



# UNITED KINGDOM BALANCE OF PAYMENTS 1957 to 1960

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by Command of Her Majesty  
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# INTRODUCTION

## *The Balance of Payments in January-June 1960*

This paper continues the series of half-yearly White Papers on the United Kingdom balance of payments, the last of which was Cmnd. 977. The estimates for January-June 1960, which are published in full for the first time, are provisional. Those for earlier periods have been revised.

2. Identified monetary movements in January-June 1960 were unfavourable to the extent of £38 million. This was because the current account surplus was small and because there was again a high level of capital investment abroad. The gold and convertible currency reserves rose by £56 million despite the transfer of the equivalent of £30 million to the I.M.F. in partial repayment of the 1956 drawing, but at the same time the sterling holdings of overseas countries rose by £107 million. The sterling holdings of the non-sterling countries rose by £137 million and those of the rest of the sterling area fell by £30 million.

3. The payments balance on visible trade in January-June 1960 was a deficit of £27 million compared with a small surplus of £3 million in the first half of 1959. Imports increased by £217 million between the two half-years; exports increased by £187 million. The bulk of the increase in imports was from the non-sterling areas, but exports to the non-sterling areas also increased substantially. Trade with the rest of the sterling area increased rather less. The visible balance with the rest of the sterling area improved by £21 million, while that with the non-sterling areas deteriorated by £51 million.

4. Net earnings on invisible transactions continued to show a downward trend and are estimated at £51 million less than in the corresponding period of 1959. The balance on invisible account with the rest of the sterling area improved by £10 million but that with the non-sterling areas worsened by £61 million. Net expenditure abroad on Government account increased by £28 million, largely because of increased net military expenditure. There was little change in the net shipping credit, but both debits and credits reflected the higher level of overseas trade. Interest, profits and dividends payments went up mainly because of the increase in interest rates in the United Kingdom. A rise in travel credits was offset by a larger increase in debits; these figures reflect the striking increase in foreign travel both to and from the United Kingdom. The remaining invisible items showed little change in total.

5. The current surplus is estimated at £35 million in January-June 1960 compared with £116 million in the corresponding period of 1959, the decrease between the two periods resulting from the worsening of the visible trade balance by £30 million and of the invisible balance by £51 million. The current balance with the rest of the sterling area improved by £31 million but that with the non-sterling areas changed by £112 million from a surplus of £30 million in January-June 1959 to a deficit of £82 million in January-June 1960.

6. Net long-term capital investment abroad in January-June 1960 is estimated at £138 million. Within this total inter-Government loan operations led to a net outflow of £37 million. New lending by the Government, mainly



to countries of the sterling area, amounted to £34 million and repayments to the United Kingdom and by the United Kingdom on past loans resulted in an outflow of £3 million. The net outflow of other long-term capital during the period is estimated at £100 million, much the same rate as the average of the past few years.

7. Identified payments in respect of current and long-term capital transactions together exceeded identified receipts by £103 million. The difference between this and the worsening of £38 million in the external monetary position is represented by a credit balancing item of £65 million.

#### *Presentation*

8. The tables and notes are mainly on the lines of those in Cmnd. 977. The former Table H of the supplementary tables has, however, been combined with Table 9 on overseas sterling holdings. Additional details of U.S. and Canadian Forces' expenditure in the United Kingdom have been introduced for the first time in Table D.

#### *Change in basis of Compilation*

9. The basis of compilation of the figures in Table E "Transfers between rest of sterling area and non-sterling areas" (and therefore of the "Inter-area transfers" in Tables 2 and 3) has been changed. Much of the detail in the table which previously had been based on Exchange Control sources has been replaced by local balance of payments estimates. The change has resulted in considerable revisions.



**TABLE 1**  
**GENERAL BALANCE OF PAYMENTS**

£ million

	1957	1958	1959	1959		1960
				Jan.- June	July- Dec.	
<b>A. Current Account</b>						
<b>VISIBLE TRADE</b>						
1. (a) Imports (f.o.b.) ...	3,570	3,341	3,616	1,751	1,865	1,968
(b) Exports and re-exports (f.o.b.) ...	3,543	3,432	3,556	1,754	1,802	1,941
Total ...	- 27	+ 91	- 60	+ 3	- 63	- 27
<b>INVISIBLES</b>						
2. Government:						
(a) debits ...	-249	-273	-267	-134	-133	-161
(b) credits ...	+105	+ 56	+ 40	+ 24	+ 16	+ 23
3. Shipping:						
(a) debits ...	-435	-346	-366	-180	-186	-194
(b) credits ...	+508	+432	+418	+200	+218	+221
4. Interest, profits and dividends:						
(a) debits ...	-262	-296	-276	-115	-161	-138
(b) credits ...	+342	+337	+358	+174	+184	+178
5. Travel:						
(a) debits ...	-146	-155	-173	- 64	-109	- 86
(b) credits ...	+129	+138	+153	+ 65	+ 88	+ 79
6. Migrants' funds, legacies and private gifts (net) ...	- 44	- 26	- 18	- 8	- 10	- 7
7. Other (net) ...	+308	+387	+330	+151	+179	+147
Total ...	+256	+254	+199	+113	+ 86	+ 62
<b>CURRENT BALANCE</b> ...	<b>+229</b>	<b>+345</b>	<b>+139</b>	<b>+116</b>	<b>+ 23</b>	<b>+ 35</b>
<b>B. Long-Term Capital     Account<sup>(1)</sup></b>						
8. (a) Inter-government loans by U.K. (net) ...	+ 13	+ 15	+ 28	+ 32	- 4	- 22
(b) Inter-government loans to U.K. (net) ...	+ 59	- 60	-146	+ 3	-149	- 15
9. U.K. subscriptions to I.M.F. and European Fund ...	—	—	-236	-232	- 4	+ 1
10. Other U.K. official long-term capital (net) ...	- 5	- 4	+ 1	—	+ 1	- 2
11. Other long-term capital (net)	-250	-210	-200	- 70	-130	-100
<b>BALANCE OF LONG-TERM CAPITAL</b>	<b>-183</b>	<b>-259</b>	<b>-553</b>	<b>-267</b>	<b>-286</b>	<b>-138</b>
<i>Balance of current and long-     term capital transactions</i> ...	+ 46	+ 86	-414	-151	-263	-103
<b>C. Monetary Movements<sup>(1)</sup></b>						
12. Miscellaneous capital (net) ...	- 10	—	—	+ 10	- 10	+ 30
13. Overseas sterling holdings:						
(a) countries ...	-149	+ 80	+154	+ 26	+128	+107
(b) I.M.F. ...	+ 1	- 9	+ 99	+107	- 8	- 33
(c) other non-territorial organisations ...	- 25	- 13	- 17	- 21	+ 4	- 11
14. U.K. balance in E.P.U. ...	+ 11	- 10	+ 9	+ 9	—	—
15. U.K. official holdings of non- convertible currencies ...	- 22	+ 23	+ 8	+ 8	—	+ 1
16. Gold and convertible currency reserves ...	- 13 <sup>(2)</sup>	-284	+119	- 37	+156	- 56
<b>BALANCE OF MONETARY MOVE-     MENTS</b> ...	<b>-207</b>	<b>-213</b>	<b>+372</b>	<b>+102</b>	<b>+270</b>	<b>+ 38</b>
<b>E. 19. Balancing Item</b> ...	<b>+161</b>	<b>+127</b>	<b>+ 42</b>	<b>+ 49</b>	<b>- 7</b>	<b>+ 65</b>

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

(2) Including special loan interest accounts; see definition of item 16, page 27.



**TABLE 2**  
**BALANCE OF PAYMENTS WITH REST OF STERLING AREA**

£ million

	1957	1958	1959	1959		1960
				Jan.- June	July- Dec.	Jan.- June (provi- sional)
<b>A. Current Account</b>						
<b>VISIBLE TRADE</b>						
1. (a) Imports (f.o.b.) ...	1,395	1,279	1,378	688	690	729
(b) Exports and re-exports (f.o.b.) ...	1,460	1,431	1,361	669	692	731
Total... ..	+ 65	+152	- 17	- 19	+ 2	+ 2
<b>INVISIBLES</b>						
2. Government:						
(a) debits ... ..	-173	-172	-182	- 90	- 92	-103
(b) credits ... ..	+ 18	+ 10	+ 11	+ 8	+ 3	+ 2
3. Shipping:						
(a) debits ... ..	- 81	- 82	- 84	- 41	- 43	- 42
(b) credits ... ..	+198	+178	+167	+ 80	+ 87	+ 89
4. Interest, profits and dividends:						
(a) debits ... ..	-129	-129	-119	- 58	- 61	- 65
(b) credits ... ..	+201	+199	+214	+105	+109	+107
5. Travel:						
(a) debits ... ..	- 42	- 43	- 42	- 17	- 25	- 17
(b) credits ... ..	+ 49	+ 51	+ 53	+ 25	+ 28	+ 30
6. Migrants' funds, legacies and private gifts (net) ...	- 15	- 10	- 4	- 2	- 2	—
7. Other (net) ... ..	+269	+280	+226	+ 95	+131	+114
Total... ..	+295	+282	+240	+105	+135	+115
<b>CURRENT BALANCE</b> ...	+360	+434	+223	+ 86	+137	+117
<b>B. Long-Term Capital     Account<sup>(1)</sup></b>						
8. (a) Inter-government loans by U.K. (net) ... ..	- 8	- 13	- 40	- 16	- 24	- 29
(b) Inter-government loans to U.K. (net) ... ..	- 7	- 17	- 12	- 11	- 1	—
10. Other U.K. official long-term capital (net) ... ..	- 5	- 4	- 2	—	- 2	- 2
11. Other long-term capital (net)	-260	-220	-170	- 80	- 90	- 90
<b>BALANCE OF LONG-TERM CAPITAL</b>	-280	-254	-224	-107	-117	-121
<i>Balance of current and long-     term capital transactions</i> ...	+ 80	+180	- 1	- 21	+ 20	- 4
<b>C. Monetary Movements<sup>(1)</sup></b>						
12. Miscellaneous capital (net) ...	- 40	- 20	+ 10	+ 10	—	+ 10
13. (a) Overseas sterling holdings	-122	- 89	+185	+130	+ 55	- 30
<b>BALANCE OF MONETARY MOVE-     MENTS</b> ... ..	-162	-109	+195	+140	+ 55	- 20
<b>D. Inter-Area Transfers</b>						
17. R.S.A. sales of gold in U.K. (net) ... ..	-226	-231	-210	-121	- 89	- 93
18. Other transfers ... ..	+269	+187	- 91	- 83	- 8	+ 37
Total... ..	+ 43	- 44	-301	-204	- 97	- 56
<b>E. 19. Balancing Item</b> ... ..	+ 39	- 27	+107	+ 85	+ 22	+ 80

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



**TABLE 3**  
**BALANCE OF PAYMENTS WITH NON-STERLING AREAS**

£ million

	1957	1958	1959	1959		1960 Jan.- June (provi- sional)
				Jan.- June	July- Dec.	
<b>A. Current Account</b>						
<b>VISIBLE TRADE</b>						
1. (a) Imports (f.o.b.) ...	2,175	2,062	2,238	1,063	1,175	1,239
(b) Exports and re-exports (f.o.b.) ...	2,083	2,001	2,195	1,085	1,110	1,210
Total...	- 92	- 61	- 43	+ 22	- 65	- 29
<b>INVISIBLES</b>						
2. Government: (a) debits ...	- 76	-101	- 85	- 44	- 41	- 58
(b) credits ...	+ 87	+ 46	+ 29	+ 16	+ 13	+ 21
3. Shipping: (a) debits ...	-354	-264	-282	-139	-143	-152
(b) credits ...	+310	+254	+251	+120	+131	+132
4. Interest, profits and dividends:						
(a) debits ...	-133	-167	-157	- 57	-100	- 73
(b) credits ...	+141	+138	+144	+ 69	+ 75	+ 71
5. Travel: (a) debits ...	-104	-112	-131	- 47	- 84	- 69
(b) credits ...	+ 80	+ 87	+100	+ 40	+ 60	+ 49
6. Migrants' funds, legacies and private gifts (net) ...	- 29	- 16	- 14	- 6	- 8	- 7
7. Other (net) ...	+ 39	+107	+104	+ 56	+ 48	+ 33
Total...	- 39	- 28	- 41	+ 8	- 49	- 53
<b>CURRENT BALANCE</b> ...	-131	- 89	- 84	+ 30	-114	- 82
<b>B. Long-Term Capital     Account<sup>(1)</sup></b>						
8. (a) Inter-government loans by U.K. (net) ...	+ 21	+ 28	+ 68	+ 48	+ 20	+ 7
(b) Inter-government loans to U.K. (net) ...	+ 66	- 43	-134	+ 14	-148	- 15
9. U.K. subscriptions to I.M.F. and European Fund ...	—	—	-236	-232	- 4	+ 1
10. Other U.K. official long-term capital (net) ...	—	—	+ 3	—	+ 3	—
11. Other long-term capital (net)	+ 10	+ 10	- 30	+ 10	- 40	- 10
<b>BALANCE OF LONG-TERM CAPITAL</b>	+ 97	- 5	-329	-160	-169	- 17
<i>Balance of current and long-     term capital transactions</i> ...	- 34	- 94	-413	-130	-283	- 99
<b>C. Monetary Movements<sup>(1)</sup></b>						
12. Miscellaneous capital (net) ...	+ 30	+ 20	- 10	—	- 10	+ 20
13. Overseas sterling holdings:						
(a) countries ...	- 27	+169	- 31	-104	+ 73	+137
(b) I.M.F. ...	+ 1	- 9	+ 99	+107	- 8	- 33
(c) other non-territorial organisations ...	- 25	- 13	- 17	- 21	+ 4	- 11
14. U.K. balance in E.P.U. ...	+ 11	- 10	+ 9	+ 9		
15. U.K. official holdings of non- convertible currencies ...	- 22	+ 23	+ 8	+ 8	—	+ 1
16. Gold and convertible currency reserves ...	- 13 <sup>(2)</sup>	-284	+119	- 37	+156	- 56
<b>BALANCE OF MONETARY MOVE-     MENTS</b> ...	- 45	-104	+177	- 38	+215	+ 58
<b>D. Inter-Area Transfers</b>						
17. R.S.A. sales of gold in U.K. (net) ...	+226	+231	+210	+121	+ 89	+ 93
18. Other transfers ...	-269	-187	+ 91	+ 83	+ 8	- 37
Total...	- 43	+ 44	+301	+204	+ 97	+ 56
<b>E.19. Balancing Item</b> ...	+122	+154	- 65	- 36	- 29	- 15

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

(2) Including special loan interest accounts; see definition of item 16, page 27.



**TABLE 4**  
**CURRENT ACCOUNT WITH DOLLAR AREA/NORTH AMERICA**  
£ million

	Dollar area		North America			
	1957	1958	1959	1959		1960
				Jan.- June	July- Dec.	Jan.- June (provi- sional)
<b>A. Current Account</b>						
<b>VISIBLE TRADE</b>						
1. (a) Imports (f.o.b.) ...	826	694	680	307	373	431
(b) Exports and re - exports (f.o.b.) ...	643	655	668	327	341	339
Total ...	-183	- 39	- 12	+ 20	- 32	- 92
<b>INVISIBLES</b>						
2. Government:						
(a) debits ...	- 12	- 12	- 12	- 7	- 5	- 6
(b) credits ...	+ 83	+ 39	+ 24	+ 13	+ 11	+ 18
3. Shipping:						
(a) debits ...	- 83	- 71	- 72	- 35	- 37	- 37
(b) credits ...	+109	+100	+ 93	+ 43	+ 50	+ 48
4. Interest, profits and dividends:						
(a) debits ...	- 72	-111	-106	- 32	- 74	- 42
(b) credits ...	+ 84	+ 84	+ 83	+ 39	+ 44	+ 40
5. Travel:						
(a) debits ...	- 7	- 8	- 9	- 4	- 5	- 5
(b) credits ...	+ 44	+ 53	+ 58	+ 24	+ 34	+ 29
6. Migrants' funds, legacies and private gifts (net) ...	- 23	- 5	- 1	-	- 1	- 3
7. Other (net) ...	- 40	+ 19	+ 98	+ 63	+ 35	+ 80
Total ...	+ 83	+ 88	+156	+104	+ 52	+122
<b>CURRENT BALANCE ...</b>	<b>-100</b>	<b>+ 49</b>	<b>+144</b>	<b>+124</b>	<b>+ 20</b>	<b>+ 30</b>



**TABLE 5**  
**CURRENT ACCOUNT WITH OTHER WESTERN**  
**HEMISPHERE COUNTRIES/LATIN AMERICA**

£ million

	Other western hemisphere countries		Latin America			
	1957	1958	1959	1959		1960
				Jan.-June	July-Dec.	Jan.-June (provisional)
<b>A. Current Account</b>						
<b>VISIBLE TRADE</b>						
1. (a) Imports (f.o.b.) ...	136	127	221	112	109	105
(b) Exports and re-exports (f.o.b.) ...	80	71	159	80	79	87
Total ...	- 56	- 56	- 62	- 32	- 30	- 18
<b>INVISIBLES</b>						
2. Government:						
(a) debits ...	- 1	- 1	- 3	- 2	- 1	- 2
3. Shipping:						
(a) debits ...	- 7	- 5	- 6	- 3	- 3	- 3
(b) credits ...	+ 13	+ 12	+ 16	+ 8	+ 8	+ 9
4. Interest, profits and dividends:						
(a) debits ...	- 3	- 2	- 2	- 1	- 1	- 3
(b) credits ...	+ 10	+ 9	+ 12	+ 6	+ 6	+ 6
5. Travel:						
(b) credits ...	+ 2	+ 3	+ 4	+ 2	+ 2	+ 2
6. Migrants' funds, legacies and private gifts (net) ...	-	- 1	- 1	-	- 1	- 1
7. Other (net) ...	+ 66	+ 70	- 51	- 34	- 17	- 42
Total ...	+ 80	+ 85	- 31	- 24	- 7	- 34
<b>CURRENT BALANCE</b> ...	+ 24	+ 29	- 93	- 56	- 37	- 52



**TABLE 6**  
**CURRENT ACCOUNT WITH O.E.E.C.**  
**COUNTRIES/WESTERN EUROPE**

£ million

	O.E.E.C. countries		Western Europe			
	1957	1958	1959	1959		1960
				Jan.- June	July- Dec.	Jan.- June (provi- sional)
<b>A. Current Account</b>						
<b>VISIBLE TRADE</b>						
1. (a) Imports (f.o.b.) ...	913	884	1,047	502	545	573
(b) Exports and re - exports (f.o.b.) ...	985	911	1,052	520	532	593
Total ...	+ 72	+ 27	+ 5	+ 18	- 13	+ 20
<b>INVISIBLES</b>						
2. Government:						
(a) debits ...	- 46	- 70	- 51	- 24	- 27	- 37
(b) credits ...	+ 3	+ 5	+ 4	+ 3	+ 1	+ 2
3. Shipping:						
(a) debits ...	-239	-171	-181	- 89	- 92	-100
(b) credits ...	+125	+103	+106	+ 52	+ 54	+ 57
4. Interest, profits and dividends:						
(a) debits ...	- 38	- 36	- 33	- 16	- 17	- 21
(b) credits ...	+ 28	+ 28	+ 34	+ 17	+ 17	+ 18
5. Travel:						
(a) debits ...	- 85	- 91	-118	- 41	- 77	- 62
(b) credits ...	+ 28	+ 26	+ 31	+ 11	+ 20	+ 14
6. Migrants' funds, legacies and private gifts (net) ...	- 2	- 6	- 8	- 4	- 4	- 1
7. Other (net) ...	+119	+140	+135	+ 68	+ 67	+ 44
Total ...	-107	- 72	- 81	- 23	- 58	- 86
<b>CURRENT BALANCE ...</b>	<b>- 35</b>	<b>- 45</b>	<b>- 76</b>	<b>- 5</b>	<b>- 71</b>	<b>- 66</b>



TABLE 7

CURRENT ACCOUNT WITH OTHER NON-STERLING COUNTRIES  
AND NON-TERRITORIAL ORGANISATIONS<sup>(1)</sup>

£ million

	1957	1958	1959	1959		1960
				Jan.- June	July- Dec.	Jan.- June (provi- sional)
<b>A. Current Account</b>						
<b>VISIBLE TRADE</b>						
1. (a) Imports (f.o.b.) ... ..	300	357	290	142	148	130
(b) Exports and re - exports (f.o.b.) ... ..	375	364	316	158	158	191
Total... ..	+ 75	+ 7	+ 26	+ 16	+ 10	+ 61
<b>INVISIBLES</b>						
2. Government:						
(a) debits ... ..	- 17	- 18	- 19	- 11	- 8	- 13
(b) credits ... ..	+ 1	+ 2	+ 1	—	+ 1	+ 1
3. Shipping:						
(a) debits ... ..	- 25	- 17	- 23	- 12	- 11	- 12
(b) credits ... ..	+ 63	+ 39	+ 36	+ 17	+ 19	+ 18
4. Interest, profits and dividends:						
(a) debits ... ..	- 20	- 18	- 16	- 8	- 8	- 7
(b) credits ... ..	+ 19	+ 17	+ 15	+ 7	+ 8	+ 7
5. Travel:						
(a) debits ... ..	- 12	- 13	- 4	- 2	- 2	- 2
(b) credits ... ..	+ 6	+ 5	+ 7	+ 3	+ 4	+ 4
6. Migrants' funds, legacies and private gifts (net) ... ..	- 4	- 4	- 4	- 2	- 2	- 2
7. Other (net) ... ..	-106	-122	- 78	- 41	- 37	- 49
Total... ..	- 95	-129	- 85	- 49	- 36	- 55
<b>CURRENT BALANCE</b> ... ..	- 20	-122	- 59	- 33	- 26	+ 6

<sup>(1)</sup> The non-sterling countries included in this series are not the same for 1959 and 1960 as for 1957 and 1958, mainly because of the exclusion in 1959 and 1960 of Finland, Spain and Yugoslavia. See the area definitions on page 23.



TABLE 8

## GOLD AND CONVERTIBLE CURRENCY RESERVES, ETC.

£ million

	31st Dec., 1956	31st Dec., 1957	31st Dec., 1958	30th June, 1959	31st Dec., 1959	30th June, 1960
<b>A. Gold and Convertible Currency Reserves<sup>(1)</sup></b> ... ..	799 <sup>(2)</sup>	812	1,096	1,133	977	1,033
<b>B. U.K. Official Holdings of Non-convertible Currencies</b>						
O.E.E.C. countries ...	10	32	10 <sup>(3)</sup>	} 5	5	4
Other non-sterling countries	4	4	3			
Total ... ..	14	36	13	5	5	4
<b>C. Acceptances Outstanding<sup>(4)</sup></b> ...						
Sterling area countries ...	} 126	9	11	11	13	15
Non-sterling countries ...		138	119	128	121	134
Total ... ..	126	147	130	139	134	149

(1) In addition to the gold and convertible currency reserves, the value of which is shown above, the United Kingdom has a quota in the International Monetary Fund which was increased in 1959 from \$1,300 million (£464 million) to \$1,950 million (£696 million). This quota governs the amount of the United Kingdom's drawing rights. A drawing was made in December, 1956 of \$561 million (£201 million) against sterling. £71 million was repurchased in March, 1959. A further £30 million was repurchased in the first half of 1960 (and an additional £50 million in the third quarter) and the outstanding balance, after allowing for sterling drawings from the Fund by other countries, is to be repurchased by the end of 1961.

Furthermore, the Exchange Equalisation Account holds a substantial volume of dollar securities which were vested in the United Kingdom Government during the war and have been retained since. In December, 1956 it was announced in Parliament that the market value of this portfolio was between \$750 million and \$1,000 million. This remains the position.

(2) Including 37 in special loan interest accounts; see definition of item 16, page 27.

(3) Including convertible currencies set aside for liquidation in the final E.P.U. settlement.

(4) Changes are included in item 12 of Tables 1-3.



## OVERSEAS STERLING

(The following table combines

	31st December, 1956			31st December, 1957			31st December, 1958		
	Total	Central Bank and other official funds	Other funds	Total	Central Bank and other official funds	Other funds	Total	Central Bank and other official funds	Other funds
<b>A. Overseas Sterling Holdings</b>									
STERLING AREA COUNTRIES									
U.K. Colonies <sup>(1)</sup> ... ..	870	686	184	883	699	184	880	686	194
Other sterling area countries...	1,860	1,554	306	1,725	1,427	298	1,639	1,307	332
Total—sterling area countries ... ..	2,730	2,240	490	2,608	2,126	482	2,519	1,993	526
NON-STERLING COUNTRIES									
UP TO 31ST DECEMBER, 1958									
Dollar area ... ..	37	7	30	35	4	31	53	7	46
Other western hemisphere countries ... ..	32	19	13	31	12	19	24	1	23
O.E.E.C. countries:									
E.P.U. reported accounts	24	24	—	35	35	—	47 <sup>(2)</sup>	47 <sup>(2)</sup>	—
Other <sup>(3)</sup> ... ..	169	37	132	225	96	129	326	95	231
Other non-sterling countries	430	313	117	339	236	103	384	249	135
FROM 1ST JANUARY, 1959									
North America ... ..							58	7	51
Latin America ... ..							18	1	17
Western Europe <sup>(3)</sup> ... ..							408	159	249
Other non-sterling countries							350	232	118
Total—non-sterling countries	692	400	292	665	383	282	834	399	435
TOTAL—ALL COUNTRIES ...	3,422	2,640	782	3,273	2,509	764	3,353	2,392	961
NON-TERRITORIAL ORGANISATIONS									
I.M.F. ... ..	582	582	—	583	583	—	574	574	—
Other non-territorial organisations ... ..	87	87	—	62	62	—	49	49	—
TOTAL—NON-TERRITORIAL ORGANISATIONS	669	669	—	645	645	—	623	623	—
TOTAL HOLDINGS ... ..	4,091	3,309	782	3,918	3,154	764	3,976	3,015	961
<b>B. U.K. Debit Balance in E.P.U.</b>	125			136			126		

(1) STERLING HOLDINGS OF U.K. COLONIES—DISTRIBUTION BY CLASS OF FUND

	31st Dec., 1956	31st Dec., 1957	31st Dec., 1958	30th June, 1959	31st Dec., 1959	30th June, 1960
Currency funds ... ..	289	307	308	295	282	269
Special funds with Crown Agents	104	111	111	111	105	100
General funds with Crown Agents	216	214	211	218	200	218
Miscellaneous official funds ...	77	67	56	52	47	47
Other funds (with United Kingdom banks) ... ..	184	184	194	219	241	240
Total ... ..	870	883	880	895	875	874



HOLDINGS, ETC.

Tables 9 and H of Cmnd. 977.)

£ million

30th June, 1959			31st December, 1959			30th June, 1960			
Total	Central Bank and other official funds	Other funds	Total	Central Bank and other official funds	Other funds	Total	Central Bank and other official funds	Other funds	
895	676	219	875	687	188	874	684	190	<b>A. Overseas Sterling Holdings</b> STERLING AREA COUNTRIES U.K. Colonies <sup>(1)</sup> . Other sterling area countries. Total—sterling area countries.
1,754	1,400	354	1,829	1,478	351	1,800	1,470	330	
2,649	2,076	573	2,704	2,165	539	2,674	2,154	520	
									NON-STERLING COUNTRIES UP TO 31ST DECEMBER, 1958 Dollar area. Other western hemisphere countries. O.E.E.C. countries: E.P.U. reported accounts. Other <sup>(3)</sup> . Other non-sterling countries. FROM 1ST JANUARY, 1959 North America. Latin America. Western Europe <sup>(3)</sup> . Other non-sterling countries. Total—non-sterling countries.
52	7	45	60	5	55	91	8	83	TOTAL—ALL COUNTRIES.
14	—	14	12	8	4	41	36	5	
303	51	252	387	99	288	489	131	358	
361	237	124	344	213	131	319	212	107	NON-TERRITORIAL ORGANISATIONS I.M.F. Other non-territorial organisations. TOTAL—NON-TERRITORIAL ORGANISATIONS.
730	295	435	803	325	478	940	387	553	TOTAL HOLDINGS.
3,379	2,371	1,008	3,507	2,490	1,017	3,614	2,541	1,073	
681	681	—	673	673	—	640	640	—	
28	28	—	32	32	—	21	21	—	<b>B. U.K. Debit Balance in E.P.U.</b>
709	709	—	705	705	—	661	661	—	
4,088	3,080	1,008	4,212	3,195	1,017	4,275	3,202	1,073	
135 <sup>(4)</sup>									

(2) At 27th December, 1958.

(3) In the second half of 1957, Germany made a deposit of 75 earmarked for the repayment of post-war debt. Repayments (each of 7½) were made in the second halves of 1957 and 1958; in the first half of 1959 an advance repayment of 22½ was made and the balance of 37½ was reinvested in a United Kingdom Treasury Bond (see Table C on page 18). In addition, the unexpended balance (22½) of special deposits made by Germany to meet arms purchases was transferred to the United Kingdom in the first half of 1959.

(4) Balance as at final settlement on 15th January, 1959. See definition of item 14 on page 27.



## SUPPLEMENTARY TABLES

A detailed description of the sources and methods used in compiling the balance of payments was given in "United Kingdom Balance of Payments 1946-1957".

Transactions in gold and foreign exchange have been converted into sterling at rates current when the transactions took place.

The following notes and supplementary tables give additional statistical material. Amounts are given in £ million throughout.

TABLE A—REVISIONS OF ESTIMATES FOR 1957 AND 1958

The revised estimates for the halves of 1957 and 1958 for the main groups of items are set out below:—

	1957		1958	
	Jan.— June	July— Dec.	Jan.— June	July— Dec.
A. CURRENT BALANCE				
Rest of sterling area ... ..	+107	+253	+235	+199
Non-sterling areas ... ..	— 3	—128	— 12	— 77
Total ... ..	+104	+125	+223	+122
B. BALANCE OF LONG-TERM CAPITAL				
Rest of sterling area ... ..	—172	—108	—139	—115
Non-sterling areas ... ..	— 8	+105	+ 23	— 28
Total ... ..	—180	— 3	—116	—143
C. BALANCE OF MONETARY MOVEMENTS				
Rest of sterling area ... ..	+ 79	—241	— 71	— 38
Non-sterling areas ... ..	— 95	+ 50	—192	+ 88
Total ... ..	— 16	—191	—263	+ 50
D. INTER-AREA TRANSFERS				
Rest of sterling area ... ..	— 49	+ 92	— 38	— 6
Non-sterling areas ... ..	+ 49	— 92	+ 38	+ 6
Total ... ..	—	—	—	—
E. BALANCING ITEM				
Rest of sterling area ... ..	+ 35	+ 4	+ 13	— 40
Non-sterling areas ... ..	+ 57	+ 65	+143	+ 11
Total ... ..	+ 92	+ 69	+156	— 29



TABLE B—GOVERNMENT CURRENT EXPENDITURE

This table gives further details of the United Kingdom Government's expenditure abroad which makes up item 2 (a) in the main tables.

	1957	1958	1959	1959		1960
				Jan.— June	July— Dec.	Jan.— June (provi- sional)
<b>REST OF STERLING AREA</b>						
Military ... ..	113	109	117	58	59	68
Colonial grants <sup>(1)</sup> ... ..	38	36	38	20	18	20
Relief and other grants <sup>(1)</sup> ... ..	8	12	10	4	6	6
Administrative, diplomatic, etc.: Pensions ... ..	8	9	10	5	5	5
Other ... ..	6	6	7	3	4	4
<b>Total ... ..</b>	<b>173</b>	<b>172</b>	<b>182</b>	<b>90</b>	<b>92</b>	<b>103</b>
<b>NON-STERLING AREAS</b>						
Military:						
Contributions to international organisations ... ..	2	2	4	2	2	2
Other ... ..	48	72	51	26	25	38
Relief and other grants <sup>(1)</sup> :						
Contributions to international organisations ... ..	3	3	4	2	2	3
Other ... ..	1	—	—	—	—	—
Administrative, diplomatic, etc.: Contributions to international organisations ... ..	5	6	6	4	2	4
Pensions ... ..	3	3	3	1	2	2
Other ... ..	14	15	17	9	8	9
<b>Total ... ..</b>	<b>76</b>	<b>101</b>	<b>85</b>	<b>44</b>	<b>41</b>	<b>58</b>
<b>ALL AREAS</b>						
Military:						
Contributions to international organisations ... ..	2	2	4	2	2	2
Other ... ..	161	181	168	84	84	106
Colonial grants <sup>(1)</sup> ... ..	38	36	38	20	18	20
Relief and other grants <sup>(1)</sup> :						
Contributions to international organisations ... ..	3	3	4	2	2	3
Other ... ..	9	12	10	4	6	6
Administrative, diplomatic, etc.: Contributions to international organisations ... ..	5	6	6	4	2	4
Pensions ... ..	11	12	13	6	7	7
Other ... ..	20	21	24	12	12	13
<b>Total ... ..</b>	<b>249</b>	<b>273</b>	<b>267</b>	<b>134</b>	<b>133</b>	<b>161</b>

<sup>(1)</sup> An analysis of Government assistance for overseas development in the financial years 1957–58 to 1959–60 is given in Cmnd. 974. The relationship between this analysis and the balance of payments estimates is described in Note D, page 17 of Cmnd. 977.



TABLE C—GOVERNMENT CAPITAL TRANSACTIONS

The following table gives details of the United Kingdom Government's loans to and borrowings from, and of repayments from and to, other Governments (Items 8 (a) and 8 (b) in the main tables).

Item No.		1957	1958	1959	1959		1960
					Jan.—June	July—Dec.	Jan.—June (provisional)
8 (a)	Made by U.K. (—) <sup>(1)</sup>						
	O.E.E.C. countries/ Western Europe	3	2	3	2	1	1
	Other non-sterling countries	5	2	2	1	1	1
	Total non-sterling areas	8	4	5	3	2	2
	Rest of sterling area ...	11	18	44	18	26	32
	Total all areas ...	19	22	49	21	28	34
	Repaid to U.K. (+)						
	Other western hemi- sphere countries/Latin America ...	1	—	1	1	—	2
	O.E.E.C. countries/ Western Europe	21	23	65 <sup>(2)</sup> <sup>(3)</sup>	45 <sup>(2)</sup> <sup>(3)</sup>	20 <sup>(2)</sup>	3 <sup>(2)</sup>
	Other non-sterling countries	7	9	7	5	2	4
	Total non-sterling areas	29	32	73	51	22	9
	Rest of sterling area ...	3	5	4	2	2	3
	Total all areas ...	32	37	77	53	24	12
	Inter-government loans by U.K. (net) ...	+13	+15	+ 28	+32	— 4	—22
8 (b)	Made to U.K. (+)						
	Dollar area/North America	89	—	—	—	—	—
	O.E.E.C. countries/ Western Europe	—	—	37 <sup>(3)</sup>	37 <sup>(3)</sup>	—	—
	Total all areas ...	89	—	37	37	—	—
	Repaid by U.K. (—)						
	Dollar area/North America	19	39	118	1	117	1
	O.E.E.C. countries/ Western Europe	4	4	53 <sup>(2)</sup>	22 <sup>(2)</sup>	31 <sup>(2)</sup>	14 <sup>(2)</sup>
	Total non-sterling areas	23	43	171	23	148	15
	Rest of sterling area ...	7	17	12	11	1	—
	Total all areas ...	30	60	183	34	149	15
	Inter-government loans to U.K. (net) ...	+59	—60	—146	+ 3	—149	—15

(1) See footnote (1) to Table B.

(2) Including payments and receipts in respect of bilateral debits and credits arising from the liquidation of E.P.U.

(3) See footnote (3) to Table 9.



TABLE D—SPECIAL TRANSACTIONS WITH NORTH AMERICA

The following table gives some additional detail of the balance of payments with the U.S.A. and Canada.

Part of Item No.		1957	1958	1959	1959		1960
					Jan.—June	July—Dec.	Jan.—June (provisional)
2 (b)	DEFENCE AID						
	Grants to United Kingdom:						
	Mutual Security Act ...	19	—	—	—	—	—
	Public Law 480 ...	2	3	—	—	—	—
	Total ...	21	3	—	—	—	—
2 (b)	OTHER SPECIAL RECEIPTS ON CURRENT ACCOUNT						
	Receipts from U.S. and Canadian Forces						
	Government receipts ...	40	25	20	10	10	10
	Other receipts ...	50	45	45	25	20	25
1 (b), 2 (b)	Offshore sales to U.S. Government ...	40	18	12	8	4	6
4 (a)	GOVERNMENT LOAN TRANSACTIONS						
	Interest payments:						
	U.S. and Canadian credits and Lend-Lease Settlement loan ...	1 <sup>(1)</sup>	39	38	—	38	—
	E.R.P. loan ...	3	3	3	1	2	2
	Export-Import Bank credit	—	4	4	2	2	—
	Total ...	4	46	45	3	42	2
8 (b)	Principal: Borrowing: Export-Import Bank credit	89	—	—	—	—	—
8 (b)	Repayments:						
	U.S. and Canadian credits and Lend-Lease Settlement loan ...	1 <sup>(1)</sup>	27	28	1	27	1
	E.R.P. loan ...	—	1	1	—	1	—
	Lend-Lease silver loan ...	7	—	—	—	—	—
	Canadian interest-free loan	11	11 <sup>(2)</sup>	—	—	—	—
	Export-Import Bank credit	—	—	89	—	89	—
	Total ...	19	39	118	1	117	1

<sup>(1)</sup> Certain payments in respect of these loans were deferred in accordance with arrangements made with the U.S. and Canadian Governments in March 1957 (Cmnd. 120 and 121).

<sup>(2)</sup> The final repayment was made in December 1958.



**TABLE E—TRANSFERS BETWEEN REST OF STERLING  
AREA AND NON-STERLING AREAS**

The inter-area transfers given in Tables 2 and 3 are the total transfers arising from R.S.A. transactions with non-sterling areas, i.e. non-sterling countries and non-territorial organisations (including I.M.F. and I.B.R.D.). The main types of operation which give rise to such transfers are described in the definition of items 17 and 18 on page 27. The table below analyses these transfers in terms of the balance of payments of the R.S.A. with non-sterling areas taken as a whole.

“R.S.A. sales of gold in U.K. (net)” are included as transfers between the R.S.A. and the non-sterling areas because gold is treated statistically as equivalent to a convertible currency.

	1957	1958	1959	1959		1960
				Jan.— June	July— Dec.	Jan.— June (provi- sional)
<b>R.S.A. CURRENT ACCOUNT WITH NON-STERLING AREAS</b>						
Imports <sup>(1)</sup> :						
Dollar area/North America ...	749	716	758	366	392	442
Other western hemisphere coun- tries/Latin America ...	18	17	28	15	13	11
O.E.E.C. countries/Western Europe	787	748	735	361	374	427
Other non-sterling countries ...	707	716	685	325	360	384
Total ...	2,261	2,197	2,206	1,067	1,139	1,264
Exports <sup>(1)</sup> :						
Dollar area/North America ...	581	513	607	295	312	306
Other western hemisphere coun- tries/Latin America ...	43	37	51	21	30	26
O.E.E.C. countries/Western Europe	727	604	725	359	366	407
Other non-sterling countries ...	636	548	648	292	356	372
Total ...	1,987	1,702	2,031	967	1,064	1,111
Visible trade (net) ...	— 274	— 495	— 175	— 100	— 75	— 153
Invisibles (net) <sup>(2)</sup> ...	— 136	— 66	— 49	— 17	— 32	— 31
CURRENT BALANCE ...	— 410	— 561	— 224	— 117	— 107	— 184
R.S.A. SALES OF GOLD IN U.K. (NET) <sup>(3)</sup> ...	+ 226	+ 231	+ 210	+ 121	+ 89	+ 93
<b>R.S.A. CAPITAL ACCOUNT WITH NON- STERLING AREAS</b>						
I.M.F. drawings <sup>(4)</sup> ...	+ 71	+ 12	— 14	— 4	— 10	— 24
I.B.R.D. drawings <sup>(5)</sup> ...	+ 50	+ 84	+ 58	+ 43	+ 15	+ 20
Other capital (net) <sup>(6)</sup> ...	+ 20	+ 278	+ 271	+ 161	+ 110	+ 151
CAPITAL BALANCE ...	+ 141	+ 374	+ 315	+ 200	+ 115	+ 147
R.S.A. BALANCE ...	— 43	+ 44	+ 301	+ 204	+ 97	+ 56

<sup>(1)</sup> Excluding most oil imported from or exported to non-sterling areas through U.K. companies; transactions with these companies are treated as part of the R.S.A. balance of payments with the United Kingdom and are included under item 7 of Table 2.

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

<sup>(3)</sup> See definition of item 17 on page 27.

<sup>(4)</sup> Net of repurchases, other than in gold. See also Table F.

<sup>(5)</sup> Net of repayments, and of subscriptions in gold or U.S. dollars. See also Table F.

<sup>(6)</sup> Including any gold sales other than in the United Kingdom, and changes in R.S.A. holdings of non-sterling currencies.



TABLE F—INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT AND INTERNATIONAL MONETARY FUND

The following table gives details of disbursements made to the R.S.A. from the United Kingdom's sterling subscriptions to the I.B.R.D. and R.S.A. sterling drawings on the I.M.F. Both are included in item 18 of Tables 2 and 3. I.M.F. drawings by non-sterling countries in sterling are also shown; as these are transactions within the non-sterling areas they have no net effect on item 18 of Table 3. I.B.R.D. sterling disbursements to non-sterling countries during the period were very small.

	1957	1958	1959	1959		1960
				Jan.— June	July— Dec.	Jan.— June
Disbursements to the R.S.A. from the U.K.'s sterling subscription to I.B.R.D. <sup>(1)</sup> ... ..	15	17	21	15	6	15
Sterling drawings on I.M.F.:						
by the R.S.A. ... ..	—	4	—	—	—	—
by non-sterling countries ...	—	2	8	—	8	3

(<sup>1</sup>) See footnote (<sup>1</sup>) to Table B.



**TABLE G—COMPARISON OF TRADE AND NAVIGATION  
ACCOUNTS AND BALANCE OF PAYMENTS FIGURES  
FOR VISIBLE TRADE**

The estimates for imports and exports in the balance of payments differ from those given in the Trade and Navigation Accounts. For a detailed account of the reconciliation of the two series see pages 70 and 71 of "United Kingdom Balance of Payments 1946-1957"<sup>(1)</sup>. The statistical details of imports and exports given there are brought up to date in the table below.

	1957	1958	1959	1959		1960
				Jan.— June	July— Dec.	Jan.— June (provi- sional)
<b>IMPORTS</b>						
(a) Trade and Navigation Accounts imports (c.i.f.) ...	4,042	3,746	3,990	1,924	2,066	2,265
(b) Specified coverage differences ...	+ 92	+ 81	+ 89	+ 45	+ 44	+ 42
(c) Other differences ...	-564	-486	-463	-218	-245	-339
(d) Balance of payments imports (f.o.b.) ...	3,570	3,341	3,616	1,751	1,865	1,968
<b>EXPORTS AND RE-EXPORTS</b>						
(e) Trade and Navigation Accounts exports and re-exports (f.o.b.) ...	3,425	3,313	3,460	1,703	1,757	1,889
(f) Specified coverage adjustments ...	+108	+ 93	+105	+ 51	+ 54	+ 52
(g) Timing adjustments ...	- 4	+ 2	- 10	+ 1	- 11	+ 5
(h) Other adjustments ...	+ 14	+ 24	+ 1	- 1	+ 2	- 5
(i) Balance of payments exports and re-exports (f.o.b.)	3,543	3,432	3,556	1,754	1,802	1,941

<sup>(1)</sup> Changes in the scope of the Trade and Navigation Accounts have altered the specified coverage adjustments as described in "United Kingdom Balance of Payments 1946-1957". The main differences of coverage between the balance of payments and Trade and Navigation Accounts figures are now that the former include diamonds and second-hand ships and aircraft, and exclude exports to N.A.A.F.I. canteens abroad.



## DEFINITIONS

### TRANSACTIONS

“ Overseas ” transactions are those between United Kingdom residents and non-residents. So far as possible current transactions are recorded when the ownership of goods changes and when services are rendered.

### AREAS

The entry of a figure in an area table indicates a transaction with a resident of that area, and not necessarily the origin or destination of goods, or the area in which an investment is situated, or the currency in which the transaction took place. The definitions of the geographical divisions shown in this Paper are:—

- (i) Rest of sterling area (R.S.A.) (for all periods): 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, Kuwait, Qatar and the Trucial States); Burma, Iceland, the Irish Republic, Jordan and Libya.
- (ii) Dollar area (for the periods up to the end of 1958): U.S.A. and dependencies; Canada; Bolivia, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama and Venezuela; Liberia and the Philippines.
- (iii) North America (for 1959 and 1960): U.S.A. and dependencies; Canada.
- (iv) Other western hemisphere countries (for the periods up to the end of 1958): Argentina, Brazil, Chile, Paraguay, Peru and Uruguay.
- (v) Latin America (for 1959 and 1960): Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.
- (vi) O.E.E.C. countries (for the periods up to the end of 1958): the non-sterling area members of the Organisation for European Economic Co-operation—Austria, Belgium, Denmark, France, Greece, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey and Western Germany together with their associated monetary areas apart from Cambodia, Laos, South Vietnam and Indonesia. The sterling area members of the O.E.E.C. (Iceland and the Irish Republic) are included under R.S.A.
- (vii) Western Europe (for 1959 and 1960): Andorra, Austria, Belgium, Denmark, Finland, France, Greece, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the Vatican City, Western Germany and Yugoslavia, together with their dependent territories; the Bank for International Settlements.



- (viii) Other non-sterling countries (for all periods): the countries not included in (i) to (vii) above. Liberia, the Philippines, Guinea, Morocco and Tunisia are included from January 1959. (For earlier periods the first two are included in (ii) and the others in (vi).) From the same date Andorra, Finland, French Somaliland, Spain and dependencies, the Vatican City and Yugoslavia are excluded and appear in (vii).
- (ix) Non-territorial organisations (for all periods): the United Nations and its specialised agencies; the International Monetary Fund (I.M.F.), the International Bank for Reconstruction and Development (I.B.R.D.) and the International Finance Corporation; and other international organisations. Up to the end of 1958 the Bank for International Settlements was included here (except when acting as Agent for the E.P.U. and therefore included in (vi)). From January 1959 the Bank for International Settlements is included in (vii).

## ITEMS

### A. Current Account

#### *Visible Trade*

Item 1—(a) *Imports (f.o.b.)*; (b) *Exports and re-exports (f.o.b.)*: the f.o.b. value of (a) goods for import entering into United Kingdom ownership in the period, and (b) goods for export or re-export passing into overseas ownership during the period. (A comparison with the Trade and Navigation Accounts is given in Table G on page 22.)

#### *Invisibles*

Item 2—*Government*: all United Kingdom Government current expenditure and receipts not falling under items 1, 3, 4 and 5.

The main items of the debits are analysed in Table B. In that table, “Military” excludes expenditure on imports into the United Kingdom but includes the f.o.b. value of food and oil shipped direct from the country of origin for consumption by the Forces overseas; it includes only the net cost of the Forces in Germany, after deducting contributions received from the German Government. “Colonial grants” comprises grants under the Colonial Development and Welfare Acts, grants in aid of local revenues, etc., net of surrenders to the United Kingdom Government of any funds unspent. “Relief and other grants” comprises all other grants made by the United Kingdom. The credits include defence aid and receipts from offshore sales to the United States Government of goods for the United Kingdom armed forces (see Table D).

#### Item 3—*Shipping*:

(a) *Debits*: the United Kingdom dry cargo shipping industry’s disbursements abroad, and payments to non-residents for chartering, freight and passenger fares.

(b) *Credits*: overseas earnings by the United Kingdom dry cargo shipping industry from chartering, freight and passenger fares, and the disbursements of foreign ships, including tankers, in the United Kingdom.

All other payments and receipts in respect of oil tankers, whether British or foreign owned, together with sales of bunker oil to foreign dry cargo shipping in United Kingdom ports, are included with other oil transactions in item 7, “Other (net)”.



Item 4—*Interest, profits and dividends*: in general includes investment income actually remitted from or to the United Kingdom for payment of interest and dividends, taxation and management expenses, or for later reinvestment, and where possible profits retained for reinvestment. Overseas payments and earnings of United Kingdom insurance, shipping and oil companies are, so far as possible, excluded, as are receipts and payments by London agents on account of investments outside the United Kingdom owned by non-residents. The debits include interest paid on overseas sterling holdings and on loans to the United Kingdom Government. The credits include interest earned on credits given by United Kingdom banks.

Item 5—*Travel*: personal expenditure by United Kingdom residents inside foreign countries and by foreign residents inside the United Kingdom. Those payments to shipping companies which enter into the balance of payments are included in item 3 and those to airlines in item 7.

Item 6—*Migrants' funds, legacies and private gifts (net)*: the value of private assets passing from resident to non-resident ownership, or vice versa, without a *quid pro quo*. Migrants' funds in this item include financial property whether or not this is transferred from or to the United Kingdom. Assets left behind in the United Kingdom of which an emigrant to another country retains ownership are regarded as investment in the United Kingdom from that country. The converse applies to assets overseas owned by immigrants. Property passing by inheritance between residents and non-residents is similarly treated. The item also includes private gifts of money and of goods sent by parcel post to or from non-residents (other than Forces abroad), but excludes migrants' personal and household belongings.

Item 7—*Other (net)*: all other current transactions. The largest component is the overseas transactions of the United Kingdom oil companies (apart from imports, exports, oil for Forces overseas and capital items). Other major items are payments and receipts in respect of insurance and civil aviation, the expenditure of United States and Canadian forces in the United Kingdom—other than payments to United Kingdom Government departments—(see Table D), and the net earnings of merchants. Smaller items include royalties, commissions, banking and other services (excluding interest earnings—see item 4) and sales of gold at home for industrial use.

## **B. Long-Term Capital Account**

Item 8 (a)—*Inter-government loans by the United Kingdom (net)*: loans by the United Kingdom Government to other governments, less repayments. See also Table C and item 14.

Item 8 (b)—*Inter-government loans to the United Kingdom (net)*: loans by other governments to the United Kingdom Government, less repayments. See also Table C and item 14.

Item 9—*United Kingdom subscriptions to the International Monetary Fund and the European Fund*.

Item 10—*Other United Kingdom official long-term capital (net)*: long-term investment and disinvestment in the rest of the world by official bodies.



Item 11—*Other long-term capital (net)*: all other long-term investment and disinvestment by the United Kingdom in the rest of the world and long-term investment and disinvestment by the rest of the world in the United Kingdom, including where possible reinvestment of retained profits, on which, however, information is seriously incomplete. Because of the uncertainties of the estimates the figures are rounded to the nearest £10 million, but they are not necessarily accurate to that degree.

### C. Monetary Movements

Item 12—*Miscellaneous capital (net)*: all identified capital transactions not specifically provided for in other items—they are mainly of a short-term monetary nature. They include:

- (i) changes in foreign currency balances held outside the Exchange Equalisation Account, e.g. by banks and oil companies;
- (ii) changes in certain inter-company accounts, e.g. in book indebtedness of a United Kingdom subsidiary to its overseas parent;
- (iii) loans between associated companies;
- (iv) changes in sterling acceptances outstanding (separate figures for these are given in Table 8—the series was described in the article on “Overseas Sterling Holdings” in the May 1958 issue of “Economic Trends”);
- (v) minor adjustments in the sterling value of the Exchange Equalisation Account’s holdings of foreign currencies due to changes in exchange rates; and
- (vi) other identified commercial credit (e.g. to finance the purchase of wool or other commodities, or the export of ships, aircraft or other capital goods).

Because of the uncertainties of the estimates the figures are rounded to the nearest £10 million, but they are not necessarily accurate to that degree.

Item 13—*Overseas sterling holdings*: change in overseas sterling holdings, which comprise:

- (i) the net holdings in sterling or sterling area currencies of overseas banks (including overseas offices of United Kingdom banks) and other account holders abroad with banks in the United Kingdom (including accepting houses, discount houses and the United Kingdom offices of Commonwealth and foreign banks); British Government securities held for account of overseas banks are included;
- (ii) sterling funds held with the Crown Agents for Oversea Governments and Administrations and by Currency Boards, excluding Dominion and Colonial sterling securities; and
- (iii) so far as known, the nominal value of British Government securities held by other official bodies but not those held by private individuals or firms.

An area analysis of overseas sterling holdings is given in Table 9. A full discussion of these holdings appeared in the May 1958 issue of “Economic Trends”.



Item 14—*United Kingdom balance in E.P.U.*: change 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. Repayments of these debts are included in items 8 (a) and 8 (b).

Item 15—*United Kingdom official holdings of non-convertible currencies*: change in the sterling equivalent of the Exchange Equalisation Account's currency holdings which were not convertible at the relevant dates (including those set aside at 31st December, 1958 for liquidation in the final E.P.U. settlement in January 1959).

Item 16—*Gold and convertible currency reserves*: change in the sterling equivalent of the gold and convertible currencies held in the Exchange Equalisation Account and in the accounts into which the interest due on 31st December, 1956 on certain loans from the United States and Canada was temporarily paid. (The interest was returned to the Exchange Equalisation Account in April 1957.) The change is taken as the difference between totals given in Table 8, which include from 31st December, 1958 convertible currencies other than U.S. and Canadian dollars. Gold is valued at 250s. per ounce fine and currencies at parity, except for the Canadian dollar, which is valued at the appropriate exchange rates.

#### **D. Inter-Area Transfers**

Item 17—*R.S.A. sales of gold in the United Kingdom (net)*: R.S.A. sales, less purchases, of gold for sterling in the United Kingdom.

Item 18—*Transfers between R.S.A. and non-sterling areas*: in Table 2 the main types of operation included are:

- (i) net transfers of sterling from (+) the R.S.A. to the non-sterling areas;
- (ii) net receipts (+) of sterling by the United Kingdom from the R.S.A. in exchange for non-sterling area currencies; and
- (iii) net sales (+) by United Kingdom merchants in the R.S.A. of goods purchased in the non-sterling areas (excluding merchanting profit which is included in item 7).

Each entry is balanced by a corresponding entry (of opposite sign) in Table 3.

#### **E. Balancing Item**

Item 19—the amount necessary to balance the accounts: it represents the net total of the errors and omissions in other items.



## LIST OF ITEMS AND HEADINGS

### A. Current Account

#### VISIBLE TRADE

1. (a) Imports (f.o.b.)  
(b) Exports and re-exports (f.o.b.)

#### INVISIBLES

2. Government
3. Shipping
4. Interest, profits and dividends
5. Travel
6. Migrants' funds, legacies and private gifts (net)
7. Other (net)

### B. Long-Term Capital Account

8. (a) Inter-government loans by United Kingdom (net)  
(b) Inter-government loans to United Kingdom (net)
9. United Kingdom subscriptions to I.M.F. and European Fund
10. Other United Kingdom official long-term capital (net)
11. Other long-term capital (net)

### C. Monetary Movements

12. Miscellaneous capital (net)
13. Overseas sterling holdings:
  - (a) countries
  - (b) I.M.F.
  - (c) other non-territorial organisations
14. United Kingdom balance in E.P.U.
15. United Kingdom official holdings of non-convertible currencies
16. Gold and convertible currency reserves

### D. Inter-Area Transfers

17. R.S.A. sales of gold in United Kingdom (net)
18. Transfers between R.S.A. and non-sterling areas

### E. 19. Balancing Item

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