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UNITED KINGDOM BALANCE OF PAYMENTS 1955 to 1958

*Presented to Parliament by the Financial Secretary to the Treasury
by Command of Her Majesty
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LONDON

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INTRODUCTION

The Balance of Payments in January-June 1958

1. This paper continues the series of half-yearly papers on the United Kingdom balance of payments, of which the last was Cmnd. 399. Estimates for January-June 1958 are published for the first time. These are provisional since not all the overseas data used in their preparation have yet been received. Estimates for 1957 and earlier years have been revised.

2. The present estimate for the current balance in January-June 1958 shows a surplus of £334 million compared with the revised estimate of £154 million for July-December 1957 and £118 million for the first half of 1957. The improvement of £216 million between January-June 1957 and the corresponding half of the present year is the net result of a number of substantial changes in individual items. The major favourable factors were falls in payments for imports, f.o.b. (£191 million), and in shipping debits (£57 million) and an increase, largely ascribable to the net earnings of the oil industry, of £68 million in receipts from "other invisibles net". On the other hand export and re-export receipts fell by £29 million, shipping credits by £27 million, and Government credits (mainly owing to lower receipts from U.S. defence aid and offshore purchases) by £41 million. There was little change in other items. The balance of visible trade, already better in 1956 and 1957 than in previous years, improved still further in the first half of 1958, when there was a surplus of £137 million in place of the usual deficit. This further improvement was due to reduced import prices. There are no estimates of volumes of imports and exports as recorded in the balance of payments, but volume figures based on the Trade and Navigation Accounts show that, compared with the first half of 1957, imports were little changed while exports fell slightly.

3. Net long-term investment overseas in January-June 1958 at £114 million was much less than in January-June 1957 (£178 million) and much more than in the intervening July-December (£30 million). Special factors account for most of these fluctuations. The outflow in January-June 1957 was inflated by free market security transactions, while the net figure for July-December reflected the drawing upon the Export-Import Bank line of credit (£89 million) and the postponement of the annual capital repayment on the U.S. and Canadian loans (£26 million).

4. It will be noticed that, in the January-June period of 1958, the stability of the total of the sterling holdings of all countries masks a substantial fall in those of the rest of the sterling area (contrary to seasonal trends), and a rise in those of non-sterling countries. The balances of the rest of the sterling area fell by £76 million whereas they rose by nearly the same amount in the corresponding period last year. This is to be ascribed more to the large deterioration of the rest of the sterling area's current and capital balance with the United Kingdom between the two periods than to a deterioration of their corresponding balance with the non-sterling world. Despite world developments this latter, as measured by the transfers shown in Tables 2 and 3, and in paragraph 8 of the Notes, fell away comparatively little, an increase in capital receipts from the non-sterling world going far to offset the weakening of the balance of current transactions. Thus, as shown in Table 3, the United Kingdom's surplus on current and long-term capital transactions with the non-sterling world, the corresponding surplus of the rest of the sterling area, and the increase in the sterling holdings of the non-sterling world were the main factors which combined to lead to a rise in the gold and dollar reserves of £287 million.

Presentation

5. Table 10 has been enlarged to include figures of acceptances outstanding. Changes in these are included in item 15 (c), "Miscellaneous capital (net)" in Tables 1 to 8. This new series, and overseas sterling holdings generally, were described in an article on "Overseas Sterling Holdings" published in the May 1958 issue of "Economic Trends" (published for the Central Statistical Office by H.M.S.O.).

6. Paragraphs 7 and 8 of the Notes include an enlarged table of transfers between the rest of the sterling area and non-sterling areas, incorporating most of the material previously shown in paragraphs 7, 8 and 9 of the Notes to Cmnd. 399. The new table is designed to give, so far as the data permit, a balance of payments of the rest of the sterling area with the non-sterling world.

7. For the convenience of those who wish to refer to a longer series of years than is shown in this White Paper, it is intended to publish shortly a volume bringing together the published statistics on the United Kingdom balance of payments for the whole post-war period from 1946 to 1957 inclusive.

TABLE 1
GENERAL BALANCE OF PAYMENTS £ million

	1955	1956	1957	1957		1958
				January-June	July-December	January-June (provisional)
A. CURRENT ACCOUNT						
DEBITS						
1. Imports (f.o.b.)	3,432	3,462	3,573	1,807	1,766	1,616
2. Shipping	341	412	444	234	210	177
3. Interest, profits and dividends	269	259	251	124	127	127
4. Travel... ..	125	129	146	55	91	57
5. Migrants' funds, legacies and private gifts (net)	18	18	33	17	16	9
6. Government	241	258	248	131	117	135
Total	4,426	4,538	4,695	2,368	2,327	2,121
CREDITS						
7. Exports and re-exports (f.o.b.)	3,076	3,411	3,517	1,782	1,735	1,753
8. Shipping	464	517	554	286	268	259
9. Interest, profits and dividends	346	373	361	174	187	167
10. Travel... ..	111	121	129	56	73	61
11. Government						
(a) Defence aid (net) ...	46	26	21	18	3	3
(b) Other	59	65	84	58	26	32
12. Other (net)	251	283	301	112	189	180
Total	4,353	4,796	4,967	2,486	2,481	2,455
CURRENT BALANCE	- 73	+ 258	+ 272	+ 118	+ 154	+ 334
of which:—						
<i>visible trade</i>	- 356	- 51	- 56	- 25	- 31	+ 137
<i>invisibles: Government</i> ...	- 136	- 167	- 143	- 55	- 88	- 100
<i>other</i>	+ 419	+ 476	+ 471	+ 198	+ 273	+ 297
B. INVESTMENT AND FINANCING ACCOUNT⁽¹⁾						
LONG-TERM CAPITAL (NET)						
13. Inter-Government loans by U.K. (net)	- 5	+ 19	+ 13	-	+ 13	+ 9
14. Inter-Government loans to U.K. (net)	- 48	- 70	+ 59	- 18	+ 77	- 23
15a. Other long-term capital (net)	- 130	- 190	- 280	- 160	- 120	- 100
Total	- 183	- 241	- 208	- 178	- 30	- 114
Balance of current and long-term capital transactions	- 256	+ 17	+ 64	- 60	+ 124	+ 220
15b. BALANCING ITEM	+ 100	+ 47	+ 125	+ 77	+ 48	+ 43
OTHER FINANCING ITEMS						
15c. Miscellaneous capital (net) ...	+ 60	- 70	+ 10	- 20	+ 30	+ 30
16. Overseas sterling holdings of: countries	- 127	- 155	- 151	+ 73	- 224	+ 1
non-territorial organisations ⁽²⁾	- 7	+ 200	- 24	- 9	- 15	- 14
17. U.K. debit balance in E.P.U.	+ 1	+ 4	+ 11	- 10	+ 21	- 17
18. U.K. official holdings of non-dollar currencies	-	- 1	- 22	-	- 22	+ 24
19. Special "waiver" accounts...	-	- 37	+ 37	+ 37	-	-
20. Gold and dollar reserves ...	+ 229	- 5	- 50	- 88	+ 38	- 287
BALANCE OF INVESTMENT AND FINANCING	+ 73	- 258	- 272	- 118	- 154	- 334

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

⁽²⁾ Of which change in I.M.F. holdings in respect of U.K. drawings:—1956, +201.

TABLE 2
BALANCE OF PAYMENTS WITH REST OF STERLING AREA

£ million

	1955	1956	1957	1957		1958
				January-June	July-December	
A. CURRENT ACCOUNT⁽¹⁾						
DEBITS						
1. Imports (f.o.b.)	1,417	1,370	1,407	752	655	644
2. Shipping	67	68	75	37	38	38
3. Interest, profits and dividends	112	134	130	64	66	67
4. Travel	42	43	42	18	24	17
5. Migrants' funds, legacies and private gifts (net)	— 2	6	8	3	5	3
6. Government	163	182	173	91	82	86
Total	1,799	1,803	1,835	965	870	855
CREDITS						
7. Exports and re-exports (f.o.b.)	1,414	1,458	1,478	732	746	774
8. Shipping	191	200	212	106	106	105
9. Interest, profits and dividends	220	230	221	106	115	100
10. Travel	45	48	50	24	26	25
11. Government	18	10	18	11	7	8
12. Other (net)	125	163	216	98	118	122
Total	2,013	2,109	2,195	1,077	1,118	1,134
CURRENT BALANCE ...	+ 214	+ 306	+ 360	+ 112	+ 248	+ 279
B. INVESTMENT AND FINANCING ACCOUNT						
LONG-TERM CAPITAL (NET)⁽²⁾						
13. Inter-Government loans by U.K. (net)	— 12	— 5	— 8	— 5	— 3	—
14. Inter-Government loans to U.K. (net)	— 7	— 5	— 7	— 5	— 2	— 17
15a. Other long-term capital (net)	— 110	— 180	— 280	— 160	— 120	— 110
Total	— 129	— 190	— 295	— 170	— 125	— 127
<i>Balance of current and long-term capital transactions</i>	+ 85	+ 116	+ 65	— 58	+ 123	+ 152
15b. BALANCING ITEM	+ 73	+ 76	+ 246	+ 150	+ 96	+ 43
OTHER FINANCING ITEMS⁽²⁾						
15c. Miscellaneous capital (net) ...	+ 30	— 10	— 30	— 10	— 20	—
16. Overseas sterling holdings ...	— 45	— 23	— 156	+ 69	— 225	— 76
21. } INTER-AREA TRANSFERS ⁽³⁾ ...	— 143	— 159	— 125	— 151	+ 26	— 119
22. }						
BALANCE OF INVESTMENT AND FINANCING	— 214	— 306	— 360	— 112	— 248	— 279

(1) The U.K. current account with the Colonies is given in paragraph 6 of the Notes.

(2) Assets: Increase—/decrease+. Liabilities: Increase +/decrease —.

(3) Net purchases (—) of gold and non-sterling area currencies from the R.S.A. and net transfers of sterling from non-sterling areas to (—) the rest of the sterling area. Further details are given in paragraphs 7 and 8 of the Notes.

TABLE 3
BALANCE OF PAYMENTS WITH NON-STERLING AREAS

£ million

	1955	1956	1957	1957		1958
				January-June	July-December	
A. CURRENT ACCOUNT						
DEBITS						
1. Imports (f.o.b.)	2,015	2,092	2,166	1,055	1,111	972
2. Shipping	274	344	369	197	172	139
3. Interest, profits and dividends	157	125	121	60	61	60
4. Travel	83	86	104	37	67	40
5. Migrants' funds, legacies and private gifts (net)	20	12	25	14	11	6
6. Government	78	76	75	40	35	49
Total	2,627	2,735	2,860	1,403	1,457	1,266
CREDITS						
7. Exports and re-exports (f.o.b.)	1,662	1,953	2,039	1,050	989	979
8. Shipping	273	317	342	180	162	154
9. Interest, profits and dividends	126	143	140	68	72	67
10. Travel	66	73	79	32	47	36
11. Government						
(a) Defence aid (net) ...	46	26	21	18	3	3
(b) Other	41	55	66	47	19	24
12. Other (net)	126	120	85	14	71	58
Total	2,340	2,687	2,772	1,409	1,363	1,321
CURRENT BALANCE ...	- 287	- 48	- 88	+ 6	- 94	+ 55
B. INVESTMENT AND FINANCING ACCOUNT						
LONG-TERM CAPITAL (NET)⁽¹⁾						
13. Inter-Government loans by U.K. (net)	+ 7	+ 24	+ 21	+ 5	+ 16	+ 9
14. Inter-Government loans to U.K. (net)	- 41	- 65	+ 66	- 13	+ 79	- 6
15a. Other long-term capital (net)	- 20	- 10	—	—	—	+ 10
Total	- 54	- 51	+ 87	- 8	+ 95	+ 13
<i>Balance of current and long-term capital transactions</i>	- 341	- 99	- 1	- 2	+ 1	+ 68
15b. BALANCING ITEM	+ 27	- 29	- 121	- 73	- 48	—
OTHER FINANCING ITEMS⁽¹⁾						
15c. Miscellaneous capital (net) ...	+ 30	- 60	+ 40	- 10	+ 50	+ 30
16. Overseas sterling holdings of:						
countries	- 82	- 132	+ 5	+ 4	+ 1	+ 77
non-territorial organisations ⁽²⁾	- 7	+ 200	- 24	- 9	- 15	- 14
17. U.K. debit balance in E.P.U.	+ 1	+ 4	+ 11	- 10	+ 21	- 17
18. U.K. official holdings of non-dollar currencies	—	- 1	- 22	—	- 22	+ 24
19. Special "waiver" accounts...	—	- 37	+ 37	+ 37	—	—
20. Gold and dollar reserves ...	+ 229	- 5	- 50	- 88	+ 38	- 287
21. } INTER-AREA TRANSFERS⁽³⁾ ...	+ 143	+ 159	+ 125	+ 151	- 26	+ 119
22. }						
BALANCE OF INVESTMENT AND FINANCING	+ 287	+ 48	+ 88	- 6	+ 94	- 55

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

⁽²⁾ Of which change in I.M.F. holdings in respect of U.K. drawings:—1956, +201.

⁽³⁾ The obverse of items 21 and 22 of Table 2.

TABLE 4
BALANCE OF PAYMENTS WITH DOLLAR AREA

£ million

	1955	1956	1957	1957		1958
				January– June	July– December	
A. CURRENT ACCOUNT						
DEBITS						
1. Imports (f.o.b.)	731	769	826	416	410	325
2. Shipping	76	78	83	42	41	37
3. Interest, profits and dividends	110	70	71	35	36	35
4. Travel... ..	5	5	7	3	4	3
5. Migrants' funds, legacies and private gifts (net)	15	5	20	12	8	3
6. Government	14	12	12	6	6	6
Total	951	939	1,019	514	505	409
CREDITS						
7. Exports and re-exports (f.o.b.)	494	620	636	328	308	316
8. Shipping	99	114	121	61	60	60
9. Interest, profits and dividends	67	81	83	40	43	41
10. Travel... ..	39	42	44	18	26	22
11. Government						
(a) Defence aid (net) ...	46	26	21	18	3	3
(b) Other	37	51	62	44	18	22
12. Other (net)	— 15	3	— 37	— 19	— 18	8
Total	767	937	930	490	440	472
CURRENT BALANCE ...	— 184	— 2	— 89	— 24	— 65	+ 63
B. INVESTMENT AND FINANCING ACCOUNT						
14. Inter-Government loans to U.K. (net) ⁽¹⁾⁽²⁾	— 37	— 60	+ 70	— 13	+ 83	— 6
15. Other long-term and miscellaneous capital (net) and balancing item ⁽¹⁾	+ 55	+ 6	+ 57	+ 33	+ 24	+ 25
16. Overseas sterling holdings ⁽¹⁾	— 39	— 21	— 2	+ 13	— 15	+ 9
19. Special "waiver" accounts ⁽¹⁾	—	— 37	+ 37	+ 37	—	—
20. Gold and dollar reserves ⁽¹⁾ ...	+ 229	— 5	— 50	— 88	+ 38	— 287
21. } Inter-area transfers ⁽³⁾ ...	— 24	+ 119	— 23	+ 42	— 65	+ 196
22. }						
BALANCE OF INVESTMENT AND FINANCING	+ 184	+ 2	+ 89	+ 24	+ 65	— 63

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

(2) Further details, including interest payments on these loans, are given in paragraph 10 of the Notes.

(3) Details by areas are given in Table 9. For significance of signs see Definitions: notes on items 21 and 22.

TABLE 5
BALANCE OF PAYMENTS WITH OTHER WESTERN
HEMISPHERE COUNTRIES

£ million

	1955	1956	1957	1957		1958
				January-June	July-December	
A. CURRENT ACCOUNT						
DEBITS						
1. Imports (f.o.b.)	124	125	136	75	61	66
2. Shipping	4	5	7	4	3	2
3. Interest, profits and dividends	2	2	3	1	2	1
6. Government	—	1	1	—	1	—
Total	130	133	147	80	67	69
CREDITS						
7. Exports and re-exports (f.o.b.)	56	60	79	38	41	39
8. Shipping	10	9	13	6	7	6
9. Interest, profits and dividends	10	9	10	5	5	5
10. Travel... ..	2	2	3	2	1	1
12. Other (net)	54	58	67	30	37	35
Total	132	138	172	81	91	86
CURRENT BALANCE	+ 2	+ 5	+ 25	+ 1	+ 24	+ 17
B. INVESTMENT AND FINANCING ACCOUNT						
13. Inter-Government loans by U.K. (net) ⁽¹⁾	— 19	—	+ 1	+ 1	—	—
15. Other long-term and miscellaneous capital (net) and balancing item ⁽¹⁾	+ 21	— 24	— 33	— 19	— 14	—
16. Overseas sterling holdings ⁽¹⁾	+ 1	+ 23	— 1	+ 4	— 5	— 8
22. Inter-area transfers ⁽²⁾ :						
Rest of sterling area	+ 19	+ 7	+ 19	+ 8	+ 11	+ 9
Dollar area ⁽³⁾	+ 9	— 8	— 11	—	— 11	— 14
Other areas	— 33	— 3	—	+ 5	— 5	— 4
Total inter-area transfers...	— 5	— 4	+ 8	+ 13	— 5	— 9
BALANCE OF INVESTMENT AND FINANCING	— 2	— 5	— 25	— 1	— 24	— 17

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

⁽²⁾ For significance of signs see Definitions: note on item 22.

⁽³⁾ Including U.K. transactions in gold and dollars with other western hemisphere countries.

TABLE 6
BALANCE OF PAYMENTS WITH O.E.E.C. COUNTRIES

£ million

	1955	1956	1957	1957		1958
				January-June	July-December	
A. CURRENT ACCOUNT						
DEBITS						
1. Imports (f.o.b.)	874	902	912	436	476	438
2. Shipping	170	230	255	140	115	90
3. Interest, profits and dividends	31	38	32	17	15	17
4. Travel	71	72	85	30	55	32
5. Migrants' funds, legacies and private gifts (net)	2	2	—	1	1	1
6. Government	35	41	46	24	22	32
Total	1,183	1,285	1,330	646	684	610
CREDITS						
7. Exports and re-exports (f.o.b.)	828	941	984	517	467	453
8. Shipping	130	145	148	82	66	63
9. Interest, profits and dividends	24	27	29	14	15	14
10. Travel	21	24	27	10	17	11
11. Government	2	1	3	2	1	2
12. Other (net)	124	85	114	33	81	48
Total	1,129	1,223	1,305	658	647	591
CURRENT BALANCE ...	— 54	— 62	— 25	+ 12	— 37	— 19
B. INVESTMENT AND FINANCING ACCOUNT						
13. Inter-Government loans by U.K. (net) ⁽¹⁾	+ 22	+ 22	+ 18	+ 3	+ 15	+ 5
14. Inter-Government loans to U.K. (net) ⁽¹⁾	— 4	— 5	— 4	—	— 4	—
15. Other long-term and miscellaneous capital (net) and balancing item ⁽¹⁾	— 81	— 96	— 172	— 64	— 108	— 7
16. Overseas sterling holdings ⁽¹⁾	— 31	— 20	+ 67	+ 12	+ 55	+ 46
17. U.K. debit balance in E.P.U. ⁽¹⁾⁽²⁾	+ 1	+ 4	+ 11	— 10	+ 21	— 17
18. U.K. official holdings of non-dollar currencies ⁽¹⁾	+ 1	— 1	— 22	—	— 22	+ 24
22. Inter-area transfers ⁽³⁾						
Rest of sterling area ...	+ 34	— 6	— 95	— 19	— 76	— 46
Dollar area						
(a) E.P.U. gold and dollar settlements ⁽²⁾ ...	+ 70	+ 88	+ 119	— 5	+ 124	— 27
(b) Other ⁽⁴⁾	+ 137	+ 216	+ 164	+ 120	+ 44	+ 51
Other areas	— 95	— 140	— 61	— 49	— 12	— 10
Total inter-area transfers ...	+ 146	+ 158	+ 127	+ 47	+ 80	— 32
BALANCE OF INVESTMENT AND FINANCING	+ 54	+ 62	+ 25	— 12	+ 37	+ 19

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

⁽²⁾ Details of the U.K. position in E.P.U. are given in paragraphs 11–13 of the Notes.

⁽³⁾ For significance of signs see Definitions: note on item 22.

⁽⁴⁾ Other transactions in gold and dollars with O.E.E.C. countries are explained in paragraph 12 of the Notes.

TABLE 7

BALANCE OF PAYMENTS WITH OTHER NON-STERLING COUNTRIES

£ million

	1955	1956	1957	1957		1958
				January-June	July-December	January-June (provisional)
A. CURRENT ACCOUNT						
DEBITS						
1. Imports (f.o.b.)	286	296	292	128	164	143
2. Shipping	24	31	24	11	13	10
3. Interest, profits and dividends	14	14	13	7	6	6
4. Travel... ..	7	9	12	4	8	5
5. Migrants' funds, legacies and private gifts (net)	3	5	5	3	2	2
6. Government	20	14	6	3	3	3
Total	354	369	352	156	196	169
CREDITS						
7. Exports and re-exports (f.o.b.)	283	330	331	165	166	161
8. Shipping	34	49	60	31	29	25
9. Interest, profits and dividends	24	25	17	9	8	7
10. Travel... ..	4	5	5	2	3	2
11. Government	2	3	1	1	—	—
12. Other (net)	— 38	— 25	— 59	— 30	— 29	— 34
Total	309	387	355	178	177	161
CURRENT BALANCE	— 45	+ 18	+ 3	+ 22	— 19	— 8
B. INVESTMENT AND FINANCING ACCOUNT						
13. Inter-Government loans by U.K. (net) ⁽¹⁾	+ 4	+ 2	+ 2	+ 1	+ 1	+ 4
15. Other long-term and miscellaneous capital (net) and balancing item ⁽¹⁾	+ 35	+ 11	+ 62	— 34	+ 96	+ 15
16. Overseas sterling holdings ⁽¹⁾	— 13	— 114	— 59	— 25	— 34	+ 30
18. U.K. official holdings of non-dollar currencies ⁽¹⁾	— 1	—	—	—	—	—
22. Inter-area transfers ⁽²⁾						
Rest of sterling area	— 121	— 76	— 99	— 24	— 75	— 65
Dollar area ⁽³⁾	+ 15	+ 18	+ 32	+ 18	+ 14	+ 6
Other areas	+ 126	+ 141	+ 59	+ 42	+ 17	+ 18
Total inter-area transfers...	+ 20	+ 83	— 8	+ 36	— 44	— 41
BALANCE OF INVESTMENT AND FINANCING	+ 45	— 18	— 3	— 22	+ 19	+ 8

⁽¹⁾ Assets: Increase —/decrease +. Liabilities: Increase +/decrease —.⁽²⁾ For significance of signs see Definitions: note on item 22.⁽³⁾ Including U.K. transactions in gold and dollars with other non-sterling countries.

TABLE 8

BALANCE OF PAYMENTS WITH NON-TERRITORIAL ORGANISATIONS

£ million

	1955	1956	1957	1957		1958
				January-June	July-December	
A. CURRENT ACCOUNT						
DEBITS						
3. Interest, profits and dividends	—	1	2	—	2	1
6. Government	9	8	10	7	3	8
Total	9	9	12	7	5	9
CREDITS						
7. Exports and re-exports (f.o.b.)	1	2	9	2	7	10
9. Interest, profits and dividends	1	1	1	—	1	—
12. Other (net)	1	— 1	—	—	—	1
Total	3	2	10	2	8	11
CURRENT BALANCE ...	— 6	— 7	— 2	— 5	+ 3	+ 2
B. INVESTMENT AND FINANCING ACCOUNT						
15. Other long-term and miscellaneous capital (net) and balancing item ⁽¹⁾	+ 7	+ 4	+ 5	+ 1	+ 4	+ 7
16. Overseas sterling holdings ⁽¹⁾	— 7	+ 200	— 24	— 9	— 15	— 14
22. Inter-area transfers ⁽²⁾ :						
Rest of sterling area ...	—	+ 2	+ 13	+ 3	+ 10	+ 9
Dollar area ⁽³⁾						
(a) U.K. drawings on I.M.F.	—	— 201	—	—	—	—
(b) Other	+ 4	—	+ 6	+ 8	— 2	—
Other areas	+ 2	+ 2	+ 2	+ 2	—	— 4
Total inter-area transfers ⁽⁴⁾	+ 6	— 197	+ 21	+ 13	+ 8	+ 5
BALANCE OF INVESTMENT AND FINANCING	+ 6	+ 7	+ 2	+ 5	— 3	— 2

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

(2) For significance of signs see Definitions: note on item 22.

(3) Including U.K. transactions in gold and dollars with non-territorial organisations.

(4) Including disbursements, mainly to the R.S.A., from the U.K.'s sterling subscription to I.B.R.D. as follows:—

+ 3 + 7 + 15 + 5 + 10 + 7

TABLE 9
GOLD AND DOLLAR RESERVES⁽¹⁾

£ million

	1955	1956	1957	1957		1958
				January-June	July-December	January-June (provisional)
RESERVES AT BEGINNING OF PERIOD	986	757	762	762	850	812
U.K. TRANSACTIONS WITH DOLLAR AREA						
Current balance ⁽²⁾	- 184	- 2	- 89	- 24	- 65	+ 63
14. } Investment, borrowing, etc.	+ 18	- 54	+ 127	+ 20	+ 107	+ 19
15. }						
16. Overseas sterling holdings (decrease -)	- 39	- 21	- 2	+ 13	- 15	+ 9
19. Special "waiver" accounts (increase -)	-	- 37	+ 37	+ 37	-	-
Total	- 205	- 114	+ 73	+ 46	+ 27	+ 91
GOLD AND DOLLAR TRANSFERS IN RESPECT OF TRANSACTIONS WITH:—						
(i) REST OF STERLING AREA						
21. R.S.A. sales of gold in U.K. (net)	+ 176	+ 220	+ 223	+ 105	+ 118	+ 131
22. Other	+ 35	+ 12	+ 64	+ 78	- 14	+ 81
Total	+ 211	+ 232	+ 287	+ 183	+ 104	+ 212
(ii) NON-DOLLAR NON-STERLING COUNTRIES						
22. Other western hemisphere countries	- 9	+ 8	+ 11	-	+ 11	+ 14
O.E.E.C. countries						
E.P.U. settlements ⁽³⁾	- 70	- 88	- 119	+ 5	- 124	+ 27
Other ⁽⁴⁾	- 137	- 216	- 164	- 120	- 44	- 51
Other non-sterling countries	- 15	- 18	- 32	- 18	- 14	- 6
Total	- 231	- 314	- 304	- 133	- 171	- 16
(iii) NON-TERRITORIAL ORGANISATIONS						
22. U.K. drawings on I.M.F.	-	+ 201	-	-	-	-
Other	- 4	-	- 6	- 8	+ 2	-
Total	- 4	+ 201	- 6	- 8	+ 2	-
TOTAL (=CHANGE IN RESERVES)	- 229	+ 5	+ 50	+ 88	- 38	+ 287
RESERVES AT END OF PERIOD...	757	762	812	850	812	1,099
Value of which in U.S. \$ million	2,120	2,133	2,273	2,381	2,273	3,076

⁽¹⁾ See Definitions: note on item 20.

⁽²⁾ For details see Table 4.

⁽³⁾ Details are given in paragraph 13 of the Notes.

⁽⁴⁾ Other transactions in gold and dollars with O.E.E.C. countries are explained in paragraph 12 of the Notes.

TABLE 10
OVERSEAS STERLING HOLDINGS, ETC.

£ million

	31st Dec. 1954	31st Dec. 1955	31st Dec. 1956	30th June 1957	31st Dec. 1957	30th June 1958
A. OVERSEAS STERLING HOLDINGS⁽¹⁾						
STERLING AREA COUNTRIES						
U.K. Colonies	840	844	870	901	881	886
Other sterling area countries ...	2,084	2,035	1,986	2,024	1,819	1,738
Total—sterling area countries	2,924	2,879	2,856	2,925	2,700	2,624
NON-STERLING COUNTRIES						
Dollar area	97	58	37	50	35	44
Other western hemisphere countries	8	9	32	36	31	23
O.E.E.C. countries	244	213	193	205	260	306
Of which E.P.U. reported accounts	35	34	24	17	35	30
Other non-sterling countries ...	430	417	303	278	244	274
Total—non-sterling countries	779	697	565	569	570	647
TOTAL—ALL COUNTRIES ...	3,703	3,576	3,421	3,494	3,270	3,271
NON-TERRITORIAL ORGANISATIONS...	476	469	669	660	645	631
TOTAL... ..	4,179	4,045	4,090	4,154	3,915	3,902
B. ACCEPTANCES OUTSTANDING⁽²⁾						
Sterling area countries	} 102	101	126	184	{ 9 138	11 112
Non-sterling countries						
TOTAL... ..	102	101	126	184	147	123
C. U.K. DEBIT BALANCE IN E.P.U.	120	121	125	115	136	119
D. U.K. OFFICIAL HOLDINGS OF NON-DOLLAR CURRENCIES						
O.E.E.C. countries	10	9	10	10	32	8
Other non-sterling countries ...	3	4	4	4	4	4
TOTAL... ..	13	13	14	14	36	12

(¹) See Definitions: note on item 16.

(²) See Definitions: note on item 15(c).

NOTES

1. A detailed description of the sources and methods used in compiling the balance of payments was given in the November 1957 issue of "Economic Trends" (published for the Central Statistical Office by H.M.S.O.).

2. The following paragraphs give additional statistical material. For ease of reference it appears under the table to which it chiefly relates. Amounts are given in £ million throughout. In certain cases the figures do not add to totals because of rounding.

TABLE 1—GENERAL BALANCE OF PAYMENTS

3. Imports and exports in the balance of payments and in the Trade and Navigation Accounts

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 40–42 of Cmnd. 122. The statistical details there given are brought up to date in the table below.

	1955	1956	1957	1957		1958
				January–June	July–December	
<i>Imports:</i>						
(a) Trade and Navigation Accounts imports (c.i.f.)...	3,884	3,886	4,076	2,099	1,977	1,846
(b) Specified coverage differences	+ 54	+ 59	+ 65	+ 31	+ 34	+ 24
(c) Other differences ...	– 506	– 483	– 568	– 323	– 245	– 254
(d) Balance of payments imports (f.o.b.) ...	3,432	3,462	3,573	1,807	1,766	1,616
<i>Exports and re-exports:</i>						
(e) Trade and Navigation Accounts exports and re-exports (f.o.b.) ...	3,024	3,318	3,458	1,757	1,701	1,673
(f) Specified coverage adjustments ...	+ 78	+ 91	+ 79	+ 42	+ 37	+ 26
(g) Timing adjustments...	– 12	+ 7	– 27	– 18	– 9	+ 43
(h) Other adjustments ...	– 14	– 5	+ 7	+ 1	+ 6	+ 11
(i) Balance of payments exports and re-exports (f.o.b.) ...	3,076	3,411	3,517	1,782	1,735	1,753
<i>Visible trade balance:</i>						
(j) Trade and Navigation Accounts ...	– 860	– 568	– 618	– 342	– 276	– 173
(k) Balance of payments ...	– 356	– 51	– 56	– 25	– 31	+ 137
(l) Difference ((k)–(j)) ...	504	517	562	317	245	310

The largest differences relate to imports, which are valued c.i.f. in the Trade and Navigation Accounts and mostly f.o.b. in the balance of payments. This is the main explanation of "Other differences" at (c). The coverage items at (b) and (f) relate to diamonds and secondhand ships (which are in the balance of payments, but not in the Trade and Navigation Accounts) and trade with the Channel Islands and landings by British whale fisheries (which are in the Trade and Navigation Accounts, but not in the balance of payments).

4. Government expenditure

Further details of U.K. Government expenditure (item 6) are as follows:

	1955	1956	1957	1957		1958
				January-June	July-December	
Military:						
Contributions to international organisations	1	2	2	2	—	2
Other	156	177	161	82	79	86
Colonial grants	32	27	37	21	16	18
Relief and other grants:						
Contributions to international organisations	4	3	3	2	1	2
Other	17	16	9	5	4	5
Administrative, diplomatic, etc.:						
Pensions	9	9	10	5	5	5
Contributions to international organisations	3	4	5	3	2	4
Other	19	20	21	11	10	13
Total	241	258	248	131	117	135

5. Films and business travel

The following table gives figures of remittances, mostly to the dollar area, in respect of films (which are included on the debit side of "Other (net)"—item 12); and a rough estimate of the business travel component of travel debits (item 4).

	1955	1956	1957	1957		1958
				January-June	July-December	
Films	10	10	11	5	6	4
Business travel	24	24	26	13	13	14

TABLE 2—BALANCE OF PAYMENTS WITH REST OF STERLING AREA

6. *The U.K. current account with the Colonies*, which forms part of the U.K. current account with the R.S.A. as a whole, is as follows:—

	1955	1956	1957	1957		1958
				January–June	July–December	January–June (provisional)
DEBITS						
1. Imports (f.o.b.)	254	255	287	157	130	140
2. Shipping	12	14	14	7	7	7
3. Interest, profits and dividends	25	32	31	15	16	16
4. Travel	5	5	6	3	3	3
5. Migrants' funds, legacies and private gifts (net)	— 1	2	4	2	2	2
6. Government:						
Military ⁽¹⁾	50	62	57	28	29	27
Other	31	26	35	20	15	19
Total	376	396	434	232	202	214
CREDITS						
7. Exports and re-exports (f.o.b.)	271	308	303	156	147	156
8. Shipping	33	35	39	20	19	18
9. Interest, profits and dividends	36	38	42	21	21	22
10. Travel	4	5	5	2	3	3
11. Government	7	4	2	1	1	1
12. Other (net)	27	35	37	13	24	18
Total	378	425	428	213	215	218
CURRENT BALANCE	+ 2	+ 29	— 6	— 19	+ 13	+ 4

⁽¹⁾ Comprises both expenditure on U.K. forces and contributions to costs of local forces.

7. *R.S.A. transfers*

The inter-area transfers given in Table 2 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 paragraph 22 on pages 42 to 43 of Cmnd. 122. The table below analyses these transfers in terms of the balance of payments of the R.S.A. with non-sterling areas. The incompleteness of the statistics, however, particularly as regards the trade of entrepôt centres such as Hong Kong, prevents the table from being altogether a full account.

8. A plus sign here indicates an R.S.A. surplus with the area concerned. In the area analysis of the total transfers "Sales of gold in U.K. (net)" are included among transfers between the R.S.A. and the dollar area, because gold is treated statistically as equivalent to dollars.

TRANSFERS BETWEEN REST OF STERLING AREA AND NON-STERLING AREAS

	1955	1956	1957	1957		1958
				January- June	July- December	January- June (provi- sional)
Imports⁽¹⁾:						
Dollar area	515	572	684	343	341	299
Other western hemisphere ...	11	12	11	5	6	4
O.E.E.C. countries	591	678	763	381	382	367
Other non-sterling countries ...	507	582	654	325	329	319
	1,624	1,844	2,112	1,054	1,058	989
Exports⁽¹⁾:						
Dollar area	478	478	543	306	237	247
Other western hemisphere ...	31	20	32	14	18	14
O.E.E.C. countries	659	718	728	392	336	322
Other non-sterling countries ...	437	550	622	344	278	259
	1,605	1,766	1,925	1,056	869	842
Visibles (net)	- 19	- 78	- 187	+ 2	- 189	- 147
Invisibles (net) ⁽²⁾	- 150	- 144	- 170	- 76	- 94	- 49
CURRENT BALANCE	- 169	- 222	- 357	- 74	- 283	- 196
SALES OF GOLD IN U.K. (NET)⁽³⁾ ...	+ 176	+ 220	+ 223	+ 105	+ 118	+ 131
I.M.F. drawings ⁽⁴⁾	- 21	+ 1	+ 71	+ 71	-	+ 13
I.B.R.D. drawings ⁽⁵⁾	+ 28	+ 27	+ 50	+ 12	+ 38	+ 41
Other capital (net) ⁽⁶⁾	+ 129	+ 133	+ 138	+ 37	+ 101	+ 130
CAPITAL BALANCE	+ 136	+ 161	+ 259	+ 120	+ 139	+ 184
SURPLUS (+) or DEFICIT (-)	+ 143	+ 159	+ 125	+ 151	- 26	+ 119
(Total transfers: Items 21 and 22) of which (see Tables 5-9):—						
(a) Dollar area	+ 211	+ 232	+ 287	+ 183	+ 104	+ 212
(b) Other western hemisphere	+ 19	+ 7	+ 19	+ 8	+ 11	+ 9
(c) O.E.E.C. countries	+ 34	- 6	- 95	- 19	- 76	- 46
(d) Other non-sterling countries	- 121	- 76	- 99	- 24	- 75	- 65
(e) Non-territorial organisa- tions ⁽⁷⁾	-	+ 2	+ 13	+ 3	+ 10	+ 9

(1) Excludes most oil imported from or exported to non-sterling areas through United Kingdom companies; these transactions are treated as part of the R.S.A. balance of payments with the U.K. and are included under item 12 of Table 2.

(2) Including grants.

(3) See Definitions: note on item 21.

(4) Net of repurchases, other than in gold.

(5) Net of subscriptions and repayments. See also footnote 4 to Table 8.

(6) Including any gold sales other than in U.K.

(7) Includes transactions in sterling only, since transactions in other currencies are dealt with under (a)-(d).

TABLE 4—BALANCE OF PAYMENTS WITH DOLLAR AREA

9. *Special receipts from U.S.A. and Canada*

An analysis of special receipts from the U.S.A. and Canada is given on pages 44 to 46 of Cmnd. 122. The following figures bring the table up to date. Defence aid (net) appears as item 11 (a) in Table 4. "U.S. and Canadian Forces' expenditure in the United Kingdom" forms part of items 11 (b) and 12. "Offshore sales to the U.S. Government" includes sales of goods for supply to the U.K. forces (part of item 11 (b)) and to the armed forces of other countries (part of item 7).

	1955	1956	1957	1957		1958
				January-June	July-December	January-June (provisional)
DEFENCE AID						
Grants to United Kingdom:						
Mutual Security Act	42	22	19	16	3	—
Public Law 480	5	4	2	2	—	3
Total	47	26	21	18	3	3
U.S. share of counterpart ...	— 1	—	—	—	—	—
Total (net)	46	26	21	18	3	3
OTHER SPECIAL RECEIPTS						
U.S. and Canadian Forces' expenditure in the United Kingdom ...	75	80	90	50	40	35
Offshore sales to U.S. Government	41	39	40	33	7	11

10. *U.S. and Canadian Government loans*

The following table gives details of the interest paid on the U.S. and Canadian Government loans (which forms part of item 3), and of borrowing and repayments of the principal (which make up item 14).

	1955	1956	1957	1957		1958
				January-June	July-December	January-June
Interest						
U.S. and Canadian credits and Lend-Lease Settlement loan ...	38	— ⁽¹⁾	1 ⁽¹⁾	—	1 ⁽¹⁾	—
E.R.P. loan	3	3	3	1	2	1
Export-Import Bank credit ...	—	—	—	—	—	2
Total	41	3	4	1	3	3
Principal						
Borrowing						
Export-Import Bank credit	—	—	89	—	89	—
Repayments						
U.S. and Canadian credits and Lend-Lease Settlement loan	26	26	1 ⁽¹⁾	—	1 ⁽¹⁾	—
Lend-Lease silver loan ...	—	22	7	7	—	—
Canadian interest-free loan ...	11	11	11	6	5	6
Total	37	60	19	13	6	6

⁽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).

TABLE 6—BALANCE OF PAYMENTS WITH O.E.E.C. COUNTRIES

11. *U.K. position in E.P.U.*

A detailed account of E.P.U. transactions will be found on pages 47 to 50 of Cmnd. 122. The relationship between the U.K. balance of payments with O.E.E.C. countries and the U.K. net surplus or deficit in E.P.U. as established by the Agent is given in the following table, which is constructed on the same lines as Table 12 of Cmnd. 122 and explained on page 48 of that paper.

	1955	1956	1957	1957		1958
				January–June	July–December	
A. BALANCE OF PAYMENTS WITH O.E.E.C. COUNTRIES						
U.K. current balance ⁽¹⁾ ...	— 54	— 62	— 25	+ 12	— 37	— 19
U.K. investment, borrowing, etc. ⁽²⁾	— 63	— 79	— 158	— 61	— 97	— 2
Inter-area transfers:						
Rest of sterling area ⁽³⁾ ...	+ 34	— 6	— 95	— 19	— 76	— 46
Dollar area (excluding U.K. settlements) ⁽⁴⁾ ...	+ 137	+ 216	+ 164	+ 120	+ 44	+ 51
Other areas ⁽⁵⁾ ...	— 95	— 140	— 61	— 49	— 12	— 10
Total ...	— 41	— 71	— 175	+ 3	— 178	— 26
B. FEATURES PECULIAR TO E.P.U.						
Excluded from settlement:						
Change in accounts not reported under Article 22 (decrease in U.K. liabilities —) ...	— 29	— 11	+ 54	+ 18	+ 36	+ 51
Debt repayments (offset to U.K. credits —) ...	— 8	— 8	—	—	—	—
Included in settlement:						
Amortisation of O.E.E.C. countries' sterling holdings ...	— 5	— 6	— 8	— 8	—	—
U.K. NET SURPLUS OR DEFICIT IN E.P.U. AS ESTABLISHED BY THE AGENT ...	— 83	— 96	— 129	+ 13	— 142	+ 25

⁽¹⁾ Includes interest accruing on E.P.U. credit received (part of item 3) which was as follows:—
— 3 — 4 — 4 — 2 — 2 — 2

⁽²⁾ Items 13, 14, 15 of Table 6.

⁽³⁾ Some details of the transfers between R.S.A. and O.E.E.C. countries are given in paragraph 8 above.

⁽⁴⁾ See paragraph 12 below.

⁽⁵⁾ Transfers from (—) other areas to O.E.E.C. countries consist largely of net transfers of sterling from non-sterling, non-dollar countries.

12. Transfers between the dollar area and O.E.E.C. countries (excluding U.K. settlements in E.P.U.) fall almost entirely into three categories:

- (i) Receipts (+) from O.E.E.C. countries equivalent to the cost of dollar goods sold by U.K. merchants.
- (ii) Receipts (+) or payments (—) in sterling from or to O.E.E.C. countries against either dollars or gold (other than U.K. settlements in E.P.U.) including official operations in support of transferable sterling.
- (iii) Adjustments in respect of transactions of major enterprises which conduct their overseas business from the U.K. but are partly foreign owned.

Receipts of these kinds indirectly reduce the amount of sterling entering into the Agent's calculations of the U.K.'s net surplus or deficit and thereby favourably affect the U.K. settlement with E.P.U. in gold and dollars and the U.K.'s credit position in E.P.U. Thus, under present arrangements, 75 per cent of the dollar expenditure appearing in the equivalent line in Table 9 is recouped almost immediately, and 25 per cent is a potential gain in E.P.U.

13. *Settlements with E.P.U.* are shown in the following table:

	1955	1956	1957	1957		1958
				January–June	July–December	
A. U.K. SETTLEMENTS WITH E.P.U. IN RESPECT OF PERIOD						
Credit in E.P.U. (received +) ...	+ 17	+ 24	+ 32	— 3	+ 36	— 6
Gold (paid +) ...	+ 65	+ 72	+ 97	— 10	+ 107	— 19
B. U.K. SETTLEMENTS IN PERIOD						
SETTLEMENTS WITH E.P.U.:						
Credit in E.P.U. (received +) ...	+ 18	+ 25	+ 33	— 4	+ 37	— 11
Gold (paid +) ...	+ 61	+ 75	+ 98	— 12	+ 110	— 33
BILATERAL SETTLEMENTS:						
Credit in E.P.U. (repaid —) ...	— 17	— 21	— 21	— 7	— 15	— 6
Gold (paid +) ...	+ 9	+ 13	+ 21	+ 7	+ 15	+ 6
Sterling (paid +) ...	+ 8	+ 8	—	—	—	—
TOTAL SETTLEMENTS:						
Credit in E.P.U. (received +) ...	+ 1	+ 4	+ 11	— 10	+ 22	— 17
Gold (paid +) ...	+ 70	+ 88	+ 119	— 5	+ 124	— 27
Sterling (paid +) ...	+ 8	+ 8	—	—	—	—

14. *Changes in O.E.E.C. countries' sterling holdings, etc.* Paragraph 46 on page 50 of Cmnd. 122, together with the lower table on page 49, explained how changes occurred in O.E.E.C. countries' sterling holdings, etc., in spite of the workings of the E.P.U. settlements. The figures needed to make a similar reconciliation for January–June 1958, are as follows:—

Movements due to delay in settlement:

- (i) Following settlement for last month of previous period ... — 4
- (ii) Pending settlement for last month of period ... + 23

Movements not reversed:

- (v) In accounts not reported under Article 22 ... + 51

Balance of movements

+ 70

Of which in:

- O.E.E.C. countries' sterling holdings (increase +) ... + 46
- U.K. official holdings of O.E.E.C. currencies (decrease +) ... + 24

15. Revisions of estimates for 1955 and 1956

Revised figures for the principal items published in Cmnd. 399 for the half-years of 1955 and 1956 are set out below. The revised figures for these periods will be shown in greater detail in a volume covering the years 1946-1957 which it is hoped to publish shortly.

	1955		1956	
	January-June	July-December	January-June	July-December
<i>Current balance</i>				
R.S.A.	+ 112	+ 102	+ 123	+ 183
N.S.A.	- 91	- 196	+ 47	- 95
Total	+ 21	- 94	+ 170	+ 88
<i>Other long-term capital (net)</i>			+ 168	+ 98
R.S.A.	- 60	- 50	- 50	- 130
N.S.A.	- 10	- 10	- 20	+ 10
Total	- 70	- 60	- 70	- 120
<i>Balancing item</i>				
R.S.A.	+ 52	+ 21	+ 17	+ 59
N.S.A.	+ 23	+ 4	+ 20	- 49
Total	+ 75	+ 25	+ 37	+ 10
<i>Miscellaneous capital (net)</i>				
R.S.A.	-	+ 30	+ 20	- 30
N.S.A.	-	+ 30	- 20	- 40
Total	-	+ 60	-	- 70
<i>Inter-area transfers</i>				
R.S.A.	- 101	- 42	- 123	- 36
N.S.A.	+ 101	+ 42	+ 123	+ 36

DEFINITIONS

Transactions

"Overseas" transactions are those between U.K. residents and non-residents. So far as possible current transactions are recorded when the ownership of goods changes and when services are rendered.

Areas

For all periods the geographical divisions shown are based on the definitions current on 30th June 1958. 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 currency in which the transaction took place. The composition of the areas is as follows:

- (i) Rest of sterling area (R.S.A.): (a) the Colonial territories of the United Kingdom (Colonies, Protectorates, Trust Territories, etc.), excluding Singapore, which for technical reasons has been included with the Federation of Malaya under (b) below; (b) other Commonwealth countries (including the Federation of Rhodesia and Nyasaland, Ghana, the Federation of Malaya, and Singapore, but excluding Canada); the British Protected States in the Persian Gulf (Bahrain, Kuwait, Qatar and the Trucial States); Burma, Iceland, Iraq, the Irish Republic, Jordan and Libya.
- (ii) Dollar area: U.S.A. and dependencies; other "American Account" countries of Central and South America, Liberia and the Philippines; and Canada. Gold is treated statistically as equivalent to dollars.
- (iii) Other western hemisphere countries: Argentina, Brazil, Chile, Paraguay, Peru and Uruguay.
- (iv) O.E.E.C. countries: 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, Viet Nam and Indonesia. Transactions with the European Payments Union (E.P.U.) are shown under this heading. The sterling area members of the O.E.E.C. (Iceland and the Irish Republic) are included under rest of sterling area.
- (v) Other non-sterling countries: the remainder of the Middle and Far East; Eastern Europe, including the U.S.S.R. and Eastern Germany; and Spain.
- (vi) Non-territorial organisations: the United Nations and its specialised agencies, notably the International Monetary Fund (I.M.F.) and the International Bank for Reconstruction and Development (I.B.R.D.); the Bank for International Settlements (except when acting as Agent for the European Payments Union); and other international organisations.

Exchange rates

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

Notes on items

Item 1—*Imports (f.o.b.)*: the f.o.b. value of imports entering into U.K. ownership. A reconciliation with the Trade and Navigation Accounts is given in paragraph 3 of the Notes above.

- Item 2—*Shipping*: the U.K. dry cargo shipping industry's disbursements abroad, and payments to non-residents for chartering, freight and passenger fares. Oil tankers' disbursements, chartering of foreign tankers and oil freight, along with other oil transactions, form part of Item 12.
- Item 3—*Interest, profits and dividends*: in general includes only investment income actually remitted overseas: but some profits retained in the United Kingdom for reinvestment are also included. Includes interest paid on overseas sterling holdings. Excludes payments by U.K. insurance, shipping and oil companies; also excludes, so far as possible, payments through London agents on account of investments outside the United Kingdom owned by non-residents. Interest due on 31st December 1956 on the U.S. and Canadian credits and the Lend-Lease Settlement loan, which was paid to special accounts pending a decision on the U.K. claim for a waiver, appears as Item 19.
- Item 4—*Travel*: covers only the expenditure incurred inside the countries visited. Payments to non-resident shipping companies are included in Item 2, and to non-resident air lines in Item 12. Includes business travel (see paragraph 5 above).
- Item 5—*Migrants' funds, legacies and private gifts (net)*: includes estimates of gift parcels from and to non-residents (excluding Forces abroad) as offsets to their inclusion in Items 1 and 7, but not migrants' personal and household belongings.
- Item 6—*Government*: all U.K. Government expenditure not falling under Items 1 to 4. An analysis is given in paragraph 4 above. "Other military" in that table includes the f.o.b. value of food and oil shipped direct from the country of origin for consumption by the Forces overseas, but not expenditure on imports into the United Kingdom; it includes only the *net* cost of the Forces in Germany, after deducting contributions received from the German Government. "Colonial grants" covers all grants under the Colonial Development and Welfare Acts, grants in aid of local revenues in the Colonies, etc., less surrenders to the U.K. Government of funds unspent.
- Item 7—*Exports and re-exports (f.o.b.)*: the f.o.b. value of exports and re-exports passing into overseas ownership, including military stores and munitions exported from the United Kingdom.
- Item 8—*Shipping*: overseas earnings by the U.K. dry cargo shipping industry from chartering, freight and passenger fares, and disbursements of other countries' ships (except for bunker oil) in the United Kingdom.
- Item 9—*Interest, profits and dividends*: in general includes only investment income actually remitted to the United Kingdom for payment of interest and dividends, taxation and management expenses or for later reinvestment; but some profits retained overseas for reinvestment are also included. Includes interest earned on credit given by U.K. banks. Excludes overseas earnings of U.K. insurance, shipping and oil companies; also excludes, so far as possible, receipts by London agents on account of investments outside the United Kingdom owned by non-residents.
- Item 10—*Travel*: covers only expenditure inside the U.K., fare payments to U.K. shipping companies being included in Item 8 and to U.K. air lines in Item 12. Includes an unknown amount for business travel.
- Item 11—*Government*:
- (a) Defence aid (net): see paragraph 9 above.
 - (b) Other: all other receipts by the U.K. Government not falling under Items 7 to 10, including receipts from offshore sales to the U.S. Government of goods for the U.K. armed forces (see paragraph 9).

Item 12—*Other (net)*: all other current transactions, including all the overseas transactions of U.K. oil companies (apart from imports, exports, oil for Forces overseas and capital items), insurance, civil aviation, films, royalties, commissions, banking (excluding interest earnings, see Item 9) and other services. Also includes sales of gold at home for industrial use, and an allowance for profits accruing from abroad to U.K. merchants.

Item 13—*Inter-Government loans by U.K. (net)*: loans by the U.K. Government to other governments, less repayments.

Item 14—*Inter-Government loans to U.K. (net)*: the loan to the U.K. Government by the Export-Import Bank; repayments by the U.K. Government of loans from other governments; also includes capital repayments of the sums due to the Governments of India and Pakistan under the Pensions Annuities Schemes of 1948.

Item 15—*Other long-term and miscellaneous capital (net) and balancing item*: this is a miscellaneous item, which in Tables 1 to 3 is divided into three components:

- a. *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 in each case some reinvestment of retained profits, on which, however, information is seriously incomplete. Because of the uncertainties of the estimates the figures are given to the nearest 10. For further details see paragraph 25 on page 43 of Cmnd. 122.
- b. *Balancing item*: this reflects the discrepancy, due to the incompleteness of the available data, between the current balance and the total of identified investment and financing items. See also paragraph 26 on page 43 of Cmnd. 122.
- c. *Miscellaneous capital (net)*: includes changes in unofficial holdings of foreign currencies and, where identified, in acceptance and other commercial credits, and other identified miscellaneous short-term items. Because of the uncertainties of the estimates the figures are given to the nearest 10. (The series of acceptances outstanding in Table 10 was described in the article on "Overseas Sterling Holdings" in the May 1958 issue of "Economic Trends".)

Item 16—*Overseas sterling holdings*: these were described in the article referred to immediately above. The figures comprise the change in:—

- (i) the net holdings in sterling or sterling area currencies of overseas banks (including overseas offices of U.K. banks) and other account holders abroad with banks in the United Kingdom (including accepting houses, discount houses and the U.K. offices of Commonwealth and foreign banks). British Government securities held for account of overseas banks are included.
- (ii) funds held for account of the U.S. Government, for their own use or for help to third countries, originating from the sterling equivalent of dollars made available under U.S. aid legislation.
- (iii) sterling funds held with the Crown Agents for Oversea Governments and Administrations and by Currency Boards, excluding Dominion and Colonial sterling securities.
- (iv) so far as known, British Government securities held by other official bodies but not those held by private individuals or firms.

Throughout securities are taken at their nominal value. Registered sterling is included according to the area of residence of the holder.

Item 17—*U.K. debit balance in E.P.U.*: change in the sterling equivalent of the U.K. debit balance in the books of the European Payments Union (see paragraphs 11–13 above).

Item 18—*U.K. official holdings of non-dollar currencies*: change in the sterling equivalent of the Exchange Equalisation Account's holding of these currencies.

Item 19—*Special "waiver" accounts*: change in the accounts into which the interest due on 31st December 1956 on the U.S. and Canadian credits and the Lend-Lease Settlement loan was paid, pending a decision on the United Kingdom's claim for a waiver. Following the conclusion of agreements with the U.S. and Canadian Governments for deferment of interest (Cmnd. 120 and 121), this was returned to the gold and dollar reserves during April 1957.

Item 20—*Gold and dollar reserves*: change in the Exchange Equalisation Account's holdings of gold, U.S. and Canadian dollars. Gold is valued at 250s. (or \$35) per ounce fine, the U.S. dollar at \$2.80=£1 and the Canadian dollar at the appropriate exchange rate with the U.S. dollar.

Item 21—*R.S.A. sales of gold in U.K. (net)*: R.S.A. sales, less purchases, of gold for sterling in the United Kingdom. Since gold is treated statistically as equivalent to dollars, this item appears as an inter-area transfer between the dollar area (+) and the R.S.A. (—).

Item 22—*Other inter-area transfers*: the main types of operation included are:

- (i) net transfers of sterling from (+) the area named at the top of the table to another area;
- (ii) net receipts (+) by the United Kingdom of the currency of the area named at the top of the table either from another area or in exchange for the currency of another area; and
- (iii) net sales (+) by U.K. merchants in the area named at the top of the table of goods purchased in another area.

Each credit (+) entry is balanced by a debit (—) entry included in the table dealing with the other area concerned. See also paragraph 22 on pages 42 and 43 of Cmnd. 122. U.K. drawings on and repayments to I.M.F. fall within the scope of (ii) above.

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