



UNITED KINGDOM BALANCE OF PAYMENTS 1956 to 1959

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INTRODUCTION

The Balance of Payments in January-June 1959

1. This paper continues the series of half-yearly papers on the United Kingdom balance of payments, of which the last was Cmnd. 700. The estimates for January-June 1959, which are published in full for the first time, are provisional. Those for earlier periods have been revised to take account of further information, particularly in respect of shipping, which has become available. The revisions are referred to in greater detail in paragraphs 7 to 10 below.

2. The present estimate of the current balance in January-June 1959 is a surplus of £142 million compared with revised estimates of £112 million for July-December 1958 and £237 million for January-June 1958. On visible trade there was a surplus of £23 million which, although £70 million less than the exceptionally large surplus of January-June 1958, showed an improvement from the £5 million surplus of July-December. This was due to a recovery in exports after a decline from the first to the second half of 1958. The improvement was entirely with the non-sterling world, exports to the rest of the sterling area continuing to fall. The invisible surplus amounted to £119 million, compared to £107 million in the second half of 1958, a period which included the end-year interest payments on the North American loans, and £144 million in the first half of 1958.

3. The fall of £95 million in the current balance between January-June 1958 and the corresponding period of 1959 was the net result of a number of changes in individual items. The main favourable factors were increases of £29 million in exports, £8 million in net shipping receipts and £16 million in net interest, profits and dividends receipts. On the other side of the account imports rose by £99 million, partly because of liberalisation measures taken late in 1958 and partly because of increased industrial production; while Government credits fell by £10 million, and "Other (net)" invisibles by £38 million, due to falls in a number of items including the net earnings of the oil industry.

4. The long-term capital account included a number of special transactions in January-June 1959. By far the largest was the additional subscription of £232 million to the International Monetary Fund, which also shows as a reduction of £58 million in the reserves for the 25 per cent. paid in gold, and an increase of £174 million in the Fund's sterling holding for the 75 per cent. paid in sterling. The increase in receipts on account of "Inter-government loans by U.K. (net)" was caused by the advance repayment by the Federal German Government of £22½ million of the post-war loan. In addition the balance of £37½ million in the German debt payment account was converted into a Treasury Bond, and this explains the change to a positive entry for "Inter-government loans to U.K. (net)". Drawings on United Kingdom Government loans and advances to the rest of the sterling area showed an upward trend from £13 million in July-December 1958 to £17 million in January-June 1959, while the rate of other identified investment (item 10) in that area remained unchanged. There was, however, a net inflow of capital in this item from the non-sterling world, and this led to a fall from £100 million to £70 million in the total net outflow of other long-term capital.

5. Identified monetary movements in January–June 1959 were unfavourable to the extent of £95 million. This was against the normal seasonal trend but was accounted for by the large increase in sterling held by the International Monetary Fund resulting from the sterling part of the additional subscription. But for this payment of £174 million, which represents no real burden on United Kingdom resources until the sterling is drawn from the Fund, the monetary position would have improved by £79 million. The gold and convertible currency reserves rose by £37 million despite two special transactions with the International Monetary Fund: first, the repurchase of £71 million sterling with dollars; and secondly the £58 million additional gold subscription mentioned in paragraph 4. The sterling holdings of countries rose by £9 million in the period; this covered an increase of £126 million, partly seasonal, in those of the countries of the rest of the sterling area, and a fall of £117 million in those of non-sterling countries. Much of this fall followed from the special transactions with the Federal German Government referred to in paragraph 4 coupled with the payment of the remaining part of the arms purchase deposit. The United Kingdom's debit balance in E.P.U. increased by £9 million on 15th January when the settlement took place relating to the final accounting period which ended on 27th December, 1958. Payments and receipts in respect of bilateral debits and credits arising from the liquidation of E.P.U. (a net payment of £21 million during the period) have been treated as inter-government loan transactions.

6. The difference between the deficit on account of identified current and long-term capital transactions of £126 million and the adverse monetary movement of £95 million is represented by a credit balancing item of £31 million, a reversion from the unusual debit in July–December 1958.

Revisions

7. Certain changes have been made in the timing of imports and exports where these are derived from the Trade and Navigation Accounts. Recent inquiries have led to a reduction in the timing adjustments (shown in table H on page 21) needed to put them on a balance of payments basis.

8. Some relatively small adjustments have been made to the shipping figures in respect of the estimates of disbursements by foreign ships in United Kingdom ports, and of transactions involving foreign shipping operated by London agents or managers on behalf of non-residents.

9. The most substantial revisions affect the estimates of United Kingdom dry-cargo shipping earnings included in shipping credits (item 3 (b)). These estimates have been revised downwards to take account of the results, which have recently become available, of an inquiry by the industry into earnings and expenditure in 1958. As explained on page 9 of "United Kingdom Balance of Payments 1946–1957" (published for H.M. Treasury by H.M. Stationery Office) the estimates of United Kingdom dry-cargo shipping earnings for the last six years had been made mainly by indirect methods of projection from the results of the previous inquiry for 1952, and it was emphasised that the estimates must be regarded as becoming less reliable as the year of inquiry receded into the past. The 1958 inquiry has produced a figure of United Kingdom dry-cargo shipping earnings in that year appreciably below the previous estimate, while revealing that the estimates for disbursements abroad by the United Kingdom shipping industry included in shipping debits (item 3 (a)) were broadly right.

10. The previous estimates of the United Kingdom's external monetary position remain virtually unaltered so that corresponding to the above adjustments the figures for the balancing item have been revised upwards.

11. The quinquennial shipping inquiries will be reinforced in future by sample inquiries each year, which will assist the making of balance of payments estimates for intervening years. In addition direct inquiries have been instituted into insurance and also interest, profits, dividends and capital transactions. The results of these should become available for use in compiling later White Papers and it is hoped that they, together with the results of any other improvements it may be possible to effect, will ultimately help to reduce the size of the balancing item and enlarge the identified part of the balance of payments. In the meantime the varying degrees of reliability of the estimates used in building up the balance of payments, as explained on pages 6 and 7 of "United Kingdom Balance of Payments 1946-1957", need to be kept in mind.

Presentation

12. A number of changes in presentation have been made following the moves towards the free convertibility of currencies and the coming into effect of the European Monetary Agreement.

13. In particular these changes have increased the difficulty of presenting a realistic area breakdown of some of the items in sections B to E of table 3. Tables 4 to 7 are therefore confined to current transactions with the non-sterling world. Since current transactions with the non-territorial organisations are relatively unimportant these are now included in table 7 with "Other non-sterling" countries. The long-term capital and monetary transactions for which reliable figures exist are shown elsewhere. The absolute figures of the gold and convertible currency reserves (item 15), the United Kingdom official holdings of non-convertible currencies (item 14), the overseas sterling holdings (item 12) and the United Kingdom balance in the European Payments Union in the final periods up to its liquidation (item 13) are shown in tables 8 and 9, while the details of inter-government loans by and to the United Kingdom (items 8 (a) and 8 (b)) are given in a new supplementary table (table C on page 17).

14. The grouping of the countries outside the sterling area has also been altered nearer to a geographical basis from a monetary basis, now that the latter has lost much of its significance. New groupings of "North America", "Latin America" and "Western Europe" have been introduced from the beginning of 1959 to replace the former "Dollar area", "Other western hemisphere countries" and "O.E.E.C. countries" respectively. See definitions of areas (page 22). In addition Iraq, which was formerly included in "Rest of sterling area", has been included in "Other non-sterling countries" for all the periods covered in this paper.

TABLE 1
GENERAL BALANCE OF PAYMENTS

£ million

	1956	1957	1958	1958		1959
				Jan.- June	July- Dec.	Jan.- June (provi- sional)
A. Current Account						
VISIBLE TRADE						
1. (a) Imports (f.o.b.) ...	3,466	3,569	3,330	1,628	1,702	1,727
(b) Exports and re-exports (f.o.b.) ...	3,402	3,538	3,428	1,721	1,707	1,750
Total ...	- 64	- 31	+ 98	+ 93	+ 5	+ 23
INVISIBLES						
2. Government:						
(a) debits ...	- 258	- 248	- 272	- 135	- 137	- 135
(b) credits ...	+ 91	+ 105	+ 56	+ 34	+ 22	+ 24
3. Shipping:						
(a) debits ...	- 400	- 433	- 344	- 176	- 168	- 162
(b) credits ...	+ 477	+ 508	+ 432	+ 223	+ 209	+ 217
4. Interest, profits and dividends:						
(a) debits ...	- 265	- 261	- 294	- 131	- 163	- 111
(b) credits ...	+ 381	+ 365	+ 344	+ 169	+ 175	+ 165
5. Travel:						
(a) debits ...	- 132	- 149	- 157	- 61	- 96	- 67
(b) credits ...	+ 121	+ 129	+ 138	+ 60	+ 78	+ 65
6. Migrants' funds, legacies and private gifts (net) ...	- 37	- 50	- 27	- 11	- 16	- 11
7. Other (net) ...	+ 278	+ 307	+ 375	+ 172	+ 203	+ 134
Total ...	+ 256	+ 273	+ 251	+ 144	+ 107	+ 119
CURRENT BALANCE ...	+ 192	+ 242	+ 349	+ 237	+ 112	+ 142
B. Long-Term Capital Account⁽¹⁾						
8. (a) Inter-government loans by U.K. (net) ...	+ 19	+ 13	+ 15	+ 9	+ 6	+ 31
(b) Inter-government loans to U.K. (net) ...	- 70	+ 59	- 60	- 23	- 37	+ 3
9. U.K. subscription to I.M.F. ...	-	-	-	-	-	- 232
10. Other long-term capital (net)...	- 190	- 270	- 190	- 90	- 100	- 70
BALANCE OF LONG-TERM CAPITAL	- 241	- 198	- 235	- 104	- 131	- 268
<i>Balance of current and long-term capital transactions</i> ...	- 49	+ 44	+ 114	+ 133	- 19	- 126
C. Monetary Movements⁽¹⁾						
11. Miscellaneous capital (net) ...	- 70	- 10	+ 10	+ 30	- 20	+ 20
12. Overseas sterling holdings:						
(a) countries ...	- 154	- 149	+ 80	-	+ 80	+ 9
(b) I.M.F. ...	+ 202	+ 2	- 9	- 3	- 6	+ 107
(c) other non-territorial organisations ...	- 2	- 26	- 13	- 10	- 3	- 21
13. U.K. balance in E.P.U. ...	+ 4	+ 11	- 10	- 17	+ 7	+ 9
14. U.K. official holdings of non- convertible currencies ...	- 1	- 22	+ 23	+ 24	- 1	+ 8
15. Gold and convertible currency reserves ...	-42 ⁽²⁾	-13 ⁽²⁾	- 284	- 287	+ 3	- 37
BALANCE OF MONETARY MOVEMENTS	- 63	- 207	- 203	- 263	+ 60	+ 95
E. 18. Balancing Item ...	+ 112	+ 163	+ 89	+ 130	- 41	+ 31

(1) Assets: Increase -/ decrease +. Liabilities: Increase +/decrease -.
 (2) Including special loan interest accounts; see definition of item 15, page 26.

TABLE 2

BALANCE OF PAYMENTS WITH REST OF STERLING AREA

£ million

	1956	1957	1958	1958		1959
				Jan.- June	July- Dec.	Jan.- June (provi- sional)
A. Current Account						
VISIBLE TRADE						
1. (a) Imports (f.o.b.) ...	1,356	1,394	1,280	641	639	688
(b) Exports and re-exports (f.o.b.) ...	1,423	1,459	1,432	729	703	668
<i>Total</i> ...	+ 67	+ 65	+ 152	+ 88	+ 64	- 20
INVISIBLES						
2. Government:						
(a) debits ...	- 181	- 172	- 171	- 86	- 85	- 91
(b) credits ...	+ 10	+ 18	+ 10	+ 7	+ 3	+ 8
3. Shipping:						
(a) debits ...	- 71	- 79	- 80	- 40	- 40	- 40
(b) credits ...	+ 191	+ 200	+ 178	+ 92	+ 86	+ 89
4. Interest, profits and dividends:						
(a) debits ...	- 131	- 128	- 126	- 66	- 60	- 57
(b) credits ...	+ 237	+ 225	+ 207	+ 102	+ 105	+ 104
5. Travel:						
(a) debits ...	- 42	- 42	- 41	- 17	- 24	- 18
(b) credits ...	+ 48	+ 49	+ 51	+ 24	+ 27	+ 26
6. Migrants' funds, legacies and private gifts (net) ...	- 21	- 21	- 14	- 5	- 9	- 7
7. Other (net) ...	+ 239	+ 263	+ 270	+ 143	+ 127	+ 98
<i>Total</i> ...	+ 279	+ 313	+ 284	+ 154	+ 130	+ 112
CURRENT BALANCE ...	+ 346	+ 378	+ 436	+ 242	+ 194	+ 92
B. Long-Term Capital Account⁽¹⁾						
8. (a) Inter-government loans by U.K. (net) ...	- 5	- 8	- 13	-	- 13	- 17
(b) Inter-government loans to U.K. (net) ...	- 5	- 7	- 17	- 17	-	- 11
10. Other long-term capital (net)...	- 180	- 280	- 200	- 110	- 90	- 90
BALANCE OF LONG-TERM CAPITAL	- 190	- 295	- 230	- 127	- 103	- 118
<i>Balance of current and long-term capital transactions</i> ...	+ 156	+ 83	+ 206	+ 115	+ 91	- 26
C. Monetary Movements⁽¹⁾						
11. Miscellaneous capital (net) ...	- 10	- 40	- 20	-	- 20	+ 20
12. (a) Overseas sterling holdings	- 34	- 122	- 89	- 71	- 18	+ 126
BALANCE OF MONETARY MOVEMENTS	- 44	- 162	- 109	- 71	- 38	+ 146
D. Inter-Area Transfers						
16. R.S.A. sales of gold in U.K. (net) ...	- 222	- 226	- 231	- 133	- 98	- 121
17. Other transfers ...	+ 5	+ 51	+ 48	+ 19	+ 29	- 61
<i>Total</i> ...	- 217	- 175	- 183	- 114	- 69	- 182
E. 18. Balancing Item ...	+ 105	+ 254	+ 86	+ 70	+ 16	+ 62

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

TABLE 3
BALANCE OF PAYMENTS WITH NON-STERLING AREAS

£ million

	1956	1957	1958	1958		1959
				Jan.- June	July- Dec.	Jan.- June (provi- sional)
A. Current Account						
VISIBLE TRADE						
1. (a) Imports (f.o.b.) ...	2,110	2,175	2,050	987	1,063	1,039
(b) Exports and re-exports (f.o.b.) ...	1,979	2,079	1,996	992	1,004	1,082
<i>Total</i> ...	- 131	- 96	- 54	+ 5	- 59	+ 43
INVISIBLES						
2. Government: (a) debits ...	- 77	- 76	- 101	- 49	- 52	- 44
(b) credits ...	+ 81	+ 87	+ 46	+ 27	+ 19	+ 16
3. Shipping: (a) debits ...	- 329	- 354	- 264	- 136	- 128	- 122
(b) credits ...	+ 286	+ 308	+ 254	+ 131	+ 123	+ 128
4. Interest, profits and dividends:						
(a) debits ...	- 134	- 133	- 168	- 65	- 103	- 54
(b) credits ...	+ 144	+ 140	+ 137	+ 67	+ 70	+ 61
5. Travel: (a) debits ...	- 90	- 107	- 116	- 44	- 72	- 49
(b) credits ...	+ 73	+ 80	+ 87	+ 36	+ 51	+ 39
6. Migrants' funds, legacies and private gifts (net) ...	- 16	- 29	- 13	- 6	- 7	- 4
7. Other (net) ...	+ 39	+ 44	+ 105	+ 29	+ 76	+ 36
<i>Total</i> ...	- 23	- 40	- 33	- 10	- 23	+ 7
CURRENT BALANCE ...	- 154	- 136	- 87	- 5	- 82	+ 50
B. Long-Term Capital Account⁽¹⁾						
8. (a) Inter-government loans by U.K. (net) ...	+ 24	+ 21	+ 28	+ 9	+ 19	+ 48
(b) Inter-government loans to U.K. (net) ...	- 65	+ 66	- 43	- 6	- 37	+ 14
9. U.K. subscription to I.M.F. ...	-	-	-	-	-	- 232
10. Other long-term capital (net)...	- 10	+ 10	+ 10	+ 20	- 10	+ 20
BALANCE OF LONG-TERM CAPITAL	- 51	+ 97	- 5	+ 23	- 28	- 150
<i>Balance of current and long-term capital transactions</i> ...	- 205	- 39	- 92	+ 18	- 110	- 100
C. Monetary Movements⁽¹⁾						
11. Miscellaneous capital (net) ...	- 60	+ 30	+ 30	+ 30	-	-
12. Overseas sterling holdings:						
(a) countries ...	- 120	- 27	+ 169	+ 71	+ 98	- 117
(b) I.M.F. ...	+ 202	+ 2	- 9	- 3	- 6	+ 107
(c) other non-territorial organisations ...	- 2	- 26	- 13	- 10	- 3	- 21
13. U.K. balance in E.P.U. ...	+ 4	+ 11	- 10	- 17	+ 7	+ 9
14. U.K. official holdings of non- convertible currencies ...	- 1	- 22	+ 23	+ 24	- 1	+ 8
15. Gold and convertible currency reserves ...	-42 ⁽²⁾	-13 ⁽²⁾	- 284	- 287	+ 3	- 37
BALANCE OF MONETARY MOVEMENTS	- 19	- 45	- 94	- 192	+ 98	- 51
D. Inter-Area Transfers						
16. R.S.A. sales of gold in U.K. (net) ...	+ 222	+ 226	+ 231	+ 133	+ 98	+ 121
17. Other transfers ...	- 5	- 51	- 48	- 19	- 29	+ 61
<i>Total</i> ...	+ 217	+ 175	+ 183	+ 114	+ 69	+ 182
E. 18. Balancing Item ...	+ 7	- 91	+ 3	+ 60	- 57	- 31

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

⁽²⁾ Including special loan interest accounts; see definition of item 15, page 26.

TABLE 4

CURRENT ACCOUNT WITH DOLLAR AREA/NORTH AMERICA

£ million

	Dollar area					North America
	1956	1957	1958	1958		1959
				Jan.-June	July-Dec.	Jan.-June (provisional)
A. Current Account						
VISIBLE TRADE						
1. (a) Imports (f.o.b.)	769	826	686	326	360	301
(b) Exports and re-exports (f.o.b.)	620	642	652	315	337	323
<i>Total</i>	-149	-184	- 34	- 11	- 23	+ 22
INVISIBLES						
2. Government:						
(a) debits	- 12	- 12	- 12	- 6	- 6	- 7
(b) credits	+ 77	+ 83	+ 39	+ 24	+ 15	+ 14
3. Shipping:						
(a) debits	- 78	- 83	- 72	- 38	- 34	- 33
(b) credits	+102	+109	+100	+ 53	+ 47	+ 48
4. Interest, profits and dividends:						
(a) debits	- 70	- 72	-111	- 34	- 77	- 31
(b) credits	+ 81	+ 83	+ 83	+ 41	+ 42	+ 36
5. Travel:						
(a) debits	- 6	- 7	- 8	- 4	- 4	- 4
(b) credits	+ 42	+ 44	+ 53	+ 23	+ 30	+ 23
6. Migrants' funds, legacies and private gifts (net)	- 7	- 23	- 5	- 3	- 2	-
7. Other (net)	- 4	- 40	+ 8	- 1	+ 9	+ 49
<i>Total</i>	+125	+ 82	+ 75	+ 55	+ 20	+ 95
CURRENT BALANCE	- 24	-102	+ 41	+ 44	- 3	+117

TABLE 5

CURRENT ACCOUNT WITH OTHER WESTERN
HEMISPHERE COUNTRIES/LATIN AMERICA

£ million

	Other western hemisphere countries					Latin America
	1956	1957	1958	1958		1959
				Jan.-June	July-Dec.	Jan.-June (provisional)
A. Current Account						
VISIBLE TRADE						
1. (a) Imports (f.o.b.) ...	125	136	126	66	60	110
(b) Exports and re-exports (f.o.b.) ...	61	81	71	37	34	80
<i>Total</i> ...	- 64	- 55	- 55	- 29	- 26	- 30
INVISIBLES						
2. Government:						
(a) debits ...	- 1	- 1	- 1	—	- 1	- 1
3. Shipping:						
(a) debits ...	- 5	- 7	- 4	- 2	- 2	- 2
(b) credits ...	+ 11	+ 15	+ 12	+ 6	+ 6	+ 9
4. Interest, profits and dividends:						
(a) debits ...	- 2	- 3	- 2	- 1	- 1	- 1
(b) credits ...	+ 9	+ 10	+ 9	+ 4	+ 5	+ 5
5. Travel:						
(a) debits ...	—	—	—	—	—	- 1
(b) credits ...	+ 2	+ 2	+ 3	+ 1	+ 2	+ 2
6. Migrants' funds, legacies and private gifts (net) ...	—	—	- 1	—	- 1	- 1
7. Other (net) ...	+ 57	+ 67	+ 71	+ 35	+ 36	- 44
<i>Total</i> ...	+ 71	+ 83	+ 87	+ 43	+ 44	- 34
CURRENT BALANCE ...	+ 7	+ 28	+ 32	+ 14	+ 18	- 64

TABLE 6

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

£ million

	O.E.E.C. countries					Western Europe
	1956	1957	1958	1958		1959
				Jan.-June	July-Dec.	Jan. June (provisional)
A. Current Account						
VISIBLE TRADE						
1. (a) Imports (f.o.b.) ...	902	912	881	438	443	486
(b) Exports and re-exports (f.o.b.) ...	938	982	909	453	456	522
<i>Total</i> ...	+ 36	+ 70	+ 28	+ 15	+ 13	+ 36
INVISIBLES						
2. Government:						
(a) debits ...	- 41	- 46	- 70	- 32	- 38	- 25
(b) credits ...	+ 1	+ 3	+ 5	+ 2	+ 3	+ 2
3. Shipping:						
(a) debits ...	-214	-239	-168	- 86	- 82	- 79
(b) credits ...	+121	+122	+103	+ 52	+ 51	+ 54
4. Interest, profits and dividends:						
(a) debits ...	- 41	- 38	- 37	- 20	- 17	- 15
(b) credits ...	+ 28	+ 28	+ 28	+ 14	+ 14	+ 14
5. Travel:						
(a) debits ...	- 72	- 85	- 90	- 32	- 58	- 41
(b) credits ...	+ 24	+ 28	+ 26	+ 10	+ 16	+ 12
6. Migrants' funds, legacies and private gifts (net) ...	- 4	- 2	- 4	- 2	- 2	- 2
7. Other (net) ...	+ 85	+121	+142	+ 64	+ 78	+ 62
<i>Total</i> ...	-113	-108	- 65	- 30	- 35	- 18
CURRENT BALANCE ...	- 77	- 38	- 37	- 15	- 22	+ 18

TABLE 7

CURRENT ACCOUNT WITH OTHER NON-STERLING COUNTRIES
AND NON-TERRITORIAL ORGANISATIONS⁽¹⁾

£ million

	1956	1957	1958	1958		1959
				Jan.- June	July- Dec.	
A. Current Account						
VISIBLE TRADE						
1. (a) Imports (f.o.b.)	314	301	357	157	200	142
(b) Exports and re-exports (f.o.b.)	360	374	364	187	177	157
<i>Total</i>	+ 46	+ 73	+ 7	+ 30	- 23	+ 15
INVISIBLES						
2. Government:						
(a) debits	- 23	- 17	- 18	- 11	- 7	- 11
(b) credits	+ 3	+ 1	+ 2	+ 1	+ 1	-
3. Shipping:						
(a) debits	- 32	- 25	- 20	- 10	- 10	- 8
(b) credits	+ 52	+ 62	+ 39	+ 20	+ 19	+ 17
4. Interest, profits and dividends:						
(a) debits	- 21	- 20	- 18	- 10	- 8	- 7
(b) credits	+ 26	+ 19	+ 17	+ 8	+ 9	+ 6
5. Travel:						
(a) debits	- 12	- 15	- 18	- 8	- 10	- 3
(b) credits	+ 5	+ 6	+ 5	+ 2	+ 3	+ 2
6. Migrants' funds, legacies and private gifts (net)	- 5	- 4	- 3	- 1	- 2	- 1
7. Other (net)	- 99	- 104	- 116	- 69	- 47	- 31
<i>Total</i>	- 106	- 97	- 130	- 78	- 52	- 36
CURRENT BALANCE	- 60	- 24	- 123	- 48	- 75	- 21

⁽¹⁾ The non-sterling countries included in this series are not the same for all periods. See the area definitions on page 22.

TABLE 8

GOLD AND CONVERTIBLE CURRENCY RESERVES, ETC.

£ million

	31st Dec., 1955	31st Dec., 1956	31st Dec., 1957	30th June, 1958	31st Dec., 1958	30th June, 1959
A. Gold and Convertible Currency Reserves	757	799 ⁽¹⁾	812	1,099	1,096	1,133
B. U.K. Official Holdings of Non-convertible Currencies						
O.E.E.C. countries ...	9	10	32	8	10 ⁽²⁾	5
Other non-sterling countries	4	4	4	4	3	
Total	13	14	36	12	13	5
C. Acceptances Outstanding⁽³⁾						
Sterling area countries ...	101	126	9	11	11	11
Non-sterling countries ...			138	112	119	118
Total	101	126	147	123	130	139

⁽¹⁾ Including 37 in special loan interest accounts; see definition of item 15, page 26.

⁽²⁾ Including convertible currencies set aside for liquidation in the final E.P.U. settlement.

⁽³⁾ Changes are included in item 11 of Tables 1-3.

TABLE 9
OVERSEAS STERLING HOLDINGS, ETC.

£ million

	31st Dec., 1955	31st Dec., 1956	31st Dec., 1957	30th June, 1958	31st Dec., 1958	30th June, 1959
A. Overseas Sterling Holdings						
STERLING AREA COUNTRIES						
U.K. Colonies	844	870	883	887	880	894
Other sterling area countries ...	1,920	1,860	1,725	1,650	1,639	1,751
Total—sterling area countries	2,764	2,730	2,608	2,537	2,519	2,645
NON-STERLING COUNTRIES						
UP TO 31ST DECEMBER, 1958						
Dollar area	58	37	35	44	53	—
Other western hemisphere countries	9	32	31	23	24	—
O.E.E.C. countries:						
E.P.U. reported accounts...	34	24	35	30	47 ⁽¹⁾	—
Other ⁽²⁾	179	169	225	276	326	—
Other non-sterling countries...	532	430	339	364	384	—
FROM 1ST JANUARY, 1959						
North America	—	—	—	—	58	52
Latin America	—	—	—	—	18	14
Western Europe ⁽²⁾	—	—	—	—	408	303
Other non-sterling countries...	—	—	—	—	350	348
Total—non-sterling countries	812	692	665	737	834	717
TOTAL—ALL COUNTRIES ...	3,576	3,422	3,273	3,274	3,353	3,362
NON-TERRITORIAL ORGANISATIONS						
I.M.F.	380	582	583	580	574	681
Other non-territorial organisations	89	87	62	51	49	28
TOTAL—NON-TERRITORIAL ORGANISATIONS	469	669	645	631	623	709
TOTAL HOLDINGS	4,045	4,091	3,918	3,905	3,976	4,071
B. U.K. Debit Balance in E.P.U.	121	125	136	119	126	135⁽³⁾

⁽¹⁾ At 27th December, 1958.

⁽²⁾ 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 17). 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.

⁽³⁾ Balance as at final settlement on 15th January, 1959. See definition of item 13.

NOTES AND 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. In certain cases the figures do not add to totals because of rounding.

TABLE A—REVISIONS OF ESTIMATES FOR 1956 AND 1957

The revised estimates for the halves of 1956 and 1957 for the main groups of items are set out below:—

						1956		1957	
						Jan.- June	July- Dec.	Jan.- June	July- Dec.
A. Current balance									
R.S.A.	...	...	...	...	...	+ 144	+ 202	+ 113	+ 265
N.S.A.	...	...	...	...	...	+ 3	- 157	- 7	- 129
<i>Total</i>	...	...	...	...	...	+ 147	+ 45	+ 106	+ 136
B. Balance of long-term capital									
R.S.A.	...	...	...	...	...	- 57	- 133	- 170	- 125
N.S.A.	...	...	...	...	...	- 27	- 24	- 8	+ 105
<i>Total</i>	...	...	...	...	...	- 84	- 157	- 178	- 20
C. Balance of monetary movements									
R.S.A.	...	...	...	...	...	+ 32	- 76	+ 79	- 241
N.S.A.	...	...	...	...	...	- 155	+ 136	- 95	+ 50
<i>Total</i>	...	...	...	...	...	- 123	+ 60	- 16	- 191
D. Inter-area transfers									
R.S.A.	...	...	...	...	...	- 146	- 71	- 164	- 11
N.S.A.	...	...	...	...	...	+ 146	+ 71	+ 164	+ 11
<i>Total</i>	...	...	...	...	...	—	—	—	—
E. Balancing item									
R.S.A.	...	...	...	...	...	+ 27	+ 78	+ 142	+ 112
N.S.A.	...	...	...	...	...	+ 33	- 26	- 54	- 37
<i>Total</i>	...	...	...	...	...	+ 60	+ 52	+ 88	+ 75

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.

	1956	1957	1958	1958		1959
				Jan.— June	July— Dec.	
Rest of Sterling Area						
Military	126	113	109	53	56	58
Colonial grants	28	38	36	20	16	21
Relief and other grants... ..	14	8	12	5	7	4
Administrative, diplomatic, etc.:						
Pensions	6	7	8	4	4	4
Other	7	6	6	4	2	4
<i>Total</i>	181	172	171	86	85	91
Non-Sterling Areas						
Military:						
Contributions to international organisations	1	2	2	2	—	2
Other	51	48	72	33	39	26
Relief and other grants:						
Contributions to international organisations	3	3	3	2	1	2
Other	2	1	—	—	—	—
Administrative, diplomatic, etc.:						
Contributions to international organisations	4	5	6	4	2	4
Pensions	3	3	3	1	2	2
Other	13	14	15	7	8	8
<i>Total</i>	77	76	101	49	52	44
All Areas						
Military:						
Contributions to international organisations	1	2	2	2	—	2
Other	177	161	181	86	95	84
Colonial grants	28	38	36	20	16	21
Relief and other grants:						
Contributions to international organisations	3	3	3	2	1	2
Other	16	9	12	5	7	4
Administrative, diplomatic, etc.:						
Contributions to international organisations	4	5	6	4	2	4
Pensions	9	10	11	5	6	6
Other	20	20	21	11	10	12
<i>Total</i>	258	248	272	135	137	135

TABLE C—INTER-GOVERNMENT LOANS

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.		1956	1957	1958	1958		1959
					Jan.— June	July— Dec.	Jan.— June
8 (a)	Made by U.K. (—)						
	O.E.E.C. countries/ Western Europe	—	3	2	—	2	2
	Other non-sterling countries	2	5	2	2	—	1
	Total non-sterling areas	2	8	4	2	2	3
	Rest of sterling area ...	8	11	18	3	15	20
	Total all areas ...	10	19	22	5	17	23
	Repaid to U.K. (+)						
	Other western hemi- sphere countries/Latin America ...	—	1	—	—	—	1
	O.E.E.C. countries/ Western Europe	22	21	23	5	18	45 ⁽¹⁾ (²)
	Other non-sterling countries	4	7	9	6	3	5
	Total non-sterling areas	26	29	32	11	21	51
	Rest of sterling area ...	3	3	5	3	2	3
	Total all areas ...	29	32	37	14	23	54
	Inter-government loans by U.K. (net) ...	+19	+13	+15	+ 9	+ 6	+31
	Made to U.K. (+)						
	Dollar area/North America	—	89	—	—	—	—
	O.E.E.C. countries/ Western Europe	—	—	—	—	—	37 ⁽²⁾
	Total all areas ...	—	89	—	—	—	37
8 (b)	Repaid by U.K. (—)						
	Dollar area/North America	60	19	39	6	33	2
	O.E.E.C. countries/ Western Europe	5	4	4	—	4	22 ⁽¹⁾
	Total non-sterling areas	65	23	43	6	37	23
	Rest of sterling area ...	5	7	17	17	—	11
	Total all areas ...	70	30	60	23	37	34
8 (b)	Inter-government loans to U.K. (net) ...	—70	+59	—60	—23	—37	+ 3

⁽¹⁾ Including payments and receipts in respect of bilateral debits and credits arising from the liquidation of E.P.U.

⁽²⁾ See footnote ⁽²⁾ 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. In the main tables, "Defence aid" is included in item 2 (b) and "U.S. and Canadian Forces' expenditure in the United Kingdom" forms part of items 2 (b) and 7. "Offshore sales to U.S. Government" includes sales of goods for supply to the U.K. Forces (part of item 2 (b)) and to the armed forces of other countries (part of item 1 (b)). "Government loan transactions" gives details of the interest paid on the U.S. and Canadian Government loans (part of item 4 (a)) and of borrowing and repayments of the principal (part of item 8 (b)).

	1956	1957	1958	1958		1959
				Jan.— June	July— Dec.	
DEFENCE AID						
Grants to United Kingdom:						
Mutual Security Act	22	19	—	—	—	—
Public Law 480	4	2	3	3	—	—
<i>Total</i>	26	21	3	3	—	—
OTHER SPECIAL RECEIPTS						
ON CURRENT ACCOUNT						
U.S. and Canadian Forces' expenditure in the United Kingdom	80	90	70	35	35	30
Offshore sales to U.S. Government	39	40	18	11	7	8
GOVERNMENT LOAN TRANSACTIONS						
Interest payments:						
U.S. and Canadian credits and Lend-Lease Settlement loan ...	— ⁽¹⁾	1 ⁽¹⁾	39	—	39	—
E.R.P. loan	3	3	3	1	2	2
Export-Import Bank credit ...	—	—	4	2	2	2
<i>Total</i>	3	4	46	3	43	4
Principal:						
Borrowing:						
Export-Import Bank credit ...	—	89	—	—	—	—
Repayments:						
U.S. and Canadian credits and Lend-Lease Settlement loan	26	1 ⁽¹⁾	27	—	27	1
E.R.P. loan	—	—	1	—	1	1
Lend-Lease silver loan ...	22	7	—	—	—	—
Canadian interest-free loan ...	11	11	11	6	5 ⁽²⁾	—
<i>Total</i>	60	19	39	6	33	2

⁽¹⁾ 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).

⁽²⁾ 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 16 and 17 on page 26. 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. The incompleteness of the statistics, however, particularly as regards the trade of entrepôt centres such as Hong Kong, prevents the table from being a full account.

“ 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.

	1956	1957	1958	1958		1959
				Jan.— June	July— Dec.	Jan.— June (provi- sional)
R.S.A. CURRENT ACCOUNT WITH NON-STERLING AREAS						
Imports ⁽¹⁾ :						
Dollar area/North America ...	576	690	635	323	312	337
Other western hemisphere coun- tries/Latin America ...	12	11	10	5	5	5
O.E.E.C. countries/Western Europe	649	734	674	354	320	342
Other non-sterling countries ...	571	650	670	336	334	310
<i>Total</i> ...	1,808	2,085	1,989	1,018	971	994
Exports ⁽¹⁾ :						
Dollar area/North America ...	487	560	510	261	249	284
Other western hemisphere coun- tries/Latin America ...	20	32	25	12	13	19
O.E.E.C. countries/Western Europe	713	727	604	318	286	349
Other non-sterling countries ...	557	618	540	260	280	283
<i>Total</i> ...	1,777	1,937	1,679	851	828	935
Visible trade (net) ...	— 31	— 148	— 310	— 167	— 143	— 59
Invisibles (net) ⁽²⁾ ...	— 132	— 181	— 79	— 40	— 39	— 43
CURRENT BALANCE ...	— 163	— 329	— 389	— 207	— 182	— 102
R.S.A. SALES OF GOLD IN U.K. (NET)⁽³⁾	222	226	231	133	98	121
R.S.A. CAPITAL ACCOUNT WITH NON- STERLING AREAS						
I.M.F. drawings ⁽⁴⁾ ...	+ 1	+ 71	+ 12	+ 13	— 1	— 4
I.B.R.D. drawings ⁽⁵⁾ ...	+ 27	+ 50	+ 84	+ 41	+ 43	+ 43
Other capital (net) ⁽⁶⁾ ...	+ 130	+ 157	+ 245	+ 134	+ 111	+ 124
CAPITAL BALANCE ...	+ 158	+ 278	+ 341	+ 188	+ 153	+ 163
R.S.A. SURPLUS ...	+ 217	+ 175	+ 183	+ 114	— 69	+ 182

(1) 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.

(2) Including grants.

(3) See definition of item 16 on page 26.

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

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

(6) 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 continues the series given in footnote (2) to Table 8 of Cmd. 700. It 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 17 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 17 of Table 3. I.B.R.D. disbursements to non-sterling countries during the period were negligible.

	1956	1957	1958	1958		1959
				Jan.—June	July—Dec.	
Disbursements to the R.S.A. from the U.K's. sterling subscription to I.B.R.D.	7	15	17	7	10	15
Sterling drawings on I.M.F.:						
by the R.S.A.... ..	—	—	4	4	—	—
by non-sterling countries ...	—	—	2	—	2	—

TABLE G—EUROPEAN PAYMENTS UNION

A detailed account of E.P.U. transactions will be found on pages 62 to 64 of "United Kingdom Balance of Payments 1946–57". The following table completes the series shown in Section D of the table on pages 65 and 66 of that publication; the settlements in January–June 1959 are those which took place on 15th January in respect of the final E.P.U. accounting period, viz., 1st–27th December, 1958.

Item No.		1956	1957	1958	1958		1959
					Jan.—June	July—Dec.	
	U.K. Settlements in period						
13*	Settlements with E.P.U.:						
	Credit in E.P.U. (increase in debit, +)...	+ 25	+ 33	+ 10	— 11	+ 21	+ 10
17*	Gold or dollars (paid, +)	+ 75	+ 98	+ 29	— 33	+ 62	+ 30
	Bilateral settlements:						
13*	Credit in E.P.U. (repaid, —)	— 21	— 21	— 20	— 6	— 13	— 1
17*	Gold or dollars (paid, +)	+ 13	+ 21	+ 19	+ 6	+ 13	+ 1
12 (a)*	Sterling (paid, +) ...	+ 8	—	+ 1	—	—	—
	Total settlements:						
13	Credit in E.P.U. (increase in debit, +) ...	+ 4	+ 11	— 10	— 17	+ 7	+ 9
17*	Gold or dollars (paid, +)	+ 88	+ 119	+ 48	— 27	+ 75	+ 31
12 (a)*	Sterling (paid, +) ...	+ 8	—	+ 1	—	—	—

* Part of item.

**TABLE H—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"⁽¹⁾. The statistical details given there are brought up to date in the table below.

	1956	1957	1958	1958		1959
				Jan.- June	July- Dec.	Jan.- June (provi- sional)
Imports						
(a) Trade and Navigation Accounts imports (c.i.f.) ...	3,860	4,042	3,751	1,829	1,922	1,924
(b) Specified coverage differences + 83	+ 83	+ 92	+ 81	+ 42	+ 39	+ 41
(c) Other differences ... - 477	- 477	- 565	- 502	- 243	- 259	- 238
(d) Balance of payments imports (f.o.b.) ...	3,466	3,569	3,330	1,628	1,702	1,727
Export and Re-exports						
(e) Trade and Navigation Accounts exports and re-exports (f.o.b.) ...	3,282	3,420	3,313	1,654	1,659	1,701
(f) Specified coverage adjustments ... + 124	+ 124	+ 113	+ 99	+ 46	+ 53	+ 51
(g) Timing adjustments ... + 1	+ 1	- 4	+ 2	+ 10	- 8	-
(h) Other adjustments ... - 5	- 5	+ 9	+ 14	+ 11	+ 3	- 2
(i) Balance of payments exports and re-exports (f.o.b.) ...	3,402	3,538	3,428	1,721	1,707	1,750
Balance of Visible Trade						
(j) Trade and Navigation Accounts ... - 578	- 578	- 622	- 438	- 175	- 263	- 223
(k) Balance of payments ... - 64	- 64	- 31	+ 98	+ 93	+ 5	+ 23
(l) Difference (k)—(j) ...	514	591	536	268	268	246

⁽¹⁾ 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.

Recent enquiries have also led to a reduction in the timing adjustments made to the Trade and Navigation Accounts figures.

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 January–June 1959): 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 January–June 1959): 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 January–June 1959): 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 H on page 21.)

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 excluded, as are, so far as possible, 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, civil aviation and films, 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*: loans by the United Kingdom Government to other governments, less repayments. See also Table C and item 13.

Item 8 (b)—*Inter-government loans to the United Kingdom*: loans by other governments to the United Kingdom Government, less repayments. The loan by the Export-Import Bank of Washington is included, as are capital repayments by the United Kingdom Government of sums due to the Governments of India and Pakistan under the Pensions Annuities Schemes of 1948. See also Table C and item 13.

Item 9—*United Kingdom subscription to the International Monetary Fund*.

Item 10—*Other long-term capital (net)*: 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 11—*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 and shipping 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 12—*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 13—*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 14—*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 15—*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 16—*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 17—*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 18—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 subscription to I.M.F.
10. Other long-term capital (net)

C. Monetary Movements

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

D. Inter-Area Transfers

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

E. 18. Balancing Item

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