



CENTRAL STATISTICAL OFFICE



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UNITED KINGDOM BALANCE OF PAYMENTS

1965

LONDON: HER MAJESTY'S STATIONERY OFFICE

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INTRODUCTION

THIS PUBLICATION, which has been prepared by the Central Statistical Office in collaboration with other government departments and the Bank of England, is the third in a series containing calendar year estimates of the United Kingdom balance of payments. In this issue a new section has been added giving estimates of the balance of payments of the overseas sterling area and the sterling area as a whole.

Estimates of the United Kingdom general balance of payments are given in Table 1 and cover the period 1954–1964; the more detailed estimates are for varying periods, which are indicated in the Table of Contents.

Tables 2 and 3 contain estimates of the United Kingdom balance of payments with the overseas sterling area and non-sterling areas respectively. Tables 4 to 18 give greater detail of individual items, the tables following the sequence of headings adopted in the general balance of payments account. Tables 19 to 26 give particulars of the outstanding amounts of certain overseas assets and liabilities of the United Kingdom.

Further tables, included for the first time in this publication, are designed to bring together certain entries in the balance of payments which do not emerge from the standard form of presentation. In this section, Tables 27 and 28 deal with aid and investment in developing countries and Tables 29 and 30 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 to 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 to 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 Cmnd. 2629) 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 a large-scale inquiry into the structure and amount of external trade credit has been completed. Tables 29 and 30 and the note accompanying them give a summary of the results and show how the various elements of trade credit are included at different points in the balance of payments accounts. The new information has led to an additional

entry within the heading 'miscellaneous capital' and fills one of the principal gaps previously existing in the statistics. Although the inquiry will be a continuing one, results are so far available only for 1963, but these have provided a basis for making some estimates, in the interests of consistency, for earlier years and for 1964.

The main components of the 'miscellaneous capital' heading, including the new trade credit entry, are now shown in Table 17.

A further development in the presentation of the figures relating to monetary movements is that changes in United Kingdom claims and liabilities (net) in non-sterling currencies for the years 1958–1962 are now shown separately in Table 1; previously they formed part of 'miscellaneous capital'. The figures include changes in liquid assets in the form of 'investment dollar' balances. For the years 1958–1962 these balances had previously been treated as part of portfolio investment; the new treatment, which corresponds to that for 1963 and 1964, necessitates an offsetting amendment to the figures for United Kingdom portfolio investment abroad in the long-term capital account.

A number of revisions to the figures for earlier years have been made as a result of later and more complete information and as a result of further scrutiny of the basis of estimation and of consistency of treatment between different items. The valuation of parcel post in the visible trade account has been increased, affecting particularly the value of imports. Information provided by the more detailed figures for external sterling liabilities available since 1963 has led to an upward revision of the estimates of interest paid on sterling balances, while information from the trade credit inquiry has led to some reduction in the amounts previously included for interest earned on credit outstanding. As against these changes, which are unfavourable for the estimate of the current account position, the estimates for net oil earnings included in 'interest, profits, and dividends' have been revised upwards to secure consistency with other entries in the accounts.

Reliability of the estimates

All the estimates are expressed in terms of a precise number of £ million but this does not imply that they can be regarded as accurate to the last digit (see page 42). Some of the figures, particularly those relating to 1964, 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,
London, S.W.1.
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General balance of payments

TABLE 1 £ million

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Current account											
<i>Visible trade</i>											
Imports (f.o.b.)	2,989	3,386	3,324	3,538	3,375	3,638	4,137	4,041	4,092	4,366	5,005
Exports and re-exports (f.o.b.)	2,785	3,073	3,377	3,509	3,407	3,522	3,733	3,892	3,994	4,287	4,471
Visible balance	-204	-313	+ 53	- 29	+ 32	-116	-404	-149	- 98	- 79	-534
<i>Invisibles</i>											
Government											
Debits	231	244	264	253	281	276	335	380	399	422	483
Credits	105	105	92	106	57	43	49	42	37	40	44
Transport											
Shipping											
Debits	484	570	659	652	586	602	666	667	659	675	728
Credits	520	540	611	659	629	618	634	639	647	663	703
Civil aviation											
Debits	38	40	45	52	60	64	78	85	94	100	108
Credits	38	37	44	49	68	82	96	107	115	125	135
Travel											
Debits	101	125	132	146	152	164	186	200	210	241	261
Credits	95	111	121	129	134	143	169	176	183	188	190
Other services											
Debits	183	187	200	226	220	235	259	259	265	273	299
Credits	345	358	379	406	415	440	466	503	512	506	547
Interest, profits and dividends											
Debits	290	343	342	334	389	396	438	424	419	441	461
Credits	539	516	569	579	679	659	676	676	743	828	866
Private transfers											
Debits	66	82	109	110	99	100	101	102	111	128	154
Credits	76	80	91	90	103	100	104	109	111	114	131
Total invisibles											
Debits	1,393	1,591	1,751	1,773	1,787	1,837	2,063	2,117	2,157	2,280	2,494
Credits	1,718	1,747	1,907	2,018	2,085	2,085	2,194	2,252	2,348	2,464	2,616
Invisible balance	+325	+156	+156	+245	+298	+248	+131	+135	+191	+184	+122
CURRENT BALANCE	+121	-157	+209	+216	+330	+132	-273	- 14	+ 93	+105	-412
Long-term capital account⁽¹⁾											
Inter-government loans (net)	- 20	- 52	- 50	+ 75	- 44	-118	- 92	- 16	- 91	- 97	-101
U.K. subscriptions to I.F.C., I.D.A. and European Fund	—	—	- 5	—	—	- 4	- 10	- 9	- 9	- 9	- 9
Other United Kingdom official long-term capital (net)	- 8	- 10	- 13	- 9	- 6	- 2	—	- 20	- 4	+ 1	- 6
Private investment											
Abroad	-238	-182	-258	-298	-307	-299	-316	-304	-236	-335	-398
In the United Kingdom	+ 75	+122	+139	+126	+164	+172	+233	+426	+247	+278	+170
BALANCE OF LONG-TERM CAPITAL	-191	-122	-187	-106	-193	-251	-185	+ 77	- 93	-162	-344
<i>Balance of current and long-term capital transactions</i>	- 70	-279	+ 22	+110	+137	-119	-458	+ 63	—	- 57	-756
Balancing item	+ 53	+123	+ 41	+ 97	+ 78	- 15	+300	- 24	+ 89	- 68	+ 35
Monetary movements⁽¹⁾											
Miscellaneous capital (net)											
Change in liabilities in non-sterling currencies (net)	+43	+ 59	- 45	+ 11	-29	+ 3	+ 27	- 12	+ 89	- 60	+ 28
Change in liabilities in overseas sterling area currencies (net)					+10	- 5	+ 60	- 15	+ 40	- 17	+210
Change in external liabilities in sterling (net)	+182	-133	-181	-195	+ 84	+133	+397	-356	- 23	- 6	+ 8
Change in official holdings of non-convertible currencies	- 3	—	- 1	- 22	+ 23	+ 8	+ 2	+ 1	+ 1	—	—
Change in U.K. balance in E.P.U.	- 78	+ 1	+ 4	+ 11	- 10	+ 9	—	—	—	—	—
Change in account with I.M.F.	- 40	—	+202	+ 1	- 9	-133	-151	+374	-379	+ 5	+359
Change in gold and convertible currency reserves	- 87	+229	- 42	- 13	-284	+119	-177	- 31	+183	+ 53	+122
BALANCE OF MONETARY MOVEMENTS	+ 17	+156	- 63	-207	-215	+134	+158	- 39	- 89	+125	+721

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

Balance of payments with overseas sterling area

TABLE 2

£ million

	1958	1959	1960	1961	1962	1963	1964
Current account							
<i>Visible trade</i>							
Imports (f.o.b.)	1,251	1,352	1,410	1,401	1,420	1,513	1,631
Exports and re-exports (f.o.b.)	1,434	1,370	1,459	1,429	1,370	1,481	1,552
Visible balance	+183	+ 18	+ 49	+ 28	- 50	- 32	- 79
<i>Invisibles</i>							
Government							
Debits	178	189	219	246	256	262	293
Credits	10	12	11	8	9	7	11
Transport							
Shipping							
Debits	137	138	138	145	145	143	147
Credits	237	232	237	235	220	226	232
Civil aviation							
Debits	15	16	20	21	22	24	25
Credits	23	27	32	36	38	43	45
Travel							
Debits	40	39	44	49	53	55	64
Credits	50	49	59	63	64	61	59
Other services							
Debits	50	48	51	50	50	50	53
Credits	143	149	152	157	158	157	162
Interest, profits and dividends							
Debits	128	114	143	151	150	153	175
Credits	381	359	426	424	433	471	446
Private transfers							
Debits	55	57	55	58	63	74	86
Credits	52	52	57	62	65	65	68
Total invisibles							
Debits	603	601	670	720	739	761	843
Credits	896	880	974	985	987	1,030	1,023
Invisible balance	+293	+279	+304	+265	+248	+269	+ 180
CURRENT BALANCE	+476	+297	+353	+293	+198	+237	+ 101
Long-term capital account ⁽¹⁾							
Inter-government loans (net)	- 28	- 53	- 53	- 55	- 50	- 49	- 68
Other United Kingdom official long-term capital (net)	- 6	- 4	- 3	- 20	—	—	- 6
Private investment							
Abroad	-183	-161	-195	-177	-144	-165	- 189
In the United Kingdom.....	- 14	+ 30	+ 26	+ 52	+ 19	+ 17	- 32
BALANCE OF LONG-TERM CAPITAL	-231	-188	-225	-200	-175	-197	- 295
<i>Balance of current and long-term capital transactions</i>	+245	+109	+128	+ 93	+ 23	+ 40	- 194
Inter-area transfers	- 40	-313	- 14	-172	- 86	-195	+ 28
Balancing item	-101	+ 13	+113	- 38	+ 13	- 10	+ 140
Monetary movements							
Miscellaneous capital (net)	- 13	+ 3	- 4	- 31	+ 8	- 22	+ 20
Change in liabilities in non-sterling currencies (net)	—	+ 5	+ 5	- 5	+ 5	+ 22	+ 40
Change in liabilities in overseas sterling area currencies (net)	- 91	+183	-228	+153	+ 37	- 6	+ 8
Change in external liabilities in sterling (net)						+171	- 42
BALANCE OF MONETARY MOVEMENTS	-104	+191	-227	+117	+ 50	+165	+ 26

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

Balance of payments with non-sterling areas

TABLE 3

£ million

	1958	1959	1960	1961	1962	1963	1964
Current account							
Visible trade							
Imports (f.o.b.)	2,124	2,286	2,727	2,640	2,672	2,853	3,374
Exports and re-exports (f.o.b.)	1,973	2,152	2,274	2,463	2,624	2,806	2,919
Visible balance	-151	-134	-453	-177	-48	-47	-455
Invisibles							
Government							
Debits	103	87	116	134	143	160	190
Credits	47	31	38	34	28	33	33
Transport							
Shipping							
Debits	449	464	528	522	514	532	581
Credits	392	386	397	404	427	437	471
Civil aviation							
Debits	45	48	58	64	72	76	83
Credits	45	55	64	71	77	82	90
Travel							
Debits	112	125	142	151	157	186	197
Credits	84	94	110	113	119	127	131
Other services							
Debits	170	187	208	209	215	223	246
Credits	272	291	314	346	354	349	385
Interest, profits and dividends							
Debits	261	282	295	273	269	288	286
Credits	298	300	250	252	310	357	420
Private transfers							
Debits	44	43	46	44	48	54	68
Credits	51	48	47	47	46	49	63
Total invisibles							
Debits	1,184	1,236	1,393	1,397	1,418	1,519	1,651
Credits	1,189	1,205	1,220	1,267	1,361	1,434	1,593
Invisible balance	+ 5	- 31	-173	-130	- 57	- 85	- 58
CURRENT BALANCE	-146	-165	-626	-307	-105	-132	-513
Long-term capital account (1)							
Inter-government loans (net)	- 16	- 65	- 39	+ 39	- 41	- 48	- 33
United Kingdom subscriptions to I.D.A. and European Fund	—	- 4	- 10	- 9	- 9	- 9	- 9
Other United Kingdom official long-term capital (net)	—	+ 2	+ 3	—	- 4	+ 1	—
Private investment							
Abroad	-124	-138	-121	-127	- 92	-170	-209
In the United Kingdom	+178	+142	+207	+374	+228	+261	+202
BALANCE OF LONG-TERM CAPITAL	+ 38	- 63	+ 40	+277	+ 82	+ 35	- 49
Balance of current and long-term capital transactions	-108	-228	-586	- 30	- 23	- 97	-562
Inter-area transfers	+ 40	+313	+ 14	+172	+ 86	+195	- 28
Balancing item	+179	- 28	+187	+ 14	+ 76	- 58	-105
Monetary movements (1)							
Miscellaneous capital (net)	- 16	—	+ 31	+ 19	+ 81	- 38	+ 8
Change in liabilities in non-sterling cur- rencies (net)	+ 10	- 10	+ 55	- 10	+ 35	- 39	+170
Change in external liabilities in sterling (net)	+175	- 50	+625	-509	- 60	- 21	+ 36
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
Change in gold and convertible currency reserves	-284	+119	-177	- 31	+183	+ 53	+122
BALANCE OF MONETARY MOVEMENTS	-111	- 57	+385	-156	-139	- 40	+695

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

Visible trade in the balance of payments

TABLE 4

£ million

	1958	1959	1960	1961	1962	1963	1964
Imports							
Trade accounts (c.i.f.)	3,748	3,983	4,541	4,395	4,487	4,813	5,514
Valuation adjustments							
Freight and insurance	-439	-453	-483	-475	-485	-500	-557
Sugar	+ 18	+ 27	+ 27	+ 35	+ 40	- 19	- 9
Parcel post	+ 12	+ 16	+ 18	+ 22	+ 27	+ 36	+ 36
Other	- 22	- 24	- 25	- 26	- 26	- 27	- 29
Coverage adjustments							
Diamonds	+ 75	+ 88	+ 97	+129	+113	+134	+152
Second-hand ships and aircraft	+ 3	+ 2	+ 6	+ 11	+ 9	+ 6	+ 8
Ships delivered abroad	+ 6	+ 18	+ 12	+ 15	+ 14	+ 15	+ 13
Other	+ 32	+ 62	+ 29	+ 33	+ 22	+ 30	+ 9
Returned goods	- 40	- 59	- 59	- 67	- 68	- 75	- 74
Goods for process and repair	- 18	- 22	- 26	- 31	- 41	- 47	- 58
Balance of payments imports (f.o.b.)	3,375	3,638	4,137	4,041	4,092	4,366	5,005
Exports and re-exports							
Trade accounts (f.o.b.)	3,317	3,461	3,696	3,840	3,949	4,235	4,407
Valuation adjustments	+ 18	+ 18	—	+ 6	—	—	—
Coverage adjustments							
Diamonds	+ 74	+ 93	+ 93	+115	+113	+130	+158
Second-hand ships and aircraft	+ 29	+ 21	+ 20	+ 20	+ 31	+ 27	+ 30
N.A.A.F.I.	- 10	- 9	- 9	- 11	- 10	- 13	- 13
Other	+ 37	+ 19	+ 18	+ 20	+ 20	+ 30	+ 21
Returned goods	- 40	- 59	- 59	- 67	- 68	- 75	- 74
Goods for process and repair	- 18	- 22	- 26	- 31	- 41	- 47	- 58
Balance of payments exports and re-exports (f.o.b.)	3,407	3,522	3,733	3,892	3,994	4,287	4,471

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

TABLE 5

£ million

	1958	1959	1960	1961	1962	1963	1964
Overseas sterling area							
Imports	1,251	1,352	1,410	1,401	1,420	1,513	1,631
Exports and re-exports	1,434	1,370	1,459	1,429	1,370	1,481	1,552
Total	+183	+ 18	+ 49	+ 28	— 50	— 32	— 79
Western Europe							
Imports	942	1,015	1,204	1,224	1,251	1,355	1,628
Exports and re-exports	921	1,009	1,119	1,284	1,451	1,614	1,705
Total	— 21	— 6	— 85	+ 60	+200	+259	+ 77
North America							
Imports	591	622	859	762	754	806	997
Exports and re-exports	516	620	573	553	562	568	595
Total	— 75	— 2	—286	—209	—192	—238	—402
Latin America							
Imports	249	272	269	238	254	258	260
Exports and re-exports	153	159	172	168	166	147	158
Total	— 96	—113	— 97	— 70	— 88	—111	—102
Other non-sterling areas							
Imports	342	377	395	416	413	434	489
Exports and re-exports	383	364	410	458	445	477	461
Total	+ 41	— 13	+ 15	+ 42	+ 32	+ 43	— 28
All areas							
Imports	3,375	3,638	4,137	4,041	4,092	4,366	5,005
Exports and re-exports	3,407	3,522	3,733	3,892	3,994	4,287	4,471
Total	+ 32	—116	—404	—149	— 98	— 79	—534

Government overseas current expenditure and receipts

TABLE 6

£ million

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Expenditure											
Overseas sterling area											
Services											
Military	94	99	122	109	108	115	134	139	147	146	152
Administrative, diplomatic, etc.	7	8	9	10	11	12	13	16	18	21	23
Total services.....	101	107	131	119	119	127	147	155	165	167	175
Transfers											
Economic grants	47	53	51	53	49	50	54	70	71	67	78
Other grants	4	4	5	5	4	6	11	14	13	20	33
Other transfers	4	4	5	5	6	6	7	7	7	8	7
Total transfers	51	57	56	58	59	62	72	91	91	95	118
Total expenditure	152	164	187	177	178	189	219	246	256	262	293
Non-sterling areas											
Services											
Military	52	53	52	48	72	52	72	86	96	103	122
Administrative, diplomatic, etc.	13	13	13	15	15	17	18	20	19	21	23
Total services.....	65	66	65	63	87	69	90	106	115	124	145
Transfers											
Economic grants	1	3	2	1	2	2	4	3	3	2	4
Other grants	11	9	8	10	11	13	18	21	21	30	36
Subscriptions and contributions to inter- national organisations	2	2	2	2	2	3	3	3	4	4	5
Other transfers	14	14	12	13	16	18	26	28	28	36	45
Total transfers	79	80	77	76	103	87	116	134	143	160	190
Total expenditure	79	80	77	76	103	87	116	134	143	160	190
All areas											
Services											
Military	146	152	174	157	180	167	206	225	243	249	274
Administrative, diplomatic, etc.	20	21	22	25	26	29	31	36	37	42	46
Total services.....	166	173	196	182	206	196	237	261	280	291	320
Transfers											
Economic grants	48	56	53	54	51	52	58	73	74	69	82
Other grants	11	9	8	10	11	13	18	21	21	30	36
Subscriptions and contributions to inter- national organisations	6	6	7	7	8	9	10	10	11	12	12
Other transfers	65	71	68	71	75	80	98	119	119	131	163
Total transfers	231	244	264	253	281	276	335	380	399	422	483
Total expenditure	231	244	264	253	281	276	335	380	399	422	483

Government overseas current expenditure and receipts (continued)

TABLE 6 (continued)

£ million

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Receipts											
Overseas sterling area											
Services											
Military	} 20	18	10 {	15	9	11	10	6	5	5	9
Other				3	1	1	1	2	4	2	2
Total services.....	20	18	10	18	10	12	11	8	9	7	11
Transfers	—	—	—	—	—	—	—	—	—	—	—
Total receipts.....	20	18	10	18	10	12	11	8	9	7	11
Non-sterling areas											
Services											
U.S. and Canadian forces' expenditure	23	25	29	36	25	18	21	16	17	12	12
Other military	} 11	15	27 {	29	18	11	14	14	8	18	17
Other				2	1	2	3	4	3	3	4
Total services.....	34	40	56	67	44	31	38	34	28	33	33
Transfers											
Defence aid	50	46	26	21	3	—	—	—	—	—	—
Other	1	1	—	—	—	—	—	—	—	—	—
Total transfers	51	47	26	21	3	—	—	—	—	—	—
Total receipts.....	85	87	82	88	47	31	38	34	28	33	33
All areas											
Services											
U.S. and Canadian forces' expenditure	23	25	29	36	25	18	21	16	17	12	12
Other military	} 31	33	37 {	44	27	22	24	20	13	23	26
Other				5	2	3	4	6	7	5	6
Total services.....	54	58	66	85	54	43	49	42	37	40	44
Transfers											
Defence aid	50	46	26	21	3	—	—	—	—	—	—
Other	1	1	—	—	—	—	—	—	—	—	—
Total transfers	51	47	26	21	3	—	—	—	—	—	—
Total receipts.....	105	105	92	106	57	43	49	42	37	40	44
Government (net)	-126	-139	-172	-147	-224	-233	-286	-338	-362	-382	-439

Shipping

TABLE 7

£ million

	1958	1959	1960	1961	1962	1963	1964
Debits							
United Kingdom shipping							
Charter payments	137	149	172	180	180	182	187
Disbursements abroad	300	299	304	313	313	309	313
Overseas shipping							
Freight on imports	143	147	184	167	160	176	218
Passenger revenue	6	7	6	7	6	8	10
Total	586	602	666	667	659	675	728
Credits							
United Kingdom shipping							
Freight on exports	150	148	148	148	135	141	146
Freight on cross-trades	338	328	337	341	348	355	374
Charter receipts	23	24	24	28	32	27	35
Passenger revenue	54	52	53	48	50	51	52
Overseas shipping							
Disbursements in United Kingdom	64	66	72	74	82	89	96
Total	629	618	634	639	647	663	703
United Kingdom shipping (net)	+128	+104	+ 86	+ 72	+ 72	+ 83	+107
Overseas shipping (net)	- 85	- 88	-118	-100	- 84	- 95	-132
Shipping (net)	+ 43	+ 16	- 32	- 28	- 12	- 12	- 25

Civil aviation

TABLE 8

£ million

	1962	1963	1964
Debits			
United Kingdom airlines			
Disbursements abroad	58	61	63
Overseas airlines			
Passenger revenue	28	31	35
Freight on imports	6	6	8
Other	2	2	2
Total	94	100	108
Credits			
United Kingdom airlines			
Passenger revenue	71	78	85
Freight on exports and cross-trades	7	8	9
Other	14	16	15
Overseas airlines			
Disbursements in United Kingdom.....	23	23	26
Total.....	115	125	135
United Kingdom airlines (net)	+34	+41	+46
Overseas airlines (net)	-13	-16	-19
Civil aviation (net)	+21	+25	+27

Travel—analysis by area

TABLE 9 £ million

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

Interest, profits and dividends

TABLE 10

£ million

	1958	1959	1960	1961	1962	1963	1964
Debits							
Overseas sterling area							
Direct investment (1)	2	3	3	2	4	5	4
Portfolio investment	35	28	29	30	29	48	49
Other	91	83	111	119	117	100	122
Total	128	114	143	151	150	153	175
Non-sterling areas							
Direct investment (1)	93	133	134	126	130	163	171
Portfolio investment	20	21	27	23	24	22	25
Other (2)	148	128	134	124	115	103	90
Total	261	282	295	273	269	288	286
All areas							
Direct investment (1)	95	136	137	128	134	168	175
Portfolio investment	55	49	56	53	53	70	74
Other (2)	239	211	245	243	232	203	212
Total	389	396	438	424	419	441	461
Credits							
Overseas sterling area							
Direct investment (1)	124	149	173	163	180	213	220
Portfolio investment	60	62	72	73	79	76	77
Other (2)	197	148	181	188	174	182	149
Total	381	359	426	424	433	471	446
Non-sterling areas							
Direct investment (1)	71	89	85	88	96	121	126
Portfolio investment	55	59	61	60	63	65	71
Other (2)	172	152	104	104	151	171	223
Total	298	300	250	252	310	357	420
All areas							
Direct investment (1)	195	238	258	251	276	334	346
Portfolio investment	115	121	133	133	142	141	148
Other (2)	369	300	285	292	325	353	372
Total	679	659	676	676	743	828	866
Interest, profits and dividends (net)	+290	+263	+238	+252	+324	+387	+405

(1) See notes to Table 11.

(2) Including oil.

Earnings of direct investment⁽¹⁾

Analysis by area

TABLE 11

£ million

	1958	1959	1960	1961	1962	1963	1964
Debits⁽²⁾							
Overseas sterling area	2	3	3	2	4	5	4
Western Europe	14	19	17	14	15	17	} 171
of which <i>European Economic Community</i>	9	11	7	7	6	7	
<i>European Free Trade Association</i>	5	7	9	6	8	10	
North America	78	113	116	111	114	144	
Latin America	—	—	—	—	—	—	
Other non-sterling countries	1	1	1	1	1	2	
Total	95	136	137	128	134	168	175
Credits⁽³⁾							
Overseas sterling area	124	149	173	163	180	213	220
Western Europe	15	25	23	30	29	34	} 126
of which <i>European Economic Community</i>	10	18	15	22	22	24	
<i>European Free Trade Association</i>	3	5	5	6	4	7	
North America	39	43	39	39	45	65	
Latin America	11	12	15	12	14	16	
Other non-sterling countries	6	9	8	7	8	6	
Total	195	238	258	251	276	334	346

(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⁽¹⁾

Analysis by component

TABLE 12

£ million

	1958	1959	1960	1961	1962	1963	1964
Debits							
Overseas sterling area							
Profits of branches	2	3	2	—	3	3	3
Profits of subsidiaries ⁽²⁾ —dividends remitted	—	—	—	—	—	1	1
—unremitted profits	—	—	1	2	1	1	—
Interest paid	—	—	—	—	—	—	—
Total	2	3	3	2	4	5	4
Non-sterling areas							
Profits of branches	6	7	9	8	6	6	5
Profits of subsidiaries ⁽²⁾ —dividends remitted	42	49	57	81	64	65	93
—unremitted profits	44	76	66	35	57	89	70
Interest paid	1	1	2	2	3	3	3
Total	93	133	134	126	130	163	171
All areas							
Profits of branches	8	10	11	8	9	9	8
Profits of subsidiaries ⁽²⁾ —dividends remitted	42	49	57	81	64	66	94
—unremitted profits	44	76	67	37	58	90	70
Interest paid	1	1	2	2	3	3	3
Total	95	136	137	128	134	168	175
Credits							
Overseas sterling area							
Profits of branches	58	71	80	76	76	93	100
Profits of subsidiaries ⁽²⁾ —dividends remitted	27	29	39	47	45	47	52
—unremitted profits	37	47	51	36	56	70	65
Interest received	2	2	3	4	3	3	3
Total	124	149	173	163	180	213	220
Non-sterling areas							
Profits of branches	9	14	16	17	17	21	22
Profits of subsidiaries ⁽²⁾ —dividends remitted	23	27	33	31	37	50	51
—unremitted profits	37	46	34	38	39	48	51
Interest received	2	2	2	2	3	2	2
Total	71	89	85	88	96	121	126
All areas							
Profits of branches	67	85	96	93	93	114	122
Profits of subsidiaries ⁽²⁾ —dividends remitted	50	56	72	78	82	97	103
—unremitted profits	74	93	85	74	95	118	116
Interest received	4	4	5	6	6	5	5
Total	195	238	258	251	276	334	346

(1) See notes to Table 11.

(2) Including associated companies.

Inter-government loans

TABLE 13

£ million

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Loans made by the United Kingdom											
Overseas sterling area	16	13	6	8	17	44	57	60	56	55	76
Western Europe	—	—	—	3	2	2	2	—	3	3	3
Latin America	—	19	—	—	—	—	—	1	3	6	3
Other non-sterling countries	—	—	3	5	2	2	2	—	—	2	2
Total	16	32	9	16	21	48	61	61	62	66	84
Loans repaid to the United Kingdom											
Overseas sterling area	8	1	3	4	5	3	4	5	6	6	10
Western Europe	38	23	22	21	25	65	30	97	3	3	4
Latin America	—	—	—	1	—	1	2	1	1	2	3
Other non-sterling countries	4	4	4	6	7	7	5	6	5	3	2
Total	50	28	29	32	37	76	41	109	15	14	19
Inter-government loans by the United Kingdom (net).....	+34	- 4	+20	+16	+16	+28	-20	+48	-47	-52	-65
Loans made to the United Kingdom											
Western Europe	—	—	—	—	—	37	—	18	—	—	—
North America	—	—	—	89	—	—	—	—	—	—	—
Total	—	—	—	89	—	37	—	18	—	—	—
Loans repaid by the United Kingdom											
Overseas sterling area	13	7	5	7	16	12	—	—	—	—	2
Western Europe	4	4	5	4	4	53	42	51	13	13	31
North America	37	37	60	19	40	118	30	31	31	32	3
Total	54	48	70	30	60	183	72	82	44	45	36
Inter-government loans to the United Kingdom (net).....	-54	-48	-70	+59	-60	-146	-72	-64	-44	-45	-36
Inter-government loans (net)	-20	-52	-50	+75	-44	-118	-92	-16	-91	-97	-101
of which											
New loans (net).....	-16	-32	- 9	+73	-21	- 11	-61	-43	-62	-66	- 84
Repayments (net)	- 4	-20	-41	+ 2	-23	-107	-31	+27	-29	-31	- 17

Private investment⁽¹⁾

TABLE 14

£ million

	1958	1959	1960	1961	1962	1963	1964
By United Kingdom							
Overseas sterling area							
Direct ⁽²⁾	- 79	-106	-160	-124	-122	-144	-160
Portfolio and other ⁽³⁾	-104	- 55	- 35	- 53	- 22	- 21	- 29
Non-sterling areas							
Direct ⁽²⁾	- 65	- 90	- 90	-102	- 87	-108	-102
Portfolio and other ⁽³⁾	- 59	- 48	- 31	- 25	- 5	- 62	-107
All areas							
Direct ⁽²⁾	-144	-196	-250	-226	-209	-252	-262
Portfolio—London Market loans (Net new issues)	-163	-103	- 6	- 15	- 2	- 21	- 6
Other			+ 43	+ 43	+ 41	+ 7	- 1
Other ⁽³⁾			-103	-106	- 66	- 69	-129
Total	-307	-299	-316	-304	-236	-335	-398
In United Kingdom							
Overseas sterling area							
Direct ⁽²⁾	+ 10	+ 8	+ 14	+ 5	+ 1	- 3	-
Portfolio and other	- 24	+ 22	+ 12	+ 47	+ 18	+ 20	- 32
Non-sterling areas							
Direct ⁽²⁾	+ 77	+138	+121	+231	+129	+163	+180
Portfolio and other ⁽⁴⁾	+101	+ 4	+ 86	+143	+ 99	+ 98	+ 22
All areas							
Direct ⁽²⁾	+ 87	+146	+135	+236	+130	+160	+180
Portfolio—Company securities			+ 63	+ 63	+ 35	- 24	- 42
British government stocks ⁽⁵⁾			- 20	+ 53	+ 24	+ 45	+ 25
Local authorities—securities and mortgages ⁽⁵⁾	+ 77	+ 26	-	- 1	+ 1	+ 8	- 19
Other ⁽⁴⁾			+ 55	+ 75	+ 57	+ 89	+ 26
Total	+164	+172	+233	+426	+247	+278	+170
Private investment (net)	-143	-127	- 83	+122	+ 11	- 57	-228

(1) Net of disinvestment.

(2) See notes to Table 15 below.

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

(4) Including oil and insurance.

(5) The figures from 1963 include investment by or on behalf of certain non-monetary bodies in the overseas sterling area (see notes on page 38). For years to 1962 investment of this kind is included as part of 'external liabilities in sterling (net)'.

Direct investment⁽¹⁾ Analysis by area

TABLE 15

£ million

	1958	1959	1960	1961	1962	1963	1964
By United Kingdom⁽²⁾							
Overseas sterling area	79	106	160	124	122	144	160
Western Europe	14	20	26	40	50	55	102
of which <i>European Economic Community</i>	8	16	22	26	29	36	
<i>European Free Trade Association</i>	3	1	4	11	19	16	
North America	38	52	44	40	18	32	180
Latin America	5	12	15	21	14	16	
Other non-sterling countries	8	6	5	1	5	5	
Total	144	196	250	226	209	252	262
In United Kingdom⁽³⁾							
Overseas sterling area	10	8	14	5	1	- 3	-
Western Europe	6	18	16	30	23	33	180
of which <i>European Economic Community</i>	1	9	4	17	3	10	
<i>European Free Trade Association</i>	4	9	12	11	20	22	
North America	72	120	104	201	104	126	180
Latin America	- 1	-	-	-	1	-	
Other non-sterling countries	-	-	1	-	1	4	
Total	87	146	135	236	130	160	180

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

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

(3) Excluding oil and insurance.

Direct investment⁽¹⁾
Analysis by component

TABLE 16 £ million

	1958	1959	1960	1961	1962	1963	1964
By United Kingdom							
Overseas sterling area							
Unremitted profits of subsidiaries ⁽²⁾	37	47	51	36	56	70	65
Net acquisition of share and loan capital	17	26	47	49	40	25	42
Change in branch indebtedness	20	30	23	18	35	39	38
Change in inter-company accounts	5	3	39	21	— 9	10	15
	79	106	160	124	122	144	160
Non-sterling areas							
Unremitted profits of subsidiaries ⁽²⁾	37	46	34	38	39	48	51
Net acquisition of share and loan capital	24	26	33	33	24	36	34
Change in branch indebtedness	— 4	4	10	18	9	— 2	4
Change in inter-company accounts	8	14	13	13	15	26	13
	65	90	90	102	87	108	102
All areas							
Unremitted profits of subsidiaries ⁽²⁾	74	93	85	74	95	118	116
Net acquisition of share and loan capital	41	52	80	82	64	61	76
Change in branch indebtedness	16	34	33	36	44	37	42
Change in inter-company accounts	13	17	52	34	6	36	28
Total	144	196	250	226	209	252	262
In United Kingdom							
Overseas sterling area							
Unremitted profits of subsidiaries ⁽²⁾	—	—	1	2	1	1	—
Net acquisition of share and loan capital	1	7	8	4	1	2	—
Change in branch indebtedness	5	—	5	— 1	— 2	— 9	—
Change in inter-company accounts	4	1	—	—	1	3	—
	10	8	14	5	1	— 3	—
Non-sterling areas							
Unremitted profits of subsidiaries ⁽²⁾	44	76	66	35	57	89	70
Net acquisition of share and loan capital	20	48	27	166	48	47	68
Change in branch indebtedness	6	— 2	— 2	11	3	2	2
Change in inter-company accounts	7	16	30	19	21	25	40
	77	138	121	231	129	163	180
All areas							
Unremitted profits of subsidiaries ⁽²⁾	44	76	67	37	58	90	70
Net acquisition of share and loan capital	21	55	35	170	49	49	68
Change in branch indebtedness	11	— 2	3	10	1	— 7	2
Change in inter-company accounts	11	17	30	19	22	28	40
Total	87	146	135	236	130	160	180

(1) See notes to Table 15.

(2) Including associated companies.

£ million

	1963	1964
Miscellaneous capital		
Official assets and liabilities (n.e.i.)	+ 4	- 14
Deposits with local authorities	- 9	+ 48
Deposits with hire purchase finance companies	- 14	+ 14
Trade credit (n.e.i.) ⁽²⁾	- 36	} - 20
Other identified commercial short-term transactions (net)	- 5	
Total	- 60	+ 28
Liabilities and claims in non-sterling currencies		
Liabilities ⁽³⁾	+ 242	+ 504
Claims	- 259	- 366
Liabilities and claims in overseas sterling area currencies		
Liabilities	+ 8	+ 13
Claims	- 14	- 5
External liabilities and claims in sterling		
Overseas sterling area countries		
Central monetary institutions—liabilities	+ 126	+ 27
—claims	+ 11	- 6
Other—liabilities	+ 56	+ 38
claims	- 22	- 101
Non-sterling area countries		
Central monetary institutions—liabilities ⁽⁴⁾	- 14	- 58
claims	- 10	+ 6
Other—liabilities	+ 84	- 19
claims	- 97	- 42
International organisations ⁽⁵⁾ —liabilities	+ 16	+ 5
Central bank assistance		
as non-sterling currency deposits	—	+ 72
as swap transactions	—	+ 116
Bilateral credit from Switzerland	—	+ 28
Account with I.M.F.	+ 5	+ 359
Gold and convertible currency reserves	+ 53	+ 122
Total	+ 125	+ 721

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

(2) See notes on page 28.

(3) Excluding central bank assistance in the form of non-sterling currency deposits.

(4) Excluding central bank assistance in the form of swap transactions and bilateral credit from Switzerland.

(5) Excluding I.M.F.

United Kingdom account with the International Monetary Fund⁽¹⁾

TABLE 18

£ million

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
United Kingdom											
Subscription in gold	—	—	—	—	—	— 58	—	—	—	—	—
Drawings	—	—	+201	—	—	—	—	+536	—	—	+357
Repurchases											
of drawings	-39	—	—	—	—	-71	-110	-150	-308	—	—
other ⁽²⁾	-1	—	—	—	—	—	-17	—	—	—	—
Overseas sterling area countries											
Sterling drawings	—	—	—	—	-4	—	-2	-38	-15	—	—
Sterling repurchases	—	—	—	—	—	—	—	+23	—	+6	+1
Non-sterling countries											
Sterling drawings	—	—	—	—	-2	-8	-22	-2	-56	-2	-3
Sterling repurchases	—	—	—	—	—	—	—	+2	—	—	+2
Other transactions in sterling⁽³⁾	—	—	+1	+1	-3	+4	—	+3	—	+1	+2
Change in U.K. account with I.M.F.	-40	—	+202	+1	-9	-133	-151	+374	-379	+5	+359
United Kingdom subscription in sterling	—	—	—	—	—	-174	—	—	—	—	—
Change in I.M.F. holdings of sterling	-40	—	+202	+1	-9	+99	-151	+374	-379	+5	+359
Change in U.K. total tranche position	-40	—	+202	+2	-6	-369	-151	+374	-379	+5	+359

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

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

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

Loans by the United Kingdom government⁽¹⁾

TABLE 19

Outstanding at end of year

£ million

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Overseas sterling area												
Aden	1	2	4	4	4	5	5	5	5	5	5	5
British Guiana	—	—	—	—	—	2	6	7	9	10	12	12
Other British West Indies	1	1	1	2	2	2	3	3	3	3	3	3
Burma	27	—	—	—	—	—	—	—	—	—	—	—
East Africa	—	2	3	3	3	2	2	2	10	11	12	15
India	—	—	—	—	—	12	45	75	96	117	134	166
Jordan	3	5	6	8	11	12	12	13	13	14	14	15
Kenya	—	2	3	3	5	5	7	12	17	21	28	35
Malawi	2	2	2	2	2	2	2	2	2	3	4	7
Malaysia	3	9	16	15	14	13	12	11	11	11	11	10
Nigeria	—	—	—	—	—	—	1	6	14	17	16	18
Pakistan	—	2	4	5	6	4	5	6	10	14	20	28
Rhodesia (2)	5	4	4	3	3	2	2	2	2	2	7	6
Tanzania	1	1	1	1	1	1	1	2	5	7	8	10
Uganda	—	—	—	—	—	—	—	6	8	12	14	17
Zambia	—	—	—	—	—	—	—	—	—	1	2	5
Other	6	7	7	7	8	7	8	11	12	17	25	30
Total	47	37	50	51	56	69	109	163	217	265	313	380
Western Europe												
Austria	6	6	6	5	5	4	3	3	3	3	3	3
Denmark	13	11	9	7	5	2	—	—	—	—	—	—
France	68	60	51	43	34	26	44	27	—	—	—	—
Federal German Republic	144	137	129	121	114	106	76	68	1	1	1	1
Greece	7	6	5	5	5	3	1	—	—	—	—	—
Netherlands	33	19	19	19	19	16	—	—	—	—	—	—
Norway	—	—	—	—	—	—	1	1	1	1	1	—
Turkey	35	13	11	8	6	9	10	8	8	8	10	13
Yugoslavia	17	17	17	17	16	15	14	14	12	13	12	9
Total	324	267	245	223	203	180	149	122	25	25	26	26
Latin America												
Argentina	—	—	19	19	18	18	17	15	13	12	15	14
Other	—	—	—	—	—	—	—	—	1	4	5	6
Total	—	—	19	19	18	18	17	15	15	16	20	20
Other non-sterling countries												
China	12	12	12	12	12	12	12	12	12	12	12	12
Czechoslovakia	18	20	20	20	20	20	20	20	20	20	20	20
Poland	56	56	55	54	54	53	52	52	52	52	51	51
U.S.S.R.	34	31	28	25	22	18	15	12	8	5	3	2
Other	2	2	2	4	7	6	5	5	3	2	3	5
Total	122	121	117	115	114	109	104	100	95	90	89	89
Total—all countries	493	425	431	408	390	375	378	399	352	397	449	515

(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 13.

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) 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⁽¹⁾

TABLE 20

Outstanding at end of year

£ million

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Overseas sterling area												
Ceylon	5	3	2	2	1	1	—	—	—	—	—	—
East Africa	4	—	—	—	—	—	—	—	—	—	—	—
India ⁽²⁾	139	133	38	33	29	12	2	2	2	2	2	—
Pakistan	7	6	6	6	5	5	5	5	5	4	4	4
Other	3	2	2	1	1	1	—	—	—	—	—	—
Total	157	144	47	42	36	19	7	7	7	6	6	4
Western Europe												
Belgium	4	—	—	—	—	—	18	9	—	—	—	—
Federal German Republic	—	—	—	—	—	—	118	104	77	69	61	53
Italy	—	—	—	—	—	—	5	2	—	—	—	—
Portugal	81	81	77	72	68	63	59	55	50	46	41	37
Sweden	—	—	—	—	—	—	6	3	—	—	—	—
Switzerland	—	—	—	—	—	—	5	—	18	18	18	—
Other	—	—	—	—	—	—	5	2	—	—	—	—
Total	85	81	77	72	68	63	215	174	145	132	120	90
North America												
U.S.A.⁽³⁾												
Lend lease	207	204	201	198	197	194	190	187	184	180	177	176
Line of credit	1,291	1,274	1,257	1,239	1,239	1,221	1,203	1,184	1,165	1,145	1,125	1,125
Economic Co-operation												
Administration	120	120	120	120	119	119	117	116	114	112	110	107
Mutual Security Agency	17	17	17	17	17	17	17	17	17	17	17	16
Export-Import Bank credit	—	—	—	—	89	89	—	—	—	—	—	—
Other	4	6	6	6	5	5	4	4	3	3	2	1
Total U.S.A.	1,639	1,621	1,601	1,580	1,666	1,645	1,531	1,508	1,483	1,457	1,431	1,426
Canada												
Interest free loan	55	45	32	22	11	—	—	—	—	—	—	—
Line of credit	417	419	397	410	396	400	399	375	352	335	329	329
Total Canada	472	464	429	432	407	400	399	375	352	335	329	329
Total	2,111	2,085	2,030	2,013	2,074	2,044	1,931	1,883	1,834	1,791	1,759	1,755
Total—all countries	2,353	2,310	2,154	2,127	2,178	2,127	2,153	2,063	1,986	1,930	1,885	1,849

(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 13.

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 21

End of year

£ million

	Total all 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
United Kingdom claims								
1962	1,010	803	207	2	355	27	471	155
1963	1,269	1,025	244	3	327	29	692	218
1964	1,635	1,320	315	4	461	31	842	297
Net liabilities(1)								
1962	28	81	-53	16	-82	21	81	-8
1963	11	47	-36	38	-41	38	-40	16
1964	149	244	-95	78	16	59	8	-12

⁽¹⁾ Minus sign indicates that claims exceed liabilities.

Overseas sterling holdings

TABLE 22

End of year

£ million

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962
Overseas sterling area countries										
Official	2,203	2,260	2,266	2,240	2,126	1,993	2,165	2,029	2,097	2,056
Other	512	562	498	490	482	526	539	449	534	619
Total	2,715	2,822	2,764	2,730	2,608	2,519	2,704	2,478	2,631	2,675
Non-sterling countries										
Official	474	460	438	400	383	399	325	499	440	375
Other	304	421	374	292	282	435	478	906	475	451
Total	778	881	812	692	665	834	803	1,405	915	826
Total all countries										
Official	2,677	2,720	2,704	2,640	2,509	2,392	2,490	2,528	2,537	2,431
Other	816	983	872	782	764	961	1,017	1,355	1,009	1,070
Total	3,493	3,703	3,576	3,422	3,273	3,353	3,507	3,883	3,546	3,501
International organisations (excluding I.M.F.)	91	96	89	87	62	49	32	27	62	88
Total	3,584	3,799	3,665	3,509	3,335	3,402	3,539	3,910	3,608	3,589
International Monetary Fund.....	420	380	380	582	583	574	673	522	896	517
Total (including I.M.F.) ...	4,004	4,179	4,045	4,091	3,918	3,976	4,212	4,432	4,504	4,106

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 24.

Acceptances outstanding

TABLE 23

End of year

£ million

	1953	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	69	102	101	126	147	130	134	108	162	166

NOTE: At the end of 1962 this series was discontinued and incorporated in a new series 'United Kingdom external liabilities and claims in sterling'. See Table 24.

United Kingdom external liabilities and claims in sterling

Holders: by type of liability and claim

TABLE 24

End of year

£ million

	United Kingdom liabilities						United Kingdom claims				Net liabilities
	Current and deposit accounts	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	
Countries											
<i>Overseas sterling area countries</i>											
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
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
Total											
1962	833	664	—	23	1,117	2,637	230	81	28	339	2,298
1963	925	777	—	27	1,090	2,819	236	84	30	350	2,469
1964	974	718	—	24	1,168	2,884	319	100	38	457	2,427
<i>Non-sterling countries</i>											
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
Other											
1962	598	31	—	33	30	692	72	265	149	486	206
1963	694	17	—	40	25	776	87	316	180	583	193
1964	673	10	—	48	26	757	84	353	188	625	132
Total											
1962	693	352	—	33	65	1,143	90	265	149	504	639
1963	795	326	—	40	52	1,213	115	316	180	611	602
1964	766	412	—	48	54	1,280	106	353	188	647	633
<i>Total all countries</i>											
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
Other											
1962	1,276	87	—	56	141	1,560	281	346	177	804	756
1963	1,447	58	—	67	128	1,700	313	400	210	923	777
1964	1,471	30	—	72	146	1,719	387	453	226	1,066	653
Total											
1962	1,526	1,016	—	56	1,182	3,780	320	346	177	843	2,937
1963	1,720	1,103	—	67	1,142	4,032	351	400	210	961	3,071
1964	1,740	1,130	—	72	1,222	4,164	425	453	226	1,104	3,060
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
Total											
1962	1,532	1,071	25	56	1,185	3,869	320	346	177	843	3,026
1963	1,738	1,162	24	67	1,146	4,137	351	400	210	961	3,176
1964	1,757	1,188	29	72	1,228	4,274	425	453	226	1,104	3,170
International Monetary Fund											
1962	7	—	510	—	—	517	—	—	—	—	517
1963	7	—	515	—	—	522	—	—	—	—	522
1964	7	—	874	—	—	881	—	—	—	—	881
Total (including I.M.F.)											
1962	1,539	1,071	535	56	1,185	4,386	320	346	177	843	3,543
1963	1,745	1,162	539	67	1,146	4,659	351	400	210	961	3,698
1964	1,764	1,188	903	72	1,228	5,155	425	453	226	1,104	4,051

United Kingdom external liabilities and claims in sterling

Non-sterling countries: region and type of holder

TABLE 24 (continued)

End of year

£ million

	Central monetary institutions			Other			Total		
	Liabilities	Claims	Net liabilities	Liabilities	Claims	Net liabilities	Liabilities	Claims	Net liabilities
Non-sterling countries									
North America									
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
Latin America									
1962	7	4	3	31	97	—66	38	101	—63
1963	22	8	14	36	105	—69	58	113	—55
1964	17	8	9	36	100	—64	53	108	—55
Western Europe									
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
Other non-sterling countries									
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
Total									
1962	451	18	433	692	486	206	1,143	504	639
1963	437	28	409	776	583	193	1,213	611	602
1964	523	22	501	757	625	132	1,280	647	633

By groups of countries

Overseas sterling area countries

End of year

£ million

	Australia, New Zealand and South Africa	India, Pakistan and Ceylon	Caribbean area ⁽¹⁾	East, Central and West Africa	Middle East ⁽²⁾	Far East ⁽³⁾	Other ⁽⁴⁾	Total
Liabilities								
1962	514	179	166	419	423	642	294	2,637
1963	654	212	189	404	383	662	315	2,819
1964	679	179	186	438	397	650	355	2,884
Claims								
1962	93	48	39	96	5	26	32	339
1963	98	46	39	91	7	31	38	350
1964	145	42	42	138	10	41	39	457

Non-sterling countries

End of year

£ million

	North America	Latin America	Western Europe			Other non-sterling countries				Total
			E.F.T.A.	E.E.C.	Other ⁽⁵⁾	Eastern Europe	Middle East ⁽⁶⁾	Far East ⁽⁷⁾	Other	
Liabilities										
1962	111	38	231	222	180	47	137	154	23	1,143
1963	113	58	288	237	106	60	161	164	26	1,213
1964	190	53	326	249	89	67	136	145	25	1,280
Claims										
1962	28	101	45	51	49	62	55	108	5	504
1963	40	113	65	52	56	81	65	133	6	611
1964	25	108	62	68	64	84	63	153	20	647

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

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

(3) Brunei, Burma, Hong Kong and Malaysia.

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

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

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

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

United Kingdom position with the International Monetary Fund

TABLE 25

End of year

£ million

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
I.M.F. holdings of sterling	420	380	380	582	583	574	673	522	896	517	522	881
U.K. total tranche position ⁽¹⁾	509	549	549	347	345	351	720	871	497	876	871	512

(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). 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 26

End of year

£ million

	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Gold and convertible currency reserves⁽¹⁾												
Gold ⁽²⁾	808	903	719	633	555	1,003	898	1,000	810	922	887	763
Convertible currencies	91	83	38	166 ⁽³⁾	257	93	79	154	375	80	62	64
Total	899	986	757	799	812	1,096	977	1,154	1,185	1,002	949	827
U.K. official holdings of non-convertible currencies.....	10	13	13	14	36	13⁽⁴⁾	5	3	2	1	1	1

(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 25 above.

Furthermore, the Exchange Equalisation Account holds a substantial portfolio of dollar securities which were vested in the United Kingdom government during the war. The market value of this portfolio fluctuates but has recently averaged around \$1,250 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.

Aid and private investment in developing countries

Table 27 shows the value of economic aid provided by the United Kingdom government to developing countries in the years 1960–1964.

'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

official 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 Cmnd. 2736 (*Overseas Development: The Work of the New Ministry*) published by Her Majesty's Government in August 1965. Quarterly details of grants and loans are published regularly in *Financial Statistics*.

Table 28 shows United Kingdom private investment (net of disinvestment) in developing countries for the years 1960–1964.

United Kingdom government economic aid⁽¹⁾

TABLE 27

£ million

	1960	1961	1962	1963	1964
Bilateral aid					
Dependent Commonwealth⁽²⁾					
Technical assistance ⁽³⁾	4	13	10	11	5
Other grants	38	39	33	31	30
Total grants	42	52	43	42	35
Loans (gross)	29	45	21	22	11
Total	70	97	64	64	46
Independent Commonwealth					
Technical assistance ⁽³⁾	1	3	10	11	18
Other grants	6	9	12	8	18
Total grants	7	12	22	19	36
Loans (gross)	34	36	41	36	72
Total	41	47	63	55	108
Other countries					
Technical assistance ⁽³⁾	1	1	2	2	2
Other grants	7	8	8	6	9
Total grants	8	9	9	8	11
Loans (gross)	5	2	7	12	10
Total	13	11	17	20	20
All countries					
Technical assistance ⁽³⁾	6	17	21	23	25
Other grants	51	56	53	46	57
Total grants	58	73	74	69	82
Loans (gross)	67	82	69	70	93
Total	124	155	143	139	175
Multilateral aid					
Technical assistance ⁽³⁾	3	3	3	4	4
Other contributions	22	3	4	15	12
Total	25	6	7	19	16
Total bilateral and multilateral aid	150	162	150	158	191

(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

TABLE 28

£ million

	1960	1961	1962	1963	1964(1)
Direct investment (Board of Trade inquiry)	91	93	66	53	40
of which: <i>re-invested profits</i>	33	20	26	30	30
Other investment (including oil)	52	31	2	8	35
Total	143	124	68	61	75

(1) Figures for 1964 are preliminary; the total shown should be regarded as subject to a margin of error of the order of \pm £15 million.

Trade credit

Tables 29 and 30 present the results in terms of the balance of payments of an inquiry carried out by the Board of Trade into the structure of trade credit extended to or received from other countries and outstanding at the end of 1962 and the end of 1963. The detailed results, together with a full description of the scope of the inquiry were given in an article in the *Board of Trade Journal* for 7 May 1965. Similar information is being obtained for later periods and the results will be incorporated in subsequent estimates of the balance of payments.

Besides credit relating to United Kingdom imports, exports and re-exports (whether handled by manufacturers or merchants) the inquiry covered credit relating to international commodity sales arranged by United Kingdom merchants and credit transactions of United Kingdom contracting firms operating overseas.

The transactions of the central government, public corporations and oil companies were excluded and credit provided by banks was included only when covered by bills of exchange or promissory notes.

Separate figures were collected of advance and progress payments received or made before shipment; in the tables which follow these have been deducted from the amounts of credit outstanding and the figures are therefore in terms of net credit extended or received.

Table 29 gives an analysis by domestic sector and, in so far as this is available, by term of credit of the amounts of net credit outstanding and of the change during 1963. Where sub-divisions by term of credit are given it has been assumed that advance and progress payments mainly relate to goods sold on medium or long-term credit terms and they have been deducted from the figures of credit of over 180 days.

Trade credit — analysis by sector and term of credit⁽¹⁾

TABLE 29

£ million

	Amount outstanding		Change in amount outstanding ⁽²⁾
	end 1962	end 1963	1963
Net credit extended			
by United Kingdom businesses			
to overseas associated companies and branches	279	286	— 7
to other overseas concerns:—			
180 days or less and undated	279	324	— 45
Over 180 days	104	121	— 17
	— 383	— 445	— 62
Total	662	731	— 69
by banks in the United Kingdom			
to overseas associated companies and branches of United Kingdom businesses	14	23	— 9
to other overseas concerns:—			
180 days or less	29	37	— 8
Over 180 days	84	104	— 20
	— 113	— 141	— 28
Total	127	164	— 37
Total net credit extended	789	895	— 106
Net credit received			
by United Kingdom businesses			
from overseas associated companies and branches	93	105	+ 12
from other overseas concerns	85	92	+ 7
Total net credit received	178	197	+ 19
<i>Of which bills accepted in connection with net credit received:</i>			
from overseas associated companies and branches	7	11	+ 4
from other overseas concerns	29	42	+ 13
Total	36	53	+ 17
Net credit extended, less net credit received	611	698	— 87

(1) See notes and definitions below.

(2) Assets, increase —/decrease+. Liabilities, increase +/decrease —.

Trade credit – analysis by balance of payment headings⁽¹⁾

Changes during 1963 in amount due⁽²⁾

TABLE 30

£ million

Private direct investment		
Abroad	– 7	
In the United Kingdom ⁽³⁾	+ 8	
Private investment (net)		+ 1
Miscellaneous capital		
Net credit extended by United Kingdom businesses to overseas concerns other than associated companies and branches	– 62	
Less increase in bills lodged with banks in the United Kingdom	32	
	– 30	
Net credit received by United Kingdom businesses from overseas concerns other than associated companies and branches ⁽³⁾	– 6	
Miscellaneous capital (net)		– 36
Changes in external liabilities and claims in sterling and in overseas currencies		
<i>Claims</i> Bills discounted or assigned	– 26	
Bills lodged	– 32	
Net credit extended under financial guarantees	– 11	
Total	– 69	
<i>Liabilities</i> Bills accepted in connection with net credit received	+ 17	
External sterling and currency liabilities (net)		– 52
Total, all trade credit (net)		– 87

(1) See notes and definitions below.

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

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

In Table 30 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.

Much of the trade credit revealed by the Board of Trade inquiry had already been taken into account in the published estimates of the balance of payments, although the amounts covered have not previously been separately identifiable. Credit between members of the same company group at home and abroad has been included as part of private direct investment in the long-term capital account. Where credit covered by bills of exchange or promissory notes has been involved the credit extended has been included, again indistinguishably, in the 'external liabilities and claims' heading under monetary movements. Certain other identified elements of trade credit have been included as 'miscellaneous capital' under monetary movements. But most credit extended directly by exporters to unrelated customers abroad (other than in the form of bills discounted or lodged with United Kingdom banks), and most advance and progress payments, have not previously been recorded.

The allocation into balance of payments headings of those elements of trade credit already covered has not been changed. The newly identified element comprises substantial amounts of short, medium and long-term credit. It has not, however, been sub-divided but has all been incorporated in 'miscellaneous capital' and therefore appears as part of monetary movements alongside the changes in credit extended by or through the banking sector, which forms part of external liabilities and claims

and which also includes credit of various maturities. For the year 1963 the amount now included in 'miscellaneous capital' exceeds by some £30 million the amounts previously included, which were principally changes in net credit extended in respect of exports of ships and aircraft. As the additional amount represents a net increase in assets the negative balancing item for the year is correspondingly reduced.

In order that the series of figures shown in Tables 1–3 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 1964. These estimates are based on the structure of credit revealed by the inquiry for 1963 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. The estimates may need to be revised as more information becomes available, particularly from the Board of Trade's inquiry for later years.

Notes and definitions

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.

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. Agents, in so far as they act on behalf of an overseas principal, are, in general, treated as residents of the country in which the principal is registered. 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 private transfers.

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 in principle involves 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 credit or a debit will inevitably mean a corresponding change in the balance between assets and liabilities. Thus, when a United Kingdom importer purchases goods from abroad the value of these is shown as a debit under visible trade. But this transaction will be

mirrored by another one depending on the way in which the purchase has been financed. If a remittance is made in an overseas currency, this may cause a reduction in the gold and convertible currency reserves; but if the foreign exporter is paid in sterling there is an increase in United Kingdom sterling liabilities to overseas residents. Both these types of payment will be reflected in the balance of monetary movements. 'Double-entry' transactions of this kind can also appear under other headings. For example, where the transaction is between companies with an inter-company account and the imports take place against credit given by the overseas company, the entry for the credit given will be among the direct investment figures included in the long-term capital account.

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. It is impossible to avoid using a combination of these three methods

of classification. 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 makes it impossible to apply 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 holdings 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 some holdings of United Kingdom government stock.

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 credits) 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).

Parcel post

An adjustment has been incorporated in the balance of payments figures of imports for years up to 1964 to take account of the results of a sample inquiry carried out in 1963 and 1964 into the valuation of imports by parcel post. The results of the inquiry have been taken into account in the *Trade Accounts* figures of imports by parcel post from the beginning of 1965.

Coverage adjustments

Diamonds

Before 1965, imports and exports of diamonds and certain other precious stones were excluded from the *Trade Accounts*. Certain details were, however, available from H.M. Customs and Excise and Exchange Control records and estimates based on these are included in the balance of payments figures for 1964 and earlier years.

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

Military expenditure overseas is recorded partly on a net basis (i.e. after deducting receipts arising locally; in particular in the years when contributions 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 less developed 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.

Other grants

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

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 less developed 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.

Other transfers

These comprise national insurance and war pensions paid to overseas residents.

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. These entries are offset under 'other 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 all United Kingdom government departments having transactions with overseas residents and overseas governments.

TRANSPORT: SHIPPING

The shipping estimates cover both dry cargo and tanker transactions. Debits include the United Kingdom shipping industry's disbursements abroad (including bunkers taken up abroad) and payments to overseas residents for chartering. Freight payments to overseas residents for carrying United Kingdom imports are also included, together with passenger fares. Credits comprise the earnings of the United Kingdom shipping industry from the carriage of United Kingdom exports, from cross-trades, chartering and passenger revenue. Disbursements of foreign ships in United Kingdom ports are also included.

United Kingdom shipping

Statistics relating to the United Kingdom shipping industry are provided by the General Council of British Shipping 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 General Council of British 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 31. 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.

The value of oil bunkers lifted in the United Kingdom by foreign flag vessels is estimated from figures of the quantity of oil fuel taken on board.

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 comprise 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 description of the surveys appeared in the *Board of Trade Journal* for 23 August 1963.

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 have been 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.

Components include payments and receipts for education, films, royalties, commissions, fees and banking facilities (excluding interest). Debits also include sales of gold at home for industrial use. Credits also include the expenditure of overseas government agencies in the United Kingdom, U.S. and Canadian forces' personal expenditure and net earnings from insurance and merchanting transactions. The estimates of net earnings from insurance transactions from 1963 onward exclude the earnings of United Kingdom insurance companies from their overseas branches, subsidiaries and associates. These are now being reported to the Board of Trade and are included as direct investment income under 'interest, profits and dividends'.

Estimates of payments to the non-sterling areas are derived from Exchange Control records and those to the overseas sterling area from partner country information.

For credits, a variety of sources is used. In some cases accurate estimates can be made but for other items, which present particularly difficult problems of measurement, rough estimates only are available.

The Board of Trade inquiry into overseas direct investment provides information on services rendered by United Kingdom parent companies to their overseas branches, subsidiaries and associates. Statistical reviews of press and television advertising provide a source for measuring overseas advertising expenditure in the United Kingdom. No complete measure is yet available of receipts and payments in respect of royalties etc. and payments of royalties to the non-sterling areas, which are known through Exchange Control, serve as a basis for the overall estimate of both payments and receipts. Commissions and fees are largely determined by applying various percentages to estimates of turnover in the industries and professions concerned. A number of items e.g. education and expenditure of overseas government agencies in the United Kingdom, are derived by combining numbers of students and diplomats respectively with estimates of average expenditure per head.

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 payment of interest and dividends on portfolio investment, both by and to the United Kingdom, relates solely to the remitted proceeds. 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 38). 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 and sterling area currencies; interest payments on investments by overseas residents with United Kingdom local authorities and finance houses; 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.

Estimates previously published for debits and credits under this heading have been revised in the light of new information, including the results of the Board of Trade inquiry into trade credit.

PRIVATE TRANSFERS

This item comprises 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 used to measure both United Kingdom 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 19 and 20 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 United States or Canadian dollar 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.

Changes in the years 1958 to 1962 in United Kingdom residents' holdings of investment dollars, which in earlier publications in this series were included in portfolio investment, are now included in monetary movements as part of the item 'change in liabilities in non-sterling currencies (net).' In this respect, the figures for these years are now consistent with those for 1963 and later years. For years before 1958, however, changes in United Kingdom residents' holdings of investment dollars are still included indistinguishably in 'private investment abroad.'

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 1954-1959, 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 security sterling rate. Apart from repayments on redemption an individual non-sterling investor may only realise his investment either by selling direct to another non-sterling resident or by selling the blocked proceeds to another non-sterling resident who wishes to invest in the United Kingdom. The pool of sterling through which these transactions flow is known as 'security sterling'. As the security sterling rate for most of the period in question stood at a discount on the official market rate, inward portfolio investment will tend to have taken place through this pool, so that only a negligible amount of net inward investment in the United Kingdom is likely to have occurred.

For a considerable time after the middle of 1960, however, the rate for security sterling was close to parity with the official rate. The advantage in making purchases through security sterling therefore disappeared and the official market became an important channel for new portfolio investment. For the years from 1960, 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 new series entitled '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 on 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 exclude 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 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 five main groups which are described below and for which separate figures are given in Table 17.

(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) *Deposits with local authorities*

From 1963 the whole of the change in overseas residents' temporary deposits with local authorities is included in miscellaneous capital. For earlier years short-term loans by the Crown Agents to local authorities are included in external sterling liabilities (overseas sterling holdings).

(iii) *Deposits with hire purchase finance companies*

(iv) *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 27-29.

(v) *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 changes in United Kingdom banks' net liabilities in non-sterling currencies. From 1958 these changes are shown as a separate item.

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

LIABILITIES IN NON-STERLING CURRENCIES (NET)

The figures shown in Tables 1, 2 and 3 are the changes in the net total of United Kingdom banks' external liabilities and claims in non-sterling currencies together with the official liabilities in non-sterling currencies incurred in 1964 through the assistance received from overseas central banks.

Gross figures of United Kingdom banks' external liabilities and claims in non-sterling currencies at the end of 1962, 1963 and 1964 are given in Table 21.

Liabilities include:

- (i) Deposits and advances in non-sterling currencies received from overseas residents;
- (ii) Commercial bills drawn in non-sterling currencies on U.K. 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 U.K. 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 1 to 3 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 1964 in Tables 1 and 2 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 1, 2 and 3 for years before 1963 are the changes in the net total of overseas sterling holdings (other than by the International Monetary Fund) and sterling acceptances outstanding. Figures for 1963 and 1964 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 1953 to 1962 are given in Tables 22 and 23. Gross figures of external sterling liabilities and claims at the end of 1962, 1963 and 1964 are given in Table 24.

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 23 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 190 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.

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. 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. Other such liabilities and claims are not included, in particular 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.

- (1) 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.
- (2) 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 1964.
- (3) 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.
- (4) 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.
- (5) 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.

- (6) The present series excludes certain overseas funds held through the Crown Agents and invested with United Kingdom local authorities, which were included in the totals of overseas sterling holdings. The changes in holdings of mortgages and securities are now included in 'private investment' and changes in temporary deposits form part of 'miscellaneous capital'.
- (7) 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 1 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) United Kingdom drawings from the Fund (+).
- (iii) United Kingdom repurchases from the Fund (—).
- (iv) Drawings in sterling from the Fund by other countries (—).
- (v) Repurchases in sterling by other countries (+).
- (vi) 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 18. 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 (ii) to (vi) 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). 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 1953 to 1964 are shown in Table 25.

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 2 and 3, 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.

(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. Exchange Control records are the basis for most of the debits with the non-sterling areas and partner-country information for most of the debits with the overseas sterling area. Regular returns are made for a few of the credit items, but in other cases estimates are 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 a fairly large 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 other investment income, the estimates are based on the amount and type of liabilities and assets involved 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, although recently greatly improved, still has some gaps. 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. On the introduction, in December 1962, of the new series of returns of external liabilities and claims in sterling and other currencies the coverage was extended to some 20 additional financial institutions which had been outside the ambit of the former overseas sterling holdings series. The coverage of changes in assets and liabilities outside the banking system has also improved with the incorporation of the first results 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

It appears that the main weaknesses in the present statistics are in 'other services' in the invisibles account, portfolio investment in the long-term capital account and 'miscellaneous capital' in monetary movements (despite the improvements achieved); and current work to improve the statistics is concentrating upon these items. 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 may result (e.g. commissions on imports and exports referred to above).

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 eight of the eleven years from 1954 to 1964 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 seven years, 1958-64, the average level of the balancing item was +£56 million. This figure is larger than that quoted in the corresponding passage of this publication last year; the revisions made since then include a more complete identification of the growth in export credit which is recorded as an increase in assets (—) in monetary movements.

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 1964 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 revenue 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.

Overseas sterling area
General balance of payments

TABLE A

£ million

	1958	1959	1960	1961	1962	1963	1964
Current account							
<i>Visible trade</i>							
Imports (f.o.b.)	4,569	4,542	5,231	5,133	5,333	5,824	6,551
Exports and re-exports (f.o.b.)	4,023	4,539	4,750	4,930	5,139	5,745	6,276
Visible balance	-546	-3	-481	-203	-194	-79	-275
<i>Gold production</i>	+252	+289	+298	+320	+349	+376	+398
<i>Invisibles</i>							
Government							
Debits	84	89	91	89	98	106	103
Credits	191	212	226	219	233	257	290
Transport							
Debits	570	572	647	652	668	724	802
Credits	299	310	328	342	365	385	401
Travel							
Debits	126	132	157	171	185	191	211
Credits	153	184	202	223	238	248	269
Other services							
Debits	208	224	271	284	305	323	336
Credits	149	157	178	185	193	211	200
Interest, profits and dividends							
Debits	673	706	773	759	831	977	1072
Credits	193	185	213	219	225	219	241
Official transfers							
Debits	19	18	26	40	38	54	65
Credits	160	171	196	206	267	270	319
Private transfers							
Debits	163	161	179	187	190	208	225
Credits	169	183	179	174	185	209	245
Total invisibles							
Debits	1,843	1,902	2,144	2,182	2,315	2,583	2,814
Credits	1,314	1,402	1,522	1,568	1,706	1,799	1,965
Invisible balance	-529	-500	-622	-614	-609	-784	-849
CURRENT BALANCE	-823	-214	-805	-497	-454	-487	-726
Long-term capital account⁽¹⁾							
Inter-government loans (net)	+178	+204	+278	+232	+259	+316	+392
I.B.R.D., I.D.A. and I.F.C. drawings (net)	+85	+57	+24	+14	+33	+41	+67
Market issues abroad (net)	+67	+10	+14	+25	+22	+31	-8
Other official long-term capital (net)	+25	+34	+17	+20	-4	+9	+3
Private investment (net)	+248	+267	+270	+269	+266	+339	+323
BALANCE OF LONG-TERM CAPITAL ...	+603	+572	+603	+560	+576	+736	+777
BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS	-220	+358	-202	+63	+122	+249	+51
Balancing item	+118	-7	-13	+86	+87	+43	-44
Monetary movements⁽¹⁾							
Change in accounts with I.M.F.	+11	-57	-32	+103	-67	-28	-19
Change in reserves	+50	-271	+203	-238	-188	-264	+23
Other monetary movements	+41	-23	+44	-14	+46	-	-11
BALANCE OF MONETARY MOVEMENTS	+102	-351	+215	-149	-209	-292	-7

(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
Current account							
<i>Visible trade</i>							
Imports (f.o.b.)	2,118	2,078	2,215	2,134	2,126	2,250	2,360
Exports and re-exports (f.o.b.)	1,945	2,113	2,188	2,167	2,187	2,332	2,504
Visible balance	-173	+ 35	- 27	+ 33	+ 61	+ 82	+144
<i>Invisible balance</i>	-320	-322	-383	-340	-339	-354	-340
CURRENT BALANCE	-493	-287	-410	-307	-278	-272	-196
Long-term capital account⁽¹⁾							
Inter-government loans (net)	+ 30	+ 52	+ 60	+ 52	+ 47	+ 34	+ 60
Market issues abroad (net)	+ 21	+ 6	- 3	+ 14	+ 5	+ 29	- 1
Other official long-term capital (net)	+ 17	+ 19	+ 4	+ 1	- 8	+ 13	+ 5
Private investment (net)	+138	+126	+147	+139	+109	+133	+158
BALANCE OF LONG-TERM CAPITAL ...	+206	+203	+208	+206	+153	+209	+222
BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS	-287	- 84	-202	-101	-125	- 63	+ 26

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

Overseas sterling areas
Balance of payments with non-sterling areas

TABLE C

£ million

	1958	1959	1960	1961	1962	1963	1964
Current account							
<i>Visible trade</i>							
Imports (f.o.b.)	2,451	2,464	3,016	2,999	3,207	3,574	4,191
Exports and re-exports (f.o.b.)	2,078	2,426	2,562	2,763	2,952	3,413	3,772
Visible balance	-373	- 38	-454	-236	-255	-161	-419
<i>Gold production</i>	+252	+289	+298	+320	+349	+376	+398
<i>Invisible balance</i>	-209	-178	-239	-274	-270	-430	-509
CURRENT BALANCE	-330	+ 73	-395	-190	-176	-215	-530
Long-term capital account⁽¹⁾							
Inter-government loans (net)	+148	+152	+218	+180	+212	+282	+332
I.B.R.D., I.D.A. and I.F.C. drawings (net)	+ 85	+ 57	+ 24	+ 14	+ 33	+ 41	+ 67
Market issues abroad (net)	+ 46	+ 4	+ 17	+ 11	+ 17	+ 2	- 7
Other official long-term capital (net)	+ 8	+ 15	+ 13	+ 19	+ 4	- 4	- 2
Private investment (net)	+110	+141	+123	+130	+157	+206	+165
BALANCE OF LONG-TERM CAPITAL	+397	+369	+395	+354	+423	+527	+555
BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS	+ 67	+442	—	+164	+247	+312	+ 25

(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
Balance of current and long-term capital transactions with non-sterling areas.....	+ 67	+ 442	—	+ 164	+ 247	+ 312	+ 25
Statistical adjustment(1)	- 10	- 3	+ 12	+ 18	+ 34	+ 15	- 17
Monetary movements(2)							
Change in accounts with I.M.F.	+ 11	- 57	- 32	+ 103	- 67	- 28	- 19
Change in holdings of gold and non-sterling currencies	- 15	- 65	+ 19	- 115	- 124	- 94	- 55
Miscellaneous monetary movements	- 13	- 4	+ 15	+ 2	- 4	- 10	+ 38
Inter-area transfers	- 40	- 313	- 14	- 172	- 86	- 195	+ 28

(1) See note on page 49.

(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
Current account							
<i>Visible trade</i>							
Imports (f.o.b.)	4,575	4,750	5,743	5,639	5,879	6,427	7,565
Exports and re-exports (f.o.b.)	4,051	4,578	4,836	5,226	5,576	6,219	6,691
Visible balance	- 524	- 172	- 907	- 413	- 303	- 208	- 874
<i>Gold production</i>	+ 252	+ 289	+ 298	+ 320	+ 349	+ 376	+ 398
<i>Invisible balance(1)</i>	- 214	- 212	- 400	- 386	- 293	- 500	- 584
CURRENT BALANCE	- 486	- 95	- 1,009	- 479	- 247	- 332	- 1,060
Long-term capital account(2)							
Inter-government loans (net)	+ 132	+ 87	+ 179	+ 219	+ 171	+ 234	+ 299
I.B.R.D., I.D.A. and I.F.C. drawings (net)	+ 85	+ 53	+ 14	+ 5	+ 24	+ 32	+ 58
Market issues abroad (net)	+ 46	+ 4	+ 17	+ 11	+ 17	+ 2	- 7
Other official long-term capital (net)	+ 8	+ 17	+ 16	+ 19	—	- 3	- 2
Private investment (net).....	+ 164	+ 145	+ 209	+ 377	+ 293	+ 297	+ 158
BALANCE OF LONG-TERM CAPITAL	+ 435	+ 306	+ 435	+ 631	+ 505	+ 562	+ 506
BALANCE OF CURRENT AND LONG-TERM CAPITAL TRANSACTIONS	- 51	+ 211	- 574	+ 152	+ 258	+ 230	- 554
Balancing item	+ 179	- 28	+ 187	+ 14	+ 76	- 58	- 105
Monetary movements(2)							
Change in accounts with I.M.F.	+ 2	- 190	- 183	+ 477	- 446	- 23	+ 340
Change in holdings of gold and non-sterling currencies(3)	- 299	+ 54	- 158	- 146	+ 59	- 41	+ 67
Other monetary movements	+ 169	- 47	+ 728	- 497	+ 53	- 108	+ 252
BALANCE OF MONETARY MOVEMENTS	- 128	- 183	+ 387	- 166	- 334	- 172	+ 659

(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 over 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.

In past issues of this publication, estimates of transactions of the United Kingdom with the overseas sterling area as measured by the United Kingdom were shown in Table 2 while those of the overseas sterling area with non-sterling areas were shown in Table 4. The former table is still retained while the latter is now replaced by tables in this section.

The tables show the general balance of payments of the overseas sterling area (Table A) together with an area analysis showing 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' carried forward into Tables 2 and 3 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 2.

For countries which do not themselves prepare balance of payments estimates and for periods not yet covered, 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 also of some unpublished data supplied by the countries.

Definition of areas

The overseas sterling area is defined on page 42. 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 cover goods not included in the trade accounts and to place the valuation on to a balance of payments basis, for example by deducting port charges. 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.

A few countries show imports in the 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.)

It should be noted that the balance of payments figures for imports and exports of the overseas sterling area 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*. Besides the differences arising from the adjustments on to a balance of payments basis and the use by some countries of exchange control data, the balance of payments figures include estimates of the exports and imports of certain countries (notably oil producing countries of the Middle East) for which trade accounts returns are not yet regularly available. Although the movements shown by the two different 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 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.

These various inconsistencies operate in different directions and tend to cancel out; nevertheless a residual difference remains. Previously in Table 4 of the United Kingdom balance of payments, the correction was achieved by making deductions from the visible trade estimates and by making an adjustment to 'invisibles (net)'. The method now adopted is to leave the components of the overseas sterling area's account with the non-sterling area as they are recorded in the individual countries' estimates, and to apply 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. 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 estimate 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, subscriptions in gold and repurchases of currency subscriptions. It excludes subscriptions to the I.M.F. in domestic currencies.

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 changes in total reserves in Table A and the changes 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 2 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.

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 52.

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.

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*.

Prior to 1963, annual and half-yearly estimates were presented in a series of half-yearly White Papers on the *United Kingdom Balance of Payments* published each spring and autumn. Annual estimates in greater detail were given in *United Kingdom Balance of Payments 1946-57*, published in 1959; but the estimates for 1952 to 1957 in that publication have been superseded by the estimates in the present series of annual publications and those for 1946 to 1951 are not comparable in many respects with the present series.

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*.

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

An article giving the first results of the Board of Trade inquiry and a description of the scope of the inquiry was included in the *Board of Trade Journal* for 7 May, 1965.

United Kingdom external assets and liabilities

An article in the March 1964 issue of the *Bank of England Quarterly Bulletin* described the external assets and liabilities of the United Kingdom and included an inventory of estimated assets and liabilities at the end of 1962. A more detailed analysis of the estimated value of direct investment assets and liabilities at the end of 1962 was given in an article in the *Board of Trade Journal* for 7 August 1964.

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*.

PUBLICATIONS RELATING TO OTHER COUNTRIES' BALANCE OF PAYMENTS

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

Country	Title	Frequency of publication	Published by
General	International Financial Statistics	Monthly	International Monetary Fund
	Balance of Payments Year Book	Compiled by monthly instalments	International Monetary Fund
	Statistical Year Book	Annually	United Nations
	Monthly Bulletin of Statistics	Monthly	United Nations
	Various publications by O.E.C.D.		O.E.C.D.
	Commonwealth and Sterling Area Statistical Abstract	Annually	Board of Trade
* * * * *			
Overseas sterling area			
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	} Central Statistics Office, Dublin
Irish Republic	Irish Statistical Bulletin	Quarterly	
Jamaica	Economic Survey	Annually	Department of Statistics, Kingston
	Report and Statement of Accounts	Annually	Bank of Jamaica, Kingston
Libya	Statistical Abstract	Annually	Ministry of National Economy, Tripoli
Malaysia	Central Bank of Malaysia Annual Report	Annually	Central Bank of Malaysia
Malta	Annual Abstract of Statistics	Annually	Central Office of Statistics, Malta
Mauritius	Yearbook of Statistics	Annually	} Central Statistical Office, Mauritius
	Quarterly Digest of Statistics	Quarterly	
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
Rhodesia	Monthly Digest of Statistics ⁽¹⁾	Monthly	Central Statistical Office, Salisbury
Trinidad and Tobago	The Balance of Payments of Trinidad and Tobago 1951 to 1959	—	Central Statistical Office, Trinidad
Zambia	Monthly Digest of Statistics ⁽¹⁾	Monthly	Central Statistical Office, Lusaka

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Country	Title	Frequency of publication	Published by
Non-sterling areas			
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 Problèmes Économiques	Annually Monthly	Ministère des Finances Institut National de la Statistique et des Études Économiques
Greece	Statistical Bulletin of the Bank of Greece	Monthly	Bank of Greece
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 Centralbyrån
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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(1) Statistics for the former Federation of Rhodesia and Nyasaland are contained in *National Accounts and Balance of Payments of Northern Rhodesia, Nyasaland and Southern Rhodesia 1954-63*, published by the Central Statistical Office, Salisbury.

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