71	- 77	- 77	- 80
Goods for process and repair .....	- 17	- 20	- 25	- 30	- 38	- 45	- 55	- 74
Balance of payments imports (f.o.b.) .....	3,378	3,640	4,141	4,045	4,098	4,370	5,014	5,059
<b>Exports and re-exports</b>								
Trade accounts (f.o.b.).....	3,391	3,554	3,789	3,955	4,062	4,365	4,565	4,897
Valuation adjustments .....	+ 18	+ 18	-	+ 6	-	-	-	-
Coverage adjustments								
Second-hand ships and aircraft .....	+ 29	+ 21	+ 20	+ 20	+ 31	+ 27	+ 30	+ 24
N.A.A.F.I. ....	- 10	- 9	- 9	- 11	- 10	- 13	- 13	- 15
Other .....	+ 37	+ 19	+ 18	+ 20	+ 20	+ 30	+ 21	+ 27
Returned goods.....	- 41	- 61	- 60	- 68	- 71	- 77	- 77	- 80
Goods for process and repair .....	- 17	- 20	- 25	- 30	- 38	- 45	- 55	- 74
Balance of payments exports and re-exports (f.o.b.) .....	3,407	3,522	3,733	3,892	3,994	4,287	4,471	4,779



# Visible trade (f.o.b.)—analysis by area

£ million

TABLE 6

	1958	1959	1960	1961	1962	1963	1964	1965
Overseas sterling area								
Imports .....	1,251	1,352	1,410	1,402	1,421	1,513	1,632	1,579
Exports and re-exports .....	1,434	1,369	1,459	1,429	1,370	1,481	1,552	1,659
Total .....	+ 183	+ 17	+ 49	+ 27	— 51	— 32	— 80	+ 80
Western Europe								
Imports .....	944	1,016	1,206	1,225	1,253	1,357	1,632	1,693
Exports and re-exports .....	921	1,009	1,119	1,284	1,452	1,614	1,704	1,777
Total .....	— 23	— 7	— 87	+ 59	+199	+257	+ 72	+ 84
North America								
Imports .....	590	622	859	762	754	806	998	1,016
Exports and re-exports .....	516	620	573	553	562	568	595	700
Total .....	— 74	— 2	—286	—209	—192	—238	—403	—316
Latin America								
Imports .....	249	272	269	238	256	258	260	242
Exports and re-exports .....	153	160	172	168	166	147	158	158
Total .....	— 96	—112	— 97	— 70	— 90	—111	—102	— 84
Other non-sterling areas								
Imports .....	344	378	397	418	414	436	492	529
Exports and re-exports .....	383	364	410	458	444	477	462	485
Total .....	+ 39	— 14	+ 13	+ 40	+ 30	+ 41	— 30	— 44
All areas								
Imports .....	3,378	3,640	4,141	4,045	4,098	4,370	5,014	5,059
Exports and re-exports .....	3,407	3,522	3,733	3,892	3,994	4,287	4,471	4,779
Total .....	+ 29	—118	—408	—153	—104	— 83	—543	—280



# Government overseas current expenditure and receipts

TABLE 7

£ million

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>Expenditure</b>											
Overseas sterling area											
Services											
Military .....	99	121	103	101	108	131	139	145	146	148	154
Administrative, diplomatic, etc. ....	8	9	10	11	11	13	16	18	20	23	23
Total services.....	107	130	113	112	119	144	155	163	166	171	177
Transfers											
Economic grants .....	52	56	57	49	50	54	71	75	73	79	89
Military grants .....	4	5	5	5	7	7	12	12	19	30	19
Other transfers .....				6	6	8	8	8	9	9	9
Total transfers .....	56	61	62	60	63	69	91	95	101	118	117
Total expenditure .....	163	191	175	172	182	213	246	258	267	289	294
Non-sterling areas											
Services											
Military .....	53	52	48	72	52	72	86	97	103	122	124
Administrative, diplomatic, etc. ....	13	12	14	15	17	18	20	19	22	22	24
Total services.....	66	64	62	87	69	90	106	116	125	144	148
Transfers											
Economic grants .....	3	2	1	2	2	4	3	3	2	4	4
Military grants .....				1	—	—	1	—	—	—	—
Subscriptions and contributions to inter- national organisations .....	9	8	10	12	13	18	20	19	25	36	50
Other transfers .....	2	2	2	2	4	3	3	4	4	5	6
Total transfers .....	14	12	13	17	19	25	27	26	31	45	60
Total expenditure .....	80	76	75	104	88	115	133	142	156	189	208
All areas											
Services											
Military .....	152	173	151	173	160	203	225	242	249	270	278
Administrative, diplomatic, etc. ....	21	21	24	26	28	31	36	37	42	45	47
Total services.....	173	194	175	199	188	234	261	279	291	315	325
Transfers											
Economic grants .....	41	44	49	51	52	58	74	78	75	83	93
Military grants .....	14	14	9	6	7	7	13	12	19	30	19
Subscriptions and contributions to inter- national organisations .....	9	8	10	12	13	18	20	19	25	36	50
Other transfers .....	6	7	7	8	10	11	11	12	13	14	15
Total transfers .....	70	73	75	77	82	94	118	121	132	163	177
Total expenditure .....	243	267	250	276	270	328	379	400	423	478	502



# Government overseas current expenditure and receipts (continued)

£ million

TABLE 7 (continued)

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>Receipts</b>											
Overseas sterling area											
Services											
Military .....	18	10	15	9	11	7	10	7	5	9	4
Other .....			3	1	1	1	2	3	2	3	6
Total services.....	18	10	18	10	12	8	12	10	7	12	10
Transfers .....	—	—	—	—	—	—	—	—	—	—	—
Total receipts.....	18	10	18	10	12	8	12	10	7	12	10
Non-sterling areas											
Services											
U.S. and Canadian forces' expenditure .....	25	29	36	25	18	21	16	17	12	12	9
Other military .....	15	27	29	18	11	13	15	9	18	17	12
Other .....			2	1	2	3	3	3	3	4	15
Total services.....	40	56	67	44	31	37	34	29	33	33	36
Transfers											
Defence aid .....	46	26	21	3	—	—	—	—	—	—	—
Other .....	1	—	—	—	—	—	—	—	—	—	—
Total transfers .....	47	26	21	3	—	—	—	—	—	—	—
Total receipts.....	87	82	88	47	31	37	34	29	33	33	36
All areas											
Services											
U.S. and Canadian forces' expenditure .....	25	29	36	25	18	21	16	17	12	12	9
Other military .....	33	37	44	27	22	20	25	16	23	26	16
Other .....			5	2	3	4	5	6	5	7	21
Total services.....	58	66	85	54	43	45	46	39	40	45	46
Transfers											
Defence aid .....	46	26	21	3	—	—	—	—	—	—	—
Other .....	1	—	—	—	—	—	—	—	—	—	—
Total transfers .....	47	26	21	3	—	—	—	—	—	—	—
Total receipts.....	105	92	106	57	43	45	46	39	40	45	46
Government (net) .....	-138	-175	-144	-219	-227	-283	-333	-361	-383	-433	-456



# Shipping

TABLE 8

£ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Debits</b>								
United Kingdom shipping								
Charter payments .....	137	149	172	180	180	182	187	185
Disbursements abroad .....	300	299	304	313	313	309	313	325
Overseas shipping								
Freight on imports .....	143	151	189	175	169	188	228	228
Passenger revenue .....	6	7	6	7	6	8	10	10
<b>Total</b> .....	<b>586</b>	<b>606</b>	<b>671</b>	<b>675</b>	<b>668</b>	<b>687</b>	<b>738</b>	<b>748</b>
<b>Credits</b>								
United Kingdom shipping								
Freight on exports .....	150	148	148	148	135	141	146	161
Freight on cross-trades .....	338	328	337	341	348	355	374	391
Charter receipts .....	23	24	24	28	32	27	35	40
Passenger revenue .....	54	52	53	48	50	51	52	55
Overseas shipping								
Disbursements in United Kingdom .....	64	66	72	74	82	89	97	105
<b>Total</b> .....	<b>629</b>	<b>618</b>	<b>634</b>	<b>639</b>	<b>647</b>	<b>663</b>	<b>704</b>	<b>752</b>
<b>United Kingdom shipping (net)</b> .....	<b>+ 128</b>	<b>+ 104</b>	<b>+ 86</b>	<b>+ 72</b>	<b>+ 72</b>	<b>+ 83</b>	<b>+ 107</b>	<b>+ 137</b>
<b>Overseas shipping (net)</b> .....	<b>- 85</b>	<b>- 92</b>	<b>- 123</b>	<b>- 108</b>	<b>- 93</b>	<b>- 107</b>	<b>- 141</b>	<b>- 133</b>
<b>Shipping (net)</b> .....	<b>+ 43</b>	<b>+ 12</b>	<b>- 37</b>	<b>- 36</b>	<b>- 21</b>	<b>- 24</b>	<b>- 34</b>	<b>+ 4</b>

# Civil aviation

TABLE 9

£ million

	1962	1963	1964	1965
<b>Debits</b>				
United Kingdom airlines				
Disbursements abroad .....	58	61	63	72
Overseas airlines				
Passenger revenue .....	28	33	41	49
Freight on imports .....	6	6	7	8
Other .....	2	2	2	2
<b>Total</b> .....	<b>94</b>	<b>102</b>	<b>113</b>	<b>131</b>
<b>Credits</b>				
United Kingdom airlines				
Passenger revenue .....	71	78	85	93
Freight on exports and cross-trades .....	8	9	10	13
Other .....	15	16	15	17
Overseas airlines				
Disbursement in United Kingdom .....	24	26	30	35
<b>Total</b> .....	<b>118</b>	<b>129</b>	<b>140</b>	<b>158</b>
<b>United Kingdom airlines (net)</b> .....	<b>+ 36</b>	<b>+ 42</b>	<b>+ 47</b>	<b>+ 51</b>
<b>Overseas airlines (net)</b> .....	<b>- 12</b>	<b>- 15</b>	<b>- 20</b>	<b>- 24</b>
<b>Civil aviation (net)</b> .....	<b>+ 24</b>	<b>+ 27</b>	<b>+ 27</b>	<b>+ 27</b>



# Travel—analysis by area

£ million

TABLE 10

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Debits</b>								
Irish Republic .....	24	26	30	37	39	41	50	57
Other overseas sterling area countries .....	16	13	14	12	14	14	14	18
Western Europe .....	101	112	127	135	139	166	174	188
North America .....	8	9	10	11	12	13	14	14
Other non-sterling countries .....	3	4	5	5	6	7	9	13
<b>Total</b> .....	<b>152</b>	<b>164</b>	<b>186</b>	<b>200</b>	<b>210</b>	<b>241</b>	<b>261</b>	<b>290</b>
<b>Credits</b>								
Irish Republic .....	10	10	13	14	16	19	21	23
Other overseas sterling area countries .....	40	39	46	49	48	42	38	40
Western Europe .....	27	32	37	41	46	53	53	55
North America .....	49	52	58	54	54	55	60	61
Other non-sterling countries .....	8	10	15	18	19	19	18	14
<b>Total</b> .....	<b>134</b>	<b>143</b>	<b>169</b>	<b>176</b>	<b>183</b>	<b>188</b>	<b>190</b>	<b>193</b>
<b>Travel (net)</b> .....	<b>-18</b>	<b>-21</b>	<b>-17</b>	<b>-24</b>	<b>-27</b>	<b>-53</b>	<b>-71</b>	<b>-97</b>



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

TABLE 11

£ million

	1964	1965
<b>Debits</b>		
Commissions, etc. on exports .....	60	66
Telecommunications and postal services .....	18	20
Films and television .....	12	15
Non-monetary gold.....	8	8
Royalties, etc. ....	50	}
Services rendered to United Kingdom enterprises:		
By overseas parent companies .....	27	
By overseas branches, subsidiaries and associates .....	17	
Agency expenses, advertising and other commercial services .....	30	30
Other .....	70	72
<b>Total .....</b>	<b>292</b>	<b>316</b>
<b>Credits</b>		
Financial and allied services (n.e.i.) (net) <sup>(2)</sup> .....	120	110
Commissions, etc. on imports .....	77	82
Telecommunications and postal services .....	20	21
Films and television .....	15	19
Royalties, etc. ....	59	}
Services rendered by United Kingdom enterprises:		
To overseas parent companies .....	9	
To overseas branches, subsidiaries and associates .....	27	
Agency expenses, advertising and other commercial services .....	20	20
Expenditure by overseas students and journalists .....	41	42
Architects' and consulting engineers' fees and contractors' net earnings .....	34	34
Overseas governments' and non-territorial organisations' expenditure .....	39	46
Other .....	99	96
<b>Total .....</b>	<b>560</b>	<b>575</b>
<b>Other services (net) .....</b>	<b>+268</b>	<b>+259</b>

(1) For notes on, and definitions of, the items in this table see page 43. 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.

(2) Including brokerage, merchanting, arbitrage, banking charges and commissions, underwriting and other insurance. Interest received by United Kingdom banks and other financial institutions and the profits of their overseas branches, subsidiaries and associates are in general included in 'interest, profits and dividends' (Table 12); see note on page 43.



# Interest, profits and dividends

£ million

TABLE 12

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Debits</b>								
Overseas sterling area								
Direct investment (1) .....	2	3	3	1	4	5	5	5
Portfolio investment .....	35	28	29	28	28	42	44	46
Other .....	91	83	111	119	117	100	122	133
<b>Total</b> .....	<b>128</b>	<b>114</b>	<b>143</b>	<b>148</b>	<b>149</b>	<b>147</b>	<b>171</b>	<b>184</b>
Non-sterling areas								
Direct investment (1) .....	93	133	134	127	130	163	198	216
Portfolio investment .....	20	21	27	23	24	22	25	24
Other (2) .....	148	128	134	124	115	103	90	106
<b>Total</b> .....	<b>261</b>	<b>282</b>	<b>295</b>	<b>274</b>	<b>269</b>	<b>288</b>	<b>313</b>	<b>346</b>
All areas								
Direct investment (1) .....	95	136	137	128	134	168	203	221
Portfolio investment .....	55	49	56	51	52	64	69	70
Other (2) .....	239	211	245	243	232	203	212	239
<b>Total</b> .....	<b>389</b>	<b>396</b>	<b>438</b>	<b>422</b>	<b>418</b>	<b>435</b>	<b>484</b>	<b>530</b>
<b>Credits</b>								
Overseas sterling area								
Direct investment (1) .....	124	149	173	163	180	213	250	260
Portfolio investment .....	60	62	72	73	79	76	77	82
Other (2) .....	197	148	181	188	173	181	146	147
<b>Total</b> .....	<b>381</b>	<b>359</b>	<b>426</b>	<b>424</b>	<b>432</b>	<b>470</b>	<b>473</b>	<b>489</b>
Non-sterling areas								
Direct investment (1) .....	71	89	85	86	94	117	125	143
Portfolio investment .....	55	59	61	60	63	65	71	78
Other (2) .....	176	156	108	116	165	179	231	293
<b>Total</b> .....	<b>302</b>	<b>304</b>	<b>254</b>	<b>262</b>	<b>322</b>	<b>361</b>	<b>427</b>	<b>514</b>
All areas								
Direct investment (1) .....	195	238	258	249	274	330	375	403
Portfolio investment .....	115	121	133	133	142	141	148	160
Other (2) .....	373	304	289	304	338	360	377	440
<b>Total</b> .....	<b>683</b>	<b>663</b>	<b>680</b>	<b>686</b>	<b>754</b>	<b>831</b>	<b>900</b>	<b>1,003</b>
<b>Interest, profits and dividends (net)</b> .....	<b>+294</b>	<b>+267</b>	<b>+242</b>	<b>+264</b>	<b>+336</b>	<b>+396</b>	<b>+416</b>	<b>+473</b>

(1) See notes to Table 13.

(2) Including oil.



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

## Analysis by area

TABLE 13

£ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Debits<sup>(2)</sup></b>								
Overseas sterling area .....	2	3	3	1	4	5	5	5
Western Europe .....	14	19	17	15	15	17	33	216
of which <i>European Economic Community</i> .....	9	11	7	7	6	7	19	
<i>European Free Trade Association</i> .....	5	7	9	6	8	10	14	
North America .....	78	113	116	111	114	144	164	
Latin America .....	—	—	—	—	—	—	—	
Other non-sterling countries .....	1	1	1	1	1	2	1	
<b>Total</b> .....	95	136	137	128	134	168	203	221
<b>Credits<sup>(3)</sup></b>								
Overseas sterling area .....	124	149	173	163	180	213	250	260
Western Europe .....	15	25	23	28	27	30	24	143
of which <i>European Economic Community</i> .....	10	18	15	20	20	21	13	
<i>European Free Trade Association</i> .....	3	5	5	6	4	6	9	
North America .....	39	43	39	39	45	65	78	
Latin America .....	11	12	15	12	14	16	19	
Other non-sterling countries .....	6	9	8	7	8	6	4	
<b>Total</b> .....	195	238	258	249	274	330	375	403

(1) Board of Trade inquiry into overseas direct investment.

(2) Excluding oil and insurance.

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



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

## Analysis by component

£ million

TABLE 14

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Debits</b>								
Overseas sterling area								
Profits of branches .....	2	3	2	—	3	3	3	3
Profits of subsidiaries <sup>(2)</sup> —dividends remitted .....	—	—	—	—	—	1	1	2
—unremitted profits .....	—	—	1	1	1	1	1	—
Interest paid .....	—	—	—	—	—	—	—	—
<b>Total .....</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>
Non-sterling areas								
Profits of branches .....	6	7	9	8	6	6	7	9
Profits of subsidiaries <sup>(2)</sup> —dividends remitted .....	42	49	57	81	64	65	107	93
—unremitted profits .....	44	76	66	36	57	89	79	109
Interest paid .....	1	1	2	2	3	3	5	5
<b>Total .....</b>	<b>93</b>	<b>133</b>	<b>134</b>	<b>127</b>	<b>130</b>	<b>163</b>	<b>198</b>	<b>216</b>
All areas								
Profits of branches .....	8	10	11	8	9	9	10	12
Profits of subsidiaries <sup>(2)</sup> —dividends remitted .....	42	49	57	81	64	66	108	95
—unremitted profits .....	44	76	67	37	58	90	80	109
Interest paid .....	1	1	2	2	3	3	5	5
<b>Total .....</b>	<b>95</b>	<b>136</b>	<b>137</b>	<b>128</b>	<b>134</b>	<b>168</b>	<b>203</b>	<b>221</b>
<b>Credits</b>								
Overseas sterling area								
Profits of branches .....	58	71	80	76	76	93	99	102
Profits of subsidiaries <sup>(2)</sup> —dividends remitted .....	27	29	39	47	45	46	50	61
—unremitted profits .....	37	47	51	36	56	71	98	93
Interest received .....	2	2	3	4	3	3	3	4
<b>Total .....</b>	<b>124</b>	<b>149</b>	<b>173</b>	<b>163</b>	<b>180</b>	<b>213</b>	<b>250</b>	<b>260</b>
Non-sterling areas								
Profits of branches .....	9	14	16	15	15	17	14	17
Profits of subsidiaries <sup>(2)</sup> —dividends remitted .....	23	27	33	31	37	51	56	55
—unremitted profits .....	37	46	34	38	39	47	51	68
Interest received .....	2	2	2	2	3	2	4	3
<b>Total .....</b>	<b>71</b>	<b>89</b>	<b>85</b>	<b>86</b>	<b>94</b>	<b>117</b>	<b>125</b>	<b>143</b>
All areas								
Profits of branches .....	67	85	96	91	91	110	113	119
Profits of subsidiaries <sup>(2)</sup> —dividends remitted .....	50	56	72	78	82	97	106	116
—unremitted profits .....	74	93	85	74	95	118	149	161
Interest received .....	4	4	5	6	6	5	7	7
<b>Total .....</b>	<b>195</b>	<b>238</b>	<b>258</b>	<b>249</b>	<b>274</b>	<b>330</b>	<b>375</b>	<b>403</b>

(1) See notes to Table 13.

(2) Including associated companies.



# Inter-government loans

TABLE 15

£ million

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>Loans made by the United Kingdom</b>											
Overseas sterling area .....	13	6	8	17	44	57	60	56	55	75	63
Western Europe .....	—	—	3	2	2	2	—	3	3	3	6
Latin America .....	19	—	—	—	—	—	1	3	6	3	2
Other non-sterling countries .....	—	3	5	2	2	2	—	—	2	3	3
<b>Total .....</b>	<b>32</b>	<b>9</b>	<b>16</b>	<b>21</b>	<b>48</b>	<b>61</b>	<b>61</b>	<b>62</b>	<b>66</b>	<b>84</b>	<b>74</b>
<b>Loans repaid to the United Kingdom</b>											
Overseas sterling area .....	1	3	4	5	3	4	5	6	6	10	14
Western Europe .....	23	22	21	25	65	30	97	3	3	4	4
Latin America .....	—	—	1	—	1	2	1	1	2	3	4
Other non-sterling countries .....	4	4	6	7	7	5	6	5	3	2	2
<b>Total .....</b>	<b>28</b>	<b>29</b>	<b>32</b>	<b>37</b>	<b>76</b>	<b>41</b>	<b>109</b>	<b>15</b>	<b>14</b>	<b>19</b>	<b>24</b>
<b>Inter-government loans by the United Kingdom (net).....</b>	<b>- 4</b>	<b>+20</b>	<b>+16</b>	<b>+16</b>	<b>+28</b>	<b>-20</b>	<b>+48</b>	<b>-47</b>	<b>-52</b>	<b>-65</b>	<b>-50</b>
<b>Loans made to the United Kingdom</b>											
Western Europe .....	—	—	—	—	37	—	18	—	—	—	—
North America .....	—	—	89	—	—	—	—	—	—	—	—
<b>Total .....</b>	<b>—</b>	<b>—</b>	<b>89</b>	<b>—</b>	<b>37</b>	<b>—</b>	<b>18</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Loans repaid by the United Kingdom</b>											
Overseas sterling area .....	7	5	7	16	12	—	—	—	—	2	—
Western Europe .....	4	5	4	4	53	42	51	13	13	31	12
North America .....	37	60	19	40	118	30	31	31	32	3	4
<b>Total .....</b>	<b>48</b>	<b>70</b>	<b>30</b>	<b>60</b>	<b>183</b>	<b>72</b>	<b>82</b>	<b>44</b>	<b>45</b>	<b>36</b>	<b>16</b>
<b>Inter-government loans to the United Kingdom (net).....</b>	<b>-48</b>	<b>-70</b>	<b>+59</b>	<b>-60</b>	<b>-146</b>	<b>-72</b>	<b>-64</b>	<b>-44</b>	<b>- 45</b>	<b>-36</b>	<b>-16</b>
<b>Inter-government loans (net) .....</b>	<b>-52</b>	<b>-50</b>	<b>+75</b>	<b>-44</b>	<b>-118</b>	<b>-92</b>	<b>-16</b>	<b>-91</b>	<b>-97</b>	<b>-101</b>	<b>-66</b>
of which											
New loans (net).....	-32	- 9	+73	-21	- 11	-61	-43	-62	-66	- 84	-74
Repayments (net) .....	-20	-41	+ 2	-23	-107	-31	+27	-29	-31	- 17	+ 8



# Private investment<sup>(1)</sup>

TABLE 16

£ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>By United Kingdom</b>								
Overseas sterling area								
Direct <sup>(2)</sup> .....	- 79	-106	-160	-124	-122	-135	-151	-169
Portfolio and other .....	-107	- 59	- 41	- 62	- 28	- 31	- 35	- 26
Non sterling areas								
Direct <sup>(2)</sup> .....	- 65	- 90	- 90	-102	- 87	-115	-111	-103
Portfolio and other .....	- 59	- 48	- 31	- 25	- 5	- 62	-108	- 14
All areas								
Direct <sup>(2)</sup> .....	-144	-196	-250	-226	-209	-250	-262	-272
Portfolio—London Market loans (net new issues) .....	-166	-107	- 6	- 15	- 2	- 21	- 6	+ 14
Other .....			+ 43	+ 43	+ 41	+ 7	- 2	+ 77
Other (oil and miscellaneous) .....			-109	-115	- 72	- 79	-135	-131
Total .....	-310	-303	-322	-313	-242	-343	-405	-312
<b>In United Kingdom</b>								
Overseas sterling area								
Direct <sup>(2)</sup> .....	+ 10	+ 8	+ 14	+ 5	+ 1	- 3	+ 1	—
Portfolio and other .....	- 24	+ 22	+ 12	+ 47	+ 19	+ 20	- 31	- 57
Non-sterling areas								
Direct <sup>(2)</sup> .....	+ 77	+138	+121	+231	+129	+163	+161	+161
Portfolio and other .....	+101	+ 4	+ 86	+143	+ 99	+ 98	+ 22	+ 77
All areas								
Direct <sup>(2)</sup> .....	+ 87	+146	+135	+236	+130	+160	+162	+161
Portfolio—Company securities .....	+77	+26	+ 63	+ 63	+ 36	- 24	- 41	- 14
British government stocks <sup>(3)</sup> .....			- 20	+ 53	+ 24	+ 45	+ 25	+ 22
Local authorities—securities and mortgages <sup>(3)</sup> .....			—	- 1	+ 1	+ 8	- 19	- 55
Other (oil and miscellaneous) .....			+ 55	+ 75	+ 57	+ 89	+ 26	+ 67
Total .....	+164	+172	+233	+426	+248	+278	+153	+181
<b>Private investment (net)</b> .....	-146	-131	- 89	+113	+ 6	- 65	-252	-131

(1) Net of disinvestment.

(2) See notes to Table 17 below.

(3) The figures from 1963 include investment by or on behalf of certain non-monetary bodies in the overseas sterling area (see notes on page 47). For years to 1962 investment of this kind is included as part of 'external liabilities in sterling (net)'.

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

TABLE 17

£ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>By United Kingdom<sup>(2)</sup></b>								
Overseas sterling area .....	79	106	160	124	122	135	151	169
Western Europe .....	14	20	26	40	50	59	46	103
of which <i>European Economic Community</i> .....	8	16	22	26	29	40	37	
<i>European Free Trade Association</i> .....	3	1	4	11	19	16	5	
North America .....	38	52	44	40	18	35	43	161
Latin America .....	5	12	15	21	14	16	18	
Other non-sterling countries .....	8	6	5	1	5	5	4	
Total .....	144	196	250	226	209	250	262	272
<b>In United Kingdom<sup>(3)</sup></b>								
Overseas sterling area .....	10	8	14	5	1	- 3	1	161
Western Europe .....	6	18	16	30	23	33	30	
of which <i>European Economic Community</i> .....	1	9	4	17	3	10	19	
<i>European Free Trade Association</i> .....	4	9	12	11	20	22	11	161
North America .....	72	120	104	201	104	126	130	
Latin America .....	- 1	—	—	—	1	—	1	
Other non-sterling countries .....	—	—	1	—	1	4	—	161
Total .....	87	146	135	236	130	160	162	

(1) Board of Trade inquiry into overseas direct investment.

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

(3) Excluding oil and insurance.



# Direct investment<sup>(1)</sup>

## Analysis by component

TABLE 18

£ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>By United Kingdom</b>								
Overseas sterling area								
Unremitted profits of subsidiaries <sup>(2)</sup> .....	37	47	51	36	56	71	98	93
Net acquisition of share and loan capital .....	17	26	47	49	40	26	45	41
Change in branch indebtedness .....	20	30	23	18	35	26	—	25
Change in inter-company accounts .....	5	3	39	21	— 9	12	8	10
	79	106	160	124	122	135	151	169
Non-sterling areas								
Unremitted profits of subsidiaries <sup>(2)</sup> .....	37	46	34	38	39	47	51	68
Net acquisition of share and loan capital .....	24	26	33	33	24	35	27	28
Change in branch indebtedness .....	— 4	4	10	18	9	9	6	5
Change in inter-company accounts .....	8	14	13	13	15	24	27	2
	65	90	90	102	87	115	111	103
<b>All areas</b>								
Unremitted profits of subsidiaries <sup>(2)</sup> .....	74	93	85	74	95	118	149	161
Net acquisition of share and loan capital .....	41	52	80	82	64	61	72	69
Change in branch indebtedness .....	16	34	33	36	44	35	6	30
Change in inter-company accounts .....	13	17	52	34	6	36	35	12
<b>Total</b> .....	<b>144</b>	<b>196</b>	<b>250</b>	<b>226</b>	<b>209</b>	<b>250</b>	<b>262</b>	<b>272</b>
<b>In United Kingdom</b>								
Overseas sterling area								
Unremitted profits of subsidiaries <sup>(2)</sup> .....	—	—	1	1	1	1	1	—
Net acquisition of share and loan capital .....	1	7	8	1	1	2	2	—
Change in branch indebtedness .....	5	—	5	1	— 2	— 9	— 7	—
Change in inter-company accounts .....	4	1	—	2	1	3	5	—
	10	8	14	5	1	— 3	1	—
Non-sterling areas								
Unremitted profits of subsidiaries <sup>(2)</sup> .....	44	76	66	36	57	89	79	109
Net acquisition of share and loan capital .....	20	48	27	169	48	47	67	30
Change in branch indebtedness .....	6	— 2	— 2	9	3	2	3	—
Change in inter-company accounts .....	7	16	30	17	21	25	12	22
	77	138	121	231	129	163	161	161
<b>All areas</b>								
Unremitted profits of subsidiaries <sup>(2)</sup> .....	44	76	67	37	58	90	80	109
Net acquisition of share and loan capital .....	21	55	35	170	49	49	69	30
Change in branch indebtedness .....	11	— 2	3	10	1	— 7	— 4	—
Change in inter-company accounts .....	11	17	30	19	22	28	17	22
<b>Total</b> .....	<b>87</b>	<b>146</b>	<b>135</b>	<b>236</b>	<b>130</b>	<b>160</b>	<b>162</b>	<b>161</b>

(1) See notes to Table 17.

(2) Including associated companies.



# Monetary movements<sup>(1)</sup>

TABLE 19

£ million

	1963	1964	1965
<b>Miscellaneous capital</b>			
Official assets and liabilities (n.e.i.) .....	+ 4	- 14	+ 38
Trade credit (n.e.i.) (2) .....	- 45	- 22	- 4
Other identified commercial short-term transactions (net) .....	+ 2	+ 10	
Total.....	- 39	- 26	+ 34
<b>Liabilities and claims in non-sterling currencies</b>			
Liabilities—deposits by overseas central banks .....	—	+ 72	- 72
—other .....	+ 242	+ 504	+ 289
Claims .....	- 258	- 358	- 354
Total.....	- 16	+ 218	- 137
<b>Liabilities and claims in overseas sterling area currencies</b>			
Liabilities .....	+ 8	+ 13	- 19
Claims .....	- 14	- 5	+ 26
Total.....	- 6	+ 8	+ 7
<b>External liabilities and claims in sterling</b>			
Overseas sterling area countries			
Liabilities			
U.K. banks <sup>(3)</sup> —to central monetary institutions .....	+ 126	+ 27	- 142
other.....	+ 56	+ 38	+ 57
Deposits with U.K. local authorities and hire purchase finance companies.....	- 9	+ 46	+ 103
Claims			
U.K. banks—on central monetary institutions .....	+ 11	- 6	- 15
other .....	- 22	- 101	+ 6
Total.....	+ 162	+ 4	+ 9
<b>Non-sterling countries</b>			
Liabilities			
U.K. banks <sup>(3)</sup> —to central monetary institutions:			
special swap transactions .....	—	+ 116	+ 53
bilateral credit from Switzerland .....	—	+ 28	+ 14
other .....	- 14	- 58	+ 39
other.....	+ 84	- 19	+ 24
Deposits with U.K. local authorities and hire purchase finance companies.....	- 22	+ 13	- 26
Claims			
U.K. banks—on central monetary institutions .....	- 10	+ 6	- 2
other .....	- 97	- 42	- 30
Total.....	- 59	+ 44	+ 72
International organisations <sup>(4)</sup> —liabilities .....	+ 16	+ 5	- 6
Total external liabilities in sterling (net).....	+ 119	+ 53	+ 75
<b>Account with I.M.F.</b> .....	+ 5	+ 359	+ 499
<b>Gold and convertible currency reserves</b> .....	+ 53	+ 122	- 246
<b>Balance of monetary movements</b> .....	+ 116	+ 734	+ 232

(1) Change in assets and liabilities. Assets: increase — / decrease +. Liabilities: increase +/decrease —.

(2) See Annex 3, pages 35–37.

(3) Including government marketable debt held by U.K. banks for certain overseas residents, see notes on page 49.

(4) Excluding I.M.F.



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

TABLE 20

£ million

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>United Kingdom</b>											
Subscription in gold .....	—	—	—	—	— 58	—	—	—	—	—	—
I.M.F. gold deposits in U.K. <sup>(2)</sup> .....	—	—	—	—	—	—	—	—	—	—	+ 3
Drawings .....	—	+201	—	—	—	—	+536	—	—	+357	+500
Repurchases											
of drawings .....	—	—	—	—	— 71	—110	—150	—308	—	—	—
other <sup>(3)</sup> .....	—	—	—	—	—	— 17	—	—	—	—	—
<b>Overseas sterling area countries</b>											
Sterling drawings .....	—	—	—	— 4	—	— 2	— 38	— 15	—	—	— 10
Sterling repurchases .....	—	—	—	—	—	—	+ 23	—	+ 7	+ 1	—
<b>Non-sterling countries</b>											
Sterling drawings .....	—	—	—	— 2	— 8	— 22	— 2	— 56	— 2	— 3	—
Sterling repurchases .....	—	—	—	—	—	—	+ 2	—	—	+ 2	—
Other transactions in sterling <sup>(4)</sup> .....	—	+ 1	+ 1	— 3	+ 4	—	+ 3	—	—	+ 2	+ 6
Change in U.K. account with I.M.F. ....	—	+202	+ 1	— 9	—133	—151	+374	—379	+ 5	+359	+499
United Kingdom subscription in sterling .....	—	—	—	—	—174	—	—	—	—	—	—
Change in I.M.F. holdings of sterling .....	—	+202	+ 1	— 9	+ 99	—151	+374	—379	+ 5	+359	+496
Change in U.K. total tranche position .....	—	+202	+ 2	— 6	—369	—151	+374	—379	+ 5	+359	+496

(1) U.K. assets with I.M.F.: increase —/decrease +. U.K. liabilities to I.M.F.: increase +/decrease —.

(2) 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.

(3) Voluntary payments in dollars in exchange for sterling.

(4) I.M.F. administrative and operational expenditure and receipts.



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

Outstanding at end of year

£ million

TABLE 21

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>Overseas sterling area</b>												
Aden .....	2	4	4	4	4	4	4	4	4	4	4	4
British Guiana .....	—	—	—	—	2	6	7	9	10	12	12	13
Other British West Indies .....	1	1	2	2	2	3	3	3	3	3	3	3
East Africa .....	2	3	3	3	2	2	2	10	11	12	15	16
India .....	—	—	—	—	12	45	75	96	117	134	166	187
Jordan .....	5	6	8	11	12	12	13	13	14	14	15	16
Kenya .....	2	3	3	5	5	7	12	17	21	22	29	37
Malawi .....	2	2	2	2	2	2	2	2	3	4	7	7
Malaysia (2) .....	9	16	15	14	13	12	11	11	11	11	10	7
Nigeria .....	—	—	—	—	—	1	6	14	17	16	18	24
Pakistan .....	2	4	5	6	4	5	6	10	14	20	28	35
Rhodesia (3) .....	4	4	3	3	2	2	2	2	2	7	6	5
Tanzania .....	1	1	1	1	1	1	2	5	7	8	10	12
Uganda .....	—	—	—	—	—	—	6	8	12	14	17	18
Zambia .....	—	—	—	—	—	—	—	—	1	2	5	5
Other .....	7	7	7	8	7	8	11	12	17	25	30	32
<b>Total</b> .....	<b>37</b>	<b>50</b>	<b>51</b>	<b>56</b>	<b>68</b>	<b>108</b>	<b>162</b>	<b>216</b>	<b>264</b>	<b>306</b>	<b>373</b>	<b>420</b>
<b>Western Europe</b>												
Austria .....	6	6	5	5	4	3	3	3	3	3	3	2
Denmark .....	11	9	7	5	2	—	—	—	—	—	—	—
France .....	60	51	43	34	26	44	27	—	—	—	—	—
Federal German Republic .....	137	129	121	114	106	76	68	1	1	1	1	1
Greece .....	6	5	5	5	3	1	—	—	—	—	—	—
Netherlands .....	19	19	19	19	16	—	—	—	—	—	—	—
Norway .....	—	—	—	—	—	1	1	1	1	1	—	—
Turkey .....	13	11	8	6	9	10	8	8	8	10	13	20
Yugoslavia .....	17	17	17	16	15	14	14	12	13	12	9	6
<b>Total</b> .....	<b>267</b>	<b>245</b>	<b>223</b>	<b>203</b>	<b>180</b>	<b>149</b>	<b>122</b>	<b>25</b>	<b>25</b>	<b>26</b>	<b>26</b>	<b>29</b>
<b>Latin America</b>												
Argentina .....	—	19	19	18	18	17	15	13	12	15	14	10
Other .....	—	—	—	—	—	—	—	1	4	5	6	7
<b>Total</b> .....	<b>—</b>	<b>19</b>	<b>19</b>	<b>18</b>	<b>18</b>	<b>17</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>20</b>	<b>20</b>	<b>18</b>
<b>Other non-sterling countries</b>												
China .....	12	12	12	12	12	12	12	12	12	12	12	12
Czechoslovakia .....	20	20	20	20	20	20	20	20	20	20	20	20
Poland .....	56	55	54	54	53	52	52	52	52	51	51	50
U.S.S.R. ....	31	28	25	22	18	15	12	8	5	3	2	1
Other .....	2	2	4	7	6	5	5	3	2	3	5	7
<b>Total</b> .....	<b>121</b>	<b>117</b>	<b>115</b>	<b>114</b>	<b>109</b>	<b>104</b>	<b>100</b>	<b>95</b>	<b>90</b>	<b>89</b>	<b>89</b>	<b>90</b>
<b>Total—all countries</b> .....	<b>425</b>	<b>431</b>	<b>408</b>	<b>390</b>	<b>374</b>	<b>377</b>	<b>398</b>	<b>351</b>	<b>396</b>	<b>442</b>	<b>508</b>	<b>556</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 15.

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) Singapore (which seceded from Malaysia in August, 1965) has been excluded from the figure for 1965 and included in other sterling area.

(3) 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 22

Outstanding at end of year

£ million

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>Overseas sterling area</b>												
Ceylon .....	3	2	2	1	1	—	—	—	—	—	—	—
India (2) .....	133	38	33	29	12	2	2	2	2	2	—	—
Pakistan .....	6	6	6	5	5	5	5	5	4	4	4	4
Other .....	2	2	1	1	1	—	—	—	—	—	—	—
<b>Total .....</b>	<b>144</b>	<b>47</b>	<b>42</b>	<b>36</b>	<b>19</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>4</b>
<b>Western Europe</b>												
Belgium .....	—	—	—	—	—	18	9	—	—	—	—	—
Federal German Republic .....	—	—	—	—	—	118	104	77	69	61	53	45
Italy .....	—	—	—	—	—	5	2	—	—	—	—	—
Portugal .....	81	77	72	68	63	59	55	50	46	41	37	33
Sweden .....	—	—	—	—	—	6	3	—	—	—	—	—
Switzerland .....	—	—	—	—	—	5	—	18	18	18	—	—
Other .....	—	—	—	—	—	5	2	—	—	—	—	—
<b>Total .....</b>	<b>81</b>	<b>77</b>	<b>72</b>	<b>68</b>	<b>63</b>	<b>215</b>	<b>174</b>	<b>145</b>	<b>132</b>	<b>120</b>	<b>90</b>	<b>78</b>
<b>North America</b>												
<b>U.S.A.(3)</b>												
Lend lease .....	204	201	198	197	194	190	187	184	180	177	176	176
Line of credit .....	1,274	1,257	1,239	1,239	1,221	1,203	1,184	1,165	1,145	1,125	1,125	1,125
Economic Co-operation												
Administration .....	120	120	120	119	119	117	116	114	112	110	107	104
Mutual Security Agency .....	17	17	17	17	17	17	17	17	17	17	16	16
Export-Import Bank credit .....	—	—	—	89	89	—	—	—	—	—	—	—
Other .....	6	6	6	5	5	4	4	3	3	2	1	1
<b>Total U.S.A. ....</b>	<b>1,621</b>	<b>1,601</b>	<b>1,580</b>	<b>1,666</b>	<b>1,645</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>Canada</b>												
Interest free loan .....	45	32	22	11	—	—	—	—	—	—	—	—
Line of credit .....	419	397	410	396	400	399	375	352	335	329	329	329
<b>Total Canada .....</b>	<b>464</b>	<b>429</b>	<b>432</b>	<b>407</b>	<b>400</b>	<b>399</b>	<b>375</b>	<b>352</b>	<b>335</b>	<b>329</b>	<b>329</b>	<b>329</b>
<b>Total .....</b>	<b>2,085</b>	<b>2,030</b>	<b>2,013</b>	<b>2,074</b>	<b>2,044</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>Total—all countries .....</b>	<b>2,310</b>	<b>2,154</b>	<b>2,127</b>	<b>2,178</b>	<b>2,127</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>

(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 15.

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 debt to India was written down in 1955 when the United Kingdom took over responsibility for pension payments.

(3) The lend-lease silver loan is excluded from this table. Repayments were made in silver to the value of £22 million in 1956 and £7 million in 1957, and entered in the balance of payments at the time of export.



# External liabilities and claims of United Kingdom banks in non-sterling currencies

TABLE 23

End of year

£ million

	Total all non-sterling currencies	Currency		Area of holder				
		U.S. dollars	Other non- sterling currencies	Overseas sterling area countries	North America	Latin America	Western Europe	Other non- sterling countries
United Kingdom liabilities								
1962 .....	1,038	884	154	18	273	48	552	147
1963 .....	1,280	1,072	208	41	286	67	652	234
1964 .....	1,784	1,564	220	82	477	90	850	285
1965 .....	2,108 <sup>(1)</sup>	1,879	229	125	365	100	1,165	353
United Kingdom claims								
1962 .....	1,010	803	207	2	355	27	471	155
1963 .....	1,268	1,024	244	3	327	29	692	217
1964 .....	1,626	1,312	314	4	461	30	840	291
1965 .....	1,980	1,624	356	24	630	76	916	334
Net liabilities <sup>(2)</sup>								
1962 .....	28	81	— 53	16	— 82	21	81	— 8
1963 .....	12	48	— 36	38	— 41	38	—40	17
1964 .....	158	252	— 94	78	16	60	10	— 6
1965 .....	128 <sup>(1)</sup>	255	—127	101	—265	24	249	19

(1) The figures for 1965 include a medium-term loan in foreign currency received by one of the major oil companies through certain London banks. In the general balance of payments account the loan is treated as part of oil investment in the long-term capital account and excluded from the monetary movements account.

(2) Minus sign indicates that claims exceed liabilities.



# Overseas sterling holdings<sup>(1)</sup>

TABLE 24

End of year

£ million

	1954	1955	1956	1957	1958	1959	1960	1961	1962
Overseas sterling area countries									
Official .....	2,260	2,266	2,240	2,126	1,993	2,165	2,029	2,097	2,056
Other.....	562	498	490	482	526	539	449	534	619
Total .....	2,822	2,764	2,730	2,608	2,519	2,704	2,478	2,631	2,675
Non-sterling countries									
Official .....	460	438	400	383	399	325	499	440	375
Other.....	421	374	292	282	435	478	906	475	451
Total .....	881	812	692	665	834	803	1,405	915	826
Total all countries									
Official .....	2,720	2,704	2,640	2,509	2,392	2,490	2,528	2,537	2,431
Other.....	983	872	782	764	961	1,017	1,355	1,009	1,070
Total .....	3,703	3,576	3,422	3,273	3,353	3,507	3,883	3,546	3,501
International organisations (excluding I.M.F.) .....	96	89	87	62	49	32	27	62	88
Total .....	3,799	3,665	3,509	3,335	3,402	3,539	3,910	3,608	3,589
International Monetary Fund .....	380	380	582	583	574	673	522	896	517
Total (including I.M.F.).....	4,179	4,045	4,091	3,918	3,976	4,212	4,432	4,504	4,106

(1) Excluding deposits with hire purchase finance houses and some deposits with local authorities. See detailed notes on page 48.

NOTE: At the end of 1962 this series was discontinued and replaced by a new series 'United Kingdom external liabilities and claims in sterling'. See Table 26.

## Acceptances outstanding

TABLE 25

End of year

£ million

	1954	1955	1956	1957	1958	1959	1960	1961	1962
Sterling area countries .....	..	..	..	9	11	13	15	15	22
Non-sterling countries .....	..	..	..	138	119	121	93	147	144
Total .....	102	101	126	147	130	134	108	162	166

NOTE: At the end of 1962 this series was discontinued and incorporated in a new and wider series 'United Kingdom external liabilities and claims in sterling'. See Table 26.



# United Kingdom external liabilities and claims in sterling

## By type of liability and claim

TABLE 26

End of year

£ million

	United Kingdom liabilities								United Kingdom claims				Net liabilities
	Current and deposit accounts	Deposits with hire purchase finance companies	Deposits with local authorities	United Kingdom Treasury bills	Non-interest-bearing notes	Commercial bills and promissory notes	British government stocks	Total	Advances and overdrafts	Commercial bills and promissory notes	Acceptances	Total	
Overseas sterling area countries													
1962.....	833	51	41	664	—	23	1,117	2,729	230	81	28	339	2,390
1963.....	925	40	43	777	—	27	1,090	2,902	236	84	30	350	2,552
1964.....	974	61	68	718	—	24	1,168	3,013	319	100	38	457	2,556
1965.....	1,083	75	157	531	—	28	1,157	3,031	285	135	46	466	2,565
Non-sterling countries													
1962.....	693	47	52	352	—	33	65	1,242	87	265	149	501	741
1963.....	795	36	41	326	—	40	52	1,290	112	316	180	608	682
1964.....	766	26	64	412	—	48	54	1,370	103	353	188	644	726
1965.....	798	51	13	514	—	52	46	1,474	84	387	205	676	798
Total all countries													
1962.....	1,526	98	93	1,016	—	56	1,182	3,971	317	346	177	840	3,131
1963.....	1,720	76	84	1,103	—	67	1,142	4,192	348	400	210	958	3,234
1964.....	1,740	87	132	1,130	—	72	1,222	4,383	422	453	226	1,101	3,282
1965.....	1,881	126	170	1,045	—	80	1,203	4,505	369	522	251	1,142	3,363
International organisations (excluding I.M.F.)													
1962.....	6	—	—	55	25	—	3	89	—	—	—	—	89
1963.....	18	—	—	59	24	—	4	105	—	—	—	—	105
1964.....	17	—	—	58	29	—	6	110	—	—	—	—	110
1965.....	15	—	—	56	27	—	6	104	—	—	—	—	104
Total													
1962.....	1,532	98	93	1,071	25	56	1,185	4,060	317	346	177	840	3,220
1963.....	1,738	76	84	1,162	24	67	1,146	4,297	348	400	210	958	3,339
1964.....	1,757	87	132	1,188	29	72	1,228	4,493	422	453	226	1,101	3,392
1965.....	1,896	126	170	1,101	27	80	1,209	4,609	369	522	251	1,142	3,467
International Monetary Fund													
1962.....	7	—	—	—	510	—	—	517	—	—	—	—	517
1963.....	7	—	—	—	515	—	—	522	—	—	—	—	522
1964.....	7	—	—	—	874	—	—	881	—	—	—	—	881
1965.....	7	—	—	—	1,370	—	—	1,377	—	—	—	—	1,377
Total (including I.M.F.)													
1962.....	1,539	98	93	1,071	535	56	1,185	4,577	317	346	177	840	3,737
1963.....	1,745	76	84	1,162	539	67	1,146	4,819	348	400	210	958	3,861
1964.....	1,764	87	132	1,188	903	72	1,228	5,374	422	453	226	1,101	4,273
1965.....	1,903	126	170	1,101	1,397	80	1,209	5,986	369	522	251	1,142	4,844



# United Kingdom external liabilities and claims in sterling

By type of holder and type of liability and claim<sup>(1)</sup>

TABLE 26 (continued)

End of year

£ million

	United Kingdom liabilities					United Kingdom claims				Net liabilities
	Current and deposit accounts	United Kingdom Treasury bills	Commercial bills and promissory notes	British government stocks	Total	Advances and overdrafts	Commercial bills and promissory notes	Acceptances	Total	
<b>Overseas sterling area countries</b>										
Central monetary institutions										
1962 .....	155	608	—	1,006	1,769	21	—	—	21	1,748
1963 .....	172	736	—	987	1,895	10	—	—	10	1,885
1964 .....	176	698	—	1,048	1,922	16	—	—	16	1,906
1965 .....	217	520	—	1,043	1,780	31	—	—	31	1,749
Other										
1962 .....	678	56	23	111	868	209	81	28	318	550
1963 .....	753	41	27	103	924	226	84	30	340	584
1964 .....	798	20	24	120	962	303	100	38	441	521
1965 .....	866	11	28	114	1,019	254	135	46	435	584
<b>Non-sterling countries</b>										
Central monetary institutions										
1962 .....	95	321	—	35	451	18	—	—	18	433
1963 .....	101	309	—	27	437	28	—	—	28	409
1964 .....	93	402	—	28	523	22	—	—	22	501
1965 .....	98	507	—	24	629	24	—	—	24	605
Other										
1962 .....	598	31	33	30	692	69	265	149	483	209
1963 .....	694	17	40	25	776	84	316	180	580	196
1964 .....	673	10	48	26	757	81	353	188	622	135
1965 .....	700	7	52	22	781	60	387	205	652	129
<b>Total all countries</b>										
Central monetary institutions										
1962 .....	250	929	—	1,041	2,220	39	—	—	39	2,181
1963 .....	273	1,045	—	1,014	2,332	38	—	—	38	2,294
1964 .....	269	1,100	—	1,076	2,445	38	—	—	38	2,407
1965 .....	315	1,027	—	1,067	2,409	55	—	—	55	2,354
Other										
1962 .....	1,276	87	56	141	1,560	278	346	177	801	759
1963 .....	1,447	58	67	128	1,700	310	400	210	920	780
1964 .....	1,471	30	72	146	1,719	384	453	226	1,063	656
1965 .....	1,566	18	80	136	1,800	314	522	251	1,087	713

(1) Excluding deposits with hire purchase finance companies and local authorities.

## Non-sterling countries: region and type of holder<sup>(1)</sup>

End of year

£ million

	Central monetary institutions			Other			Total		
	Liabilities	Claims	Net liabilities	Liabilities	Claims	Net liabilities	Liabilities	Claims	Net liabilities
<b>North America</b>									
1962 .....	2	—	2	109	28	81	111	28	83
1963 .....	8	—	8	105	40	65	113	40	73
1964 .....	97	—	97	93	25	68	190	25	165
1965 .....	239	—	239	87	19	68	326	19	307
<b>Latin America</b>									
1962 .....	7	4	3	31	94	—63	38	98	—60
1963 .....	22	8	14	36	102	—66	58	110	—52
1964 .....	17	8	9	36	97	—61	53	105	—52
1965 .....	30	8	22	29	104	—75	59	112	—53
<b>Western Europe</b>									
1962 .....	226	—	226	407	145	262	633	145	488
1963 .....	207	1	206	424	172	252	631	173	458
1964 .....	260	—	260	404	194	210	664	194	470
1965 .....	225	1	224	433	201	232	658	202	456
<b>Other non-sterling countries</b>									
1962 .....	216	14	202	145	216	—71	361	230	131
1963 .....	200	19	181	211	266	—55	411	285	126
1964 .....	149	14	135	224	306	—82	373	320	53
1965 .....	135	15	120	232	328	—96	367	343	24

(1) Excluding deposits with hire purchase finance companies and local authorities.



# United Kingdom external liabilities and claims in sterling

## By groups of countries<sup>(1)</sup> Overseas sterling area countries

TABLE 26 (continued)

End of year

£ million

	Australia, New Zealand and South Africa	India, Pakistan and Ceylon	Caribbean area <sup>(2)</sup>	East, Central and West Africa <sup>(3)</sup>	Middle East <sup>(3)(4)</sup>	Far East <sup>(5)</sup>	Other <sup>(6)</sup>
<b>Liabilities</b>							
1962 .....	514	179	166	419	423	642	294
1963 .....	654	212	189	404	383	662	315
1964 .....	679	179	186	438	397	650	355
1965 .....	528	191	203	421	394	697	365
<b>Claims</b>							
1962 .....	93	48	39	96	5	26	32
1963 .....	98	46	39	91	7	31	38
1964 .....	145	42	42	138	10	41	39
1965 .....	130	45	44	147	13	38	49

## Non-sterling countries

End of year

£ million

	North America	Latin America	Western Europe			Other non-sterling countries			
			E.F.T.A.	E.E.C.	Other <sup>(7)</sup>	Eastern Europe	Middle East <sup>(8)</sup>	Far East <sup>(9)</sup>	Other
<b>Liabilities</b>									
1962 .....	111	38	231	222	180	47	137	154	23
1963 .....	113	58	288	237	106	60	161	164	26
1964 .....	190	53	326	249	89	67	136	145	25
1965 .....	326	59	347	235	76	72	146	129	20
<b>Claims</b>									
1962 .....	28	98	45	51	49	62	55	108	5
1963 .....	40	110	65	52	56	81	65	133	6
1964 .....	25	105	62	68	64	84	63	153	20
1965 .....	19	112	61	59	82	106	68	139	30

(1) Excluding deposits with hire purchase finance companies and local authorities.

(2) Includes: Bahamas, Bermuda, British Honduras and British Guiana.

(3) From June 1965, Middle East includes, and East, Central and West Africa excludes, Aden.

(4) Jordan, Libya, Kuwait and Persian Gulf territories.

(5) Brunei, Burma, Hong Kong, Malaysia and Singapore.

(6) Cyprus, Iceland, Irish Republic, Malta and United Kingdom dependent territories not elsewhere included.

(7) Andorra, Finland, Greece, Spain, Turkey and Yugoslavia.

(8) Egypt, Iran, Iraq, Israel, Lebanon, Saudi Arabia, Sudan, Syria and Yemen.

(9) Cambodia, China, Formosa, Indonesia, Japan, Korea, Laos, the Philippines, Thailand and Vietnam.



# United Kingdom position with the International Monetary Fund

TABLE 27

End of year

£ million

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
I.M.F. holdings of sterling .....	380	380	582	583	574	673	522	896	517	522	881	1,377
U.K. total tranche position <sup>(1)</sup> .....	549	549	347	345	351	720	871	497	876	871	512	16

(1) 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). There was a further increase in 1966 to \$2,440 million (£871 million). Minor inconsistencies between the figures of I.M.F. holdings of sterling and the U.K. total tranche position are due to differences in timing between Bank of England and International Monetary Fund records.

## Official holdings of gold and currencies

TABLE 28

End of year

£ million

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
<b>Gold and convertible currency reserves<sup>(1)</sup></b>												
Gold <sup>(2)</sup> .....	903	719	633	555	1,003	898	1,000	810	922	887	763	809
Convertible currencies .....	83	38	166 <sup>(3)</sup>	257	93	79	154	375	80	62	64	264
<b>Total</b> .....	<b>986</b>	<b>757</b>	<b>799</b>	<b>812</b>	<b>1,096</b>	<b>977</b>	<b>1,154</b>	<b>1,185</b>	<b>1,002</b>	<b>949</b>	<b>827</b>	<b>1,073</b>
<b>U.K. official holdings of non-convertible currencies</b> .....	<b>13</b>	<b>13</b>	<b>14</b>	<b>36</b>	<b>13<sup>(4)</sup></b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

(1) In addition to the gold and convertible currency reserves, the value of which is shown here, the United Kingdom may in appropriate circumstances obtain temporary financial assistance from the International Monetary Fund. See Table 27 above.

Furthermore, the Exchange Equalisation Account holds a portfolio of dollar securities which were vested in the United Kingdom government during the war. In February 1966 £316 million was transferred from the portfolio to the reserves; the market value of the securities subsequently remaining in the portfolio has recently averaged around \$500 million (£180 million).

(2) The gold figures are not adjusted to take account of purchases or sales of gold made by the Bank of England on behalf of other central banks but awaiting settlement. Since such transactions are financed in convertible currencies their settlement does not affect the total reserves figure.

(3) Including £37 million in special North American loan interest accounts.

(4) Including holdings of convertible currency set aside for liquidation in the final E.P.U. settlement.



## Changes in United Kingdom external assets and liabilities

This note explains the relationship between the balance of payments and changes in the totals of the United Kingdom's long-term and short-term (or liquid) external assets and liabilities. The figures of assets and liabilities are based on estimates of the position at the end of 1962 and the end of 1964 published in articles in the Bank of England Quarterly Bulletin for March 1964 and December 1965. Some re-arrangement of the classification of the figures has been made to align them with the balance

of payments accounts, and minor alterations have been made to a few figures so that they are consistent with revised figures appearing elsewhere in this publication.

A description of the sources and methods used in compiling the estimates and of a number of qualifications which must be made regarding their completeness and interpretation was given in the Bank of England's articles. The heterogeneous nature of the various items and the different methods of valuation that have to be

United Kingdom external assets and liabilities

TABLE 29

£ million

	End-1962		End-1964		Increase between end-1962 and end-1964			United Kingdom balance of payments 1963 and 1964 <sup>(1)</sup>
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Net change <sup>(1)</sup>	
<b>Current balance</b> .....								-286
<b>Long-term capital</b>								
Inter-government loans .....	396	1,930	508	1,849	112	- 81	-193 <sup>(2)</sup>	-198 <sup>(2)</sup>
Other official .....	286	—	309	—	23	—	- 23	- 23
	682	1,930	817	1,849	135	- 81	-216	-221
<b>Private investment</b>								
By United Kingdom								
Direct .....	3,975		4,520 <sup>(3)</sup>		545		-545	-512
Portfolio .....	3,000		3,600		600 <sup>(4)</sup>		-600	- 22
Oil .....	1,100		1,300		200		-200	} -214
Miscellaneous .....	..		..		..		..	
	8,075		9,420		1,345		- 1,345	-748
<b>In United Kingdom</b>								
Direct .....		1,500		1,825 <sup>(5)</sup>		325	+325	+322
Portfolio .....		1,470		1,500		30 <sup>(4)</sup>	+ 30	- 6
Oil .....		700		750		50	+ 50	} +115
Miscellaneous .....		..		..		..	..	
		3,670		4,075		405	+405	+431
<b>Total long-term capital<sup>(6)</sup></b> .....	8,750	5,600	10,250	5,950	1,500	350	- 1,150	-538
<b>Balance of current and long-term capital transactions</b> .....								-824
<b>Balancing item</b>								- 26
<b>Monetary account</b>								
Miscellaneous capital:								
trade credit (n.e.i.) .....	376	94	491	142	115	48	- 67	- 67
other .....	200 <sup>(7)</sup>	.. <sup>(7)</sup>	200	..	—	..	..	+ 2
Banking claims and liabilities in:								
sterling .....	840	4,060	1,101	4,493	261	433	+172	+172
non-sterling currencies .....	1,010	1,038	1,626	1,856	616	818	+202	+202
overseas sterling area currencies	48	120	67	141	19	21	+ 2	+ 2
I.M.F. account .....	696	517	696	881	—	364	+364	+364
Government portfolio of non-sterling securities .....	385		470		85 <sup>(4)</sup>		- 85	—
Gold and convertible currency reserves	1,002		827		-175		+175	+175
<b>Total monetary account <sup>(6)</sup></b> .....	4,550	5,825	5,475	7,500	925	1,675	+750	+850
<b>Total identified assets and liabilities <sup>(6)</sup></b>	13,300	11,425	15,725	13,450	2,425	2,025	-400	

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

(2) Difference between the figures is due to conversion of a loan by the U.K. into a grant.

(3) Includes appreciation during 1963 and 1964 in value of direct investment holdings of U.K. insurance companies in the U.S.A.; otherwise the figures are based on book values as at end-1962, plus additions to investment in 1963 and 1964.

(4) Includes appreciation during 1963 and 1964 in market value of holdings.

(5) Figures are based on book values as at end-1962, plus additions to investment in 1963 and 1964.

(6) Totals of assets and liabilities are rounded; see second paragraph of text regarding incompleteness of estimates.

(7) Estimates only available for certain items of assets.



employed mean that the figures produced by adding the estimates together and striking balances between them must be incomplete and precarious, and therefore only of limited significance. Moreover, the distinction between 'short-term' and 'long-term', while following conventional usage in the balance of payments, is an arbitrary one, and does not fully reflect the relative ease or difficulty with which the various assets or liabilities can be realised. 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.

In principle, a surplus on current account transactions—comprising imports and exports of goods and services, investment income, and transfer payments (aid grants, gifts, legacies, etc.)—leads to a corresponding gain in the balance between assets and liabilities, long and short-term together. The surplus of current receipts over payments can be used to acquire additional long-term assets or to achieve an improvement in the net short-term position e.g. by an increase in reserves or a reduction in the sterling balances held by foreigners. Conversely, a deficit on current account leads to a corresponding worsening of the total asset/liability position. In practice the correspondence is not exact and there is always a balancing item in the accounts, reflecting the net total of errors and omissions in the balance of payments estimates: these errors and omissions may arise both in the current account and in the capital and monetary accounts. A further important cause of divergence between the outcome on current account and the change in total assets and liabilities is that the value of existing assets and liabilities may alter as a result of market appreciation and depreciation or the revaluation of assets in company books. It may be noted, however, that allowances for depreciation of fixed assets charged to profit and loss account do not affect the comparison; 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 external assets. Similarly the comparison is unaffected by the treatment of profits from direct investments which are re-invested, 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 and the asset/liability estimates is shown in the accompanying table which compares the outcome of the balance of payments for 1963 and 1964 with the estimated change in assets and liabilities between end-1962 and end-1964.

In the two years together there was an estimated deficit on current account of £286 million. The net outflow of long-term capital, increasing net long-term assets, was £538 million. After allowing, however, for appreciation of the market value of portfolio holdings—both United Kingdom holdings of overseas securities and overseas holdings of British securities—the increase in long-term assets is estimated to have been about £1,150 million greater than the increase in liabilities.

The very large difference of over £600 million between these figures reflects mainly the exceptionally sharp rise during 1963 and 1964 in the market value of U.S. and Canadian equity shares, which form a large proportion of United Kingdom overseas portfolio holdings.

On the monetary side (liquid assets and liabilities), the balance of monetary movements was adverse for the two years together by £850 million. The difference between this figure and the estimated increase of £750 million in the net short-term liability position is mainly accounted for by an allowance for market appreciation in the government's holding of dollar securities, which is treated here as a quasi-reserve asset. The figures include an increase in liabilities to the I.M.F. as a result of the drawing of \$1,000 million made towards the end of 1964.

The table also illustrates two features of basic importance in the United Kingdom's external situation: it has a very large excess of long-term assets over long-term liabilities and a considerable excess of short-term liabilities over short-term assets. In the years 1963 and 1964 the increase in long-term assets was greater than that in liabilities, both on account of acquisitions and of changes in the value of existing assets. Thus the country's net creditor position at long-term improved further. The short-term position, however, deteriorated. The deficit on current account and the acquisition of additional long-term assets resulted in a large increase in net short-term liabilities: the reserves were reduced and borrowings from the I.M.F. and central banks were necessary. These changes in the United Kingdom's external position at long and at short-term will influence future income flows on current account: favourably in the case of the former, unfavourably in the case of the latter.

The most commonly used measure of the outcome of the balance of payments is the 'identified' balance of current and long-term capital transactions taken together. The two parts of the identified balance have, however, different characteristics. A deficit on current account is in itself an outright loss, which must be financed either by a net inflow of long-term capital (reducing the net long-term creditor position) or at the expense of a worsening of the net short-term liability position. Conversely with a surplus. A deficit on long-term capital account (net outflow) results in an increase in long-term assets, but has also to be financed. In so far as financing takes such forms as reinvested profits or exports of capital goods without payment it does not directly affect the reserves or other short-term assets or liabilities, but it means that certain items which are recorded as credits in the current account do not contribute towards improving the short-term position to the extent that they otherwise would. Where cash payment to acquire the long-term assets is needed there is a direct effect on the short-term position. Thus, despite the difference in characteristics, the current account and the long-term capital account have in common that, directly or indirectly, they influence the balance of short-term assets and liabilities, and it is for this reason that they are added together as a measure of the outcome of the balance of payments.



Table 30 shows the value of economic aid provided by the United Kingdom government to developing countries in the years 1961-1965.

'Developing countries' are defined as the dependent Commonwealth territories, the independent Commonwealth territories except for Australia, Canada and New Zealand, and the rest of the world except for E.E.C. and E.F.T.A. countries, Finland, Iceland, Irish Republic, Japan, the Sino-Soviet Bloc, South Africa and the U.S.A.

The figures in the table relate to United Kingdom government 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 of the New Ministry* (Cmd. 2736) and *British Aid (Statistics of Official Economic Aid to Developing Countries)*. Quarterly details of grants and loans are published regularly in *Financial Statistics*.

Table 31 shows United Kingdom private investment (net of disinvestment) in developing countries for the years 1961-1965.

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

TABLE 30	£ million				
	1961	1962	1963	1964	1965
<b>Bilateral aid</b>					
<b>Dependent Commonwealth<sup>(2)</sup></b>					
Financial aid					
Grants .....	40	34	32	30	27
Loans (gross).....	45	21	22	11	2
Technical assistance <sup>(3)</sup>					
Grants .....	13	11	11	5	4
Total .....	98	67	64	46	33
<b>Independent Commonwealth</b>					
Financial aid					
Grants .....	10	14	14	20	29
Loans (gross).....	34	40	36	72	69
Technical assistance <sup>(3)</sup>					
Grants .....	1	9	12	18	24
Loans .....	2	—	—	—	1
Total .....	47	64	61	111	123
<b>Other countries</b>					
Financial aid					
Grants .....	8	8	6	8	5
Loans (gross).....	2	7	12	10	12
Technical assistance <sup>(3)</sup>					
Grants .....	1	1	1	2	3
Total .....	11	16	20	19	20
<b>All countries</b>					
Financial aid					
Grants .....	58	56	51	58	61
Loans (gross).....	80	69	70	92	83
Technical assistance <sup>(3)</sup>					
Grants .....	15	22	24	25	31
Loans .....	2	—	—	—	1
Total grants .....	74	78	75	83	93
Total loans .....	82	69	70	92	83
Total .....	156	147	145	176	176
<b>Contributions to multilateral agencies</b>					
Technical assistance <sup>(3)</sup> .....	3	3	4	4	5
Other .....	11	11	12	12	14
Total .....	14	14	16	16	19
<b>Total United Kingdom government economic aid</b> .....	170	161	160	191	195

(1) 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.

(2) Including aid given before independence to countries now independent.

(3) Excluding certain types of technical assistance which cannot be assessed in quantitative terms.



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

TABLE 31

£ million

	1961	1962	1963	1964	1965(2)
Direct investment (Board of Trade inquiry) .....	93	66	53	56	60
of which: <i>re-invested profits</i> .....	33	20	26	38	40
Other investment (including oil) .....	42	9	20	38	55
Total .....	135	75	73	94	115

(1) Net of disinvestment. In accordance with the definition of private investment, the figures exclude trade credit other than that extended to overseas branches, subsidiaries and associates.

(2) Figures for 1965 are preliminary and must be regarded as subject to a considerable margin of error.



Tables 32 and 33 present the results in terms of the balance of payments of the second in the series of annual inquiries carried out by the Board of Trade into the structure of trade credit extended to or received from other countries.

The transactions of the central government, 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 the *Board of Trade Journal* for 17 June 1966.

TABLE 32 Trade credit — analysis by sector and term of credit<sup>(1)</sup> £ million

	Amount outstanding		Change in amount outstanding <sup>(2)</sup>	
	end 1963	end 1964	1963	1964
<b>Credit extended</b>				
by U.K. businesses—				
to overseas associated companies and branches:				
gross credit extended .....	409	439	-29	-30
advance and progress payments	5	6	+1	+1
net credit extended .....	404	433	-28	-29
to other overseas concerns:				
180 days or less and undated...	389 <sup>(3)</sup>	632	-58 <sup>(3)</sup>	-49
over 180 days				
gross credit extended .....	194 <sup>(3)</sup>	81	-27 <sup>(3)</sup>	+23
advance and progress payments	58		+15	
net credit extended .....	136		-12	
net credit extended .....	525	551	-70	-26
Total .....	929	984	-98	-55
by banks in the United Kingdom—				
to overseas associated companies and branches of United Kingdom businesses .....	34	46	-12	-12
to other overseas concerns:				
180 days or less .....	42 <sup>(3)</sup>	..	-8 <sup>(3)</sup>	..
over 180 days .....	116 <sup>(3)</sup>	..	-19 <sup>(3)</sup>	..
net credit extended .....	158	183	-27	-25
Total .....	192	229	-39	-37
<b>Total net credit extended ...</b>	<b>1,121</b>	<b>1,213</b>	<b>-137</b>	<b>-92</b>
<b>Credit received</b>				
by U.K. businesses—				
from overseas associated companies and branches:				
gross credit received .....	203	256	+28	+53
advance and progress payments...	7	6	..	+1
net credit received.....	196	250	+28 <sup>(4)</sup>	+54
from other overseas concerns:				
gross credit received .....	87	96	+20	+9
advance and progress payments	4	11	..	-7
net credit received.....	83	85	+20 <sup>(4)</sup>	+2
<b>Total net credit received ....</b>	<b>279</b>	<b>335</b>	<b>+48<sup>(4)</sup></b>	<b>+56</b>
<i>of which, bills accepted in connection with net credit received:</i>				
from overseas associated companies and branches .....	32	41	+6	+9
from other overseas concerns .....	29	35	+13	+6
<b>Total .....</b>	<b>61</b>	<b>76</b>	<b>+19</b>	<b>+15</b>
<b>Net credit extended less net credit received .....</b>	<b>842</b>	<b>878</b>	<b>-89<sup>(4)</sup></b>	<b>-36</b>

(1) See notes and definitions below. (2) Assets: increase +/decrease -. Liabilities: increase +/decrease -. (3) See note on this table below. (4) In these figures it has been assumed that there was no change in 1963 in outstanding advance and progress payments on imports.



Table 32 gives an analysis by domestic sector and, insofar as this is available, by term of credit of the amounts of gross and net credit outstanding, and of the changes during 1963 and 1964. The estimates for 1963 published last year following the first inquiry have been revised to take account of amendments to firms' returns and of returns received too late for inclusion in the results published then; this later information has also affected the allowance for non-response. The sub-divisions by term of credit are estimates consistent with the revised results, but based on the analysis by term of credit of returns received last year. The returns for 1964 did not include this information. Where figures of net credit are sub-divided by term of credit, it is assumed that advance and progress payments relate mainly to goods sold on medium or long-term credit and these payments have therefore been deducted from the figures of gross credit extended of over 180 days.

In Table 33, the figures of changes in net credit outstanding have been re-arranged to show how they are incorporated into the standard balance of payments headings.

The amounts shown under 'private direct investment' and 'changes in external liabilities in sterling and in

overseas currencies' are already included (though not separately identified) within the ambit of other regular inquiries. The former are covered by the Board of Trade's direct investment inquiry and the latter by the system of returns made by banks and other financial institutions to the Bank of England. The amounts under 'miscellaneous capital' are thus residual figures—the total of changes in net trade credit revealed by the Board of Trade inquiry less the amounts included elsewhere in the balance of payments accounts.

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 in trade credit not covered elsewhere in the accounts have also been incorporated in the figures of 'miscellaneous capital' for the years 1958–1962 and the year 1965. The estimate for 1965 is based on preliminary results of the Board of Trade's inquiry. Estimates for the earlier years are based on the structure of credit shown by the Board of Trade inquiries for 1963 and 1964 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 Credit Guarantee Department and certain information derived from exchange control records on credit extended to the non-sterling area.

## Trade credit – analysis by balance of payment headings<sup>(1)</sup>

Changes during 1963 and 1964 in amount due<sup>(2)</sup>

TABLE 33

£ million

	1963	1964
<b>Private direct investment</b>		
Abroad .....	–28	–29
In the United Kingdom <sup>(3)</sup> .....	+22	+45
Private investment (net) .....	– 6	+16
<b>Miscellaneous capital</b>		
Net credit extended by United Kingdom businesses to overseas concerns other than associated companies and branches .....	–70	–26
Less increase in bills lodged with banks in the United Kingdom .....	+18	+ 8
	–52	–18
Net credit received by United Kingdom businesses from overseas concerns other than associated companies and branches <sup>(3)</sup> .....	+ 7	– 4
Miscellaneous capital (net) .....	–45	–22
<b>Changes in external liabilities and claims in sterling and in overseas currencies</b>		
Claims Bills discounted or assigned .....	–30	–16
Credit extended under financial guarantees .....	– 9	–21
Bills lodged .....	–18	– 8
Total .....	–57	–45
Liabilities Bills accepted in connection with net credit received .....	+19	+15
External sterling and currency liabilities (net) .....	–38	–30
<b>Total, all trade credit (net)</b> .....	<b>–89</b>	<b>–36</b>

(1) See notes and definitions below.

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

(3) Excluding bills accepted in connection with net credit received.



### Notes and definitions to Annex 3

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

*Net credit received.* The amount of credit received on United Kingdom imports after deducting advance and progress payments made 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.

*Associated companies.* Subsidiaries, associates and parents.

*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 financial guarantees scheme. The participation of other financial institutions, e.g. insurance companies, in the financial guarantees scheme is also covered under this heading.

*Bills accepted in connection with net credit received.* Unmatured promissory notes issued and bills of exchange

accepted either by United Kingdom purchasers or by banks in the United Kingdom acting on their behalf, in connection with credit received on imports or other purchases of goods, etc.

*Bills lodged with banks in the United Kingdom.* Unmatured bills of exchange and promissory notes lodged with (but not discounted with or assigned to) banks in the United Kingdom. The bills and promissory notes may be lodged as security for an overdraft or simply for collection at maturity.

*External liabilities and claims.* In the returns made to the Bank of England, the figures of claims and liabilities include all bills of exchange and promissory notes connected with the finance of United Kingdom trade which are held in the banking system. Thus United Kingdom claims include not only the credit extended by banks when bills are discounted but also credit extended by United Kingdom businesses when it is covered by unmatured bills lodged with the banks. Liabilities include the net credit received by United Kingdom businesses which is backed by bills accepted either by United Kingdom companies or by banks in the United Kingdom acting on their behalf when the bills are held by banks in the United Kingdom for collection on behalf of overseas drawers.



# UNITED KINGDOM BALANCE OF PAYMENTS

## NOTES AND DEFINITIONS

### GENERAL

The object of the balance of payments accounts is to show the outcome of all transactions between residents of the United Kingdom and overseas residents. (The term 'United Kingdom' is used to include Great Britain, Northern Ireland, the Isle of Man and the Channel Islands.)

For balance of payments purposes, residents of the United Kingdom comprise private individuals living permanently in the United Kingdom; the United Kingdom central government and local authorities; and all business enterprises and non-profit-making organisations located in the United Kingdom, but not their overseas branches and subsidiaries. Branches are treated as residents of the country in which they are located, and subsidiaries where they are registered. 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 country of residence of the agent. Agencies of the United Kingdom government operating abroad, such as embassies or military units, are regarded as residents of the United Kingdom and, conversely, the agencies of foreign governments in the United Kingdom are regarded as overseas residents.

Where information collected is expressed in currencies other than sterling, the figures are converted into sterling at the par rate of exchange prevailing in the period.

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

Transactions are classified in three main groups:

The *current account* includes imports and exports of goods and services, investment income and transfer payments.

The *long-term capital account* includes inter-government loans, other official capital transactions and private investment.

*Monetary movements* include changes in the gold and convertible currency reserves, transactions with the International Monetary Fund, changes in external liabilities and claims in sterling and in other currencies and other capital transactions of a monetary nature.

### 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 principle, 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 a corresponding change in the balance between assets and liabilities. Thus, when a United Kingdom firm exports goods, the value of these is shown as a credit under visible trade

in the current account. But this transaction will be mirrored by another one depending on the way in which the exports are paid for. If a remittance is made in a foreign currency, this causes an increase in the gold and convertible currency reserves; but if the foreign importer pays in sterling there is an increase in United Kingdom sterling claims on overseas residents or a decrease in sterling liabilities. Both these types of payment are reflected in the balance of monetary movements. 'Double-entry' transactions of this kind can also appear under other headings. For example, where the goods are exported without immediate payment, the debit entry matching the credit under visible trade will reflect the way in which the sale is financed. If no payment is to be received for the goods, as for gift parcels or for exports financed by official grants, the matching debit entry will appear as a transfer payment (private or official) in the current account. It might also appear as part of inter-government loans made by the United Kingdom, if the exports are being financed by an aid programme loan. If short-term trade credit is extended by the United Kingdom exporter, the matching debit entry reflecting the lending by the exporter or by a United Kingdom bank will usually appear in monetary movements. The repayment of trade credit extended provides an example of double entries which are both within a single heading of the accounts (monetary movements), one representing the reduction in lending and the other representing the payment received.

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 contribution are derived from separate sources in almost every case. Moreover, the methods of estimation are neither complete nor precisely accurate. 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.

Balances are struck for each of the three main groups (the current account, the long-term capital account and monetary movements) so that summary judgments of the outcome of the balance of payments can be made but it should be emphasised that this does not imply that the various groups are causally independent of each other. In general there is some mutual interdependence between the various groups.

Moreover, some items are not always precisely appropriate to the group in which they are included. For instance, transfer payments, representing workers' remittances, private gifts and migrants' funds and, in the public sector, grants by the central government, are included in the current account. A number of these items are of a capital nature, or closely resemble



capital transactions, however, and an alternative treatment would be to divide transfer payments between the current account and long-term capital account or to show them as a separate item outside the current and capital accounts.

There are similar difficulties in the allocation of some capital movements as between the long-term capital account and monetary movements. Capital movements can be grouped according to their nature (e.g. investment in equities or credit given in connection with trade), according to the domestic sector concerned (e.g. government or private) or according to the status of the overseas resident involved. In practice a combination of these three methods of classification is used. For instance, short-term borrowing by the government by way of Treasury bills is included in monetary movements regardless of the status of the overseas resident since this has been the traditional treatment of government short-term debt, although in practice some of this debt is to overseas residents whose other investments in the United Kingdom are included in private investment. Another example is that most private investment is grouped together in the long-term capital account even though the total includes a substantial element of short-term borrowing financed through inter-company accounts. This is because the nature of the direct relationships between companies in the United Kingdom and companies abroad prevents the application of clear-cut definitions to the types of investment. Thus no single group of concepts can be adopted. Moreover, superimposed on these criteria is the need to show separately not only the United Kingdom's holding of gold and convertible currency reserves but also short-term liabilities including those treated as reserves by overseas countries. These include not only bank deposits and Treasury bills but also holdings of United Kingdom government stock by or on behalf of overseas banks and central monetary institutions.

In the presentation used in the United Kingdom balance of payments the striking of a balance which includes changes in the reserves, in net liabilities in sterling and other currencies and other capital movements of a short-term nature has precedence; after which the grouping, in the long-term capital account, is broadly by domestic sector.

## ITEMS

### VISIBLE TRADE

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

The f.o.b. value (i.e. excluding the costs of insurance and freight) of goods entering the United Kingdom.

#### Exports and re-exports (f.o.b.)

The f.o.b. value of goods leaving the United Kingdom.

The *Overseas Trade Accounts of the United Kingdom (Trade Accounts)* form the starting point for calculating the balance of payments figures.

No adjustment is made for timing differences between the declaration of trade by importers and exporters as recorded in the *Trade Accounts* and the time of change in ownership. Identified differences in timing between these records and actual payments (e.g. due to the granting of trade credit) are treated as changes in assets or liabilities and recorded in monetary movements or as part of direct investment in the long-term capital account. The net effect of unidentified differences in timing will be automatically reflected in the balancing item.

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

### Valuation adjustments

#### Freight and insurance

Imports in the *Trade Accounts* are valued c.i.f., i.e. inclusive of the cost 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 invisible account item and those to United Kingdom concerns do not enter the balance of payments.

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. The system of estimating freight on imports of oil is so far as possible complementary to the method adopted by oil companies in building up the c.i.f. value of oil imports declared to H.M. Customs and Excise. The estimates of freight are based largely on the London Tanker Brokers' Panel's Average Freight Rate Assessment (A.F.R.A.). 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 Lloyds.

#### Port charges

Certain charges associated with the unloading of imports at United Kingdom ports are included in the *Trade Accounts* valuation. These charges are excluded from the balance of payments figures since the payments are made by United Kingdom importers and accrue 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 Accounts* 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 Accounts* 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 Accounts* 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 Accounts*. 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 Accounts*. A deduction is made to the import 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 Accounts* 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 Accounts* have included the amounts paid under the Agreement.

#### **Coverage adjustments**

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

These are excluded from the *Trade Accounts* 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 normally recorded in the *Trade Accounts* 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 Accounts* 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 Accounts* 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 have been derived from a sample examination of G.P.O. traffic.

#### *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 Accounts*. In the balance of payments accounts, therefore, imports of tin for the I.T.C. Buffer Stock are recorded as having been simultaneously re-exported to the Council. Similarly when tin is sold in the United Kingdom from the Tin 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 Accounts* but, since they are for sale to United Kingdom residents they are deducted from the *Trade Accounts* for balance of payments purposes.

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

The *Trade Accounts* 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, where duty is involved (and this is true in most cases), exemption from this duty can be claimed. The same value is deducted from both imports and exports in the balance of payments account 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 invisible account but, as their precise value is not known, this transfer is not made; the current balance is not, however, affected.

#### **GOVERNMENT**

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



### **Military expenditure**

Expenditure on military services overseas is recorded partly on a net basis (i.e. after deducting receipts arising locally; in particular in the years when contributions in cash were received from the Federal German Republic towards meeting the costs of the United Kingdom forces stationed in Germany these were deducted from expenditure). Under this heading are included wage and salary payments to locally engaged staff, contributions towards common defence projects e.g. infrastructure programmes, troops' personal expenditure, and local purchases of food, equipment, fuel and services.

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

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.

### **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**

This item includes 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 multi-lateral economic assistance to the developing countries and other international projects. Subscriptions to I.F.C., I.D.A. and the European Fund are not included under this heading but in the long-term capital account. Subscriptions to the I.M.F. are taken into account in monetary movements. Subscriptions to military agencies are included in the figures of government military expenditure (net) in Table 1.

### **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. Transfers of this kind occurred mainly in 1964 when buildings and other fixed assets were transferred to the governments of Kenya and Malta on attaining independence.

### **Military receipts**

This item includes 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 armed forces (offshore sales) and contributions from overseas governments towards common defence projects. The value of goods held abroad and transferred without charge to overseas countries by the United Kingdom armed forces is also included, together with the values of services provided in the United Kingdom to overseas residents by the service departments e.g. military training schemes. Where no payment is received these entries are offset under 'military grants'.

### **Other receipts**

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

### **Defence aid**

Assistance provided mainly by the United States government for the purchase of raw material, machinery and equipment. (For a fuller account of this item see page 52 of the publication *United Kingdom Balance of Payments 1946-1957*.)

The figures for government overseas expenditure and receipts are derived from returns provided by United Kingdom government departments.

## **TRANSPORT: SHIPPING**

The shipping estimates cover both dry cargo and tanker transactions. Debits comprise the United Kingdom shipping industry's disbursements abroad (including bunkers taken up abroad); payments to overseas residents for chartering; freight payments to foreign shipping companies for carrying United Kingdom imports; and passenger fares paid to foreign shipping. Credits include the earnings of the United Kingdom shipping industry from the carriage of United Kingdom exports and from freight on cross-trades; charter receipts; passenger revenue; and the disbursements of foreign ships in United Kingdom ports.

### **United Kingdom shipping**

Statistics relating to the United Kingdom shipping industry are provided by the Chamber of Shipping of the United Kingdom which conducts a full inquiry, generally every five years, and large scale sample inquiries in the intervening years, into its participation in overseas trade.

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 and 1962, and sample inquiries in the intervening years since 1959.

#### *Debits*

Disbursements abroad include payments by United Kingdom residents 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.

#### *Credits*

Passenger revenue comprises receipts from passenger fares collected abroad whether for cross-voyages or voyages to or from the United Kingdom. United Kingdom shipowners are not able to distinguish between fares received from United Kingdom residents and those from overseas residents. Since it is only practicable to give a breakdown between passenger revenue collected abroad and passenger revenue collected in 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. A small amount is added to allow for receipts from the Australian government for emigrants' assisted passages.

The 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.

### **Overseas shipping**

#### *Debits*

Estimates of freight on imports paid to overseas residents are obtained by deducting the Chamber of Shipping's estimates of the amount earned by United Kingdom ships from carrying United Kingdom imports from the estimates of total freight on imports described on page 39. An estimate of passenger fares paid to overseas shipowners, 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.

#### *Credits*

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

Estimates of port charges are based on the results of an inquiry in 1958 to the fifteen largest port authorities in the United Kingdom which have been projected

in subsequent periods by reference to the changes in the amount of foreign flag tonnage entering and clearing United Kingdom ports and to changes in the level of charges.

Estimates of 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 Board of Trade.

### **TRANSPORT: CIVIL AVIATION**

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.

Credits comprise receipts by the British airlines from overseas residents for passenger fares, freight, mail and charter hire, together with disbursements in the United Kingdom 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. Transactions of the British independent airlines have been estimated largely on the basis of traffic handled and capacity provided.

#### *Debits*

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

#### *Credits*

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. Since it is not practicable to distinguish between fares received abroad from United Kingdom residents and overseas residents it is 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.

The 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.

Other revenue comprises receipts from carrying overseas air mails, charter receipts, and settlements of sums due from overseas airlines under pooling arrangements.



## Overseas airlines

### 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 derived from the sample surveys of air passengers conducted by the Social Survey for the Board of Trade, which provide information on the numbers of United Kingdom residents travelling abroad (see note on 'travel' below).

Estimates of freight on imports carried by overseas airlines are obtained by deducting the amount earned by United Kingdom airlines for carrying United Kingdom imports from the estimate of total freight on imports by air. Other debits comprise payments to overseas airlines for carrying United Kingdom air mails as reported by the General Post Office.

### Credits

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

## TRAVEL

Personal expenditure by United Kingdom residents in overseas countries and by overseas residents in the United Kingdom. The cost of sea or air travel from and to the United Kingdom is not included; payments to shipping and airline companies affecting the balance of payments are included in 'transport'. But payments for transport by United Kingdom residents travelling 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 Social Survey for the Board of Trade, 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* in the summer of each year.

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.

Some estimates are obtained from the Board of Trade's inquiries on royalties, on services rendered between related companies and on films. Other estimates on the debit side are derived from Exchange Control records of payments to non-sterling areas and from 'partner-country' information. For credits, a variety of other sources is used, including returns from government departments and other organisations. In some cases accurate estimates can be made, but for other components which present particularly difficult problems of measurement, rough estimates only are possible which may be revised as new sources of information become available. Table 11 contains details of some of the major components of debits and credits.

### Financial and allied service (n.e.i.) (net)

Figures are approximate. The main components are net earnings (including fees and commissions received) from overseas residents of United Kingdom banks and other financial and allied institutions for services, including brokerage, merchanting, arbitrage, banking charges and commissions, underwriting of capital issues, risk underwriting and other insurance. (To a small extent, the figures shown here as credits are net of charges made for certain financial services provided by overseas residents, which are appropriate to debits.) The net earnings of banks on claims and liabilities in non-sterling currencies are also included here. Merchanting earnings on re-exports, amounting to nearly £5 million a year, are included in the valuation of re-exports under 'visible trade'. Interest received by United Kingdom banks and other financial institutions, together with the profits of their branches, subsidiaries and associates, are appropriate to 'interest, profits and dividends' and are included there. Such receipts included under that heading were of the order of £80 million a year in the last two years.

### Commissions, etc. on exports and imports

These are agents' commissions from suppliers and the value of after sales services provided by traders with sole concessions in certain products. Commissions on exports to the non-sterling area 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. 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. 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**

Comprise overseas expenditure and receipts arising from international telephone, telegraph and telex services, submarine cable work and surface mail.

#### **Films and television**

Debits comprise amounts payable overseas in the course of producing films, for film royalties and rentals, the purchase of films less the value of exposed cinematograph film imported into the United Kingdom as recorded in the *Overseas Trade Accounts*. Expenditure by the B.B.C. and independent television companies on programmes, films and television reporters' expenses is included. Payments into external sterling accounts held in the United Kingdom are also included; the use of these funds to finance the production of films in the United Kingdom is included in credits. In addition, credits include amounts receivable from overseas for cinematograph films, television films and programmes less the value of exposed cinematograph film exported as recorded in the *Overseas Trade Accounts*.

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

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

#### **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 Board of Trade's inquiry on royalties was given in an article in *Board of Trade Journal* for 29 July 1966.

#### **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 Board of Trade, which in general record the net amount debited or credited between parent companies and individual branches, subsidiaries and associates.

#### **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. The estimates are no more than rough.

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

The figures are obtained by applying estimates of average expenditure to the number of overseas students and journalists in the United Kingdom. Some allowance is made for receipts from United Kingdom nationals living permanently overseas whose children are being maintained and educated in the United Kingdom.

#### **Architects' and consulting engineers' fees and contractors' net earnings**

This covers the fees of consulting engineers and architects 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 on hand and returns provided by the contracting industry.

#### **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 and on information provided by the non-territorial organisations.

#### **Other debits**

Include the net earnings of overseas contractors from work done in the United Kingdom; the net amounts remitted back to their home countries by temporary residents, such as entertainers and domestic workers; professional consultants' fees; pensions; subscriptions to professional associations overseas; expenditure overseas by journalists and students; commissions and brokerages; and other miscellaneous payments.

#### **Other credits**

Include non-governmental receipts from foreign military forces (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 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.

## 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.

### 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 reinvestment. 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 Board of Trade inquiry into overseas direct investment, the results of which are published periodically in the *Board of Trade Journal*. 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 for 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 reinvested in this country. A special inquiry was made to identify this element and allowance has been made for it in all 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. Included in the credit

entry is the income accruing to the Exchequer in respect of interest and dividend payments received on securities held in the Exchange Equalisation Account. Estimates of portfolio income accruing to the United Kingdom are based mainly on Board of Inland Revenue records. Income accruing to the United Kingdom government from the Exchange Equalisation Account is known from H.M. Treasury records. For debits on account of non-sterling countries, Exchange Control records are used, whilst debits on account of overseas sterling area countries are based on information made available by the countries concerned.

The debit entries for portfolio investment income in 1963 and later periods include income paid to overseas sterling area countries in respect of certain non-monetary funds invested in United Kingdom government stocks and local authority securities (see note on 'portfolio investment' on page 47). For years to 1962 payments of income of this kind are included as debits under 'other investment income'.

### 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 although this surplus differs in various ways from a precise measure of the profits earned overseas. It includes, 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.). Since the estimates are based upon cash flows the division of the total earnings between the overseas sterling area and the non-sterling areas also does not correspond to profits in an accounting sense. 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 reinvestment in the United Kingdom. The items are, to a large extent, based on information supplied by the oil industry.

Other transactions under this heading include interest payments and receipts on inter-government loans and other official investment; interest on external liabilities and claims in sterling; interest received by manufacturers and exporters on trade credit granted by them to overseas importers; and income from trust funds invested abroad to the benefit of United Kingdom persons or institutions.

The debits entries for 1963 and later periods exclude income paid in respect of certain funds held on behalf of non-monetary bodies in overseas sterling area countries, which has been classified as portfolio investment income (see note above).

Interest received on trade credit is estimated by applying appropriate interest rates to the estimated amount of credit outstanding. Estimates for other items are based mainly on records of the Bank of England, government departments and certain other official bodies.



## PRIVATE TRANSFERS

This item includes the value of goods transferred and services rendered between United Kingdom private residents and overseas residents without a *quid pro quo*. These transactions 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 or monetary movements. Examples of the types of transaction giving rise to entries under this heading are gifts of goods sent by parcel post, transfers of assets by migrants (other than their personal and household belongings), payments by United Kingdom residents to their dependents overseas, transfers of funds by missionary societies and charitable institutions, and legacies.

For United Kingdom transfers to the non-sterling areas, Exchange Control records are used. Receipts from the non-sterling areas are partly based on Exchange Control information 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 debits and credits. Estimates of the value of the 'gift' element in parcel post trade are provided by the Board of Trade on the basis of a sample inquiry.

## 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.

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

Tables 21 and 22 respectively give details of the amounts outstanding for repayment on inter-government loans made by and to the United Kingdom government.

## UNITED KINGDOM SUBSCRIPTIONS TO I.F.C., I.D.A. AND EUROPEAN FUND

This item covers the United Kingdom's capital subscriptions to the International Finance Corporation,

the International Development Association and the European Fund. The information is obtained from official records.

## OTHER UNITED KINGDOM OFFICIAL LONG-TERM CAPITAL (net)

This item consists of 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.

## PRIVATE INVESTMENT

A sub-division of this item is made between direct, portfolio and other investment, the last category including oil 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, up to 1962, insurance companies are excluded; 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 Board of Trade inquiry. Estimates for earlier years were derived from Exchange Control and various other sources; and allowance has been made for the element of reinvested profits as described in the notes under 'interest, profits and dividends'.

### Portfolio investment

Overseas portfolio investment by United Kingdom residents includes United Kingdom participation in new issues of sterling loan stock raised by overseas public authorities on the London Market, less redemption 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 securities falling outside the range of the Bank of England's survey.

For years before 1958, changes in United Kingdom residents' holdings of investment dollars are also included, indistinguishably, in 'private investment abroad.' From 1958, these are included as changes in claims in non-sterling currencies in monetary movements.

Inward portfolio investment consists of changes in the holdings by overseas residents of United Kingdom government and government guaranteed stocks, local authority quoted securities and mortgages, and United Kingdom company securities (including issues abroad).

For the period 1955-1959, estimates of portfolio investment by the overseas sterling area in United Kingdom securities are based on 'partner-country' sources. Net inward investment from the non-sterling area during this period is likely to have been negligible. This deduction is based on the Exchange Control arrangements for repatriation and on the level of the rate for 'security sterling'—the pool of sterling through which most transactions by non-sterling residents in United Kingdom securities flow. When, as in most of this period, the 'security sterling' rate stands at a discount on the official market rate, all purchases and sales of United Kingdom securities tend to take place through this pool, so that only a negligible amount of net inward investment in the United Kingdom is likely to occur.

For the years from 1960, direct sources of measurement have been used of portfolio investment in the various types of United Kingdom securities, both for investment from the overseas sterling area and from the non-sterling area. These sources also measure any net inflow of investment funds from the non-sterling area such as might occur in those periods when the 'security sterling' rate is so close to the official market rate that the advantage of channelling all purchases through 'security sterling' disappears. The Board of Trade have conducted an inquiry based upon company registers with the assistance of the companies concerned to ascertain changes in the holdings of the securities of such companies by overseas residents. A second inquiry has sought to measure 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 have been 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's series on external sterling liabilities.

The figures for 1963 and later periods also include as inward portfolio investment changes in certain overseas holdings of government stocks and local authority securities which for 1962 and earlier were included in 'monetary movements' as part of overseas sterling holdings (see note below on the series 'external liabilities and claims in sterling'). The major elements of these holdings are government stocks and local authority securities held in the Special Funds of the Crown Agents and government stocks held on behalf of other official bodies overseas (except central monetary authorities), together with local authority securities held on behalf of the Crown Agents' General Funds.

### Other 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 reinvested 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 and investment by United Kingdom insurance companies and by the Commonwealth Development Finance Company. Compensation payments to United Kingdom residents in respect of overseas assets which have been nationalised are included as a disinvestment. Other investment in the United Kingdom by overseas residents includes identified investment in real estate and in the insurance industry in the United Kingdom, and certain borrowing by United Kingdom companies direct from banks and commercial companies overseas.

### MISCELLANEOUS CAPITAL (NET)

All identified capital transactions not specifically provided for in other items are included here. They comprise the three main groups which are described below and for which separate figures are given in Table 19.

#### (i) *Official assets and liabilities (n.e.i.).*

These are mainly changes in non-sterling currency balances held in official funds (other than the Exchange Equalisation Account) including the Trust Funds set up to finance the United Kingdom share of



the cost of developing and producing Polaris missiles and Phantom aircraft. Also included in this group are certain adjustments to take account of the difference between the nominal value and the actual transaction value of British government stock purchased or sold by overseas banks and central monetary institutions. The need for these adjustments arises because the 'external liabilities in sterling' in which these holdings are included are recorded at nominal value.

(ii) *Trade credit (n.e.i.)*

Changes in trade credit outstanding not covered elsewhere in the account. A description of the estimates of trade credit is given on pages 35-37.

(iii) *Other identified commercial short-term transactions (net)*

Identified short-term lending and borrowing not covered in other items of the account.

Also included in miscellaneous capital for years before 1958 are United Kingdom banks' net liabilities in non-sterling currencies, deposits by overseas residents with hire purchase finance companies and deposits by overseas residents (other than through the Crown Agents) with local authorities. From 1958 liabilities in non-sterling currencies are shown as a separate item and deposits with hire-purchase finance companies and local authorities form part of 'external liabilities in sterling (net)'.

Estimates of miscellaneous capital are derived from returns made by financial institutions to the Bank of England and information provided by government departments, public corporations, and private companies.

## LIABILITIES IN NON-STERLING CURRENCIES (NET)

The figures shown in Tables 2, 3 and 4 are the changes in the net total of United Kingdom banks' external liabilities and claims in non-sterling currencies together with official liabilities in non-sterling currencies in the form of deposits by overseas central banks.

Gross figures of United Kingdom banks' external liabilities and claims in non-sterling currencies at the end of each year from 1962 to 1965 are given in Table 23.

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.

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. The figures shown for the years 1958 to 1962 in Tables 2 to 4 are based on returns of their foreign currency position which were made by those banks having permission under the Exchange Control Act, 1947, to deal in foreign currencies.

For years prior to 1958 changes in banks' net external liabilities in non-sterling currencies are included in 'miscellaneous capital'.

## LIABILITIES IN OVERSEAS STERLING AREA CURRENCIES (NET)

The figures shown for 1963 and subsequent years in Tables 2 and 3 are the changes in the net total of United Kingdom banks' external liabilities and claims in overseas sterling area currencies. The types of liability and claim included are similar to those described above under 'liabilities in non-sterling currencies (net)'. Before 1963, net liabilities in overseas sterling area currencies were included in 'overseas sterling holdings'.

## EXTERNAL LIABILITIES IN STERLING (NET)

The figures shown in Tables 2, 3 and 4 for years before 1963 are the changes in the total of overseas sterling holdings (other than by the International Monetary Fund) and sterling acceptances outstanding. Also included in the years 1958 to 1962 are deposits with hire purchase finance companies and local authorities. Figures for 1963 and subsequent years are the changes in the net total of external sterling liabilities (other than to the I.M.F.) and claims. Separate figures of overseas sterling holdings and sterling acceptances outstanding at the end of each year from 1954 to 1962 are given in Tables 24 and 25. Gross figures of external sterling liabilities and claims at the end of each year from 1962 to 1965 are given in Table 26.

### Overseas sterling holdings

Some 150 banks, discount houses and accepting houses contributed to the series of overseas sterling holdings.

The data consisted of United Kingdom liabilities to, and claims on, overseas residents in both sterling and overseas sterling area currencies, comprising, on the one hand, current and deposit accounts, Treasury bills, commercial bills drawn on, and promissory notes made by, United Kingdom residents, and British government and government guaranteed stocks when held for overseas banks or official bodies, but not for persons or firms; and, on the other hand, advances to overseas residents, overdrafts, and commercial bills drawn by, and promissory notes in favour of, United Kingdom residents. Bills and stocks were recorded at nominal value.



To the composite total of the figures provided by the banks were added similar funds held at the Bank of England (mainly for overseas central banks) and those held by the Crown Agents for Oversea Governments and Administrations. Information received from various overseas official bodies was also included in the series.

At the end of 1962 the series on 'overseas sterling holdings' was discontinued and replaced by a new series entitled 'external liabilities and claims in sterling'.

### **Acceptances outstanding**

The figures in Table 25 are the totals of outstanding sterling acceptances given by banks in the United Kingdom for account of residents abroad. At the end of 1962 the separate series on 'acceptances outstanding' was discontinued and incorporated in the new series of 'external liabilities and claims in sterling'.

### **External liabilities and claims in sterling**

The series is compiled from returns made to the Bank of England by over 200 banks and other financial institutions. The reporting institutions have widened their branch coverage so that no important accounts are omitted and so that the figures also include the external sterling liabilities and claims of their nominee companies.

The external liabilities and claims are reported gross, under the following headings:

**Liabilities:** Current and deposit accounts.

Deposits with hire purchase finance companies.

Temporary deposits with local authorities.

United Kingdom Treasury bills.

Commercial bills and promissory notes: bills of exchange (sight and usance), including cheques for collection, and documents drawn on, and promissory notes made by, United Kingdom residents and lodged on account of overseas residents, where the proceeds have still to be credited to overseas account.

British government and government guaranteed stocks held for banks and central monetary institutions overseas, but not for other holders; at nominal value and excluding issues by overseas public authorities guaranteed by the United Kingdom government.

**Claims:** Advances and overdrafts.

Commercial bills and promissory notes: bills of exchange (sight and usance), documents drawn on, and promissory notes made by, overseas residents held for United Kingdom residents, where the proceeds have still to be received.

Acceptances outstanding.

The series contains only funds payable in sterling. Acceptances outstanding are included as a United Kingdom claim on overseas residents. Funds at the Bank of England are added to the composite totals of the banks' returns together with those funds held with the

Crown Agents which fall within the scope of the series and deposits made by overseas residents with local authorities other than through United Kingdom banks. The series also includes sterling blocked under the Exchange Control Act, 1947.

The series excludes all overseas holdings of British government and government guaranteed stocks not held specifically for banking or central monetary purposes; thus only holdings of banks, central banks and other central monetary institutions, and the Note Security and General Funds of the Crown Agents are included.

The figures cover short-term sterling liabilities to, and claims on, overseas residents as reported by the United Kingdom banking system in the broadest sense, including the Crown Agents, together with money deposited directly by overseas residents with United Kingdom local authorities and finance houses. Sterling funds deposited by overseas residents with United Kingdom banks and employed by the banks with local authorities and finance houses, etc. are included as deposit liabilities of the banks.

### *Changes in the series*

The differences between the former overseas sterling holdings series and the present series for external sterling liabilities and claims, and the changes which have been required in the presentation of certain items in the balance of payments account are given below.

- (i) In the present series, comprehensive totals of gross liabilities and claims are available. The old series was published net because liabilities to and claims on overseas offices and branches of reporting institutions were returned net, and gross figures were available only for other liabilities and claims.
- (ii) The present series includes United Kingdom claims on overseas residents in the form of acceptance credits in sterling. Prior to 1963, acceptances outstanding were recorded outside the ambit of overseas sterling holdings. In the general balance of payments accounts the figures of acceptances outstanding and overseas sterling holdings have been added together to produce a series which roughly corresponds with the figures of external liabilities and claims for 1963 and later years.
- (iii) Unlike the series of overseas sterling holdings, the present series covers only funds denominated in sterling. Thus liabilities and claims in overseas sterling area currencies, which were included indistinguishably in the old series, are now omitted. The changes in the net liabilities in these currencies from 1963 are shown as a separate item.
- (iv) The present series includes sterling blocked under the Exchange Control Act, 1947. This sterling, which largely results from sales of securities, is thought to have been small in total at the end of 1962.
- (v) In the present series the treatment of certain overseas holdings of British government and government guaranteed stocks is different from in the



series of overseas sterling holdings. The intention is to exclude all those not held specifically for banking or central monetary purposes. Holdings which were included in the old series but which fall outside the range of the present series are those in the Special Funds of the Crown Agents and those of other overseas official bodies. The holdings omitted are now treated as portfolio holdings, changes in which are included in 'private investment' in the long-term capital account.

- (vi) The present series excludes certain overseas funds held through the Crown Agents and invested in United Kingdom local authority mortgages and securities, which were included in the totals of overseas sterling holdings. The changes in holdings of mortgages and securities are now included in 'private investment'. Deposits with local authorities held through the Crown Agents continue to be included in the present series. In addition, deposits with local authorities and hire purchase finance companies made directly and through United Kingdom banks are included.
- (vii) The two series also differ in their classification of funds by type of holder. The present series is divided into central monetary institutions and other holders. Funds of central monetary institutions are the holdings, including British government and government guaranteed stocks, of central banks, currency boards, the General and Note Security Funds of the Crown Agents, the Bank for International Settlements and of a few other accounts which are known to be used for central monetary purposes. The official category in the old series of overseas sterling holdings covered a wider range in so far as it contained all funds with the Crown Agents and various official accounts as well as those of central monetary institutions, but was at the same time narrower in that it excluded funds held by central monetary institutions with commercial banks in the United Kingdom. The latter were previously included indistinguishably in the funds reported by commercial banks and recorded in the 'other' category. As a result of the more detailed information available from the present returns they are now separately identified and included under 'central monetary institutions'. Also reclassified are deposits and Treasury bills held in the Crown Agents' Special Funds. These, as stated above, are not considered to be held specifically for banking or central monetary purposes. They are therefore included in the 'other' category in the present series.

#### UNITED KINGDOM OFFICIAL HOLDINGS OF NON-CONVERTIBLE CURRENCIES

Changes in the sterling equivalent of non-convertible currencies held by the Exchange Equalisation Account (including those set aside at 31 December 1958 for liquidation in the final E.P.U. settlement in January 1959).

#### UNITED KINGDOM BALANCE IN E.P.U.

Changes in the sterling equivalent of the United Kingdom balance in the books of the European Payments Union. The balance at the liquidation of the Union was converted into bilateral debts due to and by member countries and the debts have been funded so that they now form part of inter-government lending.

#### UNITED KINGDOM ACCOUNT WITH THE INTERNATIONAL MONETARY FUND

The figures shown in Table 2 are the net total of:

- (i) The United Kingdom subscription in gold to the International Monetary Fund on the occasion of the increase in quotas in 1959 (—).
- (ii) I.M.F. gold deposits in the United Kingdom in 1965 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 United Kingdom's own additional gold subscriptions were made in 1966.)
- (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) I.M.F. administrative and operational expenditure (—) and receipts (+). Receipts include charges payable in sterling on drawings from the Fund.

Details of the transactions leading to the change in the United Kingdom account with the International Monetary Fund are given in Table 20. 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 changes in the Fund's holdings of sterling are the net totals of the transactions described under (iii) to (vii) above (together, in 1959, with the United Kingdom's subscription in sterling). The figures 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). Since the changes in the United Kingdom tranche position are derived from I.M.F. sources there are minor differences due to timing between this series and the series showing changes in I.M.F. holdings of sterling.

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 1954 to 1965 are shown in Table 27.



## GOLD AND CONVERTIBLE CURRENCY RESERVES

Changes in the sterling equivalent of the gold and convertible currencies 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. Gold is valued at 250 shillings per ounce fine, and currency at parity. 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.

## BALANCING ITEM

The amount necessary to balance the account: it represents the net total of the errors and omissions in other items.

## INTER-AREA TRANSFERS

Changes in the United Kingdom's reserves and in the area disposition of external liabilities and claims in sterling, shown in the monetary movements sections of Tables 3 and 4, are partly determined by the transactions of the overseas sterling area with non-sterling areas. The figures representing the net effect of all these transactions are called 'inter-area transfers'. A description of the transactions leading to the estimates of inter-area transfers is included in the section on the balance of payments of the overseas sterling area.

## 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.); the independent Commonwealth countries other than Canada; the British Protected States in the Persian Gulf (Bahrain, Qatar and the Trucial States), Burma, Iceland, Irish Republic, Jordan, Kuwait, Libya and the Republic of South Africa. Although excluded from the sterling area from 11 November 1965, Rhodesia is treated as a sterling area country for statistical purposes up to the end of 1965.
- (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:** U.S.A. 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.

(vi) **International organisations:** The United Nations and its specialised agencies; the International Bank for Reconstruction and Development (I.B.R.D.), the International Finance Corporation (I.F.C.), the International Development Association (I.D.A.) and other international organisations.

Transactions with the International Monetary Fund (I.M.F.) are treated as a separate item 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. Major improvements to the figures have been made in recent years, and efforts to improve them further are continuing. The following notes assess the comparative quality of the present estimates and the main points at which errors and omissions may arise.

### Visible trade

Customs regulations lay down a formula for the valuing of import and export merchandise on the Customs entry forms from which the *Trade Accounts* are compiled. A number of adjustments are made, as described in the notes on items above, for both coverage and valuation to bring the *Trade Accounts* 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 deduction of freight to bring the value of imports to an f.o.b. basis, any error in the estimate of total freight will be offset by an opposite error in the invisibles account, since the same estimate is used as the starting point for the calculation of shipping freight debits. It is possible, however, that there is some inconsistency between the value of commissions assumed to be included in figures of imports and exports in the visible trade account and the estimates for debits and credits on commissions included in 'other services' in the invisibles account. In relation to the large gross value involved the margin of error in the estimates for visible trade is probably very small, although it could still be of significance in relation to the net result of the balance of payments.

No allowance is made in the visible trade account for changes in the timing of payments for imports and exports. Such changes may arise through the advancing or retarding of payments or through shifts in the timing pattern as a result of changes in the commodity make-up



of imports and exports (or, for example, a shift from imports paid for on or before arrival to imports on consignment). Conceptually, these changes are regarded as equivalent to short-term capital movements. To a large extent they are recorded in the balance of payments accounts as part of the changes in banking claims and liabilities with overseas residents, in the balance of indebtedness between United Kingdom and associated companies overseas or in the further element of trade credit included in miscellaneous capital. But in so far as the changes are not so recorded they may contribute significantly to the fluctuations in the total of errors and omissions.

### Invisibles

Figures of government transactions are based on records of government departments and any errors should be limited to minor timing discrepancies.

The figures relating to United Kingdom shipping are based primarily on the periodic inquiries carried out by the Chamber of Shipping. In the full census years of 1952, 1958 and 1962 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 margin of error should not be large. The estimates for freight payments to overseas shipping are based on a large sample of import items and here too the margin of error should be relatively small. In any event, as stated above, any error in the estimate will be offset by an opposite error in the estimated value of imports on an f.o.b. basis.

Estimates of travel expenditure are now based largely on a system of interviews with a sample of passengers leaving or arriving at sea and air ports. Though still subject to some margin of error, the estimates are more firmly based than in earlier years. Further improvement is expected as experience of the sampling system is acquired.

Estimates for the numerous and heterogeneous types of transaction which fall into 'other services' are of varying quality. The range of firmly-based estimates has been increased by the first results of the Board of Trade's inquiry into royalties. At the same time further information on services rendered between related companies, collected through the direct investment survey, has been brought into the estimates. Exchange Control records remain the basis for a large proportion of the debits with the non-sterling areas, however, and 'partner-country' information for much of the debits with the overseas sterling area. Regular returns are received for an increasing number of the credit items, but in other cases estimates are still derived from various related indicators and are inevitably no more than rough. Thus the totals for both debits and credits under this heading must be regarded as subject to an appreciable margin of error.

The interest, profits and dividends arising from direct and portfolio investment are thought to be satisfactorily measured both on the credit and debit side. Earnings from oil, taken in conjunction with the entries for oil operations in the visible, shipping and long-term capital accounts, are also thought to measure fully the effect of transactions in oil on the balance of payments. For certain other elements of investment income, however, the estimates are based on the amount and type of liabilities and assets involved, rather than directly measured, and may be somewhat less accurate.

### Long-term capital account

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. 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 'partner-country' information. The measurement of inward portfolio investment has been greatly improved, but some gaps still exist. Changes in overseas holdings in a few government stocks are not yet fully covered and the Board of Trade's 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.

### Monetary movements

Most of the figures in this section of the accounts are precise ones rather than estimates, being taken from the regular returns made by banks and other financial institutions or from official records. The coverage of changes in other short-term assets and liabilities has improved, particularly with the further development of the Board of Trade's inquiry into trade credit. Some gaps still remain, however, and errors may also arise through failure to recognise non-resident status, especially where nominee accounts are employed.

### Summary

Despite the continuing improvements which have been effected, the main weaknesses in the present statistics are still in 'other services' in the invisibles account, 'portfolio investment' in the long-term capital account and 'miscellaneous capital' in monetary movements. 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 and although varying considerably in size from year to year



it has been positive in eleven of the fourteen years from 1952-1965 with an average over the whole period of +£64 million. This means there is an underlying tendency for credit entries to be understated or debit entries to be overstated, or quite probably a combination of both.

It is difficult to find reasons for the size of the balancing item and its fluctuations from period to period, but it seems probable that it includes:

- (i) a persistent positive element attributable to deficiencies in the measurement of current account transactions;
- (ii) a much more irregular element attributable to unrecorded capital and monetary transactions. Fluctuations in this element are likely to reflect in the main short-term changes in flows of funds, in granting of credit and in timing of payments. These changes are probably influenced to some extent by the level of interest rates in the United Kingdom relative to those abroad and, on occasion, by speculation about exchange rates;

It is difficult to quantify these elements. One approach is to look at an average over a period of years, in the course of which the more volatile inflows and outflows under (ii) above will tend to cancel out. Over the last eight years, 1958-65, the average level of the balancing item was +£61 million and over the last four of those years, 1962-65, +£37 million. For working purposes it seems reasonable to assume that the normal value of the recurrent element of the balancing item is around +£50 million.

### 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 1965 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

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

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 is paid 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 foreign 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. Imports and exports of goods are equal to visible trade in the balance of payments. Imports and exports 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 do figure 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. Net investment abroad could also be measured directly from the sum of the balance of the long-term capital account and of the balance of monetary movements. In practice, however, the two methods differ by the amount of the balancing item in the balance of payments.

## BALANCE OF PAYMENTS ESTIMATES FOR 1946-1951

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 heavily on 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 Accounts* were adopted as the basis for the balance of payments

figures of all imports and exports. 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 summary form in Table 1 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. The resultant estimates, used in the National Income Blue Books, have been re-arranged in the table below into the standard balance of payments form. Private long-term capital movements and short-term capital transactions of the type now included in 'miscellaneous capital' were not separately identified prior to 1952. They have therefore been included in the residual item of the account—'private investment, miscellaneous capital and balancing item'.

### Balance of payments—summary 1946-51

	£ million					
	1946	1947	1948	1949	1950	1951
Imports (f.o.b.) .....	1,063	1,541	1,790	2,000	2,312	3,424
Exports and re-exports (f.o.b.) .....	960	1,180	1,639	1,863	2,261	2,735
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>(1)</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
U.K. balance in E.P.U. ....	—	—	—	—	-80	+246
Account with I.M.F. ....	—	+6	+9	+6	—	-10
Gold and convertible currency reserves.....	-54	+152	+55	+3	-575	+344
Balance of identified monetary movements <sup>(2)</sup> .....	-18	+84	-305	+48	-363	+689

(1) Grants to or from the U.K. government which, because they were of a non-recurrent financing nature, are not appropriate to the current account.

(2) 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 are published each quarter, together with a commentary, in the March, June, September and December issues of *Economic Trends* and reproduced in summary form in *Financial Statistics* and the *Monthly Digest of Statistics*.

#### Visible trade

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

Figures of imports (c.i.f.) and exports and re-exports (f.o.b.) (not adjusted to a balance of payments basis) are published each month in the *Overseas Trade Accounts of the United Kingdom*. The monthly figures, both as recorded in the *Trade Accounts* and seasonally adjusted, are the subject of regular articles in the *Board of Trade Journal* and are later presented in summary form in the *Report on Overseas Trade*. Annual statistics are 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 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 payments and receipts of United Kingdom shipping companies is given in the *Annual Report of the Chamber of Shipping of the United Kingdom*.

#### Travel

Articles on travel to and from the United Kingdom appear regularly in the *Board of Trade Journal*.

#### Other services

An article on the Board of Trade inquiry into royalties appeared in the *Board of Trade Journal* for 29 July 1966.

#### Private investment and interest, profits and dividends

The results of the Board of Trade inquiry into overseas direct investment are published in the *Board of Trade Journal*.

#### 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 liabilities and claims in sterling

Quarterly figures are published in the *Bank of England Quarterly Bulletin* and *Financial Statistics* and, in summary form, in *Economic Trends* and the *Monthly Digest of Statistics*. An article introducing the series appeared in the June 1963 issue of the *Bank of England Quarterly Bulletin*.

#### Overseas sterling holdings and acceptances outstanding

An article on the former series of overseas sterling holdings and acceptances outstanding, containing figures in greater detail than had previously been published, was included in the December 1963 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 I.M.F.) and in *Financial Statistics*.

#### Gold and convertible currency 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 Board of Trade inquiries are included in the *Board of Trade Journal*. The latest article appeared in the issue for 17 June 1966.

#### 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, together with a commentary, in *Economic Trends*.



# Overseas sterling area

## General balance of payments

TABLE A

£ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Current account</b>								
Visible trade								
Imports (f.o.b.) .....	4,722	4,709	5,400	5,323	5,526	6,103	6,813	7,475
Exports and re-exports (f.o.b.) .....	4,204	4,701	4,918	5,109	5,315	5,981	6,527	6,805
Visible balance .....	-518	-8	-482	-214	-211	-122	-286	-670
Gold production .....	+252	+289	+298	+320	+348	+376	+398	+427
Invisibles								
Government								
Debits .....	83	85	85	81	91	102	102	105
Credits .....	196	216	227	220	237	263	289	284
Transport								
Debits .....	583	591	668	674	693	758	851	917
Credits .....	318	331	343	364	388	415	462	486
Travel								
Debits .....	127	133	157	175	185	193	223	237
Credits .....	154	185	203	224	239	263	286	321
Other services								
Debits .....	202	218	277	286	304	323	371	407
Credits .....	149	159	185	191	200	197	199	208
Interest, profits and dividends								
Debits .....	711	716	771	763	855	968	1,081	1,177
Credits .....	195	186	214	221	231	226	253	284
Official transfers								
Debits .....	18	18	27	42	39	53	75	77
Credits .....	167	175	194	215	275	281	329	282
Private transfers								
Debits .....	165	164	183	191	197	213	230	237
Credits .....	169	186	179	173	182	210	244	262
Total invisibles								
Debits .....	1,889	1,925	2,168	2,212	2,364	2,610	2,933	3,157
Credits .....	1,348	1,438	1,545	1,608	1,752	1,855	2,062	2,127
Invisible balance .....	-541	-487	-623	-604	-612	-755	-871	-1,030
<b>CURRENT BALANCE</b> .....	<b>-807</b>	<b>-206</b>	<b>-807</b>	<b>-498</b>	<b>-475</b>	<b>-501</b>	<b>-759</b>	<b>-1,273</b>
<b>Long-term capital account<sup>(1)</sup></b>								
Inter-government loans (net) .....	+176	+207	+278	+233	+263	+313	+398	+463
I.B.R.D., I.D.A. and I.F.C. drawings (net) .....	+85	+58	+24	+13	+34	+44	+55	+109
Market issues abroad (net) .....	+77	+13	+17	+24	+23	+32	-11	-15
Other official long-term capital (net) .....	+26	+33	+13	+19	-5	+9	-1	+53
Private investment (net) .....	+248	+265	+272	+266	+253	+311	+357	+546
<b>BALANCE OF LONG-TERM CAPITAL</b> .....	<b>+612</b>	<b>+576</b>	<b>+604</b>	<b>+555</b>	<b>+568</b>	<b>+709</b>	<b>+798</b>	<b>+1,156</b>
<b>BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS</b> .....	<b>-195</b>	<b>+370</b>	<b>-203</b>	<b>+57</b>	<b>+93</b>	<b>+208</b>	<b>+39</b>	<b>-117</b>
<b>Balancing item</b> .....	<b>+104</b>	<b>-13</b>	<b>-16</b>	<b>+84</b>	<b>+89</b>	<b>+59</b>	<b>-37</b>	<b>+47</b>
<b>Monetary movements<sup>(1)</sup></b>								
Change in accounts with I.M.F. ....	+13	-55	-31	+104	-65	-27	-17	+63
Change in reserves .....	+46	-267	+206	-230	-161	-263	-1	-58
Other monetary movements .....	+32	-35	+44	-15	+44	+23	+16	+65
<b>BALANCE OF MONETARY MOVEMENTS</b> .....	<b>+91</b>	<b>-357</b>	<b>+219</b>	<b>-141</b>	<b>-182</b>	<b>-267</b>	<b>-2</b>	<b>+70</b>

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



**Overseas sterling area**  
**Balance of payments with the sterling area**

TABLE B £ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Current account</b>								
<i>Visible trade</i>								
Imports (f.o.b.) .....	2,266	2,241	2,387	2,325	2,317	2,505	2,650	2,817
Exports and re-exports (f.o.b.) .....	2,110	2,290	2,372	2,365	2,387	2,594	2,779	2,739
Visible balance .....	-156	+ 49	- 15	+ 40	+ 70	+ 89	+129	- 78
<i>Invisible balance</i> .....	-330	-316	-390	-344	-333	-350	-374	-408
<b>CURRENT BALANCE</b> .....	<b>-486</b>	<b>-267</b>	<b>-405</b>	<b>-304</b>	<b>-263</b>	<b>-261</b>	<b>-245</b>	<b>-486</b>
<b>Long-term capital account<sup>(1)</sup></b>								
Inter-government loans (net) .....	+ 29	+ 51	+ 60	+ 54	+ 47	+ 33	+ 56	+ 52
Market issues abroad (net) .....	+ 31	+ 11	- 2	+ 12	+ 5	+ 29	- 4	- 38
Other official long-term capital (net) .....	+ 18	+ 18	+ 2	—	- 4	+ 7	- 6	—
Private investment (net) .....	+140	+125	+148	+137	+ 88	+128	+157	+250
<b>BALANCE OF LONG-TERM CAPITAL</b> .....	<b>+218</b>	<b>+205</b>	<b>+208</b>	<b>+203</b>	<b>+136</b>	<b>+197</b>	<b>+203</b>	<b>+264</b>
<b>BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS</b> .....	<b>-268</b>	<b>- 62</b>	<b>-197</b>	<b>-101</b>	<b>-127</b>	<b>- 64</b>	<b>- 42</b>	<b>-222</b>

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

**Overseas sterling area**  
**Balance of payments with non-sterling areas**

TABLE C £ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Current account</b>								
<i>Visible trade</i>								
Imports (f.o.b.) .....	2,456	2,468	3,013	2,998	3,209	3,598	4,163	4,658
Exports and re-exports (f.o.b.) .....	2,094	2,411	2,546	2,744	2,928	3,387	3,748	4,066
Visible balance .....	-362	- 57	-467	-254	-281	-211	-415	-592
<i>Gold production</i> .....	+252	+289	+298	+320	+348	+376	+398	+427
<i>Invisible balance</i> .....	-211	-171	-233	-260	-279	-405	-497	-622
<b>CURRENT BALANCE</b> .....	<b>-321</b>	<b>+ 61</b>	<b>-402</b>	<b>-194</b>	<b>-212</b>	<b>-240</b>	<b>-514</b>	<b>-787</b>
<b>Long-term capital account<sup>(1)</sup></b>								
Inter-government loans (net) .....	+147	+156	+218	+179	+216	+280	+342	+411
I.B.R.D., I.D.A. and I.F.C. drawings (net) .....	+ 85	+ 58	+ 24	+ 13	+ 34	+ 44	+ 55	+109
Market issues abroad (net) .....	+ 46	+ 2	+ 19	+ 12	+ 18	+ 3	- 7	+ 23
Other official long-term capital (net) .....	+ 8	+ 15	+ 11	+ 19	- 1	+ 2	+ 5	+ 53
Private investment (net) .....	+108	+140	+124	+129	+165	+183	+200	+296
<b>BALANCE OF LONG-TERM CAPITAL</b> .....	<b>+394</b>	<b>+371</b>	<b>+396</b>	<b>+352</b>	<b>+432</b>	<b>+512</b>	<b>+595</b>	<b>+892</b>
<b>BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS</b> .....	<b>+ 73</b>	<b>+432</b>	<b>- 6</b>	<b>+158</b>	<b>+220</b>	<b>+272</b>	<b>+ 81</b>	<b>+105</b>

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



# Overseas sterling area

## Estimates of inter-area transfers

ANNEX TO TABLE C

£ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Balance of current and long-term capital transactions with non-sterling areas ...</b>	+ 73	+ 432	- 6	+ 158	+ 220	+ 272	+ 81	+ 105
<b>Statistical adjustment<sup>(1)</sup>.....</b>	- 3	+ 18	+ 29	+ 32	+ 43	+ 24	- 46	- 85
<b>Monetary movements<sup>(2)</sup></b>								
Change in accounts with I.M.F. ....	+ 13	- 55	- 31	+ 104	- 65	- 27	- 17	+ 63
Change in holdings of gold and non-sterling currencies .....	- 15	- 65	+ 19	- 115	- 124	- 97	- 50	- 32
Miscellaneous monetary movements .....	- 16	- 2	+ 16	- 3	- 3	- 4	+ 16	+ 12
Inter-area transfers .....	- 52	- 328	- 27	- 176	- 71	- 168	+ 16	- 63

(1) See note on page 60.

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

## Sterling area

### Balance of payments with the rest of the world

TABLE D

£ million

	1958	1959	1960	1961	1962	1963	1964	1965
<b>Current account</b>								
<i>Visible trade</i>								
Imports (f.o.b.) .....	4,583	4,756	5,744	5,641	5,886	6,455	7,545	8,138
Exports and re-exports (f.o.b.) .....	4,067	4,564	4,820	5,207	5,552	6,193	6,667	7,186
Visible balance .....	- 516	- 192	- 924	- 434	- 334	- 262	- 878	- 952
<i>Gold production</i> .....	+ 252	+ 289	+ 298	+ 320	+ 348	+ 376	+ 398	+ 427
<i>Invisible balance<sup>(1)</sup></i> .....	- 208	- 186	- 379	- 354	- 287	- 465	- 622	- 764
<b>CURRENT BALANCE</b> .....	- 472	- 89	- 1,005	- 468	- 273	- 351	- 1,102	- 1,289
<b>Long-term capital account<sup>(2)</sup></b>								
Inter-government loans (net) .....	+ 131	+ 91	+ 179	+ 218	+ 175	+ 232	+ 308	+ 394
I.B.R.D., I.D.A. and I.F.C. drawings (net) .....	+ 85	+ 58	+ 24	+ 13	+ 34	+ 44	+ 55	+ 109
Market issues abroad (net) .....	+ 46	+ 2	+ 19	+ 12	+ 18	+ 3	- 7	+ 23
Other official long-term capital (net) .....	+ 8	+ 13	+ 3	+ 10	- 14	- 6	- 3	+ 41
Private investment (net) .....	+ 162	+ 144	+ 210	+ 376	+ 301	+ 267	+ 164	+ 417
<b>BALANCE OF LONG-TERM CAPITAL</b> .....	+ 432	+ 308	+ 435	+ 629	+ 514	+ 540	+ 517	+ 984
<b>BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS</b> .....	- 40	+ 219	- 570	+ 161	+ 241	+ 189	- 585	- 305
<b>Balancing item</b> .....	+ 169	- 40	+ 181	+ 9	+ 90	- 24	- 73	+ 66
<b>Monetary movements<sup>(2)</sup></b>								
Change in accounts with I.M.F. ....	+ 4	- 188	- 182	+ 478	- 444	- 22	+ 342	+ 562
Change in holdings of gold and non-sterling currencies <sup>(3)</sup> .....	- 299	+ 54	- 158	- 146	+ 59	- 44	+ 72	- 278
Other monetary movements.....	+ 166	- 45	+ 729	- 502	+ 54	- 99	+ 244	- 45
<b>BALANCE OF MONETARY MOVEMENTS</b> .....	- 129	- 179	+ 389	- 170	- 331	- 165	+ 658	+ 239

(1) Including statistical adjustment.

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

(3) United Kingdom gold and convertible currency reserves and overseas sterling area countries' holdings of gold and non-sterling currencies.



# OVERSEAS STERLING AREA BALANCE OF PAYMENTS

## NOTES AND DEFINITIONS

The countries of the overseas sterling area are an important group of markets for United Kingdom exports (taking about one-third of total exports) and supply a large proportion of the United Kingdom's imports, particularly of food and raw materials. The United Kingdom also traditionally provides a wide range of services, such as shipping and financial services. Since most of the countries hold the bulk of their reserves in the form of sterling balances the outcome of their balance of payments has an important influence on the United Kingdom's external monetary position; in particular, the outcome of their transactions with countries outside the sterling area affects the level of the United Kingdom's reserves and monetary liabilities to non-sterling countries through what are known as 'inter-area transfers'—a measure of the change in the assets of overseas sterling area countries held in London which arises from the area's transactions with non-sterling areas.

The tables in this section show the general balance of payments of the overseas sterling area (Table A) with an area analysis of transactions on current and long-term capital accounts with the sterling area (Table B) and with non-sterling areas (Table C). An Annex to Table C shows the derivation of the estimated amount of 'inter-area transfers' which are carried forward into Tables 3 and 4 of the United Kingdom balance of payments. In Table D the figures of transactions with non-sterling areas have been aggregated with the corresponding figures in the United Kingdom balance of payments to give estimates of the balance of payments of the sterling area as a whole with the rest of the world.

Basically the tables are a simple aggregation of the figures produced in the individual countries. Certain adjustments have, however, been made in order to improve consistency in the valuation, classification and area attribution of the estimates. Nevertheless some differences remain; for example, balances between the overseas sterling area countries themselves, which are included in Tables A and B, should cancel out but in practice do not. Because of these differences as well as those in the measurement of transactions between the United Kingdom and the overseas sterling area countries, the balances in Table B are not identical with those in Table 3 of the United Kingdom balance of payments.

For countries which do not themselves prepare balance of payments estimates and for periods not covered by such figures, estimates are made in the United Kingdom on the basis of available information. In addition to figures published by the countries themselves, use has been made of figures published in the International Monetary Fund's *Balance of Payments Yearbook* and of some unpublished data supplied by the countries.

### Definition of areas

The overseas sterling area is defined on page 51. The sterling area comprises the overseas sterling area countries together with the United Kingdom.

### Visible trade

Most countries base their estimates of the visible trade component of their balance of payments on trade account figures, adjusted where necessary to place the coverage and the valuation on to a balance of payments basis. India, Pakistan, Ceylon and Burma, however, make use of records of payments and receipts obtained through exchange control; in these cases barter trade and some imports of investment goods in the private sector may be omitted. (See also note below on private investment.)

A few countries show imports in their balance of payments on a c.i.f. basis, and to achieve consistency with the figures of other countries in the sterling area where imports are shown f.o.b., the estimated amount of the freight and insurance element is transferred to the item 'transport' in the invisibles account. (See also note below on invisibles.)

The balance of payments figures for imports and exports of the overseas sterling area therefore differ in a number of respects from the trade accounts figures used in the analyses of sterling area trade published regularly in the *Board of Trade Journal*. Although the movements shown by the two series are generally closely similar, there may on occasion be some divergence. For examination of the developments in import and export trade separately, the use of the trade accounts series, accompanied by commodity and market area analyses, may generally be preferable; the balance of payments series shows, particularly through the balance of visible trade, the part that changes in trade are playing in the development of the balance of payments as a whole.

### Gold production

Gold production, apart from the small amount for domestic industrial use, is conventionally regarded as equivalent to an earning of convertible currency, and is therefore included as a credit in the account with non-sterling areas. The item thus includes both exports and gold taken into domestic monetary reserves; the former give rise to cash receipts in the normal way while the latter is reflected in a corresponding increase in assets under the heading 'change in reserves' in Table A and under the heading 'change in holdings of gold and non-sterling currencies' in the Annex to Table C.



## **Invisibles**

In Table A separate figures of debits and credits for the main items are given, but in the other tables a figure of net invisibles only is shown. The estimates are derived from a variety of sources, including special surveys.

The following adjustments to the figures compiled by various countries have been made:

- (i) When freight and insurance on imports is included as part of c.i.f. imports (see note on visible trade above) the estimated freight and insurance element is transferred to the invisibles account.
- (ii) When the freight payable to non-residents is allocated to area according to the country of origin of the goods, it is, as far as possible, reallocated according to the country of residence of the carrier.

Undistributed profits due to or from non-residents are not included in the invisibles account of every country, but no adjustment has been made to cover the omissions (see also note below on private investment (net)).

Grants made in domestic currencies by the United States government out of funds accrued from the provision of surplus commodities under the Agricultural Trade Development and Assistance Act (P.L. 480) are included in the invisibles account, under 'official transfers' (credits), and the United States government's own expenditure in domestic currencies out of these funds is included under 'government' (credits).

## **Statistical adjustment**

This adjustment is designed to remedy certain known inconsistencies occurring between the estimates of United Kingdom transactions with non-sterling areas and the estimates of overseas sterling area countries' transactions with non-sterling areas, so that double counting is avoided when compiling aggregate estimates for the sterling area as a whole or when estimates of 'inter-area transfers' are made.

Transactions of United Kingdom owned oil companies are attributed by area in the United Kingdom balance of payments estimates in accordance with the direction of payments made. Sales to overseas sterling countries from non-sterling sources are included in the United Kingdom invisibles estimates as a credit with the overseas sterling area and a debit (reflecting the costs of production) is included with non-sterling areas. Such imports are also included in the overseas sterling area's balance of payments as a debit with non-sterling areas, being attributed by area in accordance with the source of the oil. A similar situation, but in reverse, occurs for exports from overseas sterling area sources to non-sterling countries. The statistical adjustment corrects the double counting of such transactions with non-sterling areas in the estimates for the sterling area as a whole. The adjustment also covers inconsistencies in the treatment of certain invisible transactions of oil companies in the overseas sterling area which are jointly owned by residents of the United Kingdom and of non-sterling countries.

The inconsistencies operate in different directions, but nevertheless a residual difference remains, which is corrected by a single net adjustment in the Annex to Table C and in the invisibles account in Table D.

## **Inter-government loans (net)**

This item relates to drawings and repayments of loans and long-term credits between governments of overseas sterling area countries and other governments; it also includes loans and long-term credits extended to governments by quasi-official bodies such as the Export-Import Bank of Washington, and loans and long-term credits to other public bodies or companies which are guaranteed by governments.

The loans include drawings in domestic currencies out of funds accrued as the counterpart to the provision of surplus commodities under the Agricultural Trade Development and Assistance Act (P.L. 480) and include the net change in the amount of the funds denominated in the domestic currency held by the United States government (see note below on other monetary movements). Changes in these liabilities are treated as long-term transactions rather than as short-term, even though the funds may be held in monetary form, firstly because the funds are not usually disbursed as grants or loans within a year, and secondly because the provision of the surplus commodities is widely regarded as 'aid'; it is therefore convenient that the contra entry to the imports should fall entirely within the current and long-term capital accounts.

As far as possible the figures under this heading are based upon countries' own estimates, supplemented by donor country sources of information.

## **I.B.R.D., I.D.A. and I.F.C. drawings (net)**

These are drawings (net of repayments) from the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation. Subscriptions to these organisations are included under 'other official long-term capital (net)'.

## **Market issues abroad (net)**

These comprise the proceeds of new issues raised abroad by overseas sterling area governments or public bodies. They are net of redemptions.

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

This item covers a wide variety of transactions; it includes subscriptions to the I.B.R.D., I.D.A. and I.F.C. and long-term loans and credits, (other than inter-government loans and market issues) between public bodies in the overseas sterling area countries and non-residents.



### Private investment (net)

This item covers direct and portfolio investment transactions between the private sector and non-residents. In principle it also includes long-term trade credit, except where visible trade is compiled from records of payments through exchange control. Direct investment includes, where measured, reinvested earnings, changes in branch/head office indebtedness, and changes in inter-company accounts including investment in the form of goods supplied without payment. Where countries omit reinvested earnings and investment in kind, they also exclude the corresponding current account entries (see notes above on invisibles and on visible trade). The figures as recorded in countries' balance of payments estimates are included without adjustment for omissions of this kind.

### Change in accounts with I.M.F.

This item includes net drawings by overseas sterling area countries of sterling and non-sterling currencies, net drawings of overseas sterling area currencies, and subscriptions in gold and domestic currencies. Subscriptions to the I.M.F. in domestic currencies, however, are treated as constituting both an asset (created by the subscription) and a liability (the I.M.F.'s holdings of the currency) and therefore have no effect on the item.

### Change in reserves

This item includes, in Table A, changes in assets (less liabilities) in sterling, gold and non-sterling currencies held by central monetary authorities, commercial banks and some public bodies. The figures, when not available directly from local sources, are estimated from data published in *International Financial Statistics* or from United Kingdom sources of information. No distinction is made in this table between net change in reserves held in sterling and net change in reserves held in gold and non-sterling currencies, but estimates of the latter, as derived from sources separately available to the United Kingdom, are included in the Annex to Table C. The difference between the change in total reserves in Table A and the change in holdings of gold and non-sterling currencies in the Annex to Table C is not however identical with the change in sterling assets (United Kingdom sterling liabilities) in Table 3 of the United Kingdom balance of payments.

This is because:

- (i) The definition of reserves held in sterling, as measured by the individual countries, is different from that of net external liabilities in sterling as measured by the United Kingdom. For example the latter includes balances in United Kingdom banks of some overseas sterling area customers not included in the former, and excludes sinking funds, pension funds, etc. and investments in United Kingdom local authority securities which may be included in the former.
- (ii) There are differences in the timing of the recording of the transactions.

### Other monetary movements

This item includes changes in non-resident holdings (other than I.M.F.) of monetary assets and liabilities

denominated in domestic currencies (including holdings by I.B.R.D. and I.D.A. arising from subscriptions, and changes in balances arising out of bilateral trading agreements in so far as these are identified); but certain changes in the United States government's balances denominated in overseas sterling area currencies are excluded (see note above on inter-government loans (net)). The item also includes other identified transactions, mainly of a short-term monetary nature, but excludes any such transactions which form part of direct investment. Some short-term trade credit extended by marketing authorities in overseas sterling area countries is included.

The item headed 'miscellaneous monetary movements' in the Annex to Table C covers transactions similar to those described above. However, since the figures are obtained partly from United Kingdom sources and are not wholly consistent with the global figures in Table A, the difference between the two items does not necessarily give an accurate measure of transactions with the sterling area.

### Balancing item

The balancing item in Table A is the amount required to balance the estimates of the area as a whole and is the aggregate of errors and omissions in the accounts of individual countries.

### Availability of data and reliability of the estimates

Balance of payments statistics of overseas sterling area countries become available at various times. Some countries publish statistics quarterly, some half-yearly and some annually. The main publications containing balance of payments statistics are listed on page 62.

The time lag between the end of the period to which the statistics relate and the date of publication varies widely. Consequently the aggregation of figures for recent periods includes estimates made by the United Kingdom to a greater extent than for earlier periods.

The items 'gold production', 'I.B.R.D., I.D.A. and I.F.C. drawings (net)', and 'change in accounts with I.M.F.' are known precisely, or to a high degree of accuracy. The reliability of the items 'inter-government loans (net)' and 'market issues (net)' is good. The estimates for visible trade, as measured by individual countries, have, in general, a good degree of reliability. The items 'other official long-term capital (net)', 'change in reserves' and 'change in holdings of gold and non-sterling currencies' are moderately good, the uncertainty about the latter relating mainly to the transactions of commercial banks rather than central banks. The reliability of the items 'invisibles (net)', 'private investment (net)' and 'other monetary movements' is less good, since they are based on a wide variety of sources, sometimes fragmentary, or have to be estimated from indirect indicators.

### Revisions

Figures previously published for 1964 and earlier years have been revised to take account of later and improved information and constitutional changes affecting the member countries of the overseas sterling area.



# PUBLICATIONS RELATING TO INDIVIDUAL COUNTRIES' BALANCE OF PAYMENTS

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

Country	Title	Frequency of publication	Published by
<b>General</b>	International Financial Statistics	Monthly	International Monetary Fund
	Balance of Payments Yearbook	Compiled by monthly instalments	International Monetary Fund
	Statistical Yearbook	Annually	United Nations
	Monthly Bulletin of Statistics	Monthly	United Nations
	Various publications by O.E.C.D.		O.E.C.D.
	The Commonwealth and the Sterling Area Statistical Abstract	Annually	Board of Trade
* * * * *			
<b>Overseas sterling area</b>			
Australia	Balance of Payments	Twice yearly	Commonwealth Bureau of Census and Statistics, Canberra
Barbados	The National Income of Barbados	Annually	Statistical Service, Barbados
Ceylon	Central Bank of Ceylon Bulletin	Monthly	} Central Bank of Ceylon
	Central Bank of Ceylon Annual Report	Annually	
Cyprus	Central Bank of Cyprus Bulletin	Annually	} Central Bank of Cyprus
East Africa	Economic and Statistical Review	Quarterly	} The East African Statistical Department, Nairobi
	The Balance of Payments of East Africa	—	
Ghana	Economic Survey	Annually	} Central Bureau of Statistics, Accra
	Quarterly Digest of Statistics	Quarterly	
Iceland	Statistical Bulletin	Quarterly	The Statistical Bureau and the Central Bank of Iceland
India	India's Balance of Payments 1948-9—1961-2	—	} Reserve Bank of India, Bombay
	Reserve Bank of India Bulletin	Monthly	
	Report on Currency and Finance	Annually	
Irish Republic	Irish Statistical Bulletin	Quarterly	Central Statistics Office, Dublin
Jamaica	Economic Survey	Annually	Department of Statistics, Kingston
	Bulletin	Quarterly	Bank of Jamaica, Kingston
Jordan	Central Bank of Jordan Quarterly Bulletin	Quarterly	Central Bank of Jordan, Amman
Libya	Statistical Abstract	Annually	Ministry of National Economy, Tripoli
Malawi	Preliminary Report on the Balance of Payments, 1964	—	Ministry of Finance, Zomba
Malaysia	Central Bank of Malaysia Annual Report	Annually	Central Bank of Malaysia
Malta	Annual Abstract of Statistics	Annually	Central Office of Statistics, Malta
Mauritius	Quarterly Digest of Statistics	Quarterly	Central Statistical Office, Mauritius
New Zealand	Report on the Balance of Payments	Annually	Department of Statistics, Wellington
	Reserve Bank of New Zealand Annual Report	Annually	Reserve Bank of New Zealand
Nigeria	Digest of Statistics	Quarterly	} Federal Office of Statistics, Lagos
	Annual Abstract of Statistics	Annually	
Pakistan	Pakistan's Balance of Payments	Quarterly and Annually	State Bank of Pakistan, Karachi
South Africa	Quarterly Bulletin of Statistics	Quarterly	South African Reserve Bank
Trinidad and Tobago	The Balance of Payments of Trinidad and Tobago 1951 to 1959	—	Central Statistical Office, Trinidad
Zambia	Balance of Payments of Zambia 1964	—	Central Statistical Office, Lusaka

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Country	Title	Frequency of publication	Published by
<b>Non-sterling areas</b>			
Belgium	Bulletin d'Information et de Documentation	Monthly	Banque Nationale de Belgique
	Annuaire Statistique de la Belgique	Annually	L'Institut National de Statistique
Canada	The Canadian Balance of International Payments	Quarterly and Annually	Dominion Bureau of Statistics
Denmark	Economic Survey of Denmark	Annually	Royal Danish Ministry of Foreign Affairs
Federal Republic of Germany	Statistisk Arbog Monthly Report	Annually Monthly	Det Statistiske Departement Deutsche Bundesbank
France	Balance des Payements Statistiques et Études Financières	Annually Monthly	} Ministère de l'Économie et des Finances
Greece	Statistical Bulletin of the Bank of Greece	Monthly	
Italy	Bollettino Movimento Valutario	Two-monthly Quarterly	Banca D'Italia Istituto Nazionale per il Commercio Estero
Japan	Economic Statistics of Japan Foreign Exchange Statistics	Annually Monthly	} Bank of Japan
Netherlands	De Nederlandsche Bank N.V. Report	Annually	
Norway	Norges Bank Report and Accounts	Annually	De Nederlandsche Bank Norges Bank
Spain	Balanza de Pagos	Annually	Ministerio de Comercio
Sweden	Sveriges Riksbank Yearbook Statistisk Årsbok för Sverige	Annually Annually	Sveriges Riksbank Statistiska Centralbyran
Switzerland	Annuaire Statistique de la Suisse	Annually	Bureau Fédéral de Statistique
U.S.A.	Survey of Current Business	Monthly	U.S. Department of Commerce

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