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# Correction

## The Pink Book 2012

A production error has been discovered in Tables 2.4 and 10.2 of The Pink Book 2012, originally published on 31 July 2012. The error in Table 2.4 affects 2002 annual data for other adjustments (EPBB). The error in Table 10.2 affects annual data for the years 2004 to 2006 for unallocated assets (G972). The Pink Book, time series data, Excel table and PDF have been affected and have now been updated.

ONS apologises for any inconvenience caused.

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# **United Kingdom Balance of Payments**



## **The Pink Book**

**2012 Edition**

Editor: Melanie Edwards

**Office for National Statistics**

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## **A National Statistics publication**

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# Preface

The annual Office for National Statistics (ONS) *Pink Book* contains estimates of the balance of payments of the United Kingdom. The presentation of the accounts is based on the *IMF Balance of Payments Manual 5th edition (BPM5)*.

## Pink Book data in computer-readable form

Free access to data is available online at [www.ons.gov.uk](http://www.ons.gov.uk)

Access around 40,000 time series of primarily macro-economic data, drawn from the main tables in a range of our major economic and labour market publications. Download complete releases, or view and download your own customised selection of individual time series.

Also access cross sectional data and metadata from across the Government Statistical Service (GSS), organised by theme and subject. Download many datasets in whole or in part, or consult publications for all articles, reports and statistical bulletins.

Previous copies of this publication are available to download free of charge on the ONS [website](#).

## Quarterly estimates

Quarterly estimates of the main components of the balance of payments for the last two years are published in a [Quarterly ONS Statistical Bulletin](#) and in more detail in [United Kingdom Economic Accounts](#).

## National Statistics data

All data in the *Pink Book* are 'National Statistics', which are fully compliant with the Code of Practice for Official Statistics and carry

the National Statistics quality standards mark (except for the G8 and World data in table 9.14 which is provided by the IMF).

## Comments and enquiries

ONS is keen to receive comments on this publication, and suggestions for improvements which can be considered for future editions of the *Pink Book*. Comments can be sent in writing to:

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# An introduction to the United Kingdom balance of payments

## Introduction

The balance of payments is one of the UK's key economic statistical series. It measures the economic transactions between UK residents and the rest of the world. It also draws a series of balances between inward and outward transactions, provides a net flow of transactions between UK residents and the rest of the world and reports how that flow is funded. Economic transactions include:

- exports and imports of goods, such as oil, agricultural products, other raw materials, machinery and transport equipment, computers, white goods and clothing
- exports and imports of services such as international transport, travel, financial and business services
- income flows, such as dividends and interest earned by foreigners on investments in the UK and by UK residents investing abroad
- financial flows, such as direct investment, investment in shares, debt securities, loans and deposits
- transfers, which are offsetting entries to any one-sided transactions listed above, such as foreign aid and funds brought by migrants to the UK

Closely related to the balance of payments is the international investment position series of statistics. The international investment position measures the levels of financial investment with the rest of the world, inward and outward.

## International statistical standards

The Office for National Statistics (ONS) follows the international standards relating to balance of payments and international investment position statistics. There are several reasons for this. First, domestic and foreign analysts will be assured that the UK's official balance of payments and international investment position statistics comply with objective, coherent international standards that reflect current, global analytic needs. Second, the UK is a member of the international community and international users need comparable data for analysis between countries. Third, the UK, as a member of the European Union, as well as organisations such as the IMF and OECD, needs to compile its various economic statistics in conformity with standards set by those organisations. Fourth, the UK can compare and reconcile its data with those of other countries. Statistics need to be as comparable as possible in order to carry out this validation.

To facilitate such consistency and to provide guidelines for its members, the IMF issued the Balance of Payments Manual. The first edition appeared in 1948 and the fifth edition in 1993. The conceptual framework of the UK balance of payments corresponds to that underlying the fifth edition of the IMF

Manual, referred to as *BPM5*. *BPM5* was implemented in the UK's balance of payments accounts and international investment position statistics in September 1998.

A process of reviewing the existing international standards started in the mid 1980s with the specific objective of harmonising, to the maximum extent possible, the statistical concepts, definitions, statistical units, classifications and terminology. Release of the revised standards started in 1993 with *BPM5* and the third edition of the *System of National Accounts (SNA93)*. *BPM5* was prepared by the IMF in close co-operation with national compilers and with the Statistical Office of the European Communities, the OECD, the United Nations and the World Bank. Those five organisations jointly published *SNA93*. In 1995, the EU produced its own version of *SNA93*, the *European System of Accounts (ESA95)*, upon which the UK's national accounts are based and which is consistent with *BPM5*. Both *SNA93* and *BPM5* were amended in 2000 to give more consistent guidance on the treatment of financial derivatives.

The United Nations Statistics Commission and the IMF Board of Directors have recently completed the comprehensive and parallel updating of the National Accounts (*SNA2008*) and Balance of Payments manuals (*BPM6*), in order to ensure their consistency and achieve greater harmonisation. The UK will be publishing statistics in accordance with *BPM6* in 2014.

## Conceptual framework definitions

### Balance of payments

Broadly speaking, the UK balance of payments is a statistical statement designed to provide a systematic record of the UK's economic transactions with the rest of the world. It may be described as a system of consolidated accounts in which the accounting entity is the UK economy and the entries refer to economic transactions between residents of the UK and residents of the rest of the world (non-residents).

The balance of payments accounts are concerned not only with payments made but also any economic transactions during a period that give rise to a payment in an earlier or later period, for example, goods may change ownership in one period, though payment may be made in an earlier period (pre-payment) or in a later period (trade credit). They also include transactions for which there may never be a payment, for example, goods shipped under foreign aid or goods shipped between related enterprises. There is also more than one 'balance': the balance of payments is a system of accounts in which many balances can be derived, such as the balance of goods and services, the current account balance, and capital and financial account balance.

Balance of payments statements cover a wide range of economic transactions which include:

- (i) goods, services, income and current transfers
- (ii) capital transactions, such as capital transfers, and
- (iii) financial transactions involving the UK claims on, and liabilities to, non-residents.

Category (i) is shown in the current account, category (ii) in the capital account and category (iii) in the financial account.

## International investment position

The UK's international investment position is a closely related set of statistics. It can be viewed as the balance sheet recording the UK's stock (or level) of foreign financial assets and liabilities at a specific point in time. The net international investment position is the difference between the stock of foreign financial assets and foreign liabilities at a particular date.

Viewed more broadly, the international investment position can be shown as a reconciliation statement of the stock of investment at two different points in time by showing financial transactions and other changes (non-transaction changes) such as price changes, exchange rate effects and other adjustments that occurred during the period. Financial transactions that are included in the reconciliation statement are equivalent to the transactions measured in the financial account of the balance of payments. ONS does not currently publish a full reconciliation of the international investment position showing price, exchange rate and other changes.

Classifications such as assets and liabilities, type of investment (direct, portfolio, other investment, financial derivatives and reserve assets), and instrument of investment, are used consistently in both the balance of payments and the international investment position.

## Concepts of territory and residence

In compiling the UK balance of payments and international investment position, the UK economy is conceived as comprising the economic entities that have a closer association with the territory of the UK than with any other territory. Each such economic entity is described as a resident of the UK. Any economic entity which is not regarded as a resident of the UK is described as a non-resident. The concept of residency is not based on nationality.

The UK's economic territory is defined to include the territories lying within its political frontiers and territorial seas, and in the international waters over which it has exclusive jurisdiction. It also includes its territorial enclaves abroad holding, for example, embassies, consulates, military bases, scientific stations, information or immigration offices, or aid agencies, whether owned or rented by the UK Government with the formal agreement of the countries where they are located.

The UK offshore islands – Jersey, Guernsey and Isle of Man – are classified as non-resident to the UK. Therefore transactions between UK residents and the islands are in the balance of payments, but transactions between islanders are not counted in the UK balance of payments. The islands are not part of the EU, so statistics relating to them are not required under *ESA95* and they have to be excluded from the UK's economic territory to ensure full UK consistency with *ESA95*. This treatment is also technically consistent with *BPM5* recommendations that states: 'In a maritime country, economic territory includes islands that belong to the country and are subject to the same fiscal and monetary authorities as the mainland; goods and persons move freely to and from the mainland and islands...'. The offshore islands are subject to their own fiscal authorities and have their own tax systems. Furthermore, there are impediments to taking up residency on the Channel Islands.

For balance of payments purposes, residents of an economy are generally deemed to have a centre of economic interest in the economy and to be resident for at least one year. The residents of the UK comprise:

- Resident general government institutions including the Scottish Government, Welsh Government, Northern Ireland Assembly and local government authorities and statutory bodies. The UK territorial enclaves (for example, embassies, consulates, military bases) physically located abroad are included in the UK's economic territory and are therefore residents. Similar entities of other countries physically located within the UK are outside the UK's economic territory and are therefore non-residents
- Resident financial and trading enterprises which include all enterprises engaged in the production of goods and services on a commercial or equivalent basis within the territory of the UK. Enterprises may be incorporated or unincorporated; privately or government owned and/or controlled; and locally or foreign owned and/or controlled. The definition of an enterprise in terms of the territory in which it is located often makes it necessary to divide a single legal entity into a head office operating in one economy and a branch operating in another economy. Resident enterprises include UK branches of foreign companies and exclude foreign branches of UK companies.
- Resident non-profit bodies, those in which individuals and/or enterprises combine, as owners, to produce goods and services within the territory of the UK for purposes other than to provide a financial return for themselves. Examples are churches, charitable organisations and representative business organisations such as chambers of commerce.
- Resident households and individuals that broadly encompass all persons residing in the territory of the UK for one year or more, whose general centre of economic interest is considered to be the UK. The UK's official diplomatic and consular representatives, the UK's armed forces, other UK Government personnel stationed abroad and their dependants, UK students studying abroad, and UK patients being treated abroad are also included even though they may all be abroad for one year or more. They are treated as UK residents since their centre of interest is considered to be the UK. Generally, the centre of economic interest of persons visiting the UK for less than one year is considered to be outside the UK and they are therefore regarded as non-residents, but if they stay for one year or more they are considered to be residents for balance of payments purposes. Irrespective of their length of stay, non-residents also include foreign diplomatic, consular, military and other government personnel and their dependants, foreign students studying in the UK, and foreign patients being treated in the UK. If an individual maintains residences in the UK and another economy, they are considered to be UK residents if they typically spend more time in their UK residence than their foreign residence during the year.

## Double-entry system

### Rules for the UK double-entry system

**Credit entries**, changes in all economic resources provided by the UK to non-residents, including:

Exports of goods and services

Income accruing to the UK from non-residents

Transfers that are offsets to debit entries

Financial liabilities of the UK to non-residents

**Debit entries**, changes in all economic resources received by the UK from non-residents, including:

Imports of goods and services

Income accruing from the UK to non-residents

Transfers that are offsets to credit entries

Financial claims of the UK on non-residents

Examples of UK double-entry recording	Credits	Debits
1. Sales of goods (value 100) to non-residents for foreign exchange (that is, goods provided and bank payment (a bank deposit) received in an account held abroad) Goods Bank deposits, foreign currency assets	100	100
2. Purchase of goods (value 120) from a non-resident using trade credit (that is, goods received and a claim on a resident (trade credit liability) provided) Goods Trade credit liabilities	120	120
3. Food aid (value 5) provided to non-residents (that is, goods provided and transfer imputed) Goods Current transfers	5	5
4. Repayment of a loan (value 25) by a resident company to a non-resident lender (that is, liability to a non-resident reduced and a reduction in bank deposits held abroad) Loan repayment Bank deposits, foreign currency assets	-25	-25

Conceptually, an economic transaction has two sides: something of economic value is provided and something of equal value is received. The balance of payments reflects this in a double-entry recording system of credits and debits. When an economic value is provided (for example, UK exports a car) a credit entry is made, and when the corresponding economic value is received (for example, a payment for the car) a debit entry is made. For example, when an exporter sells (provides) goods to a non-resident, the exporter may receive cash (a financial asset) or another type of financial asset (for example, a trade credit claim) in return. The export is represented by a credit entry in the current account and the financial asset acquired is represented by an offset debit entry in the financial account. Similar entries are made when an importer buys a car (debit) and pays for it (credit). So a credit entry represents a change in rest of world ownership of any sort of UK asset (real or financial) while a debit entry represents a change in UK ownership of the rest of the world assets.

An understanding of the double-entry recording system is necessary for a complete understanding of balance of payments statistics.

Under the double-entry system, by definition credit entries must equal debit entries. Credit entries are required for exports of goods and services, income receivable, and changes in financial liabilities. Likewise, debit entries are required for imports of goods and services, income payable, and changes in financial assets. Where something of economic value is provided without something of economic value in exchange (that is, without a quid pro quo) the double-entry system requires an offset to be imputed (a transfer entry) of equivalent value. For example, food exported as aid requires a credit entry for the goods provided and a debit transfer as the aid offset.

### Sign convention in the UK balance of payments statistics

The sign convention used in presenting the UK balance of payments statistics is to give a positive sign to an increase in either credit or debit entries and a negative sign to a decrease in credit or debit entries. Balances (calculated as credits less debits) or items that are net credits have no sign, while balances that are net debits have a negative sign.

When considering making international comparisons it should be borne in mind that there is no unique or correct sign convention and other countries/institutions use variations. In particular the convention used by the IMF in their publications gives no sign to credit entries and a minus sign to all debit entries (for example, imports and acquisitions of assets).

### Errors and omissions

It follows that, in principle, under a double-entry accounting system, the difference between the sum of credit and debit entries must be zero. In practice, some transactions are not measured accurately (that is, errors) and some are not measured at all (that is, omissions). Data sources used to compile the accounts often measure the credit and debit sides from different data sources and may not always do so consistently. There could be many reasons why these sources may not measure the acquisition side of the transaction and the corresponding payments, either in the same accounting period or at the same value. To restore the equality of credit and debit entries, a net errors and omissions item is included in the balance of payments accounts. The item indicates whether credit or debit transactions would be needed to balance the accounts, but does not show where the discrepancy lies. Usually the financial account is considered to be the most likely source.

## Valuation

It is important that the balance of payments and international investment position statistics carry values that have economic meaning to enable useful analysis, and to provide meaningful indicators of cross-border economic activity. It is also important for the double-entry accounting system that a uniform valuation is adopted. This means that the credit and debit entries of each transaction – which in practice may be derived from independent sources – should be valued at the same price. In addition, a uniform valuation is essential to sum different types of transactions on a consistent and comparable basis. The use of a uniform valuation principle aids understanding by users. Moreover, statistics for different countries will not be comparable unless both parties to a transaction adopt the same valuation principle. It is also important to use a principle consistent with national accounting principles. For all these reasons, market price is used in UK economic statistics for valuing transactions.

Market price is the amount of money that a willing buyer pays to acquire something from a willing seller, when such an exchange is between independent parties and involves only commercial considerations. In practice, one or more of the conditions needed to establish a market price may be absent and other valuations may be used.

For the most part, the price at which a transaction is recorded in the accounts of the transactors or in the administrative records used as data sources will be the market price or a very close approximation of it. This valuation is known as the transactions price and is the practical valuation basis used in the balance of payments, both because it aids consistent recording of credits and debits and because of its usual proximity to the ideal market valuation. The following paragraph discusses a special case of transactions where market prices may not apply, namely transfer pricing between affiliated enterprises in different countries.

## Transfer pricing

Where transactions are between affiliated enterprises in different countries, the prices adopted in their books for recording transactions in goods and services and any associated indebtedness and interest – referred to as transfer prices – may not correspond to prices that would be charged to independent parties. There will be some departure from the market price principle if transfer prices are different from those charged to enterprises outside the group. However there are practical difficulties in identifying and suitably adjusting individual cases. Transfer pricing to avoid tax is illegal in the UK so the distortions in the international accounts caused by transfer pricing are not considered widespread. For both reasons, adjustments to account for transfer pricing are rarely made in practice.

## Assets and liabilities

As with all international investment position statistics, foreign financial assets and liabilities should, in principle, be valued at their current market price at the reference date. In practice this is not always possible and valuation guidelines are adopted in order to approximate market valuation, particularly for those financial assets and liabilities that are only rarely transacted. For example, in measuring the value of direct investment in equity capital, much of which is never traded or is traded infrequently, market value is approximated by one of the following methods: a recent transaction price, directors' value, or net asset value. Over time, this is likely to underestimate the true market value of foreign direct investment.



## Unit of account and conversion

Transactions and stock positions originally denominated in foreign currencies need to be converted to pounds sterling using market rates of exchange prevailing at the time of the transaction (balance of payments) or at the reference date (international investment position). Transactions should be converted at the mid-point of the buying and selling exchange rates applying at the time of transaction. Stocks should be converted at the mid-point of the buying and selling exchange rates applying at the beginning or end of the period. In practice, the actual rate used varies according to the source of the transaction or stock

## Time of recording

### Transactions

The time of recording of transactions in balance of payments and international investment position statistics is, in principle, the time of change of ownership (either actual or imputed). Under the double-entry system, both sides of a transaction should be recorded in the same period. This is consistent with the principle of accrual accounting, which requires that transactions be recorded when economic value is created, transformed, exchanged, transferred or extinguished.

Change of ownership is considered to occur when legal ownership of goods changes, when services are rendered and when income accrues. In the case of transfers, those imposed by one party on another, such as taxes and fines, should ideally be recorded at the moment at which the underlying transactions or other flows occur which give rise to the liability to pay. Other transfers should be recorded when the goods or services change ownership.

For financial transactions, the time of change of ownership is taken to be the time when transactions are entered in the books of the transactors. That is taken to be the time when a foreign financial asset or liability is acquired, relinquished by agreement, sold or repaid. The commitment or pledging of an asset does not constitute an economic transaction, and no entry should be shown unless a change of ownership actually occurs in the period covered. Likewise, the entries for loan drawings should be based on actual disbursements and not on commitments or authorisations. Entries for loan repayments should be recorded at the time they are due rather than on the actual payment date.

Both sides of a transaction should be recorded in the same period. In practice the time of recording of transactions in the balance of payments and international investment position statistics will reflect the practices in data sources, and may diverge from the principle of time of change of ownership. For the UK, transactions in goods credits (exported goods) are mainly recorded at the time when goods are shipped as this is assessed to be a generally good practical approximation of the time when ownership changes. Goods debits (imported goods) are recorded when customs records relating to the movement of the goods across the frontier are processed, again in the expectation that this is the best practical approximation to change of ownership that can be generally achieved. For the remainder of the current account, the time of the recording of transactions generally complies with the time of change of ownership. Exceptions occur mainly because the record-keeping practices of some data providers may not be on this basis. Financial account transactions usually are recorded appropriately, that is, when the parties record transactions in their books. However, some transactions may be derived from information supplied by intermediaries that are not party to the transactions and may not be aware of



the time of change of ownership. Also, some enterprises may adopt accounting practices that lead to inconsistent time of recording. A simple example is that different enterprises may close off their accounts at different times of day.

## Stock

The time of recognising the stock of a foreign financial asset or liability follows naturally from the time of recording of a transaction in that asset or liability. For example, if a transaction is undertaken to acquire a foreign financial asset, there will also be a consequential increase in the stock of foreign financial assets at the end of that period. Of course, if the asset is disposed of before the end of the period, it will not contribute to the stocks statistics to be recorded for the period, but the disposal will have given rise to another transaction to be recorded for the period.

## Types of transactions in the balance of payments

An economic transaction occurs when something of economic value is provided by one party to another. Transactions that are considered to have economic value comprise those in goods, services, income and financial assets and liabilities. The transactions recorded in a balance of payments statement stem from dealings between two parties, one being a resident and the other a non-resident. The types of transactions included in the balance of payments are exchanges, one-sided transactions and imputed transactions.

## Exchanges

Exchanges are the most important and numerous type of transaction. They include transactions in which one transactor provides something of economic value to another transactor and receives in return something of equal value.

## Special cases of imputation/estimation

### *Migrants' transfers*

A special statistical treatment is required when a person migrates, that is when the person's status changes from non-resident to resident (or vice versa). When this change occurs, the property owned by the migrant becomes the property of a resident instead of that of a non-resident (or vice versa). This change of ownership of net worth between economies is included in the balance of payments. For example, any financial assets held abroad by the migrant become claims by the UK on the rest of the world.

Offset entries are made corresponding to the transfer of net worth and, by their nature, these are included as transfers in the capital account. This treatment amounts to envisaging a transfer of property from the person in their capacity as a non-resident to the person in their capacity as a resident (or vice versa). In principle, this transaction embraces all the migrant's property, whether or not it accompanies the migrant.

### *Reinvested earnings*

A number of special cases of imputed transactions feature in balance of payments compilation. One case involves the reinvestment of earnings in resident enterprises by their non-resident direct investors. These *reinvested earnings* are regarded as being paid out as investment income and then reinvested in the enterprises from which they originated. They are therefore recorded both as a component of investment income in the current account and as a component of direct investment in the financial account. It is considered analytically useful to identify these transactions separately in economic statistics because of the substantial contribution they make to the stock of direct investment finance in a country.

### *Financial services*

A further case relates to estimation for the implicit fees associated with financial services. These include spread earnings on foreign exchange, derivatives and securities trading and Financial Intermediation Services Indirectly Measured (FISIM), which is the implicit margin resulting from interest rate differentials between borrowing and lending.

### *Exceptions to change of ownership*

In economic statistics, transactions are considered to occur when the goods and financial assets change ownership between transactors, when services are provided by one transactor to another, or when income is earned by one transactor from another. However, there are certain situations in which no change of ownership legally occurs, but where transactions are nonetheless considered to have occurred for balance of payments purposes. The situations include financial leases, goods imported into or exported from the UK for processing and return, and transactions between a head office in one country and a branch in another.

### *Financial leases*

A financial lease is regarded as a method of obtaining all the rights, risks and rewards of ownership of real resources without holding legal ownership. Although legal ownership remains with the lessor during the term of the lease, all the risks and responsibilities apply to the lessee. In these cases, the basic nature of the transaction is given precedence over its legal form, by imputing a change of ownership of the resource to the lessee. As a result of this imputation, a financial liability is recognised and lease payments are classified as partly loan repayments in the financial account and partly interest in the current account, rather than as services in the current account.

### *Goods for processing*

In economic statistics, the value of goods entering or leaving the UK for processing and returning to the country of origin after processing should be recorded on a gross basis. That is, recording the goods both when they enter (as imports) and when they leave (as exports), even though there is no legal change of ownership of those goods. A good entering the UK to be processed and returned to the country of origin is therefore recorded as an import at the appropriate value and subsequently as an export – recorded by the customs system at the original value plus the added value of the processing. A symmetrical treatment should be applied to UK goods exported for processing and return. The basis

for this treatment is that such goods lose their identity during processing by being transformed or incorporated into different goods. On the other hand, for goods undergoing repairs only the value of the repair, not the gross value of the goods, is included in the goods credits or debits.

## Branches

In economic statistics, it is usually necessary to split the activities of a legal entity and recognise two units, a head office in one country and a branch in another. Flows of goods, services, income and finance between the branch and its head office are therefore treated as transactions, even though they are legally part of the same unit. For example, goods and services sent from the head office to its branch are to be treated as exports of goods and services by the head office.

There are two cases where such splitting becomes necessary. The first occurs when production of goods and services is undertaken by the personnel, plant and equipment of the legal entity in an economic territory outside the economic territory of the head office, provided certain conditions apply. These conditions include: the intention to operate in the separate economy indefinitely or over a long period (12 months is used as a rule of thumb); keeping a set of accounts of the branch's activity (that is, income statement, balance sheet, transactions with the parent entity); eligibility to pay income tax in the host country; having a substantial physical presence; and receiving funds for the branch's work which are paid into its own bank account.

The second case occurs when a person or legal entity resident in one economy owns land and buildings located in another economy. Ownership of immovable assets is always attributed in balance of payments and international investment position statistics to residents of the economy in which the assets are located. Thus land in the domestic territory, which is in fact owned by a non-resident, is treated as being owned by a notional resident entity, which in turn has a foreign direct investment liability to the real owner. It should also be recalled that the territorial enclaves (for example, embassies, consulates, military bases) are regarded as part of the economic territory of the economy they represent. When these institutions buy and sell the land in these enclaves they are effectively adding to and subtracting from the economic territory of their government. Such transactions in land owned by foreign embassies are recorded in the capital account as the acquisition/disposal of non-produced, non-financial assets.

## Other changes in the international investment position

In addition to the financial transactions included in the balance of payments, the international investment position reconciliation statement includes the other changes which contribute to differences between opening and closing positions for a period.

Other changes in position may occur through price changes, exchange rate changes and other adjustments. Price changes are valuation changes that occur because of changes in the market price of a financial instrument, such as a change in the price of a share or debt security, or through revaluing a company's net worth.

Exchange rate changes are due to fluctuations in the value of the pound, in which the accounts are compiled, relative to the currencies in which foreign assets and liabilities are denominated.

Other adjustments can arise from a number of causes such as write-off of bad debts, classification changes, monetisation/demonetisation of gold, and the allocation/cancellation of Special Drawing Rights. A reclassification would occur where a foreign investor's equity investment in an enterprise increased during the reporting period and the increase was sufficient to change the classification of the investor's total equity holding at the end of the period from portfolio investment to direct investment. Monetisation of gold occurs when the Bank of England monetises commodity stocks of gold and adds these to its monetary gold holdings as part of the UK's official reserve assets. Special Drawing Rights in the IMF are also included in the UK's official reserve assets. Allocations and cancellations of these instruments are included as other adjustments.

## Gross and net recording

Entries for current and capital account items are generally treated so that credits for each component are recorded separately from debits. Current and capital account transactions, in this context, are described as being recorded gross.

Gross recording contrasts to the recording of transactions in the financial account, which is mainly on a net basis, although for long-term trade credits and loans, gross drawings and repayments are included in the financial account. The net recording of other financial account items means that, for each item, credit transactions are combined with debit transactions to arrive at a single result – either a net credit or net debit – reflecting the net effect of all increases and decreases in holdings of that type of asset or liability during the recording period. There are several types of netting in the financial account, for example, the netting of purchases and sales within an instrument in an asset position, and netting of assets and liabilities as in the case of direct investment.

## Standard balance of payments classification

Balance of payments and international investment position statistics need to be arranged in a coherent structure to facilitate their use and adaptation for purposes such as policy formulation, analytical studies, projections, bilateral comparisons, and regional and global aggregations. *BPM5* contains a standard classification and list of standard components of the balance of payments and international investment position. These standards were developed taking into account the views of national compilers and analysts, and the requirement to harmonise concepts and definitions with related international statistical standards and classifications. The classification also reflects the separation of categories that may exhibit different economic behaviour, may be important in a number of countries, are readily collectable, and are needed for harmonising with other bodies of statistics.

The standard balance of payments classification comprises two main groups of accounts – the **current account** and the **capital and financial account**. Transactions classified to the **current account** include goods and services, income and current transfers. Within the capital and financial account, the **capital account** includes capital transfers and the net acquisition or disposal of non-produced, non-financial assets. The **financial account** includes transactions in financial assets and liabilities.

Transactions in current account and capital account items are generally shown on a gross basis (gross debits and credits separately). Transactions in financial account items are mainly recorded on a net basis.

## Current account

Table A shows the standard classification of the current account. Each of the broad categories is described briefly below, while individual component items are described in detail in subsequent chapters.

**Goods and services** are divided into separate accounts. **Goods** comprise most movable goods that change ownership between UK residents and non-residents. **Services** comprise services transactions between UK residents and non-residents, together with some transactions in goods where, by international agreement, it is not practical to separate the goods and services components (for example, goods purchased by travellers are classified to services).

**Income** refers to income earned by UK residents from non-residents and vice versa. Income covers compensation of employees and investment income. **Compensation of employees** comprises wages, salaries and other benefits earned by individuals from economies other than those in which they are residents, as well as earnings from extraterritorial bodies such as foreign embassies, which often employ staff from the economy in which they are located. **Investment income** comprises income earned from the provision of financial capital and is classified by direct, portfolio and other investment income and income earned on the UK's reserve assets.

**Transfers** represent offsets to the provision of resources between residents and non-residents with no quid pro quo in economic value (for example, the provision of food aid). **Current transfers** are distinguished from **capital transfers**, which are included in the capital account. Current transfers represent the offset to the provision of resources that are normally consumed within a short period (less than twelve months) after the transfer is made. In the example of food aid, the food is presumed to be consumed within twelve months of it being received. The classification of current transfers is by general government and other sectors.

## Capital account

The capital account comprises both capital transfers and the acquisition and disposal of non-produced, non-financial assets (such as copyrights). The latter includes land purchases and sales associated with embassies and other extraterritorial bodies. Capital transfers entries are required where there is no quid pro quo to offset the transfer of ownership of fixed assets, or the transfer of funds linked to fixed assets (for example, aid to finance capital works), or the forgiveness of debt. It also includes the counterpart to the transfer of net wealth by migrants, referred to as migrants' transfers.

## Financial account

The financial account comprises transactions associated with changes of ownership of the UK's foreign financial assets and liabilities. The main classifications used in the financial account are discussed in conjunction with the international investment position classification below.

The **international investment position** measures the UK's stock of external financial assets and liabilities, whereas the **balance of payments financial account** measures transactions in these assets and liabilities. Hence the classifications used in the financial account and international investment position need to be essentially the same.

# A Summary of balance of payments in 2011

£ million

	Credits	Debits
<b>1. Current account</b>		
A. Goods and services	492 646	516 609
1. Goods	298 987	399 330
2. Services	193 659	117 279
2.1. Transportation	23 120	19 951
2.2. Travel	21 888	31 830
2.3. Communications	6 465	4 704
2.4. Construction	1 653	1 065
2.5. Insurance	10 210	2 197
2.6. Financial	50 833	12 170
2.7. Computer and information	9 167	3 993
2.8. Royalties and licence fees	8 848	6 654
2.9. Other business	56 126	30 246
2.10. Personal, cultural and recreational	2 877	640
2.11. Government	2 472	3 829
B. Income	188 668	171 535
1. Compensation of employees	1 121	1 293
2. Investment income	187 547	170 242
2.1 Direct investment	96 513	47 659
2.2 Portfolio investment	51 526	68 348
2.3 Other investment	38 747	54 235
2.4 Reserve assets	761	
C. Current transfers	17 290	39 506
1. General government	3 438	19 855
2. Other sectors	13 852	19 651
<b>Total current account</b>	<b>698 604</b>	<b>727 650</b>
<b>2. Capital and financial accounts</b>		
A. Capital account	5 565	2 121
1. Capital transfers	4 151	1 119
2. Acquisition/disposal of non-produced, non-financial assets	1 414	1 002
B. Financial account	202 314	186 445
1. Direct investment	33 672	66 837
Abroad		66 837
1.1. Equity capital		39 975
1.2. Reinvested earnings		34 599
1.3. Other capital <sup>1</sup>		-7 737
In United Kingdom	33 672	
1.1. Equity capital	28 849	
1.2. Reinvested earnings	4 205	
1.3. Other capital <sup>2</sup>	618	
2. Portfolio investment	-18 206	22 410
Assets		22 410
2.1. Equity securities		-25 032
2.2. Debt securities		47 442
Liabilities	-18 206	
2.1. Equity securities	3 333	
2.2. Debt securities	-21 539	
3. Financial derivatives (net)		-16 030
4. Other investment	186 848	108 280
Assets		108 280
4.1 Trade credits		-33
4.2 Loans		13 796
4.3 Currency and deposits		92 519
4.4 Other assets		1 998
Liabilities	186 848	
4.1. Trade credits	-	
4.2. Loans	113 077	
4.3. Currency and deposits	73 494	
4.4. Other liabilities	277	
5. Reserve assets		4 948
5.1. Monetary gold		-
5.2. Special drawing rights		333
5.3. Reserve position in the IMF		445
5.4. Foreign exchange		4 306
5.5. Other claims		-136
<b>Total capital and financial accounts</b>	<b>207 879</b>	<b>188 566</b>
<b>Total current, capital and financial accounts</b>	<b>906 483</b>	<b>916 216</b>
Net errors and omissions	9 733	

1 Other capital transaction on direct investment abroad represents claims on affiliated enterprises less liabilities to affiliated enterprises.

2 Other capital transactions on direct investment in the United Kingdom represents liabilities to direct investors less claims on direct investors.

## Major classifications of the financial account and international investment position

Items in the financial account and international investment position statement are classified on a number of bases. The main ones are **type of investment**, **assets and liabilities**, **instrument of investment**, **sector**, and **original contractual maturity of financial instruments**.

A comparison of the international investment position statement and the balance of payments financial account shows one minor difference. In the category of direct investment in the financial account, reinvested earnings are shown separately whereas, in the international investment position statement, where no separate market price valuation of reinvested earnings can exist, the reinvested earnings are grouped into a composite category for equity and reinvested earnings.

### Type of investment

The type of investment used in the UK's balance of payments and international investment position (IIP) consists of five broad categories:

- **Direct investment** capital refers to capital provided to or received from an enterprise, by an investor in another country (that is, an individual, enterprise or group of related individuals or enterprises) who is in a direct investment relationship with that enterprise. A direct investment relationship exists if the investor has an equity interest in an enterprise, resident in another country, of 10 per cent or more of the ordinary shares or voting stock. The direct investment relationship extends to branches, subsidiaries and to other businesses where the enterprise has significant shareholding.
- **Portfolio investment** refers to transactions in equity and debt securities (apart from those included in direct investment and reserve assets). Debt securities comprise bonds and notes and money market instruments. In comparison with direct investment, it indicates investment where the investor is not assumed to have any appreciable say in the operation of the enterprise (for example, less than 10 per cent of the ordinary share or voting stock).
- **Financial derivatives** cover any financial instrument the price of which is based upon the value of an underlying asset (typically another financial asset). Financial derivatives include options (on currencies, interest rates, commodities, indices), traded financial futures, warrants and currency and interest swaps. Under *BPM5*, transactions in derivatives are treated as separate transactions, rather than being included as integral parts of underlying transactions to which they may be linked as hedges. For 2004 to 2009, financial derivatives data comprise all UK banks' derivatives assets and liabilities positions and their net derivative transactions. Prior to 2004, only estimates for the settlement receipts/payments on UK banks' interest rate swaps and forward rate agreements are included in financial derivatives data and only in the financial account; financial derivatives are not included in the IIP before 2004. From 2010, the financial derivatives data include the financial derivatives activity of UK securities dealers in addition to UK banks.
- **Other investment** is a category that captures transactions not classified to direct investment, portfolio investment, financial derivatives or reserve assets of the compiling economy. Other



investment covers trade credits, loans (including financial leases), currency and deposits, and a residual category for any other assets and liabilities.

- **Reserve assets** refer to those foreign financial assets that are available to, and controlled by, the monetary authorities such as the Bank of England for financing or regulating payments imbalances. Reserve assets comprise: monetary gold, Special Drawing Rights, reserve position in the IMF and foreign exchange held by the Bank.

## Assets and liabilities

A financial **asset** is generally in the form of a financial claim on the rest of the world that is either represented by a contractual obligation (such as a loan) or is evidenced by a security (such as a share certificate). Two financial assets – monetary gold and Special Drawing Rights in the IMF – are not claims on the rest of the world. They are, however, included in international investment assets because they are readily available for payment of international obligations. A financial **liability** represents a financial claim of the rest of the world on the UK. Assets and liabilities in the international investment position statement are components of the balance sheet of an economy with the rest of the world. In the financial account the asset and liability classifications in essence reflect, respectively, transactions in claims on non-residents (assets) and in claims by non-residents (liabilities).

In the international investment position, the difference between assets and liabilities is the net international investment position, also referred to as the net liability position/net asset position, depending on the balance.

For **direct investment**, in both the financial account and international investment position, the main classification is by direction of investment, that is, direct investment abroad and direct investment in the UK. Direct investment abroad is derived by netting liabilities of the UK direct investors to their direct investment enterprises against claims on their direct investment enterprises abroad. Similarly, direct investment in the UK is derived after netting claims of the UK direct investment enterprises against their liabilities to those direct investors abroad.

## Instrument of investment

Several instruments of investment are also identified. Some of these are only applicable to one type of capital, that is, the instrument **reinvested earnings** is only applicable to direct investment, while **monetary gold** and **Special Drawing Rights** are only used for reserve assets.

The major instruments and grouping of instruments identified in balance of payments and international investment statistics include:

- monetary gold
- Special Drawing Rights
- foreign exchange
- reserve position in IMF



- equity
- reinvested earnings
- debt securities
- financial derivatives
- trade credit
- loans
- currency and deposits
- other assets/liabilities

Similar instruments may be combined into groups or combined with certain types of investment to make statistical presentations less cluttered. For example:

- trade credit, loans, deposits, and other forms of finance including all debt securities, but excluding equity capital and reinvested earnings, between non-financial enterprises in a direct investment relationship, are combined and shown only as **other capital**. Similar aggregation applies to finance between a financial enterprise and a non-financial enterprise and between financial enterprises only in case of permanent debt
- bonds, bills, notes and money market instruments within portfolio investment are shown separately but under a heading of **debt securities**
- a number of financial assets, held as part of the UK's reserves assets (currency and deposits, bills, bonds, notes and money market instruments), are grouped under the category **foreign exchange** within the reserve assets category

### Foreign equity and debt

At a broader level, instruments may be combined to show foreign equity and foreign debt. Foreign equity includes equity capital, reinvested earnings and equity securities. Foreign debt is a residual item containing all other instruments. They may be compiled on a gross basis (for example, foreign debt/assets and liabilities) or on a net basis (for example, net foreign debt).

### Sectorisation

Transactor units within an economy may be grouped together into institutional sectors. Units within the same institutional sector may be expected to behave similarly in their financial and other dealings and in response to differing economic and political stimuli. The principle of classification by sector, or sectorisation, in the financial account and international investment position is to identify the sector of the domestic creditor for assets and the sector of the domestic debtor for liabilities.

Four sectors are generally distinguished in the standard components of the ONS balance of payments and international investment statistics:

- **monetary financial institutions**
- **central government**
- **public corporations**
- **other**

Within the current and capital accounts, sectorisation is also applied to current and capital transfers, where a split between **general government** and **other** is used.

### Original contractual maturity

The fifth edition of the balance of payments manual looks to distinguish between long-term or short-term investment. Investment longer than one year is deemed to be long-term and investment of one year or less is deemed to be short-term.

### Other financial classifications

Other classifications in the financial account and international investment position include the domicile of liabilities issued by residents, drawings and repayments for long-term liabilities in the form of both trade credits and loans and the currency of assets and liabilities.

### Country classification

The general principles applying to the compilation of a global balance of payments statement for the UK can be applied to the preparation of a statement for the UK's transactions with an individual country or a group of countries.

### Reliability of estimates

All the value estimates are calculated as accurately as possible; however they cannot always be regarded as being absolutely precise to the last digit shown. Similarly, the index numbers are not necessarily absolutely precise to the last digit shown. Some figures are provisional and may be revised later; this applies particularly to many of the detailed figures for the latest years. For example, calendar year data for the International Trade in Services Survey and Foreign Direct Investment Survey are not available until after Pink Book publication. Therefore, the latest Trade in Services and Direct Investment data published in the Pink Book are provisional estimates and subject to annual benchmarking after publication.

The latest data when available for the International Trade in Services Survey can be found at:

[www.ons.gov.uk/ons/search/index.html?newquery=international+trade+in+services+survey](http://www.ons.gov.uk/ons/search/index.html?newquery=international+trade+in+services+survey)

The latest data when available for the Foreign Direct Investment Survey can be found at:

[www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=foreign+direct+investment+survey](http://www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=foreign+direct+investment+survey)

## Revisions since ONS Pink Book 2011

The data in the Pink Book and Blue Book are subject to revisions following the ONS National Accounts Revision Policy. This can be found at:

<http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/2011-present/content-of-blue-book-2012/index.html>

The current account balance is revised from 1987 onwards.

**Trade in goods** – The revisions to trade in goods from 1997 onwards are due to a reassessment of the data following the annual supply use balancing process. Revisions to 2010 additionally reflect revised data from Her Majesty's Revenue and Customs and other data suppliers and revised estimates of trading associated with VAT MTIC fraud. The revisions are consistent with the 2012 Blue Book.

**Trade in services** – The incorporation of improved insurance methodology has led to revisions to both imports and exports of services from 1987, particularly in later years as reinsurance becomes more prevalent. There are revisions from 1997 as a result of a general reassessment of data following the annual supply use balancing process. Revisions from 2010 additionally reflect the use of final results from ONS's International Trade in Services Survey for 2010.

**Income, financial account and IIP** – the data are revised from 1987. Revisions from 2009 reflect the use of annual inquiry results from the ONS direct investment surveys and a reassessment of coverage adjustments in the estimates for UK non-banks deposits with, and loans from, non-residents. Revisions to 2010 additionally reflect the incorporation of the results of ONS annual surveys of securities dealers, mutual funds, insurance companies, and pension funds. The incorporation of improved insurance methodology has led to revisions to investment income debits from 1987.

**Current transfers** – The incorporation of improved insurance methodology has led to revisions to current transfers from 1987; there are equal revisions to credits and to debits, as a result the balance is unchanged. In addition, there are revisions from 2009 due to revised source data for transfers involving the UK government and the use of the latest data for various ONS surveys.

**Capital transfers** – Revisions to the capital account in 2010 are attributable to revised source data from the International Trade in Services survey.

ONS has published articles on the new insurance methodology:

- Williams, Duff and Wisniewski (2012) 'New insurance and data methods 1997-2008'  
[www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/new-insurance-data-and-methods-1997-2008.pdf](http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/new-insurance-data-and-methods-1997-2008.pdf)
- Williams, Duff and Wisniewski (2012) 'Blue Book 2012: Improvements to the measurement of insurance services'.  
[www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/2011-present/blue-book-2012-insurance-services/index.html](http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/2011-present/blue-book-2012-insurance-services/index.html)

## Symbols and conventions used in the tables

### Rounding

As figures have been rounded to the nearest final digit, there may be slight discrepancies between the sums of the constituent items and the totals as shown.

### Symbols

The following symbols are used throughout:

.. = not available

- = nil or less than a million

### References

The internationally agreed framework for the presentation of the Balance of Payments and the National Accounts are described in the following publications:

Balance of Payments Manual (5th edition 1993), International Monetary Fund (ISBN 1-55775-339-3).

[www.imf.org/external/np/sta/bop/BOPman.pdf](http://www.imf.org/external/np/sta/bop/BOPman.pdf)

Balance of Payments Textbook (1996), International Monetary Fund (ISBN 1-55775-570-1).

[www.imf.org/external/np/sta/bop/BOPtex.pdf](http://www.imf.org/external/np/sta/bop/BOPtex.pdf)

European System of Accounts (ESA 1995), Office for Official Publications of the European Communities (ISBN 92-827-7954-8)

[http://epp.eurostat.ec.europa.eu/portal/page/portal/product\\_details/publication?p\\_product\\_code=CA-15-96-001](http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/publication?p_product_code=CA-15-96-001)

System of National Accounts (1993), (ISBN 92-1-161352-3).

<http://unstats.un.org/unsd/nationalaccount/docs/1993sna.pdf>

An aerial, high-angle photograph of a crowded public space, likely a transit station or a busy pedestrian walkway. The floor is made of large, light-colored square tiles. Numerous people are seen from above, walking in various directions. Some are carrying bags or backpacks. On the right side of the image, there is a staircase with a metal railing. The overall scene is busy and populated.

# Part 1

## Current account



# Chapter 1

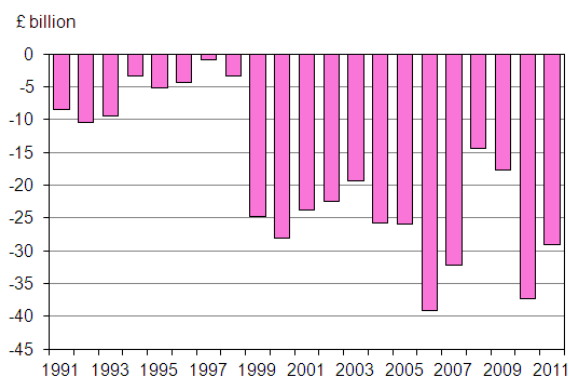
## Summary of balance of payments

## Current account

The UK has recorded a current account deficit in every year since 1984. Prior to 1984, the current account recorded a surplus in 1980 to 1983. Between 1984 and 2006 there were three main phases in the development of the current account. In the first phase, from 1984 to 1989, the current account deficit increased steadily to reach a high of £24.2 billion in 1989, equivalent to 4.6 per cent of Gross Domestic Product (GDP). During the second phase, from 1990 until 1997, the current account deficit declined to a low of £0.8 billion in 1997. In the third phase, between 1998 and 2006, the current account deficit widened sharply, peaking at £39.1 billion in 2006. This was the highest recorded in cash terms but only equated to 2.9 per cent of GDP. Since then, the annual movements in the deficit have not shown a clear pattern. In 2007 the current account deficit fell to £32.2 billion, before halving to £14.4 billion in 2008. Then from £17.7 billion in 2009, the deficit doubled in 2010 to £37.3 billion. In 2011 the current account deficit narrowed to £29.0 billion, equivalent to 1.9 per cent of GDP.

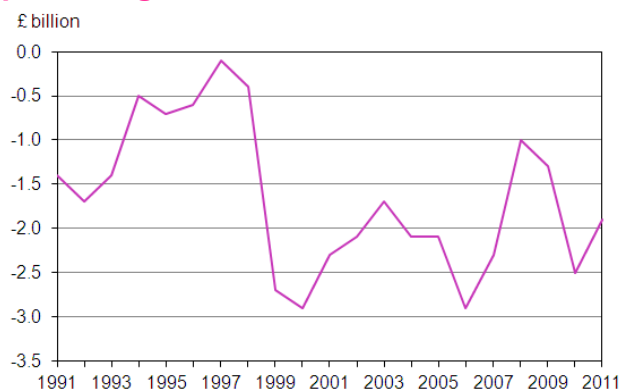
**Figure 1.1**

### Current account balance



**Figure 1.2**

### Current account balance as a percentage of GDP



The profile for the current account balance has historically followed that of trade in goods, its biggest and most cyclical component. That pattern was broadly followed until it changed in 2001. The pattern re-emerged in 2004 to 2006 with an increasing deficit on trade in goods being mirrored by an increase in the current account deficit. Since then, in all years other than 2010, the movements in the trade in goods deficit have been in the opposite direction to the movements in the overall current account deficit.

The last trade in goods surplus, recorded in 1982, contributed to a current account surplus. Following 1982, the goods balance went into deficit and this increased to a peak of £24.7 billion in 1989, while the current balance deteriorated to a deficit of £24.2 billion. From 1989 until the late 1990s, both the trade in goods and current account deficits broadly fell and then subsequently rose. From 2001 to 2003, while the goods deficit continued to grow, the current account deficit narrowed due to widening surpluses on both income and trade in services. From 2004 to 2006 the deficit on trade in goods increased, matched by a rise in the current account deficit. However, from 2006 to 2009 the surplus on income was the main driver of increases and decreases in the current account deficit. In 2010 trade in goods was



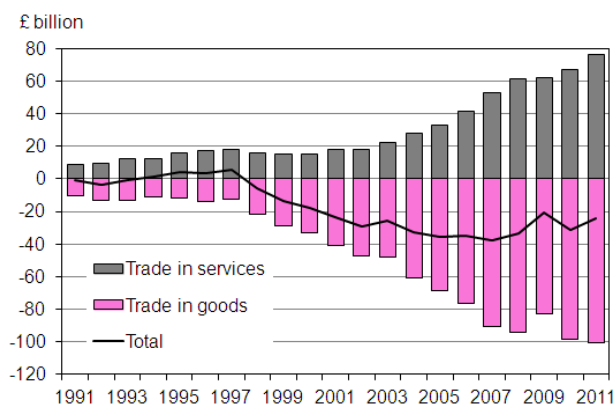
again the main driver: a £19.5 billion increase in the current account deficit was mainly due to a £15.7 billion increase in the trade in goods deficit. Then, in 2011, a £9.4 billion increase in the surplus on trade in services was responsible for an £8.2 billion fall in the current account deficit.

### Trade in goods and services

The trade in goods account recorded net surpluses in the years 1980 to 1982, largely as a result of growth in exports of North Sea oil. Since then however, the trade in goods account has remained in deficit. The deficit grew significantly in the late 1980s to reach a peak of £24.7 billion in 1989, before narrowing in the 1990s to levels of around £10 billion to £14 billion. In 1998 the deficit jumped by £9.5 billion to £21.6 billion, it then increased in every year except for 2009, reaching £100.3 billion in 2011.

Figure 1.3

### Trade in goods and services



The trade in services account has shown a surplus for every year since 1966. The surplus on services generally increased until 1987, during which time it broadly offset the deficit on trade in goods. From 1985 to 1992 the surplus was reasonably steady at around £9 billion each year. The services surplus then increased considerably, reaching £18.0 billion in 1997. It then decreased over the next three years to

reach £15.0 billion in 2000. Since then it has increased every year, reaching a level of £76.4 billion in 2011.

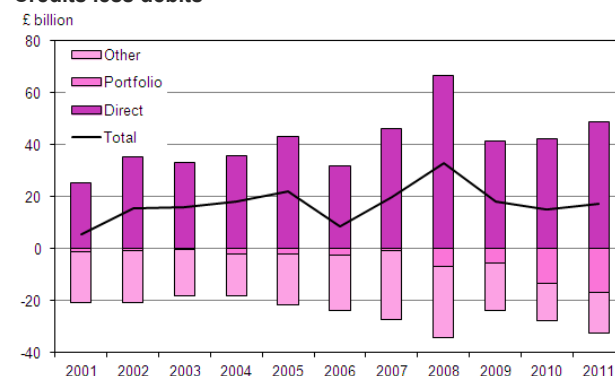
### Income

The income account consists of compensation of employees and investment income, the latter dominating the account. Historically the balance on compensation of employees has generally been in deficit. It moved into surplus in the late 1990s but moved back into deficit in 2004, where it has remained.

Figure 1.4

### Investment income

#### Credits less debits



The investment income balance was in surplus until 1976. From 1977 to 2000 it showed a deficit in most years, then from 2001 onwards it has shown a surplus. The surplus has mainly been driven by a direct investment income surplus partly offset by deficits on earnings from portfolio investment and other investment. The investment income surplus grew strongly in 2002, reaching £15.5 billion and continued to increase over the next three years to reach £22.0 billion in 2005. The surplus then fell back to £8.7 billion in 2006, before increasing again over the next two years to reach a record £33.1 billion in 2008. The surplus dropped to £18.3 billion in 2009, fell a further £3.2 billion in 2010, then increased to £17.3 billion in 2011. By sector, the investment income surplus of other sectors was £34.8 billion in 2011, £0.9 billion

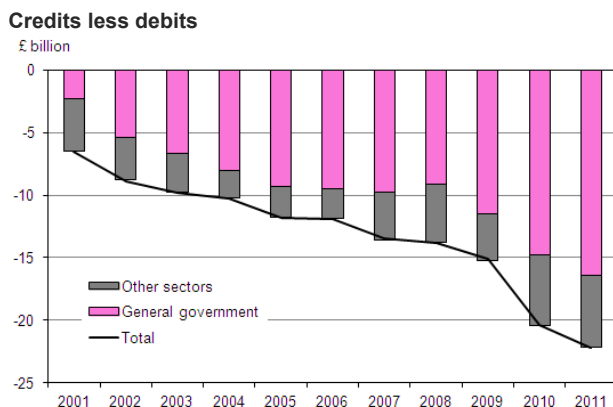
lower than in 2010. This fall was outweighed by a £5.6 billion reduction in the investment income deficit of monetary financial institutions (banks and building societies) in 2011.

### Current transfers

The current transfers account has shown a deficit in every year since 1960. The deficit increased steadily to reach £4.8 billion in 1990. In 1991 the deficit reduced to £1.0 billion, reflecting £2.1 billion receipts from other countries towards the UK's cost of the first Gulf conflict. The deficit has since increased, to reach a record £22.2 billion in 2011. Separate data for general government and other sectors are available from 1986 and show that both have been consistently in deficit since 1992. The volatility in this account is driven by fluctuating net contributions to EU Institutions.

**Figure 1.5**

### Current transfers



### Revisions since Pink Book 2011

The current account balance has been revised back to 1987 in this publication, as compared with data published in the Pink Book 2011, reflecting:

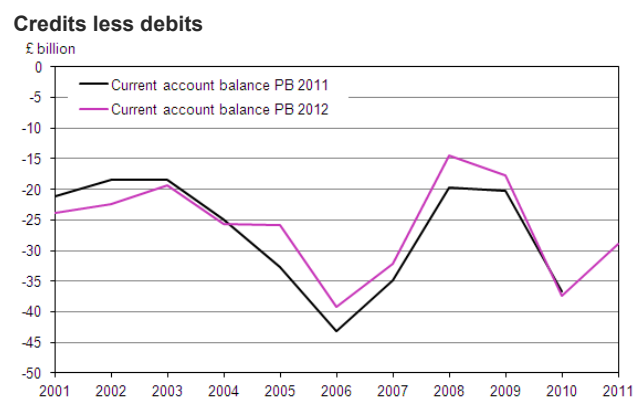
- the incorporation of improved insurance methodology within trade in services, investment income and current transfers from 1987;

- a reassessment of data for trade in services and trade in goods from 1997, following the annual supply use balancing process;
- annual inquiry results for 2009 and 2010.

Details of the sources of these changes are provided on pages 17-18 of the Introduction, and their impact can be seen in Figure 1.6 and in Table 1.1R.

**Figure 1.6**

### Revisions since Pink Book 2011



### Investment flows, levels and income

One important set of relationships within the balance of payments is the link between the financial account (investment flows), the international investment position (levels or balance sheets), and the income deriving from the balance sheets. This is explained in more detail in the Introduction. Although a reconciliation statement between opening and closing levels and flows is not officially compiled in the UK, Table 1.3 shows the rudiments of this relationship over the years for which consistent detailed data are available. Within the three main categories of investment (direct, portfolio and other), as well as reserve assets, it can be seen that the difference in the values of the balance sheet at the end of one year and the previous year is approximately equal to the value of the financial transactions

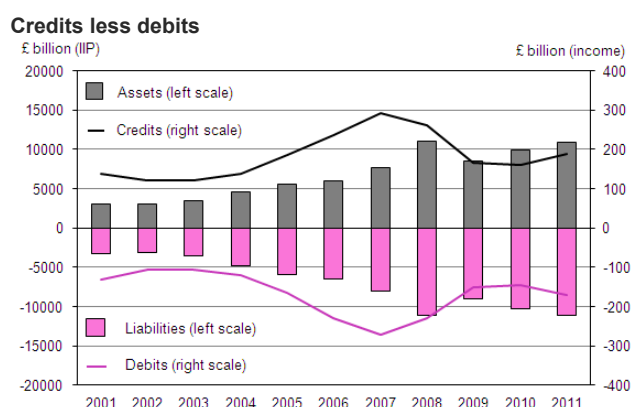
in that year. The difference between the two amounts is explained by valuation, exchange rate and other effects such as company write-offs.

The value of both external assets and liabilities in the international investment position has in general been rising steadily since 1980, reflecting both the increased global investment and the increasing prices of external assets and liabilities. A major exception to this was 2009, when both assets and liabilities decreased significantly. This was due to a combination of a sharp drop in financial derivatives assets and liabilities, disinvestments over the period and the appreciation of sterling, which has the effect of reducing UK assets and liabilities valued in foreign currency. Except for 1990, the UK's external assets exceeded external liabilities in every year until 1995. Since 1995 external liabilities have exceeded external assets.

Since 1995, there has been a sevenfold increase in the levels of both external assets and liabilities. At the end of 2011 external assets stood at £10,943 billion, while external liabilities stood at £11,140 billion, this resulted in a net liability position of £196.4 billion.

**Figure 1.7**

### International investment position and income



### Implied 'rates of return'

Another important relationship is that which exists between investment income and the international investment position. This can be considered most easily by looking at the implied 'rates of return' for both assets and liabilities. In total, the implied rate of return on liabilities was higher than on assets from the late 1970s until the mid-1990s. Since 1997, although the return on assets has been higher, both have been at relatively low levels.

The rates of return for direct investment are usually a lot higher than for other forms of investment although the rates dropped considerably in 2008, to 7.1 per cent for assets and 0.5 per cent for liabilities. The rate of return on assets fell further in 2009 to 6.6 per cent, but then increased over the next two years to reach 8.9 per cent in 2011. The rate of return on liabilities rebounded somewhat in 2009 to 4.0 per cent, and then increased further over the next two years to reach 6.3 per cent in 2011. Historically, the relatively higher return on direct investment is probably a consequence, in part, of comparatively lower valuations since direct investment levels are generally reported at book value rather than at market value, as used for other categories of investment; the book values of direct investments are likely to be lower than their market values. The higher rates of return on direct investment may also reflect the higher return required to make the longer term investment worthwhile.

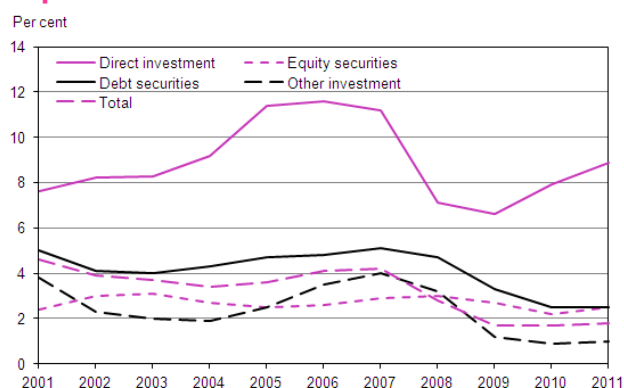
Within portfolio investment, rates of return on debt securities have generally been higher than on equity securities. The difference in the rates of return generally narrowed from 1998 to 2003, then widened before narrowing once again from 2008. For liabilities, from 2009 the rate of return on equity was actually higher than on debt securities: 3.0 per cent on equity and 2.6 per cent on debt in both 2009 and 2011.

For assets in 2011 the rate of return was 2.5 per cent for both debt securities and equity.

Rates of return on other investment were similar to returns on debt in the early 1990s, but between then and 2004 they were generally in decline. From 2004 until 2007 they began to increase again, but started to decline in 2008, dropping to a low of 0.9 per cent for assets and 1.2 per cent for liabilities in 2010 before rising slightly in 2011 to 1.0 per cent and 1.3 per cent respectively. Given that other investment constitutes almost half of the value of the balance sheets, it is not surprising that the rates of return have reflected the movements in interest rates on loans and deposits such as the base rate and the London Interbank Offered Rate (LIBOR).

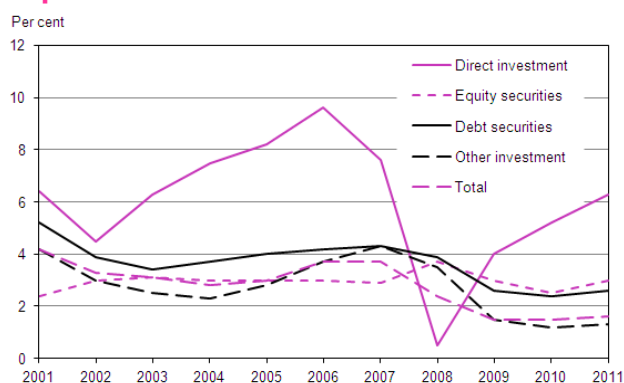
**Figure 1.8**

### Implied rates of return on assets



**Figure 1.9**

### Implied rates of return on liabilities



# 1.1 Summary of balance of payments Balances (credits less debits)

£ million

Current account												
	Trade in goods	Trade in services	Total goods and services	Compensation of employees	Investment income	Total income	Current transfers	Current balance	Current balance as % of GDP <sup>1</sup>	Capital account	Financial account	Net errors & omissions
	LQCT	KTMS	KTMV	KTMP	HMBM	HMBP	KTNF	HBOG	AA6H	FKMJ	HBNT	HHDH
1946	-101	-274	-375	-20	76	56	166	-153	..	-21	181	-7
1947	-358	-197	-555	-19	140	121	123	-311	..	-21	552	-220
1948	-152	-64	-216	-20	223	203	96	83	0.7	-17	-58	-8
1949	-137	-43	-180	-20	206	186	29	35	0.3	-12	-103	80
1950	-54	-4	-58	-21	378	357	39	338	2.6	-10	-447	119
1951	-692	32	-660	-21	322	301	29	-330	-2.3	-15	426	-81
1952	-272	123	-149	-22	231	209	169	229	1.4	-15	-229	15
1953	-244	123	-121	-25	207	182	143	204	1.2	-13	-177	-14
1954	-210	115	-95	-27	227	200	55	160	0.9	-13	-174	27
1955	-315	42	-273	-27	149	122	43	-108	-0.6	-15	34	89
1956	50	26	76	-30	203	173	2	251	1.2	-13	-250	12
1957	-29	121	92	-32	223	191	-5	278	1.3	-13	-313	48
1958	34	119	153	-34	261	227	4	384	1.7	-10	-411	37
1959	-116	118	2	-37	233	196	-	198	0.8	-5	-68	-125
1960	-404	39	-365	-35	201	166	-6	-205	-0.8	-6	-7	218
1961	-144	51	-93	-35	223	188	-9	86	0.3	-12	23	-97
1962	-104	50	-54	-37	301	264	-14	196	0.7	-12	-195	11
1963	-123	4	-119	-38	364	326	-37	170	0.6	-16	-30	-124
1964	-551	-34	-585	-33	365	332	-74	-327	-1.0	-17	392	-48
1965	-263	-66	-329	-34	405	371	-75	-33	-0.1	-18	49	2
1966	-111	44	-67	-39	358	319	-91	161	0.4	-19	22	-164
1967	-601	157	-444	-39	354	315	-118	-247	-0.6	-25	179	93
1968	-708	341	-367	-48	303	255	-119	-231	-0.5	-26	688	-431
1969	-214	392	178	-47	468	421	-109	490	1.0	-23	-794	327
1970	-18	455	437	-56	527	471	-89	819	1.6	-22	-818	21
1971	205	617	822	-63	454	391	-90	1 123	2.0	-23	-1 330	230
1972	-736	722	-14	-52	350	298	-142	142	0.2	-35	477	-584
1973	-2 573	907	-1 666	-68	970	902	-336	-1 100	-1.5	-39	1 031	108
1974	-5 241	1 292	-3 949	-92	1 010	918	-302	-3 333	-4.0	-34	3 185	182
1975	-3 245	1 708	-1 537	-102	257	155	-313	-1 695	-1.6	-36	1 569	162
1976	-3 930	2 872	-1 058	-140	760	620	-534	-972	-0.8	-12	507	477
1977	-2 271	3 704	1 433	-152	-678	-830	-889	-286	-0.2	11	-3 286	3 561
1978	-1 534	4 215	2 681	-140	-300	-440	-1 420	821	0.5	-79	-2 655	1 913
1979	-3 326	4 573	1 247	-130	-342	-472	-1 777	-1 002	-0.5	-103	864	241
1980	1 329	4 414	5 743	-82	-2 268	-2 350	-1 653	1 740	0.8	-4	-2 157	421
1981	3 238	4 776	8 014	-66	-1 883	-1 949	-1 219	4 846	1.9	-79	-5 312	545
1982	1 879	4 261	6 140	-95	-2 336	-2 431	-1 476	2 233	0.8	6	-1 233	-1 006
1983	-1 618	5 406	3 788	-89	-1 050	-1 139	-1 391	1 258	0.4	75	-3 287	1 954
1984	-5 409	6 101	692	-94	-326	-420	-1 566	-1 294	-0.4	107	-7 130	8 317
1985	-3 416	8 499	5 083	-120	-2 609	-2 729	-2 924	-570	-0.2	185	-1 657	2 042
1986	-9 617	8 182	-1 435	-156	71	-85	-2 094	-3 614	-0.9	135	-122	3 601
1987	-11 698	9 163	-2 535	-174	-855	-1 029	-3 437	-7 001	-1.6	333	10 606	-3 938
1988	-21 553	7 506	-14 047	-64	-1 438	-1 502	-3 293	-18 842	-3.9	235	16 989	1 618
1989	-24 724	7 543	-17 181	-138	-2 683	-2 821	-4 228	-24 230	-4.6	270	13 614	10 346
1990	-18 707	8 879	-9 828	-110	-5 085	-5 195	-4 802	-19 825	-3.5	497	22 272	-2 944
1991	-10 223	9 106	-1 117	-63	-6 266	-6 329	-999	-8 445	-1.4	290	7 855	300
1992	-13 050	9 706	-3 344	-49	-1 786	-1 835	-5 228	-10 407	-1.7	421	16 311	-6 325
1993	-13 066	12 086	-980	35	-3 420	-3 385	-5 056	-9 421	-1.4	309	22 278	-13 166
1994	-11 126	12 632	1 506	-170	523	353	-5 187	-3 328	-0.5	33	-3 240	6 535
1995	-12 023	16 195	4 172	-296	-1 669	-1 965	-7 363	-5 156	-0.7	533	-1 717	6 340
1996	-13 722	17 249	3 527	93	-3 494	-3 401	-4 539	-4 413	-0.6	1 260	-940	4 093
1997	-12 169	18 048	5 879	83	-1 225	-1 142	-5 525	-788	-0.1	958	-7 294	7 124
1998	-21 632	16 194	-5 438	-10	10 292	10 282	-8 171	-3 327	-0.4	489	4 480	-1 642
1999	-28 889	15 403	-13 486	201	-4 211	-4 010	-7 322	-24 818	-2.7	747	29 505	-5 434
2000	-32 903	14 951	-17 952	150	-447	-297	-9 775	-28 024	-2.9	1 703	23 133	3 188
2001	-40 976	17 797	-23 179	66	5 785	5 851	-6 515	-23 843	-2.3	1 318	27 194	-4 679
2002	-47 360	18 254	-29 106	67	15 498	15 565	-8 870	-22 411	-2.1	932	16 204	5 275
2003	-48 333	22 556	-25 777	59	16 113	16 172	-9 834	-19 439	-1.7	1 466	22 561	-4 588
2004	-60 800	27 808	-32 992	-494	18 110	17 616	-10 276	-25 652	-2.1	2 064	29 463	-5 875
2005	-68 686	33 248	-35 438	-610	21 969	21 359	-11 849	-25 928	-2.1	1 503	35 235	-10 810
2006	-76 403	41 419	-34 984	-958	8 720	7 762	-11 876	-39 098	-2.9	975	33 976	4 147
2007	-90 478	52 858	-37 620	-734	19 741	19 007	-13 546	-32 159	-2.3	2 566	24 982	4 611
2008	-94 082	61 028	-33 054	-715	33 121	32 406	-13 765	-14 413	-1.0	3 241	25 985	-14 813
2009	-82 841	62 239	-20 602	-259	18 250	17 991	-15 126	-17 737	-1.3	3 637	22 650	-8 550
2010	-98 509	67 007	-31 502	-389	15 017	14 628	-20 410	-37 284	-2.5	3 704	28 277	5 303
2011	-100 343	76 380	-23 963	-172	17 305	17 133	-22 216	-29 046	-1.9	3 444	15 869	9 733

1 Using series YBHA: GDP at current market prices.

# 1.1R Summary of balance of payments

## Revisions since ONS Pink Book 2011

£ million

Current account												
	Trade in goods	Trade in services	Total goods and services	Compensati- on of employees	Investment income	Total income	Current transfers	Current balance	Current balance as % of GDP <sup>1</sup>	Capital account	Financial account	Net errors & omissions
	LQCT	KTMS	KTMY	KTMP	HMBM	HMBP	KTNF	HBOG	AA6H	FKMJ	HBNT	HHDH
1946	-	-	-	-	-	-	-	-	-	-	-	-
1947	-	-	-	-	-	-	-	-	-	-	-	-
1948	-	-	-	-	-	-	-	-	-	-	-	-
1949	-	-	-	-	-	-	-	-	-	-	-	-
1950	-	-	-	-	-	-	-	-	-	-	-	-
1951	-	-	-	-	-	-	-	-	-	-	-	-
1952	-	-	-	-	-	-	-	-	-	-	-	-
1953	-	-	-	-	-	-	-	-	-	-	-	-
1954	-	-	-	-	-	-	-	-	-	-	-	-
1955	-	-	-	-	-	-	-	-	-	-	-	-
1956	-	-	-	-	-	-	-	-	-	-	-	-
1957	-	-	-	-	-	-	-	-	-	-	-	-
1958	-	-	-	-	-	-	-	-	-	-	-	-
1959	-	-	-	-	-	-	-	-	-	-	-	-
1960	-	-	-	-	-	-	-	-	-	-	-	-
1961	-	-	-	-	-	-	-	-	-	-	-	-
1962	-	-	-	-	-	-	-	-	-	-	-	-
1963	-	-	-	-	-	-	-	-	-	-	-	-
1964	-	-	-	-	-	-	-	-	-	-	-	-
1965	-	-	-	-	-	-	-	-	-	-	-	-
1966	-	-	-	-	-	-	-	-	-	-	-	-
1967	-	-	-	-	-	-	-	-	-	-	-	-
1968	-	-	-	-	-	-	-	-	-	-	-	-
1969	-	-	-	-	-	-	-	-	-	-	-	-
1970	-	-	-	-	-	-	-	-	-	-	-	-
1971	-	-	-	-	-	-	-	-	-	-	-	-
1972	-	-	-	-	-	-	-	-	-	-	-	-
1973	-	-	-	-	-	-	-	-	-	-	-	-
1974	-	-	-	-	-	-	-	-	-	-	-	-
1975	-	-	-	-	-	-	-	-	-	-	-	-
1976	-	-	-	-	-	-	-	-	-	-	-	-
1977	-	-	-	-	-	-	-	-	-	-	-	-
1978	-	-	-	-	-	-	-	-	-	-	-	-
1979	-	-	-	-	-	-	-	-	-	-	-	-
1980	-	-	-	-	-	-	-	-	-	-	-	-
1981	-	-	-	-	-	-	-	-	-	-	-	-
1982	-	-	-	-	-	-	-	-	-	-	-	-
1983	-	-	-	-	-	-	-	-	-	-	-	-
1984	-	-	-	-	-	-	-	-	-	-	-	-
1985	-	-	-	-	-	-	-	-	-	-	-	-
1986	-	-	-	-	-	-	-	-	-	-	-	-
1987	-	559	559	-	-125	-125	-	434	0.1	-	-	-434
1988	-	1 118	1 118	-	-250	-250	-	868	0.2	-	-	-868
1989	-	1 677	1 677	-	-374	-374	-	1 303	0.3	-	-	-1 303
1990	-	2 236	2 236	-	-499	-499	-	1 737	0.3	-	-	-1 737
1991	-	2 794	2 794	-	-624	-624	-	2 170	0.4	-	-	-2 170
1992	-	3 353	3 353	-	-749	-749	-	2 604	0.4	-	-	-2 604
1993	-	3 912	3 912	-	-873	-873	-	3 039	0.5	-	-	-3 039
1994	-	4 471	4 471	-	-998	-998	-	3 473	0.5	-	-	-3 473
1995	-	5 030	5 030	-	-1 123	-1 123	-	3 907	0.5	-	-	-3 907
1996	-	2 937	2 937	-	-1 034	-1 034	-	1 903	0.2	-	-	-1 903
1997	231	1 260	1 491	-	-1 467	-1 467	-	24	-	-	-	-24
1998	238	1 196	1 434	-	-1 517	-1 517	1	-82	-	-	-	82
1999	71	-162	-91	-	-2 968	-2 968	-	-3 059	-0.4	-	-	3 059
2000	127	-62	65	-	-2 260	-2 260	-	-2 195	-0.3	-	-	2 195
2001	204	589	793	-	-3 574	-3 574	-	-2 781	-0.2	-	-	2 781
2002	307	-1 379	-1 072	-	-2 938	-2 938	-	-4 010	-0.4	-	-	4 010
2003	198	340	538	-	-1 598	-1 598	1	-1 059	-0.1	-	-	1 059
2004	139	-488	-349	-	-413	-413	-	-762	-	-	-	762
2005	98	7 168	7 266	-	-527	-527	-	6 739	0.5	-	-	-6 739
2006	166	5 581	5 747	-	-1 750	-1 750	-	3 997	0.3	-	-	-3 997
2007	127	4 902	5 029	-	-2 362	-2 362	-	2 667	0.2	-	-	-2 667
2008	99	5 971	6 070	-	-730	-730	-	5 340	0.4	-	-	-5 340
2009	11	5 024	5 035	-	-2 406	-2 406	-50	2 579	0.2	-	-2 115	-464
2010	-47	8 229	8 182	-	-8 411	-8 411	-329	-558	-	-4	-13 240	13 802

1 Using series YBHA: GDP at current market prices.

# 1.2 Current account

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>Credits</b>												
Exports of goods and services												
Exports of goods	LQAD	102 313	103 939	107 863	122 229	135 143	153 577	167 196	171 966	164 025	166 109	187 898
Exports of services	KTMQ	36 706	37 768	41 271	47 868	52 944	59 051	64 934	67 630	70 849	76 864	82 386
Total exports of goods and services	KTMW	139 019	141 707	149 134	170 097	188 087	212 628	232 130	239 596	234 874	242 973	270 284
Income												
Compensation of employees	KTMN	543	551	551	595	681	887	911	1 007	840	960	1 032
Investment income	HMBN	76 353	73 652	65 168	70 944	72 585	85 490	89 794	93 360	102 548	100 733	131 902
Total income	HMBQ	76 896	74 203	65 719	71 539	73 266	86 377	90 705	94 367	103 388	101 693	132 934
Current transfers												
General government	FJUM	2 050	4 892	2 180	2 826	2 138	1 730	2 828	2 393	1 767	3 542	2 465
Other sectors	FJUN	5 724	7 234	9 945	9 085	8 918	10 213	11 372	11 646	11 446	9 056	8 882
Total current transfers	KTND	7 774	12 126	12 125	11 911	11 056	11 943	14 200	14 039	13 213	12 598	11 347
<b>Total</b>	HBOE	<b>223 689</b>	<b>228 036</b>	<b>226 978</b>	<b>253 547</b>	<b>272 409</b>	<b>310 948</b>	<b>337 035</b>	<b>348 002</b>	<b>351 475</b>	<b>357 264</b>	<b>414 565</b>
<b>Debits</b>												
Imports of goods and services												
Imports of goods	LQBL	121 020	114 162	120 913	135 295	146 269	165 600	180 918	184 135	185 657	194 998	220 801
Imports of services	KTMR	27 827	28 662	31 565	35 782	40 312	42 856	47 685	49 582	54 655	61 461	67 435
Total imports of goods and services	KTMX	148 847	142 824	152 478	171 077	186 581	208 456	228 603	233 717	240 312	256 459	288 236
Income												
Compensation of employees	KTMO	653	614	600	560	851	1 183	818	924	850	759	882
Investment income	HMBO	81 438	79 918	66 954	74 364	72 062	87 159	93 288	94 585	92 256	104 944	132 349
Total income	HMBR	82 091	80 532	67 554	74 924	72 913	88 342	94 106	95 509	93 106	105 703	133 231
Current transfers												
General government	FJUO	1 995	3 218	3 506	4 156	4 795	4 811	5 081	5 087	6 585	7 271	7 778
Other sectors	FJUP	10 581	9 907	13 847	12 811	11 448	14 495	13 658	14 477	14 799	12 649	13 344
Total current transfers	KTNE	12 576	13 125	17 353	16 967	16 243	19 306	18 739	19 564	21 384	19 920	21 122
<b>Total</b>	HBOF	<b>243 514</b>	<b>236 481</b>	<b>237 385</b>	<b>262 968</b>	<b>275 737</b>	<b>316 104</b>	<b>341 448</b>	<b>348 790</b>	<b>354 802</b>	<b>382 082</b>	<b>442 589</b>
<b>Balances</b>												
Trade in goods and services												
Trade in goods	LQCT	-18 707	-10 223	-13 050	-13 066	-11 126	-12 023	-13 722	-12 169	-21 632	-28 889	-32 903
Trade in services	KTMS	8 879	9 106	9 706	12 086	12 632	16 195	17 249	18 048	16 194	15 403	14 951
Total trade in goods and services	KTMY	-9 828	-1 117	-3 344	-980	1 506	4 172	3 527	5 879	-5 438	-13 486	-17 952
Income												
Compensation of employees	KTMP	-110	-63	-49	35	-170	-296	93	83	-10	201	150
Investment income	HMBM	-5 085	-6 266	-1 786	-3 420	523	-1 669	-3 494	-1 225	10 292	-4 211	-447
Total income	HMBP	-5 195	-6 329	-1 835	-3 385	353	-1 965	-3 401	-1 142	10 282	-4 010	-297
Current transfers												
General government	FJUQ	55	1 674	-1 326	-1 330	-2 657	-3 081	-2 253	-2 694	-4 818	-3 729	-5 313
Other sectors	FJUR	-4 857	-2 673	-3 902	-3 726	-2 530	-4 282	-2 286	-2 831	-3 353	-3 593	-4 462
Total current transfers	KTNF	-4 802	-999	-5 228	-5 056	-5 187	-7 363	-4 539	-5 525	-8 171	-7 322	-9 775
<b>Total (Current balance)</b>	HBOG	<b>-19 825</b>	<b>-8 445</b>	<b>-10 407</b>	<b>-9 421</b>	<b>-3 328</b>	<b>-5 156</b>	<b>-4 413</b>	<b>-788</b>	<b>-3 327</b>	<b>-24 818</b>	<b>-28 024</b>

# 1.2 Current account

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
Exports of goods and services												
Exports of goods	LQAD	189 067	186 574	188 287	190 863	211 606	243 745	220 525	252 157	228 135	265 708	298 987
Exports of services	KTMQ	89 208	94 053	105 434	115 415	128 818	144 462	159 591	177 413	176 026	182 177	193 659
Total exports of goods and services	KTMW	278 275	280 627	293 721	306 278	340 424	388 207	380 116	429 570	404 161	447 885	492 646
Income												
Compensation of employees	KTMN	1 087	1 121	1 116	931	974	938	984	1 046	1 176	1 097	1 121
Investment income	HMBN	137 447	120 543	122 069	137 380	185 640	237 505	291 614	262 842	167 724	159 369	187 547
Total income	HMBQ	138 534	121 664	123 185	138 311	186 614	238 443	292 598	263 888	168 900	160 466	188 668
Current transfers												
General government	FJUM	4 991	3 663	3 968	4 177	4 294	4 383	4 318	5 652	6 205	3 866	3 438
Other sectors	FJUN	8 391	10 129	10 861	11 894	14 065	19 055	12 363	17 647	15 020	13 367	13 852
Total current transfers	KTND	13 382	13 792	14 829	16 071	18 359	23 438	16 681	23 299	21 225	17 233	17 290
<b>Total</b>	HBOE	<b>430 191</b>	<b>416 083</b>	<b>431 735</b>	<b>460 660</b>	<b>545 397</b>	<b>650 088</b>	<b>689 395</b>	<b>716 757</b>	<b>594 286</b>	<b>625 584</b>	<b>698 604</b>
<b>Debits</b>												
Imports of goods and services												
Imports of goods	LQBL	230 043	233 934	236 620	251 663	280 292	320 148	311 003	346 239	310 976	364 217	399 330
Imports of services	KTMR	71 411	75 799	82 878	87 607	95 570	103 043	106 733	116 385	113 787	115 170	117 279
Total imports of goods and services	KTMX	301 454	309 733	319 498	339 270	375 862	423 191	417 736	462 624	424 763	479 387	516 609
Income												
Compensation of employees	KTMO	1 021	1 054	1 057	1 425	1 584	1 896	1 718	1 761	1 435	1 486	1 293
Investment income	HMBO	131 662	105 045	105 956	119 270	163 671	228 785	271 873	229 721	149 474	144 352	170 242
Total income	HMBR	132 683	106 099	107 013	120 695	165 255	230 681	273 591	231 482	150 909	145 838	171 535
Current transfers												
General government	FJUO	7 340	9 085	10 657	12 225	13 637	13 874	14 082	14 714	17 665	18 662	19 855
Other sectors	FJUP	12 557	13 577	14 006	14 122	16 571	21 440	16 145	22 350	18 686	18 981	19 651
Total current transfers	KTNE	19 897	22 662	24 663	26 347	30 208	35 314	30 227	37 064	36 351	37 643	39 506
<b>Total</b>	HBOF	<b>454 034</b>	<b>438 494</b>	<b>451 174</b>	<b>486 312</b>	<b>571 325</b>	<b>689 186</b>	<b>721 554</b>	<b>731 170</b>	<b>612 023</b>	<b>662 868</b>	<b>727 650</b>
<b>Balances</b>												
Trade in goods and services												
Trade in goods	LQCT	-40 976	-47 360	-48 333	-60 800	-68 686	-76 403	-90 478	-94 082	-82 841	-98 509	-100 343
Trade in services	KTMS	17 797	18 254	22 556	27 808	33 248	41 419	52 858	61 028	62 239	67 007	76 380
Total trade in goods and services	KTMV	-23 179	-29 106	-25 777	-32 992	-35 438	-34 984	-37 620	-33 054	-20 602	-31 502	-23 963
Income												
Compensation of employees	KTMP	66	67	59	-494	-610	-958	-734	-715	-259	-389	-172
Investment income	HMBM	5 785	15 498	16 113	18 110	21 969	8 720	19 741	33 121	18 250	15 017	17 305
Total income	HMBP	5 851	15 565	16 172	17 616	21 359	7 762	19 007	32 406	17 991	14 628	17 133
Current transfers												
General government	FJUQ	-2 349	-5 422	-6 689	-8 048	-9 343	-9 491	-9 764	-9 062	-11 460	-14 796	-16 417
Other sectors	FJUR	-4 166	-3 448	-3 145	-2 228	-2 506	-2 385	-3 782	-4 703	-3 666	-5 614	-5 799
Total current transfers	KTNF	-6 515	-8 870	-9 834	-10 276	-11 849	-11 876	-13 546	-13 765	-15 126	-20 410	-22 216
<b>Total (Current balance)</b>	HBOG	<b>-23 843</b>	<b>-22 411</b>	<b>-19 439</b>	<b>-25 652</b>	<b>-25 928</b>	<b>-39 098</b>	<b>-32 159</b>	<b>-14 413</b>	<b>-17 737</b>	<b>-37 284</b>	<b>-29 046</b>



# 1.3 Summary of international investment position, financial account and investment income

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Investment abroad</b>												
International investment position												
Direct investment	HBWD	616.9	637.2	691.1	678.1	705.9	733.1	899.8	1 068.7	975.3	1 039.2	1 119.7
Portfolio investment	HHZZ	937.4	844.0	935.8	1 092.1	1 360.9	1 531.0	1 689.7	1 664.3	1 875.3	2 070.3	2 082.2
Financial derivatives	JX96	..	..	..	709.4	820.1	853.7	1 378.1	4 040.2	2 176.4	2 962.8	3 617.8
Other investment	HLXV	1 521.9	1 545.2	1 813.7	2 118.0	2 714.8	2 916.6	3 744.5	4 180.6	3 511.2	3 780.6	4 066.6
Reserve assets	LTEB	25.6	25.5	23.8	23.2	24.7	22.9	26.7	36.3	40.1	49.7	56.8
Total	HBQA	<b>3 101.9</b>	<b>3 051.9</b>	<b>3 464.5</b>	<b>4 620.8</b>	<b>5 626.4</b>	<b>6 057.4</b>	<b>7 738.8</b>	<b>10 990.1</b>	<b>8 578.3</b>	<b>9 902.7</b>	<b>10 943.1</b>
Financial account transactions												
Direct investment	-HJYP	42.8	35.0	40.9	51.5	44.0	45.0	162.6	99.6	25.2	25.6	66.8
Portfolio investment	-HHZC	86.6	1.0	36.3	141.0	151.0	138.8	91.5	-123.2	164.7	76.8	22.4
Financial derivatives (net)	-ZPNN	-8.4	-1.0	5.4	6.8	-5.8	-20.6	27.0	121.7	-29.1	-32.8	-16.0
Other investment	-XBMM	170.7	70.4	260.4	325.2	506.3	395.9	742.4	-613.0	-354.9	224.1	108.3
Reserve assets	-LTCV	-3.1	-0.5	-1.6	0.2	0.7	-0.4	1.2	-1.3	5.8	6.1	4.9
Total	-HBNR	<b>288.5</b>	<b>105.0</b>	<b>341.4</b>	<b>524.7</b>	<b>696.1</b>	<b>558.7</b>	<b>1 024.7</b>	<b>-516.2</b>	<b>-188.3</b>	<b>299.8</b>	<b>186.4</b>
Investment income												
Direct investment	HJYW	46.7	51.5	55.1	63.3	79.2	83.6	91.4	69.5	67.9	79.2	96.5
Portfolio investment	HLYX	34.9	32.5	32.5	36.7	45.4	55.1	66.1	67.5	54.6	47.1	51.5
Other investment	AIOP	54.9	35.8	33.6	36.7	60.4	98.1	133.5	125.1	44.4	32.4	38.7
Reserve assets	HRCB	1.0	0.8	0.8	0.7	0.7	0.6	0.6	0.8	0.8	0.7	0.8
Total	HMBN	<b>137.4</b>	<b>120.5</b>	<b>122.1</b>	<b>137.4</b>	<b>185.6</b>	<b>237.5</b>	<b>291.6</b>	<b>262.8</b>	<b>167.7</b>	<b>159.4</b>	<b>187.5</b>
<b>Investment in the UK</b>												
International investment position												
Direct investment	HBWI	363.5	340.6	355.5	383.3	494.2	577.3	613.8	660.4	681.8	742.7	775.4
Portfolio investment	HLXW	1 013.2	925.3	1 082.9	1 227.9	1 461.7	1 703.5	1 945.7	1 980.2	2 397.0	2 509.2	2 446.9
Financial derivatives	JX97	..	..	..	715.0	831.1	890.5	1 392.2	3 915.3	2 096.8	2 895.0	3 554.9
Other investment	HLYD	1 861.9	1 898.0	2 135.2	2 511.8	3 109.0	3 270.0	4 115.6	4 518.1	3 791.0	4 047.2	4 362.3
Total	HBQB	<b>3 238.5</b>	<b>3 163.9</b>	<b>3 573.6</b>	<b>4 838.1</b>	<b>5 896.0</b>	<b>6 441.2</b>	<b>8 067.3</b>	<b>11 073.9</b>	<b>8 966.7</b>	<b>10 194.1</b>	<b>11 139.6</b>
Financial account transactions												
Direct investment	HJYU	37.3	16.8	16.8	31.2	97.8	84.9	100.0	48.4	49.0	32.8	33.7
Portfolio investment	HHZF	40.8	49.7	105.6	97.3	129.0	152.5	217.9	200.6	191.5	77.9	-18.2
Other investment	XBMM	237.6	54.6	241.5	425.6	504.5	355.3	731.8	-739.2	-406.1	217.4	186.8
Total	HBNS	<b>315.7</b>	<b>121.2</b>	<b>364.0</b>	<b>554.2</b>	<b>731.3</b>	<b>592.7</b>	<b>1 049.7</b>	<b>-490.2</b>	<b>-165.7</b>	<b>328.1</b>	<b>202.3</b>
Investment income												
Direct investment	HJYX	21.4	16.0	21.9	27.6	36.2	51.6	45.1	3.1	26.6	37.1	47.7
Portfolio investment	HLZC	36.1	33.3	32.9	38.7	47.6	57.6	66.8	74.5	60.0	60.2	68.3
Other investment	HLZN	74.1	55.7	51.1	52.9	79.9	119.6	160.0	152.1	63.0	47.1	54.2
Total	HMBO	<b>131.7</b>	<b>105.0</b>	<b>106.0</b>	<b>119.3</b>	<b>163.7</b>	<b>228.8</b>	<b>271.9</b>	<b>229.7</b>	<b>149.5</b>	<b>144.4</b>	<b>170.2</b>
<b>Net investment</b>												
International investment position												
Direct investment	HBWQ	253.5	296.6	335.6	294.7	211.7	155.8	285.9	408.4	293.5	296.5	344.2
Portfolio investment	CGNH	-75.7	-81.3	-147.0	-135.8	-100.8	-172.4	-255.9	-315.9	-521.8	-438.9	-364.7
Financial derivatives	JX98	..	..	..	-5.6	-11.0	-36.8	-14.1	124.9	79.6	67.8	62.9
Other investment	CGNG	-339.9	-352.8	-321.5	-393.9	-394.2	-353.4	-371.0	-337.5	-279.8	-266.6	-295.7
Reserve assets	LTEB	25.6	25.5	23.8	23.2	24.7	22.9	26.7	36.3	40.1	49.7	56.8
Net investment position	HBQC	<b>-136.5</b>	<b>-112.0</b>	<b>-109.2</b>	<b>-217.3</b>	<b>-269.6</b>	<b>-383.8</b>	<b>-328.4</b>	<b>-83.8</b>	<b>-388.3</b>	<b>-291.4</b>	<b>-196.4</b>
Financial account transactions												
Direct investment	HJYV	-5.5	-18.3	-24.1	-20.3	53.8	39.9	-62.7	-51.2	23.8	7.2	-33.2
Portfolio investment	HHZD	-45.7	48.7	69.4	-43.7	-21.9	13.7	126.4	323.8	26.8	1.1	-40.6
Financial derivatives	ZPNN	8.4	1.0	-5.4	-6.8	5.8	20.6	-27.0	-121.7	29.1	32.8	16.0
Other investment	HHYR	66.9	-15.7	-18.9	100.4	-1.8	-40.6	-10.6	-126.2	-51.2	-6.7	78.6
Reserve assets	LTCV	3.1	0.5	1.6	-0.2	-0.7	0.4	-1.2	1.3	-5.8	-6.1	-4.9
Net transactions	HBNT	<b>27.2</b>	<b>16.2</b>	<b>22.6</b>	<b>29.5</b>	<b>35.2</b>	<b>34.0</b>	<b>25.0</b>	<b>26.0</b>	<b>22.6</b>	<b>28.3</b>	<b>15.9</b>
Investment income												
Direct investment	HJYE	25.3	35.5	33.2	35.7	43.0	32.0	46.3	66.4	41.4	42.1	48.9
Portfolio investment	HLZX	-1.2	-0.8	-0.4	-2.0	-2.2	-2.4	-0.7	-7.0	-5.4	-13.1	-16.8
Other investment	CGNA	-19.3	-20.0	-17.5	-16.3	-19.5	-21.5	-26.5	-27.1	-18.5	-14.7	-15.5
Reserve assets	HRCB	1.0	0.8	0.8	0.7	0.7	0.6	0.6	0.8	0.8	0.7	0.8
Net earnings	HMBM	<b>5.8</b>	<b>15.5</b>	<b>16.1</b>	<b>18.1</b>	<b>22.0</b>	<b>8.7</b>	<b>19.7</b>	<b>33.1</b>	<b>18.2</b>	<b>15.0</b>	<b>17.3</b>



# Chapter 2

## Trade in goods

## Summary

The balance on trade in goods has shown a deficit in all but six years since 1900, with the value of imports exceeding the value of exports. The last surplus on trade in goods was recorded for 1982. In the period 1992 to 1997, the deficit settled into the range of £11 billion to £14 billion, before widening in all subsequent years to reach a record deficit of £100.3 billion in 2011.

In 2011 the deficit increased by £1.8 billion, from £98.5 billion in 2010. There was an increase in exports of 12.5 per cent, from £265.7 billion to a record £299.0 billion, and this was accompanied by a rise in imports of 9.6 per cent, from £364.2 billion in 2010 to a record £399.3 billion in 2011. These large increases in both exports and imports were a continuation of the recovery in global trade, which had declined sharply between 2008 and 2009 as a consequence of the worldwide financial crisis.

When looking at trade figures, users should be aware that both exports and imports are affected by VAT missing trader intra-community (MTIC) fraud. This led to an increase in both imports and exports in 2006, and a subsequent fall in 2007 associated with the introduction of the UK's reverse charge derogation - an anti-fraud measure relating to mobile phones and microchips, which placed the responsibility with purchasers rather than suppliers to account for the VAT associated with these goods.

In addition, following a change in the pattern of MTIC fraud, interpretation of the breakdown between EU and non-EU trade is more difficult. Originally, most carousel chains, where goods are imported to the UK, sold through a chain of companies allowing each to fraudulently reclaim the VAT, and then finally re-exported, only involved EU member states. From 2004 onwards there were also carousel chains that

included non-EU countries, for example, Dubai and Switzerland. However, the MTIC trade adjustments are added to the EU import estimates as it is this part of the trading chain that is not recorded.

Changes to the pattern of trading associated with MTIC fraud can therefore make it difficult to analyse trade by commodity group and by country, as increases or decreases inflate or reduce both imports and exports. In particular, adjustments affect trade in capital goods and intermediate goods – these categories include mobile phones and computer components, which are now covered by the reverse charge derogation. (For more information on MTIC fraud, see the Methodological notes relating to chapter 2.)

**Figure 2.1**  
**Trade in goods**



## Volume changes

Export volumes increased in every year between 1982 and 2001. The growth in exports slowed during the years 1991 to 1993 reflecting a decline in economic activity abroad. There was a period of strong growth between 1994 and 1997 followed by a marked slowdown in 1998. After a slight pick-up in growth in 1999 and accelerated growth in 2000, export volume growth slowed again in 2001.

Between 2001 and 2003 export volumes remained fairly flat as world economic activity slowed. Volumes rose in each year from 2004 to 2006 as world economic activity grew (in addition, there was an increase in trade associated with MTIC fraud – as shown in Table 2.4 – in 2005 and 2006). There was a sharp fall in export volumes in 2007 of 9.3 per cent, linked to a fall in trade associated with MTIC fraud. In 2008 the volume of exports grew by 1.4 per cent, but in 2009 the volume of exports fell by a record 10.6 per cent as a result of the general contraction of global trade. The volume of exports recovered slightly in 2010, increasing 9.7 per cent, and a further 5.6 per cent increase was recorded in 2011. However, export volumes were 4.8 per cent below the record values of 2006.

**Figure 2.2**

### Export and import volume indices



Import volumes have also been generally increasing since 1981. However, a downturn in the UK economy resulted in a fall in the volume of imports in 1991. Since then, imports grew steadily in each year up until 2006. There was a fall of 3.3 per cent in import volumes in 2007 (again linked to the fall back in trade associated with MTIC fraud). The volume of imports fell by 2.0 per cent in 2008 and then fell sharply by 11.7 per cent in 2009 – linked to the general contraction in global trade, which also reduced export volumes. The volume of imports

recovered sharply in 2010, increasing 11.2 per cent, and in 2011 increased 0.8 per cent.

### Trade in oil

While the overall balance on trade in goods has shown a deficit every year since 1982, exports of oil consistently exceeded imports of oil in each year between 1980 and 2004, before recording a deficit in 2005. In 1985 trade in oil showed a record surplus of £8.0 billion as oil prices reached record levels. As a result of the Piper Alpha disaster, disruptions to production in the North Sea subsequently diminished the surplus during the period 1988 to 1991.

Between 1991 and 1996 the annual surplus increased steadily as UK production recovered and world crude oil prices increased. Falling oil prices in 1997 and 1998 then led to a reduction in the surplus to £3.1 billion in 1998, before sharp rises in prices saw the surplus increase to £4.5 billion in 1999 and £6.6 billion in 2000 (the highest surplus since 1985). The fall in the price of crude oil reduced the oil trade surplus to £5.3 billion in 2001 and to £5.1 billion in 2002.

Crude oil production peaked in 2000 and, with the exception of 2007 when the very large Buzzard field began production, has been in decline since as reserves on the UK Continental Shelf are depleted. As a result, from 2002 onwards the volume of exports of crude oil has dropped and the volume of crude oil imports generally increased. Coupled with rising prices, this resulted in further falls in the crude oil surplus, to £1.2 billion in 2004, followed by the first deficit since 1979 of £0.2 billion in 2005. The deficit in crude oil fluctuated between £1.0 billion and £3.7 billion between 2006 and 2010, and widened markedly to £10.7 billion in 2011. Total oil was in surplus until 2004, before recording a deficit of £2.2 billion in 2005, which widened to £11.5 billion in 2011.

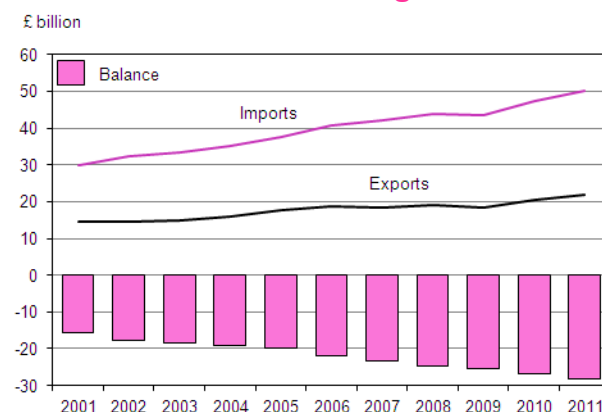
**Figure 2.3****Trade in oil****Trade in commodities other than oil**

Finished manufactures accounted for at least 50 per cent of both total exports and total imports between 1988 and 2006.

Their share of total exports peaked at 60 per cent in 1998, before falling back fairly steadily to around 47 per cent in 2008, 2009, and 2010, and 46 per cent in 2011. Their share of total imports peaked at 62 per cent in 2002, before falling back steadily to around 50 per cent between 2008 and 2010, and falling to their lowest level on record at 47 per cent in 2011. The small rises in 2006, and subsequent falls, largely reflect the effect of trade associated with VAT MTIC fraud.

Within finished manufactures, the balance on trade in capital goods was in surplus every year between 1990 and 1999, but has moved significantly into deficit since then. The balance on trade in ships and aircraft was in surplus up to 1997 but then moved into deficit. The deficit peaked in 2010 at £4.9 billion before returning to a surplus of £3.4 billion in 2011. Trade in motor cars, other consumer goods, and intermediate goods, has been in deficit in each of the last 10 years. The deficit on motor cars peaked in 2001 at £8.6 billion, during a period of disruption caused by restructuring in the

industry which affected production in the UK. However, between 2007 and 2011 the deficit had fallen back to £1.0 billion. The deficit for consumer goods other than cars increased in every subsequent year in the decade to 2011, when it reached a record value of £28.2 billion.

**Figure 2.4****Trade in motor cars****Figure 2.5****Trade in other consumer goods**

Within semi-manufactured goods, the UK has been a net exporter of chemicals (reaching a record surplus in 2009 of £8.0 billion) and a net importer of other semi-manufactured goods in each of the last 10 years. The balance on trade in coal, gas and electricity was in surplus from 1999 to 2003, but moved into deficit in 2004 and, to a greater extent, from 2005 onwards. This has reflected higher imports of gas and electricity through the interconnectors. A deficit

of £7.0 billion was recorded in 2008, more than double the deficit of £3.2 billion in 2007.

However, it fell back again to £5.1 billion in 2009 and 2010 before increasing to a record £7.6 billion in 2011.

In volume terms, exports of capital goods increased 10.2 per cent in 2011, and exports of intermediate goods increased by 9.3 per cent. Exports of cars increased by 18.7 per cent and exports of other consumer goods increased by 3.6 per cent. Within semi-manufactured goods, exports of chemicals was unchanged, and exports of other semi-manufactured goods increased by 7.4 per cent. Exports of coal, gas and electricity fell by 10.8 per cent. Exports of basic materials increased by 1.0 per cent, but exports of food, beverages and tobacco increased by 4.6 per cent.

By volume, imports of capital goods increased by 5.3 per cent in 2011, and imports of intermediate goods increased 6.9 per cent. Imports of cars increased by 3.4 per cent and imports of other consumer goods increased by 0.9 per cent. Within semi-manufactured goods, imports of chemicals increased by 2.7 per cent and imports of other semi-manufactured goods fell 0.9 per cent. Imports of coal, gas and electricity increased by 12.3 per cent. Imports of basic materials increased by 6.0 per cent and exports of food, beverages and tobacco increased by 1.0 per cent.

# 2.1 Trade in goods

## Summary table

£ million

			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
SITC <sup>1</sup>													
<b>Exports</b>													
Food, beverages and tobacco	BQMV	0+1	9 640	10 010	10 901	10 598	10 673	10 954	11 753	13 757	14 547	16 090	18 098
Basic materials	ELBK	2+4	2 575	2 858	3 343	3 777	3 990	4 901	5 517	6 623	5 185	7 348	9 017
Oil													
Crude oil	BQNX	333	10 502	9 821	9 259	9 355	10 974	12 791	12 642	16 623	12 493	15 851	17 085
Oil products	BQNY	334+335	4 345	4 527	5 364	6 886	8 932	10 439	9 809	15 305	12 118	15 478	20 913
Total oil	BOKL	33	14 847	14 348	14 623	16 241	19 906	23 230	22 451	31 928	24 611	31 329	37 998
Coal, gas and electricity	BQNF	32+34+35	1 572	1 683	1 955	1 688	1 707	2 130	1 942	3 546	2 363	3 810	4 724
Semi-manufactured goods													
Chemicals	BQOB	5	27 547	28 415	31 433	32 070	33 467	37 204	38 934	43 895	47 013	50 916	53 118
Precious stones and silver	BQOD	667+681.1	4 715	4 736	5 148	4 918	5 555	5 027	5 538	7 126	4 200	6 511	8 827
Other	BQOC	Rest of 6	17 799	16 937	17 688	19 245	20 411	22 122	23 823	25 306	20 357	22 744	26 111
Total semi-manufactured goods	BQMX	5+6	50 061	50 088	54 269	56 233	59 433	64 353	68 295	76 327	71 570	80 171	88 056
Finished manufactured goods													
Motor cars	BQOE	781	8 056	10 315	11 204	12 130	13 105	12 564	14 265	15 457	11 898	17 250	20 286
Other consumer goods <sup>2</sup>	BQOF		14 444	14 608	15 009	15 819	17 835	18 767	18 486	19 120	18 308	20 610	21 890
Intermediate goods <sup>2</sup>	BQOG		42 141	40 102	37 445	36 740	38 733	42 345	35 518	38 486	36 960	40 609	44 817
Capital goods <sup>2</sup>	BQOH		37 734	35 001	31 556	29 499	38 225	55 727	32 626	35 567	31 281	35 129	39 124
Ships and aircraft	BQOI	792+793	6 987	6 528	7 165	7 323	6 929	7 339	8 306	9 025	8 825	10 584	11 129
Total finished manufactured goods	BQMQ	7+8	109 362	106 554	102 379	101 511	114 827	136 742	109 201	117 655	107 272	124 182	137 246
Commodities and transactions not classified according to kind	BOKJ	9	1 010	1 033	817	815	1 070	1 435	1 366	2 321	2 587	2 778	3 848
<b>Total</b>	LQAD		<b>189 067</b>	<b>186 574</b>	<b>188 287</b>	<b>190 863</b>	<b>211 606</b>	<b>243 745</b>	<b>220 525</b>	<b>252 157</b>	<b>228 135</b>	<b>265 708</b>	<b>298 987</b>
<b>Imports</b>													
Food, beverages and tobacco	BQMW	0+1	18 507	19 389	21 202	22 168	23 713	25 096	26 708	31 136	32 323	33 470	36 069
Basic materials	BQNA	2+4	6 449	5 966	6 142	6 343	6 778	7 918	9 558	11 009	7 614	10 276	11 928
Oil													
Crude oil	BQNM	333	4 882	4 755	5 708	8 197	11 220	14 315	13 618	20 279	14 230	19 208	27 784
Oil products	BQOA	334+335	4 653	4 465	5 529	7 120	10 845	11 811	13 531	18 150	13 807	16 840	21 706
Total oil	BQAQ	33	9 535	9 220	11 237	15 317	22 065	26 126	27 149	38 429	28 037	36 048	49 490
Coal, gas and electricity	BQNG	32+34+35	1 272	1 068	1 079	2 243	3 937	4 939	5 158	10 595	7 439	8 875	12 353
Semi-manufactured goods													
Chemicals	BQOJ	5	22 767	24 008	26 152	27 948	29 231	31 834	34 678	37 977	39 029	44 756	48 952
Precious stones and silver	BQOL	667+681.1	5 253	4 208	4 345	4 697	5 294	5 867	5 449	5 885	5 771	6 537	9 405
Other	BQOK		24 474	24 152	25 261	27 292	27 867	30 654	34 338	36 059	30 151	37 054	39 890
Total semi-manufactured goods	BQMR	5+6	52 494	52 368	55 758	59 937	62 392	68 355	74 465	79 921	74 951	88 347	98 247
Finished manufactured goods													
Motor cars	BQOM	781	16 633	17 813	18 382	18 738	19 003	19 246	21 758	19 760	16 479	19 998	21 327
Other consumer goods <sup>2</sup>	BQON		29 979	32 370	33 419	35 155	37 706	40 900	42 011	44 046	43 642	47 452	50 044
Intermediate goods <sup>2</sup>	BQOO		46 120	44 863	40 886	42 164	45 929	53 329	47 202	50 733	44 224	52 609	57 844
Capital goods <sup>2</sup>	BQOP		38 497	39 497	38 258	40 254	49 155	62 804	45 386	47 083	41 495	48 444	50 769
Ships and aircraft	BQOQ	792+793	9 290	9 934	8 651	7 544	7 771	9 290	9 235	10 366	11 606	15 496	7 717
Total finished manufactured goods	BQMY	7+8	140 519	144 477	139 596	143 855	159 564	185 569	165 592	171 988	157 446	183 999	187 701
Commodities and transactions not classified according to kind	BQAO	9	1 267	1 446	1 606	1 800	1 843	2 145	2 373	3 161	3 166	3 202	3 542
<b>Total</b>	LQBL		<b>230 043</b>	<b>233 934</b>	<b>236 620</b>	<b>251 663</b>	<b>280 292</b>	<b>320 148</b>	<b>311 003</b>	<b>346 239</b>	<b>310 976</b>	<b>364 217</b>	<b>399 330</b>

<sup>1</sup> Standard International Trade Classification, Revision 4.

<sup>2</sup> Derived from the *Classification by Broad Economic Categories defined in terms of SITC*, published by the United Nations.



# 2.1 Trade in goods

## Summary table

continued

£ million

			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
SITC <sup>1</sup>													
<b>Balances</b>													
Food, beverages and tobacco	BQOS	0+1	-8 867	-9 379	-10 301	-11 570	-13 040	-14 142	-14 955	-17 379	-17 776	-17 380	-17 971
Basic materials	BQOR	2+4	-3 874	-3 108	-2 799	-2 566	-2 788	-3 017	-4 041	-4 386	-2 429	-2 928	-2 911
Oil													
Crude oil	BQMG	333	5 620	5 066	3 551	1 158	-246	-1 524	-976	-3 656	-1 737	-3 357	-10 699
Oil products	BQMH	334+335	-308	62	-165	-234	-1 913	-1 372	-3 722	-2 845	-1 689	-1 362	-793
Total oil	BQNE	33	5 312	5 128	3 386	924	-2 159	-2 896	-4 698	-6 501	-3 426	-4 719	-11 492
Coal, gas and electricity	BQNH	32+34+35	300	615	876	-555	-2 230	-2 809	-3 216	-7 049	-5 076	-5 065	-7 629
Semi-manufactured goods													
Chemicals	BQMI	5	4 780	4 407	5 281	4 122	4 236	5 370	4 256	5 918	7 984	6 160	4 166
Precious stones and silver	BQMK	667+681.1	-538	528	803	221	261	-840	89	1 241	-1 571	-26	-578
Other	BQMJ	Rest of 6	-6 675	-7 215	-7 573	-8 047	-7 456	-8 532	-10 515	-10 753	-9 794	-14 310	-13 779
Total semi-manufactured goods	BQOT	5+6	-2 433	-2 280	-1 489	-3 704	-2 959	-4 002	-6 170	-3 594	-3 381	-8 176	-10 191
Finished manufactured goods													
Motor cars	BQML	781	-8 577	-7 498	-7 178	-6 608	-5 898	-6 682	-7 493	-4 303	-4 581	-2 748	-1 041
Other consumer goods <sup>2</sup>	BQMM		-15 535	-17 762	-18 410	-19 336	-19 871	-22 133	-23 525	-24 926	-25 334	-26 842	-28 154
Intermediate goods <sup>2</sup>	BQMN		-3 979	-4 761	-3 441	-5 424	-7 196	-10 984	-11 684	-12 247	-7 264	-12 000	-13 027
Capital goods <sup>2</sup>	BQMO		-763	-4 496	-6 702	-10 755	-10 930	-7 077	-12 760	-11 516	-10 214	-13 315	-11 645
Ships and aircraft	BQMP	792+793	-2 303	-3 406	-1 486	-221	-842	-1 951	-929	-1 341	-2 781	-4 912	3 412
Total finished manufactured goods	BQOV	7+8	-31 157	-37 923	-37 217	-42 344	-44 737	-48 827	-56 391	-54 333	-50 174	-59 817	-50 455
Commodities and transactions not classified according to kind	BQOU	9	-257	-413	-789	-985	-773	-710	-1 007	-840	-579	-424	306
<b>Total</b>	LQCT		<b>-40 976</b>	<b>-47 360</b>	<b>-48 333</b>	<b>-60 800</b>	<b>-68 686</b>	<b>-76 403</b>	<b>-90 478</b>	<b>-94 082</b>	<b>-82 841</b>	<b>-98 509</b>	<b>-100 343</b>

1 Standard International Trade Classification, Revision 4.

2 Derived from the *Classification by Broad Economic Categories defined in terms of SITC*, published by the United Nations.

## 2.2 Trade in goods: volume indices

2009=100

			2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
SITC <sup>1</sup>													
<b>Exports</b>													
Food, beverages and tobacco	BQPP	0+1	83	86	90	89	89	90	95	99	100	108	113
Basic materials	BQPQ	2+4	50	56	67	77	78	79	94	109	100	109	110
Oil													
Crude oil	BOGH	333	191	184	160	140	114	111	107	104	100	94	74
Oil products	BOGO	334+335	62	58	64	69	85	90	83	96	100	96	97
Total oil	BONC	33	117	112	106	100	99	101	95	100	100	95	86
Coal, gas and electricity	BOGP	32+34+35	125	129	141	103	88	94	83	114	100	120	107
Semi-manufactured goods													
Chemicals	BQLB	5	74	78	83	86	88	96	100	102	100	106	106
Precious stones and silver	BQLD	667+681.1	164	160	174	169	186	166	168	168	100	172	218
Other	BQLC	Rest of 6	121	116	116	122	120	130	137	129	100	108	116
Total semi-manufactured goods	BQPR	5+6	92	94	98	101	103	110	115	114	100	110	116
Finished manufactured goods													
Motor cars	BQLE	781	74	95	102	114	122	116	132	136	100	139	165
Other consumer goods <sup>2</sup>	BQLF		91	93	96	103	115	122	119	112	100	111	115
Intermediate goods <sup>2</sup>	BQLG		120	118	112	113	121	134	112	113	100	108	118
Capital goods <sup>2</sup>	BQLH		110	108	97	93	123	184	117	119	100	108	119
Ships and aircraft	BQLI	792+793	87	82	96	100	94	98	112	110	100	117	120
Total finished manufactured goods	BQPS	7+8	104	105	102	104	118	143	117	117	100	112	123
<b>Total</b>	<b>BPBP</b>		<b>97.3</b>	<b>97.9</b>	<b>97.6</b>	<b>98.7</b>	<b>106.8</b>	<b>121.6</b>	<b>110.3</b>	<b>111.8</b>	<b>100.0</b>	<b>109.7</b>	<b>115.8</b>
<b>Imports</b>													
Food, beverages and tobacco	BQPT	0+1	78	82	86	90	94	98	102	102	100	101	102
Basic materials	BQPU	2+4	118	113	114	117	119	124	135	138	100	117	124
Oil													
Crude oil	BQPV	333	83	84	92	113	106	114	102	106	100	101	108
Oil products	BQPW	334+335	107	79	90	102	109	101	124	103	100	90	86
Total oil	ELAM	33	92	81	90	107	107	107	112	104	100	96	97
Coal, gas and electricity	BQPX	32+34+35	54	52	50	63	75	80	96	130	100	130	146
Semi-manufactured goods													
Chemicals	BQLQ	5	74	81	86	93	94	100	105	103	100	111	114
Precious stones and silver	BQLS	667+681.1	92	79	93	111	120	123	117	111	100	102	116
Other	BQLR	Rest of 6	103	106	112	115	113	117	127	124	100	114	113
Total semi-manufactured goods	BQPY	5+6	87	90	96	104	104	109	115	112	100	112	114
Finished manufactured goods													
Motor cars	BQLT	781	104	110	112	116	118	121	136	118	100	118	122
Other consumer goods <sup>2</sup>	BQLU		76	84	87	94	100	107	110	108	100	108	109
Intermediate goods <sup>2</sup>	BQLV		110	114	107	114	124	144	126	124	100	116	124
Capital goods <sup>2</sup>	BQLW		82	89	91	100	127	166	125	122	100	113	119
Ships and aircraft	BQLX	792+793	96	105	92	80	80	94	92	97	100	132	64
Total finished manufactured goods	BQPZ	7+8	91	97	96	102	114	134	120	116	100	115	114
<b>Total</b>	<b>BQBJ</b>		<b>87.5</b>	<b>91.8</b>	<b>93.4</b>	<b>100.1</b>	<b>107.4</b>	<b>119.6</b>	<b>115.6</b>	<b>113.3</b>	<b>100.0</b>	<b>111.2</b>	<b>112.1</b>

1 Standard International Trade Classification, Revision 4.

2 Derived from the *Classification by Broad Economic Categories defined in terms of SITC*, published by the United Nations.

## 2.3 Trade in goods: price indices

Exports and imports price indices data for Trade in Goods are not available in the United Kingdom Balance of Payments (Pink Book) 2012. This is due to quality concerns with constant quantities data for certain commodities, that are used in the derivation of these price indices. ONS will resolve these issues as soon as possible and will give prior notification of the date(s) that the temporarily unavailable data will be reinstated. It is anticipated that this will take no longer than three months.

The full statement issued on 3 July 2012 can be found at:

[www.ons.gov.uk/ons/media-centre/statements/uk-trade-may-2012/index.html](http://www.ons.gov.uk/ons/media-centre/statements/uk-trade-may-2012/index.html)

## 2.4 Adjustments to trade in goods on a balance of payments basis

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Overseas trade statistics (f.o.b.)	HGAA	190 806	187 763	189 040	191 017	212 201	245 237	220 539	248 681	225 040	262 149	295 692
Coverage adjustments												
Second-hand ships	HBVK	137	187	141	251	248	248	248	248	248	248	248
Repairs to ships and aircraft	EPAQ	12	12	12	12	12	12	12	12	12	12	12
Goods not changing ownership	HCLJ	-2 761	-2 788	-2 744	-2 012	-2 753	-2 471	-2 319	-313	-206	-211	-192
Goods procured in ports	KTPB	869	881	982	1 129	1 415	1 562	1 579	2 198	1 678	1 897	2 251
Industrial gold	DEJO	44	66	76	37	7	9	38	66	9	13	23
Other	BQPO	57	55	57	61	60	66	61	61	61	61	69
Total coverage adjustments	EHHH	-1 642	-1 587	-1 476	-522	-1 011	-574	-381	2 272	1 802	2 020	2 411
Other adjustments	EPAR	-98	398	723	367	417	-918	367	1 203	1 292	1 539	884
<b>Total</b>	<b>LQAD</b>	<b>189 067</b>	<b>186 574</b>	<b>188 287</b>	<b>190 863</b>	<b>211 606</b>	<b>243 745</b>	<b>220 525</b>	<b>252 157</b>	<b>228 135</b>	<b>265 708</b>	<b>298 987</b>
<b>Imports</b>												
Overseas trade statistics (c.i.f.)	HGAD	229 508	228 607	236 936	253 150	272 849	303 270	311 941	341 973	307 555	361 005	396 389
Coverage adjustments												
Second-hand ships	HBTY	166	113	248	223	224	224	224	224	224	224	224
Ships delivered abroad	CGER	577	586	572	302	499	304	304	304	304	304	304
Repairs to ships and aircraft	EPBA	9	9	30	54	56	56	56	56	56	56	56
Goods not changing ownership	HBYS	-2 761	-2 788	-2 744	-2 012	-2 753	-2 471	-2 319	-313	-206	-211	-192
Goods procured in ports	KTPC	1 218	1 438	1 865	2 240	3 331	2 358	3 490	5 207	4 584	4 764	5 908
Industrial gold	DEJP	145	163	236	230	196	253	273	271	329	409	390
Smuggling - alcohol	QHCP	43	25	29	29	28	28	28	28	28	28	28
Smuggling - tobacco	QHCT	1 033	1 063	1 140	1 136	1 144	1 144	1 144	1 136	1 136	1 136	1 136
Other	EHHI	10	8	8	7	6	8	7	7	7	-108	-14
Total coverage adjustments	EHHJ	440	617	1 384	2 209	2 731	1 904	3 207	6 920	6 462	6 602	7 840
Valuation adjustments												
Freight	BPGF	-5 423	-5 450	-5 465	-5 494	-5 534	-5 548	-5 535	-5 529	-5 519	-5 521	-5 511
Insurance	ENAG	-662	-662	-704	-736	-774	-848	-874	-934	-851	-981	-1 061
Total	HCLT	-6 085	-6 112	-6 169	-6 230	-6 308	-6 396	-6 409	-6 463	-6 370	-6 502	-6 572
Other adjustments												
Impact of MTIC fraud	BQHF	7 060	11 495	4 486	2 689	11 060	22 378	2 138	2 272	2 032	2 522	2 846
Other adjustments	EPBB	-879	-673	-18	-155	-40	-1 008	126	1 537	1 297	590	-1 173
Total other adjustments	CLAK	6 181	10 822	4 468	2 534	11 020	21 370	2 264	3 809	3 329	3 112	1 673
<b>Total</b>	<b>LQBL</b>	<b>230 043</b>	<b>233 934</b>	<b>236 620</b>	<b>251 663</b>	<b>280 292</b>	<b>320 148</b>	<b>311 003</b>	<b>346 239</b>	<b>310 976</b>	<b>364 217</b>	<b>399 330</b>

# Chapter 3

## Trade in services

## Summary

A surplus has been recorded for trade in services in every year since 1966. A surplus implies that the value of UK exports of services is greater than the value of its imports of services.

In 2011 there was surplus of £76.4 billion, an increase of £9.4 billion from £67.0 billion in 2010. During the latest year, exports of services increased by £11.5 billion (6.3 per cent) and imports of services increased by £2.1 billion (1.8 per cent).

Of the 11 main product groupings, 9 showed surpluses and 2 (travel and government services) showed deficits. The increase in the overall trade in service surplus was due to an increase in the surplus of financial services and other business.

**Figure 3.1**

### Trade in services



## Transportation

Transportation services relate mainly to freight services on exports and imports of goods, and provision of passenger services. They are presented by mode of transport: sea, air and other. In 2011 transportation services accounted for 12 per cent of total exports and 17 per cent of total imports of services.

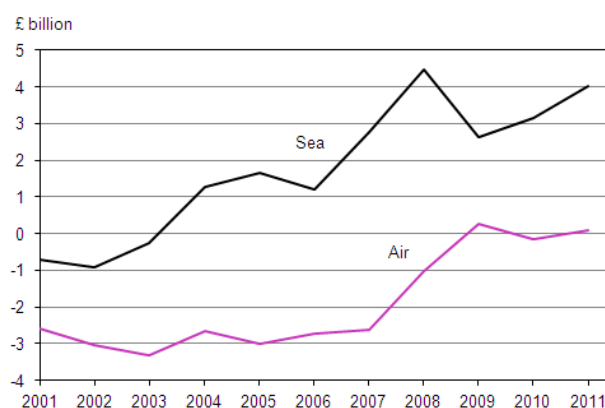
In 2011 sea transportation recorded a surplus of £4.0 billion, an increase of £0.9 billion from £3.2 billion in 2010. This surplus reflects an increase in exports of freight services provided by UK shipping operators and passenger revenue.

Air transportation recorded a small surplus of £0.1 billion in 2011.

**Figure 3.2**

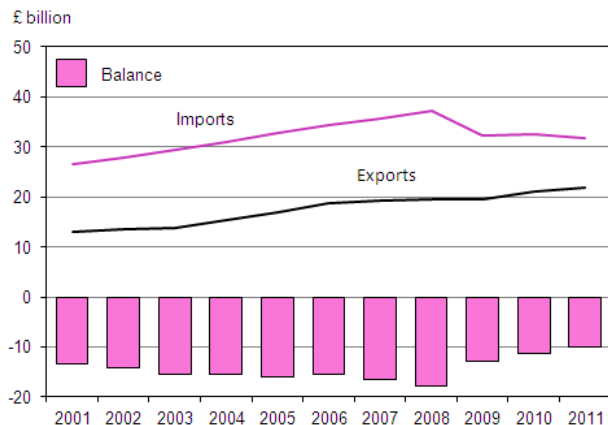
### Trade in sea and air transport services

Exports less imports



## Travel

In 2011 travel expenditure by non-residents visiting the UK accounted for 11 per cent of total exports of services. Expenditure by UK residents travelling abroad accounted for 27 per cent of total imports of services, the largest contribution to imports of the 11 product groups. Exports increased by £0.9 billion from £21.0 billion in 2010 to £21.9 billion in 2011. Imports decreased by £0.5 billion from £32.4 billion in 2010 to £31.8 billion in 2011, mainly in personal travel.

**Figure 3.3****Trade in travel services****Financial services**

In 2011 financial services accounted for 26 per cent of total exports and for 10 per cent of total imports of services. The overall financial services balance increased from £33.4 billion in 2010 to £38.7 billion in 2011. This increase was due to commissions and fees related to exports and spread earnings by UK monetary financial institutions

**Figure 3.4****Trade in financial services****Other business services**

Other business services covers a broad range of services including operational leasing, trade related services such as merchanting, and consultancy services such as advertising,

engineering and legal services. In 2011 other business services accounted for 29 per cent of total exports and for 26 per cent of total imports of services. Exports increased by £4.3 billion, from £51.8 billion in 2010 to £56.1 billion in 2011, mainly due to increases in merchanting. Imports of other business services rose by £0.5 billion, from £29.8 billion in 2010 to £30.2 billion in 2011.

**Figure 3.5****Trade in other business services****Insurance Services**

There has been a significant methodological change relating to the measurement and treatment of insurance services. The previous approach did not fully reflect conventions set out in the National Accounts Manual (European System of Accounts 1995 (ESA95)). The new approach fully complies with the ESA95 and Eurostat Task Force guidance. The new improved insurance services data and methods have resulted in increased export and import of insurance services, as the UK has one of the largest insurance markets.

Exports of insurance services totalled £10.2 billion for 2011, a decrease of £4.9 billion from £15.1 billion in 2010. This relates to a fall in exports of other direct insurance. Imports fell by £0.9 billion from £3.0 billion in 2010 to £2.2 billion in 2011.

# 3.1 Trade in services

## Summary table

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Transportation	FJOD	12 484	12 354	13 125	16 367	17 782	16 725	17 639	21 298	19 855	20 673	23 120
Travel	FJPF	13 110	13 595	13 876	15 414	16 871	18 803	19 292	19 598	19 353	20 969	21 888
Communications	FJPH	2 054	2 241	2 536	3 192	3 705	4 160	5 250	5 388	4 763	5 260	6 465
Construction	FJPI	182	205	215	293	626	846	1 009	1 261	1 561	1 455	1 653
Insurance <sup>1</sup>	FJPI	5 181	5 756	8 864	7 717	10 992	12 982	11 556	13 242	15 704	15 124	10 210
Financial	FJPK	19 478	20 040	22 888	25 226	28 369	34 202	44 694	52 712	47 921	44 083	50 833
Computer and information	FJPL	3 189	3 570	5 178	6 142	5 888	6 967	7 112	7 421	8 208	8 740	9 167
Royalties and license fees	FJPM	5 975	6 137	6 419	6 902	7 739	8 268	8 370	8 227	8 829	9 167	8 848
Other business	FJPN	24 711	26 838	28 360	29 812	32 457	37 042	40 638	43 763	45 322	51 848	56 126
Personal, cultural and recreational	FJPR	1 280	1 690	1 985	2 262	2 347	2 319	1 915	2 318	2 271	2 554	2 877
Government	FJPU	1 564	1 627	1 988	2 088	2 042	2 148	2 116	2 185	2 239	2 304	2 472
<b>Total</b>	<b>KTMQ</b>	<b>89 208</b>	<b>94 053</b>	<b>105 434</b>	<b>115 415</b>	<b>128 818</b>	<b>144 462</b>	<b>159 591</b>	<b>177 413</b>	<b>176 026</b>	<b>182 177</b>	<b>193 659</b>
<b>Imports</b>												
Transportation	FJPV	16 410	16 958	17 343	18 383	19 911	19 120	18 653	19 070	17 959	18 625	19 951
Travel	APQA	26 376	27 697	29 355	30 873	32 781	34 291	35 692	37 256	32 188	32 360	31 830
Communications	FJQZ	1 999	2 046	2 165	2 646	3 206	3 667	4 015	4 399	4 402	4 667	4 704
Construction	FJRA	111	109	107	143	573	627	803	1 093	1 346	1 297	1 065
Insurance <sup>1</sup>	FJRB	1 466	2 180	3 718	3 866	2 941	4 307	1 991	1 639	3 928	3 049	2 197
Financial	FJRE	4 207	4 743	5 881	6 577	8 869	10 209	11 958	13 102	10 961	10 693	12 170
Computer and information	FJRF	1 217	1 297	1 821	1 973	2 321	2 646	2 748	3 480	4 002	4 280	3 993
Royalties and license fees	FJRG	4 646	4 791	5 063	5 044	5 218	5 187	4 390	5 734	5 374	5 494	6 654
Other business	FJRH	12 174	13 156	13 877	14 607	16 422	19 437	22 446	25 642	28 575	29 753	30 246
Personal, cultural and recreational	FJRL	724	797	715	884	831	856	952	1 094	583	672	640
Government	FJRO	2 081	2 025	2 833	2 611	2 497	2 696	3 085	3 876	4 469	4 280	3 829
<b>Total</b>	<b>KTMR</b>	<b>71 411</b>	<b>75 799</b>	<b>82 878</b>	<b>87 607</b>	<b>95 570</b>	<b>103 043</b>	<b>106 733</b>	<b>116 385</b>	<b>113 787</b>	<b>115 170</b>	<b>117 279</b>
<b>Balances</b>												
Transportation	FJRP	-3 926	-4 604	-4 218	-2 016	-2 129	-2 395	-1 014	2 228	1 896	2 048	3 169
Travel	FJSR	-13 266	-14 102	-15 479	-15 459	-15 910	-15 488	-16 400	-17 658	-12 835	-11 391	-9 942
Communications	FJST	55	195	371	546	499	493	1 235	989	361	593	1 761
Construction	FJSU	71	96	108	150	53	219	206	168	215	158	588
Insurance <sup>1</sup>	FJSV	3 715	3 576	5 146	3 851	8 051	8 675	9 565	11 603	11 776	12 075	8 013
Financial	FJTA	15 271	15 297	17 007	18 649	19 500	23 993	32 736	39 610	36 960	33 390	38 663
Computer and information	FJTB	1 972	2 273	3 357	4 169	3 567	4 321	4 364	3 941	4 206	4 460	5 174
Royalties and license fees	FJTC	1 329	1 346	1 356	1 858	2 521	3 081	3 980	2 493	3 455	3 673	2 194
Other business	FJTD	12 537	13 682	14 483	15 205	16 035	17 605	18 192	18 121	16 747	22 095	25 880
Personal, cultural and recreational	FJTH	556	893	1 270	1 378	1 516	1 463	963	1 224	1 688	1 882	2 237
Government	FJUL	-517	-398	-845	-523	-455	-548	-969	-1 691	-2 230	-1 976	-1 357
<b>Total</b>	<b>KTMS</b>	<b>17 797</b>	<b>18 254</b>	<b>22 556</b>	<b>27 808</b>	<b>33 248</b>	<b>41 419</b>	<b>52 858</b>	<b>61 028</b>	<b>62 239</b>	<b>67 007</b>	<b>76 380</b>

1 Insurance services include improvements to methods and data sources.



## 3.2 Transportation

£ million												
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Exports												
Sea transport												
Passenger												
Passenger revenue	FJAL	488	569	993	846	608	444	430	469	621	887	1 449
Time charter receipts	FJAM	—	11	—	36	51	37	73	75	75	96	158
Total passenger	FJOF	488	580	993	882	659	481	503	544	696	983	1 607
Freight												
Dry cargo												
Freight on UK exports	HECV	406	481	525	444	544	530	552	636	538	644	639
Freight on cross-trades	HDVI	1 666	2 008	1 874	3 450	4 233	2 597	3 142	3 546	2 760	2 787	2 908
Time charter receipts	FJAO	106	118	196	640	912	1 049	1 491	1 939	2 110	2 289	2 641
Wet cargo												
Freight on UK exports	HEIX	82	96	126	173	174	130	142	219	120	135	116
Freight on cross-trades	HECX	497	420	742	1 305	1 194	1 222	1 395	2 530	1 315	1 446	1 311
Time charter receipts	FJAP	336	162	247	472	748	603	554	763	580	413	437
Total Freight	FJOG	3 093	3 285	3 710	6 484	7 805	6 131	7 276	9 633	7 423	7 714	8 052
Disbursements in the UK	FJAR	1 088	1 009	951	801	802	940	898	869	924	914	1 046
Total sea transport	FJOE	4 669	4 874	5 654	8 167	9 266	7 552	8 677	11 046	9 043	9 611	10 705
Air transport												
Passenger revenue	FJOJ	4 236	3 957	3 670	4 007	4 160	4 435	3 843	4 342	4 262	4 386	4 949
Freight on UK exports and cross trades	FJOK	365	350	368	394	397	391	493	562	332	449	471
Other												
Disbursements in the UK	FJAX	2 167	1 991	2 111	2 302	2 506	2 973	3 310	4 173	5 054	4 930	5 662
Other revenue	HBWB	258	247	240	267	182	183	225	127	95	123	145
Total other	FJOL	2 425	2 238	2 351	2 569	2 688	3 156	3 535	4 300	5 149	5 053	5 807
Total air transport	FJOI	7 026	6 545	6 389	6 970	7 245	7 982	7 871	9 204	9 743	9 888	11 227
Other transport												
Rail												
Passenger	FJOS	113	90	91	112	133	139	173	206	182	205	200
Freight	FJOT	16	12	15	16	17	17	16	16	11	15	16
Total rail	FJOR	129	102	106	128	150	156	189	222	193	220	216
Road												
Passenger	FJOW	—	—	—	—	—	—	—	—	—	—	—
Freight	FJOX	604	777	920	1 046	1 065	979	846	770	820	898	916
Total road	FJOV	604	777	920	1 046	1 065	979	846	770	820	898	916
Pipeline transport	FJPD	56	56	56	56	56	56	56	56	56	56	56
Total other transport	FJOM	789	935	1 082	1 230	1 271	1 191	1 091	1 048	1 069	1 174	1 188
Total	FJOD	12 484	12 354	13 125	16 367	17 782	16 725	17 639	21 298	19 855	20 673	23 120

# 3.2 Transportation

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Imports</b>												
Sea transport												
Passenger												
Passenger expenditure	FJBP	450	486	476	476	463	533	627	437	489	476	482
Time charter payments	FJBQ	19	19	15	25	15	38	48	50	124	113	190
Total passenger	FJPX	469	505	491	501	478	571	675	487	613	589	672
Freight												
Dry cargo												
Freight on UK imports	HCJO	2 625	2 783	2 852	2 711	2 630	2 858	2 808	2 791	2 892	2 703	2 615
Time charter payments	FJBS	316	236	221	667	562	279	58	135	143	101	328
Wet cargo												
Freight on UK imports	HCNJ	305	330	355	417	434	422	407	360	371	386	398
Time charter payments	FJBT	176	140	184	359	636	655	721	1 257	1 099	915	640
Freight on UK coastal routes	HFAA	202	199	190	177	194	188	187	189	99	131	132
Total Freight	FJPY	3 624	3 688	3 802	4 331	4 456	4 402	4 181	4 732	4 604	4 236	4 113
Other												
Disbursements - dry cargo	FJBU	1 231	1 528	1 508	1 917	2 505	1 202	843	1 093	956	1 395	1 656
Disbursements - wet cargo	FJBW	54	81	118	138	183	164	215	267	245	238	243
Total other	FJPZ	1 285	1 609	1 626	2 055	2 688	1 366	1 058	1 360	1 201	1 633	1 899
Total sea transport	FJPW	5 378	5 802	5 919	6 887	7 622	6 339	5 914	6 579	6 418	6 458	6 684
Air transport												
Passenger expenditure	FJQB	5 326	5 635	6 055	6 246	6 768	7 028	6 682	6 688	6 139	6 753	7 550
Freight	FJQC	822	818	768	681	688	666	650	646	695	639	638
Disbursements abroad	FJCA	3 468	3 132	2 880	2 692	2 798	2 996	3 172	2 878	2 659	2 639	2 935
Total air transport	FJQA	9 616	9 585	9 703	9 619	10 254	10 690	10 504	10 212	9 493	10 031	11 123
Other transport												
Rail												
Passenger	FJQK	168	172	151	167	170	187	193	208	187	204	208
Freight	FJQL	43	44	46	47	44	43	51	44	26	35	41
Total rail	FJQJ	211	216	197	214	214	230	244	252	213	239	249
Road												
Passenger	FJQO	–	–	–	–	–	–	–	–	–	–	–
Freight	FJQP	1 153	1 303	1 472	1 611	1 769	1 809	1 939	1 975	1 783	1 845	1 843
Total road	FJQN	1 153	1 303	1 472	1 611	1 769	1 809	1 939	1 975	1 783	1 845	1 843
Pipeline transport	FJQV	52	52	52	52	52	52	52	52	52	52	52
Total other transport	FJQE	1 416	1 571	1 721	1 877	2 035	2 091	2 235	2 279	2 048	2 136	2 144
<b>Total</b>	<b>FJPV</b>	<b>16 410</b>	<b>16 958</b>	<b>17 343</b>	<b>18 383</b>	<b>19 911</b>	<b>19 120</b>	<b>18 653</b>	<b>19 070</b>	<b>17 959</b>	<b>18 625</b>	<b>19 951</b>

# 3.2 Transportation

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Balances</b>												
Sea transport												
Passenger	FJRR	19	75	502	381	181	-90	-172	57	83	394	935
Freight												
Dry cargo	FJNJ	-763	-412	-478	1 156	2 497	1 039	2 319	3 195	2 373	2 916	3 245
Wet cargo	FJNM	434	208	576	1 174	1 046	878	963	1 895	545	693	826
Other	FJVC	-202	-199	-190	-177	-194	-188	-187	-189	-99	-131	-132
Total Freight	FJRS	-531	-403	-92	2 153	3 349	1 729	3 095	4 901	2 819	3 478	3 939
Other												
Dry cargo	FJVF	-1 231	-1 528	-1 508	-1 917	-2 505	-1 202	-843	-1 093	-956	-1 395	-1 656
Wet Cargo	FJVG	-54	-81	-118	-138	-183	-164	-215	-267	-245	-238	-243
Other	FJVI	1 088	1 009	951	801	802	940	898	869	924	914	1 046
Total other	FJRT	-197	-600	-675	-1 254	-1 886	-426	-160	-491	-277	-719	-853
Total sea transport	FJRQ	-709	-928	-265	1 280	1 644	1 213	2 763	4 467	2 625	3 153	4 021
<i>of which</i>												
<i>Ships owned or chartered-in by UK residents</i>	FLMZ	1 785	1 861	2 657	4 260	4 563	4 274	5 894	7 375	5 552	5 935	6 602
<i>Ships operated by non-residents</i>	FLNF	-2 494	-2 789	-2 922	-2 980	-2 919	-3 061	-3 131	-2 908	-2 927	-2 782	-2 581
Air transport												
Passenger	FJRV	-1 090	-1 678	-2 385	-2 239	-2 608	-2 593	-2 839	-2 346	-1 877	-2 367	-2 601
Freight	FJRW	-457	-468	-400	-287	-291	-275	-157	-84	-363	-190	-167
Other	FJRX	-1 043	-894	-529	-123	-110	160	363	1 422	2 490	2 414	2 872
Total air transport	FJRU	-2 590	-3 040	-3 314	-2 649	-3 009	-2 708	-2 633	-1 008	250	-143	104
Other transport												
Rail												
Passenger	FJSE	-55	-82	-60	-55	-37	-48	-20	-2	-5	1	-8
Freight	FJSF	-27	-32	-31	-31	-27	-26	-35	-28	-15	-20	-25
Total rail	FJSD	-82	-114	-91	-86	-64	-74	-55	-30	-20	-19	-33
Road												
Passenger	FJSI	-	-	-	-	-	-	-	-	-	-	-
Freight	FJSJ	-549	-526	-552	-565	-704	-830	-1 093	-1 205	-963	-947	-927
Total road	FJSH	-549	-526	-552	-565	-704	-830	-1 093	-1 205	-963	-947	-927
Pipeline transport	FJSP	4	4	4	4	4	4	4	4	4	4	4
Total other transport	FJRY	-627	-636	-639	-647	-764	-900	-1 144	-1 231	-979	-962	-956
<b>Total</b>	FJRP	<b>-3 926</b>	<b>-4 604</b>	<b>-4 218</b>	<b>-2 016</b>	<b>-2 129</b>	<b>-2 395</b>	<b>-1 014</b>	<b>2 228</b>	<b>1 896</b>	<b>2 048</b>	<b>3 169</b>

# 3.3 Travel

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Business												
Expenditure by seasonal & border workers	FJCO	163	219	169	203	234	270	263	260	184	268	261
Other	FJNO	3 615	3 618	3 478	3 735	4 110	4 749	4 627	4 574	3 744	4 106	4 460
Total business travel	FJPG	3 778	3 837	3 647	3 938	4 344	5 019	4 890	4 834	3 928	4 374	4 721
Personal												
Health related	FJCK	83	64	144	68	71	78	81	83	69	132	113
Education related	FJDD	2 723	2 592	2 881	3 072	3 357	3 694	3 860	3 957	3 802	5 021	4 477
Other	FJDG	6 526	7 102	7 204	8 336	9 099	10 012	10 461	10 724	11 554	11 442	12 577
Total personal travel	FJTU	9 332	9 758	10 229	11 476	12 527	13 784	14 402	14 764	15 425	16 595	17 167
<b>Total</b>	<b>FJPF</b>	<b>13 110</b>	<b>13 595</b>	<b>13 876</b>	<b>15 414</b>	<b>16 871</b>	<b>18 803</b>	<b>19 292</b>	<b>19 598</b>	<b>19 353</b>	<b>20 969</b>	<b>21 888</b>
<b>Imports</b>												
Business												
Expenditure by seasonal & border workers	FJDO	215	102	225	159	202	214	222	228	221	123	245
Other	FJNP	4 479	4 336	4 135	4 243	4 695	4 962	5 142	5 282	4 408	4 502	4 700
Total business travel	FJQY	4 694	4 438	4 360	4 402	4 897	5 176	5 364	5 510	4 629	4 625	4 945
Personal												
Health related	FJDT	16	12	33	45	60	63	66	69	81	62	70
Education related	FJDV	108	110	102	117	165	172	179	187	159	223	223
Other	APFW	21 558	23 137	24 860	26 309	27 659	28 880	30 083	31 490	27 319	27 450	26 592
Total personal travel	APQW	21 682	23 259	24 995	26 471	27 884	29 115	30 328	31 746	27 559	27 735	26 885
<b>Total</b>	<b>APQA</b>	<b>26 376</b>	<b>27 697</b>	<b>29 355</b>	<b>30 873</b>	<b>32 781</b>	<b>34 291</b>	<b>35 692</b>	<b>37 256</b>	<b>32 188</b>	<b>32 360</b>	<b>31 830</b>
<b>Balances</b>												
Business												
Expenditure by seasonal & border workers	FJCR	-52	117	-56	44	32	56	41	32	-37	145	16
Other	FJCW	-864	-718	-657	-508	-585	-213	-515	-708	-664	-396	-240
Total business travel	FJSS	-916	-601	-713	-464	-553	-157	-474	-676	-701	-251	-224
Personal												
Health related	FJCY	67	52	111	23	11	15	15	14	-12	70	43
Education related	FJDE	2 615	2 482	2 779	2 955	3 192	3 522	3 681	3 770	3 643	4 798	4 254
Other	FJDH	-15 032	-16 035	-17 656	-17 973	-18 560	-18 868	-19 622	-20 766	-15 765	-16 008	-14 015
Total personal travel	FJTW	-12 350	-13 501	-14 766	-14 995	-15 357	-15 331	-15 926	-16 982	-12 134	-11 140	-9 718
<b>Total</b>	<b>FJSR</b>	<b>-13 266</b>	<b>-14 102</b>	<b>-15 479</b>	<b>-15 459</b>	<b>-15 910</b>	<b>-15 488</b>	<b>-16 400</b>	<b>-17 658</b>	<b>-12 835</b>	<b>-11 391</b>	<b>-9 942</b>

## 3.4 Communications services<sup>1</sup>

		£ million										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Postal and courier services												
Postal services	FJTN	97	110	112	124	121	127	119	122	127	121	111
Courier services	FJTO	80	67	111	320	390	374	415	550	826	821	922
Total postal and courier services	FJED	177	177	223	444	511	501	534	672	953	942	1 033
Telecommunications services	FJAS	1 877	2 064	2 313	2 748	3 194	3 659	4 716	4 716	3 810	4 318	5 432
<b>Total</b>	<b>FJPH</b>	<b>2 054</b>	<b>2 241</b>	<b>2 536</b>	<b>3 192</b>	<b>3 705</b>	<b>4 160</b>	<b>5 250</b>	<b>5 388</b>	<b>4 763</b>	<b>5 260</b>	<b>6 465</b>
<b>Imports</b>												
Postal and courier services												
Postal services	FJTP	200	200	225	181	166	159	156	190	218	248	270
Courier services	FJTQ	55	58	90	294	310	280	408	452	373	392	358
Total postal and courier services	FJEI	255	258	315	475	476	439	564	642	591	640	628
Telecommunications services	FJAT	1 744	1 788	1 850	2 171	2 730	3 228	3 451	3 757	3 811	4 027	4 076
<b>Total</b>	<b>FJQZ</b>	<b>1 999</b>	<b>2 046</b>	<b>2 165</b>	<b>2 646</b>	<b>3 206</b>	<b>3 667</b>	<b>4 015</b>	<b>4 399</b>	<b>4 402</b>	<b>4 667</b>	<b>4 704</b>
<b>Balances</b>												
Postal and courier services												
Postal services	FJTR	-103	-90	-113	-57	-45	-32	-37	-68	-91	-127	-159
Courier services	FJTS	25	9	21	26	80	94	7	98	453	429	564
Total postal and courier services	FJEE	-78	-81	-92	-31	35	62	-30	30	362	302	405
Telecommunications services	FJAQ	133	276	463	577	464	431	1 265	959	-1	291	1 356
<b>Total</b>	<b>FJST</b>	<b>55</b>	<b>195</b>	<b>371</b>	<b>546</b>	<b>499</b>	<b>493</b>	<b>1 235</b>	<b>989</b>	<b>361</b>	<b>593</b>	<b>1 761</b>

<sup>1</sup> The latest year's data for trade in services are provisional as these figures are subject to annual benchmarking.

# 3.5 Insurance services<sup>1,2</sup>

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Life insurance and pension funds	FJEU	370	289	284	311	252	784	627	-394	381	64	401
Freight insurance	FJJL	3	131	483	107	222	203	219	339	333	345	240
Other direct insurance <sup>3</sup>	FJEW	2 880	2 669	4 407	4 437	7 078	7 649	6 024	8 484	8 618	8 163	4 224
Reinsurance	FJEX	916	1 580	2 576	1 648	2 195	2 789	3 140	3 127	4 437	4 643	2 952
Auxiliary insurance services (insurance brokers)	FJEY	1 012	1 087	1 114	1 214	1 245	1 557	1 546	1 686	1 935	1 909	2 393
<b>Total<sup>4</sup></b>	<b>FJFJ</b>	<b>5 181</b>	<b>5 756</b>	<b>8 864</b>	<b>7 717</b>	<b>10 992</b>	<b>12 982</b>	<b>11 556</b>	<b>13 242</b>	<b>15 704</b>	<b>15 124</b>	<b>10 210</b>
<b>Imports</b>												
Life insurance and pension funds	FJRC	-	-	-	-	-	-	-	-	-	-	-
Freight insurance	FJRD	762	758	778	830	891	979	1 020	1 108	1 007	1 562	1 424
Other direct insurance	FJFC	-	-	-	-	-	-	-	-	-	-	-
Reinsurance	FJFD	704	1 422	2 940	3 036	2 050	3 328	971	531	2 921	1 487	773
Auxiliary insurance services	FJFE	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>FJRB</b>	<b>1 466</b>	<b>2 180</b>	<b>3 718</b>	<b>3 866</b>	<b>2 941</b>	<b>4 307</b>	<b>1 991</b>	<b>1 639</b>	<b>3 928</b>	<b>3 049</b>	<b>2 197</b>
<b>Balances</b>												
Life insurance and pension funds	FJSW	370	289	284	311	252	784	627	-394	381	64	401
Freight insurance	FJSX	-759	-627	-295	-723	-669	-776	-801	-769	-674	-1 217	-1 184
Other direct insurance	FJJM	2 880	2 669	4 407	4 437	7 078	7 649	6 024	8 484	8 618	8 163	4 224
Reinsurance	FJJN	212	158	-364	-1 388	145	-539	2 169	2 596	1 516	3 156	2 179
Auxiliary insurance services	FJJO	1 012	1 087	1 114	1 214	1 245	1 557	1 546	1 686	1 935	1 909	2 393
<b>Total</b>	<b>FJSV</b>	<b>3 715</b>	<b>3 576</b>	<b>5 146</b>	<b>3 851</b>	<b>8 051</b>	<b>8 675</b>	<b>9 565</b>	<b>11 603</b>	<b>11 776</b>	<b>12 075</b>	<b>8 013</b>

1 The latest year's data for trade in services are provisional as these figures are subject to annual benchmarking.

2 Insurance services include improvements to methods and data sources.

3 Other direct insurance by UK insurance companies includes facultative reinsurance on marine, aviation and transport business.

4 Exports of insurance services are net of expenditure abroad by UK insurance companies.

## 3.6 Financial services<sup>1</sup>

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Monetary financial institutions												
Commissions and fees	APUP	2 986	3 215	2 677	3 458	4 198	5 562	6 676	6 172	6 300	6 779	8 002
Spread earnings	APVA	2 370	2 922	4 536	5 120	6 334	7 606	10 291	12 942	12 617	10 503	14 288
FISIM <sup>2</sup> on loans	TGWM	1 585	1 692	2 132	2 004	2 118	2 511	3 798	6 771	4 793	4 347	4 835
of which £	LOFR	869	928	1 169	998	899	998	1 581	1 481	612	462	604
FISIM on deposits	TGWP	2 141	2 333	3 148	2 939	3 170	3 592	5 412	8 881	5 551	4 807	5 458
of which £	LOFU	1 233	1 344	1 813	1 573	1 461	1 481	2 364	2 399	1 006	784	1 023
Total monetary financial institutions	ZXTE	9 082	10 162	12 493	13 521	15 820	19 271	26 177	34 766	29 261	26 436	32 583
Fund managers	FNMM	853	1 045	1 528	1 925	2 632	3 199	4 856	5 035	3 590	4 405	4 286
Securities dealers												
Commissions and fees	CDFI	5 211	4 290	3 922	4 316	4 628	6 316	8 429	8 362	6 957	4 835	5 167
Spread earnings	QZCM	1 492	1 168	1 316	1 666	1 918	2 544	2 815	1 779	861	468	679
Total securities dealers	ZXTF	6 703	5 458	5 238	5 982	6 546	8 860	11 244	10 141	7 818	5 303	5 846
Baltic Exchange <sup>3</sup>	APRJ	377	357	398	577	777	744	802	999	724	779	890
Other institutions	ZSHJ	2 463	3 018	3 231	3 221	2 594	2 128	1 615	1 771	6 528	7 160	7 228
<b>Total including FISIM</b>	FJPK	<b>19 478</b>	<b>20 040</b>	<b>22 888</b>	<b>25 226</b>	<b>28 369</b>	<b>34 202</b>	<b>44 694</b>	<b>52 712</b>	<b>47 921</b>	<b>44 083</b>	<b>50 833</b>
<b>Total FISIM<sup>2</sup></b>	C6FD	<b>3 726</b>	<b>4 025</b>	<b>5 280</b>	<b>4 943</b>	<b>5 288</b>	<b>6 103</b>	<b>9 210</b>	<b>15 652</b>	<b>10 344</b>	<b>9 154</b>	<b>10 293</b>
<b>Total excluding FISIM</b>	C9NI	<b>15 752</b>	<b>16 015</b>	<b>17 608</b>	<b>20 283</b>	<b>23 081</b>	<b>28 099</b>	<b>35 484</b>	<b>37 060</b>	<b>37 577</b>	<b>34 929</b>	<b>40 540</b>
<b>Imports</b>												
Monetary financial institutions	APVW	1 157	1 475	1 701	1 556	1 693	2 002	2 336	3 055	2 339	3 100	3 583
Fund managers	FNMS	229	219	336	420	527	574	727	874	689	885	964
Securities dealers <sup>4</sup>	RWMG	1 296	1 009	795	862	1 244	1 643	985	1 119	716	437	332
Baltic Exchange <sup>3</sup>	APSZ	27	35	18	26	42	38	33	51	10	33	50
Other institutions	ZXTG	1 498	2 005	3 031	3 713	5 363	5 952	7 877	8 003	7 207	6 238	7 241
of which FISIM on loans	TGZJ	373	669	864	1 142	1 571	1 748	1 939	1 777	1 777	1 679	1 715
FISIM on deposits	TGZU	576	554	966	1 480	2 251	2 658	3 201	3 950	2 754	2 720	2 781
<b>Total including FISIM</b>	FJRE	<b>4 207</b>	<b>4 743</b>	<b>5 881</b>	<b>6 577</b>	<b>8 869</b>	<b>10 209</b>	<b>11 958</b>	<b>13 102</b>	<b>10 961</b>	<b>10 693</b>	<b>12 170</b>
<b>Total FISIM<sup>2</sup></b>	C6F7	<b>949</b>	<b>1 223</b>	<b>1 830</b>	<b>2 622</b>	<b>3 822</b>	<b>4 406</b>	<b>5 140</b>	<b>5 727</b>	<b>4 531</b>	<b>4 399</b>	<b>4 496</b>
<b>Total excluding FISIM</b>	C9NJ	<b>3 258</b>	<b>3 520</b>	<b>4 051</b>	<b>3 955</b>	<b>5 047</b>	<b>5 803</b>	<b>6 818</b>	<b>7 375</b>	<b>6 430</b>	<b>6 294</b>	<b>7 674</b>
<b>Balances</b>												
Monetary financial institutions	ZXLV	7 925	8 687	10 792	11 965	14 127	17 269	23 841	31 711	26 922	23 336	29 000
Fund managers	ZXLW	624	826	1 192	1 505	2 105	2 625	4 129	4 161	2 901	3 520	3 322
Securities dealers	ZXLX	5 407	4 449	4 443	5 120	5 302	7 217	10 259	9 022	7 102	4 866	5 514
Baltic Exchange <sup>3</sup>	ZXLY	350	322	380	551	735	706	769	948	714	746	840
Other institutions	ZXLZ	965	1 013	200	-492	-2 769	-3 824	-6 262	-6 232	-679	922	-13
<b>Total including FISIM</b>	FJTA	<b>15 271</b>	<b>15 297</b>	<b>17 007</b>	<b>18 649</b>	<b>19 500</b>	<b>23 993</b>	<b>32 736</b>	<b>39 610</b>	<b>36 960</b>	<b>33 390</b>	<b>38 663</b>
<b>Total FISIM<sup>2</sup></b>	IH3K	<b>2 777</b>	<b>2 802</b>	<b>3 450</b>	<b>2 321</b>	<b>1 466</b>	<b>1 697</b>	<b>4 070</b>	<b>9 925</b>	<b>5 813</b>	<b>4 755</b>	<b>5 797</b>
<b>Total excluding FISIM</b>	IH3L	<b>12 494</b>	<b>12 495</b>	<b>13 557</b>	<b>16 328</b>	<b>18 034</b>	<b>22 296</b>	<b>28 666</b>	<b>29 685</b>	<b>31 147</b>	<b>28 635</b>	<b>32 866</b>

1 The latest year's data for trade in services are provisional as these figures are subject to annual benchmarking.

2 FISIM is an acronym for Financial Intermediation Services Indirectly Measured. It represents the implicit charge for the service provided by monetary financial institutions paid for by the interest differential between borrowing and lending rather than through fees and commissions.

3 The latest year's data for Baltic Exchange are provisional.

4 For securities dealers, the move to a gross presentation means that imports of non-financial services are moved to the other business services accounts (see table 3.9).

# 3.7 Computer and information services<sup>1</sup>

		£ million										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Computer services	FJCN	2 661	2 816	3 622	4 457	4 310	4 867	5 050	5 026	5 706	6 354	7 165
Information services	FJCO	528	754	1 556	1 685	1 578	2 100	2 062	2 395	2 502	2 386	2 002
<b>Total</b>	<b>FJPL</b>	<b>3 189</b>	<b>3 570</b>	<b>5 178</b>	<b>6 142</b>	<b>5 888</b>	<b>6 967</b>	<b>7 112</b>	<b>7 421</b>	<b>8 208</b>	<b>8 740</b>	<b>9 167</b>
<b>Imports</b>												
Computer services	FJDL	901	1 052	1 413	1 457	1 839	2 268	2 359	2 924	3 363	3 704	3 472
Information services	FJDM	316	245	408	516	482	378	389	556	639	576	521
<b>Total</b>	<b>FJRF</b>	<b>1 217</b>	<b>1 297</b>	<b>1 821</b>	<b>1 973</b>	<b>2 321</b>	<b>2 646</b>	<b>2 748</b>	<b>3 480</b>	<b>4 002</b>	<b>4 280</b>	<b>3 993</b>
<b>Balances</b>												
Computer Services	FJJP	1 760	1 764	2 209	3 000	2 471	2 599	2 691	2 102	2 343	2 650	3 693
Information services	FJJQ	212	509	1 148	1 169	1 096	1 722	1 673	1 839	1 863	1 810	1 481
<b>Total</b>	<b>FJTB</b>	<b>1 972</b>	<b>2 273</b>	<b>3 357</b>	<b>4 169</b>	<b>3 567</b>	<b>4 321</b>	<b>4 364</b>	<b>3 941</b>	<b>4 206</b>	<b>4 460</b>	<b>5 174</b>

<sup>1</sup> The latest year's data for trade in services are provisional as these figures are subject to annual benchmarking.



## 3.8 Royalties and license fees<sup>1,2</sup>

		£ million										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Film and television	FJFO	982	880	911	890	972	1 252	1 295	1 560	—	—	—
Other royalties and license fees	FFVJ	4 993	5 257	5 508	6 012	6 767	7 016	7 075	6 667	8 829	9 167	8 848
<b>Total</b>	<b>FJPM</b>	<b>5 975</b>	<b>6 137</b>	<b>6 419</b>	<b>6 902</b>	<b>7 739</b>	<b>8 268</b>	<b>8 370</b>	<b>8 227</b>	<b>8 829</b>	<b>9 167</b>	<b>8 848</b>
<b>Imports</b>												
Film and television	FJFQ	1 176	1 315	1 449	1 533	1 456	1 385	1 193	1 201	—	—	—
Other royalties and license fees	FFVP	3 470	3 476	3 614	3 511	3 762	3 802	3 197	4 533	5 374	5 494	6 654
<b>Total</b>	<b>FJRG</b>	<b>4 646</b>	<b>4 791</b>	<b>5 063</b>	<b>5 044</b>	<b>5 218</b>	<b>5 187</b>	<b>4 390</b>	<b>5 734</b>	<b>5 374</b>	<b>5 494</b>	<b>6 654</b>
<b>Balances</b>												
Film and television	FFVV	−194	−435	−538	−643	−484	−133	102	359	—	—	—
Other royalties and license fees	FFWB	1 523	1 781	1 894	2 501	3 005	3 214	3 878	2 134	3 455	3 673	2 194
<b>Total</b>	<b>FJTC</b>	<b>1 329</b>	<b>1 346</b>	<b>1 356</b>	<b>1 858</b>	<b>2 521</b>	<b>3 081</b>	<b>3 980</b>	<b>2 493</b>	<b>3 455</b>	<b>3 673</b>	<b>2 194</b>

1 The latest year's data for trade in services are provisional as these figures are subject to annual benchmarking.

2 The disaggregation of 'royalties and license fees' into 'film and television' and 'other royalties and license fees' is not available after 2008 due to the incorporation of the Film and Television survey into the International Trade in Services survey.

# 3.9 Other business services<sup>1</sup>

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Merchanting and other trade related services												
Merchanting	FJFS	782	699	573	549	942	327	1 140	1 148	983	3 992	7 230
Other trade related services	FJFX	1 881	1 720	1 899	1 698	1 780	1 850	1 750	1 740	1 495	1 216	1 273
Total merchanting and other trade related services	FJPO	2 663	2 419	2 472	2 247	2 722	2 177	2 890	2 888	2 478	5 208	8 503
Operational leasing services	FJPP	248	190	239	342	329	508	394	804	803	416	405
Miscellaneous business, professional and technical services												
Legal, accounting and management consulting												
Law society	FJGE	1 339	1 465	1 335	1 470	1 615	2 139	2 611	2 897	3 435	3 472	3 856
Commercial bar association	FJCP	77	85	95	86	116	113	107	76	84	101	99
Other legal services	FJGD	363	481	600	435	553	450	358	498	71	130	34
Accounting	FJBX	642	728	733	892	1 087	1 327	1 343	1 393	1 137	1 111	1 112
Business management and management consulting	FJNV	1 069	2 545	3 127	3 288	3 998	5 328	6 250	7 543	10 205	10 146	10 607
of which Recruitment and training	TVLQ	–	406	359	350	342	387	389	520	625	788	906
Advertising and market research	FJGP	1 622	1 703	2 155	1 965	2 403	2 295	2 373	2 632	2 652	2 918	3 311
Research and development	FJDP	2 933	2 899	3 467	4 467	4 705	4 846	5 203	5 682	5 605	5 769	5 799
Architectural, engineering and other technical services												
Architectural	FJGT	153	71	106	110	95	178	271	357	297	378	404
Engineering	FJGU	3 239	3 049	3 475	3 501	3 291	3 643	3 596	4 343	4 021	4 150	5 352
Surveying	FJGV	66	62	57	137	226	149	107	166	148	184	249
Other Technical	FJGW	1 220	1 931	1 629	1 698	1 616	1 441	1 087	1 323	1 365	1 724	1 461
Agricultural, mining and on-site processing services	FJHC	41	31	202	234	259	322	401	786	874	965	954
Other miscellaneous business services	FJHH	7 555	7 560	6 563	6 798	7 063	9 076	9 718	7 519	5 020	8 268	6 714
of which Other business services exported by UK banks	APVQ	1 277	1 490	2 118	1 892	2 134	2 156	2 250	2 442	1 937	2 149	131
Services between affiliated enterprises, n.i.e.	FJHF	1 481	1 619	2 105	2 142	2 379	3 050	3 929	4 856	7 127	6 908	7 266
Total miscellaneous business, professional, and technical services	FJPQ	21 800	24 229	25 649	27 223	29 406	34 357	37 354	40 071	42 041	46 224	47 218
<b>Total</b>	FJPN	<b>24 711</b>	<b>26 838</b>	<b>28 360</b>	<b>29 812</b>	<b>32 457</b>	<b>37 042</b>	<b>40 638</b>	<b>43 763</b>	<b>45 322</b>	<b>51 848</b>	<b>56 126</b>
<b>Imports</b>												
Merchanting and other trade related services												
Merchanting	FJHN	55	148	35	81	80	81	80	80	80	80	80
Other trade related services	FJHR	952	854	752	1 122	608	589	639	664	631	717	870
Total merchanting and other trade related services	FJRI	1 007	1 002	787	1 203	688	670	719	744	711	797	950
Operational leasing services	FJRJ	457	450	456	784	687	807	799	945	1 017	881	1 109
Miscellaneous business, professional and technical services												
Legal, accounting and management consulting												
Legal	FJHX	380	486	453	416	429	534	533	659	816	777	685
Accounting	FJVV	228	251	300	324	328	358	314	431	424	409	452
Business management and management consulting	FJNW	569	1 428	1 924	2 328	2 601	2 970	3 481	4 443	5 761	5 979	6 244
of which Recruitment and training	TVLV	–	268	264	357	121	134	142	184	212	407	471
Advertising and market research	FJID	841	860	946	842	1 100	1 398	1 802	1 970	2 017	2 189	2 141
Research and development	FJDQ	661	644	1 148	1 806	2 021	2 197	2 264	3 726	3 759	4 217	4 023
Architectural, engineering and other technical services												
Architectural	FJIF	35	25	50	11	4	21	11	21	19	25	24
Engineering	FJIG	1 075	868	1 107	1 325	1 067	1 278	1 525	1 422	1 338	1 122	1 177
Surveying	FJII	31	29	24	48	88	40	28	66	53	69	98
Other Technical	FJII	431	463	368	384	556	433	465	433	505	522	541
Agricultural, mining and on-site processing services	FJIN	142	77	53	63	100	122	136	216	193	219	281
Other miscellaneous business services	FJIP	5 248	5 433	5 130	3 875	5 315	6 852	8 379	7 954	8 392	8 873	8 530
of which Other business services imported by UK banks	APWA	448	619	760	497	591	528	820	994	1 123	869	9
Other business services imported by Security dealers	RWMH	2 027	1 358	1 149	1 462	3 036	4 234	5 496	5 050	5 398	5 491	5 767
Services between affiliated enterprises, n.i.e.	FJHG	1 069	1 140	1 131	1 198	1 438	1 757	1 990	2 612	3 570	3 674	3 991
Total miscellaneous business, professional and technical services	FJRK	10 710	11 704	12 634	12 620	15 047	17 960	20 928	23 953	26 847	28 075	28 187
<b>Total</b>	FJRH	<b>12 174</b>	<b>13 156</b>	<b>13 877</b>	<b>14 607</b>	<b>16 422</b>	<b>19 437</b>	<b>22 446</b>	<b>25 642</b>	<b>28 575</b>	<b>29 753</b>	<b>30 246</b>

<sup>1</sup> The latest year's data for trade in services are provisional as these figures are subject to annual benchmarking.

# 3.9 Other business services<sup>1</sup>

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Balances</b>												
Merchanting and other trade related services												
Merchanting	<b>FJFT</b>	727	551	538	468	862	246	1 060	1 068	903	3 912	7 150
Other trade related services	<b>FJFY</b>	929	866	1 147	576	1 172	1 261	1 111	1 076	864	499	403
Total merchanting and other trade related services	<b>FJTE</b>	1 656	1 417	1 685	1 044	2 034	1 507	2 171	2 144	1 767	4 411	7 553
Operational leasing services	<b>FJTF</b>	-209	-260	-217	-442	-358	-299	-405	-141	-214	-465	-704
Miscellaneous business, professional and technical services												
Legal, accounting and management consulting												
Legal	<b>FJGG</b>	1 399	1 545	1 577	1 575	1 855	2 168	2 543	2 812	2 774	2 926	3 304
Accounting	<b>FJGI</b>	414	477	433	568	759	969	1 029	962	713	702	660
Business management and management consulting	<b>FJGK</b>	500	1 117	1 203	960	1 397	2 358	2 769	3 100	4 444	4 167	4 363
Advertising and market research	<b>FJGQ</b>	781	843	1 209	1 123	1 303	897	571	662	635	729	1 170
Research and development	<b>FJGS</b>	2 272	2 255	2 319	2 661	2 684	2 649	2 939	1 956	1 846	1 552	1 776
Architectural, engineering and other technical services	<b>FJGY</b>	3 106	3 728	3 718	3 678	3 513	3 639	3 032	4 247	3 916	4 698	5 626
Agricultural, mining and on-site processing services	<b>FJHD</b>	-101	-46	149	171	159	200	265	570	681	746	673
Services between affiliated enterprises, n.i.e.	<b>FJHL</b>	412	479	974	944	941	1 293	1 939	2 244	3 557	3 234	3 275
Other	<b>FJHI</b>	2 307	2 127	1 433	2 923	1 748	2 224	1 339	-435	-3 372	-605	-1 816
Total miscellaneous business, professional, and technical services	<b>FJTG</b>	11 090	12 525	13 015	14 603	14 359	16 397	16 426	16 118	15 194	18 149	19 031
<b>Total</b>	<b>FJTD</b>	<b>12 537</b>	<b>13 682</b>	<b>14 483</b>	<b>15 205</b>	<b>16 035</b>	<b>17 605</b>	<b>18 192</b>	<b>18 121</b>	<b>16 747</b>	<b>22 095</b>	<b>25 880</b>

<sup>1</sup> The latest year's data for trade in services are provisional as these figures are subject to annual benchmarking.

# 3.10 Personal, cultural and recreational services<sup>1</sup>

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Audiovisual and related services <sup>2</sup>												
Film and television	FKJO	737	856	1 077	1 274	1 357	1 248	989	1 080	–	–	–
Other	FFWH	172	184	204	286	215	200	162	281	1 117	1 158	1 278
Total audiovisual and related services	FJPS	909	1 040	1 281	1 560	1 572	1 448	1 151	1 361	1 117	1 158	1 278
Other personal, cultural and recreational services	FJPT	371	650	704	702	775	871	764	957	1 154	1 396	1 599
<b>Total</b>	<b>FJPR</b>	<b>1 280</b>	<b>1 690</b>	<b>1 985</b>	<b>2 262</b>	<b>2 347</b>	<b>2 319</b>	<b>1 915</b>	<b>2 318</b>	<b>2 271</b>	<b>2 554</b>	<b>2 877</b>
<b>Imports</b>												
Audiovisual and related services <sup>2</sup>												
Film and television	FKJX	512	615	463	587	584	571	755	867	–	–	–
Other	FFWN	46	39	59	89	44	68	70	68	323	362	363
Total audiovisual and related services	FJRM	558	654	522	676	628	639	825	935	323	362	363
Other personal, cultural and recreational services	FJRN	166	143	193	208	203	217	127	159	260	310	277
<b>Total</b>	<b>FJRL</b>	<b>724</b>	<b>797</b>	<b>715</b>	<b>884</b>	<b>831</b>	<b>856</b>	<b>952</b>	<b>1 094</b>	<b>583</b>	<b>672</b>	<b>640</b>
<b>Balances</b>												
Audiovisual and related services	FJTI	351	386	759	884	944	809	326	426	794	796	915
Other personal, cultural and recreational services	FJTJ	205	507	511	494	572	654	637	798	894	1 086	1 322
<b>Total</b>	<b>FJTH</b>	<b>556</b>	<b>893</b>	<b>1 270</b>	<b>1 378</b>	<b>1 516</b>	<b>1 463</b>	<b>963</b>	<b>1 224</b>	<b>1 688</b>	<b>1 882</b>	<b>2 237</b>

1 The latest year's data for trade in services are provisional as these figures are subject to annual benchmarking.

2 The disaggregation of 'audiovisual and related services' into 'film and television fees' is not available after 2008 due to the incorporation of the Film & Television survey into the International Trade in Services survey.

# 3.11 Government services

		£ million										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
Expenditure by foreign embassies and consulates in the UK	FJUK	389	393	397	401	405	409	413	418	421	425	429
Military units and agencies												
Expenditure by US forces in UK	FJKB	262	262	264	264	264	264	264	264	264	264	264
Other military receipts by UK government	HCOJ	48	67	248	312	286	366	309	177	193	184	230
Total military units and agencies	FJIX	310	329	512	576	550	630	573	441	457	448	494
Other												
EU institutions	FKIE	525	487	494	543	565	586	607	666	663	734	735
Other receipts	HCQO	340	418	585	568	522	523	523	660	698	697	814
Total other	FJJA	865	905	1 079	1 111	1 087	1 109	1 130	1 326	1 361	1 431	1 549
<b>Total</b>	<b>FJPU</b>	<b>1 564</b>	<b>1 627</b>	<b>1 988</b>	<b>2 088</b>	<b>2 042</b>	<b>2 148</b>	<b>2 116</b>	<b>2 185</b>	<b>2 239</b>	<b>2 304</b>	<b>2 472</b>
<b>Imports</b>												
Expenditure abroad by UK embassies and consulates	FJUJ	142	215	190	177	167	187	110	82	193	84	35
Expenditure abroad by UK military units and agencies	FJJD	1 629	1 494	2 144	1 892	1 817	2 124	2 499	3 106	3 310	3 213	2 861
Civil non-EU services	FJJF	310	316	499	542	513	385	476	688	966	983	933
<b>Total</b>	<b>FJRO</b>	<b>2 081</b>	<b>2 025</b>	<b>2 833</b>	<b>2 611</b>	<b>2 497</b>	<b>2 696</b>	<b>3 085</b>	<b>3 876</b>	<b>4 469</b>	<b>4 280</b>	<b>3 829</b>
<b>Balances</b>												
Embassies and consulates	FJIW	247	178	207	224	238	222	303	336	228	341	394
Military units and agencies	FJIY	-1 319	-1 165	-1 632	-1 316	-1 267	-1 494	-1 926	-2 665	-2 853	-2 765	-2 367
Other	FJJB	555	589	580	569	574	724	654	638	395	448	616
<b>Total</b>	<b>FJUL</b>	<b>-517</b>	<b>-398</b>	<b>-845</b>	<b>-523</b>	<b>-455</b>	<b>-548</b>	<b>-969</b>	<b>-1 691</b>	<b>-2 230</b>	<b>-1 976</b>	<b>-1 357</b>



# Chapter 4

## Income

## Summary

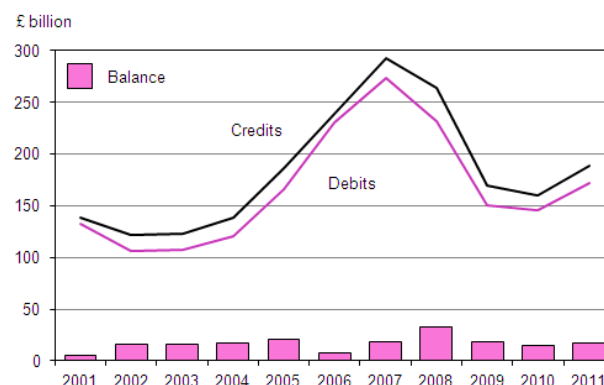
The balance on income has been in surplus for all years since 2001. The income surplus grew strongly in 2002, reaching £15.6 billion and then grew by a further £2 billion over the next two years, it then increased to £21.4 billion in 2005. The surplus fell back to £7.8 billion in 2006, before increasing over the next two years to reach a record £32.4 billion in 2008. The surplus dropped to £18.0 billion in 2009, fell a further £3.4 billion in 2010, then increased to £17.1 billion in 2011. Since 2001, movements in the income surplus have been largely due to movements in the net earnings on direct investment. The exceptions to this were 2003 and 2010: in the former, the increase in the income surplus was mainly due to a fall in the net earnings deficit on other investment; in the latter, the fall in the income surplus was mainly due to an increase in the net earnings deficit on portfolio investment.

In the decade to 2001, earnings on both investment abroad and investment in the UK approximately doubled. In 2002 however, both fell sharply: credits down by 12 per cent and debits down by 20 per cent. This was largely due to cuts in official interest rates, both abroad and in the UK post September 11 (2001) and throughout 2002, and subsequent falls in interest receipts and payments on loans and deposits. From 2003 to 2007 income increased significantly, and by 2007 both investment income credits and debits were approximately two and a half times the earnings seen in 2002. This reflected stronger profits on direct investment and a higher rate of return on both portfolio and other investment, together with significant levels of investment over the period. In 2008, 2009 and 2010, income credits and debits both fell. In 2008 this was mostly due to lower earnings on direct investment while in 2009 and 2010 the fall was mainly due to lower earnings on other investment as internationally interest rates continued to fall, with the stock of

other investment assets and liabilities also falling by 16 per cent in 2009.

**Figure 4.1**

## Income



Earnings on direct investment abroad were the largest component of investment income credits between 2002 and 2005, accounting for over 40 per cent of total earnings in each year over the period. This compared to 29 per cent in 1998. The boom in UK merger and acquisition activity in the late 1990s and 2000, and subsequent growth in earnings from abroad, has been the main driver of this change. Between 2006 and 2008, other investment income, mostly earnings from loans and deposits, has been the largest component of investment income credits, accounting for 48 per cent of total earnings in 2008. From 2009 however, earnings on foreign direct investment were once again the largest component of investment income, mainly due to the sharp fall in earnings on other investment. Earnings on portfolio investment abroad have broadly risen in line with total investment income. Between 1993 and 2008, the proportional share was consistently around 25 per cent of total earnings from abroad. In 2009 the portfolio investment proportion of investment income increased to 33 per cent, even though the nominal amount decreased, before falling back to 30 per cent in 2010 and 27 per cent in 2011.

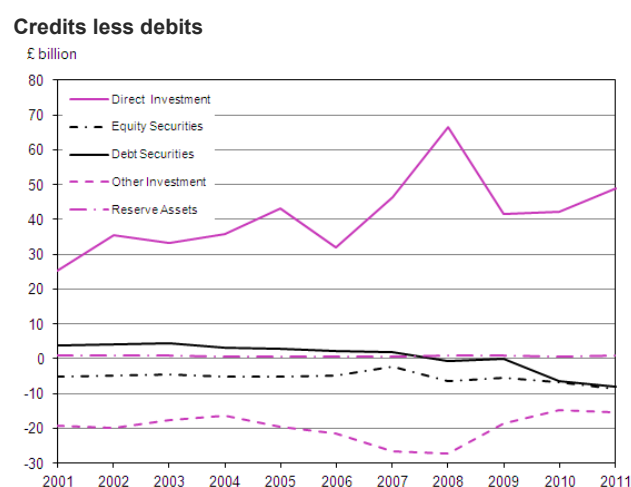


Growth in foreign earnings on investment in the UK from 2005 to 2007 was mainly driven by other investment, although both direct and portfolio investment also grew strongly over this period. There was a fall in foreign earnings on investment in 2008, mainly due to a sharp drop in foreign earnings on direct investment. In 2009 the fall in foreign earnings on investment in the UK was mainly driven by a sharp reduction in foreign earnings on other investment – driven by low interest rates in the UK combined with a reduced stock of other investment liabilities. From 1980 to 2009, other investment income was the largest component of income on investment in the UK. However, from 2010 portfolio investment income became the largest component, following a further fall in income on other investment.

By component, direct investment has recorded a surplus in every year since 1986. Within portfolio investment, from 1993 to 2007 there was generally an income surplus on debt securities, but in most years this was outweighed by the income deficit on equity securities. In 2008, income on debt recorded a small deficit, before returning to a slight surplus in 2009, but this was followed by more substantial deficits in 2010 and 2011. Other investment has recorded a net deficit in every year since 1986. The balance on compensation of employees has shown a deficit since 2004.

By sector, UK monetary financial institutions (banks and building societies) showed a net earnings deficit of £2.5 billion in 2011, compared with £8.0 billion in 2010, which followed surpluses in the years 2001 to 2009. Between 2010 and 2011 the central government net earnings deficit widened from £12.9 billion to £15.3 billion, while the other sectors net earnings surplus narrowed from £35.7 billion to £34.8 billion.

**Figure 4.2**  
**Investment income**



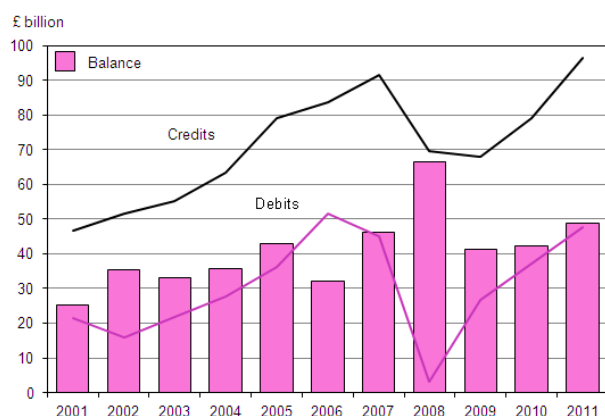
### Direct investment

Direct investment income credits have exceeded debits in every year since 1986. The surplus increased to £48.9 billion in 2011, from £42.1 billion in 2010. Earnings on direct investment abroad increased by 22 per cent in 2011, to £96.5 billion, mainly due to the foreign earnings of UK monetary financial institutions switching from net losses of £4.5 billion in 2010 to net earnings of £6.8 billion in 2011, as the result of the overseas subsidiaries of UK banks switching from losses to profits. Foreign earnings on direct investment in the UK increased from £37.1 billion in 2010 to £47.7 billion in 2011, a rise of 28 per cent. This increase resulted from higher profits reported by foreign-owned UK monetary financial institutions, foreign-owned UK private non-financial corporations and foreign-owned UK securities dealers. Foreign earnings on direct investment in the UK tend to be more erratic than earnings on direct investment abroad, partly because of their concentration in the financial sector. Foreign-owned banks and other financial corporations often locate in the UK to be close to the financial markets in London. Difficult trading conditions have been reflected in their profits in 1998, to a lesser

extent 2002, and more recently in 2007 to 2011.

**Figure 4.3**

### Direct investment income



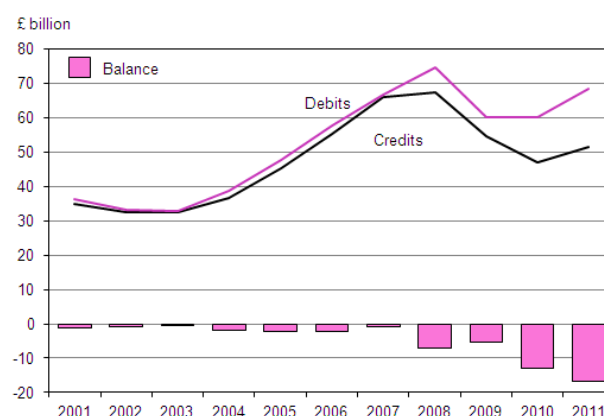
### Portfolio investment

The UK has recorded a deficit on portfolio investment in all but two years since records began in 1984. Generally the UK has recorded a net surplus on debt securities, with this being more than offset by a net deficit on equity securities. In all years since 1987 the UK has paid out more dividends on UK equity securities owned by non-residents than have been received on foreign equity securities owned by UK residents. In contrast, the UK recorded a surplus on debt securities in 11 consecutive years between 1997 and 2007, with a surplus on earnings from bonds and notes only partly offset by a deficit on money market instruments. In 2008 earnings on debt securities recorded a small deficit, as the deficit on money market instruments was greater than the surplus earnings on bonds and notes. There was a return to a slight surplus in 2009, but in 2010 earnings on bonds and notes switched from surplus to deficit for the first time since 1990, resulting in a deficit of £6.5 billion on debt securities which increased to £8.1 billion in 2011. UK monetary financial institutions doubled their net earnings on portfolio investment between 2001 and 2007, moving from a surplus of £9.7 billion in 2001 to

a record surplus of £19.4 billion in 2007. This surplus has declined in subsequent years, standing at £3.9 billion in 2011. UK monetary financial institutions traditionally tended to hold debt securities rather than equity securities, but from 2002 to 2007 they steadily increased their levels of investment in foreign equity securities, resulting in a similar rise in dividend receipts; however, they disinvested heavily in 2008, resulting in a fall in dividend receipts from £4.5 billion to £3.5 billion in 2008. Their dividend receipts continued to decrease in the next three years, falling to £2.5 billion in 2011. UK monetary financial institutions' interest receipts on foreign debt securities rose to a record £34.5 billion in 2007, due to an increase in the investment stock combined with higher interest rates. Earnings on debt securities by UK monetary financial institutions fell in subsequent years, recording earnings of £17.2 billion in 2011, half the size of those in 2007.

**Figure 4.4**

### Portfolio investment income



Earnings on bonds and notes by UK self-administered pension funds and other financial intermediaries (securities dealers, unit trusts and investment trusts) were at record highs in 2011, due to an increase in the stock of UK assets. On the debits side, foreign earnings from UK equity have more than doubled since 2000, rising from £11.4 billion to £27.0 billion in 2011. Foreign earnings on UK debt securities increased from £17.9 billion in 2003 to £48.2

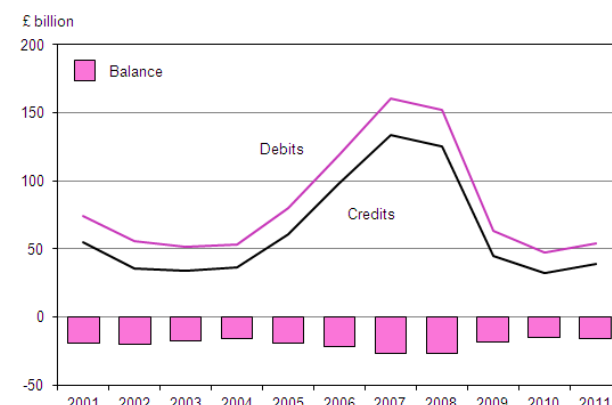
billion in 2008; they fell back to £38.1 billion in 2009, due to lower interest rates, then remained much the same level in 2010 before rising to £41.4 billion in 2011.

### Other investment

Movements in the other investment balance are mainly driven by interest rate changes, which impact on interest paid and received on loans and deposits. As the UK has an excess of other investment liabilities over assets, there is generally a deficit on other investment income, with rising interest rates leading to a rising deficit and falling interest rates to a falling deficit. Rising global interest rates, from 2005 through to 2007, led to the other investment deficit increasing from £19.5 billion to £26.5 billion over that period. In 2008 the deficit rose to £27.1 billion, before dropping to £18.5 billion in 2009 as global interest rates fell. The deficit fell a further £3.8 billion in 2010, then rose by £0.8 billion in 2011 to £15.5 billion. The fall in the deficit in 2009 was driven by a reduction in the deficit for monetary financial institutions – partially offset by an increase in the deficit for other sectors, due to a greater fall in credits than in debits. Earnings on deposits and loans abroad by UK monetary financial institutions accounted for 78 per cent of total other investment credits in 2011. The vast majority of these earnings are made from foreign currency, reflecting the international nature of banking in the UK (as many of the banks trading with the rest of the world are actually branches or subsidiaries of foreign banks).

**Figure 4.5**

### Other investment income



### Sectoral breakdown of investment income

UK monetary financial institutions earned 30 per cent of total UK investment income credits and paid out 35 per cent of debits in 2011. This was up from 26 per cent of credits and 34 per cent of debits in 2010. Monetary financial institutions' net receipts of investment income showed a surplus in every year from 2001 to 2009, but then showed a deficit of £8.0 billion in 2010, decreasing to a deficit of £2.5 billion in 2011. When considering the sector's overall contribution to the UK's balance of payments, it is important to also include monetary financial institutions' financial service fees and commissions, spread earnings, and financial intermediation services indirectly measured (FISIM) earned from foreign clients – a net £29.0 billion in 2011 (see table 3.6). Central government recorded a net annual deficit of around £3 billion to £5 billion from 1992 to 2005. More recently this deficit has risen, reaching £15.3 billion in 2011. The deficit continues to be mainly attributable to debits on gilts. Other sectors, predominantly private non-financial corporations and non-monetary financial institutions, have recorded a net surplus in every year since 2000, largely due to strong net earnings on direct investment by UK private non-financial corporations. The other

sectors surplus peaked at £35.8 billion in 2010 before falling slightly in 2011 to £34.9 billion.

**Figure 4.6**

### Investment income of monetary financial institutions

Credits less debits

£ billion



# 4.1 Income Summary table

		£ million										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
Compensation of employees	KTMN	1 087	1 121	1 116	931	974	938	984	1 046	1 176	1 097	1 121
Investment income												
Earnings on direct investment abroad <sup>1</sup>	HJYW	46 741	51 473	55 093	63 292	79 192	83 573	91 355	69 498	67 942	79 173	96 513
Earnings on portfolio investment abroad												
Earnings on equity securities	HCPL	9 861	10 530	10 385	11 186	13 254	16 988	20 637	20 038	16 382	15 742	18 222
Earnings on debt securities	HLYW	25 021	21 954	22 165	25 522	32 125	38 155	45 495	47 473	38 173	31 358	33 304
Total portfolio investment	HLYX	34 882	32 484	32 550	36 708	45 379	55 143	66 132	67 511	54 555	47 100	51 526
Earnings on other investment abroad	AIOP	54 863	35 766	33 635	36 675	60 410	98 144	133 517	125 056	44 444	32 384	38 747
Earnings on reserve assets	HHCB	961	820	791	705	659	645	610	777	783	712	761
Total investment income	HMBN	137 447	120 543	122 069	137 380	185 640	237 505	291 614	262 842	167 724	159 369	187 547
<b>Total</b>	HMBQ	<b>138 534</b>	<b>121 664</b>	<b>123 185</b>	<b>138 311</b>	<b>186 614</b>	<b>238 443</b>	<b>292 598</b>	<b>263 888</b>	<b>168 900</b>	<b>160 466</b>	<b>188 668</b>
<b>Debits</b>												
Compensation of employees	KTMO	1 021	1 054	1 057	1 425	1 584	1 896	1 718	1 761	1 435	1 486	1 293
Investment income												
Foreign earnings on direct investment in the UK <sup>1</sup>	HJYX	21 437	16 016	21 919	27 620	36 154	51 620	45 051	3 097	26 563	37 091	47 659
Foreign earnings on portfolio investment in the UK												
Earnings on equity securities	ZMRB	14 865	15 351	15 011	16 396	18 440	21 698	23 083	26 326	21 842	22 326	26 959
Earnings on debt securities	HLZB	21 239	17 957	17 891	22 308	29 148	35 865	43 718	48 179	38 114	37 858	41 389
Total portfolio investment	HLZC	36 104	33 308	32 902	38 704	47 588	57 563	66 801	74 505	59 956	60 184	68 348
Earnings on other investment in the UK	HLZN	74 121	55 721	51 135	52 946	79 929	119 602	160 021	152 119	62 955	47 077	54 235
Total investment income	HMBO	131 662	105 045	105 956	119 270	163 671	228 785	271 873	229 721	149 474	144 352	170 242
<b>Total</b>	HMBR	<b>132 683</b>	<b>106 099</b>	<b>107 013</b>	<b>120 695</b>	<b>165 255</b>	<b>230 681</b>	<b>273 591</b>	<b>231 482</b>	<b>150 909</b>	<b>145 838</b>	<b>171 535</b>
<b>Balances</b> (Net earnings)												
Compensation of employees	KTMP	66	67	59	-494	-610	-958	-734	-715	-259	-389	-172
Investment income												
Direct investment <sup>1</sup>	HJYE	25 304	35 457	33 174	35 672	43 038	31 953	46 304	66 401	41 379	42 082	48 854
Portfolio investment												
Earnings on equity securities	HLZO	-5 004	-4 821	-4 626	-5 210	-5 186	-4 710	-2 446	-6 288	-5 460	-6 584	-8 737
Earnings on debt securities	HLZP	3 782	3 997	4 274	3 214	2 977	2 290	1 777	-706	59	-6 500	-8 085
Total portfolio investment	HLZX	-1 222	-824	-352	-1 996	-2 209	-2 420	-669	-6 994	-5 401	-13 084	-16 822
Other investment	CGNA	-19 258	-19 955	-17 500	-16 271	-19 519	-21 458	-26 504	-27 063	-18 511	-14 693	-15 488
Reserve assets	HHCB	961	820	791	705	659	645	610	777	783	712	761
Total investment income	HMBM	5 785	15 498	16 113	18 110	21 969	8 720	19 741	33 121	18 250	15 017	17 305
<b>Total</b>	HMBP	<b>5 851</b>	<b>15 565</b>	<b>16 172</b>	<b>17 616</b>	<b>21 359</b>	<b>7 762</b>	<b>19 007</b>	<b>32 406</b>	<b>17 991</b>	<b>14 628</b>	<b>17 133</b>

<sup>1</sup> The latest year's data for foreign direct investment are provisional as these figures are subject to annual benchmarking.

# 4.2 Investment Income Sector analysis

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
(Earnings of UK residents on investment abroad)												
Monetary financial institutions	CGND	71 354	53 482	52 492	56 616	79 997	114 507	151 659	141 033	62 232	40 953	56 660
Central government	CGNY	983	849	814	716	671	654	701	790	781	742	805
Public corporations	CGNP	438	371	389	900	1 440	712	870	891	277	265	252
Other sectors	CGNW	64 672	65 841	68 374	79 148	103 532	121 632	138 384	120 128	104 434	117 409	129 830
<b>Total</b>	<b>HMBN</b>	<b>137 447</b>	<b>120 543</b>	<b>122 069</b>	<b>137 380</b>	<b>185 640</b>	<b>237 505</b>	<b>291 614</b>	<b>262 842</b>	<b>167 724</b>	<b>159 369</b>	<b>187 547</b>
<b>Debits</b>												
(Foreign earnings on investment in UK)												
Monetary financial institutions	CGPN	70 621	48 336	47 090	51 600	78 212	113 708	143 581	117 344	49 022	49 001	59 132
Central government	CGNZ	4 233	3 868	4 140	4 803	6 028	7 029	9 059	10 532	8 363	13 669	16 088
Local authorities	CGOB	4	2	—	—	—	—	—	—	—	—	—
Public corporations	CGOD	—	—	—	16	18	18	18	17	16	16	16
Other sectors	CGSE	56 804	52 839	54 726	62 851	79 413	108 030	119 215	101 828	92 073	81 666	95 006
<b>Total</b>	<b>HMBO</b>	<b>131 662</b>	<b>105 045</b>	<b>105 956</b>	<b>119 270</b>	<b>163 671</b>	<b>228 785</b>	<b>271 873</b>	<b>229 721</b>	<b>149 474</b>	<b>144 352</b>	<b>170 242</b>
<b>Balances</b>												
(Net earnings)												
Monetary financial institutions	CGSO	733	5 146	5 402	5 016	1 785	799	8 078	23 689	13 210	—8 048	—2 472
Central government	CGOE	—3 250	—3 019	—3 326	—4 087	—5 357	—6 375	—8 358	—9 742	—7 582	—12 927	—15 283
Local authorities	-CGOB	—4	—2	—	—	—	—	—	—	—	—	—
Public corporations	CGOF	438	371	389	884	1 422	694	852	874	261	249	236
Other sectors	CGTX	7 868	13 002	13 648	16 297	24 119	13 602	19 169	18 300	12 361	35 743	34 824
<b>Total</b>	<b>HMBM</b>	<b>5 785</b>	<b>15 498</b>	<b>16 113</b>	<b>18 110</b>	<b>21 969</b>	<b>8 720</b>	<b>19 741</b>	<b>33 121</b>	<b>18 250</b>	<b>15 017</b>	<b>17 305</b>

## 4.3 Earnings on direct investment<sup>1</sup>

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
(Earnings of UK residents on direct investment abroad)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	CNZN	14 412	15 255	29 482	26 620	29 623	30 673	25 027	30 431	54 140	47 489	49 351
Distributed branch profits	HDNG	2 552	2 381	2 723	3 573	6 264	5 452	3 857	736	—487	6 111	9 061
Total dividends and distributed branch profits	HMAE	16 964	17 636	32 205	30 193	35 887	36 125	28 884	31 167	53 653	53 600	58 412
Reinvested earnings	-HDNY	27 220	32 209	21 456	31 076	43 555	47 878	63 738	38 394	12 749	23 243	34 599
Earnings on property investment	HHBW	433	380	399	439	453	488	528	653	753	919	1 183
Total earnings on equity	HMAK	44 617	50 225	54 060	61 708	79 895	84 491	93 150	70 214	67 155	77 762	94 194
Earnings on other capital <sup>2</sup>	HDNQ	2 124	1 248	1 033	1 584	—703	—918	—1 795	—716	787	1 411	2 319
<b>Total</b>	HJYW	<b>46 741</b>	<b>51 473</b>	<b>55 093</b>	<b>63 292</b>	<b>79 192</b>	<b>83 573</b>	<b>91 355</b>	<b>69 498</b>	<b>67 942</b>	<b>79 173</b>	<b>96 513</b>
<b>Debits</b>												
(Foreign earnings on direct investment in the UK)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	BCEA	14 418	7 638	8 170	10 461	14 918	15 292	18 274	22 898	26 401	26 769	29 030
Distributed branch profits	CYFD	2 251	—1 079	56	1 995	2 659	6 338	—5 418	—29 149	—10 278	4 104	6 058
Total dividends and distributed branch profits	HMAH	16 669	6 559	8 226	12 456	17 577	21 630	12 856	—6 251	16 123	30 873	35 088
Reinvested earnings	CYFV	—992	3 647	7 429	8 558	10 501	22 195	23 276	1 542	1 384	—907	4 205
Earnings on property investment	HESG	1 398	1 507	1 614	1 663	1 796	1 901	2 228	2 545	2 354	2 594	2 668
Total earnings on equity	HMAG	17 075	11 713	17 269	22 677	29 874	45 726	38 360	—2 164	19 861	32 560	41 961
Earnings on other capital <sup>2</sup>	CYFN	4 362	4 303	4 650	4 943	6 280	5 894	6 691	5 261	6 702	4 531	5 698
<b>Total</b>	HJYX	<b>21 437</b>	<b>16 016</b>	<b>21 919</b>	<b>27 620</b>	<b>36 154</b>	<b>51 620</b>	<b>45 051</b>	<b>3 097</b>	<b>26 563</b>	<b>37 091</b>	<b>47 659</b>
<b>Balances</b>												
(Net earnings)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	LTMA	—6	7 617	21 312	16 159	14 705	15 381	6 753	7 533	27 739	20 720	20 321
Distributed branch profits	LTMB	301	3 460	2 667	1 578	3 605	—886	9 275	29 885	9 791	2 007	3 003
Total dividends and distributed branch profits	HHZA	295	11 077	23 979	17 737	18 310	14 495	16 028	37 418	37 530	22 727	23 324
Reinvested earnings	LTMC	28 212	28 562	14 027	22 518	33 054	25 683	40 462	36 852	11 365	24 150	30 394
Earnings on property investment	LTMD	—965	—1 127	—1 215	—1 224	—1 343	—1 413	—1 700	—1 892	—1 601	—1 675	—1 485
Total earnings on equity	HHYY	27 542	38 512	36 791	39 031	50 021	38 765	54 790	72 378	47 294	45 202	52 233
Earnings on other capital <sup>2</sup>	HMAM	—2 238	—3 055	—3 617	—3 359	—6 983	—6 812	—8 486	—5 977	—5 915	—3 120	—3 379
<b>Total</b>	HJYE	<b>25 304</b>	<b>35 457</b>	<b>33 174</b>	<b>35 672</b>	<b>43 038</b>	<b>31 953</b>	<b>46 304</b>	<b>66 401</b>	<b>41 379</b>	<b>42 082</b>	<b>48 854</b>

<sup>1</sup> The latest year's data for foreign direct investment are provisional as these figures are subject to annual benchmarking.

<sup>2</sup> Earnings on other capital consists of interest accrued to/from direct investors from/to associated enterprises abroad.

## 4.4 Earnings on direct investment<sup>1</sup> Sector analysis

		£ million										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
(Earnings of UK residents on direct investment abroad)												
Monetary financial institutions	HCVU	4 596	4 464	5 700	5 806	8 036	8 920	8 010	21	60	-4 525	6 836
Insurance companies	CNZD	790	628	2 326	3 556	4 385	4 338	5 295	-11	2 938	4 182	4 418
Other financial intermediaries	HCWW	2 924	3 232	4 293	5 097	6 883	7 375	8 057	1 816	3 177	8 408	9 662
Private non-financial corporations	HCUS	38 269	42 949	42 499	48 448	59 465	62 405	69 034	66 755	61 231	70 545	75 016
Public corporations	HDMG	40	54	87	153	153	219	607	529	118	126	120
Household sector <sup>2</sup>	HHLI	122	146	188	232	270	316	352	388	418	437	461
<b>Total</b>	<b>HJYW</b>	<b>46 741</b>	<b>51 473</b>	<b>55 093</b>	<b>63 292</b>	<b>79 192</b>	<b>83 573</b>	<b>91 355</b>	<b>69 498</b>	<b>67 942</b>	<b>79 173</b>	<b>96 513</b>
<b>Debits</b>												
(Foreign earnings on direct investment in UK)												
Monetary financial institutions	GPAZ	4 795	1 008	2 537	2 858	5 722	6 292	-2 031	-28 397	-11 099	3 689	7 919
Insurance companies	HDPK	-955	179	898	1 844	2 241	3 544	2 421	1 631	596	529	844
Other financial intermediaries												
Securities dealers	HDQX	1 272	1 337	449	1 600	1 489	1 224	3 762	-1 594	6 150	2 633	5 103
Other	HFBT	593	829	1 754	1 083	2 533	4 594	4 408	826	5 105	3 431	2 920
Total other financial intermediaries	HFCY	1 865	2 166	2 203	2 683	4 022	5 818	8 170	-768	11 255	6 064	8 023
Private non-financial corporations	BCEB	15 732	12 663	16 281	20 235	24 169	35 966	36 491	30 631	25 811	26 809	30 873
<b>Total</b>	<b>HJYX</b>	<b>21 437</b>	<b>16 016</b>	<b>21 919</b>	<b>27 620</b>	<b>36 154</b>	<b>51 620</b>	<b>45 051</b>	<b>3 097</b>	<b>26 563</b>	<b>37 091</b>	<b>47 659</b>
<b>Balances</b>												
(Net earnings)												
Monetary financial institutions	LTME	-199	3 456	3 163	2 948	2 314	2 628	10 041	28 418	11 159	-8 214	-1 083
Insurance companies	LTMF	1 745	449	1 428	1 712	2 144	794	2 874	-1 642	2 342	3 653	3 574
Other financial intermediaries	LTMG	1 059	1 066	2 090	2 414	2 861	1 557	-113	2 584	-8 078	2 344	1 639
Private non-financial corporations	LTMH	22 537	30 286	26 218	28 213	35 296	26 439	32 543	36 124	35 420	43 736	44 143
Public corporations	HDMG	40	54	87	153	153	219	607	529	118	126	120
Household sector <sup>2</sup>	HHLI	122	146	188	232	270	316	352	388	418	437	461
<b>Total</b>	<b>HJYE</b>	<b>25 304</b>	<b>35 457</b>	<b>33 174</b>	<b>35 672</b>	<b>43 038</b>	<b>31 953</b>	<b>46 304</b>	<b>66 401</b>	<b>41 379</b>	<b>42 082</b>	<b>48 854</b>

1 The latest year's data for foreign direct investment are provisional as these figures are subject to annual benchmarking.

2 The household sector includes non-profit institutions serving households.



# 4.5 Earnings on portfolio investment

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
(Earnings of UK residents on portfolio investment abroad)												
Earnings on equity securities (shares) by:												
Monetary financial institutions	<b>HHRX</b>	1 261	1 473	2 299	2 676	3 410	4 132	4 478	3 475	3 321	2 770	2 522
Central Government	<b>LOEN</b>	–	–	–	–	8	7	8	8	4	–	–
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	<b>CGOM</b>	2 289	2 455	2 075	2 194	2 430	2 999	3 366	4 450	4 026	3 616	4 466
Self-administered pension funds	<b>HPDL</b>	1 543	1 598	1 456	1 790	2 428	2 827	2 923	3 122	2 423	3 049	3 398
Total insurance companies and pension funds	<b>CGOX</b>	3 832	4 053	3 531	3 984	4 858	5 826	6 289	7 572	6 449	6 665	7 864
Other financial intermediaries	<b>CGOY</b>	4 465	4 690	4 275	4 202	4 501	6 291	9 006	7 863	5 625	5 538	6 993
Private non-financial corporations	<b>EGMS</b>	124	127	110	126	135	167	190	244	225	205	238
Household sector <sup>2</sup>	<b>HEOG</b>	179	187	170	198	342	565	666	876	758	564	605
Total earnings on equity securities	<b>HCPL</b>	9 861	10 530	10 385	11 186	13 254	16 988	20 637	20 038	16 382	15 742	18 222
Earnings on debt securities												
Earnings on bonds and notes by:												
Monetary financial institutions	<b>HPCQ</b>	16 399	15 596	15 312	17 442	21 277	25 347	32 459	32 362	22 708	16 718	16 257
Central Government	<b>HF6Q</b>	–	–	–	–	–	–	81	4	–5	30	45
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	<b>CGON</b>	1 370	1 718	1 998	1 767	2 161	2 395	2 404	3 277	5 048	3 867	4 142
Self-administered pension funds	<b>HPDM</b>	565	621	703	903	931	1 086	1 731	2 250	2 235	2 314	3 616
Total insurance companies and pension funds	<b>CGOZ</b>	1 935	2 339	2 701	2 670	3 092	3 481	4 135	5 527	7 283	6 181	7 758
Other financial intermediaries	<b>CGPA</b>	3 468	2 071	2 206	2 808	4 799	5 753	5 141	6 583	6 807	6 774	7 588
Private non-financial corporations	<b>EGNF</b>	108	111	117	210	206	167	120	178	194	152	252
Household sector <sup>2</sup>	<b>HEOH</b>	260	240	255	238	269	278	285	309	292	267	274
Total earnings on bonds and notes	<b>HCPK</b>	22 170	20 357	20 591	23 368	29 643	35 026	42 221	44 963	37 279	30 122	32 174
Earnings on money market instruments by:												
Monetary financial institutions	<b>HBMX</b>	2 569	1 233	984	1 451	1 665	1 937	2 001	1 873	732	1 145	952
Central government	<b>LSPA</b>	18	26	19	9	2	–	–	–	–	–	–
Other financial intermediaries	<b>NHQV</b>	118	130	205	249	319	464	563	297	115	69	132
Private non-financial corporations	<b>HGBX</b>	146	208	366	445	496	728	710	340	47	22	46
Total earnings on money market instruments	<b>HCHG</b>	2 851	1 597	1 574	2 154	2 482	3 129	3 274	2 510	894	1 236	1 130
Total earnings on debt securities	<b>HLYW</b>	25 021	21 954	22 165	25 522	32 125	38 155	45 495	47 473	38 173	31 358	33 304
<b>Total</b>	<b>HLYX</b>	<b>34 882</b>	<b>32 484</b>	<b>32 550</b>	<b>36 708</b>	<b>45 379</b>	<b>55 143</b>	<b>66 132</b>	<b>67 511</b>	<b>54 555</b>	<b>47 100</b>	<b>51 526</b>

1 Includes pension funds managed by insurance companies.

2 The household sector includes non-profit institutions serving households.

# 4.5 Earnings on portfolio investment

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Debits</b>												
(Foreign earnings on portfolio investment in the UK)												
Earnings on equity securities (shares) issued by:												
Monetary financial institutions	<b>HBQJ</b>	147	119	123	133	151	176	272	371	347	399	529
Other sectors <sup>1</sup>	<b>HBQK</b>	14 718	15 232	14 888	16 263	18 289	21 522	22 811	25 955	21 495	21 927	26 430
Total foreign earnings on UK equity securities	<b>ZMRB</b>	14 865	15 351	15 011	16 396	18 440	21 698	23 083	26 326	21 842	22 326	26 959
Earnings on debt securities												
Earnings on bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	<b>ZMRA</b>	265	128	20	37	38	37	36	18	–	–	–
Earnings on British government stocks by:												
Foreign central banks (exchange reserves)	<b>HESK</b>	1 168	1 119	1 053	1 110	1 190	1 309	1 628	1 876	1 761	2 812	3 167
Other foreign residents	<b>HCEV</b>	2 710	2 530	2 990	3 489	4 614	5 478	7 114	8 211	6 482	10 712	12 792
Total foreign earnings on British government stocks	<b>HENI</b>	3 878	3 649	4 043	4 599	5 804	6 787	8 742	10 087	8 243	13 524	15 959
Total issues by central government	<b>HBQU</b>	4 143	3 777	4 063	4 636	5 842	6 824	8 778	10 105	8 243	13 524	15 959
Local authorities' bonds												
Public corporations' bonds	<b>HHGH</b>	–	–	–	–	–	–	–	–	–	–	–
	<b>HESY</b>	–	–	–	–	–	–	–	–	–	–	–
Issues by monetary financial institutions												
Bonds	<b>HGUV</b>	1 897	1 945	2 102	2 696	3 271	3 882	4 683	5 026	4 135	3 007	3 166
European medium term notes and other medium-term paper	<b>HGMM</b>	1 450	1 505	1 841	2 658	3 517	4 523	5 991	7 096	8 250	8 766	8 992
Total issues by monetary financial institutions	<b>HBOT</b>	3 347	3 450	3 943	5 354	6 788	8 405	10 674	12 122	12 385	11 773	12 158
Issues by other sectors <sup>1</sup>	<b>HGUW</b>	5 909	6 054	6 539	8 393	10 184	12 086	14 582	15 649	12 871	9 358	9 854
Total foreign earnings on UK bonds and notes	<b>HLZA</b>	13 399	13 281	14 545	18 383	22 814	27 315	34 034	37 876	33 499	34 655	37 971
Earnings on money market instruments												
Earnings on treasury bills (issued by central government)												
Sterling treasury bills	<b>XAMR</b>	13	20	23	120	144	153	281	427	120	145	129
Euro treasury bills	<b>HHNV</b>	–	–	–	–	–	–	–	–	–	–	–
Total earnings on treasury bills	<b>HHZU</b>	13	20	23	120	144	153	281	427	120	145	129
Earnings on certificates of deposit issued by monetary financial institutions	<b>HCEE</b>	6 069	3 490	2 364	2 507	3 915	5 304	6 412	7 136	3 418	2 373	2 590
Earnings on commercial paper												
Issued by monetary financial institutions	<b>HCEF</b>	923	608	612	841	1 443	2 054	2 159	2 086	886	590	603
Issued by other sectors <sup>1</sup>	<b>HHZT</b>	835	558	347	457	832	1 039	832	654	191	95	96
Total earnings on commercial paper	<b>HHBO</b>	1 758	1 166	959	1 298	2 275	3 093	2 991	2 740	1 077	685	699
Total foreign earnings on UK Money Market Instruments	<b>HLYZ</b>	7 840	4 676	3 346	3 925	6 334	8 550	9 684	10 303	4 615	3 203	3 418
Total foreign earnings on UK debt securities	<b>HLZB</b>	21 239	17 957	17 891	22 308	29 148	35 865	43 718	48 179	38 114	37 858	41 389
<b>Total</b>	<b>HLZC</b>	<b>36 104</b>	<b>33 308</b>	<b>32 902</b>	<b>38 704</b>	<b>47 588</b>	<b>57 563</b>	<b>66 801</b>	<b>74 505</b>	<b>59 956</b>	<b>60 184</b>	<b>68 348</b>

<sup>1</sup> These series relate to non-governmental sectors other than monetary financial institutions.

# 4.5 Earnings on portfolio investment

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Balances</b>												
(net earnings)												
Earnings on equity securities (shares)	HLZO	-5 004	-4 821	-4 626	-5 210	-5 186	-4 710	-2 446	-6 288	-5 460	-6 584	-8 737
Earnings on debt securities												
Earnings on bonds and notes	HLZQ	8 771	7 076	6 046	4 985	6 829	7 711	8 187	7 087	3 780	-4 533	-5 797
Earnings on money market instruments	HLZR	-4 989	-3 079	-1 772	-1 771	-3 852	-5 421	-6 410	-7 793	-3 721	-1 967	-2 288
Total foreign earnings on UK debt securities	HLZP	3 782	3 997	4 274	3 214	2 977	2 290	1 777	-706	59	-6 500	-8 085
<b>Total</b>	HLZX	<b>-1 222</b>	<b>-824</b>	<b>-352</b>	<b>-1 996</b>	<b>-2 209</b>	<b>-2 420</b>	<b>-669</b>	<b>-6 994</b>	<b>-5 401</b>	<b>-13 084</b>	<b>-16 822</b>

# 4.6 Earnings on portfolio investment

## Sector analysis

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
(Earnings of UK residents on portfolio investment abroad)												
Earnings from portfolio investment abroad by UK:												
Monetary financial institutions	AIND	20 229	18 302	18 595	21 569	26 352	31 416	38 938	37 710	26 761	20 633	19 731
Central government	LOEO	18	26	19	9	10	7	89	12	-1	30	45
Insurance companies and pension funds	AINE	5 767	6 392	6 232	6 654	7 950	9 307	10 424	13 099	13 732	12 846	15 622
Other financial intermediaries	AINF	8 051	6 891	6 686	7 259	9 619	12 508	14 710	14 743	12 547	12 381	14 713
Private non-financial corporations	AINI	378	446	593	781	837	1 062	1 020	762	466	379	536
Household sector <sup>1</sup>	AINK	439	427	425	436	611	843	951	1 185	1 050	831	879
<b>Total</b>	<b>HLYX</b>	<b>34 882</b>	<b>32 484</b>	<b>32 550</b>	<b>36 708</b>	<b>45 379</b>	<b>55 143</b>	<b>66 132</b>	<b>67 511</b>	<b>54 555</b>	<b>47 100</b>	<b>51 526</b>
<b>Debits</b>												
(Foreign earnings on portfolio investment in the UK)												
Foreign earnings from portfolio investment in UK:												
Monetary financial institutions	HBXI	10 486	7 667	7 042	8 835	12 297	15 939	19 517	21 715	17 036	15 135	15 880
Central government	HBXM	4 156	3 797	4 086	4 756	5 986	6 977	9 059	10 532	8 363	13 669	16 088
Local authorities	HHGH	-	-	-	-	-	-	-	-	-	-	-
Public corporations	HESY	-	-	-	-	-	-	-	-	-	-	-
Other sectors	HBXR	21 462	21 844	21 774	25 113	29 305	34 647	38 225	42 258	34 557	31 380	36 380
<b>Total</b>	<b>HLZC</b>	<b>36 104</b>	<b>33 308</b>	<b>32 902</b>	<b>38 704</b>	<b>47 588</b>	<b>57 563</b>	<b>66 801</b>	<b>74 505</b>	<b>59 956</b>	<b>60 184</b>	<b>68 348</b>
<b>Balances</b>												
(Net earnings)												
Monetary financial institutions	LTMI	9 743	10 635	11 553	12 734	14 055	15 477	19 421	15 995	9 725	5 498	3 851
Central government	ZPOF	-4 138	-3 771	-4 067	-4 747	-5 976	-6 970	-8 970	-10 520	-8 364	-13 639	-16 043
Local authorities	-HHGH	-	-	-	-	-	-	-	-	-	-	-
Public corporations	-HESY	-	-	-	-	-	-	-	-	-	-	-
Other sectors	LTMJ	-6 827	-7 688	-7 838	-9 983	-10 288	-10 927	-11 120	-12 469	-6 762	-4 943	-4 630
<b>Total</b>	<b>HLZX</b>	<b>-1 222</b>	<b>-824</b>	<b>-352</b>	<b>-1 996</b>	<b>-2 209</b>	<b>-2 420</b>	<b>-669</b>	<b>-6 994</b>	<b>-5 401</b>	<b>-13 084</b>	<b>-16 822</b>

<sup>1</sup> The household sector includes non-profit institutions serving households.

# 4.7 Earnings on other investment

		£ million										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
(Earnings of UK residents on other investment abroad)												
Earnings on trade credit												
Central government	<b>XBGJ</b>	—	—	—	—	—	—	—	—	—	—	—
Other sectors <sup>1</sup>	<b>HGQD</b>	—	—	—	—	—	—	—	—	—	—	—
Total earnings on trade credit	<b>AIOM</b>	—	—	—	—	—	—	—	—	—	—	—
Earnings on loans												
Long-term												
Bank loans under ECGD <sup>2</sup> guarantee	<b>AINM</b>	378	235	205	198	235	258	283	268	240	241	176
Inter-government loans by the UK	<b>XBGI</b>	4	3	4	2	2	2	2	1	—1	—	—1
Loans by Commonwealth Development Corporation (public corporations)	<b>HGEN</b>	74	74	74	74	74	74	74	74	74	74	74
Loans by the ECGD <sup>2</sup>	<b>CY95</b>	324	243	228	673	1 213	419	189	288	85	65	58
Loans by specialist leasing companies <sup>1</sup>	<b>HBXC</b>	—	—	—	—	—	—	—	—	—	—	—
Total long-term loans	<b>AI00</b>	780	555	511	947	1 524	753	548	631	398	380	307
Short-term loans	<b>VTUN</b>	36	36	36	36	36	36	36	36	36	36	36
Total earnings on loans	<b>CGKJ</b>	816	591	547	983	1 560	789	584	667	434	416	343
Earnings on deposits												
By UK monetary financial institutions (banks)												
Sterling deposits	<b>IFD7</b>	6 380	4 833	5 034	7 162	8 205	10 723	21 948	23 022	6 169	3 966	3 685
Foreign currency deposits	<b>IFD8</b>	39 771	25 648	22 958	21 881	37 169	63 190	82 480	80 012	29 002	20 638	26 232
Total deposits by UK banks	<b>IFD9</b>	46 151	30 481	27 992	29 043	45 374	73 913	104 428	103 034	35 171	24 604	29 917
Deposits by securities dealers	<b>HGTD</b>	2 908	1 733	1 762	1 904	3 338	5 186	6 071	4 884	3 400	2 986	3 458
Deposits by other UK residents <sup>1</sup>	<b>CGJK</b>	4 499	2 636	3 029	4 416	9 805	17 908	22 079	16 159	5 162	4 103	4 755
Total earnings on deposits abroad	<b>CGJQ</b>	53 558	34 850	32 783	35 363	58 517	97 007	132 578	124 077	43 733	31 693	38 130
Earnings on other assets												
Trusts and annuities <sup>1</sup>	<b>HHLF</b>	489	325	305	329	333	348	355	312	277	275	274
Foreign currency exchanges <sup>1</sup>	<b>HHKX</b>	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous central government receipts	<b>HPPK</b>	—	—	—	—	—	—	—	—	—	—	—
Total earnings on other assets	<b>CGKM</b>	489	325	305	329	333	348	355	312	277	275	274
<b>Total</b>	<b>AIOP</b>	<b>54 863</b>	<b>35 766</b>	<b>33 635</b>	<b>36 675</b>	<b>60 410</b>	<b>98 144</b>	<b>133 517</b>	<b>125 056</b>	<b>44 444</b>	<b>32 384</b>	<b>38 747</b>

<sup>1</sup> These series relate to non-governmental sectors other than monetary financial institutions.

<sup>2</sup> Export Credits Guarantee Department now operates under the name UK Export Finance.

# 4.7 Earnings on other investment

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Debits</b>												
(Foreign earnings on other investment in the UK)												
Earnings on trade credit												
Public corporations	<b>XBGW</b>	–	–	–	–	–	–	–	–	–	–	–
Other sectors <sup>1</sup>	<b>HHLW</b>	–	–	–	–	–	–	–	–	–	–	–
Total earnings on trade credit	<b>CGMA</b>	–	–	–	–	–	–	–	–	–	–	–
Earnings on loans												
Loans to:												
Central government	<b>CGLF</b>	77	71	54	47	42	52	–	–	–	–	–
Local authorities	<b>CGLG</b>	4	2	–	–	–	–	–	–	–	–	–
Public corporations	<b>CGLH</b>	–	–	–	16	18	18	18	17	16	16	16
Securities dealers	<b>CGLI</b>	10 525	8 522	7 653	7 557	11 413	15 461	18 243	16 576	14 434	12 837	14 307
Other <sup>1</sup>	<b>CGMD</b>	3 477	3 331	3 076	3 905	6 634	9 801	12 528	9 929	3 757	2 973	3 750
Total earnings on loans	<b>CGNO</b>	14 083	11 926	10 783	11 525	18 107	25 332	30 789	26 522	18 207	15 826	18 073
Earnings on deposits <sup>2</sup>												
(Monetary financial institutions)												
Sterling deposits	<b>JJT3</b>	10 562	8 623	8 890	11 625	13 356	16 206	29 429	33 537	9 949	6 981	6 721
Foreign currency deposits	<b>JJT4</b>	44 778	31 038	28 621	28 282	46 837	75 271	96 666	90 489	33 136	23 196	28 612
Total earnings on deposits	<b>HMAS</b>	55 340	39 661	37 511	39 907	60 193	91 477	126 095	124 026	43 085	30 177	35 333
Earnings on other liabilities												
(Non-governmental sectors other than monetary financial institutions)												
Imputed income to foreign households from UK insurance companies technical reserves	<b>HBWS</b>	4 698	4 134	2 841	1 514	1 629	2 793	3 137	1 571	1 663	1 074	829
Other liabilities	<b>CGME</b>	–	–	–	–	–	–	–	–	–	–	–
Total earnings on other liabilities	<b>CGMH</b>	4 698	4 134	2 841	1 514	1 629	2 793	3 137	1 571	1 663	1 074	829
<b>Total</b>	<b>HLZN</b>	<b>74 121</b>	<b>55 721</b>	<b>51 135</b>	<b>52 946</b>	<b>79 929</b>	<b>119 602</b>	<b>160 021</b>	<b>152 119</b>	<b>62 955</b>	<b>47 077</b>	<b>54 235</b>
<b>Balances</b>												
(Net earnings)												
Trade credit	<b>LTMK</b>	–	–	–	–	–	–	–	–	–	–	–
Loans	<b>LTML</b>	–13 267	–11 335	–10 236	–10 542	–16 547	–24 543	–30 205	–25 855	–17 773	–15 410	–17 730
Currency and deposits	<b>LTMM</b>	–1 782	–4 811	–4 728	–4 544	–1 676	5 530	6 483	51	648	1 516	2 797
Other investment	<b>LTMN</b>	–4 209	–3 809	–2 536	–1 185	–1 296	–2 445	–2 782	–1 259	–1 386	–799	–555
<b>Total</b>	<b>CGNA</b>	<b>–19 258</b>	<b>–19 955</b>	<b>–17 500</b>	<b>–16 271</b>	<b>–19 519</b>	<b>–21 458</b>	<b>–26 504</b>	<b>–27 063</b>	<b>–18 511</b>	<b>–14 693</b>	<b>–15 488</b>

1 These series relate to non-governmental sectors other than monetary financial institutions.

2 UK banks' payments on non-resident deposits includes payments on loans re-ceived and repurchase agreements.

# 4.8 Earnings on other investment Sector analysis

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
(Earnings of UK residents on other investment abroad)												
Earnings from other investment by UK:												
Monetary financial institutions	CGMM	46 529	30 716	28 197	29 241	45 609	74 171	104 711	103 302	35 411	24 845	30 093
Central government	CGMN	4	3	4	2	2	2	2	1	-1	-	-1
Public corporations	ZPOP	398	317	302	747	1 287	493	263	362	159	139	132
Other sectors	CGMR	7 932	4 730	5 132	6 685	13 512	23 478	28 541	21 391	8 875	7 400	8 523
<b>Total</b>	AIOP	<b>54 863</b>	<b>35 766</b>	<b>33 635</b>	<b>36 675</b>	<b>60 410</b>	<b>98 144</b>	<b>133 517</b>	<b>125 056</b>	<b>44 444</b>	<b>32 384</b>	<b>38 747</b>
<b>Debits</b>												
(Foreign earnings on other investment in the UK)												
Foreign earnings from other investment in UK:												
Monetary financial institutions	HMAS	55 340	39 661	37 511	39 907	60 193	91 477	126 095	124 026	43 085	30 177	35 333
Central government	CGLF	77	71	54	47	42	52	-	-	-	-	-
Local authorities	CGLG	4	2	-	-	-	-	-	-	-	-	-
Public corporations	CGMV	-	-	-	16	18	18	18	17	16	16	16
Other sectors	CGMZ	18 700	15 987	13 570	12 976	19 676	28 055	33 908	28 076	19 854	16 884	18 886
<b>Total</b>	HLZN	<b>74 121</b>	<b>55 721</b>	<b>51 135</b>	<b>52 946</b>	<b>79 929</b>	<b>119 602</b>	<b>160 021</b>	<b>152 119</b>	<b>62 955</b>	<b>47 077</b>	<b>54 235</b>
<b>Balances</b>												
(Net earnings)												
Monetary financial institutions	LTMO	-8 811	-8 945	-9 314	-10 666	-14 584	-17 306	-21 384	-20 724	-7 674	-5 332	-5 240
Central government	LTMP	-73	-68	-50	-45	-40	-50	2	1	-1	-	-1
Local authorities	-CGLG	-4	-2	-	-	-	-	-	-	-	-	-
Public corporations	LTMQ	398	317	302	731	1 269	475	245	345	143	123	116
Other sectors	LTMR	-10 768	-11 257	-8 438	-6 291	-6 164	-4 577	-5 367	-6 685	-10 979	-9 484	-10 363
<b>Total</b>	CGNA	<b>-19 258</b>	<b>-19 955</b>	<b>-17 500</b>	<b>-16 271</b>	<b>-19 519</b>	<b>-21 458</b>	<b>-26 504</b>	<b>-27 063</b>	<b>-18 511</b>	<b>-14 693</b>	<b>-15 488</b>





# Chapter 5

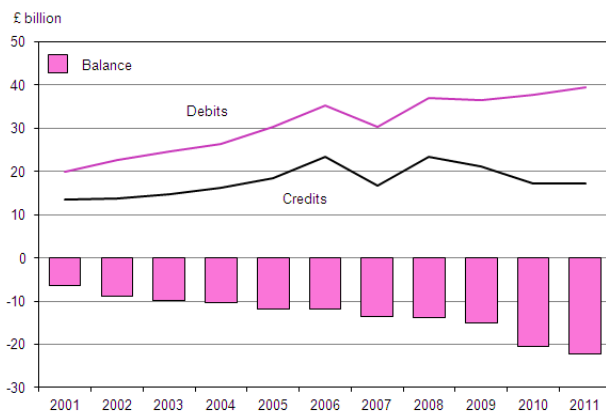
## Current transfers

## Summary

For 2011 there is a deficit for current transfers of £22.2 billion, the highest on record. The deficit has widened each year since 2001. The deficit on general government transfers is £16.4 billion in 2011 and the deficit for other sectors is £5.8 billion.

**Figure 5.1**

### Current transfers

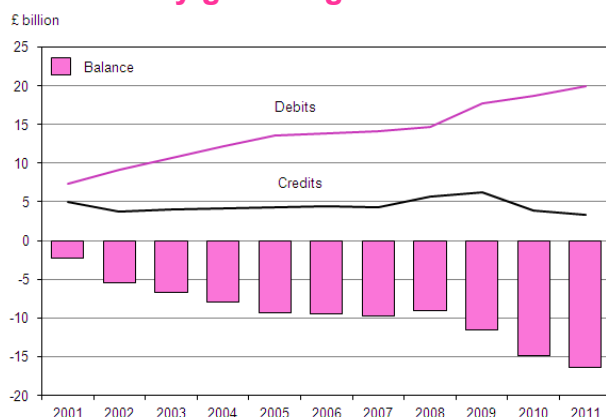


### General government transfers

General government transfers include taxes and social contributions received from non-resident workers and businesses; current transfers with international organisations (for example, EU Institutions); bilateral aid; social security payments abroad; military grants; and miscellaneous transfers.

**Figure 5.2**

### Transfers by general government



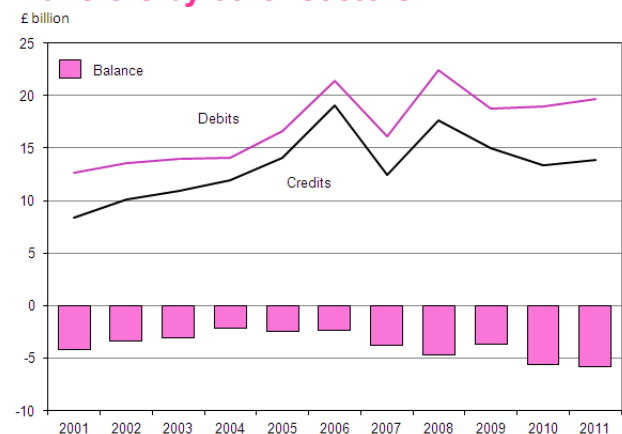
Credits decreased by £0.4 billion from £3.9 billion in 2010 to £3.4 billion for 2011. Debits increased by £1.2 billion from £18.7 billion in 2010 to £19.9 billion in 2011.

### Other sector transfers

Non-government transfers include those EU transfers where the UK Government simply acts as the agent for the final beneficiary (for example, social fund and agricultural guidance fund receipts) or original payer (for example, VAT based contributions). Other sectors transfers also include taxes on income and wealth paid by UK workers and outward direct investors to foreign governments; insurance premiums and claims; and other transfers (workers remittances, and other private transfers such as gifts). Credits increased by £0.5 billion from £13.4 billion in 2010 to £13.9 billion in 2011. Debits increased by £0.7 billion in the latest year.

**Figure 5.3**

### Transfers by other sectors



# 5.1 Current transfers

		£ million										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
General government												
Current taxes on income, wealth etc.	FJKI	398	527	375	482	546	681	603	616	622	658	471
Other taxes on production	FJKH	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBC	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJBH	25	24	23	22	22	28	31	40	61	29	25
Social benefits	FJBL	—	—	—	—	—	—	—	—	—	—	—
EU Institutions:												
(a) Abatement	FKKL	4 560	3 099	3 560	3 592	3 655	3 570	3 523	4 862	5 392	3 046	3 144
(b) Other EU receipts	FKIJ	8	13	10	81	71	104	161	134	130	133	–202
Miscellaneous receipts	FKIK	—	—	—	—	—	—	—	—	—	—	—
Total general government	FJUM	4 991	3 663	3 968	4 177	4 294	4 383	4 318	5 652	6 205	3 866	3 438
Other sectors												
Current taxes on income, wealth etc.	FJBJ	—	—	—	—	—	—	—	—	—	—	—
Other taxes on production	FJGC	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBA	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJAB	34	53	21	14	–8	28	–5	28	111	55	–5
EU Institutions:												
(a) Agricultural Guarantee Fund	EBGL	2 336	2 381	2 692	3 315	3 408	3 221	2 952	3 051	3 411	3 032	3 163
(b) Social Fund <sup>1</sup>	H5U2	370	412	427	364	842	1 225	751	504	505	660	395
(c) ECSC Grant	FJKP	1	—	—	2	—	—	—	—	—	—	—
Net non-life insurance premiums <sup>2,3</sup>	NQQP	2 936	4 566	4 989	5 485	7 092	11 794	5 952	11 453	8 359	6 797	7 638
Non-life insurance claims <sup>2,4</sup>	FJFA	25	19	19	47	16	39	50	54	77	345	228
Other receipts of households <sup>5</sup>	FKIL	2 689	2 698	2 713	2 667	2 715	2 748	2 663	2 557	2 557	2 478	2 433
Total other sectors	FJUN	8 391	10 129	10 861	11 894	14 065	19 055	12 363	17 647	15 020	13 367	13 852
<b>Total</b>	<b>KTND</b>	<b>13 382</b>	<b>13 792</b>	<b>14 829</b>	<b>16 071</b>	<b>18 359</b>	<b>23 438</b>	<b>16 681</b>	<b>23 299</b>	<b>21 225</b>	<b>17 233</b>	<b>17 290</b>
<i>Of which:</i> Receipts from EU institutions	FKIM	7 275	5 905	6 689	7 354	7 976	8 120	7 387	8 551	9 438	6 871	6 500

1 Social fund receipts by local government are included up to 2003. From 2004 they are included in general government other EU receipts.

2 Insurance services include improvements to methods and data sources.

3 Premiums paid to UK insurance companies.

4 Claims paid to UK residents by foreign insurance companies.

5 Includes estimates for workers' remittances and for non-profit institutions serving households.

# 5.1 Current transfers

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Debits</b>												
General government												
Current taxes on income, wealth etc.	FJJK	—	—	—	—	—	—	—	—	—	—	—
Other taxes on production	FJKN	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJCE	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJCH	—	—	—	—	—	—	—	—	—	—	—
Social security benefits	FJCK	1 292	1 388	1 452	1 596	1 650	1 721	1 829	1 999	2 099	2 160	2 287
Contributions to international organisations												
EU Institutions:												
(a) GNP: 4th Resource	HCSO	3 859	5 259	6 622	7 565	8 597	8 358	7 996	8 628	10 692	10 718	10 946
(b) GNP adjustments	HCSM	—1	76	150	—16	135	163	327	—205	—137	101	12
(c) Inter governmental agreements	HCBW	—	—	—	—	—	—	—	—	—	—	—
(d) Other	FKIN	24	10	18	—3	106	8	6	5	—14	—18	—17
Other organisations:												
(a) Military	HDKF	195	192	152	160	141	159	139	193	144	200	184
(b) Multilateral economic assistance	HCHJ	434	539	367	622	495	945	1 102	1 002	1 084	1 434	1 438
(c) Other	HCKL	403	248	201	394	550	615	505	695	573	392	625
Bilateral aid:												
(a) Non-project grants	FJKT	185	206	268	303	306	300	349	381	485	531	650
(b) Technical cooperation	FJKU	904	1 038	1 320	1 474	1 497	1 467	1 699	1 858	2 367	2 597	3 181
Military grants	HDJO	45	129	107	130	160	138	130	158	372	547	549
Total general government	FJUO	7 340	9 085	10 657	12 225	13 637	13 874	14 082	14 714	17 665	18 662	19 855
Other sectors												
Current taxes on income, wealth etc.	FJCI	523	644	444	535	589	428	549	793	565	1 059	924
Other taxes on production	FJLB	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJCC	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJBG	—	—	—	—	—	—	—	—	—	—	—
Social benefits	FJCM	34	53	21	14	—8	28	—5	28	111	55	—5
EU Institutions:												
(a) Customs duties and agricultural levies	QYRD	2 069	1 919	1 937	2 145	2 237	2 329	2 412	2 636	2 645	2 933	2 925
(b) Sugar levies	GTBA	31	25	18	25	24	—	—	—	—	—	—
(c) VAT based contributions	HCML	3 624	2 720	2 775	1 764	1 980	2 165	2 293	2 255	1 733	2 172	2 173
(d) VAT adjustments	FSVL	—49	88	—35	25	19	2	26	15	—140	81	24
(e) ECSC Production levy	GTBB	—	—	—	—	—	—	—	—	—	—	—
Net non-life insurance premiums <sup>1,2</sup>	FJDB	25	19	19	47	16	39	50	54	77	345	228
Non-life insurance claims <sup>1,3</sup>	NQQR	2 936	4 566	4 989	5 485	7 092	11 794	5 952	11 453	8 359	6 797	7 638
Other payments by households <sup>4</sup>	FKIQ	3 364	3 543	3 838	4 082	4 622	4 655	4 868	5 116	5 336	5 539	5 744
Total other sectors	FJUP	12 557	13 577	14 006	14 122	16 571	21 440	16 145	22 350	18 686	18 981	19 651
<b>Total</b>	<b>KTNE</b>	<b>19 897</b>	<b>22 662</b>	<b>24 663</b>	<b>26 347</b>	<b>30 208</b>	<b>35 314</b>	<b>30 227</b>	<b>37 064</b>	<b>36 351</b>	<b>37 643</b>	<b>39 506</b>
<i>Of which: Payments to EU institutions</i>	<b>FKIR</b>	9 557	10 097	11 485	11 505	13 098	13 025	13 060	13 334	14 779	15 987	16 063

1 Insurance services include improvements to methods and data sources.

2 Premiums paid by UK residents to foreign insurance companies.

3 Claims paid by UK insurance companies to non-residents.

4 Includes estimates for workers' remittances and for non-profit institutions serving households.

# 5.1 Current transfers

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Balances</b>												
General government												
Current taxes on income, wealth etc.	FJKJ	398	527	375	482	546	681	603	616	622	658	471
Other taxes on production	FJIZ	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBD	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJBI	25	24	23	22	22	28	31	40	61	29	25
Social benefits	FJBM	-1 292	-1 388	-1 452	-1 596	-1 650	-1 721	-1 829	-1 999	-2 099	-2 160	-2 287
Other current transfers	FJKW	-1 480	-4 585	-5 635	-6 956	-8 261	-8 479	-8 569	-7 719	-10 044	-13 323	-14 626
Total general government	FJUQ	-2 349	-5 422	-6 689	-8 048	-9 343	-9 491	-9 764	-9 062	-11 460	-14 796	-16 417
Other sectors												
Current taxes on income, wealth etc.	FJHU	-523	-644	-444	-535	-589	-428	-549	-793	-565	-1 059	-924
Other taxes on production	FJHT	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJHV	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJHJ	34	53	21	14	-8	28	-5	28	111	55	-5
Social benefits	FJJG	336	359	406	350	850	1 197	756	476	394	605	400
Other current transfers <sup>1</sup>	FJLT	-4 013	-3 216	-3 128	-2 057	-2 759	-3 182	-3 984	-4 414	-3 606	-5 215	-5 270
Total other sectors	FJUR	-4 166	-3 448	-3 145	-2 228	-2 506	-2 385	-3 782	-4 703	-3 666	-5 614	-5 799
<b>Total</b>	<b>KTNF</b>	<b>-6 515</b>	<b>-8 870</b>	<b>-9 834</b>	<b>-10 276</b>	<b>-11 849</b>	<b>-11 876</b>	<b>-13 546</b>	<b>-13 765</b>	<b>-15 126</b>	<b>-20 410</b>	<b>-22 216</b>
<i>Of which:</i> EU institutions	<b>FKIS</b>	-2 282	-4 192	-4 796	-4 151	-5 122	-4 905	-5 673	-4 783	-5 341	-9 116	-9 563

<sup>1</sup> Includes an estimate for workers' remittances.



An aerial, high-angle photograph of a busy city square. The square is paved with light-colored tiles and is filled with many people walking in various directions. Some people are carrying bags or backpacks. In the background, there are some structures, including what looks like a bus stop or a small kiosk, and a few trees. The overall scene is a bustling urban environment.

# Capital account, financial account and international investment position

## Part 2





# Chapter 6

## Capital account

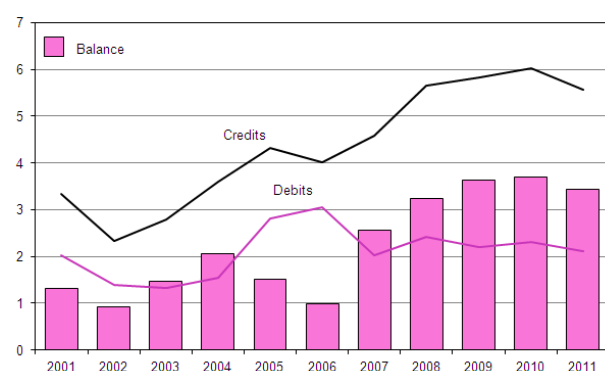
## Summary

The capital account includes capital transfers and the net acquisition or disposal of non-produced, non-financial assets. The capital account has remained in surplus since 1982 (inclusive). For 2011 the surplus was £3.4 billion, down £0.3 billion from a record high surplus of £3.7 billion in 2010.

**Figure 6.1**

### Capital account

£ billion



# 6.1 Capital account

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
Capital transfers												
General government												
Debt forgiveness	FJUU	–	–	–	–	–	–	–	–	–	–	–
Other capital transfers	FJLY	–	–	–	–	–	–	–	–	–	–	–
Total general government	FJMD	–	–	–	–	–	–	–	–	–	–	–
Other sectors												
Migrants' transfers	FJMG	2 267	1 864	1 951	2 298	2 491	2 725	2 953	3 200	3 467	3 688	3 921
Debt forgiveness	FJNC	–	–	–	–	–	–	–	–	–	–	–
Other capital transfers												
EU Institutions:												
Regional development fund	FKIT	543	296	622	1 062	1 402	618	707	972	640	609	31
Agricultural fund for regional development <sup>1</sup>	FJXL	26	–	2	49	80	50	150	417	215	431	199
Other capital transfers	EBGO	322	–	–	–	–	–	–	–	–	–	–
Total EU institutions	FKIV	891	296	624	1 111	1 482	668	857	1 389	855	1 040	230
Total other sectors	FJMU	3 158	2 160	2 575	3 409	3 973	3 393	3 810	4 589	4 322	4 728	4 151
Total capital transfers	FJMX	3 158	2 160	2 575	3 409	3 973	3 393	3 810	4 589	4 322	4 728	4 151
Sales of non-produced, non-financial assets	FJUX	177	172	218	193	337	631	783	1 074	1 515	1 289	1 414
<b>Total</b>	<b>FKMH</b>	<b>3 335</b>	<b>2 332</b>	<b>2 793</b>	<b>3 602</b>	<b>4 310</b>	<b>4 024</b>	<b>4 593</b>	<b>5 663</b>	<b>5 837</b>	<b>6 017</b>	<b>5 565</b>
<b>Debits</b>												
Capital transfers												
General government												
Debt forgiveness	FJUV	18	15	16	13	16	13	11	73	49	101	146
Other capital transfers (project grants)	FJMB	237	263	345	389	396	388	449	491	264	239	235
Total general government	FJME	255	278	361	402	412	401	460	564	313	340	381
Other sectors												
Migrants' transfers	FJMH	1 300	582	547	515	551	669	697	744	745	737	738
Debt forgiveness												
Monetary financial institutions <sup>2</sup>	FJNF	–	–	–	–	–	–	–	–	–	–	–
Public corporations <sup>3</sup>	HMLY	188	236	130	109	1 249	1 356	76	–	–	–	–
Total debt forgiveness	IZZZ	188	236	130	109	1 249	1 356	76	–	–	–	–
Other capital transfers	FJMS	–	–	–	–	–	–	–	–	–	–	–
Total other sectors	FJMV	1 488	818	677	624	1 800	2 025	773	744	745	737	738
Total capital transfers	FJMY	1 743	1 096	1 038	1 026	2 212	2 426	1 233	1 308	1 058	1 077	1 119
Purchases of non-produced, non-financial assets	FJUY	274	304	289	512	595	623	794	1 114	1 142	1 236	1 002
<b>Total</b>	<b>FKMI</b>	<b>2 017</b>	<b>1 400</b>	<b>1 327</b>	<b>1 538</b>	<b>2 807</b>	<b>3 049</b>	<b>2 027</b>	<b>2 422</b>	<b>2 200</b>	<b>2 313</b>	<b>2 121</b>
<b>Balances</b>												
Capital transfers												
General government												
Debt forgiveness	FJUW	–18	–15	–16	–13	–16	–13	–11	–73	–49	–101	–146
Other capital transfers	FJMC	–237	–263	–345	–389	–396	–388	–449	–491	–264	–239	–235
Total general government	FJMF	–255	–278	–361	–402	–412	–401	–460	–564	–313	–340	–381
Other sectors												
Migrants' transfers	FJMI	967	1 282	1 404	1 783	1 940	2 056	2 256	2 456	2 722	2 951	3 183
Debt forgiveness	FJNG	–188	–236	–130	–109	–1 249	–1 356	–76	–	–	–	–
Other capital transfers	FJMT	891	296	624	1 111	1 482	668	857	1 389	855	1 040	230
Total other sectors	FJMW	1 670	1 342	1 898	2 785	2 173	1 368	3 037	3 845	3 577	3 991	3 413
Total capital transfers	FJMZ	1 415	1 064	1 537	2 383	1 761	967	2 577	3 281	3 264	3 651	3 032
Non-produced, non-financial assets	NHSG	–97	–132	–71	–319	–258	8	–11	–40	373	53	412
<b>Total</b>	<b>FKMJ</b>	<b>1 318</b>	<b>932</b>	<b>1 466</b>	<b>2 064</b>	<b>1 503</b>	<b>975</b>	<b>2 566</b>	<b>3 241</b>	<b>3 637</b>	<b>3 704</b>	<b>3 444</b>

1 Up to 2006 this series includes the European Agricultural Guidance Fund.

2 This series also appears in the Financial Account (see Table 7.7).

3 This series also appears in the Financial Account (see Table 7.7) as series HMLW.



# Chapter 7

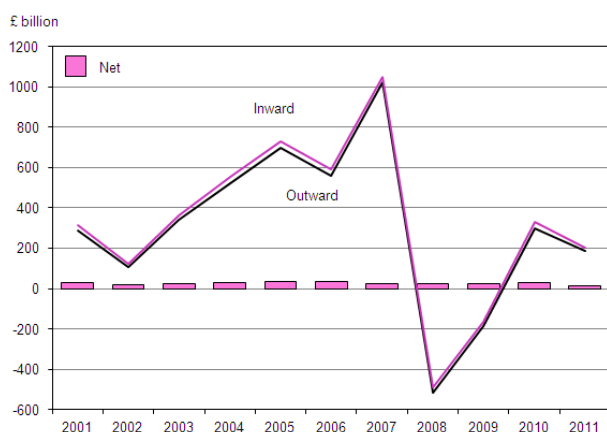
## Financial account

## Summary

Investment abroad and into the UK both increased dramatically from the mid-1990s, reflecting the increased globalisation of the world economy. Between 2000 and 2007, other investment dominated cross-border investment, primarily banking activity. In 2008 other investment, both abroad and in the UK, recorded net disinvestment as the global financial crisis deepened, leading to a reduction in loans internationally and net withdrawals of cross-border deposits. In 2009 this pattern of disinvestment continued, albeit by reduced amounts. In 2010 other investment, both abroad and in the UK, switched back to net investment, which continued in 2011. In every year since 1998, the UK has borrowed from abroad to finance its continuing current account deficit. This has resulted in inward investment (UK liabilities) exceeding outward investment (UK assets).

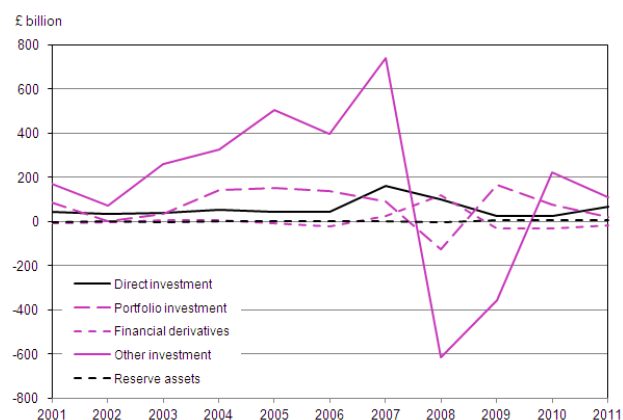
From 1990 to 2004, direct investment showed net outflows from the UK: that is, UK direct investment abroad exceeded direct investment into the UK. In 2005 direct investment switched to net inward investment. Since then, the net direction of direct investment has switched three times, most recently to net outward investment in 2011.

**Figure 7.1**  
**Financial account**



From 1989 to 1998, portfolio investment recorded net investment abroad in every year except for 1994. However, since 1999 the pattern has been for more frequent positions of net inward than net outward portfolio investment. The reasons for these recent periods of net inward investment are varied. In 1999 and 2000 high investment in UK equity resulted from substantial UK direct investment acquisitions in foreign telecom and pharmaceutical companies, which were funded by the issue of UK shares to foreign shareholders; this is recorded as portfolio investment in the UK. In 2006 and 2007, due to the UK's relatively high interest rate, the attractiveness of UK debt securities to foreign investors led to net inward portfolio investment in the UK. In 2008 this position was maintained as the acceleration of the global financial crisis drove up demand for less risky long-term debt securities, even though interest rates had dropped considerably in the UK, while UK equity offered greater value for money to international investors as sterling depreciated. From 1981 to 2010, portfolio investment in the UK showed net investment in every year. However, in 2011 this switched to net disinvestment, resulting in the overall balance of portfolio investment switching to show net investment abroad.

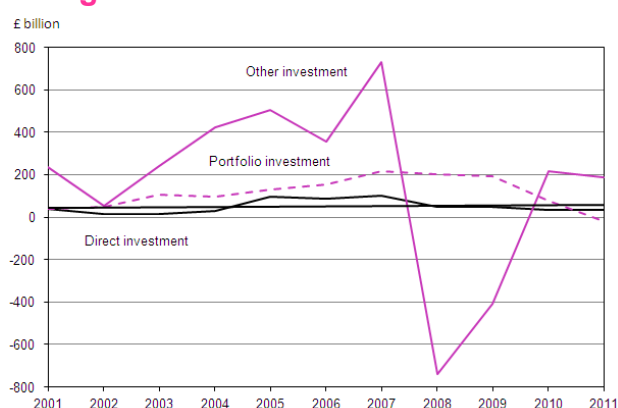
**Figure 7.2**  
**UK investment abroad**



Other investment is the largest and most volatile form of investment. The amounts recorded in the gross flows of loans and deposits are as much a consequence of how the transaction is carried out between resident and non-resident banks, as overall market conditions. However, in 2008 and 2009 the considerable deterioration of other investment, both abroad and in the UK, was a response to the global financial crisis which led to a loss of confidence, deposits being repatriated, and credit markets tightened. In 2010 and 2011, other investment showed a return to net investment both in the UK and abroad, though at a lower level than before the global financial crisis began.

Figure 7.3

### Foreign investment in the UK



The financial account in 2011 recorded a net inflow of £15.9 billion compared with a net inflow of £28.3 billion in 2010. The net inflow was a result of investment abroad being less than investment in the UK. Investment abroad reduced in 2011 to £186.4 billion following investment of £299.8 billion in 2010. The net investment abroad (inflows) in 2011 was mainly driven by other investment. Investment in the UK also reduced in 2011, recording net investment of £202.3 billion following net investment of £328.1 billion in 2010. The reduction in net investment in the UK in 2011 was due to net disinvestment (outflows) in

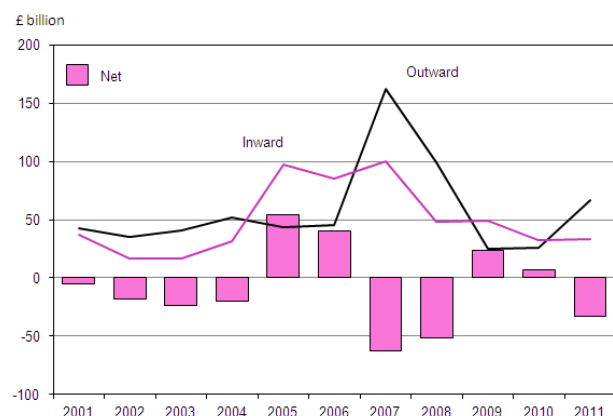
portfolio investment and a reduction in other investment in the UK.

### Direct investment

Outward direct investment initially peaked at £155.6 billion in 2000, reflecting booming merger and acquisition activity. The largest outward acquisitions were the investment in Mannesmann AG by Vodafone Airtouch for a reported £100 billion and the purchase of Atlantic Richfield Company by BP Amoco Plc for a reported £18 billion. Overall outward direct investment then declined to £35.0 billion in 2002 before recovering to a record level in 2007 of £162.6 billion. As a result of the global recession, direct investment abroad decreased, falling to £25.2 billion in 2009. This was due to lower investment in equity capital, lower reinvested earnings, and a switch from net outflows to net inflows of other capital. In 2011, outward direct investment increased to £66.8 billion in 2011, due to net acquisition of equity capital of £40.0 billion together with reinvested earnings of £34.6 billion.

Inward direct investment showed a pattern similar to outward investment with direct investment in the UK initially peaking in 2000, with investment of £80.6 billion, followed by lower levels of investment due to the slowdown in global merger and acquisition activity. Inward direct investment fell to £16.8 billion in 2002 and 2003, after which there was a considerable increase in the amount of inward acquisitions, including the purchase of Abbey National by Banco Santander in 2004, the Shell restructuring in 2005, and the purchase of Alliance Boots Plc by AB Acquisitions Ltd in 2007. The latter being one of a number of inward acquisitions behind the record level of inward direct investment in 2007 of £100.0 billion. Investment in the UK fell to £48.4 billion in 2008, half the amount in the previous year. It then fell further in 2010 to £32.8 billion before rising slightly to £33.7 billion in 2011.

**Figure 7.4**  
**Direct investment**



### Portfolio investment

In 2011, there was a switch to a net outflow of portfolio investment from the UK for the first time since 2005, due to the combination of net investment abroad and net disinvestment in the UK. Portfolio investment abroad showed net investment in every year from 1995 to 2007, peaking at £151.0 billion in 2005. In 2008 however, portfolio investment abroad showed net disinvestment of £123.2 billion as the global financial crisis deepened. The disinvestment was almost equally shared between equities and debt securities. Recent history shows that net disposals of foreign equity securities occurred in years coinciding with financial shocks: the UK's exit from the Exchange Rate Mechanism in 1992, the South-East Asia crisis in 1997, and the collapse in equity markets in 2002. The net disinvestment in equity securities and in debt securities in 2008 were both the highest on record. However, this was followed by record net investment abroad of £164.7 billion in 2009, driven by record net investment in debt securities. Portfolio investment abroad then decreased over the next two years, recording net investment of £22.4 billion in 2011, with net disinvestment of £25.0 billion in equity securities being outweighed by net investment of £47.4 billion in debt securities. In 2011, there was a switch from net investment to net disinvestment in equity securities, mainly

due to a switch to disinvestment by UK monetary financial institutions.

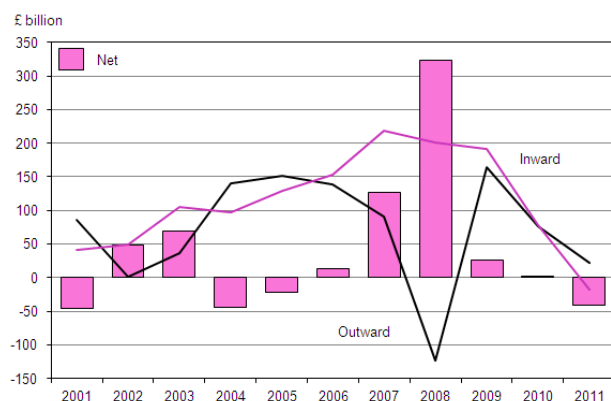
Portfolio investment in the UK showed net investment in every year from when records began in 1981 until 2011, when it switched to show net disinvestment. In the late 1980s and early 1990s, the majority of inward investment was in bonds and notes. This switched to UK-issued equity in the late 1990s which was the counterpart to the outward direct investment occurring then. From 2002 to 2010 there was strong net investment in UK debt securities. Initially, the attractiveness of UK debt to foreign investors may have reflected higher interest rates in the UK compared with other major economies, and a switch from dollar to sterling-issued debt due to the fall in the value of the dollar between 2001 and 2007. Portfolio investment in the UK was £217.9 billion in 2007, the highest since records began in 1981. In 2008 the exchange rates with the dollar, euro, and yen declined rapidly, as did interest rates in the UK, yet portfolio investment in the UK remained buoyant.

In 2011 portfolio investment in the UK switched to net disinvestment of £18.2 billion, compared to net investment of £77.9 billion in the previous year, due to disinvestment in debt securities. In 2010 there had been net disinvestment of £67.0 billion in money market instruments issued by UK monetary financial institutions, but this had been outweighed by net investment of £140.4 billion in UK bonds and notes. However, in 2011 the net disinvestment in money market instruments issued by UK monetary financial institutions increased to a record £77.0 billion and the net investment in UK bonds and notes dropped to £47.8 billion, the lowest since 2002, resulting in total net disinvestment in debt securities of £21.5 billion in 2011. Equity securities switched from net disinvestment of £7.2 billion to net investment of £3.3 billion between 2010 and 2011.



Figure 7.5

## Portfolio investment



## Other investment

Between 1995 and 2007 other investment showed net investment both abroad and in the UK. Loans and deposits by UK monetary financial institutions constitute the major component of other investment abroad. Loans and deposits by UK monetary financial institutions are carried out predominantly in foreign currency so will be partly influenced by relative exchange rates and interest rates as well as the global financial conditions generally. In 2008 due to the tightening of credit driven by the escalation of the financial crisis, other investment abroad showed record net disinvestment of £613.0 billion, the first net disinvestment since 1991. In 2009 the disinvestment abroad continued but decreased to £354.9 billion. In 2010 other investment switched back to net investment of £224.1 billion as UK residents made net deposits with banks abroad, having made net withdrawals of such deposits in the previous two years. This net investment continued in 2011 but fell to £108.3 billion, as there were lower net deposits with banks abroad.

Other investment in the UK showed net investment of £186.8 billion in 2011, following net investment of £217.4 billion in 2011. The reduction in investment was driven by lower net advances of loans from abroad to UK residents.

Figure 7.6

## Other investment



## Sectoral breakdown of the financial account

In 2011 UK monetary financial institutions reported net inward investment of £18.1 billion, a switch from net outward investment of £77.9 billion in 2010. The net inward investment was a result of disinvestment abroad by UK monetary financial institutions being higher than disinvestment from abroad in UK monetary financial institutions. The net disinvestment abroad by UK monetary financial institutions in 2011 was driven by both portfolio disinvestment and net settlement payments on financial derivatives, which outweighed net deposits with foreign banks and net loan advances to non-residents. The net disinvestment from abroad in UK monetary financial institutions was driven by net portfolio disinvestment outweighing net deposits by non-residents. Central government showed net inward investment of £35.7 billion in 2011, following net inward investment of £79.5 billion in 2010; in both years this was primarily net inward portfolio investment, mainly investment in UK government gilts. Other UK sectors showed a switch to net outward investment of £38.3 billion, following net inward investment of £26.4 billion in 2010, due primarily to higher direct investment abroad by UK private non-financial corporations together with lower net inward other investment.

# 7.1 Financial account Summary table

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>UK investment abroad</b> (UK assets = net debits)												
Direct investment abroad <sup>1</sup>												
Equity capital	-HJYM	16 890	26 155	20 639	19 896	15 612	26 819	60 143	37 703	6 762	22 508	39 975
Reinvested earnings	-HDNY	27 220	32 209	21 456	31 076	43 555	47 878	63 738	38 394	12 749	23 243	34 599
Other capital transactions	-HMAB	-1 283	-23 323	-1 206	538	-15 162	-29 699	38 758	23 532	5 708	-20 186	-7 737
Total direct investment abroad	-HJYP	42 827	35 041	40 889	51 510	44 005	44 998	162 639	99 629	25 219	25 565	66 837
Portfolio investment abroad												
Equity securities	-HBVI	44 464	-3 189	19 684	56 647	61 323	19 597	28 262	-60 117	9 739	3 161	-25 032
Debt securities	-XBMW	42 089	4 199	16 584	84 367	89 632	119 241	63 249	-63 058	154 948	73 682	47 442
Total portfolio investment abroad	-HHZC	86 553	1 010	36 268	141 014	150 955	138 838	91 511	-123 175	164 687	76 843	22 410
Financial derivatives (net) <sup>2</sup>	-ZPNN	-8 417	-1 001	5 401	6 770	-5 767	-20 601	26 990	121 684	-29 104	-32 788	-16 030
Other investment abroad	-XBMM	170 663	70 375	260 401	325 220	506 260	395 901	742 391	-612 970	-354 894	224 094	108 280
Reserve assets	-LTCV	-3 085	-459	-1 559	196	656	-426	1 191	-1 338	5 763	6 070	4 948
<b>Total</b>	-HBNR	<b>288 541</b>	<b>104 966</b>	<b>341 400</b>	<b>524 710</b>	<b>696 109</b>	<b>558 710</b>	<b>1 024 722</b>	<b>-516 170</b>	<b>-188 329</b>	<b>299 784</b>	<b>186 445</b>
<b>Investment in the UK</b> (UK liabilities = net credits)												
Direct investment in the UK <sup>1</sup>												
Equity capital	HJYR	20 954	11 809	4 464	23 716	82 949	55 393	82 500	53 397	35 936	43 977	28 849
Reinvested earnings	CYFV	-992	3 647	7 429	8 558	10 501	22 195	23 276	1 542	1 384	-907	4 205
Other capital transactions	HMAD	17 386	1 326	4 883	-1 066	4 395	7 301	-5 802	-6 512	11 659	-10 320	618
Total direct investment in the UK	HJYU	37 348	16 782	16 776	31 208	97 845	84 889	99 974	48 427	48 979	32 750	33 672
Portfolio investment in the UK												
Equity securities	XBLW	15 730	1 903	20 088	1 957	6 379	-10 564	16 810	37 946	53 329	-7 164	3 333
Debt securities	XBLX	25 099	47 836	85 560	95 387	122 670	163 082	201 102	162 637	138 154	85 098	-21 539
Total portfolio investment in the UK	HHZF	40 829	49 739	105 648	97 344	129 049	152 518	217 912	200 583	191 483	77 934	-18 206
Other investment in the UK	XBMM	237 558	54 649	241 537	425 621	504 450	355 279	731 818	-739 195	-406 141	217 377	186 848
<b>Total</b>	HBNS	<b>315 735</b>	<b>121 170</b>	<b>363 961</b>	<b>554 173</b>	<b>731 344</b>	<b>592 686</b>	<b>1 049 704</b>	<b>-490 185</b>	<b>-165 679</b>	<b>328 061</b>	<b>202 314</b>
<b>Net transactions</b> (net credits less net debits)												
Direct investment <sup>1</sup>												
Equity capital	HBWN	4 064	-14 346	-16 175	3 820	67 337	28 574	22 357	15 694	29 174	21 469	-11 126
Reinvested earnings	HBWT	-28 212	-28 562	-14 027	-22 518	-33 054	-25 683	-40 462	-36 852	-11 365	-24 150	-30 394
Other capital transactions	HBWU	18 669	24 649	6 089	-1 604	19 557	37 000	-44 560	-30 044	5 951	9 866	8 355
Total net direct investment	HJYV	-5 479	-18 259	-24 113	-20 302	53 840	39 891	-62 665	-51 202	23 760	7 185	-33 165
Portfolio investment												
Equity securities	HBWV	-28 734	5 092	404	-54 690	-54 944	-30 161	-11 452	98 063	43 590	-10 325	28 365
Debt securities	HBWX	-16 990	43 637	68 976	11 020	33 038	43 841	137 853	225 695	-16 794	11 416	-68 981
Total net portfolio investment	HHZD	-45 724	48 729	69 380	-43 670	-21 906	13 680	126 401	323 758	26 796	1 091	-40 616
Financial derivatives <sup>2</sup>	ZPNN	8 417	1 001	-5 401	-6 770	5 767	20 601	-26 990	-121 684	29 104	32 788	16 030
Other investment	HHYR	66 895	-15 726	-18 864	100 401	-1 810	-40 622	-10 573	-126 225	-51 247	-6 717	78 568
Reserve assets	LTCV	3 085	459	1 559	-196	-656	426	-1 191	1 338	-5 763	-6 070	-4 948
<b>Total</b>	HBNT	<b>27 194</b>	<b>16 204</b>	<b>22 561</b>	<b>29 463</b>	<b>35 235</b>	<b>33 976</b>	<b>24 982</b>	<b>25 985</b>	<b>22 650</b>	<b>28 277</b>	<b>15 869</b>

1 The latest year's data for foreign direct investment are provisional as these figures are subject to annual benchmarking.

2 Data from 1992 cover the transactions of UK banks with non-residents. From 2010, the transactions of UK securities dealers with non-residents are also included.

## 7.2 Financial account Sector analysis

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>UK investment abroad</b>												
(UK assets = net debits)												
By:												
Monetary financial institutions	-HFAQ	125 392	58 774	179 727	326 078	397 952	416 833	701 178	-382 484	-276 601	95 538	-22 397
Central government	-HFAN	-2 568	463	-2 217	1 103	1 588	630	4 698	1 948	10 165	7 932	7 931
Public corporations	-HFAO	62	-164	-571	-370	-1 671	-4 694	-79	-628	-42	-57	-41
Other sectors	-HFAP	165 655	45 893	164 461	197 899	298 240	145 941	318 925	-135 006	78 149	196 371	200 952
<b>Total</b>	<b>-HBNR</b>	<b>288 541</b>	<b>104 966</b>	<b>341 400</b>	<b>524 710</b>	<b>696 109</b>	<b>558 710</b>	<b>1 024 722</b>	<b>-516 170</b>	<b>-188 329</b>	<b>299 784</b>	<b>186 445</b>
<b>Investment in the UK</b>												
(UK liabilities = net credits)												
In:												
Monetary financial institutions	CGUL	148 717	114 954	204 512	340 046	321 335	426 637	772 121	-466 832	-203 006	17 672	-4 311
Central government	HFAR	-97	-4 538	13 657	13 526	29 688	26 220	30 749	41 110	24 177	87 475	43 591
Local authorities	HFAS	22	26	204	651	134	232	-42	446	520	175	430
Public corporations	HFAT	-	-	-	283	-7	-12	-6	-9	-4	-	-
Other sectors	GGCJ	167 093	10 728	145 588	199 667	380 194	139 609	246 882	-64 900	12 634	222 739	162 604
<b>Total</b>	<b>HBNS</b>	<b>315 735</b>	<b>121 170</b>	<b>363 961</b>	<b>554 173</b>	<b>731 344</b>	<b>592 686</b>	<b>1 049 704</b>	<b>-490 185</b>	<b>-165 679</b>	<b>328 061</b>	<b>202 314</b>
<b>Net transactions</b>												
(net credits less net debits)												
In assets and liabilities of:												
Monetary financial institutions	GGCK	23 325	56 180	24 785	13 968	-76 617	9 804	70 943	-84 348	73 595	-77 866	18 086
Central government	HFAV	2 471	-5 001	15 874	12 423	28 100	25 590	26 051	39 162	14 012	79 543	35 660
Local authorities	HFAS	22	26	204	651	134	232	-42	446	520	175	430
Public corporations	HFAW	-62	164	571	653	1 664	4 682	73	619	38	57	41
Other sectors	GGCL	1 438	-35 165	-18 873	1 768	81 954	-6 332	-72 043	70 106	-65 515	26 368	-38 348
<b>Total</b>	<b>HBNT</b>	<b>27 194</b>	<b>16 204</b>	<b>22 561</b>	<b>29 463</b>	<b>35 235</b>	<b>33 976</b>	<b>24 982</b>	<b>25 985</b>	<b>22 650</b>	<b>28 277</b>	<b>15 869</b>

# 7.3 Direct investment<sup>1</sup>

												£ million
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Direct investment abroad</b>												
(UK assets = net debits)												
Equity capital												
Claims on affiliated enterprises												
(net acquisition of ordinary shares)												
Purchases of ordinary shares	-HDOA	40 221	35 374	26 128	27 114	24 939	46 960	69 008	40 985	30 886	32 205	62 206
Sales of ordinary shares	-HDOC	-25 073	-10 440	-8 479	-9 105	-10 691	-21 702	-10 976	-6 868	-27 339	-14 037	-24 515
Total claims on affiliated enterprises	-HJYL	15 148	24 934	17 649	18 009	14 248	25 258	58 032	34 117	3 547	18 168	37 691
Net acquisition of property	-HHVG	1 742	1 221	2 990	1 887	1 364	1 561	2 111	3 586	3 215	4 340	2 284
Total equity capital	-HJYM	16 890	26 155	20 639	19 896	15 612	26 819	60 143	37 703	6 762	22 508	39 975
Reinvested earnings	-HDNY	27 220	32 209	21 456	31 076	43 555	47 878	63 738	38 394	12 749	23 243	34 599
Other capital transactions												
Claims on affiliated enterprises												
Debt securities issued by affiliated enterprises												
Purchases of debt securities	-HDOD	2 263	513	1 598	1 902	2 260	2 060	3 653	4 665	7 377	3 575	2 197
Sales of debt securities	-HDOE	-304	-1 080	-2 312	-608	-1 054	-2 795	-1 708	-2 239	-3 281	-1 697	-6 998
Other claims on affiliated enterprises												
Change in inter-company accounts	-HDOF	5 072	17 140	10 178	18 531	17 765	-229	37 171	79 811	-37 633	-22 879	-25 213
Change in branch indebtedness	-HDOI	5 153	-610	1 783	-472	-4 108	585	3 889	8 370	1 473	-2 213	947
Total claims on affiliated enterprises	-HJYN	12 184	15 963	11 247	19 353	14 863	-379	43 005	90 607	-32 064	-23 214	-29 067
Liabilities to affiliated enterprises												
Change in inter-company accounts	-HDOG	12 880	38 774	10 568	20 950	29 075	26 371	3 718	65 959	-37 432	-1 677	-21 212
Change in branch indebtedness	-HDOJ	587	512	1 885	-2 135	950	2 949	529	1 116	-340	-1 351	-118
Total liabilities to affiliated enterprises	-HJYO	13 467	39 286	12 453	18 815	30 025	29 320	4 247	67 075	-37 772	-3 028	-21 330
Total other capital transactions	-HMAB	-1 283	-23 323	-1 206	538	-15 162	-29 699	38 758	23 532	5 708	-20 186	-7 737
<b>Total</b>	<b>-HJYP</b>	<b>42 827</b>	<b>35 041</b>	<b>40 889</b>	<b>51 510</b>	<b>44 005</b>	<b>44 998</b>	<b>162 639</b>	<b>99 629</b>	<b>25 219</b>	<b>25 565</b>	<b>66 837</b>
<b>Direct investment in the UK</b>												
(UK liabilities = net credits)												
Equity capital												
Liabilities to direct investors												
Quoted ordinary shares												
Purchases of quoted ordinary shares	CYFY	3 502	5 951	1 739	19 181	64 495	44 436	20 721	24 876	8 220	25 418	7 853
Sales of quoted ordinary shares	CYFZ	-1 185	-775	-1 200	-	-540	-177	-664	-133	-513	-175	-1 842
Unquoted ordinary shares												
Purchases of unquoted ordinary shares	CYGA	20 381	11 068	4 238	6 411	21 681	16 160	64 370	31 202	32 020	19 744	31 084
Sales of unquoted ordinary shares	CYGB	-2 535	-5 183	-708	-2 499	-3 284	-5 493	-4 285	-4 041	-4 323	-1 542	-8 778
Total liabilities to direct investors	HJYQ	20 163	11 061	4 069	23 093	82 352	54 926	80 142	51 904	35 404	43 445	28 317
Net acquisition of property	CGLO	791	748	395	623	597	467	2 358	1 493	532	532	532
Total equity capital	HJYR	20 954	11 809	4 464	23 716	82 949	55 393	82 500	53 397	35 936	43 977	28 849
Reinvested earnings	CYFV	-992	3 647	7 429	8 558	10 501	22 195	23 276	1 542	1 384	-907	4 205
Other capital transactions												
Liabilities to direct investors												
Debt securities issued by affiliated enterprises												
Purchases of debt securities	CYGC	1 318	598	1 844	3 464	2 294	5 135	8 115	5 691	3 348	2 367	1 368
Sales of debt securities	CYGD	-571	-377	-484	-1 153	-269	-745	-2 999	-1 518	-3 247	-2 542	-1 262
Other liabilities to direct investors												
Change in inter-company accounts	CYGH	17 420	10 756	-1 264	-931	14 032	5 351	5 862	21 350	-8 201	-2 249	3 655
Change in branch indebtedness	CYGL	285	403	1 738	470	351	2 666	-1 413	-1 677	491	424	1 177
Total liabilities to direct investors	HJYT	18 452	11 380	1 834	1 850	16 408	12 407	9 565	23 846	-7 609	-2 000	4 938
Claims on direct investors												
Change in inter-company accounts	CYGF	561	9 990	-2 112	2 723	10 850	5 619	15 779	29 878	-19 153	7 662	3 726
Change in branch indebtedness	CYGK	505	64	-937	193	1 163	-513	-412	480	-115	658	594
Total claims on direct investors	HJYS	1 066	10 054	-3 049	2 916	12 013	5 106	15 367	30 358	-19 268	8 320	4 320
Total other capital transactions	HMAD	17 386	1 326	4 883	-1 066	4 395	7 301	-5 802	-6 512	11 659	-10 320	618
<b>Total</b>	<b>HJYU</b>	<b>37 348</b>	<b>16 782</b>	<b>16 776</b>	<b>31 208</b>	<b>97 845</b>	<b>84 889</b>	<b>99 974</b>	<b>48 427</b>	<b>48 979</b>	<b>32 750</b>	<b>33 672</b>

<sup>1</sup> The latest year's data for foreign direct investment are provisional as these figures are subject to annual benchmarking.

## 7.3 Direct investment<sup>1</sup>

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net transactions</b>												
(net credits less net debits)												
Equity capital												
Net acquisition of ordinary shares	LTMS	5 015	-13 873	-13 580	5 084	68 104	29 668	22 110	17 787	31 857	25 277	-9 374
Net acquisition of property	LTMT	-951	-473	-2 595	-1 264	-767	-1 094	247	-2 093	-2 683	-3 808	-1 752
Total equity capital	HBWN	4 064	-14 346	-16 175	3 820	67 337	28 574	22 357	15 694	29 174	21 469	-11 126
Reinvested earnings	HBWT	-28 212	-28 562	-14 027	-22 518	-33 054	-25 683	-40 462	-36 852	-11 365	-24 150	-30 394
Other capital transactions	HBWU	18 669	24 649	6 089	-1 604	19 557	37 000	-44 560	-30 044	5 951	9 866	8 355
<b>Total</b>	HJYV	<b>-5 479</b>	<b>-18 259</b>	<b>-24 113</b>	<b>-20 302</b>	<b>53 840</b>	<b>39 891</b>	<b>-62 665</b>	<b>-51 202</b>	<b>23 760</b>	<b>7 185</b>	<b>-33 165</b>

<sup>1</sup> The latest year's data for foreign direct investment are provisional as these figures are subject to annual benchmarking.

## 7.4 Direct investment<sup>1</sup> Sector analysis

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Direct investment abroad</b>												
(UK assets = net debits)												
By:												
Monetary financial institutions	-HCWJ	4 283	2 825	1 942	16 231	9 533	11 337	10 218	8 275	13 791	-844	6 892
Insurance companies	-CNZE	-256	1 388	3 038	4 357	1 454	8 587	6 902	363	809	2 342	-1 282
Other financial intermediaries	-HCXL	4 468	4 071	13 858	-1 374	2 389	2 122	27 118	-988	-1 995	4 846	7 668
Private non-financial corporations	-HCVH	32 575	25 859	18 598	31 048	28 885	23 162	116 232	90 135	10 227	16 969	51 218
Public corporations	-HDND	201	258	-185	-85	155	-2 003	204	-312	107	-28	61
Household sector <sup>2</sup>	-AAQN	1 556	640	3 638	1 333	1 589	1 793	1 965	2 156	2 280	2 280	2 280
<b>Total</b>	-HJYP	<b>42 827</b>	<b>35 041</b>	<b>40 889</b>	<b>51 510</b>	<b>44 005</b>	<b>44 998</b>	<b>162 639</b>	<b>99 629</b>	<b>25 219</b>	<b>25 565</b>	<b>66 837</b>
<b>Direct investment in the UK</b>												
(UK liabilities = net credits)												
In:												
Monetary financial institutions	GPBQ	3 387	1 757	2 683	11 715	4 539	4 243	8 291	5 516	4 270	2 468	2 850
Insurance companies	HDQI	1 304	312	876	1 959	-247	3 312	1 716	-1 417	421	-2 370	-346
Other financial intermediaries												
Securities dealers	HDRU	938	706	212	1 735	2 956	1 404	14 349	6 141	16 596	1 600	6 281
Other	HFCL	8 098	3 298	5 395	-5 220	-7 285	4 328	16 673	-3 202	-675	3 624	-66
Total other financial intermediaries	HFDR	9 036	4 004	5 607	-3 485	-4 329	5 732	31 022	2 939	15 921	5 224	6 215
Private non-financial corporations	BCEC	23 621	10 709	7 610	21 019	97 882	71 602	58 945	41 389	28 367	27 428	24 953
<b>Total</b>	HJYU	<b>37 348</b>	<b>16 782</b>	<b>16 776</b>	<b>31 208</b>	<b>97 845</b>	<b>84 889</b>	<b>99 974</b>	<b>48 427</b>	<b>48 979</b>	<b>32 750</b>	<b>33 672</b>
<b>Net transaction</b>												
(net credits less net debits)												
In assets and liabilities of:												
Monetary financial institutions	LTMU	-896	-1 068	741	-4 516	-4 994	-7 094	-1 927	-2 759	-9 521	3 312	-4 042
Insurance companies	LTMV	1 560	-1 076	-2 162	-2 398	-1 701	-5 275	-5 186	-1 780	-388	-4 712	936
Other financial intermediaries	LTMW	4 568	-67	-8 251	-2 111	-6 718	3 610	3 904	3 927	17 916	378	-1 453
Private non-financial corporations	LTMX	-8 954	-15 150	-10 988	-10 029	68 997	48 440	-57 287	-48 746	18 140	10 459	-26 265
Public corporations	HDND	-201	-258	185	85	-155	2 003	-204	312	-107	28	-61
Household sector <sup>2</sup>	AAQN	-1 556	-640	-3 638	-1 333	-1 589	-1 793	-1 965	-2 156	-2 280	-2 280	-2 280
<b>Total</b>	HJYV	<b>-5 479</b>	<b>-18 259</b>	<b>-24 113</b>	<b>-20 302</b>	<b>53 840</b>	<b>39 891</b>	<b>-62 665</b>	<b>-51 202</b>	<b>23 760</b>	<b>7 185</b>	<b>-33 165</b>

<sup>1</sup> The latest year's data for foreign direct investment are provisional as these figures are subject to annual benchmarking.

<sup>2</sup> The household sector includes non-profit institutions serving households.

# 7.5 Portfolio investment

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Portfolio investment abroad</b> (UK assets = net debits)												
Transactions in equity securities (shares) by:												
Monetary financial Institutions	-VTWC	-1 287	-11 767	18 824	31 597	36 515	21 524	11 413	-67 384	3 114	10 171	-14 514
Central Government	LOEQ	—	—	—	—	43	12	-8	16	24	24	24
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	-HBHM	6 520	2 959	-3 354	6 116	19 601	1 727	12 117	1 586	2 405	-848	1 006
Self-administered pension funds	-HBHO	11 720	15 256	4 394	6 491	8 036	-417	-7 675	-10 247	1 134	-990	-2 607
Total insurance companies and pension funds	-HBRD	18 240	18 215	1 040	12 607	27 637	1 310	4 442	-8 661	3 539	-1 838	-1 601
Other financial intermediaries												
Securities dealers	-HGLG	24 128	-12 050	-796	9 734	-17 842	-6 505	14 821	17 974	-6 536	-5 419	-9 975
Unit and Investment Trusts	-HBHQ	3 913	3 329	2 121	1 174	7 305	2 892	506	26	12 833	6 819	7 889
Other	-HBRC	-1 077	-856	-1 563	-1 621	-1 668	-1 800	-2 898	-1 863	-1 792	-6 694	-6 698
Total other financial intermediaries	-HBRE	26 964	-9 577	-238	9 287	-12 205	-5 413	12 429	16 137	4 505	-5 294	-8 784
Private non-financial corporations	-XBNL	444	-52	17	-380	23	1 381	-1 319	151	101	283	-99
Household sector <sup>2</sup>	HALH	103	-8	41	3 536	9 310	783	1 305	-376	-1 544	-185	-58
Total transactions in equity securities	-HBVI	44 464	-3 189	19 684	56 647	61 323	19 597	28 262	-60 117	9 739	3 161	-25 032
Transactions in debt securities												
Transactions in bonds and notes by:												
Monetary financial institutions	-HPCP	38 458	3 436	-12 713	57 901	62 737	102 238	42 249	-161 193	-10 423	-24 121	-23 184
Central Government	HQ5P	—	—	—	—	—	—	50	-50	165	-36	149
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	-HBHN	8 200	8 535	1 618	1 522	3 280	12 777	12 699	13 886	13 161	3 940	3 759
Self-administered pension funds	-HBHP	1 267	-3 604	1 732	3 980	3 779	11 310	24 433	6 891	5 687	7 986	16 169
Total insurance companies and pension funds	-HBRF	9 467	4 931	3 350	5 502	7 059	24 087	37 132	20 777	18 848	11 926	19 928
Other financial intermediaries												
Securities dealers	CGFO	-19 589	-1 114	9 912	21 829	13 355	-24 941	-19 292	91 484	121 692	75 452	44 638
Unit and investment trusts	-HBHR	1 478	720	2 445	1 531	1 430	6 093	4 918	5 655	9 591	9 233	6 583
Other	-HBRG	-57	-72	-76	-101	-119	-146	-209	-246	-301	-281	-245
Total other financial intermediaries	-HBRH	-18 168	-466	12 281	23 259	14 666	-18 994	-14 583	96 893	130 982	84 404	50 976
Private non-financial corporations	-XBNM	566	300	1 292	197	-727	-1 621	673	2 428	-1 086	3 172	-517
Household sector <sup>2</sup>	HBRI	88	88	88	88	88	88	88	88	88	88	88
Total transactions in bonds and notes	-HEPK	30 411	8 289	4 298	86 947	83 823	105 798	65 609	-41 057	138 574	75 433	47 440
Transactions in Money Market Instruments by:												
Central government	-RUUR	458	467	-925	-1	—	—	2 390	-139	2 641	590	300
Monetary financial institutions	JXG6	7 374	-3 982	7 432	-4 461	2 039	5 321	8 534	-14 888	10 690	-401	-8 827
Insurance companies and pension funds	-HBVK	-159	333	70	602	1 419	-556	154	697	-301	-996	837
Other financial intermediaries	JXG5	2 093	-2 018	1 911	665	1 273	3 920	-3 618	-2 616	1 729	-2 880	6 667
Private non-financial corporations	-HBRL	1 912	1 110	3 798	615	1 078	4 758	-9 820	-5 055	1 615	1 936	1 025
Total transactions in Money Market Instruments	-HHZM	11 678	-4 090	12 286	-2 580	5 809	13 443	-2 360	-22 001	16 374	-1 751	2
Total transactions in debt securities	-XBMW	42 089	4 199	16 584	84 367	89 632	119 241	63 249	-63 058	154 948	73 682	47 442
<b>Total</b>	-HHZC	<b>86 553</b>	<b>1 010</b>	<b>36 268</b>	<b>141 014</b>	<b>150 955</b>	<b>138 838</b>	<b>91 511</b>	<b>-123 175</b>	<b>164 687</b>	<b>76 843</b>	<b>22 410</b>

1 Includes pension funds managed by insurance companies.

2 The household sector includes non-profit institutions serving households.

# 7.5 Portfolio investment

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Portfolio investment in the UK</b>												
(UK liabilities = net credits)												
Transactions in equity securities (shares) issued by:												
Monetary financial institutions	HBQG	54	-1 276	714	-264	48	651	3 671	1 587	2 217	1 669	952
Other sectors <sup>1</sup>	HBQH	15 676	3 179	19 374	2 221	6 331	-11 215	13 139	36 359	51 112	-8 833	2 381
Total transactions in equity securities	XBLW	15 730	1 903	20 088	1 957	6 379	-10 564	16 810	37 946	53 329	-7 164	3 333
Transactions in debt securities												
Transactions in bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	HEZP	-3 342	-2 811	886	38	-32	-138	95	-1 484	-	-	-
Other central government bonds	HHJM	-	-	-	-	-	-	-	-	-	-	-
Transactions in British government stocks (gilts) by:												
Foreign central banks (exchange reserves)	AING	1 157	-1 245	-748	-2 339	384	4 212	3 085	4 744	4 618	10 613	561
Other foreign residents	VTWG	1 511	420	11 059	14 908	30 309	20 849	24 057	25 275	18 670	67 877	39 849
Total transactions in British government stocks	HEPC	2 668	-825	10 311	12 569	30 693	25 061	27 142	30 019	23 288	78 490	40 410
Total issues by central government	HBRX	-674	-3 636	11 197	12 607	30 661	24 923	27 237	28 535	23 288	78 490	40 410
Local authorities' bonds												
Public corporations' bonds	HBQT	-	-	-	-	-	-	-	-	-	-	-
	HCEW	-	-	-	-	-	-	-	-	-	-	-
Issues by monetary financial institutions												
Bonds	HBRV	511	4 884	15 129	13 214	18 828	17 072	28 371	42 763	1 638	14 012	3 666
European medium term notes and other medium-term paper	HBRV	4 055	1 775	13 871	18 747	22 738	26 035	36 499	-22 942	26 967	4 293	-7 732
Total monetary financial institutions	HMBD	4 566	6 659	29 000	31 961	41 566	43 107	64 870	19 821	28 605	18 305	-4 066
Issues by other sectors <sup>1</sup>	HBRT	1 587	15 210	47 198	40 774	58 619	53 148	88 327	133 130	5 100	43 622	11 409
Total transactions in bonds and notes	XBLV	5 479	18 233	87 395	85 342	130 846	121 178	180 434	181 486	56 993	140 417	47 753
Transactions in Money Market Instruments												
Transactions in treasury bills (issued by central government)												
Sterling treasury bills	AARB	304	-180	2 150	1 974	-1 023	747	3 547	12 653	587	8 366	4 142
Euro treasury bills	HHNW	-	-	-	-	-	-	-	-	-	-	-
Total treasury bills	HHZO	304	-180	2 150	1 974	-1 023	747	3 547	12 653	587	8 366	4 142
Transactions in certificates of deposit issued by UK monetary financial institutions	HBQX	19 861	4 344	-2 954	-857	-1 512	36 012	17 991	-31 138	72 857	-46 493	-62 526
Transactions in commercial paper												
Issued by UK monetary financial Institutions	HBRU	-782	14 620	3 292	8 835	-3 012	8 643	-3 792	-3 501	13 136	-20 476	-14 447
Issued by other sectors <sup>1</sup>	HHZN	237	10 819	-4 323	93	-2 629	-3 498	2 922	3 137	-5 419	3 284	3 539
Total transactions in commercial paper	HBQW	-545	25 439	-1 031	8 928	-5 641	5 145	-870	-364	7 717	-17 192	-10 908
Total transactions in Money Market Instruments	HHZE	19 620	29 603	-1 835	10 045	-8 176	41 904	20 668	-18 849	81 161	-55 319	-69 292
Total transactions in debt securities	XBLX	25 099	47 836	85 560	95 387	122 670	163 082	201 102	162 637	138 154	85 098	-21 539
<b>Total</b>	HHZF	<b>40 829</b>	<b>49 739</b>	<b>105 648</b>	<b>97 344</b>	<b>129 049</b>	<b>152 518</b>	<b>217 912</b>	<b>200 583</b>	<b>191 483</b>	<b>77 934</b>	<b>-18 206</b>

<sup>1</sup> These series relate to non-governmental sectors other than monetary financial institutions.

# 7.5 Portfolio investment

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net transactions</b> (net credits less net debits)												
Equity securities (shares)	HBWV	-28 734	5 092	404	-54 690	-54 944	-30 161	-11 452	98 063	43 590	-10 325	28 365
Debt securities												
Bonds and notes	LTMV	-24 932	9 944	83 097	-1 605	47 023	15 380	114 825	222 543	-81 581	64 984	313
Money Market Instruments	LTMZ	7 942	33 693	-14 121	12 625	-13 985	28 461	23 028	3 152	64 787	-53 568	-69 294
Total debt securities	HBWX	-16 990	43 637	68 976	11 020	33 038	43 841	137 853	225 695	-16 794	11 416	-68 981
<b>Total</b>	HHZD	<b>-45 724</b>	<b>48 729</b>	<b>69 380</b>	<b>-43 670</b>	<b>-21 906</b>	<b>13 680</b>	<b>126 401</b>	<b>323 758</b>	<b>26 796</b>	<b>1 091</b>	<b>-40 616</b>

# 7.6 Portfolio investment Sector analysis

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Portfolio investment abroad</b> (UK assets = net debits)												
<b>Investment by:</b>												
Monetary financial institutions	-HBRJ	44 545	-12 313	13 543	85 037	101 291	129 083	62 196	-243 465	3 381	-14 351	-46 525
Central government	LOFB	458	467	-925	-1	43	12	2 432	-173	2 830	578	473
Insurance companies and pension funds	-HBRO	27 548	23 479	4 460	18 711	36 115	24 841	41 728	12 813	22 086	9 092	19 164
Other financial intermediaries	-HBRP	10 889	-12 061	13 954	33 211	3 734	-20 487	-5 772	110 414	137 216	76 230	48 859
Private non-financial corporations	-HBRQ	2 922	1 358	5 107	432	374	4 518	-10 466	-2 476	630	5 391	409
Household sector <sup>1</sup>	-HBRR	191	80	129	3 624	9 398	871	1 393	-288	-1 456	-97	30
<b>Total</b>	-HHZC	<b>86 553</b>	<b>1 010</b>	<b>36 268</b>	<b>141 014</b>	<b>150 955</b>	<b>138 838</b>	<b>91 511</b>	<b>-123 175</b>	<b>164 687</b>	<b>76 843</b>	<b>22 410</b>
<b>Portfolio investment in the UK</b> (UK liabilities = net credits)												
<b>Investment in securities issued by:</b>												
Monetary financial institutions	CGPH	23 699	24 347	30 052	39 675	37 090	88 413	82 740	-13 231	116 815	-46 995	-80 087
Central government	HBSO	-370	-3 816	13 347	14 581	29 638	25 670	30 784	41 188	23 875	86 856	44 552
Local authorities	HBQT	-	-	-	-	-	-	-	-	-	-	-
Public corporations	HCEW	-	-	-	-	-	-	-	-	-	-	-
Other sectors	CGPL	17 500	29 208	62 249	43 088	62 321	38 435	104 388	172 626	50 793	38 073	17 329
<b>Total</b>	HHZF	<b>40 829</b>	<b>49 739</b>	<b>105 648</b>	<b>97 344</b>	<b>129 049</b>	<b>152 518</b>	<b>217 912</b>	<b>200 583</b>	<b>191 483</b>	<b>77 934</b>	<b>-18 206</b>
<b>Net transactions</b> (net credits less net debits)												
<b>In assets and liabilities of:</b>												
Monetary financial institutions	LTNA	-20 846	36 660	16 509	-45 362	-64 201	-40 670	20 544	230 234	113 434	-32 644	-33 562
Central government	ZPOG	-828	-4 283	14 272	14 582	29 595	25 658	28 352	41 361	21 045	86 278	44 079
Local authorities	HBQT	-	-	-	-	-	-	-	-	-	-	-
Public corporations	HCEW	-	-	-	-	-	-	-	-	-	-	-
Other sectors	LTNB	-24 050	16 352	38 599	-12 890	12 700	28 692	77 505	52 163	-107 683	-52 543	-51 133
<b>Total</b>	HHZD	<b>-45 724</b>	<b>48 729</b>	<b>69 380</b>	<b>-43 670</b>	<b>-21 906</b>	<b>13 680</b>	<b>126 401</b>	<b>323 758</b>	<b>26 796</b>	<b>1 091</b>	<b>-40 616</b>

<sup>1</sup> The household sector includes non-profit institutions serving households.



# 7.7 Other investment

		£ million										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other investment abroad</b>												
(UK assets = net debits)												
Trade credit												
Long-term												
Central government	-XBMC	-	-	-	-	-	-	-	-	-	-	-
Other sectors <sup>1</sup>	-HCQK	-	-	-	-	-	-	-	-	-	-	-
Total long-term trade credit	-HBRZ	-	-	-	-	-	-	-	-	-	-	-
Short-term												
Other sectors <sup>1</sup>	-XBMF	-315	292	573	-336	-1 395	1 361	120	40	-28	-78	-33
Total trade credit	-XBMB	-315	292	573	-336	-1 395	1 361	120	40	-28	-78	-33
Loans												
Long-term												
Bank loans under ECGD <sup>2</sup> guarantee	-HGBS	187	-1 017	113	231	224	-467	-157	54	191	306	-207
Inter-government loans by the UK	-HEUC	-20	-19	-19	-15	-18	-13	-12	-75	-49	-99	512
Loans by Commonwealth Development Corporation (public corporations)	-HETB	-	-	-	-	-	-	-	-	-	-	-
Loans by the ECGD <sup>2</sup>	CY93	49	-186	-259	-176	-577	-1 335	-207	-316	-149	-29	-102
Loans by specialist leasing companies <sup>1</sup>	-HGKU	-	-	-	-	-	-	-	-	-	-	-
Total long-term loans	-HBSG	216	-1 222	-165	40	-371	-1 815	-376	-337	-7	178	203
Short-term loans												
By monetary financial institutions												
Sterling loans	JXH5	4 797	4 739	462	6 891	20 217	22 119	26 217	5 997	-18 572	1 756	603
Foreign currency loans	JXH6	43 294	12 778	70 529	105 145	114 591	97 717	200 310	-128 655	-98 828	15 333	12 990
Total monetary financial institutions	ZPOL	48 091	17 517	70 991	112 036	134 808	119 836	226 527	-122 658	-117 400	17 089	13 593
By other sectors												
	-XBLN	-	-	-	-	-3	-	5	2	-9	-	-
Total short-term loans	VTUL	48 091	17 517	70 991	112 036	134 805	119 836	226 532	-122 656	-117 409	17 089	13 593
Total loans	-XBMG	48 307	16 295	70 826	112 076	134 434	118 021	226 156	-122 993	-117 416	17 267	13 796
Currency and deposits												
Transactions in foreign notes and coin												
Monetary financial institutions	TAAG	1	21	10	-2	-10	58	26	111	-37	-161	-88
Other sectors <sup>1</sup>	-HETF	-4	33	20	46	24	66	8	-192	-24	22	3
Total foreign notes and coin	HBOV	-3	54	30	44	14	124	34	-81	-61	-139	-85
Deposits abroad by UK residents												
Deposits by monetary financial institutions												
Sterling deposits	JXH7	7 437	-8 012	18 218	-2 646	32 256	47 167	112 101	-24 470	-71 950	-15 874	-41 309
Foreign currency deposits	JXH8	29 265	60 754	69 509	108 421	125 617	130 420	263 277	-122 015	-75 473	138 944	76 342
Total deposits by monetary financial institutions	HCES	36 702	52 742	87 727	105 775	157 873	177 587	375 378	-146 485	-147 423	123 070	35 033

1 These series relate to non-governmental sectors other than monetary financial institutions.

2 Export Credits Guarantee Department, now operates under the name UK Export Finance.

# 7.7 Other investment

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other investment abroad - continued</b>												
Currency and deposits - <i>continued</i>												
Deposits abroad by UK residents - <i>continued</i>												
Deposits by securities dealers	-HGTF	58 756	-13 153	53 172	36 186	167 581	48 951	35 468	-338 084	1 725	46 029	-13 242
Deposits by other UK residents <sup>1</sup>	-HBSI	27 325	13 907	47 914	70 661	48 095	50 156	104 224	-8 901	-93 312	36 562	70 813
Total deposits abroad by UK residents	-HBXV	122 783	53 496	188 813	212 622	373 549	276 694	515 070	-493 470	-239 010	205 661	92 604
Total currency and deposits	-HBVN	122 780	53 550	188 843	212 666	373 563	276 818	515 104	-493 551	-239 071	205 522	92 519
Other assets												
Central government subscriptions to international organisations												
International Development Association	-HEUB	200	319	108	185	378	468	460	770	807	1 188	1 219
Regional development banks	-HEUD	53	69	75	61	42	98	82	176	172	61	293
European Investment Bank (EIB)	-HEUE	-	-	-	-	-	-	-	-	-	-	-
Other subscriptions	-HEUF	3	21	51	37	52	214	159	-13	104	-8	20
Total central government subscriptions	-HGLR	256	409	234	283	472	780	701	933	1 083	1 241	1 532
Short-term central government assets	-LOEL	-177	65	52	640	435	277	386	2 601	538	142	466
Total central government other assets	-LOES	79	474	286	923	907	1 057	1 087	3 534	1 621	1 383	1 998
Debt forgiveness (monetary financial institutions) <sup>2</sup>	-FJNF	-	-	-	-	-	-	-	-	-	-	-
Other sectors (excluding monetary financial institutions)												
Long-term assets												
Short-term assets												
Public corporations assets abroad	-HBSR	-	-	-	-	-	-	-	-	-	-	-
Public corporations debt forgiveness	-HMLW	-188	-236	-127	-109	-1 249	-1 356	-76	-	-	-	-
Other <sup>1</sup>	-HBSK	-	-	-	-	-	-	-	-	-	-	-
Total short-term assets of other sectors	-HHZI	-188	-236	-127	-109	-1 249	-1 356	-76	-	-	-	-
Total other sectors	-XBLP	-188	-236	-127	-109	-1 249	-1 356	-76	-	-	-	-
Total other assets	-XBMK	-109	238	159	814	-342	-299	1 011	3 534	1 621	1 383	1 998
<b>Total</b>	<b>-XBMM</b>	<b>170 663</b>	<b>70 375</b>	<b>260 401</b>	<b>325 220</b>	<b>506 260</b>	<b>395 901</b>	<b>742 391</b>	<b>-612 970</b>	<b>-354 894</b>	<b>224 094</b>	<b>108 280</b>

<sup>1</sup> This series relates to non-governmental sectors other than monetary financial institutions.

<sup>2</sup> This series also appears in the capital account (see Table 6.1).

# 7.7 Other investment

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other investment in the UK</b>												
(UK liabilities = net credits)												
Trade credit												
Long-term <sup>1</sup>	CGJF	—	—	—	—	—	—	—	—	—	—	—
Short-term <sup>1</sup>	XBLO	—	—	—	—	—	—	—	—	—	—	—
Total trade credit	XBMO	—	—	—	—	—	—	—	—	—	—	—
Loans												
Long-term												
Drawings by:												
Central government	HBSF	—	—	—	—	—	—	—	—	—	—	—
Local authorities	HBSQ	—	—	—	—	—	—	—	—	—	—	—
Public corporations	HHYT	—	—	—	—	—	—	—	—	—	—	—
Other <sup>1</sup>	HIBY	—	—	—	—	—	—	—	—	—	—	—
Total long-term drawings	HBST	—	—	—	—	—	—	—	—	—	—	—
Repayments from:												
Central government	HBSW	–45	–48	–45	–46	–65	7	–3	32	5	–495	–1 834
Local authorities	HBSX	22	26	204	651	134	232	–42	446	520	175	430
Public corporations	HHYU	—	—	—	283	–7	–12	–6	–9	–4	—	—
Other <sup>1</sup>	HIBZ	—	—	—	—	—	—	—	—	—	—	—
Total long-term repayments	HBSY	–23	–22	159	888	62	227	–51	469	521	–320	–1 404
Total long-term loans	HBSZ	–23	–22	159	888	62	227	–51	469	521	–320	–1 404
Short-term loans to:												
Central government	HBTB	—	—	—	—	—	—	—	—	—	—	—
Local authorities	HBTB	—	—	—	—	—	—	—	—	—	—	—
Public corporations	HIAW	—	—	—	—	—	—	—	—	—	—	—
Securities dealers	HBTB	77 290	–34 313	31 054	81 239	223 816	–34 085	70 716	–274 515	–4 384	102 569	130 583
Other <sup>1</sup>	HBSB	38 480	429	39 625	54 549	–1 861	50 204	–15 627	–2 006	–76 719	52 180	–16 102
Total short-term loans	HBTC	115 770	–33 884	70 679	135 788	221 955	16 119	55 089	–276 521	–81 103	154 749	114 481
Total loans	XBMP	115 747	–33 906	70 838	136 676	222 017	16 346	55 038	–276 052	–80 582	154 429	113 077
Currency and deposits												
Sterling notes and coin												
Notes (issued by Bank of England)	HLVY	–51	78	74	102	58	66	41	–22	–119	46	26
Coins (issued by Royal Mint)	HMAT	–6	8	7	11	6	7	4	–3	–14	5	2
Total notes and coin	AASD	–57	86	81	113	64	73	45	–25	–133	51	28
Deposits from abroad with UK residents												
Deposits with monetary financial institutions												
Sterling deposits	JXH9	16 820	11 300	23 327	27 080	47 249	57 501	209 574	–42 770	–58 767	–27 882	–50 431
Foreign currency deposits	JXI2	104 862	77 472	148 376	261 474	232 399	276 414	471 475	–416 325	–265 205	90 035	123 331
Total deposits with monetary financial institutions	HDKE	121 682	88 772	171 703	288 554	279 648	333 915	681 049	–459 095	–323 972	62 153	72 900
Deposit liabilities of UK central government	HEUN	–178	–24	232	–877	–57	474	–299	–282	201	293	566
Total deposits from abroad with UK residents	HBYX	121 504	88 748	171 935	287 677	279 591	334 389	680 750	–459 377	–323 771	62 446	73 466
Total currency and deposits	HMAO	121 447	88 834	172 016	287 790	279 655	334 462	680 795	–459 402	–323 904	62 497	73 494

<sup>1</sup> These series relate to non-governmental sectors other than monetary financial institutions.

# 7.7 Other investment

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other investment in the UK - continued</b>												
Other liabilities												
Long-term												
Net equity of foreign households in life assurance reserves and pension funds	QZEP	-5	-1	-4	-11	-55	-9	-37	-2	-41	-9	-34
Prepayments of insurance premiums and reserves against outstanding claims	NQMC	-157	335	-1 371	1 324	2 675	4 423	-4 223	-3 914	-1 722	-354	6
Total long-term liabilities	VTUG	-162	334	-1 375	1 313	2 620	4 414	-4 260	-3 916	-1 763	-363	-28
Short-term	HJYF	526	-613	58	-158	158	57	245	175	108	814	305
Total other liabilities	XBMX	364	-279	-1 317	1 155	2 778	4 471	-4 015	-3 741	-1 655	451	277
<b>Total</b>	<b>XBMN</b>	<b>237 558</b>	<b>54 649</b>	<b>241 537</b>	<b>425 621</b>	<b>504 450</b>	<b>355 279</b>	<b>731 818</b>	<b>-739 195</b>	<b>-406 141</b>	<b>217 377</b>	<b>186 848</b>
<b>Net transactions</b>												
(net credits less net debits)												
Trade credit	LTNC	315	-292	-573	336	1 395	-1 361	-120	-40	28	78	33
Loans	LTND	67 440	-50 201	12	24 600	87 583	-101 675	-171 118	-153 059	36 834	137 162	99 281
Deposits	LTNE	-1 333	35 284	-16 827	75 124	-93 908	57 644	165 691	34 149	-84 833	-143 025	-19 025
Other	LTNF	473	-517	-1 476	341	3 120	4 770	-5 026	-7 275	-3 276	-932	-1 721
<b>Total</b>	<b>HHYR</b>	<b>66 895</b>	<b>-15 726</b>	<b>-18 864</b>	<b>100 401</b>	<b>-1 810</b>	<b>-40 622</b>	<b>-10 573</b>	<b>-126 225</b>	<b>-51 247</b>	<b>-6 717</b>	<b>78 568</b>

# 7.8 Other investment Sector analysis

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other investment abroad</b>												
(UK assets = net debits)												
Investment by:												
Monetary financial institutions	HCET	84 981	69 263	158 841	218 040	292 895	297 014	601 774	-268 978	-264 669	140 304	48 331
Central government	-HBSM	59	455	267	908	889	1 044	1 075	3 459	1 572	1 284	2 510
Public corporations	-HBSV	-139	-422	-386	-285	-1 826	-2 691	-283	-316	-149	-29	-102
Other sectors	-HBSN	85 762	1 079	101 679	106 557	214 302	100 534	139 825	-347 135	-91 648	82 535	57 541
<b>Total</b>	<b>-XBMM</b>	<b>170 663</b>	<b>70 375</b>	<b>260 401</b>	<b>325 220</b>	<b>506 260</b>	<b>395 901</b>	<b>742 391</b>	<b>-612 970</b>	<b>-354 894</b>	<b>224 094</b>	<b>108 280</b>
<b>Other investment in the UK</b>												
(UK liabilities = net credits)												
Investment in:												
Monetary financial institutions	HBWG	121 631	88 850	171 777	288 656	279 706	333 981	681 090	-459 117	-324 091	62 199	72 926
Central government	HBWH	273	-722	310	-1 055	50	550	-35	-78	302	619	-961
Local authorities	HBWJ	22	26	204	651	134	232	-42	446	520	175	430
Public corporations	HBWL	-	-	-	283	-7	-12	-6	-9	-4	-	-
Other sectors	HBWM	115 632	-33 505	69 246	137 086	224 567	20 528	50 811	-280 437	-82 868	154 384	114 453
<b>Total</b>	<b>XBMM</b>	<b>237 558</b>	<b>54 649</b>	<b>241 537</b>	<b>425 621</b>	<b>504 450</b>	<b>355 279</b>	<b>731 818</b>	<b>-739 195</b>	<b>-406 141</b>	<b>217 377</b>	<b>186 848</b>
<b>Net transactions</b>												
(net credits less net debits)												
In assets and liabilities of:												
Monetary financial institutions	LTNI	36 650	19 587	12 936	70 616	-13 189	36 967	79 316	-190 139	-59 422	-78 105	24 595
Central government	LTNJ	214	-1 177	43	-1 963	-839	-494	-1 110	-3 537	-1 270	-665	-3 471
Local authorities	HBWJ	22	26	204	651	134	232	-42	446	520	175	430
Public corporations	LTNK	139	422	386	568	1 819	2 679	277	307	145	29	102
Other sectors	LTNL	29 870	-34 584	-32 433	30 529	10 265	-80 006	-89 014	66 698	8 780	71 849	56 912
<b>Total</b>	<b>HHYR</b>	<b>66 895</b>	<b>-15 726</b>	<b>-18 864</b>	<b>100 401</b>	<b>-1 810</b>	<b>-40 622</b>	<b>-10 573</b>	<b>-126 225</b>	<b>-51 247</b>	<b>-6 717</b>	<b>78 568</b>

# 7.9 Reserve assets

## Central government sector

Net debits

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Monetary gold	-HBOX	-786	-266	-	-2	-	-4	-	-	-	-	-
Special Drawing Rights	-HBOY	-22	26	-2	-35	-8	51	-50	-24	-132	18	333
Reserve position in the Fund	-HBOZ	633	469	-251	-558	-1 911	-225	-188	802	613	554	445
Foreign Exchange												
Currency and deposits												
With central banks	-HBPC	6	95	-79	33	28	-43	28	43	-33	-180	64
With other banks	-HBPD	-900	-863	-586	-882	367	-403	-419	-41	-95	49	-369
Total currency and deposits	-HBPB	-892	-767	-664	-849	395	-447	-390	2	-127	-131	-305
Securities												
Bonds and notes	-HBPG	-1 838	2 280	-390	1 551	370	-854	2 105	-1 035	7 669	5 860	4 596
Money market instruments	-HBPH	-185	-2 043	-62	107	1 465	1 363	-265	-890	-2 170	-124	15
Total securities	-HBPE	-2 023	237	-452	1 658	1 835	509	1 840	-1 925	5 499	5 736	4 611
Total foreign exchange	-HBPA	-2 915	-530	-1 116	809	2 230	62	1 450	-1 923	5 372	5 605	4 306
Other claims	-HBPI	5	-158	-190	-18	345	-310	-21	-193	-90	-107	-136
<b>Total</b>	<b>-LTCV</b>	<b>-3 085</b>	<b>-459</b>	<b>-1 559</b>	<b>196</b>	<b>656</b>	<b>-426</b>	<b>1 191</b>	<b>-1 338</b>	<b>5 763</b>	<b>6 070</b>	<b>4 948</b>

# Chapter 8

## International investment position

## Summary

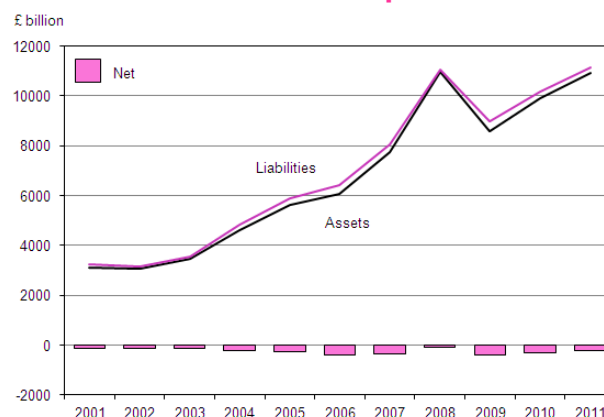
The international investment position is the balance sheet of the stock of external assets and liabilities. Since records began in 1966 through to 1994, UK assets exceeded UK liabilities (known as a UK net asset position) in all but one year. The UK's net asset position peaked in 1986 at £86.4 billion. Since 1995 the UK has recorded a net liability position in every year. In 2008 the UK net liability position fell by £244.6 billion to £83.8 billion, partially due to exchange rate effects. The fall in the value of sterling against other major currencies increased the equivalent pound sterling value of those UK assets and liabilities that are denominated in foreign currencies. Since a higher proportion of UK assets than UK liabilities are denominated in foreign currencies, the total value of UK assets held increased by more than the total value of UK liabilities. Then, in 2009, the UK's net liability position widened to a record £388.3 billion, partially as a result of sterling rallying against the major currencies. In 2010 and 2011, the position narrowed to £291.4 billion and £196.4 billion respectively.

The value of UK assets and liabilities grew rapidly between 1996 and 2001, and over this period they broadly doubled. This period corresponded with a surge in cross-border investment, much of it associated with merger and acquisition activity. In 2002 the level of assets and liabilities fell slightly as, although there was continued inward and outward investment, these flows were more than offset by revaluation changes resulting from falls in the value of global equity markets. From 2003 the level of both UK external assets and liabilities increased strongly again, due to the combination of a rise in cross-border investment, movements in equity prices, and exchange rate effects. By 2008 external assets and liabilities were treble the levels seen in 2003. In 2009 both assets and liabilities decreased. This was due to a combination of a

sharp drop in financial derivatives assets and liabilities, disinvestments over the period, and the appreciation of sterling, which has the affect of reducing UK assets and liabilities valued in foreign currency. In 2010 and 2011, both assets and liabilities rose, largely due to increases in financial derivatives assets and liabilities, which in 2010 were mainly due to the incorporation for the first time of data for the financial derivatives assets and liabilities of UK securities dealers.

**Figure 8.1**

### International investment position



Over half of all UK assets and UK liabilities at the end of 2011 were attributed to UK monetary financial institutions. UK monetary financial institutions' liabilities have consistently exceeded their assets since records began in 1987; their net liability position reached a record £251.4 billion in 2009, but then dropped over the next two years to reach £88.8 billion at the end of 2011, the lowest level since 2000. Central government liabilities exceeded their assets in every year from 1992, due to non-residents' holdings of British government stocks. Central government liability holdings have increased since 2002, resulting in central government having a net liability position of a record £339.7 billion at the end of 2011. Other sectors' (private sector excluding monetary financial institutions) assets have historically exceeded liabilities, although from 1998 to 2001, and again from 2005 to 2006, they



recorded a net liability position, peaking at record levels of £100.0 billion in 2006. In 2007 the other sectors returned to a net asset position. In 2011 the net asset position of other sectors was a record £235.0 billion, up from £124.7 billion in 2010.

UK assets include reserve assets held by central government. Reserves are mainly held in the form of foreign exchange – in particular bonds and notes. Reserve assets in 2011 accounted for 0.5 per cent of total UK assets, down from 7.8 per cent in 1977.

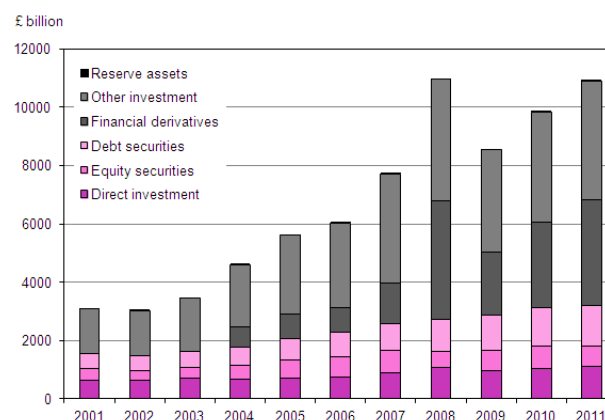
### UK assets

Financial derivatives of UK banks are included in the main aggregates of the international investment position from 2004, at which time they accounted for 15 per cent of total assets. The financial derivatives of UK securities dealers are included from 2010, at which time they accounted for 7 per cent of total assets. Total financial derivatives accounted for 33 per cent of total assets in 2011. As a proportion of total UK assets, direct investment abroad remained fairly constant through much of the 1980s and 1990s, at around 12 to 14 per cent. In 2000 to 2003 the proportion increased to around 20 per cent, reflecting the high level of merger and acquisition activity by UK companies in those years. This proportion has since declined to 10 per cent in 2011, partially as a result of the inclusion of financial derivatives into the international investment position. From the early 1990s to the early 2000s portfolio investment assets were around a third of total UK assets. Since then, portfolio investment assets have declined as a proportion of total assets, reaching a record low in 2008 of 15 per cent. This fall in proportion partially reflects the inclusion of financial derivatives, but also reflects the disinvestments by UK monetary financial institutions and falls in world stock market prices. In 2009 the proportion of portfolio investment assets

increased sharply to 22 per cent, as disinvestment switched to investment and world stock markets rebounded from the losses in the previous year. In 2010 and 2011, this dropped slightly to 21 per cent and 19 per cent respectively. From high proportions of total investment in the early 1980s (around 75 per cent), the proportion of other investment assets declined to 46 per cent of total assets in 1999, before rallying to 52 per cent in 2003. With the inclusion of financial derivatives the proportion dropped to 46 per cent in 2004, before increasing to 48 per cent in 2005; it then fell to 38 per cent in 2008, due to a sharp increase in financial derivatives liabilities and stood at 37 per cent at the end of 2011.

**Figure 8.2**

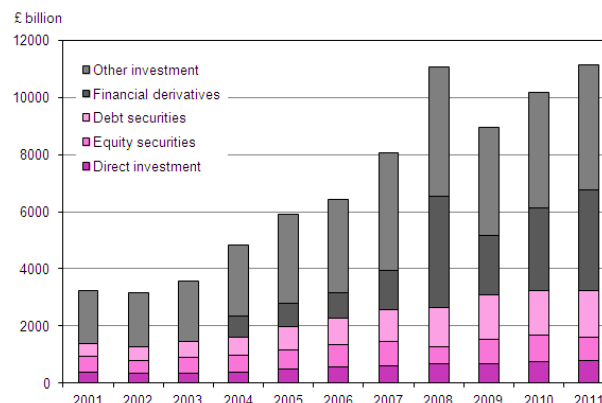
### UK assets



### UK liabilities

Financial derivatives liabilities accounted for 15 per cent of total liabilities when first introduced into the international investment position in 2004. They peaked at 35 per cent in 2008 before dropping back to 23 per cent in 2009. They then increased to 28 per cent in 2010 with the inclusion of data for the financial derivatives liabilities of UK securities dealers before increasing to 32 per cent in 2011. Direct investment in the UK accounted for around 10 per cent of the total value of UK liabilities from 1993 to 2003. More recently the share has declined, mainly due to the inclusion of financial

derivatives, reaching a low of 6.0 per cent in 2008; it then increased to 7.6 per cent in 2009 before falling over the next two years to reach 7.0 per cent at the end of 2011. Portfolio investment increased from 20 per cent in 1987 to 36 per cent in 1999, before falling back to 29 per cent in 2002. This was largely due to falls in the UK stock markets in 2001 and 2002 and the impact on the value of equity liabilities. Portfolio investment decreased to 25 per cent of total liabilities in 2004 with the inclusion of financial derivatives. The percentage of portfolio investment fell to a record low of 18 per cent in 2008, partially due to the inclusion of financial derivatives but also due to the effects of the global financial crisis leading to falls in stock market prices. In 2009 the proportion of portfolio investment increased to 27 per cent as stock markets recovered but in 2010 and 2011 dropped again to 25 per cent and 22 per cent respectively. The decrease in 2011 was mainly due to falls in the UK stock markets. Similarly to the asset position, the share of the value of other investment liabilities in the UK fell from 66 per cent in 1994 to 54 per cent in 1999. From 1999 to 2002 the proportion of other investment increased, accounting for 60 per cent of the total value of UK liabilities in 2002 and 2003. With the inclusion of financial derivatives, the proportion dropped to 52 per cent in 2004; it then fell from 51 per cent in 2007 to 41 per cent in 2008, due to a sharp increase in financial derivatives liabilities. By the end of 2011 the proportion had declined to 39 per cent.

**Figure 8.3****UK liabilities****Financial derivatives**

Financial derivatives of UK banks were included in the main aggregates of the international investment position from 2004, with financial derivatives of UK securities dealers being included from 2010. The stock of financial derivative assets increased sharply from £1,378 billion in 2007 to £4,040 billion in 2008, before falling back to £2,176 billion in 2009. It then increased over the next two years to reach £3,618 billion in 2011. Financial derivative liabilities have shown a similar path to that of assets, increasing from £1,392 billion in 2007 to £3,915 billion in 2008, falling to £2,097 billion in 2009 before rising to £3,555 billion in 2011.

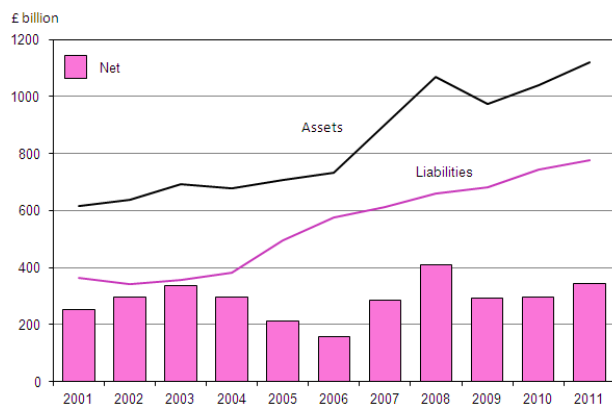
**Direct investment**

Direct investment assets have almost doubled over the last decade, to reach a record high of £1,120 billion in 2011. Investments by UK private non-financial corporations (PNFCs) accounted for 70 per cent of UK direct investment assets at the end of 2011, while other financial intermediaries accounted for 9.7 per cent and monetary financial institutions accounted for 7.7 per cent. The value of PNFCs' assets almost trebled between 1997 and 2000, reflecting the substantial foreign acquisitions by UK oil and telecom companies

in that period. The value of PNFCs' assets reached £821.0 billion in 2008 before falling to £700.4 billion in 2009. They then increased over the next two years to reach £778.9 billion at the end of 2011.

Inward direct investment grew sharply in the late 1990s, with the total value of UK liabilities doubling between 1997 and 2001, and doubling again by 2010. PNFCs' share of the value of total foreign direct investment liabilities fell from 85 per cent in 1989 to 75 per cent in 1997. Since then, the sector's contribution to direct investment liabilities has fluctuated between 74 and 80 per cent, standing at 76 per cent in 2011. Direct investment in UK monetary financial institutions, as a proportion of total investment liabilities, peaked in 1997 at 12 per cent of total inward direct investment. In 2011 direct investment in UK monetary financial institutions was 8.1 per cent of total investment liabilities.

**Figure 8.4**  
**Direct investment**



### Portfolio investment

Between 2002 and 2011 UK portfolio investment more than doubled to £2,082 billion. The pattern of growth in equities has been more erratic than the growth in debt, as the value of equity securities assets is heavily influenced by changes in global equity prices.

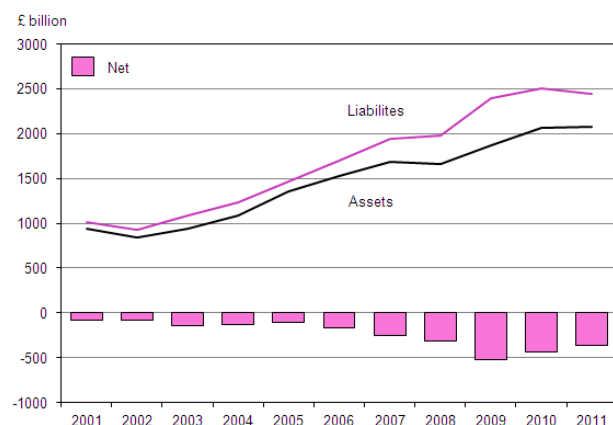
Between 2001 and 2002, the value of portfolio investment equity securities assets fell by almost a quarter to £305.9 billion. This mirrored the fall in world equity prices over the same period. There was a similar percentage fall in value between 2007 and 2008, to £565.2 billion, the result of a fall in world equity prices and disinvestment by UK monetary financial institutions and pension funds. The value of portfolio investment equity securities assets then increased over the next two years, as the stock market rebounded and disinvestment switched back to investment, to reach a level of £750.7 billion in 2010, just above that recorded in 2007. However, this was followed by falls in world equity prices and disinvestment, leading to a drop in the UK assets level to £691.2 billion at the end of 2011. The value of foreign debt securities held by UK investors increased steadily from £533 billion in 2001 to £1,391 billion in 2011. UK monetary financial institutions held 43 per cent of total UK portfolio investment securities assets in 2007 before the financial crisis really began to take hold. At the end of 2011 they owned just 28 per cent, while other financial intermediaries increased their share from 16 to 35 per cent between 2007 and 2011.

Between 2002 and 2010 the total value of UK portfolio investment liabilities increased from £925 billion to £2,509 billion before falling to £2,447 billion in 2011. The value of UK debt securities held by foreign investors has increased in every year since 1986. As with UK investment abroad, the pattern of growth in UK equity liabilities has been more erratic than the growth in debt, since the value of equity securities assets is heavily influenced by movements in UK stock markets. Falls in UK stock markets in 2001, 2002 and 2011 caused the total value of UK portfolio investment liabilities to fall in those years. However, the drop in the value of UK equity liabilities in 2008, due to falling share prices, was outweighed by

net portfolio investment in UK debt securities in that year.

**Figure 8.5**

### Portfolio investment



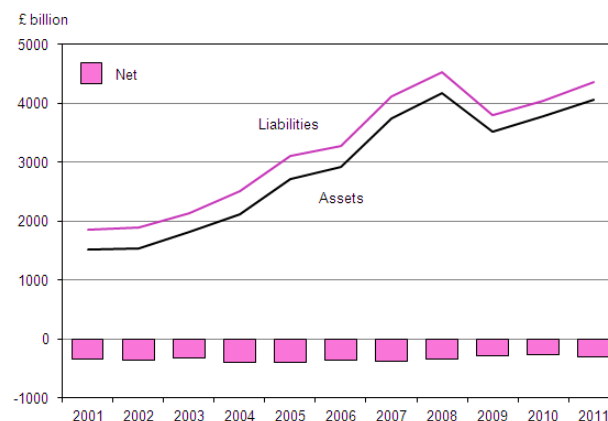
### Other investment

The stock of UK other investment abroad in 2011 was £4,067 billion. UK monetary financial institutions accounted for 76 per cent of total other investment abroad in 2011; this proportion has declined from around 90 per cent of total other investment in the late 1980s. The bulk of UK monetary financial institutions deposits abroad were in foreign currencies, only 6.9 per cent being held in sterling at the end of 2011.

Deposits from abroad held with UK monetary financial institutions represent the largest item in other investment liabilities. These deposits have declined from over 90 per cent in the late 1980s to 75 per cent at the end of 2011. Of the £3,273 billion total deposits with UK monetary financial institutions in 2011, 13 per cent were held in sterling. The fall in the proportionate value of deposits with monetary financial institutions is partially the result of the increase in short-term loans to UK securities dealers and other non-bank sectors, which increased from £48.5 billion in 1990 to £1,070 billion at the end of 2011.

**Figure 8.6**

### Other investment



# 8.1 International investment position

## Summary table

Balance sheets valued at end of year

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>UK Assets</b>												
Direct investment abroad <sup>1</sup>												
Equity capital and reinvested earnings	CGMO	582.2	619.3	670.7	667.2	726.8	762.4	865.7	1 022.1	956.8	1 038.5	1 123.4
Other capital assets	HBWU	34.8	17.9	20.5	10.9	-20.9	-29.3	34.1	46.7	18.6	0.7	-3.7
Total direct investment abroad	HBWD	616.9	637.2	691.1	678.1	705.9	733.1	899.8	1 068.7	975.3	1 039.2	1 119.7
Portfolio investment abroad												
Equity securities	HEPX	404.6	305.9	372.0	455.3	617.2	693.4	748.9	565.2	666.4	750.7	691.2
Debt securities	HHZX	532.8	538.1	563.9	636.8	743.8	837.7	940.8	1 099.1	1 208.9	1 319.6	1 391.1
Total portfolio investment abroad	HHZZ	937.4	844.0	935.8	1 092.1	1 360.9	1 531.0	1 689.7	1 664.3	1 875.3	2 070.3	2 082.2
Financial derivatives <sup>2</sup>	JX96	..	..	..	709.4	820.1	853.7	1 378.1	4 040.2	2 176.4	2 962.8	3 617.8
Other investment abroad	HLXV	1 521.9	1 545.2	1 813.7	2 118.0	2 714.8	2 916.6	3 744.5	4 180.6	3 511.2	3 780.6	4 066.6
Reserve assets	LTEB	25.6	25.5	23.8	23.2	24.7	22.9	26.7	36.3	40.1	49.7	56.8
<b>Total</b>	HBQA	<b>3 101.9</b>	<b>3 051.9</b>	<b>3 464.5</b>	<b>4 620.8</b>	<b>5 626.4</b>	<b>6 057.4</b>	<b>7 738.8</b>	<b>10 990.1</b>	<b>8 578.3</b>	<b>9 902.7</b>	<b>10 943.1</b>
<b>UK Liabilities</b>												
Direct investment in the UK <sup>1</sup>												
Equity capital and reinvested earnings	HBUY	259.7	229.2	245.7	267.9	368.7	433.1	495.8	545.7	536.5	602.0	635.3
Other capital liabilities	HBVC	103.7	111.4	109.9	115.5	125.5	144.2	118.0	114.7	145.3	140.7	140.1
Total direct investment in the UK	HBWI	363.5	340.6	355.5	383.3	494.2	577.3	613.8	660.4	681.8	742.7	775.4
Portfolio investment in the UK												
Equity securities	HLXX	584.1	442.7	527.1	574.7	659.3	780.8	835.8	605.5	845.2	936.7	840.7
Debt securities	HLXY	429.1	482.6	555.8	653.2	802.4	922.6	1 109.8	1 374.7	1 551.9	1 572.5	1 606.2
Total portfolio investment in the UK	HLXW	1 013.2	925.3	1 082.9	1 227.9	1 461.7	1 703.5	1 945.7	1 980.2	2 397.0	2 509.2	2 446.9
Financial derivatives <sup>2</sup>	JX97	..	..	..	715.0	831.1	890.5	1 392.2	3 915.3	2 096.8	2 895.0	3 554.9
Other investment in the UK	HLXD	1 861.9	1 898.0	2 135.2	2 511.8	3 109.0	3 270.0	4 115.6	4 518.1	3 791.0	4 047.2	4 362.3
<b>Total</b>	HBQB	<b>3 238.5</b>	<b>3 163.9</b>	<b>3 573.6</b>	<b>4 838.1</b>	<b>5 896.0</b>	<b>6 441.2</b>	<b>8 067.3</b>	<b>11 073.9</b>	<b>8 966.7</b>	<b>10 194.1</b>	<b>11 139.6</b>
<b>Net International Investment Position</b>												
Direct investment <sup>1</sup>												
Equity capital and reinvested earnings	HBSH	322.4	390.1	425.0	399.3	358.1	329.3	369.8	476.4	420.3	436.5	488.1
Other capital	CGKF	-69.0	-93.5	-89.4	-104.6	-146.4	-173.5	-83.9	-68.0	-126.8	-140.0	-143.9
Total net direct investment	HBWQ	253.5	296.6	335.6	294.7	211.7	155.8	285.9	408.4	293.5	296.5	344.2
Portfolio investment												
Equity securities	CGNE	-179.4	-136.8	-155.1	-119.4	-42.1	-87.5	-86.9	-40.3	-178.8	-186.0	-149.5
Debt securities	CGNF	103.7	55.5	8.1	-16.4	-58.6	-84.9	-169.0	-275.6	-343.0	-252.9	-215.2
Total net portfolio investment	CGNH	-75.7	-81.3	-147.0	-135.8	-100.8	-172.4	-255.9	-315.9	-521.8	-438.9	-364.7
Financial derivatives <sup>2</sup>	JX98	..	..	..	-5.6	-11.0	-36.8	-14.1	124.9	79.6	67.8	62.9
Other investment	CGNG	-339.9	-352.8	-321.5	-393.9	-394.2	-353.4	-371.0	-337.5	-279.8	-266.6	-295.7
Reserve assets	LTEB	25.6	25.5	23.8	23.2	24.7	22.9	26.7	36.3	40.1	49.7	56.8
<b>Total</b>	HBQC	<b>-136.5</b>	<b>-112.0</b>	<b>-109.2</b>	<b>-217.3</b>	<b>-269.6</b>	<b>-383.8</b>	<b>-328.4</b>	<b>-83.8</b>	<b>-388.3</b>	<b>-291.4</b>	<b>-196.4</b>
Allocations of Special Drawing Rights to the UK by the IMF	HEVP	1.7	1.6	1.6	1.5	1.6	1.5	1.5	2.0	9.8	10.1	10.1

1 The latest year's data for foreign direct investment are provisional as these figures are subject to annual benchmarking.

2 Data from 2004 cover the assets and liabilities of UK banks. From 2010, the assets and liabilities of UK securities dealers are also included.

# 8.2 International investment position

## Sector analysis

Balance sheets valued at end of year

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>UK Assets</b>												
Monetary financial institutions	CGNJ	1 535.0	1 572.6	1 737.9	2 700.6	3 248.3	3 530.4	4 838.5	7 991.8	5 551.1	5 780.9	6 498.2
Central government	CGNK	35.2	36.4	34.2	33.4	35.9	35.2	42.5	55.4	63.6	75.1	85.2
Public corporations	CGNL	3.8	4.2	4.2	4.7	3.4	1.7	1.7	1.6	1.2	1.2	1.1
Other sectors	CGNM	1 528.0	1 438.6	1 688.1	1 882.1	2 338.8	2 490.1	2 856.0	2 941.4	2 962.4	4 045.5	4 358.7
<b>Total</b>	<b>HBQA</b>	<b>3 101.9</b>	<b>3 051.9</b>	<b>3 464.5</b>	<b>4 620.8</b>	<b>5 626.4</b>	<b>6 057.4</b>	<b>7 738.8</b>	<b>10 990.1</b>	<b>8 578.3</b>	<b>9 902.7</b>	<b>10 943.1</b>
<b>UK Liabilities</b>												
Monetary financial institutions	HBVJ	1 623.8	1 707.1	1 893.3	2 895.0	3 413.5	3 707.5	5 082.9	8 137.0	5 802.5	5 929.1	6 587.0
Central government	CGOG	63.3	59.2	70.9	89.3	115.2	141.2	169.6	226.7	246.1	340.6	424.8
Local authorities	CGOH	0.8	0.9	1.1	1.7	1.9	2.1	2.1	2.5	3.0	3.2	3.6
Public corporations	CGOI	—	—	—	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other sectors	HCON	1 550.5	1 396.7	1 608.3	1 851.6	2 365.0	2 590.0	2 812.3	2 707.3	2 914.6	3 920.8	4 123.7
<b>Total</b>	<b>HBQB</b>	<b>3 238.5</b>	<b>3 163.9</b>	<b>3 573.6</b>	<b>4 838.1</b>	<b>5 896.0</b>	<b>6 441.2</b>	<b>8 067.3</b>	<b>11 073.9</b>	<b>8 966.7</b>	<b>10 194.1</b>	<b>11 139.6</b>
<b>Net International Investment Position</b>												
Monetary financial institutions	HDIJ	−88.8	−134.5	−155.4	−194.4	−165.1	−177.0	−244.4	−145.3	−251.4	−148.2	−88.8
Central government	CGOK	−28.2	−22.8	−36.7	−55.9	−79.3	−106.0	−127.0	−171.3	−182.5	−265.5	−339.7
Local authorities	−CGOH	−0.8	−0.9	−1.1	−1.7	−1.9	−2.1	−2.1	−2.5	−3.0	−3.2	−3.6
Public corporations	CGOL	3.8	4.2	4.2	4.2	2.9	1.3	1.3	1.2	0.8	0.8	0.7
Other sectors	HDKB	−22.5	41.9	79.8	30.5	−26.3	−100.0	43.7	234.1	47.8	124.7	235.0
<b>Total</b>	<b>HBQC</b>	<b>−136.5</b>	<b>−112.0</b>	<b>−109.2</b>	<b>−217.3</b>	<b>−269.6</b>	<b>−383.8</b>	<b>−328.4</b>	<b>−83.8</b>	<b>−388.3</b>	<b>−291.4</b>	<b>−196.4</b>

# 8.3 Direct investment<sup>1</sup>

Balance sheets valued at end of year

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Direct investment abroad</b> (UK assets)												
Equity capital and reinvested earnings												
Ordinary share capital and reinvested earnings	CVWF	565.7	600.4	646.1	636.6	689.5	718.9	816.8	966.8	895.3	968.7	1 048.7
Holdings of property	HCHP	16.5	18.9	24.6	30.6	37.3	43.5	48.9	55.3	61.4	69.7	74.7
Total equity capital and reinvested earnings	CGMO	582.2	619.3	670.7	667.2	726.8	762.4	865.7	1 022.1	956.8	1 038.5	1 123.4
Other capital												
Claims on affiliated enterprises												
Debt securities issued by affiliated enterprises	CVWG	31.0	31.8	31.9	15.4	18.0	17.8	17.8	21.6	30.5	32.4	30.9
Other claims on affiliated enterprises												
Inter-company balance	CVOK	88.8	103.1	105.2	131.7	137.4	132.3	176.2	251.6	175.4	161.9	136.6
Branch indebtedness balance	CVOP	12.4	11.4	11.1	12.8	8.2	14.8	18.2	27.2	29.2	35.5	36.5
Total claims on affiliated enterprises	CGLS	132.2	146.3	148.2	159.9	163.6	165.0	212.3	300.4	235.2	229.8	204.0
Liabilities to affiliated enterprises												
Inter-company balance	-CVOI	-93.2	-124.6	-122.4	-144.9	-179.5	-190.2	-173.6	-248.0	-210.5	-217.0	-195.8
Branch indebtedness balance	-CVOQ	-4.2	-3.9	-5.3	-4.1	-5.0	-4.0	-4.6	-5.7	-6.1	-12.0	-11.9
Total liabilities to affiliated enterprises	-HHDJ	-97.4	-128.4	-127.7	-149.0	-184.5	-194.2	-178.2	-253.8	-216.6	-229.0	-207.7
Total other capital assets	HBWU	34.8	17.9	20.5	10.9	-20.9	-29.3	34.1	46.7	18.6	0.7	-3.7
<b>Total</b>	<b>HBWD</b>	<b>616.9</b>	<b>637.2</b>	<b>691.1</b>	<b>678.1</b>	<b>705.9</b>	<b>733.1</b>	<b>899.8</b>	<b>1 068.7</b>	<b>975.3</b>	<b>1 039.2</b>	<b>1 119.7</b>
<b>Direct investment in the UK</b> (UK liabilities)												
Equity capital and reinvested earnings												
Share capital and reinvested earnings												
Quoted share capital and reinvested earnings <sup>2</sup>	CVVB	—	20.7	25.8	35.6	73.6	38.9	32.9	30.8	14.6	31.9	37.3
Unquoted share capital and reinvested earnings	CVVC	245.6	192.6	204.0	214.5	276.8	374.0	438.1	490.9	497.4	543.6	571.1
Total share capital and reinvested earnings	HBUX	245.6	213.3	229.8	250.1	350.4	412.9	471.0	521.7	511.9	575.4	608.4
Holdings of UK property	HCQM	14.1	15.9	15.9	17.8	18.4	20.2	24.8	24.0	24.5	26.5	26.9
Total equity capital and reinvested earnings	HBUY	259.7	229.2	245.7	267.9	368.7	433.1	495.8	545.7	536.5	602.0	635.3
Other capital												
Liabilities to direct investors												
Debt securities issued by affiliated enterprises	CVVD	17.5	17.3	16.0	20.4	28.3	38.6	33.1	40.2	43.6	45.0	43.9
Other liabilities to direct investors												
Inter-company balance	CVVJ	133.1	147.0	142.2	147.6	165.7	166.6	150.4	160.1	151.6	151.5	155.1
Branch indebtedness balance	CVVM	9.4	8.7	10.7	8.5	8.5	16.0	9.9	11.7	10.9	11.3	12.5
Total liabilities to direct investors	HBVB	160.0	173.0	168.9	176.5	202.5	221.2	193.5	212.0	206.1	207.8	211.6
Claims on direct investors												
Inter-company balance	-CVVI	-53.4	-60.5	-55.6	-58.6	-72.7	-73.0	-74.8	-94.8	-59.8	-65.4	-69.1
Branch indebtedness balance	-CVVL	-2.9	-1.1	-3.5	-2.4	-4.3	-3.9	-0.7	-2.5	-1.0	-1.7	-2.3
Total claims on direct investors	-HBVA	-56.3	-61.6	-59.0	-61.0	-77.0	-76.9	-75.5	-97.3	-60.8	-67.1	-71.4
Total other capital liabilities	HBVC	103.7	111.4	109.9	115.5	125.5	144.2	118.0	114.7	145.3	140.7	140.1
<b>Total</b>	<b>HBWI</b>	<b>363.5</b>	<b>340.6</b>	<b>355.5</b>	<b>383.3</b>	<b>494.2</b>	<b>577.3</b>	<b>613.8</b>	<b>660.4</b>	<b>681.8</b>	<b>742.7</b>	<b>775.4</b>
<b>Net international investment position</b> (UK assets less UK liabilities)												
Equity capital												
Ordinary share capital and reinvested earnings	LTNM	320.0	387.1	416.3	386.5	339.1	306.0	345.8	445.1	383.4	393.3	440.4
Holdings of property	LTNN	2.4	3.0	8.7	12.8	18.9	23.3	24.1	31.3	36.9	43.2	47.7
Total equity capital and reinvested earnings	HBSH	322.4	390.1	425.0	399.3	358.1	329.3	369.8	476.4	420.3	436.5	488.1
Total other capital	CGKF	-69.0	-93.5	-89.4	-104.6	-146.4	-173.5	-83.9	-68.0	-126.8	-140.0	-143.9
<b>Total</b>	<b>HBWQ</b>	<b>253.5</b>	<b>296.6</b>	<b>335.6</b>	<b>294.7</b>	<b>211.7</b>	<b>155.8</b>	<b>285.9</b>	<b>408.4</b>	<b>293.5</b>	<b>296.5</b>	<b>344.2</b>

<sup>1</sup> The latest year's data for foreign direct investment are provisional as these figures are subject to annual benchmarking.

<sup>2</sup> Prior to 2002 holdings of quoted share capital were included in series CVVC

# 8.4 Direct investment<sup>1</sup>

## Sector analysis

Balance sheets valued at end of year

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Direct investment abroad</b> (UK assets)												
By:												
Monetary financial institutions	CVKH	25.5	27.7	27.6	39.1	47.5	51.7	56.6	66.0	79.6	78.8	85.7
Insurance companies	DPYH	22.8	22.0	24.9	27.1	27.7	38.8	47.1	56.1	60.9	77.9	78.4
Other financial intermediaries	CVWH	37.8	42.0	44.2	32.0	32.2	35.8	68.5	72.9	76.7	95.1	108.8
Private non-financial corporations	CVLX	515.8	527.5	569.9	549.4	561.9	564.5	679.8	821.0	700.4	724.7	778.9
Public corporations	CVOF	0.8	1.5	1.4	1.7	0.8	0.3	0.4	0.2	—	0.1	0.1
Household sector <sup>2</sup>	AQHH	14.3	16.5	23.2	28.7	35.7	41.9	47.3	52.5	57.6	62.7	67.8
<b>Total</b>	<b>HBWD</b>	<b>616.9</b>	<b>637.2</b>	<b>691.1</b>	<b>678.1</b>	<b>705.9</b>	<b>733.1</b>	<b>899.8</b>	<b>1 068.7</b>	<b>975.3</b>	<b>1 039.2</b>	<b>1 119.7</b>
<b>Direct investment in the UK</b> (UK liabilities)												
In:												
Monetary financial institutions	CVJW	27.2	28.1	30.1	34.2	38.6	41.9	45.0	53.7	57.4	59.9	62.7
Insurance companies	CVSM	13.0	14.1	19.4	18.8	17.5	25.0	21.6	24.1	17.4	16.9	15.9
Other financial intermediaries												
Securities dealers	CVTC	11.0	11.9	12.4	14.3	18.3	15.9	23.0	28.5	51.9	43.2	49.8
Other	CVTS	27.3	29.1	30.3	31.9	26.3	46.4	57.6	36.0	55.2	55.7	55.8
Total other financial intermediaries	CVUI	38.3	41.0	42.7	46.2	44.6	62.4	80.6	64.4	107.1	98.9	105.5
Private non-financial corporations	CVKW	284.9	257.3	263.3	284.1	393.6	448.0	466.8	518.2	499.9	567.0	591.2
<b>Total</b>	<b>HBWI</b>	<b>363.5</b>	<b>340.6</b>	<b>355.5</b>	<b>383.3</b>	<b>494.2</b>	<b>577.3</b>	<b>613.8</b>	<b>660.4</b>	<b>681.8</b>	<b>742.7</b>	<b>775.4</b>
<b>Net international investment position</b> (UK assets less UK liabilities)												
Monetary financial institutions	LTNO	-1.7	-0.5	-2.5	4.9	8.9	9.9	11.6	12.3	22.2	18.9	23.0
Insurance companies	LTNP	9.8	7.9	5.4	8.3	10.2	13.7	25.6	32.1	43.6	61.0	62.5
Other financial intermediaries	LTNQ	-0.5	1.0	1.4	-14.2	-12.4	-26.5	-12.1	8.4	-30.4	-3.8	3.3
Private non-financial corporations	LTNR	230.8	270.2	306.6	265.2	168.3	116.5	213.1	302.8	200.5	157.6	187.6
Public corporations	CVOF	0.8	1.5	1.4	1.7	0.8	0.3	0.4	0.2	—	0.1	0.1
Household sector <sup>2</sup>	AQHH	14.3	16.5	23.2	28.7	35.7	41.9	47.3	52.5	57.6	62.7	67.8
<b>Total</b>	<b>HBWQ</b>	<b>253.5</b>	<b>296.6</b>	<b>335.6</b>	<b>294.7</b>	<b>211.7</b>	<b>155.8</b>	<b>285.9</b>	<b>408.4</b>	<b>293.5</b>	<b>296.5</b>	<b>344.2</b>

1 The latest year's data for foreign direct investment are provisional as these figures are subject to annual benchmarking.

2 The household sector includes non-profit institutions serving households.



# 8.5 Portfolio investment

Balance sheets valued at end of year

		£ billion										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Portfolio investment abroad</b> (UK assets)												
Investment in equity securities (shares) by:												
Monetary financial institutions	VTWF	14.3	2.7	20.8	53.0	86.2	109.2	127.0	41.7	49.7	63.5	53.9
Central Government	LOER	—	—	—	—	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	CGPB	106.2	82.1	79.1	91.4	132.0	150.2	178.6	149.9	169.0	180.4	170.2
Self-administered pension funds	ZPOR	127.9	104.4	125.7	140.3	192.1	202.0	178.6	136.5	164.6	170.0	157.4
Total insurance companies and pension funds	CGPV	234.1	186.5	204.9	231.7	324.0	352.1	357.2	286.4	333.5	350.5	327.6
Other financial intermediaries												
Securities dealers	HCEA	46.8	22.9	32.4	46.3	33.9	31.3	50.2	60.7	62.9	63.3	47.7
Unit and Investment Trusts	CGSN	88.0	77.3	94.1	100.0	131.0	151.6	162.9	134.6	177.2	231.8	223.7
Other	CGTV	—	—	—	—	—	—	1.0	1.0	1.0	1.0	1.0
Total other financial intermediaries	HDIG	134.8	100.2	126.5	146.2	164.9	182.9	214.1	196.3	241.2	296.1	272.4
Private non-financial corporations	XBNN	8.9	6.5	7.8	7.9	9.3	11.6	11.3	9.1	10.3	11.3	10.4
Household sector <sup>2</sup>	HFLX	12.5	10.0	12.0	16.5	32.6	37.3	39.1	31.5	31.5	29.1	26.7
Total investment in equity securities	HEPX	404.6	305.9	372.0	455.3	617.2	693.4	748.9	565.2	666.4	750.7	691.2
Investment in debt securities												
Investment in bonds and notes by:												
Monetary financial institutions	HPCO	319.6	332.3	323.1	355.0	409.1	474.5	549.5	561.5	492.8	468.8	462.1
Central Government	HQ5O	—	—	—	—	—	—	0.1	—	0.2	0.1	0.3
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	CGTU	55.9	62.9	64.5	77.0	80.5	103.6	114.7	141.4	165.6	160.1	165.4
Self-administered pension funds	JIRX	49.9	45.7	53.9	64.6	87.0	107.9	141.7	143.2	164.2	208.8	225.8
Total insurance companies and pension funds	HBUM	105.8	108.6	118.3	141.7	167.6	211.4	256.4	284.6	329.8	368.8	391.2
Other financial intermediaries												
Securities dealers	HCDZ	34.9	31.1	38.7	57.3	73.8	40.6	17.9	133.5	239.7	320.3	368.2
Unit and investment trusts	HBXZ	8.4	7.7	10.7	13.4	20.6	29.8	34.1	37.2	50.3	60.1	67.3
Other	HCNA	—	—	—	—	—	—	—	—	—	—	—
Total other financial intermediaries	HCOR	43.3	38.8	49.4	70.7	94.4	70.4	52.0	170.7	290.0	380.4	435.5
Private non-financial corporations	XBNN	2.0	2.2	3.5	3.7	3.0	1.3	2.0	4.7	3.4	6.5	6.1
Household sector <sup>2</sup>	HCJC	7.6	7.8	7.7	7.7	7.7	7.5	7.6	8.5	8.2	8.3	8.4
Total investment in bonds and notes	HEPW	478.3	489.6	502.0	578.8	681.7	765.2	867.5	1 030.0	1 124.4	1 233.0	1 303.6
Investment in Money Market Instruments by:												
Central government	LSPI	0.5	0.9	—	—	—	—	2.4	2.3	4.9	5.5	5.8
Monetary financial institutions	HHZV	42.1	34.6	42.8	37.0	39.6	42.8	53.8	57.1	65.4	65.5	58.8
Insurance companies and pension funds	HBXX	1.1	1.4	1.5	2.1	3.5	3.0	3.1	3.8	4.0	3.0	3.8
Other financial intermediaries	JXG4	6.0	5.6	7.8	8.5	7.5	10.5	7.6	4.6	7.3	7.8	13.2
Private non-financial corporations	HFBN	4.9	6.0	9.8	10.4	11.4	16.2	6.4	1.3	2.9	4.8	5.9
Total investment in Money Market Instruments	HLYR	54.5	48.5	61.9	58.0	62.0	72.5	73.3	69.1	84.5	86.6	87.4
Total investment in debt securities	HHZX	532.8	538.1	563.9	636.8	743.8	837.7	940.8	1 099.1	1 208.9	1 319.6	1 391.1
<b>Total</b>	<b>HHZZ</b>	<b>937.4</b>	<b>844.0</b>	<b>935.8</b>	<b>1 092.1</b>	<b>1 360.9</b>	<b>1 531.0</b>	<b>1 689.7</b>	<b>1 664.3</b>	<b>1 875.3</b>	<b>2 070.3</b>	<b>2 082.2</b>

1 Includes pension funds managed by insurance companies.

2 The household sector includes non-profit institutions serving households.

# 8.5 Portfolio investment

Balance sheets valued at end of year

continued

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Portfolio investment in the UK</b>												
(UK liabilities)												
Investment in equity securities (shares) issued by:												
Monetary financial institutions	HBQD	5.6	3.2	4.5	4.6	5.3	7.0	11.0	8.8	14.1	17.6	16.6
Other sectors <sup>1</sup>	HBQE	578.5	439.5	522.6	570.1	654.0	773.8	824.8	596.7	831.1	919.1	824.1
Total investment in equity securities	HLXX	584.1	442.7	527.1	574.7	659.3	780.8	835.8	605.5	845.2	936.7	840.7
Investment in debt securities												
Investment in bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	HEWE	3.3	0.9	1.6	1.5	1.7	1.5	1.5	–	–	–	–
Investment in British government stocks (gilts) by:												
Foreign central banks (exchange reserves)	HCCH	18.7	17.3	15.9	21.0	21.0	25.2	29.2	36.4	49.1	61.2	69.0
Other foreign residents	HEQF	37.8	38.2	48.6	61.3	88.0	108.8	129.5	167.3	175.1	248.0	319.6
Total investment in British government stocks	HEWD	56.5	55.5	64.5	82.3	109.0	134.0	158.7	203.6	224.3	309.2	388.6
Total issues by central government	HHGF	59.9	56.4	66.1	83.8	110.7	135.5	160.2	203.6	224.3	309.2	388.6
Local authorities' bonds												
Public corporations' bonds	HHGG	–	–	–	–	–	–	–	–	–	–	–
	HEWM	–	–	–	–	–	–	–	–	–	–	–
Issues by monetary financial Institutions												
Bonds	HMBL	41.6	51.4	68.0	83.0	105.9	119.3	139.2	158.2	180.8	178.5	185.9
European medium term notes and other medium-term paper:												
	HHGI	42.5	43.6	53.7	70.9	95.5	114.9	166.9	200.2	208.0	204.0	199.4
Total monetary financial institutions	HMBF	84.1	95.0	121.7	154.0	201.3	234.1	306.2	358.4	388.8	382.5	385.3
Issues by other sectors <sup>1</sup>	HHGJ	129.5	160.1	211.7	258.3	329.3	371.3	433.4	559.4	630.0	622.7	645.8
Total investment in bonds and notes	HLXZ	273.4	311.5	399.5	496.1	641.3	740.8	899.8	1 121.4	1 243.1	1 314.3	1 419.8
Investment in Money Market Instruments												
Investment in treasury bills (issued by central government)												
Sterling treasury bills	ACQJ	0.1	0.2	1.9	3.8	2.8	3.5	7.2	21.0	19.4	27.9	31.8
Euro treasury bills	HHNX	–	–	–	–	–	–	–	–	–	–	–
Total treasury bills	HLYU	0.1	0.2	1.9	3.8	2.8	3.5	7.2	21.0	19.4	27.9	31.8
Investment in certificates of deposit issued by UK monetary financial institutions	HHGM	115.4	108.9	97.8	90.1	96.2	116.7	141.2	149.4	206.4	163.5	100.3
Investment in commercial paper												
Issued by UK monetary financial Institutions	HHGP	17.7	31.4	32.8	40.6	39.9	45.2	42.5	52.9	61.4	41.5	25.0
Issued by other sectors <sup>1</sup>	HLYQ	22.5	30.6	23.7	22.5	22.2	16.3	19.1	29.9	21.5	25.4	29.4
Total investment in commercial paper	HHGR	40.2	62.0	56.5	63.2	62.1	61.5	61.6	82.8	82.9	66.8	54.4
Total investment in Money Market Instruments	HLYB	155.7	171.1	156.3	157.1	161.1	181.8	210.0	253.2	308.7	258.2	186.5
Total investment in debt securities	HLXY	429.1	482.6	555.8	653.2	802.4	922.6	1 109.8	1 374.7	1 551.9	1 572.5	1 606.2
<b>Total</b>	<b>HLXW</b>	<b>1 013.2</b>	<b>925.3</b>	<b>1 082.9</b>	<b>1 227.9</b>	<b>1 461.7</b>	<b>1 703.5</b>	<b>1 945.7</b>	<b>1 980.2</b>	<b>2 397.0</b>	<b>2 509.2</b>	<b>2 446.9</b>

<sup>1</sup> These series relate to non-governmental sectors other than monetary financial institutions.

## 8.5 Portfolio investment

Balance sheets valued at end of year

continued

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net international investment position</b> (UK assets less UK liabilities)												
Equity securities	CGNE	-179.4	-136.8	-155.1	-119.4	-42.1	-87.5	-86.9	-40.3	-178.8	-186.0	-149.5
Debt securities												
Bonds and notes	LTNS	204.9	178.1	102.5	82.7	40.4	24.4	-32.3	-91.4	-118.8	-81.3	-116.1
Money market instruments	LTNT	-101.2	-122.6	-94.4	-99.1	-99.1	-109.3	-136.7	-184.1	-224.2	-171.6	-99.0
Total debt securities	CGNF	103.7	55.5	8.1	-16.4	-58.6	-84.9	-169.0	-275.6	-343.0	-252.9	-215.2
<b>Total</b>	<b>CGNH</b>	<b>-75.7</b>	<b>-81.3</b>	<b>-147.0</b>	<b>-135.8</b>	<b>-100.8</b>	<b>-172.4</b>	<b>-255.9</b>	<b>-315.9</b>	<b>-521.8</b>	<b>-438.9</b>	<b>-364.7</b>

## 8.6 Portfolio investment

### Sector analysis

Balance sheets valued at end of year

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Portfolio investment abroad</b> (UK assets)												
<b>Investment by:</b>												
Monetary financial institutions	HHGQ	376.0	369.7	386.7	445.0	534.8	626.5	730.4	660.4	607.9	597.8	574.8
Central government	LOFC	0.5	0.9	—	—	0.2	0.2	2.6	2.5	5.3	5.8	6.3
Insurance companies and pension funds	HHHH	341.0	296.5	324.7	375.4	495.1	566.6	616.7	574.8	667.4	722.3	722.6
Other financial intermediaries	HHNH	184.0	144.5	183.7	225.5	266.8	263.8	273.6	371.6	538.4	684.3	721.1
Private non-financial corporations	AIMH	15.8	14.6	21.0	21.9	23.7	29.2	19.7	15.1	16.7	22.7	22.4
Household sector <sup>1</sup>	AINA	20.2	17.7	19.7	24.2	40.3	44.8	46.7	40.0	39.6	37.4	35.1
<b>Total</b>	<b>HHZZ</b>	<b>937.4</b>	<b>844.0</b>	<b>935.8</b>	<b>1 092.1</b>	<b>1 360.9</b>	<b>1 531.0</b>	<b>1 689.7</b>	<b>1 664.3</b>	<b>1 875.3</b>	<b>2 070.3</b>	<b>2 082.2</b>
<b>Portfolio investment in the UK</b> (UK liabilities)												
<b>Investment in securities issued by:</b>												
Monetary financial institutions	CGPC	222.8	238.6	256.8	289.3	342.7	403.1	500.9	569.5	670.7	605.0	527.2
Central government	HHGS	60.0	56.5	68.0	87.6	113.4	139.0	167.4	224.6	243.7	337.1	420.4
Local authorities	HHGG	—	—	—	—	—	—	—	—	—	—	—
Public corporations	HEWM	—	—	—	—	—	—	—	—	—	—	—
Other sectors	CGPG	730.5	630.2	758.0	851.0	1 005.5	1 161.4	1 277.4	1 186.0	1 482.6	1 567.1	1 499.3
<b>Total</b>	<b>HLXW</b>	<b>1 013.2</b>	<b>925.3</b>	<b>1 082.9</b>	<b>1 227.9</b>	<b>1 461.7</b>	<b>1 703.5</b>	<b>1 945.7</b>	<b>1 980.2</b>	<b>2 397.0</b>	<b>2 509.2</b>	<b>2 446.9</b>
<b>Net international investment position</b> (UK assets less UK liabilities)												
Monetary financial institutions	LTNU	153.2	131.1	129.8	155.7	192.1	223.4	229.5	90.8	-62.9	-7.3	47.7
Central government	ZPOH	-59.5	-55.6	-68.0	-87.6	-113.3	-138.8	-164.7	-222.2	-238.4	-331.3	-414.2
Local authorities	HHGG	—	—	—	—	—	—	—	—	—	—	—
Public corporations	-HEWM	—	—	—	—	—	—	—	—	—	—	—
Other sectors	LTNV	-169.5	-156.7	-208.8	-203.9	-179.6	-257.1	-320.7	-184.6	-220.4	-100.3	1.9
<b>Total</b>	<b>CGNH</b>	<b>-75.7</b>	<b>-81.3</b>	<b>-147.0</b>	<b>-135.8</b>	<b>-100.8</b>	<b>-172.4</b>	<b>-255.9</b>	<b>-315.9</b>	<b>-521.8</b>	<b>-438.9</b>	<b>-364.7</b>

<sup>1</sup> The household sector includes non-profit institutions serving households.

# 8.7 Other investment

Balance sheets valued at end of year

		£ billion										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other investment abroad</b> (UK assets)												
Trade credit												
Long-term												
Central government	ZPOC	–	–	–	–	–	–	–	–	–	–	–
Other sectors <sup>1</sup>	HCLK	–	–	–	–	–	–	–	–	–	–	–
Total long-term trade credit	HHGU	–	–	–	–	–	–	–	–	–	–	–
Short-term												
Other sectors <sup>1</sup>	HLXU	0.1	0.4	1.0	0.6	–0.7	0.6	0.7	0.8	0.7	0.7	0.6
Total trade credit	HLXP	0.1	0.4	1.0	0.6	–0.7	0.6	0.7	0.8	0.7	0.7	0.6
Loans												
Long-term												
Bank loans under ECGD <sup>2</sup> guarantee	HCFQ	5.1	3.8	3.7	3.7	4.1	3.3	3.2	4.4	4.1	4.5	4.3
Inter-government loans by the UK and other central government assets	HCFN	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	–	–	0.5
Loans by Commonwealth Development Corporation (public corporations)	HEWZ	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Loans by the ECGD <sup>2</sup>	CY94	2.6	2.4	2.4	2.6	2.2	1.1	1.0	1.0	0.9	0.8	0.7
Loans by specialist leasing companies	HGIH	–	–	–	–	–	–	–	–	–	–	–
Total long-term loans	HFAX	8.3	6.8	6.6	6.8	6.8	4.9	4.6	5.8	5.3	5.7	5.9
Short-term												
By monetary financial institutions												
Sterling loans	JXG7	32.2	37.4	40.2	47.4	66.9	87.7	113.1	117.8	96.6	103.4	105.8
Foreign currency loans	JXG8	290.9	290.9	358.3	448.9	575.1	621.3	842.8	1 010.0	806.9	867.9	895.3
Total monetary financial institutions	ZPOM	323.0	328.4	398.4	496.3	642.0	709.1	955.9	1 127.8	903.5	971.2	1 001.1
By other sectors	HLXI	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.3	0.5	0.5	0.5
Total short-term loans	VTUM	323.6	328.9	399.0	496.9	642.6	709.6	956.4	1 129.1	904.0	971.8	1 001.6
Total loans	HLXQ	331.9	335.7	405.6	503.7	649.4	714.5	961.1	1 134.8	909.4	977.4	1 007.5
Currency and deposits												
Foreign notes and coin												
Monetary financial institutions	TAAF	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.4	0.3	0.2	0.1
Other sectors <sup>1</sup>	CGML	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.5	0.5	0.5
Total foreign notes and coin	HEOX	0.5	0.5	0.6	0.6	0.6	0.7	0.8	0.9	0.8	0.7	0.6
Deposits abroad by UK residents												
Deposits by monetary financial institutions												
Sterling deposits	JXG9	104.7	96.6	114.9	112.0	146.1	193.3	304.8	279.1	210.4	185.1	143.6
Foreign currency deposits	JXH2	700.6	746.5	806.6	894.9	1 053.5	1 092.6	1 409.4	1 813.5	1 568.9	1 691.2	1 928.6
Total monetary financial institutions	VTWL	805.3	843.0	921.4	1 006.9	1 199.7	1 286.0	1 714.1	2 092.6	1 779.3	1 876.3	2 072.2
Deposits by securities dealers	HGUX	261.9	242.0	289.7	315.7	497.4	504.8	555.7	354.8	331.3	387.5	373.3
Deposits by other UK residents <sup>3</sup>	HHGW	112.3	112.4	183.9	279.3	356.5	397.6	497.1	577.5	468.2	514.6	589.2
Total deposits abroad	HBXS	1 179.5	1 197.4	1 395.0	1 602.0	2 053.5	2 188.3	2 767.0	3 024.9	2 578.8	2 778.4	3 034.7
Total currency and deposits	HBVS	1 180.0	1 198.0	1 395.6	1 602.6	2 054.1	2 189.0	2 767.7	3 025.9	2 579.6	2 779.0	3 035.3

1 These series relate to non-governmental sectors other than monetary financial institutions.

2 Export Credits Guarantee Department, now operates under the name UK Export Finance.

3 This series relates to non-governmental sectors other than monetary financial institutions or securities dealers.

# 8.7 Other investment

Balance sheets valued at end of year

continued

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other investment abroad - continued</b>												
(UK assets)												
Other assets												
Central government assets												
Central government subscriptions to international organisations												
International Development Association	HEXS	5.2	5.5	5.6	5.8	6.2	6.6	7.2	7.9	8.7	9.9	11.1
Regional development banks	HEXW	1.1	1.2	1.3	1.3	1.4	1.5	1.5	1.7	1.9	2.0	2.2
European Investment Bank (EIB)	HEXX	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other subscriptions	HEXZ	0.4	0.4	0.4	0.5	0.5	0.7	0.9	0.9	1.0	1.0	1.0
Total central government subscriptions	HLXO	7.1	7.5	7.7	8.0	8.5	9.2	10.0	11.0	12.0	13.3	14.8
Other long-term central government assets	XBJL	–	–	–	–	–	–	–	–	–	–	–
Other short-term central government assets	LOEM	1.7	2.3	2.5	1.9	2.4	2.6	3.0	5.6	6.1	6.3	6.8
Total central government	LOET	8.8	9.8	10.2	10.0	10.9	11.9	13.1	16.6	18.2	19.6	21.6
Other sectors assets												
Long-term assets <sup>1</sup>												
	HLXM	–	–	–	–	–	–	–	–	–	–	–
Short-term assets												
Public corporations assets abroad	HGJM	–	–	–	–	–	–	–	–	–	–	–
Other <sup>1</sup>	HHGY	1.1	1.4	1.3	1.1	1.1	0.6	1.9	2.5	3.3	3.9	1.6
Total short-term assets	HLXJ	1.1	1.4	1.3	1.1	1.1	0.6	1.9	2.5	3.3	3.9	1.6
Total other sectors	HLXN	1.1	1.4	1.3	1.1	1.1	0.6	1.9	2.5	3.3	3.9	1.6
Total other assets	HLXS	10.0	11.2	11.5	11.0	12.0	12.5	15.0	19.1	21.4	23.5	23.2
<b>Total</b>	<b>HLXV</b>	<b>1 521.9</b>	<b>1 545.2</b>	<b>1 813.7</b>	<b>2 118.0</b>	<b>2 714.8</b>	<b>2 916.6</b>	<b>3 744.5</b>	<b>4 180.6</b>	<b>3 511.2</b>	<b>3 780.6</b>	<b>4 066.6</b>

1 These series relate to non-governmental sectors other than monetary financial institutions.

# 8.7 Other investment

Balance sheets valued at end of year

continued

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other investment in the UK</b> (UK liabilities)												
Trade credit												
Long-term <sup>1</sup>	HBWC	—	—	—	—	—	—	—	—	—	—	—
Short-term <sup>1</sup>	HCGB	1.1	1.0	0.9	0.9	1.0	0.8	0.8	1.1	1.0	1.0	1.1
Total trade credit	HLYL	1.1	1.0	0.9	0.9	1.0	0.8	0.8	1.1	1.0	1.0	1.1
Loans												
Long-term loans to:												
Central government	HHGZ	0.5	0.4	0.2	0.1	0.1	—	—	—	—	—	—
Local authorities	HHHA	0.8	0.9	1.1	1.7	1.9	2.1	2.1	2.5	3.0	3.2	3.6
Public corporations	HHHB	—	—	—	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other <sup>1</sup>	AQBX	—	—	—	—	—	—	—	—	—	—	—
Total long-term loans	HHHC	1.3	1.2	1.3	2.3	2.4	2.5	2.5	2.9	3.4	3.6	4.0
Short-term loans to:												
Central government	HHHD	—	—	—	—	—	—	—	—	—	—	—
Local authorities	HHHE	—	—	—	—	—	—	—	—	—	—	—
Securities dealers	HHHF	388.6	356.1	382.5	454.5	693.1	614.1	703.9	588.0	551.6	666.0	795.1
Other <sup>1</sup>	HHHG	82.8	83.7	130.6	184.0	195.1	259.0	246.3	314.3	245.6	294.0	274.6
Total short-term loans	HHHJ	471.3	439.7	513.1	638.5	888.1	873.1	950.2	902.3	797.3	960.1	1 069.8
Total loans	HLYI	472.6	441.0	514.4	640.8	890.5	875.6	952.7	905.2	800.7	963.7	1 073.8
Currency and deposits												
Sterling notes and coin												
Notes (issued by Bank of England)	HLVG	1.0	1.1	1.1	1.2	1.3	1.4	1.4	1.4	1.3	1.3	1.3
Coins (issued by central government)	HLVH	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1
Total notes and coin	APME	1.1	1.2	1.3	1.4	1.4	1.5	1.5	1.5	1.4	1.4	1.5
Deposits from abroad with UK residents												
Deposits with monetary financial institutions												
Sterling deposits	JXH3	220.5	232.9	257.1	285.3	338.2	396.5	612.4	565.6	501.2	483.7	427.5
Foreign currency deposits	JXH4	1 152.4	1 206.5	1 348.1	1 570.0	1 861.6	1 974.2	2 531.0	3 031.5	2 475.1	2 584.9	2 845.2
Total deposits with UK monetary financial institutions	HDKG	1 372.9	1 439.4	1 605.3	1 855.2	2 199.8	2 370.7	3 143.4	3 597.2	2 976.3	3 068.6	3 272.8
Deposit liabilities of UK central government	HEYH	1.7	1.6	1.9	1.0	0.9	1.4	1.1	0.8	1.0	1.3	1.9
Total deposits from abroad with UK residents	HBYA	1 374.5	1 441.0	1 607.1	1 856.2	2 200.7	2 372.1	3 144.5	3 598.0	2 977.3	3 070.0	3 274.7
Total currency and deposits	HLVI	1 375.6	1 442.2	1 608.4	1 857.6	2 202.1	2 373.6	3 146.1	3 599.5	2 978.7	3 071.4	3 276.1
Other liabilities												
Long-term												
Net equity of foreign households in life assurance reserves and pension funds	VTUE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Prepayments of insurance premiums and reserves for outstanding claims	NQLR	10.7	12.6	10.2	11.5	14.2	18.6	14.4	10.5	8.8	8.4	8.4
Total long-term liabilities <sup>1</sup>	VTUF	10.9	12.9	10.4	11.7	14.4	18.8	14.6	10.7	9.0	8.6	8.6
Short-term	HBMV	1.6	1.0	1.0	0.9	1.0	1.1	1.3	1.5	1.6	2.4	2.7
Total other liabilities	HLYM	12.5	13.8	11.4	12.6	15.5	19.9	16.0	12.2	10.6	11.1	11.4
<b>Total</b>	<b>HLYD</b>	<b>1 861.9</b>	<b>1 898.0</b>	<b>2 135.2</b>	<b>2 511.8</b>	<b>3 109.0</b>	<b>3 270.0</b>	<b>4 115.6</b>	<b>4 518.1</b>	<b>3 791.0</b>	<b>4 047.2</b>	<b>4 362.3</b>

<sup>1</sup> These series relate to non-governmental sectors other than monetary financial institutions.

## 8.7 Other investment

Balance sheets valued at end of year

continued

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net international investment position</b> (UK assets less UK liabilities)												
Trade credit	LTNW	-1.0	-0.6	0.1	-0.2	-1.7	-0.2	-0.1	-0.4	-0.3	-0.4	-0.4
Loans	LTNX	-140.7	-105.3	-108.8	-137.1	-241.1	-161.1	8.4	229.6	108.7	13.8	-66.3
Currency and deposits	LTNY	-195.7	-244.2	-212.8	-254.9	-148.0	-184.6	-378.3	-573.7	-399.1	-292.4	-240.9
Other	LTNZ	-2.5	-2.7	0.1	-1.6	-3.5	-7.4	-1.0	6.9	10.8	12.4	11.8
<b>Total</b>	CGNG	<b>-339.9</b>	<b>-352.8</b>	<b>-321.5</b>	<b>-393.9</b>	<b>-394.2</b>	<b>-353.4</b>	<b>-371.0</b>	<b>-337.5</b>	<b>-279.8</b>	<b>-266.6</b>	<b>-295.7</b>

## 8.8 Other investment

### Sector analysis

Balance sheets valued at end of year

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other investment abroad</b> (UK assets)												
<b>Investment by:</b>												
Monetary financial institutions	VTXD	1 133.5	1 175.3	1 323.6	1 507.1	1 845.9	1 998.5	2 673.4	3 225.2	2 687.2	2 852.2	3 077.7
Central government	CGEN	9.1	10.0	10.4	10.1	11.0	12.1	13.2	16.7	18.2	19.7	22.1
Public corporations	CGEO	3.0	2.8	2.8	2.9	2.5	1.4	1.3	1.3	1.2	1.1	1.0
Other sectors	CGGH	376.3	357.1	476.8	597.8	855.3	904.6	1 056.6	937.4	804.6	907.7	965.8
<b>Total</b>	HLXV	<b>1 521.9</b>	<b>1 545.2</b>	<b>1 813.7</b>	<b>2 118.0</b>	<b>2 714.8</b>	<b>2 916.6</b>	<b>3 744.5</b>	<b>4 180.6</b>	<b>3 511.2</b>	<b>3 780.6</b>	<b>4 066.6</b>
<b>Other investment in the UK</b> (UK liabilities)												
<b>Investment in:</b>												
Monetary financial institutions	CGHB	1 373.9	1 440.5	1 606.4	1 856.4	2 201.0	2 372.0	3 144.8	3 598.6	2 977.6	3 069.9	3 274.1
Central government	CGHG	3.4	2.6	2.8	1.7	1.8	2.3	2.2	2.1	2.4	3.5	4.4
Local authorities	CGHX	0.8	0.9	1.1	1.7	1.9	2.1	2.1	2.5	3.0	3.2	3.6
Public corporations	ZPOX	—	—	—	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other sectors	CGNC	483.8	454.1	524.8	651.5	903.9	893.2	966.0	914.5	807.6	970.1	1 079.8
<b>Total</b>	HLXD	<b>1 861.9</b>	<b>1 898.0</b>	<b>2 135.2</b>	<b>2 511.8</b>	<b>3 109.0</b>	<b>3 270.0</b>	<b>4 115.6</b>	<b>4 518.1</b>	<b>3 791.0</b>	<b>4 047.2</b>	<b>4 362.3</b>
<b>Net international investment position</b> (UK assets less UK liabilities)												
Monetary financial institutions	LTOC	-240.3	-265.1	-282.8	-349.4	-355.1	-373.6	-471.4	-373.4	-290.3	-217.8	-196.4
Central government	LTOD	5.7	7.4	7.6	8.4	9.3	9.8	11.0	14.6	15.8	16.1	17.7
Local authorities	-CGHX	-0.8	-0.9	-1.1	-1.7	-1.9	-2.1	-2.1	-2.5	-3.0	-3.2	-3.6
Public corporations	LTOE	3.0	2.8	2.8	2.5	2.1	1.0	0.9	0.9	0.8	0.7	0.6
Other sectors	LTOF	-107.4	-96.9	-48.0	-53.6	-48.6	11.5	90.5	22.9	-3.1	-62.4	-114.0
<b>Total</b>	CGNG	<b>-339.9</b>	<b>-352.8</b>	<b>-321.5</b>	<b>-393.9</b>	<b>-394.2</b>	<b>-353.4</b>	<b>-371.0</b>	<b>-337.5</b>	<b>-279.8</b>	<b>-266.6</b>	<b>-295.7</b>

# 8.9 Reserve assets

## Central government sector

Balance sheets valued at end of year

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Monetary gold	HCGD	2.2	2.1	2.3	2.3	3.0	3.2	4.2	6.0	6.8	9.1	9.8
Special drawing rights	HCGE	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	8.9	9.1	9.4
Reserve position in the Fund	HCGF	3.5	3.8	3.5	2.9	1.0	0.7	0.5	1.6	2.1	3.2	5.4
Foreign exchange												
Currency and deposits												
With central banks	CGDE	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.4	0.3	0.3	0.4
With other banks	CGDF	2.8	1.9	1.3	0.3	0.8	0.4	0.4	0.4	0.3	0.3	–
Total currency and deposits	CGDD	2.9	2.1	1.4	0.4	1.0	0.5	0.5	0.9	0.7	0.6	0.4
Securities												
Bonds and notes	CGDH	14.4	16.8	16.2	17.1	17.5	15.3	18.2	24.4	21.0	27.0	31.0
Money market instruments	CGDL	2.2	0.2	0.2	0.3	1.7	3.0	3.1	3.1	0.7	0.6	0.6
Total securities	CGDG	16.6	17.0	16.4	17.4	19.2	18.3	21.3	27.5	21.7	27.6	31.6
Total foreign exchange	HCGG	19.4	19.1	17.7	17.8	20.2	18.8	21.7	28.4	22.3	28.2	32.0
Other claims	CGDM	0.4	0.2	–	0.1	0.4	–	0.1	–	–	0.1	–
<b>Total</b>	<b>LTEB</b>	<b>25.6</b>	<b>25.5</b>	<b>23.8</b>	<b>23.2</b>	<b>24.7</b>	<b>22.9</b>	<b>26.7</b>	<b>36.3</b>	<b>40.1</b>	<b>49.7</b>	<b>56.8</b>



# 8.10 External debt statement

End of period

£ billion

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>												
Short-term												
Money market instruments	HLYU	0.1	0.2	1.9	3.8	2.8	3.5	7.2	21.0	19.4	27.9	31.8
Currency and deposits	HLVH	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1
Other liabilities	VTZZ	1.7	1.6	1.9	1.0	0.9	1.4	1.1	0.8	1.0	1.3	1.9
Total short-term	ZAVF	1.9	1.9	3.9	4.9	3.8	5.1	8.5	22.0	20.6	29.4	33.8
Long-term												
Bonds and notes issued by central government	HHGF	59.9	56.4	66.1	83.8	110.7	135.5	160.2	203.6	224.3	309.2	388.6
Loans to central government to local authorities	HHGZ HHHA	0.5 0.8	0.4 0.9	0.2 1.1	0.1 1.7	0.1 1.9	– 2.1	– 2.1	– 2.5	– 3.0	– 3.2	– 3.6
Total long-term	ZAVG	61.2	57.6	67.4	85.7	112.6	137.6	162.2	206.1	227.3	312.4	392.3
Total General Government liabilities	ZAVH	63.0	59.5	71.4	90.6	116.4	142.6	170.7	228.1	247.9	341.7	426.1
<b>Monetary Authorities</b>												
Short-term												
Money market instruments	VTZS	1.4	2.8	3.5	3.4	3.6	2.4	2.5	3.3	2.6	2.6	2.6
Currency and deposits	VTZT	3.8	5.5	6.8	9.9	13.0	14.6	21.6	36.8	13.8	17.4	19.0
Total short-term	VTZY	5.2	8.3	10.3	13.3	16.5	16.9	24.0	40.2	16.4	20.0	21.6
Long-term												
Bonds and notes	VTZU	–	–	–	–	–	–	–	–	–	–	–
Total long-term	VTZV	–	–	–	–	–	–	–	–	–	–	–
Total Monetary Authorities liabilities	VTZW	5.2	8.3	10.3	13.3	16.5	16.9	24.0	40.2	16.4	20.0	21.6
<b>Monetary financial institutions</b>												
Short-term												
Money market instruments	ZAUX	131.7	137.5	127.1	127.4	132.6	159.6	181.2	199.0	265.2	202.3	122.7
Currency and deposits	JXI3	1 369.0	1 433.9	1 598.5	1 845.3	2 186.8	2 356.1	3 121.9	3 560.3	2 962.5	3 051.2	3 253.7
Total short-term	ZAVI	1 500.7	1 571.4	1 725.6	1 972.7	2 319.4	2 515.7	3 303.1	3 759.3	3 227.7	3 253.6	3 376.4
Long-term												
Bonds and notes	HMBF	84.1	95.0	121.7	154.0	201.3	234.1	306.2	358.4	388.8	382.5	385.3
Total long-term	ZPOK	84.1	95.0	121.7	154.0	201.3	234.1	306.2	358.4	388.8	382.5	385.3
Total monetary financial institutions liabilities	ZAVA	1 584.8	1 666.5	1 847.3	2 126.7	2 520.7	2 749.8	3 609.3	4 117.7	3 616.5	3 636.0	3 761.7
<b>Other sectors</b>												
Short-term												
Money market instruments	HLYQ	22.5	30.6	23.7	22.5	22.2	16.3	19.1	29.9	21.5	25.4	29.4
Loans	ZLBY	471.3	439.7	513.1	638.5	888.1	873.1	950.2	902.3	797.3	960.1	1 069.8
Trade credits	HCGB	1.1	1.0	0.9	0.9	1.0	0.8	0.8	1.1	1.0	1.0	1.1
Other liabilities	LSYR	1.6	1.0	1.0	0.9	1.0	1.1	1.3	1.5	1.6	2.4	2.7
Total short-term liabilities	ZAVB	496.6	472.3	538.8	662.7	912.3	891.3	971.5	934.9	821.4	988.9	1 102.9
Long-term												
Bond and notes	HHGJ	129.5	160.1	211.7	258.3	329.3	371.3	433.4	559.4	630.0	622.7	645.8
Loans	ZLBZ	–	–	–	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Trade credits	HBWC	–	–	–	–	–	–	–	–	–	–	–
Other liabilities	VTUF	10.9	12.9	10.4	11.7	14.4	18.8	14.6	10.7	9.0	8.6	8.6
Total long-term liabilities	ZAUQ	140.3	173.0	222.1	270.5	344.2	390.5	448.5	570.5	639.4	631.7	654.9
Total other sectors liabilities	ZAUR	636.9	645.3	760.9	933.2	1 256.5	1 281.8	1 420.0	1 505.4	1 460.8	1 620.6	1 757.8
<b>Direct investment</b>												
Debt liabilities to affiliated enterprises	HHDJ	97.4	128.4	127.7	149.0	184.5	194.2	178.2	253.8	216.6	229.0	207.7
Debt liabilities to direct investors	HBVB	160.0	173.0	168.9	176.5	202.5	221.2	193.5	212.0	206.1	207.8	211.6
Total liabilities to direct investors	ZAUU	257.4	301.4	296.6	325.5	387.0	415.4	371.6	465.7	422.7	436.9	419.3
<b>GROSS EXTERNAL DEBT</b>	<b>ZAUS</b>	<b>2 547.4</b>	<b>2 681.0</b>	<b>2 986.5</b>	<b>3 489.3</b>	<b>4 297.1</b>	<b>4 606.6</b>	<b>5 595.6</b>	<b>6 357.1</b>	<b>5 764.3</b>	<b>6 055.3</b>	<b>6 386.5</b>

# FD Financial derivatives<sup>1</sup>

Balance sheets valued at end of year

		£ billion							
		2004	2005	2006	2007	2008	2009	2010	2011
<b>Financial derivatives assets</b>									
UK monetary financial institutions									
Sterling	ZPNP	46.1	51.3	62.9	84.2	180.2	112.0	157.6	205.6
Foreign currency	ZPNQ	663.3	768.8	790.9	1 294.0	3 859.9	2 064.4	2 094.5	2 554.3
Total UK monetary financial institutions	ZPNA	709.4	820.1	853.7	1 378.1	4 040.2	2 176.4	2 252.1	2 759.9
Other financial intermediaries:									
UK securities dealers	KEH6	..	..	..	..	..	..	710.7	857.9
<b>Total UK assets</b>	<b>JX96</b>	<b>709.4</b>	<b>820.1</b>	<b>853.7</b>	<b>1 378.1</b>	<b>4 040.2</b>	<b>2 176.4</b>	<b>2 962.8</b>	<b>3 617.8</b>
<b>Financial derivative liabilities</b>									
UK monetary financial institutions									
Sterling	ZPNR	36.3	66.3	62.4	82.3	258.2	124.8	161.9	213.1
Foreign currency	ZPNS	678.8	764.8	828.1	1 309.9	3 657.0	1 972.0	2 032.3	2 509.9
Total UK monetary financial institutions	ZPNB	715.0	831.1	890.5	1 392.2	3 915.3	2 096.8	2 194.2	2 723.0
Other financial intermediaries:									
UK securities dealers	KEH9	..	..	..	..	..	..	700.8	831.9
<b>Total UK liabilities</b>	<b>JX97</b>	<b>715.0</b>	<b>831.1</b>	<b>890.5</b>	<b>1 392.2</b>	<b>3 915.3</b>	<b>2 096.8</b>	<b>2 895.0</b>	<b>3 554.9</b>
<b>Net international investment position</b>									
UK monetary financial institutions	ZPNE	-5.6	-11.0	-36.8	-14.1	124.9	79.6	57.9	36.9
Other financial intermediaries:									
Securities dealers	KSF4	..	..	..	..	..	..	10.0	26.0
<b>Total</b>	<b>JX98</b>	<b>-5.6</b>	<b>-11.0</b>	<b>-36.8</b>	<b>-14.1</b>	<b>124.9</b>	<b>79.6</b>	<b>67.8</b>	<b>62.9</b>

<sup>1</sup> The data in this table for UK monetary financial institutions are included in the main aggregates of the international investment position from 2004 and the data for UK securities dealers are included from 2010.

An aerial, top-down view of a crowded public space, possibly a train station or a busy plaza. The floor is made of light-colored square tiles. Numerous people are seen walking in various directions. In the upper right, there are yellow and black striped barriers. On the right side, there are glass and metal structures, likely part of a transit system. The entire image is covered with a semi-transparent pink overlay.

# Part 3

## Geographical breakdown



# Chapter 9

## Geographical breakdown of current account

## Summary

The tables appearing in this chapter show a geographical breakdown of the current account. The data cover 66 individual countries as well as international organisations. These estimates are generally less firmly based than the world totals, and data for earlier years are less reliable than recent figures. In some cases estimates are unavailable for the first few years.

Changes to the pattern of trading associated with Missing Trader Intra-Community (MTIC) fraud can make it difficult to analyse trade by country, as changes in the impact of activity associated with this fraud (which includes carousel fraud) affect both imports and exports. Originally, most carousel chains only involved European Union (EU) member states. From 2004 in particular, some carousel chains included non-EU countries, for example Dubai and Switzerland. However, the MTIC trade adjustments are added to the EU import estimates as it is this part of the chain that is not generally recorded. For more information, see the methodological notes relating to chapter 2.

Data are presented as if the EU expanded to 27 countries on 1 January 1999.

## Current account by region

Current account surpluses were recorded with the Americas, and Australasia & Oceania in all years from 1992 when data became available. The current account surplus with the Americas increased from £29.3 billion in 2010 to £38.5 billion in 2011. This increase was driven by a return to a surplus on income from a deficit in 2010. In contrast, the UK has consistently recorded a current account deficit with Europe, rising to a record £62.7 billion in 2010, before narrowing to £60.7 billion in 2011. This large rise in the deficit figure for Europe has been

driven largely by the fall in credit income substantially exceeding the fall in debit income since 2008, although both rose by around the same amount in 2011. There was a surplus with Asia for the years 1994 to 1997 but a deficit in all years since then. The current account deficit with Asia increased to £15.7 billion in 2011 from a deficit of £13.9 billion in 2010.

In 2011 Europe accounted for 53 per cent of current account credit transaction and 59 per cent of current account debit transactions. Within Europe, the EU 27 member countries (EU27) accounted for 85 per cent of current account credits and 83 per cent of debits. By component, trade in goods accounted for 49 per cent of the value of current account credits and 58 per cent of the value of debits with Europe; with income accounting for 26 per cent of credits and 21 per cent of debits and trade in services 26 per cent of credits and 16 per cent of debits.

The Americas accounted for 25 per cent of total credits and 18 per cent of total debits in 2011. Goods and services transactions together accounted for 60 per cent of credits and 51 per cent of debits with the Americas. The United States of America (USA) was the most significant country, representing 71 per cent total current account credits and 75 per cent of debits in the region.

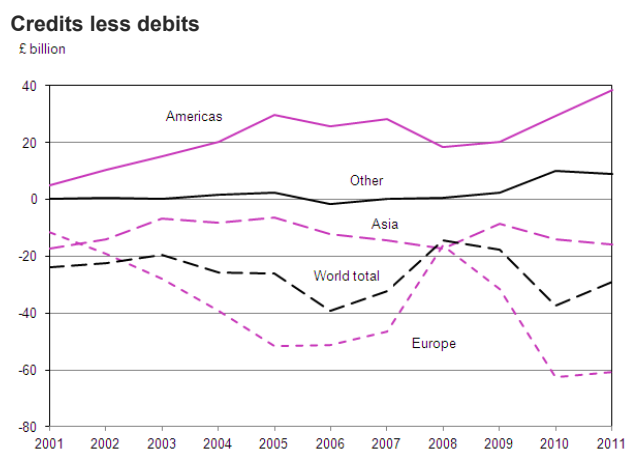
Asia accounted for 16 per cent of UK current account credits and 18 per cent of debits in 2011 relatively unchanged from 2010. In 2011 Japan remained the UK's largest current account credit country in Asia with 13 per cent of the total for the region and China remained second with 12 per cent, unchanged from 2010. In terms of the UK's current account debits China retains its position as number one in the region since 2007 with 26 per cent, down from 29 per cent in 2010, and Japan is second with 17 per cent, up from 13 per cent in 2010. The

debits for China increased slightly in 2011 due to a small increase in trade in goods, but Japan showed a larger increase from 2010 mainly driven by income debits more than doubling to £7.4 billion in 2011.

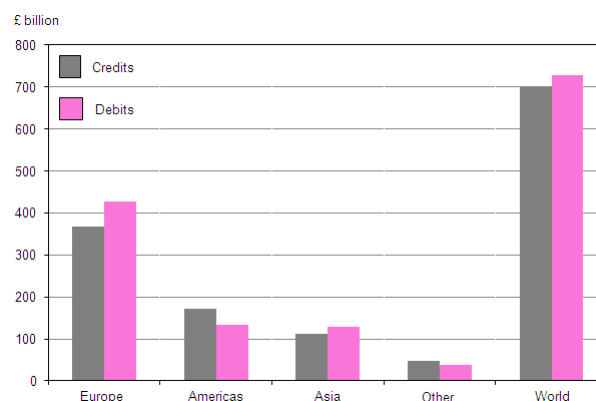
For Australasia and Oceania the record current account surplus of £10.7 billion recorded in 2010 fell slightly to £9.8 billion in 2011, this was due to debits increasing by more than credits and was driven by income debits more than doubling to £2.6 billion.

The current account surplus with Africa has increased slightly to a record £2.3 billion in 2011. The current account with Africa was in surplus up to 1999, with the first deficit being recorded in 2000. In 2006 the deficit increased to £3.2 billion, but narrowed to £0.9 billion in 2009. In 2010 credits rose by 25 per cent to £24.4 billion and debits only by 9 per cent to £22.2 billion. This increase in current account credits was driven by an increase of £2.5 billion in income and £2.0 billion in trade in goods. In 2011 both debits and credits rose by 10 per cent so maintaining the current account surplus recorded in 2010.

**Figure 9.1**  
**Current account**

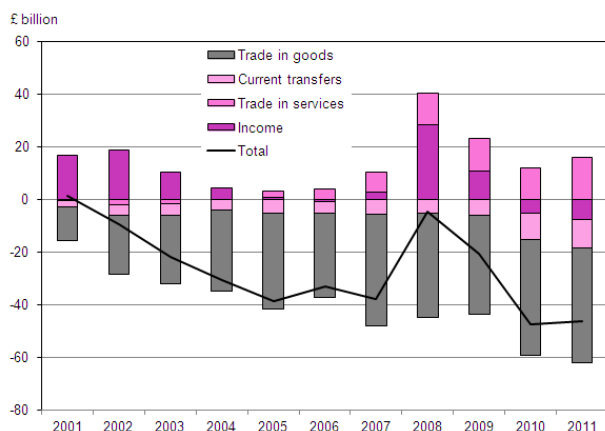


**Figure 9.2**  
**Current account by continent, 2011**



**Current account with EU27, USA and Japan**

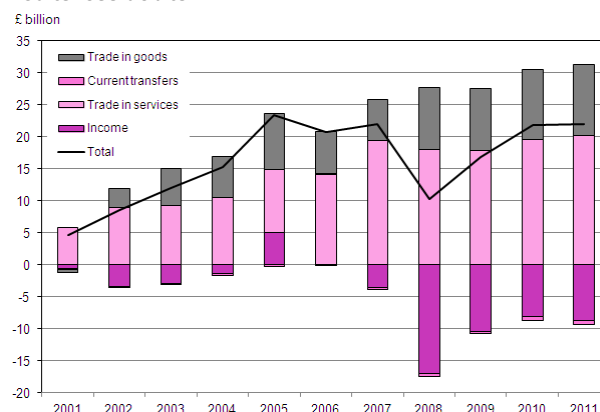
Except for 2001, a current account deficit has been recorded with the EU27 in every year from 1999, when data became available. Broadly speaking, surpluses on the income account have been offset by deficits on the other components of the current account, notably trade in goods. However in 2010 and 2011 the income account has also fallen into deficit mainly due to large falls in credits overriding smaller falls in debits to reach a record deficit of £7.9 billion in 2011. Trade in services has been in surplus since 2004 growing strongly to record a net surplus of £15.9 billion in 2011. The income surplus was relatively subdued in 2004 to 2007, but then rose sharply from £2.5 billion in 2007 to a record £28.3 billion in 2008. As a result, the current account deficit with the EU27 narrowed to £4.7 billion in 2008. However, in 2010 the current account deficit widened to a record £47.4 billion with the EU27, mainly due to a switch in the income balance from a surplus of £10.7 billion in 2009 to a deficit of £5.2 billion in 2010. The 2011 deficit narrowed slightly to £46.1 billion driven by a £4.0 billion increase in trade in services.

**Figure 9.3****Current account with the EU27****Credits less debits**

The trade in goods and services deficit with the EU27 decreased to £27.6 billion in 2011, largely due to increased exports of services to Italy, Germany and France. Net income received from the EU27 grew from £5.1 billion in 1999 to £18.7 billion in 2002, gradually reducing in the following years before switching to a deficit of £1.1 billion in 2006. Income then switched back into a £2.5 billion surplus in 2007, before rising to a record £28.3 billion in 2008. In 2010 the net income surplus with the EU27 became a net income deficit of £5.2 billion; this deficit increased in 2011 to £7.9 billion, mainly due to an increase of the income deficits with Spain and France, offset by a halving of the deficit recorded with Ireland in 2010. The deficit on current transfers has remained relatively stable since 1999, typically between £4 billion and £6 billion until 2010 and 2011 when it rose to £10.1 billion and £10.7 billion respectively, due to a fall in the current transfers credits. The main components of current transfers are payments to, and receipts from, EU institutions.

The USA is consistently the single largest counterpart country within the UK's balance of payments, representing 18 per cent of current account credits and 14 per cent of debits in 2011. There has been a current account

surplus with the USA in all years for which data are available. Prior to 2000 these were typically between £1 billion and £5 billion, whereas more recent years have seen significantly higher surpluses, peaking in 2005 at £23.4 billion. In 2008 the current account surplus fell back considerably to £10.3 billion, but rose again to £21.9 billion in 2011, virtually unchanged from 2010. The increased surplus in 2010 was driven by a £2.2 billion reduction on the income deficit to £8.1 billion and an increase in the trade in goods and services surplus of £3.0 billion to £30.6 billion. In 2011 the increase of £0.6 billion in the income deficit was offset by a £0.7 billion increase in the trade in goods and services surplus.

**Figure 9.4****Current account with the USA****Credits less debits**

The UK has recorded a current account deficit with Japan in every year for which data are available apart from 2009, peaking at £7.1 billion in 2000. In 2009 a surplus of £1.6 billion was recorded mainly due to a large fall in income debits, subsequently the balance has returned to a deficit of £2.3 billion in 2010 and in increased deficit of £6.1 billion in 2011. The increase in the deficit in 2011 was driven mainly by the income surplus of £0.6 billion in 2010, changing to deficit of £2.1 billion in 2011 due to a doubling of the income debits for Japan. Similarly China has always recorded a current account deficit with the UK, rising to a



record £20.6 billion in 2010 before a slight narrowing of the deficit in 2011 to £19.7 billion. This deficit is driven almost exclusively by the trade in goods deficit of £22.2 billion, offset slightly by surpluses on trade in services of £2.0 billion and income of £0.8 billion.

When ranking individual countries by the size of the current account balance in 2011, the largest surpluses were recorded with: USA (£21.9 billion), Australia (£9.6 billion), Switzerland (£8.5 billion), Luxembourg (£8.2 billion) and the Netherlands (£7.6 billion).

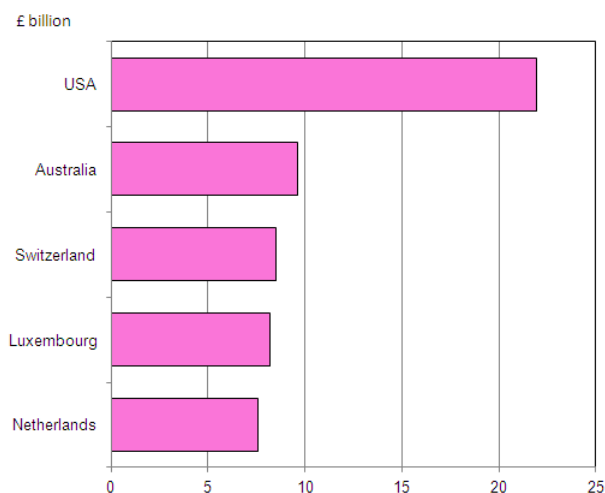
The surpluses with the Netherlands, Luxembourg, Switzerland and Australia are largely due to surpluses on income and trade in services. In contrast, the surplus with the USA is because of a surplus on trade in goods and services.

When ranking individual countries by the size of the current account balance in 2011, the largest deficits were recorded with: Germany (£21.6 billion), Norway (£21.2 billion), China (£19.7 billion), Spain (£11.0 billion) and Japan (£6.1 billion).

The current account deficits with China and Norway are almost entirely a result of deficits on trade in goods. The current account deficits with Germany and Japan, however, are due in part to deficits on income as well as a deficit on trade in goods. For Spain the current account deficits are with both trade in goods and trade in services as well as income.

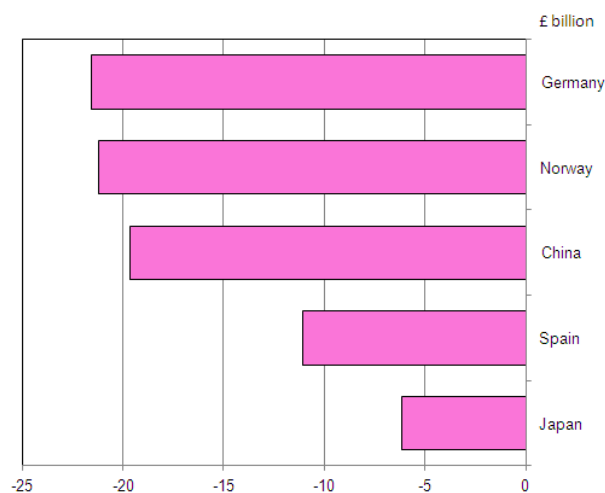
**Figure 9.5**

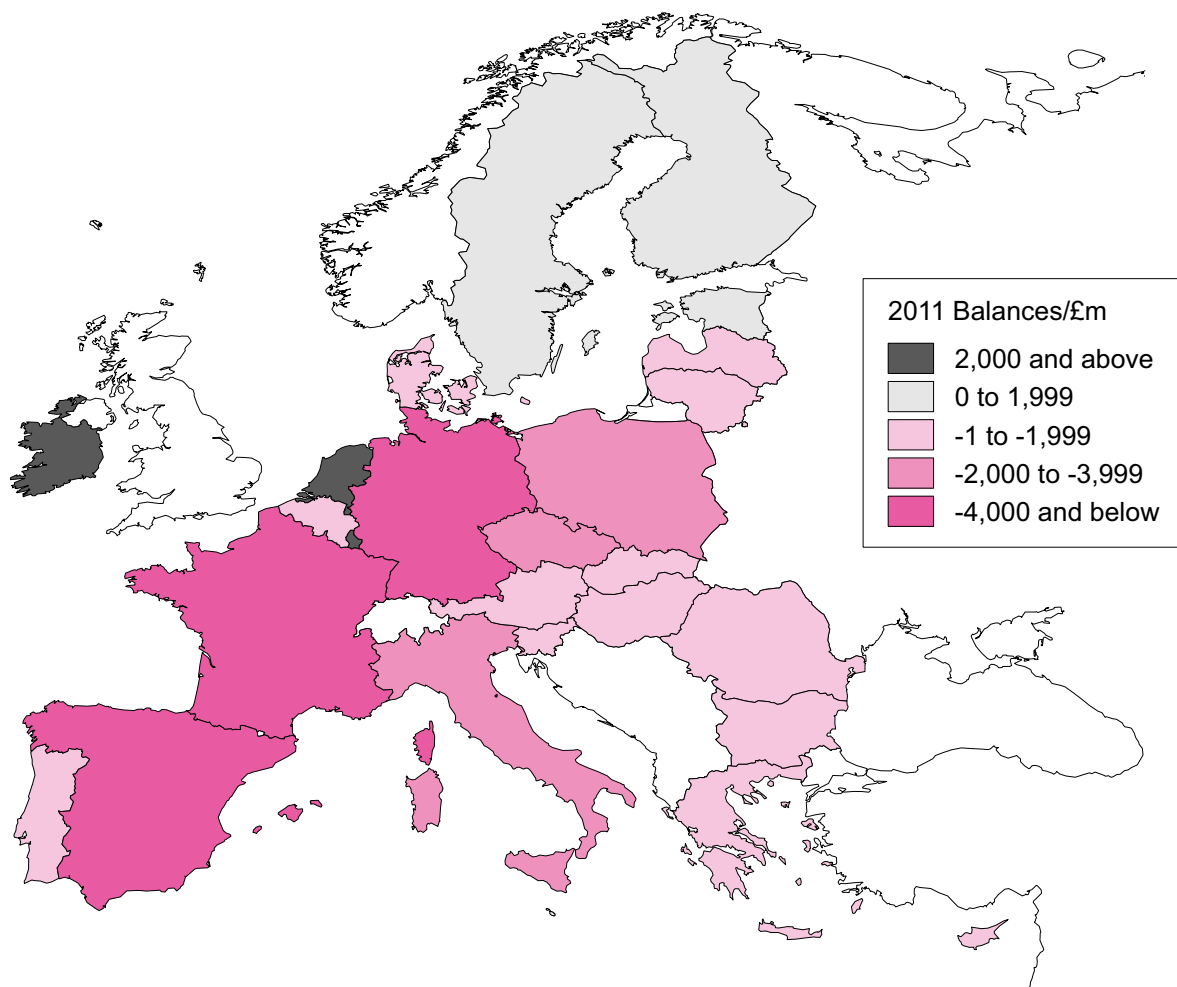
**Current account: largest five surpluses in 2011**



**Figure 9.6**

**Current account: largest five deficits in 2011**

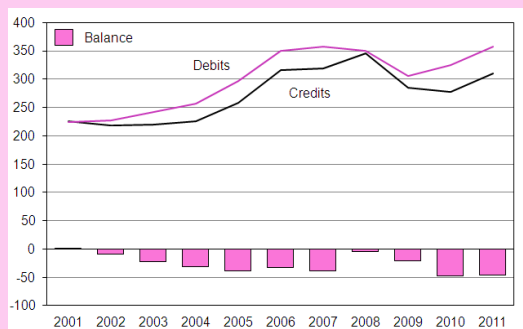




Source: UNEP (2012): UNEP Environmental Data Explorer.  
 United Nations Environment Programme. <http://geodata.grid.unep.ch>.  
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#### EU current account

£ billion



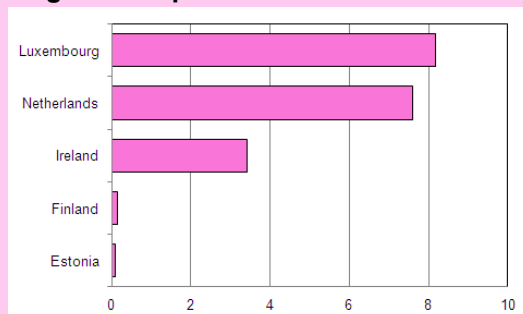
#### UK balance with EU

£ billion



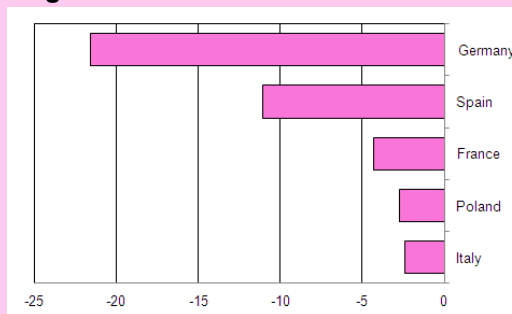
#### Largest 5 surpluses in 2011

£ billion



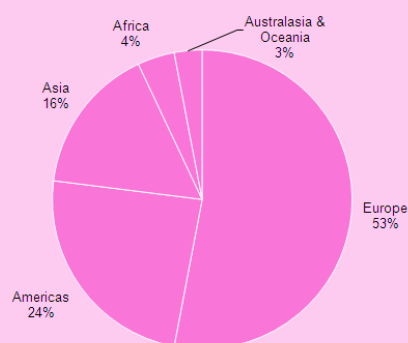
#### Largest 5 deficits in 2011

£ billion

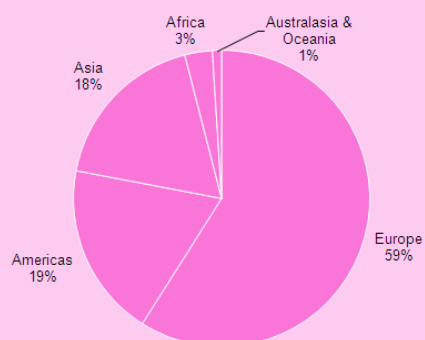




### Proportion of total 2011 credits

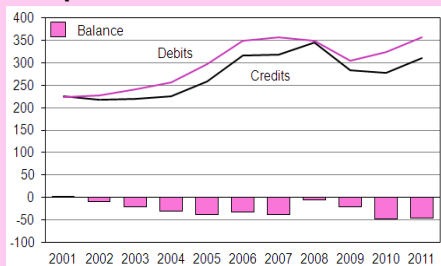


### Proportion of total 2011 debits



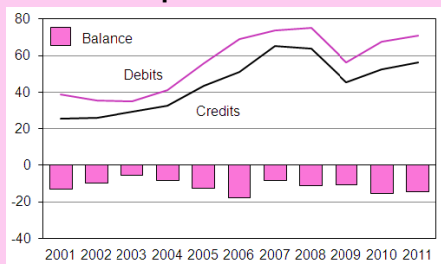
### European Union

£ billion



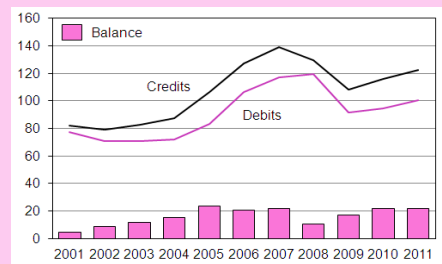
### Rest of Europe

£ billion



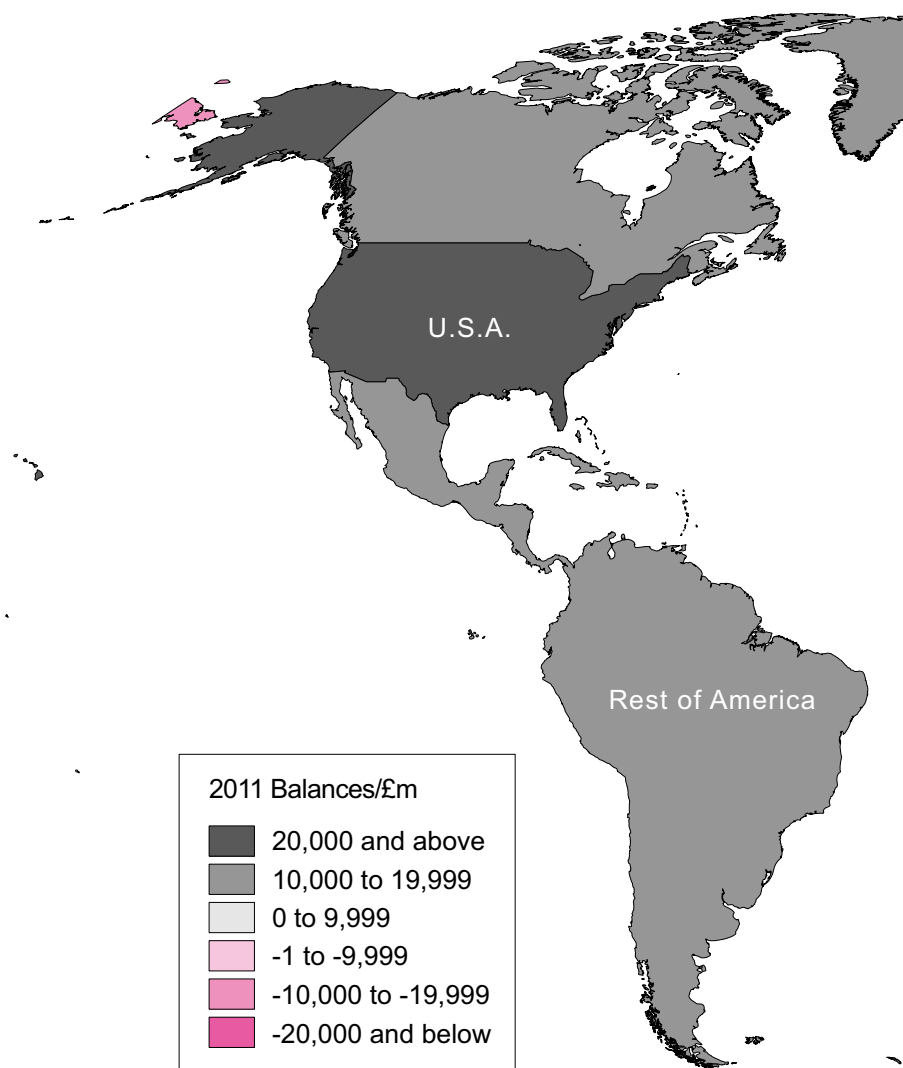
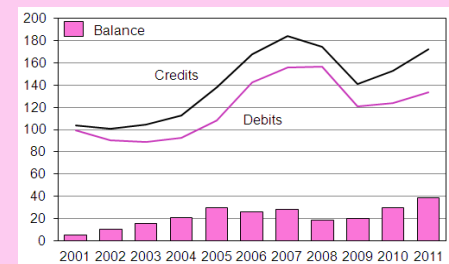
### USA

£ billion



### Total Americas

£ billion

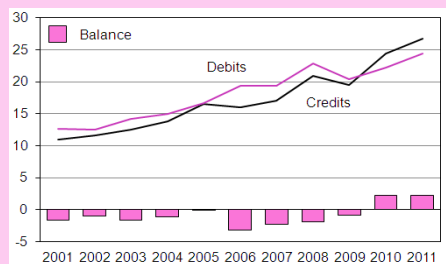


Source: UNEP (2012): UNEP Environmental Data Explorer.  
United Nations Environment Programme. <http://geodata.grid.unep.ch>.  
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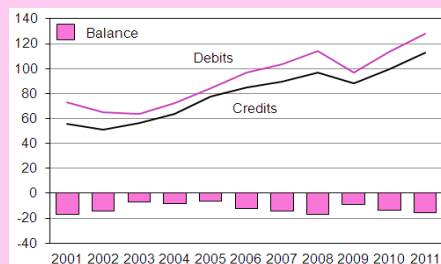
### Total Africa

£ billion



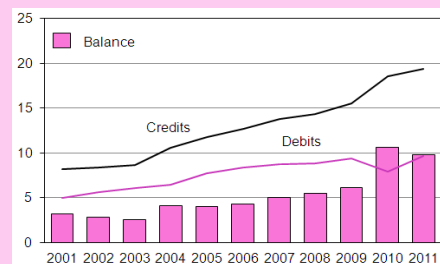
### Total Asia

£ billion



### Total Australasia & Oceania

£ billion



# 9.1 Current account

## Summary transactions in 2011

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
<b>Credits</b>					
<b>Europe</b>					
European Union (EU)					
Austria	1 697	784	338	40	2 859
Belgium	15 939	3 108	3 125	232	22 404
Bulgaria	328	198	21	7	554
Cyprus	692	797	92	13	1 594
Czech Republic	1 921	584	1	11	2 517
Denmark	3 015	2 920	446	80	6 461
Estonia	280	65	8	3	356
Finland	1 657	1 319	718	20	3 714
France	21 996	10 039	10 011	389	42 435
Germany	32 537	11 364	8 512	501	52 914
Greece	1 205	1 247	321	88	2 861
Hungary	1 186	540	162	17	1 905
Ireland	17 891	9 518	3 065	244	30 718
Italy	10 022	5 585	3 306	238	19 151
Latvia	237	124	-69	5	297
Lithuania	268	182	12	18	480
Luxembourg	276	2 710	14 695	29	17 710
Malta	450	298	16	12	776
Netherlands	23 589	10 486	16 979	373	51 427
Poland	4 338	1 417	361	49	6 165
Portugal	1 755	829	783	24	3 391
Romania	952	379	155	14	1 500
Slovak Republic	552	502	45	3	1 102
Slovenia	241	84	20	1	346
Spain	9 733	5 550	2 338	152	17 773
Sweden	6 267	3 297	1 179	116	10 859
European Central Bank	-	-	-	-	-
EU Institutions	-	851	1 057	6 500	8 408
Total EU27	159 024	74 777	67 697	9 179	310 677
European Free Trade Association (EFTA)					
Iceland	149	144	60	34	387
Liechtenstein	13	75	-	2	90
Norway	3 398	2 801	1 056	156	7 411
Switzerland	5 459	9 369	6 252	153	21 233
Total EFTA	9 019	12 389	7 368	345	29 121
Other Europe					
Albania	19	13	2	-	34
Belarus	133	7	12	-	152
Croatia	153	103	14	4	274
Russia	5 008	2 278	3 951	56	11 293
Turkey	3 935	1 268	737	50	5 990
Ukraine	564	226	79	1	870
Serbia and Montenegro	125	115	2	2	244
of which Serbia	117	82	2	2	203
Montenegro	8	33	-	-	41
Other	975	3 556	3 798	77	8 406
<b>Total Europe</b>	<b>178 955</b>	<b>94 732</b>	<b>83 660</b>	<b>9 714</b>	<b>367 061</b>
<b>Americas</b>					
Argentina	414	282	26	24	746
Brazil	2 466	1 229	1 955	59	5 709
Canada	4 749	3 771	2 335	601	11 456
Chile	798	251	250	34	1 333
Colombia	315	383	734	29	1 461
Mexico	1 006	526	485	81	2 098
United States of America	39 853	40 035	39 098	3 520	122 506
Uruguay	121	26	11	1	159
Venezuela	327	420	71	31	849
Other Central American Countries	977	4 960	18 598	434	24 969
Other	477	290	123	34	924
<b>Total Americas</b>	<b>51 503</b>	<b>52 173</b>	<b>63 686</b>	<b>4 848</b>	<b>172 210</b>
<b>Asia</b>					
China	9 292	3 238	1 185	63	13 778
Hong Kong	5 378	2 029	2 631	70	10 108
India	5 695	2 637	2 460	58	10 850
Indonesia	672	347	1 126	39	2 184
Iran	191	153	23	2	369
Israel	1 655	944	221	56	2 876
Japan	4 738	4 861	5 248	239	15 086
Malaysia	1 485	788	892	43	3 208
Pakistan	534	393	312	15	1 254
Philippines	292	178	117	17	604
Saudi Arabia	2 694	2 761	287	456	6 198
Singapore	3 821	3 967	4 186	65	12 039
South Korea	2 698	1 383	1 521	43	5 645
Taiwan	1 388	933	933	20	3 274
Thailand	1 417	520	325	19	2 281
Residual Gulf Arabian Countries	7 470	4 229	1 303	235	13 237
Other Near & Middle Eastern Countries	1 370	593	1 844	271	4 078
Other	1 362	2 096	1 912	63	5 433
<b>Total Asia</b>	<b>52 152</b>	<b>32 050</b>	<b>26 526</b>	<b>1 774</b>	<b>112 502</b>
<b>Australasia &amp; Oceania</b>					
Australia	4 402	5 745	6 806	539	17 492
New Zealand	543	464	365	87	1 459
Other	68	245	117	13	443
<b>Total Australasia &amp; Oceania</b>	<b>5 013</b>	<b>6 454</b>	<b>7 288</b>	<b>639</b>	<b>19 394</b>
<b>Africa</b>					
Egypt	1 103	603	685	11	2 402
Morocco	565	193	20	10	788
South Africa	3 462	1 950	2 859	159	8 430
Other North Africa	638	520	437	27	1 622
Other	5 596	4 933	2 840	108	13 477
<b>Total Africa</b>	<b>11 364</b>	<b>8 199</b>	<b>6 841</b>	<b>315</b>	<b>26 719</b>
<b>International Organisations</b>	-	51	667	-	718
<b>World Total</b>	<b>298 987</b>	<b>193 659</b>	<b>188 668</b>	<b>17 290</b>	<b>698 604</b>

# 9.1 Current account

## Summary transactions in 2011

continued

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
<b>Debits</b>					
<b>Europe</b>					
European Union (EU)					
Austria	2 944	860	769	47	4 620
Belgium	19 223	2 298	2 237	105	23 863
Bulgaria	285	292	28	13	618
Cyprus	142	955	460	45	1 602
Czech Republic	4 249	445	54	20	4 768
Denmark	6 103	1 291	758	85	8 237
Estonia	218	48	7	6	279
Finland	2 453	489	610	27	3 579
France	23 039	10 131	13 041	537	46 748
Germany	50 482	9 081	14 113	827	74 503
Greece	671	2 023	1 578	111	4 383
Hungary	3 089	497	83	17	3 686
Ireland	13 089	4 208	9 218	778	27 293
Italy	14 095	4 370	2 740	316	21 521
Latvia	447	84	14	2	547
Lithuania	566	180	37	1	784
Luxembourg	926	1 821	6 750	26	9 523
Malta	169	388	140	39	736
Netherlands	28 609	4 165	10 759	295	43 828
Poland	7 156	1 454	179	83	8 872
Portugal	1 809	1 747	666	69	4 291
Romania	1 284	252	25	19	1 580
Slovak Republic	1 516	117	52	2	1 687
Slovenia	360	47	29	2	438
Spain	11 832	9 603	7 118	264	28 817
Sweden	7 723	1 949	1 080	79	10 831
European Central Bank	—	—	—	—	—
EU Institutions	—	104	3 021	16 063	19 188
Total EU27	202 479	58 899	75 566	19 878	356 822
European Free Trade Association (EFTA)					
Iceland	417	138	23	6	584
Liechtenstein	7	6	232	2	247
Norway	25 206	1 103	2 139	181	28 629
Switzerland	7 592	2 888	2 021	234	12 735
Total EFTA	33 222	4 135	4 415	423	42 195
Other Europe					
Albania	1	5	—	14	20
Belarus	49	6	—	—	55
Croatia	106	232	4	10	352
Russia	7 461	1 059	419	108	9 047
Turkey	5 566	1 466	92	64	7 188
Ukraine	356	111	94	29	590
Serbia and Montenegro	97	78	—	50	225
of which Serbia	96	58	—	45	199
Montenegro	1	20	—	5	26
Other	287	1 444	9 187	324	11 242
<b>Total Europe</b>	<b>249 624</b>	<b>67 435</b>	<b>89 777</b>	<b>20 900</b>	<b>427 736</b>
<b>Americas</b>					
Argentina	620	121	7	32	780
Brazil	2 727	379	103	86	3 295
Canada	6 149	1 838	2 954	816	11 757
Chile	623	56	153	39	871
Colombia	923	59	8	38	1 028
Mexico	1 087	385	31	85	1 588
United States of America	28 780	19 859	47 808	4 116	100 563
Uruguay	116	14	2	2	134
Venezuela	410	49	17	32	508
Other Central American Countries	1 072	2 153	4 536	788	8 549
Other	463	132	3 952	88	4 635
<b>Total Americas</b>	<b>42 970</b>	<b>25 045</b>	<b>59 571</b>	<b>6 122</b>	<b>133 708</b>
<b>Asia</b>					
China	31 517	1 258	404	256	33 435
Hong Kong	7 639	1 347	2 874	237	12 097
India	6 094	2 450	198	1 136	9 878
Indonesia	1 352	144	5	173	1 674
Iran	378	34	15	30	457
Israel	2 270	525	138	69	3 002
Japan	8 873	4 733	7 350	266	21 222
Malaysia	1 780	329	305	102	2 516
Pakistan	887	358	32	370	1 647
Philippines	480	214	21	55	770
Saudi Arabia	1 060	378	715	81	2 234
Singapore	3 885	2 127	1 519	196	7 727
South Korea	2 614	384	269	46	3 313
Taiwan	3 496	301	83	20	3 900
Thailand	2 595	636	44	66	3 341
Residual Gulf Arabian Countries	8 862	1 558	1 139	500	12 059
Other Near & Middle Eastern Countries	445	225	134	111	915
Other	4 972	1 167	439	1 463	8 041
<b>Total Asia</b>	<b>89 199</b>	<b>18 168</b>	<b>15 684</b>	<b>5 177</b>	<b>128 228</b>
<b>Australasia &amp; Oceania</b>					
Australia	2 442	2 165	2 468	771	7 846
New Zealand	870	353	88	162	1 473
Other	198	78	—	36	312
<b>Total Australasia &amp; Oceania</b>	<b>3 510</b>	<b>2 596</b>	<b>2 556</b>	<b>969</b>	<b>9 631</b>
<b>Africa</b>					
Egypt	827	570	78	42	1 517
Morocco	415	297	4	21	737
South Africa	2 956	1 144	1 665	580	6 345
Other North Africa	2 254	464	—	35	2 753
Other	7 575	1 520	577	3 413	13 085
<b>Total Africa</b>	<b>14 027</b>	<b>3 995</b>	<b>2 324</b>	<b>4 091</b>	<b>24 437</b>
<b>International Organisations</b>	—	40	1 623	2 247	3 910
<b>World total</b>	<b>399 330</b>	<b>117 279</b>	<b>171 535</b>	<b>39 506</b>	<b>727 650</b>

# 9.1 Current account

## Summary transactions in 2011

continued

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
<b>Balances</b>					
<b>Europe</b>					
European Union(EU)					
Austria	-1 247	-76	-431	-7	-1 761
Belgium	-3 284	810	888	127	-1 459
Bulgaria	43	-94	-7	-6	-64
Cyprus	550	-158	-368	-32	-8
Czech Republic	-2 328	139	-53	-9	-2 251
Denmark	-3 088	1 629	-312	-5	-1 776
Estonia	62	17	1	-3	77
Finland	-796	830	108	-7	135
France	-1 043	-92	-3 030	-148	-4 313
Germany	-17 945	2 283	-5 601	-326	-21 589
Greece	534	-776	-1 257	-23	-1 522
Hungary	-1 903	43	79	-	-1 781
Ireland	4 802	5 310	-6 153	-534	3 425
Italy	-4 073	1 215	566	-78	-2 370
Latvia	-210	40	-83	3	-250
Lithuania	-298	2	-25	17	-304
Luxembourg	-650	889	7 945	3	8 187
Malta	281	-90	-124	-27	40
Netherlands	-5 020	6 321	6 220	78	7 599
Poland	-2 818	-37	182	-34	-2 707
Portugal	-54	-918	117	-45	-900
Romania	-332	127	130	-5	-80
Slovak Republic	-964	385	-7	1	-585
Slovenia	-119	37	-9	-1	-92
Spain	-2 099	-4 053	-4 780	-112	-11 044
Sweden	-1 456	1 348	99	37	28
European Central Bank	-	-	-	-	-
EU Institutions	-	747	-1 964	-9 563	-10 780
Total EU27	-43 455	15 878	-7 869	-10 699	-46 145
European Free Trade Association (EFTA)					
Iceland	-268	6	37	28	-197
Liechtenstein	6	69	-232	-	-157
Norway	-21 808	1 698	-1 083	-25	-21 218
Switzerland	-2 133	6 481	4 231	-81	8 498
Total EFTA	-24 203	8 254	2 953	-78	-13 074
Other Europe					
Albania	18	8	2	-14	14
Belarus	84	1	12	-	97
Croatia	47	-129	10	-6	-78
Russia	-2 453	1 219	3 532	-52	2 246
Turkey	-1 631	-198	645	-14	-1 198
Ukraine	208	115	-15	-28	280
Serbia and Montenegro	28	37	2	-48	19
of which Serbia	21	24	2	-43	4
Montenegro	7	13	-	-5	15
Other	688	2 112	-5 389	-247	-2 836
<b>Total Europe</b>	<b>-70 669</b>	<b>27 297</b>	<b>-6 117</b>	<b>-11 186</b>	<b>-60 675</b>
<b>Americas</b>					
Argentina	-206	161	19	-8	-34
Brazil	-261	850	1 852	-27	2 414
Canada	-1 400	1 933	-619	-215	-301
Chile	175	195	97	-5	462
Colombia	-608	324	726	-9	433
Mexico	-81	141	454	-4	510
USA	11 073	20 176	-8 710	-596	21 943
Uruguay	5	12	9	-1	25
Venezuela	-83	371	54	-1	341
Other Central American Countries	-95	2 807	14 062	-354	16 420
Other America	14	158	-3 829	-54	-3 711
<b>Total Americas</b>	<b>8 533</b>	<b>27 128</b>	<b>4 115</b>	<b>-1 274</b>	<b>38 502</b>
<b>Asia</b>					
China	-22 225	1 980	781	-193	-19 657
Hong Kong	-2 261	682	-243	-167	-1 989
India	-399	187	2 262	-1 078	972
Indonesia	-680	203	1 121	-134	510
Iran	-187	119	8	-28	-88
Israel	-615	419	83	-13	-126
Japan	-4 135	128	-2 102	-27	-6 136
Malaysia	-295	459	587	-59	692
Pakistan	-353	35	280	-355	-393
Philippines	-188	-36	96	-38	-166
Saudi Arabia	1 634	2 383	-428	375	3 964
Singapore	-64	1 840	2 667	-131	4 312
South Korea	84	999	1 252	-3	2 332
Taiwan	-2 108	632	850	-	-626
Thailand	-1 178	-116	281	-47	-1 060
Residual Gulf Arabian Countries	-1 392	2 671	164	-265	1 178
Other Near & Middle Eastern Countries	925	368	1 710	160	3 163
Other	-3 610	929	1 473	-1 400	-2 608
<b>Total Asia</b>	<b>-37 047</b>	<b>13 882</b>	<b>10 842</b>	<b>-3 403</b>	<b>-15 726</b>
<b>Australasia &amp; Oceania</b>					
Australia	1 960	3 580	4 338	-232	9 646
New Zealand	-327	111	277	-75	-14
Other	-130	167	117	-23	131
<b>Total Australasia &amp; Oceania</b>	<b>1 503</b>	<b>3 858</b>	<b>4 732</b>	<b>-330</b>	<b>9 763</b>
<b>Africa</b>					
Egypt	276	33	607	-31	885
Morocco	150	-104	16	-11	51
South Africa	506	806	1 194	-421	2 085
Other North Africa	-1 616	56	437	-8	-1 131
Other	-1 979	3 413	2 263	-3 305	392
<b>Total Africa</b>	<b>-2 663</b>	<b>4 204</b>	<b>4 517</b>	<b>-3 776</b>	<b>2 282</b>
<b>International Organisations</b>	-	11	-956	-2 247	-3 192
<b>World total</b>	<b>-100 343</b>	<b>76 380</b>	<b>17 133</b>	<b>-22 216</b>	<b>-29 046</b>





# 9.2 Current account

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Credits												
Europe												
European Union (EU)												
Austria	CUGP	2 355	2 410	2 510	2 398	2 837	3 206	3 359	3 297	2 835	2 579	2 859
Belgium <sup>1</sup>	AA2Q	14 652	15 052	15 934	16 179	18 112	20 630	21 590	23 015	17 750	18 883	22 404
Bulgaria	ZWVI	249	289	296	325	357	405	410	481	441	431	554
Cyprus	AA2R	594	630	617	741	812	1 760	1 243	1 703	1 355	1 259	1 594
Czech Republic	LEPQ	1 466	1 370	1 493	1 553	1 614	2 046	2 177	2 067	1 834	2 268	2 517
Denmark	LEQR	4 693	4 677	4 500	4 606	5 458	8 112	6 671	7 002	6 626	7 007	6 461
Estonia	ZWVK	105	127	124	145	169	544	275	283	216	291	356
Finland	LEUD	3 169	2 882	3 032	2 883	3 037	3 594	4 272	4 147	3 375	3 419	3 714
France	LEUM	34 448	32 138	32 566	33 899	38 369	52 037	48 081	47 338	36 220	38 698	42 435
Germany	LEQI	42 439	39 604	37 746	40 160	45 170	52 361	53 653	58 842	47 495	46 998	52 914
Greece	LEUV	2 848	2 726	2 930	3 006	3 270	3 340	3 709	4 777	3 705	2 929	2 861
Hungary	BFKO	1 146	1 332	1 426	1 705	1 858	1 494	1 657	1 699	1 538	1 665	1 905
Ireland	BFLV	22 438	23 824	22 749	25 688	31 438	35 248	40 580	42 647	29 298	20 848	30 718
Italy	BFOD	17 824	16 469	16 766	16 757	18 046	19 495	20 638	20 905	17 994	17 934	19 151
Latvia	ZWVM	119	120	143	142	209	681	286	247	219	257	297
Lithuania	ZWVN	191	185	236	199	303	373	457	574	285	357	480
Luxembourg <sup>1</sup>	AA2U	4 652	4 146	3 828	5 106	7 411	12 800	13 949	17 913	16 519	14 833	17 710
Malta	AA2V	324	335	385	831	361	484	109	783	1 071	705	776
Netherlands	BFQF	36 506	34 890	34 765	29 046	32 048	41 457	43 440	50 912	42 916	46 502	51 427
Poland	BFRY	1 972	2 060	2 295	2 423	3 076	4 584	4 191	4 882	4 760	5 487	6 165
Portugal	BFSH	2 891	2 849	2 840	3 098	3 374	4 022	3 260	3 736	3 054	3 371	3 391
Romania	ZWVO	495	582	707	868	860	907	1 113	1 276	1 143	1 207	1 500
Slovak Republic	ZWVP	276	264	299	300	432	518	599	923	671	813	1 102
Slovenia	ZWVQ	297	303	292	313	274	304	314	409	287	472	346
Spain	LEST	13 161	13 288	14 347	15 898	19 843	24 114	23 620	24 559	20 895	18 536	17 773
Sweden	BFTI	8 017	7 586	7 455	8 509	9 301	10 581	10 968	11 043	11 290	11 919	10 859
European Central Bank	ZWVF	12	3	—	—	—	—	—	—	—	—	—
EU Institutions	CSFH	8 017	7 859	9 513	9 698	9 581	11 635	8 530	9 799	10 751	8 140	8 408
Total EU27	G97O	225 356	218 000	219 794	226 476	257 620	316 732	319 151	345 259	284 543	277 808	310 677
European Free Trade Association (EFTA)												
Iceland	BFNH	286	269	324	356	478	663	1 415	1 605	775	724	387
Liechtenstein	BFPE	75	69	67	84	64	106	171	97	75	87	90
Norway	BFQO	3 945	4 014	4 190	4 482	6 256	6 328	8 170	8 285	6 813	6 714	7 411
Switzerland	LEOY	12 544	11 823	12 231	12 391	16 544	19 335	23 499	24 704	17 414	21 653	21 233
Total EFTA	CTFQ	16 850	16 175	16 812	17 313	23 342	26 432	33 255	34 691	25 077	29 178	29 121
Other Europe												
Albania	ZWVG	28	25	17	35	25	31	32	52	38	38	34
Belarus	ZWVH	37	43	51	59	69	77	92	116	89	135	152
Croatia	ZWVJ	149	180	234	219	240	309	285	413	372	291	274
Russia	BFSQ	1 923	2 249	2 740	3 677	5 441	6 904	7 672	9 246	6 339	7 282	11 293
Turkey	BFUJ	2 033	2 085	2 509	2 762	3 305	4 034	4 366	4 324	4 245	5 072	5 990
Ukraine	ZWVR	228	491	398	326	501	917	938	1 074	916	809	870
Serbia and Montenegro <sup>2</sup>	BFWC	95	93	117	86	109	167	187	200	176	162	244
of which Serbia	KNC9	..	..	..	..	..	..	173	186	157	144	203
Montenegro	KND2	..	..	..	..	..	..	14	14	19	18	41
Other	LEVW	4 343	4 642	6 415	8 216	10 288	12 122	18 373	13 721	8 163	9 403	8 406
Total Europe	LERA	251 042	243 983	249 087	259 169	300 940	367 725	384 351	409 096	329 958	330 178	367 061
Americas												
Argentina	ZWVT	831	323	414	584	561	919	849	865	815	923	746
Brazil	LENO	1 881	1 878	1 669	1 895	2 354	2 547	2 877	3 531	4 209	4 726	5 709
Canada	LEOP	7 378	6 589	7 058	7 649	8 628	10 707	11 502	11 521	8 177	9 892	11 456
Chile	ZWVU	438	450	521	1 067	1 459	1 196	1 324	1 274	1 341	1 029	1 333
Colombia	ZWVV	493	421	498	617	650	579	509	615	507	796	1 461
Mexico	BFPN	1 304	1 623	1 403	1 740	1 823	2 227	2 140	1 957	1 769	2 266	2 098
United States of America	BFVB	82 303	79 261	82 616	87 409	106 455	127 350	139 120	129 605	108 432	116 263	122 506
Uruguay	ZWVW	66	55	104	40	63	94	74	99	81	113	159
Venezuela	ZWVX	610	600	339	568	740	695	491	582	623	829	849
Other Central American Countries	JISS	8 333	8 888	9 285	10 448	14 951	21 394	24 783	23 992	14 403	15 185	24 969
Other	LEVE	415	392	408	765	316	446	656	786	602	810	924
Total Americas	LESK	104 052	100 480	104 315	112 782	138 000	168 154	184 325	174 827	140 959	152 832	172 210
Asia												
China	LEPH	2 866	2 656	3 271	4 308	5 172	5 804	6 548	8 670	8 697	11 719	13 778
Hong Kong	BFJR	5 254	4 874	5 510	7 031	8 764	9 541	10 333	9 101	7 691	10 397	10 108
India	BFRY	2 963	3 041	3 682	3 879	4 894	5 871	6 359	8 104	6 497	8 333	10 850
Indonesia	BFKX	751	723	909	814	873	1 217	824	997	1 275	1 506	2 184
Iran	ZWVA	652	626	755	752	847	837	691	817	666	474	369
Israel	BFPMP	1 966	1 933	1 855	1 902	2 082	2 007	1 991	2 135	1 977	2 297	2 876
Japan	BFOM	14 921	12 465	13 089	13 380	15 649	17 776	17 599	18 375	13 395	12 877	15 086
Malaysia	BFPW	1 834	1 885	2 133	2 292	2 393	2 212	2 291	2 384	2 666	2 951	3 208
Pakistan	BFRP	639	593	689	833	1 219	1 313	1 009	1 038	1 068	965	1 254
Philippines	BFRG	733	610	695	634	637	660	807	839	711	619	604
Saudi Arabia	BFSZ	4 419	4 123	5 020	4 991	4 881	5 500	5 137	5 363	5 701	6 571	6 198
Singapore	BFTR	5 452	4 523	4 928	6 183	8 406	9 342	10 601	10 734	10 340	10 375	12 039
South Korea	BFOV	2 205	2 694	2 623	3 225	3 708	4 108	4 334	5 426	4 343	5 207	5 645
Taiwan	BFUS	1 477	1 571	1 639	2 026	2 256	2 228	2 286	2 184	1 937	3 180	3 274
Thailand	BFUA	1 071	983	1 148	1 201	1 223	892	1 238	1 370	1 736	2 048	2 281
Residual Gulf Arabian Countries	JITT	5 129	4 878	5 633	6 836	10 659	9 689	9 666	12 336	11 422	11 980	13 237
Other Near & Middle Eastern Countries	ZWWC	1 294	1 184	1 345	1 615	1 923	2 560	3 059	3 461	2 885	3 456	4 078
Other	LEWF	1 746	1 774	1 662	1 921	1 977	3 264	4 495	3 759	4 905	4 293	5 433
Total Asia	LETC	55 372	51 136	56 586	63 823	77 563	84 821	89 268	97 093	87 912	99 248	112 502
Australasia & Oceania												
Australia	CWBG	6 904	6 970	7 150	9 074	10 139	10 974	12 123	12 463	13 796	16 681	17 492
New Zealand	BFQX	1 102	1 209	1 308	1 272	1 403	1 440	1 403	1 505	1 428	1 458	1 459
Other	LEVN	153	190	221	223	188	277	272	342	345	423	443
Total Australasia & Oceania	LETU	8 159	8 369	8 679	10 569	11 730	12 691	13 798	14 310	15 569	18 562	19 394
Africa												
Egypt	ZWWE	1 060	1 014	976	1 202	1 291	1 546	1 886	2 179	2 196	2 659	2 402
Morocco												

# 9.2 Current account

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Debits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUGW	3 115	3 818	4 125	3 795	4 182	4 840	4 533	4 332	4 046	4 357	4 620
Belgium <sup>1</sup>	AA34	15 349	16 233	16 362	17 151	19 441	21 203	22 174	23 710	19 850	21 541	23 863
Bulgaria	ZWWL	188	255	253	345	470	520	663	674	482	594	618
Cyprus	AA35	1 495	1 403	1 525	1 505	1 749	3 292	1 744	1 784	1 533	1 724	1 602
Czech Republic	LEPR	1 424	1 598	1 861	1 829	2 473	3 728	3 660	4 300	3 773	4 520	4 768
Denmark	LEQS	4 547	5 267	5 240	5 421	6 861	9 059	6 483	6 727	6 513	6 266	8 237
Estonia	ZWWN	318	342	303	434	426	2 209	311	223	210	203	279
Finland	LEUE	3 717	3 357	3 326	2 964	3 307	4 049	3 831	4 111	3 030	3 106	3 579
France	LEUN	35 125	34 683	37 091	39 321	44 572	52 855	50 516	48 382	48 461	43 169	46 748
Germany	LEQJ	44 276	44 734	50 087	54 437	64 013	70 262	79 176	75 588	58 129	69 913	74 503
Greece	LEUW	3 151	3 084	3 240	3 379	3 902	4 532	5 165	5 263	5 326	4 626	4 383
Hungary	BFKP	887	1 043	1 309	1 811	2 189	2 778	2 870	3 016	3 027	3 820	3 686
Ireland	BFLW	19 031	20 745	18 142	20 083	23 645	26 583	30 913	33 479	25 933	24 606	27 293
Italy	BFOE	16 077	15 834	17 414	18 525	20 174	20 688	22 136	22 961	19 680	20 736	21 521
Latvia	ZWWP	462	507	552	739	785	902	742	511	550	553	547
Lithuania	ZWWQ	273	319	314	302	379	407	452	487	489	716	784
Luxembourg <sup>1</sup>	AA38	3 583	3 609	3 934	4 953	5 491	8 937	8 406	10 023	6 673	8 252	9 523
Malta	AA39	448	456	507	546	569	548	702	865	625	655	736
Netherlands	BFQG	30 716	26 536	27 420	29 945	33 676	43 726	49 550	37 036	32 882	38 305	43 828
Poland	BFRZ	1 591	1 629	1 946	2 366	3 315	5 223	5 501	6 191	6 372	7 741	8 872
Portugal	BFSI	3 090	3 315	3 789	3 817	3 997	5 360	4 047	4 520	3 567	3 937	4 291
Romania	ZWWR	566	661	802	957	1 027	1 075	1 190	1 078	1 062	1 529	1 580
Slovak Republic	ZWWS	208	254	293	319	502	1 121	1 469	1 819	1 765	1 811	1 687
Slovenia	ZWWT	206	238	224	235	278	832	394	420	313	435	438
Spain	LESU	16 323	18 670	20 539	20 472	25 341	28 118	25 817	25 469	24 516	23 798	28 817
Sweden	BFTJ	6 917	6 561	6 803	7 376	8 169	9 474	8 835	10 597	9 033	10 066	10 831
European Central Bank	ZWWI	1	1	—	—	—	—	—	2	—	—	—
EU Institutions	CSFI	11 065	12 528	14 451	14 253	15 534	17 679	15 841	16 407	17 550	18 225	19 188
Total EU27	G97F	224 149	227 680	241 852	257 280	296 467	350 000	357 121	349 975	305 390	325 204	356 822
European Free Trade Association (EFTA)												
Iceland	BFNI	347	360	374	476	525	816	866	-826	786	999	584
Liechtenstein	BFPF	126	79	94	76	97	154	204	160	74	52	247
Norway	BFPQ	7 088	7 512	8 119	10 378	14 848	17 888	18 461	25 324	19 227	24 154	28 629
Switzerland	LEOZ	16 180	13 228	11 838	11 609	15 432	18 422	20 300	9 800	9 908	14 784	12 735
Total EFTA	CTFR	23 741	21 179	20 425	22 539	30 902	37 280	39 831	34 458	29 995	39 989	42 195
Other Europe												
Albania	ZWWJ	28	27	26	29	15	21	37	35	202	17	20
Belarus	ZWWK	37	47	31	77	290	754	632	146	89	51	55
Croatia	ZWWM	160	156	156	172	253	329	324	374	290	341	352
Russia	BFSR	2 730	2 564	3 129	4 531	6 956	9 110	9 278	10 029	6 369	6 653	9 047
Turkey	BFUK	2 481	3 086	3 593	4 284	4 819	5 375	6 225	6 790	6 168	7 123	7 188
Ukraine	ZWUW	157	197	200	291	383	472	710	714	394	617	590
Serbia and Montenegro <sup>2</sup>	BFWD	109	104	117	116	127	202	206	204	174	186	225
of which Serbia	KND3	..	..	..	..	..	..	196	191	157	170	199
Montenegro	KND4	..	..	..	..	..	..	10	13	17	16	26
Other	LEVX	9 135	8 258	7 386	9 116	12 277	15 270	16 308	22 514	12 482	12 678	11 242
Total Europe	LERB	262 727	263 298	276 915	298 435	352 489	418 813	430 672	425 239	361 553	392 859	427 736
<b>Americas</b>												
Argentina	ZWWW	361	317	316	349	382	502	540	752	807	815	780
Brazil	LENP	1 732	1 773	1 810	1 936	2 264	2 463	2 561	3 144	3 001	3 722	3 295
Canada	LEOQ	6 278	6 554	6 459	7 811	8 061	10 096	9 653	8 448	8 505	10 189	11 757
Chile	ZWWX	570	560	499	604	625	661	680	777	761	800	871
Colombia	ZWWY	419	292	282	328	380	432	473	818	691	781	1 028
Mexico	BFPO	1 350	933	885	872	880	960	1 080	1 553	1 135	1 538	1 588
United States of America	BFVC	77 601	70 692	70 652	72 074	83 070	106 545	117 142	119 262	91 543	94 406	100 563
Uruguay	ZWWZ	55	73	56	54	72	95	96	132	146	117	134
Venezuela	ZWXA	249	257	177	266	470	745	641	770	524	508	508
Other Central American Countries	JIST	6 385	5 097	5 877	7 408	11 210	16 612	19 413	19 357	10 135	8 521	8 549
Other	LEVY	4 274	3 515	2 088	714	925	3 292	3 708	1 477	3 589	2 129	4 635
Total Americas	LESL	99 274	90 063	89 101	92 416	108 339	142 403	155 987	156 490	120 837	123 526	133 708
<b>Asia</b>												
China	LEPI	6 723	7 776	9 289	11 570	14 440	16 934	20 884	25 570	26 229	32 330	33 435
Hong Kong	BFJS	9 888	8 327	7 733	8 139	9 410	11 053	12 445	14 071	11 549	11 720	12 097
India	BFMZ	3 524	3 473	3 761	4 492	5 559	6 755	7 397	8 086	7 805	9 601	9 878
Indonesia	BFKY	1 480	1 351	1 413	1 231	1 274	1 430	1 303	1 548	1 531	1 678	1 674
Iran	ZWXD	347	171	171	205	229	358	301	256	365	315	457
Israel	BFMQ	1 528	1 293	1 270	1 346	1 578	1 766	1 832	1 797	1 690	2 187	3 002
Japan	BFON	21 023	17 048	13 958	15 470	18 066	20 303	20 341	20 738	11 823	15 175	21 222
Malaysia	BFPX	2 484	2 137	2 200	2 452	2 362	2 724	2 540	2 607	2 482	2 793	2 516
Pakistan	BFRQ	933	1 200	1 202	1 275	1 269	1 424	1 295	1 420	1 435	1 615	1 647
Philippines	BFRH	1 348	1 138	939	840	952	1 075	1 019	960	671	832	770
Saudi Arabia	BFTA	2 574	2 444	2 211	2 431	3 121	3 153	3 221	3 470	1 735	1 632	2 234
Singapore	BFTS	5 197	4 350	4 691	5 732	7 213	8 129	8 797	8 994	6 864	7 375	7 727
South Korea	BFOV	3 142	3 033	2 777	3 189	3 633	3 748	3 773	4 364	3 509	3 291	3 313
Taiwan	BFUT	3 205	2 741	2 544	2 769	2 867	2 964	3 231	3 313	2 669	3 459	3 900
Thailand	BFUB	2 338	2 244	2 310	2 569	2 548	2 928	3 007	3 392	3 069	3 416	3 341
Residual Gulf Arabian Countries	JITU	3 279	2 780	3 184	3 773	4 527	5 831	6 328	7 013	6 394	8 504	12 059
Other Near & Middle Eastern Countries	ZWXF	569	549	529	531	711	1 389	959	1 003	768	717	915
Other	LEWG	3 020	3 180	3 337	4 089	4 128	5 045	4 903	5 713	6 072	6 557	8 041
Total Asia	LETD	72 602	65 235	63 519	72 103	83 887	97 009	103 576	114 315	96 660	113 197	128 228
<b>Australasia &amp; Oceania</b>												
Australia	CWBO	3 792	4 357	4 841	5 029	6 239	6 474	7 076	7 513	7 858	6 279	7 846
New Zealand	BFQY	1 011	1 030	1 069	1 206	1 303	1 332	1 282	1 400	1 302	1 425	1 473
Other	LEVO	191	199	210	236	212	582	384	-76	255	193	312
Total Australasia & Oceania	LETV	4 994	5 586	6 120	6 471	7 754	8 388	8 742	8 837	9 415	7 897	9 631
<b>Africa</b>												
Egypt	ZWXH	1 070	921	947	1 028	1 210	1 708	1 511	1 695	1 517	1 471	1 517
Morocco	ZWXI	630	626	612	688	630	723	879	874	781	747	737
South Africa	BFVW	4 509	4 463	5 089	5 480	6 481	6 733	5 738	7 538	6 637	7 421	6 345
Other North Africa	JIRV	1 080	1 012	990	1 232	1 641	2 547	2 810	3 418	2 738	3 737	2 753
Other	LEWP	5 382	5 489	6 524	6 513	6 701	7 596	8 384	9 295	8 684	8 801	13 085
Total Africa	LERT	12 671	12 511	14 162	14 941	16 663	19 307	19 322	22 820	20 357	22 177	24 437
<b>International Organisations</b>												
	CTEZ	1 766	1 801	1 357	1 946	2 193	3 266	3 255	3 469	3 201	3 212	3 910
<b>World total</b>												
	HBOF	454 034	438 494	451 174	486 312	571 325	689 186	721 554	731 170	612 023	662 868	727 650

1 Before 1999 only combined BLEU data is available under identifier CTFI.

2 Separate data for Serbia and Montenegro is available from 2007.

# 9.2 Current account

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUGX	-760	-1 408	-1 615	-1 397	-1 345	-1 634	-1 174	-1 035	-1 211	-1 778	-1 761
Belgium <sup>1</sup>	AA4H	-697	-1 181	-428	-972	-1 329	-573	-584	-695	-2 100	-2 658	-1 459
Bulgaria	ZWXX	61	34	43	-20	-113	-115	-253	-193	-41	-163	-64
Cyprus	AA4I	-901	-773	-908	-764	-937	-1 532	-501	-81	-178	-465	-8
Czech Republic	LEPS	42	-228	-368	-276	-859	-1 682	-1 483	-2 233	-1 939	-2 252	-2 251
Denmark	LEQT	146	-590	-740	-815	-1 403	-947	188	275	113	741	-1 776
Estonia	ZWXQ	-213	-215	-179	-289	-257	-1 665	-36	60	6	88	77
Finland	LEUF	-548	-475	-294	-81	-270	-455	441	36	345	313	135
France	LEUO	-677	-2 545	-4 525	-5 422	-6 203	-818	-2 435	-1 044	-12 241	-4 471	-4 313
Germany	LEQK	-1 837	-5 130	-12 341	-14 277	-18 843	-17 901	-25 523	-16 746	-10 634	-22 915	-21 589
Greece	LEUX	-303	-358	-310	-373	-632	-1 192	-1 456	-486	-1 621	-1 697	-1 522
Hungary	BFKQ	259	289	117	-106	-331	-1 284	-1 213	-1 317	-1 489	-2 155	-1 781
Ireland	BFLX	3 407	3 079	4 607	5 605	7 793	8 665	9 667	9 168	3 365	3 758	3 425
Italy	BFOF	1 747	635	-648	-1 768	-2 128	-1 193	-1 498	-2 056	-1 686	-2 802	-2 370
Latvia	ZWXS	-343	-387	-409	-597	-576	-221	-456	-264	-331	-296	-250
Lithuania	ZWXT	-82	-134	-78	-103	-76	-34	5	87	-204	-359	-304
Luxembourg <sup>1</sup>	AA4L	1 069	537	-106	153	1 920	3 863	5 543	7 890	9 846	6 581	8 187
Malta	AA4M	-124	-121	-122	285	-208	-64	-593	-82	446	50	40
Netherlands	BFOH	5 790	8 354	7 345	-899	-1 628	-2 269	-6 110	13 876	10 034	8 197	7 599
Poland	BFSB	381	431	349	57	-239	-639	-1 310	-1 309	-1 612	-2 254	-2 707
Portugal	BFSJ	-199	-466	-949	-719	-623	-1 338	-787	-784	-513	-566	-900
Romania	ZWXU	-71	-79	-95	-89	-167	-168	-77	198	81	-322	-80
Slovak Republic	ZWXV	68	10	6	-19	-70	-603	-870	-896	-1 094	-998	-585
Slovenia	ZWXW	91	65	68	78	-4	-528	-80	-11	-26	37	-92
Spain	LESV	-3 162	-5 382	-6 192	-4 574	-5 498	-4 004	-2 197	-910	-3 621	-5 262	-11 044
Sweden	BFTK	1 100	1 025	652	1 133	1 132	1 107	2 133	446	2 257	1 853	28
European Central Bank	ZWXL	11	2	-	-	-	-	-	-2	-	-	-
EU Institutions	CSFJ	-3 048	-4 669	-4 938	-4 555	-5 953	-6 044	-7 311	-6 608	-6 799	-10 085	-10 780
Total EU27	G977	1 207	-9 680	-22 058	-30 804	-38 847	-33 268	-37 970	-4 716	-20 847	-47 396	-46 145
European Free Trade Association (EFTA)												
Iceland	BFNJ	-61	-91	-50	-120	-47	-153	549	2 431	-11	-275	-197
Liechtenstein	BFPG	-51	-10	-27	8	-33	-48	-33	-63	1	35	-157
Norway	BFOQ	-3 143	-3 498	-3 929	-5 896	-8 592	-11 560	-10 291	-17 039	-12 414	-17 440	-21 218
Switzerland	LEPA	-3 636	-1 405	393	782	1 112	913	3 199	14 904	7 506	6 869	8 498
Total EFTA	CTFS	-6 891	-5 004	-3 613	-5 226	-7 560	-10 848	-6 576	233	-4 918	-10 811	-13 074
Other Europe												
Albania	ZWXM	-	-2	-9	6	10	10	-5	17	-164	21	14
Belarus	ZWYN	-	-4	20	-18	-221	-677	-540	-30	-	84	97
Croatia	ZWXP	-11	24	78	47	-13	-20	-39	39	82	-50	-78
Russia	BFSB	-807	-315	-389	-854	-1 515	-2 206	-1 606	-783	-30	629	2 246
Turkey	BFUL	-448	-1 001	-1 084	-1 522	-1 514	-1 341	-1 859	-2 466	-1 923	-2 051	-1 198
Ukraine	ZWXX	71	294	198	35	118	445	228	360	522	192	280
Serbia and Montenegro <sup>2</sup>	BFEW	-14	-11	-	-30	-18	-35	-19	-4	2	-24	19
of which Serbia	KND5	..	..	..	..	..	..	-23	-5	-	-26	4
Montenegro	KND6	..	..	..	..	..	..	4	1	2	2	15
Other	LEVY	-4 792	-3 616	-971	-900	-1 989	-3 148	2 065	-8 793	-4 319	-3 275	-2 836
Total Europe	LERC	-11 685	-19 315	-27 828	-39 266	-51 549	-51 088	-46 321	-16 143	-31 595	-62 681	-60 675
<b>Americas</b>												
Argentina	ZWXX	470	6	98	235	179	417	309	113	8	108	-34
Brazil	LENQ	149	105	-141	-41	90	84	316	387	1 208	1 004	2 414
Canada	LEOR	1 100	35	599	-162	567	611	1 849	3 073	-328	-297	-301
Chile	ZWYA	-132	-110	22	463	834	535	644	497	580	229	462
Colombia	ZWYB	74	129	216	289	270	147	36	-203	-184	15	433
Mexico	BFPF	-46	690	518	868	943	1 267	1 060	404	634	728	510
United States of America	BFDV	4 702	8 569	11 964	15 335	23 385	20 805	21 978	10 343	16 889	21 857	21 943
Uruguay	ZWYC	11	-18	48	-14	-9	-1	-22	-33	-65	-4	25
Venezuela	ZWYD	361	343	162	302	270	-50	-150	-188	99	321	341
Other Central American Countries	JISU	1 948	3 791	3 408	3 040	3 741	4 782	5 370	4 635	4 268	6 664	16 420
Other	LEVQ	-3 859	-3 123	-1 680	51	-609	-2 846	-3 052	-691	-2 987	-1 319	-3 711
Total Americas	LESM	4 778	10 417	15 214	20 366	29 661	25 751	28 338	18 337	20 122	29 306	38 502
<b>Asia</b>												
China	LEPJ	-3 857	-5 120	-6 018	-7 262	-9 268	-11 130	-14 336	-16 900	-17 532	-20 611	-19 657
Hong Kong	BFJT	-4 634	-3 453	-2 223	-1 108	-646	-1 512	-2 112	-4 970	-3 858	-1 323	-1 989
India	BFNA	-561	-432	-79	-613	-665	-884	-1 038	18	-1 308	-1 268	972
Indonesia	BFKZ	-729	-628	-504	-417	-401	-213	-479	-551	-256	-172	510
Iran	ZWYG	305	455	584	547	618	479	390	561	301	159	-88
Israel	BFMR	438	640	585	556	504	241	159	338	287	110	-126
Japan	BFOO	-6 102	-4 583	-869	-2 090	-2 417	-2 527	-2 742	-2 363	1 572	-2 298	-6 136
Malaysia	BFPY	-650	-252	-67	-160	31	-512	-249	-223	184	158	692
Pakistan	BFRP	-294	-607	-513	-442	-50	-111	-286	-382	-367	-650	-393
Philippines	BFRJ	-615	-528	-244	-206	-315	-415	-212	-121	40	-213	-166
Saudi Arabia	BFTB	1 845	1 679	2 809	2 560	1 760	2 347	1 916	1 893	3 966	4 939	3 964
Singapore	BFTT	255	173	237	451	1 193	1 213	1 804	1 740	3 476	3 000	4 312
South Korea	BFOX	-937	-339	-154	36	75	360	561	1 062	834	1 916	2 332
Taiwan	BFUU	-1 728	-1 170	-905	-743	-611	-736	-945	-1 129	-732	-279	-626
Thailand	BFUC	-1 267	-1 261	-1 162	-1 368	-1 325	-2 036	-1 769	-2 022	-1 333	-1 368	-1 060
Residual Gulf Arabian Countries	JITV	1 850	2 098	2 449	3 063	6 132	3 858	3 338	5 323	5 028	3 476	1 178
Other Near & Middle Eastern Countries	ZWYI	725	635	816	1 084	1 212	1 171	2 100	2 458	2 117	2 739	3 163
Other	LEWH	-1 274	-1 406	-1 675	-2 168	-2 151	-1 781	-408	-1 954	-1 167	-2 264	-2 608
Total Asia	LETE	-17 230	-14 099	-6 933	-8 280	-6 324	-12 188	-14 308	-17 222	-8 748	-13 949	-15 726
<b>Australasia &amp; Oceania</b>												
Australia	CWJK	3 112	2 613	2 309	4 045	3 900	4 500	5 047	4 950	5 938	10 402	9 646
New Zealand	BFQZ	91	179	239	66	100	108	121	105	126	33	-14
Other	LEVQ	-38	-9	11	-13	-24	-305	-112	418	90	230	131
Total Australasia & Oceania	LETW	3 165	2 783	2 559	4 098	3 976	4 303	5 056	5 473	6 154	10 665	9 763
<b>Africa</b>												
Egypt	ZWYK	-10	93	29	174	81	-162	375	484	679	1 188	885
Morocco	ZWYL	-150	-206	-177	-271	-297	-281	-448	-220	-272	9	51
South Africa	BFWW	-418	256	-193	615	1 122	-710	650	-429	-980	430	2 085
Other North Africa	JIRW	-293	-345	14	-320	-4 102	-2 590	-1 653	-1 732	-1 202	-2 230	-1 131
Other	LEWQ	-813	-754	-1 308	-1 326	3 109	504	-1 266	-13	871	2 792	392
Total Africa	LERU	-1 684	-956	-1 635	-1 128	-87	-3 239	-2 342	-1 910	-904	2 189	2 282
<b>International Organisations</b>												
	CTFA	-1 187	-1 241	-816	-1 442	-1 605	-2 637	-2 582	-2 948	-2 766	-2 814	-3 192
<b>World total</b>												
	HBOG	-23 843	-22 411	-19 439	-25 652	-25 928	-39 098	-32 159	-14 413	-17 737	-37 284	-29 046

1 Before 1999 only combined BLEU data is available under identifier CTFFJ.

2 Separate data for Serbia and Montenegro is available from 2007.



# 9.3 Trade in goods and services

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
<b>Europe</b>												
European Union (EU)												
Austria	LGHT	1 642	1 688	1 701	1 541	1 897	2 281	2 103	2 299	2 047	2 132	2 481
Belgium <sup>1</sup>	A7RS	11 705	12 585	13 737	13 295	14 237	15 896	14 808	17 070	14 206	16 306	19 047
Bulgaria	ZWLR	156	208	221	235	321	351	374	438	405	411	526
Cyprus	A7RT	429	490	556	664	693	1 431	951	1 153	1 188	1 173	1 489
Czech Republic	LGIN	1 266	1 215	1 259	1 316	1 442	1 950	1 931	2 004	1 907	2 277	2 505
Denmark	LGHV	3 685	4 110	3 761	3 676	3 970	6 345	4 597	5 049	5 421	5 766	5 935
Estonia	ZWLX	97	121	116	136	155	533	265	272	186	273	345
Finland	LGHW	2 507	2 277	2 400	2 343	2 447	2 974	3 186	3 119	2 639	2 778	2 976
France	LGHX	25 453	24 811	25 374	25 352	26 927	36 904	26 668	28 310	26 276	28 371	32 035
Germany	LGHY	30 997	29 599	28 949	30 098	32 952	37 963	35 713	40 135	35 864	38 755	43 901
Greece	LGHZ	1 939	1 965	2 064	2 167	2 378	2 309	2 334	3 067	2 757	2 572	2 452
Hungary	XUXI	824	971	1 091	1 321	1 442	1 294	1 384	1 501	1 386	1 562	1 726
Ireland	LGIA	17 572	19 731	17 726	19 871	23 401	24 529	25 492	27 693	24 473	25 652	27 409
Italy	LGIB	11 364	11 539	11 743	11 902	12 805	13 491	13 630	14 244	13 612	14 179	15 607
Latvia	ZWMF	118	114	142	141	201	658	249	260	225	259	361
Lithuania	ZWME	183	181	232	198	288	347	433	560	267	323	450
Luxembourg <sup>1</sup>	A7RV	744	806	974	1 188	1 135	2 842	1 935	2 270	2 568	2 541	2 986
Malta	A7RW	268	286	331	338	315	417	490	641	698	633	748
Netherlands	LGIC	19 617	18 746	19 200	18 896	20 204	24 959	23 804	30 000	27 529	31 331	34 075
Poland	LGIO	1 640	1 709	1 886	1 940	2 522	3 883	3 401	4 097	3 840	4 929	5 755
Portugal	LGID	2 069	2 049	2 015	2 275	2 383	2 954	2 174	2 471	2 305	2 626	2 584
Romania	ZWMH	417	505	610	749	783	786	937	1 052	965	1 146	1 331
Slovak Republic	ZWMJ	245	230	271	270	366	397	524	764	618	755	1 054
Slovenia	ZWMI	196	229	203	213	236	274	277	320	260	309	325
Spain	LGIE	10 664	11 118	11 927	12 127	14 744	17 382	15 396	15 872	15 001	15 115	15 283
Sweden	LGIF	5 623	5 356	5 585	6 110	6 493	7 324	7 333	7 656	6 878	8 547	9 564
European Central Bank	ZWLL	12	3	—	—	—	—	—	—	—	—	—
EU Institutions	LGIG	553	544	530	591	649	647	627	685	673	760	851
Total EU27	GC8Q	151 985	153 186	154 604	158 953	175 386	211 121	191 016	213 002	194 194	211 481	233 801
European Free Trade Association (EFTA)												
Iceland	LGII	215	197	218	261	321	390	382	423	282	312	293
Liechtenstein	LGIIJ	35	46	46	60	45	68	129	67	81	86	88
Norway	LGIK	2 870	3 237	3 313	3 562	4 214	4 247	5 330	5 412	5 372	5 674	6 199
Switzerland	LGIL	7 155	7 229	7 648	7 389	10 324	10 275	10 586	12 044	11 939	14 353	14 828
Total EFTA	LGIM	10 275	10 709	11 225	11 272	14 904	14 980	16 427	17 946	17 674	20 425	21 408
Other Europe												
Albania	ZWLP	28	25	17	35	25	31	30	47	32	33	32
Belarus	ZWLS	36	36	42	59	64	74	85	109	85	130	140
Croatia	ZWMC	122	149	189	169	166	252	250	335	322	259	256
Russia	LGIP	1 374	1 570	2 163	2 393	3 069	3 839	4 943	6 503	4 295	5 285	7 286
Turkey	LGIQ	1 596	1 729	2 107	2 336	2 749	3 072	3 129	3 367	3 334	4 429	5 203
Ukraine	ZWMK	225	473	368	270	381	496	649	845	766	706	790
Serbia and Montenegro <sup>2</sup>	ZWMN	93	90	110	87	95	134	171	171	179	166	240
of which Serbia	KN9Z	..	..	..	..	..	..	157	157	161	149	199
Montenegro	KNA2	..	..	..	..	..	..	14	14	18	17	41
Other	ZWLM	1 403	1 694	2 313	2 515	3 220	3 692	3 810	5 412	4 720	4 292	4 531
Total Europe	LGIS	167 137	169 661	173 138	178 089	200 059	237 691	220 510	247 737	225 601	247 206	273 687
<b>Americas</b>												
Argentina	ZWLQ	456	204	215	315	266	331	374	481	426	619	696
Brazil	LGIT	1 208	1 200	1 163	1 115	1 238	1 443	1 541	2 337	2 540	3 134	3 695
Canada	LGIU	4 855	4 631	4 854	5 125	5 141	6 035	6 060	6 426	6 792	7 764	8 520
Chile	ZWLT	232	200	202	218	244	325	379	472	745	851	1 049
Colombia	ZWLU	246	167	206	204	184	212	238	275	309	481	698
Mexico	LGIV	974	962	961	984	962	1 163	1 164	1 315	1 241	1 474	1 532
United States of America	LGIW	48 889	50 827	53 455	54 860	57 185	63 441	69 481	73 298	71 199	77 109	79 888
Uruguay	ZWML	53	35	95	41	51	60	53	85	76	102	147
Venezuela	ZWMM	424	401	240	288	330	310	327	378	412	664	747
Other Central American Countries	ZWLW	2 308	2 893	3 157	3 677	4 441	4 674	5 073	5 954	5 951	5 865	5 937
Other	ZWLZ	387	311	326	294	361	411	509	583	536	723	767
Total Americas	LGIV	60 032	61 831	64 874	67 121	70 403	78 405	85 199	91 604	90 227	98 786	103 676
<b>Asia</b>												
China	LGIZ	2 305	2 208	2 822	3 673	4 290	4 889	5 359	7 633	7 626	10 332	12 530
Hong Kong	LGJA	3 784	3 486	3 697	3 777	4 528	4 246	4 374	5 894	5 544	6 175	7 407
India	LGJB	2 447	2 378	3 006	3 254	4 041	4 454	4 689	5 934	4 678	6 208	8 332
Indonesia	LGJC	518	504	628	597	581	627	576	692	742	838	1 019
Iran	ZWMD	608	586	710	692	694	657	567	711	625	437	344
Israel	LGJD	1 873	1 848	1 737	1 806	1 944	1 793	1 753	1 910	1 774	2 128	2 599
Japan	LGJE	7 281	7 428	7 716	8 170	8 544	8 765	8 635	9 144	8 427	8 886	9 599
Malaysia	LGJF	1 408	1 276	1 457	1 561	1 582	1 416	1 421	1 692	1 764	2 006	2 273
Pakistan	LGJG	499	401	472	581	925	876	755	832	846	780	927
Philippines	LGJH	573	464	525	446	421	347	376	505	467	434	470
Saudi Arabia	LGJI	3 684	3 350	4 213	4 192	3 978	4 379	3 992	4 225	4 873	5 688	5 455
Singapore	LGJJ	2 901	2 605	3 271	3 913	4 922	5 529	6 127	6 526	7 004	7 254	7 788
South Korea	LGJK	1 692	1 983	1 961	2 412	2 469	2 666	2 848	3 698	3 137	3 517	4 081
Taiwan	LGJL	1 174	1 211	1 284	1 478	1 567	1 541	1 582	1 601	1 482	2 285	2 321
Thailand	LGJM	817	737	913	962	911	880	927	1 129	1 427	1 613	1 937
Residual Gulf Arabian Countries	ZWMA	3 831	3 920	4 740	5 820	9 189	7 630	7 394	9 855	9 677	10 686	11 699
Other Near & Middle Eastern Countries	ZWMB	809	747	886	1 107	1 210	1 441	1 193	1 656	1 759	1 957	1 963
Other	ZWLN	1 450	1 222	1 413	1 577	1 762	2 201	3 096	2 528	2 717	3 068	3 458
Total Asia	LGJO	37 654	36 354	41 451	46 018	53 558	54 337	55 664	66 165	64 569	74 292	84 202
<b>Australasia &amp; Oceania</b>												
Australia	LGJP	4 289	3 950	4 368	4 794	5 495	5 526	6 040	7 467	7 567	8 871	10 147
New Zealand	LGJQ	610	584	660	806	859	806	822	859	825	919	1 007
Other	LGJR	143	154	189	180	148	206	186	258	242	315	313
Total Australasia & Oceania	LGJS	5 042	4 688	5 217	5 780	6 502	6 538	7 048	8 584	8 634	10 105	11 467
<b>Africa</b>												
Egypt	ZWLY	799	686	705	998	947	1 080	1 331	1 694	1 652	1 780	1 706
Morocco	ZWMG	449	378	416	407	308	401	395	620	482	711	758
South Africa	LGJT	2 672	2 590	2 874	2 981	3 287	3 639	3 720	4 341	3 910	4 745	5 412
Other North Africa	ZWLX	649	684	857	819	880	933	899	1 370	1 525	1 437	1 158
Other	ZWLO	3 776	3 670	4 114	4 012	4 415	5 138	5 303	7 405	7 524	8 783	10 529
Total Africa	LGJV	8 345	8 008	8 966	9 217	9 837	11 191	11 648	15 430	15 093	17 456	19 563
<b>International Organisations</b>												
	LGJW	65	85	75	53	65	45	47	50	37	40	51
<b>World total</b>												
	KTMW	278 275	280 627	293 721	306 278	340 424	388 207	380 116	429 570	404 161	447 885	492 646

1 Before 1999 only combined BLEU data is available under identifier LGHU.

2 Separate data for Serbia and Montenegro available from 2007.

# 9.3 Trade in goods and services

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Imports</b>												
<b>Europe</b>												
European Union (EU)												
Austria	LGJY	2 399	3 098	3 465	3 142	3 360	3 706	3 308	3 315	3 193	3 627	3 804
Belgium <sup>1</sup>	A8EO	13 289	14 207	14 387	14 876	16 321	17 537	17 336	19 022	17 455	19 451	21 521
Bulgaria	ZWNX	153	215	234	330	433	448	572	609	443	549	577
Cyprus	A8EP	1 312	1 242	1 385	1 328	1 506	2 941	1 325	1 321	1 058	990	1 097
Czech Republic	LGKS	1 302	1 505	1 766	1 734	2 359	3 515	3 467	4 074	3 677	4 440	4 694
Denmark	LGKA	3 594	4 366	4 217	4 254	5 380	7 612	4 770	5 083	5 676	5 383	7 394
Estonia	ZWOD	307	340	300	428	419	2 198	292	207	198	196	266
Finland	LGKB	3 332	3 078	2 991	2 636	2 794	3 453	3 042	3 202	2 452	2 618	2 942
France	LGKC	27 786	28 817	28 993	28 998	31 211	36 744	31 861	33 233	29 989	31 428	33 170
Germany	LGKD	35 555	37 977	39 496	42 120	47 094	50 254	53 160	54 693	48 775	55 755	59 563
Greece	LGKE	2 395	2 539	2 703	2 707	2 766	2 892	2 884	2 808	3 134	2 637	2 694
Hungary	ZWOJ	836	978	1 276	1 778	2 142	2 714	2 746	2 883	2 941	3 746	3 586
Ireland	LGKF	14 572	15 591	12 607	13 317	13 928	14 362	15 337	16 564	16 631	17 253	17 297
Italy	LGKG	12 908	13 879	15 052	15 907	17 097	17 223	18 028	19 101	16 766	18 102	18 465
Latvia	ZWOM	450	495	547	730	763	885	719	489	528	535	531
Lithuania	ZWOL	246	302	313	291	353	371	407	447	471	669	746
Luxembourg <sup>1</sup>	A8ER	607	970	988	1 303	1 228	3 279	1 186	1 429	1 158	2 440	2 747
Malta	A8ES	404	413	476	514	530	472	483	518	438	499	557
Netherlands	LGKH	18 580	19 607	20 160	21 704	24 131	26 253	26 741	29 723	26 065	30 393	32 774
Poland	LGKT	1 370	1 458	1 780	2 145	2 892	4 668	4 915	5 623	6 178	7 500	8 610
Portugal	LGKI	2 755	2 993	3 389	3 377	3 496	4 662	3 208	3 660	2 988	3 383	3 556
Romania	ZWOO	530	608	778	924	975	1 005	1 118	1 026	1 015	1 496	1 536
Slovak Republic	ZWOQ	188	239	283	297	441	944	1 369	1 752	1 727	1 746	1 633
Slovenia	ZWOP	166	196	196	206	253	808	361	387	295	406	407
Spain	LGKJ	14 693	17 203	18 593	18 578	21 219	22 324	20 481	21 381	19 053	19 919	21 435
Sweden	LGKK	5 515	5 172	5 753	6 319	6 814	7 595	6 571	8 319	7 398	8 455	9 672
European Central Bank	ZWNR	1	1	—	—	—	—	—	2	—	—	—
EU Institutions	LGKL	5	14	18	4	4	2	—	5	111	2	104
Total EU27	GCU9	165 250	177 503	182 146	189 947	209 909	238 867	225 687	240 876	219 813	243 618	261 378
European Free Trade Association (EFTA)												
Iceland	LGKN	337	344	351	420	423	505	510	547	614	487	555
Liechtenstein	LGKO	33	27	36	22	20	45	59	42	35	21	13
Norway	LGKP	6 397	6 802	7 360	9 533	13 428	15 709	15 639	23 125	17 207	22 177	26 309
Switzerland	LGKQ	6 249	6 471	5 679	5 386	6 262	6 770	7 608	7 982	8 205	10 683	10 480
Total EFTA	LGKR	13 016	13 644	13 426	15 361	20 133	23 029	23 816	31 696	26 061	33 368	37 357
Other Europe												
Albania	ZWNV	9	15	18	21	8	13	24	23	192	4	6
Belarus	ZWNY	22	36	27	73	281	746	615	125	86	47	55
Croatia	ZWOI	109	118	123	141	196	249	227	316	274	319	338
Russia	LGKU	2 279	2 246	2 766	4 047	5 619	6 511	6 306	8 061	5 934	6 283	8 520
Turkey	LGKV	2 295	2 956	3 483	4 150	4 620	5 084	5 926	6 461	5 980	6 977	7 032
Ukraine	ZWOR	93	163	106	145	176	198	313	377	294	503	467
Serbia and Montenegro <sup>2</sup>	ZWOV	61	65	78	81	87	140	143	149	134	143	175
of which Serbia	KNA3	..	..	..	..	..	..	136	141	121	131	154
Montenegro	KNA4	..	..	..	..	..	..	7	8	13	12	21
Other	ZWNS	1 118	1 285	1 251	1 138	1 227	1 455	1 984	1 499	1 958	1 667	1 731
Total Europe	LGKX	184 252	198 031	203 424	215 104	242 256	276 292	265 041	289 583	260 726	292 929	317 059
<b>Americas</b>												
Argentina	ZWNW	274	294	297	330	361	463	511	698	770	780	741
Brazil	LGKY	1 528	1 633	1 682	1 806	2 045	2 198	2 332	2 998	2 891	3 550	3 106
Canada	LGKZ	4 826	4 624	4 695	5 252	5 326	6 286	7 169	7 252	5 744	7 277	7 987
Chile	ZWNZ	524	526	470	563	575	565	566	635	673	634	679
Colombia	ZWOA	348	250	257	300	342	348	405	731	633	737	982
Mexico	LGLA	1 069	831	801	776	737	710	915	1 241	1 022	1 432	1 472
United States of America	LGLB	43 439	38 827	38 399	37 945	38 704	42 654	43 641	45 553	43 586	46 533	48 639
Uruguay	ZWOS	46	69	47	46	65	78	77	120	139	111	130
Venezuela	ZWOT	198	215	146	234	426	634	525	654	471	472	459
Other Central American Countries	ZWOC	2 045	2 119	2 487	3 075	3 022	4 166	3 904	4 466	4 380	3 442	3 225
Other	ZWOF	450	395	359	350	400	430	411	526	474	487	595
Total Americas	LGLD	54 747	49 783	49 640	50 677	52 003	58 532	60 456	64 874	60 783	65 455	68 015
<b>Asia</b>												
China	LGLE	6 266	7 402	9 006	11 185	13 944	16 311	19 884	24 767	25 798	31 841	32 775
Hong Kong	LGLF	6 474	6 287	6 317	6 587	7 463	8 289	8 186	9 185	8 734	9 235	8 986
India	LGLG	2 643	2 629	2 926	3 423	4 104	4 767	5 529	6 795	6 571	8 288	8 544
Indonesia	LGLH	1 322	1 223	1 284	1 085	1 019	1 168	1 133	1 347	1 359	1 509	1 496
Iran	ZWOK	51	50	62	92	68	123	95	110	285	271	412
Israel	LGLI	1 235	1 063	1 060	1 153	1 250	1 257	1 350	1 484	1 446	1 988	2 795
Japan	LGLJ	10 903	9 516	9 874	9 816	10 911	10 646	10 823	12 199	9 977	11 772	13 606
Malaysia	LGLK	2 164	1 955	2 068	2 268	2 104	2 172	1 936	2 138	1 918	2 100	2 109
Pakistan	LGLL	707	879	920	1 000	967	1 011	903	1 032	1 089	1 253	1 245
Philippines	LGLM	1 265	1 069	883	779	867	921	878	834	584	772	694
Saudi Arabia	LGLN	1 591	2 013	1 834	2 000	2 415	1 989	1 635	1 276	906	1 019	1 438
Singapore	LGLO	2 479	2 406	3 136	4 109	4 618	4 669	5 026	5 432	5 159	5 977	6 012
South Korea	LGLP	2 925	2 899	2 739	3 318	3 294	3 306	3 310	3 908	3 222	2 916	2 998
Taiwan	LGLQ	3 005	2 624	2 421	2 588	2 578	2 598	2 727	2 972	2 538	3 365	3 797
Thailand	LGLR	2 113	2 116	2 206	2 458	2 373	2 659	2 711	3 128	2 950	3 312	3 231
Residual Gulf Arabian Countries	ZWOG	1 676	1 839	2 359	2 697	3 050	3 530	3 653	4 472	5 120	7 238	10 420
Other Near & Middle Eastern Countries	ZWOH	273	324	312	307	405	974	550	659	566	528	670
Other	ZWNT	2 163	2 256	2 625	3 142	2 916	3 512	3 514	4 149	4 623	5 024	6 139
Total Asia	LGLT	49 255	48 550	52 032	58 007	64 346	69 902	73 843	85 887	82 845	98 408	107 367
<b>Australasia &amp; Oceania</b>												
Australia	LGLU	2 982	3 101	3 269	3 265	3 970	3 939	3 966	4 419	3 954	4 521	4 607
New Zealand	LGLV	826	858	908	1 025	1 097	1 054	1 086	1 120	1 100	1 198	1 223
Other	LGLW	119	131	155	183	180	207	164	245	222	160	276
Total Australasia & Oceania	LGLX	3 927	4 090	4 332	4 473	5 247	5 200	5 216	5 784	5 276	5 879	6 106
<b>Africa</b>												
Egypt	ZWOE	770	728	790	848	885	1 284	1 127	1 414	1 425	1 353	1 397
Morocco	ZWON	592	599	590	666	592	609	808	816	752	706	712
South Africa	LGLY	3 493	3 415	3 944	4 259	5 039	4 994	4 101	5 826	5 048	5 769	4 100
Other North Africa	ZWOB	881	878	865	1 104	1 363	2 015	2 106	2 804	2 519	3 519	2 718
Other	ZWNU	3 474	3 618	3 851	4 094	4 087	4 304	4 981	5 593	5 374	5 340	9 095
Total Africa	LGMA	9 210	9 238	10 040	10 971	11 966	13 206	13 123	16 453	15 118	16 687	18 022
<b>International Organisations</b>												
	LGMB	63	41	30	38	44	59	57	43	15	29	40
<b>World total</b>												
	KTMX	301 454	309 733	319 498	339 270	375 862	423 191	417 736	462 624	424 763	479 387	516 609

1 Before 1999 only combined BLEU data is available under identifier LGJZ.

2 Separate Serbia and Montenegro data available from 2007.

# 9.3 Trade in goods and services

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	LGMD	-757	-1 410	-1 764	-1 601	-1 463	-1 425	-1 205	-1 016	-1 146	-1 495	-1 323
Belgium <sup>1</sup>	A8HC	-1 584	-1 622	-650	-1 581	-2 084	-1 641	-2 528	-1 952	-3 249	-3 145	-2 474
Bulgaria	ZWSK	3	-7	-13	-95	-112	-97	-198	-171	-38	-138	-51
Cyprus	A8HD	-883	-752	-829	-664	-813	-1 510	-374	-168	130	183	392
Czech Republic	LGMX	-36	-290	-507	-418	-917	-1 565	-1 536	-2 070	-1 770	-2 163	-2 189
Denmark	LGMF	91	-256	-456	-578	-1 410	-1 267	-173	-34	-255	383	-1 459
Estonia	ZWSQ	-210	-219	-184	-292	-264	-1 665	-27	65	-12	77	79
Finland	LGMG	-825	-801	-591	-293	-347	-479	144	-83	187	160	34
France	LGMH	-2 333	-4 006	-3 619	-3 646	-4 284	160	-5 193	-4 923	-3 713	-3 057	-1 135
Germany	LGMI	-4 558	-8 378	-10 547	-12 022	-14 142	-12 291	-17 447	-14 558	-12 911	-17 000	-15 662
Greece	LGMJ	-456	-574	-639	-540	-388	-583	-550	259	-377	-65	-242
Hungary	ZWSW	-12	-7	-185	-457	-700	-1 420	-1 362	-1 382	-1 555	-2 184	-1 860
Ireland	LGMK	3 000	4 140	5 119	6 554	9 473	10 167	10 155	11 129	7 842	8 399	10 112
Italy	LGML	-1 544	-2 340	-3 309	-4 005	-4 292	-3 732	-4 398	-4 857	-3 154	-3 923	-2 858
Latvia	ZWSZ	-332	-381	-405	-589	-562	-227	-470	-229	-303	-276	-170
Lithuania	ZWSY	-63	-121	-81	-93	-65	-24	26	113	-204	-346	-296
Luxembourg <sup>1</sup>	A8HF	137	-164	-14	-115	-93	-437	749	841	1 410	101	239
Malta	A8HG	-136	-127	-145	-176	-215	-55	7	123	260	134	191
Netherlands	LGMN	1 037	-861	-960	-2 808	-3 927	-1 294	-2 937	277	1 464	938	1 301
Poland	LGMV	270	251	106	-205	-370	-785	-1 514	-1 526	-2 338	-2 571	-2 855
Portugal	LGMN	-686	-944	-1 374	-1 102	-1 113	-1 708	-1 034	-1 189	-683	-757	-972
Romania	ZWTB	-113	-103	-168	-175	-192	-219	-181	26	-50	-350	-205
Slovak Republic	ZWTD	57	-9	-12	-27	-75	-547	-845	-988	-1 109	-991	-579
Slovenia	ZWTC	30	33	7	7	-17	-534	-84	-67	-35	-97	-82
Spain	LGMO	-4 029	-6 085	-6 666	-6 451	-6 475	-4 942	-5 085	-5 509	-4 052	-4 804	-6 152
Sweden	LGMF	108	184	-168	-209	-321	-271	762	-663	-520	92	-108
European Central Bank	ZWSE	11	2	-	-	-	-	-	-2	-	-	-
EU Institutions	LGMQ	548	530	512	587	645	645	627	680	562	758	747
Total EU27	GD6Q	-13 265	-24 317	-27 542	-30 994	-34 523	-27 746	-34 671	-27 874	-25 619	-32 137	-27 577
European Free Trade Association (EFTA)												
Iceland	LGMS	-122	-147	-133	-159	-102	-115	-128	-124	-332	-175	-262
Liechtenstein	LGMT	2	19	10	38	25	23	70	25	46	65	75
Norway	LGMU	-3 527	-3 565	-4 047	-5 971	-9 214	-11 462	-10 309	-17 713	-11 835	-16 503	-20 110
Switzerland	LGMV	906	758	1 969	2 003	4 062	3 505	2 978	4 062	3 734	3 670	4 348
Total EFTA	LGMW	-2 741	-2 935	-2 201	-4 089	-5 229	-8 049	-7 389	-13 750	-8 387	-12 943	-15 949
Other Europe												
Albania	ZWSI	19	10	-1	14	17	18	6	24	-160	29	26
Belarus	ZWSL	14	-	15	-14	-217	-672	-530	-16	-1	83	85
Croatia	ZWSV	13	31	66	28	-30	3	23	19	48	-60	-82
Russia	LGMZ	-905	-676	-603	-1 654	-2 550	-2 672	-1 363	-1 558	-1 639	-998	-1 234
Turkey	LGNA	-699	-1 227	-1 376	-1 814	-1 871	-2 012	-2 797	-3 094	-2 646	-2 548	-1 829
Ukraine	ZWTE	132	310	262	125	205	298	336	468	472	203	323
Serbia and Montenegro <sup>2</sup>	ZWTH	32	25	32	6	8	-6	28	22	45	23	65
of which Serbia	KNA5	..	..	..	..	..	..	21	16	40	18	45
Montenegro	KNA6	..	..	..	..	..	..	7	6	5	5	20
Other	ZWSF	285	409	1 062	1 377	1 993	2 237	1 826	3 913	2 762	2 625	2 800
Total Europe	LGNC	-17 115	-28 370	-30 286	-37 015	-42 197	-38 601	-44 531	-41 846	-35 125	-45 723	-43 372
<b>Americas</b>												
Argentina	ZWSJ	182	-90	-82	-15	-95	-132	-137	-217	-344	-161	-45
Brazil	LGNB	-320	-433	-519	-691	-807	-755	-791	-661	-351	-416	589
Canada	LGNE	29	7	159	-127	-185	-251	-1 109	-826	1 048	487	533
Chile	ZWSM	-292	-326	-268	-345	-331	-240	-187	-163	72	217	370
Colombia	ZWSN	-102	-83	-51	-96	-158	-136	-167	-456	-324	-256	-284
Mexico	LGNF	-95	131	160	208	225	453	249	74	219	42	60
United States of America	LGNB	5 450	12 000	15 056	16 915	18 481	20 787	25 840	27 745	27 613	30 576	31 249
Uruguay	ZWTF	7	-34	48	-5	-14	-18	-24	-35	-63	-9	17
Venezuela	ZWTG	226	186	94	54	-96	-324	-198	-276	-59	192	288
Other Central American Countries	ZWSP	263	774	670	602	1 419	508	1 169	1 488	1 571	2 423	2 712
Other	ZWSS	-63	-84	-33	-56	-39	-19	98	57	62	236	172
Total Americas	LGNI	5 285	12 048	15 234	16 444	18 400	19 873	24 743	26 730	29 444	33 331	35 661
<b>Asia</b>												
China	LGNJ	-3 961	-5 194	-6 184	-7 512	-9 654	-11 422	-14 525	-17 134	-18 172	-21 509	-20 245
Hong Kong	LGNK	-2 690	-2 801	-2 620	-2 810	-2 935	-4 043	-3 812	-3 291	-3 190	-3 060	-1 579
India	LGNL	-196	-251	80	-169	-63	-313	-840	-861	-1 893	-2 080	-212
Indonesia	LGNM	-804	-719	-656	-488	-438	-541	-557	-655	-617	-671	-477
Iran	ZWSX	557	536	648	600	626	534	472	601	340	166	-68
Israel	LGNM	638	785	677	653	694	536	403	426	328	140	-196
Japan	LGNO	-3 622	-2 088	-2 158	-1 646	-2 367	-1 881	-2 188	-3 055	-1 550	-2 886	-4 007
Malaysia	LGNP	-756	-679	-611	-707	-522	-756	-515	-446	-154	-94	164
Pakistan	LGNQ	-208	-478	-448	-419	-42	-135	-148	-200	-243	-473	-318
Philippines	LGNR	-692	-605	-358	-333	-446	-574	-502	-329	-117	-338	-224
Saudi Arabia	LGNS	2 093	1 337	2 379	2 192	1 563	2 390	2 357	2 949	3 967	4 669	4 017
Singapore	LGNT	422	199	135	-196	304	860	1 101	1 094	1 845	1 277	1 776
South Korea	LGNU	-1 233	-916	-778	-906	-825	-640	-462	-210	-85	601	1 083
Taiwan	LGNV	-1 831	-1 413	-1 137	-1 110	-1 011	-1 057	-1 145	-1 371	-1 056	-1 080	-1 476
Thailand	LGNW	-1 296	-1 379	-1 293	-1 496	-1 462	-1 779	-1 784	-1 999	-1 523	-1 699	-1 294
Residual Gulf Arabian Countries	ZWST	2 155	2 081	2 381	3 123	6 139	4 100	3 741	5 383	4 557	3 448	1 279
Other Near & Middle Eastern Countries	ZWSU	536	423	574	800	805	467	643	997	1 193	1 429	1 293
Other	ZWSG	-713	-1 034	-1 212	-1 565	-1 154	-1 311	-418	-1 621	-1 906	-1 956	-2 681
Total Asia	LGNV	-11 601	-12 196	-10 581	-11 989	-10 788	-15 565	-18 179	-19 722	-18 276	-24 116	-23 165
<b>Australasia &amp; Oceania</b>												
Australia	LGNZ	1 307	849	1 099	1 529	1 525	1 587	2 074	3 048	3 613	4 350	5 540
New Zealand	LGOA	-216	-274	-248	-219	-238	-248	-264	-261	-275	-279	-216
Other	LGOB	24	23	34	-3	-32	-1	22	13	20	155	37
Total Australasia & Oceania	LGOB	1 115	598	885	1 307	1 255	1 338	1 832	2 800	3 358	4 226	5 361
<b>Africa</b>												
Egypt	ZWSR	29	-42	-85	150	62	-204	204	280	227	427	309
Morocco	ZWTA	-143	-221	-174	-259	-284	-208	-413	-196	-270	5	46
South Africa	LGOB	-821	-825	-1 070	-1 278	-1 752	-1 355	-381	-1 485	-1 138	-1 024	1 312
Other North Africa	ZWSO	-232	-194	-8	-285	-483	-1 082	-1 207	-1 434	-994	-2 082	-1 560
Other	ZWSH	302	52	263	-82	328	834	322	1 812	2 150	3 443	1 434
Total Africa	LGOB	-865	-1 230	-1 074	-1 754	-2 129	-2 015	-1 475	-1 023	-25	769	1 541
<b>International Organisations</b>												
	LGOG	2	44	45	15	21	-14	-10	7	22	11	11
<b>World total</b>												
	KTMV	-23 179	-29 106	-25 777	-32 992	-35 438	-34 984	-37 620	-33 054	-20 602	-31 502	-23 963

1 Before 1999 only combined BLEU data is available under identifier LGME.

2 Separate Serbia and Montenegro data is available from 2007.





# 9.4 Trade in goods

		£ million										
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Exports												
Europe												
European Union (EU)												
Austria	QBRY	1 226	1 262	1 265	1 098	1 335	1 690	1 377	1 474	1 293	1 461	1 697
Belgium <sup>1</sup>	QDOH	9 620	10 201	11 101	10 270	11 201	13 133	11 842	13 449	10 899	13 357	15 939
Bulgaria	QAMF	120	133	152	155	220	226	202	252	198	249	328
Cyprus	QDNZ	292	271	314	321	355	1 047	415	538	620	562	692
Czech Republic	QDLF	1 078	1 034	1 008	979	1 080	1 578	1 403	1 552	1 445	1 822	1 921
Denmark	QBSE	2 272	2 735	2 187	2 048	2 322	3 867	2 180	2 595	2 479	2 752	3 015
Estonia	QAMN	83	100	93	106	115	472	228	221	140	193	280
Finland	QBSH	1 614	1 445	1 495	1 364	1 520	1 820	1 957	1 912	1 325	1 497	1 657
France	QDJA	19 276	18 787	18 926	18 593	19 963	29 111	18 116	18 122	17 227	19 201	21 996
Germany	QDJD	23 688	22 097	20 853	21 702	23 060	27 246	24 710	28 003	24 306	27 877	32 537
Greece	QDJG	1 117	1 200	1 250	1 408	1 371	1 473	1 356	1 664	1 625	1 378	1 205
Hungary	QDLI	616	753	858	940	838	840	861	1 012	851	1 082	1 186
Ireland	QDJJ	13 854	15 441	12 250	14 159	16 320	17 264	17 791	19 168	15 960	16 907	17 891
Italy	QDJM	8 416	8 520	8 623	8 415	8 806	9 497	9 189	9 417	8 359	8 839	10 022
Latvia	QAMO	84	76	112	91	101	587	145	169	109	168	237
Lithuania	QAMP	136	149	188	142	167	236	311	282	172	225	268
Luxembourg <sup>1</sup>	QDOK	294	370	300	260	212	1 635	271	203	194	246	276
Malta	QDOC	215	225	256	257	239	320	363	450	401	392	450
Netherlands	QDJP	14 623	14 035	13 628	12 045	12 734	16 685	15 102	19 951	18 228	21 218	23 589
Poland	QDLL	1 297	1 317	1 463	1 423	1 658	2 798	2 372	3 021	2 801	3 797	4 338
Portugal	QDJT	1 576	1 519	1 455	1 582	1 702	2 343	1 483	1 645	1 545	1 837	1 755
Romania	QAMQ	343	429	510	609	646	609	664	754	686	782	952
Slovak Republic	QAMR	201	200	234	223	259	275	380	455	379	466	552
Slovenia	QAMS	157	181	159	160	168	195	204	223	176	219	241
Spain	QDJW	8 375	8 505	8 962	9 113	10 689	12 574	10 052	10 295	9 237	9 925	9 733
Sweden	QDJZ	3 960	3 878	3 833	4 362	4 594	5 188	4 906	5 228	4 224	5 557	6 267
European Central Bank	QARP	—	—	—	—	—	—	—	—	—	—	—
EU Institutions	EOAY	—	—	—	—	—	—	—	—	—	—	—
Total EU27	LGCJ	114 533	114 863	111 475	111 825	121 675	152 709	127 880	142 055	124 879	142 009	159 024
European Free Trade Association (EFTA)												
Iceland	QDKW	151	133	144	170	176	189	201	188	128	132	149
Liechtenstein	EPOW	5	3	5	6	2	22	3	9	5	25	13
Norway	QDKZ	1 878	1 786	1 945	2 003	2 256	2 164	2 730	2 881	2 834	3 120	3 398
Switzerland	QDLC	3 609	3 262	2 879	2 934	5 079	4 251	3 828	4 711	3 971	5 222	5 459
Total EFTA	EPOT	5 643	5 184	4 973	5 113	7 513	6 626	6 762	7 789	6 938	8 499	9 019
Other Europe												
Albania	QAMC	23	19	11	12	16	17	19	16	18	21	19
Belarus	QAME	33	32	38	53	56	64	69	90	81	120	133
Croatia	QAMM	87	94	136	124	116	146	157	219	223	173	153
Russia	QDLO	896	989	1 408	1 472	1 855	2 049	2 792	4 266	2 398	3 602	5 008
Turkey	QDLR	1 191	1 357	1 692	1 960	2 198	2 467	2 345	2 599	2 365	3 253	3 935
Ukraine	QAMT	196	171	238	214	276	337	443	614	588	474	564
Serbia and Montenegro <sup>2</sup>	QAMW	51	62	69	66	57	89	106	131	105	99	125
of which Serbia	KN2P	..	..	..	..	..	..	98	121	101	95	117
Montenegro	KN2M	..	..	..	..	..	..	8	10	4	4	8
Other	BOQE	225	188	216	214	253	338	294	562	505	808	975
Total Europe	EPLM	122 878	122 959	120 256	121 053	134 015	164 842	140 867	158 341	138 100	159 058	178 955
Americas												
Argentina	QAOM	258	121	129	170	159	217	224	319	255	358	414
Brazil	QDLU	810	879	819	801	842	908	1 066	1 693	1 785	2 219	2 466
Canada	QATH	3 189	3 087	3 211	3 308	3 247	3 850	3 265	3 240	3 325	4 132	4 749
Chile	QAMG	127	113	120	133	149	187	183	264	514	631	798
Colombia	QAML	104	81	106	115	113	135	139	160	172	230	315
Mexico	QDLX	681	697	681	622	632	732	763	901	749	953	1 006
United States of America	J8V9	29 365	28 125	28 754	28 499	30 790	31 938	32 038	35 262	33 896	37 985	39 853
Uruguay	QAMU	48	30	33	31	37	42	36	65	60	79	121
Venezuela	QAMV	312	302	135	187	227	233	250	282	300	273	327
Other Central American Countries	BOQQ	678	683	700	622	684	851	862	1 018	754	898	977
Other	BOQT	164	160	163	144	152	172	184	245	234	394	477
Total Americas	EPLQ	35 736	34 278	34 851	34 632	37 032	39 265	39 010	43 449	42 044	48 152	51 503
Asia												
China	QDMA	1 704	1 484	1 906	2 366	2 795	3 254	3 764	5 054	5 389	7 623	9 292
Hong Kong	QDMD	2 672	2 480	2 467	2 624	3 074	2 849	2 645	3 659	3 732	4 463	5 378
India	QDMG	1 761	1 743	2 263	2 233	2 788	2 688	2 951	4 116	2 941	4 074	5 695
Indonesia	QDMJ	310	330	458	403	378	316	294	395	366	462	672
Iran	QAON	436	401	478	444	461	427	399	442	404	307	191
Israel	QDMM	1 354	1 419	1 355	1 390	1 343	1 305	1 235	1 338	1 142	1 391	1 655
Japan	QAMJ	3 666	3 582	3 694	3 852	3 893	4 092	3 850	3 911	3 565	4 344	4 738
Malaysia	QDMP	1 026	872	1 022	994	1 081	879	947	1 130	1 050	1 274	1 485
Pakistan	QDMS	216	228	284	345	461	490	427	478	478	462	534
Philippines	QDMV	392	359	380	317	272	239	247	241	268	284	292
Saudi Arabia	QDMY	1 502	1 376	1 823	1 606	1 583	1 664	1 846	2 211	2 359	2 492	2 694
Singapore	QDNB	1 586	1 438	1 568	1 707	2 071	2 307	2 437	2 807	2 950	3 453	3 821
South Korea	QDNE	1 257	1 478	1 473	1 479	1 675	1 740	1 852	2 551	2 165	2 345	2 698
Taiwan	QDNH	874	841	890	951	939	908	932	887	794	1 118	1 388
Thailand	QDNK	594	530	569	636	632	564	598	758	913	1 139	1 417
Residual Gulf Arabian Countries	BOQW	2 699	2 587	3 365	4 014	7 044	5 154	4 503	6 026	5 763	6 601	7 470
Other Near & Middle Eastern Countries	QARJ	464	479	617	760	727	972	742	1 030	1 095	1 318	1 370
Other	BORB	551	495	590	598	564	672	1 585	844	980	1 215	1 362
Total Asia	EPLP	23 064	22 122	25 202	26 719	31 781	30 520	31 254	37 878	36 354	44 365	52 152
Australasia & Oceania												
Australia	QDNN	2 293	2 123	2 284	2 451	2 572	2 480	2 577	3 102	2 953	3 368	4 402
New Zealand	QDNQ	304	309	349	418	415	374	359	388	350	414	543
Other	EGIZ	46	57	70	47	80	75	66	102	91	82	68
Total Australasia & Oceania	EPLQ	2 643	2 489	2 703	2 916	3 067	2 929	3 002	3 592	3 394	3 864	5 013
Africa												
Egypt	QDNT	453	460	459	669	544	577	686	944	1 005	1 201	1 103
Morocco	QAoo	366	328	366	345	258	305	317	514	311	565	565
South Africa	QDNW	1 525	1 581	1 751	1 876	2 064	2 172	2 147	2 649	2 250	2 894	3 462
Other North Africa	BORU	426	462	561	524	476	498	506	812	958	911	638
Other	BOQH	1 976	1 895	2 138	2 129	2 369	2 637	2 736	3 978	3 719	4 698	5 596
Total Africa	EPLN	4 746	4 726	5 275								

1 Before 1999 only combined BLEU data is available under identifier QBSB.

2 Separate Serbia and Montenegro data is available from 2007.

# 9.4 Trade in goods

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Imports</b>												
<b>Europe</b>												
European Union (EU)												
Austria	QBRZ	1 887	2 397	2 779	2 357	2 470	2 785	2 495	2 355	2 282	2 636	2 944
Belgium <sup>1</sup>	QDOI	11 653	12 347	12 351	12 799	14 120	15 330	15 023	16 458	15 013	17 080	19 223
Bulgaria	QAMZ	100	117	126	150	173	200	239	215	183	231	285
Cyprus	QDOA	240	246	253	208	273	1 717	196	155	123	106	142
Czech Republic	QDLG	1 101	1 250	1 416	1 292	1 881	2 961	2 987	3 607	3 338	3 992	4 249
Denmark	QBSF	2 931	3 606	3 403	3 370	4 417	6 542	3 450	3 941	3 838	4 117	6 103
Estonia	QAND	280	322	264	379	365	2 126	239	151	127	166	218
Finland	QBTG	2 968	2 791	2 665	2 341	2 433	3 078	2 622	2 800	2 114	2 165	2 453
France	QDJB	20 165	20 823	20 404	20 171	22 050	26 808	21 962	23 312	20 449	21 574	23 039
Germany	QDJE	30 250	32 472	33 694	35 444	39 195	42 053	44 677	44 934	40 004	46 419	50 482
Greece	QDJH	485	595	645	665	718	814	648	667	558	703	671
Hungary	QDLJ	708	847	1 119	1 585	1 862	2 362	2 379	2 545	2 541	3 250	3 089
Ireland	QDJK	12 206	13 230	9 928	10 152	10 411	10 748	11 353	12 299	12 435	12 870	13 089
Italy	QDJN	9 869	10 680	11 486	12 211	12 692	12 903	13 333	14 208	12 319	13 944	14 095
Latvia	QANE	430	476	517	691	718	800	627	420	339	439	447
Lithuania	QANF	230	264	287	271	279	284	310	359	370	550	566
Luxembourg <sup>1</sup>	QDOL	421	754	730	932	918	2 736	694	836	616	937	926
Malta	QDOD	145	170	186	184	179	168	179	136	106	170	169
Netherlands	QDJQ	15 413	16 161	16 708	18 228	20 473	22 513	23 210	26 000	21 958	26 450	28 609
Poland	QDLM	1 168	1 267	1 547	1 835	2 322	3 677	3 702	4 328	4 671	6 106	7 156
Portugal	QDJU	1 626	1 761	1 967	1 928	2 022	3 180	1 514	1 747	1 424	1 748	1 809
Romania	QANG	452	522	683	788	802	830	944	813	790	1 240	1 284
Slovak Republic	QANH	174	211	260	263	373	847	1 275	1 633	1 604	1 620	1 516
Slovenia	QANI	149	173	171	171	204	753	318	321	251	357	360
Spain	QDJX	7 372	9 204	9 258	9 136	11 532	12 049	10 505	10 832	9 573	10 385	11 832
Sweden	QDKA	4 673	4 326	4 572	5 127	5 467	6 193	5 311	6 895	5 726	6 809	7 723
European Central Bank	QARQ	—	—	—	—	—	—	—	—	—	—	—
EU Institutions	EOBS	—	—	—	—	—	—	—	—	—	—	—
Total EU27	LGDB	127 096	137 012	137 419	142 678	158 349	184 457	170 192	181 967	162 752	186 064	202 479
European Free Trade Association (EFTA)												
Iceland	QDKX	292	301	303	361	350	404	418	465	489	433	417
Liechtenstein	EPOX	26	26	25	18	16	39	38	34	21	10	7
Norway	QDLA	5 743	5 512	6 622	8 734	12 430	14 659	14 586	21 961	16 202	21 057	25 206
Switzerland	QDLN	4 642	4 762	3 814	3 488	3 855	4 327	4 800	5 326	5 316	7 432	7 592
Total EFTA	EPOU	10 703	10 601	10 764	12 601	16 651	19 429	19 842	27 786	22 028	28 932	33 222
Other Europe												
Albania	QAMX	—	2	3	—	—	—	—	—	—	—	1
Belarus	QAMY	18	33	23	72	273	724	594	104	20	37	49
Croatia	QANC	53	70	47	55	54	67	72	91	80	98	106
Russia	QDLP	2 058	1 944	2 451	3 530	5 058	5 760	5 438	6 981	4 648	5 259	7 461
Turkey	QDLS	1 718	2 239	2 664	3 308	3 558	3 952	4 688	4 954	4 665	5 350	5 566
Ukraine	QANJ	60	138	82	101	79	119	118	147	145	283	356
Serbia and Montenegro <sup>2</sup>	QANM	23	31	35	42	43	65	74	90	74	94	97
of which Serbia	KN2Q	..	..	..	..	..	..	74	88	74	93	96
Montenegro	KN2N	..	..	..	..	..	..	—	2	—	1	1
Other	BOQF	148	142	155	143	204	183	194	214	256	243	287
Total Europe	EPFM	141 877	152 212	153 643	162 530	184 269	214 756	201 212	222 334	194 668	226 360	249 624
<b>Americas</b>												
Argentina	QAOP	199	238	247	258	272	344	420	568	669	666	620
Brazil	QDLV	1 294	1 377	1 499	1 581	1 777	1 924	2 060	2 657	2 564	3 110	2 727
Canada	QATI	3 619	3 513	3 653	4 164	4 138	4 895	5 789	5 722	4 461	5 770	6 149
Chile	QANA	475	477	425	488	492	525	497	586	600	584	623
Colombia	QANB	317	214	224	276	301	300	368	700	581	678	923
Mexico	QDLY	666	489	477	398	431	427	554	782	757	1 032	1 087
United States of America	J8VA	29 769	25 161	22 943	22 077	22 041	25 310	25 606	25 524	24 211	26 998	28 780
Uruguay	QANK	37	46	43	41	58	66	71	116	113	103	116
Venezuela	QANL	155	179	111	207	391	602	488	615	428	422	410
Other Central American Countries	BOQR	621	781	1 017	1 124	1 209	1 404	1 165	1 371	1 249	1 146	1 072
Other	BOQU	301	268	224	236	224	299	251	369	352	364	463
Total Americas	EPMO	37 453	32 743	30 863	30 850	31 334	36 096	37 269	39 010	35 985	40 873	42 970
<b>Asia</b>												
China	QDMB	5 887	6 897	8 525	10 606	13 233	15 473	18 876	23 435	24 615	30 637	31 517
Hong Kong	QDME	5 861	5 651	5 574	5 840	6 687	7 417	6 987	8 165	7 753	8 172	7 639
India	QDMH	1 816	1 797	2 076	2 295	2 768	3 115	3 734	4 529	4 618	5 812	6 094
Indonesia	QDMK	1 200	1 084	975	981	920	1 026	1 009	1 219	1 238	1 390	1 352
Iran	QAQQ	14	20	15	29	25	60	55	69	211	206	378
Israel	QDMN	917	857	839	912	995	952	1 046	1 172	1 098	1 566	2 270
Japan	QAMK	9 064	8 041	8 066	8 050	8 602	7 802	7 908	8 542	6 666	8 106	8 873
Malaysia	QDMQ	1 971	1 758	1 891	2 052	1 827	1 909	1 702	1 891	1 664	1 838	1 780
Pakistan	QDMT	424	473	519	553	484	508	493	637	700	809	887
Philippines	QDMW	1 182	967	722	666	722	742	720	636	396	526	480
Saudi Arabia	QDMZ	940	685	727	1 193	1 836	1 273	893	688	610	766	1 060
Singapore	QDNC	2 079	1 970	2 694	3 424	3 872	3 775	4 086	4 044	3 587	4 145	3 885
South Korea	QDNF	2 744	2 710	2 546	3 063	3 034	3 043	2 989	3 508	2 858	2 564	2 614
Taiwan	QDNI	2 854	2 438	2 234	2 379	2 261	2 372	2 413	2 629	2 267	3 117	3 496
Thailand	QDNL	1 650	1 585	1 673	1 794	1 746	1 951	2 020	2 452	2 321	2 683	2 595
Residual Gulf Arabian Countries	BOQX	1 118	1 216	1 568	1 735	2 009	2 228	2 137	2 398	2 819	5 387	8 862
Other Near & Middle Eastern Countries	QARK	116	170	155	91	202	747	376	435	343	298	445
Other	BORD	1 619	1 687	1 952	2 206	2 051	2 448	2 643	3 156	3 622	3 909	4 972
Total Asia	EPMP	41 456	40 006	42 751	47 869	53 274	56 841	60 087	69 605	67 386	81 931	89 199
<b>Australasia &amp; Oceania</b>												
Australia	QDNO	1 714	1 643	1 734	1 825	2 059	2 072	2 190	2 382	2 224	2 316	2 442
New Zealand	QDNR	536	515	547	575	585	598	656	750	819	844	870
Other	HFKF	99	97	126	127	131	129	116	169	168	107	198
Total Australasia & Oceania	EPMQ	2 349	2 255	2 407	2 527	2 775	2 799	2 962	3 301	3 211	3 267	3 510
<b>Africa</b>												
Egypt	QDNU	399	409	426	491	334	659	535	647	687	659	827
Morocco	QAOR	443	455	443	512	413	362	428	440	336	344	415
South Africa	QDNX	2 888	2 718	2 986	3 317	4 000	3 933	3 143	4 789	3 851	4 426	2 956
Other North Africa	BORW	528	610	589	762	1 006	1 719	1 702	2 373	1 839	2 852	2 254
Other	BOQJ	2 650	2 526	2 512	2 805	2 887	2 983	3 665	3 740	3 013	3 505	7 575
Total Africa	EPMN	6 908	6 718	6 956	7 887	8 640	9 656	9 473	11 989	9 726	11 786	14 027
<b>International Organisations</b>												
	EPMR	—	—	—	—	—	—	—	—	—	—	—
<b>World total</b>	LQBL	230 043	233 934	236 620	251 663	280 292	320 148	311 003	346 239	310 976	364 217	399 330

1 Before 1999 only combined BLEU data is available under identifier QBSC.

2 Separate Serbia and Montenegro data is available from 2007.

# 9.4 Trade in goods

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	QBSA	-661	-1 135	-1 514	-1 259	-1 135	-1 095	-1 118	-881	-989	-1 175	-1 247
Belgium <sup>1</sup>	QDOJ	-2 033	-2 146	-1 250	-2 529	-2 919	-2 197	-3 181	-3 009	-4 114	-3 723	-3 284
Bulgaria	QANP	20	16	26	5	47	26	-37	37	15	18	43
Cyprus	QDOB	52	25	61	113	82	-670	219	383	497	456	550
Czech Republic	QDLH	-23	-216	-408	-313	-801	-1 383	-1 584	-2 055	-1 893	-2 170	-2 328
Denmark	QBSG	-659	-871	-1 216	-1 322	-2 095	-2 675	-1 270	-1 346	-1 359	-1 365	-3 088
Estonia	QANT	-197	-222	-171	-273	-250	-1 654	-11	70	13	27	62
Finland	QBTTL	-1 354	-1 346	-1 170	-977	-913	-1 258	-665	-888	-789	-668	-796
France	QDJC	-889	-2 036	-1 478	-1 578	-2 087	2 303	-3 846	-5 190	-3 222	-2 373	-1 043
Germany	QDJF	-6 562	-10 375	-12 841	-13 742	-16 135	-14 807	-19 967	-16 931	-15 698	-18 542	-17 945
Greece	QDJI	632	605	605	743	653	659	708	997	1 067	675	534
Hungary	QDLK	-92	-94	-261	-645	-1 024	-1 522	-1 518	-1 533	-1 690	-2 168	-1 903
Ireland	QDJL	1 648	2 211	2 322	4 007	5 909	6 516	6 438	6 869	3 525	4 037	4 802
Italy	QDJO	-1 453	-2 160	-2 863	-3 796	-3 886	-3 406	-4 144	-4 791	-3 960	-5 105	-4 073
Latvia	QANU	-346	-400	-405	-600	-617	-213	-482	-251	-230	-271	-210
Lithuania	QANV	-94	-115	-99	-129	-112	-48	1	-77	-198	-325	-298
Luxembourg <sup>1</sup>	QDOM	-127	-384	-430	-672	-706	-1 101	-423	-633	-422	-691	-650
Malta	QDOE	70	55	70	73	60	152	184	314	295	222	281
Netherlands	QDJR	-790	-2 126	-3 080	-6 183	-7 739	-5 828	-8 108	-6 049	-3 730	-5 232	-5 020
Poland	QDLN	129	50	-84	-412	-664	-879	-1 330	-1 307	-1 870	-2 309	-2 818
Portugal	QDJV	-50	-242	-512	-346	-320	-837	-31	-102	121	89	-54
Romania	QAOD	-109	-93	-173	-179	-156	-221	-280	-59	-104	-458	-332
Slovak Republic	QAOG	27	-11	-26	-40	-114	-572	-895	-1 178	-1 225	-1 154	-964
Slovenia	QAOH	8	8	-12	-11	-36	-558	-114	-98	-75	-138	-119
Spain	QDJY	1 003	-699	-296	-23	-843	525	-453	-537	-336	-460	-2 099
Sweden	QDKV	-713	-448	-739	-765	-873	-1 005	-405	-1 667	-1 502	-1 252	-1 456
European Central Bank	QARR	-	-	-	-	-	-	-	-	-	-	-
EU Institutions	EOCM	-	-	-	-	-	-	-	-	-	-	-
Total EU27	LGCF	-12 563	-22 149	-25 944	-30 853	-36 674	-31 748	-42 312	-39 912	-37 873	-44 055	-43 455
European Free Trade Association (EFTA)												
Iceland	QDKY	-141	-168	-159	-191	-174	-215	-217	-277	-361	-301	-268
Liechtenstein	EPOY	-21	-23	-20	-12	-14	-17	-35	-25	-16	15	6
Norway	QDLB	-3 865	-3 726	-4 677	-6 731	-10 174	-12 495	-11 856	-19 080	-13 368	-17 937	-21 808
Switzerland	QDLE	-1 033	-1 500	-935	-554	1 224	-76	-972	-615	-1 345	-2 210	-2 133
Total EFTA	EPOV	-5 060	-5 417	-5 791	-7 488	-9 138	-12 803	-13 080	-19 997	-15 090	-20 433	-24 203
Other Europe												
Albania	QANN	23	17	8	12	16	17	19	16	18	21	18
Belarus	QANO	15	-1	15	-19	-217	-660	-525	-14	61	83	84
Croatia	QANS	34	24	89	69	62	79	85	128	143	75	47
Russia	QDLQ	-1 162	-955	-1 043	-2 058	-3 203	-3 711	-2 646	-2 715	-2 250	-1 657	-2 453
Turkey	QDLT	-527	-882	-972	-1 348	-1 360	-1 485	-2 343	-2 355	-2 300	-2 097	-1 631
Ukraine	QAOT	136	33	156	113	197	218	325	467	443	191	208
Serbia and Montenegro <sup>2</sup>	QAOL	28	31	34	24	14	24	32	41	31	5	28
of which Serbia	KN2O	..	..	..	..	..	..	24	33	27	2	21
Montenegro	KN2L	..	..	..	..	..	..	8	8	4	3	7
Other	BOQG	77	46	61	71	49	155	100	348	249	565	688
Total Europe	EPNM	-18 999	-29 253	-33 387	-41 477	-50 254	-49 914	-60 345	-63 993	-56 568	-67 302	-70 669
<b>Americas</b>												
Argentina	QAOS	59	-117	-118	-88	-113	-127	-196	-249	-414	-308	-206
Brazil	QDLW	-484	-498	-680	-780	-935	-1 016	-994	-964	-779	-891	-261
Canada	QBRV	-430	-426	-442	-856	-891	-1 045	-2 524	-2 482	-1 136	-1 638	-1 400
Chile	QANQ	-348	-364	-305	-355	-343	-338	-314	-322	-86	47	175
Colombia	QANR	-213	-133	-118	-161	-188	-165	-229	-540	-409	-448	-608
Mexico	QDLZ	15	208	204	224	201	305	209	119	-8	-79	-81
United States of America	J8VB	-404	2 964	5 811	6 422	8 749	6 628	6 432	9 738	9 685	10 987	11 073
Uruguay	QAOT	11	-16	-10	-10	-21	-24	-35	-51	-53	-24	5
Venezuela	QAOK	157	123	24	-20	-164	-369	-238	-333	-128	-149	-83
Other Central American Countries	BOQS	57	-98	-317	-502	-525	-553	-303	-353	-495	-248	-95
Other	BOQV	-137	-108	-61	-92	-72	-127	-67	-124	-118	30	14
Total Americas	EPNO	-1 717	1 535	3 988	3 782	5 698	3 169	1 741	4 439	6 059	7 279	8 533
<b>Asia</b>												
China	QDMC	-4 183	-5 413	-6 619	-8 240	-10 438	-12 219	-15 112	-18 381	-19 226	-23 014	-22 225
Hong Kong	QDMF	-3 189	-3 171	-3 107	-3 216	-3 613	-4 568	-4 342	-4 506	-4 021	-3 709	-2 261
India	QDMI	-55	-54	187	-62	20	-427	-783	-413	-1 677	-1 738	-399
Indonesia	QDML	-890	-754	-517	-578	-542	-710	-715	-824	-872	-928	-680
Iran	QAOT	422	381	463	415	436	367	344	373	193	101	-187
Israel	QDMO	437	562	516	478	348	353	189	166	44	-175	-615
Japan	QBRR	-5 398	-4 459	-4 372	-4 198	-4 709	-3 710	-4 058	-4 631	-3 101	-3 762	-4 135
Malaysia	QDMR	-945	-886	-869	-1 058	-746	-1 030	-755	-761	-614	-564	-295
Pakistan	QDMU	-208	-245	-235	-208	-23	-18	-66	-159	-222	-347	-353
Philippines	QDMX	-790	-608	-342	-349	-450	-503	-473	-395	-128	-242	-188
Saudi Arabia	QDNA	562	691	1 096	413	-253	391	953	1 523	1 749	1 726	1 634
Singapore	QDND	-493	-532	-1 126	-1 717	-1 801	-1 468	-1 649	-1 237	-637	-692	-64
South Korea	QDNG	-1 487	-1 232	-1 073	-1 584	-1 359	-1 303	-1 137	-957	-693	-219	84
Taiwan	QDNJ	-1 980	-1 597	-1 344	-1 428	-1 322	-1 464	-1 481	-1 742	-1 473	-1 999	-2 108
Thailand	QDNM	-1 056	-1 055	-1 104	-1 158	-1 114	-1 387	-1 422	-1 694	-1 408	-1 544	-1 178
Residual Gulf Arabian Countries	BORA	1 581	1 371	1 797	2 279	5 035	2 926	2 366	3 628	2 944	1 214	-1 392
Other Near & Middle Eastern Countries	QARL	348	309	462	669	525	225	366	595	752	1 020	925
Other	BORE	-1 068	-1 192	-1 362	-1 608	-1 487	-1 776	-1 058	-2 312	-2 642	-2 694	-3 610
Total Asia	EPNP	-18 392	-17 884	-17 549	-21 150	-21 493	-26 321	-28 833	-31 727	-31 032	-37 566	-37 047
<b>Australasia &amp; Oceania</b>												
Australia	QDNP	579	480	550	626	513	408	387	720	729	1 052	1 960
New Zealand	QDNS	-232	-206	-198	-157	-170	-224	-297	-362	-469	-430	-327
Other	HFKK	-53	-40	-56	-80	-51	-54	-50	-67	-77	-25	-130
Total Australasia & Oceania	EPNQ	294	234	296	389	292	130	40	291	183	597	1 503
<b>Africa</b>												
Egypt	QDNV	54	51	33	178	210	-82	151	297	318	542	276
Morocco	QAOU	-77	-127	-77	-167	-155	-57	-111	74	-25	221	150
South Africa	QDNY	-1 363	-1 137	-1 235	-1 441	-1 936	-1 761	-996	-2 140	-1 601	-1 532	506
Other North Africa	BORX	-102	-148	-28	-238	-530	-1 221	-1 196	-1 561	-881	-1 941	-1 616
Other	BOQK	-674	-631	-374	-676	-518	-346	-929	238	706	1 193	-1 979
Total Africa	EPNN	-2 162	-1 992	-1 681	-2 344	-2 929	-3 467	-3 081	-3 092	-1 483	-1 517	-2 663
<b>International Organisations</b>												
	EPNR	-	-	-	-	-	-	-	-	-	-	-
<b>World total</b>												
	LQCT	-40 976	-47 360	-48 333	-60 800	-68 686	-76 403	-90 478	-94 082	-82 841	-98 509	-100 343

1 Before 1999 only combined BLEU data is available under identifier QBSD.

2 Separate Serbia and Montenegro data is available from 2007.



# 9.5 Trade in services

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>												
<b>Europe</b>												
European Union (EU)												
Austria	FYVC	416	426	436	443	562	591	726	825	754	671	784
Belgium <sup>1</sup>	A7RX	2 085	2 384	2 636	3 025	3 036	2 763	2 966	3 621	3 307	2 949	3 108
Bulgaria	ZWKO	36	75	69	80	101	125	172	186	207	162	198
Cyprus	A7RY	137	219	242	343	338	384	536	615	568	611	797
Czech Republic	FYVW	188	181	251	337	362	372	528	452	462	455	584
Denmark	FYVE	1 413	1 375	1 574	1 628	1 648	2 478	2 417	2 454	2 942	3 014	2 920
Estonia	ZWKU	14	21	23	30	40	61	37	51	46	80	65
Finland	FYVF	893	832	905	979	927	1 154	1 229	1 207	1 314	1 281	1 319
France	FYVG	6 177	6 024	6 448	6 759	6 964	7 793	8 552	10 188	9 049	9 170	10 039
Germany	FYVH	7 309	7 502	8 096	8 396	9 892	10 717	11 003	12 132	11 558	10 878	11 364
Greece	FYVI	822	765	814	759	1 007	836	978	1 403	1 132	1 194	1 247
Hungary	GYVW	208	218	233	381	604	454	523	489	535	480	540
Ireland	FYVJ	3 718	4 290	5 476	5 712	7 081	7 265	7 701	8 525	8 513	8 745	9 518
Italy	FYVK	2 948	3 019	3 120	3 487	3 999	3 994	4 441	4 827	5 253	5 340	5 585
Latvia	ZWLC	34	38	30	50	100	71	104	91	116	91	124
Lithuania	ZWLB	47	32	44	56	121	111	122	278	95	98	182
Luxembourg <sup>1</sup>	A7S2	450	436	674	928	923	1 207	1 664	2 067	2 374	2 295	2 710
Malta	A7S3	53	61	75	81	76	97	127	191	297	241	298
Netherlands	FYVL	4 994	4 711	5 572	6 851	7 470	8 274	8 702	10 049	9 301	10 113	10 486
Poland	FYVX	343	392	423	517	864	1 085	1 029	1 076	1 039	1 132	1 417
Portugal	FYVM	493	530	560	693	681	611	691	826	760	789	829
Romania	ZWLE	74	76	100	140	137	177	273	298	279	364	379
Slovak Republic	ZWLG	44	30	37	47	107	122	144	309	239	289	502
Slovenia	ZWLF	39	48	44	53	68	79	73	97	84	90	84
Spain	FYVN	2 289	2 613	2 965	3 014	4 055	4 808	5 344	5 577	5 764	5 190	5 550
Sweden	FYVO	1 663	1 478	1 752	1 748	1 899	2 136	2 427	2 428	2 654	2 990	3 297
European Central Bank	KNWZ	12	3	—	—	—	—	—	—	—	—	—
EU Institutions	FYVP	553	544	530	591	649	647	627	685	673	760	851
Total EU27	GC8R	37 452	38 323	43 129	47 128	53 711	58 412	63 136	70 947	69 315	69 472	74 777
European Free Trade Association (EFTA)												
Iceland	FYVR	64	64	74	91	145	201	181	235	154	180	144
Liechtenstein	FYVS	30	43	41	54	43	46	126	58	76	61	75
Norway	FYVT	992	1 451	1 368	1 559	1 958	2 083	2 600	2 531	2 538	2 554	2 801
Switzerland	FYVU	3 546	3 967	4 769	4 455	5 245	6 024	6 758	7 333	7 968	9 131	9 369
Total EFTA	FYVV	4 632	5 525	6 252	6 159	7 391	8 354	9 665	10 157	10 736	11 926	12 389
Other Europe												
Albania	ZWKM	5	6	6	23	9	14	11	31	14	12	13
Belarus	ZWKP	3	4	4	6	8	10	16	19	4	10	7
Croatia	ZWKZ	35	55	53	45	50	106	93	116	99	86	103
Russia	FYVY	478	581	755	921	1 214	1 790	2 151	2 237	1 897	1 683	2 278
Turkey	FYVZ	405	372	415	376	551	605	784	768	969	1 176	1 268
Ukraine	ZWLH	29	302	130	56	105	159	206	231	178	232	226
Serbia and Montenegro <sup>2</sup>	ZWLK	42	28	41	21	38	45	65	40	74	67	115
of which Serbia	JOA2	..	..	..	..	..	..	59	36	60	54	82
Montenegro	JO9Y	..	..	..	..	..	..	6	4	14	13	33
Other	ZWKJ	1 178	1 506	2 097	2 301	2 967	3 354	3 516	4 850	4 215	3 484	3 556
Total Europe	FYWB	44 259	46 702	52 882	57 036	66 044	72 849	79 643	89 396	87 501	88 148	94 732
<b>Americas</b>												
Argentina	ZWKN	198	83	86	145	107	114	150	162	171	261	282
Brazil	FYWC	398	321	344	314	396	535	475	644	755	915	1 229
Canada	FYWD	1 666	1 544	1 643	1 817	1 894	2 185	2 795	3 186	3 467	3 632	3 771
Chile	ZWKQ	105	87	82	85	95	138	196	208	231	220	251
Colombia	ZWKR	142	86	100	89	71	77	99	115	137	251	383
Mexico	FYWE	293	265	280	362	330	431	401	414	492	521	526
United States of America	FYWF	19 524	22 702	24 701	26 361	26 395	31 503	37 443	38 036	37 303	39 124	40 035
Uruguay	ZWLI	5	5	62	10	14	18	17	20	16	23	26
Venezuela	ZWLJ	112	99	105	101	103	77	77	96	112	391	420
Other Central American Countries	ZWKT	1 630	2 210	2 457	3 055	3 757	3 823	4 211	4 936	5 197	4 967	4 960
Other	ZWKW	223	151	163	150	209	239	325	338	302	329	290
Total Americas	FYWH	24 296	27 553	30 023	32 489	33 371	39 140	46 189	48 155	48 183	50 634	52 173
<b>Asia</b>												
China	FYWI	601	724	916	1 307	1 495	1 635	1 595	2 579	2 237	2 709	3 238
Hong Kong	FYWJ	1 112	1 006	1 230	1 153	1 454	1 397	1 729	2 235	1 812	1 712	2 029
India	FYWK	686	635	743	1 021	1 253	1 766	1 738	1 818	1 737	2 134	2 637
Indonesia	FYWL	208	174	170	194	203	311	282	297	376	376	347
Iran	ZWLA	172	185	232	248	233	230	168	269	221	130	153
Israel	FYWM	519	429	382	416	601	488	518	572	632	737	944
Japan	FYWN	3 615	3 846	4 022	4 318	4 651	4 673	4 785	5 233	4 862	4 542	4 861
Malaysia	FYWO	382	404	435	567	501	537	474	562	714	732	788
Pakistan	FYWP	283	173	188	236	464	386	328	354	368	318	393
Philippines	FYWQ	181	105	145	129	149	108	129	264	199	150	178
Saudi Arabia	FYWR	2 182	1 974	2 390	2 586	2 395	2 715	2 146	2 014	2 514	3 196	2 761
Singapore	FYWS	1 315	1 167	1 703	2 206	2 851	3 222	3 690	3 719	4 054	3 801	3 967
South Korea	FYWT	435	505	488	933	794	926	996	1 147	972	1 172	1 383
Taiwan	FYWU	300	370	394	527	628	633	650	714	688	1 167	933
Thailand	FYWV	223	207	344	326	279	316	329	371	514	474	520
Residual Gulf Arabian Countries	ZWKX	1 132	1 333	1 375	1 806	2 145	2 476	2 891	3 829	3 914	4 085	4 229
Other Near & Middle Eastern Countries	ZWKY	345	268	269	347	483	469	451	626	664	639	593
Other Asian Countries	ZWKK	899	727	823	979	1 198	1 529	1 511	1 684	1 737	1 853	2 096
Total Asia	FYWX	14 590	14 232	16 249	19 299	21 777	23 817	24 410	28 287	28 215	29 927	32 050
<b>Australasia &amp; Oceania</b>												
Australia	FYWY	1 996	1 827	2 084	2 343	2 923	3 046	3 463	4 365	4 614	5 503	5 745
New Zealand	FYWZ	306	275	311	388	444	432	463	471	475	505	464
Other	FYXA	97	97	119	133	68	131	120	156	151	233	245
Total Australasia & Oceania	FYXB	2 399	2 199	2 514	2 864	3 435	3 609	4 046	4 992	5 240	6 241	6 454
<b>Africa</b>												
Egypt	ZWKV	346	226	246	329	403	503	645	750	647	579	603
Morocco	ZWLD	83	50	50	62	50	96	78	106	171	146	193
South Africa	FYXC	1 147	1 009	1 123	1 105	1 223	1 467	1 573	1 692	1 660	1 851	1 950
Other North Africa	ZWKS	223	222	296	295	404	435	393	558	567	526	520
Other	ZWKL	1 800	1 775	1 976	1 883	2 046	2 501	2 567	3 427	3 805	4 085	4 933
Total Africa	FYXE	3 599	3 282	3 691	3 674	4 126	5 002	5 256	6 533	6 850	7 187	8 199
<b>International Organisations</b>												
	FYXF	65	85	75	53	65	45	47	50	37	40	51
<b>World total</b>												
	KTMQ	89 208	94 053	105 434	115 415	128 818	144 462	159 591	177 413	176 026	182 177	193 659

1 Before 1999 only combined BLEU data is available under identifier FYVD.

2 Separate Serbia and Montenegro data available from 2007.

# 9.5 Trade in services

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Imports</b>												
<b>Europe</b>												
European Union (EU)												
Austria	GGOR	512	701	686	785	890	921	813	960	911	991	860
Belgium <sup>1</sup>	A8ET	1 636	1 860	2 036	2 077	2 201	2 207	2 313	2 564	2 442	2 371	2 298
Bulgaria	ZWMU	53	98	108	180	260	248	333	394	260	318	292
Cyprus	A8EU	1 072	996	1 132	1 120	1 233	1 224	1 129	1 166	935	884	955
Czech Republic	GGPL	201	255	350	442	478	554	480	467	339	448	445
Denmark	GGOT	663	760	814	884	963	1 070	1 320	1 142	1 838	1 266	1 291
Estonia	ZWNA	27	18	36	49	54	72	53	56	71	30	48
Finland	GGOU	364	287	326	295	361	375	420	402	338	453	489
France	GGOV	7 621	7 994	8 589	8 827	9 161	9 936	9 899	9 921	9 540	9 854	10 131
Germany	GGOW	5 305	5 505	5 802	6 676	7 899	8 201	8 483	9 759	8 771	9 336	9 081
Greece	GGOX	1 910	1 944	2 058	2 042	2 048	2 078	2 236	2 141	2 576	1 934	2 023
Hungary	GYXH	128	131	157	193	280	352	367	338	400	496	497
Ireland	GGOY	2 366	2 361	2 679	3 165	3 517	3 614	3 984	4 265	4 196	4 383	4 208
Italy	GGOZ	3 039	3 199	3 566	3 696	4 405	4 320	4 695	4 893	4 447	4 158	4 370
Latvia	ZWNI	20	19	30	39	45	85	92	69	189	96	84
Lithuania	ZWNH	16	38	26	20	74	87	97	88	101	119	180
Luxembourg <sup>1</sup>	A8EW	186	216	258	371	310	543	492	593	542	1 503	1 821
Malta	A8EX	259	243	290	330	351	304	304	382	332	329	388
Netherlands	GGPA	3 167	3 446	3 452	3 476	3 658	3 740	3 531	3 723	4 107	3 943	4 165
Poland	GGPM	202	191	233	310	570	991	1 213	1 295	1 507	1 394	1 454
Portugal	GGPB	1 129	1 232	1 422	1 449	1 474	1 482	1 694	1 913	1 564	1 635	1 747
Romania	ZWNK	78	86	95	136	173	175	174	213	225	256	252
Slovak Republic	ZWNM	14	28	23	34	68	97	94	119	123	126	117
Slovenia	ZWNL	17	23	25	35	49	55	43	66	44	49	47
Spain	GGPC	7 321	7 999	9 335	9 442	9 687	10 275	9 976	10 549	9 480	9 534	9 603
Sweden	GGPD	842	846	1 181	1 192	1 347	1 402	1 260	1 424	1 672	1 646	1 949
European Central Bank	KOFJ	1	1	—	—	—	—	—	2	—	—	—
EU Institutions	GGPE	5	14	18	4	4	2	—	5	111	2	104
Total EU27	GCV2	38 154	40 491	44 727	47 269	51 560	54 410	55 495	58 909	57 061	57 554	58 899
European Free Trade Association (EFTA)												
Iceland	GGPG	45	43	48	59	73	101	92	82	125	54	138
Liechtenstein	GGPH	7	1	11	4	4	6	21	8	14	11	6
Norway	GGPI	654	1 290	738	799	998	1 050	1 053	1 164	1 005	1 120	1 103
Switzerland	GGPJ	1 607	1 709	1 865	1 898	2 407	2 443	2 808	2 656	2 889	3 251	2 888
Total EFTA	GGPK	2 313	3 043	2 662	2 760	3 482	3 600	3 974	3 910	4 033	4 436	4 135
Other Europe												
Albania	ZWMS	9	13	15	21	8	13	24	23	192	4	5
Belarus	ZWMV	4	3	4	1	8	22	21	21	66	10	6
Croatia	ZWNF	56	48	76	86	142	182	155	225	194	221	232
Russia	GGPN	221	302	315	517	561	751	868	1 080	1 286	1 024	1 059
Turkey	GGPO	577	717	819	842	1 062	1 132	1 238	1 507	1 315	1 627	1 466
Ukraine	ZWNN	33	25	24	44	97	79	195	230	149	220	111
Serbia and Montenegro <sup>2</sup>	ZWNQ	38	34	43	39	44	75	69	59	60	49	78
of which Serbia	JOB2	..	..	..	..	..	..	62	53	47	38	58
Montenegro	JOA8	..	..	..	..	..	..	7	6	13	11	20
Other	ZWMP	970	1 143	1 096	995	1 023	1 272	1 790	1 285	1 702	1 424	1 444
Total Europe	GGPQ	42 375	45 819	49 781	52 574	57 987	61 536	63 829	67 249	66 058	66 569	67 435
<b>Americas</b>												
Argentina	ZWMT	75	56	50	72	89	119	91	130	101	114	121
Brazil	GGPR	234	256	183	225	268	274	272	341	327	440	379
Canada	GGPS	1 207	1 111	1 042	1 088	1 188	1 391	1 380	1 530	1 283	1 507	1 838
Chile	ZWMW	49	49	45	75	83	40	69	49	73	50	56
Colombia	ZWMX	31	36	33	24	41	48	37	31	52	59	59
Mexico	GGPT	403	342	324	378	306	283	361	459	265	400	385
United States of America	GGPU	13 670	13 666	15 456	15 868	16 663	17 344	18 035	20 029	19 375	19 535	19 859
Uruguay	ZWNO	9	23	4	5	7	12	6	4	26	8	14
Venezuela	ZWNP	43	36	35	27	35	32	37	39	43	50	49
Other Central American Countries	ZWMZ	1 424	1 338	1 470	1 951	1 813	2 762	2 739	3 095	3 131	2 296	2 153
Other	ZWNC	149	127	135	114	176	131	160	157	122	123	132
Total Americas	GGPW	17 294	17 040	18 777	19 827	20 669	22 436	23 187	25 864	24 798	24 582	25 045
<b>Asia</b>												
China	GGPX	379	505	481	579	711	838	1 008	1 332	1 183	1 204	1 258
Hong Kong	GGPY	613	636	743	747	776	872	1 199	1 020	981	1 063	1 347
India	GGPZ	827	832	850	1 128	1 336	1 652	1 795	2 266	1 953	2 476	2 450
Indonesia	GGQA	122	139	309	104	99	142	124	128	121	119	144
Iran	ZWNG	37	30	47	63	43	63	40	41	74	65	34
Israel	GGQB	318	206	221	241	255	305	304	312	348	422	525
Japan	GGQC	1 839	1 475	1 808	1 766	2 309	2 844	2 915	3 657	3 311	3 666	4 733
Malaysia	GGQD	193	197	177	216	277	263	234	247	254	262	329
Pakistan	GGQE	283	406	401	447	483	503	410	395	389	444	358
Philippines	GGQF	83	102	161	113	145	179	158	198	188	246	214
Saudi Arabia	GGQG	651	1 328	1 107	807	579	716	742	588	296	253	378
Singapore	GGQH	400	436	442	685	746	894	940	1 388	1 572	1 832	2 127
South Korea	GGQI	181	189	193	255	260	263	321	400	364	352	384
Taiwan	GGQJ	151	186	187	209	317	226	314	343	271	248	301
Thailand	GGQK	463	531	533	664	627	708	691	676	629	629	636
Residual Gulf Arabian Countries	ZWND	558	623	791	962	1 041	1 302	1 516	2 074	2 301	1 851	1 558
Other Near & Middle Eastern Countries	ZWNE	157	154	157	216	203	227	174	224	223	230	225
Other	ZWMQ	544	569	673	936	865	1 064	871	993	1 001	1 115	1 167
Total Asia	GGQM	7 799	8 544	9 281	10 138	11 072	13 061	13 756	16 282	15 459	16 477	18 168
<b>Australasia &amp; Oceania</b>												
Australia	GGQN	1 268	1 458	1 535	1 440	1 911	1 867	1 776	2 037	1 730	2 205	2 165
New Zealand	GGQO	290	343	361	450	512	456	430	370	281	354	353
Other	GGQP	20	34	29	56	49	78	48	76	54	53	78
Total Australasia & Oceania	GGQQ	1 578	1 835	1 925	1 946	2 472	2 401	2 254	2 483	2 065	2 612	2 596
<b>Africa</b>												
Egypt	ZWNB	371	319	364	357	551	625	592	767	738	694	570
Morocco	ZWNJ	149	144	147	154	179	247	380	376	416	362	297
South Africa	GGQR	605	697	958	942	1 039	1 061	958	1 037	1 197	1 343	1 144
Other North Africa	ZWMY	353	268	276	342	357	296	404	431	680	667	464
Other	ZWMR	824	1 092	1 339	1 289	1 200	1 321	1 316	1 853	2 361	1 835	1 520
Total Africa	GGQT	2 302	2 520	3 084	3 084	3 326	3 550	3 650	4 464	5 392	4 901	3 995
International Organisations	GGQU	63	41	30	38	44	59	57	43	15	29	40
World total	KTMR	71 411	75 799	82 878	87 607	95 570	103 043	106 733	116 385	113 787	115 170	117 279

1 Before 1999 only combined BLEU data is available under identifier GGOS.

2 Separate Serbia and Montenegro data is available from 2007.

# 9.5 Trade in services

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	GGQW	-96	-275	-250	-342	-328	-330	-87	-135	-157	-320	-76
Belgium <sup>1</sup>	A8HH	449	524	600	948	835	556	653	1 057	865	578	810
Bulgaria	ZWTO	-17	-23	-39	-100	-159	-123	-161	-208	-53	-156	-94
Cyprus	A8HI	-935	-777	-890	-777	-895	-840	-593	-551	-367	-273	-158
Czech Republic	GGRQ	-13	-74	-99	-105	-116	-182	48	-15	123	7	139
Denmark	GGQY	750	615	760	744	685	1 408	1 097	1 312	1 104	1 748	1 629
Estonia	ZWTU	-13	3	-13	-19	-14	-11	-16	-5	-25	50	17
Finland	GGQZ	529	545	579	684	566	779	809	805	976	828	830
France	GGRA	-1 444	-1 970	-2 141	-2 068	-2 197	-2 143	-1 347	267	-491	-684	-92
Germany	GGRB	2 004	1 997	2 294	1 720	1 993	2 516	2 520	2 373	2 787	1 542	2 283
Greece	GGRC	-1 088	-1 179	-1 244	-1 283	-1 041	-1 242	-1 258	-738	-1 444	-740	-776
Hungary	GYXT	80	87	76	188	324	102	156	151	135	-16	43
Ireland	GGRD	1 352	1 929	2 797	2 547	3 564	3 651	3 717	4 260	4 317	4 362	5 310
Italy	GGRE	-91	-180	-446	-209	-406	-326	-254	-66	806	1 182	1 215
Latvia	ZWUC	14	19	-	11	55	-14	12	22	-73	-5	40
Lithuania	ZWUB	31	-6	18	36	47	24	25	190	-6	-21	2
Luxembourg <sup>1</sup>	A8HK	264	220	416	557	613	664	1 172	1 474	1 832	792	889
Malta	A8HL	-206	-182	-215	-249	-275	-207	-177	-191	-35	-88	-90
Netherlands	GGRF	1 827	1 265	2 120	3 375	3 812	4 534	5 171	6 326	5 194	6 170	6 321
Poland	GGRR	141	201	190	207	294	94	-184	-219	-468	-262	-37
Portugal	GGRG	-636	-702	-862	-756	-793	-871	-1 003	-1 087	-804	-846	-918
Romania	ZWUE	-4	-10	5	4	-36	2	99	85	54	108	127
Slovak Republic	ZWUG	30	2	14	13	39	25	50	190	116	163	385
Slovenia	ZWUF	22	25	19	18	19	24	30	31	40	41	37
Spain	GGRH	-5 032	-5 386	-6 370	-6 428	-5 632	-5 467	-4 632	-4 972	-3 716	-4 344	-4 053
Sweden	GGRI	821	632	571	556	552	734	1 167	1 004	982	1 344	1 348
European Central Bank	ZWTI	11	2	-	-	-	-	-	-2	-	-	-
EU Institutions	GGRJ	548	530	512	587	645	645	627	680	562	758	747
Total EU27	GD6R	-702	-2 168	-1 598	-141	2 151	4 002	7 641	12 038	12 254	11 918	15 878
European Free Trade Association (EFTA)												
Iceland	GGRL	19	21	26	32	72	100	89	153	29	126	6
Liechtenstein	GGRM	23	42	30	50	39	40	105	50	62	50	69
Norway	GGRN	338	161	630	760	960	1 033	1 547	1 367	1 533	1 434	1 698
Switzerland	GGRO	1 939	2 258	2 904	2 557	2 838	3 581	3 950	4 677	5 079	5 880	6 481
Total EFTA	GGRP	2 319	2 482	3 590	3 399	3 909	4 754	5 691	6 247	6 703	7 490	8 254
Other Europe												
Albania	ZWTM	-4	-7	-9	2	1	1	-13	8	-178	8	8
Belarus	ZWTP	-1	1	-	5	-	-12	-5	-2	-62	-	1
Croatia	ZWTZ	-21	7	-23	-41	-92	-76	-62	-109	-95	-135	-129
Russia	GGRS	257	279	440	404	653	1 039	1 283	1 157	611	659	1 219
Turkey	GGRT	-172	-345	-404	-466	-511	-527	-454	-739	-346	-451	-198
Ukraine	ZWUH	-4	277	106	12	8	80	11	1	29	12	115
Serbia and Montenegro <sup>2</sup>	ZWUK	4	-6	-2	-18	-6	-30	-4	-19	14	18	37
of which Serbia	JOB9	..	..	..	..	..	..	-3	-17	13	16	24
Montenegro	JOB8	..	..	..	..	..	..	-1	-2	1	2	13
Other	ZWTJ	208	363	1 001	1 306	1 944	2 082	1 726	3 565	2 513	2 060	2 112
Total Europe	GGRV	1 884	883	3 101	4 462	8 057	11 313	15 814	22 147	21 443	21 579	27 297
<b>Americas</b>												
Argentina	ZWTN	123	27	36	73	18	-5	59	32	70	147	161
Brazil	GGRW	164	65	161	89	128	261	203	303	428	475	850
Canada	GGRX	459	433	601	729	706	794	1 415	1 656	2 184	2 125	1 933
Chile	ZWTQ	56	38	37	10	12	98	127	159	158	170	195
Colombia	ZWTR	111	50	67	65	30	29	62	84	85	192	324
Mexico	GGRY	-110	-77	-44	-16	24	148	40	-45	227	121	141
United States of America	GGRZ	5 854	9 036	9 245	10 493	9 732	14 159	19 408	18 007	17 928	19 589	20 176
Uruguay	ZWUI	-4	-18	58	5	7	6	11	16	-10	15	12
Venezuela	ZWUJ	69	63	70	74	68	45	40	57	69	341	371
Other Central American Countries	ZWTT	206	872	987	1 104	1 944	1 061	1 472	1 841	2 066	2 671	2 807
Other	ZWTW	74	24	28	36	33	108	165	181	180	206	158
Total Americas	GGSB	7 002	10 513	11 246	12 662	12 702	16 704	23 002	22 291	23 385	26 052	27 128
<b>Asia</b>												
China	GGSC	222	219	435	728	784	797	587	1 247	1 054	1 505	1 980
Hong Kong	GGSD	499	370	487	406	678	525	530	1 215	831	649	682
India	GGSE	-141	-197	-107	-107	-83	114	-57	-448	-216	-342	187
Indonesia	GGSF	86	35	-139	90	104	169	158	169	255	257	203
Iran	ZWUA	135	155	185	185	190	167	128	228	147	65	119
Israel	GGSG	201	223	161	175	346	183	214	260	284	315	419
Japan	GGSH	1 776	2 371	2 214	2 552	2 342	1 829	1 870	1 576	1 551	876	128
Malaysia	GGSI	189	207	258	351	224	274	240	315	460	470	459
Pakistan	GGSJ	-	-233	-213	-211	-19	-117	-82	-41	-21	-126	35
Philippines	GGSK	98	3	-16	16	4	-71	-29	66	11	-96	-36
Saudi Arabia	GGSL	1 531	646	1 283	1 779	1 816	1 999	1 404	1 426	2 218	2 943	2 383
Singapore	GGSM	915	731	1 261	1 521	2 105	2 328	2 750	2 331	2 482	1 969	1 840
South Korea	GGSN	254	316	295	678	534	663	675	747	608	820	999
Taiwan	GGSO	149	184	207	318	311	407	336	371	417	919	632
Thailand	GGSP	-240	-324	-189	-338	-348	-392	-362	-305	-115	-155	-116
Residual Gulf Arabian Countries	ZWTX	574	710	584	844	1 104	1 174	1 375	1 755	1 613	2 234	2 671
Other Near & Middle Eastern Countries	ZWTY	188	114	112	131	280	242	277	402	441	409	368
Other	ZWTK	355	158	150	43	333	465	640	691	736	738	929
Total Asia	GGSR	6 791	5 688	6 968	9 161	10 705	10 756	10 654	12 005	12 756	13 450	13 882
<b>Australasia &amp; Oceania</b>												
Australia	GGSS	728	369	549	903	1 012	1 179	1 687	2 328	2 884	3 298	3 580
New Zealand	GGST	16	-68	-50	-62	-68	-24	33	101	194	151	111
Other	GGSU	77	63	90	77	19	53	72	80	97	180	167
Total Australasia & Oceania	GGSV	821	364	589	918	963	1 208	1 792	2 509	3 175	3 629	3 858
<b>Africa</b>												
Egypt	ZWTV	-25	-93	-118	-28	-148	-122	53	-17	-91	-115	33
Morocco	ZWUD	-66	-94	-97	-92	-129	-151	-302	-270	-245	-216	-104
South Africa	GGSW	542	312	165	163	184	406	615	655	463	508	806
Other North Africa	ZWTS	-130	-46	20	-47	47	139	-11	127	-113	-141	56
Other	ZWTL	976	683	637	594	846	1 180	1 251	1 574	1 444	2 250	3 413
Total Africa	GGSY	1 297	762	607	590	800	1 452	1 606	2 069	1 458	2 286	4 204
<b>International Organisations</b>												
	GGSZ	2	44	45	15	21	-14	-10	7	22	11	11
<b>World total</b>												
	KTMS	17 797	18 254	22 556	27 808	33 248	41 419	52 858	61 028	62 239	67 007	76 380

1 Before 1999 only combined BLEU data is available under identifier GGQX..

2 Separate Serbia and Montenegro data is available from 2007.





# 9.6 Income

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUGY	683	685	746	815	900	867	1 220	953	745	408	338
Belgium <sup>1</sup>	AA2K	2 753	2 208	1 930	2 619	3 620	4 429	6 556	5 679	3 311	2 351	3 125
Bulgaria	ZWYR	93	72	74	89	28	41	21	26	24	10	21
Cyprus	AA2L	163	137	56	72	115	317	287	534	153	75	92
Czech Republic	LEPT	198	152	195	210	155	48	228	40	-84	-22	1
Denmark	LEQU	979	521	705	883	1 441	1 691	2 015	1 855	1 108	1 176	446
Estonia	ZWYT	8	6	8	9	14	11	10	9	26	17	8
Finland	LEUG	648	587	517	520	572	589	1 065	998	708	619	718
France	LEUP	8 680	6 948	6 954	8 159	11 105	14 655	21 074	18 448	9 470	9 918	10 011
Germany	LEQL	11 065	9 504	8 330	9 528	11 691	13 683	17 440	18 054	11 091	7 743	8 512
Greece	LEUY	871	707	817	782	834	958	1 315	1 584	851	269	321
Hungary	BFKR	321	352	334	383	411	192	260	183	143	95	162
Ireland	BFLY	4 710	3 918	4 884	5 619	7 862	10 463	14 892	14 662	4 569	-5 035	3 065
Italy	BFOG	6 347	4 791	4 900	4 647	5 051	5 709	6 822	6 270	4 097	3 521	3 306
Latvia	ZWYU	-	-	-	-	1	19	32	-22	-17	-9	-69
Lithuania	ZWYV	7	4	4	1	8	9	10	-1	8	14	12
Luxembourg <sup>1</sup>	AA2O	3 894	3 321	2 836	3 896	6 254	9 922	11 994	15 605	13 922	12 263	14 695
Malta	AA2P	55	48	53	491	44	64	-386	134	364	63	16
Netherlands	BFQI	16 586	15 722	15 205	9 738	11 446	16 045	19 286	20 464	14 945	14 753	16 979
Poland	BFSB	329	335	400	440	441	535	666	651	880	504	361
Portugal	BFSK	808	776	807	797	970	1 032	1 066	1 238	712	719	783
Romania	ZWYW	78	65	96	117	70	109	168	209	162	54	155
Slovak Republic	ZWYX	29	31	28	30	52	41	58	139	43	50	45
Slovenia	ZWYY	101	68	89	99	37	26	36	86	23	161	20
Spain	LESW	2 403	2 052	2 314	3 623	4 954	6 511	8 082	8 470	5 714	3 239	2 338
Sweden	BFTL	2 307	2 121	1 767	2 273	2 695	3 104	3 529	3 233	4 288	3 261	1 179
European Central Bank	ZWYO	-	-	-	-	-	-	-	-	-	-	-
EU Institutions	CSFK	468	657	747	522	516	533	516	563	640	509	1 057
Total EU27	GNF6	64 584	55 788	54 796	56 362	71 287	91 603	118 262	120 064	77 896	56 726	67 697
European Free Trade Association (EFTA)												
Iceland	BFNQ	38	33	27	55	121	221	998	1 143	456	373	60
Liechtenstein	BFPH	39	21	20	23	19	32	40	26	-10	-1	-
Norway	BFQR	1 017	687	796	832	1 950	1 948	2 743	2 689	1 301	903	1 056
Switzerland	LEPB	5 326	4 504	4 505	4 903	6 109	8 863	12 820	12 459	5 307	7 164	6 252
Total EFTA	CTFT	6 420	5 245	5 348	5 813	8 199	11 064	16 601	16 317	7 054	8 439	7 368
Other Europe												
Albania	ZWYP	-	-	-	-	-	-	2	5	6	4	2
Belarus	ZWYQ	-	7	-	-	4	3	7	7	4	5	12
Croatia	ZWYS	26	29	43	48	74	45	32	70	45	28	14
Russia	BFST	537	661	563	1 262	2 347	3 001	2 702	2 677	1 997	1 946	3 951
Turkey	BFUM	408	318	365	383	515	883	1 196	892	855	590	737
Ukraine	ZWYZ	3	18	21	34	118	418	281	218	149	101	79
Serbia and Montenegro <sup>2</sup>	BFWF	1	1	1	-2	14	27	13	25	-4	-6	2
of which Serbia	KNA7	..	..	..	..	..	..	13	25	-5	-7	2
Montenegro	KNA8	..	..	..	..	..	..	-	-	1	1	-
Other	LEVZ	2 915	2 932	4 088	5 691	7 053	8 399	14 519	8 240	3 384	5 034	3 798
Total Europe	LERD	74 894	64 999	65 225	69 591	89 611	115 443	153 615	148 515	91 386	72 867	83 660
<b>Americas</b>												
Argentina	ZWZB	365	107	190	260	290	566	463	355	366	285	26
Brazil	LENR	660	660	492	766	1 103	1 055	1 314	1 129	1 619	1 541	1 955
Canada	LEOS	2 334	1 722	2 007	2 240	3 205	4 332	5 133	4 374	758	1 586	2 335
Chile	ZWZC	196	240	310	838	1 204	836	931	764	568	151	250
Colombia	ZWZD	224	235	261	395	450	321	252	294	163	288	734
Mexico	BFPQ	312	629	416	724	827	939	939	538	451	726	485
United States of America	BFVE	31 117	26 524	27 662	30 743	44 855	59 550	65 862	50 644	33 044	35 732	39 098
Uruguay	ZWZE	13	20	9	-1	12	31	21	12	4	10	11
Venezuela	ZWZF	176	185	89	265	394	350	151	165	184	143	71
Other Central American Countries	JISP	5 886	5 791	5 962	6 521	10 238	16 063	19 424	17 404	7 980	8 938	18 598
Other	LEVH	18	66	66	456	-61	-5	130	159	32	59	123
Total Americas	LESN	41 301	36 179	37 464	43 207	62 517	84 038	94 620	75 838	45 169	49 459	63 686
<b>Asia</b>												
China	LEPK	551	433	438	620	869	869	1 172	991	1 033	1 341	1 185
Hong Kong	BFJU	1 418	1 343	1 777	3 211	4 198	5 233	5 911	3 096	2 059	4 156	2 631
India	BFNB	494	635	660	593	821	1 323	1 644	2 116	1 767	2 072	2 460
Indonesia	BFLP	215	192	227	196	273	496	224	245	491	635	1 126
Iran	ZWZG	42	37	43	56	149	168	121	98	35	35	23
Israel	BFMS	63	46	77	59	102	151	198	144	144	127	221
Japan	BFOF	7 535	4 890	5 256	5 065	6 960	8 663	8 822	8 920	4 721	3 795	5 248
Malaysia	BFPZ	404	585	617	706	789	747	845	642	857	903	892
Pakistan	BFRS	136	187	181	247	291	420	247	192	211	174	312
Philippines	BFRJ	150	134	161	177	205	291	419	305	222	171	117
Saudi Arabia	BFTC	260	223	193	237	386	464	656	642	342	417	287
Singapore	BFTU	2 537	1 901	1 641	2 243	3 454	3 774	4 447	4 132	3 270	3 066	4 186
South Korea	BFOY	501	688	650	787	1 209	1 370	1 477	1 677	1 169	1 654	1 521
Taiwan	BFUV	293	343	328	534	673	652	693	552	431	881	933
Thailand	BFUD	249	236	228	230	301	-14	303	219	288	418	325
Residual Gulf Arabian Countries	JITQ	1 139	764	686	809	1 281	1 763	2 085	2 241	1 518	1 081	1 303
Other Near & Middle Eastern Countries	ZWZH	197	104	97	166	398	719	1 573	1 509	837	1 219	1 844
Other	LEWI	236	502	202	296	172	974	1 339	1 155	2 125	1 168	1 912
Total Asia	LETF	16 420	13 243	13 462	16 232	22 531	28 063	32 176	28 876	21 520	23 313	26 526
<b>Australasia &amp; Oceania</b>												
Australia	CXAT	2 452	2 791	2 579	3 995	4 361	5 163	5 813	4 454	5 784	7 356	6 806
New Zealand	BFRA	436	560	585	391	481	546	515	553	521	464	365
Other	LEVQ	8	33	30	36	35	62	81	68	90	95	117
Total Australasia & Oceania	LETX	2 896	3 384	3 194	4 422	4 877	5 771	6 409	5 075	6 395	7 915	7 288
<b>Africa</b>												
Egypt	ZWZJ	259	323	239	196	335	442	549	470	534	868	685
Morocco	ZWZK	30	40	17	8	24	32	33	28	19	24	20
South Africa	BFWX	1 334	2 035	1 937	3 002	4 205	2 232	2 561	2 555	1 562	2 942	2 859
Other North Africa	JIRR	128	-32	122	77	-3 357	-998	246	298	-10	31	437
Other	LEWR	758	1 018	1 059	1 125	5 348	2 836	1 763	1 762	1 927	2 689	2 840
Total Africa	LERV	2 509	3 384	3 374	4 408	6 555	4 544	5 152	5 113	4 032	6 554	6 841
<b>International Organisations</b>												
	CTFB	514	475	466	451	523	584	626	471	398	358	667
<b>World total</b>												
	HMBQ	138 534	121 664	123 185	138 311	186 614	238 443	292 598	263 888	168 900	160 466	188 668

1 Before 1999 only combined BLEU data is available under identifier CTFK.

2 Separate Serbia and Montenegro data is available from 2007.

# 9.6 Income

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Debits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUGZ	696	694	632	621	787	1 088	1 192	970	811	687	769
Belgium <sup>1</sup>	AA2W	1 980	1 933	1 869	2 164	3 038	3 590	4 760	4 555	2 294	1 991	2 237
Bulgaria	ZWZP	27	25	11	11	33	60	86	59	31	36	28
Cyprus	AA2X	165	132	111	142	207	305	387	421	431	683	460
Czech Republic	LEPU	113	81	81	81	100	191	176	200	81	59	54
Denmark	LEQV	922	862	989	1 121	1 425	1 376	1 648	1 535	739	806	758
Estonia	ZWZR	11	2	2	2	3	6	15	14	7	1	7
Finland	LEUH	371	264	320	309	495	567	771	881	553	465	610
France	LEUQ	7 059	5 509	7 797	9 972	12 999	15 615	18 252	14 475	17 916	11 228	13 041
Germany	LEQM	8 441	6 364	10 235	11 878	16 449	19 440	25 579	20 266	8 650	13 365	14 113
Greece	LEUZ	712	496	485	607	1 069	1 562	2 201	2 301	2 073	1 884	1 578
Hungary	BFKS	39	45	22	21	35	46	111	117	70	55	83
Ireland	BFLZ	4 029	4 643	4 965	6 154	9 086	11 484	14 953	16 155	8 565	6 600	9 218
Italy	BFOH	3 034	1 794	2 214	2 423	2 863	3 179	3 891	3 428	2 580	2 345	2 740
Latvia	ZWZS	11	10	4	8	22	10	21	16	18	13	14
Lithuania	ZWZT	12	2	1	2	17	31	41	35	17	46	37
Luxembourg <sup>1</sup>	AA32	2 965	2 627	2 934	3 636	4 249	5 633	7 207	8 562	5 493	5 790	6 750
Malta	AA33	44	43	31	32	39	76	193	315	149	118	140
Netherlands	BFQJ	11 996	6 738	7 117	8 048	9 333	17 299	22 609	6 963	6 561	7 587	10 759
Poland	BFSC	176	117	107	160	362	477	524	494	112	164	179
Portugal	BFSL	300	279	354	390	452	630	791	800	517	486	666
Romania	ZWZU	25	32	13	20	40	49	60	40	30	15	25
Slovak Republic	ZWZV	17	9	7	21	55	176	99	64	36	63	52
Slovenia	ZWZW	35	38	28	28	24	20	32	30	16	25	29
Spain	LESX	1 507	1 316	1 776	1 707	3 944	5 562	5 132	3 793	5 198	3 615	7 118
Sweden	BFTM	1 369	1 347	1 011	1 010	1 313	1 816	2 217	2 176	1 547	1 535	1 080
European Central Bank	ZWZM	—	—	—	—	—	—	—	—	—	—	—
EU Institutions	CSFL	1 763	1 678	1 495	1 644	2 005	2 368	2 781	3 068	2 660	2 236	3 021
Total EU27	G97L	47 819	37 080	44 611	52 212	70 444	92 656	115 729	91 733	67 155	61 898	75 566
European Free Trade Association (EFTA)												
Iceland	BFNR	8	10	21	54	101	303	353	−1 381	165	504	23
Liechtenstein	BFPI	92	50	57	53	77	103	143	114	35	29	232
Norway	BFQS	634	642	698	766	1 340	2 074	2 714	1 997	1 867	1 821	2 139
Switzerland	LEPC	9 842	6 624	6 058	6 090	9 019	11 431	12 563	1 568	1 480	3 888	2 021
Total EFTA	CTFU	10 576	7 326	6 834	6 963	10 537	13 911	15 773	2 298	3 547	6 242	4 415
Other Europe												
Albania	ZWZN	10	−1	—	—	—	3	4	3	—	—	—
Belarus	ZWZO	9	−1	1	2	7	8	17	21	3	4	—
Croatia	ZWZQ	46	32	27	24	46	61	89	47	6	10	4
Russia	BFSU	397	293	308	418	1 273	2 521	2 907	1 891	334	267	419
Turkey	BFUN	153	86	74	86	149	210	256	258	125	80	92
Ukraine	ZWZX	11	18	62	101	164	248	371	310	75	87	94
Serbia and Montenegro <sup>2</sup>	BFWG	11	6	5	5	10	23	31	19	—	—	—
of which Serbia	KNA9	..	..	..	..	..	..	31	18	—	—	—
Montenegro	KNB2	..	..	..	..	..	..	—	1	—	—	—
Other	LEWA	7 835	6 773	5 888	7 764	10 834	13 548	14 096	20 750	10 254	10 709	9 187
Total Europe	LERE	66 867	51 612	57 810	67 575	93 464	123 189	149 273	117 330	81 499	79 297	89 777
<b>Americas</b>												
Argentina	ZWZZ	70	4	3	1	6	8	8	14	5	9	7
Brazil	LENS	160	79	89	88	177	190	187	68	42	89	103
Canada	LEOT	1 180	1 592	1 453	2 156	2 316	3 341	2 020	297	1 963	2 157	2 954
Chile	ZXAA	35	20	18	27	36	60	96	99	56	133	153
Colombia	ZXAB	43	18	9	5	16	37	43	33	15	9	8
Mexico	BFPR	260	69	60	65	109	135	125	203	34	35	31
United States of America	BFVF	31 683	29 836	30 618	32 109	39 748	59 643	69 411	67 605	43 415	43 858	47 808
Uruguay	ZXAC	8	3	8	7	6	13	18	9	5	4	2
Venezuela	ZXAD	40	28	21	17	27	78	102	76	24	13	17
Other Central American Countries	JISQ	3 950	2 521	2 979	3 833	7 661	11 526	14 941	13 962	4 965	4 366	4 536
Other	LEVI	3 731	3 017	1 657	289	455	2 783	3 232	869	3 032	1 563	3 952
Total Americas	LESO	41 160	37 187	36 915	38 597	50 557	77 814	90 183	83 235	53 556	52 236	59 571
<b>Asia</b>												
China	LEPL	373	240	196	236	355	447	850	620	234	274	404
Hong Kong	BFJV	3 296	1 897	1 274	1 391	1 787	2 570	4 083	4 631	2 588	2 259	2 874
India	BFNC	362	246	268	389	721	1 126	1 061	335	268	292	198
Indonesia	BFLQ	114	73	54	55	67	77	62	38	21	20	5
Iran	ZXAE	279	101	90	90	137	202	183	118	52	20	15
Israel	BFMT	258	185	171	149	284	441	434	221	173	141	138
Japan	BFOQ	10 019	7 390	3 972	5 509	7 002	9 328	9 365	8 211	1 587	3 180	7 350
Malaysia	BFQA	277	129	80	126	195	459	539	371	477	601	305
Pakistan	BFRT	68	71	76	60	84	118	124	66	26	27	32
Philippines	BFRK	51	31	19	20	44	98	97	64	29	10	21
Saudi Arabia	BFTD	942	376	323	374	655	1 086	1 523	2 100	742	533	715
Singapore	BFTV	2 644	1 850	1 454	1 504	2 473	3 320	3 649	3 380	1 528	1 213	1 519
South Korea	BFOZ	204	111	27	−154	309	376	453	404	250	337	269
Taiwan	BFUW	189	101	113	168	274	334	493	310	105	79	83
Thailand	BFUE	196	85	69	70	123	209	251	202	58	47	44
Residual Gulf Arabian Countries	JITR	1 522	847	608	720	1 124	1 879	2 360	2 217	864	844	1 139
Other Near & Middle Eastern Countries	ZXAF	221	142	135	124	207	305	333	268	103	83	134
Other	LEWJ	334	270	116	136	330	402	430	432	258	251	439
Total Asia	LETG	21 349	14 145	9 045	10 967	16 171	22 777	26 290	23 988	9 363	10 211	15 684
<b>Australasia &amp; Oceania</b>												
Australia	CXCM	577	961	1 275	1 386	1 857	2 120	2 689	2 377	3 275	1 084	2 468
New Zealand	BFRB	112	86	72	80	102	150	80	128	60	83	88
Other	LEVR	62	43	30	25	4	342	198	−349	−1	—	—
Total Australasia & Oceania	LETY	751	1 090	1 377	1 491	1 963	2 612	2 967	2 156	3 334	1 167	2 556
<b>Africa</b>												
Egypt	ZXAH	278	164	128	141	285	370	345	236	52	75	78
Morocco	ZXAI	31	18	12	12	29	96	59	43	10	13	4
South Africa	BFWY	738	716	792	842	1 066	1 286	1 236	1 173	1 060	1 105	1 665
Other North Africa	JIRS	186	119	96	106	256	507	686	588	192	173	—
Other	LEWS	624	408	322	344	540	843	1 100	1 197	458	404	577
Total Africa	LERW	1 857	1 425	1 350	1 445	2 176	3 102	3 426	3 237	1 772	1 770	2 324
<b>International Organisations</b>												
	CTFC	699	640	516	620	924	1 187	1 452	1 536	1 385	1 157	1 623
<b>World total</b>	<b>HMBR</b>	<b>132 683</b>	<b>106 099</b>	<b>107 013</b>	<b>120 695</b>	<b>165 255</b>	<b>230 681</b>	<b>273 591</b>	<b>231 482</b>	<b>150 909</b>	<b>145 838</b>	<b>171 535</b>

1 Before 1999 only combined BLEU data is available under identifier CTFL.

2 Separate Serbia and Montenegro data is available from 2007.

# 9.6 Income

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUHA	-13	-9	114	194	113	-221	28	-17	-66	-279	-431
Belgium <sup>1</sup>	AA3A	773	275	61	455	582	839	1 796	1 124	1 017	360	888
Bulgaria	ZXAN	66	47	63	78	-5	-19	-65	-33	-7	-26	-7
Cyprus	AA3B	-2	5	-55	-70	-92	12	-100	113	-278	-608	-368
Czech Republic	LEPV	85	71	114	129	55	-143	52	-160	-165	-81	-53
Denmark	LEQW	57	-341	-284	-238	16	315	367	320	369	370	-312
Estonia	ZXAP	-3	4	6	7	11	5	-5	-5	19	16	1
Finland	LEUI	277	323	197	211	77	22	294	117	155	154	108
France	LEUR	1 621	1 439	-843	-1 813	-1 894	-960	2 822	3 973	-8 446	-1 310	-3 030
Germany	LEQN	2 624	3 140	-1 905	-2 350	-4 758	-5 757	-8 139	-2 212	2 441	-5 622	-5 601
Greece	LEVA	159	211	332	175	-235	-604	-886	-717	-1 222	-1 615	-1 257
Hungary	BFKT	282	307	312	362	376	146	149	66	73	40	79
Ireland	BFML	681	-725	-81	-535	-1 224	-1 021	-61	-1 493	-3 996	-11 635	-6 153
Italy	BFOI	3 313	2 997	2 686	2 224	2 188	2 530	2 931	2 842	1 517	1 176	566
Latvia	ZXAQ	-11	-10	-4	-8	-21	9	11	-38	-35	-22	-83
Lithuania	ZXAR	-5	2	3	-1	-9	-22	-31	-36	-9	-32	-25
Luxembourg <sup>1</sup>	AA3E	929	694	-98	260	2 005	4 289	4 787	7 043	8 429	6 473	7 945
Malta	AA3F	11	5	22	459	5	-12	-579	-181	215	-55	-124
Netherlands	BFQK	4 590	8 984	8 088	1 690	2 113	-1 254	-3 323	13 501	8 384	7 166	6 220
Poland	BFSD	153	218	293	280	79	58	142	157	768	340	182
Portugal	BFSM	508	497	453	407	518	402	275	438	195	233	117
Romania	ZXAS	53	33	83	97	30	60	108	169	132	39	130
Slovak Republic	ZXAT	12	22	21	9	-3	-135	-41	75	7	-13	-7
Slovenia	ZXAU	66	30	61	71	13	6	4	56	7	136	-9
Spain	LESY	896	736	538	1 916	1 010	949	2 950	4 677	516	-376	-4 780
Sweden	BFTN	938	774	756	1 263	1 382	1 288	1 312	1 057	2 741	1 726	99
European Central Bank	ZXAK	-	-	-	-	-	-	-	-	-	-	-
EU Institutions	CSFM	-1 295	-1 021	-748	-1 122	-1 489	-1 835	-2 265	-2 505	-2 020	-1 727	-1 964
Total EU27	G97D	16 765	18 708	10 185	4 150	843	-1 053	2 533	28 331	10 741	-5 172	-7 869
European Free Trade Association (EFTA)												
Iceland	BFNU	30	23	6	1	20	-82	645	2 524	291	-131	37
Liechtenstein	BFPJ	-53	-29	-37	-30	-58	-71	-103	-88	-45	-30	-232
Norway	BFQT	383	45	98	66	610	-126	29	692	-566	-918	-1 083
Switzerland	LEPD	-4 516	-2 120	-1 553	-1 187	-2 910	-2 568	257	10 891	3 827	3 276	4 231
Total EFTA	CTFV	-4 156	-2 081	-1 486	-1 150	-2 338	-2 847	828	14 019	3 507	2 197	2 953
Other Europe												
Albania	ZXAL	-10	1	-	-	-	-3	-2	2	6	4	2
Belarus	ZXAM	-9	8	-1	-2	-3	-5	-10	-14	1	1	12
Croatia	ZXAO	-20	-3	16	24	28	-16	-57	23	39	18	10
Russia	BFSV	140	368	255	844	1 074	480	-205	786	1 663	1 679	3 532
Turkey	BFUO	255	232	291	297	366	673	940	634	730	510	645
Ukraine	ZXAV	-8	-	-41	-67	-46	170	-90	-92	74	14	-15
Serbia and Montenegro, <sup>2</sup>	BFWH	-10	-5	-4	-7	4	4	-18	6	-4	-6	2
of which Serbia	KNB3	..	..	..	..	..	..	-18	7	-5	-7	2
Montenegro	KNB4	..	..	..	..	..	..	-	-1	1	1	-
Other	LEWB	-4 920	-3 841	-1 800	-2 073	-3 781	-5 149	423	-12 510	-6 870	-5 675	-5 389
Total Europe	LERF	8 027	13 387	7 415	2 016	-3 853	-7 746	4 342	31 185	9 887	-6 430	-6 117
<b>Americas</b>												
Argentina	ZXAX	295	103	187	259	284	558	455	341	361	276	19
Brazil	LENT	500	581	403	678	926	865	1 127	1 061	1 577	1 452	1 852
Canada	LEOU	1 154	130	554	84	889	991	3 113	4 077	-1 205	-571	-619
Chile	ZXAY	161	220	292	811	1 168	776	835	665	512	18	97
Colombia	ZXAZ	181	217	252	390	434	284	209	261	148	279	726
Mexico	BFPS	52	560	356	659	718	804	814	335	417	691	454
United States of America	BFVG	-566	-3 312	-2 956	-1 366	5 107	-93	-3 549	-16 961	-10 371	-8 126	-8 710
Uruguay	ZXBA	5	17	1	-8	6	18	3	3	-1	6	9
Venezuela	ZXBB	136	157	68	248	367	272	49	89	160	130	54
Other Central American Countries	JISR	1 936	3 270	2 983	2 688	2 577	4 537	4 483	3 442	3 015	4 572	14 062
Other	LEVJ	-3 713	-2 951	-1 591	167	-516	-2 788	-3 102	-710	-3 000	-1 504	-3 829
Total Americas	LESP	141	-1 008	549	4 610	11 960	6 224	4 437	-7 397	-8 387	-2 777	4 115
<b>Asia</b>												
China	LEPM	178	193	242	384	514	422	322	371	799	1 067	781
Hong Kong	BFJW	-1 878	-554	503	1 820	2 411	2 663	1 828	-1 535	-529	1 897	-243
India	BFND	132	389	392	204	100	197	583	1 781	1 499	1 780	2 262
Indonesia	BFLR	101	119	173	141	206	419	162	207	470	615	1 121
Iran	ZXBC	-237	-64	-47	-34	12	-34	-62	-20	-17	15	8
Israel	BFMU	-195	-139	-94	-90	-182	-290	-236	-77	-29	-14	83
Japan	BFOR	-2 484	-2 500	1 284	-444	-42	-665	-543	709	3 134	615	-2 102
Malaysia	BFQB	127	456	537	580	594	288	306	271	380	302	587
Pakistan	BFRU	68	116	105	187	207	302	123	126	185	147	280
Philippines	BFRL	99	103	142	157	161	193	322	241	193	161	96
Saudi Arabia	BFTE	-682	-153	-130	-137	-269	-622	-867	-1 458	-400	-116	-428
Singapore	BFTW	-107	51	187	739	981	454	798	752	1 742	1 853	2 667
South Korea	BFPA	297	577	623	941	900	994	1 024	1 273	919	1 317	1 252
Taiwan	BFUX	104	242	215	366	399	318	200	242	326	802	850
Thailand	BFUF	53	151	159	160	178	-223	52	17	230	371	281
Residual Gulf Arabian Countries	JITS	-383	-83	78	89	157	-116	-275	24	654	237	164
Other Near & Middle Eastern Countries	ZXBD	-24	-38	-38	42	191	414	1 240	1 241	734	1 136	1 710
Other	LEWK	-98	232	86	160	-158	572	909	723	1 867	917	1 473
Total Asia	LETH	-4 929	-902	4 417	5 265	6 360	5 286	5 886	4 888	12 157	13 102	10 842
<b>Australasia &amp; Oceania</b>												
Australia	CYAA	1 875	1 830	1 304	2 609	2 504	3 043	3 124	2 077	2 509	6 272	4 338
New Zealand	BFRC	324	474	513	311	379	396	435	425	461	381	277
Other	LEVS	-54	-10	-	11	31	-280	-117	417	91	95	117
Total Australasia & Oceania	LETZ	2 145	2 294	1 817	2 931	2 914	3 159	3 442	2 919	3 061	6 748	4 732
<b>Africa</b>												
Egypt	ZXBF	-19	159	111	55	50	72	204	234	482	793	607
Morocco	ZXBG	-1	22	5	-4	-5	-64	-26	-15	9	11	16
South Africa	BFWZ	596	1 319	1 145	2 160	3 139	946	1 325	1 382	502	1 837	1 194
Other North Africa	JIRT	-58	-151	26	-29	-3 613	-1 505	-440	-290	-202	-142	437
Other	LEWT	134	610	737	781	4 808	1 993	663	565	1 469	2 285	2 263
Total Africa	LERX	652	1 959	2 024	2 963	4 379	1 442	1 726	1 876	2 260	4 784	4 517
<b>International Organisations</b>												
	CTFD	-185	-165	-50	-169	-401	-603	-826	-1 065	-987	-799	-956
<b>World total</b>												
	HMBP	5 851	15 565	16 172	17 616	21 359	7 762	19 007	32 406	17 991	14 628	17 133

1 Before 1999 only combined BLEU data is available under identifier CTFM.

2 Separate Serbia and Montenegro data is available from 2007.



# 9.7 Current transfers

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	GXVQ	30	37	63	42	40	58	36	45	43	39	40
Belgium <sup>1</sup>	A7PL	194	259	267	265	255	305	226	266	233	226	232
Bulgaria	KOLZ	—	9	1	1	8	13	15	17	12	10	7
Cyprus	A7PM	2	3	5	5	4	12	5	16	14	11	13
Czech Republic	GXWK	2	3	39	27	17	48	18	23	11	13	11
Denmark	GXVS	29	46	34	47	47	76	59	98	97	65	80
Estonia	LWMG	—	—	—	—	—	—	—	2	4	1	3
Finland	GXVT	14	18	115	20	18	31	21	30	28	22	20
France	GXVU	315	379	238	388	337	478	339	580	474	409	389
Germany	GXVV	377	501	467	534	527	715	500	653	540	500	501
Greece	GXVW	38	54	49	57	58	73	60	126	97	88	88
Hungary	HZXT	1	9	1	1	5	8	13	15	9	8	17
Ireland	GXVX	156	175	139	198	175	256	196	292	256	231	244
Italy	GXVY	113	139	123	208	190	295	186	391	285	234	238
Latvia	LWVC	1	6	1	1	7	4	5	9	11	7	5
Lithuania	LYTR	1	—	—	—	7	17	14	15	10	20	18
Luxembourg <sup>1</sup>	A7PO	14	19	18	22	22	36	20	38	29	29	29
Malta	A7PP	1	1	1	2	2	3	5	8	9	9	12
Netherlands	GXVZ	303	422	360	412	398	453	350	448	442	418	373
Poland	GXWL	3	16	9	43	113	166	124	134	40	54	49
Portugal	GXWA	14	24	18	26	21	36	20	27	37	26	24
Romania	HZ XV	—	12	1	2	7	12	8	15	16	7	14
Slovak Republic	HZXX	2	3	—	—	14	80	17	20	10	8	3
Slovenia	HZXY	—	6	—	1	1	4	1	3	4	2	1
Spain	GXWB	94	118	106	148	145	221	142	217	180	182	152
Sweden	GXWC	87	109	103	126	113	153	106	154	124	111	116
European Central Bank	KNWK	—	—	—	—	—	—	—	—	—	—	—
EU Institutions	GXWD	6 996	6 658	8 236	8 585	8 416	10 455	7 387	8 551	9 438	6 871	6 500
Total EU27	GC84	8 787	9 026	10 394	11 161	10 947	14 008	9 873	12 193	12 453	9 601	9 179
European Free Trade Association (EFTA)												
Iceland	GXWF	33	39	79	40	36	52	35	39	37	39	34
Liechtenstein	GXWG	1	2	1	1	—	6	2	4	4	2	2
Norway	GXWH	58	90	81	88	92	133	97	184	140	137	156
Switzerland	GXWI	63	90	78	99	111	197	93	201	168	136	153
Total EFTA	GXWJ	155	221	239	228	239	388	227	428	349	314	345
Other Europe												
Albania	HZXP	—	—	—	—	—	—	—	—	—	1	—
Belarus	HZXQ	1	—	9	—	1	—	—	—	—	—	—
Croatia	HZXR	1	2	2	2	—	12	3	8	5	4	4
Russia	GXWM	12	18	14	22	25	64	27	66	47	51	56
Turkey	GXWN	29	38	37	43	41	79	41	65	56	53	50
Ukraine	HZYA	—	—	9	22	2	3	8	11	1	2	1
Serbia and Montenegro <sup>2</sup>	LTVE	1	2	6	1	—	6	3	4	1	2	2
of which Serbia	KN4L	..	..	..	..	..	..	3	4	1	2	2
Montenegro	KN4K	..	..	..	..	..	..	—	—	—	—	—
Other	HKJF	25	16	14	10	15	31	44	69	59	77	77
Total Europe	GXWP	9 011	9 323	10 724	11 489	11 270	14 591	10 226	12 844	12 971	10 105	9 714
<b>Americas</b>												
Argentina	HZYJ	10	12	9	9	5	22	12	29	23	19	24
Brazil	GXWQ	13	18	14	14	13	49	22	65	50	51	59
Canada	GXWR	189	236	197	284	282	340	309	721	627	542	601
Chile	HZYL	10	10	9	11	11	35	14	38	28	27	34
Colombia	HZYM	23	19	31	18	16	46	19	46	35	27	29
Mexico	GXWS	18	32	26	32	34	125	37	104	77	66	81
United States of America	GXWT	2 297	1 910	1 499	1 806	4 415	4 359	3 777	5 663	4 189	3 422	3 520
Uruguay	HZYN	—	—	—	—	—	3	—	2	1	1	1
Venezuela	HZYO	10	14	10	15	16	35	13	39	27	22	31
Other Central American Countries	HZYG	139	204	166	250	272	657	286	634	472	382	434
Other	HZ YI	10	15	16	15	16	40	17	44	34	28	34
Total Americas	GXWV	2 719	2 470	1 977	2 454	5 080	5 711	4 506	7 385	5 563	4 587	4 848
<b>Asia</b>												
China	GXWW	10	15	11	15	13	46	17	46	38	46	63
Hong Kong	GXWX	52	45	36	43	38	62	48	111	88	66	70
India	GXWY	22	28	16	32	32	94	26	54	52	53	58
Indonesia	GXWZ	18	27	54	21	19	94	24	60	42	33	39
Iran	HZYQ	2	3	2	4	4	12	3	8	6	2	2
Israel	GXXA	30	39	41	37	36	63	40	81	59	42	56
Japan	GXXB	105	147	117	145	145	348	142	311	247	196	239
Malaysia	GXXC	22	24	59	25	22	49	25	50	45	42	43
Pakistan	GXXD	4	5	36	5	3	17	7	14	11	11	15
Philippines	GXXE	10	12	9	11	11	22	12	29	22	14	17
Saudi Arabia	GXXF	475	550	614	562	517	657	489	496	486	466	456
Singapore	GXXG	14	17	16	27	30	39	27	76	66	55	65
South Korea	GXXH	12	23	12	26	30	72	9	51	37	36	43
Taiwan	GXXI	10	17	27	14	16	35	11	31	24	14	20
Thailand	GXXJ	5	10	7	9	11	26	8	22	21	17	19
Residual Gulf Arabian Countries	HZYS	159	194	207	207	189	296	187	240	227	213	235
Other Near & Middle Eastern Countries	HZYU	288	333	362	342	315	400	293	296	289	280	271
Other	HZVR	60	50	47	48	43	89	60	76	63	57	63
Total Asia	GXXL	1 298	1 539	1 673	1 573	1 474	2 421	1 428	2 052	1 823	1 643	1 774
<b>Australasia &amp; Oceania</b>												
Australia	GXXM	163	229	203	285	283	285	270	542	445	454	539
New Zealand	GXXN	56	65	63	75	63	88	66	93	82	75	87
Other	GXXO	2	3	2	7	5	9	5	16	13	13	13
Total Australasia & Oceania	GXXP	221	297	268	367	351	382	341	651	540	542	639
<b>Africa</b>												
Egypt	LZDN	2	5	32	8	9	24	6	15	10	11	11
Morocco	HICY	1	2	2	2	1	9	3	6	8	21	10
South Africa	GXXQ	85	94	85	112	111	152	107	213	185	164	159
Other North Africa	HICX	10	15	25	16	16	22	12	18	21	39	27
Other	HZUI	35	47	43	50	47	126	52	115	104	121	108
Total Africa	GXXS	133	163	187	188	184	333	180	367	328	356	315
<b>International Organisations</b>												
	GXXT	—	—	—	—	—	—	—	—	—	—	—
<b>World total</b>	<b>KTND</b>	<b>13 382</b>	<b>13 792</b>	<b>14 829</b>	<b>16 071</b>	<b>18 359</b>	<b>23 438</b>	<b>16 681</b>	<b>23 299</b>	<b>21 225</b>	<b>17 233</b>	<b>17 290</b>

1 Before 1999 only combined data is available under identifier GXVR.

2 Separate Serbia and Montenegro data is available from 2007.

# 9.7 Current transfers

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Debits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	GXXV	20	26	28	32	35	46	33	47	42	43	47
Belgium <sup>1</sup>	A8BV	80	93	106	111	82	76	78	133	101	99	105
Bulgaria	LTQA	8	15	8	4	4	12	5	6	8	9	13
Cyprus	A8BW	18	29	29	35	36	46	32	42	44	51	45
Czech Republic	GXXP	9	12	14	14	14	22	17	26	15	21	20
Denmark	GXXX	31	39	34	46	56	71	65	109	98	77	85
Estonia	LWQY	—	—	1	4	4	5	4	2	5	6	6
Finland	GXXY	14	15	15	19	18	29	18	28	25	23	27
France	GXXZ	280	357	301	351	362	496	403	674	556	513	537
Germany	GXYA	280	393	356	439	470	568	437	629	704	793	827
Greece	GXYB	44	49	52	65	67	78	80	154	119	105	111
Hungary	HIEC	12	20	11	12	12	18	13	16	16	19	17
Ireland	GXYC	430	511	570	612	631	737	623	760	737	753	778
Italy	GXYD	135	161	148	195	214	286	217	432	334	289	316
Latvia	LYON	1	2	1	1	—	7	2	6	4	5	2
Lithuania	LYYJ	15	15	—	9	9	5	4	5	1	1	1
Luxembourg <sup>1</sup>	A8BY	11	12	12	14	14	25	13	32	22	22	26
Malta	A8BZ	—	—	—	—	—	—	26	32	38	38	39
Netherlands	GXYE	140	191	143	193	212	174	200	350	256	325	295
Poland	GXYQ	45	54	59	61	61	78	62	74	82	77	83
Portugal	GXYF	35	43	46	50	49	68	48	60	62	68	69
Romania	HIEE	11	21	11	13	12	21	12	12	17	18	19
Slovak Republic	HIEG	3	6	3	1	6	1	1	3	2	2	2
Slovenia	HIEH	5	4	—	1	1	4	1	3	2	4	2
Spain	GXYG	123	151	170	187	178	232	204	295	265	264	264
Sweden	GXYH	33	42	39	47	42	63	47	102	88	76	79
European Central Bank	KOEJ	—	—	—	—	—	—	—	—	—	—	—
EU Institutions	GXYI	9 297	10 836	12 938	12 605	13 525	15 309	13 060	13 334	14 779	15 987	16 063
Total EU27	GCR2	11 080	13 097	15 095	15 121	16 114	18 477	15 705	17 366	18 422	19 688	19 878
European Free Trade Association (EFTA)												
Iceland	GXYK	2	6	2	2	1	8	3	8	7	8	6
Liechtenstein	GXYL	1	2	1	1	—	6	2	4	4	2	2
Norway	GXYM	57	68	61	79	80	105	108	202	153	156	181
Switzerland	GXYN	89	133	101	133	151	221	129	250	223	213	234
Total EFTA	GXYO	149	209	165	215	232	340	242	464	387	379	423
Other Europe												
Albania	HIDY	9	13	8	8	7	5	9	9	10	13	14
Belarus	HIDZ	6	12	3	2	2	—	—	—	—	—	—
Croatia	HIEA	5	6	6	7	11	19	8	11	10	12	10
Russia	GXYR	54	25	55	66	64	78	65	77	101	103	108
Turkey	GXYs	33	44	36	48	50	81	43	71	63	66	64
Ukraine	HIEJ	53	16	32	45	43	26	26	27	25	27	29
Serbia and Montenegro <sup>2</sup>	LWHC	37	33	34	30	30	39	32	36	40	43	50
of which Serbia	KN4N	..	..	..	..	..	..	29	32	36	39	45
Montenegro	KN4M	..	..	..	..	..	..	3	4	4	4	5
Other	HZWN	182	200	247	214	216	267	228	265	270	302	324
Total Europe	GXYU	11 608	13 655	15 681	15 756	16 769	19 332	16 358	18 326	19 328	20 633	20 900
<b>Americas</b>												
Argentina	HIES	17	19	16	18	15	31	21	40	32	26	32
Brazil	GXYV	44	61	39	42	42	75	42	78	68	83	86
Canada	GXYW	272	338	311	403	419	469	464	899	798	755	816
Chile	HIEU	11	14	11	14	14	36	18	43	32	33	39
Colombia	HIEV	28	24	16	23	22	47	25	54	43	35	38
Mexico	GXYX	21	33	24	31	34	115	40	109	79	71	85
United States of America	GXYZ	2 479	2 029	1 635	2 020	4 618	4 248	4 090	6 104	4 542	4 015	4 116
Uruguay	HIEW	1	1	1	1	1	4	1	3	2	2	2
Venezuela	HIEZ	11	14	10	15	17	33	14	40	29	23	32
Other Central American Countries	HIEP	390	457	411	500	527	920	568	929	790	713	788
Other	HIER	93	103	72	75	70	79	65	82	83	79	88
Total Americas	GXZA	3 367	3 093	2 546	3 142	5 779	6 057	5 348	8 381	6 498	5 835	6 122
<b>Asia</b>												
China	GXZB	84	134	87	149	141	176	150	183	197	215	256
Hong Kong	GXZC	118	143	142	161	160	194	176	255	227	226	237
India	GXZD	519	598	567	680	734	862	807	956	966	1 021	1 136
Indonesia	GXZE	44	55	75	91	188	185	108	163	151	149	173
Iran	HIEZ	17	20	19	23	24	33	23	28	28	24	30
Israel	GXZF	35	45	39	44	44	68	48	92	71	58	69
Japan	GXZG	101	142	112	145	153	329	153	328	259	223	266
Malaysia	GXZH	43	53	52	58	63	93	65	98	87	92	102
Pakistan	GXZI	158	250	206	215	218	295	268	322	320	335	370
Philippines	GXZJ	32	38	37	41	41	56	44	62	58	50	55
Saudi Arabia	GXZK	41	55	54	57	51	78	63	94	87	80	81
Singapore	GXZL	74	94	101	119	122	140	122	182	177	185	196
South Korea	GXZM	13	23	11	25	30	66	10	52	37	38	46
Taiwan	GXZN	11	16	10	13	15	32	11	31	26	15	20
Thailand	GXZO	29	43	35	41	52	60	45	62	61	57	66
Residual Gulf Arabian Countries	HIFB	81	94	217	356	353	422	315	324	410	422	500
Other Near & Middle Eastern Countries	HIFD	75	83	82	100	99	110	76	76	99	106	111
Other	HZWN	523	654	596	811	882	1 131	959	1 132	1 191	1 282	1 463
Total Asia	GXZQ	1 998	2 540	2 442	3 129	3 370	4 330	3 443	4 440	4 452	4 578	5 177
<b>Australasia &amp; Oceania</b>												
Australia	GXZR	233	295	297	378	412	415	421	717	629	674	771
New Zealand	GXZS	73	86	89	101	104	128	116	152	142	144	162
Other	GXZT	10	25	25	28	28	33	22	28	34	33	36
Total Australasia & Oceania	GXZU	316	406	411	507	544	576	559	897	805	851	969
<b>Africa</b>												
Egypt	LZIF	22	29	29	39	40	54	39	45	40	43	42
Morocco	HIYZ	7	9	10	10	9	18	12	15	19	28	21
South Africa	GXZV	278	332	353	379	376	453	401	539	529	547	580
Other North Africa	HIYX	13	15	29	22	22	25	18	26	27	45	35
Other	HZUA	1 284	1 463	2 351	2 075	2 074	2 449	2 303	2 505	2 852	3 057	3 413
Total Africa	GXZX	1 604	1 848	2 772	2 525	2 521	2 999	2 773	3 130	3 467	3 720	4 091
International Organisations	GXZY	1 004	1 120	811	1 288	1 225	2 020	1 746	1 890	1 801	2 026	2 247
World total	KTNE	19 897	22 662	24 663	26 347	30 208	35 314	30 227	37 064	36 351	37 643	39 506

1 Before 1999 only combined BLEU data is available under identifier GXXW.

2 Separate Serbia and Montenegro data is available from 2007.

# 9.7 Current transfers

continued

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	GZDU	10	11	35	10	5	12	3	-2	1	-4	-7
Belgium <sup>1</sup>	A8H2	114	166	161	154	173	229	148	133	132	127	127
Bulgaria	ZWRH	-8	-6	-7	-3	4	1	10	11	4	1	-6
Cyprus	A8H3	-16	-26	-24	-30	-32	-34	-27	-26	-30	-40	-32
Czech Republic	GZCJ	-7	-9	25	13	3	26	1	-3	-4	-8	-9
Denmark	GZDW	-2	7	-	1	-9	5	-6	-11	-1	-12	-5
Estonia	ZWRN	-	-	-1	-4	-4	-5	-4	-	-1	-5	-3
Finland	GZDX	-	3	100	1	-	2	3	2	3	-1	-7
France	GZDY	35	22	-63	37	-25	-18	-64	-94	-82	-104	-148
Germany	GZDZ	97	108	111	95	57	147	63	24	-164	-293	-326
Greece	GZEA	-6	5	-3	-8	-9	-5	-20	-28	-22	-17	-23
Hungary	GYWH	-11	-11	-10	-11	-7	-10	-	-1	-7	-11	-
Ireland	GZEB	-274	-336	-431	-414	-456	-481	-427	-468	-481	-522	-534
Italy	GZEC	-22	-22	-25	13	-24	9	-31	-41	-49	-55	-78
Latvia	ZWRV	-	4	-	-	7	-3	3	3	7	2	3
Lithuania	ZWRU	-14	-15	-	-9	-2	12	10	10	9	19	17
Luxembourg <sup>1</sup>	A8H5	3	7	6	8	8	11	7	6	7	7	3
Malta	A8H6	1	1	1	2	2	3	-21	-24	-29	-29	-27
Netherlands	GZED	163	231	217	219	186	279	150	98	186	93	78
Poland	GZCK	-42	-38	-50	-18	52	88	62	60	-42	-23	-34
Portugal	GZEE	-21	-19	-28	-24	-28	-32	-28	-33	-25	-42	-45
Romania	ZWRX	-11	-9	-10	-11	-5	-9	-4	3	-1	-11	-5
Slovak Republic	ZWRZ	-1	-3	-3	-1	8	79	16	17	8	6	1
Slovenia	ZWRY	-5	2	-	-	-	-	-	-	2	-2	-1
Spain	GZEF	-29	-33	-64	-39	-33	-11	-62	-78	-85	-82	-112
Sweden	GYRO	54	67	64	79	71	90	59	52	36	35	37
European Central Bank	ZWRB	-	-	-	-	-	-	-	-	-	-	-
EU Institutions	GYRP	-2 301	-4 178	-4 702	-4 020	-5 109	-4 854	-5 673	-4 783	-5 341	-9 116	-9 563
Total EU27	GD6K	-2 293	-4 071	-4 701	-3 960	-5 167	-4 469	-5 832	-5 173	-5 969	-10 087	-10 699
European Free Trade Association (EFTA)												
Iceland	GXEL	31	33	77	38	35	44	32	31	30	31	28
Liechtenstein	GXEM	-	-	-	-	-	-	-	-	-	-	-
Norway	GXEN	1	22	20	9	12	28	-11	-18	-13	-19	-25
Switzerland	GZCH	-26	-43	-23	-34	-40	-24	-36	-49	-55	-77	-81
Total EFTA	GZCI	6	12	74	13	7	48	-15	-36	-38	-65	-78
Other Europe												
Albania	ZWRF	-9	-13	-8	-8	-7	-5	-9	-9	-10	-12	-14
Belarus	ZWRI	-5	-12	6	-2	-1	-	-	-	-	-	-
Croatia	ZWRS	-4	-4	-4	-5	-11	-7	-5	-3	-5	-8	-6
Russia	GZCL	-42	-7	-41	-44	-39	-14	-38	-11	-54	-52	-52
Turkey	GZCM	-4	-6	1	-5	-9	-2	-2	-6	-7	-13	-14
Ukraine	ZWSA	-53	-16	-23	-23	-41	-23	-18	-16	-24	-25	-28
Serbia and Montenegro <sup>2</sup>	ZWSD	-36	-31	-28	-29	-30	-33	-29	-32	-39	-41	-48
of which Serbia	KN4P	..	..	..	..	..	..	-26	-28	-35	-37	-43
Montenegro	KN4O	..	..	..	..	..	..	-3	-4	-4	-4	-5
Other	ZWRC	-157	-184	-233	-204	-201	-236	-184	-196	-211	-225	-247
Total Europe	GZCO	-2 597	-4 332	-4 957	-4 267	-5 499	-4 741	-6 132	-5 482	-6 357	-10 528	-11 186
<b>Americas</b>												
Argentina	ZWRG	-7	-7	-7	-9	-10	-9	-9	-11	-9	-7	-8
Brazil	GZCP	-31	-43	-25	-28	-29	-26	-20	-13	-18	-32	-27
Canada	GZCQ	-83	-102	-114	-119	-137	-129	-155	-178	-171	-213	-215
Chile	ZWRJ	-1	-4	-2	-3	-3	-1	-4	-5	-4	-6	-5
Colombia	ZWRK	-5	-5	15	-5	-6	-1	-6	-8	-8	-8	-9
Mexico	GZCR	-3	-1	2	1	-	10	-3	-5	-2	-5	-4
United States of America	GZCS	-182	-119	-136	-214	-203	111	-313	-441	-353	-593	-596
Uruguay	ZWSB	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Venezuela	ZWSC	-1	-	-	-	-1	2	-1	-1	-2	-1	-1
Other Central American Countries	ZWRM	-251	-253	-245	-250	-255	-263	-282	-295	-318	-331	-354
Other	ZWRP	-83	-88	-56	-60	-54	-39	-48	-38	-49	-51	-54
Total Americas	GZCU	-648	-623	-569	-688	-699	-346	-842	-996	-935	-1 248	-1 274
<b>Asia</b>												
China	GZCV	-74	-119	-76	-134	-128	-130	-133	-137	-159	-169	-193
Hong Kong	GZCW	-66	-98	-106	-118	-122	-132	-128	-144	-139	-160	-167
India	GZCX	-497	-570	-551	-648	-702	-768	-781	-902	-914	-968	-1 078
Indonesia	GZCY	-26	-28	-21	-70	-169	-91	-84	-103	-109	-116	-134
Iran	ZWRT	-15	-17	-17	-19	-20	-21	-20	-20	-22	-22	-28
Israel	GZCZ	-5	-6	2	-7	-8	-5	-8	-11	-12	-16	-13
Japan	GZDA	4	5	5	-	-8	19	-11	-17	-12	-27	-27
Malaysia	GZDB	-21	-29	7	-33	-41	-44	-40	-48	-42	-50	-59
Pakistan	GZDC	-154	-245	-170	-210	-215	-278	-261	-308	-309	-324	-355
Philippines	GZDD	-22	-26	-28	-30	-30	-34	-32	-33	-36	-36	-38
Saudi Arabia	GZDE	434	495	560	505	466	579	426	402	399	386	375
Singapore	GZDF	-60	-77	-85	-92	-92	-101	-95	-106	-111	-130	-131
South Korea	GZDG	-1	-	1	1	-	6	-1	-1	-	-2	-3
Taiwan	GZDH	-1	1	17	1	1	3	-	-	-2	-1	-
Thailand	GZDI	-24	-33	-28	-32	-41	-34	-37	-40	-40	-40	-47
Residual Gulf Arabian Countries	ZWRQ	78	100	-10	-149	-164	-126	-128	-84	-183	-209	-265
Other Near & Middle Eastern Countries	ZWRR	213	250	280	242	216	290	217	220	190	174	160
Other	ZWRD	-463	-604	-549	-763	-839	-1 042	-899	-1 056	-1 128	-1 225	-1 400
Total Asia	GZDK	-700	-1 001	-769	-1 556	-1 896	-1 909	-2 015	-2 388	-2 629	-2 935	-3 403
<b>Australasia &amp; Oceania</b>												
Australia	GZDL	-70	-66	-94	-93	-129	-130	-151	-175	-184	-220	-232
New Zealand	GZDM	-17	-21	-26	-26	-41	-40	-50	-59	-60	-69	-75
Other	GZDN	-8	-22	-23	-21	-23	-24	-17	-12	-21	-20	-23
Total Australasia & Oceania	GZDO	-95	-109	-143	-140	-193	-194	-218	-246	-265	-309	-330
<b>Africa</b>												
Egypt	ZWRO	-20	-24	3	-31	-31	-30	-33	-30	-30	-32	-31
Morocco	ZWRW	-6	-7	-8	-8	-8	-9	-9	-9	-11	-7	-11
South Africa	GZDP	-193	-238	-268	-267	-265	-301	-294	-326	-344	-383	-421
Other North Africa	ZWRL	-3	-	-4	-6	-6	-3	-6	-8	-6	-6	-8
Other	ZWRE	-1 249	-1 416	-2 308	-2 025	-2 027	-2 323	-2 251	-2 390	-2 748	-2 936	-3 305
Total Africa	GZDR	-1 471	-1 685	-2 585	-2 337	-2 337	-2 666	-2 593	-2 763	-3 139	-3 364	-3 776
<b>International Organisations</b>												
	GZDS	-1 004	-1 120	-811	-1 288	-1 225	-2 020	-1 746	-1 890	-1 801	-2 026	-2 247
<b>World total</b>												
	KTNF	-6 515	-8 870	-9 834	-10 276	-11 849	-11 876	-13 546	-13 765	-15 126	-20 410	-22 216

1 Before 1999 only combined BLEU data is available under identifier GZDV.

2 Separate Serbia and Montenegro data is available from 2007.



# 9.8 Current account: Transactions with Europe and USA<sup>1,2</sup>

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
Exports of goods												
EMU members	QATL	104 627	104 359	101 164	101 076	110 049	136 780	114 836	127 190	111 914	125 575	140 512
EU members	LGCJ	114 533	114 863	111 475	111 825	121 675	152 709	127 880	142 055	124 879	142 009	159 024
Total Europe	EPLM	122 878	122 959	120 256	121 053	134 015	164 842	140 867	158 341	138 100	159 058	178 955
USA	J8V9	29 365	28 125	28 754	28 499	30 790	31 938	32 038	35 262	33 896	37 985	39 853
Exports of services												
EMU members	K9HU	32 893	33 914	38 123	41 600	47 226	50 756	54 914	62 510	60 313	59 926	64 281
EU members	GCRB	37 452	38 323	43 129	47 128	53 711	58 412	63 136	70 947	69 315	69 472	74 777
Total Europe	FYWB	44 259	46 702	52 882	57 036	66 044	72 849	79 643	89 396	87 501	88 148	94 732
USA	FYWF	19 524	22 702	24 701	26 361	26 395	31 503	37 443	38 036	37 303	39 124	40 035
Income												
EMU members	KHS4	59 804	51 509	50 474	51 444	65 521	85 322	110 817	113 327	70 744	51 134	64 372
EU members	GNF6	64 584	55 788	54 796	56 362	71 287	91 603	118 262	120 064	77 896	56 726	67 697
Total Europe	LERD	74 894	64 999	65 225	69 591	89 611	115 443	153 615	148 515	91 386	72 867	83 660
USA	BFVE	31 117	26 524	27 662	30 743	44 855	59 550	65 862	50 644	33 044	35 732	39 098
Current transfers												
EMU members	K9GG	1 667	2 158	1 969	2 328	2 207	3 056	2 124	3 162	2 685	2 435	2 362
EU members	GC84	8 787	9 026	10 394	11 161	10 947	14 008	9 873	12 193	12 453	9 601	9 179
Total Europe	GXWP	9 011	9 323	10 724	11 489	11 270	14 591	10 226	12 844	12 971	10 105	9 714
USA	GXWT	2 297	1 910	1 499	1 806	4 415	4 359	3 777	5 663	4 189	3 422	3 520
<b>TOTAL CREDITS</b>												
EMU members	KHS7	198 991	191 940	191 730	196 448	225 003	275 914	282 691	306 189	245 656	239 070	271 527
EU members	G97O	225 356	218 000	219 794	226 476	257 620	316 732	319 151	345 259	284 543	277 808	310 677
Total Europe	LERA	251 042	243 983	249 087	259 169	300 940	367 725	384 351	409 096	329 958	330 178	367 061
USA	BFVB	82 303	79 261	82 616	87 409	106 455	127 350	139 120	129 605	108 432	116 263	122 506
<b>Debits</b>												
Imports of goods												
EMU members	QBRM	115 303	124 337	123 749	127 569	140 428	160 608	150 243	158 844	140 956	159 330	171 577
EU members	LGDB	127 096	137 012	137 419	142 678	158 349	184 457	170 192	181 967	162 752	186 064	202 479
Total Europe	EPMM	141 877	152 212	153 643	162 530	184 269	214 756	201 212	222 334	194 668	226 360	249 624
USA	J8VA	29 769	25 161	22 943	22 077	22 041	25 310	25 606	25 524	24 211	26 998	28 780
Imports of services												
EMU members	K9OH	35 946	38 053	41 715	43 869	47 366	49 444	50 159	53 474	50 419	51 513	52 350
EU members	GCV2	38 154	40 491	44 727	47 269	51 560	54 410	55 495	58 909	57 061	57 554	58 899
Total Europe	GGPQ	42 375	45 819	49 781	52 574	57 987	61 536	63 829	67 249	66 058	66 569	67 435
USA	GGPU	13 670	13 666	15 456	15 868	16 663	17 344	18 035	20 029	19 375	19 535	19 859
Income												
EMU members	KHS5	43 362	32 881	40 877	48 134	65 092	86 232	108 064	83 993	61 850	56 931	70 287
EU members	G97L	47 819	37 080	44 611	52 212	70 444	92 656	115 729	91 733	67 155	61 898	75 566
Total Europe	LERE	66 867	51 612	57 810	67 575	93 464	123 189	149 273	117 330	81 499	79 297	89 777
USA	BFVF	31 683	29 836	30 618	32 109	39 748	59 643	69 411	67 605	43 415	43 858	47 808
Current transfers												
EMU members	K9MG	1 618	2 041	1 980	2 309	2 379	2 871	2 418	3 676	3 314	3 398	3 496
EU members	GCR2	11 080	13 097	15 095	15 121	16 114	18 477	15 705	17 366	18 422	19 688	19 878
Total Europe	GXYU	11 608	13 655	15 681	15 756	16 769	19 332	16 358	18 326	19 328	20 633	20 900
USA	GXYX	2 479	2 029	1 635	2 020	4 618	4 248	4 090	6 104	4 542	4 015	4 116
<b>TOTAL DEBITS</b>												
EMU members	KHS8	196 229	197 312	208 321	221 881	255 265	299 155	310 884	299 987	256 539	271 172	297 710
EU members	G97F	224 149	227 680	241 852	257 280	296 467	350 000	357 121	349 975	305 390	325 204	356 822
Total Europe	LERB	262 727	263 298	276 915	298 435	352 489	418 813	430 672	425 239	361 553	392 859	427 736
USA	BFVC	77 601	70 692	70 652	72 074	83 070	106 545	117 142	119 262	91 543	94 406	100 563
<b>Balances</b>												
Trade in goods												
EMU members	QBRX	-10 676	-19 978	-22 585	-26 493	-30 379	-23 828	-35 407	-31 654	-29 042	-33 755	-31 065
EU members	LGCF	-12 563	-22 149	-25 944	-30 853	-36 674	-31 748	-42 312	-39 912	-37 873	-44 055	-43 455
Total Europe	EPNM	-18 999	-29 253	-33 387	-41 477	-50 254	-49 914	-60 345	-63 993	-56 568	-67 302	-70 669
USA	J8VB	-404	2 964	5 811	6 422	8 749	6 628	6 432	9 738	9 685	10 987	11 073
Trade in services												
EMU members	K9TG	-3 053	-4 139	-3 592	-2 269	-140	1 312	4 755	9 036	9 894	8 413	11 931
EU members	GD6R	-702	-2 168	-1 598	-141	2 151	4 002	7 641	12 038	12 254	11 918	15 878
Total Europe	GGRV	1 884	883	3 101	4 462	8 057	11 313	15 814	22 147	21 443	21 579	27 297
USA	GGRZ	5 854	9 036	9 245	10 493	9 732	14 159	19 408	18 007	17 928	19 589	20 176
Income												
EMU members	KHS6	16 442	18 628	9 597	3 310	429	-910	2 753	29 334	8 894	-5 797	-5 915
EU members	G97D	16 765	18 708	10 185	4 150	843	-1 053	2 533	28 331	10 741	-5 172	-7 869
Total Europe	LERF	8 027	13 387	7 415	2 016	-3 853	-7 746	4 342	31 185	9 887	-6 430	-6 117
USA	BFVG	-566	-3 312	-2 956	-1 366	5 107	-93	-3 549	-16 961	-10 371	-8 126	-8 710
Current transfers												
EMU members	K9SZ	49	117	-11	19	-172	185	-294	-514	-629	-963	-1 134
EU members	GD6K	-2 293	-4 071	-4 701	-3 960	-5 167	-4 469	-5 832	-5 173	-5 969	-10 087	-10 699
Total Europe	GZCO	-2 597	-4 332	-4 957	-4 267	-5 499	-4 741	-6 132	-5 482	-6 357	-10 528	-11 186
USA	GZCS	-182	-119	-136	-214	-203	111	-313	-441	-353	-593	-596
<b>CURRENT BALANCE</b>												
EMU members	KHS9	2 762	-5 372	-16 591	-25 433	-30 262	-23 241	-28 193	6 202	-10 883	-32 102	-26 183
EU members	G977	1 207	-9 680	-22 058	-30 804	-38 847	-33 268	-37 970	-4 716	-20 847	-47 396	-46 145
Total Europe	LERC	-11 685	-19 315	-27 828	-39 266	-51 549	-51 088	-46 321	-16 143	-31 595	-62 681	-60 675
USA	BFVD	4 702	8 569	11 964	15 335	23 385	20 805	21 978	10 343	16 889	21 857	21 943

1 EMU Members: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Irish Republic, Italy, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain.

2 EU and Europe include transactions with European Union institutions.

# 9.9 UK official transactions with institutions of the EU

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Credits</b>												
<b>Exports of services</b>												
UK charge for collecting duties and levies(net) <sup>1</sup>	QWUE	525	487	489	543	565	583	603	660	661	733	732
<b>Current transfers</b>												
Other sectors												
Agricultural Guarantee Fund <sup>2</sup>	EBGL	2 336	2 381	2 692	3 315	3 408	3 221	2 952	3 051	3 411	3 032	3 163
European Social Fund	HDIZ	370	412	427	433	900	1 305	795	608	609	778	193
European Coal & Steel Community Grant	FJKP	1	–	–	2	–	–	–	–	–	–	–
Central government												
Fontainebleau abatement	FKKL	4 560	3 099	3 560	3 592	3 655	3 570	3 523	4 862	5 392	3 046	3 144
Other EU receipts	GCSD	8	13	10	12	13	24	117	30	26	15	–
<b>Capital transfers</b>												
Other sectors												
Agricultural Fund for Regional Development <sup>3</sup>	FJXL	26	–	2	49	80	50	150	417	215	431	199
European Regional Development Fund	HBZA	543	296	622	1 062	1 402	618	707	972	640	609	31
Other capital transfers from EU Institutions <sup>2</sup>	EBGO	322	–	–	–	–	–	–	–	–	–	–
<b>Total credits</b>	GCSL	<b>8 691</b>	<b>6 688</b>	<b>7 801</b>	<b>9 008</b>	<b>10 023</b>	<b>9 371</b>	<b>8 847</b>	<b>10 600</b>	<b>10 954</b>	<b>8 644</b>	<b>7 462</b>
<b>Debits</b>												
<b>Current transfers</b>												
Other sectors												
Customs duties and agricultural levies <sup>4</sup>	FJWD	2 069	1 919	1 937	2 145	2 237	2 329	2 412	2 636	2 645	2 933	2 925
Sugar levies <sup>4</sup>	GTBA	31	25	18	25	24	–	–	–	–	–	–
European Coal & Steel Community production levy <sup>4</sup>	GTBB	–	–	–	–	–	–	–	–	–	–	–
VAT based contribution <sup>5</sup>	HCML	3 624	2 720	2 775	1 764	1 980	2 165	2 293	2 255	1 733	2 172	2 173
VAT adjustment <sup>5</sup>	FSVL	–49	88	–35	25	19	2	26	15	–140	81	24
Central government												
GNP fourth resource <sup>6</sup>	HCSO	3 859	5 259	6 622	7 565	8 597	8 358	7 996	8 628	10 692	10 718	10 946
GNP adjustments <sup>6</sup>	HCSM	–1	76	150	–16	135	163	327	–205	–137	101	12
Total GNP based fourth own resource contribution	NMPH	3 858	5 335	6 772	7 549	8 732	8 521	8 323	8 423	10 555	10 819	10 958
Inter-government agreements	HCBW	–	–	–	–	–	–	–	–	–	–	–
EU non-budget (miscellaneous)	HRTM	–	–	–	–	–	–	–	–	–	–	–
Other current transfers to EU institutions	GVEG	24	10	18	–3	106	8	6	5	–14	–18	–17
<b>Total debits</b>	GCSM	<b>9 557</b>	<b>10 097</b>	<b>11 485</b>	<b>11 505</b>	<b>13 098</b>	<b>13 025</b>	<b>13 060</b>	<b>13 334</b>	<b>14 779</b>	<b>15 987</b>	<b>16 063</b>
<b>Balance (UK net contribution to the EU)</b>	BLZS	<b>–866</b>	<b>–3 409</b>	<b>–3 684</b>	<b>–2 497</b>	<b>–3 075</b>	<b>–3 654</b>	<b>–4 213</b>	<b>–2 734</b>	<b>–3 825</b>	<b>–7 343</b>	<b>–8 601</b>

1 Before 1989 this is netted off the VAT contribution but cannot be identified separately.

2 Other capital transfers from EU institutions are included indistinguishably with Agricultural Guarantee Fund receipts before 1996.

3 Up to 2006 this series includes the European Agricultural Guidance Fund.

4 EU traditional own resource.

5 Third own resource contribution.

6 Fourth own resource contribution.

# 9.10 Trade in services

## By type of service 2010

£ million

	Transportation	Travel	Communications	Construction	Insurance	Financial	Computer and information	Royalties and license fees	Other business services	Personal, cultural and recreational	Government	Total services
<b>Exports</b>												
<b>European Union (EU27) total</b>	<b>8 337</b>	<b>9 645</b>	<b>2 350</b>	<b>384</b>	<b>2 290</b>	<b>17 633</b>	<b>4 049</b>	<b>3 582</b>	<b>19 312</b>	<b>971</b>	<b>919</b>	<b>69 472</b>
Belgium	345	410	57	19	73	718	123	62	1 118	11	13	2 949
Luxembourg	6	24	91	..	43	1 604	41	10	467	..	..	2 295
Denmark	1 083	260	38	3	99	361	112	214	828	12	4	3 014
France	1 067	1 195	295	22	424	2 849	442	276	2 495	87	18	9 170
Germany	952	1 252	388	30	355	3 130	1 089	422	3 060	167	33	10 878
Ireland	877	913	283	269	180	1 807	939	937	2 479	53	8	8 745
Italy	624	1 675	235	8	368	821	199	276	904	218	12	5 340
Netherlands	812	856	411	8	224	3 364	356	281	3 667	127	7	10 113
Russia	101	239	36	10	79	687	43	58	382	38	10	1 683
Spain	1 529	853	207	9	149	1 060	231	268	795	80	9	5 190
Switzerland	351	375	680	5	226	1 854	1 081	617	3 906	33	3	9 131
Turkey	177	197	35	6	67	259	40	46	328	..	8	1 176
Argentina	30	59	14	..	34	42	3	20	..	..	4	261
Brazil	118	174	47	5	112	141	67	18	226	..	..	915
Canada	384	562	124	20	1 076	677	90	42	637	6	14	3 632
Chile	63	16	10	11	60	8	4	2	43	..	..	220
Mexico	74	50	12	..	144	120	15	34	64	..	..	521
United States of America	3 629	2 354	648	44	6 930	9 706	2 023	1 858	10 875	758	299	39 124
China	727	813	50	9	81	223	69	49	622	50	16	2 709
Hong Kong	256	240	42	..	115	617	48	29	347	13	..	1 712
India	442	582	41	4	77	222	66	27	573	7	93	2 134
Iran	13	42	9	..	5	11	4	5	25	..	..	130
Japan	498	213	40	..	359	1 832	97	296	1 148	..	..	4 542
Malaysia	39	185	15	5	73	97	24	24	227	..	..	732
Philippines	34	16	5	..	30	11	8	4	41	..	1	150
Saudi Arabia	121	290	42	61	62	312	38	22	..	25	..	3 196
Singapore	496	194	29	4	116	455	62	..	789	51	..	3 801
South Korea	282	116	13	..	78	213	31	46	..	3	5	1 172
Taiwan	130	112	6	..	30	558	83	32	194	..	..	1 167
Thailand	58	154	18	..	32	75	17	6	98	..	..	474
Australia	1 740	982	74	146	760	753	80	93	812	51	12	5 503
South Africa	291	219	59	3	210	252	149	164	422	66	16	1 851
Other	3 324	5 347	1 206	..	2 453	9 244	1 066	..	..	..	..	38 547
<b>Global total</b>	<b>20 673</b>	<b>20 969</b>	<b>5 260</b>	<b>1 455</b>	<b>15 124</b>	<b>44 083</b>	<b>8 740</b>	<b>9 167</b>	<b>51 848</b>	<b>2 554</b>	<b>2 304</b>	<b>182 177</b>
<b>Imports</b>												
<b>European Union (EU27) total</b>	<b>10 726</b>	<b>18 035</b>	<b>2 655</b>	<b>596</b>	<b>727</b>	<b>3 814</b>	<b>2 069</b>	<b>1 284</b>	<b>14 466</b>	<b>349</b>	<b>2 833</b>	<b>57 554</b>
Belgium	409	330	68	15	47	413	70	114	884	6	15	2 371
Luxembourg	21	29	823	..	..	250	..	26	223	..	2	1 503
Denmark	562	99	27	18	14	87	38	81	299	31	10	1 266
France	1 601	3 789	196	65	90	575	241	152	2 894	42	209	9 854
Germany	899	797	679	231	139	869	526	236	3 066	49	1 845	9 336
Ireland	573	862	210	90	164	448	523	205	1 234	27	47	4 383
Italy	1 099	1 345	203	65	41	154	47	18	1 045	66	75	4 158
Netherlands	629	587	159	25	81	528	155	290	1 422	28	39	3 943
Russia	154	86	26	..	130	90	14	3	503	4	..	1 024
Spain	2 293	5 425	97	14	29	232	80	27	1 008	24	305	9 534
Switzerland	366	546	195	..	29	455	237	339	1 059	12	..	3 251
Turkey	438	1 016	9	9	16	36	..	..	83	4	..	1 627
Argentina	18	49	4	..	..	2	..	..	29	3	2	114
Brazil	63	131	8	..	11	..	5	3	112	7	..	440
Canada	199	412	149	17	43	133	34	83	378	3	56	1 507
Chile	9	14	..	..	4	1	..	..	..	..	..	50
Mexico	72	254	5	..	..	14	..	1	30	1	3	400
United States of America	1 665	3 455	434	78	443	3 358	907	2 519	5 635	167	874	19 535
China	360	281	47	16	83	41	34	1	332	..	..	1 204
Hong Kong	134	170	..	..	24	360	13	1	308	..	2	1 063
India	405	702	60	10	18	66	585	3	612	7	8	2 476
Iran	14	44	..	..	..	..	..	..	..	..	1	65
Japan	295	114	35	..	33	780	17	1 016	1 352	8	..	3 666
Malaysia	42	115	14	..	..	14	9	1	59	..	..	262
Philippines	49	93	..	..	..	2	16	1	79	..	..	246
Saudi Arabia	39	84	11	..	..	16	..	..	54	..	2	253
Singapore	127	115	19	..	13	198	30	..	1 265	8	..	1 832
South Korea	49	23	7	..	9	88	13	1	156	..	..	352
Taiwan	37	27	..	..	9	72	..	..	93	..	1	248
Thailand	92	458	15	..	8	..	7	1	25	..	1	629
Australia	476	800	59	..	23	131	117	66	428	7	..	2 205
South Africa	149	419	52	1	248	55	29	9	366	12	3	1 343
Other	5 287	9 689	..	..	..	..	..	..	..	..	..	25 030
<b>Global total</b>	<b>18 625</b>	<b>32 360</b>	<b>4 667</b>	<b>1 297</b>	<b>3 049</b>	<b>10 693</b>	<b>4 280</b>	<b>5 494</b>	<b>29 753</b>	<b>672</b>	<b>4 280</b>	<b>115 170</b>

Symbols used in this table:

.. Indicates that data might be disclosive and have therefore been omitted

- Indicates that the data is nil or less than £500,000

# 9.11 Trade in services

## By type of service 2011

£ million

	Transportation	Travel	Communications	Construction	Insurance	Financial	Computer and information	Royalties and license fees	Other business services	Personal, cultural and recreational	Government	Total services
<b>Exports</b>												
<b>European Union (EU27) total</b>	<b>8 925</b>	<b>9 728</b>	<b>2 983</b>	<b>288</b>	<b>1 569</b>	<b>21 128</b>	<b>4 634</b>	<b>3 302</b>	<b>20 293</b>	<b>1 010</b>	<b>917</b>	<b>74 777</b>
Belgium	703	286	75	6	47	572	147	64	1 181	13	14	3 108
Luxembourg	7	23	110	..	30	2 031	..	12	418	4	..	2 710
Denmark	962	291	52	4	76	492	123	218	685	11	6	2 920
France	1 313	1 187	399	41	283	3 590	487	262	2 351	107	19	10 039
Germany	940	1 261	587	32	243	3 595	946	298	3 266	171	25	11 364
Ireland	657	885	301	135	134	1 947	1 577	891	2 953	32	6	9 518
Italy	657	1 714	312	5	245	1 039	190	152	987	270	14	5 585
Netherlands	909	820	389	12	153	3 812	366	305	3 594	119	7	10 486
Russia	124	344	54	9	62	905	51	60	500	158	11	2 278
Spain	1 620	849	319	28	93	1 452	153	136	799	92	9	5 550
Switzerland	492	417	590	7	164	2 197	825	544	4 080	49	4	9 369
Turkey	145	181	61	6	38	277	40	34	..	31	..	1 268
Argentina	27	43	20	..	28	17	5	7	..	..	4	282
Brazil	167	313	24	..	77	172	67	26	330	..	6	1 229
Canada	438	542	59	24	737	861	147	194	738	11	20	3 771
Chile	87	25	9	..	45	20	8	4	42	..	3	251
Mexico	77	82	14	..	103	91	13	18	41	19	..	526
United States of America	3 779	2 531	724	27	4 411	11 285	2 085	1 913	12 258	727	295	40 035
China	1 022	833	72	41	71	242	75	53	730	82	17	3 238
Hong Kong	473	249	56	..	82	697	46	26	366	28	..	2 029
India	524	559	59	22	51	262	81	40	909	17	113	2 637
Iran	12	83	12	..	3	5	..	..	..	..	16	153
Japan	699	200	..	..	278	2 170	84	242	1 085	50	..	4 861
Malaysia	67	186	13	4	46	101	22	19	277	..	..	788
Philippines	25	49	6	..	23	16	4	2	51	..	..	178
Saudi Arabia	145	387	47	33	34	391	22	26	..	7	..	2 761
Singapore	372	195	59	9	86	643	41	..	900	54	..	3 967
South Korea	388	182	28	..	54	237	34	37	384	12	..	1 383
Taiwan	257	28	16	..	25	229	69	..	201	10	21	933
Thailand	104	144	..	..	23	77	13	8	111	..	5	520
Australia	1 904	1 043	81	208	583	830	106	97	782	..	..	5 745
South Africa	313	196	203	4	147	336	109	92	462	71	17	1 950
Other	3 711	5 760	..	..	1 735	10 242	..	..	..	..	..	42 227
<b>Global total</b>	<b>23 120</b>	<b>21 888</b>	<b>6 465</b>	<b>1 653</b>	<b>10 210</b>	<b>50 833</b>	<b>9 167</b>	<b>8 848</b>	<b>56 126</b>	<b>2 877</b>	<b>2 472</b>	<b>193 659</b>
<b>Imports</b>												
<b>European Union (EU27) total</b>	<b>11 298</b>	<b>17 815</b>	<b>3 024</b>	<b>504</b>	<b>714</b>	<b>4 349</b>	<b>2 275</b>	<b>1 498</b>	<b>14 461</b>	<b>359</b>	<b>2 602</b>	<b>58 899</b>
Belgium	451	347	74	12	53	359	59	87	831	4	21	2 298
Luxembourg	19	27	1 175	..	..	189	103	27	274	..	1	1 821
Denmark	522	115	27	20	18	123	32	137	246	38	13	1 291
France	1 717	3 611	202	51	75	750	352	282	2 873	30	188	10 131
Germany	990	747	690	95	180	873	544	209	3 023	29	1 701	9 081
Ireland	656	901	215	62	102	449	525	204	1 021	26	47	4 208
Italy	1 135	1 388	194	63	40	185	40	22	1 131	91	81	4 370
Netherlands	733	635	125	55	80	747	143	292	1 286	30	39	4 165
Russia	117	119	42	4	81	67	..	3	599	..	12	1 059
Spain	2 498	5 199	122	47	33	340	62	26	982	22	272	9 603
Switzerland	395	465	56	8	28	541	116	211	1 058	14	..	2 888
Turkey	422	864	14	..	16	41	..	7	74	..	14	1 466
Argentina	18	55	4	..	..	..	5	..	32	..	..	121
Brazil	57	119	9	..	9	66	8	2	97	..	..	379
Canada	211	408	168	20	29	158	31	491	297	..	..	1 838
Chile	10	15	..	..	..	4	..	..	..	..	1	56
Mexico	75	245	8	..	..	13	..	..	31	4	3	385
United States of America	1 988	3 639	455	51	260	3 775	770	2 448	5 683	93	697	19 859
China	368	340	43	9	84	79	20	1	305	3	6	1 258
Hong Kong	239	146	44	17	21	394	25	3	454	2	2	1 347
India	263	823	42	..	18	89	411	32	756	10	..	2 450
Iran	14	15	..	..	..	..	..	..	..	..	..	34
Japan	248	103	30	..	28	..	13	1 579	1 404	5	3	4 733
Malaysia	54	118	7	1	..	16	18	1	106	..	..	329
Philippines	24	95	4	..	..	3	..	..	72	..	..	214
Saudi Arabia	43	119	26	..	4	21	..	..	..	..	2	378
Singapore	328	102	20	..	11	138	15	3	1 467	9	..	2 127
South Korea	51	27	..	..	8	75	19	1	193	..	..	384
Taiwan	107	12	..	..	..	78	..	1	85	..	1	301
Thailand	99	469	16	..	8	13	6	1	21	..	..	636
Australia	511	710	68	..	14	111	32	142	411	7	..	2 165
South Africa	149	404	30	..	132	48	15	..	341	13	..	1 144
Other	5 439	9 448	..	..	..	..	..	..	..	..	..	24 760
<b>Global total</b>	<b>19 951</b>	<b>31 830</b>	<b>4 704</b>	<b>1 065</b>	<b>2 197</b>	<b>12 170</b>	<b>3 993</b>	<b>6 654</b>	<b>30 246</b>	<b>640</b>	<b>3 829</b>	<b>117 279</b>

Symbols used in this table:

.. Indicates that data might be disclosive and have therefore been omitted

- Indicates that the data is nil or less than £500,000

# 9.12 Trade in goods and services

## Top fifty UK trading partners

Exports					Imports				
Goods (£257bn in 2011)			Services (£194bn in 2011)		Goods (£399bn in 2011)			Services (£117bn in 2011)	
	11	10		11 10		11 10		11 10	
USA <sup>1</sup>	1	1	USA <sup>1</sup>	1 1	Germany	1 1	USA <sup>1</sup>	1 1	
Germany	2	2	Germany	2 2	China	2 2	France	2 2	
Netherlands	3	3	Netherlands	3 3	USA <sup>1</sup>	3 3	Spain	3 3	
France	4	4	France	4 4	Netherlands	4 4	Germany	4 4	
Irish Republic	5	5	Ireland	5 6	Norway	5 6	Japan	5 8	
Belgium/Luxembourg	6	6	Switzerland	6 5	France	6 5	Italy	6 6	
Italy	7	8	Australia	7 7	Belgium/Luxembourg	7 7	Ireland	7 5	
Spain	8	7	Italy	8 8	Italy	8 8	Netherlands	8 7	
China	9	9	Spain	9 9	Irish Republic	9 9	Switzerland	9 9	
Sweden	10	10	Japan	10 10	Spain	10 10	India	10 10	
India	11	15	Singapore	11 11	Japan	11 12	Belgium	11 11	
Switzerland	12	11	Canada	12 12	Sweden	12 14	Australia	12 12	
Hong Kong	13	12	Sweden	13 15	Hong Kong	13 11	Singapore	13 14	
Russia	14	18	China	14 18	Switzerland	14 13	Greece	14 13	
United Arab Emirates <sup>2</sup>	15	16	Belgium	15 17	Russia	15 19	Sweden	15 15	
Canada	16	14	Denmark	16 14	Poland	16 15	Canada	16 18	
Japan	17	13	The Channel Islands	17 16	Canada	17 17	Luxembourg	17 19	
Australia	18	20	Norway	18 19	Denmark	18 22	Portugal	18 16	
Poland	19	17	Saudi Arabia	19 13	India	19 16	Turkey	19 17	
Turkey	20	21	Luxembourg	20 20	Turkey	20 18	Poland	20 20	
Singapore	21	19	India	21 22	Czech Republic	21 23	Hong Kong	21 28	
South Africa	22	23	Russia	22 26	Singapore	22 21	Denmark	22 22	
Norway	23	22	Hong Kong	23 25	Taiwan	23 25	China	23 23	
Denmark	24	24	United Arab Emirates <sup>2</sup>	24 21	Hungary	24 24	The Channel Islands	24 25	
South Korea	25	26	South Africa	25 24	South Africa	25 20	South Africa	25 21	
Saudi Arabia	26	25	Cayman Islands	26 23	Austria	26 28	Norway	26 26	
Brazil	27	27	Poland	27 34	Brazil	27 26	Russia	27 29	
Czech Republic	28	29	South Korea	28 32	South Korea	28 29	United Arab Emirates <sup>2</sup>	28 24	
Portugal	29	28	Finland	29 29	Thailand	29 27	Cyprus	29 31	
Austria	30	31	Nigeria	30 28	Finland	30 31	Austria	30 30	
Finland	31	30	Turkey	31 31	Australia	31 30	Bermuda	31 27	
Israel	32	33	Greece	32 30	Nigeria	32 41	Thailand	32 33	
Nigeria	33	32	Brazil	33 35	Israel	33 36	Egypt	33 32	
Malaysia	34	35	Virgin Islands, British	34 27	United Arab Emirates <sup>2</sup>	34 34	Israel	34 39	
Thailand	35	37	Angola	35 36	Portugal	35 33	Hungary	35 34	
Taiwan	36	38	Bermuda	36 37	Malaysia	36 32	Finland	36 35	
Greece	37	34	Israel	37 39	Kuwait	37 39	Czech Republic	37 36	
Hungary	38	39	Taiwan	38 33	Slovakia	38 35	Malta	38 47	
Egypt	39	36	Portugal	39 38	Indonesia	39 37	Mexico	39 42	
Mexico	40	40	Cyprus	40 43	Romania	40 38	South Korea	40 46	
Romania	41	41	Malaysia	41 40	Mexico	41 40	Brazil	41 38	
Chile	42	42	Austria	42 41	Saudi Arabia	42 44	Saudi Arabia	42 —	
Cyprus	43	43	Kazakhstan	43 42	Colombia	43 46	Afghanistan	43 41	
Indonesia	44	48	Egypt	44 44	Pakistan	44 43	Pakistan	44 37	
Ukraine	45	45	Czech Republic	45 —	New Zealand	45 42	New Zealand	45 45	
Slovakia	46	46	Qatar	46 46	Egypt	46 48	Malaysia	46 —	
New Zealand	47	49	Kuwait	47 48	Greece	47 45	Nigeria	47 40	
Pakistan	48	47	Iraq	48 —	Chile	48 49	Taiwan	48 —	
Kuwait	49	44	Afghanistan	49 —	Argentina	49 47	Morocco	49 43	
Malta	50	50	Hungary	50 49	Lithuania	50 50	Bulgaria	50 48	

1 USA includes Puerto Rico

2 United Arab Emirates includes Abu Dhabi, Dubai, Sharjah, Ajman, Umm al Qaiwain, Ras al Khaimah and Fujairah

## Exports

	2011	2010		2011	2010		2011	2010
USA <sup>2</sup>	40 035	39 124	Bangladesh	231	212	Costa Rica	21	26
Germany	11 364	10 878	Ukraine	226	232	Yemen	21	29
Netherlands	10 486	10 113	Libyan Arab Jamahiriya	224	267	Sierra Leone	20	24
France	10 039	9 170	Bulgaria	198	162	Macao	20	15
Ireland	9 518	8 745	Oman	195	168	Malawi	19	36
Switzerland	9 369	9 131	Viet Nam	195	206	Tajikistan	19	8
Australia	5 745	5 503	Morocco	193	146	Aruba	18	12
Italy	5 585	5 340	Lithuania	182	98	Bolivia	17	25
Spain	5 550	5 190	Philippines	178	150	Dominican Republic	17	40
Japan	4 861	4 542	Sri Lanka	168	145	Cambodia	17	11
Singapore	3 967	3 801	Bahamas	159	219	Mauritania	17	9
Canada	3 771	3 632	Tunisia	156	120	Andorra	16	16
Sweden	3 297	2 990	Iran	153	130	Cuba	16	20
China	3 238	2 709	Panama	150	135	Fiji	15	30
Belgium	3 108	2 949	Jordan	147	128	Maldives	15	10
Denmark	2 920	3 014	Iceland	144	180	Togo	15	10
The Channel Islands	2 833	2 973	Algeria	140	139	Saint Lucia	15	10
Norway	2 801	2 554	Barbados	137	99	Gambia	15	6
Saudi Arabia	2 761	3 196	Peru	137	126	Mali	14	13
Luxembourg	2 710	2 295	Trinidad & Tobago	135	137	Albania	13	12
India	2 637	2 134	Equatorial Guinea	131	70	Benin	13	8
Russia	2 278	1 683	Latvia	124	91	North Korea	13	8
Hong Kong	2 029	1 712	Cameroon	123	120	Kyrgyzstan	13	8
United Arab Emirates <sup>3</sup>	2 017	2 208	Mozambique	123	85	Mongolia	12	13
South Africa	1 950	1 851	Isle of Man	116	163	Swaziland	12	4
Cayman Islands	1 856	1 938	Serbia & Montenegro	115	67	Armenia	11	17
Poland	1 417	1 132	Lebanon	113	129	Suriname	11	33
South Korea	1 383	1 172	Senegal	109	69	Guatemala	10	10
Finland	1 319	1 281	Ethiopia	106	42	Moldova	10	10
Nigeria	1 274	1 291	Croatia	103	86	Paraguay	10	22
Turkey	1 268	1 176	Papua New Guinea	99	84	America Samoa	9	8
Greece	1 247	1 194	Congo	97	77	Nicaragua	9	10
Brazil	1 229	915	Uganda	97	66	Guam	9	8
Virgin Islands, British	1 210	1 315	Slovenia	84	90	Rwanda	8	14
Angola	1 056	828	Zambia	84	89	Virgin Islands, U.S.	8	4
Bermuda	989	820	Tanzania	83	56	Belarus	7	10
Israel	944	737	Marshall Islands	79	60	Burkina Faso	7	5
Taiwan	933	1 167	Gabon	78	53	Honduras	7	5
Portugal	829	789	Sudan	77	83	Myanmar	7	6
Cyprus	797	611	Liechtenstein	75	61	Solomon Islands	7	10
Malaysia	788	732	Netherlands Antilles	75	74	Tonga	7	7
Austria	784	671	Zimbabwe	68	30	Cape Verde	6	9
Kazakhstan	671	633	Botswana	66	51	Turks & Caicos Islands	6	8
Egypt	603	579	Estonia	65	80	Vanuatu	6	7
Czech Republic	584	455	Jamaica	55	39	Haiti	5	4
Qatar	569	514	Liberia	54	26	Kiribati	5	4
Kuwait	568	494	Brunei Darussalam	53	58	Lesotho	5	6
Iraq	566	421	Chad	51	25	Micronesia	5	10
Afghanistan	557	464	Ecuador	49	42	Anguilla	4	1
Hungary	540	480	Syrian Arab Republic	48	52	Burundi	3	6
Mexico	526	521	Cote d'Ivoire	45	38	Eritrea	3	3
Gibraltar	521	286	Namibia	43	28	Democratic Republic Lao	3	3
Thailand	520	474	Georgia	39	56	Pitcairn	3	–
Slovakia	502	289	Nepal	38	27	San Marino	3	5
New Zealand	464	505	Falkland Islands	35	28	St Helena	3	2
Venezuela	420	391	Seychelles	35	15	St Kitts & Nevis	3	2
Pakistan	393	318	Turkmenistan	35	12	Djibouti	2	5
Colombia	383	251	Guyana	31	53	El Salvador	2	5
Romania	379	364	Bosnia & Herzegovina	30	16	St Vincent & the Grenadines	2	4
Indonesia	347	376	Antigua & Barbuda	28	6	Bhutan	1	1
Mauritius	323	255	Uzbekistan	28	13	British Indian Ocean Territory	1	–
Malta	298	241	Macedonia	27	14	Comoros	1	3
Ghana	298	217	Uruguay	26	23	Grenada	1	3
Bahrain	293	251	Guinea	26	18	Palau	1	4
Argentina	282	261	Democratic Republic Congo	23	10	Somalia	1	18
Kenya	253	213	Madagascar	23	24			
Chile	251	220	Belize	22	20			
Azerbaijan	235	257	Niger	22	23			

<sup>1</sup> Any country not included in this table is estimated having  
Trade in Services of less than £500,000

<sup>2</sup> USA includes Puerto Rico

<sup>3</sup> United Arab Emirates includes Abu Dhabi, Dubai, Sharjah, Ajman,  
Umm al Qaiwain, Ras al Khaimah and Fujairah

# 9.13 Trade in Services Trading Partners Ranked<sup>1</sup>

continued

£ million

## Imports

	2011	2010		2011	2010		2011	2010
USA <sup>2</sup>	19 859	19 535	Maldives	135	120	Botswana	10	20
France	10 131	9 854	Algeria	131	108	Marshall Islands	10	7
Spain	9 603	9 534	Ghana	130	109	Belize	8	3
Germany	9 081	9 336	Sri Lanka	128	134	Gabon	8	10
Japan	4 733	3 666	Argentina	121	114	Malawi	8	12
Italy	4 370	4 158	Slovakia	117	126	Mozambique	8	5
Ireland	4 208	4 383	Ukraine	111	220	Congo	7	16
Netherlands	4 165	3 943	Qatar	108	93	Dominica	7	1
Switzerland	2 888	3 251	Bahamas	104	27	Democratic Republic Lao	7	8
India	2 450	2 476	Libyan Arab Jamahiriya	100	200	Moldova	7	4
Belgium	2 298	2 371	Azerbaijan	93	85	Netherlands Antilles	7	2
Australia	2 165	2 205	Gibraltar	93	160	Belarus	6	10
Singapore	2 127	1 832	Virgin Islands, British	86	117	Cote d'Ivoire	6	10
Greece	2 023	1 934	Viet Nam	85	98	Liechtenstein	6	11
Sweden	1 949	1 646	Latvia	84	96	Turks & Caicos Islands	6	16
Canada	1 838	1 507	Peru	78	64	Albania	5	4
Luxembourg	1 821	1 503	Serbia & Montenegro	78	49	Armenia	5	2
Portugal	1 747	1 635	Cayman Islands	72	41	Guinea	5	1
Turkey	1 466	1 627	Costa Rica	72	25	Guyana	5	9
Poland	1 454	1 394	Oman	63	47	Namibia	5	10
Hong Kong	1 347	1 063	Antigua & Barbuda	62	62	Anguilla	4	5
Denmark	1 291	1 266	Saint Lucia	62	36	Cape Verde	4	3
China	1 258	1 204	Isle of Man	61	38	Niger	4	1
The Channel Islands	1 172	1 178	Kuwait	60	200	Swaziland	4	6
South Africa	1 144	1 343	Tanzania, United Republic	59	84	America Samoa	3	2
Norway	1 103	1 120	Colombia	59	59	Cambodia	3	2
Russia	1 059	1 024	Andorra	59	26	Equatorial Guinea	3	1
United Arab Emirates <sup>3</sup>	1 042	1 195	Dominican Republic	58	70	Falkland Islands	3	4
Cyprus	955	884	Trinidad & Tobago	58	30	Liberia	3	2
Austria	860	991	Chile	56	50	Myanmar	3	10
Bermuda	840	1 084	Lebanon	55	57	Nicaragua	3	–
Thailand	636	629	Bahrain	52	97	Yemen	3	20
Egypt	570	694	Venezuela	49	50	Benin	2	4
Israel	525	422	Estonia	48	30	Bolivia	2	4
Hungary	497	496	Grenada	48	26	Djibouti	2	2
Finland	489	453	Slovenia	47	49	Guam	2	2
Czech Republic	445	448	Nepal	45	43	Kyrgyzstan	2	2
Malta	388	329	Ecuador	42	38	Macao	2	1
Mexico	385	400	Sierra Leone	41	26	Mauritania	2	8
South Korea	384	352	Bosnia & Herzegovina	39	6	Mongolia	2	1
Brazil	379	440	Jordan	38	44	Paraguay	2	4
Saudi Arabia	378	253	Uganda	38	34	Turkmenistan	2	6
Afghanistan	368	403	Zimbabwe	37	60	Burkina Faso	1	4
Pakistan	358	444	Gambia	36	18	Honduras	1	4
New Zealand	353	354	Fiji	35	19	Mali	1	4
Malaysia	329	262	Seychelles	35	52	North Korea	1	3
Nigeria	309	414	Iran	34	65	Rwanda	1	2
Taiwan	301	248	Panama	34	12	Solomon Islands	1	1
Morocco	297	362	Aruba	31	19	St Kitts & Nevis	1	–
Bulgaria	292	318	Papua New Guinea	27	22	St Vincent & the Grenadines	1	1
Mauritius	289	256	Zambia	24	51			
Romania	252	256	Ethiopia	22	24			
Barbados	246	315	Senegal	21	8			
Tunisia	233	359	Eritrea	19	8			
Croatia	232	221	Syrian Arab Republic	19	30			
Iraq	230	199	Brunei Darussalam	16	8			
Philippines	214	246	Madagascar	16	7			
Kazakhstan	188	141	Sudan	15	24			
Jamaica	186	196	Georgia	15	12			
Lithuania	180	119	Uruguay	14	8			
Kenya	171	206	Cameroon	13	25			
Bangladesh	168	123	Macedonia	13	12			
Cuba	144	174	Democratic Republic Congo	12	10			
Indonesia	144	119	Guatemala	11	30			
Iceland	138	54	Togo	11	16			
Angola	136	281	Uzbekistan	11	12			

<sup>1</sup> Any country not included in this table is estimated having Trade in Services of less than £500,000

<sup>2</sup> USA includes Puerto Rico

<sup>3</sup> United Arab Emirates includes Abu Dhabi, Dubai, Sharjah, Ajman, Umm al Qaiwain, Ras al Khaimah and Fujairah

# 9.14 World total and G8 countries trade in services<sup>1</sup>

	US\$ million										%	
											<i>The UK as a percentage of:</i>	
	World	US	Canada	Japan	France	Germany	Italy	Russia	UK <sup>1</sup>	G8 total	World	G8
<b>Exports</b>												
2001	1 517 753	273 408	38 804	64 516	82 227	88 714	57 676	11 441	128 433	745 219	8.5	17.2
2002	1 636 736	279 930	40 481	65 712	88 734	103 144	60 439	13 611	141 286	793 337	8.6	17.8
2003	1 882 830	290 413	44 242	77 621	101 585	123 873	71 767	16 229	172 395	898 125	9.2	19.2
2004	2 277 432	337 663	50 286	97 611	114 629	147 498	84 524	20 595	211 440	1 064 246	9.3	19.9
2005	2 537 860	371 928	55 829	110 210	122 221	163 869	89 216	24 970	234 410	1 172 653	9.2	20.0
2006	2 878 608	416 674	60 353	117 298	128 943	188 122	98 984	31 102	266 258	1 307 734	9.2	20.4
2007	3 457 314	486 514	65 338	129 117	149 595	223 505	112 213	39 257	319 501	1 525 040	9.2	21.0
2008	3 884 263	531 166	68 359	148 755	166 333	254 679	116 261	51 178	328 941	1 665 672	8.5	19.7
2009	3 450 022	501 118	60 089	128 338	144 641	232 588	94 885	41 594	275 586	1 478 839	8.0	18.6
2010	3 765 661	544 357	69 166	141 457	144 973	237 807	98 740	45 120	281 536	1 563 156	7.5	18.0
<b>Imports</b>												
2001	1 544 923	216 263	43 843	108 249	67 053	141 916	57 753	20 572	102 810	758 459	6.7	13.6
2002	1 642 427	225 643	45 069	107 940	73 211	145 154	63 166	23 497	113 865	797 545	6.9	14.3
2003	1 873 154	243 479	52 454	111 528	87 565	173 059	74 332	27 122	135 514	905 053	7.2	15.0
2004	2 222 588	282 181	58 776	135 514	99 687	196 756	83 246	33 287	160 496	1 049 943	7.2	15.3
2005	2 461 274	302 754	65 749	134 256	106 962	210 993	90 081	38 745	173 909	1 123 449	7.1	15.5
2006	2 751 438	337 063	72 760	135 556	113 410	224 153	100 511	44 716	189 919	1 218 088	6.9	15.6
2007	3 250 789	367 399	82 788	150 367	129 872	260 073	121 874	58 145	213 679	1 384 197	6.6	15.4
2008	3 711 650	402 372	88 791	169 544	141 871	291 523	128 825	75 468	215 789	1 514 183	5.8	14.3
2009	3 313 871	379 850	79 268	148 718	130 328	257 123	106 363	61 429	178 145	1 341 224	5.4	13.3
2010	3 624 827	402 029	91 255	157 571	132 213	263 438	110 651	74 332	177 984	1 409 473	4.9	12.6
<b>Balances</b>												
2001		57 145	-5 039	-43 733	15 174	-53 202	-77	-9 131	25 623	-13 240		
2002		54 287	-4 588	-42 228	15 523	-42 010	-2 727	-9 886	27 421	-4 208		
2003		46 934	-8 212	-33 907	14 020	-49 186	-2 565	-10 893	36 881	-6 928		
2004		55 482	-8 490	-37 903	14 942	-49 258	1 278	-12 692	50 944	14 303		
2005		69 174	-9 920	-24 046	15 259	-47 124	-865	-13 775	60 501	49 204		
2006		79 611	-12 407	-18 258	15 533	-36 031	-1 527	-13 614	76 339	89 646		
2007		119 115	-17 450	-21 250	19 723	-36 568	-9 661	-18 888	105 822	140 843		
2008		128 794	-20 432	-20 789	24 462	-36 844	-12 564	-24 290	113 152	151 489		
2009		121 268	-19 179	-20 380	14 313	-24 535	-11 478	-19 835	97 441	137 615		
2010		142 328	-22 089	-16 114	12 760	-25 631	-11 911	-29 212	103 552	153 683		

<sup>1</sup> The analysis of UK data is based on the all accounts totals shown in table 3.1

Sources: G8 and world data provided by IMF;  
UK data provided by ONS



# Chapter 10

## **Geographical breakdown of the UK international investment position**

## Summary

The latest available geographical breakdown of the UK's international investment position (IIP) is for the end of 2010. The geographical breakdown of IIP lags that of the current account, as much of the data is sourced from annual surveys which are not available until 12 months after the reference year.

Direct investment geographical breakdown levels are derived from annual surveys to outward and inward direct investors in the UK. Portfolio investment consists of equity and debt securities holdings, in the form of bonds and notes, and money market instruments. Information on the geographical breakdown of UK holdings of portfolio investment assets are broadly based on the UK contribution to the International Monetary Fund's Coordinated Portfolio Investment Survey (CPIS).

Geographical breakdowns of UK banks' deposits abroad and loans made abroad are derived from banking data supplied by the Bank of England. This information is also used to apportion securities dealers' deposits abroad. Country breakdowns of UK private sector (excluding banks and securities dealers) deposits with banks abroad are derived from the banking statistics of countries in the Bank for International Settlements (BIS) reporting area. Geographical breakdowns of foreign deposits with UK banks are derived from banking data, with foreign loans made to securities dealers apportioned in the same way. Country breakdowns of UK private sector (excluding banks and securities dealers) loans from abroad are derived from the banking statistics of countries in the BIS reporting area.

## Geographical international investment position

At the end of 2010 the UK's net IIP was -£291.4 billion, with reported assets totalling £9,902.7

billion and reported liabilities totalling £10,194.1 billion. These are respectively equal to 675 per cent and 695 per cent of GDP (GDP at current market prices, as published in the 2012 edition of the National Accounts Blue Book). In 2010 the UK retained its net asset position with Australasia and Oceania, but continued to have a net liability position with Europe and Africa. The UK also switched to a net asset position with the EU27 and Asia compared with net liabilities in previous years. This was mainly driven by net asset positions in direct investment and other investment. Conversely the UK switched to a net liability with the Americas driven by net liability positions in portfolio investment and other investment.

## Geographical breakdown of assets

Of the £9,902.7 billion assets held by UK residents at the end of 2010, 50 per cent were issued in Europe. In total, £4,267.5 billion, 43 per cent, were held in the EU27. Germany remained as the most popular European destination for UK investors at £910.4 billion, or 9.2 per cent; while France and the Netherlands accounted for £866.8 billion, 8.8 per cent, and £611.6 billion, 6.2 per cent, of UK assets respectively at the end of 2010.

Investments in the Americas amounted to £3,437.2 billion, which represented 35 per cent of UK investment holdings abroad. Most of these investments in the Americas were held in the USA, which at £2,783.5 billion was an increase on the previous year of £400.6 billion. UK residents held 28 per cent of their total investment in the USA, over three times the size for the next largest country, Germany.

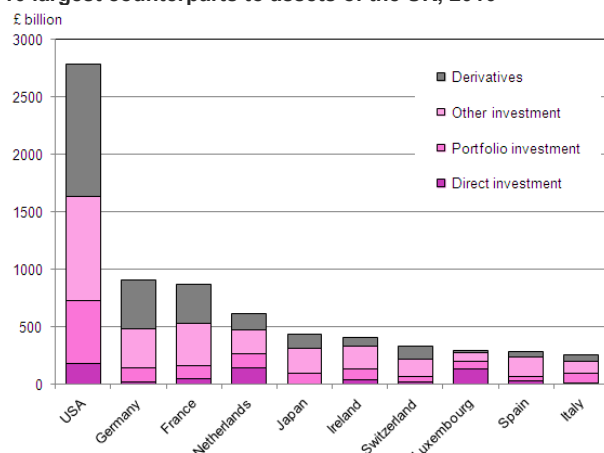
An additional £1,021.3 billion (10 per cent) of UK assets were investments held in Asia. Japan, the UK's main investment partner in this region, at £439.0 billion, represented 4.4 per cent of total UK assets. Investments in Australasia, Africa, and International

Organisations accounted for only £359.1 billion, 3.6 per cent of total assets.

**Figure 10.1**

### International Investment Position

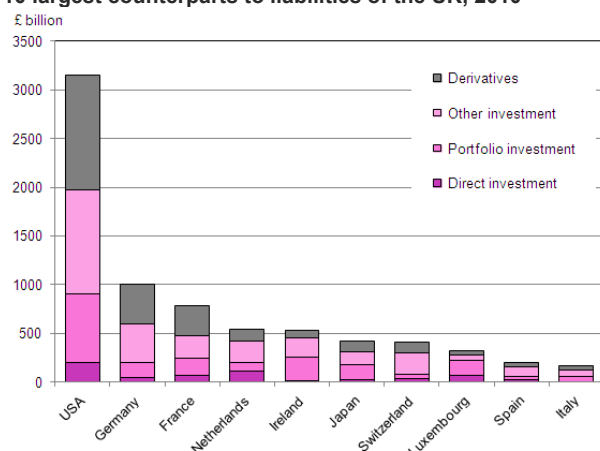
**10 largest counterparts to assets of the UK, 2010**



**Figure 10.2**

### International Investment Position

**10 largest counterparts to liabilities of the UK, 2010**



### Geographical breakdown of liabilities

The distribution of liabilities by region largely mirrored that of assets at the end of 2010. Investments in the UK from Europe amounted to £5,291.9 billion, 52 per cent of total investments. The EU27 accounted for £4,215.7 billion, or 41 per cent of total investment.

Investment in the UK from the Americas was £3,644.7 billion, 36 per cent of total UK

liabilities at the end of 2010, while the USA itself accounted for £3,154.6 billion, 31 per cent of total investment into the UK. Investments in the UK from Asia totalled £908.9 billion, 8.9 per cent of UK liabilities. UK liabilities to Australasia and Oceania, Africa, and International Organisations amounted to £348.6 billion, 3.4 per cent of total investments in the UK.

### Geographical breakdown of direct investment

UK direct investment abroad at £1,039.2 billion, contributed 10.5 per cent to the total stock of UK assets at the end of 2010. Of these investments, 52 per cent were in holdings issued by countries in the EU27 at £539.3 billion and 18 per cent in the USA at £184.4 billion. The country in the EU accounting for the highest level of UK assets was the Netherlands, with total investments in that country amounting to £147.4 billion; this represents 14 per cent of UK direct investment abroad. Holdings within Luxembourg grew strongly in 2010 to £138.4 billion, which was 13 per cent of the total.

Direct investment in the UK equalled 7.3 per cent of the total level of UK liabilities in 2010 at £742.7 billion. The EU27 accounted for £363.9 billion, 49 per cent of direct investment into the UK and the USA accounted for a further £200.2 billion, 27 per cent. The country in the EU27 with the most significant direct investment into the UK was the Netherlands, with total investments of £114.7 billion, 15 per cent of direct investment. This was followed by France at £67.8 billion, 9.1 per cent, and Luxembourg at £65.2 billion or 8.8 per cent of the worth of UK liabilities.

### Geographical breakdown of portfolio investment

UK portfolio investment assets at the end of 2010 stood at £2,070.3 billion, 21 per cent of

total UK assets, increasing from £1,875.3 billion at the end of 2009. The geographical breakdown of UK portfolio investment assets is compiled using the UK's contribution to the IMF's CPIS survey.

The largest issuer of holdings (in the UK's 2010 CPIS return to the International Monetary Fund) was the USA, contributing 26 per cent of total investments at £545.0 billion. Long-term debt issues comprised 60 per cent of portfolio investment held in the USA at £329.2 billion. Banks, insurance and pension funds, and mutual funds were the UK sectors investing most heavily in the USA (31 per cent of investment was from banks, 41 per cent from insurance and pension funds and 13 per cent from mutual funds). Residents of the EU27 were the issuers of £756.5 billion or 37 per cent of UK portfolio investment holdings at the end of 2010. Issues by Germany were £118.1 billion or 5.7 per cent, the largest share of which was held by insurance and pension funds (32 per cent). Issues by Netherlands at £116.2 billion, were 5.6 per cent of the total, the largest share of which, 47 per cent, was held by banks. The USA was the largest issuer of equity, at £196.5 billion, of which £105.9 billion was held by insurance and pension funds.

The concentration of investment in just four countries – where each reached more than £100 billion (United States, at £545.0 billion, Germany at £118.1 billion, Netherlands at £116.2 billion and France at £111.2 billion) – represents 43 per cent of total portfolio investment assets. In 2010 there were 183 countries in which the UK invested less than £1 billion each; the sum of these investments accounted for only £12.9 billion, 0.6 per cent of total portfolio investment assets.

Portfolio investment liabilities are derived from the CPIS returns of other countries reporting assets held in the UK and were £2509.2 billion at the end of 2010. The country holding most

portfolio investments in the UK was the USA, at £710.3 billion, or 28 per cent of the total liabilities. Ireland also reported high levels of investment in the UK, at £241.7 billion, 9.6 per cent.

### Geographical breakdown of other investment

The UK's other investment assets totalled £3,780.6 billion at the end of 2010, 38 per cent of total UK assets, with £1,698.3 billion invested in EU27 countries – 45 per cent of the total. France accounted for £367.2 billion, 9.7 per cent and Germany who accounted for £345.4 billion, 9.1 per cent. The UK's assets in the USA amounted to £909.5 billion or 24 per cent of total other investment assets. At the end of 2010 a significant proportion of UK assets were also held in Japan, at £211.7 billion or 5.6 per cent of the world total.

Other investment liabilities totalled £4,047.2 billion at the end of 2010, 40 per cent of total UK liabilities. The USA at £1,060.7 billion accounted for 26 per cent of total other investment liabilities. Liabilities to the EU27 accounted for £1,507.7 billion or 37 per cent of the total. Germany at £395.7 billion accounted for 9.8 per cent of other investment holdings in the UK and France at £231.9 billion for 5.7 per cent.

### Geographical breakdown of financial derivatives

The UK's financial derivatives assets totalled £2,962.8 billion at the end of 2010 (30 per cent of the total UK assets), increasing from £2,176.4 billion at the end of 2009. The largest destination country for financial derivatives investment was the USA with £1,144.5 billion, 39 per cent of the total, up from £855.3 billion at the end of 2009. The EU27 held £1,273.3 billion, 43 per cent of the total, and up from £979.0 billion from the end of 2009. Germany

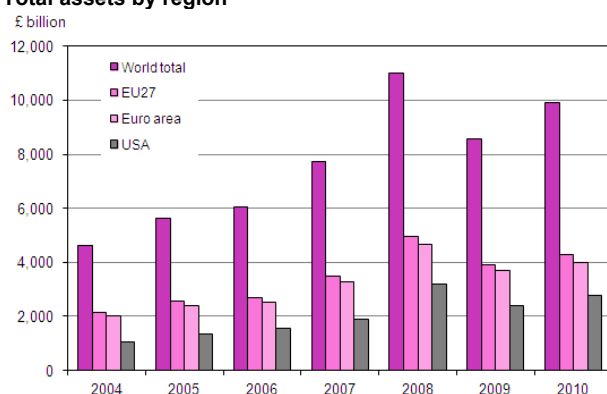
accounted for £424.0 billion, 14 per cent, up from £326.7 billion at the end of the previous year, and France accounted for £334.3 billion, 11 per cent, up from £249.7 billion at the end of 2009.

Financial derivatives liabilities totalled £2,895.0 billion at the end of 2010 (28 per cent of the UK's total liabilities), a large increase on the £2,096.8 billion at the end of 2009. The USA at £1,183.3 billion, accounted for 41 per cent of these, an increase from £872.8 billion at the end of the previous year. The EU27 accounted for £1,209.6 billion, 42 per cent of the total and up from £911.1 billion at the end of 2009. Germany at £400.1 billion, accounted for 14 per cent of financial derivatives liabilities in the UK, an increase from £314.2 billion, and France for £307.2 billion or 11 per cent, up from £233.2 billion at the end of 2009.

**Figure 10.3**

### International Investment Position

**Total assets by region**



### Time series: comparisons

Geographical data prior to 2004 does not include financial derivatives data, so the time series analysis is split where appropriate.

Following a slight fall between 2001 and 2002, there was an increase in total UK IIP assets from £3,051.9 billion in 2002 to a record of £10,990.1 billion in 2008. In 2009 the asset level fell to £8,578.3 billion, but has risen to

£9,902.7 billion at the end of 2010. Investment in the EU27 increased from £1,395.9 billion in 2002 to £4,267.5 billion in 2010. Between 2009 and 2010 in some countries a build up of assets was apparent – notably the USA, France, Japan and Germany, however other countries such as Ireland, Spain and Iceland showed a fall in assets over this period. In the broad geographical regions there was an average increase of 126 per cent of assets held between 2004 and 2010, this ranged from 96 per cent for Europe to 157 per cent for the Americas.

The UK's assets in the EU27 grew by 98 per cent over the period 2004 to 2010, of the major countries within the EU27 UK assets in Ireland grew by 158 per cent, France by 150 per cent, Germany by 106 per cent and the Netherlands by only 58 per cent. Investments in Asia grew by 101 per cent from 2004 to 2010 and UK assets in Japan have grown by 55 per cent over this period, but UK assets in India have grown by 434 per cent and those in China by 327 per cent in the same period. The USA remained the most important country for UK investment, growing from £1038.8 billion in 2004 to £2783.5 billion in 2010, a 168 per cent increase.

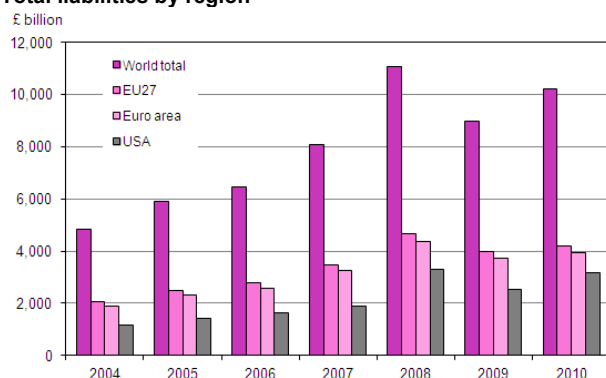
IIP liabilities also increased in each of the years from 2001 to 2008, except in 2002, from £3,238.5 billion to a record £11,073.9 billion. There was a decrease between 2008 and 2009, to £8,966.7, and a recovery to £10,194.1 in 2010. Increases in investments in the UK from the geographical regions, averaged 106 per cent from 2004 to 2010, this ranged from 65 per cent for Asia to 151 per cent for the Americas over this period. UK liabilities to the EU27 rose by 106 per cent in the period 2004 to 2010. Within the EU27, liabilities to France rose by 150 per cent between 2004 and 2010, while in the same period liabilities rose by 137 per cent for Ireland and only 86 per cent for Germany and 68 per cent for the Netherlands.

Investment by the USA in the UK increased from £1,160.6 billion in 2004 to £3,154.6 billion in 2010, a rise of 172 per cent. Within Asia, the UK liabilities to China rose by 182 per cent over the period and those for Japan by 77 per cent, by contrast the UK liabilities to India showed a drop of 24 per cent over the same period.

**Figure 10.4**

### International Investment Position

**Total liabilities by region**



### Rates of return

Regional rates of return are calculated by dividing income earned and paid on

investments by the total value of the investment. Financial derivatives are excluded from this calculation as no investment income accrues from them. Taking the EU27 as an example, the UK earned £56.7 billion from its average investments (excluding financial derivatives) of £2,954.6 billion in 2010, equivalent to an annual rate of return of 1.9 per cent. (The average investment in 2010 is calculated by taking the mean of the end-2009 and end-2010 levels excluding financial derivatives). In 2010 the UK earned a 2.4 per cent rate of return on its total external assets and paid out a 2.1 per cent rate of return on external liabilities. Usually the UK has earned a higher rate of return with its main partners on its external assets than it pays out on its liabilities. However, in 2010 the USA earned a higher rate on its UK liabilities, 2.4 per cent, than it paid on UK assets in the USA, 2.3 per cent. Similarly in 2010 the EU27 countries earned a greater rate of return on their UK liabilities, 2.0 per cent, than the UK earned on its assets in the EU27 countries, 1.9 per cent.

### Rates of return

External assets (per cent)				External liabilities (per cent)			
	2008	2009	2010		2008	2009	2010
<b>EU27</b>	4.0	2.5	1.9	<b>EU27</b>	3.1	2.2	2.0
<b>Total Europe</b>	4.0	2.5	2.1	<b>Total Europe</b>	3.0	2.1	2.0
<b>USA</b>	3.3	2.1	2.3	<b>USA</b>	4.4	2.6	2.4
<b>Total Asia</b>	4.4	3.3	3.2	<b>Total Asia</b>	2.9	1.2	1.4
<b>Rest of the world</b>	4.7	2.9	3.4	<b>Rest of the world</b>	3.6	2.7	2.0
<b>World Total</b>	4.0	2.5	2.4	<b>World Total</b>	3.3	2.2	2.1

# 10.1 International Investment Position: by type of investment

## Balance sheets valued at end of year

2010

£ billion

	Assets					Liabilities				
	Type of Investment					Type of Investment				
	Direct	Portfolio <sup>1</sup>	Other	Derivatives <sup>2</sup>	Total <sup>3</sup>	Direct	Portfolio	Other	Derivatives <sup>2</sup>	Total
Belgium	41.3	16.9	70.6	51.1	179.8	7.7	21.0	77.3	39.9	145.8
France	54.1	111.2	367.2	334.3	866.8	67.8	176.7	231.9	307.2	783.6
Germany	23.0	118.1	345.4	424.0	910.4	50.6	154.0	395.7	400.1	1 000.4
Ireland	41.5	96.9	191.3	78.8	408.5	9.8	241.7	206.6	69.8	527.9
Italy	11.4	83.4	105.5	61.7	262.0	4.0	49.7	66.3	43.6	163.7
Luxembourg	138.4	60.7	73.9	22.8	295.7	65.2	153.4	60.5	46.2	325.3
Netherlands	147.4	116.2	214.2	133.9	611.6	114.7	85.2	223.5	122.2	545.6
Spain	35.4	38.0	163.9	44.3	281.6	30.5	31.0	94.9	40.3	196.7
<b>Total EU27</b>	<b>539.3</b>	<b>756.5</b>	<b>1 698.3</b>	<b>1 273.3</b>	<b>4 267.5</b>	<b>363.9</b>	<b>1 134.6</b>	<b>1 507.7</b>	<b>1 209.6</b>	<b>4 215.7</b>
Norway	5.4	14.6	16.6	9.8	46.4	1.7	64.2	21.3	12.3	99.5
Switzerland	22.0	48.4	147.3	118.2	335.9	33.1	47.3	216.7	116.6	413.7
<b>Total EFTA</b>	<b>27.5</b>	<b>65.1</b>	<b>168.1</b>	<b>128.4</b>	<b>389.2</b>	<b>35.9</b>	<b>112.0</b>	<b>242.3</b>	<b>129.5</b>	<b>519.6</b>
Russia	10.0	11.1	19.2	2.7	43.1	1.2	3.6	18.1	2.3	25.2
<b>Total Europe</b>	<b>618.5</b>	<b>891.4</b>	<b>2 024.6</b>	<b>1 416.5</b>	<b>4 951.0</b>	<b>427.6</b>	<b>1 332.7</b>	<b>2 164.4</b>	<b>1 367.2</b>	<b>5 291.9</b>
Brazil	6.3	50.3	12.1	4.9	73.7	0.3	0.1	6.6	4.7	11.8
Canada	32.6	20.2	65.8	48.8	167.4	17.5	33.9	44.2	43.1	138.7
USA	184.4	545.0	909.5	1 144.5	2 783.5	200.2	710.3	1 060.7	1 183.3	3 154.6
<b>Total Americas</b>	<b>261.9</b>	<b>709.7</b>	<b>1 198.6</b>	<b>1 267.1</b>	<b>3 437.2</b>	<b>249.3</b>	<b>779.3</b>	<b>1 331.8</b>	<b>1 284.3</b>	<b>3 644.7</b>
China	6.0	20.1	10.5	4.3	40.9	0.4	–	26.5	1.8	28.8
Hong Kong	29.9	28.4	36.5	17.5	112.2	9.7	56.0	56.4	14.6	136.8
India	10.8	18.0	21.0	2.2	52.0	2.8	0.2	8.8	2.6	14.4
Japan	2.7	98.0	211.7	126.6	439.0	27.4	153.8	126.3	112.1	419.7
Singapore	9.5	12.0	66.6	19.5	107.6	6.2	31.5	56.0	16.9	110.6
<b>Total Asia</b>	<b>100.2</b>	<b>268.6</b>	<b>461.2</b>	<b>191.3</b>	<b>1 021.3</b>	<b>54.5</b>	<b>257.0</b>	<b>431.2</b>	<b>166.2</b>	<b>908.9</b>
Australia	27.9	63.5	46.5	57.9	195.9	9.5	30.2	43.6	43.1	126.5
<b>Total Australasia and Oceania</b>	<b>28.5</b>	<b>67.6</b>	<b>50.6</b>	<b>62.3</b>	<b>208.9</b>	<b>9.7</b>	<b>31.8</b>	<b>45.8</b>	<b>46.9</b>	<b>134.3</b>
South Africa	10.6	11.1	9.6	10.3	41.6	0.6	49.7	18.1	10.0	78.3
<b>Total Africa</b>	<b>30.1</b>	<b>16.5</b>	<b>30.7</b>	<b>19.6</b>	<b>96.9</b>	<b>1.6</b>	<b>49.9</b>	<b>68.9</b>	<b>16.2</b>	<b>136.6</b>
International Organisations	–	32.2	15.0	6.1	53.3	–	58.5	5.0	14.2	77.7
<b>World Total</b>	<b>1 039.2</b>	<b>2 070.3</b>	<b>3 780.6</b>	<b>2 962.8</b>	<b>9 902.7</b>	<b>742.7</b>	<b>2 509.2</b>	<b>4 047.2</b>	<b>2 895.0</b>	<b>10 194.1</b>

1 Portfolio Investment geographical breakdown also includes unallocated country data not shown in this table (see table 10.2).

2 Derivatives geographical data is only available from 2004.

3 No geographical breakdown of Reserve Assets data is available.



# 10.2 Geographical breakdown of International Investment Position: UK assets

## Balance sheets valued at end of year

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Europe</b>											
<b>European Union (EU)</b>											
Austria	HCZI	15 013	13 839	17 825	27 802	28 034	29 438	31 653	48 946	33 249	32 607
Belgium	A54T	57 216	59 068	72 219	103 614	140 890	128 595	165 322	214 066	157 917	179 849
Bulgaria	HCZU	1 102	364	436	612	940	1 203	1 018	2 117	1 776	1 484
Cyprus	A3OB	2 209	1 648	1 678	2 028	4 192	5 463	7 817	8 458	8 507	7 209
Czech Republic	HDDF	2 642	2 050	2 200	2 970	4 054	4 106	5 117	6 795	5 385	6 045
Denmark	HDRV	18 996	19 550	24 521	40 959	55 160	50 968	61 103	82 672	54 974	72 923
Estonia	HDSA	265	196	238	384	123	93	63	93	71	124
Finland	HDSJ	19 475	16 755	15 625	22 674	27 878	27 323	35 538	57 590	48 439	64 882
France	HDSL	224 478	213 594	233 014	346 283	419 895	526 959	746 104	984 694	726 091	866 849
Germany	HDQJ	276 726	267 203	297 359	442 383	476 344	499 252	610 933	1 070 820	795 873	910 447
Greece	HDSM	17 860	19 957	22 241	26 695	24 919	32 765	39 067	43 860	33 036	35 547
Hungary	HDXA	4 193	4 759	4 582	6 949	6 531	7 776	8 491	10 500	8 100	9 982
Ireland	HDZG	93 637	91 255	120 039	158 462	257 983	293 980	374 774	567 239	440 120	408 543
Italy	HEGT	132 842	127 829	148 566	165 626	178 206	175 334	202 615	249 926	247 928	261 998
Latvia	HFHZ	102	120	70	127	187	391	1 086	1 074	590	423
Lithuania	HFHY	156	166	117	152	957	65	146	—	290	479
Luxembourg	A5BW	111 247	105 816	147 451	177 177	204 835	155 303	221 111	357 238	263 753	295 710
Malta	A3OC	589	719	956	2 511	583	2 696	5 151	6 995	3 368	3 131
Netherlands	HFID	299 006	307 486	324 626	386 697	388 252	416 721	577 820	689 417	585 105	611 614
Poland	HFII	5 336	6 224	7 279	8 356	8 958	8 712	10 643	18 001	15 021	14 419
Portugal	HFII	19 872	20 653	25 843	23 875	28 319	27 279	29 202	34 047	39 388	38 563
Romania	HFIX	558	714	1 032	1 580	2 149	1 851	3 271	6 368	4 818	4 562
Slovak Republic	HFJI	436	592	817	483	769	669	1 155	2 408	1 502	1 920
Slovenia	HFJH	496	309	426	717	992	893	1 039	1 529	536	1 386
Spain	HDSC	59 757	55 974	85 285	124 321	196 040	206 381	234 167	341 183	305 007	281 620
Sweden	HFJA	50 748	38 078	45 071	58 415	76 629	79 305	85 188	99 728	84 562	96 367
European Central Bank	HBKQ	—	—	—	—	—	—	—	—	—	—
EU Institutions	HBKP	17 654	20 983	21 845	24 507	26 396	27 853	26 330	53 716	28 618	58 786
<b>Total EU27</b>	<b>GB6F</b>	<b>1 432 611</b>	<b>1 395 901</b>	<b>1 621 361</b>	<b>2 156 359</b>	<b>2 560 215</b>	<b>2 711 374</b>	<b>3 485 924</b>	<b>4 593 422</b>	<b>3 894 024</b>	<b>4 267 469</b>
<b>European Free Trade Association (EFTA)</b>											
Iceland	HDZZ	1 128	909	1 519	2 808	4 575	6 981	20 120	11 596	14 664	6 235
Liechtenstein	HFCE	841	819	960	563	702	898	1 094	858	775	749
Norway	HFIE	17 900	19 290	23 254	32 134	45 281	59 309	68 033	108 583	43 512	46 363
Switzerland	HCZZ	153 198	147 300	171 774	167 484	189 226	172 156	316 318	359 278	262 121	335 850
<b>Total EFTA</b>	<b>HBKW</b>	<b>173 067</b>	<b>168 318</b>	<b>197 507</b>	<b>202 989</b>	<b>239 784</b>	<b>239 344</b>	<b>405 565</b>	<b>480 315</b>	<b>321 072</b>	<b>389 197</b>
<b>Other Europe</b>											
Albania	HBLA	—	—	1	20	25	27	79	395	398	297
Belarus	HCZX	1	1	1	1	—	29	119	204	42	121
Croatia	HDWZ	635	1 053	1 184	1 155	1 531	1 101	1 050	1 813	2 139	2 264
Russia	HFYI	7 619	8 395	12 058	17 043	40 341	35 036	54 557	55 278	37 228	43 129
Turkey	HFJK	7 004	8 126	6 576	8 655	16 056	19 656	24 996	29 267	29 762	40 802
Ukraine	HFJM	106	167	243	850	3 633	4 160	6 116	5 785	4 553	4 267
Serbia and Montenegro <sup>1</sup>	HFJQ	49	51	37	45	250	272	697	1 335	1 229	1 145
of which Serbia	KI3Z	—	—	—	—	—	—	697	1 335	1 122	1 024
Montenegro	KI44	—	—	—	—	—	—	—	—	107	121
Other	HFIP	83 795	96 939	109 993	144 822	187 604	238 336	271 411	246 406	196 920	202 295
<b>Total Europe</b>	<b>HDRW</b>	<b>1 704 887</b>	<b>1 678 943</b>	<b>1 948 961</b>	<b>2 531 939</b>	<b>3 049 439</b>	<b>3 249 335</b>	<b>4 250 514</b>	<b>5 780 220</b>	<b>4 487 367</b>	<b>4 950 986</b>
<b>Americas</b>											
Argentina	HCPD	5 199	3 108	3 292	3 598	6 805	5 298	5 830	5 535	3 532	6 176
Brazil	HCZW	11 780	9 219	8 810	11 185	14 147	17 947	26 860	24 072	35 090	73 668
Canada	HCZY	45 615	49 275	43 015	55 377	78 447	100 253	132 927	212 227	148 887	167 429
Chile	HDER	3 362	3 401	3 311	4 123	5 212	2 895	3 293	3 951	3 607	5 977
Colombia	HDEZ	2 113	2 656	2 943	2 904	3 220	2 629	2 983	3 683	3 164	4 195
Mexico	HFIB	10 165	7 791	7 961	10 726	16 148	13 668	13 385	15 819	12 707	18 427
United States of America	HFJN	699 158	625 854	716 939	1 038 815	1 348 940	1 548 699	1 889 856	3 213 926	2 382 883	2 783 460
Uruguay	HFJO	301	324	243	477	774	698	660	268	223	220
Venezuela	HFJP	1 807	1 733	1 077	1 658	3 966	1 634	1 089	1 556	1 430	2 333
Other Central American Countries	HFIR	106 271	119 271	146 436	205 745	291 621	309 345	381 524	436 853	372 271	371 914
Other	HFIV	912	1 427	1 741	3 453	4 548	4 416	1 190	1 862	1 728	3 426
<b>Total Americas</b>	<b>HDRZ</b>	<b>886 683</b>	<b>824 059</b>	<b>935 768</b>	<b>1 338 061</b>	<b>1 773 828</b>	<b>2 007 482</b>	<b>2 459 597</b>	<b>3 919 752</b>	<b>2 965 522</b>	<b>3 437 225</b>
<b>Asia</b>											
China	HDES	5 943	6 484	7 030	9 590	12 397	15 463	32 265	25 006	30 889	40 936
Hong Kong	HDSN	39 310	30 365	35 746	47 470	61 456	72 880	80 920	96 440	77 903	112 169
India	HDZX	5 541	4 993	6 979	9 738	14 814	17 478	35 566	32 403	35 478	51 958
Indonesia	HDZD	3 038	2 593	2 959	3 333	4 144	4 656	5 483	4 102	5 747	8 923
Iran	HDZY	1 115	1 591	2 496	3 430	4 729	3 308	2 895	1 861	1 391	1 127
Israel	HDZK	1 672	2 301	2 463	2 916	3 109	3 791	3 819	6 099	6 217	10 027
Japan	HEIC	198 151	212 085	212 204	282 794	294 018	263 427	288 476	397 847	321 345	438 960
Malaysia	HFIC	4 941	5 235	5 362	6 828	7 253	7 539	8 312	7 254	6 349	9 541
Pakistan	HFII	1 228	847	944	1 225	1 491	1 808	2 022	2 107	2 111	1 871
Philippines	HFIG	2 221	2 492	3 316	2 574	3 746	3 626	4 128	3 935	2 604	4 474
Saudi Arabia	HFIZ	6 028	5 830	5 736	5 205	7 299	6 685	13 511	16 914	14 695	18 275
Singapore	HFJG	48 384	39 117	43 991	47 824	52 172	52 228	78 250	117 539	73 654	107 578
South Korea	HEJH	11 502	14 890	17 460	23 020	32 574	28 920	39 453	44 918	41 718	55 710
Taiwan	HFJL	7 460	5 189	11 476	21 456	26 543	21 519	21 319	15 826	20 234	34 565
Thailand	HFJJ	3 054	3 731	4 417	4 858	5 024	5 152	5 656	5 262	5 149	8 909
Residual Gulf Arabian Countries	HFIS	19 999	20 184	20 840	29 223	36 840	37 086	61 435	97 157	78 052	92 678
Other Near & Middle Eastern Countries	HDSG	1 122	1 092	616	1 523	1 633	2 915	4 630	7 259	7 137	9 227
Other	HFIT	5 771	3 834	3 890	3 960	5 929	8 541	9 166	11 123	13 349	14 347
<b>Total Asia</b>	<b>HDSF</b>	<b>366 480</b>	<b>362 853</b>	<b>387 925</b>	<b>506 967</b>	<b>575 171</b>	<b>557 022</b>	<b>697 306</b>	<b>893 052</b>	<b>744 022</b>	<b>1 021 275</b>
<b>Australasia &amp; Oceania</b>											
Australia	HCZT	44 908	48 186	52 888	78 324	95 690	101 361	126 468	174 055	145 485	195 859
New Zealand	HFIF	5 136	5 971	5 773	8 563	7 238	7 675	8 641	12 542	9 975	11 808
Other	HFIU	368	407	320	329	340	304	331	1 932	1 785	1 213
<b>Total Australasia &amp; Oceania</b>	<b>HDSH</b>	<b>50 412</b>	<b>54 564</b>	<b>58 981</b>	<b>87 216</b>	<b>103 268</b>	<b>109 340</b>	<b>135 440</b>	<b>188 529</b>	<b>157 245</b>	<b>208 880</b>
<b>Africa</b>											
Egypt	HDSB	2 254	1 917	1 520	2 013	3 515	5 547	5 731	5 194	3 128	9 266
Morocco	HFIA	574	323	473	647	781	730	580	399	428	664
South Africa	HFJR	11 357	16 598	18 771	25 355	31 809	25 841	28 588	38 214	36 452	41 581
Other North Africa	HFIW	601	1 428	1 020	1 075	874	1 221	1 472	1 979	3 046	3 690
Other	HFIQ	8 262	7 795	9 047	12 099	14 081	13 422	17 949	26 743	26 176	41 701
<b>Total Africa</b>	<b>HDRY</b>	<b>23 048</b>	<b>28 061</b>	<b>30 831</b>	<b>41 189</b>	<b>51 060</b>	<b>46 761</b>	<b>54 320</b>	<b>72 529</b>	<b>69 230</b>	<b>96 902</b>
<b>International Organisations</b>											
Unallocated	G972	26 182	56 794	56 961	65 103	19 747	32 681	82 298	58 877	83 104	84 4



# 10.3 Geographical breakdown of International Investment Position: UK liabilities

## Balance sheets valued at end of year

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Europe											
European Union (EU)											
Austria	HFMW	17 268	17 529	18 420	27 721	29 815	34 059	39 359	51 262	45 252	49 592
Belgium	A56Z	53 143	62 276	71 178	100 520	113 074	109 425	135 953	201 281	159 918	145 843
Bulgaria	HFMY	522	510	505	666	1 112	1 463	1 595	473	1 505	1 753
Cyprus	A3SB	3 376	3 220	3 089	3 825	6 566	8 161	10 662	15 825	26 180	20 821
Czech Republic	HFNG	3 419	2 164	2 038	2 830	4 425	4 889	5 355	6 768	5 531	4 357
Denmark	HFNJ	21 138	20 448	29 068	43 553	46 719	48 197	72 876	86 653	54 668	59 137
Estonia	HFNO	125	307	231	350	393	402	454	332	385	324
Finland	HFOA	6 025	6 890	11 820	20 135	22 375	24 913	29 448	50 687	47 626	66 625
France	HFOB	162 393	184 973	196 931	313 895	426 956	424 673	572 882	893 905	689 952	783 560
Germany	HFNI	253 307	289 319	348 642	537 175	593 566	637 338	783 421	1 186 776	941 889	1 000 422
Greece	HFOD	13 981	17 756	18 751	24 485	33 966	36 696	47 975	71 948	83 639	61 731
Hungary	HFOG	741	1 252	939	2 524	3 147	2 762	3 768	4 692	3 228	6 013
Ireland	HFOI	110 211	132 811	162 242	222 715	292 634	330 959	435 537	539 038	527 060	527 892
Italy	HFOO	69 476	74 378	78 550	93 681	98 353	100 916	108 681	137 692	148 339	163 744
Latvia	HFOX	190	321	253	436	363	386	593	499	397	559
Lithuania	HFOV	104	179	133	292	217	345	490	140	135	411
Luxembourg	A5E4	82 117	83 606	116 158	135 943	155 561	189 546	223 212	293 260	290 426	325 273
Malta	A3SC	1 166	1 368	1 532	1 118	1 919	2 478	6 491	11 940	7 770	6 553
Netherlands	HFPD	200 347	195 405	218 230	324 234	439 829	530 508	676 463	741 098	578 823	545 604
Poland	HFPN	4 500	3 143	3 122	5 073	6 499	6 622	9 381	8 666	4 280	5 014
Portugal	HFPO	6 668	9 649	11 074	13 735	16 984	18 500	20 566	20 670	28 241	30 393
Romania	HFQB	533	420	627	811	1 077	1 425	1 140	728	781	530
Slovak Republic	HFQH	405	153	557	1 554	1 237	1 246	1 316	682	2 602	2 645
Slovenia	HFQG	1 008	950	761	255	453	354	600	160	742	1 015
Spain	HFNR	35 732	45 233	54 499	74 770	95 240	129 784	145 276	160 944	167 028	196 732
Sweden	HFQE	30 084	26 282	32 519	47 620	50 164	57 496	69 978	65 566	65 008	75 443
European Central Bank	HFMP	—	—	—	—	—	—	—	—	—	—
EU Institutions	HFMO	38 386	39 032	40 427	47 656	58 832	63 416	72 524	114 338	102 691	133 757
Total EU27	GB9A	1 116 365	1 219 574	1 422 296	2 047 572	2 501 476	2 766 959	3 475 996	4 666 023	3 984 096	4 215 743
European Free Trade Association (EFTA)											
Iceland	HFOU	488	293	825	1 897	3 726	5 396	6 717	6 494	3 464	3 502
Liechtenstein	HFOU	2 026	2 223	2 204	2 436	2 872	2 437	3 360	3 491	2 270	2 912
Norway	HFPG	16 574	20 291	27 233	32 355	54 564	66 948	78 751	116 721	85 051	99 511
Switzerland	HFNC	231 765	239 251	265 368	273 522	307 760	245 463	421 738	408 056	318 865	413 721
Total EFTA	HFMT	250 853	262 058	295 630	310 210	368 922	320 244	510 566	534 762	409 650	519 646
Other Europe											
Albania	HFMU	89	54	59	93	59	178	153	83	71	75
Belarus	HFNA	71	72	138	230	447	345	780	801	397	121
Croatia	HFOF	849	1 381	1 470	1 543	1 617	1 647	2 146	579	596	1 213
Russia	HFQC	9 567	13 903	17 309	24 533	56 064	64 762	72 567	31 056	18 574	25 215
Turkey	HFQJ	3 150	2 559	2 625	4 110	6 600	6 869	8 119	9 848	7 480	6 554
Ukraine	HFQL	213	1 256	1 490	2 701	7 479	7 617	9 465	8 188	5 824	9 498
Serbia and Montenegro <sup>1</sup>	HFQP	218	467	358	460	293	977	716	215	73	136
of which Serbia	KI42	..	..	..	..	..	..	716	199	61	104
Montenegro	KI45	..	..	..	..	..	..	—	16	12	32
Other	HFPT	212 461	221 426	224 688	284 236	350 585	402 865	499 497	544 435	487 341	513 677
Total Europe	HFNK	1 593 836	1 722 750	1 966 063	2 675 688	3 293 542	3 572 463	4 580 005	5 795 990	4 914 102	5 291 878
Americas											
Argentina	HFMV	475	254	231	316	449	471	485	608	304	338
Brazil	HFMZ	3 293	2 739	4 331	7 585	8 853	7 619	7 774	6 451	6 561	11 799
Canada	HFNB	41 486	35 483	43 001	62 189	72 964	88 874	103 611	155 397	121 656	138 705
Chile	HFND	985	793	1 080	1 592	1 617	2 688	4 374	4 677	8 585	10 309
Colombia	HFNF	1 344	586	815	1 067	1 195	1 856	1 555	2 088	1 529	1 225
Mexico	HFPB	5 802	2 633	2 828	4 789	5 808	4 849	5 522	12 502	3 828	6 438
United States of America	HFQM	875 866	748 243	859 468	1 160 613	1 425 922	1 629 266	1 886 062	3 280 387	2 532 187	3 154 577
Uruguay	HFQN	176	115	803	465	715	592	788	411	638	492
Venezuela	HFQO	1 056	1 036	1 126	1 330	1 626	2 597	3 275	2 255	1 533	1 710
Other Central American Countries	HFQV	119 863	107 144	155 721	211 951	285 201	272 528	369 653	423 359	284 920	316 994
Other	HFPE	4 084	2 558	2 923	2 948	3 364	4 019	3 074	3 813	1 052	2 069
Total Americas	HFNN	1 054 430	901 584	1 072 327	1 454 845	1 807 714	2 015 359	2 386 173	3 891 948	2 962 793	3 644 656
Asia											
China	HFNE	8 287	8 557	6 622	10 202	12 860	14 503	25 573	16 218	10 851	28 762
Hong Kong	HFOE	84 118	70 179	78 812	90 732	103 502	106 911	154 353	180 716	140 565	136 769
India	HFOK	7 921	7 866	11 353	19 017	23 655	29 279	15 249	20 199	12 566	14 374
Indonesia	HFOH	3 127	2 173	2 171	1 719	2 369	1 834	1 555	1 947	1 608	1 874
Iran	HFOL	6 130	3 681	3 406	3 241	3 474	3 547	2 894	2 319	2 037	1 208
Israel	HFOJ	6 910	6 423	6 043	6 518	9 511	11 092	10 547	8 941	7 737	8 637
Japan	HFOF	225 644	205 536	177 516	237 134	242 766	254 213	314 569	460 616	354 103	419 651
Malaysia	HFPD	6 160	3 547	3 774	7 510	4 091	7 837	10 105	5 056	5 742	7 115
Pakistan	HFPM	2 254	3 244	3 584	2 578	2 732	3 303	3 104	1 831	3 102	2 629
Philippines	HFPJ	1 209	1 018	551	974	2 413	2 387	3 594	2 118	2 103	3 137
Saudi Arabia	HFQD	16 496	15 998	14 011	17 079	28 469	33 281	61 420	79 760	61 374	54 122
Singapore	HFQF	67 828	68 706	67 072	82 872	84 501	90 500	130 133	162 218	116 365	110 607
South Korea	HFOS	4 316	4 221	5 666	8 385	12 879	10 646	18 333	26 866	15 696	17 164
Taiwan	HFQK	4 217	3 159	7 278	11 202	11 326	7 972	14 552	11 157	7 267	9 387
Thailand	HFQI	4 135	1 389	3 549	3 385	5 284	5 462	7 568	5 669	3 260	3 220
Residual Gulf Arabian Countries	HFPW	39 603	31 959	27 043	37 164	43 412	53 616	66 012	71 880	53 104	59 193
Other Near & Middle Eastern Countries	HFNX	5 301	5 645	6 323	6 431	8 195	8 094	8 970	10 274	11 927	16 463
Other	HFPX	3 893	5 341	4 365	5 211	7 852	9 204	11 089	11 033	10 976	14 635
Total Asia	HFNT	497 549	448 642	429 139	551 354	609 291	653 681	859 620	1 078 818	820 383	908 947
Australasia & Oceania											
Australia	HFMX	26 538	26 676	32 280	64 671	67 139	69 563	94 488	130 071	98 713	126 459
New Zealand	HFPH	2 644	2 342	2 106	4 004	5 215	4 714	5 807	8 580	5 183	7 434
Other	HFPY	182	181	176	211	277	167	442	224	108	372
Total Australasia & Oceania	HFNZ	29 364	29 199	34 562	68 886	72 631	74 444	100 737	138 875	104 004	134 265
Africa											
Egypt	HFNQ	6 778	6 192	6 437	6 332	11 384	9 554	7 638	7 056	5 871	5 456
Morocco	HFOZ	897	750	828	941	1 715	2 364	1 783	1 245	1 447	756
South Africa	HFQQ	19 870	21 685	29 107	34 248	36 668	36 502	38 404	45 780	53 503	78 324
Other North Africa	HFQA	4 583	3 952	4 347							

# 10.4 Geographical breakdown of International Investment Position: Net Balance sheets valued at end of year

£ million

		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Europe</b>											
<b>European Union (EU)</b>											
Austria	IDBU	-2 255	-3 690	-595	81	-1 781	-4 621	-7 706	-2 316	-12 003	-16 985
Belgium	A58F	4 073	-3 208	1 041	3 094	27 816	19 170	29 369	12 785	-2 001	34 006
Bulgaria	IDBW	580	-146	-69	-54	-172	-260	-577	1 644	271	-269
Cyprus	A3V5	-1 167	-1 572	-1 411	-1 797	-2 374	-2 698	-2 845	-7 367	-17 673	-13 612
Czech Republic	IDCE	-777	-114	162	140	-371	-783	-238	27	-146	1 688
Denmark	IDCH	-2 142	-898	-4 547	-2 594	8 441	2 771	-11 773	-3 981	306	13 786
Estonia	IDCM	140	-111	7	34	-270	-309	-391	-239	-314	-200
Finland	IDCS	13 450	9 865	3 805	2 539	5 503	2 410	6 090	6 903	813	-1 743
France	IDCT	62 085	28 621	36 083	32 388	-7 061	102 286	173 222	90 789	36 139	83 289
Germany	IDCG	23 419	-22 116	-51 283	-94 792	-117 222	-138 086	-172 488	-115 956	-146 016	-89 975
Greece	IDCU	3 879	2 201	3 490	2 210	-9 047	-3 931	-8 908	-28 088	-50 603	-26 184
Hungary	IDCX	3 452	3 507	3 643	4 425	3 384	5 014	4 723	5 808	4 872	3 969
Ireland	IDCZ	-16 574	-41 556	-42 203	-64 253	-34 651	-36 979	-60 763	28 201	-86 940	-119 349
Italy	IDDE	63 366	53 451	70 016	71 945	79 853	74 418	93 934	112 234	99 589	98 254
Latvia	IDDJ	-88	-201	-183	-309	-176	5	493	575	193	-136
Lithuania	IDDI	52	-13	-16	-140	740	-280	-344	-198	155	68
Luxembourg	A5FI	29 130	22 210	31 293	41 234	49 274	-34 243	-2 101	63 978	-26 673	-29 563
Malta	A3V6	-577	-649	-576	1 393	-1 336	218	-1 340	-4 945	-4 402	-3 422
Netherlands	IDDN	98 659	112 081	106 396	62 463	-51 577	-113 787	-98 643	-51 681	6 282	66 010
Poland	IDDS	836	3 081	4 157	3 283	2 459	2 090	1 262	9 335	10 741	9 405
Portugal	IDDT	13 204	11 004	14 769	10 140	11 335	8 779	8 636	13 377	11 147	8 170
Romania	IDEC	25	294	405	769	1 072	426	2 131	5 640	4 037	4 032
Slovak Republic	IDEI	31	439	260	-1 071	-468	-577	-161	1 726	-1 100	-725
Slovenia	IDEH	-512	-641	-335	462	539	539	439	1 369	-206	371
Spain	IDCO	24 025	10 741	30 786	49 551	100 800	76 597	88 891	180 239	137 979	84 888
Sweden	IDEF	20 664	11 796	12 552	10 795	26 465	21 809	15 210	34 162	19 554	20 924
European Central Bank	IDBN	-	-	-	-	-	-	-	-	-	-
EU Institutions	IDBM	-20 732	-18 049	-18 582	-23 149	-32 436	-35 563	-46 194	-60 622	-74 073	-74 971
<b>Total EU27</b>	GC25	<b>316 246</b>	<b>176 327</b>	<b>199 065</b>	<b>108 787</b>	<b>58 739</b>	<b>-55 585</b>	<b>9 928</b>	<b>293 399</b>	<b>-90 072</b>	<b>51 726</b>
<b>European Free Trade Association (EFTA)</b>											
Iceland	IDDD	640	616	694	911	849	1 585	13 403	5 102	11 200	2 733
Liechtenstein	IDDH	-1 185	-1 404	-1 244	-1 873	-2 170	-1 539	-2 266	-2 633	-1 495	-2 163
Norway	IDDO	1 326	-1 001	-3 979	-221	-9 283	-7 639	-10 718	-8 138	-41 539	-53 148
Switzerland	IDCA	-78 567	-91 951	-93 594	-106 038	-118 534	-73 307	-105 420	-48 778	-56 744	-77 871
<b>Total EFTA</b>	IDBR	<b>-77 786</b>	<b>-93 740</b>	<b>-98 123</b>	<b>-107 221</b>	<b>-129 138</b>	<b>-80 900</b>	<b>-105 001</b>	<b>-54 447</b>	<b>-88 578</b>	<b>-130 449</b>
<b>Other Europe</b>											
Albania	IDBS	-89	-62	-58	-73	-34	-151	-74	312	327	222
Belarus	IDBY	-70	-71	-137	-229	-447	-316	-661	-597	-355	-
Croatia	IDCW	-214	-328	-286	-388	-86	-546	-1 096	1 234	1 543	1 051
Russia	IDED	-1 948	-5 508	-5 251	-7 490	-15 723	-29 726	-18 010	24 222	18 654	17 914
Turkey	IDEK	3 854	5 567	3 951	4 545	9 456	12 787	16 877	19 419	22 282	34 248
Ukraine	IDEM	-107	-1 089	-1 247	-1 851	-3 846	-3 457	-3 349	-2 403	-1 271	-5 231
Serbia and Montenegro <sup>1</sup>	IDEQ	-169	-416	-321	-415	-43	-705	-19	1 120	1 156	1 009
of which Serbia	KI43	..	..	..	..	..	..	-19	1 136	1 061	920
Montenegro	KI46	..	..	..	..	..	..	-16	95	89	89
Other	IDDU	-128 666	-124 487	-114 695	-139 414	-162 981	-164 529	-228 086	-298 029	-290 421	-311 382
<b>Total Europe</b>	IDCI	<b>111 051</b>	<b>-43 807</b>	<b>-17 102</b>	<b>-143 749</b>	<b>-244 103</b>	<b>-323 128</b>	<b>-329 491</b>	<b>-15 770</b>	<b>-426 735</b>	<b>-340 892</b>
<b>Americas</b>											
Argentina	IDBT	4 724	2 854	3 061	3 282	6 356	4 827	5 345	4 927	3 228	5 838
Brazil	IDBX	8 487	6 480	4 479	3 600	5 294	10 328	19 086	17 621	28 529	61 869
Canada	IDBZ	4 129	13 792	14	-6 812	5 483	11 379	29 316	56 830	27 231	28 724
Chile	IDCB	2 377	2 608	2 231	2 531	3 595	207	-1 081	-726	-4 978	-4 332
Colombia	IDCD	769	2 070	2 128	1 837	2 025	773	1 428	1 595	1 635	2 970
Mexico	IDDL	4 363	5 158	5 133	5 937	10 340	8 819	7 863	3 317	8 879	11 989
United States of America	IDEN	-176 708	-122 389	-142 529	-121 798	-76 982	-80 567	3 794	-66 461	-149 304	-371 117
Uruguay	IDEO	125	209	-560	12	59	106	-128	-143	-415	-272
Venezuela	IDEP	751	697	-49	328	2 340	-963	-2 186	-699	-1 003	623
Other Central American Countries	IDDW	-13 592	12 127	-9 285	-6 206	6 420	36 817	11 871	13 494	87 351	54 920
Other	IDEA	-3 172	-1 131	-1 182	505	1 184	397	-1 884	-1 951	676	1 357
<b>Total Americas</b>	IDCL	<b>-167 747</b>	<b>-77 525</b>	<b>-136 559</b>	<b>-116 784</b>	<b>-33 886</b>	<b>-7 877</b>	<b>73 424</b>	<b>27 804</b>	<b>2 729</b>	<b>-207 431</b>
<b>Asia</b>											
China	IDCC	-2 344	-2 073	408	-612	-463	960	6 692	8 788	20 038	12 174
Hong Kong	IDCV	-44 808	-39 814	-43 066	-43 262	-42 046	-34 031	-73 433	-84 276	-62 662	-24 600
India	IDDB	-2 380	-2 873	-4 374	-9 279	-8 841	-11 801	20 317	12 204	22 912	37 584
Indonesia	IDCY	-89	420	788	1 614	1 775	2 822	3 928	2 155	4 139	7 049
Iran	IDDC	-5 015	-2 090	-910	189	1 255	-239	1	-458	-646	-81
Israel	IDDA	-5 238	-4 122	-3 580	-3 602	-6 402	-7 301	-6 728	-2 842	-1 520	1 390
Japan	IDDF	-27 493	6 549	34 688	45 660	51 252	9 214	-26 093	-62 769	-32 758	19 309
Malaysia	IDDM	-1 219	1 688	1 588	-682	3 162	-298	-1 793	2 198	607	2 426
Pakistan	IDDR	-1 026	-2 397	-2 640	-1 353	-1 241	-1 495	-1 082	2 786	-991	-758
Philippines	IDDQ	1 012	1 474	2 765	1 600	1 333	1 239	534	1 817	501	1 337
Saudi Arabia	IDDE	-10 468	-10 168	-8 275	-11 874	-21 170	-26 596	-47 909	-62 846	-46 679	-35 847
Singapore	IDEG	-19 444	-29 589	-23 081	-35 048	-32 329	-38 272	-51 883	-44 679	-42 711	-3 029
South Korea	IDDG	7 186	10 669	11 794	14 635	19 695	18 274	21 120	18 052	26 022	38 546
Taiwan	IDEL	3 243	2 030	4 198	10 254	15 217	13 547	6 767	4 669	12 967	25 178
Thailand	IDDJ	-1 081	2 342	868	1 473	-260	-310	-1 912	-407	1 889	5 689
Residual Gulf Arabian Countries	IDDX	-19 604	-11 775	-6 203	-7 941	-6 572	-16 530	-4 577	25 277	24 948	33 485
Other Near & Middle Eastern Countries	IDCQ	-4 179	-4 553	-5 707	-4 908	-6 562	-5 179	-4 340	-3 015	-4 790	-7 236
Other	IDDY	1 878	-1 507	-475	-1 251	-1 923	-663	-1 923	90	2 373	-288
<b>Total Asia</b>	IDCP	<b>-131 069</b>	<b>-85 789</b>	<b>-41 214</b>	<b>-44 387</b>	<b>-34 120</b>	<b>-96 659</b>	<b>-162 314</b>	<b>-185 766</b>	<b>-76 361</b>	<b>112 328</b>
<b>Australasia &amp; Oceania</b>											
Australia	IDBV	18 370	21 510	20 608	13 653	28 551	31 798	31 980	43 984	46 772	69 400
New Zealand	IDDP	2 492	3 629	3 667	4 559	2 023	2 961	2 834	3 962	4 792	4 374
Other	IDDZ	186	226	144	118	63	137	-111	1 708	1 677	841
<b>Total Australasia &amp; Oceania</b>	IDCR	<b>21 048</b>	<b>25 365</b>	<b>24 419</b>	<b>18 330</b>	<b>30 637</b>	<b>34 896</b>	<b>34 703</b>	<b>49 654</b>	<b>53 241</b>	<b>74 615</b>
<b>Africa</b>											
Egypt	IDCN	-4 524	-4 275	-4 917	-4 319	-7 869	-4 007	-1 907	-1 862	-2 743	3 810
Morocco	IDDK	-323	-427	-355	-294	-934	-1 634	-1 203	-846	-1 019	-92
South Africa	IDER	-8 513	-5 087	-10 336	-8 893	-4 859	-10 661	-9 816	-7 566	-17 051	-36 743
Other North Africa	IDEB	-3 982	-2 524	-3 327	-4 450	-10 185	-14 583	-16 078	-14 620	-11 088	-9 947
Other	IDDV	-6 449	-6 478	-4 615	-2 736	-4 836	-10 336	-12 394	-10 414	-5 514	3 300
<b>Total Africa</b>	IDCK	<b>-23 791</b>	<b>-18 791</b>	<b>-23 550</b>	<b>-20 692</b>	<b>-28 683</b>	<b>-41 221</b>	<b>-41 398</b>	<b>-35 308</b>	<b>-37 415</b>	<b>-39 672</b>
<b>International Organisations</b>											
Unallocated	G972	26 182	56 794	56 961	16 510	19 070	25 958	82 298	58 877	83 104	84 407
Reserve Assets	LTEB	25 649	25 469	23 794	23 250	24 739	22 931	26 685	36 283	40 144	49 655
<b>World total</b>	HBQC	<b>-136 545</b>	<b>-112 005</b>	<b>-109 150</b>	<b>-217 331</b>	<b>-269 614</b>	<b>-383 814</b>	<b>-328 436</b>	<b>-83 800</b>	<b>-388 348</b>	<b>-291 404</b>

1 Separate data for Serbia or Montenegro is only available from 2007.

An aerial, high-angle photograph of a crowded public space, likely a transit station or a busy plaza. The floor is made of light-colored square tiles. Numerous people are seen from above, walking in various directions. Some are carrying bags or backpacks. In the upper right, there is a staircase with a metal railing. The overall scene is busy and populated.

# Part 4

## Supplementary information

# Balance of Payments and the relationship to national accounts

This section is intended to help users of the Pink Book gain a better understanding of how the data fit within the broader economic accounts framework. It can be read as a standalone, although it makes several references to Blue Book tables and so readers are advised to have access to these if possible.

## Introduction

Conceptually, the balance of payments, including the international investment position, form part of the broader system of the UK National Accounts. The National Accounts provide a comprehensive and systematic set of statistics for the UK economy, with information on economic transactions, other changes in the levels of assets and liabilities, and the levels of assets and liabilities themselves. The UK National Accounts have generally been compiled according to the *European System of Accounts (ESA95)*. Linkages between the UK balance of payments and National Accounts are reinforced by the fact that the UK balance of payments are compiled at the same time as the National Accounts, as a component of the sector accounts and using many common data sources.

The National Accounts are a closed system in which both ends of every transaction involving a resident economic entity are recorded. A set of accounts is introduced to capture transactions that involve economic relationships with non-resident entities. These accounts are known as the 'rest of the world accounts' and are presented from the perspective of non-residents rather than residents. Consequently, entries in the balance of payments (which show transactions from the perspective of residents) are reversed in the

presentation of the rest of the world accounts. The accounts for resident entities, which consist of the production, income and accumulation accounts, are described in more detail below.

Two important accounting differences occur when comparing the balance of payments and the National Accounts. First, each transaction is recorded twice in the balance of payments (double entry) and four times in the National Accounts (quadruple entry). This is because in the balance of payments the activity of only one transactor is recorded, that of the resident entity (with a non-resident entity), whereas in the National Accounts the activity of both transactors is recorded (that is, the activity of either two residents or a resident and a non-resident). Second, in the balance of payments, transactions are shown from the perspective of the resident entity; whereas in the National Accounts, transactions are shown from the perspective of the resident in the production, income and accumulation accounts, and from the perspective of the non-resident in the rest of the world account.

## Relationship between National Accounts and balance of payments concepts and classifications

Because the balance of payments, including the international investment position, forms an integral part of the National Accounts, there is complete concordance between them in concept and classification, although the extent of cross-classifications may differ between the two systems.

The balance of payments and National Accounts identify resident producers and consumers identically, and both invoke the

same concepts of economic territory and centre of economic interest. Both use market prices as the primary concept of valuation of transactions and they adopt identical concepts of accrual accounting. The systems use identical conversion procedures to convert transactions which take place in foreign currency to UK currency.

While for some purposes it would be convenient if classifications used in the rest of the world accounts and the balance of payments accounts were identical, differences between the two are justifiable because on occasion they serve different purposes. For example, in the balance of payments financial account, precedence is given to classification of transactions by type of investment (that is, direct, portfolio, other, financial derivatives and reserve assets), whereas in the rest of the world financial account the instrument of investment is the primary classification. More important is the fact that concepts, definitions and classifications are consistent between the two systems.

### The production, income and capital accounts of the National Accounts

The National Accounts tables reflect the basic aspects of economic life (production, income, consumption, accumulation and wealth). For many analysts, Gross Domestic Product (GDP) is the key economic aggregate as it measures the total value added for the UK economy in any period. GDP may be measured as:

- the total value of output less the cost of goods and services used in the production process (intermediate consumption). This is referred to as the **output (or production) approach**
- the value of income accruing from the production process to each of the factors of production (plus net taxes on

production and imports). This is referred to as the **income approach**

- total final expenditure on goods and services during the period, referred to as the **expenditure approach**

Conceptually these measures are equal, but because different and imperfect data sources are used to measure each approach, the measures may differ in practice. This difference is reflected in the statistical discrepancy item. The National Accounts are regularly benchmarked to balanced annual supply and use (input-output) tables. This ensures that, except for the latest year, the three measures of GDP are equal on an annual basis, though there will still be a statistical discrepancy between the quarterly estimates based on the three approaches.

*Blue Book* Table 1.2 presents the Gross Domestic Product Account for the whole economy, the derivation of GDP using the expenditure approach and the income approach. Table 1.7.1, the Production Account, shows the derivation of GDP using the production approach.

- The expenditure-based measure of GDP is derived as final consumption expenditure by government and households, plus investment in fixed capital formation and changes in inventories, plus exports minus imports of goods and services, plus (or minus) the statistical discrepancy. Exports and imports are the same as the balance of payments components, exports and imports of goods and services
- The income-based measure of GDP shows the components of factor income, namely compensation of employees, gross operating surplus and

mixed incomes, plus taxes less subsidies on production and imports

- The production-based measure of GDP is shown as total gross output at purchasers' prices less intermediate consumption

For the purpose of discussion here, all values are in current prices.

*Blue Book* Tables 1.7.3, 1.7.4 and 1.7.6 present the National Income, Secondary Distribution of Income and Use of Income Accounts, showing the derivation of gross national income, gross disposable income and use of gross disposable income. Gross national income is equivalent to GDP plus property income receivable from non-residents, less property income payable to non-residents.

These primary income items are the same as the balance of payments income components which are used in the derivation of gross saving (gross disposable income less consumption) and net saving (gross saving less consumption of fixed capital). Tables 1.7.3 and 1.7.4 illustrate how the various balance of payments income and current transfers components affect the nation's saving. To derive gross disposable income, net secondary income receivable from non-residents is added to gross national income; secondary income items are equivalent to the net current transfer components in the balance of payments.

Table 1.7.6 deals with use of gross disposable income and shows the derivation of gross saving (gross disposable income less consumption) and net saving (gross saving less consumption of fixed capital).

*Blue Book* Table 1.7.7, the National Capital Account, shows the link between gross saving and net lending/borrowing (to/from the rest of the world). The latter is derived as gross saving

plus net capital transfers from non-residents less investment in fixed capital and inventories and the net acquisitions of non-produced, non-financial assets from non-residents. The items net capital transactions and net acquisitions of non-produced non-financial assets are both sourced from the balance of payments capital account. The capital account was introduced into the balance of payments to emphasise this clear relationship between the balance of payments and the National Accounts.

### The financial account and balance sheet of the National Accounts

Net lending/borrowing is also the balance shown in *Blue Book* Table 1.7.8, the Financial Account. The financial account shows how the net lending/borrowing is financed through a combination of transactions in financial assets and liabilities. Table 1.7.8 is the UK's Financial Account and includes transactions for all sectors. Financial transactions between all resident sectors can be offset and eliminated. This results in the UK's Financial Account for the total economy being equal to the inverse of the financial account for the rest of the world sector and equivalent to the balance of payments financial account.

However, there are some important differences in classification emphasis between Table 1.7.8 and the balance of payments financial account. In Table 1.7.8 the emphasis is on instrument of investment (such as currency and deposits, securities, loans, and equity), while in the balance of payments financial account, the emphasis is on type of investment (direct investment, portfolio investment, financial derivatives, other investment and reserve assets). Both presentations give emphasis to the asset and liability classification.

*Blue Book* Table 1.7.9, the UK's Financial Balance Sheet, shows the UK's financial assets, and liabilities and net worth at the end



of the period. Financial assets and liabilities measure financial claims and liabilities between all sectors of the economy. Claims and liabilities between resident sectors can be offset and eliminated. This results in the UK's Financial Balance Sheet being the equivalent of the international investment position statement for the UK.

Again, there are some important classification differences between Table 1.7.9 and the international investment position statement. In Table 1.7.9 the emphasis is on instrument of investment, while in the international investment position statement the emphasis is on type of investment. Both presentations give emphasis to the asset and liability classification.

### Rest of the world accounts of the National Accounts

There are five accounts for the rest of the world in the National Accounts shown in the *Blue Book*. These are:

- Table 7.1.0, the External account of goods and services
- Table 7.1.2, the External account of primary incomes and current transfers

- Table 7.1.7, the External capital account
- Table 7.1.8, the External Financial Account
- Table 7.1.9, the External Balance Sheet Accounts

The external accounts are published quarterly in UK Economic Accounts. As mentioned earlier, these accounts are required to close the system of National Accounts and, while essentially the same as the balance of payments accounts and international investment position statement, they are compiled from the perspective of the non-resident transactor. Table 7.1.2 is essentially the current account of the balance of payments, Table 7.1.7 the capital account, Table 7.1.8 the financial account, and Table 7.1.9 the international investment position. The reader should be able to readily identify the counterpart entries in all of these tables.

### Transactions with the EU

*Blue Book* Table 12.1 shows UK official transactions with institutions of the EU from a UK National Accounts perspective. It has been recreated in the *Pink Book* as Table 9.9 using balance of payments terminology.

# Methodological notes

## Trade in goods (Chapter 2)

### Introduction

The IMF *Balance of Payments Manual*, 5th edition (BPM5) defines trade in goods as covering general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers, and non-monetary gold.

General merchandise (with some exceptions) refers to moveable goods for which real or imputed changes of ownership occur between UK residents and the rest of the world.

**Goods for processing:** this covers goods that are exported or imported for processing on the basis of a contract and for a fee, where there is no change of ownership. There is a corresponding import or export (respectively) when the goods return to the originator. The inclusion of these transactions on a gross basis is an exception to the change of ownership principle. The value of the good before and after processing is recorded. This is included in total trade in goods but cannot be separately identified.

**Repairs on goods:** this covers repairs that involve work performed by residents on movable goods owned by non-residents (or vice versa). Examples of such goods are ships, aircraft and other transport equipment. The value recorded is the value of the repairs (fee paid or received) rather than the value of the goods before and after repair.

**Goods procured in ports:** this covers goods such as fuels, provisions, stores and supplies procured by UK resident carriers abroad or by non-resident carriers in the UK.

**Non-monetary gold:** this is defined as all gold not held as reserve assets (monetary gold) by the authorities. Non-monetary gold can be subdivided into gold held as a store of value and other (industrial) gold – for further information see Glossary.

### Coverage and other adjustments

The balance of payments statistics of trade in goods compiled by the Office for National Statistics (ONS) are derived principally from data published by HM Revenue & Customs (HMRC) on the physical goods exported from and imported to the UK. However, this information is on a different basis to that required for balance of payments statistics. In order to conform to the International Monetary Fund (IMF) definitions, ONS has to make various adjustments to include certain transactions which are not reported to HMRC, and to exclude certain transactions which are reported to them but where there is no change of ownership. In addition, the value required for balance of payments purposes is the value of goods at the point of export (that is, the customs border of the exporting country), rather than the value of goods as they arrive in the UK. Therefore, the freight and insurance costs of transporting the goods to the UK needs to be deducted from the values recorded by HMRC. Table 2.4 summarises this transition onto a balance of payments basis for each of the last 11 years.



## Overseas trade statistics compiled by HM Revenue & Customs (HMRC)

Statistics of the UK's overseas trade in goods have been collected for over 300 years by HMRC, formerly HM Customs and Excise (HMCE). Since 1993 these data comprise statistics of UK imports from, and exports to, countries outside the EU, and statistics on trade with other EU member states collected via the Intrastat survey. Data are compiled from declarations made to HMRC by importers, exporters or their agents, and statistics of UK arrivals (imports) from and dispatches (exports) to other member states of the EU compiled from the Intrastat returns submitted by traders or their agents to HMRC.

Prior to 1993 statistics of UK imports from, and exports to, all countries in the world were compiled from declarations made to HMRC by importers, exporters or their agents.

### Information on trade with EU countries

The Intrastat system has applied since 1993, with minor variations, in all EU member states. In the UK all VAT registered businesses are required to complete two additional boxes on their VAT returns, which are normally submitted quarterly. These show the total value of exports of goods to customers in other member states (dispatches) and the total value of imports of goods from suppliers in other member states (arrivals).

Traders whose annual value of arrivals and/or dispatches exceeds given thresholds are required to provide an Intrastat declaration each month, showing full details of their arrivals and dispatches during the month. These thresholds are reviewed annually. For the calendar years 2010, 2011 and 2012 the threshold for arrivals has been set at £600,000, to capture a reduced coverage of 95 per cent of trade by value. The threshold for dispatches has been set at £250,000 for this period to maintain coverage at 97 per cent.

### Link with VAT

The information on the VAT returns serves three purposes:

- to establish a register of traders and to determine which exceed the thresholds
- to provide a cross-check with the Intrastat declarations, and
- to provide an estimate of the total value of trade carried out by traders below the Intrastat thresholds

Traders not registered for VAT and private individuals who move goods within the EU have no obligations under the Intrastat system and their trade is therefore not included in the statistics. Examples of commodities where this trade can be significant are works of art and racehorses.

### Below threshold trade

The total values of arrivals and dispatches by traders below the Intrastat thresholds are available from their VAT returns, although the coverage is slightly different. The figures are included in the month in which the VAT return is received by HMRC, although the VAT return itself may relate to a period of

more than one month. Detailed information on below-threshold trade is not available from the VAT data. However, it has been established that the pattern of that trade before the Intrastat system was introduced on 1 January 1993 was similar to that of traders just above the thresholds. Thus estimates enabling detailed allocations of below-threshold trade can be made on this basis by HMRC.

### Late response

Traders who have a legal responsibility to provide Intrastat declarations are required to do so by 21 of the calendar month following the month to which the declaration relates. However, where traders have failed to provide returns to Intrastat by the due date, estimates of the total value of such trade are included. These are based on the trade reported by these traders in a previous period, and the growth rate since that period experienced by comparable traders who have provided returns for the current month. From January 2010 HMRC included an estimate for those traders who have only partially declared their trade for a given month.

Late declarations of trade with EU countries are subsequently incorporated into the month's figures to which they relate with a corresponding reassessment of the initial estimates for late response.

### EU Gas and Electricity

The methodology used to collect EU (Intrastat) data on natural gas and electricity was amended by the Commission of the European Communities (EC regulation no 1982/2004). As a result, from January 2005 HMRC has changed to collecting information relating to the trade in natural gas and electricity directly from the pipeline and grid operators. This has removed the need for individual companies to submit Intrastat (EU) import and export declarations for these goods. The new methodology records the physical flow of natural gas and electricity between the UK and the last country at the point the goods cross the border into the UK. Value data are estimated using the relevant market prices for gas and electricity.

### Information on trade with non-EU countries

In general the figures for trade with non-EU countries show: the trade as declared by importers and exporters or their agents, and for which documentation has been received and processed by HMRC during the calendar month.

Importers are usually required to present a Customs declaration before they can obtain Customs clearance and remove the goods. The great majority of imports are cleared immediately by a computerised system. Import statistics may include documents received by HMRC up to the third working day after the end of the month. Therefore the import figures correspond fairly closely to goods actually imported during the calendar month.

Under the procedures for the control of exports, the principle is the same – namely that goods cannot be cleared for export until a Customs declaration has been made. Traders can, if they wish, submit a simplified declaration so that the goods can be exported. This has to be followed within 14 days after date of shipment with a complete export declaration. The processing of these complete export documents begins three working days before the end of the calendar month (two working days for

December). Thus the export statistics compiled for a month (which are based on the date of receipt of the complete export documents) do not correspond with goods actually shipped in the calendar month.

HMRC's New Export System (NES), which replaced manual (paper) Customs declarations with electronic submissions, requires electronic messages from the trader once the goods have been exported in order to provide the departure date. The new system has led to greater efficiency; improving processing and thereby speeding up the flow of information. This means that, in terms of the value of trade, the proportion allocated to the correct month has increased from September 2003 onwards.

A further improvement in the allocation of trade was introduced in 2011 (starting with February 2011 data) with the processing of export documents being fully aligned to calendar months removing the early close down and processing before the end of the month. This means that more export documents are processed and allocated to the correct calendar month than previously.

### Basis of valuation

For statistical purposes the UK adopts the valuation bases recommended in the International Merchandise Trade Statistics Concepts & Definitions published by the United Nations.

The valuation of exports (and dispatches) is on a free on board (f.o.b.) basis, that is, the cost of goods to the purchaser abroad, including:

- packaging
- inland and coastal transport in the UK
- dock dues
- loading charges
- all other costs such as profits, charges and expenses (for example, insurance) accruing up to the point where the goods are deposited on board the exporting vessel or aircraft or at the land boundary of Northern Ireland

The valuation of imports (and arrivals) is on a cost, insurance and freight (c.i.f.) basis including:

- the cost of the goods
- charges for freight and insurance
- all other related expenses in moving the goods to the point of entry into the UK (but excluding any duty or tax chargeable in the UK)

When goods are re-imported after process or repair abroad, the value includes the cost of the process or repair as well as the value of the goods when exported.

## Arrivals from and dispatches to EU countries

As part of the simplification procedure to reduce the burden on business, in the UK most traders are permitted to provide a valuation for trade in goods with EU countries based on the invoice value. Large traders, those who have more than £16 million of trade in the year, are required to supply information on their delivery terms. Regular sample surveys to all traders are conducted by HMRC to establish conversion factors to adjust the invoice values to produce the valuation basis required for statistical purposes. Separate factors are imputed for a range of different delivery terms and for trade with each member state.

The value recorded for arrivals and dispatches includes any duties or levies that have been applied to goods originating in non-EU countries but which have since cleared EU Customs procedures in one EU country prior to moving on to other EU countries.

## Imports from and exports to non-EU countries

The statistical value of imports from and exports to non-EU countries is the same as the value for Customs purposes. This value is arrived at by the use of specific methods of valuation in the following order of preference:

- the transaction value of the goods (that is, the price paid or payable on the goods)
- the transaction value of identical goods
- the customs value of similar goods
- the 'deductive method' – value derived from the selling price in the country of importation
- computed value based on the built-up cost of the imported goods
- the 'fall-back' method by adopting the above methods flexibly to fit unusual circumstances

Imported goods are valued at the point where the goods are introduced into the Customs territory of the EU. This means that costs for delivery of the imported goods to that point have to be included in the Customs value.

For all other goods (that is, goods free or exempted from duty and goods subject to a specific duty) the statistical value is determined in relation to the point at which the goods enter the UK.

An amount expressed in foreign currency is converted to sterling by the importer using a system of 'period rates of exchange' published by HMRC. These rates are normally operative for a four-weekly period unless there is a significant movement in the exchange rate.

## Treatment of taxes

As described above, the value of all goods moving into and out of the UK is based on the transaction value recorded for Customs purposes or, in the case of trade in goods with EU countries, the invoice or contract value. In line with this principle, the values recorded exclude VAT. For trade in goods with

non-EU countries, all other taxes such as duties and levies applied to goods after arrival in the UK are excluded. For trade in goods with EU countries, the value recorded for imports and exports includes any duties or levies that have been applied to goods originating in non-EU countries but which have since cleared Customs procedures prior to moving on to other EU countries. However excise duties are excluded from the value recorded for trade.

## Balance of payments statistics for trade compiled by ONS

Table 2.4 summarises the transition from trade in goods statistics on an Overseas Trade Statistics basis (compiled and published by HMRC) to those on a Balance of Payments basis (compiled by ONS).

## Valuation adjustments

**Freight:** the cost of freight services for the sea legs of dry cargo imports is estimated by applying freight rates (derived from the rates for a large sample of individual commodities imported from various countries) to tonnages of goods arriving by sea. For the land legs, estimates of freight rates per tonne-kilometre for different commodities and estimated distances are used. Estimates of rail freight through the Channel Tunnel are estimated from data provided by Le Shuttle and freight operators. The cost of freight on imports arriving by air is derived from information on the earnings of UK airlines on UK imports and the respective tonnages landed by UK and foreign airlines at UK airports. Pending investigations of an alternative methodology, the cost of freight and insurance on oil and gas imports is projected from data formerly supplied by the Department of Trade and Industry.

*Sources: tonnages from HMRC; information on freight rates from Chamber of Shipping, Civil Aviation Authority and road hauliers; information from Eurotunnel*

**Insurance:** the cost of insurance premiums on non-oil imports is estimated as a fixed percentage of the value of imports.

*Source: ONS estimate*

## Coverage adjustments

**Second-hand ships:** to include purchases and sales of second-hand ships not included in the Overseas Trade Statistics.

*Source: inquiries to UK ship owners conducted by the Department for Transport until late 2005. Estimates are now made by ONS where possible*

**New ships delivered abroad:** to include deliveries of new ships built abroad for UK owners while the vessel is still in a foreign port.

*Source: inquiries to UK ship owners conducted by the Department for Transport until late 2005. Data now provided by HMRC are when the change of ownership/sale takes place*

**North Sea installations:** to include goods (including drilling rigs) directly exported from and imported to the UK production sites in the North Sea. This adjustment is also used when there is a redistribution of

the resources of fields which lie in both UK and non-UK territorial waters (for example, the Frigg, Murchison and Statfjord). In these circumstances the contribution to (or reimbursement of) a proportion of the development costs has been treated as a purchase (or sale) of fixed assets at the date of the re-determination and appears as an adjustment to imports (exports) of goods.

*Source: ONS surveys to the petroleum and natural gas industry*

**NAAFI:** to exclude goods exported by the Navy, Army and Air Force Institute for the use of UK forces abroad since these are regarded as sales to UK residents (this adjustment ceased with effect from 2004). These exports are not now included in the Overseas Trade Statistics.

*Source: quarterly returns from NAAFI*

**Goods not changing ownership:** the Overseas Trade Statistics exclude temporary trade (that is, goods that are to be returned to the original country within two years and there is no change of ownership). However, goods which may well have originally been recorded as 'genuine' trade may subsequently be returned to the original country. Examples of these 'returned goods' are goods traded on a 'sale or return' basis, goods damaged in transit and returned for replacement or repair, and contractor's plant. The same amount is deducted from both imports and exports for the month in which the return movement is declared to Customs.

*Source: HMRC (non-EU trade in goods identified by reference to Customs Procedure codes (CPCs) and by 'Nature of Transaction Code' on Intrastat submissions)*

**Gold:** trade in gold (that is, gold bullion, gold coin, unwrought or semi-manufactured gold and scrap) is reported to HMRC but it is excluded from the statistics of total exports and imports published in the Overseas Trade Statistics. However, trade in ores and concentrates, and finished manufactures of gold (for example, jewellery) are included in total exports and imports.

For balance of payments purposes, all trade in non-monetary gold should be included under trade in goods. Non-monetary gold is defined as all gold not held as reserve assets (monetary gold) by the authorities. Non-monetary gold can be subdivided into gold held as a store of value and other (industrial) gold. The UK currently makes adjustments to include industrial gold. In exports, the adjustment reflects the value added in refining gold and producing proof coins. In imports, the adjustment reflects the value of gold used in finished manufactures (such as jewellery and dentistry).

Within the transactions of the London Bullion Market, the UK cannot currently distinguish between monetary gold and non-monetary gold held as a store of value. Accordingly, the UK has obtained an exemption from adopting IMF recommendations, as specified in BPM5 and for the time being these transactions are included in the Financial Account.

The treatment of non-monetary gold is being reviewed as part of the worldwide process to revise the IMF *Balance of Payments Manual*. UK BoP will continue current practice until the treatments defined in the revised manual are implemented in 2014. The Overseas Trade Statistics will also remain unchanged until then. However, HMRC has agreed to revise the treatment of non-monetary gold for Eurostat with effect from May 2012. This will revise the Eurostat released time series for non-monetary gold back to January 2005.

*Source: ONS estimate*

**Letter post:** to include exports by letter post which are not included in the Overseas Trade Statistics.

*Sources: books – ONS estimate based on historic information from publishers and booksellers; other items – ONS estimate based on historic sample inquiry made by the former Post Office*

**Additions and alterations to ships:** to include work carried out abroad on UK-owned ships and work carried out in UK yards on foreign-owned ships.

*Sources: Inquiries to UK ship owners conducted by the Department for Transport, (imports) until late 2005, then HMRC data, (exports)*

**Repairs to aircraft:** to include the value of repairs carried out in the UK on foreign-owned aircraft.

*Source: ONS estimate*

**Goods procured in ports:** to include fuels, provisions, stores and supplies purchased for commercial use in ships, aircraft and vehicles. (Estimates of goods dispatched are recorded by HMRC.)

*Sources: Chamber of Shipping and Civil Aviation Authority for goods procured in foreign ports by UK transport companies (imports); UK oil companies, Civil Aviation Authority, BAA, municipal airports and port authorities for goods procured in UK ports by overseas transport companies (exports)*

**Smuggling of alcohol and tobacco:** Customs provide volume figures for smuggled goods entering the UK based on published estimates of revenue loss and revenue evasion through smuggling. This information is supplemented by information on the average prices for alcohol and tobacco goods in France and Belgium, from the published sources of the statistical and banking institutions in those countries, in order to estimate the value of smuggled alcohol and tobacco entering the UK.

*Sources: HMRC, INSEE and National Bank of Belgium*

**Territorial coverage adjustment:** for the purposes of the Overseas Trade Statistics, 'UK' is defined as Great Britain, Northern Ireland, the Isle of Man, the Channel Islands, and the Continental Shelf (UK part). Therefore the Overseas Trade Statistics exclude trade between these different parts of the UK but include their trade with other countries.

For balance of payments purposes the Channel Islands and the Isle of Man are not considered part of the UK economic territory. Adjustments are made to exports to include UK exports to those islands and to exclude their exports to other countries; and to imports to include UK imports from those islands and to exclude their imports from other countries.

*Source: ONS estimate*

## Other adjustments

**Diamonds:** much of the world's trade in rough (uncut) diamonds is controlled from London by the Diamond Trading Company, part of De Beers. Prior to 2001, in order not to distort the trade statistics,



all imports into and exports from the UK of uncut diamonds which remain in the ownership of foreign principles are excluded from the Overseas Trade Statistics by HMRC. In addition, the value of diamonds imported into the UK can be reassessed after the diamonds have been cleared by Customs. Prior to 2001, this adjustment reflects these changes in valuation. From 2001 the procedure for recording movements of diamonds was changed so that all trade was included in the Overseas Trade Statistics by HMRC. From 2001 this adjustment removes movements of diamonds where no change of ownership has taken place.

*Source: Diamond Trading Company*

**Adjustments to imports for the impact of VAT Missing Trader Intra-Community (MTIC) fraud:** VAT missing trader intra-Community fraud is a systematic, criminal attack on the VAT system, which has been detected in many EU member states. In essence, fraudsters obtain VAT registration to acquire goods VAT-free from other member states. They then sell on the goods, at VAT inclusive prices, and disappear without paying over the VAT from their customers to the tax authorities. The fraud is often carried out very quickly, with the fraudsters disappearing by the time the tax authorities follow up the registration with their regular assurance activities.

**Acquisition fraud** is where the goods are imported from the EU into the UK by a trader who then goes missing without completing a VAT return or Intrastat declaration. The 'missing trader' therefore has a VAT-free supply of goods, as they make no payment of the VAT monies due on the goods. The trader sells the goods to a buyer in the UK and the goods are available on the home market for consumption.

**Carousel fraud** is similar to acquisition fraud in the early stages, but the goods are not sold for consumption on the home market. Rather, they are sold through a series of companies in the UK and then re-exported to another country. Goods may be imported and exported several times, hence the goods moving in a circular pattern or 'carousel'.

The VAT system (and therefore the Intrastat collection of trade statistics) picks up the exports of any 'carouselled' goods, but does not always pick up the associated import at the time the carouselled goods entered the UK. As a consequence, UK import statistics have been under reported.

Originally, most carousel chains only involved EU member states. From the beginning of 2004, there was an increase in carousel chains that involve non-EU countries, for example, Dubai and Switzerland. However, the MTIC trade adjustments are added to the EU import estimates as it is this part of the trading chain that is not recorded. Changes to the pattern of trading associated with MTIC fraud can therefore make it difficult to analyse trade by commodity group and by country. In particular, adjustments affect trade in capital goods and intermediate goods – these categories include mobile phones and computer components (now covered by the UK's reverse charge derogation).

HMRC estimates for the impact of MTIC on the trade statistics. The method used relies heavily on information uncovered during HMRC's operational activity and, as such, cannot be detailed for risk of prejudicing current activity (including criminal investigations and prosecutions) and, more generally, undermining HMRC's ability to tackle the fraud effectively. The method specifically excludes adjustments for the acquisition variant of the fraud which cannot be quantified at present. To take account of mutations in the fraud, HMRC regularly reviews the methodology for producing the estimates of the MTIC impact on the trade statistics. Estimates may change as the analysis of the



fraud continues. The UK was the first member state to make adjustments in their trade statistics for this type of fraud.

*Source: HMRC estimate*

**Adjustment for under-recording and for currency and other valuation errors:** these adjustments compensate for the following types of error:

- failure on the part of traders or their agents to submit details of shipments
- incorrect valuations recorded
- declarations wrongly given in foreign currency instead of sterling

Regular reviews show the adjustments for non-EU trade remaining broadly constant over time. Those for EU trade have reduced since the early days of the Intrastat system. The adjustments, expressed as percentages of total trade excluding oil and erratics, are shown in Table 1.

**Table 1**

	Exports to:		Imports from:	
	EU	Non-EU	EU	Non-EU
Under-recording	+¼%	+1½%	+¼%	0
Currency errors	0	-½%	0	0
Other valuation errors	0	-¼%	0	0

*Source: ONS estimates based on historic quality survey conducted by HMRC*

**Adjustments to estimates for late response:** a review of the introduction of the Intrastat system carried out in 1994 identified a number of issues in the initial monthly estimates of trade with EU countries provided by HMRC. The following describes the adjustments made by ONS.

The HMRC method of estimation for late response relies on linking the values of trade reported by traders in the current period with previous periods. Issues can arise when traders change their VAT registration (perhaps as a result of an internal reorganisation, mergers or sales), or when a trader starts submitting returns for the first time. If the trader then becomes a late responder there may be no history of previous trade upon which to base an estimate. The current HMRC adjustments make some allowance for this. In addition ONS and HMRC have agreed that ONS makes an initial monthly adjustment of +£30 million to both exports and imports (reducing to zero over the following two months).

When Intrastat was introduced it was envisaged that the vast majority of declarations in respect of any particular month would be made within six months of the end of that month. There is however some residual non-response estimate after this time (around 0.5 per cent) which then remains unchanged,

even if further declarations are received. ONS therefore, in order to eliminate this element of potential double counting on a monthly basis, makes a negative adjustment to the value of estimated trade equal to the value of any amendments made after six months of the end of that month. Note that where the value of late amendments exceeds the value of estimated trade the level of estimated trade is set to zero.

Some traders may submit first declarations for a month that do not include all their trade in that month. Later declarations are then received for the rest of their trade. Prior to 2010 the pattern of receipt at HMRC of these partial returns was analysed to enable ONS to make initial adjustments to both exports and imports to anticipate these later declarations. These initial adjustments were progressively reduced in subsequent months as late declarations were processed.

From January 2010 HMRC began to systematically adjust for partial response in their monthly estimates of trade with EU countries. This is set out in the [Enhancements to Estimation Methodological paper](#).

The profile of these adjustments prior to 2010 are shown in Table 2.

*Source: ONS estimate*

**Table 2: Late declaration adjustments made to HMRC before 2010**

£ million

	Export	Imports
First published estimates	+600	+650
Second estimates	+250	+250
Third estimates	+120	+150
Fourth estimates	+50	+70
Fifth estimates	+10	+20
All subsequent estimates	0	0

*Source: ONS (derived from HMRC estimates)*

## Price and volume indices

Any difference between time periods in the total value of trade reflects changes in prices as well as changes in the levels of the underlying economic activity (for example, the physical amounts of goods exported or imported). Separation of these changes greatly enhances the interpretation of the data and, for this reason, ONS compiles separate data measuring changes in price and changes in volume. These data are presented in index number form.

## Classifications and definitions

From October 2011, Balance of Payments basis data have been compiled under the United Nations Standard International Trade Classification Revision 4 (SITC R4). This may remove some discontinuities at detailed levels between 2006 and 2007, particularly between capital and intermediate goods. It is also possible that volume and price changes may have been improved for this period.

## References

Aggregate estimates of trade in goods, seasonally adjusted and on a balance of payments basis, are published monthly by ONS in a Statistical Bulletin. More detailed figures are available from the Time Series Data Service and are also contained in the *Monthly Review of External Trade Statistics*. This is available, free of charge, in electronic format as a PDF on the ONS website.

The latest UK Trade Statistical Bulletin can be found at:

[www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=uk+trade](http://www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=uk+trade)

The Monthly Review of External Trade Statistics, previously published as MM24, can be found at:

[www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=mm24](http://www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=mm24)

An article describing MTIC fraud and its effect on Balance of Payments Statistics and the UK National Accounts was published in Economic Trends No. 597, August 2003. A copy of the article can be found at: [www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--598--august-2003/vat-missing-trader-intra-community-fraud--the-effect-on-balance-of-payments-statistics---uk-national-accounts-.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--598--august-2003/vat-missing-trader-intra-community-fraud--the-effect-on-balance-of-payments-statistics---uk-national-accounts-.pdf)

A follow-up report was published on 17 February 2005 which summarised the work carried out since July 2003 to review the estimates of the impact on the trade figures; a copy can be found at:

[www.ons.gov.uk/ons/rel/uktrade/uk-trade/report-on-impact-of-mtic-on-uk-trade-statistics/report-on-impact-of-mtic-on-uk-trade-statistics-.pdf](http://www.ons.gov.uk/ons/rel/uktrade/uk-trade/report-on-impact-of-mtic-on-uk-trade-statistics/report-on-impact-of-mtic-on-uk-trade-statistics-.pdf)

A fuller version of these methodological notes appears in *Statistics on Trade in Goods* (Government Statistical Service Methodological Series 36). It also describes the methodology employed to derive volume and price indices and is available on the Office for National Statistics website at:

[www.ons.gov.uk/ons/guide-method/method-quality/specific/gss-methodology-series/gss-methodology-series--36--statistics-on-trade-in-goods.pdf](http://www.ons.gov.uk/ons/guide-method/method-quality/specific/gss-methodology-series/gss-methodology-series--36--statistics-on-trade-in-goods.pdf)

A full version of the *Overseas Trade Statistics* methodology is available on the dedicated HMRC trade [data website](#).

## Trade in services (Chapter 3)

### Introduction

Trade in services covers the provision of services by UK residents to non-residents and vice versa. Trade in services are disaggregated into 11 broad categories of services, as follows:

- Transportation (Sea, Air and Other) – Passenger, freight and other
- Travel (Business and Personal)
- Communications services
- Construction services
- Insurance services
- Financial services
- Computer and information services
- Royalties and licence fees
- Other business services (Merchanting and other trade-related services; operational leasing services; miscellaneous business, professional and technical services)
- Personal, cultural and recreational services (Audio-visual and related services; other cultural and recreational services)
- Government services

Separate tables appear at chapter 3 of this publication for each of the above categories except construction services, which are shown in the trade in services summary Table 3.1.

Trade in services data has been compiled and presented on a product rather than an industry basis since the 1998 Pink Book, when the BPM5 changes were implemented. This change was facilitated by the introduction of the International Trade in Services (ITIS) survey in 1996. A full product-based dataset is available from this date. Account totals, and some additional product estimates have been constructed back to 1991 or 1992, based on the relationship between the ITIS data and the previous industry-based data. For the transport, travel, royalties and government services accounts, there were only small changes from the industry-based data, and it was possible to construct longer time series.

The latest year's data for trade in services, which is compiled from the ITIS survey, are provisional as these figures are subject to annual benchmarking after publication. The latest data when available can be found at:

[www.ons.gov.uk/ons/search/index.html?newquery=itis](http://www.ons.gov.uk/ons/search/index.html?newquery=itis)

### Construction services (shown within Table 3.1)

Construction services covers work done on construction projects and installations by employees of an enterprise in locations outside the resident economic territory of the enterprise. The source of information is the International Trade in Services (ITIS) survey. For construction services, where a permanent base is established which is intended to operate for over a year, the enterprise becomes part of the host economy and its transactions are excluded from the trade in services account. Transactions where a permanent base is established are recorded under direct investment, within investment income.

### Transportation services (Table 3.2)

The transportation account covers sea, air and other (that is, rail, land, and pipeline) transport. It includes the movement of passengers and freight, and other related transport services, including chartering of ships or aircraft with crew, cargo handling, storage and warehousing, towing, pilotage and navigation, maintenance and cleaning, and commission and agents' fees associated with passenger/freight transportation.

### Freight and the valuation of UK trade in goods

The trade in goods estimates included in the balance of payments value imports as they arrive in the UK free on board (f.o.b.) at the frontiers of the exporting country. This is net of the cost of freight to the UK border and any loss and damage incurred in transit to the UK. For UK importers who purchase goods f.o.b. and arrange transport themselves, their payment for the goods at the exporting countries' frontiers comprises:

- (i) the value included in the trade in goods estimates (which is net of subsequent loss and damage)
- (ii) the value of loss and damage incurred in transit

In addition, such importers bear the costs of:

- (iii) freight services outside the exporting countries
- (iv) insurance services (the excess of insurance premiums paid for the journeys over claims made)

Where importers purchase goods cost, insurance and freight (c.i.f.) on arrival in the UK, items (ii) to (iv) are paid by the foreign exporters in the first instance. The c.i.f. prices are set accordingly, however, and the UK importers are regarded as bearing the costs of items (i) to (iv).

Therefore, irrespective of the payment basis, items (ii) to (iv) represent costs to UK importers additional to the trade in goods entries, item (i). Item (ii), the value of loss and damage, is part of the price paid to the foreign exporter and so always represents a debit entry in the balance of payments accounts. Items (iii) and (iv), freight and insurance services also represent debit entries when provided by non-residents; where such services are provided by UK residents there is no balance of payments entry. The debit entries above relating to freight are included in imports of transportation services.

The estimates of trade in goods cover exports valued f.o.b. The valuation of exports at the UK frontier must, by definition, include any subsequent loss or damage en route to the importer. Therefore, unlike imports, there is no need to make an explicit adjustment for loss and damage to exports. However, foreign importers must additionally bear the costs of freight and insurance services for the journeys outside the UK and where such services are provided by UK residents this gives rise to credit entries in the services accounts.

The f.o.b. value for UK imports includes the cost of transport within the exporting country. Where this service is provided by a UK operator then the trade valuation of imports overstates the balance of payments effect and an offsetting credit entry is therefore included under 'Road transport'. Similarly, an offsetting debit entry is included for foreign operators' carriage of UK exports within the UK.

## Sea transport

Exports by UK operators consist of freight services on UK exports (but not imports – see 'Freight and the valuation of UK trade in goods', above) and on cross-trades, the carriage of non-resident passengers and the provision to them of services, and the chartering of ships to non-residents. Exports also include port charges and other services purchased in the UK by non-resident operators. Conversely, imports comprise services purchased abroad by UK operators, their chartering of ships from non-residents, and the carriage by non-resident operators of UK imports (but not exports) and goods on UK coastal routes and UK passengers.

Statistics relating to UK operators are provided by the Chamber of Shipping (CoS), which conducts inquiries into its members' participation in foreign trade. Until 1995, inquiries covering all CoS members were made every four years, with sample surveys for intervening years. Since 1995, the CoS has surveyed all its members annually. The data from the CoS are uplifted to account for UK sea transport companies who are not members using estimates for the gross tonnage of the UK fleet for different types of ship.

## Exports

**Passenger revenue:** the value of services provided to non-resident passengers comprises fares and passengers' expenditure on board. Since UK operators are not able to distinguish between fares received from UK residents and non-residents, fares collected abroad are assumed to represent fares received from non-residents (passenger revenue collected abroad from UK residents is thought to be small and is likely to be counter-balanced by that collected in the UK from foreign residents). An estimate of passengers' expenditure on board is added. It is assumed that the non-residents' proportion of this is the same as for fares.

**Freight:** earnings consist of freight services on UK exports and are based on data supplied to the Chamber of Shipping. Time charter receipts include receipts for charters with crew. Time charters without crew are included within the operational leasing component of 'Other business services' (Table 3.9).

**Disbursements:** estimates of disbursements in the UK by foreign operators are formed from a variety of sources. UK income from port charges, towage, handling costs and other port-related services was collected in 1996 from a survey of port authorities and has been projected forward from this. Crews'

expenditure is estimated from information on numbers of visiting seamen, supplied by the Home Office. Regular returns are received on light dues from Trinity House. Estimates of expenditure on ships stores and on bunkers are included within the trade in goods data. Time charter payments made to UK residents are included under 'Ships owned or chartered-in by UK residents'.

## Imports

**Passenger revenue:** estimates of passenger fares paid to non-resident operators are derived mainly from the results of the International Passenger Survey, which is described in the notes below on 'Travel'. A further allowance is made for on-board sales of goods and services. However, 'Travel' imports includes, but does not separately identify, passenger fares paid to non-resident operators for fly-cruises, together with other expenditure by UK passengers aboard non-resident shipping.

**Freight:** estimates of freight services on UK imports provided by non-resident operators are compiled as follows; the estimates of total freight services (provided by all operators) on the sea legs of UK imports of goods are taken as the starting point, as described in the methodological notes to Table 2.4. Estimates of the element provided by UK-operated ships, based on data from the Chamber of Shipping are then deducted to obtain the non-resident operators' element, which is then used in the transportation account. Charter payments cover payments for charters with crew.

**Disbursements:** disbursements abroad include payments for canal dues, the maintenance of shore establishments, port charges, agency fees, handling charges, crews' expenditure, pilotage and towage, light dues, and other miscellaneous port expenditure abroad. Payments for bunkers, ships stores and other goods purchased are included within the trade in goods data.

## Air transport

The exports of UK airlines comprise the carriage of non-resident passengers to, from or outside the UK; the carriage of UK exports of goods (but not imports – see 'Freight and the valuation of UK trade in goods', above); and cross-trades and the chartering of aircraft to non-residents. Exports also include airport charges and services purchased in the UK by foreign airlines. Purchases of fuel and other goods are included within trade in goods.

Imports include for example, expenditure abroad by UK airlines on airport charges, crews' expenses, and charter payments. They also include payments to foreign airlines for the carriage of UK imports of goods (but not exports) and of UK mail, and for the carriage of UK passengers on flights covered by tickets for journeys to or from the UK. The carriage of UK passengers on other non-resident flights is included under 'Travel'.

The transactions of UK airlines are derived from returns supplied by airlines, National Air Traffic Services and Civil Aviation Authority.

## Exports

**Passenger revenue:** this relates to all tickets sold outside the UK and used on UK aircraft, together with receipts from carrying passengers' excess baggage. An exercise by British Airways plc demonstrated



that the value of tickets sold abroad to UK residents is roughly counterbalanced by sales in the UK to non-residents.

**Freight:** this consists of freight services on UK exports and the carriage of non-resident airmails, and is based on data supplied to the Civil Aviation Authority.

**Disbursements and other revenue:** these comprise expenditure in the UK by non-resident airlines on landing fees, other airport charges, handling charges, crews' expenses, office rentals and expenses, salaries and wages of staff at UK offices, commissions to agents and advertising. The estimates are based on returns from the Civil Aviation Authority, National Air Traffic Services, BAA plc and municipal airports on their receipts from non-resident airlines for air traffic control, landing fees and other airport charges; and survey information collected from large non-resident airlines operating in the UK on their other UK expenses. Purchases of fuel and other goods are included within trade in goods.

Also included are receipts from the charter or hire of aircraft and gross receipts of sums due from non-resident airlines under pooling arrangements and for services such as consultancy and engine overhaul.

## Imports

**Passenger:** the information on fares paid by UK passengers to non-resident airlines is derived from the International Passenger Survey; see notes on 'Travel' below.

**Freight:** estimates of non-resident airlines' freight on UK imports are derived by subtracting from the estimates of total freight on imports of goods arriving by air (see the methodological notes to Table 2.4) – the element provided by UK airlines, the residual being the freight services supplied by non-resident airlines. Other imports comprise payments to non-resident airlines for carrying UK airmails as reported by the Royal Mail Group.

**Disbursements and other payments:** disbursements abroad include airport landing fees; other airport charges; charter payments; crews' expenses; the operating costs of overseas offices; agents' commissions; advertising; settlements with non-resident airlines under pooling arrangements; and miscellaneous expenditure abroad. Purchases of fuel and other goods are included within trade in goods.

## Other Transport

This covers the movement of passengers and freight, and other related transport services, by rail, road and pipeline.

**Rail:** this consists primarily of expenditure on fares and rail freight through the Channel Tunnel. Passenger revenue estimates are based on numbers of passengers through the tunnel and average fare information. Estimates of rail freight through the tunnel are based on data provided by Eurotunnel and freight operators.

As the tunnel operators are a joint UK/French enterprise, half of passenger and freight transactions are taken to accrue to the UK part of the business. All tickets sold in France are assumed to be sold to



non-UK residents (likewise, all tickets sold in the UK are assumed sold to UK residents). Of these, 50 per cent are assumed to accrue to the UK as they represent exports of rail transport services.

**Road:** exports comprise the earnings of UK road hauliers for the carriage outside the UK of UK exports of goods and the carriage within the exporting countries of UK imports (although such earnings from lorries leaving the UK via the Northern Ireland land boundary are only included from 2002). Estimates of numbers of journeys to various countries are derived from the International Road Haulage Survey, and rates for each journey are estimated from trade and other sources.

Imports include payments to all non-resident land transport operators for the carriage of UK imports of goods between the frontiers of the exporting countries and the foreign sea ports. Estimates are made by subtracting from the estimate of total freight on imports for land legs (see the methodological notes to Table 2.4) an estimate of the element earned by UK operators (derived as for exports). Imports also include the earnings of non-resident road hauliers for carrying UK exports and imports within the UK, although estimates of the trade with the Republic of Ireland are only included from 1996. These are estimated from the statistics of ferry movements of foreign-registered lorries, average loads, and average lengths of haul within the UK and estimated freight rates. The disbursements abroad by UK road hauliers, and in the UK by non-resident road hauliers, are included within 'Travel'.

**Pipeline:** this covers the cost of transport of oil freight via undersea pipelines. Data are derived from a survey of North Sea oil and gas companies.

### Travel (Table 3.3)

Travel covers goods and services provided to UK residents during trips of less than one year abroad and provided to non-residents during similar trips in the UK. Transport to and from the UK is excluded and shown as passenger services under transportation (see above). Internal transport within the country being visited is included within travel.

A traveller is defined as an individual staying for less than one year in an economy of which he/she is not a resident. The exceptions are those military and diplomatic personnel, whose expenditure is recorded under government services. The one-year rule does not apply to students and medical patients, who remain residents of their country of origin, even if the length of stay in another economy is more than a year.

The estimates are based primarily on the International Passenger Survey (IPS), which is a frontier sample survey which collects information on the expenditure of non-resident visitors leaving the UK, and of UK residents returning from abroad. For package tourists, estimates of the transport elements are deducted from the reported total package costs. Estimates of the expenditure of UK residents visiting the Republic of Ireland and of Irish residents visiting the UK have been covered by the survey since the second quarter of 1999. Prior to this, data were derived from statistics published by the Irish Central Statistics Office.

## Business travel

Business travel is divided into expenditure by seasonal and border workers (individuals who work some or all of the time in economic territories that differ from their resident households) and other business travel. Estimates are based on the IPS.

## Personal travel

Personal travel covers holidays, visits to friends and relatives, the expenditures of people visiting for education and health reasons, and miscellaneous purposes. Visits for more than one purpose, where none is distinguished as the main purpose, are classified as other.

Education related travel exports cover the tuition fees and other expenditure of students who are funded from abroad and studying in the UK (imports cover the expenditure of UK students studying abroad). The figures also include the fees and other expenditure of pupils in UK private schools and students at other colleges and language schools. Income received direct from abroad by examining bodies and correspondence course colleges is included within personal, cultural and recreational services.

Fees and other expenditure paid by non-resident students for higher education are collected via a special IPS trailer which commenced in 1997.

Health-related travel covers the cost of medical and other expenses of those travelling abroad for medical treatment. Estimates are based on information supplied to the IPS.

## Communication services (Table 3.4)

Communication services covers two main categories of international transactions: telecommunications (telephone, telex, fax, email, satellite, cable and business network services) and postal and courier services. Information is obtained through the ONS International Trade in Services survey (ITIS) and direct from the Royal Mail Group.

## Insurance services (Table 3.5)

Insurance services covers the provision of various types of insurance to non-residents by resident insurance enterprises and vice versa. Insurance services include freight insurance on goods being imported or exported, direct insurance (such as, life, accident, fire, marine, and aviation) and reinsurance. The amounts recorded in the accounts reflect the service charge earned on the provision of insurance services. This is equal to net premiums from abroad (premiums less claims), plus property income attributed to policy holders, less the change in the reserves for foreign business, less foreign expenses. The figures for UK insurance companies' and brokers' underwriting activities are derived from annual surveys conducted by ONS and financial regulatory data obtained from the Financial Services Authority (FSA). Lloyd's of London underwriting activity is based on data obtained from Lloyd's syndicate accounts.

## Life insurance and pension funds

Life insurance covers underwriting services associated with long-term policies. Data are collected in the ONS inquiry into insurance companies and FSA regulatory data. Pension fund services include service charges relating to occupational and other pension schemes, but not compulsory social security services.

## Freight

Treatment of freight insurance is consistent with the f.o.b. valuation of trade in goods (see 'Freight and the valuation of trade in goods', above). That is, non-resident importers pay for freight and insurance on journeys outside the UK. Where such services are provided by UK residents to foreign enterprises, this gives rise to a credit entry.

## Other direct insurance

Other direct insurance covers accident and health insurance; marine, aviation and other transport insurance; fire and property insurance; pecuniary loss insurance; general liability insurance; and other (such as travel insurance and insurance related to loans and credit cards).

## Reinsurance

Reinsurance represents subcontracting parts of risks, often to specialised operators, in return for a proportionate share of the premium income. Reinsurance may relate to packages which mix several types of risks. Exports of services are estimated as the balance of flows between resident reinsurers and non-resident insurers. Imports are estimated as the balance of flows between resident insurers and non-resident reinsurers.

## Auxiliary insurance services

This covers insurance broking and agency services; insurance and pension consultancy services; evaluation and adjustment services; actuarial services; salvage administration services; regulatory and monitoring services on indemnities and recovery services. These are measured by net brokerage earnings on business written in foreign currencies, and sterling business known to relate to non-residents. The main source of information on auxiliary insurance services is the ITIS survey.

## Financial services (Table 3.6)

Financial services cover financial intermediary and auxiliary services other than those of insurance companies and pension funds. They include services provided in connection with transactions in financial instruments, as well as other services related to financial activity, such as advisory, custody and asset management services. These services may be charged for explicitly, for example through fees and commissions or implicitly, for example in the price spread offered in market making and foreign currency transactions. From the 2008 edition of the Pink Book, financial services also include financial intermediation services indirectly measured (FISIM). FISIM represents the implicit charge for the services related to borrowing and lending that are provided by monetary financial institutions and paid for by the interest differential between borrowing and lending rather than by fees and

commissions. FISIM is exported by UK monetary financial institutions and imported by UK insurance companies and pension funds, private non-financial corporations and households. Prior to the 2008 edition of the Pink Book, the data for FISIM imports and exports were implicitly included as part of earnings on other investment debits and credits within income.

Estimates of financial services are based on returns from the Bank of England (for monetary financial institutions), ITIS, ONS's security dealers survey and directly from other sources including the Baltic Exchange.

From the 2001 edition of the Pink Book, the service earnings of financial institutions are presented on a gross exports and imports basis.

This treatment is consistent with the BPM5 edition of the accounts. Trade in services transactions covered by type of financial institution are detailed below:

### Monetary financial institutions (banks and building societies)

This covers UK banking services giving rise to:

- commissions for credit and bill transactions such as advising, opening and confirming documentary credits, and collection of bills
- financial intermediation services indirectly measured (FISIM)
- spread earnings (net service earnings through spreads on market making) including those on transactions in foreign exchange, securities and derivatives
- fees and commissions on foreign exchange dealing
- commission on new issues of securities, investment management and securities transactions
- commission on derivatives transactions
- banking charges, income arising from lending activities, fees and commissions in respect of current account operations, overdraft facilities, executor and trustee services, guarantees, securities transactions and similar services

Estimates are based on surveys carried out annually from 1986 to 1990 and for some earlier years. A quarterly survey was run in 1991. A new survey was introduced in 1992 to collect data on UK banks' current account transactions including services. A further new survey was introduced in 2004, which enabled the collection of spread earnings on foreign exchange, securities and derivatives transactions – the data prior to 2004 are estimated by the Bank of England largely on the basis of information on the volumes of transactions and movements in spreads. The survey is completed quarterly by a selected sample of banks and annually by a larger sample of the UK banking population. From 2008 the Bank of England additionally included a sample of UK building societies in the quarterly reporting population.

FISIM is calculated by assuming the existence of an interest rate that represents the pure costs of borrowing funds, known as the reference rate. When monetary financial institutions lend money, FISIM

is the difference between the interest they actually charge on the loan and the amount that would be charged if this reference rate were used. When financial institutions accept deposits (or borrow money), FISIM is the difference between the amount of interest they actually pay on the deposit (or loan) and the amount that would be paid if the reference rate were used. Exports of FISIM from 1992 onwards have been estimated by the Bank of England based on survey information relating to UK monetary financial institutions balance sheet data for loans and deposits with non-residents and their interest receipts and payments on loans and deposits with non-residents. The reference rate used in these calculations is the average of the implied rates of return for loans and deposits. The implied rates of return are calculated by dividing the annualised amounts of interest paid or received in a quarter by the balance sheet level. FISIM on loans is calculated by multiplying the balance sheet level for loans by the quarterly reference rate and subtracting the result from the actual interest receipts on loans. FISIM on deposits is calculated by subtracting the actual interest paid on deposits from the result of multiplying the balance sheet level for deposits by the quarterly reference rate. Separate reference rates and FISIM estimates are calculated for sterling and foreign currency loans and deposits. As the information on interest receipts and payments with non-residents is not available before 1992, exports of FISIM have been estimated by ONS using balance sheet levels and interest rates based on LIBOR and the spread between implied rates of return on loans and deposits in the period for which data are available.

### Fund management companies

From 2001, information on investment management fees and fees generated from advisory and other related functions has been collected via the ITIS survey. Earlier estimates were derived from a survey of companies whose main activity is fund management. Earnings are net of any foreign expenses by the institutions concerned. They exclude earnings of insurance companies, which are covered by separate returns made to ONS (see above, under 'Insurance Services').

### Securities Dealers

The earnings of securities dealers are derived from a survey run by ONS. From the 1998 edition of the Pink Book, security dealers' spread earnings (service earnings through market making activities) are included as part of securities dealers' overseas earnings. This treatment is consistent with the domestic accounts as described in the European System of Accounts (1995). Estimates of these spread earnings are based on information on acquisitions and realisations of various classes of securities derived from ONS surveys, together with the bid and offer prices for certain international bonds.

### Baltic Exchange

This covers the brokerage and other service earnings of members of the Exchange for chartering, sales and purchases of ships and other associated activities. Estimates are based on a survey of Exchange members.

### Other

This includes commissions and other earnings received from abroad by UK residents (other than monetary financial institutions and oil companies, whose earnings are included elsewhere) for dealings

in physical goods and in futures and options contracts. From 1990 to 2004 ONS carried out an annual survey of dealers in physical commodities. This data is now collected via the ITIS survey. The foreign earnings of financial futures and options dealers are assumed to have moved in line with the corresponding total earnings of such dealers reported in statutory returns to supervisory bodies.

This component also includes those financial services not included elsewhere, including financial service transactions (exports and imports) picked up from the ITIS survey, service charges on purchases of IMF resources and estimates of imports of net spread earnings, which are based on the UK's share of world turnover data for cross-border foreign exchange and derivatives transactions and the UK's share of global imports of financial services.

Imports of FISIM are included under this section as well. Estimates are made for imports of FISIM by UK insurance companies and pension funds, non-financial corporations and households. These estimates are based on Bank for International Settlements (BIS) balance sheet data for UK private sector loans from and deposits with non-resident banks, described in more detail in the methodological notes for tables 8.7 and 8.8. FISIM is calculated separately for each sector's loans and deposits by multiplying the sectorised balance sheet data from the BIS by a fixed margin, which represents the difference between the reference rate and the interest rate paid or received on loans or deposits. The margins used are based on the margins observed in the calculation of exports.

### Computer and information services (Table 3.7)

Computer and information services covers computer, news agency and other information provision related service transactions. Examples of these services include data processing; hardware consultancy; software implementation; maintenance and repair of computers and peripheral equipment; the provision of news, photographs and feature articles to the media; database development, storage and dissemination both through the internet and through magnetic, optical or printed media; and direct, non-bulk subscriptions to newspapers and periodicals. Information is obtained from the ITIS survey. Excluded from computer services are the provision of packaged non-customised software on magnetic media, which are included in trade in goods.

### Royalties and licence fees (Table 3.8)

Royalties and licence fees cover the exchange of payments and receipts for the authorised use of intangible, non-produced, non-financial assets and proprietary rights (such as patents, copyrights, trademarks, industrial processes, and franchises) and with the use, through licensing agreements, of produced originals or prototypes (such as manuscripts and films).

The heading includes royalties, licences to use patents, trade marks, designs, copyrights; manufacturing rights and the use of technical know-how; amounts payable or receivable in respect of mineral royalties; and royalties on printed matter, sound recordings and performing rights. Data are obtained through the ITIS survey. Film royalties from the ONS Films and TV (FTV) inquiry are also included prior to 2009. From 2009 the FTV inquiry was discontinued and data from the FTV businesses was collected via the ITIS survey. Royalties incorporated in the contract prices of UK exports and imports of goods are recorded under 'Trade in Goods'. The outright sale of a copyright is treated as a sale of a non-produced, non-financial asset and is recorded within the Capital Account (Table 6.1).



## Other business services (Table 3.9)

'Other business services' covers a range of services including merchanting and other trade-related services, operational leasing (rental) without operators and miscellaneous business, professional and technical services.

### Merchanting and other trade related services

Merchanting is defined as the purchase of a good by a resident from a non-resident, and the subsequent resale of the good to another non-resident without the good entering the compiling economy. The difference between the purchase and sale price is recorded as the value of merchanting services provided. Other trade related services covers commissions on cross-border goods and service transactions paid to, for example, merchants, commodity brokers, commission agents and auction houses.

Estimates of the net profits of UK firms from third country trade in goods are derived from ONS surveys. From 1990 to 2004, ONS carried out a specific sample survey of export houses, but information from these institutions is now collected via the ITIS survey, which has always collected information from other institutions on merchanting and trade related services. This component also covers fees charged for ship classifications and other related services, including information supplied by Lloyd's Register of Shipping.

### Operational leasing

Operational leasing covers leasing (other than financial leasing) and charters of ships, aircraft and other transportation equipment without crews. Operational leasing data are derived from the ITIS survey and from the Chamber of Shipping.

### Miscellaneous business, professional and technical services

Miscellaneous business, professional and technical services include legal, accounting, management consulting, recruitment and training and public relations; advertising and market research and development; architectural, engineering and other technical services; agricultural, mining and on-site processing services associated with agricultural crops (protection against disease or insects), forestry, mining (analysis of ores); and other services such as placement of personnel, security and investigative services, translation, and photographic. This item includes data from a number of different data sources, the most important of which is the ITIS survey.

Estimates of the earnings of solicitors are based on surveys held in respect of 1980 and annually since 1986 by the Law Society (in which amounts forwarded to barristers are included).

From the 2000 edition of the Pink Book, earnings of solicitors are collected as part of the ITIS survey. Other legal services also include estimates of the overseas earnings of UK barristers as supplied by the Commercial Bar Association.

Estimates of monetary financial institutions' and securities dealers' non-financial service transactions appear in the other business services account.

## Personal, cultural and recreational services (Table 3.10)

Personal, cultural and recreational services are divided into audio-visual and related services and other. The first category covers services and associated fees relating to the production of motion pictures (on film or video tape), radio and television programmes (live or on tape), and musical recordings. It includes rentals; and fees received by actors, directors and producers. The second category covers all other personal, cultural and recreational services including those associated with museums, libraries, archives, and provision of correspondence courses by teachers or doctors. Income received direct from abroad by examining bodies and correspondence course colleges is also included. Most of the information is obtained from the ITIS survey but there was a separate ONS survey for the film and television industry (FTV) prior to 2009. From 2009 the FTV inquiry was discontinued and data from the FTV businesses was collected via the ITIS survey.

## Government services (Table 3.11)

Government services include all transactions by embassies, consulates, military units and defence agencies with residents of staff or military personnel in the economies in which they are located. Other services included are transactions by other official entities such as aid missions and services, government tourist information and promotion offices, and the provision of joint military arrangements and peacekeeping forces (for example, United Nations). Information comes directly from government departments (including the Ministry of Defence and the Foreign and Commonwealth Office), foreign embassies and United States Air Force bases in the UK.

## Exports

**Expenditure by foreign embassies/consulates in the UK:** this comprises the cost of operating and maintaining Commonwealth High Commission offices, foreign embassies and consulates in the UK, including the personal expenditure of diplomatic staff, but excluding the salaries of locally engaged staff, which are included within income; and similar expenditure by the UK offices of non-territorial organisations. In 1993 ONS conducted an inquiry to all high commission offices, embassies, consulates and international organisations in the UK. This figure has been updated for subsequent years using information obtained from several key high commissions and embassies and information on the number of diplomats in the UK.

**Military units and agencies:** this includes expenditure by the United States Air Force (USAF) in the UK (excluding the pay of locally engaged staff which is included within compensation of employees), together with receipts for services provided by UK military units in the UK and elsewhere to non-residents, such as military training schemes, which is sourced from the Defence Analytical Services Agency (DASA).

**European Union institutions exports:** these are services of the UK Government in collecting the UK contributions to the EU Budget, and services provided at the site of the EU's Joint European Torus project in Oxfordshire.

**Other:** this comprises goods and services which the government provides to non-residents under its economic aid programmes (these are offset under 'Bilateral aid' transfer debits) and miscellaneous goods and services supplied by the UK Government to foreign countries, including the reimbursement



from other member states of the EU for treatment given by the National Health Service to their nationals.

## Imports

**Expenditure abroad by UK embassies and consulates:** goods and services provided by local residents to UK embassies, high commission offices, consulates and the British Council account for most of this heading. It also includes the goods and services provided by local residents to UK diplomatic and other non-military personnel stationed abroad, excluding the salaries of locally engaged staff. The source for this information is the Foreign and Commonwealth Office.

**Expenditure abroad by UK military units and agencies:** this includes expenditure on food, equipment, fuel and services purchased locally. These items are recorded partly on a net basis – that is, after deducting receipts arising locally. The source for this information is Defence Analytical Services and Advice (DASA).

**Other:** this includes goods and services provided by local residents to the UK Government, excluding military and diplomatic expenditure. It covers expenditure abroad of the British Council and the reimbursement to other member states of the EU for medical treatment given to UK nationals.

## References

UK Trade in Services, UKA1

UKA1 has been discontinued as a separate publication. All of the tables that were in Section A of UKA1 are now included in the Pink Book. New tables that were formerly in UKA1 but not in the Pink Book have been added to chapter 9. The tables that were formerly in Sections B and C of UKA1 are now in a web-only publication which focuses on the results of the ITIS survey.

The publication containing the ITIS survey results can be found at the following web address:

[www.ons.gov.uk/ons/search/index.html?newquery=itis](http://www.ons.gov.uk/ons/search/index.html?newquery=itis)

## Sea transport

An annual analysis describing the international activities of the UK shipping industry is published by the Department for Transport, in Transport Statistics Great Britain (The Stationery Office).

Transport Statistics Great Britain, 2010 edition can be found at:

[www.dft.gov.uk/pgr/statistics/datatablespublications/tsqb/](http://www.dft.gov.uk/pgr/statistics/datatablespublications/tsqb/)

## Air transport

Information relating to passenger expenditure is published by the Civil Aviation Authority in CAA Monthly and Annual Statistics.

CAA statistics are available at:

[www.caa.co.uk/](http://www.caa.co.uk/)

## Travel

Details are published regularly in National Statistics monthly Statistical Bulletins (previously First Releases) and quarterly Business Monitors (MQ6), both titled Overseas Travel and Tourism, and in the annual publication Travel Trends.

Overseas Travel and Tourism Statistical Bulletins can be found at:

[www.ons.gov.uk/ons/search/index.html?newquery=overseas+travel+and+tourism](http://www.ons.gov.uk/ons/search/index.html?newquery=overseas+travel+and+tourism)

MQ6 can be found at:

[www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=mq6](http://www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=mq6)

Travel Trends can be found at:

[www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=travel+trends](http://www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=travel+trends)

## Income (Chapter 4)

The income account covers compensation of employees and investment income. For compensation of employees, estimates for total credits, debits and the balance appear in Table 4.1 but no detailed breakdown of the account is available. Investment income is broken down into four main categories: direct investment, portfolio investment, other investment, and reserve assets.

### Compensation of employees (Table 4.1)

Compensation of employees comprises wages, salaries, and other benefits paid by employers, in cash or in kind, to individuals who work in economies other than those in which they are residents.

Employees, in this context, include seasonal or other short term workers (who stay for less than one year) and workers who cross international borders to get to their regular place of work. Compensation of employees also includes pay received by local (host country) staff of embassies, international organisations, consulates and military bases, as such entities are considered non-resident of the host economy.

Personal expenditure made by non-resident seasonal and border workers in the economies in which they are employed is recorded under travel within trade in services. Wages and salaries are recorded gross, with taxes paid recorded under current transfers.

## Credits

There are three components:

- Wages, salaries and other benefits earned by UK seasonal and border workers, together with employers' contributions. These are estimated using data from the International Passenger Survey on the number of UK resident seasonal and border workers working abroad and average earnings data
- Wages and salaries earned by UK employees in US military bases in the UK. Information has been supplied to ONS by US military bases

- Wages and salaries earned by UK employees of foreign embassies in the UK. In 1993, ONS conducted an inquiry to all high commission offices, embassies, consulates and international organisations in the UK, asking for information on expenditure – including that on locally employed staff. This figure has been updated for subsequent years using information from a small sample of key embassies

## Debits

There are two components:

- Wages, salaries and other benefits earned by non-resident workers employed in the UK for less than one year. These are estimated using data from the International Passenger Survey on the number of foreign resident seasonal and border workers working in the UK and average earnings data
- Wages, salaries and other benefits earned by foreign workers working in UK embassies and military bases abroad. Information on pay of locally engaged staff in UK embassies and military bases abroad is obtained from HM Treasury's Combined Online Information System (COINS), the Foreign and Commonwealth Office (FCO) and the Ministry of Defence (MOD)

## International investment (Chapters 4, 7 and 8)

International investment comprises investment between resident and non-resident economies. Five functional categories of investment are distinguished in the international investment accounts:

- Direct investment
- Portfolio investment
- Financial derivatives
- Other investment
- Reserve assets

The international investment accounts measure investment income (chapter 4), transactions in financial assets and liabilities (chapter 7) and the international investment position (chapter 8).

## Investment income (Chapter 4)

The investment income account covers earnings (for example, profits, dividends and interest payments and receipts) arising from foreign investment in financial assets and liabilities. Credits are the earnings of UK residents from their investments abroad and other foreign assets. Debits are the earnings of foreign residents from their investments in the UK and other UK liabilities. The flow of investment in the financial account is recorded separately from the earnings, although reinvested earnings of companies with foreign affiliates are a component of both. The total value of UK assets and liabilities held at any time is also recorded separately under the international investment position. The presentation of these

three sections is almost identical, although there are small differences in coverage in some cases, mainly because complete information is not available for all items.

Earnings on the credit side of the account cover such items as interest on UK residents' deposits with banks abroad, profits earned by UK companies from their foreign affiliates, and dividends and interest received by UK investors on their portfolio investments in foreign companies' securities. Similarly, debits cover earnings by foreign investors on deposits held with UK monetary financial institutions, profits of foreign companies from their investments in their affiliates in the UK, and dividends and interest paid to foreign investors on their holdings of UK bonds and shares, including British government stocks.

Earnings on assets and liabilities are defined to include all profits earned and interest and dividends paid to UK residents from non-residents or to non-residents by UK residents. They are, where possible, measured net of income or corporation taxes payable without penalty during the recording period by the enterprise to the economy in which that enterprise operates and, in the case of profits, after allowing for depreciation. Dividends are recorded when they are paid (on a cash basis), whereas interest is recorded on an accruals basis.

Profits and dividends include the (credit) earnings from foreign affiliates of UK registered companies and the (debit) earnings of profits and dividends by UK-based affiliates of foreign-based companies. Conceptually, stock appreciation and other holding gains and losses should be excluded from the income flows entered in the balance of payments accounts because they represent only valuation changes. However, data on these are included in banking sector statistics provided by the Bank of England. Profits retained abroad by foreign affiliates or retained in the UK by affiliates of foreign companies are included in the flows of earnings and offset in the financial account. All interest flows between UK residents and non-residents are in principle included.

Interest on loans extended by and deposits with UK monetary financial institutions are now presented net of Financial Intermediation Services Indirectly Measured (FISIM). Likewise, UK non-bank loans from and deposits with banks abroad are also presented net of FISIM. FISIM is an estimate of the value of the services provided by financial intermediaries, such as banks, for which no explicit charges are made; instead these services are paid for as part of the margin between rates applied to savers and borrowers. The supposition is that savers would receive a higher interest rate and borrowers pay a lower interest rate if all financial services had explicit charges. FISIM received by UK monetary financial institutions is now recorded as an export of financial services while FISIM paid by UK non-banks is now recorded as an import of financial services. Information on the estimation of FISIM is included in the methodological notes for 'Trade in services'.

## Financial account (Chapter 7)

The financial account covers transactions which result in a change of ownership of financial assets and liabilities between UK residents and non-residents. The financial account is broken down into five main categories: direct investment, portfolio investment, financial derivatives, other investment, and reserve assets.

In the balance of payments accounts, the term 'investment' has a wide coverage. It refers not only to the creation of physical assets but also, for example, to the purchase (or sale) of paper assets, such as

shares, bonds and other securities. Investment also covers the financing of trade movements and other financial transactions between related companies in the UK and abroad. These 'other financial transactions' consist mainly of borrowing and lending by banks, both transactions by UK banks with non-residents and transactions of banks abroad with UK residents. Such borrowing and lending may be associated with UK trade in goods. For example, a non-resident may borrow from a UK bank to pay a UK exporter; alternatively he may use money already on deposit with the bank. Such borrowing or use of deposits will be included in the appropriate item in the financial account offsetting the entry under trade in goods.

Banking transactions may also arise from the financing of other financial transactions. For example, a UK company may borrow from a foreign bank in order to finance investment ('direct investment') in one of its subsidiary companies abroad. In this case, both the bank borrowing and the investment would be recorded in this section of the accounts and the two entries would offset each other; the investment would increase UK assets abroad while the borrowing would increase UK liabilities to foreign residents.

The total value of assets and liabilities held at the end of each year is recorded separately under the international investment position (see chapter 8) and the income earned from them is recorded under investment income within the income account (see chapter 4). The presentations of these sections are almost identical although there are small differences in coverage in some cases, mainly because full information is not available for all items. The financial account tables appearing at chapter 7 show net debits (UK assets) above net credits (UK liabilities), in order to allow easier read across with the investment income and international investment position tables which appear at chapters 4 and 8.

### International investment position (Chapter 8)

The international investment position brings together the available estimates of the levels of identified UK external assets (foreign assets owned by UK residents) and identified UK external liabilities (UK assets owned by foreign residents) at the end of each calendar year.

The presentation of the international investment position is almost identical to the presentation of investment income, within the income account (see chapter 4) and the financial account (see chapter 7) although there are small differences in coverage in some cases, mainly because full information is not available for all items.

Changes in balance sheet levels will reflect not only transactions in the corresponding assets and liabilities but also changes in valuation and certain other changes. Changes in valuation will occur in the following circumstances:

- where assets and liabilities are denominated in foreign currencies, their equivalent sterling value may change because of changes in foreign exchange rates
- where assets and liabilities are regularly bought and sold (for example, British Government Stock, UK and foreign company securities), the current market value may be different from the value at which they were acquired
- where the holders of assets and liabilities change their values in preparing their accounts to reflect what is thought to represent the current position (for example, bad debts may be written

off and direct investment assets may be written up or down in the books of the investing company)

In addition to changes in the valuation of identical underlying assets and liabilities, changes in recorded levels of external assets and liabilities will also reflect some changes in coverage which introduce discontinuities in the series.

### Assessment of the international investment position

Due to the very varied data sources used to derive the estimates for the international investment position, there are some inconsistencies between the different figures in the tables, resulting particularly from different methods of valuation. Wherever possible, figures are at market values. However, for significant items such as direct investment, the figures are at own funds of book value and are subject to all the limitations of data taken from accounting balance sheets as a reflection of current market values. To the extent that the conventional valuation basis for direct investment is own funds at book value or, in the case of monetary financial institutions, often historical cost values, an up-to-date valuation closer to market values is likely to be higher.

In addition, some assets and liabilities are measured very imperfectly (for example, for a number of items, levels of assets and liabilities are not directly reported but derived from cumulating recent identified transactions and allowing for estimated valuation changes). The balance between the estimates of identified external assets and liabilities has always been an imperfect measure of the UK's debtor/creditor position with the rest of the world.

To the extent that net errors and omissions reflect unrecorded or misrecorded financial transactions, the external balance sheet will tend to fail to capture the corresponding levels of assets and liabilities, although much will depend on the categories of assets and liabilities concerned:

- where both levels and transactions are reported (for example, portfolio investment by most financial intermediaries), there may be similar deficiencies to estimates of both levels and transactions, although levels may tend to be more accurate to the extent they are derived from annual accounting data
- where only levels are reported and transactions are derived from changes in levels, allowing as far as possible for valuation changes, (for example, non-portfolio transactions of UK and foreign monetary financial institutions), there may be errors in the estimates of transactions (for example, in allowing for valuation changes) with no corresponding error in levels
- where only transactions are reported and levels are calculated by cumulating transactions and allowing for valuation changes (for example, inward portfolio investment in UK company bonds), errors in recording transactions will lead to corresponding errors in levels. Thus if part of the net errors and omissions represents such missing portfolio investment inflows, the identified net assets figures will be overstated

## Allocation of Special Drawing Rights

These are issued to the UK by the IMF but are not regarded as a liability of the UK and do not form part of total external liabilities in the summary table (Table 8.1).

## Direct investment

### Introduction

A direct investment relationship exists if the investor has an equity holding in an enterprise, resident in another country, of 10 per cent or more of the ordinary shares or voting stock. The direct investment relationship extends to branches, subsidiaries and other businesses where the enterprise has significant shareholding. Equity investment in which the investor does not have an effective voice in the management of the enterprise (that is, the investor has less than 10 per cent of the voting shares) is regarded as portfolio investment. The estimates of direct investment include the investor's share of the reinvested earnings of the subsidiary or associated company, the net acquisition of equity capital, changes in inter-company accounts and changes in branch/head office indebtedness. Further details are given in the Glossary.

The latest year's data for foreign direct investment, which is compiled from the Foreign Direct Investment survey, are provisional as these figures are subject to annual benchmarking after publication. The latest data can be found at:

[www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=foreign+direct+investment](http://www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=foreign+direct+investment)

### Income (Tables 4.3 and 4.4)

Direct investment earnings include interest on loan capital, profits from branches or other unincorporated enterprises abroad and the direct investor's share of the profits of subsidiary and associate companies. It includes the direct investor's portion of reinvested earnings, which is also treated as a new investment flow out of the parent's country into the affiliate's and appears in the financial account (Table 7.3) as an offsetting entry to the earnings one. Estimates of profits are made after providing for depreciation, the companies' own estimates of depreciation being used. Although depreciation is estimated at replacement cost in the national accounts, there is little doubt that the estimates in the balance of payments are, in the main, measured at historic cost (different treatments of depreciation result in different entries in the current and financial accounts, but the sum of the two entries will always be the same).

International reporting standards recommend that direct investment enterprises report their profits on a 'current operating performance' basis and not include any realised or unrealised holding gains/losses, exceptional items, write-downs or write-offs. This is generally the case with the exception of the profits of monetary financial institutions, which report to the Bank of England on an 'all inclusive basis' and include realised and unrealised dealing profits, exceptional items and provisions.

Refunds of tax made retrospectively under double-taxation agreements are included in the period when they were made rather than the earlier periods in which they could be deemed to have accrued. Dividend receipts and payments include subsidiaries payments of withholding tax.



Estimates for reinvested earnings are not collected separately but are derived by deducting dividends paid from subsidiaries' profits. All profits by branches are assumed to be distributed back to the parent.

### Financial account (Tables 7.3 and 7.4)

The components of the direct investment financial account comprise equity capital, reinvested earnings and other capital associated with inter-company debt transactions. Inter-company transactions between affiliated monetary financial institutions and between affiliated other financial institutions (for example, securities dealers) are limited to those associated with permanent debt. The usual inter-company deposits and other claims and liabilities associated with these financial institutions are reported under other investment.

### International investment position (Tables 8.3 and 8.4)

The estimate of the international investment position relates to total net asset values attributable to investing companies, that is, book values of fixed assets less accumulated depreciation provisions plus current assets less current liabilities. The book values of direct investments are likely to be less than the values at written down replacement cost and less than the market values. There are no official estimates of the market value of UK direct investment assets and liabilities. However, research by Cliff Pratten (Department of Applied Economics, University of Cambridge) indicated that, on certain assumptions, the market value of UK direct investments abroad at end-1989 might be about double their book value, while the market value of foreign direct investment in the UK might be just under double their book values at the same point of time. However there are considerable uncertainties in making such estimates.

The comparison between transactions in the balance of payments account and changes in total assets and liabilities is not affected by allowances for depreciation of fixed assets as charged to the profit and loss account; such allowances are deducted before arriving at the earnings included in the current account, and the provision for depreciation is regarded as maintaining the total book value of the existing assets. Similarly, the comparison is unaffected by the treatment of reinvested earnings from direct investments, since these appear both in the current account as earnings and in the financial account as a flow of capital adding to the stock of assets. However, the values are affected by the treatment applied in their consolidated accounts by UK companies to value newly acquired foreign companies. Under both merger and acquisition accounting the increase in the net book value can be less than the net investment to complete the acquisition. The difference represents goodwill and the other costs associated with the transaction that is written off directly against reserves.

### Direct investment abroad by UK residents

**Monetary financial institutions:** information on the direct investment by UK registered monetary financial institutions in their foreign branches, subsidiaries and associates is collected quarterly by the Bank of England from a selection of monetary financial institutions that have a direct investment enterprise abroad. Income data are supplemented by additional information from certain monetary financial institutions that only report to the Bank of England on an annual basis. Direct investment balance sheet data are collected annually from a panel of monetary financial institutions selected by the Bank of England.



**Insurance companies and other financial intermediaries:** an annual inquiry forms the basis for estimates of direct investment by UK insurance companies and other financial intermediaries; these results are supplemented by a quarterly survey. Investment in foreign property by financial companies is also included here. They are estimated from the levels of such assets held by financial companies and information on their total income from abroad. In line with international standards, the investment of other financial intermediaries includes those of all holding companies.

**Private non-financial and public corporations:** information on direct investment by all private and public non-financial corporations is estimated from the results of ONS's annual direct investment inquiry. This inquiry covers a sample of UK companies that either have foreign affiliates or are affiliated to a foreign parent. Returns are imputed for companies that are not approached in the inquiry but which are known to have direct investment links. The estimates for the latest year are based on a quarterly inquiry with a smaller population sample. Results of the annual inquiry are available about twelve months after the end of the year and are published in a statistical bulletin and in Business Monitor MA4.

Copies of the FDI Statistical Bulletin can be found at:

[www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=fdi+statistical+bulletin](http://www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=fdi+statistical+bulletin)

Copies of the FDI Business Monitor can be found at:

[www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=fdi+business+monitor](http://www.ons.gov.uk/ons/search/index.html?pageSize=50&newquery=fdi+business+monitor)

**Households:** this comprises household sector investment in property abroad. Investment in property includes the ownership of 'second homes' located outside the UK. Estimates of property ownership are based on information from the Department for Communities and Local Government (DCLG)'s Survey of English Housing (SEH). The SEH collects information from English households on the number of properties owned outside the UK. These estimates have been grossed up to estimate for all UK households. Average dwelling prices are applied as well as an estimate of property rental. For more information on the latest methodology see the *Economic Trends* article:

[www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued/no--619--june-2005/methodological-improvements-to-uk-foreign-property-investment-statistics.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued/no--619--june-2005/methodological-improvements-to-uk-foreign-property-investment-statistics.pdf)

## Direct investment in the UK by foreign residents

Estimates for direct investment in the UK are based on the same inquiries to monetary financial institutions, financial institutions and private non-financial corporations as direct investment abroad. For direct investment in UK monetary financial institutions, the Bank of England surveys a sample of UK branches and subsidiaries of foreign-owned monetary financial institutions.

**Households:** limited information on property transactions was originally based on information obtained from the then Inland Revenue and on ONS estimates. From 2003, the Inland Revenue ceased to collect data, and from this point the data should be regarded as being of lower quality. ONS estimates are based on publicly reported property transactions.

## Portfolio investment

### Introduction

Portfolio investment comprises investment in either equity or debt securities that are not considered to have led to the acquisition of a foreign affiliate (that is, less than 10 per cent ownership) and so are classified as portfolio rather than direct investment. Portfolio investment is sub-divided into investment in equity or debt securities; debt securities are further sub-divided into investment in bonds and notes (long-term) and investment in money market instruments (short-term).

### Income (Tables 4.5 and 4.6)

Earnings on equity securities consist of dividends received by investors on their holdings of shares of registered companies. Earnings on debt securities consists of interest received on investment in bonds and notes (government and municipal loan stock, and bonds and notes of private and public corporations) and money market instruments (for example commercial paper, certificates of deposit, and Treasury bills). Dividends are recorded on a paid basis and interest is recorded on an accrued basis.

### Financial account (Tables 7.5 and 7.6)

Financial account transactions in equity securities comprise the acquisition or disposal in the ordinary shares of registered companies. Transactions in bonds and notes consist of the acquisition and disposal of government and municipal loan stock, and bonds and notes of registered companies. Transactions in money market instruments comprise the acquisition and disposal of government short-term paper (such as Treasury bills, certificates of deposits, and commercial paper).

### International investment position (Tables 8.5 and 8.6)

As with investment income and the financial account, the international investment position is divided into investment in equity and debt securities, with debt securities further subdivided into investment in bonds and notes and investment in money market instruments. Investment in both equity and debt securities are recorded at market value.

### Portfolio investment abroad by UK residents

**Monetary financial institutions (MFIs) (banks and building societies):** estimates are derived from statutory inquiries conducted by the Bank of England. Prior to 2006, portfolio transactions by UK MFIs were based on reported transactions. From 2006 onwards, estimates of net transactions in both equity and debt securities by UK MFIs are derived from changes in reported balance sheets adjusted for both price and exchange rate effects. UK monetary financial institutions' earnings on portfolio investment abroad are collected on a quarterly basis by the Bank of England.

**Insurance companies, pension funds and securities dealers:** estimates are largely derived from quarterly ONS surveys. These quarterly surveys are supplemented by a more comprehensive annual survey.

**Other financial intermediaries (excluding securities dealers) and private non-financial corporations:** estimates are derived from survey-based asset levels to which rates of return on comparable assets shown by financial institutions are applied.

**Households:** estimates of investment by the household sector largely consist of investment by members of Lloyd's of London which are supplied annually by Lloyd's. They include portfolio investment income on funds which are held abroad to support business underwritten in those countries. Also included are estimates of investment in foreign equity securities acquired by UK households in exchange for their holdings of UK equities following an acquisition by a foreign direct investor. Typically, such acquisitions are funded by the issuance of shares by the investing company, rather than a cash payment. Significant levels of household ownership are most likely to exist when the UK company is a demutualised building society or privatised public utility.

### Portfolio investment in the UK by foreign residents

As with portfolio investment abroad, portfolio investment in the UK is subdivided into investment in equity securities and debt securities with investment in debt securities further subdivided into investment in bonds and notes and investment in money market instruments.

### Equity securities

Prior to 2007, the main sources for estimates of new investment in UK equity securities were a range of statistical surveys conducted by ONS. Data were then adjusted to take account of total levels of foreign investment in shares as indicated by the results of ONS's biennial Share Ownership Survey. The Share Ownership Survey identifies the beneficial owner of listed UK equity securities held by both UK and foreign residents. Adjustments are made to exclude holdings of a direct investment nature and to establish the beneficial ownership of nominee and third party shareholdings. From 2007, new investment in UK equity securities by non-residents is derived by residual. Non-resident investment in UK equity securities is obtained by assuming that any net transactions in UK equity securities not attributable to the domestic sectors of the UK (using all available data sources) are attributable to foreign residents.

Estimates of foreign earnings from UK equity securities consist of dividends paid to foreign holders of UK company ordinary shares. These estimates are calculated from Stock Exchange data on dividend payments, which are applied pro-rata to levels of non-resident holdings of UK shares derived from ONS's Share Ownership Surveys.

The latest Share Ownership Survey published by ONS can be found at:

[www.ons.gov.uk/ons/search/index.html?newquery=share+ownership](http://www.ons.gov.uk/ons/search/index.html?newquery=share+ownership)

No precise sector breakdown is available and an assumption is made by ONS that non-resident holdings by sector of issuer are proportional to the overall equity liabilities of each sector.

## Debt securities – bonds and notes

Non-resident investment in bonds and notes are comprised of those issued by HM Government and those issued by other sectors such as monetary financial institutions and private non-financial corporations.

**Monetary financial institutions:** estimates for non-resident investment in bonds and notes issued by UK banks and building societies stem from statistical surveys carried out by the Bank of England and ONS estimates. Information collected by the Bank of England for identified non-resident investment is supplemented by ONS estimates. ONS estimates allocate any residual investment to non-residents (for example, any securities not identified as being held by a specific sector are assumed to be held by non-residents). Earnings on bonds and notes issued by UK monetary financial institutions are reported by those institutions to the Bank of England.

**General government:** investment in government bonds and notes comprises investment in British government securities (gilts) and other foreign currency bonds. Investment in British government securities by foreign central banks, international organisations and private foreign residents are measured from banking statistics and other Bank of England sources including the Central Gilts Office. Foreign earnings on British government stocks (gilts) are estimated from information on the levels outstanding and appropriate rates of interest. These earnings are calculated gross of UK income tax. Most gilts are issued by the UK Government at a discount to the redemption value. This is recorded as interest accruing over the lifetime of the gilt. Non-resident investment in UK foreign currency bonds and notes issued by central government relates to bonds issued by HM Government. Information on the total issue of these foreign currency bonds is supplied by the Bank of England. Holdings by non-residents are once again derived as the residual of total securities in issue less those held by domestic sectors. Earnings are estimated on a pro-rata basis, proportional to the levels of investment.

**Other sectors (other financial institutions and private non-financial corporations):** foreign investment in bonds and notes issued by other sectors is primarily estimated on the residual basis, where investment by non-residents is assumed to be the difference between total other sector bonds and notes in issues less those acquired or owned by UK residents. Information on total bonds and notes in issue and acquisition by UK residents is derived from the Bank of England and London Stock Exchange records of UK company bond issues, accumulated financial transactions, ONS surveys, and price and exchange rate movements. Earnings are estimated on a pro-rata basis, proportional to the levels of investment.

## Debt securities – money market instruments

Non-resident investment in UK money market instruments consist of foreign investment in UK treasury bills, certificates of deposit and commercial paper.

**Monetary financial institutions:** estimates for non-resident investment in money market instruments issued by UK banks and building societies stem from statistical surveys carried out by the Bank of England and ONS. Information collected by the Bank of England for identified non-resident investment is supplemented by ONS estimates. ONS estimates allocate any residual investment to non-residents (for example, any securities not identified as being held by a specific sector are assumed to be held by

non-residents). Earnings on bonds and notes issued by UK monetary financial institutions are reported by those institutions to the Bank of England.

**General government:** non-resident investment in government money market instruments comprises investment in UK treasury bills. Estimates for custody holdings held with UK monetary financial institutions are supplied by the Bank of England, and ONS allocates a fixed proportion of the residual (total issue less known acquisitions) to non-residents. Earnings are estimated from information on the levels outstanding and appropriate rates of interest.

**Other sectors (other financial institutions and private non-financial corporations):** foreign investment in money market instruments issued by other sectors is primarily estimated on the residual basis where investment by non-residents is assumed to be the difference between total other sector money market instruments in issue less those acquired or owned by UK residents. Information on total money market instruments in issue and acquisition by UK residents is derived from the Bank of England and London Stock Exchange records of UK company money market instruments issues, accumulated financial transactions, ONS surveys and price and exchange rate movements. Earnings are estimated on a pro-rata basis, proportional to the levels of investment.

## Financial derivatives

Financial derivatives are defined as financial instruments that are linked to the price performance of an underlying asset and which involve the trading of financial risk. Examples of the underlying asset might include a financial instrument, commodity, bilateral foreign exchange rate, movement in stock index, or interest rate. Financial derivatives include options (on, for example, currencies, interest rates, commodities, and indices), traded financial futures, warrants, currency and interest rate swaps, forward rates agreements (FRAs), and certain credit derivatives. The rationale for separate recording of derivatives contracts in the financial account is to keep the distinction between them and other transactions (for example, securities) to which they may be linked for hedging purposes.

Data on UK banks net transactions in financial derivatives are included in the financial account from 1992, but the financial derivatives assets and liabilities of the UK banking sector are only included in the international investment position from 2004.

Data on the derivatives business of UK securities dealers are included in both the financial account and the international investment position from 2010.

## Financial account (Table 7.1)

Derivatives are valued at current market prices. In Pink Book 2010, existing financial derivatives estimates for net transactions by UK banks with non-residents were revised back to 2006 as a result of methodological work to enable the introduction into the UK National Accounts of transactions with all domestic sectors. From Pink Book 2011, this revised methodology has been extended back to 2004. Prior to 2004, the banks' transactions only cover net settlement receipts/payments on interest rate swaps and forward rate agreements.

Financial derivatives estimates for net transactions by UK securities dealers with non-residents are included in the data from 2010.

As banks transactions are not collected, estimates are provided by the Bank of England. These are calculated by the change in the value of the derivatives portfolio, minus the net holding gains/losses. All of this information is collected by the Bank of England and explained in more detail in an article published in the *Economic and Labour Market Review* in April 2010:  
[www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--4--april-2010/economic---labour-market-review.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--4--april-2010/economic---labour-market-review.pdf)

A similar method is used to derive the data for securities dealers' transactions from ONS survey data.

## International investment position (Table FD)

Data on UK banks' gross asset and liability positions in derivatives are collected quarterly by the Bank of England through Form DQ. Data on securities dealers' assets and liabilities are collected by ONS.

## Other investment

### Introduction

Other investment abroad is subdivided into trade credit, loans, currency and deposits, and other assets/liabilities.

**Trade credit:** consists of claims and liabilities arising from the direct extension of credit by suppliers and buyers for goods and services transactions and advance payments for work to be undertaken or currently in progress. Lending activity to facilitate trade, including those loans underwritten by UK Export Finance, the operating name of the Export Credits Guarantee Department (ECGD) are treated as loans and not trade credit within the accounts. Trade credit between related firms (that is, credit received or extended between a UK business and a foreign affiliate or parent company) is treated as an investment in the affiliate or parent company, and is therefore recorded under direct investment.

**Loans:** comprise financial assets created by the direct lending of funds by a creditor (lender) to a debtor (borrower). This includes loans to finance trade, other loans and advances, financial leases and repurchase agreements.

**Currency:** consists of notes and coins that are in circulation and commonly used to make payments. UK resident holdings of foreign currency are deemed a UK asset while non-resident holdings of sterling are a UK liability. **Deposits** comprise both transferable (accessible on demand without penalty or restriction) and other deposits.

**Other assets and liabilities:** comprise any other items that are not trade credit, loans or deposits. The most notable other asset comprises the UK's subscriptions to international organisations while the most notable other liabilities are non-residents' prepayments of premiums and reserves against outstanding insurance claims.

## Income (Tables 4.7 and 4.8)

Income predominantly comprises the interest accruing on trade credit, loans or deposits. Interest is presented net of FISIM, which is recorded within exports and imports of financial services. 'Other income payments' includes an estimate of imputed income to foreign households from UK insurance



companies' technical reserves and is recorded in the balance of payments because households are regarded as owning the net equity of pension funds and life assurance reserves; that is, the funds set aside for the purpose of satisfying the claims and benefits foreseen. The estimates are derived from data collected on ONS statistical surveys.

### Financial account (Tables 7.7 and 7.8)

The financial account records the drawing/repayment of loans, the addition to or withdrawals from deposits, subscriptions to international organisations, debt forgiveness, adjustments for accrued interest and prepayments of premiums and reserves against outstanding insurance claims.

### International investment position (Tables 8.7 and 8.8)

The international investment position presents total trade credit, loans and deposits outstanding at end period. It also records total capital subscribed to the international organisations and levels of prepayments of premiums and reserves against outstanding insurance claims.

### Other investment abroad by UK residents

#### Trade credit

At present only a minimal amount of data is recorded within trade credit. Some data previously recorded in this area have been reclassified as bank lending and are now within the loans data in other investment abroad. Other data are no longer suitable for inclusion and have been removed from the accounts, generally back to 1999.

#### Loans

These are subdivided into earnings on long-term loans and earnings on short-term loans; short-term loans are those which are repaid in full within one year.

**Monetary financial institutions:** MFI long-term loans comprise UK bank loans under the UK Export Finance (ECGD) guarantee. MFI short-term loans comprise sterling and foreign currency loans extended by UK banks and building societies. Information on loans extended by UK banks and from 2008, UK building societies, is collected by the Bank of England using a range of statistical inquiries. Prior to 2008, information on building society loans was supplied to the Bank of England by the Financial Services Authority. It is not possible to separate out UK monetary financial institutions earnings on lending abroad from their earnings on deposits abroad. Estimates for earnings on such loans are therefore included indistinguishably within earnings on deposits (see below).

**General government:** government loans are all long-term and comprise inter-government loans. Estimates are sourced from information supplied by the Department for International Development.

**Public corporations:** public corporation loans are all long-term and are sourced from UK Export Finance (ECGD) and the Commonwealth Development Corporation.

## Currency and deposits

### Currency

Estimates for transactions in foreign notes and coin by the UK private sector other than monetary financial institutions are based on tourists' expenditure.

### Deposits

Estimates comprise both transferable (accessible on demand without penalty or restriction) and other deposits held abroad.

**Monetary financial institutions:** MFI deposits comprise UK banks' and building societies' sterling and foreign currency deposits held with deposit taking institutions abroad. Information on deposits held abroad by UK banks and from 2008, UK building societies, is collected by the Bank of England using a range of statistical inquiries. Prior to 2008, information on building society deposits was supplied to the Bank of England by the Financial Services Authority. It is not possible to separate out UK monetary financial institutions earnings on lending abroad from their earnings on deposits abroad. Estimates for earnings on such loans are therefore included indistinguishably within earnings on deposits.

**Securities dealers:** deposits held abroad by UK securities dealers are derived from quarterly ONS surveys. Financial transactions and interest accrued are reported directly by the institutions while end-period positions are estimated by ONS.

**Other UK residents:** estimates of other UK private sector deposits with banks abroad are derived from the banking statistics of countries in the Bank for International Settlements (BIS) reporting area (as defined in the Glossary). End-period positions are reported to the Bank of England, who in turn estimate net transactions. These data are then supplied to ONS. ONS then deducts deposits held abroad by UK securities dealers to avoid potential double counting. Interest on these deposits is then estimated by ONS using average quarterly levels and appropriate interest rates. Due to the limitations in the coverage of the BIS data, statistical adjustments have been applied to the financial flows data since 1994 to improve the overall coherence of the sector financial accounts. In order to maintain consistency between financial flows and balance sheet levels, corresponding coherence adjustments have been applied to the international investment position. Transactions in non-monetary gold are included here and comprise net transactions in gold which are held as financial assets by listed institutions in the London Bullion Market (LBM). These estimates are currently derived from banking statistics collected by the Bank of England. The treatment of non-monetary gold was reviewed as part of the worldwide process to revise the IMF *Balance of Payments Manual*. The main proposal is that the concept of non-monetary gold would be replaced by two categories – allocated gold (a commodity) and unallocated gold (a financial instrument). UK balance of payments will continue current practice until the treatments defined in the revised manual are implemented.

### Other assets

Comprise any other items that are not trade credit, loans or deposits.



**Central government:** this includes central government subscriptions to international organisations and covers capital subscriptions to international lending bodies other than the IMF, that is, regional development banks, the International Finance Corporation and the International Fund for Agricultural Development. Some transactions are in the form of non-interest-bearing promissory notes and are included in the accounts as the subscriptions fall due, irrespective of the time of encashment of the notes. The information is obtained from official records.

**Monetary financial institutions and public corporations:** estimates reflect UK monetary financial institutions and UK Export Finance (ECGD) debt forgiveness and offset the corresponding entry in the capital account. Information on debt forgiveness comes from the Bank of England and UK Export Finance (ECGD).

**Other sectors:** these short-term assets largely relate to assets of UK insurance companies and pension funds and other financial intermediaries other than those classified under portfolio investment, estimates for which are obtained from ONS statistical surveys.

### Other investment in the UK by non-residents

#### Trade credit

At present only a minimal amount of data are recorded within trade credit. Some data previously recorded in this area have been reclassified as bank lending (see above), and are now within the loans data in other investment abroad. Other data are no longer suitable for inclusion and have been removed from the accounts, generally back to 1999.

#### Loans

These are subdivided into earnings on long-term loans and earnings on short-term loans; short-term loans are those which are repaid in full within one year.

**General government and public corporations:** general government loans are all long-term and comprise loans received by both central government and local authorities. Central government long-term loans such as Lend-Lease and the Lines of Credit were reported by HM Treasury. The final payment on these loans was made in 2005. Also included are the loans received under the Very Short-term Financing Facility (VSTFF) taken out during 1992 and repaid in 1993. Public corporations' borrowing directly from foreign residents under the exchange cover scheme is included. Repayments under the scheme by former public corporations that have since been privatised are included under repayments from central government, to whom their foreign debt was transferred following privatisation; such debt is known as novated debt. In later years local authorities have engaged in long-term borrowing from abroad; estimates are obtained from the Department for Communities and Local Government (DCLG).

**Securities dealers:** estimates for securities dealers' short-term loans from abroad are estimated from information collected through ONS surveys. Since 1996 statistical adjustments have been applied to the data for securities dealers' short-term loans in order to improve the overall coherence of the sector financial accounts.

**Other sectors:** estimates of borrowing by other sectors are based on data reported to the Bank for International Settlements (BIS), and are generally confined to borrowing from commercial banks based within the BIS reporting area (see Glossary). End-period positions are reported to the Bank of England, who in turn estimate net transactions. These data are then supplied to ONS. ONS then deducts UK securities dealers' loans from banks abroad to avoid potential double counting. Interest on these loans is then estimated by ONS using average quarterly levels and appropriate interest rates. Due to the limitations in the coverage of the BIS data, statistical adjustments have been applied to the financial flows data since 1994 to improve the overall coherence of the sector financial accounts. In order to maintain consistency between financial flows and balance sheet levels, corresponding coherence adjustments have been applied to the international investment position. Additional information on borrowing from the European Investment Bank (EIB) is supplied directly to ONS on a quarterly basis by the EIB.

## Currency and deposits

### Currency

Estimates of transactions in sterling notes and coin by private foreign residents (other than monetary financial institutions) are based on ONS statistics of tourists' expenditure. While sterling bank notes are issued by the Bank of England, which is classified to monetary financial institutions, coins are issued by the Royal Mint, which is classified to the central government sector. In the absence of any separate data for notes and coin, it is assumed that notes make up 90 per cent of total notes and coin.

### Deposits

Foreign deposits with UK monetary financial institutions were historically subdivided into deposits with banks and deposits with building societies. Also included are deposit liabilities of central government.

**Central government:** deposit liabilities of UK central government include short-term inter-government loans and transactions with non-residents under minor government accounts in the form of changes in balances not attributable elsewhere in the accounts. Since 1973 this has consisted entirely of balances held by the Paymaster General on the European Union (EU) account.

**Monetary financial institutions:** it is not possible to separate out foreign deposits with UK monetary financial institutions from foreign loans to UK monetary financial institutions. The estimates for foreign loans to UK monetary financial institutions are therefore included indistinguishably within deposits. Within deposits with UK monetary financial institutions, estimates for sterling deposits are derived from banking statistics and include both current and deposit accounts. Foreign currency deposits comprise all external borrowing denominated in foreign currencies by UK banks (sometimes described as euro currency transactions). They consist of changes in deposits with, and other lending to, UK monetary financial institutions from abroad. These transactions may be a reflection of (that is, the counterpart to) a variety of other foreign or domestic transactions by UK monetary financial institutions. These other transactions could be: foreign currency lending to UK residents (which are not balance of payments transactions); net purchases of foreign securities by the monetary financial institutions (which are included in direct or portfolio investment abroad as appropriate); any switching of monetary financial institutions liabilities between foreign currencies (including gold) and sterling; or any change in the amount of foreign currency capital raised by monetary financial institutions. Estimates for foreign

currency deposits with UK monetary financial institutions have been calculated from the end-quarter balance sheets as reported by all UK banks and building societies to the Bank of England. Adjustments are made to the reported changes in balance sheets to exclude revaluations resulting from changes in exchange rates. UK monetary financial institutions income payments also include income payments associated with repurchase agreements and stock lending activities.

### Other liabilities

These comprise any other items that are not trade credit, loans or deposits.

**Central government:** these short-term liabilities largely consist of non-interest-bearing notes, estimates for which are obtained from the Bank of England. Non-interest-bearing notes are issued by HM Government and are held by international organisations.

**Other sectors:** long-term liabilities consist of net equity of foreign households in life assurance reserves and pension funds, together with prepayments of premiums and reserves against outstanding claims. These are recorded in the balance of payments because households are regarded as owning the net equity of pension funds and life assurance reserves; that is, the funds set aside for the purpose of satisfying the claims and benefits foreseen. The estimates are derived from data collected on ONS statistical surveys. Short-term liabilities largely consist of additions to insurance companies' technical reserves, estimates for which are derived from ONS statistical inquiries.

### Reserve assets

#### Introduction

Reserve assets comprise gold, convertible foreign currencies, IMF Special Drawing Rights (SDRs) and the UK's reserve position in the IMF. Currencies may be held in the form of financial instruments. From July 1979 convertible currencies also include European Currency Units acquired when 20 per cent of the gold and dollar holdings in the reserve assets were deposited on a swap basis with the European Monetary Co-operation Fund, the swap arrangement being renewed quarterly. As from January 1994 the swap was with the European Monetary Institute and as from January 1998 was with the European Central Bank. The swap arrangement was terminated in December 1998. All information on the reserve assets is recorded within the Exchange Equalisation Account by the Bank of England.

#### Income (Table 4.1)

Interest received on the official foreign exchange reserves and on the UK's holdings of Special Drawing Rights with the IMF and other remuneration received from the IMF (related to its holdings of sterling), is recorded within the Exchange Equalisation Account by the Bank of England.

#### Financial account (Table 7.9)

This item consists of the sterling equivalent, at current rates of exchange, of drawings on, and additions to the gold, convertible currencies and Special Drawing Rights (SDRs) held in the Exchange Equalisation Account; and of changes in the UK reserve position in the IMF.

## International investment position (Table 8.9)

Until 1999 securities were valued at historic cost and translated to sterling. Gold was valued at the ruling official price of 35 SDRs per fine ounce until end-1977 and at end-year market rates from end-1978 to end-1999. Since 2000, all reserve assets are valued at end-period market prices and exchange rates. SDRs and convertible currencies are valued throughout at closing middle market rates of exchange.

## External debt (Table 8.10)

Gross external debt is defined as the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to non-residents by residents of an economy.

UK External Debt data are compiled according to the IMF's External Debt Statistics: Guide for Compilers and Users (<http://www.imf.org/external/pubs/ft/eds/Eng/Guide/index.htm>). The data are consistent with those contained in the UK's international investment position statement.

End-period stocks of external liabilities are classified according to institutional sector (general government, monetary authorities, monetary financial institutions and other sectors), type of instrument, and original maturity of instrument. Direct investment liabilities are separately identified.

## Current transfers (Chapter 5)

### Introduction

Transfers represent the provision (or receipt) of an economic value by one party without directly receiving (or providing) a counterpart item of economic value. In plain terms a transaction representing 'something for nothing' or without a quid pro quo. Transfers can be in the form of money, or of goods or services provided without the expectation of payment. Transfers are broken down into current or capital transfers. Capital transfers relate to the transfer of ownership of a fixed asset, or the forgiveness of a liability by a creditor, when no counterpart is received in return. Current transfers are all other types of transfer. Current transfers are subdivided into those made or received by general government and by other sectors. The UK's contributions to and receipts from the European Union budget are recorded on a gross basis.

### General government current transfers

General government transfers include receipts, contributions and subscriptions from or to European Union (EU) institutions and other international bodies, bilateral aid and military grants. Information mainly comes from government departments (HM Treasury, Foreign & Commonwealth Office and Department for International Development).

### Credits

These mainly comprise receipts of the UK general government from EU institutions, taxes on income, and social contributions paid by non-resident workers.

**Current taxes on income and wealth:** these are the receipts of the UK Government from taxes on the incomes of non-resident seasonal and border workers working in the UK (the incomes themselves are recorded as compensation of employees) and withholding taxes paid abroad by UK direct investment corporations. The former are estimated on the basis of the compensation of employees information derived from the International Passenger Survey and the latter from ONS surveys into foreign direct investment.

**Social contributions:** these represent social contributions paid to the UK National Insurance Fund by non-residents.

**EU institutions:** these receipts comprise the VAT Abatement and other smaller, miscellaneous EU receipts. From the 1998 edition of the Pink Book, the VAT Abatement is treated as a credit entry to the UK balance of payments, rather than netted off VAT-based contributions.

## Debits

These comprise payments by the UK general government to international organisations and other non-residents.

**Social security benefits:** these mainly consist of National Insurance Fund retirement and war pensions paid to foreign residents.

**European Union institutions:** these payments are mainly the central government part of the UK contribution to the EU budget. For more detailed information, please see the methodological notes to Table 9.9.

**Other international organisations:** this includes contributions to the military budget of NATO, contributions to the European Regional Development Fund and agencies of the United Nations to provide economic assistance to developing countries, and subscriptions to cover the administrative expenses of various other international bodies.

**Bilateral aid:** this covers technical co-operation and non-project grants (project grants are included within capital transfers as they fund capital projects). Technical co-operation covers the provision of technical 'know-how' to developing and transitional countries either as qualified manpower or as facilities for the training of nationals of these countries. It is wholly funded by the UK Government and is included as a credit in 'Trade in services'.

Non-project grants are cash grants to developing countries for use in financing imports and budgetary support, together with the value of goods and services provided by the UK Government as food aid or disaster relief.

**Military grants:** these consist of cash grants for military purposes and the value of goods and services of a military nature provided without charge to foreign countries and international organisations by the UK Government.

## Other sectors' transfers

Other sectors' transfers cover current taxes paid, receipts and payments to EU institutions, net non-life insurance premiums and claims, and other payments and receipts of households, including remittances.

## Credits

**Private social contributions:** this consists of the actual social contributions paid by non-residents to UK private pension schemes, plus the related imputed contribution supplement, less the related service charge. Data are sourced from ONS surveys to pension funds.

**Receipts from EU institutions:** comprise those paid out of the EU's Agricultural Guarantee Fund and Social Fund. They are treated as non-government transfers within the national accounts and balance of payments, as the UK Government acts only as an agent for the ultimate beneficiary of the transfer.

**Net non-life insurance premiums:** comprise the actual premiums earned by UK insurance companies from non-residents plus the related imputed premium supplement, less the related insurance service charge. The sources for these data are ONS surveys of insurance corporations, which collect premiums by type of insurance product, FSA regulatory data and Lloyd's of London syndicate accounts.

**Net non-life insurance claims:** these are based on information supplied to the International Trade in Services survey on insurance claims received from non-resident insurance companies.

**Other receipts of households:** consists of two main components:

- Remittances, which are current transfers in cash or in kind sent by households resident in foreign economies to households resident in the UK. These estimates are statistical projections mainly based on bilateral information on partner countries' remittance flows to the UK, where these are published or have been made available to ONS, or on the basis of entries in the IMF *Balance of Payments Statistics Yearbook*, with fixed percentages of the total workers' remittances for certain countries assumed to go to the UK
- UK charities transfer receipts from abroad. These are based on information from a 1995 survey to charities

## Debits

**Current taxes on income:** these are taxes on the incomes of UK seasonal and border workers (recorded as compensation of employees) working abroad and withholding taxes paid abroad by UK direct investment corporations.

The former are estimated on the basis of the compensation of employees information derived from the International Passenger Survey and the latter from ONS surveys into foreign direct investment.

**Private social benefits:** comprise private pensions paid abroad, plus the change in net equity in pension fund reserves of non-residents. The data source is ONS's survey of pension funds.



**Payments to EU institutions:** these comprise agricultural and sugar levies, customs duties and VAT-based contributions. The data source is HM Treasury.

**Net non-life insurance premiums:** this covers premiums paid by UK companies to non-resident insurance companies collected via the International Trade in Services survey.

**Net non-life insurance claims:** this covers settlement of claims by UK insurance companies to non-resident claimants, which are regarded as a transfer debit. The total of claims equals the total of net premiums (service charges having been deducted), as the essential function of non-life insurance is to redistribute resources. The sources for these data are ONS surveys of insurance corporations, FSA regulatory data and Lloyd's of London syndicate accounts.

**Other payments of households:** these include two main components:

- Remittances, which are current transfers in cash or in kind sent by UK households to households resident in foreign economies. In many cases these are sent by long-term migrant workers in the UK to friends or relatives still resident in their country of origin. Data were obtained from exchange control records until 1979. Estimates since 1979 are statistical projections mainly based on the exchange control data and also some bilateral information on partner countries' remittance flows to the UK. The projections also take account of information on the value of gifts of money and goods sent abroad by parcel post
- UK charities' transfers abroad. These are based on information from a 1995 survey to charities

## Capital account (Chapter 6)

The capital account comprises two components: capital transfers and the acquisition/disposal of non-produced, non-financial assets.

### Capital transfers

Capital transfers are those involving transfers of ownership of fixed assets, transfers of funds associated with the acquisition or disposal of fixed assets, and cancellation of liabilities by creditors without any counterparts being received in return. As with current transfers, they can be subdivided into general government transfers and other sectors transfers. The main sources of information are government departments (Department for International Development and HM Treasury) and the Bank of England. Compensation payments from the EU related to the destruction of animals to combat BSE and foot and mouth disease are also included here.

### General government capital transfers

These consist of debt forgiveness and project grants (there are no receipts in recent years).

### Debits

Debt forgiveness is defined as the voluntary cancellation of debt between a creditor, in this case the UK Government, and a debtor in another country. Data are supplied by the Department for International Development. Project grants are cash grants to developing countries for the

establishment of production and infrastructure facilities. Such transfers are distinguished from current transfers as they are conditional on the acquisition of fixed assets. Data are supplied by the Department for International Development.

### Other sectors capital transfers

These include migrants' transfers, debt forgiveness and capital transfers from European Union Institutions.

### Credits

**Migrants' transfers:** these are recorded as being equal to the net worth of the migrants, as they arrive in the UK. Estimates are based on information on number of migrants and average assets being transferred as collected on the International Passenger Survey.

**Transfers from EU institutions:** Regional Development Fund and Agricultural Fund for Regional Development receipts from the EU are assumed to be capital rather than current transfers as they relate to infrastructure projects. Data are supplied by HM Treasury. Other capital transfers include agricultural compensation scheme payments relating to the destruction of animals to combat BSE and foot and mouth Disease.

### Debits

**Migrants' transfers:** these represent the net worth of emigrants as they leave the UK. Estimates are based on information on the number of migrants and average assets being transferred as supplied to the International Passenger Survey.

**Debt forgiveness:** this consists of non-government debt forgiveness by monetary financial institutions and public corporations. Data on monetary financial institutions is supplied by the Bank of England and data on public corporations is supplied by UK Export Finance (ECGD).

### Sales/purchases of non-produced, non-financial assets

This heading covers intangibles such as patents, copyrights, franchises, leases and other transferable contracts, and goodwill; and transactions involving tangible assets that may be used or needed for the production of goods and services but have not themselves been produced, such as land and sub-soil assets. The use of such assets is recorded under trade in services as royalties and license fees; only the outright purchase or sale of such assets is recorded in the capital account.

The International Trade in Services (ITIS) survey has collected information on the sale and purchase of copyrights, patents and transferable contracts from 1996. Such transactions are indistinguishable from other areas of the current account for years before 1996.



## Geographical breakdown on the current account and international investment position (Chapters 9 and 10)

### Introduction

The geographical data is broadly consistent with level 2 of Eurostat's Vade Mecum (67 individual countries, 15 geographical regions and 5 continents). Data for the European Union (EU) relate to the membership following the enlargement of 1 January 2007. EU Institutions are included in the EU aggregate and are excluded from the International Organisations total. Separate data for Belgium and Luxembourg are not available for periods before 1999, also separate data for Serbia and Montenegro are not available for periods before 2007. Data for China exclude Hong Kong, which is shown as an individual item.

### Reliability of estimates

The UK's balance of payments accounts are primarily compiled on a global basis. Not all of the data sources used in preparing the accounts attempt to distinguish transactions on a full country basis, although the majority do. Where individual country information is not reported, estimates are made by using the geographical detail for a related category; for example, the geographical breakdown of financial assets and liabilities is used to allocate some components of investment income.

In addition to the imputation of geographical detail for some categories where the data are incomplete, there remains a margin of uncertainty regarding the accuracy of reported data by country. The finer the level of geographical detail sought, the greater the likelihood of misallocation. Enterprises are encouraged to make their best estimates when asked to report geographical data but, as country allocation may not be a crucial aspect of the information from which details are extracted, a significant degree of estimation may occur.

Given these conceptual and practical limitations, these estimates should be seen as a broad indication of the economic relationships between the UK and the rest of the world economies. They will be more reliable and meaningful in terms of broad geographical areas and major partner countries than for smaller partners. Estimates for recent years are currently more reliable than those for earlier years since some data sources do not extend back over the whole published period.

### Approach for country allocation

The following notes summarise the main criteria of country allocation adopted for the various categories of the current account. In general the figures are not likely to be consistent with those recorded by countries which allocate regional balance of payments estimates on a cash settlements basis. An analysis of UK asymmetries with its EU and US partners was published in the March 2005 edition of *Economic Trends*, which can be found at:

[www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued/no--616--march-2005/economic-trends.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued/no--616--march-2005/economic-trends.pdf)

## Trade in goods

Exports of goods are allocated to the country of destination; imports of goods are allocated according to the country of consignment. However, export figures from a country (A) to another country (B) may over-estimate the value of goods actually consumed in that country (B) if the importer forwards the goods on to another country (C). There are several reasons for this: 'the Rotterdam/Antwerp effect' (exports are properly attributed to the country where the port of discharge is located, following international convention, but are then re-exported to the country of final destination); other transit trade (goods passing straight through the country); and triangular trade (where goods are sold from member state A to B and on to C, but the goods move directly from A to C). 'The Rotterdam/Antwerp effect' is a particular issue with the UK because of exports routed through Rotterdam in the Netherlands and Antwerp in Belgium. No information is available on the value of UK exports that are subsequently shipped on to other countries, although investigations are taking place. The principal data source for trade in goods is HMRC (see the methodological notes on 'Trade in goods (Chapter 2)' for more details).

## Trade in services

The geographical breakdown of exports and imports of services are largely based on the existing sources of information for the global estimates, although there is some use of proxy information for some components. The change from an industry to a product-based presentation with the introduction of the fifth edition of the IMF *Balance of Payments Manual in 1998*, and the consequent change to data collection, means that data from 1996 onwards are largely based on reported geographical breakdowns of the new products. Earlier geographical estimates are based on the industry-based geographical breakdowns in the fourth edition of the IMF *Balance of Payments Manual*, adjusted to take the changes to the trade in services classification into account.

**Sea transport:** estimates relating to ships owned or chartered by UK operators are taken from inquiries carried out by the Chamber of Shipping.

Geographical breakdowns of freight services on exports and cross trades are allocated using the ports at which the goods are unloaded. For non-resident operators' freight on UK imports, the nationality of the exporting country is used as a proxy to allocate the freight payments. The resulting proportions are used to calculate the shares of non-resident operators' disbursements in the UK. Disbursements abroad by UK operators are supplied annually by the Chamber of Shipping.

Passenger revenue export estimates are derived from information supplied annually by the Chamber of Shipping. Passenger revenue import estimates are based on assumptions about the likely markets for cruises and on other information relating to the movements of UK shipping.

**Air transport:** passenger revenue exports are based on information supplied to ONS by the Civil Aviation Authority, which gives the required country analysis of fares paid. Other transactions with foreign airlines are allocated by nationality of airline. Receipts by UK airlines from foreign passengers are allocated to the countries in which tickets are purchased. Freight services on UK imports earned by foreign airlines are allocated to the countries of consignment of the imports.

**Other transport:** rail passenger exports are based on assumptions of the likely nationality of channel tunnel users. Rail imports are allocated entirely to France. Estimates for road freight exports and imports are based on information supplied by the Road Haulage Association. This information includes details of vehicle load and country of destination or country of origin. Pipeline transport is based on those countries that are assumed to import/export North Sea oil and gas.

**Travel:** a detailed geographical split of travel expenditure, both exports and imports, are obtained from the International Passenger Survey. Allocation of expenditure of overseas visitors to the UK is by country of residence. UK residents' expenditures abroad are allocated to the country in which most time was spent or, if this cannot be determined, the furthest country visited. As a result, expenditure in countries with appreciable numbers of transit tourists may be understated.

**Other services:** data for communication, construction, computer and information, royalties, other business and personal services are largely based on information supplied to the ITIS survey, supplemented with information from Royal Mail and Lloyd's registry for shipping.

**Insurance services:** estimates are based on detailed geographical data provided by Lloyd's of London, as well as the ITIS survey for insurance imports provided to non-insurance institutions. The geographical split of trade in goods' imports is used as a proxy for freight insurance imports. Geographical splits for other insurance services are based on fixed weights.

**Financial services:** regular geographical information on gross flows is obtained from the Bank of England for banking services (including FISIM), and from the ITIS survey for financial service exports and imports from non-financial institutions. The geographical breakdown of non-bank financial corporation service exports are imputed using banking geographical data as a proxy.

**Government services:** for the major components, detailed geographical information on the location of those receiving or making payments is available from returns provided by the Ministry of Defence, Department for Work and Pensions, and the Foreign and Commonwealth Office. The United States Air Force has also provided data on expenditure of US Forces in the UK. Expenditure by foreign embassies and consulates in the UK is based on information supplied by some overseas embassies and statistical institutions, supplemented by information on numbers of accredited diplomats by country.

## Income

**Compensation of employees:** estimates of the geographical breakdown of seasonal and border workers' earnings are based on information supplied to the International Passenger Survey. Figures for the earnings of locally engaged staff are based on information supplied by government departments.

## Investment income and international investment position

**Direct investment income:** figures are based on the quarterly and annual foreign investment surveys and include reinvested profits. Geographical information is based on the country of registration of the immediate foreign parent company and the location of the foreign affiliate, except for banks where the information relates to the country of residence of the ultimate owner (for inward investment) or the country of residence in which the direct investment enterprise is located.

**Portfolio investment income:** credits are the earnings accruing to UK residents from their investment in equities and debt securities, in the form of bonds and notes and money market instruments, issued by foreign institutions. Global estimates are derived from surveys of UK end-investors (monetary financial institutions, securities dealers, unit and investment trusts, insurance companies, pension funds and some non-financial companies).

Deriving a geographical breakdown of portfolio investment income flows has been one of the most problematic areas of balance of payments compilation. Portfolio investment income is particularly difficult to allocate correctly to the actual country owning or issuing the security, as the transactions are often made through financial intermediaries in a third country. However, with the launch and subsequent expansion of the IMF's Coordinated Portfolio Investment Survey (CPIS), an important new data source has become available. Participants in the CPIS collect a geographical breakdown of their portfolio investment assets, which are coordinated and disseminated by the IMF.

Data on the geographical breakdown of portfolio investment credits are derived from the UK's contribution to the CPIS exercise from 2001. For monetary financial institutions, Bank of England information on the geographical breakdown of levels is applied to the estimates of global earnings obtained by surveys of UK monetary financial institutions. Similarly for non-banks, a geographical breakdown of portfolio investment income is derived from the geographical breakdown of portfolio investment assets.

Information on the geographical breakdown of UK portfolio investment debits (dividends and interest payments made to overseas residents by issuers of UK securities), are based on other countries' participation in the CPIS exercise. The IMF acts as a central clearing house for the compilation of aggregate data from countries that have participated in the CPIS and disseminate the information to balance of payments compilers. These data can provide us with information on participating countries' holdings of UK-issued equity and debt securities. For earlier years, surveys of share ownership are used to allocate portfolio holdings of UK equity securities and associated dividends by country of holder. For interest on holdings of debt securities, data derived from the CPIS exercises from 2001 onwards have been used to estimate the geographical breakdown.

**Other investment income:** gross interest flows between UK monetary financial institutions and the rest of the world are estimated by the Bank of England by allocating global interest receipts and payments in proportion to the corresponding levels of assets and liabilities of UK monetary financial institutions. Interest flows for UK non-bank deposits with, and borrowing from, banks in the BIS reporting area are allocated in proportion to the levels supplied by the BIS. The interest on reserve assets is estimated from official records. Figures for UK monetary financial institutions are used as proxies to estimate a country breakdown for the remaining components of earnings on other investment.

Adjustments applied to the global earnings on other investment to exclude the Channel Islands and the Isle of Man has been used to estimate other investment income between the UK and the offshore islands. These data are included within 'Other Europe'.

**Financial derivative balance sheets:** the geographical breakdown of UK monetary financial institutions gross assets and liabilities positions in financial derivatives are collected on a quarterly basis by the

Bank of England via Form DQ. A geographical breakdown was introduced into the international investment position from 2004.

## Current transfers

There are very few data sources for current transfers that allocate transactions on a country basis – these are outlined below. The geographical allocation of withholding taxes is based on the geographical allocation of inward and outward direct investment as published in Business Monitor MA4. The geographical allocation of insurance premiums is based on information supplied by Lloyd's of London. Data on EU transfers are provided by HM Treasury, and the geographical allocation of social security and aid payments are supplied by the Department for Work and Pensions and the Department for International Development, respectively. Other geographical breakdowns are based on proxy data and global transfer estimates.

## UK official transactions with institutions of the EU (Table 9.9)

This table presents all the official transactions between the UK Government and the Institutions of the European Union. The series are the same as those shown in Table 12.1 of the Blue Book but the presentation here reflects Balance of Payments rather than National Accounts classification of transactions.

Some of the transfers are classified to Other sectors (rather than Central government) as they are paid by or to non-government sectors; however they are still classified as official transactions because the money is collected from or paid to non-government sectors by the UK Government on behalf of the EU. The source for much of the data is HM Treasury (HMT), who are responsible for the UK's official transactions with the EU. These data represent the cash movements in and out of government bank accounts for transactions with the EU. Any divergences from this source – to accord with the reporting conventions required for Balance of Payments and National Accounts – are detailed below. The data sourced from HMT are also available in chapter 3 of the HMT White Paper on EU Finances found at the following web address:

[www.hm-treasury.gov.uk/int\\_eu\\_statefraud.htm](http://www.hm-treasury.gov.uk/int_eu_statefraud.htm)

## Credits

### Exports of services

This series represents the part of the import levies collected by the UK Government on behalf of the EU that the UK Government retains to cover the costs of collection. The percentage retained was 10 per cent up until 2000 and has been 25 per cent from 2001 onwards. It is treated as an export of a government service. The exports of services to EU Institutions series in Table 9.3 differs from this one in that the series includes services provided to EU Institutions by UK private companies.

### Other sectors current transfers

These largely comprise receipts from the Agricultural Guarantee Fund and the European Social Fund. The receipts from the Agricultural Guarantee Fund are classified as subsidies and are recorded on an accruals basis based on the subsidies paid to farmers by the Rural Payments Agency.

## Central government current transfers

These mainly comprise the Fontainebleau Abatement but also include a small number of miscellaneous payments to EU institutions and research councils. Since 1984, the UK's third own resources (VAT-based) contribution to the EU budget has been abated in recognition of the relatively low level of its receipts, compared with its contributions to the Community Budget. Broadly, the UK receives a VAT abatement of its gross contributions equal to two-thirds of the difference between its unabated contribution and its receipts. This is deducted a year in arrears. Since the 1998 edition of the Pink Book, this abatement has been treated as a credit entry to the UK balance of payments rather than simply being netted off VAT-based contributions.

## Other sectors capital transfers

In most years these consist entirely of receipts from the Agricultural Fund for Regional Development and the European Regional Development Fund. Other capital transfers from EU institutions are payments to farmers under agricultural compensation schemes related to the destruction of animals during the BSE and Foot and Mouth disease outbreaks.

## Debits

### Other sectors current transfers

These comprise the UK's traditional own resource and third own resource contributions to the EU. The former are customs duties paid on a range of products imported from non-member states, and levies charged on the production of sugar to recover part of the costs of subsidising the export of surplus EU sugar on to the world market. EU third own resources are VAT-based contributions which represent a notional extra 1 per cent on the VAT base, but are capped at 0.5 per cent of Gross National Income (GNI), hence the adjustment to VAT contributions. Payments of both traditional and third own resource contributions are classified as taxes paid direct to the EU. Estimates are sourced from HMRC and are converted to an accruals basis using agreed methodologies.

## Central government current transfers

This mainly consists of the UK Government's fourth own resource contribution. This is calculated as a fixed percentage of UK GNI, increased or rebated according to whether within the EU budget as a whole, expenditure exceeds or falls short of revenue. There are also a small number of miscellaneous payments to EU institutions under this heading.

## Trade in Goods and Services additional tables (Tables 9.10, 9.11, 9.12, 9.13 and 9.14)

Tables 9.10 and 9.11 show imports of services from and exports of services to selected partner countries broken down by the 11 broad categories of services for the latest two years. The details of the methods of country allocation are outlined in the trade in services section above. To avoid disclosing data on individual companies, the tables have been arranged to remove these disclosive items. This is done wherever possible by suppressing the item so that non-disclosing headings are preserved.

Table 9.12 shows the top-50 trading partners for imports and exports of goods and services for the last two years for which data are available. Again the details of the methods of country allocation are outlined above in the goods and services sections.

Table 9.13 shows estimates of the UK's exports and imports of services with all partner countries for the latest two years. Countries not listed in the tables are assumed to have total transactions in services with the UK of less than £0.5 million. The details of the methods of country allocation are outlined in the section on trade in services above. The data sources which have full country breakdowns of transactions in services are the ITIS survey and the IPS, which between them account for around 70 per cent of the source data for total trade in services. Data from these sources have been used as proxies to estimate the very detailed country breakdowns where these are not available for other data sources.

Table 9.14 shows the UK's data for trade in services compared with world totals and those for G8 countries. The data for these are sourced from the IMF. This data is not available for the latest year as it will not have been published yet. No world balance is included as this should in theory be zero, but in practise because of asymmetries it tends to have either positive or negative values.



# Further information on UK balance of payments

The following articles of interest relate to UK balance of payments statistics:

## ESA10/BPM6 changes

The Office for National Statistics (ONS) is currently undertaking a major project to implement changes generated by revised international guidance manuals within the UK National Accounts; specifically the European System of Accounts (ESA2010) and Balance of Payments and International Investment Position Manual (BPM6)

[www.ons.gov.uk/ons/guide-method/development-programmes/esa2010/index.html](http://www.ons.gov.uk/ons/guide-method/development-programmes/esa2010/index.html)

## Improvements to the measurement of insurance services

An article describing the improvements to the measurement of insurance services to be introduced at Blue Book 2012.

Authors: Abbe Williams, Stephanie Duff and Daniel Wisniewski

Financial intermediation in the national accounts is among the most difficult areas to measure. Insurance services output cannot be measured directly and is therefore measured in accordance with international national accounts guidance using a model based approach. Following an extensive research and development project, improved insurance services, output methods and sources of data have been developed. These will improve comparability between derived insurance services outputs and international standards, as in the European System of Accounts (ESA).

[www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/2011-present/blue-book-2012-insurance-services/index.html](http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/2011-present/blue-book-2012-insurance-services/index.html)

## Content of UK National Accounts: the Blue Book 2012

The Quarterly National Accounts consistent with Blue Book 2012 (BB12) and Pink Book 2012 (PB12) will be published on 28 June 2012. BB12 and PB12 will be published on 31 Jul 2012.

Author: Glenn Everett

In line with ONS policy, this article is intended to inform users about the content of these publications, including forthcoming changes, and outlines future plans for subsequent Blue Books.

[www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/2011-present/content-of-blue-book-2012/index.html](http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/2011-present/content-of-blue-book-2012/index.html)

## The UK's external balance sheet – the international investment position (iip)

Describes the recent path of the UK's net asset position with the rest of the world.



Author: Damian Whittard

This paper describes the path of the UK's international investment position (IIP) with the rest of the world. The paper shows that both UK assets and liabilities grew considerably during the past decade. Liabilities always outstripped assets during this period, mainly reflecting the persistent current account deficits, which meant that the UK consistently ran a net liability position. Although the size of the net liability position increased over the decade, its growth has been volatile. The paper presents a model which shows that in the long term flows had driven the changes to the UK's net IIP, while the volatility in the short term was driven by other changes. The model showed that in 2008 exchange rate effects were the main driver of the UK's improved net liability position; this was because sterling depreciated sharply against all three major currencies. The deterioration in the net liability position in 2009 and 2010 was explained mainly in terms of price effects, as equity markets began to recover; but also exchange rate effects as sterling began to rally, particularly against the euro; and flows as investors turned to UK gilts in preference to euro denominated government debt.

[www.ons.gov.uk/ons/rel/bop/the-international-investment-position/2010/art-uk-s-iip.html](http://www.ons.gov.uk/ons/rel/bop/the-international-investment-position/2010/art-uk-s-iip.html)

### United Kingdom Economic Accounts – Improving the coverage of derivatives data in the National Accounts and Balance of Payments

This article outlines changes to the National Accounts and Balance of Payments, as a result of the ONS introducing new data on derivatives business.

Author: Stephanie Duff

This article outlines changes to the National Accounts and Balance of Payments, as a result of the ONS introducing new data on derivatives business. Following the recommendation three of the article Walker G (2011) 'Developing financial statistics for policy', ONS are extending the coverage of data on derivatives in the National Accounts. From 2010 ONS has improved its coverage of derivatives business by including data from securities dealers. In the coming years ONS aims to improve further its coverage of derivative transactions which take place between other non-bank financial institutions and other sectors of the economy such as private non-financial corporations and the rest of the world once reliable data sources become available.

[www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/improving-the-coverage-of-derivatives-data-in-the-national-accounts-and-balance-of-payments.pdf](http://www.ons.gov.uk/ons/guide-method/method-quality/specific/economy/national-accounts/methodology-and-articles/improving-the-coverage-of-derivatives-data-in-the-national-accounts-and-balance-of-payments.pdf)

### Balance of Payments User Engagement Survey

In 2010, a Balance of Payments (BoP) user engagement survey was conducted using a web questionnaire linked from a statistical bulletin, statistical nugget and statistical product page. The survey was also promoted on the Statistical User Forum website.

[www.ons.gov.uk/ons/guide-method/method-quality/user-engagement/balance-of-payments-statistical-bulletin-user-engagement-survey-responses.pdf](http://www.ons.gov.uk/ons/guide-method/method-quality/user-engagement/balance-of-payments-statistical-bulletin-user-engagement-survey-responses.pdf)

## Incorporating derivatives data in the National Accounts and Balance of Payments

Outlines how these data will be introduced into the financial accounts and balance sheets for the 2010 Blue and Pink Books.

Author: Paul Cullinane

This article outlines forthcoming changes to the National Accounts and Balance of Payments. The Office for National Statistics (ONS) aims to introduce data on derivatives business of UK banks into the financial accounts and balance sheets for the 2010 Blue Book and Balance of Payments Pink Book. Revisions will go back to the start of 2006. In the National Accounts, currently only limited transaction data is published for the bank, central government and rest of the world sectors. Data for the rest of the world sector are also presented within the Balance of Payments statistics. Additional balance sheet data are published annually in Blue Book Table 4.5 and Pink Book Table FD. Derivative transactions which take place exclusively between other sectors of the economy, such as other (non-bank) financial institutions and private non-financial corporations, will be included once reliable data sources are available.

[www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--4--april-2010/incorporating-derivatives-data-in-the-national-accounts-and-balance-of-payments.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--4--april-2010/incorporating-derivatives-data-in-the-national-accounts-and-balance-of-payments.pdf)

## The changing nature of the UK's trade deficits, 1985 to 2008

Looks at the evolution of the trade deficit and the factors explaining it in the UK.

Author: Valerie Fender

This article considers changes in the nature of the balance of trade between 1985 and 2008. The first section examines the theories behind trade and the position of the UK relative to its trading partners. Periods of deficit and surplus between these dates are then analysed individually, drawing comparisons. Lastly, the composition of the balance of trade in each period and the fundamental reasons driving either the surplus or deficit are discussed. The analysis concludes that there are some fundamental similarities between the causes of each trade deficit, although there have also been large structural changes in the composition of UK exports and imports due to developments in the global economy.

[www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--1--january-2010/the-changing-nature-of-the-uk-s-trade-deficits--1985---2008.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--1--january-2010/the-changing-nature-of-the-uk-s-trade-deficits--1985---2008.pdf)

## Coordinated Portfolio Investment Survey, 2002 to 2007

Describes the changing patterns of UK portfolio investment holdings overseas.

Author: Kevin Madden

This article analyses the final results from the Coordinated Portfolio Investment Survey (CPIS) 2007 for the UK and compares these with the 2002 results. An article on portfolio investment holdings by country of residency was last published by the Office for National Statistics (ONS) in November 2009. This

article updates events since that time, focusing on proportionate movements in the estimates between 2002 and 2007 across geographical regions.

[www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--11--november-2009/coordinated-portfolio-investment-survey--2002-to-2007.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--11--november-2009/coordinated-portfolio-investment-survey--2002-to-2007.pdf)

### Methods explained: The balance of payments

Describes the main features and important trends in the UK Balance of Payments.

Author: Graeme Chamberlin

This article describes the main features of the UK Balance of Payments. The balance of payments essentially records one nation's transactions with the rest of the world – relating to conventional trade in goods and services, income flows and the transfer in ownership of financial assets across borders. The international investment position, or net asset position, is the part of the balance of payments that records net stocks of the UK's foreign assets and liabilities. The relationship between this and investment income is also analysed. Finally, the impact of the global recession and credit crunch on recent balance of payments data is presented.

[www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--9--september-2009/methods-explained--the-balance-of-payments.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--9--september-2009/methods-explained--the-balance-of-payments.pdf)

### Overview of UK National Accounts and Balance of Payments: Blue Book and Pink Book 2008

Accompanies publication of Blue Book and Pink Book datasets, and explains in detail the methodological changes and results.

Authors: Ross Meader and Geoff Tily

This article presents details of the Quarterly National Accounts and Balance of Payments estimates published on 30 September 2008. These are consistent with the annual Blue Book and Pink Book. The datasets reflect the introduction of a new method for measuring financial intermediation, incorporation of annual benchmark survey data and supply-use balancing of 2004 to 2006, and latest quarterly and monthly data for more recent periods.

[www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--10--october-2008/overview-of-uk-national-accounts-and-balance-of-payments--blue-book-and-pink-book-2008.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--10--october-2008/overview-of-uk-national-accounts-and-balance-of-payments--blue-book-and-pink-book-2008.pdf)

### Methodological improvements to UK foreign property investment statistics

New methodology to measure ownership of foreign property by UK households and estimates the value of property owned at the end of 2003 to be £23 billion.

Author: Deborah Nicole Aspden

This article presents new methodology to measure ownership of foreign property by UK households. It is based on the Office of the Deputy Prime Minister's (ODPM) Survey of English Housing (SEH). The

new methodology estimates the value of foreign property ownership in 2003/2004 to be just above £23 billion – more than double the estimate for 1999/2000. Investment is highest in Europe, with Spain and France being the preferred locations for investment.

[www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--619--june-2005/methodological-improvements-to-uk-foreign-property-investment-statistics.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--619--june-2005/methodological-improvements-to-uk-foreign-property-investment-statistics.pdf)

### Revisions Analysis to Quarterly Current Account Balance of Payments Data

An analysis of revisions made to balance of payments quarterly current account data between 1998 Q4 and 2003 Q3, an update of the previous article published in the August 2005 issue of *Economic Trends*.

Author: Mala Mistry

This article focuses on revisions to current account credits and debits and how these influence revision to the current account balance. The article also explores the chronological evolution of revisions, revisions to current account components and provides explanation for more prominent revisions occurring over the period analysed.

[www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--5--may-2007/revisions-analysis-to-quarterly-current-account-balance-of-payments-data.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-and-labour-market-review/no--5--may-2007/revisions-analysis-to-quarterly-current-account-balance-of-payments-data.pdf)

### Current Account Asymmetries with the European Union, Annual Report 2004

A report on current account asymmetries for 2004.

Author: Libby Cox

Current account asymmetries occur when one country's data do not correspond to the same data for the same transaction reported by its partner countries. This report analyses asymmetries between the UK current account and the rest of the European Union. Additional data is presented regarding asymmetries between the UK and the US.

[www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--616--march-2005/current-account-asymmetries-with-the-european-union.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--616--march-2005/current-account-asymmetries-with-the-european-union.pdf)

### Analysis of past revisions to UK Trade statistics

The past revisions performance for UK Trade statistics explained.

Author: David Ruffles

This article presents an analysis of the past revisions performance for UK Trade statistics, looks at the statistically significant mean or average revisions seen in the figures for total trade, identifies the main causes of these revisions, and describes what is being done to improve the first published estimates.

[www.ons.gov.uk/ons/rel/uktrade/uk-trade/analysis-of-past-revisions-to-uk-trade-statistics/analysis-of-past-revisions-to-uk-trade-statistics-.pdf](http://www.ons.gov.uk/ons/rel/uktrade/uk-trade/analysis-of-past-revisions-to-uk-trade-statistics/analysis-of-past-revisions-to-uk-trade-statistics-.pdf)

### Report on impact of MTIC on UK Trade statistics

Report on further research into the impact of Missing Trader Fraud on UK Trade Statistics, Balance of Payments and National Accounts.

Authors: David Ruffles, Tricia Williams (HM Revenue & Customs)

This article was a follow-up to the article published in the August 2003 edition of *Economic Trends* which is available on the ONS website. It summarises the work carried out since July 2003 to review the estimates of the impact of Missing Trader Intra-Community (MTIC) VAT Fraud on UK Trade Statistics, Balance of Payments and National Accounts, and to investigate potential methods of estimating acquisition fraud.

[www.ons.gov.uk/ons/rel/uktrade/uk-trade/report-on-impact-of-mtic-on-uk-trade-statistics/report-on-impact-of-mtic-on-uk-trade-statistics-.pdf](http://www.ons.gov.uk/ons/rel/uktrade/uk-trade/report-on-impact-of-mtic-on-uk-trade-statistics/report-on-impact-of-mtic-on-uk-trade-statistics-.pdf)

### Other articles

Older articles which may be of interest, published in *Economic Trends*, include:

‘Geographical breakdown of the UK International Investment *Position*’, June 2004

[www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--607--june-2004/geographical-breakdown-of-the-uk-investment-position.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--607--june-2004/geographical-breakdown-of-the-uk-investment-position.pdf)

‘IMF Co-ordinated Portfolio Investment Survey’, May 2003

[www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--594--april-2003/imf-co-ordinated-portfolio-investment-survey.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--594--april-2003/imf-co-ordinated-portfolio-investment-survey.pdf)

‘Geographical breakdown of income in the balance of payments: further improvements to the methodology for portfolio investment income’, December 2000

[www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--565--december-2000/geographical-breakdown-of-income-in-the-balance-of-payments--further-improvements-to-the-methodology-for-portfolio-investment-income.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--565--december-2000/geographical-breakdown-of-income-in-the-balance-of-payments--further-improvements-to-the-methodology-for-portfolio-investment-income.pdf)

‘Geographical breakdown of income in the balance of payments’, November 1999

[www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--552--november-1999/geographical-breakdown-of-income-in-the-balance-of-payments.pdf](http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--552--november-1999/geographical-breakdown-of-income-in-the-balance-of-payments.pdf)

# Glossary

## Acceptances

See 'Bills and acceptances'.

## Accrued interest

A method of recording transactions to relate them to the period when the exchange of ownership of the goods, services or financial asset applies. For example, value added tax accrues when the expenditure to which it relates takes place, but HM Revenue and Customs (HMRC) receive the cash some time later. The difference between accruals and cash results in the creation of an asset and liability in the financial accounts, shown as amounts receivable or payable.

## Advance and progress payments

Payments made for goods in advance of completion and delivery of the goods.

## Affiliates

Branches, subsidiaries or associate companies.

## Allocation of SDRs

See 'Special Drawing Rights'.

## Arbitrage

A technique of deriving profit with little or no risk of loss by exploiting temporary misalignments in the price of financial instruments, or of one instrument in different markets.

## Assets

This term commonly refers to financial assets that are claims on non-residents, from whose point of view the same item is a liability to a UK

resident. Among reserve assets, however, gold and SDRs have a value which exists independently of any corresponding liabilities. Real assets such as merchandise, although they may be entered in company accounts as assets, are seldom described as assets in balance of payments analysis.

## Associated companies

Companies in which the investing company has a substantial equity interest (usually this means that it holds between 10 per cent and 50 per cent of the equity share capital) and is in a position to exercise a significant influence on the company. (See 'Subsidiary').

## Balancing item

See 'Net errors and omissions'.

## Bank of England – Issue Department

This part of the Bank of England deals with the issue of bank notes on behalf of central government. It was formerly classified to central government though it is now part of the central bank/monetary authorities sector. Its activities include, inter alia, market purchases of commercial bills from UK banks.

## Bank for International Settlements (BIS)

An international organisation which fosters international monetary and financial co-operation and serves as a bank for central banks.

The BIS fulfils this mandate by acting as:

- a forum to promote discussion and policy analysis among central banks and within the international financial community
- a centre for economic and monetary research

- a prime counterparty for central banks in their financial transactions
- agent or trustee in connection with international financial operations

Established on 17 May 1930, the BIS is the world's oldest international financial organisation, which has its head office based in Basel, Switzerland.

The most recent BIS data used within the UK balance of payments accounts covers non-bank borrowing from banks in the following countries: Algeria, Argentina, Australia, Austria, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chile, China, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong SAR, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Macedonia (FYR), Malaysia, Mexico, the Netherlands, New Zealand, Norway, the Philippines, Poland, Portugal, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, the United Kingdom and the United States, plus the European Central Bank.

The data used for balance of payments purposes are locational banking statistics on a residence basis.

### Banking statistics

A term used in this publication to denote an integrated set of returns, covering all UK banks, and collected by the Bank of England. The returns were first introduced in late 1974 and during 1975. Since then, various reviews of the requirements of data from banks have been conducted and forms amended, introduced or dropped as necessary. The data collected cover all listed banks up to the end of 1981 and the revised group of institutions classified as

UK banks from 1982 onwards. It collects, on a regular basis, extensive information relating to the levels of, and changes in, assets and liabilities. Revised banking returns were introduced from the end of 1997 to reflect the requirements of the IMF Balance of Payments Manual 5th edition and to remove the Channel Islands and the Isle of Man from the definition of the economic territory of the UK.

### Banks (UK)

Banks are defined as all financial institutions recognised by the Bank of England as UK banks. For statistical purposes, this includes:

- institutions which have a permission under Part 4 of the Financial Services and Markets Act 2000 (FSMA) to accept deposits, other than:
  - credit unions
  - firms which have a permission to accept deposits only in the course of carrying out contracts of insurance in accordance with that permission
  - friendly societies
  - building societies
- European Economic Area credit institutions with a permission under Schedule 3 to FSMA to accept deposits through a UK branch
- the Banking and Issue Departments of the Bank of England (the latter from April 1998)

Prior to December 2001, banks were defined as all financial institutions recognised by the Bank of England as UK banks for statistical purposes, including the UK offices of institutions authorised under the Banking Act 1987, the Banking and Issue Departments of



the Bank of England (the latter from April 1998), and deposit-taking UK branches of 'European Authorised Institutions'. This includes UK branches of foreign banks, but not the offices abroad of these or of any British owned banks.

An updated list of banks appears on the Financial Services Authority website at:

[www.fsa.gov.uk/library/other\\_publications/banks](http://www.fsa.gov.uk/library/other_publications/banks)

### **Bills and acceptances**

A bill is an unconditional order in writing addressed by the drawer to the drawee to pay the drawer a fixed sum on a specified date. A UK resident may draw a bill in sterling on a foreign resident representing credit extended by the UK resident to the foreign resident. If the UK resident sells the bill to a UK bank, generally at a price less than the nominal value of the bill, the bank is said to discount the bill, and the claim on the foreign resident is transferred to the UK bank.

A bill is known as an acceptance when the drawee accepts the bill. A UK bank may accept a bill on behalf of a foreign resident in which case the UK resident draws the bill on the UK bank and not on the foreign resident. The accepting bank has a claim on the foreign resident and expects to be paid by him before the bill matures.

### **Bond**

A financial instrument that usually pays interest to the holder. Bonds are issued by governments as well as companies and other institutions, for example, local authorities. Most bonds have a fixed date on which the borrower will repay the holder. Bonds are attractive to investors since they can be bought and sold easily in a secondary market. Special forms of bonds include deep discount bonds, equity

warrant bonds, Eurobonds, and zero coupon bonds.

### **BPM5**

The Balance of Payments Manual, 5th Edition, published in 1993 by the IMF.

### **Branch**

An unincorporated enterprise, wholly or jointly owned by a direct investor.

### **British government stocks**

Securities issued or guaranteed by the UK government; also known as gilts.

### **Building societies**

Building societies are mutual institutions specialising in accepting deposits from members of the public and in long-term lending to members of the public, mainly to finance the purchase of dwellings; such lending being secured on dwellings. Their operations are governed by special legislation which places restrictions on their recourse to other sources of funding and other avenues of investment.

### **Capital account**

The capital account consists of capital transfers (see 'Transfers') and acquisition/disposal of non-produced, non-financial assets (see 'Non-produced, non-financial assets').

### **Capital transfers**

See 'Transfers'.

### **Certificate of deposit**

A short-term interest-paying instrument issued by deposit-taking institutions in return for money deposited for a fixed period. Interest is earned at a given rate. The instrument can be



used as security for a loan if the depositor requires money before the repayment date.

### **c.i.f. (cost, insurance and freight)**

The basis of valuation of imports for Customs purposes, it includes the cost of insurance premiums and freight services. These need to be deducted to obtain the free on board valuation consistent with the valuation of exports which is used in the economic accounts.

### **Collective investment institution (CII)**

Incorporated (investment companies or investment trusts) and unincorporated undertakings (mutual funds or unit trusts) that invest the funds, collected from investors by means of issuing shares/units (other than equity), in financial assets (mainly marketable securities and bank deposits) and real estate. (See also 'Trusts').

### **Commercial paper**

This is an unsecured promissory note for a specific amount and maturing on a specific date. The commercial paper market allows companies to issue short-term debt direct to financial institutions who then market this paper to investors or use it for their own investment purposes.

### **Commodity gold**

See 'Gold'.

### **Commonwealth Development Corporation**

A public corporation which finances development projects abroad.

### **Compensation of employees**

Total remuneration payable to employees in cash or in kind, and includes the value of social contributions payable by the employer.

### **Coordinated Portfolio Investment Survey (CPIS)**

A survey coordinated and disseminated by the International Monetary Fund (IMF). Participants in the CPIS collect a geographical breakdown of their portfolio investment assets.

### **Counterpart items**

Certain items in the balance of payments exist only as counterpart items, introduced to balance the inclusion of other items that do not fall naturally into the double-entry system. The allocation of Special Drawing Rights (SDRs) is an example of an artificial counterpart item introduced into the balance of payments to offset the corresponding increase in SDR holdings within official reserves (as SDRs are no one sector's liabilities). (See also 'Special Drawing Rights').

### **Cross-trades**

The provision of transportation services by resident operators between two foreign economies.

### **Currency swaps**

A currency swap, also known as a cross-currency interest-rate swap contract, consists of an exchange of cash flows related to interest payments and, at the end of the contract, an exchange of principal amounts in specified currencies at a specified exchange rate.

## Current account

The account of transactions in respect of trade in goods and services, income and current transfers.

## Current balance

The balance of current account transactions.

## Current transfers

See 'Transfers'.

## Debt forgiveness

The voluntary cancellation of all or part of a debt within a contractual arrangement between a creditor in one country and a debtor in another country.

## Debt securities

Debt securities cover bonds, debentures, notes etc., and money market instruments. These are split into long and short (up to one year) term, based on original maturity.

## Derivatives

See 'Financial derivatives'.

## Direct investment

Net investment by UK/foreign companies in their foreign/UK branches, subsidiaries or associated companies. A direct investment in a company means that the investor has a significant influence on the operations of the company, defined as having an equity interest in an enterprise resident in another country of 10 per cent or more of the ordinary shares or voting stock. (See 'Branch', 'Subsidiary' and 'Associated companies'.) Investment covers not only acquisition of fixed assets, stock building and stock appreciation, but also all other financial transactions, such as: additions to or payments of working capital; other loans and

trade credit; and acquisitions of securities. Estimates of investment flows allow for depreciation in any undistributed profits. Funds raised by the subsidiary or associate company in the economy in which it operates are excluded as they are locally raised and not sourced from the parent company.

## Disbursements

Operating expenses.

## Dividend

A payment made to company shareholders from current or previously retained profits. Dividends are recorded when they become payable.

## Equity

Equity is ownership of a residual claim on the assets of the institutional unit that issued the instrument. Equities differ from other financial instruments in that they confer ownership of something more than a financial claim. Shareholders are owners of the company whereas bond holders are outside creditors.

## Equity securities

Equity securities are shares issued by companies to shareholders. Purchases of equity securities in which the purchaser does not have any significant degree of control over the company (that is, less than 10 per cent of the equity capital) fall within portfolio investment; otherwise it falls within direct investment. Equity securities include mutual fund shares.

## Euro area

The euro area encompasses those member states of the European Union in which the euro has been adopted as the single currency and in which a single monetary policy is conducted

under the responsibility of the decision-making bodies of the European Central Bank. As from 1 January 2011 the euro area comprises Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, the Slovak Republic, Slovenia and Spain.

### **Eurocurrency market**

All borrowing and lending by banks in currencies other than that of the country in which the banks are situated.

### **Euro/European Currency Unit (ECU)**

The ECU was officially introduced in 1979 in connection with the start of the European Monetary System (EMS). In the EMS, the ECU served as the basis for determining exchange rate parities and as a reserve asset and means of settlement. It was a composite currency which contained specified amounts of the currencies of the member states of the European Union. The currencies making up the ECU were weighted according to their economic importance and use in short-term finance. As from September 1989 the weightings of the ECU were revised to include both the Spanish peseta and Portuguese escudo. The ECU was converted into the euro at the start of European Monetary Union on 1 January 1999, with Greece joining on 1 January 2001. From 1 January 2003, the euro became the currency of the member states of the European Monetary Union.

### **European Central Bank (ECB)**

The Monetary Authority for the euro currency, based in Frankfurt. The ECB, together with the national central banks of the member states, manages monetary policy and the banking system across the European Monetary Union area.

### **European Investment Bank (EIB)**

This was set up to assist economic development within the European Union. Its members are the member states of the EU.

### **European Monetary System (EMS)**

The EMS was established in March 1979. Its most important element was the mechanism known as the ERM (Exchange Rate Mechanism) whereby the exchange rates between the currencies of the participating member states were kept within set ranges. The UK joined the ERM on 8 October 1990. On 16 September 1992 the UK's membership of the ERM and the EMS was suspended. The EMS was superseded by the single currency when 11 of the participating member states joined European Monetary Union on 1 January 1999. Since then Greece joined on 1 January 2001, Slovenia joined on 1 January 2007, Cyprus and Malta joined on 1 January 2008, Slovakia joined on 1 January 2009 and Estonia joined on 1 January 2011.

### **Eurosystem**

The Eurosystem comprises the European Central Bank (ECB) and the national central banks of the member states which have adopted the euro in Stage Three of Economic and Monetary Union (EMU). In 2011 there are 17 national central banks in the Eurosystem. The Eurosystem is governed by the Governing Council and the Executive Board of the ECB and has assumed the task of conducting the single monetary policy for the euro area since 1 January 1999. Its primary objective is to maintain price stability.

### **Exchange control**

A legal control imposed by governments on the ability of persons, businesses and others to hold, receive and transfer foreign currency. The extent of the Exchange Control Act of 1947 was

considerably reduced in June and July 1979 and the Act was repealed in 1987.

### Exchange cover scheme (ECS)

A scheme first introduced in 1969 whereby UK public bodies raise foreign currency from abroad, either directly or through UK banks, and generally surrender it to the EEA (see below) in exchange for sterling for use to finance expenditure in the UK. HM Treasury sells the borrower foreign currency to service and repay the loan at the exchange rate that applied when the loan was taken out. The transactions relate to net borrowing by British Nuclear Fuels plc and repayment by HM Government following the privatisation of other former public corporations (see 'Novations').

### Exchange Equalisation Account (EEA)

The government account with the Bank of England in which transactions in reserve assets are recorded. These transactions are classified to the central government sector. It is the means by which the government, through the Bank of England, influences exchange rates.

### Export credit

Credit extended abroad by UK institutions, primarily in connection with UK exports but also including some credit in respect of third-country trade.

### External debt

A measure of balance sheet liabilities owing to non-residents. Liabilities relating to trade credit, debt securities, and loans and deposits (including inter-company liabilities within direct investment) are included; equity liabilities are excluded.

### Financial account

The financial account records transactions in external assets and liabilities of the UK, for example, the acquisitions and disposals of foreign shares by UK residents. The financial account consists of direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

### Financial auxiliaries

Auxiliary financial activities are ones closely related to financial intermediation but which are not financial intermediation themselves, such as the repackaging of funds, insurance broking and fund management. Financial auxiliaries therefore include insurance brokers and fund managers.

### Financial corporations

All bodies recognised as independent legal entities whose principal activity is financial intermediation and/or the production of auxiliary financial services.

### Financial derivatives

Any financial instrument that derives its value from other financial instruments (known as the underlying), events or conditions. Financial derivatives include options (on, for example, currencies, interest rates, commodities, and indices), traded financial futures, warrants, and currency and interest swaps. Under BPM5, transactions in derivatives are treated as separate transactions, rather than being included as integral parts of underlying transactions to which they may be linked as hedges. Estimates for foreign exchange, interest rate, equity and commodity and credit derivatives are included.

### Financial gold

See 'Gold'.

## Financial leasing

See 'Leasing'.

## Financial surplus or deficit (FSD)

The former term for Net lending(+)/Net borrowing(-), the balance of all current and capital account transactions for an institutional sector or the economy as a whole.

## FISIM

FISIM is an acronym for Financial Intermediation Services Indirectly Measured. It represents the implicit charge for the service provided by monetary financial institutions paid for by the interest differential between borrowing and lending rather than through fees and commissions.

## f.o.b. (free on board)

An f.o.b. price excludes the cost of insurance and freight from the country of consignment but includes all charges up to the point of the exporting country's customs frontier. Trade in goods exports are valued on an f.o.b. basis in the balance of payments accounts.

## Foreign

In this publication 'foreign' denotes residence outside the UK rather than nationality. In some contexts 'external', 'abroad' or 'non-resident' are used with the same meaning. (See 'Residency').

## Forwards

In a forward contract, the counterparties agree to exchange, on a specified date, a specified quantity of an underlying item (real or financial) at an agreed-upon contract price (the strike price). If a future exchange of currencies is carried out in a forward contract, the counterparties exchange, in accordance

with prearranged terms, cash flows based on the reference prices of the underlying items. Forward rate agreements and forward foreign exchange contracts are common types of forward contracts.

## Futures

Futures are forward contracts traded on organised exchanges. They give the holder the right to purchase a commodity or a financial asset at a future date.

## Gilts

Bonds issued or guaranteed by the UK Government. Also known as gilt-edged securities or British government securities.

## Gold

In the accounts, a distinction is drawn between gold held as a financial asset (financial gold) and gold held like any other commodity (commodity gold). Transactions in commodity gold are recorded in the trade in goods account and include foreign trade in finished manufactures together with net domestic and foreign transactions in gold moving into or out of finished manufactured form (that is, for jewellery, dentistry, electronic goods, medals and proof – but not bullion – coins).

Banking-type assets and liabilities denominated in gold, including reserve assets are treated as financial gold transactions and included in the financial account. The distinction between commodity and financial gold differs from that drawn by the IMF, in its Balance of Payments Manual(5th edition, 1993), between non-monetary and monetary gold. The UK has obtained an exemption from adopting the BPM5 recommendations on treatment of gold in order to avoid distortion of its trade in goods account by the substantial transactions of the London Bullion Market.



The treatment of non-monetary gold was reviewed as part of the worldwide process to revise the IMF Balance of Payments Manual Sixth Edition. The proposal is that the concept of non-monetary gold is replaced by two categories – allocated gold (a commodity) and unallocated gold (a financial instrument). UK balance of payments will continue current practice until the treatments defined in the revised manual are implemented.

## Gross

The separate identification of both credit/debit, export/import for any particular transaction.

## Hedging

Hedging is accomplished by the temporary purchase or sale of futures/swaps contracts to offset movements in the position or anticipated position in the cash markets. For example, this may benefit banks, financial institutions, pension funds and corporate treasuries who hold interest rate, exchange rate or stock price sensitive assets or liabilities.

## Holding companies

A holding company is a company that usually confines its activities to owning stock in and supervising management of other companies. A holding company usually owns a controlling interest in the companies whose stock it holds. Holding companies exist for legal, commercial and tax reasons. In line with international standards, holding companies are classified as other financial intermediaries.

## Households

Individuals or small groups of individuals as consumers and in some cases as entrepreneurs producing goods and market services.

## Import credit

Credit extended to UK institutions by non-residents, primarily in connection with UK imports.

## Income

The income account forms part of the current account and consists of compensation of employees and investment income, both of which have separate entries in this glossary.

## Inter-company accounts

Accounts recording transactions between parent and subsidiary or associated companies, and balances owed by one to the other.

## Interest rate swaps

An obligation between two parties to exchange interest-related payments in the same currency from fixed rate into floating rate, or vice versa, or from one type of floating rate to another. A swap can be used to reshape the coupon payments of either new or existing debt. The only movement of funds is a net transfer of interest payments between the two parties. The interest payments are calculated on an agreed principal amount, which is not exchanged. The settlement receipts/payments on UK banks' interest rate swaps appear in the financial account under financial derivatives.

## International investment position (IIP)

The international investment position records end of period balance sheet levels of UK external assets and liabilities. The IIP consists of direct investment, portfolio investment, other investment and reserve assets. In the 2010 and 2011 editions, for the first time, financial derivatives business of UK banks and securities dealers respectively have been incorporated into the main aggregates of the

IIP. Data for insurance companies, pension funds, unit trusts, investment trusts, open-ended investment companies, finance leasing companies, credit grantors, factoring companies and building societies are not included in the main aggregates for the UK's international investment position. The financial derivatives balance sheet for all sectors is published separately in table FD of the Pink Book.

### International Monetary Fund (IMF)

A Fund set up as a result of the Bretton Woods Conference of 1944 and which began operations in 1947. It includes most of the major countries of the world. The Fund was set up to supervise the fixed exchange rate system agreed at Bretton Woods and to make available to its members a pool of foreign exchange resources to assist them when they have balance of payments difficulties. (See also 'Special Drawing Rights').

### Intervention Board for Agricultural Produce (IBAP)

The UK government agency which used to operate the support arrangements of the EU Common Agricultural Policy within the UK. It has now been replaced by the Rural Payments Agency (RPA).

### Investment

In a balance of payments context this is categorised as either direct, portfolio or other investment. See appropriate headings for definitions.

### Investment income

All investment income accruing to UK residents from non-residents or payable abroad by UK residents after allowing for depreciation. The balance on credits and debits equals 'net

property income from abroad' as shown in the national accounts.

### Investment trust

See 'Trusts'.

### Leasing

In the balance of payments accounts all financial leases and some long-term operating leases (for example, for aircraft) are regarded as loans to finance the purchase of goods. The lessor thus makes a loan to the lessee who subsequently repays this with interest. The lessee is regarded as the purchaser of the goods.

### Liabilities

In balance of payments terminology, liabilities are the financial claims of non-residents on the UK.

### LIBOR

London Interbank Offered Rate. The rate of interest at which banks borrow funds from other banks, in marketable size, in the London Interbank market.

### Local authorities

Elected councils responsible for the administration of certain services in particular areas within the UK.

### Merchanting

Merchanting is defined as the purchase of a good by a resident from a non-resident and the subsequent resale of the good to another non-resident, without the good entering the compiling economy. The difference between the purchase and sale price is recorded as the value of merchanting services provided.

## Monetary authorities

Institutions (usually central banks) which control the centralised monetary reserves and the supply of currency in accordance with government policies, and which act as their governments' bankers and agents. In the UK this is equivalent to the Bank of England and part of the Treasury (the Exchange Equalisation Account). Data is not separately available in the UK accounts for monetary authorities.

## Monetary financial institutions (MFIs)

Banks and building societies.

## Monetary gold

See 'Gold'.

## Money market

The market in which short-term loans are made and short-term securities traded. 'Short term' usually applies to periods up to one year but can be longer in some instances.

## Money market instruments

Money market instruments, within portfolio investment, generally give the holder the unconditional right to receive a stated, fixed sum of money on a specified date. These are short-term instruments usually traded at a discount; the discount being dependent upon the interest rate and the time remaining to maturity. Included are such instruments as acceptances, treasury bills, commercial paper and certificates of deposit.

## MTIC

VAT missing trader intra-community fraud. A systematic, criminal attack on the VAT system, which has been detected in many EU member states. In essence, fraudsters obtain VAT

registration to acquire goods VAT free from other member states. They then sell on the goods at VAT inclusive prices and disappear without paying over the VAT paid by their customers to the tax authorities.

## Navy, Army and Air Force Institute (NAAFI)

A body which provides goods and services for use by the UK Armed Forces abroad.

## Net

In this presentation of the balance of payments accounts, the term 'net' is generally applied only to transactions in financial assets or liabilities. Purchases of assets are recorded net of sales; similarly with liabilities. In the current and capital accounts, where the operations of UK and foreign residents are taken together in particular transactions areas, the term 'balance' is used.

## Net errors and omissions

The item included to bring the sum of all balance of payments entries to zero. Also known as the balancing item.

## Non-monetary gold

See 'Gold'.

## Non-produced, non-financial assets

Non-produced, non-financial assets, within the capital account, include land purchased or sold by a foreign embassy, patents, copyrights, trade marks, franchises and leases and other transferable contracts, but not finance leasing. Only the purchase and sale of such assets are recorded in the capital account; earnings from them are presented under trade in services.



## Novations

This term defines the reassignment of debt (for balance of payments, usually foreign debt) of public corporations to central government following the privatisation of the public corporation. This does not normally change the overall balance of payments situation as the debt is still regarded as a UK liability.

## NPISH

Non-profit institutions serving households.

## Official reserves

See 'Reserve assets'.

## Offshores

The economic territory of a country consists of the geographic territory administered by a government; within this territory, persons, goods, and capital circulate freely. In the context of the UK, the offshore islands of the Channel Islands and the Isle of Man are subject to their own fiscal authorities and have their own tax systems, there are impediments to taking up residency, and they are not part of the EU. They are therefore not recognised as part of the economic territory of the UK for balance of payments purposes and are classified as non-resident in the UK.

## Operating leasing

Operational leasing (rental) covers resident/non-resident leasing (other than financial leasing), charter of ships, aircraft and transportation equipment without crew. Leasing of ships, aircraft and transportation equipment with crew are included in the transportation account.

## Ordinary share

The most common type of share in the ownership of a corporation. Holders of ordinary shares receive dividends. (See also 'Equity').

## Other financial intermediaries (OFIs)

A diverse group of units constituting all financial corporations other than depository corporations, insurance corporations, pension funds, and financial auxiliaries. They generally raise funds by accepting long-term or specialised types of deposits and by issuing securities and equity. These intermediaries often specialise in lending to particular types of borrowers and in using specialised financial arrangements such as financial leasing, securitised lending, and financial derivative operations.

## Other investment

Investment other than direct and portfolio investment. Includes trade credit, loans, currency and deposits and other assets and liabilities.

## Parent

In a balance of payments context this means a company with direct investments in other countries.

## Pension funds

The institutions that administer pension schemes. Pension schemes are significant investors in securities. Self-administered funds are classified in the financial accounts as pension funds. Those managed by insurance companies are treated as long-term business of insurance companies. They are part of S.125, the Insurance corporations and pension funds sub-sector of the financial corporations sector within the National Accounts.

## Portfolio investment

Investment in equity and debt securities issued by registered companies, other than that classed as direct investment, and in equity and debt securities issued by governments. A portfolio investment, unlike a direct investment, does not entitle the investor to any significant influence over the operations of the company or institution, and represents less than 10 per cent of the equity capital.

## Preference share

This type of share guarantees its holder a prior claim on dividends. The dividend paid to preference shareholders is normally more than that paid to holders of ordinary shares. Preference shares may give the holder a right to a share in the ownership of the company (participating preference shares). However in the UK they usually do not, and are therefore classified as bonds.

## Private sector

Private non-financial corporations, financial corporations other than the Bank of England, households and the NPISH sector.

## Promissory note

A security which entitles the bearer to receive cash. These may be issued by companies or other institutions. (See 'Commercial paper').

## Public corporations

These are public trading bodies which usually have a substantial degree of financial independence from the public authority which created them. A body is normally treated as a trading body when more than half its income is financed by fees. A public corporation is publicly controlled to the extent that the public authorities appoint a majority of the board of management or when public authorities can

exert significant control over general corporate policy through other means. Since the 1980s many public corporations, such as British Telecom, have been privatised and reclassified within the accounts as private non-financial corporations.

## Public sector

Central government, local authorities and public corporations.

## Refinanced export credit

Identified long-term credit extended for UK exports initially by banks and refinanced with the ECGD, the Trustee Savings Banks and the Central Trustee Savings Bank.

## Reinvested earnings

The direct investor's share of earnings not distributed as dividends (by subsidiaries) or branch profits. As this income remains with the foreign subsidiary or branch (it is reinvested by the parent) an amount will appear in the financial account equal to (and with opposite sign) the corresponding entry within direct investment income.

## Related companies

Branches, subsidiaries, associates or parents.

## Remittances

Current transfers in cash or in kind sent by households resident in one economy to households resident in another economy. Closely related to BPM5 concept workers remittances which are current transfers sent by migrants who are employed in new economies and are considered to be residents of their new economy to their home economy.

## Repo/reverse repo

This is short for 'sale and repurchase agreement'. One party agrees to sell bonds or other financial instruments to other parties under a formal legal agreement to repurchase them at some point in the future – usually up to six months – at a fixed price. Reverse repos are the counterpart asset to any repo liability. Repo/ reverse repo transactions are generally treated as borrowing/lending within other investment, rather than as transactions in the underlying securities. The exception being for banks, where repos are recorded as deposit liabilities. Banks' reverse repos are recorded as loans, the same as for all other sectors.

## Reserve assets

Short-term assets which can be very quickly converted into cash. They comprise the UK's official holdings of gold, convertible currencies, Special Drawing Rights, and changes in the UK reserve position in the IMF. Also included between July 1979 and December 1998 are European Currency Units acquired from swaps with the European Cooperation Fund, EMI and the ECB. Reserve assets were referred to as 'official reserves' in editions of the Pink Book prior to 1998.

## Reserve position in the Fund

The UK's position in the IMF's General Resources Account. This position is the sum of the UK's reserve tranche purchases, and any indebtedness to the Fund (under a loan agreement) that is readily payable to the UK.

## Residency

UK residents are those with a centre of economic interest within the UK of at least one year's duration – nationality does not play a part in determining residency status. There are a number of exceptions to the standard residency classification: regardless of length of

stay, UK personnel of UK embassies and military bases abroad are deemed to be residents of the UK (conversely foreign personnel of other nations' embassies and military bases in the UK are classed as non-residents), as are students studying abroad or patients being treated abroad who are normally resident in the UK. (See also 'Offshores'.)

## Royalties

These form part of trade in services. They represent payments for services by, or to, UK residents in respect of the right to use processes and other information, for example, licences to use patents, trade marks, designs, or copyrights. Sales and purchases of patents are included within the capital account.

## Rural Payments Agency (RPA)

The UK government agency which operates the support arrangements of the EU Common Agricultural Policy within the UK. This replaced the Intervention Board for Agricultural Produce (IBAP).

## Securities dealers

Securities and futures dealers are those institutions whose main activity is dealing in securities and futures either on their own account or on behalf of customers and clients. This activity also includes stock exchange money brokers, inter-dealer brokers and dealing in commodities for investment purposes. They should not be confused with monetary financial institutions (banks and building societies) that are licensed as able to take deposits.

## Security

Security against loans involves the depositing of a document or asset which is retained by the bank as a charge for an advance. This form of

security may include stocks and share certificates, debentures, and insurance policies.

### Smuggling

Smuggling is the importation of goods acquired duty free or duty paid in another country for re-sale in the UK without payment of UK duty and (where appropriate) VAT. (See also 'MTIC').

### Special Drawing Rights (SDRs)

These are reserve assets created and distributed by decision of the members of the IMF. Participants accept an obligation to provide convertible currency, when designated by the IMF to do so, to another participant, in exchange for SDRs. Only countries with a sufficiently strong balance of payments are so designated by the IMF. SDRs may also be used in certain direct payments between participants in the scheme and for payments of various kinds to the IMF.

### Spread earnings

Net spread earnings are the part of market making activities that represent payment for the provision of a service. The value of the spread earning for each transaction is calculated as the margin earned between the transaction price and the mid-market price at the time of the transaction. This represents the 'added value' gained from market making activities. Spread earnings can be made on, for example, foreign exchange, securities and derivatives transactions.

### Stock lending

Lending of securities by long-term holders or custodians such as banks, pension funds or insurance companies when securities are in short supply.

### Subsidiary

A registered company in which another registered company has ownership of the majority of the voting share capital, that is, greater than 50 per cent.

### Subsidies

Current unrequited payments made by general government or the EU to enterprises. Those made on the basis of a quantity or value of goods or services are classified as 'subsidies on products'. Other subsidies based on levels of productive activity (for example, numbers employed) are designated 'Other subsidies on production'.

### Swaps

See 'Interest rate swaps' and 'Currency swaps'.

### Trade credit

See 'Export credit' and 'Import credit'.

### Trade in goods

Trade in goods covers general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers and commodity gold (see 'Gold'). General merchandise is defined for balance of payments purposes as covering, with a few exceptions, all movable goods for which actual or imputed changes of ownership occur between residents and non-residents.

### Trade in services

Provision of services between UK residents and non-residents, and transactions in goods which are not freighted out of the country in which the transactions take place, for example purchases for local use by foreign forces in the UK and by UK forces abroad, and purchases by tourists. Transactions in goods which are

freighted into/ out of the UK are included under trade in goods.

## Transfers

Transfers are payments or receipts where there is no corresponding exchange of an actual good or service. These transfers are split between current transfers, which form part of the current account, and capital transfers which form part of the capital account. Most transfer payments are general government transfers; that is, receipts from and payments to institutions of the EU.

## Travel

The travel account gives the earnings from, and expenditure on, international tourism and business and other travel, but excludes transport between the UK and other countries (included within the transportation account). An international traveller is defined as a resident of one country who visits another country and stays there for a period of less than 12 months. This definition excludes travellers who visit another country to take up pre-arranged employment or education there, military and diplomatic personnel, merchant seamen and airline crews on duty.

## Treasury bills

Short-term securities or promissory notes that are issued by government in return for funding from the money market. In the UK every week, the Bank of England invites tenders for sterling Treasury bills from the financial institutions operating in the market. ECU/euro-denominated bills were issued by tender each month but this programme has now wound down; the last bill was redeemed in September 1999. Treasury bills are an important form of short-term borrowing for the government, generally being issued for periods of three or six months.

## Trusts (unit and investment)

Unit trusts are institutions through which investors pool their funds to invest in a diversified portfolio of securities. Individual investors purchase units in the fund representing an ownership interest in the large pool of underlying assets, that is, they have an equity stake. The selection of assets is made by professional fund managers. Unit trusts therefore give individual investors the opportunity to invest in a diversified and professionally-managed portfolio of securities without the need for detailed knowledge of the individual companies issuing the stocks and bonds. Unit trust units are issued and bought back on demand by the managers of the trust, the value of the unit reflecting the value of the underlying pool of securities.

Investment trusts are institutions that invest capital in a wide range of other companies' shares. Investment trusts issue shares (which are listed on the stock market) to raise this capital. The price of shares is driven by the usual market forces.

Unit trusts are 'open-ended funds' which means the fund gets bigger as more people invest and gets smaller as people withdraw their money. Investment trusts are 'close-ended funds' because there are a set number of shares and this number does not change regardless of the number of investors. (See also 'Collective investment institutions'.)

## UK Export Finance

A non-ministerial government department, classified to the public corporations sector, the main function of which is to provide insurance cover for export credit transactions.

**Very short-term financing facility  
(VSTFF)**

This is a facility available within the EMS where a central bank makes short-term credit facilities in its own currency available to another central bank.



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