

# United Kingdom Balance of Payments

## The Pink Book

2010 Edition

Editors: John Bunday  
Melanie Edwards  
Office for National Statistics

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## Contacts

### This publication

For information about the content of this publication, contact the Editor

Tel: 01633 455185

Email: [bop@ons.gov.uk](mailto:bop@ons.gov.uk)

### Other customer enquiries

ONS Customer Contact Centre

Tel: 0845 601 3034

International: +44 (0)845 601 3034

Minicom: 01633 815044

Email: [info@statistics.gsi.gov.uk](mailto:info@statistics.gsi.gov.uk)

Fax: 01633 652747

Post: Room 1.101, Government Buildings,  
Cardiff Road, Newport, South Wales NP10 8XG

[www.ons.gov.uk](http://www.ons.gov.uk)

### Media enquiries

Tel: 0845 604 1858

Email: [press.office@ons.gsi.gov.uk](mailto:press.office@ons.gsi.gov.uk)

### Publication orders

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# List of contributors

Authors and Production Team: Jeremy Brocklehurst  
John Bunday  
Julie Crowley  
Melanie Edwards  
Peter Gittins  
Simon Harrington  
Rebecca Jackson  
Jawed Khan  
Phil Lewin  
Jamie Pritchard  
Marilyn Thomas  
Damian Whittard  
Sarah Williams  
Jo Wilson  
Phil Wood

Design: Jason Cartwright

# 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)

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## 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*.

The latest estimates are also given in summary form in the *Monthly Digest of Statistics* and in *Financial Statistics*.

## 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 G7 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:

### John Bunday

Pink Book Editor  
Business Indicators and Balance of Payments Division  
Office for National Statistics  
Room 2001  
Government Buildings  
Cardiff Road  
Newport  
NP10 8XG  
Tel: 01633 455185  
Email: [bop@ons.gsi.gov.uk](mailto:bop@ons.gsi.gov.uk)

Enquiries regarding balance of payments estimates should be directed to the following:

### Trade in goods:

Peter Gittins 01633 455610  
([peter.gittins@ons.gsi.gov.uk](mailto:peter.gittins@ons.gsi.gov.uk))

### Trade in services, current transfers and capital account:

Marilyn Thomas 01633 455708  
([marilyn.thomas@ons.gsi.gov.uk](mailto:marilyn.thomas@ons.gsi.gov.uk))

### Income, financial account and international investment position:

Damian Whittard 01633 455497  
([damian.whittard@ons.gsi.gov.uk](mailto:damian.whittard@ons.gsi.gov.uk))



# 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 the UK 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 comparison 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 the new standards 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 balance on current account, and the balance on capital and financial account.

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 Parliament, Welsh Assembly, 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

Financial liabilities of the UK to non-residents

Transfers that are offsets to debit entries

**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

Financial claims of the UK on non-residents

Transfers that are offsets to credit entries

### 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 100  
 Bank deposits, foreign currency assets 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 120  
 Trade credit liabilities 120
3. Food aid (value 5) provided to non-residents (that is, goods provided and transfer imputed)  
 Goods 5  
 Current transfers 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 -25  
 Bank deposits, foreign currency assets -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 and the financial asset acquired is represented by an offset debit entry. 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 rest of 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 data.

### 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 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 (opposite) 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

# A

## Summary of balance of payments in 2009

	£ million	
	Credits	Debits
<b>1. Current account</b>		
A. Goods and services	386 648	418 671
1. Goods	227 537	309 412
2. Services	159 111	109 259
2.1. Transportation	20 708	17 707
2.2. Travel	19 282	32 297
2.3. Communications	4 485	4 041
2.4. Construction	1 625	1 433
2.5. Insurance	8 333	1 006
2.6. Financial	43 852	10 933
2.7. Computer and information	6 902	3 818
2.8. Royalties and licence fees	7 610	5 814
2.9. Other business	42 243	27 750
2.10. Personal, cultural and recreational	1 951	667
2.11. Government	2 120	3 793
B. Income	174 044	142 762
1. Compensation of employees	916	1 604
2. Investment income	173 128	141 158
2.1 Direct investment	73 127	19 389
2.2 Portfolio investment	54 513	60 176
2.3 Other investment (including earnings on reserve assets)	45 488	61 593
C. Current transfers	16 623	31 388
1. General government	6 158	17 344
2. Other sectors	10 465	14 044
<b>Total current account</b>	<b>577 315</b>	<b>592 821</b>
<b>2. Capital and financial accounts</b>		
A. Capital account	5 532	2 313
1. Capital transfers	4 251	1 339
2. Acquisition/disposal of non-produced, non-financial assets	1 281	974
B. Financial account	-164 479	-170 076
1. Direct investment	14 759	30 116
Abroad		30 116
1.1. Equity capital		14 628
1.2. Reinvested earnings		25 843
1.3. Other capital <sup>1</sup>		-10 355
In United Kingdom	14 759	
1.1. Equity capital	22 266	
1.2. Reinvested earnings	9 280	
1.3. Other capital <sup>2</sup>	-16 787	
2. Portfolio investment	188 980	154 145
Assets		154 145
2.1. Equity securities		11 561
2.2. Debt securities		142 584
Liabilities	188 980	
2.1. Equity securities	51 829	
2.2. Debt securities	137 151	
3. Financial derivatives (net)		-29 104
4. Other investment	-368 218	-330 996
Assets		-330 996
4.1 Trade credits		-96
4.2 Loans		-116 464
4.3 Currency and deposits		-216 094
4.4 Other assets		1 658
Liabilities	-368 218	
4.1. Trade credits	-	
4.2. Loans	-43 779	
4.3. Currency and deposits	-324 177	
4.4. Other liabilities	-262	
5. Reserve assets		5 763
5.1. Monetary gold		-
5.2. Special drawing rights		8 522
5.3. Reserve position in the IMF		613
5.4. Foreign exchange		-3 282
<b>Total capital and financial accounts</b>	<b>-158 947</b>	<b>-167 763</b>
<b>Total current, capital and financial accounts</b>	<b>418 368</b>	<b>425 058</b>
Net errors and omissions	6 690	

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.

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.

### 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 consists of five broad categories:

- (i) **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.

- (ii) **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).
- (iii) **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. From 2005 onwards, financial derivatives comprise all UK banks' net derivative transactions. Prior to 2005, only estimates for the settlement receipts/payments on UK banks' interest rate swaps and forward rate agreements are included in financial derivatives. In 2010, ONS have introduced financial derivative data on UK banks into the main aggregates of the IIP. Prior to this, data on financial derivatives was only available in the financial account and as a supplementary table (FD) in the IIP.
- (iv) **Other investment** is a residual 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.
- (v) **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 direct 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**; and **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 less than one year 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.statistics.gov.uk/StatBase/Product.asp?vlnk=14407](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14407)

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

[www.statistics.gov.uk/StatBase/Product.asp?vlnk=728](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=728)

## Revisions since ONS Pink Book 2009

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

[www.statistics.gov.uk/CCI/article.asp?ID=1187](http://www.statistics.gov.uk/CCI/article.asp?ID=1187)

The current account balance is revised from 2006 onwards.

**Goods** – the data are revised from 2006 to reflect revised data from HM Revenue & Customs and other data suppliers.

**Services** – the data are revised back to 2006. The earliest revisions result from a general reassessment of data following the annual supply and use balancing process. Revisions for 2008 additionally reflect the use of final results from ONS's annual International Trade in Services Survey for 2008.

**Income, financial account and IIP** - the data are revised from 2006. Revisions from 2006 are mainly due to:

- new methodology for estimating UK banks net transactions in financial derivatives with non-residents, together with the introduction into the accounts of the associated asset and liability levels;
- the take on of annual benchmark data for the levels of foreign direct investment by, and in, UK banks;
- revisions to coverage adjustments in the estimates for UK non-banks deposits with, and loans from, non-residents;
- and improved information for UK monetary financial institutions' receipts and payments of interest on loans and deposits.

Revisions from 2007 reflect the use of annual inquiry results from the ONS direct investment surveys.

Revisions from 2008 additionally reflect the incorporation of the results of ONS annual surveys of securities dealers, mutual funds, insurance companies, and pension funds.

**Current transfers** – the data are revised back to 2006. Revisions reflect the latest data from HM Treasury for transfers involving the UK Government and the latest data from ONS annual surveys of UK insurance companies and from ONS annual direct investment surveys, which provide estimates of taxes on investment income.

**Capital transfers** – the data are revised from 2006. Revisions reflect the latest data from HM Treasury and the final results from the ONS annual International Trade in Services survey for 2008.



## 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)

*Balance of Payments and International Investment Position, Australia: Concepts, Sources and Methods* (1998) Australian Bureau of Statistics (ISBN 0-642-25670-5).  
[www.abs.gov.au/Ausstats/abs@.nsf/0/09998F91F5A8A7BFCA25697E0018FB0A?Open](http://www.abs.gov.au/Ausstats/abs@.nsf/0/09998F91F5A8A7BFCA25697E0018FB0A?Open)

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

*System of National Accounts* (1993), (ISBN 92-1-161352-3).  
<http://unstats.un.org/unsd/sna1993/introduction.asp>



An aerial, high-angle photograph of a crowded subway station. The floor is made of large, light-colored square tiles. Numerous people are walking in various directions, some carrying bags or backpacks. In the upper right, there are escalators with metal railings. The overall scene is busy and captures the movement of a public transit hub.

# Part 1

## Current account



# Chapter 1

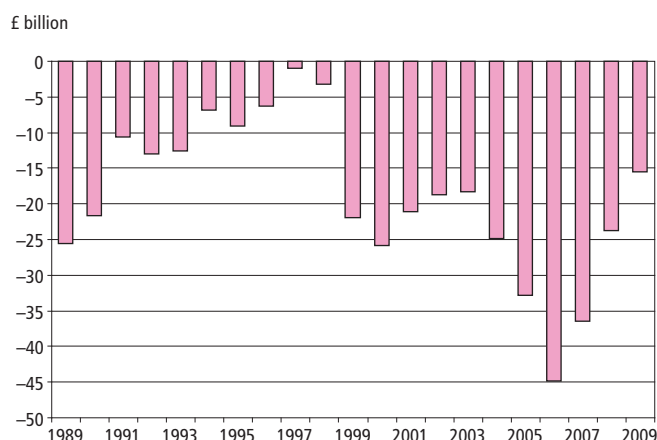
## Summary of balance of payments

## Current account

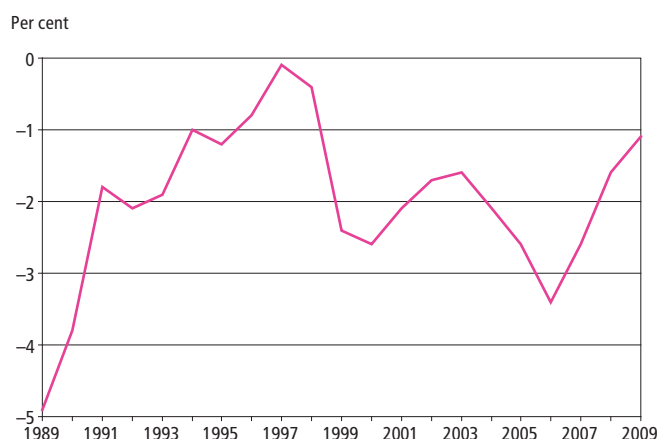
The UK has recorded a current account deficit in every year since 1984. Prior to 1984, the current account recorded a surplus in 1980 to 1983. Since the last surplus was recorded in 1983, there have been four main phases in the development of the current account. In the first phase, from 1984 to 1989, the current account deficit increased steadily to reach a high of £25.5 billion in 1989, equivalent to -4.9 per cent of Gross Domestic Product (GDP). During the second phase, from 1990 until 1997, the current account deficit declined to a low of £1.0 billion in 1997. In the third phase, between 1998 and 2006, the current account deficit widened sharply, peaking at £44.9 billion in 2006. This was the highest recorded in cash terms but only equated to -3.4 per cent of GDP. In the past two years there has been a reduction in the current account deficit – in 2009 it currently stands at £15.5 billion, equivalent to -1.1 per cent of GDP.

The profile for the current account has historically followed that of trade in goods, its biggest and most cyclical

**Figure 1.1**  
**Current account balance**



**Figure 1.2**  
**Current balance as a percentage of GDP**



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. In 2007 and 2008, once more there was a change in direction of the movements of trade in goods to the movements in the overall current account balance. In 2009 however, the decrease in the trade in goods deficit once again broadly matched the fall in the current account deficit.

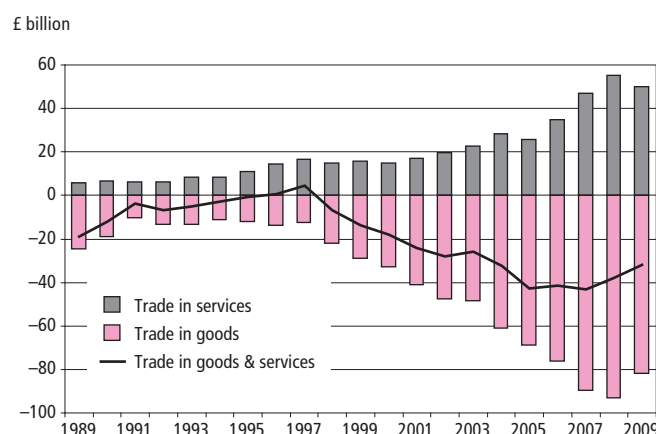
The last trade in goods surplus, recorded in 1982, contributed to a current account surplus. Following 1982, the goods balance went into deficit and this increased to a peak of £24.7 billion in 1989, while the current balance deteriorated to a deficit of £25.5 billion. From 1989 until the late 1990s, 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 a widening income surplus. From 2004 the deficit on trade in goods increased, matched by a rise in the current account deficit. In 2007 and 2008 however, the increasing deficit on trade in goods was more than offset by increasing surpluses on both trade in services and income. This reduced the current account deficit by £8.5 billion in 2007 and by a further £12.7 billion in 2008. In 2009 the £11.2 billion decrease in the deficit for Trade in Goods drove the £8.3 billion decline 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 over £9 billion, and it has

**Figure 1.3**  
**Trade in goods and services**

Credits less debits



continued to rise reaching a cash record of £93.1 billion in 2008 before falling to £81.9 billion in 2009.

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 1988 to 1992 the surplus was reasonably steady at around £6 billion annually. The services surplus then increased considerably, reaching £16.8 billion in 1997. It dropped back to £15.0 billion in 1998 but by 2004 had risen to £28.4 billion. It fell back slightly in 2005 then rose to a record £55.4 billion in 2008 before dropping back to £49.9 billion in 2009.

## 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.

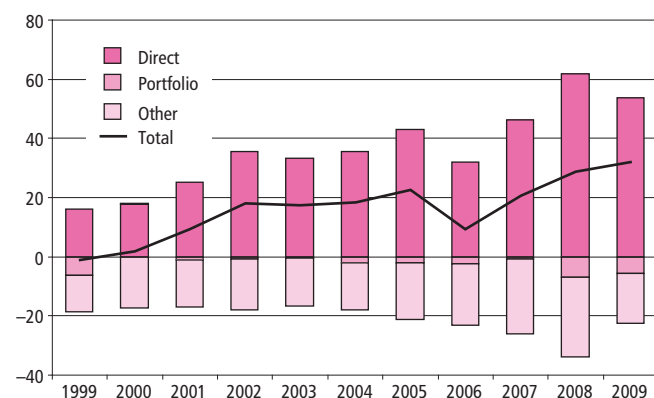
The investment income balance was in surplus until 1976. From 1977 to 1996 it showed a deficit in nearly every year. Then from 1997 onwards, except for 1999, it has shown a surplus. The surplus has mainly been driven by a direct investment income surplus partly offset by deficits on earnings from portfolio investment equity securities, and other investment - principally UK banks' net interest payments on deposits. From 2002 to 2004 the surplus was around £18 billion in each year. In 2005 the surplus rose to £22.5 billion due to net earnings of £43.0 billion on direct investment, but then dropped sharply in 2006 to £9.4 billion. Investment income rose in 2007 to £20.8 billion and to a new record level of £32.0 billion in 2009. By sector, net earnings of other sectors were £21.3 billion in 2009, compared to £13.5 billion in 2008. This increase was partially offset by a £6.3 billion fall in net earnings by monetary financial institutions (banks and building societies) in 2009.

**Figure 1.4**

### Investment income

Credits less debits

£ billion



## Current transfers

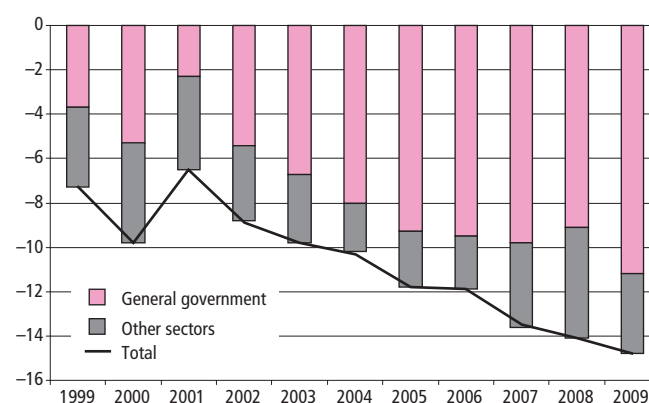
The transfers account has shown a deficit in every year since 1960. The deficit increased steadily to reach £4.8 billion in 1990. In 1991 the deficit reduced to £1.0 billion, reflecting £2.1 billion receipts from other countries towards the UK's cost of the first Gulf conflict. The deficit has since increased, to reach a record £14.8 billion in 2009. 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

Credits less debits

£ billion



## Revisions since Pink Book 2009

The current account balance has been revised back to 2006 in this publication, as compared with data published in the *Pink Book 2009*, reflecting the incorporation of GDP balancing adjustments for Trade in Services and annual inquiry results for 2007 and 2008. Details of the sources of these changes are given on pages 17-18 of the Introduction, and the impact of the changes can be seen in Figure 1.6 and in Table 1.1R.

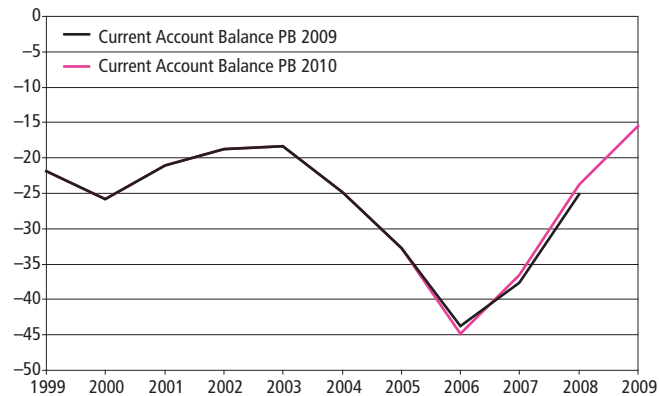
## Investment flows, levels and income

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

**Figure 1.6****Revisions since *Pink Book 2009***

Credits less debits

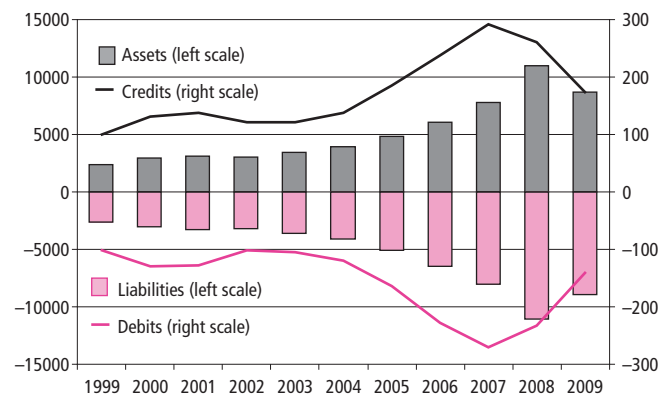
£ billion

**Figure 1.7****International investment position and income**

Credits less debits

£ billion (IIP)

£ billion (income)



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 been rising steadily since 1980, reflecting both the increased global investment and the increasing prices of external assets and liabilities. Except for 1990, the UK's external assets exceeded external liabilities in every year until 1995. Between 1995 and 2009, external liabilities exceeded external assets.

Since 1995, there has been approaching a sixfold increase in the levels of both external assets and liabilities. At the end of 2009 external assets stood at £8.7 trillion, while external liabilities stood at £9.0 trillion, this resulted in a net liability position of £275.0 billion.

**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.

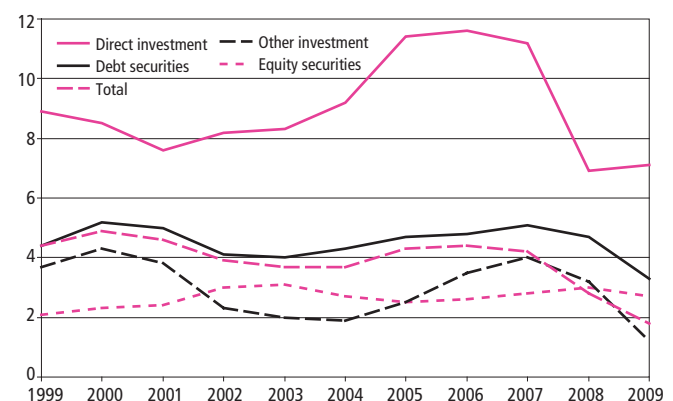
The rates of return for direct investment are usually significantly higher than for other forms of investment although the rates dropped considerably in 2008: 6.9 per cent for assets and 0.9 per cent for liabilities. The rates of return rebounded somewhat in 2009 but remained relatively low compared with the earlier parts of the decade. Historically, the relatively higher return is probably a consequence, in part, of comparatively lower valuations since direct investment levels are at book value rather than market value used elsewhere, but may also reflect the higher return required to make the longer term investment worthwhile. In recent years however, as the global recession has taken hold, the implied rate of return for direct investment has contracted considerably. Between 2006 and 2009 the implied rate of return for direct investment assets dropped from 11.6 per cent to 7.1 per cent and liabilities declined from 9.6 per cent to 2.9 per cent.

Within portfolio investment, rates of return on debt securities have generally been higher than on equity securities. From 1998 to 2003 the difference in the rate of returns generally narrowed before widening in more recent years, and declining once again in 2008 and 2009. This was due to the rate of return on equity continuing to grow, while the rate of return on debt declined as interest rates fell in 2008, then both declined in 2009.

Rates of return on other investment were similar to returns on debt in the early 1990s, but between then and 2004 they were

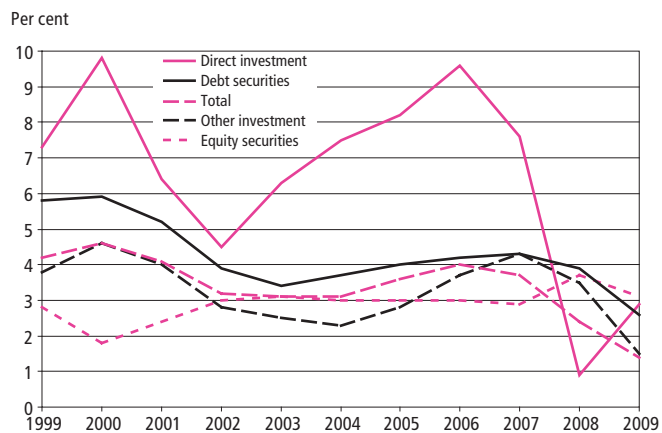
**Figure 1.8****Implied rates of return on assets**

Per cent





**Figure 1.9**  
**Implied rates of return on liabilities**



generally in decline. From 2004 until 2007 they began to increase again, but started to decline in 2008 before dropping to a low of 1.2 per cent for assets and 1.5 per cent for liabilities in 2009. Given that other investment constitutes approaching 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).

# 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
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	8 604	-3 094	-174	-730	-904	-3 437	-7 435	-1.7	333	10 606	-3 504
1988	-21 553	6 388	-15 165	-64	-1 188	-1 252	-3 293	-19 710	-4.1	235	16 989	2 486
1989	-24 724	5 866	-18 858	-138	-2 309	-2 447	-4 228	-25 533	-4.9	270	13 614	11 649
1990	-18 707	6 643	-12 064	-110	-4 586	-4 696	-4 802	-21 562	-3.8	497	22 272	-1 207
1991	-10 223	6 312	-3 911	-63	-5 642	-5 705	-999	-10 615	-1.8	290	7 855	2 470
1992	-13 050	6 353	-6 697	-49	-1 037	-1 086	-5 228	-13 011	-2.1	421	16 311	-3 721
1993	-13 066	8 174	-4 892	35	-2 547	-2 512	-5 056	-12 460	-1.9	309	22 278	-10 127
1994	-11 126	8 161	-2 965	-170	1 521	1 351	-5 187	-6 801	-1.0	33	-3 240	10 008
1995	-12 023	11 165	-858	-296	-546	-842	-7 363	-9 063	-1.2	533	-1 717	10 247
1996	-13 722	14 312	590	93	-2 460	-2 367	-4 539	-6 316	-0.8	1 260	-940	5 996
1997	-12 342	16 801	4 459	83	241	324	-5 745	-962	-0.1	958	-7 294	7 298
1998	-21 813	15 003	-6 810	-10	11 813	11 803	-8 172	-3 179	-0.4	489	4 480	-1 790
1999	-29 051	15 562	-13 489	201	-1 244	-1 043	-7 322	-21 854	-2.4	747	29 505	-8 398
2000	-32 976	15 002	-17 974	150	1 812	1 962	-9 775	-25 787	-2.6	1 703	23 133	951
2001	-41 212	17 200	-24 012	66	9 359	9 425	-6 515	-21 102	-2.1	1 318	27 194	-7 410
2002	-47 705	19 632	-28 073	67	18 219	18 286	-8 870	-18 657	-1.7	932	24 204	-6 479
2003	-48 607	22 612	-25 995	59	17 464	17 523	-9 835	-18 307	-1.6	1 466	22 553	-5 712
2004	-60 900	28 414	-32 486	-494	18 339	17 845	-10 276	-24 917	-2.1	2 064	29 358	-6 505
2005	-68 589	25 742	-42 847	-610	22 465	21 855	-11 849	-32 841	-2.6	1 503	29 024	2 314
2006	-76 312	34 775	-41 537	-958	9 439	8 481	-11 878	-44 934	-3.4	975	41 974	1 985
2007	-89 754	46 798	-42 956	-734	20 754	20 020	-13 546	-36 482	-2.6	2 566	24 790	9 126
2008	-93 116	55 356	-37 760	-715	28 750	28 035	-14 051	-23 776	-1.6	3 241	25 811	-5 276
2009	-81 875	49 852	-32 023	-688	31 970	31 282	-14 765	-15 506	-1.1	3 219	5 597	6 690

1 Using series YBHA: GDP at current market prices.

# 1.1R

## Summary of balance of payments

Revisions since ONS *Pink Book 2009*

£ million

	Current account										Capital account	Financial account	Net errors & omissions
	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>				
	LQCT	KTMS	KTMV	KTMP	HMBM	HMBP	KTNF	HBOG	AA6H	FKMJ	HBNT	HHDH	
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	—	—	—	—	—	—	—	—	—	—	—	—	
1988	—	—	—	—	—	—	—	—	—	—	—	—	
1989	—	—	—	—	—	—	—	—	—	—	—	—	
1990	—	—	—	—	—	—	—	—	—	—	—	—	
1991	—	—	—	—	—	—	—	—	—	—	—	—	
1992	—	—	—	—	—	—	—	—	—	—	—	—	
1993	—	—	—	—	—	—	—	—	—	—	—	—	
1994	—	—	—	—	—	—	—	—	—	—	—	—	
1995	—	—	—	—	—	—	—	—	—	—	—	—	
1996	—	—	—	—	—	—	—	—	—	—	—	—	
1997	—	—	—	—	—	—	—	—	—	—	—	—	
1998	—	—	—	—	—	—	—	—	—	—	—	—	
1999	—	—	—	—	—	—	—	—	—	—	—	—	
2000	—	—	—	—	—	—	—	—	—	—	—	—	
2001	—	—	—	—	—	—	—	—	—	—	—	—	
2002	—	—	—	—	—	—	—	—	—	—	—	—	
2003	—	—	—	—	—	—	—	—	—	—	—	—	
2004	—	—	—	—	—	—	—	—	—	—	—	—	
2005	—	—	—	—	—	—	—	—	—	—	—	—	
2006	—	-7	-7	—	-1 092	-1 092	7	-1 092	-0.1	—	3 749	-2 657	
2007	—	1 991	1 991	—	-755	-755	-8	1 228	0.1	—	-6 886	5 658	
2008	-239	877	638	-9	1 104	1 095	-441	1 292	0.1	-152	7 690	-8 830	

1 Using series YBHA: GDP at current market prices.

# 1.2

## Current account

		£ million										
		1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
<b>Credits</b>												
Exports of goods and services												
Exports of goods	LQAD	80 711	92 611	102 313	103 939	107 863	122 229	135 143	153 577	167 196	171 923	164 056
Exports of services	KTMQ	29 093	31 542	34 270	34 723	37 617	43 605	48 072	53 570	61 851	65 555	69 228
Total exports of goods and services	KTMW	109 804	124 153	136 583	138 662	145 480	165 834	183 215	207 147	229 047	237 478	233 284
Income												
Compensation of employees	KTMN	445	476	543	551	551	595	681	887	911	1 007	840
Investment income	HMBN	54 540	71 536	76 353	73 652	65 168	70 944	72 585	85 490	89 794	93 360	102 551
Total income	HMBQ	54 985	72 012	76 896	74 203	65 719	71 539	73 266	86 377	90 705	94 367	103 391
Current transfers												
General government	FJUM	1 929	1 507	2 050	4 892	2 180	2 826	2 138	1 730	2 828	2 173	1 767
Other sectors	FJUN	4 584	5 244	6 025	7 611	10 397	9 612	9 521	10 891	13 371	10 735	10 682
Total current transfers	KTND	6 513	6 751	8 075	12 503	12 577	12 438	11 659	12 621	16 199	12 908	12 449
<b>Total</b>	HBOE	<b>171 302</b>	<b>202 916</b>	<b>221 554</b>	<b>225 368</b>	<b>223 776</b>	<b>249 811</b>	<b>268 140</b>	<b>306 145</b>	<b>335 951</b>	<b>344 753</b>	<b>349 124</b>
<b>Debits</b>												
Imports of goods and services												
Imports of goods	LQBL	102 264	117 335	121 020	114 162	120 913	135 295	146 269	165 600	180 918	184 265	185 869
Imports of services	KTMR	22 705	25 676	27 627	28 411	31 264	35 431	39 911	42 405	47 539	48 754	54 225
Total imports of goods and services	KTMX	124 969	143 011	148 647	142 573	152 177	170 726	186 180	208 005	228 457	233 019	240 094
Income												
Compensation of employees	KTMO	509	614	653	614	600	560	851	1 183	818	924	850
Investment income	HMBO	55 728	73 845	80 939	79 294	66 205	73 491	71 064	86 036	92 254	93 119	90 738
Total income	HMBR	56 237	74 459	81 592	79 908	66 805	74 051	71 915	87 219	93 072	94 043	91 588
Current transfers												
General government	FJUO	2 226	2 055	1 995	3 218	3 506	4 156	4 795	4 811	5 081	5 087	6 585
Other sectors	FJUP	7 580	8 924	10 882	10 284	14 299	13 338	12 051	15 173	15 657	13 566	14 036
Total current transfers	KTNE	9 806	10 979	12 877	13 502	17 805	17 494	16 846	19 984	20 738	18 653	20 621
<b>Total</b>	HBOF	<b>191 012</b>	<b>228 449</b>	<b>243 116</b>	<b>235 983</b>	<b>236 787</b>	<b>262 271</b>	<b>274 941</b>	<b>315 208</b>	<b>342 267</b>	<b>345 715</b>	<b>352 303</b>
<b>Balances</b>												
Trade in goods and services												
Trade in goods	LQCT	-21 553	-24 724	-18 707	-10 223	-13 050	-13 066	-11 126	-12 023	-13 722	-12 342	-21 813
Trade in services	KTMS	6 388	5 866	6 643	6 312	6 353	8 174	8 161	11 165	14 312	16 801	15 003
Total trade in goods and services	KTMY	-15 165	-18 858	-12 064	-3 911	-6 697	-4 892	-2 965	-858	590	4 459	-6 810
Income												
Compensation of employees	KTMP	-64	-138	-110	-63	-49	35	-170	-296	93	83	-10
Investment income	HMBM	-1 188	-2 309	-4 586	-5 642	-1 037	-2 547	1 521	-546	-2 460	241	11 813
Total income	HMBP	-1 252	-2 447	-4 696	-5 705	-1 086	-2 512	1 351	-842	-2 367	324	11 803
Current transfers												
General government	FJUQ	-297	-548	55	1 674	-1 326	-1 330	-2 657	-3 081	-2 253	-2 914	-4 818
Other sectors	FJUR	-2 996	-3 680	-4 857	-2 673	-3 902	-3 726	-2 530	-4 282	-2 286	-2 831	-3 354
Total current transfers	KTNF	-3 293	-4 228	-4 802	-999	-5 228	-5 056	-5 187	-7 363	-4 539	-5 745	-8 172
<b>Total (Current balance)</b>	HBOG	<b>-19 710</b>	<b>-25 533</b>	<b>-21 562</b>	<b>-10 615</b>	<b>-13 011</b>	<b>-12 460</b>	<b>-6 801</b>	<b>-9 063</b>	<b>-6 316</b>	<b>-962</b>	<b>-3 179</b>

# 1.2

## Current account

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
Exports of goods and services												
Exports of goods	LQAD	166 166	187 936	189 093	186 524	188 320	190 874	211 608	243 633	220 858	252 086	227 537
Exports of services	KTMQ	76 525	81 883	87 773	94 012	102 357	112 922	119 186	134 393	153 145	170 819	159 111
Total exports of goods and services	KTMW	242 691	269 819	276 866	280 536	290 677	303 796	330 794	378 026	374 003	422 905	386 648
Income												
Compensation of employees	KTMN	960	1 032	1 087	1 121	1 116	931	974	938	984	1 046	916
Investment income	HMBN	100 733	131 902	137 447	120 543	122 069	137 380	185 766	237 505	291 618	260 967	173 128
Total income	HMBQ	101 693	132 934	138 534	121 664	123 185	138 311	186 740	238 443	292 602	262 013	174 044
Current transfers												
General government	FJUM	3 542	2 465	4 991	3 663	3 968	4 177	4 294	4 383	4 318	5 652	6 158
Other sectors	FJUN	8 510	8 018	8 926	8 571	8 079	9 590	13 106	13 789	9 559	10 669	10 465
Total current transfers	KTND	12 052	10 483	13 917	12 234	12 047	13 767	17 400	18 172	13 877	16 321	16 623
<b>Total</b>	HBOE	<b>356 436</b>	<b>413 236</b>	<b>429 317</b>	<b>414 434</b>	<b>425 909</b>	<b>455 874</b>	<b>534 934</b>	<b>634 641</b>	<b>680 482</b>	<b>701 239</b>	<b>577 315</b>
<b>Debits</b>												
Imports of goods and services												
Imports of goods	LQBL	195 217	220 912	230 305	234 229	236 927	251 774	280 197	319 945	310 612	345 202	309 412
Imports of services	KTMR	60 963	66 881	70 573	74 380	79 745	84 508	93 444	99 618	106 347	115 463	109 259
Total imports of goods and services	KTMX	256 180	287 793	300 878	308 609	316 672	336 282	373 641	419 563	416 959	460 665	418 671
Income												
Compensation of employees	KTMO	759	882	1 021	1 054	1 057	1 425	1 584	1 896	1 718	1 761	1 604
Investment income	HMBQ	101 971	130 090	128 088	102 324	104 605	119 041	163 301	228 066	270 864	232 217	141 158
Total income	HMBR	102 736	130 972	129 109	103 378	105 662	120 466	164 885	229 962	272 582	233 978	142 762
Current transfers												
General government	FJUO	7 271	7 778	7 340	9 085	10 657	12 225	13 637	13 874	14 082	14 726	17 344
Other sectors	FJUP	12 103	12 480	13 092	12 019	11 225	11 818	15 612	16 176	13 341	15 646	14 044
Total current transfers	KTNE	19 374	20 258	20 432	21 104	21 882	24 043	29 249	30 050	27 423	30 372	31 388
<b>Total</b>	HBOF	<b>378 290</b>	<b>439 023</b>	<b>450 419</b>	<b>433 091</b>	<b>444 216</b>	<b>480 791</b>	<b>567 775</b>	<b>679 575</b>	<b>716 964</b>	<b>725 015</b>	<b>592 821</b>
<b>Balances</b>												
Trade in goods and services												
Trade in goods	LQCT	-29 051	-32 976	-41 212	-47 705	-48 607	-60 900	-68 589	-76 312	-89 754	-93 116	-81 875
Trade in services	KTMS	15 562	15 002	17 200	19 632	22 612	28 414	25 742	34 775	46 798	55 356	49 852
Total trade in goods and services	KTMV	-13 489	-17 974	-24 012	-28 073	-25 995	-32 486	-42 847	-41 537	-42 956	-37 760	-32 023
Income												
Compensation of employees	KTMP	201	150	66	67	59	-494	-610	-958	-734	-715	-688
Investment income	HMBM	-1 244	1 812	9 359	18 219	17 464	18 339	22 465	9 439	20 754	28 750	31 970
Total income	HMBP	-1 043	1 962	9 425	18 286	17 523	17 845	21 855	8 481	20 020	28 035	31 282
Current transfers												
General government	FJUQ	-3 729	-5 313	-2 349	-5 422	-6 689	-8 048	-9 343	-9 491	-9 764	-9 074	-11 186
Other sectors	FJUR	-3 593	-4 462	-4 166	-3 448	-3 146	-2 228	-2 506	-2 387	-3 782	-4 977	-3 579
Total current transfers	KTNF	-7 322	-9 775	-6 515	-8 870	-9 835	-10 276	-11 849	-11 878	-13 546	-14 051	-14 765
<b>Total (Current balance)</b>	HBOG	<b>-21 854</b>	<b>-25 787</b>	<b>-21 102</b>	<b>-18 657</b>	<b>-18 307</b>	<b>-24 917</b>	<b>-32 841</b>	<b>-44 934</b>	<b>-36 482</b>	<b>-23 776</b>	<b>-15 506</b>

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

		£ billion										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Investment abroad												
International investment position												
Direct investment	HBWD	438.3	618.8	616.9	637.2	691.1	678.1	705.9	733.1	899.8	1 046.1	1 024.4
Portfolio investment	HHZZ	838.3	906.1	937.4	844.0	935.8	1 092.1	1 360.9	1 531.1	1 697.3	1 664.3	1 889.2
Financial derivatives	JX9 6	..	..	..	..	..	..	..	853.7	1 378.1	4 040.2	2 201.5
Other investment	HLXV	1 097.3	1 379.7	1 521.9	1 545.2	1 813.7	2 118.0	2 714.8	2 916.6	3 744.5	4 193.6	3 544.7
Reserve assets	LTEB	22.2	28.8	25.6	25.5	23.8	23.2	24.7	22.9	26.7	36.3	40.1
Total	HBQA	2 396.1	2 933.4	3 101.9	3 051.9	3 464.5	3 911.4	4 806.3	6 057.4	7 746.4	10 980.5	8 700.0
Financial account transactions												
Direct investment	-HJYP	125.6	155.6	42.8	35.0	40.9	51.5	44.0	45.0	162.6	87.6	30.1
Portfolio investment	-HHZC	21.4	65.6	86.6	1.0	36.3	141.0	151.0	138.8	92.0	-123.5	154.1
Financial derivatives (net)	-ZPNN	-2.7	-1.6	-8.4	-1.0	5.4	7.9	-9.6	-20.6	27.0	121.7	-29.1
Other investment	-XBMM	41.5	241.7	170.7	70.4	260.4	325.2	501.3	395.9	742.4	-599.1	-331.0
Reserve assets	-LTCV	-0.6	3.9	-3.1	-0.5	-1.6	0.2	0.7	-0.4	1.2	-1.3	5.8
Total	-HBNR	185.2	465.2	288.5	105.0	341.4	525.8	687.3	558.7	1 025.2	-514.7	-170.1
Investment income												
Direct investment	HJYW	33.1	45.0	46.7	51.5	55.1	63.3	79.2	83.6	91.4	67.3	73.1
Portfolio investment	HLYX	25.9	33.0	34.9	32.5	32.5	36.7	45.4	55.1	66.1	67.6	54.5
Other investment	AIOP	40.6	52.9	54.9	35.8	33.6	36.7	60.5	98.1	133.5	125.3	44.7
Reserve assets	HHCB	1.2	1.0	1.0	0.8	0.8	0.7	0.7	0.6	0.6	0.8	0.8
Total	HMBN	100.7	131.9	137.4	120.5	122.1	137.4	185.8	237.5	291.6	261.0	173.1
Investment in the UK												
International investment position												
Direct investment	HBWI	250.2	310.4	363.5	340.6	355.5	383.3	494.2	577.3	613.8	668.5	671.8
Portfolio investment	HLXW	933.2	1 067.6	1 013.2	925.3	1 082.9	1 227.9	1 461.7	1 703.5	1 946.0	1 978.2	2 376.9
Financial derivatives	JX9 7	..	..	..	..	..	..	..	890.5	1 392.2	3 915.3	2 121.9
Other investment	HLVD	1 400.9	1 651.6	1 861.9	1 906.0	2 143.2	2 520.8	3 103.0	3 272.0	4 117.6	4 520.1	3 804.4
Total	HBQB	2 584.3	3 029.5	3 238.5	3 171.9	3 581.6	4 132.1	5 058.9	6 443.2	8 069.6	11 082.0	8 975.0
Financial account transactions												
Direct investment	HJYU	55.1	80.6	37.3	16.8	16.8	31.2	97.8	84.9	100.3	49.8	14.8
Portfolio investment	HHZF	106.3	172.2	40.8	49.7	105.6	97.3	129.0	152.5	217.9	200.5	189.0
Other investment	XBMM	53.3	235.6	237.6	62.6	241.5	426.6	489.5	363.3	731.8	-739.2	-368.2
Total	HBNS	214.7	488.3	315.7	129.2	364.0	555.2	716.3	600.7	1 050.0	-488.9	-164.5
Investment income												
Direct investment	HJYX	17.0	27.4	21.4	16.0	21.9	27.6	36.2	51.6	45.1	5.6	19.4
Portfolio investment	HLZC	32.2	32.4	36.1	33.3	32.9	38.7	47.6	57.6	66.8	74.5	60.2
Other investment	HLZN	52.7	70.2	70.5	53.0	49.8	52.7	79.6	118.9	159.0	152.1	61.6
Total	HMBO	102.0	130.1	128.1	102.3	104.6	119.0	163.3	228.1	270.9	232.2	141.2
Net investment												
International investment position												
Direct investment	HBWQ	188.1	308.4	253.5	296.6	335.6	294.7	211.7	155.8	285.9	377.6	352.7
Portfolio investment	CGNH	-94.9	-161.5	-75.7	-81.3	-147.0	-135.8	-100.8	-172.4	-248.7	-313.8	-487.7
Financial derivatives	JX9 8	..	..	..	..	..	..	..	-36.8	-14.1	124.9	79.6
Other investment	CGNG	-303.6	-271.9	-339.9	-360.8	-329.5	-402.9	-388.2	-355.4	-373.0	-326.5	-259.7
Reserve assets	LTEB	22.2	28.8	25.6	25.5	23.8	23.2	24.7	22.9	26.7	36.3	40.1
Net investment position	HBQC	-188.2	-96.2	-136.5	-120.0	-117.2	-220.7	-252.6	-385.8	-323.2	-101.5	-275.0
Financial account transactions												
Direct investment	HJYV	-70.5	-75.0	-5.5	-18.3	-24.1	-20.3	53.8	39.9	-62.3	-37.8	-15.4
Portfolio investment	HHZD	84.9	106.6	-45.7	48.7	69.4	-43.7	-21.9	13.7	125.8	324.1	34.8
Financial derivatives	ZPNN	2.7	1.6	8.4	1.0	-5.4	-7.9	9.6	20.6	-27.0	-121.7	29.1
Other investment	HHYR	11.8	-6.1	66.9	-7.7	-18.9	101.4	-11.8	-32.6	-10.6	-140.1	-37.2
Reserve assets	LTCV	0.6	-3.9	3.1	0.5	1.6	-0.2	-0.7	0.4	-1.2	1.3	-5.8
Net transactions	HBNT	29.5	23.1	27.2	24.2	22.6	29.4	29.0	42.0	24.8	25.8	5.6
Investment income												
Direct investment	HJYE	16.1	17.6	25.3	35.5	33.2	35.7	43.0	32.0	46.3	61.7	53.7
Portfolio investment	HLZX	-6.4	0.5	-1.2	-0.8	-0.4	-2.0	-2.2	-2.4	-0.7	-6.9	-5.7
Other investment	CGNA	-12.2	-17.3	-15.7	-17.2	-16.1	-16.0	-19.0	-20.7	-25.5	-26.8	-16.9
Reserve assets	HHCB	1.2	1.0	1.0	0.8	0.8	0.7	0.7	0.6	0.6	0.8	0.8
Net earnings	HMBM	-1.2	1.8	9.4	18.2	17.5	18.3	22.5	9.4	20.8	28.8	32.0

# 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–£14 billion, before widening in all subsequent years to reach a record deficit of £93.1 billion in 2008.

In 2009 the deficit fell by £11.2 billion to £81.9 billion. There was a record fall in exports of 9.7 per cent – from a record £252.1 billion to £227.5 billion. However, this was accompanied by a fall in imports of 10.4 per cent, the largest year-on-year fall since 1952, which had a much larger impact since total imports are significantly larger than total exports. Imports fell from a record £345.2 billion in 2008 to £309.4 billion in 2009. These large falls in both exports and imports were a result of a general contraction of global trade associated with the worldwide financial crisis which began late in 2008.

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.

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 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.)

## 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.

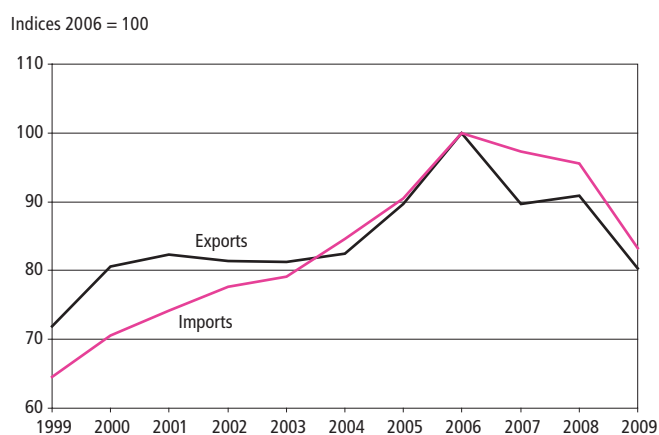
In 2002 export volumes fell as world economic activity slowed, and volumes remained fairly flat in 2003. Volumes rose in each year from 2004 to 2006 as world economic activity grew (in addition, there was an increase in trade associated with MTIC fraud – as shown in Table 2.4 – in 2005 and 2006). There was a sharp fall in export volumes in 2007 of 10 per cent, linked to a fall in trade associated with MTIC fraud. Excluding estimates for trade associated with VAT MTIC fraud, exports fell by 2.2 per cent in 2007. In 2008, the volume of exports grew by 1.3 per cent but in 2009 the volume of exports fell by a record 12 per cent as a result of the general contraction of global trade.

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 2.7 per cent in import volumes in 2007 (again linked to the fall back in trade associated with MTIC fraud) but a rise of 3.9 per cent excluding adjustments for trade associated with VAT MTIC

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



**Figure 2.2**  
**Export and import volume indices**





fraud. The volume of imports fell by 1.8 per cent in 2008 and then fell sharply by a record 13 per cent in 2009 – linked to the general contraction in global trade, which also reduced export volumes.

### Price changes

Both export and import prices rose every year between 1989 and 1995. The largest annual rises, 12 per cent for exports and 10 per cent for imports, occurred between 1992 and 1993 when sterling depreciated sharply following the UK's withdrawal from the Exchange Rate Mechanism (ERM). Both export and import prices fell significantly from 1997 to 1999. This reflected falls in world commodity prices and the price of crude oil feeding through into the price of manufactured goods. Prices were fairly flat between 2000 and 2004 but then rose fairly steadily through to 2007.

**Figure 2.3**  
Export and import price indices



The price of crude oil increased by around 50 per cent in 1999 and by around 70 per cent in 2000, before falling back in 2001 and 2002. Prices rose again in 2003 and 2004, and to an even greater extent, in 2005 and 2006. There was a small increase in oil prices between 2006 and 2007, but a larger increase in 2008 of around 45 per cent. In 2009 oil prices fell by around 25 per cent, again linked to the general contraction in global trade and worldwide financial crisis.

In 2008 the overall export and import price indices rose steeply by 14 per cent and 13 per cent respectively. This was, to some extent, a result of the depreciation of sterling throughout the year. Price growth slowed somewhat in 2009, export prices growing 2.9 per cent, and import prices growing 3.5 per cent.

### Trade in oil

While the overall balance on trade in goods has shown a deficit every year since 1982, exports of oil had consistently exceeded

**Figure 2.4**  
Trade in oil



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 £3.0 billion in 1998, before sharp rises in prices saw the surplus increase to £4.4 billion in 1999 and £6.5 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 has generally increased, although falling by 7.4 per cent in 2009. Coupled with rising prices, this resulted in further falls in the surplus, to £3.4 billion in 2003 and £0.9 billion in 2004, followed by the first deficit since 1979 of £2.2 billion in 2005.

The deficit increased steadily between 2006 and 2008, partly reflecting higher imports of oil other than crude oil. There was a record deficit in 2008 of £5.8 billion, largely caused by a deficit of £3.6 billion in crude oil, the largest deficit since 1976. In 2009 the deficit was reduced to £3.1 billion, as exports fell by 24 per cent and imports fell by 27 per cent, reflecting reduced global demand for oil and falling prices.

### 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.

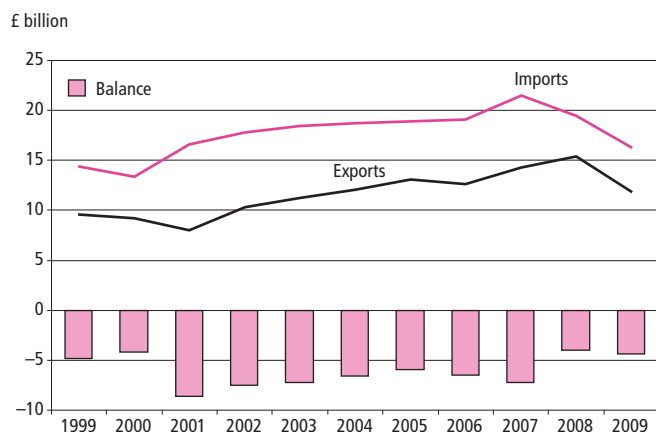
Their share of total exports peaked at 60 per cent in 1998 before falling back fairly steadily to around 47 per cent in 2008 and 2009. Their share of total imports peaked at 62 per cent in 2002 before falling back fairly steadily to around 50 per cent in 2008 and 2009. The small rises in 2006, and subsequent 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 2002 and has subsequently narrowed to some extent, although it rose to its highest level since 2002 in 2009. Trade in motor cars, other consumer goods, and intermediate goods, has been in deficit in each of the last ten years. The deficit on motor cars peaked in 2001 during a period of disruption caused by restructuring in the industry, which affected production in the UK. The deficit for consumer goods other than cars has increased steadily over the last ten years.

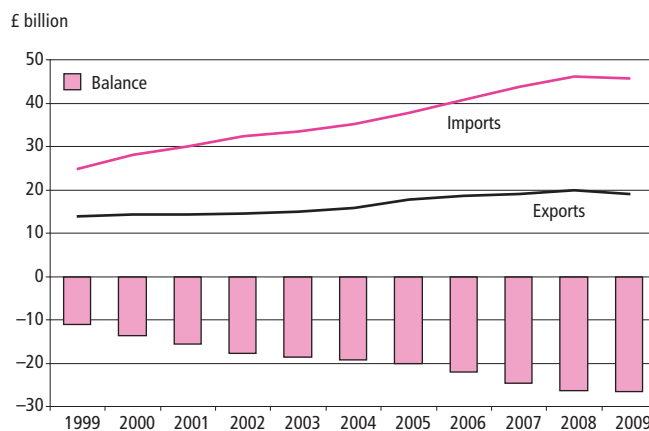
Within semi-manufactured goods, the UK has been a net exporter of chemicals (reaching a record surplus in 2009) and a net importer of other semi-manufactured goods in each of the last ten years.

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. There was a record deficit of £7.0 billion in 2008, which was more than double the deficit of £3.2 billion in 2007, although the deficit fell back again to £5.1 billion in 2009.

**Figure 2.5**  
**Trade in motor cars**



**Figure 2.6**  
**Trade in other consumer goods**



In volume terms, exports of capital goods fell 18 per cent in 2009, and exports of intermediate goods fell by 12 per cent. Exports of cars fell by 28 per cent, and exports of other consumer goods fell by 10 per cent. Within semi-manufactured goods, exports of chemicals fell by 1.9 per cent, and exports of other semi-manufactured goods fell by 25 per cent. Exports of coal, gas and electricity fell by 19 per cent. Exports of basic materials fell by 11 per cent, but exports of food, beverages and tobacco rose by 2.8 per cent.

By volume, imports of capital goods fell by 17 per cent in 2009, and imports of intermediate goods fell 22 per cent. Imports of cars fell by 16 per cent, and imports of other consumer goods fell by 6.5 per cent. Within semi-manufactured goods, imports of chemicals fell by 1.9 per cent, and imports of other semi-manufactured goods fell 18 per cent. Imports of coal, gas and electricity fell by 24 per cent. Exports of basic materials fell by 29 per cent and exports of food, beverages and tobacco fell by 4.9 per cent.

## 2.1 Trade in goods

### Summary table

			£ million										
			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Exports			SITC <sup>1</sup>										
Food, beverages and tobacco	BQMV	0+1	9 947	9 908	9 630	9 993	10 879	10 577	10 647	10 945	11 769	13 738	14 477
Basic materials	ELBK	2+4	2 284	2 603	2 571	2 855	3 335	3 770	3 981	4 892	5 523	6 637	5 207
Oil													
Crude oil	BQNX	333	6 148	10 522	10 489	9 804	9 241	9 338	10 948	12 784	12 634	16 588	12 467
Oil products	BQNY	334+335	2 975	5 062	4 326	4 517	5 367	6 862	8 846	10 389	10 122	15 624	12 157
Total oil	BOKL	33	9 123	15 584	14 815	14 321	14 608	16 200	19 794	23 173	22 756	32 212	24 624
Coal, gas and electricity	BQNF	32+34+35	806	1 473	1 571	1 679	1 950	1 685	1 702	2 128	1 944	3 550	2 364
Semi-manufactured goods													
Chemicals	BQOB	5	23 071	24 992	27 514	28 386	31 373	32 009	33 388	37 179	38 891	43 866	46 912
Precious stones and silver	BQOD	667+681.1	3 633	4 744	4 709	4 728	5 138	4 909	5 541	4 976	4 770	6 091	3 943
Other	BQOC	Rest of 6	16 669	17 929	18 072	17 109	17 981	19 549	20 951	22 688	24 608	26 360	20 637
Total semi-manufactured goods	BQMX	5+6	43 373	47 665	50 295	50 223	54 492	56 467	59 880	64 843	68 269	76 317	71 492
Finished manufactured goods													
Motor cars	BQOE	781	9 585	9 178	8 046	10 297	11 183	12 108	13 074	12 557	14 294	15 443	11 892
Other consumer goods <sup>2</sup>	BQOF		13 840	14 280	14 360	14 606	14 997	15 779	17 726	18 657	19 105	19 789	19 074
Intermediate goods <sup>2</sup>	BQOG		36 659	41 130	42 089	40 025	37 370	36 672	38 636	42 221	37 871	40 423	38 554
Capital goods <sup>2</sup>	BQOH		33 324	37 169	37 715	34 944	31 500	29 432	38 131	55 593	29 844	33 158	29 018
Ships and aircraft	BQOI	792+793	5 730	7 261	6 978	6 508	7 143	7 302	6 917	7 338	8 294	9 027	8 813
Total finished manufactured goods	BQMQ	7+8	99 138	109 018	109 188	106 380	102 193	101 293	114 484	136 366	109 408	117 840	107 351
Commodities and transactions not classified according to kind	BOKJ	9	1 495	1 685	1 023	1 073	863	882	1 120	1 286	1 189	1 791	2 022
<b>Total</b>	LQAD		<b>166 166</b>	<b>187 936</b>	<b>189 093</b>	<b>186 524</b>	<b>188 320</b>	<b>190 874</b>	<b>211 608</b>	<b>243 633</b>	<b>220 858</b>	<b>252 086</b>	<b>227 537</b>
Imports													
Food, beverages and tobacco	BQMW	0+1	17 787	17 660	18 485	19 375	21 187	22 150	23 695	25 013	26 747	31 141	32 250
Basic materials	BQNA	2+4	5 429	6 307	6 442	5 958	6 139	6 338	6 770	7 887	9 561	10 998	7 601
Oil													
Crude oil	BQNM	333	2 106	4 825	4 878	4 752	5 705	8 191	11 212	14 272	13 602	20 167	13 903
Oil products	BQOA	334+335	2 569	4 223	4 647	4 461	5 527	7 116	10 777	11 695	13 185	17 854	13 857
Total oil	BQAQ	33	4 675	9 048	9 525	9 213	11 232	15 307	21 989	25 967	26 787	38 021	27 760
Coal, gas and electricity	BQNG	32+34+35	753	968	1 270	1 066	1 079	2 240	3 932	4 921	5 141	10 568	7 432
Semi-manufactured goods													
Chemicals	BQOJ	5	18 619	20 633	22 745	23 987	26 139	27 929	29 208	31 727	34 645	37 955	38 952
Precious stones and silver	BQOL	667+681.1	4 788	5 454	5 260	4 247	4 346	4 673	5 238	6 131	5 173	5 637	5 498
Other	BQOK		22 142	23 778	24 905	24 488	25 560	27 626	28 231	31 484	34 619	36 297	30 170
Total semi-manufactured goods	BQMR	5+6	45 549	49 865	52 910	52 722	56 045	60 228	62 677	69 342	74 437	79 889	74 620
Finished manufactured goods													
Motor cars	BQOM	781	14 433	13 403	16 619	17 800	18 374	18 724	18 928	19 105	21 480	19 479	16 306
Other consumer goods <sup>2</sup>	BQON		24 905	28 011	29 953	32 414	33 477	35 093	37 684	40 689	43 798	46 144	45 579
Intermediate goods <sup>2</sup>	BQOO		41 538	48 455	46 085	44 829	40 893	42 126	45 877	53 152	49 785	52 785	45 279
Capital goods <sup>2</sup>	BQOP		32 256	37 944	38 463	39 473	38 251	40 222	49 033	62 530	41 420	43 294	38 304
Ships and aircraft	BQOQ	792+793	6 093	7 405	9 289	9 929	8 646	7 539	7 771	9 269	9 182	10 316	11 557
Total finished manufactured goods	BQMY	7+8	119 225	135 218	140 409	144 445	139 641	143 704	159 293	184 745	165 665	172 018	157 025
Commodities and transactions not classified according to kind	BQAO	9	1 799	1 846	1 264	1 450	1 604	1 807	1 841	2 070	2 274	2 567	2 724
<b>Total</b>	LQBL		<b>195 217</b>	<b>220 912</b>	<b>230 305</b>	<b>234 229</b>	<b>236 927</b>	<b>251 774</b>	<b>280 197</b>	<b>319 945</b>	<b>310 612</b>	<b>345 202</b>	<b>309 412</b>

<sup>1</sup> Standard International Trade Classification, Revision 3.

<sup>2</sup> Derived from the *Classification by Broad Economic Categories defined in terms of SITC, Revision 3*, published by the United Nations.

## 2.1 Trade in goods

### Summary table

continued

£ million

			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
SITC <sup>1</sup>													
<b>Balances</b>													
Food, beverages and tobacco	BQOS	0+1	-7 840	-7 752	-8 855	-9 382	-10 308	-11 573	-13 048	-14 068	-14 978	-17 403	-17 773
Basic materials	BQOR	2+4	-3 145	-3 704	-3 871	-3 103	-2 804	-2 568	-2 789	-2 995	-4 038	-4 361	-2 394
Oil													
Crude oil	BQMG	333	4 042	5 697	5 611	5 052	3 536	1 147	-264	-1 488	-968	-3 579	-1 436
Oil products	BQMH	334+335	406	839	-321	56	-160	-254	-1 931	-1 306	-3 063	-2 230	-1 700
Total oil	BQNE	33	4 448	6 536	5 290	5 108	3 376	893	-2 195	-2 794	-4 031	-5 809	-3 136
Coal, gas and electricity	BQNH	32+34+35	53	505	301	613	871	-555	-2 230	-2 793	-3 197	-7 018	-5 068
Semi-manufactured goods													
Chemicals	BQMI	5	4 452	4 359	4 769	4 399	5 234	4 080	4 180	5 452	4 246	5 911	7 960
Precious stones and silver	BQMK	667+681.1	-1 155	-710	-551	481	792	236	303	-1 155	-403	454	-1 555
Other	BQMJ	Rest of 6	-5 473	-5 849	-6 833	-7 379	-7 579	-8 077	-7 280	-8 796	-10 011	-9 937	-9 533
Total semi-manufactured goods	BQOT	5+6	-2 176	-2 200	-2 615	-2 499	-1 553	-3 761	-2 797	-4 499	-6 168	-3 572	-3 128
Finished manufactured goods													
Motor cars	BQML	781	-4 848	-4 225	-8 573	-7 503	-7 191	-6 616	-5 854	-6 548	-7 186	-4 036	-4 414
Other consumer goods <sup>2</sup>	BQMM		-11 065	-13 731	-15 593	-17 808	-18 480	-19 314	-19 958	-22 032	-24 693	-26 355	-26 505
Intermediate goods <sup>2</sup>	BQMN		-4 879	-7 325	-3 996	-4 804	-3 523	-5 454	-7 241	-10 931	-11 914	-12 362	-6 725
Capital goods <sup>2</sup>	BQMO		1 068	-775	-748	-4 529	-6 751	-10 790	-10 902	-6 937	-11 576	-10 136	-9 286
Ships and aircraft	BQMP	792+793	-363	-144	-2 311	-3 421	-1 503	-237	-854	-1 931	-888	-1 289	-2 744
Total finished manufactured goods	BQOV	7+8	-20 087	-26 200	-31 221	-38 065	-37 448	-42 411	-44 809	-48 379	-56 257	-54 178	-49 674
Commodities and transactions not classified according to kind	BQOU	9	-304	-161	-241	-377	-741	-925	-721	-784	-1 085	-776	-702
<b>Total</b>	LQCT		<b>-29 051</b>	<b>-32 976</b>	<b>-41 212</b>	<b>-47 705</b>	<b>-48 607</b>	<b>-60 900</b>	<b>-68 589</b>	<b>-76 312</b>	<b>-89 754</b>	<b>-93 116</b>	<b>-81 875</b>

<sup>1</sup> Standard International Trade Classification, Revision 3.

<sup>2</sup> Derived from the *Classification by Broad Economic Categories defined in terms of SITC, Revision 3, published by the United Nations*.

## 2.2 Trade in goods: volume indices

			2006=100										
			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
SITC <sup>1</sup>													
<b>Exports</b>													
Food, beverages and tobacco	BQFP	0+1	97	97	93	97	101	100	99	100	104	108	111
Basic materials	BQFQ	2+4	63	69	67	74	82	86	88	100	113	119	106
Oil													
Crude oil	BOGH	333	150	154	170	165	143	127	104	100	96	90	89
Oil products	BOGO	334+335	55	79	72	66	73	77	94	100	96	105	110
Total oil	BONC	33	97	113	117	112	106	100	99	100	96	97	99
Coal, gas and electricity	BOGP	32+34+35	72	113	127	140	151	115	96	100	99	123	100
Semi-manufactured goods													
Chemicals	BQLB	5	62	68	75	79	84	87	90	100	104	107	105
Precious stones and silver	BQLD	667+681.1	48	60	65	80	94	99	109	100	107	121	64
Other	BQLC	Rest of 6	84	90	90	86	87	92	96	100	107	102	76
Total semi-manufactured goods	BQPR	5+6	67	74	79	81	86	90	93	100	105	106	92
Finished manufactured goods													
Motor cars	BQLE	781	77	80	70	87	91	100	106	100	112	114	82
Other consumer goods <sup>2</sup>	BQLF		76	78	78	81	82	88	97	100	101	97	87
Intermediate goods <sup>2</sup>	BQLG		82	94	97	90	83	84	89	100	88	85	75
Capital goods <sup>2</sup>	BQLH		52	62	65	61	55	54	72	100	54	55	45
Ships and aircraft	BQLI	792+793	66	85	80	74	101	100	96	100	108	112	99
Total finished manufactured goods	BQPS	7+8	68	77	78	76	73	74	86	100	79	78	66
<b>Total</b>	<b>BPBP</b>		<b>71.9</b>	<b>80.6</b>	<b>82.3</b>	<b>81.4</b>	<b>81.2</b>	<b>82.4</b>	<b>89.7</b>	<b>100.0</b>	<b>89.7</b>	<b>90.9</b>	<b>80.3</b>
<b>Imports</b>													
Food, beverages and tobacco	BQPT	0+1	76	76	80	82	88	94	97	100	103	102	97
Basic materials	BQPU	2+4	87	95	98	92	91	91	92	100	112	111	79
Oil													
Crude oil	BQPV	333	50	65	74	74	81	100	94	100	92	94	87
Oil products	BQPW	334+335	90	86	104	78	89	101	108	100	120	102	104
Total oil	ELAM	33	66	74	86	75	85	100	100	100	105	98	95
Coal, gas and electricity	BQPX	32+34+35	30	38	45	43	36	64	94	100	121	169	129
Semi-manufactured goods													
Chemicals	BQLQ	5	64	69	76	83	88	95	94	100	108	105	103
Precious stones and silver	BQLS	667+681.1	55	60	63	62	68	80	88	100	94	91	70
Other	BQLR	Rest of 6	85	87	90	92	96	99	97	100	105	103	84
Total semi-manufactured goods	BQPY	5+6	72	76	81	85	90	95	95	100	105	103	92
Finished manufactured goods													
Motor cars	BQLT	781	70	67	87	91	93	97	98	100	111	97	81
Other consumer goods <sup>2</sup>	BQLU		59	64	67	75	78	85	93	100	108	107	100
Intermediate goods <sup>2</sup>	BQLV		74	85	82	83	79	84	89	100	94	92	72
Capital goods <sup>2</sup>	BQLW		42	50	52	57	57	62	78	100	70	69	57
Ships and aircraft	BQLX	792+793	80	89	100	109	97	88	86	100	101	102	97
Total finished manufactured goods	BQPZ	7+8	59	67	70	74	74	78	87	100	91	89	76
<b>Total</b>	<b>BQBJ</b>		<b>64.5</b>	<b>70.5</b>	<b>74.2</b>	<b>77.7</b>	<b>79.1</b>	<b>84.6</b>	<b>90.5</b>	<b>100.0</b>	<b>97.3</b>	<b>95.5</b>	<b>83.3</b>

1 Standard International Trade Classification, Revision 3.

2 Derived from the *Classification by Broad Economic Categories defined in terms of SITC, Revision 3*, published by the United Nations.

## 2.3 Trade in goods: price indices

			2006=100										
			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Exports			SITC <sup>1</sup>										
Food, beverages and tobacco	BPAI	0+1	92	91	94	94	98	97	98	100	103	117	122
Basic materials	BPAW	2+4	73	76	77	78	81	88	94	100	104	120	110
Oil													
Crude oil	BQAC	333	32	54	49	47	51	58	84	100	104	149	112
Oil products	BQAD	334+335	46	54	51	58	62	72	89	100	102	143	106
Total oil	BQAL	33	36	55	50	51	55	64	86	100	103	146	109
Coal, gas and electricity	BQAF	32+34+35	50	58	56	54	58	67	86	100	93	134	106
Semi-manufactured goods													
Chemicals	BQLJ	5	99	98	97	96	99	98	99	100	101	112	123
Precious stones and silver	BQLL	667+681.1	147	155	143	116	107	98	100	100	89	101	123
Other	BQLK	Rest of 6	88	88	89	89	92	94	97	100	101	115	119
Total semi-manufactured goods	BQAA	5+6	98	98	98	95	97	96	99	100	100	112	122
Finished manufactured goods													
Motor cars	BQPM	781	97	90	90	92	97	96	98	100	101	110	117
Other consumer goods <sup>2</sup>	BQLM		95	96	97	96	98	96	97	100	99	109	117
Intermediate goods <sup>2</sup>	BQLN		99	97	97	99	101	99	100	100	106	115	124
Capital goods <sup>2</sup>	BQLO		115	109	106	106	106	102	102	100	94	103	110
Ships and aircraft	BQLP	792+793	116	115	118	118	98	100	98	100	104	111	122
Total finished manufactured goods	BQAB	7+8	104	100	100	101	101	99	100	100	100	109	117
<b>Total</b>	<b>BQKR</b>		<b>91.8</b>	<b>92.9</b>	<b>91.8</b>	<b>91.8</b>	<b>93.5</b>	<b>93.5</b>	<b>97.6</b>	<b>100.0</b>	<b>100.3</b>	<b>114.1</b>	<b>117.4</b>
Imports													
Food, beverages and tobacco	ELAN	0+1	92	90	91	93	95	94	98	100	105	124	134
Basic materials	ELAO	2+4	79	83	82	82	85	88	92	100	109	126	123
Oil													
Crude oil	ELAS	333	30	53	48	46	50	58	84	100	104	151	112
Oil products	ELAT	334+335	25	41	37	48	52	60	84	100	104	150	113
Total oil	ELBB	33	27	46	42	47	51	58	84	100	104	150	112
Coal, gas and electricity	ELAU	32+34+35	39	41	48	41	43	65	86	100	100	158	147
Semi-manufactured goods													
Chemicals	BQLY	5	89	92	92	90	93	92	98	100	101	114	122
Precious stones and silver	BQMA	667+681.1	146	154	142	116	108	99	101	100	91	105	126
Other	BQLZ	Rest of 6	81	85	86	83	84	88	92	100	105	112	115
Total semi-manufactured goods	ELAQ	5+6	89	93	93	88	89	91	95	100	102	112	119
Finished manufactured goods													
Motor cars	BQMB	781	108	104	101	103	103	101	101	100	101	106	105
Other consumer goods <sup>2</sup>	BQMC		101	104	106	103	102	99	99	100	99	106	114
Intermediate goods <sup>2</sup>	BQMD		108	110	107	103	99	96	99	100	102	111	122
Capital goods <sup>2</sup>	BQME		126	124	121	115	110	106	101	100	96	101	110
Ships and aircraft	BQMF	792+793	82	90	99	97	96	92	97	100	98	109	128
Total finished manufactured goods	ELAR	7+8	109	110	109	106	103	100	100	100	99	106	115
<b>Total</b>	<b>BQKS</b>		<b>93.8</b>	<b>96.9</b>	<b>96.0</b>	<b>93.6</b>	<b>93.0</b>	<b>92.5</b>	<b>96.7</b>	<b>100.0</b>	<b>100.9</b>	<b>113.7</b>	<b>117.7</b>

<sup>1</sup> Standard International Trade Classification, Revision 3.

<sup>2</sup> Derived from the *Classification by Broad Economic Categories defined in terms of SITC, Revision 3*, published by the United Nations.

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

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
Overseas trade statistics (f.o.b.)	HGAA	168 221	189 665	190 806	187 763	189 038	191 018	212 202	245 236	220 539	248 681	224 790
Coverage adjustments												
Second-hand ships	HBK	154	105	137	187	141	251	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	-2 291	-2 343	-2 761	-2 788	-2 744	-2 012	-2 753	-2 471	-2 319	-313	-206
Goods procured in ports	KTPB	645	865	869	881	982	1 129	1 415	1 562	1 579	2 198	1 661
Industrial gold	DEJO	33	33	44	66	76	37	7	9	38	66	9
Other	BQPO	56	57	57	55	57	61	60	66	61	61	61
Total coverage adjustments	EHHH	-1 391	-1 271	-1 642	-1 587	-1 476	-522	-1 011	-574	-381	2 272	1 785
Other adjustments	EPAR	-664	-460	-71	348	758	378	417	-1 029	700	1 133	962
<b>Total</b>	<b>LQAD</b>	<b>166 166</b>	<b>187 936</b>	<b>189 093</b>	<b>186 524</b>	<b>188 320</b>	<b>190 874</b>	<b>211 608</b>	<b>243 633</b>	<b>220 858</b>	<b>252 086</b>	<b>227 537</b>
<b>Imports</b>												
Overseas trade statistics (c.i.f.)	HGAD	199 926	224 413	229 510	228 608	236 934	253 151	272 850	303 272	311 941	341 972	306 815
Coverage adjustments												
Second-hand ships	HBTY	281	112	166	113	248	223	224	224	224	224	224
Ships delivered abroad	CGER	127	540	577	586	572	302	499	304	304	304	304
Repairs to ships and aircraft	EPBA	15	11	9	9	30	54	56	56	56	56	56
Goods not changing ownership	HBYS	-2 291	-2 343	-2 761	-2 788	-2 744	-2 012	-2 753	-2 471	-2 319	-313	-206
Goods procured in ports	KTPC	780	1 035	1 218	1 438	1 865	2 240	3 331	2 358	3 490	5 207	4 690
Industrial gold	DEJP	149	164	145	163	236	230	196	253	273	271	329
Smuggling - alcohol	QHCP	266	279	43	25	29	29	28	28	28	24	..
Smuggling - tobacco	QHCT	990	1 072	1 033	1 063	1 140	1 136	1 144	1 144	1 144	1 136	..
Other	EHHI	13	21	10	8	8	7	6	8	7	7	..
Total coverage adjustments	EHJJ	330	891	440	617	1 384	2 209	2 731	1 904	3 207	6 916	6 564
Valuation adjustments												
Freight	BPGF	-4 660	-5 106	-5 423	-5 450	-5 465	-5 494	-5 534	-5 548	-5 535	-5 529	-5 519
Insurance	ENAG	-594	-654	-662	-662	-704	-736	-774	-848	-874	-934	-849
Total	HCLT	-5 254	-5 760	-6 085	-6 112	-6 169	-6 230	-6 308	-6 396	-6 409	-6 463	-6 368
Other adjustments												
Impact of MTIC fraud	BQHF	1 678	2 794	7 060	11 495	4 486	2 689	11 060	22 378	2 138	2 272	2 034
Other adjustments	EPBB	-1 462	-1 428	-620	-379	292	-45	-136	-1 213	-265	505	367
Total other adjustments	CLAK	216	1 366	6 440	11 116	4 778	2 644	10 924	21 165	1 873	2 777	2 401
<b>Total</b>	<b>LQBL</b>	<b>195 217</b>	<b>220 912</b>	<b>230 305</b>	<b>234 229</b>	<b>236 927</b>	<b>251 774</b>	<b>280 197</b>	<b>319 945</b>	<b>310 612</b>	<b>345 202</b>	<b>309 412</b>





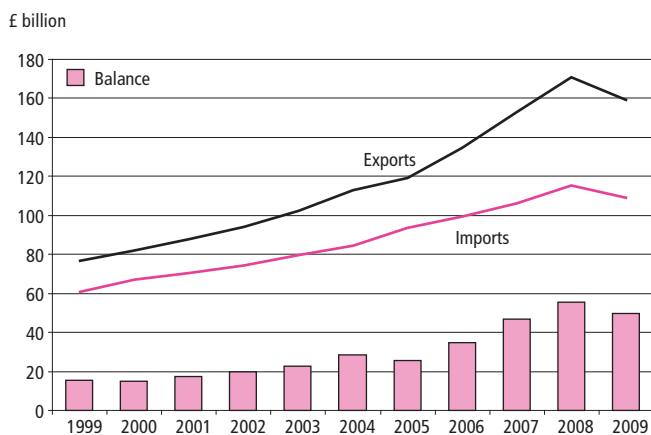
# Chapter 3

## Trade in services

## Summary

A surplus has been recorded for trade in services in every year since 1966. There was a decrease in the surplus from £55.4 billion in 2008 to £49.9 billion in 2009. During the latest year, exports of services decreased by 6.9 per cent while imports of services fell by 5.4 per cent (compared to growths of 11.5 per cent and 8.6 per cent respectively in 2008). Of the 11 main product groupings, nine showed surpluses and two (travel and government services) showed deficits. The decrease in the surplus was largely dominated by a decrease in the financial services surplus, reflecting a fall in exports of FISIM by monetary financial institutions, and a decrease in the other business surplus.

**Figure 3.1**  
**Trade in services**



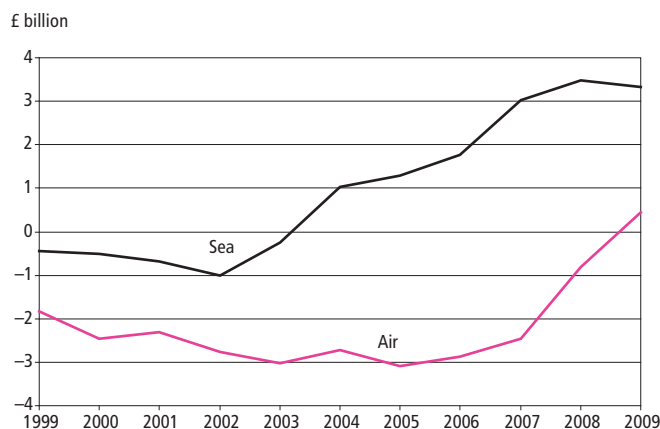
## Transportation

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 2009 transportation services accounted for 13 per cent of total exports and 16 per cent of total imports of services.

Sea transportation recorded a surplus of £3.3 billion in 2009, the sixth successive year in which a surplus has been recorded. Prior to this sea transportation recorded deficits. This surplus reflects an increase in exports of freight services provided by UK shipping operators. The move from deficit to surplus can be explained by the increase in the size of the UK fleet following the introduction of tonnage tax in July 2000.

Air transportation recorded a small surplus of £0.5bn in 2009, following deficits recorded in every year since the mid 1980s.

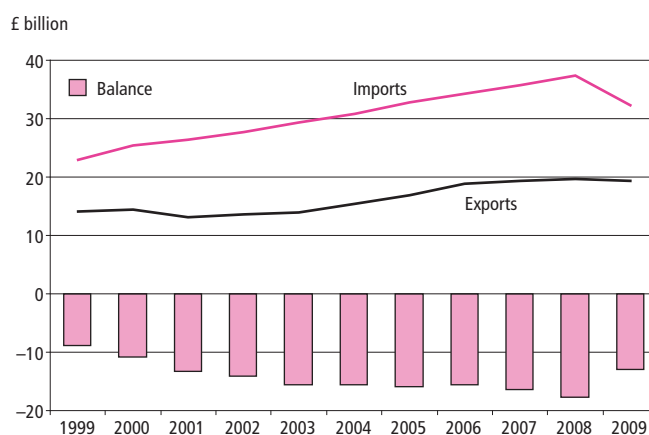
**Figure 3.2**  
**Trade in sea and air transport services**  
**Exports less imports**



## Travel

In 2009 travel expenditure by non-residents visiting the UK accounted for 12 per cent of total exports of services, while expenditure by UK residents traveling abroad accounted for 30 per cent of total imports of services. The travel deficit grew significantly from the late 1990s to 2008, when the deficit peaked at £17.7 billion, before falling to £13.0 billion in 2009. Exports of travel services to non-resident visitors to the UK decreased by 1.6 per cent in 2009 to £19.3 billion, while imports by UK residents traveling abroad decreased by 13.3 per cent to £32.3 billion.

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

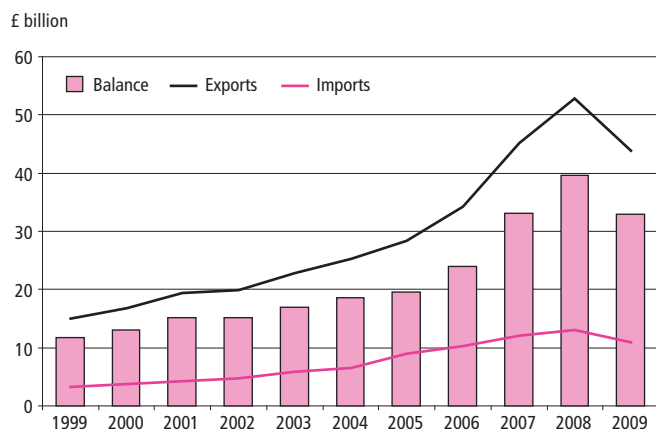


## Financial services

Exports and imports of financial services from banks, fund managers and securities dealers for example, have been presented separately since *Pink Book* 2001. As in *Pink Book* 2008 and 2009, Financial Services contains estimates for financial intermediation services indirectly measured (FISIM). In 2009 financial services accounted for 28 per cent of total exports and for 10 per cent of total imports of services. The overall financial services balance decreased from £39.7 billion in 2008 to £32.9 billion in 2009. This fall was mainly due to decreases in exports of financial services by UK banks whose income from FISIM on loans and deposits decreased by £5.3 billion in the period.

**Figure 3.4**

### Trade in financial services

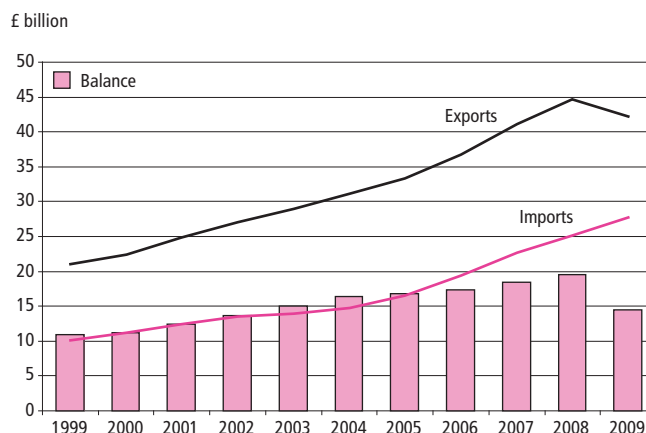


## Other business services

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. Data for other business services are only available consistent with Balance of Payments Manual 5th Edition (BPM5) definitions from 1991. Since 1999 the level of exports of other business services has more than doubled, and the level of imports has almost trebled. In 2009 other business services accounted for 27 per cent of total exports and for 25 per cent of total imports of services. The balance decreased by 26 per cent in 2009 to £14.5 billion from £19.5 billion in 2008. Exports decreased by £2.5 billion to £42.2 billion, while imports rose by £2.5 billion to £27.8 billion.

**Figure 3.5**

### Trade in other business services



## 3.1 Trade in services

### Summary table

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Exports												
Transportation	FJOD	11 764	12 675	12 768	12 522	13 629	15 997	17 334	17 093	18 324	20 884	20 708
Travel	FJPF	14 060	14 446	13 110	13 595	13 876	15 414	16 871	18 803	19 292	19 598	19 282
Communications	FJPH	1 564	1 864	2 034	2 219	2 479	3 183	3 697	4 153	4 183	4 262	4 485
Construction	FJPI	275	220	174	195	245	278	600	790	996	1 246	1 625
Insurance	FJPP	3 280	2 680	3 667	5 601	5 427	4 964	1 552	3 832	5 154	7 604	8 333
Financial	FJPK	15 021	16 837	19 370	19 935	22 778	25 228	28 370	34 201	45 130	52 821	43 852
Computer and information	FJPL	2 433	2 865	3 253	3 954	4 986	6 143	5 956	6 720	6 895	7 258	6 902
Royalties and license fees	FJPM	5 092	5 389	5 673	5 786	6 174	6 434	7 315	7 899	8 033	7 987	7 610
Other business	FJPN	21 017	22 395	24 844	27 026	28 937	31 115	33 263	36 710	41 132	44 727	42 243
Personal, cultural and recreational	FJPR	962	1 305	1 358	1 601	1 892	2 145	2 243	2 136	1 878	2 274	1 951
Government	FJPU	1 057	1 207	1 522	1 578	1 934	2 021	1 985	2 056	2 128	2 158	2 120
Total	KTMQ	76 525	81 883	87 773	94 012	102 357	112 922	119 186	134 393	153 145	170 819	159 111
Imports												
Transportation	FJPV	14 180	15 972	16 282	16 922	17 416	18 350	19 897	19 105	18 784	19 175	17 707
Travel	APQA	22 930	25 385	26 376	27 697	29 355	30 873	32 781	34 291	35 692	37 256	32 297
Communications	FJQZ	1 805	1 867	1 993	2 040	2 158	2 642	3 201	3 657	4 134	4 346	4 041
Construction	FJRA	98	55	107	104	120	142	570	625	805	1 095	1 433
Insurance	FJRB	575	721	762	758	778	830	891	979	1 020	1 108	1 006
Financial	FJRE	3 252	3 789	4 263	4 776	5 903	6 604	8 910	10 267	12 075	13 146	10 933
Computer and information	FJRF	691	838	1 175	1 316	1 792	1 857	2 207	2 554	2 664	3 391	3 818
Royalties and license fees	FJRG	4 285	4 379	4 494	4 609	4 810	5 007	5 202	5 183	4 403	5 750	5 814
Other business	FJRH	10 143	11 206	12 424	13 464	13 928	14 738	16 469	19 421	22 721	25 218	27 750
Personal, cultural and recreational	FJRL	608	779	724	797	855	884	831	856	952	1 094	667
Government	FJRO	2 396	1 890	1 973	1 897	2 630	2 581	2 485	2 680	3 097	3 884	3 793
Total	KTMR	60 963	66 881	70 573	74 380	79 745	84 508	93 444	99 618	106 347	115 463	109 259
Balances												
Transportation	FJRP	-2 416	-3 297	-3 514	-4 400	-3 787	-2 353	-2 563	-2 012	-460	1 709	3 001
Travel	FJSR	-8 870	-10 939	-13 266	-14 102	-15 479	-15 459	-15 910	-15 488	-16 400	-17 658	-13 015
Communications	FJST	-241	-3	41	179	321	541	496	496	49	-84	444
Construction	FJSU	177	165	67	91	125	136	30	165	191	151	192
Insurance	FJSV	2 705	1 959	2 905	4 843	4 649	4 134	661	2 853	4 134	6 496	7 327
Financial	FJTA	11 769	13 048	15 107	15 159	16 875	18 624	19 460	23 934	33 055	39 675	32 919
Computer and information	FJTB	1 742	2 027	2 078	2 638	3 194	4 286	3 749	4 166	4 231	3 867	3 084
Royalties and license fees	FJTC	807	1 010	1 179	1 177	1 364	1 427	2 113	2 716	3 630	2 237	1 796
Other business	FJTD	10 874	11 189	12 420	13 562	15 009	16 377	16 794	17 289	18 411	19 509	14 493
Personal, cultural and recreational	FJTH	354	526	634	804	1 037	1 261	1 412	1 280	926	1 180	1 284
Government	FJUL	-1 339	-683	-451	-319	-696	-560	-500	-624	-969	-1 726	-1 673
Total	KTMS	15 562	15 002	17 200	19 632	22 612	28 414	25 742	34 775	46 798	55 356	49 852

## 3.2 Transportation

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
Sea transport												
Passenger												
Passenger revenue	FJAL	463	630	488	569	993	846	608	444	430	469	608
Time charter receipts	FJAM	9	8	–	11	–	36	51	37	73	75	77
Total passenger	FJOF	472	638	488	580	993	882	659	481	503	544	685
Freight												
Dry cargo												
Freight on UK exports	HECV	375	400	406	481	525	444	544	530	552	636	548
Freight on cross-trades	HDVI	1 511	1 453	1 609	1 844	2 069	3 180	3 874	3 132	3 407	2 562	2 429
Time charter receipts	FJAO	90	140	106	118	196	640	912	1 049	1 491	1 939	2 538
Wet cargo												
Freight on UK exports	HEIX	59	98	82	96	126	173	174	130	142	219	130
Freight on cross-trades	HECX	350	458	497	420	742	1 305	1 194	1 222	1 395	2 530	1 439
Time charter receipts	FJAP	87	104	336	162	247	472	748	603	554	763	649
Total Freight	FJOG	2 472	2 653	3 036	3 121	3 905	6 214	7 446	6 666	7 541	8 649	7 733
Disbursements in the UK	FJAR	1 063	1 042	1 086	1 008	952	801	800	939	896	867	923
Total sea transport	FJOE	4 007	4 333	4 610	4 709	5 850	7 897	8 905	8 086	8 940	10 060	9 341
Air transport												
Passenger revenue	FJOJ	4 402	4 690	4 455	4 162	3 856	3 907	4 073	4 266	4 065	4 557	4 262
Freight on UK exports and cross trades	FJOK	380	428	365	350	368	394	397	391	493	562	512
Other												
Disbursements in the UK	FJAX	1 765	1 994	2 167	1 991	2 111	2 302	2 506	2 973	3 310	4 173	5 054
Other revenue	HBWB	294	303	258	247	240	267	182	183	225	127	115
Total other	FJOL	2 059	2 297	2 425	2 238	2 351	2 569	2 688	3 156	3 535	4 300	5 169
Total air transport	FJOI	6 841	7 415	7 245	6 750	6 575	6 870	7 158	7 813	8 093	9 419	9 943
Other transport												
Rail												
Passenger	FJOS	132	109	113	90	91	112	133	139	173	206	182
Freight	FJOT	17	20	16	12	15	16	17	17	16	16	11
Total rail	FJOR	149	129	129	102	106	128	150	156	189	222	193
Road												
Passenger	FJOW	–	–	–	–	–	–	–	–	–	–	–
Freight	FJOX	730	750	728	905	1 042	1 046	1 065	982	1 046	1 127	1 175
Total road	FJOV	730	750	728	905	1 042	1 046	1 065	982	1 046	1 127	1 175
Pipeline transport	FJPD	37	48	56	56	56	56	56	56	56	56	56
Total other transport	FJOM	916	927	913	1 063	1 204	1 230	1 271	1 194	1 291	1 405	1 424
<b>Total</b>	<b>FJOD</b>	<b>11 764</b>	<b>12 675</b>	<b>12 768</b>	<b>12 522</b>	<b>13 629</b>	<b>15 997</b>	<b>17 334</b>	<b>17 093</b>	<b>18 324</b>	<b>20 884</b>	<b>20 708</b>

## 3.2 Transportation

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Imports</b>												
Sea transport												
Passenger												
Passenger expenditure	FJBP	429	413	450	486	476	476	463	533	627	437	299
Time charter payments	FJBQ	24	24	19	19	15	25	15	38	48	50	122
Total passenger	FJPX	453	437	469	505	491	501	478	571	675	487	421
Freight												
Dry cargo												
Freight on UK imports	HCJO	2 202	2 531	2 552	2 698	3 023	2 693	2 620	2 848	2 817	2 800	2 844
Time charter payments	FJBS	122	149	316	236	221	667	562	279	58	135	133
Wet cargo												
Freight on UK imports	HCNJ	415	280	305	330	355	417	434	422	407	360	365
Time charter payments	FJBT	89	172	176	140	184	359	636	655	721	1 257	796
Freight on UK coastal routes	HFAA	135	172	202	199	190	177	194	188	187	189	123
Total Freight	FJPY	2 963	3 304	3 551	3 603	3 973	4 313	4 446	4 392	4 190	4 741	4 261
Other												
Disbursements - dry cargo	FJBU	953	1 036	1 231	1 528	1 508	1 917	2 505	1 202	843	1 093	1 054
Disbursements - wet cargo	FJBW	76	55	54	81	118	138	183	164	215	267	271
Total other	FJPZ	1 029	1 091	1 285	1 609	1 626	2 055	2 688	1 366	1 058	1 360	1 325
Total sea transport	FJPW	4 445	4 832	5 305	5 717	6 090	6 869	7 612	6 329	5 923	6 588	6 007
Air transport												
Passenger expenditure	FJQB	4 650	5 192	5 255	5 559	5 949	6 231	6 761	7 021	6 733	6 709	6 139
Freight	FJQC	685	740	822	818	768	681	688	666	650	646	695
Disbursements abroad	FJCA	3 336	3 951	3 468	3 132	2 880	2 692	2 798	2 996	3 172	2 878	2 659
Total air transport	FJQA	8 671	9 883	9 545	9 509	9 597	9 604	10 247	10 683	10 555	10 233	9 493
Other transport												
Rail												
Passenger	FJQK	154	167	168	172	151	167	170	187	193	208	187
Freight	FJQL	26	37	43	44	46	47	44	43	51	44	25
Total rail	FJQJ	180	204	211	216	197	214	214	230	244	252	212
Road												
Passenger	FJQO	—	—	—	—	—	—	—	—	—	—	—
Freight	FJQP	836	1 001	1 169	1 428	1 480	1 611	1 772	1 811	2 010	2 050	1 943
Total road	FJQN	836	1 001	1 169	1 428	1 480	1 611	1 772	1 811	2 010	2 050	1 943
Pipeline transport	FJQV	48	52	52	52	52	52	52	52	52	52	52
Total other transport	FJQE	1 064	1 257	1 432	1 696	1 729	1 877	2 038	2 093	2 306	2 354	2 207
<b>Total</b>	<b>FJPV</b>	<b>14 180</b>	<b>15 972</b>	<b>16 282</b>	<b>16 922</b>	<b>17 416</b>	<b>18 350</b>	<b>19 897</b>	<b>19 105</b>	<b>18 784</b>	<b>19 175</b>	<b>17 707</b>

## 3.2 Transportation

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Balances</b>												
Sea transport												
Passenger	FJRR	19	201	19	75	502	381	181	-90	-172	57	264
Freight												
Dry cargo	FJNJ	-348	-687	-747	-491	-454	904	2 148	1 584	2 575	2 202	2 538
Wet cargo	FJNM	-8	208	434	208	576	1 174	1 046	878	963	1 895	1 057
Other	FJVC	-135	-172	-202	-199	-190	-177	-194	-188	-187	-189	-123
Total Freight	FJRS	-491	-651	-515	-482	-68	1 901	3 000	2 274	3 351	3 908	3 472
Other												
Dry cargo	FJVF	-953	-1 036	-1 231	-1 528	-1 508	-1 917	-2 505	-1 202	-843	-1 093	-1 054
Wet Cargo	FJVG	-76	-55	-54	-81	-118	-138	-183	-164	-215	-267	-271
Other	FJVI	1 063	1 042	1 086	1 008	952	801	800	939	896	867	923
Total other	FJRT	34	-49	-199	-601	-674	-1 254	-1 888	-427	-162	-493	-402
Total sea transport	FJRQ	-438	-499	-695	-1 008	-240	1 028	1 293	1 757	3 017	3 472	3 334
of which												
Ships owned or chartered-in by UK residents	FLMZ	1 680	1 855	1 728	1 697	2 852	3 990	4 204	4 809	6 159	6 391	6 042
Ships operated by non-residents	FLNF	-2 118	-2 354	-2 423	-2 705	-3 092	-2 962	-2 911	-3 052	-3 142	-2 919	-2 708
Air transport												
Passenger	FJRV	-248	-502	-800	-1 397	-2 093	-2 324	-2 688	-2 755	-2 668	-2 152	-1 877
Freight	FJRW	-305	-312	-457	-468	-400	-287	-291	-275	-157	-84	-183
Other	FJRX	-1 277	-1 654	-1 043	-894	-529	-123	-110	160	363	1 422	2 510
Total air transport	FJRU	-1 830	-2 468	-2 300	-2 759	-3 022	-2 734	-3 089	-2 870	-2 462	-814	450
Other transport												
Rail												
Passenger	FJSE	-22	-58	-55	-82	-60	-55	-37	-48	-20	-2	-5
Freight	FJSF	-9	-17	-27	-32	-31	-31	-27	-26	-35	-28	-14
Total rail	FJSD	-31	-75	-82	-114	-91	-86	-64	-74	-55	-30	-19
Road												
Passenger	FJSI	-	-	-	-	-	-	-	-	-	-	-
Freight	FJSJ	-106	-251	-441	-523	-438	-565	-707	-829	-964	-923	-768
Total road	FJSH	-106	-251	-441	-523	-438	-565	-707	-829	-964	-923	-768
Pipeline transport	FJSP	-11	-4	4	4	4	4	4	4	4	4	4
Total other transport	FJRY	-148	-330	-519	-633	-525	-647	-767	-899	-1 015	-949	-783
<b>Total</b>	<b>FJRP</b>	<b>-2 416</b>	<b>-3 297</b>	<b>-3 514</b>	<b>-4 400</b>	<b>-3 787</b>	<b>-2 353</b>	<b>-2 563</b>	<b>-2 012</b>	<b>-460</b>	<b>1 709</b>	<b>3 001</b>

# 3.3 Travel

												£ million	
			1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Exports													
Business													
Expenditure by seasonal & border workers	FJCQ		114	147	163	219	169	203	234	270	263	260	184
Other	FJNO		3 998	4 084	3 615	3 618	3 478	3 735	4 110	4 749	4 627	4 574	3 724
Total business travel	FJPG		4 112	4 231	3 778	3 837	3 647	3 938	4 344	5 019	4 890	4 834	3 908
Personal													
Health related	FJCX		93	66	83	64	144	68	71	78	81	83	69
Education related	FJDD		2 534	2 484	2 723	2 592	2 881	3 072	3 357	3 694	3 860	3 957	3 802
Other	FJDG		7 321	7 665	6 526	7 102	7 204	8 336	9 099	10 012	10 461	10 724	11 503
Total personal travel	FJTU		9 948	10 215	9 332	9 758	10 229	11 476	12 527	13 784	14 402	14 764	15 374
Total	FJPF		14 060	14 446	13 110	13 595	13 876	15 414	16 871	18 803	19 292	19 598	19 282
Imports													
Business													
Expenditure by seasonal & border workers	FJDO		197	192	215	102	225	159	202	214	222	228	221
Other	FJNP		4 352	4 811	4 479	4 336	4 135	4 243	4 695	4 962	5 142	5 282	4 417
Total business travel	FJQY		4 549	5 003	4 694	4 438	4 360	4 402	4 897	5 176	5 364	5 510	4 638
Personal													
Health related	FJDT		10	19	16	12	33	45	60	63	66	69	81
Education related	FJDV		180	99	108	110	102	117	165	172	179	187	159
Other	APPW		18 191	20 264	21 558	23 137	24 860	26 309	27 659	28 880	30 083	31 490	27 419
Total personal travel	APQW		18 381	20 382	21 682	23 259	24 995	26 471	27 884	29 115	30 328	31 746	27 659
Total	APQA		22 930	25 385	26 376	27 697	29 355	30 873	32 781	34 291	35 692	37 256	32 297
Balances													
Business													
Expenditure by seasonal & border workers	FJCR		-83	-45	-52	117	-56	44	32	56	41	32	-37
Other	FJCW		-354	-727	-864	-718	-657	-508	-585	-213	-515	-708	-693
Total business travel	FJSS		-437	-772	-916	-601	-713	-464	-553	-157	-474	-676	-730
Personal													
Health related	FJCY		83	47	67	52	111	23	11	15	15	14	-12
Education related	FJDE		2 354	2 385	2 615	2 482	2 779	2 955	3 192	3 522	3 681	3 770	3 643
Other	FJDH		-10 870	-12 599	-15 032	-16 035	-17 656	-17 973	-18 560	-18 868	-19 622	-20 766	-15 916
Total personal travel	FJTW		-8 433	-10 167	-12 350	-13 501	-14 766	-14 995	-15 357	-15 331	-15 926	-16 982	-12 285
Total	FJSR		-8 870	-10 939	-13 266	-14 102	-15 479	-15 459	-15 910	-15 488	-16 400	-17 658	-13 015



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

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
Postal and courier services												
Postal services	FJTN	109	118	97	110	112	124	121	127	119	122	127
Courier services	FJTO	52	29	80	67	111	320	390	374	415	550	775
Total postal and courier services	FJED	161	147	177	177	223	444	511	501	534	672	902
Telecommunications services	FJAS	1 403	1 717	1 857	2 042	2 256	2 739	3 186	3 652	3 649	3 590	3 583
<b>Total</b>	<b>FJPH</b>	<b>1 564</b>	<b>1 864</b>	<b>2 034</b>	<b>2 219</b>	<b>2 479</b>	<b>3 183</b>	<b>3 697</b>	<b>4 153</b>	<b>4 183</b>	<b>4 262</b>	<b>4 485</b>
<b>Imports</b>												
Postal and courier services												
Postal services	FJTP	239	260	200	200	225	181	166	159	156	190	218
Courier services	FJTQ	48	18	55	58	90	294	310	280	408	452	360
Total postal and courier services	FJEI	287	278	255	258	315	475	476	439	564	642	578
Telecommunications services	FJAT	1 518	1 589	1 738	1 782	1 843	2 167	2 725	3 218	3 570	3 704	3 463
<b>Total</b>	<b>FJQZ</b>	<b>1 805</b>	<b>1 867</b>	<b>1 993</b>	<b>2 040</b>	<b>2 158</b>	<b>2 642</b>	<b>3 201</b>	<b>3 657</b>	<b>4 134</b>	<b>4 346</b>	<b>4 041</b>
<b>Balances</b>												
Postal and courier services												
Postal services	FJTR	-130	-142	-103	-90	-113	-57	-45	-32	-37	-68	-91
Courier services	FJTS	4	11	25	9	21	26	80	94	7	98	415
Total postal and courier services	FJEE	-126	-131	-78	-81	-92	-31	35	62	-30	30	324
Telecommunications services	FJAQ	-115	128	119	260	413	572	461	434	79	-114	120
<b>Total</b>	<b>FJST</b>	<b>-241</b>	<b>-3</b>	<b>41</b>	<b>179</b>	<b>321</b>	<b>541</b>	<b>496</b>	<b>496</b>	<b>49</b>	<b>-84</b>	<b>444</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</sup>

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
Life insurance and pension funds	FJEU	1 557	1 417	2 174	797	8	-713	-1 464	-1 264	-502	-275	-647
Freight insurance	FJJL	47	41	49	80	129	90	72	43	141	133	232
Other direct insurance <sup>2</sup>	FJEW	653	412	-579	2 164	1 935	3 350	729	1 805	3 554	4 009	4 941
Reinsurance	FJEX	-49	-296	1 011	1 473	2 241	1 023	970	1 691	415	2 051	1 868
Auxiliary insurance services (insurance brokers)	FJEY	1 072	1 106	1 012	1 087	1 114	1 214	1 245	1 557	1 546	1 686	1 939
<b>Total<sup>3</sup></b>	FJPJ	<b>3 280</b>	<b>2 680</b>	<b>3 667</b>	<b>5 601</b>	<b>5 427</b>	<b>4 964</b>	<b>1 552</b>	<b>3 832</b>	<b>5 154</b>	<b>7 604</b>	<b>8 333</b>
<b>Imports</b>												
Life insurance and pension funds	FJRC	-	-	-	-	-	-	-	-	-	-	-
Freight insurance	FJRD	575	721	762	758	778	830	891	979	1 020	1 108	1 006
Other direct insurance	FJFC	-	-	-	-	-	-	-	-	-	-	-
Reinsurance	FJFD	-	-	-	-	-	-	-	-	-	-	-
Auxiliary insurance services	FJFE	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	FJRB	<b>575</b>	<b>721</b>	<b>762</b>	<b>758</b>	<b>778</b>	<b>830</b>	<b>891</b>	<b>979</b>	<b>1 020</b>	<b>1 108</b>	<b>1 006</b>
<b>Balances</b>												
Life insurance and pension funds	FJSW	1 557	1 417	2 174	797	8	-713	-1 464	-1 264	-502	-275	-647
Freight insurance	FJSX	-528	-680	-713	-678	-649	-740	-819	-936	-879	-975	-774
Other direct insurance	FJJM	653	412	-579	2 164	1 935	3 350	729	1 805	3 554	4 009	4 941
Reinsurance	FJJN	-49	-296	1 011	1 473	2 241	1 023	970	1 691	415	2 051	1 868
Auxiliary insurance services	FJJO	1 072	1 106	1 012	1 087	1 114	1 214	1 245	1 557	1 546	1 686	1 939
<b>Total</b>	FJSV	<b>2 705</b>	<b>1 959</b>	<b>2 905</b>	<b>4 843</b>	<b>4 649</b>	<b>4 134</b>	<b>661</b>	<b>2 853</b>	<b>4 134</b>	<b>6 496</b>	<b>7 327</b>

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

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

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

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

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
Monetary financial institutions												
Commissions and fees	APUP	2 506	3 041	2 986	3 215	2 677	3 458	4 198	5 562	6 676	6 172	6 341
Spread earnings	APVA	1 628	1 809	2 370	2 922	4 536	4 908	5 914	6 974	9 451	11 247	10 608
FISIM <sup>2</sup> on loans	TGWM	1 202	876	1 585	1 692	2 132	2 004	1 992	2 511	3 798	6 635	4 631
of which £	LOFR	659	480	869	928	1 169	998	844	998	1 581	1 450	565
FISIM on deposits	TGWP	1 707	1 341	2 141	2 333	3 148	2 939	2 975	3 592	5 412	8 602	5 281
of which £	LOFU	984	772	1 233	1 344	1 813	1 573	1 370	1 481	2 364	2 318	912
Total monetary financial institutions	ZXTE	7 043	7 067	9 082	10 162	12 493	13 309	15 079	18 639	25 337	32 656	26 861
Fund managers	FNMM	866	868	853	1 045	1 528	1 925	2 632	3 199	4 856	5 035	3 626
Securities dealers												
Commissions and fees	CDFI	3 996	5 632	5 211	4 290	3 922	4 316	4 628	6 316	8 429	8 362	6 829
Spread earnings	QZCM	1 209	1 033	1 492	1 168	1 316	1 666	1 918	2 544	2 815	1 779	713
Total securities dealers	ZXTF	5 205	6 665	6 703	5 458	5 238	5 982	6 546	8 860	11 244	10 141	7 542
Baltic Exchange	APRJ	320	336	377	357	398	577	777	744	802	999	860
Other institutions	ZSHJ	1 587	1 901	2 355	2 913	3 121	3 435	3 336	2 759	2 891	3 990	4 963
<b>Total including FISIM</b>	FJPK	<b>15 021</b>	<b>16 837</b>	<b>19 370</b>	<b>19 935</b>	<b>22 778</b>	<b>25 228</b>	<b>28 370</b>	<b>34 201</b>	<b>45 130</b>	<b>52 821</b>	<b>43 852</b>
<b>Total FISIM<sup>2</sup></b>	C6FD	<b>2 909</b>	<b>2 217</b>	<b>3 726</b>	<b>4 025</b>	<b>5 280</b>	<b>4 943</b>	<b>4 967</b>	<b>6 103</b>	<b>9 210</b>	<b>15 237</b>	<b>9 912</b>
<b>Total excluding FISIM</b>	C9NI	<b>12 112</b>	<b>14 620</b>	<b>15 644</b>	<b>15 910</b>	<b>17 498</b>	<b>20 285</b>	<b>23 403</b>	<b>28 098</b>	<b>35 920</b>	<b>37 584</b>	<b>33 940</b>
<b>Imports</b>												
Monetary financial institutions	APVW	733	1 003	1 157	1 475	1 701	1 556	1 693	2 002	2 336	3 055	2 339
Fund managers	FNMS	143	160	229	219	336	420	527	574	727	874	714
Securities dealers <sup>3</sup>	RWMG	829	1 199	1 296	1 009	795	862	1 244	1 643	985	1 119	716
Baltic Exchange	APSZ	27	39	27	35	18	26	42	38	33	51	40
Other institutions	ZXTG	1 520	1 388	1 554	2 038	3 053	3 740	5 404	6 010	7 994	8 047	7 124
of which FISIM on loans	TGZJ	478	387	373	669	864	1 142	1 571	1 748	1 980	1 791	1 303
FISIM on deposits	TGZU	466	443	576	554	966	1 480	2 251	2 658	3 163	3 941	2 912
<b>Total including FISIM</b>	FJRE	<b>3 252</b>	<b>3 789</b>	<b>4 263</b>	<b>4 776</b>	<b>5 903</b>	<b>6 604</b>	<b>8 910</b>	<b>10 267</b>	<b>12 075</b>	<b>13 146</b>	<b>10 933</b>
<b>Total FISIM<sup>2</sup></b>	C6F7	<b>944</b>	<b>830</b>	<b>949</b>	<b>1 223</b>	<b>1 830</b>	<b>2 622</b>	<b>3 822</b>	<b>4 406</b>	<b>5 143</b>	<b>5 732</b>	<b>4 215</b>
<b>Total excluding FISIM</b>	C9NJ	<b>2 308</b>	<b>2 959</b>	<b>3 314</b>	<b>3 553</b>	<b>4 073</b>	<b>3 982</b>	<b>5 088</b>	<b>5 861</b>	<b>6 932</b>	<b>7 414</b>	<b>6 718</b>
<b>Balances</b>												
Monetary financial institutions	ZXLV	6 310	6 064	7 925	8 687	10 792	11 753	13 386	16 637	23 001	29 601	24 522
Fund managers	ZXLW	723	708	624	826	1 192	1 505	2 105	2 625	4 129	4 161	2 912
Securities dealers	ZXLX	4 376	5 466	5 407	4 449	4 443	5 120	5 302	7 217	10 259	9 022	6 826
Baltic Exchange	ZXLY	293	297	350	322	380	551	735	706	769	948	820
Other institutions	ZXLZ	67	513	801	875	68	-305	-2 068	-3 251	-5 103	-4 057	-2 161
<b>Total including FISIM</b>	FJTA	<b>11 769</b>	<b>13 048</b>	<b>15 107</b>	<b>15 159</b>	<b>16 875</b>	<b>18 624</b>	<b>19 460</b>	<b>23 934</b>	<b>33 055</b>	<b>39 675</b>	<b>32 919</b>
<b>Total FISIM<sup>2</sup></b>	IH3K	<b>1 965</b>	<b>1 387</b>	<b>2 777</b>	<b>2 802</b>	<b>3 450</b>	<b>2 321</b>	<b>1 145</b>	<b>1 697</b>	<b>4 067</b>	<b>9 505</b>	<b>5 697</b>
<b>Total excluding FISIM</b>	IH3L	<b>9 804</b>	<b>11 661</b>	<b>12 330</b>	<b>12 357</b>	<b>13 425</b>	<b>16 303</b>	<b>18 315</b>	<b>22 237</b>	<b>28 988</b>	<b>30 170</b>	<b>27 222</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 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										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
Computer services	FJCN	2 056	2 478	2 725	3 328	3 705	4 747	4 662	4 913	5 177	5 252	4 951
Information services	FJCO	377	387	528	626	1 281	1 396	1 294	1 807	1 718	2 006	1 951
<b>Total</b>	<b>FJPL</b>	<b>2 433</b>	<b>2 865</b>	<b>3 253</b>	<b>3 954</b>	<b>4 986</b>	<b>6 143</b>	<b>5 956</b>	<b>6 720</b>	<b>6 895</b>	<b>7 258</b>	<b>6 902</b>
<b>Imports</b>												
Computer services	FJDL	593	745	859	1 122	1 478	1 445	1 832	2 260	2 366	2 934	3 359
Information services	FJDM	98	93	316	194	314	412	375	294	298	457	459
<b>Total</b>	<b>FJRF</b>	<b>691</b>	<b>838</b>	<b>1 175</b>	<b>1 316</b>	<b>1 792</b>	<b>1 857</b>	<b>2 207</b>	<b>2 554</b>	<b>2 664</b>	<b>3 391</b>	<b>3 818</b>
<b>Balances</b>												
Computer Services	FJJP	1 463	1 733	1 866	2 206	2 227	3 302	2 830	2 653	2 811	2 318	1 592
Information services	FJJQ	279	294	212	432	967	984	919	1 513	1 420	1 549	1 492
<b>Total</b>	<b>FJTB</b>	<b>1 742</b>	<b>2 027</b>	<b>2 078</b>	<b>2 638</b>	<b>3 194</b>	<b>4 286</b>	<b>3 749</b>	<b>4 166</b>	<b>4 231</b>	<b>3 867</b>	<b>3 084</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										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
Film and television	FJFO	868	934	982	880	911	890	972	1 252	1 295	1 560	..
Other royalties and license fees	FFVJ	4 224	4 455	4 691	4 906	5 263	5 544	6 343	6 647	6 738	6 427	..
<b>Total</b>	<b>FJPM</b>	<b>5 092</b>	<b>5 389</b>	<b>5 673</b>	<b>5 786</b>	<b>6 174</b>	<b>6 434</b>	<b>7 315</b>	<b>7 899</b>	<b>8 033</b>	<b>7 987</b>	<b>7 610</b>
<b>Imports</b>												
Film and television	FJFQ	932	1 020	1 176	1 315	1 449	1 533	1 456	1 385	1 193	1 201	..
Other royalties and license fees	FFVP	3 353	3 359	3 318	3 294	3 361	3 474	3 746	3 798	3 210	4 549	..
<b>Total</b>	<b>FJRG</b>	<b>4 285</b>	<b>4 379</b>	<b>4 494</b>	<b>4 609</b>	<b>4 810</b>	<b>5 007</b>	<b>5 202</b>	<b>5 183</b>	<b>4 403</b>	<b>5 750</b>	<b>5 814</b>
<b>Balances</b>												
Film and television	FFVV	-64	-86	-194	-435	-538	-643	-484	-133	102	359	..
Other royalties and license fees	FFWB	871	1 096	1 373	1 612	1 902	2 070	2 597	2 849	3 528	1 878	..
<b>Total</b>	<b>FJTC</b>	<b>807</b>	<b>1 010</b>	<b>1 179</b>	<b>1 177</b>	<b>1 364</b>	<b>1 427</b>	<b>2 113</b>	<b>2 716</b>	<b>3 630</b>	<b>2 237</b>	<b>1 796</b>

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

<sup>2</sup> 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										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
Merchanting and other trade related services												
Merchanting	FJFS	868	626	782	699	573	549	942	327	1 140	1 148	966
Other trade related services	FJFX	1 504	1 759	1 881	1 720	1 899	1 698	1 780	1 850	1 750	1 740	1 630
Total merchanting and other trade related services	FJPO	2 372	2 385	2 663	2 419	2 472	2 247	2 722	2 177	2 890	2 888	2 596
Operational leasing services	FJPP	92	299	248	190	239	342	329	508	394	804	762
Miscellaneous business, professional and technical services												
Legal, accounting and management consulting												
Law society	FJGE	760	1 171	1 339	1 465	1 335	1 470	1 615	2 139	2 611	2 897	2 856
Commercial bar association	FJCP	62	61	77	85	95	86	116	113	107	76	84
Other legal services	FJGD	349	288	363	481	600	435	553	450	358	498	252
Accounting	FJBX	603	662	642	728	733	892	1 087	1 327	1 343	1 393	1 147
Business management and management consulting of which Recruitment and training	FJNV	1 101	1 083	1 069	2 545	3 127	3 288	3 998	5 328	6 250	7 543	8 438
of which Recruitment and training	TVLQ	..	..	..	354	359	350	342	387	389	520	619
Advertising and market research	FJGP	1 150	1 432	1 622	1 703	2 155	1 965	2 403	2 295	2 373	2 632	2 426
Research and development	FJDP	2 801	2 421	2 933	2 899	3 467	4 467	4 705	4 846	5 203	5 682	5 775
Architectural, engineering and other technical services												
Architectural	FJGT	82	76	153	71	106	110	95	178	271	357	307
Engineering	FJGU	2 676	2 441	3 239	3 049	3 475	3 501	3 291	3 643	3 596	4 343	4 076
Surveying	FJGV	45	68	66	62	57	137	226	149	107	166	137
Other Technical	FJGW	1 027	1 113	1 220	1 931	1 629	1 698	1 616	1 441	1 087	1 323	1 304
Agricultural, mining and on-site processing services	FJHC	47	54	41	31	202	234	259	322	401	786	741
Other miscellaneous business services	FJHH	6 749	7 561	7 688	7 748	7 140	8 101	7 869	8 744	10 212	8 483	5 758
of which Other business services exported by UK banks	APVQ	1 325	1 414	1 277	1 490	2 118	1 892	2 134	2 156	2 250	2 442	1 937
Services between affiliated enterprises, n.i.e.	FJHF	1 101	1 280	1 481	1 619	2 105	2 142	2 379	3 050	3 929	4 856	5 584
Total miscellaneous business, professional, and technical services	FJPQ	18 553	19 711	21 933	24 417	26 226	28 526	30 212	34 025	37 848	41 035	38 885
<b>Total</b>	FJPN	21 017	22 395	24 844	27 026	28 937	31 115	33 263	36 710	41 132	44 727	42 243
<b>Imports</b>												
Merchanting and other trade related services												
Merchanting	FJHN	38	71	55	148	35	81	80	81	80	80	80
Other trade related services	FJHR	884	965	952	854	752	1 122	608	589	639	664	597
Total merchanting and other trade related services	FJRI	922	1 036	1 007	1 002	787	1 203	688	670	719	744	677
Operational leasing services	FJRJ	226	560	457	450	456	784	687	807	799	945	949
Miscellaneous business, professional and technical services												
Legal, accounting and management consulting												
Legal	FJHX	307	490	380	486	453	416	429	534	533	659	714
Accounting	FJVJ	119	213	228	251	300	324	328	358	314	431	423
Business management and management consulting of which Recruitment and training	FJNW	387	456	569	1 428	1 924	2 328	2 601	2 970	3 481	4 443	5 220
of which Recruitment and training	TVLV	..	..	..	237	264	357	121	134	142	184	249
Advertising and market research	FJID	719	789	841	860	946	842	1 100	1 398	1 802	1 970	2 063
Research and development	FJDQ	781	723	661	644	1 148	1 806	2 021	2 197	2 264	3 726	3 798
Architectural, engineering and other technical services												
Architectural	FJIF	12	13	35	25	50	11	4	21	11	21	23
Engineering	FJIG	977	724	1 075	868	1 107	1 325	1 067	1 278	1 525	1 422	1 264
Surveying	FJIH	15	55	31	29	24	48	88	40	28	66	49
Other Technical	FJII	410	429	431	463	368	384	556	433	465	433	471
Agricultural, mining and on-site processing services	FJIN	50	71	142	77	53	63	100	122	136	216	203
Other miscellaneous business services	FJIP	4 448	4 839	5 498	5 741	5 181	4 006	5 362	6 836	8 654	7 530	8 894
of which Other business services imported by UK banks	APWA	794	520	448	619	760	497	591	528	820	994	1 123
Other business services imported by Security dealers	RWMH	1 511	2 294	2 027	1 358	1 149	1 462	3 036	4 234	5 496	5 050	5 398
Services between affiliated enterprises, n.i.e.	FJHG	770	808	1 069	1 140	1 131	1 198	1 438	1 757	1 990	2 612	3 002
Total miscellaneous business, professional and technical services	FJRK	8 995	9 610	10 960	12 012	12 685	12 751	15 094	17 944	21 203	23 529	26 124
<b>Total</b>	FJRH	10 143	11 206	12 424	13 464	13 928	14 738	16 469	19 421	22 721	25 218	27 750

<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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Balances</b>												
Merchanting and other trade related services												
Merchanting	FJFT	830	555	727	551	538	468	862	246	1 060	1 068	886
Other trade related services	FJFY	620	794	929	866	1 147	576	1 172	1 261	1 111	1 076	1 033
Total merchanting and other trade related services	FJTE	1 450	1 349	1 656	1 417	1 685	1 044	2 034	1 507	2 171	2 144	1 919
Operational leasing services	FJTF	-134	-261	-209	-260	-217	-442	-358	-299	-405	-141	-187
Miscellaneous business, professional and technical services												
Legal, accounting and management consulting												
Legal	FJGG	864	1 030	1 399	1 545	1 577	1 575	1 855	2 168	2 543	2 812	2 478
Accounting	FJGI	484	449	414	477	433	568	759	969	1 029	962	724
Business management and management consulting	FJGK	714	627	500	1 117	1 203	960	1 397	2 358	2 769	3 100	3 218
Advertising and market research	FJGQ	431	643	781	843	1 209	1 123	1 303	897	571	662	363
Research and development	FJGS	2 020	1 698	2 272	2 255	2 319	2 661	2 684	2 649	2 939	1 956	1 977
Architectural, engineering and other technical services	FJGY	2 416	2 477	3 106	3 728	3 718	3 678	3 513	3 639	3 032	4 247	4 017
Agricultural, mining and on-site processing services	FJHD	-3	-17	-101	-46	149	171	159	200	265	570	538
Services between affiliated enterprises, n.i.e.	FJHL	331	472	412	479	974	944	941	1 293	1 939	2 244	2 582
Other	FJHI	2 301	2 722	2 190	2 007	1 959	4 095	2 507	1 908	1 558	953	-3 136
Total miscellaneous business, professional, and technical services	FJTG	9 558	10 101	10 973	12 405	13 541	15 775	15 118	16 081	16 645	17 506	12 761
<b>Total</b>	FJTD	<b>10 874</b>	<b>11 189</b>	<b>12 420</b>	<b>13 562</b>	<b>15 009</b>	<b>16 377</b>	<b>16 794</b>	<b>17 289</b>	<b>18 411</b>	<b>19 509</b>	<b>14 493</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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
Audiovisual and related services <sup>2</sup>												
Film and television	FKJO	531	726	737	856	1 077	1 274	1 357	1 248	989	1 080	..
Other	FFWH	189	252	172	184	204	286	215	198	162	281	..
Total audiovisual and related services	FJPS	720	978	909	1 040	1 281	1 560	1 572	1 446	1 151	1 361	863
Other personal, cultural and recreational services	FJPT	242	327	449	561	611	585	671	690	727	913	1 088
<b>Total</b>	FJPR	<b>962</b>	<b>1 305</b>	<b>1 358</b>	<b>1 601</b>	<b>1 892</b>	<b>2 145</b>	<b>2 243</b>	<b>2 136</b>	<b>1 878</b>	<b>2 274</b>	<b>1 951</b>
<b>Imports</b>												
Audiovisual and related services <sup>2</sup>												
Film and television	FKJX	496	532	512	615	463	587	584	571	755	867	..
Other	FFWN	40	55	46	39	59	89	44	66	70	68	..
Total audiovisual and related services	FJRM	536	587	558	654	522	676	628	637	825	935	417
Other personal, cultural and recreational services	FJRN	72	192	166	143	333	208	203	219	127	159	250
<b>Total</b>	FJRL	<b>608</b>	<b>779</b>	<b>724</b>	<b>797</b>	<b>855</b>	<b>884</b>	<b>831</b>	<b>856</b>	<b>952</b>	<b>1 094</b>	<b>667</b>
<b>Balances</b>												
Audiovisual and related services	FJTI	184	391	351	386	759	884	944	809	326	426	446
Other personal, cultural and recreational services	FJTJ	170	135	283	418	278	377	468	471	600	754	838
<b>Total</b>	FJTH	<b>354</b>	<b>526</b>	<b>634</b>	<b>804</b>	<b>1 037</b>	<b>1 261</b>	<b>1 412</b>	<b>1 280</b>	<b>926</b>	<b>1 180</b>	<b>1 284</b>

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

<sup>2</sup> 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										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
Expenditure by foreign embassies and consulates in the UK	FJUX	385	385	389	393	397	401	405	409	413	418	421
Military units and agencies												
Expenditure by US forces in UK	FJKB	247	271	262	262	264	264	264	264	264	264	264
Other military receipts by UK government	HCOJ	21	58	48	67	248	312	286	366	309	177	193
Total military units and agencies	FJIX	268	329	310	329	512	576	550	630	573	441	457
Other												
EU institutions	FKIE	213	226	525	487	494	543	565	586	607	666	661
Other receipts	HCQO	191	267	298	369	531	501	465	431	535	633	581
Total other	FJJA	404	493	823	856	1 025	1 044	1 030	1 017	1 142	1 299	1 242
<b>Total</b>	FJPU	<b>1 057</b>	<b>1 207</b>	<b>1 522</b>	<b>1 578</b>	<b>1 934</b>	<b>2 021</b>	<b>1 985</b>	<b>2 056</b>	<b>2 128</b>	<b>2 158</b>	<b>2 120</b>
<b>Imports</b>												
Expenditure abroad by UK embassies and consulates	FJUJ	219	106	142	215	190	177	167	187	110	82	184
Expenditure abroad by UK military units and agencies	FJJD	1 972	1 584	1 629	1 494	2 144	1 892	1 817	2 124	2 499	3 106	3 051
Civil non-EU services	FJJF	205	200	202	188	296	512	501	369	488	696	558
<b>Total</b>	FJRO	<b>2 396</b>	<b>1 890</b>	<b>1 973</b>	<b>1 897</b>	<b>2 630</b>	<b>2 581</b>	<b>2 485</b>	<b>2 680</b>	<b>3 097</b>	<b>3 884</b>	<b>3 793</b>
<b>Balances</b>												
Embassies and consulates	FJIW	166	279	247	178	207	224	238	222	303	336	237
Military units and agencies	FJIY	-1 704	-1 255	-1 319	-1 165	-1 632	-1 316	-1 267	-1 494	-1 926	-2 665	-2 594
Other	FJJB	199	293	621	668	729	532	529	648	654	603	684
<b>Total</b>	FJUL	<b>-1 339</b>	<b>-683</b>	<b>-451</b>	<b>-319</b>	<b>-696</b>	<b>-560</b>	<b>-500</b>	<b>-624</b>	<b>-969</b>	<b>-1 726</b>	<b>-1 673</b>





# Chapter 4

## Income

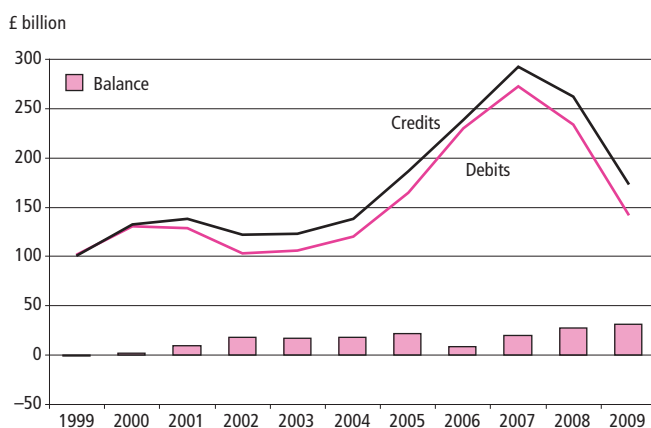
## Summary

The balance on income has been in surplus for all years since 2000. The income surplus grew strongly between 2000 and 2002, reaching £18.3 billion. It remained at around this level until 2005, when it increased to £21.9 billion. The surplus fell to £8.5 billion in 2006, before increasing over the next three years to reach a record £31.3 billion in 2009. Movements in the income surplus from 2000 to 2007 have been largely due to movements in the net earnings on direct investment. In 2009 however, the increase on the surplus of income was mainly due to a reduction in the net earnings deficit on other investment. This more than offset the reduction in the net earnings surplus on direct investment.

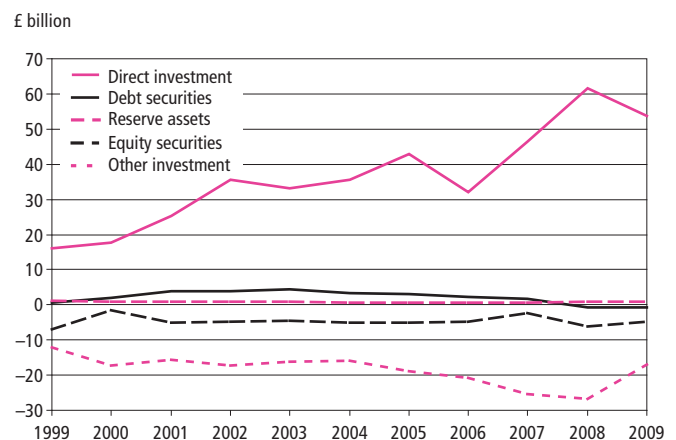
In the decade to 2001, earnings on both investment abroad and investment in the UK approximately doubled. In 2002 however, both fell sharply: credits down 12 per cent and debits down 20 per cent. This was largely due to cuts in official interest rates, both abroad and in the UK post September 11 (2001) 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 and 2009 income credits and debits both fell. In 2008 this was mostly due to lower earnings on direct investment while in 2009 the fall was mainly due to lower earnings on other investment as internationally interest rates continued to fall and the stock of other investment assets and liabilities fell by over 15 per cent.

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 just 29 per cent four

**Figure 4.1**  
**Income**



**Figure 4.2**  
**Investment income**  
**Credits less debits**



years earlier 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. In 2009 however, earnings on foreign direct investment were once again the largest component of investment income, mainly due to the 64 per cent fall in earnings on other investment. Earnings on portfolio investment abroad have broadly been rising in line with total investment income. Between 1993 and 2008, the proportional share has oscillated around 25 per cent of total earnings from abroad. In 2009 the portfolio investment proportion of investment income increased to 31 per cent, even though the nominal amount decreased.

Growth in foreign earnings on investment in the UK from 2003 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.

By component, direct investment has recorded a surplus in every year since 1986. Within portfolio investment, from 1993 to 2007, generally a net surplus on interest receipts and payments on debt securities has largely been outweighed by net dividend payments on equity securities. In 2008 and 2009, income from equity has recorded a slight deficit. Other investment has recorded a net deficit in every year since 1987. The balance on compensation of employees has shown a

deficit since 2004, and has remained largely unchanged at £0.7 billion in the last three years.

By sector, net earnings of UK monetary financial institutions (banks and building societies) were £17.8 billion in 2009, compared with £24.1 billion in 2008. This fall in the surplus was driven by a drop in the balance on direct investment, due to foreign investors in the UK monetary financial sector reporting reduced losses of £11.1 billion in 2009, down from £28.4 billion in 2008. Between 2008 and 2009 the central government net earnings deficit narrowed from £9.7 billion to £7.8 billion, whilst the other sectors net earnings surplus widened from £13.5 billion to £21.3 billion.

### Direct investment

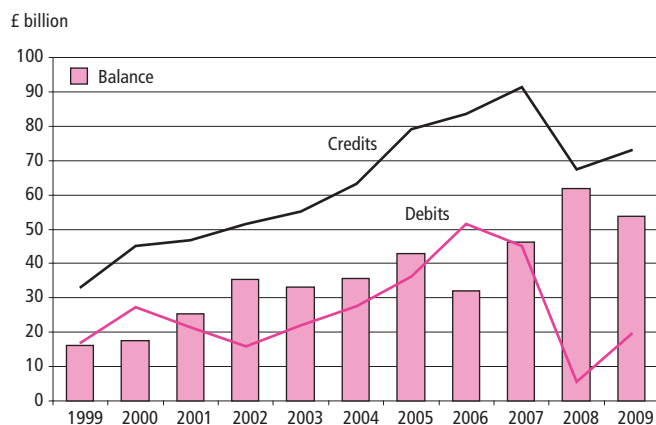
Direct investment income credits have exceeded debits in every year since 1986. The surplus increased to a record £61.7 billion in 2008, before falling to £53.7 billion in 2009. Earnings on direct investment abroad increased by 8.6 per cent in 2009, to £73.1 billion: due to foreign earnings by insurance companies increasing from virtually zero in 2008 to £4.5 billion in 2009, and other financial intermediaries increasing their earnings abroad to £3.6 billion in 2009, from £1.8 billion in the previous year. Foreign earnings on direct investment in the UK increased by 245 per cent from £5.6 billion in 2008 to £19.4 billion in 2009. This large increase primarily resulted from decreased losses reported by foreign-owned UK monetary financial institutions, together with a switch by foreign owned UK securities dealers from losses to profits, partially offset by reduced profits reported by private non-financial corporations and other financial intermediaries (excluding 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 2009.

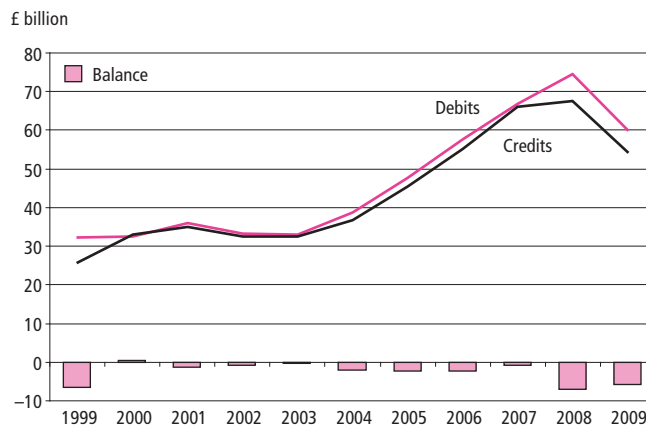
### Portfolio investment

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 and 2009 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. 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 £14.0 billion in 2009. 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. In 2009 the level of investment in equity securities by UK monetary financial institutions increased, but dividend receipts fell by £0.2 billion. Their dividend receipts were £3.3 billion in 2009 compared with £3.5 billion in 2008. 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 £23.5 billion in 2009. Earnings on bonds and notes by UK

**Figure 4.3**  
**Direct investment income**



**Figure 4.4**  
**Portfolio investment income**

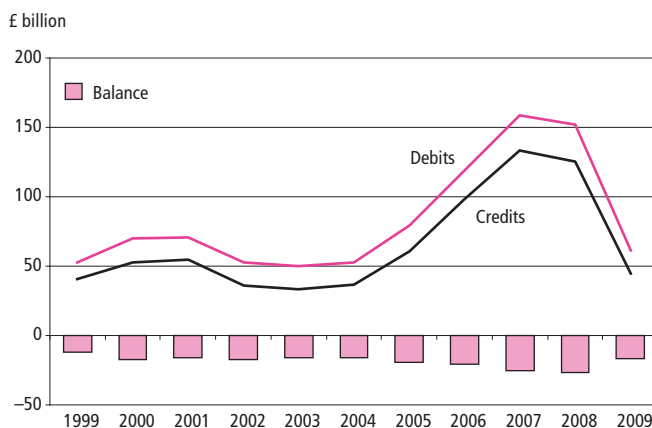


insurance companies, pension funds, and other financial intermediaries (securities dealers, unit and investment trusts) were at record highs in 2009, due to an increase in the stock of UK assets. On the debits side, foreign earnings from UK equity have almost doubled since 2000, rising from £11.4 billion to £22.0 billion in 2009. The stock of portfolio investment liabilities has steadily increased reaching record levels in 2009. Due to low interest rates and reduced dividends payments, the earnings on these stock levels have however fallen, from £74.5 billion in 2008 to £60.2 billion in 2009.

### 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 £19.0 billion to £25.5 billion over that period. In 2008 the deficit rose to £26.8 billion, before dropping to £16.9 billion in 2009. The fall in the deficit 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 approximately 80 per cent of total other investment credits in 2009. 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).

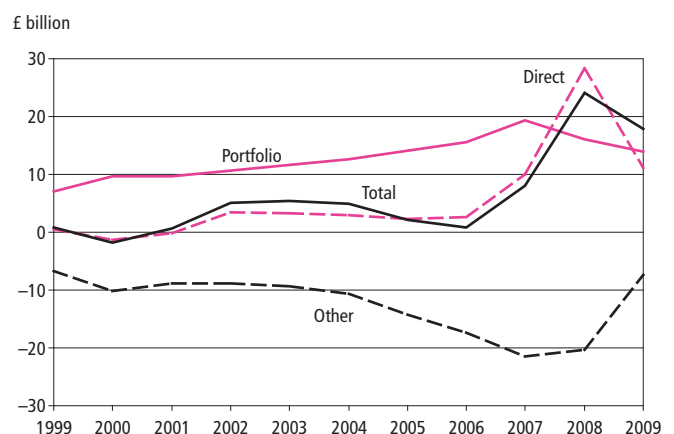
**Figure 4.5**  
**Other investment income**



### Sectoral breakdown of investment income

UK monetary financial institutions earned 36 per cent of total UK investment income credits and paid out 32 per cent of debits in 2009. This was down from 54 per cent of credits and 50 per cent of debits in 2008. Monetary financial institutions have earned an investment income surplus in every year since 2001, reaching a record £24.1 billion in 2008 before dropping to £17.8 billion in the latest period. 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 £24.5 billion in 2009. Central government recorded a net annual deficit of around £3 billion to £5 billion from 1992 to 2005. More recently this deficit has risen, peaking at £9.7 billion in 2008 before dropping back to £7.8 billion in 2009. The deficit continues to be mainly attributable to debits on gilts. Other sectors, predominantly private non-financial corporations and non-monetary financial institutions, have historically recorded net surpluses. In 2005 these other sectors recorded a record surplus of £24.3 billion, though this fell to £13.5 billion in 2008 before bouncing back to £21.3 billion in 2009. This was largely due to strong net earnings on direct investment by UK private non-financial corporations, which peaked in 2009.

**Figure 4.6**  
**Investment income of monetary financial institutions**  
Credits less debits



# 4.1

## Income Summary table

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
Compensation of employees	KTMN	960	1 032	1 087	1 121	1 116	931	974	938	984	1 046	916
Investment income												
Earnings on direct investment abroad <sup>1</sup>	HJYW	33 144	45 042	46 741	51 473	55 093	63 292	79 192	83 573	91 355	67 323	73 127
Earnings on portfolio investment abroad												
Earnings on equity securities	HCPL	7 773	9 872	9 861	10 530	10 385	11 186	13 254	16 988	20 637	20 085	17 060
Earnings on debt securities	HLYW	18 095	23 101	25 021	21 954	22 165	25 522	32 125	38 155	45 500	47 472	37 453
Total portfolio investment	HLYX	25 868	32 973	34 882	32 484	32 550	36 708	45 379	55 143	66 137	67 557	54 513
Earnings on other investment abroad	AIOP	40 560	52 902	54 863	35 766	33 635	36 675	60 536	98 144	133 516	125 310	44 705
Earnings on reserve assets	HHCB	1 161	985	961	820	791	705	659	645	610	777	783
Total investment income	HMBN	100 733	131 902	137 447	120 543	122 069	137 380	185 766	237 505	291 618	260 967	173 128
<b>Total</b>	HMBQ	<b>101 693</b>	<b>132 934</b>	<b>138 534</b>	<b>121 664</b>	<b>123 185</b>	<b>138 311</b>	<b>186 740</b>	<b>238 443</b>	<b>292 602</b>	<b>262 013</b>	<b>174 044</b>
<b>Debits</b>												
Compensation of employees	KTMO	759	882	1 021	1 054	1 057	1 425	1 584	1 896	1 718	1 761	1 604
Investment income												
Foreign earnings on direct investment in the UK <sup>1</sup>	HJYX	17 003	27 435	21 437	16 016	21 919	27 620	36 154	51 620	45 051	5 623	19 389
Foreign earnings on portfolio investment in the UK												
Earnings on equity securities	ZMRB	14 687	11 354	14 865	15 351	15 011	16 396	18 440	21 698	23 083	26 326	21 959
Earnings on debt securities	HLZB	17 538	21 086	21 239	17 956	17 892	22 308	29 151	35 865	43 718	48 153	38 217
Total portfolio investment	HLZC	32 225	32 440	36 104	33 307	32 903	38 704	47 591	57 563	66 801	74 479	60 176
Earnings on other investment in the UK	HLZN	52 749	70 215	70 547	53 001	49 783	52 717	79 556	118 883	159 012	152 115	61 593
Total investment income	HMBO	101 971	130 090	128 088	102 324	104 605	119 041	163 301	228 066	270 864	232 217	141 158
<b>Total</b>	HMBR	<b>102 736</b>	<b>130 972</b>	<b>129 109</b>	<b>103 378</b>	<b>105 662</b>	<b>120 466</b>	<b>164 885</b>	<b>229 962</b>	<b>272 582</b>	<b>233 978</b>	<b>142 762</b>
<b>Balances</b> (Net earnings)												
Compensation of employees	KTMP	201	150	66	67	59	-494	-610	-958	-734	-715	-688
Investment income												
Direct investment <sup>1</sup>	HJYE	16 141	17 607	25 304	35 457	33 174	35 672	43 038	31 953	46 304	61 700	53 738
Portfolio investment												
Earnings on equity securities	HLZO	-6 914	-1 482	-5 004	-4 821	-4 626	-5 210	-5 186	-4 710	-2 446	-6 241	-4 899
Earnings on debt securities	HLZP	557	2 015	3 782	3 998	4 273	3 214	2 974	2 290	1 782	-681	-764
Total portfolio investment	HLZX	-6 357	533	-1 222	-823	-353	-1 996	-2 212	-2 420	-664	-6 922	-5 663
Other investment	CGNA	-12 189	-17 313	-15 684	-17 235	-16 148	-16 042	-19 020	-20 739	-25 496	-26 805	-16 888
Reserve assets	HHCB	1 161	985	961	820	791	705	659	645	610	777	783
Total investment income	HMBM	-1 244	1 812	9 359	18 219	17 464	18 339	22 465	9 439	20 754	28 750	31 970
<b>Total</b>	HMBP	<b>-1 043</b>	<b>1 962</b>	<b>9 425</b>	<b>18 286</b>	<b>17 523</b>	<b>17 845</b>	<b>21 855</b>	<b>8 481</b>	<b>20 020</b>	<b>28 035</b>	<b>31 282</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										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
(Earnings of UK residents on investment abroad)												
Monetary financial institutions	CGND	51 857	69 015	71 354	53 482	52 492	56 616	80 123	114 507	151 663	141 168	62 378
Central government	CGNY	1 165	989	965	823	795	707	669	654	620	786	786
Public corporations	CGNP	329	364	438	371	389	900	1 440	712	870	884	687
Other sectors	CGNW	47 382	61 534	64 690	65 867	68 393	79 157	103 534	121 632	138 465	118 129	109 277
<b>Total</b>	<b>HMBN</b>	<b>100 733</b>	<b>131 902</b>	<b>137 447</b>	<b>120 543</b>	<b>122 069</b>	<b>137 380</b>	<b>185 766</b>	<b>237 505</b>	<b>291 618</b>	<b>260 967</b>	<b>173 128</b>
<b>Debits</b>												
(Foreign earnings on investment in UK)												
Monetary financial institutions	CGPN	51 061	70 800	70 621	48 335	47 090	51 600	78 020	113 707	143 580	117 079	44 578
Central government	CGNZ	5 027	4 564	4 233	3 868	4 141	4 803	6 028	7 029	9 059	10 507	8 573
Local authorities	CGOB	12	7	4	2	—	—	—	—	—	—	—
Public corporations	CGOD	—	—	—	—	—	16	18	18	18	17	16
Other sectors	CGSE	45 877	54 719	53 230	50 119	53 374	62 622	79 235	107 312	118 207	104 614	87 991
<b>Total</b>	<b>HMBO</b>	<b>101 971</b>	<b>130 090</b>	<b>128 088</b>	<b>102 324</b>	<b>104 605</b>	<b>119 041</b>	<b>163 301</b>	<b>228 066</b>	<b>270 864</b>	<b>232 217</b>	<b>141 158</b>
<b>Balances</b>												
(Net earnings)												
Monetary financial institutions	CGSO	796	−1 785	733	5 147	5 402	5 016	2 103	800	8 083	24 089	17 800
Central government	CGOE	−3 862	−3 575	−3 268	−3 045	−3 346	−4 096	−5 359	−6 375	−8 439	−9 721	−7 787
Local authorities	−CGOB	−12	−7	−4	−2	—	—	—	—	—	—	—
Public corporations	CGOF	329	364	438	371	389	884	1 422	694	852	867	671
Other sectors	CGTX	1 505	6 815	11 460	15 748	15 019	16 535	24 299	14 320	20 258	13 515	21 286
<b>Total</b>	<b>HMBM</b>	<b>−1 244</b>	<b>1 812</b>	<b>9 359</b>	<b>18 219</b>	<b>17 464</b>	<b>18 339</b>	<b>22 465</b>	<b>9 439</b>	<b>20 754</b>	<b>28 750</b>	<b>31 970</b>

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

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
(Earnings of UK residents on direct investment abroad)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	CNZN	8 795	14 679	14 412	15 255	29 482	26 620	29 623	30 673	25 027	31 661	45 876
Distributed branch profits	HDNG	1 278	2 231	2 552	2 381	2 723	3 573	6 264	5 452	3 857	746	-251
Total dividends and distributed branch profits	HMAE	10 073	16 910	16 964	17 636	32 205	30 193	35 887	36 125	28 884	32 407	45 625
Reinvested earnings	-HDNY	21 392	25 178	27 220	32 209	21 456	31 076	43 555	47 878	63 738	34 903	25 843
Earnings on property investment	HHBW	264	358	433	380	399	439	453	488	528	653	718
Total earnings on equity	HMAK	31 729	42 446	44 617	50 225	54 060	61 708	79 895	84 491	93 150	67 963	72 186
Earnings on other capital <sup>2</sup>	HDNQ	1 415	2 596	2 124	1 248	1 033	1 584	-703	-918	-1 795	-640	941
<b>Total</b>	HJYW	<b>33 144</b>	<b>45 042</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>67 323</b>	<b>73 127</b>
<b>Debits</b>												
(Foreign earnings on direct investment in the UK)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	BCEA	8 198	9 472	14 418	7 638	8 170	10 461	14 918	15 292	17 904	21 163	16 066
Distributed branch profits	CYFD	323	2 713	2 251	-1 079	56	1 995	2 659	6 338	-5 418	-29 148	-15 132
Total dividends and distributed branch profits	HMAH	8 521	12 185	16 669	6 559	8 226	12 456	17 577	21 630	12 486	-7 985	934
Reinvested earnings	CYFV	4 607	10 788	-992	3 647	7 429	8 558	10 501	22 195	23 646	4 739	9 280
Earnings on property investment	HESG	1 167	1 258	1 398	1 507	1 614	1 663	1 796	1 901	2 228	2 545	2 407
Total earnings on equity	HMAG	14 295	24 231	17 075	11 713	17 269	22 677	29 874	45 726	38 360	-701	12 621
Earnings on other capital <sup>2</sup>	CYFN	2 708	3 204	4 362	4 303	4 650	4 943	6 280	5 894	6 691	6 324	6 768
<b>Total</b>	HJYX	<b>17 003</b>	<b>27 435</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>5 623</b>	<b>19 389</b>
<b>Balances</b>												
(Net earnings)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	LTMA	597	5 207	-6	7 617	21 312	16 159	14 705	15 381	7 123	10 498	29 810
Distributed branch profits	LTMB	955	-482	301	3 460	2 667	1 578	3 605	-886	9 275	29 894	14 881
Total dividends and distributed branch profits	HHZA	1 552	4 725	295	11 077	23 979	17 737	18 310	14 495	16 398	40 392	44 691
Reinvested earnings	LTMC	16 785	14 390	28 212	28 562	14 027	22 518	33 054	25 683	40 092	30 164	16 563
Earnings on property investment	LTMD	-903	-900	-965	-1 127	-1 215	-1 224	-1 343	-1 413	-1 700	-1 892	-1 689
Total earnings on equity	HHYY	17 434	18 215	27 542	38 512	36 791	39 031	50 021	38 765	54 790	68 664	59 565
Earnings on other capital <sup>2</sup>	HMAM	-1 293	-608	-2 238	-3 055	-3 617	-3 359	-6 983	-6 812	-8 486	-6 964	-5 827
<b>Total</b>	HJYE	<b>16 141</b>	<b>17 607</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>61 700</b>	<b>53 738</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										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
(Earnings of UK residents on direct investment abroad)												
Monetary financial institutions	HCVU	2 613	3 639	4 596	4 464	5 700	5 806	8 036	8 920	8 010	21	60
Insurance companies	CNZD	1 488	930	790	628	2 326	3 556	4 385	4 338	5 295	-10	4 497
Other financial intermediaries	HCWW	2 990	3 017	2 924	3 232	4 293	5 097	6 883	7 375	8 057	1 816	3 637
Private non-financial corporations	HCUS	25 944	37 335	38 269	42 949	42 499	48 448	59 465	62 405	69 034	64 586	63 987
Public corporations	HDMG	17	17	40	54	87	153	153	219	607	522	528
Household sector <sup>2</sup>	HHLI	92	104	122	146	188	232	270	316	352	388	418
<b>Total</b>	<b>HJYW</b>	<b>33 144</b>	<b>45 042</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>67 323</b>	<b>73 127</b>
<b>Debits</b>												
(Foreign earnings on direct investment in UK)												
Monetary financial institutions	GPAZ	2 109	4 979	4 795	1 008	2 537	2 858	5 722	6 292	-2 031	-28 385	-11 088
Insurance companies	HDPK	4	612	-955	179	898	1 844	2 241	3 544	2 421	1 709	1 106
Other financial intermediaries												
Securities dealers	HDQX	1 124	1 495	1 272	1 337	449	1 600	1 489	1 224	3 762	-2 620	3 609
Other	HFBT	361	780	593	829	1 754	1 083	2 533	4 594	4 408	5 478	3 874
Total other financial intermediaries	HFCY	1 485	2 275	1 865	2 166	2 203	2 683	4 022	5 818	8 170	2 858	7 483
Private non-financial corporations	BCEB	13 405	19 569	15 732	12 663	16 281	20 235	24 169	35 966	36 491	29 441	21 888
<b>Total</b>	<b>HJYX</b>	<b>17 003</b>	<b>27 435</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>5 623</b>	<b>19 389</b>
<b>Balances</b>												
(Net earnings)												
Monetary financial institutions	LTME	504	-1 340	-199	3 456	3 163	2 948	2 314	2 628	10 041	28 406	11 148
Insurance companies	LTMF	1 484	318	1 745	449	1 428	1 712	2 144	794	2 874	-1 719	3 391
Other financial intermediaries	LTMG	1 505	742	1 059	1 066	2 090	2 414	2 861	1 557	-113	-1 042	-3 846
Private non-financial corporations	LTMH	12 539	17 766	22 537	30 286	26 218	28 213	35 296	26 439	32 543	35 145	42 099
Public corporations	HDMG	17	17	40	54	87	153	153	219	607	522	528
Household sector <sup>2</sup>	HHLI	92	104	122	146	188	232	270	316	352	388	418
<b>Total</b>	<b>HJYE</b>	<b>16 141</b>	<b>17 607</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>61 700</b>	<b>53 738</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										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
(Earnings of UK residents on portfolio investment abroad)												
Earnings on equity securities (shares) by:												
Monetary financial institutions	HHRX	609	865	1 261	1 473	2 299	2 676	3 410	4 132	4 478	3 475	3 321
Central Government	LOEN	—	—	—	—	—	—	8	7	8	8	4
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	CGOM	1 939	2 237	2 289	2 455	2 075	2 194	2 430	2 999	3 366	4 450	4 516
Self-administered pension funds	HPDL	2 132	1 861	1 543	1 598	1 456	1 790	2 428	2 827	2 923	3 122	2 488
Total insurance companies and pension funds	CGOX	4 071	4 098	3 832	4 053	3 531	3 984	4 858	5 826	6 289	7 572	7 004
Other financial intermediaries	CGOY	2 914	4 677	4 465	4 690	4 275	4 202	4 501	6 291	9 006	7 910	5 748
Private non-financial corporations	EGMS	10	41	124	127	110	126	135	167	190	244	225
Household sector <sup>2</sup>	HEOG	169	191	179	187	170	198	342	565	666	876	758
Total earnings on equity securities	HCPL	7 773	9 872	9 861	10 530	10 385	11 186	13 254	16 988	20 637	20 085	17 060
Earnings on debt securities												
Earnings on bonds and notes by:												
Monetary financial institutions	HPCQ	11 329	15 830	16 399	15 596	15 312	17 442	21 277	25 347	32 464	32 361	22 802
Central Government	HF6Q	—	—	—	—	—	—	—	—	81	4	—5
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	CGON	1 075	1 121	1 370	1 718	1 998	1 767	2 161	2 395	2 404	3 277	4 175
Self-administered pension funds	HPDM	509	517	565	621	703	903	931	1 086	1 731	2 250	2 232
Total insurance companies and pension funds	CGOZ	1 584	1 638	1 935	2 339	2 701	2 670	3 092	3 481	4 135	5 527	6 407
Other financial intermediaries	CGPA	2 807	2 762	3 468	2 071	2 206	2 808	4 799	5 753	5 141	6 583	6 886
Private non-financial corporations	EGNF	54	43	108	111	117	210	206	167	120	178	194
Household sector <sup>2</sup>	HEOH	266	286	260	240	255	238	269	278	285	309	292
Total earnings on bonds and notes	HCPK	16 040	20 559	22 170	20 357	20 591	23 368	29 643	35 026	42 226	44 962	36 576
Earnings on money market instruments by:												
Monetary financial institutions	HBMX	1 908	2 292	2 569	1 233	984	1 451	1 665	1 937	2 001	1 873	732
Central government	LSPA	—	—	18	26	19	9	2	—	—	—	—
Other financial intermediaries	NHGV	73	131	118	130	205	249	319	464	563	297	115
Private non-financial corporations	HGBX	74	119	146	208	366	445	496	728	710	340	30
Total earnings on money market instruments	HCHG	2 055	2 542	2 851	1 597	1 574	2 154	2 482	3 129	3 274	2 510	877
Total earnings on debt securities	HLVW	18 095	23 101	25 021	21 954	22 165	25 522	32 125	38 155	45 500	47 472	37 453
<b>Total</b>	<b>HLVX</b>	<b>25 868</b>	<b>32 973</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>66 137</b>	<b>67 557</b>	<b>54 513</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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Debits</b>												
(Foreign earnings on portfolio investment in the UK)												
Earnings on equity securities (shares) issued by:												
Monetary financial institutions	HBQJ	319	132	147	119	123	133	151	176	272	371	349
Other sectors <sup>1</sup>	HBQK	14 368	11 222	14 718	15 232	14 888	16 263	18 289	21 522	22 811	25 955	21 610
Total foreign earnings on UK equity securities	ZMRB	14 687	11 354	14 865	15 351	15 011	16 396	18 440	21 698	23 083	26 326	21 959
Earnings on debt securities												
Earnings on bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	ZMRA	311	339	265	128	20	37	38	37	36	18	–
Earnings on British government stocks by:												
Foreign central banks (exchange reserves)	HESK	1 244	1 309	1 168	1 119	1 053	1 110	1 190	1 309	1 628	1 876	1 761
Other foreign residents	HCEV	3 418	2 899	2 710	2 530	2 990	3 489	4 614	5 478	7 114	8 186	6 692
Total foreign earnings on British government stocks	HENI	4 662	4 208	3 878	3 649	4 043	4 599	5 804	6 787	8 742	10 062	8 453
Total issues by central government	HBQU	4 973	4 547	4 143	3 777	4 063	4 636	5 842	6 824	8 778	10 080	8 453
Local authorities' bonds	HHGH	–	–	–	–	–	–	–	–	–	–	–
Public corporations' bonds	HESY	–	–	–	–	–	–	–	–	–	–	–
Issues by monetary financial institutions												
Bonds	HGUV	1 621	1 977	1 897	1 945	2 102	2 696	3 271	3 882	4 683	5 025	5 445
European medium term notes and other medium-term paper	HGMM	1 089	1 247	1 450	1 504	1 841	2 658	3 520	4 522	5 991	7 096	2 784
Total issues by monetary financial institutions	HBOT	2 710	3 224	3 347	3 449	3 943	5 354	6 791	8 404	10 674	12 121	8 229
Issues by other sectors <sup>1</sup>	HGUW	5 046	6 153	5 909	6 054	6 539	8 393	10 184	12 087	14 581	15 649	16 950
Total foreign earnings on UK bonds and notes	HLZA	12 729	13 924	13 399	13 280	14 545	18 383	22 817	27 315	34 033	37 850	33 632
Earnings on money market instruments												
Earnings on treasury bills (issued by central government)												
Sterling treasury bills	XAMR	38	3	13	20	24	120	144	153	281	427	120
Euro treasury bills	HHNV	3	–	–	–	–	–	–	–	–	–	–
Total earnings on treasury bills	HHZU	41	3	13	20	24	120	144	153	281	427	120
Earnings on certificates of deposit issued by monetary financial institutions	HCEE	3 096	4 945	6 069	3 490	2 364	2 507	3 915	5 304	6 412	7 136	3 388
Earnings on commercial paper												
Issued by monetary financial institutions	HCEF	686	964	923	608	612	841	1 443	2 054	2 159	2 086	886
Issued by other sectors <sup>1</sup>	HHZT	986	1 250	835	558	347	457	832	1 039	833	654	191
Total earnings on commercial paper	HHBO	1 672	2 214	1 758	1 166	959	1 298	2 275	3 093	2 992	2 740	1 077
Total foreign earnings on UK Money Market Instruments	HLYZ	4 809	7 162	7 840	4 676	3 347	3 925	6 334	8 550	9 685	10 303	4 585
Total foreign earnings on UK debt securities	HLZB	17 538	21 086	21 239	17 956	17 892	22 308	29 151	35 865	43 718	48 153	38 217
<b>Total</b>	HLZC	<b>32 225</b>	<b>32 440</b>	<b>36 104</b>	<b>33 307</b>	<b>32 903</b>	<b>38 704</b>	<b>47 591</b>	<b>57 563</b>	<b>66 801</b>	<b>74 479</b>	<b>60 176</b>

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

## 4.5 Earnings on portfolio investment

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Balances</b> (net earnings)												
Earnings on equity securities (shares)	HLZO	-6 914	-1 482	-5 004	-4 821	-4 626	-5 210	-5 186	-4 710	-2 446	-6 241	-4 899
Earnings on debt securities												
Earnings on bonds and notes	HLZQ	3 311	6 635	8 771	7 077	6 046	4 985	6 826	7 711	8 193	7 112	2 944
Earnings on money market instruments	HLZR	-2 754	-4 620	-4 989	-3 079	-1 773	-1 771	-3 852	-5 421	-6 411	-7 793	-3 708
Total foreign earnings on UK debt securities	HLZP	557	2 015	3 782	3 998	4 273	3 214	2 974	2 290	1 782	-681	-764
<b>Total</b>	HLZX	<b>-6 357</b>	<b>533</b>	<b>-1 222</b>	<b>-823</b>	<b>-353</b>	<b>-1 996</b>	<b>-2 212</b>	<b>-2 420</b>	<b>-664</b>	<b>-6 922</b>	<b>-5 663</b>

## 4.6 Earnings on portfolio investment

### Sector analysis

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
(Earnings of UK residents on portfolio investment abroad)												
Earnings from portfolio investment abroad by UK:												
Monetary financial institutions	AIND	13 846	18 987	20 229	18 302	18 595	21 569	26 352	31 416	38 943	37 709	26 855
Central government	LOEO	—	—	18	26	19	9	10	7	89	12	—1
Insurance companies and pension funds	AINE	5 655	5 736	5 767	6 392	6 232	6 654	7 950	9 307	10 424	13 099	13 411
Other financial intermediaries	AINF	5 794	7 570	8 051	6 891	6 686	7 259	9 619	12 508	14 710	14 790	12 749
Private non-financial corporations	AINI	138	203	378	446	593	781	837	1 062	1 020	762	449
Household sector <sup>1</sup>	AINK	435	477	439	427	425	436	611	843	951	1 185	1 050
<b>Total</b>	<b>HLXX</b>	<b>25 868</b>	<b>32 973</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>66 137</b>	<b>67 557</b>	<b>54 513</b>
<b>Debits</b>												
(Foreign earnings on portfolio investment in the UK)												
Foreign earnings from portfolio investment in UK:												
Monetary financial institutions <sup>1</sup>	HBXI	6 811	9 265	10 486	7 666	7 042	8 835	12 300	15 938	19 517	21 714	12 852
Central government	HBXM	5 014	4 550	4 156	3 797	4 087	4 756	5 986	6 977	9 059	10 507	8 573
Local authorities	HHGH	—	—	—	—	—	—	—	—	—	—	—
Public corporations	HESY	—	—	—	—	—	—	—	—	—	—	—
Other sectors	HBXR	20 400	18 625	21 462	21 844	21 774	25 113	29 305	34 648	38 225	42 258	38 751
<b>Total</b>	<b>HLZC</b>	<b>32 225</b>	<b>32 440</b>	<b>36 104</b>	<b>33 307</b>	<b>32 903</b>	<b>38 704</b>	<b>47 591</b>	<b>57 563</b>	<b>66 801</b>	<b>74 479</b>	<b>60 176</b>
<b>Balances</b>												
(Net earnings)												
Monetary financial institutions	LTMI	7 035	9 722	9 743	10 636	11 553	12 734	14 052	15 478	19 426	15 995	14 003
Central government	ZPOF	—5 014	—4 550	—4 138	—3 771	—4 068	—4 747	—5 976	—6 970	—8 970	—10 495	—8 574
Local authorities	-HHGH	—	—	—	—	—	—	—	—	—	—	—
Public corporations	-HESY	—	—	—	—	—	—	—	—	—	—	—
Other sectors	LTMJ	—8 378	—4 639	—6 827	—7 688	—7 838	—9 983	—10 288	—10 928	—11 120	—12 422	—11 092
<b>Total</b>	<b>HLZX</b>	<b>—6 357</b>	<b>533</b>	<b>—1 222</b>	<b>—823</b>	<b>—353</b>	<b>—1 996</b>	<b>—2 212</b>	<b>—2 420</b>	<b>—664</b>	<b>—6 922</b>	<b>—5 663</b>

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

## 4.7 Earnings on other investment

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<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 guarantee	<b>AINM</b>	594	508	378	235	205	198	235	258	283	268	240
Inter-government loans by the UK	<b>XBGI</b>	4	4	4	3	4	2	2	2	2	1	–1
Loans by Commonwealth Development Corporation (public corporations)	<b>HGEN</b>	115	101	74	74	74	74	74	74	74	74	74
Loans by the Export credit Guarantee Department	<b>CY95</b>	197	246	324	243	228	673	1 213	419	189	288	85
Loans by specialist leasing companies <sup>1</sup>	<b>HBXC</b>	–	–	–	–	–	–	–	–	–	–	–
Total long-term loans	<b>AI00</b>	910	859	780	555	511	947	1 524	753	548	631	398
Short-term loans	<b>VTUN</b>	37	36	36	36	36	36	36	36	36	36	36
Total earnings on loans	<b>CGKJ</b>	947	895	816	591	547	983	1 560	789	584	667	434
Earnings on deposits												
By UK monetary financial institutions (banks)												
Sterling deposits	<b>IFD7</b>	6 183	7 159	6 380	4 833	5 034	7 162	8 260	10 723	21 948	23 053	6 193
Foreign currency deposits	<b>IFD8</b>	28 621	38 722	39 771	25 648	22 958	21 881	37 240	63 190	82 479	80 117	29 030
Total deposits by UK banks	<b>IFD9</b>	34 804	45 881	46 151	30 481	27 992	29 043	45 500	73 913	104 427	103 170	35 223
Deposits by securities dealers	<b>HGTD</b>	854	1 376	2 908	1 733	1 762	1 904	3 338	5 186	6 071	4 884	3 476
Deposits by other UK residents <sup>1</sup>	<b>CGJK</b>	3 567	4 202	4 499	2 636	3 029	4 416	9 805	17 908	22 079	16 277	5 295
Total earnings on deposits abroad	<b>CGJQ</b>	39 225	51 459	53 558	34 850	32 783	35 363	58 643	97 007	132 577	124 331	43 994
Earnings on other assets												
Trusts and annuities <sup>1</sup>	<b>HHLF</b>	388	548	489	325	305	329	333	348	355	312	277
Foreign currency exchanges <sup>1</sup>	<b>HHKX</b>	–	–	–	–	–	–	–	–	–	–	–
Miscellaneous central government receipts	<b>HPPK</b>	–	–	–	–	–	–	–	–	–	–	–
Total earnings on other assets	<b>CGKM</b>	388	548	489	325	305	329	333	348	355	312	277
<b>Total</b>	<b>AIOP</b>	<b>40 560</b>	<b>52 902</b>	<b>54 863</b>	<b>35 766</b>	<b>33 635</b>	<b>36 675</b>	<b>60 536</b>	<b>98 144</b>	<b>133 516</b>	<b>125 310</b>	<b>44 705</b>

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

## 4.7 Earnings on other investment

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<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>	13	14	77	71	54	47	42	52	—	—	—
Local authorities	<b>CGLG</b>	12	7	4	2	—	—	—	—	—	—	—
Public corporations	<b>CGLH</b>	—	—	—	—	—	16	18	18	18	17	16
Securities dealers	<b>CGLI</b>	5 433	8 530	10 525	8 522	7 653	7 557	11 413	15 461	18 243	16 576	14 129
Other <sup>1</sup>	<b>CGMD</b>	4 017	4 074	3 477	3 549	3 322	4 089	6 983	10 832	13 882	10 931	3 805
Total earnings on loans	<b>CGNO</b>	9 475	12 625	14 083	12 144	11 029	11 709	18 456	26 363	32 143	27 524	17 950
Earnings on deposits <sup>2</sup>												
(Monetary financial institutions)												
Sterling deposits	<b>JJT3</b>	8 685	10 395	10 470	8 549	8 819	11 538	13 156	16 206	29 429	33 462	9 854
Foreign currency deposits	<b>JJT4</b>	33 456	46 161	44 870	31 112	28 692	28 369	46 842	75 271	96 665	90 288	32 960
Total earnings on deposits	<b>HMAS</b>	42 141	56 556	55 340	39 661	37 511	39 907	59 998	91 477	126 094	123 750	42 814
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>	1 133	1 034	1 124	1 196	1 243	1 101	1 102	1 043	775	841	829
Other liabilities	<b>CGME</b>	—	—	—	—	—	—	—	—	—	—	—
Total earnings on other liabilities	<b>CGMH</b>	1 133	1 034	1 124	1 196	1 243	1 101	1 102	1 043	775	841	829
<b>Total</b>	<b>HLZN</b>	<b>52 749</b>	<b>70 215</b>	<b>70 547</b>	<b>53 001</b>	<b>49 783</b>	<b>52 717</b>	<b>79 556</b>	<b>118 883</b>	<b>159 012</b>	<b>152 115</b>	<b>61 593</b>
<b>Balances</b>												
(Net earnings)												
Trade credit	<b>LTMK</b>	—	—	—	—	—	—	—	—	—	—	—
Loans	<b>LTML</b>	—8 528	—11 730	—13 267	—11 553	—10 482	—10 726	—16 896	—25 574	—31 559	—26 857	—17 516
Currency and deposits	<b>LTMM</b>	—2 916	—5 097	—1 782	—4 811	—4 728	—4 544	—1 355	5 530	6 483	581	1 180
Other investment	<b>LTMN</b>	—745	—486	—635	—871	—938	—772	—769	—695	—420	—529	—552
<b>Total</b>	<b>CGNA</b>	<b>—12 189</b>	<b>—17 313</b>	<b>—15 684</b>	<b>—17 235</b>	<b>—16 148</b>	<b>—16 042</b>	<b>—19 020</b>	<b>—20 739</b>	<b>—25 496</b>	<b>—26 805</b>	<b>—16 888</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 received and repurchase agreements.

## 4.8 Earnings on other investment

### Sector analysis

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
(Earnings of UK residents on other investment abroad)												
Earnings from other investment by UK:												
Monetary financial institutions	CGMM	35 398	46 389	46 529	30 716	28 197	29 241	45 735	74 171	104 710	103 438	35 463
Central government	CGMN	4	4	4	3	4	2	2	2	2	1	-1
Public corporations	ZPOP	312	347	398	317	302	747	1 287	493	263	362	159
Other sectors	CGMR	4 846	6 162	7 932	4 730	5 132	6 685	13 512	23 478	28 541	21 509	9 084
<b>Total</b>	<b>AIOP</b>	<b>40 560</b>	<b>52 902</b>	<b>54 863</b>	<b>35 766</b>	<b>33 635</b>	<b>36 675</b>	<b>60 536</b>	<b>98 144</b>	<b>133 516</b>	<b>125 310</b>	<b>44 705</b>
<b>Debits</b>												
(Foreign earnings on other investment in the UK)												
Foreign earnings from other investment in UK:												
Monetary financial institutions	HMAS	42 141	56 556	55 340	39 661	37 511	39 907	59 998	91 477	126 094	123 750	42 814
Central government	CGLF	13	14	77	71	54	47	42	52	-	-	-
Local authorities	CGLG	12	7	4	2	-	-	-	-	-	-	-
Public corporations	CGMV	-	-	-	-	-	16	18	18	18	17	16
Other sectors	CGMZ	10 583	13 638	15 126	13 267	12 218	12 747	19 498	27 336	32 900	28 348	18 763
<b>Total</b>	<b>HLZN</b>	<b>52 749</b>	<b>70 215</b>	<b>70 547</b>	<b>53 001</b>	<b>49 783</b>	<b>52 717</b>	<b>79 556</b>	<b>118 883</b>	<b>159 012</b>	<b>152 115</b>	<b>61 593</b>
<b>Balances</b>												
(Net earnings)												
Monetary financial institutions	LTMO	-6 743	-10 167	-8 811	-8 945	-9 314	-10 666	-14 263	-17 306	-21 384	-20 312	-7 351
Central government	LTMP	-9	-10	-73	-68	-50	-45	-40	-50	2	1	-1
Local authorities	-CGLG	-12	-7	-4	-2	-	-	-	-	-	-	-
Public corporations	LTMQ	312	347	398	317	302	731	1 269	475	245	345	143
Other sectors	LTMR	-5 737	-7 476	-7 194	-8 537	-7 086	-6 062	-5 986	-3 858	-4 359	-6 839	-9 679
<b>Total</b>	<b>CGNA</b>	<b>-12 189</b>	<b>-17 313</b>	<b>-15 684</b>	<b>-17 235</b>	<b>-16 148</b>	<b>-16 042</b>	<b>-19 020</b>	<b>-20 739</b>	<b>-25 496</b>	<b>-26 805</b>	<b>-16 888</b>





# Chapter 5

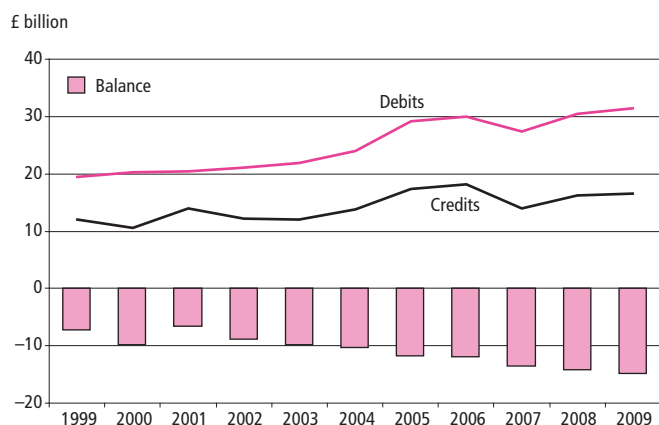
## Current transfers

## Summary

The deficit for current transfers more than doubled between 1990 and 2000, growing from £4.8 billion in 1990 to £9.8 billion in 2000. After decreasing to £6.5 billion in 2001, the deficit increased again in each of the eight subsequent years, to £14.8 billion in 2009 – the highest figure on record.

The deficit on general government transfers widened from a deficit of £9.1 billion in 2008 to a deficit of £11.2 billion in 2009. Over the same period the deficit for other sectors decreased from £5.0 billion in 2008 to £3.6 billion in 2009.

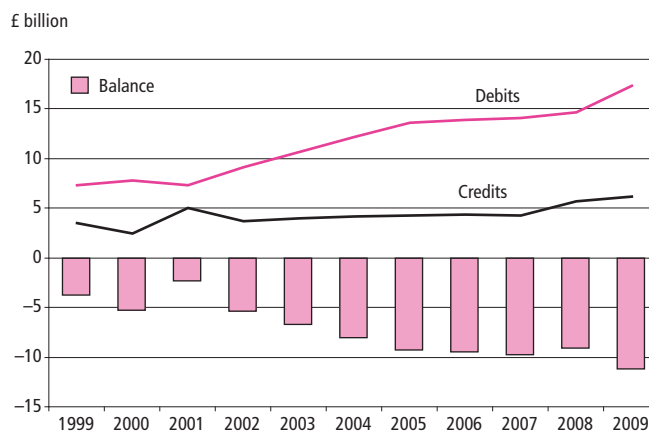
**Figure 5.1**  
**Current transfers**



## 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. On the credits side, the total increased by £0.5 billion to £6.2 billion for 2009. Debits increased by £2.6 billion between 2008 and 2009 to £17.3 billion.

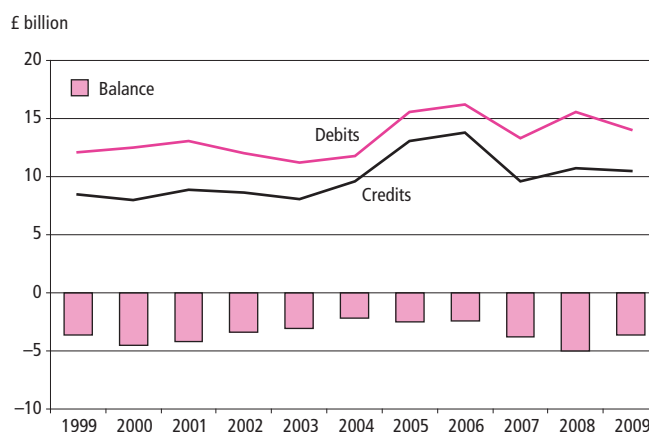
**Figure 5.2**  
**Transfers by general government**



## 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). Other sectors credits fell by £0.2 billion between 2008 and 2009, while other sectors debits decreased by £1.6 billion over the same period.

**Figure 5.3**  
**Transfers by other sectors**



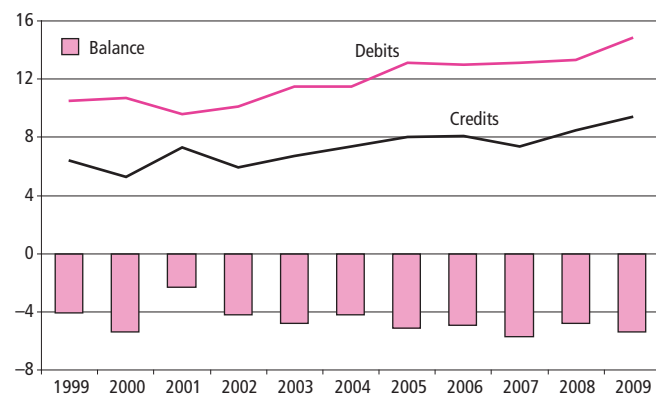
## EU institutions

Transfers with EU institutions constitute the largest single component within current transfers. They showed a deficit in every year from 1986 to 2009; the lowest deficit recorded over the last ten years is £2.3 billion (in 2001) and the highest deficit is £5.7 billion (in 2007). The deficit increased by £0.6 billion between 2008 and 2009.

**Figure 5.4**

### Transfers with other EU institutions

£ billion



# 5.1 Current transfers

		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
General government												
Current taxes on income, wealth etc.	FJKI	337	357	398	527	375	482	546	681	603	616	569
Other taxes on production	FJKH	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBC	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJBH	29	24	25	24	23	22	22	28	31	40	61
Social benefits	FJBL	—	—	—	—	—	—	—	—	—	—	—
EU Institutions:												
(a) Abatement	FKKL	3 171	2 084	4 560	3 099	3 560	3 592	3 655	3 570	3 523	4 862	5 392
(b) Other EU receipts	FKIJ	5	—	8	13	10	81	71	104	161	134	136
Miscellaneous receipts	FKIK	—	—	—	—	—	—	—	—	—	—	—
Total general government	FJUM	3 542	2 465	4 991	3 663	3 968	4 177	4 294	4 383	4 318	5 652	6 158
Other sectors												
Current taxes on income, wealth etc.	FJBJ	—	—	—	—	—	—	—	—	—	—	—
Other taxes on production	FJGC	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBA	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJAB	60	31	34	53	21	14	—8	28	—5	28	111
EU Institutions:												
(a) Agricultural Guarantee Fund	EBGL	2 781	2 571	2 336	2 381	2 691	3 315	3 408	3 219	2 952	3 049	3 387
(b) Social Fund <sup>1</sup>	H5U2	434	659	370	412	427	364	842	1 225	751	504	499
(c) ECSC Grant	FJKP	—	—	1	—	—	2	—	—	—	—	—
Net non-life insurance premiums <sup>2</sup>	NQQP	2 495	2 086	3 471	3 008	2 208	3 181	6 133	6 530	3 148	4 477	3 846
Non-life insurance claims <sup>3</sup>	FJFA	10	18	25	19	19	47	16	39	50	54	65
Other receipts of households <sup>4</sup>	FKIL	2 730	2 653	2 689	2 698	2 713	2 667	2 715	2 748	2 663	2 557	2 557
Total other sectors	FJUN	8 510	8 018	8 926	8 571	8 079	9 590	13 106	13 789	9 559	10 669	10 465
<b>Total</b>	<b>KTND</b>	<b>12 052</b>	<b>10 483</b>	<b>13 917</b>	<b>12 234</b>	<b>12 047</b>	<b>13 767</b>	<b>17 400</b>	<b>18 172</b>	<b>13 877</b>	<b>16 321</b>	<b>16 623</b>
<i>Of which: Receipts from EU institutions</i>	<b>FKIM</b>	6 391	5 314	7 275	5 905	6 688	7 354	7 976	8 118	7 387	8 549	9 414

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

2 Premiums paid to UK insurance companies.

3 Claims paid to UK residents by foreign insurance companies.

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

# 5.1

## Current transfers

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<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	1 183	1 218	1 292	1 388	1 452	1 596	1 650	1 721	1 829	1 999	2 099
Contributions to international organisations												
EU Institutions:												
(a) GNP: 4th Resource	HCSO	4 403	4 243	3 859	5 259	6 622	7 565	8 597	8 358	7 996	8 628	10 692
(b) GNP adjustments	HCSM	229	136	–1	76	150	–16	135	163	327	–205	–137
(c) Inter governmental agreements	HCBW	–	–	–	–	–	–	–	–	–	–	–
(d) Other	FKIN	11	6	24	10	18	–3	106	8	6	5	–14
Other organisations:												
(a) Military	HDKF	118	157	195	192	152	160	141	159	139	193	145
(b) Multilateral economic assistance	HCHJ	245	503	434	539	367	622	495	945	1 102	1 002	1 084
(c) Other	HCKL	268	454	403	248	201	394	550	615	505	707	636
Bilateral aid:												
(a) Non-project grants	FJKT	133	175	185	206	268	303	306	300	349	381	424
(b) Technical cooperation	FJKU	651	859	904	1 038	1 320	1 474	1 497	1 467	1 699	1 858	2 062
Military grants	HDJO	30	27	45	129	107	130	160	138	130	158	353
Total general government	FJUO	7 271	7 778	7 340	9 085	10 657	12 225	13 637	13 874	14 082	14 726	17 344
Other sectors												
Current taxes on income, wealth etc.	FJCI	682	775	523	644	444	535	589	428	549	1 065	448
Other taxes on production	FJLB	–	–	–	–	–	–	–	–	–	–	–
Other subsidies on production	FJCC	–	–	–	–	–	–	–	–	–	–	–
Social contributions	FJBG	–	–	–	–	–	–	–	–	–	–	–
Social benefits	FJCM	60	31	34	53	21	14	–8	28	–5	28	111
EU Institutions:												
(a) Customs duties and agricultural levies	QYRD	2 024	2 086	2 069	1 919	1 937	2 145	2 237	2 329	2 412	2 636	2 645
(b) Sugar levies	GTBA	46	44	31	25	18	25	24	–	–	–	–
(c) VAT based contributions	HCML	3 920	4 104	3 624	2 720	2 775	1 764	1 980	2 165	2 293	2 255	1 733
(d) VAT adjustments	FSVL	–109	100	–49	88	–35	25	19	2	26	15	–140
(e) ECSC Production levy	GTBB	–	–	–	–	–	–	–	–	–	–	–
Net non-life insurance premiums <sup>1</sup>	FJDB	10	18	25	19	19	47	16	39	50	54	65
Non-life insurance claims <sup>2</sup>	NQQR	2 495	2 086	3 471	3 008	2 208	3 181	6 133	6 530	3 148	4 477	3 846
Other payments by households <sup>3</sup>	FKIQ	2 975	3 236	3 364	3 543	3 838	4 082	4 622	4 655	4 868	5 116	5 336
Total other sectors	FJUP	12 103	12 480	13 092	12 019	11 225	11 818	15 612	16 176	13 341	15 646	14 044
<b>Total</b>	<b>KTNE</b>	<b>19 374</b>	<b>20 258</b>	<b>20 432</b>	<b>21 104</b>	<b>21 882</b>	<b>24 043</b>	<b>29 249</b>	<b>30 050</b>	<b>27 423</b>	<b>30 372</b>	<b>31 388</b>
<i>Of which: Payments to EU institutions</i>	<b>FKIR</b>	10 524	10 719	9 557	10 097	11 485	11 505	13 098	13 025	13 060	13 334	14 779

1 Premiums paid by UK residents to foreign insurance companies.

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

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

# 5.1

## Current transfers

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Balances</b>												
General government												
Current taxes on income, wealth etc.	FJKJ	337	357	398	527	375	482	546	681	603	616	569
Other taxes on production	FJIZ	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBD	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJBI	29	24	25	24	23	22	22	28	31	40	61
Social benefits	FJBM	-1 183	-1 218	-1 292	-1 388	-1 452	-1 596	-1 650	-1 721	-1 829	-1 999	-2 099
Other current transfers	FJKW	-2 912	-4 476	-1 480	-4 585	-5 635	-6 956	-8 261	-8 479	-8 569	-7 731	-9 717
Total general government	FJUQ	-3 729	-5 313	-2 349	-5 422	-6 689	-8 048	-9 343	-9 491	-9 764	-9 074	-11 186
Other sectors												
Current taxes on income, wealth etc.	FJHU	-682	-775	-523	-644	-444	-535	-589	-428	-549	-1 065	-448
Other taxes on production	FJHT	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJHV	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJHJ	60	31	34	53	21	14	-8	28	-5	28	111
Social benefits	FJJG	374	628	336	359	406	350	850	1 197	756	476	388
Other current transfers <sup>1</sup>	FJLT	-3 345	-4 346	-4 013	-3 216	-3 129	-2 057	-2 759	-3 184	-3 984	-4 416	-3 630
Total other sectors	FJUR	-3 593	-4 462	-4 166	-3 448	-3 146	-2 228	-2 506	-2 387	-3 782	-4 977	-3 579
<b>Total</b>	<b>KTNF</b>	<b>-7 322</b>	<b>-9 775</b>	<b>-6 515</b>	<b>-8 870</b>	<b>-9 835</b>	<b>-10 276</b>	<b>-11 849</b>	<b>-11 878</b>	<b>-13 546</b>	<b>-14 051</b>	<b>-14 765</b>
Of which: EU institutions	FKIS	-4 133	-5 405	-2 282	-4 192	-4 797	-4 151	-5 122	-4 907	-5 673	-4 785	-5 365

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

An aerial, high-angle photograph of a busy city square or pedestrian walkway. The ground is paved with light-colored rectangular tiles. Numerous people are seen walking in various directions, some carrying bags or backpacks. In the upper right, there is a modern building with a glass facade and a staircase with a metal railing. The overall scene is a vibrant, high-contrast image with a pinkish-red tint.

# **Capital account, financial account and international investment position**

# **Part 2**





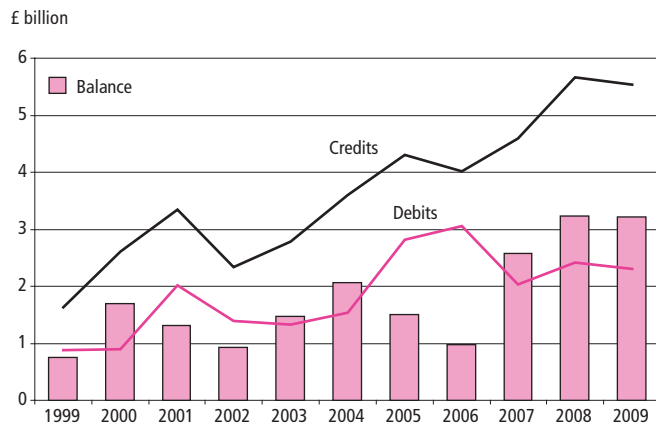
# Chapter 6

## Capital account

## Summary

The capital account has remained in surplus since 1982 (inclusive). A surplus of £3.2 billion was recorded in 2009, constituting one of the highest recorded cash surpluses. The slight decrease during the year followed a £0.7 billion increase during the previous year. The £1.6 billion increase between 2006 and 2007 was mainly due to a fall in other sectors debt forgiveness debits following large scale debt relief to Nigeria in 2005 and 2006.

**Figure 6.1**  
**Capital account**



# 6.1 Capital account

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
Capital transfers												
General government												
Debt forgiveness	FJUU	–	–	–	–	–	–	–	–	–	–	–
Other capital transfers	FJLY	–	–	–	–	–	–	–	–	–	–	–
Total general government	FJMD	–	–	–	–	–	–	–	–	–	–	–
Other sectors												
Migrants' transfers	FJMG	1 144	1 371	2 267	1 864	1 951	2 298	2 491	2 725	2 953	3 200	3 467
Debt forgiveness	FJNC	–	–	–	–	–	–	–	–	–	–	–
Other capital transfers												
EU Institutions:												
Regional development fund	FKIT	285	989	543	296	622	1 062	1 402	618	707	972	640
Agricultural fund for regional development <sup>1</sup>	FJXL	47	82	26	–	2	49	80	50	150	417	144
Other capital transfers	EBGO	–	–	322	–	–	–	–	–	–	–	–
Total EU institutions	FKIV	332	1 071	891	296	624	1 111	1 482	668	857	1 389	784
Total other sectors	FJMU	1 476	2 442	3 158	2 160	2 575	3 409	3 973	3 393	3 810	4 589	4 251
Total capital transfers	FJMX	1 476	2 442	3 158	2 160	2 575	3 409	3 973	3 393	3 810	4 589	4 251
Sales of non-produced, non-financial assets	FJUX	152	165	177	172	218	193	337	631	783	1 074	1 281
<b>Total</b>	FKMH	<b>1 628</b>	<b>2 607</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>5 532</b>
<b>Debits</b>												
Capital transfers												
General government												
Debt forgiveness	FJUV	22	22	18	15	16	13	16	13	11	73	49
Other capital transfers (project grants)	FJMB	171	225	237	263	345	389	396	388	449	491	545
Total general government	FJME	193	247	255	278	361	402	412	401	460	564	594
Other sectors												
Migrants' transfers	FJMH	499	461	1 300	582	547	515	551	669	697	744	745
Debt forgiveness												
Monetary financial institutions <sup>2</sup>	FJNF	–	–	–	–	–	–	–	–	–	–	–
Public corporations <sup>3</sup>	HMLY	49	55	188	236	130	109	1 249	1 356	76	–	–
Total debt forgiveness	IZZZ	49	55	188	236	130	109	1 249	1 356	76	–	–
Other capital transfers	FJMS	–	–	–	–	–	–	–	–	–	–	–
Total other sectors	FJMV	548	516	1 488	818	677	624	1 800	2 025	773	744	745
Total capital transfers	FJMY	741	763	1 743	1 096	1 038	1 026	2 212	2 426	1 233	1 308	1 339
Purchases of non-produced, non-financial assets	FJUY	140	141	274	304	289	512	595	623	794	1 114	974
<b>Total</b>	FKMI	<b>881</b>	<b>904</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>2 313</b>
<b>Balances</b>												
Capital transfers												
General government												
Debt forgiveness	FJUW	–22	–22	–18	–15	–16	–13	–16	–13	–11	–73	–49
Other capital transfers	FJMC	–171	–225	–237	–263	–345	–389	–396	–388	–449	–491	–545
Total general government	FJMF	–193	–247	–255	–278	–361	–402	–412	–401	–460	–564	–594
Other sectors												
Migrants' transfers	FJMI	645	910	967	1 282	1 404	1 783	1 940	2 056	2 256	2 456	2 722
Debt forgiveness	FJNG	–49	–55	–188	–236	–130	–109	–1 249	–1 356	–76	–	–
Other capital transfers	FJMT	332	1 071	891	296	624	1 111	1 482	668	857	1 389	784
Total other sectors	FJMW	928	1 926	1 670	1 342	1 898	2 785	2 173	1 368	3 037	3 845	3 506
Total capital transfers	FJMZ	735	1 679	1 415	1 064	1 537	2 383	1 761	967	2 577	3 281	2 912
Non-produced, non-financial assets	NHSG	12	24	–97	–132	–71	–319	–258	8	–11	–40	307
<b>Total</b>	FKMJ	<b>747</b>	<b>1 703</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>3 219</b>

<sup>1</sup> Up to 2006 this series includes the European Agricultural Guidance Fund.

<sup>2</sup> This series also appears in the Financial Account (see Table 7.7).

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



# Chapter 7

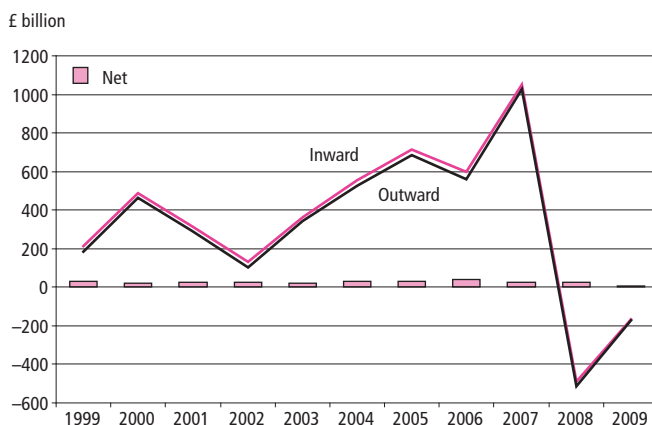
## Financial account

## Summary

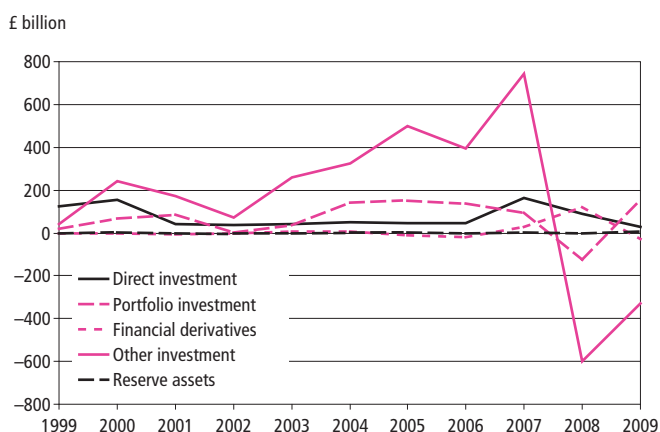
Investment abroad and into the UK both increased dramatically from the mid-1990s, reflecting the increased globalisation of the world economy. Between 2000 and 2007, other investment dominated cross-border investment, primarily banking activity. In 2008 however, other investment, both abroad and in the UK, recorded net disinvestment as the global financial crisis deepened, leading to a reduction in loans internationally and a repatriation of deposits. In 2009 this pattern of disinvestment has continued, albeit by reduced amounts. 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).

In 2005 and 2006, direct investment in the UK exceeded direct investment abroad for the first time since 1990. However from 2007 to 2009, once again direct investment abroad exceeded direct investment in the UK. During this three-year period, net outward direct investment has narrowed each year. The outflow has been driven by a net outflow of reinvested

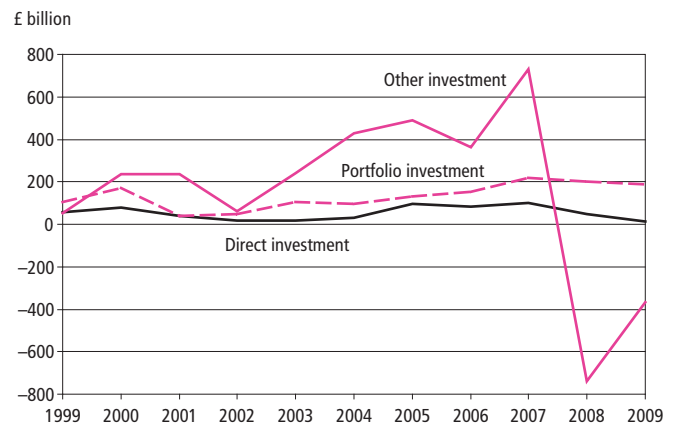
**Figure 7.1**  
**Financial account**



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



**Figure 7.3**  
**Foreign investment in the UK**



earnings and other capital transactions. These outflows have partially been offset by a net inflow of equity capital. In 2009 the net foreign direct investment outflow decreased from that recorded in 2008. This was primarily as a result of reduced reinvested earnings outflow, driven by a reduction in reinvested earnings abroad combined with an increase in reinvested earnings in the UK.

Overall the gross flows of both direct investment abroad and in the UK have fallen over the last three year period. There has generally been a reduction in all three components of foreign investment (equity capital, reinvested earnings and other capital) from 2007 to 2009.

Historically, portfolio investment tended to record net investment abroad. Over the past decade however, 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. In 2009 investors also returned to short-term debt issued by monetary financial institutions as confidence improved in the UK banking sector.

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 2009 other investment recorded net outward investment of £37.2 billion, down from outward investment of £140.1 billion in 2008. The net outward other investment was a result of less disinvestment abroad (£331.0 billion) than in the UK (£368.2 billion).

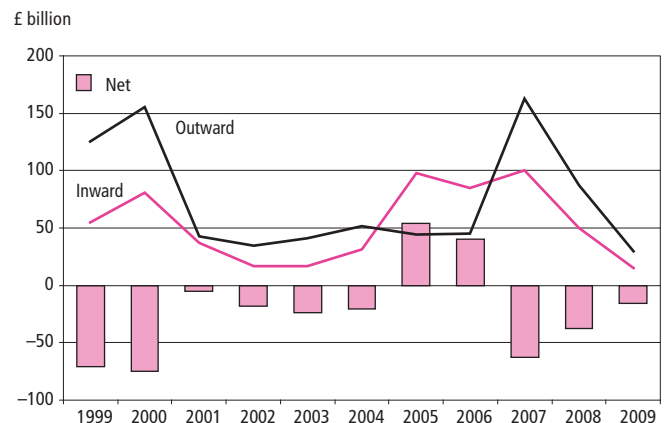
The financial account in 2009 recorded a net inflow of £5.6 billion compared with a net inflow of £25.8 billion in 2008. The net inflow was a result of disinvestment abroad being greater than disinvestment in the UK. Disinvestment abroad reduced considerably in 2009 to £170.1 billion following disinvestment of £514.7 billion in 2008. The net disinvestment abroad (inflows) in 2009 was driven by other investment, which was only partially offset by portfolio investment and direct investment outflows. Investment in the UK also reduced considerably in 2009, recording net disinvestment of £164.5 billion following net disinvestment of £488.9 billion in 2008. Net disinvestment in the UK in 2009 was due to net disinvestment (outflows) in other investment, partially offset by direct and portfolio investment inflows.

### 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. In 2007 outward merger and acquisition activity was also buoyant, with 441 acquisitions and 104 disposals recorded. As a result of the global recession, since 2007, direct investment abroad has decreased each year, reaching £30.1 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 2009 the number of outward mergers and acquisitions declined to 118 and disposals fell to 37. Significant transactions abroad by UK companies reported in 2009 included the acquisition by Vodafone Group Plc of a controlling stake in Vodacom Group (Pty) Ltd for a reported value of £1.6 billion and the disposal by Centrica Plc of SPE S.A. for a reported value of £1.2 billion. These transactions are reflected in the equity capital component of direct investment abroad. The major component of outward investment in 2009 however was reinvested earnings.

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 2003, after which there was a considerable increase in the amount of inward acquisitions, including the purchase of Abbey

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



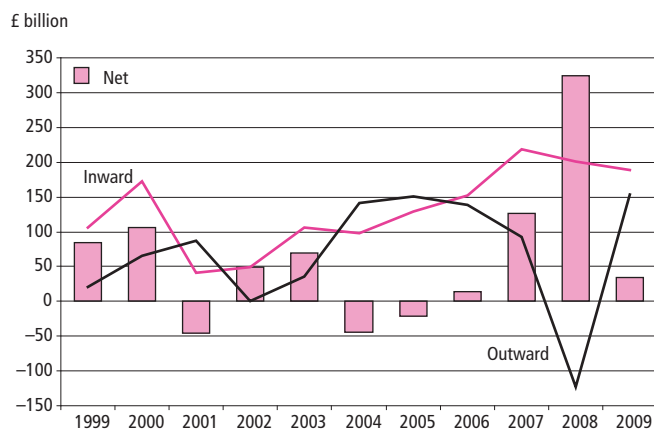
National by Banco Santander in 2004, the Shell restructuring in 2005, and the purchase of Alliance Boots Plc by AB Acquisitions Ltd in 2007. The latter being one of a number of inward acquisitions behind the record in inward direct investment in 2007 of £100.3 billion. Throughout 2008 investment in the UK declined, and dropped considerably in 2009 to £14.8 billion. This was due to lower investment in equity capital together with net outflows of other capital. Some of the most significant acquisitions in 2009 included the acquisition of British Energy Group Plc by Electricité de France and Barclays Global Investors by Blackrock Inc.

### Portfolio investment

Generally over the last decade there has been a net inflow of portfolio investment into the UK due to investment into the UK exceeding investment abroad. For both portfolio investment in the UK and abroad, investment in debt has generally exceeded investment in equities. Portfolio investment abroad showed net investment in every year from 1995 to 2007, reaching £92.0 billion in 2007 after initially peaking at £151.0 billion in 2005. In 2008 however, portfolio investment abroad showed net disinvestment of £123.5 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 disposal of equity securities in 2008 is the highest on record. Net disinvestment of debt securities recorded in 2008 was the first time since 1994 and is the largest on record.

In 2009 portfolio investment abroad recovered strongly and switched back to record net investment of £154.1 billion. There was net investment of £142.6 billion in debt securities and net investment of £11.6 billion in equity securities. The switch from net disinvestment to net investment for debt securities was mainly due to a reduction in disinvestment by UK monetary

**Figure 7.5**  
**Portfolio investment**

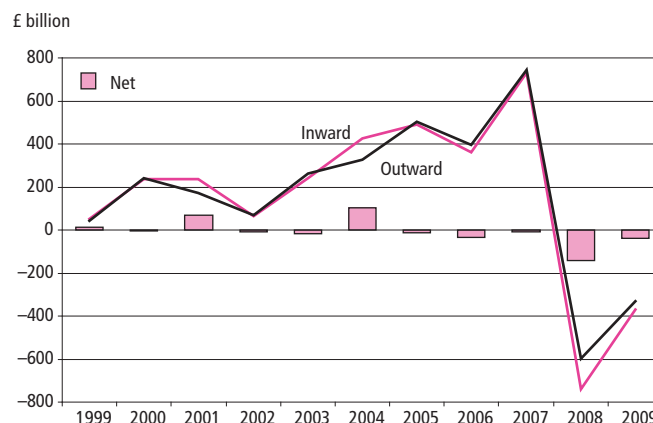


financial institutions and an increase in investment by UK securities dealers. The switch from net disinvestment to net investment for equity securities was mainly due to the switch to net investment by UK monetary financial institutions, partially offset by a switch to net disinvestment of UK securities dealers. Portfolio investment in the UK has shown net investment in every year from when records began in 1981. In the late 80s 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. Since 2002 there has been 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 to 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 2009 portfolio investment in the UK was £189.0 billion, slightly lower than the £200.5 billion recorded in 2008. Portfolio investment in 2009 was driven by investors purchasing debt securities. Investment in debt securities was £137.2 billion in 2009, mainly due to a switch from net disinvestment to investment in certificates of deposits and commercial paper issued by UK monetary financial institutions. Transactions in long-term debt (bonds and notes) recorded net investment of £60.8 billion in 2009, down from a record £181.8 billion in 2008. Equity securities also performed strongly with net investment trebling between 2007 and 2009. This was due in part to equity securities in the UK representing improved value for money to the international investor as sterling depreciated against other major currencies.

### Other investment

Between 1995 and 2007 other investment has shown net investment both abroad and in the UK. Loans and deposits by UK monetary financial institutions constitute the major component of

**Figure 7.6**  
**Other investment**



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 £599.1 billion, the first net disinvestment since 1991. In 2009 the disinvestment abroad continued but narrowed to £331.0 billion. The reduction was driven by a switch to net deposits of £0.1 billion in 2009 from net withdrawals of £338.1 billion in 2008 by UK securities dealers.

Other investment in the UK showed net disinvestment of £368.2 billion in 2009, following net disinvestment of £739.2 billion in 2008. The reduction in the disinvestment was driven by a switch on short-term loans to UK securities dealers from net repayments of £274.5 billion to net advances of £20.3 billion, together with a £150.9 billion reduction in net withdrawals of foreign currency deposits with UK monetary financial institutions.

### Sectoral breakdown of the financial account

In 2009 UK monetary financial institutions reported net inward investment of £69.1 billion, a switch from net outward investment of £83.4 billion in 2008. The inward investment was mainly a result of less disinvestment in UK monetary financial institutions than by UK monetary financial institutions abroad. The net disinvestment abroad by UK monetary financial institutions in 2009 was mainly due to net withdrawals of deposits by, and loan repayments to, UK monetary financial institutions. These disinvestments more than offset the net outward direct and portfolio investment by UK monetary financial institutions. Central government reported net inward investment of £17.5 billion in 2009, generated by net inward portfolio investment, mainly investment in UK government gilts. Other UK sectors showed net outward investment of £81.7 billion due primarily to portfolio investment in bonds and notes abroad.



# 7.1

## Financial account

### Summary table

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>UK investment abroad</b> (UK assets = net debits)												
Direct investment abroad <sup>1</sup>												
Equity capital	-HJYM	101 897	147 679	16 890	26 155	20 639	19 896	15 612	26 819	60 143	43 842	14 628
Reinvested earnings	-HDNY	21 392	25 178	27 220	32 209	21 456	31 076	43 555	47 878	63 738	34 903	25 843
Other capital transactions	-HMAB	2 313	-17 275	-1 283	-23 323	-1 206	538	-15 162	-29 699	38 758	8 863	-10 355
Total direct investment abroad	-HJYP	125 602	155 582	42 827	35 041	40 889	51 510	44 005	44 998	162 639	87 608	30 116
Portfolio investment abroad												
Equity securities	-HBVI	14 455	20 521	44 464	-3 189	19 684	56 647	61 323	19 597	28 196	-60 010	11 561
Debt securities	-XBMW	6 934	45 042	42 089	4 199	16 584	84 367	89 632	119 241	63 819	-63 535	142 584
Total portfolio investment abroad	-HHZC	21 389	65 563	86 553	1 010	36 268	141 014	150 955	138 838	92 015	-123 545	154 145
Financial derivatives (net)	-ZPNN	-2 685	-1 553	-8 417	-1 001	5 401	7 875	-9 556	-20 601	26 990	121 684	-29 104
Other investment abroad	-XBMM	41 545	241 666	170 663	70 375	260 401	325 220	501 260	395 901	742 391	-599 133	-330 996
Reserve assets	-LTCV	-639	3 915	-3 085	-459	-1 559	196	656	-426	1 191	-1 338	5 763
<b>Total</b>	-HBNR	<b>185 212</b>	<b>465 173</b>	<b>288 541</b>	<b>104 966</b>	<b>341 400</b>	<b>525 815</b>	<b>687 320</b>	<b>558 710</b>	<b>1 025 226</b>	<b>-514 724</b>	<b>-170 076</b>
<b>Investment in the UK</b> (UK liabilities = net credits)												
Direct investment in the UK <sup>1</sup>												
Equity capital	HJYR	46 709	59 811	20 954	11 809	4 464	23 716	82 949	55 393	82 500	51 996	22 266
Reinvested earnings	CYFV	4 607	10 788	-992	3 647	7 429	8 558	10 501	22 195	23 646	4 739	9 280
Other capital transactions	HMAD	3 750	9 967	17 386	1 326	4 883	-1 066	4 395	7 301	-5 802	-6 968	-16 787
Total direct investment in the UK	HJYU	55 066	80 566	37 348	16 782	16 776	31 208	97 845	84 889	100 344	49 767	14 759
Portfolio investment in the UK												
Equity securities	XBLW	64 309	121 302	15 730	1 903	20 088	1 957	6 379	-10 564	16 810	37 538	51 829
Debt securities	XBLX	42 030	50 875	25 099	47 837	85 560	95 387	122 670	163 082	201 040	162 993	137 151
Total portfolio investment in the UK	HHZF	106 339	172 177	40 829	49 740	105 648	97 344	129 049	152 518	217 850	200 531	188 980
Other investment in the UK	XBMN	53 312	235 563	237 558	62 648	241 529	426 621	489 450	363 277	731 822	-739 211	-368 218
<b>Total</b>	HBNS	<b>214 717</b>	<b>488 306</b>	<b>315 735</b>	<b>129 170</b>	<b>363 953</b>	<b>555 173</b>	<b>716 344</b>	<b>600 684</b>	<b>1 050 016</b>	<b>-488 913</b>	<b>-164 479</b>
<b>Net transactions</b> (net credits /less net debits)												
Direct investment <sup>1</sup>												
Equity capital	HBWN	-55 188	-87 868	4 064	-14 346	-16 175	3 820	67 337	28 574	22 357	8 154	7 638
Reinvested earnings	HBWT	-16 785	-14 390	-28 212	-28 562	-14 027	-22 518	-33 054	-25 683	-40 092	-30 164	-16 563
Other capital transactions	HBWU	1 437	27 242	18 669	24 649	6 089	-1 604	19 557	37 000	-44 560	-15 831	-6 432
Total net direct investment	HJYV	-70 536	-75 016	-5 479	-18 259	-24 113	-20 302	53 840	39 891	-62 295	-37 841	-15 357
Portfolio investment												
Equity securities	HBWV	49 854	100 781	-28 734	5 092	404	-54 690	-54 944	-30 161	-11 386	97 548	40 268
Debt securities	HBWX	35 096	5 833	-16 990	43 638	68 976	11 020	33 038	43 841	137 221	226 528	-5 433
Total net portfolio investment	HHZD	84 950	106 614	-45 724	48 730	69 380	-43 670	-21 906	13 680	125 835	324 076	34 835
Financial derivatives	ZPNN	2 685	1 553	8 417	1 001	-5 401	-7 875	9 556	20 601	-26 990	-121 684	29 104
Other investment	HHYR	11 767	-6 103	66 895	-7 727	-18 872	101 401	-11 810	-32 624	-10 569	-140 078	-37 222
Reserve assets	LTCV	639	-3 915	3 085	459	1 559	-196	-656	426	-1 191	1 338	-5 763
<b>Total</b>	HBNT	<b>29 505</b>	<b>23 133</b>	<b>27 194</b>	<b>24 204</b>	<b>22 553</b>	<b>29 358</b>	<b>29 024</b>	<b>41 974</b>	<b>24 790</b>	<b>25 811</b>	<b>5 597</b>

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

## 7.2 Financial account

### Sector analysis

												£ million
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>UK investment abroad</b>												
(UK assets = net debits)												
By:												
Monetary financial institutions	-HFAQ	7 603	229 306	125 392	58 774	179 727	327 183	394 163	416 833	701 682	-382 015	-276 389
Central government	-HFAN	-250	4 228	-2 568	463	-2 217	1 103	1 588	630	4 698	1 946	10 069
Public corporations	-HFAO	304	582	62	-164	-571	-370	-1 671	-4 694	-79	-599	-195
Other sectors	-HFAP	177 555	231 057	165 655	45 893	164 461	197 899	293 240	145 941	318 925	-134 056	96 439
<b>Total</b>	<b>-HBNR</b>	<b>185 212</b>	<b>465 173</b>	<b>288 541</b>	<b>104 966</b>	<b>341 400</b>	<b>525 815</b>	<b>687 320</b>	<b>558 710</b>	<b>1 025 226</b>	<b>-514 724</b>	<b>-170 076</b>
<b>Investment in the UK</b>												
(UK liabilities = net credits)												
In:												
Monetary financial institutions	CGUL	29 617	242 746	148 717	114 955	204 512	340 046	321 335	426 637	772 476	-465 458	-207 280
Central government	HFAR	-4 434	-243	-97	-4 538	13 657	13 526	29 688	26 220	30 749	37 472	27 535
Local authorities	HFAS	-106	-188	22	26	204	651	134	232	-42	446	520
Public corporations	HFAT	-	-	-	-	-	283	-7	-12	-6	-9	-4
Other sectors	GGCJ	189 640	245 991	167 093	18 727	145 580	200 667	365 194	147 607	246 839	-61 364	14 750
<b>Total</b>	<b>HBNS</b>	<b>214 717</b>	<b>488 306</b>	<b>315 735</b>	<b>129 170</b>	<b>363 953</b>	<b>555 173</b>	<b>716 344</b>	<b>600 684</b>	<b>1 050 016</b>	<b>-488 913</b>	<b>-164 479</b>
<b>Net transactions</b>												
(net credits less net debits)												
In assets and liabilities of:												
Monetary financial institutions	GGCK	22 014	13 440	23 325	56 181	24 785	12 863	-72 828	9 804	70 794	-83 443	69 109
Central government	HFAV	-4 184	-4 471	2 471	-5 001	15 874	12 423	28 100	25 590	26 051	35 526	17 466
Local authorities	HFAS	-106	-188	22	26	204	651	134	232	-42	446	520
Public corporations	HFAW	-304	-582	-62	164	571	653	1 664	4 682	73	590	191
Other sectors	GGCL	12 085	14 934	1 438	-27 166	-18 881	2 768	71 954	1 666	-72 086	72 692	-81 689
<b>Total</b>	<b>HBNT</b>	<b>29 505</b>	<b>23 133</b>	<b>27 194</b>	<b>24 204</b>	<b>22 553</b>	<b>29 358</b>	<b>29 024</b>	<b>41 974</b>	<b>24 790</b>	<b>25 811</b>	<b>5 597</b>

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

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<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	114 693	181 488	40 221	35 374	26 128	27 114	24 939	46 960	69 008	50 346	27 520
Sales of ordinary shares	-HDOC	-13 620	-34 693	-25 073	-10 440	-8 479	-9 105	-10 691	-21 702	-10 976	-10 090	-15 489
Total claims on affiliated enterprises	-HJYL	101 073	146 795	15 148	24 934	17 649	18 009	14 248	25 258	58 032	40 256	12 031
Net acquisition of property	-HHVG	824	884	1 742	1 221	2 990	1 887	1 364	1 561	2 111	3 586	2 597
Total equity capital	-HJYM	101 897	147 679	16 890	26 155	20 639	19 896	15 612	26 819	60 143	43 842	14 628
Reinvested earnings	-HDNY	21 392	25 178	27 220	32 209	21 456	31 076	43 555	47 878	63 738	34 903	25 843
Other capital transactions												
Claims on affiliated enterprises												
Debt securities issued by affiliated enterprises												
Purchases of debt securities	-HDOD	636	952	2 263	513	1 598	1 902	2 260	2 060	3 653	4 383	7 128
Sales of debt securities	-HDOE	-578	-496	-304	-1 080	-2 312	-608	-1 054	-2 795	-1 708	-2 240	-2 629
Other claims on affiliated enterprises												
Change in inter-company accounts	-HDOF	15 806	15 110	5 072	17 140	10 178	18 531	17 765	-229	37 171	67 130	-58 215
Change in branch indebtedness	-HDOI	-483	-3 360	5 153	-610	1 783	-472	-4 108	585	3 889	8 361	4 983
Total claims on affiliated enterprises	-HJYN	15 381	12 206	12 184	15 963	11 247	19 353	14 863	-379	43 005	77 634	-48 733
Liabilities to affiliated enterprises												
Change in inter-company accounts	-HDOG	14 340	28 278	12 880	38 774	10 568	20 950	29 075	26 371	3 718	67 670	-37 068
Change in branch indebtedness	-HDOJ	-1 272	1 203	587	512	1 885	-2 135	950	2 949	529	1 101	-1 310
Total liabilities to affiliated enterprises	-HJYO	13 068	29 481	13 467	39 286	12 453	18 815	30 025	29 320	4 247	68 771	-38 378
Total other capital transactions	-HMAB	2 313	-17 275	-1 283	-23 323	-1 206	538	-15 162	-29 699	38 758	8 863	-10 355
<b>Total</b>	<b>-HJYP</b>	<b>125 602</b>	<b>155 582</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>87 608</b>	<b>30 116</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	40 393	16 253	3 502	5 951	1 739	19 181	64 495	44 436	20 721	25 276	8 393
Sales of quoted ordinary shares	CYFZ	-10 526	-2 038	-1 185	-775	-1 200	-	-540	-177	-664	-125	-858
Unquoted ordinary shares												
Purchases of unquoted ordinary shares	CYGA	20 721	48 154	20 381	11 068	4 238	6 411	21 681	16 160	64 370	30 595	20 813
Sales of unquoted ordinary shares	CYGB	-4 692	-4 187	-2 535	-5 183	-708	-2 499	-3 284	-5 493	-4 285	-5 243	-6 614
Total liabilities to direct investors	HJYQ	45 896	58 182	20 163	11 061	4 069	23 093	82 352	54 926	80 142	50 503	21 734
Net acquisition of property	CGLO	813	1 629	791	748	395	623	597	467	2 358	1 493	532
Total equity capital	HJYR	46 709	59 811	20 954	11 809	4 464	23 716	82 949	55 393	82 500	51 996	22 266
Reinvested earnings	CYFV	4 607	10 788	-992	3 647	7 429	8 558	10 501	22 195	23 646	4 739	9 280
Other capital transactions												
Liabilities to direct investors												
Debt securities issued by affiliated enterprises												
Purchases of debt securities	CYGC	558	710	1 318	598	1 844	3 464	2 294	5 135	8 115	5 767	2 231
Sales of debt securities	CYGD	-567	-183	-571	-377	-484	-1 153	-269	-745	-2 999	-1 517	-724
Other liabilities to direct investors												
Change in inter-company accounts	CYGH	17 253	11 338	17 420	10 756	-1 264	-931	14 032	5 351	5 862	20 677	-16 049
Change in branch indebtedness	CYGL	-210	869	285	403	1 738	470	351	2 666	-1 413	-4 097	474
Total liabilities to direct investors	HJYT	17 034	12 734	18 452	11 380	1 834	1 850	16 408	12 407	9 565	20 830	-14 068
Claims on direct investors												
Change in inter-company accounts	CYGF	13 266	2 495	561	9 990	-2 112	2 723	10 850	5 619	15 779	27 541	2 744
Change in branch indebtedness	CYGK	18	272	505	64	-937	193	1 163	-513	-412	257	-25
Total claims on direct investors	HJYS	13 284	2 767	1 066	10 054	-3 049	2 916	12 013	5 106	15 367	27 798	2 719
Total other capital transactions	HMAD	3 750	9 967	17 386	1 326	4 883	-1 066	4 395	7 301	-5 802	-6 968	-16 787
<b>Total</b>	<b>HJYU</b>	<b>55 066</b>	<b>80 566</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>100 344</b>	<b>49 767</b>	<b>14 759</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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Net transactions</b> (net credits less net debits)												
Equity capital												
Net acquisition of ordinary shares	LTMS	-55 177	-88 613	5 015	-13 873	-13 580	5 084	68 104	29 668	22 110	10 247	9 703
Net acquisition of property	LTMT	-11	745	-951	-473	-2 595	-1 264	-767	-1 094	247	-2 093	-2 065
Total equity capital	HBWN	-55 188	-87 868	4 064	-14 346	-16 175	3 820	67 337	28 574	22 357	8 154	7 638
Reinvested earnings	HBWT	-16 785	-14 390	-28 212	-28 562	-14 027	-22 518	-33 054	-25 683	-40 092	-30 164	-16 563
Other capital transactions	HBWU	1 437	27 242	18 669	24 649	6 089	-1 604	19 557	37 000	-44 560	-15 831	-6 432
<b>Total</b>	HJYV	<b>-70 536</b>	<b>-75 016</b>	<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>-62 295</b>	<b>-37 841</b>	<b>-15 357</b>

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

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Direct investment abroad</b> (UK assets = net debits)												
By:												
Monetary financial institutions	-HCWJ	1 028	3 378	4 283	2 825	1 942	16 231	9 533	11 337	10 218	8 275	13 791
Insurance companies	-CNZE	-2 135	2 166	-256	1 388	3 038	4 357	1 454	8 587	6 902	176	977
Other financial intermediaries	-HCXL	8 469	9 716	4 468	4 071	13 858	-1 374	2 389	2 122	27 118	-986	2 304
Private non-financial corporations	-HCVH	117 330	139 101	32 575	25 859	18 598	31 048	28 885	23 162	116 232	78 270	10 940
Public corporations	-HDND	280	574	201	258	-185	-85	155	-2 003	204	-283	-176
Household sector <sup>2</sup>	-AAQN	630	647	1 556	640	3 638	1 333	1 589	1 793	1 965	2 156	2 280
<b>Total</b>	-HJYP	<b>125 602</b>	<b>155 582</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>87 608</b>	<b>30 116</b>
<b>Direct investment in the UK</b> (UK liabilities = net credits)												
In:												
Monetary financial institutions	GPBQ	1 616	4 133	3 387	1 757	2 683	11 715	4 539	4 243	8 661	5 966	4 770
Insurance companies	HDQI	1 763	2 492	1 304	312	876	1 959	-247	3 312	1 716	-1 394	3 190
Other financial intermediaries												
Securities dealers	HDRU	836	1 919	938	706	212	1 735	2 956	1 404	14 349	6 173	15 136
Other	HFCL	-232	5 792	8 098	3 298	5 395	-5 220	-7 285	4 328	16 673	1 892	-2 482
Total other financial intermediaries	HFDR	604	7 711	9 036	4 004	5 607	-3 485	-4 329	5 732	31 022	8 065	12 654
Private non-financial corporations	BCEC	51 083	66 230	23 621	10 709	7 610	21 019	97 882	71 602	58 945	37 130	-5 855
<b>Total</b>	HJYU	<b>55 066</b>	<b>80 566</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>100 344</b>	<b>49 767</b>	<b>14 759</b>
<b>Net transaction</b> (net credits less net debits)												
In assets and liabilities of:												
Monetary financial institutions	LTMU	588	755	-896	-1 068	741	-4 516	-4 994	-7 094	-1 557	-2 309	-9 021
Insurance companies	LTMV	3 898	326	1 560	-1 076	-2 162	-2 398	-1 701	-5 275	-5 186	-1 570	2 213
Other financial intermediaries	LTMW	-7 865	-2 005	4 568	-67	-8 251	-2 111	-6 718	3 610	3 904	9 051	10 350
Private non-financial corporations	LTMX	-66 247	-72 871	-8 954	-15 150	-10 988	-10 029	68 997	48 440	-57 287	-41 140	-16 795
Public corporations	HDND	-280	-574	-201	-258	185	85	-155	2 003	-204	283	176
Household sector <sup>2</sup>	AAQN	-630	-647	-1 556	-640	-3 638	-1 333	-1 589	-1 793	-1 965	-2 156	-2 280
<b>Total</b>	HJYV	<b>-70 536</b>	<b>-75 016</b>	<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>-62 295</b>	<b>-37 841</b>	<b>-15 357</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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Portfolio investment abroad</b> (UK assets = net debits)												
Transactions in equity securities (shares) by:												
Monetary financial Institutions	-VTWC	100	7 195	-1 287	-11 767	18 824	31 597	36 515	21 524	11 347	-67 277	3 066
Central Government	LOEQ	-	-	-	-	-	-	43	12	-8	16	24
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	-HBHM	3 111	-4 297	6 520	2 959	-3 354	6 116	19 601	1 727	12 117	1 586	2 469
Self-administered pension funds	-HBHO	-518	-12 798	11 720	15 256	4 394	6 491	8 036	-417	-7 675	-10 247	1 626
Total insurance companies and pension funds	-HBRD	2 593	-17 095	18 240	18 215	1 040	12 607	27 637	1 310	4 442	-8 661	4 095
Other financial intermediaries												
Securities dealers	-HGLG	5 783	13 673	24 128	-12 050	-796	9 734	-17 842	-6 505	14 821	17 974	-5 254
Unit and Investment Trusts	-HBHQ	6 468	9 968	3 913	3 329	2 121	1 174	7 305	2 892	506	26	12 832
Other	-HBRC	-1 300	-1 446	-1 077	-856	-1 563	-1 621	-1 668	-1 800	-2 898	-1 863	-1 792
Total other financial intermediaries	-HBRE	10 951	22 195	26 964	-9 577	-238	9 287	-12 205	-5 413	12 429	16 137	5 786
Private non-financial corporations	-XBNL	241	9 047	444	-52	17	-380	23	1 381	-1 319	151	134
Household sector <sup>2</sup>	HALH	570	-821	103	-8	41	3 536	9 310	783	1 305	-376	-1 544
Total transactions in equity securities	-HBVI	14 455	20 521	44 464	-3 189	19 684	56 647	61 323	19 597	28 196	-60 010	11 561
Transactions in debt securities												
Transactions in bonds and notes by:												
Monetary financial institutions	-HPCP	12 110	36 471	38 458	3 436	-12 713	57 901	62 737	102 238	42 819	-161 670	-11 320
Central Government	HQ5P	-	-	-	-	-	-	-	-	50	-50	165
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	-HBHN	7 103	5 363	8 200	8 535	1 618	1 522	3 280	12 777	12 699	13 886	14 152
Self-administered pension funds	-HBHP	2 933	5 875	1 267	-3 604	1 732	3 980	3 779	11 310	24 433	6 891	5 928
Total insurance companies and pension funds	-HBRF	10 036	11 238	9 467	4 931	3 350	5 502	7 059	24 087	37 132	20 777	20 080
Other financial intermediaries												
Securities dealers	CGFO	-28 883	-1 935	-19 589	-1 114	9 912	21 829	13 355	-24 941	-19 292	91 484	110 132
Unit and investment trusts	-HBHR	1 121	664	1 478	720	2 445	1 531	1 430	6 093	4 918	5 655	9 591
Other	-HBHG	-38	-36	-57	-72	-76	-101	-119	-146	-209	-246	-309
Total other financial intermediaries	-HBRH	-27 800	-1 307	-18 168	-466	12 281	23 259	14 666	-18 994	-14 583	96 893	119 414
Private non-financial corporations	-XBNM	-1 299	1 179	566	300	1 292	197	-727	-1 621	673	2 428	-1 074
Household sector <sup>2</sup>	HBRI	-380	256	88	88	88	88	88	88	88	88	88
Total transactions in bonds and notes	-HEPK	-7 333	47 837	30 411	8 289	4 298	86 947	83 823	105 798	66 179	-41 534	127 353
Transactions in Money Market Instruments by:												
Central government	-RUUR	-	-	458	467	-925	-1	-	-	2 390	-139	2 641
Monetary financial institutions	JXG6	9 723	345	7 374	-3 982	7 432	-4 461	2 039	5 321	8 534	-14 888	10 690
Insurance companies and pension funds	-HBVK	243	-106	-159	333	70	602	1 419	-556	154	697	581
Other financial intermediaries	JXG5	3 579	-4 144	2 093	-2 018	1 911	665	1 273	3 920	-3 618	-2 616	2 283
Private non-financial corporations	-HBRL	722	1 110	1 912	1 110	3 798	615	1 078	4 758	-9 820	-5 055	-964
Total transactions in Money Market Instruments	-HHZM	14 267	-2 795	11 678	-4 090	12 286	-2 580	5 809	13 443	-2 360	-22 001	15 231
Total transactions in debt securities	-XBMW	6 934	45 042	42 089	4 199	16 584	84 367	89 632	119 241	63 819	-63 535	142 584
<b>Total</b>	-HHZC	<b>21 389</b>	<b>65 563</b>	<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>92 015</b>	<b>-123 545</b>	<b>154 145</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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Portfolio investment in the UK</b> (UK liabilities = net credits)												
Transactions in equity securities (shares) issued by:												
Monetary financial institutions	HBQG	-3 294	-3 510	54	-1 276	714	-264	48	651	3 672	1 578	2 173
Other sectors <sup>1</sup>	HBQH	67 603	124 812	15 676	3 179	19 374	2 221	6 331	-11 215	13 138	35 960	49 656
Total transactions in equity securities	XBLW	64 309	121 302	15 730	1 903	20 088	1 957	6 379	-10 564	16 810	37 538	51 829
Transactions in debt securities												
Transactions in bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	HEZP	241	988	-3 342	-2 811	886	38	-32	-138	95	-1 499	-
Other central government bonds	HHJM	-	-	-	-	-	-	-	-	-	-	-
Transactions in British government stocks (gilts) by:												
Foreign central banks (exchange reserves)	AING	489	1 049	1 157	-1 245	-748	-2 339	384	4 212	3 085	4 744	4 618
Other foreign residents	VTWG	-6 017	-2 337	1 511	420	11 059	14 908	30 309	20 849	24 057	21 652	22 354
Total transactions in British government stocks	HEPC	-5 528	-1 288	2 668	-825	10 311	12 569	30 693	25 061	27 142	26 396	26 972
Total issues by central government	HBRX	-5 287	-300	-674	-3 636	11 197	12 607	30 661	24 923	27 237	24 897	26 972
Local authorities' bonds												
Public corporations' bonds	HBQT	-	-	-	-	-	-	-	-	-	-	-
	HCEW	-	-	-	-	-	-	-	-	-	-	-
Issues by monetary financial institutions												
Bonds	HBRV	6 587	1 886	511	4 885	15 129	13 214	18 828	17 072	28 355	43 743	1 678
European medium term notes and other medium-term paper	HBRV	4 496	2 705	4 055	1 775	13 871	18 747	22 738	26 035	36 498	-22 977	26 951
Total monetary financial institutions	HMBD	11 083	4 591	4 566	6 660	29 000	31 961	41 566	43 107	64 853	20 766	28 629
Issues by other sectors <sup>1</sup>	HBRT	20 502	5 871	1 587	15 210	47 198	40 774	58 619	53 148	88 279	136 179	5 226
Total transactions in bonds and notes	XBLY	26 298	10 162	5 479	18 234	87 395	85 342	130 846	121 178	180 369	181 842	60 827
Transactions in Money Market Instruments												
Transactions in treasury bills (issued by central government)												
Sterling treasury bills	AARB	637	-251	304	-180	2 150	1 974	-1 023	747	3 547	12 653	262
Euro treasury bills	HHNW	-227	-	-	-	-	-	-	-	-	-	-
Total treasury bills	HHZO	410	-251	304	-180	2 150	1 974	-1 023	747	3 547	12 653	262
Transactions in certificates of deposit issued by UK monetary financial institutions	HBQX	11 494	34 954	19 861	4 344	-2 954	-857	-1 512	36 012	17 992	-31 143	68 375
Transactions in commercial paper												
Issued by UK monetary financial Institutions	HBRU	2 045	3 310	-782	14 620	3 292	8 835	-3 012	8 643	-3 792	-3 503	13 136
Issued by other sectors <sup>1</sup>	HHZN	1 783	2 700	237	10 819	-4 323	93	-2 629	-3 498	2 924	3 144	-5 449
Total transactions in commercial paper	HBQW	3 828	6 010	-545	25 439	-1 031	8 928	-5 641	5 145	-868	-359	7 687
Total transactions in Money Market Instruments	HHZE	15 732	40 713	19 620	29 603	-1 835	10 045	-8 176	41 904	20 671	-18 849	76 324
Total transactions in debt securities	XBLX	42 030	50 875	25 099	47 837	85 560	95 387	122 670	163 082	201 040	162 993	137 151
<b>Total</b>	HHZF	<b>106 339</b>	<b>172 177</b>	<b>40 829</b>	<b>49 740</b>	<b>105 648</b>	<b>97 344</b>	<b>129 049</b>	<b>152 518</b>	<b>217 850</b>	<b>200 531</b>	<b>188 980</b>

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

## 7.5 Portfolio investment

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Net transactions</b> (net credits less net debits)												
Equity securities (shares)	HBWV	49 854	100 781	-28 734	5 092	404	-54 690	-54 944	-30 161	-11 386	97 548	40 268
Debt securities												
Bonds and notes	LTMV	33 631	-37 675	-24 932	9 945	83 097	-1 605	47 023	15 380	114 190	223 376	-66 526
Money Market Instruments	LTMZ	1 465	43 508	7 942	33 693	-14 121	12 625	-13 985	28 461	23 031	3 152	61 093
Total debt securities	HBWX	35 096	5 833	-16 990	43 638	68 976	11 020	33 038	43 841	137 221	226 528	-5 433
<b>Total</b>	HHZD	<b>84 950</b>	<b>106 614</b>	<b>-45 724</b>	<b>48 730</b>	<b>69 380</b>	<b>-43 670</b>	<b>-21 906</b>	<b>13 680</b>	<b>125 835</b>	<b>324 076</b>	<b>34 835</b>

## 7.6 Portfolio investment

### Sector analysis

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Portfolio investment abroad</b> (UK assets = net debits)												
<b>Investment by:</b>												
Monetary financial institutions	-HBRJ	21 933	44 011	44 545	-12 313	13 543	85 037	101 291	129 083	62 700	-243 835	2 436
Central government	LOFB	-	-	458	467	-925	-1	43	12	2 432	-173	2 830
Insurance companies and pension funds	-HBRD	12 872	-5 963	27 548	23 479	4 460	18 711	36 115	24 841	41 728	12 813	24 756
Other financial intermediaries	-HBRP	-13 270	16 744	10 889	-12 061	13 954	33 211	3 734	-20 487	-5 772	110 414	127 483
Private non-financial corporations	-HBRQ	-336	11 336	2 922	1 358	5 107	432	374	4 518	-10 466	-2 476	-1 904
Household sector <sup>1</sup>	-HBRR	190	-565	191	80	129	3 624	9 398	871	1 393	-288	-1 456
<b>Total</b>	-HHZC	<b>21 389</b>	<b>65 563</b>	<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>92 015</b>	<b>-123 545</b>	<b>154 145</b>
<b>Portfolio investment in the UK</b> (UK liabilities = net credits)												
<b>Investment in securities issued by:</b>												
Monetary financial institutions	CGPH	21 328	39 345	23 699	24 348	30 052	39 675	37 090	88 413	82 725	-12 302	112 313
Central government	HBSO	-4 877	-551	-370	-3 816	13 347	14 581	29 638	25 670	30 784	37 550	27 234
Local authorities	HBQT	-	-	-	-	-	-	-	-	-	-	-
Public corporations	HCEW	-	-	-	-	-	-	-	-	-	-	-
Other sectors	CGPL	89 888	133 383	17 500	29 208	62 249	43 088	62 321	38 435	104 341	175 283	49 433
<b>Total</b>	HHZF	<b>106 339</b>	<b>172 177</b>	<b>40 829</b>	<b>49 740</b>	<b>105 648</b>	<b>97 344</b>	<b>129 049</b>	<b>152 518</b>	<b>217 850</b>	<b>200 531</b>	<b>188 980</b>
<b>Net transactions</b> (net credits less net debits)												
<b>In assets and liabilities of:</b>												
Monetary financial institutions	LTNA	-605	-4 666	-20 846	36 661	16 509	-45 362	-64 201	-40 670	20 025	231 533	109 877
Central government	ZPOG	-4 877	-551	-828	-4 283	14 272	14 582	29 595	25 658	28 352	37 723	24 404
Local authorities	HBQT	-	-	-	-	-	-	-	-	-	-	-
Public corporations	HCEW	-	-	-	-	-	-	-	-	-	-	-
Other sectors	LTNB	90 432	111 831	-24 050	16 352	38 599	-12 890	12 700	28 692	77 458	54 820	-99 446
<b>Total</b>	HHZD	<b>84 950</b>	<b>106 614</b>	<b>-45 724</b>	<b>48 730</b>	<b>69 380</b>	<b>-43 670</b>	<b>-21 906</b>	<b>13 680</b>	<b>125 835</b>	<b>324 076</b>	<b>34 835</b>

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

## 7.7 Other investment

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<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	102	-42	-315	292	573	-336	-1 395	1 361	120	40	-96
Total trade credit	-XBMB	102	-42	-315	292	573	-336	-1 395	1 361	120	40	-96
Loans												
Long-term												
Bank loans under ECGD <sup>2</sup> guarantee	-HGBS	-355	-1 476	187	-1 017	113	231	224	-467	-157	54	191
Inter-government loans by the UK	-HEUC	-19	-27	-20	-19	-19	-15	-18	-13	-12	-75	-49
Loans by Commonwealth Development Corporation (public corporations)	-HETB	25	2	-	-	-	-	-	-	-	-	-
Loans by the ECGD <sup>2</sup>	CY93	48	61	49	-186	-259	-176	-577	-1 335	-207	-316	-152
Loans by specialist leasing companies <sup>1</sup>	-HGKU	-	-	-	-	-	-	-	-	-	-	-
Total long-term loans	-HBSG	-301	-1 440	216	-1 222	-165	40	-371	-1 815	-376	-337	-10
Short-term loans												
By monetary financial institutions												
Sterling loans	JXH5	2 590	1 896	4 797	4 739	462	6 891	20 217	22 119	26 217	5 997	-18 572
Foreign currency loans	JXH6	14 632	53 028	43 294	12 778	70 529	105 145	114 591	97 717	200 310	-127 914	-97 873
Total monetary financial institutions	ZPOL	17 222	54 924	48 091	17 517	70 991	112 036	134 808	119 836	226 527	-121 917	-116 445
By other sectors												
	-XBLN	3	-	-	-	-	-	-3	-	5	2	-9
Total short-term loans	VTUL	17 225	54 924	48 091	17 517	70 991	112 036	134 805	119 836	226 532	-121 915	-116 454
Total loans	-XBMG	16 924	53 484	48 307	16 295	70 826	112 076	134 434	118 021	226 156	-122 252	-116 464
Currency and deposits												
Transactions in foreign notes and coin												
Monetary financial institutions	TAAG	-63	-44	1	21	10	-2	-10	58	26	111	-37
Other sectors <sup>1</sup>	-HETF	40	28	-4	33	20	46	24	66	8	-192	-26
Total foreign notes and coin	HEOV	-23	-16	-3	54	30	44	14	124	34	-81	-63
Deposits abroad by UK residents												
Deposits by monetary financial institutions												
Sterling deposits	JXH7	-12 346	20 090	7 437	-8 012	18 218	-2 646	32 256	47 167	112 101	-24 470	-71 950
Foreign currency deposits	JXH8	-17 131	109 976	29 265	60 754	69 509	108 421	125 617	130 420	263 277	-121 917	-75 271
Total deposits by monetary financial institutions	HCES	-29 477	130 066	36 702	52 742	87 727	105 775	157 873	177 587	375 378	-146 387	-147 221

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

2 Export Credits Guarantee Department



# 7.7 Other investment

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Other investment abroad - continued</b>												
Currency and deposits - <i>continued</i>												
Deposits abroad by UK residents - <i>continued</i>												
Deposits by securities dealers	-HGTFF	45 920	47 567	58 756	-13 153	53 172	36 186	167 581	48 951	35 468	-338 084	100
Deposits by other UK residents <sup>1</sup>	-HBSI	7 740	10 322	27 325	13 907	47 914	70 661	43 095	50 156	104 224	4 099	-68 910
Total deposits abroad by UK residents	-HBXV	24 183	187 955	122 783	53 496	188 813	212 622	368 549	276 694	515 070	-480 372	-216 031
Total currency and deposits	-HBVN	24 160	187 939	122 780	53 550	188 843	212 666	368 563	276 818	515 104	-480 453	-216 094
Other assets												
Central government subscriptions to international organisations												
International Development Association	-HEUB	211	237	200	319	108	185	378	468	460	770	807
Regional development banks	-HEUD	50	50	53	69	75	61	42	98	82	176	172
European Investment Bank (EIB)	-HEUE	-	-	-	-	-	-	-	-	-	-	-
Other subscriptions	-HEUF	41	3	3	21	51	37	52	214	159	-13	104
Total central government subscriptions	-HGLR	302	290	256	409	234	283	472	780	701	933	1 083
Short-term central government assets	-LOEL	106	50	-177	65	52	640	435	277	386	2 599	442
Total central government other assets	-LOES	408	340	79	474	286	923	907	1 057	1 087	3 532	1 525
Debt forgiveness (monetary financial institutions) <sup>2</sup>	-FJNF	-	-	-	-	-	-	-	-	-	-	-
Other sectors (excluding monetary financial institutions)												
Long-term assets												
	-HHZH	-	-	-	-	-	-	-	-	-	-	-
Short-term assets												
Public corporations assets abroad	-HBSR	-	-	-	-	-	-	-	-	-	-	-
Public corporations debt forgiveness	-HMLW	-49	-55	-188	-236	-127	-109	-1 249	-1 356	-76	-	133
Other <sup>1</sup>	-HBSK	-	-	-	-	-	-	-	-	-	-	-
Total short-term assets of other sectors	-HHZI	-49	-55	-188	-236	-127	-109	-1 249	-1 356	-76	-	133
Total other sectors	-XBLP	-49	-55	-188	-236	-127	-109	-1 249	-1 356	-76	-	133
Total other assets	-XBMK	359	285	-109	238	159	814	-342	-299	1 011	3 532	1 658
<b>Total</b>	<b>-XBMM</b>	<b>41 545</b>	<b>241 666</b>	<b>170 663</b>	<b>70 375</b>	<b>260 401</b>	<b>325 220</b>	<b>501 260</b>	<b>395 901</b>	<b>742 391</b>	<b>-599 133</b>	<b>-330 996</b>

1 This series relates to non-governmental sectors other than monetary financial institutions.

2 This series also appears in the capital account (see Table 6.1).

# 7.7 Other investment

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Other investment in the UK</b> (UK liabilities = net credits)												
Trade credit												
Long-term <sup>1</sup>	CGJF	–	–	–	–	–	–	–	–	–	–	–
Short-term <sup>1</sup>	XBLQ	–	–	–	–	–	–	–	–	–	–	–
Total trade credit	XBMO	–	–	–	–	–	–	–	–	–	–	–
Loans												
Long-term												
Drawings by:												
Central government	HBSP	–	–	–	–	–	–	–	–	–	–	–
Local authorities	HBSQ	17	–	–	–	–	–	–	–	–	–	–
Public corporations	HHYT	–	–	–	–	–	–	–	–	–	–	–
Other <sup>1</sup>	HIBY	–	–	–	–	–	–	–	–	–	–	–
Total long-term drawings	HBST	17	–	–	–	–	–	–	–	–	–	–
Repayments from:												
Central government	HBSW	–105	–114	–45	–48	–45	–46	–65	7	–3	32	5
Local authorities	HBSX	–123	–188	22	26	204	651	134	232	–42	446	520
Public corporations	HHYU	–	–	–	–	–	283	–7	–12	–6	–9	–4
Other <sup>1</sup>	HIBZ	–	–	–	–	–	–	–	–	–	–	–
Total long-term repayments	HBSY	–228	–302	–23	–22	159	888	62	227	–51	469	521
Total long-term loans	HBSZ	–211	–302	–23	–22	159	888	62	227	–51	469	521
Short-term loans to:												
Central government	HBTA	–	–	–	–	–	–	–	–	–	–	–
Local authorities	HBTB	–	–	–	–	–	–	–	–	–	–	–
Public corporations	HIAW	–	–	–	–	–	–	–	–	–	–	–
Securities dealers	HBTB	53 746	56 910	77 290	–34 313	31 054	71 239	208 816	–35 085	70 716	–274 515	20 283
Other <sup>1</sup>	HBSD	–6 864	–21 697	38 480	8 428	39 625	65 549	–1 861	59 202	–15 623	–2 017	–64 583
Total short-term loans	HBTC	46 882	35 213	115 770	–25 885	70 679	136 788	206 955	24 117	55 093	–276 532	–44 300
Total loans	XBMP	46 671	34 911	115 747	–25 907	70 838	137 676	207 017	24 344	55 042	–276 063	–43 779
Currency and deposits												
Sterling notes and coin												
Notes (issued by Bank of England)	HLVY	77	67	–51	78	74	102	58	66	41	–22	–134
Coins (issued by Royal Mint)	HMAT	8	8	–6	8	7	11	6	7	4	–3	–15
Total notes and coin	AASD	85	75	–57	86	81	113	64	73	45	–25	–149
Deposits from abroad with UK residents												
Deposits with monetary financial institutions												
Sterling deposits	JXH9	19 754	33 033	16 820	11 300	23 327	27 080	47 249	57 501	209 574	–42 770	–58 767
Foreign currency deposits	JXI2	–13 158	166 168	104 862	77 472	148 376	261 474	232 399	276 414	471 475	–416 330	–265 462
Total deposits with monetary financial institutions	HDKE	6 596	199 201	121 682	88 772	171 703	288 554	279 648	333 915	681 049	–459 100	–324 229
Deposit liabilities of UK central government	HEUN	693	528	–178	–24	232	–877	–57	474	–299	–282	201
Total deposits from abroad with UK residents	HBYX	7 289	199 729	121 504	88 748	171 935	287 677	279 591	334 389	680 750	–459 382	–324 028
Total currency and deposits	HMAO	7 374	199 804	121 447	88 834	172 016	287 790	279 655	334 462	680 795	–459 407	–324 177

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

## 7.7 Other investment

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Other investment in the UK - continued</b>												
<b>Other liabilities</b>												
Long-term												
Net equity of foreign households in life assurance reserves and pension funds	QZEP	-2	-4	-5	-1	-12	-11	-55	-9	-37	-2	-41
Prepayments of insurance premiums and reserves against outstanding claims	NQMC	-602	942	-157	335	-1 371	1 324	2 675	4 423	-4 223	-3 914	-329
Total long-term liabilities	VTUG	-604	938	-162	334	-1 383	1 313	2 620	4 414	-4 260	-3 916	-370
Short-term	HJYF	-129	-90	526	-613	58	-158	158	57	245	175	108
Total other liabilities	XBMX	-733	848	364	-279	-1 325	1 155	2 778	4 471	-4 015	-3 741	-262
<b>Total</b>	<b>XBMN</b>	<b>53 312</b>	<b>235 563</b>	<b>237 558</b>	<b>62 648</b>	<b>241 529</b>	<b>426 621</b>	<b>489 450</b>	<b>363 277</b>	<b>731 822</b>	<b>-739 211</b>	<b>-368 218</b>
<b>Net transactions</b>												
(net credits less net debits)												
Trade credit	LTNC	-102	42	315	-292	-573	336	1 395	-1 361	-120	-40	96
Loans	LTND	29 747	-18 573	67 440	-42 202	12	25 600	72 583	-93 677	-171 114	-153 811	72 685
Deposits	LTNE	-16 786	11 865	-1 333	35 284	-16 827	75 124	-88 908	57 644	165 691	21 046	-108 083
Other	LTNF	-1 092	563	473	-517	-1 484	341	3 120	4 770	-5 026	-7 273	-1 920
<b>Total</b>	<b>HHYR</b>	<b>11 767</b>	<b>-6 103</b>	<b>66 895</b>	<b>-7 727</b>	<b>-18 872</b>	<b>101 401</b>	<b>-11 810</b>	<b>-32 624</b>	<b>-10 569</b>	<b>-140 078</b>	<b>-37 222</b>

## 7.8 Other investment

### Sector analysis

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Other investment abroad</b>												
(UK assets = net debits)												
Investment by:												
Monetary financial institutions	HCET	-12 673	183 470	84 981	69 263	158 841	218 040	292 895	297 014	601 774	-268 139	-263 512
Central government	-HBSM	389	313	59	455	267	908	889	1 044	1 075	3 457	1 476
Public corporations	-HBSV	24	8	-139	-422	-386	-285	-1 826	-2 691	-283	-316	-19
Other sectors	-HBSN	53 805	57 875	85 762	1 079	101 679	106 557	209 302	100 534	139 825	-334 135	-68 941
<b>Total</b>	<b>-XBMM</b>	<b>41 545</b>	<b>241 666</b>	<b>170 663</b>	<b>70 375</b>	<b>260 401</b>	<b>325 220</b>	<b>501 260</b>	<b>395 901</b>	<b>742 391</b>	<b>-599 133</b>	<b>-330 996</b>
<b>Other investment in the UK</b>												
(UK liabilities = net credits)												
Investment in:												
Monetary financial institutions	HBWG	6 673	199 268	121 631	88 850	171 777	288 656	279 706	333 981	681 090	-459 122	-324 363
Central government	HBWH	443	308	273	-722	310	-1 055	50	550	-35	-78	301
Local authorities	HBWJ	-106	-188	22	26	204	651	134	232	-42	446	520
Public corporations	HBWL	-	-	-	-	-	283	-7	-12	-6	-9	-4
Other sectors	HBWM	46 302	36 175	115 632	-25 506	69 238	138 086	209 567	28 526	50 815	-280 448	-44 672
<b>Total</b>	<b>XBMN</b>	<b>53 312</b>	<b>235 563</b>	<b>237 558</b>	<b>62 648</b>	<b>241 529</b>	<b>426 621</b>	<b>489 450</b>	<b>363 277</b>	<b>731 822</b>	<b>-739 211</b>	<b>-368 218</b>
<b>Net transactions</b>												
(net credits less net debits)												
In assets and liabilities of:												
Monetary financial institutions	LTNI	19 346	15 798	36 650	19 587	12 936	70 616	-13 189	36 967	79 316	-190 983	-60 851
Central government	LTNJ	54	-5	214	-1 177	43	-1 963	-839	-494	-1 110	-3 535	-1 175
Local authorities	HBWJ	-106	-188	22	26	204	651	134	232	-42	446	520
Public corporations	LTNK	-24	-8	139	422	386	568	1 819	2 679	277	307	15
Other sectors	LTNL	-7 503	-21 700	29 870	-26 585	-32 441	31 529	265	-72 008	-89 010	53 687	24 269
<b>Total</b>	<b>HHYR</b>	<b>11 767</b>	<b>-6 103</b>	<b>66 895</b>	<b>-7 727</b>	<b>-18 872</b>	<b>101 401</b>	<b>-11 810</b>	<b>-32 624</b>	<b>-10 569</b>	<b>-140 078</b>	<b>-37 222</b>

## 7.9 Reserve assets

### Central government sector

#### Net debits

Net debits		£ million										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Monetary gold	-HBOX	-412	-883	-786	-266	-	-2	-	-4	-	-	-
Special Drawing Rights	-HBOY	38	-73	-22	26	-2	-35	-8	51	-50	-24	8 522
Reserve position in the Fund	-HBOZ	626	-478	633	469	-251	-558	-1 911	-225	-188	802	613
Foreign Exchange												
Currency and deposits												
With central banks	-HBPC	239	-368	6	95	-79	33	28	-43	28	43	-33
With other banks	-HBPD	2 312	6	-900	-863	-586	-882	367	-403	-419	-41	-95
Total currency and deposits	-HBPB	2 551	-363	-892	-767	-664	-849	395	-447	-390	2	-127
Securities												
Bonds and notes	-HBPG	-3 105	5 418	-1 838	2 280	-390	1 551	370	-854	2 105	-1 035	-985
Money market instruments	-HBPH	-337	244	-185	-2 043	-62	107	1 465	1 363	-265	-890	-2 170
Total securities	-HBPE	-3 442	5 662	-2 023	237	-452	1 658	1 835	509	1 840	-1 925	-3 155
Total foreign exchange	-HBPA	-891	5 299	-2 915	-530	-1 116	809	2 230	62	1 450	-1 923	-3 282
Other claims	-HBPI	-	50	5	-158	-190	-18	345	-310	-21	-193	-90
Total	-LTCV	-639	3 915	-3 085	-459	-1 559	196	656	-426	1 191	-1 338	5 763



# 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 have 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. From 1995 to 2007 the UK has recorded a net liability position in every year. The net liability position peaked in 2006 at £385.8 billion. In 2008 the UK reduced its net liability position to £101.5 billion, partially due to exchange rate effects. The fall in the value of sterling against other major currencies increased the value of UK assets and liabilities denominated in foreign currencies. Since a higher proportion of UK assets than of UK liabilities are denominated in foreign currencies, the total value of UK assets held increased by more than the total value of UK liabilities. In 2009 the UK's net liability position has once again widened, increasing to £275.0 billion, partially as a result of sterling rallying against the major currencies.

The value of UK assets and liabilities grew rapidly between 1996 and 2001, 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 the falls in the value of global equity markets. From 2003 the level of both UK external assets and liabilities increased strongly again, due to a rise in cross-border investment, revaluations in the value of equity prices and exchange rate effects. By 2008, at their peak, 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.

Over half of all UK assets and UK liabilities at the end of 2009

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 £248.2 billion in 2009. 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 quadrupled since 2002, resulting in central government having a net liability position of £187.6 billion at the end of 2009. 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 £101.8 billion in 2006. In 2007 the other sectors returned to a net asset position. In 2009 the net asset position of other sectors was £163.1 billion, a reduction from the record £210.9 billion in 2008.

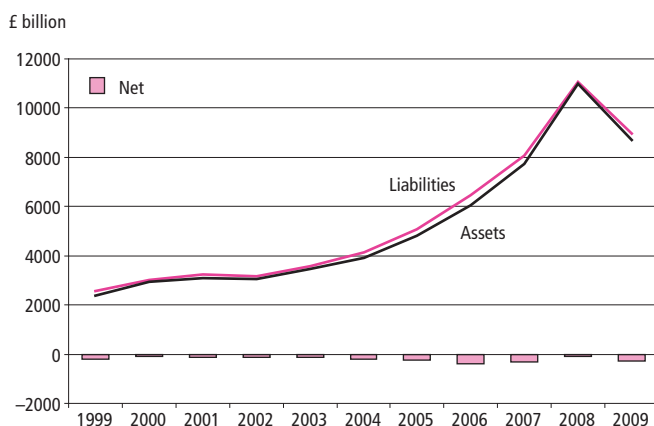
UK assets include reserve assets held by central government. Reserves are mainly held in the form of foreign exchange – in particular bonds and notes. Reserve assets in 2009 accounted for 0.5 per cent of total UK assets, down from 7.8 per cent in 1977.

## UK assets

Financial derivatives of UK banks have been introduced into the main aggregates of the international investment position from 2006, at which time they accounted for 14 per cent of total assets. They increased to 37 per cent in 2008 before reducing to 25 per cent in 2009. The proportion of direct investment abroad remained fairly constant through much of the 1980s and 90s at around 12 to 14 per cent of total UK assets. From 2000 to 2003 it increased to around 20 per cent, reflecting the high level of merger and acquisition activity by UK companies in those years. The proportion of FDI has since declined to 12 per cent in 2009, 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 as a proportion, portfolio investment assets have gradually declined as a proportion of total assets, reaching a record low in 2008 at just 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. 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 57 per cent in 2005. Since then it has steadily decreased to a record low of 38 per cent in 2008 before rallying to 41 per cent in 2009. The reduction is partially a result of the inclusion of financial derivatives, but is also a result of disinvestments largely by monetary financial institutions. In 2009 as sterling appreciated against other major currencies, exchange rate effects have also lowered the value of UK assets denominated in foreign currency.

**Figure 8.1**

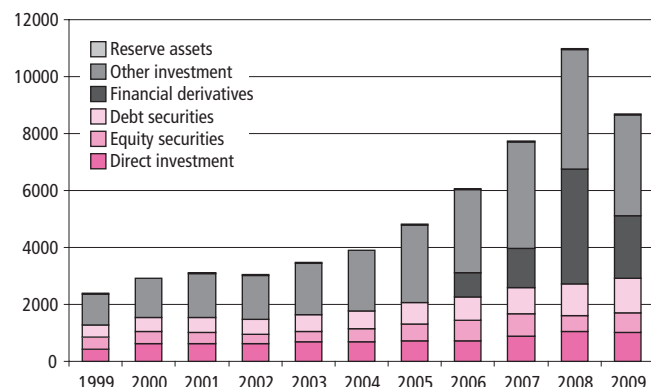
### International Investment Position





**Figure 8.2****UK assets**

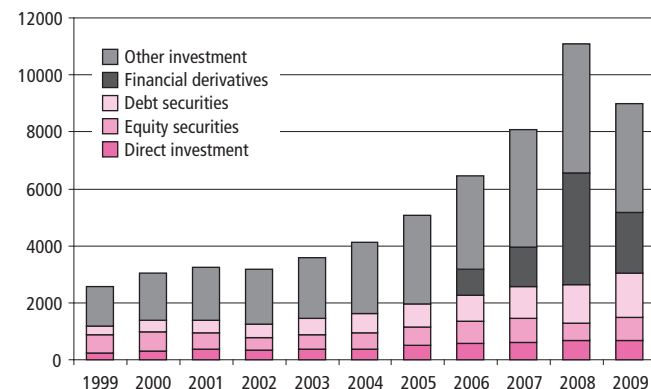
£ billion

**UK liabilities**

Financial derivatives liabilities accounted for 14 per cent of total liabilities when first introduced into the international investment position in 2006. They peaked at 35 per cent in 2008 before dropping back to 24 per cent in 2009. Direct investment in the UK accounted for around 10 per cent of the total value of UK liabilities from 1993 to 2005. More recently the share has declined, reaching a record low of 6.0 per cent in 2008 but has increased slightly in 2009 to 7.5 per cent. 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 continued to decrease to 26 per cent of total liabilities in 2006 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 mainly 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 26 per cent as stock markets recovered. Similarly to the asset position, the share of the value of other investment liabilities in the UK fell from around two-thirds in 1994

**Figure 8.3****UK liabilities**

£ billion



to 54 per cent in 1999. From 1999 to 2005 the proportion of other investment increased, accounting for 61 per cent of the total value of UK liabilities in 2005. With the inclusion of financial derivatives the proportion dropped to 51 per cent in 2006. More recently it has continued to fall to 42 per cent in 2009. This is primarily a result of disinvestments and revaluation effects.

**Financial derivatives**

Financial derivatives of UK banks were included into the main aggregates of the international investment position from 2006<sup>1</sup>. Financial derivative assets have increased by more than one and a half times since their first inclusion in 2006. In 2009 the stock of financial derivative assets was £2,201.5 billion, this was somewhat reduced from the level of £4,040.2 billion in 2008. Financial derivative liabilities have shown a similar path to that of assets, increasing by nearly one and a half times since their first inclusion, but also reduced substantially from the level recorded in 2008. In 2009 the stock of financial derivatives liabilities was £2,121.9 billion.

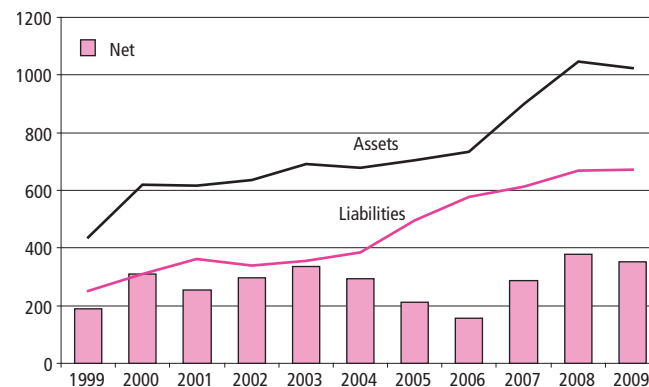
**Direct investment**

Direct investment assets have more than doubled over the last decade, to reach £1.0 trillion in 2009, little changed from the record high recorded at the end of 2008. Investments by UK private non-financial corporations (PNFCs) accounted for 74 per cent of UK direct investment assets at the end of 2009, while monetary financial institutions accounted for 7.6 per cent and other financial intermediaries a further 7.5 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. Since 2000, the value of PNFCs' assets has generally continued to rise, however the level of stocks fell from £799.9 billion in 2008 to £760.4 billion in 2009.

<sup>1</sup> Financial derivatives data for securities dealers and insurance and pension funds are excluded from the international investment position, whilst the data continues to be validated and estimates improved. The financial derivatives balance sheet for all sectors is published separately in table FD.

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

£ billion



Inward direct investment grew sharply in the late 1990s, with the total value of UK liabilities doubling between 1997 and 2001, and almost doubling again between 2002 and 2009. 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 74 per cent in 2009. 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 2009 direct investment in UK monetary financial institutions was 8.5 per cent of total investment liabilities.

### Portfolio investment

Between 1999 and 2009 UK portfolio investment assets increased by 125 per cent to £1,889.2 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. Much of these losses were regained in 2009 as the stockmarket rebounded and disinvestment switched back to investment. The value of foreign debt securities held by UK investors nearly trebled to £1,203.8 billion from £418.4 billion between 1999 and 2009 – it increased by £263.0 billion in just two years between 2007 and 2009. 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 2009 they owned just 32 per cent, with other financial intermediaries increasing their share from 17 to 28 per cent.

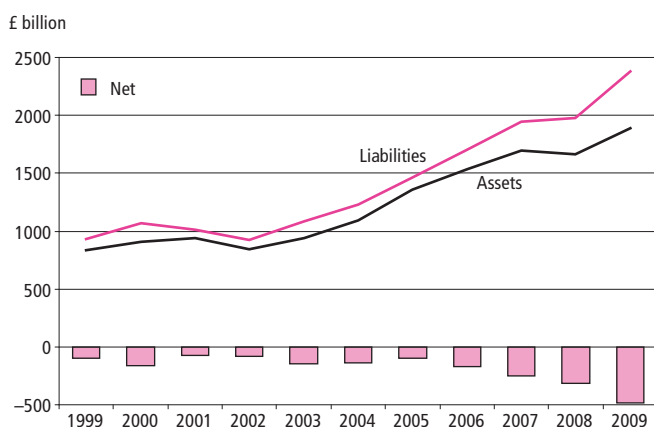
In 2009 the total value of UK portfolio investment liabilities increased to over £2 trillion for the first time. This was due in some part to continued foreign acquisitions of UK portfolio investment securities but also due to revaluation affects as stock markets rebounded from the losses recorded in 2008. The previous time equity prices fell, in 2001 and 2002, the decline in the value of equity securities drove an overall decline in portfolio investment. The fall in the value of portfolio investment liabilities in 2001 and 2002 mirrored the fall in the price of UK equity on the London stock exchange – which fell around 20 per cent in both 2001 and 2002.

### Other investment

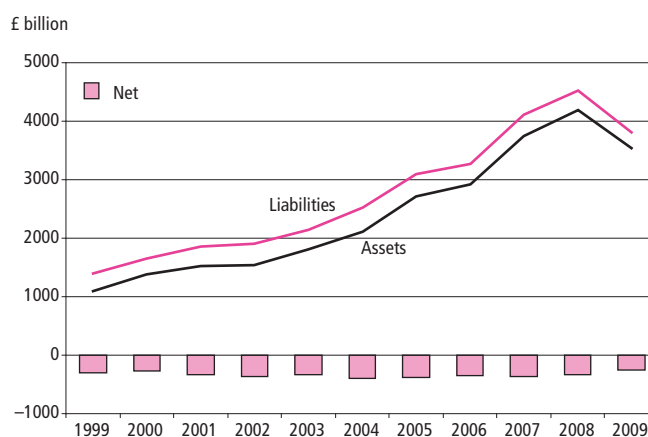
Other investment assets accounted for 41 per cent of total UK external assets in 2009 down from 48 per cent in 2007. The stock of other investment in 2009 was £3,544.7 billion, the lowest level since 2006. UK monetary financial institutions accounted for 76 per cent of total other investment abroad in 2009. 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 12 per cent being held in sterling at the end of 2009.

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 just 78 per cent at the end of 2009. Of the £2,976.3 billion total deposits with UK monetary financial institutions in 2009, 17 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 £809.3 billion at the end of 2009 after peaking at £952.2 billion in 2007.

**Figure 8.5**  
**Portfolio investment**



**Figure 8.6**  
**Other investment**



# 8.1 International investment position

## Summary table

Balance sheets valued at end of year

												£ billion
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
UK Assets												
Direct investment abroad <sup>1</sup>												
Equity capital and reinvested earnings	CGMO	412.3	586.3	582.2	619.3	670.7	667.2	726.8	762.4	865.7	1 013.5	999.2
Other capital assets	HBWU	26.0	32.5	34.8	17.9	20.5	10.9	-20.9	-29.3	34.1	32.7	25.2
Total direct investment abroad	HBWD	438.3	618.8	616.9	637.2	691.1	678.1	705.9	733.1	899.8	1 046.1	1 024.4
Portfolio investment abroad												
Equity securities	HEPX	419.9	429.3	404.6	305.9	372.0	455.3	617.2	693.4	756.5	565.2	685.4
Debt securities	HHZX	418.4	476.8	532.8	538.1	563.9	636.8	743.8	837.7	940.8	1 099.1	1 203.8
Total portfolio investment abroad	HHZZ	838.3	906.1	937.4	844.0	935.8	1 092.1	1 360.9	1 531.1	1 697.3	1 664.3	1 889.2
Financial derivatives	JX96	..	..	..	..	..	..	..	853.7	1 378.1	4 040.2	2 201.5
Other investment abroad	HLXV	1 097.3	1 379.7	1 521.9	1 545.2	1 813.7	2 118.0	2 714.8	2 916.6	3 744.5	4 193.6	3 544.7
Reserve assets	LTEB	22.2	28.8	25.6	25.5	23.8	23.2	24.7	22.9	26.7	36.3	40.1
Total	HBQA	2 396.1	2 933.4	3 101.9	3 051.9	3 464.5	3 911.4	4 806.3	6 057.4	7 746.4	10 980.5	8 700.0
UK Liabilities												
Direct investment in the UK <sup>1</sup>												
Equity capital and reinvested earnings	HBVY	192.3	240.6	259.7	229.2	245.7	267.9	368.7	433.1	495.8	537.5	560.2
Other capital liabilities	HBVC	57.9	69.8	103.7	111.4	109.9	115.5	125.5	144.2	118.0	131.0	111.6
Total direct investment in the UK	HBWI	250.2	310.4	363.5	340.6	355.5	383.3	494.2	577.3	613.8	668.5	671.8
Portfolio investment in the UK												
Equity securities	HLXX	614.2	673.7	584.1	442.7	527.1	574.7	659.3	780.8	836.2	603.2	830.4
Debt securities	HLXY	319.0	393.8	429.1	482.6	555.8	653.2	802.4	922.6	1 109.7	1 375.0	1 546.6
Total portfolio investment in the UK	HLXW	933.2	1 067.6	1 013.2	925.3	1 082.9	1 227.9	1 461.7	1 703.5	1 946.0	1 978.2	2 376.9
Financial derivatives	JX97	..	..	..	..	..	..	..	890.5	1 392.2	3 915.3	2 121.9
Other investment in the UK	HLVD	1 400.9	1 651.6	1 861.9	1 906.0	2 143.2	2 520.8	3 103.0	3 272.0	4 117.6	4 520.1	3 804.4
Total	HBQB	2 584.3	3 029.5	3 238.5	3 171.9	3 581.6	4 132.1	5 058.9	6 443.2	8 069.6	11 082.0	8 975.0
Net International Investment Position												
Direct investment <sup>1</sup>												
Equity capital and reinvested earnings	HBSH	220.0	345.7	322.4	390.1	425.0	399.3	358.1	329.3	369.8	476.0	439.0
Other capital	CGKF	-31.9	-37.3	-69.0	-93.5	-89.4	-104.6	-146.4	-173.5	-83.9	-98.4	-86.4
Total net direct investment	HBWQ	188.1	308.4	253.5	296.6	335.6	294.7	211.7	155.8	285.9	377.6	352.7
Portfolio investment												
Equity securities	CGNE	-194.3	-244.4	-179.4	-136.8	-155.1	-119.4	-42.1	-87.5	-79.7	-37.9	-145.0
Debt securities	CGNF	99.4	82.9	103.7	55.5	8.1	-16.4	-58.6	-84.9	-169.0	-275.9	-342.8
Total net portfolio investment	CGNH	-94.9	-161.5	-75.7	-81.3	-147.0	-135.8	-100.8	-172.4	-248.7	-313.8	-487.7
Financial derivatives	JX98	..	..	..	..	..	..	..	-36.8	-14.1	124.9	79.6
Other investment	CGNG	-303.6	-271.9	-339.9	-360.8	-329.5	-402.9	-388.2	-355.4	-373.0	-326.5	-259.7
Reserve assets	LTEB	22.2	28.8	25.6	25.5	23.8	23.2	24.7	22.9	26.7	36.3	40.1
Total	HBQC	-188.2	-96.2	-136.5	-120.0	-117.2	-220.7	-252.6	-385.8	-323.2	-101.5	-275.0
Allocations of Special Drawing Rights to the UK by the IMF	HEVP	1.6	1.7	1.7	1.6	1.6	1.5	1.6	1.5	1.5	2.0	1.9

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

## 8.2 International investment position

### Summary table

Balance sheets valued at end of year

Balance sheets valued at end of year												£ billion
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
UK Assets												
Monetary financial institutions	CGNJ	1 139.3	1 421.8	1 535.0	1 572.6	1 737.9	1 991.2	2 428.3	3 530.4	4 838.5	7 997.1	5 574.5
Central government	CGNK	30.5	37.7	34.7	35.5	34.2	33.4	35.8	35.0	39.9	53.0	58.3
Public corporations	CGNL	4.5	4.6	3.8	4.2	4.2	4.7	3.4	1.7	1.7	1.6	1.1
Other sectors	CGNM	1 221.9	1 469.3	1 528.4	1 439.6	1 688.1	1 882.1	2 338.9	2 490.3	2 866.3	2 928.9	3 066.1
Total	HBQA	2 396.1	2 933.4	3 101.9	3 051.9	3 464.5	3 911.4	4 806.3	6 057.4	7 746.4	10 980.5	8 700.0
UK Liabilities												
Monetary financial institutions	HBVJ	1 199.3	1 486.6	1 623.8	1 707.1	1 893.3	2 180.0	2 582.4	3 707.5	5 082.9	8 138.0	5 822.7
Central government	CGOG	63.6	65.6	63.3	59.2	70.9	89.3	115.2	141.2	169.6	223.1	245.9
Local authorities	CGOH	1.1	0.8	0.8	0.9	1.1	1.7	1.9	2.1	2.1	2.5	3.0
Public corporations	CGOI	—	—	—	—	—	0.5	0.4	0.4	0.4	0.4	0.4
Other sectors	HCON	1 320.3	1 476.6	1 550.5	1 404.7	1 616.3	1 860.6	2 359.0	2 592.0	2 814.6	2 718.0	2 903.0
Total	HBQB	2 584.3	3 029.5	3 238.5	3 171.9	3 581.6	4 132.1	5 058.9	6 443.2	8 069.6	11 082.0	8 975.0
Net International Investment Position												
Monetary financial institutions	HDIJ	−60.0	−64.8	−88.8	−134.5	−155.4	−188.8	−154.1	−177.0	−244.4	−140.9	−248.2
Central government	CGOK	−33.1	−27.9	−28.6	−23.7	−36.7	−55.9	−79.4	−106.2	−129.7	−170.2	−187.6
Local authorities	−CGOH	−1.1	−0.8	−0.8	−0.9	−1.1	−1.7	−1.9	−2.1	−2.1	−2.5	−3.0
Public corporations	CGOL	4.5	4.6	3.8	4.2	4.2	4.2	2.9	1.3	1.3	1.1	0.7
Other sectors	HDKB	−98.5	−7.3	−22.1	34.8	71.8	21.5	−20.1	−101.8	51.7	210.9	163.1
Total	HBQC	−188.2	−96.2	−136.5	−120.0	−117.2	−220.7	−252.6	−385.8	−323.2	−101.5	−275.0

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

### Balance sheets valued at end of year

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
£ billion												
Direct investment abroad												
(UK assets)												
Equity capital and reinvested earnings												
Ordinary share capital and reinvested earnings	CVWF	399.8	570.6	565.7	600.4	646.1	636.6	689.5	718.9	816.8	958.2	938.4
Holdings of property	HCHP	12.5	15.7	16.5	18.9	24.6	30.6	37.3	43.5	48.9	55.3	60.8
Total equity capital and reinvested earnings	CGMO	412.3	586.3	582.2	619.3	670.7	667.2	726.8	762.4	865.7	1 013.5	999.2
Other capital												
Claims on affiliated enterprises												
Debt securities issued by affiliated enterprises	CVWG	8.8	28.1	31.0	31.8	31.9	15.4	18.0	17.8	17.8	21.0	28.4
Other claims on affiliated enterprises												
Inter-company balance	CVOK	71.4	80.7	88.8	103.1	105.2	131.7	137.4	132.3	176.2	239.8	181.6
Branch indebtedness balance	CVOP	10.2	7.9	12.4	11.4	11.1	12.8	8.2	14.8	18.2	27.2	32.2
Total claims on affiliated enterprises	CGLS	90.3	116.8	132.2	146.3	148.2	159.9	163.6	165.0	212.3	288.0	242.2
Liabilities to affiliated enterprises												
Inter-company balance	-CVOL	-61.8	-79.1	-93.2	-124.6	-122.4	-144.9	-179.5	-190.2	-173.6	-249.6	-212.5
Branch indebtedness balance	-CVOQ	-2.5	-5.2	-4.2	-3.9	-5.3	-4.1	-5.0	-4.0	-4.6	-5.7	-4.4
Total liabilities to affiliated enterprises	-HHDJ	-64.4	-84.3	-97.4	-128.4	-127.7	-149.0	-184.5	-194.2	-178.2	-255.3	-216.9
Total other capital assets	HBWU	26.0	32.5	34.8	17.9	20.5	10.9	-20.9	-29.3	34.1	32.7	25.2
Total	HBWD	438.3	618.8	616.9	637.2	691.1	678.1	705.9	733.1	899.8	1 046.1	1 024.4
Direct investment in the UK												
(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	33.2	36.5
Unquoted share capital and reinvested earnings	CVVC	180.7	227.1	245.6	192.6	204.0	214.5	276.8	374.0	438.1	480.3	497.8
Total share capital and reinvested earnings	HBUX	180.7	227.1	245.6	213.3	229.8	250.1	350.4	412.9	471.0	513.5	534.3
Holdings of UK property	HCCM	11.7	13.5	14.1	15.9	15.9	17.8	18.4	20.2	24.8	24.0	25.8
Total equity capital and reinvested earnings	HBUY	192.3	240.6	259.7	229.2	245.7	267.9	368.7	433.1	495.8	537.5	560.2
Other capital												
Liabilities to direct investors												
Debt securities issued by affiliated enterprises	CVVD	7.0	11.0	17.5	17.3	16.0	20.4	28.3	38.6	33.1	45.4	44.3
Other liabilities to direct investors												
Inter-company balance	CVVJ	96.0	103.8	133.1	147.0	142.2	147.6	165.7	166.6	150.4	175.3	159.2
Branch indebtedness balance	CVVM	6.8	8.5	9.4	8.7	10.7	8.5	8.5	16.0	9.9	9.3	9.7
Total liabilities to direct investors	HBVB	109.8	123.2	160.0	173.0	168.9	176.5	202.5	221.2	193.5	230.0	213.2
Claims on direct investors												
Inter-company balance	-CVVI	-51.8	-51.3	-53.4	-60.5	-55.6	-58.6	-72.7	-73.0	-74.8	-96.6	-99.4
Branch indebtedness balance	-CVVL	-0.1	-2.1	-2.9	-1.1	-3.5	-2.4	-4.3	-3.9	-0.7	-2.3	-2.3
Total claims on direct investors	-HBVA	-51.9	-53.4	-56.3	-61.6	-59.0	-61.0	-77.0	-76.9	-75.5	-98.9	-101.7
Total other capital liabilities	HBVC	57.9	69.8	103.7	111.4	109.9	115.5	125.5	144.2	118.0	131.0	111.6
Total	HBWI	250.2	310.4	363.5	340.6	355.5	383.3	494.2	577.3	613.8	668.5	671.8
Net international investment position												
(UK assets less UK liabilities)												
Equity capital												
Ordinary share capital and reinvested earnings	LTNM	219.1	343.5	320.0	387.1	416.3	386.5	339.1	306.0	345.8	444.7	404.1
Holdings of property	LTNN	0.9	2.2	2.4	3.0	8.7	12.8	18.9	23.3	24.1	31.3	34.9
Total equity capital and reinvested earnings	HBSH	220.0	345.7	322.4	390.1	425.0	399.3	358.1	329.3	369.8	476.0	439.0
Total other capital	CGKF	-31.9	-37.3	-69.0	-93.5	-89.4	-104.6	-146.4	-173.5	-83.9	-98.4	-86.4
Total	HBWQ	188.1	308.4	253.5	296.6	335.6	294.7	211.7	155.8	285.9	377.6	352.7

<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

Balance sheets valued at end of year												£ billion
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Direct investment abroad</b> (UK assets)												
By:												
Monetary financial institutions	CVKH	11.7	18.1	25.5	27.7	27.6	39.1	47.5	51.7	56.6	71.3	77.9
Insurance companies	DPYH	21.2	24.3	22.8	22.0	24.9	27.1	27.7	38.8	47.1	50.0	51.2
Other financial intermediaries	CVWH	26.8	34.9	37.8	42.0	44.2	32.0	32.2	35.8	68.5	72.1	77.3
Private non-financial corporations	CVLX	366.7	527.9	515.8	527.5	569.9	549.4	561.9	564.5	679.8	799.9	760.4
Public corporations	CVOF	1.1	1.7	0.8	1.5	1.4	1.7	0.8	0.3	0.4	0.2	–
Household sector <sup>2</sup>	AQHH	10.8	12.0	14.3	16.5	23.2	28.7	35.7	41.9	47.3	52.5	57.6
<b>Total</b>	<b>HBWD</b>	<b>438.3</b>	<b>618.8</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>1 046.1</b>	<b>1 024.4</b>
<b>Direct investment in the UK</b> (UK liabilities)												
In:												
Monetary financial institutions	CVJW	19.8	26.0	27.2	28.1	30.1	34.2	38.6	41.9	45.0	53.7	57.4
Insurance companies	CVSM	13.7	11.7	13.0	14.1	19.4	18.8	17.5	25.0	21.6	21.0	24.4
Other financial intermediaries												
Securities dealers	CVTC	8.2	9.5	11.0	11.9	12.4	14.3	18.3	15.9	23.0	30.9	44.9
Other	CVTS	7.4	15.8	27.3	29.1	30.3	31.9	26.3	46.4	57.6	55.5	51.0
Total other financial intermediaries	CVUI	15.6	25.2	38.3	41.0	42.7	46.2	44.6	62.4	80.6	86.4	95.9
Private non-financial corporations	CVKW	201.2	247.4	284.9	257.3	263.3	284.1	393.6	448.0	466.8	507.4	494.0
<b>Total</b>	<b>HBWI</b>	<b>250.2</b>	<b>310.4</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>668.5</b>	<b>671.8</b>
<b>Net international investment position</b> (UK assets less UK liabilities)												
Monetary financial institutions	LTNO	–8.1	–8.0	–1.7	–0.5	–2.5	4.9	8.9	9.9	11.6	17.7	20.5
Insurance companies	LTNP	7.6	12.6	9.8	7.9	5.4	8.3	10.2	13.7	25.6	29.0	26.7
Other financial intermediaries	LTNQ	11.2	9.7	–0.5	1.0	1.4	–14.2	–12.4	–26.5	–12.1	–14.3	–18.6
Private non-financial corporations	LTNR	165.5	280.4	230.8	270.2	306.6	265.2	168.3	116.5	213.1	292.5	266.3
Public corporations	CVOF	1.1	1.7	0.8	1.5	1.4	1.7	0.8	0.3	0.4	0.2	–
Household sector <sup>2</sup>	AQHH	10.8	12.0	14.3	16.5	23.2	28.7	35.7	41.9	47.3	52.5	57.6
<b>Total</b>	<b>HBWQ</b>	<b>188.1</b>	<b>308.4</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>377.6</b>	<b>352.7</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										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Portfolio investment abroad</b> (UK assets)												
Investment in equity securities (shares) by:												
Monetary financial institutions	VTWF	6.8	19.7	14.3	2.7	20.8	53.0	86.2	109.2	127.0	41.7	49.7
Central Government	LOER	–	–	–	–	–	–	0.2	0.2	0.2	0.2	0.2
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	CGPB	115.7	100.7	106.2	82.1	79.1	91.4	132.0	150.2	178.6	149.9	183.0
Self-administered pension funds	ZPOR	148.3	135.5	127.9	104.4	125.7	140.3	192.1	202.0	178.6	136.5	167.2
Total insurance companies and pension funds	CGPV	264.0	236.2	234.1	186.5	204.9	231.7	324.0	352.1	357.2	286.4	350.2
Other financial intermediaries												
Securities dealers	HCEA	38.3	49.3	46.8	22.9	32.4	46.3	33.9	31.3	50.2	60.7	64.5
Unit and Investment Trusts	CGSN	93.6	99.1	88.0	77.3	94.1	100.0	131.0	151.6	170.5	134.6	178.0
Other	CGTV	–	–	–	–	–	–	–	–	1.0	1.0	1.0
Total other financial intermediaries	HDIG	131.8	148.4	134.8	100.2	126.5	146.2	164.9	182.9	221.7	196.3	243.5
Private non-financial corporations	XBNN	1.1	10.0	8.9	6.5	7.8	7.9	9.3	11.6	11.3	9.1	10.4
Household sector <sup>2</sup>	HFLX	16.1	15.0	12.5	10.0	12.0	16.5	32.6	37.3	39.1	31.5	31.5
Total investment in equity securities	HEPX	419.9	429.3	404.6	305.9	372.0	455.3	617.2	693.4	756.5	565.2	685.4
Investment in debt securities												
Investment in bonds and notes by:												
Monetary financial institutions	HPCO	243.1	288.7	319.6	332.3	323.1	355.0	409.1	474.5	549.5	561.5	492.8
Central Government	HQ5O	–	–	–	–	–	–	–	–	0.1	–	0.2
Insurance companies and pension funds												
Insurance companies <sup>1</sup>	CGTU	37.8	39.8	55.9	62.9	64.5	77.0	80.5	103.6	114.7	141.4	143.2
Self-administered pension funds	JIRX	36.4	44.2	49.9	45.7	53.9	64.6	87.0	107.9	141.7	143.2	201.1
Total insurance companies and pension funds	HBUM	74.1	84.0	105.8	108.6	118.3	141.7	167.6	211.4	256.4	284.6	344.4
Other financial intermediaries												
Securities dealers	HCDZ	45.6	45.2	34.9	31.1	38.7	57.3	73.8	40.6	17.9	133.5	228.5
Unit and investment trusts	HBXZ	5.8	6.8	8.4	7.7	10.7	13.4	20.6	29.8	34.1	37.2	43.4
Other	HCNA	–	–	–	–	–	–	–	–	–	–	–
Total other financial intermediaries	HCOR	51.4	52.1	43.3	38.8	49.4	70.7	94.4	70.4	52.0	170.7	271.9
Private non-financial corporations	XBNN	0.4	1.6	2.0	2.2	3.5	3.7	3.0	1.3	2.0	4.7	3.5
Household sector <sup>2</sup>	HCJC	6.9	7.5	7.6	7.8	7.7	7.7	7.7	7.5	7.6	8.5	8.2
Total investment in bonds and notes	HEPW	376.0	433.8	478.3	489.6	502.0	578.8	681.7	765.2	867.5	1 030.0	1 120.8
Investment in Money Market Instruments by:												
Central government	LSPI	–	–	0.5	0.9	–	–	–	–	2.4	2.3	4.9
Monetary financial institutions	HHZV	31.7	34.9	42.1	34.6	42.8	37.0	39.6	42.8	53.8	57.1	65.4
Insurance companies and pension funds	HBXX	1.4	1.3	1.1	1.4	1.5	2.1	3.5	3.0	3.1	3.8	4.4
Other financial intermediaries	JXG4	7.5	3.8	6.0	5.6	7.8	8.5	7.5	10.5	7.6	4.6	7.9
Private non-financial corporations	HFBN	1.9	3.0	4.9	6.0	9.8	10.4	11.4	16.2	6.4	1.3	0.4
Total investment in Money Market Instruments	HLXR	42.5	43.0	54.5	48.5	61.9	58.0	62.0	72.5	73.3	69.1	83.0
Total investment in debt securities	HHZX	418.4	476.8	532.8	538.1	563.9	636.8	743.8	837.7	940.8	1 099.1	1 203.8
<b>Total</b>	<b>HHZZ</b>	<b>838.3</b>	<b>906.1</b>	<b>937.4</b>	<b>844.0</b>	<b>935.8</b>	<b>1 092.1</b>	<b>1 360.9</b>	<b>1 531.1</b>	<b>1 697.3</b>	<b>1 664.3</b>	<b>1 889.2</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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Portfolio investment in the UK</b> (UK liabilities)												
Investment in equity securities (shares) issued by:												
Monetary financial institutions	HBQD	11.0	6.6	5.6	3.2	4.5	4.6	5.3	7.0	11.0	8.8	13.9
Other sectors <sup>1</sup>	HBQE	603.2	667.1	578.5	439.5	522.6	570.1	654.0	773.8	825.2	594.4	816.5
Total investment in equity securities	HLXX	614.2	673.7	584.1	442.7	527.1	574.7	659.3	780.8	836.2	603.2	830.4
Investment in debt securities												
Investment in bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	HEWE	4.7	6.5	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	16.7	18.1	18.7	17.3	15.9	21.0	21.0	25.2	29.2	36.4	49.1
Other foreign residents	HEQF	39.6	37.8	37.8	38.2	48.6	61.3	88.0	108.8	129.5	163.6	175.1
Total investment in British government stocks	HEWD	56.2	55.9	56.5	55.5	64.5	82.3	109.0	134.0	158.7	200.0	224.3
Total issues by central government	HHGF	60.9	62.4	59.9	56.4	66.1	83.8	110.7	135.5	160.2	200.0	224.3
Local authorities' bonds	HHGG	–	–	–	–	–	–	–	–	–	–	–
Public corporations' bonds	HEWM	–	–	–	–	–	–	–	–	–	–	–
Issues by monetary financial Institutions												
Bonds	HMBL	33.6	39.0	41.6	51.4	68.0	83.0	105.9	119.3	139.2	159.1	180.7
European medium term notes and other medium-term paper:	HHGI	34.7	38.4	42.5	43.6	53.7	70.9	95.5	114.9	166.9	200.2	208.0
Total monetary financial institutions	HMBF	68.3	77.4	84.1	95.0	121.7	154.0	201.3	234.1	306.2	359.3	388.7
Issues by other sectors <sup>1</sup>	HHGJ	104.6	121.3	129.5	160.1	211.7	258.3	329.3	371.3	433.4	562.4	629.6
Total investment in bonds and notes	HLXZ	233.8	261.1	273.4	311.5	399.5	496.1	641.3	740.8	899.7	1 121.8	1 242.6
Investment in Money Market Instruments												
Investment in treasury bills												
(issued by central government)												
Sterling treasury bills	ACQJ	0.1	–	0.1	0.2	1.9	3.8	2.8	3.5	7.2	21.0	19.2
Euro treasury bills	HHNX	–	–	–	–	–	–	–	–	–	–	–
Total treasury bills	HLYU	0.1	–	0.1	0.2	1.9	3.8	2.8	3.5	7.2	21.0	19.2
Investment in certificates of deposit issued by UK monetary financial institutions	HHGM	54.4	93.3	115.4	108.9	97.8	90.1	96.2	116.7	141.2	149.4	201.9
Investment in commercial paper												
Issued by UK monetary financial Institutions	HHGP	12.8	17.7	17.7	31.4	32.8	40.6	39.9	45.2	42.5	52.9	61.4
Issued by other sectors <sup>1</sup>	HLYQ	17.8	21.7	22.5	30.6	23.7	22.5	22.2	16.3	19.1	29.9	21.5
Total investment in commercial paper	HHGR	30.6	39.4	40.2	62.0	56.5	63.2	62.1	61.5	61.6	82.8	82.9
Total investment in Money Market Instruments	HLYB	85.2	132.7	155.7	171.1	156.3	157.1	161.1	181.8	210.0	253.2	304.0
Total investment in debt securities	HLXY	319.0	393.8	429.1	482.6	555.8	653.2	802.4	922.6	1 109.7	1 375.0	1 546.6
<b>Total</b>	<b>HLXW</b>	<b>933.2</b>	<b>1 067.6</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>1 946.0</b>	<b>1 978.2</b>	<b>2 376.9</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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Net international investment position</b> (UK assets less UK liabilities)												
Equity securities	CGNE	-194.3	-244.4	-179.4	-136.8	-155.1	-119.4	-42.1	-87.5	-79.7	-37.9	-145.0
Debt securities												
Bonds and notes	LTNS	142.1	172.7	204.9	178.1	102.5	82.7	40.4	24.4	-32.3	-91.8	-121.8
Money market instruments	LTNT	-42.7	-89.8	-101.2	-122.6	-94.4	-99.1	-99.1	-109.3	-136.7	-184.1	-221.0
Total debt securities	CGNF	99.4	82.9	103.7	55.5	8.1	-16.4	-58.6	-84.9	-169.0	-275.9	-342.8
<b>Total</b>	CGNH	<b>-94.9</b>	<b>-161.5</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>-248.7</b>	<b>-313.8</b>	<b>-487.7</b>

## 8.6 Portfolio investment

### Sector analysis

#### Balance sheets valued at end of year

£ billion

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Portfolio investment abroad</b> (UK assets)												
<b>Investment by:</b>												
Monetary financial institutions	HHGQ	281.6	343.2	376.0	369.7	386.7	445.0	534.8	626.5	730.3	660.4	607.9
Central government	LOFC	—	—	0.5	0.9	—	—	0.2	0.2	2.6	2.5	5.3
Insurance companies and pension funds	HHHH	339.5	321.4	341.0	296.5	324.7	375.4	495.1	566.6	616.7	574.8	698.9
Other financial intermediaries	HHNH	190.8	204.3	184.0	144.5	183.7	225.5	266.8	263.8	281.2	371.6	523.0
Private non-financial corporations	AIMH	3.4	14.7	15.8	14.6	21.0	21.9	23.7	29.2	19.7	15.1	14.2
Household sector <sup>1</sup>	AINA	23.0	22.4	20.2	17.7	19.7	24.2	40.3	44.8	46.7	40.0	39.7
<b>Total</b>	HHZZ	<b>838.3</b>	<b>906.1</b>	<b>937.4</b>	<b>844.0</b>	<b>935.8</b>	<b>1 092.1</b>	<b>1 360.9</b>	<b>1 531.1</b>	<b>1 697.3</b>	<b>1 664.3</b>	<b>1 889.2</b>
<b>Portfolio investment in the UK</b> (UK liabilities)												
<b>Investment in securities issued by:</b>												
Monetary financial institutions	CGPC	146.5	195.0	222.8	238.6	256.8	289.3	342.7	403.1	500.9	570.4	665.8
Central government	HHGS	61.1	62.4	60.0	56.5	68.0	87.6	113.4	139.0	167.4	221.0	243.5
Local authorities	HHGG	—	—	—	—	—	—	—	—	—	—	—
Public corporations	HEWM	—	—	—	—	—	—	—	—	—	—	—
Other sectors	CGPG	725.6	810.2	730.5	630.2	758.0	851.0	1 005.5	1 161.4	1 277.7	1 186.7	1 467.6
<b>Total</b>	HLXW	<b>933.2</b>	<b>1 067.6</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>1 946.0</b>	<b>1 978.2</b>	<b>2 376.9</b>
<b>Net international investment position</b> (UK assets less UK liabilities)												
Monetary financial institutions	LTNU	135.1	148.3	153.2	131.1	129.8	155.7	192.1	223.4	229.4	89.9	-58.0
Central government	ZPOH	-61.1	-62.4	-59.5	-55.6	-68.0	-87.6	-113.3	-138.8	-164.7	-218.6	-238.2
Local authorities	HHGG	—	—	—	—	—	—	—	—	—	—	—
Public corporations	-HEWM	—	—	—	—	—	—	—	—	—	—	—
Other sectors	LTNV	-169.0	-247.3	-169.5	-156.7	-208.8	-203.9	-179.6	-257.0	-313.4	-185.2	-191.8
<b>Total</b>	CGNH	<b>-94.9</b>	<b>-161.5</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>-248.7</b>	<b>-313.8</b>	<b>-487.7</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										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<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	0.5	0.4	0.1	0.4	1.0	0.6	–0.7	0.6	0.7	0.8	0.7
Total trade credit	HLXP	0.5	0.4	0.1	0.4	1.0	0.6	–0.7	0.6	0.7	0.8	0.7
Loans												
Long-term												
Bank loans under ECGD <sup>2</sup> guarantee	HCFQ	6.0	4.8	5.1	3.8	3.7	3.7	4.1	3.3	3.2	4.4	4.1
Inter-government loans by the UK and other central government assets	HCFN	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	–
Loans by Commonwealth Development Corporation (public corporations)	HEWZ	1.1	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Loans by the ECGD <sup>2</sup>	CY94	2.4	2.4	2.6	2.4	2.4	2.6	2.2	1.1	1.0	1.0	0.7
Loans by specialist leasing companies <sup>1</sup>	HGIH	–	–	–	–	–	–	–	–	–	–	–
Total long-term loans	HFAX	9.7	8.0	8.3	6.8	6.6	6.8	6.8	4.9	4.6	5.8	5.2
Short-term												
By monetary financial institutions												
Sterling loans	JXG7	26.1	27.5	32.2	37.4	40.2	47.4	66.9	87.7	113.1	117.8	96.6
Foreign currency loans	JXG8	189.1	252.4	290.9	290.9	358.3	448.9	575.1	621.3	842.8	1 010.0	808.1
Total monetary financial institutions	ZPOM	215.2	279.9	323.0	328.4	398.4	496.3	642.0	709.1	955.9	1 127.8	904.7
By other sectors	HLXI	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.3	0.5
Total short-term loans	VTUM	215.8	280.5	323.6	328.9	399.0	496.9	642.6	709.6	956.4	1 129.1	905.2
Total loans	HLXQ	225.5	288.5	331.9	335.7	405.6	503.7	649.4	714.5	961.1	1 134.8	910.4
Currency and deposits												
Foreign notes and coin												
Monetary financial institutions	TAAF	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.4	0.3
Other sectors <sup>1</sup>	CGML	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.5
Total foreign notes and coin	HEOX	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.8	0.9	0.8
Deposits abroad by UK residents												
Deposits by monetary financial institutions												
Sterling deposits	JXG9	77.7	97.4	104.7	96.6	114.9	112.0	146.1	193.3	304.8	279.1	210.4
Foreign currency deposits	JXH2	546.9	678.2	700.6	746.5	806.6	894.9	1 053.5	1 092.6	1 409.4	1 813.5	1 567.7
Total monetary financial institutions	VTWL	624.6	775.6	805.3	843.0	921.4	1 006.9	1 199.7	1 286.0	1 714.1	2 092.6	1 778.1
Deposits by securities dealers	HGUX	152.2	206.1	261.9	242.0	289.7	315.7	497.4	504.8	555.7	354.8	331.3
Deposits by other UK residents <sup>1</sup>	HHGW	85.3	98.9	112.3	112.4	183.9	279.3	356.5	397.6	497.1	590.5	502.1
Total deposits abroad	HBXS	862.2	1 080.6	1 179.5	1 197.4	1 395.0	1 602.0	2 053.5	2 188.3	2 767.0	3 037.9	2 611.5
Total currency and deposits	HBVS	862.6	1 081.1	1 180.0	1 198.0	1 395.6	1 602.6	2 054.1	2 189.0	2 767.7	3 038.9	2 612.3

<sup>1</sup> These series relate to non-governmental sectors other than monetary financial institutions.      <sup>2</sup> Export Credits Guarantee Department

## 8.7 Other investment

### Balance sheets valued at end of year

continued

£ billion

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Other investment abroad - continued</b> (UK assets)												
Other assets												
Central government assets												
Central government subscriptions to international organisations												
International Development Association	HEXS	4.7	5.0	5.2	5.5	5.6	5.8	6.2	6.6	7.2	7.9	8.7
Regional development banks	HEXW	1.0	1.1	1.1	1.2	1.3	1.3	1.4	1.5	1.5	1.7	1.9
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	0.4	0.4	0.5	0.5	0.7	0.9	0.9	1.0
Total central government subscriptions	HLXO	6.5	6.8	7.1	7.5	7.7	8.0	8.5	9.2	10.0	11.0	12.0
Other long-term central government assets	XB JL	—	—	—	—	—	—	—	—	—	—	—
Other short-term central government assets	LOEM	1.5	1.8	1.7	2.3	2.5	1.9	2.4	2.6	3.0	5.6	6.1
Total central government	LOET	8.0	8.6	8.8	9.8	10.2	10.0	10.9	11.9	13.1	16.6	18.1
Other sectors assets												
Long-term assets <sup>1</sup>												
	HLXM	—	—	—	—	—	—	—	—	—	—	—
Short-term assets												
Public corporations assets abroad	HGJM	—	—	—	—	—	—	—	—	—	—	—
Other <sup>1</sup>	HHGY	0.8	1.1	1.1	1.4	1.3	1.1	1.1	0.6	1.9	2.5	3.3
Total short-term assets	HLXJ	0.8	1.1	1.1	1.4	1.3	1.1	1.1	0.6	1.9	2.5	3.3
Total other sectors	HLXN	0.8	1.1	1.1	1.4	1.3	1.1	1.1	0.6	1.9	2.5	3.3
Total other assets	HLXS	8.8	9.7	10.0	11.2	11.5	11.0	12.0	12.5	15.0	19.1	21.4
<b>Total</b>	<b>HLXV</b>	<b>1 097.3</b>	<b>1 379.7</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>4 193.6</b>	<b>3 544.7</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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Other investment in the UK</b> (UK liabilities)												
Trade credit												
Long-term <sup>1</sup>	HBWC	–	–	–	–	–	–	–	–	–	–	–
Short-term <sup>1</sup>	HCGB	1.0	1.1	1.1	1.0	0.9	0.9	1.0	0.8	0.8	1.1	1.0
Total trade credit	HLYL	1.0	1.1	1.1	1.0	0.9	0.9	1.0	0.8	0.8	1.1	1.0
Loans												
Long-term loans to:												
Central government	HHGZ	0.4	0.6	0.5	0.4	0.2	0.1	0.1	–	–	–	–
Local authorities	HHHA	1.1	0.8	0.8	0.9	1.1	1.7	1.9	2.1	2.1	2.5	3.0
Public corporations	HHHB	–	–	–	–	–	0.4	0.4	0.4	0.4	0.4	0.4
Other <sup>1</sup>	AQBX	–	–	–	–	–	–	–	–	–	–	–
Total long-term loans	HHHC	1.4	1.4	1.3	1.2	1.3	2.3	2.4	2.5	2.5	2.9	3.4
Short-term loans to:												
Central government	HHHD	–	–	–	–	–	–	–	–	–	–	–
Local authorities	HHHE	–	–	–	–	–	–	–	–	–	–	–
Securities dealers	HHHF	271.7	314.1	388.6	356.1	382.5	444.5	668.1	588.1	677.9	562.0	549.5
Other <sup>1</sup>	HHHG	76.9	55.5	82.8	91.7	138.6	203.0	214.1	287.0	274.3	342.3	259.8
Total short-term loans	HHHJ	348.6	369.6	471.3	447.7	521.1	647.5	882.1	875.1	952.2	904.3	809.3
Total loans	HLYI	350.0	371.0	472.6	449.0	522.4	649.8	884.5	877.6	954.7	907.2	812.7
Currency and deposits												
Sterling notes and coin												
Notes (issued by Bank of England)	HLVG	1.0	1.0	1.0	1.1	1.1	1.2	1.3	1.4	1.4	1.4	1.2
Coins (issued by central government)	HLVH	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1
Total notes and coin	APME	1.1	1.1	1.1	1.2	1.3	1.4	1.4	1.5	1.5	1.5	1.4
Deposits from abroad with UK residents												
Deposits with monetary financial institutions												
Sterling deposits	JXH3	172.7	204.6	220.5	232.9	257.1	285.3	338.2	396.5	612.4	565.6	501.2
Foreign currency deposits	JXH4	859.4	1 060.0	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
Total deposits with UK monetary financial institutions	HDKG	1 032.1	1 264.6	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
Deposit liabilities of UK central government	HEYH	1.3	1.8	1.7	1.6	1.9	1.0	0.9	1.4	1.1	0.8	1.0
Total deposits from abroad with UK residents	HBYA	1 033.4	1 266.4	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
Total currency and deposits	HLVI	1 034.5	1 267.5	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
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	14.1	10.8	10.7	12.6	10.2	11.5	14.2	18.6	14.4	10.5	10.2
Total long-term liabilities <sup>1</sup>	VTUF	14.3	11.0	10.9	12.9	10.4	11.7	14.4	18.8	14.6	10.7	10.4
Short-term <sup>1</sup>	HBMV	1.1	1.1	1.6	1.0	1.0	0.9	1.0	1.1	1.3	1.5	1.6
Total other liabilities	HLYM	15.4	12.0	12.5	13.8	11.4	12.6	15.5	19.9	16.0	12.2	12.0
<b>Total</b>	<b>HLYD</b>	<b>1 400.9</b>	<b>1 651.6</b>	<b>1 861.9</b>	<b>1 906.0</b>	<b>2 143.2</b>	<b>2 520.8</b>	<b>3 103.0</b>	<b>3 272.0</b>	<b>4 117.6</b>	<b>4 520.1</b>	<b>3 804.4</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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Net international investment position</b> (UK assets less UK liabilities)												
Trade credit	LTNW	-0.5	-0.7	-1.0	-0.6	0.1	-0.2	-1.7	-0.2	-0.1	-0.4	-0.3
Loans	LTNX	-124.5	-82.5	-140.7	-113.3	-116.8	-146.1	-235.1	-163.1	6.4	227.6	97.7
Currency and deposits	LTNY	-171.9	-186.5	-195.7	-244.2	-212.8	-254.9	-148.0	-184.6	-378.3	-560.7	-366.4
Other	LTNZ	-6.7	-2.3	-2.5	-2.7	0.1	-1.6	-3.5	-7.4	-1.0	6.9	9.4
<b>Total</b>	<b>CGNG</b>	<b>-303.6</b>	<b>-271.9</b>	<b>-339.9</b>	<b>-360.8</b>	<b>-329.5</b>	<b>-402.9</b>	<b>-388.2</b>	<b>-355.4</b>	<b>-373.0</b>	<b>-326.5</b>	<b>-259.7</b>

## 8.8 Other investment

### Sector analysis

#### Balance sheets valued at end of year

£ billion

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Other investment abroad</b> (UK assets)												
<b>Investment by:</b>												
Monetary financial institutions	VTXD	845.9	1 060.5	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
Central government	CGEN	8.3	8.9	9.1	10.0	10.4	10.1	11.0	12.1	13.2	16.7	18.2
Public corporations	CGEO	3.4	2.9	3.0	2.8	2.8	2.9	2.5	1.4	1.3	1.3	1.0
Other sectors	CGGH	239.7	307.4	376.3	357.1	476.8	597.8	855.3	904.6	1 056.6	950.4	838.3
<b>Total</b>	<b>HLXV</b>	<b>1 097.3</b>	<b>1 379.7</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>4 193.6</b>	<b>3 544.7</b>
<b>Other investment in the UK</b> (UK liabilities)												
<b>Investment in:</b>												
Monetary financial institutions	CGHB	1 033.1	1 265.6	1 373.9	1 440.5	1 606.4	1 856.4	2 201.0	2 372.0	3 144.8	3 598.6	2 977.5
Central government	CGHG	2.5	3.2	3.4	2.6	2.8	1.7	1.8	2.3	2.2	2.1	2.4
Local authorities	CGHX	1.1	0.8	0.8	0.9	1.1	1.7	1.9	2.1	2.1	2.5	3.0
Public corporations	ZPOX	—	—	—	—	—	0.5	0.4	0.4	0.4	0.4	0.4
Other sectors	CGNC	364.3	382.1	483.8	462.1	532.8	660.5	897.9	895.2	968.0	916.5	821.1
<b>Total</b>	<b>HLVD</b>	<b>1 400.9</b>	<b>1 651.6</b>	<b>1 861.9</b>	<b>1 906.0</b>	<b>2 143.2</b>	<b>2 520.8</b>	<b>3 103.0</b>	<b>3 272.0</b>	<b>4 117.6</b>	<b>4 520.1</b>	<b>3 804.4</b>
<b>Net international investment position</b> (UK assets less UK liabilities)												
Monetary financial institutions	LTOC	-187.1	-205.1	-240.3	-265.1	-282.8	-349.4	-355.1	-373.6	-471.4	-373.4	-290.3
Central government	LTOD	5.7	5.7	5.7	7.4	7.6	8.4	9.3	9.8	11.0	14.6	15.7
Local authorities	-CGHX	-1.1	-0.8	-0.8	-0.9	-1.1	-1.7	-1.9	-2.1	-2.1	-2.5	-3.0
Public corporations	LTOE	3.4	2.9	3.0	2.8	2.8	2.5	2.1	1.0	0.9	0.9	0.6
Other sectors	LTOF	-124.6	-74.6	-107.4	-104.9	-56.0	-62.6	-42.6	9.5	88.5	33.9	17.3
<b>Total</b>	<b>CGNG</b>	<b>-303.6</b>	<b>-271.9</b>	<b>-339.9</b>	<b>-360.8</b>	<b>-329.5</b>	<b>-402.9</b>	<b>-388.2</b>	<b>-355.4</b>	<b>-373.0</b>	<b>-326.5</b>	<b>-259.7</b>

## 8.9 Reserve assets

### Central government sector

Balance sheets valued at end of year

		£ billion										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Monetary gold	HCGD	3.7	2.9	2.2	2.1	2.3	2.3	3.0	3.2	4.2	6.0	6.8
Special drawing rights	HCGE	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	8.9
Reserve position in the Fund	HCGF	3.3	2.9	3.5	3.8	3.5	2.9	1.0	0.7	0.5	1.6	2.1
Foreign exchange												
Currency and deposits												
With central banks	CGDE	0.4	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.4	0.3
With other banks	CGDF	5.0	3.7	2.8	1.9	1.3	0.3	0.8	0.4	0.4	0.4	0.3
Total currency and deposits	CGDD	5.5	3.7	2.9	2.1	1.4	0.4	1.0	0.5	0.5	0.9	0.7
Securities												
Bonds and notes	CGDH	7.6	16.7	14.4	16.8	16.2	17.1	17.5	15.3	18.2	24.4	21.0
Money market instruments	CGDL	1.8	2.3	2.2	0.2	0.2	0.3	1.7	3.0	3.1	3.1	0.7
Total securities	CGDG	9.5	19.0	16.6	17.0	16.4	17.4	19.2	18.3	21.3	27.5	21.7
Total foreign exchange	HCGG	14.9	22.7	19.4	19.1	17.7	17.8	20.2	18.8	21.7	28.4	22.3
Other claims	CGDM	—	0.1	0.4	0.2	—	0.1	0.4	—	0.1	—	—
Total	LTEB	22.2	28.8	25.6	25.5	23.8	23.2	24.7	22.9	26.7	36.3	40.1

# 8.10

## External debt statement

### End of period

		£ billion									
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>											
Short-term											
Money market instruments	HLVU	–	0.1	0.2	1.9	3.8	2.8	3.5	7.2	21.0	19.2
Currency and deposits	HLVH	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1
Other liabilities	VTZZ	1.8	1.7	1.6	1.9	1.0	0.9	1.4	1.1	0.8	1.0
Total short-term	ZAVF	2.0	1.9	1.9	3.9	4.9	3.8	5.1	8.5	22.0	20.4
Long-term											
Bonds and notes issued by central government	HHGF	62.4	59.9	56.4	66.1	83.8	110.7	135.5	160.2	200.0	224.3
Loans to central government	HHGZ	0.6	0.5	0.4	0.2	0.1	0.1	–	–	–	–
to local authorities	HHHA	0.8	0.8	0.9	1.1	1.7	1.9	2.1	2.1	2.5	3.0
Total long-term	ZAVG	63.7	61.2	57.6	67.4	85.7	112.6	137.6	162.2	202.5	227.3
Total General Government liabilities	ZAVH	65.7	63.0	59.5	71.4	90.6	116.4	142.6	170.7	224.5	247.7
<b>Monetary Authorities</b>											
Short-term											
Money market instruments	VTZS	0.2	1.4	2.8	3.5	3.4	3.6	2.4	2.5	3.3	2.6
Currency and deposits	VTZT	5.2	3.8	5.5	6.8	9.9	13.0	14.6	21.6	36.8	13.8
Total short-term	VTZY	5.5	5.2	8.3	10.3	13.3	16.5	16.9	24.0	40.2	16.4
Long-term											
Bonds and notes	VTZU	–	–	–	–	–	–	–	–	–	–
Total long-term	VTZV	–	–	–	–	–	–	–	–	–	–
Total Monetary Authorities liabilities	VTZW	5.5	5.2	8.3	10.3	13.3	16.5	16.9	24.0	40.2	16.4
<b>Monetary financial institutions</b>											
Short-term											
Money market instruments	ZAUX	110.7	131.7	137.5	127.1	127.4	132.6	159.6	181.2	199.0	260.7
Currency and deposits	JXI3	1 259.3	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
Total short-term	ZAVI	1 370.0	1 500.7	1 571.4	1 725.6	1 972.7	2 319.4	2 515.7	3 303.1	3 759.3	3 223.1
Long-term											
Bonds and notes	HMBF	77.4	84.1	95.0	121.7	154.0	201.3	234.1	306.2	359.3	388.7
Total long-term	ZPOK	77.4	84.1	95.0	121.7	154.0	201.3	234.1	306.2	359.3	388.7
Total monetary financial institutions liabilities	ZAVA	1 447.4	1 584.8	1 666.5	1 847.3	2 126.7	2 520.7	2 749.8	3 609.2	4 118.6	3 611.8
<b>Other sectors</b>											
Short-term											
Money market instruments	HLVQ	21.7	22.5	30.6	23.7	22.5	22.2	16.3	19.1	29.9	21.5
Loans	ZLBY	369.6	471.3	447.7	521.1	647.5	882.1	875.1	952.2	904.3	809.3
Trade credits	HCGB	1.1	1.1	1.0	0.9	0.9	1.0	0.8	0.8	1.1	1.0
Other liabilities	LSYR	1.1	1.6	1.0	1.0	0.9	1.0	1.1	1.3	1.5	1.6
Total short-term liabilities	ZAVB	393.5	496.6	480.3	546.8	671.7	906.3	893.3	973.5	936.9	833.4
Long-term											
Bond and notes	HHGJ	121.3	129.5	160.1	211.7	258.3	329.3	371.3	433.4	562.4	629.6
Loans	ZLBZ	–	–	–	–	0.4	0.4	0.4	0.4	0.4	0.4
Trade credits	HBWC	–	–	–	–	–	–	–	–	–	–
Other liabilities	VTUF	11.0	10.9	12.9	10.4	11.7	14.4	18.8	14.6	10.7	10.4
Total long-term liabilities	ZAUQ	132.3	140.3	173.0	222.1	270.5	344.2	390.5	448.4	573.5	640.4
Total other sectors liabilities	ZAUR	525.8	636.9	653.3	768.9	942.2	1 250.5	1 283.8	1 422.0	1 510.4	1 473.8
<b>Direct investment</b>											
Debt liabilities to affiliated enterprises											
Debt liabilities to direct investors	HHDJ	84.3	97.4	128.4	127.7	149.0	184.5	194.2	178.2	255.3	216.9
	HBVB	123.2	160.0	173.0	168.9	176.5	202.5	221.2	193.5	230.0	213.2
Total liabilities to direct investors	ZAUJ	207.5	257.4	301.4	296.6	325.5	387.0	415.4	371.6	485.3	430.2
<b>GROSS EXTERNAL DEBT</b>	<b>ZAUS</b>	<b>2 251.9</b>	<b>2 547.4</b>	<b>2 689.0</b>	<b>2 994.5</b>	<b>3 498.3</b>	<b>4 291.1</b>	<b>4 608.6</b>	<b>5 597.6</b>	<b>6 379.0</b>	<b>5 779.9</b>

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

Balance sheets valued at end of year

		£ billion										
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Financial derivatives assets</b>												
UK banks												
Sterling	ZPNP	29.4	49.8	43.5	56.7	44.1	46.1	51.3	62.9	84.2	180.2	112.1
Foreign currency	ZPNQ	360.8	340.6	481.0	626.2	579.3	663.3	768.8	790.9	1 294.0	3 859.9	2 089.4
Total UK banks	ZPNA	390.2	390.5	524.5	682.8	623.4	709.4	820.1	853.7	1 378.1	4 040.2	2 201.5
Other Financial Intermediaries												
UK securities dealers												
Sterling	RUVI	4.6	3.2	13.2	16.2	10.6	11.5	15.0	28.6	38.6	83.7	35.7
Foreign currency	RUVJ	58.0	52.6	51.9	70.9	144.0	104.7	186.5	234.5	400.6	849.4	456.7
Total UK securities dealers	RVAP	62.6	55.7	65.1	87.1	154.7	116.2	201.5	263.1	439.2	933.1	492.4
Other <sup>2</sup>	D4AG	0.2	0.5	0.6	0.7	1.1	0.4	0.5	0.2	1.9	2.6	..
Total Other Financial Intermediaries	D4AH	62.8	56.2	65.7	87.8	155.8	116.6	202.1	263.3	441.1	935.7	..
Insurance companies and pension funds												
Insurance companies <sup>3</sup>	D4AE	0.7	0.7	1.0	0.8	0.2	–	–	–	0.3	2.1	..
Pension funds <sup>4</sup>	GOJU	0.9	0.8	0.8	0.7	0.6	3.0	2.7	6.0	8.7	5.8	..
Total insurance companies and pension funds	D4AF	1.6	1.5	1.7	1.5	0.8	3.0	2.6	6.0	8.9	8.0	..
<b>Total UK assets</b>	ZPNC	454.6	448.2	592.0	772.1	780.0	828.9	1 024.8	1 123.0	1 828.2	4 983.8	..
<b>Financial derivative liabilities</b>												
UK banks												
Sterling	ZPNR	36.1	48.2	43.8	57.1	32.4	36.3	66.3	62.4	82.3	258.2	124.9
Foreign currency	ZPNS	351.9	351.8	485.8	631.5	600.0	678.8	764.8	828.1	1 309.9	3 657.0	1 997.0
Total UK banks	ZPNB	388.0	400.0	529.6	688.7	632.4	715.0	831.1	890.5	1 392.2	3 915.3	2 121.9
Other Financial Intermediaries												
UK securities dealers												
Sterling	RUXE	5.3	4.3	13.6	17.2	14.0	14.0	18.2	23.6	40.2	86.3	38.9
Foreign currency	RUXF	51.9	46.5	50.2	73.7	150.0	112.2	183.1	234.4	392.5	740.8	414.1
Total UK securities dealers	RVAV	57.1	50.9	63.8	90.9	163.9	126.2	201.3	258.0	432.6	827.1	453.0
Other <sup>2</sup>	D4AK	0.1	0.1	–	0.1	0.7	0.1	0.1	–	1.8	2.2	..
Total Other Financial Intermediaries	D4AL	57.2	51.0	63.8	91.0	164.6	126.3	201.4	258.0	434.5	829.3	..
Insurance companies and pension funds												
Insurance companies <sup>3</sup>	D4AI	0.3	0.3	0.2	0.5	0.2	0.1	–	–	0.4	2.3	..
Pension funds <sup>4</sup>	GKGR	1.0	0.6	0.7	0.4	0.4	3.1	2.8	7.0	11.3	6.3	..
Total insurance companies and pension funds	D4AJ	1.3	0.9	0.9	0.9	0.7	3.2	2.8	7.0	11.6	8.6	..
<b>Total UK liabilities</b>	ZPND	446.6	451.9	594.3	780.6	797.7	844.6	1 035.3	1 155.5	1 838.3	4 753.2	..
<b>Net international investment position</b>												
Banks	ZPNE	2.2	–9.5	–5.1	–5.8	–9.0	–5.6	–11.0	–36.8	–14.1	124.9	79.6
Other Financial Intermediaries												
Securities dealers	ZPNF	5.5	4.9	1.3	–3.8	–9.2	–10.0	0.2	5.1	6.6	106.0	39.4
Other <sup>2</sup>	D4AP	0.1	0.3	0.6	0.6	0.4	0.3	0.4	0.1	0.1	0.4	..
Total Other Financial Intermediaries	D4AQ	5.6	5.2	1.9	–3.2	–8.8	–9.8	0.6	5.3	6.7	106.4	..
Insurance companies and pension funds												
Insurance companies <sup>3</sup>	D4AM	0.4	0.4	0.8	0.3	–	–0.1	–0.1	–	–0.1	–0.2	..
Pension funds <sup>4</sup>	D4AN	–0.2	0.2	–	0.3	0.1	–0.1	–0.1	–1.0	–2.6	–0.5	..
Total insurance companies and pension funds	D4AO	0.3	0.6	0.8	0.6	0.1	–0.3	–0.2	–1.0	–2.7	–0.7	..
<b>Total</b>	ZPNG	8.1	–3.7	–2.4	–8.5	–17.7	–15.7	–10.6	–32.5	–10.1	230.6	..

<sup>1</sup> Most of the data in this table are not included in the main aggregates of the UK's international investment position as the data are developmental. However, the data for UK banks have now been included in the main aggregates from 2006. Work is continuing to validate and improve the estimates for the other sectors and to obtain more information on the type of derivatives traded.

<sup>2</sup> Includes unit and investment trusts and open-ended investment companies, finance leasing companies, credit grantors, factoring companies and building societies.

<sup>3</sup> Includes both general and long-term insurance.

<sup>4</sup> Includes self-administered pension funds only.



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's a structure with yellow and black striped safety barriers. In the lower right, there's a glass-enclosed staircase or escalator. The entire image is overlaid with a semi-transparent pink color.

# Part 3

## Geographical breakdown



# Chapter 9

## Geographical breakdown of current account

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 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.

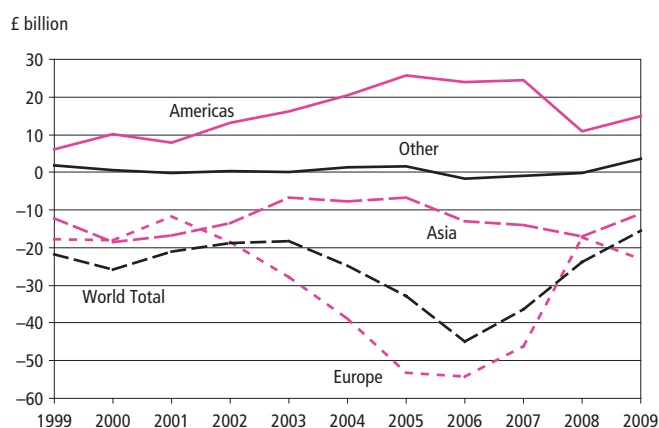
### Current account by region

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 £10.8 billion in 2008 to £14.9 billion in 2009. In contrast, the UK has consistently recorded a current account deficit with Europe, rising to a record £54.3 billion in 2006, before narrowing to £17.3 billion in 2008. In 2009 however, this deficit widened by £5.7 billion to £23.0 billion. 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 narrowed to £11.0 billion in 2009 from a deficit of £17.1 billion in 2008. This was mainly due to a fall in income debits, which, at £12.1 billion, were approximately half that in 2008.

### Figure 9.1

#### Current account

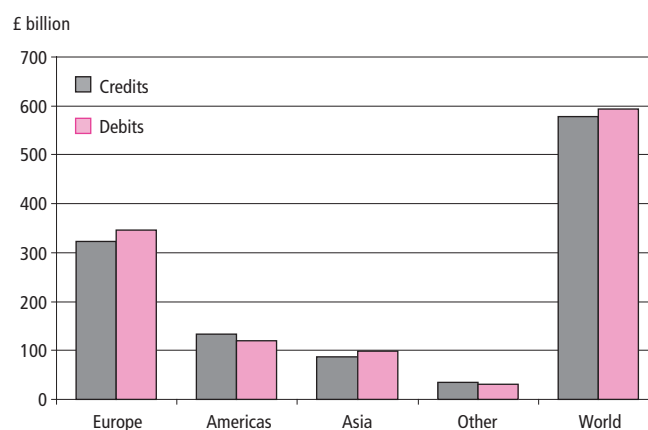
Credits less debits



In 2009 around half of the value of current account credit and debit transactions was with the 27 European Union (EU) member states. EU27 countries accounted for around 85 per cent of current account credits and debits with Europe. By component, trade in goods accounted for 43 per cent of the value of current account credits and 56 per cent of the value of debits with Europe, with income accounting for around 29 per cent of credits and 21 per cent of debits.

The Americas accounted for around a quarter of total credits and a fifth of total debits in 2009. Goods and services transactions together accounted for 62 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 over three-quarters of total current account credits and debits in the region.

**Figure 9.2**  
Current account by continent, 2009



Asia accounted for 15 per cent of UK current account credits in 2009, up from 13 per cent in 2006. Similarly, Asia has accounted for a higher proportion of total UK debits in recent years, increasing from 14 per cent in 2006 to 16 per cent in 2009. This is due to increases in exports and imports of goods and services. In 2009 exports and imports of goods and services represented 72 per cent of Asian current account credits and 84 per cent of current account debits. China overtook Japan as the UK's largest current account partner country in Asia, in terms of total credits and debits, for the first time since records began in 1992. Current account credits and debits with China broadly remained unchanged in 2009 compared to 2008; however, credits with Japan fell by £5.0 billion and debits fell by £6.3 billion. This was mainly due to income credits and debits with Japan falling by 46 per cent and 47 per cent respectively in 2009.

After a decade, the current account with Africa has returned to surplus in 2009. 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 £3.5 billion, but narrowed to £2.2 billion in 2008. In 2009 debits fell by 15 per cent, which switched the current account deficit of £2.2 billion with Africa into a surplus of £0.6 billion.

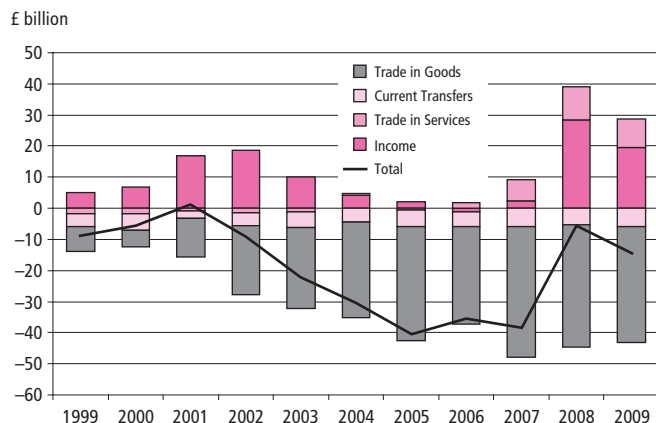
### Current account with EU27, USA and Japan

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. From 2004, trade in services has been in surplus for five of the last six years growing strongly to record a net surplus of £9.2 billion in 2009. The income surplus was relatively subdued in 2004 to 2007. The income surplus rose sharply from £2.5 billion in 2007 to £28.3 billion in 2008 before falling to £19.5 billion in 2009. As a result, between 2007 and 2008 the current account deficit with the EU27 narrowed by £33.0 billion to £5.5 billion. However in 2009, the current account deficit widened by £8.8 billion to £14.4 billion with the EU27, mainly due to a 31 per cent fall in the income surplus.

Figure 9.3

#### Current account with the European Union

Credits less debits



The current account deficit with the EU27 narrowed from £8.8 billion in 1999 to a surplus of £1.1 billion in 2001, before increasing to a record deficit of £40.6 billion in 2005. The current account deficit fell sharply in 2008 to a deficit of £5.5 billion, before increasing to a deficit of £14.4 billion in 2009.

The trade in goods and services deficit with the EU27 decreased to £28.0 billion in 2009, largely due to lower imports of goods from Germany, France and the Netherlands. 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 £28.3 billion in 2008. In 2009 the net

income surplus with the EU27 narrowed by £8.8 billion to £19.5 billion, mainly due to a switch from an income surplus to an income deficit with France and an increased deficit with Ireland. The deficit on current transfers has remained relatively stable since 1999, typically between £4 billion and £6 billion. 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 16 per cent of debits in 2009. 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 £19.0 billion. In 2008 the current account surplus fell back considerably to £7.9 billion, but rose again to £11.5 billion in 2009. The increased surplus was driven by a £5.4 billion reduction on the income deficit to £11.6 billion in 2009, partly offset by a £1.8 billion reduction in the surplus on trade in services.

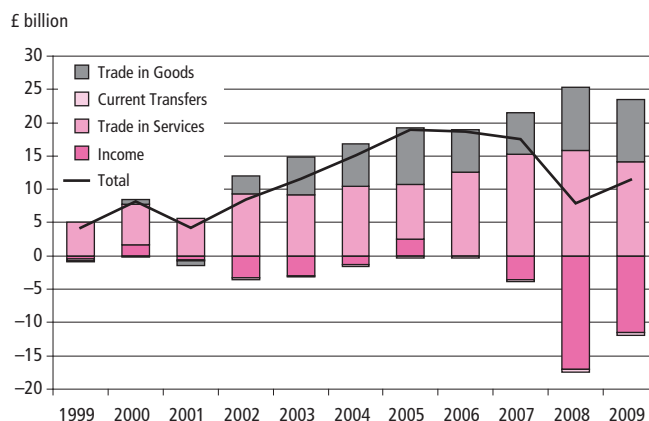
The UK has recorded a current account deficit with Japan in every year for which data are available, peaking at £7.2 billion in 2000, falling back to £0.9 billion in 2003, before rising to £2.8 billion in 2006. The deficit reduced slightly in 2007 and 2008 but narrowed considerably to £1.4 billion in 2009. This was mainly due to lower debits, which fell from £20.6 billion in 2008 to £14.4 billion in 2009. Lower debits were mainly due to lower income debits combined with lower imports of goods from Japan in 2009.

When ranking individual countries by the size of the current account balance in 2009, the largest surpluses were recorded with: The Netherlands (£12.1 billion), USA (£11.5 billion), Luxembourg (£8.5 billion), Switzerland (£7.8 billion) and Australia (£5.7 billion).

Figure 9.4

#### Current account with the USA

Credits less debits



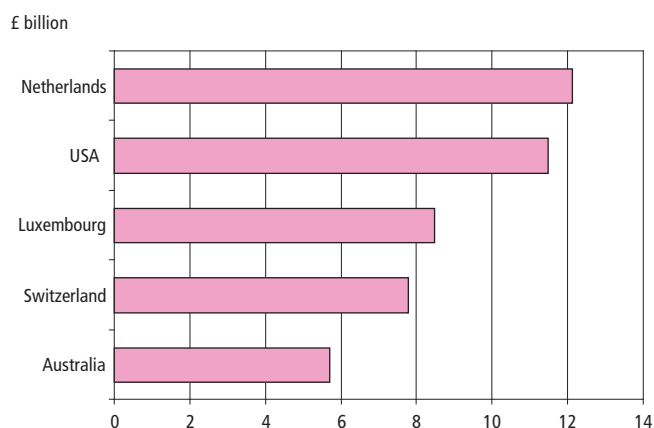
The surpluses with the Netherlands, Luxembourg, Switzerland and Australia are largely due to surpluses on income and trade in services. In contrast, the surplus with the USA is because of a surplus on trade in goods and services.

When ranking individual countries by the size of the current account balance in 2009, the largest deficits were recorded with: China (£17.0 billion), Norway (£12.7 billion), Germany (£12.2 billion), France (£6.5 billion) and Hong Kong (£3.0 billion).

The current account deficits with China, Norway, Germany and Hong Kong are almost entirely a result of deficits on trade in goods. The current account deficit with France, however, is due in part to a deficit on income and trade in services as well as a deficit on trade in goods.

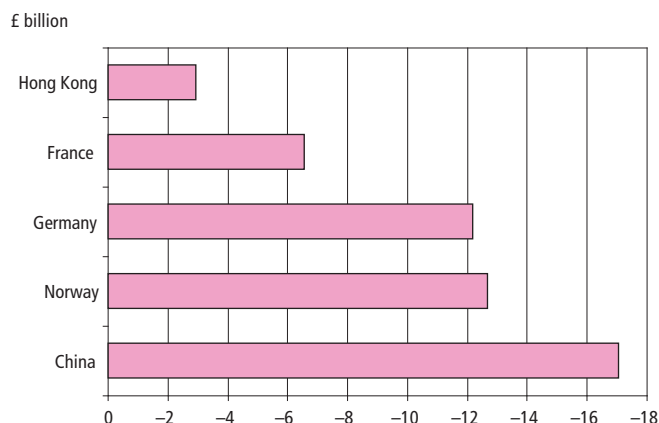
**Figure 9.5**

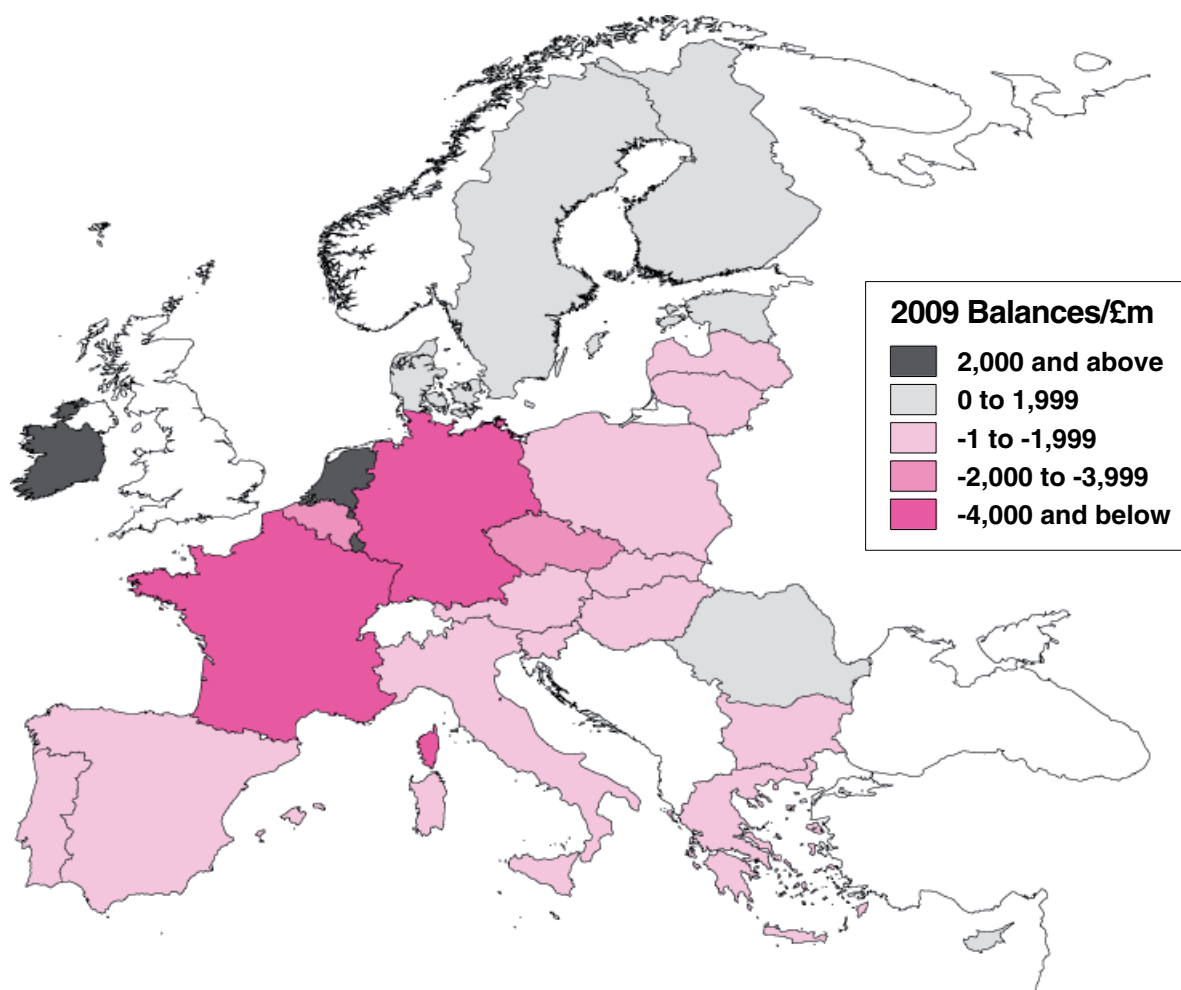
**Current account: largest five surpluses in 2009**



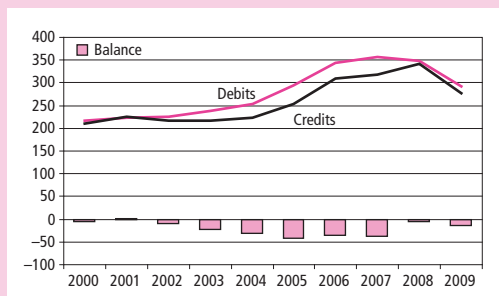
**Figure 9.6**

**Current account: largest five deficits in 2009**

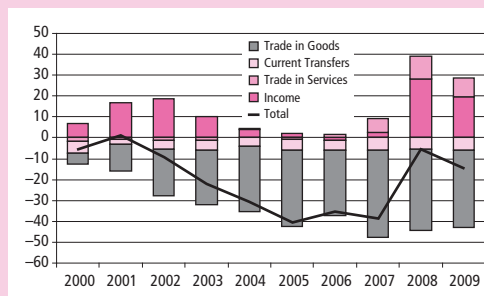


**EU current account**

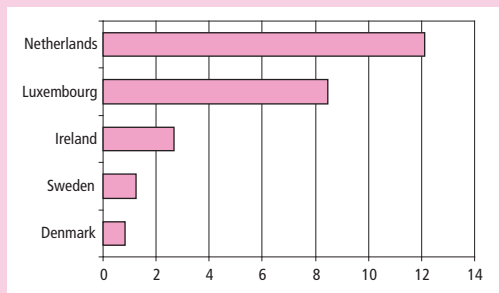
£ billion

**UK balance with EU**

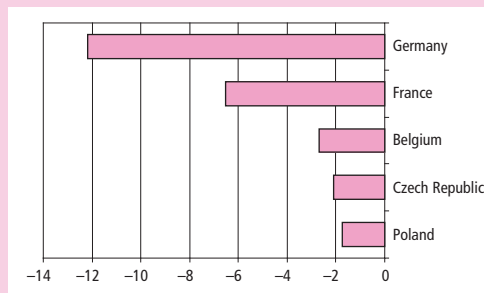
£ billion

**Largest 5 surpluses in 2009**

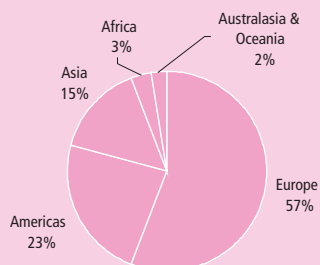
£ billion

**Largest 5 deficits in 2009**

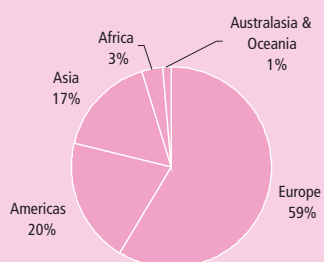
£ billion



## Proportion of total 2009 credits

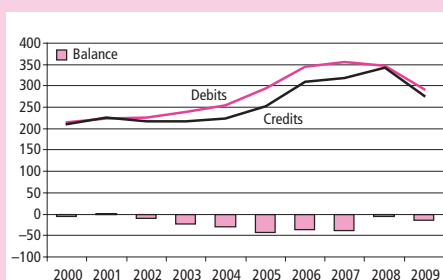


## Proportion of total 2009 debits



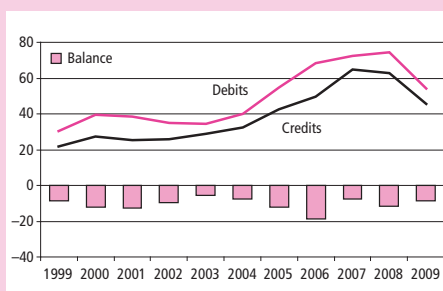
## European Union

£ billion



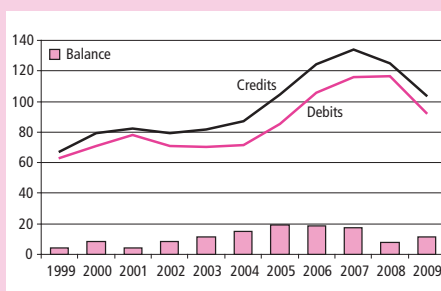
## Rest of Europe

£ billion



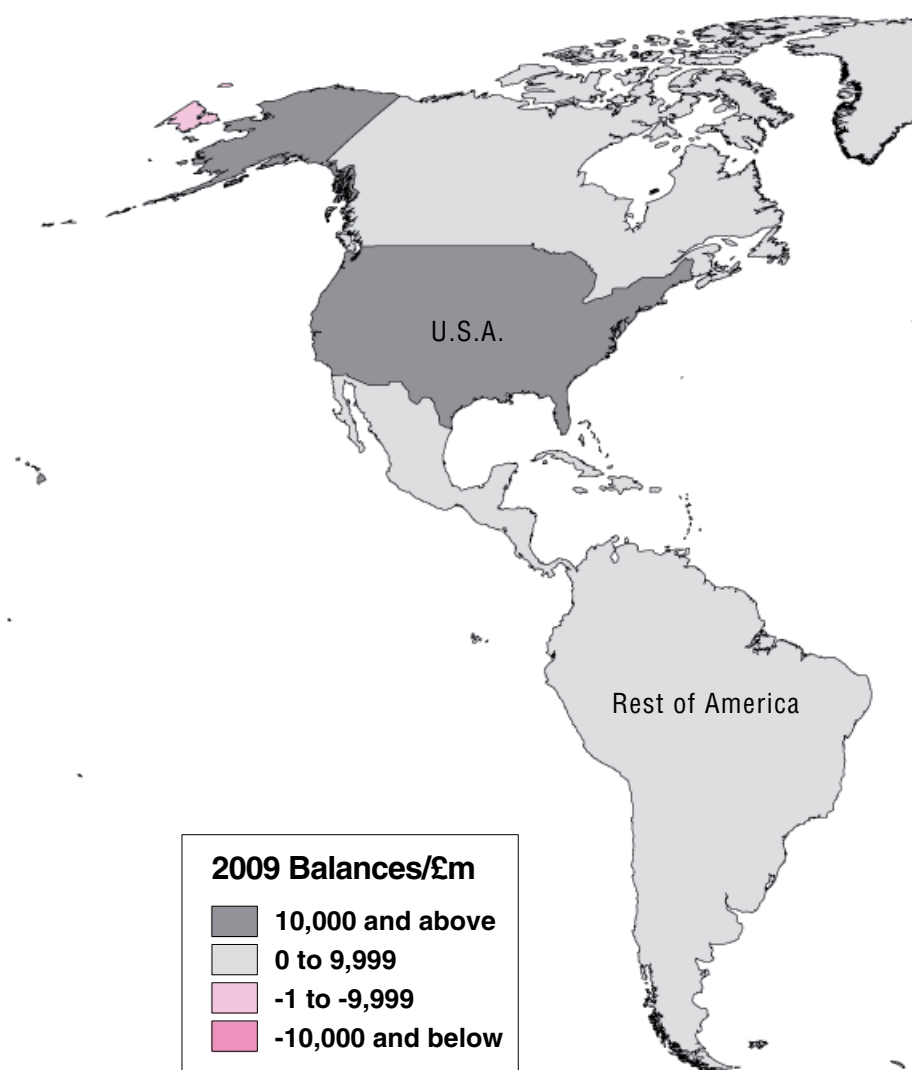
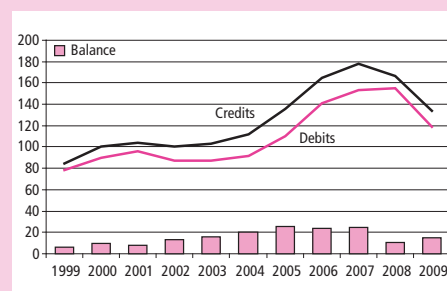
## USA

£ billion

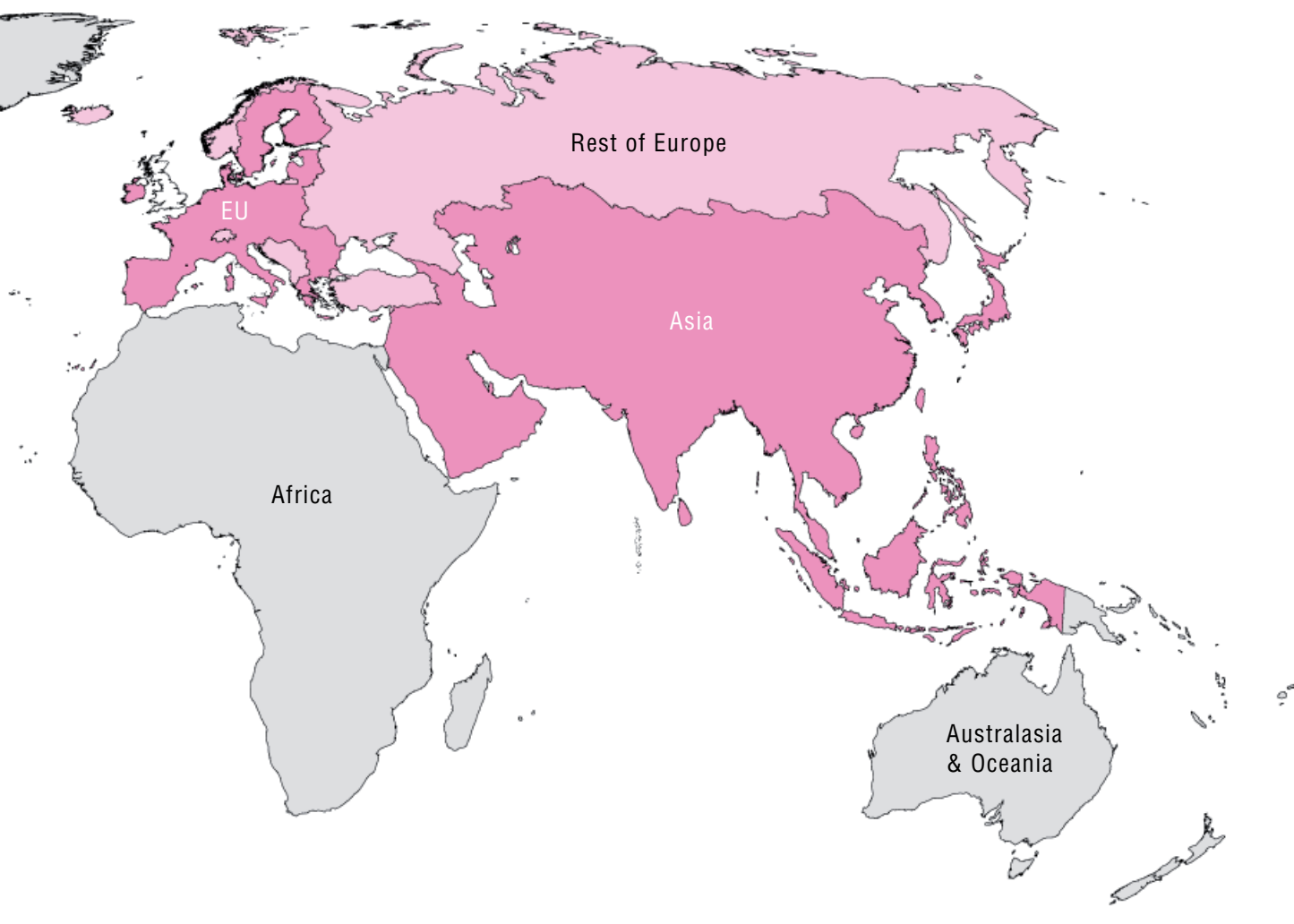


## Total Americas

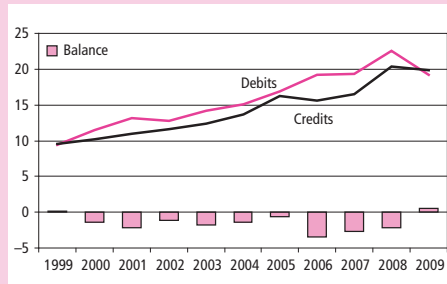
£ billion



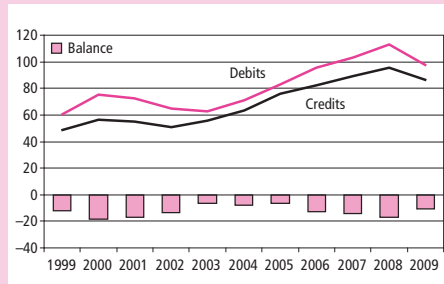


**Total Africa**

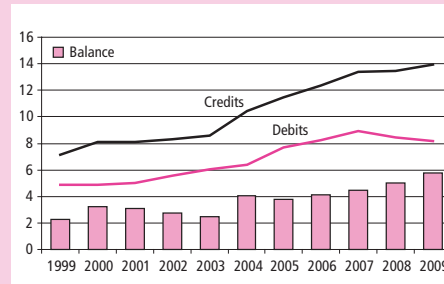
£ billion

**Total Asia**

£ billion

**Total Australasia & Oceania**

£ billion



# 9.1 Current account

## Summary transactions in 2009

	Trade in goods	Trade in services	Income	Current transfers	Current account
£ million					
<b>Credits</b>					
<b>Europe</b>					
European Union (EU)					
Austria	1 289	702	611	38	2 640
Belgium	10 826	3 105	3 249	209	17 389
Bulgaria	198	204	6	12	420
Cyprus	613	526	532	4	1 675
Czech Republic	1 441	430	-164	11	1 718
Denmark	2 469	2 905	1 453	46	6 873
Estonia	141	48	13	3	205
Finland	1 322	1 217	625	21	3 185
France	17 144	8 312	10 062	322	35 840
Germany	24 214	10 601	10 391	433	45 639
Greece	1 628	1 002	804	46	3 480
Hungary	849	476	196	11	1 532
Ireland	15 918	7 849	4 842	124	28 733
Italy	8 288	4 799	4 217	153	17 457
Latvia	109	114	-29	11	205
Lithuania	172	100	7	11	290
Luxembourg	194	2 197	12 306	15	14 712
Malta	401	213	440	6	1 060
Netherlands	18 136	8 387	16 684	342	43 549
Poland	2 793	972	584	49	4 398
Portugal	1 538	718	740	33	3 029
Romania	689	266	162	16	1 133
Slovak Republic	378	249	33	11	671
Slovenia	175	81	22	2	280
Spain	9 203	5 350	5 526	140	20 221
Sweden	4 206	2 485	3 191	89	9 971
European Central Bank	-	-	-	-	-
EU Institutions	-	670	625	9 414	10 709
<b>Total EU27</b>	<b>124 334</b>	<b>63 978</b>	<b>77 130</b>	<b>11 572</b>	<b>277 014</b>
European Free Trade Association (EFTA)					
Iceland	129	133	454	34	750
Liechtenstein	5	70	4	2	81
Norway	2 805	2 295	1 135	79	6 314
Switzerland	3 935	7 325	6 365	86	17 711
<b>Total EFTA</b>	<b>6 874</b>	<b>9 823</b>	<b>7 958</b>	<b>201</b>	<b>24 856</b>
Other Europe					
Albania	19	15	5	-	39
Belarus	84	10	4	-	98
Croatia	221	62	46	10	339
Russia	2 403	1 761	2 454	16	6 634
Turkey	2 343	899	751	33	4 026
Ukraine	583	183	149	-	915
Serbia and Montenegro	108	90	1	2	201
Other	502	3 643	4 033	40	8 218
<b>Total Europe</b>	<b>137 471</b>	<b>80 464</b>	<b>92 531</b>	<b>11 874</b>	<b>322 340</b>
<b>Americas</b>					
Argentina	253	153	404	10	820
Brazil	1 786	615	1 569	14	3 984
Canada	3 333	2 671	1 160	242	7 406
Chile	510	191	733	9	1 443
Colombia	177	84	174	13	448
Mexico	753	387	512	24	1 676
United States of America	33 972	32 916	34 539	2 477	103 904
Uruguay	60	11	8	-	79
Venezuela	298	79	199	10	586
Other Central American Countries	762	4 130	8 105	191	13 188
Other	238	265	56	12	571
<b>Total Americas</b>	<b>42 142</b>	<b>41 502</b>	<b>47 459</b>	<b>3 002</b>	<b>134 105</b>
<b>Asia</b>					
China	5 398	2 315	1 003	17	8 733
Hong Kong	3 735	1 784	3 165	34	8 718
India	2 948	1 625	1 710	33	6 316
Indonesia	359	323	527	18	1 227
Iran	399	214	35	3	651
Israel	1 140	527	162	31	1 860
Japan	3 562	4 537	4 790	113	13 002
Malaysia	1 045	634	854	23	2 556
Pakistan	474	378	260	4	1 116
Philippines	272	172	333	10	787
Saudi Arabia	2 340	2 100	332	466	5 238
Singapore	2 957	3 673	3 552	26	10 208
South Korea	2 163	914	1 135	8	4 220
Taiwan	796	670	188	8	1 662
Thailand	914	464	326	8	1 712
Residual Gulf Arabian Countries	5 727	3 724	1 171	169	10 791
Other Near & Middle Eastern Countries	1 097	514	1 289	279	3 179
Other	985	1 516	2 195	48	4 744
<b>Total Asia</b>	<b>36 311</b>	<b>26 084</b>	<b>23 027</b>	<b>1 298</b>	<b>86 720</b>
<b>Australasia &amp; Oceania</b>					
Australia	2 953	4 111	5 008	222	12 294
New Zealand	348	439	509	57	1 353
Other	86	116	82	3	287
<b>Total Australasia &amp; Oceania</b>	<b>3 387</b>	<b>4 666</b>	<b>5 599</b>	<b>282</b>	<b>13 934</b>
<b>Africa</b>					
Egypt	1 001	595	527	4	2 127
Morocco	310	150	24	2	486
South Africa	2 251	1 433	2 461	89	6 234
Other North Africa	956	597	25	12	1 590
Other	3 708	3 582	2 000	60	9 350
<b>Total Africa</b>	<b>8 226</b>	<b>6 357</b>	<b>5 037</b>	<b>167</b>	<b>19 787</b>
<b>International Organisations</b>	-	38	391	-	429
<b>World Total</b>	<b>227 537</b>	<b>159 111</b>	<b>174 044</b>	<b>16 623</b>	<b>577 315</b>

# 9.1 Current account

## Summary transactions in 2009

continued

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
<b>Debits</b>					
<b>Europe</b>					
European Union (EU)					
Austria	2 282	881	833	37	4 033
Belgium	15 134	2 283	2 591	72	20 080
Bulgaria	175	323	36	5	539
Cyprus	122	934	422	34	1 512
Czech Republic	3 336	379	85	13	3 813
Denmark	3 805	1 208	979	45	6 037
Estonia	126	31	8	4	169
Finland	2 117	344	422	18	2 901
France	20 315	9 149	12 540	380	42 384
Germany	39 600	8 737	8 925	557	57 819
Greece	530	2 040	1 999	65	4 634
Hungary	2 547	382	72	14	3 015
Ireland	12 519	4 265	8 595	667	26 046
Italy	12 103	4 489	2 359	193	19 144
Latvia	306	59	20	2	387
Lithuania	372	97	21	—	490
Luxembourg	594	475	5 150	8	1 512
Malta	106	302	147	32	587
Netherlands	21 760	4 312	5 178	165	31 415
Poland	4 695	1 224	125	77	6 121
Portugal	1 420	1 512	544	55	3 531
Romania	790	241	35	14	1 080
Slovak Republic	1 606	118	39	1	1 764
Slovenia	251	40	17	—	308
Spain	9 428	9 195	2 371	210	21 204
Sweden	5 457	1 750	1 460	51	8 718
European Central Bank	—	1	—	—	1
EU Institutions	—	2	2 649	14 779	17 430
<b>Total EU27</b>	<b>161 496</b>	<b>54 773</b>	<b>57 622</b>	<b>17 498</b>	<b>291 389</b>
European Free Trade Association (EFTA)					
Iceland	481	126	139	4	750
Liechtenstein	21	12	34	2	69
Norway	15 914	1 125	1 870	84	18 993
Switzerland	5 232	2 947	1 609	133	9 921
<b>Total EFTA</b>	<b>21 648</b>	<b>4 210</b>	<b>3 652</b>	<b>223</b>	<b>29 733</b>
Other Europe					
Albania	—	12	—	10	22
Belarus	20	18	3	—	41
Croatia	80	196	5	15	296
Russia	4 609	1 312	327	67	6 315
Turkey	4 582	1 301	129	39	6 051
Ukraine	146	215	74	23	458
Serbia and Montenegro	74	76	—	38	188
Other	382	1 171	9 034	245	10 832
<b>Total Europe</b>	<b>193 037</b>	<b>63 284</b>	<b>70 846</b>	<b>18 158</b>	<b>345 325</b>
<b>Americas</b>					
Argentina	651	94	6	19	770
Brazil	2 526	309	51	32	2 918
Canada	4 532	1 295	2 741	413	8 981
Chile	590	73	56	13	732
Colombia	570	47	15	21	653
Mexico	766	282	34	26	1 108
United States of America	24 619	18 828	46 110	2 862	92 419
Uruguay	117	27	5	1	150
Venezuela	412	35	24	12	483
Other Central American Countries	1 223	2 995	5 701	503	10 422
Other	357	131	21	60	569
<b>Total Americas</b>	<b>36 363</b>	<b>24 116</b>	<b>54 764</b>	<b>3 962</b>	<b>119 205</b>
<b>Asia</b>					
China	24 305	1 060	235	166	25 766
Hong Kong	7 663	957	2 869	174	11 663
India	4 560	2 022	292	902	7 776
Indonesia	1 196	122	21	118	1 457
Iran	207	65	56	25	353
Israel	1 082	324	143	43	1 592
Japan	6 660	3 246	4 324	125	14 355
Malaysia	1 643	262	149	64	2 118
Pakistan	692	376	27	301	1 396
Philippines	394	204	32	46	676
Saudi Arabia	596	312	735	66	1 709
Singapore	3 543	1 492	1 626	135	6 796
South Korea	2 859	370	209	8	3 446
Taiwan	2 241	303	110	9	2 663
Thailand	2 294	658	57	48	3 057
Residual Gulf Arabian Countries	2 749	2 192	819	338	6 098
Other Near & Middle Eastern Countries	342	230	109	85	766
Other	3 646	968	281	1 089	5 984
<b>Total Asia</b>	<b>66 672</b>	<b>15 163</b>	<b>12 094</b>	<b>3 742</b>	<b>97 671</b>
<b>Australasia &amp; Oceania</b>					
Australia	2 226	2 141	1 824	405	6 596
New Zealand	814	284	71	115	1 284
Other	164	69	4	24	261
<b>Total Australasia &amp; Oceania</b>	<b>3 204</b>	<b>2 494</b>	<b>1 899</b>	<b>544</b>	<b>8 141</b>
<b>Africa</b>					
Egypt	680	706	53	35	1 474
Morocco	336	269	9	12	626
South Africa	3 801	885	1 066	418	6 170
Other North Africa	1 791	403	197	19	2 410
Other	3 528	1 924	8 540	2 633	8 540
<b>Total Africa</b>	<b>10 136</b>	<b>4 187</b>	<b>1 780</b>	<b>3 117</b>	<b>19 220</b>
<b>International Organisations</b>	—	15	1 379	1 865	3 259
<b>World total</b>	<b>309 412</b>	<b>109 259</b>	<b>142 762</b>	<b>31 388</b>	<b>592 821</b>

# 9.1 Current account

## Summary transactions in 2009

continued

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
<b>Balances</b>					
<b>Europe</b>					
European Union(EU)					
Austria	-993	-179	-222	1	-1 393
Belgium	-4 308	822	658	137	-2 691
Bulgaria	23	-119	-30	7	-119
Cyprus	491	-408	110	-30	163
Czech Republic	-1 895	51	-249	-2	-2 095
Denmark	-1 336	1 697	474	1	836
Estonia	15	17	5	-1	36
Finland	-795	873	203	3	284
France	-3 171	-837	-2 478	-58	-6 544
Germany	-15 386	1 864	1 466	-124	-12 180
Greece	1 098	-1 038	-1 195	-19	-1 154
Hungary	-1 698	94	124	-3	-1 483
Ireland	3 399	3 584	-3 753	-543	2 687
Italy	-3 815	310	1 858	-40	-1 687
Latvia	-197	55	-49	9	-182
Lithuania	-200	3	-14	11	-200
Luxembourg	-400	1 722	7 156	7	8 485
Malta	295	-89	293	-26	473
Netherlands	-3 624	4 075	11 506	177	12 134
Poland	-1 902	-252	459	-28	-1 723
Portugal	118	-794	196	-22	-502
Romania	-101	25	127	2	53
Slovak Republic	-1 228	131	-6	10	-1 093
Slovenia	-76	41	5	2	-28
Spain	-225	-3 845	3 157	-70	-983
Sweden	-1 251	735	1 731	38	1 253
European Central Bank	-	-1	-	-	-1
EU Institutions	-	668	-2 024	-5 365	-6 721
Total EU27	-37 162	9 205	19 508	-5 926	-14 375
European Free Trade Association (EFTA)					
Iceland	-352	7	315	30	-
Liechtenstein	-16	58	-30	-	12
Norway	-13 109	1 170	-735	-5	-12 679
Switzerland	-1 297	4 378	4 756	-47	7 790
Total EFTA	-14 774	5 613	4 306	-22	-4 877
Other Europe					
Albania	19	3	5	-10	17
Belarus	64	-8	1	-	57
Croatia	141	-134	41	-5	43
Russia	-2 206	449	2 127	-51	319
Turkey	-2 239	-402	622	-6	-2 025
Ukraine	437	-32	75	-23	457
Serbia and Montenegro	34	14	1	-36	13
Other	120	2 472	-5 001	-205	-2 614
<b>Total Europe</b>	<b>-55 566</b>	<b>17 180</b>	<b>21 685</b>	<b>-6 284</b>	<b>-22 985</b>
<b>Americas</b>					
Argentina	-398	59	398	-9	50
Brazil	-740	306	1 518	-18	1 066
Canada	-1 199	1 376	-1 581	-171	-1 575
Chile	-80	118	677	-4	711
Colombia	-393	37	159	-8	-205
Mexico	-13	105	478	-2	568
USA	9 353	14 088	-11 571	-385	11 485
Uruguay	-57	-16	3	-1	-71
Venezuela	-114	44	175	-2	103
Other Central American Countries	-461	1 135	2 404	-312	2 766
Other America	-119	134	35	-48	2
<b>Total Americas</b>	<b>5 779</b>	<b>17 386</b>	<b>-7 305</b>	<b>-960</b>	<b>14 900</b>
<b>Asia</b>					
China	-18 907	1 255	768	-149	-17 033
Hong Kong	-3 928	827	296	-140	-2 945
India	-1 612	-397	1 418	-869	-1 460
Indonesia	-837	201	506	-100	-230
Iran	192	149	-21	-22	298
Israel	58	203	19	-12	268
Japan	-3 098	1 291	466	-12	-1 353
Malaysia	-598	372	705	-41	438
Pakistan	-218	2	233	-297	-280
Philippines	-122	-32	301	-36	111
Saudi Arabia	1 744	1 788	-403	400	3 529
Singapore	-586	2 181	1 926	-109	3 412
South Korea	-696	544	926	-	774
Taiwan	-1 445	367	78	-1	-1 001
Thailand	-1 380	-194	269	-40	-1 345
Residual Gulf Arabian Countries	2 978	1 532	352	-169	4 693
Other Near & Middle Eastern Countries	755	284	1 180	194	2 413
Other	-2 661	548	1 914	-1 041	-1 240
<b>Total Asia</b>	<b>-30 361</b>	<b>10 921</b>	<b>10 933</b>	<b>-2 444</b>	<b>-10 951</b>
<b>Australasia &amp; Oceania</b>					
Australia	727	1 970	3 184	-183	5 698
New Zealand	-466	155	438	-58	69
Other	-78	47	78	-21	26
<b>Total Australasia &amp; Oceania</b>	<b>183</b>	<b>2 172</b>	<b>3 700</b>	<b>-262</b>	<b>5 793</b>
<b>Africa</b>					
Egypt	321	-111	474	-31	653
Morocco	-26	-119	15	-10	-140
South Africa	-1 550	548	1 395	-329	64
Other North Africa	-835	194	-	-7	-820
Other	180	1 658	1 545	-2 573	810
<b>Total Africa</b>	<b>-1 910</b>	<b>2 170</b>	<b>3 257</b>	<b>-2 950</b>	<b>567</b>
<b>International Organisations</b>	-	23	-988	-1 865	-2 830
<b>World total</b>	<b>-81 875</b>	<b>49 852</b>	<b>31 282</b>	<b>-14 765</b>	<b>-15 506</b>



# 9.2 Current account

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUGP	2 178	2 323	2 347	2 409	2 485	2 379	2 790	3 160	3 248	3 195	2 640
Belgium and Luxembourg	CTFH	15 419	19 089	19 251	19 147	19 585	21 139	25 194	33 391	35 419	40 834	32 101
of which Belgium	AA2Q	12 940	14 741	14 615	15 003	15 779	16 055	17 853	20 654	21 551	22 926	17 389
of which Luxembourg	AA2U	2 479	4 348	4 636	4 144	3 806	5 084	7 341	12 737	13 868	17 908	14 712
Bulgaria	ZWVI	165	166	250	289	296	323	350	404	411	473	420
Cyprus <sup>1</sup>	AA2R	499	615	591	631	612	735	791	1 643	1 330	1 692	1 675
Czech Republic	LEPQ	1 015	1 226	1 460	1 367	1 474	1 540	1 586	1 957	2 168	2 062	1 718
Denmark	LEQR	4 015	4 624	4 666	4 665	4 441	4 557	5 325	7 771	6 584	6 883	6 873
Estonia	ZWVK	70	110	105	127	125	144	166	540	347	279	205
Finland	LEUD	2 442	3 035	3 153	2 877	2 981	2 858	2 960	3 559	4 241	4 116	3 185
France	LEUM	28 209	31 834	34 335	32 062	32 292	33 665	37 798	50 969	47 811	46 728	35 840
Germany	LEQI	35 025	39 998	42 305	39 509	37 374	39 869	44 363	51 809	53 381	58 254	45 639
Greece	LEUV	2 900	3 128	2 876	2 754	2 933	2 982	3 188	3 261	3 609	4 539	3 480
Hungary	BFKO	872	1 268	1 139	1 328	1 417	1 690	1 809	1 475	1 693	1 668	1 532
Ireland	BFLV	16 463	19 162	22 365	23 783	22 537	25 512	30 874	34 901	40 431	42 541	28 733
Italy	BFOD	15 931	17 649	17 769	16 438	16 632	16 637	17 721	19 148	20 369	20 311	17 457
Latvia	ZWVM	95	118	118	120	143	142	204	481	328	240	205
Lithuania	ZWVN	115	157	191	185	236	198	294	363	456	578	290
Malta <sup>1</sup>	AA2V	295	314	323	338	387	831	357	475	110	771	1 060
Netherlands	BFQF	27 385	32 861	36 414	34 816	34 504	28 825	31 452	40 616	43 383	50 674	43 549
Poland	BFRY	1 553	1 732	1 966	2 059	2 280	2 399	3 000	4 377	4 182	4 886	4 398
Portugal	BFSH	2 785	2 788	2 887	2 845	2 819	3 077	3 318	4 002	3 216	3 695	3 029
Romania	ZWVO	330	445	492	584	703	865	851	920	1 095	1 264	1 133
Slovak Republic	ZWVP	187	247	277	265	301	300	423	488	647	911	671
Slovenia	ZWVQ	222	233	299	303	293	315	270	302	318	406	280
Spain	LEST	11 847	13 214	13 116	13 259	14 221	15 799	19 520	23 451	23 356	24 254	20 221
Sweden	BFTI	7 120	8 025	7 984	7 568	7 374	8 447	9 146	10 457	10 662	10 951	9 971
European Central Bank	ZWVF	—	3	12	3	—	—	—	—	3	—	—
EU Institutions	CSFH	6 847	5 932	8 287	7 106	7 950	8 454	9 092	9 255	8 531	9 795	10 709
Total EU27	G97O	183 984	210 296	224 978	216 837	216 395	223 682	252 842	309 176	317 429	342 001	277 014
European Free Trade Association (EFTA)												
Iceland	BFNH	256	334	285	263	304	345	469	636	1 415	1 593	750
Liechtenstein	BFPE	77	90	73	68	64	83	61	100	143	95	81
Norway	BFQO	3 927	4 131	3 866	3 912	4 076	4 371	6 059	6 114	8 094	8 095	6 314
Switzerland	LEOY	9 934	13 178	12 375	11 631	11 983	12 189	16 051	18 805	23 303	24 433	17 711
Total EFTA	CTFQ	14 194	17 733	16 598	15 874	16 427	16 988	22 640	25 655	32 955	34 216	24 856
Other Europe												
Albania	ZWVG	15	9	28	25	16	34	24	29	33	50	39
Belarus	ZWVH	30	64	37	43	49	59	69	74	92	121	98
Croatia	ZWVJ	133	127	149	180	234	219	238	296	296	416	339
Russia	BFSQ	1 039	1 378	1 912	2 239	2 727	3 648	5 363	6 779	7 844	9 118	6 634
Turkey	BFUJ	1 974	2 672	1 986	2 011	2 436	2 691	3 223	3 933	4 270	4 230	4 026
Ukraine	ZWVR	173	200	234	502	399	332	496	906	945	1 070	915
Serbia and Montenegro	BFWC	71	138	94	93	111	86	107	162	185	200	201
Other <sup>1</sup>	LEVV	4 152	4 988	4 457	4 693	6 469	8 152	10 055	11 876	18 338	13 461	8 218
Total Europe	LERA	205 765	237 605	250 473	242 497	245 263	255 891	295 057	358 886	382 387	404 883	322 340
<b>Americas</b>												
Argentina	ZWVT	717	969	834	328	414	588	561	906	830	828	820
Brazil	LENO	1 441	1 659	1 800	1 837	1 656	1 874	2 318	2 508	2 887	3 431	3 984
Canada	LEOP	6 004	7 306	7 373	6 581	7 001	7 601	8 501	10 527	11 157	10 706	7 406
Chile	ZWVU	395	477	441	451	519	1 064	1 452	1 175	1 307	1 221	1 443
Colombia	ZWVV	271	491	493	421	491	615	648	562	478	563	448
Mexico	BFPN	1 359	1 417	1 300	1 626	1 396	1 734	1 802	2 184	2 107	1 809	1 676
United States of America	BFVB	67 451	79 289	82 242	79 359	81 853	86 877	104 561	124 498	133 748	124 703	103 904
Uruguay	ZWVW	82	80	66	55	99	41	64	91	71	95	79
Venezuela	ZWVX	273	225	610	602	342	567	739	684	480	525	586
Other Central American Countries	JISS	6 393	8 003	8 319	8 871	9 194	10 343	14 775	20 985	24 357	21 561	13 188
Other	LEVE	448	476	401	382	406	764	298	414	626	727	571
Total Americas	LESK	84 834	100 392	103 880	100 513	103 315	112 068	135 719	164 534	178 048	166 169	134 105
<b>Asia</b>												
China	LEPH	1 945	2 234	2 861	2 663	3 260	4 278	5 076	5 690	6 643	8 546	8 733
Hong Kong	BFJR	5 195	5 422	5 249	4 800	5 482	7 006	8 667	9 443	10 318	8 921	8 718
India	BFMY	2 373	3 116	2 964	3 050	3 679	3 853	4 808	5 734	6 293	8 044	6 316
Indonesia	BFKX	729	762	752	714	888	801	844	1 170	783	915	1 227
Iran	ZWMA	376	469	647	622	741	743	820	814	680	801	651
Israel	BFPD	1 914	2 042	1 962	1 938	1 839	1 884	2 044	1 962	1 967	2 056	1 860
Japan	BFOM	13 930	16 246	14 875	12 447	12 966	13 277	15 300	17 390	17 433	17 992	13 002
Malaysia	BFFW	1 772	1 811	1 832	1 887	2 116	2 272	2 362	2 162	2 296	2 337	2 556
Pakistan	BFRP	594	517	647	604	684	825	1 185	1 280	997	1 012	1 116
Philippines	BFRG	476	643	730	602	686	627	632	650	790	764	787
Saudi Arabia	BFSZ	4 370	4 703	4 426	4 072	4 831	4 859	4 651	5 144	5 838	5 761	5 238
Singapore	BFTT	4 253	5 465	5 348	4 462	4 799	6 133	8 198	9 120	10 420	10 566	10 208
South Korea	BFOV	1 680	2 178	2 203	2 674	2 602	3 203	3 649	4 034	4 377	5 354	4 220
Taiwan	BFUS	1 318	1 565	1 473	1 576	1 629	2 011	2 208	2 179	2 304	2 148	1 662
Thailand	BFUA	788	1 004	1 067	981	1 140	1 194	1 207	867	1 243	1 340	1 712
Residual Gulf Arabian Countries	JITT	4 549	5 360	5 167	4 888	5 542	6 780	10 396	9 371	9 570	12 173	10 791
Other Near & Middle Eastern Countries	ZWNC	984	1 107	1 316	1 166	1 284	1 572	1 888	2 436	3 101	3 402	3 179
Other	LEWF	1 430	1 813	1 746	1 783	1 638	1 903	1 899	3 142	4 356	3 690	4 744
Total Asia	LETC	48 676	56 457	55 264	50 928	55 806	63 221	75 834	82 588	89 409	95 822	86 720
<b>Australasia &amp; Oceania</b>												
Australia	CWBG	5 910	6 961	6 883	6 934	7 056	8 987	9 913	10 706	11 792	11 712	12 294
New Zealand	BFQX	1 127	986	1 104	1 204	1 286	1 252	1 367	1 389	1 372	1 428	1 353
Other	LEVN	135	151	147	188	211	215	184	261	252	290	287
Total Australasia & Oceania	LETU	7 172	8 098	8 134	8 326	8 553	10 454	11 464	12 356	13 416	13 430	13 934
<b>Africa</b>												
Egypt	ZWWE	863	1 045	1 053	1 016	962	1 192	1 260	1 506	1 859	2 098	2 127
Morocco	ZWVF	434	499	481	438	425	411	332	434	407	650	486
South Africa	BFWU	3 489	3 673	4 085	4 724	4 862	6 053	7 514	5 898	6 334	6 816	6 234
Other North Africa	JIRU	573	794	802	681	1 016	919	—2 484	—82	1 246	1 735	1 590
Other	LEWO	4 206	4 172	4 565	4 751	5 168	5 150	9 646	7 895	6 704	9 116	9 350
Total Africa	LERS	9 565	10 183	10 986	11 609	12 433	13 725	16 268	15 651	16 550	20 415	19 787
<b>International Organisations</b>												
	CTEY	424	501	578	560	539	503	583	626	672	519	429
<b>World total</b>												
	HBOE	356 436	413 236	429 317	414 434	425 909	455 874	534 934	634 641	680 482	701 239	577 315

<sup>1</sup> Cyprus and Malta are included within Other Europe before 1999.

# 9.2

## Current account

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Debits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUGW	2 348	2 501	3 111	3 802	4 093	3 760	4 138	4 803	4 545	4 314	4 033
Belgium and Luxembourg	CTFI	16 151	17 435	18 997	19 895	20 319	22 121	24 845	30 148	30 661	33 684	26 307
of which Belgium	AA34	13 389	14 438	15 537	16 293	16 402	17 174	19 421	21 345	22 295	23 693	20 080
of which Luxembourg	AA38	2 762	2 997	3 460	3 602	3 917	4 947	5 424	8 803	8 366	9 991	6 227
Bulgaria	ZWWL	166	189	188	251	246	339	460	518	665	663	539
Cyprus <sup>1</sup>	AA35	1 068	1 270	1 486	1 383	1 476	1 459	1 714	2 971	1 784	1 763	1 512
Czech Republic	LEPR	839	1 108	1 418	1 592	1 842	1 811	2 464	3 732	3 647	4 266	3 813
Denmark	LEQS	3 873	4 440	4 531	5 239	5 201	5 372	6 786	8 909	6 157	6 663	6 037
Estonia	ZWWN	236	373	321	347	302	432	423	2 180	377	217	169
Finland	LEUE	2 976	3 569	3 710	3 351	3 310	2 947	3 291	4 072	3 827	4 085	2 901
France	LEUN	32 681	34 108	35 002	34 481	36 715	38 937	44 140	52 014	50 222	47 974	42 384
Germany	LEQJ	39 847	44 947	44 160	44 572	49 798	54 097	63 445	70 506	78 876	75 045	57 819
Greece	LEUW	2 587	3 019	3 119	3 004	3 123	3 272	3 811	4 425	5 142	5 176	4 634
Hungary	BFKP	856	868	887	1 039	1 303	1 797	2 181	2 750	2 974	3 012	3 015
Ireland	BFLW	13 420	15 971	18 949	20 611	17 968	19 896	23 422	26 372	30 834	33 191	26 046
Italy	BFOE	15 064	15 408	16 035	15 757	17 255	18 348	20 001	20 370	22 151	22 783	19 144
Latvia	ZWWP	336	466	471	516	559	740	791	931	764	463	387
Lithuania	ZWWQ	215	289	278	321	311	299	371	393	447	476	490
Malta <sup>1</sup>	AA39	382	410	461	467	514	556	582	555	707	866	587
Netherlands	BFOG	22 785	30 775	30 663	26 439	27 256	29 772	33 361	43 335	49 204	36 813	31 415
Poland	BFRZ	1 039	1 334	1 588	1 619	1 928	2 350	3 292	5 123	5 494	6 169	6 121
Portugal	BFSI	3 077	3 050	3 077	3 288	3 728	3 761	3 949	5 174	4 040	4 508	3 583
Romania	ZWWR	366	464	561	658	793	949	1 023	1 097	1 185	1 069	1 080
Slovak Republic	ZWWS	195	214	211	253	291	316	498	1 086	1 473	1 814	1 764
Slovenia	ZWWT	186	197	206	238	221	232	274	816	395	413	308
Spain	LESU	13 438	14 020	16 224	18 493	20 152	20 102	24 992	27 830	25 817	25 306	21 204
Sweden	BFTJ	6 940	7 234	6 903	6 543	6 747	7 319	8 113	9 206	8 734	10 389	8 718
European Central Bank	ZSWI	1	1	1	1	—	—	—	—	—	2	1
EU Institutions	CSFI	11 755	12 211	11 325	11 789	12 997	13 153	15 069	15 395	15 841	16 407	17 430
Total EU27	G97F	192 827	215 871	223 883	225 949	238 448	254 137	293 436	344 711	355 963	347 531	291 389
European Free Trade Association (EFTA)												
Iceland	BFNI	319	453	335	347	365	468	519	810	860	-838	750
Liechtenstein	BFPF	115	146	125	75	94	76	93	151	210	156	69
Norway	BFQO	4 249	6 754	6 863	7 229	7 885	10 103	14 440	17 630	18 137	24 893	18 993
Switzerland	LEOZ	14 805	18 763	16 064	13 019	11 701	11 488	15 141	18 345	20 178	9 792	9 921
Total EFTA	CTFR	19 488	26 116	23 387	20 670	20 045	22 135	30 193	36 936	39 385	34 003	29 733
Other Europe												
Albania	ZWWJ	48	41	28	26	24	27	15	20	37	33	22
Belarus	ZWWK	67	65	37	44	30	77	288	739	628	149	41
Croatia	ZWWM	122	135	157	153	155	167	249	320	336	363	296
Russia	BFSR	1 677	2 207	2 717	2 562	3 114	4 483	6 848	9 087	9 132	9 924	6 315
Turkey	BFUK	1 855	2 134	2 425	2 995	3 513	4 191	4 740	5 318	6 087	6 693	6 051
Ukraine	ZWUW	141	137	169	201	207	292	386	471	701	711	458
Serbia and Montenegro	BFDW	93	141	110	100	110	108	124	193	208	204	188
Other <sup>1</sup>	LEVX	7 090	8 670	9 303	8 368	7 478	9 194	12 091	15 345	16 023	22 583	10 832
Total Europe	LERB	223 408	255 517	262 216	261 068	273 124	294 811	348 370	413 140	428 500	422 194	345 325
<b>Americas</b>												
Argentina	ZWWW	334	378	370	313	317	351	391	500	529	730	770
Brazil	LENP	1 233	1 478	1 703	1 743	1 770	1 888	2 213	2 420	2 555	3 061	2 918
Canada	LEOQ	5 413	6 896	6 316	6 560	6 395	7 766	8 024	10 035	9 536	8 098	8 981
Chile	ZWWX	401	506	558	541	485	586	609	649	677	746	732
Colombia	ZWWY	273	331	414	287	278	326	375	422	450	780	653
Mexico	BFPO	812	1 160	1 360	941	883	869	883	951	1 092	1 493	1 108
United States of America	BFVC	63 182	71 124	78 009	70 872	70 255	71 762	85 597	105 832	116 172	116 824	92 419
Uruguay	ZWWZ	55	62	54	74	56	54	72	91	95	133	150
Venezuela	ZWXA	210	282	253	259	177	264	463	730	640	728	483
Other Central American Countries	JIST	5 869	7 191	6 373	5 242	6 005	7 270	10 900	18 275	21 292	22 047	10 422
Other	LEVY	880	883	696	558	476	475	545	628	621	734	569
Total Americas	LESL	78 662	90 291	96 106	87 390	87 097	91 611	110 072	140 533	153 659	155 374	119 205
<b>Asia</b>												
China	LEPI	3 915	5 563	6 575	7 587	9 078	11 321	14 137	16 647	20 738	25 291	25 766
Hong Kong	BFJS	8 549	10 112	9 777	8 215	7 615	8 019	9 257	10 926	12 405	13 906	11 663
India	BFMZ	2 848	3 173	3 529	3 423	3 682	4 385	5 495	6 577	7 518	8 031	7 776
Indonesia	BFKY	1 210	1 345	1 408	1 266	1 293	1 156	1 183	1 329	1 200	1 477	1 457
Iran	ZWXD	169	323	361	182	181	213	234	361	312	250	353
Israel	BFMQ	1 438	1 553	1 547	1 309	1 280	1 342	1 570	1 759	1 818	1 735	1 592
Japan	BFON	18 650	23 401	21 019	17 050	13 895	15 453	17 943	20 206	20 211	20 647	14 355
Malaysia	BFPX	2 463	2 907	2 451	2 102	2 163	2 409	2 332	2 687	2 516	2 561	2 118
Pakistan	BFRQ	812	876	931	1 174	1 164	1 241	1 251	1 366	1 313	1 407	1 396
Philippines	BFRH	1 188	1 482	1 321	1 110	920	821	938	1 061	1 007	925	676
Saudi Arabia	BFTA	2 057	2 441	2 560	2 406	2 150	2 362	2 959	3 076	3 080	3 342	1 709
Singapore	BFTS	4 832	5 556	5 142	4 310	4 625	5 653	7 082	8 059	8 914	8 831	6 796
South Korea	BFOW	3 033	3 728	3 152	3 045	2 786	3 198	3 649	3 755	3 873	4 326	3 446
Taiwan	BFUT	2 874	3 865	3 133	2 684	2 500	2 723	2 815	2 919	3 264	3 273	2 663
Thailand	BFUV	1 704	2 163	2 291	2 196	2 259	2 508	2 499	2 866	2 998	3 353	3 057
Residual Gulf Arabian Countries	JITU	2 285	2 970	3 294	2 771	3 078	3 697	4 461	5 694	6 291	6 866	6 098
Other Near & Middle Eastern Countries	ZWXP	489	580	586	559	536	533	729	1 382	963	978	766
Other	LEWG	2 397	3 023	3 072	3 155	3 274	4 014	4 097	4 868	4 909	5 721	5 984
Total Asia	LETD	60 913	75 061	72 149	64 544	62 479	71 048	82 631	95 538	103 330	112 920	97 671
<b>Australasia &amp; Oceania</b>												
Australia	CWBO	3 776	3 701	3 844	4 354	4 804	4 988	6 200	6 383	7 297	7 165	6 596
New Zealand	BFQY	918	983	1 016	1 025	1 050	1 190	1 295	1 299	1 283	1 366	1 284
Other	LEVO	187	188	186	195	205	235	209	567	365	-93	261
Total Australasia & Oceania	LETV	4 881	4 872	5 046	5 574	6 059	6 413	7 704	8 249	8 945	8 438	8 141
<b>Africa</b>												
Egypt	ZWXH	787	1 050	1 074	920	936	1 016	1 201	1 682	1 516	1 672	1 474
Morocco	ZWXI	565	606	624	620	605	680	633	723	887	864	626
South Africa	BFVW	3 169	4 081	4 463	4 394	4 975	5 368	6 369	6 600	5 604	7 192	6 170
Other North Africa	JIRV	681	1 208	1 063	984	956	1 192	1 553	2 431	2 832	3 358	2 410
Other	LEWP	4 190	4 581	5 884	5 873	6 720	6 802	7 089	7 716	8 436	9 522	8 540
Total Africa	LERT	9 392	11 526	13 108	12 791	14 192	15 058	16 845	19 152	19 275	22 608	19 220
<b>International Organisations</b>												
	CTEZ	1 034	1 756	1 793	1 724	1 265	1 833	2 144	2 963	3 255	3 481	3 259
<b>World total</b>	<b>HBOF</b>	<b>378 290</b>	<b>439 023</b>	<b>450 419</b>	<b>433 091</b>	<b>444 216</b>	<b>480 791</b>	<b>567 775</b>	<b>679 575</b>	<b>716 964</b>	<b>725 015</b>	<



# 9.2 Current account

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUGX	-170	-178	-764	-1 393	-1 608	-1 381	-1 348	-1 643	-1 297	-1 119	-1 393
Belgium and Luxembourg	CTFJ	-732	1 654	254	-748	-734	-982	349	3 243	4 758	7 150	5 794
of which Belgium	AA4H	-449	303	-922	-1 290	-623	-1 119	-1 568	-691	-744	-767	-2 691
of which Luxembourg	AA4L	-283	1 351	1 176	542	-111	137	1 917	3 934	5 502	7 917	8 485
Bulgaria	ZWXS	-1	-23	62	38	50	-16	-110	-114	-254	-190	-119
Cyprus <sup>1</sup>	AA4I	-569	-655	-895	-752	-864	-724	-923	-1 328	-454	-71	163
Czech Republic	LEPS	176	118	42	-225	-368	-271	-878	-1 775	-1 479	-2 204	-2 095
Denmark	LEQT	142	184	135	-574	-760	-815	-1 461	-1 138	427	220	836
Estonia	ZWXS	-166	-263	-216	-220	-177	-288	-257	-1 640	-30	62	36
Finland	LEUF	-534	-534	-557	-474	-329	-89	-331	-513	414	31	284
France	LEUO	-4 472	-2 274	-667	-2 419	-4 423	-5 272	-6 342	-1 045	-2 411	-1 246	-6 544
Germany	LEQX	-4 822	-4 949	-1 855	-5 063	-12 424	-14 228	-19 082	-18 697	-25 495	-16 791	-12 180
Greece	LEUX	313	109	-243	-250	-190	-290	-623	-1 164	-1 533	-637	-1 154
Hungary	BFKQ	16	400	252	289	114	-107	-372	-1 275	-1 281	-1 344	-1 483
Ireland	BFLX	3 043	3 191	3 416	3 172	4 569	5 616	7 452	8 529	9 597	9 350	2 687
Italy	BFOF	867	2 241	1 734	681	-623	-1 711	-2 280	-1 222	-1 782	-2 472	-1 687
Latvia	ZWXS	-241	-348	-353	-396	-416	-598	-587	-450	-336	-223	-182
Lithuania	ZWXT	-100	-132	-87	-136	-75	-101	-77	-30	9	102	-200
Malta <sup>1</sup>	AA4M	-87	-96	-138	-129	-127	275	-225	-80	-597	-95	473
Netherlands	BFOH	4 600	2 086	5 751	8 377	7 248	-947	-1 909	-2 719	-5 821	13 861	12 134
Poland	BFSJ	514	398	378	440	352	49	-292	-746	-1 312	-1 283	-1 723
Portugal	BFSJ	-292	-262	-190	-443	-909	-684	-631	-1 172	-824	-813	-502
Romania	ZWXS	-36	-19	-69	-74	-90	-84	-172	-177	-90	195	53
Slovak Republic	ZWXS	-8	33	66	12	10	-16	-75	-598	-826	-903	-1 093
Slovenia	ZWXS	36	36	93	65	72	83	-4	-514	-77	-7	-28
Spain	LESV	-1 591	-806	-3 108	-5 234	-5 931	-4 303	-5 472	-4 379	-2 461	-1 052	-983
Sweden	BFTX	180	791	1 081	1 025	627	1 128	1 033	1 251	1 928	562	1 253
European Central Bank	ZWXL	-1	2	11	2	-	-	-	-	3	-2	-1
EU Institutions	CSFJ	-4 908	-6 279	-3 038	-4 683	-5 047	-4 699	-5 977	-6 140	-7 310	-6 612	-6 721
Total EU27	G977	-8 843	-5 575	1 095	-9 112	-22 053	-30 455	-40 594	-35 535	-38 534	-5 530	-14 375
European Free Trade Association (EFTA)												
Iceland	BFNJ	-63	-119	-50	-84	-61	-123	-50	-174	555	2 431	-
Liechtenstein	BFFG	-38	-56	-52	-7	-30	7	-32	-51	-67	-61	12
Norway	BFFQ	-322	-2 623	-2 997	-3 317	-3 809	-5 732	-8 381	-11 516	-10 443	-16 798	-12 679
Switzerland	LEPA	-4 871	-5 585	-3 689	-1 388	282	701	910	460	3 125	14 641	7 790
Total EFTA	CTFS	-5 294	-8 383	-6 789	-4 796	-3 618	-5 147	-7 553	-11 281	-6 430	213	-4 877
Other Europe												
Albania	ZWXM	-33	-32	-	-1	-8	7	9	9	-4	17	17
Belarus	ZWXM	-37	-1	-	-1	19	-18	-219	-665	-536	-28	57
Croatia	ZWXP	11	-8	-8	27	79	52	-11	-24	-40	53	43
Russia	BFSJ	-638	-829	-805	-323	-387	-835	-1 485	-2 308	-1 288	-806	319
Turkey	BFUL	119	538	-439	-984	-1 077	-1 500	-1 517	-1 385	-1 817	-2 463	-2 025
Ukraine	ZWXX	32	63	65	301	192	40	110	435	244	359	457
Serbia and Montenegro	BFWF	-22	-3	-16	-7	1	-22	-17	-31	-23	-4	13
Other <sup>1</sup>	LEVY	-2 938	-3 682	-4 846	-3 675	-1 009	-1 042	-2 036	-3 469	2 315	-9 122	-2 614
Total Europe	LERC	-17 643	-17 912	-11 743	-18 571	-27 861	-38 920	-53 313	-54 254	-46 113	-17 311	-22 985
<b>Americas</b>												
Argentina	ZWXX	383	591	464	15	97	237	170	406	301	98	50
Brazil	LENQ	208	181	97	94	-114	-14	105	88	332	370	1 066
Canada	LEOR	591	410	1 057	21	606	-165	477	492	1 621	2 608	-1 575
Chile	ZWYA	-6	-29	-117	-90	34	478	843	526	630	475	711
Colombia	ZWYB	-2	160	79	134	213	289	273	140	28	-217	-205
Mexico	BFPF	547	257	-60	685	513	865	919	1 233	1 015	316	568
United States of America	BFVD	4 269	8 165	4 233	8 487	11 598	15 115	18 964	18 666	17 576	7 879	11 485
Uruguay	ZWYC	27	18	12	-19	43	-13	-8	-	-24	-38	-71
Venezuela	ZWYD	63	-57	357	343	165	303	276	-46	-160	-203	103
Other Central American Countries	JISU	524	812	1 946	3 629	3 189	3 073	3 875	2 710	3 065	-486	2 766
Other	LEVJ	-432	-407	-295	-176	-70	289	-247	-214	5	-7	2
Total Americas	LESM	6 172	10 101	7 774	13 123	16 218	20 457	25 647	24 001	24 389	10 795	14 900
<b>Asia</b>												
China	LEPJ	-1 970	-3 329	-3 714	-4 924	-5 818	-7 043	-9 061	-10 957	-14 095	-16 745	-17 033
Hong Kong	BFFT	-3 354	-4 690	-4 528	-3 415	-2 133	-1 013	-590	-1 483	-2 087	-4 985	-2 945
India	BFNA	-475	-57	-565	-373	-3	-532	-687	-843	-1 225	13	-1 460
Indonesia	BFFZ	-481	-583	-656	-552	-405	-355	-339	-159	-417	-562	-230
Iran	ZWYG	207	146	286	440	560	530	586	453	368	551	298
Israel	BFMR	476	489	415	629	559	542	474	203	149	321	268
Japan	BFOO	-4 720	-7 155	-6 144	-4 603	-929	-2 176	-2 643	-2 816	-2 778	-2 655	-1 353
Malaysia	BFPY	-691	-1 096	-619	-215	-47	-137	30	-525	-220	-224	438
Pakistan	BFFR	-218	-359	-284	-570	-480	-416	-66	-86	-316	-395	-280
Philippines	BFRJ	-712	-839	-591	-508	-234	-194	-306	-411	-217	-161	111
Saudi Arabia	BFTB	2 313	2 262	1 866	1 666	2 681	2 497	1 692	2 068	2 758	2 419	3 529
Singapore	BFTT	-579	-91	206	152	174	480	1 116	1 061	1 506	1 735	3 412
South Korea	BFOX	-1 353	-1 550	-949	-371	-184	5	-	279	504	1 028	774
Taiwan	BFUO	-1 556	-2 300	-1 660	-1 108	-871	-712	-607	-740	-960	-1 125	-1 001
Thailand	BFUU	-916	-1 159	-1 224	-1 215	-1 119	-1 314	-1 292	-1 999	-1 755	-2 013	-1 345
Residual Gulf Arabian Countries	JITV	2 264	2 390	1 873	2 117	2 464	3 083	5 935	3 677	3 279	5 307	4 693
Other Near & Middle Eastern Countries	ZWYI	495	527	730	607	748	1 039	1 159	1 054	2 138	2 424	2 413
Other	LEWH	-967	-1 210	-1 326	-1 372	-1 636	-2 111	-2 198	-1 726	-953	-2 031	-1 240
Total Asia	LETE	-12 237	-18 604	-16 885	-13 616	-6 673	-7 827	-6 797	-12 950	-13 921	-17 098	-10 951
<b>Australasia &amp; Oceania</b>												
Australia	CWJK	2 134	3 260	3 039	2 580	2 252	3 999	3 713	4 323	4 495	4 547	5 698
New Zealand	BFQZ	209	3	88	179	236	62	72	90	89	62	69
Other	LEVP	-52	-37	-39	-7	6	-20	-25	-306	-113	383	26
Total Australasia & Oceania	LETW	2 291	3 226	3 088	2 752	2 494	4 041	3 760	4 107	4 471	4 992	5 793
<b>Africa</b>												
Egypt	ZWYK	76	-5	-21	96	26	176	59	-176	343	426	653
Morocco	ZWYL	-131	-107	-143	-182	-180	-269	-301	-289	-480	-214	-140
South Africa	BFWW	320	-408	-378	330	-113	685	1 145	-702	730	-376	64
Other North Africa	JIRW	-108	-414	-261	-303	60	-273	-4 037	-2 513	-1 586	-1 623	-820
Other	LEWQ	16	-409	-1 319	-1 122	-1 552	-1 652	2 557	179	-1 732	-406	810
Total Africa	LERU	173	-1 343	-2 122	-1 182	-1 759	-1 333	-577	-3 501	-2 725	-2 193	567
<b>International Organisations</b>												
	CTFA	-610	-1 255	-1 215	-1 164	-726	-1 330	-1 561	-2 337	-2 583	-2 962	-2 830
<b>World total</b>												
	HBOG	-21 854	-25 787	-21 102	-18 657	-18 307	-24 917	-32 841	-44 934	-36 482	-23 776	-15 506

<sup>1</sup> Cyprus and Malta are included in Other Europe before 1999.





# 9.3 Trade in goods and services

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
<b>Europe</b>												
European Union (EU)												
Austria	LGHT	1 567	1 551	1 633	1 691	1 688	1 528	1 852	2 248	1 994	2 208	1 991
Belgium and Luxembourg	LGHU	11 641	12 799	12 387	13 371	14 587	14 378	15 057	18 775	16 638	19 318	16 322
of which Belgium	A7RS	11 110	12 190	11 660	12 565	13 632	13 209	13 991	15 988	14 779	17 031	13 931
of which Luxembourg	A7RV	531	609	727	806	955	1 169	1 066	2 787	1 859	2 287	2 391
Bulgaria	ZWLR	117	127	157	209	221	233	314	353	375	432	402
Cyprus <sup>1</sup>	A7RT	393	460	426	491	552	659	672	1 317	1 040	1 154	1 139
Czech Republic	LGIN	886	1 095	1 260	1 212	1 247	1 307	1 415	1 872	1 923	2 003	1 871
Denmark	LGHV	3 039	3 495	3 657	4 103	3 708	3 634	3 839	6 021	4 536	4 986	5 374
Estonia	ZWLX	65	108	97	121	117	135	152	529	337	270	189
Finland	LGHW	2 015	2 426	2 490	2 274	2 371	2 321	2 371	2 946	3 158	3 098	2 539
France	LGHX	21 779	24 020	25 327	24 778	25 145	25 175	26 374	35 943	26 465	27 963	25 456
Germany	LGHY	26 222	29 471	30 848	29 561	28 665	29 886	32 176	37 571	35 495	39 728	34 815
Greece	LGHZ	2 023	2 087	1 965	1 999	2 076	2 151	2 299	2 246	2 251	2 905	2 630
Hungary	XUXI	624	819	817	968	1 082	1 306	1 393	1 277	1 420	1 472	1 325
Ireland	LGIA	13 368	15 223	17 493	19 710	17 540	19 723	22 846	24 239	25 381	27 694	23 767
Italy	LGIB	10 644	11 122	11 305	11 524	11 632	11 812	12 490	13 210	13 420	13 878	13 087
Latvia	ZWMF	93	114	117	115	142	141	196	459	392	257	223
Lithuania	ZWME	111	148	183	181	232	197	279	341	432	565	272
Malta <sup>1</sup>	A7RW	255	263	267	289	333	338	311	409	493	632	614
Netherlands	LGIC	17 797	19 724	19 513	18 720	19 007	18 732	19 628	24 219	23 781	29 887	26 523
Poland	LGIO	1 441	1 585	1 634	1 710	1 873	1 922	2 452	3 713	3 394	4 106	3 765
Portugal	LGID	2 296	2 096	2 064	2 048	1 997	2 258	2 328	2 942	2 132	2 437	2 256
Romania	ZWMH	286	425	414	508	606	746	774	802	919	1 046	955
Slovak Republic	ZWMJ	145	196	246	231	273	270	358	385	572	754	627
Slovenia	ZWMI	166	185	198	230	204	215	232	273	281	319	256
Spain	LGIE	9 642	10 558	10 615	11 102	11 821	12 049	14 429	16 768	15 150	15 648	14 553
Sweden	LGIF	5 473	5 829	5 587	5 350	5 523	6 066	6 344	7 234	7 045	7 620	6 691
European Central Bank	ZWLL	—	3	12	3	—	—	—	—	3	—	—
EU Institutions	LGIG	232	248	544	544	515	578	600	604	628	683	670
Total EU27	GC8Q	132 320	146 177	151 256	153 043	153 157	157 760	171 181	206 697	189 655	211 064	188 312
European Free Trade Association (EFTA)												
Iceland	LGII	189	266	213	195	213	256	314	375	383	415	262
Liechtenstein	LGIIJ	36	43	33	45	43	59	42	63	102	67	75
Norway	LGIK	3 136	3 049	2 789	3 145	3 214	3 464	4 022	4 063	5 281	5 320	5 100
Switzerland	LGIL	5 465	5 845	6 984	7 047	7 415	7 201	9 837	9 792	10 422	11 892	11 260
Total EFTA	LGIM	8 826	9 203	10 018	10 432	10 885	10 980	14 215	14 293	16 188	17 694	16 697
Other Europe												
Albania	ZWLP	15	9	28	25	16	34	24	29	31	45	34
Belarus	ZWLS	30	64	36	36	42	59	64	71	85	114	94
Croatia	ZWMC	118	110	122	149	189	169	164	242	255	336	283
Russia	LGIP	829	1 083	1 363	1 562	2 153	2 367	2 992	3 728	5 126	6 419	4 164
Turkey	LGIIQ	1 599	2 151	1 548	1 659	2 041	2 271	2 669	2 989	3 042	3 303	3 242
Ukraine	ZWMK	170	199	231	484	371	279	376	486	656	844	766
Serbia and Montenegro	ZWMN	68	135	92	90	105	87	93	130	169	171	198
Other <sup>1</sup>	ZWLM	1 348	1 438	1 345	1 639	2 213	2 464	2 997	3 448	3 778	5 176	4 145
Total Europe	LGIS	145 323	160 569	166 039	169 119	171 172	176 470	194 775	232 113	218 985	245 166	217 935
<b>Americas</b>												
Argentina	ZWLQ	460	474	459	210	217	320	266	323	362	462	406
Brazil	LGIT	1 117	1 125	1 200	1 201	1 160	1 096	1 203	1 416	1 563	2 286	2 401
Canada	LGIU	3 929	4 884	4 842	4 650	4 834	5 118	5 029	5 927	5 839	6 071	6 004
Chile	ZWLT	221	211	235	202	202	217	238	312	369	445	701
Colombia	ZWLU	155	157	245	169	205	205	183	205	216	251	261
Mexico	LGIV	798	942	969	969	959	983	943	1 148	1 149	1 242	1 140
United States of America	LGIIW	42 364	48 823	48 730	51 142	52 974	54 584	55 518	61 595	65 776	71 328	66 888
Uruguay	ZWML	75	64	53	35	90	42	52	58	50	83	71
Venezuela	ZWMM	273	305	424	405	245	289	330	307	322	348	377
Other Central American Countries	ZWLW	2 131	2 398	2 288	2 899	3 097	3 608	4 153	4 412	4 780	5 805	4 892
Other	ZWLZ	396	378	379	304	326	295	344	388	488	554	503
Total Americas	LGIIY	51 919	59 761	59 825	62 186	64 309	66 757	68 259	76 091	80 914	88 875	83 644
<b>Asia</b>												
China	LGIZ	1 667	1 917	2 300	2 217	2 813	3 645	4 195	4 785	5 460	7 538	7 713
Hong Kong	LGJA	3 381	3 714	3 777	3 417	3 676	4 433	4 163	4 386	4 386	5 788	5 519
India	LGJB	1 971	2 611	2 447	2 390	3 006	3 233	3 957	4 336	4 634	5 908	4 573
Indonesia	LGJC	550	596	518	498	617	587	553	601	546	646	682
Iran	ZWMD	336	416	603	582	696	684	667	637	556	699	613
Israel	LGJD	1 822	1 961	1 868	1 857	1 729	1 793	1 908	1 762	1 743	1 874	1 667
Japan	LGJE	6 526	7 141	7 231	7 427	7 615	8 088	8 203	8 455	8 523	8 943	8 099
Malaysia	LGJF	1 328	1 297	1 405	1 281	1 451	1 545	1 552	1 377	1 434	1 673	1 679
Pakistan	LGJG	517	383	507	413	474	574	891	847	745	813	852
Philippines	LGJH	365	456	570	457	518	441	417	342	366	448	444
Saudi Arabia	LGJI	3 642	3 926	3 672	3 361	4 139	4 141	3 775	4 170	4 703	4 653	4 440
Singapore	LGJJ	2 757	2 711	2 886	2 611	3 235	3 867	4 716	5 316	5 958	6 412	6 630
South Korea	LGJK	1 360	1 746	1 690	1 966	1 942	2 394	2 412	2 608	2 896	3 667	3 077
Taiwan	LGJL	1 116	1 296	1 170	1 218	1 279	1 465	1 520	1 500	1 606	1 587	1 466
Thailand	LGJM	670	776	813	736	906	956	896	861	936	1 115	1 378
Residual Gulf Arabian Countries	ZWMA	3 292	3 689	3 863	3 952	4 688	5 794	8 936	7 378	7 319	9 761	9 451
Other Near & Middle Eastern Countries	ZWMB	612	624	820	767	893	1 113	1 191	1 406	1 238	1 612	1 611
Other	ZWLN	1 250	1 454	1 448	1 237	1 398	1 566	1 686	2 099	2 974	2 485	2 501
Total Asia	LGJO	33 162	36 714	37 587	36 386	41 075	45 644	51 908	52 643	56 023	65 622	62 395
<b>Australasia &amp; Oceania</b>												
Australia	LGJP	3 763	4 287	4 262	3 940	4 312	4 748	5 284	5 322	5 786	7 026	7 064
New Zealand	LGJQ	678	606	610	586	650	797	826	775	802	816	787
Other	LGJR	99	127	137	152	179	173	144	192	168	218	202
Total Australasia & Oceania	LGJS	4 540	5 020	5 009	4 678	5 141	5 713	6 254	6 289	6 756	8 060	8 053
<b>Africa</b>												
Egypt	ZWLY	822	778	792	689	697	989	916	1 045	1 306	1 623	1 596
Morocco	ZWMG	406	468	450	396	406	401	307	395	372	619	460
South Africa	LGJT	2 406	2 389	2 663	2 606	2 856	2 955	3 204	3 548	3 715	4 175	3 684
Other North Africa	ZWLV	504	684	664	700	874	828	858	899	990	1 426	1 553
Other	ZWLO	3 569	3 385	3 771	3 691	4 074	3 982	4 253	4 961	4 895	7 289	7 290
Total Africa	LGJV	7 707	7 704	8 340	8 081	8 907	9 155	9 538	10 848	11 278	15 132	14 583
<b>International Organisations</b>												
	LGJW	40	51	64	85	73	52	60	42	47	49	38
<b>World total</b>												
	KTMW	242 691	269 819	276 866	280 536	290 677	303 796	330 794	378 026	374 003	422 905	386 648

<sup>1</sup> Cyprus and Malta are included in Other Europe before 1999.

# 9.3 Trade in goods and services

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Imports												
Europe												
European Union (EU)												
Austria	LGJY	1 909	1 887	2 394	3 084	3 436	3 110	3 331	3 676	3 322	3 307	3 163
Belgium and Luxembourg of which Belgium Luxembourg	LGJZ	11 879	12 602	13 959	15 237	15 411	16 207	17 609	20 839	18 618	20 470	18 486
	A8EO	11 578	12 287	13 475	14 273	14 439	14 909	16 389	17 690	17 467	19 051	17 417
	A8ER	301	315	484	964	972	1 298	1 220	3 149	1 151	1 419	1 069
Bulgaria <sup>1</sup>	ZWNX	105	123	153	212	228	324	423	448	574	600	498
Cyprus <sup>1</sup>	A8EP	952	1 093	1 302	1 224	1 339	1 285	1 477	2 627	1 367	1 312	1 056
Czech Republic	LGKS	726	970	1 296	1 500	1 749	1 717	2 351	3 522	3 455	4 044	3 715
Denmark	LGKA	2 980	3 304	3 577	4 341	4 182	4 209	5 334	7 473	4 470	5 073	5 013
Estonia	ZWOD	194	342	310	345	299	426	416	2 170	358	203	157
Finland	LGKB	2 670	3 169	3 325	3 073	2 977	2 621	2 784	3 480	3 041	3 185	2 461
France	LGKC	25 097	26 175	27 655	28 639	28 651	28 645	30 938	35 977	31 634	33 077	29 464
Germany	LGKD	31 569	33 167	35 431	37 842	39 247	41 818	46 889	50 583	52 914	54 320	48 337
Greece	LGKE	1 834	2 076	2 362	2 462	2 592	2 606	2 704	2 797	2 878	2 796	2 570
Hungary	ZWOJ	757	778	836	975	1 271	1 765	2 134	2 689	2 850	2 880	2 929
Ireland	LGKF	10 877	12 522	14 478	15 492	12 497	13 183	13 848	14 261	15 296	16 371	16 784
Italy	LGKG	12 038	12 370	12 862	13 813	14 910	15 747	16 978	16 948	18 102	19 147	16 592
Latvia	ZWOM	286	431	459	504	554	731	769	915	742	445	365
Lithuania	ZWOL	163	253	251	305	310	289	345	358	402	437	469
Malta <sup>1</sup>	A8ES	323	349	400	406	464	502	520	455	490	522	408
Netherlands	LGKH	16 211	18 406	18 523	19 523	20 012	21 548	24 011	25 888	26 429	29 579	26 072
Poland	LGKT	851	1 089	1 366	1 452	1 769	2 134	2 877	4 580	4 910	5 606	5 919
Portugal	LGKI	2 827	2 756	2 741	2 969	3 333	3 325	3 459	4 486	3 203	3 654	2 932
Romania	ZWOO	304	400	525	606	770	917	972	1 030	1 113	1 022	1 031
Slovak Republic	ZWOQ	130	166	191	238	281	294	437	909	1 373	1 749	1 724
Slovenia	ZWOP	118	151	166	196	193	203	249	793	362	381	291
Spain	LGKJ	11 899	12 636	14 591	17 036	18 225	18 224	20 917	22 071	20 499	21 295	18 623
Sweden	LGKK	5 426	5 781	5 500	5 157	5 701	6 266	6 777	7 336	6 488	8 164	7 207
European Central Bank	ZWNR	1	1	5	1	—	—	—	—	—	2	1
EU Institutions	LGKL	6	3	5	14	17	4	4	2	—	5	2
Total EU27	GCU9	142 132	153 000	164 659	176 646	180 418	188 100	208 553	236 313	224 890	239 646	216 269
European Free Trade Association (EFTA)												
Iceland	LGKN	307	440	325	331	342	412	417	500	505	539	607
Liechtenstein	LGKO	30	28	32	23	36	22	17	43	66	40	33
Norway	LGKP	4 045	6 099	6 170	6 524	7 133	9 265	13 052	15 467	15 342	22 788	17 039
Switzerland	LGKQ	6 879	7 118	6 131	6 271	5 553	5 277	6 237	6 732	7 518	8 083	8 179
Total EFTA	LGKR	11 261	13 685	12 658	13 149	13 064	14 976	19 723	22 742	23 431	31 450	25 858
Other Europe												
Albania	ZWNV	7	7	9	15	17	20	8	13	24	21	12
Belarus	ZWNY	21	36	22	34	26	73	279	731	611	128	38
Croatia	ZWOI	60	68	106	115	123	137	193	243	233	303	276
Russia	LGKU	1 461	1 684	2 265	2 246	2 757	4 005	5 558	6 466	6 171	8 000	5 921
Turkey	LGKV	1 728	1 971	2 238	2 868	3 407	4 061	4 548	5 039	5 797	6 393	5 883
Ukraine	ZWOR	56	78	104	168	117	150	186	201	304	377	361
Serbia and Montenegro	ZWOU	45	45	61	63	75	76	85	137	145	149	150
Other <sup>1</sup>	ZWNS	888	1 289	1 267	1 415	1 378	1 262	1 367	1 603	1 702	1 592	1 553
Total Europe	LGKX	157 659	171 863	183 389	196 719	201 382	212 860	240 500	273 488	263 308	288 059	256 321
Americas												
Argentina	ZWNW	265	256	283	291	300	334	370	466	507	694	745
Brazil	LGKY	1 066	1 288	1 510	1 616	1 653	1 762	2 002	2 170	2 338	2 962	2 835
Canada	LGKZ	4 002	5 114	4 856	4 653	4 666	5 242	5 319	6 298	7 176	7 354	5 827
Chile	ZWNZ	370	486	512	508	457	546	559	558	570	629	663
Colombia	ZWOA	226	270	342	247	255	300	338	345	391	720	617
Mexico	LGLA	620	896	1 078	841	802	776	745	718	945	1 254	1 048
United States of America	LGLB	37 366	42 043	43 773	39 145	38 188	37 825	38 816	42 585	44 343	45 960	43 447
Uruguay	ZWOS	44	42	45	70	47	46	65	75	76	123	144
Venezuela	ZWOT	190	253	202	218	147	233	420	624	530	639	447
Other Central American Countries	ZWOC	1 862	2 517	2 022	2 078	2 414	2 981	2 961	4 048	3 869	4 356	4 218
Other	ZWOF	504	534	443	383	353	347	394	415	393	524	488
Total Americas	LGLD	46 515	53 699	55 066	50 050	49 282	50 392	51 989	58 302	61 138	65 215	60 479
Asia												
China	LGLE	3 650	5 118	6 116	7 222	8 805	10 949	13 657	16 047	19 744	24 517	25 365
Hong Kong	LGLF	5 529	6 488	6 360	6 185	6 215	6 481	7 360	8 181	8 173	9 086	8 620
India	LGLG	2 099	2 315	2 633	2 620	2 911	3 375	4 087	4 717	5 660	6 772	6 582
Indonesia	LGLH	1 081	1 206	1 249	1 142	1 172	1 018	936	1 095	1 041	1 312	1 318
Iran	ZWOK	54	73	65	62	74	102	76	131	107	108	272
Israel	LGLI	1 211	1 291	1 253	1 082	1 074	1 153	1 251	1 260	1 350	1 465	1 406
Japan	LGLJ	10 420	11 878	10 896	9 528	9 824	9 812	10 925	10 604	10 747	12 286	9 906
Malaysia	LGLK	2 147	2 515	2 130	1 924	2 037	2 230	2 084	2 149	1 920	2 117	1 905
Pakistan	LGLL	606	663	701	870	905	985	959	997	923	1 026	1 068
Philippines	LGLM	1 071	1 361	1 237	1 044	868	764	854	915	873	817	598
Saudi Arabia	LGLN	1 309	1 530	1 576	1 979	1 779	1 936	2 279	1 924	1 504	1 178	908
Singapore	LGLO	2 709	2 731	2 462	2 387	3 097	4 040	4 557	4 620	5 155	5 317	5 035
South Korea	LGLP	2 919	3 557	2 935	2 913	2 749	3 329	3 317	3 323	3 415	3 910	3 229
Taiwan	LGLQ	2 745	3 718	2 933	2 568	2 378	2 543	2 536	2 558	2 765	2 951	2 544
Thailand	LGLR	1 598	1 987	2 065	2 071	2 159	2 401	2 331	2 606	2 706	3 104	2 952
Residual Gulf Arabian Countries	ZWOG	1 267	1 523	1 689	1 836	2 277	2 652	3 029	3 456	3 637	4 391	4 941
Other Near & Middle Eastern Countries	ZWOH	219	243	288	340	328	318	432	983	557	649	572
Other	ZWNT	1 696	2 227	2 200	2 276	2 629	3 138	2 923	3 504	3 536	4 181	4 614
Total Asia	LGLT	42 330	50 424	48 788	48 049	51 281	57 226	63 593	69 070	73 813	85 187	81 835
Australasia & Oceania												
Australia	LGLU	2 384	2 734	3 027	3 118	3 265	3 257	3 967	3 910	4 264	4 372	4 367
New Zealand	LGLV	814	808	829	859	899	1 018	1 093	1 040	1 098	1 118	1 098
Other	LGLW	151	149	114	129	153	184	178	197	147	240	233
Total Australasia & Oceania	LGLX	3 349	3 691	3 970	4 106	4 317	4 459	5 238	5 147	5 509	5 730	5 698
Africa												
Egypt	ZWOE	484	701	773	729	782	839	887	1 266	1 134	1 400	1 386
Morocco	ZWON	520	568	586	594	584	659	595	612	817	809	605
South Africa	LGLY	2 116	3 081	3 439	3 369	3 870	4 180	4 953	4 929	4 016	5 600	4 686
Other North Africa	ZWOB	551	1 022	864	851	834	1 066	1 284	1 903	2 130	2 751	2 194
Other	ZWNU	2 600	2 664	3 940	4 102	4 311	4 564	4 559	4 789	5 037	5 871	5 452
Total Africa	LGMA	6 271	8 036	9 602	9 645	10 381	11 308	12 278	13 499	13 134	16 431	14 323
International Organisations												
	LGMB	56	80	62	40	29	37	43	57	57	43	15
World total												
	KTMX	256 180	287 793	300 878	308 609	316 672	336 282	373 641	419 563	416 959	460 665	418 671

# 9.3 Trade in goods and services

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	LGMD	-342	-336	-761	-1 393	-1 748	-1 582	-1 479	-1 428	-1 328	-1 099	-1 172
Belgium and Luxembourg	LGME	-238	197	-1 572	-1 866	-824	-1 829	-2 552	-2 064	-1 980	-1 152	-2 164
of which Belgium	A8HC	-468	-97	-1 815	-1 708	-807	-1 700	-2 398	-1 702	-2 688	-2 020	-3 486
of which Luxembourg	A8HF	230	294	243	-158	-17	-129	-154	-362	708	868	1 322
Bulgaria	ZWSK	12	4	4	-3	-7	-91	-109	-95	-199	-168	-96
Cyprus <sup>1</sup>	A8HD	-559	-633	-876	-733	-787	-626	-805	-1 310	-327	-158	83
Czech Republic	LGMX	160	125	-36	-288	-502	-410	-936	-1 650	-1 532	-2 041	-1 844
Denmark	LGMF	59	191	80	-238	-474	-575	-1 495	-1 452	66	-87	361
Estonia	ZWSQ	-129	-234	-213	-224	-182	-291	-264	-1 641	-21	67	32
Finland	LGMG	-655	-743	-835	-799	-606	-300	-413	-534	117	-87	78
France	LGMH	-3 318	-2 155	-2 328	-3 861	-3 506	-3 470	-4 564	-34	-5 169	-5 114	-4 008
Germany	LGMI	-5 347	-3 696	-4 583	-8 281	-10 582	-11 932	-14 713	-13 012	-17 419	-14 592	-13 522
Greece	LGMI	189	11	-397	-463	-516	-455	-405	-551	-627	109	60
Hungary	ZWSW	-133	41	-19	-7	-189	-459	-741	-1 412	-1 430	-1 408	-1 604
Ireland	LGMI	2 491	2 701	3 015	4 218	5 043	6 540	8 998	9 978	10 085	11 323	6 983
Italy	LGML	-1 394	-1 248	-1 557	-2 289	-3 278	-3 935	-4 488	-3 738	-4 682	-5 269	-3 505
Latvia	ZWSZ	-193	-317	-342	-389	-412	-590	-573	-456	-350	-188	-142
Lithuania	ZWSY	-52	-105	-68	-124	-78	-92	-66	-17	30	128	-197
Malta <sup>1</sup>	A8HG	-68	-86	-133	-117	-131	-164	-209	-46	3	110	206
Netherlands	LGMM	1 586	1 318	990	-803	-1 005	-2 816	-4 383	-1 669	-2 648	308	451
Poland	LGMY	590	496	268	258	104	-212	-425	-867	-1 516	-1 500	-2 154
Portugal	LGMM	-531	-660	-677	-921	-1 336	-1 067	-1 131	-1 544	-1 071	-1 217	-676
Romania	ZWTB	-18	25	-111	-98	-164	-171	-198	-228	-194	24	-76
Slovak Republic	ZWTD	15	30	55	-7	-8	-24	-79	-524	-801	-995	-1 097
Slovenia	ZWTC	48	34	32	34	11	12	-17	-520	-81	-62	-35
Spain	LGMO	-2 257	-2 078	-3 976	-5 934	-6 404	-6 175	-6 488	-5 303	-5 349	-5 647	-4 070
Sweden	LGMP	47	48	87	193	-178	-200	-433	-102	557	-544	-516
European Central Bank	ZWSE	-1	2	11	2	-	-	-	-	3	-2	-1
EU Institutions	LGMQ	226	245	539	530	498	574	596	602	628	678	668
Total EU27	GD6Q	-9 812	-6 823	-13 403	-23 603	-27 261	-30 340	-37 372	-29 616	-35 235	-28 582	-27 957
European Free Trade Association (EFTA)												
Iceland	LGMS	-118	-174	-112	-136	-129	-156	-103	-125	-122	-124	-345
Liechtenstein	LGMT	6	15	1	22	7	37	25	20	36	27	42
Norway	LGMU	-909	-3 050	-3 381	-3 379	-3 919	-5 801	-9 030	-11 404	-10 061	-17 468	-11 939
Switzerland	LGMY	-1 414	-1 273	853	776	1 862	1 924	3 600	3 060	2 904	3 809	3 081
Total EFTA	LGMY	-2 435	-4 482	-2 640	-2 717	-2 179	-3 996	-5 508	-8 449	-7 243	-13 756	-9 161
Other Europe												
Albania	ZWSI	8	2	19	10	-1	14	16	16	7	24	22
Belarus	ZWSL	9	28	14	2	16	-14	-215	-660	-526	-14	56
Croatia	ZWSV	58	42	16	34	66	32	-29	-1	22	33	7
Russia	LGMS	-632	-601	-902	-684	-604	-1 638	-2 566	-2 738	-1 045	-1 581	-1 757
Turkey	LGNA	-129	180	-690	-1 209	-1 366	-1 790	-1 879	-2 050	-2 755	-3 090	-2 641
Ukraine	ZWTE	114	121	127	316	254	129	190	285	352	467	405
Serbia and Montenegro	ZWTH	23	90	31	27	30	11	8	-7	24	22	48
Other <sup>1</sup>	ZWSF	460	149	78	224	835	1 202	1 630	1 845	2 076	3 584	2 592
Total Europe	LGNC	-12 336	-11 294	-17 350	-27 600	-30 210	-36 390	-45 725	-41 375	-44 323	-42 893	-38 386
<b>Americas</b>												
Argentina	ZWSJ	195	218	176	-81	-83	-14	-104	-143	-145	-232	-339
Brazil	LGND	51	-163	-310	-415	-493	-666	-799	-754	-775	-676	-434
Canada	LGNE	-73	-230	-14	-3	168	-124	-290	-371	-1 337	-1 283	177
Chile	ZWSM	-149	-275	-277	-306	-255	-329	-321	-246	-201	-184	38
Colombia	ZWSN	-71	-113	-97	-78	-50	-95	-155	-140	-175	-469	-356
Mexico	LGNF	178	46	-109	128	157	207	198	430	204	-12	92
United States of America	LGNG	4 998	6 780	4 957	11 997	14 786	16 759	16 702	19 010	21 433	25 368	23 441
Uruguay	ZWTF	31	22	8	-35	43	-4	-13	-17	-26	-40	-73
Venezuela	ZWTG	83	52	222	187	98	56	-90	-317	-208	-291	-70
Other Central American Countries	ZWSP	269	-119	266	821	683	627	1 192	364	911	1 449	674
Other	ZWSS	-108	-156	-64	-79	-27	-52	-50	-27	95	30	15
Total Americas	LGNI	5 404	6 062	4 759	12 136	15 027	16 365	16 270	17 789	19 776	23 660	23 165
<b>Asia</b>												
China	LGNI	-1 983	-3 201	-3 816	-5 005	-5 992	-7 304	-9 462	-11 262	-14 284	-16 979	-17 652
Hong Kong	LGNI	-2 148	-2 774	-2 583	-2 768	-2 539	-2 723	-2 927	-4 018	-3 787	-3 298	-3 101
India	LGNI	-128	296	-186	-230	95	-142	-130	-381	-1 026	-864	-2 009
Indonesia	LGNI	-531	-610	-731	-644	-555	-431	-383	-494	-495	-666	-636
Iran	ZWSX	282	343	538	520	622	582	591	506	449	591	341
Israel	LGNI	611	670	615	775	655	640	657	502	393	409	261
Japan	LGNO	-3 894	-4 737	-3 665	-2 101	-2 209	-1 724	-2 722	-2 149	-2 224	-3 343	-1 807
Malaysia	LGNI	-819	-1 218	-725	-643	-586	-685	-532	-772	-486	-444	-226
Pakistan	LGNI	-89	-280	-194	-457	-431	-411	-68	-150	-178	-213	-216
Philippines	LGNI	-706	-905	-667	-587	-350	-323	-437	-573	-507	-369	-154
Saudi Arabia	LGNS	2 333	2 396	2 096	1 382	2 360	2 205	1 496	2 246	3 199	3 475	3 532
Singapore	LGNT	48	-20	424	224	138	-173	159	696	803	1 095	1 595
South Korea	LGNU	-1 559	-1 811	-1 245	-947	-807	-935	-905	-715	-519	-243	-152
Taiwan	LGNV	-1 629	-2 422	-1 763	-1 350	-1 099	-1 078	-1 016	-1 058	-1 159	-1 364	-1 078
Thailand	LGNI	-928	-1 211	-1 252	-1 335	-1 253	-1 445	-1 435	-1 745	-1 770	-1 989	-1 574
Residual Gulf Arabian Countries	ZWST	2 025	2 166	2 174	2 116	2 411	3 142	5 907	3 922	3 682	5 370	4 510
Other Near & Middle Eastern Countries	ZWSU	393	381	532	427	565	795	759	423	681	963	1 039
Other	ZWSG	-446	-773	-752	-1 039	-1 231	-1 572	-1 237	-1 405	-562	-1 696	-2 113
Total Asia	LGNY	-9 168	-13 710	-11 201	-11 663	-10 206	-11 582	-11 685	-16 427	-17 790	-19 565	-19 440
<b>Australasia &amp; Oceania</b>												
Australia	LGNI	1 379	1 553	1 235	822	1 047	1 491	1 317	1 412	1 522	2 654	2 697
New Zealand	LGNA	-136	-202	-219	-273	-249	-221	-267	-265	-296	-302	-311
Other	LGON	-52	-22	23	23	26	-11	-34	-5	21	-22	-31
Total Australasia & Oceania	LGOC	1 191	1 329	1 039	572	824	1 259	1 016	1 142	1 247	2 330	2 355
<b>Africa</b>												
Egypt	ZWSR	338	77	19	-40	-85	150	29	-221	172	223	210
Morocco	ZWTA	-114	-100	-136	-198	-178	-258	-288	-217	-445	-190	-145
South Africa	LGOD	290	-692	-776	-763	-1 014	-1 225	-1 749	-1 381	-301	-1 425	-1 002
Other North Africa	ZWSO	-47	-338	-200	-151	40	-238	-426	-1 004	-1 140	-1 325	-641
Other	ZWSH	969	721	-169	-411	-237	-582	-306	172	-142	1 418	1 838
Total Africa	LGOF	1 436	-332	-1 262	-1 564	-1 474	-2 153	-2 740	-2 651	-1 856	-1 299	260
<b>International Organisations</b>												
	LGOG	-16	-29	2	45	44	15	17	-15	-10	6	23
<b>World total</b>	<b>KTMX</b>	<b>-13 489</b>	<b>-17 974</b>	<b>-24 012</b>	<b>-28 073</b>	<b>-25 995</b>	<b>-32 486</b>	<b>-42 847</b>	<b>-41 537</b>	<b>-42 956</b>	<b>-37 760</b>	<b>-32 023</b>

1 Cyprus and Malta are included in Other Europe before 1999.



# 9.4 Trade in goods

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
<b>Europe</b>												
European Union (EU)												
Austria	QBRY	1 168	1 146	1 224	1 265	1 264	1 095	1 332	1 699	1 376	1 474	1 289
Belgium and Luxembourg	QBSB	9 241	10 322	9 893	10 552	11 374	10 510	11 394	15 082	12 122	13 619	11 020
of which Belgium	QDOH	9 117	10 102	9 609	10 182	11 073	10 249	11 182	13 418	11 851	13 415	10 826
of which Luxembourg	QDOK	124	220	284	370	301	261	212	1 664	271	204	194
Bulgaria	QAMF	76	85	122	134	154	155	220	237	202	253	198
Cyprus <sup>1</sup>	QDNZ	259	311	291	272	317	324	359	960	415	538	613
Czech Republic	QDLF	733	927	1 075	1 031	1 003	978	1 080	1 526	1 401	1 548	1 441
Denmark	QBSE	2 054	2 315	2 267	2 729	2 180	2 042	2 314	3 715	2 182	2 593	2 469
Estonia	QAMN	51	96	83	100	95	106	115	472	228	221	141
Finland	QBSH	1 354	1 471	1 611	1 442	1 493	1 363	1 514	1 872	1 958	1 909	1 322
France	QDJA	16 907	18 577	19 249	18 757	18 885	18 562	19 931	28 693	18 103	18 168	17 144
Germany	QDJD	20 464	22 789	23 655	22 064	20 805	21 668	23 025	27 602	24 699	27 970	24 214
Greece	QDJG	1 206	1 251	1 156	1 234	1 286	1 408	1 367	1 469	1 350	1 659	1 628
Hungary	QDLI	486	613	612	750	856	934	834	855	863	1 011	849
Ireland	QDJJ	10 783	12 372	13 835	15 422	12 224	14 134	16 294	17 480	17 801	19 124	15 918
Italy	QDJM	7 831	8 429	8 404	8 506	8 603	8 400	8 790	9 494	9 189	9 399	8 288
Latvia	QAMO	69	84	84	77	113	92	103	393	145	169	109
Lithuania	QAMP	96	131	137	149	189	142	167	238	311	283	172
Malta <sup>1</sup>	QDOC	189	206	215	228	260	259	240	319	362	449	401
Netherlands	QDJP	13 632	15 167	14 599	14 011	13 597	12 029	12 716	16 522	15 115	19 905	18 136
Poland	QDLL	1 169	1 299	1 297	1 318	1 462	1 417	1 653	2 704	2 372	3 014	2 793
Portugal	QDJT	1 712	1 660	1 579	1 518	1 453	1 580	1 698	2 374	1 481	1 640	1 538
Romania	QAMQ	242	381	341	432	509	609	647	637	668	759	689
Slovak Republic	QAMR	114	157	203	201	237	224	259	272	382	457	378
Slovenia	QAMS	140	157	160	182	161	163	169	200	205	225	175
Spain	QDJW	7 526	8 302	8 363	8 490	8 943	9 100	10 677	12 295	9 979	10 230	9 203
Sweden	QDJZ	4 035	4 211	3 951	3 873	3 823	4 356	4 588	5 246	4 904	5 213	4 206
European Central Bank	QARP	—	—	—	—	—	—	—	—	—	—	—
EU Institutions	EOAY	—	—	—	—	—	—	—	—	—	—	—
Total EU27	LGCJ	101 537	112 459	114 406	114 737	111 286	111 650	121 486	152 357	127 813	141 831	124 334
European Free Trade Association (EFTA)												
Iceland	QDKW	159	193	150	131	141	167	179	188	198	187	129
Liechtenstein	EPOW	2	6	3	2	3	6	2	20	3	9	5
Norway	QDKZ	1 999	2 018	1 813	1 696	1 886	1 939	2 211	2 125	2 697	2 849	2 805
Switzerland	QDLC	2 768	3 061	3 496	3 080	2 786	2 842	4 985	4 189	3 808	4 656	3 935
Total EFTA	EPOT	4 928	5 278	5 461	4 909	4 816	4 954	7 377	6 522	6 706	7 701	6 874
Other Europe												
Albania	QAMC	12	7	23	19	10	12	16	16	20	16	19
Belarus	QAME	27	37	33	32	38	53	57	62	72	95	84
Croatia	QAMM	80	72	88	94	138	125	118	144	159	218	221
Russia	QDLO	532	668	893	961	1 420	1 465	1 869	2 063	2 893	4 274	2 403
Turkey	QDLR	1 198	1 800	1 150	1 287	1 638	1 903	2 160	2 426	2 283	2 568	2 343
Ukraine	QAMT	147	156	202	182	245	224	279	338	449	612	583
Serbia and Montenegro	QAMW	29	32	51	62	65	66	58	88	105	132	108
Other <sup>1</sup>	BOQE	133	196	185	134	176	214	249	326	291	558	502
Total Europe	EPLM	108 623	120 705	122 492	122 437	119 832	120 666	133 669	164 342	140 791	158 005	137 471
<b>Americas</b>												
Argentina	QAOM	293	288	264	127	134	178	167	217	234	318	253
Brazil	QDLU	739	775	808	880	825	789	836	918	1 108	1 694	1 786
Canada	QATH	2 532	3 487	3 203	3 107	3 239	3 340	3 277	3 894	3 291	3 266	3 333
Chile	QAMG	115	115	132	115	123	134	150	184	191	265	510
Colombia	QAML	107	101	105	83	108	118	117	134	142	164	177
Mexico	QDLX	577	675	681	704	687	629	638	747	801	905	753
United States of America	J8V9	24 475	29 549	29 519	28 452	28 997	28 794	31 095	32 287	32 274	35 471	33 972
Uruguay	QAMU	66	57	48	30	30	32	39	41	36	66	60
Venezuela	QAMV	205	222	314	306	143	190	234	236	259	282	298
Other Central American Countries	BOQQ	922	979	684	690	712	619	677	855	874	1 020	762
Other	BOQT	161	158	160	153	166	147	153	167	187	253	238
Total Americas	EPLO	30 192	36 406	35 919	34 647	35 164	34 970	37 383	39 680	39 397	43 704	42 142
<b>Asia</b>												
China	QDMA	1 211	1 468	1 709	1 493	1 924	2 366	2 811	3 264	3 860	5 084	5 398
Hong Kong	QDMD	2 312	2 673	2 683	2 411	2 481	2 864	3 087	2 864	2 726	3 676	3 735
India	QDMG	1 450	2 058	1 772	1 755	2 284	2 234	2 798	2 693	2 968	4 135	2 948
Indonesia	QDMJ	385	404	313	324	452	397	366	311	289	385	359
Iran	QAON	237	292	434	397	471	442	452	423	392	438	399
Israel	QDMM	1 295	1 516	1 357	1 428	1 359	1 386	1 352	1 308	1 257	1 341	1 140
Japan	QAMJ	3 300	3 672	3 673	3 583	3 710	3 863	3 900	4 109	3 866	3 908	3 562
Malaysia	QDMP	934	907	1 029	877	1 028	991	1 088	877	975	1 135	1 045
Pakistan	QDMS	221	207	229	240	291	343	461	488	423	475	474
Philippines	QDMV	239	273	392	352	377	315	279	242	251	245	272
Saudi Arabia	QDMY	1 481	1 557	1 525	1 388	1 819	1 611	1 559	1 644	1 857	2 191	2 340
Singapore	QDNB	1 597	1 625	1 592	1 445	1 582	1 708	2 078	2 318	2 467	2 820	2 957
South Korea	QDNE	949	1 350	1 262	1 461	1 468	1 481	1 677	1 746	1 914	2 552	2 163
Taiwan	QDNH	865	1 015	875	848	897	950	939	911	957	892	796
Thailand	QDNK	463	582	594	529	572	637	638	567	613	757	914
Residual Gulf Arabian Countries	BOQW	2 258	2 586	2 749	2 620	3 353	4 027	6 951	5 074	4 490	6 027	5 727
Other Near & Middle Eastern Countries	QARJ	406	393	481	499	632	774	744	970	765	1 016	1 097
Other	BORB	592	644	564	510	600	607	580	677	1 516	843	985
Total Asia	EPLP	20 195	23 222	23 232	22 159	25 300	26 762	31 760	30 486	31 586	37 920	36 311
<b>Australasia &amp; Oceania</b>												
Australia	QDNN	2 155	2 699	2 298	2 114	2 289	2 455	2 580	2 488	2 630	3 103	2 953
New Zealand	QDNQ	324	305	309	311	348	418	415	373	364	385	348
Other	EGIZ	38	43	42	55	64	43	81	70	56	65	86
Total Australasia & Oceania	EPLQ	2 517	3 047	2 649	2 480	2 701	2 916	3 076	2 931	3 050	3 583	3 387
<b>Africa</b>												
Egypt	QDNT	539	498	452	463	458	667	543	577	686	944	1 001
Morocco	QAEO	359	407	368	346	358	340	261	306	294	516	310
South Africa	QDNW	1 281	1 413	1 534	1 597	1 766	1 874	2 073	2 184	2 244	2 658	2 251
Other North Africa	BORU	386	419	445	478	587	540	484	494	514	807	956
Other	BOQH	2 074	1 819	2 000	1 917	2 154	2 139	2 359	2 633	2 296	3 948	3 708
Total Africa	EPLN	4 639	4 556	4 799	4 800	5 323	5 560	5 720	6 194	6 034	8 873	8 226
<b>International Organisations</b>												
	EPLR	—	—	—	—	—	—	—	—	—	—	—
<b>World total</b>												
	LQAD	166 166	187 936	189 093	186 524	188 320	190 874	211 608	243 633	220 858	252 086	227 537

<sup>1</sup> Cyprus and Malta are included in Other Europe before 1999.



# 9.4 Trade in goods

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Imports</b>												
<b>Europe</b>												
European Union (EU)												
Austria	QBRZ	1 453	1 410	1 888	2 396	2 776	2 354	2 461	2 786	2 488	2 345	2 282
Belgium and Luxembourg	QBSC	10 156	10 927	12 159	13 201	13 205	13 846	15 155	18 183	15 820	17 344	15 728
of which Belgium	QDOI	10 079	10 795	11 859	12 449	12 481	12 906	14 238	15 558	15 127	16 517	15 134
of which Luxembourg	QDOL	77	132	300	752	724	940	917	2 625	693	827	594
Bulgaria	QAMZ	69	85	101	116	124	150	169	208	239	207	175
Cyprus <sup>1</sup>	QDOA	186	208	243	247	251	205	272	1 445	193	157	122
Czech Republic	QDLG	580	802	1 097	1 250	1 412	1 291	1 883	2 987	2 983	3 580	3 336
Denmark	QBSF	2 341	2 630	2 922	3 595	3 399	3 357	4 393	6 439	3 444	3 924	3 805
Estonia	QAND	188	309	283	327	264	379	363	2 100	226	145	126
Finland	QBTG	2 365	2 765	2 965	2 791	2 663	2 336	2 431	3 118	2 619	2 787	2 117
France	QDJB	18 410	18 644	20 127	20 798	20 389	20 133	21 984	26 376	21 896	23 199	20 315
Germany	QDJE	26 812	28 462	30 192	32 442	33 667	35 381	39 169	42 660	44 565	44 689	39 600
Greece	QDJH	408	459	476	555	613	637	703	790	640	655	530
Hungary	QDLJ	668	683	710	846	1 120	1 579	1 860	2 348	2 377	2 527	2 547
Ireland	QDJK	8 705	10 261	12 141	13 176	9 920	10 131	10 411	10 770	11 338	12 250	12 519
Italy	QDJN	9 383	9 514	9 860	10 675	11 481	12 184	12 673	12 775	13 316	14 160	12 103
Latvia	QANE	274	406	439	485	525	693	725	833	605	376	306
Lithuania	QANF	158	247	235	268	285	270	273	274	299	349	372
Malta <sup>1</sup>	QDOD	127	126	144	168	185	184	177	161	179	139	106
Netherlands	QDJQ	13 768	15 380	15 395	16 143	16 692	18 196	20 436	22 275	23 079	25 840	21 760
Poland	QDLM	676	905	1 166	1 265	1 545	1 835	2 320	3 622	3 695	4 312	4 695
Portugal	QDJU	1 822	1 735	1 625	1 761	1 966	1 928	2 018	3 054	1 506	1 745	1 420
Romania	QANG	253	336	448	522	679	786	803	861	938	806	790
Slovak Republic	QANH	102	136	177	211	259	261	370	815	1 273	1 629	1 606
Slovenia	QANI	104	122	149	173	169	169	201	740	318	314	251
Spain	QDJX	5 966	6 141	7 360	9 190	9 247	9 120	11 450	12 144	10 489	10 783	9 428
Sweden	QDKA	4 648	4 951	4 671	4 330	4 568	5 118	5 463	5 985	5 274	6 808	5 457
European Central Bank	QARQ	—	—	—	—	—	—	—	—	—	—	—
EU Institutions	EOBS	—	—	—	—	—	—	—	—	—	—	—
Total EU27	LGDB	109 622	117 644	126 973	136 931	137 404	142 523	158 163	183 749	169 799	181 070	161 496
European Free Trade Association (EFTA)												
Iceland	QDKX	282	365	281	289	296	355	346	402	415	458	481
Liechtenstein	EPOX	23	22	25	22	25	18	13	37	37	33	21
Norway	QDLA	3 546	5 563	5 523	5 258	6 423	8 495	12 077	14 453	14 316	21 609	15 914
Switzerland	QDLN	5 341	5 485	4 544	4 595	3 759	3 447	3 884	4 372	4 746	5 256	5 232
Total EFTA	EPOU	9 192	11 435	10 373	10 164	10 503	12 315	16 320	19 264	19 514	27 356	21 648
Other Europe												
Albania	QAMX	1	2	—	2	3	—	—	—	—	—	—
Belarus	QAMY	20	34	18	31	22	72	271	710	584	107	20
Croatia	QANC	39	41	51	68	50	54	54	67	75	91	80
Russia	QDLP	1 324	1 496	2 047	1 950	2 454	3 506	5 010	5 740	5 248	6 928	4 609
Turkey	QDLS	1 204	1 450	1 669	2 164	2 619	3 250	3 510	3 946	4 632	4 874	4 582
Ukraine	QANJ	47	64	71	143	94	108	91	125	129	151	146
Serbia and Montenegro	QANM	14	23	23	30	34	38	42	64	74	90	74
Other <sup>1</sup>	BOQF	172	177	271	261	283	265	325	303	324	337	382
Total Europe	EPMP	121 635	132 366	141 496	151 744	153 466	162 131	183 786	213 968	200 379	221 004	193 037
<b>Americas</b>												
Argentina	QAOP	190	181	209	236	252	265	283	351	414	564	651
Brazil	QDLV	910	1 114	1 279	1 365	1 477	1 545	1 740	1 905	2 061	2 619	2 526
Canada	QATI	3 026	4 009	3 664	3 563	3 664	4 194	4 157	4 954	5 793	5 824	4 532
Chile	QANA	328	451	464	460	414	474	478	519	502	581	590
Colombia	QANB	191	231	311	212	223	277	298	299	354	689	570
Mexico	QDLY	395	613	680	505	490	411	446	444	582	794	766
United States of America	J8VA	24 613	28 838	30 270	25 742	23 326	22 525	22 530	25 830	26 095	26 009	24 619
Uruguay	QANK	40	36	36	47	43	41	58	63	69	119	117
Venezuela	QANL	144	207	160	183	113	207	386	593	493	601	412
Other Central American Countries	BOQR	871	1 044	616	766	1 000	1 100	1 189	1 380	1 117	1 352	1 223
Other	BOQU	289	278	295	259	223	237	224	290	232	371	357
Total Americas	EPMO	30 997	37 002	37 984	33 338	31 225	31 276	31 789	36 628	37 712	39 523	36 363
<b>Asia</b>												
China	QDMB	3 384	4 826	5 741	6 726	8 342	10 390	12 962	15 237	18 734	23 175	24 305
Hong Kong	QDME	4 909	5 917	5 754	5 561	5 500	5 761	6 602	7 338	6 939	8 080	7 663
India	QDMH	1 426	1 651	1 816	1 804	2 093	2 287	2 781	3 121	3 809	4 490	4 560
Indonesia	QDMK	931	1 081	1 128	1 006	875	918	839	958	925	1 184	1 196
Iran	QAQO	33	30	28	33	29	41	34	70	63	70	207
Israel	QDMN	996	1 025	939	880	861	920	1 002	965	1 045	1 155	1 082
Japan	QAMK	9 118	10 214	9 080	8 079	8 085	8 109	8 669	7 857	7 885	8 547	6 660
Malaysia	QDMQ	1 961	2 288	1 939	1 731	1 867	2 022	1 813	1 895	1 684	1 873	1 643
Pakistan	QDMT	318	363	421	472	519	554	487	511	512	630	692
Philippines	QDMW	983	1 155	1 155	944	713	655	712	742	717	629	394
Saudi Arabia	QDMZ	783	977	933	677	715	1 158	1 714	1 232	821	673	596
Singapore	QDNC	2 348	2 395	2 067	1 959	2 672	3 379	3 828	3 756	4 247	4 007	3 543
South Korea	QDNF	2 784	3 416	2 756	2 728	2 563	3 083	3 063	3 069	3 073	3 510	2 859
Taiwan	QDNI	2 626	3 561	2 784	2 385	2 198	2 341	2 226	2 339	2 418	2 598	2 241
Thailand	QDNL	1 291	1 602	1 607	1 550	1 646	1 760	1 719	1 922	2 012	2 427	2 294
Residual Gulf Arabian Countries	BOQX	833	1 109	1 138	1 225	1 516	1 725	2 012	2 198	2 080	2 334	2 749
Other Near & Middle Eastern Countries	QARK	135	118	133	189	177	110	233	763	386	430	342
Other	BORD	1 217	1 596	1 665	1 719	1 984	2 238	2 077	2 479	2 695	3 195	3 646
Total Asia	EPMP	36 076	43 324	41 084	39 668	42 355	47 451	52 773	56 452	60 045	69 007	66 672
<b>Australasia &amp; Oceania</b>												
Australia	QDNO	1 338	1 543	1 776	1 688	1 789	1 868	2 100	2 107	2 245	2 389	2 226
New Zealand	QDNR	565	544	542	522	552	584	592	600	667	748	814
Other	HFKF	122	124	94	96	125	130	130	120	100	168	164
Total Australasia & Oceania	EPMQ	2 025	2 211	2 412	2 306	2 466	2 582	2 822	2 827	3 012	3 305	3 204
<b>Africa</b>												
Egypt	QDNU	255	411	406	416	432	495	349	662	538	640	680
Morocco	QAOR	383	454	439	453	443	510	420	373	435	436	336
South Africa	QDNX	1 636	2 553	2 841	2 685	2 949	3 272	3 937	3 904	3 060	4 739	3 801
Other North Africa	BORW	333	699	515	588	568	736	935	1 617	1 720	2 314	1 791
Other	BOQJ	1 877	1 892	3 127	3 031	3 023	3 321	3 386	3 514	3 711	4 234	3 528
Total Africa	EPMN	4 484	6 009	7 328	7 173	7 415	8 334	9 027	10 070	9 464	12 363	10 136
<b>International Organisations</b>												
	EPMR	—	—	—	—	—	—	—	—	—	—	—
<b>World total</b>												
	LQBL	195 217	220 912	230 305	234 229	236 927	251 774	280 197	319 945	310 612	345 202	309 412

1 Cyprus and Malta are included in Other Europe before 1999.

# 9.4 Trade in goods

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	QBSA	-285	-264	-664	-1 131	-1 512	-1 259	-1 129	-1 087	-1 112	-871	-993
Belgium and Luxembourg	QBSD	-915	-605	-2 266	-2 649	-1 831	-3 336	-3 761	-3 101	-3 698	-3 725	-4 708
of which Belgium	QDOJ	-962	-693	-2 250	-2 267	-1 408	-2 657	-3 056	-2 140	-3 276	-3 102	-4 308
of which Luxembourg	QDOM	47	88	-16	-382	-423	-679	-705	-961	-422	-623	-400
Bulgaria	QANP	7	-	21	18	30	5	51	29	-37	46	23
Cyprus <sup>1</sup>	QDOB	73	103	48	25	66	119	87	-485	222	381	491
Czech Republic	QDLH	153	125	-22	-219	-409	-313	-803	-1 461	-1 582	-2 032	-1 895
Denmark	QBSG	-287	-315	-655	-866	-1 219	-1 315	-2 079	-2 724	-1 262	-1 331	-1 336
Estonia	QANT	-137	-213	-200	-227	-169	-273	-248	-1 628	2	76	15
Finland	QBTJ	-1 011	-1 294	-1 354	-1 349	-1 170	-973	-917	-1 246	-661	-878	-795
France	QDJC	-1 503	-67	-878	-2 041	-1 504	-1 571	-2 053	2 317	-3 793	-5 031	-3 171
Germany	QDJF	-6 348	-5 673	-6 537	-10 378	-12 862	-13 713	-16 144	-15 058	-19 866	-16 719	-15 386
Greece	QDJI	798	792	680	679	673	771	664	679	710	1 004	1 098
Hungary	QDLK	-182	-70	-98	-96	-264	-645	-1 026	-1 493	-1 514	-1 516	-1 698
Ireland	QDJL	2 078	2 111	1 694	2 246	2 304	4 003	5 883	6 710	6 463	6 874	3 399
Italy	QDJO	-1 552	-1 085	-1 456	-2 169	-2 878	-3 784	-3 883	-3 281	-4 127	-4 761	-3 815
Latvia	QANU	-205	-322	-355	-408	-412	-601	-622	-440	-460	-207	-197
Lithuania	QANV	-62	-116	-98	-119	-96	-128	-106	-36	12	-66	-200
Malta <sup>1</sup>	QDOE	62	80	71	60	75	75	63	158	183	310	295
Netherlands	QDJR	-136	-213	-796	-2 132	-3 095	-6 167	-7 720	-5 753	-7 964	-5 935	-3 624
Poland	QDLN	493	394	131	53	-83	-418	-667	-917	-1 323	-1 297	-1 902
Portugal	QDJV	-110	-75	-46	-243	-513	-348	-320	-680	-25	-105	118
Romania	QAOD	-11	45	-107	-90	-170	-177	-156	-224	-270	-47	-101
Slovak Republic	QAOG	12	21	26	-10	-22	-37	-111	-543	-891	-1 172	-1 228
Slovenia	QAOH	36	35	11	9	-8	-6	-32	-540	-113	-89	-76
Spain	QDJY	1 560	2 161	1 003	-700	-304	-20	-773	151	-510	-553	-225
Sweden	QDKV	-613	-740	-720	-457	-745	-762	-875	-739	-370	-1 595	-1 251
European Central Bank	QARR	-	-	-	-	-	-	-	-	-	-	-
EU Institutions	EOCM	-	-	-	-	-	-	-	-	-	-	-
Total EU27	LGCF	-8 085	-5 185	-12 567	-22 194	-26 118	-30 873	-36 677	-31 393	-41 986	-39 239	-37 162
European Free Trade Association (EFTA)												
Iceland	QDKY	-123	-172	-131	-158	-155	-188	-167	-214	-217	-271	-352
Liechtenstein	EPOY	-21	-16	-22	-20	-22	-12	-11	-17	-34	-24	-16
Norway	QDLB	-1 547	-3 545	-3 710	-3 562	-4 537	-6 556	-9 866	-12 328	-11 619	-18 760	-13 109
Switzerland	QDLE	-2 573	-2 424	-1 048	-1 515	-973	-605	1 101	-183	-938	-600	-1 297
Total EFTA	EPOV	-4 264	-6 157	-4 912	-5 255	-5 687	-7 361	-8 943	-12 742	-12 808	-19 655	-14 774
Other Europe												
Albania	QANN	11	5	23	17	7	12	16	16	20	16	19
Belarus	QANO	7	3	15	1	16	-19	-214	-648	-512	-12	64
Croatia	QANS	41	31	37	26	88	71	64	77	84	127	141
Russia	QDLQ	-792	-828	-1 154	-969	-1 034	-2 041	-3 141	-3 677	-2 355	-2 654	-2 206
Turkey	QDLT	-6	350	-519	-877	-981	-1 347	-1 350	-1 520	-2 349	-2 306	-2 239
Ukraine	QAOT	100	92	131	39	151	116	188	213	320	461	437
Serbia and Montenegro	QAOL	15	9	28	32	31	28	16	24	31	42	34
Other <sup>1</sup>	BOQG	-39	19	-86	-127	-107	-51	-76	23	-33	221	120
Total Europe	EPNM	-13 012	-11 661	-19 004	-29 307	-33 634	-41 465	-50 117	-49 626	-59 588	-62 999	-55 566
<b>Americas</b>												
Argentina	QAOS	103	107	55	-109	-118	-87	-116	-134	-180	-246	-398
Brazil	QDLW	-171	-339	-471	-485	-652	-756	-904	-987	-953	-925	-740
Canada	QBRV	-494	-522	-461	-456	-425	-854	-880	-1 060	-2 502	-2 558	-1 199
Chile	QANQ	-213	-336	-332	-345	-291	-340	-328	-335	-311	-316	-80
Colombia	QANR	-84	-130	-206	-129	-115	-159	-181	-165	-212	-525	-393
Mexico	QDLZ	182	62	1	199	197	218	192	303	219	111	-13
United States of America	J8VB	-139	711	-751	2 710	5 670	6 269	8 565	6 457	6 179	9 462	9 353
Uruguay	QAQJ	26	21	12	-17	-13	-9	-19	-22	-33	-53	-57
Venezuela	QAOK	61	15	154	123	30	-17	-152	-357	-234	-319	-114
Other Central American Countries	BOQS	51	-65	68	-76	-288	-481	-512	-525	-243	-332	-461
Other	BOQV	-128	-120	-135	-106	-57	-90	-71	-123	-45	-118	-119
Total Americas	EPNO	-805	-596	-2 065	1 309	3 939	3 694	5 594	3 052	1 685	4 181	5 779
<b>Asia</b>												
China	QDMC	-2 173	-3 358	-4 032	-5 233	-6 418	-8 024	-10 151	-11 973	-14 874	-18 091	-18 907
Hong Kong	QDMF	-2 597	-3 244	-3 071	-3 150	-3 019	-3 131	-3 515	-4 474	-4 213	-4 404	-3 928
India	QDMI	24	407	-44	-49	191	-53	17	-428	-841	-355	-1 612
Indonesia	QDML	-546	-677	-815	-682	-423	-521	-473	-647	-636	-799	-837
Iran	QAOT	204	262	406	364	442	401	418	353	329	368	192
Israel	QDMO	299	491	418	548	498	466	350	343	212	186	58
Japan	QBRR	-5 818	-6 542	-5 407	-4 496	-4 375	-4 246	-4 769	-3 748	-4 019	-4 639	-3 098
Malaysia	QDMR	-1 027	-1 381	-910	-854	-839	-1 031	-725	-1 018	-709	-738	-598
Pakistan	QDMU	-97	-156	-192	-232	-228	-211	-26	-23	-89	-155	-218
Philippines	QDMX	-744	-882	-763	-592	-336	-340	-433	-500	-466	-384	-122
Saudi Arabia	QDNA	698	580	592	711	1 104	453	-155	412	1 036	1 518	1 744
Singapore	QDND	-751	-770	-475	-514	-1 090	-1 671	-1 750	-1 438	-1 780	-1 187	-586
South Korea	QDNG	-1 835	-2 066	-1 494	-1 267	-1 095	-1 602	-1 386	-1 323	-1 159	-958	-696
Taiwan	QDNJ	-1 761	-2 546	-1 909	-1 537	-1 301	-1 391	-1 287	-1 428	-1 461	-1 706	-1 445
Thailand	QDNM	-828	-1 020	-1 013	-1 021	-1 074	-1 123	-1 081	-1 355	-1 399	-1 670	-1 380
Residual Gulf Arabian Countries	BORA	1 425	1 477	1 611	1 395	1 837	2 302	4 939	2 876	2 410	3 693	2 978
Other Near & Middle Eastern Countries	QARL	271	275	348	310	455	664	511	207	379	586	755
Other	BORE	-625	-952	-1 101	-1 209	-1 384	-1 631	-1 497	-1 802	-1 179	-2 352	-2 661
Total Asia	EPNP	-15 881	-20 102	-17 852	-17 059	-17 055	-20 689	-21 013	-25 966	-28 459	-31 087	-30 361
<b>Australasia &amp; Oceania</b>												
Australia	QDNP	817	1 156	522	426	500	587	480	381	385	714	727
New Zealand	QDNS	-241	-239	-233	-211	-204	-166	-177	-227	-303	-363	-466
Other	HFKK	-84	-81	-52	-41	-61	-87	-49	-50	-44	-73	-78
Total Australasia & Oceania	EPNQ	492	836	237	174	235	334	254	104	38	278	183
<b>Africa</b>												
Egypt	QDNV	284	87	46	47	26	172	194	-85	148	304	321
Morocco	QAOU	-24	-47	-71	-107	-85	-170	-159	-67	-141	80	-26
South Africa	QDNY	-355	-1 140	-1 307	-1 088	-1 183	-1 398	-1 864	-1 720	-816	-2 081	-1 550
Other North Africa	BORX	53	-280	-70	-110	19	-196	-451	-1 123	-1 206	-1 507	-835
Other	BOQK	197	-73	-1 127	-1 114	-869	-1 182	-1 027	-881	-1 415	-286	180
Total Africa	EPNN	155	-1 453	-2 529	-2 373	-2 092	-2 774	-3 307	-3 876	-3 430	-3 490	-1 910
<b>International Organisations</b>												
	EPNR	-	-	-	-	-	-	-	-	-	-	-
<b>World total</b>	<b>LQCT</b>	<b>-29 051</b>	<b>-32 976</b>	<b>-41 212</b>	<b>-47 705</b>	<b>-48 607</b>	<b>-60 900</b>	<b>-68 589</b>	<b>-76 312</b>	<b>-89 754</b>	<b>-93 116</b>	<b>-81 875</b>

1 Cyprus and Malta are included in Other Europe before 1999.





# 9.5 Trade in services

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Exports</b>												
<b>Europe</b>												
European Union (EU)												
Austria	FYVC	399	405	409	426	424	433	520	549	618	734	702
Belgium and Luxembourg	FYVD	2 400	2 477	2 494	2 819	3 213	3 868	3 663	3 693	4 516	5 699	5 302
of which Belgium	A7RX	1 993	2 088	2 051	2 383	2 559	2 960	2 809	2 570	2 928	3 616	3 105
of which Luxembourg	A7S2	407	389	443	436	654	908	854	1 123	1 588	2 083	2 197
Bulgaria	ZWKO	41	42	35	75	67	78	94	116	173	179	204
Cyprus <sup>1</sup>	A7RY	134	149	135	219	235	335	313	357	625	616	526
Czech Republic	FYVW	153	168	185	181	244	329	335	346	522	455	430
Denmark	FYVE	985	1 180	1 390	1 374	1 528	1 592	1 525	2 306	2 354	2 393	2 905
Estonia	ZWKU	14	12	14	21	22	29	37	57	109	49	48
Finland	FYVF	661	955	879	832	878	958	857	1 074	1 200	1 189	1 217
France	FYVG	4 872	5 443	6 078	6 021	6 260	6 613	6 443	7 250	8 362	9 795	8 312
Germany	FYVH	5 758	6 682	7 193	7 497	7 860	8 218	9 151	9 969	10 796	11 758	10 601
Greece	FYVI	817	836	809	765	790	743	932	777	901	1 246	1 002
Hungary	GYWV	138	206	205	218	226	372	559	422	557	461	476
Ireland	FYVJ	2 585	2 851	3 658	4 288	5 316	5 589	6 552	6 759	7 580	8 570	7 849
Italy	FYVK	2 813	2 693	2 901	3 018	3 029	3 412	3 700	3 716	4 231	4 479	4 799
Latvia	ZWLC	24	30	33	38	29	49	93	66	247	88	114
Lithuania	ZWLB	15	17	46	32	43	55	112	103	121	282	100
Malta <sup>1</sup>	A7S3	66	57	52	61	73	79	71	90	131	183	213
Netherlands	FYVL	4 165	4 557	4 914	4 709	5 410	6 703	6 912	7 697	8 666	9 982	8 387
Poland	FYVX	272	286	337	392	411	505	799	1 009	1 022	1 092	972
Portugal	FYVM	584	436	485	530	544	678	630	568	651	797	718
Romania	ZWLE	44	44	73	76	97	137	127	165	251	287	266
Slovak Republic	ZWLG	31	39	43	30	36	46	99	113	190	297	249
Slovenia	ZWLF	26	28	38	48	43	52	63	73	76	94	81
Spain	FYVN	2 116	2 256	2 252	2 612	2 878	2 949	3 752	4 473	5 171	5 418	5 350
Sweden	FYVO	1 438	1 618	1 636	1 477	1 700	1 710	1 756	1 988	2 141	2 407	2 485
European Central Bank	KNWZ	—	3	12	3	—	—	—	—	3	—	—
EU Institutions	FYVP	232	248	544	544	515	578	600	604	628	683	670
Total EU27	GC8R	30 783	33 718	36 850	38 306	41 871	46 110	49 695	54 340	61 842	69 233	63 978
European Free Trade Association (EFTA)												
Iceland	FYVR	30	73	63	64	72	89	135	187	185	228	133
Liechtenstein	FYVS	34	37	30	43	40	53	40	43	99	58	70
Norway	FYVT	1 137	1 031	976	1 449	1 328	1 525	1 811	1 938	2 584	2 471	2 295
Switzerland	FYVU	2 697	2 784	3 488	3 967	4 629	4 359	4 852	5 603	6 614	7 236	7 325
Total EFTA	FYVV	3 898	3 925	4 557	5 523	6 069	6 026	6 838	7 771	9 482	9 993	9 823
Other Europe												
Albania	ZWKM	3	2	5	6	6	22	8	13	11	29	15
Belarus	ZWKP	3	27	3	4	4	6	7	9	13	19	10
Croatia	ZWKZ	38	38	34	55	51	44	46	98	96	118	62
Russia	FYVY	297	415	470	581	733	902	1 123	1 665	2 233	2 145	1 761
Turkey	FYVZ	401	351	398	372	403	368	509	563	759	735	899
Ukraine	ZWLH	23	43	29	302	126	55	97	148	207	232	183
Serbia and Montenegro	ZWLK	39	103	41	28	40	21	35	42	64	39	90
Other <sup>1</sup>	ZWKJ	1 215	1 242	1 160	1 505	2 037	2 250	2 748	3 122	3 487	4 618	3 643
Total Europe	FYWB	36 700	39 864	43 547	46 682	51 340	55 804	61 106	67 771	78 194	87 161	80 464
<b>Americas</b>												
Argentina	ZWKN	167	186	195	83	83	142	99	106	128	144	153
Brazil	FYWC	378	350	392	321	335	307	367	498	455	592	615
Canada	FYWD	1 397	1 397	1 639	1 543	1 595	1 778	1 752	2 033	2 548	2 805	2 671
Chile	ZWKQ	106	96	103	87	79	83	88	128	178	180	191
Colombia	ZWKR	48	56	140	86	97	87	66	71	74	87	84
Mexico	FYWE	221	267	288	265	272	354	305	401	348	337	387
United States of America	FYWF	17 889	19 274	19 211	22 690	23 977	25 790	24 423	29 308	33 502	35 857	32 916
Uruguay	ZWLI	9	7	5	5	60	10	13	17	14	17	11
Venezuela	ZWLJ	68	83	110	99	102	99	96	71	63	66	79
Other Central American Countries	ZWKT	1 209	1 419	1 604	2 209	2 385	2 989	3 476	3 557	3 906	4 785	4 130
Other	ZWKW	235	220	219	151	160	148	191	221	301	301	265
Total Americas	FYWH	21 727	23 355	23 906	27 539	29 145	31 787	30 876	36 411	41 517	45 171	41 502
<b>Asia</b>												
China	FYWI	456	449	591	724	889	1 279	1 384	1 521	1 600	2 454	2 315
Hong Kong	FYWJ	1 069	1 041	1 094	1 006	1 195	1 128	1 346	1 299	1 660	2 112	1 784
India	FYWK	521	553	675	635	722	999	1 159	1 643	1 666	1 773	1 625
Indonesia	FYWL	165	192	205	174	165	190	187	290	257	261	323
Iran	ZWLA	99	124	169	185	225	242	215	214	164	261	214
Israel	FYWM	527	445	511	429	370	407	556	454	486	533	527
Japan	FYWN	3 226	3 469	3 558	3 844	3 905	4 225	4 303	4 346	4 657	5 035	4 537
Malaysia	FYWO	394	390	376	404	423	554	464	500	459	538	634
Pakistan	FYWP	296	176	278	173	183	231	430	359	322	338	378
Philippines	FYWQ	126	183	178	105	141	126	138	100	115	203	172
Saudi Arabia	FYWR	2 161	2 369	2 147	1 973	2 320	2 530	2 216	2 526	2 846	2 462	2 100
Singapore	FYWS	1 160	1 086	1 294	1 166	1 653	2 159	2 638	2 998	3 491	3 592	3 673
South Korea	FYWT	411	396	428	505	474	913	735	862	982	1 115	914
Taiwan	FYWU	251	281	295	370	382	515	581	589	649	695	670
Thailand	FYWV	207	194	219	207	334	319	258	294	323	358	464
Residual Gulf Arabian Countries	ZWKX	1 034	1 103	1 114	1 332	1 335	1 767	1 985	2 304	2 829	3 734	3 724
Other Near & Middle Eastern Countries	ZWKY	206	231	339	288	261	339	447	436	473	596	514
Other Asian Countries	ZWKK	658	810	884	727	798	959	1 106	1 422	1 458	1 642	1 516
Total Asia	FYWX	12 967	13 492	14 355	14 227	15 775	18 882	20 148	22 157	24 437	27 702	26 084
<b>Australasia &amp; Oceania</b>												
Australia	FYWY	1 608	1 588	1 964	1 826	2 023	2 293	2 704	2 834	3 156	3 923	4 111
New Zealand	FYWZ	354	301	301	275	302	379	411	402	438	431	439
Other	FYXA	61	84	95	97	115	130	63	122	112	123	116
Total Australasia & Oceania	FYXB	2 023	1 973	2 360	2 198	2 440	2 802	3 178	3 358	3 706	4 477	4 666
<b>Africa</b>												
Egypt	ZWKV	283	280	340	226	239	322	373	468	620	679	595
Morocco	ZWLD	47	61	82	50	48	61	46	89	78	103	150
South Africa	FYXC	1 125	976	1 129	1 009	1 090	1 081	1 131	1 364	1 471	1 517	1 433
Other North Africa	ZWKS	118	265	219	222	287	288	374	405	476	619	597
Other	ZWKL	1 495	1 566	1 771	1 774	1 920	1 843	1 894	2 328	2 599	3 341	3 582
Total Africa	FYXE	3 068	3 148	3 541	3 281	3 584	3 595	3 818	4 654	5 244	6 259	6 357
<b>International Organisations</b>												
	FYXF	40	51	64	85	73	52	60	42	47	49	38
<b>World total</b>												
	KTMQ	76 525	81 883	87 773	94 012	102 357	112 922	119 186	134 393	153 145	170 819	159 111

1 Cyprus and Malta are included in Other Europe before 1999.

# 9.5 Trade in services

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Imports</b>												
<b>Europe</b>												
European Union (EU)												
Austria	GGOR	456	477	506	688	660	756	870	890	834	962	881
Belgium and Luxembourg	GGOS	1 723	1 675	1 800	2 036	2 206	2 361	2 454	2 656	2 798	3 126	2 758
of which Belgium	ABET	1 499	1 492	1 616	1 824	1 958	2 003	2 151	2 132	2 340	2 534	2 283
of which Luxembourg	ABEW	224	183	184	212	248	358	303	524	458	592	475
Bulgaria	ZWMU	36	38	52	96	104	174	254	240	335	393	323
Cyprus <sup>1</sup>	ABEU	766	885	1 059	977	1 088	1 080	1 205	1 182	1 174	1 155	934
Czech Republic	GGPL	146	168	199	250	337	426	468	535	472	464	379
Denmark	GGOT	639	674	655	746	783	852	941	1 034	1 026	1 149	1 208
Estonia	ZWNA	6	33	27	18	35	47	53	70	132	58	31
Finland	GGOU	305	404	360	282	314	285	353	362	422	398	344
France	GGOV	6 687	7 531	7 528	7 841	8 262	8 512	8 954	9 601	9 738	9 878	9 149
Germany	GGOW	4 757	4 705	5 239	5 400	5 580	6 437	7 720	7 923	8 349	9 631	8 737
Greece	GGOX	1 426	1 617	1 886	1 907	1 979	1 969	2 001	2 007	2 238	2 141	2 040
Hungary	GYXH	89	95	126	129	151	186	274	341	473	353	382
Ireland	GGOY	2 172	2 261	2 337	2 316	2 577	3 052	3 437	3 491	3 958	4 121	4 265
Italy	GGOZ	2 655	2 856	3 002	3 138	3 429	3 563	4 305	4 173	4 786	4 987	4 489
Latvia	ZWNI	12	25	20	19	29	38	44	82	137	69	59
Lithuania	ZWNH	5	6	16	37	25	19	72	84	103	88	97
Malta <sup>1</sup>	ABEX	196	223	256	238	279	318	343	294	311	383	302
Netherlands	GGPA	2 443	3 026	3 128	3 380	3 320	3 352	3 575	3 613	3 350	3 739	4 312
Poland	GGPM	175	184	200	187	224	299	557	958	1 215	1 294	1 224
Portugal	GGPB	1 005	1 021	1 116	1 208	1 367	1 397	1 441	1 432	1 697	1 909	1 512
Romania	ZWNK	51	64	77	84	91	131	169	169	175	216	241
Slovak Republic	ZWNM	28	30	14	27	22	33	67	94	100	120	118
Slovenia	ZWNL	14	29	17	23	24	34	48	53	44	67	40
Spain	GGPC	5 933	6 495	7 231	7 846	8 978	9 104	9 467	9 927	10 010	10 512	9 195
Sweden	GGPD	778	830	829	827	1 133	1 148	1 314	1 351	1 214	1 356	1 750
European Central Bank	KOFJ	1	1	1	1	—	—	—	—	—	2	1
EU Institutions	GGPE	6	3	5	14	17	4	2	2	—	5	2
Total EU27	GCV2	32 510	35 356	37 686	39 715	43 014	45 577	50 390	52 564	55 091	58 576	54 773
European Free Trade Association (EFTA)												
Iceland	GGFG	25	75	44	42	46	57	71	98	90	81	126
Liechtenstein	GGFH	7	6	7	1	11	4	4	6	29	7	12
Norway	GGFI	499	536	647	1 266	710	770	975	1 014	1 026	1 179	1 125
Switzerland	GGPJ	1 538	1 633	1 587	1 676	1 794	1 830	2 353	2 360	2 772	2 827	2 947
Total EFTA	GGFK	2 069	2 250	2 285	2 985	2 561	2 661	3 403	3 478	3 917	4 094	4 210
Other Europe												
Albania	ZWMS	6	5	9	13	14	20	8	13	24	21	12
Belarus	ZWMV	1	2	4	3	4	1	8	21	27	21	18
Croatia	ZWNF	21	27	55	47	73	83	139	176	158	212	196
Russia	GGPN	137	188	218	296	303	499	548	726	923	1 072	1 312
Turkey	GGPO	524	521	569	704	788	811	1 038	1 093	1 165	1 519	1 301
Ukraine	ZWNN	9	14	33	25	23	42	95	76	175	226	215
Serbia and Montenegro	ZWNQ	31	22	38	33	41	38	43	73	71	59	76
Other <sup>1</sup>	ZWMP	716	1 112	996	1 154	1 095	997	1 042	1 300	1 378	1 255	1 171
Total Europe	GGPQ	36 024	39 497	41 893	44 975	47 916	50 729	56 714	59 520	62 929	67 055	63 284
<b>Americas</b>												
Argentina	ZWMT	75	75	74	55	48	69	87	115	93	130	94
Brazil	GGPR	156	174	231	251	176	217	262	265	277	343	309
Canada	GGPS	976	1 105	1 192	1 090	1 002	1 048	1 162	1 344	1 383	1 530	1 295
Chile	ZWMW	42	35	48	48	43	72	81	39	68	48	73
Colombia	ZWMX	35	39	31	35	32	23	40	46	37	31	47
Mexico	GGPT	225	283	398	336	312	365	299	274	363	460	282
United States of America	GGPU	12 753	13 205	13 503	13 403	14 862	15 300	16 286	16 755	18 248	19 951	18 828
Uruguay	ZWNO	4	6	9	23	4	5	7	12	7	4	27
Venezuela	ZWNP	46	46	42	35	34	26	34	31	37	38	35
Other Central American Countries	ZWMZ	991	1 473	1 406	1 312	1 414	1 881	1 772	2 668	2 752	3 004	2 995
Other	ZWNC	215	256	148	124	130	110	170	125	161	153	131
Total Americas	GGPW	15 518	16 697	17 082	16 712	18 057	19 116	20 200	21 674	23 426	25 692	24 116
<b>Asia</b>												
China	GGPX	266	292	375	496	463	559	695	810	1 010	1 342	1 060
Hong Kong	GGPY	620	571	606	624	715	720	758	843	1 234	1 006	957
India	GGPZ	673	664	817	816	818	1 088	1 306	1 596	1 851	2 282	2 022
Indonesia	GGQA	150	125	121	136	297	100	97	137	116	128	122
Iran	ZWNG	21	43	37	29	45	61	42	61	44	38	65
Israel	GGQB	215	266	314	202	213	233	249	295	305	310	324
Japan	GGQC	1 302	1 664	1 816	1 449	1 739	1 703	2 257	2 747	2 862	3 739	3 246
Malaysia	GGQD	186	227	191	193	170	208	271	254	236	244	262
Pakistan	GGQE	288	300	280	398	386	431	472	486	411	396	376
Philippines	GGQF	88	206	82	100	155	109	142	173	156	188	204
Saudi Arabia	GGQG	526	553	643	1 302	1 064	778	565	692	683	505	312
Singapore	GGQH	361	336	395	428	425	661	729	864	908	1 310	1 492
South Korea	GGQI	135	141	179	185	186	246	254	254	342	400	370
Taiwan	GGQJ	119	157	149	183	180	202	310	219	347	353	303
Thailand	GGQK	307	385	458	521	513	641	612	684	694	677	658
Residual Gulf Arabian Countries	ZWND	434	414	551	611	761	927	1 017	1 258	1 557	2 057	2 192
Other Near & Middle Eastern Countries	ZWNE	84	125	155	151	151	208	199	220	171	219	230
Other	ZWNQ	479	631	535	557	645	900	846	1 025	841	986	968
Total Asia	GGQM	6 254	7 100	7 704	8 381	8 926	9 775	10 820	12 618	13 768	16 180	15 163
<b>Australasia &amp; Oceania</b>												
Australia	GGQN	1 046	1 191	1 251	1 430	1 476	1 389	1 867	1 803	2 019	1 983	2 141
New Zealand	GGQO	249	264	287	337	347	434	501	440	431	370	284
Other	GGQP	29	25	20	33	28	54	48	77	47	72	69
Total Australasia & Oceania	GGQQ	1 324	1 480	1 558	1 800	1 851	1 877	2 416	2 320	2 497	2 425	2 494
<b>Africa</b>												
Egypt	ZWNB	229	290	367	313	350	344	538	604	596	760	706
Morocco	ZWNJ	137	114	147	141	141	149	175	239	382	373	269
South Africa	GGQR	480	528	598	684	921	908	1 016	1 025	956	861	885
Other North Africa	ZWNY	218	323	349	263	266	330	349	286	410	437	403
Other	ZWNR	723	772	813	1 071	1 288	1 243	1 173	1 275	1 326	1 637	1 924
Total Africa	GGQT	1 787	2 027	2 274	2 472	2 966	2 974	3 251	3 429	3 670	4 068	4 187
<b>International Organisations</b>												
	GGQU	56	80	62	40	29	37	43	57	57	43	15
<b>World total</b>												
	KTMR	60 963	66 881	70 573	74 380	79 745	84 508	93 444	99 618	106 347	115 463	109 259

1 Cyprus and Malta are included in Other Europe before 1999.

# 9.5 Trade in services

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	GGQW	-57	-72	-97	-262	-236	-323	-350	-341	-216	-228	-179
Belgium and Luxembourg	GGQX	677	802	694	783	1 007	1 507	1 209	1 037	1 718	2 573	2 544
of which Belgium	A8HH	494	596	435	559	601	957	658	438	588	1 082	822
Luxembourg	A8HK	183	206	259	224	406	550	551	599	1 130	1 491	1 722
Bulgaria	ZWTO	5	4	-17	-21	-37	-96	-160	-124	-162	-214	-119
Cyprus <sup>1</sup>	A8HI	-632	-736	-924	-758	-853	-745	-892	-825	-549	-539	-408
Czech Republic	GGRQ	7	-	-14	-69	-93	-97	-133	-189	50	-9	51
Denmark	GGQY	346	506	735	628	745	740	584	1 272	1 328	1 244	1 697
Estonia	ZWTU	8	-21	-13	3	-13	-18	-16	-13	-23	-9	17
Finland	GGQZ	356	551	519	550	564	673	504	712	778	791	873
France	GGRA	-1 815	-2 088	-1 450	-1 820	-2 002	-1 899	-2 511	-2 351	-1 376	-83	-837
Germany	GGRB	1 001	1 977	1 954	2 097	2 280	1 781	1 431	2 046	2 447	2 127	1 864
Greece	GGRC	-609	-781	-1 077	-1 142	-1 189	-1 226	-1 069	-1 230	-1 337	-895	-1 038
Hungary	GXYT	49	111	79	89	75	186	285	81	84	108	94
Ireland	GGRD	413	590	1 321	1 972	2 739	2 537	3 115	3 268	3 622	4 449	3 584
Italy	GGRE	158	-163	-101	-120	-400	-151	-605	-457	-555	-508	310
Latvia	ZWUC	12	5	13	19	-	11	49	-16	110	19	55
Lithuania	ZWUB	10	11	30	-5	18	36	40	19	18	194	3
Malta <sup>1</sup>	A8HL	-130	-166	-204	-177	-206	-239	-272	-204	-180	-200	-89
Netherlands	GGRF	1 722	1 531	1 786	1 329	2 090	3 351	3 337	4 084	5 316	6 243	4 075
Poland	GGRR	97	102	137	205	187	206	242	51	-193	-202	-252
Portugal	GGRG	-421	-585	-631	-678	-823	-719	-811	-864	-1 046	-1 112	-794
Romania	ZWUE	-7	-20	-4	-8	6	6	-42	-4	76	71	25
Slovak Republic	ZWUG	3	9	29	3	14	13	32	19	90	177	131
Slovenia	ZWUF	12	-1	21	25	19	18	15	20	32	27	41
Spain	GGRH	-3 817	-4 239	-4 979	-5 234	-6 100	-6 155	-5 715	-5 454	-4 839	-5 094	-3 845
Sweden	GGRI	660	788	807	650	567	562	442	637	927	1 051	735
European Central Bank	ZWTI	-1	2	11	2	-	-	-	-	3	-2	-1
EU Institutions	GGRJ	226	245	539	530	498	574	596	602	628	678	668
Total EU27	GD6R	-1 727	-1 638	-836	-1 409	-1 143	533	-695	1 776	6 751	10 657	9 205
European Free Trade Association (EFTA)												
Iceland	GGRL	5	-2	19	22	26	32	64	89	95	147	7
Liechtenstein	GGRM	27	31	23	42	29	49	36	37	70	51	58
Norway	GGRN	638	495	329	183	618	755	836	924	1 558	1 292	1 170
Switzerland	GGRO	1 159	1 151	1 901	2 291	2 835	2 529	2 499	3 243	3 842	4 409	4 378
Total EFTA	GGRP	1 829	1 675	2 272	2 538	3 508	3 365	3 435	4 293	5 565	5 899	5 613
Other Europe												
Albania	ZWTM	-3	-3	-4	-7	-8	2	-	-	-13	8	3
Belarus	ZWTP	2	25	-1	8	-	5	-1	-12	-14	-2	-8
Croatia	ZWTZ	17	11	-21	1	-22	-39	-93	-78	-62	-94	-134
Russia	GGRS	160	227	252	285	430	403	575	939	1 310	1 073	449
Turkey	GGRT	-123	-170	-171	-332	-385	-443	-529	-530	-406	-784	-402
Ukraine	ZWUH	14	29	-4	277	103	13	2	72	32	6	-32
Serbia and Montenegro	ZWUK	8	81	3	-5	-1	-17	-8	-31	-7	-20	14
Other <sup>1</sup>	ZWTJ	499	130	164	351	942	1 253	1 706	1 822	2 109	3 363	2 472
Total Europe	GGRV	676	367	1 654	1 707	3 424	5 075	4 392	8 251	15 265	20 106	17 180
<b>Americas</b>												
Argentina	ZWTN	92	111	121	28	35	73	12	-9	35	14	59
Brazil	GGRW	222	176	161	70	159	90	105	233	178	249	306
Canada	GGRX	421	292	447	453	593	730	590	689	1 165	1 275	1 376
Chile	ZWTQ	64	61	55	39	36	11	7	89	110	132	118
Colombia	ZWTR	13	17	109	51	65	64	26	25	37	56	37
Mexico	GGRY	-4	-16	-110	-71	-40	-11	6	127	-15	-123	105
United States of America	GGRZ	5 136	6 069	5 708	9 287	9 115	10 490	8 137	12 553	15 254	15 906	14 088
Uruguay	ZWUI	5	1	-4	-18	56	5	6	5	7	13	-16
Venezuela	ZWUJ	22	37	68	64	68	73	62	40	26	28	44
Other Central American Countries	ZWTT	218	-54	198	897	971	1 108	1 704	889	1 154	1 781	1 135
Other	ZWTW	20	-36	71	27	30	38	21	96	140	148	134
Total Americas	GGSB	6 209	6 658	6 824	10 827	11 088	12 671	10 676	14 737	18 091	19 479	17 386
<b>Asia</b>												
China	GGSC	190	157	216	228	426	720	689	711	590	1 112	1 255
Hong Kong	GGSD	449	470	488	382	480	408	588	456	426	1 106	827
India	GGSE	-152	-111	-142	-181	-96	-89	-147	47	-185	-509	-397
Indonesia	GGSF	15	67	84	38	-132	90	90	153	141	133	201
Iran	ZWUA	78	81	132	156	180	181	173	153	120	223	149
Israel	GGSG	312	179	197	227	157	174	307	159	181	223	203
Japan	GGSH	1 924	1 805	1 742	2 395	2 166	2 522	2 047	1 599	1 795	1 296	1 291
Malaysia	GGSI	208	163	185	211	253	346	193	246	223	294	372
Pakistan	GGSJ	8	-124	-2	-225	-203	-200	-42	-127	-89	-58	2
Philippines	GGSK	38	-23	96	5	-14	17	-4	-73	-41	15	-32
Saudi Arabia	GGSL	1 635	1 816	1 504	671	1 256	1 752	1 651	1 834	2 163	1 957	1 788
Singapore	GGSM	799	750	899	738	1 228	1 498	1 909	2 134	2 583	2 282	2 181
South Korea	GGSN	276	255	249	320	288	667	481	608	640	715	544
Taiwan	GGSO	132	124	146	187	202	313	271	370	302	342	367
Thailand	GGSP	-100	-191	-239	-314	-179	-322	-354	-390	-371	-319	-194
Residual Gulf Arabian Countries	ZWTX	600	689	583	721	574	840	968	1 046	1 272	1 677	1 532
Other Near & Middle Eastern Countries	ZWTY	122	106	184	117	110	131	248	216	302	377	284
Other	ZWTK	179	179	349	170	153	59	260	397	617	656	548
Total Asia	GGSR	6 713	6 392	6 651	5 846	6 849	9 107	9 328	9 539	10 669	11 522	10 921
<b>Australasia &amp; Oceania</b>												
Australia	GGSS	562	397	713	396	547	904	837	1 031	1 137	1 940	1 970
New Zealand	GGST	105	37	14	-62	-45	-55	-90	-38	7	61	155
Other	GGSU	32	59	75	64	87	76	15	45	65	51	47
Total Australasia & Oceania	GGSV	699	493	802	398	589	925	762	1 038	1 209	2 052	2 172
<b>Africa</b>												
Egypt	ZWTV	54	-10	-27	-87	-111	-22	-165	-136	24	-81	-111
Morocco	ZWUD	-90	-53	-65	-91	-93	-88	-129	-150	-304	-270	-119
South Africa	GGSW	645	448	531	325	169	173	115	339	515	656	548
Other North Africa	ZWTS	-100	-58	-130	-41	21	-42	25	119	66	182	194
Other	ZWTL	772	794	958	703	632	600	721	1 053	1 273	1 704	1 658
Total Africa	GGSY	1 281	1 121	1 267	809	618	621	567	1 225	1 574	2 191	2 170
<b>International Organisations</b>												
	GGSZ	-16	-29	2	45	44	15	17	-15	-10	6	23
<b>World total</b>												
	KTMS	15 562	15 002	17 200	19 632	22 612	28 414	25 742	34 775	46 798	55 356	49 852

1 Cyprus and Malta are included in Other Europe before 1999.



# 9.6 Income

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUGY	577	742	683	685	746	815	900	867	1 220	953	611
Belgium and Luxembourg	CTFK	3 542	6 066	6 647	5 529	4 766	6 515	9 874	14 351	18 550	21 284	15 555
of which Belgium	AA2K	1 611	2 342	2 753	2 208	1 930	2 619	3 620	4 429	6 556	5 679	3 249
of which Luxembourg	AA2O	1 931	3 724	3 894	3 321	2 836	3 896	6 254	9 922	11 994	15 605	12 306
Bulgaria	ZWYR	48	37	93	72	74	89	28	41	21	26	6
Cyprus <sup>1</sup>	AA2L	105	153	163	137	56	72	115	317	287	534	532
Czech Republic	LEPT	125	125	198	152	195	210	155	48	228	40	-164
Denmark	LEQU	943	1 101	979	521	705	883	1 441	1 691	2 015	1 855	1 453
Estonia	ZWYT	5	2	8	6	8	9	14	11	10	9	13
Finland	LEUG	411	585	648	587	517	520	572	589	1 065	998	625
France	LEUP	6 139	7 535	8 680	6 948	6 954	8 158	11 105	14 655	21 074	18 448	10 062
Germany	LEQL	8 383	10 136	11 065	9 504	8 330	9 526	11 688	13 683	17 440	18 054	10 391
Greece	LEUY	834	1 002	871	707	817	782	834	958	1 315	1 584	804
Hungary	BFKR	248	448	321	352	334	383	411	192	260	183	196
Ireland	BFLY	2 965	3 824	4 710	3 918	4 884	5 619	7 862	10 463	14 892	14 662	4 842
Italy	BFOG	5 165	6 426	6 347	4 791	4 900	4 647	5 051	5 709	6 822	6 270	4 217
Latvia	ZWYU	-	2	-	-	-	-	1	19	32	-22	-29
Lithuania	ZWYV	4	9	7	4	4	1	8	9	10	-1	7
Malta <sup>1</sup>	AA2P	39	51	55	48	53	491	44	64	-386	134	440
Netherlands	BFOI	9 280	12 814	16 586	15 722	15 205	9 740	11 447	16 045	19 286	20 464	16 684
Poland	BFSB	108	144	329	335	400	440	441	535	666	651	584
Portugal	BFSK	471	664	808	776	807	797	970	1 032	1 066	1 238	740
Romania	ZWYW	42	20	78	65	96	117	70	109	168	209	162
Slovak Republic	ZWYX	38	51	29	31	28	30	52	41	58	139	33
Slovenia	ZWYY	56	48	101	68	89	99	37	26	36	86	22
Spain	LESW	2 100	2 564	2 403	2 052	2 314	3 623	4 954	6 511	8 082	8 470	5 528
Sweden	BFTL	1 554	2 108	2 307	2 121	1 767	2 273	2 695	3 104	3 529	3 233	3 191
European Central Bank	ZWYO	-	-	-	-	-	-	-	-	-	-	-
EU Institutions	CSFK	224	370	468	657	747	522	516	533	516	563	625
Total EU27	GNF6	43 406	57 027	64 584	55 788	54 796	56 361	71 285	91 603	118 262	120 064	77 130
European Free Trade Association (EFTA)												
Iceland	BFNQ	32	35	38	33	27	55	121	221	998	1 143	454
Liechtenstein	BFPH	39	45	39	21	20	23	19	32	40	26	4
Norway	BFOR	727	1 022	1 017	687	796	832	1 950	1 948	2 743	2 689	1 135
Switzerland	LEPB	4 395	7 274	5 326	4 504	4 505	4 903	6 109	8 863	12 820	12 459	6 365
Total EFTA	CTFT	5 193	8 376	6 420	5 245	5 348	5 813	8 199	11 064	16 601	16 317	7 958
Other Europe												
Albania	ZWYP	-	-	-	-	-	-	-	-	2	5	5
Belarus	ZWYQ	-	-	-	-	-	-	-	3	7	7	4
Croatia	ZWYS	13	15	26	29	43	48	74	45	32	70	46
Russia	BFST	193	285	537	661	563	1 262	2 347	3 001	2 702	2 677	2 454
Turkey	BFUM	344	493	408	318	365	383	515	883	1 196	892	751
Ukraine	ZWYZ	3	-	3	18	21	34	118	418	281	218	149
Serbia and Montenegro	BFWF	1	1	1	1	1	-2	14	27	13	25	1
Other <sup>1</sup>	LEVZ	2 792	3 540	3 085	3 038	4 240	5 679	7 044	8 399	14 519	8 240	4 033
Total Europe	LERD	51 945	69 737	75 064	65 105	65 377	69 578	89 600	115 443	153 615	148 515	92 531
<b>Americas</b>												
Argentina	ZWZB	247	487	365	107	190	260	290	566	463	355	404
Brazil	LENR	309	524	586	620	429	766	1 103	1 055	1 314	1 129	1 569
Canada	LEOS	1 867	2 248	2 334	1 722	2 007	2 240	3 205	4 332	5 133	4 374	1 160
Chile	ZWZC	166	259	196	240	310	838	1 204	836	931	764	733
Colombia	ZWZD	100	320	224	235	261	395	450	321	252	294	174
Mexico	BFPQ	540	457	312	629	416	724	827	939	939	538	512
United States of America	BFVE	23 744	29 284	31 117	26 524	27 662	30 744	44 857	59 550	65 867	50 644	34 539
Uruguay	ZWZE	7	16	13	20	9	-1	12	31	21	12	8
Venezuela	ZWZF	-14	-88	176	185	89	265	394	350	151	165	199
Other Central American Countries	JISP	4 106	5 465	5 886	5 791	5 962	6 521	10 364	16 063	19 428	15 529	8 105
Other	LEVH	41	90	12	65	67	456	-61	-5	130	159	56
Total Americas	LESN	31 113	39 062	41 221	36 138	37 402	43 208	62 645	84 038	94 629	73 963	47 459
<b>Asia</b>												
China	LEPK	265	308	551	433	438	620	869	869	1 172	991	1 003
Hong Kong	BFJU	1 756	1 659	1 418	1 343	1 777	3 211	4 198	5 233	5 911	3 096	3 165
India	BFNB	385	490	494	635	660	593	821	1 323	1 643	2 115	1 710
Indonesia	BFLP	159	149	215	192	227	196	273	496	224	246	527
Iran	ZWZG	38	50	42	37	43	56	149	168	122	98	35
Israel	BFMS	56	52	63	46	77	59	102	151	198	144	162
Japan	BPOP	7 291	9 008	7 535	4 890	5 256	5 065	6 960	8 663	8 822	8 920	4 790
Malaysia	BFPZ	423	497	404	585	617	706	789	747	845	642	854
Pakistan	BFRS	72	131	136	187	181	247	291	420	247	192	260
Philippines	BFRJ	100	179	150	134	161	177	205	291	419	305	333
Saudi Arabia	BFTC	227	292	260	223	193	237	386	464	656	642	332
Singapore	BFTU	1 482	2 745	2 447	1 836	1 551	2 243	3 454	3 774	4 447	4 132	3 552
South Korea	BFOY	306	423	501	688	650	787	1 209	1 370	1 477	1 677	1 135
Taiwan	BFUV	194	262	293	343	328	534	673	652	692	550	188
Thailand	BFUD	112	223	249	236	228	230	301	-14	303	219	326
Residual Gulf Arabian Countries	JITQ	1 087	1 509	1 139	764	686	809	1 281	1 763	2 085	2 241	1 171
Other Near & Middle Eastern Countries	ZWZH	67	189	197	104	97	166	398	719	1 573	1 509	1 289
Other	LEWI	123	305	236	502	202	296	172	974	1 338	1 154	2 195
Total Asia	LETF	14 143	18 471	16 330	13 178	13 372	16 232	22 531	28 063	32 174	28 873	23 027
<b>Australasia &amp; Oceania</b>												
Australia	CXAT	1 974	2 516	2 452	2 791	2 579	3 995	4 361	5 163	5 813	4 455	5 008
New Zealand	BFRA	391	327	436	560	585	391	481	546	515	553	509
Other	LEVQ	33	21	8	33	30	36	35	62	81	68	82
Total Australasia & Oceania	LETX	2 398	2 864	2 896	3 384	3 194	4 422	4 877	5 771	6 409	5 076	5 599
<b>Africa</b>												
Egypt	ZWZJ	37	264	259	323	239	196	335	442	549	470	527
Morocco	ZWZK	26	29	30	40	17	8	24	32	33	28	24
South Africa	BFWX	990	1 203	1 334	2 035	1 937	3 002	4 205	2 232	2 561	2 554	2 461
Other North Africa	JIRR	58	100	128	-32	122	77	-3 357	-998	246	298	25
Other	LEWR	599	754	758	1 018	1 059	1 125	5 348	2 836	1 761	1 766	2 000
Total Africa	LEVR	1 710	2 350	2 509	3 384	3 374	4 408	6 555	4 544	5 150	5 116	5 037
<b>International Organisations</b>												
	CTFB	384	450	514	475	466	451	523	584	625	470	391
<b>World total</b>	<b>HMBQ</b>	<b>101 693</b>	<b>132 934</b>	<b>138 534</b>	<b>121 664</b>	<b>123 185</b>	<b>138 311</b>	<b>186 740</b>	<b>238 443</b>	<b>292 602</b>	<b>262 013</b>	<b>174 044</b>

<sup>1</sup> Cyprus and Malta are included in Other Europe before 1999.



# 9.6

## Income

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Debits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUGZ	422	591	696	694	632	621	773	1 088	1 192	970	833
Belgium and Luxembourg	CTFL	4 202	4 755	4 945	4 560	4 803	5 800	7 143	9 223	11 967	13 117	7 741
of which Belgium	AA2W	1 750	2 081	1 980	1 933	1 869	2 164	2 953	3 590	4 760	4 555	2 591
of which Luxembourg	AA32	2 452	2 674	2 965	2 627	2 934	3 636	4 190	5 633	7 207	8 562	5 150
Bulgaria	ZWZP	53	54	27	25	11	11	33	60	86	59	36
Cyprus <sup>1</sup>	AA2X	106	159	165	132	111	142	202	305	387	421	422
Czech Republic	LEPU	92	129	113	81	81	81	99	191	176	200	85
Denmark	LEQV	852	1 099	922	862	989	1 121	1 398	1 376	1 648	1 535	979
Estonia	ZWZR	42	31	11	2	2	2	3	6	15	14	8
Finland	LEUH	296	378	371	264	320	309	490	567	771	881	422
France	LEUQ	7 283	7 665	7 059	5 509	7 797	9 972	12 851	15 615	18 252	14 475	12 540
Germany	LEQM	7 997	11 486	8 441	6 364	10 235	11 878	16 101	19 440	25 579	20 266	8 925
Greece	LEUZ	719	894	712	496	485	607	1 042	1 562	2 201	2 301	1 999
Hungary	BFKS	82	74	39	45	22	21	35	46	111	117	72
Ireland	BFLZ	2 154	2 978	4 029	4 643	4 965	6 154	8 963	11 484	14 953	16 155	8 595
Italy	BFOH	2 873	2 905	3 034	1 794	2 214	2 423	2 816	3 179	3 891	3 428	2 359
Latvia	ZWZS	44	33	11	10	4	8	22	10	21	16	20
Lithuania	ZWZT	44	35	12	2	1	2	17	31	41	35	21
Malta <sup>1</sup>	AA33	50	46	44	43	31	32	39	76	193	315	147
Netherlands	BFQJ	6 416	12 182	11 996	6 738	7 117	8 048	9 145	17 299	22 609	6 963	5 178
Poland	BFSJ	153	187	176	117	107	160	356	477	524	494	125
Portugal	BFSL	219	246	300	279	354	390	443	630	791	800	544
Romania	ZWZU	52	50	25	32	13	20	39	49	60	40	35
Slovak Republic	ZWZV	58	43	17	9	7	21	55	176	99	64	39
Slovenia	ZWZW	60	46	35	38	28	28	24	20	32	30	17
Spain	LESX	1 375	1 259	1 507	1 316	1 776	1 707	3 903	5 562	5 132	3 793	2 371
Sweden	BFTM	1 459	1 420	1 369	1 347	1 011	1 010	1 295	1 816	2 237	2 176	1 460
European Central Bank	ZWZM	—	—	—	—	—	—	—	—	—	—	—
EU Institutions	CSFL	1 225	1 489	1 763	1 678	1 495	1 644	1 967	2 368	2 781	3 068	2 649
Total EU27	G97L	38 328	50 234	47 819	37 080	44 611	52 212	69 254	92 656	115 729	91 733	57 622
European Free Trade Association (EFTA)												
Iceland	BFNR	10	9	8	10	21	54	101	303	353	-1 381	139
Liechtenstein	BFPI	83	116	92	50	57	53	76	103	143	114	34
Norway	BFQS	122	599	634	642	698	766	1 311	2 074	2 714	1 997	1 870
Switzerland	LEPC	7 841	11 551	9 842	6 624	6 058	6 090	8 758	11 431	12 563	1 568	1 609
Total EFTA	CTFU	8 056	12 275	10 576	7 326	6 834	6 963	10 246	13 911	15 773	2 298	3 652
Other Europe												
Albania	ZWZN	39	28	10	-1	—	—	—	3	4	3	—
Belarus	ZWZO	42	29	9	-1	—	2	7	8	17	21	—
Croatia	ZWZQ	58	59	46	32	27	24	45	61	89	47	5
Russia	BFSU	146	433	397	293	308	418	1 228	2 521	2 907	1 891	327
Turkey	BFUN	94	135	153	86	74	86	144	210	256	258	129
Ukraine	ZWZX	43	29	11	18	62	101	158	248	371	310	74
Serbia and Montenegro	BFWG	40	29	11	6	5	5	10	23	31	19	—
Other <sup>1</sup>	LEWA	6 080	7 255	7 887	6 797	5 911	7 764	10 544	13 548	14 096	20 750	9 034
Total Europe	LERE	52 926	70 506	66 919	51 636	57 833	67 575	91 636	123 189	149 273	117 330	70 846
<b>Americas</b>												
Argentina	ZWZZ	57	106	70	4	3	1	6	8	8	14	6
Brazil	LENS	130	154	148	70	82	88	170	190	187	68	51
Canada	LEOT	1 129	1 517	1 180	1 592	1 453	2 156	2 299	3 341	2 020	297	2 741
Chile	ZXAA	18	8	35	20	18	27	36	60	96	99	56
Colombia	ZXAB	22	38	43	18	9	5	16	37	43	33	15
Mexico	BFPR	163	239	260	69	60	65	105	135	125	203	34
United States of America	BFVF	24 241	27 660	31 683	29 836	30 618	32 092	42 310	59 643	69 411	67 605	46 110
Uruguay	ZXAC	10	19	8	3	8	7	6	13	18	9	5
Venezuela	ZXAD	9	20	40	28	21	17	27	78	102	76	24
Other Central American Countries	JISQ	3 552	4 245	3 950	2 738	3 226	3 833	7 429	13 444	16 992	17 169	5 701
Other	LEVI	289	269	157	79	59	60	83	146	172	158	21
Total Americas	LESO	29 620	34 275	37 574	34 457	35 557	38 351	52 487	77 095	89 174	85 731	54 764
<b>Asia</b>												
China	LEPL	167	363	373	240	196	236	343	447	850	620	235
Hong Kong	BFJV	2 897	3 507	3 296	1 897	1 274	1 391	1 742	2 570	4 083	4 631	2 869
India	BFNC	327	369	362	246	268	389	697	1 126	1 061	335	292
Indonesia	BFLQ	54	85	114	73	54	55	65	77	62	38	21
Iran	ZXAE	96	230	279	101	90	90	135	202	183	118	56
Israel	BFMT	192	229	258	185	171	149	276	441	434	221	143
Japan	BFOQ	8 106	11 428	10 019	7 390	3 972	5 509	6 870	9 328	9 365	8 211	4 324
Malaysia	BFQA	254	347	277	129	80	126	187	459	539	371	149
Pakistan	BFRT	55	69	68	71	76	60	81	118	124	66	27
Philippines	BFRK	81	91	51	31	19	20	44	98	97	64	32
Saudi Arabia	BFTD	711	870	942	376	323	374	631	1 086	1 523	2 100	735
Singapore	BFTV	2 046	2 749	2 604	1 835	1 438	1 504	2 407	3 320	3 649	3 380	1 626
South Korea	BFOZ	97	160	204	111	27	-154	303	376	453	404	209
Taiwan	BFUW	116	140	189	101	113	168	264	334	493	310	110
Thailand	BFUE	83	147	196	85	69	70	118	209	251	202	57
Residual Gulf Arabian Countries	JITR	928	1 373	1 522	847	608	720	1 090	1 879	2 360	2 217	819
Other Near & Middle Eastern Countries	ZXAF	214	270	221	142	135	124	201	305	333	268	109
Other	LEWJ	401	392	334	270	116	136	320	402	430	432	281
Total Asia	LETG	16 825	22 819	21 309	14 130	9 029	10 967	15 774	22 777	26 290	23 988	12 094
<b>Australasia &amp; Oceania</b>												
Australia	CXCM	1 172	750	577	961	1 275	1 386	1 834	2 120	2 689	2 377	1 824
New Zealand	BFRB	51	109	112	86	72	80	101	150	80	128	71
Other	LEVR	5	28	62	43	30	25	4	342	198	-349	4
Total Australasia & Oceania	LETY	1 228	887	751	1 090	1 377	1 491	1 939	2 612	2 967	2 156	1 899
<b>Africa</b>												
Egypt	ZXAH	275	325	278	164	128	141	275	370	345	236	53
Morocco	ZXAI	35	30	31	18	12	12	29	96	59	43	9
South Africa	BFWV	826	743	738	716	792	842	1 052	1 286	1 236	1 173	1 066
Other North Africa	JIRS	106	176	186	119	96	106	248	507	686	588	197
Other	LEWS	548	649	624	408	322	344	521	843	1 100	1 197	455
Total Africa	LERW	1 790	1 923	1 857	1 425	1 350	1 445	2 125	3 102	3 426	3 237	1 780
<b>International Organisations</b>												
	CTFC	347	562	699	640	516	620	915	1 187	1 452	1 536	1 379
<b>World total</b>												
	HMBR	102 736	130 972	129 109	103 378	105 662	120 466	164 885	229 962	272 582	233 978	142 762

1 Cyprus and Malta are included in Other Europe before 1999.

# 9.6 Income

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	CUHA	155	151	-13	-9	114	194	127	-221	28	-17	-222
Belgium and Luxembourg	CTFM	-660	1 311	1 702	969	-37	715	2 731	5 128	6 583	8 167	7 814
of which Belgium	AA3A	-139	261	773	275	61	455	667	839	1 796	1 124	658
of which Luxembourg	AA3E	-521	1 050	929	694	-98	260	2 064	4 289	4 787	7 043	7 156
Bulgaria	ZXAN	-5	-17	66	47	63	78	-5	-19	-65	-33	-30
Cyprus <sup>1</sup>	AA3B	-1	-6	-2	5	-55	-70	-87	12	-100	113	110
Czech Republic	LEPV	33	-4	85	71	114	129	56	-143	52	-160	-249
Denmark	LEQW	91	2	57	-341	-284	-238	43	315	367	320	474
Estonia	ZXAP	-37	-29	-3	4	6	7	11	5	-5	-5	5
Finland	LEUI	115	207	277	323	197	211	82	22	294	117	203
France	LEUR	-1 144	-130	1 621	1 439	-843	-1 814	-1 746	-960	2 822	3 973	-2 478
Germany	LEQN	386	-1 350	2 624	3 140	-1 905	-2 352	-4 413	-5 757	-8 139	-2 212	1 466
Greece	LEVA	115	108	159	211	332	175	-208	-604	-886	-717	-1 195
Hungary	BFKT	166	374	282	307	312	362	376	146	149	66	124
Ireland	BFML	811	846	681	-725	-81	-535	-1 101	-1 021	-61	-1 493	-3 753
Italy	BFOI	2 292	3 521	3 313	2 997	2 686	2 224	2 235	2 530	2 931	2 842	1 858
Latvia	ZXAQ	-44	-31	-11	-10	-4	-8	-21	9	11	-38	-49
Lithuania	ZXAR	-40	-26	-5	2	3	-1	-9	-22	-31	-36	-14
Malta <sup>1</sup>	AA3F	-11	5	11	5	22	459	5	-12	-579	-181	293
Netherlands	BFQK	2 864	632	4 590	8 984	8 088	1 692	2 302	-1 254	-3 323	13 501	11 506
Poland	BFSO	-45	-43	153	218	293	280	85	58	142	157	459
Portugal	BFSS	252	418	508	497	453	407	527	402	275	438	196
Romania	ZXAS	-10	-30	53	33	83	97	31	60	108	169	127
Slovak Republic	ZXAT	-20	8	12	22	21	9	-3	-135	-41	75	-6
Slovenia	ZXAU	-4	2	66	30	61	71	13	6	4	56	5
Spain	LESY	725	1 305	896	736	538	1 916	1 051	949	2 950	4 677	3 157
Sweden	BFTN	95	688	938	774	756	1 263	1 400	1 288	1 312	1 057	1 731
European Central Bank	ZXAK	-	-	-	-	-	-	-	-	-	-	-
EU Institutions	CSFM	-1 001	-1 119	-1 295	-1 021	-748	-1 122	-1 451	-1 835	-2 265	-2 505	-2 024
Total EU27	G97D	5 078	6 793	16 765	18 708	10 185	4 149	2 031	-1 053	2 533	28 331	19 508
European Free Trade Association (EFTA)												
Iceland	BFNU	22	26	30	23	6	1	20	-82	645	2 524	315
Liechtenstein	BFPJ	-44	-71	-53	-29	-37	-30	-57	-71	-103	-88	-30
Norway	BFQT	605	423	383	45	98	66	639	-126	29	692	-735
Switzerland	LEPD	-3 446	-4 277	-4 516	-2 120	-1 553	-1 187	-2 649	-2 568	257	10 891	4 756
Total EFTA	CTFV	-2 863	-3 899	-4 156	-2 081	-1 486	-1 150	-2 047	-2 847	828	14 019	4 306
Other Europe												
Albania	ZXAL	-39	-28	-10	1	-	-	-	-3	-2	2	5
Belarus	ZXAM	-42	-29	-9	8	-1	-2	-3	-5	-10	-14	1
Croatia	ZXAO	-45	-44	-20	-3	16	24	29	-16	-57	23	41
Russia	BFSV	47	-148	140	368	255	844	1 119	480	-205	786	2 127
Turkey	BFUO	250	358	255	232	291	297	371	673	940	634	622
Ukraine	ZXAV	-40	-29	-8	-	-41	-67	-40	170	-90	-92	75
Serbia and Montenegro	BFWH	-39	-28	-10	-5	-4	-7	4	4	-18	6	1
Other <sup>1</sup>	LEWB	-3 288	-3 715	-4 802	-3 759	-1 671	-2 085	-3 500	-5 149	423	-12 510	-5 001
Total Europe	LERF	-981	-769	8 145	13 469	7 544	2 003	-2 036	-7 746	4 342	31 185	21 685
<b>Americas</b>												
Argentina	ZXAX	190	381	295	103	187	259	284	558	455	341	398
Brazil	LENT	179	370	438	550	347	678	933	865	1 127	1 061	1 518
Canada	LEOU	738	731	1 154	130	554	84	906	991	3 113	4 077	-1 581
Chile	ZXAY	148	251	161	220	292	811	1 168	776	835	665	677
Colombia	ZXAZ	78	282	181	217	252	390	434	284	209	261	159
Mexico	BFPS	377	218	52	560	356	659	722	804	814	335	478
United States of America	BFVG	-497	1 624	-566	-3 312	-2 956	-1 348	2 547	-93	-3 544	-16 961	-11 571
Uruguay	ZXBA	-3	-3	5	17	1	-8	6	18	3	3	3
Venezuela	ZXBB	-23	-108	136	157	68	248	367	272	49	89	175
Other Central American Countries	JTSR	554	1 220	1 936	3 053	2 736	2 688	2 935	2 619	2 436	-1 640	2 404
Other	LEVJ	-248	-179	-145	-14	8	396	-144	-151	-42	1	35
Total Americas	LESP	1 493	4 787	3 647	1 681	1 845	4 857	10 158	6 943	5 455	-11 768	-7 305
<b>Asia</b>												
China	LEPM	98	-55	178	193	242	384	526	422	322	371	768
Hong Kong	BFJW	-1 141	-1 848	-1 878	-554	503	1 820	2 456	2 663	1 828	-1 535	296
India	BFND	58	121	132	389	392	204	124	197	582	1 780	1 418
Indonesia	BFLR	105	64	101	119	173	141	208	419	162	208	506
Iran	ZXBC	-58	-180	-237	-64	-47	-34	14	-34	-61	-20	-21
Israel	BFMU	-136	-177	-195	-139	-94	-90	-174	-290	-236	-77	19
Japan	BFOR	-815	-2 420	-2 484	-2 500	1 284	-444	90	-665	-543	709	466
Malaysia	BFQB	169	150	127	456	537	580	602	288	306	271	705
Pakistan	BFRU	17	62	68	116	105	187	210	302	123	126	233
Philippines	BFRL	19	88	99	103	142	157	161	193	322	241	301
Saudi Arabia	BFTS	-484	-578	-682	-153	-130	-137	-245	-622	-867	-1 458	-403
Singapore	BFTW	-564	-4	-157	1	113	739	1 047	454	798	752	1 926
South Korea	BFFA	209	263	297	577	623	941	906	994	1 024	1 273	926
Taiwan	BFUX	78	122	104	242	215	366	409	318	199	240	78
Thailand	BFUF	29	76	53	151	159	160	183	-223	52	17	269
Residual Gulf Arabian Countries	JITS	159	136	-383	-83	78	89	191	-116	-275	24	352
Other Near & Middle Eastern Countries	ZXBD	-147	-81	-24	-38	-38	42	197	414	1 240	1 241	1 180
Other	LEWK	-278	-87	-98	232	86	160	-148	572	908	722	1 914
Total Asia	LETH	-2 682	-4 348	-4 979	-952	4 343	5 265	6 757	5 286	5 884	4 885	10 933
<b>Australasia &amp; Oceania</b>												
Australia	CYAA	802	1 766	1 875	1 830	1 304	2 609	2 527	3 043	3 124	2 078	3 184
New Zealand	BFRC	340	218	324	474	513	311	380	396	435	425	438
Other	LEVS	28	-7	-54	-10	-	11	31	-280	-117	417	78
Total Australasia & Oceania	LETZ	1 170	1 977	2 145	2 294	1 817	2 931	2 938	3 159	3 442	2 920	3 700
<b>Africa</b>												
Egypt	ZXBF	-238	-61	-19	159	111	55	60	72	204	234	474
Morocco	ZXBG	-9	-1	-1	22	5	-4	-5	-64	-26	-15	15
South Africa	BFWZ	164	460	596	1 319	1 145	2 160	3 153	946	1 325	1 381	1 395
Other North Africa	JJRT	-48	-76	-58	-151	26	-29	-3 605	-1 505	-440	-290	..
Other	LEWT	51	105	134	610	737	781	4 827	1 993	661	569	1 545
Total Africa	LERX	-80	427	652	1 959	2 024	2 963	4 430	1 442	1 724	1 879	3 257
<b>International Organisations</b>												
	CTFD	37	-112	-185	-165	-50	-169	-392	-603	-827	-1 066	-988
<b>World total</b>	<b>HMBP</b>	<b>-1 043</b>	<b>1 962</b>	<b>9 425</b>	<b>18 286</b>	<b>17 523</b>	<b>17 845</b>	<b>21 855</b>	<b>8 481</b>	<b>20 020</b>	<b>28 035</b>	<b>31 282</b>

<sup>1</sup> Cyprus and Malta are included in Other Europe before 1999.





# 9.7

## Current transfers

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	GXVQ	34	30	31	33	51	36	38	45	34	34	38
Belgium and Luxembourg	GXVR	236	224	217	247	232	246	263	265	231	232	224
of which Belgium	A7PL	219	209	202	230	217	227	242	237	216	216	209
of which Luxembourg	A7PO	17	15	15	17	15	19	21	28	15	16	15
Bulgaria	KOLZ	–	2	–	8	1	1	8	10	15	15	12
Cyprus <sup>1</sup>	A7PM	1	2	2	3	4	4	4	9	3	4	4
Czech Republic	GXWK	4	6	2	3	32	23	16	37	17	19	11
Denmark	GXVS	33	28	30	41	28	40	45	59	33	42	46
Estonia	LWMG	–	–	–	–	–	–	–	–	–	–	3
Finland	GXVT	16	24	15	16	93	17	17	24	18	20	21
France	GXVU	291	279	328	336	193	332	319	371	272	317	322
Germany	GXVV	420	391	392	444	379	457	499	555	446	472	433
Greece	GXVW	43	39	40	48	40	49	55	57	43	50	46
Hungary	HZXT	–	1	1	8	1	1	5	6	13	13	11
Ireland	GXVX	130	115	162	155	113	170	166	199	158	185	124
Italy	GXVY	122	101	117	123	100	178	180	229	127	163	153
Latvia	LWWC	2	2	1	5	1	1	7	3	4	5	11
Lithuania	LYTR	–	–	1	–	–	–	7	13	14	14	11
Malta <sup>1</sup>	A7PP	1	–	1	1	1	2	2	2	3	5	6
Netherlands	GXVZ	308	323	315	374	292	353	377	352	316	323	342
Poland	GXWL	4	3	3	14	7	37	107	129	122	129	49
Portugal	GXWA	18	28	15	21	15	22	20	28	18	20	33
Romania	HZ XV	2	–	–	11	1	2	7	9	8	9	16
Slovak Republic	HZXX	4	–	2	3	–	–	13	62	17	18	11
Slovenia	HZXY	–	–	–	5	–	1	1	3	1	1	2
Spain	GXWB	105	92	98	105	86	127	137	172	124	136	140
Sweden	GXWC	93	88	90	97	84	108	107	119	88	98	89
European Central Bank	KNWK	–	–	–	–	–	–	–	–	–	–	–
EU Institutions	GXWD	6 391	5 314	7 275	5 905	6 688	7 354	7 976	8 118	7 387	8 549	9 414
Total EU27	GC84	8 258	7 092	9 138	8 006	8 442	9 561	10 376	10 876	9 512	10 873	11 572
European Free Trade Association (EFTA)												
Iceland	GXWF	35	33	34	35	64	34	34	40	34	35	34
Liechtenstein	GXWG	2	2	1	2	1	1	–	5	1	2	2
Norway	GXWH	64	60	60	80	66	75	87	103	70	86	79
Switzerland	GXWI	74	59	65	80	63	85	105	150	61	82	86
Total EFTA	GXWJ	175	154	160	197	194	195	226	298	166	205	201
Other Europe												
Albania	HZXP	–	–	–	–	–	–	–	–	–	–	–
Belarus	HZXQ	–	–	1	–	7	–	1	–	–	–	–
Croatia	HZXR	2	2	1	2	2	2	–	9	9	10	10
Russia	GXWM	17	10	12	16	11	19	24	50	16	22	16
Turkey	GXWN	31	28	30	34	30	37	39	61	32	35	33
Ukraine	HZYA	–	1	–	–	7	19	2	2	8	8	–
Serbia and Montenegro	LTVE	2	2	1	2	5	1	–	5	3	4	2
Other <sup>1</sup>	HKJF	12	10	27	16	16	9	14	29	41	45	40
Total Europe	GXWP	8 497	7 299	9 370	8 273	8 714	9 843	10 682	11 330	9 787	11 202	11 874
<b>Americas</b>												
Argentina	HZYJ	10	8	10	11	7	8	5	17	5	11	10
Brazil	GXWQ	15	10	14	16	11	12	12	37	10	16	14
Canada	GXWR	208	174	197	209	160	243	267	268	185	261	242
Chile	HZYL	8	7	10	9	7	9	10	27	7	12	9
Colombia	HZYM	16	14	24	17	25	15	15	36	10	18	13
Mexico	GXWS	21	18	19	28	21	27	32	97	19	29	24
United States of America	GXWT	1 343	1 182	2 395	1 693	1 217	1 549	4 186	3 353	2 105	2 731	2 477
Uruguay	HZYN	–	–	–	–	–	–	–	2	–	–	–
Venezuela	HZYO	14	8	10	12	8	13	15	27	7	12	10
Other Central American Countries	HZYG	156	140	145	181	135	214	258	510	149	227	191
Other	HZYY	11	8	10	13	13	13	15	31	8	14	12
Total Americas	GXWV	1 802	1 569	2 834	2 189	1 604	2 103	4 815	4 405	2 505	3 331	3 002
<b>Asia</b>												
China	GXWW	13	9	10	13	9	13	12	36	11	17	17
Hong Kong	GXWX	58	49	54	40	29	37	36	47	21	37	34
India	GXWY	17	15	23	25	13	27	30	75	16	21	33
Indonesia	GXWZ	20	17	19	24	44	18	18	73	13	23	18
Iran	HZYQ	2	3	2	3	2	3	4	9	2	4	3
Israel	GXXA	36	29	31	35	33	32	34	49	26	38	31
Japan	GXXB	113	97	109	130	95	124	137	272	88	129	113
Malaysia	GXXC	21	17	23	21	48	21	21	38	17	22	23
Pakistan	GXXD	5	3	4	4	29	4	3	13	5	7	4
Philippines	GXXE	11	8	10	11	7	9	10	17	5	11	10
Saudi Arabia	GXXF	501	485	494	488	499	481	490	510	479	466	466
Singapore	GXXG	14	9	15	15	13	23	28	30	15	22	26
South Korea	GXXH	14	9	12	20	10	22	28	56	4	10	8
Taiwan	GXXI	8	7	10	15	22	12	15	27	6	11	8
Thailand	GXXJ	6	5	5	9	6	8	10	20	4	6	8
Residual Gulf Arabian Countries	HZYS	170	162	165	172	168	177	179	230	166	171	169
Other Near & Middle Eastern Countries	HZYT	305	294	299	295	294	293	299	311	290	281	279
Other	HZVR	57	54	62	44	38	41	41	69	44	51	48
Total Asia	GXXL	1 371	1 272	1 347	1 364	1 359	1 345	1 395	1 882	1 212	1 327	1 298
<b>Australasia &amp; Oceania</b>												
Australia	GXXM	173	158	169	203	165	244	268	221	193	231	222
New Zealand	GXXN	58	53	58	58	51	64	60	68	55	59	57
Other	GXXO	3	3	2	3	2	6	5	7	3	4	3
Total Australasia & Oceania	GXXP	234	214	229	264	218	314	333	296	251	294	282
<b>Africa</b>												
Egypt	LZDN	4	3	2	4	26	7	9	19	4	5	4
Morocco	HICY	2	2	1	2	2	2	1	7	2	3	2
South Africa	GXXQ	93	81	88	83	69	96	105	118	58	87	89
Other North Africa	HICX	11	10	10	13	20	14	15	17	10	11	12
Other	HZUI	38	33	36	42	35	43	45	98	48	61	60
Total Africa	GXXS	148	129	137	144	152	162	175	259	122	167	167
<b>International Organisations</b>												
	GXXT	–	–	–	–	–	–	–	–	–	–	–
<b>World total</b>	<b>KTND</b>	<b>12 052</b>	<b>10 483</b>	<b>13 917</b>	<b>12 234</b>	<b>12 047</b>	<b>13 767</b>	<b>17 400</b>	<b>18 172</b>	<b>13 877</b>	<b>16 321</b>	<b>16 623</b>

1 Cyprus and Malta are included in Other Europe before 1999.

# 9.7

## Current transfers

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Debits</b>												
<b>Europe</b>												
European Union (EU)												
Austria	GXXV	17	23	21	24	25	29	34	39	31	37	37
Belgium and Luxembourg	GXXW	70	78	93	98	105	114	93	86	76	97	80
of which Belgium	A8BV	61	70	82	87	94	101	79	65	68	87	72
of which Luxembourg	A8BY	9	8	11	11	11	13	14	21	8	10	8
Bulgaria	LTQA	8	12	8	14	7	4	4	10	5	4	5
Cyprus <sup>1</sup>	A8BW	10	18	19	27	26	32	35	39	30	30	34
Czech Republic	GXYF	21	9	9	11	12	13	14	19	16	22	13
Denmark	GXXZ	41	37	32	36	30	42	54	60	39	55	45
Estonia	LWQY	—	—	—	—	1	4	4	4	4	—	4
Finland	GXXY	10	22	14	14	13	17	17	25	15	19	18
France	GXXZ	301	268	288	333	267	320	351	422	336	422	380
Germany	GXYA	281	294	288	366	316	401	455	483	383	459	557
Greece	GXYB	34	49	45	46	46	59	65	66	63	79	65
Hungary	HIEC	17	16	12	19	10	11	12	15	13	15	14
Ireland	GXYC	389	471	442	476	506	559	611	627	585	665	667
Italy	GXYD	153	133	139	150	131	178	207	243	158	208	193
Latvia	LYON	6	2	1	2	1	1	—	6	1	2	2
Lithuania	LYYJ	8	1	15	14	—	8	9	4	4	4	—
Malta <sup>1</sup>	A8BZ	9	15	17	18	19	22	23	24	24	29	32
Netherlands	GXYE	158	187	144	178	127	176	205	148	166	271	165
Poland	GXYQ	35	58	46	50	52	56	59	66	60	69	77
Portugal	GXYF	31	48	36	40	41	46	47	58	46	54	55
Romania	HIEE	10	14	11	20	10	12	12	18	12	7	14
Slovak Republic	HIEG	7	5	3	6	3	1	6	1	1	1	1
Slovenia	HIEH	8	—	5	4	—	1	1	3	1	2	—
Spain	GXYG	164	125	126	141	151	171	172	197	186	218	210
Sweden	GXYH	55	33	34	39	35	43	41	54	29	49	51
European Central Bank	KOEJ	—	—	—	—	—	—	—	—	—	—	—
EU Institutions	GXYI	10 524	10 719	9 557	10 097	11 485	11 505	13 098	13 025	13 060	13 334	14 779
Total EU27	GCR2	12 367	12 637	11 405	12 223	13 419	13 825	15 629	15 742	15 344	16 152	17 498
European Free Trade Association (EFTA)												
Iceland	GXYK	2	4	2	6	2	2	1	7	2	4	4
Liechtenstein	GXYL	2	2	1	2	1	1	—	5	1	2	2
Norway	GXYM	82	56	59	63	54	72	77	89	81	108	84
Switzerland	GXYN	85	94	91	124	90	121	146	182	97	141	133
Total EFTA	GXYO	171	156	153	195	147	196	224	283	181	255	223
Other Europe												
Albania	HIDY	2	6	9	12	7	7	7	4	9	9	10
Belarus	HIDZ	4	—	6	11	3	2	2	—	—	—	—
Croatia	HIEA	4	8	5	6	5	6	11	16	14	13	15
Russia	GXYR	70	90	55	23	49	60	62	100	54	33	67
Turkey	GXYZ	33	28	34	41	32	44	48	69	34	42	39
Ukraine	HIEJ	42	30	54	15	28	41	42	22	26	24	23
Serbia and Montenegro	LWIC	8	67	38	31	30	27	29	33	32	36	38
Other <sup>1</sup>	HZWN	122	126	149	156	189	168	180	194	225	241	245
Total Europe	GXYU	12 823	13 148	11 908	12 713	13 909	14 376	16 234	16 463	15 919	16 805	18 158
<b>Americas</b>												
Argentina	HIES	12	16	17	18	14	16	15	26	14	22	19
Brazil	GXYV	37	36	45	57	35	38	41	60	30	31	32
Canada	GXYW	282	265	280	315	276	368	406	396	340	447	413
Chile	HIEU	13	12	11	13	10	13	14	31	11	18	13
Colombia	HIEV	25	23	29	22	14	21	21	40	16	27	21
Mexico	GXYX	29	25	22	31	21	28	33	98	22	36	26
United States of America	GXYX	1 575	1 421	2 553	1 891	1 449	1 845	4 471	3 604	2 418	3 259	2 862
Uruguay	HIEW	1	1	1	1	1	1	1	3	1	1	1
Venezuela	HIEZ	11	9	11	13	9	14	16	28	8	13	12
Other Central American Countries	HIEP	455	429	401	426	365	456	510	783	431	522	503
Other	HIER	87	80	96	96	64	68	68	67	56	52	60
Total Americas	GXZA	2 527	2 317	3 466	2 883	2 258	2 868	5 596	5 136	3 347	4 428	3 962
<b>Asia</b>												
China	GXZB	98	82	86	125	77	136	137	153	144	154	166
Hong Kong	GXZC	123	117	121	133	126	147	155	175	149	189	174
India	GXZD	422	489	534	557	503	621	711	734	797	924	902
Indonesia	GXZE	75	54	45	51	67	83	182	157	97	127	118
Iran	HIEZ	19	20	17	19	17	21	23	28	22	24	25
Israel	GXZF	35	33	36	42	35	40	43	58	34	49	43
Japan	GXZG	124	95	104	132	99	132	148	274	99	150	125
Malaysia	GXZH	62	45	44	49	46	53	61	79	57	73	64
Pakistan	GXZI	151	144	162	233	183	196	211	251	266	315	301
Philippines	GXZJ	36	30	33	35	33	37	40	48	37	44	46
Saudi Arabia	GXZK	37	41	42	51	48	52	49	66	53	64	66
Singapore	GXZL	77	76	76	88	90	109	118	119	110	134	135
South Korea	GXZM	17	11	13	21	10	23	29	56	5	12	8
Taiwan	GXZN	13	7	11	15	9	12	15	27	6	12	9
Thailand	GXZO	23	29	30	40	31	37	50	51	41	47	48
Residual Gulf Arabian Countries	HIFB	90	74	83	88	193	325	342	359	294	258	338
Other Near & Middle Eastern Countries	HIFD	56	67	77	77	73	91	96	94	73	61	85
Other	HZWN	300	404	538	609	529	740	854	962	943	1 108	1 089
Total Asia	GXZQ	1 758	1 818	2 052	2 365	2 169	2 855	3 264	3 691	3 227	3 745	3 742
<b>Australasia &amp; Oceania</b>												
Australia	GXZR	220	217	240	275	264	345	399	353	344	416	405
New Zealand	GXZS	53	66	75	80	79	92	101	109	105	120	115
Other	GXZT	31	11	10	23	22	26	27	28	20	16	24
Total Australasia & Oceania	GXZU	304	294	325	378	365	463	527	490	469	552	544
<b>Africa</b>												
Egypt	LZIF	28	24	23	27	26	36	39	46	37	36	35
Morocco	HIYZ	10	8	7	8	9	9	9	15	11	12	12
South Africa	GXZV	227	257	286	309	313	346	364	385	352	419	418
Other North Africa	HIYZ	24	10	13	14	26	20	21	21	16	19	19
Other	HZUA	1 042	1 268	1 320	1 363	2 087	1 894	2 009	2 084	2 299	2 454	2 633
Total Africa	GXZX	1 331	1 567	1 649	1 721	2 461	2 305	2 442	2 551	2 715	2 940	3 117
<b>International Organisations</b>												
	GXZY	631	1 114	1 032	1 044	720	1 176	1 186	1 719	1 746	1 902	1 865
<b>World total</b>												
	KTNE	19 374	20 258	20 432	21 104	21 882	24 043	29 249	30 050	27 423	30 372	31 388

1 Cyprus and Malta are included in Other Europe before 1999.

# 9.7

## Current transfers

continued

£ million

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Balances</b>												
<b>Europe</b>												
European Union (EU)												
Austria	GZDU	17	7	10	9	26	7	4	6	3	-3	1
Belgium and Luxembourg	GZDV	166	146	124	149	127	132	170	179	155	135	144
of which Belgium	A8H2	158	139	120	143	123	126	163	172	148	129	137
Luxembourg	A8H5	8	7	4	6	4	6	7	7	7	6	7
Bulgaria	ZWRH	-8	-10	-8	-6	-6	-3	4	-	10	11	7
Cyprus <sup>1</sup>	A8H3	-9	-16	-17	-24	-22	-28	-31	-30	-27	-26	-30
Czech Republic	GZCJ	-17	-3	-7	-8	20	10	2	18	1	-3	-2
Denmark	GZDW	-8	-9	-2	5	-2	-2	-9	-1	-6	-13	1
Estonia	ZWRN	-	-	-	-	-1	-4	-4	-4	-4	-	-1
Finland	GZDX	6	2	1	2	80	-	-	-1	3	1	3
France	GZDY	-10	11	40	3	-74	12	-32	-51	-64	-105	-58
Germany	GZDZ	139	97	104	78	63	56	44	72	63	13	-124
Greece	GZEA	9	-10	-5	2	-6	-10	-10	-9	-20	-29	-19
Hungary	GYWH	-17	-15	-11	-11	-9	-10	-7	-9	-	-2	-3
Ireland	GZEB	-259	-356	-280	-321	-393	-389	-445	-428	-427	-480	-543
Italy	GZEC	-31	-32	-22	-27	-31	-	-27	-14	-31	-45	-40
Latvia	ZWRV	-4	-	-	3	-	-	7	-3	3	3	9
Lithuania	ZWRU	-8	-1	-14	-14	-	-8	-2	9	10	10	11
Malta <sup>1</sup>	A8H6	-8	-15	-16	-17	-18	-20	-21	-22	-21	-24	-26
Netherlands	GZED	150	136	171	196	165	177	172	204	150	52	177
Poland	GZCK	-31	-55	-43	-36	-45	-19	48	63	62	60	-28
Portugal	GZEE	-13	-20	-21	-19	-26	-24	-27	-30	-28	-34	-22
Romania	ZWRX	-8	-14	-11	-9	-9	-10	-5	-9	-4	2	2
Slovak Republic	ZWRZ	-3	-5	-1	-3	-3	-1	7	61	16	17	10
Slovenia	ZWRY	-8	-	-5	1	-	-	-	-	-	-1	2
Spain	GZEF	-59	-33	-28	-36	-65	-44	-35	-25	-62	-82	-70
Sweden	GYRO	38	55	56	58	49	65	66	65	59	49	38
European Central Bank	ZWRB	-	-	-	-	-	-	-	-	-	-	-
EU Institutions	GYRP	-4 133	-5 405	-2 282	-4 192	-4 797	-4 151	-5 122	-4 907	-5 673	-4 785	-5 365
Total EU27	GD6K	-4 109	-5 545	-2 267	-4 217	-4 977	-4 264	-5 253	-4 866	-5 832	-5 279	-5 926
European Free Trade Association (EFTA)												
Iceland	GXEL	33	29	32	29	62	32	33	33	32	31	30
Liechtenstein	GXEM	-	-	-	-	-	-	-	-	-	-	-
Norway	GXEN	-18	4	1	17	12	3	10	14	-11	-22	-5
Switzerland	GZCH	-11	-35	-26	-44	-27	-36	-41	-32	-36	-59	-47
Total EFTA	GZCI	4	-2	7	2	47	-1	2	15	-15	-50	-22
Other Europe												
Albania	ZWRF	-2	-6	-9	-12	-7	-7	-7	-4	-9	-9	-10
Belarus	ZWRI	-4	-	-5	-11	4	-2	-1	-	-	-	-
Croatia	ZWRS	-2	-6	-4	-4	-3	-4	-11	-7	-5	-3	-5
Russia	GZCL	-53	-80	-43	-7	-38	-41	-38	-50	-38	-11	-51
Turkey	GZCM	-2	-	-4	-7	-2	-7	-9	-8	-2	-7	-6
Ukraine	ZWSA	-42	-29	-54	-15	-21	-22	-40	-20	-18	-16	-23
Serbia and Montenegro	ZWSD	-6	-65	-37	-29	-25	-26	-29	-28	-29	-32	-36
Other <sup>1</sup>	ZWRC	-110	-116	-122	-140	-173	-159	-166	-165	-184	-196	-205
Total Europe	GZCO	-4 326	-5 849	-2 538	-4 440	-5 195	-4 533	-5 552	-5 133	-6 132	-5 603	-6 284
<b>Americas</b>												
Argentina	ZWRG	-2	-8	-7	-7	-7	-8	-10	-9	-9	-11	-9
Brazil	GZCP	-22	-26	-31	-41	-24	-26	-29	-23	-20	-15	-18
Canada	GZCQ	-74	-91	-83	-106	-116	-125	-139	-128	-155	-186	-171
Chile	ZWRJ	-5	-5	-1	-4	-3	-4	-4	-4	-4	-6	-4
Colombia	ZWRK	-9	-9	-5	-5	11	-6	-6	-4	-6	-9	-8
Mexico	GZCR	-8	-7	-3	-3	-	-1	-1	-1	-3	-7	-2
United States of America	GZCS	-232	-239	-158	-198	-232	-296	-285	-251	-313	-528	-385
Uruguay	ZWSB	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Venezuela	ZWSC	3	-1	-1	-1	-1	-1	-1	-1	-1	-1	-2
Other Central American Countries	ZWRM	-299	-289	-256	-245	-230	-242	-252	-273	-282	-295	-312
Other	ZWRP	-76	-72	-86	-83	-51	-55	-53	-36	-48	-38	-48
Total Americas	GZCU	-725	-748	-632	-694	-654	-765	-781	-731	-842	-1 097	-960
<b>Asia</b>												
China	GZCV	-85	-73	-76	-112	-68	-123	-125	-117	-133	-137	-149
Hong Kong	GZCW	-65	-68	-67	-93	-97	-110	-128	-128	-128	-152	-140
India	GZCX	-405	-474	-511	-532	-490	-594	-681	-659	-781	-903	-869
Indonesia	GZCY	-55	-37	-26	-27	-23	-65	-164	-84	-84	-104	-100
Iran	ZWRT	-17	-17	-15	-16	-15	-18	-19	-19	-20	-20	-22
Israel	GZCZ	1	-4	-5	-7	-2	-8	-9	-9	-8	-11	-12
Japan	GZDA	-11	-2	5	-2	4	-8	-11	-2	-11	-21	-12
Malaysia	GZDB	-41	-28	-21	-28	2	-32	-40	-41	-40	-51	-41
Pakistan	GZDC	-146	-141	-158	-229	-154	-192	-208	-238	-261	-308	-297
Philippines	GZDD	-25	-22	-23	-24	-26	-28	-30	-31	-32	-33	-36
Saudi Arabia	GZDE	464	444	452	437	451	429	441	444	426	402	400
Singapore	GZDF	-63	-67	-61	-73	-77	-86	-90	-89	-95	-112	-109
South Korea	GZDG	-3	-2	-1	-1	-	-1	-1	-	-1	-2	-
Taiwan	GZDH	-5	-	-1	-	13	-	-	-	-	-1	-1
Thailand	GZDI	-17	-24	-25	-31	-25	-29	-40	-31	-37	-41	-40
Residual Gulf Arabian Countries	ZWRQ	80	88	82	84	-25	-148	-163	-129	-128	-87	-169
Other Near & Middle Eastern Countries	ZWRR	249	227	222	218	221	202	217	217	217	220	194
Other	ZWRD	-243	-350	-476	-565	-491	-699	-813	-893	-899	-1 057	-1 041
Total Asia	GZDK	-387	-546	-705	-1 001	-810	-1 510	-1 869	-1 809	-2 015	-2 418	-2 444
<b>Australasia &amp; Oceania</b>												
Australia	GZDL	-47	-59	-71	-72	-99	-101	-131	-132	-151	-185	-183
New Zealand	GZDM	5	-13	-17	-22	-28	-28	-41	-41	-50	-61	-58
Other	GZDN	-28	-8	-8	-20	-20	-20	-22	-21	-17	-12	-21
Total Australasia & Oceania	GZDO	-70	-80	-96	-114	-147	-149	-194	-194	-218	-258	-262
<b>Africa</b>												
Egypt	ZWRO	-24	-21	-21	-23	-	-29	-30	-27	-33	-31	-31
Morocco	ZWRW	-8	-6	-6	-6	-7	-7	-8	-8	-9	-9	-10
South Africa	GZDP	-134	-176	-198	-226	-244	-250	-259	-267	-294	-332	-329
Other North Africa	ZWRL	-13	-	-3	-1	-6	-6	-6	-4	-6	-8	-7
Other	ZWRE	-1 004	-1 235	-1 284	-1 321	-2 052	-1 851	-1 964	-1 986	-2 251	-2 393	-2 573
Total Africa	GZDR	-1 183	-1 438	-1 512	-1 577	-2 309	-2 143	-2 267	-2 292	-2 593	-2 773	-2 950
<b>International Organisations</b>												
	GZDS	-631	-1 114	-1 032	-1 044	-720	-1 176	-1 186	-1 719	-1 746	-1 902	-1 865
<b>World total</b>												
	KTNF	-7 322	-9 775	-6 515	-8 870	-9 835	-10 276	-11 849	-11 878	-13 546	-14 051	-14 765

1 Cyprus and Malta are included in Other Europe before 1999.



# 9.8 Current account

## Transactions with Europe and USA<sup>1,2</sup>

£ million

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>											
Exports of goods											
EMU members	QATL	102 295	104 405	104 109	100 868	100 819	109 765	136 333	114 537	126 766	111 267
EU members	LGCJ	112 459	114 406	114 737	111 286	111 650	121 486	152 357	127 813	141 831	124 334
Total Europe	EPLM	120 705	122 492	122 437	119 832	120 666	133 669	164 342	140 791	158 005	137 471
USA	J8V9	29 549	29 519	28 452	28 997	28 794	31 095	32 287	32 274	35 471	33 972
Exports of services											
EMU members	J5Z5	29 867	32 352	33 878	36 989	40 676	43 658	47 159	53 765	60 857	55 308
EU members	GC8R	33 718	36 850	38 306	41 871	46 110	49 695	54 340	61 842	69 233	63 978
Total Europe	FYWB	39 864	43 547	46 682	51 340	55 804	61 106	67 771	78 194	87 161	80 464
USA	FYWF	19 274	19 211	22 690	23 977	25 790	24 423	29 308	33 502	35 857	32 916
Income											
EMU members	IV9S	52 661	59 796	51 503	50 466	51 434	65 505	85 311	110 807	113 318	71 085
EU members	GNF6	57 027	64 584	55 788	54 796	56 361	71 285	91 603	118 262	120 064	77 130
Total Europe	LERD	69 737	75 064	65 105	65 377	69 578	89 600	115 443	153 615	148 515	92 531
USA	BFVE	29 284	31 117	26 524	27 662	30 744	44 857	59 550	65 867	50 644	34 539
Current transfers											
EMU members	J5YF	1 648	1 735	1 914	1 599	1 994	2 091	2 373	1 811	1 980	1 899
EU members	GC84	7 092	9 138	8 006	8 442	9 561	10 376	10 876	9 512	10 873	11 572
Total Europe	GXWP	7 299	9 370	8 273	8 714	9 843	10 682	11 330	9 787	11 202	11 874
USA	GXWT	1 182	2 395	1 693	1 217	1 549	4 186	3 353	2 105	2 731	2 477
TOTAL CREDITS											
EMU members	IV9V	186 471	198 288	191 404	189 922	194 923	221 019	271 176	280 920	302 921	239 559
EU members	G970	210 296	224 978	216 837	216 395	223 682	252 842	309 176	317 429	342 001	277 014
Total Europe	LERA	237 605	250 473	242 497	245 263	255 891	295 057	358 886	382 387	404 883	322 340
USA	BFVB	79 289	82 242	79 359	81 853	86 877	104 561	124 498	133 748	124 703	103 904
<b>Debits</b>											
Imports of goods											
EMU members	QBRM	106 282	114 901	123 927	123 483	127 065	139 911	158 092	149 719	158 036	139 887
EU members	LGDB	117 644	126 973	136 931	137 404	142 523	158 163	183 749	169 799	181 070	161 496
Total Europe	EFMM	132 366	141 496	151 744	153 466	162 131	183 786	213 968	200 379	221 004	193 037
USA	J8VA	28 838	30 270	25 742	23 326	22 525	22 530	25 830	26 095	26 009	24 619
Imports of services											
EMU members	J63A	33 236	35 480	37 308	40 085	42 253	46 240	47 715	49 809	53 131	49 077
EU members	GCV2	35 356	37 686	39 715	43 014	45 577	50 390	52 564	55 091	58 576	54 773
Total Europe	GGPQ	39 497	41 893	44 975	47 916	50 729	56 714	59 520	62 929	67 055	63 284
USA	GGPU	13 205	13 503	13 403	14 862	15 300	16 286	16 755	18 248	19 951	18 828
Income											
EMU members	IV9T	45 633	43 351	32 879	40 875	48 132	63 990	86 226	108 049	83 979	53 777
EU members	G97L	50 234	47 819	37 080	44 611	52 212	69 254	92 656	115 729	91 733	57 622
Total Europe	LERE	70 506	66 919	51 636	57 833	67 575	91 636	123 189	149 273	117 330	70 846
USA	BFVF	27 660	31 683	29 836	30 618	32 092	42 310	59 643	69 411	67 605	46 110
Current transfers											
EMU members	J62B	1 736	1 680	1 921	1 776	2 126	2 322	2 461	2 101	2 591	2 494
EU members	GCR2	12 637	11 405	12 223	13 419	13 825	15 629	15 742	15 344	16 152	17 498
Total Europe	GXYU	13 148	11 908	12 713	13 909	14 376	16 234	16 463	15 919	16 805	18 158
USA	GXYX	1 421	2 553	1 891	1 449	1 845	4 471	3 604	2 418	3 259	2 862
TOTAL DEBITS											
EMU members	IV9W	186 887	195 412	196 035	206 219	219 576	252 463	294 494	309 678	297 737	245 235
EU members	G97F	215 871	223 883	225 949	238 448	254 137	293 436	344 711	355 963	347 531	291 389
Total Europe	LERB	255 517	262 216	261 068	273 124	294 811	348 370	413 140	428 500	422 194	345 325
USA	BFVC	71 124	78 009	70 872	70 255	71 762	85 597	105 832	116 172	116 824	92 419
<b>Balances</b>											
Trade in goods											
EMU members	QBRX	-3 987	-10 496	-19 818	-22 615	-26 246	-30 146	-21 759	-35 182	-31 270	-28 620
EU members	LGCF	-5 185	-12 567	-22 194	-26 118	-30 873	-36 677	-31 393	-41 986	-39 239	-37 162
Total Europe	EFNM	-11 661	-19 004	-29 307	-33 634	-41 465	-50 117	-49 626	-59 588	-62 999	-55 566
USA	J8VB	711	-751	2 710	5 670	6 269	8 565	6 457	6 179	9 462	9 353
Trade in services											
EMU members	J64N	-3 369	-3 128	-3 430	-3 096	-1 577	-2 582	-556	3 956	7 726	6 231
EU members	GD6R	-1 638	-836	-1 409	-1 143	533	-695	1 776	6 751	10 657	9 205
Total Europe	GGRV	367	1 654	1 707	3 424	5 075	4 392	8 251	15 265	20 106	17 180
USA	GGRZ	6 069	5 708	9 287	9 115	10 490	8 137	12 553	15 254	15 906	14 088
Income											
EMU members	IV9U	7 028	16 445	18 624	9 591	3 302	1 515	-915	2 758	29 339	17 308
EU members	G97D	6 793	16 765	18 708	10 185	4 149	2 031	-1 053	2 533	28 331	19 508
Total Europe	LERF	-769	8 145	13 469	7 544	2 003	-2 036	-7 746	4 342	31 185	21 685
USA	BFVG	1 624	-566	-3 312	-2 956	-1 348	2 547	-93	-3 544	-16 961	-11 571
Current transfers											
EMU members	J64F	-88	55	-7	-177	-132	-231	-88	-290	-611	-595
EU members	GD6K	-5 545	-2 267	-4 217	-4 977	-4 264	-5 253	-4 866	-5 832	-5 279	-5 926
Total Europe	GZCO	-5 849	-2 538	-4 440	-5 195	-4 533	-5 552	-5 133	-6 132	-5 603	-6 284
USA	GZCS	-239	-158	-198	-232	-296	-285	-251	-313	-528	-385
CURRENT BALANCE											
EMU members	IV9X	-416	2 876	-4 631	-16 297	-24 653	-31 444	-23 318	-28 758	5 184	-5 676
EU members	G97T	-5 575	1 095	-9 112	-22 053	-30 455	-40 594	-35 535	-38 534	-5 530	-14 375
Total Europe	LERC	-17 912	-11 743	-18 571	-27 861	-38 920	-53 313	-54 254	-46 113	-17 311	-22 985
USA	BFVD	8 165	4 233	8 487	11 598	15 115	18 964	18 666	17 576	7 879	11 485

1 EMU Members: Austria, Belgium, Cyprus, 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

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Credits</b>												
Exports of services												
UK charge for collecting duties and levies(net) <sup>1</sup>	QWUE	208	217	525	487	489	543	565	583	603	660	661
Current transfers												
Other sectors												
Agricultural Guarantee Fund <sup>2</sup>	EBGL	2 781	2 571	2 336	2 381	2 691	3 315	3 408	3 219	2 952	3 049	3 387
European Social Fund	HDIZ	434	659	370	412	427	433	900	1 305	795	608	609
European Coal & Steel Community Grant	FJKP	—	—	1	—	—	2	—	—	—	—	—
Central government												
Fontainebleau abatement	FKKL	3 171	2 084	4 560	3 099	3 560	3 592	3 655	3 570	3 523	4 862	5 392
Other EU receipts	GCSD	5	—	8	13	10	12	13	24	117	30	26
Capital transfers												
Other sectors												
Agricultural Fund for Regional Development <sup>3</sup>	FJXL	47	82	26	—	2	49	80	50	150	417	144
European Regional Development Fund	HBZA	285	989	543	296	622	1 062	1 402	618	707	972	640
Other capital transfers from EU Institutions <sup>2</sup>	EBGO	—	—	322	—	—	—	—	—	—	—	—
<b>Total credits</b>	GC SL	6 931	6 602	8 691	6 688	7 801	9 008	10 023	9 369	8 847	10 598	10 859
<b>Debits</b>												
Current transfers												
Other sectors												
Customs duties and agricultural levies <sup>4</sup>	FJWD	2 024	2 086	2 069	1 919	1 937	2 145	2 237	2 329	2 412	2 636	2 645
Sugar levies <sup>4</sup>	GTBA	46	44	31	25	18	25	24	—	—	—	—
European Coal & Steel Community production levy <sup>4</sup>	GTBB	—	—	—	—	—	—	—	—	—	—	—
VAT based contribution <sup>5</sup>	HCML	3 920	4 104	3 624	2 720	2 775	1 764	1 980	2 165	2 293	2 255	1 733
VAT adjustment <sup>5</sup>	FSVL	—109	100	—49	88	—35	25	19	2	26	15	—140
Central government												
GNP fourth resource <sup>6</sup>	HCSO	4 403	4 243	3 859	5 259	6 622	7 565	8 597	8 358	7 996	8 628	10 692
GNP adjustments <sup>6</sup>	HCSM	229	136	—1	76	150	—16	135	163	327	—205	—137
Total GNP based fourth own resource contribution	NMFH	4 632	4 379	3 858	5 335	6 772	7 549	8 732	8 521	8 323	8 423	10 555
Inter-government agreements	ECBW	—	—	—	—	—	—	—	—	—	—	—
EU non-budget (miscellaneous)	HRTM	—	—	—	—	—	—	—	—	—	—	—
Other current transfers to EU institutions	GVEG	11	6	24	10	18	—3	106	8	6	5	—14
<b>Total debits</b>	GCSM	10 524	10 719	9 557	10 097	11 485	11 505	13 098	13 025	13 060	13 334	14 779
<b>Balance (UK net contribution to the EU)</b>	BLZS	—3 593	—4 117	—866	—3 409	—3 684	—2 497	—3 075	—3 656	—4 213	—2 736	—3 920

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 2008

£ 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>8 709</b>	<b>9 499</b>	<b>2 351</b>	<b>393</b>	<b>1 038</b>	<b>20 540</b>	<b>3 827</b>	<b>2 821</b>	<b>18 261</b>	<b>875</b>	<b>919</b>	<b>69 233</b>
Belgium	474	252	56	16	31	1 109	184	44	1 412	17	21	3 616
Luxembourg	19	25	19	1	15	1 260	..	..	647	..	..	2 083
Denmark	886	237	36	3	46	367	94	91	569	59	5	2 393
France	1 073	1 344	235	31	200	3 883	477	213	2 224	85	30	9 795
Germany	942	1 346	512	14	168	4 476	913	267	2 943	134	43	11 758
Ireland	973	1 029	332	226	111	1 703	968	820	2 364	31	13	8 570
Italy	661	831	306	4	166	1 141	204	294	745	114	13	4 479
Netherlands	1 128	761	243	72	90	2 934	325	322	3 980	108	19	9 982
Russia	111	196	38	35	28	1 121	52	50	487	17	10	2 145
Spain	1 440	921	276	5	54	1 449	189	147	817	103	17	5 418
Switzerland	320	421	66	..	94	2 081	..	401	2 916	34	3	7 236
Turkey	165	125	24	..	23	172	43	22	141	10	..	735
Argentina	17	29	17	..	19	17	..	..	29	3	..	144
Brazil	84	152	20	..	28	99	12	14	154	5	..	592
Canada	345	524	36	19	348	812	53	55	568	20	25	2 805
Chile	35	14	6	..	20	15	4	3	69	..	5	180
Mexico	72	49	..	..	49	83	5	19	46	..	..	337
United States of America	3 532	2 264	636	69	4 315	11 161	1 465	2 225	9 205	683	302	35 857
China	1 012	516	28	..	24	387	21	56	367	..	14	2 454
Hong Kong	415	209	32	..	47	924	43	38	346	..	3	2 112
India	410	455	51	6	27	247	56	48	375	16	82	1 773
Iran	24	109	9	..	6	22	..	..	72	..	..	261
Japan	569	205	40	1	164	2 714	51	375	862	50	4	5 035
Malaysia	51	121	12	1	24	125	20	27	142	12	3	538
Philippines	67	25	..	..	19	13	..	5	25	37	..	203
Saudi Arabia	114	266	46	14	24	407	34	12	1 533	6	6	2 462
Singapore	665	121	21	..	34	644	50	1 196	766	..	..	3 592
South Korea	290	129	10	1	17	281	..	64	290	5	..	1 115
Taiwan	129	99	5	..	18	274	8	20	..	..	21	695
Thailand	68	57	11	..	11	96	7	12	72	..	5	358
Australia	907	753	64	50	197	977	89	117	704	57	8	3 923
South Africa	412	224	51	6	76	237	80	88	302	29	12	1 517
Other	3 474	5 789	..	..	1 111	11 590	..	..	..	..	..	36 656
<b>Global total</b>	<b>20 884</b>	<b>19 598</b>	<b>4 262</b>	<b>1 246</b>	<b>7 604</b>	<b>52 821</b>	<b>7 258</b>	<b>7 987</b>	<b>44 727</b>	<b>2 274</b>	<b>2 158</b>	<b>170 819</b>
<b>Imports</b>												
<b>European Union (EU27) total</b>	<b>11 133</b>	<b>21 812</b>	<b>2 013</b>	<b>287</b>	<b>551</b>	<b>5 407</b>	<b>1 506</b>	<b>1 450</b>	<b>11 747</b>	<b>359</b>	<b>2 311</b>	<b>58 576</b>
Belgium	406	466	69	27	46	630	44	88	714	7	37	2 534
Luxembourg	53	101	13	1	..	154	2	153	107	..	..	592
Denmark	586	111	19	..	..	90	33	61	204	18	9	1 149
France	1 665	4 203	230	30	88	732	228	156	2 383	34	129	9 878
Germany	984	942	680	53	126	1 687	508	327	2 691	52	1 581	9 631
Ireland	594	1 097	252	95	..	581	229	105	1 055	15	..	4 121
Italy	1 309	1 823	237	14	39	313	45	103	989	..	..	4 987
Netherlands	637	627	169	27	73	535	145	317	1 081	101	27	3 739
Russia	179	158	29	5	18	..	10	..	518	..	9	1 072
Spain	2 311	6 613	151	8	28	304	100	27	739	25	206	10 512
Switzerland	458	541	35	..	15	417	..	286	850	33	3	2 827
Turkey	359	997	27	..	13	34	..	4	72	..	..	1 519
Argentina	11	80	5	..	..	..	1	..	24	..	..	130
Brazil	62	140	8	..	7	..	7	2	61	..	7	343
Canada	222	546	47	..	15	157	59	100	328	4	..	1 530
Chile	11	25	1	..	..	..	..	..	..	..	..	48
Mexico	63	339	10	..	..	12	..	..	26	..	3	460
United States of America	1 681	3 726	422	50	102	3 747	1 090	2 497	5 021	490	1 125	19 951
China	331	306	45	23	62	205	12	5	343	..	..	1 342
Hong Kong	128	171	32	..	21	299	7	..	341	..	..	1 006
India	422	856	118	7	12	48	331	11	459	8	10	2 282
Iran	11	20	..	..	..	..	..	..	..	..	1	38
Japan	315	123	37	..	23	988	..	1 031	1 201	..	6	3 739
Malaysia	55	109	13	..	..	13	4	..	43	..	..	244
Philippines	67	68	14	..	..	1	4	..	29	..	..	188
Saudi Arabia	38	130	9	..	..	11	..	..	311	..	..	505
Singapore	122	74	27	..	12	237	6	9	778	7	..	1 310
South Korea	57	39	7	..	9	143	..	..	133	..	2	400
Taiwan	45	20	..	..	9	..	26	..	126	..	1	353
Thailand	108	496	15	..	6	11	..	..	34	..	2	677
Australia	297	805	46	..	11	146	20	196	298	115	..	1 983
South Africa	159	384	26	..	24	44	10	..	193	9	..	861
Other	5 429	11 120	..	..	..	..	..	..	..	..	..	25 512
<b>Global total</b>	<b>19 175</b>	<b>37 256</b>	<b>4 346</b>	<b>1 095</b>	<b>1 108</b>	<b>13 146</b>	<b>3 391</b>	<b>5 750</b>	<b>25 218</b>	<b>1 094</b>	<b>3 884</b>	<b>115 463</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 2009

£ 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>8 851</b>	<b>9 088</b>	<b>2 300</b>	<b>411</b>	<b>1 080</b>	<b>18 052</b>	<b>3 093</b>	<b>2 670</b>	<b>16 854</b>	<b>706</b>	<b>873</b>	<b>63 978</b>
Belgium	402	243	64	17	35	912	151	52	1 194	16	19	3 105
Luxembourg	19	19	44	—	16	1 393	47	7	651	1	—	2 197
Denmark	1 281	286	37	8	48	373	62	104	688	13	5	2 905
France	998	1 104	267	30	206	3 057	324	289	1 960	48	29	8 312
Germany	892	1 120	447	20	171	3 645	765	313	3 114	90	24	10 601
Ireland	941	986	242	285	115	1 536	911	767	2 032	26	8	7 849
Italy	607	1 457	298	20	174	989	102	205	745	191	11	4 799
Netherlands	1 005	674	301	9	99	2 777	239	193	2 979	103	8	8 387
Russia	114	157	36	52	29	884	31	39	391	18	10	1 761
Spain	1 574	960	248	8	57	1 419	123	189	650	90	32	5 350
Switzerland	339	393	67	6	97	1 801	..	591	2 902	46	..	7 325
Turkey	167	159	28	9	23	230	28	26	215	6	8	899
Argentina	17	50	18	..	18	11	1	7	22	..	..	153
Brazil	83	190	39	..	29	95	21	12	136	1	..	615
Canada	349	406	42	19	365	659	47	54	705	8	17	2 671
Chile	46	6	7	11	20	11	..	..	83	..	..	191
Mexico	69	63	8	..	53	89	6	25	65	..	..	387
United States of America	3 040	2 206	709	..	4 893	8 964	1 760	1 634	8 622	625	..	32 916
China	940	589	40	6	25	203	20	38	386	56	12	2 315
Hong Kong	412	264	38	..	43	677	..	37	272	18	..	1 784
India	430	401	49	5	30	221	49	39	316	9	76	1 625
Iran	20	61	17	4	6	12	6	..	70	..	..	214
Japan	584	379	37	1	164	2 065	50	275	923	55	4	4 537
Malaysia	44	187	18	3	25	88	20	30	206	10	3	634
Philippines	35	37	5	..	19	11	..	4	49	..	..	172
Saudi Arabia	115	304	48	9	27	292	21	8	..	8	..	2 100
Singapore	624	123	33	5	38	485	27	..	694	..	..	3 673
South Korea	256	91	12	..	16	221	10	47	254	1	6	914
Taiwan	132	130	..	1	18	211	69	19	65	..	20	670
Thailand	75	130	15	..	13	82	8	8	104	..	6	464
Australia	1 334	827	62	88	215	691	69	96	684	32	13	4 111
South Africa	301	222	59	3	71	196	74	111	349	35	12	1 433
Other	3 463	5 058	..	..	1 175	9 552	..	..	..	..	..	34 042
<b>Global total</b>	<b>20 708</b>	<b>19 282</b>	<b>4 485</b>	<b>1 625</b>	<b>8 333</b>	<b>43 852</b>	<b>6 902</b>	<b>7 610</b>	<b>42 243</b>	<b>1 951</b>	<b>2 120</b>	<b>159 111</b>
<b>Imports</b>												
<b>European Union (EU27) total</b>	<b>10 355</b>	<b>18 787</b>	<b>1 866</b>	<b>571</b>	<b>528</b>	<b>3 914</b>	<b>1 849</b>	<b>1 210</b>	<b>12 995</b>	<b>368</b>	<b>2 330</b>	<b>54 773</b>
Belgium	378	381	61	7	42	434	51	117	782	..	..	2 283
Luxembourg	24	15	80	..	..	138	27	62	124	..	..	475
Denmark	543	135	26	8	15	80	25	60	268	27	21	1 208
France	1 448	3 840	216	31	105	589	244	157	2 415	34	70	9 149
Germany	959	755	640	128	111	820	504	212	2 788	49	1 771	8 737
Ireland	559	1 068	222	286	50	514	307	129	1 061	14	55	4 265
Italy	1 159	1 446	204	47	33	..	66	33	977	42	..	4 489
Netherlands	596	597	133	16	61	390	170	314	1 860	126	49	4 312
Russia	182	116	26	..	12	337	10	3	590	..	11	1 312
Spain	2 155	5 697	109	8	25	229	45	25	824	13	65	9 195
Switzerland	424	526	40	13	15	368	..	359	826	22	..	2 947
Turkey	337	807	20	15	12	19	..	6	71	..	..	1 301
Argentina	12	45	..	..	..	2	1	1	23	..	3	94
Brazil	60	78	6	1	7	..	5	..	81	..	12	309
Canada	204	373	61	12	14	118	50	96	305	..	..	1 295
Chile	44	15	..	..	..	..	..	..	8	..	..	73
Mexico	57	177	4	..	2	9	..	..	18	..	4	282
United States of America	1 525	3 098	391	110	101	3 280	869	2 875	5 625	146	808	18 828
China	318	248	41	8	65	34	14	2	318	2	10	1 060
Hong Kong	119	122	35	..	20	336	..	1	316	..	..	957
India	358	659	80	1	12	46	457	2	384	17	6	2 022
Iran	9	31	..	..	1	..	..	..	18	..	..	65
Japan	279	125	31	..	18	885	25	648	1 201	15	..	3 246
Malaysia	52	112	11	..	..	12	21	5	42	..	..	262
Philippines	49	95	..	..	..	2	12	1	37	..	..	204
Saudi Arabia	32	109	10	..	..	12	..	..	..	..	3	312
Singapore	92	142	25	..	9	209	..	11	920	..	74	1 492
South Korea	51	27	8	..	..	91	1	2	180	..	..	370
Taiwan	44	16	..	..	6	..	..	1	104	..	2	303
Thailand	104	482	12	..	6	12	..	..	35	..	..	658
Australia	371	701	51	..	8	116	51	445	321	6	..	2 141
South Africa	155	386	29	3	14	36	18	8	216	9	11	885
Other	5 008	9 873	..	..	..	..	..	..	..	..	..	24 728
<b>Global total</b>	<b>17 707</b>	<b>32 297</b>	<b>4 041</b>	<b>1 433</b>	<b>1 006</b>	<b>10 933</b>	<b>3 818</b>	<b>5 814</b>	<b>27 750</b>	<b>667</b>	<b>3 793</b>	<b>109 259</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 (£228bn in 2009)		Services (£159bn in 2009)		Goods (£309bn in 2009)		Services (£109bn in 2009)	
	09 08		09 08		09 08		09 08
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	USA <sup>1</sup>	2 2	Spain	2 2
Netherlands	3 3	Netherlands	3 3	China	3 5	France	3 3
France	4 5	France	4 4	Netherlands	4 3	Germany	4 4
Ireland	5 4	Ireland	5 5	France	5 4	Italy	5 5
Belgium	6 6	Switzerland	6 6	Norway	6 6	Netherlands	6 7
Spain	7 7	Spain	7 7	Belgium	7 7	Ireland	7 6
Italy	8 8	Italy	8 9	Ireland	8 9	Japan	8 8
China	9 10	Japan	9 8	Italy	9 8	Switzerland	9 9
Sweden	10 9	Australia	10 11	Spain	10 10	Belgium	10 10
Switzerland	11 11	Singapore	11 13	Hong Kong	11 12	Australia	11 13
Hong Kong	12 16	Belgium	12 12	Japan	12 11	Greece	12 12
United Arab Emirates <sup>2</sup>	13 15	Denmark	13 19	Sweden	13 14	India	13 11
Japan	14 14	The Channel Islands	14 10	Switzerland	14 16	Sweden	14 18
Canada	15 17	Canada	15 14	Poland	15 20	Portugal	15 14
Singapore	16 21	Sweden	16 18	Russia	16 13	Singapore	16 20
Australia	17 18	China	17 17	Turkey	17 17	Bermuda	17 17
India	18 13	Norway	18 15	India	18 19	United Arab Emirates <sup>2</sup>	18 22
Norway	19 20	Luxembourg	19 23	Canada	19 15	Russia	19 26
Poland	20 19	Saudi Arabia	20 16	Denmark	20 22	Turkey	20 16
Denmark	21 23	Hong Kong	21 22	South Africa	21 18	Canada	21 15
Russia	22 12	United Arab Emirates <sup>2</sup>	22 25	Singapore	22 21	Poland	22 21
Turkey	23 24	Russia	23 21	Czech Republic	23 23	Denmark	23 25
Saudi Arabia	24 26	Cayman Islands	24 20	South Korea	24 24	Norway	24 23
South Africa	25 22	India	25 24	Hungary	25 28	China	25 19
South Korea	26 25	South Africa	26 26	Brazil	26 26	The Channel Islands	26 27
Brazil	27 28	Nigeria	27 28	Thailand	27 29	Hong Kong	27 28
Greece	28 29	Finland	28 29	Austria	28 31	Cyprus	28 24
Portugal	29 30	Greece	29 27	Taiwan	29 27	South Africa	29 30
Czech Republic	30 31	Poland	30 32	Australia	30 30	Austria	30 29
Finland	31 27	South Korea	31 30	Finland	31 25	Egypt	31 31
Nigeria	32 32	Turkey	32 36	Malaysia	32 32	Thailand	32 32
Austria	33 33	Bermuda	33 34	Slovakia	33 34	Nigeria	33 36
Israel	34 34	British Virgin Islands	34 31	Portugal	34 33	Luxembourg	34 33
Malaysia	35 35	Kazakhstan	35 33	Indonesia	35 35	Hungary	35 47
Egypt	36 37	Portugal	36 35	Vietnam	36 38	Czech Republic	36 37
Thailand	37 41	Austria	37 37	United Arab Emirates <sup>2</sup>	37 40	Pakistan	37 41
Hungary	38 36	Taiwan	38 38	Israel	38 36	South Korea	38 39
Qatar	39 42	Malaysia	39 44	New Zealand	39 46	Barbados	39 34
Taiwan	40 39	Kuwait	40 43	Romania	40 44	Kazakhstan	40 45
Mexico	41 38	Brazil	41 41	Libya	41 39	Finland	41 40
Romania	42 40	Egypt	42 39	Qatar	42 –	Jamaica	42 –
Cyprus	43 45	Israel	43 45	Mexico	43 45	Israel	43 50
Ukraine	44 43	Cyprus	44 40	Kuwait	44 37	Bulgaria	44 42
Chile	45 –	Gibraltar	45 –	Pakistan	45 –	Saudi Arabia	45 35
Pakistan	46 47	Angola	46 46	Egypt	46 50	Brazil	46 49
Kuwait	47 44	Qatar	47 41	Argentina	47 –	Taiwan	47 47
Libya	48 –	Hungary	48 47	Nigeria	48 41	Malta	48 43
Malta	49 49	Thailand	49 –	Saudi Arabia	49 48	Angola	49 –
Argentina	50 –	New Zealand	50 50	Luxembourg	50 43	New Zealand	50 45

<sup>1</sup> USA includes Puerto Rico

<sup>2</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>

£ million

Exports								
	2009	2008		2009	2008		2009	2008
USA	32 916	35 857	Isle of Man	174	210	Andorra	17	9
Germany	10 601	11 758	Tunisia	174	154	Falkland Islands	17	8
Netherlands	8 387	9 982	Philippines	172	203	North Korea	17	22
France	8 312	9 795	Bahamas	159	115	Maldives	16	9
Ireland	7 849	8 570	Algeria	157	214	Albania	15	29
Switzerland	7 325	7 236	Mauritius	155	122	Macedonia	15	19
Spain	5 350	5 418	Argentina	153	144	Paraguay	15	6
Italy	4 799	4 479	Morocco	150	103	Aruba	14	17
Japan	4 537	5 035	Trinidad & Tobago	139	128	Cambodia	12	7
Australia	4 111	3 923	Oman	137	138	Mongolia	12	7
Singapore	3 673	3 592	Iceland	133	228	Nicaragua	12	2
Belgium	3 105	3 616	Vietnam	116	109	Uzbekistan	12	18
Denmark	2 905	2 393	Sri Lanka	115	118	Benin	11	7
The Channel Islands	2 899	3 933	Latvia	114	88	Fiji	11	75
Canada	2 671	2 805	Cameroon	112	86	Liberia	11	26
Sweden	2 485	2 407	Peru	108	190	Turks & Caicos Islands	11	9
China	2 315	2 454	Jordan	106	95	Uruguay	11	17
Norway	2 295	2 471	Lithuania	100	282	Belarus	10	19
Luxembourg	2 197	2 083	Barbados	94	101	Cape Verde	10	4
Saudi Arabia	2 100	2 462	Serbia & Montenegro	90	39	Honduras	10	5
Hong Kong	1 784	2 112	Mozambique	89	62	Macao	10	6
United Arab Emirates <sup>2</sup>	1 779	1 721	Colombia	84	87	Turkmenistan	10	23
Russia	1 761	2 145	Lebanon	83	64	Bosnia & Herzegovina	9	13
Cayman Islands	1 666	2 167	Slovenia	81	94	El Salvador	9	2
India	1 625	1 773	Cote d'Ivoire	79	76	Lesotho	9	9
South Africa	1 433	1 517	Venezuela	79	66	Mauritania	9	15
Nigeria	1 311	1 245	Equatorial Guinea	74	69	Moldova	9	15
Finland	1 217	1 189	Liechtenstein	70	58	Togo	9	10
Greece	1 002	1 246	Afghanistan	68	58	Guatemala	8	7
Poland	972	1 092	Brunei	68	45	Armenia	7	7
South Korea	914	1 115	Panama	67	30	Burkina Faso	7	9
Turkey	899	735	Netherlands Antilles	64	75	Democratic Republic Congo	7	18
Bermuda	865	870	Croatia	62	118	Gambia	7	14
British Virgin Islands	823	1 111	Papua New Guinea	62	33	Rwanda	7	9
Kazakhstan	797	954	Congo	61	59	Solomon Islands	6	1
Portugal	718	797	Sudan	61	62	Laos	5	4
Austria	702	734	Uganda	59	52	Micronesia	5	–
Taiwan	670	695	Zambia	59	33	Niger	5	4
Malaysia	634	538	Senegal	56	59	Tajikistan	5	65
Kuwait	617	541	Syria	54	60	Tonga	5	2
Brazil	615	592	Tanzania	53	58	Antigua & Barbuda	4	23
Egypt	595	679	Dominican Republic	51	16	Haiti	4	4
Israel	527	533	Gabon	51	72	Kyrgyzstan	4	6
Cyprus	526	616	Sierra Leone	49	41	Myanmar	4	4
Gibraltar	518	414	Estonia	48	49	Saint Lucia	4	11
Angola	512	522	Botswana	47	39	St Vincent & the Grenadines	4	4
Qatar	484	592	Jamaica	44	35	Grenada	3	1
Hungary	476	461	Ethiopia	43	32	St Helena	3	1
Thailand	464	358	Yemen	42	50	U.S. Virgin Islands	3	4
New Zealand	439	431	Guyana	41	27	America Samoa	2	2
Czech Republic	430	455	Zimbabwe	40	26	Eritrea	2	3
Mexico	387	337	Malawi	33	26	Guam	2	2
Pakistan	378	338	Swaziland	31	15	Kiribati	2	1
Iraq	366	443	Costa Rica	30	12	St Kitts & Nevis	2	2
Indonesia	323	261	Suriname	30	23	Anguilla	1	–
Bahrain	299	249	Bolivia	28	15	Bhutan	1	–
Libya	266	251	Georgia	27	57	Burundi	1	1
Romania	266	287	Namibia	27	32	Comoros	1	–
Slovakia	249	297	Ecuador	26	32	Djibouti	1	1
Azerbaijan	237	313	Chad	25	22	Dominica	1	–
Bangladesh	220	175	Guinea	24	18	Guinea-Bissau	1	1
Iran	214	261	Nepal	24	12	Vatican City State	1	2
Malta	213	183	Madagascar	23	23	Palau	1	–
Bulgaria	204	179	Seychelles	23	33	San Marino	1	3
Chile	191	180	Cuba	20	13	Sao Tome & Principe	1	–
Ghana	187	137	Marshall Islands	19	5	Somalia	1	2
Ukraine	183	232	Belize	18	21	Vanuatu	1	2
Kenya	177	165	Mali	18	21			

<sup>1</sup> Any country not included in this table is estimated having

Trade in Services of less than £500,000

<sup>2</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								
	2009	2008		2009	2008		2009	2008
USA	18 828	19 951	Dominican Republic	148	94	Senegal	11	22
Spain	9 195	10 512	British Virgin Islands	143	97	Georgia	10	5
France	9 149	9 878	Libya	133	132	Belize	9	6
Germany	8 737	9 631	Iceland	126	75	Guyana	9	4
Italy	4 489	4 987	Azerbaijan	124	120	North Korea	9	3
Netherlands	4 312	3 739	Indonesia	122	130	Madagascar	9	20
Ireland	4 265	4 121	Slovakia	118	119	Moldova	9	7
Japan	3 246	3 739	Sri Lanka	103	106	Bolivia	8	19
Switzerland	2 947	2 827	Lithuania	97	85	Cambodia	8	4
Belgium	2 283	2 534	Argentina	94	130	Democratic Republic Congo	8	17
Australia	2 141	1 983	Ghana	94	107	Turks & Caicos Islands	8	22
Greece	2 040	2 141	Bahrain	85	61	Uzbekistan	7	9
India	2 022	2 282	Viet Nam	82	81	Togo	6	4
Sweden	1 750	1 356	Gibraltar	79	94	Aruba	5	17
Portugal	1 512	1 909	Serbia & Montenegro	76	59	Djibouti	5	3
Singapore	1 492	1 310	Chile	73	44	Eritrea	5	12
Bermuda	1 436	1 403	Peru	73	84	Laos	5	7
United Arab Emirates <sup>2</sup>	1 421	1 242	Algeria	65	88	Rwanda	5	8
Russia	1 312	1 072	Iran	65	38	Falkland Islands	4	4
Turkey	1 301	1 519	Saint Lucia	61	47	Macedonia	4	3
Canada	1 295	1 530	Tanzania	61	70	Netherlands Antilles	4	14
Poland	1 224	1 294	Latvia	59	69	Somalia	4	12
Denmark	1 208	1 149	Zambia	59	65	Armenia	3	5
Norway	1 125	1 179	Antigua & Barbuda	58	75	Gabon	3	16
China	1 060	1 342	Oman	52	50	Guinea	3	4
The Channel Islands	996	1 046	Bahamas	50	57	Liberia	3	2
Hong Kong	957	1 006	Zimbabwe	48	42	Macao	3	2
Cyprus	934	1 155	Colombia	47	31	Mali	3	14
South Africa	885	861	Papua New Guinea	47	29	Myanmar	3	2
Austria	881	962	Trinidad & Tobago	47	39	Brunei	2	4
Egypt	706	760	Afghanistan	42	37	Cape Verde	2	3
Thailand	658	677	Jordan	42	48	Chad	2	6
Nigeria	609	470	Uganda	42	25	Kyrgyzstan	2	1
Luxembourg	475	592	Slovenia	40	67	Mongolia	2	–
Hungary	382	353	Nepal	37	36	Paraguay	2	4
Czech Republic	379	464	Cayman Islands	36	52	Solomon Islands	2	–
Pakistan	376	396	Costa Rica	36	59	Swaziland	2	1
South Korea	370	400	Ethiopia	36	36	Turkmenistan	2	1
Barbados	363	555	Sierra Leone	35	17	America Samoa	1	–
Kazakhstan	346	370	Venezuela	35	38	Anguilla	1	1
Finland	344	398	Ecuador	34	40	Benin	1	4
Jamaica	332	234	Gambia	34	30	Burkina Faso	1	2
Israel	324	310	Grenada	34	38	Dominica	1	13
Bulgaria	323	393	Sudan	34	29	El Salvador	1	1
Saudi Arabia	312	505	Bosnia & Herzegovina	33	6	Equatorial Guinea	1	3
Brazil	309	343	Andorra	32	63	Guam	1	–
Taiwan	303	353	Lebanon	32	18	Honduras	1	3
Malta	302	383	Yemen	32	32	Mauritania	1	3
Angola	291	123	Estonia	31	58	Niger	1	1
New Zealand	284	370	Uruguay	27	4	St Vincent & the Grenadines	1	1
Mexico	282	460	Cameroon	22	17	Suriname	1	16
Morocco	269	373	Seychelles	21	34	Tajikistan	1	2
Malaysia	262	244	Guatemala	19	8			
Romania	241	216	Syria	19	21			
Iraq	236	223	Belarus	18	21			
Ukraine	215	224	Botswana	18	15			
Tunisia	205	234	Fiji	18	48			
Philippines	204	188	Isle of Man	18	36			
Qatar	204	226	Congo	17	17			
Kenya	200	137	Mozambique	17	25			
Croatia	196	212	Namibia	16	36			
Cuba	188	154	Malawi	14	28			
Mauritius	169	130	Panama	13	10			
Bangladesh	165	178	Albania	12	21			
Kuwait	162	212	Liechtenstein	12	7			
Maldives	149	128	Cote d'Ivoire	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> United Arab Emirates includes Abu Dhabi, Dubai, Sharjah, Ajman, Umm al Qaiwain, Ras al Khaimah and Fujairah

# 9.14 World total and G7 countries trade in services<sup>1</sup>

	US\$ million									%	
	World	US	Canada	Japan	France	Germany	Italy	UK <sup>2</sup>	G7 total	The UK as a percentage of:	
										World	G7
Exports											
1999	1 436 010	279 610	36 117	60 998	81 635	83 924	58 788	123 840	724 912	8.6	17.1
2000	1 518 243	295 965	40 230	69 238	80 489	83 150	56 556	124 151	749 779	8.2	16.6
2001	1 522 190	283 054	38 804	64 516	80 125	88 714	57 676	126 393	739 282	8.3	17.1
2002	1 639 854	288 789	40 481	65 712	86 160	103 144	60 439	141 262	785 987	8.6	18.0
2003	1 889 392	301 053	44 242	77 621	98 814	123 659	71 767	167 313	884 469	8.9	18.9
2004	2 285 409	349 576	50 286	97 611	114 629	146 292	84 524	206 873	1 049 791	9.1	19.7
2005	2 549 788	385 295	55 829	110 210	122 209	163 711	89 216	216 883	1 143 353	8.5	19.0
2006	2 888 413	432 126	60 603	117 298	128 943	190 929	98 983	247 673	1 276 555	8.6	19.4
2007	3 454 471	500 696	65 201	129 117	150 045	223 337	111 999	306 566	1 486 961	8.9	20.6
2008	3 858 584	545 589	66 478	148 755	164 885	246 706	123 528	316 493	1 612 434	8.2	19.6
Imports											
1999	1 438 543	199 204	40 573	115 158	63 158	141 004	57 707	98 656	715 460	6.9	13.8
2000	1 523 608	223 740	44 118	116 864	60 691	137 256	55 601	101 405	739 675	6.7	13.7
2001	1 539 500	221 764	43 843	108 249	62 372	141 916	57 753	101 625	737 522	6.6	13.8
2002	1 637 629	231 049	45 069	107 940	68 960	145 154	63 166	111 763	773 101	6.8	14.5
2003	1 868 449	250 328	52 454	111 528	82 898	172 830	74 332	130 351	874 721	7.0	14.9
2004	2 218 888	291 191	58 776	135 514	98 371	195 529	83 246	154 819	1 017 446	7.0	15.2
2005	2 457 046	313 511	65 749	134 256	105 692	208 667	90 081	170 040	1 087 996	6.9	15.6
2006	2 735 584	348 942	72 837	135 556	111 957	222 692	100 511	183 586	1 176 081	6.7	15.6
2007	3 224 581	375 200	82 824	150 367	129 542	257 869	121 450	212 885	1 330 137	6.6	16.0
2008	3 649 363	405 254	87 747	169 544	143 147	284 694	134 426	213 930	1 438 742	5.9	14.9
Balances											
1999		80 406	-4 456	-54 160	18 477	-57 080	1 081	25 184	9 452		
2000		72 225	-3 888	-47 626	19 798	-54 106	955	22 746	10 104		
2001		61 290	-5 039	-43 733	17 753	-53 202	-77	24 768	1 760		
2002		57 740	-4 588	-42 228	17 200	-42 010	-2 727	29 499	12 886		
2003		50 725	-8 212	-33 907	15 916	-49 171	-2 565	36 962	9 748		
2004		58 385	-8 490	-37 903	16 258	-49 237	1 278	52 054	32 345		
2005		71 784	-9 920	-24 046	16 517	-44 956	-865	46 843	55 357		
2006		83 184	-12 234	-18 258	16 986	-31 763	-1 528	64 087	100 474		
2007		125 496	-17 623	-21 250	20 503	-34 532	-9 451	93 681	156 824		
2008		140 335	-21 269	-20 789	21 738	-37 988	-10 898	102 563	173 692		

<sup>1</sup> G7 country data is not yet available for 2009

<sup>2</sup> The analysis of UK data is based on the all accounts totals shown in table 3.1

Sources: G7 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 2008. 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 2008 the UK's net IIP was –£101.5 billion, with reported assets totalling £10,980.5 billion and reported liabilities totalling £11,082.0 billion. These are respectively equal to 760 per cent and 767 per cent of GDP (GDP at current market prices, as published in the National Accounts *Blue Book* 2010). In 2008 the UK retained its net asset position with the EU27, the Americas, and with Australasia and Oceania but continued to have a net liability position with Europe, Asia and Africa. The UK also switched to a net asset position with the United States of America (USA), compared to net liabilities in previous years. This was mainly driven by net asset positions in other investment and direct investment.

## Geographical breakdown of assets

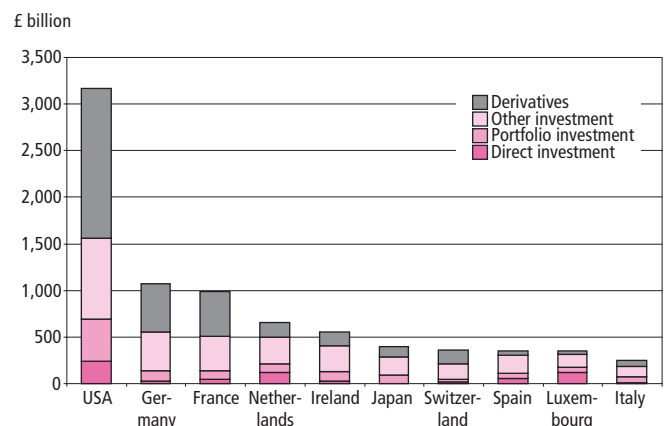
Of the assets held by UK residents at the end of 2008, £5,789.1 billion, 53 per cent, were issued in Europe. In total, £4,927.9 billion, 45 per cent, were held in the EU27. Germany overtook France as the most popular European destination

for UK investors at £1,073.3 billion, or 9.8 per cent; while France and the Netherlands accounted for £987.4 billion, 9.0 per cent, and £655.9 billion, 6.0 per cent, of UK assets respectively at the end of 2008.

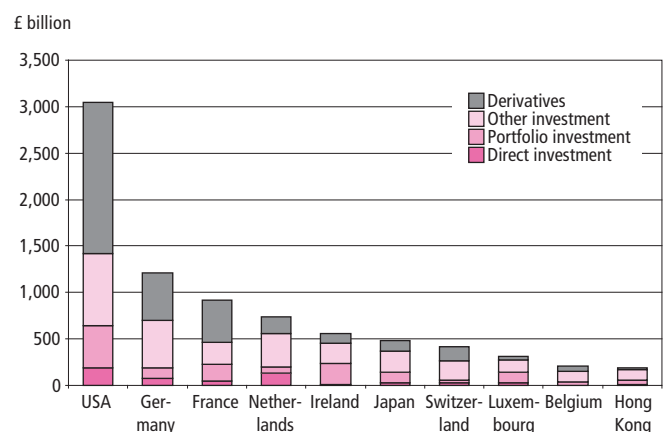
Investments in the Americas amounted to £3,900.6 billion, which represented 36 per cent of UK investment holdings abroad. Most of these investments in the Americas were held in the USA, which at £3,166.0 billion was an increase on the previous year of £1,276.1 billion. UK residents held 29 per cent of their total investment in the USA, nearly three times the size for the next largest country, Germany.

An additional £923.4 billion (8.4 per cent) of UK assets were investments held in Asia. Japan, the UK's main investment partner in this region, at £398.2 billion, represented 3.6 per cent of total UK assets. Investments in Australasia, Africa, and International Organisations accounted for only £298.3 billion, 2.7 per cent of total assets.

**Figure 10.1**  
**International Investment Position**  
10 largest counterparts to assets of the UK, 2008



**Figure 10.2**  
**International Investment Position**  
10 largest counterparts to liabilities of the UK, 2008





## Geographical breakdown of liabilities

The distribution of liabilities by region largely mirrored that of assets at the end of 2008. Investments in the UK from Europe amounted to £5,937.6 billion, 54 per cent of total investments. The EU27 accounted for £4,794.5 billion, or 43 per cent of total investment.

Investment in the UK from the Americas was £3,705.6 billion, 33 per cent of total UK liabilities at the end of 2008, while the USA itself accounted for £3,041.3 billion, 27 per cent of total investment into the UK. Investments in the UK from Asia totalled £1,115.2 billion, 10 per cent of UK liabilities. UK liabilities to Australasia and Oceania, Africa, and International Organisations amounted to £323.7 billion, 2.9 per cent of total investments in the UK.

## Geographical breakdown of direct investment

UK direct investment abroad at £1,046.1 billion, contributed 9.5 per cent to the total stock of UK assets at the end of 2008. Of these investments, 44 per cent were in holdings issued by countries in the EU27 at £465.1 billion and 23 per cent in the USA at £239.7 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 £124.4 billion; this represents 12 per cent of UK direct investment abroad. Holdings within Luxembourg grew strongly in 2008 to £123.3 billion, which was also 12 per cent of the total.

Direct investment in the UK equalled 6.0 per cent of the total level of UK liabilities in 2008 at £668.5 billion. The EU27 accounted for £330.8 billion, 49 per cent of direct investment into the UK and the USA accounted for a further £190.7 billion, 29 per cent. The country in the EU27 with the most significant direct investment into the UK was the Netherlands, with total investments of £135.8 billion, 20 per cent of direct investment. This was followed by Germany at £73.1 billion, 11 per cent, and France at £50.0 billion or 7.5 per cent of the worth of UK liabilities.

## Geographical breakdown of portfolio investment

UK portfolio investment assets at the end of 2008 stood at £1,664.3 billion, 15 per cent of total UK assets, down from £1,697.3 billion at the end of 2007. The geographical breakdown of UK portfolio investment assets is compiled using the UK's contribution to the CPIS.

The largest issuer of holdings (in the UK's 2008 CPIS return to the International Monetary Fund) was the USA, contributing 27 per cent of total investments at £453.1 billion. Long-term debt issues comprised 68 per cent of portfolio investment held in the USA at £309.1 billion. Banks, insurance and pension funds, and mutual funds were the UK sectors investing most heavily in the USA (42 per cent of investment

was from banks and 38 per cent from insurance and pension funds). Residents of the EU27 were the issuers of £692.1 billion or 42 per cent of UK portfolio investment holdings at the end of 2008. Issues by Germany were £118.0 billion or 7.1 per cent, the largest share of which were held by insurance and pension funds (41 per cent). Issues by Ireland at £108.9 billion, were 6.5 per cent of the total, the largest share of which, 47 per cent, were held by banks. Japan at £9.3 billion was the main location for short-term debt assets, of which £8.6 billion were investments by banks. The USA were the largest issuers of equity, at £134.8 billion, of which £80.3 billion was held by insurance and pension funds.

The concentration of investment in just three countries – where each reached more than £100 billion (United States, at £453.1 billion, Germany at £118.0 billion and Ireland at £108.9 billion) – represents 41 per cent of total portfolio investment assets. In 2008 there were 183 countries in which the UK invested less than £1 billion each; the sum of these investments accounted for only £16.3 billion, 1.0 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 £1978.2 billion at the end of 2008. The country holding most portfolio investments in the UK was the USA, at £447.9 billion, or 23 per cent of the total liabilities. Ireland also reported high levels of investment in the UK, at £226.7 billion, 11 per cent.

## Geographical breakdown of other investment

The UK's other investment assets totalled £4,193.6 billion at the end of 2008, with £2,088.2 billion invested in EU27 countries – 50 per cent of the total. Germany accounted for £412.7 billion, 9.8 per cent and France accounted for £370.9 billion, 8.8 per cent. The UK's assets in the USA amounted to £869.8 billion or 21 per cent of total other investment assets. At the end of 2008 a significant proportion of UK assets were also held in Japan, at £194.1 billion or 4.6 per cent of the world total.

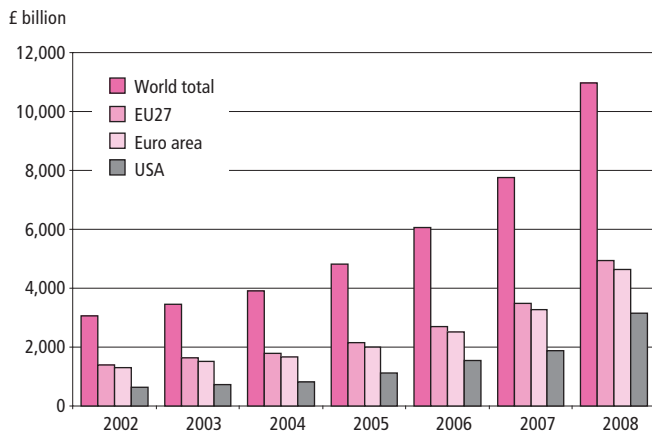
Other investment liabilities totalled £4,520.1 billion at the end of 2008. The USA at £780.5 billion accounted for 17 per cent of total other investment liabilities. Liabilities to the EU27 accounted for £1,870.4 billion or 41 per cent of the total. Germany at £509.8 billion accounted for 11 per cent of other investment holdings in the UK and the Netherlands at £360.8 billion for 8.0 per cent.

## Geographical breakdown of financial derivatives

The UK's financial derivatives assets totalled £4,040.2 billion at the end of 2008, a large increase on the £1,378.1 billion at the end of 2007. The largest country for financial derivatives investment was the USA with £1,603.5 billion, 40 per cent of

**Figure 10.3**  
**International Investment Position**

Total assets by region



the total, up from £441.8 billion at the end of 2007. The EU27 held £1,682.5 billion, 42 per cent of the total, and up from £702.0 billion from the end of 2007. Germany accounted for £518.7 billion, 13 per cent, up from £188.0 billion at the end of the previous year, and France accounted for £479.7 billion, 12 per cent, up from £228.4 billion at the end of 2007.

Financial derivatives liabilities totalled £3,915.3 billion at the end of 2008, a large increase on the £1,392.2 billion at the end of 2007. The USA at £1,622.2 billion, accounted for 41 per cent of these, an increase from £474.2 billion at the end of the previous year. The EU27 accounted for £1,580.0 billion, 40 per cent of the total and up from £649.4 billion at the end of 2007. Germany at £509.1 billion, accounted for 13 per cent of financial derivatives liabilities in the UK, an increase from £195.9 billion, and France for £460.6 billion or 12 per cent, up from £158.1 billion at the end of 2007.

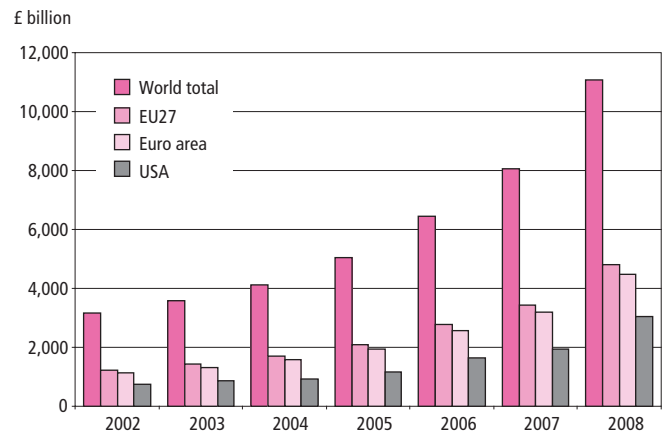
### Time series: comparisons

Geographical data prior to 2006 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 £10,980.5 billion in 2008. Investment in the EU27

**Figure 10.4**  
**International Investment Position**

Total liabilities by region



increased from £1,395.9 billion in 2002 to £4,927.9 billion in 2008. Between 2001 and 2002 there was a fall in overall assets held, but in some countries a build up of assets was apparent – notably Japan, Netherlands, South Africa, Canada and Australia. In the broad geographical regions there was an average increase of 58 per cent of assets held between 2002 and 2005, for the period 2006 to 2008 this increase rose to an average of 73 per cent.

The UK's assets in the EU27 grew by 54 per cent over the period 2002 to 2005, and by 82 per cent from 2006 to 2008. Investments in Asia grew by 45 per cent from 2002 to 2005 and by 66 per cent from 2006 to 2008; though assets in Japan, the Asian country with the highest liabilities to the UK, grew by only 26 per cent over the period 2002 to 2005, and by 51 per cent from 2006 to 2008. Investments in India and China have grown strongly from a low base, for 2002 to 2005 UK assets in India increased by 172 per cent and in China by 84 per cent. For the period 2006 to 2008 these increases were 162 per cent and 101 per cent respectively. The USA remained the most important country for UK investment, growing from £625.9 billion in 2002 to £1,109.9 billion in 2005, a 77 per cent increase. For the period 2006 to 2008 the USA rose from £1,548.6 billion to £3,166.0 billion, an increase of 104 per cent.

IIP liabilities also increased in each of the years from 2002 to

External assets (per cent)				External liabilities (per cent)			
	2006	2007	2008		2006	2007	2008
<b>EU 27</b>	4.1	4.7	4.0	<b>EU 27</b>	4.2	4.5	3.1
<b>Total Europe</b>	4.3	4.9	4.0	<b>Total Europe</b>	4.2	4.3	2.9
<b>USA</b>	4.9	4.8	3.4	<b>USA</b>	4.8	4.9	4.7
<b>Total Asia</b>	5.4	5.7	4.3	<b>Total Asia</b>	3.9	3.8	2.9
<b>Rest of the world</b>	5.8	5.7	4.3	<b>Rest of the world</b>	4.8	4.9	3.8
<b>World total</b>	4.8	5.1	3.9	<b>World total</b>	4.3	4.5	3.4

2008, from £3,171.9 billion to £11,082.0 billion. Increases in investments in the UK from the geographical regions, averaged 56 per cent from 2002 to 2005 and 68 per cent from 2006 to 2008. Liabilities to the EU27 rose by 72 per cent in the period 2002 to 2005, for 2006 to 2008 they rose by 73 per cent. Within the EU27, liabilities to France rose by 86 per cent between 2002 and 2005, while also rising 117 per cent between 2006 and 2008. Investment by the USA in the UK increased from £746.8 billion in 2002 to £1,163.2 billion in 2005, a rise of 56 per cent. Similarly for the period 2006 to 2008 the USA rose from £1,629.6 to £3,041.3 billion, a rise of 87 per cent.

### 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 £120.1 billion from its average investments (excluding financial derivatives) of £3,014.7 billion in 2008, equivalent to an annual rate of return of 4.0 per cent. (The average investment in 2008 is calculated by taking the mean of the end-2007 and end-2008 levels excluding financial derivatives). In 2008 the UK earned a 3.9 per cent rate of return on its total external assets and paid out a 3.4 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 2008 the USA earned a higher rate on its assets in the UK, 4.7 per cent, than it paid on its liabilities to the UK, 3.4 per cent.

# 10.1 International Investment Position: by type of investment

## Balance sheets valued at end of year

### 2008

£ billion

	Assets					Liabilities				
	Type of Investment					Type of Investment				
	Direct	Portfolio	Other	Derivatives <sup>1</sup>	Total	Direct	Portfolio	Other	Derivatives <sup>1</sup>	Total
Belgium	11.0	13.1	124.2	68.3	216.6	4.2	30.1	115.6	57.2	207.1
France	42.5	94.4	370.9	479.7	987.4	50.0	173.3	237.9	460.6	921.8
Germany	23.9	118.0	412.7	518.7	1 073.3	73.1	119.4	509.8	509.1	1 211.4
Ireland	23.4	108.9	273.4	151.9	557.5	10.1	226.7	215.7	103.3	555.8
Italy	10.6	65.6	110.0	61.0	247.2	4.1	44.5	52.2	42.6	143.4
Luxembourg	123.3	52.5	135.9	37.1	348.8	26.5	112.7	134.6	34.3	308.1
Netherlands	124.4	88.2	289.2	154.1	655.9	135.8	64.8	360.8	172.2	733.6
Spain	52.5	56.2	193.6	52.7	355.0	10.6	36.0	70.7	49.1	166.3
<b>Total EU27</b>	<b>465.1</b>	<b>692.1</b>	<b>2 088.2</b>	<b>1 682.5</b>	<b>4 927.9</b>	<b>330.8</b>	<b>1 013.3</b>	<b>1 870.4</b>	<b>1 580.0</b>	<b>4 794.5</b>
Norway	4.1	11.6	44.1	48.9	108.8	1.4	47.7	31.0	45.1	125.2
Switzerland	18.1	32.6	163.5	146.6	360.8	27.8	32.9	208.1	147.1	415.9
<b>Total EFTA</b>	<b>22.4</b>	<b>46.3</b>	<b>216.7</b>	<b>196.2</b>	<b>481.5</b>	<b>30.8</b>	<b>82.9</b>	<b>246.4</b>	<b>193.0</b>	<b>553.0</b>
<b>Total Europe</b>	<b>582.0</b>	<b>791.3</b>	<b>2 508.5</b>	<b>1 907.2</b>	<b>5 789.1</b>	<b>385.1</b>	<b>1 174.9</b>	<b>2 582.2</b>	<b>1 795.4</b>	<b>5 937.6</b>
Canada	29.9	15.4	75.8	90.2	211.2	19.1	31.0	40.1	74.2	164.3
USA	239.7	453.1	869.8	1 603.5	3 166.0	190.7	447.9	780.5	1 622.2	3 041.3
<b>Total America</b>	<b>344.7</b>	<b>572.1</b>	<b>1 172.7</b>	<b>1 811.1</b>	<b>3 900.6</b>	<b>226.0</b>	<b>502.2</b>	<b>1 174.0</b>	<b>1 803.5</b>	<b>3 705.6</b>
Hong Kong	32.4	18.1	29.3	21.0	100.8	6.9	49.2	114.3	19.7	190.2
Japan	1.5	90.5	194.1	112.1	398.2	29.2	116.9	220.3	114.3	480.6
Singapore	10.3	7.5	60.7	40.5	119.0	1.5	34.1	90.8	42.1	168.5
<b>Total Asia</b>	<b>82.2</b>	<b>199.2</b>	<b>420.4</b>	<b>221.7</b>	<b>923.4</b>	<b>47.6</b>	<b>212.9</b>	<b>643.8</b>	<b>210.8</b>	<b>1 115.2</b>
Australia	16.0	42.8	41.4	72.1	172.3	7.4	17.4	34.0	74.8	133.6
<b>Total Australasia and Oceania</b>	<b>18.1</b>	<b>45.6</b>	<b>44.6</b>	<b>78.9</b>	<b>187.2</b>	<b>7.7</b>	<b>18.2</b>	<b>35.8</b>	<b>80.8</b>	<b>142.6</b>
South Africa	8.3	4.8	13.8	8.3	35.2	1.6	22.1	17.4	9.2	50.3
<b>Total Africa</b>	<b>19.2</b>	<b>9.9</b>	<b>33.2</b>	<b>11.0</b>	<b>73.3</b>	<b>2.1</b>	<b>23.2</b>	<b>76.7</b>	<b>11.0</b>	<b>112.9</b>
International Organisations	–	13.3	14.4	10.2	37.8	–	46.7	7.6	13.9	68.2
<b>World Total</b>	<b>1 046.1</b>	<b>1 664.3</b>	<b>4 193.6</b>	<b>4 040.2</b>	<b>10 980.5</b>	<b>668.5</b>	<b>1 978.2</b>	<b>4 520.1</b>	<b>3 915.3</b>	<b>11 082.0</b>

<sup>1</sup> Derivatives geographical data is only available from 2006.

# 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
<b>Europe</b>									
European Union (EU)									
Austria	HCZI	15 013	13 839	17 825	21 025	20 199	29 438	31 653	49 944
Belgium	A54T	57 216	59 068	72 219	91 158	126 491	128 563	165 322	216 555
Bulgaria	HCZU	1 102	364	436	610	937	1 203	1 018	2 127
Cyprus	A30B	2 209	1 648	1 678	1 777	3 902	5 463	7 817	8 663
Czech Republic	HDFP	2 642	2 050	2 200	2 076	3 020	4 106	5 117	6 693
Denmark	HDRV	18 996	19 550	24 521	35 024	48 299	50 964	61 103	86 465
Estonia	HDSA	265	196	238	372	110	93	63	89
Finland	HDSJ	19 475	16 755	15 625	15 417	19 488	27 323	35 538	56 485
France	HDSL	224 478	213 594	233 014	273 314	335 540	526 953	746 104	987 366
Germany	HDQJ	276 726	267 203	297 359	326 962	342 911	499 203	610 933	1 073 318
Greece	HDSM	17 860	19 957	22 241	25 503	23 542	32 765	39 067	46 700
Hungary	HDXA	4 193	4 759	4 582	5 750	5 145	7 776	8 491	10 736
Ireland	HDZG	93 637	91 255	120 039	139 794	236 402	293 965	374 774	557 505
Italy	HEGT	132 842	127 829	148 566	147 907	157 722	175 328	202 615	247 168
Latvia	HFHZ	102	120	70	118	176	391	1 086	1 075
Lithuania	HFHY	156	166	117	152	957	65	146	-49
Luxembourg	A5BW	111 247	105 816	147 451	168 171	194 423	155 298	221 111	348 788
Malta	A30C	589	719	956	2 470	536	2 696	5 151	6 953
Netherlands	HFID	299 006	307 486	324 626	321 763	313 185	416 711	577 820	655 855
Poland	HFII	5 336	6 224	7 279	7 144	7 556	8 712	10 643	18 500
Portugal	HFIJ	19 872	20 653	25 843	22 904	27 197	26 227	27 267	29 774
Romania	HFIX	558	714	1 032	1 564	2 131	1 851	3 271	6 406
Slovak Republic	HFJI	436	592	817	386	657	552	962	2 124
Slovenia	HFJH	496	309	426	631	892	893	1 039	1 739
Spain	HDSK	59 757	55 974	85 285	112 645	182 542	206 370	234 167	355 010
Sweden	HFJA	50 748	38 078	45 071	51 883	69 078	79 303	85 188	101 456
European Central Bank	HBKQ	-	-	-	-	-	-	-	-
EU Institutions	HBKP	17 654	20 983	21 845	19 356	20 441	29 021	28 458	50 454
Total EU27	GB6F	1 432 611	1 395 901	1 621 361	1 795 876	2 143 479	2 711 233	3 485 924	4 927 899
European Free Trade Association (EFTA)									
Iceland	HDZZ	1 128	909	1 519	2 071	3 723	6 981	20 120	11 116
Liechtenstein	HFCE	841	819	960	520	652	898	1 094	850
Norway	HFIE	17 900	19 290	23 254	28 707	41 319	59 308	68 033	108 803
Switzerland	HCZZ	153 198	147 300	171 774	147 533	166 161	172 154	316 318	360 760
Total EFTA	HBKW	173 067	168 318	197 507	178 831	211 855	239 341	405 565	481 529
Other Europe									
Albania	HBLA	-	-8	1	20	25	27	79	399
Belarus	HCZX	1	1	1	1	-	29	119	204
Croatia	HDWZ	635	1 053	1 184	1 153	1 529	1 101	1 050	1 662
Russia	HFYI	7 619	8 395	12 058	16 511	39 725	35 036	54 557	58 556
Turkey	HFJK	7 004	8 126	6 576	8 423	15 789	19 655	24 996	31 943
Ukraine	HFJM	106	167	243	828	3 608	4 160	6 116	6 521
Serbia and Montenegro	HFJQ	49	51	37	45	250	272	697	1 334
Other	HFIP	83 795	96 939	109 993	129 645	170 058	238 329	271 411	279 012
Total Europe	HDRW	1 704 887	1 678 943	1 948 961	2 131 333	2 586 318	3 249 183	4 250 514	5 789 059
<b>Americas</b>									
Argentina	HCPD	5 199	3 108	3 292	3 571	6 774	5 298	5 830	6 335
Brazil	HCZW	11 780	9 219	8 810	9 606	12 323	17 947	26 860	25 064
Canada	HCZY	45 615	49 275	43 014	42 561	63 631	100 249	132 927	211 181
Chile	HDER	3 362	3 401	3 311	3 644	4 659	2 895	3 293	3 870
Colombia	HDEZ	2 113	2 656	2 943	2 553	2 815	2 629	2 983	4 055
Mexico	HFIB	10 165	7 790	7 961	9 495	14 725	13 668	13 385	16 564
United States of America	HFJN	699 158	625 858	716 946	832 034	1 109 879	1 548 597	1 889 860	3 166 009
Uruguay	HFJO	301	324	243	144	389	698	660	269
Venezuela	HFJP	1 807	1 733	1 077	1 606	3 906	1 572	922	1 517
Other Central American Countries	HFIR	106 271	119 271	146 435	192 622	276 452	309 630	381 690	464 096
Other	HFIV	912	1 427	1 741	3 342	4 419	4 416	1 190	1 655
Total Americas	HDRZ	886 683	824 062	935 773	1 101 178	1 499 972	2 007 599	2 459 600	3 900 615
<b>Asia</b>									
China	HDES	5 943	6 484	7 029	9 181	11 924	15 463	32 265	31 076
Hong Kong	HDSN	39 310	30 365	35 746	43 098	56 401	72 879	80 920	100 822
India	HDZX	5 541	4 993	6 979	8 681	13 592	17 478	35 566	45 831
Indonesia	HDZD	3 038	2 592	2 958	3 237	4 034	4 656	5 483	4 520
Iran	HDZY	1 115	1 591	2 496	3 419	4 717	3 307	2 894	1 926
Israel	HDZK	1 672	2 301	2 463	2 593	2 735	3 791	3 819	6 033
Japan	HEIC	198 151	212 085	212 204	259 585	267 189	263 473	288 476	398 165
Malaysia	HFIC	4 941	5 234	5 361	6 658	7 058	7 539	8 312	7 974
Pakistan	HFIH	1 228	847	944	1 145	1 399	1 808	2 022	2 250
Philippines	HFIG	2 221	2 492	3 316	2 496	3 657	3 625	4 128	4 153
Saudi Arabia	HFIZ	6 028	5 830	5 736	4 868	6 910	6 685	13 511	17 066
Singapore	HFJG	48 384	39 117	43 991	42 740	46 295	52 223	78 250	118 957
South Korea	HEJH	11 502	14 890	17 460	21 184	30 452	28 920	39 453	46 462
Taiwan	HFJL	7 460	5 189	11 476	20 531	25 474	21 519	21 319	16 282
Thailand	HFJJ	3 054	3 731	4 417	4 679	4 817	5 152	5 656	5 467
Residual Gulf Arabian Countries	HFIS	19 999	20 184	20 840	25 915	33 017	37 085	61 435	96 875
Other Near & Middle Eastern Countries	HDSG	1 122	1 092	616	1 496	1 602	2 915	4 630	7 404
Other	HFIT	5 771	3 834	3 890	3 819	5 766	8 541	9 165	12 186
Total Asia	HDSF	366 480	362 851	387 922	465 325	527 039	557 059	697 304	923 449
<b>Australasia &amp; Oceania</b>									
Australia	HCZT	44 908	48 186	52 888	57 551	71 676	101 359	126 468	172 309
New Zealand	HFIF	5 136	5 971	5 773	6 891	5 305	7 675	8 641	13 023
Other	HFIU	368	407	320	304	311	304	331	1 819
Total Australasia & Oceania	HDJH	50 412	54 564	58 981	64 746	77 292	109 338	135 440	187 151
<b>Africa</b>									
Egypt	HDSB	2 254	1 917	1 520	2 004	3 504	5 547	5 731	7 562
Morocco	HFIA	574	323	473	535	651	730	580	393
South Africa	HFJR	11 357	16 598	18 770	22 850	28 913	25 841	28 587	35 165
Other North Africa	HFJW	601	1 428	1 020	1 073	872	1 221	1 472	2 143
Other	HFIQ	8 262	7 795	9 047	11 599	13 503	13 422	17 949	28 030
Total Africa	HDRY	23 048	28 061	30 830	38 061	47 443	46 761	54 319	73 293
<b>International Organisations</b>									
Unallocated	HBKR	18 593	21 134	21 230	22 399	23 771	31 872	32 664	37 843
	G972	26 182	56 794	56 961	65 103	19 747	32 690	89 881	32 849
<b>Reserve Assets</b>									
	LTEB	25 649	25 469	23 794	23 250	24 739	22 931	26 685	36 283
<b>World total</b>									
	HBQA	3 101 934	3 051 878	3 464 452	3 911 395	4 806 321	6 057 433	7 746 407	10 980 541

# 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
<b>Europe</b>									
European Union (EU)									
Austria	HFMW	17 268	17 581	18 452	21 578	22 604	34 069	39 162	53 948
Belgium	A56Z	53 143	62 333	71 151	88 358	98 801	109 463	135 841	207 064
Bulgaria	HFMV	522	513	507	648	1 086	1 464	1 596	439
Cyprus	A3SB	3 376	3 237	3 102	3 595	6 270	8 165	10 593	17 408
Czech Republic	HFNG	3 419	2 175	2 030	2 050	3 521	4 891	5 339	7 004
Denmark	HFNJ	21 138	20 075	28 699	36 277	38 632	48 211	73 410	90 152
Estonia	HFNO	125	310	232	345	385	402	452	338
Finland	HFOA	6 025	6 907	11 854	13 596	14 715	24 917	29 529	52 483
France	HFOB	162 393	185 427	197 228	243 830	344 672	424 772	568 450	921 804
Germany	HFNI	253 307	290 223	349 591	432 617	470 116	637 567	781 962	1 211 427
Greece	HFOD	13 981	17 847	18 814	24 113	33 403	36 710	46 796	80 087
Hungary	HFOG	741	1 259	929	1 345	1 799	2 763	3 769	4 721
Ireland	HFOI	110 211	133 012	162 583	203 176	269 356	331 035	422 701	555 824
Italy	HFOO	69 476	74 606	78 704	81 606	84 082	100 950	108 181	143 447
Latvia	HFOX	190	323	254	338	264	386	594	505
Lithuania	HFOV	104	180	133	293	216	345	490	140
Luxembourg	A5E4	82 117	83 907	116 495	128 419	146 268	189 584	222 380	308 118
Malta	A3SC	1 166	1 379	1 542	1 070	1 868	2 479	6 450	12 205
Netherlands	HFPD	200 411	196 011	218 789	253 629	356 637	530 767	655 619	733 586
Poland	HFPI	4 500	3 160	3 120	3 960	5 208	6 625	9 373	8 315
Portugal	HFO	6 668	9 682	11 101	12 930	15 985	18 507	20 801	22 903
Romania	HFOB	533	422	615	771	1 041	1 426	1 088	638
Slovak Republic	HFOH	405	154	559	1 353	996	1 247	1 317	722
Slovenia	HFOG	1 008	938	764	255	451	354	600	203
Spain	HFNR	35 732	45 361	54 600	65 257	83 965	129 814	151 259	166 310
Sweden	HFOE	30 084	26 333	32 555	40 701	42 019	57 506	69 954	71 001
European Central Bank	HFMF	—	—	—	—	—	—	—	—
EU Institutions	HFMQ	38 386	39 056	40 457	43 309	53 728	63 421	69 680	123 699
Total EU27	GB9A	1 116 428	1 222 411	1 424 860	1 705 419	2 098 088	2 767 840	3 437 386	4 794 491
European Free Trade Association (EFTA)									
Iceland	HFOI	488	294	826	1 462	3 219	5 397	6 717	8 482
Liechtenstein	HFOU	2 026	2 233	2 213	2 377	2 789	2 438	3 362	3 493
Norway	HFPG	16 574	20 341	27 246	28 452	50 061	66 972	79 096	125 184
Switzerland	HFNC	231 765	240 193	266 310	256 177	286 101	245 577	420 872	415 889
Total EFTA	HFMT	250 853	263 061	296 595	288 468	342 170	320 384	510 047	553 048
Other Europe									
Albania	HFMU	89	54	60	92	57	179	153	83
Belarus	HFNA	71	72	139	231	446	345	781	802
Croatia	HFOF	849	1 387	1 476	1 547	1 611	1 648	2 147	579
Russia	HFQC	9 567	13 967	17 348	23 893	55 181	64 805	72 569	30 708
Turkey	HFQJ	3 150	2 574	2 620	3 814	6 273	6 874	8 101	10 039
Ukraine	HFQL	213	1 262	1 496	2 712	7 464	7 622	9 470	8 240
Serbia and Montenegro	HFQP	218	469	360	462	292	978	716	215
Other	HFPT	212 398	222 075	225 150	268 637	330 909	402 959	498 323	539 385
Total Europe	HFNK	1 593 836	1 727 332	1 970 104	2 295 275	2 842 491	3 573 634	4 539 693	5 937 590
<b>Americas</b>									
Argentina	HFMV	475	256	232	253	375	471	485	614
Brazil	HFMZ	3 293	2 754	4 347	5 582	6 484	7 622	7 775	6 512
Canada	HFNB	41 486	35 548	43 058	50 600	59 434	88 896	104 909	164 331
Chile	HFND	985	797	1 083	1 211	1 170	2 689	4 303	4 454
Colombia	HFNF	1 344	589	818	780	856	1 857	1 549	2 167
Mexico	HFPP	5 802	2 645	2 839	2 971	3 676	4 851	5 524	12 555
United States of America	HFQM	875 839	746 839	858 407	934 299	1 163 167	1 629 595	1 940 302	3 041 289
Uruguay	HFQN	176	116	806	234	444	592	789	429
Venezuela	HFQO	1 056	1 040	1 130	1 127	1 400	2 598	3 273	2 344
Other Central American Countries	HFV	119 863	107 560	156 136	197 590	267 348	272 670	368 015	469 524
Other	HFPE	4 084	2 571	2 934	2 903	3 293	4 021	3 075	1 416
Total Americas	HFNN	1 054 430	900 715	1 071 790	1 197 550	1 507 647	2 015 862	2 439 999	3 705 635
<b>Asia</b>									
China	HFNE	8 287	9 407	7 234	10 437	12 406	14 512	25 586	16 083
Hong Kong	HFOE	84 118	71 722	80 077	86 840	97 292	106 945	154 793	190 196
India	HFOK	7 921	7 849	11 337	17 985	22 424	29 296	15 255	20 139
Indonesia	HFOH	3 127	2 847	2 729	2 286	2 312	1 835	1 544	1 875
Iran	HFOL	6 130	3 695	3 418	3 252	3 468	3 549	2 895	2 314
Israel	HFOJ	6 910	6 451	6 065	6 264	9 189	11 098	10 550	9 207
Japan	HFOF	225 644	206 255	178 025	213 901	214 771	254 289	313 646	480 643
Malaysia	HFPC	6 160	4 345	4 419	8 078	3 897	7 841	10 108	5 255
Pakistan	HFPM	2 254	3 497	3 790	2 720	2 645	3 305	3 106	1 883
Philippines	HFPI	1 209	1 059	594	913	2 279	2 389	3 584	2 225
Saudi Arabia	HFQD	16 496	16 071	14 068	16 746	27 964	33 303	61 451	80 173
Singapore	HFQF	67 828	68 850	67 144	78 156	78 806	90 539	120 921	168 478
South Korea	HFOS	4 316	4 122	5 585	5 310	9 428	10 649	17 843	26 061
Taiwan	HFQK	4 217	3 073	7 221	10 423	10 475	7 977	14 559	11 202
Thailand	HFQI	4 135	1 348	3 521	3 089	4 985	5 465	7 394	5 765
Residual Gulf Arabian Countries	HFQW	39 603	32 233	27 239	33 937	39 341	53 642	66 025	71 822
Other Near & Middle Eastern Countries	HFNX	5 301	5 807	6 472	6 591	8 174	8 099	8 965	10 404
Other	HFPI	3 893	3 759	4 253	4 896	7 646	9 207	11 065	11 436
Total Asia	HFNT	497 549	452 390	433 191	511 824	557 502	653 940	849 290	1 115 161
<b>Australasia &amp; Oceania</b>									
Australia	HFMX	26 538	26 904	32 469	44 814	43 774	69 579	94 752	133 577
New Zealand	HFPH	2 644	2 569	2 289	2 665	3 431	4 716	5 851	8 785
Other	HFPI	182	181	177	197	259	167	442	225
Total Australasia & Oceania	HFNZ	29 364	29 654	34 935	47 676	47 464	74 462	101 045	142 587
<b>Africa</b>									
Egypt	HFNQ	6 778	6 220	6 462	6 351	11 355	9 561	7 633	7 118
Morocco	HFOZ	897	754	831	869	1 625	2 366	1 784	1 287
South Africa	HFQO	19 870	21 719	29 131	32 283	34 333	36 512	39 078	50 267
Other North Africa	HFQA	4 583	3 955	4 364	5 537	11 022	15 815	17 559	16 660
Other	HFPU	14 711	14 277	13 644	14 349	18 328	23 773	30 374	37 557
Total Africa	HFNM	46 839	46 925	54 432	59 389	76 663	88 027	96 428	112 889
<b>International Organisations</b>									
	HFMQ	16 461	14 867	17 150	20 373	27 146	37 315	43 112	68 179
<b>World total</b>									
	HBQB	3 238 479	3 171 883	3 581 602	4 132 087	5 058 913	6 443 240	8 069 567	11 082 041



# 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
<b>Europe</b>									
European Union (EU)									
Austria	IDBU	-2 255	-3 742	-627	-553	-2 405	-4 631	-7 509	-4 004
Belgium	A58F	4 073	-3 265	1 068	2 800	27 690	19 100	29 481	9 491
Bulgaria	IDBW	580	-149	-71	-38	-149	-261	-578	1 688
Cyprus	A3V5	-1 167	-1 589	-1 424	-1 818	-2 368	-2 702	-2 776	-8 745
Czech Republic	IDCE	-777	-125	170	26	-501	-785	-222	-311
Denmark	IDCH	-2 142	-525	-4 178	-1 253	9 667	2 753	-12 307	-3 687
Estonia	IDCM	140	-114	6	27	-275	-309	-389	-249
Finland	IDCS	13 450	9 848	3 771	1 821	4 773	2 406	6 009	4 002
France	IDCT	62 085	28 167	35 786	29 484	-9 132	102 181	177 654	65 562
Germany	IDCG	23 419	-23 020	-52 232	-105 655	-127 205	-138 364	-171 029	-138 109
Greece	IDCU	3 879	2 110	3 427	1 390	-9 861	-3 945	-7 729	-33 387
Hungary	IDCX	3 452	3 500	3 653	4 405	3 346	5 013	4 722	6 015
Ireland	IDCZ	-16 574	-41 757	-42 544	-63 382	-32 954	-37 070	-47 927	1 681
Italy	IDDE	63 366	53 223	69 862	66 301	73 640	74 378	94 434	103 721
Latvia	IDDJ	-88	-203	-184	-220	-88	5	492	570
Lithuania	IDDI	52	-14	-16	-141	741	-280	-344	-189
Luxembourg	A5FI	29 130	21 909	30 956	39 752	48 155	-34 286	-1 269	40 670
Malta	A3V6	-577	-660	-586	1 400	-1 332	217	-1 299	-5 252
Netherlands	IDDN	98 596	111 475	105 837	68 134	-43 452	-114 056	-77 799	-77 731
Poland	IDDS	836	3 064	4 159	3 184	2 348	2 087	1 270	10 185
Portugal	IDDT	13 204	10 971	14 742	9 974	11 212	7 720	6 466	6 871
Romania	IDEC	25	292	417	793	1 090	425	2 183	5 768
Slovak Republic	IDEI	31	438	258	-967	-339	-695	-355	1 402
Slovenia	IDEH	-512	-629	-338	376	441	539	439	1 536
Spain	IDCO	24 025	10 613	30 685	47 388	98 577	76 556	82 908	188 700
Sweden	IDEF	20 664	11 745	12 516	11 182	27 059	21 797	15 234	30 455
European Central Bank	IDBN	-	-	-	-	-	-	-	-
EU Institutions	IDBM	-20 732	-18 073	-18 612	-23 953	-33 287	-34 400	-41 222	-73 245
Total EU27	GC25	316 183	173 490	196 501	90 457	45 391	-56 607	48 538	133 408
European Free Trade Association (EFTA)									
Iceland	IDDD	640	615	693	609	504	1 584	13 403	2 634
Liechtenstein	IDDH	-1 185	-1 414	-1 253	-1 857	-2 137	-1 540	-2 268	-2 643
Norway	IDDO	1 326	-1 051	-3 992	255	-8 742	-7 664	-11 063	-16 381
Switzerland	IDCA	-78 567	-92 893	-94 536	-108 644	-119 940	-73 423	-104 554	-55 129
Total EFTA	IDBR	-77 786	-94 743	-99 088	-109 637	-130 315	-81 043	-104 482	-71 519
Other Europe									
Albania	IDBS	-89	-62	-59	-72	-32	-152	-74	316
Belarus	IDBY	-70	-71	-138	-230	-446	-316	-662	-598
Croatia	IDCW	-214	-334	-292	-394	-82	-547	-1 097	1 083
Russia	IDED	-1 948	-5 572	-5 290	-7 382	-15 456	-29 769	-18 012	27 848
Turkey	IDEX	3 854	5 552	3 956	4 609	9 516	12 781	16 895	21 904
Ukraine	IDEM	-107	-1 095	-1 253	-1 884	-3 856	-3 462	-3 354	-1 719
Serbia and Montenegro	IDEQ	-169	-418	-323	-417	-42	-706	-19	1 119
Other	IDDU	-128 603	-125 136	-115 157	-138 992	-160 851	-164 630	-226 912	-260 373
Total Europe	IDCI	111 051	-48 389	-21 143	-163 942	-256 173	-324 451	-289 179	-148 531
<b>Americas</b>									
Argentina	IDBT	4 724	2 852	3 060	3 318	6 399	4 827	5 345	5 721
Brazil	IDBX	8 487	6 465	4 463	4 024	5 839	10 325	19 085	18 552
Canada	IDBZ	4 129	13 727	-44	-8 039	4 197	11 353	28 018	46 850
Chile	IDCB	2 377	2 604	2 228	2 433	3 489	206	-1 010	-584
Colombia	IDCD	769	2 067	2 125	1 773	1 959	772	1 434	1 888
Mexico	IDDL	4 363	5 145	5 122	6 524	11 049	8 817	7 861	4 009
United States of America	IDEN	-176 708	-120 981	-141 461	-102 265	-53 288	-80 998	-50 442	124 720
Uruguay	IDEO	125	208	-563	-90	-55	106	-129	-160
Venezuela	IDEP	751	693	-53	479	2 506	-1 026	-2 351	-827
Other Central American Countries	IDDW	-13 592	11 711	-9 701	-4 968	9 104	36 960	13 675	-5 428
Other	IDEA	-3 172	-1 144	-1 193	439	1 126	395	-1 885	239
Total Americas	IDCL	-167 747	-76 653	-136 017	-96 372	-7 675	-8 263	19 601	194 980
<b>Asia</b>									
China	IDCC	-2 344	-2 923	-205	-1 256	-482	951	6 679	14 993
Hong Kong	IDCV	-44 808	-41 357	-44 331	-43 742	-40 891	-34 066	-73 873	-89 374
India	IDDB	-2 380	-2 856	-4 358	-9 304	-8 832	-11 818	-20 311	25 692
Indonesia	IDCY	-89	-255	229	951	1 722	2 821	3 939	2 645
Iran	IDDC	-5 015	-2 104	-922	167	1 249	-242	-1	-388
Israel	IDDA	-5 238	-4 150	-3 602	-3 671	-6 454	-7 307	-6 731	-3 174
Japan	IDDF	-27 493	5 830	34 179	45 684	52 418	9 184	-25 170	-82 478
Malaysia	IDDM	-1 219	889	942	-1 420	3 161	-302	-1 796	2 719
Pakistan	IDDR	-1 026	-2 650	-2 846	-1 575	-1 246	-1 497	-1 084	367
Philippines	IDDQ	1 012	1 433	2 722	1 583	1 378	1 236	544	1 928
Saudi Arabia	IDEE	-10 468	-10 241	-8 332	-11 878	-21 054	-26 618	-47 940	-63 107
Singapore	IDEG	-19 444	-29 733	-23 153	-35 416	-32 511	-38 316	-42 671	-49 521
South Korea	IDDG	7 186	10 768	11 875	15 874	21 024	18 271	21 610	20 401
Taiwan	IDEL	3 243	2 116	4 255	10 108	14 999	13 542	6 760	5 080
Thailand	IDDJ	-1 081	2 383	896	1 590	-168	-313	-1 738	-298
Residual Gulf Arabian Countries	IDDX	-19 604	-12 049	-6 399	-8 022	-6 324	-16 557	-4 590	25 053
Other Near & Middle Eastern Countries	IDCQ	-4 179	-4 715	-5 856	-5 095	-6 572	-5 184	-4 335	-3 000
Other	IDDY	1 878	75	-363	-1 077	-1 880	-666	-1 900	750
Total Asia	IDCF	-131 069	-89 539	-45 269	-46 499	-30 463	-96 881	-151 986	-191 712
<b>Australasia &amp; Oceania</b>									
Australia	IDBV	18 370	21 282	20 419	12 737	27 902	31 780	31 716	38 732
New Zealand	IDDP	2 492	3 402	3 484	4 226	1 874	2 959	2 790	4 238
Other	IDDZ	186	226	143	107	52	137	-111	1 594
Total Australasia & Oceania	IDCR	21 048	24 910	24 046	17 070	29 828	34 876	34 395	44 564
<b>Africa</b>									
Egypt	IDCN	-4 524	-4 303	-4 942	-4 347	-7 851	-4 014	-1 902	444
Morocco	IDDK	-323	-431	-358	-334	-974	-1 636	-1 204	-894
South Africa	IDER	-8 513	-5 121	-10 361	-9 433	-5 420	-10 671	-10 491	-15 102
Other North Africa	IDEB	-3 982	-2 527	-3 344	-4 464	-10 150	-14 594	-16 087	-14 517
Other	IDDV	-6 449	-6 482	-4 597	-2 750	-4 825	-10 351	-12 425	-9 527
Total Africa	IDCK	-23 791	-18 864	-23 602	-21 328	-29 220	-41 266	-42 109	-39 596
<b>International Organisations</b>									
	IDBO	2 132	6 267	4 080	2 026	-3 375	-5 443	-10 448	-30 336
<b>World total</b>									
	IDBP	-136 545	-120 005	-117 150	-220 692	-252 592	-385 807	-323 160	-101 500





An aerial, high-angle photograph of a crowded public space, likely a transit station or a large indoor plaza. The floor is made of large, light-colored square tiles. Numerous people are seen from above, walking in various directions or standing in small groups. Some individuals are carrying bags or backpacks. In the upper right corner, there is a structure that appears to be a staircase or a platform with a metal railing. The overall scene is busy and captures a moment of everyday life in a public setting.

# 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 stand-alone, 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, reserve assets, other), 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* Table 1.7.3 presents the National Income and Use of Income Account, showing the derivation of gross national income, gross disposable income and use of gross disposable income. Gross national income is equivalent to GDP plus primary income receivable from non-residents, less primary 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). Table 1.7.3 illustrates 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. The segment of Table 1.7.3 dealing with use of gross disposable income 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. As Table 1.7.8 is a summary account for the economy, transactions between resident sectors are offset and eliminated. Therefore Table 1.7.8 is also 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, and other investment). Both presentations give emphasis to the asset and liability classification.

It is worth noting that, if Table 1.7.8 were expanded to include the financial transactions taking place between the various resident sectors, it would show the full financial account for the economy (which is published monthly in *Financial Statistics* and quarterly in *UK Economic Accounts*).

*Blue Book* Table 1.7.9, the National Balance Sheet, shows the UK's non-financial assets (fixed assets, inventories, tangible and intangible non-produced assets such as land and copyright), financial assets, and liabilities and net worth at the end of the period. As Table 1.7.9 is a summary account for the economy, financial assets and liabilities only measure financial claims by residents on non-residents and liabilities by residents to non-residents. In other words, in this table the financial assets and liabilities components are the international investment position

statement for the UK. Claims and liabilities between resident sectors have been offset and eliminated. 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 Financial Account is 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 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 or dispatches exceed 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 year 2009, the thresholds were £270,000, both for arrivals and for dispatches. These detailed Intrastat declarations covered approximately 97 per cent of the value of trade. In 2010 the threshold for arrivals will increase to £600,000, which covers approximately 95 per cent of the value of trade. To maintain coverage at 97 per cent for dispatches, the threshold for dispatches will reduce to £250,000.

### 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 the end 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 will also include 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.

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 HM Revenue & Customs (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 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. Furthermore the import statistics 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. Generally speaking, about 90 per cent by value and 85 per cent by number of all entries relate to the calendar month, with the bulk of the remainder relating to the immediately preceding 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. Moreover 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. Generally, both in terms of the value and the number of documents, 70 per cent relates to the calendar month, with the bulk of the remaining 30 per cent relating to the immediately preceding month.

HMRC's New Export System (NES), which replaced manual (paper) Customs declarations with electronic submissions, requires electronic messages from the trade 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.

### 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 (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 (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 onto 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 onto 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.

*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 derived from Intrastat returns 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 it 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. HMRC regularly reviews the methodology for producing the estimates of the impact on the trade statistics to take account of mutations in the fraud. 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.

**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 to cope with these difficulties.

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 an allowance for this, but recent changes in the overall trader profile, with an increasing proportion of smaller traders, means the current methodology needs to be revised. In the meantime, 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).

Furthermore, 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. The pattern of receipt at HMRC of these partial returns is analysed to enable ONS to make initial adjustments to both exports and imports to anticipate these later declarations. These initial adjustments are progressively reduced in subsequent months as late declarations are processed.

Currently the profile of these adjustments are shown in Table 2.

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. As a consequence, HMRC computer programs were designed to recalculate its initial estimates for late response for six months after those estimates first appear in the Overseas Trade Statistics. However the reality is that some declarations (around half a per cent) are still being received and processed after that six-month period. These are being included as additions to the value of reported trade with no corresponding reduction in the value of monthly estimated trade (until the annual HMRC closedown of the trade year). ONS therefore, in order to eliminate this element of double

counting on a monthly basis, makes a negative adjustment to the value of estimated trade equal to the value of these late amendments. Note that where the value of late amendments exceeds the value of estimated trade the level of estimated trade is set to zero.

It should be noted that this methodology has changed with effect from January 2010. At this point, HMRC began to systematically adjust for partial response in their monthly estimates of trade with EU countries. This is set out in the following paper: [www.uktradeinfo.com/pagecontent/Downloads/Partial\\_Estimates\\_Briefing\\_Paper.pdf](http://www.uktradeinfo.com/pagecontent/Downloads/Partial_Estimates_Briefing_Paper.pdf)

Source: ONS estimate

## 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

The Overseas Trade Statistics (OTS), on which the trade data are based, have been compiled under the United Nations Standard International Trade Classification Revision 4 (SITC R4) from January 2007. However, the data have been converted back to SITC R3 for publication in order to help users to compare data over time. There are some discontinuities at detailed levels, particularly between capital and intermediate goods, where some products are allocated from January 2007 to intermediate goods rather than capital goods as done previously. It is also

Table 1

	Exports to:		Imports from:	
	EU	non-EU	EU	non-EU
Under-recording	+ <sup>1</sup> / <sub>4</sub> %	+1 <sup>1</sup> / <sub>2</sub> %	+ <sup>1</sup> / <sub>4</sub> %	0
Currency errors	0	– <sup>1</sup> / <sub>2</sub> %	0	0
Other valuation errors	0	– <sup>1</sup> / <sub>4</sub> %	0	0

Source: ONS estimates based on historic quality surveys conducted by HMRC

Table 2

	£ million	
	Exports	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)



possible that volume and price changes between 2006 and 2007 may be less reliable than usual.

## 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 Office for National Statistics website.

The latest *UK Trade Statistical Bulletin* can be found at: [www.statistics.gov.uk/StatBase/Product.asp?vlnk=1119](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1119)

The *Monthly Review of External Trade Statistics*, previously published as MM24, can be found at: [www.statistics.gov.uk/StatBase/Product.asp?vlnk=613](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=613)

An article entitled 'UK visible trade statistics – the Intrastat system' was published in *Economic Trends*, August 1994.

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 can be found at: [www.statistics.gov.uk/cci/article.asp?id=402](http://www.statistics.gov.uk/cci/article.asp?id=402)

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.statistics.gov.uk/cci/article.asp?id=1066](http://www.statistics.gov.uk/cci/article.asp?id=1066)

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.statistics.gov.uk/StatBase/Product.asp?vlnk=14943](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14943)

## 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.statistics.gov.uk/StatBase/Product.asp?vlnk=14407&Pos=1&ColRank=1&Rank=272](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14407&Pos=1&ColRank=1&Rank=272)

### 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 the airlines to the 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 counter-balanced 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, 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 to the Civil Aviation Authority.

**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. Lloyd's of London underwriting activity is based on data supplied by the Corporation of Lloyd's; they also include receipts for management services provided to overseas members of Lloyd's syndicates.

### 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. 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 banks), 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 banks' 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 aircraft 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 banks 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, licenses 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 banks' 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 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

United Kingdom 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.

Old editions of UKA1 can be found at the following web address: [www.statistics.gov.uk/StatBase/Product.asp?vlnk=3343](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=3343)

The publication containing the ITIS survey results can be found at the following web address:

[www.statistics.gov.uk/StatBase/Product.asp?vlnk=14407](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14407)

## 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, 2008 edition can be found at: [www.dft.gov.uk/pgr/statistics/datatablespublications/tsgb/](http://www.dft.gov.uk/pgr/statistics/datatablespublications/tsgb/)

## 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/default.aspx?catid=80&pagetype=90](http://www.caa.co.uk/default.aspx?catid=80&pagetype=90)

## 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.statistics.gov.uk/StatBase/Product.asp?vlnk=8168](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=8168)

MQ6 can be found at: [www.statistics.gov.uk/StatBase/Product.asp?vlnk=1905](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1905)

*Travel Trends* can be found at: [www.statistics.gov.uk/StatBase/Product.asp?vlnk=1391](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=1391)

## 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 and funds held 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 banks, 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 banks is now presented net of FISIM (Financial Intermediation Services Indirectly Measured). 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 banks 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 stocks, 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 banks, 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 banks), 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 by them as a liability of the UK and do not form part of total external liabilities in this table.

## 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 when available can be found at: [www.statistics.gov.uk/StatBase/Product.asp?vlnk=728](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=728)

### 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 holding gains/losses, write-downs or write-offs.

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 total subsidiaries' profits.

### 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 are written off directly against reserves.

### Direct investment abroad by UK residents

**Monetary financial institutions (banks):** information on the direct investment by UK registered banks in their foreign branches, subsidiaries and associates is collected quarterly by the Bank of England from a selection of banks that have a direct investment enterprise abroad. Income data are supplemented by additional information from certain banks that only report to the Bank of England on an annual basis. Direct investment balance sheet data are collected annually from a panel of banks 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.statistics.gov.uk/StatBase/Product.asp?vlnk=728](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=728)

Copies of the FDI Business Monitor can be found at: [www.statistics.gov.uk/StatBase/Product.asp?vlnk=9614](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=9614)

**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 to include 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.statistics.gov.uk/CCI/article.asp?ID=1176](http://www.statistics.gov.uk/CCI/article.asp?ID=1176)

### Direct investment in the UK by foreign residents

Estimates for direct investment in the UK are based on the same inquiries to banks, financial institutions and private non-financial corporations as direct investment abroad. For direct investment in UK banks, the Bank of England surveys a sample of UK branches and subsidiaries of foreign-owned banks.

**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 accounts transactions in equity



securities comprise the acquisitions or disposals 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 investment 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 banks' 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 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, covering end-2008, was published by ONS in January 2010. Copies of the Share Ownership Survey can be found at: [www.statistics.gov.uk/StatBase/Product.asp?vlnk=930](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=930)

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 banks are reported by those banks 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 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 banks are reported by those banks 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 banks 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 issues 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.

From Pink Book 2010, financial derivatives assets and liabilities by the banking sector were introduced from 2006 into the international investment position. Financial derivatives contracts by other financial intermediaries continue to be omitted until a reliable data source becomes available.

## Financial account (Table 7.1)

Derivatives are valued at current market prices. From Pink Book 2010, existing financial derivatives estimates for net transactions by UK banks with rest of the world 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. Prior to 2005, the banks' transaction only covered net settlement receipts/payments on interest rate swaps and forward rate agreements.

As 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: <http://www.statistics.gov.uk/CCI/article.asp?ID=2406>

## Balance sheets (Table FD)

Data on UK banks' gross asset and liability positions in derivatives are collected quarterly by the Bank of England through Form DQ; no data are available prior to 1998. Data on securities dealers' assets and liabilities are collected by ONS; similarly there are no data available prior to 1998.

Data published in Table FD (in chapter 8) form supplementary information as estimates for financial derivatives have yet to be fully implemented in either the UK international

investment position or in the UK's national accounts balance sheets. From June 2010, ONS have introduced data on financial derivatives business of UK banks into the main aggregates of the international investment position. Data for securities dealers and insurance and pension funds will continue to be excluded from the main UK's international investment position whilst the data continues to be validated and estimates improved.

## 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 the Export Credit 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 neither trade credit, loans nor 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 Export Credit Guarantee Department's 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 banks' 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 the Export Credit Guarantee Department 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 banks' 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 neither trade credit, loans nor 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 banks' and the Export Credit Guarantee Department's (ECGD) debt forgiveness and offset the corresponding entry in the capital account. Information on debt forgiveness comes from the Bank of England and the 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 recent years only 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 banks from foreign loans to UK banks. The estimates for foreign loans to UK banks 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 banks from abroad. These transactions may be a reflection of (that is, the counterpart to) a variety of other foreign or domestic transactions by UK banks. 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 banks (which are included in direct or portfolio investment abroad as appropriate); any switching of banks' liabilities between foreign currencies (including gold) and sterling; or any change in the amount of foreign currency capital raised by banks. 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 banks' income payments also include income payments associated with repurchase agreements and stock lending activities.

#### Other liabilities

These comprise any other items that are neither trade credit, loans nor 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 in pension funds and prepayments of premiums and reserves against outstanding claims which 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* ([www.imf.org/external/pubs/ft/eds/Eng/Guide/index.htm](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, Banks 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 received 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, and Lloyd's of London.

**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, and Lloyd's of London.

**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 the Export Credit Guarantee Department.

## 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 (60 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. 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.statistics.gov.uk/ccil/article.asp?ID=1056](http://www.statistics.gov.uk/ccil/article.asp?ID=1056)

### 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 (banks, 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 (CPIIS), an important new data source has become available. Participants in the CPIIS 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 CPIIS exercise from 2001. For banks, Bank of England information on the geographical breakdown of levels is applied to the estimates of global earnings obtained by surveys of UK banks. 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 CPIIS exercise. The IMF acts as a central clearing house for the compilation of aggregate data from countries that have participated in the CPIIS 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 CPIIS exercises from 2001 onwards have been used to estimate the geographical breakdown.

**Other investment income:** gross interest flows between UK banks 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 banks. 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 banks 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 have 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 banks' 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 2006.

## 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 G7 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 practice 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:

## 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.statistics.gov.uk/cci/article.asp?ID=1056](http://www.statistics.gov.uk/cci/article.asp?ID=1056)

## 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.statistics.gov.uk/cci/article.asp?ID=1063](http://www.statistics.gov.uk/cci/article.asp?ID=1063)

## 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.statistics.gov.uk/cci/article.asp?ID=1066](http://www.statistics.gov.uk/cci/article.asp?ID=1066)

## Financial Derivatives in the UK Sector Balance Sheets and Financial Accounts

Although the availability and quality of data on financial derivatives has improved, a number of methodology and coverage issues remain outstanding.

**Author:** Graham Semken

This article re-assesses the area of derivatives statistics following expanded data availability. It examines a number of issues, both conceptual and practical, which will need to be resolved before the collective data on derivatives can be integrated into the UK accounts.

[www.statistics.gov.uk/cci/article.asp?ID=1139](http://www.statistics.gov.uk/cci/article.asp?ID=1139)

## 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 end 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.statistics.gov.uk/cci/article.asp?ID=1176](http://www.statistics.gov.uk/cci/article.asp?ID=1176)

## 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.statistics.gov.uk/cci/article.asp?ID=1800](http://www.statistics.gov.uk/cci/article.asp?ID=1800)

## 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 2004-2006, and latest quarterly and monthly data for more recent periods.

[www.statistics.gov.uk/elmr/10\\_08/downloads/ELMR\\_Oct08\\_Tily.pdf](http://www.statistics.gov.uk/elmr/10_08/downloads/ELMR_Oct08_Tily.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.statistics.gov.uk/elmr/09\\_09/downloads/ELMR\\_Sep09\\_Chamberlin.pdf](http://www.statistics.gov.uk/elmr/09_09/downloads/ELMR_Sep09_Chamberlin.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) three years ago. This article updates

events since that time, focusing on proportionate movements in the estimates between 2002 and 2007 across geographical regions.

[www.statistics.gov.uk/elmr/11\\_09/downloads/ELMR\\_Nov09\\_Madden.pdf](http://www.statistics.gov.uk/elmr/11_09/downloads/ELMR_Nov09_Madden.pdf)

## The changing nature of the UK's trade deficits, 1985–2008

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.statistics.gov.uk/elmr/01\\_10/downloads/ELMR\\_Jan10\\_Fender.pdf](http://www.statistics.gov.uk/elmr/01_10/downloads/ELMR_Jan10_Fender.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.statistics.gov.uk/elmr/04\\_10/downloads/elmr-apr10-cullinane.pdf](http://www.statistics.gov.uk/elmr/04_10/downloads/elmr-apr10-cullinane.pdf)

## The UK's international investment position

Describes the recent path of the UK's net asset position with the rest of the world.

**Authors:** Jawed Khan and Damian Whittard

This paper describes the path of the UK's net asset position with the rest of the world. Notwithstanding that the UK has run a substantial current account deficit for over a quarter of a century, at the beginning of 2009 the net asset position was not far off balance. The paper begins by detailing recent developments in both the UK's overseas balance sheet, known as the international investment

position (IIP), and the current account deficit. It examines the link between the IIP and the cumulative current account deficit over the past forty years and explains that the divergence between the two is due to other changes. The paper then introduces a model which enables a decomposition of these other changes into currency, price and other volume effects. The results are reported in terms of annual and quarterly changes before conclusions are drawn.

[www.statistics.gov.uk/CCI/article.asp?ID=2443](http://www.statistics.gov.uk/CCI/article.asp?ID=2443)

## Other articles

Older articles which may be of interest, published in *Economic Trends*, include:

'Overseas trade in services: publication of monthly estimates', September 1997

'Geographical breakdown of exports and imports of UK trade in services by component', January 1998

'Geographical breakdown of income in the balance of payments', November 1999

[www.statistics.gov.uk/cci/article.asp?id=44](http://www.statistics.gov.uk/cci/article.asp?id=44)

'Geographical breakdown of income in the balance of payments: further improvements to the methodology for portfolio investment income', December 2000

[www.statistics.gov.uk/cci/article.asp?id=61](http://www.statistics.gov.uk/cci/article.asp?id=61)

'IMF Co-ordinated Portfolio Investment Survey', May 2003

[www.statistics.gov.uk/cci/article.asp?ID=345](http://www.statistics.gov.uk/cci/article.asp?ID=345)

'Geographical breakdown of the UK International Investment Position', June 2004

[www.statistics.gov.uk/cci/article.asp?ID=907](http://www.statistics.gov.uk/cci/article.asp?ID=907)

# 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 institution based in Basle, Switzerland, established in 1930. Its main functions today are to promote international monetary co-operation; to observe the work of the IMF, Finance Ministers and Central Bank Governors of the Group of Ten countries; and to provide monetary research. The most recent BIS data used within the UK balance of payments accounts covers non-bank borrowing from banks in the following countries: Australia, Austria, the Bahamas, Bahrain, Belgium, Bermuda, Brazil, Canada, Cayman Islands, Chile, Cyprus, Denmark, Finland, France, Germany, Greece, Guernsey, Hong Kong SAR, India, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Macao, Malaysia, Mexico, Netherlands, Netherlands Antilles, Norway, Panama, Portugal, Singapore, Spain, South Korea, Sweden, Switzerland, Taiwan, Turkey and United States of America. 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 (i) credit unions, (ii) firms which have a permission to accept deposits only in the course of carrying out contracts of insurance in accordance with that permission, (iii) friendly societies, and (iv) building societies
- European Economic Area credit institutions with a permission under Schedule 3 to FSMA to accept deposits through a UK branch, and
- 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 1988), 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 regularly in the Bank of England's *Monetary and Financial Statistics* publication, available at: [www.bankofengland.co.uk/statistics/ms/index.htm](http://www.bankofengland.co.uk/statistics/ms/index.htm). The most recent list can also be found on the Financial Services Authority website at: [www.fsa.gov.uk/Pages/Library/Other\\_publications/Banks/index.shtml](http://www.fsa.gov.uk/Pages/Library/Other_publications/Banks/index.shtml)

## Bills and acceptances

A bill is an unconditional order in writing addressed by the drawer to the drawee to pay to 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 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 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). (For SDRs see '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. In 2009 the euro area comprised Austria, Belgium, Cyprus, 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, with Greece joining on 1 January 2001.

### 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 2009 there were 16 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.

### Export Credit Guarantee Department (ECGD)

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.

### 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).

All other transactions in gold (that is, those involving semi-manufactures such as rods and wire, or bullion, bullion coins or 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 2010, for the first time, financial derivatives business of the UK banks has also been incorporated into the main aggregates of the IIP. Data for securities dealers, insurance and pension funds will continue to be excluded from the UK's IIP whilst the data continues to be validated and improved. 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. Further definitions relating to the IMF are given in the IMF section in the 1981 and earlier editions of this publication. (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.

### 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 equivalent to three times their own allocation. 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 3 or 6 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'.)

### 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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