

United Kingdom Balance of Payments

The Pink Book 2002

Editor:

Perry Francis

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About the Office for National Statistics

The Office for National Statistics (ONS) is the government agency responsible for compiling, analysing and disseminating many of the United Kingdom's economic, social and demographic statistics, including the retail prices index, trade figures and labour market data, as well as the periodic census of the population and health statistics. The Director of ONS is also the National Statistician and the Registrar General for England and Wales, and the agency that administers the registration of births, marriages and deaths there.

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Preface

The annual National Statistics **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 National Statistics data is available online at: www.statistics.gov.uk

Quarterly estimates

Quarterly estimates of the main components of the balance of payments for the last two years are published in a quarterly National Statistics First Release and in more detail in *UK Economic Accounts*.

Long run quarterly and annual estimates consistent with the *Pink Book* are published in the *Economic Trends Annual Supplement*. The latest estimates are also given in summary form in the *Monthly Digest of Statistics* and in *Financial Statistics*.

Comments and inquiries

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

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An introduction to the United Kingdom balance of payments

Introduction

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

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

The international investment position measures the levels of financial investment with the rest of the world, inward and outward.

International statistical standards

The 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 most recent (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.

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, e.g. 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, e.g. 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; and
- (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 particular date. 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 variations and other adjustments that occurred during the period. Financial transactions which are included in the reconciliation statement are equivalent to the transactions measured in the financial account of the balance of payments. The ONS does not currently compile 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 and other investment 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 embassies, consulates, military bases, scientific stations, information or immigration offices, aid agencies etc., whether owned or rented by the UK governments 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. Thus 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 which states that '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.

Prior to the adoption of *BPM5* and *ESA95*, the UK offshore islands were treated as part of the UK and the Islands' transactions with the rest of the world were included in the balance of payments. Adoption of *BPM5* and *ESA95* meant that UK transactions with the Islands became part of the balance of payments and the Islands' transactions with the rest of the world had to be excluded. To comply with this change in definition, adjustments were made to the data to include UK transactions with the Islands and to exclude the Islands transactions with the rest of the world. These adjustments mostly notably affected the investment account as the Islands are a major financial centre.

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:

- (i) Resident general government institutions including the Scottish Parliament, Welsh Assembly, Northern Ireland Assembly and local government authorities and statutory bodies. The UK embassies, consulates, military establishments, etc. 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.
- (ii) 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.
- (iii) Resident non-profit bodies are 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.
- (iv) Resident households and individuals which 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, and UK students studying 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, their dependants, and foreign students studying in the UK.

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 on the resources to UK from non-residents.

Financial liabilities of the UK to non-residents.

Transfers which 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 on the resources to non-residents from UK.

Financial claims of UK on non-residents.

Transfers which 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 (i.e. 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 (i.e. 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 (i.e. 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 (i.e. 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 reflect this in a double-entry recording system of credits and debits. When an economic value is provided (e.g. UK exports a car) a credit entry is made, and when the corresponding economic value is received (e.g. 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 (e.g. 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); 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 (i.e. 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 which are net credits have no sign, while balances which 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 (e.g. 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 (i.e. errors) and some are not measured at all (i.e. 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 which is 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 which are 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, services etc. 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 (financial services) associated with foreign exchange trading. Estimates of the implicit service fees being earned on foreign exchange trading with non-resident counterparties are made by splitting the total service fees reported by exchange traders into resident/non-resident shares using a number of assumptions and other published information.

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, i.e. 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. Thus a good entering the UK to be processed and returned to the country of origin, is 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 (i.e. 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 associated with embassies, military bases etc. 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, e.g. 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

A Summary of balance of payments in 2001

	£ million	
	Credits	Debits
1. Current account		
A. Goods and services	268 451	290 912
1. Goods	191 644	225 178
2. Services	76 807	65 734
2.1. Transportation	12 220	15 808
2.2. Travel	12 632	26 382
2.3. Communications	1 276	1 741
2.4. Construction	114	47
2.5. Insurance	3 832	763
2.6. Financial	12 988	3 032
2.7. Computer and information	2 408	784
2.8. Royalties and licence fees	5 666	4 101
2.9. Other business	23 082	10 269
2.10. Personal, cultural and recreational	1 070	703
2.11. Government	1 519	2 104
B. Income	139 880	130 718
1. Compensation of employees	1 049	869
2. Investment income	138 831	129 849
2.1 Direct investment	43 844	28 075
2.2 Portfolio investment	34 897	34 686
2.3 Other investment (including earnings on reserve assets)	60 090	67 088
C. Current transfers	16 183	23 337
1. Central government	4 912	7 403
2. Other sectors	11 271	15 934
Total current account	424 514	444 967
2. Capital and financial accounts		
A. Capital account	2 825	1 326
1. Capital transfers	2 706	985
2. Acquisition/disposal of non-produced, non-financial assets	119	341
B. Financial account	301 343	282 052
1. Direct investment	43 775	23 710
Abroad		23 710
1.1. Equity capital		19 180
1.2. Reinvested earnings		23 757
1.3. Other capital ¹		-19 227
In United Kingdom	43 775	
1.1. Equity capital	12 893	
1.2. Reinvested earnings	9 628	
1.3. Other capital ²	21 254	
2. Portfolio investment	44 182	93 284
Assets		93 284
2.1. Equity securities		47 780
2.2. Debt securities		45 504
Liabilities	44 182	
2.1. Equity securities	18 123	
2.2. Debt securities	26 059	
3. Financial derivatives (net)		-8 432
4. Other investment	213 386	176 573
Assets		176 573
4.1 Trade credits		-74
4.2 Loans		48 942
4.3 Currency and deposits		127 949
4.4 Other assets		-244
Liabilities	213 386	
4.1. Trade credits	-	
4.2. Loans	87 985	
4.3. Currency and deposits	125 163	
4.4. Other liabilities	238	
5. Reserve assets		-3 083
5.1. Monetary gold		-786
5.2. Special drawing rights		-22
5.3. Reserve position in the IMF		633
5.4. Foreign exchange		-2 913
Total capital and financial accounts	304 168	283 378
Total current, capital and financial accounts	728 682	728 345
Net errors and omissions	-337	

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

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 for *goods* and *services*. *Goods* comprise most movable goods that change ownership between UK residents and non-residents.

Services comprise services provided 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 (e.g. goods purchased by travellers are classified to services).

Income refers to income earned by UK residents from non-residents and vice versa. Income covers

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

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

Capital account

The *capital account* comprises both capital transfers and the acquisition and disposal of non-produced, non-financial assets (such as copyrights). The latter includes land purchases and sales associated with embassies and other extraterritorial bodies. Capital transfers entries are required where there is no quid pro quo to offset the transfer of ownership of fixed assets, or the transfer of funds linked to fixed assets (e.g. 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 (i.e. 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 (e.g. less than 10% of the ordinary share or voting stock).

- (iii) *Financial derivatives* covers 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, etc.), 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. Only estimates for the settlement receipts/payments on UK banks' interest rate swaps and forward rate agreements are included in financial derivatives.

- (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, i.e. *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 i.e. 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:

- (i) monetary gold;
- (ii) Special Drawing Rights;
- (iii) foreign exchange;
- (iv) reserve position in IMF;
- (v) equity;
- (vi) reinvested earnings;
- (vii) debt securities;

- (viii) financial derivatives;
- (ix) trade credit;
- (x) loans;
- (xi) currency and deposits; and
- (xii) 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:

- (i) 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;
- (ii) bonds, bills, notes and money market instruments within portfolio investment are shown separately but under a heading of *debt securities*; and
- (iii) 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 (e.g. foreign debt/assets and liabilities) or on a net basis (e.g. 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 2000 and 2001.

Revisions since ONS Pink Book 2001

Data has been revised from 1999 onwards.

Services – the data for 1999 and 2000 have been reassessed as part of the annual Input-Output balancing process.

Income – the income revisions mainly reflect the inclusion of later inquiry results and methodological improvements in the estimation of income from investment in property and dividend payments on non-residents' investment in UK equity securities.

Current transfers – revisions to 1999 and 2000 reflect later data on taxes and subsidies.

IIP – the initial results from the pension funds review have significantly increased UK pension funds' portfolio investment abroad, this has led to revisions to the 1999 and 2000 data.

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).

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

Balance of Payments and International Investment Position, Australia: Concepts, Sources and Methods (1998) Australian Bureau of Statistics (ISBN 0-642-25670-5).

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).

Articles describing balance of payments statistics, 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;

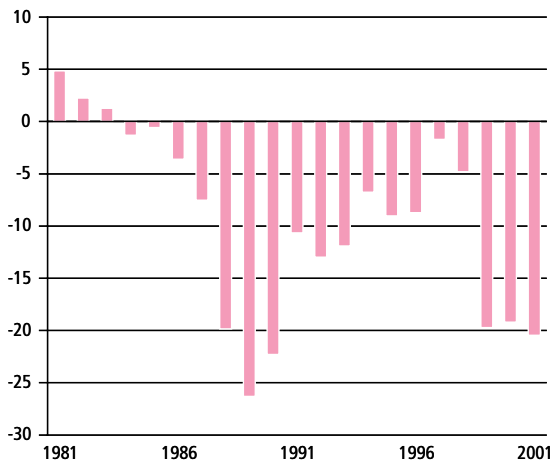
“Geographical breakdown of income in the balance of payments”, November 1999 and December 2000.

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Summary of balance of payments

Chart 1.1**Current account balance**

£ billion

**Current account**

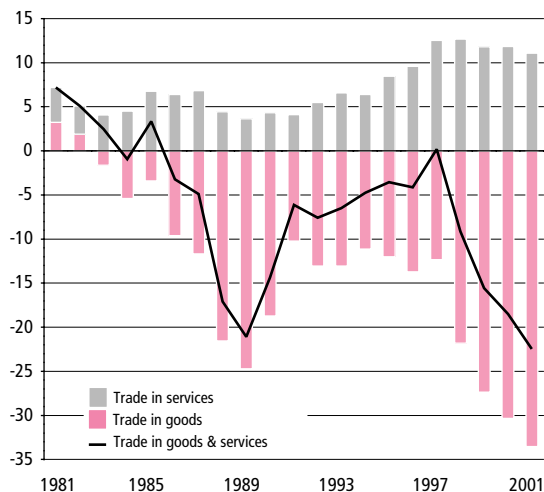
The UK has recorded a current account deficit in every year since 1984. Prior to 1984, the current account recorded a surplus in 1980 to 1983. Since the last surplus was recorded in 1983, there have been three main phases in the development of the current account. In the first phase, from 1984 to 1989, the current account deficit increased steadily to the record deficit of £26.3 billion recorded in 1989; during the second phase, from 1990 until 1997, the current account deficit declined to a low of £1.7 billion in 1997; in the third phase, since 1998, the current account deficit has widened again, to £20.5 billion in 2001.

The profile for the current account has historically followed that of trade in goods, its biggest and most cyclical component. The last trade in goods surplus recorded in 1982, was the main driver of a current account surplus. From 1982, the goods deficit increased to a peak of £24.7 billion in 1989, while the current balance deteriorated to a record deficit of £26.3 billion. From 1989, both the trade in goods and current account deficits fell until the mid-1990's. The increasing current account deficit since then has been due to the increase in the goods deficit from £12 billion in 1995 to a record £33.5 billion in 2001, partly offset by trade in services and investment income surpluses.

Chart 1.2**Trade in goods and services**

Credits less debits

£ billion

**Trade in goods and services**

The trade in goods account recorded a net surplus in the early 1980s for three years largely as a result of exports of North Sea oil. Since 1983, however, the trade in goods account has remained in deficit. The deficit grew significantly in the late 1980s to reach a record high of £24.7 billion in 1989 before improving in the 1990s staying around £10 billion until 1998 when the deficit grew significantly, reaching a record £33.5 billion in 2001.

The trade in services account has shown a surplus for every year since 1966. The surplus on services increased fairly steadily until 1987 during which time it broadly offset the deficit on trade in goods. From 1988 to 1994 the surplus was around £5 billion annually. From 1995 the surplus on the account increased significantly to peak at £12.7 billion in 1998, since when it has fallen back somewhat, largely due to increased travel expenditure abroad.

Income

The income account consists of compensation of employees and investment income; the latter dominates the income account. The balance on compensation of employees has generally been in deficit, but moved into surplus in the late 1990's.

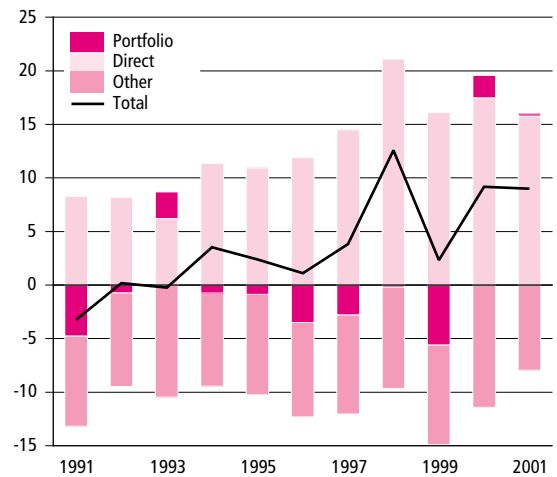
The investment income balance has generally shown a surplus (since records began in 1946 there has only been nine years which have shown a deficit) although it was not until 1994 that it exceeded £3 billion annually. Surpluses on direct investment income have been partly offset by deficits on other investment – principally banks' net payments on loans and deposits. There has been a substantial improvement in the investment income balance since 1993 due to a larger surplus on direct investment and a lower deficit on other investment, partly offset by a smaller surplus on portfolio investment income. By sector, the improvement in the investment income balance between 1993 and 2001 has been driven by monetary financial institutions moving from a deficit of £6.1 billion to a surplus of £9.6 billion.

Chart 1.3

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 £4.9 billion in 1990. In 1991, the deficit reduced to £1.2 billion, reflecting £2.1 billion receipts from other countries towards the UK's cost of the Gulf conflict. Since 1991, the deficit increased to reach a record £10 billion in 2000, falling back to £7.2 billion in 2001. Separate data for central government and other sectors are available from 1986 and show that surpluses on central government current transfers have been consistently outweighed by deficits with other sectors. The majority of payments to and receipts from EU institutions are recorded as other sector transactions as they relate to the original payee or ultimate recipient of the payment/receipt. The higher deficits from 1997 to 2000 and the lower deficit in 2001 were driven by fluctuating net contributions to EU Institutions.

Chart 1.4

Current transfers

Credits less debits

£ billion

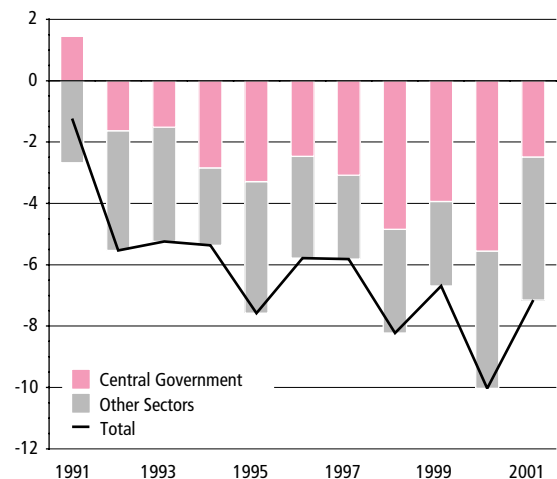
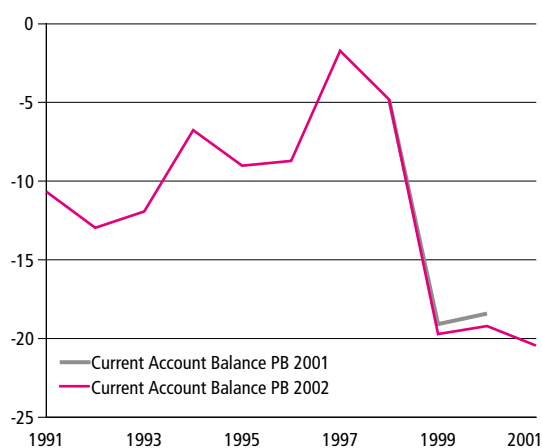


Chart 1.5**Revisions since Pink Book 2001****Credits less debits**

£ billion

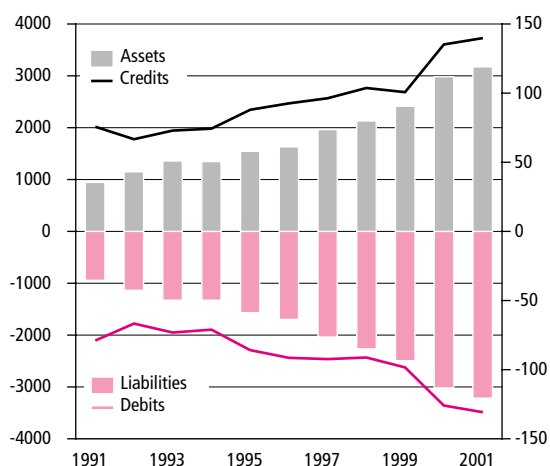
**Revisions**

Revisions in this year's Pink Book have generally been taken back to 1999 reflecting later and corrected inquiry data, rather than any substantial methodological changes. The overall impact of the changes has been to reduce the current account balance by £0.6 billion in 1999, £2.2 billion in 2000 and £3.0 billion in 2001, compared with data published in March. In addition, the trade in services aggregate shows some minor changes between 1973 and 1986.

Chart 1.6**International investment position and income****Credits less debits**

£ billion (IIP)

£ billion (income)

**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 between opening and closing levels and flows is not officially compiled in the UK, table 1.3 shows the rudiments of this relationship over the years for which consistent detailed data are available. Within the three main categories of investment (direct, portfolio and other), as well as reserve assets, it can be seen that the difference in the values of the balance sheet at the end of one year and the previous year, is approximately equal to the value of financial transactions in that year. The difference between the two amounts is explained by valuation, exchange rate and other effects.

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. The UK's external assets exceeded external liabilities in every year until 1990. From 1995 to 1998, the level of UK's external liabilities grew more strongly than the level of external assets, so that the net international investment position moved from a net asset to a net liability position of £135 billion in 1998. Since 1998, the level of external assets has grown more strongly than liabilities, with the net liability position falling to £40 billion in 2001.

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 assets until around 1993 to 1994 since when although the return on assets has been higher both have been at relatively low levels. Since other investment constitutes around half of the value of the balance sheets it is not surprising therefore that the rates of return have reflected the movements in interest rates on loans and deposits such as LIBOR. The rates of return for direct investment are significantly higher than for other forms of investment. This is probably a consequence in part of comparatively higher 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. Within portfolio investment, debt securities, which are often used as a form of short term financing, have similar rates of return as other investment, whilst equity securities have the lowest returns perhaps reflecting the comparatively lower risk on these instruments.

Chart 1.7
Implied rates of return on assets

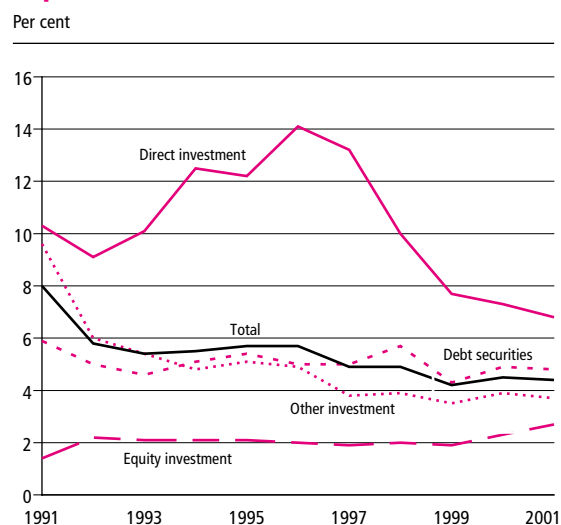
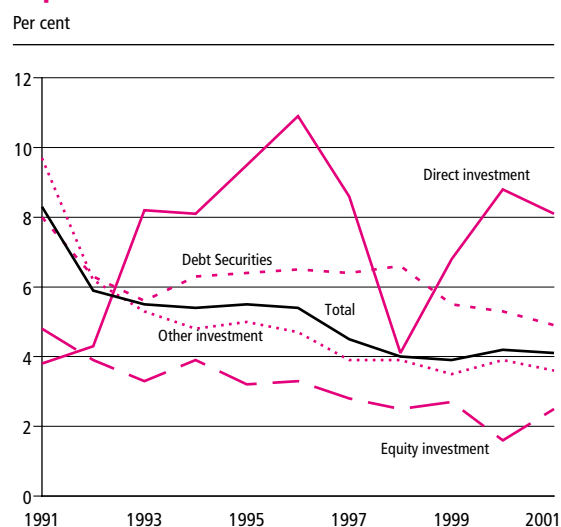


Chart 1.8
Implied rates of return on liabilities



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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	Capital account	Financial account	Net errors & omissions
	LQCT	KTMS	KTMV	KTMP	HMBM	HMBP	KTNF	HBOG	FKMJ	HBNT	HHDH
1946	-101	-274	-375	-20	76	56	166	-153	-21	181	-7
1947	-358	-197	-555	-19	140	121	123	-311	-21	552	-220
1948	-152	-64	-216	-20	223	203	96	83	-17	-58	-8
1949	-137	-43	-180	-20	206	186	29	35	-12	-103	80
1950	-54	-4	-58	-21	378	357	39	338	-10	-447	119
1951	-692	32	-660	-21	322	301	29	-330	-15	426	-81
1952	-272	123	-149	-22	231	209	169	229	-15	-229	15
1953	-244	123	-121	-25	207	182	143	204	-13	-177	-14
1954	-210	115	-95	-27	227	200	55	160	-13	-174	27
1955	-315	42	-273	-27	149	122	43	-108	-15	34	89
1956	50	26	76	-30	203	173	2	251	-13	-250	12
1957	-29	121	92	-32	223	191	-5	278	-13	-313	48
1958	34	119	153	-34	261	227	4	384	-10	-411	37
1959	-116	118	2	-37	233	196	-	198	-5	-68	-125
1960	-404	39	-365	-35	201	166	-6	-205	-6	-7	218
1961	-144	51	-93	-35	223	188	-9	86	-12	23	-97
1962	-104	50	-54	-37	301	264	-14	196	-12	-195	11
1963	-123	4	-119	-38	364	326	-37	170	-16	-30	-124
1964	-551	-34	-585	-33	365	332	-74	-327	-17	392	-48
1965	-263	-66	-329	-34	405	371	-75	-33	-18	49	2
1966	-111	44	-67	-39	358	319	-91	161	-19	22	-164
1967	-601	157	-444	-39	354	315	-118	-247	-25	179	93
1968	-708	341	-367	-48	303	255	-119	-231	-26	688	-431
1969	-214	392	178	-47	468	421	-109	490	-23	-794	327
1970	-18	455	437	-56	527	471	-89	819	-22	-818	21
1971	205	590	795	-63	481	418	-90	1 123	-23	-1 330	230
1972	-736	665	-71	-52	407	355	-142	142	-35	477	-584
1973	-2 573	803	-1 770	-68	1 074	1 006	-336	-1 100	-39	1 031	108
1974	-5 241	1 118	-4 123	-92	1 184	1 092	-302	-3 333	-34	3 185	182
1975	-3 245	1 447	-1 798	-102	518	416	-313	-1 695	-36	1 569	162
1976	-3 930	2 532	-1 398	-140	1 100	960	-534	-972	-12	507	477
1977	-2 271	3 306	1 035	-152	-280	-432	-889	-286	11	-3 286	3 561
1978	-1 534	3 777	2 243	-140	138	-2	-1 420	821	-79	-2 655	1 913
1979	-3 326	4 076	750	-130	155	25	-1 777	-1 002	-103	864	241
1980	1 329	3 829	5 158	-82	-1 683	-1 765	-1 653	1 740	-4	-2 157	421
1981	3 238	3 951	7 189	-66	-1 058	-1 124	-1 219	4 846	-79	-5 312	545
1982	1 879	3 198	5 077	-95	-1 273	-1 368	-1 476	2 233	6	-1 233	-1 006
1983	-1 618	4 076	2 458	-89	280	191	-1 391	1 258	75	-3 287	1 954
1984	-5 409	4 491	-918	-94	1 284	1 190	-1 566	-1 294	107	-7 130	8 317
1985	-3 416	6 767	3 351	-120	-877	-997	-2 924	-570	185	-1 657	2 042
1986	-9 617	6 403	-3 214	-156	1 850	1 694	-2 094	-3 614	135	-122	3 601
1987	-11 698	6 813	-4 885	-174	1 091	917	-3 570	-7 538	333	10 764	-3 559
1988	-21 553	4 450	-17 103	-64	817	753	-3 500	-19 850	235	17 201	2 414
1989	-24 724	3 643	-21 081	-138	-654	-792	-4 448	-26 321	270	18 001	8 050
1990	-18 707	4 337	-14 370	-110	-2 869	-2 979	-4 932	-22 281	497	15 083	6 701
1991	-10 223	4 102	-6 121	-63	-3 244	-3 307	-1 231	-10 659	290	5 269	5 100
1992	-13 050	5 482	-7 568	-49	177	128	-5 534	-12 974	421	5 089	7 464
1993	-13 066	6 581	-6 485	35	-226	-191	-5 243	-11 919	309	11 330	280
1994	-11 126	6 379	-4 747	-170	3 518	3 348	-5 369	-6 768	33	2 126	4 609
1995	-12 023	8 481	-3 542	-296	2 397	2 101	-7 574	-9 015	533	4 964	3 518
1996	-13 722	9 597	-4 125	93	1 111	1 204	-5 788	-8 709	736	5 515	2 458
1997	-12 342	12 528	186	83	3 823	3 906	-5 812	-1 720	804	-5 066	5 982
1998	-21 813	12 666	-9 147	-10	12 568	12 558	-8 225	-4 814	473	245	4 096
1999	-27 372	11 794	-15 578	201	2 335	2 536	-6 687	-19 729	943	19 735	-949
2000	-30 326	11 838	-18 488	143	9 169	9 312	-10 032	-19 208	1 823	13 993	3 392
2001	-33 534	11 073	-22 461	180	8 982	9 162	-7 154	-20 453	1 499	19 291	-337

1.2

Current account

£ million

		1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Credits												
Exports of goods and services												
Exports of goods	LQAD	47 493	51 034	55 657	60 984	70 565	78 291	72 997	79 531	80 711	92 611	102 313
Exports of services	KTMQ	15 114	16 398	17 051	18 902	21 094	23 783	24 682	27 033	26 843	28 998	31 574
Total exports of goods and services	KTMW	62 607	67 432	72 708	79 886	91 659	102 074	97 679	106 564	107 554	121 609	133 887
Income												
Compensation of employees	KTMN	219	238	252	290	323	344	369	413	445	476	543
Investment income	HMBN	23 225	36 807	43 544	41 632	50 629	51 011	46 431	47 079	55 444	72 604	77 663
Total income	HMBQ	23 444	37 045	43 796	41 922	50 952	51 355	46 800	47 492	55 889	73 080	78 206
Current transfers												
Central government	FJUM	..	..	..	..	..	..	1 973	1 475	1 929	1 507	2 050
Other sectors	FJUN	..	..	..	..	..	..	4 374	4 412	4 808	5 864	7 376
Total current transfers	KTND	2 013	3 089	3 811	4 226	4 710	4 653	6 347	5 887	6 737	7 371	9 426
Total	HBOE	88 064	107 566	120 315	126 034	147 321	158 082	150 826	159 943	170 180	202 060	221 519
Debits												
Imports of goods and services												
Imports of goods	LQBL	46 164	47 796	53 778	62 602	75 974	81 707	82 614	91 229	102 264	117 335	121 020
Imports of services	KTMR	11 285	12 447	13 853	14 826	16 603	17 016	18 279	20 220	22 393	25 355	27 237
Total imports of goods and services	KTMX	57 449	60 243	67 631	77 428	92 577	98 723	100 893	111 449	124 657	142 690	148 257
Income												
Compensation of employees	KTMO	301	304	347	379	417	464	525	587	509	614	653
Investment income	HMBO	24 908	37 865	44 817	41 352	49 345	51 888	44 581	45 988	54 627	73 258	80 532
Total income	HMBR	25 209	38 169	45 164	41 731	49 762	52 352	45 106	46 575	55 136	73 872	81 185
Current transfers												
Central government	FJUO	..	..	..	..	..	..	1 261	1 449	2 433	2 275	2 125
Other sectors	FJUP	..	..	..	..	..	..	7 180	8 008	7 804	9 544	12 233
Total current transfers	KTNE	3 666	4 308	5 287	5 617	6 276	7 577	8 441	9 457	10 237	11 819	14 358
Total	HBOF	86 324	102 720	118 082	124 776	148 615	158 652	154 440	167 481	190 030	228 381	243 800
Balances												
Trade in goods and services												
Trade in goods	LQCT	1 329	3 238	1 879	-1 618	-5 409	-3 416	-9 617	-11 698	-21 553	-24 724	-18 707
Trade in services	KTMS	3 829	3 951	3 198	4 076	4 491	6 767	6 403	6 813	4 450	3 643	4 337
Total trade in goods and services	KTMY	5 158	7 189	5 077	2 458	-918	3 351	-3 214	-4 885	-17 103	-21 081	-14 370
Income												
Compensation of employees	KTMP	-82	-66	-95	-89	-94	-120	-156	-174	-64	-138	-110
Investment income	HMBM	-1 683	-1 058	-1 273	280	1 284	-877	1 850	1 091	817	-654	-2 869
Total income	HMBP	-1 765	-1 124	-1 368	191	1 190	-997	1 694	917	753	-792	-2 979
Current transfers												
Central government	FJUQ	..	..	..	..	..	..	712	26	-504	-768	-75
Other sectors	FJUR	..	..	..	..	..	..	-2 806	-3 596	-2 996	-3 680	-4 857
Total current transfers	KTNF	-1 653	-1 219	-1 476	-1 391	-1 566	-2 924	-2 094	-3 570	-3 500	-4 448	-4 932
Total (Current balance)	HBOG	1 740	4 846	2 233	1 258	-1 294	-570	-3 614	-7 538	-19 850	-26 321	-22 281

1.2

Current account

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
Exports of goods and services												
Exports of goods	LQAD	103 939	107 863	122 229	135 143	153 577	167 196	171 923	164 056	166 166	187 936	191 644
Exports of services	KTMQ	32 001	36 228	41 411	45 365	49 932	55 895	59 699	64 745	70 443	77 199	76 807
Total exports of goods and services	KTMW	135 940	144 091	163 640	180 508	203 509	223 091	231 622	228 801	236 609	265 135	268 451
Income												
Compensation of employees	KTMN	551	551	595	681	887	911	1 007	840	960	1 014	1 049
Investment income	HMBN	75 073	66 153	72 333	73 702	87 132	91 621	95 337	102 945	99 865	134 223	138 831
Total income	HMBQ	75 624	66 704	72 928	74 383	88 019	92 532	96 344	103 785	100 825	135 237	139 880
Current transfers												
Central government	FJUM	4 892	2 180	2 826	2 138	1 730	2 828	2 173	1 943	3 542	2 463	4 912
Other sectors	FJUN	9 281	10 295	9 565	9 454	10 751	16 088	10 929	10 500	10 464	9 810	11 271
Total current transfers	KTND	14 173	12 475	12 391	11 592	12 481	18 916	13 102	12 443	14 006	12 273	16 183
Total	HBOE	225 737	223 270	248 959	266 483	304 009	334 539	341 068	345 029	351 440	412 645	424 514
Debits												
Imports of goods and services												
Imports of goods	LQBL	114 162	120 913	135 295	146 269	165 600	180 918	184 265	185 869	193 538	218 262	225 178
Imports of services	KTMR	27 899	30 746	34 830	38 986	41 451	46 298	47 171	52 079	58 649	65 361	65 734
Total imports of goods and services	KTMX	142 061	151 659	170 125	185 255	207 051	227 216	231 436	237 948	252 187	283 623	290 912
Income												
Compensation of employees	KTMO	614	600	560	851	1 183	818	924	850	759	871	869
Investment income	HMBO	78 317	65 976	72 559	70 184	84 735	90 510	91 514	90 377	97 530	125 054	129 849
Total income	HMBR	78 931	66 576	73 119	71 035	85 918	91 328	92 438	91 227	98 289	125 925	130 718
Current transfers												
Central government	FJUO	3 450	3 812	4 343	4 977	5 022	5 297	5 260	6 787	7 482	8 015	7 403
Other sectors	FJUP	11 954	14 197	13 291	11 984	15 033	19 407	13 654	13 881	13 211	14 290	15 934
Total current transfers	KTNE	15 404	18 009	17 634	16 961	20 055	24 704	18 914	20 668	20 693	22 305	23 337
Total	HBOF	236 396	236 244	260 878	273 251	313 024	343 248	342 788	349 843	371 169	431 853	444 967
Balances												
Trade in goods and services												
Trade in goods	LQCT	-10 223	-13 050	-13 066	-11 126	-12 023	-13 722	-12 342	-21 813	-27 372	-30 326	-33 534
Trade in services	KTMS	4 102	5 482	6 581	6 379	8 481	9 597	12 528	12 666	11 794	11 838	11 073
Total trade in goods and services	KTMY	-6 121	-7 568	-6 485	-4 747	-3 542	-4 125	186	-9 147	-15 578	-18 488	-22 461
Income												
Compensation of employees	KTMP	-63	-49	35	-170	-296	93	83	-10	201	143	180
Investment income	HMBM	-3 244	177	-226	3 518	2 397	1 111	3 823	12 568	2 335	9 169	8 982
Total income	HMBP	-3 307	128	-191	3 348	2 101	1 204	3 906	12 558	2 536	9 312	9 162
Current transfers												
Central government	FJUQ	1 442	-1 632	-1 517	-2 839	-3 292	-2 469	-3 087	-4 844	-3 940	-5 552	-2 491
Other sectors	FJUR	-2 673	-3 902	-3 726	-2 530	-4 282	-3 319	-2 725	-3 381	-2 747	-4 480	-4 663
Total current transfers	KTNF	-1 231	-5 534	-5 243	-5 369	-7 574	-5 788	-5 812	-8 225	-6 687	-10 032	-7 154
Total (Current balance)	HBOG	-10 659	-12 974	-11 919	-6 768	-9 015	-8 709	-1 720	-4 814	-19 729	-19 208	-20 453

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

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Investment abroad												
International investment position												
Direct investment	HBWD	128.1	151.8	172.6	176.1	203.7	201.6	223.3	299.6	428.1	609.9	645.2
Portfolio investment	HHZZ	260.6	327.2	469.8	429.8	499.3	548.2	651.0	704.6	825.0	900.4	899.1
Other investment	HLXV	528.4	639.7	684.4	708.6	808.1	851.0	1 066.6	1 104.2	1 138.2	1 442.4	1 605.9
Reserve assets	LTEB	26.0	28.3	29.7	30.7	31.8	27.3	22.8	23.3	22.2	28.8	25.6
Total	HBQA	943.1	1 146.9	1 356.5	1 345.2	1 542.9	1 628.1	1 963.7	2 131.8	2 413.5	2 981.5	3 175.9
Financial account transactions												
Direct investment	-HJYP	9.3	11.3	18.2	22.7	28.7	22.3	38.2	73.3	125.0	168.6	23.7
Portfolio investment	-HHZC	32.3	28.6	89.6	-21.8	39.3	59.6	51.9	31.9	20.6	67.3	93.3
Financial derivatives (net)	-ZPNM	—	-1.3	-0.2	-2.4	-1.7	-1.0	-1.2	3.0	-2.7	-1.6	-8.4
Other investment	-XBMM	-20.2	31.7	45.3	27.8	47.5	137.1	168.2	17.2	57.6	265.9	176.6
Reserve assets	-LTCV	2.7	-1.4	0.7	1.0	-0.2	-0.5	-2.4	-0.2	-0.6	3.9	-3.1
Total	-HBNR	24.1	68.9	153.5	27.3	113.6	217.6	254.9	125.4	199.9	504.2	282.1
Investment income												
Direct investment	HJYW	13.2	13.8	17.4	21.9	24.8	28.5	29.4	29.8	33.1	44.6	43.8
Portfolio investment	HLYX	9.7	12.6	16.7	16.4	19.7	20.2	23.8	29.0	25.6	32.9	34.9
Other investment	AIOP	50.5	38.4	36.8	33.8	41.0	41.3	40.7	43.0	40.0	55.8	59.1
Reserve assets	HCB	1.7	1.5	1.5	1.6	1.7	1.6	1.4	1.1	1.2	1.0	1.0
Total	HMBN	75.1	66.2	72.3	73.7	87.1	91.6	95.3	102.9	99.9	134.2	138.8
Investment in the UK												
International investment position												
Direct investment	HBWI	128.6	130.8	135.9	129.9	146.2	152.6	173.7	213.6	250.3	306.6	347.5
Portfolio investment	HLXW	208.8	247.1	306.9	320.0	406.3	480.0	583.3	694.4	831.1	1 000.9	979.1
Other investment	HLYD	608.3	756.3	882.3	877.4	1 013.0	1 064.9	1 282.1	1 359.0	1 412.7	1 711.1	1 889.2
Total	HBQB	945.7	1 134.2	1 325.1	1 327.3	1 565.5	1 697.5	2 039.1	2 267.0	2 494.0	3 018.6	3 215.7
Financial account transactions												
Direct investment	HJYU	9.2	9.4	10.9	7.1	13.8	17.6	22.8	45.1	55.2	79.1	43.8
Portfolio investment	HHZF	9.8	9.6	28.8	30.7	37.3	43.0	26.7	20.9	115.4	166.4	44.2
Other investment	XBMN	10.3	55.0	125.2	-8.3	67.4	162.5	200.3	59.6	49.0	272.7	213.4
Total	HBNS	29.4	74.0	164.9	29.5	118.6	223.1	249.8	125.6	219.6	518.2	301.3
Investment income												
Direct investment	HJYX	4.9	5.6	11.1	10.6	13.8	16.6	14.9	8.8	17.0	27.1	28.1
Portfolio investment	HLZC	14.4	13.3	14.2	17.2	20.6	23.7	26.6	29.2	31.2	30.8	34.7
Other investment	HLZN	58.9	47.1	47.2	42.5	50.3	50.1	50.0	52.5	49.3	67.1	67.1
Total	HMBO	78.3	66.0	72.6	70.2	84.7	90.5	91.5	90.4	97.5	125.1	129.8
Net investment												
International investment position												
Direct investment	HBWQ	-0.6	20.9	36.7	46.2	57.5	49.0	49.5	85.9	177.8	303.3	297.7
Portfolio investment	CGNH	51.8	80.1	162.9	109.8	93.0	68.2	67.7	10.2	-6.1	-100.4	-80.0
Other investment	CGNG	-79.8	-116.6	-197.9	-168.8	-204.9	-213.9	-215.5	-254.7	-274.4	-268.7	-283.3
Reserve assets	LTEB	26.0	28.3	29.7	30.7	31.8	27.3	22.8	23.3	22.2	28.8	25.6
Net investment position	HBQC	-2.6	12.8	31.4	17.9	-22.6	-69.4	-75.5	-135.2	-80.5	-37.0	-39.9
Financial account transactions												
Direct investment	HJYV	-0.1	-1.8	-7.2	-15.6	-14.9	-4.7	-15.4	-28.3	-69.8	-89.5	20.1
Portfolio investment	HHZD	-22.5	-19.1	-60.8	52.5	-2.0	-16.6	-25.3	-11.0	94.8	99.1	-49.1
Financial derivatives	ZPNM	—	1.3	0.2	2.4	1.7	1.0	1.2	-3.0	2.7	1.6	8.4
Other investment	HHYR	30.6	23.3	79.8	-36.1	19.9	25.4	32.1	42.4	-8.5	6.7	36.8
Reserve assets	LTCV	-2.7	1.4	-0.7	-1.0	0.2	0.5	2.4	0.2	0.6	-3.9	3.1
Net transactions	HBNT	5.3	5.1	11.3	2.1	5.0	5.5	-5.1	0.2	19.7	14.0	19.3
Investment income												
Direct investment	HJYE	8.3	8.2	6.2	11.4	10.9	11.9	14.5	21.1	16.1	17.5	15.8
Portfolio investment	HLZX	-4.8	-0.7	2.5	-0.8	-0.9	-3.5	-2.8	-0.2	-5.6	2.1	0.2
Other investment	CGNA	-8.4	-8.7	-10.4	-8.7	-9.4	-8.8	-9.3	-9.5	-9.3	-11.4	-8.0
Reserve assets	HCB	1.7	1.5	1.5	1.6	1.7	1.6	1.4	1.1	1.2	1.0	1.0
Net earnings	HMBM	-3.2	0.2	-0.2	3.5	2.4	1.1	3.8	12.6	2.3	9.2	9.0

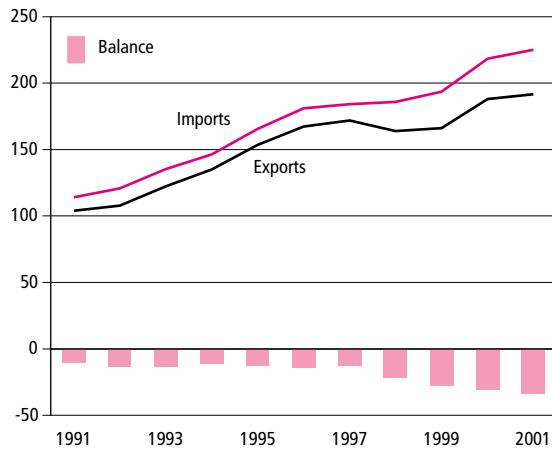
Part 1 Current account

Chapter 2

Trade in goods

Chart 2.1
Trade in goods

£ billion



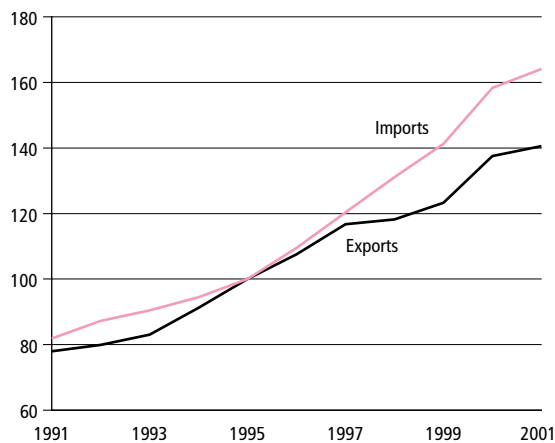
Summary

The balance on trade in goods has shown a deficit in all but 6 years over the last century with the value of imports exceeding the value of exports. A surplus on trade in goods has not been recorded since 1982. In the period 1991 to 1997 the deficit settled into the range of £10 billion – £14 billion before widening in every subsequent year.

In 2001 the deficit widened to a record £33.5 billion driven by a 3 per cent rise in the value of imports to a record £225.2 billion but partly offset by a 2 per cent rise in the value of exports to a record £191.6 billion. The deficit with Non-EU countries widened from £27.1 billion to a record £28.4 billion with a 1½ per cent rise in imports and a ½ per cent rise in exports. The deficit with EU countries widened from £3.3 billion to £5.2 billion with a 4½ per cent rise in imports and a 3 per cent rise in exports.

Chart 2.2
Export and import volume indices

Indices 1995=100



Volume changes

Export volume has increased in every year since 1981. The growth in exports slowed during the years 1991 to 1993 reflecting a decline in economic activity abroad. Since then 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 slowed again in 2001 as world economic activity slowed. Import volume has 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 import growth has resumed although it slowed dramatically in 2001.

Export and import volumes both reached record annual levels in 2001. Export volume rose by 2½ per cent and import volume rose by 3½ per cent. Export volume rose by 3½ per cent to EU countries but was only marginally up to non-EU countries, both to record annual levels. The volume of imports from EU countries rose by 5½ per cent in 2001 while the volume of imports from non-EU countries rose by 1½ per cent. Imports from both areas were at record annual levels in 2001.

Price changes

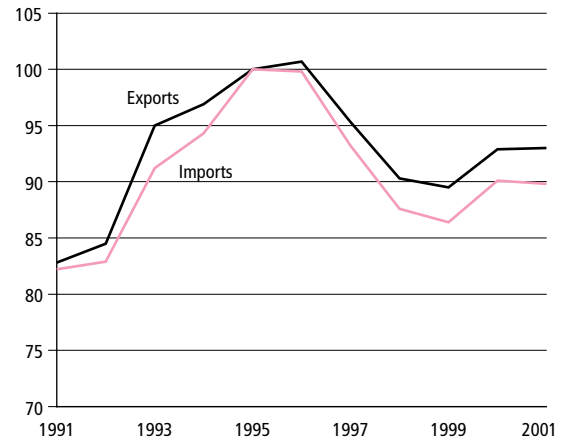
Export and import prices rose for 9 consecutive years between 1986 and 1995. The largest annual rises, 12 per cent for exports and 10 per cent for imports, occurred between 1992 and 1993 when sterling depreciated sharply following the UK's withdrawal from the Exchange Rate Mechanism (ERM). Both exports and import prices fell by about 6 per cent during 1997 and 1998. This reflected falls in World commodity prices and the price of crude oil feeding through into the price of manufactured goods. The price of crude oil increased by about 30 per cent in 1999 and by a further 60 per cent in 2000.

The price of crude oil fell back in 2001 after reaching in 2000 its highest annual price since 1985. The overall export price index was little changed and the import price index was down by $\frac{1}{2}$ per cent compared to the previous year. Excluding the oil price effect export prices would have risen by 1 per cent in 2001 while import prices would have remained virtually unchanged.

Chart 2.3

Export and import price indices

Indices 1995=100



Trade in oil

While the overall balance on trade in goods has shown a deficit every year since 1982, exports of oil consistently exceeded imports of oil in each year since 1980. In 1985 trade in oil showed a record surplus of £8.0 billion as oil prices reached record levels. Disruptions to production in the North Sea subsequently diminished the surplus during the period 1988 to 1991. Until 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 £5.4 billion in 2001.

Chart 2.4

Trade in oil

£ billion

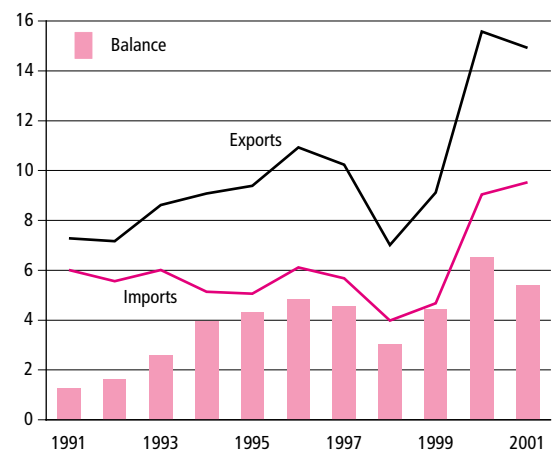
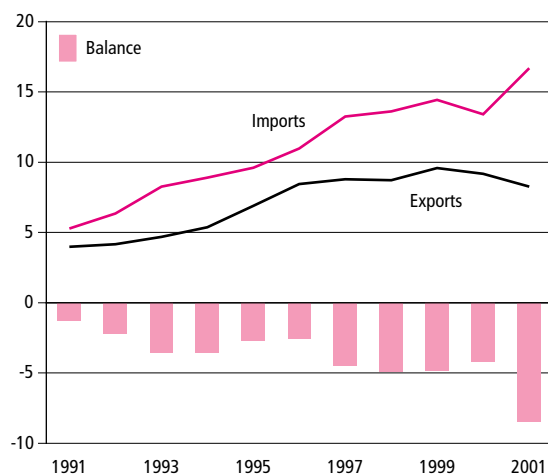


Chart 2.5**Trade in motor cars**

£ billion

**Trade in commodities other than oil**

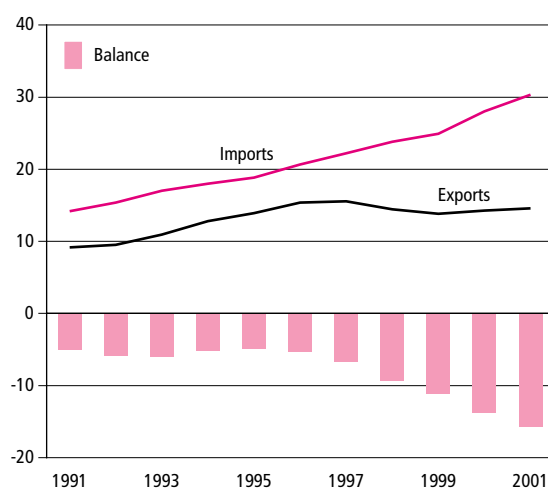
Finished manufactures accounted for an increased share of both total exports and total imports in the last ten years. Their share of total exports rose from 54 per cent in 1991 to 58 per cent in 2001. Imports rose from 51 per cent to 60 per cent over the same ten-year period.

Within finished manufactures, the balance on trade in capital goods was in surplus every year since 1991. The balance on trade in ships and aircraft was in surplus every year between 1991 and 1997. 2001 saw a record deficit reflecting higher imports of aircraft. 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 in 2001 was double that in 2000 as production in 2001 was disrupted by restructuring in the industry. Within semi-manufactured goods the UK has been a net exporter of chemicals and a net importer of other semi-manufactured goods in each of the last ten years.

In 2001 export growth in volume terms was most prominent in chemicals which rose by 14 per cent to reach a record level. Import growth, again in volume terms, was particularly strong in cars and chemicals, growing by 26 per cent and 11 per cent respectively.

Chart 2.6**Trade in other consumer goods**

£ billion



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2.1 Trade in goods

Summary table

£ million

			1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
SITC ¹													
Exports													
Food, beverages and tobacco	BQMV	0+1	7 654	8 677	9 173	10 039	11 192	11 328	11 103	10 216	9 947	9 908	9 754
Basic materials	ELBK	2+4	2 008	1 950	2 276	2 568	2 946	2 790	2 753	2 512	2 284	2 603	2 622
Oil													
Crude oil	BQNX	333	4 370	4 491	5 169	6 019	6 539	7 508	6 452	4 473	6 148	10 522	10 591
Oil products	BQNY	334+335	2 914	2 681	3 455	3 060	2 845	3 420	3 787	2 545	2 975	5 062	4 335
Total oil	BOKL	33	7 284	7 172	8 624	9 079	9 384	10 928	10 239	7 018	9 123	15 584	14 926
Coal, gas and electricity	BQNF	32+34+35	353	307	451	413	558	650	777	495	806	1 473	1 551
Semi-manufactured goods													
Chemicals	BQOB	5	13 700	14 931	17 742	18 806	20 999	22 166	21 901	22 102	23 071	24 992	28 123
Precious stones and silver	BQOD	667+681.1	2 057	1 828	3 048	3 081	3 117	3 609	3 555	2 833	3 633	4 744	4 706
Other	BQOC	Rest of 6	13 438	13 599	14 712	16 493	19 342	19 533	19 120	18 410	16 669	17 929	18 173
Total semi-manufactured goods	BQMX	5+6	29 195	30 358	35 502	38 380	43 458	45 308	44 576	43 345	43 373	47 665	51 002
Finished manufactured goods													
Motor cars	BQOE	781	3 984	4 168	4 690	5 359	6 898	8 450	8 789	8 709	9 585	9 178	8 261
Other consumer goods ²	BQOF		9 183	9 514	10 951	12 811	13 893	15 391	15 554	14 448	13 840	14 280	14 578
Intermediate goods ²	BQOG		20 738	22 164	24 630	27 354	31 311	34 320	35 881	35 637	36 658	41 130	42 804
Capital goods ²	BQOH		16 108	16 470	19 778	23 112	27 499	30 542	32 795	33 654	33 324	37 169	38 133
Ships and aircraft	BQOI	792+793	5 596	5 032	4 495	4 531	4 611	5 536	7 513	6 125	5 730	7 261	6 974
Total finished manufactured goods	BQMQ	7+8	55 609	57 348	64 544	73 167	84 212	94 239	100 532	98 573	99 137	109 018	110 750
Commodities and transactions not classified according to kind	BOKJ	9	1 836	2 051	1 659	1 497	1 827	1 953	1 943	1 897	1 496	1 685	1 039
Total	LQAD		103 939	107 863	122 229	135 143	153 577	167 196	171 923	164 056	166 166	187 936	191 644
Imports													
Food, beverages and tobacco	BQMW	0+1	11 609	12 613	13 300	13 888	15 561	17 422	16 911	17 250	17 787	17 805	18 785
Basic materials	BQNA	2+4	4 588	4 616	5 077	5 539	6 454	6 545	6 273	5 631	5 429	6 307	6 461
Oil													
Crude oil	BQNM	333	3 763	3 634	3 921	3 104	3 093	3 810	3 414	1 967	2 105	4 825	4 877
Oil products	BQOA	334+335	2 247	1 928	2 091	2 038	1 968	2 308	2 265	2 009	2 569	4 223	4 657
Total oil	BQAQ	33	6 010	5 562	6 012	5 142	5 061	6 118	5 679	3 976	4 674	9 048	9 534
Coal, gas and electricity	BQNG	32+34+35	1 613	1 561	1 461	1 200	1 100	1 166	1 145	916	753	968	1 272
Semi-manufactured goods													
Chemicals	BQOJ	5	10 599	11 205	12 980	14 156	17 481	18 095	17 405	17 379	18 619	20 633	23 043
Precious stones and silver	BQOL	667+681.1	2 070	1 957	2 681	2 874	3 352	3 630	3 873	4 025	4 788	5 454	5 259
Other	BQOK		17 722	17 948	19 016	20 970	24 408	25 070	24 134	23 670	22 142	23 777	25 256
Total semi-manufactured goods	BQMR	5+6	30 391	31 110	34 677	38 000	45 241	46 795	45 412	45 074	45 549	49 864	53 558
Finished manufactured goods													
Motor cars	BQOM	781	5 273	6 352	8 273	8 893	9 601	10 978	13 254	13 618	14 433	13 403	16 693
Other consumer goods ²	BQON		14 191	15 400	17 024	18 019	18 835	20 662	22 237	23 793	24 905	28 011	30 340
Intermediate goods ²	BQOO		20 742	22 642	25 627	28 408	33 211	38 077	36 506	37 091	40 594	47 045	43 222
Capital goods ²	BQOP		14 324	15 767	19 135	21 864	25 560	27 434	29 222	30 191	31 520	36 560	35 095
Ships and aircraft	BQOQ	792+793	3 505	3 519	3 283	4 134	3 359	3 956	5 867	6 525	6 093	7 405	8 933
Total finished manufactured goods	BQMY	7+8	58 035	63 680	73 342	81 318	90 566	101 107	107 086	111 218	117 545	132 424	134 283
Commodities and transactions not classified according to kind	BQAO	9	1 916	1 771	1 426	1 182	1 617	1 765	1 759	1 804	1 801	1 846	1 285
Total	LQBL		114 162	120 913	135 295	146 269	165 600	180 918	184 265	185 869	193 538	218 262	225 178

2.1 Trade in goods

Summary table

continued

£ million

			1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
SITC ¹													
Balances													
Food, beverages and tobacco	BQOS	0+1	-3 955	-3 936	-4 127	-3 849	-4 369	-6 094	-5 808	-7 034	-7 840	-7 897	-9 031
Basic materials	BQOR	2+4	-2 580	-2 666	-2 801	-2 971	-3 508	-3 755	-3 520	-3 119	-3 145	-3 704	-3 839
Oil													
Crude oil	BQMG	333	607	857	1 248	2 915	3 446	3 698	3 038	2 506	4 043	5 697	5 714
Oil products	BQMH	334+335	667	753	1 364	1 022	877	1 112	1 522	536	406	839	-322
Total oil	BQNE	33	1 274	1 610	2 612	3 937	4 323	4 810	4 560	3 042	4 449	6 536	5 392
Coal, gas and electricity	BQNH	32+34+35	-1 260	-1 254	-1 010	-787	-542	-516	-368	-421	53	505	279
Semi-manufactured goods													
Chemicals	BQMI	5	3 101	3 726	4 762	4 650	3 518	4 071	4 496	4 723	4 452	4 359	5 080
Precious stones and silver	BQMK	667+681.1	-13	-129	367	207	-235	-21	-318	-1 192	-1 155	-710	-553
Other	BQMJ	Rest of 6	-4 284	-4 349	-4 304	-4 477	-5 066	-5 537	-5 014	-5 260	-5 473	-5 848	-7 083
Total semi-manufactured goods	BQOT	5+6	-1 196	-752	825	380	-1 783	-1 487	-836	-1 729	-2 176	-2 199	-2 556
Finished manufactured goods													
Motor cars	BQML	781	-1 289	-2 184	-3 583	-3 534	-2 703	-2 528	-4 465	-4 909	-4 848	-4 225	-8 432
Other consumer goods ²	BQMM		-5 008	-5 886	-6 073	-5 208	-4 942	-5 271	-6 683	-9 345	-11 065	-13 731	-15 762
Intermediate goods ²	BQMN		-4	-478	-997	-1 054	-1 900	-3 757	-625	-1 454	-3 936	-5 915	-418
Capital goods ²	BQMO		1 784	703	643	1 248	1 939	3 108	3 573	3 463	1 804	609	3 038
Ships and aircraft	BQMP	792+793	2 091	1 513	1 212	397	1 252	1 580	1 646	-400	-363	-144	-1 959
Total finished manufactured goods	BQOV	7+8	-2 426	-6 332	-8 798	-8 151	-6 354	-6 868	-6 554	-12 645	-18 408	-23 406	-23 533
Commodities and transactions not classified according to kind	BQOU	9	-80	280	233	315	210	188	184	93	-305	-161	-246
Total	LQCT		-10 223	-13 050	-13 066	-11 126	-12 023	-13 722	-12 342	-21 813	-27 372	-30 326	-33 534

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.*

2.2 Trade in goods: volume indices

1995=100

			1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
SITC ¹													
Exports													
Food, beverages and tobacco	BQPP	0+1	76	83	83	93	100	101	105	102	102	103	100
Basic materials	BQPQ	2+4	83	79	89	98	100	100	105	107	103	115	115
Oil													
Crude oil	BOGH	333	65	70	79	99	100	95	88	91	93	97	103
Oil products	BOGO	334+335	102	103	124	118	100	106	122	105	105	118	118
Total oil	BONC	33	76	80	92	105	100	98	99	95	97	103	107
Coal, gas and electricity	BOGP	32+34+35	57	54	83	83	100	98	127	111	159	169	170
Semi-manufactured goods													
Chemicals	BQLB	5	77	83	91	96	100	105	111	116	127	139	158
Precious stones and silver	BQLD	667+681.1	78	66	100	100	100	117	122	100	133	174	169
Other	BQLC	Rest of 6	80	81	84	90	100	102	105	104	97	104	105
Total semi-manufactured goods	BQPR	5+6	79	81	89	94	100	104	109	109	114	126	135
Finished manufactured goods													
Motor cars	BQLE	781	75	76	74	82	100	121	127	128	141	144	130
Other consumer goods ²	BQLF		80	80	81	94	100	112	120	115	113	117	118
Intermediate goods ²	BQLG		79	82	81	90	100	110	121	125	135	156	163
Capital goods ²	BQLH		66	67	72	83	100	113	127	139	148	173	177
Ships and aircraft	BQLI	792+793	157	133	104	100	100	120	162	136	128	154	139
Total finished manufactured goods	BQPS	7+8	78	79	79	88	100	113	126	129	136	154	156
Total	BPBP		78.0	79.9	83.1	91.3	100.0	107.6	116.7	118.2	123.3	137.5	140.6
Imports													
Food, beverages and tobacco	BQPT	0+1	89	95	93	96	100	109	114	126	135	137	144
Basic materials	BQPU	2+4	89	95	99	99	100	105	106	101	100	107	108
Oil													
Crude oil	BQPV	333	121	123	129	111	100	101	105	96	69	91	102
Oil products	BQPW	334+335	113	102	114	103	100	102	105	106	121	143	166
Total oil	ELAM	33	118	115	123	108	100	101	105	100	89	111	127
Coal, gas and electricity	BQPX	32+34+35	158	166	127	109	100	108	118	110	111	132	142
Semi-manufactured goods													
Chemicals	BQLQ	5	73	77	83	92	100	108	114	120	132	143	159
Precious stones and silver	BQLS	667+681.1	77	74	86	87	100	107	120	123	148	160	170
Other	BQLR	Rest of 6	85	90	91	96	100	105	109	115	112	114	121
Total semi-manufactured goods	BQPY	5+6	79	84	87	94	100	106	112	118	123	129	139
Finished manufactured goods													
Motor cars	BQLT	781	76	87	100	101	100	112	139	145	154	144	181
Other consumer goods ²	BQLU		80	89	100	101	100	108	120	132	139	153	165
Intermediate goods ²	BQLV		79	83	83	89	100	117	123	139	161	195	180
Capital goods ²	BQLW		64	71	79	86	100	110	131	152	170	209	218
Ships and aircraft	BQLX	792+793	129	124	109	129	100	112	172	193	173	193	209
Total finished manufactured goods	BQPZ	7+8	76	83	89	93	100	112	128	144	159	185	189
Total	BQBJ		81.9	87.3	90.5	94.5	100.0	109.5	120.3	131.1	141.2	158.3	164.1

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

1995=100

			1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
SITC ¹													
Exports													
Food, beverages and tobacco	BPAI	0+1	86	90	98	96	100	101	95	92	92	92	94
Basic materials	BPAW	2+4	76	78	84	89	100	96	91	84	80	84	86
Oil													
Crude oil	BQAC	333	104	99	102	93	100	121	110	74	99	167	157
Oil products	BQAD	334+335	99	89	96	91	100	114	110	91	113	168	155
Total oil	BQAL	33	102	96	100	92	100	119	110	79	103	168	157
Coal, gas and electricity	BQAF	32+34+35	96	91	97	90	100	119	110	80	96	153	142
Semi-manufactured goods													
Chemicals	BQLJ	5	82	83	94	95	100	101	95	92	88	89	89
Precious stones and silver	BQLL	667+681.1	84	87	97	99	100	98	94	90	88	87	87
Other	BQLK	Rest of 6	85	85	91	96	100	98	94	91	88	89	90
Total semi-manufactured goods	BQAA	5+6	83	84	93	96	100	100	94	91	88	89	89
Finished manufactured goods													
Motor cars	BQPM	781	77	80	91	94	100	101	100	98	99	92	92
Other consumer goods ²	BQLM		82	84	96	98	100	96	91	87	85	85	86
Intermediate goods ²	BQLN		82	84	95	97	100	100	94	91	88	87	87
Capital goods ²	BQLO		86	88	99	101	100	99	95	90	86	83	84
Ships and aircraft	BQLP	792+793	77	82	93	98	100	100	100	99	99	102	109
Total finished manufactured goods	BQAB	7+8	82	85	96	98	100	99	94	91	89	87	88
Total	BQKR		82.8	84.5	95.0	96.9	100.0	100.7	95.3	90.3	89.5	92.9	93.0
Imports													
Food, beverages and tobacco	ELAN	0+1	84	85	94	94	100	102	96	89	86	87	88
Basic materials	ELAO	2+4	77	74	80	89	100	98	93	89	88	94	93
Oil													
Crude oil	ELAS	333	100	94	98	90	100	121	105	67	98	173	157
Oil products	ELAT	334+335	112	103	99	101	100	116	109	96	107	149	142
Total oil	ELBB	33	104	98	99	94	100	119	107	78	101	163	151
Coal, gas and electricity	ELAU	32+34+35	102	101	107	102	100	99	90	77	62	68	78
Semi-manufactured goods													
Chemicals	BQLY	5	77	77	87	89	100	98	89	85	82	85	86
Precious stones and silver	BQMA	667+681.1	80	80	94	98	100	101	96	96	96	102	94
Other	BQLZ	Rest of 6	84	82	87	90	100	98	91	85	81	86	86
Total semi-manufactured goods	ELAQ	5+6	81	80	88	90	100	98	91	86	83	87	87
Finished manufactured goods													
Motor cars	BQMB	781	75	78	88	92	100	102	99	98	98	97	96
Other consumer goods ²	BQMC		91	89	91	95	100	100	97	94	94	96	97
Intermediate goods ²	BQMD		81	85	93	96	100	99	92	85	83	84	84
Capital goods ²	BQME		84	87	96	100	100	98	90	84	82	81	79
Ships and aircraft	BQMF	792+793	81	85	89	96	100	104	101	101	104	115	125
Total finished manufactured goods	ELAR	7+8	83	86	93	97	100	100	94	89	88	88	88
Total	BQKS		82.2	82.9	91.2	94.3	100.0	99.8	93.2	87.6	86.4	90.1	89.8

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.

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

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Overseas trade statistics (f.o.b.)	HGAA	104 819	108 506	119 142	135 186	154 971	169 569	173 082	165 856	168 221	189 667	192 565
Coverage adjustments												
Second-hand ships	HBYK	225	277	224	175	208	204	193	219	154	105	134
Repairs to ships and aircraft	EPAQ	15	15	12	12	12	12	12	12	12	12	12
Goods not changing ownership	HCLJ	-2 193	-2 369	-1 009	-1 170	-1 710	-1 972	-2 351	-2 565	-2 291	-2 343	-1 785
Goods procured in ports	KTPB	521	515	636	591	593	659	623	564	645	865	868
Industrial gold	DEJO	19	21	51	34	34	31	22	46	33	33	44
Other	BQPO	17	9	107	174	53	53	56	55	56	57	57
Total coverage adjustments	EHHH	-1 396	-1 532	21	-184	-810	-1 013	-1 445	-1 669	-1 391	-1 271	-670
Other adjustments	EPAR	516	888	3 066	141	-584	-1 360	286	-131	-664	-460	-251
Total	LQAD	103 939	107 863	122 229	135 143	153 577	167 196	171 923	164 056	166 166	187 936	191 644
Imports												
Overseas trade statistics (c.i.f.)	HGAD	118 871	125 868	136 178	149 888	169 609	186 153	189 107	192 027	199 925	224 415	231 083
Coverage adjustments												
Second-hand ships	HBTY	48	32	74	381	235	232	160	185	281	112	165
Ships delivered abroad	CGER	46	205	88	209	186	96	165	217	127	540	486
Repairs to ships and aircraft	EPBA	34	34	8	143	69	9	33	35	15	11	9
Goods not changing ownership	HBYS	-2 193	-2 369	-1 009	-1 170	-1 710	-1 972	-2 351	-2 565	-2 291	-2 343	-1 785
Goods procured in ports	KTPC	460	461	495	553	590	703	789	744	780	1 035	1 215
Industrial gold	DEJP	213	172	191	221	205	209	194	135	149	164	145
Smuggling - alcohol	QHCP	-	-	-	35	101	272	271	331	266	320	..
Smuggling - tobacco	QHCT	-	-	-	41	121	329	441	693	991	1 221	..
Other	EHHI	30	5	29	29	27	24	136	26	14	19	..
Total coverage adjustments	EHHJ	-1 362	-1 459	-124	442	-176	-98	-162	-199	332	1 079	1 435
Valuation adjustments												
Freight	BPGF	-2 969	-3 081	-3 416	-3 539	-3 628	-3 945	-4 171	-4 362	-4 660	-5 106	-5 424
Insurance	ENAG	-354	-378	-418	-433	-496	-522	-556	-548	-594	-654	-666
Total	HCLT	-3 323	-3 459	-3 834	-3 972	-4 124	-4 467	-4 727	-4 910	-5 254	-5 760	-6 090
Other adjustments	EPBB	-24	-36	3 075	-89	291	-670	47	-1 049	-1 465	-1 472	-1 250
Total	LQBL	114 162	120 913	135 295	146 269	165 600	180 918	184 265	185 869	193 538	218 262	225 178

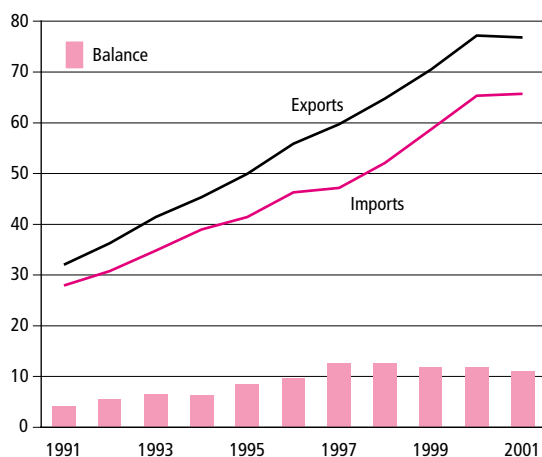
Part 1 Current account

Chapter 3

Trade in Services

Chart 3.1
Trade in services

£ billion



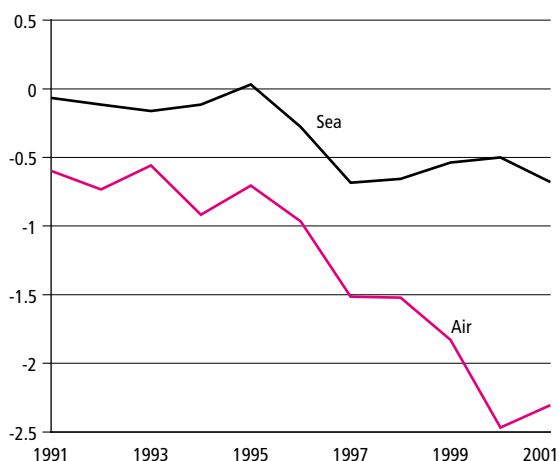
Summary

A surplus has been recorded for trade in services in every year since 1966. There was a slight decrease in the surplus in 2001, down from £11.8 billion in 2000 to £11 billion in 2001. In the year to 2001, exports of services fell by 0.5 per cent (compared to a rise of almost 10 per cent the previous year), while imports grew slightly by 0.6 per cent (compared to an increase of 11 per cent in 2000). Of the 11 main product groupings, all showed surpluses other than transport, travel, communications and government services. The fall in the balance was mainly due to a large increase in the travel deficit from £10.9 billion in 2000 to £13.8 billion in 2001. This was slightly offset by an increase in other business services surplus from £10.3 billion in 2000 to £12.8 billion in 2001.

Chart 3.2
Trade in sea and air transport services

Credits less debits

£ billion



Transportation

Sea transport exports and imports relate mainly to freight services on exports and imports of goods. Sea transport was close to balance in 1995, but has recorded deficits every year since. The deficit increased from £0.5 billion in 2000 to £0.7 billion in 2001 reflecting higher imports of freight services from overseas shipping operators.

The UK has recorded a deficit on air transport services in every year since the mid-1980's. The deficit decreased slightly in 2001, from £2.5 billion in 2000 to £2.3 billion.

Travel

Travel expenditure by overseas residents in the UK accounts for around 16 per cent of total exports of trade in services, while expenditure by UK residents travelling abroad accounts for around 40 per cent of total imports.

The travel deficit has grown significantly since the late 1980's. The £13.8 billion deficit in 2001 was the highest on record, up from £10.9 billion in 2000. The increase in the deficit has been driven by the increasing numbers of UK residents travelling abroad (up 2 per cent to 58 million in 2001) and a sharp decrease in the numbers of overseas visitors to the UK (down 9 per cent to 23 million). The sharp fall in the numbers of overseas visitors to the UK in 2001 is thought to be partly due to events such as the foot and mouth crisis deterring people from travelling to the UK.

Financial services

Exports and imports of financial services from banks, fund managers, securities dealers' etc have been presented separately since Pink Book 2001. The balance has remained stable between 2000 and 2001, at £10 billion. A fall of £0.4 billion in the exports of services by UK securities dealers was offset by higher exports of financial services by other companies.

Chart 3.3

Trade in travel services

£ billion

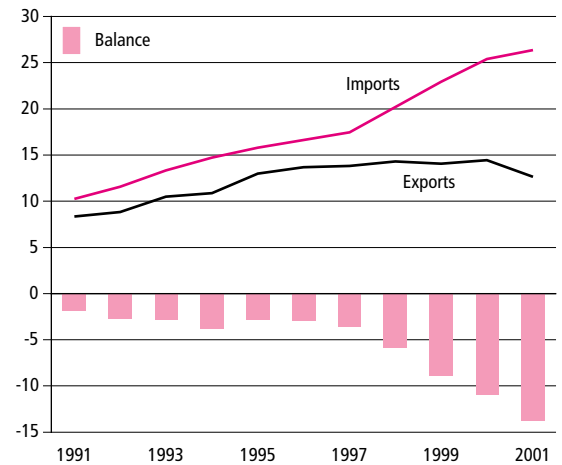


Chart 3.4

Trade in financial services

£ billion

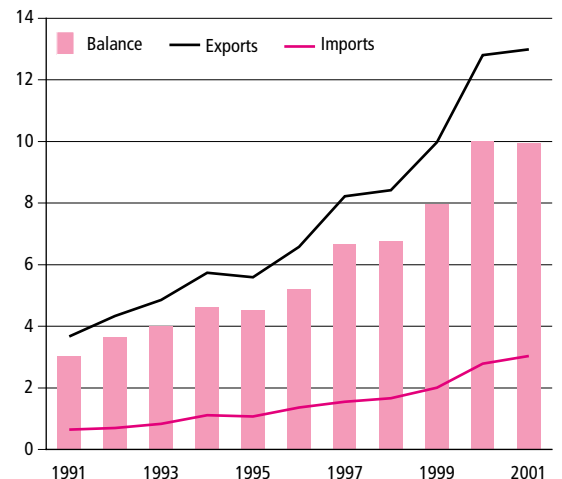
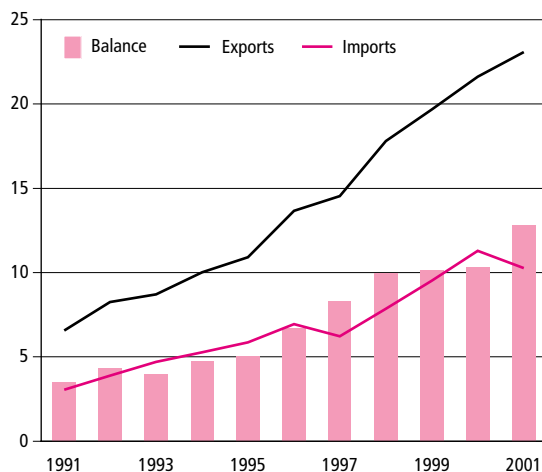


Chart 3.5**Trade in other business services**

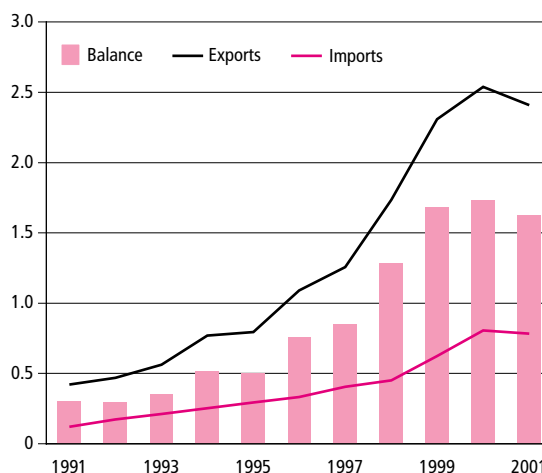
£ billion

**Other business services**

Other business services covers a broad range of services including trade related services such as merchanting, operational leasing and consultancy services such as advertising, engineering and legal services. Data for other business services, consistent with *BPM5* definitions, are only available from 1991. Between 1991 and 2001, both exports and imports of other business services more than trebled. The balance on other business services increased in 2001 by 24 per cent to £12.8 billion. This is due to exports increasing by £1.5 billion to £23.1 billion and imports falling by £1 billion to £10.3 billion.

Chart 3.6**Trade in computer and information services**

£ billion

**Computer and information services**

Both exports and imports of computer services showed strong growth in the late 1990's; the value of exports and imports has more than doubled since 1995. However, between 2000 and 2001, both exports and imports of computer and information services decreased for the first time since data is available in 1991. Exports fell by 5.2 per cent (compared to an increase of 10 per cent in 2000) and imports fell by 2.7 per cent (compared to an increase of 29.4 per cent in 2000).

3.1 Trade in services

Summary table

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Transportation	FJOD	7 207	7 895	8 770	9 492	10 200	10 820	11 179	11 582	11 624	12 615	12 220
Travel	FJPF	8 330	8 841	10 509	10 882	12 990	13 691	13 805	14 302	14 060	14 446	12 632
Communications	FJPH	1 004	895	1 070	1 038	1 009	1 057	1 146	1 285	1 535	1 567	1 276
Construction	FJPI	66	87	96	115	130	173	266	298	252	116	114
Insurance	FJPJ	996	1 172	1 854	1 963	2 344	2 656	3 191	2 851	3 997	3 927	3 832
Financial	FJPK	3 668	4 336	4 851	5 733	5 591	6 580	8 223	8 422	9 979	12 802	12 988
Computer and information	FJPL	422	469	563	770	795	1 090	1 257	1 735	2 308	2 539	2 408
Royalties and license fees	FJPM	1 887	2 388	2 906	3 468	3 854	4 253	4 148	4 439	4 996	5 274	5 666
Other business	FJPN	6 566	8 247	8 702	10 028	10 906	13 661	14 527	17 799	19 683	21 605	23 082
Personal, cultural and recreational	FJPR	320	424	549	571	690	734	820	900	944	1 134	1 070
Government	FJPU	1 535	1 474	1 541	1 305	1 423	1 180	1 137	1 132	1 065	1 174	1 519
Total	KTMQ	32 001	36 228	41 411	45 365	49 932	55 895	59 699	64 745	70 443	77 199	76 807
Imports												
Transportation	FJPV	7 840	8 671	9 398	10 328	10 733	11 916	13 291	13 799	14 180	15 972	15 808
Travel	APQA	10 255	11 557	13 319	14 728	15 793	16 642	17 443	20 201	22 930	25 385	26 382
Communications	FJQZ	1 143	971	1 274	1 310	1 328	1 340	1 341	1 508	1 686	1 727	1 741
Construction	FJRA	42	61	76	83	95	120	168	111	94	53	47
Insurance	FJRB	411	427	427	471	495	567	594	587	582	695	763
Financial	FJRE	645	694	837	1 118	1 073	1 359	1 550	1 662	2 002	2 783	3 032
Computer and information	FJRF	121	173	211	253	293	333	405	451	623	806	784
Royalties and license fees	FJRG	1 904	2 039	2 403	2 918	3 295	4 042	3 747	3 928	4 042	4 048	4 101
Other business	FJRH	3 046	3 896	4 702	5 266	5 855	6 938	6 225	7 848	9 527	11 299	10 269
Personal, cultural and recreational	FJRL	192	193	285	386	493	556	546	475	587	703	703
Government	FJRO	2 300	2 064	1 898	2 125	1 998	2 485	1 861	1 509	2 396	1 890	2 104
Total	KTMR	27 899	30 746	34 830	38 986	41 451	46 298	47 171	52 079	58 649	65 361	65 734
Balances												
Transportation	FJRP	-633	-776	-628	-836	-533	-1 096	-2 112	-2 217	-2 556	-3 357	-3 588
Travel	FJSR	-1 925	-2 716	-2 810	-3 846	-2 803	-2 951	-3 638	-5 899	-8 870	-10 939	-13 750
Communications	FJST	-139	-76	-204	-272	-319	-283	-195	-223	-151	-160	-465
Construction	FJSU	24	26	20	32	35	53	98	187	158	63	67
Insurance	FJSV	585	745	1 427	1 492	1 849	2 089	2 597	2 264	3 415	3 232	3 069
Financial	FJTA	3 023	3 642	4 014	4 615	4 518	5 221	6 673	6 760	7 977	10 019	9 956
Computer and information	FJTB	301	296	352	517	502	757	852	1 284	1 685	1 733	1 624
Royalties and license fees	FJTC	-17	349	503	550	559	211	401	511	954	1 226	1 565
Other business	FJTD	3 520	4 351	4 000	4 762	5 051	6 723	8 302	9 951	10 156	10 306	12 813
Personal, cultural and recreational	FJTH	128	231	264	185	197	178	274	425	357	431	367
Government	FJUL	-765	-590	-357	-820	-575	-1 305	-724	-377	-1 331	-716	-585
Total	KTMS	4 102	5 482	6 581	6 379	8 481	9 597	12 528	12 666	11 794	11 838	11 073

3.2 Transportation

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Sea transport												
Passenger												
Passenger revenue	FJAL	479	586	588	594	693	705	697	462	463	630	564
Time charter receipts	FJAM	7	8	8	8	8	9	9	–	9	8	1
Total passenger	FJOF	486	594	596	602	701	714	706	462	472	638	565
Freight												
Dry cargo												
Freight on UK exports	HECV	378	367	384	406	421	409	416	322	375	400	387
Freight on cross-trades	HDVI	869	902	1 129	1 272	1 354	1 345	1 564	1 502	1 411	1 453	1 314
Time charter receipts	FJAO	82	97	109	90	125	125	138	109	90	140	100
Wet cargo												
Freight on UK exports	HEIX	47	50	46	66	64	71	68	60	59	98	107
Freight on cross-trades	HECX	469	383	416	502	488	550	536	442	350	458	577
Time charter receipts	FJAP	94	79	96	128	139	120	68	70	87	104	190
Total Freight	FJOG	1 939	1 878	2 180	2 464	2 591	2 620	2 790	2 505	2 372	2 653	2 675
Disbursements in the UK	FJAR	750	840	878	910	946	950	981	1 139	1 063	1 042	1 086
Total sea transport	FJOE	3 175	3 312	3 654	3 976	4 238	4 284	4 477	4 106	3 907	4 333	4 326
Air transport												
Passenger revenue	FJOJ	2 363	2 764	3 163	3 392	3 751	4 110	4 080	4 422	4 402	4 690	4 255
Freight on UK exports and cross trades	FJOK	211	275	309	358	361	428	407	408	380	428	365
Other												
Disbursements in the UK	FJAX	880	941	1 018	1 044	983	1 024	1 177	1 565	1 765	1 994	2 167
Other revenue	HBWB	180	138	144	154	176	221	242	236	294	303	258
Total other	FJOL	1 060	1 079	1 162	1 198	1 159	1 245	1 419	1 801	2 059	2 297	2 425
Total air transport	FJOI	3 634	4 118	4 634	4 948	5 271	5 783	5 906	6 631	6 841	7 415	7 045
Other transport												
Rail												
Passenger	FJOS	–	–	–	–	71	77	80	108	132	109	113
Freight	FJOT	–	–	–	3	10	11	8	16	17	20	15
Total rail	FJOR	–	–	–	3	81	88	88	124	149	129	128
Road												
Passenger	FJOW	–	–	–	–	–	–	–	–	–	–	–
Freight	FJOX	367	422	443	511	570	629	672	683	690	690	665
Total road	FJOV	367	422	443	511	570	629	672	683	690	690	665
Pipeline transport	FJPD	31	43	39	54	40	36	36	38	37	48	56
Total other transport	FJOM	398	465	482	568	691	753	796	845	876	867	849
Total	FJOD	7 207	7 895	8 770	9 492	10 200	10 820	11 179	11 582	11 624	12 615	12 220

3.2 Transportation

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Imports												
Sea transport												
Passenger												
Passenger expenditure	FJBP	356	428	443	483	457	396	486	494	429	413	393
Time charter payments	FJBQ	47	51	55	62	65	70	92	22	24	24	8
Total passenger	FJPX	403	479	498	545	522	466	578	516	453	437	401
Freight												
Dry cargo												
Freight on UK imports	HCJO	1 333	1 514	1 682	1 761	1 811	1 846	2 008	2 063	2 202	2 531	2 693
Time charter payments	FJBS	95	106	118	129	135	145	190	217	122	149	137
Wet cargo												
Freight on UK imports	HCNJ	288	195	237	222	194	221	315	282	415	280	347
Time charter payments	FJBT	196	214	208	200	186	243	161	181	89	172	265
Freight on UK coastal routes	HFAA	102	81	97	92	116	132	135	135	135	172	185
Total Freight	FJPY	2 014	2 110	2 342	2 404	2 442	2 587	2 809	2 878	2 963	3 304	3 627
Other												
Disbursements - dry cargo	FJBU	716	733	865	1 039	1 134	1 375	1 670	1 291	953	1 036	939
Disbursements - wet cargo	FJBW	107	104	111	102	107	134	104	78	76	55	39
Total other	FJpz	823	837	976	1 141	1 241	1 509	1 774	1 369	1 029	1 091	978
Total sea transport	FJpw	3 240	3 426	3 816	4 090	4 205	4 562	5 161	4 763	4 445	4 832	5 006
Air transport												
Passenger expenditure	FJQB	2 359	2 771	2 894	3 192	3 115	3 505	3 863	4 197	4 650	5 192	4 856
Freight	FJQC	289	358	361	375	401	481	543	583	685	740	823
Disbursements abroad	FJCA	1 583	1 723	1 936	2 298	2 459	2 764	3 015	3 372	3 336	3 951	3 671
Total air transport	FJQA	4 231	4 852	5 191	5 865	5 975	6 750	7 421	8 152	8 671	9 883	9 350
Other transport												
Rail												
Passenger	FJQK	—	—	—	2	54	85	98	121	154	167	168
Freight	FJQL	—	—	—	3	13	13	10	21	26	37	43
Total rail	FJQJ	—	—	—	5	67	98	108	142	180	204	211
Road												
Passenger	FJQO	—	—	—	—	—	—	—	—	—	—	—
Freight	FJQP	316	340	337	319	422	457	550	694	836	1 001	1 189
Total road	FJQN	316	340	337	319	422	457	550	694	836	1 001	1 189
Pipeline transport	FJQV	53	53	54	49	64	49	51	48	48	52	52
Total other transport	FJQE	369	393	391	373	553	604	709	884	1 064	1 257	1 452
Total	FJpV	7 840	8 671	9 398	10 328	10 733	11 916	13 291	13 799	14 180	15 972	15 808

3.2 Transportation

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Balances												
Sea transport												
Passenger	FJRR	83	115	98	57	179	248	128	-54	19	201	164
Freight												
Dry cargo	FJNJ	-99	-254	-178	-122	-46	-112	-80	-347	-448	-687	-1 029
Wet cargo	FJNM	126	103	113	274	311	277	196	109	-8	208	262
Other	FJVC	-102	-81	-97	-92	-116	-132	-135	-135	-135	-172	-185
Total Freight	FJRS	-75	-232	-162	60	149	33	-19	-373	-591	-651	-952
Other												
Dry cargo	FJVF	-716	-733	-865	-1 039	-1 134	-1 375	-1 670	-1 291	-953	-1 036	-939
Wet Cargo	FJVG	-107	-104	-111	-102	-107	-134	-104	-78	-76	-55	-39
Other	FJVI	750	840	878	910	946	950	981	1 139	1 063	1 042	1 086
Total other	FJRT	-73	3	-98	-231	-295	-559	-793	-230	34	-49	108
Total sea transport	FJRQ	-65	-114	-162	-114	33	-278	-684	-657	-538	-499	-680
<i>of which</i>												
<i>Ships owned or chartered-in by UK residents</i>	FLMZ	1 264	1 264	1 419	1 534	1 665	1 367	1 279	1 178	1 580	1 855	1 852
<i>Ships operated by non-residents</i>	FLNF	-1 329	-1 378	-1 581	-1 648	-1 632	-1 645	-1 963	-1 835	-2 118	-2 354	-2 532
Air transport												
Passenger	FJRV	4	-7	269	200	636	605	217	225	-248	-502	-601
Freight	FJRW	-78	-83	-52	-17	-40	-53	-136	-175	-305	-312	-458
Other	FJRX	-523	-644	-774	-1 100	-1 300	-1 519	-1 596	-1 571	-1 277	-1 654	-1 246
Total air transport	FJRU	-597	-734	-557	-917	-704	-967	-1 515	-1 521	-1 830	-2 468	-2 305
Other transport												
Rail												
Passenger	FJSE	-	-	-	-2	17	-8	-18	-13	-22	-58	-55
Freight	FJSF	-	-	-	-	-3	-2	-2	-5	-9	-17	-28
Total rail	FJSD	-	-	-	-2	14	-10	-20	-18	-31	-75	-83
Road												
Passenger	FJSI	-	-	-	-	-	-	-	-	-	-	-
Freight	FJSJ	51	82	106	192	148	172	122	-11	-146	-311	-524
Total road	FJSH	51	82	106	192	148	172	122	-11	-146	-311	-524
Pipeline transport	FJSP	-22	-10	-15	5	-24	-13	-15	-10	-11	-4	4
Total other transport	FJRY	29	72	91	195	138	149	87	-39	-188	-390	-603
Total	FJRP	-633	-776	-628	-836	-533	-1 096	-2 112	-2 217	-2 556	-3 357	-3 588

3.3 Travel

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Business												
Expenditure by seasonal & border workers ¹	FJQC	—	—	—	53	52	60	53	132	114	147	163
Other	FJNO	2 142	2 211	2 489	2 580	3 240	3 246	3 533	3 857	3 998	4 084	3 618
Total business travel	FJPG	2 142	2 211	2 489	2 633	3 292	3 306	3 586	3 989	4 112	4 231	3 781
Personal												
Health related ²	FJCX	—	—	—	91	53	105	112	79	93	66	84
Education related	FJDD	1 566	1 529	1 774	1 880	2 237	2 512	2 492	2 696	2 534	2 484	2 566
Other	FJDG	4 622	5 101	6 246	6 278	7 408	7 768	7 615	7 538	7 321	7 665	6 201
Total personal travel	FJTU	6 188	6 630	8 020	8 249	9 698	10 385	10 219	10 313	9 948	10 215	8 851
Total	FJPF	8 330	8 841	10 509	10 882	12 990	13 691	13 805	14 302	14 060	14 446	12 632
Imports												
Business												
Expenditure by seasonal & border workers ¹	FJDO	—	—	—	28	71	55	56	118	197	192	215
Other	FJNP	1 885	2 000	2 364	2 629	3 044	3 435	3 451	4 231	4 352	4 811	4 480
Total business travel	FJQY	1 885	2 000	2 364	2 657	3 115	3 490	3 507	4 349	4 549	5 003	4 695
Personal												
Health related ²	FJDT	—	—	—	9	4	3	11	3	10	19	18
Education related	FJDV	47	63	103	91	106	118	111	133	180	99	107
Other	APPW	8 323	9 494	10 852	11 971	12 568	13 031	13 814	15 716	18 191	20 264	21 562
Total personal travel	APQW	8 370	9 557	10 955	12 071	12 678	13 152	13 936	15 852	18 381	20 382	21 687
Total	APQA	10 255	11 557	13 319	14 728	15 793	16 642	17 443	20 201	22 930	25 385	26 382
Balances												
Business												
Expenditure by seasonal & border workers ¹	FJCR	—	—	—	25	−19	5	−3	14	−83	−45	−52
Other	FJCW	257	211	125	−49	196	−189	82	−374	−354	−727	−862
Total business travel	FJSS	257	211	125	−24	177	−184	79	−360	−437	−772	−914
Personal												
Health related ²	FJCY	—	—	—	82	49	102	101	76	83	47	66
Education related	FJDE	1 519	1 466	1 671	1 789	2 131	2 394	2 381	2 563	2 354	2 385	2 459
Other	FJDH	−3 701	−4 393	−4 606	−5 693	−5 160	−5 263	−6 199	−8 178	−10 870	−12 599	−15 361
Total personal travel	FJTW	−2 182	−2 927	−2 935	−3 822	−2 980	−2 767	−3 717	−5 539	−8 433	−10 167	−12 836
Total	FJSR	−1 925	−2 716	−2 810	−3 846	−2 803	−2 951	−3 638	−5 899	−8 870	−10 939	−13 750

1 There are no firm data for expenditure by seasonal & border workers before 1994, but for continuity some estimates have been included in other business travel.

2 There are no firm data for health related travel before 1994, but for continuity broad estimates have been included in other personal travel.

3.4 Communications services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Postal and courier services												
Postal services	FJTN	27	15	80	92	109	85	93	89	119	121	93
Courier services	FJTO	20	20	25	18	24	23	15	12	38	23	21
Total postal and courier services	FJED	47	35	105	110	133	108	108	101	157	144	114
Telecommunications services	FJAS	957	860	965	928	876	949	1 038	1 184	1 378	1 423	1 162
Total	FJPH	1 004	895	1 070	1 038	1 009	1 057	1 146	1 285	1 535	1 567	1 276
Imports												
Postal and courier services												
Postal services	FJTP	89	51	172	198	223	217	200	210	235	256	184
Courier services	FJTQ	17	18	20	19	19	19	14	27	27	13	13
Total postal and courier services	FJEI	106	69	192	217	242	236	214	237	262	269	197
Telecommunications services	FJAT	1 037	902	1 082	1 093	1 086	1 104	1 127	1 271	1 424	1 458	1 544
Total	FJQZ	1 143	971	1 274	1 310	1 328	1 340	1 341	1 508	1 686	1 727	1 741
Balances												
Postal and courier services												
Postal services	FJTR	-62	-36	-92	-106	-114	-132	-107	-121	-116	-135	-91
Courier services	FJTS	3	2	5	-1	5	4	1	-15	11	10	8
Total postal and courier services	FJEE	-59	-34	-87	-107	-109	-128	-106	-136	-105	-125	-83
Telecommunications services	FJAQ	-80	-42	-117	-165	-210	-155	-89	-87	-46	-35	-382
Total	FJST	-139	-76	-204	-272	-319	-283	-195	-223	-151	-160	-465

3.5 Insurance services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Life insurance and pension funds	FJEU	161	188	103	170	238	415	494	838	1 557	1 421	2 786
Freight insurance	FJJL	22	14	26	25	2	31	82	76	47	35	96
Other direct insurance ¹	FJEW	-168	-221	184	307	562	839	925	439	653	350	-806
Reinsurance	FJEX	62	157	389	273	409	339	718	331	-49	-99	-151
Auxiliary insurance services (insurance brokers)	FJEY	919	1 034	1 152	1 188	1 133	1 032	972	1 167	1 789	2 220	1 907
Total²	FJFJ	996	1 172	1 854	1 963	2 344	2 656	3 191	2 851	3 997	3 927	3 832
Imports												
Life insurance and pension funds	FJRC	-	-	-	-	-	-	-	-	-	-	-
Freight insurance	FJRD	411	427	427	471	495	567	594	587	582	695	763
Other direct insurance	FJFC	-	-	-	-	-	-	-	-	-	-	-
Reinsurance	FJFD	-	-	-	-	-	-	-	-	-	-	-
Auxiliary insurance services	FJFE	-	-	-	-	-	-	-	-	-	-	-
Total	FJRB	411	427	427	471	495	567	594	587	582	695	763
Balances												
Life insurance and pension funds	FJSW	161	188	103	170	238	415	494	838	1 557	1 421	2 786
Freight insurance	FJSX	-389	-413	-401	-446	-493	-536	-512	-511	-535	-660	-667
Other direct insurance	FJJM	-168	-221	184	307	562	839	925	439	653	350	-806
Reinsurance	FJJN	62	157	389	273	409	339	718	331	-49	-99	-151
Auxiliary insurance services	FJJO	919	1 034	1 152	1 188	1 133	1 032	972	1 167	1 789	2 220	1 907
Total	FJSV	585	745	1 427	1 492	1 849	2 089	2 597	2 264	3 415	3 232	3 069

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

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

3.6 Financial services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Monetary financial institutions (banks)												
Commissions and fees	APUP	647	697	849	996	1 178	1 269	1 778	2 108	2 506	3 055	2 986
Spread earnings	APVA	874	941	875	694	788	838	805	576	581	568	549
Total monetary financial institutions (banks)	ZXTE	1 521	1 638	1 724	1 690	1 966	2 107	2 583	2 684	3 087	3 623	3 535
Fund managers	FNMM	259	316	416	451	457	543	660	620	632	660	708
Securities dealers												
Commissions and fees	CDFI	920	1 353	1 434	1 955	1 649	2 103	2 761	2 831	3 996	5 632	5 211
Spread earnings	QZCM	269	298	522	803	690	934	1 253	1 233	1 209	1 438	1 492
Total securities dealers	ZXTF	1 189	1 651	1 956	2 758	2 339	3 037	4 014	4 064	5 205	7 070	6 703
Baltic Exchange	APRJ	352	323	297	282	315	280	340	320	320	336	377
Other	ZSHJ	347	408	458	552	514	613	626	734	735	1 113	1 665
Total	FJPK	3 668	4 336	4 851	5 733	5 591	6 580	8 223	8 422	9 979	12 802	12 988
Imports												
Monetary financial institutions (banks)	APVW	137	148	214	302	412	463	573	549	733	1 013	1 157
Fund managers	FNMS	28	34	41	61	32	98	100	110	92	80	89
Securities dealers ¹	RWMG	213	215	276	418	287	411	506	689	829	1 199	1 296
Baltic Exchange	APSZ	25	24	21	20	24	20	24	23	27	39	27
Other	ZXTG	242	273	285	317	318	367	347	291	321	452	463
Total	FJRE	645	694	837	1 118	1 073	1 359	1 550	1 662	2 002	2 783	3 032
Balances												
Monetary financial institutions	ZXLV	1 384	1 490	1 510	1 388	1 554	1 644	2 010	2 135	2 354	2 610	2 378
Fund managers	ZXLW	231	282	375	390	425	445	560	510	540	580	619
Securities dealers	ZXLX	976	1 436	1 680	2 340	2 052	2 626	3 508	3 375	4 376	5 871	5 407
Baltic Exchange	ZXLY	327	299	276	262	291	260	316	297	293	297	350
Other	ZXLZ	105	135	173	235	196	246	279	443	414	661	1 202
Total	FJTA	3 023	3 642	4 014	4 615	4 518	5 221	6 673	6 760	7 977	10 019	9 956

1 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

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Computer services	FJCN	371	406	491	679	695	956	1 083	1 553	1 962	2 170	2 059
Information services	FJCO	51	63	72	91	100	134	174	182	346	369	349
Total	FJPL	422	469	563	770	795	1 090	1 257	1 735	2 308	2 539	2 408
Imports												
Computer services	FJDL	103	147	179	218	253	283	339	432	533	717	698
Information services	FJDM	18	26	32	35	40	50	66	19	90	89	86
Total	FJRF	121	173	211	253	293	333	405	451	623	806	784
Balances												
Computer Services	FJJP	268	259	312	461	442	673	744	1 121	1 429	1 453	1 361
Information services	FJJQ	33	37	40	56	60	84	108	163	256	280	263
Total	FJTB	301	296	352	517	502	757	852	1 284	1 685	1 733	1 624

3.8 Royalties and license fees

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Film and television	FJFO	294	303	546	716	744	879	705	775	868	843	844
Other royalties and license fees	FFVJ	1 593	2 085	2 360	2 752	3 110	3 374	3 443	3 664	4 128	4 431	4 822
Total	FJPM	1 887	2 388	2 906	3 468	3 854	4 253	4 148	4 439	4 996	5 274	5 666
Imports												
Film and television	FJFQ	359	393	535	616	763	829	863	882	932	947	990
Other royalties and license fees	FFVP	1 545	1 646	1 868	2 302	2 532	3 213	2 884	3 046	3 110	3 101	3 111
Total	FJRG	1 904	2 039	2 403	2 918	3 295	4 042	3 747	3 928	4 042	4 048	4 101
Balances												
Film and television	FFVV	-65	-90	11	100	-19	50	-158	-107	-64	-104	-146
Other royalties and license fees	FFWB	48	439	492	450	578	161	559	618	1 018	1 330	1 711
Total	FJTC	-17	349	503	550	559	211	401	511	954	1 226	1 565

3.9 Other Business Services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Merchanting and other trade related services												
Merchanting	FJFS	344	384	380	459	508	481	314	545	784	674	813
Other trade related services	FJFX	282	362	403	487	547	709	657	698	1 416	1 746	2 363
Total merchanting and other trade related services	FJPO	626	746	783	946	1 055	1 190	971	1 243	2 200	2 420	3 176
Operational leasing services	FJPP	75	79	94	97	121	129	113	40	91	296	257
Miscellaneous business, professional and technical services												
Legal, accounting and management consulting												
Law society	FJGE	445	496	495	528	537	565	675	824	760	1 171	1 339
Commercial bar association	FJCP	—	—	—	35	33	41	47	61	62	61	77
Other legal services ¹	FJGD	—	—	—	—	—	161	202	257	235	224	208
Accounting	FJBX	89	118	129	146	156	178	258	478	605	662	673
Business management and management consulting	FJNV	370	491	538	586	610	668	933	932	1 062	1 068	1 091
Advertising and market research	FJGP	369	489	536	596	633	717	1 022	1 087	1 082	1 373	1 463
Research and development	FJDP	521	659	734	890	986	1 311	1 616	1 920	2 361	2 339	2 657
Architectural, engineering and other technical services												
North Sea oil and gas	FJCV	283	382	356	497	358	331	—	—	—	—	—
Architectural	FJGT	32	42	47	51	52	51	83	59	72	69	67
Engineering	FJGU	1 003	1 330	1 461	1 689	1 843	2 243	2 491	2 781	2 521	2 386	2 659
Surveying	FJGV	25	34	37	36	37	37	31	41	45	68	66
Other Technical	FJGW	315	414	457	546	612	807	798	1 071	1 017	1 082	932
Agricultural, mining and on-site processing services	FJHC	11	13	15	18	21	26	21	56	52	61	54
Other miscellaneous business services	FJHH	2 142	2 635	2 656	2 901	3 351	4 524	4 395	5 989	6 454	7 060	7 163
Services between affiliated enterprises, n.i.e.	FJHF	260	319	364	466	501	682	871	960	1 064	1 265	1 200
Total miscellaneous business, professional, and technical services	FJ PQ	5 865	7 422	7 825	8 985	9 730	12 342	13 443	16 516	17 392	18 889	19 649
Total	FJPN	6 566	8 247	8 702	10 028	10 906	13 661	14 527	17 799	19 683	21 605	23 082
Imports												
Merchanting and other trade related services												
Merchanting	FJHN	46	56	70	76	88	110	44	73	45	74	58
Other trade related services	FJHR	231	329	410	449	517	652	444	500	685	820	643
Total merchanting and other trade related services	FJRI	277	385	480	525	605	762	488	573	730	894	701
Operational leasing services	FJRJ	124	147	156	159	163	194	196	193	226	552	647
Miscellaneous business, professional and technical services												
Legal, accounting and management consulting												
Legal ¹	FJHX	20	24	24	24	24	173	209	207	232	427	313
Accounting	FJVJ	48	69	86	93	105	128	98	97	101	209	186
Business management and management consulting	FJNW	127	184	229	242	263	310	327	324	312	423	377
Advertising and market research	FJID	210	305	379	406	443	493	460	540	667	759	775
Research and development	FJDQ	273	389	479	550	639	767	657	657	651	681	612
Architectural, engineering and other technical services												
North Sea oil and gas	FJDR	482	479	484	440	567	442	—	—	—	—	—
Architectural	FJIF	3	4	5	5	5	6	7	12	11	14	13
Engineering	FJIG	256	371	461	497	546	629	909	1 039	816	665	768
Surveying	FJII	10	14	17	18	18	17	36	26	15	55	49
Other Technical	FJII	84	120	149	163	188	232	358	407	383	399	480
Agricultural, mining and on-site processing services	FJIN	3	4	5	5	6	7	7	32	57	73	88
Other miscellaneous business services	FJIP	985	1 195	1 492	1 854	1 954	2 372	2 016	3 078	4 618	5 373	4 486
Services between affiliated enterprises, n.i.e.	FJHG	144	206	256	285	329	406	457	663	708	775	774
Total miscellaneous business, professional and technical services	FJRK	2 645	3 364	4 066	4 582	5 087	5 982	5 541	7 082	8 571	9 853	8 921
Total	FJRH	3 046	3 896	4 702	5 266	5 855	6 938	6 225	7 848	9 527	11 299	10 269

¹ Other legal services are indistinguishably included within other miscellaneous business services for years before 1996.

3.9 Other Business Services

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Balances												
Merchanting and other trade related services												
Merchanting	FJFT	298	328	310	383	420	371	270	472	739	600	755
Other trade related services	FJFY	51	33	-7	38	30	57	213	198	731	926	1 720
Total merchanting and other trade related services	FJTE	349	361	303	421	450	428	483	670	1 470	1 526	2 475
Operational leasing services	FJTF	-49	-68	-62	-62	-42	-65	-83	-153	-135	-256	-390
Miscellaneous business, professional and technical services												
Legal, accounting and management consulting												
Legal	FJGG	425	472	471	539	546	594	715	935	825	1 029	1 311
Accounting	FJGI	41	49	43	53	51	50	160	381	504	453	487
Business management and management consulting	FJGK	243	307	309	344	347	358	606	608	750	645	714
Advertising and market research	FJGQ	159	184	157	190	190	224	562	547	415	614	688
Research and development	FJGS	248	270	255	340	347	544	959	1 263	1 710	1 658	2 045
Architectural, engineering and other technical services	FJGY	823	1 214	1 242	1 696	1 578	2 143	2 093	2 468	2 430	2 472	2 414
Agricultural, mining and on-site processing services	FJHD	8	9	10	13	15	19	14	24	-5	-12	-34
Services between affiliated enterprises, n.i.e.	FJHL	116	113	108	181	172	276	414	297	356	490	426
Other	FJHI	1 157	1 440	1 164	1 047	1 397	2 152	2 379	2 911	1 836	1 687	2 677
Total miscellaneous business, professional, and technical services	FJTG	3 220	4 058	3 759	4 403	4 643	6 360	7 902	9 434	8 821	9 036	10 728
Total	FJTD	3 520	4 351	4 000	4 762	5 051	6 723	8 302	9 951	10 156	10 306	12 813

3.10

Personal, cultural and recreational services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Audiovisual and related services												
Film and television	FKJO	208	253	345	330	422	395	461	480	531	731	792
Other	FFWH	39	52	56	67	77	101	152	141	160	205	103
Total audiovisual and related services	FJPS	247	305	401	397	499	496	613	621	691	936	895
Other personal, cultural and recreational services	FJPT	73	119	148	174	191	238	207	279	253	198	175
Total	FJPR	320	424	549	571	690	734	820	900	944	1 134	1 070
Imports												
Audiovisual and related services												
Film and television	FKJX	151	134	211	305	400	441	450	411	496	504	499
Other	FFWN	9	13	16	18	20	25	22	25	27	32	34
Total audiovisual and related services	FJRM	160	147	227	323	420	466	472	436	523	536	533
Other personal, cultural and recreational services	FJRN	32	46	58	63	73	90	74	39	64	167	170
Total	FJRL	192	193	285	386	493	556	546	475	587	703	703
Balances												
Audiovisual and related services	FJTI	87	158	174	74	79	30	141	185	168	400	362
Other personal, cultural and recreational services	FJTJ	41	73	90	111	118	148	133	240	189	31	5
Total	FJTH	128	231	264	185	197	178	274	425	357	431	367

3.11

Government services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports												
Expenditure by foreign embassies and consulates in the UK	FJUK	409	365	368	348	367	393	357	371	385	385	389
Military units and agencies												
Expenditure by US forces in UK	FJKB	670	635	520	357	364	328	250	293	247	271	262
Other military receipts by UK government	HCOJ	23	44	196	139	108	91	56	40	29	25	48
Total military units and agencies	FJIX	693	679	716	496	472	419	306	333	276	296	310
Other												
EU institutions	FKIE	228	231	278	239	301	144	235	216	213	226	525
Other receipts	HCQO	205	199	179	222	283	224	239	212	191	267	295
Total other	FJJA	433	430	457	461	584	368	474	428	404	493	820
Total	FJPU	1 535	1 474	1 541	1 305	1 423	1 180	1 137	1 132	1 065	1 174	1 519
Imports												
Expenditure abroad by UK embassies and consulates	FJUJ	69	91	141	187	194	259	208	177	219	106	142
Expenditure abroad by UK military units and agencies	FJJJD	2 080	1 807	1 624	1 809	1 632	2 030	1 418	1 116	1 972	1 584	1 753
Civil non-EU services	FJJF	151	166	133	129	172	196	235	216	205	200	209
Total	FJRO	2 300	2 064	1 898	2 125	1 998	2 485	1 861	1 509	2 396	1 890	2 104
Balances												
Embassies and consulates	FJIW	340	274	227	161	173	134	149	194	166	279	247
Military units and agencies	FJIY	-1 387	-1 128	-908	-1 313	-1 160	-1 611	-1 112	-783	-1 696	-1 288	-1 443
Other	FJJB	282	264	324	332	412	172	239	212	199	293	611
Total	FJUL	-765	-590	-357	-820	-575	-1 305	-724	-377	-1 331	-716	-585

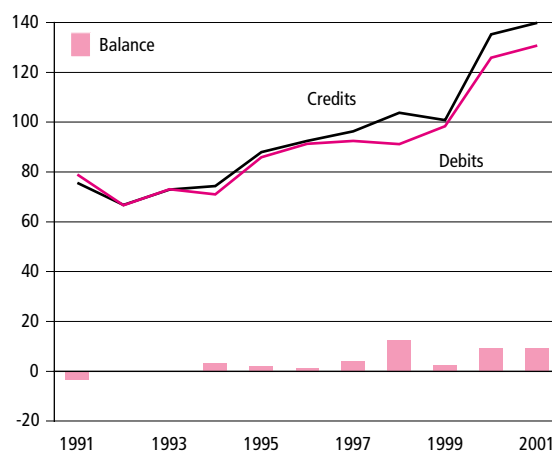
Part 1 Current account

Chapter 4

Income

Chart 4.1**Income**

£ billion

**Summary**

Between 1991 and 2001 the balance for compensation of employees has been close to balance. Over the same period the balance on investment income has been in surplus for all years since 1993, when a deficit of £0.2 billion was recorded. From 1994, investment income has recorded larger surpluses, with a record surplus of £12.6 billion recorded in 1998. This was largely due to a fall of £6.2 billion in earnings on direct investment in the UK, as well as a strong rise in bank's earnings on debt securities.

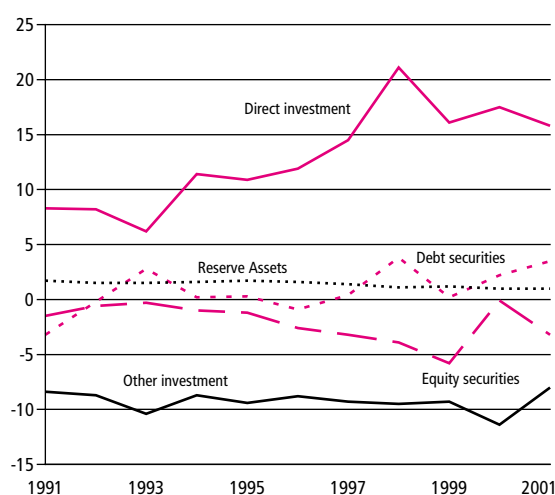
Over the last ten years earnings from direct and portfolio investments have increased substantially more than earnings from other investment for both investment abroad and in the UK. However, other investment still remains the largest component of total investment income credits and debits, at £59 billion and £66 billion respectively in 2001, accounting for over 40% of credits and over 50% of debits.

In 2001, earnings on direct investment abroad accounted for around a third, and earnings on portfolio investment abroad a quarter of total earnings, compared to around 20 per cent and 10 per cent respectively in 1990. Other investment income, which is mostly earnings from loans and deposits, is still the largest component of investment income, although its importance declined steadily after 1991 through to 1999. In the last two years, however, there has been substantial investment in bank deposits and lending, and although interest rates have fallen, income earned on these increased investments has led to increased total other investment credits and debits.

Chart 4.2**Investment income**

Credits less debits

£ billion



In net terms there has been a consistent deficit recorded for other investment, although this fell back to £8.0 billion in 2001 – the lowest since 1990. On the other hand, direct investment income has shown a consistent net surplus that grew to a record of £21.1 billion in 1998, before falling back to £15.8 billion in 2001. Portfolio investment income has been more volatile, although deficits have been recorded in every year since 1984 except in the last two years and 1993.

By sector, net earnings of UK Monetary Financial Institutions almost doubled to £9.6 billion in 2001. This was largely due to the balance on interest received less paid on bank deposits moving into surplus for the first time since 1983.

Direct investment

Direct investment income credits exceeded debits in every year since 1985. Between 1991 and 2001, the surplus peaked in 1998 at a record £21.1 billion. A surplus of £15.8 billion was recorded in 2001, down from £17.5 billion in 2000. In 2001, earnings from direct investment abroad showed a small fall, after increasing rapidly in the previous two years and in every year since 1991. Direct investment in the UK increased slightly in 2001, but again showed a much lower increase than was recorded in 1999 and 2000. High acquisition and merger activity between 1998 and 2000 slowed dramatically in 2001, and was probably the main reason behind the lower earnings growth.

The record surplus in 1998 and, to a lesser extent, the high surplus in 1994, was mainly due to a fall in debits from income on inward investment. Both foreign owned banks and securities dealers recorded losses on their investments in the UK in 1998. This generally reflected the turbulent global financial market conditions – notably perturbations from Mexico (1994), East Asia (1997) followed by Russia and Brazil (1998). Since 1998, foreign owned banks and securities dealers have returned to profit.

Total UK earnings from direct investments abroad were £43.8 million in 2001, compared to the record £44.6 billion recorded in 2000, mainly due to lower earnings of private non-financial corporations, including oil companies. By contrast, foreign earnings on direct investment in the UK continued to rise to a record £28.1 billion in 2001. Earnings of private non-financial corporations continued to rise, but foreign owned insurance companies made losses in 2001, due in part to payments associated with the World Trade Centre.

Portfolio investment

A deficit on portfolio investment has been recorded in all years except 1993, 2000 and 2001. Within portfolio investment, the UK has paid out more dividends on equity securities abroad than have been received, in all years since 1987. In contrast, the UK has recorded a surplus on debt securities in most years since 1993, with a surplus on earnings from bonds and notes partly offset by a deficit on money market instruments.

The move into surplus in 2000 and 2001 has primarily been due to higher UK earnings on portfolio investment abroad – in particular of UK banks and other financial intermediaries. UK monetary financial institutions (banks and building societies) mainly hold and issue debt, rather than equity securities, and increased their earnings on debt securities from £13.1 billion in 1999 to £18.1 billion in 2000 and £19.0 billion in 2001. By contrast other financial intermediaries (securities dealers, unit and investment trusts) mainly hold equity rather than debt, but also showed strong earnings growth from £2.9 billion in 1999 to £4.7 billion in 2000 and £4.9 billion in 2001. On the debits side, foreign earnings from British government stocks (Gilts) continued to fall, accounting for 11 per cent of total portfolio investment debits in 2001, down from around a quarter in 1993 and 1994.

Chart 4.3

Direct investment income

£ billion

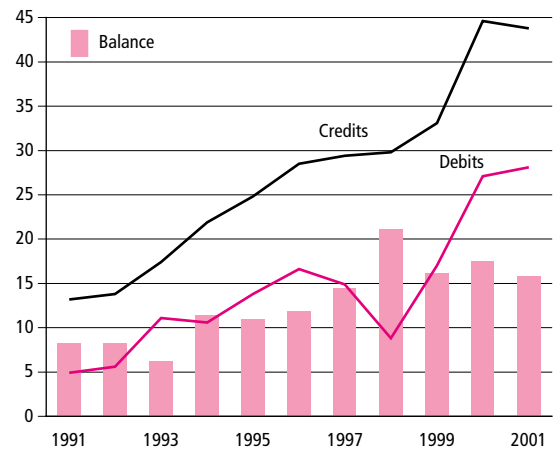


Chart 4.4

Portfolio investment income

£ billion

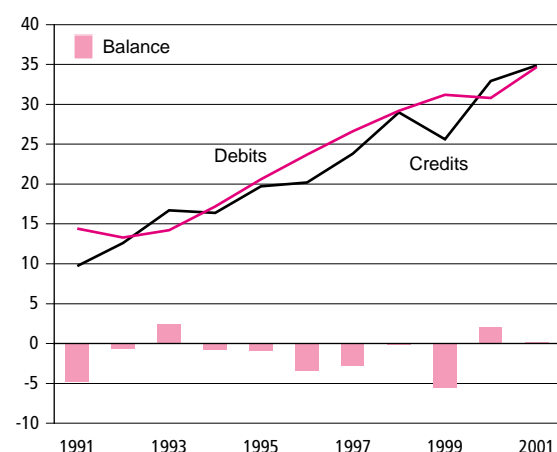
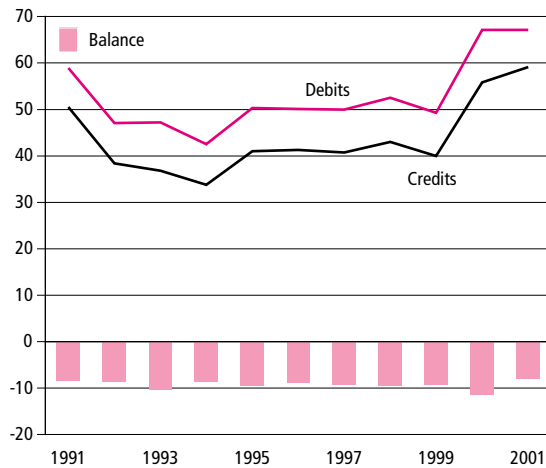


Chart 4.5**Other investment income**

£ billion

**Other investment**

In 2001 the deficit on other investment fell to £8.0 billion, the lowest level since 1990, largely due to monetary financial institutions moving into surplus for the first time since 1983.

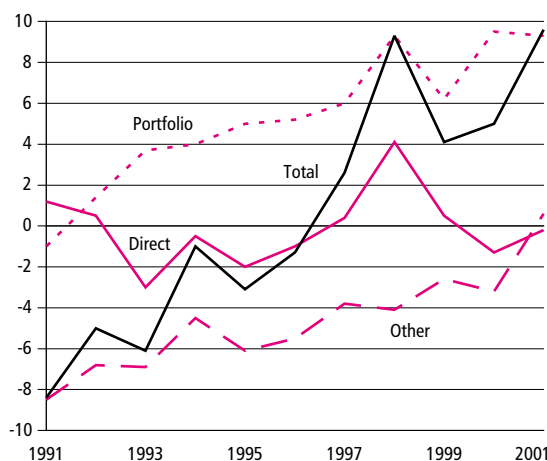
Unlike direct and portfolio investment the earnings from other investment, both abroad and in the UK, declined through the 1990's. Income from other investment abroad fell from £51.6 billion in 1990 to £40.0 billion in 1999, and income from other investment in the UK fell from £57.4 billion in 1990 to £49.3 billion in 1999. There was a surge in deposits, both inward and outward, in 2000 and to a lesser extent 2001 which has led to a strong pick up in other investment credits and debits. Credits have increased from £40.0 billion in 1999 to £59.1 billion in 2001, while debits have increased from £49.3 billion to £67.1 billion in the same period.

Earnings on deposits and loans abroad by UK banks account for 80 per cent of total other investment credits. The vast majority of these earnings are made from foreign currency reflecting the international nature of banking in the United Kingdom, as many of the banks trading with the rest of the world are actually branches or subsidiaries of foreign banks. There is a similar picture on the debits side where earnings on deposits with UK banks from abroad constituted around 70 per cent of the total other investment debits, with foreign currency accounting for the vast majority.

Chart 4.6**Investment income of banks**

Credits less debits

£ billion

**Sectoral breakdown of investment income**

UK banks are the biggest investing sector, accounting for around half of both investment income credits and debits. Banks have paid out more than they have received on loans and deposits in all years except 2001, but when their income from direct and, in particular, portfolio investment is added on, the banks have recorded an overall investment income surplus in every year since 1997. The surplus reached a record £9.6 billion in 2001. When considering the banking sector's overall contribution to the UK's balance of payments, it is important to also include bank's financial service fees and commissions earned from foreign clients – a net £2.4 billion in 2001.

Central government has recorded a net annual deficit of around £4 billion (mostly debits on Gilts) whilst other sectors – private financial and non-monetary financial institutions – have historically recorded net surpluses. In 2001, other sectors recorded a surplus of £2.1 billion, down more than £5 billion compared with 2000, due to higher foreign earnings on investment in the UK.

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4.1

Income Summary table

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
Compensation of employees	KTMN	551	551	595	681	887	911	1 007	840	960	1 014	1 049
Investment income												
Earnings on direct investment abroad	HJYW	13 209	13 776	17 378	21 938	24 768	28 506	29 398	29 840	33 060	44 588	43 844
Earnings on portfolio investment abroad												
Earnings on equity securities	HCPL	1 806	3 070	4 110	3 895	4 451	4 768	5 449	5 996	7 722	9 820	10 401
Earnings on debt securities	HLYW	7 877	9 480	12 558	12 505	15 275	15 477	18 378	22 978	17 908	23 080	24 496
Total portfolio investment	HLYX	9 683	12 550	16 668	16 400	19 726	20 245	23 827	28 974	25 630	32 900	34 897
Earnings on other investment abroad	AIOP	50 525	38 371	36 762	33 787	40 952	41 319	40 740	42 999	40 014	55 750	59 129
Earnings on reserve assets	HHCB	1 656	1 456	1 525	1 577	1 686	1 551	1 372	1 132	1 161	985	961
Total investment income	HMBN	75 073	66 153	72 333	73 702	87 132	91 621	95 337	102 945	99 865	134 223	138 831
Total	HMBQ	75 624	66 704	72 928	74 383	88 019	92 532	96 344	103 785	100 825	135 237	139 880
Debits												
Compensation of employees	KTMO	614	600	560	851	1 183	818	924	850	759	871	869
Investment income												
Foreign earnings on direct investment in the UK	HJYX	4 943	5 599	11 150	10 571	13 819	16 630	14 916	8 761	16 968	27 110	28 075
Foreign earnings on portfolio investment in the UK												
Earnings on equity securities	ZMRB	3 354	3 621	4 441	4 895	5 612	7 359	8 601	9 930	13 542	9 916	13 640
Earnings on debt securities	HLZB	11 079	9 657	9 764	12 263	14 988	16 385	17 989	19 226	17 685	20 883	21 046
Total portfolio investment	HLZC	14 433	13 278	14 205	17 158	20 600	23 744	26 590	29 156	31 227	30 799	34 686
Earnings on other investment in the UK	HLZN	58 941	47 099	47 204	42 455	50 316	50 136	50 008	52 460	49 335	67 145	67 088
Total investment income	HMBO	78 317	65 976	72 559	70 184	84 735	90 510	91 514	90 377	97 530	125 054	129 849
Total	HMBR	78 931	66 576	73 119	71 035	85 918	91 328	92 438	91 227	98 289	125 925	130 718
Balances (Net earnings)												
Compensation of employees	KTMP	-63	-49	35	-170	-296	93	83	-10	201	143	180
Investment income												
Direct investment	HJYE	8 266	8 177	6 228	11 367	10 949	11 876	14 482	21 079	16 092	17 478	15 769
Portfolio investment												
Earnings on equity securities	HLZO	-1 548	-551	-331	-1 000	-1 161	-2 591	-3 152	-3 934	-5 820	-96	-3 239
Earnings on debt securities	HLZP	-3 202	-177	2 794	242	287	-908	389	3 752	223	2 197	3 450
Total portfolio investment	HLZX	-4 750	-728	2 463	-758	-874	-3 499	-2 763	-182	-5 597	2 101	211
Other investment	CGNA	-8 416	-8 728	-10 442	-8 668	-9 364	-8 817	-9 268	-9 461	-9 321	-11 395	-7 959
Reserve assets	HHCB	1 656	1 456	1 525	1 577	1 686	1 551	1 372	1 132	1 161	985	961
Total investment income	HMBM	-3 244	177	-226	3 518	2 397	1 111	3 823	12 568	2 335	9 169	8 982
Total	HMBP	-3 307	128	-191	3 348	2 101	1 204	3 906	12 558	2 536	9 312	9 162

4.2 Investment Income Sector analysis

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
(Earnings of UK residents on investment abroad)												
Monetary financial institutions												
Banks	CGNB	48 496	38 171	37 753	36 989	45 951	48 587	49 302	55 484	50 366	69 437	72 302
Building societies	GJXE	—	—	20	63	81	119	103	134	176	292	339
Total monetary financial institutions	CGND	48 496	38 171	37 773	37 052	46 032	48 706	49 405	55 618	50 542	69 729	72 641
Central government	CGNY	1 664	1 459	1 531	1 585	1 695	1 561	1 380	1 267	1 165	989	965
Public corporations	CGNP	70	87	87	104	118	111	122	137	330	364	395
Other sectors	CGNW	24 843	26 436	32 942	34 961	39 287	41 243	44 430	45 923	47 828	63 141	64 830
Total	HMBN	75 073	66 153	72 333	73 702	87 132	91 621	95 337	102 945	99 865	134 223	138 831
Debits												
(Foreign earnings on investment in UK)												
Monetary financial institutions												
(banks and building societies)	CGPN	56 895	43 131	43 889	38 008	49 103	50 007	46 820	46 315	46 468	64 732	63 010
Central government	CGNZ	3 192	3 987	4 377	5 209	5 276	5 557	5 824	5 834	5 028	4 573	4 128
Local authorities	CGOB	58	54	53	45	38	30	21	16	12	7	4
Public corporations	CGOD	59	55	31	39	43	34	28	20	—	—	—
Other sectors	CGSE	18 113	18 749	24 209	26 883	30 275	34 882	38 821	38 192	46 022	55 742	62 707
Total	HMBO	78 317	65 976	72 559	70 184	84 735	90 510	91 514	90 377	97 530	125 054	129 849
Balances												
(Net earnings)												
Monetary financial institutions												
(banks and building societies)	CGSO	−8 399	−4 960	−6 116	−956	−3 071	−1 301	2 585	9 303	4 074	4 997	9 631
Central government	CGOE	−1 528	−2 528	−2 846	−3 624	−3 581	−3 996	−4 444	−4 567	−3 863	−3 584	−3 163
Local authorities	−CGOB	−58	−54	−53	−45	−38	−30	−21	−16	−12	−7	−4
Public corporations	CGOF	11	32	56	65	75	77	94	117	330	364	395
Other sectors	CGTX	6 730	7 687	8 733	8 078	9 012	6 361	5 609	7 731	1 806	7 399	2 123
Total	HMBM	−3 244	177	−226	3 518	2 397	1 111	3 823	12 568	2 335	9 169	8 982

4.3 Earnings on direct investment

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
(Earnings of UK residents on direct investment abroad)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	CNZN	5 922	7 242	6 617	6 706	8 808	8 833	11 791	12 246	8 795	14 776	14 933
Distributed branch profits	HDNG	794	1 465	581	1 439	1 387	1 670	1 468	1 158	1 278	2 313	2 413
Total dividends and distributed branch profits	HMAE	6 716	8 707	7 198	8 145	10 195	10 503	13 259	13 404	10 073	17 089	17 346
Reinvested earnings	-HDNY	6 204	5 224	10 096	13 827	14 378	17 271	16 112	14 071	21 392	25 096	23 757
Earnings on property investment	HHBW	79	66	68	69	44	46	13	10	180	262	353
Total earnings on equity	HMAK	12 999	13 997	17 362	22 041	24 617	27 820	29 384	27 485	31 645	42 447	41 456
Earnings on debt ¹	HDNQ	210	-221	16	-103	151	686	14	2 355	1 415	2 141	2 388
Total	HJYW	13 209	13 776	17 378	21 938	24 768	28 506	29 398	29 840	33 060	44 588	43 844
Debits												
(Foreign earnings on direct investment in the UK)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	BCEA	3 680	3 738	3 498	4 949	5 131	5 895	6 146	7 121	8 198	9 254	10 863
Distributed branch profits	CYFD	-1 918	-396	1 465	507	1 354	1 531	787	-2 534	323	2 667	2 818
Total dividends and distributed branch profits	HMAH	1 762	3 342	4 963	5 456	6 485	7 426	6 933	4 587	8 521	11 921	13 681
Reinvested earnings	CYFV	463	121	4 385	3 953	5 254	7 873	6 386	1 522	4 607	10 806	9 628
Earnings on property investment	HESG	127	154	178	195	213	219	234	259	1 132	1 213	1 356
Total earnings on equity	HMAG	2 352	3 617	9 526	9 604	11 952	15 518	13 553	6 368	14 260	23 940	24 665
Earnings on debt ¹	CYFN	2 591	1 982	1 624	967	1 867	1 112	1 363	2 393	2 708	3 170	3 410
Total	HJYX	4 943	5 599	11 150	10 571	13 819	16 630	14 916	8 761	16 968	27 110	28 075
Balances												
(Net earnings)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	LTMA	2 242	3 504	3 119	1 757	3 677	2 938	5 645	5 125	597	5 522	4 070
Distributed branch profits	LTMB	2 712	1 861	-884	932	33	139	681	3 692	955	-354	-405
Total dividends and distributed branch profits	HHZA	4 954	5 365	2 235	2 689	3 710	3 077	6 326	8 817	1 552	5 168	3 665
Reinvested earnings	LTMC	5 741	5 103	5 711	9 874	9 124	9 398	9 726	12 549	16 785	14 290	14 129
Earnings on property investment	LTMD	-48	-88	-110	-126	-169	-173	-221	-249	-952	-951	-1 003
Total earnings on equity	HHYY	10 647	10 380	7 836	12 437	12 665	12 302	15 831	21 117	17 385	18 507	16 791
Earnings on debt	HMAH	-2 381	-2 203	-1 608	-1 070	-1 716	-426	-1 349	-38	-1 293	-1 029	-1 022
Total	HJYE	8 266	8 177	6 228	11 367	10 949	11 876	14 482	21 079	16 092	17 478	15 769

¹ Earnings on debt consists of interest accrued to/from direct investors from/to associated enterprises abroad.

4.4 Earnings on direct investment Sector analysis

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
(Earnings of UK residents on investment abroad)												
Monetary financial institutions (banks)	HCVU	-284	370	21	789	137	1 409	1 407	1 682	2 613	3 639	4 497
Insurance companies	CNZD	605	576	1 045	592	1 608	1 270	1 600	793	1 488	998	776
Other financial intermediaries	HCWW	143	261	1 485	1 373	1 888	2 540	2 547	2 209	2 990	3 020	2 888
Private non-financial corporations	HCUS	12 730	12 553	14 808	19 166	21 109	23 266	23 823	25 136	25 944	36 906	35 658
Public corporations	HDMG	6	6	7	6	14	9	12	14	17	17	17
Household sector ¹	HHLI	9	10	12	12	12	12	9	6	8	8	8
Total	HJYW	13 209	13 776	17 378	21 938	24 768	28 506	29 398	29 840	33 060	44 588	43 844
Debits												
(Foreign earnings on direct investment in UK)												
Monetary financial institutions (banks)	GPAZ	-1 452	-88	2 971	1 247	2 134	2 379	1 037	-2 414	2 109	4 955	4 737
Insurance companies	HDPK	-253	-50	228	507	379	881	1 138	1 335	4	611	-100
Other financial intermediaries												
Securities dealers	HDQX	606	358	1 135	-791	269	799	375	-643	1 124	1 495	1 268
Other	HFBT	76	61	37	234	127	204	237	462	361	614	666
Total other financial intermediaries	HFCY	682	419	1 172	-557	396	1 003	612	-181	1 485	2 109	1 934
Private non-financial corporations	BCEB	5 966	5 318	6 779	9 374	10 910	12 367	12 129	10 021	13 370	19 435	21 504
Total	HJYX	4 943	5 599	11 150	10 571	13 819	16 630	14 916	8 761	16 968	27 110	28 075
Balances												
(Net earnings)												
Monetary financial institutions (banks)	LIME	1 168	458	-2 950	-458	-1 997	-970	370	4 096	504	-1 316	-240
Insurance companies	LTMF	858	626	817	85	1 229	389	462	-542	1 484	387	876
Other financial intermediaries	LTMG	-539	-158	313	1 930	1 492	1 537	1 935	2 390	1 505	911	954
Private non-financial corporations	LTMH	6 764	7 235	8 029	9 792	10 199	10 899	11 694	15 115	12 574	17 471	14 154
Public corporations	HDMG	6	6	7	6	14	9	12	14	17	17	17
Households	HHLI	9	10	12	12	12	12	9	6	8	8	8
Total	HJYE	8 266	8 177	6 228	11 367	10 949	11 876	14 482	21 079	16 092	17 478	15 769

¹ The household sector includes non-profit institutions serving households.

4.5 Earnings on portfolio investment

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
(Earnings of UK residents on portfolio investment abroad)												
Earnings on equity securities (shares) by:												
Monetary financial Institutions (banks)	HHRX	71	82	171	250	298	414	411	464	611	866	1 261
Insurance companies and pension funds												
Insurance companies	CGOM	368	948	1 288	1 146	1 494	1 490	1 511	1 715	1 939	2 236	2 460
Pension funds	HPDL	797	1 218	1 408	1 451	1 538	1 544	1 388	2 015	2 079	1 812	1 494
Total insurance companies and pension funds	CGOX	1 165	2 166	2 696	2 597	3 032	3 034	2 899	3 730	4 018	4 048	3 954
Other financial intermediaries	CGOY	477	710	1 128	952	990	1 173	1 952	1 610	2 914	4 674	4 876
Private non-financial corporations	EGMS	8	4	6	4	6	5	8	9	10	41	125
Household sector ¹	HEOG	85	108	109	92	125	142	179	183	169	191	185
Total earnings on equity securities	HCPL	1 806	3 070	4 110	3 895	4 451	4 768	5 449	5 996	7 722	9 820	10 401
Earnings on debt securities												
Earnings on bonds and notes by:												
Monetary financial institutions												
Banks	HHRY	3 514	4 188	6 038	6 896	9 429	10 283	11 934	13 241	11 153	15 538	16 064
Building societies	GJXE	—	—	20	63	81	119	103	134	176	292	339
Total monetary financial institutions	HPCQ	3 514	4 188	6 058	6 959	9 510	10 402	12 037	13 375	11 329	15 830	16 403
Insurance companies and pension funds												
Insurance companies	CGON	974	590	650	565	733	718	770	1 122	1 075	1 122	1 211
Pension funds	HPDM	856	312	300	276	315	361	317	423	496	492	546
Total insurance companies and pension funds	CGOZ	1 830	902	950	841	1 048	1 079	1 087	1 545	1 571	1 614	1 757
Other financial intermediaries	CGPA	1 056	2 703	3 808	3 059	2 259	2 679	3 759	3 759	2 808	2 765	3 065
Private non-financial corporations	EGNF	69	108	142	157	168	156	218	61	54	43	111
Household sector ¹	HEOH	818	929	954	788	1 431	396	336	312	265	286	262
Total earnings on bonds and notes	HCPK	7 287	8 830	11 912	11 804	14 416	14 712	17 437	19 052	16 027	20 538	21 598
Earnings on money market instruments by:												
Monetary financial institutions (banks)	HBMX	396	514	494	524	659	543	701	3 794	1 734	2 292	2 576
Central government	LSPA	—	—	—	—	—	—	—	—	—	—	18
Other financial intermediaries	NHQV	71	53	93	91	75	70	113	49	73	131	131
Private non-financial corporations	HGBX	123	83	59	86	125	152	127	83	74	119	173
Total earnings on money market instruments	HCHG	590	650	646	701	859	765	941	3 926	1 881	2 542	2 898
Total earnings on debt securities	HLYW	7 877	9 480	12 558	12 505	15 275	15 477	18 378	22 978	17 908	23 080	24 496
Total	HLYX	9 683	12 550	16 668	16 400	19 726	20 245	23 827	28 974	25 630	32 900	34 897

¹ The household sector includes non-profit institutions serving households.

4.5 Earnings on portfolio investment

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Debits												
(Foreign earnings on portfolio investment in the UK)												
Earnings on equity securities (shares) issued by:												
Monetary financial institutions (banks and building societies)	HBQJ	201	216	252	284	336	441	516	586	813	595	818
Other sectors ¹	HBQK	3 153	3 405	4 189	4 611	5 276	6 918	8 085	9 344	12 729	9 321	12 822
Total foreign earnings on UK equity securities	ZMRB	3 354	3 621	4 441	4 895	5 612	7 359	8 601	9 930	13 542	9 916	13 640
Earnings on debt securities												
Earnings on bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	ZMRA	115	190	583	672	866	817	667	339	311	339	265
Earnings on British government stocks by:												
Foreign central banks (exchange reserves)	HESK	794	1 244	1 139	1 393	1 389	1 339	1 244	1 393	1 244	1 313	1 247
Other foreign residents	HCEV	1 719	1 940	2 383	2 997	2 836	3 232	3 797	4 014	3 417	2 903	2 526
Total foreign earnings on British government stocks	HENI	2 513	3 184	3 522	4 390	4 225	4 571	5 041	5 407	4 661	4 216	3 773
Total issues by central government	HBQU	2 628	3 374	4 105	5 062	5 091	5 388	5 708	5 746	4 972	4 555	4 038
Local authorities' bonds												
Public corporations' bonds	HHGH	—	—	—	—	—	—	—	—	—	—	—
	HESY	1	—	—	—	—	—	—	—	—	—	—
Issues by monetary financial institutions (banks and building societies)												
Bonds												
	HGUV	886	792	810	1 046	1 304	1 448	1 583	1 544	1 617	1 976	1 934
European medium term notes and other short-term paper:												
Issued by UK banks	HCEY	243	297	371	511	745	897	1 025	1 071	1 070	1 196	1 350
Issued by UK building societies	HCFB	144	180	159	198	290	234	163	80	59	110	100
Total short-term paper	HGMM	387	477	530	709	1 035	1 131	1 188	1 151	1 129	1 306	1 450
Total issues by monetary financial institutions	HBOT	1 273	1 269	1 340	1 755	2 339	2 579	2 771	2 695	2 746	3 282	3 384
Issues by other sectors ¹	HGUW	2 758	2 466	2 519	3 256	4 057	4 506	4 925	4 806	5 033	6 152	6 018
Total foreign earnings on UK bonds and notes	HLZA	6 660	7 109	7 964	10 073	11 487	12 473	13 404	13 247	12 751	13 989	13 440
Earnings on money market instruments												
Earnings on treasury bills (issued by central government)												
Sterling treasury bills	XAMR	340	168	37	26	55	64	31	54	40	4	13
Euro treasury bills	HHNV	198	198	137	95	106	85	67	18	3	—	—
Total earnings on treasury bills	HHZU	538	366	174	121	161	149	98	72	43	4	13
Earnings on certificates of deposit (Issued by monetary financial institutions)												
Issued by UK banks	HCEB	3 265	1 703	1 221	1 422	2 335	2 612	3 200	4 126	3 163	4 660	5 808
Issued by UK building societies	HGUY	66	44	22	37	47	37	26	19	21	35	20
Total earnings on certificates of deposit	HCEE	3 331	1 747	1 243	1 459	2 382	2 649	3 226	4 145	3 184	4 695	5 828
Earnings on commercial paper												
Issued by monetary financial institutions												
Issued by UK banks	HCEC	64	38	51	98	177	275	448	854	621	784	821
Issued by UK building societies	HHBC	151	160	104	119	206	205	140	51	100	161	110
Total earnings by monetary financial institutions	HCEF	215	198	155	217	383	480	588	905	721	945	931
Issued by other sectors ¹	HHZT	335	237	228	393	575	634	673	857	986	1 250	834
Total earnings on commercial paper	HHBO	550	435	383	610	958	1 114	1 261	1 762	1 707	2 195	1 765
Total foreign earnings on UK Money Market Instruments	HLYZ	4 419	2 548	1 800	2 190	3 501	3 912	4 585	5 979	4 934	6 894	7 606
Total foreign earnings on UK debt securities	HLZB	11 079	9 657	9 764	12 263	14 988	16 385	17 989	19 226	17 685	20 883	21 046
Total	HLZC	14 433	13 278	14 205	17 158	20 600	23 744	26 590	29 156	31 227	30 799	34 686

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

4.5 Earnings on portfolio investment

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Balances (net earnings)												
Earnings on equity securities (shares)	HLZO	-1 548	-551	-331	-1 000	-1 161	-2 591	-3 152	-3 934	-5 820	-96	-3 239
Earnings on debt securities												
Earnings on bonds and notes	HLZQ	627	1 721	3 948	1 731	2 929	2 239	4 033	5 805	3 276	6 549	8 158
Earnings on money market instruments	HLZR	-3 829	-1 898	-1 154	-1 489	-2 642	-3 147	-3 644	-2 053	-3 053	-4 352	-4 708
Total foreign earnings on UK debt securities	HLZP	-3 202	-177	2 794	242	287	-908	389	3 752	223	2 197	3 450
Total	HLZX	-4 750	-728	2 463	-758	-874	-3 499	-2 763	-182	-5 597	2 101	211

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

4.6 Earnings on portfolio investment Sector analysis

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
(Earnings of UK residents on portfolio investment abroad)												
Earnings from portfolio investment abroad by UK:												
Monetary financial institutions												
Banks	AINB	3 981	4 784	6 703	7 670	10 386	11 240	13 046	17 499	13 498	18 696	19 901
Building societies	GJXE	—	—	20	63	81	119	103	134	176	292	339
Total monetary financial institutions	AIND	3 981	4 784	6 723	7 733	10 467	11 359	13 149	17 633	13 674	18 988	20 240
Central government	LSPA	—	—	—	—	—	—	—	—	—	—	18
Insurance companies and pension funds	AINE	2 995	3 068	3 646	3 438	4 080	4 113	3 986	5 275	5 589	5 662	5 711
Other financial intermediaries	AINF	1 604	3 466	5 029	4 102	3 324	3 922	5 824	5 418	5 795	7 570	8 072
Private non-financial corporations	AINI	200	195	207	247	299	313	353	153	138	203	409
Household sector ¹	AINK	903	1 037	1 063	880	1 556	538	515	495	434	477	447
Total	HLXX	9 683	12 550	16 668	16 400	19 726	20 245	23 827	28 974	25 630	32 900	34 897
Debits												
(Foreign earnings on portfolio investment in the UK)												
Foreign earnings from portfolio investment in UK:												
Monetary financial institutions (banks and building societies)	HBXI	5 020	3 430	2 990	3 715	5 440	6 149	7 101	8 331	7 464	9 517	10 961
Central government	HBXM	3 166	3 740	4 279	5 183	5 252	5 537	5 806	5 818	5 015	4 559	4 051
Local authorities	HHGH	—	—	—	—	—	—	—	—	—	—	—
Public corporations	HESY	1	—	—	—	—	—	—	—	—	—	—
Other sectors	HBXR	6 246	6 108	6 936	8 260	9 908	12 058	13 683	15 007	18 748	16 723	19 674
Total	HLZC	14 433	13 278	14 205	17 158	20 600	23 744	26 590	29 156	31 227	30 799	34 686
Balances												
(Net earnings)												
Monetary financial institutions	LTMI	−1 039	1 354	3 733	4 018	5 027	5 210	6 048	9 302	6 210	9 471	9 279
Central government	ZPOF	−3 166	−3 740	−4 279	−5 183	−5 252	−5 537	−5 806	−5 818	−5 015	−4 559	−4 033
Local authorities	−HHGH	—	—	—	—	—	—	—	—	—	—	—
Public corporations	−HESY	−1	—	—	—	—	—	—	—	—	—	—
Other sectors	LTMJ	−544	1 658	3 009	407	−649	−3 172	−3 005	−3 666	−6 792	−2 811	−5 035
Total	HLZX	−4 750	−728	2 463	−758	−874	−3 499	−2 763	−182	−5 597	2 101	211

¹ The household sector includes non-profit institutions serving households.

4.7 Earnings on other investment

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
(Earnings of UK residents on other investment abroad)												
Earnings on trade credit												
Central government	XBGJ	—	—	—	—	—	—	—	—	—	—	—
Other sectors ¹	HGQD	203	175	122	117	146	138	157	177	140	161	146
Total earnings on trade credit	AIOM	203	175	122	117	146	138	157	177	140	161	146
Earnings on loans												
Long-term												
Bank loans under ECGD guarantee	AINM	662	1 032	745	680	786	708	721	635	654	575	439
Inter-government loans by the UK	XBGI	8	3	6	8	9	10	8	9	4	4	4
Loans by Commonwealth Development Corporation (public corporations)	HGEN	64	81	80	98	104	102	110	123	115	101	100
Loans by the Export Credit Guarantee Department	HMNS	..	..	..	..	..	..	..	..	198	246	278
Loans by specialist leasing companies ¹	HBXC	—	—	—	—	—	—	—	—	—	—	—
Total long-term loans	AIIO	734	1 116	831	786	899	820	839	767	971	926	821
Short-term loans	VTUN	162	179	146	100	83	66	68	54	37	36	36
Total earnings on loans	CGKJ	896	1 295	977	886	982	886	907	821	1 008	962	857
Earnings on deposits												
By UK monetary financial institutions (banks)												
Sterling deposits	CGEJ	5 417	4 019	3 459	2 803	3 598	3 995	5 518	6 761	6 341	7 532	7 084
Foreign currency deposits	HCAT	38 630	27 858	26 747	25 022	31 032	31 231	28 605	28 904	27 260	38 995	40 381
Total deposits by UK banks	CGGT	44 047	31 877	30 206	27 825	34 630	35 226	34 123	35 665	33 601	46 527	47 465
Deposits by securities dealers	HGTD	347	528	1 785	1 543	1 104	1 272	1 080	789	854	1 376	2 908
Deposits by other UK residents ¹	CGJK	4 842	4 303	3 448	3 155	3 798	3 482	4 135	5 069	4 023	6 176	7 264
Total earnings on deposits abroad	CGJQ	49 236	36 708	35 439	32 523	39 532	39 980	39 338	41 523	38 478	54 079	57 637
Earnings on other assets												
(Non-governmental sectors other than monetary financial institutions)												
Trusts and annuities	HHLF	190	193	224	261	292	315	338	352	388	548	489
Foreign currency exchanges	HHKX	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous central government receipts	HPPK	—	—	—	—	—	—	—	126	—	—	—
Total earnings on other assets	CGKM	190	193	224	261	292	315	338	478	388	548	489
Total	AIOP	50 525	38 371	36 762	33 787	40 952	41 319	40 740	42 999	40 014	55 750	59 129

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

4.7 Earnings on other investment

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Debits												
(Foreign earnings on other investment in the UK)												
Earnings on trade credit												
Public corporations	XBGW	—	—	—	—	—	—	—	—	—	—	—
Other sectors ¹	HHLW	64	94	172	158	150	152	143	140	146	157	167
Total earnings on trade credit	CGMA	64	94	172	158	150	152	143	140	146	157	167
Earnings on loans												
Loans to:												
Central government	CGLF	26	247	98	26	24	20	18	16	13	14	77
Local authorities	CGLG	58	54	53	45	38	30	21	16	12	7	4
Public corporations	CGLH	58	55	31	39	43	34	28	20	—	—	—
Securities dealers	CGLI	1 396	2 676	5 124	4 377	3 273	3 354	5 293	5 120	4 762	7 502	9 525
Other ¹	CGMD	3 486	3 482	3 218	4 126	4 464	4 352	4 981	5 565	6 229	7 915	8 418
Total earnings on loans	CGNO	5 024	6 514	8 524	8 613	7 842	7 790	10 341	10 737	11 016	15 438	18 024
Earnings on deposits												
(Monetary financial institutions)												
Deposits with UK banks												
Sterling deposits	HCEG	11 681	8 005	5 444	4 225	5 787	6 118	6 492	7 846	7 132	8 958	8 361
Foreign currency deposits	HCEH	41 185	31 338	32 140	28 437	35 260	34 931	31 835	32 285	29 540	40 992	38 722
Total deposits with UK banks	HCEQ	52 866	39 343	37 584	32 662	41 047	41 049	38 327	40 131	36 672	49 950	47 083
Deposits with UK building societies	HHLS	461	446	344	384	482	430	355	267	223	310	229
Total earnings on deposits	HMAS	53 327	39 789	37 928	33 046	41 529	41 479	38 682	40 398	36 895	50 260	47 312
Earnings on other liabilities												
(Non-governmental sectors other than monetary financial institutions)												
Imputed income to foreign households from UK insurance companies technical reserves	HBWS	526	702	580	638	795	715	842	1 185	1 278	1 290	1 585
Other liabilities	CGME	—	—	—	—	—	—	—	—	—	—	—
Total earnings on other liabilities	CGMH	526	702	580	638	795	715	842	1 185	1 278	1 290	1 585
Total	HLZN	58 941	47 099	47 204	42 455	50 316	50 136	50 008	52 460	49 335	67 145	67 088
Balances												
(Net earnings)												
Trade credit	LTMK	139	81	—50	—41	—4	—14	14	37	—6	4	—21
Loans	LTML	—4 128	—5 219	—7 547	—7 727	—6 860	—6 904	—9 434	—9 916	—10 008	—14 476	—17 167
Currency and deposits	LTMM	—4 091	—3 081	—2 489	—523	—1 997	—1 499	656	1 125	1 583	3 819	10 325
Other investment	LTMN	—336	—509	—356	—377	—503	—400	—504	—707	—890	—742	—1 096
Total	CGNA	—8 416	—8 728	—10 442	—8 668	—9 364	—8 817	—9 268	—9 461	—9 321	—11 395	—7 959

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

4.8 Earnings on other investment Sector analysis

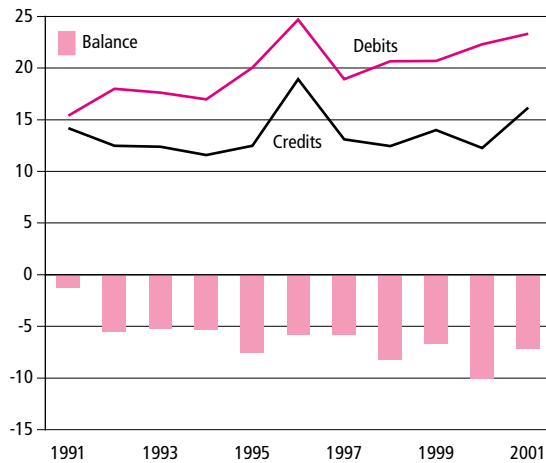
£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
(Earnings of UK residents on other investment abroad)												
Earnings from other investment by UK:												
Monetary financial institutions (banks)	CGMM	44 799	33 017	31 029	28 530	35 428	35 938	34 849	36 303	34 255	47 102	47 904
Central government	CGMN	8	3	6	8	9	10	8	135	4	4	4
Public corporations	ZPOP	64	81	80	98	104	102	110	123	313	347	378
Other sectors	CGMR	5 654	5 270	5 647	5 151	5 411	5 269	5 773	6 438	5 442	8 297	10 843
Total	AIOP	50 525	38 371	36 762	33 787	40 952	41 319	40 740	42 999	40 014	55 750	59 129
Debits												
(Foreign earnings on other investment in the UK)												
Foreign earnings from other investment in UK:												
Monetary financial institutions												
Banks	HCEQ	52 866	39 343	37 584	32 662	41 047	41 049	38 327	40 131	36 672	49 950	47 083
Building societies	HHLs	461	446	344	384	482	430	355	267	223	310	229
Total monetary financial institutions	HMAS	53 327	39 789	37 928	33 046	41 529	41 479	38 682	40 398	36 895	50 260	47 312
Central government	CGLF	26	247	98	26	24	20	18	16	13	14	77
Local authorities	CGLG	58	54	53	45	38	30	21	16	12	7	4
Public corporations	CGMV	58	55	31	39	43	34	28	20	—	—	—
Other sectors	CGMZ	5 472	6 954	9 094	9 299	8 682	8 573	11 259	12 010	12 415	16 864	19 695
Total	HLZN	58 941	47 099	47 204	42 455	50 316	50 136	50 008	52 460	49 335	67 145	67 088
Balances												
(Net earnings)												
Monetary financial institutions	LTMO	-8 528	-6 772	-6 899	-4 516	-6 101	-5 541	-3 833	-4 095	-2 640	-3 158	592
Central government	LTMP	-18	-244	-92	-18	-15	-10	-10	119	-9	-10	-73
Local authorities	-CGLG	-58	-54	-53	-45	-38	-30	-21	-16	-12	-7	-4
Public corporations	LTMQ	6	26	49	59	61	68	82	103	313	347	378
Other sectors	LTMR	182	-1 684	-3 447	-4 148	-3 271	-3 304	-5 486	-5 572	-6 973	-8 567	-8 852
Total	CGNA	-8 416	-8 728	-10 442	-8 668	-9 364	-8 817	-9 268	-9 461	-9 321	-11 395	-7 959

Current Transfers

Chart 5.1**Current transfers**

£ billion

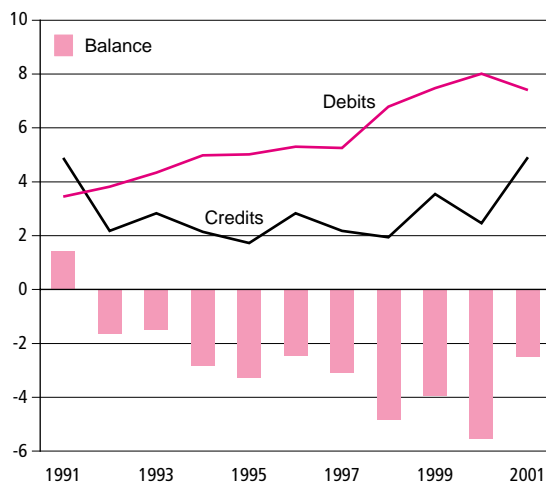
**Summary**

The current transfers deficit has generally increased through the 1990's from £1.2 billion in 1991 to a record £10 billion in 2000. This is due to a steady increase in the UK's payments to EU Institutions. However, between 2000 and 2001 the deficit improved by £2.8 billion to £7.2 billion.

The balance on the government sector increased sharply between 2000 and 2001 from -£5.5 billion to -£2.5 billion, while the balance for other sectors' transfers fell slightly from -£4.5 billion to -£4.7 billion. Overall receipts from EU Institutions increased by £1.9 billion to £7.2 billion, while payments fell from £10.7 billion in 2000 to £9.6 billion in 2001.

Chart 5.2**Transfers by central government**

£ billion

**Central government transfers**

Central government transfers include taxes and social contributions received from non-resident workers and businesses, current transfers with international organisations (e.g. EU Institutions), bilateral aid, social security payments abroad, military grants and miscellaneous (e.g. Gulf conflict) transfers. For credits, VAT abatement from the EU Institutions increased by £2.5 billion between 2000 and 2001 to £4.6 billion. This increase was due to the fact that the EC Budget contained a large surplus for earlier years, which was refunded in the 2001 receipts.

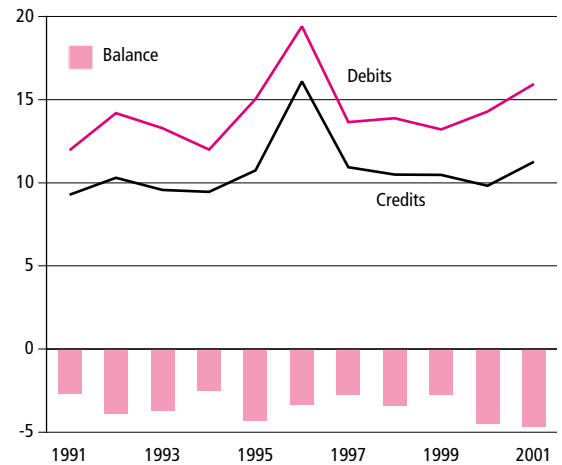
Other sector transfers

Non-government transfers include those EU transfers where the UK government simply acts as the agent for the final beneficiary (e.g. social fund and agricultural guidance fund receipts) or original payer (e.g. 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). The deficit on other sectors' transfers was £4.7 billion in 2001, a slight increase from £4.5 billion in 2000.

Chart 5.3

Transfers by other sectors

£ billion



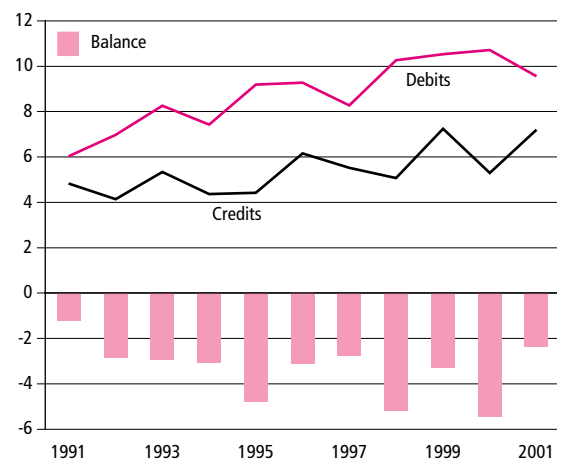
EU Institutions

Transfers with EU institutions constitute the largest single component within current transfers. Transfers with EU institutions showed a deficit in every year from 1991 to 2001; the lowest deficit recorded over this period was £1.2 billion in 1991 and the highest deficit was £5.4 billion in 2000. The deficit with EU institutions decreased by £3 billion to £2.4 billion in 2001.

Chart 5.4

Transfers with EU institutions

£ billion



5.1

Current transfers

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
Central government												
Current taxes on income, wealth etc.	FJKI	260	259	238	361	472	376	402	530	337	355	325
Other taxes on production	FJKH	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBC	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJBH	16	14	30	25	25	28	32	29	29	24	26
Social benefits	FJBL	—	—	—	—	—	—	—	—	—	—	—
EU Institutions:												
(a) Abatement	FKKL	2 497	1 881	2 540	1 726	1 208	2 411	1 733	1 377	3 171	2 084	4 560
(b) Other EU receipts	FKIJ	9	17	18	26	25	13	6	7	5	—	1
Miscellaneous receipts ¹	FKIK	2 110	9	—	—	—	—	—	—	—	—	—
Total central government	FJUM	4 892	2 180	2 826	2 138	1 730	2 828	2 173	1 943	3 542	2 463	4 912
Other sectors												
Current taxes on income, wealth etc.	FJBJ	—	—	—	—	—	—	—	—	—	—	—
Other taxes on production	FJGC	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBA	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJAB	—	—	—	—	—	—	—	—	—	—	—
EU Institutions:												
(a) Agricultural Guarantee Fund	EBGL	1 679	1 742	2 153	2 245	2 392	2 898	3 169	2 908	3 627	2 554	2 268
(b) Social Fund	HDIZ	618	437	588	320	755	804	615	783	434	659	370
(c) ECSC Grant	FJKP	31	61	37	45	39	29	5	1	—	—	1
Net non-life insurance premiums ²	NQQP	4 595	5 900	4 246	4 145	4 993	9 763	4 423	4 168	3 663	3 927	5 909
Non-life insurance claims ³	FJFA	—	—	—	—	—	5	5	7	10	17	34
Other receipts of households ⁴	FKIL	2 358	2 155	2 541	2 699	2 572	2 589	2 712	2 633	2 730	2 653	2 689
Total other sectors	FJUN	9 281	10 295	9 565	9 454	10 751	16 088	10 929	10 500	10 464	9 810	11 271
Total	KTND	14 173	12 475	12 391	11 592	12 481	18 916	13 102	12 443	14 006	12 273	16 183
<i>Of which:</i> Receipts from EU institutions	FKIM	4 834	4 138	5 336	4 362	4 419	6 155	5 528	5 076	7 237	5 297	7 200

1 Includes contributions by other countries towards the UK's cost of the Gulf conflict.

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

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Debits												
Central government												
Current taxes on income, wealth etc.	FJKK	—	—	—	—	—	—	—	—	—	—	—
Other taxes on production	FJKN	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJCE	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJCH	—	—	—	—	—	—	—	—	—	—	—
Social security benefits	FJCK	728	661	824	899	972	1 029	1 102	1 162	1 183	1 218	1 292
Contributions to international organisations												
EU Institutions:												
(a) GNP: 4th Resource	HCSO	813	934	1 608	2 340	1 639	2 488	2 655	3 516	4 403	4 243	3 859
(b) GNP adjustments	HCSM	—	—20	—50	—269	187	—34	—197	404	229	136	—1
(c) Inter governmental agreements	HCBW	—	—	—	—	—	—	—	—	—	—	—
(d) Other	FKIN	—	—	2	7	8	8	31	—1	11	6	24
Other organisations:												
(a) Military	HDKF	79	142	74	35	116	112	168	139	118	157	18
(b) Multilateral economic assistance	HCHJ	426	437	355	381	358	273	268	314	245	503	434
(c) Other	HCKL	597	817	750	702	835	633	429	402	479	691	643
Bilateral aid:												
(a) Non-project grants	FJKT	411	346	271	352	249	214	131	142	133	175	185
(b) Technical cooperation	FJKU	372	459	474	516	604	543	644	692	651	859	904
Military grants	HDJO	24	36	35	14	54	31	29	17	30	27	45
Total central government	FJUO	3 450	3 812	4 343	4 977	5 022	5 297	5 260	6 787	7 482	8 015	7 403
Other sectors												
Current taxes on income, wealth etc.	FJCI	338	352	393	452	557	610	638	454	682	776	952
Other taxes on production	FJLB	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJCC	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJBG	—	—	—	—	—	—	—	—	—	—	—
Social benefits	FJCM	—	—	—	—	—	—	—	—	—	—	—
EU Institutions:												
(a) Customs duties and agricultural levies	QYRD	1 906	1 943	2 172	2 134	2 458	2 318	2 291	2 076	2 024	2 086	2 069
(b) Sugar levies	GTBA	48	47	56	98	55	26	91	42	46	44	31
(c) VAT based contributions	HCML	3 796	4 356	4 964	4 189	4 635	4 441	3 646	3 758	3 920	4 104	3 624
(d) VAT adjustments	FSVL	—538	—297	—493	—1 068	210	30	—249	470	—109	100	—49
(e) ECSC Production levy	GTBB	10	7	1	—	—	—	—	—	—	—	—
Net non-life insurance premiums ¹	FJDB	—	—	—	—	—	5	5	7	10	17	34
Non-life insurance claims ²	NQQR	4 595	5 900	4 246	4 145	4 993	9 763	4 423	4 168	3 663	3 927	5 909
Other payments by households ³	FKIQ	1 799	1 889	1 952	2 034	2 125	2 214	2 809	2 906	2 975	3 236	3 364
Total other sectors	FJUP	11 954	14 197	13 291	11 984	15 033	19 407	13 654	13 881	13 211	14 290	15 934
Total	KTNE	15 404	18 009	17 634	16 961	20 055	24 704	18 914	20 668	20 693	22 305	23 337
Of which: Payments to EU institutions	FKIR	6 035	6 970	8 260	7 431	9 192	9 277	8 268	10 265	10 524	10 719	9 557

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

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Balances												
Central government												
Current taxes on income, wealth etc.	FJKJ	260	259	238	361	472	376	402	530	337	355	325
Other taxes on production	FJIZ	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBD	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJBI	16	14	30	25	25	28	32	29	29	24	26
Social benefits	FJBM	-728	-661	-824	-899	-972	-1 029	-1 102	-1 162	-1 183	-1 218	-1 292
Other current transfers ¹	FJKW	1 894	-1 244	-961	-2 326	-2 817	-1 844	-2 419	-4 241	-3 123	-4 713	-1 550
Total central government	FJUQ	1 442	-1 632	-1 517	-2 839	-3 292	-2 469	-3 087	-4 844	-3 940	-5 552	-2 491
Other sectors												
Current taxes on income, wealth etc.	FJHU	-338	-352	-393	-452	-557	-610	-638	-454	-682	-776	-952
Other taxes on production	FJHT	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJHV	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJHJ	—	—	—	—	—	—	—	—	—	—	—
Social benefits	FJJG	618	437	588	320	755	804	615	783	434	659	370
Other current transfers ¹	FJLT	-2 953	-3 987	-3 921	-2 398	-4 480	-3 513	-2 702	-3 710	-2 499	-4 363	-4 081
Total other sectors	FJUR	-2 673	-3 902	-3 726	-2 530	-4 282	-3 319	-2 725	-3 381	-2 747	-4 480	-4 663
Total	KTNF	-1 231	-5 534	-5 243	-5 369	-7 574	-5 788	-5 812	-8 225	-6 687	-10 032	-7 154
<i>Of which:</i> EU institutions	FKIS	-1 201	-2 832	-2 924	-3 069	-4 773	-3 122	-2 740	-5 189	-3 287	-5 422	-2 357

1 Includes an estimate for workers' remittances.

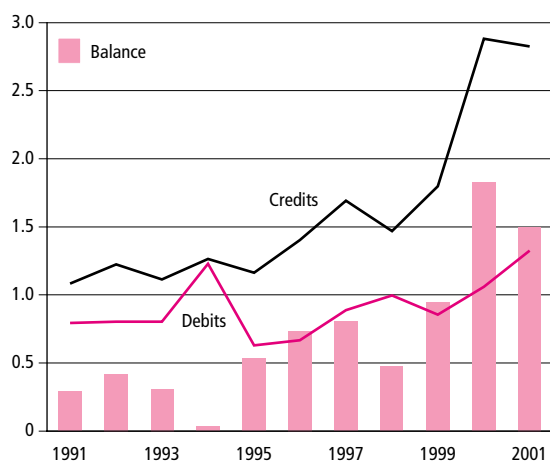
Part 2 Capital account, financial account
and International investment position

Chapter **6**

Capital Account

Chart 6.1**Capital account**

£ billion

**Summary**

Between 1991 and 2001 the capital account balance remained in surplus throughout, with 2001 recording a surplus of £1.5 billion. In 1994, the surplus was unusually low due to other sectors' debt forgiveness of £0.5 billion. The decrease in the capital account surplus from £1.8 billion in 2000 to £1.5 billion in 2001 was mainly due to an increase in the purchase of non-produced, non-financial assets from overseas.

6.1 Capital account

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits												
Capital transfers												
Central government												
Debt forgiveness	FJUU	—	—	—	—	—	—	—	—	—	—	—
Other capital transfers	FJLY	—	—	—	—	—	—	—	—	—	—	—
Total central government	FJMD	—	—	—	—	—	—	—	—	—	—	—
Other sectors												
Migrants' transfers	FJMG	632	602	584	603	678	703	754	967	1 144	1 371	1 602
Debt forgiveness	FJNC	—	—	—	—	—	—	—	—	—	—	—
Other capital transfers												
EU Institutions:												
Regional development fund	FKIT	370	551	425	608	437	620	812	357	285	989	543
Agricultural guidance fund	FJXL	82	71	104	52	48	30	57	56	47	82	26
Other capital transfers	EBGO	—	—	—	—	—	—	—	—	170	280	535
Total EU institutions	FKIV	452	622	529	660	485	650	869	413	502	1 351	1 104
Total other sectors	FJMU	1 084	1 224	1 113	1 263	1 163	1 353	1 623	1 380	1 646	2 722	2 706
Total capital transfers	FJMX	1 084	1 224	1 113	1 263	1 163	1 353	1 623	1 380	1 646	2 722	2 706
Sales of non-produced, non-financial assets	FJUX	—	—	—	—	—	49	68	89	152	161	119
Total	FKMH	1 084	1 224	1 113	1 263	1 163	1 402	1 691	1 469	1 798	2 883	2 825
Debits												
Capital transfers												
Central government												
Debt forgiveness	FJUV	21	20	21	24	28	23	24	146	22	22	18
Other capital transfers (project grants)	FJMB	254	261	201	188	149	143	169	182	171	225	237
Total central government	FJME	275	281	222	212	177	166	193	328	193	247	255
Other sectors												
Migrants' transfers	FJMH	519	522	494	500	453	465	592	531	499	461	430
Debt forgiveness												
Monetary financial institutions ¹	FJNF	—	—	88	51	—	—	—	—	—	—	—
Public corporations ¹	HMLY	..	..	..	..	..	..	..	..	23	231	300
Total debt forgiveness	IZZZ	—	—	88	51	—	—	—	—	23	231	300
Other capital transfers	FJMS	—	—	—	—	—	—	—	—	—	—	—
Total other sectors	FJMV	519	522	582	1 018	453	465	592	531	522	692	730
Total capital transfers	FJMY	794	803	804	1 230	630	631	785	859	715	939	985
Purchases of non-produced, non-financial assets	FJUY	—	—	—	—	—	35	102	137	140	121	341
Total	FKMI	794	803	804	1 230	630	666	887	996	855	1 060	1 326
Balances												
Capital transfers												
Central government												
Debt forgiveness	FJUW	–21	–20	–21	–24	–28	–23	–24	–146	–22	–22	–18
Other capital transfers	FJMC	–254	–261	–201	–188	–149	–143	–169	–182	–171	–225	–237
Total central government	FJMF	–275	–281	–222	–212	–177	–166	–193	–328	–193	–247	–255
Other sectors												
Migrants' transfers	FJMI	113	80	90	103	225	238	162	436	645	910	1 172
Debt forgiveness	FJNG	—	—	–88	–51	—	—	—	—	–23	–231	–300
Other capital transfers	FJMT	452	622	529	660	485	650	869	413	502	1 351	1 104
Total other sectors	FJMW	565	702	531	245	710	888	1 031	849	1 124	2 030	1 976
Total capital transfers	FJMZ	290	421	309	33	533	722	838	521	931	1 783	1 721
Non-produced, non-financial assets	NHSG	—	—	—	—	—	14	–34	–48	12	40	–222
Total	FKMJ	290	421	309	33	533	736	804	473	943	1 823	1 499

¹ This series also appears in the Financial Account (see Table 7.7).

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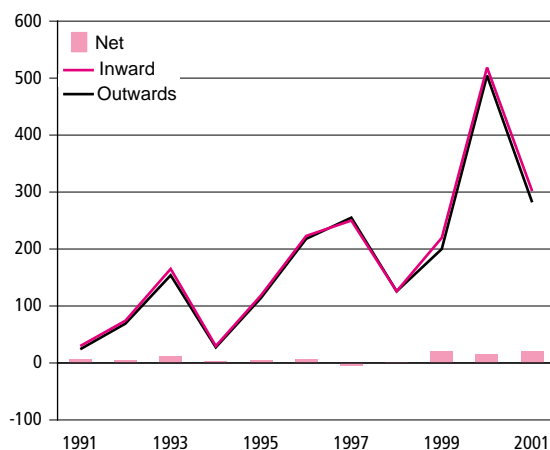
Part 2 Capital account, financial account
and International investment position

Chapter **7**

Financial Account

Chart 7.1
Financial account

£ billion



Summary

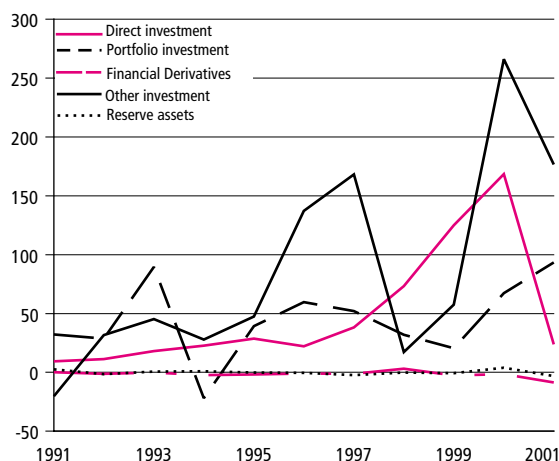
Investment abroad and in the UK have both increased dramatically in the last decade, reflecting the increased globalisation of the world economy. Growth peaked in 2000, at the height of global merger and acquisition activity. Since 1991 inward investment exceeded outward investment in all years except 1997. In other words, over this period the United Kingdom generally needed to borrow from abroad to finance a continuing current account deficit. In 1997, when the UK current account was closer to balance there was net lending to the rest of the world. In 2001, there was net investment in the UK of £19.3 billion.

Volatility in the gross financial flows has historically been driven by other 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; these transactions largely balance. Since 1998, much of the volatility in the financial flows has come from merger and acquisition activity impacting on direct investment, but also upon portfolio investment flows when such deals have been financed by the issue of equity.

Between 1991 and 2001, direct investment recorded net investment abroad (net acquisition of assets exceeded net acquisition of liabilities) in all years except 2001. Portfolio investment also generally recorded net investment abroad, although in 1994, 1999 and 2000, there was significant net investment in the UK. In 1999 and 2000 this resulted from substantial UK acquisitions in the telecom and pharmaceutical sector, which was funded by the issue of shares to foreign shareholders – this is recorded as portfolio investment in the UK. Balancing this, other investment has recorded net inward investment in all years except 1994 and 1999. Investment by central government in reserve assets is comparatively small though quite volatile. Net investment in financial derivatives reflects bank's net settlement receipts or payments from interest rate swap transactions (introduced for the first time in the 2001 edition of the Pink Book).

Chart 7.2
UK investment abroad

£ billion



UK investment abroad

Investment flows have increased through the last decade, with record investment abroad recorded in 2000. This was attributable to record direct investment and other investment abroad. Merger and acquisition activity led to an increase in direct investment abroad from £22.3 billion in 1996 to £168.6 billion in 2000, before falling back to £23.7 billion in 2001. Portfolio investment abroad recorded net acquisitions in all years over this period with the exception of 1994 when there was a net disposal of £23.2 billion of debt securities. Otherwise investment in debt securities exceeded purchases of equity in all years except 1999 and 2001. UK residents have made deposits abroad in every year since 1991, peaking in 2000 at £209.8 billion.

Foreign investment in the UK

Inward direct investment showed a similar pattern to outward investment with net investment increasing strongly from 1998, but with continued strong investment into 2001. Inward portfolio investment recorded net investment in all years, with acquisition of equity securities increasing dramatically in 1999 and 2000 – counterparting the direct investment abroad transactions. Again, counterparting the slowdown in outward direct investment activity in 2001, inward investment in UK equity also slowed in 2001. There has been non-resident investment in deposits with UK banks in every year since 1991, peaking in 2000 at £199.8 billion in 2000.

Direct investment

Outward direct investment rose steadily through the 1990's reaching a record £168.6 billion in 2000. Until 1997 reinvested earnings constituted around half of direct investment abroad. From 1998 to 2000 it fell to less than one fifth as the acquisition of equity capital increased, reflecting large foreign company acquisitions. The record direct investment abroad in 2000 was driven by 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. In 2000 and 2001, there was disinvestment in other capital transactions.

Inward direct investment showed a pattern similar to outward investment although here equity capital generally constituted the majority of the investment. As for outward investment, there was record direct investment in the UK in 2000 of £79.1 billion in 2000. The largest inward acquisitions during the year were in the telecommunications sector with France Telecom acquiring Orange Plc for a reported £23.4 billion.

Chart 7.3

Foreign investment in the UK

£ billion

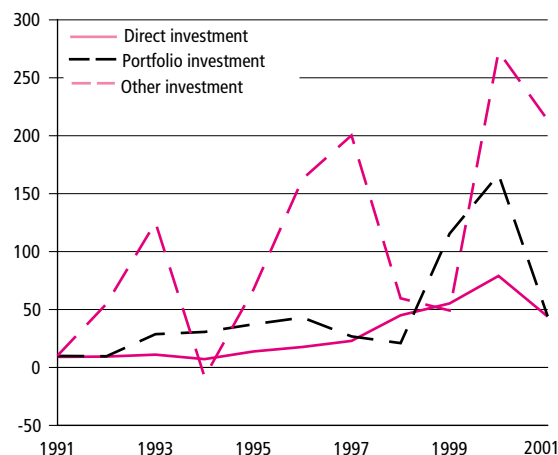


Chart 7.4

Direct investment

£ billion

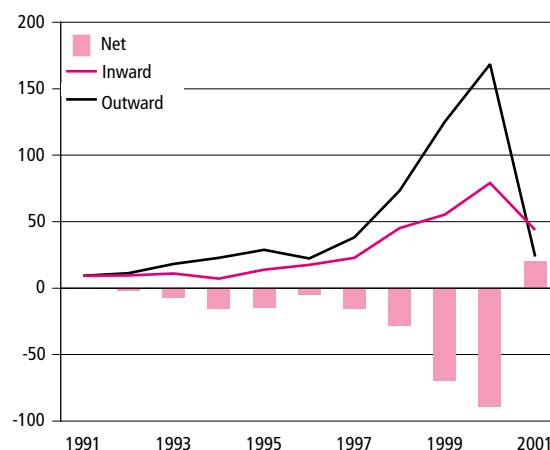
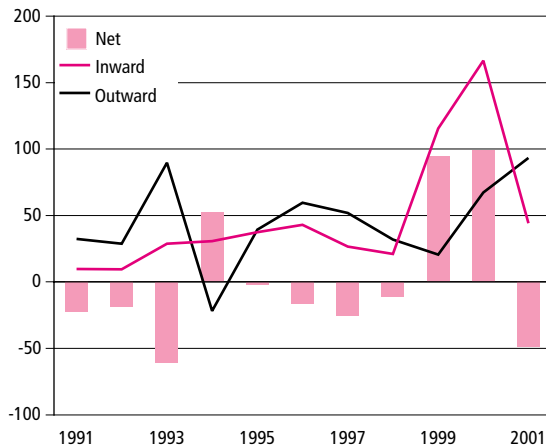


Chart 7.5**Portfolio investment**

£ billion

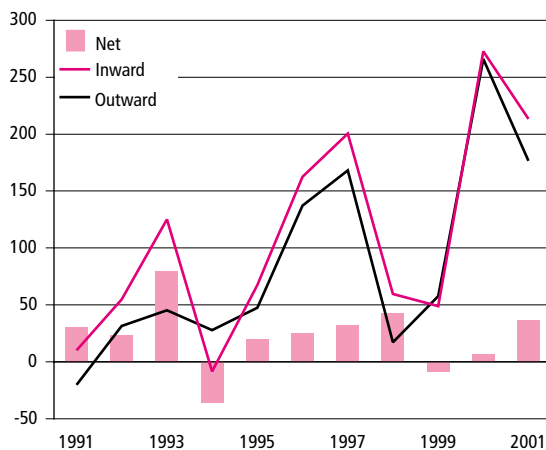
**Portfolio investment**

Portfolio investment abroad has shown strong investment in every year since 1994, when net disposals of foreign debt securities of £23.2 billion was recorded. UK investors have generally invested more in foreign debt than equity in the last decade, although both forms of security showed strong investment in 2001. Net disposals of equity securities occurred in two years coinciding with two significant financial shocks: UK exit from the Exchange Rate Mechanism (1992); and South-East Asia crisis (1997).

There has been inward portfolio investment in every year since 1991, with transactions in bonds and notes forming the major component in the first half of the decade, switching to investment in equity in the second half. The increased investment in UK equity partly reflects the counterpart to outward direct investment funded by the issue of UK equity. There has been disinvestment in equity issued by UK banks in every year since 1994, apart from 2000. In contrast, there has been foreign investment in bonds and notes issued by UK banks throughout the last decade and investment in money market instruments issued by UK banks in every year since 1994, apart from 1998 when there was £17 billion disinvestment in certificates of deposit.

Chart 7.6**Other investment**

£ billion

**Other investment**

Deposits by UK banks, and to a lesser extent securities' dealers, constitute the major component of other investment. Loans and deposits by UK banks are carried out predominately in foreign currency. Changes in currency and deposits held abroad by banks are partly influenced by relative exchange rates and interest rates as well as the global financial conditions generally. Transactions in recent years have been very volatile, with UK banks depositing £113.6 billion in 1997, a record £132.9 billion in 2000, compared to withdrawals of £29.1 billion in 1999.

Other investment in the UK is largely composed of deposits with UK banks as well as short-term loans to securities dealers and other sectors (principally private non-financial corporations). Loans to the UK reached a record £88.0 billion in 2001, primarily attributable to short-term loans to securities dealers. Non-residents deposits with UK banks continued at near record levels into 2001 at £125 billion, following record deposits of £198.6 billion in 2000.

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7.1 Financial account

Summary table

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
UK investment abroad (UK assets = net debits)												
Direct investment abroad												
Equity capital	-HJYM	4 652	5 447	4 497	7 697	8 079	4 842	21 305	47 185	101 323	159 957	19 180
Reinvested earnings	-HDNY	6 204	5 224	10 096	13 827	14 378	17 271	16 112	14 071	21 392	25 096	23 757
Other capital transactions	-HMAB	-1 544	582	3 597	1 170	6 242	175	832	12 075	2 313	-16 499	-19 227
Total direct investment abroad	-HJYP	9 312	11 253	18 190	22 694	28 699	22 288	38 249	73 331	125 028	168 554	23 710
Portfolio investment abroad												
Equity securities	-HBVI	13 992	-3 949	7 938	1 350	8 386	10 289	-4 218	2 528	14 152	20 624	47 780
Debt securities	-XBMW	18 347	32 586	81 627	-23 159	30 888	49 327	56 151	29 389	6 490	46 703	45 504
Total portfolio investment abroad	-HHZC	32 339	28 637	89 565	-21 809	39 274	59 616	51 933	31 917	20 642	67 327	93 284
Financial derivatives (net)	-ZPNN	-	-1 253	-245	-2 373	-1 667	-963	-1 156	3 043	-2 685	-1 553	-8 432
Other investment abroad	-XBMM	-20 249	31 693	45 329	27 773	47 498	137 124	168 233	17 245	57 569	265 945	176 573
Reserve assets	-LTCV	2 679	-1 407	698	1 045	-200	-510	-2 380	-164	-639	3 915	-3 083
Total	-HBNR	24 081	68 923	153 537	27 330	113 604	217 555	254 879	125 372	199 915	504 188	282 052
Investment in the UK (UK liabilities = net credits)												
Direct investment in the UK												
Equity capital	HJYR	5 859	6 560	5 934	3 316	12 756	8 156	11 599	27 895	46 709	59 682	12 893
Reinvested earnings	CYFV	463	121	4 385	3 953	5 254	7 873	6 386	1 522	4 607	10 806	9 628
Other capital transactions	HMAD	2 875	2 735	624	-170	-4 179	1 533	4 838	15 637	3 873	8 613	21 254
Total direct investment in the UK	HJYU	9 197	9 416	10 943	7 099	13 831	17 562	22 823	45 054	55 189	79 101	43 775
Portfolio investment in the UK												
Equity securities	XBLW	2 624	10 276	17 367	4 843	5 111	6 073	4 793	37 738	72 127	113 593	18 123
Debt securities	XBLX	7 194	-697	11 403	25 837	32 204	36 912	21 877	-16 812	43 290	52 817	26 059
Total portfolio investment in the UK	HHZF	9 818	9 579	28 770	30 680	37 315	42 985	26 670	20 926	115 417	166 410	44 182
Other investment in the UK	XBMN	10 335	55 017	125 154	-8 323	67 422	162 523	200 320	59 637	49 044	272 670	213 386
Total	HBNS	29 350	74 012	164 867	29 456	118 568	223 070	249 813	125 617	219 650	518 181	301 343
Net transactions (net credits /less net debits)												
Direct investment												
Equity capital	HBWN	1 207	1 113	1 437	-4 381	4 677	3 314	-9 706	-19 290	-54 614	-100 275	-6 287
Reinvested earnings	HBWT	-5 741	-5 103	-5 711	-9 874	-9 124	-9 398	-9 726	-12 549	-16 785	-14 290	-14 129
Other capital transactions	HBWU	4 419	2 153	-2 973	-1 340	-10 421	1 358	4 006	3 562	1 560	25 112	40 481
Total net direct investment	HJYV	-115	-1 837	-7 247	-15 595	-14 868	-4 726	-15 426	-28 277	-69 839	-89 453	20 065
Portfolio investment												
Equity securities	HBWV	-11 368	14 225	9 429	3 493	-3 275	-4 216	9 011	35 210	57 975	92 969	-29 657
Debt securities	HBWX	-11 153	-33 283	-70 224	48 996	1 316	-12 415	-34 274	-46 201	36 800	6 114	-19 445
Total net portfolio investment	HHZD	-22 521	-19 058	-60 795	52 489	-1 959	-16 631	-25 263	-10 991	94 775	99 083	-49 102
Financial derivatives	ZPNN	-	1 253	245	2 373	1 667	963	1 156	-3 043	2 685	1 553	8 432
Other investment	HHYR	30 584	23 324	79 825	-36 096	19 924	25 399	32 087	42 392	-8 525	6 725	36 813
Reserve assets	LTCV	-2 679	1 407	-698	-1 045	200	510	2 380	164	639	-3 915	3 083
Total	HBNT	5 269	5 089	11 330	2 126	4 964	5 515	-5 066	245	19 735	13 993	19 291

7.2 Financial account Sector analysis

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
UK investment abroad (UK assets = net debits)												
By:												
Monetary financial institutions												
Banks	-HFAM	-20 904	33 186	32 233	57 062	48 911	85 819	165 979	73 184	6 506	231 067	128 238
Building societies	HEQN	-	317	2 237	322	529	-369	2 557	1 341	951	4 382	1 477
Total monetary financial institutions	-HFAQ	-20 904	33 503	34 470	57 384	49 440	85 450	168 536	74 525	7 457	235 449	129 715
Central government	-HFAN	3 364	-1 005	1 172	1 495	269	-170	-2 335	-315	555	4 266	-2 623
Public corporations	-HFAO	79	161	286	110	163	92	122	67	125	400	-154
Other sectors	-HFAP	41 542	36 264	117 609	-31 659	63 732	132 183	88 556	51 095	191 778	264 073	155 114
Total	-HBNR	24 081	68 923	153 537	27 330	113 604	217 555	254 879	125 372	199 915	504 188	282 052
Investment in the UK (UK liabilities = net credits)												
In:												
Monetary financial institutions (banks and building societies)	CGUL	-16 753	23 550	29 657	59 327	48 296	92 343	162 961	30 364	36 606	248 096	151 080
Central government	HFAR	5 064	7 386	14 591	5 813	719	5 301	-4 317	438	-4 435	-608	-2 957
Local authorities	HFAS	-99	4	84	-78	-51	13	-53	-87	-106	-188	-156
Public corporations	HFAT	-53	-440	-24	-118	-151	-14	-206	-5	-	-	-
Other sectors	GGCJ	41 191	43 512	120 559	-35 488	69 755	125 427	91 428	94 907	187 585	270 881	153 376
Total	HBNS	29 350	74 012	164 867	29 456	118 568	223 070	249 813	125 617	219 650	518 181	301 343
Net transactions (net credits /less net debits)												
In assets and liabilities of:												
Monetary financial institutions (banks and building societies)	GGCK	4 151	-9 953	-4 813	1 943	-1 144	6 893	-5 575	-44 161	29 149	12 647	21 365
Central government	HFAV	1 700	8 391	13 419	4 318	450	5 471	-1 982	753	-4 990	-4 874	-334
Local authorities	HFAS	-99	4	84	-78	-51	13	-53	-87	-106	-188	-156
Public corporations	HFAW	-132	-601	-310	-228	-314	-106	-328	-72	-125	-400	154
Other sectors	GGCL	-351	7 248	2 950	-3 829	6 023	-6 756	2 872	43 812	-4 193	6 808	-1 738
Total	HBNT	5 269	5 089	11 330	2 126	4 964	5 515	-5 066	245	19 735	13 993	19 291

7.3 Direct investment

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Direct investment abroad (UK assets = net debits)												
Equity capital												
Claims on affiliated enterprises (net acquisition of ordinary shares)												
Purchases of ordinary shares	-HDOA	6 409	7 976	6 932	12 637	11 655	12 703	25 476	60 627	114 693	187 702	47 062
Sales of ordinary shares	-HDOC	-1 571	-2 764	-2 465	-4 786	-3 840	-7 672	-4 041	-13 677	-13 620	-28 034	-28 045
Total claims on affiliated enterprises	-HJYL	4 838	5 212	4 467	7 851	7 815	5 031	21 435	46 950	101 073	159 668	19 017
Net acquisition of property	-HHVG	-186	235	30	-154	264	-189	-130	235	250	289	163
Total equity capital	-HJYM	4 652	5 447	4 497	7 697	8 079	4 842	21 305	47 185	101 323	159 957	19 180
Reinvested earnings	-HDNY	6 204	5 224	10 096	13 827	14 378	17 271	16 112	14 071	21 392	25 096	23 757
Other capital transactions												
Claims on affiliated enterprises												
Debt securities issued by affiliated enterprises												
Purchases of debt securities	-HDOD	-	-	-	1 777	1 175	89	529	396	636	952	3 331
Sales of debt securities	-HDOE	-	-	-	-	-	-52	-117	-315	-578	-496	-297
Other claims on affiliated enterprises												
Change in inter-company accounts	-HDOF	1 059	2 905	3 550	1 267	4 631	2 506	5 040	20 721	15 806	17 466	9 753
Change in branch indebtedness	-HDOI	1 073	685	174	1 047	669	500	1 053	1 493	-483	-440	-3 025
Total claims on affiliated enterprises	-HJYN	2 132	3 590	3 724	4 091	6 475	3 043	6 505	22 295	15 381	17 482	9 762
Liabilities to affiliated enterprises												
Change in inter-company accounts	-HDOG	-3 297	-2 162	292	-2 922	-10	-3 292	-5 299	-8 453	-14 340	-32 897	-30 279
Change in branch indebtedness	-HDOJ	-379	-846	-419	1	-223	424	-374	-1 767	1 272	-1 084	1 290
Total liabilities to affiliated enterprises	-HJYO	-3 676	-3 008	-127	-2 921	-233	-2 868	-5 673	-10 220	-13 068	-33 981	-28 989
Total other capital transactions	-HMAB	-1 544	582	3 597	1 170	6 242	175	832	12 075	2 313	-16 499	-19 227
Total	-HJYP	9 312	11 253	18 190	22 694	28 699	22 288	38 249	73 331	125 028	168 554	23 710
Direct investment in the UK (UK liabilities = net credits)												
Equity capital												
Liabilities to direct investors												
Quoted ordinary shares												
Purchases of quoted ordinary shares	CYFY	658	246	651	389	4 255	6 510	7 434	24 660	40 393	15 648	4 740
Sales of quoted ordinary shares	CYFZ	-	-	-	-612	-191	-1 206	-1 293	-4 336	-10 526	-2 067	-870
Unquoted ordinary shares												
Purchases of unquoted ordinary shares	CYGA	5 957	7 363	6 152	3 923	11 755	3 039	5 055	7 147	20 721	48 740	10 312
Sales of unquoted ordinary shares	CYGB	-1 481	-1 350	-1 329	-856	-3 287	-800	-447	-274	-4 692	-4 268	-1 742
Total liabilities to direct investors	HJYQ	5 134	6 259	5 474	2 844	12 532	7 543	10 749	27 197	45 896	58 053	12 440
Net acquisition of property	CGLO	725	301	460	472	224	613	850	698	813	1 629	453
Total equity capital	HJYR	5 859	6 560	5 934	3 316	12 756	8 156	11 599	27 895	46 709	59 682	12 893
Reinvested earnings	CYFV	463	121	4 385	3 953	5 254	7 873	6 386	1 522	4 607	10 806	9 628
Other capital transactions												
Claims on direct investors												
Change in inter-company accounts	CYGF	-266	-689	-1 987	-2 791	-4 441	-423	-3 591	-11 199	-13 266	-5 503	11 253
Change in branch indebtedness	CYGK	-48	-49	-30	-50	-5	-74	735	144	105	-50	289
Total claims on direct investors	HJYS	-314	-738	-2 017	-2 841	-4 446	-497	-2 856	-11 055	-13 161	-5 553	11 542
Liabilities to direct investors												
Debt securities issued by affiliated enterprises												
Purchases of debt securities	CYGC	113	176	32	174	540	3	1 516	783	558	663	1 339
Sales of debt securities	CYGD	-956	-	-135	-21	-	-	-22	-183	-567	-182	-39
Other liabilities to direct investors												
Change in inter-company accounts	CYGH	3 848	3 251	2 614	2 478	-315	1 915	5 571	25 700	17 253	13 022	8 605
Change in branch indebtedness	CYGL	184	46	130	40	42	112	629	392	-210	663	-193
Total liabilities to direct investors	HJYT	3 189	3 473	2 641	2 671	267	2 030	7 694	26 692	17 034	14 166	9 712
Total other capital transactions	HMAD	2 875	2 735	624	-170	-4 179	1 533	4 838	15 637	3 873	8 613	21 254
Total	HJYU	9 197	9 416	10 943	7 099	13 831	17 562	22 823	45 054	55 189	79 101	43 775

7.3 Direct investment

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Net transactions												
(net credits less net debits)												
Equity capital												
Net acquisition of ordinary shares	LIMS	296	1 047	1 007	-5 007	4 717	2 512	-10 686	-19 753	-55 177	-101 615	-6 577
Net acquisition of property	LMTT	911	66	430	626	-40	802	980	463	563	1 340	290
Total equity capital	HBWN	1 207	1 113	1 437	-4 381	4 677	3 314	-9 706	-19 290	-54 614	-100 275	-6 287
Reinvested earnings	HBWT	-5 741	-5 103	-5 711	-9 874	-9 124	-9 398	-9 726	-12 549	-16 785	-14 290	-14 129
Other capital transactions	HBWU	4 419	2 153	-2 973	-1 340	-10 421	1 358	4 006	3 562	1 560	25 112	40 481
Total	HJYV	-115	-1 837	-7 247	-15 595	-14 868	-4 726	-15 426	-28 277	-69 839	-89 453	20 065

7.4 Direct investment Sector analysis

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Direct investment abroad												
(UK assets = net debits)												
By:												
UK Monetary financial institutions (banks)	-HCWJ	-840	1 374	1 261	2 310	1 820	1 444	169	971	1 028	3 378	8 550
Insurance companies	-CNZE	-158	239	1 122	-409	2 343	506	3 137	969	-2 135	2 158	-1 761
Other financial intermediaries	-HCXL	-701	634	1 425	1 498	1 977	2 631	5 711	11 676	8 469	9 729	3 919
Private non-financial corporations	-HCVH	10 942	8 890	14 140	19 162	22 463	17 684	29 132	59 663	117 330	152 655	12 916
Public corporations	-HDND	37	84	210	101	64	-9	68	20	280	574	25
Household sector ¹	-AAQN	32	32	32	32	32	32	32	32	56	60	61
Total	-HJYP	9 312	11 253	18 190	22 694	28 699	22 288	38 249	73 331	125 028	168 554	23 710

Direct investment in the UK

(UK liabilities = net credits)

In:												
Monetary financial institutions (banks)	GPBQ	-175	1 032	2 027	1 008	2 092	2 458	3 494	678	1 616	4 178	3 639
Insurance companies	HDQI	34	88	197	-38	-144	1 615	891	-138	1 763	3 100	978
Other financial intermediaries												
Securities dealers	HDRU	489	244	1 085	-682	356	905	338	-1 188	836	1 919	1 394
Other	HFCL	90	66	-120	143	1 453	87	-34	9 865	-232	5 599	3 139
Total other financial intermediaries	HFDR	579	310	965	-539	1 809	992	304	8 677	604	7 518	4 533
Private non-financial corporations	BCEC	8 759	7 986	7 754	6 668	10 074	12 497	18 134	35 837	51 206	64 305	34 625
Total	HJYU	9 197	9 416	10 943	7 099	13 831	17 562	22 823	45 054	55 189	79 101	43 775

Net transaction

(net credits less net debits)

In assets and liabilities of:												
Monetary financial institutions	LTMU	665	-342	766	-1 302	272	1 014	3 325	-293	588	800	-4 911
Insurance companies	LTMV	192	-151	-925	371	-2 487	1 109	-2 246	-1 107	3 898	942	2 739
Other financial intermediaries	LTMW	1 280	-324	-460	-2 037	-168	-1 639	-5 407	-2 999	-7 865	-2 211	614
Private non-financial corporations	LTMX	-2 183	-904	-6 386	-12 494	-12 389	-5 187	-10 998	-23 826	-66 124	-88 350	21 709
Public corporations	HDND	-37	-84	-210	-101	-64	9	-68	-20	-280	-574	-25
Household sector ¹	AAQN	-32	-32	-32	-32	-32	-32	-32	-32	-56	-60	-61
Total	HJYV	-115	-1 837	-7 247	-15 595	-14 868	-4 726	-15 426	-28 277	-69 839	-89 453	20 065

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

7.5 Portfolio investment

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Portfolio investment abroad (UK assets = net debits)												
Transactions in equity securities (shares) by:												
Monetary financial Institutions (banks)	-VTWC	-120	-612	272	1 607	161	4 570	-3 138	4 356	100	7 195	-1 287
Insurance companies and pension funds												
Insurance companies	-HBHM	4 121	-1 354	4 399	3 654	3 688	3 147	1 335	1 015	3 111	-4 297	6 421
Pension funds	-HBHO	7 177	-478	1 579	-5 250	-1 884	2 828	-3 326	2 073	-751	-12 632	15 492
Total insurance companies and pension funds	-HBRD	11 298	-1 832	5 978	-1 596	1 804	5 975	-1 991	3 088	2 360	-16 929	21 913
Other financial intermediaries												
Securities dealers	-HGLG	1 580	-812	-1 637	-3 311	3 600	-3 058	810	-7 634	5 783	13 673	24 128
Unit and Investment Trusts	-HBHQ	1 436	-487	3 539	4 148	3 178	2 724	919	3 567	6 468	9 968	3 913
Other	-HBRC	-176	-166	-241	-369	-290	-456	-831	-833	-1 300	-1 446	-1 401
Total other financial intermediaries	-HBRE	2 840	-1 465	1 661	468	6 488	-790	898	-4 900	10 951	22 195	26 640
Private non-financial corporations	-XBNL	-30	-105	141	55	-222	188	-62	84	241	9 047	444
Household sector ¹	HALH	4	65	-114	816	155	346	75	-100	500	-884	70
Total transactions in equity securities	-HBVI	13 992	-3 949	7 938	1 350	8 386	10 289	-4 218	2 528	14 152	20 624	47 780
Transactions in debt securities												
Transactions in bonds and notes by:												
Monetary financial institutions												
Banks	-VTWA	8 647	13 577	34 426	12 474	23 672	19 034	17 442	42 633	11 011	34 007	37 604
Building societies	RYWJ	-	48	661	355	496	67	691	1 424	1 101	2 464	857
Total monetary financial institutions	-HPCP	8 647	13 625	35 087	12 829	24 168	19 101	18 133	44 057	12 112	36 471	38 461
Insurance companies and pension funds												
Insurance companies	-HBHN	1 700	3 187	-227	231	1 052	4 096	3 614	11 615	7 103	5 363	9 549
Pension funds	-HBHP	1 589	708	355	357	732	1 650	4 696	3 581	2 801	7 088	3 073
Total insurance companies and pension funds	-HBRF	3 289	3 895	128	588	1 784	5 746	8 310	15 196	9 904	12 451	12 622
Other financial intermediaries												
Securities dealers	CGFO	3 643	13 381	39 772	-32 564	3 039	26 584	22 318	-33 645	-28 883	-1 530	-19 589
Unit and investment trusts	-HBHR	489	197	316	-128	-133	351	195	1 452	1 121	664	1 478
Other	-HBRG	-18	-17	-33	-25	-22	-35	45	-154	-38	-36	-56
Total other financial intermediaries	-HBRH	4 114	13 561	40 055	-32 717	2 884	26 900	22 558	-32 347	-27 800	-902	-18 167
Private non-financial corporations	-XBNM	138	675	174	666	-135	840	-2 370	553	-1 299	1 179	566
Household sector ¹	HBRI	-431	140	-59	-77	-556	-1 586	186	184	-380	256	88
Total transactions in bonds and notes	-HEPK	15 757	31 896	75 385	-18 711	28 145	51 001	46 817	27 643	-7 463	49 455	33 570
Transactions in Money Market Instruments												
Transactions in commercial paper by:												
Monetary financial institutions:												
Banks	-HBXH	2 271	2 385	2 619	-4 229	2 233	-3 547	7 303	4 207	9 726	-977	6 630
Central government	-RUUR	-	-	-	-	-	-	-	-	-	-	456
Building societies	TAIH	-	39	535	-135	-339	14	254	-169	66	899	635
Insurance companies and pension funds	-HBVK	42	65	51	19	178	292	617	-1 174	-68	-49	170
Other financial intermediaries	-HGIS	-430	-606	1 963	-296	420	1 182	611	-815	504	-2 077	2 505
Private non-financial corporations	-HBRL	358	-535	912	73	-2	390	279	-956	722	1 110	1 913
Total transactions in commercial paper	-HGLU	2 241	1 348	6 080	-4 568	2 490	-1 669	9 064	1 093	10 950	-1 094	12 309
Transactions in certificates of deposit by:												
Monetary financial institutions												
(Building societies)	TAIF	-	-	20	36	-25	2	261	210	-72	409	37
Other financial intermediaries	-RZUV	349	-658	142	84	278	-7	9	443	3 075	-2 067	-412
Total transactions in certificates of deposit	HEPH	349	-658	162	120	253	-5	270	653	3 003	-1 658	-375
Total transactions in Money Market Instruments	-HHZM	2 590	690	6 242	-4 448	2 743	-1 674	9 334	1 746	13 953	-2 752	11 934
Total transactions in debt securities	-XBWV	18 347	32 586	81 627	-23 159	30 888	49 327	56 151	29 389	6 490	46 703	45 504
Total	-HHZC	32 339	28 637	89 565	-21 809	39 274	59 616	51 933	31 917	20 642	67 327	93 284

¹ The household sector includes non-profit institutions serving households.

7.5 Portfolio investment

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Portfolio investment in the UK (UK liabilities = net credits)												
Transactions in equity securities (shares) issued by:												
Monetary financial Institutions (banks and building societies)	HBQG	339	568	372	-517	-914	-1 173	-2 172	-2 473	-847	1 267	-4 471
Other sectors ¹	HBQH	2 285	9 708	16 995	5 360	6 025	7 246	6 965	40 211	72 974	112 326	22 594
Total transactions in equity securities	XBLW	2 624	10 276	17 367	4 843	5 111	6 073	4 793	37 738	72 127	113 593	18 123
Transactions in debt securities												
Transactions in bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	HEZP	1 621	4 676	1 225	2 774	101	-1 632	-3 058	-1 660	241	988	-3 342
Other central government bonds	HHJM	-	-	-	-	-	-	-	-	-	-	-
Transactions in British government stocks (gilts) by:												
Foreign central banks (exchange reserves)	AING	2 411	2 561	1 462	2 017	-250	261	-1 586	1 692	489	1 046	1 145
Other foreign residents	VTWG	3 323	1 589	14 890	520	-879	7 604	2 244	1 802	-6 017	-2 697	-1 220
Total transactions in British government stocks	HEFC	5 734	4 150	16 352	2 537	-1 129	7 865	658	3 494	-5 528	-1 651	-75
Total issues by central government	HBXR	7 355	8 826	17 577	5 311	-1 028	6 233	-2 400	1 834	-5 287	-663	-3 417
Local authorities' bonds	HBQT	-	-	-	-	-	-	-	-	-	-	-
Public corporations' bonds	HCEW	-5	-10	-6	-2	-7	-	-	-	-	-	-
Issues by monetary financial Institutions (banks and building societies)												
Bonds	HBRY	1 667	841	1 746	2 704	3 233	2 998	3 137	-1 061	6 638	2 442	796
European medium term notes and other short-term paper:												
Issued by UK banks	HCEZ	1 244	1 034	3 037	4 353	1 572	5 585	3 012	1 575	4 395	891	3 725
Issued by UK building societies	HCFC	459	336	884	2 066	-399	-315	-116	-139	251	1 814	624
Total	HBRY	1 703	1 370	3 921	6 419	1 173	5 270	2 896	1 436	4 646	2 705	4 349
Total monetary financial institutions	HMBD	3 370	2 211	5 667	9 123	4 406	8 268	6 033	375	11 284	5 147	5 145
Issues by other sectors ¹	HBRT	5 190	2 623	5 433	8 419	10 063	9 331	9 770	-3 305	20 665	7 605	2 478
Total transactions in bonds and notes	XBLY	15 910	13 650	28 671	22 851	13 434	23 832	13 403	-1 096	26 662	12 089	4 206
Transactions in Money Market Instruments												
Transactions in treasury bills (issued by central government)												
Sterling treasury bills	AARB	-1 626	-1 222	-438	-199	853	-663	-184	-821	636	-251	200
Euro treasury bills	HHNW	-17	-1 194	133	59	471	425	-729	-913	-227	-	-
Total treasury bills	HHZO	-1 643	-2 416	-305	-140	1 324	-238	-913	-1 734	409	-251	200
Transactions in certificates of deposit (issued by UK monetary financial institutions)												
Issued by banks	HBRS	-11 861	-6 503	-16 909	1 066	12 718	9 906	5 548	-16 978	11 650	34 653	20 871
Issued by building societies	HBHH	253	-181	-15	107	-	23	121	-24	-1	301	-50
Total certificates of deposit	HBQX	-11 608	-6 684	-16 924	1 173	12 718	9 929	5 669	-17 002	11 649	34 954	20 821
Transactions in commercial paper												
Issued by UK monetary financial Institutions												
Banks	HBHI	90	-4 830	413	328	708	2 174	1 800	255	1 039	2 554	779
Building societies	HBHL	1 010	294	-1 802	-673	2 768	-643	206	336	1 748	768	-182
Total monetary financial institutions	HBUR	1 100	-4 536	-1 389	-345	3 476	1 531	2 006	591	2 787	3 322	597
Issued by other sectors ¹	HHZN	3 435	-711	1 350	2 298	1 252	1 858	1 712	2 429	1 783	2 703	235
Total transactions in commercial paper	HBQW	4 535	-5 247	-39	1 953	4 728	3 389	3 718	3 020	4 570	6 025	832
Total transactions in Money Market Instruments	HHZE	-8 716	-14 347	-17 268	2 986	18 770	13 080	8 474	-15 716	16 628	40 728	21 853
Total transactions in debt securities	XBLX	7 194	-697	11 403	25 837	32 204	36 912	21 877	-16 812	43 290	52 817	26 059
Total	HHZF	9 818	9 579	28 770	30 680	37 315	42 985	26 670	20 926	115 417	166 410	44 182

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

7.5 Portfolio investment

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Net transactions (net credits less net debits)												
Equity securities (shares)	HBWV	-11 368	14 225	9 429	3 493	-3 275	-4 216	9 011	35 210	57 975	92 969	-29 657
Debt securities												
Bonds and notes	LTMY	153	-18 246	-46 714	41 562	-14 711	-27 169	-33 414	-28 739	34 125	-37 366	-29 364
Money Market Instruments	LTMZ	-11 306	-15 037	-23 510	7 434	16 027	14 754	-860	-17 462	2 675	43 480	9 919
Total debt securities	HBWX	-11 153	-33 283	-70 224	48 996	1 316	-12 415	-34 274	-46 201	36 800	6 114	-19 445
Total	HHZD	-22 521	-19 058	-60 795	52 489	-1 959	-16 631	-25 263	-10 991	94 775	99 083	-49 102

7.6 Portfolio investment Sector analysis

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Portfolio investment abroad (UK assets = net debits)												
Investment by:												
Monetary financial institutions												
Banks	-HBWF	10 798	15 350	37 317	9 852	26 066	20 057	21 607	51 196	20 837	40 225	42 947
Building societies	HEPI	-	87	1 216	256	132	83	1 206	1 465	1 095	3 772	1 529
Total monetary financial institutions	-HBRJ	10 798	15 437	38 533	10 108	26 198	20 140	22 813	52 661	21 932	43 997	44 476
Central government	-RUUR	-	-	-	-	-	-	-	-	-	-	456
Insurance companies and pension funds	-HBRO	14 629	2 128	6 157	-989	3 766	12 013	6 936	17 110	12 196	-4 527	34 705
Other financial intermediaries	-HBRP	6 873	10 832	43 821	-32 461	10 070	27 285	24 076	-37 619	-13 270	17 149	10 566
Private non-financial corporations	-HBRQ	466	35	1 227	794	-359	1 418	-2 153	-319	-336	11 336	2 923
Household sector ¹	-HBRR	-427	205	-173	739	-401	-1 240	261	84	120	-628	158
Total	-HHZC	32 339	28 637	89 565	-21 809	39 274	59 616	51 933	31 917	20 642	67 327	93 284
Portfolio investment in the UK (UK liabilities = net credits)												
Investment in securities issued by:												
Monetary financial institutions (banks and building societies)	CGPH	-6 799	-8 441	-12 274	9 434	19 686	18 555	11 536	-18 509	24 873	44 690	22 092
Central government	HBSO	5 712	6 410	17 272	5 171	296	5 995	-3 313	100	-4 878	-914	-3 217
Local authorities	HBQT	-	-	-	-	-	-	-	-	-	-	-
Public corporations	HCEW	-5	-10	-6	-2	-7	-	-	-	-	-	-
Other sectors	CGPL	10 910	11 620	23 778	16 077	17 340	18 435	18 447	39 335	95 422	122 634	25 307
Total	HHZF	9 818	9 579	28 770	30 680	37 315	42 985	26 670	20 926	115 417	166 410	44 182

Net transactions (net credits less net debits)

In assets and liabilities of:												
Monetary financial institutions	LTNA	-17 597	-23 878	-50 807	-674	-6 512	-1 585	-11 277	-71 170	2 941	693	-22 384
Central government	ZPOG	5 712	6 410	17 272	5 171	296	5 995	-3 313	100	-4 878	-914	-3 673
Local authorities	HBQT	-	-	-	-	-	-	-	-	-	-	-
Public corporations	HCEW	-5	-10	-6	-2	-7	-	-	-	-	-	-
Other sectors	LTNB	-10 631	-1 580	-27 254	47 994	4 264	-21 041	-10 673	60 079	96 712	99 304	-23 045
Total	HHZD	-22 521	-19 058	-60 795	52 489	-1 959	-16 631	-25 263	-10 991	94 775	99 083	-49 102

¹ The household sector includes non-profit institutions serving households.

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7.7 Other investment

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Other investment abroad (UK assets = net debits)												
Trade credit												
Long-term												
Central government	-XBMC	654	366	452	413	443	303	33	-42	1 122	325	-32
Other sectors ¹	-HCQK	-98	332	30	-103	-407	-19	-	-	-	-	-
Total long-term trade credit	-HBRZ	556	698	482	310	36	284	33	-42	1 122	325	-32
Short-term												
Other sectors ¹	-XBMF	106	-49	47	-190	49	1 698	-635	-1 119	102	-42	-42
Total trade credit	-XBMB	662	649	529	120	85	1 982	-602	-1 161	1 224	283	-74
Loans												
Long-term												
Bank loans under ECGD guarantee	-HGBS	-474	-862	-513	291	1 128	-626	643	-7	-355	-1 478	187
Inter-government loans by the UK	-HEUC	-46	-32	-57	-53	-59	-44	-51	-176	-19	-27	-20
Loans by Commonwealth Development Corporation (public corporations)	-HETB	42	77	76	9	99	101	54	47	25	2	-
Loans by the Export Credit Guarantee Department	HMNR	..	..	..	..	..	..	..	..	-180	-176	-179
Loans by specialist leasing companies ¹	-HGKU	-15	-	-	-	-	-	-	-	-	-	-
Total long-term loans	-HBSG	-493	-817	-494	247	1 168	-569	646	-136	-529	-1 679	-12
Short-term loans												
By monetary financial institutions												
By banks												
Sterling loans	NFBE	307	1 602	-456	-945	619	4 802	3 340	-613	2 619	1 869	4 857
Foreign currency loans	ZPON	7 321	3 605	-7 002	-2 810	11 183	34 157	27 741	1 580	14 272	55 814	44 097
Total banks	HEQO	7 628	5 207	-7 458	-3 755	11 802	38 959	31 081	967	16 891	57 683	48 954
By building societies	NFBG	-	-	4	5	-	-9	-	-	-	-	-
Total monetary financial institutions	ZPOL	7 628	5 207	-7 454	-3 750	11 802	38 950	31 081	967	16 891	57 683	48 954
By other sectors	-XBLN	128	226	274	-126	34	125	8	-133	3	-	-
Total short-term loans	VTUL	7 756	5 433	-7 180	-3 876	11 836	39 075	31 089	834	16 894	57 683	48 954
Total loans	-XBMG	7 263	4 616	-7 674	-3 629	13 004	38 506	31 735	698	16 365	56 004	48 942
Currency and deposits												
Transactions in foreign notes and coin	TAAG	-6	-14	42	22	-5	35	42	30	-63	-39	3
Monetary financial institutions (banks)	-HETF	19	-17	40	1	34	50	76	10	40	28	-2
Other sectors ¹												
Total foreign notes and coin	HEOV	13	-31	82	23	29	85	118	40	-23	-11	1
Deposits abroad by UK residents												
Deposits by monetary financial institutions												
Deposits by banks												
Sterling deposits	-HBQY	-3 947	8 640	8 689	-247	893	3 726	28 254	6 038	-12 472	20 712	7 303
Foreign currency deposits	-HBQZ	-34 063	4 744	-6 772	51 480	8 874	23 187	85 339	10 946	-16 675	112 139	28 726
Total deposits by UK banks	-XBMI	-38 010	13 384	1 917	51 233	9 767	26 913	113 593	16 984	-29 147	132 851	36 029
Deposits by building societies	TAID	-	230	1 017	61	397	-443	1 351	-124	-144	610	-52
Total deposits by monetary financial institutions	HCES	-38 010	13 614	2 934	51 294	10 164	26 470	114 944	16 860	-29 291	133 461	35 977

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

7.7 Other investment

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Other investment abroad - continued												
Currency and deposits - continued												
Deposits abroad by UK residents - continued												
Deposits by securities dealers	-HGTF	9 171	14 471	45 636	-22 393	18 328	61 179	5 660	-6 117	45 920	47 567	58 756
Deposits by other UK residents ¹	-HBSI	571	-1 698	3 827	2 782	5 799	8 817	16 315	6 858	23 306	28 819	33 215
Total deposits abroad by UK residents	-HBXV	-28 268	26 387	52 397	31 683	34 291	96 466	136 919	17 601	39 935	209 847	127 948
Total currency and deposits	-HBVN	-28 255	26 356	52 479	31 706	34 320	96 551	137 037	17 641	39 912	209 836	127 949
Other assets												
Central government subscriptions to international organisations												
Regional development banks	-HEUD	41	34	42	75	65	56	60	65	50	50	53
European Investment Bank (EIB)	-HEUE	20	22	23	14	16	16	-	-	-	-	-
Other subscriptions	-HEUF	16	12	14	1	4	9	3	2	41	3	3
Total central government	-HGLR	77	68	79	90	85	81	63	67	91	53	56
Debt forgiveness (monetary financial institutions) ²	-FJNF	-	-	-88	-518	-	-	-	-	-	-	-
Other sectors (excluding monetary financial institutions)												
Long-term assets	-HHZH	-	-	-	-	-	-	-	-	-	-	-
Short-term assets												
Public corporations assets abroad	-HBSR	-	-	-	-	-	-	-	-	-	-	-
Public corporations debt forgiveness	HMLW	..	..	..	..	..	..	..	..	-23	-231	-300
Other ¹	-HBSK	4	4	4	4	4	4	-	-	-	-	-
Total short-term assets	-HHZI	4	4	4	4	4	4	-	-	-23	-231	-300
Total other sectors	-XBLP	4	4	4	4	4	4	-	-	-23	-231	-300
Total other assets	-XBMK	81	72	-5	-424	89	85	63	67	68	-178	-244
Total	-XBMM	-20 249	31 693	45 329	27 773	47 498	137 124	168 233	17 245	57 569	265 945	176 573

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

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Other investment in the UK (UK liabilities = net credits)												
Trade credit												
Long-term ¹	CGJF	71	198	335	357	265	18	—	—	—	—	—
Short-term ¹	XBLQ	-3	-29	-3	8	-2	13	-7	—	—	—	—
Total trade credit	XBMO	68	169	332	365	263	31	-7	—	—	—	—
Loans												
Long-term												
Drawings by:												
Central government	HBSF	—	40	—	—	—	—	—	—	—	—	—
Local authorities	HBSQ	1	135	217	76	120	150	58	9	17	—	—
Public corporations	HHYT	—	—	—	—	—	—	—	—	—	—	—
Other ¹	HIBY	—	—	—	—	—	—	—	—	—	—	—
Total long-term drawings	HBST	1	175	217	76	120	150	58	9	17	—	—
Repayments from:												
Central government	HBSW	-78	-133	-127	-131	-103	-99	-255	-91	-105	-114	-56
Local authorities	HBSX	-100	-129	-140	-163	-174	-139	-109	-96	-123	-188	-156
Public corporations	HHYU	-48	-430	-18	-116	-144	-14	-206	-5	—	—	—
Other ¹	HIBZ	-40	-177	-56	-1	-1	—	—	—	—	—	—
Total long-term repayments	HBSY	-266	-869	-341	-411	-422	-252	-570	-192	-228	-302	-212
Total long-term loans	HBSZ	-265	-694	-124	-335	-302	-102	-512	-183	-211	-302	-212
Short-term loans to:												
Central government	HBTB	—	1 289	-2 825	—	—	—	—	—	—	—	—
Local authorities	HBTB	—	-2	7	9	3	2	-2	—	—	—	—
Public corporations	HIAW	—	—	—	—	—	—	—	—	—	—	—
Securities dealers	HBTB	13 335	18 276	78 614	-58 541	34 398	73 904	32 764	14 901	28 746	59 410	62 790
Other ¹	HBSB	6 663	4 338	8 680	783	5 033	10 114	20 609	-3 730	10 424	12 840	25 407
Total short-term loans	HBTC	19 998	23 901	84 476	-57 749	39 434	84 020	53 371	11 171	39 170	72 250	88 197
Total loans	XBMP	19 733	23 207	84 352	-58 084	39 132	83 918	52 859	10 988	38 959	71 948	87 985
Currency and deposits												
Sterling notes and coin												
Notes (issued by Bank of England)	HLVY	41	53	65	85	60	32	45	98	77	58	-49
Coins (issued by Royal Mint)	HMAT	4	6	6	10	6	3	5	11	8	7	-6
Total notes and coin	AASD	45	59	71	95	66	35	50	109	85	65	-55
Deposits from abroad with UK residents												
Deposits with monetary financial institutions												
Deposits with banks												
Sterling deposits	NWXP	-10 069	4 670	-1 401	6 550	10 248	-431	16 549	13 792	19 427	32 508	16 375
Foreign currency deposits	NFAS	-656	25 313	39 616	40 805	15 766	70 488	131 502	33 421	-9 943	166 095	108 603
Total deposits with banks	HBWA	-10 725	29 983	38 215	47 355	26 014	70 057	148 051	47 213	9 484	198 603	124 978
Deposits with building societies	NEWS	905	923	1 624	1 445	444	1 241	-165	884	556	567	420
Total deposits with UK monetary financial institutions	HDKE	-9 820	30 906	39 839	48 800	26 458	71 298	147 886	48 097	10 040	199 170	125 398
Deposit liabilities of UK central government	HEUN	-634	-188	21	950	484	-606	-759	304	693	527	-180
Total deposits from abroad with UK residents	HBXY	-10 454	30 718	39 860	49 750	26 942	70 692	147 127	48 401	10 733	199 697	125 218
Total currency and deposits	HMAO	-10 409	30 777	39 931	49 845	27 008	70 727	147 177	48 510	10 818	199 762	125 163

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

7.7 Other investment

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Other investment in the UK - continued												
Other liabilities												
Long-term												
Net equity of foreign households in life insurance reserves and in pension funds	QZEP	6	6	-1	-3	-2	-2	-2	-2	-2	-4	-5
Prepayments of premiums and reserves against outstanding claims	NQMC	845	928	296	493	973	6 793	264	3	-602	1 054	-283
Total long-term liabilities	VTUG	851	934	295	490	971	6 791	262	1	-604	1 050	-288
Short-term	HJYF	92	-70	244	-939	48	1 056	29	138	-129	-90	526
Total other liabilities	XBMX	943	864	539	-449	1 019	7 847	291	139	-733	960	238
Total	XBMN	10 335	55 017	125 154	-8 323	67 422	162 523	200 320	59 637	49 044	272 670	213 386
Net transactions												
(net credits less net debits)												
Trade credit	LTNC	-594	-480	-197	245	178	-1 951	595	1 161	-1 224	-283	74
Loans	LTND	12 470	18 591	92 026	-54 455	26 128	45 412	21 124	10 290	22 594	15 944	39 043
Deposits	LTNE	17 846	4 421	-12 548	18 139	-7 312	-25 824	10 140	30 869	-29 094	-10 074	-2 786
Other	LTFN	862	792	544	-25	930	7 762	228	72	-801	1 138	482
Total	HHYR	30 584	23 324	79 825	-36 096	19 924	25 399	32 087	42 392	-8 525	6 725	36 813

7.8 Other investment Sector analysis

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Other investment abroad (UK assets = net debits)												
Investment by:												
Monetary financial institutions												
Banks	-HBSL	-30 862	17 715	-6 100	47 273	22 692	65 281	145 359	17 974	-12 674	189 017	85 173
Building societies	HEQR	-	230	1 021	66	397	-452	1 351	-124	-144	610	-52
Total monetary financial institutions	HCET	-30 862	17 945	-5 079	47 339	23 089	64 829	146 710	17 850	-12 818	189 627	85 121
Central government	-HBSM	685	402	474	450	469	340	45	-151	1 194	351	4
Public corporations	-HBSV	42	77	76	9	99	101	54	47	-155	-174	-179
Other sectors	-HBSN	9 886	13 269	49 858	-20 025	23 841	71 854	21 424	-501	69 348	76 141	91 627
Total	-XBMM	-20 249	31 693	45 329	27 773	47 498	137 124	168 233	17 245	57 569	265 945	176 573
Other investment in the UK (UK liabilities = net credits)												
Investment in:												
Monetary financial institutions												
Banks	CGOT	-10 684	30 036	38 280	47 440	26 074	70 089	148 096	47 311	9 561	198 661	124 929
Building societies	NEWS	905	923	1 624	1 445	444	1 241	-165	884	556	567	420
Total monetary financial institutions	HBWG	-9 779	30 959	39 904	48 885	26 518	71 330	147 931	48 195	10 117	199 228	125 349
Central government	HBWH	-648	976	-2 681	642	423	-694	-1 004	338	443	306	260
Local authorities	HBWJ	-99	4	84	-78	-51	13	-53	-87	-106	-188	-156
Public corporations	HBWL	-48	-430	-18	-116	-144	-14	-206	-5	-	-	-
Other sectors	HBWM	20 909	23 508	87 865	-57 656	40 676	91 888	53 652	11 196	38 590	73 324	87 933
Total	XBMM	10 335	55 017	125 154	-8 323	67 422	162 523	200 320	59 637	49 044	272 670	213 386
Net transactions (net credits less net debits)												
In assets and liabilities of:												
Monetary financial institutions												
Banks	LTNG	20 178	12 321	44 380	167	3 382	4 808	2 737	29 337	22 235	9 644	39 756
Building societies	LTNH	905	693	603	1 379	47	1 693	-1 516	1 008	700	-43	472
Total monetary financial institutions	LTNI	21 083	13 014	44 983	1 546	3 429	6 501	1 221	30 345	22 935	9 601	40 228
Central government	LTNJ	-1 333	574	-3 155	192	-46	-1 034	-1 049	489	-751	-45	256
Local authorities	HBWJ	-99	4	84	-78	-51	13	-53	-87	-106	-188	-156
Public corporations	LTNK	-90	-507	-94	-125	-243	-115	-260	-52	155	174	179
Other sectors	LTNL	11 023	10 239	38 007	-37 631	16 835	20 034	32 228	11 697	-30 758	-2 817	-3 694
Total	HHYR	30 584	23 324	79 825	-36 096	19 924	25 399	32 087	42 392	-8 525	6 725	36 813

7.9 Reserve assets

Central government sector

Net debits

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Monetary gold	-HBOX	-196	-269	-212	756	-72	-23	1 115	931	-412	-883	-786
Special drawing rights	-HBOY	90	-693	-250	176	-48	-31	84	-16	38	-73	-22
Reserve position in the Fund	-HBOZ	199	274	-138	27	622	57	410	751	626	-478	633
Foreign Exchange												
Currency and deposits												
With central banks	-HBPC	..	..	..	..	..	-418	-675	-1 822	239	-368	6
With other banks	-HBPD	..	..	..	..	..	1 509	400	-733	2 312	6	-900
Total currency and deposits	-HBPB	..	..	..	..	..	1 090	-276	-2 555	2 551	-363	-892
Securities												
Bonds and notes	-HBPG	-	-	-	-	-	-1 107	-2 936	-214	-3 105	5 418	-1 836
Money market instruments	-HBPH	-	-	-	-	-	-496	-777	939	-337	244	-185
Total securities	-HBPE	..	..	..	..	..	-1 604	-3 712	725	-3 442	5 662	-2 021
Total foreign exchange	-HBPA	2 586	-719	1 298	86	-701	-514	-3 987	-1 830	-891	5 299	-2 913
Other claims	-HBPI	-	-	-	-	-	-	-	-	-	50	5
Total	-LTCV	2 679	-1 407	698	1 045	-200	-510	-2 380	-164	-639	3 915	-3 083

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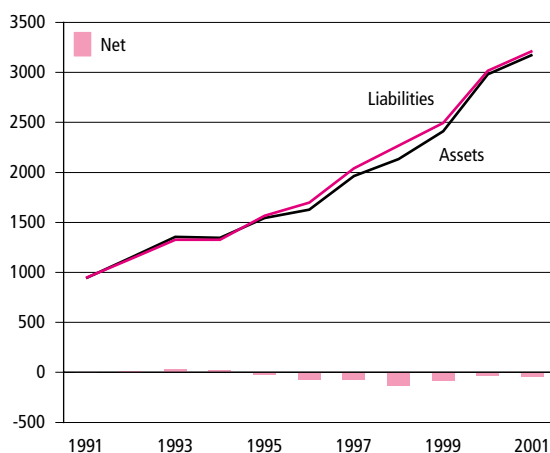
Part 2 Capital account, financial account
and International investment position

Chapter **8**

International Investment Position

Chart 8.1**International investment position**

£ billion

**Summary**

The total net IIP represents the net financial worth of the United Kingdom. Between 1966 and 1995 the UK's assets tended to exceed its liabilities by up to a record £86.4 billion in 1986. Since 1995, however the UK has recorded a net liability position, with a record £135.2 billion recorded in 1998. Since then the net liability position has decreased to £39.9 billion. This was equivalent to -4% of Gross Domestic Product (GDP) in 2001.

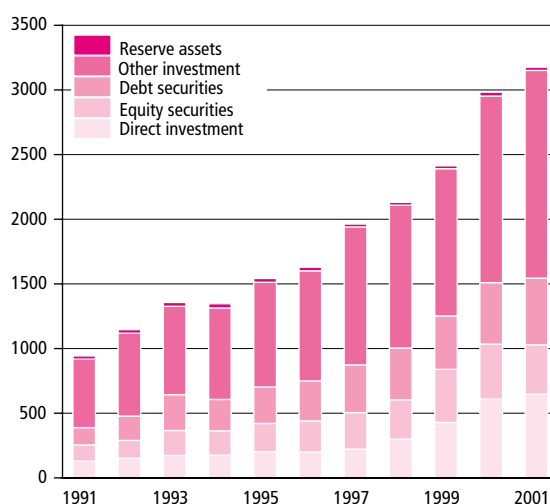
The value of UK assets and liabilities has doubled since 1995, with total assets being valued at £3176 billion and total liabilities at £3216 billion at the end of 2001.

Around half of all UK assets at end 2001 were held by banks. Foreign investment in UK banks also accounted for around half of all UK liabilities, down from around three-quarters in the late 1980's. UK banks' liabilities have consistently exceeded their assets in the last 10 years.

UK assets include reserve assets held by central government. Reserves are mainly held in the form of foreign exchange – in particular bonds and notes. In the years for which detailed data are available, bonds and notes accounted for around half of the total reserve assets; monetary gold accounted for around a sixth of total assets, although this declined to around 10 per cent in 2001. Reserve assets account for around 1 per cent of total UK assets, down from around 4 per cent in the late 1980's.

Chart 8.2**UK external assets**

£ billion

**UK assets**

The proportion of direct investment abroad remained fairly constant at around 13 per cent of total UK assets through much of the 1990's. Between 1998 and 2000 it increased to over 20 per cent, reflecting the high level of merger and acquisition activity by UK companies in those years. In 2001 the proportion has remained at 20 per cent. Portfolio investment assets increased rapidly in the late 1980's and early 1990's to reach around a third of total UK assets in 1993. This proportion has remained fairly stable until falling back in the last two years to 28 per cent, partly due to the falls in world stock markets in these years. The proportion of other investment assets has gradually declined from around 60 per cent in the late 1980's to 47 per cent of total assets in 1999, since when it has increased to over 50 per cent.

UK liabilities

Direct investment in the UK accounted for around 10 per cent of the total value of UK liabilities throughout the last decade. Portfolio investment increased from just over 20 per cent in 1990 to 33 per cent in 2000, before falling back in 2001. The increase in portfolio liabilities was mainly in equity, reflecting the counterpart to the big outward direct investment acquisitions in recent years. The proportion declined to 30 per cent in 2001 partly due to substantially reduced outward merger and acquisition activity, but also as a result of stock market falls reducing the value of UK equity. As for assets, the share of the value of other investment liabilities in the UK fell from around two-thirds in 1990 to less than 57 per cent in 2000, although there was a rise into 2001, perhaps as investors moved their portfolio into safer forms of investment.

Direct investment

The strongest growth in UK assets has been in direct investment abroad. Between 1991 and 2001 UK direct investment assets increased from £128.1 billion to £645.2 billion – a 500 per cent rise. UK private non-financial corporations (PNFC's) accounted for 87 per cent of UK direct investment assets at end 2001, with the total value of PNFC's assets more than trebling since 1997 to £559.9 billion at the end of 2001. This increase in the total assets of PNFC's has been driven by the substantial foreign acquisitions by UK oil and telecom companies since 1997.

PNFC's share of the value of total foreign direct investment liabilities fell from around 85 per cent in 1990 to 75 per cent in 1997, since when it has increased to 80 per cent. The increase in the late 1990's was driven by inward investment in UK oil, pharmaceutical and telecom companies.

Chart 8.3

UK liabilities

£ billion

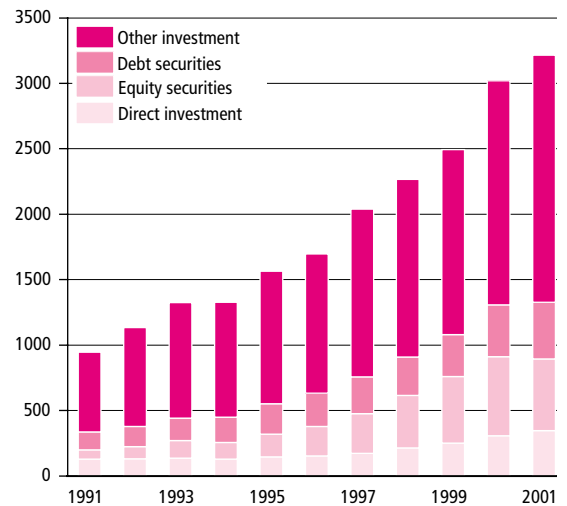


Chart 8.4

Direct investment

£ billion

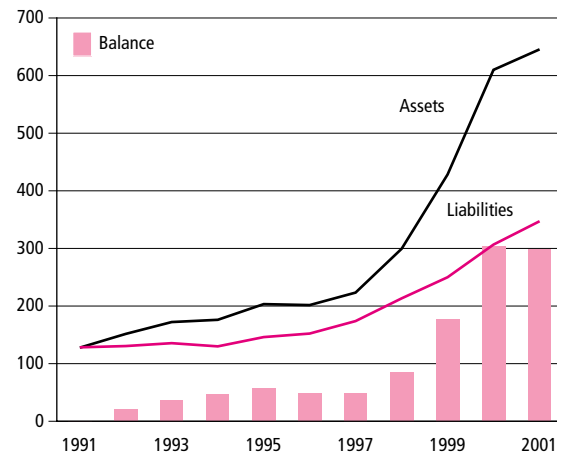
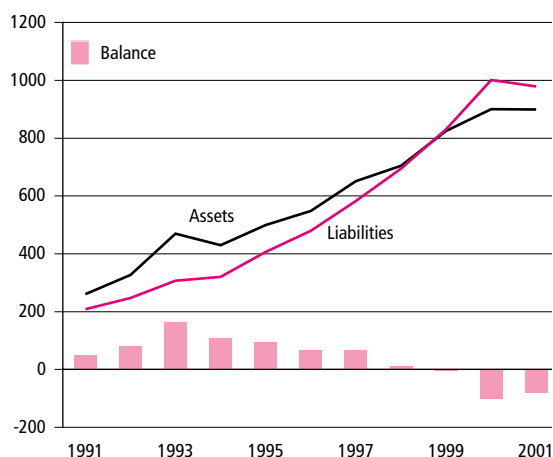


Chart 8.5**Portfolio investment**

£ billion

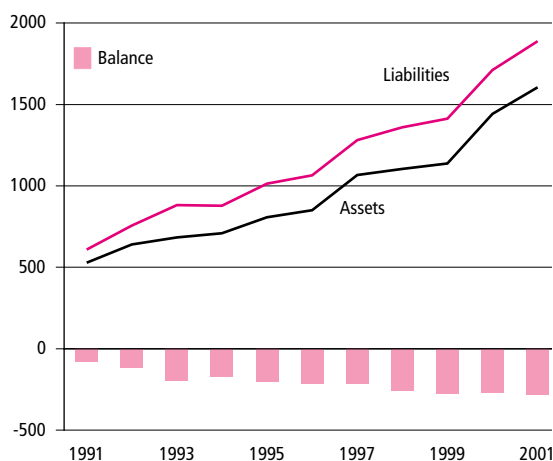
**Portfolio investment**

Between 1991 and 2001 UK portfolio investment assets increased from £260.6 billion to £899.1 billion. The value of investment in equity securities increased threefold to £385.0 billion in 2001, with insurance companies and pension funds holding over 50 per cent of foreign equities by value, with other non-bank financial intermediaries holding the bulk of the remainder. The value of investment in debt securities increased almost fourfold over this period to reach £514.1 billion in 2001. Within debt securities, the most notable increase was the in value of UK bank's holdings of foreign bonds and notes, which increased from £48.9 billion in 1991 to £313 billion in 2001. Banks were the single largest holders of foreign assets, with 40 per cent of the total in 2001 mostly in debt. Insurance and pension funds hold around a third of total foreign assets, mostly equity.

The total value of portfolio investment liabilities of the UK increased almost fivefold between 1991 and 2001 to £979.1 billion in 2001. The value of equity security liabilities increased from £70 billion in 1991 to £604 billion in 2000, before falling back to £547 billion in 2001. The fastest growth was during the period 1997 to 2000, mainly due to the large UK mergers and acquisitions that were funded by the issue of equity. The fall in the value of equity in 2001 was due to revaluation changes resulting from the 18 per cent fall in the value of the UK FTSE all-share index, rather than any disinvestment in UK equities. The value of debt security liabilities increased from £138.3 billion in 1991 to £431.8 billion in 2001. Of this, £42.6 billion was bonds and notes and £131.4 billion money market instruments issued by UK banks. Foreign investment in money market instruments issued by UK banks has more than doubled in the last two years.

Chart 8.6**Other investment**

£ billion

**Other investment**

Other investment accounts for over half total UK external assets and although the growth in the last 10 years has not been as strong as portfolio and direct investment, it has shown substantial increases in the level of investment in the last two years. UK banks deposits and short term loans to abroad accounted for 70 per cent of total other investment abroad in 2001: this proportion has declined from around 80 per cent of total other investment in the late 1980's. The bulk of UK bank deposits abroad were in foreign currencies: only 13 per cent was held in sterling at end 2001. There was a significant increase in the value of deposits abroad by securities dealers in the last two years – increasing from £152.2 billion at end 1999 to £261.9 billion at end 2001. Correspondingly, there has been a fall in the value of securities' dealers investment in debt securities within portfolio investment.

Deposits from abroad held with UK banks represent the largest item in other investment liabilities, although it has declined over the period 1991 to 2001, to 73 per cent in 2001. Of total deposits with UK banks of £1369.8 billion in 2001, 16 per cent were held in sterling. The fall in the proportionate value of deposits with banks was partly offset by the increase in short term loans to UK securities dealers – increasing from £40.1 billion in 1991 to £340.6 billion by end 2001.

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8.1 International investment position

Summary table

Balance sheets valued at end of year

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
UK Assets												
Direct investment abroad												
Equity capital and reinvested earnings	CGMO	118.7	145.0	162.4	164.8	188.0	190.9	214.2	273.7	402.1	599.7	656.4
Other capital assets	HBWU	9.3	6.8	10.2	11.4	15.7	10.7	9.0	25.9	26.0	10.2	-11.2
Total direct investment abroad	HBWD	128.1	151.8	172.6	176.1	203.7	201.6	223.3	299.6	428.1	609.9	645.2
Portfolio investment abroad												
Equity securities	HEPX	128.0	138.8	194.0	186.8	217.0	238.3	282.3	303.7	411.0	425.8	385.0
Debt securities	HHZX	132.6	188.3	275.7	243.0	282.3	309.9	368.6	401.0	414.0	474.7	514.1
Total portfolio investment abroad	HHZZ	260.6	327.2	469.8	429.8	499.3	548.2	651.0	704.6	825.0	900.4	899.1
Other investment abroad	HLXV	528.4	639.7	684.4	708.6	808.1	851.0	1 066.6	1 104.2	1 138.2	1 442.4	1 605.9
Reserve assets	LTEB	26.0	28.3	29.7	30.7	31.8	27.3	22.8	23.3	22.2	28.8	25.6
Total	HBQA	943.1	1 146.9	1 356.5	1 345.2	1 542.9	1 628.1	1 963.7	2 131.8	2 413.5	2 981.5	3 175.9
UK Liabilities												
Direct investment in the UK												
Equity capital and reinvested earnings	HBWU	91.9	93.7	98.9	98.7	118.9	120.6	134.3	159.8	192.4	239.8	260.3
Other capital liabilities	HBVC	36.7	37.2	37.0	31.2	27.3	32.1	39.4	53.8	57.9	66.7	87.2
Total direct investment in the UK	HBWI	128.6	130.8	135.9	129.9	146.2	152.6	173.7	213.6	250.3	306.6	347.5
Portfolio investment in the UK												
Equity securities	HLXX	70.5	92.8	133.7	126.1	172.7	226.1	301.9	402.1	509.8	604.4	547.2
Debt securities	HLXY	138.3	154.3	173.2	193.8	233.6	253.9	281.4	292.3	321.3	396.4	431.8
Total portfolio investment in the UK	HLXW	208.8	247.1	306.9	320.0	406.3	480.0	583.3	694.4	831.1	1 000.9	979.1
Other investment in the UK	HLVD	608.3	756.3	882.3	877.4	1 013.0	1 064.9	1 282.1	1 359.0	1 412.7	1 711.1	1 889.2
Total	HBQB	945.7	1 134.2	1 325.1	1 327.3	1 565.5	1 697.5	2 039.1	2 267.0	2 494.0	3 018.6	3 215.7
Net International Investment Position												
Direct investment												
Equity capital and reinvested earnings	HBSH	26.9	51.3	63.5	66.0	69.0	70.3	80.0	113.9	209.7	359.9	396.2
Other capital	CGKF	-27.4	-30.4	-26.8	-19.8	-11.5	-21.4	-30.4	-27.9	-31.9	-56.5	-98.5
Total net direct investment	HBWQ	-0.6	20.9	36.7	46.2	57.5	49.0	49.5	85.9	177.8	303.3	297.7
Portfolio investment												
Equity securities	CGNE	57.6	46.0	60.3	60.7	44.3	12.2	-19.5	-98.4	-98.9	-178.7	-162.2
Debt securities	CGNF	-5.7	34.1	102.6	49.1	48.7	56.0	87.2	108.6	92.8	78.2	82.3
Total net portfolio investment	CGNH	51.8	80.1	162.9	109.8	93.0	68.2	67.7	10.2	-6.1	-100.4	-80.0
Other investment	CGNG	-79.8	-116.6	-197.9	-168.8	-204.9	-213.9	-215.5	-254.7	-274.4	-268.7	-283.3
Reserve assets	LTEB	26.0	28.3	29.7	30.7	31.8	27.3	22.8	23.3	22.2	28.8	25.6
Total	HBQC	-2.6	12.8	31.4	17.9	-22.6	-69.4	-75.5	-135.2	-80.5	-37.0	-39.9
Allocations of Special Drawing Rights to the UK by the IMF	HEVP	1.5	1.7	1.8	1.8	1.8	1.6	1.6	1.6	1.6	1.7	1.7

8.2 International investment position

Sector analysis

Balance sheets valued at end of year

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
UK Assets												
Monetary financial institutions												
Banks	CGNI	503.5	617.9	652.6	704.0	805.5	798.9	1 030.1	1 140.9	1 131.6	1 410.7	1 522.5
Building societies	VTXF	–	0.6	2.9	3.2	3.4	3.1	2.9	4.3	5.0	8.5	10.0
Total monetary financial institutions	CGNJ	503.5	618.6	655.5	707.2	808.9	801.9	1 033.0	1 145.2	1 136.6	1 419.2	1 532.5
Central government	CGNK	33.6	36.4	38.3	39.7	41.2	37.2	32.7	33.1	32.0	38.6	35.2
Public corporations	CGNL	1.2	1.3	1.6	1.7	1.9	1.9	2.0	1.9	4.5	4.7	4.8
Other sectors	CGNM	404.7	490.7	661.1	596.6	690.8	787.1	896.0	951.6	1 240.5	1 519.0	1 603.4
Total	HBQA	943.1	1 146.9	1 356.5	1 345.2	1 542.9	1 628.1	1 963.7	2 131.8	2 413.5	2 981.5	3 175.9
UK Liabilities												
UK Monetary financial institutions (banks and building societies)	HBVJ	600.1	716.5	746.6	805.6	919.9	916.5	1 113.0	1 190.4	1 212.3	1 507.9	1 645.9
Central government	CGOG	32.5	44.9	62.6	61.5	65.7	69.2	67.9	76.4	63.7	65.2	60.2
Local authorities	CGOH	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.2	1.1	0.8	0.6
Public corporations	CGOI	0.6	0.2	0.1	0.3	0.2	0.2	–	–	–	–	–
Other sectors	HCON	311.3	371.5	514.6	458.7	578.5	710.3	857.1	999.1	1 217.0	1 444.7	1 509.0
Total	HBQB	945.7	1 134.2	1 325.1	1 327.3	1 565.5	1 697.5	2 039.1	2 267.0	2 494.0	3 018.6	3 215.7
Net International Investment Position												
Monetary financial institutions (banks and building societies)	HDIJ	–96.6	–97.9	–91.1	–98.4	–111.0	–114.6	–80.0	–45.2	–75.7	–88.7	–113.4
Central government	CGOK	1.1	–8.5	–24.3	–21.8	–24.4	–32.1	–35.2	–43.3	–31.7	–26.5	–25.1
Local authorities	–CGOH	–1.2	–1.2	–1.3	–1.2	–1.2	–1.2	–1.1	–1.2	–1.1	–0.8	–0.6
Public corporations	CGOL	0.6	1.2	1.5	1.4	1.7	1.7	2.0	1.9	4.5	4.7	4.8
Other sectors	HDKB	93.4	119.2	146.5	137.9	112.3	76.8	38.8	–47.4	23.5	74.3	94.5
Total	HBQC	–2.6	12.8	31.4	17.9	–22.6	–69.4	–75.5	–135.2	–80.5	–37.0	–39.9

8.3 Direct investment

Balance sheets valued at end of year

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Direct investment abroad (UK assets)												
Equity capital and reinvested earnings												
Ordinary share capital and reinvested earnings	CVWF	115.7	141.6	159.2	162.1	185.4	188.5	212.3	271.9	399.8	595.4	652.5
Holdings of property	HCHP	3.0	3.4	3.2	2.7	2.6	2.4	1.9	1.8	2.3	4.3	3.9
Total equity capital and reinvested earnings	CGMO	118.7	145.0	162.4	164.8	188.0	190.9	214.2	273.7	402.1	599.7	656.4
Other capital												
Claims on affiliated enterprises												
Debt securities issued by affiliated enterprises	CVWG	—	—	—	1.8	3.0	1.5	2.9	6.3	8.8	10.3	10.8
Other claims on affiliated enterprises												
Inter-company balance	CVOK	35.2	35.3	40.1	39.8	45.9	44.8	47.7	66.1	71.4	83.7	95.3
Branch indebtedness balance	CVOP	3.6	4.2	3.7	4.8	5.9	5.7	6.3	10.4	10.2	7.9	4.9
Total claims on affiliated enterprises	CGLS	38.7	39.5	43.8	46.4	54.8	52.0	57.0	82.8	90.3	101.8	111.0
Liabilities to affiliated enterprises												
Inter-company balance	-CVOL	-28.4	-31.4	-32.1	-33.7	-37.0	-40.3	-47.1	-53.2	-61.8	-87.8	-119.7
Branch indebtedness balance	-CVOQ	-1.0	-1.3	-1.5	-1.3	-2.0	-1.0	-0.8	-3.7	-2.5	-3.8	-2.5
Total liabilities to affiliated enterprises	-HHDJ	-29.4	-32.7	-33.7	-35.0	-39.1	-41.3	-48.0	-56.9	-64.4	-91.6	-122.3
Total other capital assets	HBWU	9.3	6.8	10.2	11.4	15.7	10.7	9.0	25.9	26.0	10.2	-11.2
Total	HBWD	128.1	151.8	172.6	176.1	203.7	201.6	223.3	299.6	428.1	609.9	645.2
Direct investment in the UK (UK liabilities)												
Equity capital and reinvested earnings												
Share capital and reinvested earnings												
Quoted share capital and reinvested earnings	CVVB	—	—	—	—	—	—	—	—	—	—	—
Unquoted share capital and reinvested earnings	CVVC	84.1	86.5	91.3	90.3	110.2	111.3	124.1	149.0	180.7	226.4	246.3
Total share capital and reinvested earnings	HBUX	84.1	86.5	91.3	90.3	110.2	111.3	124.1	149.0	180.7	226.4	246.3
Holdings of UK property	HCQM	7.8	7.2	7.6	8.5	8.7	9.3	10.2	10.9	11.7	13.5	14.0
Total equity capital and reinvested earnings	HBUY	91.9	93.7	98.9	98.7	118.9	120.6	134.3	159.8	192.4	239.8	260.3
Other capital												
Liabilities to direct investors												
Debt securities issued by affiliated enterprises	CVVD	3.1	3.2	3.3	3.9	4.2	6.3	6.7	6.6	7.0	9.4	9.9
Other liabilities to direct investors												
Inter-company balance	CVVJ	42.2	43.0	40.1	37.9	38.9	43.4	53.4	78.4	96.0	103.7	112.3
Branch indebtedness balance	CVVM	5.3	4.8	5.4	4.3	4.4	6.2	7.4	8.1	6.8	8.5	8.4
Total liabilities to direct investors	HBVB	50.6	51.0	48.8	46.2	47.5	55.9	67.5	93.2	109.8	121.5	130.6
Claims on direct investors												
Inter-company balance	-CVVI	-13.0	-13.2	-11.4	-14.9	-20.1	-23.7	-27.7	-39.2	-51.8	-52.7	-41.4
Branch indebtedness balance	-CVVL	-0.8	-0.6	-0.5	-0.1	-0.1	-0.2	-0.3	-0.2	-0.1	-2.1	-2.0
Total claims on direct investors	-HBVA	-13.9	-13.9	-11.8	-15.0	-20.2	-23.9	-28.0	-39.4	-51.9	-54.8	-43.4
Total other capital liabilities	HBVC	36.7	37.2	37.0	31.2	27.3	32.1	39.4	53.8	57.9	66.7	87.2
Total	HBWI	128.6	130.8	135.9	129.9	146.2	152.6	173.7	213.6	250.3	306.6	347.5
Net international investment position (UK assets less UK liabilities)												
Equity capital												
Ordinary share capital and reinvested earnings	LTNM	31.6	55.0	67.9	71.8	75.1	77.3	88.2	123.0	219.1	369.0	406.2
Holdings of property	LTNN	-4.8	-3.7	-4.4	-5.8	-6.1	-6.9	-8.2	-9.1	-9.4	-9.2	-10.1
Total equity capital and reinvested earnings	HBSH	26.9	51.3	63.5	66.0	69.0	70.3	80.0	113.9	209.7	359.9	396.2
Total other capital	CGKF	-27.4	-30.4	-26.8	-19.8	-11.5	-21.4	-30.4	-27.9	-31.9	-56.5	-98.5
Total	HBWQ	-0.6	20.9	36.7	46.2	57.5	49.0	49.5	85.9	177.8	303.3	297.7

8.4 Direct investment Sector analysis

Balance sheets valued at end of year

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Direct investment abroad (UK assets)												
By:												
Monetary financial institutions (banks)	CVKH	1.6	2.9	3.9	6.2	5.8	5.3	3.2	9.9	11.7	17.4	24.8
Insurance companies	DPYH	10.9	12.7	14.5	12.3	17.0	17.5	22.5	22.0	21.2	20.3	18.3
Other financial intermediaries	CVWH	0.4	1.0	8.6	7.5	9.3	11.5	15.8	26.9	26.8	34.9	39.8
Private non-financial corporations	CVLX	114.1	134.0	144.3	148.8	170.1	165.9	180.6	239.5	366.7	535.0	559.9
Public corporations	CVOF	0.3	0.4	0.6	0.7	0.8	0.7	0.8	0.8	1.1	1.7	1.7
Household sector ¹	AQHH	0.7	0.8	0.6	0.6	0.7	0.7	0.3	0.5	0.6	0.6	0.7
Total	HBWD	128.1	151.8	172.6	176.1	203.7	201.6	223.3	299.6	428.1	609.9	645.2
Direct investment in the UK (UK liabilities)												
In:												
Monetary financial institutions (banks)	CVJW	10.7	10.7	13.0	13.4	15.4	17.8	21.3	20.3	19.8	26.4	27.1
Insurance companies	CVSM	4.0	4.2	4.1	3.1	3.1	6.8	9.0	9.4	13.7	13.4	14.4
Other financial intermediaries												
Securities dealers	CVTC	4.2	4.3	6.9	6.2	7.1	8.0	8.4	7.2	8.2	9.5	10.9
Other	CVTS	1.5	1.3	1.1	1.4	2.2	2.8	4.9	8.1	7.4	13.1	16.2
Total other financial intermediaries	CVUI	5.7	5.7	8.0	7.6	9.4	10.8	13.3	15.2	15.6	22.6	27.1
Private non-financial corporations	CVKW	108.2	110.3	110.9	105.9	118.3	117.2	130.2	168.7	201.3	244.3	278.9
Total	HBWI	128.6	130.8	135.9	129.9	146.2	152.6	173.7	213.6	250.3	306.6	347.5
Net international investment position (UK assets less UK liabilities)												
Monetary financial institutions	LTNO	-9.2	-7.8	-9.1	-7.2	-9.5	-12.5	-18.1	-10.5	-8.1	-9.0	-2.3
Insurance companies	LTNP	7.0	8.5	10.5	9.2	13.9	10.6	13.4	12.6	7.6	6.9	3.9
Other financial intermediaries	LTNQ	-5.3	-4.7	0.6	-0.1	-	0.7	2.6	11.7	11.2	12.3	12.7
Private non-financial corporations	LTNR	5.9	23.7	33.4	43.0	51.7	48.7	50.4	70.8	165.5	290.8	281.0
Public corporations	CVOF	0.3	0.4	0.6	0.7	0.8	0.7	0.8	0.8	1.1	1.7	1.7
Household sector ¹	AQHH	0.7	0.8	0.6	0.6	0.7	0.7	0.3	0.5	0.6	0.6	0.7
Total	HBWQ	-0.6	20.9	36.7	46.2	57.5	49.0	49.5	85.9	177.8	303.3	297.7

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

8.5 Portfolio investment

Balance sheets valued at end of year

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Portfolio investment abroad												
(UK assets)												
Investment in equity securities (shares) by:												
Monetary financial Institutions (banks)	VTWF	4.6	3.6	2.0	3.5	4.8	5.0	2.7	8.8	6.8	19.7	14.3
Insurance companies and pension funds												
Insurance companies	CGPB	28.4	31.8	48.5	47.3	59.9	62.0	72.3	77.3	115.7	100.7	88.9
Pension funds	ZPOR	60.5	63.3	84.1	74.8	82.2	84.2	104.2	108.9	139.5	132.4	124.7
Total insurance companies and pension funds	CGPV	88.8	95.1	132.6	122.1	142.0	146.2	176.5	186.2	255.1	233.1	213.6
Other financial intermediaries												
Securities dealers	HCEA	1.5	-0.2	1.2	0.8	4.3	8.5	31.4	27.0	38.3	49.0	47.2
Unit and Investment Trusts	CGSN	27.2	33.8	49.8	51.3	55.5	68.4	60.7	69.0	93.6	99.1	88.0
Other	CGTV	-	-	-	-	-	-	-	-	-	-	-
Total other financial intermediaries	HDIG	28.7	33.6	51.0	52.1	59.8	76.9	92.1	96.0	131.8	148.1	135.2
Private non-financial corporations	XBNN	0.3	0.2	0.4	0.4	0.3	0.5	0.5	0.7	1.1	10.0	8.7
Household sector ¹	HFLX	5.6	6.3	8.1	8.7	10.1	9.8	10.6	11.9	16.1	14.9	13.1
Total investment in equity securities	HEPX	128.0	138.8	194.0	186.8	217.0	238.3	282.3	303.7	411.0	425.8	385.0
Investment in debt securities												
Investment in bonds and notes by:												
Monetary financial institutions												
Banks	VTWJ	48.9	72.0	109.8	119.4	144.9	154.7	181.9	225.7	238.4	282.8	313.0
Building societies	HPEG	-	-	0.7	1.1	1.6	1.6	1.6	3.0	4.1	5.8	6.7
Total monetary financial institutions	HPCO	48.9	72.1	110.6	120.5	146.5	156.4	183.5	228.7	242.6	288.6	319.7
Insurance companies and pension funds												
Insurance companies	CGTU	13.1	17.5	18.9	16.4	19.8	22.5	24.4	41.4	37.8	39.8	49.8
Pension funds	JIRX	14.9	17.1	16.6	15.9	16.7	22.3	21.6	24.3	33.4	42.9	47.5
Total insurance companies and pension funds	HBUM	28.0	34.7	35.5	32.4	36.6	44.9	46.0	65.7	71.2	82.7	97.3
Other financial intermediaries												
Securities dealers	HCDZ	33.5	54.0	94.5	58.6	61.4	80.4	103.4	68.1	45.6	45.2	25.1
Unit and investment trusts	HBXZ	1.8	2.2	2.4	2.8	4.3	3.0	3.6	4.7	5.8	6.8	8.4
Other	HCNA	-	-	-	-	-	-	0.1	-	-	-	-
Total other financial intermediaries	HCOR	35.3	56.2	96.9	61.4	65.6	83.5	107.1	72.8	51.4	52.1	33.5
Private non-financial corporations	XBNK	0.9	1.8	2.0	2.6	2.5	3.1	0.8	1.4	0.4	1.6	2.0
Household sector ¹	HCJC	8.2	9.3	10.4	10.7	11.9	6.4	6.7	7.1	6.9	7.5	7.6
Total investment in bonds and notes	HEPW	121.2	174.1	255.4	227.5	263.1	294.2	344.2	375.7	372.4	432.5	460.1
Investment in Money Market Instruments												
Investment in commercial paper by:												
Monetary financial institutions												
Banks	HBMW	7.9	12.2	14.8	10.1	13.2	8.6	16.6	21.3	31.3	33.2	39.7
Building societies	TAIG	-	-	0.6	0.4	0.1	0.1	0.3	0.2	0.2	1.1	1.8
Central government	LSPI	-	-	-	-	-	-	-	-	-	-	0.5
Insurance companies and pension funds	HBXX	0.5	0.8	0.9	0.9	1.1	1.4	2.0	0.6	0.5	0.5	0.7
Other financial intermediaries	HGRJ	0.9	0.4	2.2	2.1	2.6	3.3	3.0	1.1	4.1	2.2	4.7
Private non-financial corporations	HFBN	1.3	0.8	1.7	1.7	1.7	1.8	2.1	1.2	1.9	3.0	4.9
Total investment in commercial paper	HGRK	10.7	14.2	20.1	15.2	18.7	15.2	24.0	24.3	38.1	40.0	52.2
Investment in certificates of deposit												
Monetary financial institutions												
(Building societies)	TAIE	-	-	-	0.1	-	-	-	0.2	0.1	0.6	0.6
Other financial intermediaries	CDHB	0.6	-	0.2	0.2	0.5	0.5	0.5	0.8	3.4	1.6	1.2
Total transactions in certificates of deposit	VTWN	0.6	-	0.2	0.3	0.5	0.5	0.5	1.0	3.6	2.2	1.8
Total investment in Money Market Instruments	HLYR	11.3	14.3	20.3	15.4	19.2	15.7	24.5	25.3	41.6	42.2	54.0
Total investment in debt securities	HHZX	132.6	188.3	275.7	243.0	282.3	309.9	368.6	401.0	414.0	474.7	514.1
Total	HHZZ	260.6	327.2	469.8	429.8	499.3	548.2	651.0	704.6	825.0	900.4	899.1

¹ The household sector includes non-profit institutions serving households.

8.5 Portfolio investment

Balance sheets valued at end of year

continued

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Portfolio investment in the UK												
(UK liabilities)												
Investment in equity securities (shares) issued by:												
Monetary financial Institutions (banks and building societies)	HBQD	1.9	2.6	4.7	4.4	6.3	9.7	14.8	18.2	21.4	26.9	23.8
Other sectors ¹	HBQE	68.5	90.2	129.1	121.8	166.4	216.3	287.1	383.9	488.4	577.6	523.5
Total investment in equity securities	HLXX	70.5	92.8	133.7	126.1	172.7	226.1	301.9	402.1	509.8	604.4	547.2
Investment in debt securities												
Investment in bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	HEWE	3.0	8.4	9.5	12.4	13.1	10.0	6.4	5.1	4.7	6.5	3.3
Investment in British government stocks by:												
Foreign central banks (exchange reserves)	HCCH	7.7	11.4	14.5	14.1	14.7	14.7	14.1	18.0	16.7	18.1	18.7
Other foreign residents	HEQF	15.0	17.4	34.2	30.1	31.2	38.8	43.8	50.9	39.6	37.4	34.7
Total investment in British government stocks	HEWD	22.7	28.8	48.7	44.2	45.9	53.5	58.0	68.8	56.2	55.5	53.4
Total issues by central government	HHGF	25.7	37.3	58.2	56.6	58.9	63.5	64.4	73.9	60.9	62.0	56.8
Local authorities' bonds	HHGG	—	—	—	—	—	—	—	—	—	—	—
Public corporations' bonds	HEWM	—	—	—	—	—	—	—	—	—	—	—
Issues by monetary financial Institutions (banks and building societies)												
Bonds	HMBL	9.6	10.3	12.6	16.4	20.4	22.1	25.4	29.0	33.5	39.7	42.6
European medium term notes and other short-term paper:												
Issued by UK banks	HCFA	4.3	7.0	10.2	13.9	15.5	19.6	24.9	27.7	34.3	35.8	39.2
Issued by UK building societies	HCFD	2.1	2.6	3.5	5.6	5.1	4.4	1.3	1.1	1.4	2.6	3.3
Total	HHGI	6.4	9.6	13.7	19.6	20.7	24.0	26.3	28.9	35.7	38.4	42.5
Total monetary financial institutions	HMBF	16.0	19.9	26.3	36.0	41.1	46.1	51.7	57.8	69.2	78.1	85.1
Issues by other sectors ¹	HHGJ	30.0	32.0	39.2	51.2	63.6	68.8	79.1	90.2	104.4	123.6	132.8
Total investment in bonds and notes	HLXZ	71.8	89.1	123.7	143.8	163.7	178.4	195.2	221.9	234.5	263.7	274.7
Investment in Money Market Instruments												
Investment in treasury bills (issued by central government)												
Sterling treasury bills	ACQJ	2.3	1.2	0.7	0.5	1.4	1.0	0.6	0.2	0.2	—	0.1
Euro treasury bills	HHNX	2.1	1.3	1.2	1.3	1.8	2.0	1.1	0.2	—	—	—
Total treasury bills	HLYU	4.4	2.5	1.9	1.8	3.2	3.0	1.8	0.4	0.2	—	0.1
Investment in certificates of deposit (issued by monetary financial institutions)												
Issued by UK banks	HHGK	46.4	48.6	33.6	33.0	46.3	51.1	59.1	41.6	54.1	92.8	115.8
Issued by UK building societies	HHGL	0.8	0.6	0.6	0.8	0.6	0.6	0.2	0.3	0.5	0.5	0.4
Total certificates of deposit	HHGM	47.3	49.2	34.2	33.8	46.9	51.7	59.3	42.0	54.6	93.3	116.2
Investment in commercial paper												
Issued by UK monetary financial Institutions												
UK banks	HHGN	6.6	2.4	2.8	3.0	4.7	6.3	11.1	11.4	11.4	14.7	15.6
Building societies	HHGO	2.8	4.2	2.4	1.7	3.9	3.2	0.7	1.0	2.7	2.9	2.8
Total monetary financial institutions	HHGP	9.4	6.6	5.2	4.8	8.6	9.5	11.8	12.4	14.1	17.7	18.4
Issued by other sectors ¹	HLYQ	5.5	6.8	8.2	9.6	11.2	11.3	13.4	15.6	17.8	21.7	22.5
Total investment in commercial paper	HHGR	14.9	13.4	13.4	14.4	19.8	20.8	25.2	28.0	32.0	39.4	40.9
Total investment in Money Market Instruments	HLYB	66.6	65.1	49.5	50.0	69.9	75.5	86.3	70.4	86.8	132.7	157.2
Total investment in debt securities	HLXY	138.3	154.3	173.2	193.8	233.6	253.9	281.4	292.3	321.3	396.4	431.8
Total	HLXW	208.8	247.1	306.9	320.0	406.3	480.0	583.3	694.4	831.1	1 000.9	979.1

¹ 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

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Net international investment position (UK assets less UK liabilities)												
Equity securities	CGNE	57.6	46.0	60.3	60.7	44.3	12.2	-19.5	-98.4	-98.9	-178.7	-162.2
Debt securities												
Bonds and notes	LTNS	49.5	85.0	131.7	83.7	99.4	115.8	149.0	153.7	137.9	168.7	185.4
Money market instruments	LTNT	-55.2	-50.9	-29.2	-34.5	-50.7	-59.8	-61.8	-45.1	-45.2	-90.5	-103.1
Total debt securities	CGNF	-5.7	34.1	102.6	49.1	48.7	56.0	87.2	108.6	92.8	78.2	82.3
Total	CGNH	51.8	80.1	162.9	109.8	93.0	68.2	67.7	10.2	-6.1	-100.4	-80.0

8.6 Portfolio investment

Sector analysis
Balance sheets valued at end of year

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Portfolio investment abroad (UK assets)												
Investment by:												
Monetary financial institutions												
Banks	HBW	61.5	87.9	126.6	133.0	163.0	168.3	201.1	255.8	276.5	335.7	367.1
Building societies	VTWM	—	0.1	1.3	1.6	1.7	1.7	1.9	3.4	4.5	7.5	9.0
Total monetary financial institutions	HHGQ	61.5	88.0	127.9	134.5	164.6	170.1	203.1	259.2	281.0	343.2	376.1
Central government	LSPI	—	—	—	—	—	—	—	—	—	—	0.5
Insurance companies and pension funds	HHHH	117.3	130.5	169.0	155.4	179.7	192.4	224.4	252.6	326.8	316.3	311.6
Other financial intermediaries	HHNH	65.5	90.3	150.3	115.8	128.6	164.2	202.7	170.7	190.8	203.9	174.6
Private non-financial corporations	AIMH	2.5	2.8	4.1	4.7	4.5	5.4	3.4	3.2	3.4	14.7	15.5
Household sector ¹	AINA	13.8	15.6	18.5	19.4	22.0	16.2	17.3	19.0	23.0	22.4	20.7
Total	HHZZ	260.6	327.2	469.8	429.8	499.3	548.2	651.0	704.6	825.0	900.4	899.1

Portfolio investment in the UK (UK liabilities)

Investment in securities issued by:												
Monetary financial institutions (banks and building societies)	CGPC	74.6	78.3	70.3	79.0	103.0	117.1	137.6	130.4	159.4	216.0	243.4
Central government	HHGS	30.1	39.7	60.1	58.4	62.2	66.5	66.1	74.3	61.1	62.0	56.8
Local authorities	HHGG	—	—	—	—	—	—	—	—	—	—	—
Public corporations	HEWM	—	—	—	—	—	—	—	—	—	—	—
Other sectors	CGPG	104.0	129.0	176.4	182.6	241.2	296.4	379.6	489.7	610.6	722.9	678.8
Total	HLXW	208.8	247.1	306.9	320.0	406.3	480.0	583.3	694.4	831.1	1 000.9	979.1

Net international investment position (UK assets less UK liabilities)

Monetary financial institutions	LTNU	-13.2	9.6	57.6	55.6	61.7	53.0	65.5	128.8	121.7	127.2	132.6
Central government	ZPOH	-30.1	-39.7	-60.1	-58.4	-62.2	-66.5	-66.1	-74.3	-61.1	-62.0	-56.4
Local authorities	HHGG	—	—	—	—	—	—	—	—	—	—	—
Public corporations	-HEWM	—	—	—	—	—	—	—	—	—	—	—
Other sectors	LTVN	95.1	110.2	165.4	112.7	93.5	81.7	68.3	-44.2	-66.6	-165.6	-156.2
Total	CGNH	51.8	80.1	162.9	109.8	93.0	68.2	67.7	10.2	-6.1	-100.4	-80.0

¹ The household sector includes non-profit institutions serving households.

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8.7 Other investment

Balance sheets valued at end of year

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Other investment abroad (UK assets)												
Trade credit												
Long-term												
Central government	ZPOC	5.7	6.1	6.6	7.0	7.4	7.7	7.7	7.7	7.7	7.7	7.4
Other sectors ¹	HCLK	1.0	1.2	1.1	1.1	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total long-term trade credit	HHGU	6.7	7.3	7.6	8.1	7.9	8.2	8.2	8.2	8.2	8.2	7.9
Short-term												
Other sectors ¹	HLXU	1.5	1.7	1.8	1.5	1.6	3.2	2.6	1.4	1.6	1.6	1.6
Total trade credit	HLXP	8.2	9.0	9.4	9.6	9.5	11.4	10.8	9.6	9.8	9.8	9.4
Loans												
Long-term												
Bank loans under ECGD guarantee	HCFQ	6.0	5.4	4.9	5.0	6.3	5.2	5.8	6.0	6.0	4.8	5.1
Inter-government loans by the UK and other central government assets	HCFN	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.3	0.3	0.3	0.2
Loans by Commonwealth Development Corporation (public corporations)	HEWZ	0.8	0.9	1.0	1.0	1.1	1.2	1.2	1.1	1.1	0.5	0.4
Loans by the Export Credit Guarantee Department	HMLX	..	..	..	..	..	..	..	..	2.3	2.5	2.7
Loans by specialist leasing companies ¹	HGIH	–	–	–	–	–	–	–	–	–	–	–
Total long-term loans	HFAX	7.6	7.1	6.6	6.7	8.0	6.9	7.4	7.3	9.6	8.1	8.4
Short-term loans												
By monetary financial institutions												
By banks												
Sterling loans	NLHN	13.3	14.8	14.3	13.2	13.9	18.7	23.9	23.4	26.1	27.6	32.3
Foreign currency loans	ZPOO	81.5	99.8	92.4	87.5	110.9	127.8	168.6	180.1	189.1	252.5	290.9
Total banks	HEQS	94.8	114.6	106.7	100.7	124.8	146.5	192.5	203.5	215.3	280.1	323.2
By building societies	NLHP	–	–	–	–	–	–	–	–	–	–	–
Total monetary financial institutions	ZPOM	94.8	114.6	106.7	100.7	124.8	146.5	192.5	203.5	215.3	280.1	323.2
By other sectors	HLXI	0.5	0.8	1.1	1.0	0.6	0.7	0.7	0.6	0.5	0.5	0.5
Total short-term loans	VTUM	95.3	115.4	107.7	101.7	125.4	147.2	193.2	204.0	215.8	280.6	323.8
Total loans	HLXQ	102.9	122.4	114.3	108.4	133.4	154.2	200.7	211.4	225.5	288.7	332.2
Currency and deposits												
Foreign notes and coin												
Monetary financial institutions (banks)	TAAF	–	–	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1
Other sectors ¹	CGML	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Total foreign notes and coin	HEOX	0.2	0.2	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Deposits abroad by UK residents												
Deposits by monetary financial institutions												
Deposits by banks												
Sterling deposits	HFBB	21.4	28.6	38.1	40.0	42.9	47.0	83.2	89.2	75.6	94.8	102.2
Foreign currency deposits	HFEG	318.2	378.4	372.4	419.0	462.6	426.3	544.1	576.5	546.4	677.8	700.1
Total deposits by UK banks	HLXL	339.6	407.1	410.5	459.0	505.5	473.4	627.3	665.7	621.9	772.7	802.2
Deposits by building societies	TAIC	–	0.5	1.6	1.6	1.8	1.3	1.0	0.9	0.5	1.0	0.9
Total deposits by monetary financial institutions	VTWL	339.6	407.6	412.1	460.6	507.3	474.7	628.3	666.5	622.4	773.7	803.2
Deposits by securities dealers	HGUX	22.3	38.4	80.3	59.0	79.2	129.8	129.1	111.5	152.2	206.1	261.9
Deposits by other UK residents ¹	HHGW	53.8	60.5	66.2	68.7	76.5	78.5	95.2	102.0	125.3	160.7	195.8
Total deposits abroad	HBXS	415.7	506.4	558.6	588.3	663.0	683.0	852.7	880.0	899.9	1 140.4	1 260.8
Total currency and deposits	HBVS	415.9	506.6	558.9	588.6	663.3	683.3	853.1	880.5	900.4	1 140.9	1 261.3

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

8.7 Other investment

Balance sheets valued at end of year

continued

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Other investment abroad - continued (UK assets)												
Other assets												
Central government assets												
Central government subscriptions to international organisations												
Regional development banks	HEXW	0.6	0.6	0.6	0.7	0.8	0.8	0.9	1.0	1.0	1.1	1.1
European Investment Bank (EIB)	HEXX	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other subscriptions	HEXZ	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Other long-term central government assets	XBJL	—	—	—	—	—	—	—	—	—	—	—
Total central government	HLXO	1.2	1.3	1.3	1.4	1.5	1.6	1.7	1.7	1.8	1.9	1.9
Other sectors assets												
Long-term assets ¹												
	HLXM	—	—	—	—	—	—	—	—	—	—	—
Short-term assets												
Public corporations assets abroad	HGJM	—	—	—	—	—	—	—	—	—	—	—
Other ^{1 2}	HHGY	0.2	0.4	0.5	0.6	0.4	0.5	0.4	0.9	0.8	1.1	1.1
Total short-term assets	HLXJ	0.2	0.4	0.5	0.6	0.4	0.5	0.4	0.9	0.8	1.1	1.1
Total other sectors	HLXN	0.2	0.4	0.5	0.6	0.4	0.5	0.4	0.9	0.8	1.1	1.1
Total other assets	HLXS	1.4	1.6	1.8	2.1	1.9	2.1	2.0	2.7	2.6	3.0	3.0
Total	HLXV	528.4	639.7	684.4	708.6	808.1	851.0	1 066.6	1 104.2	1 138.2	1 442.4	1 605.9

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

2 From 1994 this series includes net reinsurance balances of UK insurance companies with the rest of the world which have been negative.

8.7 Other investment

Balance sheets valued at end of year

continued

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Other investment in the UK (UK liabilities)												
Trade credit												
Long-term ¹	HBWC	0.3	0.5	0.8	1.2	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Short-term ¹	HCGB	1.1	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.3	1.3
Total trade credit	HLYL	1.5	1.8	2.2	2.5	2.7	2.7	2.7	2.7	2.7	2.8	2.8
Loans												
Long-term loans to:												
Central government	HHGZ	1.2	1.4	1.3	1.1	1.0	0.8	0.6	0.4	0.4	0.6	0.5
Local authorities	HHHA	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.2	1.1	0.8	0.6
Public corporations	HHHB	0.6	0.2	0.1	0.3	0.2	0.2	—	—	—	—	—
Other ¹	AQBX	0.4	0.4	0.4	—	—	—	—	—	—	—	—
Total long-term loans	HHHC	3.4	3.2	3.1	2.6	2.3	2.2	1.7	1.6	1.4	1.4	1.1
Short-term loans to:												
Central government	HHHD	—	2.8	—	—	—	—	—	—	—	—	—
Local authorities	HHHE	—	—	—	—	—	—	—	—	—	—	—
Securities dealers	HHHF	40.1	61.1	135.7	79.2	113.4	178.0	204.3	198.3	235.7	280.6	340.6
Other ¹	HHHG	41.2	50.7	69.7	70.8	81.5	83.2	102.0	99.5	122.8	142.0	150.9
Total short-term loans	HHHJ	81.2	114.5	205.4	150.0	194.9	261.2	306.3	297.8	358.5	422.6	491.5
Total loans	HLYI	84.6	117.7	208.5	152.5	197.2	263.4	308.0	299.4	359.9	424.0	492.6
Currency and deposits												
Sterling notes and coin												
Notes (issued by Bank of England)	HLVG	0.5	0.5	0.6	0.7	0.7	0.7	0.8	0.9	1.0	1.0	1.0
Coins (issued by Royal Mint)	HLVH	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total notes and coin	APME	0.5	0.6	0.6	0.7	0.8	0.8	0.9	1.0	1.1	1.1	1.1
Deposits from abroad with UK residents												
Deposits with monetary financial institutions												
Deposits with banks												
Sterling deposits	NLCZ	84.4	87.3	86.2	92.8	103.7	106.5	134.4	147.2	167.4	200.4	215.9
Foreign currency deposits	NLDA	425.6	534.2	569.5	611.3	688.2	664.6	814.9	886.7	859.6	1 060.0	1 154.0
Total deposits with banks	CGEH	510.1	621.5	655.7	704.1	791.9	771.1	949.3	1 033.9	1 027.0	1 260.4	1 369.8
Deposits with building societies	NLDB	4.2	5.4	7.0	8.5	8.9	9.9	4.0	4.9	5.2	4.1	4.5
Total deposits with UK monetary financial institutions	HDKG	514.3	626.9	662.7	712.6	800.8	781.0	953.4	1 038.8	1 032.2	1 264.6	1 374.3
Deposit liabilities of UK central government	HEYH	0.4	0.2	0.2	1.2	1.7	1.1	0.3	0.6	1.3	1.8	1.7
Total deposits from abroad with UK residents	HBYA	514.7	627.1	663.0	713.8	802.5	782.1	953.7	1 039.4	1 033.5	1 266.4	1 376.0
Total currency and deposits	HLVI	515.2	627.7	663.6	714.5	803.3	782.9	954.6	1 040.4	1 034.6	1 267.5	1 377.1
Other liabilities												
Long-term												
Net equity of foreign households in life insurance reserves and in pension funds	VTUE	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Prepayments of premiums and reserves against outstanding claims	NQLR	6.1	8.2	7.0	7.8	9.5	14.7	15.5	15.0	14.1	15.5	14.9
Total long-term liabilities ¹	VTUF	6.2	8.4	7.2	7.9	9.6	14.8	15.7	15.2	14.3	15.7	15.1
Short-term ¹	HBMV	0.8	0.7	0.9	—	—	1.1	1.1	1.3	1.1	1.1	1.6
Total other liabilities	HLYM	7.0	9.1	8.1	7.9	9.7	16.0	16.8	16.5	15.4	16.8	16.7
Total	HLYD	608.3	756.3	882.3	877.4	1 013.0	1 064.9	1 282.1	1 359.0	1 412.7	1 711.1	1 889.2

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

8.7 Other investment

Balance sheets valued at end of year

continued

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Net international investment position (UK assets less UK liabilities)												
Trade credit	LTNW	6.7	7.2	7.2	7.1	6.8	8.7	8.1	6.9	7.1	7.0	6.6
Loans	LTNX	18.3	4.8	-94.1	-44.2	-63.9	-109.2	-107.3	-88.0	-134.4	-135.3	-160.4
Currency and deposits	LTNY	-99.3	-121.0	-104.7	-125.9	-140.0	-99.5	-101.4	-159.8	-134.2	-126.7	-115.8
Other	LTNZ	-5.6	-7.5	-6.3	-5.9	-7.8	-13.8	-14.8	-13.8	-12.9	-13.8	-13.7
Total	CGNG	-79.8	-116.6	-197.9	-168.8	-204.9	-213.9	-215.5	-254.7	-274.4	-268.7	-283.3

8.8 Other investment

Sector analysis
Balance sheets valued at end of year

£ billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Other investment abroad (UK assets)												
Investment by:												
Monetary financial institutions												
Banks	CGEI	440.5	527.1	522.1	564.8	636.7	625.2	825.8	875.3	843.4	1 057.6	1 130.6
Building societies	HEQT	—	0.5	1.6	1.6	1.8	1.3	1.0	0.9	0.5	1.0	0.9
Total monetary financial institutions	VTXD	440.5	527.6	523.7	566.4	638.4	626.6	826.8	876.2	843.9	1 058.6	1 131.6
Central government	CGEN	7.7	8.1	8.6	9.0	9.5	9.8	9.9	9.7	9.8	9.8	9.5
Public corporations	CGEO	0.8	0.9	1.0	1.0	1.1	1.2	1.2	1.1	3.4	3.0	3.1
Other sectors	CGGH	79.4	103.1	151.1	132.1	159.1	213.4	228.8	217.3	281.2	370.9	461.8
Total	HLXV	528.4	639.7	684.4	708.6	808.1	851.0	1 066.6	1 104.2	1 138.2	1 442.4	1 605.9
Other investment in the UK (UK liabilities)												
Investment in:												
Monetary financial institutions												
Banks	CGOV	510.5	622.0	656.3	704.8	792.7	771.8	950.1	1 034.8	1 028.0	1 261.5	1 370.8
Building societies	NLDB	4.2	5.4	7.0	8.5	8.9	9.9	4.0	4.9	5.2	4.1	4.5
Total monetary financial institutions	CGHB	514.7	627.4	663.3	713.2	801.6	781.7	954.2	1 039.7	1 033.2	1 265.6	1 375.3
Central government	CGHG	2.4	5.1	2.5	3.1	3.5	2.7	1.8	2.1	2.5	3.1	3.4
Local authorities	CGHX	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.2	1.1	0.8	0.6
Public corporations	HHHB	0.6	0.2	0.1	0.3	0.2	0.2	—	—	—	—	—
Other sectors	CGNC	89.4	122.4	215.2	159.6	206.5	279.0	325.1	316.0	375.9	441.6	509.9
Total	HLVD	608.3	756.3	882.3	877.4	1 013.0	1 064.9	1 282.1	1 359.0	1 412.7	1 711.1	1 889.2
Net international investment position (UK assets less UK liabilities)												
Monetary financial institutions												
Banks	LTOA	-70.0	-94.9	-134.1	-140.0	-156.0	-146.6	-124.3	-159.5	-184.7	-203.8	-240.2
Building societies	LTOB	-4.2	-4.8	-5.4	-6.8	-7.1	-8.6	-3.0	-4.0	-4.7	-3.1	-3.6
Total monetary financial institutions	LTOC	-74.2	-99.8	-139.6	-146.8	-163.1	-155.2	-127.4	-163.5	-189.4	-207.0	-243.8
Central government	LTOD	5.3	3.0	6.1	5.9	6.0	7.1	8.1	7.7	7.3	6.7	6.1
Local authorities	-CGHX	-1.2	-1.2	-1.3	-1.2	-1.2	-1.2	-1.1	-1.2	-1.1	-0.8	-0.6
Public corporations	LTOE	0.2	0.8	0.9	0.7	0.9	1.0	1.2	1.1	3.4	3.0	3.1
Other sectors	LTOF	-9.9	-19.3	-64.1	-27.4	-47.5	-65.6	-96.3	-98.8	-94.7	-70.7	-48.1
Total	CGNG	-79.8	-116.6	-197.9	-168.8	-204.9	-213.9	-215.5	-254.7	-274.4	-268.7	-283.3

8.9 Reserve assets

Central government sector

Balance sheets valued at end of year

£billion

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Monetary gold	HCGD	3.6	4.1	4.9	4.5	4.6	4.0	3.2	4.0	3.7	2.9	2.2
Special drawing rights	HCGE	0.7	0.4	0.2	0.3	0.3	0.2	0.3	0.3	0.3	0.2	0.2
Reserve position in the Fund	HCGF	1.0	1.3	1.3	1.3	1.6	1.4	1.8	2.6	3.3	2.9	3.5
Foreign exchange												
Currency and deposits												
With central banks	CGDE	..	..	..	..	3.5	2.9	3.0	0.8	0.4	0.1	0.1
With other banks	CGDF	..	..	..	..	2.2	3.1	2.9	2.6	5.0	3.7	2.8
Total currency and deposits	CGDD	..	..	..	..	5.7	5.9	5.9	3.4	5.5	3.7	2.9
Securities												
Bonds and notes	CGDH	..	..	..	..	17.0	14.1	10.6	10.9	7.6	16.7	14.4
Money market instruments	CGDL	—	—	—	—	2.6	1.7	1.0	2.1	1.8	2.3	2.2
Total securities	CGDG	..	..	..	..	19.6	15.8	11.6	13.0	9.5	19.0	16.6
Total foreign exchange	HCGG	20.7	22.5	23.4	24.6	25.3	21.7	17.6	16.4	14.9	22.7	19.4
Other claims	CGDM	—	—	—	—	—	—	—	—	—	0.1	0.4
Total	LTEB	26.0	28.3	29.7	30.7	31.8	27.3	22.8	23.3	22.2	28.8	25.6

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Financial derivatives¹

Balance sheets valued at end of year

		£ billion			
		1998	1999	2000	2001
Financial derivatives assets					
UK banks' assets					
Sterling	ZPNP	27.9	29.4	49.9	44.0
Foreign currency	ZPNQ	370.5	360.8	340.5	485.8
Total UK banks	ZPNA	398.3	390.2	390.4	529.8
UK securities dealers' assets					
Sterling	RUVI	2.8	4.6	3.2	13.2
Foreign currency	RUVJ	42.4	58.0	52.6	51.9
Total UK securities dealers	RVAP	45.2	62.6	55.7	65.1
Total	ZPNC	443.6	452.8	446.1	594.8
Financial derivative liabilities					
UK banks' liabilities					
Sterling	ZPNR	34.7	36.1	49.9	44.5
Foreign currency	ZPNS	362.2	351.9	352.8	486.1
Total UK banks	ZPNB	396.9	388.0	402.7	530.7
UK securities dealers' liabilities					
Sterling	RUXE	3.1	5.3	4.3	13.6
Foreign currency	RUXF	40.4	51.9	46.5	50.2
Total UK securities dealers	RVAV	43.5	57.1	50.9	63.8
Total	ZPND	440.4	445.1	453.5	594.4
Net international investment position					
Banks	ZPNE	1.5	2.2	-12.3	-0.9
Securities dealers	ZPNF	1.7	5.5	4.9	1.3
Total	ZPNG	3.2	7.7	-7.4	0.4

¹ The data in this table are not included in the main aggregates of the UK's international investment position as the data are developmental. Work is continuing to validate and improve the estimates and to obtain more information on the type of derivatives traded.

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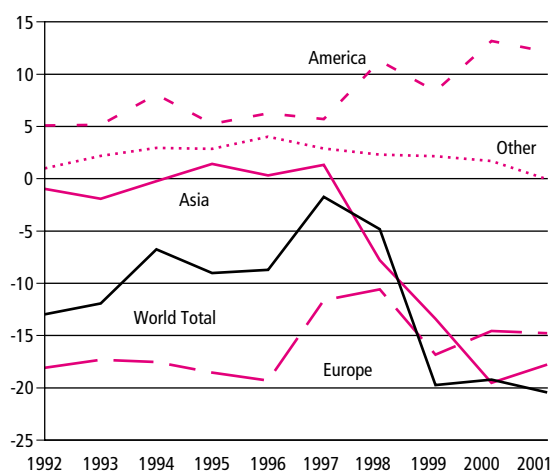
Geographical breakdown of current account

Chart 9.1

Current account

Credits less debits

£ billion



The tables appearing in this chapter show a geographical breakdown of the current account. The data cover 63 individual countries as well as international organisations. It should be borne in mind that these estimates are less firmly based than the world totals, and that in general data for earlier years are less reliable than recent figures. In some cases estimates are unavailable for the first few years.

Current account by region

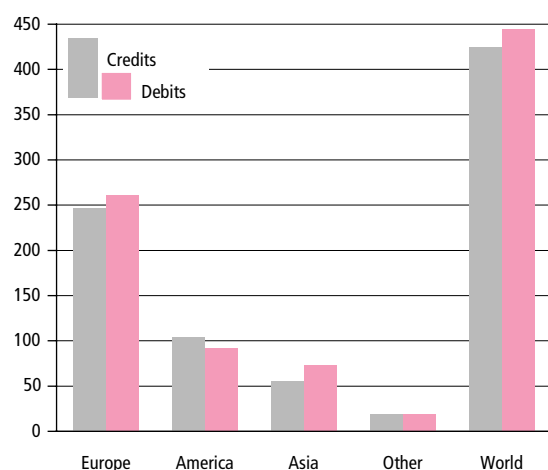
Current account surpluses were recorded with America and Australasia & Oceania in all years since 1992. The current account surplus with America decreased by £1.0 billion to £12.1 billion in 2001 mainly due to an increase in the imports of goods from the region. There was a surplus with Asia for the years 1995 to 1997 but an overall deficit in 1992 to 1994 and 1998 to 2001. The current account deficit with Asia narrowed to £17.8 billion in 2001 from £19.5 billion in 2000, largely due to a decrease in the amount of goods imported from the continent.

In 2001, over half of current account transactions, around 58 per cent of total credits and total debits, were with **Europe**. The European Union (EU) accounted for around 84 per cent of the total current account flows with Europe and around half (49 per cent) of the world total alone. The largest component was trade in goods accounting for just over half (51 per cent) of the current account flows with Europe, with income accounting for over a quarter (29 per cent) of the total for Europe.

Chart 9.2

Current account by continent, 2001

£ billion



The continent of **America** was the second largest contributing continent to the UK's balance of payments accounting for almost a quarter (24 per cent) of total credits and around a fifth (21 per cent) of debits. Income represented around two-fifths (39 per cent) of current account flows with America. The United States of America (USA) was the most significant country representing nearly 80 per cent of total current account credits in the region.

The proportion of transactions with **Asia** fell between 1992 and 1999 from 18 per cent to 13 per cent for credits, continuing at this level in 2000 and 2001. Debits remained relatively stable at around 17 per cent throughout the period. Imports of goods from Asia generated over half of the total debits with the region in 2001, with imports from Asia at £41.4 billion accounting for 18 per cent of total imports. Asia accounted for 23 per cent of the world income credits and debits in 1992 but this has fallen over subsequent years to around 15 per cent in 2001. The single largest contributing country in Asia was Japan, representing almost 30 per cent of the total current account and almost half of income credits with Asia.

The current account with **Africa** had been in surplus until 1999, with the first deficit being recorded in 2000. In 2001 this deficit more than doubled from £0.9 billion to £2.3 billion. These deficits have mainly been driven by higher imports of goods to the UK.

Current account with EU, USA and Japan

A current account deficit has been recorded with the EU in every year since 1992. Broadly speaking, surpluses on the income account are offset by deficits on all the remaining components of the current account.

The current account balance with the EU was in deficit by between £8 billion and £10 billion between the years of 1992 and 1996. This deficit fell to £3.9 billion in 1997, increasing again in 1998 and 1999 to £5.0 billion and £7.8 billion respectively. This deficit has fallen dramatically in 2000 and 2001 and now stands at £1.9 billion in the latest year. Net income received from the EU grew significantly from -£0.2 billion in 1992 to £9.9 billion in 2001. The trade in goods deficit with the EU remained relatively stable, but rose in the latest year by £1.9 billion to £5.2 billion as exports increased by £3.3 billion compared to a rise of £5.2 billion on imports. The deficit on current transfers was erratic throughout the period, starting at the lowest position in 1992 (£2.7 billion) and increasing to a peak of £6.8 billion in 2000. The latest position shows a decreased deficit (down £2.9 billion over the year) to £3.9 billion. The main components of current transfers are payments to, and receipts from EU institutions.

The USA was consistently the single largest contributor to the UK's balance of payments, representing 19 per cent of current account credits and 16 per cent of debits in 2001. There was a current account surplus with the USA of £3.4 billion in 1992 and this remained relatively stable during the period 1992 to 1997. In 1998 there was a much larger surplus (£7.7 billion) than in previous years. This fell back slightly in 1999 to £5.8 billion, then increased again to £11.3 billion in 2000, and falling back once more in 2001 to £9.5 billion.

Transactions with Japan were relatively stable and in deficit over the period 1992 to 1997. However in 1998, this position worsened to give a current account deficit of £5.6 billion – an increase of £2.8 billion over the previous year. This increase could be linked to the South East Asia crisis, and the lower investment earnings from that area by UK residents. The deficit remained at £5.6 billion in 1999 then subsequently widened to £8.2 billion in 2000 mainly due to higher income payments and an increase in the trade deficit. In the latest period the current account deficit with Japan narrowed to £6.9 billion, mainly due to lower imports of goods.

Chart 9.3

Current account with the European Union

Credits less debits

£ billion

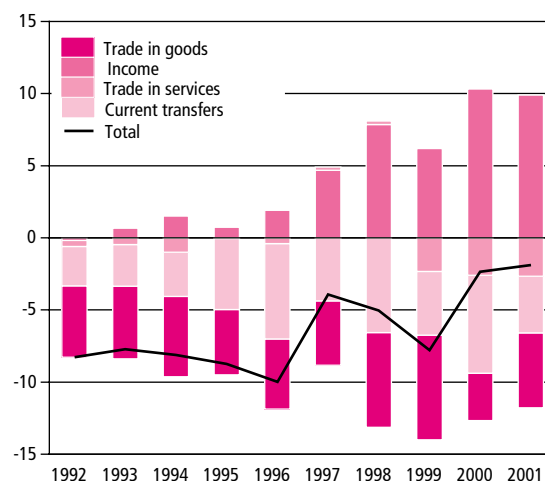


Chart 9.4

Current account with the USA

Credits less debits

£ billion

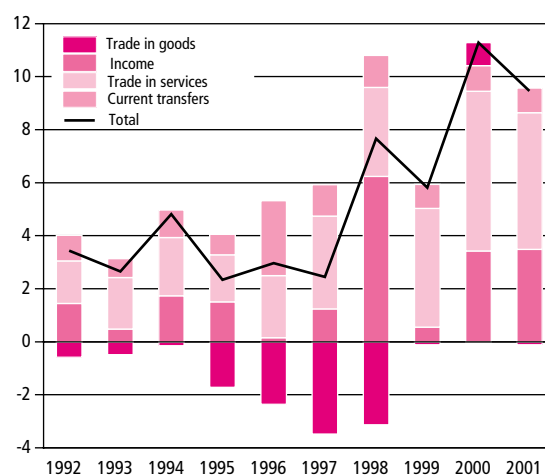
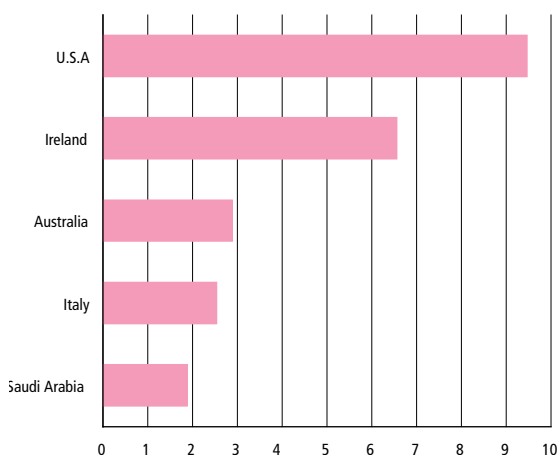


Chart 9.5**Current account: largest 5 surpluses in 2001**

£ billion

**Current account in 2001: the largest balances**

When ranking individual countries by the size of the current account balance in 2001 the largest surpluses were recorded with: the United States of America (£9.5 billion), the Republic of Ireland (£6.6 billion), Australia (£2.9 billion), Italy (£2.5 billion) and Saudi Arabia (£1.9 billion).

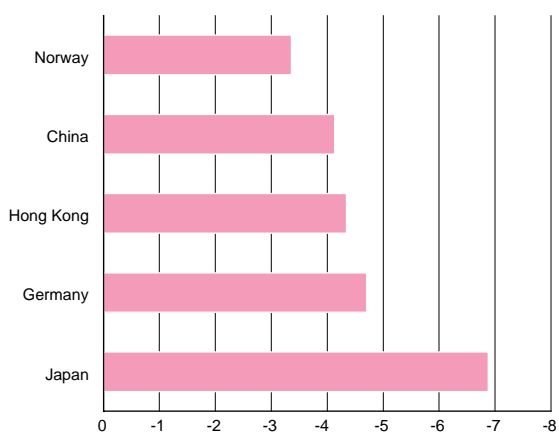
The largest net surplus in 2001 was recorded with the United States of America, with credits exceeding debits in income (£3.5 billion), trade in services (£5.2 billion), current transfers (£0.9 billion) and offset slightly by a deficit in trade in goods (£0.1 billion). In 2001 transactions with the United States of America accounted for 19 per cent of global current account credits and 16 per cent of debits. The current account has been in surplus with the USA since the geographic split of the data began in 1992, with a record surplus of £11.3 billion in 2000, and 2001 being the second highest on record at £9.5 billion.

When ranking individual countries by the size of the current account balance, the largest deficits were recorded with: Japan (£6.9 billion), Germany (£4.7 billion), Hong Kong (£4.3 billion), China (£4.1 billion) and Norway (£3.4 billion).

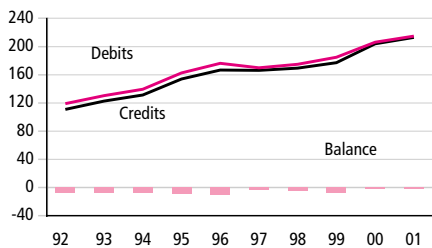
The largest current account deficit was with Japan, with debits exceeding credits in trade in goods (£5.4 billion) and income (£2.9 billion), partly offset by a surplus on trade in services (£1.5 billion) while current transfers remained in balance.

Chart 9.6**Current account: largest 5 deficits in 2001**

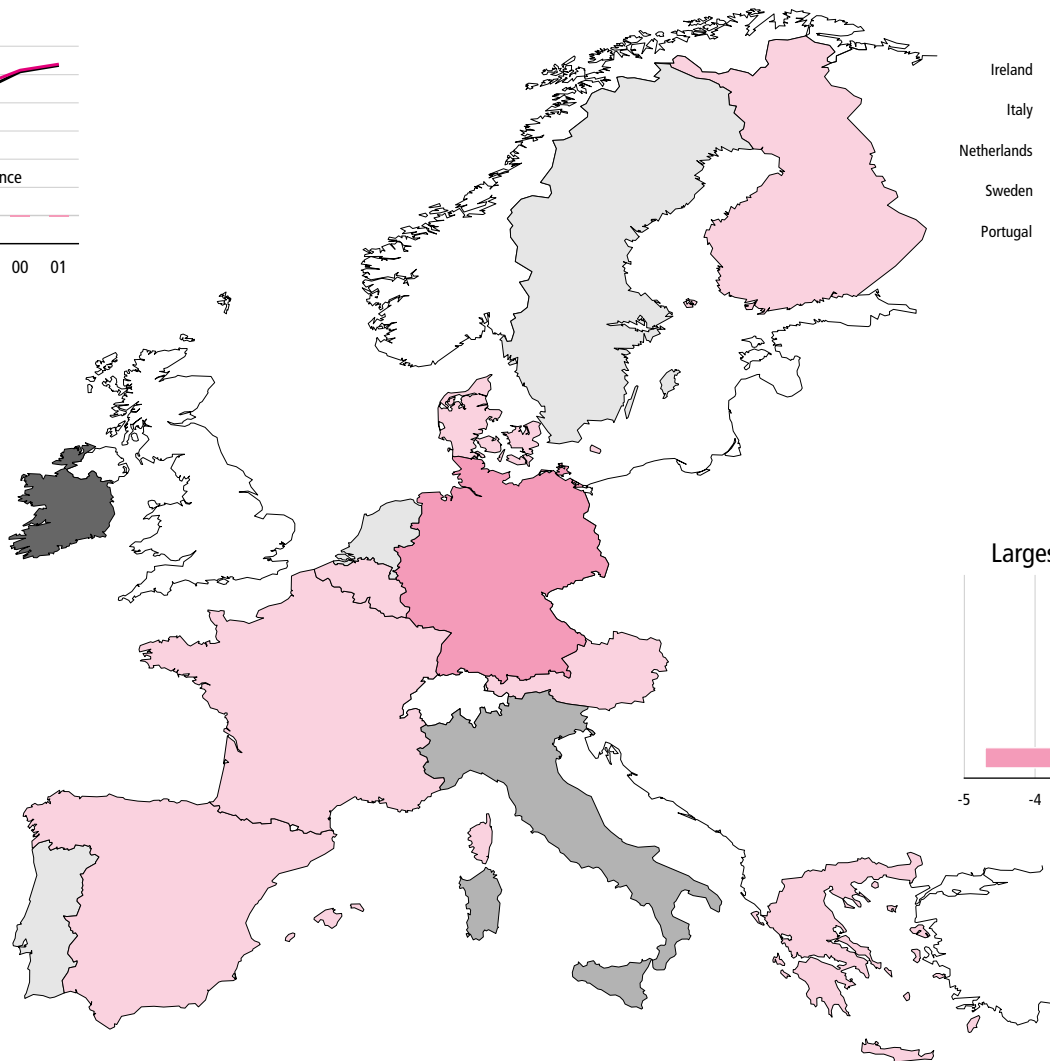
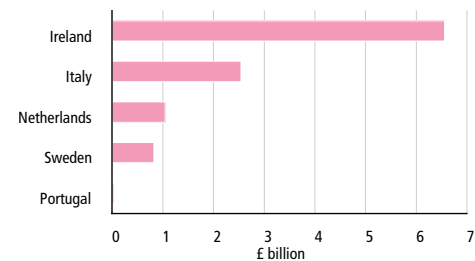
£ billion



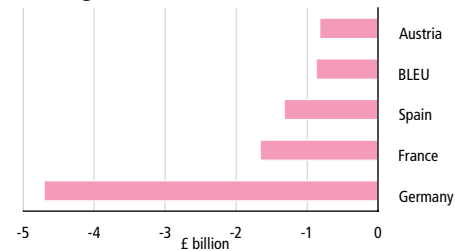
EU Current account



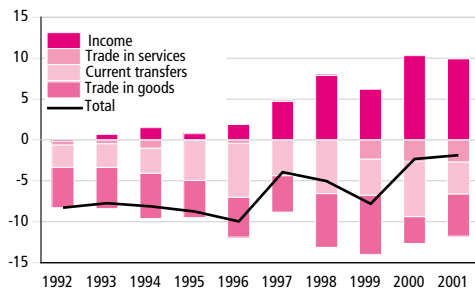
Largest 5 surpluses in 2001



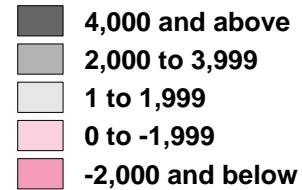
Largest 5 deficits in 2001



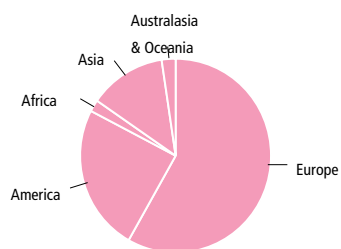
UK balance with EU



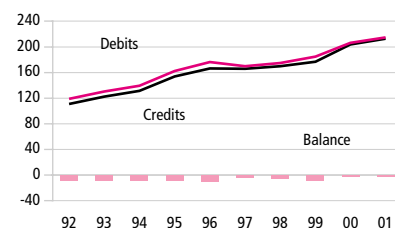
2001 Balances/£m



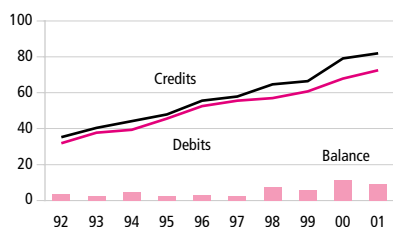
Proportion of Total 2001 Credits



EU

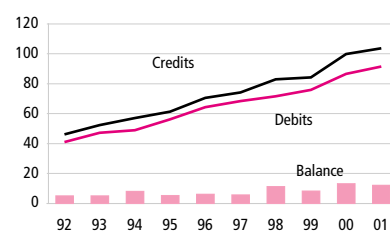


USA

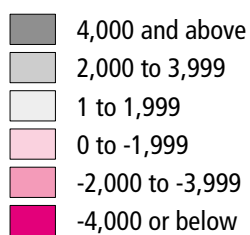


Rest of America

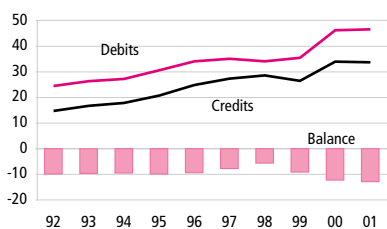
America



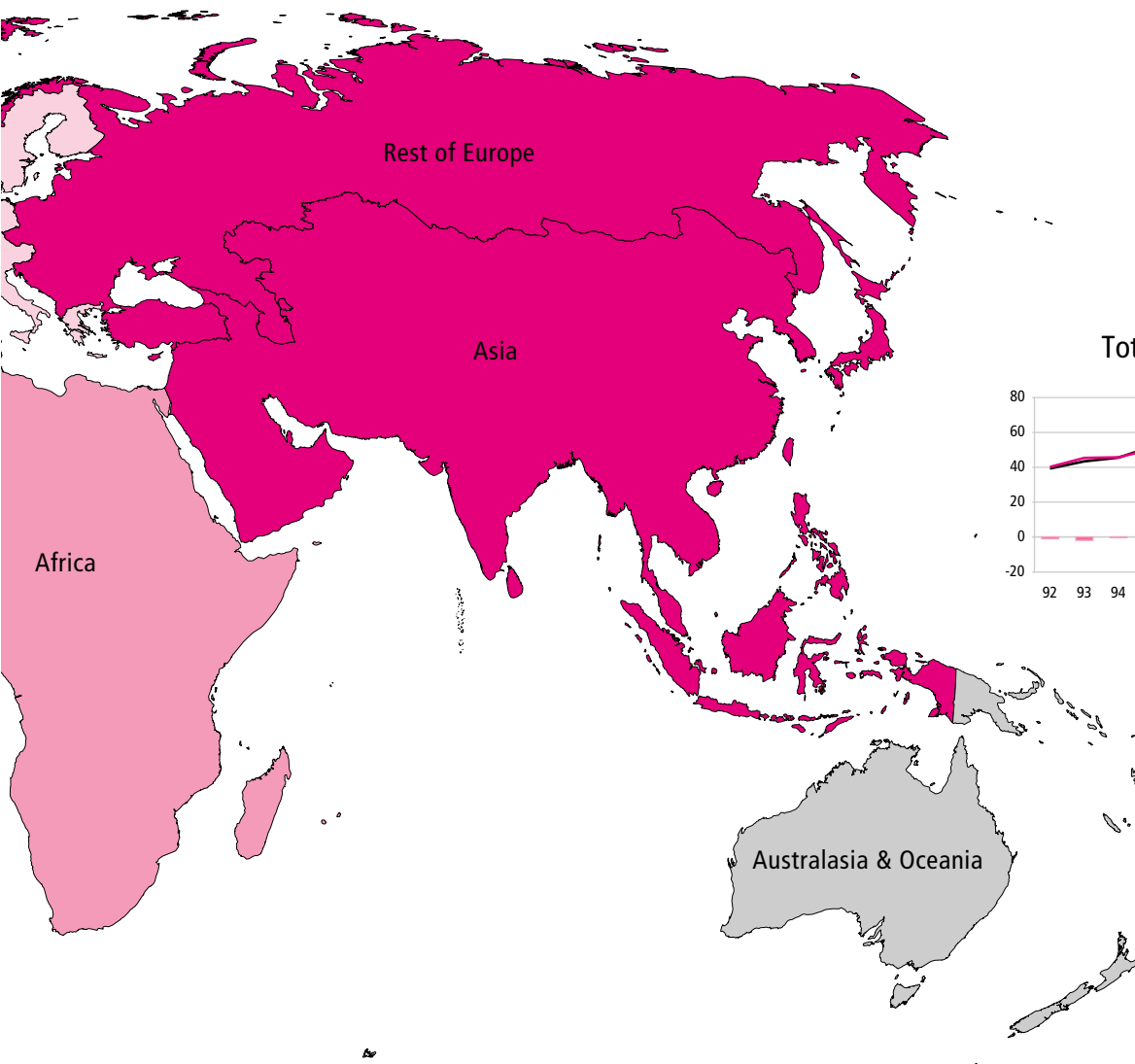
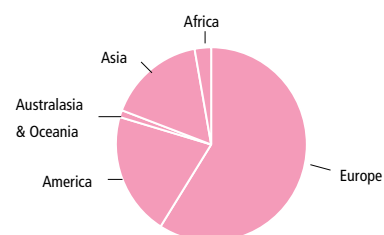
2001 Balances/£m



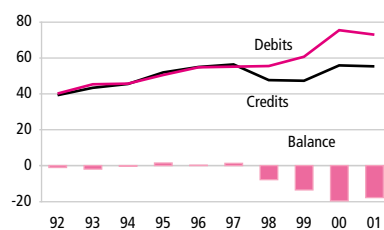
Other Europe



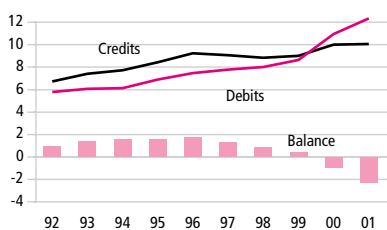
Proportion of Total 2001 Debits



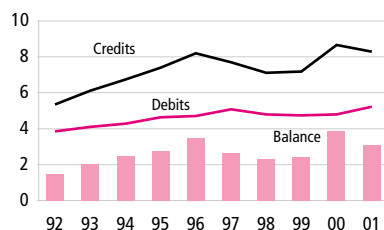
Total Asia



Total Africa



Australasia & Oceania



9.1 Current account

Summary transactions in 2001

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
Credits					
Europe					
European Union (EU)					
Austria	1 240	342	657	33	2 272
Belgium and Luxembourg	10 042	2 309	5 910	226	18 487
Denmark	2 302	1 119	1 076	41	4 538
Finland	1 633	853	566	19	3 071
France	19 529	5 436	8 404	363	33 732
Germany	23 987	6 243	12 342	436	43 008
Greece	1 126	720	773	54	2 673
Ireland	14 027	2 807	4 731	186	21 751
Italy	8 525	2 384	7 228	157	18 294
Netherlands	14 807	4 476	12 933	330	32 546
Portugal	1 602	440	897	16	2 955
Spain	8 485	2 121	2 929	108	13 643
Sweden	4 010	1 479	2 161	105	7 755
European Central Bank	—	2	—	—	2
EU Institutions	—	536	459	7 200	8 195
Total EU	111 315	31 267	61 066	9 274	212 922
European Free Trade Association (EFTA)					
Iceland	154	50	41	36	281
Liechtenstein	3	34	39	3	79
Norway	1 864	969	787	78	3 698
Switzerland	3 587	2 462	8 025	93	14 167
Total EFTA	5 608	3 515	8 892	210	18 225
Other Europe					
Albania	24	3	—	—	27
Belarus	33	4	—	1	38
Bulgaria	123	32	43	—	198
Croatia	88	32	39	3	162
Czech Republic	1 089	168	120	4	1 381
Estonia	83	9	10	—	102
Hungary	621	186	519	2	1 328
Latvia	85	18	—	3	106
Lithuania	137	32	10	1	180
Poland	1 311	301	192	4	1 808
Romania	344	43	36	1	424
Russia	905	390	320	20	1 635
Slovakia	206	48	33	2	289
Slovenia	160	24	38	—	222
Turkey	1 182	340	440	37	1 999
Ukraine	206	27	9	—	242
Yugoslavia	52	57	1	3	113
Other	731	1 148	3 317	38	5 234
Total Europe	124 303	37 644	75 085	9 603	246 635
America					
Argentina	268	190	312	17	787
Brazil	821	350	524	23	1 718
Canada	3 242	1 393	2 240	283	7 158
Chile	132	99	271	16	518
Colombia	105	127	348	42	622
Mexico	691	246	366	32	1 335
United States of America	29 600	17 194	31 345	3 905	82 044
Uruguay	49	6	17	—	72
Venezuela	318	112	106	17	553
Other Central American Countries	690	1 332	5 224	248	7 494
Other	442	214	662	17	1 335
Total America	36 358	21 263	41 415	4 600	103 636
Asia					
China	1 737	465	240	18	2 460
Hong Kong	2 721	958	2 055	70	5 804
India	1 800	608	500	27	2 935
Indonesia	313	204	88	32	637
Iran	432	126	45	4	607
Israel	1 378	456	67	48	1 949
Japan	3 744	3 005	7 937	163	14 849
Malaysia	1 044	349	550	29	1 972
Pakistan	234	241	123	6	604
Philippines	397	210	152	16	775
Saudi Arabia	1 525	2 094	265	500	4 384
Singapore	1 614	1 062	3 002	21	5 699
South Korea	1 285	448	268	20	2 021
Taiwan	890	273	234	17	1 414
Thailand	601	206	153	8	968
Residual Gulf	2 753	944	1 479	177	5 353
Other Near & Middle East	487	240	109	301	1 137
Other	571	845	264	70	1 750
Total Asia	23 526	12 734	17 531	1 527	55 318
Australasia & Oceania					
Australia	2 344	1 675	2 770	204	6 993
New Zealand	314	287	471	64	1 136
Other	42	78	40	4	164
Total Australasia & Oceania	2 700	2 040	3 281	272	8 293
Africa					
Egypt	458	284	85	4	831
Morocco	373	73	32	3	481
South Africa	1 560	1 004	1 146	113	3 823
Other North Africa	448	236	75	12	771
Other	1 918	1 475	722	49	4 164
Total Africa	4 757	3 072	2 060	181	10 070
International Organisations	—	54	508	—	562
World Total	191 644	76 807	139 880	16 183	424 514

9.1 Current account

Summary transactions in 2001

continued

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
Debits					
Europe					
European Union (EU)					
Austria	1 884	445	720	43	3 092
Belgium and Luxembourg	12 893	1 740	4 452	273	19 358
Denmark	2 688	767	1 041	65	4 561
Finland	2 979	403	385	59	3 826
France	19 284	7 609	7 878	622	35 393
Germany	28 657	5 470	12 816	769	47 712
Greece	465	1 685	695	51	2 896
Ireland	9 450	2 158	2 958	626	15 192
Italy	9 881	2 646	2 941	287	15 755
Netherlands	15 123	2 883	13 055	437	31 498
Portugal	1 582	962	305	68	2 917
Spain	6 917	6 467	1 347	235	14 966
Sweden	4 694	694	1 440	102	6 930
European Central Bank	—	1	—	—	1
EU Institutions	—	5	1 136	9 557	10 698
Total EU	116 497	33 935	51 169	13 194	214 795
European Free Trade Association (EFTA)					
Iceland	286	45	10	5	346
Liechtenstein	25	9	93	—	127
Norway	5 616	702	609	132	7 059
Switzerland	4 620	1 658	10 433	160	16 871
Total EFTA	10 547	2 414	11 145	297	24 403
Other Europe					
Albania	—	9	76	9	94
Belarus	18	2	76	6	102
Bulgaria	99	41	91	9	240
Croatia	51	44	110	5	210
Czech Republic	1 098	163	129	18	1 408
Estonia	281	21	81	5	388
Hungary	705	109	109	23	946
Latvia	414	9	83	5	511
Lithuania	232	9	83	20	344
Poland	1 162	225	204	60	1 651
Romania	445	64	93	17	619
Russia	2 037	161	525	65	2 788
Slovakia	176	25	89	3	293
Slovenia	148	13	97	6	264
Turkey	1 698	501	177	48	2 424
Ukraine	71	12	77	54	214
Yugoslavia	23	32	78	37	170
Other	531	2 398	6 361	244	9 534
Total Europe	136 233	40 187	70 853	14 125	261 398
America					
Argentina	210	123	63	14	410
Brazil	1 293	186	193	52	1 724
Canada	3 707	1 032	1 810	229	6 778
Chile	467	21	38	11	537
Colombia	312	35	45	12	404
Mexico	689	277	246	15	1 227
United States of America	29 713	12 034	27 865	2 972	72 584
Uruguay	36	7	7	1	51
Venezuela	161	46	33	6	246
Other Central American Countries	619	1 077	3 365	365	5 426
Other	1 231	285	506	97	2 119
Total America	38 438	15 123	34 171	3 774	91 506
Asia					
China	5 798	286	361	150	6 595
Hong Kong	5 815	566	3 570	199	10 150
India	1 834	561	357	530	3 282
Indonesia	1 133	116	106	43	1 398
Iran	28	31	239	21	319
Israel	948	260	226	31	1 465
Japan	9 154	1 529	10 848	198	21 729
Malaysia	1 959	196	311	80	2 546
Pakistan	426	231	77	159	893
Philippines	1 166	127	60	38	1 391
Saudi Arabia	936	504	1 019	48	2 507
Singapore	2 088	295	2 596	116	5 095
South Korea	2 778	123	143	62	3 106
Taiwan	2 813	149	215	60	3 237
Thailand	1 623	363	150	53	2 189
Residual Gulf Arabian Countries	1 143	450	1 510	92	3 195
Other Near & Middle Eastern	133	159	211	79	582
Other	1 604	892	365	542	3 403
Total Asia	41 379	6 838	22 364	2 501	73 082
Australasia & Oceania					
Australia	1 796	1 310	801	203	4 110
New Zealand	549	257	98	68	972
Other	94	23	13	6	136
Total Australasia & Oceania	2 439	1 590	912	277	5 218
Africa					
Egypt	409	252	275	26	962
Morocco	445	146	37	11	639
South Africa	2 872	520	960	279	4 631
Other North Africa	517	209	186	21	933
Other	2 446	808	5 186	1 228	5 186
Total Africa	6 689	1 935	2 162	1 565	12 351
International Organisations					
World total	225 178	65 734	130 718	23 337	444 967

9.1 Current account

Summary transactions in 2001

continued

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
Balances					
Europe					
European Union (EU)					
Austria	-644	-103	-63	-10	-820
Belgium and Luxembourg	-2 851	569	1 458	-47	-871
Denmark	-386	352	35	-24	-23
Finland	-1 346	450	181	-40	-755
France	245	-2 173	526	-259	-1 661
Germany	-4 670	773	-474	-333	-4 704
Greece	661	-965	78	3	-223
Ireland	4 577	649	1 773	-440	6 559
Italy	-1 356	-262	4 287	-130	2 539
Netherlands	-316	1 593	-122	-107	1 048
Portugal	20	-522	592	-52	38
Spain	1 568	-4 346	1 582	-127	-1 323
Sweden	-684	785	721	3	825
European Central Bank	-	1	-	-	1
EU Institutions	-	531	-677	-2 357	-2 503
Total EU	-5 182	-2 668	9 897	-3 920	-1 873
European Free Trade Association (EFTA)					
Iceland	-132	5	31	31	-65
Liechtenstein	-22	25	-54	3	-48
Norway	-3 752	267	178	-54	-3 361
Switzerland	-1 033	804	-2 408	-67	-2 704
Total EFTA	-4 939	1 101	-2 253	-87	-6 178
Other Europe					
Albania	24	-6	-76	-9	-67
Belarus	15	2	-76	-5	-64
Bulgaria	24	-9	-48	-9	-42
Croatia	37	-12	-71	-2	-48
Czech Republic	-9	5	-9	-14	-27
Estonia	-198	-12	-71	-5	-286
Hungary	-84	77	410	-21	382
Latvia	-329	9	-83	-2	-405
Lithuania	-95	23	-73	-19	-164
Poland	149	76	-12	-56	157
Romania	-101	-21	-57	-16	-195
Russia	-1 132	229	-205	-45	-1 153
Slovakia	30	23	-56	-1	-4
Slovenia	12	11	-59	-6	-42
Turkey	-516	-161	263	-11	-425
Ukraine	135	15	-68	-54	28
Yugoslavia	29	25	-77	-34	-57
Other	200	-1 250	-3 044	-206	-4 300
Total Europe	-11 930	-2 543	4 232	-4 522	-14 763
America					
Argentina	58	67	249	3	377
Brazil	-472	164	331	-29	-6
Canada	-465	361	430	54	380
Chile	-335	78	233	5	-19
Colombia	-207	92	303	30	218
Mexico	2	-31	120	17	108
USA	-113	5 160	3 480	933	9 460
Uruguay	13	-1	10	-1	21
Venezuela	157	66	73	11	307
Other Central American Countries	71	255	1 859	-117	2 068
Other America	-789	-71	156	-80	-784
Total America	-2 080	6 140	7 244	826	12 130
Asia					
China	-4 061	179	-121	-132	-4 135
Hong Kong	-3 094	392	-1 515	-129	-4 346
India	-34	47	143	-503	-347
Indonesia	-820	88	-18	-11	-761
Iran	404	95	-194	-17	288
Israel	430	196	-159	17	484
Japan	-5 410	1 476	-2 911	-35	-6 880
Malaysia	-915	153	239	-51	-574
Pakistan	-192	10	46	-153	-289
Philippines	-769	83	92	-22	-616
Saudi Arabia	589	1 590	-754	452	1 877
Singapore	-474	767	406	-95	604
South Korea	-1 493	325	125	-42	-1 085
Taiwan	-1 923	124	19	-43	-1 823
Thailand	-1 022	-157	3	-45	-1 221
Residual Gulf Arabian Countries	1 610	494	-31	85	2 158
Other Near & Middle Eastern Countries	354	81	-102	222	555
Other	-1 033	-47	-101	-472	-1 653
Total Asia	-17 853	5 896	-4 833	-974	-17 764
Australasia & Oceania					
Australia	548	365	1 969	1	2 883
New Zealand	-235	30	373	-4	164
Other	-52	55	27	-2	28
Total Australasia & Oceania	261	450	2 369	-5	3 075
Africa					
Egypt	49	32	-190	-22	-131
Morocco	-72	-73	-5	-8	-158
South Africa	-1 312	484	186	-166	-808
Other North Africa	-69	27	-111	-9	-162
Other	-528	667	-3 044	-1 179	-1 022
Total Africa	-1 932	1 137	-102	-1 384	-2 281
International Organisations	-	-7	252	-1 095	-850
World total	-33 534	11 073	9 162	-7 154	-20 453

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9.2

Current account

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits											
Europe											
European Union (EU)											
Austria	CUGP	1 418	1 563	1 748	1 983	2 182	2 017	2 164	2 105	2 232	2 272
Belgium and Luxembourg	CTFH	9 143	10 914	11 229	12 981	13 668	13 785	14 613	15 189	18 026	18 487
Denmark	LEQR	2 595	2 749	2 807	3 286	3 780	3 720	3 994	3 942	4 613	4 538
Finland	LEUD	1 797	2 031	2 287	2 790	2 949	2 648	2 441	2 379	2 908	3 071
France	LEUM	18 017	19 813	21 516	24 723	26 820	25 781	26 779	27 605	31 438	33 732
Germany	LEQI	22 482	26 290	28 284	34 301	34 768	33 723	33 685	34 242	40 664	43 008
Greece	LEUV	1 400	1 519	1 651	1 962	2 587	2 779	2 783	2 734	3 154	2 673
Ireland	BFLV	8 285	9 166	10 320	11 696	13 072	14 188	14 812	16 409	19 451	21 751
Italy	BFOD	12 071	12 264	13 049	14 917	15 348	15 551	16 787	15 834	18 512	18 294
Netherlands	BFQF	16 039	16 210	18 533	22 150	24 325	25 671	24 992	27 249	32 517	32 546
Portugal	BFSH	1 686	1 958	1 893	2 236	2 538	2 475	2 624	2 762	2 899	2 955
Spain	LEST	6 566	6 990	7 740	9 210	10 731	10 650	11 297	11 723	13 487	13 643
Sweden	BFTI	4 476	5 198	5 457	6 549	7 208	7 119	7 141	6 997	7 973	7 755
European Central Bank	ZWVF	—	—	—	—	—	—	—	—	3	2
EU Institutions	CSFH	4 870	5 909	4 902	5 006	6 448	5 931	5 464	7 696	5 931	8 195
Total EU	LEPZ	110 845	122 574	131 416	153 790	166 424	166 038	169 576	176 866	203 808	212 922
European Free Trade Association (EFTA)											
Iceland	BFNH	193	241	193	215	268	267	274	259	341	281
Liechtenstein	BFPE	..	..	..	68	94	78	59	75	86	79
Norway	BFQO	2 626	2 916	3 561	3 502	3 847	4 251	4 507	3 922	3 952	3 698
Switzerland	LEOY	5 535	6 389	6 305	7 506	8 708	8 561	9 225	9 837	13 619	14 167
Total EFTA	CTFQ	8 404	9 590	10 100	11 291	12 917	13 157	14 065	14 093	17 998	18 225
Other Europe											
Albania	ZWVG	4	6	6	8	14	9	8	15	9	27
Belarus	ZWVH	..	14	14	28	32	42	37	30	59	38
Bulgaria	ZWVI	157	168	110	134	116	139	118	165	175	198
Croatia	ZWVJ	..	82	185	277	171	144	133	144	138	162
Czech Republic	LEPQ	..	365	483	731	959	967	1 012	1 004	1 220	1 381
Estonia	ZWVK	11	15	23	38	67	95	85	69	111	102
Hungary	BFKO	309	348	393	453	604	764	821	890	1 359	1 328
Latvia	ZWVM	24	45	58	79	105	117	112	99	117	106
Lithuania	ZWVN	12	21	33	62	107	135	135	113	165	180
Poland	BFRY	761	919	947	1 246	1 671	1 736	1 548	1 538	1 769	1 808
Romania	ZWVO	79	114	153	217	281	269	292	328	456	424
Russia	BFSQ	..	803	1 106	1 309	1 531	1 854	1 794	1 045	1 360	1 635
Slovakia	ZWVP	..	30	68	124	190	230	207	185	245	289
Slovenia	ZWVQ	..	64	100	133	146	174	148	221	219	222
Turkey	BFUJ	1 016	1 412	1 175	1 525	2 029	2 281	2 192	1 934	2 732	1 999
Ukraine	ZWVR	..	104	124	151	192	201	233	178	209	242
Yugoslavia	BFWC	..	54	37	48	102	123	113	67	126	113
Other	LEVV	..	2 531	2 708	2 917	3 569	4 921	5 532	4 355	5 516	5 234
Total Europe	LERA	125 550	139 259	149 239	174 561	191 227	193 396	198 161	203 339	237 791	246 635
America											
Argentina	ZWVT	573	738	765	781	926	1 107	1 120	745	887	787
Brazil	LENO	1 066	1 359	1 669	1 998	2 250	2 135	2 090	1 448	1 650	1 718
Canada	LEOP	3 794	4 255	4 544	4 796	5 171	5 395	5 877	6 062	7 127	7 158
Chile	ZWVU	410	459	516	568	586	565	507	400	489	518
Colombia	ZWVV	207	242	376	287	384	350	326	292	490	622
Mexico	BFPN	1 405	1 379	1 255	1 063	957	1 162	1 145	1 307	1 331	1 335
United States of America	BFVB	35 311	40 386	44 106	47 899	55 614	57 982	64 606	66 550	79 135	82 044
Uruguay	ZWVW	66	72	80	87	105	115	103	82	80	72
Venezuela	ZVXX	499	545	426	400	454	426	283	294	435	553
Other Central American Countries	JISS	1 756	1 938	2 085	2 114	2 795	3 078	4 204	5 443	6 809	7 494
Other	LEVE	981	1 092	1 176	1 398	1 389	1 894	2 737	1 563	1 354	1 335
Total America	LESK	46 068	52 465	56 998	61 391	70 631	74 209	82 998	84 186	99 787	103 636
Asia											
China	LEPH	666	1 013	1 183	1 195	1 193	1 382	1 338	1 910	2 212	2 460
Hong Kong	BFJR	4 825	5 470	5 964	6 596	7 208	6 815	5 981	5 130	5 499	5 804
India	BFBY	1 513	1 795	2 033	2 411	2 368	2 431	2 073	2 359	3 141	2 935
Indonesia	BFKX	573	578	659	891	1 268	1 239	815	713	727	637
Iran	ZWVA	769	665	427	507	578	514	499	371	462	607
Israel	BFBP	860	1 220	1 449	1 528	1 735	1 658	1 491	1 858	2 057	1 949
Japan	BFOM	12 870	12 596	12 613	15 148	14 406	13 809	12 223	13 225	15 924	14 849
Malaysia	BFPW	1 315	1 749	2 191	2 091	2 125	2 215	1 589	1 764	1 872	1 972
Pakistan	BFRP	555	598	651	689	745	679	491	591	512	604
Philippines	BFRG	386	517	571	698	673	860	525	473	656	775
Saudi Arabia	BFSZ	3 525	3 452	3 301	3 597	4 711	5 969	5 117	4 339	4 603	4 384
Singapore	BFTR	3 382	3 895	4 387	5 185	5 326	5 225	4 158	4 173	5 606	5 699
South Korea	BFOV	1 079	1 259	1 518	1 862	2 217	2 275	1 438	1 533	2 008	2 021
Taiwan	BFUS	774	978	1 049	1 340	1 378	1 482	1 252	1 296	1 536	1 414
Thailand	BFUA	792	1 045	1 216	1 415	1 512	1 364	692	759	962	968
Residual Gulf Arabian Countries	JITT	2 785	3 381	3 226	3 728	4 064	4 585	4 790	4 450	5 311	5 353
Other Near & Middle Eastern Countries	ZWVC	..	737	724	793	949	1 094	1 034	974	1 025	1 137
Other	LEWF	..	2 428	2 309	2 270	2 575	2 833	2 158	1 398	1 777	1 750
Total Asia	LETC	39 252	43 376	45 471	51 944	55 031	56 429	47 664	47 316	55 890	55 318
Australasia & Oceania											
Australia	CWBG	4 190	4 808	5 274	5 812	6 488	6 229	5 611	5 912	7 374	6 993
New Zealand	BFQX	937	1 073	1 217	1 293	1 322	1 149	1 010	1 127	1 114	1 136
Other	LEVN	214	235	253	289	391	316	489	138	174	164
Total Australasia & Oceania	LETU	5 341	6 116	6 744	7 394	8 201	7 694	7 110	7 177	8 662	8 293
Africa											
Egypt	ZWWE	383	488	498	521	595	694	557	842	831	831
Morocco	ZWVF	207	259	279	357	388	414	445	430	502	481
South Africa	BFWU	2 255	2 460	2 881	3 354	3 523	3 325	3 256	3 386	3 809	3 823
Other North Africa	JIRU	589	657	579	606	619	796	832	561	752	771
Other	LEWO	3 295	3 553	3 497	3 592	4 108	3 846	3 740	3 790	4 127	4 164
Total Africa	LERS	6 729	7 417	7 734	8 430	9 233	9 075	8 830	9 009	10 021	10 070
International Organisations											
World total	CTEY	330	326	297	289	216	265	266	413	494	562
	HBOE	223 270	248 959	266 483	304 009	334 539	341 068	345 029	351 440	412 645	424 514

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Current account

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Debits											
Europe											
European Union (EU)											
Austria	CUGW	1 816	1 934	2 021	2 080	2 352	2 645	2 557	2 373	2 569	3 092
Belgium and Luxembourg	CTFI	9 906	11 412	12 067	14 192	15 285	14 840	15 638	16 294	17 679	19 358
Denmark	LEQS	3 157	3 207	3 136	3 320	4 025	3 985	3 790	3 747	4 251	4 561
Finland	LEUE	2 201	2 418	2 843	3 201	3 570	3 363	2 948	3 005	3 646	3 826
France	LEUN	19 662	22 386	24 210	27 390	28 132	28 729	30 060	32 332	33 865	35 393
Germany	LEQJ	28 430	31 097	33 324	40 040	42 215	38 256	36 951	39 881	45 210	47 712
Greece	LEUW	1 588	1 550	1 730	1 981	2 011	2 081	2 193	2 388	2 782	2 896
Ireland	BFLW	7 098	7 792	8 462	10 308	12 107	12 255	12 838	13 141	15 174	15 192
Italy	BFOE	9 638	9 912	11 070	12 421	14 551	15 488	16 062	15 024	15 430	15 755
Netherlands	BFQG	15 162	15 000	16 403	18 845	20 813	18 829	19 319	22 116	30 143	31 498
Portugal	BFSI	2 139	2 263	2 210	2 609	2 935	2 937	2 833	2 982	2 973	2 917
Spain	LESU	5 999	7 324	8 240	9 895	11 195	10 932	12 184	12 968	13 393	14 966
Sweden	BFTJ	4 790	5 173	5 742	6 364	7 248	6 602	6 160	6 858	7 174	6 930
European Central Bank	ZWWI	—	—	—	—	—	—	—	—	1	1
EU Institutions	CSFI	7 528	8 817	8 076	9 886	9 959	9 014	11 071	11 552	11 857	10 698
Total EU	LEQA	119 114	130 285	139 534	162 532	176 398	169 956	174 604	184 661	206 147	214 795
European Free Trade Association (EFTA)											
Iceland	BFNI	268	275	271	279	324	272	304	319	448	346
Liechtenstein	BFPF	..	..	..	137	143	151	158	107	146	127
Norway	BFQP	4 571	4 936	4 723	5 303	6 028	6 081	4 013	4 252	6 908	7 059
Switzerland	LEOZ	10 837	12 023	12 228	13 156	13 659	12 792	11 561	14 191	18 152	16 871
Total EFTA	CTFR	15 792	17 351	17 338	18 875	20 154	19 296	16 036	18 869	25 654	24 403
Other Europe											
Albania	ZWWJ	29	31	47	58	53	63	60	80	92	94
Belarus	ZWWK	..	33	58	74	64	73	82	98	116	102
Bulgaria	ZWWL	115	137	153	217	201	211	173	187	234	240
Croatia	ZWMM	..	87	118	121	119	123	131	145	180	210
Czech Republic	LEPR	..	345	423	507	633	728	810	815	1 107	1 408
Estonia	ZWWN	45	55	108	166	191	209	211	261	412	388
Hungary	BFKP	258	257	353	501	560	645	748	877	927	946
Latvia	ZWWP	81	119	286	247	385	426	363	350	489	511
Lithuania	ZWWQ	79	176	206	227	243	211	208	244	343	344
Poland	BFRZ	538	657	766	924	901	1 071	1 077	1 031	1 414	1 651
Romania	ZWWR	150	183	255	284	322	361	355	386	508	619
Russia	BFSR	..	1 123	1 192	1 341	1 666	1 926	1 752	1 679	2 262	2 788
Slovakia	ZWWS	..	51	143	200	163	167	189	226	260	293
Slovenia	ZWWT	..	86	142	169	160	163	164	211	232	264
Turkey	BFUK	869	1 085	1 207	1 562	1 805	1 719	1 777	1 835	2 082	2 424
Ukraine	ZWUW	..	56	78	92	94	132	147	172	189	214
Yugoslavia	BFWD	..	68	120	137	186	209	164	121	194	170
Other	LEVX	..	4 403	4 259	4 884	6 226	7 330	9 695	7 933	9 506	9 534
Total Europe	LERB	143 638	156 588	166 786	193 118	210 524	205 019	208 746	220 181	252 348	261 398
America											
Argentina	ZWWW	103	170	197	276	338	363	380	329	407	410
Brazil	LENP	992	1 051	1 054	1 302	1 516	1 363	1 289	1 332	1 521	1 724
Canada	LEOQ	3 588	3 662	3 958	4 412	4 193	4 320	4 441	5 291	6 784	6 778
Chile	ZWWX	328	427	380	516	576	556	468	382	504	537
Colombia	ZWWY	318	322	301	289	385	293	311	268	320	404
Mexico	BFPO	390	381	412	490	561	658	757	783	1 088	1 227
United States of America	BFVC	31 876	37 729	39 293	45 567	52 643	55 531	56 941	60 735	67 846	72 584
Uruguay	ZWWZ	86	77	87	81	99	104	84	54	59	51
Venezuela	ZWXA	207	183	200	265	242	189	165	189	276	246
Other Central American Countries	JIST	1 862	1 966	1 861	1 792	2 330	3 103	4 115	5 041	6 215	5 426
Other	LEVJ	1 211	1 336	1 200	1 152	1 499	2 037	2 767	1 403	1 595	2 119
Total America	LESL	40 961	47 304	48 943	56 142	64 382	68 517	71 718	75 807	86 615	91 506
Asia											
China	LEPI	1 312	1 636	1 974	2 252	2 573	2 848	3 338	3 934	5 580	6 595
Hong Kong	BFJS	4 911	5 517	5 589	6 024	6 403	6 441	6 858	8 347	9 876	10 150
India	BFMZ	1 385	1 676	2 029	2 201	2 611	2 765	2 642	2 751	3 083	3 282
Indonesia	BFKY	819	976	1 031	1 162	1 282	1 170	1 085	1 200	1 334	1 398
Iran	ZWXD	344	408	305	317	333	190	194	151	289	319
Israel	BFMQ	784	872	920	1 079	1 174	1 358	1 343	1 484	1 567	1 465
Japan	BFON	13 888	15 075	15 624	17 476	17 371	16 604	17 807	18 855	24 171	21 729
Malaysia	BFPX	1 352	1 716	1 643	1 965	2 999	2 674	2 474	2 463	2 900	2 546
Pakistan	BFRQ	510	562	643	661	714	780	722	746	801	893
Philippines	BFRH	357	388	365	461	1 017	897	1 000	1 170	1 477	1 391
Saudi Arabia	BFTA	2 928	3 270	2 501	2 684	2 461	2 546	2 136	2 167	2 623	2 507
Singapore	BFTS	2 778	3 479	3 564	4 176	4 704	4 823	3 995	4 704	5 377	5 095
South Korea	BFOW	1 071	1 227	1 249	1 776	2 323	2 557	2 552	3 060	3 761	3 106
Taiwan	BFUT	1 770	1 945	1 858	1 947	2 346	2 577	2 499	2 916	3 901	3 237
Thailand	BFUB	887	1 029	1 194	1 400	1 533	1 527	1 635	1 654	2 113	2 189
Residual Gulf Arabian Countries	JITU	1 719	1 688	1 533	1 459	1 462	1 651	1 788	2 212	2 836	3 195
Other Near & Middle Eastern Countries	ZWXF	..	626	530	525	465	509	453	439	572	582
Other	LEWG	..	3 208	3 147	2 944	2 957	3 195	2 955	2 468	3 160	3 403
Total Asia	LETD	40 228	45 298	45 699	50 509	54 728	55 112	55 476	60 721	75 421	73 082
Australasia & Oceania											
Australia	CWBO	2 935	3 049	3 105	3 361	3 319	3 804	3 679	3 662	3 674	4 110
New Zealand	BFQY	685	802	919	986	1 074	1 041	977	879	933	972
Other	LEVO	233	249	246	294	312	235	129	197	183	136
Total Australasia & Oceania	LETV	3 853	4 100	4 270	4 641	4 705	5 080	4 785	4 738	4 790	5 218
Africa											
Egypt	ZWXH	1 060	1 280	1 211	1 226	1 176	950	832	712	971	962
Morocco	ZWXI	208	276	308	343	413	473	511	519	617	639
South Africa	BFWV	1 340	1 575	1 479	1 760	1 829	2 128	2 437	2 955	3 999	4 631
Other North Africa	JIRV	707	643	637	734	626	747	780	551	1 080	933
Other	LEWP	2 483	2 306	2 505	2 830	3 427	3 487	3 448	3 895	4 289	5 186
Total Africa	LERT	5 798	6 080	6 140	6 893	7 471	7 785	8 008	8 632	10 956	12 351
International Organisations											
World total	HBOF	236 244	260 878	273 251	313 024	343 248	342 788	349 843	371 169	431 853	444 967

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Current account

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Balances											
Europe											
European Union (EU)											
Austria	CUGX	-398	-371	-273	-97	-170	-628	-393	-268	-337	-820
Belgium and Luxembourg	CTFJ	-763	-498	-838	-1 211	-1 617	-1 055	-1 025	-1 105	347	-871
Denmark	LEQT	-562	-458	-329	-34	-245	-265	204	195	362	-23
Finland	LEUF	-404	-387	-556	-411	-621	-715	-507	-626	-738	-755
France	LEUO	-1 645	-2 573	-2 694	-2 667	-1 312	-2 948	-3 281	-4 727	-2 427	-1 661
Germany	LEQK	-5 948	-4 807	-5 040	-5 739	-7 447	-4 533	-3 266	-5 639	-4 546	-4 704
Greece	LEUX	-188	-31	-79	-19	576	698	590	346	372	-223
Ireland	BFLX	1 187	1 374	1 858	1 388	965	1 933	1 974	3 268	4 277	6 559
Italy	BFOF	2 433	2 352	1 979	2 496	797	63	725	810	3 082	2 539
Netherlands	BFQH	877	1 210	2 130	3 305	3 512	6 842	5 673	5 133	2 374	1 048
Portugal	BFSJ	-453	-305	-317	-373	-397	-462	-209	-220	-74	38
Spain	LESV	567	-334	-500	-685	-464	-282	-887	-1 245	94	-1 323
Sweden	BFTK	-314	25	-285	185	-40	517	981	139	799	825
European Central Bank	ZWXL	-	-	-	-	-	-	-	-	2	1
EU Institutions	CSFJ	-2 658	-2 908	-3 174	-4 880	-3 511	-3 083	-5 607	-3 856	-5 926	-2 503
Total EU	LEQB	-8 269	-7 711	-8 118	-8 742	-9 974	-3 918	-5 028	-7 795	-2 339	-1 873
European Free Trade Association (EFTA)											
Iceland	BFNJ	-75	-34	-78	-64	-56	-5	-30	-60	-107	-65
Liechtenstein	BFPQ	..	..	..	-69	-49	-73	-99	-32	-60	-48
Norway	BFQQ	-1 945	-2 020	-1 162	-1 801	-2 181	-1 830	494	-330	-2 956	-3 361
Switzerland	LEPA	-5 302	-5 634	-5 923	-5 650	-4 951	-4 231	-2 336	-4 354	-4 533	-2 704
Total EFTA	CTFS	-7 388	-7 761	-7 238	-7 584	-7 237	-6 139	-1 971	-4 776	-7 656	-6 178
Other Europe											
Albania	ZWXM	-25	-25	-41	-50	-39	-54	-52	-65	-83	-67
Belarus	ZWXN	..	-19	-44	-46	-32	-31	-45	-68	-57	-64
Bulgaria	ZWKO	42	31	-43	-83	-85	-72	-55	-22	-59	-42
Croatia	ZWXP	..	-5	67	156	52	21	2	-1	-42	-48
Czech Republic	LEPS	..	20	60	224	326	239	202	189	113	-27
Estonia	ZWXQ	-34	-40	-85	-128	-124	-114	-126	-192	-301	-286
Hungary	BFKQ	51	91	40	-48	44	119	73	13	432	382
Latvia	ZWXS	-57	-74	-228	-168	-280	-309	-251	-251	-372	-405
Lithuania	ZWXT	-67	-155	-173	-165	-136	-76	-73	-131	-178	-164
Poland	BFSA	223	262	181	322	770	665	471	507	355	157
Romania	ZWJU	-71	-69	-102	-67	-41	-92	-63	-58	-52	-195
Russia	BFSJ	..	-320	-86	-32	-135	-72	42	-634	-902	-1 153
Slovakia	ZWJV	..	-21	-75	-76	27	63	18	-41	-15	-4
Slovenia	ZWXX	..	-22	-42	-36	-14	11	-16	10	-13	-42
Turkey	BFUL	147	327	-32	-37	224	562	415	99	650	-425
Ukraine	ZWXX	..	48	46	59	98	69	86	6	20	28
Yugoslavia	BFEW	..	-14	-83	-89	-84	-86	-51	-54	-68	-57
Other	LEVY	..	-1 872	-1 551	-1 967	-2 657	-2 409	-4 163	-3 578	-3 990	-4 300
Total Europe	LERC	-18 088	-17 329	-17 547	-18 557	-19 297	-11 623	-10 585	-16 842	-14 557	-14 763
America											
Argentina	ZWXX	470	568	568	505	588	744	740	416	480	377
Brazil	LENQ	74	308	615	696	734	772	801	116	129	-6
Canada	LEOR	206	593	586	384	978	1 075	1 436	771	343	380
Chile	ZWYA	82	32	136	52	10	9	39	18	-15	-19
Colombia	ZWYB	-111	-80	75	-2	-1	57	15	24	170	218
Mexico	BFPF	1 015	998	843	573	396	504	388	524	243	108
United States of America	BFVD	3 435	2 657	4 813	2 332	2 971	2 451	7 665	5 815	11 289	9 460
Uruguay	ZWYC	-20	-5	-7	6	6	11	19	28	21	21
Venezuela	ZWYD	292	362	226	135	212	237	118	105	159	307
Other Central American Countries	JISU	-106	-28	224	322	465	-25	89	402	594	2 068
Other	LEVG	-230	-244	-24	246	-110	-143	-30	160	-241	-784
Total America	LESM	5 107	5 161	8 055	5 249	6 249	5 692	11 280	8 379	13 172	12 130
Asia											
China	LEPJ	-646	-623	-791	-1 057	-1 380	-1 466	-2 000	-2 024	-3 368	-4 135
Hong Kong	BFJT	-86	-47	375	572	805	374	-877	-3 217	-4 377	-4 346
India	BFNA	128	119	4	210	-243	-334	-569	-392	58	-347
Indonesia	BFKZ	-246	-398	-372	-271	-14	69	-270	-487	-607	-761
Iran	ZWYG	425	257	122	190	245	324	305	220	173	288
Israel	BFMR	76	348	529	449	561	300	148	374	490	484
Japan	BFOO	-1 018	-2 479	-3 011	-2 328	-2 965	-2 795	-5 584	-5 630	-8 247	-6 880
Malaysia	BFPY	-37	33	548	126	-874	-459	-885	-699	-1 028	-574
Pakistan	BFRR	45	36	8	28	31	-101	-231	-155	-289	-289
Philippines	BFRI	29	129	206	237	-344	-37	-475	-697	-821	-616
Saudi Arabia	BFTB	597	182	800	913	2 250	3 423	2 981	2 172	1 980	1 877
Singapore	BFTT	604	416	823	1 009	622	402	163	-531	229	604
South Korea	BFOX	8	32	269	86	-106	-282	-1 114	-1 527	-1 753	-1 085
Taiwan	BFUU	-996	-967	-809	-607	-968	-1 095	-1 247	-1 620	-2 365	-1 823
Thailand	BFUC	-95	16	22	15	-21	-163	-943	-895	-1 151	-1 221
Residual Gulf Arabian Countries	JITV	1 066	1 693	1 693	2 269	2 602	2 934	3 002	2 238	2 475	2 158
Other Near & Middle Eastern Countries	ZWYI	..	111	194	268	484	585	581	535	453	555
Other	LEWH	..	-780	-838	-674	-382	-362	-797	-1 070	-1 383	-1 653
Total Asia	LETE	-976	-1 922	-228	1 435	303	1 317	-7 812	-13 405	-19 531	-17 764
Australasia & Oceania											
Australia	CWJK	1 255	1 759	2 169	2 451	3 169	2 425	1 932	2 250	3 700	2 883
New Zealand	BFQZ	252	271	298	307	248	108	33	248	181	164
Other	LEVP	-19	-14	7	-5	79	81	360	-59	-9	28
Total Australasia & Oceania	LETW	1 488	2 016	2 474	2 753	3 496	2 614	2 325	2 439	3 872	3 075
Africa											
Egypt	ZWYK	-677	-792	-713	-705	-581	-256	-275	130	-140	-131
Morocco	ZWYL	-1	-17	-29	14	-25	-59	-66	-89	-115	-158
South Africa	BFWW	915	885	1 402	1 594	1 694	1 197	819	431	-190	-808
Other North Africa	JIRW	-118	14	-58	-128	-7	49	52	10	-328	-162
Other	LEWQ	812	1 247	992	762	681	359	292	-105	-162	-1 022
Total Africa	LERU	931	1 337	1 594	1 537	1 762	1 290	822	377	-935	-2 281
International Organisations											
World total	HBQG	-12 974	-11 919	-6 768	-9 015	-8 709	-1 720	-4 814	-19 729	-19 208	-20 453

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9.3 Trade in goods and services

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports											
Europe											
European Union (EU)											
Austria	LGHT	995	1 156	1 317	1 446	1 610	1 447	1 517	1 535	1 519	1 582
Belgium and Luxembourg	LGHU	6 594	8 170	8 507	9 748	9 994	10 047	10 256	11 354	12 558	12 351
Denmark	LGHV	1 945	2 059	2 279	2 617	3 062	2 944	3 042	2 983	3 442	3 421
Finland	LGHW	1 275	1 424	1 644	2 100	2 371	2 107	1 942	1 988	2 399	2 486
France	LGHX	13 718	14 751	16 398	18 290	20 391	20 031	20 436	21 420	23 704	24 965
Germany	LGHY	18 316	19 674	21 263	24 587	25 177	25 264	25 549	25 720	28 992	30 230
Greece	LGHZ	1 140	1 322	1 380	1 555	1 678	1 651	1 702	1 908	2 037	1 846
Ireland	LGIA	6 808	7 552	8 685	9 750	10 875	11 626	12 036	13 196	15 028	16 834
Italy	LGIB	7 497	7 537	8 416	9 567	9 926	10 224	10 883	10 445	10 979	10 909
Netherlands	LGIC	9 972	9 804	11 490	14 444	15 916	16 695	16 011	17 419	19 434	19 283
Portugal	LGID	1 433	1 671	1 588	1 820	2 052	2 064	2 159	2 258	2 069	2 042
Spain	LGIE	5 441	5 538	6 252	7 336	8 162	8 107	8 871	9 530	10 471	10 606
Sweden	LGIF	3 124	3 636	4 196	5 053	5 437	5 578	5 660	5 387	5 763	5 489
European Central Bank	ZWLL	—	—	—	—	—	—	—	—	3	2
EU Institutions	LGIG	584	360	316	376	150	240	225	227	244	536
Total EU	LHRU	78 842	84 654	93 731	108 689	116 801	118 025	120 289	125 370	138 642	142 582
European Free Trade Association (EFTA)											
Iceland	LGII	129	183	154	178	202	211	208	192	264	204
Liechtenstein	LGIJ	..	..	..	15	19	20	23	33	38	37
Norway	LGIK	2 053	2 311	2 989	2 920	3 110	3 559	3 802	3 151	3 000	2 833
Switzerland	LGIL	2 652	3 280	3 489	3 991	4 983	4 875	5 016	4 986	5 474	6 049
Total EFTA	LGIM	4 835	5 775	6 633	7 104	8 314	8 665	9 049	8 362	8 776	9 123
Other Europe											
Albania	ZWLP	4	6	6	8	14	8	8	15	9	27
Belarus	ZWLS	..	14	14	28	32	42	37	30	59	37
Bulgaria	ZWLR	63	91	95	110	100	98	95	114	127	155
Croatia	ZWMC	..	53	157	244	155	124	128	117	109	120
Czech Republic	LGIN	..	362	459	678	836	830	892	875	1 091	1 257
Estonia	ZWLX	9	12	20	34	63	79	73	62	109	92
Hungary	XUXI	188	244	307	347	424	546	620	625	810	807
Latvia	ZWME	13	22	36	50	94	112	104	95	114	103
Lithuania	ZWME	12	21	33	62	102	126	124	109	151	169
Poland	LGIO	700	861	881	1 123	1 544	1 588	1 460	1 436	1 591	1 612
Romania	ZWMH	74	105	143	195	239	244	271	285	426	387
Russia	LGIP	..	775	1 003	1 181	1 339	1 591	1 348	820	1 061	1 295
Slovakia	ZWMJ	..	25	66	100	139	161	133	142	194	254
Slovenia	ZWMI	..	64	100	133	146	166	145	166	174	184
Turkey	LGIQ	833	1 220	989	1 365	1 811	2 055	1 921	1 592	2 133	1 522
Ukraine	ZWMK	..	96	114	140	184	200	229	169	199	233
Yugoslavia	ZWMN	..	8	9	15	45	74	61	62	122	109
Other	ZWLM	..	1 213	1 349	1 565	2 056	2 295	2 041	1 715	1 933	1 879
Total Europe	LGIS	87 597	95 621	106 145	123 171	134 438	137 029	139 028	142 161	157 830	161 947
America											
Argentina	ZWLQ	177	253	312	318	445	604	645	457	476	458
Brazil	LGIT	453	631	756	930	1 115	1 320	1 337	1 099	1 109	1 171
Canada	LGIU	2 391	2 747	2 836	2 738	2 932	3 269	3 545	3 904	4 896	4 635
Chile	ZWLT	153	183	201	213	214	267	279	216	213	231
Colombia	ZWLU	122	165	300	214	246	229	244	159	165	232
Mexico	LGIV	406	456	517	409	426	590	700	788	942	937
United States of America	LGIW	20 389	24 631	27 044	28 507	32 578	34 651	36 386	40 975	47 769	46 794
Uruguay	ZWML	38	53	60	63	73	86	80	75	64	55
Venezuela	ZWMM	221	264	236	216	222	255	308	275	309	430
Other Central American Countries	ZWLW	971	1 144	1 415	1 413	1 369	1 664	1 882	1 918	2 188	2 022
Other	ZWLZ	457	536	714	903	746	915	824	828	648	656
Total America	LGIIY	25 778	31 063	34 391	35 924	40 366	43 850	46 230	50 694	58 779	57 621
Asia											
China	LGIZ	568	923	1 057	1 038	973	1 145	1 140	1 641	1 905	2 202
Hong Kong	LGJA	2 187	2 903	3 149	3 415	3 757	4 085	3 561	3 223	3 607	3 679
India	LGJB	1 247	1 513	1 753	2 101	2 081	2 130	1 713	1 951	2 600	2 408
Indonesia	LGJC	437	476	527	732	1 002	899	558	549	600	517
Iran	ZWMD	630	553	342	387	449	444	407	330	408	558
Israel	LGJD	791	1 161	1 395	1 454	1 568	1 544	1 386	1 760	1 960	1 834
Japan	LGJE	3 608	4 347	5 007	6 045	6 526	6 463	5 586	6 077	6 857	6 749
Malaysia	LGJF	953	1 359	1 770	1 670	1 653	1 705	1 197	1 308	1 284	1 393
Pakistan	LGJG	511	564	610	630	670	548	459	512	379	475
Philippines	LGJH	275	396	452	571	495	735	394	362	461	607
Saudi Arabia	LGJI	3 406	3 309	3 135	3 410	4 112	5 338	4 450	3 606	3 798	3 619
Singapore	LGJJ	1 467	1 840	2 246	2 551	2 590	2 536	2 135	2 668	2 639	2 676
South Korea	LGJK	923	1 116	1 344	1 578	1 766	1 692	1 058	1 305	1 726	1 733
Taiwan	LGJL	665	855	904	1 183	1 182	1 295	1 094	1 102	1 291	1 163
Thailand	LGJM	670	909	1 032	1 179	1 221	1 134	606	661	766	807
Residual Gulf Arabian Countries	ZWMA	2 355	2 968	2 782	3 248	3 492	3 914	3 612	3 214	3 610	3 697
Other Near & Middle Eastern Countries	ZWMB	..	473	473	500	559	642	643	600	610	727
Other	ZWLN	..	2 051	1 898	1 790	2 069	2 292	1 819	1 228	1 425	1 416
Total Asia	LGJO	22 598	27 716	29 876	33 482	36 165	38 541	31 818	32 097	35 926	36 260
Australasia & Oceania											
Australia	LGJP	2 299	2 687	3 116	3 373	3 899	3 930	3 600	3 717	4 252	4 019
New Zealand	LGJQ	450	553	680	716	727	683	655	673	607	601
Other	LGJR	70	82	71	84	157	146	105	100	126	120
Total Australasia & Oceania	LGJS	2 819	3 322	3 867	4 173	4 783	4 759	4 360	4 490	4 985	4 740
Africa											
Egypt	ZWLY	307	410	443	450	513	610	601	802	763	742
Morocco	ZWMG	155	207	237	309	322	385	406	398	464	446
South Africa	LGJT	1 608	1 810	2 214	2 568	2 581	2 440	2 378	2 299	2 365	2 564
Other North Africa	ZWLX	397	489	435	472	511	696	717	494	668	684
Other	ZWLO	2 668	2 870	2 772	2 832	3 342	3 240	3 224	3 142	3 314	3 393
Total Africa	LGJV	5 135	5 786	6 101	6 631	7 269	7 371	7 326	7 135	7 574	7 829
International Organisations											
World total	KTMW	144 091	163 640	180 508	203 509	223 091	231 622	228 801	236 609	265 135	268 451

9.3 Trade in goods and services

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Imports											
Europe											
European Union (EU)											
Austria	LGJY	1 234	1 328	1 405	1 306	1 529	1 721	1 843	1 876	1 840	2 329
Belgium and Luxembourg	LGJZ	6 312	7 488	7 867	9 201	10 388	10 756	11 446	12 185	13 104	14 633
Denmark	LGKA	2 603	2 440	2 522	2 572	2 884	2 878	2 724	2 841	3 083	3 455
Finland	LGKB	1 744	2 009	2 423	2 651	2 888	2 732	2 541	2 682	3 210	3 382
France	LGKC	14 988	16 748	18 732	20 401	21 138	22 743	23 588	24 815	25 976	26 893
Germany	LGKD	21 570	22 942	25 251	29 693	31 591	29 035	28 761	31 238	33 097	34 127
Greece	LGKE	1 241	1 247	1 438	1 470	1 221	1 203	1 253	1 719	1 926	2 150
Ireland	LGKF	5 679	6 285	6 859	8 139	8 753	8 912	9 388	10 537	11 726	11 608
Italy	LGKG	7 508	7 650	8 709	9 498	10 739	11 471	12 013	11 834	12 208	12 527
Netherlands	LGKH	10 966	10 373	11 747	13 260	14 375	14 114	15 434	15 739	18 024	18 006
Portugal	LGKI	1 671	1 779	1 852	2 123	2 397	2 483	2 493	2 707	2 625	2 544
Spain	LGKJ	5 121	5 892	6 814	7 889	8 731	8 985	10 207	11 422	11 952	13 384
Sweden	LGKK	3 564	3 975	4 674	5 053	5 432	5 243	4 919	5 351	5 736	5 388
European Central Bank	ZWNR	—	—	—	—	—	—	—	—	1	1
EU Institutions	LGKL	—	1	1	1	2	1	6	4	2	5
Total EU	LHRV	84 201	90 157	100 294	113 257	122 068	122 277	126 616	134 950	144 510	150 432
European Free Trade Association (EFTA)											
Iceland	LGKN	252	260	258	267	303	260	291	304	433	331
Liechtenstein	LGKO	..	..	..	5	17	26	45	29	31	34
Norway	LGKP	4 330	4 615	4 305	4 862	5 358	5 263	3 890	4 022	6 216	6 318
Switzerland	LGKQ	4 418	5 261	5 644	6 058	6 461	5 743	6 074	6 691	7 160	6 278
Total EFTA	LGKR	9 000	10 136	10 207	11 192	12 139	11 292	10 300	11 046	13 840	12 961
Other Europe											
Albania	ZWNV	1	1	1	1	1	2	1	7	8	9
Belarus	ZWNY	..	5	14	20	16	15	25	21	36	20
Bulgaria	ZWNX	66	92	89	130	134	115	95	95	116	140
Croatia	ZWOI	..	56	71	62	69	60	72	55	66	95
Czech Republic	LGKS	..	318	372	404	444	535	673	697	955	1 261
Estonia	ZWOD	13	23	62	109	142	149	154	188	322	302
Hungary	ZWOJ	154	189	283	400	458	527	610	734	778	814
Latvia	ZWOM	27	70	221	166	299	340	287	271	397	423
Lithuania	ZWOL	49	140	152	165	180	142	147	162	249	241
Poland	LGKT	425	526	626	732	661	734	795	838	1 148	1 387
Romania	ZWOO	81	114	166	186	201	217	247	296	392	509
Russia	LGKU	..	1 010	1 010	1 154	1 378	1 624	1 618	1 453	1 674	2 198
Slovakia	ZWOQ	..	13	69	75	76	80	105	129	165	201
Slovenia	ZWOP	..	58	98	115	112	105	111	116	140	161
Turkey	LGKV	633	872	987	1 240	1 458	1 490	1 560	1 689	1 917	2 199
Ukraine	ZWOR	..	17	23	26	28	50	69	55	78	83
Yugoslavia	ZWOU	..	9	10	8	22	43	38	43	49	55
Other	ZWNS	..	1 606	1 779	1 565	2 136	2 234	2 365	2 227	2 713	2 929
Total Europe	LGKX	97 413	105 412	116 534	131 007	142 022	142 031	145 888	155 072	169 553	176 420
America											
Argentina	ZWNW	142	165	199	270	305	290	263	278	300	333
Brazil	LGKY	878	927	955	1 004	1 049	1 036	1 028	1 123	1 273	1 479
Canada	LGKZ	2 478	2 506	2 656	3 082	3 089	3 376	3 462	4 011	5 082	4 739
Chile	ZWNZ	208	252	204	302	381	392	368	361	483	488
Colombia	ZWOA	128	182	198	178	225	197	253	239	268	347
Mexico	LGLA	174	196	276	347	414	525	555	618	848	966
United States of America	LGLB	19 373	23 180	25 003	28 449	32 594	34 626	36 170	36 620	40 867	41 747
Uruguay	ZWOS	47	46	51	60	74	73	59	44	42	43
Venezuela	ZWOT	141	134	141	210	200	166	146	182	249	207
Other Central American Countries	ZWOC	866	1 033	1 112	1 106	1 414	1 426	1 670	1 638	2 167	1 696
Other	ZWOF	469	558	545	559	742	635	619	864	992	1 516
Total America	LGLD	24 904	29 179	31 340	35 567	40 487	42 742	44 593	45 978	52 571	53 561
Asia											
China	LGLE	969	1 402	1 742	1 997	2 250	2 568	3 043	3 618	5 094	6 084
Hong Kong	LGLF	2 766	3 465	3 680	3 848	4 367	4 756	4 870	5 539	6 483	6 381
India	LGLG	1 061	1 372	1 596	1 719	1 890	1 974	1 845	2 007	2 218	2 395
Indonesia	LGLH	622	806	884	982	1 017	985	964	1 080	1 204	1 249
Iran	ZWOK	159	240	135	121	108	40	52	47	63	59
Israel	LGLI	589	692	747	879	951	1 109	1 156	1 285	1 328	1 208
Japan	LGLJ	7 667	8 871	9 451	10 251	9 846	10 153	10 249	10 333	11 751	10 683
Malaysia	LGLK	1 171	1 517	1 360	1 614	2 440	2 175	2 135	2 144	2 510	2 155
Pakistan	LGLL	376	448	499	508	502	526	500	539	584	657
Philippines	LGLM	270	318	297	397	908	782	904	1 056	1 350	1 293
Saudi Arabia	LGLN	1 241	1 653	1 138	1 044	974	1 196	1 251	1 404	1 649	1 440
Singapore	LGLO	1 490	1 975	2 306	2 455	2 714	2 938	2 646	2 686	2 711	2 383
South Korea	LGLP	951	1 108	1 152	1 607	2 062	2 309	2 326	2 925	3 546	2 901
Taiwan	LGLQ	1 369	1 629	1 610	1 728	2 096	2 366	2 344	2 754	3 705	2 962
Thailand	LGLR	768	952	1 096	1 255	1 336	1 353	1 512	1 536	1 933	1 986
Residual Gulf Arabian Countries	ZWOG	866	913	908	814	889	1 018	1 230	1 233	1 440	1 593
Other Near & Middle Eastern Countries	ZWOH	..	183	188	176	170	146	144	198	267	292
Other	ZWNT	..	1 703	1 825	1 631	1 885	1 937	1 829	1 835	2 379	2 496
Total Asia	LGLT	23 622	29 247	30 614	33 026	36 405	38 331	39 000	42 219	50 215	48 217
Australasia & Oceania											
Australia	LGLU	1 497	1 561	1 728	1 776	2 087	2 253	2 337	2 388	2 801	3 106
New Zealand	LGLV	544	635	700	747	822	786	737	783	779	806
Other	LGLW	136	170	169	215	269	196	160	165	147	117
Total Australasia & Oceania	LGLX	2 177	2 366	2 597	2 738	3 178	3 235	3 234	3 336	3 727	4 029
Africa											
Egypt	ZWOE	231	293	370	382	396	352	354	435	650	661
Morocco	ZWON	151	217	239	290	330	407	446	480	574	591
South Africa	LGLY	1 041	1 229	1 191	1 409	1 581	1 779	1 862	1 973	3 069	3 392
Other North Africa	ZWOB	427	462	461	504	465	463	515	435	902	726
Other	ZWNU	1 595	1 638	1 832	2 044	2 280	2 029	1 991	2 203	2 283	3 254
Total Africa	LGMA	3 445	3 839	4 093	4 629	5 052	5 030	5 168	5 526	7 478	8 624
International Organisations											
World total	KTMX	151 659	170 125	185 255	207 051	227 216	231 436	237 948	252 187	283 623	290 912

9.3 Trade in goods and services

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Balances											
Europe											
European Union (EU)											
Austria	LGMD	-239	-172	-88	140	81	-274	-326	-341	-321	-747
Belgium and Luxembourg	LGME	282	682	640	547	-394	-709	-1 190	-831	-546	-2 282
Denmark	LGMF	-658	-381	-243	45	178	66	318	142	359	-34
Finland	LGMG	-469	-585	-779	-551	-517	-625	-599	-694	-811	-896
France	LGMH	-1 270	-1 997	-2 334	-2 111	-747	-2 712	-3 152	-3 395	-2 272	-1 928
Germany	LGMI	-3 254	-3 268	-3 988	-5 106	-6 414	-3 771	-3 212	-5 518	-4 105	-3 897
Greece	LGMJ	-101	75	-58	85	457	448	449	189	111	-304
Ireland	LGMK	1 129	1 267	1 826	1 611	2 122	2 714	2 648	2 659	3 302	5 226
Italy	LGML	-11	-113	-293	69	-813	-1 247	-1 130	-1 389	-1 229	-1 618
Netherlands	LGMN	-994	-569	-257	1 184	1 541	2 581	577	1 680	1 410	1 277
Portugal	LGMN	-238	-108	-264	-303	-345	-419	-334	-449	-556	-502
Spain	LGMO	320	-354	-562	-553	-569	-878	-1 336	-1 892	-1 481	-2 778
Sweden	LGMV	-440	-339	-478	-	5	335	741	36	27	101
European Central Bank	ZWSE	-	-	-	-	-	-	-	-	2	1
EU Institutions	LGMQ	584	359	315	375	148	239	219	223	242	531
Total EU	LHRW	-5 359	-5 503	-6 563	-4 568	-5 267	-4 252	-6 327	-9 580	-5 868	-7 850
European Free Trade Association (EFTA)											
Iceland	LGMS	-123	-77	-104	-89	-101	-49	-83	-112	-169	-127
Liechtenstein	LGMT	-	-	-	10	2	-6	-22	4	7	3
Norway	LGMU	-2 277	-2 304	-1 316	-1 942	-2 248	-1 704	-88	-871	-3 216	-3 485
Switzerland	LGMV	-1 766	-1 981	-2 155	-2 067	-1 478	-868	-1 058	-1 705	-1 686	-229
Total EFTA	LGMW	-4 165	-4 361	-3 574	-4 088	-3 825	-2 627	-1 251	-2 684	-5 064	-3 838
Other Europe											
Albania	ZWSI	3	5	5	7	13	6	7	8	1	18
Belarus	ZWSL	-	9	-	8	16	27	12	9	23	17
Bulgaria	ZWSK	-3	-1	6	-20	-34	-17	-	19	11	15
Croatia	ZWSV	-	-3	86	182	86	64	56	62	43	25
Czech Republic	LGMX	-	44	87	274	392	295	219	178	136	-4
Estonia	ZWSQ	-4	-11	-42	-75	-79	-70	-81	-126	-213	-210
Hungary	ZWSW	34	55	24	-53	-34	19	10	-109	32	-7
Latvia	ZWSZ	-14	-48	-185	-116	-205	-228	-183	-176	-283	-320
Lithuania	ZWSY	-37	-119	-119	-103	-78	-16	-23	-53	-98	-72
Poland	LGMY	275	335	255	391	883	854	665	598	443	225
Romania	ZWTB	-7	-9	-23	9	38	27	24	-11	34	-122
Russia	LGMZ	-	-235	-7	27	-39	-33	-270	-633	-613	-903
Slovakia	ZWTD	-	12	-3	25	63	81	28	13	29	53
Slovenia	ZWTC	-	6	2	18	34	61	34	50	34	23
Turkey	LGNA	200	348	2	125	353	565	361	-97	216	-677
Ukraine	ZWTE	-	79	91	114	156	150	160	114	121	150
Yugoslavia	ZWTH	-	-1	-1	7	23	31	23	19	73	54
Other	ZWSF	-	-393	-430	-	-80	61	-324	-512	-780	-1 050
Total Europe	LGNC	-9 816	-9 791	-10 389	-7 836	-7 584	-5 002	-6 860	-12 911	-11 723	-14 473
America											
Argentina	ZWSJ	35	88	113	48	140	314	382	179	176	125
Brazil	LGND	-425	-296	-199	-74	66	284	309	-24	-164	-308
Canada	LGNE	-87	241	180	-344	-157	-107	83	-107	-186	-104
Chile	ZWSM	-55	-69	-3	-89	-167	-125	-89	-145	-270	-257
Colombia	ZWSN	-6	-17	102	36	21	32	-9	-80	-103	-115
Mexico	LGNF	232	260	241	62	12	65	145	170	94	-29
United States of America	LGNG	1 016	1 451	2 041	58	-16	25	216	4 355	6 902	5 047
Uruguay	ZWTF	-9	7	9	3	-1	13	21	31	22	12
Venezuela	ZWTG	80	130	95	6	22	89	162	93	60	223
Other Central American Countries	ZWSP	105	111	303	307	-45	238	212	280	21	326
Other	ZWSS	-12	-22	169	344	4	280	205	-36	-344	-860
Total America	LGNI	874	1 884	3 051	357	-121	1 108	1 637	4 716	6 208	4 060
Asia											
China	LGNJ	-401	-479	-685	-959	-1 277	-1 423	-1 903	-1 977	-3 189	-3 882
Hong Kong	LGNK	-579	-562	-531	-433	-610	-671	-1 309	-2 316	-2 876	-2 702
India	LGNL	186	141	157	382	191	156	-132	-56	382	13
Indonesia	LGNM	-185	-330	-357	-250	-15	-86	-406	-531	-604	-732
Iran	ZWSX	471	313	207	266	341	404	355	283	345	499
Israel	LGNN	202	469	648	575	617	435	230	475	632	626
Japan	LGNO	-4 059	-4 524	-4 444	-4 206	-3 320	-3 690	-4 663	-4 256	-4 894	-3 934
Malaysia	LGNP	-218	-158	410	56	-787	-470	-938	-836	-1 226	-762
Pakistan	LGNO	135	116	111	122	168	22	-41	-27	-205	-182
Philippines	LGNR	5	78	155	174	-413	-47	-510	-694	-889	-686
Saudi Arabia	LGNS	2 165	1 656	1 997	2 366	3 138	4 142	3 199	2 202	2 149	2 179
Singapore	LGNT	-23	-135	-60	96	-124	-402	-511	-18	-72	293
South Korea	LGNU	-28	8	192	-29	-296	-617	-1 268	-1 620	-1 820	-1 168
Taiwan	LGNV	-704	-774	-706	-545	-914	-1 071	-1 250	-1 652	-2 414	-1 799
Thailand	LGNW	-98	-43	-64	-76	-115	-219	-906	-875	-1 167	-1 179
Residual Gulf Arabian Countries	ZWST	1 489	2 055	1 874	2 434	2 603	2 896	2 382	1 981	2 170	2 104
Other Near & Middle Eastern Countries	ZWSU	-	290	285	324	389	496	499	402	343	435
Other	ZWSG	-	348	73	159	184	355	-10	-607	-954	-1 080
Total Asia	LGNY	-1 024	-1 531	-738	456	-240	210	-7 182	-10 122	-14 289	-11 957
Australasia & Oceania											
Australia	LGNZ	802	1 126	1 388	1 597	1 812	1 677	1 263	1 329	1 451	913
New Zealand	LGOA	-94	-82	-20	-31	-95	-103	-82	-110	-172	-205
Other	LGOB	-66	-88	-98	-131	-112	-50	-55	-65	-21	3
Total Australasia & Oceania	LGOC	642	956	1 270	1 435	1 605	1 524	1 126	1 154	1 258	711
Africa											
Egypt	ZWSR	76	117	73	68	117	258	247	367	113	81
Morocco	ZWTA	4	-10	-2	19	-8	-22	-40	-82	-110	-145
South Africa	LGOD	567	581	1 023	1 159	1 000	661	516	326	-704	-828
Other North Africa	ZWSO	-30	27	-26	-32	46	233	202	59	-234	-42
Other	ZWSH	1 073	1 232	940	788	1 062	1 211	1 233	939	1 031	139
Total Africa	LGOF	1 690	1 947	2 008	2 002	2 217	2 341	2 158	1 609	96	-795
International Organisations											
World total	KTMY	-7 568	-6 485	-4 747	-3 542	-4 125	186	-9 147	-15 578	-18 488	-22 461

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9.4 Trade in goods

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports											
Europe											
European Union (EU)											
Austria	QBR Y	795	918	1 052	1 122	1 263	1 159	1 190	1 168	1 148	1 240
Belgium and Luxembourg	QBSB	5 706	7 150	7 367	8 298	8 522	8 450	8 446	9 241	10 321	10 042
Denmark	QBSE	1 557	1 618	1 821	2 108	2 214	2 093	2 057	2 055	2 315	2 302
Finland	QBSE	995	1 121	1 316	1 716	1 810	1 570	1 434	1 353	1 470	1 633
France	QDJA	11 493	12 215	13 655	15 265	17 093	16 602	16 451	16 908	18 575	19 529
Germany	QDJD	15 185	16 097	17 339	20 242	20 715	20 686	20 593	20 465	22 790	23 987
Greece	QDJG	776	929	933	1 038	1 147	1 046	1 033	1 148	1 234	1 126
Ireland	QDJJ	5 733	6 369	7 163	7 794	8 661	9 357	9 605	10 784	12 374	14 027
Italy	QDJM	6 137	6 094	6 836	7 883	8 027	8 214	8 609	7 832	8 428	8 525
Netherlands	QDJP	8 491	8 121	9 593	12 346	13 484	13 923	12 985	13 634	15 163	14 807
Portugal	QDJT	1 164	1 376	1 259	1 469	1 677	1 752	1 722	1 712	1 660	1 602
Spain	QDJW	4 509	4 494	5 131	6 098	6 725	6 745	7 172	7 526	8 302	8 485
Sweden	QDJZ	2 435	2 900	3 411	4 157	4 420	4 451	4 393	4 034	4 210	4 010
European Central Bank	QARP	—	—	—	—	—	—	—	—	—	—
EU Institutions	EOAY	—	—	—	—	—	—	—	—	—	—
Total EU	ENJF	64 976	69 402	76 876	89 536	95 758	96 048	95 690	97 860	107 990	111 315
European Free Trade Association (EFTA)											
Iceland	QDKW	92	148	110	137	152	156	160	160	193	154
Liechtenstein	EPOW	..	..	..	13	14	10	2	2	6	3
Norway	QDKZ	1 409	1 505	2 047	1 993	2 053	2 612	2 674	2 052	2 017	1 864
Switzerland	QDLC	1 839	2 282	2 480	2 727	3 185	2 955	2 894	2 732	3 062	3 587
Total EFTA	EPOT	3 340	3 935	4 637	4 870	5 404	5 733	5 730	4 946	5 278	5 608
Other Europe											
Albania	QAMC	4	6	6	8	14	8	8	12	7	24
Belarus	QAME	..	11	11	23	26	35	32	27	37	33
Bulgaria	QAMF	59	86	89	103	88	78	81	76	86	123
Croatia	QAMM	..	44	147	232	136	105	105	80	72	88
Czech Republic	QDLF	..	290	383	574	722	712	698	739	934	1 089
Estonia	QAMN	6	8	16	30	56	64	68	51	98	83
Hungary	QDLI	157	209	263	299	351	438	487	489	616	621
Latvia	QAMO	8	17	31	41	81	85	86	69	84	85
Lithuania	QAMP	6	14	25	51	84	107	116	95	133	137
Poland	QDLL	589	732	716	953	1 362	1 356	1 187	1 179	1 304	1 311
Romania	QAMQ	64	94	129	179	212	213	233	243	383	344
Russia	QDLO	..	561	728	874	1 012	1 236	929	542	668	905
Slovakia	QAMR	..	11	48	78	106	132	103	112	157	206
Slovenia	QAMS	..	58	93	123	130	149	136	145	157	160
Turkey	QDLR	690	1 047	821	1 150	1 554	1 735	1 608	1 210	1 799	1 182
Ukraine	QAMT	..	76	88	113	143	166	166	147	156	206
Yugoslavia	QAMW	..	4	4	8	34	37	43	29	32	52
Other	BOQE	..	619	569	714	701	683	600	631	713	731
Total Europe	EPLM	71 115	77 224	85 680	99 959	107 974	109 120	108 106	108 682	120 704	124 303
America											
Argentina	QAOM	118	183	232	235	332	489	473	293	288	268
Brazil	QDLU	270	422	539	677	847	1 030	923	743	774	821
Canada	QATH	1 637	1 848	1 935	1 806	1 967	2 150	2 172	2 546	3 488	3 242
Chile	QAMG	121	145	160	172	167	212	173	115	115	132
Colombia	QAML	75	107	238	146	178	170	182	107	101	105
Mexico	QDLX	302	336	393	276	316	428	541	581	675	691
United States of America	QAMH	12 640	15 403	17 081	17 899	19 748	20 898	21 659	24 238	29 276	29 600
Uruguay	QAMU	32	47	53	56	66	78	69	66	57	49
Venezuela	QAMV	191	228	199	178	180	206	242	205	222	318
Other Central American Countries	BOQQ	505	588	797	798	666	755	784	927	979	690
Other	BOQT	308	367	531	724	553	656	591	600	431	442
Total America	EPLO	16 199	19 674	22 158	22 967	25 020	27 072	27 809	30 421	36 406	36 358
Asia											
China	QDMA	425	755	868	830	739	924	860	1 212	1 469	1 737
Hong Kong	QDMD	1 597	2 177	2 356	2 666	2 929	3 220	2 673	2 312	2 673	2 721
India	QDMG	937	1 155	1 340	1 691	1 709	1 579	1 244	1 451	2 058	1 800
Indonesia	QDMJ	315	333	371	518	811	674	369	385	403	313
Iran	QAON	587	502	293	330	390	380	320	237	292	432
Israel	QDMM	583	895	1 060	1 114	1 267	1 183	1 077	1 295	1 516	1 378
Japan	QAMJ	2 172	2 673	3 047	3 818	4 301	4 184	3 146	3 305	3 671	3 744
Malaysia	QDMP	633	985	1 346	1 195	1 162	1 211	676	936	907	1 044
Pakistan	QDMS	308	336	362	343	346	271	233	223	207	234
Philippines	QDMV	202	313	364	435	397	602	305	241	273	397
Saudi Arabia	QDMY	1 969	1 844	1 534	1 625	2 439	3 656	2 608	1 485	1 557	1 525
Singapore	QDNB	1 137	1 459	1 811	2 077	2 148	2 049	1 601	1 599	1 624	1 614
South Korea	QDNE	644	805	987	1 162	1 314	1 227	672	948	1 350	1 285
Taiwan	QDNH	552	681	752	966	945	1 035	872	864	1 015	890
Thailand	QDNK	473	677	769	839	975	864	391	464	582	601
Residual Gulf Arabian Countries	BOQW	1 848	2 345	2 187	2 570	2 773	3 112	2 634	2 260	2 587	2 753
Other Near & Middle Eastern Countries	QARJ	..	378	382	394	452	499	466	406	393	487
Other	BORB	..	1 013	911	699	1 001	1 180	766	592	642	571
Total Asia	EPLP	15 339	19 326	20 740	23 272	26 098	27 850	20 913	20 215	23 219	23 526
Australasia & Oceania											
Australia	QDNN	1 340	1 611	1 957	2 141	2 486	2 461	2 214	2 163	2 699	2 344
New Zealand	QDNQ	258	335	422	440	474	410	340	326	305	314
Other	EGIZ	48	57	48	55	54	84	42	38	44	42
Total Australasia & Oceania	EPLQ	1 646	2 003	2 427	2 636	3 014	2 955	2 596	2 527	3 048	2 700
Africa											
Egypt	QDNT	251	347	378	385	432	502	504	540	498	458
Morocco	QAEO	124	173	200	273	282	357	349	356	407	373
South Africa	QDNW	1 071	1 149	1 452	1 840	1 885	1 640	1 529	1 281	1 413	1 560
Other North Africa	BORU	311	397	332	372	388	455	440	387	419	448
Other	BOQH	1 807	1 936	1 776	1 873	2 103	1 972	1 810	1 757	1 822	1 918
Total Africa	EPLN	3 564	4 002	4 138	4 743	5 090	4 926	4 632	4 321	4 559	4 757
International Organisations											
World total	LQAD	107 863	122 229	135 143	153 577	167 196	171 923	164 056	166 166	187 936	191 644

9.4 Trade in goods

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Imports											
Europe											
European Union (EU)											
Austria	QBRZ	920	958	1 027	925	1 172	1 393	1 413	1 452	1 398	1 884
Belgium and Luxembourg	QBSB	5 601	6 678	7 121	8 130	9 063	9 491	10 109	10 475	11 411	12 893
Denmark	QBSF	2 326	2 133	2 170	2 199	2 392	2 314	2 156	2 227	2 364	2 688
Finland	QBTG	1 636	1 880	2 271	2 500	2 681	2 541	2 328	2 361	2 757	2 979
France	QDJB	11 945	13 430	15 037	16 457	16 869	18 001	17 957	18 167	18 274	19 284
Germany	QDJE	18 588	19 891	21 860	26 234	27 583	25 602	25 094	26 486	27 800	28 657
Greece	QDJH	370	315	348	429	402	398	360	397	432	465
Ireland	QDJK	4 945	5 449	5 897	7 045	7 340	7 384	7 802	8 492	9 538	9 450
Italy	QDJN	6 609	6 660	7 496	8 264	8 897	9 537	9 743	9 332	9 467	9 881
Netherlands	QDJQ	9 676	8 973	10 064	11 516	12 592	12 314	13 409	13 414	15 169	15 123
Portugal	QDJU	1 141	1 235	1 283	1 467	1 685	1 758	1 790	1 817	1 720	1 582
Spain	QDJX	2 952	3 266	3 678	4 356	5 115	5 095	5 740	5 894	6 010	6 917
Sweden	QDKA	3 201	3 566	4 196	4 537	4 837	4 688	4 360	4 606	4 921	4 694
European Central Bank	QARQ	—	—	—	—	—	—	—	—	—	—
EU Institutions	EOBS	—	—	—	—	—	—	—	—	—	—
Total EU	ENJO	69 910	74 434	82 448	94 059	100 628	100 516	102 261	105 120	111 261	116 497
European Free Trade Association (EFTA)											
Iceland	QDKX	233	242	233	243	258	229	250	282	365	286
Liechtenstein	EPOX	..	..	..	4	17	26	20	23	22	25
Norway	QDLA	3 798	4 027	3 711	4 182	4 791	4 689	3 415	3 544	5 562	5 616
Switzerland	QDLL	3 830	4 590	4 677	4 983	5 200	4 661	4 750	5 308	5 484	4 620
Total EFTA	EPOU	7 861	8 859	8 621	9 412	10 266	9 605	8 435	9 157	11 433	10 547
Other Europe											
Albania	QAMX	—	—	—	—	—	2	—	1	2	—
Belarus	QAMY	..	3	11	18	13	14	20	20	34	18
Bulgaria	QAMZ	48	74	68	112	111	88	74	65	85	99
Croatia	QANC	..	29	40	36	36	34	39	39	41	51
Czech Republic	QDLG	..	234	271	313	356	447	546	571	800	1 098
Estonia	QAND	9	19	57	105	137	148	150	184	306	281
Hungary	QDLJ	112	145	232	358	402	466	534	656	683	705
Latvia	QANE	24	67	217	163	295	334	280	261	388	414
Lithuania	QANF	47	138	150	163	178	140	140	158	244	232
Poland	QDLM	338	429	533	615	574	598	652	662	904	1 162
Romania	QANG	60	91	141	165	174	195	222	249	332	445
Russia	QDLP	..	792	781	917	1 213	1 422	1 391	1 307	1 472	2 037
Slovakia	QANH	..	2	56	64	62	71	72	102	136	176
Slovenia	QANI	..	52	91	109	104	95	99	104	122	148
Turkey	QDLS	446	515	610	770	897	994	1 096	1 205	1 448	1 698
Ukraine	QANJ	..	12	17	21	22	37	49	47	64	71
Yugoslavia	QANM	..	—	—	—	11	30	29	14	23	23
Other	QOQF	..	300	269	317	376	324	360	423	447	531
Total Europe	EPMM	79 974	86 195	94 613	107 717	115 855	115 560	116 449	120 345	130 225	136 233
America											
Argentina	QAOP	116	136	167	240	270	258	198	190	181	210
Brazil	QDLV	830	872	891	937	938	911	881	965	1 114	1 293
Canada	QATI	1 824	1 805	1 827	2 304	2 405	2 487	2 508	3 014	4 007	3 707
Chile	QANA	194	237	188	285	359	375	328	328	451	467
Colombia	QANB	119	170	186	165	202	178	197	209	231	312
Mexico	QDLY	149	160	233	290	324	371	365	395	613	689
United States of America	QAMI	13 221	15 886	17 233	19 620	22 101	24 373	24 794	24 355	28 404	29 713
Uruguay	QANK	46	45	50	59	73	71	53	40	36	36
Venezuela	QANL	128	119	125	194	181	150	115	144	207	161
Other Central American Countries	BOQR	460	521	556	546	676	679	711	871	1 043	619
Other	BOQU	297	351	318	333	412	390	408	550	699	1 231
Total America	EPMO	17 384	20 302	21 774	24 973	27 941	30 243	30 558	31 061	36 986	38 438
Asia											
China	QDMB	891	1 279	1 592	1 841	2 104	2 383	2 809	3 384	4 824	5 798
Hong Kong	QDME	2 242	2 894	2 988	3 358	3 893	4 155	4 360	4 911	5 915	5 815
India	QDMH	808	1 050	1 249	1 362	1 539	1 548	1 380	1 423	1 650	1 834
Indonesia	QDMK	501	665	728	814	850	856	860	934	1 081	1 133
Iran	QAOQ	152	232	124	113	100	29	32	33	30	28
Israel	QDMN	454	530	555	658	794	840	871	996	1 025	948
Japan	QAMK	7 051	8 140	8 584	9 288	8 593	9 055	9 093	9 119	10 212	9 154
Malaysia	QDMQ	1 032	1 350	1 166	1 414	2 271	1 934	1 889	1 955	2 287	1 959
Pakistan	QDMT	256	312	348	347	372	363	339	318	363	426
Philippines	QDMW	225	266	237	334	856	727	851	983	1 155	1 166
Saudi Arabia	QDMZ	900	1 208	757	645	653	836	785	784	975	936
Singapore	QDNC	1 113	1 558	1 836	2 097	2 456	2 590	2 338	2 349	2 392	2 088
South Korea	QDNF	890	1 029	1 068	1 506	1 947	2 156	2 195	2 784	3 414	2 778
Taiwan	QDNI	1 305	1 561	1 535	1 640	1 996	2 235	2 209	2 625	3 559	2 813
Thailand	QDNL	600	746	884	987	1 135	1 168	1 261	1 291	1 601	1 623
Residual Gulf Arabian Countries	BOQX	606	604	546	496	592	729	813	834	1 110	1 143
Other Near & Middle Eastern Countries	QARK	..	132	129	124	123	87	81	135	118	133
Other	BORD	..	870	851	779	1 062	1 138	1 080	1 162	1 535	1 604
Total Asia	EPMP	19 548	24 426	25 177	27 803	31 336	32 829	33 246	36 020	43 246	41 379
Australasia & Oceania											
Australia	QDNO	953	954	1 035	1 070	1 238	1 319	1 357	1 338	1 543	1 796
New Zealand	QDNR	405	474	527	556	603	555	516	565	544	549
Other	HFKE	128	144	152	188	203	164	124	140	124	94
Total Australasia & Oceania	EPMQ	1 486	1 572	1 714	1 814	2 044	2 038	1 997	2 043	2 211	2 439
Africa											
Egypt	QDNU	130	180	245	236	269	256	277	255	411	409
Morocco	QAOR	115	178	196	241	288	333	348	382	454	445
South Africa	QDNX	811	964	941	1 057	1 166	1 325	1 349	1 569	2 553	2 872
Other North Africa	BORW	349	374	363	391	366	320	278	333	697	517
Other	BOQJ	1 116	1 104	1 246	1 368	1 653	1 361	1 367	1 530	1 479	2 446
Total Africa	EPMN	2 521	2 800	2 991	3 293	3 742	3 595	3 619	4 069	5 594	6 689
International Organisations											
World total	LQBL	120 913	135 295	146 269	165 600	180 918	184 265	185 869	193 538	218 262	225 178

9.4 Trade in goods

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Balances											
Europe											
European Union (EU)											
Austria	QBSA	-125	-40	25	197	91	-234	-223	-284	-250	-644
Belgium and Luxembourg	QBSD	105	472	246	168	-541	-1 041	-1 663	-1 234	-1 090	-2 851
Denmark	QBSG	-769	-515	-349	-91	-178	-221	-99	-172	-49	-386
Finland	QBTL	-641	-759	-955	-784	-871	-971	-894	-1 008	-1 287	-1 346
France	QDJC	-452	-1 215	-1 382	-1 192	224	-1 399	-1 506	-1 259	301	245
Germany	QDJF	-3 403	-3 794	-4 521	-5 992	-6 868	-4 916	-4 501	-6 021	-5 010	-4 670
Greece	QDJI	406	614	585	609	745	648	673	751	802	661
Ireland	QDJL	788	920	1 266	749	1 321	1 973	1 803	2 292	2 836	4 577
Italy	QDJO	-472	-566	-660	-381	-870	-1 323	-1 134	-1 500	-1 039	-1 356
Netherlands	QDJR	-1 185	-852	-471	830	892	1 609	-424	220	-6	-316
Portugal	QDJV	23	141	-24	2	-8	-6	-68	-105	-60	20
Spain	QDJY	1 557	1 228	1 453	1 742	1 610	1 650	1 432	1 632	2 292	1 568
Sweden	QDKV	-766	-666	-785	-380	-417	-237	33	-572	-711	-684
European Central Bank	QARR	-	-	-	-	-	-	-	-	-	-
EU Institutions	EOCM	-	-	-	-	-	-	-	-	-	-
Total EU	ENJX	-4 934	-5 032	-5 572	-4 523	-4 870	-4 468	-6 571	-7 260	-3 271	-5 182
European Free Trade Association (EFTA)											
Iceland	QDKY	-141	-94	-123	-106	-106	-73	-90	-122	-172	-132
Liechtenstein	EPOY	..	..	..	9	-3	-16	-18	-21	-16	-22
Norway	QDLB	-2 389	-2 522	-1 664	-2 189	-2 738	-2 077	-741	-1 492	-3 545	-3 752
Switzerland	QDLE	-1 991	-2 308	-2 197	-2 256	-2 015	-1 706	-1 856	-2 576	-2 422	-1 033
Total EFTA	EPOV	-4 521	-4 924	-3 984	-4 542	-4 862	-3 872	-2 705	-4 211	-6 155	-4 939
Other Europe											
Albania	QANN	4	6	6	8	14	6	8	11	5	24
Belarus	QANO	..	8	-	5	13	21	12	7	3	15
Bulgaria	QANP	11	12	21	-9	-23	-10	7	11	1	24
Croatia	QANS	..	15	107	196	100	71	66	41	31	37
Czech Republic	QDLH	..	56	112	261	366	265	152	168	134	-9
Estonia	QANT	-3	-11	-41	-75	-81	-84	-82	-133	-208	-198
Hungary	QDLK	45	64	31	-59	-51	-28	-47	-167	-67	-84
Latvia	QANU	-16	-50	-186	-122	-214	-249	-194	-192	-304	-329
Lithuania	QANV	-41	-124	-125	-112	-94	-33	-24	-63	-111	-95
Poland	QDLN	251	303	183	338	788	758	535	517	400	149
Romania	QAOB	4	3	-12	14	38	18	11	-6	51	-101
Russia	QDLQ	..	-231	-53	-43	-201	-186	-462	-765	-804	-1 132
Slovakia	QAOG	..	9	-8	14	44	61	31	10	21	30
Slovenia	QAOH	..	6	2	14	26	54	37	41	35	12
Turkey	QDLT	244	532	211	380	657	741	512	5	351	-516
Ukraine	QAOI	..	64	71	92	121	129	117	100	92	135
Yugoslavia	QAOJ	..	4	4	8	23	7	14	15	9	29
Other	BOQG	..	319	300	397	325	359	240	208	266	200
Total Europe	EPNM	-8 859	-8 971	-8 933	-7 758	-7 881	-6 440	-8 343	-11 663	-9 521	-11 930
America											
Argentina	QAOS	2	47	65	-5	62	231	275	103	107	58
Brazil	QDLW	-560	-450	-352	-260	-91	119	42	-222	-340	-472
Canada	QBRV	-187	43	108	-498	-438	-337	-336	-468	-519	-465
Chile	QANQ	-73	-92	-28	-113	-192	-163	-155	-213	-336	-335
Colombia	QANR	-44	-63	52	-19	-24	-8	-15	-102	-130	-207
Mexico	QDLZ	153	176	160	-14	-8	57	176	186	62	2
United States of America	QBRP	-581	-483	-152	-1 721	-2 353	-3 475	-3 135	-117	872	-113
Uruguay	QAOJ	-14	2	3	-3	-7	7	16	26	21	13
Venezuela	QAOK	63	109	74	-16	-1	56	127	61	15	157
Other Central American Countries	BOQS	45	67	241	252	-10	76	73	56	-64	71
Other	BOQV	11	16	213	391	141	266	183	50	-268	-789
Total America	EPNO	-1 185	-628	384	-2 006	-2 921	-3 171	-2 749	-640	-580	-2 080
Asia											
China	QDMC	-466	-524	-724	-1 011	-1 365	-1 459	-1 949	-2 172	-3 355	-4 061
Hong Kong	QDMF	-645	-717	-632	-692	-964	-935	-1 687	-2 599	-3 242	-3 094
India	QDMI	129	105	91	329	170	31	-136	28	408	-34
Indonesia	QDML	-186	-332	-357	-296	-39	-182	-491	-549	-678	-820
Iran	QAOT	435	270	169	217	290	351	288	204	262	404
Israel	QDMO	129	365	505	456	473	343	206	299	491	430
Japan	QBRR	-4 879	-5 467	-5 537	-5 470	-4 292	-4 871	-5 947	-5 814	-6 541	-5 410
Malaysia	QDMR	-399	-365	180	-219	-1 109	-723	-1 213	-1 019	-1 380	-915
Pakistan	QDMU	52	24	14	-4	-26	-92	-106	-95	-156	-192
Philippines	QDMX	-23	47	127	101	-459	-125	-546	-742	-882	-769
Saudi Arabia	QDNA	1 069	636	777	980	1 786	2 820	1 823	701	582	589
Singapore	QDND	24	-99	-25	-20	-308	-541	-737	-750	-768	-474
South Korea	QDNG	-246	-224	-81	-344	-633	-929	-1 523	-1 836	-2 064	-1 493
Taiwan	QDNJ	-753	-880	-783	-674	-1 051	-1 200	-1 337	-1 761	-2 544	-1 923
Thailand	QDNM	-127	-69	-115	-148	-160	-304	-870	-827	-1 019	-1 022
Residual Gulf Arabian Countries	BORA	1 242	1 741	1 641	2 074	2 181	2 383	1 821	1 426	1 477	1 610
Other Near & Middle Eastern Countries	QARL	..	246	253	270	329	412	385	271	275	354
Other	BORE	..	143	60	-80	-61	42	-314	-570	-893	-1 033
Total Asia	EPNP	-4 209	-5 100	-4 437	-4 531	-5 238	-4 979	-12 333	-15 805	-20 027	-17 853
Australasia & Oceania											
Australia	QDNP	387	657	922	1 071	1 248	1 142	857	825	1 156	548
New Zealand	QDNS	-147	-139	-105	-116	-129	-145	-176	-239	-239	-235
Other	HFKK	-80	-87	-104	-133	-149	-80	-82	-102	-80	-52
Total Australasia & Oceania	EPNQ	160	431	713	822	970	917	599	484	837	261
Africa											
Egypt	QDNV	121	167	133	149	163	246	227	285	87	49
Morocco	QAOU	9	-5	4	32	-6	24	1	-26	-47	-72
South Africa	QDNY	260	185	511	783	719	315	180	-288	-1 140	-1 312
Other North Africa	BORX	-38	23	-31	-19	22	135	162	54	-278	-69
Other	BOQK	691	832	530	505	450	611	443	227	343	-528
Total Africa	EPNN	1 043	1 202	1 147	1 450	1 348	1 331	1 013	252	-1 035	-1 932
International Organisations											
World total	LQCT	-13 050	-13 066	-11 126	-12 023	-13 722	-12 342	-21 813	-27 372	-30 326	-33 534

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9.5 Trade in services

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Exports											
Europe											
European Union (EU)											
Austria	FYVC	200	238	265	324	347	288	327	367	371	342
Belgium and Luxembourg	FYVD	888	1 020	1 140	1 450	1 472	1 597	1 810	2 113	2 237	2 309
Denmark	FYVE	388	441	458	509	848	851	985	928	1 127	1 119
Finland	FYVF	280	303	328	384	561	537	508	635	929	853
France	FYVG	2 225	2 536	2 743	3 025	3 298	3 429	3 985	4 512	5 129	5 436
Germany	FYVH	3 131	3 577	3 924	4 345	4 462	4 578	4 956	5 255	6 202	6 243
Greece	FYVI	364	393	447	517	531	605	669	760	803	720
Ireland	FYVJ	1 075	1 183	1 522	1 956	2 214	2 269	2 431	2 412	2 654	2 807
Italy	FYVK	1 360	1 443	1 580	1 684	1 899	2 010	2 274	2 613	2 551	2 384
Netherlands	FYVL	1 481	1 683	1 897	2 098	2 432	2 772	3 026	3 785	4 271	4 476
Portugal	FYVM	269	295	329	351	375	312	437	546	409	440
Spain	FYVN	932	1 044	1 121	1 238	1 437	1 362	1 699	2 004	2 169	2 121
Sweden	FYVO	689	736	785	896	1 017	1 127	1 267	1 353	1 553	1 479
European Central Bank	KNWZ	—	—	—	—	—	—	—	—	3	2
EU Institutions	FYVP	584	360	316	376	150	240	225	227	244	536
Total EU	LGOL	13 866	15 252	16 855	19 153	21 043	21 977	24 599	27 510	30 652	31 267
European Free Trade Association (EFTA)											
Iceland	FYVR	37	35	44	41	50	55	48	32	71	50
Liechtenstein	FYVS	1	1	1	2	5	10	21	31	32	34
Norway	FYVT	644	806	942	927	1 057	947	1 128	1 099	983	969
Switzerland	FYVU	813	998	1 009	1 264	1 798	1 920	2 122	2 254	2 412	2 462
Total EFTA	FYVV	1 495	1 840	1 996	2 234	2 910	2 932	3 319	3 416	3 498	3 515
Other Europe											
Albania	ZWKM	—	—	—	—	—	—	—	3	2	3
Belarus	ZWKP	3	3	3	5	6	7	5	3	22	4
Bulgaria	ZWKO	4	5	6	7	12	20	14	38	41	32
Croatia	ZWKZ	9	9	10	12	19	19	23	37	37	32
Czech Republic	FYVW	65	72	76	104	114	118	194	136	157	168
Estonia	ZWKU	3	4	4	4	7	15	5	11	11	9
Hungary	GYWV	31	35	44	48	73	108	133	136	194	186
Latvia	ZWLC	5	5	5	9	13	27	18	26	30	18
Lithuania	ZWLB	6	7	8	11	18	19	8	14	18	32
Poland	FYVX	111	129	165	170	182	232	273	257	287	301
Romania	ZWLE	10	11	14	16	27	31	38	42	43	43
Russia	FYVY	170	214	275	307	327	355	419	278	393	390
Slovakia	ZWLG	13	14	18	22	33	29	30	30	37	48
Slovenia	ZWLF	5	6	7	10	16	17	9	21	17	24
Turkey	FYVZ	143	173	168	215	257	320	313	382	334	340
Ukraine	ZWLH	18	20	26	27	41	34	63	22	43	27
Yugoslavia	ZWLK	3	4	5	7	11	37	18	33	90	57
Other	ZWKJ	522	594	780	851	1 355	1 612	1 441	1 084	1 220	1 148
Total Europe	FYWB	16 482	18 397	20 465	23 212	26 464	27 909	30 922	33 479	37 126	37 644
America											
Argentina	ZWKN	59	70	80	83	113	115	172	164	188	190
Brazil	FYWC	183	209	217	253	268	290	414	356	335	350
Canada	FYWD	754	899	901	932	965	1 119	1 373	1 358	1 408	1 393
Chile	ZWKQ	32	38	41	41	47	55	106	101	98	99
Colombia	ZWKR	47	58	62	68	68	59	62	52	64	127
Mexico	FYWE	104	120	124	133	110	162	159	207	267	246
United States of America	FYWF	7 749	9 228	9 963	10 608	12 830	13 753	14 727	16 737	18 493	17 194
Uruguay	ZWLI	6	6	7	7	7	8	11	9	7	6
Venezuela	ZWLJ	30	36	37	38	42	49	66	70	87	112
Other Central American Countries	ZWKT	466	556	618	615	703	909	1 098	991	1 209	1 332
Other	ZWKW	149	169	183	179	193	259	233	228	217	214
Total America	FYWH	9 579	11 389	12 233	12 957	15 346	16 778	18 421	20 273	22 373	21 263
Asia											
China	FYWI	143	168	189	208	234	221	280	429	436	465
Hong Kong	FYWJ	590	726	793	749	828	865	888	911	934	958
India	FYWK	310	358	413	410	372	551	469	500	542	608
Indonesia	FYWL	122	143	156	214	191	225	189	164	197	204
Iran	ZWLA	43	51	49	57	59	64	87	93	116	126
Israel	FYWM	208	266	335	340	301	361	309	465	444	456
Japan	FYWN	1 436	1 674	1 960	2 227	2 225	2 279	2 440	2 772	3 186	3 005
Malaysia	FYWO	320	374	424	475	491	494	521	372	377	349
Pakistan	FYWP	203	228	248	287	324	277	226	289	172	241
Philippines	FYWQ	73	83	88	136	98	133	89	121	188	210
Saudi Arabia	FYWR	1 437	1 465	1 601	1 785	1 673	1 682	1 842	2 121	2 241	2 094
Singapore	FYWS	330	381	435	474	442	487	534	1 069	1 015	1 062
South Korea	FYWT	279	311	357	416	452	465	386	357	376	448
Taiwan	FYWU	113	174	152	217	237	260	222	238	276	273
Thailand	FYWV	197	232	263	340	246	270	215	197	184	206
Residual Gulf Arabian Countries	ZWKX	507	623	595	678	719	802	978	954	1 023	944
Other Near & Middle Eastern Countries	ZWKY	78	95	91	106	107	143	177	194	217	240
Other Asian Countries	ZWKK	870	1 038	987	1 091	1 068	1 112	1 053	636	783	845
Total Asia	FYWX	7 259	8 390	9 136	10 210	10 067	10 691	10 905	11 882	12 707	12 734
Australasia & Oceania											
Australia	FYWY	959	1 076	1 159	1 232	1 413	1 469	1 386	1 554	1 553	1 675
New Zealand	FYWZ	192	218	258	276	253	273	315	347	302	287
Other	FYXA	22	25	23	29	103	62	63	62	82	78
Total Australasia & Oceania	FYXB	1 173	1 319	1 440	1 537	1 769	1 804	1 764	1 963	1 937	2 040
Africa											
Egypt	ZWKV	56	63	65	65	81	108	97	262	265	284
Morocco	ZWLD	31	34	37	36	40	28	57	42	57	73
South Africa	FYXC	537	661	762	728	696	800	849	1 018	952	1 004
Other North Africa	ZWKS	86	92	103	100	123	241	277	107	249	236
Other	ZWKL	861	934	996	959	1 239	1 268	1 414	1 385	1 492	1 475
Total Africa	FYXE	1 571	1 784	1 963	1 888	2 179	2 445	2 694	2 814	3 015	3 072
International Organisations											
World total	FYXF	164	132	128	128	70	72	39	32	41	54
	KTMQ	36 228	41 411	45 365	49 932	55 895	59 699	64 745	70 443	77 199	76 807

9.5 Trade in services

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Imports											
Europe											
European Union (EU)											
Austria	GGOR	314	370	378	381	357	328	430	424	442	445
Belgium and Luxembourg	GGOS	711	810	746	1 071	1 325	1 265	1 337	1 710	1 693	1 740
Denmark	GGOT	277	307	352	373	492	564	568	614	719	767
Finland	GGOU	108	129	152	151	207	191	213	321	453	403
France	GGOV	3 043	3 318	3 695	3 944	4 269	4 742	5 631	6 648	7 702	7 609
Germany	GGOW	2 982	3 051	3 391	3 459	4 008	3 433	3 667	4 752	5 297	5 470
Greece	GGOX	871	932	1 090	1 041	819	805	893	1 322	1 494	1 685
Ireland	GGOY	734	836	962	1 094	1 413	1 528	1 586	2 045	2 188	2 158
Italy	GGOZ	899	990	1 213	1 234	1 842	1 934	2 270	2 502	2 741	2 646
Netherlands	GGFA	1 290	1 400	1 683	1 744	1 783	1 800	2 025	2 325	2 855	2 883
Portugal	GGPB	530	544	569	656	712	725	703	890	905	962
Spain	GGPC	2 169	2 626	3 136	3 533	3 616	3 890	4 467	5 528	5 942	6 467
Sweden	GGPD	363	409	478	516	595	555	559	745	815	694
European Central Bank	KOFJ	—	—	—	—	—	—	—	—	1	1
EU Institutions	GGPE	—	1	1	1	2	1	6	4	2	5
Total EU	LGON	14 291	15 723	17 846	19 198	21 440	21 761	24 355	29 830	33 249	33 935
European Free Trade Association (EFTA)											
Iceland	GGPG	19	18	25	24	45	31	41	22	68	45
Liechtenstein	GGPH	—	—	—	1	—	—	25	6	9	9
Norway	GGPI	532	588	594	680	567	574	475	478	654	702
Switzerland	GGPJ	588	671	967	1 075	1 261	1 082	1 324	1 383	1 676	1 658
Total EFTA	GGPK	1 139	1 277	1 586	1 780	1 873	1 687	1 865	1 889	2 407	2 414
Other Europe											
Albania	ZWMS	1	1	1	1	1	—	1	6	6	9
Belarus	ZWMV	2	2	3	2	3	1	5	1	2	2
Bulgaria	ZWMU	18	18	21	18	23	27	21	30	31	41
Croatia	ZWNF	26	27	31	26	33	26	33	16	25	44
Czech Republic	GGPL	68	84	101	91	88	88	127	126	155	163
Estonia	ZWNA	4	4	5	4	5	1	4	4	16	21
Hungary	GYXH	42	44	51	42	56	61	76	78	95	109
Latvia	ZWNI	3	3	4	3	4	6	7	10	9	9
Lithuania	ZWNH	2	2	2	2	2	2	7	4	5	9
Poland	GGPM	87	97	93	117	87	136	143	176	244	225
Romania	ZWNK	21	23	25	21	27	22	25	47	60	64
Russia	GGPN	206	218	229	237	165	202	227	146	202	161
Slovakia	ZWNM	11	11	13	11	14	9	33	27	29	25
Slovenia	ZWNL	6	6	7	6	8	10	12	12	18	13
Turkey	GGPO	187	357	377	470	561	496	464	484	469	501
Ukraine	ZWNN	5	5	6	5	6	13	20	8	14	12
Yugoslavia	ZWNQ	9	9	10	8	11	13	9	29	26	32
Other	ZWMP	1 311	1 306	1 510	1 248	1 760	1 910	2 005	1 804	2 266	2 398
Total Europe	GGPQ	17 439	19 217	21 921	23 290	26 167	26 471	29 439	34 727	39 328	40 187
America											
Argentina	ZWMT	26	29	32	30	35	32	65	88	119	123
Brazil	GGPR	48	55	64	67	111	125	147	158	159	186
Canada	GGPS	654	701	829	778	684	889	954	997	1 075	1 032
Chile	ZWMW	14	15	16	17	22	17	40	33	32	21
Colombia	ZWMX	9	12	12	13	23	19	56	30	37	35
Mexico	GGPT	25	36	43	57	90	154	190	223	235	277
United States of America	GGPU	6 152	7 294	7 770	8 829	10 493	10 253	11 376	12 265	12 463	12 034
Uruguay	ZWNO	1	1	1	1	1	2	6	4	6	7
Venezuela	ZWNP	13	15	16	16	19	16	31	38	42	46
Other Central American Countries	ZWMZ	406	512	556	560	738	747	959	767	1 124	1 077
Other	ZWNC	172	207	227	226	330	245	211	314	293	285
Total America	GGPW	7 520	8 877	9 566	10 594	12 546	12 499	14 035	14 917	15 585	15 123
Asia											
China	GGPX	78	123	150	156	146	185	234	234	270	286
Hong Kong	GGPY	524	571	692	490	474	601	510	628	568	566
India	GGPZ	253	322	347	357	351	426	465	584	568	561
Indonesia	GGQA	121	141	156	168	167	129	104	146	123	116
Iran	ZWNG	7	8	11	8	8	11	20	14	33	31
Israel	GGQB	135	162	192	221	157	269	285	289	303	260
Japan	GGQC	616	731	867	963	1 253	1 098	1 156	1 214	1 539	1 529
Malaysia	GGQD	139	167	194	200	169	241	246	189	223	196
Pakistan	GGQE	120	136	151	161	130	163	161	221	221	231
Philippines	GGQF	45	52	60	63	52	55	53	73	195	127
Saudi Arabia	GGQG	341	445	381	399	321	360	466	620	674	504
Singapore	GGQH	377	417	470	358	258	348	308	337	319	295
South Korea	GGQI	61	79	84	101	115	153	131	141	132	123
Taiwan	GGQJ	64	68	75	88	100	131	135	129	146	149
Thailand	GGQK	168	206	212	268	201	185	251	245	332	363
Residual Gulf Arabian Countries	ZWND	260	309	362	318	297	289	417	399	330	450
Other Near & Middle Eastern Countries	ZWNE	42	51	59	52	47	59	63	63	149	159
Other	ZWMQ	723	833	974	852	823	799	749	673	844	892
Total Asia	GGQM	4 074	4 821	5 437	5 223	5 069	5 502	5 754	6 199	6 969	6 838
Australasia & Oceania											
Australia	GGQN	544	607	693	706	849	934	980	1 050	1 258	1 310
New Zealand	GGQO	139	161	173	191	219	231	221	218	235	257
Other	GGQP	8	26	17	27	66	32	36	25	23	23
Total Australasia & Oceania	GGQQ	691	794	883	924	1 134	1 197	1 237	1 293	1 516	1 590
Africa											
Egypt	ZWNB	101	113	125	146	127	96	77	180	239	252
Morocco	ZWNJ	36	39	43	49	42	74	98	98	120	146
South Africa	GGQR	230	265	250	352	415	454	513	404	516	520
Other North Africa	ZWNY	78	88	98	113	99	143	237	102	205	209
Other	ZWMR	479	534	586	676	627	668	624	673	804	808
Total Africa	GGQT	924	1 039	1 102	1 336	1 310	1 435	1 549	1 457	1 884	1 935
International Organisations											
World total	GGQU	98	82	77	84	72	67	65	56	79	61
	KTMR	30 746	34 830	38 986	41 451	46 298	47 171	52 079	58 649	65 361	65 734

9.5 Trade in services

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Balances											
Europe											
European Union (EU)											
Austria	GGQW	-114	-132	-113	-57	-10	-40	-103	-57	-71	-103
Belgium and Luxembourg	GGQX	177	210	394	379	147	332	473	403	544	569
Denmark	GGQY	111	134	106	136	356	287	417	314	408	352
Finland	GGQZ	172	174	176	233	354	346	295	314	476	450
France	GGRA	-818	-782	-952	-919	-971	-1 313	-1 646	-2 136	-2 573	-2 173
Germany	GGRB	149	526	533	886	454	1 145	1 289	503	905	773
Greece	GGRC	-507	-539	-643	-524	-288	-200	-224	-562	-691	-965
Ireland	GGRD	341	347	560	862	801	741	845	367	466	649
Italy	GGRE	461	453	367	450	57	76	4	111	-190	-262
Netherlands	GGRF	191	283	214	354	649	972	1 001	1 460	1 416	1 593
Portugal	GGRG	-261	-249	-240	-305	-337	-413	-266	-344	-496	-522
Spain	GGRH	-1 237	-1 582	-2 015	-2 295	-2 179	-2 528	-2 768	-3 524	-3 773	-4 346
Sweden	GGRI	326	327	307	380	422	572	708	608	738	785
European Central Bank	ZWTI	-	-	-	-	-	-	-	-	2	1
EU Institutions	GGRJ	584	359	315	375	148	239	219	223	242	531
Total EU	LGOV	-425	-471	-991	-45	-397	216	244	-2 320	-2 597	-2 668
European Free Trade Association (EFTA)											
Iceland	GGRL	18	17	19	17	5	24	7	10	3	5
Liechtenstein	GGRM	1	1	1	1	5	10	-4	25	23	25
Norway	GGRN	112	218	348	247	490	373	653	621	329	267
Switzerland	GGRO	225	327	42	189	537	838	798	871	736	804
Total EFTA	GGRP	356	563	410	454	1 037	1 245	1 454	1 527	1 091	1 101
Other Europe											
Albania	ZWTM	-1	-1	-1	-1	-1	-	-1	-3	-4	-6
Belarus	ZWTP	1	1	-	3	3	6	-	2	20	2
Bulgaria	ZWTO	-14	-13	-15	-11	-11	-7	-7	8	10	-9
Croatia	ZWTZ	-17	-18	-21	-14	-14	-7	-10	21	12	-12
Czech Republic	GGRQ	-3	-12	-25	13	26	30	67	10	2	5
Estonia	ZWTU	-1	-	-1	-	2	14	1	7	-5	-12
Hungary	GXYT	-11	-9	-7	6	17	47	57	58	99	77
Latvia	ZWUC	2	2	1	6	9	21	11	16	21	9
Lithuania	ZWUB	4	5	6	9	16	17	1	10	13	23
Poland	GGRR	24	32	72	53	95	96	130	81	43	76
Romania	ZWUE	-11	-12	-11	-5	-	9	13	-5	-17	-21
Russia	GGRS	-36	-4	46	70	162	153	192	132	191	229
Slovakia	ZWUG	2	3	5	11	19	20	-3	3	8	23
Slovenia	ZWUF	-1	-	-	4	8	7	-3	9	-1	11
Turkey	GGRT	-44	-184	-209	-255	-304	-176	-151	-102	-135	-161
Ukraine	ZWUH	13	15	20	22	35	21	43	14	29	15
Yugoslavia	ZWUK	-6	-5	-5	-1	-	24	9	4	64	25
Other	ZWTJ	-789	-712	-730	-397	-405	-298	-564	-720	-1 046	-1 250
Total Europe	GGRV	-957	-820	-1 456	-78	297	1 438	1 483	-1 248	-2 202	-2 543
America											
Argentina	ZWTN	33	41	48	53	78	83	107	76	69	67
Brazil	GGRW	135	154	153	186	157	165	267	198	176	164
Canada	GGRX	100	198	72	154	281	230	419	361	333	361
Chile	ZWTQ	18	23	25	24	25	38	66	68	66	78
Colombia	ZWTR	38	46	50	55	45	40	6	22	27	92
Mexico	GGRY	79	84	81	76	20	8	-31	-16	32	-31
United States of America	GGRZ	1 597	1 934	2 193	1 779	2 337	3 500	3 351	4 472	6 030	5 160
Uruguay	ZWUI	5	5	6	6	6	6	5	5	1	-1
Venezuela	ZWUJ	17	21	21	22	23	33	35	32	45	66
Other Central American Countries	ZWTT	60	44	62	55	-35	162	139	224	85	255
Other	ZWTW	-23	-38	-44	-47	-137	14	22	-86	-76	-71
Total America	GGSB	2 059	2 512	2 667	2 363	2 800	4 279	4 386	5 356	6 788	6 140
Asia											
China	GGSC	65	45	39	52	88	36	46	195	166	179
Hong Kong	GGSD	66	155	101	259	354	264	378	283	366	392
India	GGSE	57	36	66	53	21	125	4	-84	-26	47
Indonesia	GGSF	1	2	-	46	24	96	85	18	74	88
Iran	ZWUA	36	43	38	49	51	53	67	79	83	95
Israel	GGSG	73	104	143	119	144	92	24	176	141	196
Japan	GGSH	820	943	1 093	1 264	972	1 181	1 284	1 558	1 647	1 476
Malaysia	GGSI	181	207	230	275	322	253	275	183	154	153
Pakistan	GGSJ	83	92	97	126	194	114	65	68	-49	10
Philippines	GGSK	28	31	28	73	46	78	36	48	-7	83
Saudi Arabia	GGSL	1 096	1 020	1 220	1 386	1 352	1 322	1 376	1 501	1 567	1 590
Singapore	GGSM	-47	-36	-35	116	184	139	226	732	696	767
South Korea	GGSN	218	232	273	315	337	312	255	216	244	325
Taiwan	GGSO	49	106	77	129	137	129	87	109	130	124
Thailand	GGSP	29	26	51	72	45	85	-36	-48	-148	-157
Residual Gulf Arabian Countries	ZWTX	247	314	233	360	422	513	561	555	693	494
Other Near & Middle Eastern Countries	ZWTY	36	44	32	54	60	84	114	131	68	81
Other	ZWTK	147	205	13	239	245	313	304	-37	-61	-47
Total Asia	GGSR	3 185	3 569	3 699	4 987	4 998	5 189	5 151	5 683	5 738	5 896
Australasia & Oceania											
Australia	GGSS	415	469	466	526	564	535	406	504	295	365
New Zealand	GGST	53	57	85	85	34	42	94	129	67	30
Other	GGSU	14	-1	6	2	37	30	27	37	59	55
Total Australasia & Oceania	GGSV	482	525	557	613	635	607	527	670	421	450
Africa											
Egypt	ZWTV	-45	-50	-60	-81	-46	12	20	82	26	32
Morocco	ZWUD	-5	-5	-6	-13	-2	-46	-41	-56	-63	-73
South Africa	GGSW	307	396	512	376	281	346	336	614	436	484
Other North Africa	ZWTS	8	4	5	-13	24	98	40	5	44	27
Other	ZWTL	382	400	410	283	612	600	790	712	688	667
Total Africa	GGSY	647	745	861	552	869	1 010	1 145	1 357	1 131	1 137
International Organisations											
World total	KTMS	5 482	6 581	6 379	8 481	9 597	12 528	12 666	11 794	11 838	11 073

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9.6

Income

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits											
Europe											
European Union (EU)											
Austria	CUGY	417	400	424	531	530	535	612	534	682	657
Belgium and Luxembourg	CTFK	2 490	2 635	2 593	3 113	3 407	3 517	4 105	3 590	5 228	5 910
Denmark	LEQU	644	654	507	612	625	724	905	916	1 129	1 076
Finland	LEUG	516	607	631	656	542	519	481	373	475	566
France	LEUP	3 910	4 697	4 860	6 001	5 905	5 410	5 982	5 859	7 398	8 404
Germany	LEQL	3 748	6 176	6 592	9 225	8 948	7 994	7 653	8 068	11 224	12 342
Greece	LEUY	222	139	198	348	799	1 069	1 021	773	1 061	773
Ireland	BFLY	1 280	1 399	1 426	1 707	1 916	2 395	2 611	3 062	4 270	4 731
Italy	BFOG	4 457	4 616	4 466	5 187	5 085	5 152	5 734	5 238	7 380	7 228
Netherlands	BFOI	5 175	5 888	6 378	7 097	7 990	8 642	8 638	9 508	12 737	12 933
Portugal	BFSK	253	258	287	394	460	392	446	485	801	897
Spain	LESW	1 046	1 359	1 411	1 784	2 409	2 427	2 306	2 083	2 909	2 929
Sweden	BFTL	1 352	1 508	1 191	1 417	1 600	1 428	1 371	1 507	2 102	2 161
European Central Bank	ZWYO	—	—	—	—	—	—	—	—	—	—
EU Institutions	CSFK	148	213	224	211	143	163	163	232	390	459
Total EU	LEQC	25 658	30 549	31 188	38 283	40 359	40 367	42 028	42 228	57 786	61 066
European Free Trade Association (EFTA)											
Iceland	BFNQ	60	55	36	32	25	20	30	30	42	41
Liechtenstein	BFPH	47	41	38	51	64	52	32	38	45	39
Norway	BFOR	533	553	525	531	588	606	622	694	868	787
Switzerland	LEPB	2 400	2 789	2 774	3 289	3 530	3 578	4 102	4 758	8 054	8 025
Total EFTA	CTFT	3 040	3 438	3 373	3 903	4 207	4 256	4 786	5 520	9 009	8 892
Other Europe											
Albania	ZWYP	—	—	—	—	—	—	—	—	—	—
Belarus	ZWYQ	—	—	—	—	—	—	—	—	—	—
Bulgaria	ZWYR	94	77	15	24	16	41	23	51	46	43
Croatia	ZWYS	4	4	4	4	4	14	1	23	26	39
Czech Republic	LEPT	—2	—1	21	49	109	130	115	124	122	120
Estonia	ZWYT	1	1	1	2	3	13	12	7	2	10
Hungary	BFKR	121	104	86	106	180	218	200	265	548	519
Latvia	ZWYU	—	—	—	2	—	1	4	—	—	—
Lithuania	ZWYV	—	—	—	—	5	8	11	4	14	10
Poland	BFSB	52	49	57	114	111	119	81	96	174	192
Romania	ZWYW	5	9	10	22	42	25	19	41	30	36
Russia	BFST	5	7	82	105	130	234	414	202	279	320
Slovakia	ZWYX	2	5	2	24	51	69	69	39	51	33
Slovenia	ZWYY	—	—	—	—	—	8	3	55	45	38
Turkey	BFUM	159	170	164	136	158	190	235	307	564	440
Ukraine	ZWYZ	10	8	10	11	8	—	4	9	9	9
Yugoslavia	BFWF	67	46	28	33	57	49	52	1	1	1
Other	LEVZ	1 721	1 216	1 261	1 229	1 463	2 601	3 465	2 621	3 562	3 317
Total Europe	LERD	30 937	35 682	36 302	44 047	46 903	48 343	51 522	51 593	72 268	75 085
America											
Argentina	ZWZB	377	469	440	449	437	484	455	272	394	312
Brazil	LENR	596	716	902	1 053	1 079	790	728	328	521	524
Canada	LEOS	1 155	1 279	1 404	1 817	1 609	1 820	2 036	1 891	1 952	2 240
Chile	ZWZC	243	264	305	345	339	283	213	172	263	271
Colombia	ZWZD	56	52	55	51	68	92	55	108	299	348
Mexico	BFPQ	971	900	718	630	455	535	410	488	356	366
United States of America	BFVE	11 908	13 494	14 476	16 639	18 645	21 125	26 119	23 730	29 408	31 345
Uruguay	ZWZE	28	19	20	24	32	29	23	7	16	17
Venezuela	ZWZF	258	264	175	169	184	149	—52	—	109	106
Other Central American Countries	JTSP	531	577	484	515	822	1 153	2 071	3 299	4 354	5 224
Other	LEVH	505	540	449	481	599	960	1 894	718	689	662
Total America	LESN	16 628	18 574	19 428	22 173	24 269	27 420	33 952	31 013	38 361	41 415
Asia											
China	LEPK	71	68	105	132	174	217	177	250	290	240
Hong Kong	BFJU	2 507	2 458	2 695	3 034	3 265	2 596	2 341	1 839	1 821	2 055
India	BFNB	205	226	226	252	251	284	342	388	520	500
Indonesia	BFLP	110	82	115	138	181	303	219	134	95	88
Iran	ZWZG	132	106	79	113	118	64	88	37	50	45
Israel	BFMS	26	25	21	38	56	59	52	50	48	67
Japan	BPOP	9 100	8 102	7 425	8 869	7 516	7 171	6 465	6 999	8 908	7 937
Malaysia	BFPZ	302	337	369	366	418	481	361	430	562	550
Pakistan	BFRS	42	32	39	57	62	123	25	72	129	123
Philippines	BFRJ	95	110	110	115	133	103	111	95	179	152
Saudi Arabia	BFTC	86	115	136	154	127	144	175	227	312	265
Singapore	BFTU	1 877	2 024	2 111	2 602	2 689	2 668	2 000	1 488	2 950	3 002
South Korea	BFOY	137	127	159	267	407	564	361	207	264	268
Taiwan	BFUV	90	107	130	141	163	172	143	182	231	234
Thailand	BFUD	109	125	173	225	268	221	77	90	189	153
Residual Gulf Arabian Countries	JITQ	295	305	340	359	369	494	1 002	1 058	1 527	1 479
Other Near & Middle Eastern Countries	ZWZH	108	119	112	131	117	158	97	68	119	109
Other	LEWI	305	311	348	406	382	434	274	107	288	264
Total Asia	LETF	15 597	14 779	14 693	17 399	16 696	16 256	14 310	13 721	18 482	17 531
Australasia & Oceania											
Australia	CXAT	1 505	1 775	1 816	2 059	2 227	2 075	1 804	1 999	2 921	2 770
New Zealand	BFRA	378	416	433	472	493	390	287	391	446	471
Other	LEVQ	137	149	179	200	222	164	380	33	42	40
Total Australasia & Oceania	LETX	2 020	2 340	2 428	2 731	2 942	2 629	2 471	2 423	3 409	3 281
Africa											
Egypt	ZWZJ	65	64	41	57	69	79	—46	34	64	85
Morocco	ZWZK	43	40	30	36	55	23	35	28	35	32
South Africa	BFWX	531	540	554	661	703	761	753	975	1 328	1 146
Other North Africa	J1RR	172	141	118	106	83	87	100	54	72	75
Other	LEWR	545	574	620	648	666	553	461	603	765	722
Total Africa	LERV	1 356	1 359	1 363	1 508	1 576	1 503	1 303	1 694	2 264	2 060
International Organisations											
World total	CTFB	166	194	169	161	146	193	227	381	453	508
	HMBQ	66 704	72 928	74 383	88 019	92 532	96 344	103 785	100 825	135 237	139 880

9.6 Income

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Debits											
Europe											
European Union (EU)											
Austria	CUGZ	549	581	589	743	762	877	674	458	685	720
Belgium and Luxembourg	CTFL	3 443	3 802	4 087	4 873	4 373	3 798	3 962	3 885	4 322	4 452
Denmark	LEQV	514	722	582	692	987	1 028	1 005	846	1 103	1 041
Finland	LEUH	441	396	407	535	539	566	352	280	382	385
France	LEUQ	4 357	5 418	5 188	6 657	5 958	5 470	5 995	6 939	7 309	7 878
Germany	LEQM	6 505	7 849	7 711	9 904	8 966	8 420	7 456	7 978	11 370	12 816
Greece	LEUZ	279	246	271	471	758	860	922	650	808	695
Ireland	BFLZ	926	1 059	1 186	1 683	2 406	2 527	2 587	2 104	2 849	2 958
Italy	BFOH	1 962	2 127	2 221	2 755	3 259	3 686	3 713	2 941	2 956	2 941
Netherlands	BFOJ	3 959	4 201	4 204	5 051	5 691	4 335	3 529	6 014	11 718	13 055
Portugal	BFSL	429	456	316	437	435	396	283	217	268	305
Spain	LESX	727	1 301	1 271	1 816	2 124	1 744	1 761	1 307	1 222	1 347
Sweden	BFTM	1 175	1 167	1 009	1 230	1 522	1 223	1 128	1 384	1 339	1 440
European Central Bank	ZWZM	—	—	—	—	—	—	—	—	—	—
EU Institutions	CSFL	558	556	644	693	680	745	800	1 024	1 136	1 136
Total EU	LEQD	25 824	29 881	29 686	37 540	38 460	35 675	34 167	36 027	47 467	51 169
European Free Trade Association (EFTA)											
Iceland	BFNR	8	9	7	4	4	5	6	9	7	10
Liechtenstein	BFPI	113	114	113	129	126	125	113	78	115	93
Norway	BFQS	136	261	344	363	408	683	21	109	568	609
Switzerland	LBFC	6 255	6 623	6 453	6 934	6 897	6 897	5 352	7 350	10 843	10 433
Total EFTA	CTFU	6 512	7 007	6 917	7 430	7 435	7 710	5 492	7 546	11 533	11 145
Other Europe											
Albania	ZWZN	27	29	45	56	50	59	57	71	78	76
Belarus	ZWZO	27	27	43	53	46	56	55	73	80	76
Bulgaria	ZWZP	49	45	64	87	67	96	78	84	106	91
Croatia	ZWZQ	31	30	46	58	49	56	55	88	108	110
Czech Republic	LEPU	8	13	36	87	163	177	113	88	134	129
Estonia	ZWZR	32	32	46	57	49	59	57	73	84	81
Hungary	BFKS	94	60	62	92	89	101	120	113	122	109
Latvia	ZWZS	27	28	44	57	50	67	62	75	86	83
Lithuania	ZWZT	28	34	52	60	60	66	61	74	87	83
Poland	BFSC	76	100	108	158	163	266	216	148	193	204
Romania	ZWZU	47	52	71	78	91	124	87	80	96	93
Russia	BFSU	33	67	134	136	159	196	24	144	485	525
Slovakia	ZWZV	27	35	71	122	82	79	74	90	90	89
Slovenia	ZWZW	27	27	43	53	46	56	52	87	92	97
Turkey	BFUN	205	185	198	297	269	184	173	97	121	177
Ukraine	ZWZX	27	27	43	53	46	58	55	75	81	77
Yugoslavia	BFWG	77	57	108	127	161	165	126	72	80	78
Other	LEWA	3 334	2 708	2 388	3 218	3 935	4 935	7 122	5 512	6 589	6 361
Total Europe	LERE	36 512	40 444	40 205	49 819	51 470	50 185	48 246	50 617	67 712	70 853
America											
Argentina	ZWZZ	-63	-13	-21	-17	14	64	108	49	93	63
Brazil	LENS	86	104	78	274	402	290	221	167	205	193
Canada	LEOT	523	606	747	709	857	773	807	1 087	1 486	1 810
Chile	ZXAA	92	154	153	188	173	151	89	16	10	38
Colombia	ZXAB	161	118	79	83	137	81	44	20	37	45
Mexico	BFPR	180	158	109	114	122	119	186	149	221	246
United States of America	BFVF	10 460	13 010	12 740	15 133	18 489	19 886	19 880	23 174	25 988	27 865
Uruguay	ZXAC	38	30	35	20	24	30	24	9	16	7
Venezuela	ZXAD	44	33	42	35	25	23	19	7	20	33
Other Central American Countries	JISQ	519	569	365	236	541	1 285	2 017	3 040	3 705	3 365
Other	LEVI	637	698	570	494	674	1 345	2 001	444	525	506
Total America	LESO	12 677	15 467	14 897	17 269	21 458	24 047	25 396	28 162	32 306	34 171
Asia											
China	LEPL	282	188	185	204	145	155	148	161	340	361
Hong Kong	BFJV	2 007	1 936	1 804	2 055	1 796	1 550	1 854	2 628	3 208	3 570
India	BFNC	162	180	303	347	305	370	377	312	359	357
Indonesia	BFLQ	117	108	87	113	119	96	43	46	76	106
Iran	ZXAE	163	148	149	179	213	133	126	87	208	239
Israel	BFMT	144	139	134	156	180	220	158	171	208	226
Japan	BFOQ	6 018	6 048	6 024	7 055	7 067	6 220	7 351	8 320	12 224	10 848
Malaysia	BFQA	135	162	247	311	412	430	279	230	313	311
Pakistan	BFRT	54	53	77	86	57	71	61	53	69	77
Philippines	BFRK	47	40	37	31	31	63	49	69	88	60
Saudi Arabia	BFTD	1 647	1 585	1 331	1 603	1 452	1 324	869	724	925	1 019
Singapore	BFTV	1 249	1 473	1 228	1 687	1 852	1 804	1 276	1 916	2 559	2 596
South Korea	BFOZ	103	106	85	155	157	202	180	87	156	143
Taiwan	BFUW	387	305	239	208	147	158	112	113	139	215
Thailand	BFUE	104	65	86	132	137	140	84	75	128	150
Residual Gulf Arabian Countries	JITR	709	641	486	533	493	558	481	896	1 319	1 510
Other Near & Middle Eastern Countries	ZXAF	433	388	285	303	262	318	267	189	240	211
Other	LEWJ	1 125	1 033	832	916	789	944	829	314	364	365
Total Asia	LETG	14 886	14 598	13 619	16 074	15 614	14 756	14 544	16 391	22 923	22 364
Australasia & Oceania											
Australia	CXCM	805	918	732	902	926	1 297	1 090	1 097	684	801
New Zealand	BFRB	30	53	98	105	163	181	175	43	87	98
Other	LEVR	15	7	8	2	5	13	-52	4	28	13
Total Australasia & Oceania	LETY	850	978	838	1 009	1 094	1 491	1 213	1 144	799	912
Africa											
Egypt	ZXAH	807	968	824	826	746	582	478	246	293	275
Morocco	ZXAI	41	45	56	40	58	54	53	31	31	37
South Africa	BFWY	13	67	28	58	112	216	431	777	675	960
Other North Africa	JIRS	191	106	107	159	136	254	215	95	159	186
Other	LEWS	327	199	243	336	292	510	461	634	734	704
Total Africa	LERW	1 379	1 385	1 258	1 419	1 344	1 616	1 638	1 783	1 892	2 162
International Organisations											
World total	CTFC	272	247	218	328	348	343	190	192	293	256
	HMBR	66 576	73 119	71 035	85 918	91 328	92 438	91 227	98 289	125 925	130 718

9.6 Income

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Balances											
Europe											
European Union (EU)											
Austria	CUHA	-132	-181	-165	-212	-232	-342	-62	76	-3	-63
Belgium and Luxembourg	CTFM	-953	-1 167	-1 494	-1 760	-966	-281	143	-295	906	1 458
Denmark	LEQW	130	-68	-75	-80	-362	-304	-100	70	26	35
Finland	LEUI	75	211	224	121	3	-47	129	93	93	181
France	LEUR	-447	-721	-328	-656	-53	-60	-13	-1 080	89	526
Germany	LEQN	-2 757	-1 673	-1 119	-679	-18	-426	197	90	-146	-474
Greece	LEVA	-57	-107	-73	-123	41	209	99	123	253	78
Ireland	BFML	354	340	240	24	-490	-132	24	958	1 421	1 773
Italy	BFOI	2 495	2 489	2 245	2 432	1 826	1 466	2 021	2 297	4 424	4 287
Netherlands	BFQK	1 216	1 687	2 174	2 046	2 299	4 307	5 109	3 494	1 019	-122
Portugal	BFSM	-176	-198	-29	-43	25	-4	163	268	533	592
Spain	LESY	319	58	140	-32	285	683	545	776	1 687	1 582
Sweden	BFTN	177	341	182	187	78	205	243	123	763	721
European Central Bank	ZXAK	-	-	-	-	-	-	-	-	-	-
EU Institutions	CSFM	-410	-343	-420	-482	-537	-582	-637	-792	-746	-677
Total EU	LEQE	-166	668	1 502	743	1 899	4 692	7 861	6 201	10 319	9 897
European Free Trade Association (EFTA)											
Iceland	BFNU	52	46	29	28	21	15	24	21	35	31
Liechtenstein	BFPJ	-66	-73	-75	-78	-62	-73	-81	-40	-70	-54
Norway	BFQT	397	292	181	168	180	-77	601	585	300	178
Switzerland	LEPD	-3 855	-3 834	-3 679	-3 645	-3 367	-3 319	-1 250	-2 592	-2 789	-2 408
Total EFTA	CTFV	-3 472	-3 569	-3 544	-3 527	-3 228	-3 454	-706	-2 026	-2 524	-2 253
Other Europe											
Albania	ZXAL	-27	-29	-45	-56	-50	-59	-57	-71	-78	-76
Belarus	ZXAM	-27	-27	-43	-53	-46	-56	-55	-73	-80	-76
Bulgaria	ZXAN	45	32	-49	-63	-51	-55	-55	-33	-60	-48
Croatia	ZXAO	-27	-26	-42	-54	-45	-42	-54	-65	-82	-71
Czech Republic	LEPV	-10	-14	-15	-38	-54	-47	2	36	-12	-9
Estonia	ZXAP	-31	-31	-45	-55	-46	-46	-45	-66	-82	-71
Hungary	BFKT	27	44	24	14	91	117	80	152	426	410
Latvia	ZXAQ	-27	-28	-44	-55	-50	-66	-58	-75	-86	-83
Lithuania	ZXAR	-28	-34	-52	-60	-55	-58	-50	-70	-73	-73
Poland	BFSO	-24	-51	-51	-44	-52	-147	-135	-52	-19	-12
Romania	ZXAS	-42	-43	-61	-56	-49	-99	-68	-39	-66	-57
Russia	BFSV	-28	-60	-52	-31	-29	38	390	58	-206	-205
Slovakia	ZXAT	-25	-30	-69	-98	-31	-10	-5	-51	-39	-56
Slovenia	ZXAU	-27	-27	-43	-53	-46	-48	-49	-32	-47	-59
Turkey	BFUO	-46	-15	-34	-161	-111	6	62	210	443	263
Ukraine	ZXAV	-17	-19	-33	-42	-38	-58	-51	-66	-72	-68
Yugoslavia	BFWH	-10	-11	-80	-94	-104	-116	-74	-71	-79	-77
Other	LEWB	-1 613	-1 492	-1 127	-1 989	-2 472	-2 334	-3 657	-2 891	-3 027	-3 044
Total Europe	LERF	-5 575	-4 762	-3 903	-5 772	-4 567	-1 842	3 276	976	4 556	4 232
America											
Argentina	ZXAX	440	482	461	466	423	420	347	223	301	249
Brazil	LENT	510	612	824	779	677	500	507	161	316	331
Canada	LEOU	632	673	657	1 108	752	1 047	1 229	804	466	430
Chile	ZXAY	151	110	152	157	166	132	124	156	253	233
Colombia	ZXAZ	-105	-66	-24	-32	-69	11	11	88	262	303
Mexico	BFFS	791	742	609	516	333	416	224	339	135	120
United States of America	BVVG	1 448	484	1 736	1 506	156	1 239	6 239	556	3 420	3 480
Uruguay	ZXBA	-10	-11	-15	4	8	-1	-1	-2	-	10
Venezuela	ZXBB	214	231	133	134	159	126	-71	-7	89	73
Other Central American Countries	JTSR	12	8	119	279	281	-132	54	259	649	1 859
Other	LEVJ	-132	-158	-121	-13	-75	-385	-107	274	164	156
Total America	LESP	3 951	3 107	4 531	4 904	2 811	3 373	8 556	2 851	6 055	7 244
Asia											
China	LEPM	-211	-120	-80	-72	29	62	29	89	-50	-121
Hong Kong	BFJW	500	522	891	979	1 469	1 046	487	-789	-1 387	-1 515
India	BFND	43	46	-77	-95	-54	-86	-35	76	161	143
Indonesia	BFLR	-7	-26	28	25	62	207	176	88	19	-18
Iran	ZXBC	-31	-42	-70	-66	-95	-69	-38	-50	-158	-194
Israel	BFMU	-118	-114	-113	-118	-124	-161	-106	-121	-160	-159
Japan	BFOR	3 082	2 054	1 401	1 814	449	951	-886	-1 321	-3 316	-2 911
Malaysia	BFQB	167	175	122	55	6	51	82	200	249	239
Pakistan	BFRU	-12	-21	-38	-29	5	52	-36	19	60	46
Philippines	BFRL	48	70	73	84	102	40	62	26	91	92
Saudi Arabia	BFTE	-1 561	-1 470	-1 195	-1 449	-1 325	-1 180	-694	-497	-613	-754
Singapore	BFTB	628	551	883	915	837	864	724	-428	391	406
South Korea	BFPA	34	21	74	112	250	362	181	120	108	125
Taiwan	BFUX	-297	-198	-109	-67	16	14	31	69	92	19
Thailand	BFUF	5	60	87	93	131	81	-7	15	61	3
Residual Gulf Arabian Countries	JITS	-414	-336	-146	-174	-124	-64	521	162	208	-31
Other Near & Middle Eastern Countries	ZXBD	-325	-269	-173	-172	-145	-160	-170	-121	-121	-102
Other	LEWK	-820	-722	-484	-510	-407	-510	-555	-207	-76	-101
Total Asia	LETH	711	181	1 074	1 325	1 082	1 500	-234	-2 670	-4 441	-4 833
Australasia & Oceania											
Australia	CYAA	700	857	1 084	1 157	1 301	778	714	902	2 237	1 969
New Zealand	BFRC	348	363	335	367	330	209	112	348	359	373
Other	LEVS	122	142	171	198	217	151	432	29	14	27
Total Australasia & Oceania	LETZ	1 170	1 362	1 590	1 722	1 848	1 138	1 258	1 279	2 610	2 369
Africa											
Egypt	ZXBF	-742	-904	-783	-769	-677	-503	-524	-212	-229	-190
Morocco	ZXBG	2	-5	-26	-4	-3	-31	-18	-3	4	-5
South Africa	BFWZ	518	473	526	603	591	545	322	198	653	186
Other North Africa	JJRT	-19	35	11	-53	-53	-167	-115	-41	-87	-111
Other	LEWT	218	375	377	312	374	43	-	-31	31	18
Total Africa	LERX	-23	-26	105	89	232	-113	-335	-89	372	-102
International Organisations											
World total	CTFD	-106	-53	-49	-167	-202	-150	37	189	160	252
	HMBP	128	-191	3 348	2 101	1 204	3 906	12 558	2 536	9 312	9 162

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Current transfers

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Credits											
Europe											
European Union (EU)											
Austria	GKVQ	6	7	7	6	42	35	35	36	31	33
Belgium and Luxembourg	GKVR	59	109	129	120	267	221	252	245	240	226
Denmark	GKVS	6	36	21	57	93	52	47	43	42	41
Finland	GKVT	6	—	12	34	36	22	18	18	34	19
France	GKVU	389	365	258	432	524	340	361	326	336	363
Germany	GKVV	418	440	429	489	643	465	483	454	448	436
Greece	GKVV	38	58	73	59	110	59	60	53	56	54
Ireland	GKVV	197	215	209	239	281	167	165	151	153	186
Italy	GKVV	117	111	167	163	337	175	170	151	153	157
Netherlands	GKVZ	892	518	665	609	419	334	343	322	346	330
Portugal	GKWA	—	29	18	22	26	19	19	19	29	16
Spain	GKWB	79	93	77	90	160	116	120	110	107	108
Sweden	GKWC	—	54	70	79	171	113	110	103	108	105
European Central Bank	KNNK	—	—	—	—	—	—	—	—	—	—
EU Institutions	GKWD	4 138	5 336	4 362	4 419	6 155	5 528	5 076	7 237	5 297	7 200
Total EU	LGFH	6 345	7 371	6 497	6 818	9 264	7 646	7 259	9 268	7 380	9 274
European Free Trade Association (EFTA)											
Iceland	GKWF	4	3	3	5	41	36	36	37	35	36
Liechtenstein	GKWG	2	2	2	2	11	6	4	4	3	3
Norway	GKWH	40	52	47	51	149	86	83	77	84	78
Switzerland	GKWI	483	320	42	226	195	108	107	93	91	93
Total EFTA	GKWJ	529	377	94	284	396	236	230	211	213	210
Other Europe											
Albania	HZXP	—	—	—	—	—	1	—	—	—	—
Belarus	HZXQ	—	—	—	—	—	—	—	—	—	1
Bulgaria	KOLZ	—	—	—	—	—	—	—	—	2	—
Croatia	HZXR	12	25	24	29	12	6	4	4	3	3
Czech Republic	GXWK	4	4	3	4	14	7	5	5	7	4
Estonia	LWVG	1	2	2	2	1	3	—	—	—	—
Hungary	HZXT	—	—	—	—	—	—	1	—	1	2
Latvia	LWVC	11	23	22	27	11	4	4	4	3	3
Lithuania	LYTR	—	—	—	—	—	1	—	—	—	1
Poland	GXLW	9	9	9	9	16	29	7	6	4	4
Romania	HZXV	—	—	—	—	—	—	2	2	—	1
Russia	GXWM	28	21	21	23	62	29	32	23	20	20
Slovakia	HZXX	—	—	—	—	—	—	5	4	—	2
Slovenia	HZXY	—	—	—	—	—	—	—	—	—	—
Turkey	GXWN	24	22	22	24	60	36	36	35	35	37
Ukraine	HZYA	—	—	—	—	—	1	—	—	1	—
Yugoslavia	LTVF	—	—	—	—	—	—	—	4	3	3
Other	HKJF	53	102	98	123	50	25	26	19	21	38
Total Europe	GKWP	7 016	7 956	6 792	7 343	9 886	8 024	7 611	9 585	7 693	9 603
America											
Argentina	HZYJ	19	16	13	14	44	19	20	16	17	17
Brazil	GXWQ	17	12	11	15	56	25	25	21	20	23
Canada	GXWR	248	229	304	241	630	306	296	267	279	283
Chile	HZYL	14	12	10	10	33	15	15	12	13	16
Colombia	HZYM	29	25	21	22	70	29	27	25	26	42
Mexico	GXWS	28	23	20	24	76	37	35	31	33	32
United States of America	GXWT	3 014	2 261	2 586	2 753	4 391	2 206	2 101	1 845	1 958	3 905
Uruguay	HZYN	—	—	—	—	—	—	—	—	—	—
Venezuela	HZYO	20	17	15	15	48	22	27	19	17	17
Other Central American Countries	HZYG	254	217	186	186	604	261	251	226	267	248
Other	HZYI	19	16	13	14	44	19	19	17	17	17
Total America	GXWV	3 662	2 828	3 179	3 294	5 996	2 939	2 816	2 479	2 647	4 600
Asia											
China	GXWW	27	22	21	25	46	20	21	19	17	18
Hong Kong	GXWX	131	109	120	147	186	134	79	68	71	70
India	GXWY	61	56	54	58	36	17	18	20	21	27
Indonesia	GXWZ	26	20	17	21	85	37	38	30	32	32
Iran	HZYQ	7	6	6	7	11	6	4	4	4	4
Israel	GXXA	43	34	33	36	111	55	53	48	49	48
Japan	GXXB	162	147	181	234	364	175	172	149	159	163
Malaysia	GXXC	60	53	52	55	54	29	31	26	26	29
Pakistan	GXXD	2	2	2	2	13	8	7	7	4	6
Philippines	GXXE	16	11	9	12	45	22	20	16	16	16
Saudi Arabia	GXXF	33	28	30	33	472	487	492	506	493	500
Singapore	GXXG	38	31	30	32	47	21	23	17	17	21
South Korea	GXXH	19	16	15	17	44	19	19	21	18	20
Taiwan	GXXI	19	16	15	16	33	15	15	12	14	17
Thailand	GXXJ	13	11	11	11	23	9	9	8	7	8
Residual Gulf Arabian Countries	HZYS	135	108	104	121	203	177	176	178	174	177
Other Near & Middle Eastern Countries	HZYU	182	145	139	162	273	294	294	306	296	301
Other	HZVR	83	66	63	74	124	107	65	63	64	70
Total Asia	GXXL	1 057	881	902	1 063	2 170	1 632	1 536	1 498	1 482	1 527
Australasia & Oceania											
Australia	GXXM	386	346	342	380	362	224	207	196	201	204
New Zealand	GXXN	109	104	104	105	102	76	68	63	61	64
Other	GXXO	7	4	3	5	12	6	4	5	6	4
Total Australasia & Oceania	GXXP	502	454	449	490	476	306	279	264	268	272
Africa											
Egypt	LZDN	11	14	14	14	13	5	2	6	4	4
Morocco	HICY	9	12	12	12	11	6	4	4	3	3
South Africa	GXXQ	116	110	113	125	239	124	125	112	116	113
Other North Africa	HICX	20	27	26	28	25	13	15	13	12	12
Other	HZUI	82	109	105	112	100	53	55	45	48	49
Total Africa	GXXS	238	272	270	291	388	201	201	180	183	181
International Organisations											
World total	KTND	12 475	12 391	11 592	12 481	18 916	13 102	12 443	14 006	12 273	16 183

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Current transfers

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Debits											
Europe											
European Union (EU)											
Austria	GXXV	33	25	27	31	61	47	40	39	44	43
Belgium and Luxembourg	GXXW	151	122	113	118	524	286	230	224	253	273
Denmark	GXXX	40	45	32	56	154	79	61	60	65	65
Finland	GXXY	16	13	13	15	143	65	55	43	54	59
France	GXXZ	317	220	290	332	1 036	516	477	578	580	622
Germany	GXYA	355	306	362	443	1 658	801	734	665	743	769
Greece	GXYB	68	57	21	40	32	18	18	19	48	51
Ireland	GXYC	493	448	417	486	948	816	863	500	599	626
Italy	GXYD	168	135	140	168	553	331	336	249	266	287
Netherlands	GXYE	237	426	452	534	747	380	356	363	401	437
Portugal	GXYF	39	28	42	49	103	58	57	58	80	68
Spain	GXYG	151	131	155	190	340	203	216	239	219	235
Sweden	GXYH	51	31	59	81	294	136	113	123	99	102
European Central Bank	KOEJ	—	—	—	—	—	—	—	—	—	—
EU Institutions	GXYI	6 970	8 260	7 431	9 192	9 277	8 268	10 265	10 524	10 719	9 557
Total EU	LGPL	9 089	10 247	9 554	11 735	15 870	12 004	13 821	13 684	14 170	13 194
European Free Trade Association (EFTA)											
Iceland	GXYK	8	6	6	8	17	7	7	6	8	5
Liechtenstein	GXYL	3	3	3	3	—	—	—	—	—	—
Norway	GXYM	105	60	74	78	262	135	102	121	124	132
Switzerland	GXYN	164	139	131	164	301	152	135	150	149	160
Total EFTA	GXYO	280	208	214	253	580	294	244	277	281	297
Other Europe											
Albania	HIDY	1	1	1	1	2	2	2	2	6	9
Belarus	HIDZ	1	1	1	1	2	2	2	4	—	6
Bulgaria	LTQA	—	—	—	—	—	—	—	8	12	9
Croatia	HIEA	1	1	1	1	1	7	4	2	6	5
Czech Republic	GXYP	16	14	15	16	26	16	24	30	18	18
Estonia	LWQY	—	—	—	—	—	1	—	—	6	5
Hungary	HIEC	10	8	8	9	13	17	18	30	27	23
Latvia	LYON	27	21	21	24	36	19	14	4	6	5
Lithuania	LYYJ	2	2	2	2	3	3	—	8	7	20
Poland	GXYQ	37	31	32	34	77	71	66	45	73	60
Romania	HIEE	22	17	18	20	30	20	21	10	20	17
Russia	GXYR	59	46	48	51	129	106	110	82	103	65
Slovakia	HIEG	4	3	3	3	5	8	10	7	5	3
Slovenia	HIEH	1	1	1	1	2	2	1	8	—	6
Turkey	GXYX	31	28	22	25	78	45	44	49	44	48
Ukraine	HIEJ	15	12	12	13	20	24	23	42	30	54
Yugoslavia	LWHC	2	2	2	2	3	1	—	6	65	37
Other	HZMJ	115	89	92	101	155	161	208	194	204	244
Total Europe	GXYU	9 713	10 732	10 047	12 292	17 032	12 803	14 612	14 492	15 083	14 125
America											
Argentina	HIES	24	18	19	23	19	9	9	2	14	14
Brazil	GXYV	28	20	21	24	65	37	40	42	43	52
Canada	GXYW	587	550	555	621	247	171	172	193	216	229
Chile	HIEU	28	21	23	26	22	13	11	5	11	11
Colombia	HIEV	29	22	24	28	23	15	14	9	15	12
Mexico	GXYX	36	27	27	29	25	14	16	16	19	15
United States of America	GXYX	2 043	1 539	1 550	1 985	1 560	1 019	891	941	991	2 972
Uruguay	HIEW	1	1	1	1	1	1	1	1	1	1
Venezuela	HIEX	22	16	17	20	17	—	—	—	7	6
Other Central American Countries	HIEP	477	364	384	450	375	392	428	363	343	365
Other	HIEP	105	80	85	99	83	57	147	95	78	97
Total America	GXZA	3 380	2 658	2 706	3 306	2 437	1 728	1 729	1 667	1 738	3 774
Asia											
China	GXZB	61	46	47	51	178	125	147	155	146	150
Hong Kong	GXZC	138	116	105	121	240	135	134	180	185	199
India	GXZD	162	124	130	135	416	421	420	432	506	530
Indonesia	GXZE	80	62	60	67	146	89	78	74	54	43
Iran	HIEZ	22	20	21	17	12	17	16	17	18	21
Israel	GXZF	51	41	39	44	43	29	29	28	31	31
Japan	GXZG	203	156	149	170	458	231	207	202	196	198
Malaysia	GXZH	46	37	36	40	147	69	60	89	77	80
Pakistan	GXZI	80	61	67	67	155	183	161	154	148	159
Philippines	GXZJ	40	30	31	33	78	52	47	45	39	38
Saudi Arabia	GXZK	40	32	32	37	35	26	16	39	49	48
Singapore	GXZL	39	31	30	34	138	81	73	102	107	116
South Korea	GXZM	17	13	12	14	104	46	46	48	59	62
Taiwan	GXZN	14	11	9	11	103	53	43	49	57	60
Thailand	GXZO	15	12	12	13	60	34	39	43	52	53
Residual Gulf Arabian Countries	HIFB	144	134	139	112	80	75	77	83	77	92
Other Near & Middle Eastern Countries	HIFD	59	55	57	46	33	45	42	52	65	79
Other	HZWN	509	472	490	397	283	314	297	319	417	542
Total Asia	GXZQ	1 720	1 453	1 466	1 409	2 709	2 025	1 932	2 111	2 283	2 501
Australasia & Oceania											
Australia	GXZR	633	570	645	683	306	254	252	177	189	203
New Zealand	GXZS	111	114	121	134	89	74	65	53	67	68
Other	GXZT	82	72	69	77	38	26	21	28	8	6
Total Australasia & Oceania	GXZU	826	756	835	894	433	354	338	258	264	277
Africa											
Egypt	LZIF	22	19	17	18	34	16	—	31	28	26
Morocco	HIYZ	16	14	13	13	25	12	12	8	12	11
South Africa	GXZV	286	279	260	293	136	133	144	205	255	279
Other North Africa	HIYX	89	75	69	71	25	30	50	21	19	21
Other	HZUA	561	469	430	450	855	948	996	1 058	1 272	1 228
Total Africa	GXZY	974	856	789	845	1 075	1 139	1 202	1 323	1 586	1 565
International Organisations											
World total	KTNE	1 396	1 179	1 118	1 309	1 018	865	855	842	1 351	1 095
		18 009	17 634	16 961	20 055	24 704	18 914	20 668	20 693	22 305	23 337

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Current transfers

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Balances											
Europe											
European Union (EU)											
Austria	GZDU	-27	-18	-20	-25	-19	-12	-5	-3	-13	-10
Belgium and Luxembourg	GZDV	-92	-13	16	2	-257	-65	22	21	-13	-47
Denmark	GZDW	-34	-9	-11	1	-61	-27	-14	-17	-23	-24
Finland	GZDX	-10	-13	-1	19	-107	-43	-37	-25	-20	-40
France	GZDY	72	145	-32	100	-512	-176	-116	-252	-244	-259
Germany	GZDZ	63	134	67	46	-1 015	-336	-251	-211	-295	-333
Greece	GZEA	-30	1	52	19	78	41	42	34	8	3
Ireland	GZEB	-296	-233	-208	-247	-667	-649	-698	-349	-446	-440
Italy	GZEC	-51	-24	27	-5	-216	-156	-166	-98	-113	-130
Netherlands	GZED	655	92	213	75	-328	-46	-13	-41	-55	-107
Portugal	GZEE	-39	1	-24	-27	-77	-39	-38	-39	-51	-52
Spain	GZEF	-72	-38	-78	-100	-180	-87	-96	-129	-112	-127
Sweden	GZFO	-51	23	11	-2	-123	-23	-3	-20	9	3
European Central Bank	ZWRB	-	-	-	-	-	-	-	-	-	-
EU Institutions	GZRP	-2 832	-2 924	-3 069	-4 773	-3 122	-2 740	-5 189	-3 287	-5 422	-2 357
Total EU	LGFP	-2 744	-2 876	-3 057	-4 917	-6 606	-4 358	-6 562	-4 416	-6 790	-3 920
European Free Trade Association (EFTA)											
Iceland	GXEL	-4	-3	-3	-3	24	29	29	31	27	31
Liechtenstein	GXEM	-1	-1	-1	-1	11	6	4	4	3	3
Norway	GXEN	-65	-8	-27	-27	-113	-49	-19	-44	-40	-54
Switzerland	GZCH	319	181	-89	62	-106	-44	-28	-57	-58	-67
Total EFTA	GZCI	249	169	-120	31	-184	-58	-14	-66	-68	-87
Other Europe											
Albania	ZWRG	-1	-1	-1	-1	-2	-1	-2	-2	-6	-9
Belarus	ZWRI	-1	-1	-1	-1	-2	-2	-2	-4	-	-5
Bulgaria	ZWRH	-	-	-	-	-	-	-	-8	-10	-9
Croatia	ZWRS	11	24	23	28	11	-1	-	2	-3	-2
Czech Republic	GZCJ	-12	-10	-12	-12	-12	-9	-19	-25	-11	-14
Estonia	ZWRN	1	2	2	2	1	2	-	-	-6	-5
Hungary	GZWH	-10	-8	-8	-9	-13	-17	-17	-30	-26	-21
Latvia	ZWRV	-16	2	1	3	-25	-15	-10	-	-3	-2
Lithuania	ZWRU	-2	-2	-2	-2	-3	-2	-	-8	-7	-19
Poland	GZCK	-28	-22	-23	-25	-61	-42	-59	-39	-69	-56
Romania	ZWRX	-22	-17	-18	-20	-30	-20	-19	-8	-20	-16
Russia	GZCL	-31	-25	-27	-28	-67	-77	-78	-59	-83	-45
Slovakia	ZWRZ	-4	-3	-3	-3	-5	-8	-5	-3	-5	-1
Slovenia	ZWRY	-1	-1	-1	-1	-2	-2	-1	-8	-	-6
Turkey	GZCM	-7	-6	-	-1	-18	-9	-8	-14	-9	-11
Ukraine	ZWSA	-15	-12	-12	-13	-20	-23	-23	-42	-29	-54
Yugoslavia	ZWSD	-2	-2	-2	-2	-3	-1	-	-2	-62	-34
Other	ZWRC	-62	13	6	22	-105	-136	-182	-175	-183	-206
Total Europe	GZCO	-2 697	-2 776	-3 255	-4 949	-7 146	-4 779	-7 001	-4 907	-7 390	-4 522
America											
Argentina	ZWRG	-5	-2	-6	-9	25	10	11	14	3	3
Brazil	GZCP	-11	-8	-10	-9	-9	-12	-15	-21	-23	-29
Canada	GZCQ	-339	-321	-251	-380	383	135	124	74	63	54
Chile	ZWRJ	-14	-9	-13	-16	11	2	4	7	2	5
Colombia	ZWRK	-	3	-3	-6	47	14	13	16	11	30
Mexico	GZCR	-8	-4	-7	-5	51	23	19	15	14	17
United States of America	GZCS	971	722	1 036	768	2 831	1 187	1 210	904	967	933
Uruguay	ZWSB	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
Venezuela	ZWSC	-2	1	-2	-5	31	22	27	19	10	11
Other Central American Countries	ZWRM	-223	-147	-198	-264	229	-131	-177	-137	-76	-117
Other	ZWRP	-86	-64	-72	-85	-39	-38	-128	-78	-61	-80
Total America	GZCU	282	170	473	-12	3 559	1 211	1 087	812	909	826
Asia											
China	GZCV	-34	-24	-26	-26	-132	-105	-126	-136	-129	-132
Hong Kong	GZCW	-7	-7	15	26	-54	-1	-55	-112	-114	-129
India	GZCX	-101	-68	-76	-77	-380	-404	-402	-412	-485	-503
Indonesia	GZCY	-54	-42	-43	-46	-61	-52	-40	-44	-22	-11
Iran	ZWRT	-15	-14	-15	-10	-1	-11	-12	-13	-14	-17
Israel	GZCZ	-8	-7	-6	-8	68	26	24	20	18	17
Japan	GZDA	-41	-9	32	64	-94	-56	-35	-53	-37	-35
Malaysia	GZDB	14	16	16	15	-43	-40	-29	-63	-51	-51
Pakistan	GZDC	-78	-59	-65	-65	-142	-175	-154	-147	-144	-153
Philippines	GZDD	-24	-19	-22	-21	-33	-30	-27	-29	-23	-22
Saudi Arabia	GZDE	-7	-4	-2	-4	437	461	476	467	444	452
Singapore	GZDF	-1	-	-	-2	-91	-60	-50	-85	-90	-95
South Korea	GZDG	2	3	3	3	-60	-27	-27	-27	-41	-42
Taiwan	GZDH	5	5	6	5	-70	-38	-28	-37	-43	-43
Thailand	GZDI	-2	-1	-1	-2	-37	-25	-30	-35	-45	-45
Residual Gulf Arabian Countries	ZWRQ	-9	-26	-35	9	123	102	99	95	97	85
Other Near & Middle Eastern Countries	ZWRR	123	90	82	116	240	249	252	254	231	222
Other	ZWRD	-426	-406	-427	-323	-159	-207	-232	-256	-353	-472
Total Asia	GZDK	-663	-572	-564	-346	-539	-393	-396	-613	-801	-974
Australasia & Oceania											
Australia	GZDL	-247	-224	-303	-303	56	-30	-45	19	12	1
New Zealand	GZDM	-2	-10	-17	-29	13	2	3	10	-6	-4
Other	GZDN	-75	-68	-66	-72	-26	-20	-17	-23	-2	-2
Total Australasia & Oceania	GZDO	-324	-302	-386	-404	43	-48	-59	6	4	-5
Africa											
Egypt	ZWRO	-11	-5	-3	-4	-21	-11	2	-25	-24	-22
Morocco	ZWRW	-7	-2	-1	-1	-14	-6	-8	-4	-9	-8
South Africa	GZDP	-170	-169	-147	-168	103	-9	-19	-93	-139	-166
Other North Africa	ZWRL	-69	-48	-43	-43	-	-17	-35	-8	-7	-9
Other	ZWRE	-479	-360	-325	-338	-755	-895	-941	-1 013	-1 224	-1 179
Total Africa	GZDR	-736	-584	-519	-554	-687	-938	-1 001	-1 143	-1 403	-1 384
International Organisations											
World total	KTNF	-1 396	-1 179	-1 118	-1 309	-1 018	-865	-855	-842	-1 351	-1 095
		-5 534	-5 243	-5 369	-7 574	-5 788	-5 812	-8 225	-6 687	-10 032	-7 154

Supplementary information

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Balance of payments and the relationship to national accounts

This section is intended to help users of the Pink Book to 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. The section is still under development, and in future editions of the Pink Book it is planned to incorporate the Blue Book tables as a form of reconciliation between the two sets of accounts. In the meantime comments on this section are welcomed.

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 one compares 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 (i.e. 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.

Relations 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 (i.e. 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). The following tables show summarised versions of the main accounts in the national accounts publications. The tables illustrate the main structure of the national accounts aggregates with particular reference to external transactions. An important element of the system is that a balance is derived in each table, which is then carried through to the next account.

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:

- (i) 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*;
- (ii) 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*; or
- (iii) 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, which 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 shows the *Gross Domestic Product Account* for the whole economy showing the components of the expenditure approach and the income approach to measuring GDP, while 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 shows 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). Table 1.7.3 illustrates how the various balance of payments income and current transfers components affect the nation's saving.

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 (currency and deposits, securities, loans, equity, etc.), while in the balance of payments financial account, the emphasis is on type of investment (direct investment, portfolio investment, etc.). 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, copyright, etc.), 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:

- (i) table 7.1.0, the *External account of goods and services*
- (ii) table 7.1.2, the *External account of primary incomes and current transfers*;
- (iii) table 7.1.7, the *External capital account*;
- (iv) table 7.1.8, the *External Financial Account*; and
- (v) 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.

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 and that comprise two transactions; the export of a good and the re-importation of the good on the basis of a contract and for a fee OR the import of a good and the re-exportation of the good on the basis of a contract and for a fee. 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 page 153.

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 provided by HM Customs and Excise (HMCE) 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. Accordingly in order to conform to the IMF definitions the ONS has to make various adjustments to include certain transactions which are not reported to HM Customs and Excise and to exclude certain transactions which are reported to them but where there is no change of ownership. In addition, since the value required for balance of payments purposes is the value of goods at the point of export (i.e. the Customs border of the exporting country) rather than the value of goods as they arrive in the UK, the freight and insurance costs of transporting the goods to the UK needs to be deducted from the values recorded by HMCE. 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 Customs & Excise

Statistics of the UK's overseas trade in goods have been collected for over 300 years by HM Customs & Excise. Since 1993 these data comprise statistics of UK imports from and exports to countries outside the EU which have been compiled from declarations made to HM Customs & Excise 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 sent by traders or their agents to HM Customs & Excise.

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

Information on trade with EU countries

The Intrastat system is linked to Value Added Tax (VAT) and 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 "assimilation" thresholds are required to provide a supplementary declaration each month, showing full details of their arrivals and dispatches during the month. These thresholds are reviewed annually. For the calendar year 2001 these thresholds were fixed at £233,000 both for arrivals and for dispatches. These detailed Intrastat declarations cover approximately 97½% of the value of trade.

Link with VAT

The information on the VAT returns serves three purposes; (i) to establish a register of traders and to determine which exceed the thresholds, (ii) to provide a cross-check with the supplementary declarations, (iii) to provide figures on the total value of trade carried out by traders below the 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. The figures are included in the month in which the VAT return is received by HM Customs & Excise, although the VAT return itself may relate to a period of more than one month. Detailed information on below threshold trade is not available. However it has been established that the pattern of that trade before the Intrastat system was introduced in 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 the HMCE.

Non-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, 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 traders who have provided returns for the current month.

Late response

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 non-response.

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 HMCE 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 HMCE 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 75% by value and 85% 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 which 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, 65% relates to the calendar month with the bulk of

the remaining 35% relating to the immediately preceding month.

Basis of valuation

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

The valuation of exports (dispatches) is on a *free on board* (fob) basis, i.e. the cost of goods to the purchaser abroad, including:

- packaging;
- inland and coastal transport in the UK;
- dock dues;
- loading charges; and
- all other costs such as profits, charges and expenses (e.g. 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* (cif) basis including:

- the cost of the goods ;
- charges for freight & insurance; and
- 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

Because of its link with VAT the primary valuation for trade in goods with EU countries is that required for VAT accounting purposes, usually the invoice value. Regular sample surveys are conducted by HMCE 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 non-EU countries

The statistical value of imports of goods subject to duty 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:

- (i) the transaction value of the imported goods (i.e. the price paid or payable on the goods);
- (ii) the transaction value of identical goods;
- (iii) the 'deductive method' – value derived from the selling price in the country of importation;
- (iv) computed value based on the built-up cost of the imported goods.

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 (i.e. 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 HM Customs & Excise. 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 by HMCE) to those on a Balance of Payments basis (compiled by the 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 HMCE; information on freight rates from Chamber of Shipping, Civil Aviation Authority and road hauliers; information from Le Shuttle.*

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 which are excluded from the Overseas Trade Statistics as the transactions are not notified to HMCE.

Source: Inquiries to UK shipowners conducted by the Department for Transport, Local Government and the Regions.

New ships delivered abroad: to include deliveries of new ships built abroad for UK owners while the vessel is still in a foreign port as the transactions are not notified to HMCE.

Source: Inquiries to UK shipowners conducted by the Department for Transport, Local Government and the Regions.

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 (e.g. 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 inquiries 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.

Source: quarterly returns from NAAFI.

Goods not changing ownership: the Overseas Trade Statistics exclude temporary trade (i.e. goods that are to be returned to the original country within two years and there is no change of ownership). However goods may well have originally been recorded as 'genuine' trade but which are subsequently 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: HMCE (goods identified by reference to Customs Procedure codes (CPCs)).

Gold: trade in gold (i.e. gold bullion, gold coin, unwrought or semi-manufactured gold and scrap) is reported to HMCE 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 (e.g. 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 the Balance of Payments Manual 5th edition, on treatment of gold until 2005. For the time being these transactions are included in the Financial Account.

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 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 shipowners conducted by the Department for Transport, Local Government and the Regions (imports) and ONS estimates (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.

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: HMCE, INSEE & 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 HMCE. 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 HMCE. From 2001 this adjustment removes movements of diamonds where no change of ownership has taken place.

Source: *Diamond Trading Company*.

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 can be expressed as the following percentages of total trade excluding oil and erratics:

	Exports to:		Imports from:	
	EU	non-EU	EU	non-EU
Under recording	+1/4%	+1 1/2%	+1/4%	0
currency errors	0	-1/2%	0	0
other valuation errors	0	-1/4%	0	0

* (+1% for 1997 & +1 1/2% 1993-1996)

Source: *Sample surveys made by HMCE*

Adjustments to estimates for non-response: a review of the introduction of the Intrastat system carried out in 1994 identified a number of difficulties in the initial monthly estimates of trade with EU countries provided by HMCE. The following describes the adjustments made by the ONS to cope with these difficulties.

The HMCE method of estimation for non-response relies on linking the values of trade reported by traders in the current period with previous periods. Problems can arise when traders change their VAT

registration (perhaps as a result of an internal reorganisation, mergers or sales). Similarly problems can arise when a trader starts submitting returns for the first time. If the trader then becomes a non-responder there may be no history of previous trade upon which to base an estimate. To allow for this, the ONS makes an initial 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 HMCE of these partial returns is analysed to enable the 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 is as follows:

£ million

	Exports	Imports
First published estimates	+250	+260
Second estimates	+150	+170
Third estimates	+80	+80
Fourth estimates	+40	+40
Fifth estimates	+10	+7
All subsequent estimates	0	0

Source: *HMCE*

Price and volume indices

When Intrastat was introduced it was envisaged that all declarations in respect of any particular month would be made within 6 months of the end of that month. As a consequence HMCE computer programs were designed to recalculate its initial estimates for non-response for six months after those estimates first appear in the Overseas Trade Statistics. However the reality is that some declarations are still being received and processed after that 6 month period. These are being included as additions to the value of reported trade with no corresponding reduction in the value of estimated trade. Accordingly, in order to eliminate this element of double counting the ONS makes a negative

adjustment to the value of estimated trade equal to the value of these late amendments. Note where the value of late amendments exceeds the value of estimated trade the level of estimated trade is set to zero.

Source: ONS estimate.

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 (e.g. the physical amounts of goods exported or imported). Separation of these changes greatly enhances the interpretation of the data and, for this reason, the ONS compiles separate data measuring changes in price and changes in volume. These data are presented in index number form.

References

Aggregate estimates of trade in goods, seasonally adjusted and on a balance of payments basis, are published monthly in a first release by National Statistics. More detailed figures are available from the Time Series Data Service and are also contained in the *Monthly Review of External Trade Statistics (Business Monitor MM24)* which is available, free of charge, in electronic format as a PDF on the National Statistics website.

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

A fuller version of these methodological notes appears in *Statistics on Trade in Goods (Government Statistical Service Methodological Series)*.

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 eleven broad categories of services, as follows:

- (a) Transportation (Sea, Air and Other) – Passenger, freight and other
- (b) Travel (Business and Personal)
- (c) Communications services
- (d) Construction services
- (e) Insurance services
- (f) Financial services
- (g) Computer and information services
- (h) Royalties and licence fees
- (i) Other business services (Merchanting and other trade-related services; operational leasing services; miscellaneous business, professional and technical services)
- (j) Personal, cultural and recreational services (Audio-visual and related services; other cultural and recreational services)
- (k) 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.

The change from an industry to product based presentation on implementation of *BPM5* in 1998 meant that trade in services data at the individual product level could not always be constructed back in time. Preparation to collect trade in services by product commenced in 1996, with the introduction of the new International Trade in Services (ITIS) survey. 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 new ITIS data and the previous industry based data. It was not valid to project this relationship further back in time. 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.

Construction services (Table 3.1)

Construction services cover work done on construction projects and installations by employees of an enterprise in locations outside their resident economic territory. 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 a long period of time, 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 (i.e. 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 valued f.o.b. (free on board) 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 c.i.f. (cost, insurance and freight) 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 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 services of offshore supply vessels and non-trading ships are not included in "Transportation" but in "Other business services" (Table 3.9).

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, taking the non-residents' proportionate share of the total to be 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. Crews' expenditure is estimated from information on numbers of visiting seamen, supplied by the Immigration Service. Regular returns are received on light dues from Trinity House. Estimates of expenditure on ships stores and on bunkers are now 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. Passenger fares paid to non-resident operators for fly-cruises, however, together with other expenditure by UK passengers on board non-resident shipping, is included, but not separately identified, in "Travel" imports.

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 chapter 9. Chamber of Shipping estimates of the element provided by UK operated ships 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 now 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 expenditure abroad by UK airlines on airport charges, crews' expenses, charter payments, etc. They also include payments to foreign airlines for the carriage etc. 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 now 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 chapter 9) 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 Post Office 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 now 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 Le Shuttle 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. That is, 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 excluding all such earnings from lorries leaving the UK via the Northern Ireland land boundary). 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 (as described in chapter 9) 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 (other than trade with the Republic of Ireland) within the UK. These are estimated from the statistics of ferry movements of foreign registered lorries, average loads, 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), net of any purchases made with money earned or provided locally. 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, which seeks information on expenditure from samples 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 International Passenger Survey.

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 covers the tuition fees and other expenditure of students who are funded from abroad and studying in the UK (imports covers 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 is collected via a special International Passenger Survey (IPS) trailer which commenced in 1997. Fee information is validated by data provided by the Higher Education Statistical Agency. Expenditure of pupils in UK private schools is validated using data collected by the Independent Schools Information Service (ISIS), who run an annual survey of independent schools. For the 1996/97 academic year the survey included a new question for the balance of payments, which specifically identifies expenditure on school fees by persons classified as non-residents.

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, e-mail, 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 Parcel Force and the Post Office.

Insurance services (Table 3.5)

Insurance services cover 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 (life, accident, fire, marine, aviation etc.) 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 insurance companies' and brokers' underwriting activities are derived from annual inquiries conducted by the ONS. Lloyds of London underwriting activity are based on data supplied by the Corporation of Lloyds; they also include receipts for management services provided to overseas members of Lloyds 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, 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 sources of information on insurance services are ONS inquiries to insurance companies and brokers, the ITIS survey and administrative data from Lloyd's of London.

Financial services (Table 3.6)

Financial services cover financial intermediary and auxiliary services other than those of insurance companies and pension funds. They include intermediary service fees associated with letters of credit, bankers' acceptances, lines of credit, financial leasing and foreign exchange transactions. Also included are commissions and other fees related to transactions in securities; e.g. brokerage, underwriting, arrangements of swaps, options and other hedging instruments etc.; commissions of commodity futures traders; and services related to asset management, financial market operational and regulatory services, security custody services etc. Estimates are based on returns from the Bank of England (for banks) ONS inquiries (to securities dealers, fund managers, commodity traders, finance houses and credit guarantors etc.) 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)

This covers UK banks' services giving rise to:

- (i) commissions for credit and bill transactions such as advising, opening and confirming documentary credits, collection of bills, etc.;
- (ii) spread earnings (dealing profits less holding gains) on foreign exchange transactions;
- (iii) net receipts on foreign exchange dealing;
- (iv) commission on new issues of securities, investment management and securities transactions;
- (v) commission on derivatives transactions; and
- (vi) 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 inquiries 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. The survey is completed quarterly by a selected sample of banks and annually by the full UK banking population.

Fund management companies

Service earnings from 1991, covering investment management fees and fees generated from advisory and other related functions, have been 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 the Office for National Statistics (see above, under "Insurance Services").

Securities Dealers

The earnings of securities dealers are derived from a survey completed by members of the Securities and Futures Authority Ltd. (SFA). From the 1998 edition of the *Pink Book*, security dealers' spread earnings (dealing profits less holding gains) 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 inquiries, 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 etc. received from abroad by UK residents (other than monetary financial institutions and oil companies, whose earnings are included elsewhere) for dealings in physical goods and in futures and options contracts. From 1990 the Office for National Statistics has carried out an annual survey of dealers in physical commodities. 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, and service charges on purchases of International Monetary Fund resources.

Computer and information services (Table 3.7)

Computer and information services cover computer data and news related service transactions including databases, such as development, storage and on-line time series; data processing; hardware consultancy; software implementation; maintenance and repair of computers and peripheral equipment; news agency services; and direct, non-bulk subscriptions to newspapers and periodicals. Information is obtained from the ITIS survey.

Royalties and license 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, franchises etc.) 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, etc.; 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 inquiry are also included. 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 cover 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.

Estimates of the net profits of UK firms from third country trade in goods are derived from an annual survey. Since 1990 the ONS has carried out a sample survey of export houses. This information is supplemented by merchanting and trade related services reported to the ITIS survey. This component also covers fees charged for ship classifications and other related services, including information supplied by Lloyds 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 services include legal, accounting, management consulting 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) etc.; and other services such as placement of personnel, security and investigative services, translation, photographic etc. 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 Pink Book, earnings of solicitors are collected as part of the ITIS survey. Other legal services also included estimates of the overseas earnings of UK barristers as supplied by the Commercial Bar Association

From Pink Book 2001, estimates of banks' and securities dealers' management services appear in the other business services account. Previously, these management services were implicitly included in the financial services account.

The North Sea oil and gas exports data mainly consists of work done abroad by UK owned drilling rigs and offshore supply boats and by UK seismic survey contractors, services provided by UK residents to the owners of foreign drilling rigs, the treatment of Norwegian oil and gas at the Seal Sands and St.Fergus terminals and the transporting of Norwegian gas to the latter terminal and receipts of the UK company operating the Murchison field from the Norwegian partners in respect of their share of the operating costs of the field. The imports item

comprises services such as the hire of drilling rigs and marine support vessels, consultancy, diving and insurance (premiums less claims). The estimates are based on returns to the ITIS survey by companies classified to the industry (Class 11.20 of the Standard Industrial Classification, 1992).

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, fees received by actors, directors, producers etc. The second category covers all other personal, cultural and recreational services including those associated with museums, libraries, archives, provision of correspondence courses by teachers or doctors etc. 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 is a special ONS inquiry for the film and television industry.

Government services (Table 3.11)

Government services include all transactions by embassies, consulates, military units and defence agencies with residents of staff, military personnel etc. 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 (e.g. 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 the Office for National Statistics 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.

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 in the UK and elsewhere to non-residents, such as military training schemes.

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.

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.

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 contains service sector information highlighting the UK's major trading partners, the services which are common to a number of industries, and the geographical breakdown on services and industries.

Sea transport: an annual analysis describing the international activities of the UK shipping industry is published by the Department of Transport, Local

Government and the Regions in Transport Statistics Great Britain (The Stationery Office).

Air transport: Information relating to passenger expenditure is published by the Civil Aviation Authority in CAA Monthly and Annual Statistics.

Travel: details are published regularly in National Statistics monthly First Releases and quarterly *Business Monitors (MQ6)*, both titled "Overseas Travel and Tourism", and in the annual publication *Travel Trends*.

Income (chapter 4) Introduction

The income account covers compensation of employees and investment income. For compensation of employees, estimates for total credits, debits and the balance appear at 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

Compensation of employees comprises wages, salaries, and other benefits, in cash or in kind, earned by individuals in economies other than those in which they are residents, for work paid for by residents of those economies. Employees in this context, include seasonal or other short term workers (less than one year), and border workers who have centres of economic interest in their own economies. Compensation of employees also includes pay received by local (host country) staff of embassies, 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 are recorded under travel within trade in services. Wages and salaries are recorded gross, with taxes paid, recorded under current transfers.

Credits

- (i) wages, salaries and other benefits earned by UK seasonal and border workers, together with employers' contributions. The International

Passenger Survey has been amended to collect this information alongside expenditure of non-resident seasonal and border workers from 1998. Estimates for earlier years are based on the growth of travel and average earnings data.

- (ii) wages and salaries earned by UK employees in US military bases in the UK. Information is supplied to the ONS by US military bases.
- (iii) wages and salaries earned by UK employees of foreign embassies in the UK. In 1993, the ONS conducted an inquiry to all high commission offices, embassies, consulates and international organisations in the UK, asking for information on expenditure – including that of locally employed staff. This figure has been updated for subsequent years using information from a small sample of key embassies.

Debits

- (i) wages, salaries and other benefits earned by non-resident workers employed in the UK for less than one year. The International Passenger Survey has been amended to collect this information alongside expenditure of non-resident seasonal and border workers from 1998. Estimates for earlier years are based on the growth of travel and average earnings data.
- (ii) 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 the Government Expenditure Monitoring System (GEMS) and the Ministry of Defence (MOD).

Investment income (Table 4.1 and 4.2)

The investment income account covers earnings (e.g., profits, dividends and interest payments and receipts) arising from foreign investment and 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 is recorded separately from the earnings in the *Financial account*, although reinvested earnings of companies with foreign affiliates are a component of both – see *Earnings on direct investment* below. 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 full 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, etc. 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, etc.

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 become payable, 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 unrealised capital gains and losses should be excluded from the flows entered in the balance of payments accounts, because they represent only valuation changes. 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.

Earnings on direct investment (Table 4.3 and 4.4)

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.

Credits

Direct investment earnings include interest on inter-company debt, 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 simply result in different entries in the current and financial accounts, but the sum of the two entries will always be the same). 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.

Monetary financial institutions (banks): information on the direct investment earnings of UK registered banks, from their foreign branches, subsidiaries and associates is collected by the Bank of England from a selection of banks quarterly and from all banks which are, or have, a direct investment enterprise annually.

Insurance companies and other financial intermediaries: a comprehensive annual inquiry forms the basis for estimates of direct investment earnings by UK insurance companies and other financial intermediaries; these results are supplemented by a quarterly survey. Prior to 1991, the insurance part of the inquiry was conducted by the Association of British Insurers (ABI) on behalf of the ONS. Earnings from foreign property by financial companies are also included here. They are estimated from the levels of such assets held by financial companies and information on their total income from abroad

Private non-financial and public corporations: earnings, both credits and debits, of all private and public non-financial corporations are estimated from the results of the ONS' 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 concerns which are not approached in the inquiry but which are known to have direct investment links. Results of the annual inquiry are available about twelve months after the end of the year and are published in a *National Statistics First Release* and in *Business Monitor MA4*. The estimates for the latest year are based on a quarterly inquiry.

Earnings on foreign assets by the household sector: this comprises household sector investment in property abroad. Estimates for household sector investment in property abroad are purely notional as no data exists for such earnings.

Debits

Estimates for income earned from direct investment in the UK are based on the same inquiries to banks, financial institutions and private non-financial corporations as credits. Foreign earnings on property investment in the UK comprises estimates of interest

due to foreign owners of residential and certain commercial property in the UK. Holdings of property by foreign parent companies through affiliates in the UK are classified as part of companies' direct investment and are covered in the appropriate category above, not under this heading. Only properties owned directly by foreign residents are covered in this heading. Estimates of earnings on the commercial component are based on estimated liability levels (derived from cumulating and revaluing capital flows) and use implied rates of return.

Earnings on portfolio investment (Table 4.5 and 4.6)

Credits

Earnings of UK residents on portfolio investment abroad are sub-divided into earnings on equity securities and earnings on debt securities; debt securities are further sub-divided into earnings on bonds and notes and money market instruments.

Earnings on equity securities: earnings on equity securities consist of dividends received by UK residents on their holdings of shares of foreign registered companies.

Earnings on bonds and notes: earnings on bonds and notes, within debt securities, consist of interest received by UK residents on their holdings of foreign government and municipal loan stock and bonds of foreign registered companies. A large part of the total earnings of UK residents on equity securities and bonds and notes are earned on their investments that are not considered to have led to the acquisition of a foreign affiliate, and so classified as portfolio rather than direct investment.

Estimates of earnings by monetary financial institutions (banks and building societies), insurance companies and pension funds and other financial intermediaries are derived from statutory inquiries conducted by the ONS and the Bank of England. Earnings by securities dealers, included within other financial intermediaries, from 1989 onwards are derived from the statistical inquiry introduced in 1989.

Estimates of earnings by private non-financial corporations on equity securities and bonds and notes

are derived from survey-based asset levels to which rates of return on comparable assets shown by financial institutions are applied.

Estimates of the household sector largely consist of earnings 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. This income, which is generally reinvested in these foreign funds (see *Portfolio investment*) is net of earnings distributed to Lloyd's foreign members. In early years information from the Inland Revenue on UK residents' portfolio earnings from abroad was also used.

Earnings on money market instruments: earnings on money market instruments, within debt securities, consist of earnings of UK residents on holdings of foreign commercial paper, certificates of deposit etc. Data are derived from statistical surveys undertaken by the ONS and the Bank of England.

Debits

Foreign earnings on portfolio investment in the UK are sub-divided into earnings on equity securities and earnings on debt securities while debt securities are further sub-divided into earnings on bonds and notes and money market instruments.

Earnings on equity securities: 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 the ONS' share ownership surveys.

Earnings on bonds and notes: interest on UK foreign currency bonds and notes, within debt securities, relates to bonds issued to foreign official holders of sterling in 1977 and HM Government's 1978 US \$350 million New York bond issue. Also included is interest on foreign currency securities originally issued by public corporations under the exchange cover scheme and subsequently assigned to HM Government. This series also covers interest paid to foreign residents on their holdings of HM Government's floating rate notes (part of the US \$2.5 billion issued in 1985 and

redeemed in 1988, the US \$4 billion issued in 1986 and redeemed in 1996 and a further US \$2 billion issued in 1996). There was a further US \$2 billion fixed rate bond issue in 1996. These data are estimated from the liability level and known interest rates. Also included is interest on HM Government's 10 year ECU 2.5 billion bond (issued in 1991), interest on the 3 year ECU/Euro Treasury Note programme (first issued in January 1992) and interest on the Dm 5 billion and US \$3 billion bonds issued in 1992. The Dm 5 billion bond issue was redeemed in 1997.

Foreign earnings on British government stocks (gilts), within debt securities, is 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.

Foreign earnings on bonds issued by local authorities and public corporations, within debt securities, have been zero in recent years; for earlier years estimates were made by the Bank of England.

From 1992, total interest paid on all bonds and notes issued by UK monetary financial institutions and other sectors (other than domestic debentures and loan stock) has been estimated from records of capital issues held by the London Stock Exchange and the Bank of England. These sources also provide estimates of the total value of bonds on issue, and foreign receipts have been allocated pro rata to their holdings.

Earnings on money market instruments: foreign earnings on UK money market instruments, within debt securities, consist of earnings on foreign holdings of UK treasury bills, certificates of deposit and commercial paper. Estimates of interest paid to foreign holders of sterling and, between 1988 and 1999, ECU/Euro denominated treasury bills are calculated on the basis of levels outstanding and appropriate interest rates. Estimates of foreign earnings on holdings of UK certificates of deposit and commercial paper are derived from statistical inquiries conducted by the ONS and the Bank of England, and from information supplied by the UK's Debt Management Office.

Earnings on other investment (Table 4.7 and 4.8)

Credits

Earnings of UK residents on other investment abroad are sub-divided into earnings on trade credit, loans, deposits and other assets.

Earnings on trade credit: earnings of other sectors reflect the interest receipts from export credit directly extended by suppliers of goods on their own account.

Earnings on loans: earnings on loans are sub-divided 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. It is not possible to separate out UK monetary financial institutions' earnings on lending abroad from their earnings on deposits abroad and estimates for earnings on such loans are therefore included indistinguishably within earnings on deposits (see below).

Long-term loans consist of loans by UK banks guaranteed by the Export Credit Guarantee Department (ECGD), loans by the ECGD themselves, as well as loans by the Commonwealth Development Corporation. These data are derived from information supplied by the Bank of England, the ECGD and by the Commonwealth Development Corporation. Short-term loans mainly consist of loans by non-governmental sectors other than monetary financial institutions. Earnings on such loans are derived from banking statistics.

Earnings on deposits: estimates of earnings on deposits relate to private sector earnings.

Estimates of monetary financial institutions' earnings are sub-divided into earnings on sterling and foreign currency deposits abroad. This heading includes earnings on foreign lending as it is not possible to separate out UK banks' earnings on their lending abroad from earnings on their deposits abroad. These earnings consist of the interest received by UK banks from non-residents on overdrafts and loans made to them in sterling and foreign currencies. UK banks cover all banks in the UK, including (with effect from 1 April 1998) the Banking Department of the Bank of England. The figures are based on returns made by banks to the Bank of England. In 1992, a new reporting form for UK banks was introduced to improve the

cohesiveness of banks' current account transactions (services, interest on non-securitised borrowing and lending and direct investment earnings).

Estimates of securities dealers' earnings on deposits abroad are derived from an ONS statistical inquiry. Estimates of the UK private sector (excluding monetary financial institutions and securities dealers) earnings on deposits abroad are largely estimated from levels of such assets (mainly those reported in banking statistics of countries in the BIS reporting area) and appropriate rates of interest. Adjustments are made to remove as far as possible the effects of incomplete coverage and breaks in the reported assets series. Estimates of the appropriate earnings of miscellaneous financial institutions are included. These are derived from information on asset levels and appropriate interest rates.

Earnings on other assets: until 2001 Q2 earnings from trusts and annuities were estimated from Inland Revenue data on all reported interest and dividend receipts from abroad. From 2001 Q2 Inland Revenue have ceased to collect this data, and from this point the data should be regarded as being of lower quality. Interest earned from currency exchanges undertaken prior to the abolition of exchange control was estimated from debt levels and appropriate interest rates. There have been no such earnings since 1986. Imputed income to UK households from net equity in life assurance reserves and in pension funds is recorded in the balance of payments because households are regarded as owning the net equity of pension funds and life assurance reserves; i.e. the funds set aside for the purpose of satisfying the claims and benefits foreseen. The estimates are derived from data collected on ONS statistical inquiries.

Debits

Foreign earnings on other investment in the UK are subdivided into earnings on trade credit, loans, deposits and other liabilities.

Earnings on trade credit: estimates for interest on import credit received from abroad are purely notional in recent years as there is no longer a source of data for this item.

Earnings on loans: this covers interest on loans raised from commercial banks abroad, the European

Investment Bank (EIB) and interest on public corporations borrowing from abroad. It is not possible to separate out earnings on foreign loans to UK banks from earnings on foreign deposits with UK banks. The estimates for foreign earnings on UK banks' loans from abroad are therefore included indistinguishably within earnings on deposits.

Interest paid on central government long-term fixed-interest loans such as Lend-Lease and the Lines of Credit is reported by HM Treasury. Interest on the Very Short-term Financing Facility (VSTFF) taken out during 1992 and repaid in 1993 is also included here. Estimates of interest on local authorities' borrowing from abroad are made by the Bank of England on the basis of levels outstanding and appropriate discount rates. Interest on public corporations' borrowing from abroad are made by the Bank of England.

Estimates of foreign earnings on securities dealers' loans from abroad are derived from an ONS statistical inquiry. For estimates of foreign earnings on loans to the UK private sector (excluding monetary financial institutions and securities dealers) most interest payments are estimated from levels of liabilities to banks abroad (as published in the BIS' international banking statistics) and appropriate interest rates. Information on interest paid by the UK non-bank private sector to the EIB is supplied by the EIB.

Earnings on deposits: foreign earnings on deposits with UK monetary financial institutions are subdivided into earnings on deposits with banks and earnings on deposits with building societies. It is not possible to separate out foreign earnings on deposits

with UK banks from foreign earnings on loans to UK banks. The estimates for foreign earnings on loans to UK banks are therefore included indistinguishably within earnings on deposits.

Foreign earnings on deposits with UK banks consist of interest on foreign residents' deposits in sterling and foreign currencies. They include the interest paid on deposits which are the counterpart to foreign currency loans made to HM Government and, under the public sector exchange cover scheme, to local authorities and other public bodies. Estimates are made from banking statistics. Estimates of interest paid abroad on deposits with UK building societies are estimated by applying appropriate interest rates to levels outstanding.

Earnings on other liabilities: imputed income to foreign households from UK insurance companies technical reserves is recorded in the balance of payments because households are regarded as owning the net equity of pension funds and life assurance reserves; i.e., the funds set aside for the purpose of satisfying the claims and benefits foreseen. The estimates are derived from data collected on ONS statistical inquiries.

Earnings on reserve assets (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.

Current transfers (chapter 5)

Introduction

Most entries in the balance of payments accounts represent resources provided (goods and services exported or imported or the use of investments) or changes in financial assets and liabilities. Most transactions between UK residents and non-residents give rise to two such entries, which are theoretically recorded in the accounts with opposite signs. For some transactions however, only one such entry appears. Examples are a gift of goods sent abroad (which appears as a positive entry under "Trade in Goods") and a transfer to abroad of financial assets (which appears as a positive entry in the financial

account). The entries in this section represent the counterpart to such entries (the value of the gift of goods or of the assets transferred, with a negative sign in both the examples).

Transfers are separately identified as either current or capital. 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. Counterparts to the capital account entries resulting from money being brought to, or taken from, the UK by migrants are included within the *Capital account*.

Current transfers are sub-divided into those of central government and other sectors. UK's contributions to and receipts from the European Union budget are recorded on a gross basis.

Central government current transfers

Central government transfers include receipts, contributions and subscriptions from or to European Union (EU) institutions and other international bodies, bilateral aid and military grants. Information comes from government departments (HM Treasury, Foreign & Commonwealth Office and Department for International Development).

Credits

These comprise receipts to the UK central government from EU institutions (VAT Abatement and other smaller, miscellaneous EU receipts), taxes on income (compensation of employees and subsidiaries withholding tax) and social contributions paid by non-resident workers and inward direct investors, and payments to the UK in respect of the UK's costs incurred in the Gulf conflict in the early 1990s. From the 1998 edition of the Pink Book, VAT Abatement has been treated as a credit entry to the UK balance of payments, rather than simply netted off VAT based contributions.

Debits

These comprise payments by the UK central government to international organisations and other non-residents.

European Union institutions: payments are part of the UK contribution to the EU budget.

Other international organisations: this includes contributions to the military budget of NATO, contributions to the European 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. 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.

Social Security benefits: these consist of national insurance retirement and war pensions paid abroad.

Collaborative projects: these include the UK contribution towards the JET programme.

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 workers remittances.

Credits

Receipts from EU institutions: comprise receipts in respect 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 as an agent for the ultimate beneficiary of the transfer.

Net non-life insurance premiums: comprise the actual premiums received from non-residents plus the imputed premium supplement (see chapter 10), less the insurance service charge. The source for these data are the 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 three main components:

- (i) Workers remittances, estimated as the savings from work of UK nationals temporarily resident in Middle East oil exporting countries, estimated from the number of UK passport holders resident in these countries, and assumed average savings per worker. These data are supplemented by information in the global transfer debits of the countries concerned.
- (ii) Pension payments and other transfers (excluding immigrants assets) from OECD countries, estimated mainly from information supplied by these countries on their payments to the UK.
- (iii) Similar transfers from other countries. These are estimated from published current transfer debits figures, supplemented by bilateral information on payments to the UK, supplied directly to the ONS. Also included are UK receipts from voluntary aid agencies or non-profit institutions serving households (NPISH's)

Debits

Current transfers on income: these are taxes on the incomes of UK seasonal and border workers (recorded as Compensation of employees) and withholding taxes paid abroad by UK direct investment corporations. These estimates are based on estimates of tax based on seasonal and border income information and the ONS inquiries into foreign direct investment.

Payments to EU institutions: these comprise agricultural and sugar levies, customs duties and VAT based contributions.

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 source for these data are the ONS surveys of insurance corporations and Lloyd's of London.

Other payments of households: these include a number of separate components:

- (i) Cash gifts from UK households to dependants etc. abroad. Data were obtained from exchange control records until 1979. Estimates for later years are based on information supplied by a number of countries on their receipts from the UK. These data are used in conjunction with historical information on gifts collected in the Family Expenditure Survey and, for recent years, the trend in UK personal disposable income.
- (ii) Payments abroad by voluntary aid agencies or non-profit institutions serving households (NPISHs). Data are supplied by the Institutions.
- (iii) The estimated value of gifts sent abroad by parcel post.

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 sub-divided into central 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.

Central government capital transfers: these consist of debt forgiveness and project grants (there are no receipts in recent years). 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 migrant 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 supplied to the International Passenger Survey. These data are supplemented by information on migrants to and from Ireland and asylum seekers, which are not covered by the IPS.

EU Institutions: regional development fund and agricultural guidance fund receipts from the EU are considered to be capital rather than current transfers as they relate to infrastructure projects. Data are supplied by HM Treasury.

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. These data are supplemented by information on migrants to and from Ireland and asylum seekers, which are not covered by the IPS.

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.

Acquisition/disposal of non-produced, non-financial assets

This heading covers intangibles such as patents, copyrights, franchises, leases and other transferable contracts, goodwill etc. 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 are recorded under trade in services as royalties and license fees; only the outright purchase or sale of such assets are 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. It is assumed that such transactions are indistinguishable from other areas of the current account for years before 1996.

Financial account (chapter 7)

Introduction

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 does not refer 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 presentation 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.

Direct investment (Table 7.3 and 7.4)

The term "direct investment" defines a group of transactions between enterprises, usually companies, that are financially and organisationally related and are situated in different countries. Such related enterprises – "affiliates" – comprise subsidiaries, associates and branches. Further details are given in the Glossary. Direct investment refers to investment that is made to add to, deduct from, or acquire, a lasting interest in an enterprise operating in an economy other than that of the investor and which gives the investor an effective voice in the management of the enterprise. Other investments in which the investor does not have an effective voice in the management of the enterprise (i.e., the investor has less than 10 per cent of the voting shares) are regarded as portfolio investments. 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.

Outward investment abroad

Direct investment abroad by UK residents comprises net investment by UK companies in their foreign branches, subsidiaries or associated companies. The figures of outward investment also cover the transactions of a number of concerns which were previously classified as public corporations. Transactions of central government are excluded from direct investment. Outward direct investment includes property transactions and other financial intermediaries' loans and mortgages to foreign residents.

Inward investment in the UK

Direct investment in the UK by foreign residents comprises net investment by foreign companies in branches, subsidiaries or associated companies in the UK. Miscellaneous property investments in the UK by foreign residents are those made by individuals or by companies which do not trade in the UK.

Estimates of direct investment are mainly derived from quarterly and annual inquiries by the ONS and the Bank of England, the combined results of which are published periodically in National Statistics First Releases and *Business Monitor MA4*; the latter provides geographical analyses.

Information on property transactions is obtained by the Inland Revenue, the Office for National Statistics and the Bank of England. Some of this is published in Financial Statistics, and that relating to transactions by insurance companies and pension funds, in *Business Monitor MQ5*.

Portfolio investment (Table 7.5 and 7.6)

Portfolio investment is sub-divided into investment in equity securities and investment in debt securities while debt securities are further sub-divided into investment in bonds and notes and money market instruments.

Outward investment abroad

Transactions in equity securities and bonds and notes: these represent net transactions by UK

residents in shares of foreign registered companies while transactions in bonds and notes, within debt securities, consists of net transactions in foreign government and municipal loan stock and bonds of foreign registered companies. Investment abroad by Lloyd's of London, representing mainly net dollar investment, trust funds held in North America and elsewhere and statutory deposits held abroad, is also covered here, under household sector transactions in bonds and notes.

Until mid-1980 the figures were based partly on exchange control returns (and returns submitted on a voluntary basis after the lifting of controls in October 1979) and partly on a Bank of England inquiry into foreign portfolio investment. From mid-1980 to 1991 a statistical inquiry undertaken by the Bank of England to UK dealers in securities and banks on their customers' transactions was used. Information is now obtained from inquiries to UK monetary financial institutions (banks and building societies), insurance companies and pension funds and other financial intermediaries. From 1989, estimates for securities dealers' foreign investment, within other financial intermediaries, are based on integrated financial returns, with transactions aligned with changes in balance sheets. With effect from 1991 data, the annual inquiries to insurance companies and pension funds have changed from voluntary to statutory (and similarly for the quarterly inquiries with effect from the first quarter of 1992). Adjustments are made to the reported data for insurance companies to remove the commission charges and other local costs included in the gross acquisitions and sales figures which are not appropriate to the financial account.

Estimates of portfolio investment transactions of private non-financial corporations are derived from asset levels at end-1990 and at each end year from then, measured in a new inquiry, linked back to earlier levels of holdings; from 1991, estimates are also based on a smaller quarterly inquiry. Estimates for household sector foreign investments other than Lloyd's of London (see above) are largely based on Inland Revenue data.

Transactions in money market instruments: these consist of transactions in foreign commercial paper and certificates of deposit. Estimates are derived from

statistical surveys undertaken by the ONS and the Bank of England.

Inward investment in the UK

Transactions in equity securities: the main source for the estimates of transactions in ordinary shares is the portfolio investment inquiry which was introduced in mid-1980. However, the data from the beginning of 1985 have been adjusted to take account of total levels of foreign investment in shares indicated by the results of the ONS' share register surveys held annually from 1989 to 1994 and annually from 1997.

Transactions in bonds and notes: this includes foreign net acquisitions of bonds denominated in US dollars, Deutschmarks, Swiss Francs, and Yen and sold to official holders of sterling in April 1977; an issue in New York in 1978 of US \$350 million of HM Government 7 and 15 year bonds; an issue in 1991 of ECU 2.5 billion HM Government 10 year bonds; issues in 1992 of Dm 5 billion (redeemed in 1997) and US \$3 billion HM Government 5 and 10 year bonds respectively; issues commencing January 1992 of 3 year HM Government ECU/Euro Treasury Notes and an issue in 1996 of a US \$2 billion HM Government 5 year bond. The estimates for foreign currency notes comprise foreign residents' purchases of HM Government's October 1985 US \$2.5 billion floating rate note issue (redeemed in 1988), the September 1986 US \$4 billion issue (partially redeemed in 1991 and fully redeemed in 1996) and a further US \$2 billion floating rate note issue in 1996, and subsequent net transactions by foreign residents.

Foreign transactions in British government stocks, within debt securities, consists of net transactions by central banks and international organisations and private foreign residents in government and government guaranteed stocks. It is measured from banking statistics and other Bank of England sources. Most gilts are issued by the UK government at a discount to the redemption value.

Foreign transactions in bonds issued by local authorities and public corporations, within debt securities, have been zero in recent years. Public corporations' securities include issues under the public sector exchange cover scheme. Any such issues subsequently assigned to HM Government are not

included as transactions in the balance of payments accounts; their redemptions will be included in due course as redemptions of British government foreign currency bonds and notes (see above). They are measured from official records.

Foreign transactions in bonds and notes issued by UK monetary financial institutions and other sectors up to the end of 1986 are estimated from the Bank of England's database of all UK bonds and notes known or estimated to have been issued to foreign residents together with information obtained from the portfolio investment inquiry. The latter covers secondary market trading and some new issues but not redemptions. From 1987 onwards estimates of total foreign transactions in bonds have been obtained by assuming that any net transactions in UK securities not attributable to the domestic sectors of the UK (using all available data sources) are attributable to foreign residents. For 1987 to 1991, estimates of capital issues have been obtained from balance sheet returns for banks and building societies; and from the Bank of England's records of capital issues for other UK companies. From 1992, estimates of net capital issues by UK companies come from the London Stock Exchange's records of securities with a listing in London; and from the Bank of England's records for securities listed elsewhere or without a listing. Building society issues are taken from balance sheet returns. Transactions under the exchange cover scheme relate to redemptions by British Airways plc and British Telecom plc after privatisation. The original issues and redemptions before privatisation are included within public corporations' transactions. The estimates are based on information obtained by the Bank of England.

Transactions in money market instruments: these consist of net acquisitions of UK treasury bills, certificates of deposit and commercial paper. Foreign residents' net transactions in sterling and, between October 1988 and September 1999, ECU/Euro denominated Treasury bills exclude any bills held by the Bank of England as the sterling counterpart of foreign currency deposits arising from central bank assistance. Estimates of foreign transactions in UK certificates of deposit and commercial paper are derived from statistical inquiries conducted by the ONS and the Bank of England, and from information supplied by the UK's Debt Management Office.

Financial derivatives (7.1)

Financial derivatives include options (on currencies, interest rates, commodities, indices, etc.), traded financial futures, warrants and currency and interest swaps. Estimates for financial derivatives are currently unavailable except for settlement receipts/payments on UK banks' interest rate swaps which are supplied by the Bank of England. From Pink Book 2001 the UK moved to new international standards that now treat settlement payments and receipts on interest rate swaps as financial flows (rather than investment income).

Other investment (Table 7.7 and 7.8)

Other investment is sub-divided into trade credit, loans, currency and deposits and transactions in other assets.

Outward investment abroad

Trade credit: this represents the extent to which the flow of payments for imports and exports follows or precedes the flow of goods recorded in the current account. Goods received under financial leasing agreements and certain long-term operating leases (e.g. for aircraft) are treated as being purchased by the lessee, with the purchase being financed by trade credit from the lessor. However, goods leased to foreign residents by specialist UK finance leasing companies are treated as being financed by a loan rather than trade credit and are included under loans (below). Trade credit between related firms (i.e. credit received or extended between a UK business and a foreign affiliate or parent company) is treated as an investment in an affiliate or parent company and is therefore recorded under direct investment.

Other sectors' long-term trade credit relates to advance and progress payments on imports. These are those payments made by UK central government and companies to foreign suppliers. When these advance or progress payments are financed out of credit arranged with foreign banks, both the credit received and the payments made to the foreign manufacturer are recorded separately on opposite sides of the accounts but these transactions should net out within the financial account as a whole.

Only partial information is available for trade credit. Data for monetary financial institutions (banks) is

available from the Bank of England and data for other sectors' short-term trade credit is derived from ONS inquiries.

Loans: these are sub-divided into long-term and short-term loans; short term loans are those which are repaid in full within one year. Long-term loans consist of inter-government loans by the UK central government, loans by the Commonwealth Development Corporation (a public corporation), loans by UK banks guaranteed by the ECGD and loans by the ECGD themselves. Inter-government loans covers drawings on and repayments of loans between the UK government and foreign governments. Estimates for loans by the Commonwealth Development Corporation are obtained directly from the Corporation, UK banks' loans data are supplied by the Bank of England, whilst information on loans by the ECGD are supplied direct by the Department.

Estimates for short-term loans mainly consist of loans by UK banks and miscellaneous financial institutions (within "other sectors") and are derived from banking statistics.

Currency and deposits: estimates of UK residents' deposits abroad relate to private sector deposits.

Deposits abroad by UK monetary financial institutions are sub-divided into sterling and foreign currency deposits by UK banks. Some transactions in banks' foreign assets and liabilities taking place between two UK residents are also included, sometimes indistinguishably. However, these are matched by offsetting entries elsewhere in the accounts.

Estimates of monetary financial institutions' sterling deposits abroad are derived from banking statistics. Estimates for foreign currency deposits abroad have been calculated from the end-quarter balance sheets as reported by all UK banks and similar institutions to the Bank of England. Adjustments have been made to the reported changes in balance sheets to exclude revaluations resulting from changes in exchange rates.

Estimates of securities dealers' deposits abroad since the second quarter of 1989 have been derived

from their asset levels reported to the Bank of England in a statistical inquiry, taken over by the Office for National Statistics from the third quarter of 1992. Estimates for earlier years, back to 1986, are based on information from published annual accounts.

Estimates of the UK private sector (excluding monetary financial institutions and securities dealers) are based on counterpart information obtained from the Bank for International Settlements (BIS). Due to limitations in the coverage of the BIS data, statistical adjustments have been applied from 1994 to improve the overall coherence of the sector financial accounts. The financial flows are estimated from changes in levels adjusted for exchange rate movements. They omit as far as possible, the effects of any discontinuities in the levels series.

Estimates for transactions in foreign notes and coin by the UK private sector other than monetary financial institutions are based on tourists' expenditure. Transactions in non-monetary gold covers net transactions in gold, which is held as a financial asset by listed institutions in the London Bullion Market (LBM). Estimates are derived from data collected from banking statistics.

Other assets: this includes central government subscriptions to international organisations and covers capital subscriptions to international lending bodies other than the IMF, i.e. 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.

The entry for UK banks' and ECGD's debt forgiveness offsets the corresponding entry in the capital account. Other sectors' 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 inquiries.

Inward investment in the UK

Trade credit: this represents the extent to which the flow of payments for imports and exports follows or precedes the flow of goods recorded in the current account. Very little data are now available for transactions in trade credit liabilities and estimates must be regarded as being of poor quality.

Loans: these are sub-divided into long-term and short-term loans, and the former are further sub-divided into drawings and repayments. It is not possible to separate out loans from abroad to UK banks from foreign deposits with UK banks; all such transactions are therefore assumed to be deposits.

Long-term loans consist of drawings and repayments by central government, local authorities and public corporations. 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 Transport, Local Government and the Regions. Estimates for other long-term loans are largely obtained from the Bank of England.

Estimates for central government short-term loans from abroad covers the Very Short-term Financing Facility (VSTFF) which was taken out during 1992 and repaid in 1993. Estimates for securities dealers' short-term loans from abroad from 1989 are estimated from levels of liabilities reported in a statistical inquiry. Since 1995 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

Estimates of borrowing by UK residents other than banks 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). The data relate to levels of liabilities; flows have been estimated from changes in levels, adjusted to remove

the effects of exchange rate movements and discontinuities in coverage. Due to limitations in coverage of the BIS data, statistical adjustments have been applied to the estimates since 1994 in order to improve the overall coherence of the sector financial accounts. Additional information on borrowing from the European Investment Bank (EIB) is obtained from the EIB.

Currency and deposits: these are sub-divided into transactions in sterling notes and coins, and deposits from abroad with UK monetary financial institutions including deposit liabilities of the UK central government.

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.

Foreign deposits with UK monetary financial institutions are sub-divided into deposits with banks and deposits with building societies. 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 (i.e. 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 have been made to the reported changes in balance sheets to exclude revaluations resulting from changes in exchange rates.

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. In recent years this has consisted entirely of balances held by the Paymaster General on the European Union (EU) account.

Other liabilities: these are sub-divided into long-term and short-term liabilities.

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; i.e., the funds set aside for the purpose of satisfying the claims and benefits foreseen. The estimates are derived from data collected on ONS statistical inquiries.

Short-term liabilities largely consists of additions to insurance companies' technical reserves, estimates for which are derived from ONS statistical inquiries, and 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.

Reserve assets (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. From July 1979 convertible currencies also include European Currency Units acquired from swaps with the European Monetary Co-operation Fund (until December 1993), the European Monetary Institute (until December 1997) and the European Central Bank (from 1998). The swap arrangement was terminated in December 1998.

International investment position (chapter 8)

Introduction

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:

- (i) where assets and liabilities are denominated in foreign currencies, their sterling value may change because of changes in foreign exchange rates;
- (ii) where assets and liabilities are regularly bought and sold (e.g. British government stocks, UK and foreign company securities), the current market value may be different from the value at which they were acquired;

- (iii) where the holders of assets and liabilities change their values in preparing their accounts to reflect what is thought to represent the current position (e.g. 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: e.g. the introduction of new series on certain assets and liabilities of securities dealers from 1989 onwards.

Assessment of the international investment position

Because of 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 book values 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 book 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 (e.g. 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.

- (a) Where both levels and transactions are reported (e.g. 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.
- (b) Where only levels are reported and transactions are derived from changes in levels, allowing as far as possible for valuation changes, (e.g. non-portfolio transactions of UK and foreign banks), there may be errors in the estimates of transactions (e.g. in allowing for valuation changes) with no corresponding error in levels.
- (c) Where only transactions are reported and levels are calculated by cumulating transactions and allowing for valuation changes, e.g. 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 levels (Table 8.3 and 8.4)

Outward investment abroad

Direct investment abroad by UK residents: this represents the stock of investment in foreign branches, subsidiaries and associates and in real estate abroad. Figures for insurance companies, other financial intermediaries and private non-financial corporations are based on ONS survey data. Since 1988, the annual Foreign Direct Investment Inquiry has collected balance sheet information to produce estimates of the net book value of direct investment for the end of each year. The figures for 1991 to 2000 are based on the annual inquiry data and the 2001 figures are a projection taking into account flows of direct investment, exchange rate changes and other projected revaluations.

The surveys relate to total net asset values attributable to investing companies, i.e. 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 which are written off directly against reserves.

Direct investment by insurance companies and the household sector include estimates of all property investments together with related foreign loans of non-bank financial institutions.

The figures for UK monetary financial institutions have been based on periodic censuses of foreign

assets and liabilities carried out by the Bank of England, the latest being for end-2001; values for other years are estimated by similar methods to those used for other companies. From December 1998 a new annual report form was introduced for banks. The level of investment is defined as the sum of reporting institutions' investment in ordinary and preference shares, loan and working capital and other capital funds and reserves of their foreign affiliates; less certain funds raised by foreign affiliates through the issue of loan stocks and subsequently redeposited with their UK parents.

Inward investment in the UK

Direct investment in the UK by foreign residents: this represents the stock of investment by companies incorporated abroad in their UK branches, subsidiaries and associates. The estimates relate to book values and are measured in the same way as those for direct investment abroad. The latest firm figures relate to end-2000. Foreign direct investment in private non-financial corporations consists of foreign residents' holdings of UK real estate not held through companies trading in the UK. It is estimated from the financial flows and appropriate indicators of market prices.

Portfolio investment levels (Table 8.5 and 8.6)

Portfolio investment abroad is sub-divided into equity securities and debt securities while debt securities are further sub-divided into bonds and notes and money market instruments. The *IMF Balance of Payments Manual 5th edition* specifies a further component of debt securities, financial derivatives, but estimates for these instruments are not currently available for all sectors. See table FD for an estimate of assets and liabilities in derivatives held by banks and securities dealers.

Outward investment abroad

Equity securities and bonds and notes: equity securities consists of UK residents' holdings of shares of foreign registered companies while investment in bonds and notes, within debt securities, consists of holdings by UK residents of foreign government and municipal loan stock and bonds of foreign registered companies.

Since the abolition of exchange control in 1979, the total is calculated using a combination of banking statistics, the results of the portfolio investment inquiry to banks and dealers in securities on their customers' transactions (from mid-1980 to 1991 undertaken by the Bank of England) and information, from inquiries to insurance companies and pension funds and other financial intermediaries. Estimates for securities dealers, within other financial intermediaries, are derived from a statistical inquiry, initiated by the Bank of England in 1989 and undertaken by the Office for National Statistics from the third quarter of 1992.

Estimates for Lloyd's of London fall within household sector investment in bonds and notes; estimates are derived from data supplied by Lloyd's. Estimates of assets held by the household sector other than Lloyd's of London are largely based on Inland Revenue data.

Estimates of assets held by private non-financial corporations are derived from quarterly inquiries from end 1990 (the Financial Assets and Liabilities Survey). Adjustments were made to previous estimates to make them consistent with the new data.

Money market instruments: this consists of holdings of foreign commercial paper and certificates of deposit. Estimates are derived from statistical surveys undertaken by the ONS and the Bank of England.

Inward investment in the UK

Equity securities: the market value of inward portfolio investment in listed ordinary shares from 1989 onwards is based on the results of share ownership surveys, carried out annually from 1989 to 1994 and annually from 1997. Adjustments are made to exclude holdings of a direct investment nature and to establish the beneficial ownership of nominee share holdings (the latest Share Ownership Survey, covering end-2000, was published by the ONS in June 2001). The estimates for 2001 holdings are derived from the cumulated results of quarterly transaction surveys, adjusted for price movements in the FTSE All-Share index.

Bonds and notes: Investment in UK foreign currency bonds and notes consists of bonds denominated in

US dollars, Deutschmarks, Swiss Francs, and Yen and sold to official holders of sterling in April 1977; an issue in New York in 1978 of US \$350 million of HM Government 7 and 15 year bonds; an issue in 1991 of ECU 2.5 billion HM Government 10 year bonds; issues in 1992 of Dm 5 billion (redeemed in 1997) and US \$3 billion HM Government 5 and 10 year bonds respectively; issues commencing January 1992 of 3 year HM Government ECU/Euro Treasury Notes and an issue in 1996 of a US \$2 billion HM Government 5 year bond. As well as securities issued by HM Government, this item also includes some securities originally issued by public corporations under the exchange cover scheme and subsequently assigned to HM Government. There are no corresponding transactions in the financial account as the assignments are UK domestic transactions. Values have been translated to sterling at end-year middle-market rates. The estimates for foreign currency notes comprise foreign residents holdings of HM Government's October 1985 US \$2.5 billion floating rate note issue (redeemed in 1988), the September 1986 US \$4 billion issue (partially redeemed in 1991 and fully redeemed in 1996) and a further US \$2 billion floating rate note issue in 1996.

Levels of British government stocks held 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; the most recent Gilts survey recorded non-resident holdings as at end-2001. Foreign holdings of local authorities and public corporations bonds have been zero in recent years. Public corporations' securities issued under the exchange cover scheme and later assigned to HM Government are covered here until the date of assignment and thereafter under UK foreign currency bonds and notes, above.

Inward investment in bonds and notes issued by UK monetary financial institutions and other sectors is estimated from information derived from Bank of England and London Stock Exchange records of UK company bond issues, accumulated financial transactions and price and exchange rate movements.

Money market instruments: this consists of foreign holdings of UK treasury bills, commercial paper and

certificates of deposit. Estimates are derived from statistical surveys undertaken by the ONS and the Bank of England, and from information supplied by the UK's Debt Management Office.

Other investment levels (Table 8.7 and 8.8)

Other investment abroad is sub-divided into trade credit, loans, currency and deposits and other assets. For trade credit and loans see notes under "Other Investment abroad" under *Financial account*.

Outward investment abroad

Currency and deposits: Estimates of UK residents' deposits abroad relate to private sector deposits. Deposits abroad by UK monetary financial institutions are sub-divided into sterling and foreign currency deposits by UK banks and are derived from banking data.

Estimates of securities dealers deposits abroad since the second quarter of 1989 have been derived from a statistical inquiry, taken over from the Bank of England by the Office for National Statistics from the third quarter of 1992.

Estimates of the UK private sector (excluding monetary financial institutions and securities dealers) assets with banks abroad are derived from the banking statistics of countries in the BIS reporting area (as defined in Chapter 7) obtained from the Bank for International Settlements. They include the working balances of various UK companies. 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.

Estimates of foreign notes and coin covers the estimated holdings (excluding gold coin) by UK residents except banks and financial intermediaries. The estimates are derived from the transactions with an allowance for exchange rate movements.

Other assets: For central government subscriptions to international organisations see notes on "Other investment abroad" in the Financial account. Other sectors' long-term and short-term assets largely relate to assets of UK insurance companies and pension funds and other financial intermediaries other than bonds and shares etc., estimates for which are obtained from ONS statistical inquiries. From 1994 other sectors' short-term assets have included net reinsurance balances of UK insurance companies with the rest of the world, which have been negative in recent years.

Inward investment in the UK

Other investment in the UK is sub-divided into trade credit, loans, currency and deposits and other liabilities. For trade credit, long-term loans and short-loan loans to central government, local authorities, public corporations and securities dealers see notes on "Other Investment in the UK" under Financial account.

Short-term loans to the UK private sector other than monetary financial institutions and securities dealers: estimates for such loans are derived mainly from the banking statistics of countries in the BIS reporting area. Adjustments have been made to eliminate overlap with other items. The limitations in the BIS data has resulted in statistical adjustments being applied to the financial flows data from 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. Borrowing from the European Investment Bank is also included. The liabilities of miscellaneous financial institutions to banks abroad are included here from end-1981.

Currency and deposits: levels of sterling notes and coin held by private foreign residents (other than monetary financial institutions) are estimated from the financial flows.

Foreign deposits with UK monetary financial institutions are sub-divided into deposits with banks and deposits with building societies. 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, foreign currency deposits include deposits and advances received from foreign residents. It includes foreign liabilities arising from UK banks' participation in the US \$2.5 billion and US \$1.5 billion facilities arranged for HM Government and other borrowing to finance UK bank lending to the public sector. Estimates for both sterling and foreign currency deposits with UK monetary financial institutions are derived from banking statistics.

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 balances not attributable elsewhere in the accounts. In recent years this has consisted entirely of balances held by the Paymaster General on the European Union (EU) account.

Other liabilities: 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; i.e., the funds set aside for the purpose of satisfying the claims and benefits foreseen. The estimates are derived from data collected on ONS statistical inquiries.

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.

Reserve asset levels (Table 8.9)

These 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. Until 1999 securities are valued at historic cost but translated to sterling as set out below. 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.

Gold is 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. SDRs and convertible currencies (including ECUs) are valued throughout at closing middle market rates of exchange. Since 2000 all reserve assets are valued at end-period market prices and exchange rates.

Financial derivatives (Table FD)

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, futures/forwards, swaps, FRAs, warrants 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 (e.g. securities) to which they may be linked for hedging purposes. Derivatives are valued at current market prices.

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

Data published in table FD 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. Work is continuing to validate and improve the estimates and obtain more information on the types of derivatives traded.

Geographical breakdown of the current account (chapter 9)

Introduction

The geographical data published in this edition of the Pink Book is consistent with level 3 of Eurostat's Vade Mecum (64 individual countries, 9 geographical regions and 5 continents). The figures for the European Union (EU) relate to the current membership; i.e. Sweden, Finland and Austria, which joined the EU on 1 January 1995, are included in the EU totals for all years. EU Institutions are also included in the EU aggregate and are excluded from the International Organisations total. For the purposes of this publication Belgium and Luxembourg, which already have an economic union, are treated as one entity – data are not available separately. Data for China exclude Hong Kong, which is shown as an individual item.

Reliability of estimates

At present, the United Kingdom's (UK) balance of payments accounts are primarily on a global basis. Not all of the data sources used in preparing the accounts attempt to distinguish transactions with individual countries, although many do and steps are being taken to expand the range of geographical data used. For example, the Bank of England has introduced a comprehensive new survey form to improve the quality of geographical disaggregates of banking services from 1998.

Where country data are not reported, estimates are made by using related information. Some data sources (e.g. Film and Television Inquiry) only report figures for broad geographical areas and these have been sub-divided by country using the geographical detail for a related category. In cases where geographical data are not reported, such as for some components of investment income, proxy estimates are imputed using a geographical breakdown of the capital assets or liabilities from which such income arises.

In addition to the imputation of geographical detail for some categories where the data are incomplete, there remains a margin of uncertainty about the accuracy of reported data by country. The finer the level of geographical detail sought the greater the likelihood of misallocation. When enterprises are asked to report geographical data they are encouraged to make their best estimates, but as

country allocation may not be a crucial aspect of the information from which details are extracted, a significant degree of approximation may occur.

Given the conceptual and practical limitations described above these estimates should be seen as a very broad indication of the economic relationships between the UK and rest of world economies. They will be more reliable and more meaningful in terms of broad geographical areas and major partner countries than for smaller partner countries. They are also more robust for trade in goods and services than for income, the latter being particularly affected by flows through financial intermediaries and therefore harder to correctly allocate to a particular country. Estimates for recent years are also more reliable than those for earlier years as some data sources do not extend back over the whole published period.

Conceptual issues

Conceptually, a geographic balance of payments account should allocate transactions in a way that reflects flows of economic resources between different economies. In practice, it is often extremely difficult to follow this principle with the information available. One area of difficulty is where UK residents act as intermediaries, for a whole range of financial and allied activities, where the principals involved are non-resident, but where the full payments may be made via UK intermediaries. Another difficulty arises where holding companies serve as conduits for channelling funds to or from more than one overseas economy. These transactions are classified as being with the country in which the holding companies are registered; this will not fully reflect the indirect economic relationship. For example, a subsidiary of a UK company in country A may earn part of its profits in countries B and C, but all profits will usually be attributed to country A.

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.

Trade in goods

Exports of goods are allocated to the country of last known destination. Imports of goods are allocated according to the country of consignment. The principal data source for trade in goods is HM Customs and Excise (see methodological chapter on Trade in Goods 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 is 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 and imports estimates are made partly from the International

Passenger Survey, 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 the ticket is 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. Pipeline transport is based on those countries that are assumed to import/export North Sea oil and gas.

Travel: 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 and other business services is largely based on information supplied to the ITIS survey, supplemented with information from the Royal Mail.

Insurance services: estimates are based on detailed geographical data provided by Lloyds of London, as well as the ITIS survey for insurance imports and exports provided to and from non-insurance institutions. Other insurance services are imputed from Lloyd's data.

Financial services: geographical information on exports and imports of banking services are obtained from the Bank of England. Estimates for all other financial services are based on limited geographical breakdowns collected in the ITIS inquiry and the use of proxies.

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 of Social Security and the Foreign and Commonwealth Office. The United States Air Force also provide 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.

More detailed information on the geographical breakdown of trade in services estimates, including definitions of geographical regions, are outlined in the notes of the publication UK trade in services – UKA1 (available in electronic format from the ONS website).

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.

Direct investment income: figures are based on the annual foreign investment inquiries 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 issued by foreign institutions. Estimates are derived from surveys of UK end investors (banks, securities dealers, unit and investment trusts, insurance companies, pension funds and some industrial companies).

Estimating portfolio investment and associated income flows across international boundaries is one of the most difficult parts of national accounting statistics. It is particularly difficult when we subdivide the flows between countries or regions of the

world. Portfolio investment income is particularly difficult to allocate correctly to the actual country either owning or issuing the security as the transactions are often made through financial intermediaries in a third country. An article was published in the December 2000 Economic Trends describing a review into the methodology used for the geographical allocation of portfolio investment income. The review recommended a number of changes to the existing methodology and that new data sources be used for portfolio investment debits. These recommendations were implemented in the fourth quarter of 2000, and resulted in a number of changes.

The problem of estimating a geographical breakdown of portfolio investment is not only confined to the UK. Other countries face the same difficulties. Indeed, it has been a matter for international discussion for many years. In 1992, a committee under the auspices of the IMF felt that to address the problem there should be a survey of portfolio investment assets co-ordinated across the major investing nations. This was an ambitious aim, and after considerable international effort, such a survey (Co-ordinated Portfolio Investment Survey (CPIS)) was undertaken in respect of end 1997. Most major investing countries, including the UK, took part in the survey and the results are used to derive a geographical breakdown of portfolio investment credits. 1997 should therefore be viewed as the year of the highest quality. The latest co-ordinated survey was undertaken in respect of end-2001, however results will not be known until later in 2002 and have not been used in producing this publication. A separate article will be published early in 2003 detailing the results of the latest survey.

The Bank of England supplies estimates of income on portfolio investment abroad by UK banks. Surveys of UK banks' balance sheets provide information on the geographic breakdown of levels. This breakdown is applied to the estimates of global earnings also obtained by surveys of UK banks. This is the same approach as previously used, however new survey forms were introduced as part of the Banking Statistics Review in September 1997. Some revisions to the geographic split of income will be seen due to changes in the methodology used to produce the banking data. The Bank of England has introduced a

new production system, which has improved the quality of the geographic split, and this has therefore resulted in changes to the previous dataset. Revisions affect Portfolio investment and to a lesser extent Direct Investment, but the largest revisions can be seen in Other investment.

The country allocation of the levels of UK non-banks portfolio investment in the rest of the world, estimated in the CPIS, is used to estimate non-banks portfolio investment income credits. Effectively, therefore, a constant rate of return across countries is applied at each point in time. Earlier data are estimated by applying the movements in the country allocation of banks' assets to non-banks. This is a partial approximation of the structural changes to the investors' portfolio, principally because banks invest largely in debt securities and hold minimal equity securities which other financial institutions (surveyed by ONS) predominantly hold.

On debits (dividends and interest payments made to overseas residents by issuers of UK securities), the problems multiply. This is mainly because, except for registered securities, it is quite impossible for the issuer to keep track of the beneficial owner of the securities. Currently the results of the survey of share ownership at end-2000 are used to allocate portfolio holdings of UK securities, and associated dividends, to the main regions of the world. Surveys of share registers have been conducted in 1992, 1993, 1994 and then annually from 1997 onwards, although a suitable geographical breakdown was not available from the 1998 survey.

Interest payments on UK bonds and notes are allocated using the debt security results from the CPIS. One of the advantages of the CPIS was that the results of the surveys conducted by foreign statistical offices and central banks of their institutions could be analysed centrally to provide information to countries on where their issued securities were held. These data can provide us with an estimate of the liability position in respect of all other participating countries holdings of UK issued equity and debt securities. Their use needed to be carefully evaluated, as the data

were incomplete, mainly because of the non-participation of several large investing countries but also because for many countries there is an inherent problem in locating all of their resident end-investors' holdings. This is especially the case when investment is carried out via custodians in a third country (which cannot be surveyed directly) and can result in misallocation of assets by a country. We consulted with colleagues abroad to get their view of where their residents invest and included estimates for those non-participating countries.

Other investment income: gross interest flows between UK banks and the rest of the world are estimated, by the Bank of England, by allocating the 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 have been allocated to 'Other Europe'.

Current transfers

The geographical allocation of withholding taxes are based on the geographical allocation of inward and outward direct investment as published in *Business Monitor MA4*. The geographical allocation of insurance premiums are based on information supplied by Lloyds of London. Data on EU transfers are provided by the 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.

NAVIGATION AID

Select the **HAND** tool and click in the Glossary list to enlarge the view. Continue clicking to advance throughout the listing, or select a Glossary bookmark to go directly to a specific part of it.

Glossary**Acceptances**

See Bills and acceptances.

activities include, inter alia, market purchases of commercial bills from UK banks.

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 Customs and Excise 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.

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 BIS data used within the UK balance of payments accounts cover non-bank borrowing from banks in the following countries: Australia, Austria, the Bahamas, Bahrain, Belgium/Luxembourg, Canada, Cayman Islands, Denmark, Finland, France, Germany, Guernsey, Hong Kong, India, Ireland, Isle of Man, Italy, Japan, Jersey, Netherlands, Netherlands Antilles, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, Turkey, United States of America and branches of US banks in Panama.

Advance and progress payments

Payments made for goods in advance of completion and delivery of the goods.

Affiliates

Branches, subsidiaries or associate companies.

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 covers 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 United Kingdom.

Allocation of SDRs

See Special Drawing Rights.

Arbitrage

Buying in a market in one centre and selling in a similar market in another centre.

Banks (UK)

Banks are defined as all financial institutions recognised by the Bank of England as UK banks for statistical purposes, this includes (1) 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; and (2) European Economic Area credit institutions with a permission under Schedule 3 to FSMA to accept deposits through a UK branch. (3) The Banking and Issue Departments of the Bank of England (the latter from April 1998).

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.

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

Bank of England – Issue Department

This part of the Bank of England deals with the issue of bank notes on behalf of central government and was formerly classified to central government though it is now part of the central bank/monetary authorities sector. Its

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' and can also be found on the Bank's website at

www.bankofengland.co.uk/mfsd/banklists/banklistschedule.htm

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, issued by governments as well as companies and other institutions, e.g. 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.

Branch indebtedness

Net amounts owed by a branch to its head office (or vice versa).

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 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 separate entry in glossary).

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 f.o.b. valuation consistent with the valuation of exports which is used in the economic accounts.

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. Includes the value of social contributions payable by the employer.

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 (see under Special Drawing Rights).

Cross-trades

See Third country trade.

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.

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. (See Branch indebtedness, 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 e.g., by operators of ships or aircraft.

Dividend

A payment made to company shareholders from current or previously retained profits. Dividends are recorded when they become payable.

Equity

Equity is ownership or potential ownership of a company. They 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 (i.e., 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.

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.

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)

This was established in March 1979. Its most important element is the mechanism (the ERM – Exchange Rate Mechanism) whereby the exchange rates between the currencies of the participating member states are 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. Eleven of the participating member states joined European Monetary Union on 1 January 1999, with Greece joining on 1 January 2001.

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 in exchange for sterling for use to finance expenditure in the United Kingdom. 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 of 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; identified long-term

Credit extended by UK banks under the ECGD's buyer credit and specific bank guarantees schemes.

Export Credits Guarantee Department (ECGD)

A government department whose main function is to provide insurance cover for export credit transactions.

Financial account

The financial account records transactions in external assets and liabilities of the UK; e.g., 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. Financial auxiliaries include such activities as insurance broking and fund management.

Financial corporations

All bodies recognised as independent legal entities whose principal activity is financial intermediation and/or the production of auxiliary financial services. However, the United Kingdom currently treats financial auxiliaries as non-financial corporations.

Financial derivatives

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, etc.), 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. Only estimates for settlement receipts/payments on UK banks' interest rate swaps and forward rate agreements are currently 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.

f.o.b. (free on board)

A f.o.b. price excludes the cost of insurance and freight from the country of consignment but includes all charges up to the point where the goods are deposited on board the exporting/importing vessel or aircraft. Trade in goods are valued on a f.o.b. basis in the balance of payments accounts.

Foreign

In this publication "foreign" denotes residence outside the United Kingdom rather than nationality. In some contexts "external", "abroad" or "non-resident" are used with the same meaning. See entry for 'residency'.

Futures

Instruments which 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 (i.e. for jewellery, dentistry, electronic goods, medals and proof – but not bullion – coins).

All other transactions in gold (i.e. those involving semi-manufactures such as rods, wire, etc., 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 United Kingdom has obtained an exemption from adopting the BPM5 recommendations on treatment of gold until the year 2005 in order to avoid distortion of its trade in goods account by the substantial transactions of the London Bullion Market.

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 the position or anticipated position in the cash markets. This may benefit banks, financial institutions, pension funds and corporate treasuries who hold interest rate or currency rate or stock price sensitive assets or liabilities.

Households

Individuals or small groups of individuals as consumers and in some cases as entrepreneurs producing goods and market services.

Import credit: long-term agreements

Credit received on imported ships, commercial aircraft and certain North Sea installations.

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.

International Monetary Fund (IMF)

A Fund set up as a result of the Bretton Woods Conference of 1944 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

The UK agency which operates the support arrangements of the EU Common Agricultural Policy within the United Kingdom.

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

An institution that invests its capital in a wide range of other companies' shares. Investment trusts issue shares which are listed on the London Stock Exchange and use this capital to invest in the shares of other companies. See also Unit trusts.

Leasing

In the balance of payments accounts all financial leases and some long-term operating leases (e.g. 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. The capital transactions involved are recorded under 'Trade credit' or, in the case of transactions by specialist UK leasing companies, 'Loans', both of which fall within Other Investment Abroad. Interest is recorded in the corresponding place in the investment income part of the current account.

Liabilities

In balance of payments terminology, liabilities are the financial claims of non-residents on the UK.

Local authorities

Elected councils responsible for the administration of certain services in particular areas within the United Kingdom.

Merchanting

Trade between two countries other than the United Kingdom, in which the United Kingdom may participate as

an intermediary or by providing transport, insurance services or credit facilities.

Monetary financial institutions

Banks and building societies.

Miscellaneous financial institutions

These include certain institutions, not classified as UK banks, whose main function is to extend credit abroad and certain listed institutions in the London Bullion Market which are not UK banks.

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 United Kingdom this is equivalent to the Bank of England and part of the Treasury (the Exchange Equalisation Account).

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 under 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 instruments usually are 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.

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 proper to the capital account; earnings from them are recorded 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.

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 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 foreign registered companies, other than that classed as direct investment, and in equity and debt securities issued by foreign 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 represent 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 share holders 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 (and Girobank when it was publicly owned), 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 have a substantial degree of financial independence from the public authority which created them. A public corporation is publicly controlled to the extent that the public authority, i.e. central or local government, appoints the whole or a majority of the board of management. 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.

Related companies

Branches, subsidiaries, associates or parents.

Related import or export credit

Trade credit between related companies included in direct investment.

Repo

This is short for "sale and repurchase agreement", in which 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. Repo transactions are treated as borrowing/lending within other investment, rather than as transactions in the underlying securities.

Reserve assets

Short term assets which can be very quickly converted into cash, it comprises the UK's official holdings of gold, convertible currencies, Special Drawing Rights, and changes in the UK reserve position in the IMF. Between July 1979 and December 1998, it includes European Currency Units acquired from swaps with the European Cooperation Fund, EMI and the ECB. Reserve assets were referred to as "official reserves" in previous editions of the Pink Book.

Reserve position in the Fund

The United Kingdom's position in the IMF's General Resources Account. This position is the sum of the United Kingdom's reserve tranche purchases, and any indebtedness of the Fund (under a loan agreement) that is readily payable to the United Kingdom.

Residency

UK residents are those with an economic centre of 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: UK embassies and military bases abroad are deemed to be residents of the UK (conversely other nations' embassies and military bases in the UK are classed as non-residents), as are students studying abroad who are normally resident in the UK.

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, e.g. licences to use patents, trade marks, designs, copyrights, etc. Sales and purchases of patents are included within the capital account.

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.

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.

Subsidiary

A registered company in which another registered company has ownership of the majority of the voting share capital; i.e. greater than 50 per cent.

Subsidies

Current unrequited payments made by general government or the European Union 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 (e.g. numbers employed) are designated 'Other subsidies on production'.

Suppliers' credit

Export credit extended abroad directly by UK firms other than to related concerns (see Export credit).

Third country trade or cross-trade

See 'merchanting'.

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 BOP purposes as covering, with a few specific 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 they take place; e.g. purchases for local use by foreign forces in the United Kingdom and by UK forces abroad, purchases by tourists, etc. Transactions in goods which are freighted into/out of the United Kingdom 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 central government transfers; i.e., receipts from and payments to institutions of the European Union.

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 tourist 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 which are issued by government in return for funding from the money market. In the United Kingdom 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.

Unit trusts

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, i.e. 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. They differ from investment trusts in that the latter are companies in which investors trade shares on the Stock Exchange, whereas unit trust units are issued and bought back on demand by the managers of the trust. The prices of unit trust units thus reflect the value of the underlying pool of securities, whereas the price of shares in investment trusts are affected by the usual market forces.

Very short term financing facility (VSTFF)

This is a facility available within the EMS, where a central bank makes available to another short term credit facilities in its own currency.

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