

United Kingdom Balance of Payments

Editor: Perry Francis

The
Pink
Book

2001

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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

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Quarterly estimates

Quarterly estimates of the main components of the balance of payments for the last two years are published in a quarterly 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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Acknowledgements

The balance of payments accounts are prepared by the Balance of Payments and Financial Sector Division of the ONS, in collaboration with other divisions within the ONS and with other government departments and the Bank of England. Acknowledgement is made of the assistance provided by these organisations together with information and advice supplied by various private sector bodies.

In addition, the editor is personally indebted to the Pink Book production team of Matthew Badger, Julian Collins and Chris Gaston and colleagues at the Australian Bureau of Statistics for the use of much of the material in the conceptual introduction and link to the national accounts section.

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November 2001

An introduction to the United Kingdom balance of payments

Introduction

The balance of payments is one of the UK's key economic statistics. 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 cooperation 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 financial transactions involving the UK claims on, and liabilities to, non-residents.
- Category (i) is shown in the current account and category (ii) in the capital and 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 such a reconciliation of the international investment position.

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 transaction with the rest of the world. These adjustments mostly notably affected the investment account as the Islands are a major financial centre.

The residents of the UK comprise:

(i) Resident general government institutions including the Scottish Parliament, Welsh 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 which 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 interest of persons

Rules for the UK double entry system	
Credit entries , changes in all economic resources provided by the UK to non-residents, including:	Debit entries , changes in all economic resources received by the UK from non-residents, including:
Export of goods and services.	Imports of goods and services.
Income accruing on the resources to UK from non-residents.	Income accruing on the resources to non-residents from UK.
Financial liabilities of the UK to non-residents	Financial claims of UK on non-residents
Transfers which are offsets to debit entries.	Transfers which are offsets to credit entries.

Examples of UK double entry recording	Credits	Debits
1. Sale 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

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

Conceptually, an economic transaction has two sides: something of economic value is provided and something of equal value is received. The double-entry recording system in the balance of payments reflects this. 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 increases in financial liabilities or reductions in assets. Likewise, debit entries are required for imports of goods and services, income payable, and increases in assets or

reductions in liabilities. 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 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.

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 usually 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. However, the way in which the UK investment abroad is estimated will not usually capture the increased resident household investments abroad. In practice only cash flows are likely to be recorded through the banking system, whereas the source of the transfers entries made to offset the cash flows appear elsewhere in the accounts.

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.

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 *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 (overleaf) 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,

A Summary of balance of payments in 2000

£ million

	Credits	Debits
1. Current account		
A. Goods and services	265 305	281 024
1. Goods	187 656	218 036
2. Services	77 649	62 988
2.1. Transportation	12 829	15 280
2.2. Travel	14 406	25 332
2.3. Communications	1 653	1 525
2.4. Construction	199	55
2.5. Insurance	4 311	657
2.6. Financial	12 149	2 052
2.7. Computer and information	2 439	759
2.8. Royalties and licence fees	4 867	4 039
2.9. Other business	22 504	10 808
2.10. Personal, cultural and recreational	1 119	591
2.11. Government	1 173	1 890
B. Income	133 997	127 880
1. Compensation of employees	1 014	871
2. Investment income	132 983	127 009
2.1 Direct investment	43 773	26 981
2.2 Portfolio investment	32 438	32 234
2.3 Other investment (including earnings on reserve assets)	56 772	67 794
C. Current transfers	13 582	22 405
1. Central government	2 628	8 015
2. Other sectors	10 954	14 390
Total current account	412 884	431 309
2. Capital and financial accounts		
A. Capital account	2 811	838
1. Capital transfers	2 644	708
2. Acquisition/disposal of non-produced, non-financial assets	167	130
B. Financial account	532 621	506 246
1. Direct investment	88 652	165 673
Abroad		165 673
1.1. Equity capital		150 521
1.2. Reinvested earnings		27 076
1.3. Other capital ¹		-11 924
In United Kingdom	88 652	
1.1. Equity capital	64 380	
1.2. Reinvested earnings	16 146	
1.3. Other capital ²	8 126	
2. Portfolio investment	165 045	63 046
Assets		63 046
2.1. Equity securities		21 387
2.2. Debt securities		41 659
Liabilities	165 045	
2.1. Equity securities	113 608	
2.2. Debt securities	51 437	
3. Financial derivatives (net)		-1 553
4. Other investment	278 924	275 165
Assets		275 165
4.1 Trade credits		-288
4.2 Loans		54 138
4.3 Currency and deposits		221 262
4.4 Other assets		53
Liabilities	278 924	
4.1. Trade credits	-	
4.2. Loans	78 783	
4.3. Currency and deposits	199 133	
4.4. Other liabilities	1 008	
5. Reserve assets		3 915
5.1. Monetary gold		-883
5.2. Special drawing rights		-73
5.3. Reserve position in the IMF		-478
5.4. Foreign exchange		5 299
Total capital and financial accounts	535 432	507 084
Total current, capital and financial accounts	948 316	938 393
Net errors and omissions	-9 923	

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

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 and financial account

The *capital and financial account* of the UK's balance of payments is divided into the *capital account* and the *financial 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.

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 four 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. Estimates for financial derivatives are currently unavailable except for settlement receipts/payments on UK banks' interest rate swaps.

(iv) *Other investment* is a residual category that captures transactions not classified to direct investment, portfolio investment 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* in the UK's case.

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.

Financial derivatives data are presented as an annex to the international investment chapter, for the first time in Pink Book 2001.

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 1999 and 2000.

Revisions since ONS Pink Book 2000

An analysis of the revisions is shown overleaf in table B. Revisions for this year's Pink Book have been taken back to 1946 reflecting the programme of major methodological improvements that the ONS has implemented for the Balance of Payments and national accounts more generally this year. The overall impact of the changes has been to reduce the current account balance in all years, with the largest revisions in the late 1990's. The main changes have been to investment income, reflecting a change in international standards for interest rate swaps, use of a new sampling frame for foreign direct investment, incorporation of a number of methodological improvements (especially for exclusion of offshore from UK accounts) and inclusion of later inquiry results. Full details of the main methodological changes are given below.

Goods

- the inclusion of estimates for smuggled goods
- stored revisions.

Services

- the implementation of gross financial services (i.e. imports and exports). Previously, imports of services of banks, securities dealers and other financial institutions were netted off exports. This has no impact on the current account balance, but pushes up both exports and imports.
- revised estimates of insurance services due to a reassessment of sectorisation.
- annual inquiry results from transportation surveys and the ONS International Trade in Services inquiry.

- stored revisions.

Income

- implementation of new international standards for treatment of interest rate swap settlement receipts/payments - now financial account rather than income account.
- incorporation of improved methodology for deriving interest payments and receipts between the UK and the Channel Islands and Isle of Man. Now based on applying appropriate rates of return to asset and liability levels provided by the offshore authorities.
- move to new Worldbase Register as sampling frame for foreign direct investment - increases foreign direct investment debits and, to a lesser extent, credits.
- removal of tax on profits from foreign direct investment income figures. This again impacts on both credits and debits, but reduces the level of income debits substantially more than credits. This change is current account neutral, as the tax element was previously recorded in current transfers (the effect is to increase income surplus and increase current transfers deficit).
- stored revisions on British Government Securities and the Share Register Survey increase the UK's portfolio liabilities and income paid substantially in 1996 and 1997.
- later inquiry results from FDI and the incorporation of the Share Register Survey results for 1999 and 2000.

Current transfers

- revised estimation of tax paid on Foreign Direct Investment (current account neutral - see income)
- reassessment of insurance premiums and claims paid by non-residents (current account neutral)
- reclassification of UK payments to the International Development Association as current transfers (previously included in the financial account).

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.

B Summary of balance of payments Revisions since ONS Pink Book 2000

£ million

	Current account								Capital account	Financial account	Net errors & omissions
	Trade in goods	Trade in services	Total goods and services	Compensation of employees	Investment income	Total income	Current transfers	Current balance			
	LQCT	KTMS	KTMY	KTMP	HMBM	HMBP	KTNF	HBOG	FKMJ	HBNT	HHDH
1946	-	-	-	-	-12	-12	-	-12	-	-	12
1947	-	-	-	-	-19	-19	-	-19	-	-	19
1948	-	-	-	-	-29	-29	-	-29	-	-	29
1949	-	-	-	-	-28	-28	-	-28	-	-	28
1950	-	-	-	-	-48	-48	-	-48	-	-	48
1951	-	-	-	-	-43	-43	-	-43	-	-	43
1952	-	-	-	-	-34	-34	-	-34	-	-	34
1953	-	-	-	-	-31	-31	-	-31	-	-	31
1954	-	-	-	-	-34	-34	-	-34	-	-	34
1955	-	-	-	-	-26	-26	-	-26	-	-	26
1956	-	-	-	-	-34	-34	-	-34	-	-	34
1957	-	-	-	-	-34	-34	-	-34	-	-	34
1958	-	-	-	-	-42	-42	-	-42	-	-	42
1959	-	-	-	-	-36	-36	-	-36	-	-	36
1960	-	-	-	-	-34	-34	-	-34	-	-	34
1961	-	-	-	-	-36	-36	-	-36	-	-	36
1962	-	-	-	-	-45	-45	-	-45	-	-	45
1963	-	-	-	-	-52	-52	-	-52	-	-	52
1964	-	-	-	-	-55	-55	-12	-67	-	-	67
1965	-	-	-	-	-62	-62	-9	-71	-	-	71
1966	-	-	-	-	-55	-55	-2	-57	-	6	51
1967	-	-	-	-	-57	-57	-1	-58	-	7	51
1968	-	-	-	-	-54	-54	-30	-84	-	16	68
1969	-	-	-	-	-75	-75	11	-64	-	44	20
1970	-	-	-	-	-85	-85	-7	-92	-	46	46
1971	-	-	-	-	-79	-79	-39	-118	-	111	7
1972	-	-	-	-	-111	-111	-91	-202	-	15	187
1973	-	-	-	-	-209	-209	-20	-229	-	60	169
1974	-	-	-	-	-245	-245	38	-207	-	23	184
1975	-	-	-	-	-188	-188	4	-184	-	15	169
1976	-	-	-	-	-285	-285	-27	-312	-	87	225
1977	-	-	-	-	-160	-160	-420	-580	-	379	201
1978	-	-	-	-	-248	-248	-462	-710	-	143	567
1979	-	-	-	-	-385	-385	-816	-1 201	-	961	240
1980	-	-	-	-	-337	-337	-1 201	-1 538	-	1 081	457
1981	-	-	-	-	-689	-689	-1 131	-1 820	-	1 300	520
1982	-	-	-	-	-812	-812	-1 191	-2 003	-	777	1 226
1983	-	-	-	-	-925	-925	-1 251	-2 176	-	781	1 395
1984	-	-	-	-	-1 213	-1 213	-1 440	-2 653	-	879	1 774
1985	-	-	-	-	-1 009	-1 009	-1 936	-2 945	-	1 245	1 700
1986	-	-	-	-	-1 178	-1 178	-49	-1 227	-	2 219	-992
1987	-	127	127	-	-586	-586	-1 496	-1 955	-	5 699	-3 744
1988	-	120	120	-	-538	-538	-1 895	-2 313	-	2 066	247
1989	-	-274	-274	-	-728	-728	-1 828	-2 830	-	-1 023	3 853
1990	-	327	327	-	-2 421	-2 421	-674	-2 768	-	-2 446	5 214
1991	-	-369	-369	-	-1 354	-1 354	-562	-2 285	-	-4 721	7 006
1992	-	-192	-192	-	-1 987	-1 987	-713	-2 892	-	-627	3 519
1993	253	-42	211	-	-876	-876	-636	-1 301	-	1 883	-582
1994	-35	-149	-184	-	-4 422	-4 422	-704	-5 310	-	8 208	-2 898
1995	-299	-434	-733	-	-3 875	-3 875	-662	-5 270	-1	4 027	1 244
1996	-636	700	64	-	-6 907	-6 907	-1 266	-8 109	-	3 734	4 375
1997	-432	114	-318	-	-7 264	-7 264	-761	-8 343	-	8 120	223
1998	-1 276	84	-1 192	-	-1 687	-1 687	-1 855	-4 734	-	4 922	-188
1999	-757	122	-635	-	-4 313	-4 313	-3 162	-8 110	32	15 609	-7 531

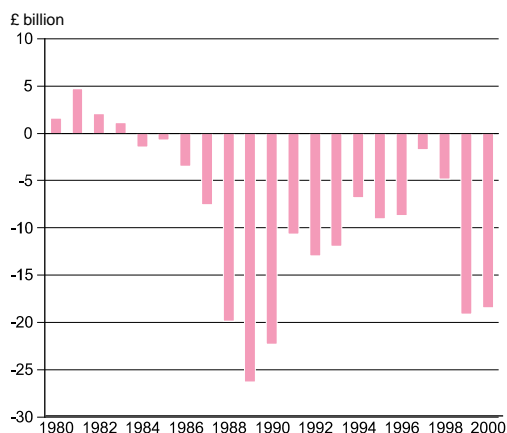
Part 1

Current account

1

Summary of balance of payments

Current account balance



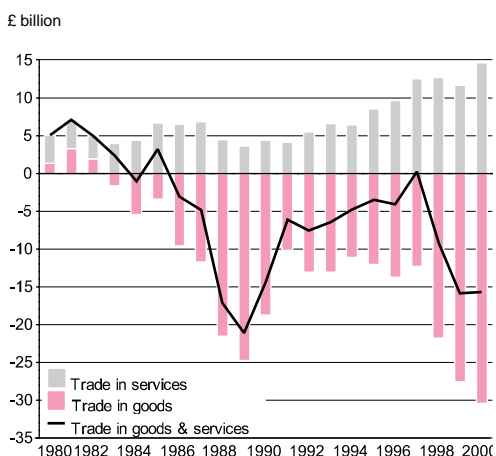
Current account

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; in the second phase, from 1990 to 1997, the current account deficit declined to a low of £1.7 billion in 1997; in the third phase from 1998 the current account deficit has widened again, to £18.4 billion in 2000.

The profile for the current account closely follows that of trade in goods, its largest and most cyclical component. The improvement in the current balance in the mid-1990's was mainly due to substantially higher surpluses being recorded for investment income, together with the trade (goods and services) balance moving briefly into surplus in 1997. Since 1997, however, the balance on goods and services has moved from a small surplus to a deficit of £15.7 billion, reflecting a rapid increase in the goods deficit to a record £30.4 billion in 2000. This, together with an increase in the current transfers deficit, has led to a rapid worsening of the current balance.

Trade in goods and services

Credits less debits



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 to over £30 billion in 2000.

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 over £14 billion in 2000, largely due to the growth in exports of financial and other business services.

Income

The income account consists of compensation of employees and investment income; the latter of which dominates the account. The balance on compensation of employees has shown a consistent but small deficit until the mid 1990's. Since then, the account has moved into surplus.

The investment income balance has generally shown a surplus (since records began in 1946 there have only been nine years in which deficits have been recorded) 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' earnings 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 partly offset by a larger deficit on other investment.

Current transfers

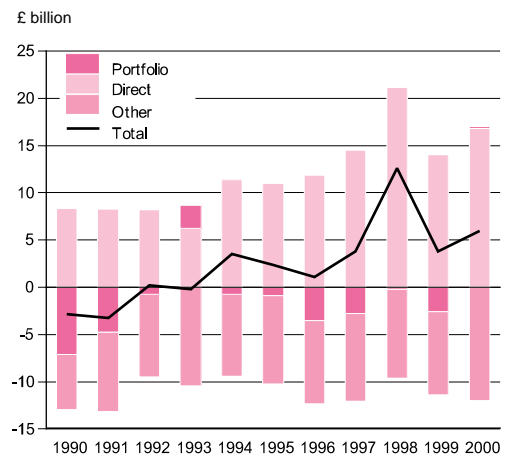
The transfers account has shown a deficit in every year since 1960. The deficit increased steadily to reach £4.9 billion in 1990. In 1991, the deficit reduced to £1.2 billion, reflecting £2.1 billion receipts from other countries towards the UK's cost of the Gulf conflict. Since 1991, the deficit has steadily increased to reach a record £9.6 billion in 2000. Separate data for central government and other sectors are available from 1986 and show that both accounts have been consistently in deficit apart from 1991 when central government received the Gulf war contributions. 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 since 1997 have been driven by higher net contributions to EU Institutions.

Revisions

Revisions for this year's Pink Book have been taken back to 1946 reflecting the programme of methodological improvements that the ONS has implemented for the balance of payments and national accounts more generally this year. The overall impact of the changes has been to reduce the current account balance in all years, with the largest revisions in the late 1990's. Full details of the changes are given in the introduction.

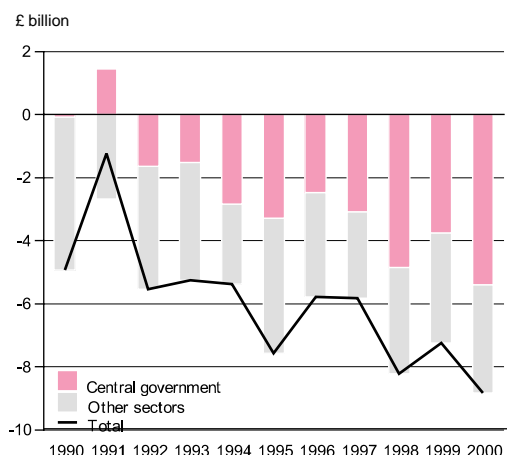
Investment income

Credits less debits



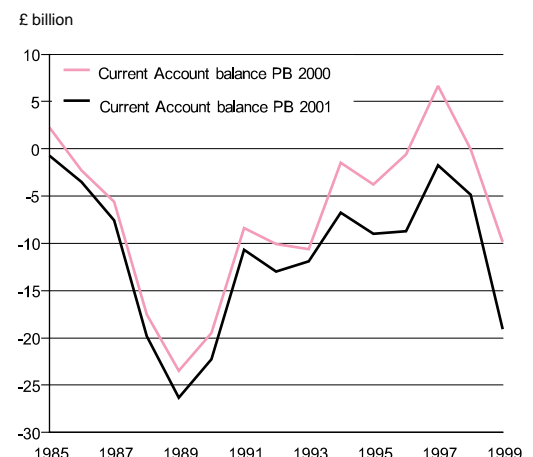
Current Transfers

Credits less debits

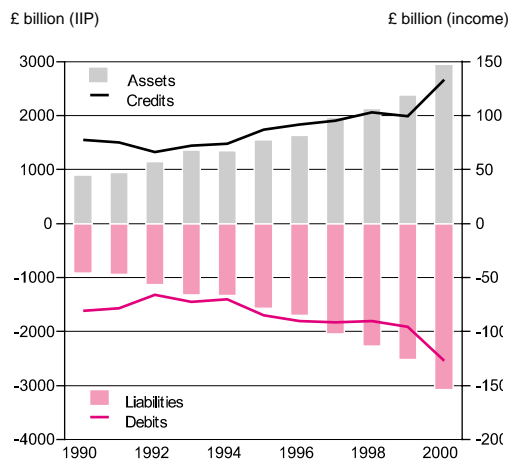


Revisions since Pink Book 2000

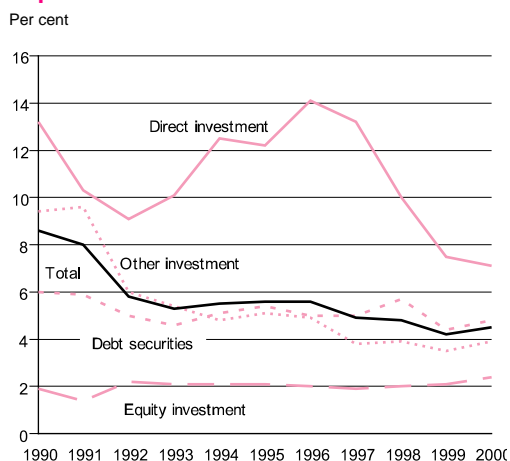
Credits less debits



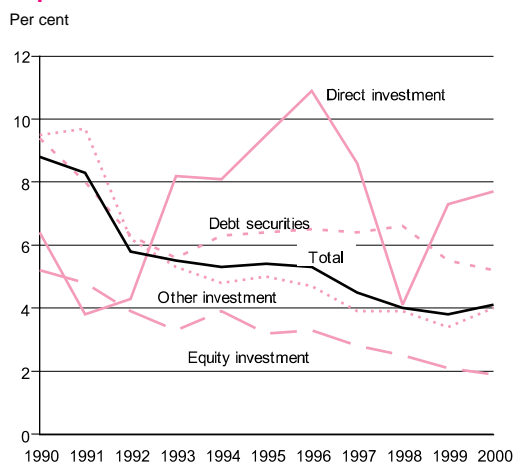
International investment position and income



Implied rates of return on assets



Implied rates of return on liabilities



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. These relationships are 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. Since 1995, the level of UK's external liabilities has grown more strongly than the level of external assets, so that the net international investment position has moved from a net asset to a net liability position of £117.7 billion in 2000.

Another important relationship is the one 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 rate of return for direct investment is 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.

1.1 Summary of balance of payments

Balances (credits less debits)

£ million

	Current account								Capital account	Financial account	Net errors & omissions
	Trade in goods	Trade in services	Total goods and services	Compensation of employees	Investment income	Total income	Current transfers	Current balance			
	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	760	-1 813	-68	1 074	1 006	-336	-1 143	-39	1 031	151
1974	-5 241	1 065	-4 176	-92	1 184	1 092	-302	-3 386	-34	3 185	235
1975	-3 245	1 393	-1 852	-102	518	416	-313	-1 749	-36	1 569	216
1976	-3 930	2 465	-1 465	-140	1 100	960	-534	-1 039	-12	507	544
1977	-2 271	3 219	948	-152	-280	-432	-889	-373	11	-3 286	3 648
1978	-1 534	3 679	2 145	-140	138	-2	-1 420	723	-79	-2 655	2 011
1979	-3 326	3 965	639	-130	155	25	-1 777	-1 113	-103	864	352
1980	1 329	3 717	5 046	-82	-1 683	-1 765	-1 653	1 628	-4	-2 157	533
1981	3 238	3 834	7 072	-66	-1 058	-1 124	-1 219	4 729	-79	-5 312	662
1982	1 879	3 069	4 948	-95	-1 273	-1 368	-1 476	2 104	6	-1 233	-877
1983	-1 618	3 941	2 323	-89	280	191	-1 391	1 123	75	-3 287	2 089
1984	-5 409	4 341	-1 068	-94	1 284	1 190	-1 566	-1 444	107	-7 130	8 467
1985	-3 416	6 619	3 203	-120	-877	-997	-2 924	-718	185	-1 657	2 190
1986	-9 617	6 505	-3 112	-156	1 850	1 694	-2 094	-3 512	135	-122	3 499
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	-27 524	11 660	-15 864	201	3 818	4 019	-7 246	-19 091	808	21 462	-3 179
2000	-30 380	14 661	-15 719	143	5 974	6 117	-8 823	-18 425	1 973	26 375	-9 923

Summary tables

1.2 Current account

£ million

		1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Credits												
Exports of goods and services												
Exports of goods	LQAD	40 849	47 493	51 034	55 657	60 984	70 565	78 291	72 997	79 531	80 711	92 611
Exports of services	KTMQ	13 955	15 002	16 281	16 922	18 767	20 944	23 635	24 784	27 033	26 843	28 998
Total exports of goods and services	KTMW	54 804	62 495	67 315	72 579	79 751	91 509	101 926	97 781	106 564	107 554	121 609
Income												
Compensation of employees	KTMN	176	219	238	252	290	323	344	369	413	445	476
Investment income	HMBN	17 169	23 225	36 807	43 544	41 632	50 629	51 011	46 431	47 079	55 444	72 604
Total income	HMBQ	17 345	23 444	37 045	43 796	41 922	50 952	51 355	46 800	47 492	55 889	73 080
Current transfers												
Central government	FJUM	..	..	..	..	..	..	..	1 973	1 475	1 929	1 507
Other sectors	FJUN	..	..	..	..	..	..	..	4 374	4 412	4 808	5 864
Total current transfers	KTND	1 563	2 013	3 089	3 811	4 226	4 710	4 653	6 347	5 887	6 737	7 371
Total	HBOE	73 712	87 952	107 449	120 186	125 899	147 171	157 934	150 928	159 943	170 180	202 060
Debits												
Imports of goods and services												
Imports of goods	LQBL	44 175	46 164	47 796	53 778	62 602	75 974	81 707	82 614	91 229	102 264	117 335
Imports of services	KTMR	9 990	11 285	12 447	13 853	14 826	16 603	17 016	18 279	20 220	22 393	25 355
Total imports of goods and services	KTMX	54 165	57 449	60 243	67 631	77 428	92 577	98 723	100 893	111 449	124 657	142 690
Income												
Compensation of employees	KTMO	306	301	304	347	379	417	464	525	587	509	614
Investment income	HMBO	17 014	24 908	37 865	44 817	41 352	49 345	51 888	44 581	45 988	54 627	73 258
Total income	HMBR	17 320	25 209	38 169	45 164	41 731	49 762	52 352	45 106	46 575	55 136	73 872
Current transfers												
Central government	FJUO	..	..	..	..	..	..	..	1 261	1 449	2 433	2 275
Other sectors	FJUP	..	..	..	..	..	..	..	7 180	8 008	7 804	9 544
Total current transfers	KTNE	3 340	3 666	4 308	5 287	5 617	6 276	7 577	8 441	9 457	10 237	11 819
Total	HBOF	74 825	86 324	102 720	118 082	124 776	148 615	158 652	154 440	167 481	190 030	228 381
Balances												
Trade in goods and services												
Trade in goods	LQCT	-3 326	1 329	3 238	1 879	-1 618	-5 409	-3 416	-9 617	-11 698	-21 553	-24 724
Trade in services	KTMS	3 965	3 717	3 834	3 069	3 941	4 341	6 619	6 505	6 813	4 450	3 643
Total trade in goods and services	KTMY	639	5 046	7 072	4 948	2 323	-1 068	3 203	-3 112	-4 885	-17 103	-21 081
Income												
Compensation of employees	KTMP	-130	-82	-66	-95	-89	-94	-120	-156	-174	-64	-138
Investment income	HMBM	155	-1 683	-1 058	-1 273	280	1 284	-877	1 850	1 091	817	-654
Total income	HMBP	25	-1 765	-1 124	-1 368	191	1 190	-997	1 694	917	753	-792
Current transfers												
Central government	FJUQ	..	..	..	..	..	..	..	712	26	-504	-768
Other sectors	FJUR	..	..	..	..	..	..	..	-2 806	-3 596	-2 996	-3 680
Total current transfers	KTNF	-1 777	-1 653	-1 219	-1 476	-1 391	-1 566	-2 924	-2 094	-3 570	-3 500	-4 448
Total (Current balance)	HBOG	-1 113	1 628	4 729	2 104	1 123	-1 444	-718	-3 512	-7 538	-19 850	-26 321

1.2 Current account

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits												
Exports of goods and services												
Exports of goods	LQAD	102 313	103 939	107 863	122 229	135 143	153 577	167 196	171 923	164 056	166 198	187 656
Exports of services	KTMQ	31 574	32 001	36 228	41 411	45 365	49 932	55 895	59 699	64 745	70 522	77 649
Total exports of goods and services	KTMW	133 887	135 940	144 091	163 640	180 508	203 509	223 091	231 622	228 801	236 720	265 305
Income												
Compensation of employees	KTMN	543	551	551	595	681	887	911	1 007	840	960	1 014
Investment income	HMBN	77 663	75 073	66 153	72 333	73 702	87 132	91 621	95 337	102 945	99 312	132 983
Total income	HMBQ	78 206	75 624	66 704	72 928	74 383	88 019	92 532	96 344	103 785	100 272	133 997
Current transfers												
Central government	FJUM	2 050	4 892	2 180	2 826	2 138	1 730	2 828	2 173	1 943	3 733	2 628
Other sectors	FJUN	7 376	9 281	10 295	9 565	9 454	10 751	16 088	10 929	10 500	9 537	10 954
Total current transfers	KTND	9 426	14 173	12 475	12 391	11 592	12 481	18 916	13 102	12 443	13 270	13 582
Total	HBOE	221 519	225 737	223 270	248 959	266 483	304 009	334 539	341 068	345 029	350 262	412 884
Debits												
Imports of goods and services												
Imports of goods	LQBL	121 020	114 162	120 913	135 295	146 269	165 600	180 918	184 265	185 869	193 722	218 036
Imports of services	KTMR	27 237	27 899	30 746	34 830	38 986	41 451	46 298	47 171	52 079	58 862	62 988
Total imports of goods and services	KTMX	148 257	142 061	151 659	170 125	185 255	207 051	227 216	231 436	237 948	252 584	281 024
Income												
Compensation of employees	KTMO	653	614	600	560	851	1 183	818	924	850	759	871
Investment income	HMBO	80 532	78 317	65 976	72 559	70 184	84 735	90 510	91 514	90 377	95 494	127 009
Total income	HMBR	81 185	78 931	66 576	73 119	71 035	85 918	91 328	92 438	91 227	96 253	127 880
Current transfers												
Central government	FJUO	2 125	3 450	3 812	4 343	4 977	5 022	5 297	5 260	6 787	7 482	8 015
Other sectors	FJUP	12 233	11 954	14 197	13 291	11 984	15 033	19 407	13 654	13 881	13 034	14 390
Total current transfers	KTNE	14 358	15 404	18 009	17 634	16 961	20 055	24 704	18 914	20 668	20 516	22 405
Total	HBOF	243 800	236 396	236 244	260 878	273 251	313 024	343 248	342 788	349 843	369 353	431 309
Balances												
Trade in goods and services												
Trade in goods	LQCT	-18 707	-10 223	-13 050	-13 066	-11 126	-12 023	-13 722	-12 342	-21 813	-27 524	-30 380
Trade in services	KTMS	4 337	4 102	5 482	6 581	6 379	8 481	9 597	12 528	12 666	11 660	14 661
Total trade in goods and services	KTMY	-14 370	-6 121	-7 568	-6 485	-4 747	-3 542	-4 125	186	-9 147	-15 864	-15 719
Income												
Compensation of employees	KTMP	-110	-63	-49	35	-170	-296	93	83	-10	201	143
Investment income	HMBM	-2 869	-3 244	177	-226	3 518	2 397	1 111	3 823	12 568	3 818	5 974
Total income	HMBP	-2 979	-3 307	128	-191	3 348	2 101	1 204	3 906	12 558	4 019	6 117
Current transfers												
Central government	FJUQ	-75	1 442	-1 632	-1 517	-2 839	-3 292	-2 469	-3 087	-4 844	-3 749	-5 387
Other sectors	FJUR	-4 857	-2 673	-3 902	-3 726	-2 530	-4 282	-3 319	-2 725	-3 381	-3 497	-3 436
Total current transfers	KTNF	-4 932	-1 231	-5 534	-5 243	-5 369	-7 574	-5 788	-5 812	-8 225	-7 246	-8 823
Total (Current balance)	HBOG	-22 281	-10 659	-12 974	-11 919	-6 768	-9 015	-8 709	-1 720	-4 814	-19 091	-18 425

Summary tables

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

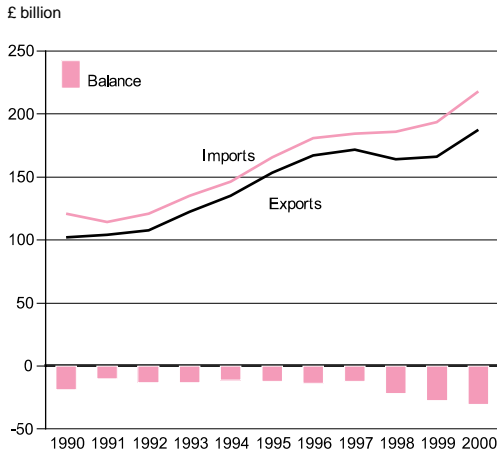
£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Investment abroad												
International investment position												
Direct investment	HBWD	122.5	128.1	151.8	172.6	176.1	203.7	201.6	223.3	299.6	434.1	617.8
Portfolio investment	HHZZ	207.0	260.6	327.2	469.8	429.8	499.3	548.2	651.0	704.6	790.2	872.5
Other investment	HLXV	549.6	528.4	639.7	684.4	708.6	808.1	851.0	1 066.6	1 104.2	1 136.6	1 431.5
Reserve assets	LTEB	22.5	26.0	28.3	29.7	30.7	31.8	27.3	22.8	23.3	22.2	28.8
Total	HBQA	901.5	943.1	1 146.9	1 356.5	1 345.2	1 542.9	1 628.1	1 963.7	2 131.8	2 383.1	2 950.6
Financial account transactions												
Direct investment	-HJYP	10.9	9.3	11.3	18.2	22.7	28.7	22.3	38.2	73.3	128.7	165.7
Portfolio investment	-HHZC	15.9	32.3	28.6	89.6	-21.8	39.3	59.6	51.9	31.9	24.9	63.0
Financial derivatives (net)	-ZPNN	-	-	-1.3	-0.2	-2.4	-1.7	-1.0	-1.2	3.0	-2.7	-1.6
Other investment	-XBMM	52.7	-20.2	31.7	45.3	27.8	47.5	137.1	168.2	17.2	56.7	275.2
Reserve assets	-LTCV	0.1	2.7	-1.4	0.7	1.0	-0.2	-0.5	-2.4	-0.2	-0.6	3.9
Total	-HBNR	79.6	24.1	68.9	153.5	27.3	113.6	217.6	254.9	125.4	206.9	506.2
Investment income												
Direct investment	HJYW	16.1	13.2	13.8	17.4	21.9	24.8	28.5	29.4	29.8	32.8	43.8
Portfolio investment	HLZX	8.2	9.7	12.6	16.7	16.4	19.7	20.2	23.8	29.0	25.6	32.4
Other investment	AIOF	51.6	50.5	38.4	36.8	33.8	41.0	41.3	40.7	43.0	39.8	55.8
Reserve assets	HHCB	1.7	1.7	1.5	1.5	1.6	1.7	1.6	1.4	1.1	1.2	1.0
Total	HMBN	77.7	75.1	66.2	72.3	73.7	87.1	91.6	95.3	102.9	99.3	133.0
Investment in the UK												
International investment position												
Direct investment	HBWI	121.0	128.6	130.8	135.9	129.9	146.2	152.6	173.7	213.6	257.9	348.8
Portfolio investment	HLXW	189.2	208.8	247.1	306.9	320.0	406.3	480.0	583.3	694.4	840.7	1 008.1
Other investment	HLXD	604.0	608.3	756.3	882.3	877.4	1 013.0	1 064.9	1 282.1	1 359.0	1 417.9	1 711.4
Total	HBQB	914.1	945.7	1 134.2	1 325.1	1 327.3	1 565.5	1 697.5	2 039.1	2 267.0	2 516.5	3 068.2
Financial account transactions												
Direct investment	HJYU	19.1	9.2	9.4	10.9	7.1	13.8	17.6	22.8	45.1	54.1	88.7
Portfolio investment	HHZF	12.9	9.8	9.6	28.8	30.7	37.3	43.0	26.7	20.9	112.3	165.0
Other investment	XBMN	62.7	10.3	55.0	125.2	-8.3	67.4	162.5	200.3	59.6	61.9	278.9
Total	HBNS	94.7	29.4	74.0	164.9	29.5	118.6	223.1	249.8	125.6	228.3	532.6
Investment income												
Direct investment	HJYX	7.8	4.9	5.6	11.1	10.6	13.8	16.6	14.9	8.8	18.7	27.0
Portfolio investment	HLZC	15.4	14.4	13.3	14.2	17.2	20.6	23.7	26.6	29.2	28.2	32.2
Other investment	HLZN	57.4	58.9	47.1	47.2	42.5	50.3	50.1	50.0	52.5	48.6	67.8
Total	HMBO	80.5	78.3	66.0	72.6	70.2	84.7	90.5	91.5	90.4	95.5	127.0
Net investment												
International investment position												
Direct investment	HBWQ	1.5	-0.6	20.9	36.7	46.2	57.5	49.0	49.5	85.9	176.2	269.1
Portfolio investment	CGNH	17.8	51.8	80.1	162.9	109.8	93.0	68.2	67.7	10.2	-50.4	-135.6
Other investment	CGNG	-54.3	-79.8	-116.6	-197.9	-168.8	-204.9	-213.9	-215.5	-254.7	-281.3	-279.9
Reserve assets	LTEB	22.5	26.0	28.3	29.7	30.7	31.8	27.3	22.8	23.3	22.2	28.8
Net investment position	HBQC	-12.6	-2.6	12.8	31.4	17.9	-22.6	-69.4	-75.5	-135.2	-133.4	-117.7
Financial account transactions												
Direct investment	HJYV	8.2	-0.1	-1.8	-7.2	-15.6	-14.9	-4.7	-15.4	-28.3	-74.5	-77.0
Portfolio investment	HHZD	-3.0	-22.5	-19.1	-60.8	52.5	-2.0	-16.6	-25.3	-11.0	87.4	102.0
Financial derivatives	ZPNN	-	-	1.3	0.2	2.4	1.7	1.0	1.2	-3.0	2.7	1.6
Other investment	HHYR	10.0	30.6	23.3	79.8	-36.1	19.9	25.4	32.1	42.4	5.3	3.8
Reserve assets	LTCV	-0.1	-2.7	1.4	-0.7	-1.0	0.2	0.5	2.4	0.2	0.6	-3.9
Net transactions	HBNT	15.1	5.3	5.1	11.3	2.1	5.0	5.5	-5.1	0.2	21.5	26.4
Investment income												
Direct investment	HJYE	8.3	8.3	8.2	6.2	11.4	10.9	11.9	14.5	21.1	14.0	16.8
Portfolio investment	HLZX	-7.1	-4.8	-0.7	2.5	-0.8	-0.9	-3.5	-2.8	-0.2	-2.6	0.2
Other investment	CGNA	-5.8	-8.4	-8.7	-10.4	-8.7	-9.4	-8.8	-9.3	-9.5	-8.8	-12.0
Reserve assets	HHCB	1.7	1.7	1.5	1.5	1.6	1.7	1.6	1.4	1.1	1.2	1.0
Net earnings	HMBM	-2.9	-3.2	0.2	-0.2	3.5	2.4	1.1	3.8	12.6	3.8	6.0

2

Trade in goods

Trade in goods

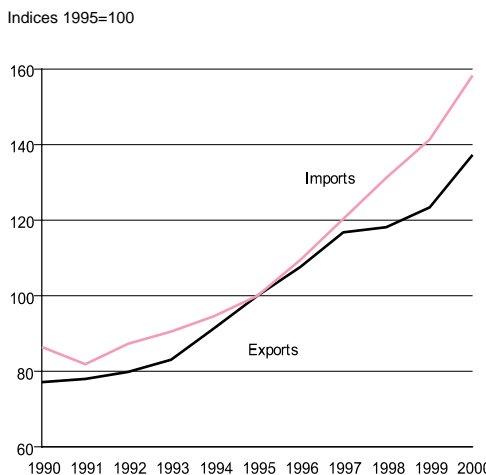


Summary

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 1998 to £21.8 billion and in 1999 to £27.5 billion.

In 2000 the deficit widened further to a record £30.4 billion driven by a 13 per cent rise in the value of imports to a record £218.0 billion, but was partly offset by a 13 per cent rise in the value of exports to a record £187.7 billion. The deficit with Non-EU countries widened from £20.2 billion to a record £26.8 billion as a 21 per cent rise in imports was only partly offset by a 17 per cent rise in exports. The deficit with EU countries improved from £7.3 billion to £3.6 billion. This is the smallest annual deficit with the EU since 1991 when the deficit with these countries was £2.3 billion.

Export and import volume indices



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, a slight pick up in growth in 1999 and accelerated growth in 2000. 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.

Export and import volumes both reached record annual levels in 2000. Export volume rose by 11 per cent and import volume rose by 12 per cent. Export volume rose by 9½ per cent to EU countries and by 14 per cent to non-EU countries, both to record annual levels. The volume of imports from EU countries rose by 7½ per cent in 2000 compared with a growth of 17 per cent in the volume of imports from non-EU countries. Imports from both areas were at record annual levels in 2000.

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 between 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, resulting in the overall export price index falling by just 1 per cent and the overall import price index falling by only 1½ per cent.

The price of crude oil increased by a further 60 per cent in 2000 to its highest annual price since 1985. As a consequence the overall export and import price indices rose by 4 per cent compared to the previous year. Excluding the oil price effect export prices would have fallen by ½ per cent in 2000 while import prices would have risen by 2 per cent.

Export and import price indices

Indices 1995=100

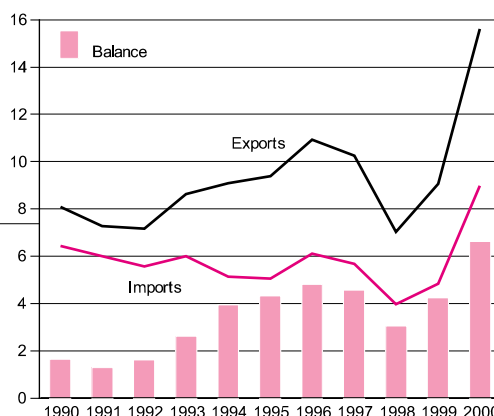


Trade in oil

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 £4.2 billion in 1999 and £6.6 billion in 2000 - the highest surplus since 1985.

Trade in oil

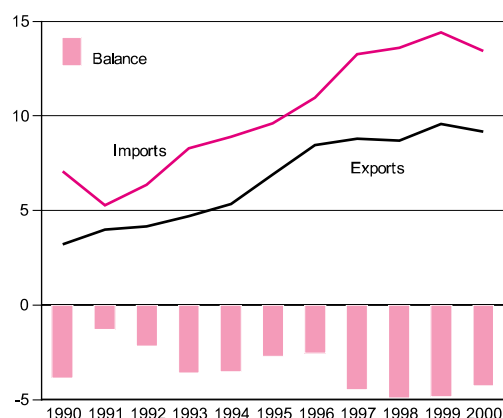
£ billion



Trade in goods

Trade in motor cars

£ billion



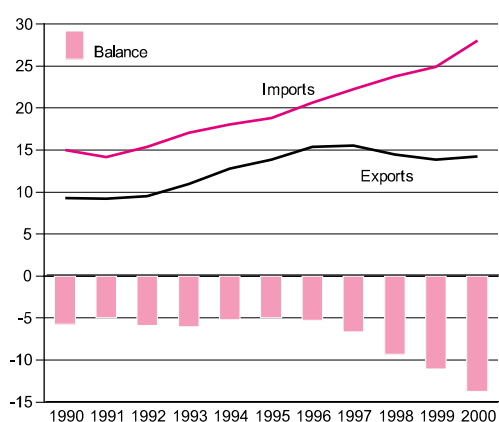
Trade in commodities other than oil

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 52 per cent in 1990 to 60 per cent in 1999 before slipping to 58 per cent in 2000 as a consequence of the increased value of oil exports. Imports rose from 52 per cent to 61 per cent over the same ten year period.

Within finished manufactures, the balance on trade in capital goods was in surplus every year since 1990. The balance on trade in ships and aircraft was in surplus every year since 1990 except for 1998 and 1999. Trade in motor cars, other consumer goods and intermediate goods has been in deficit in each of the last ten years. 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.

Trade in other consumer goods

£ billion



In 2000 export growth in volume terms was most prominent in capital goods and intermediate goods which both rose by 16 per cent to reach record levels. Import growth, again in volume terms, was particularly strong in capital goods and intermediate goods, growing by 22 per cent and 20 per cent respectively, while imports of consumer goods other than cars rose by 10 per cent - all to record annual levels. The volume of car imports in 2000 fell by 6 per cent - the first annual fall in car imports since 1995.

Trade in goods

2.1 Trade in goods

Summary table

£ million

			1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
SITC ¹													
Exports													
Food, beverages and tobacco	BQMV	0+1	6 995	7 654	8 677	9 173	10 039	11 192	11 328	11 103	10 216	9 947	9 897
Basic materials	ELBK	2+4	2 242	2 008	1 950	2 276	2 568	2 946	2 790	2 753	2 512	2 284	2 602
Oil													
Crude oil	BQNX	333	5 200	4 370	4 491	5 169	6 019	6 539	7 508	6 452	4 473	6 148	10 529
Oil products	BQNY	334+335	2 874	2 914	2 681	3 455	3 060	2 845	3 420	3 787	2 545	2 924	5 086
Total oil	BOKL	33	8 074	7 284	7 172	8 624	9 079	9 384	10 928	10 239	7 018	9 072	15 615
Coal, gas and electricity	BQNF	32+34+35	324	353	307	451	413	558	650	777	495	806	1 472
Semi-manufactured goods													
Chemicals	BQOB	5	13 079	13 700	14 931	17 742	18 806	20 999	22 166	21 901	22 102	23 071	24 919
Precious stones and silver	BQOD	667+681.1	2 269	2 057	1 828	3 048	3 081	3 117	3 609	3 555	2 833	3 633	4 743
Other	BQOC	Rest of 6	13 448	13 438	13 599	14 712	16 493	19 342	19 533	19 120	18 410	16 669	17 918
Total semi-manufactured goods	BQMX	5+6	28 796	29 195	30 358	35 502	38 380	43 458	45 308	44 576	43 345	43 373	47 580
Finished manufactured goods													
Motor cars	BQOE	781	3 214	3 984	4 168	4 690	5 359	6 898	8 450	8 789	8 709	9 585	9 183
Other consumer goods ²	BQOF		9 260	9 183	9 514	10 951	12 811	13 893	15 391	15 554	14 448	13 840	14 258
Intermediate goods ²	BQOG		19 980	20 738	22 164	24 630	27 354	31 311	34 320	35 881	35 637	36 658	41 091
Capital goods ²	BQOH		16 266	16 108	16 470	19 778	23 112	27 499	30 542	32 795	33 654	33 324	36 880
Ships and aircraft	BQOI	792+793	4 898	5 596	5 032	4 495	4 531	4 611	5 536	7 513	6 125	5 813	7 393
Total finished manufactured goods	BQMQ	7+8	53 618	55 609	57 348	64 544	73 167	84 212	94 239	100 532	98 573	99 220	108 805
Commodities and transactions not classified according to kind	BOKJ	9	2 264	1 836	2 051	1 659	1 497	1 827	1 953	1 943	1 897	1 496	1 685
Total	LQAD		102 313	103 939	107 863	122 229	135 143	153 577	167 196	171 923	164 056	166 198	187 656
Imports													
Food, beverages and tobacco	BQMW	0+1	11 611	11 609	12 613	13 300	13 888	15 561	17 422	16 911	17 250	17 888	18 049
Basic materials	BQNA	2+4	5 525	4 588	4 616	5 077	5 539	6 454	6 545	6 273	5 631	5 429	6 320
Oil													
Crude oil	BQNM	333	3 858	3 763	3 634	3 921	3 104	3 093	3 810	3 414	1 967	2 105	4 827
Oil products	BQOA	334+335	2 585	2 247	1 928	2 091	2 038	1 968	2 308	2 265	2 009	2 734	4 157
Total oil	BQAO	33	6 443	6 010	5 562	6 012	5 142	5 061	6 118	5 679	3 976	4 839	8 984
Coal, gas and electricity	BQNG	32+34+35	1 471	1 613	1 561	1 461	1 200	1 100	1 166	1 145	916	753	971
Semi-manufactured goods													
Chemicals	BQOJ	5	10 454	10 599	11 205	12 980	14 156	17 481	18 095	17 405	17 379	18 620	20 598
Precious stones and silver	BQOL	667+681.1	2 172	2 070	1 957	2 681	2 874	3 352	3 630	3 873	4 025	4 788	5 454
Other	BQOK		18 930	17 722	17 948	19 016	20 970	24 408	25 070	24 134	23 670	22 143	23 825
Total semi-manufactured goods	BQMR	5+6	31 556	30 391	31 110	34 677	38 000	45 241	46 795	45 412	45 074	45 551	49 877
Finished manufactured goods													
Motor cars	BQOM	781	7 070	5 273	6 352	8 273	8 893	9 601	10 978	13 254	13 618	14 432	13 450
Other consumer goods ²	BQON		14 996	14 191	15 400	17 024	18 019	18 835	20 662	22 237	23 793	24 905	28 034
Intermediate goods ²	BQOO		21 180	20 742	22 642	25 627	28 408	33 211	38 077	36 506	37 091	40 616	47 081
Capital goods ²	BQOP		15 078	14 324	15 767	19 135	21 864	25 560	27 434	29 222	30 191	31 521	36 361
Ships and aircraft	BQOQ	792+793	4 176	3 505	3 519	3 283	4 134	3 359	3 956	5 867	6 525	5 987	7 062
Total finished manufactured goods	BQMY	7+8	62 500	58 035	63 680	73 342	81 318	90 566	101 107	107 086	111 218	117 461	131 988
Commodities and transactions not classified according to kind	BQAO	9	1 914	1 916	1 771	1 426	1 182	1 617	1 765	1 759	1 804	1 801	1 847
Total	LQBL		121 020	114 162	120 913	135 295	146 269	165 600	180 918	184 265	185 869	193 722	218 036

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.

2.1 Trade in goods

Summary table

continued

£ million

			1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
SITC ¹													
Balances													
Food, beverages and tobacco	BQOS	0+1	-4 616	-3 955	-3 936	-4 127	-3 849	-4 369	-6 094	-5 808	-7 034	-7 941	-8 152
Basic materials	BQOR	2+4	-3 283	-2 580	-2 666	-2 801	-2 971	-3 508	-3 755	-3 520	-3 119	-3 145	-3 718
Oil													
Crude oil	BQMG	333	1 342	607	857	1 248	2 915	3 446	3 698	3 038	2 506	4 043	5 702
Oil products	BQMH	334+335	289	667	753	1 364	1 022	877	1 112	1 522	536	190	929
Total oil	BQNE	33	1 631	1 274	1 610	2 612	3 937	4 323	4 810	4 560	3 042	4 233	6 631
Coal, gas and electricity	BQNH	32+34+35	-1 147	-1 260	-1 254	-1 010	-787	-542	-516	-368	-421	53	501
Semi-manufactured goods													
Chemicals	BQMI	5	2 625	3 101	3 726	4 762	4 650	3 518	4 071	4 496	4 723	4 451	4 321
Precious stones and silver	BQMK	667+681.1	97	-13	-129	367	207	-235	-21	-318	-1 192	-1 155	-711
Other	BQMJ	Rest of 6	-5 482	-4 284	-4 349	-4 304	-4 477	-5 066	-5 537	-5 014	-5 260	-5 474	-5 907
Total semi-manufactured goods	BQOT	5+6	-2 760	-1 196	-752	825	380	-1 783	-1 487	-836	-1 729	-2 178	-2 297
Finished manufactured goods													
Motor cars	BQML	781	-3 856	-1 289	-2 184	-3 583	-3 534	-2 703	-2 528	-4 465	-4 909	-4 847	-4 267
Other consumer goods ²	BQMM		-5 736	-5 008	-5 886	-6 073	-5 208	-4 942	-5 271	-6 683	-9 345	-11 065	-13 776
Intermediate goods ²	BQMN		-1 200	-4	-478	-997	-1 054	-1 900	-3 757	-625	-1 454	-3 958	-5 990
Capital goods ²	BQMO		1 188	1 784	703	643	1 248	1 939	3 108	3 573	3 463	1 803	519
Ships and aircraft	BQMP	792+793	722	2 091	1 513	1 212	397	1 252	1 580	1 646	-400	-174	331
Total finished manufactured goods	BQOV	7+8	-8 882	-2 426	-6 332	-8 798	-8 151	-6 354	-6 868	-6 554	-12 645	-18 241	-23 183
Commodities and transactions not classified according to kind	BQOU	9	350	-80	280	233	315	210	188	184	93	-305	-162
Total	LQCT		-18 707	-10 223	-13 050	-13 066	-11 126	-12 023	-13 722	-12 342	-21 813	-27 524	-30 380

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*.

Trade in goods

2.2 Trade in goods: volume indices

1995=100

			1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
SITC ¹													
Exports													
Food, beverages and tobacco	BQPP	0+1	72	76	83	83	93	100	101	105	102	102	103
Basic materials	BQPQ	2+4	91	83	79	89	98	100	100	105	107	103	115
Oil													
Crude oil	BOGH	333	68	65	70	79	99	100	95	88	91	93	97
Oil products	BOGO	334+335	97	102	103	124	118	100	106	122	105	104	118
Total oil	BONC	33	77	76	80	92	105	100	98	99	95	96	103
Coal, gas and electricity	BOGP	32+34+35	59	57	54	83	83	100	98	127	111	159	169
Semi-manufactured goods													
Chemicals	BQLB	5	75	77	83	91	96	100	105	111	116	127	138
Precious stones and silver	BQLD	667+681.1	87	78	66	100	100	100	117	122	100	133	174
Other	BQLC	Rest of 6	77	80	81	84	90	100	102	105	104	97	104
Total semi-manufactured goods	BQPR	5+6	77	79	81	89	94	100	104	109	109	114	126
Finished manufactured goods													
Motor cars	BQLE	781	63	75	76	74	82	100	121	127	128	141	144
Other consumer goods ²	BQLF		84	80	80	81	94	100	112	120	115	113	117
Intermediate goods ²	BQLG		77	79	82	81	90	100	110	121	125	135	156
Capital goods ²	BQLH		67	66	67	72	83	100	113	127	139	148	172
Ships and aircraft	BQLI	792+793	144	157	133	104	100	100	120	162	136	129	157
Total finished manufactured goods	BQPS	7+8	77	78	79	79	88	100	113	126	129	136	154
Total	BPBP		77.2	78.0	79.9	83.1	91.3	100.0	107.6	116.7	118.2	123.3	137.3
Imports													
Food, beverages and tobacco	BQPT	0+1	89	89	95	93	96	100	109	114	126	136	139
Basic materials	BQPU	2+4	98	89	95	99	99	100	105	106	101	100	107
Oil													
Crude oil	BQPV	333	114	121	123	129	111	100	101	105	96	69	91
Oil products	BQPW	334+335	123	113	102	114	103	100	102	105	106	128	141
Total oil	ELAM	33	117	118	115	123	108	100	101	105	100	92	110
Coal, gas and electricity	BQPX	32+34+35	137	158	166	127	109	100	108	118	110	111	133
Semi-manufactured goods													
Chemicals	BQLQ	5	70	73	77	83	92	100	108	114	120	132	143
Precious stones and silver	BQLS	667+681.1	81	77	74	86	87	100	107	120	123	148	160
Other	BQLR	Rest of 6	87	85	90	91	96	100	105	109	115	112	115
Total semi-manufactured goods	BQPY	5+6	80	79	84	87	94	100	106	112	118	123	129
Finished manufactured goods													
Motor cars	BQLT	781	110	76	87	100	101	100	112	139	145	154	144
Other consumer goods ²	BQLU		85	80	89	100	101	100	108	120	132	139	153
Intermediate goods ²	BQLV		82	79	83	83	89	100	117	123	139	162	195
Capital goods ²	BQLW		69	64	71	79	86	100	110	131	152	170	208
Ships and aircraft	BQLX	792+793	164	129	124	109	129	100	112	172	193	170	183
Total finished manufactured goods	BQPZ	7+8	84	76	83	89	93	100	112	128	144	159	184
Total	BQBJ		86.5	81.9	87.3	90.5	94.5	100.0	109.5	120.3	131.1	141.3	158.2

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

			1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
SITC ¹													
Exports													
Food, beverages and tobacco	BPAI	0+1	82	86	90	98	96	100	101	95	92	92	92
Basic materials	BPAW	2+4	77	76	78	84	89	100	96	91	84	80	84
Oil													
Crude oil	BQAC	333	118	104	99	102	93	100	121	110	74	99	167
Oil products	BQAD	334+335	105	99	89	96	91	100	114	110	91	113	168
Total oil	BQAL	33	114	102	96	100	92	100	119	110	79	103	168
Coal, gas and electricity	BQAF	32+34+35	86	96	91	97	90	100	119	110	80	96	153
Semi-manufactured goods													
Chemicals	BQLJ	5	80	82	83	94	95	100	101	95	92	88	89
Precious stones and silver	BQLL	667+681.1	83	84	87	97	99	100	98	94	90	88	87
Other	BQLK	Rest of 6	86	85	85	91	96	100	98	94	91	88	89
Total semi-manufactured goods	BQAA	5+6	83	83	84	93	96	100	100	94	91	88	89
Finished manufactured goods													
Motor cars	BQPM	781	73	77	80	91	94	100	101	100	98	99	92
Other consumer goods ²	BQLM		79	82	84	96	98	100	96	91	87	85	85
Intermediate goods ²	BQLN		80	82	84	95	97	100	100	94	91	88	87
Capital goods ²	BQLO		85	86	88	99	101	100	99	95	90	86	83
Ships and aircraft	BQLP	792+793	73	77	82	93	98	100	100	100	99	99	102
Total finished manufactured goods	BQAB	7+8	80	82	85	96	98	100	99	94	91	89	87
Total	BQKR		81.7	82.8	84.5	95.0	96.9	100.0	100.7	95.3	90.3	89.5	92.9
Imports													
Food, beverages and tobacco	ELAN	0+1	84	84	85	94	94	100	102	96	89	86	87
Basic materials	ELAO	2+4	83	77	74	80	89	100	98	93	89	88	94
Oil													
Crude oil	ELAS	333	110	100	94	98	90	100	121	105	67	98	173
Oil products	ELAT	334+335	118	112	103	99	101	100	116	109	96	107	149
Total oil	ELBB	33	113	104	98	99	94	100	119	107	78	101	163
Coal, gas and electricity	ELAU	32+34+35	104	102	101	107	102	100	99	90	77	62	68
Semi-manufactured goods													
Chemicals	BQLY	5	78	77	77	87	89	100	98	89	85	82	85
Precious stones and silver	BQMA	667+681.1	79	80	80	94	98	100	101	96	96	96	102
Other	BQLZ	Rest of 6	86	84	82	87	90	100	98	91	85	81	86
Total semi-manufactured goods	ELAQ	5+6	83	81	80	88	90	100	98	91	86	83	87
Finished manufactured goods													
Motor cars	BQMB	781	68	75	78	88	92	100	102	99	98	98	97
Other consumer goods ²	BQMC		89	91	89	91	95	100	100	97	94	94	96
Intermediate goods ²	BQMD		77	81	85	93	96	100	99	92	85	83	84
Capital goods ²	BQME		82	84	87	96	100	100	98	90	84	82	81
Ships and aircraft	BQMF	792+793	76	81	85	89	96	100	104	101	101	104	115
Total finished manufactured goods	ELAR	7+8	80	83	86	93	97	100	100	94	89	88	88
Total	BQKS		81.2	82.2	82.9	91.2	94.3	100.0	99.8	93.2	87.6	86.4	90.1

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.

Trade in goods

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

£ million

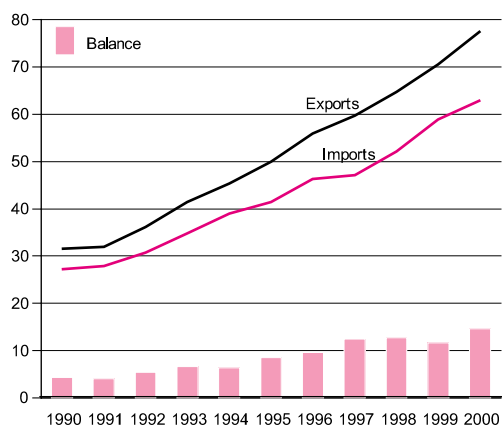
		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports												
Overseas trade statistics (f.o.b.)	HGAA	103 691	104 819	108 506	119 142	135 186	154 971	169 569	173 082	165 856	168 221	189 141
Coverage adjustments												
Second-hand ships	HBVK	46	225	277	224	175	208	204	193	219	236	236
Repairs to ships and aircraft	EPAQ	15	15	15	12	12	12	12	12	12	12	12
Goods not changing ownership	HCLJ	-2 544	-2 193	-2 369	-1 009	-1 170	-1 710	-1 972	-2 351	-2 565	-2 292	-2 343
Goods procured in ports	KTPB	590	521	515	636	591	593	659	623	564	594	884
Industrial gold	DEJO	19	19	21	51	34	34	31	22	46	33	33
Other	BQPO	-20	17	9	107	174	53	53	56	55	56	57
Total coverage adjustments	EHHH	-1 895	-1 396	-1 532	21	-184	-810	-1 013	-1 445	-1 669	-1 361	-1 121
Other adjustments	EPAR	517	516	888	3 066	141	-584	-1 360	286	-131	-662	-364
Total	LQAD	102 313	103 939	107 863	122 229	135 143	153 577	167 196	171 923	164 056	166 198	187 656
Imports												
Overseas trade statistics (c.i.f.)	HGAD	126 085	118 871	125 868	136 178	149 888	169 609	186 153	189 107	192 027	199 925	223 801
Coverage adjustments												
Second-hand ships	HBTY	154	48	32	74	381	235	232	160	185	129	129
Ships delivered abroad	CGER	25	46	205	88	209	186	96	165	217	173	173
Repairs to ships and aircraft	EPBA	34	34	34	8	143	69	9	33	35	35	35
Goods not changing ownership	HBYS	-2 545	-2 193	-2 369	-1 009	-1 170	-1 710	-1 972	-2 351	-2 565	-2 292	-2 343
Goods procured in ports	KTPC	488	460	461	495	553	590	703	789	744	945	962
Industrial gold	DEJP	246	213	172	191	221	205	209	194	135	149	164
Other	EHHI	20	30	5	29	105	249	625	848	1 050	1 371	1 811
Total coverage adjustments	EHHJ	-1 578	-1 362	-1 459	-124	442	-176	-98	-162	-199	510	931
Valuation adjustments												
Freight	BPGF	-3 092	-2 969	-3 081	-3 416	-3 539	-3 628	-3 945	-4 171	-4 362	-4 660	-5 113
Insurance	ENAG	-374	-354	-378	-418	-433	-496	-522	-556	-548	-587	-648
Total	HCLT	-3 466	-3 323	-3 459	-3 834	-3 972	-4 124	-4 467	-4 727	-4 910	-5 247	-5 761
Other adjustments	EPBB	-21	-24	-36	3 075	-89	291	-670	47	-1 049	-1 466	-935
Total	LQBL	121 020	114 162	120 913	135 295	146 269	165 600	180 918	184 265	185 869	193 722	218 036

3

Trade in Services

Trade in services

£ billion



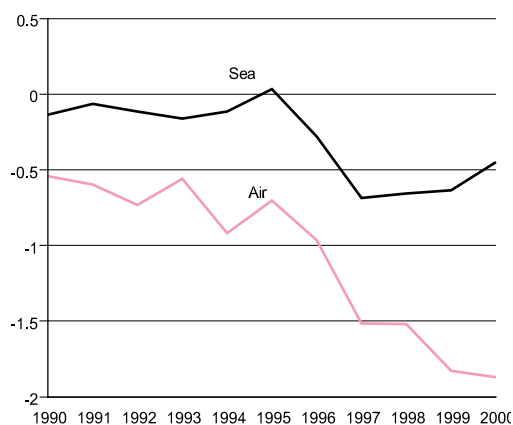
Summary

A surplus has been recorded for trade in services in every year since 1966. The £14.7 billion surplus recorded for 2000 was the largest since records began in 1946. In the year to 2000, exports of services grew by 10.1 per cent (compared to a rise of almost 9 per cent the previous year), while imports grew by 7 per cent (compared to 13 per cent in 1999). Of the 11 main product groupings, all showed surpluses other than transportation, travel, and government services. The increase in the balance was mainly due to the £2.2 billion increase in the financial services surplus, which was slightly offset by an increase in the travel deficit from £8.9 billion in 1999 to £10.9 billion in 2000.

Trade in sea & 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 recorded deficits every year since. The deficit decreased in 2000 to £0.4 billion, £0.2 billion less than in 1999, reflecting higher exports of freight services by UK ships.

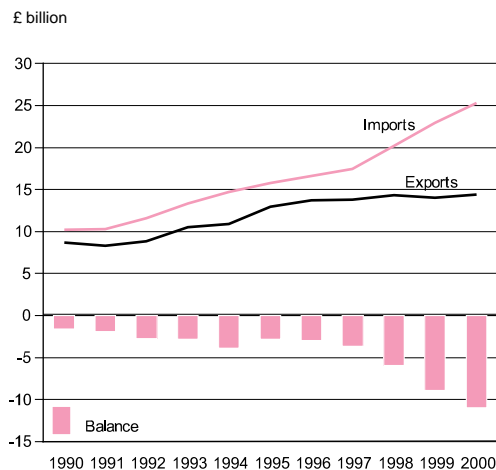
The UK has recorded a deficit on air transport services in every year since the mid 1980's. Between 1999 and 2000 the deficit remained fairly stable at around £1.9 billion.

Travel

Travel expenditure by overseas residents in the UK accounts for around a quarter of total exports of trade in services, while expenditure by UK residents abroad accounts for over two fifths of total imports.

The travel deficit has grown significantly since the late 1980's. The £10.9 billion deficit in 2000 was the highest on record, up from a deficit of £8.9 billion in 1999. The increase in the deficit has been driven by increasing numbers of UK travellers going abroad. The rising pound and lower flight prices are thought to have encouraged UK travellers to make more foreign trips in recent years (up 5% to 56 million in 2000). In contrast, the number of overseas visitors to the UK has fallen slightly from 25.4 million in 1999 to 25.2 million in 2000: once again the strength of sterling may have had an effect here.

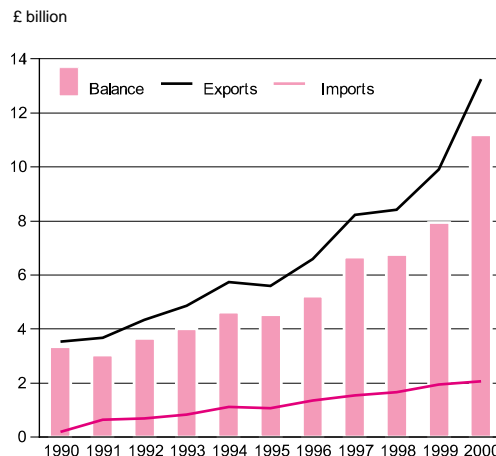
Trade in travel services



Financial services

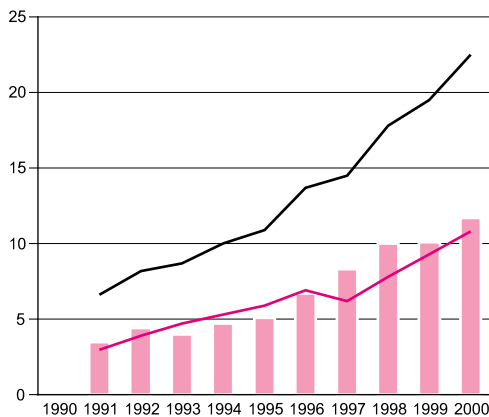
Exports and imports of financial services from banks, fund managers, securities dealers' etc. are presented separately for the first time in Pink Book 2001. The balance on financial services rose by £2.2 billion in the year to 2000, from £7.9 billion to £10.1 billion. The main contributor to this increase is a £1.9 billion increase in the exports of services by UK securities dealers to £7.1 billion in 2000.

Trade in financial services



Trade in other business services

£ billion

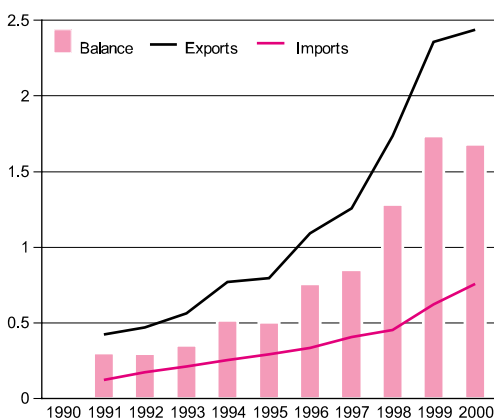


Other business services

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 are only available consistent with the new BPM5 definitions from 1991. Between 1991 and 2000, both exports and imports of other business services more than doubled. In the year to 2000, exports and imports of other business services rose by around 16 per cent.

Trade in computer and information services

£ billion



Computer and information services

Both exports and imports of computer and information services have shown strong growth in recent years; the value of exports and imports has more than doubled since 1995. However, between 1999 and 2000 growth has slowed down considerably. Exports increased by 3.4 per cent (compared to 35.9 per cent in 1999) and imports by 21.8 per cent (compared to 38.1 per cent in 1999).

3.1 Trade in services

Summary table

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports												
Transportation	FJOD	7 595	7 207	7 895	8 770	9 492	10 200	10 820	11 179	11 582	11 664	12 829
Travel	FJPF	8 659	8 330	8 841	10 509	10 882	12 990	13 691	13 805	14 302	14 060	14 406
Communications	FJPH	..	1 004	895	1 070	1 038	1 009	1 057	1 146	1 285	1 535	1 653
Construction	FJPI	..	66	87	96	115	130	173	266	298	252	199
Insurance	FJPJ	1 462	996	1 172	1 854	1 963	2 344	2 656	3 191	2 851	4 089	4 311
Financial	FJPK	3 530	3 668	4 336	4 851	5 733	5 591	6 580	8 223	8 422	9 897	12 149
Computer and information	FJPL	..	422	469	563	770	795	1 090	1 257	1 735	2 358	2 439
Royalties and license fees	FJPM	1 709	1 887	2 388	2 906	3 468	3 854	4 253	4 148	4 439	5 186	4 867
Other business	FJPN	..	6 566	8 247	8 702	10 028	10 906	13 661	14 527	17 799	19 452	22 504
Personal, cultural and recreational	FJPR	..	320	424	549	571	690	734	820	900	964	1 119
Government	FJPU	1 461	1 535	1 474	1 541	1 305	1 423	1 180	1 137	1 132	1 065	1 173
Total	KTMQ	31 574	32 001	36 228	41 411	45 365	49 932	55 895	59 699	64 745	70 522	77 649
Imports												
Transportation	FJPV	8 301	7 840	8 671	9 398	10 328	10 733	11 916	13 291	13 799	14 281	15 280
Travel	APQA	10 224	10 255	11 557	13 319	14 728	15 793	16 642	17 443	20 201	22 930	25 332
Communications	FJQZ	..	1 143	971	1 274	1 310	1 328	1 340	1 341	1 508	1 786	1 525
Construction	FJRA	..	42	61	76	83	95	120	168	111	94	55
Insurance	FJRB	405	411	427	427	471	495	567	594	587	621	657
Financial	FJRE	197	645	694	837	1 118	1 073	1 359	1 550	1 662	1 954	2 052
Computer and information	FJRF	..	121	173	211	253	293	333	405	451	623	759
Royalties and license fees	FJRG	2 005	1 904	2 039	2 403	2 918	3 295	4 042	3 747	3 928	4 282	4 039
Other business	FJRH	..	3 046	3 896	4 702	5 266	5 855	6 938	6 225	7 848	9 308	10 808
Personal, cultural and recreational	FJRL	..	192	193	285	386	493	556	546	475	587	591
Government	FJRO	2 250	2 300	2 064	1 898	2 125	1 998	2 485	1 861	1 509	2 396	1 890
Total	KTMR	27 237	27 899	30 746	34 830	38 986	41 451	46 298	47 171	52 079	58 862	62 988
Balances												
Transportation	FJRP	-706	-633	-776	-628	-836	-533	-1 096	-2 112	-2 217	-2 617	-2 451
Travel	FJSR	-1 565	-1 925	-2 716	-2 810	-3 846	-2 803	-2 951	-3 638	-5 899	-8 870	-10 926
Communications	FJST	..	-139	-76	-204	-272	-319	-283	-195	-223	-251	128
Construction	FJSU	..	24	26	20	32	35	53	98	187	158	144
Insurance	FJSV	1 057	585	745	1 427	1 492	1 849	2 089	2 597	2 264	3 468	3 654
Financial ¹	FJTA	3 333	3 023	3 642	4 014	4 615	4 518	5 221	6 673	6 760	7 943	10 097
Computer and information	FJTB	..	301	296	352	517	502	757	852	1 284	1 735	1 680
Royalties and license fees	FJTC	-296	-17	349	503	550	559	211	401	511	904	828
Other business	FJTD	..	3 520	4 351	4 000	4 762	5 051	6 723	8 302	9 951	10 144	11 696
Personal, cultural and recreational	FJTH	..	128	231	264	185	197	178	274	425	377	528
Government	FJUL	-789	-765	-590	-357	-820	-575	-1 305	-724	-377	-1 331	-717
Total	KTMS	4 337	4 102	5 482	6 581	6 379	8 481	9 597	12 528	12 666	11 660	14 661

Trade in services

3.2 Transportation

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports												
Sea transport												
Passenger												
Passenger revenue	FJAL	507	479	586	588	594	693	705	697	462	463	631
Time charter receipts	FJAM	9	7	8	8	8	8	9	9	—	9	4
Total passenger	FJOF	516	486	594	596	602	701	714	706	462	472	635
Freight												
Dry cargo												
Freight on UK exports	HECV	411	378	367	384	406	421	409	416	322	375	400
Freight on cross-trades	HDVI	861	869	902	1 129	1 272	1 354	1 345	1 564	1 502	1 412	1 453
Time charter receipts	FJAO	114	82	97	109	90	125	125	138	109	90	140
Wet cargo												
Freight on UK exports	HEIX	44	47	50	46	66	64	71	68	60	59	98
Freight on cross-trades	HECX	442	469	383	416	502	488	550	536	442	350	458
Time charter receipts	FJAP	113	94	79	96	128	139	120	68	70	87	104
Total Freight	FJOG	1 985	1 939	1 878	2 180	2 464	2 591	2 620	2 790	2 505	2 373	2 653
Disbursements in the UK	FJAR	731	750	840	878	910	946	950	981	1 139	1 091	1 133
Total sea transport	FJOE	3 232	3 175	3 312	3 654	3 976	4 238	4 284	4 477	4 106	3 936	4 421
Air transport												
Passenger revenue	FJOJ	2 656	2 363	2 764	3 163	3 392	3 751	4 110	4 080	4 422	4 402	4 690
Freight on UK exports and cross trades	FJOK	285	211	275	309	358	361	428	407	408	380	428
Other												
Disbursements in the UK	FJAX	893	880	941	1 018	1 044	983	1 024	1 177	1 565	1 765	1 994
Other revenue	HBWB	183	180	138	144	154	176	221	242	236	294	303
Total other	FJOL	1 076	1 060	1 079	1 162	1 198	1 159	1 245	1 419	1 801	2 059	2 297
Total air transport	FJOI	4 017	3 634	4 118	4 634	4 948	5 271	5 783	5 906	6 631	6 841	7 415
Other transport												
Rail												
Passenger	FJOS	—	—	—	—	—	71	77	80	108	132	226
Freight	FJOT	—	—	—	—	3	10	11	8	16	17	21
Total rail	FJOR	—	—	—	—	3	81	88	88	124	149	247
Road												
Passenger	FJOW	—	—	—	—	—	—	—	—	—	—	—
Freight	FJOX	321	367	422	443	511	570	629	672	683	701	698
Total road	FJOV	321	367	422	443	511	570	629	672	683	701	698
Pipeline transport	FJPD	25	31	43	39	54	40	36	36	38	37	48
Total other transport	FJOM	346	398	465	482	568	691	753	796	845	887	993
Total	FJOD	7 595	7 207	7 895	8 770	9 492	10 200	10 820	11 179	11 582	11 664	12 829

3.2 Transportation

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Imports												
Sea transport												
Passenger												
Passenger expenditure	FJBP	337	356	428	443	483	457	396	486	494	429	413
Time charter payments	FJBQ	45	47	51	55	62	65	70	92	22	24	24
Total passenger	FJPX	382	403	479	498	545	522	466	578	516	453	437
Freight												
Dry cargo												
Freight on UK imports	HCJO	1 444	1 333	1 514	1 682	1 761	1 811	1 846	2 008	2 063	2 328	2 531
Time charter payments	FJBS	92	95	106	118	129	135	145	190	217	121	149
Wet cargo												
Freight on UK imports	HCNJ	340	288	195	237	222	194	221	315	282	415	328
Time charter payments	FJBT	186	196	214	208	200	186	243	161	181	89	172
Freight on UK coastal routes	HFAA	86	102	81	97	92	116	132	135	135	137	159
Total Freight	FJPY	2 148	2 014	2 110	2 342	2 404	2 442	2 587	2 809	2 878	3 090	3 339
Other												
Disbursements - dry cargo	FJBU	761	716	733	865	1 039	1 134	1 375	1 670	1 291	953	1 038
Disbursements - wet cargo	FJBW	76	107	104	111	102	107	134	104	78	76	56
Total other	FJpz	837	823	837	976	1 141	1 241	1 509	1 774	1 369	1 029	1 094
Total sea transport	FJPW	3 367	3 240	3 426	3 816	4 090	4 205	4 562	5 161	4 763	4 572	4 870
Air transport												
Passenger expenditure	FJQB	2 546	2 359	2 771	2 894	3 192	3 115	3 505	3 863	4 197	4 650	4 594
Freight	FJQC	318	289	358	361	375	401	481	543	583	685	740
Disbursements abroad	FJCA	1 697	1 583	1 723	1 936	2 298	2 459	2 764	3 015	3 372	3 336	3 951
Total air transport	FJQA	4 561	4 231	4 852	5 191	5 865	5 975	6 750	7 421	8 152	8 671	9 285
Other transport												
Rail												
Passenger	FJQK	—	—	—	—	2	54	85	98	121	154	169
Freight	FJQL	—	—	—	—	3	13	13	10	21	26	34
Total rail	FJQJ	—	—	—	—	5	67	98	108	142	180	203
Road												
Passenger	FJQO	—	—	—	—	—	—	—	—	—	—	—
Freight	FJQP	337	316	340	337	319	422	457	550	694	810	870
Total road	FJQN	337	316	340	337	319	422	457	550	694	810	870
Pipeline transport	FJQV	36	53	53	54	49	64	49	51	48	48	52
Total other transport	FJQE	373	369	393	391	373	553	604	709	884	1 038	1 125
Total	FJPV	8 301	7 840	8 671	9 398	10 328	10 733	11 916	13 291	13 799	14 281	15 280

Trade in services

3.2 Transportation

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Balances												
Sea transport												
Passenger	FJRR	134	83	115	98	57	179	248	128	-54	19	198
Freight												
Dry cargo	FJNJ	-150	-99	-254	-178	-122	-46	-112	-80	-347	-572	-687
Wet cargo	FJNM	73	126	103	113	274	311	277	196	109	-8	160
Other	FJVC	-86	-102	-81	-97	-92	-116	-132	-135	-135	-137	-159
Total Freight	FJRS	-163	-75	-232	-162	60	149	33	-19	-373	-717	-686
Other												
Dry cargo	FJVF	-761	-716	-733	-865	-1 039	-1 134	-1 375	-1 670	-1 291	-953	-1 038
Wet Cargo	FJVG	-76	-107	-104	-111	-102	-107	-134	-104	-78	-76	-56
Other	FJVI	731	750	840	878	910	946	950	981	1 139	1 091	1 133
Total other	FJRT	-106	-73	3	-98	-231	-295	-559	-793	-230	62	39
Total sea transport	FJRQ	-135	-65	-114	-162	-114	33	-278	-684	-657	-636	-449
<i>of which</i>												
<i>Ships owned or chartered-in by UK residents</i>	FLMZ	1 341	1 264	1 264	1 419	1 534	1 665	1 367	1 279	1 178	1 583	1 849
<i>Ships operated by non-residents</i>	FLNF	-1 476	-1 329	-1 378	-1 581	-1 648	-1 632	-1 645	-1 963	-1 835	-2 088	-2 298
Air transport												
Passenger	FJRV	110	4	-7	269	200	636	605	217	225	-248	96
Freight	FJRW	-33	-78	-83	-52	-17	-40	-53	-136	-175	-305	-312
Other	FJRX	-621	-523	-644	-774	-1 100	-1 300	-1 519	-1 596	-1 571	-1 277	-1 654
Total air transport	FJRU	-544	-597	-734	-557	-917	-704	-967	-1 515	-1 521	-1 830	-1 870
Other transport												
Rail												
Passenger	FJSE	-	-	-	-	-2	17	-8	-18	-13	-22	57
Freight	FJSF	-	-	-	-	-	-3	-2	-2	-5	-9	-13
Total rail	FJSD	-	-	-	-	-2	14	-10	-20	-18	-31	44
Road												
Passenger	FJSI	-	-	-	-	-	-	-	-	-	-	-
Freight	FJSJ	-16	51	82	106	192	148	172	122	-11	-109	-172
Total road	FJSH	-16	51	82	106	192	148	172	122	-11	-109	-172
Pipeline transport	FJSP	-11	-22	-10	-15	5	-24	-13	-15	-10	-11	-4
Total other transport	FJRY	-27	29	72	91	195	138	149	87	-39	-151	-132
Total	FJRP	-706	-633	-776	-628	-836	-533	-1 096	-2 112	-2 217	-2 617	-2 451

3.3 Travel

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports												
Business												
Expenditure by seasonal & border workers ¹	FJCQ	—	—	—	—	53	52	60	53	132	114	148
Other	FJNO	2 190	2 142	2 211	2 489	2 580	3 240	3 246	3 533	3 857	3 998	4 082
Total business travel	FJPG	2 190	2 142	2 211	2 489	2 633	3 292	3 306	3 586	3 989	4 112	4 230
Personal												
Health related ²	FJCK	—	—	—	—	91	53	105	112	79	93	66
Education related	FJDD	1 500	1 566	1 529	1 774	1 880	2 237	2 512	2 492	2 696	2 534	2 494
Other	FJDG	4 969	4 622	5 101	6 246	6 278	7 408	7 768	7 615	7 538	7 321	7 616
Total personal travel	FJTU	6 469	6 188	6 630	8 020	8 249	9 698	10 385	10 219	10 313	9 948	10 176
Total	FJPF	8 659	8 330	8 841	10 509	10 882	12 990	13 691	13 805	14 302	14 060	14 406
Imports												
Business												
Expenditure by seasonal & border workers ¹	FJDO	—	—	—	—	28	71	55	56	118	197	191
Other	FJNP	1 907	1 885	2 000	2 364	2 629	3 044	3 435	3 451	4 231	4 352	4 779
Total business travel	FJQY	1 907	1 885	2 000	2 364	2 657	3 115	3 490	3 507	4 349	4 549	4 970
Personal												
Health related ²	FJDT	—	—	—	—	9	4	3	11	3	10	14
Education related	FJDV	41	47	63	103	91	106	118	111	133	180	96
Other	APPW	8 276	8 323	9 494	10 852	11 971	12 568	13 031	13 814	15 716	18 191	20 252
Total personal travel	APQW	8 317	8 370	9 557	10 955	12 071	12 678	13 152	13 936	15 852	18 381	20 362
Total	APQA	10 224	10 255	11 557	13 319	14 728	15 793	16 642	17 443	20 201	22 930	25 332
Balances												
Business												
Expenditure by seasonal & border workers ¹	FJCR	—	—	—	—	25	—19	5	—3	14	—83	—43
Other	FJCW	283	257	211	125	—49	196	—189	82	—374	—354	—697
Total business travel	FJSS	283	257	211	125	—24	177	—184	79	—360	—437	—740
Personal												
Health related ²	FJCY	—	—	—	—	82	49	102	101	76	83	52
Education related	FJDE	1 459	1 519	1 466	1 671	1 789	2 131	2 394	2 381	2 563	2 354	2 398
Other	FJDH	—3 307	—3 701	—4 393	—4 606	—5 693	—5 160	—5 263	—6 199	—8 178	—10 870	—12 636
Total personal travel	FJTW	—1 848	—2 182	—2 927	—2 935	—3 822	—2 980	—2 767	—3 717	—5 539	—8 433	—10 186
Total	FJSR	—1 565	—1 925	—2 716	—2 810	—3 846	—2 803	—2 951	—3 638	—5 899	—8 870	—10 926

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.

Trade in services

3.4 Communications services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports											
Postal and courier services											
Postal services	FJTN	27	15	80	92	109	85	93	89	119	121
Courier services	FJTO	20	20	25	18	24	23	15	12	38	22
Total postal and courier services	FJED	47	35	105	110	133	108	108	101	157	143
Telecommunications services	FJAS	957	860	965	928	876	949	1 038	1 184	1 378	1 510
Total	FJPH	1 004	895	1 070	1 038	1 009	1 057	1 146	1 285	1 535	1 653
Imports											
Postal and courier services											
Postal services	FJTP	89	51	172	198	223	217	200	210	235	252
Courier services	FJTQ	17	18	20	19	19	19	14	27	27	9
Total postal and courier services	FJEI	106	69	192	217	242	236	214	237	262	261
Telecommunications services	FJAT	1 037	902	1 082	1 093	1 086	1 104	1 127	1 271	1 524	1 264
Total	FJQZ	1 143	971	1 274	1 310	1 328	1 340	1 341	1 508	1 786	1 525
Balances											
Postal and courier services											
Postal services	FJTR	-62	-36	-92	-106	-114	-132	-107	-121	-116	-131
Courier services	FJTS	3	2	5	-1	5	4	1	-15	11	13
Total postal and courier services	FJEE	-59	-34	-87	-107	-109	-128	-106	-136	-105	-118
Telecommunications services	FJAQ	-80	-42	-117	-165	-210	-155	-89	-87	-146	246
Total	FJST	-139	-76	-204	-272	-319	-283	-195	-223	-251	128

3.5 Insurance services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports											
Life insurance and pension funds	FJEU	161	188	103	170	238	415	494	838	1 285	1 556
Freight insurance	FJJL	22	14	26	25	2	31	82	76	88	80
Other direct insurance ¹	FJEW	-168	-221	184	307	562	839	925	439	570	358
Reinsurance	FJEX	62	157	389	273	409	339	718	331	318	97
Auxiliary insurance services (insurance brokers)	FJEY	919	1 034	1 152	1 188	1 133	1 032	972	1 167	1 828	2 220
Total²	FJPJ	996	1 172	1 854	1 963	2 344	2 656	3 191	2 851	4 089	4 311
Imports											
Life insurance and pension funds	FJRC	-	-	-	-	-	-	-	-	-	-
Freight insurance	FJRD	411	427	427	471	495	567	594	587	621	657
Other direct insurance	FJFC	-	-	-	-	-	-	-	-	-	-
Reinsurance	FJFD	-	-	-	-	-	-	-	-	-	-
Auxiliary insurance services	FJFE	-	-	-	-	-	-	-	-	-	-
Total	FJRB	411	427	427	471	495	567	594	587	621	657
Balances											
Life insurance and pension funds	FJSW	161	188	103	170	238	415	494	838	1 285	1 556
Freight insurance	FJSX	-389	-413	-401	-446	-493	-536	-512	-511	-533	-577
Other direct insurance	FJJM	-168	-221	184	307	562	839	925	439	570	358
Reinsurance	FJJN	62	157	389	273	409	339	718	331	318	97
Auxiliary insurance services	FJJO	919	1 034	1 152	1 188	1 133	1 032	972	1 167	1 828	2 220
Total	FJSV	585	745	1 427	1 492	1 849	2 089	2 597	2 264	3 468	3 654

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.

Trade in services

3.6 Financial services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports											
Monetary financial institutions (banks)											
Commissions and fees	APUP	647	697	849	996	1 178	1 269	1 778	2 108	2 421	3 026
Spread earnings	APVA	874	941	875	694	788	838	805	576	581	568
Total monetary financial institutions (banks)	ZXTE	1 521	1 638	1 724	1 690	1 966	2 107	2 583	2 684	3 002	3 594
Fund managers	FNMM	259	316	416	451	457	543	660	620	632	660
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
Spread earnings	QZCM	269	298	522	803	690	934	1 253	1 233	1 209	1 438
Total securities dealers	ZXTF	1 189	1 651	1 956	2 758	2 339	3 037	4 014	4 064	5 205	7 070
Baltic Exchange	APRJ	352	323	297	282	315	280	340	320	319	351
Other	ZSHJ	347	408	458	552	514	613	626	734	739	474
Total	FJPK	3 668	4 336	4 851	5 733	5 591	6 580	8 223	8 422	9 897	12 149
Imports											
Monetary financial institutions (banks)	APVW	137	148	214	302	412	463	573	549	688	1 001
Fund managers	FNMS	28	34	41	61	32	98	100	110	92	80
Securities dealers ¹	RWMG	213	215	276	418	287	411	506	689	829	829
Baltic Exchange	APSZ	25	24	21	20	24	20	24	23	24	24
Other	ZXTG	242	273	285	317	318	367	347	291	321	118
Total	FJRE	645	694	837	1 118	1 073	1 359	1 550	1 662	1 954	2 052
Balances											
Monetary financial institutions	ZXLV	1 384	1 490	1 510	1 388	1 554	1 644	2 010	2 135	2 314	2 593
Fund managers	ZXLW	231	282	375	390	425	445	560	510	540	580
Securities dealers	ZXLX	976	1 436	1 680	2 340	2 052	2 626	3 508	3 375	4 376	6 241
Baltic Exchange	ZXLY	327	299	276	262	291	260	316	297	295	327
Other	ZXLZ	105	135	173	235	196	246	279	443	418	356
Total	FJTA	3 023	3 642	4 014	4 615	4 518	5 221	6 673	6 760	7 943	10 097

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

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports										
Computer services	FJCN	406	491	679	695	956	1 083	1 553	2 012	2 091
Information services	FJCO	63	72	91	100	134	174	182	346	348
Total	FJPL	469	563	770	795	1 090	1 257	1 735	2 358	2 439
Imports										
Computer services	FJDL	147	179	218	253	283	339	432	533	670
Information services	FJDM	26	32	35	40	50	66	19	90	89
Total	FJRF	173	211	253	293	333	405	451	623	759
Balances										
Computer Services	FJJP	259	312	461	442	673	744	1 121	1 479	1 421
Information services	FJJQ	37	40	56	60	84	108	163	256	259
Total	FJTB	296	352	517	502	757	852	1 284	1 735	1 680

3.8 Royalties and license fees

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports												
Film and television	FJFO	289	294	303	546	716	744	879	705	775	868	816
Other royalties and license fees	FFVJ	1 420	1 593	2 085	2 360	2 752	3 110	3 374	3 443	3 664	4 318	4 051
Total	FJPM	1 709	1 887	2 388	2 906	3 468	3 854	4 253	4 148	4 439	5 186	4 867
Imports												
Film and television	FJFQ	326	359	393	535	616	763	829	863	882	932	940
Other royalties and license fees	FFVP	1 679	1 545	1 646	1 868	2 302	2 532	3 213	2 884	3 046	3 350	3 099
Total	FJRG	2 005	1 904	2 039	2 403	2 918	3 295	4 042	3 747	3 928	4 282	4 039
Balances												
Film and television	FFVV	-37	-65	-90	11	100	-19	50	-158	-107	-64	-124
Other royalties and license fees	FFWB	-259	48	439	492	450	578	161	559	618	968	952
Total	FJTC	-296	-17	349	503	550	559	211	401	511	904	828

Trade in services

3.9 Other Business Services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports											
Merchanting and other trade related services											
Merchanting	FJFS	344	384	380	459	508	481	314	545	784	783
Other trade related services	FJFX	282	362	403	487	547	709	657	698	1 416	1 751
Total merchanting and other trade related services	FJPO	626	746	783	946	1 055	1 190	971	1 243	2 200	2 534
Operational leasing services	FJPP	75	79	94	97	121	129	113	40	91	48
Miscellaneous business, professional and technical services											
Legal, accounting and management consulting											
Law society	FJGE	445	496	495	528	537	565	675	824	760	975
Commercial bar association	FJCP	—	—	—	35	33	41	47	61	62	61
Other legal services ¹	FJGD	—	—	—	—	—	161	202	257	235	228
Accounting	FJBX	89	118	129	146	156	178	258	478	605	744
Business management and management consulting	FJNV	370	491	538	586	610	668	933	932	1 062	1 234
Advertising and market research	FJGP	369	489	536	596	633	717	1 022	1 087	1 082	1 284
Research and development	FJDP	521	659	734	890	986	1 311	1 616	1 920	2 361	2 244
Architectural, engineering and other technical services											
North Sea oil and gas ²	FJCV	283	382	356	497	358	331	—	—	—	—
Architectural	FJGT	32	42	47	51	52	51	83	59	72	66
Engineering	FJGU	1 003	1 330	1 461	1 689	1 843	2 243	2 491	2 781	2 521	2 496
Surveying	FJGV	25	34	37	36	37	37	31	41	45	139
Other Technical	FJGW	315	414	457	546	612	807	798	1 071	1 017	1 351
Agricultural, mining and on-site processing services	FJHC	11	13	15	18	21	26	21	56	52	61
Other miscellaneous business services	FJHH	2 142	2 635	2 656	2 901	3 351	4 524	4 395	5 989	6 223	7 813
Services between affiliated enterprises, n.i.e.	FJHF	260	319	364	466	501	682	871	960	1 064	1 226
Total miscellaneous business, professional, and technical services	FJPD	5 865	7 422	7 825	8 985	9 730	12 342	13 443	16 516	17 161	19 922
Total	FJPN	6 566	8 247	8 702	10 028	10 906	13 661	14 527	17 799	19 452	22 504
Imports											
Merchanting and other trade related services											
Merchanting	FJHN	46	56	70	76	88	110	44	73	45	172
Other trade related services	FJHR	231	329	410	449	517	652	444	500	685	743
Total merchanting and other trade related services	FJRI	277	385	480	525	605	762	488	573	730	915
Operational leasing services	FJRJ	124	147	156	159	163	194	196	193	225	363
Miscellaneous business, professional and technical services											
Legal, accounting and management consulting											
Legal ¹	FJHX	20	24	24	24	24	173	209	207	232	413
Accounting	FJVJ	48	69	86	93	105	128	98	97	101	172
Business management and management consulting	FJNW	127	184	229	242	263	310	327	324	312	340
Advertising and market research	FJID	210	305	379	406	443	493	460	540	667	660
Research and development	FJDQ	273	389	479	550	639	767	657	657	651	622
Architectural, engineering and other technical services											
North Sea oil and gas ²	FJDR	482	479	484	440	567	442	—	—	—	—
Architectural	FJIF	3	4	5	5	5	6	7	12	11	18
Engineering	FJIG	256	371	461	497	546	629	909	1 039	816	804
Surveying	FJIH	10	14	17	18	18	17	36	26	15	82
Other Technical	FJII	84	120	149	163	188	232	358	407	383	377
Agricultural, mining and on-site processing services	FJIN	3	4	5	5	6	7	7	32	57	53
Other miscellaneous business services	FJIP	985	1 195	1 492	1 854	1 954	2 372	2 016	3 078	4 400	4 958
Services between affiliated enterprises, n.i.e.	FJHG	144	206	256	285	329	406	457	663	708	1 031
Total miscellaneous business, professional and technical services	FJRK	2 645	3 364	4 066	4 582	5 087	5 982	5 541	7 082	8 353	9 530
Total	FJRH	3 046	3 896	4 702	5 266	5 855	6 938	6 225	7 848	9 308	10 808

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

2 From 1997, service transactions of North Sea oil and gas companies are collected by the International Trade in Services Inquiry and are implicitly included with the various products traded. Industry totals for the Sea oil and gas industry are as below:

	Exports	Imports
1997	412	421
1998	581	478
1999	515	467
2000	639	382

3.9 Other Business Services

continued

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Balances											
Merchanting and other trade related services											
Merchanting	FJFT	298	328	310	383	420	371	270	472	739	611
Other trade related services	FJFY	51	33	-7	38	30	57	213	198	731	1 008
Total merchanting and other trade related services	FJTE	349	361	303	421	450	428	483	670	1 470	1 619
Operational leasing services	FJTF	-49	-68	-62	-62	-42	-65	-83	-153	-134	-315
Miscellaneous business, professional and technical services											
Legal, accounting and management consulting											
Legal	FJGG	425	472	471	539	546	594	715	935	825	851
Accounting	FJGI	41	49	43	53	51	50	160	381	504	572
Business management and management consulting	FJGK	243	307	309	344	347	358	606	608	750	894
Advertising and market research	FJGQ	159	184	157	190	190	224	562	547	415	624
Research and development	FJGS	248	270	255	340	347	544	959	1 263	1 710	1 622
Architectural, engineering and other technical services	FJGY	823	1 214	1 242	1 696	1 578	2 143	2 093	2 468	2 430	2 771
Agricultural, mining and on-site processing services	FJHD	8	9	10	13	15	19	14	24	-5	8
Services between affiliated enterprises, n.i.e.	FJHL	116	113	108	181	172	276	414	297	356	195
Other	FJHI	1 157	1 440	1 164	1 047	1 397	2 152	2 379	2 911	1 823	2 855
Total miscellaneous business, professional, and technical services	FJTG	3 220	4 058	3 759	4 403	4 643	6 360	7 902	9 434	8 808	10 392
Total	FJTD	3 520	4 351	4 000	4 762	5 051	6 723	8 302	9 951	10 144	11 696

Trade in services

3.10 Personal, cultural and recreational services

£ million

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports											
Audiovisual and related services											
Film and television	FKJO	208	253	345	330	422	395	461	480	531	565
Other	FFWH	39	52	56	67	77	101	152	141	160	172
Total audiovisual and related services	FJPS	247	305	401	397	499	496	613	621	691	737
Other personal, cultural and recreational services	FJPT	73	119	148	174	191	238	207	279	273	382
Total	FJPR	320	424	549	571	690	734	820	900	964	1 119
Imports											
Audiovisual and related services											
Film and television	FKJX	151	134	211	305	400	441	450	411	496	416
Other	FFWN	9	13	16	18	20	25	22	25	27	19
Total audiovisual and related services	FJRM	160	147	227	323	420	466	472	436	523	435
Other personal, cultural and recreational services	FJRN	32	46	58	63	73	90	74	39	64	156
Total	FJRL	192	193	285	386	493	556	546	475	587	591
Balances											
Audiovisual and related services	FJTI	87	158	174	74	79	30	141	185	168	302
Other personal, cultural and recreational services	FJTJ	41	73	90	111	118	148	133	240	209	226
Total	FJTH	128	231	264	185	197	178	274	425	377	528

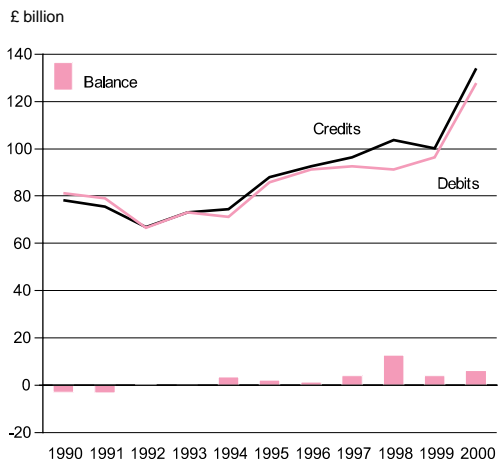
3.11 Government services

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports												
Expenditure by foreign embassies and consulates in the UK	FJUK	429	409	365	368	348	367	393	357	371	385	385
Military units and agencies												
Expenditure by US forces in UK	FJKB	604	670	635	520	357	364	328	250	293	247	271
Other military receipts by UK government	HCOJ	52	23	44	196	139	108	91	56	40	29	25
Total military units and agencies	FJIX	656	693	679	716	496	472	419	306	333	276	296
Other												
EU institutions	FKIE	198	228	231	278	239	301	144	235	216	213	226
Other receipts	HCQO	178	205	199	179	222	283	224	239	212	191	266
Total other	FJJA	376	433	430	457	461	584	368	474	428	404	492
Total	FJPU	1 461	1 535	1 474	1 541	1 305	1 423	1 180	1 137	1 132	1 065	1 173
Imports												
Expenditure abroad by UK embassies and consulates	FJUI	34	69	91	141	187	194	259	208	177	219	106
Expenditure abroad by UK military units and agencies	FJJD	2 064	2 080	1 807	1 624	1 809	1 632	2 030	1 418	1 116	1 972	1 584
Civil non-EU services	FJJF	152	151	166	133	129	172	196	235	216	205	200
Total	FJRO	2 250	2 300	2 064	1 898	2 125	1 998	2 485	1 861	1 509	2 396	1 890
Balances												
Embassies and consulates	FJIW	395	340	274	227	161	173	134	149	194	166	279
Military units and agencies	FJIY	-1 408	-1 387	-1 128	-908	-1 313	-1 160	-1 611	-1 112	-783	-1 696	-1 288
Other	FJJB	224	282	264	324	332	412	172	239	212	199	292
Total	FJUL	-789	-765	-590	-357	-820	-575	-1 305	-724	-377	-1 331	-717

4 Income

Income



Summary

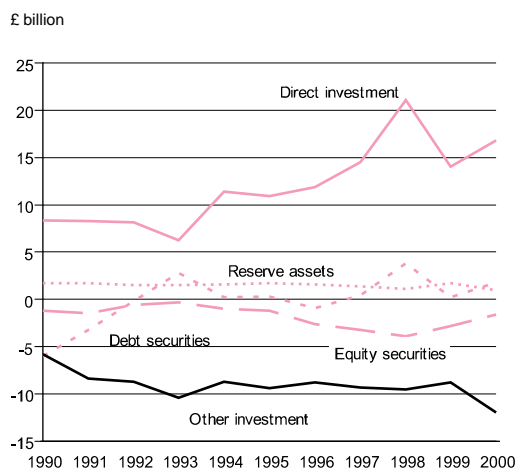
Between 1990 and 2000 the balance for compensation of employees has been close to balance. Over the same period the balance on investment income has been in surplus for all years since 1993, when a deficit of £0.2 billion was recorded. From 1994, investment income has recorded larger surpluses, with a record surplus of £12.6 billion recorded in 1998. This was largely due to a fall in total debits for the first time since 1994, driven by a £6.2 billion decrease in earnings on inward direct investment.

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. This trend has been somewhat reversed in 2000, with a 40 per cent increase in both other investment credits and debits to £56 billion and £68 billion respectively.

In 2000, 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 has declined. Other investment made up 66 per cent of income credits and 71 per cent of debits in 1990. By 2000, these proportions had declined to 42 per cent and 53 per cent respectively. In 2000, there was a 40 per cent increase in both credits and debits reflecting a substantial increase in investment in deposits and lending. In net terms there has been a consistent deficit recorded for other investment. 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 in 1999. Portfolio investment income has been more volatile, although deficits have been recorded in most years since 1993 apart from 2000 which saw a small surplus of £0.2 billion mainly due to lower payments and equity securities and higher receipts on debt securities.

Investment income

Credits less debits

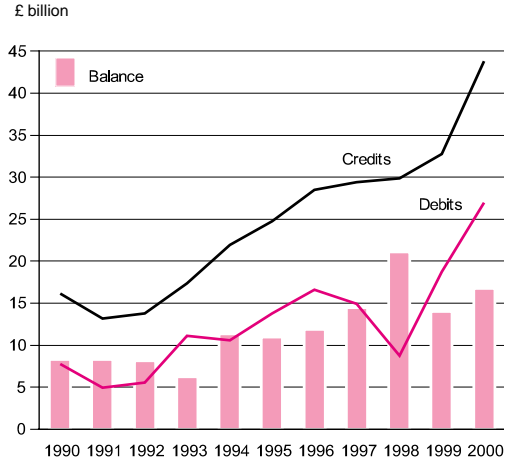


Direct investment

Direct investment income credits exceeded debits in every year since 1985. Between 1990 and 2000, the surplus peaked in 1998 at a record £21.1 billion. A surplus of £16.8 billion was recorded in 2000, up from £14.0 billion in 1999. In 2000, both earnings from direct investment abroad and in the UK increased dramatically – 34 per cent and 44 per cent respectively. These increases were mainly due to the record levels of inward and outward investment in the last few years - primarily acquisition and merger activity - rather than any increase in rates of return.

The record surplus in 1998 and, to a lesser extent, the higher 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. The earnings of UK private non-financial corporations (PNFC's) rose over 40 per cent in 2000 to £36.8 billion. Similarly, foreign earnings from PNFC's in the UK rose over 25 per cent to £19.4 billion. These increases were largely the result of increased oil company earnings both in the UK and abroad.

Direct investment income

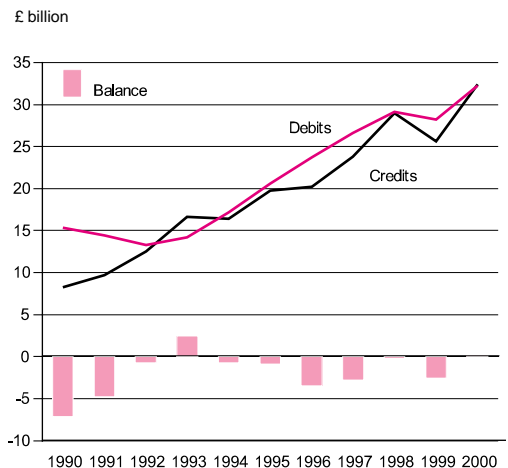


Portfolio investment

Portfolio investment recorded a surplus for the first time since 1993. Within portfolio investment, UK earnings on equity securities have been lower than foreign earnings on UK equities, in all years since 1987. In contrast, the UK has recorded a surplus on debt securities in most years since 1993. Debt securities include bonds and notes and money market instruments. Prior to this year's Pink Book, debt securities also included interest rate swap derivative net settlement and payments. The UK has now adopted new international standards for the treatment of these instruments and included such transactions within the financial rather than income account.

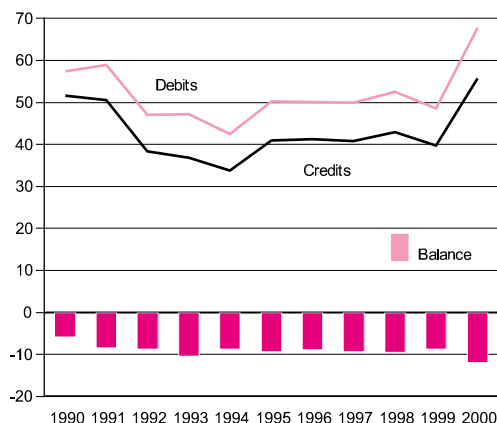
Income from portfolio investment abroad has increased by nearly 400 per cent between 1990 and 2000, with income from portfolio investment in the UK more than doubling. There has been particularly strong growth in earnings from equities, with UK earnings on foreign equities up over 500 per cent between 1990 and 2000 to nearly £10 billion in 2000. The majority of earnings on equity are earned by financial institutions other than banks, which hold and issue by far the majority of their portfolio in debt securities. Banks earn most income from debt securities and nearly all income from money market instruments. On the debits side, foreign earnings from British government stocks (Gilts) accounted for 13 per cent of total portfolio investment debits in 2000, down from around a quarter in 1993 and 1994.

Portfolio investment income



Other investment income

£ billion



Other investment

Other investment debits exceeded credits in every year since 1987. From 1991 to 1999, the deficit remained in a narrow range of between £8 billion and £10 billion. In 2000, the deficit increased to a record £12.0 billion with debits up nearly £20 billion to £68 billion.

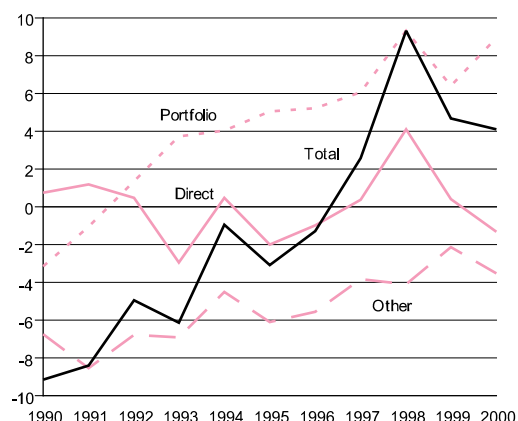
Unlike direct and portfolio investment the earnings from other investment abroad and in the UK declined after 1990. Income from other investment abroad fell from £51.6 billion in 1990 to £39.8 billion in 1999, and income from other investment in the UK fell from £57.4 billion in 1990 to £48.6 billion in 1999. There was a surge in both deposits abroad and also from abroad in 2000. This has resulted in a strong pick up in other investment credits and debits in 2000 to £55.8 billion and £67.9 billion respectively.

Earnings on deposits abroad by UK banks constitute over 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. That is 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 three quarters of the total other investment debits, with foreign currency accounting for over four fifths of these amounts.

Investment income of banks

Credits less debits

£ billion



Sectoral breakdown of investment income

UK banks are the biggest sector within investment income accounting for around half of both credits and debits. Whilst they have been recording consistent losses on their loans and deposits over the period 1990 to 2000 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. When considering the banking sector's overall contribution to the UK's balance of payments, it is important to include bank's financial service fees and commissions earned from foreign clients – a net £2.3 billion in 2000.

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 2000, other sectors recorded a surplus of nearly £5.4 billion, with a large and increasing surplus on direct investment, partly offset by deficits in their portfolio and other investments.

Income

4.1 Income Summary table

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits												
Compensation of employees	KTMN	543	551	551	595	681	887	911	1 007	840	960	1 014
Investment income												
Earnings on direct investment abroad	HJYW	16 123	13 209	13 776	17 378	21 938	24 768	28 506	29 398	29 840	32 750	43 773
Earnings on portfolio investment abroad												
Earnings on equity securities	HCPL	1 943	1 806	3 070	4 110	3 895	4 451	4 768	5 449	5 996	8 021	9 830
Earnings on debt securities	HLYW	6 299	7 877	9 480	12 558	12 505	15 275	15 477	18 378	22 978	17 586	22 608
Total portfolio investment	HLYX	8 242	9 683	12 550	16 668	16 400	19 726	20 245	23 827	28 974	25 607	32 438
Earnings on other investment abroad	AIOP	51 566	50 525	38 371	36 762	33 787	40 952	41 319	40 740	42 999	39 794	55 787
Earnings on reserve assets	HHCB	1 732	1 656	1 456	1 525	1 577	1 686	1 551	1 372	1 132	1 161	985
Total investment income	HMBN	77 663	75 073	66 153	72 333	73 702	87 132	91 621	95 337	102 945	99 312	132 983
Total	HMBQ	78 206	75 624	66 704	72 928	74 383	88 019	92 532	96 344	103 785	100 272	133 997
Debits												
Compensation of employees	KTMO	653	614	600	560	851	1 183	818	924	850	759	871
Investment income												
Foreign earnings on direct investment in the UK	HJYX	7 795	4 943	5 599	11 150	10 571	13 819	16 630	14 916	8 761	18 717	26 981
Foreign earnings on portfolio investment in the UK												
Earnings on equity securities	ZMRB	3 103	3 354	3 621	4 441	4 895	5 612	7 359	8 601	9 930	10 792	11 474
Earnings on debt securities	HLZB	12 266	11 079	9 657	9 764	12 263	14 988	16 385	17 989	19 226	17 421	20 760
Total portfolio investment	HLZC	15 369	14 433	13 278	14 205	17 158	20 600	23 744	26 590	29 156	28 213	32 234
Earnings on other investment in the UK	HLZN	57 368	58 941	47 099	47 204	42 455	50 316	50 136	50 008	52 460	48 564	67 794
Total investment income	HMBO	80 532	78 317	65 976	72 559	70 184	84 735	90 510	91 514	90 377	95 494	127 009
Total	HMBR	81 185	78 931	66 576	73 119	71 035	85 918	91 328	92 438	91 227	96 253	127 880
Balances (Net earnings)												
Compensation of employees	KTMP	-110	-63	-49	35	-170	-296	93	83	-10	201	143
Investment income												
Direct investment	HJYE	8 328	8 266	8 177	6 228	11 367	10 949	11 876	14 482	21 079	14 033	16 792
Portfolio investment												
Earnings on equity securities	HLZO	-1 160	-1 548	-551	-331	-1 000	-1 161	-2 591	-3 152	-3 934	-2 771	-1 644
Earnings on debt securities	HLZP	-5 967	-3 202	-177	2 794	242	287	-908	389	3 752	165	1 848
Total portfolio investment	HLZX	-7 127	-4 750	-728	2 463	-758	-874	-3 499	-2 763	-182	-2 606	204
Other investment	CGNA	-5 802	-8 416	-8 728	-10 442	-8 668	-9 364	-8 817	-9 268	-9 461	-8 770	-12 007
Reserve assets	HHCB	1 732	1 656	1 456	1 525	1 577	1 686	1 551	1 372	1 132	1 161	985
Total investment income	HMBM	-2 869	-3 244	177	-226	3 518	2 397	1 111	3 823	12 568	3 818	5 974
Total	HMBP	-2 979	-3 307	128	-191	3 348	2 101	1 204	3 906	12 558	4 019	6 117

4.2 Investment Income Sector analysis

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits												
(Earnings of UK residents on investment abroad)												
Monetary financial institutions												
Banks	CGNB	49 294	48 496	38 171	37 753	36 989	45 951	48 587	49 302	55 484	50 148	69 318
Building societies	GJXE	—	—	—	20	63	81	119	103	134	173	289
Total monetary financial institutions	CGND	49 294	48 496	38 171	37 773	37 052	46 032	48 706	49 405	55 618	50 321	69 607
Central government	CGNY	1 738	1 664	1 459	1 531	1 585	1 695	1 561	1 380	1 267	1 165	989
Public corporations	CGNP	69	70	87	87	104	118	111	122	137	132	118
Other sectors	CGNW	26 562	24 843	26 436	32 942	34 961	39 287	41 243	44 430	45 923	47 694	62 269
Total	HMBN	77 663	75 073	66 153	72 333	73 702	87 132	91 621	95 337	102 945	99 312	132 983
Debits												
(Foreign earnings on investment in UK)												
Monetary financial institutions												
(banks and building societies)	CGPN	58 432	56 895	43 131	43 889	38 008	49 103	50 007	46 820	46 315	45 639	65 514
Central government	CGNZ	3 185	3 192	3 987	4 377	5 209	5 276	5 557	5 824	5 834	5 031	4 579
Local authorities	CGOB	68	58	54	53	45	38	30	21	16	12	8
Public corporations	CGOD	70	59	55	31	39	43	34	28	20	20	20
Other sectors	CGSE	18 777	18 113	18 749	24 209	26 883	30 275	34 882	38 821	38 192	44 792	56 888
Total	HMBO	80 532	78 317	65 976	72 559	70 184	84 735	90 510	91 514	90 377	95 494	127 009
Balances												
(Net earnings)												
Monetary financial institutions												
(banks and building societies)	CGSO	−9 138	−8 399	−4 960	−6 116	−956	−3 071	−1 301	2 585	9 303	4 682	4 093
Central government	CGOE	−1 447	−1 528	−2 528	−2 846	−3 624	−3 581	−3 996	−4 444	−4 567	−3 866	−3 590
Local authorities	−CGOB	−68	−58	−54	−53	−45	−38	−30	−21	−16	−12	−8
Public corporations	CGOF	−1	11	32	56	65	75	77	94	117	112	98
Other sectors	CGTX	7 785	6 730	7 687	8 733	8 078	9 012	6 361	5 609	7 731	2 902	5 381
Total	HMBM	−2 869	−3 244	177	−226	3 518	2 397	1 111	3 823	12 568	3 818	5 974

Income

4.3 Earnings on direct investment

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits												
(Earnings of UK residents on direct investment abroad)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	CNZN	6 127	5 922	7 242	6 617	6 706	8 808	8 833	11 791	12 246	8 624	12 216
Distributed branch profits	HDNG	1 097	794	1 465	581	1 439	1 387	1 670	1 468	1 158	1 373	2 139
Total dividends and distributed branch profits	HMAE	7 224	6 716	8 707	7 198	8 145	10 195	10 503	13 259	13 404	9 997	14 355
Reinvested earnings	-HDNY	8 513	6 204	5 224	10 096	13 827	14 378	17 271	16 112	14 071	21 304	27 076
Earnings on property investment	HHEW	47	79	66	68	69	44	46	13	10	17	16
Total earnings on equity	HMAK	15 784	12 999	13 997	17 362	22 041	24 617	27 820	29 384	27 485	31 318	41 447
Earnings on debt ¹	HDNQ	339	210	-221	16	-103	151	686	14	2 355	1 432	2 326
Total	HJYW	16 123	13 209	13 776	17 378	21 938	24 768	28 506	29 398	29 840	32 750	43 773
Debits												
(Foreign earnings on direct investment in the UK)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	BCEA	4 623	3 680	3 738	3 498	4 949	5 131	5 895	6 146	7 121	7 607	5 358
Distributed branch profits	CYFD	-1 413	-1 918	-396	1 465	507	1 354	1 531	787	-2 534	302	2 318
Total dividends and distributed branch profits	HMAH	3 210	1 762	3 342	4 963	5 456	6 485	7 426	6 933	4 587	7 909	7 676
Reinvested earnings	CYFV	2 260	463	121	4 385	3 953	5 254	7 873	6 386	1 522	7 855	16 146
Earnings on property investment	HESG	110	127	154	178	195	213	219	234	259	276	294
Total earnings on equity	HMAG	5 580	2 352	3 617	9 526	9 604	11 952	15 518	13 553	6 368	16 040	24 116
Earnings on debt ¹	CYFN	2 215	2 591	1 982	1 624	967	1 867	1 112	1 363	2 393	2 677	2 865
Total	HJYX	7 795	4 943	5 599	11 150	10 571	13 819	16 630	14 916	8 761	18 717	26 981
Balances												
(Net earnings)												
Earnings on equity												
Dividends and distributed branch profits												
Dividends	LTMA	1 504	2 242	3 504	3 119	1 757	3 677	2 938	5 645	5 125	1 017	6 858
Distributed branch profits	LTMB	2 510	2 712	1 861	-884	932	33	139	681	3 692	1 071	-179
Total dividends and distributed branch profits	HHZA	4 014	4 954	5 365	2 235	2 689	3 710	3 077	6 326	8 817	2 088	6 679
Reinvested earnings	LTMC	6 253	5 741	5 103	5 711	9 874	9 124	9 398	9 726	12 549	13 449	10 930
Earnings on property investment	LTMD	-63	-48	-88	-110	-126	-169	-173	-221	-249	-259	-278
Total earnings on equity	HHYY	10 204	10 647	10 380	7 836	12 437	12 665	12 302	15 831	21 117	15 278	17 331
Earnings on debt	HMAM	-1 876	-2 381	-2 203	-1 608	-1 070	-1 716	-426	-1 349	-38	-1 245	-539
Total	HJYE	8 328	8 266	8 177	6 228	11 367	10 949	11 876	14 482	21 079	14 033	16 792

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

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits												
(Earnings of UK residents on investment abroad)												
Monetary financial institutions (banks)	HCVU	-124	-284	370	21	789	137	1 409	1 407	1 682	2 607	3 629
Insurance companies	CNZD	232	605	576	1 045	592	1 608	1 270	1 600	793	1 346	418
Other financial intermediaries	HCWW	-96	143	261	1 485	1 373	1 888	2 540	2 547	2 209	2 995	2 897
Private non-financial corporations	HCUS	16 102	12 730	12 553	14 808	19 166	21 109	23 266	23 823	25 136	25 777	36 804
Public corporations	HDMG	1	6	6	7	6	14	9	12	14	17	17
Household sector ¹	HHLI	8	9	10	12	12	12	12	9	6	8	8
Total	HJYW	16 123	13 209	13 776	17 378	21 938	24 768	28 506	29 398	29 840	32 750	43 773
Debits												
(Foreign earnings on direct investment in UK)												
Monetary financial institutions (banks)	GPAZ	-864	-1 452	-88	2 971	1 247	2 134	2 379	1 037	-2 414	2 193	4 955
Insurance companies	HDPK	-145	-253	-50	228	507	379	881	1 138	1 335	-222	755
Other financial intermediaries												
Securities dealers	HDQX	104	606	358	1 135	-791	269	799	375	-643	1 112	1 478
Other	HFBT	106	76	61	37	234	127	204	237	462	384	403
Total other financial intermediaries	HFCY	210	682	419	1 172	-557	396	1 003	612	-181	1 496	1 881
Private non-financial corporations	BCEB	8 594	5 966	5 318	6 779	9 374	10 910	12 367	12 129	10 021	15 250	19 390
Total	HJYX	7 795	4 943	5 599	11 150	10 571	13 819	16 630	14 916	8 761	18 717	26 981
Balances												
(Net earnings)												
Monetary financial institutions (banks)	LTME	740	1 168	458	-2 950	-458	-1 997	-970	370	4 096	414	-1 326
Insurance companies	LTMF	377	858	626	817	85	1 229	389	462	-542	1 568	-337
Other financial intermediaries	LTMG	-306	-539	-158	313	1 930	1 492	1 537	1 935	2 390	1 499	1 016
Private non-financial corporations	LTMH	7 508	6 764	7 235	8 029	9 792	10 199	10 899	11 694	15 115	10 527	17 414
Public corporations	HDMG	1	6	6	7	6	14	9	12	14	17	17
Households	HHLI	8	9	10	12	12	12	12	9	6	8	8
Total	HJYE	8 328	8 266	8 177	6 228	11 367	10 949	11 876	14 482	21 079	14 033	16 792

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

Income

4.5 Earnings on portfolio investment

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits												
(Earnings of UK residents on portfolio investment abroad)												
Earnings on equity securities (shares) by:												
Monetary financial Institutions (banks)	HHRX	78	71	82	171	250	298	414	411	464	608	545
Insurance companies and pension funds												
Insurance companies	CGOM	373	368	948	1 288	1 146	1 494	1 490	1 511	1 715	2 040	2 201
Pension funds	HPDL	824	797	1 218	1 408	1 451	1 538	1 544	1 388	2 015	2 194	1 955
Total insurance companies and pension funds	CGOX	1 197	1 165	2 166	2 696	2 597	3 032	3 034	2 899	3 730	4 234	4 156
Other financial intermediaries	CGOY	565	477	710	1 128	952	990	1 173	1 952	1 610	3 000	4 897
Private non-financial corporations	EGMS	25	8	4	6	4	6	5	8	9	10	41
Household sector ¹	HEOG	78	85	108	109	92	125	142	179	183	169	191
Total earnings on equity securities	HCPL	1 943	1 806	3 070	4 110	3 895	4 451	4 768	5 449	5 996	8 021	9 830
Earnings on debt securities												
Earnings on bonds and notes by:												
Monetary financial institutions												
Banks	HHRX	3 024	3 514	4 188	6 038	6 896	9 429	10 283	11 934	13 241	11 040	15 512
Building societies	GJXE	—	—	—	20	63	81	119	103	134	173	289
Total monetary financial institutions	HPCQ	3 024	3 514	4 188	6 058	6 959	9 510	10 402	12 037	13 375	11 213	15 801
Insurance companies and pension funds												
Insurance companies	CGON	848	974	590	650	565	733	718	770	1 122	1 021	949
Pension funds	HPDM	549	856	312	300	276	315	361	317	423	545	549
Total insurance companies and pension funds	CGOZ	1 397	1 830	902	950	841	1 048	1 079	1 087	1 545	1 566	1 498
Other financial intermediaries	CGPA	758	1 056	2 703	3 808	3 059	2 259	2 679	3 759	3 759	2 693	2 521
Private non-financial corporations	EGNF	67	69	108	142	157	168	156	218	61	54	43
Household sector ¹	HEOH	530	818	929	954	788	1 431	396	336	312	267	296
Total earnings on bonds and notes	HCFK	5 776	7 287	8 830	11 912	11 804	14 416	14 712	17 437	19 052	15 793	20 159
Earnings on money market instruments by:												
Monetary financial institutions (banks)	HBMX	355	396	514	494	524	659	543	701	3 794	1 646	2 199
Other financial intermediaries	NHQV	52	71	53	93	91	75	70	113	49	73	131
Private non-financial corporations	HGBX	116	123	83	59	86	125	152	127	83	74	119
Total earnings on money market instruments	HCHG	523	590	650	646	701	859	765	941	3 926	1 793	2 449
Total earnings on debt securities	HLYW	6 299	7 877	9 480	12 558	12 505	15 275	15 477	18 378	22 978	17 586	22 608
Total	HLXX	8 242	9 683	12 550	16 668	16 400	19 726	20 245	23 827	28 974	25 607	32 438

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

4.5 Earnings on portfolio investment

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Debits												
(Foreign earnings on portfolio investment in the UK)												
Earnings on equity securities (shares) issued by:												
Monetary financial institutions (banks and building societies)	HBQJ	186	201	216	252	284	336	441	516	586	647	688
Other sectors ¹	HBQK	2 917	3 153	3 405	4 189	4 611	5 276	6 918	8 085	9 344	10 145	10 786
Total foreign earnings on UK equity securities	ZMRB	3 103	3 354	3 621	4 441	4 895	5 612	7 359	8 601	9 930	10 792	11 474
Earnings on debt securities												
Earnings on bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	ZMRA	118	115	190	583	672	866	817	667	339	311	338
Earnings on British government stocks by:												
Foreign central banks (exchange reserves)	HESK	718	794	1 244	1 139	1 393	1 389	1 339	1 244	1 393	1 244	1 336
Other foreign residents	HCEV	1 531	1 719	1 940	2 383	2 997	2 836	3 232	3 797	4 014	3 418	2 891
Total foreign earnings on British government stocks	HENI	2 249	2 513	3 184	3 522	4 390	4 225	4 571	5 041	5 407	4 662	4 227
Total issues by central government	HBQU	2 367	2 628	3 374	4 105	5 062	5 091	5 388	5 708	5 746	4 973	4 565
Local authorities' bonds												
Public corporations' bonds	HHGH	—	—	—	—	—	—	—	—	—	—	—
	HESY	1	1	—	—	—	—	—	—	—	—	—
Issues by monetary financial institutions (banks and building societies)												
Bonds	HGUV	777	886	792	810	1 046	1 304	1 448	1 583	1 544	1 604	1 942
European medium term notes and other short-term paper:												
Issued by UK banks	HCEY	258	243	297	371	511	745	897	1 025	1 071	1 070	1 206
Issued by UK building societies	HCFB	149	144	180	159	198	290	234	163	80	59	110
Total short-term paper	HGMM	407	387	477	530	709	1 035	1 131	1 188	1 151	1 129	1 316
Total issues by monetary financial institutions	HBOT	1 184	1 273	1 269	1 340	1 755	2 339	2 579	2 771	2 695	2 733	3 258
Issues by other sectors ¹	HGUW	2 420	2 758	2 466	2 519	3 256	4 057	4 506	4 925	4 806	4 994	6 045
Total foreign earnings on UK bonds and notes	HLZA	5 972	6 660	7 109	7 964	10 073	11 487	12 473	13 404	13 247	12 700	13 868
Earnings on money market instruments												
Earnings on treasury bills (issued by central government)												
Sterling treasury bills	XAMR	602	340	168	37	26	55	64	31	54	40	2
Euro treasury bills	HHNV	189	198	198	137	95	106	85	67	18	3	—
Total earnings on treasury bills	HHZU	791	538	366	174	121	161	149	98	72	43	2
Earnings on certificates of deposit (Issued by monetary financial institutions)												
Issued by UK banks	HCEB	4 888	3 265	1 703	1 221	1 422	2 335	2 612	3 200	4 126	2 989	4 671
Issued by UK building societies	HGUY	74	66	44	22	37	47	37	26	19	21	35
Total earnings on certificates of deposit	HCEE	4 962	3 331	1 747	1 243	1 459	2 382	2 649	3 226	4 145	3 010	4 706
Earnings on commercial paper												
Issued by monetary financial Institutions	HCEC	150	64	38	51	98	177	275	448	854	582	782
Issued by UK banks	HHBC	120	151	160	104	119	206	205	140	51	100	161
Total earnings by monetary financial institutions	HCEF	270	215	198	155	217	383	480	588	905	682	943
Issued by other sectors ¹	HHZT	271	335	237	228	393	575	634	673	857	986	1 241
Total earnings on commercial paper	HHBO	541	550	435	383	610	958	1 114	1 261	1 762	1 668	2 184
Total foreign earnings on UK Money Market Instruments	HLYZ	6 294	4 419	2 548	1 800	2 190	3 501	3 912	4 585	5 979	4 721	6 892
Total foreign earnings on UK debt securities	HLZB	12 266	11 079	9 657	9 764	12 263	14 988	16 385	17 989	19 226	17 421	20 760
Total	HLZC	15 369	14 433	13 278	14 205	17 158	20 600	23 744	26 590	29 156	28 213	32 234

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

Income

4.5 Earnings on portfolio investment

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Balances (net earnings)												
Earnings on equity securities (shares)	HLZO	-1 160	-1 548	-551	-331	-1 000	-1 161	-2 591	-3 152	-3 934	-2 771	-1 644
Earnings on debt securities												
Earnings on bonds and notes	HLZQ	-196	627	1 721	3 948	1 731	2 929	2 239	4 033	5 805	3 093	6 291
Earnings on money market instruments	HLZR	-5 771	-3 829	-1 898	-1 154	-1 489	-2 642	-3 147	-3 644	-2 053	-2 928	-4 443
Earnings on derivatives	HHSC	-	-	1 253	245	2 373	1 667	963	1 156	-3 043	2 685	1 553
Total foreign earnings on UK debt securities	HLZP	-5 967	-3 202	-177	2 794	242	287	-908	389	3 752	165	1 848
Total	HLZX	-7 127	-4 750	-728	2 463	-758	-874	-3 499	-2 763	-182	-2 606	204

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

4.6 Earnings on portfolio investment

Sector analysis

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits (Earnings of UK residents on portfolio investment abroad)												
Earnings from portfolio investment abroad by UK:												
Monetary financial institutions												
Banks	AINB	3 457	3 981	4 784	6 703	7 670	10 386	11 240	13 046	17 499	13 294	18 256
Building societies	GJXE	-	-	-	20	63	81	119	103	134	173	289
Total monetary financial institutions	AIND	3 457	3 981	4 784	6 723	7 733	10 467	11 359	13 149	17 633	13 467	18 545
Insurance companies and pension funds												
Other financial intermediaries	AINF	1 375	1 604	3 466	5 029	4 102	3 324	3 922	5 824	5 418	5 766	7 549
Private non-financial corporations	AINI	208	200	195	207	247	299	313	353	153	138	203
Household sector ¹	AINK	608	903	1 037	1 063	880	1 556	538	515	495	436	487
Total	HLYX	8 242	9 683	12 550	16 668	16 400	19 726	20 245	23 827	28 974	25 607	32 438
Debits (Foreign earnings on portfolio investment in the UK)												
Foreign earnings from portfolio investment in UK:												
Monetary financial institutions (banks and building societies)												
	HBXI	6 602	5 020	3 430	2 990	3 715	5 440	6 149	7 101	8 331	7 072	9 595
Central government	HBXM	3 158	3 166	3 740	4 279	5 183	5 252	5 537	5 806	5 818	5 016	4 567
Local authorities	HHGH	-	-	-	-	-	-	-	-	-	-	-
Public corporations	HESY	1	1	-	-	-	-	-	-	-	-	-
Other sectors	HBXR	5 608	6 246	6 108	6 936	8 260	9 908	12 058	13 683	15 007	16 125	18 072
Total	HLZC	15 369	14 433	13 278	14 205	17 158	20 600	23 744	26 590	29 156	28 213	32 234
Balances (Net earnings)												
Monetary financial institutions												
Central government	LTMI	-3 145	-1 039	1 354	3 733	4 018	5 027	5 210	6 048	9 302	6 395	8 950
Local authorities	-HBXM	-3 158	-3 166	-3 740	-4 279	-5 183	-5 252	-5 537	-5 806	-5 818	-5 016	-4 567
Public corporations	-HHGH	-	-	-	-	-	-	-	-	-	-	-
Other sectors	-HESY	-1	-1	-	-	-	-	-	-	-	-	-
	LTMJ	-823	-544	1 658	3 009	407	-649	-3 172	-3 005	-3 666	-3 985	-4 179
Total	HLZX	-7 127	-4 750	-728	2 463	-758	-874	-3 499	-2 763	-182	-2 606	204

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

Income

4.7 Earnings on other investment

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits												
(Earnings of UK residents on other investment abroad)												
Earnings on trade credit												
Monetary financial institutions (banks)	AINM	713	662	1 032	745	680	786	708	721	635	635	596
Central government	XBGJ	—	—	—	—	—	—	—	—	—	—	—
Other sectors ¹	HGQD	239	203	175	122	117	146	138	157	177	140	161
Total earnings on trade credit	AIOM	952	865	1 207	867	797	932	846	878	812	775	757
Earnings on loans												
Long-term												
Inter-government loans by the UK	XBGI	6	8	3	6	8	9	10	8	9	4	4
Loans by Commonwealth Development Corporation (public corporations)	HGEN	68	64	81	80	98	104	102	110	123	115	101
Loans by specialist leasing companies ¹	HBXC	10	—	—	—	—	—	—	—	—	—	—
Total long-term loans	AIOO	84	72	84	86	106	113	112	118	132	119	105
Short-term loans	VTUN	139	162	179	146	100	83	66	68	54	37	36
Total earnings on loans	CGKJ	223	234	263	232	206	196	178	186	186	156	141
Earnings on deposits												
By UK monetary financial institutions (banks)												
Sterling deposits	CGEJ	5 665	5 417	4 019	3 459	2 803	3 598	3 995	5 518	6 761	6 372	7 515
Foreign currency deposits	HCAT	39 509	38 630	27 858	26 747	25 022	31 032	31 231	28 605	28 904	27 240	39 322
Total deposits by UK banks	CGGT	45 174	44 047	31 877	30 206	27 825	34 630	35 226	34 123	35 665	33 612	46 837
Deposits by securities dealers	HGTD	153	347	528	1 785	1 543	1 104	1 272	1 080	789	854	1 376
Deposits by other UK residents ¹	CGJK	4 922	4 842	4 303	3 448	3 155	3 798	3 482	4 135	5 069	4 009	6 180
Total earnings on deposits abroad	CGJQ	50 249	49 236	36 708	35 439	32 523	39 532	39 980	39 338	41 523	38 475	54 393
Earnings on other assets												
(Non-governmental sectors other than monetary financial institutions)												
Trusts and annuities	HHLF	142	190	193	224	261	292	315	338	352	388	496
Foreign currency exchanges	HHKX	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous central government receipts	HPPK	—	—	—	—	—	—	—	—	126	—	—
Total earnings on other assets	CGKM	142	190	193	224	261	292	315	338	478	388	496
Total	AIOP	51 566	50 525	38 371	36 762	33 787	40 952	41 319	40 740	42 999	39 794	55 787

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

4.7 Earnings on other investment

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Debits												
(Foreign earnings on other investment in the UK)												
Earnings on trade credit												
Public corporations	XBGW	—	—	—	—	—	—	—	—	—	—	—
Other sectors ¹	HHLW	31	64	94	172	158	150	152	143	140	146	157
Total earnings on trade credit	CGMA	31	64	94	172	158	150	152	143	140	146	157
Earnings on loans												
Loans to:												
Central government	CGLF	27	26	247	98	26	24	20	18	16	15	12
Local authorities	CGLG	68	58	54	53	45	38	30	21	16	12	8
Public corporations	CGLH	69	58	55	31	39	43	34	28	20	20	20
Securities dealers	CGLI	785	1 396	2 676	5 124	4 377	3 273	3 354	5 293	5 120	4 762	7 502
Other ¹	CGMD	3 145	3 486	3 482	3 218	4 126	4 464	4 352	4 981	5 565	5 990	7 566
Total earnings on loans	CGNO	4 094	5 024	6 514	8 524	8 613	7 842	7 790	10 341	10 737	10 799	15 108
Earnings on deposits												
(Monetary financial institutions)												
Deposits with UK banks												
Sterling deposits	HCEG	12 683	11 681	8 005	5 444	4 225	5 787	6 118	6 492	7 846	6 853	9 125
Foreign currency deposits	HCEH	39 605	41 185	31 338	32 140	28 437	35 260	34 931	31 835	32 285	29 288	41 528
Total deposits with UK banks	HCEQ	52 288	52 866	39 343	37 584	32 662	41 047	41 049	38 327	40 131	36 141	50 653
Deposits with UK building societies	HHLs	406	461	446	344	384	482	430	355	267	233	311
Total earnings on deposits	HMAS	52 694	53 327	39 789	37 928	33 046	41 529	41 479	38 682	40 398	36 374	50 964
Earnings on other liabilities												
(Non-governmental sectors other than monetary financial institutions)												
Imputed income to foreign households from UK insurance companies technical reserves	HBWS	549	526	702	580	638	795	715	842	1 185	1 245	1 565
Other liabilities	CGME	—	—	—	—	—	—	—	—	—	—	—
Total earnings on other liabilities	CGMH	549	526	702	580	638	795	715	842	1 185	1 245	1 565
Total	HLZN	57 368	58 941	47 099	47 204	42 455	50 316	50 136	50 008	52 460	48 564	67 794
Balances												
(Net earnings)												
Trade credit	LTMK	921	801	1 113	695	639	782	694	735	672	629	600
Loans	LTML	-3 871	-4 790	-6 251	-8 292	-8 407	-7 646	-7 612	-10 155	-10 551	-10 643	-14 967
Currency and deposits	LTMM	-2 445	-4 091	-3 081	-2 489	-523	-1 997	-1 499	656	1 125	2 101	3 429
Other investment	LTMN	-407	-336	-509	-356	-377	-503	-400	-504	-707	-857	-1 069
Total	CGNA	-5 802	-8 416	-8 728	-10 442	-8 668	-9 364	-8 817	-9 268	-9 461	-8 770	-12 007

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

Income

4.8 Earnings on other investment Sector analysis

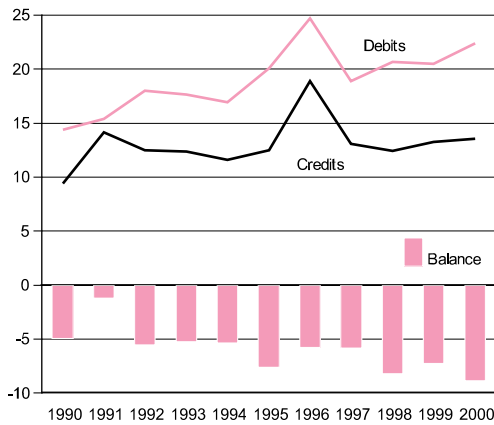
£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits												
(Earnings of UK residents on other investment abroad)												
Earnings from other investment by UK:												
Monetary financial institutions (banks)	CGMM	45 961	44 799	33 017	31 029	28 530	35 428	35 938	34 849	36 303	34 247	47 433
Central government	CGMN	6	8	3	6	8	9	10	8	135	4	4
Public corporations	HGEN	68	64	81	80	98	104	102	110	123	115	101
Other sectors	CGMR	5 531	5 654	5 270	5 647	5 151	5 411	5 269	5 773	6 438	5 428	8 249
Total	AIOP	51 566	50 525	38 371	36 762	33 787	40 952	41 319	40 740	42 999	39 794	55 787
Debits												
(Foreign earnings on other investment in the UK)												
Foreign earnings from other investment in UK:												
Monetary financial institutions												
Banks	HCEQ	52 288	52 866	39 343	37 584	32 662	41 047	41 049	38 327	40 131	36 141	50 653
Building societies	HHLS	406	461	446	344	384	482	430	355	267	233	311
Total monetary financial institutions	HMAS	52 694	53 327	39 789	37 928	33 046	41 529	41 479	38 682	40 398	36 374	50 964
Central government	CGLF	27	26	247	98	26	24	20	18	16	15	12
Local authorities	CGLG	68	58	54	53	45	38	30	21	16	12	8
Public corporations	CGMV	69	58	55	31	39	43	34	28	20	20	20
Other sectors	CGMZ	4 510	5 472	6 954	9 094	9 299	8 682	8 573	11 259	12 010	12 143	16 790
Total	HLZN	57 368	58 941	47 099	47 204	42 455	50 316	50 136	50 008	52 460	48 564	67 794
Balances												
(Net earnings)												
Monetary financial institutions	LTMO	-6 733	-8 528	-6 772	-6 899	-4 516	-6 101	-5 541	-3 833	-4 095	-2 127	-3 531
Central government	LTMP	-21	-18	-244	-92	-18	-15	-10	-10	119	-11	-8
Local authorities	-CGLG	-68	-58	-54	-53	-45	-38	-30	-21	-16	-12	-8
Public corporations	LTMQ	-1	6	26	49	59	61	68	82	103	95	81
Other sectors	LTMR	1 021	182	-1 684	-3 447	-4 148	-3 271	-3 304	-5 486	-5 572	-6 715	-8 541
Total	CGNA	-5 802	-8 416	-8 728	-10 442	-8 668	-9 364	-8 817	-9 268	-9 461	-8 770	-12 007

5 Current transfers

Current transfers

£ billion



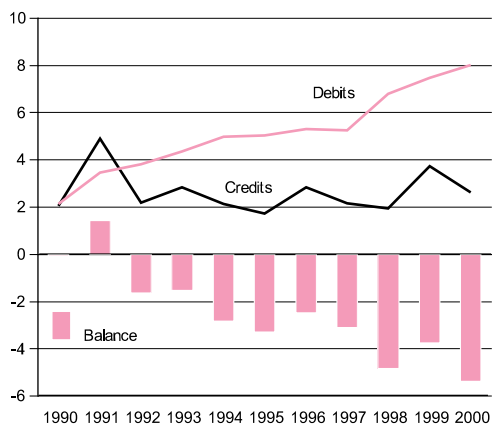
Summary

The current transfers deficit has generally been increasing over the period from £4.9 billion in 1990 to £8.8 billion in 2000. This is the largest deficit since records began in 1946, which is mainly due to a steady increase in the UK's payments to EU Institutions.

The deficit on current transfers increased by £1.6 billion between 1999 and 2000 to £8.8 billion. The balance on the government sector decreased between 1999 and 2000 from -£3.7 billion to -£5.4 billion, while the balance for other sector transfers remained stable at around £3.4 billion. Overall receipts from EU Institutions fell slightly, by £0.3 billion to £6 billion, while payments rose by £0.2 billion to reach £10.7 billion.

Transfers by central government

£ billion



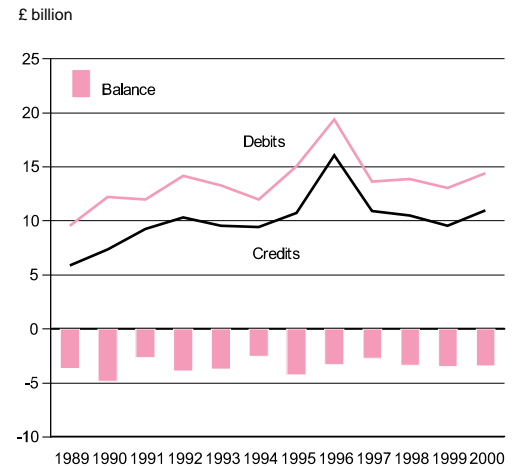
Central government transfers

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 decreased by £1 billion between 1999 and 2000. This decrease was due partly to the fact that the 1999 budget was exceptionally large as it included £0.8 billion of abatement attributable to 1998.

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 £3.4 billion in 2000, hardly changed from £3.5 billion in 1999.

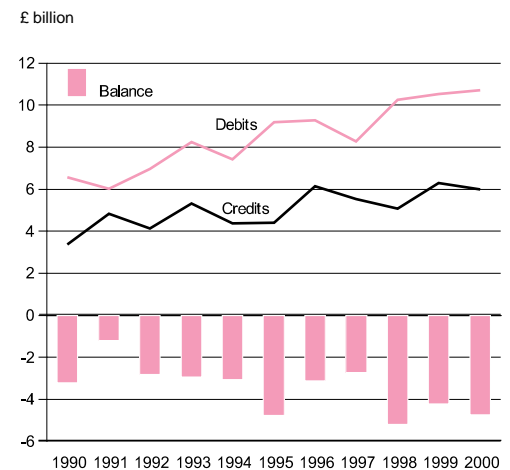
Transfers by other sectors



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 1990 to 2000; the lowest deficit recorded over this period was £1.2 billion in 1991 and the highest deficit was £5.2 billion in 1998. The deficit with EU Institutions increased by £0.5 billion to £4.7 billion between 1999 and 2000.

Transfers with EU institutions



Transfers

5.1 Current transfers

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits												
Central government												
Current taxes on income, wealth etc.	FJKI	283	260	259	238	361	472	376	402	530	528	520
Other taxes on production	FJKH	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBC	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJBH	15	16	14	30	25	25	28	32	29	29	24
Social benefits	FJBL	—	—	—	—	—	—	—	—	—	—	—
EU Institutions:												
(a) Abatement	FKKL	1 697	2 497	1 881	2 540	1 726	1 208	2 411	1 733	1 377	3 171	2 084
(b) Other EU receipts	FKIJ	17	9	17	18	26	25	13	6	7	5	—
Miscellaneous receipts ¹	FKIK	38	2 110	9	—	—	—	—	—	—	—	—
Total central government	FJUM	2 050	4 892	2 180	2 826	2 138	1 730	2 828	2 173	1 943	3 733	2 628
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	1 405	1 679	1 742	2 153	2 245	2 392	2 898	3 169	2 908	2 700	3 249
(b) Social Fund	HDIZ	225	618	437	588	320	755	804	615	783	434	659
(c) ECSC Grant	FJKP	15	31	61	37	45	39	29	5	1	—	—
Net non-life insurance premiums ²	NQQP	3 718	4 595	5 900	4 246	4 145	4 993	9 763	4 423	4 168	3 663	4 381
Non-life insurance claims ³	FJFA	—	—	—	—	—	—	5	5	7	10	12
Other receipts of households ⁴	FKIL	2 013	2 358	2 155	2 541	2 699	2 572	2 589	2 712	2 633	2 730	2 653
Total other sectors	FJUN	7 376	9 281	10 295	9 565	9 454	10 751	16 088	10 929	10 500	9 537	10 954
Total	KTND	9 426	14 173	12 475	12 391	11 592	12 481	18 916	13 102	12 443	13 270	13 582
Of which: Receipts from EU institutions	FKIM	3 359	4 834	4 138	5 336	4 362	4 419	6 155	5 528	5 076	6 310	5 992

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

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
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	620	728	661	824	899	972	1 029	1 102	1 162	1 183	1 218
Contributions to international organisations												
EU Institutions:												
(a) GNP: 4th Resource	HCSO	1	813	934	1 608	2 340	1 639	2 488	2 655	3 516	4 403	4 243
(b) GNP adjustments	HCSM	—	—	—20	—50	—269	187	—34	—197	404	229	136
(c) Inter governmental agreements	HCBW	—	—	—	—	—	—	—	—	—	—	—
(d) Other	FKIN	—	—	—	2	7	8	8	31	—1	11	6
Other organisations:												
(a) Military	HDKF	71	79	142	74	35	116	112	168	139	118	157
(b) Multilateral economic assistance	HCHJ	310	426	437	355	381	358	273	268	314	245	503
(c) Other	HCKL	441	597	817	750	702	835	633	429	402	479	691
Bilateral aid:												
(a) Non-project grants	FJKT	522	411	346	271	352	249	214	131	142	133	175
(b) Technical cooperation	FJKU	154	372	459	474	516	604	543	644	692	651	859
Military grants	HDJO	6	24	36	35	14	54	31	29	17	30	27
Total central government	FJUO	2 125	3 450	3 812	4 343	4 977	5 022	5 297	5 260	6 787	7 482	8 015
Other sectors												
Current taxes on income, wealth etc.	FJCI	374	338	352	393	452	557	610	638	454	505	427
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	1 837	1 906	1 943	2 172	2 134	2 458	2 318	2 291	2 076	2 024	2 086
(b) Sugar levies	GTBA	46	48	47	56	98	55	26	91	42	46	44
(c) VAT based contributions	HCML	4 148	3 796	4 356	4 964	4 189	4 635	4 441	3 646	3 758	3 920	4 104
(d) VAT adjustments	FSQL	516	—538	—297	—493	—1 068	210	30	—249	470	—109	100
(e) ECSC Production levy	GTBB	11	10	7	1	—	—	—	—	—	—	—
Net non-life insurance premiums ¹	FJDB	—	—	—	—	—	—	5	5	7	10	12
Non-life insurance claims ²	NQQR	3 718	4 595	5 900	4 246	4 145	4 993	9 763	4 423	4 168	3 663	4 381
Other payments by households ³	FKIQ	1 583	1 799	1 889	1 952	2 034	2 125	2 214	2 809	2 906	2 975	3 236
Total other sectors	FJUP	12 233	11 954	14 197	13 291	11 984	15 033	19 407	13 654	13 881	13 034	14 390
Total	KTNE	14 358	15 404	18 009	17 634	16 961	20 055	24 704	18 914	20 668	20 516	22 405
<i>Of which: Payments to EU institutions</i>	FKIR	6 559	6 035	6 970	8 260	7 431	9 192	9 277	8 268	10 265	10 524	10 719

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.

Transfers

5.1 Current transfers

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Balances												
Central government												
Current taxes on income, wealth etc.	FJKJ	283	260	259	238	361	472	376	402	530	528	520
Other taxes on production	FJIZ	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJBD	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJBI	15	16	14	30	25	25	28	32	29	29	24
Social benefits	FJBM	-620	-728	-661	-824	-899	-972	-1 029	-1 102	-1 162	-1 183	-1 218
Other current transfers ¹	FJKW	247	1 894	-1 244	-961	-2 326	-2 817	-1 844	-2 419	-4 241	-3 123	-4 713
Total central government	FJUQ	-75	1 442	-1 632	-1 517	-2 839	-3 292	-2 469	-3 087	-4 844	-3 749	-5 387
Other sectors												
Current taxes on income, wealth etc.	FJHU	-374	-338	-352	-393	-452	-557	-610	-638	-454	-505	-427
Other taxes on production	FJHT	—	—	—	—	—	—	—	—	—	—	—
Other subsidies on production	FJHV	—	—	—	—	—	—	—	—	—	—	—
Social contributions	FJHJ	—	—	—	—	—	—	—	—	—	—	—
Social benefits	FJJG	225	618	437	588	320	755	804	615	783	434	659
Other current transfers ¹	FJLT	-4 708	-2 953	-3 987	-3 921	-2 398	-4 480	-3 513	-2 702	-3 710	-3 426	-3 668
Total other sectors	FJUR	-4 857	-2 673	-3 902	-3 726	-2 530	-4 282	-3 319	-2 725	-3 381	-3 497	-3 436
Total	KTNF	-4 932	-1 231	-5 534	-5 243	-5 369	-7 574	-5 788	-5 812	-8 225	-7 246	-8 823
Of which: EU institutions	FKIS	-3 200	-1 201	-2 832	-2 924	-3 069	-4 773	-3 122	-2 740	-5 189	-4 214	-4 727

1 Includes an estimate for workers' remittances.

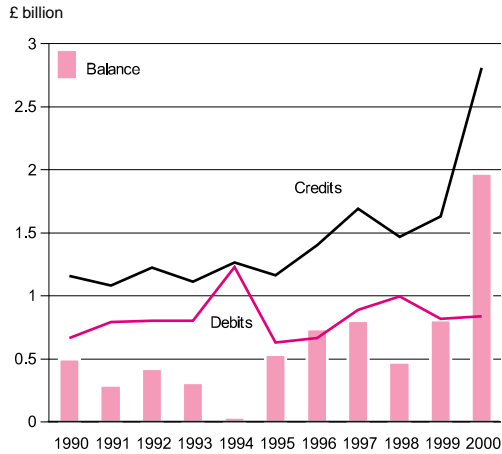
Part 2

Capital account, financial account & international investment position

6

Capital account

Capital account



Summary

Between 1990 and 2000 the capital account balance remained in surplus throughout, with 2000 seeing a surplus of £2.0 billion, the highest recorded. In 1994, the surplus was unusually low due to other sectors' debt forgiveness of £0.5 billion. The increase in the capital account surplus from £0.8 billion in 1999 to £2.0 billion in 2000, was mainly due to high receipts from EU Institutions. Payments to the Regional Development Fund were particularly large, increasing from £0.3 billion in 1999 to £1.0 billion in 2000.

6.1 Capital account

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits												
Capital transfers												
Central government												
Debt forgiveness	FJUU	—	—	—	—	—	—	—	—	—	—	—
Other capital transfers	FJLY	—	—	—	—	—	—	—	—	—	—	—
Total central government	FJMD	—	—	—	—	—	—	—	—	—	—	—
Other sectors												
Migrants' transfers	FJMG	628	632	602	584	603	678	703	754	967	1 144	1 371
Debt forgiveness	FJNC	—	—	—	—	—	—	—	—	—	—	—
Other capital transfers												
EU Institutions:												
Regional development fund	FKIT	441	370	551	425	608	437	620	812	357	285	989
Agricultural guidance fund	FJXL	91	82	71	104	52	48	30	57	56	47	82
Other capital transfers	EBGO	—	—	—	—	—	—	—	—	—	—	202
Total EU institutions	FKIV	532	452	622	529	660	485	650	869	413	332	1 273
Total other sectors	FJMU	1 160	1 084	1 224	1 113	1 263	1 163	1 353	1 623	1 380	1 476	2 644
Total capital transfers	FJMX	1 160	1 084	1 224	1 113	1 263	1 163	1 353	1 623	1 380	1 476	2 644
Sales of non-produced, non-financial assets	FJUX	—	—	—	—	—	—	49	68	89	152	167
Total	FKMH	1 160	1 084	1 224	1 113	1 263	1 163	1 402	1 691	1 469	1 628	2 811
Debits												
Capital transfers												
Central government												
Debt forgiveness	FJUV	22	21	20	21	24	28	23	24	146	10	22
Other capital transfers (project grants)	FJMB	158	254	261	201	188	149	143	169	182	171	225
Total central government	FJME	180	275	281	222	212	177	166	193	328	181	247
Other sectors												
Migrants' transfers	FJMH	483	519	522	494	500	453	465	592	531	499	461
Debt forgiveness ¹	FJNF	—	—	—	88	518	—	—	—	—	—	—
Other capital transfers	FJMS	—	—	—	—	—	—	—	—	—	—	—
Total other sectors	FJMV	483	519	522	582	1 018	453	465	592	531	499	461
Total capital transfers	FJMY	663	794	803	804	1 230	630	631	785	859	680	708
Purchases of non-produced, non-financial assets	FJUY	—	—	—	—	—	—	35	102	137	140	130
Total	FKMI	663	794	803	804	1 230	630	666	887	996	820	838
Balances												
Capital transfers												
Central government												
Debt forgiveness	FJUW	–22	–21	–20	–21	–24	–28	–23	–24	–146	–10	–22
Other capital transfers	FJMC	–158	–254	–261	–201	–188	–149	–143	–169	–182	–171	–225
Total central government	FJMF	–180	–275	–281	–222	–212	–177	–166	–193	–328	–181	–247
Other sectors												
Migrants' transfers	FJMI	145	113	80	90	103	225	238	162	436	645	910
Debt forgiveness	FJNG	—	—	—	–88	–518	—	—	—	—	—	—
Other capital transfers	FJMT	532	452	622	529	660	485	650	869	413	332	1 273
Total other sectors	FJMW	677	565	702	531	245	710	888	1 031	849	977	2 183
Total capital transfers	FJMZ	497	290	421	309	33	533	722	838	521	796	1 936
Non-produced, non-financial assets	NHSG	—	—	—	—	—	—	14	–34	–48	12	37
Total	FKMJ	497	290	421	309	33	533	736	804	473	808	1 973

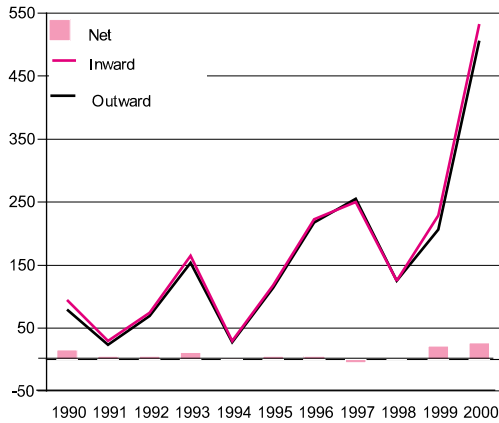
¹ This series also appears in the Financial Account (see Table 7.7).

7

Financial account

Financial account

£ billion



Summary

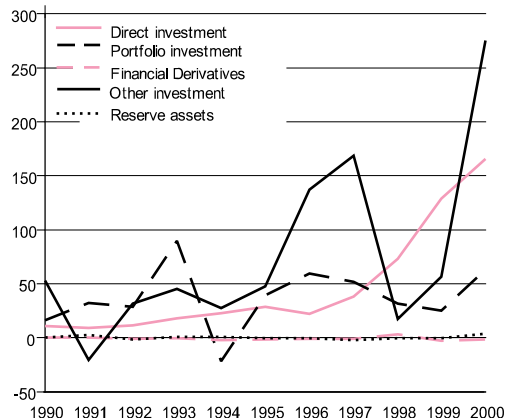
Since 1990 inward investment exceeded outward investment in all years except 1994 and 1997. In other words, over this period the United Kingdom borrowed from abroad, partly to finance a continuing current account deficit. In 1994 and 1997, when the UK current account was closer to balance there was net lending to the rest of the world. In 2000, there was record net investment in the UK of £26.4 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 portfolio investment flows when such deals have been financed by the issue of equity.

Between 1990 and 2000, direct investment recorded net investment abroad (net acquisition of assets exceeded net acquisition of liabilities) in all years except 1990. Portfolio investment also generally recorded net investment abroad, although in 1994 and 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. Investment by central government in reserve assets is comparatively small though quite volatile. Net investment in derivatives has been introduced for the first time in the 2001 edition of the Pink Book. These reflect bank's net settlement receipts or payments from interest rate swap transactions (previously recorded in the income account).

UK investment abroad

£ billion



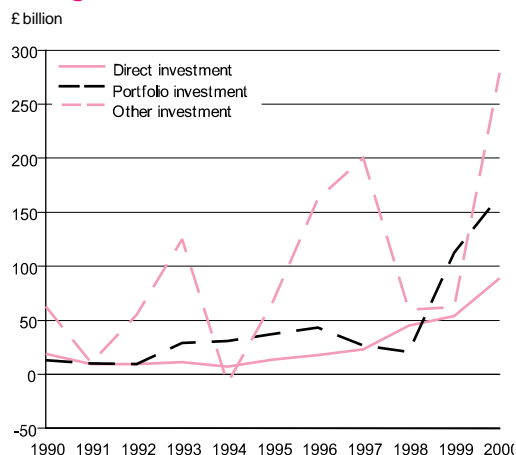
UK investment abroad

Generally investment flows have increased through the 1990's, with record investment abroad recorded in 1997. This was attributable to an increase in direct investment and other investment abroad. Since 1996, direct investment abroad has increased from £22 billion to £165 billion, as a result of significant merger and acquisition activity by UK companies. Many of these deals have been financed by the issue of equity to the original shareholders of the foreign companies, resulting in a significant rise in portfolio investment in the UK. 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, when there was again a net disposal of debt securities.

Foreign investment in the UK

Inward direct investment showed a similar pattern to outward investment with net investment increasing strongly in the last three years. Acquisition of equity capital increased from £43 billion in 1996 to over £165 billion in 2000. Inward portfolio investment recorded net investment in all years, with acquisition of equity securities increasing dramatically in recent years – counterparting the direct investment abroad transactions.

Foreign investment in the UK

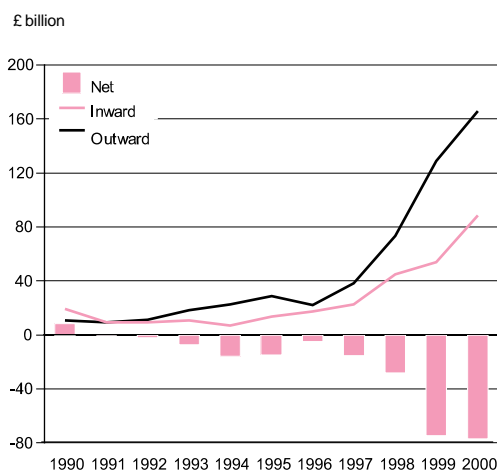


Direct investment

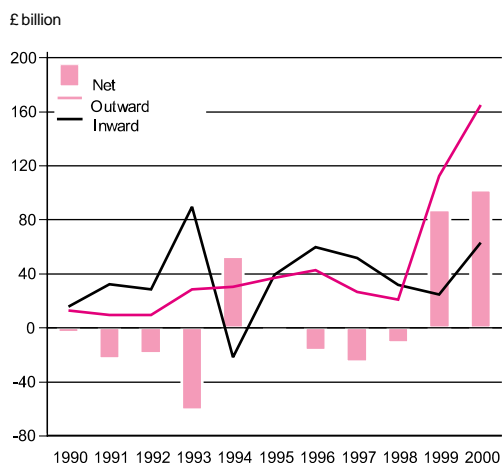
Outward direct investment rose steadily through the 1990's reaching a record £165.7 billion in 2000. Until 1997 reinvested earnings constituted around half of direct investment abroad. Since 1998 it fell to less than one fifth as the acquisition of equity capital increased, reflecting large take-overs of UK companies financed by the exchange of shares. 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

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 of £88.7 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.

Direct investment



Portfolio investment

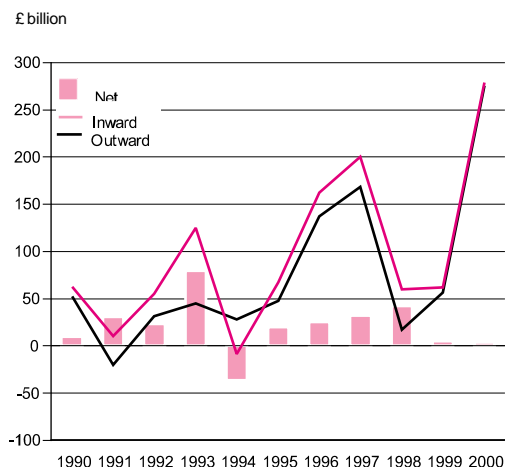


Portfolio investment

Compared with direct investment, portfolio investment abroad was more erratic, recording investment as large as £89.6 billion in 1993 as well as disposals £21.8 billion in 1994. Investment in bonds and notes constituted the largest part of investment from 1990 to 2000. 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).

Within inward investment, transactions in bonds and notes formed the major component with net acquisitions in all years except 1998, when there were also net disposals in money market instruments, mostly certificates of deposits issued by UK banks (£17.0 billion). In 2000, there was record investment in UK equity reflecting the substantial merger and acquisition activity in the telecommunications sector.

Other investment



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. UK banks deposited a record £132.7 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 amount in 1993 of £84.4 billion though this was largely attributable to short-term loans to securities dealers, as has already been noted, which were used to finance portfolio investment abroad and which were repaid the following year leading to total loans showing a net repayment of £58.1 billion in 1994. Non-residents deposits with UK banks reached a record £198.0 billion in 2000 of which £165.5 were in foreign currency.

Financial account

7.1 Financial account Summary table

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
UK investment abroad (UK assets = net debits)												
Direct investment abroad												
Equity capital	-HJYM	7 748	4 652	5 447	4 497	7 697	8 079	4 842	21 305	47 185	102 033	150 521
Reinvested earnings	-HDNY	8 513	6 204	5 224	10 096	13 827	14 378	17 271	16 112	14 071	21 304	27 076
Other capital transactions	-HMAB	-5 325	-1 544	582	3 597	1 170	6 242	175	832	12 075	5 328	-11 924
Total direct investment abroad	-HJYP	10 936	9 312	11 253	18 190	22 694	28 699	22 288	38 249	73 331	128 665	165 673
Portfolio investment abroad												
Equity securities	-HBVI	365	13 992	-3 949	7 938	1 350	8 386	10 289	-4 218	2 528	16 992	21 387
Debt securities	-XBMM	15 560	18 347	32 586	81 627	-23 159	30 888	49 327	56 151	29 389	7 881	41 659
Total portfolio investment abroad	-HHZC	15 925	32 339	28 637	89 565	-21 809	39 274	59 616	51 933	31 917	24 873	63 046
Financial derivatives (net)	-ZPNN	-	-	-1 253	-245	-2 373	-1 667	-963	-1 156	3 043	-2 685	-1 553
Other investment abroad	-XBMM	52 701	-20 249	31 693	45 329	27 773	47 498	137 124	168 233	17 245	56 671	275 165
Reserve assets	-LTCV	76	2 679	-1 407	698	1 045	-200	-510	-2 380	-164	-639	3 915
Total	-HBNR	79 638	24 081	68 923	153 537	27 330	113 604	217 555	254 879	125 372	206 885	506 246
Investment in the UK (UK liabilities = net credits)												
Direct investment in the UK												
Equity capital	HJYR	11 435	5 859	6 560	5 934	3 316	12 756	8 156	11 599	27 895	46 618	64 380
Reinvested earnings	CYFV	2 260	463	121	4 385	3 953	5 254	7 873	6 386	1 522	7 855	16 146
Other capital transactions	HMAD	5 437	2 875	2 735	624	-170	-4 179	1 533	4 838	15 637	-342	8 126
Total direct investment in the UK	HJYU	19 132	9 197	9 416	10 943	7 099	13 831	17 562	22 823	45 054	54 131	88 652
Portfolio investment in the UK												
Equity securities	XBLW	1 940	2 624	10 276	17 367	4 843	5 111	6 073	4 793	37 738	72 115	113 608
Debt securities	XBLX	10 940	7 194	-697	11 403	25 837	32 204	36 912	21 877	-16 812	40 159	51 437
Total portfolio investment in the UK	HHZF	12 880	9 818	9 579	28 770	30 680	37 315	42 985	26 670	20 926	112 274	165 045
Other investment in the UK	XBMM	62 709	10 335	55 017	125 154	-8 323	67 422	162 523	200 320	59 637	61 942	278 924
Total	HBNS	94 721	29 350	74 012	164 867	29 456	118 568	223 070	249 813	125 617	228 347	532 621
Net transactions (net credits /less net debits)												
Direct investment												
Equity capital	HBWN	3 687	1 207	1 113	1 437	-4 381	4 677	3 314	-9 706	-19 290	-55 415	-86 141
Reinvested earnings	HBWT	-6 253	-5 741	-5 103	-5 711	-9 874	-9 124	-9 398	-9 726	-12 549	-13 449	-10 930
Other capital transactions	HBWU	10 762	4 419	2 153	-2 973	-1 340	-10 421	1 358	4 006	3 562	-5 670	20 050
Total net direct investment	HJYV	8 196	-115	-1 837	-7 247	-15 595	-14 868	-4 726	-15 426	-28 277	-74 534	-77 021
Portfolio investment												
Equity securities	HBWV	1 575	-11 368	14 225	9 429	3 493	-3 275	-4 216	9 011	35 210	55 123	92 221
Debt securities	HBWX	-4 620	-11 153	-33 283	-70 224	48 996	1 316	-12 415	-34 274	-46 201	32 278	9 778
Total net portfolio investment	HHZD	-3 045	-22 521	-19 058	-60 795	52 489	-1 959	-16 631	-25 263	-10 991	87 401	101 999
Financial derivatives	ZPNN	-	-	1 253	245	2 373	1 667	963	1 156	-3 043	2 685	1 553
Other investment	HHYR	10 008	30 584	23 324	79 825	-36 096	19 924	25 399	32 087	42 392	5 271	3 759
Reserve assets	LTCV	-76	-2 679	1 407	-698	-1 045	200	510	2 380	164	639	-3 915
Total	HBNT	15 083	5 269	5 089	11 330	2 126	4 964	5 515	-5 066	245	21 462	26 375

7.2 Financial account

Sector analysis

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
UK investment abroad												
(UK assets = net debits)												
By:												
Monetary financial institutions												
Banks	-HFAM	45 655	-20 904	33 186	32 233	57 062	48 911	85 819	165 979	73 184	7 990	222 636
Building societies	HEQN	-	-	317	2 237	322	529	-369	2 557	1 341	951	4 382
Total monetary financial institutions	-HFAQ	45 655	-20 904	33 503	34 470	57 384	49 440	85 450	168 536	74 525	8 941	227 018
Central government	-HFAN	975	3 364	-1 005	1 172	1 495	269	-170	-2 335	-315	-542	4 871
Public corporations	-HFAO	88	79	161	286	110	163	92	122	67	404	342
Other sectors	-HFAP	32 920	41 542	36 264	117 609	-31 659	63 732	132 183	88 556	51 095	198 082	274 015
Total	-HBNR	79 638	24 081	68 923	153 537	27 330	113 604	217 555	254 879	125 372	206 885	506 246
Investment in the UK												
(UK liabilities = net credits)												
In:												
Monetary financial institutions												
(banks and building societies)	CGUL	55 772	-16 753	23 550	29 657	59 327	48 296	92 343	162 961	30 364	38 354	247 105
Central government	HFAR	801	5 064	7 386	14 591	5 813	719	5 301	-4 317	438	-4 425	-788
Local authorities	HFAS	-115	-99	4	84	-78	-51	13	-53	-87	-106	-188
Public corporations	HFAT	-105	-53	-440	-24	-118	-151	-14	-206	-5	-	-
Other sectors	GGCJ	38 368	41 191	43 512	120 559	-35 488	69 755	125 427	91 428	94 907	194 524	286 492
Total	HBNS	94 721	29 350	74 012	164 867	29 456	118 568	223 070	249 813	125 617	228 347	532 621
Net transactions												
(net credits / less net debits)												
In assets and liabilities of:												
Monetary financial institutions												
(banks and building societies)	GGCK	10 117	4 151	-9 953	-4 813	1 943	-1 144	6 893	-5 575	-44 161	29 413	20 087
Central government	HFAV	-174	1 700	8 391	13 419	4 318	450	5 471	-1 982	753	-3 883	-5 659
Local authorities	HFAS	-115	-99	4	84	-78	-51	13	-53	-87	-106	-188
Public corporations	HFAW	-193	-132	-601	-310	-228	-314	-106	-328	-72	-404	-342
Other sectors	GGCL	5 448	-351	7 248	2 950	-3 829	6 023	-6 756	2 872	43 812	-3 558	12 477
Total	HBNT	15 083	5 269	5 089	11 330	2 126	4 964	5 515	-5 066	245	21 462	26 375

Financial account

7.3 Direct investment

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Direct investment abroad (UK assets = net debits)												
Equity capital												
Claims on affiliated enterprises (net acquisition of ordinary shares)												
Purchases of ordinary shares	-HDOA	9 426	6 409	7 976	6 932	12 637	11 655	12 703	25 476	60 627	114 429	166 770
Sales of ordinary shares	-HDOC	-2 108	-1 571	-2 764	-2 465	-4 786	-3 840	-7 672	-4 041	-13 677	-12 997	-16 415
Total claims on affiliated enterprises	-HJYL	7 318	4 838	5 212	4 467	7 851	7 815	5 031	21 435	46 950	101 432	150 355
Net acquisition of property	-HHVG	430	-186	235	30	-154	264	-189	-130	235	601	166
Total equity capital	-HJYM	7 748	4 652	5 447	4 497	7 697	8 079	4 842	21 305	47 185	102 033	150 521
Reinvested earnings	-HDNY	8 513	6 204	5 224	10 096	13 827	14 378	17 271	16 112	14 071	21 304	27 076
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	642	3 641
Sales of debt securities	-HDOE	-	-	-	-	-	-	-52	-117	-315	-577	-328
Other claims on affiliated enterprises												
Change in inter-company accounts	-HDOF	-1 366	1 059	2 905	3 550	1 267	4 631	2 506	5 040	20 721	18 642	24 131
Change in branch indebtedness	-HDOI	276	1 073	685	174	1 047	669	500	1 053	1 493	-288	1 516
Total claims on affiliated enterprises	-HJYN	-1 090	2 132	3 590	3 724	4 091	6 475	3 043	6 505	22 295	18 419	28 960
Liabilities to affiliated enterprises												
Change in inter-company accounts	-HDOG	-3 802	-3 297	-2 162	292	-2 922	-10	-3 292	-5 299	-8 453	-14 202	-39 433
Change in branch indebtedness	-HDOJ	-433	-379	-846	-419	1	-223	424	-374	-1 767	1 111	-1 451
Total liabilities to affiliated enterprises	-HJYO	-4 235	-3 676	-3 008	-127	-2 921	-233	-2 868	-5 673	-10 220	-13 091	-40 884
Total other capital transactions	-HMAE	-5 325	-1 544	582	3 597	1 170	6 242	175	832	12 075	5 328	-11 924
Total	-HJYP	10 936	9 312	11 253	18 190	22 694	28 699	22 288	38 249	73 331	128 665	165 673
Direct investment in the UK (UK liabilities = net credits)												
Equity capital												
Liabilities to direct investors												
Quoted ordinary shares												
Purchases of quoted ordinary shares	CYFY	1 596	658	246	651	389	4 255	6 510	7 434	24 660	38 878	25 877
Sales of quoted ordinary shares	CYFZ	-	-	-	-	-612	-191	-1 206	-1 293	-4 336	-10 526	-2 476
Unquoted ordinary shares												
Purchases of unquoted ordinary shares	CYGA	9 768	5 957	7 363	6 152	3 923	11 755	3 039	5 055	7 147	21 882	44 029
Sales of unquoted ordinary shares	CYGB	-1 291	-1 481	-1 350	-1 329	-856	-3 287	-800	-447	-274	-4 429	-4 372
Total liabilities to direct investors	HJYQ	10 073	5 134	6 259	5 474	2 844	12 532	7 543	10 749	27 197	45 805	63 058
Net acquisition of property	CGLO	1 362	725	301	460	472	224	613	850	698	813	1 322
Total equity capital	HJYR	11 435	5 859	6 560	5 934	3 316	12 756	8 156	11 599	27 895	46 618	64 380
Reinvested earnings	CYFV	2 260	463	121	4 385	3 953	5 254	7 873	6 386	1 522	7 855	16 146
Other capital transactions												
Claims on direct investors												
Change in inter-company accounts	CYGF	-40	-266	-689	-1 987	-2 791	-4 441	-423	-3 591	-11 199	-8 794	-9 647
Change in branch indebtedness	CYGK	-98	-48	-49	-30	-50	-5	-74	735	144	113	310
Total claims on direct investors	HJYS	-138	-314	-738	-2 017	-2 841	-4 446	-497	-2 856	-11 055	-8 681	-9 337
Liabilities to direct investors												
Debt securities issued by affiliated enterprises												
Purchases of debt securities	CYGC	433	113	176	32	174	540	3	1 516	783	598	414
Sales of debt securities	CYGD	-189	-956	-	-135	-21	-	-	-22	-183	-571	-121
Other liabilities to direct investors												
Change in inter-company accounts	CYGH	5 338	3 848	3 251	2 614	2 478	-315	1 915	5 571	25 700	8 494	16 787
Change in branch indebtedness	CYGL	-7	184	46	130	40	42	112	629	392	-182	383
Total liabilities to direct investors	HJYT	5 575	3 189	3 473	2 641	2 671	267	2 030	7 694	26 692	8 339	17 463
Total other capital transactions	HMAE	5 437	2 875	2 735	624	-170	-4 179	1 533	4 838	15 637	-342	8 126
Total	HJYU	19 132	9 197	9 416	10 943	7 099	13 831	17 562	22 823	45 054	54 131	88 652

7.3 Direct investment

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Net transactions (net credits less net debits)												
Equity capital												
Net acquisition of ordinary shares	LTMS	2 755	296	1 047	1 007	-5 007	4 717	2 512	-10 686	-19 753	-55 627	-87 297
Net acquisition of property	LTMT	932	911	66	430	626	-40	802	980	463	212	1 156
Total equity capital	HBWN	3 687	1 207	1 113	1 437	-4 381	4 677	3 314	-9 706	-19 290	-55 415	-86 141
Reinvested earnings	HBWT	-6 253	-5 741	-5 103	-5 711	-9 874	-9 124	-9 398	-9 726	-12 549	-13 449	-10 930
Other capital transactions	HBWU	10 762	4 419	2 153	-2 973	-1 340	-10 421	1 358	4 006	3 562	-5 670	20 050
Total	HJYV	8 196	-115	-1 837	-7 247	-15 595	-14 868	-4 726	-15 426	-28 277	-74 534	-77 021

7.4 Direct investment Sector analysis

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Direct investment abroad (UK assets = net debits)												
By:												
UK Monetary financial institutions (banks)	-HCWJ	669	-840	1 374	1 261	2 310	1 820	1 444	169	971	1 013	3 388
Insurance companies	-CNZE	588	-158	239	1 122	-409	2 343	506	3 137	969	-1 998	564
Other financial intermediaries	-HCXL	-401	-701	634	1 425	1 498	1 977	2 631	5 711	11 676	10 225	10 995
Private non-financial corporations	-HCVH	10 011	10 942	8 890	14 140	19 162	22 463	17 684	29 132	59 663	119 014	150 354
Public corporations	-HDND	37	37	84	210	101	64	-9	68	20	379	340
Household sector ¹	-AAQN	32	32	32	32	32	32	32	32	32	32	32
Total	-HJYP	10 936	9 312	11 253	18 190	22 694	28 699	22 288	38 249	73 331	128 665	165 673
Direct investment in the UK (UK liabilities = net credits)												
In:												
Monetary financial institutions (banks)	GPBQ	3 196	-175	1 032	2 027	1 008	2 092	2 458	3 494	678	1 602	4 175
Insurance companies	HDQI	177	34	88	197	-38	-144	1 615	891	-138	1 749	2 903
Other financial intermediaries												
Securities dealers	HDRU	170	489	244	1 085	-682	356	905	338	-1 188	821	1 344
Other	HFCL	483	90	66	-120	143	1 453	87	-34	9 865	-304	4 677
Total other financial intermediaries	HFDR	653	579	310	965	-539	1 809	992	304	8 677	517	6 021
Private non-financial corporations	BCEC	15 106	8 759	7 986	7 754	6 668	10 074	12 497	18 134	35 837	50 263	75 553
Total	HJYU	19 132	9 197	9 416	10 943	7 099	13 831	17 562	22 823	45 054	54 131	88 652
Net transaction (net credits less net debits)												
In assets and liabilities of:												
Monetary financial institutions	LTMU	2 527	665	-342	766	-1 302	272	1 014	3 325	-293	589	787
Insurance companies	LTMV	-411	192	-151	-925	371	-2 487	1 109	-2 246	-1 107	3 747	2 339
Other financial intermediaries	LTMW	1 054	1 280	-324	-460	-2 037	-168	-1 639	-5 407	-2 999	-9 708	-4 974
Private non-financial corporations	LTMX	5 095	-2 183	-904	-6 386	-12 494	-12 389	-5 187	-10 998	-23 826	-68 751	-74 801
Public corporations	HDND	-37	-37	-84	-210	-101	-64	9	-68	-20	-379	-340
Household sector ¹	AAQN	-32	-32	-32	-32	-32	-32	-32	-32	-32	-32	-32
Total	HJYV	8 196	-115	-1 837	-7 247	-15 595	-14 868	-4 726	-15 426	-28 277	-74 534	-77 021

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

Financial account

7.5 Portfolio investment

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Portfolio investment abroad (UK assets = net debits)												
Transactions in equity securities (shares) by:												
Monetary financial Institutions (banks)	-VTWC	-641	-120	-612	272	1 607	161	4 570	-3 138	4 356	431	6 540
Insurance companies and pension funds												
Insurance companies	-HBHM	1 433	4 121	-1 354	4 399	3 654	3 688	3 147	1 335	1 015	4 682	-4 319
Pension funds	-HBHO	4 789	7 177	-478	1 579	-5 250	-1 884	2 828	-3 326	2 073	168	-11 174
Total insurance companies and pension funds	-HBRD	6 222	11 298	-1 832	5 978	-1 596	1 804	5 975	-1 991	3 088	4 850	-15 493
Other financial intermediaries												
Securities dealers	-HGLG	-3 548	1 580	-812	-1 637	-3 311	3 600	-3 058	810	-7 634	5 783	13 673
Unit and Investment Trusts	-HBHQ	-1 308	1 436	-487	3 539	4 148	3 178	2 724	919	3 567	6 486	9 968
Other	-HBRC	-166	-176	-166	-241	-369	-290	-456	-831	-833	-1 299	-1 454
Total other financial intermediaries	-HBRE	-5 022	2 840	-1 465	1 661	468	6 488	-790	898	-4 900	10 970	22 187
Private non-financial corporations	-XBNL	-54	-30	-105	141	55	-222	188	-62	84	241	9 037
Household sector ¹	HALH	-140	4	65	-114	816	155	346	75	-100	500	-884
Total transactions in equity securities	-HBVI	365	13 992	-3 949	7 938	1 350	8 386	10 289	-4 218	2 528	16 992	21 387
Transactions in debt securities												
Transactions in bonds and notes by:												
Monetary financial institutions												
Banks	-VTWA	6 596	8 647	13 577	34 426	12 474	23 672	19 034	17 442	42 633	12 165	29 730
Building societies	RYWJ	-	-	48	661	355	496	67	691	1 424	1 101	2 464
Total monetary financial institutions	-HPCP	6 596	8 647	13 625	35 087	12 829	24 168	19 101	18 133	44 057	13 266	32 194
Insurance companies and pension funds												
Insurance companies	-HBHN	1 628	1 700	3 187	-227	231	1 052	4 096	3 614	11 615	8 868	5 106
Pension funds	-HBHP	1 499	1 589	708	355	357	732	1 650	4 696	3 581	819	6 776
Total insurance companies and pension funds	-HBRF	3 127	3 289	3 895	128	588	1 784	5 746	8 310	15 196	9 687	11 882
Other financial intermediaries												
Securities dealers	CGFO	6 638	3 643	13 381	39 772	-32 564	3 039	26 584	22 318	-33 645	-28 883	-1 530
Unit and investment trusts	-HBHR	99	489	197	316	-128	-133	351	195	1 452	1 140	664
Other	-HBRG	-10	-18	-17	-33	-25	-22	-35	45	-154	-38	-38
Total other financial intermediaries	-HBRH	6 727	4 114	13 561	40 055	-32 717	2 884	26 900	22 558	-32 347	-27 781	-904
Private non-financial corporations	-XBNM	-16	138	675	174	666	-135	840	-2 370	553	-1 435	1 275
Household sector ¹	HBRI	-406	-431	140	-59	-77	-556	-1 586	186	184	184	184
Total transactions in bonds and notes	-HEPK	16 028	15 757	31 896	75 385	-18 711	28 145	51 001	46 817	27 643	-6 079	44 631
Transactions in Money Market Instruments												
Transactions in commercial paper by:												
Monetary financial institutions:												
Banks	-HBXH	1 733	2 271	2 385	2 619	-4 229	2 233	-3 547	7 303	4 207	9 738	-977
Building societies	TAIH	-	-	39	535	-135	-339	14	254	-169	66	899
Insurance companies and pension funds	-HBVK	6	42	65	51	19	178	292	617	-1 174	-68	-269
Other financial intermediaries	-HGIS	-152	-430	-606	1 963	-296	420	1 182	611	-815	499	-2 077
Private non-financial corporations	-HBRL	131	358	-535	912	73	-2	390	279	-956	722	1 110
Total transactions in commercial paper	-HGLU	1 718	2 241	1 348	6 080	-4 568	2 490	-1 669	9 064	1 093	10 957	-1 314
Transactions in certificates of deposit by:												
Monetary financial institutions (Building societies)	TAIF	-	-	-	20	36	-25	2	261	210	-72	409
Other financial intermediaries	-RZUV	-2 186	349	-658	142	84	278	-7	9	443	3 075	-2 067
Total transactions in certificates of deposit	HEPH	-2 186	349	-658	162	120	253	-5	270	653	3 003	-1 658
Total transactions in Money Market Instruments	-HHZM	-468	2 590	690	6 242	-4 448	2 743	-1 674	9 334	1 746	13 960	-2 972
Total transactions in debt securities	-XBMW	15 560	18 347	32 586	81 627	-23 159	30 888	49 327	56 151	29 389	7 881	41 659
Total	-HHZC	15 925	32 339	28 637	89 565	-21 809	39 274	59 616	51 933	31 917	24 873	63 046

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

7.5 Portfolio investment

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Portfolio investment in the UK (UK liabilities = net credits)												
Transactions in equity securities (shares) issued by:												
Monetary financial Institutions (banks and building societies)	HBQG	-701	339	568	372	-517	-914	-1 173	-2 172	-2 473	-846	1 268
Other sectors ¹	HBQH	2 641	2 285	9 708	16 995	5 360	6 025	7 246	6 965	40 211	72 961	112 340
Total transactions in equity securities	XBLW	1 940	2 624	10 276	17 367	4 843	5 111	6 073	4 793	37 738	72 115	113 608
Transactions in debt securities												
Transactions in bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	HEZP	-76	1 621	4 676	1 225	2 774	101	-1 632	-3 058	-1 660	237	988
Other central government bonds	HHJM	-	-	-	-	-	-	-	-	-	-	-
Transactions in British government stocks (gilts) by:												
Foreign central banks (exchange reserves)	AING	-164	2 411	2 561	1 462	2 017	-250	261	-1 586	1 692	490	1 036
Other foreign residents	VTWG	227	3 323	1 589	14 890	520	-879	7 604	2 244	1 802	-6 016	-3 161
Total transactions in British government stocks	HEPC	63	5 734	4 150	16 352	2 537	-1 129	7 865	658	3 494	-5 526	-2 125
Total issues by central government	HBXR	-13	7 355	8 826	17 577	5 311	-1 028	6 233	-2 400	1 834	-5 289	-1 137
Local authorities' bonds												
Public corporations' bonds	HBQT	-	-	-	-	-	-	-	-	-	-	-
Issues by monetary financial Institutions (banks and building societies)	HCEW	16	-5	-10	-6	-2	-7	-	-	-	-	-
Bonds	HBRY	1 714	1 667	841	1 746	2 704	3 233	2 998	3 137	-1 061	5 766	2 163
European medium term notes and other short-term paper:												
Issued by UK banks	HCEZ	698	1 244	1 034	3 037	4 353	1 572	5 585	3 012	1 575	4 395	903
Issued by UK building societies	HCFC	621	459	336	884	2 066	-399	-315	-116	-139	251	1 814
Total	HBV	1 319	1 703	1 370	3 921	6 419	1 173	5 270	2 896	1 436	4 646	2 717
Total monetary financial institutions	HMBD	3 033	3 370	2 211	5 667	9 123	4 406	8 268	6 033	375	10 412	4 880
Issues by other sectors ¹	HBRT	5 335	5 190	2 623	5 433	8 419	10 063	9 331	9 770	-3 305	17 949	6 737
Total transactions in bonds and notes	XBLY	8 371	15 910	13 650	28 671	22 851	13 434	23 832	13 403	-1 096	23 072	10 480
Transactions in Money Market Instruments												
Transactions in treasury bills (issued by central government)												
Sterling treasury bills	AARB	584	-1 626	-1 222	-438	-199	853	-663	-184	-821	649	37
Euro treasury bills	HHNW	432	-17	-1 194	133	59	471	425	-729	-913	-227	-
Total treasury bills	HHZO	1 016	-1 643	-2 416	-305	-140	1 324	-238	-913	-1 734	422	37
Transactions in certificates of deposit (issued by UK monetary financial institutions)												
Issued by banks	HBRS	-2 198	-11 861	-6 503	-16 909	1 066	12 718	9 906	5 548	-16 978	12 097	34 560
Issued by building societies	HBHH	10	253	-181	-15	107	-	23	121	-24	-1	301
Total certificates of deposit	HBQX	-2 188	-11 608	-6 684	-16 924	1 173	12 718	9 929	5 669	-17 002	12 096	34 861
Transactions in commercial paper												
Issued by UK monetary financial Institutions												
Banks	HBHI	174	90	-4 830	413	328	708	2 174	1 800	255	1 039	2 555
Building societies	HBHL	680	1 010	294	-1 802	-673	2 768	-643	206	336	1 748	767
Total monetary financial institutions	HBUR	854	1 100	-4 536	-1 389	-345	3 476	1 531	2 006	591	2 787	3 322
Issued by other sectors ¹	HHZN	2 887	3 435	-711	1 350	2 298	1 252	1 858	1 712	2 429	1 782	2 737
Total transactions in commercial paper	HBQW	3 741	4 535	-5 247	-39	1 953	4 728	3 389	3 718	3 020	4 569	6 059
Total transactions in Money Market Instruments	HHZE	2 569	-8 716	-14 347	-17 268	2 986	18 770	13 080	8 474	-15 716	17 087	40 957
Total transactions in debt securities	XBLX	10 940	7 194	-697	11 403	25 837	32 204	36 912	21 877	-16 812	40 159	51 437
Total	HHZF	12 880	9 818	9 579	28 770	30 680	37 315	42 985	26 670	20 926	112 274	165 045

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

Financial account

7.5 Portfolio investment

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Net transactions (net credits less net debits)												
Equity securities (shares)	HBWV	1 575	-11 368	14 225	9 429	3 493	-3 275	-4 216	9 011	35 210	55 123	92 221
Debt securities												
Bonds and notes	LTMY	-7 657	153	-18 246	-46 714	41 562	-14 711	-27 169	-33 414	-28 739	29 151	-34 151
Money Market Instruments	LTMZ	3 037	-11 306	-15 037	-23 510	7 434	16 027	14 754	-860	-17 462	3 127	43 929
Total debt securities	HBWX	-4 620	-11 153	-33 283	-70 224	48 996	1 316	-12 415	-34 274	-46 201	32 278	9 778
Total	HHZD	-3 045	-22 521	-19 058	-60 795	52 489	-1 959	-16 631	-25 263	-10 991	87 401	101 999

7.6 Portfolio investment Sector analysis

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Portfolio investment abroad (UK assets = net debits)												
Investment by:												
Monetary financial institutions												
Banks	-HBWF	7 688	10 798	15 350	37 317	9 852	26 066	20 057	21 607	51 196	22 334	35 293
Building societies	HEPI	-	-	87	1 216	256	132	83	1 206	1 465	1 095	3 772
Total monetary financial institutions	-HBRJ	7 688	10 798	15 437	38 533	10 108	26 198	20 140	22 813	52 661	23 429	39 065
Insurance companies and pension funds	-HBRO	9 355	14 629	2 128	6 157	-989	3 766	12 013	6 936	17 110	14 469	-3 880
Other financial intermediaries	-HBRP	-633	6 873	10 832	43 821	-32 461	10 070	27 285	24 076	-37 619	-13 237	17 139
Private non-financial corporations	-HBRQ	61	466	35	1 227	794	-359	1 418	-2 153	-319	-472	11 422
Household sector ¹	-HBRR	-546	-427	205	-173	739	-401	-1 240	261	84	684	-700
Total	-HHZC	15 925	32 339	28 637	89 565	-21 809	39 274	59 616	51 933	31 917	24 873	63 046

Portfolio investment in the UK (UK liabilities = net credits)

Investment in securities issued by:												
Monetary financial institutions (banks and building societies)	CGPH	998	-6 799	-8 441	-12 274	9 434	19 686	18 555	11 536	-18 509	24 449	44 331
Central government	HBSO	1 003	5 712	6 410	17 272	5 171	296	5 995	-3 313	100	-4 867	-1 100
Local authorities	HBQT	-	-	-	-	-	-	-	-	-	-	-
Public corporations	HCEW	16	-5	-10	-6	-2	-7	-	-	-	-	-
Other sectors	CGPL	10 863	10 910	11 620	23 778	16 077	17 340	18 435	18 447	39 335	92 692	121 814
Total	HHZF	12 880	9 818	9 579	28 770	30 680	37 315	42 985	26 670	20 926	112 274	165 045

Net transactions

net credits less net debits

In assets and liabilities of:												
Monetary financial institutions	LTNA	-6 690	-17 597	-23 878	-50 807	-674	-6 512	-1 585	-11 277	-71 170	1 020	5 266
Central government	HBSO	1 003	5 712	6 410	17 272	5 171	296	5 995	-3 313	100	-4 867	-1 100
Local authorities	HBQT	-	-	-	-	-	-	-	-	-	-	-
Public corporations	HCEW	16	-5	-10	-6	-2	-7	-	-	-	-	-
Other sectors	LTNB	2 626	-10 631	-1 580	-27 254	47 994	4 264	-21 041	-10 673	60 079	91 248	97 833
Total	HHZD	-3 045	-22 521	-19 058	-60 795	52 489	-1 959	-16 631	-25 263	-10 991	87 401	101 999

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

Financial account

7.7 Other investment

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Other investment abroad												
(UK assets = net debits)												
Trade credit												
Long-term												
Monetary financial institutions (banks)	-HGBS	-285	-474	-862	-513	291	1 128	-626	643	-7	-355	-1 320
Central government	-XBMC	869	654	366	452	413	443	303	33	-42	25	930
Other sectors ¹	-HCQK	383	-98	332	30	-103	-407	-19	-	-	-	-
Total long-term trade credit	-HBRZ	967	82	-164	-31	601	1 164	-342	676	-49	-330	-390
Short-term												
Monetary financial institutions (banks)	-CGTW	-116	-44	-32	-	-	-	-	-	-	-	-
Other sectors ¹	-XBLL	190	106	-49	47	-190	49	1 698	-635	-1 119	102	102
Total short-term trade credit	-XBMF	74	62	-81	47	-190	49	1 698	-635	-1 119	102	102
Total trade credit	-XBMB	1 041	144	-245	16	411	1 213	1 356	41	-1 168	-228	-288
Loans												
Long-term												
Inter-government loans by the UK	-HEUC	-51	-46	-32	-57	-53	-59	-44	-51	-176	-19	-27
Loans by Commonwealth Development Corporation (public corporations)	-HETB	51	42	77	76	9	99	101	54	47	25	2
Loans by specialist leasing companies ¹	-HGKU	-56	-15	-	-	-	-	-	-	-	-	-
Total long-term loans	-HBSG	-56	-19	45	19	-44	40	57	3	-129	6	-25
Short-term loans												
By monetary financial institutions												
By banks												
Sterling loans	NFBE	1 157	307	1 602	-456	-945	619	4 802	3 340	-613	2 619	1 869
Foreign currency loans	NFBF	9 026	7 365	3 637	-7 002	-2 810	11 183	34 157	27 741	1 580	14 272	52 294
Total banks	HEQO	10 183	7 672	5 239	-7 458	-3 755	11 802	38 959	31 081	967	16 891	54 163
By building societies												
	NFBG	-	-	-	4	5	-	-9	-	-	-	-
Total monetary financial institutions	NFBD	10 183	7 672	5 239	-7 454	-3 750	11 802	38 950	31 081	967	16 891	54 163
By other sectors												
	-XBLN	77	128	226	274	-126	34	125	8	-133	3	-
Total short-term loans	VTUL	10 260	7 800	5 465	-7 180	-3 876	11 836	39 075	31 089	834	16 894	54 163
Total loans	-XBMG	10 204	7 781	5 510	-7 161	-3 920	11 876	39 132	31 092	705	16 900	54 138
Currency and deposits												
Transactions in foreign notes and coin												
Monetary financial institutions (banks)	TAAG	-	-6	-14	42	22	-5	35	42	30	-63	-39
Other sectors ¹	-HETF	13	19	-17	40	1	34	50	76	10	44	15
Total foreign notes and coin	HEOV	13	13	-31	82	23	29	85	118	40	-19	-24
Deposits abroad by UK residents												
Deposits by monetary financial institutions												
Deposits by banks												
Sterling deposits	-HBQY	3 280	-3 947	8 640	8 689	-247	893	3 726	28 254	6 038	-12 472	20 554
Foreign currency deposits	-HBQZ	24 236	-34 063	4 744	-6 772	51 480	8 874	23 187	85 339	10 946	-16 673	112 150
Total deposits by UK banks	-XBMI	27 516	-38 010	13 384	1 917	51 233	9 767	26 913	113 593	16 984	-29 145	132 704
Deposits by building societies												
	TAID	-	-	230	1 017	61	397	-443	1 351	-124	-144	610
Total deposits by monetary financial institutions	HCES	27 516	-38 010	13 614	2 934	51 294	10 164	26 470	114 944	16 860	-29 289	133 314

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

7.7 Other investment

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Other investment abroad - continued												
Currency and deposits - <i>continued</i>												
Deposits abroad by UK residents - <i>continued</i>												
Deposits by securities dealers	-HGTF	3 855	9 171	14 471	45 636	-22 393	18 328	61 179	5 660	-6 117	45 920	47 567
Deposits by other UK residents ¹	-HBSI	9 987	571	-1 698	3 827	2 782	5 799	8 817	16 315	6 858	23 296	40 405
Total deposits abroad by UK residents	-HBXV	41 358	-28 268	26 387	52 397	31 683	34 291	96 466	136 919	17 601	39 927	221 286
Total currency and deposits	-HBVN	41 371	-28 255	26 356	52 479	31 706	34 320	96 551	137 037	17 641	39 908	221 262
Other assets												
Central government subscriptions to international organisations												
Regional development banks	-HEUD	40	41	34	42	75	65	56	60	65	50	50
European Investment Bank (EIB)	-HEUE	28	20	22	23	14	16	16	-	-	-	-
Other subscriptions	-HEUF	13	16	12	14	1	4	9	3	2	41	3
Total central government	-HGLR	81	77	68	79	90	85	81	63	67	91	53
Debt forgiveness (monetary financial institutions - banks) ²	-FJNF	-	-	-	-88	-518	-	-	-	-	-	-
Other sectors (excluding monetary financial institutions)												
Long-term assets	-HHZH	-	-	-	-	-	-	-	-	-	-	-
Short-term assets												
Public corporations assets abroad	-HBSR	-	-	-	-	-	-	-	-	-	-	-
Other ¹	-HBSK	4	4	4	4	4	4	4	-	-	-	-
Total short-term assets	-HHZI	4	4	4	4	4	4	4	-	-	-	-
Total other sectors	-XBLP	4	4	4	4	4	4	4	-	-	-	-
Total other assets	-XBMK	85	81	72	-5	-424	89	85	63	67	91	53
Total	-XBMM	52 701	-20 249	31 693	45 329	27 773	47 498	137 124	168 233	17 245	56 671	275 165

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).

Financial account

7.7 Other investment

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Other investment in the UK (UK liabilities = net credits)												
Trade credit												
Long-term ¹	CGJF	-18	71	198	335	357	265	18	-	-	-	-
Short-term ¹	XBLQ	24	-3	-29	-3	8	-2	13	-7	-	-	-
Total trade credit	XBMO	6	68	169	332	365	263	31	-7	-	-	-
Loans												
Long-term												
Drawings by:												
Central government	HBSF	-	-	40	-	-	-	-	-	-	-	-1
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	-1
Repayments from:												
Central government	HBSW	-503	-78	-133	-127	-131	-103	-99	-255	-91	-105	-107
Local authorities	HBSX	-111	-100	-129	-140	-163	-174	-139	-109	-96	-123	-188
Public corporations	HHYU	-121	-48	-430	-18	-116	-144	-14	-206	-5	-	-
Other ¹	HIBZ	-49	-40	-177	-56	-1	-1	-	-	-	-	-
Total long-term repayments	HBSY	-784	-266	-869	-341	-411	-422	-252	-570	-192	-228	-295
Total long-term loans	HBSZ	-784	-265	-694	-124	-335	-302	-102	-512	-183	-211	-296
Short-term loans to:												
Central government	HBTA	-	-	1 289	-2 825	-	-	-	-	-	-	-
Local authorities	HBTB	-4	-	-2	7	9	3	2	-2	-	-	-
Public corporations	HIAW	-	-	-	-	-	-	-	-	-	-	-
Securities dealers	HBTB	3 235	13 335	18 276	78 614	-58 541	34 398	73 904	32 764	14 901	39 746	63 410
Other ¹	HBSS	7 764	6 663	4 338	8 680	783	5 033	10 114	20 609	-3 730	10 197	15 669
Total short-term loans	HBTC	10 995	19 998	23 901	84 476	-57 749	39 434	84 020	53 371	11 171	49 943	79 079
Total loans	XBMP	10 211	19 733	23 207	84 352	-58 084	39 132	83 918	52 859	10 988	49 732	78 783
Currency and deposits												
Sterling notes and coin												
Notes (issued by Bank of England)	HLYV	-20	41	53	65	85	60	32	45	98	74	58
Coins (issued by Royal Mint)	HMAT	-2	4	6	6	10	6	3	5	11	7	6
Total notes and coin	AASD	-22	45	59	71	95	66	35	50	109	81	64
Deposits from abroad with UK residents												
Deposits with monetary financial institutions												
Deposits with banks												
Sterling deposits	NWXP	13 268	-10 069	4 670	-1 401	6 550	10 248	-431	16 549	13 792	19 427	32 499
Foreign currency deposits	NFAS	37 157	-656	25 313	39 616	40 805	15 766	70 488	131 502	33 421	-7 754	165 475
Total deposits with banks	HBWA	50 425	-10 725	29 983	38 215	47 355	26 014	70 057	148 051	47 213	11 673	197 974
Deposits with building societies	NEWS	1 173	905	923	1 624	1 445	444	1 241	-165	884	556	567
Total deposits with UK monetary financial institutions	HDKE	51 598	-9 820	30 906	39 839	48 800	26 458	71 298	147 886	48 097	12 229	198 541
Deposit liabilities of UK central government	HEUN	497	-634	-188	21	950	484	-606	-759	304	693	528
Total deposits from abroad with UK residents	HBXY	52 095	-10 454	30 718	39 860	49 750	26 942	70 692	147 127	48 401	12 922	199 069
Total currency and deposits	HMAO	52 073	-10 409	30 777	39 931	49 845	27 008	70 727	147 177	48 510	13 003	199 133

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

7.7 Other investment

continued

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Other investment in the UK - continued												
Other liabilities												
Long-term												
Net equity of foreign households in life insurance reserves and in pension funds	QZEP	9	6	6	-1	-3	-2	-2	-2	-2	-2	-4
Prepayments of premiums and reserves against outstanding claims	NQMC	604	845	928	296	493	973	6 793	264	3	-662	1 102
Total long-term liabilities	VTUG	613	851	934	295	490	971	6 791	262	1	-664	1 098
Short-term	HJYF	-194	92	-70	244	-939	48	1 056	29	138	-129	-90
Total other liabilities	XBMX	419	943	864	539	-449	1 019	7 847	291	139	-793	1 008
Total	XBMN	62 709	10 335	55 017	125 154	-8 323	67 422	162 523	200 320	59 637	61 942	278 924
Net transactions												
(net credits less net debits)												
Trade credit	LTNC	-1 035	-76	414	316	-46	-950	-1 325	-48	1 168	228	288
Loans	LTND	7	11 952	17 697	91 513	-54 164	27 256	44 786	21 767	10 283	32 832	24 645
Deposits	LTNE	10 702	17 846	4 421	-12 548	18 139	-7 312	-25 824	10 140	30 869	-26 905	-22 129
Other	LTNF	334	862	792	544	-25	930	7 762	228	72	-884	955
Total	HHYR	10 008	30 584	23 324	79 825	-36 096	19 924	25 399	32 087	42 392	5 271	3 759

Financial account

7.8 Other investment Sector analysis

£ million

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Other investment abroad (UK assets = net debits)												
Investment by:												
Monetary financial institutions												
Banks	-HBSL	37 298	-30 862	17 715	-6 100	47 273	22 692	65 281	145 359	17 974	-12 672	185 508
Building societies	HEQR	-	-	230	1 021	66	397	-452	1 351	-124	-144	610
Total monetary financial institutions	HCET	37 298	-30 862	17 945	-5 079	47 339	23 089	64 829	146 710	17 850	-12 816	186 118
Central government	-HBSM	899	685	402	474	450	469	340	45	-151	97	956
Public corporations	-HBSV	51	42	77	76	9	99	101	54	47	25	2
Other sectors	-HBSN	14 453	9 886	13 269	49 858	-20 025	23 841	71 854	21 424	-501	69 365	88 089
Total	-XBMM	52 701	-20 249	31 693	45 329	27 773	47 498	137 124	168 233	17 245	56 671	275 165
Other investment in the UK (UK liabilities = net credits)												
Investment in:												
Monetary financial institutions												
Banks	CGOT	50 405	-10 684	30 036	38 280	47 440	26 074	70 089	148 096	47 311	11 747	198 032
Building societies	NEWS	1 173	905	923	1 624	1 445	444	1 241	-165	884	556	567
Total monetary financial institutions	HBWG	51 578	-9 779	30 959	39 904	48 885	26 518	71 330	147 931	48 195	12 303	198 599
Central government	HBWH	-202	-648	976	-2 681	642	423	-694	-1 004	338	442	312
Local authorities	HBWJ	-115	-99	4	84	-78	-51	13	-53	-87	-106	-188
Public corporations	HBWL	-121	-48	-430	-18	-116	-144	-14	-206	-5	-	-
Other sectors	HBWM	11 569	20 909	23 508	87 865	-57 656	40 676	91 888	53 652	11 196	49 303	80 201
Total	XBMN	62 709	10 335	55 017	125 154	-8 323	67 422	162 523	200 320	59 637	61 942	278 924
Net transactions (net credits less net debits)												
In assets and liabilities of:												
Monetary financial institutions												
Banks	LTNG	13 107	20 178	12 321	44 380	167	3 382	4 808	2 737	29 337	24 419	12 524
Building societies	LTNH	1 173	905	693	603	1 379	47	1 693	-1 516	1 008	700	-43
Total monetary financial institutions	LTNI	14 280	21 083	13 014	44 983	1 546	3 429	6 501	1 221	30 345	25 119	12 481
Central government	LTNJ	-1 101	-1 333	574	-3 155	192	-46	-1 034	-1 049	489	345	-644
Local authorities	HBWJ	-115	-99	4	84	-78	-51	13	-53	-87	-106	-188
Public corporations	LTNK	-172	-90	-507	-94	-125	-243	-115	-260	-52	-25	-2
Other sectors	LTNL	-2 884	11 023	10 239	38 007	-37 631	16 835	20 034	32 228	11 697	-20 062	-7 888
Total	HHYR	10 008	30 584	23 324	79 825	-36 096	19 924	25 399	32 087	42 392	5 271	3 759

7.9 Reserve assets

Central government sector

Net debits

£ million

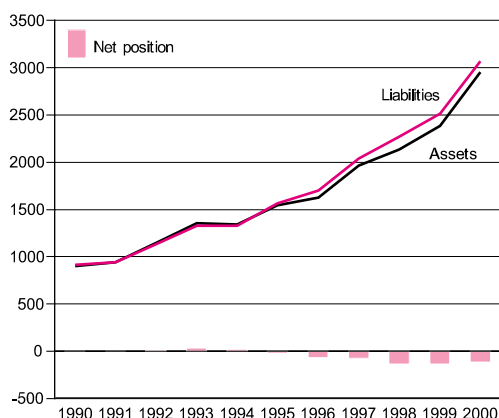
		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Monetary gold	-HBOX	-222	-196	-269	-212	756	-72	-23	1 115	931	-412	-883
Special drawing rights	-HBOY	17	90	-693	-250	176	-48	-31	84	-16	38	-73
Reserve position in the Fund	-HBOZ	-76	199	274	-138	27	622	57	410	751	626	-478
Foreign Exchange												
Currency and deposits												
With central banks	-HBPC	..	..	..	..	..	..	-418	-675	-1 822	239	-368
With other banks	-HBPD	..	..	..	..	..	..	1 509	400	-733	2 312	6
Total currency and deposits	-HBPB	..	..	..	..	..	..	1 090	-276	-2 555	2 551	-363
Securities												
Bonds and notes	-HBPG	-	-	-	-	-	-	-1 107	-2 936	-214	-3 105	5 418
Money market instruments	-HBPH	-	-	-	-	-	-	-496	-777	939	-337	244
Total securities	-HBPE	..	..	..	..	..	..	-1 604	-3 712	725	-3 442	5 662
Total foreign exchange	-HBPA	357	2 586	-719	1 298	86	-701	-514	-3 987	-1 830	-891	5 299
Other claims	-HBPI	-	-	-	-	-	-	-	-	-	-	50
Total	-LTCV	76	2 679	-1 407	698	1 045	-200	-510	-2 380	-164	-639	3 915

8

International investment position

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 an increasing net liability position, with a record £135.2 billion recorded in 1998. Since then the net liability position has decreased to £117.7 billion. This was equivalent to -12% of Gross Domestic Product (GDP) in 2000.

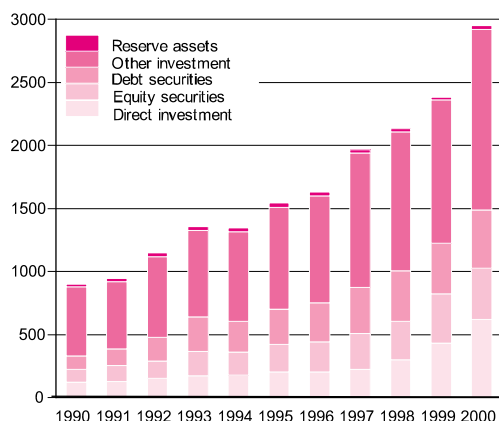
The value of UK assets and liabilities has almost doubled since 1995, with total assets being valued at £2951 billion and total liabilities at £3068 billion at the end of 2000.

Around half of all UK assets at end 1999 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. For the five 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 2000. Reserve assets account for around 1 per cent of total UK assets, down from around 4 per cent in the late 1980's.

UK external assets

£ billion



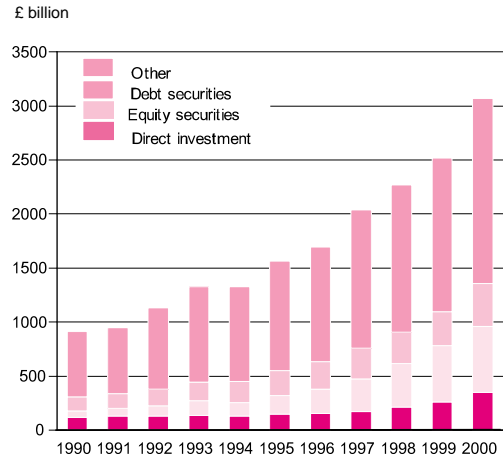
UK assets

The proportion of direct investment abroad remained fairly constant at around 13 per cent of total UK assets through much of the 1990's. In the last 2 years it has increased to over 20 per cent, reflecting the high level of merger and acquisition activity by UK companies. 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 a small drop in 2000. The proportion of other investment assets has gradually declined from around 60 per cent in the late 1980's to less than 50 per cent of total assets in 2000.

UK liabilities

Direct investment in the UK accounted for around 10 per cent of the total value of UK liabilities throughout the last decade, increasing to just over 11 per cent in 2000. Portfolio investment increased from just over 20 per cent in 1990 to 33 per cent in 2000. While the proportion of debt liabilities remained broadly unchanged at around 12 per cent of total liabilities, the proportion of equity increased from 6 per cent in 1990 to 20 per cent in 2000, reflecting the counterpart to the big outward direct investment acquisitions in recent years in particular. 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 56 per cent in 2000.

UK liabilities



Direct investment

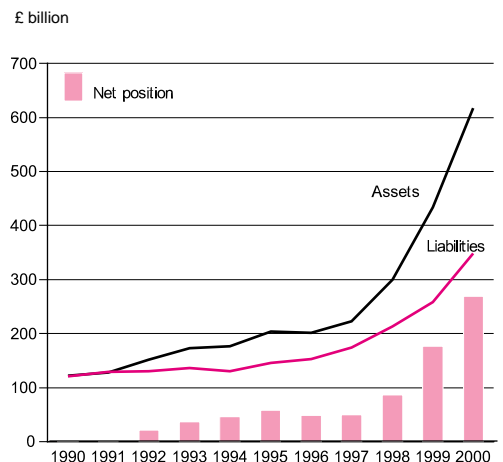
Between 1990 and 2000 UK direct investment assets increased from £122.5 billion to £617.8 billion. The value of equity capital and reinvested earnings owned by the UK increased more than five times to £599.6 billion over that period. Within other capital assets, both claims and liabilities of UK parent companies on their foreign affiliate enterprises more than doubled since 1997, leading to total other capital assets of £18.2 billion in 2000.

UK private non-financial corporations (PNFC's) accounted for 86 per cent of UK direct investment assets at the end 2000, with the total value of PNFC's assets almost trebling since 1997 to £535.6 billion at the end of 2000. 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.

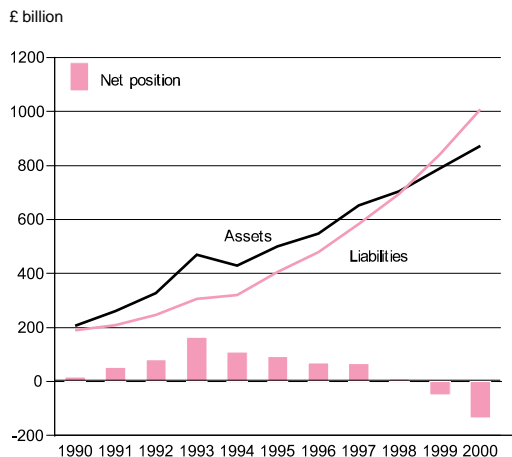
The value of UK liabilities rose from £121.0 billion at the end of 1990 to £348.8 billion at the end of 2000. Liabilities in the form of equity capital and reinvested earnings more than trebled over the period to £287.8 billion. Total other capital liabilities were £60.9 billion in 2000.

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. It has since increased to 82 per cent at the end of 2000, reflecting the significant inward acquisitions of companies in the last few years.

Direct investment



Portfolio investment

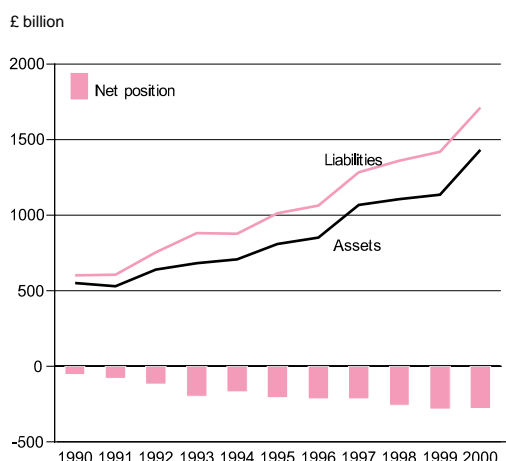


Portfolio investment

Between 1990 and 2000 UK portfolio investment assets increased from £207.0 billion to £872.5 billion. The value of investment in equity securities rose by four times to £406.2 billion in 2000, 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 rose by more than four times over this period to reach £466.3 billion in 2000. Within debt securities, the most notable increase was the value of investment in bonds and notes by UK banks, which increased from £39.6 billion in 1990 to £282.5 billion by 2000. Banks were the single largest holders of foreign assets, with nearly 40 per cent of the total in 2000, 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 by more than five times between 1990 and 2000 to £1008.1 billion in 2000. The value of equity securities increased more than ten times during this period to £612.4 billion. The fastest growth has been since 1997, partly due to the large UK mergers and acquisitions that have been funded by the issue of equity. In contrast, the value of debt security liabilities increased by around three times to £395.7 billion in 2000. Holdings of money market instruments were valued at £133.1 billion at end 2000, up from £87.1 billion in 1999. This increase has been driven by investment in certificates of deposit issued by UK banks.

Other investment



Other investment

The growth in other investment assets and liabilities has not been as strong as portfolio and direct investment in the last 10 years, but it still remains the largest form of investment. UK banks deposits and short term loans to abroad accounted for around three quarters of the total other investment abroad in 2000: this proportion has declined from around four fifths of total other investment in the late 1980's. The bulk of UK bank deposits abroad were in foreign currencies: only 12 per cent was held in sterling in 2000. There was a significant increase in the value of deposits abroad by securities dealers: in 1990 deposits by UK securities dealers were valued at £10.3 billion, growing to a value of £206.1 billion by 2000. The rapid increase in recent years has seen a corresponding 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 1990 to 2000, to under 75 per cent in 2000. Of total deposits with UK banks of £1260.5 billion in 2000, 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 £21 billion in 1990 to £295.6 billion by 2000.

International investment position

8.1 International investment position

Summary table

Balance sheets valued at end of year

£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
UK Assets												
Direct investment abroad												
Equity capital and reinvested earnings	CGMO	113.8	118.7	145.0	162.4	164.8	188.0	190.9	214.2	273.7	406.3	599.6
Other capital assets	HBWU	8.7	9.3	6.8	10.2	11.4	15.7	10.7	9.0	25.9	27.8	18.2
Total direct investment abroad	HBWD	122.5	128.1	151.8	172.6	176.1	203.7	201.6	223.3	299.6	434.1	617.8
Portfolio investment abroad												
Equity securities	HEPX	101.3	128.0	138.8	194.0	186.8	217.0	238.3	282.3	303.7	389.1	406.2
Debt securities	HHZX	105.7	132.6	188.3	275.7	243.0	282.3	309.9	368.6	401.0	401.1	466.3
Total portfolio investment abroad	HHZZ	207.0	260.6	327.2	469.8	429.8	499.3	548.2	651.0	704.6	790.2	872.5
Other investment abroad	HLXV	549.6	528.4	639.7	684.4	708.6	808.1	851.0	1 066.6	1 104.2	1 136.6	1 431.5
Reserve assets	LTEB	22.5	26.0	28.3	29.7	30.7	31.8	27.3	22.8	23.3	22.2	28.8
Total	HBQA	901.5	943.1	1 146.9	1 356.5	1 345.2	1 542.9	1 628.1	1 963.7	2 131.8	2 383.1	2 950.6
UK Liabilities												
Direct investment in the UK												
Equity capital and reinvested earnings	HBUY	86.2	91.9	93.7	98.9	98.7	118.9	120.6	134.3	159.8	204.8	287.8
Other capital liabilities	HBVC	34.8	36.7	37.2	37.0	31.2	27.3	32.1	39.4	53.8	53.1	60.9
Total direct investment in the UK	HBWI	121.0	128.6	130.8	135.9	129.9	146.2	152.6	173.7	213.6	257.9	348.8
Portfolio investment in the UK												
Equity securities	HLXX	59.2	70.5	92.8	133.7	126.1	172.7	226.1	301.9	402.1	521.6	612.4
Debt securities	HLXY	130.0	138.3	154.3	173.2	193.8	233.6	253.9	281.4	292.3	319.0	395.7
Total portfolio investment in the UK	HLXW	189.2	208.8	247.1	306.9	320.0	406.3	480.0	583.3	694.4	840.7	1 008.1
Other investment in the UK	HLXD	604.0	608.3	756.3	882.3	877.4	1 013.0	1 064.9	1 282.1	1 359.0	1 417.9	1 711.4
Total	HBQB	914.1	945.7	1 134.2	1 325.1	1 327.3	1 565.5	1 697.5	2 039.1	2 267.0	2 516.5	3 068.2
Net International Investment Position												
Direct investment												
Equity capital and reinvested earnings	HBSH	27.6	26.9	51.3	63.5	66.0	69.0	70.3	80.0	113.9	201.5	311.8
Other capital	CGKF	-26.1	-27.4	-30.4	-26.8	-19.8	-11.5	-21.4	-30.4	-27.9	-25.3	-42.7
Total net direct investment	HBWQ	1.5	-0.6	20.9	36.7	46.2	57.5	49.0	49.5	85.9	176.2	269.1
Portfolio investment												
Equity securities	CGNE	42.2	57.6	46.0	60.3	60.7	44.3	12.2	-19.5	-98.4	-132.6	-206.2
Debt securities	CGNF	-24.3	-5.7	34.1	102.6	49.1	48.7	56.0	87.2	108.6	82.1	70.6
Total net portfolio investment	CGNH	17.8	51.8	80.1	162.9	109.8	93.0	68.2	67.7	10.2	-50.4	-135.6
Other investment	CGNG	-54.3	-79.8	-116.6	-197.9	-168.8	-204.9	-213.9	-215.5	-254.7	-281.3	-279.9
Reserve assets	LTEB	22.5	26.0	28.3	29.7	30.7	31.8	27.3	22.8	23.3	22.2	28.8
Total	HBQC	-12.6	-2.6	12.8	31.4	17.9	-22.6	-69.4	-75.5	-135.2	-133.4	-117.7
Allocations of Special Drawing Rights to the UK by the IMF	HEVP	1.4	1.5	1.7	1.8	1.8	1.8	1.6	1.6	1.6	1.6	1.7

8.2 International investment position

Sector analysis

Balance sheets valued at end of year

£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
UK Assets												
Monetary financial institutions												
Banks	CGNI	529.2	503.5	617.9	652.6	704.0	805.5	798.9	1 030.1	1 140.9	1 129.7	1 409.4
Building societies	VTXF	—	—	0.6	2.9	3.2	3.4	3.1	2.9	4.3	5.0	8.5
Total monetary financial institutions	CGNJ	529.2	503.5	618.6	655.5	707.2	808.9	801.9	1 033.0	1 145.2	1 134.7	1 417.9
Central government	CGNK	29.5	33.6	36.4	38.3	39.7	41.2	37.2	32.7	33.1	32.0	38.6
Public corporations	CGNL	1.1	1.2	1.3	1.6	1.7	1.9	1.9	2.0	1.9	2.2	2.4
Other sectors	CGNM	341.8	404.7	490.7	661.1	596.6	690.8	787.1	896.0	951.6	1 214.3	1 491.7
Total	HBQA	901.5	943.1	1 146.9	1 356.5	1 345.2	1 542.9	1 628.1	1 963.7	2 131.8	2 383.1	2 950.6
UK Liabilities												
UK Monetary financial institutions (banks and building societies)	HBVJ	624.9	600.1	716.5	746.6	805.6	919.9	916.5	1 113.0	1 190.4	1 212.5	1 509.2
Central government	CGOG	26.5	32.5	44.9	62.6	61.5	65.7	69.2	67.9	76.4	63.8	64.7
Local authorities	CGOH	1.3	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.2	1.1	0.8
Public corporations	CGOI	0.6	0.6	0.2	0.1	0.3	0.2	0.2	—	—	—	—
Other sectors	HCON	260.8	311.3	371.5	514.6	458.7	578.5	710.3	857.1	999.1	1 239.1	1 493.5
Total	HBQB	914.1	945.7	1 134.2	1 325.1	1 327.3	1 565.5	1 697.5	2 039.1	2 267.0	2 516.5	3 068.2
Net International Investment Position												
Monetary financial institutions (banks and building societies)	HDIJ	−95.7	−96.6	−97.9	−91.1	−98.4	−111.0	−114.6	−80.0	−45.2	−77.8	−91.3
Central government	CGOK	3.0	1.1	−8.5	−24.3	−21.8	−24.4	−32.1	−35.2	−43.3	−31.8	−26.1
Local authorities	−CGOH	−1.3	−1.2	−1.2	−1.3	−1.2	−1.2	−1.2	−1.1	−1.2	−1.1	−0.8
Public corporations	CGOL	0.4	0.6	1.2	1.5	1.4	1.7	1.7	2.0	1.9	2.1	2.4
Other sectors	HDKB	81.0	93.4	119.2	146.5	137.9	112.3	76.8	38.8	−47.4	−24.9	−1.8
Total	HBQC	−12.6	−2.6	12.8	31.4	17.9	−22.6	−69.4	−75.5	−135.2	−133.4	−117.7

International investment position

8.3 Direct investment

Balance sheets valued at end of year

£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Direct investment abroad (UK assets)												
Equity capital and reinvested earnings												
Ordinary share capital and reinvested earnings	CVWF	111.4	115.7	141.6	159.2	162.1	185.4	188.5	212.3	271.9	403.8	597.6
Holdings of property	HCHP	2.3	3.0	3.4	3.2	2.7	2.6	2.4	1.9	1.8	2.5	2.1
Total equity capital and reinvested earnings	CGMO	113.8	118.7	145.0	162.4	164.8	188.0	190.9	214.2	273.7	406.3	599.6
Other capital												
Claims on affiliated enterprises												
Debt securities issued by affiliated enterprises	CVWG	—	—	—	—	1.8	3.0	1.5	2.9	6.3	8.6	12.1
Other claims on affiliated enterprises												
Inter-company balance	CVOK	34.2	35.2	35.3	40.1	39.8	45.9	44.8	47.7	66.1	75.7	102.0
Branch indebtedness balance	CVOP	2.8	3.6	4.2	3.7	4.8	5.9	5.7	6.3	10.4	10.4	13.2
Total claims on affiliated enterprises	CGLS	36.9	38.7	39.5	43.8	46.4	54.8	52.0	57.0	82.8	94.8	127.3
Liabilities to affiliated enterprises												
Inter-company balance	-CVOL	-27.3	-28.4	-31.4	-32.1	-33.7	-37.0	-40.3	-47.1	-53.2	-64.5	-104.6
Branch indebtedness balance	-CVOQ	-1.0	-1.0	-1.3	-1.5	-1.3	-2.0	-1.0	-0.8	-3.7	-2.5	-4.5
Total liabilities to affiliated enterprises	-HHDJ	-28.2	-29.4	-32.7	-33.7	-35.0	-39.1	-41.3	-48.0	-56.9	-67.0	-109.1
Total other capital assets	HBWU	8.7	9.3	6.8	10.2	11.4	15.7	10.7	9.0	25.9	27.8	18.2
Total	HBWD	122.5	128.1	151.8	172.6	176.1	203.7	201.6	223.3	299.6	434.1	617.8
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	79.0	84.1	86.5	91.3	90.3	110.2	111.3	124.1	149.0	193.1	274.8
Total share capital and reinvested earnings	HBUX	79.0	84.1	86.5	91.3	90.3	110.2	111.3	124.1	149.0	193.1	274.8
Holdings of UK property	HCQM	7.2	7.8	7.2	7.6	8.5	8.7	9.3	10.2	10.9	11.7	13.0
Total equity capital and reinvested earnings	HBUY	86.2	91.9	93.7	98.9	98.7	118.9	120.6	134.3	159.8	204.8	287.8
Other capital												
Liabilities to direct investors												
Debt securities issued by affiliated enterprises	CVVD	3.0	3.1	3.2	3.3	3.9	4.2	6.3	6.7	6.6	6.8	7.0
Other liabilities to direct investors												
Inter-company balance	CVVJ	43.2	42.2	43.0	40.1	37.9	38.9	43.4	53.4	78.4	86.7	103.5
Branch indebtedness balance	CVVM	4.7	5.3	4.8	5.4	4.3	4.4	6.2	7.4	8.1	7.5	7.9
Total liabilities to direct investors	HBVB	50.9	50.6	51.0	48.8	46.2	47.5	55.9	67.5	93.2	100.9	118.3
Claims on direct investors												
Inter-company balance	-CVVI	-15.4	-13.0	-13.2	-11.4	-14.9	-20.1	-23.7	-27.7	-39.2	-47.7	-57.4
Branch indebtedness balance	-CVVL	-0.6	-0.8	-0.6	-0.5	-0.1	-0.1	-0.2	-0.3	-0.2	-0.1	—
Total claims on direct investors	-HBVA	-16.0	-13.9	-13.9	-11.8	-15.0	-20.2	-23.9	-28.0	-39.4	-47.8	-57.4
Total other capital liabilities	HBVC	34.8	36.7	37.2	37.0	31.2	27.3	32.1	39.4	53.8	53.1	60.9
Total	HBWI	121.0	128.6	130.8	135.9	129.9	146.2	152.6	173.7	213.6	257.9	348.8
Net international investment position (UK assets less UK liabilities)												
Equity capital												
Ordinary share capital and reinvested earnings	LTNM	32.4	31.6	55.0	67.9	71.8	75.1	77.3	88.2	123.0	210.7	322.7
Holdings of property	LINN	-4.8	-4.8	-3.7	-4.4	-5.8	-6.1	-6.9	-8.2	-9.1	-9.2	-10.9
Total equity capital and reinvested earnings	HBSH	27.6	26.9	51.3	63.5	66.0	69.0	70.3	80.0	113.9	201.5	311.8
Total other capital	CGKF	-26.1	-27.4	-30.4	-26.8	-19.8	-11.5	-21.4	-30.4	-27.9	-25.3	-42.7
Total	HBWQ	1.5	-0.6	20.9	36.7	46.2	57.5	49.0	49.5	85.9	176.2	269.1

8.4 Direct investment Sector analysis

Balance sheets valued at end of year

£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Direct investment abroad (UK assets)												
By:												
Monetary financial institutions (banks)	CVKH	2.3	1.6	2.9	3.9	6.2	5.8	5.3	3.2	9.9	12.7	19.5
Insurance companies	DPYH	9.6	10.9	12.7	14.5	12.3	17.0	17.5	22.5	22.0	21.2	21.4
Other financial intermediaries	CVWH	-1.1	0.4	1.0	8.6	7.5	9.3	11.5	15.8	26.9	28.7	39.3
Private non-financial corporations	CVLX	110.9	114.1	134.0	144.3	148.8	170.1	165.9	180.6	239.5	369.9	535.6
Public corporations	CVOF	0.3	0.3	0.4	0.6	0.7	0.8	0.7	0.8	0.8	1.1	1.6
Household sector ¹	AQHH	0.5	0.7	0.8	0.6	0.6	0.7	0.7	0.3	0.5	0.5	0.5
Total	HBWD	122.5	128.1	151.8	172.6	176.1	203.7	201.6	223.3	299.6	434.1	617.8
Direct investment in the UK (UK liabilities)												
In:												
Monetary financial institutions (banks)	CVJW	9.4	10.7	10.7	13.0	13.4	15.4	17.8	21.3	20.3	19.6	26.0
Insurance companies	CVSM	3.9	4.0	4.2	4.1	3.1	3.1	6.8	9.0	9.4	13.2	16.1
Other financial intermediaries												
Securities dealers	CVTC	4.0	4.2	4.3	6.9	6.2	7.1	8.0	8.4	7.2	8.2	9.5
Other	CVTS	1.5	1.5	1.3	1.1	1.4	2.2	2.8	4.9	8.1	7.3	12.0
Total other financial intermediaries	CVUI	5.5	5.7	5.7	8.0	7.6	9.4	10.8	13.3	15.2	15.5	21.5
Private non-financial corporations	CVKW	102.2	108.2	110.3	110.9	105.9	118.3	117.2	130.2	168.7	209.6	285.2
Total	HBWI	121.0	128.6	130.8	135.9	129.9	146.2	152.6	173.7	213.6	257.9	348.8
Net international investment position (UK assets less UK liabilities)												
Monetary financial institutions	LTNO	-7.1	-9.2	-7.8	-9.1	-7.2	-9.5	-12.5	-18.1	-10.5	-6.9	-6.5
Insurance companies	LTNP	5.7	7.0	8.5	10.5	9.2	13.9	10.6	13.4	12.6	8.0	5.3
Other financial intermediaries	LTNQ	-6.6	-5.3	-4.7	0.6	-0.1	-	0.7	2.6	11.7	13.2	17.8
Private non-financial corporations	LTNR	8.7	5.9	23.7	33.4	43.0	51.7	48.7	50.4	70.8	160.3	250.4
Public corporations	CVOF	0.3	0.3	0.4	0.6	0.7	0.8	0.7	0.8	0.8	1.1	1.6
Household sector ¹	AQHH	0.5	0.7	0.8	0.6	0.6	0.7	0.7	0.3	0.5	0.5	0.5
Total	HBWQ	1.5	-0.6	20.9	36.7	46.2	57.5	49.0	49.5	85.9	176.2	269.1

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

International investment position

8.5 Portfolio investment

Balance sheets valued at end of year

£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Portfolio investment abroad												
(UK assets)												
Investment in equity securities (shares) by:												
Monetary financial Institutions (banks)	VTWF	4.7	4.6	3.6	2.0	3.5	4.8	5.0	2.7	8.8	6.9	19.9
Insurance companies and pension funds												
Insurance companies	CGPB	21.3	28.4	31.8	48.5	47.3	59.9	62.0	72.3	77.3	115.7	106.7
Pension funds	AHVR	47.5	60.5	63.3	84.1	74.8	82.2	84.2	104.2	108.9	121.5	106.6
Total insurance companies and pension funds	CGPV	68.8	88.8	95.1	132.6	122.1	142.0	146.2	176.5	186.2	237.2	213.3
Other financial intermediaries												
Securities dealers	HCEA	-0.2	1.5	-0.2	1.2	0.8	4.3	8.5	31.4	27.0	38.3	49.0
Unit and Investment Trusts	CGSN	21.2	27.2	33.8	49.8	51.3	55.5	68.4	60.7	69.0	89.6	99.1
Other	CGTV	-	-	-	-	-	-	-	-	-	-	-
Total other financial intermediaries	HDIG	21.0	28.7	33.6	51.0	52.1	59.8	76.9	92.1	96.0	127.8	148.1
Private non-financial corporations	XBNN	1.4	0.3	0.2	0.4	0.4	0.3	0.5	0.5	0.7	1.1	10.0
Household sector ¹	HFLX	5.5	5.6	6.3	8.1	8.7	10.1	9.8	10.6	11.9	16.1	14.9
Total investment in equity securities	HEPX	101.3	128.0	138.8	194.0	186.8	217.0	238.3	282.3	303.7	389.1	406.2
Investment in debt securities												
Investment in bonds and notes by:												
Monetary financial institutions												
Banks	VTWJ	39.6	48.9	72.0	109.8	119.4	144.9	154.7	181.9	225.7	235.4	282.5
Building societies	HPEG	-	-	-	0.7	1.1	1.6	1.6	1.6	3.0	4.1	5.8
Total monetary financial institutions	HPCO	39.6	48.9	72.1	110.6	120.5	146.5	156.4	183.5	228.7	239.5	288.3
Insurance companies and pension funds												
Insurance companies	CGTU	9.7	13.1	17.5	18.9	16.4	19.8	22.5	24.4	41.4	37.8	45.0
Pension funds	JIRX	10.0	14.9	17.1	16.6	15.9	16.7	22.3	21.6	24.3	29.2	36.5
Total insurance companies and pension funds	HBUM	19.7	28.0	34.7	35.5	32.4	36.6	44.9	46.0	65.7	67.0	81.5
Other financial intermediaries												
Securities dealers	HCDZ	29.3	33.5	54.0	94.5	58.6	61.4	80.4	103.4	68.1	39.6	38.9
Unit and investment trusts	HBXZ	1.0	1.8	2.2	2.4	2.8	4.3	3.0	3.6	4.7	5.9	6.8
Other	HCNA	-	-	-	-	-	-	-	0.1	-	-	-
Total other financial intermediaries	HCOR	30.2	35.3	56.2	96.9	61.4	65.6	83.5	107.1	72.8	45.4	45.7
Private non-financial corporations	XBNK	0.7	0.9	1.8	2.0	2.6	2.5	3.1	0.8	1.4	0.4	1.6
Household sector ¹	HCJC	7.1	8.2	9.3	10.4	10.7	11.9	6.4	6.7	7.1	7.1	7.1
Total investment in bonds and notes	HEPW	97.4	121.2	174.1	255.4	227.5	263.1	294.2	344.2	375.7	359.5	424.3
Investment in Money Market Instruments												
Investment in commercial paper by:												
Monetary financial institutions												
Banks	HBMW	5.5	7.9	12.2	14.8	10.1	13.2	8.6	16.6	21.3	31.3	33.2
Building societies	TAIG	-	-	-	0.6	0.4	0.1	0.1	0.3	0.2	0.2	1.1
Insurance companies and pension funds	HBXX	0.3	0.5	0.8	0.9	0.9	1.1	1.4	2.0	0.6	0.5	0.3
Other financial intermediaries	HGRJ	1.2	0.9	0.4	2.2	2.1	2.6	3.3	3.0	1.1	4.1	2.2
Private non-financial corporations	HFBN	0.9	1.3	0.8	1.7	1.7	1.7	1.8	2.1	1.2	1.9	3.0
Total investment in commercial paper	HGRK	7.9	10.7	14.2	20.1	15.2	18.7	15.2	24.0	24.3	38.1	39.8
Investment in certificates of deposit												
Monetary financial institutions (Building societies)	TAIE	-	-	-	-	0.1	-	-	-	0.2	0.1	0.6
Other financial intermediaries	CDHB	0.3	0.6	-	0.2	0.2	0.5	0.5	0.5	0.8	3.4	1.6
Total transactions in certificates of deposit	VTWN	0.3	0.6	-	0.2	0.3	0.5	0.5	0.5	1.0	3.6	2.2
Total investment in Money Market Instruments	HLYR	8.2	11.3	14.3	20.3	15.4	19.2	15.7	24.5	25.3	41.6	42.0
Total investment in debt securities	HHZX	105.7	132.6	188.3	275.7	243.0	282.3	309.9	368.6	401.0	401.1	466.3
Total	HHZZ	207.0	260.6	327.2	469.8	429.8	499.3	548.2	651.0	704.6	790.2	872.5

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

8.5 Portfolio investment

Balance sheets valued at end of year

continued

£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Portfolio investment in the UK												
(UK liabilities)												
Investment in equity securities (shares) issued by:												
Monetary financial Institutions	HBQD	1.0	1.9	2.6	4.7	4.4	6.3	9.7	14.8	18.2	22.1	27.4
(banks and building societies)	HBQE	58.1	68.5	90.2	129.1	121.8	166.4	216.3	287.1	383.9	499.5	585.0
Other sectors ¹												
Total investment in equity securities	HLXX	59.2	70.5	92.8	133.7	126.1	172.7	226.1	301.9	402.1	521.6	612.4
Investment in debt securities												
Investment in bonds and notes												
Issues by central government												
UK foreign currency bonds and notes	HEWE	1.3	3.0	8.4	9.5	12.4	13.1	10.0	6.4	5.1	4.8	6.5
Investment in British government stocks by:												
Foreign central banks (exchange reserves)	HCCH	5.0	7.7	11.4	14.5	14.1	14.7	14.7	14.1	18.0	16.7	18.1
Other foreign residents	HEQF	11.1	15.0	17.4	34.2	30.1	31.2	38.8	43.8	50.9	39.6	37.0
Total investment in British government stocks	HEWD	16.2	22.7	28.8	48.7	44.2	45.9	53.5	58.0	68.8	56.2	55.1
Total issues by central government	HHGF	17.5	25.7	37.3	58.2	56.6	58.9	63.5	64.4	73.9	61.0	61.5
Local authorities' bonds												
Public corporations' bonds	HHGG	—	—	—	—	—	—	—	—	—	—	—
Issues by monetary financial Institutions	HEWM	—	—	—	—	—	—	—	—	—	—	—
(banks and building societies)												
Bonds	HMBL	8.2	9.6	10.3	12.6	16.4	20.4	22.1	25.4	29.0	32.9	39.2
European medium term notes and other short-term paper:												
Issued by UK banks	HCFA	3.1	4.3	7.0	10.2	13.9	15.5	19.6	24.9	27.7	34.3	37.0
Issued by UK building societies	HCFD	1.6	2.1	2.6	3.5	5.6	5.1	4.4	1.3	1.1	1.4	2.6
Total	HHGI	4.7	6.4	9.6	13.7	19.6	20.7	24.0	26.3	28.9	35.7	39.6
Total monetary financial institutions	HMBF	12.9	16.0	19.9	26.3	36.0	41.1	46.1	51.7	57.8	68.5	78.9
Issues by other sectors ¹	HHGJ	25.6	30.0	32.0	39.2	51.2	63.6	68.8	79.1	90.2	102.4	122.2
Total investment in bonds and notes	HLXZ	55.9	71.8	89.1	123.7	143.8	163.7	178.4	195.2	221.9	232.0	262.6
Investment in Money Market Instruments												
Investment in treasury bills												
(issued by central government)												
Sterling treasury bills	ACQJ	4.0	2.3	1.2	0.7	0.5	1.4	1.0	0.6	0.2	0.2	—
Euro treasury bills	HHNX	2.1	2.1	1.3	1.2	1.3	1.8	2.0	1.1	0.2	—	—
Total treasury bills	HLYU	6.0	4.4	2.5	1.9	1.8	3.2	3.0	1.8	0.4	0.2	—
Investment in certificates of deposit												
(issued by monetary financial institutions)												
Issued by UK banks	HHGK	55.7	46.4	48.6	33.6	33.0	46.3	51.1	59.1	41.6	54.3	92.8
Issued by UK building societies	HHGL	0.6	0.8	0.6	0.6	0.8	0.6	0.6	0.2	0.3	0.5	0.5
Total certificates of deposit	HHGM	56.2	47.3	49.2	34.2	33.8	46.9	51.7	59.3	42.0	54.8	93.3
Investment in commercial paper												
Issued by UK monetary financial Institutions												
UK banks	HHGN	6.3	6.6	2.4	2.8	3.0	4.7	6.3	11.1	11.4	11.4	15.2
Building societies	HHGO	1.8	2.8	4.2	2.4	1.7	3.9	3.2	0.7	1.0	2.7	2.9
Total monetary financial institutions	HHGP	8.1	9.4	6.6	5.2	4.8	8.6	9.5	11.8	12.4	14.1	18.1
Issued by other sectors ¹	HLYQ	3.7	5.5	6.8	8.2	9.6	11.2	11.3	13.4	15.6	17.8	21.7
Total investment in commercial paper	HHGR	11.8	14.9	13.4	13.4	14.4	19.8	20.8	25.2	28.0	32.0	39.8
Total investment in Money Market Instruments	HLYB	74.1	66.6	65.1	49.5	50.0	69.9	75.5	86.3	70.4	87.1	133.1
Total investment in debt securities	HLXY	130.0	138.3	154.3	173.2	193.8	233.6	253.9	281.4	292.3	319.0	395.7
Total	HLXW	189.2	208.8	247.1	306.9	320.0	406.3	480.0	583.3	694.4	840.7	1 008.1

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

International investment position

8.5 Portfolio investment

Balance sheets valued at end of year

continued

£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Net international investment position (UK assets less UK liabilities)												
Equity securities	CGNE	42.2	57.6	46.0	60.3	60.7	44.3	12.2	-19.5	-98.4	-132.6	-206.2
Debt securities												
Bonds and notes	LTNS	41.5	49.5	85.0	131.7	83.7	99.4	115.8	149.0	153.7	127.5	161.7
Money market instruments	LTNT	-65.8	-55.2	-50.9	-29.2	-34.5	-50.7	-59.8	-61.8	-45.1	-45.4	-91.2
Total debt securities	CGNF	-24.3	-5.7	34.1	102.6	49.1	48.7	56.0	87.2	108.6	82.1	70.6
Total	CGNH	17.8	51.8	80.1	162.9	109.8	93.0	68.2	67.7	10.2	-50.4	-135.6

8.6 Portfolio investment

Sector analysis

Balance sheets valued at end of year

£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Portfolio investment abroad (UK assets)												
Investment by:												
Monetary financial institutions												
Banks	HBW	49.8	61.5	87.9	126.6	133.0	163.0	168.3	201.1	255.8	273.6	335.6
Building societies	VTWM	—	—	0.1	1.3	1.6	1.7	1.7	1.9	3.4	4.5	7.5
Total monetary financial institutions	HHGQ	49.8	61.5	88.0	127.9	134.5	164.6	170.1	203.1	259.2	278.1	343.1
Insurance companies and pension funds	HHHH	88.8	117.3	130.5	169.0	155.4	179.7	192.4	224.4	252.6	304.7	295.0
Other financial intermediaries	HHNH	52.7	65.5	90.3	150.3	115.8	128.6	164.2	202.7	170.7	180.8	197.6
Private non-financial corporations	AIMH	3.0	2.5	2.8	4.1	4.7	4.5	5.4	3.4	3.2	3.4	14.7
Household sector ¹	AINA	12.7	13.8	15.6	18.5	19.4	22.0	16.2	17.3	19.0	23.2	22.0
Total	HHZZ	207.0	260.6	327.2	469.8	429.8	499.3	548.2	651.0	704.6	790.2	872.5
Portfolio investment in the UK (UK liabilities)												
Investment in securities issued by:												
Monetary financial institutions (banks and building societies)	CGPC	78.3	74.6	78.3	70.3	79.0	103.0	117.1	137.6	130.4	159.7	217.6
Central government	HHGS	23.5	30.1	39.7	60.1	58.4	62.2	66.5	66.1	74.3	61.3	61.5
Local authorities	HHGG	—	—	—	—	—	—	—	—	—	—	—
Public corporations	HEWM	—	—	—	—	—	—	—	—	—	—	—
Other sectors	CGPG	87.4	104.0	129.0	176.4	182.6	241.2	296.4	379.6	489.7	619.7	728.9
Total	HLXW	189.2	208.8	247.1	306.9	320.0	406.3	480.0	583.3	694.4	840.7	1 008.1
Net international investment position (UK assets less UK liabilities)												
Monetary financial institutions	LTNU	-28.4	-13.2	9.6	57.6	55.6	61.7	53.0	65.5	128.8	118.4	125.5
Central government	-HHGS	-23.5	-30.1	-39.7	-60.1	-58.4	-62.2	-66.5	-66.1	-74.3	-61.3	-61.5
Local authorities	HHGG	—	—	—	—	—	—	—	—	—	—	—
Public corporations	-HEWM	—	—	—	—	—	—	—	—	—	—	—
Other sectors	LTNV	69.7	95.1	110.2	165.4	112.7	93.5	81.7	68.3	-44.2	-107.6	-199.6
Total	CGNH	17.8	51.8	80.1	162.9	109.8	93.0	68.2	67.7	10.2	-50.4	-135.6

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

International investment position

8.7 Other investment

Balance sheets valued at end of year

£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Other investment abroad												
(UK assets)												
Trade credit												
Long-term												
Monetary financial institutions (banks)	HCFQ	6.4	6.0	5.4	4.9	5.0	6.3	5.2	5.8	6.0	5.8	4.7
Central government	ZPOC	5.1	5.7	6.1	6.6	7.0	7.4	7.7	7.7	7.7	7.7	7.7
Other sectors ¹	HCLK	1.1	1.0	1.2	1.1	1.1	0.5	0.5	0.5	0.5	0.5	0.5
Total long-term trade credit	HHGU	12.6	12.7	12.7	12.5	13.1	14.3	13.4	14.0	14.2	14.0	12.9
Short-term												
Monetary financial institutions (banks)	HEWR	0.1	—	—	—	—	—	—	—	—	—	—
Other sectors ¹	HLXH	1.4	1.5	1.7	1.8	1.5	1.6	3.2	2.6	1.4	1.6	1.7
Total short-term trade credit	HLXU	1.5	1.5	1.7	1.8	1.5	1.6	3.2	2.6	1.4	1.6	1.7
Total trade credit	HLXP	14.1	14.2	14.4	14.3	14.6	15.8	16.6	16.6	15.6	15.6	14.6
Loans												
Long-term												
Inter-government loans by the UK and other central government assets	HCFN	0.8	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.3	0.3	0.3
Loans by Commonwealth Development Corporation (public corporations)	HEWZ	0.8	0.8	0.9	1.0	1.0	1.1	1.2	1.2	1.1	1.1	0.8
Loans by specialist leasing companies ¹	HGIH	—	—	—	—	—	—	—	—	—	—	—
Total long-term loans	HFAX	1.6	1.6	1.6	1.7	1.6	1.7	1.7	1.6	1.4	1.3	1.1
Short-term loans												
By monetary financial institutions												
By banks												
Sterling loans	NLHN	14.0	13.3	14.8	14.3	13.2	13.9	18.7	23.9	23.4	26.1	27.6
Foreign currency loans	NLHO	83.1	81.4	99.8	92.4	87.5	110.9	127.8	168.6	180.1	189.1	249.1
Total banks	HEQS	97.1	94.8	114.6	106.7	100.7	124.8	146.5	192.5	203.5	215.3	276.7
By building societies												
	NLHP	—	—	—	—	—	—	—	—	—	—	—
Total monetary financial institutions	NLHM	97.1	94.8	114.6	106.7	100.7	124.8	146.5	192.5	203.5	215.3	276.7
By other sectors												
	HLXI	0.3	0.5	0.8	1.1	1.0	0.6	0.7	0.7	0.6	0.5	0.5
Total short-term loans	VTUM	97.4	95.3	115.4	107.7	101.7	125.4	147.2	193.2	204.0	215.8	277.2
Total loans	HLXQ	99.1	96.9	117.0	109.4	103.3	127.0	148.9	194.9	205.4	217.2	278.3
Currency and deposits												
Foreign notes and coin												
Monetary financial institutions (banks)	TAAF	0.1	—	—	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1
Other sectors ¹	CGML	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4
Total foreign notes and coin	HEOX	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.5
Deposits abroad by UK residents												
Deposits by monetary financial institutions												
Deposits by banks												
Sterling deposits	HFBB	26.3	21.4	28.6	38.1	40.0	42.9	47.0	83.2	89.2	75.6	94.8
Foreign currency deposits	HFBG	347.2	318.2	378.4	372.4	419.0	462.6	426.3	544.1	576.5	546.6	678.0
Total deposits by UK banks	HLXL	373.5	339.6	407.1	410.5	459.0	505.5	473.4	627.3	665.7	622.1	772.8
Deposits by building societies												
	TAIC	—	—	0.5	1.6	1.6	1.8	1.3	1.0	0.9	0.5	1.0
Total deposits by monetary financial institutions	VTWL	373.5	339.6	407.6	412.1	460.6	507.3	474.7	628.3	666.5	622.6	773.8
Deposits by securities dealers												
Deposits by other UK residents ¹	HGUX	10.3	22.3	38.4	80.3	59.0	79.2	129.8	129.1	111.5	152.2	206.1
	HHGW	51.2	53.8	60.5	66.2	68.7	76.5	78.5	95.2	102.0	125.3	155.1
Total deposits abroad	HBXS	434.9	415.7	506.4	558.6	588.3	663.0	683.0	852.7	880.0	900.1	1 134.9
Total currency and deposits	HBVS	435.1	415.9	506.6	558.9	588.6	663.3	683.3	853.1	880.5	900.6	1 135.4

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

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Other investment abroad - continued (UK assets)												
Other assets												
Central government assets												
Central government subscriptions to international organisations												
Regional development banks	HEXW	0.5	0.6	0.6	0.6	0.7	0.8	0.8	0.9	1.0	1.0	1.1
European Investment Bank (EIB)	HEXX	0.3	0.3	0.3	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	0.3	0.4	0.4
Other long-term central government assets	XBJL	—	—	—	—	—	—	—	—	—	—	—
Total central government	HLXO	1.1	1.2	1.3	1.3	1.4	1.5	1.6	1.7	1.7	1.8	1.9
Other sectors assets												
Long-term assets ¹	HLXM	—	—	—	—	—	—	—	—	—	—	—
Short-term assets												
Public corporations assets abroad	HGJM	—	—	—	—	—	—	—	—	—	—	—
Other ^{1 2}	HHGY	0.3	0.2	0.4	0.5	0.6	0.4	0.5	0.4	0.9	1.4	1.3
Total short-term assets	HLXJ	0.3	0.2	0.4	0.5	0.6	0.4	0.5	0.4	0.9	1.4	1.3
Total other sectors	HLXN	0.3	0.2	0.4	0.5	0.6	0.4	0.5	0.4	0.9	1.4	1.3
Total other assets	HLXS	1.4	1.4	1.6	1.8	2.1	1.9	2.1	2.0	2.7	3.2	3.2
Total	HLXV	549.6	528.4	639.7	684.4	708.6	808.1	851.0	1 066.6	1 104.2	1 136.6	1 431.5

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.

International investment position

8.7 Other investment

Balance sheets valued at end of year

continued

£ billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Other investment in the UK												
(UK liabilities)												
Trade credit												
Long-term ¹	HBWC	0.3	0.3	0.5	0.8	1.2	1.5	1.5	1.5	1.5	1.5	1.5
Short-term ¹	HCGB	1.1	1.1	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.3
Total trade credit	HLYL	1.4	1.5	1.8	2.2	2.5	2.7	2.7	2.7	2.7	2.7	2.8
Loans												
Long-term loans to:												
Central government	HHGZ	1.2	1.2	1.4	1.3	1.1	1.0	0.8	0.6	0.4	0.4	0.6
Local authorities	HHHA	1.3	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.2	1.1	0.8
Public corporations	HHHB	0.6	0.6	0.2	0.1	0.3	0.2	0.2	—	—	—	—
Other ¹	AQBX	0.4	0.4	0.4	0.4	—	—	—	—	—	—	—
Total long-term loans	HHHC	3.6	3.4	3.2	3.1	2.6	2.3	2.2	1.7	1.6	1.4	1.4
Short-term loans to:												
Central government	HHHD	—	—	2.8	—	—	—	—	—	—	—	—
Local authorities	HHHE	—	—	—	—	—	—	—	—	—	—	—
Securities dealers	HHHF	21.0	40.1	61.1	135.7	79.2	113.4	178.0	204.3	198.3	246.7	295.6
Other ¹	HHHG	33.7	41.2	50.7	69.7	70.8	81.5	83.2	102.0	99.5	117.0	127.3
Total short-term loans	HHHJ	54.7	81.2	114.5	205.4	150.0	194.9	261.2	306.3	297.8	363.7	422.9
Total loans	HLYI	58.3	84.6	117.7	208.5	152.5	197.2	263.4	308.0	299.4	365.1	424.2
Currency and deposits												
Sterling notes and coin												
Notes (issued by Bank of England)	HLVG	0.4	0.5	0.5	0.6	0.7	0.7	0.7	0.8	0.9	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
Total notes and coin	APME	0.5	0.5	0.6	0.6	0.7	0.8	0.8	0.9	1.0	1.1	1.1
Deposits from abroad with UK residents												
Deposits with monetary financial institutions												
Deposits with banks												
Sterling deposits	NLCZ	96.4	84.4	87.3	86.2	92.8	103.7	106.5	134.4	147.2	167.4	200.4
Foreign currency deposits	NLDA	436.9	425.6	534.2	569.5	611.3	688.2	664.6	814.9	886.7	859.6	1 060.0
Total deposits with banks	CGEH	533.4	510.1	621.5	655.7	704.1	791.9	771.1	949.3	1 033.9	1 027.0	1 260.5
Deposits with building societies	NLDB	3.5	4.2	5.4	7.0	8.5	8.9	9.9	4.0	4.9	5.2	4.1
Total deposits with UK monetary financial institutions	HDKG	536.8	514.3	626.9	662.7	712.6	800.8	781.0	953.4	1 038.8	1 032.2	1 264.6
Deposit liabilities of UK central government	HEYH	1.0	0.4	0.2	0.2	1.2	1.7	1.1	0.3	0.6	1.3	1.8
Total deposits from abroad with UK residents	HBYA	537.9	514.7	627.1	663.0	713.8	802.5	782.1	953.7	1 039.4	1 033.5	1 266.4
Total currency and deposits	HLVI	538.3	515.2	627.7	663.6	714.5	803.3	782.9	954.6	1 040.4	1 034.6	1 267.5
Other liabilities												
Long-term												
Net equity of foreign households in life insurance reserves and in pension funds	VTUE	0.1	0.1	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	5.2	6.1	8.2	7.0	7.8	9.5	14.7	15.5	15.0	14.1	15.5
Total long-term liabilities ¹	VTUF	5.3	6.2	8.4	7.2	7.9	9.6	14.8	15.7	15.2	14.3	15.8
Short-term ¹	HBMV	0.7	0.8	0.7	0.9	—	—	1.1	1.1	1.3	1.1	1.1
Total other liabilities	HLYM	6.0	7.0	9.1	8.1	7.9	9.7	16.0	16.8	16.5	15.5	16.8
Total	HLYD	604.0	608.3	756.3	882.3	877.4	1 013.0	1 064.9	1 282.1	1 359.0	1 417.9	1 711.4

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

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Net international investment position (UK assets less UK liabilities)												
Trade credit	LTNW	12.7	12.8	12.6	12.1	12.2	13.1	13.9	13.9	12.9	12.9	11.8
Loans	LTNX	40.8	12.2	-0.6	-99.0	-49.2	-70.2	-114.5	-113.1	-94.0	-148.0	-145.9
Currency and deposits	LTNY	-103.2	-99.3	-121.0	-104.7	-125.9	-140.0	-99.5	-101.4	-159.8	-134.0	-132.2
Other	LTNZ	-4.6	-5.6	-7.5	-6.3	-5.9	-7.8	-13.8	-14.8	-13.8	-12.3	-13.7
Total	CGNG	-54.3	-79.8	-116.6	-197.9	-168.8	-204.9	-213.9	-215.5	-254.7	-281.3	-279.9

8.8 Other investment

Sector analysis

Balance sheets valued at end of year

£billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Other investment abroad (UK assets)												
Investment by:												
Monetary financial institutions												
Banks	CGEI	477.1	440.5	527.1	522.1	564.8	636.7	625.2	825.8	875.3	843.4	1 054.3
Building societies	HEQT	—	—	0.5	1.6	1.6	1.8	1.3	1.0	0.9	0.5	1.0
Total monetary financial institutions	VTXD	477.1	440.5	527.6	523.7	566.4	638.4	626.6	826.8	876.2	843.9	1 055.3
Central government	CGEN	7.0	7.7	8.1	8.6	9.0	9.5	9.8	9.9	9.7	9.8	9.8
Public corporations	CGEO	0.8	0.8	0.9	1.0	1.0	1.1	1.2	1.2	1.1	1.1	0.8
Other sectors	CGGH	64.7	79.4	103.1	151.1	132.1	159.1	213.4	228.8	217.3	281.9	365.6
Total	HLXV	549.6	528.4	639.7	684.4	708.6	808.1	851.0	1 066.6	1 104.2	1 136.6	1 431.5
Other investment in the UK (UK liabilities)												
Investment in:												
Monetary financial institutions												
Banks	CGOV	533.8	510.5	622.0	656.3	704.8	792.7	771.8	950.1	1 034.8	1 028.0	1 261.5
Building societies	NLDB	3.5	4.2	5.4	7.0	8.5	8.9	9.9	4.0	4.9	5.2	4.1
Total monetary financial institutions	CGHB	537.2	514.7	627.4	663.3	713.2	801.6	781.7	954.2	1 039.7	1 033.2	1 265.6
Central government	CGHG	3.0	2.4	5.1	2.5	3.1	3.5	2.7	1.8	2.1	2.5	3.1
Local authorities	CGHX	1.3	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.2	1.1	0.8
Public corporations	HHHB	0.6	0.6	0.2	0.1	0.3	0.2	0.2	—	—	—	—
Other sectors	CGNC	61.8	89.4	122.4	215.2	159.6	206.5	279.0	325.1	316.0	381.1	441.8
Total	HLVD	604.0	608.3	756.3	882.3	877.4	1 013.0	1 064.9	1 282.1	1 359.0	1 417.9	1 711.4
Net international investment position (UK assets less UK liabilities)												
Monetary financial institutions												
Banks	LTOA	-56.7	-70.0	-94.9	-134.1	-140.0	-156.0	-146.6	-124.3	-159.5	-184.6	-207.2
Building societies	LTOB	-3.5	-4.2	-4.8	-5.4	-6.8	-7.1	-8.6	-3.0	-4.0	-4.7	-3.1
Total monetary financial institutions	LTOC	-60.1	-74.2	-99.8	-139.6	-146.8	-163.1	-155.2	-127.4	-163.5	-189.3	-210.3
Central government	LTOD	4.0	5.3	3.0	6.1	5.9	6.0	7.1	8.1	7.7	7.3	6.7
Local authorities	-CGHX	-1.3	-1.2	-1.2	-1.3	-1.2	-1.2	-1.2	-1.1	-1.2	-1.1	-0.8
Public corporations	LTOE	0.1	0.2	0.8	0.9	0.7	0.9	1.0	1.2	1.1	1.0	0.8
Other sectors	LTOF	2.9	-9.9	-19.3	-64.1	-27.4	-47.5	-65.6	-96.3	-98.8	-99.3	-76.3
Total	CGNG	-54.3	-79.8	-116.6	-197.9	-168.8	-204.9	-213.9	-215.5	-254.7	-281.3	-279.9

International investment position

8.9 Reserve assets

Central government sector

Balance sheets valued at end of year

£billion

		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Monetary gold	HCGD	3.8	3.6	4.1	4.9	4.5	4.6	4.0	3.2	4.0	3.7	2.9
Special drawing rights	HCGE	0.6	0.7	0.4	0.2	0.3	0.3	0.2	0.3	0.3	0.3	0.2
Reserve position in the Fund	HCGF	0.9	1.0	1.3	1.3	1.3	1.6	1.4	1.8	2.6	3.3	2.9
Foreign exchange												
Currency and deposits												
With central banks	CGDE	..	..	..	..	..	3.5	2.9	3.0	0.8	0.4	0.1
With other banks	CGDF	..	..	..	..	..	2.2	3.1	2.9	2.6	5.0	3.7
Total currency and deposits	CGDD	..	..	..	..	..	5.7	5.9	5.9	3.4	5.5	3.7
Securities												
Bonds and notes	CGDH	..	..	..	..	..	17.0	14.1	10.6	10.9	7.6	16.7
Money market instruments	CGDL	—	—	—	—	—	2.6	1.7	1.0	2.1	1.8	2.3
Total securities	CGDG	..	..	..	..	..	19.6	15.8	11.6	13.0	9.5	19.0
Total foreign exchange	HCGG	17.1	20.7	22.5	23.4	24.6	25.3	21.7	17.6	16.4	14.9	22.7
Other claims	CGDM	—	—	—	—	—	—	—	—	—	—	0.1
Total	LTEB	22.5	26.0	28.3	29.7	30.7	31.8	27.3	22.8	23.3	22.2	28.8

FD Financial derivatives¹

Balance sheets valued at end of year

£ billion

		1998	1999	2000
Financial derivatives assets				
UK banks' assets				
Sterling	ZPNP	27.9	29.4	49.9
Foreign currency	ZPNQ	370.5	360.8	340.5
Total UK banks	ZPNA	398.3	390.2	390.4
UK securities dealers' assets				
Sterling	RUVI	2.8	4.6	3.2
Foreign currency	RUVJ	42.4	58.0	52.6
Total UK securities dealers	RVAP	45.2	62.6	55.7
Total	ZPNC	443.6	452.8	446.1
Financial derivative liabilities				
UK banks' liabilities				
Sterling	ZPNR	34.7	36.1	49.9
Foreign currency	ZPNS	362.2	351.9	352.8
Total UK banks	ZPNB	396.9	388.0	402.7
UK securities dealers' liabilities				
Sterling	RUXE	3.1	5.3	4.3
Foreign currency	RUXF	40.3	51.9	46.5
Total UK securities dealers	RVAV	43.4	57.1	50.9
Total	ZPND	440.3	445.1	453.5
Net international investment position				
Banks	ZPNE	1.5	2.2	-12.3
Securities dealers	ZPNF	1.8	5.5	4.9
Total	ZPNG	3.3	7.7	-7.4

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.

Part 3

Geographical breakdown

9

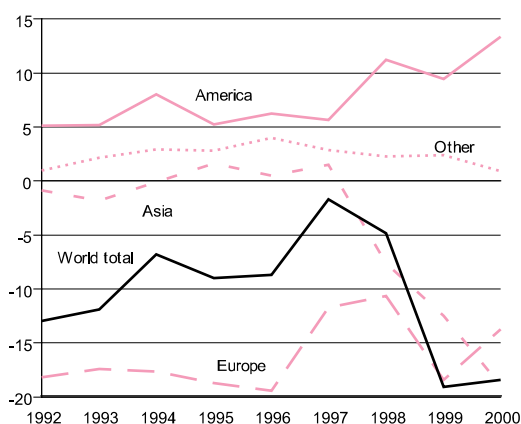
Geographical breakdown of current account

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. 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

Credits less debits

£ billion



Current account by region

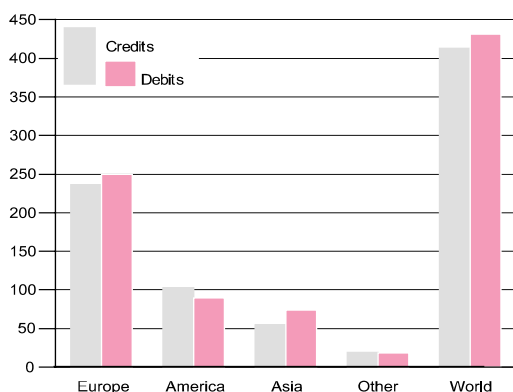
Current account surpluses were recorded with America and Australasia & Oceania in all years since 1992. There was a surplus with Asia for the years 1995 to 1997 but an overall deficit in 1992 to 1994 and 1998 to 2000. The increase in the current account deficit with Asia in 2000 to £19.0 billion was largely due to the increase in the amount of goods imported from the region.

In 2000, over half of current account transactions, around 57 per cent of total credits and total debits, were with Europe. The European Union (EU) accounted for around 84 per cent of the total gross flows with Europe and around half (48 per cent) of the world total alone. The largest component was trade in goods accounting for just over half (51 per cent) of the gross flows with Europe, with income accounting for over a quarter (28 per cent) of the total.

America was the second most important continent accounting for a quarter of total credits and around a fifth of debits. Income represented around two-fifths of gross 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.

Current account by continent, 2000

£ billion



The proportion of transactions with Asia fell slightly between 1992 and 1999 from 18 per cent to 13 per cent for credits and remained relatively stable at around 17 per cent for debits. Imports of goods from Asia generated nearly two-thirds of the total debits with the region in 2000, with imports from Asia at £43.1 billion accounting for about 20 per cent of total imports. Asia accounted for 23 per cent of the world income gross flows in 1992 but this has fallen over subsequent years to around 15 per cent in 2000. The single largest country in Asia was Japan, representing over a quarter of the total current account and over half of income credits with Asia.

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 £9.2 billion respectively. This deficit has fallen dramatically in 2000 and now stands at £1.6 billion. Net income received from the EU grew significantly from -£0.2 billion in 1992 to £9.0 billion in 2000. The trade in goods deficit with the EU remained relatively stable, but fell in the latest year by £3.7 billion to £3.6 billion as exports increased by £9.8 billion compared to a rise of £6.1 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 £6.6 billion in 1996. The latest position shows an increased deficit (£0.7 billion over the year) to £6.0 billion. The main components of current transfers are payments to, and receipts from EU institutions.

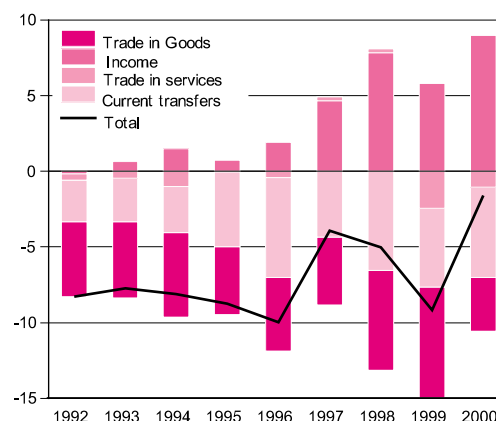
The USA was consistently the UK's single largest business partner, representing 20 per cent of current account credits and 16 per cent of debits in 2000. There was current account surplus with the USA of £3.4 billion in 1992 and this remained relatively stable during the period 1992 to 1997. In 1998 there was a much larger surplus (£7.6 billion) than in 1997. This fell back slightly in 1999 to £7.1 billion, then increased again to £10.8 billion in 2000, this latest increase having been primarily driven by an increase in the trade in services balance.

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 with the UK of £5.8 billion – an increase of £3.0 billion over the previous year. This could be linked to the South East Asia crisis and the withdrawal of investment from that area by UK residents. This deficit narrowed slightly in 1998 to £4.6 billion then subsequently widened again to £6.5 billion in 2000 mainly due to higher income payments and an increase in the trade deficit.

European Union current account

Credits less debits

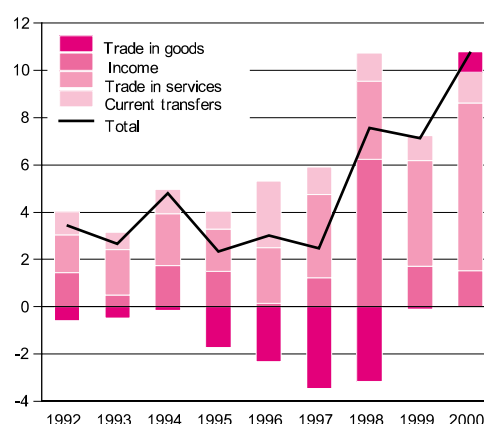
£ billion



United States of America current account

Credits less debits

£ billion



Japan current account

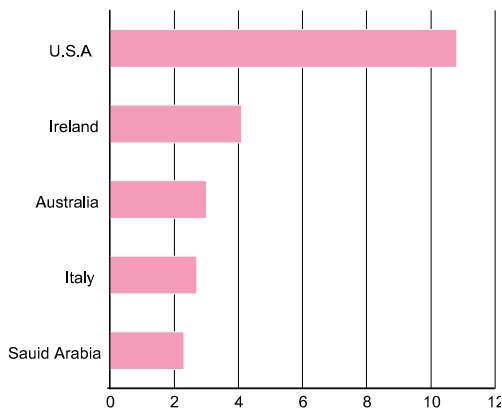
Credits less debits

£ billion



UK current account: largest 5 surpluses in 2000

£ billion



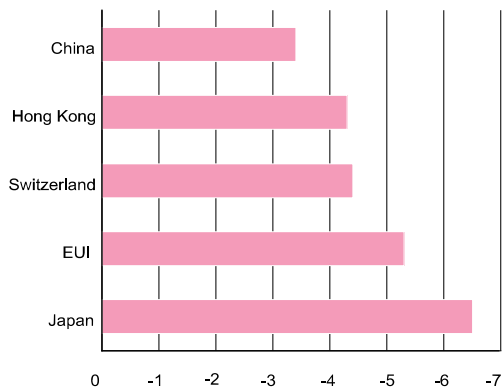
Current account in 2000: the largest balances

When ranking individual countries by the size of the current account balance in 2000 the largest surpluses were recorded with: the United States of America (£10.8 billion), the Irish Republic (£4.1 billion), Australia (£3.0 billion). Italy (£2.7 billion) and Saudi Arabia (£2.3 billion).

The largest net surplus in 2000 was recorded with the United States of America, with credits exceeding debits in income (£1.5 billion), trade in services (£7.1 billion), current transfers (£1.3 billion) and trade in goods (£0.9 billion). In 2000 transactions with the United States of America accounted for 20 per cent of global current account credits and 16 per cent of debits. The current account has been in surplus with the USA since a geographic split of the data begins in 1992, with 2000 recording a record surplus of £10.8 billion.

UK current account: largest 5 deficits in 2000

£ billion

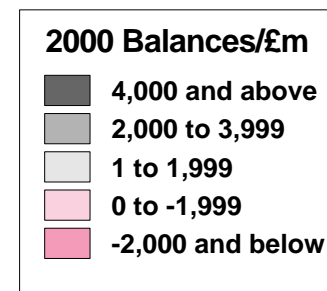
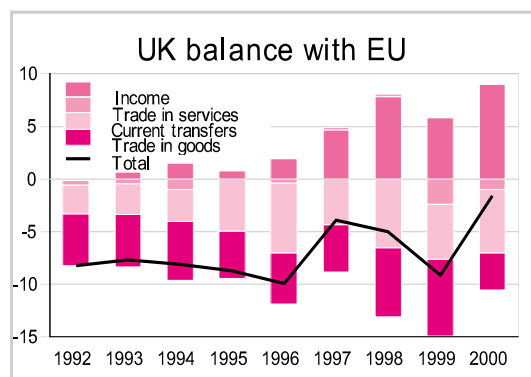
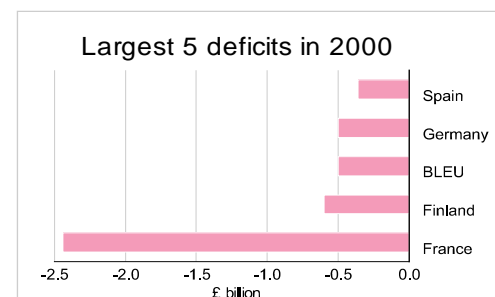
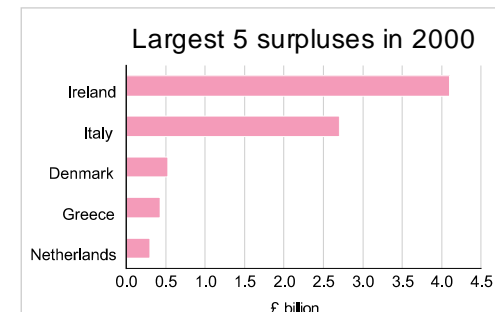
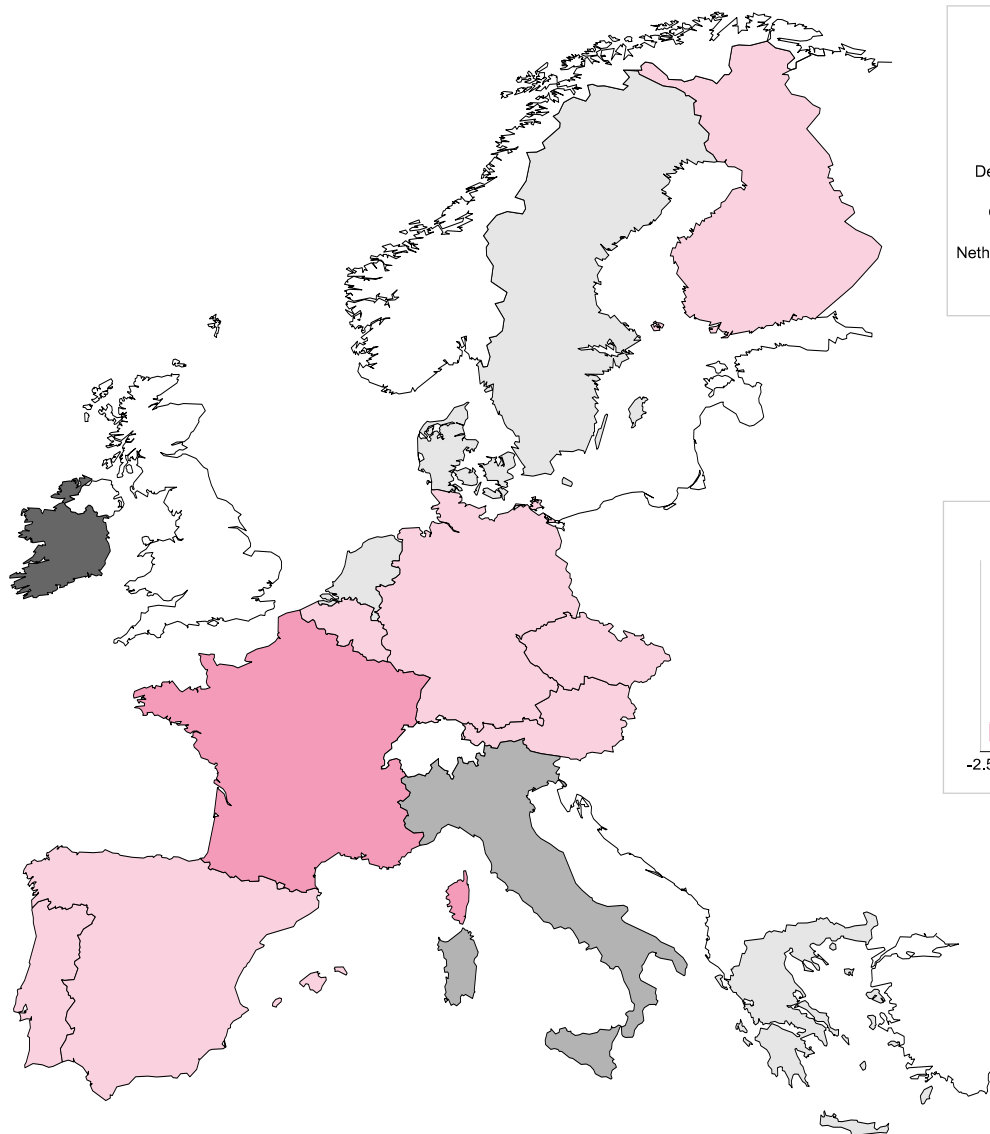
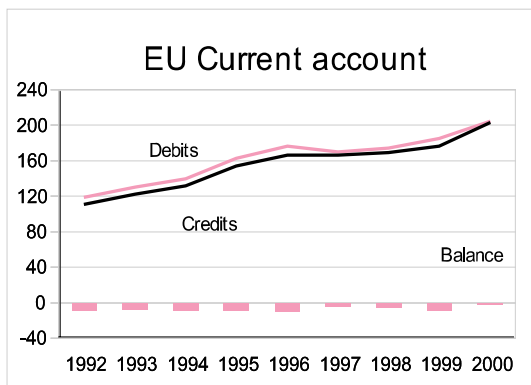


When ranking individual countries by the size of the current account balance, the largest deficits were recorded with: Japan (£6.5 billion), Switzerland (£4.4 billion), Hong Kong (£4.3 billion), China (£3.4 billion) and France (£2.4 billion). The UK recorded a deficit of £5.3 billion with European Union Institutions which was the second largest deficit overall.

The largest current account deficit was with Japan, with debits exceeding credits in trade in goods (£6.5 billion) and income (£1.6 billion) slightly offset by a surplus on trade in services (£1.6 billion) while current transfers remained in balance. For the majority of years between 1992 and 2000 the largest individual deficit was recorded with Germany. The relative improvement in 2000 was mainly due to an increase in the income surplus to £3.6 billion.

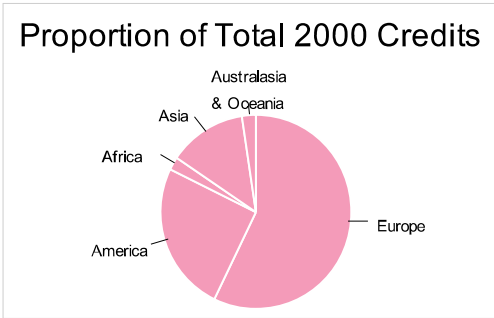
The deficit with the European Union Institutions is mainly due to the deficit of £4.7 billion on current transfers. Current transfer receipts of £6.0 billion were more than offset by current transfer payments of £10.7 billion, which are the highest on record.

Balance of Payments Current Account with EU 2000

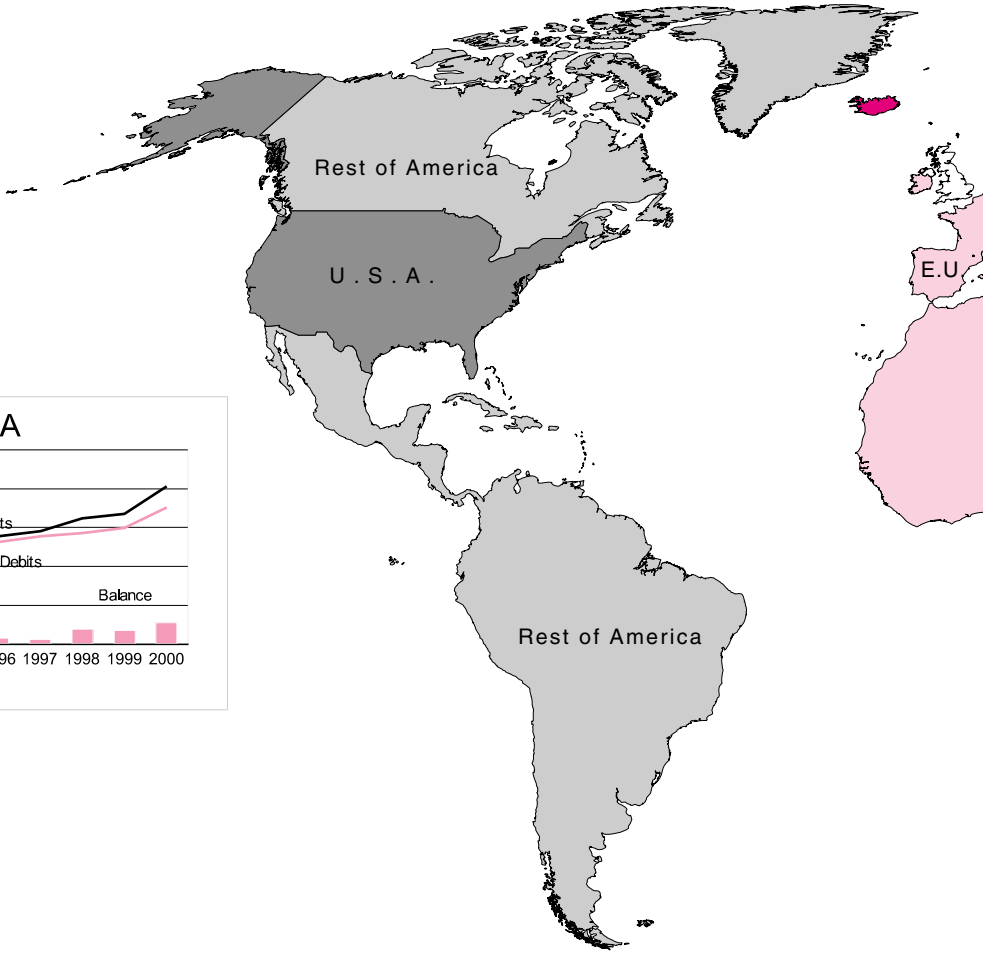
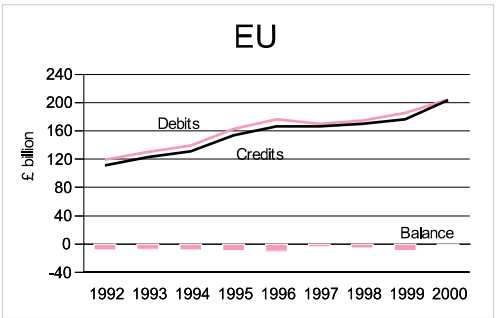


Balance of Payments

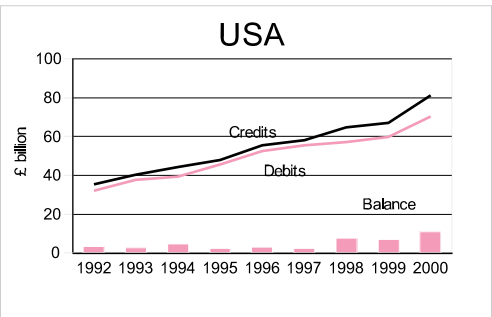
Proportion of Total 2000 Credits



EU



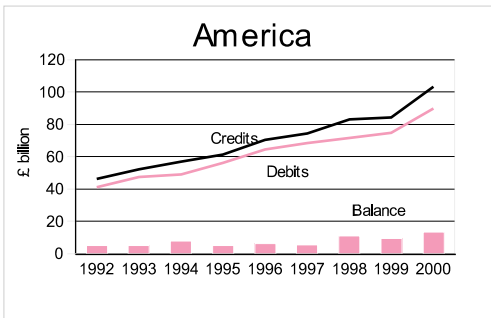
USA



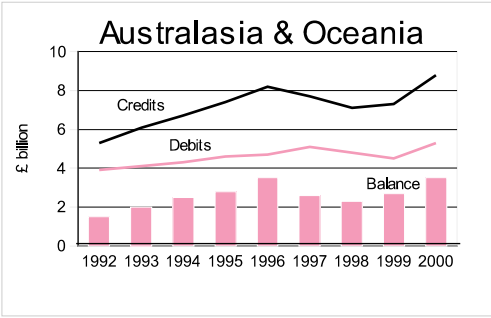
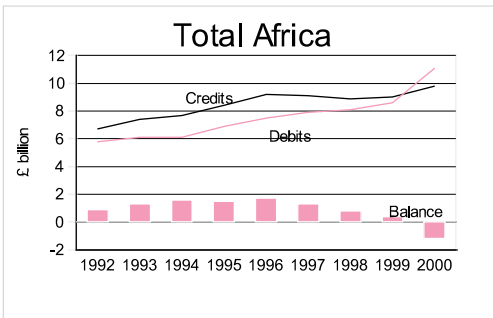
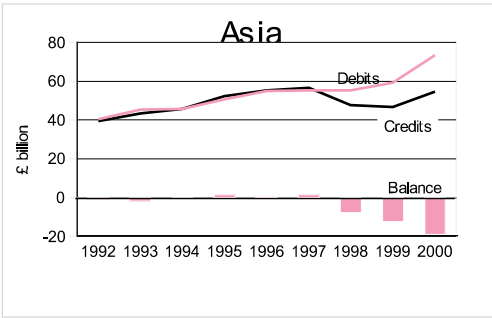
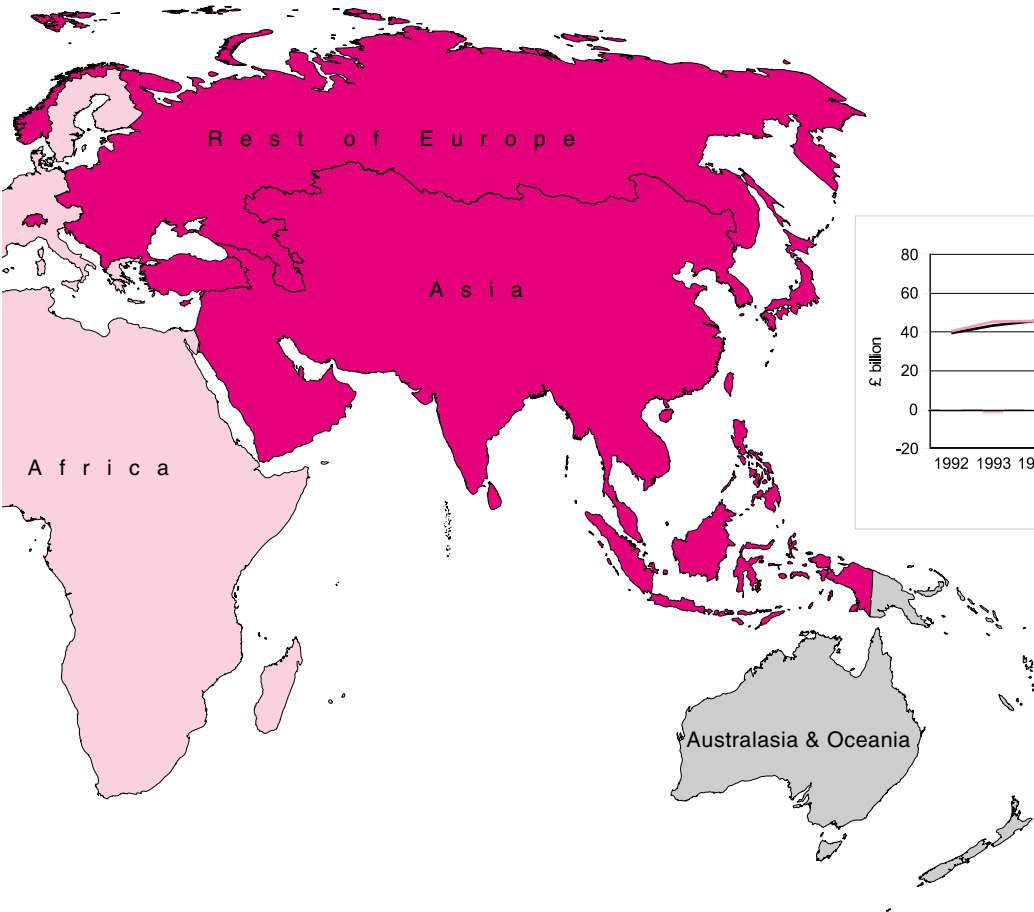
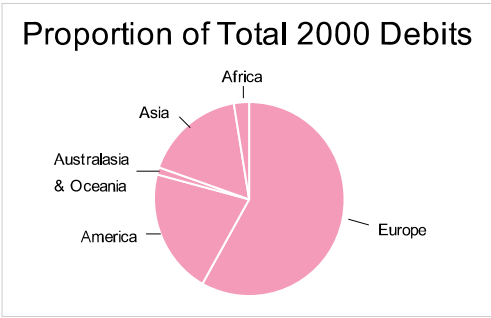
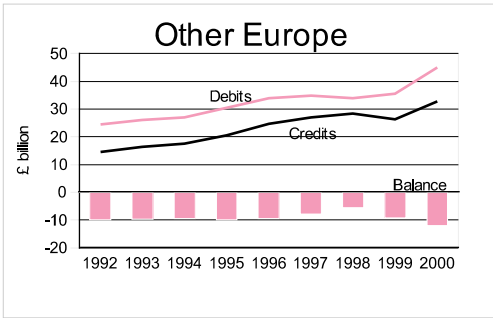
2000 Balances/£m

- 4,000 and above
- 2,000 to 3,999
- 1 to 1,999
- 0 to -1,999
- 2,000 to -3,999
- 4,000 or below

America



Current Account 2000



Geographical breakdown

9.1

Current account Summary transactions in 2000

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
Credits					
Europe					
European Union (EU)					
Austria	1 141	394	749	32	2 316
Belgium and Luxembourg	10 286	2 228	4 723	246	17 483
Denmark	2 308	1 142	1 103	47	4 600
Finland	1 464	910	555	41	2 970
France	18 512	5 168	7 947	356	31 983
Germany	22 701	6 246	11 971	462	41 380
Greece	1 229	791	1 389	60	3 469
Ireland	12 329	2 699	4 183	165	19 376
Italy	8 394	2 552	6 877	165	17 988
Netherlands	15 109	4 206	11 715	398	31 428
Portugal	1 654	439	747	30	2 870
Spain	8 275	2 218	2 437	112	13 042
Sweden	4 198	1 563	1 733	112	7 606
European Central Bank	—	2	—	—	2
EU Institutions	—	244	392	5 992	6 628
Total EU	107 600	30 802	56 521	8 218	203 141
European Free Trade Association (EFTA)					
Iceland	194	67	45	36	342
Liechtenstein	7	30	46	4	87
Norway	2 030	997	899	88	4 014
Switzerland	3 085	2 588	7 303	100	13 076
Total EFTA	5 316	3 682	8 293	228	17 519
Other Europe					
Albania	7	60	—	—	67
Belarus	36	21	—	—	57
Bulgaria	88	40	66	2	196
Croatia	75	33	12	4	124
Czech Republic	936	183	145	8	1 272
Estonia	98	11	5	—	114
Hungary	619	189	403	1	1 212
Latvia	85	30	2	4	121
Lithuania	135	18	18	—	171
Poland	1 314	273	201	5	1 793
Romania	385	42	68	—	495
Russia	675	384	259	21	1 339
Slovakia	160	37	42	—	239
Slovenia	159	18	45	—	222
Turkey	1 813	343	471	35	2 662
Ukraine	159	42	9	1	211
Yugoslavia	34	93	77	4	208
Other	245	1 142	3 429	23	4 839
Total Europe	119 939	37 443	70 066	8 554	236 002
America					
Argentina	290	130	423	19	862
Brazil	782	347	560	21	1 710
Canada	3 503	1 475	2 520	304	7 802
Chile	116	81	268	12	477
Colombia	103	67	222	29	421
Mexico	676	257	516	37	1 486
United States of America	29 390	18 047	31 516	2 262	81 215
Uruguay	59	469	24	—	552
Venezuela	218	83	56	19	376
Other Central American Countries	1 271	1 125	2 718	299	5 413
Other	154	184	2 528	19	2 885
Total America	36 562	22 265	41 351	3 021	103 199
Asia					
China	1 480	426	247	18	2 171
Hong Kong	2 698	948	2 242	76	5 964
India	2 078	545	408	22	3 053
Indonesia	404	235	167	35	841
Iran	292	114	87	5	498
Israel	1 532	439	67	51	2 089
Japan	3 682	3 106	8 663	173	15 624
Malaysia	919	380	531	28	1 858
Pakistan	211	173	28	5	417
Philippines	276	181	103	17	577
Saudi Arabia	1 566	2 490	311	495	4 862
Singapore	1 639	994	1 951	19	4 603
South Korea	1 357	468	262	20	2 107
Taiwan	1 025	258	189	14	1 486
Thailand	591	182	165	7	945
Residual Gulf	2 597	1 012	759	177	4 545
Other Near & Middle East	398	234	130	297	1 059
Other	746	829	322	65	1 962
Total Asia	23 491	13 014	16 632	1 524	54 661
Australasia & Oceania					
Australia	2 708	1 595	2 860	216	7 379
New Zealand	306	308	529	62	1 205
Other	49	68	111	7	235
Total Australasia & Oceania	3 063	1 971	3 500	285	8 819
Africa					
Egypt	504	242	112	5	863
Morocco	411	56	49	4	520
South Africa	1 426	918	1 192	125	3 661
Other North Africa	429	267	78	13	787
Other	1 831	1 435	684	51	4 001
Total Africa	4 601	2 918	2 115	198	9 832
International Organisations	—	38	333	—	371
World Total	187 656	77 649	133 997	13 582	412 884

9.1 Current account

Summary transactions in 2000

continued

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
Debits					
Europe					
European Union (EU)					
Austria	1 394	439	664	47	2 544
Belgium and Luxembourg	11 631	1 605	4 466	283	17 985
Denmark	2 354	668	978	71	4 071
Finland	2 748	410	350	61	3 569
France	18 227	7 459	8 162	576	34 424
Germany	27 724	5 015	8 384	752	41 875
Greece	439	1 455	1 108	36	3 038
Ireland	9 508	2 124	3 073	607	15 312
Italy	9 438	2 586	3 015	247	15 286
Netherlands	15 111	2 601	13 025	389	31 126
Portugal	1 715	859	262	77	2 913
Spain	5 989	5 832	1 365	212	13 398
Sweden	4 910	770	1 528	117	7 325
European Central Bank	—	1	—	—	1
EU Institutions	—	2	1 163	10 719	11 884
Total EU	111 188	31 826	47 543	14 194	204 751
European Free Trade Association (EFTA)					
Iceland	367	66	4	9	446
Liechtenstein	21	10	122	—	153
Norway	5 592	750	—324	140	6 158
Switzerland	5 512	1 542	10 269	152	17 475
Total EFTA	11 492	2 368	10 071	301	24 232
Other Europe					
Albania	2	19	5	6	32
Belarus	34	2	—	—	36
Bulgaria	85	29	38	11	163
Croatia	41	21	—	6	68
Czech Republic	798	144	141	19	1 102
Estonia	308	16	6	7	337
Hungary	681	118	68	27	894
Latvia	390	8	15	7	420
Lithuania	246	5	14	8	273
Poland	903	198	207	75	1 383
Romania	332	53	35	21	441
Russia	1 476	185	393	106	2 160
Slovakia	136	29	8	5	178
Slovenia	122	18	—	—	140
Turkey	1 456	444	163	46	2 109
Ukraine	63	12	2	30	107
Yugoslavia	22	25	111	65	223
Other	109	2 174	8 188	199	10 670
Total Europe	129 884	37 694	67 008	15 133	249 719
America					
Argentina	180	85	149	14	428
Brazil	1 118	420	200	44	1 782
Canada	4 021	1 071	1 036	219	6 347
Chile	456	30	20	10	516
Colombia	234	26	52	14	326
Mexico	617	228	248	19	1 112
United States of America	28 525	10 961	29 989	963	70 438
Uruguay	35	1 162	24	1	1 222
Venezuela	201	42	35	8	286
Other Central American Countries	1 488	795	2 205	352	4 840
Other	268	289	1 908	79	2 544
Total America	37 143	15 109	35 866	1 723	89 841
Asia					
China	4 838	258	354	159	5 609
Hong Kong	5 929	553	3 582	198	10 262
India	1 656	557	396	509	3 118
Indonesia	1 088	133	83	55	1 359
Iran	32	35	374	18	459
Israel	1 027	295	236	34	1 592
Japan	10 191	1 492	10 245	214	22 142
Malaysia	2 296	230	294	73	2 893
Pakistan	364	218	78	149	809
Philippines	1 160	205	101	42	1 508
Saudi Arabia	985	558	936	52	2 531
Singapore	2 399	302	2 357	107	5 165
South Korea	3 410	131	151	68	3 760
Taiwan	3 570	145	143	67	3 925
Thailand	1 606	336	130	50	2 122
Residual Gulf Arabian Countries	1 120	339	636	75	2 170
Other Near & Middle Eastern	119	144	298	64	625
Other	1 357	871	940	420	3 588
Total Asia	43 147	6 802	21 334	2 354	73 637
Australasia & Oceania					
Australia	1 539	1 210	1 496	180	4 425
New Zealand	542	237	—140	65	704
Other	125	23	13	8	169
Total Australasia & Oceania	2 206	1 470	1 369	253	5 298
Africa					
Egypt	413	228	426	29	1 096
Morocco	455	112	49	13	629
South Africa	2 570	494	762	255	4 081
Other North Africa	729	191	295	21	1 236
Other	1 489	809	4 012	1 273	4 012
Total Africa	5 656	1 834	1 973	1 591	11 054
International Organisations	—	79	330	1 351	1 760
World total	218 036	62 988	127 880	22 405	431 309

Geographical breakdown

9.1 Current account Summary transactions in 2000

continued

£ million

	Trade in goods	Trade in services	Income	Current transfers	Current account
Balances					
Europe					
European Union (EU)					
Austria	-253	-45	85	-15	-228
Belgium and Luxembourg	-1 345	623	257	-37	-502
Denmark	-46	474	125	-24	529
Finland	-1 284	500	205	-20	-599
France	285	-2 291	-215	-220	-2 441
Germany	-5 023	1 231	3 587	-290	-495
Greece	790	-664	281	24	431
Ireland	2 821	575	1 110	-442	4 064
Italy	-1 044	-34	3 862	-82	2 702
Netherlands	-2	1 605	-1 310	9	302
Portugal	-61	-420	485	-47	-43
Spain	2 286	-3 614	1 072	-100	-356
Sweden	-712	793	205	-5	281
European Central Bank	-	1	-	-	1
EU Institutions	-	242	-771	-4 727	-5 256
Total EU	-3 588	-1 024	8 978	-5 976	-1 610
European Free Trade Association (EFTA)					
Iceland	-173	1	41	27	-104
Liechtenstein	-14	20	-76	4	-66
Norway	-3 562	247	1 223	-52	-2 144
Switzerland	-2 427	1 046	-2 966	-52	-4 399
Total EFTA	-6 176	1 314	-1 778	-73	-6 713
Other Europe					
Albania	5	41	-5	-6	35
Belarus	2	19	-	-	21
Bulgaria	3	11	28	-9	33
Croatia	34	12	12	-2	56
Czech Republic	138	39	4	-11	170
Estonia	-210	-5	-1	-7	-223
Hungary	-62	71	335	-26	318
Latvia	-305	22	-13	-3	-299
Lithuania	-111	13	4	-8	-102
Poland	411	75	-6	-70	410
Romania	53	-11	33	-21	54
Russia	-801	199	-134	-85	-821
Slovakia	24	8	34	-5	61
Slovenia	37	-	45	-	82
Turkey	357	-101	308	-11	553
Ukraine	96	30	7	-29	104
Yugoslavia	12	68	-34	-61	-15
Other	136	-1 032	-4 759	-176	-5 831
Total Europe	-9 945	-251	3 058	-6 579	-13 717
America					
Argentina	110	45	274	5	434
Brazil	-336	-73	360	-23	-72
Canada	-518	404	1 484	85	1 455
Chile	-340	51	248	2	-39
Colombia	-131	41	170	15	95
Mexico	59	29	268	18	374
USA	865	7 086	1 527	1 299	10 777
Uruguay	24	-693	-	-1	-670
Venezuela	17	41	21	11	90
Other Central American Countries	-217	330	513	-53	573
Other America	-114	-105	620	-60	341
Total America	-581	7 156	5 485	1 298	13 358
Asia					
China	-3 358	168	-107	-141	-3 438
Hong Kong	-3 231	395	-1 340	-122	-4 298
India	422	-12	12	-487	-65
Indonesia	-684	102	84	-20	-518
Iran	260	79	-287	-13	39
Israel	505	144	-169	17	497
Japan	-6 509	1 614	-1 582	-41	-6 518
Malaysia	-1 377	150	237	-45	-1 035
Pakistan	-153	-45	-50	-144	-392
Philippines	-884	-24	2	-25	-931
Saudi Arabia	581	1 932	-625	443	2 331
Singapore	-760	692	-406	-88	-562
South Korea	-2 053	337	111	-48	-1 653
Taiwan	-2 545	113	46	-53	-2 439
Thailand	-1 015	-154	35	-43	-1 177
Residual Gulf Arabian Countries	1 477	673	123	102	2 375
Other Near & Middle Eastern Countries	279	90	-168	233	434
Other	-611	-42	-618	-355	-1 626
Total Asia	-19 656	6 212	-4 702	-830	-18 976
Australasia & Oceania					
Australia	1 169	385	1 364	36	2 954
New Zealand	-236	71	669	-3	501
Other	-76	45	98	-1	66
Total Australasia & Oceania	857	501	2 131	32	3 521
Africa					
Egypt	91	14	-314	-24	-233
Morocco	-44	-56	-	-9	-109
South Africa	-1 144	424	430	-130	-420
Other North Africa	-300	76	-217	-8	-449
Other	342	626	-4 759	-1 222	-11
Total Africa	-1 055	1 084	142	-1 393	-1 222
International Organisations	-	-41	3	-1 351	-1 389
World total	-30 380	14 661	6 117	-8 823	-18 425

Geographical breakdown

9.2 Current account

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits										
Europe										
European Union (EU)										
Austria	CUGP	1 418	1 563	1 748	1 983	2 182	2 017	2 164	2 137	2 316
Belgium and Luxembourg	CTFH	9 143	10 914	11 229	12 981	13 668	13 785	14 613	15 352	17 483
Denmark	LEQR	2 595	2 749	2 807	3 286	3 780	3 720	3 994	3 911	4 600
Finland	LEUD	1 797	2 031	2 287	2 790	2 949	2 648	2 441	2 412	2 970
France	LEUM	18 017	19 813	21 516	24 723	26 820	25 781	26 779	27 901	31 983
Germany	LEQI	22 482	26 290	28 284	34 301	34 768	33 723	33 685	34 553	41 380
Greece	LEUV	1 400	1 519	1 651	1 962	2 587	2 779	2 783	2 838	3 469
Ireland	BFLV	8 285	9 166	10 320	11 696	13 072	14 188	14 812	16 339	19 376
Italy	BFOD	12 071	12 264	13 049	14 917	15 348	15 551	16 787	15 726	17 988
Netherlands	BFQF	16 039	16 210	18 533	22 150	24 325	25 671	24 992	26 876	31 428
Portugal	BFSH	1 686	1 958	1 893	2 236	2 538	2 475	2 624	2 739	2 870
Spain	LEST	6 566	6 990	7 740	9 210	10 731	10 650	11 297	11 657	13 042
Sweden	BFTI	4 476	5 198	5 457	6 549	7 208	7 119	7 141	7 021	7 606
European Central Bank	ZWVF	—	—	—	—	—	—	—	—	2
EU Institutions	CSFH	4 870	5 909	4 902	5 006	6 448	5 931	5 464	6 701	6 628
Total EU	LEPZ	110 845	122 574	131 416	153 790	166 424	166 038	169 576	176 163	203 141
European Free Trade Association (EFTA)										
Iceland	BFNH	193	241	193	216	268	264	275	252	342
Liechtenstein	BFPE	..	..	..	67	94	79	61	72	87
Norway	BFQO	2 626	2 916	3 561	3 511	3 845	4 246	4 522	3 903	4 014
Switzerland	LEOY	5 535	6 389	6 305	7 508	8 708	8 564	9 233	9 783	13 076
Total EFTA	CTFQ	8 404	9 590	10 100	11 302	12 915	13 153	14 091	14 010	17 519
Other Europe										
Albania	ZWVG	..	22	26	31	55	51	72	63	67
Belarus	ZWVH	..	14	14	28	34	43	38	30	57
Bulgaria	ZWVI	..	168	110	135	116	138	116	175	196
Croatia	ZWVJ	..	82	185	278	171	146	133	127	124
Czech Republic	LEPQ	..	365	483	728	959	967	1 013	1 005	1 272
Estonia	ZWVK	..	15	23	38	67	94	83	72	114
Hungary	BFKO	309	348	393	450	602	764	821	939	1 212
Latvia	ZWVM	..	45	58	77	104	119	112	103	121
Lithuania	ZWVN	..	21	33	61	106	134	136	126	171
Poland	BFRY	761	919	947	1 246	1 673	1 735	1 549	1 545	1 793
Romania	ZWVO	..	114	153	216	281	268	293	339	495
Russia	BFSQ	..	803	1 106	1 306	1 535	1 852	1 797	1 051	1 339
Slovakia	ZWVP	..	30	68	123	189	231	208	219	239
Slovenia	ZWVQ	..	64	100	133	149	175	147	205	222
Turkey	BFUJ	1 016	1 412	1 175	1 524	2 029	2 280	2 198	1 938	2 662
Ukraine	ZWVR	..	104	124	149	192	200	234	176	211
Yugoslavia	BFWC	..	54	37	49	101	124	112	123	208
Other	LEVW	..	2 301	2 468	2 620	3 280	4 656	5 280	4 063	4 839
Total Europe	LERA	125 322	139 045	149 019	174 284	190 982	193 168	198 009	202 472	236 002
America										
Argentina	ZWVT	..	722	745	756	886	1 066	1 056	767	862
Brazil	LENO	1 066	1 359	1 669	2 000	2 254	2 135	2 094	1 471	1 710
Canada	LEOP	3 794	4 255	4 544	4 794	5 174	5 392	5 883	6 067	7 802
Chile	ZWVU	..	459	516	568	587	564	508	419	477
Colombia	ZWVV	..	242	376	286	383	351	327	304	421
Mexico	BFPN	1 405	1 379	1 255	1 064	958	1 162	1 149	1 201	1 486
United States of America	BFPV	35 311	40 386	44 106	47 901	55 627	57 984	64 614	67 052	81 215
Uruguay	ZWVW	..	72	80	88	106	114	158	122	552
Venezuela	ZWVX	..	545	426	398	451	416	280	312	376
Other Central American Countries	JISS	..	2 128	2 405	2 592	3 125	3 480	4 571	4 462	5 413
Other	LEVE	..	902	856	923	1 068	1 502	2 381	2 081	2 885
Total America	LESK	46 055	52 449	56 978	61 370	70 619	74 166	83 021	84 258	103 199
Asia										
China	LEPH	666	1 013	1 183	1 197	1 198	1 382	1 343	1 858	2 171
Hong Kong	BFJR	4 825	5 470	5 964	6 594	7 221	6 818	5 933	5 156	5 964
India	BFMY	1 513	1 795	2 033	2 409	2 376	2 427	2 114	2 310	3 053
Indonesia	BFKX	573	578	659	891	1 270	1 239	812	736	841
Iran	ZWXA	..	665	427	506	577	513	499	412	498
Israel	BFPM	860	1 220	1 449	1 527	1 742	1 655	1 551	1 882	2 089
Japan	BFOM	12 870	12 596	12 613	15 144	14 400	13 802	12 084	13 268	15 624
Malaysia	BFPW	1 315	1 749	2 191	2 088	2 132	2 214	1 591	1 776	1 858
Pakistan	BFRP	555	598	651	688	746	678	641	528	417
Philippines	BFRG	386	517	571	699	673	859	534	471	577
Saudi Arabia	BFSZ	3 525	3 452	3 301	3 593	4 708	5 969	5 096	4 281	4 862
Singapore	BFTX	3 382	3 895	4 387	5 180	5 337	5 225	4 147	4 253	4 603
South Korea	BFOV	1 079	1 259	1 518	1 862	2 216	2 276	1 467	1 518	2 107
Taiwan	BFUS	774	978	1 049	1 339	1 382	1 482	1 267	1 230	1 486
Thailand	BFUA	792	1 045	1 216	1 414	1 518	1 366	692	761	945
Residual Gulf Arabian Countries	JITT	..	3 381	3 226	3 732	4 058	4 585	4 753	3 929	4 545
Other Near & Middle Eastern Countries	ZWWC	..	737	724	798	953	1 094	1 034	1 019	1 059
Other	LEWF	..	2 658	2 549	2 587	2 852	3 089	2 202	1 535	1 962
Total Asia	LETC	39 494	43 606	45 711	52 248	55 359	56 673	47 760	46 923	54 661
Australasia & Oceania										
Australia	CWBG	4 190	4 808	5 274	5 811	6 490	6 225	5 615	5 932	7 379
New Zealand	BFQX	937	1 073	1 217	1 293	1 323	1 148	1 010	1 168	1 205
Other	LEVN	214	235	253	292	394	317	492	190	235
Total Australasia & Oceania	LETU	5 341	6 116	6 744	7 396	8 207	7 690	7 117	7 290	8 819
Africa										
Egypt	ZWWE	383	488	498	521	595	693	558	891	863
Morocco	ZWVF	..	259	279	356	390	415	448	460	520
South Africa	BFUW	2 255	2 460	2 881	3 351	3 530	3 322	3 261	3 375	3 661
Other North Africa	JIRU	204	657	579	610	629	809	840	597	787
Other	LEWO	..	3 553	3 497	3 584	4 012	3 867	3 749	3 702	4 001
Total Africa	LERS	6 728	7 417	7 734	8 422	9 156	9 106	8 856	9 025	9 832
International Organisations										
World total	HBOE	223 270	248 959	266 483	304 009	334 539	341 068	345 029	350 262	412 884

9.2 Current account

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Debits										
Europe										
European Union (EU)										
Austria	CUGW	1 816	1 934	2 021	2 080	2 352	2 645	2 557	2 406	2 544
Belgium and Luxembourg	CTFI	9 906	11 412	12 067	14 192	15 285	14 840	15 638	15 973	17 985
Denmark	LEQS	3 157	3 207	3 136	3 320	4 025	3 985	3 790	3 739	4 071
Finland	LEUE	2 201	2 418	2 843	3 201	3 570	3 363	2 948	3 043	3 569
France	LEUN	19 662	22 386	24 210	27 390	28 132	28 729	30 060	32 051	34 424
Germany	LEQJ	28 430	31 097	33 324	40 040	42 215	38 256	36 951	38 428	41 875
Greece	LEUW	1 588	1 550	1 730	1 981	2 011	2 081	2 193	2 605	3 038
Ireland	BFLW	7 098	7 792	8 462	10 308	12 107	12 255	12 838	13 360	15 312
Italy	BFOE	9 638	9 912	11 070	12 421	14 551	15 488	16 062	14 754	15 286
Netherlands	BFQG	15 162	15 000	16 403	18 845	20 813	18 829	19 319	24 747	31 126
Portugal	BFSI	2 139	2 263	2 210	2 609	2 935	2 937	2 833	2 983	2 913
Spain	LESU	5 999	7 324	8 240	9 895	11 195	10 932	12 184	12 997	13 398
Sweden	BFTJ	4 790	5 173	5 742	6 364	7 248	6 602	6 160	6 710	7 325
European Central Bank	ZWWI	—	—	—	—	—	—	—	—	1
EU Institutions	CSFI	7 528	8 817	8 076	9 886	9 959	9 014	11 071	11 528	11 884
Total EU	LEQA	119 114	130 285	139 534	162 532	176 398	169 956	174 604	185 324	204 751
European Free Trade Association (EFTA)										
Iceland	BFNI	268	275	271	280	323	272	304	320	446
Liechtenstein	BFPF	..	..	..	137	145	149	157	118	153
Norway	BFQP	4 571	4 936	4 723	5 296	6 027	6 079	4 029	4 005	6 158
Switzerland	LEOZ	10 837	12 023	12 228	13 154	13 669	12 799	11 581	13 676	17 475
Total EFTA	CTFR	15 792	17 351	17 338	18 867	20 164	19 299	16 071	18 119	24 232
Other Europe										
Albania	ZWWJ	..	41	59	69	66	72	91	103	32
Belarus	ZWWK	..	33	58	75	63	74	82	96	36
Bulgaria	ZWWL	..	137	153	217	201	210	175	196	163
Croatia	ZWWM	..	87	118	119	118	123	133	130	68
Czech Republic	LEPR	..	345	423	506	633	730	815	827	1 102
Estonia	ZWWN	..	55	108	167	192	209	212	266	337
Hungary	BFKP	258	257	353	501	562	646	747	908	894
Latvia	ZWWP	..	119	286	245	385	423	365	355	420
Lithuania	ZWMQ	..	176	206	228	242	212	207	256	273
Poland	BFRZ	538	657	766	925	900	1 069	1 079	1 057	1 383
Romania	ZWWR	..	183	255	284	322	362	354	397	441
Russia	BFSR	..	1 123	1 192	1 340	1 671	1 922	1 754	1 676	2 160
Slovakia	ZWWS	..	51	143	201	164	166	190	229	178
Slovenia	ZWWT	..	86	142	168	161	162	163	196	140
Turkey	BFUK	869	1 085	1 207	1 560	1 806	1 718	1 786	1 867	2 109
Ukraine	ZWUW	..	56	78	93	95	132	146	168	107
Yugoslavia	BFWD	..	68	120	138	189	209	164	193	223
Other	LEVX	..	4 273	4 139	4 745	6 072	7 211	9 536	8 538	10 670
Total Europe	LERB	143 488	156 468	166 678	192 980	210 404	204 905	208 674	220 901	249 719
America										
Argentina	ZWWW	..	160	185	265	329	353	349	331	428
Brazil	LENP	992	1 051	1 054	1 301	1 519	1 363	1 292	1 339	1 782
Canada	LEOQ	3 588	3 662	3 958	4 408	4 195	4 316	4 451	5 046	6 347
Chile	ZWWX	..	427	380	518	580	559	472	381	516
Colombia	ZWWY	..	322	301	290	386	293	313	267	326
Mexico	BFPO	390	381	412	488	559	658	758	588	1 112
United States of America	BFVC	31 876	37 729	39 293	45 562	52 611	55 513	57 039	59 925	70 438
Uruguay	ZWWZ	..	77	87	81	100	104	81	63	1 222
Venezuela	ZWXA	..	183	200	255	226	171	158	194	286
Other Central American Countries	JIST	..	2 081	1 951	1 910	2 464	3 225	4 279	4 071	4 840
Other	LEVJ	..	1 221	1 110	1 057	1 400	1 950	2 625	2 602	2 544
Total America	LESJ	40 951	47 294	48 931	56 135	64 369	68 505	71 817	74 807	89 841
Asia										
China	LEPI	1 312	1 636	1 974	2 254	2 581	2 848	3 349	3 958	5 609
Hong Kong	BFJS	4 911	5 517	5 589	6 030	6 410	6 439	6 868	8 246	10 262
India	BFMZ	1 385	1 676	2 029	2 202	2 614	2 767	2 646	2 800	3 118
Indonesia	BFKY	819	976	1 031	1 162	1 287	1 174	1 093	1 201	1 359
Iran	ZWXD	..	408	305	317	336	191	194	222	459
Israel	BFMQ	784	872	920	1 080	1 177	1 360	1 347	1 492	1 592
Japan	BFON	13 888	15 075	15 624	17 464	17 362	16 589	17 835	17 895	22 142
Malaysia	BFPX	1 352	1 716	1 643	1 965	3 005	2 673	2 481	2 446	2 893
Pakistan	BFRQ	510	562	643	658	714	779	721	752	809
Philippines	BFRH	357	388	365	462	1 018	898	1 004	1 179	1 508
Saudi Arabia	BFTA	2 928	3 270	2 501	2 688	2 464	2 548	2 140	2 054	2 531
Singapore	BFTS	2 778	3 479	3 564	4 180	4 711	4 823	3 999	4 536	5 165
South Korea	BFOV	1 071	1 227	1 249	1 775	2 325	2 556	2 558	3 069	3 760
Taiwan	BFUT	1 770	1 945	1 858	1 947	2 350	2 579	2 509	2 933	3 925
Thailand	BFUB	887	1 029	1 194	1 400	1 535	1 526	1 637	1 660	2 122
Residual Gulf Arabian Countries	JITU	..	1 688	1 533	1 457	1 468	1 656	1 799	1 786	2 170
Other Near & Middle Eastern Countries	ZWXF	..	626	530	527	466	510	456	462	625
Other	LEWG	..	3 338	3 267	3 061	3 049	3 250	2 751	2 712	3 588
Total Asia	LETD	40 387	45 428	45 819	50 629	54 872	55 166	55 387	59 403	73 637
Australasia & Oceania										
Australia	CWBO	2 935	3 049	3 105	3 359	3 320	3 804	3 688	3 542	4 425
New Zealand	BFQY	685	802	919	985	1 075	1 040	979	806	704
Other	LEVO	233	249	246	294	316	236	131	194	169
Total Australasia & Oceania	LETV	3 853	4 100	4 270	4 638	4 711	5 080	4 798	4 542	5 298
Africa										
Egypt	ZWXH	1 060	1 280	1 211	1 225	1 176	952	833	836	1 096
Morocco	ZWXI	..	276	308	343	417	472	513	526	629
South Africa	BFVW	1 340	1 575	1 479	1 761	1 717	2 023	2 440	2 866	4 081
Other North Africa	JIRV	517	643	637	754	772	891	799	663	1 236
Other	LEWP	..	2 306	2 505	2 838	3 372	3 519	3 472	3 703	4 012
Total Africa	LERT	5 799	6 080	6 140	6 921	7 454	7 857	8 057	8 594	11 054
International Organisations										
World total	HBOF	1 766	1 508	1 413	1 721	1 438	1 275	1 110	1 106	1 760
		236 244	260 878	273 251	313 024	343 248	342 788	349 843	369 353	431 309

Geographical breakdown

9.2 Current account

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Balances										
Europe										
European Union (EU)										
Austria	CUGX	-398	-371	-273	-97	-170	-628	-393	-269	-228
Belgium and Luxembourg	CTFJ	-763	-498	-838	-1 211	-1 617	-1 055	-1 025	-621	-502
Denmark	LEQT	-562	-458	-329	-34	-245	-265	204	172	529
Finland	LEUF	-404	-387	-556	-411	-621	-715	-507	-631	-599
France	LEUO	-1 645	-2 573	-2 694	-2 667	-1 312	-2 948	-3 281	-4 150	-2 441
Germany	LEQK	-5 948	-4 807	-5 040	-5 739	-7 447	-4 533	-3 266	-3 875	-495
Greece	LEUX	-188	-31	-79	-19	576	698	590	233	431
Ireland	BFLX	1 187	1 374	1 858	1 388	965	1 933	1 974	2 979	4 064
Italy	BFOF	2 433	2 352	1 979	2 496	797	63	725	972	2 702
Netherlands	BFQH	877	1 210	2 130	3 305	3 512	6 842	5 673	2 129	302
Portugal	BFSJ	-453	-305	-317	-373	-397	-462	-209	-244	-43
Spain	LESV	567	-334	-500	-685	-464	-282	-887	-1 340	-356
Sweden	BFTK	-314	25	-285	185	-40	517	981	311	281
European Central Bank	ZWXL	-	-	-	-	-	-	-	-	1
EU Institutions	CSFJ	-2 658	-2 908	-3 174	-4 880	-3 511	-3 083	-5 607	-4 827	-5 256
Total EU	LEQB	-8 269	-7 711	-8 118	-8 742	-9 974	-3 918	-5 028	-9 161	-1 610
European Free Trade Association (EFTA)										
Iceland	BFNJ	-75	-34	-78	-64	-55	-8	-29	-68	-104
Liechtenstein	BFPG	..	..	..	-70	-51	-70	-96	-46	-66
Norway	BFQQ	-1 945	-2 020	-1 162	-1 785	-2 182	-1 833	493	-102	-2 144
Switzerland	LEPA	-5 302	-5 634	-5 923	-5 646	-4 961	-4 235	-2 348	-3 893	-4 399
Total EFTA	CTFS	-7 388	-7 761	-7 238	-7 565	-7 249	-6 146	-1 980	-4 109	-6 713
Other Europe										
Albania	ZWXM	..	-19	-33	-38	-11	-21	-19	-40	35
Belarus	ZWYN	..	-19	-44	-47	-29	-31	-44	-66	21
Bulgaria	ZWYO	..	31	-43	-82	-85	-72	-59	-21	33
Croatia	ZWXP	..	-5	67	159	53	23	-	-3	56
Czech Republic	LEPS	..	20	60	222	326	237	198	178	170
Estonia	ZWXQ	..	-40	-85	-129	-125	-115	-129	-194	-223
Hungary	BFKQ	51	91	40	-51	40	118	74	31	318
Latvia	ZWXS	..	-74	-228	-168	-281	-304	-253	-252	-299
Lithuania	ZWXT	..	-155	-173	-167	-136	-78	-71	-130	-102
Poland	BFSX	223	262	181	321	773	666	470	488	410
Romania	ZWXU	..	-69	-102	-68	-41	-94	-61	-58	54
Russia	BFSS	..	-320	-86	-34	-136	-70	43	-625	-821
Slovakia	ZWXV	..	-21	-75	-78	25	65	18	-10	61
Slovenia	ZWXW	..	-22	-42	-35	-12	13	-16	9	82
Turkey	BFUL	147	327	-32	-36	223	562	412	71	553
Ukraine	ZWXX	..	48	46	56	97	68	88	8	104
Yugoslavia	BFWE	..	-14	-83	-89	-88	-85	-52	-70	-15
Other	LEVY	..	-1 972	-1 671	-2 125	-2 792	-2 555	-4 256	-4 475	-5 831
Total Europe	LERC	-18 166	-17 423	-17 659	-18 696	-19 422	-11 737	-10 665	-18 429	-13 717
America										
Argentina	ZWXZ	..	562	560	491	557	713	707	436	434
Brazil	LENQ	74	308	615	699	735	772	802	132	-72
Canada	LEOR	206	593	586	386	979	1 076	1 432	1 021	1 455
Chile	ZWYA	..	32	136	50	7	5	36	38	-39
Colombia	ZWYB	..	-80	75	-4	-3	58	14	37	95
Mexico	BFPP	1 015	998	843	576	399	504	391	613	374
United States of America	BEVD	3 435	2 657	4 813	2 339	3 016	2 471	7 575	7 127	10 777
Uruguay	ZWYC	..	5	-7	7	6	10	77	59	-670
Venezuela	ZWYD	..	362	226	143	225	245	122	118	90
Other Central American Countries	JISU	..	47	454	682	661	255	292	391	573
Other	LEVG	..	-319	-254	-134	-332	-448	-244	-521	341
Total America	LESM	5 104	5 155	8 047	5 235	6 250	5 661	11 204	9 451	13 358
Asia										
China	LEPJ	-646	-623	-791	-1 057	-1 383	-1 466	-2 006	-2 100	-3 438
Hong Kong	BFJT	-86	-47	375	564	811	379	-935	-3 090	-4 298
India	BFNA	128	119	4	207	-238	-340	-532	-490	-65
Indonesia	BFKZ	-246	-398	-372	-271	-17	65	-281	-465	-518
Iran	ZWYG	..	257	122	189	241	322	305	190	39
Israel	BFMR	76	348	529	447	565	295	204	390	497
Japan	BFOO	-1 018	-2 479	-3 011	-2 320	-2 962	-2 787	-5 751	-4 627	-6 518
Malaysia	BFPP	-37	33	548	123	-873	-459	-890	-670	-1 035
Pakistan	BFRR	45	36	8	30	32	-101	-80	-224	-392
Philippines	BFRI	29	129	206	237	-345	-39	-470	-708	-931
Saudi Arabia	BFTB	597	182	800	905	2 244	3 421	2 956	2 227	2 331
Singapore	BFTT	604	416	823	1 000	626	402	148	-283	-562
South Korea	BFOX	8	32	269	87	-109	-280	-1 091	-1 551	-1 653
Taiwan	BFUU	-996	-967	-809	-608	-968	-1 097	-1 242	-1 703	-2 439
Thailand	BFUC	-95	16	22	14	-17	-160	-945	-899	-1 177
Residual Gulf Arabian Countries	JITV	..	1 693	1 693	2 275	2 590	2 929	2 954	2 143	2 375
Other Near & Middle Eastern Countries	ZWYI	..	111	194	271	487	584	578	557	434
Other	LEWH	..	-680	-718	-474	-197	-161	-549	-1 177	-1 626
Total Asia	LETE	-893	-1 822	-108	1 619	487	1 507	-7 627	-12 480	-18 976
Australasia & Oceania										
Australia	CWJK	1 255	1 759	2 169	2 452	3 170	2 421	1 927	2 390	2 954
New Zealand	BFQZ	252	271	298	308	248	108	31	362	501
Other	LEVP	-19	-14	7	-2	78	81	361	-4	66
Total Australasia & Oceania	LETW	1 488	2 016	2 474	2 758	3 496	2 610	2 319	2 748	3 521
Africa										
Egypt	ZWYK	-677	-792	-713	-704	-581	-259	-275	55	-233
Morocco	ZWYL	..	-17	-29	13	-27	-57	-65	-66	-109
South Africa	BFWW	915	885	1 402	1 590	1 813	1 299	821	509	-420
Other North Africa	JIRW	-313	14	-58	-144	-143	-82	41	-66	-449
Other	LEWQ	..	1 247	992	746	640	348	277	-1	-11
Total Africa	LERU	929	1 337	1 594	1 501	1 702	1 249	799	431	-1 222
International Organisations										
World total	CTFA	-1 436	-1 182	-1 116	-1 432	-1 222	-1 010	-844	-812	-1 389
	HBOG	-12 974	-11 919	-6 768	-9 015	-8 709	-1 720	-4 814	-19 091	-18 425

Geographical breakdown

9.3 Trade in goods and services

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports										
Europe										
European Union (EU)										
Austria	LGHT	995	1 156	1 317	1 446	1 610	1 447	1 517	1 535	1 535
Belgium and Luxembourg	LGHU	6 594	8 170	8 507	9 748	9 994	10 047	10 256	11 353	12 514
Denmark	LGHV	1 945	2 059	2 279	2 617	3 062	2 944	3 042	2 982	3 450
Finland	LGHW	1 275	1 424	1 644	2 100	2 371	2 107	1 942	1 986	2 374
France	LGHX	13 718	14 751	16 398	18 290	20 391	20 031	20 436	21 411	23 680
Germany	LGHY	18 316	19 674	21 263	24 587	25 177	25 264	25 549	25 703	28 947
Greece	LGHZ	1 140	1 322	1 380	1 555	1 678	1 651	1 702	1 905	2 020
Ireland	LGIA	6 808	7 552	8 685	9 750	10 875	11 626	12 036	13 207	15 028
Italy	LGIB	7 497	7 537	8 416	9 567	9 926	10 224	10 883	10 445	10 946
Netherlands	LGIC	9 972	9 804	11 490	14 444	15 916	16 695	16 011	17 400	19 315
Portugal	LGID	1 433	1 671	1 588	1 820	2 052	2 064	2 159	2 257	2 093
Spain	LGIE	5 441	5 538	6 252	7 336	8 162	8 107	8 871	9 535	10 493
Sweden	LGIF	3 124	3 636	4 196	5 053	5 437	5 578	5 660	5 386	5 761
European Central Bank	ZWLL	—	—	—	—	—	—	—	—	2
EU Institutions	LGIG	584	360	316	376	150	240	225	227	244
Total EU	LHRU	78 842	84 654	93 731	108 689	116 801	118 025	120 289	125 332	138 402
European Free Trade Association (EFTA)										
Iceland	LGII	129	183	154	179	202	208	209	189	261
Liechtenstein	LGIJ	..	..	..	14	19	21	25	35	37
Norway	LGIK	2 053	2 311	2 989	2 929	3 108	3 554	3 817	3 179	3 027
Switzerland	LGIL	2 652	3 280	3 489	3 993	4 983	4 878	5 024	5 006	5 673
Total EFTA	LGIM	4 835	5 775	6 633	7 115	8 312	8 661	9 075	8 409	8 998
Other Europe										
Albania	ZWLP	..	22	26	31	55	50	72	63	67
Belarus	ZWLS	..	14	14	28	34	43	38	30	57
Bulgaria	ZWLR	..	91	95	111	100	97	93	117	128
Croatia	ZWMC	..	53	157	245	155	126	128	117	108
Czech Republic	LGIN	..	362	459	675	836	830	893	877	1 119
Estonia	ZWLX	..	12	20	34	63	78	71	65	109
Hungary	XUXI	188	244	307	344	422	546	620	625	808
Latvia	ZWME	..	22	36	48	93	114	104	97	115
Lithuania	ZWME	..	21	33	61	101	125	125	111	153
Poland	LGIO	700	861	881	1 123	1 546	1 587	1 461	1 436	1 587
Romania	ZWMM	..	105	143	194	239	243	272	289	427
Russia	LGIP	..	775	1 003	1 178	1 343	1 589	1 351	823	1 059
Slovakia	ZWMI	..	25	66	99	138	162	134	145	197
Slovenia	ZWMI	..	64	100	133	149	167	144	168	177
Turkey	LGIO	833	1 220	989	1 364	1 811	2 054	1 927	1 597	2 156
Ukraine	ZWML	..	96	114	138	184	199	230	169	201
Yugoslavia	ZWMN	..	8	9	16	44	75	60	59	127
Other	ZWLM	..	983	1 109	1 268	1 767	2 030	1 789	1 451	1 387
Total Europe	LGIS	87 369	95 407	105 925	122 894	134 193	136 801	138 876	141 980	157 382
America										
Argentina	ZWLQ	..	237	292	293	405	563	581	412	420
Brazil	LGIT	453	631	756	932	1 119	1 320	1 341	1 104	1 129
Canada	LGIU	2 391	2 747	2 836	2 736	2 935	3 266	3 551	3 920	4 978
Chile	ZWLT	..	183	201	213	215	266	280	216	197
Colombia	ZWLU	..	165	300	213	245	230	245	159	170
Mexico	LGIV	406	456	517	410	427	590	704	792	933
United States of America	LGIV	20 389	24 631	27 044	28 509	32 591	34 653	36 394	41 089	47 437
Uruguay	ZWML	..	53	60	64	74	85	135	103	528
Venezuela	ZWMM	..	264	236	214	219	245	305	269	301
Other Central American Countries	ZWLW	..	1 334	1 735	1 891	2 699	2 066	2 249	2 376	2 396
Other	ZWLZ	..	346	394	428	425	523	468	392	338
Total America	LGIV	25 765	31 047	34 371	35 903	40 354	43 807	46 253	50 832	58 827
Asia										
China	LGIZ	568	923	1 057	1 040	978	1 145	1 145	1 651	1 906
Hong Kong	LGJA	2 187	2 903	3 149	3 413	3 770	4 088	3 513	3 239	3 646
India	LGJB	1 247	1 513	1 753	2 099	2 089	2 126	1 754	1 966	2 623
Indonesia	LGJC	437	476	527	732	1 004	899	555	553	639
Iran	ZWMD	..	553	342	386	448	443	407	332	406
Israel	LGJD	791	1 161	1 395	1 453	1 575	1 541	1 446	1 771	1 971
Japan	LGJE	3 608	4 347	5 007	6 041	6 520	6 456	5 447	6 080	6 788
Malaysia	LGJF	953	1 359	1 770	1 667	1 660	1 704	1 199	1 319	1 299
Pakistan	LGJG	511	564	610	629	671	547	609	517	384
Philippines	LGJH	275	396	452	572	495	734	403	362	457
Saudi Arabia	LGJI	3 406	3 309	3 135	3 406	4 109	5 338	4 429	3 551	4 056
Singapore	LGJJ	1 467	1 840	2 246	2 546	2 601	2 536	2 124	2 703	2 633
South Korea	LGJK	923	1 116	1 344	1 578	1 765	1 693	1 087	1 311	1 825
Taiwan	LGJL	665	855	904	1 182	1 186	1 295	1 109	1 109	1 283
Thailand	LGJM	670	909	1 032	1 178	1 227	1 136	606	665	773
Residual Gulf Arabian Countries	ZWMA	..	2 968	2 782	3 252	3 486	3 914	3 575	3 216	3 609
Other Near & Middle Eastern Countries	ZWMB	..	473	473	505	563	642	643	606	632
Other	ZWLN	..	2 281	2 138	2 107	2 346	2 548	1 863	1 247	1 575
Total Asia	LGJO	22 840	27 946	30 116	33 786	36 493	38 785	31 914	32 198	36 505
Australasia & Oceania										
Australia	LGJP	2 299	2 687	3 116	3 372	3 901	3 926	3 604	3 722	4 303
New Zealand	LGJQ	450	553	680	716	728	682	655	672	614
Other	LGJR	70	82	71	87	160	147	108	106	117
Total Australasia & Oceania	LGJS	2 819	3 322	3 867	4 175	4 789	4 755	4 367	4 500	5 034
Africa										
Egypt	ZWLY	307	410	443	450	513	609	602	806	746
Morocco	ZWMM	..	207	237	308	324	386	409	401	467
South Africa	LGJT	1 608	1 810	2 214	2 565	2 588	2 437	2 383	2 309	2 344
Other North Africa	ZWLX	..	489	435	476	521	709	725	504	696
Other	ZWLO	..	2 870	2 772	2 824	3 246	3 261	3 233	3 158	3 266
Total Africa	LGJV	5 134	5 786	6 101	6 623	7 192	7 402	7 352	7 178	7 519
International Organisations										
World total	KTMM	144 091	163 640	180 508	203 509	223 091	231 622	228 801	236 720	265 305

9.3 Trade in goods and services

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Imports										
Europe										
European Union (EU)										
Austria	LGJY	1 234	1 328	1 405	1 306	1 529	1 721	1 843	1 875	1 833
Belgium and Luxembourg	LGJZ	6 312	7 488	7 867	9 201	10 388	10 756	11 446	12 274	13 236
Denmark	LGKA	2 603	2 440	2 522	2 572	2 884	2 878	2 724	2 843	3 022
Finland	LGKB	1 744	2 009	2 423	2 651	2 888	2 732	2 541	2 694	3 158
France	LGKC	14 988	16 748	18 732	20 401	21 138	22 743	23 588	24 843	25 686
Germany	LGKD	21 570	22 942	25 251	29 693	31 591	29 035	28 761	31 185	32 739
Greece	LGKE	1 241	1 247	1 438	1 470	1 221	1 203	1 253	1 724	1 894
Ireland	LGKF	5 679	6 285	6 859	8 139	8 753	8 912	9 388	10 521	11 632
Italy	LGKG	7 508	7 650	8 709	9 498	10 739	11 471	12 013	11 859	12 024
Netherlands	LGKH	10 966	10 373	11 747	13 260	14 375	14 114	15 434	15 728	17 712
Portugal	LGKI	1 671	1 779	1 852	2 123	2 397	2 483	2 493	2 715	2 574
Spain	LGKJ	5 121	5 892	6 814	7 889	8 731	8 985	10 207	11 442	11 821
Sweden	LGKK	3 564	3 975	4 674	5 053	5 432	5 243	4 919	5 357	5 680
European Central Bank	ZWNR	—	—	—	—	—	—	—	—	1
EU Institutions	LGKL	—	1	1	1	2	1	6	4	2
Total EU	LHRV	84 201	90 157	100 294	113 257	122 068	122 277	126 616	135 064	143 014
European Free Trade Association (EFTA)										
Iceland	LGKN	252	260	258	268	302	260	291	306	433
Liechtenstein	LGKO	..	..	..	5	19	24	44	26	31
Norway	LGKP	4 330	4 615	4 305	4 855	5 357	5 261	3 906	4 038	6 342
Switzerland	LGKQ	4 418	5 261	5 644	6 056	6 471	5 750	6 094	6 745	7 054
Total EFTA	LGKR	9 000	10 136	10 207	11 184	12 149	11 295	10 335	11 115	13 860
Other Europe										
Albania	ZWNV	..	11	13	12	14	11	32	28	21
Belarus	ZWNY	..	5	14	21	15	16	25	21	36
Bulgaria	ZWNX	..	92	89	130	134	114	97	96	114
Croatia	ZWOI	..	56	71	60	68	60	74	57	62
Czech Republic	LGKS	..	318	372	403	444	537	678	705	942
Estonia	ZWOD	..	23	62	110	143	149	155	191	324
Hungary	ZWOJ	154	189	283	400	460	528	609	756	799
Latvia	ZWOM	..	70	221	164	299	337	289	273	398
Lithuania	ZWOL	..	140	152	166	179	143	146	162	251
Poland	LGKT	425	526	626	733	660	732	797	852	1 101
Romania	ZWOO	..	114	166	186	201	218	246	298	385
Russia	LGKU	..	1 010	1 010	1 153	1 383	1 620	1 620	1 460	1 661
Slovakia	ZWOQ	..	13	69	76	77	79	106	131	165
Slovenia	ZWOP	..	58	98	114	113	104	110	117	140
Turkey	LGKV	633	872	987	1 238	1 459	1 489	1 569	1 701	1 900
Ukraine	ZWOR	..	17	23	27	29	50	68	55	75
Yugoslavia	ZWOU	..	9	10	9	25	43	38	44	47
Other	ZWNS	..	1 476	1 659	1 426	1 982	2 115	2 206	2 029	2 283
Total Europe	LGKX	97 263	105 292	116 426	130 869	141 902	141 917	145 816	155 155	167 578
America										
Argentina	ZWNW	..	155	187	259	296	280	232	258	265
Brazil	LGKY	..	927	955	1 003	1 052	1 036	1 031	1 129	1 538
Canada	LGKZ	2 478	2 506	2 656	3 078	3 091	3 372	3 472	4 028	5 092
Chile	ZWNZ	..	252	204	304	385	395	372	365	486
Colombia	ZWOA	..	182	198	179	226	197	255	240	260
Mexico	LGLA	174	196	276	345	412	525	556	620	845
United States of America	LGLB	19 373	23 180	25 003	28 444	32 562	34 608	36 268	36 730	39 486
Uruguay	ZWOS	..	46	51	60	75	73	56	44	1 197
Venezuela	ZWOT	..	134	141	200	184	148	139	172	243
Other Central American Countries	ZWOC	..	1 148	1 202	1 224	1 548	1 548	1 834	1 926	2 283
Other	ZWOF	..	443	455	464	643	548	477	608	557
Total America	LGLD	24 894	29 169	31 328	35 560	40 474	42 730	44 692	46 120	52 252
Asia										
China	LGLE	969	1 402	1 742	1 999	2 258	2 568	3 054	3 639	5 096
Hong Kong	LGLF	2 766	3 465	3 680	3 854	4 374	4 754	4 880	5 566	6 482
India	LGLG	1 061	1 372	1 596	1 720	1 893	1 976	1 849	2 021	2 213
Indonesia	LGLH	622	806	884	982	1 022	989	972	1 084	1 221
Iran	ZWOK	..	240	135	121	111	41	52	47	67
Israel	LGLI	589	692	747	880	954	1 111	1 160	1 297	1 322
Japan	LGLJ	7 667	8 871	9 451	10 239	9 837	10 138	10 277	10 494	11 683
Malaysia	LGLK	1 171	1 517	1 360	1 614	2 446	2 174	2 142	2 154	2 526
Pakistan	LGLL	376	448	499	505	502	525	499	544	582
Philippines	LGLM	270	318	297	398	909	783	908	1 061	1 365
Saudi Arabia	LGLN	1 241	1 653	1 138	1 048	977	1 198	1 255	1 303	1 543
Singapore	LGLO	1 490	1 975	2 306	2 459	2 721	2 938	2 650	2 699	2 701
South Korea	LGLP	951	1 108	1 152	1 606	2 064	2 308	2 332	2 959	3 541
Taiwan	LGLQ	1 369	1 629	1 610	1 728	2 100	2 368	2 354	2 774	3 715
Thailand	LGLR	768	952	1 096	1 255	1 338	1 352	1 514	1 547	1 942
Residual Gulf Arabian Countries	ZWOG	..	913	908	812	895	1 023	1 241	1 248	1 459
Other Near & Middle Eastern Countries	ZWOH	..	183	188	178	171	147	147	195	263
Other	ZWNT	..	1 833	1 945	1 748	1 977	1 992	1 625	1 691	2 228
Total Asia	LGLT	23 781	29 377	30 734	33 146	36 549	38 385	38 911	42 323	49 949
Australasia & Oceania										
Australia	LGLU	1 497	1 561	1 728	1 774	2 088	2 253	2 346	2 387	2 749
New Zealand	LGLV	544	635	700	746	823	785	739	791	779
Other	LGLW	136	170	169	215	273	197	162	169	148
Total Australasia & Oceania	LGLX	2 177	2 366	2 597	2 735	3 184	3 235	3 247	3 347	3 676
Africa										
Egypt	ZWOE	231	293	370	381	396	354	355	436	641
Morocco	ZWON	..	217	239	290	334	406	448	482	567
South Africa	LGLY	1 041	1 229	1 191	1 410	1 580	1 777	1 865	1 986	3 064
Other North Africa	ZWOB	..	462	461	524	500	504	534	456	920
Other	ZWNU	..	1 638	1 832	2 052	2 225	2 061	2 015	2 223	2 298
Total Africa	LGMA	3 446	3 839	4 093	4 657	5 035	5 102	5 217	5 583	7 490
International Organisations										
World total	LGMB	98	82	77	84	72	67	65	56	79
	KTMX	151 659	170 125	185 255	207 051	227 216	231 436	237 948	252 584	281 024

Geographical breakdown

9.3 Trade in goods and services

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Balances										
Europe										
European Union (EU)										
Austria	LGMG	-239	-172	-88	140	81	-274	-326	-340	-298
Belgium and Luxembourg	LGMF	282	682	640	547	-394	-709	-1 190	-921	-722
Denmark	LGMF	-658	-381	-243	45	178	66	318	139	428
Finland	LGMG	-469	-585	-779	-551	-517	-625	-599	-708	-784
France	LGMH	-1 270	-1 997	-2 334	-2 111	-747	-2 712	-3 152	-3 432	-2 006
Germany	LGMJ	-3 254	-3 268	-3 988	-5 106	-6 414	-3 771	-3 212	-5 482	-3 792
Greece	LGMJ	-101	75	-58	85	457	448	449	181	126
Ireland	LGMK	1 129	1 267	1 826	1 611	2 122	2 714	2 648	2 686	3 396
Italy	LGML	-11	-113	-293	69	-813	-1 247	-1 130	-1 414	-1 078
Netherlands	LGMN	-994	-569	-257	1 184	1 541	2 581	577	1 672	1 603
Portugal	LGMN	-238	-108	-264	-303	-345	-419	-334	-458	-481
Spain	LGMN	320	-354	-562	-553	-569	-878	-1 336	-1 907	-1 328
Sweden	LGMN	-440	-339	-478	-	5	335	741	29	81
European Central Bank	ZWSE	-	-	-	-	-	-	-	-	1
EU Institutions	LGMQ	584	359	315	375	148	239	219	223	242
Total EU	LHRW	-5 359	-5 503	-6 563	-4 568	-5 267	-4 252	-6 327	-9 732	-4 612
European Free Trade Association (EFTA)										
Iceland	LGMT	-123	-77	-104	-89	-100	-52	-82	-117	-172
Liechtenstein	LGMT	..	..	..	9	-	-3	-19	9	6
Norway	LGMU	-2 277	-2 304	-1 316	-1 926	-2 249	-1 707	-89	-859	-3 315
Switzerland	LGMV	-1 766	-1 981	-2 155	-2 063	-1 488	-872	-1 070	-1 739	-1 381
Total EFTA	LGMW	-4 165	-4 361	-3 574	-4 069	-3 837	-2 634	-1 260	-2 706	-4 862
Other Europe										
Albania	ZWSI	..	11	13	19	41	39	40	35	46
Belarus	ZWSL	..	9	-	7	19	27	13	9	21
Bulgaria	ZWSK	..	-1	6	-19	-34	-17	-4	21	14
Croatia	ZWSV	..	-3	86	185	87	66	54	60	46
Czech Republic	LGMX	..	44	87	272	392	293	215	172	177
Estonia	ZWSQ	..	-11	-42	-76	-80	-71	-84	-126	-215
Hungary	ZWSW	34	55	24	-56	-38	18	11	-131	9
Latvia	ZWSZ	..	-48	-185	-116	-206	-223	-185	-176	-283
Lithuania	ZWSY	..	-119	-105	-78	-18	-18	-21	-51	-98
Poland	LGMY	275	335	255	390	886	855	664	584	486
Romania	ZWTB	..	-9	-23	8	38	25	26	-9	42
Russia	LGMZ	..	-235	-7	25	-40	-31	-269	-637	-602
Slovakia	ZWTD	..	12	-3	23	61	83	28	14	32
Slovenia	ZWTC	..	6	2	19	36	63	34	51	37
Turkey	LGNA	200	348	2	126	352	565	358	-104	256
Ukraine	ZWTE	..	79	91	111	155	149	162	114	126
Yugoslavia	ZWTH	..	-1	-1	7	19	32	22	15	80
Other	ZWSF	..	-493	-550	-158	-215	-85	-417	-578	-896
Total Europe	LGNC	-9 894	-9 885	-10 501	-7 975	-7 709	-5 116	-6 940	-13 175	-10 196
America										
Argentina	ZWSJ	..	82	105	34	109	283	349	154	155
Brazil	LGND	-425	-296	-199	-71	67	284	310	-25	-409
Canada	LGNE	-87	241	180	-342	-156	-106	79	-108	-114
Chile	ZWSM	..	-69	-3	-91	-170	-129	-92	-149	-289
Colombia	ZWSN	..	-17	102	34	19	33	-10	-81	-90
Mexico	LGNE	232	260	241	65	15	65	148	172	88
United States of America	LGNG	1 016	1 451	2 041	65	29	45	126	4 359	7 951
Uruguay	ZWTF	..	7	9	4	-1	12	79	59	-669
Venezuela	ZWTF	..	130	95	14	35	97	166	97	58
Other Central American Countries	ZWSP	..	186	533	667	151	518	415	450	113
Other	ZWSN	..	-97	-61	-36	-218	-25	-9	-216	-219
Total America	LGNI	871	1 878	3 043	343	-120	1 077	1 561	4 712	6 575
Asia										
China	LGNJ	-401	-479	-685	-959	-1 280	-1 423	-1 909	-1 988	-3 190
Hong Kong	LGNK	-579	-562	-531	-441	-604	-666	-1 367	-2 327	-2 836
India	LGNL	186	141	157	379	196	150	-95	-55	410
Indonesia	LGNM	-185	-330	-357	-250	-18	-90	-417	-531	-582
Iran	ZWSX	..	313	207	265	337	402	355	285	339
Israel	LGNM	202	469	648	573	621	430	286	474	649
Japan	LGNO	-4 059	-4 524	-4 444	-4 198	-3 317	-3 682	-4 830	-4 414	-4 895
Malaysia	LGNP	-218	-158	410	53	-786	-470	-943	-835	-1 227
Pakistan	LGNQ	135	116	111	124	169	22	110	-27	-198
Philippines	LGNR	5	78	155	174	-414	-49	-505	-699	-908
Saudi Arabia	LGNS	2 165	1 656	1 997	2 358	3 132	4 140	3 174	2 248	2 513
Singapore	LGNT	-23	-135	-60	87	-120	-402	-526	4	-68
South Korea	LGNU	-28	8	192	-28	-299	-615	-1 245	-1 648	-1 716
Taiwan	LGNV	-704	-774	-706	-546	-914	-1 073	-1 245	-1 665	-2 432
Thailand	LGNW	-98	-43	-64	-77	-111	-216	-908	-882	-1 169
Residual Gulf Arabian Countries	ZWST	..	2 055	1 874	2 440	2 591	2 891	2 334	1 968	2 150
Other Near & Middle Eastern Countries	ZWSU	..	290	285	327	392	495	496	411	369
Other	ZWSG	..	448	193	359	369	556	238	-444	-653
Total Asia	LGNY	-941	-1 431	-618	640	-56	400	-6 997	-10 125	-13 444
Australasia & Oceania										
Australia	LGNZ	802	1 126	1 388	1 598	1 813	1 673	1 258	1 335	1 554
New Zealand	LGOA	-94	-82	-20	-30	-95	-103	-84	-119	-165
Other	LGOB	-66	-88	-98	-128	-113	-50	-54	-63	-31
Total Australasia & Oceania	LGOA	642	956	1 270	1 440	1 605	1 520	1 120	1 153	1 358
Africa										
Egypt	ZWSR	76	117	73	69	117	255	247	370	105
Morocco	ZWTA	..	-10	-2	18	-10	-20	-39	-81	-100
South Africa	LGOA	567	581	1 023	1 155	1 008	660	518	323	-720
Other North Africa	ZWSO	..	27	-26	-48	21	205	191	48	-224
Other	ZWSH	..	1 232	940	772	1 021	1 200	1 218	935	968
Total Africa	LGOA	1 688	1 947	2 008	1 966	2 157	2 300	2 135	1 595	29
International Organisations										
World total	KTMY	-7 568	-6 485	-4 747	-3 542	-4 125	186	-9 147	-15 864	-15 719

Geographical breakdown

9.4 Trade in goods

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports										
Europe										
European Union (EU)										
Austria	CHMY	795	918	1 052	1 122	1 263	1 159	1 190	1 167	1 141
Belgium and Luxembourg	CHNQ	5 706	7 150	7 367	8 298	8 522	8 450	8 446	9 237	10 286
Denmark	CHNR	1 557	1 618	1 821	2 108	2 214	2 093	2 057	2 051	2 308
Finland	CHMZ	995	1 121	1 316	1 716	1 810	1 570	1 434	1 353	1 464
France	ENYL	11 493	12 215	13 655	15 265	17 093	16 602	16 451	16 901	18 512
Germany	ENYO	15 185	16 097	17 339	20 242	20 715	20 686	20 593	20 453	22 701
Greece	CHNT	776	929	933	1 038	1 147	1 046	1 033	1 139	1 229
Ireland	CHNS	5 733	6 369	7 163	7 794	8 661	9 357	9 605	10 779	12 329
Italy	CHNO	6 137	6 094	6 836	7 883	8 027	8 214	8 609	7 830	8 394
Netherlands	CHNP	8 491	8 121	9 593	12 346	13 484	13 923	12 985	13 627	15 109
Portugal	CHNU	1 164	1 376	1 259	1 469	1 677	1 752	1 722	1 711	1 654
Spain	CHNV	4 509	4 494	5 131	6 098	6 725	6 745	7 172	7 525	8 275
Sweden	CHNA	2 435	2 900	3 411	4 157	4 420	4 451	4 393	4 031	4 198
European Central Bank	QARP	—	—	—	—	—	—	—	—	—
EU Institutions	EOAY	—	—	—	—	—	—	—	—	—
Total EU	ENOF	64 976	69 402	76 876	89 536	95 758	96 048	95 690	97 804	107 600
European Free Trade Association (EFTA)										
Iceland	EPLW	92	148	110	138	152	153	161	157	194
Liechtenstein	EPOW	..	..	..	12	14	11	4	5	7
Norway	EPLX	1 409	1 505	2 047	2 002	2 051	2 607	2 689	2 064	2 030
Switzerland	EPLV	1 839	2 282	2 480	2 729	3 185	2 958	2 902	2 754	3 085
Total EFTA	EPOT	3 340	3 935	4 637	4 881	5 402	5 729	5 756	4 980	5 316
Other Europe										
Albania	QAMC	..	6	6	7	14	9	7	12	7
Belarus	QAME	..	11	11	23	28	36	33	27	36
Bulgaria	QAMF	..	86	89	104	88	77	79	79	88
Croatia	QAMM	..	44	147	233	136	107	105	79	75
Czech Republic	FKML	..	290	383	571	722	712	699	741	936
Estonia	QAMN	..	8	16	30	56	63	66	54	98
Hungary	QALC	157	209	263	296	349	438	487	489	619
Latvia	QAMO	..	17	31	39	80	87	86	71	85
Lithuania	QAMP	..	14	25	50	83	106	117	97	135
Poland	ERDR	589	732	716	953	1 364	1 355	1 188	1 181	1 314
Romania	QAMQ	..	94	129	178	212	212	234	247	385
Russia	ERDQ	..	561	728	871	1 016	1 234	932	546	675
Slovakia	QAMR	..	11	48	77	105	133	104	114	160
Slovenia	QAMS	..	58	93	123	133	150	135	147	159
Turkey	EOBA	690	1 047	821	1 149	1 554	1 734	1 614	1 216	1 813
Ukraine	QAMT	..	76	88	111	143	165	167	147	159
Yugoslavia	QAMW	..	4	4	9	33	38	42	27	34
Other	BOQE	..	389	329	417	412	418	348	370	245
Total Europe	EPLM	70 874	76 994	85 440	99 658	107 688	108 851	107 889	108 428	119 939
America										
Argentina	QAOM	..	183	232	234	333	489	474	297	290
Brazil	FKMO	270	422	539	679	851	1 030	927	750	782
Canada	EOBC	1 637	1 848	1 935	1 804	1 970	2 147	2 178	2 553	3 503
Chile	QAMG	..	145	160	172	168	211	174	116	116
Colombia	QAML	..	107	238	145	177	171	183	108	103
Mexico	EPJX	302	336	393	277	317	428	545	584	676
United States of America	EOBB	12 640	15 403	17 081	17 901	19 761	20 900	21 721	24 312	29 390
Uruguay	QAMU	..	47	53	57	67	77	70	66	59
Venezuela	QAMV	..	228	199	176	177	196	239	199	218
Other Central American Countries	BOQQ	..	778	1 117	1 276	996	1 157	1 151	1 381	1 271
Other	BOQT	..	177	211	249	232	264	235	163	154
Total America	EPLQ	16 199	19 674	22 158	22 970	25 049	27 070	27 897	30 529	36 562
Asia										
China	ERDN	425	755	868	832	744	924	861	1 219	1 480
Hong Kong	ERDG	1 597	2 177	2 356	2 664	2 942	3 223	2 680	2 328	2 698
India	ERDJ	937	1 155	1 340	1 689	1 717	1 575	1 247	1 463	2 078
Indonesia	FKMR	315	333	371	518	813	674	368	388	404
Iran	QAOB	..	502	293	329	389	379	322	239	292
Israel	ERDL	583	895	1 060	1 113	1 274	1 180	1 082	1 306	1 532
Japan	EOBD	2 172	2 673	3 047	3 814	4 295	4 177	3 151	3 302	3 682
Malaysia	ERDK	633	985	1 346	1 192	1 169	1 210	679	948	919
Pakistan	FKMU	308	336	362	342	347	270	235	226	211
Philippines	FKMX	202	313	364	436	397	601	303	241	276
Saudi Arabia	ERDI	1 969	1 844	1 534	1 621	2 436	3 656	2 614	1 489	1 566
Singapore	ERDH	1 137	1 459	1 811	2 072	2 159	2 049	1 604	1 610	1 639
South Korea	ERDM	644	805	987	1 162	1 313	1 228	675	951	1 357
Taiwan	ERDP	552	681	752	965	949	1 035	875	871	1 025
Thailand	ERDO	473	677	769	838	981	866	390	467	591
Residual Gulf Arabian Countries	BOQW	..	2 345	2 187	2 574	2 767	3 112	2 647	2 263	2 597
Other Near & Middle Eastern Countries	QARJ	..	378	382	399	456	499	466	409	398
Other	BORE	..	1 243	1 151	1 016	1 278	1 436	810	612	746
Total Asia	EPLP	15 581	19 556	20 980	23 576	26 426	28 094	21 009	20 332	23 491
Australasia & Oceania										
Australia	EPMA	1 340	1 611	1 957	2 140	2 488	2 457	2 218	2 164	2 708
New Zealand	EPMB	258	335	422	440	475	409	340	326	306
Other	EGIZ	48	57	48	58	57	85	45	44	49
Total Australasia & Oceania	EPLQ	1 646	2 003	2 427	2 638	3 020	2 951	2 603	2 534	3 063
Africa										
Egypt	QALL	251	347	378	385	432	501	505	545	504
Morocco	QAOO	..	173	200	272	284	358	352	359	411
South Africa	EPME	1 071	1 149	1 452	1 837	1 892	1 637	1 534	1 291	1 426
Other North Africa	BORU	..	397	332	376	398	468	448	398	429
Other	BOQH	..	1 936	1 776	1 865	2 007	1 993	1 819	1 782	1 831
Total Africa	EPLN	3 563	4 002	4 138	4 735	5 013	4 957	4 658	4 375	4 601
International Organisations										
World total	LQAD	107 863	122 229	135 143	153 577	167 196	171 923	164 056	166 198	187 656

9.4 Trade in goods

continued

Geographical breakdown

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Imports										
Europe										
European Union (EU)										
Austria	CHNB	920	958	1 027	925	1 172	1 393	1 413	1 452	1 394
Belgium and Luxembourg	CHNY	5 601	6 678	7 121	8 130	9 063	9 491	10 109	10 575	11 631
Denmark	CHNZ	2 326	2 133	2 170	2 199	2 392	2 314	2 156	2 225	2 354
Finland	CHNC	1 636	1 880	2 271	2 500	2 681	2 541	2 328	2 357	2 748
France	ENYP	11 945	13 430	15 037	16 457	16 869	18 001	17 957	18 154	18 227
Germany	ENYS	18 588	19 891	21 860	26 234	27 583	25 602	25 094	26 460	27 724
Greece	CHOB	370	315	348	429	402	398	360	397	439
Ireland	CHOA	4 945	5 449	5 897	7 045	7 340	7 384	7 802	8 478	9 508
Italy	CHNW	6 609	6 660	7 496	8 264	8 897	9 537	9 743	9 318	9 438
Netherlands	CHNX	9 676	8 973	10 064	11 516	12 592	12 314	13 409	13 394	15 111
Portugal	CHOC	1 141	1 235	1 283	1 467	1 685	1 758	1 790	1 817	1 715
Spain	CHOD	2 952	3 266	3 678	4 356	5 115	5 095	5 740	5 892	5 989
Sweden	CHND	3 201	3 566	4 196	4 537	4 837	4 688	4 360	4 594	4 910
European Central Bank	QARQ	—	—	—	—	—	—	—	—	—
EU Institutions	EOBS	—	—	—	—	—	—	—	—	—
Total EU	ENOS	69 910	74 434	82 448	94 059	100 628	100 516	102 261	105 113	111 188
European Free Trade Association (EFTA)										
Iceland	EPMW	233	242	233	244	257	229	250	284	367
Liechtenstein	EPOX	..	..	..	4	19	24	19	21	21
Norway	EPMX	3 798	4 027	3 711	4 175	4 790	4 687	3 431	3 563	5 592
Switzerland	EPMV	3 830	4 590	4 677	4 981	5 210	4 668	4 770	5 329	5 512
Total EFTA	EPOU	7 861	8 859	8 621	9 404	10 276	9 608	8 470	9 197	11 492
Other Europe										
Albania	QAMX	..	—	—	1	—	2	—	1	2
Belarus	QAMY	..	3	11	19	12	15	20	20	34
Bulgaria	QAMZ	..	74	68	112	111	87	76	66	85
Croatia	QANC	..	29	40	34	35	34	41	41	41
Czech Republic	FKMM	..	234	271	312	356	449	551	578	798
Estonia	QAND	..	19	57	106	138	148	151	187	308
Hungary	QALD	112	145	232	358	404	467	533	664	681
Latvia	QANE	..	67	217	161	295	331	282	263	390
Lithuania	QANF	..	138	150	164	177	141	139	158	246
Poland	ERED	338	429	533	616	573	596	654	672	903
Romania	QANG	..	91	141	165	174	196	221	251	332
Russia	EREC	..	792	781	916	1 218	1 418	1 393	1 314	1 476
Slovakia	QANH	..	2	56	65	63	70	73	102	136
Slovenia	QANI	..	52	91	108	105	94	98	105	122
Turkey	EOBU	446	515	610	768	898	993	1 105	1 213	1 456
Ukraine	QANJ	..	12	17	22	23	37	48	47	63
Yugoslavia	QANM	..	—	—	1	14	30	29	15	22
Other	BOQF	..	170	149	178	222	205	201	239	109
Total Europe	EPMM	79 814	86 065	94 493	107 569	115 722	115 437	116 346	120 246	129 884
America										
Argentina	QAOP	..	136	167	239	274	257	198	190	180
Brazil	FKMP	830	872	891	936	941	911	884	971	1 118
Canada	EOBW	1 824	1 805	1 827	2 300	2 407	2 483	2 518	3 022	4 021
Chile	QANA	..	237	188	287	363	378	332	333	456
Colombia	QANB	..	170	186	166	203	178	199	211	234
Mexico	EPJY	149	160	233	288	322	371	366	397	617
United States of America	EOBV	13 221	15 886	17 233	19 615	22 069	24 355	24 892	24 425	28 525
Uruguay	QANK	..	45	50	59	74	71	50	40	35
Venezuela	QANL	..	119	125	184	165	132	108	135	201
Other Central American Countries	BOQR	..	636	646	664	810	801	875	1 153	1 488
Other	BOQU	..	236	228	238	313	303	266	292	268
Total America	EPMO	17 384	20 302	21 774	24 976	27 941	30 240	30 688	31 169	37 143
Asia										
China	ERDZ	891	1 279	1 592	1 843	2 112	2 383	2 820	3 403	4 838
Hong Kong	ERDS	2 242	2 894	2 988	3 364	3 900	4 153	4 370	4 935	5 929
India	ERDV	808	1 050	1 249	1 363	1 542	1 550	1 384	1 430	1 656
Indonesia	FKMS	501	665	728	814	855	860	868	937	1 088
Iran	QAOQ	..	232	124	113	103	30	32	33	32
Israel	ERDX	454	530	555	659	797	842	875	1 004	1 027
Japan	EOBX	7 051	8 140	8 584	9 276	8 584	9 040	9 121	9 222	10 191
Malaysia	ERDW	1 032	1 350	1 166	1 414	2 277	1 933	1 896	1 963	2 296
Pakistan	FKMV	256	312	348	344	372	362	338	321	364
Philippines	FKMY	225	266	237	335	857	728	855	988	1 160
Saudi Arabia	ERDU	900	1 208	757	649	656	838	789	791	985
Singapore	ERDT	1 113	1 558	1 836	2 101	2 463	2 590	2 342	2 360	2 399
South Korea	ERDY	890	1 029	1 068	1 505	1 949	2 155	2 201	2 813	3 410
Taiwan	EREB	1 305	1 561	1 535	1 640	2 000	2 237	2 219	2 640	3 570
Thailand	EREA	600	746	884	987	1 137	1 167	1 263	1 298	1 606
Residual Gulf Arabian Countries	BOQX	..	604	546	494	598	734	824	845	1 120
Other Near & Middle Eastern Countries	QARK	..	132	129	126	124	88	84	133	119
Other	BORD	..	1 000	971	896	1 154	1 193	876	1 008	1 357
Total Asia	EPMP	19 707	24 556	25 297	27 923	31 480	32 883	33 157	36 124	43 147
Australasia & Oceania										
Australia	EPNA	953	954	1 035	1 068	1 239	1 319	1 366	1 351	1 539
New Zealand	EPNB	405	474	527	555	604	554	518	572	542
Other	HFKF	128	144	152	188	207	165	126	144	125
Total Australasia & Oceania	EPMQ	1 486	1 572	1 714	1 811	2 050	2 038	2 010	2 067	2 206
Africa										
Egypt	QALM	130	180	245	235	269	258	278	255	413
Morocco	QAOR	..	178	196	241	292	332	350	383	455
South Africa	EPNE	811	964	941	1 058	1 165	1 323	1 352	1 578	2 570
Other North Africa	BORW	..	374	363	411	401	361	297	352	729
Other	BOQJ	..	1 104	1 246	1 376	1 598	1 393	1 391	1 548	1 489
Total Africa	EPMN	2 522	2 800	2 991	3 321	3 725	3 667	3 668	4 116	5 656
International Organisations										
World total	LQBL	120 913	135 295	146 269	165 600	180 918	184 265	185 869	193 722	218 036

Geographical breakdown

9.4 Trade in goods

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Balances										
Europe										
European Union (EU)										
Austria	CHVG	-125	-40	25	197	91	-234	-223	-285	-253
Belgium and Luxembourg	CHNF	105	472	246	168	-541	-1 041	-1 663	-1 338	-1 345
Denmark	CHNG	-769	-515	-349	-91	-178	-221	-99	-174	-46
Finland	CHVH	-641	-759	-955	-784	-871	-971	-894	-1 004	-1 284
France	ENYT	-452	-1 215	-1 382	-1 192	224	-1 399	-1 506	-1 253	285
Germany	ENYW	-3 403	-3 794	-4 521	-5 992	-6 868	-4 916	-4 501	-6 007	-5 023
Greece	CHNI	406	614	585	609	745	648	673	742	790
Ireland	CHNH	788	920	1 266	749	1 321	1 973	1 803	2 301	2 821
Italy	CHOE	-472	-566	-660	-381	-870	-1 323	-1 134	-1 488	-1 044
Netherlands	CHNE	-1 185	-852	-471	830	892	1 609	-424	233	-2
Portugal	CHNJ	23	141	-24	2	-8	-6	-68	-106	-61
Spain	CHNM	1 557	1 228	1 453	1 742	1 610	1 650	1 432	1 633	2 286
Sweden	CHVI	-766	-666	-785	-380	-417	-237	33	-563	-712
European Central Bank	QARR	-	-	-	-	-	-	-	-	-
EU Institutions	EOCM	-	-	-	-	-	-	-	-	-
Total EU	ENPF	-4 934	-5 032	-5 572	-4 523	-4 870	-4 468	-6 571	-7 309	-3 588
European Free Trade Association (EFTA)										
Iceland	EPNW	-141	-94	-123	-106	-105	-76	-89	-127	-173
Liechtenstein	EPOY	..	..	..	8	-5	-13	-15	-16	-14
Norway	EPNX	-2 389	-2 522	-1 664	-2 173	-2 739	-2 080	-742	-1 499	-3 562
Switzerland	EPNV	-1 991	-2 308	-2 197	-2 252	-2 025	-1 710	-1 868	-2 575	-2 427
Total EFTA	EPOV	-4 521	-4 924	-3 984	-4 523	-4 874	-3 879	-2 714	-4 217	-6 176
Other Europe										
Albania	QANN	..	6	6	6	14	7	7	11	5
Belarus	QANO	..	8	-	4	16	21	13	7	2
Bulgaria	QANP	..	12	21	-8	-23	-10	3	13	3
Croatia	QANS	..	15	107	199	101	73	64	38	34
Czech Republic	FKMN	..	56	112	259	366	263	148	163	138
Estonia	QANT	..	-11	-41	-76	-82	-85	-85	-133	-210
Hungary	QALE	45	64	31	-62	-55	-29	-46	-175	-62
Latvia	QANU	..	-50	-186	-122	-215	-244	-196	-192	-305
Lithuania	QANV	..	-124	-125	-114	-94	-35	-22	-61	-111
Poland	EREP	251	303	183	337	791	759	534	509	411
Romania	QAOD	..	3	-12	13	38	16	13	-4	53
Russia	EREO	..	-231	-53	-45	-202	-184	-461	-768	-801
Slovakia	QAOG	..	9	-8	12	42	63	31	12	24
Slovenia	QAOH	..	6	2	15	28	56	37	42	37
Turkey	EOCO	244	532	211	381	656	741	509	3	357
Ukraine	QAOI	..	64	71	89	120	128	119	100	96
Yugoslavia	QAOL	..	4	4	8	19	8	13	12	12
Other	BOQG	..	219	180	239	190	213	147	131	136
Total Europe	EPNM	-8 940	-9 071	-9 053	-7 911	-8 034	-6 586	-8 457	-11 818	-9 945
America										
Argentina	QAOS	..	47	65	-5	59	232	276	107	110
Brazil	FKMQ	-560	-450	-352	-257	-90	119	43	-221	-336
Canada	EOCQ	-187	43	108	-496	-437	-336	-340	-469	-518
Chile	QANQ	..	-92	-28	-115	-195	-167	-158	-217	-340
Colombia	QANR	..	-63	52	-21	-26	-7	-16	-103	-131
Mexico	EPJZ	153	176	160	-11	-5	57	179	187	59
United States of America	EOCP	-581	-483	-152	-1 714	-2 308	-3 455	-3 171	-113	865
Uruguay	QAOJ	..	2	3	-2	-7	6	20	26	24
Venezuela	QAOK	..	109	74	-8	12	64	131	64	17
Other Central American Countries	BOQS	..	142	471	612	186	356	276	228	-217
Other	BOQV	..	-59	-17	11	-81	-39	-31	-129	-114
Total America	EPNO	-1 185	-628	384	-2 006	-2 892	-3 170	-2 791	-640	-581
Asia										
China	EREL	-466	-524	-724	-1 011	-1 368	-1 459	-1 959	-2 184	-3 358
Hong Kong	EREE	-645	-717	-632	-700	-958	-930	-1 690	-2 607	-3 231
India	EREH	129	105	91	326	175	25	-137	33	422
Indonesia	FKMT	-186	-332	-357	-296	-42	-186	-500	-549	-684
Iran	QAOT	..	270	169	216	286	349	290	206	260
Israel	EREJ	129	365	505	454	477	338	207	302	505
Japan	EOCR	-4 879	-5 467	-5 537	-5 462	-4 289	-4 863	-5 970	-5 920	-6 509
Malaysia	EREI	-399	-365	180	-222	-1 108	-723	-1 217	-1 015	-1 377
Pakistan	FKMW	52	24	14	-2	-25	-92	-103	-95	-153
Philippines	FKMZ	-23	47	127	101	-460	-127	-552	-747	-884
Saudi Arabia	EREG	1 069	636	777	972	1 780	2 818	1 825	698	581
Singapore	EREF	24	-99	-25	-29	-304	-541	-738	-750	-760
South Korea	EREK	-246	-224	-81	-343	-636	-927	-1 526	-1 862	-2 053
Taiwan	EREN	-753	-880	-783	-675	-1 051	-1 202	-1 344	-1 769	-2 545
Thailand	EREM	-127	-69	-115	-149	-156	-301	-873	-831	-1 015
Residual Gulf Arabian Countries	BORA	..	1 741	1 641	2 080	2 169	2 378	1 823	1 418	1 477
Other Near & Middle Eastern Countries	QARL	..	246	253	273	332	411	382	276	279
Other	BORE	..	243	180	120	124	243	-66	-396	-611
Total Asia	EPNP	-4 126	-5 000	-4 317	-4 347	-5 054	-4 789	-12 148	-15 792	-19 656
Australasia & Oceania										
Australia	EPOA	387	657	922	1 072	1 249	1 138	852	813	1 169
New Zealand	EPOB	-147	-139	-105	-115	-129	-145	-178	-246	-236
Other	HFKK	-80	-87	-104	-130	-150	-80	-81	-100	-76
Total Australasia & Oceania	EPNQ	160	431	713	827	970	913	593	467	857
Africa										
Egypt	QALN	121	167	133	150	163	243	227	290	91
Morocco	QAOU	..	-5	4	31	-8	26	2	-24	-44
South Africa	EPOE	260	185	511	779	727	314	182	-287	-1 144
Other North Africa	BORX	..	23	-31	-35	-3	107	151	46	-300
Other	BOQK	..	832	530	489	409	600	428	234	342
Total Africa	EPNN	1 041	1 202	1 147	1 414	1 288	1 290	990	259	-1 055
International Organisations										
World total	EQCT	-13 050	-13 066	-11 126	-12 023	-13 722	-12 342	-21 813	-27 524	-30 380

Geographical breakdown

9.5 Trade in services

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Exports										
Europe										
European Union (EU)										
Austria	FYVC	200	238	265	324	347	288	327	368	394
Belgium and Luxembourg	FYVD	888	1 020	1 140	1 450	1 472	1 597	1 810	2 116	2 228
Denmark	FYVE	388	441	458	509	848	851	985	931	1 142
Finland	FYVF	280	303	328	384	561	537	508	633	910
France	FYVG	2 225	2 536	2 743	3 025	3 298	3 429	3 985	4 510	5 168
Germany	FYVH	3 131	3 577	3 924	4 345	4 462	4 578	4 956	5 250	6 246
Greece	FYVI	364	393	447	517	531	605	669	766	791
Ireland	FYVJ	1 075	1 183	1 522	1 956	2 214	2 269	2 431	2 428	2 699
Italy	FYVK	1 360	1 443	1 580	1 684	1 899	2 010	2 274	2 615	2 552
Netherlands	FYVL	1 481	1 683	1 897	2 098	2 432	2 772	3 026	3 773	4 206
Portugal	FYVM	269	295	329	351	375	312	437	546	439
Spain	FYVN	932	1 044	1 121	1 238	1 437	1 362	1 699	2 010	2 218
Sweden	FYVO	689	736	785	896	1 017	1 127	1 267	1 355	1 563
European Central Bank	KNWZ	—	—	—	—	—	—	—	—	2
EU Institutions	FYVP	584	360	316	376	150	240	225	227	244
Total EU	LGOL	13 866	15 252	16 855	19 153	21 043	21 977	24 599	27 528	30 802
European Free Trade Association (EFTA)										
Iceland	FYVR	37	35	44	41	50	55	48	32	67
Liechtenstein	FYVS	1	1	1	2	5	10	21	30	30
Norway	FYVT	644	806	942	927	1 057	947	1 128	1 115	997
Switzerland	FYVU	813	998	1 009	1 264	1 798	1 920	2 122	2 252	2 588
Total EFTA	FYVV	1 495	1 840	1 996	2 234	2 910	2 932	3 319	3 429	3 682
Other Europe										
Albania	ZWKM	13	16	20	24	41	41	65	51	60
Belarus	ZWKP	3	3	3	5	6	7	5	3	21
Bulgaria	ZWKO	4	5	6	7	12	20	14	38	40
Croatia	ZWKZ	9	9	10	12	19	19	23	38	33
Czech Republic	FYVW	65	72	76	104	114	118	194	136	183
Estonia	ZWKU	3	4	4	4	7	15	5	11	11
Hungary	GYWV	31	35	44	48	73	108	133	136	189
Latvia	ZWLC	5	5	5	9	13	27	18	26	30
Lithuania	ZWLB	6	7	8	11	18	19	8	14	18
Poland	FYVX	111	129	165	170	182	232	273	255	273
Romania	ZWLE	10	11	14	16	27	31	38	42	42
Russia	FYVY	170	214	275	307	327	355	419	277	384
Slovakia	ZWLG	13	14	18	22	33	29	30	31	37
Slovenia	ZWLF	5	6	7	10	16	17	9	21	18
Turkey	FYVZ	143	173	168	215	257	320	313	381	343
Ukraine	ZWLH	18	20	26	27	41	34	63	22	42
Yugoslavia	ZWLK	3	4	5	7	11	37	18	32	93
Other	ZWKJ	522	594	780	851	1 355	1 612	1 441	1 081	1 142
Total Europe	FYWB	16 495	18 413	20 485	23 236	26 505	27 950	30 987	33 552	37 443
America										
Argentina	ZWKN	46	54	60	59	72	74	107	115	130
Brazil	FYWC	183	209	217	253	268	290	414	354	347
Canada	FYWD	754	899	901	932	965	1 119	1 373	1 367	1 475
Chile	ZWKQ	32	38	41	41	47	55	106	100	81
Colombia	ZWKR	47	58	62	68	68	59	62	51	67
Mexico	FYWE	104	120	124	133	110	162	159	208	257
United States of America	FYWF	7 749	9 228	9 963	10 608	12 830	13 753	14 673	16 777	18 047
Uruguay	ZWLI	6	6	7	7	7	8	65	37	469
Venezuela	ZWLJ	30	36	37	38	42	49	66	70	83
Other Central American Countries	ZWKT	466	556	618	615	703	909	1 098	995	1 125
Other	ZWKW	149	169	183	179	193	259	233	229	184
Total America	FYWH	9 566	11 373	12 213	12 933	15 305	16 737	18 356	20 303	22 265
Asia										
China	FYWI	143	168	189	208	234	221	284	432	426
Hong Kong	FYWJ	590	726	793	749	828	865	833	911	948
India	FYWK	310	358	413	410	372	551	507	503	545
Indonesia	FYWL	122	143	156	214	191	225	187	165	235
Iran	ZWLA	43	51	49	57	59	64	85	93	114
Israel	FYWM	208	266	335	340	301	361	364	465	439
Japan	FYWN	1 436	1 674	1 960	2 225	2 225	2 279	2 296	2 778	3 106
Malaysia	FYWO	320	374	424	427	491	494	520	371	380
Pakistan	FYWP	203	228	248	287	324	277	374	291	173
Philippines	FYWQ	73	83	88	136	98	133	100	121	181
Saudi Arabia	FYWR	1 437	1 465	1 601	1 785	1 673	1 682	1 815	2 062	2 490
Singapore	FYWS	330	381	435	474	442	487	520	1 093	994
South Korea	FYWT	279	311	357	416	452	465	412	360	468
Taiwan	FYWU	113	174	152	217	237	260	234	238	258
Thailand	FYWV	197	232	263	340	246	270	216	198	182
Residual Gulf Arabian Countries	ZWKX	507	623	595	678	719	802	928	953	1 012
Other Near & Middle Eastern Countries	ZWKY	78	95	91	106	107	143	177	197	234
Other Asian Countries	ZWKK	870	1 038	987	1 091	1 068	1 112	1 053	635	829
Total Asia	FYWX	7 259	8 390	9 136	10 210	10 067	10 691	10 905	11 866	13 014
Australasia & Oceania										
Australia	FYWY	959	1 076	1 159	1 232	1 413	1 469	1 386	1 558	1 595
New Zealand	FYWZ	192	218	258	276	253	273	315	346	308
Other	FYXA	22	25	23	29	103	62	63	62	68
Total Australasia & Oceania	FYXB	1 173	1 319	1 440	1 537	1 769	1 804	1 764	1 966	1 971
Africa										
Egypt	ZWKV	56	63	65	65	81	108	97	261	242
Morocco	ZWLD	31	34	37	36	40	28	57	42	56
South Africa	FYXC	537	661	762	728	696	800	849	1 018	918
Other North Africa	ZWKS	86	92	103	100	123	241	277	106	267
Other	ZWKL	861	934	996	959	1 239	1 268	1 414	1 376	1 435
Total Africa	FYXE	1 571	1 784	1 963	1 888	2 179	2 445	2 694	2 803	2 918
International Organisations										
World total	FYXF	164	132	128	128	70	72	39	32	38
	KTMQ	36 228	41 411	45 365	49 932	55 895	59 699	64 745	70 522	77 649

9.5 Trade in services

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Imports										
Europe										
European Union (EU)										
Austria	GGOR	314	370	378	381	357	328	430	423	439
Belgium and Luxembourg	GGOS	711	810	746	1 071	1 325	1 265	1 337	1 699	1 605
Denmark	GGOT	277	307	352	373	492	564	568	618	668
Finland	GGOU	108	129	152	151	207	191	213	337	410
France	GGOV	3 043	3 318	3 695	3 944	4 269	4 742	5 631	6 689	7 459
Germany	GGOW	2 982	3 051	3 391	3 459	4 008	3 433	3 667	4 725	5 015
Greece	GGOX	871	932	1 090	1 041	819	805	893	1 327	1 455
Ireland	GGOY	734	836	962	1 094	1 413	1 528	1 586	2 043	2 124
Italy	GGOZ	899	990	1 213	1 234	1 842	1 934	2 270	2 541	2 586
Netherlands	GGPA	1 290	1 400	1 683	1 744	1 783	1 800	2 025	2 334	2 601
Portugal	GGPB	530	544	569	656	712	725	703	898	859
Spain	GGPC	2 169	2 626	3 136	3 533	3 616	3 890	4 467	5 550	5 832
Sweden	GGPD	363	409	478	516	595	555	559	763	770
European Central Bank	KOFT	—	—	—	—	—	—	—	—	1
EU Institutions	GGPE	—	1	1	1	2	1	6	4	2
Total EU	LGON	14 291	15 723	17 846	19 198	21 440	21 761	24 355	29 951	31 826
European Free Trade Association (EFTA)										
Iceland	GGPG	19	18	25	24	45	31	41	22	66
Liechtenstein	GGPH	—	—	—	1	—	—	25	5	10
Norway	GGPI	532	588	594	680	567	574	475	475	750
Switzerland	GGPJ	588	671	967	1 075	1 261	1 082	1 324	1 416	1 542
Total EFTA	GGPK	1 139	1 277	1 586	1 780	1 873	1 687	1 865	1 918	2 368
Other Europe										
Albania	ZWMS	11	11	13	11	14	9	32	27	19
Belarus	ZWMV	2	2	3	2	3	1	5	1	2
Bulgaria	ZWMU	18	18	21	18	23	27	21	30	29
Croatia	ZWNF	26	27	31	26	33	26	33	16	21
Czech Republic	GGPL	68	84	101	91	88	88	127	127	144
Estonia	ZWNA	4	4	5	4	5	1	4	4	16
Hungary	GYXH	42	44	51	42	56	61	76	92	118
Latvia	ZWNI	3	3	4	3	4	6	7	10	8
Lithuania	ZWNH	2	2	2	2	2	2	7	4	5
Poland	GGPM	87	97	93	117	87	136	143	180	198
Romania	ZWNK	21	23	25	21	27	22	25	47	53
Russia	GGPN	206	218	229	237	165	202	227	146	185
Slovakia	ZWNM	11	11	13	11	14	9	33	29	29
Slovenia	ZWNL	6	6	7	6	8	10	12	12	18
Turkey	GGPO	187	357	377	470	561	496	464	488	444
Ukraine	ZWNN	5	5	6	5	6	13	20	8	12
Yugoslavia	ZWNQ	9	9	10	8	11	13	9	29	25
Other	ZWMP	1 311	1 306	1 510	1 248	1 760	1 910	2 005	1 790	2 174
Total Europe	GGPQ	17 449	19 227	21 933	23 300	26 180	26 480	29 470	34 909	37 694
America										
Argentina	ZWMT	16	19	20	20	22	23	34	68	85
Brazil	GGPR	48	55	64	67	111	125	147	158	420
Canada	GGPS	654	701	829	778	684	889	954	1 006	1 071
Chile	ZWMW	14	15	16	17	22	17	40	32	30
Colombia	ZWMX	9	12	12	13	23	19	56	29	26
Mexico	GGPT	25	36	43	57	90	154	190	223	228
United States of America	GGPU	6 152	7 294	7 770	8 829	10 493	10 253	11 376	12 305	10 961
Uruguay	ZWNO	1	1	1	1	1	2	6	4	1 162
Venezuela	ZWNP	13	15	16	16	19	16	31	37	42
Other Central American Countries	ZWMZ	406	512	556	560	738	747	959	773	795
Other	ZWNC	172	207	227	226	330	245	211	316	289
Total America	GGPW	7 510	8 867	9 554	10 584	12 533	12 490	14 004	14 951	15 109
Asia										
China	GGPX	78	123	150	156	146	185	234	236	258
Hong Kong	GGPY	524	571	692	490	474	601	510	631	553
India	GGPZ	253	322	347	357	351	426	465	591	557
Indonesia	GGQA	121	141	156	168	167	129	104	147	133
Iran	ZWNG	7	8	11	8	8	11	20	14	35
Israel	GGQB	135	162	192	221	157	269	285	293	295
Japan	GGQC	616	731	867	963	1 253	1 098	1 156	1 272	1 492
Malaysia	GGQD	139	167	194	200	169	241	246	191	230
Pakistan	GGQE	120	136	151	161	130	163	161	223	218
Philippines	GGQF	45	52	60	63	52	55	53	73	205
Saudi Arabia	GGQG	341	445	381	399	321	360	466	512	558
Singapore	GGQH	377	417	470	358	258	348	308	339	302
South Korea	GGQI	61	79	84	101	115	153	131	146	131
Taiwan	GGQJ	64	68	75	88	100	131	135	134	145
Thailand	GGQK	168	206	212	268	201	185	251	249	336
Residual Gulf Arabian Countries	ZWND	260	309	362	318	297	289	417	403	339
Other Near & Middle Eastern Countries	ZWNE	42	51	59	52	47	59	63	62	144
Other	ZWMQ	723	833	974	852	823	799	749	683	871
Total Asia	GGQM	4 074	4 821	5 437	5 223	5 069	5 502	5 754	6 199	6 802
Australasia & Oceania										
Australia	GGQN	544	607	693	706	849	934	980	1 036	1 210
New Zealand	GGQO	139	161	173	191	219	231	221	219	237
Other	GGQP	8	26	17	27	66	32	36	25	23
Total Australasia & Oceania	GGQQ	691	794	883	924	1 134	1 197	1 237	1 280	1 470
Africa										
Egypt	ZWNB	101	113	125	146	127	96	77	181	228
Morocco	ZWNJ	36	39	43	49	42	74	98	99	112
South Africa	GGQR	230	265	250	352	415	454	513	408	494
Other North Africa	ZWMY	78	88	98	113	99	143	237	104	191
Other	ZWMR	479	534	586	676	627	668	624	675	809
Total Africa	GGQT	924	1 039	1 102	1 336	1 310	1 435	1 549	1 467	1 834
International Organisations										
World total	KTMR	30 746	34 830	38 986	41 451	46 298	47 171	52 079	58 862	62 988

Geographical breakdown

9.5 Trade in services

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Balances										
Europe										
European Union (EU)										
Austria	GGQW	-114	-132	-113	-57	-10	-40	-103	-55	-45
Belgium and Luxembourg	GGQX	177	210	394	379	147	332	473	417	623
Denmark	GGQY	111	134	106	136	356	287	417	313	474
Finland	GGQZ	172	174	176	233	354	346	295	296	500
France	GGRA	-818	-782	-952	-919	-971	-1 313	-1 646	-2 179	-2 291
Germany	GGRB	149	526	533	886	454	1 145	1 289	525	1 231
Greece	GGRC	-507	-539	-643	-524	-288	-200	-224	-561	-664
Ireland	GGRD	341	347	560	862	801	741	845	385	575
Italy	GGRE	461	453	367	450	57	76	4	74	-34
Netherlands	GGRF	191	283	214	354	649	972	1 001	1 439	1 605
Portugal	GGRG	-261	-249	-240	-305	-337	-413	-266	-352	-420
Spain	GGRH	-1 237	-1 582	-2 015	-2 295	-2 179	-2 528	-2 768	-3 540	-3 614
Sweden	GGRI	326	327	307	380	422	572	708	592	793
European Central Bank	ZWTI	-	-	-	-	-	-	-	-	1
EU Institutions	GGRJ	584	359	315	375	148	239	219	223	242
Total EU	LGOV	-425	-471	-991	-45	-397	216	244	-2 423	-1 024
European Free Trade Association (EFTA)										
Iceland	GGRL	18	17	19	17	5	24	7	10	1
Liechtenstein	GGRM	1	1	1	1	5	10	-4	25	20
Norway	GGRN	112	218	348	247	490	373	653	640	247
Switzerland	GGRO	225	327	42	189	537	838	798	836	1 046
Total EFTA	GGRP	356	563	410	454	1 037	1 245	1 454	1 511	1 314
Other Europe										
Albania	ZWTM	2	5	7	13	27	32	33	24	41
Belarus	ZWTP	1	1	-	3	3	6	-	2	19
Bulgaria	ZWTO	-14	-13	-15	-11	-11	-7	-7	8	11
Croatia	ZWTZ	-17	-18	-21	-14	-14	-7	-10	22	12
Czech Republic	GGRQ	-3	-12	-25	13	26	30	67	9	39
Estonia	ZWTU	-1	-	-1	-	2	14	1	7	-5
Hungary	GYXT	-11	-9	-7	6	17	47	57	44	71
Latvia	ZWUC	2	2	1	6	9	21	11	16	22
Lithuania	ZWUB	4	5	6	9	16	17	1	10	13
Poland	GGRR	24	32	72	53	95	96	130	75	75
Romania	ZWUE	-11	-12	-11	-5	-	9	13	-5	-11
Russia	GGRS	-36	-4	46	70	162	153	192	131	199
Slovakia	ZWUG	2	3	5	11	19	20	-3	2	8
Slovenia	ZWUF	-1	-	-	4	8	7	-3	9	-
Turkey	GGRT	-44	-184	-209	-255	-304	-176	-151	-107	-101
Ukraine	ZWUH	13	15	20	22	35	21	43	14	30
Yugoslavia	ZWUK	-6	-5	-5	-1	-	24	9	3	68
Other	ZWTJ	-789	-712	-730	-397	-405	-298	-564	-709	-1 032
Total Europe	GGRV	-954	-814	-1 448	-64	325	1 470	1 517	-1 357	-251
America										
Argentina	ZWTN	30	35	40	39	50	51	73	47	45
Brazil	GGRW	135	154	153	186	157	165	267	196	-73
Canada	GGRX	100	198	72	154	281	230	419	361	404
Chile	ZWTQ	18	23	25	24	25	38	66	68	51
Colombia	ZWTR	38	46	50	55	45	40	6	22	41
Mexico	GGRY	79	84	81	76	20	8	-31	-15	29
United States of America	GGRZ	1 597	1 934	2 193	1 779	2 337	3 500	3 297	4 472	7 086
Uruguay	ZWUI	5	5	6	6	6	6	59	33	-693
Venezuela	ZWUJ	17	21	21	22	23	33	35	33	41
Other Central American Countries	ZWTT	60	44	62	55	-35	162	139	222	330
Other	ZWTW	-23	-38	-44	-47	-137	14	22	-87	-105
Total America	GGSB	2 056	2 506	2 659	2 349	2 772	4 247	4 352	5 352	7 156
Asia										
China	GGSC	65	45	39	52	88	36	50	196	168
Hong Kong	GGSD	66	155	101	259	354	264	323	280	395
India	GGSE	57	36	66	53	21	125	42	-88	-12
Indonesia	GGSF	1	2	-	46	24	96	83	18	102
Iran	ZWUA	36	43	38	49	51	53	65	79	79
Israel	GGSG	73	104	143	119	144	92	79	172	144
Japan	GGSH	820	943	1 093	1 264	972	1 181	1 140	1 506	1 614
Malaysia	GCSI	181	207	230	275	322	253	274	180	150
Pakistan	GGSJ	83	92	97	126	194	114	213	68	-45
Philippines	GGSK	28	31	28	73	46	78	47	48	-24
Saudi Arabia	GGS�	1 096	1 020	1 220	1 386	1 352	1 322	1 349	1 550	1 932
Singapore	GGSN	-47	-36	-35	116	184	139	212	754	692
South Korea	GGSN	218	232	273	315	337	312	281	214	337
Taiwan	GGSO	49	106	77	129	137	129	99	104	113
Thailand	GGSP	29	26	51	72	45	85	-35	-51	-154
Residual Gulf Arabian Countries	ZWTX	247	314	233	360	422	513	511	550	673
Other Near & Middle Eastern Countries	ZWTY	36	44	32	54	60	84	114	135	90
Other	ZWTK	147	205	13	239	245	313	304	-48	-42
Total Asia	GGSR	3 185	3 569	3 699	4 987	4 998	5 189	5 151	5 667	6 212
Australasia & Oceania										
Australia	GGSS	415	469	466	526	564	535	406	522	385
New Zealand	GGST	53	57	85	85	34	42	94	127	71
Other	GGSU	14	-1	6	2	37	30	27	37	45
Total Australasia & Oceania	GGSV	482	525	557	613	635	607	527	686	501
Africa										
Egypt	ZWTV	-45	-50	-60	-81	-46	12	20	80	14
Morocco	ZWUD	-5	-5	-6	-13	-2	-46	-41	-57	-56
South Africa	GGSW	307	396	512	376	281	346	336	610	424
Other North Africa	ZWTS	8	4	5	-13	24	98	40	2	76
Other	ZWTL	382	400	410	283	612	600	790	701	626
Total Africa	GGSY	647	745	861	552	869	1 010	1 145	1 336	1 084
International Organisations										
World total	KTMS	5 482	6 581	6 379	8 481	9 597	12 528	12 666	11 660	14 661

Geographical breakdown

9.6 Income

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits										
Europe										
European Union (EU)										
Austria	CUGY	417	400	424	531	530	535	612	565	749
Belgium and Luxembourg	CTFK	2 490	2 635	2 593	3 113	3 407	3 517	4 105	3 750	4 723
Denmark	LEQU	644	654	507	612	625	724	905	885	1 103
Finland	LEUG	516	607	631	656	542	519	481	408	555
France	LEUP	3 910	4 697	4 860	6 001	5 905	5 410	5 982	6 152	7 947
Germany	LEQL	3 748	6 176	6 592	9 225	8 948	7 994	7 653	8 376	11 971
Greece	LEUY	222	139	198	348	799	1 069	1 021	878	1 389
Ireland	BFLY	1 280	1 399	1 426	1 707	1 916	2 395	2 611	2 980	4 183
Italy	BFOG	4 457	4 616	4 466	5 187	5 085	5 152	5 734	5 123	6 877
Netherlands	BFQI	5 175	5 888	6 378	7 097	7 990	8 642	8 638	9 127	11 715
Portugal	BFSK	253	258	287	394	460	392	446	462	747
Spain	LESW	1 046	1 359	1 411	1 784	2 409	2 427	2 306	2 006	2 437
Sweden	BFTL	1 352	1 508	1 191	1 417	1 600	1 428	1 371	1 531	1 733
European Central Bank	ZWYO	—	—	—	—	—	—	—	—	—
EU Institutions	CSFK	148	213	224	211	143	163	163	164	392
Total EU	LEQC	25 658	30 549	31 188	38 283	40 359	40 367	42 028	42 407	56 521
European Free Trade Association (EFTA)										
Iceland	BFNQ	60	55	36	32	25	20	30	27	45
Liechtenstein	BFPH	47	41	38	51	64	52	32	34	46
Norway	BFQR	533	553	525	531	588	606	622	646	899
Switzerland	LEPB	2 400	2 789	2 774	3 289	3 530	3 578	4 102	4 676	7 303
Total EFTA	CTFT	3 040	3 438	3 373	3 903	4 207	4 256	4 786	5 383	8 293
Other Europe										
Albania	ZWYP	—	—	—	—	—	—	—	—	—
Belarus	ZWYQ	—	—	—	—	—	—	—	—	—
Bulgaria	ZWYR	94	77	15	24	16	41	23	58	66
Croatia	ZWYS	4	4	4	4	4	14	1	7	12
Czech Republic	LEPT	—2	—1	21	49	109	130	115	122	145
Estonia	ZWYT	1	1	1	2	3	13	12	7	5
Hungary	BFKR	121	104	86	106	180	218	200	313	403
Latvia	ZWYU	—	—	—	2	—	1	4	3	2
Lithuania	ZWYV	—	—	—	—	5	8	11	15	18
Poland	BFSB	52	49	57	114	111	119	81	101	201
Romania	ZWYW	5	9	10	22	42	25	19	48	68
Russia	BFST	5	7	82	105	130	234	414	197	259
Slovakia	ZWYX	2	5	2	24	51	69	69	70	42
Slovenia	ZWYY	—	—	—	—	—	8	3	37	45
Turkey	BFUM	159	170	164	136	158	190	235	307	471
Ukraine	ZWYZ	10	8	10	11	8	—	4	7	9
Yugoslavia	BFWF	67	46	28	33	57	49	52	61	77
Other	LEVZ	1 721	1 216	1 261	1 229	1 463	2 601	3 465	2 592	3 429
Total Europe	LERD	30 937	35 682	36 302	44 047	46 903	48 343	51 522	51 735	70 066
America										
Argentina	ZWZB	377	469	440	449	437	484	455	339	423
Brazil	LENR	596	716	902	1 053	1 079	790	728	344	560
Canada	LEOS	1 155	1 279	1 404	1 817	1 609	1 820	2 036	1 878	2 520
Chile	ZWZC	243	264	305	345	339	283	213	191	268
Colombia	ZWZD	56	52	55	51	68	92	55	120	222
Mexico	BFPQ	971	900	718	630	455	535	410	375	516
United States of America	BFVE	11 908	13 494	14 476	16 639	18 645	21 125	26 119	24 066	31 516
Uruguay	ZWZE	28	19	20	24	32	29	23	19	24
Venezuela	ZWZF	258	264	175	169	184	149	—52	17	56
Other Central American Countries	JISP	531	577	484	515	822	1 153	2 071	1 859	2 718
Other	LEVH	505	540	449	481	599	960	1 894	1 672	2 528
Total America	LESN	16 628	18 574	19 428	22 173	24 269	27 420	33 952	30 880	41 351
Asia										
China	LEPK	71	68	105	132	174	217	177	187	247
Hong Kong	BFJU	2 507	2 458	2 695	3 034	3 265	2 596	2 341	1 845	2 242
India	BFNB	205	226	226	252	251	284	342	324	408
Indonesia	BFLP	110	82	115	138	181	303	219	153	167
Iran	ZWZG	132	106	79	113	118	64	88	77	87
Israel	BFMS	26	25	21	38	56	59	52	64	67
Japan	BFOF	9 100	8 102	7 425	8 869	7 516	7 171	6 465	7 036	8 663
Malaysia	BFPZ	302	337	369	366	418	481	361	430	531
Pakistan	BFRS	42	32	39	57	62	123	25	3	28
Philippines	BFRJ	95	110	110	115	133	103	111	93	103
Saudi Arabia	BFTC	86	115	136	154	127	144	175	224	311
Singapore	BFTU	1 877	2 024	2 111	2 602	2 689	2 668	2 000	1 529	1 951
South Korea	BFOY	137	127	159	267	407	564	361	186	262
Taiwan	BFUV	90	107	130	141	163	172	143	109	189
Thailand	BFUD	109	125	173	225	268	221	77	87	165
Residual Gulf Arabian Countries	JITQ	295	305	340	359	369	494	1 002	536	759
Other Near & Middle Eastern Countries	ZWZH	108	119	112	131	117	158	97	107	130
Other	LEWI	305	311	348	406	382	434	274	224	322
Total Asia	LETF	15 597	14 779	14 693	17 399	16 696	16 256	14 310	13 214	16 632
Australasia & Oceania										
Australia	CXAT	1 505	1 775	1 816	2 059	2 227	2 075	1 804	2 009	2 860
New Zealand	BFFA	378	416	433	472	493	390	287	431	529
Other	LEVQ	137	149	179	200	222	164	380	79	111
Total Australasia & Oceania	LETX	2 020	2 340	2 428	2 731	2 942	2 629	2 471	2 519	3 500
Africa										
Egypt	ZWZJ	65	64	41	57	69	79	—46	78	112
Morocco	ZWZK	43	40	30	36	55	23	35	56	49
South Africa	BFWX	531	540	554	661	703	761	753	950	1 192
Other North Africa	JIRR	172	141	118	106	83	87	100	80	78
Other	LEWR	545	574	620	648	666	553	461	498	684
Total Africa	LERV	1 356	1 359	1 363	1 508	1 576	1 503	1 303	1 662	2 115
International Organisations										
World total	CTFB	166	194	169	161	146	193	227	262	333
	HMBQ	66 704	72 928	74 383	88 019	92 532	96 344	103 785	100 272	133 997

9.6 Income

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Debits										
Europe										
European Union (EU)										
Austria	CUGZ	549	581	589	743	762	877	674	493	664
Belgium and Luxembourg	CTFL	3 443	3 802	4 087	4 873	4 373	3 798	3 962	3 476	4 466
Denmark	LEQV	514	722	582	692	987	1 028	1 005	835	978
Finland	LEUH	441	396	407	535	539	566	352	304	350
France	LEUQ	4 357	5 418	5 188	6 657	5 958	5 470	5 995	6 638	8 162
Germany	LEQM	6 505	7 849	7 711	9 904	8 966	8 420	7 456	6 577	8 384
Greece	LEUZ	279	246	271	471	758	860	922	862	1 108
Ireland	BFLZ	926	1 059	1 186	1 683	2 406	2 527	2 587	2 339	3 073
Italy	BFOH	1 962	2 127	2 221	2 755	3 259	3 686	3 713	2 645	3 015
Netherlands	BFQJ	3 959	4 201	4 204	5 051	5 691	4 335	3 529	8 663	13 025
Portugal	BFSL	429	456	316	437	435	396	283	212	262
Spain	LESX	727	1 301	1 271	1 816	2 124	1 744	1 761	1 317	1 365
Sweden	BFTM	1 175	1 167	1 009	1 230	1 522	1 223	1 128	1 234	1 528
European Central Bank	ZWZM	—	—	—	—	—	—	—	—	—
EU Institutions	CSFL	558	556	644	693	680	745	800	1 000	1 163
Total EU	LEQD	25 824	29 881	29 686	37 540	38 460	35 675	34 167	36 595	47 543
European Free Trade Association (EFTA)										
Iceland	BFNR	8	9	7	4	4	5	6	8	4
Liechtenstein	BFPI	113	114	113	129	126	125	113	92	122
Norway	BFQS	136	261	344	363	408	683	21	-152	-324
Switzerland	LEPC	6 255	6 623	6 453	6 934	6 897	6 897	5 352	6 789	10 269
Total EFTA	CTFU	6 512	7 007	6 917	7 430	7 435	7 710	5 492	6 737	10 071
Other Europe										
Albania	ZWZN	27	29	45	56	50	59	57	73	5
Belarus	ZWZO	27	27	43	53	46	56	55	71	—
Bulgaria	ZWZP	49	45	64	87	67	96	78	92	38
Croatia	ZWZQ	31	30	46	58	49	56	55	71	—
Czech Republic	LEPU	8	13	36	87	163	177	113	93	141
Estonia	ZWZR	32	32	46	57	49	59	57	75	6
Hungary	BFKS	94	60	62	92	89	101	120	123	68
Latvia	ZWZS	27	28	44	57	50	67	62	78	15
Lithuania	ZWZT	28	34	52	60	60	66	61	86	14
Poland	BFSC	76	100	108	158	163	266	216	161	207
Romania	ZWZU	47	52	71	78	91	124	87	89	35
Russia	BFSU	33	67	134	136	159	196	24	136	393
Slovakia	ZWZV	27	35	71	122	82	79	74	91	8
Slovenia	ZWZW	27	27	43	53	46	56	52	71	—
Turkey	BFUN	205	185	198	297	269	184	173	118	163
Ukraine	ZWZX	27	27	43	53	46	58	55	71	2
Yugoslavia	BFWG	77	57	108	127	161	165	126	143	111
Other	LEWA	3 334	2 708	2 388	3 218	3 935	4 935	7 122	6 319	8 188
Total Europe	LERE	36 512	40 444	40 205	49 819	51 470	50 185	48 246	51 293	67 008
America										
Argentina	ZWZZ	-63	-13	-21	-17	14	64	108	71	149
Brazil	LENS	86	104	78	274	402	290	221	169	200
Canada	LEOT	523	606	747	709	857	773	807	826	1 036
Chile	ZXAA	92	154	153	188	173	151	89	11	20
Colombia	ZXAB	161	118	79	83	137	81	44	18	52
Mexico	BFPR	180	158	109	114	122	119	186	-48	248
United States of America	BFVF	10 460	13 010	12 740	15 133	18 489	19 886	19 886	22 362	29 989
Uruguay	ZXAC	38	30	35	20	24	30	24	18	24
Venezuela	ZXAD	44	33	42	35	25	23	19	22	35
Other Central American Countries	JISQ	519	569	365	236	541	1 285	2 017	1 786	2 205
Other	LEVI	637	698	570	494	674	1 345	2 001	1 900	1 908
Total America	LESO	12 677	15 467	14 897	17 269	21 458	24 047	25 396	27 135	35 866
Asia										
China	LEPL	282	188	185	204	145	155	148	162	354
Hong Kong	BFJV	2 007	1 936	1 804	2 055	1 796	1 550	1 854	2 500	3 582
India	BFNC	162	180	303	347	305	370	377	348	396
Indonesia	BFLQ	117	108	87	113	119	96	43	44	83
Iran	ZXAE	163	148	149	179	213	133	126	158	374
Israel	BFMT	144	139	134	156	180	220	158	168	236
Japan	BFOQ	6 018	6 048	6 024	7 055	7 067	6 220	7 351	7 208	10 245
Malaysia	BFQA	135	162	247	311	412	430	279	206	294
Pakistan	BFRT	54	53	77	86	57	71	61	54	78
Philippines	BFRK	47	40	37	31	31	63	49	74	101
Saudi Arabia	BFTD	1 647	1 585	1 331	1 603	1 452	1 324	869	713	936
Singapore	BFTV	1 249	1 473	1 228	1 687	1 852	1 804	1 276	1 732	2 357
South Korea	BFOZ	103	106	85	155	157	202	180	59	151
Taiwan	BFUW	387	305	239	208	147	158	112	107	143
Thailand	BFUE	104	65	86	132	137	140	84	71	130
Residual Gulf Arabian Countries	JITR	709	641	486	533	493	558	481	458	636
Other Near & Middle Eastern Countries	ZXAF	433	388	285	303	262	318	267	215	298
Other	LEWJ	1 125	1 033	832	916	789	944	829	704	940
Total Asia	LETG	14 886	14 598	13 619	16 074	15 614	14 756	14 544	14 981	21 334
Australasia & Oceania										
Australia	CXCM	805	918	732	902	926	1 297	1 090	981	1 496
New Zealand	BFRB	30	53	98	105	163	181	175	-36	-140
Other	LEVR	15	7	8	2	5	13	-52	-3	13
Total Australasia & Oceania	LETY	850	978	838	1 009	1 094	1 491	1 213	942	1 369
Africa										
Egypt	ZXAH	807	968	824	826	746	582	478	369	426
Morocco	ZXAI	41	45	56	40	58	54	53	36	49
South Africa	BFWY	13	67	28	58	112	216	431	678	762
Other North Africa	JIRS	191	106	107	159	136	254	215	186	295
Other	LEWS	327	199	243	336	292	510	461	425	441
Total Africa	LERW	1 379	1 385	1 258	1 419	1 344	1 616	1 638	1 694	1 973
International Organisations										
World total	CTFC	272	247	218	328	348	343	190	208	330
	HMBR	66 576	73 119	71 035	85 918	91 328	92 438	91 227	96 253	127 880

9.6 Income

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Balances										
Europe										
European Union (EU)										
Austria	CUHA	-132	-181	-165	-212	-232	-342	-62	72	85
Belgium and Luxembourg	CTFM	-953	-1 167	-1 494	-1 760	-966	-281	143	274	257
Denmark	LEQW	130	-68	-75	-80	-362	-304	-100	50	125
Finland	LEUI	75	211	224	121	3	-47	129	104	205
France	LEUR	-447	-721	-328	-656	-53	-60	-13	-486	-215
Germany	LEQN	-2 757	-1 673	-1 119	-679	-18	-426	197	1 799	3 587
Greece	LEVA	-57	-107	-73	-123	41	209	99	16	281
Ireland	BFML	354	340	240	24	-490	-132	24	641	1 110
Italy	BFOI	2 495	2 489	2 245	2 432	1 826	1 466	2 021	2 478	3 862
Netherlands	BFQK	1 216	1 687	2 174	2 046	2 299	4 307	5 109	464	-1 310
Portugal	BFSM	-176	-198	-29	-43	25	-4	163	250	485
Spain	LESY	319	58	140	-32	285	683	545	689	1 072
Sweden	BFTN	177	341	182	187	78	205	243	297	205
European Central Bank	ZXAK	-	-	-	-	-	-	-	-	-
EU Institutions	CSFM	-410	-343	-420	-482	-537	-582	-637	-836	-771
Total EU	LEQE	-166	668	1 502	743	1 899	4 692	7 861	5 812	8 978
European Free Trade Association (EFTA)										
Iceland	BFNU	52	46	29	28	21	15	24	19	41
Liechtenstein	BFPJ	-66	-73	-75	-78	-62	-73	-81	-58	-76
Norway	BFQT	397	292	181	168	180	-77	601	798	1 223
Switzerland	LEPD	-3 855	-3 834	-3 679	-3 645	-3 367	-3 319	-1 250	-2 113	-2 966
Total EFTA	CTFV	-3 472	-3 569	-3 544	-3 527	-3 228	-3 454	-706	-1 354	-1 778
Other Europe										
Albania	ZXAL	-27	-29	-45	-56	-50	-59	-57	-73	-5
Belarus	ZXAM	-27	-27	-43	-53	-46	-56	-55	-71	-
Bulgaria	ZXAN	45	32	-49	-63	-51	-55	-55	-34	28
Croatia	ZXAO	-27	-26	-42	-54	-45	-42	-54	-64	12
Czech Republic	LEPV	-10	-14	-15	-38	-54	-47	2	29	4
Estonia	ZXAP	-31	-31	-45	-55	-46	-46	-45	-68	-1
Hungary	BFKT	27	44	24	14	91	117	80	190	335
Latvia	ZXAQ	-27	-28	-44	-55	-50	-66	-58	-75	-13
Lithuania	ZXAR	-28	-34	-52	-60	-55	-58	-50	-71	4
Poland	BFSO	-24	-51	-51	-44	-52	-147	-135	-60	-6
Romania	ZXAS	-42	-43	-61	-56	-49	-99	-68	-41	33
Russia	BFSV	-28	-60	-52	-31	-29	38	390	61	-134
Slovakia	ZXAT	-25	-30	-69	-98	-31	-10	-5	-21	34
Slovenia	ZXAU	-27	-27	-43	-53	-46	-48	-49	-34	45
Turkey	BFUO	-46	-15	-34	-161	-111	6	62	189	308
Ukraine	ZXAV	-17	-19	-33	-42	-38	-58	-51	-64	7
Yugoslavia	BFWH	-10	-11	-80	-94	-104	-116	-74	-82	-34
Other	LEWB	-1 613	-1 492	-1 127	-1 989	-2 472	-2 334	-3 657	-3 727	-4 759
Total Europe	LERF	-5 575	-4 762	-3 903	-5 772	-4 567	-1 842	3 276	442	3 058
America										
Argentina	ZXAX	440	482	461	466	423	420	347	268	274
Brazil	LENT	510	612	824	779	677	500	507	175	360
Canada	LEOU	632	673	657	1 108	752	1 047	1 229	1 052	1 484
Chile	ZXAY	151	110	152	157	166	132	124	180	248
Colombia	ZXAZ	-105	-66	-24	-32	-69	11	11	102	170
Mexico	BFPS	791	742	609	516	333	416	224	423	268
United States of America	BFVG	1 448	484	1 736	1 506	1 56	1 239	6 239	1 704	1 527
Uruguay	ZXBA	-10	-11	-15	4	8	-1	-1	1	-
Venezuela	ZXBB	214	231	133	134	159	126	-71	-5	21
Other Central American Countries	JISR	12	8	119	279	281	-132	54	73	513
Other	LEVJ	-132	-158	-121	-13	-75	-385	-107	-228	620
Total America	LESP	3 951	3 107	4 531	4 904	2 811	3 373	8 556	3 745	5 485
Asia										
China	LEPM	-211	-120	-80	-72	29	62	29	25	-107
Hong Kong	BFJW	500	522	891	979	1 469	1 046	487	-655	-1 340
India	BFND	43	46	-77	-95	-54	-86	-35	-24	12
Indonesia	BFLR	-7	-26	28	25	62	207	176	109	84
Iran	ZXBC	-31	-42	-70	-66	-95	-69	-38	-81	-287
Israel	BFMU	-118	-114	-113	-118	-124	-161	-106	-104	-169
Japan	BFOR	3 082	2 054	1 401	1 814	449	951	-886	-172	-1 582
Malaysia	BFQB	167	175	122	55	6	51	82	224	237
Pakistan	BFRU	-12	-21	-38	-29	5	52	-36	-51	-50
Philippines	BFRL	48	70	73	84	102	40	62	19	2
Saudi Arabia	BFTE	-1 561	-1 470	-1 195	-1 449	-1 325	-1 180	-694	-489	-625
Singapore	BFTW	628	551	883	915	837	864	724	-203	-406
South Korea	BFFA	34	21	74	112	250	362	181	127	111
Taiwan	BFUX	-297	-198	-109	-67	16	14	31	2	46
Thailand	BFUF	5	60	87	93	131	81	-7	16	35
Residual Gulf Arabian Countries	JITS	-414	-336	-146	-174	-124	-64	521	78	123
Other Near & Middle Eastern Countries	ZXBD	-325	-269	-173	-172	-145	-160	-170	-108	-168
Other	LEWK	-820	-722	-484	-510	-407	-510	-555	-480	-618
Total Asia	LETH	711	181	1 074	1 325	1 082	1 500	-234	-1 767	-4 702
Australasia & Oceania										
Australia	CYAA	700	857	1 084	1 157	1 301	778	714	1 028	1 364
New Zealand	BFRG	348	363	335	367	330	209	112	467	669
Other	LEVS	122	142	171	198	217	151	432	82	98
Total Australasia & Oceania	LETZ	1 170	1 362	1 590	1 722	1 848	1 138	1 258	1 577	2 131
Africa										
Egypt	ZXBF	-742	-904	-783	-769	-677	-503	-524	-291	-314
Morocco	ZXBG	2	-5	-26	-4	-3	-31	-18	20	-
South Africa	BFWZ	518	473	526	603	591	545	322	272	430
Other North Africa	JIRT	-19	35	11	-53	-53	-167	-115	-106	-217
Other	LEWT	218	375	377	312	374	43	-	73	243
Total Africa	LERX	-23	-26	105	89	232	-113	-335	-32	142
International Organisations										
World total	HMBP	-106	-53	-49	-167	-202	-150	37	54	3
		128	-191	3 348	2 101	1 204	3 906	12 558	4 019	6 117

9.7 Current transfers

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Credits										
Europe										
European Union (EU)										
Austria	GXVQ	6	7	7	6	42	35	35	37	32
Belgium and Luxembourg	GXVR	59	109	129	120	267	221	252	249	246
Denmark	GXVS	6	36	21	57	93	52	47	44	47
Finland	GXVT	6	—	12	34	36	22	18	18	41
France	GXVU	389	365	258	432	524	340	361	338	356
Germany	GXVV	418	440	429	489	643	465	483	474	462
Greece	GXVW	38	58	73	59	110	59	60	55	60
Ireland	GXVX	197	215	209	239	281	167	165	152	165
Italy	GXVY	117	111	167	163	337	175	170	158	165
Netherlands	GXVZ	892	518	665	609	419	334	343	349	398
Portugal	GXWA	—	29	18	22	26	19	19	20	30
Spain	GXWB	79	93	77	90	160	116	120	116	112
Sweden	GXWC	—	54	70	79	171	113	110	104	112
European Central Bank	KNWK	—	—	—	—	—	—	—	—	—
EU Institutions	GXWD	4 138	5 336	4 362	4 419	6 155	5 528	5 076	6 310	5 992
Total EU	LGPH	6 345	7 371	6 497	6 818	9 264	7 646	7 259	8 424	8 218
European Free Trade Association (EFTA)										
Iceland	GXWF	4	3	3	5	41	36	36	36	36
Liechtenstein	GXWG	2	2	2	2	11	6	4	3	4
Norway	GXWH	40	52	47	51	149	86	83	78	88
Switzerland	GXWI	483	320	42	226	195	108	107	101	100
Total EFTA	GXWJ	529	377	94	284	396	236	230	218	228
Other Europe										
Albania	HZXP	—	—	—	—	—	1	—	—	—
Belarus	HZXQ	—	—	—	—	—	—	—	—	—
Bulgaria	KOLZ	—	—	—	—	—	—	—	—	2
Croatia	HZXR	12	25	24	29	12	6	4	3	4
Czech Republic	GXWK	4	4	3	4	14	7	5	6	8
Estonia	LWVG	1	2	2	2	1	3	—	—	—
Hungary	HZXT	—	—	—	—	—	—	1	1	1
Latvia	LWVC	11	23	22	27	11	4	4	3	4
Lithuania	LYTR	—	—	—	—	—	1	—	—	—
Poland	GXWL	9	9	9	9	16	29	7	8	5
Romania	HZXV	—	—	—	—	—	—	2	2	—
Russia	GXWM	28	21	21	23	62	29	32	31	21
Slovakia	HZXX	—	—	—	—	—	—	5	4	—
Slovenia	HZXY	—	—	—	—	—	—	—	—	—
Turkey	GXWN	24	22	22	24	60	36	36	34	35
Ukraine	HZYA	—	—	—	—	—	1	—	—	1
Yugoslavia	LTVE	—	—	—	—	—	—	—	3	4
Other	HKJF	53	102	98	123	50	25	26	20	23
Total Europe	GXWP	7 016	7 956	6 792	7 343	9 886	8 024	7 611	8 757	8 554
America										
Argentina	HZYJ	19	16	13	14	44	19	20	16	19
Brazil	GXWQ	17	12	11	15	56	25	25	23	21
Canada	GXWR	248	229	304	241	630	306	296	269	304
Chile	HZYL	14	12	10	10	33	15	15	12	12
Colombia	HZYM	29	25	21	22	70	29	27	25	29
Mexico	GXWS	28	23	20	24	76	37	35	34	37
United States of America	GXWT	3 014	2 261	2 586	2 753	4 391	2 206	2 101	1 897	2 262
Uruguay	HZYN	—	—	—	—	—	—	—	—	—
Venezuela	HZYO	20	17	15	15	48	22	27	26	19
Other Central American Countries	HZYG	254	217	186	186	604	261	251	227	299
Other	HZYI	19	16	13	14	44	19	19	17	19
Total America	GXWV	3 662	2 828	3 179	3 294	5 996	2 939	2 816	2 546	3 021
Asia										
China	GXWW	27	22	21	25	46	20	21	20	18
Hong Kong	GXWX	131	109	120	147	186	134	79	72	76
India	GXWY	61	56	54	58	36	17	18	20	22
Indonesia	GXWZ	26	20	17	21	85	37	38	30	35
Iran	HZYQ	7	6	6	7	11	6	4	3	5
Israel	GXXA	43	34	33	36	111	55	53	47	51
Japan	GXXB	162	147	181	234	364	175	172	152	173
Malaysia	GXXC	60	53	52	55	54	29	31	27	28
Pakistan	GXXD	2	2	2	2	13	8	7	8	5
Philippines	GXXE	16	11	9	12	45	22	20	16	17
Saudi Arabia	GXXF	33	28	30	33	472	487	492	506	495
Singapore	GXXG	38	31	30	32	47	21	23	21	19
South Korea	GXXH	19	16	15	17	44	19	19	21	20
Taiwan	GXXI	19	16	15	16	33	15	15	12	14
Thailand	GXXJ	13	11	11	11	23	9	9	9	7
Residual Gulf Arabian Countries	HZYS	135	108	104	121	203	177	176	177	177
Other Near & Middle Eastern Countries	HZYU	182	145	139	162	273	294	294	306	297
Other	HZVR	83	66	63	74	124	107	65	64	65
Total Asia	GXXL	1 057	881	902	1 063	2 170	1 632	1 536	1 511	1 524
Australasia & Oceania										
Australia	GXXM	386	346	342	380	362	224	207	201	216
New Zealand	GXXN	109	104	104	105	102	76	68	65	62
Other	GXXO	7	4	3	5	12	6	4	5	7
Total Australasia & Oceania	GXXP	502	454	449	490	476	306	279	271	285
Africa										
Egypt	LZDN	11	14	14	14	13	5	2	7	5
Morocco	HICY	9	12	12	12	11	6	4	3	4
South Africa	GXXQ	116	110	113	125	239	124	125	116	125
Other North Africa	HICX	20	27	26	28	25	13	15	13	13
Other	HZUI	82	109	105	112	100	53	55	46	51
Total Africa	GXXS	238	272	270	291	388	201	201	185	198
International Organisations										
World total	KTND	12 475	12 391	11 592	12 481	18 916	13 102	12 443	13 270	13 582

9.7 Current transfers

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Debits										
Europe										
European Union (EU)										
Austria	GXXV	33	25	27	31	61	47	40	38	47
Belgium and Luxembourg	GXXW	151	122	113	118	524	286	230	223	283
Denmark	GXXX	40	45	32	56	154	79	61	61	71
Finland	GXXY	16	13	13	15	143	65	55	45	61
France	GXXZ	317	220	290	332	1 036	516	477	570	576
Germany	GXYA	355	306	362	443	1 658	801	734	666	752
Greece	GXYB	68	57	21	40	32	18	18	19	36
Ireland	GXYC	493	448	417	486	948	816	863	500	607
Italy	GXYD	168	135	140	168	553	331	336	250	247
Netherlands	GXYE	237	426	452	534	747	380	356	356	389
Portugal	GXYF	39	28	42	49	103	58	57	56	77
Spain	GXYG	151	131	155	190	340	203	216	238	212
Sweden	GXYH	51	31	59	81	294	136	113	119	117
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
Total EU	LGPL	9 089	10 247	9 554	11 735	15 870	12 004	13 821	13 665	14 194
European Free Trade Association (EFTA)										
Iceland	GXYK	8	6	6	8	17	7	7	6	9
Liechtenstein	GXYL	3	3	3	3	—	—	—	—	—
Norway	GXYM	105	60	74	78	262	135	102	119	140
Switzerland	GXYN	164	139	131	164	301	152	135	142	152
Total EFTA	GXYO	280	208	214	253	580	294	244	267	301
Other Europe										
Albania	HIDY	1	1	1	1	2	2	2	2	6
Belarus	HIDZ	1	1	1	1	2	2	2	4	—
Bulgaria	LTQA	—	—	—	—	—	—	—	8	11
Croatia	HIEA	1	1	1	1	1	7	4	2	6
Czech Republic	GXYP	16	14	15	16	26	16	24	29	19
Estonia	LWQY	—	—	—	—	—	1	—	—	7
Hungary	HIEC	10	8	8	9	13	17	18	29	27
Latvia	LYON	27	21	21	24	36	19	14	4	7
Lithuania	LYYJ	2	2	2	2	3	3	—	8	8
Poland	GXYQ	37	31	32	34	77	71	66	44	75
Romania	HIEE	22	17	18	20	30	20	21	10	21
Russia	GXYR	59	46	48	51	129	106	110	80	106
Slovakia	HIEG	4	3	3	3	5	8	10	7	5
Slovenia	HIEH	1	1	1	1	2	2	1	8	—
Turkey	GXYs	31	28	22	25	78	45	44	48	46
Ukraine	HIEJ	15	12	12	13	20	24	23	42	30
Yugoslavia	LWHC	2	2	2	2	3	1	—	6	65
Other	HZWJ	115	89	92	101	155	161	208	190	199
Total Europe	GXYU	9 713	10 732	10 047	12 292	17 032	12 803	14 612	14 453	15 133
America										
Argentina	HIES	24	18	19	23	19	9	9	2	14
Brazil	GXYV	28	20	21	24	65	37	40	41	44
Canada	GXYW	587	550	555	621	247	171	172	192	219
Chile	HIEU	28	21	23	26	22	13	11	5	10
Colombia	HIEV	29	22	24	28	23	15	14	9	14
Mexico	GXYX	36	27	27	29	25	14	16	16	19
United States of America	GXYy	2 043	1 539	1 550	1 985	1 560	1 019	891	833	963
Uruguay	HIEW	1	1	1	1	1	1	1	1	1
Venezuela	HIEY	22	16	17	20	17	—	—	—	8
Other Central American Countries	HIEP	477	364	384	450	375	392	428	359	352
Other	HIER	105	80	85	99	83	57	147	94	79
Total America	GXZA	3 380	2 658	2 706	3 306	2 437	1 728	1 729	1 552	1 723
Asia										
China	GXZB	61	46	47	51	178	125	147	157	159
Hong Kong	GXZC	138	116	105	121	240	135	134	180	198
India	GXZD	162	124	130	135	416	421	420	431	509
Indonesia	GXZE	80	62	60	67	146	89	78	73	55
Iran	HIEZ	22	20	21	17	12	17	16	17	18
Israel	GXZF	51	41	39	44	43	29	29	27	34
Japan	GXZG	203	156	149	170	458	231	207	193	214
Malaysia	GXZH	46	37	36	40	147	69	60	86	73
Pakistan	GXZI	80	61	67	67	155	183	161	154	149
Philippines	GXZJ	40	30	31	33	78	52	47	44	42
Saudi Arabia	GXZK	40	32	32	37	35	26	16	38	52
Singapore	GXZL	39	31	30	34	138	81	73	105	107
South Korea	GXZM	17	13	12	14	104	46	46	51	68
Taiwan	GXZN	14	11	9	11	103	53	43	52	67
Thailand	GXZO	15	12	12	13	60	34	39	42	50
Residual Gulf Arabian Countries	HIFB	144	134	139	112	80	75	77	80	75
Other Near & Middle Eastern Countries	HIFD	59	55	57	46	33	45	42	52	64
Other	HZWN	509	472	490	397	283	314	297	317	420
Total Asia	GXZQ	1 720	1 453	1 466	1 409	2 709	2 025	1 932	2 099	2 354
Australasia & Oceania										
Australia	GXZR	633	570	645	683	306	254	252	174	180
New Zealand	GXZS	111	114	121	134	89	74	65	51	65
Other	GXZT	82	72	69	77	38	26	21	28	8
Total Australasia & Oceania	GXZU	826	756	835	894	433	354	338	253	253
Africa										
Egypt	LZIF	22	19	17	18	34	16	—	31	29
Morocco	HIYZ	16	14	13	13	25	12	12	8	13
South Africa	GXZV	286	279	260	293	25	30	144	202	255
Other North Africa	HIYX	89	75	69	71	136	133	50	21	21
Other	HZUA	561	469	430	450	855	948	996	1 055	1 273
Total Africa	GXZX	974	856	789	845	1 075	1 139	1 202	1 317	1 591
International Organisations										
World total	KTNE	1 396	1 179	1 118	1 309	1 018	865	855	842	1 351
		18 009	17 634	16 961	20 055	24 704	18 914	20 668	20 516	22 405

9.7 Current transfers

continued

£ million

		1992	1993	1994	1995	1996	1997	1998	1999	2000
Balances										
Europe										
European Union (EU)										
Austria	GZDU	-27	-18	-20	-25	-19	-12	-5	-1	-15
Belgium and Luxembourg	GZDV	-92	-13	16	2	-257	-65	22	26	-37
Denmark	GZDW	-34	-9	-11	1	-61	-27	-14	-17	-24
Finland	GZDX	-10	-13	-1	19	-107	-43	-37	-27	-20
France	GZDY	72	145	-32	100	-512	-176	-116	-232	-220
Germany	GZDZ	63	134	67	46	-1 015	-336	-251	-192	-290
Greece	GZEA	-30	1	52	19	78	41	42	36	24
Ireland	GZEB	-296	-233	-208	-247	-667	-649	-698	-348	-442
Italy	GZEC	-51	-24	27	-5	-216	-156	-166	-92	-82
Netherlands	GZED	655	92	213	75	-328	-46	-13	-7	9
Portugal	GZEE	-39	1	-24	-27	-77	-39	-38	-36	-47
Spain	GZEF	-72	-38	-78	-100	-180	-87	-96	-122	-100
Sweden	GYRO	-51	23	11	-2	-123	-23	-3	-15	-5
European Central Bank	ZWRB	-	-	-	-	-	-	-	-	-
EU Institutions	GYRP	-2 832	-2 924	-3 069	-4 773	-3 122	-2 740	-5 189	-4 214	-4 727
Total EU	LGPP	-2 744	-2 876	-3 057	-4 917	-6 606	-4 358	-6 562	-5 241	-5 976
European Free Trade Association (EFTA)										
Iceland	GXEL	-4	-3	-3	-3	24	29	29	30	27
Liechtenstein	GXEM	-1	-1	-1	-1	11	6	4	3	4
Norway	GXEN	-65	-8	-27	-27	-113	-49	-19	-41	-52
Switzerland	GZCH	319	181	-89	62	-106	-44	-28	-41	-52
Total EFTA	GZCI	249	169	-120	31	-184	-58	-14	-49	-73
Other Europe										
Albania	ZWRF	-1	-1	-1	-1	-2	-1	-2	-2	-6
Belarus	ZWRI	-1	-1	-1	-1	-2	-2	-2	-4	-
Bulgaria	ZWRH	-	-	-	-	-	-	-	-8	-9
Croatia	ZWRS	11	24	23	28	11	-1	-	1	-2
Czech Republic	GZCJ	-12	-10	-12	-12	-12	-9	-19	-23	-11
Estonia	ZWRN	1	2	2	2	1	2	-	-	-7
Hungary	GYWH	-10	-8	-8	-9	-13	-17	-17	-28	-26
Latvia	ZWRV	-16	2	1	3	-25	-15	-10	-1	-3
Lithuania	ZWRU	-2	-2	-2	-2	-3	-2	-	-8	-8
Poland	GZCK	-28	-22	-23	-25	-61	-42	-59	-36	-70
Romania	ZWRX	-22	-17	-18	-20	-30	-20	-19	-8	-21
Russia	GZCL	-31	-25	-27	-28	-67	-77	-78	-49	-85
Slovakia	ZWRZ	-4	-3	-3	-3	-5	-8	-5	-3	-5
Slovenia	ZWRY	-1	-1	-1	-1	-2	-2	-1	-8	-
Turkey	GZCM	-7	-6	-	-1	-18	-9	-8	-14	-11
Ukraine	ZWSA	-15	-12	-12	-13	-20	-23	-23	-42	-29
Yugoslavia	ZWSD	-2	-2	-2	-2	-3	-1	-	-3	-61
Other	ZWRC	-62	13	6	22	-105	-136	-182	-170	-176
Total Europe	GZCO	-2 697	-2 776	-3 255	-4 949	-7 146	-4 779	-7 001	-5 696	-6 579
America										
Argentina	ZWRG	-5	-2	-6	-9	25	10	11	14	5
Brazil	GZCP	-11	-8	-10	-9	-9	-12	-15	-18	-23
Canada	GZCQ	-339	-321	-251	-380	383	135	124	77	85
Chile	ZWRJ	-14	-9	-13	-16	11	2	4	7	2
Colombia	ZWRK	-	3	-3	-6	47	14	13	16	15
Mexico	GZCR	-8	-4	-7	-5	51	23	19	18	18
United States of America	GZCS	971	722	1 036	768	2 831	1 187	1 210	1 064	1 299
Uruguay	ZWSB	-1	-1	-1	-1	-1	-1	-1	-1	-1
Venezuela	ZWSC	-2	1	-2	-5	31	22	27	26	11
Other Central American Countries	ZWRM	-223	-147	-198	-264	229	-131	-177	-132	-53
Other	ZWRP	-86	-64	-72	-85	-39	-38	-128	-77	-60
Total America	GZCU	282	170	473	-12	3 559	1 211	1 087	994	1 298
Asia										
China	GZCV	-34	-24	-26	-26	-132	-105	-126	-137	-141
Hong Kong	GZCW	-7	-7	15	26	-54	-1	-55	-108	-122
India	GZCX	-101	-68	-76	-77	-380	-404	-402	-411	-487
Indonesia	GZCY	-54	-42	-43	-46	-61	-52	-40	-43	-20
Iran	ZWRT	-15	-14	-15	-10	-1	-11	-12	-14	-13
Israel	GZCZ	-8	-7	-6	-8	68	26	24	20	17
Japan	GZDA	-41	-9	32	64	-94	-56	-35	-41	-41
Malaysia	GZDB	14	16	16	15	-93	-40	-29	-59	-45
Pakistan	GZDC	-78	-59	-65	-65	-142	-175	-154	-146	-144
Philippines	GZDD	-24	-19	-22	-21	-33	-30	-27	-28	-25
Saudi Arabia	GZDE	-7	-4	-2	-4	437	461	476	468	443
Singapore	GZDF	-1	-	-	-2	-91	-60	-50	-84	-88
South Korea	GZDG	2	3	3	3	-60	-27	-27	-30	-48
Taiwan	GZDH	5	5	6	5	-70	-38	-28	-40	-53
Thailand	GZDI	-2	-1	-1	-2	-37	-25	-30	-33	-43
Residual Gulf Arabian Countries	ZWRQ	-9	-26	-35	9	123	102	99	97	102
Other Near & Middle Eastern Countries	ZWRR	123	90	82	116	240	249	252	254	233
Other	ZWRD	-426	-406	-427	-323	-159	-207	-232	-253	-355
Total Asia	GZDK	-663	-572	-564	-346	-539	-393	-396	-588	-830
Australasia & Oceania										
Australia	GZDL	-247	-224	-303	-303	56	-30	-45	27	36
New Zealand	GZDM	-2	-10	-17	-29	13	2	3	14	-3
Other	GZDN	-75	-68	-66	-72	-26	-20	-17	-23	-1
Total Australasia & Oceania	GZDO	-324	-302	-386	-404	43	-48	-59	18	32
Africa										
Egypt	ZWRO	-11	-5	-3	-4	-21	-11	2	-24	-24
Morocco	ZWRW	-7	-2	-1	-1	-14	-6	-8	-5	-9
South Africa	GZDP	-170	-169	-147	-168	214	94	-19	-86	-130
Other North Africa	ZWRL	-69	-48	-43	-43	-111	-120	-35	-8	-8
Other	ZWRE	-479	-360	-325	-338	-755	-895	-941	-1 009	-1 222
Total Africa	GZDR	-736	-584	-519	-554	-687	-938	-1 001	-1 132	-1 393
International Organisations										
World total	KTNF	-1 396	-1 179	-1 118	-1 309	-1 018	-865	-855	-842	-1 351
		-5 534	-5 243	-5 369	-7 574	-5 788	-5 812	-8 225	-7 246	-8 823

Balance of payments and the relationship to national accounts

This section is intended to help guide 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 cross-references to Blue Book tables and so readers are advised to have access to these too if possible. The section is still under development and it is planned in future editions of the Pink Book to incorporate the Blue Book tables as a form of reconciliation between the two sets of accounts. In the meantime comments are welcomed on this section.

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 tables which follow 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 in each table a balance is derived which is 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*
- (i) table 7.1.2, the *External account of primary incomes and current transfers*;
- (ii) table 7.1.7, the *External capital account*;
- (iii) table 7.1.8, the *External Financial Account*; and
- (iv) 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

Chapter 2: Trade in goods

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 2000 these thresholds were fixed at £230,000 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 within 10 working days of the end of the calendar month. However, where traders have failed to provide Intrastat returns 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 of the Environment, Transport 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 of the Environment, Transport 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 Central Selling Organisation of De Beers. 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. This adjustment reflects these changes in valuation.

Source: Central Selling Organisation.

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	+311	+303
Second estimates	+209	+194
Third estimates	+124	+118
Fourth estimates	+75	+70
Fifth estimates	+38	+32
All subsequent estimates	0	0

Source- HMCE

Price and volume indices

Finally, HMCE recalculates its initial estimates for non-response for six months after those estimates first appear in the Overseas Trade Statistics. However it continues to process late returns until June of the following year. Accordingly the ONS makes a negative adjustment equal to either the value of these late returns or the value of the last non-response estimate made by HMCE (whichever is the smaller).

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. Presentationally these data are shown 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 National Statistics Databank and are also published in the *Monthly Review of External Trade Statistics (Business Monitor MM24)*.

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)*.

Chapter 3: Trade in services

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 (Merchandising 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) that is, 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).

So, 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 is 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 Lloyd's; 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);
- (iii) net receipts on foreign exchange dealing;
- (iv) commission on new issues of securities; and
- (v) banking charges, income arising from lending activities, fees and commissions in respect of current account operations, overdraft facilities, executor and trustee services, portfolio management, 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 who are the UK's major trading partners, which services are common to a number of industries and what is 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*. Copies are available through the National Statistics Sales Desk (Tel: 020 7533 5678).

Chapter 4: Income

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 (Table 4.1) 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 (Tables 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.

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. In practice, stock appreciation and some of these gains and losses are included in earnings and also offset as reinvested profits/losses in the *Financial account*. 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 (Tables 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. The inquiry covered all listed banks up to the end of 1981 and covers all UK banks from 1982 onwards.

Insurance companies and other financial intermediaries: an annual inquiry forms the basis for estimates of direct investment earnings by UK insurance companies and other financial intermediaries. 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's annual direct investment inquiry. This inquiry covers a sample of UK companies that either have foreign affiliates or are affiliated to a foreign parent. Returns are imputed for concerns which are not approached in the inquiry but which are known to have direct investment links. The annual inquiry became statutory in 1987, with the consequent improvement in response. 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. As part of the Chancellor's Initiative the basis of the quarterly inquiry was changed from voluntary to fully statutory with effect from the third quarter of 1990. There was also a fourfold increase in the number of concerns approached.

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 income rates of return for office property published annually, jointly, by four major estate agents.

Earnings on portfolio investment (Tables 4.5 and 4.6)

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.

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 statistical inquiries conducted by the ONS and the Bank of England. The inquiries to insurance companies and pension funds changed from voluntary to statutory with effect from the 1991 data for annual inquiries and from the first quarter of 1992 for quarterly inquiries. 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 asset levels at end-1990, and each end year from then, measured in a new inquiry to which rates of return on comparable assets shown by financial institutions are applied. Estimates have been included for earlier years. From 1991, estimates are based also on a smaller quarterly inquiry.

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 on equity securities consist of dividends paid to foreign

holders of UK company ordinary shares. These estimates are derived from Stock Exchange data on dividend payments, published dividend yields, information derived from the results of the ONS's share register surveys on foreign ownership of shares held annually from 1989 to 1994 and annually from 1997 and details of transactions in ordinary shares recorded in the ONS and Bank of England's portfolio investment inquiries. Estimates of appropriate tax relief refunded by the Inland Revenue under double taxation agreements are also included.

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.

Until 1992, interest due abroad on bonds and notes issued by UK monetary financial institutions and other sectors was estimated from average interest rates on all outstanding bonds and notes issued by UK companies as recorded by the Bank of England. These rates were applied to estimated levels of bond and note liabilities, derived from financial flows cumulated and adjusted to take account of exchange rate changes. 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.

Earnings on other
investment
(Tables 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 monetary financial institutions include banks' earnings from UK export credit and credit extended to non-residents on UK imports for which payment is made before shipment. Earnings exclude any supplementary payments made by the Export Credit Guarantee Department (ECGD) to UK banks to bring their receipts in respect of fixed rate export credit up to market rates of interest. Earnings of other sectors include interest on export credit extended by suppliers of goods on their own account. Estimates of UK residents earnings on trade credit are largely derived from data collected by the ECGD and the Bank of England.

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 mainly of loans by the Commonwealth Development Corporation (a public corporation). These estimates are obtained directly from the 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 and Issue Department of the Bank of England which together form the central bank sector within monetary financial institutions. 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 from 1989 have been derived from an ONS statistical inquiry. Estimates of the UK private sector (excluding monetary financial institutions and securities dealers) 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: earnings from trusts and annuities are estimated from Inland Revenue data on all reported interest and dividend receipts from abroad. 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 from 1989 have been derived from an ONS statistical inquiry. For estimates for 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's 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. UK miscellaneous financial institutions' interest payments to banks abroad are included from the beginning of 1982.

Earnings on deposits: foreign earnings on deposits with UK monetary financial institutions are sub-divided 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 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.

Chapter 5: Current transfers

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.

Chapter 6: Capital account

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 and is based on information supplied by the Bank of England.

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.

Chapter 7: Financial account

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 (Tables 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 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 (Tables 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's 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.

Financial derivatives (Table 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 has 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 (Tables 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*. Monetary financial institutions' long-term export credit extended by UK banks covers that extended under Export Credits Guarantee Department (ECGD) buyer credit schemes and specific bank guarantee schemes.

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) and loans by specialist leasing companies. 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.

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' 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 of the Environment, Transport 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 for short-term loans from abroad to the UK private sector other than monetary financial institutions and securities dealers cover predominantly borrowing from commercial banks in the reporting area covered by the BIS. Estimates were derived mainly from exchange control sources until the third quarter of 1979. From the fourth quarter of 1979 to the end of 1983, information on borrowing by UK residents other than banks from commercial banks abroad related to institutions in the BIS reporting area and was obtained from the BIS. The countries covered by these data are therefore fewer than in earlier periods. They are Austria, Belgium/Luxembourg, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Ireland, Sweden, Switzerland and the United States of America; and from the fourth quarter of 1983, the Bahamas, Bahrain, Cayman Islands, Finland, Hong Kong, Netherlands Antilles, Norway, Singapore, Spain and branches of US banks in Panama and from the fourth quarter of 1997, Australia and Portugal.

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. As with the corresponding assets series described above under "Other Investment Abroad: Currency and deposits", no attempt has been made to allow for any deficiencies in the total financial flows stemming from the use of data from the different sources noted. Crude retrospective adjustments have been made to the recorded levels and earnings figures under the International Investment Position and investment income in an attempt to remove the deficiencies in those series. 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. Up to the end of 1981 they also include deposits with finance houses whether made directly or via UK banks or other UK agents. At that date most of these finance houses became UK banks and are therefore included in the estimates thereafter. 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.

Chapter 8: International investment position

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 (Tables 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. Until 1990 the ONS conducted a triennial census of foreign assets. For the years up to 1987 the levels were interpolated. Since 1988, the annual Foreign Direct Investment Inquiry has sought some limited balance sheet information to produce estimates of the net book value of direct investment for the end of each year. The 1990 estimate is the last to be based on the census of foreign assets. The census was discontinued after 1990 in favour of the limited balance sheet information collected in the annual inquiry. The figures for 1991 to 1999 are based on the annual inquiry data and the 2000 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-1996; 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-1999. 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 (Tables 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.

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.

Up to 1979, estimates of the value of UK residents' investment abroad in equity securities and in bonds and notes were based on surveys and exchange control information and were compiled mainly from measured financial flows; broad adjustments were made to allow for deficiencies of coverage, and changes in the market values resulting from price fluctuations were estimated. The figures contain an unmeasurable element representing the investment currency premium.

From 1980 onwards 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 register surveys, carried out annually from 1989 to 1994 and annually from 1997, adjustments being made to exclude holdings of a direct investment nature and to establish the beneficial ownership of nominee share holdings (the latest Share Register Survey, covering end-2000, was published by the ONS in June 2001).

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-2000. 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.

Other investment levels (Tables 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 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) 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 *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-term 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 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 assets 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 and which involve the trading of financial risk. Examples of the underlying 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.

Chapter 9: Geographical breakdown on the current account

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.

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 overseas investment inquiries and include reinvested profits. Geographical information is based on the country of registration of the immediate overseas parent company and the location of the overseas 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 overseas 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 sub-divide 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 has to be seen as the year of the highest quality. The next coordinated survey will be undertaken in respect of end-2001, in preparation, the ONS has carried out a limited pilot survey in respect of end-2000.

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.

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 a survey of share registers (SRS) at end-1997 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 issued. 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. EU transfers are provided by the Treasury and the geographical allocation of social security and aid payments are supplied by the Department of Social Security and the Department for International Development, respectively. Other geographical breakdowns are based on proxy data and global transfer estimates.

GLOSSARY

Acceptances

See Bills and acceptances.

Accrued interest

A method of recording transactions to relate them to the period when the exchange of ownership of the goods, services or financial asset applies. For example, value added tax accrues when the expenditure to which it relates takes place, but 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.

Advance and progress payments

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

Affiliates

Branches, subsidiaries or associate companies.

Allocation of SDRs

See Special Drawing Rights.

Arbitrage

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

Assets

This term commonly refers to financial assets that are claims on non-residents, from whose point of view the same item is a liability to a UK resident. Among reserve assets, however, gold and SDRs have a value which exists independently of any corresponding liabilities. Real assets such as merchandise, although they may be entered in company accounts as assets, are seldom described as assets in balance of payments analysis.

Associated companies

Companies in which the investing company has a substantial equity interest (usually this means that it holds between 10 per cent and 50 per cent of the equity share capital) and is in a position to exercise a significant influence on the company. (See Subsidiary.)

Balancing item

See Net Errors and Omissions.

Bank of England - Issue Department

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

authorities sector. Its activities include, *inter alia*, market purchases of commercial bills from UK banks.

Bank for International Settlements (BIS)

An international institution based in Basle, Switzerland, established in 1930. Its main functions today are to promote international monetary co-operation; to observe the work of the IMF, Finance Ministers and Central Bank Governors of the group of ten countries; and to provide monetary research.

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.

Banks (UK)

Strictly, all financial institutions located in the United Kingdom and recognised by the Bank of England as banks for statistical purposes up to late 1981 or as UK banks from then onwards, including the UK offices of institutions authorised under the Banking Act 1987, the Banking and Issue Departments of the Bank of England (the latter from April 1998), deposit-taking UK branches of "European Authorised Institutions" and, prior to their recognition as banks, the National Girobank and the TSB Group plc. This includes 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 & Financial Statistics* publication.

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.

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., money market instruments and financial derivatives.

Derivatives

Financial instruments whose value is linked to changes in the value of another financial instrument, an indicator or a commodity. In

contrast to the holder of a primary financial instrument (e.g. a government bond or a bank deposit), who has an unqualified right to receive cash (or some other economic benefit) in the future, the holder of a derivative has only a qualified right to receive such a benefit. Examples of derivatives are options and swaps.

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 eg, by operators of ships or aircraft.

Dividend

A payment made to company shareholders from current or previously retained profits.

Equity

Equity is ownership or potential ownership of a company. An entity's equity in a company will be evidenced by ordinary shares. 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 merely 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 (ie, 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 the currency 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 Cooperation Fund

Central banks of member states of the European Monetary System deposited 20 per cent of their gold and foreign exchange reserves on a short-term basis with the European Monetary Cooperation Fund in exchange for ECUs between July 1979 and December 1993. The Fund was the clearing house for central banks in the EMS during that time. In January 1994 the swap arrangement was continued with the European Monetary Institute and from 1998 with the European Central Bank.

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.

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; eg, the acquisitions and disposals of foreign shares by UK residents. The financial account consists of direct investment, portfolio investment, other investment 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. Estimates for financial derivatives are currently unavailable except for settlement receipts/payments on UK banks' interest rate swaps.

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)

An f.o.b. price excludes the cost of insurance and freight from the country of consignment but includes all charges up to the point 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" or "abroad" are used with the same meaning.

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 and 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; eg, the levels of foreign shares held by UK residents. 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 (eg 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 in 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 the use of 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.

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.

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.

Royalties

A 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, eg licences to use patents, trade marks, designs, copyrights, etc. Sales 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; ie 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; eg 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; ie, 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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