

Statistical bulletin

Balance of payments, UK: January to March 2022

A measure of cross-border transactions between the UK and rest of the world. Includes trade, income, capital transfers and foreign assets and liabilities.



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Release date:
30 June 2022

Next release:
30 September 2022

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1 . Main points

- The underlying UK current account deficit excluding precious metals expanded to £44.2 billion, or 7.1% of gross domestic product (GDP) in Quarter 1 (January to March) 2022, a change of £32.8 billion from the previous quarter.
- We advise caution when interpreting 2022 data compared with other periods as the impact of data collection changes on trade in goods imports and foreign direct investment are being investigated; therefore, these early estimates are subject to higher levels of uncertainty than normal.
- The UK current account deficit, when trade in precious metals is included, expanded to £51.7 billion, or 8.3% of GDP in Quarter 1 2022.
- In Quarter 1 2022, the total trade deficit, excluding precious metals, expanded to £26.0 billion as imports of manufactured goods and fuels increased.
- The primary income account returned to a deficit position of £12.4 billion, or 2.0% of GDP, after recording a surplus in Quarter 4 (Oct to Dec) 2021.
- Net financial flows increased in Quarter 1 2022 with a net inflow to the UK of £29.6 billion, or 4.8% of GDP, these inflows are lower than the net borrowing from rest of the world implied by the current account deficit.

Please note that all current account and trade figures exclude non-monetary gold (NMG) and other precious metals unless otherwise stated. This is because movements in NMG, an important component of precious metals, can be large and highly volatile, distorting underlying trends in goods exports and imports.

Changes affecting UK trade and FDI statistics

Changes to [the way EU imports data have been recorded collected from January 2022 onwards](#) may have led to a discontinuity in trade figures and the Current Account. We advise caution when interpreting 2022 data compared with other periods as the impacts of these changes are still being investigated. In addition, changes to the sample framework for foreign direct investment (FDI) statistics means there is a higher degree of uncertainty than usual with inward FDI data. As such, users should be cautious when interpreting Q1 2022 balance of payments statistics.

2 . Current account

The UK's current account balance is a measure of the country's balance of payments with the rest of the world in trade, primary income and secondary income.

Table 1 summarises the latest current account data for Quarter 1 (Jan to Mar) 2022.

Table 1: UK current account deficit widened in Quarter 1 (Jan to Mar) 2022
Main current account flows and change compared with the previous quarter

		Credits	Debits	Balance
Total current account	Value (£bn)	221.1	265.3	-44.2
	Change (£bn)	1.5	34.3	-32.8
Total trade in goods and services	Value (£bn)	166.4	192.3	-26.0
	Change (£bn)	1.7	17.4	-15.7
Total Trade in Goods	Value (£bn)	86.0	147.1	-61.1
	Change (£bn)	1.8	20.3	-18.5
Total Trade in Services	Value (£bn)	80.4	45.2	35.2
	Change (£bn)	-0.1	-2.9	2.8
Total primary income	Value (£bn)	50.4	62.8	-12.4
	Change (£bn)	-0.5	16.6	-17.1
Total secondary income	Value (£bn)	4.4	10.2	-5.8
	Change (£bn)	0.3	0.3	0.0

Source: Office for National Statistics – Balance of payments

Notes:

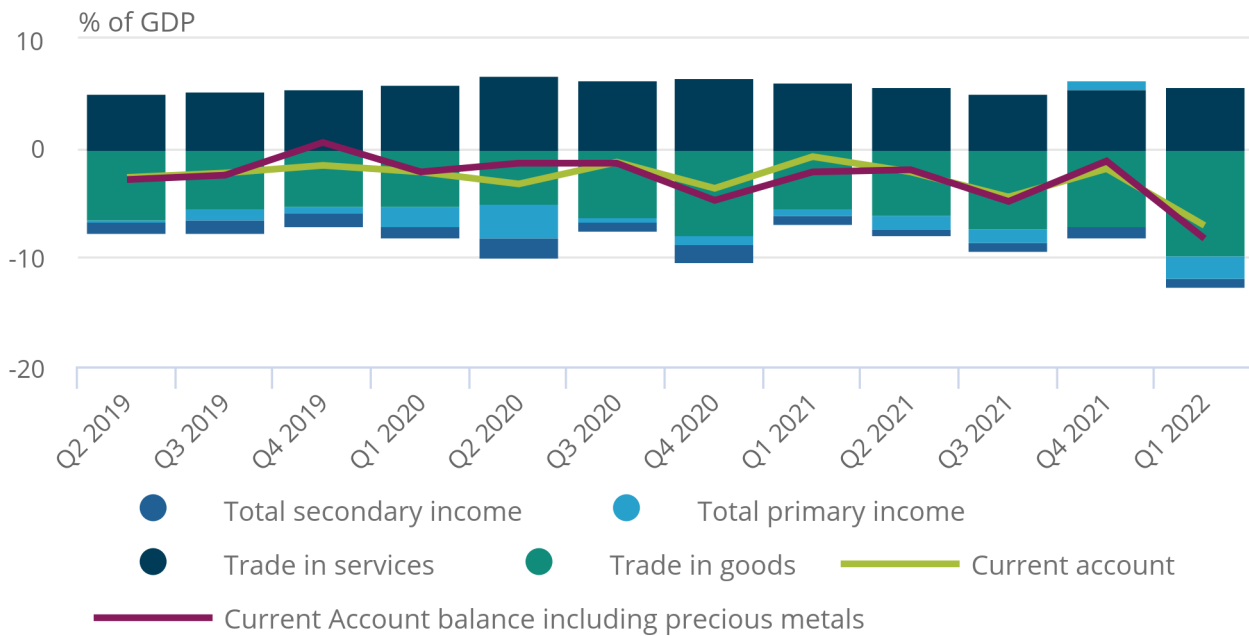
1. Current account and trade figures exclude trade in non-monetary gold and other precious metals.
2. Caution should be taken when interpreting these data as HM Revenue and Customs [changed the collection methods for EU trade from January 2022](#).
3. Changes to the sample framework for foreign direct investment (FDI) statistics means there is a higher degree of uncertainty than usual with inward FDI data.

Figure 1: The UK's current account deficit widened to 7.1% of GDP in Quarter 1 2022

Contributions to the UK's current account balance as a percentage of gross domestic product, Quarter 2 (Apr to Jun) 2019 to Quarter 1 (Jan to Mar) 2022

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Contributions to the UK's current account balance as a percentage of gross domestic product, Quarter 2 (Apr to Jun) 2019 to Quarter 1 (Jan to Mar) 2022



Source: Office for National Statistics – Balance of payments

Notes:

1. Sum of components may not sum to total due to rounding.
2. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
3. Caution should be taken when interpreting these data as HM Revenue and Customs [changed the collection methods for EU trade from January 2022](#).
4. Changes to the sample framework for foreign direct investment (FDI) statistics means there is a higher degree of uncertainty than usual with inward FDI data.

Trade

The total trade balance increased from a deficit of £10.3 billion in Quarter 4 (Oct to Dec) 2021 to £26.0 billion in Quarter 1 2022. Trade in goods recorded its highest deficit position of £61.1 billion, or 9.8% of GDP in Quarter 1 2022. Changes to the way EU imports data have been collected from January 2022 onwards may have led to a discontinuity in trade figures. We advise caution when interpreting 2022 compared with other periods as the impacts of these changes are still being investigated.

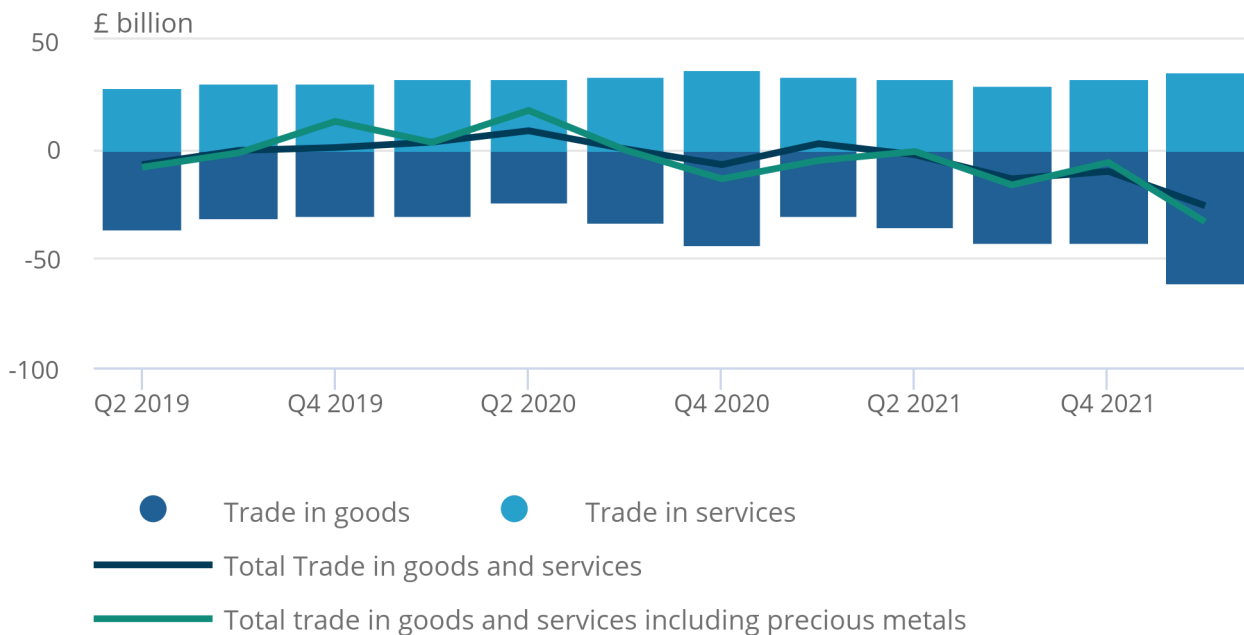
The deficit widened as imports of several commodities increased, manufactured goods (£12.6 billion), oil (£3.1 billion) and other fuels (£2.0 billion). Goods export levels were largely comparable with the previous quarter apart from a £2.8 billion increase in oil exports. Trade in services strengthened its surplus position by £2.8 billion, increasing to £35.2 billion in Quarter 1 2022, as imports of travel and other business services decreased.

Figure 2: The UK's trade deficit expanded in Quarter 1 2022

Contributions to the UK's trade balance, £ billion, Quarter 2 (Apr to Jun) 2019 to Quarter 1 (Jan to Mar) 2022

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Contributions to the UK's trade balance, £ billion, Quarter 2 (Apr to Jun) 2019 to Quarter 1 (Jan to Mar) 2022



Source: Office for National Statistics – Balance of payments

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. Caution should be taken when interpreting these data as HM Revenue and Customs [changed the collection methods for EU trade from January 2022](#).

Figure 3: Imports of finished manufactured goods increased in Quarter 1 2022 when compared with Quarter 4 2021

Changes in imports and exports of goods, excluding unspecified goods, Quarter 1 (Jan to Mar) 2022 compared with Quarter 4 (Oct to Dec) 2021

Notes:

1. Caution should be taken when interpreting these data as HM Revenue and Customs [changed the collection methods for EU trade from January 2022](#).

Download the data

[.xlsx](#)

More about economy, business and jobs

- All ONS analysis, summarised in our [economy, business and jobs roundup](#).
- Explore the latest trends in employment, prices and trade in our [economic dashboard](#).
- View [all economic data](#).

Primary income

The primary income account records income the UK receives and pays on financial and other assets, along with compensation of employees.

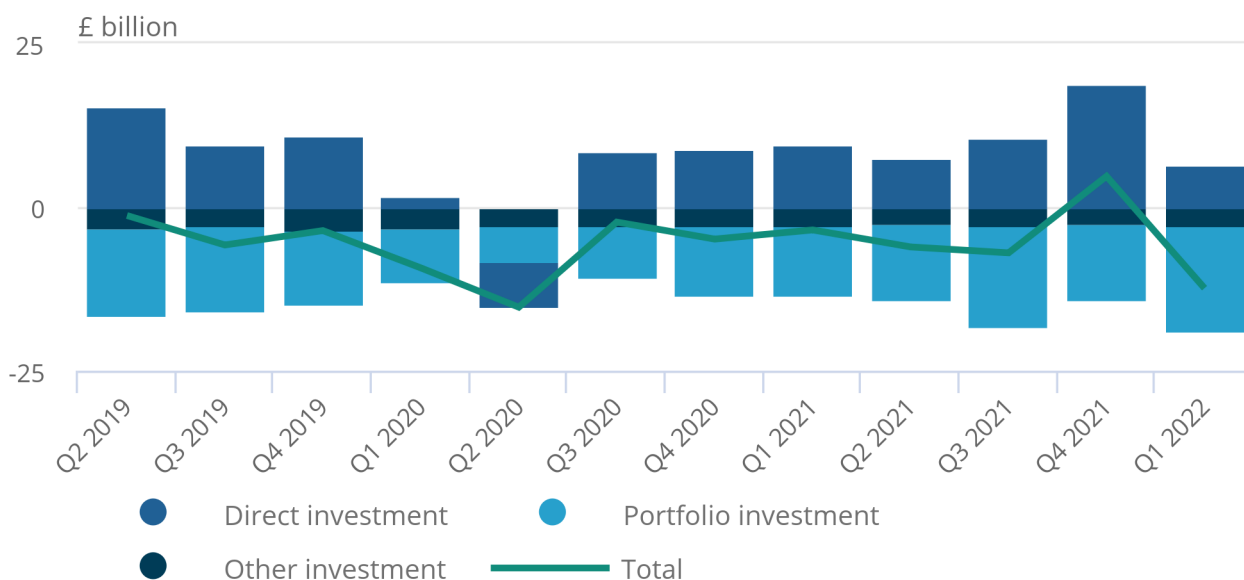
The primary income account recorded a deficit position of £12.4 billion, or 2.0% of GDP. UK companies recorded strong returns on their direct investment abroad (credits) reporting continued profitable trading environments, with much of these earnings retained in the foreign business. In portfolio investment, changing dividend schedules after many companies withheld payments throughout 2021 resulted in higher payments to the rest of the world (debits) on equity securities in Quarter 1 2022.

Figure 4: Investment income returned to a deficit after recording a surplus position in the previous quarter

Contributions to the UK's primary income balance, £ billion, Quarter 2 (Apr to Jun) 2019 to Quarter 1 (Jan to Mar) 2022

Figure 4: Investment income returned to a deficit after recording a surplus position in the previous quarter

Contributions to the UK's primary income balance, £ billion, Quarter 2 (Apr to Jun) 2019 to Quarter 1 (Jan to Mar) 2022



Source: Office for National Statistics – Balance of payments

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. Changes to the sample framework for foreign direct investment (FDI) statistics means there is a higher degree of uncertainty than usual with inward FDI data.

Secondary income

The secondary income deficit was unchanged as the UK continued to make payments to the EU, agreed as part of the [financial settlement under the withdrawal agreement](#).

3 . Financial account

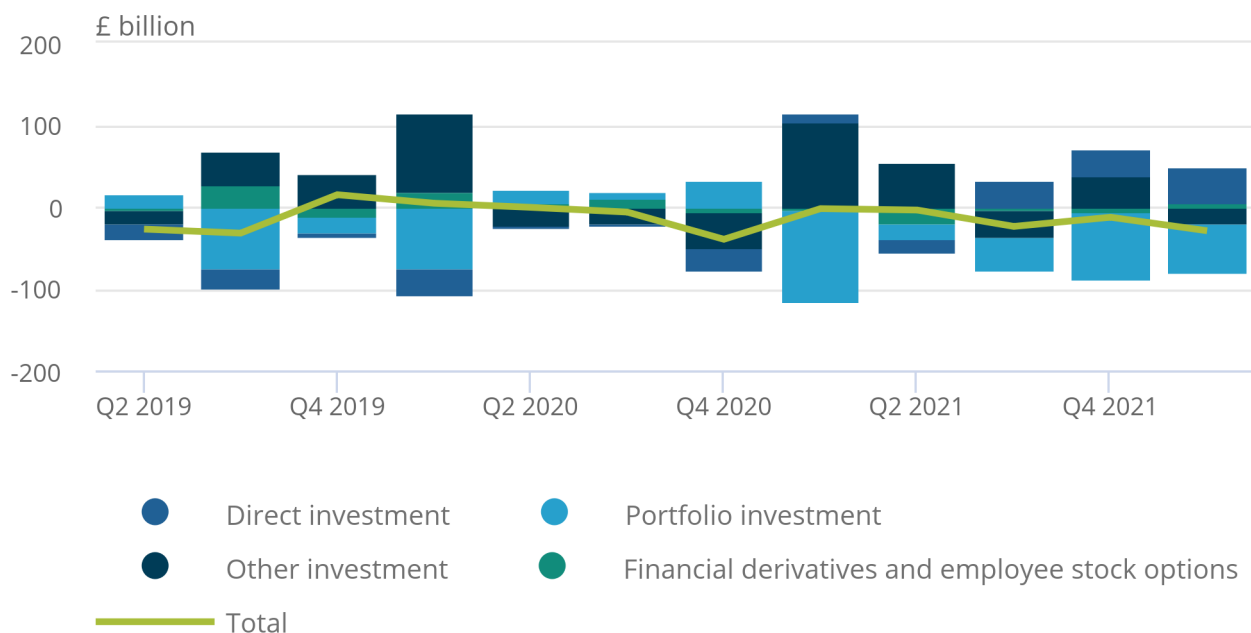
A current account deficit places the UK as a net borrower with the rest of the world, indicating that overall expenditure in the UK exceeds national income. The UK must attract net financial inflows to finance its current (and capital) account deficit. This can be achieved through either disposing of overseas assets to overseas investors or accruing liabilities with the rest of the world.

Figure 5: The financial account recorded a net inflow as UK liabilities increased more than assets

UK financial account balances, Quarter 2 (Apr to Jun) 2019 to Quarter 1 (Jan to Mar) 2022

Figure 5: The financial account recorded a net inflow as UK liabilities increased more than assets

UK financial account balances, Quarter 2 (Apr to Jun) 2019 to Quarter 1 (Jan to Mar) 2022



Source: Office for National Statistics – Balance of payments

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. Total includes reserve assets.
3. Changes to the sample framework for foreign direct investment (FDI) statistics means there is a higher degree of uncertainty than usual with inward FDI data.

The financial account recorded a net inflow of £29.6 billion in Quarter 1 (Jan to Mar) 2022. These net inflows are lower than the net borrowing from rest of the world implied by the current account including precious metals deficit of £55.7 billion. Net investment in the UK (liabilities) increased by £158.9 billion in Quarter 1 2022. The UK increased its liabilities to the rest of the world as non-residents placed deposits with UK monetary financial institutions increasing other investment liabilities by £179.3 billion.

Net acquisition of UK assets increased by £129.4 billion in Quarter 1 2022. Direct investment assets abroad increased as earnings were reinvested into foreign affiliates, strengthening equity positions. Portfolio investment assets decreased as investors continued to sell equity as assets (£103.6 billion), while deposits of foreign currency and sterling abroad increased in other investment.

4 . International investment position

The international investment position (IIP) examines the UK's balance sheet with the rest of the world, measuring the difference between the net stock of assets and liabilities.

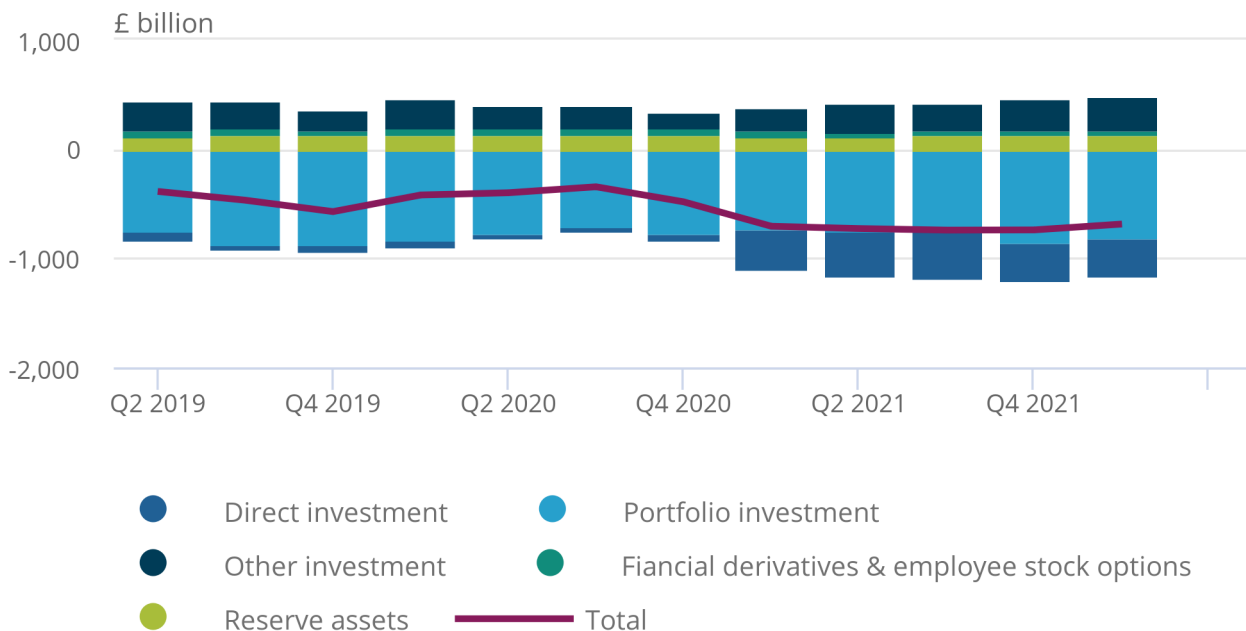
In Quarter 1 (Jan to Mar) 2022, the IIP recorded a decrease in the value of its net liability position to £688.1 billion from £741.6 billion in Quarter 4 (Oct to Dec) 2021.

Figure 6: The UK international investment net liability position decreased in Quarter 1 2022

UK net international investment position, Quarter 2 (Apr to Jun) 2019 to Quarter 1 (Jan to Mar) 2022

Figure 6: The UK international investment net liability position decreased in Quarter 1 2022

UK net international investment position, Quarter 2 (Apr to Jun) 2019 to Quarter 1 (Jan to Mar) 2022



Source: Office for National Statistics – Balance of payments

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. Changes to the sample framework for foreign direct investment (FDI) statistics means there is a higher degree of uncertainty than usual with inward FDI data.

In Quarter 1 2022, the UK asset position increased by £306.6 billion as the value of financial derivatives assets increased by £325.5 billion, other investment abroad increased by £194.8 billion while the value of portfolio investment abroad fell by £173.1 billion.

The UK liability position increased by £253.2 billion as derivative and employee stock option liabilities grew by £320.9 billion, and non-residents increased their deposits with UK monetary financial institutions.

5 . Balance of payments data

[Balance of payments](#)

Dataset | Released 30 June 2022

Quarterly summary of balance of payments accounts including the current account, capital transfers, transactions, and levels of UK external assets and liabilities.

[Balance of payments time series](#)

Dataset | Released 30 June 2022

Quarterly summary of balance of payments accounts including the current account, capital transfers, transactions and levels of UK external assets and liabilities.

[Balance of payments – revision triangles](#)

Dataset | Released 30 June 2022

Quarterly summary information on the size and direction of the revisions made to the data covering a five-year period, UK.

[UK Economic Accounts: all data](#)

Dataset | Released 30 June 2022

This is released at the same time as the UK balance of payments and provides supplementary tables for the balance of payments. The UK Economic Accounts also provides users with the perspective of the rest of world looking into the UK.

6 . Glossary

Balance of payments

The balance of payments is a statistical statement that summarises transactions between residents and non-residents during a period. It consists of the current account, capital account and financial account.

Current account

The current account is made up of the trade in goods and services account, the primary income account and the secondary income account. The difference in the monetary value of these accounts is known as the current account balance. A current account balance is in surplus if overall credits exceed debits, and it is in deficit if overall debits exceed credits.

Capital account

The capital account has two components: capital transfers and the acquisition (purchase) or disposal (sale) of non-produced, non-financial assets.

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. The sale or purchase of non-produced, non-financial assets covers intangibles such as patents, copyrights, franchises, leases and other transferable contracts, and goodwill.

Financial account

The financial account covers transactions that result in a change of ownership of financial assets and liabilities between UK residents and non-residents. For example, the acquisitions and disposals of foreign shares by UK residents. The accounts are presented by the functional categories of direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

International investment position

The international investment position (IIP) is a statement that shows at the end of the period the value and composition of UK external assets (foreign assets owned by UK residents) and identified UK external liabilities (UK assets owned by foreign residents). The framework of international accounts sets out that the IIP is also presented by functional category, consistent with primary income and the financial account.

Precious metals

In line with international standards, the Office for National Statistics' (ONS') headline trade statistics contain the UK's exports and imports of non-monetary gold. This trade can have a large effect on the size of and change in the UK's headline trade figures. This is because a significant amount of the world's trade in non-monetary gold takes place on the London markets.

Further information on precious metals and their impact can be found in our [UK trade bulletin](#).

Special drawing rights

Some International Monetary Fund (IMF) member countries have access to international reserve assets called special drawing rights (SDRs). A general allocation of SDRs, equivalent to approximately US\$650 billion, became effective on 23 August 2021 and was allocated to participant countries in proportion to their existing quotas. The UK's SDR allocation was equivalent to \$19,318 million and was received in August 2021.

Net errors and omissions

Although the balance of payments accounts are, in principle, balanced, in practice imbalances between the current, capital and financial accounts arise from imperfections in source data and compilation. This imbalance, a usual feature of balance of payments data, is labelled net errors and omissions.

A more detailed [glossary \(PDF, 123KB\)](#) of terms used in the balance of payments is also available.

7 . Measuring the data

Data sources

Balance of payments statistics are compiled from a variety of sources, produced in the national accounts sector and financial accounts (SFA) framework. Some of the main sources used in the compilation include:

- overseas trade statistics (HM Revenue and Customs (HMRC))
- International Trade in Services Survey (ITIS) (Office for National Statistics (ONS))
- International Passenger Survey (ONS) – this was suspended between March 2020 and January 2021 because of coronavirus (COVID-19)
- Foreign Direct Investment Survey (ONS and Bank of England (BoE))
- various financial inquiries (ONS and BoE)
- Ownership of UK Quoted Shares Survey (ONS)

Trade is measured through both exports and imports of goods and services. Data are supplied by over 30 sources including several administrative sources, HMRC being the largest for trade in goods. ITIS, conducted by the ONS, is the largest single data source for trade in services.

The main source of information for UK foreign direct investment (FDI) statistics is the Annual FDI Survey; separate surveys are used to collect data on inward and outward FDI. This is combined with data from the BoE on the banking sector. The statistics in this bulletin are compiled using the asset and liability measurement principle, which uses residency as the main distinction between outward and inward investments. In line with our [Developing foreign direct investment statistics: 2021 article](#), we have reviewed and developed the population and sampling frame of FDI businesses. These changes have been introduced for reference periods from Quarter 1 (Jan to Mar) 2021 onwards.

Changes affecting FDI statistics

As part of our FDI transformation programme, we procured a commercial dataset to enhance our FDI population. For the Quarter 1 2022 iteration, the population enhancements fell mainly on the inward side (rather than outward). This change has resulted in increased uncertainty in our estimates, and we require additional time to ensure the quality of the data ahead of implementation in Balance of Payments and wider accounts. While this additional quality assurance takes place, we have included the best available estimates for Quarter 1 2022 based on previous survey data.

Changes affecting UK trade statistics

EU imports

In January 2022, [HM Revenue and Customs \(HMRC\) implemented a data collection change](#) affecting data on imports from the EU to Great Britain. As a result, [our EU to Great Britain import statistics](#) from January 2022 are not directly comparable with previous months. HMRC is continuing to assess any impacts of this change and drivers to the current import trends.

Ongoing analysis confirms strong imports of machinery and transport equipment from the EU in 2022, reflecting a recovery following lower levels throughout much of 2021. Until HMRC investigations are complete, there remains uncertainty around data being the only contributing factor.

The move from the Intrastat survey to custom declarations for Great Britain imports marks an improvement in coverage, as trade that previously fell below the Intrastat value threshold (around 7% of trade by value) is included, while previously this was estimated. Additionally, customs declarations include trade movements conducted by non-Value Added Tax (VAT)-registered businesses and private individuals, which was not previously captured or estimated. We need to explore the possibility of a data time series break because of this collection change.

We advise caution when interpreting 2022 EU imports compared with other periods as the impacts of these changes are still being investigated.

EU exports

An operational change implemented by HMRC in January 2022 resulted in a break in the data time series for UK exports to the EU. Although this change does not affect data for March and future months, caution should be taken when interpreting Quarter 1 (Jan to Mar) 2022 data or any periods that include January 2022 data.

8 . Strengths and limitations

Quality and methodology

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in our [Balance of payments QMI](#).

We will continue to produce our UK balance of payments statistics in line with the UK Statistics Authority's [Code of Practice for Statistics](#) and in accordance with internationally agreed statistical guidance and standards. This is based on the International Monetary Fund's (IMF's) [Balance of Payments Manual sixth edition \(BPM6\) \(PDF, 3.0 MB\)](#), until those standards are updated.

Consultation on ONS release times

The Office for Statistics Regulation has finalised its [consultation on release practices](#). The Office for National Statistics (ONS) has welcomed the findings, as detailed in the [ONS response to the Office for Statistics Regulation's proposed change to 9.30am release practice](#). The ONS specifically noted that the release-time exemptions, which were granted during the coronavirus (COVID-19) pandemic, are now incorporated into the revised Code of Practice. As such, the Balance of Payments will continue to be published at 7am.

9 . Related links

[Developing foreign direct investment statistics: 2021](#)

Article | Released 29 April 2021

An overview of our progress on the development of foreign direct investment (FDI) statistics since 2019, and our plans for the next phase of development.

[UK Balance of Payments, The Pink Book: 2021](#)

Bulletin | Released 29 October 2021

This is published annually and summarises the economic transactions of the UK with the rest of the world over time. It provides a more detailed breakdown and analysis than the quarterly statistical bulletin.

[Foreign direct investment involving UK companies: 2020](#)

Bulletin | Released 3 February 2022

Investment of UK companies abroad (outward) and foreign companies into the UK (inward), including investment flows, positions and earnings, by country, component and industry.

[A brief introduction to the UK balance of payments \(PDF, 92KB\)](#)

Article

This provides an overview of the concepts and coverage of the UK balance of payments using the [Balance of Payments Manual sixth edition \(BPM6\)](#).

[Understanding the UK's net international investment position](#)

Article | Released 27 April 2020

Analysis of the impact recent movements in price and exchange rates have had on the valuation of the UK's net international investment position.

[Movements in foreign exchange rates](#)

Bulletin | Released 23 December 2016

Overview of how these can impact the balance of payments and international investment position (IIP).