

PO-CH/NL/0066

PART A

Part A

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Begins: 26/3/84  
Ends: 22/10/84



PO -CH /NL/0066



PART A

Chancellor's (Lawson) Papers:

TRADE FIGURES FOR 1984

PO -CH /NL/0066

PART A

PART A

Disposal Directions 25 Years

*Dr. ...*  
21/7/95

SECRET AND PERSONAL  
until 3.30 pm on 27 March  
then UNCLASSIFIED



*Phyl*

FROM: MISS J C SIMPSON

DATE: 26 March 1984

cc PS/Economic Secretary  
Sir P Middleton  
Mr Littler  
Sir T Burns  
Mr Cassell  
Mr Unwin  
Mr Lavelle  
Mr Battishill  
Mr Kelley  
Mr H P Evans  
Mr Folger  
Mr Hall  
Mr C Mowl  
Mr Gleed  
Mr Towers  
Mr Bartlett  
Mr Ridley  
Mr Gill - Bank  
Mr Turnbull - No.10

TRADE  
FIGS.

JCS  
26/3

MR HARRISON

#### FEBRUARY TRADE FIGURES

The Chancellor has seen your minute of 23 March, with the attached press briefing for IDT and is content. He is also content with the DTI press notice, and I have so informed Mr Boyd.

*B*

MISS J C SIMPSON

FROM: C D HARRISON  
DATE: 23 March 1984

1. MR PERETZ  
2. CHANCELLOR

cc: as attached list

FEBRUARY TRADE FIGURES

*C/ the year content with  
(a) DTI Press Notice;  
(b) DTI press briefing?* } *yes*

HARRISON  
23/3

The February trade figures will be published at 3.30 pm on Tuesday 27 March. The DTI are submitting a copy of their press notice for approval. As usual this has been discussed interdepartmentally, and we are content. As you wished, the fact that the February export figure is a record is highlighted near the beginning. A copy of the DTI's internal note is attached.

Summary

2. Record exports in February (in value and volume terms), combined with a small fall in imports and a projected surplus on invisibles, resulted in an estimated £819 million surplus on the current account.

Current account and trade balances

3. The February current account surplus is the largest monthly figure recorded since November 1982. The visible trade surplus of £569 million is the largest since April 1981. There was a surplus on trade in manufactures on a balance of payments basis (estimated at £259 million) for the first time for over a year. The three months December-February taken together show a current account surplus of £1.2 billion compared with a surplus of £0.2 billion in the previous three months, and a visible trade surplus of £0.6 billion compared with a deficit of £0.3 billion.

4. You queried the DTI's seasonal adjustment factors. The February surpluses on the various accounts represent a bounce-back from the deficits recorded in January, which may in part

reflect erratic movements over the holiday period not captured by the seasonal adjustment factors, as I discussed in the last two monthly notes. The DTI hope to make improvements in due course.

5. The invisibles surplus is particularly uncertain at the moment, because of the uncertainty over the EC refund. The current CSO projection of a £750 million surplus for Q1 excludes any refund.

### Exports

6. Exports recovered sharply in February from the drop in January, although a third of the increase was accounted for by the "erratic" items. Nevertheless, the chart attached to the DTI note shows that the "underlying" level of exports, excluding oil and erratic items, after rising steeply in the last few months, is higher than at any time over the past two years. In the last three months compared with the previous three months, the volume of total exports increased  $7\frac{1}{2}$  per cent; the increase was slightly more for oil, and slightly less for non-oil goods.

7. The volume of manufactured exports in the latest three months was higher than in any quarter since the beginning of 1980. Compared with the previous three months, there were large increases in most broad categories; in particular capital goods ( $6\frac{1}{2}$  per cent), intermediate goods ( $7\frac{1}{2}$  per cent), semi-manufactures ( $5\frac{1}{2}$  per cent), and consumer goods other than motor cars (8 per cent). However, there was a small fall in motor car exports from the high level of the previous three months. By destination, exports to North America recovered sharply in February from the low January level; this is thought mainly to reflect increased oil deliveries. Exports to Europe were  $8\frac{1}{2}$  per cent higher in value in the latest three months than in the previous three months, and exports to non-oil developing countries were almost 10 per cent higher, a considerable achievement given the restrictive domestic policies being pursued by many LDC governments.

### Imports

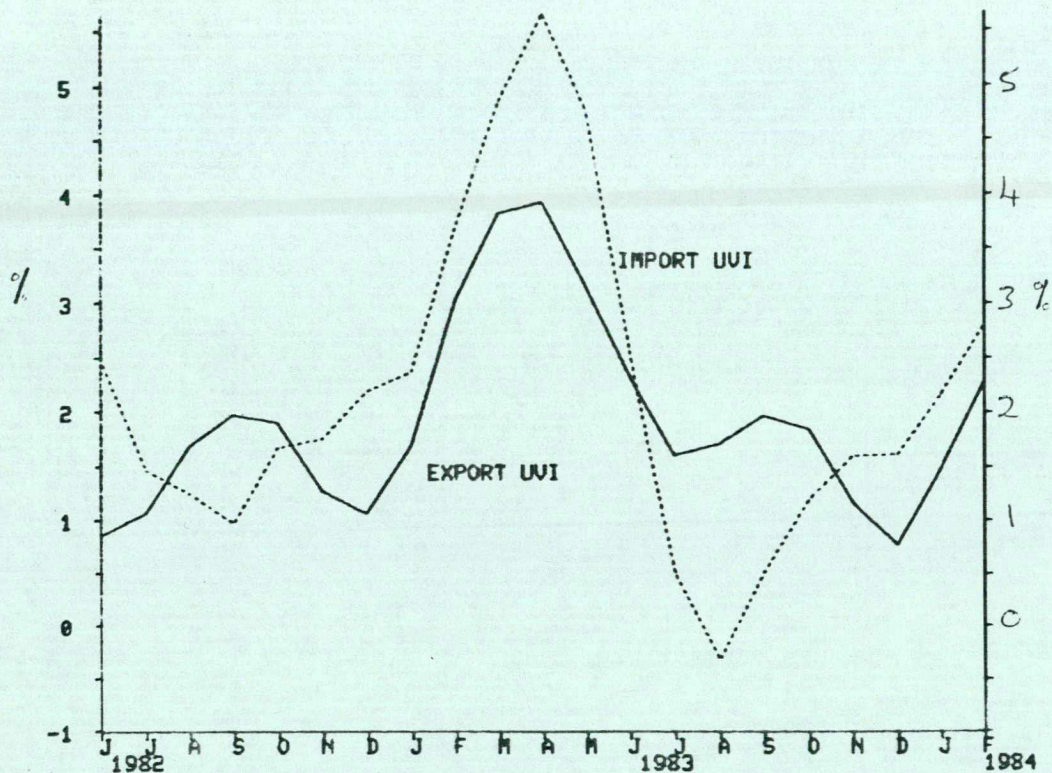
8. Imports continue to increase, but less rapidly than exports. Although there was a small fall in both value and volume terms in February, both including and excluding oil, this was almost entirely accounted for by lower arrivals of the erratic items. From the DTI chart it is possible to detect a slight flattening of the steady increase in the underlying level of imports observed over the last eighteen months, but it is too early to say what this implies for the future. The increase in the volume of non-oil imports (excluding erratics) in the latest three months was 4 per cent, compared with 5 per cent in the previous three months.

9. The slowdown in import growth has been concentrated in oil, basic materials and food, beverages and tobacco, with the volume of manufactured imports (excluding erratics) up  $5\frac{1}{2}$  per cent in the latest three-month period despite a small fall in February. While imports of goods needed to fuel economic expansion continue to grow rapidly, except for a small drop in basic material imports in the latest three months, imports of consumer goods other than motor cars are also growing particularly rapidly, and were 11 per cent higher in the latest three months than in the previous three months.

### Trade prices

10. There was a small fall in the non-oil terms of trade in the latest three-month period, as import prices rose slightly faster than export prices. The non-oil terms of trade have now fallen by 2 per cent or so since their peak in the third quarter of 1983, partly because of the fall in the exchange rate and partly in response to the rapid increase in real commodity prices. As the graph below shows, growth in both export and import prices began to pick up in the fourth quarter of 1983, and rose fairly sharply in January, which again was probably in response to the weakness in the exchange rate.

NON-OIL TRADE PRICES  
(% Change, latest 3 months on preceding 3 months)



Comparison with the Forecast

11. Because of the erratic nature of the monthly volume figures on visible trade, and the uncertainty over the invisibles projection, the monthly current account estimate in the press notice is not a reliable guide to the underlying trend. But looking at the visible trade figures for the last three months is fairly instructive: the non-oil visible trade deficit was £1.9 billion compared with an (implicit) FSBR forecast of £2.1 billion; and the balance of trade in oil has been in surplus by £2.4 billion compared with an FSBR forecast of £2.3 billion. So on both oil and non-oil trade, performance has so far been marginally better than expected.

12. The reason is that while both import and, to a lesser extent, export prices have risen somewhat faster than expected, export volumes, particularly of manufactures, have performed rather better than forecast, and appear to be maintaining the high levels seen in the final quarter of 1984, whereas the forecast had assumed a small fallback.

Effect on markets

13. The Bank advise that, as in previous months, the markets are likely not to attribute excessive significance to one month's figures. Much will depend on other market factors and movements in the dollar. But clearly any influence on the rate will be favourable rather than unfavourable.

Press briefing

14. I attach for clearance our draft briefing for IDT. Despite the good February figures, it will be advisable as usual to stress that too much should not be read into one month's figures (although the three-month figures are also very encouraging). A third of the increase in exports in February was accounted for by increases in the "erratic" items and it is possible that these might be reversed in March.

*CD Harrison*

C D HARRISON



PRESS BRIEFING

Points to make

1. (i) February total exports a record in value and volume terms.  
  
(ii) As have warned in past, should not lay too much emphasis on monthly figures. A third of February increase in exports was accounted for by "erratic" items. Nevertheless, three-month increase also very healthy; excluding erratics, total export volume up  $7\frac{1}{2}$  per cent and non-oil exports up 7 per cent.  
  
(iii) Encouraging continued growth in manufactured exports; up 6 per cent in latest three months. Big increases across the board; capital goods up  $6\frac{1}{2}$  per cent, intermediate goods  $7\frac{1}{2}$  per cent, consumer goods other than cars up 8 per cent, and semi-manufactures up  $5\frac{1}{2}$  per cent.  
  
(iv) Bigger monthly current account surplus than at any time since November 1982 (£0.8 billion). Visible trade surplus (£0.6 billion) largest since April 1981.  
  
(v) Oil export volume up 10 per cent in latest three months.  
  
(vi) Imports of goods associated with economic expansion continue to grow: in latest three months, volume of imports of intermediate goods up  $6\frac{1}{2}$  per cent, capital goods 4 per cent, chemicals  $4\frac{1}{2}$  per cent.

Defensive

2. Rapid rise in consumer goods imports?

Some such increase natural during economic expansion. But exports of consumer goods also growing very rapidly; excluding cars, up 8 per cent in volume in last three months.

PRESS  
BRIEFING

3. Manufactured imports?

Exports growing faster than imports here too. (Manufactured export volumes, excluding erratics, up 6 per cent in latest three months and imports up 5½ per cent.)

4. Deficit on manufactured trade, nevertheless? What to do when oil runs out?

Deficit on manufactured trade a natural counterpart of oil surplus, which permitted increased non-oil imports and capital outflows. Non-oil sector will have to adjust as oil production declines; decline should be less sharp than build-up of production. Recent growth of manufactured exports to highest levels for four years an indication of good prospects.

5. Invisibles projection; EC refund?

Projection does not include EC refund. Figures will incorporate it in due course.

## TRADE FIGURES FOR FEBRUARY 1983

Advance Circulation

Chancellor of the Exchequer ←	Mr H P Evans
Economic Secretary	Mr Folger
Sir P Middleton	Mr Hall
Mr Littler	Mr C Mowl
Sir T Burns	Mr Gleed
Mr Cassell	Mr Towers
Mr Unwin	Mr Bartlett
Mr Lavelle	Mr Ridley
Mr Battishill	Mr Gill - Bank
Mr Peretz	Mr Turnbull - No 10

Circulation after 3.30 pm on Wednesday 29 February

Chief Secretary	Mr Barber
Financial Secretary	Mr Riley
Minister of State	Mr Sedgwick
Mr Bailey	Mr G Horton
Mr Byatt	Mr Hibberd
Mr Wicks (Washington)	Mr C Kelly
Mr Fitchew	Mr Vernon
Mr Odling-Smee	Miss Deyes
Mr Lankester	Mr N McKinnon
Mr Bottrill	Mr Lord
Mr Gordon	Mr Portillo

MINISTER FOR TRADE

OVERSEAS TRADE FIGURES FOR FEBRUARY 1984

THE CURRENT ACCOUNT

In February exports were valued at £6033 million and imports at £5464 million so that visible trade, seasonally adjusted, on a balance of payments basis was in surplus by £569 million. This compares with a deficit of £339 million in January.

The Central Statistical Office project a surplus on invisibles of £250 million for February so that the current account of the balance of payments is provisionally estimated to have been in surplus by £819 million.

Table 1

CURRENT ACCOUNT					(£ million)	
	Visible Trade Balances		Invisibles		Current	
	Oil	Non-oil	Balance	Total	Account	
					Balance	
1982	+4556	-2172	+2384	+3167	+5551	
1983	+7001	-7501	- 500	+2549	+2049	
1983	Q3 +1521	-1769	- 248	+ 901	+ 653	
	Q4 +2123	-2118	+ 5	+ 334	+ 339	
1984	Jan + 719	-1058	- 339	+ 250a	- 89a	
	Feb + 823	- 254	+ 569	+ 250a	+ 819a	

a Projection

In the period December to February there was a surplus on visible trade of £587 million compared with a deficit of £300 million in the previous three months. The change reflects a  $9\frac{1}{2}$  per cent increase in the value of exports and a  $3\frac{1}{2}$  per cent increase in the value of imports.

REPORTS

The value of exports in February was £809 million (15 per cent) higher than in January. Exports of the erratic items increased by £318 million. Excluding these, exports of manufactured goods rose by £255 million. Exports of oil increased by £176 million.

Table 2

EXPORT VOLUME INDEX NUMBERS

(1960 = 100)  
 Seasonally adjusted

	BOP BASIS	OTS BASIS	Manufactures excluding erratics						Capital
			Total Trade	Basic Materials	Fuels	Semis Passenger	Motor Cars	Other Consumer	
1982	101.5	93.6	133.2	98.5	93.6	93.5	98.7	95.1	
1983	102.3	101.0	148.0	102.2	85.6	96.4	89.0	87.4	
1983 Sep-Nov	103.3	99.9	152.2	104.4	101.7	98.8	90.8	85.8	
Dec-Feb	111.1	103.3	167.1	109.9	100.2	106.8	97.7	91.3	
1984 Jan	102.2	100.3	152.9	105.3	71.6	98.6	94.2	87.9	
Feb	116.8	98.6	170.4	111.9	111.3	109.8	101.6	92.9	

In the three months ended February, export volume was  $7\frac{1}{2}$  per cent higher than in the previous three months and  $9\frac{1}{2}$  per cent higher than a year earlier. The underlying level of non-oil export volume has increased sharply in recent months.

Exports to the developed countries rose by 9 per cent between the three months ended November and the latest three months. Exports to Western Europe and to North America increased by  $8\frac{1}{2}$  per cent and  $9\frac{1}{2}$  per cent respectively.

IMPORTS

The value of imports in February; at £5464 million, was £99 million (2 per cent) lower than in January. Imports of finished manufactures excluding erratics were £95 million lower than in January while imports of the erratic items fell by £77 million. Arrivals of oil increased by £71 million.

Table 3 IMPORT VOLUME INDEX NUMBERS (1980 = 100)  
 Seasonally adjusted

	BOP BASIS	OTS BASIS	Manufactures excluding erratics						Capital
			Total Trade	Basic Materials	Fuels	Semis	Passenger Motor Cars	Other Consumer	
1982	100.7	93.0	74.5	111.3	110.1	113.3	120.1	122.2	
1983	107.6	103.6	66.8	123.3	125.5	124.9	128.8	142.0	
1983	Sep-Nov	111.1	107.1	71.3	129.9	124.2	128.4	134.1	147.1
	Dec-Feb	111.7	103.3	58.7	134.9	128.7	142.2	142.5	153.3
1984	Jan	112.6	101.1	54.8	136.9	135.5	132.9	147.9	157.9
	Feb	110.5	105.5	62.6	135.6	121.1	141.8	139.3	141.2

Import volume increased only marginally between the three months ended November and the latest three months to reach a level 8 per cent higher than a year earlier. The underlying level of non-oil import volume continues to rise.

By value, imports increased by 3½ per cent in the latest three months reflecting a 5 per cent rise in arrivals from developed countries and a 7 per cent fall in arrivals from elsewhere. Imports from Western Europe and North America increased by 3½ per cent and 6 per cent respectively while imports from the other developed countries were 12 per cent higher.

TRADE IN MANUFACTURES

Figures showing trade in manufactures on a balance of payments basis for the fourth quarter of 1983 were published with last month's press notice. They show a deficit for 1983 as a whole of £2.1 billion. The latest monthly figures will in future be published in the Monthly Review of External Trade Statistics. On present estimates they show a surplus on manufactured goods of £0.3 billion in February compared with a deficit of £0.5 billion in January.

Table 4 TRADE IN MANUFACTURES (SITC 5-8)

£ million, seasonally adjusted

Balance of Payments  
basis

Overseas Trade Statistics  
basis

	Exports	Imports	Balance	Exports	Imports	Crude Balance
1982	37330	34827	+2503	37313	37114	+ 199
1983	40038	42156	-2119	39919	44905	-4986
1982 Q4	9528	8963	+ 565	9522	9515	+ 7
1983 Q1	9662	10098	- 436	9631	10810	-1179
Q2	9847	10449	- 603	9780	11120	-1340
Q3	9968	10440	- 472	9935	11119	-1184
Q4	10560	11169	- 609	10573	11855	-1282
1983 Sept	3474	3485	- 11	3467	3709	- 242
Oct	3374	3822	- 448	3386	4035	- 649
Nov	3453	3519	- 66	3467	3759	- 292
Dec	3733	3828	- 95	3720	4061	- 341
1984 Jan	3446	3947	- 502	3411	4183	- 772
Feb	4022	3763	+ 259	3979	3999	- 20

PUBLICATION

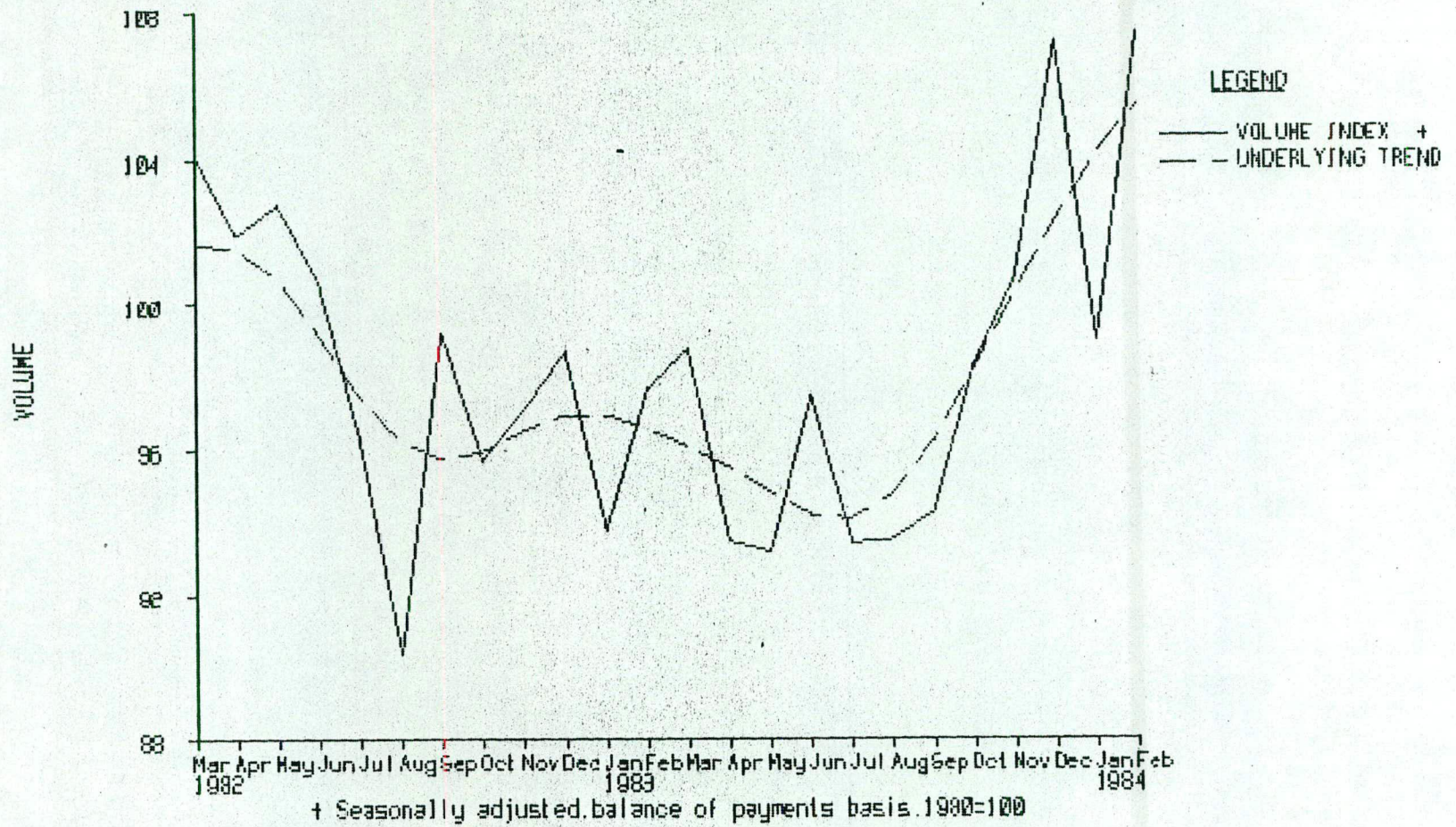
The release of the press notice containing the February figures has been set for Tuesday 27 March.

*Jack Hibbert*

J HIBBERT  
 US/S2  
 V/260  
 215-5574

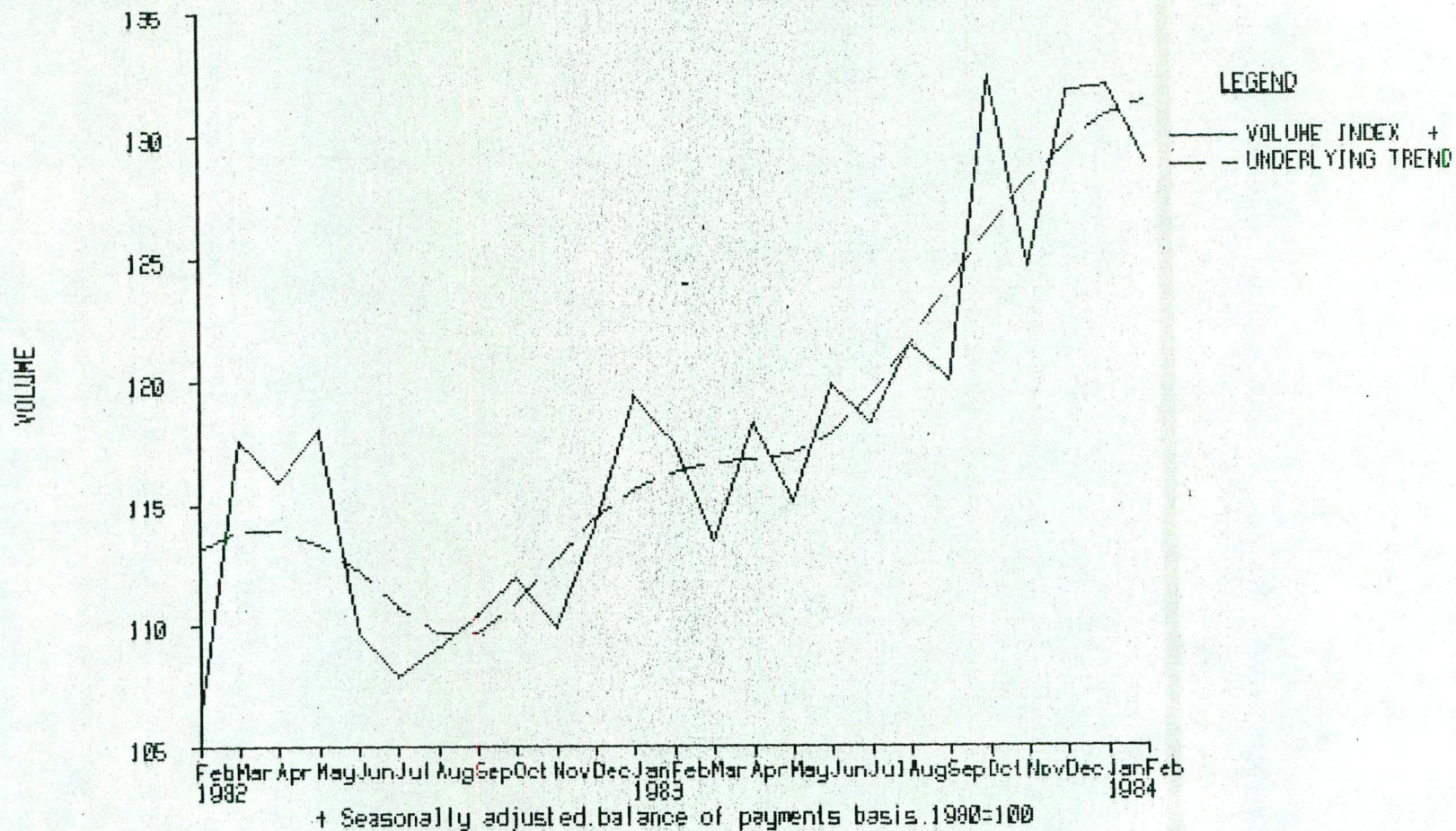
21 March 1984

# EXPORTS EXC. OIL & ERRATICS





# IMPORTS EXC. OIL & ERRATICS



**SECRET** and Personal until release of press notice  
 on 27/3/84 at 3.30 pm and thereafter unclassified.

*Sir P Middleton's office  
circulating.*



DEPARTMENTS OF INDUSTRY AND TRADE

- COMMON SERVICES - STATS 2

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Switchboard 01-215 7877

J Kerr Esq ✓  
Principal Private Secretary  
Chancellor of the Exchequer  
H M Treasury  
Parliament Street  
LONDON  
SW1P 3AG

22 March 1984

I am attaching a copy of the draft Press Notice on the Current Account of the United Kingdom Balance of Payments in February. The draft was agreed earlier today at the usual interdepartmental meeting.

Publication is set for Tuesday 27 March at 3.30 pm and I should be grateful if you would arrange for the Notice to be cleared by noon Monday 26 March and to inform me accordingly.

A copy of this letter and draft Press Notice is being sent to ~~Sir~~ Peter Middleton.

Yours sincerely

*W. E. Boyd*

W E BOYD

THE CURRENT ACCOUNT OF THE UNITED KINGDOM  
BALANCE OF PAYMENTS

FEBRUARY 1984

The current account for February is estimated to have been in surplus by £819 million compared with a deficit of £89 million in January. Exports in February amounted to £6033 million and imports to £5464 million so that trade in goods was in surplus by £569 million compared with a deficit of £339 million in January.

The invisibles account is projected at a monthly surplus of £250 million, a large surplus on the transactions of the private sector and public corporations being partly offset by a deficit on Government transactions.

DECEMBER 1983 TO FEBRUARY 1984

In the period December to February the current account was in surplus by £1198 million compared with a surplus of £223 million in the previous three months. There was a surplus on visible trade <sup>of</sup> £587 million in the latest three months compared with a deficit of £300 million in the previous three months. The surplus on invisibles is projected at £611 million.

TABLE 1 CURRENT ACCOUNT £ million, Seasonally adjusted

	Current Balance	Visible Trade			Invisibles <sup>c</sup>		
		Balance	Exports fob	Imports fob	Balance	Credits	Debits
1982	+ 5551	+ 2384	55565	53181	+ 3167	31742	28575
1983	+ 2049	- 500	60658	61158	+ 2549	33637	31088
1983 Q1	+ 1094	+ 203	14819	14616	+ 891	8231	7340
Q2	- 37	- 460	14752	15212	+ 423	8224	7801
Q3	+ 653	- 248	14862	15110	+ 901	8586	7685
Q4	+ 339	+ 5	16225	16220	+ 334	8596	8262
1983 Sept	+ 352	+ 52	5142	5091	+ 300b		
Oct	- 312	- 423	5164	5586	+ 111b		
Nov	+ 183	+ 71	5266	5196	+ 112b		
Dec	+ 469	+ 358	5795	5438	+ 111b		
1984 Jan	- 89a	- 339	5224	5563	+ 250a		
Feb	+ 819a	+ 569	6033	5464	+ 250a		
Sept-Nov	+ 223	- 300	15572	15873	+ 523		
Dec-Feb	+ 1198	+ 587	17052	16464	+ 611		

a Invisibles are projections and subject to revision as information becomes available.  
b One-third of the appropriate calendar quarter's estimate; monthly figures of invisibles are not available.  
c Information relating to credits and debits of the private sector and public corporations can be found in Table 3.



DTI  
PRESS  
NOTICE

VISIBLE TRADE IN FEBRUARY 1984

The visible trade balance in February was in surplus by £569 million compared with a deficit of £339 million in January. There was a surplus on oil of £823 million compared with £719 million in January. The deficit on trade in non-oil goods of £1058 million in January fell to £254 million in February. The value of exports, <sup>a record figure of £6033 million,</sup> was £809 million (15 per cent) higher than in January. Exports of the erratic items\* increased by £318 million and exports of oil by £176 million. Excluding these, exports increased by £316 million (8 per cent) reflecting higher deliveries of chemicals and finished manufactures.

Total imports were £99 million (2 per cent) lower than in January. Imports of finished manufactures excluding erratic items fell by £95 million. Arrivals of oil were £71 million higher than in January while imports of the erratic items fell by £77 million.

The terms of trade index fell marginally in February as the export unit value index increased by ½ per cent and the import unit value index increased by 1 per cent.

RECENT TRENDS

Visible balance

In the three months ended February there was a surplus on visible trade of £0.6 billion compared with a deficit of £0.3 billion in the previous three months. The surplus on trade in oil increased by £0.7 billion to £2.4 billion and the deficit on trade in non-oil goods fell by £0.2 billion to £1.9 billion.

Exports

Exports in the three months ended February were valued at £17.1 billion; 9½ per cent higher than in the previous three months. Exports of oil increased by 12 per cent while exports of non-oil goods increased by 9 per cent.

\*These are defined as ships, North Sea installations, aircraft, precious stones and silver bullion.

The volume of total exports was  $7\frac{1}{2}$  per cent higher in the latest three months than in the previous three months and  $9\frac{1}{2}$  per cent higher than a year ago. The rise in the latest three months was widespread with all of the broad sectors showing a significant increase.)

The underlying level of non-oil export volume has increased sharply since the middle of last year.

### Imports

Imports, valued at £16.5 billion in the three months December to February, were £0.6 billion ( $3\frac{1}{2}$  per cent) higher than in the previous three months. Excluding the erratic items, imports of manufactured goods increased by £0.9 billion. This was partly offset by a fall in imports of the erratic items and a reduction in arrivals of oil.

Total

Import volume in the three months ended February was <sup>only</sup> a little higher than in the previous three months.)

The underlying level of non-oil import volume continues to rise.

### Terms of Trade (see table 4)

The terms of trade index <sup>fell</sup> slightly in the latest three months as the export unit value index <sup>rose</sup> by  $2\frac{1}{2}$  per cent and the import unit value index <sup>rose</sup> by 3 per cent.

### Analysis by Area

Exports to the developed countries increased <sup>by</sup>  $9\frac{1}{2}$  per cent between the three months ended November and the latest three months with exports to Western Europe and to North America rising by  $8\frac{1}{2}$  per cent and  $9\frac{1}{2}$  per cent respectively. Within Western Europe, exports to European Community countries grew by 6 per cent and exports to the rest of Western Europe by 17 per cent.

The increase in the value of imports in the latest three months reflects a 5 per cent increase in arrivals from developed countries and a 7 per cent fall in imports from elsewhere.

#### INVISIBLES

The latest estimates of invisibles - services, interest, profits and dividends and transfers - relate to the fourth quarter of 1983 when credits were £8596 million and debits were £8262 million giving a surplus of £334 million in the quarter. Invisibles in the private sector and public corporations (excluding transfers) were in surplus by £1622 million. The figures relating to invisibles for January and February are CSO projections.

## NOTES TO EDITORS

### 1 REVISIONS

The unit value and volume indices for exports during 1982 have been revised owing to further information becoming available. Also, data in respect of invisibles have been revised (see CSO Press Notice dated 8 March 1984. Queries in respect of invisibles should be addressed to the Central Statistical Office).

### 2 STANDARD NOTES

The standard notes which were issued with the January Press Notice describe in detail the differences between the Balance of Payments (BOP) and the Overseas Trade Statistics (OTS) bases of compilation. The principal difference is the deduction of freight from the OTS valuation of imports. Additional copies can be obtained from the address below.

### 3 VISIBLE TRADE BALANCES BY COMMODITY (BALANCE OF PAYMENTS BASIS)

Table 16 of the Press Notice shows the value of exports, imports and the visible balance, measured on a comparable (BOP) basis, for each of the major commodity groups including manufactured goods. Monthly data at this level of detail, will be published in the Monthly Review of External Trade Statistics, as from the March edition.

### 4 MONTHLY REVIEW OF EXTERNAL TRADE STATISTICS

The Monthly Review of External Trade Statistics, prepared mainly as an internal working document, is made available publicly by the Department of Trade and Industry (price £3 a copy).

This is a monthly publication containing a commentary, charts, and tables, on topics such as the current account of the UK balance of payments, UK exports and imports of goods by commodity and area and certain international comparisons. An annual supplement (No 4), price £4 a copy, provides longer historical runs for the series shown in the monthly edition and additional international data.

### 5 ROUNDING

The data published in this Press Notice has been rounded to the nearest £million. Therefore figures may not sum to the aggregates and balances may not derive exactly from the export and import figures shown.

Enquiries about the Standard Notes, and the Monthly Review, should be addressed to S2A, Room 255, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET, Telephone: 01-215 5703.

**CURRENT BALANCE, VISIBLE TRADE AND INVISIBLES**  
(Balance of Payments basis)

£ million seasonally adjusted

	Current Balance	Visible Trade					Invisible Balance
		Exports fob	Imports fob	Visible Balance	of which		
					Oil	Non-Oil	
1982	+ 5551	55565	53181	+ 2384	+ 4556	- 2172	+ 3167
1983	+ 2049	60658	61158	- 500	+ 7001	- 7501	+ 2549
1982 Q4	+ 2180	14480	13366	+ 1114	+ 1653	- 540	+ 1066
1983 Q1	+ 1094	14819	14616	+ 203	+ 1801	- 1598	+ 891
Q2	- 37	14752	15212	- 460	+ 1556	- 2016	+ 423
Q3	+ 653	14862	15110	- 248	+ 1521	- 1769	+ 901
Q4	+ 339	16225	16220	+ 5	+ 2123	- 2118	+ 334
1983 Feb	+ 382	4934	4849	+ 85	+ 638	- 553	+ 297 <sup>b</sup>
Mar	+ 581	5154	4870	+ 284	+ 527	- 243	+ 297 <sup>b</sup>
Apr	- 41	4866	5048	- 182	+ 547	- 730	+ 141 <sup>b</sup>
May	- 296	4811	5248	- 437	+ 450	- 887	+ 141 <sup>b</sup>
June	+ 300	5075	4916	+ 159	+ 559	- 400	+ 141 <sup>b</sup>
July	+ 78	4786	5007	- 222	+ 464	- 686	+ 300 <sup>b</sup>
Aug	+ 223	4934	5012	- 78	+ 532	- 610	+ 301 <sup>b</sup>
Sept	+ 352	5142	5091	+ 52	+ 525	- 473	+ 300 <sup>b</sup>
Oct	- 312	5164	5586	- 423	+ 561	- 984	+ 111 <sup>b</sup>
Nov	+ 183	5266	5196	+ 71	+ 661	- 591	+ 112 <sup>b</sup>
Dec	+ 469	5795	5438	+ 358	+ 901	- 543	+ 111 <sup>b</sup>
1984 Jan	- 89 <sup>a</sup>	5224	5563	- 339	+ 719	- 1058	+ 250 <sup>a</sup>
Feb	+ 819 <sup>a</sup>	6033	5464	+ 569	+ 823	- 254	+ 250 <sup>a</sup>
Sept-Nov	+ 223	15572	15873	- 300	+ 1747	- 2047	+ 523
Dec-Feb	+ 1198	17052	16464	+ 587	+ 2443	- 1855	+ 611
percentage change <sup>c</sup>		+ 9½	+ 3½				

a Invisibles are projections and subject to revision as more information becomes available.

b One third of the appropriate calendar quarter's estimate; monthly figures of invisibles are not available.

c Percentage change: latest three months on previous three months.

Table 3

INVISIBLES<sup>e</sup>

£ million seasonally adjusted

	All Sectors						Private Sector and public Corporations <sup>d</sup>		
	Credits	Debits	Balance	of which			Credits	Debits	Balance
				Services	Interest Profits Dividends	Transfers			
1982	31742	28575	+ 3167	+ 3874	+ 1402	- 2109	27338	20461	+ 6877
1983	33637	31088	+ 2549	+ 4389	+ 480	- 2320	29287	22467	+ 6820
1982 Q1	7589	6953	+ 636	+ 1096	+ 29	- 489	6450	5010	+ 1440
Q2	7943	7127	+ 816	+ 1052	+ 385	- 621	6947	5094	+ 1853
Q3	7885	7236	+ 649	+ 807	+ 398	- 556	6817	5188	+ 1629
Q4	8325	7259	+ 1066	+ 919	+ 590	- 443	7124	5169	+ 1955
1983 Q1	8231	7340	+ 891	+ 1121	+ 291	- 521	7099	5257	+ 1842
Q2	8224	7801	+ 423	+ 1273	- 172	- 678	7176	5594	+ 1582
Q3	8586	7685	+ 901	+ 959	+ 299	- 357	7410	5636	+ 1774
Q4	8596	8262	+ 334	+ 1036	+ 62	- 764	7602	5980	+ 1622

d ie excluding general government transactions and all transfers.

e Monthly figures of invisibles are not available.

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EXPORT AND IMPORT UNIT VALUE AND VOLUME INDEX NUMBERS  
(Balance of Payments basis)Table 4  
Indices 1980 = 100

	Unit Value (Not seasonally adjusted)			Volume (seasonally adjusted)	
	Exports	Imports	Terms of Trade <sup>f</sup>	Exports	Imports
1982	116.7	117.9	99.0	101.5	100.7
1983	126.6	128.6	98.4	102.3	107.6
1982 Q4	119.6	121.4	98.5	103.1	99.5
1983 Q1	123.6	126.3	97.9	102.3	104.5
Q2	125.6	128.1	98.1	100.3	106.6
Q3	127.9	128.9	99.2	99.3	106.6
Q4	129.2	131.0	98.6	107.4	112.7
1983 Feb	123.6	126.3	97.9	102.7	104.7
Mar	124.6	128.5	97.0	106.6	103.0
Apr	125.9	129.2	97.5	98.5	105.0
May	125.2	128.2	97.7	98.6	109.3
June	125.7	126.9	99.1	103.9	105.4
July	126.8	128.1	99.0	96.9	106.2
Aug	128.2	129.3	99.2	98.9	106.5
Sept	128.7	129.3	99.5	102.0	107.2
Oct	128.4	130.3	98.5	103.2	118.0
Nov	128.9	130.7	98.7	104.8	108.2
Dec	130.2	131.9	98.7	114.3	112.1
1984 Jan	132.2	134.7	98.2	102.2	112.6
Feb	132.7	136.0	97.6	116.8	110.5
Sept-Nov	128.7	130.1	98.9	103.3	111.1
Dec-Feb	131.7	134.2	98.2	111.1	111.7
percentage change	+ 2½	+ 3	- ½	+ 7½	+ ½

<sup>f</sup> Export unit value index as a percentage of the import unit value index.VALUE AND VOLUME OF EXPORTS AND IMPORTS EXCLUDING THE MORE ERRATIC ITEMS<sup>9</sup>  
(Balance of Payments basis)

Table 5

seasonally adjusted

	Value £ million fob		Volume Index 1980 = 100	
	Exports	Imports	Exports	Imports
1982	52118	50723	103.6	106.2
1983	56316	57800	104.1	112.9
1982 Q4	13405	12700	103.7	104.6
1983 Q1	13752	13719	103.6	108.6
Q2	13634	14194	101.6	110.5
Q3	13702	14338	100.3	112.3
Q4	15228	15549	110.7	120.1
1983 Feb	4538	4484	102.9	107.0
Mar	4690	4602	105.9	107.7
Apr	4510	4770	99.9	110.4
May	4476	4733	100.7	109.7
June	4648	4692	104.4	111.5
July	4499	4732	99.8	111.4
Aug	4550	4786	99.7	112.7
Sept	4653	4820	101.5	112.8
Oct	4843	5274	106.3	124.0
Nov	4976	5022	108.5	116.0
Dec	5409	5253	117.3	120.2
1984 Jan	4959	5324	106.3	119.7
Feb	5451	5302	116.5	118.8
Sept-Nov	14472	15116	105.4	117.6
Dec-Feb	15818	15879	113.4	119.6
percentage change	+ 9½	+ 5	+ 7½	+ ½

<sup>9</sup> These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

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TRADE IN OIL<sup>h</sup>  
(Balance of Payments basis)

seasonally adjusted

	Balance		Exports of Oil				Imports of Oil					
	of	Total	Crude Oil <sup>j</sup>			Rest of	Total	Crude Oil			Rest of	
	Trade		[SITC (REV 2) 333.0]			Division		[SITC (REV 2) 333.0]			Division	
	in oil	£	£	£	Avg value	£	£	£	£	Avg value	£	
	million	million	million	million	per tonne	million	million	million	million	per tonne	million	
	fob	fob	fob	tonnes	£ fob	fob	fob	fob	tonnes	£ fob	fob	
1982	+ 4556	10686	8542	60.3	141.6	2144	6130	3861	28.3	136.6	2269	
1983	+ 7001	12525	10111	68.4	147.8	2414	5524	3199	22.8	140.4	2324	
1982 Q4	+ 1653	3030	2429	16.3	148.7	601	1377	848	5.8	145.9	529	
1983 Q1	+ 1801	3106	2475	16.4	150.7	631	1305	647	4.4	146.6	658	
Q2	+ 1556	2960	2367	16.4	144.6	593	1404	795	5.8	137.5	609	
Q3	+ 1521	2960	2361	16.2	145.9	598	1439	942	6.8	137.8	497	
Q4	+ 2123	3500	2911	19.5	149.6	588	1376	816	5.8	141.9	561	
1983 Feb	+ 638	949	735	5.0	146.4	214	311	146	1.0	147.0	166	
Mar	+ 527	1040	832	5.5	151.5	209	513	230	1.6	146.5	283	
Apr	+ 547	978	843	5.7	149.2	135	431	228	1.6	140.5	203	
May	+ 450	993	780	5.5	142.5	213	543	324	2.4	136.6	219	
June	+ 559	989	744	5.2	142.3	245	430	243	1.8	136.0	187	
July	+ 464	953	751	5.2	143.4	201	488	325	2.4	135.5	163	
Aug	+ 532	977	792	5.4	146.6	185	445	277	2.0	141.3	168	
Sept	+ 525	1031	818	5.6	147.6	212	506	340	2.5	137.2	166	
Oct	+ 561	1100	906	6.1	148.5	194	539	360	2.5	142.9	179	
Nov	+ 661	1117	935	6.1	154.0	182	456	261	1.9	139.3	195	
Dec	+ 901	1283	1071	7.3	146.7	212	382	195	1.4	143.5	187	
1984 Jan	+ 719	1092	867	5.7	151.5	226	374	193	1.3	150.7	181	
Feb	+ 823	1268	1010	6.5	155.6	258	445	213	1.4	149.8	232	
Sept-Nov	+ 1747	3248	2659	17.7	150.0	589	1500	961	6.9	139.7	540	
Dec-Feb	+ 2443	3643	2947	19.5	151.0	696	1201	601	4.1	148.0	600	
Percentage change		+ 12	+ 11	+ 10	+ ½	+ 18	- 20	- 37	- 41	+ 6	+ 11	

<sup>h</sup> Trade in petroleum and petroleum products. These figures differ from those published by the Department of Energy which are on a time of shipment basis (see paragraph 7 of the standard notes).

<sup>j</sup> Not seasonally adjusted.

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TRADE IN GOODS OTHER THAN OIL  
(Balance of Payments basis)

	Total							Excluding Erratics <sup>9</sup>					
	Value, £ million, fob (seasonally adjusted)			Unit value index 1980 = 100 (not seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)		Value, £ million fob (seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)			
	Balance of non oil trade	Exports	Imports	Exports	Imports	Terms of Trade <sup>f</sup>	Exports	Imports	Exports	Imports	Exports	Imports	
1982	- 2172	44879	47051	114.4	113.9	100.4	96.9	105.0	41432	44593	98.8	111.9	
1983	- 7501	48133	55634	124.5	125.6	99.2	95.5	114.1	43791	52276	96.8	121.0	
1982 Q4	- 540	11449	11989	116.7	116.7	100.0	97.2	105.4	10375	11323	97.1	112.1	
1983 Q1	- 1598	11713	13312	121.0	122.4	98.8	95.9	111.2	10646	12414	96.7	116.8	
Q2	- 2016	11792	13808	123.8	125.5	98.6	93.9	112.4	10674	12790	94.7	117.7	
Q3	- 1769	11902	13671	126.2	126.2	100.0	93.1	112.6	10742	12899	93.8	119.9	
Q4	- 2118	12726	14844	127.2	128.2	99.2	99.1	120.2	11728	14173	102.1	129.7	
1983 Feb	- 553	3985	4538	121.1	122.4	99.0	97.9	113.7	3589	4173	97.6	117.5	
Mar	- 243	4114	4357	122.3	124.9	97.9	100.3	107.6	3650	4089	98.8	113.5	
Apr	- 730	3888	4617	123.7	126.4	97.9	92.5	111.2	3531	4339	93.5	118.2	
May	- 887	3818	4705	123.6	125.9	98.1	91.5	114.0	3484	4190	93.2	115.1	
June	- 400	4087	4486	124.1	124.2	99.9	97.7	111.9	3659	4262	97.5	119.8	
July	- 686	3833	4519	125.3	125.5	99.8	90.7	111.6	3546	4243	93.4	118.3	
Aug	- 610	3958	4568	126.5	126.3	100.2	93.1	113.3	3574	4342	93.5	121.4	
Sept	- 473	4112	4584	126.9	126.6	100.2	95.5	112.8	3623	4314	94.3	120.0	
Oct	- 984	4064	5048	126.5	127.2	99.4	95.5	124.6	3743	4735	98.3	132.5	
Nov	- 591	4149	4740	126.9	128.2	99.0	97.2	114.9	3859	4567	100.7	124.7	
Dec	- 543	4513	5056	128.2	129.1	99.3	104.7	121.2	4126	4871	107.2	131.8	
1984 Jan	- 1058	4131	5189	130.4	131.0	99.5	94.9	122.5	3867	4951	99.0	132.1	
Feb	- 254	4765	5019	130.4	132.6	98.3	108.7	118.3	4183	4857	107.4	128.8	
Sept-Nov	- 2047	12325	14372	126.7	127.3	99.5	96.1	117.4	11225	13616	97.8	125.7	
Dec-Feb	- 1855	13408	15264	129.7	130.9	99.0	102.7	120.7	12175	14678	104.5	130.9	
Percentage change		+ 9	+ 6	+ 2½	+ 3	- ½	+ 7	+ 2½	+ 8½	+ 8	+ 7	+ 4	

<sup>9</sup> These are defined as ships, North Seas installations, aircraft, precious stones, and silver.

<sup>f</sup> Export unit value index as a percentage of the import unit value index.

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EXPORTS BY COMMODITY  
(Overseas Trade Statistics basis)

Table 8

£ million, fob, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>9</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chemi- cals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capita	
														5-8 less SNAPS
1982	55558	3960	1340	11237	37313	34052	12687	6119	6568	21365	960	3523	9225	7656
1983	60534	4235	1586	13127	39919	35756	13832	6929	6903	21924	996	3914	9288	7726
1982 Q4	14472	1045	334	3165	9522	8469	3103	1534	1569	5366	258	883	2302	1924
1983 Q1	14781	1113	374	3260	9631	8613	3314	1656	1658	5299	238	950	2230	1882
Q2	14687	994	387	3122	9780	8747	3427	1693	1734	5319	209	933	2272	1905
Q3	14831	1024	389	3086	9935	8809	3397	1737	1660	5412	243	959	2273	1937
Q4	16234	1104	436	3658	10573	9587	3694	1843	1851	5893	305	1072	2513	2003
1983 Dec	5782	382	155	1340	3720	3354	1276	620	655	2078	116	382	867	712
1984 Jan	5187	388	139	1151	3411	3170	1237	619	618	1932	70	343	841	678
Feb	5987	395	141	1319	3979	3425	1308	683	624	2117	106	380	917	715
Sept-Nov	15589	1063	410	3390	10320	9217	3566	1807	1759	5651	290	1018	2405	1939
Dec-Feb	16956	1166	436	3810	11110	9948	3820	1922	1898	6127	292	1105	2625	2105
Percent- age change	+ 9	+ 9½	+ 6½	+ 12	+ 7½	+ 8	+ 7	+ 6½	+ 8	+ 8½	+ 1	+ 8½	+ 9	+ 8½

<sup>9</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>k</sup> Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY COMMODITY: VOLUME INDICES  
(Overseas Trade Statistics basis)

Table 9

INDICES 1980 = 100, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>9</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chemi- cals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
														5-8 less SNAPS
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147
1982	101.6	107	94	133	95	97	99	106	93	96	94	94	99	95
1983	102.2	110	101	148	93	94	102	113	93	90	86	96	89	87
1982 Q4	103.2	113	97	143	95	95	96	106	89	94	97	91	96	92
1983 Q1	102.1	118	104	145	93	93	100	111	91	89	85	96	88	89
Q2	100.0	105	99	143	92	93	101	110	94	87	70	92	87	87
Q3	99.1	105	95	141	92	92	100	113	89	87	80	93	86	86
Q4	107.6	112	106	163	97	100	108	119	100	95	107	105	95	88
1983 Dec	114.1	118	111	178	102	104	112	121	106	99	118	112	97	93
1984 Jan	101.6	117	100	153	92	97	105	116	97	92	72	99	94	88
Feb	116.0	123	99	170	107	105	112	129	98	100	111	110	102	93
Sept-Nov	103.6	108	100	152	95	96	104	117	94	91	102	99	91	86
Dec-Feb	110.6	120	103	167	100	102	110	122	100	97	100	107	98	91
Percent- age change	+ 7	+ 11	+ 3½	+ 10	+ 5½	+ 6	+ 5½	+ 4	+ 6½	+ 6½	- 1½	+ 8	+ 7½	+ 6

<sup>9</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>k</sup> Based on the United Nations Broad Economic Categories end-use classification.

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EXPORTS BY COMMODITY: UNIT VALUE INDICES.  
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>9</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	6 less PS	7+8 less SNA	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capita
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	k	k	k	k	
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147
1982	116.6	115	102	132	115	115	110	112	109	118	126	114	120	118
1983	126.5	122	112	140	125	124	117	119	115	129	144	122	132	128
1982 Q4	119.5	116	100	139	117	117	111	113	109	122	130	117	124	121
1983 Q1	123.5	119	104	141	122	121	114	116	113	126	137	119	129	124
Q2	125.6	122	111	138	125	124	116	118	115	129	146	121	132	127
Q3	127.9	123	115	139	127	126	118	120	116	131	147	123	134	129
Q4	129.2	125	117	142	128	127	119	121	117	132	144	125	134	131
1983 Dec	130.2	125	120	144	129	128	120	122	118	133	147	126	135	132
1984 Jan	132.2	126	121	144	132	130	122	125	120	135	153	128	138	135
Feb	132.7	126	122	147	131	130	123	125	121	135	151	129	138	133
Sept-Nov	128.7	125	116	141	128	126	118	120	117	131	143	125	134	130
Dec-Feb	131.7	126	121	145	131	129	122	124	120	134	151	128	137	133
Percent- age change	+ 2½	+ 1	+ 4	+ 2½	+ 2½	+ 2½	+ 2½	+ 3	+ 2½	+ 2½	+ 5½	+ 2	+ 2	+ 2½

<sup>9</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

k Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY AREA  
(Overseas Trade Statistics basis)

£ million, fob, seasonally adjusted

	Developed Countries						Developing Countries			Centrally planned economies
	Total	Total	European Community	Rest of W Europe	North America	Other	Total	Oil exporting countries	Other	
1982	5558	41393	23124	6681	8353	3235	13053	6445	6608	974
1983	60534	46508	26516	7516	9342	3133	12783	6122	6661	1112
1982 Q4	14472	10770	5865	1736	2424	744	3369	1700	1669	288
1983 Q1	14781	11233	6584	1901	2077	671	3221	1564	1656	277
Q2	14687	11190	6313	1814	2296	767	3028	1498	1539	274
Q3	14831	11493	6386	1777	2496	835	3202	1540	1662	290
Q4	16234	12592	7234	2025	2473	860	3332	1528	1804	271
1983 Dec	5782	4451	2497	721	905	327	1199	557	643	91
1984 Jan	5187	4001	2353	684	695	268	1030	465	565	101
Feb	5987	4771	2501	833	1108	328	1169	512	657	116
Sept-Nov	15589	12118	6929	1907	2471	812	3207	1507	1700	277
Dec-Feb	16956	13222	7352	2238	2708	924	3399	1533	1866	307
Percentage change	+ 9	+ 9	+ 6	+ 17	+ 9½	+ 14	+ 6	+ 1½	+ 9½	+ 11

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IMPORTS BY COMMODITY  
(Overseas Trade Statistics basis)

Table 12

£ million cif seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>9</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capita	
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	k	k	k	k	
1982	56978	7251	3930	7409	37114	34795	12795	4179	8616	22000	2882	5909	6674	6536
1983	65993	7853	4723	7067	44905	41609	14886	5120	9766	26723	3659	6902	8121	8041
1982 Q4	14289	1781	959	1679	9515	8882	3172	1054	2118	5710	755	1476	1740	1739
1983 Q1	15962	1925	1096	1656	10810	9924	3514	1219	2295	6410	843	1662	1989	1916
Q2	16405	1901	1201	1799	11120	10093	3603	1234	2369	6490	922	1633	1974	1961
Q3	16288	1917	1146	1813	11119	10349	3716	1254	2461	6634	1013	1671	1970	1980
Q4	17338	2111	1280	1800	11855	11243	4053	1413	2640	7190	881	1936	2189	2184
1983 Dec	5803	691	412	535	4061	3891	1362	487	875	2530	318	697	749	766
1984 Jan	5927	715	427	524	4183	3947	1432	503	929	2515	329	626	806	754
Feb	5820	722	430	592	3999	3846	1426	500	926	2420	301	663	766	690
Sept-Nov	17009	2072	1263	1894	11503	10792	3930	1351	2579	6863	894	1780	2104	2084
Dec-Feb	17551	2128	1269	1652	12255	11685	4220	1489	2730	7465	948	1986	2321	2210
Percent- age change	+ 3	+ 2½	+ ½	- 13	+ 6½	+ 8½	+ 7½	+ 10	+ 6	+ 9	+ 6	+ 12	+ 10	+ 6

<sup>9</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

k Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY COMMODITY: VOLUME INDICES  
(Overseas Trade Statistics basis)

Table 13

INDICES 1980 = 100 seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>9</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capita	
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	k	k	k	k	
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94
1982	100.1	108	93	75	106	115	111	123	107	117	110	113	120	122
1983	107.8	108	104	67	119	128	123	143	115	131	125	125	129	142
1982 Q4	99.0	104	93	64	108	116	111	124	105	120	110	112	122	131
1983 Q1	105.9	109	101	62	116	123	118	135	111	127	113	122	129	137
Q2	106.6	105	107	69	116	123	119	138	111	125	124	118	123	137
Q3	106.7	105	99	69	118	128	124	144	115	131	144	120	125	140
Q4	111.9	112	108	67	125	138	133	157	123	141	121	140	139	154
1983 Dec	111.1	109	103	59	127	141	132	158	121	148	130	152	140	161
1984 Jan	111.3	111	101	55	129	142	137	160	127	145	135	133	148	158
Feb	109.3	112	106	63	123	137	136	161	125	138	121	142	139	141
Sept-Nov	110.6	111	107	71	122	133	130	153	121	135	124	128	134	147
Dec-Feb	110.6	111	103	59	126	140	135	160	125	144	129	142	142	153
Percent- age change	-	-	- 3½	- 18	+ 3½	+ 5½	+ 4	+ 4½	+ 3½	+ 6	+ 3½	+ 11	+ 6½	+ 4

<sup>9</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

k Based on the United Nations Broad Economic Categories end-use classification.

**SECRET and Personal** until release of press notice

on 27/3/84 at 3.30 pm and thereafter unclassified.

IMPORTS BY COMMODITY: UNIT VALUE INDICES  
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>9</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver (PS)						Finished manufactures excluding ships, North Sea installations and aircraft (SNA)		
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	k	k	k	k	
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94
1982	116.8	112	104	146	114	115	109	114	107	119	123	113	119	122
1983	127.7	120	116	153	126	125	116	121	113	131	137	122	138	131
1982 Q4	120.0	113	105	153	117	117	109	116	107	122	128	115	124	125
1983 Q1	125.5	117	111	156	123	123	113	120	110	129	139	119	133	130
Q2	127.3	120	114	151	126	126	116	121	114	132	140	121	139	132
Q3	128.0	121	117	153	126	125	116	121	114	131	132	123	139	131
Q4	129.8	123	120	155	128	127	117	123	115	133	137	125	141	131
1983 Dec	130.7	123	122	156	128	128	118	125	115	134	138	125	142	132
1984 Jan	133.3	125	127	162	130	129	120	128	117	135	139	126	145	133
Feb	134.6	127	127	161	132	131	122	128	120	137	142	128	147	135
Sept-Nov	129.1	122	119	154	127	126	117	122	115	132	136	125	139	131
Dec-Feb	132.9	125	125	160	130	129	120	127	117	136	139	126	145	134
Percent- age change	+ 3	+ 2½	+ 5	+ 4	+ 2½	+ 2½	+ 3	+ 4	+ 2½	+ 2½	+ 2½	+ 1½	+ 4	+ 2

<sup>9</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

k Based on the United Nations Broad Economic Categories end-use classification.

Table 15

IMPORTS BY AREA  
(Overseas Trade Statistics basis)

£ million cif seasonally adjusted

	Developed Countries						Developing Countries		Centrally planned economies	
	Total	Total	European Community	Rest of W Europe	North America	Other	Total	Oil exporting countries	Other	
1982	56978	46191	25269	8390	8095	4436	9349	3453	5896	1327
1983	65993	54729	30098	10444	9027	5159	9611	2824	6786	1534
1982 Q4	14289	11829	6525	2135	2061	1107	2167	752	1415	339
1983 Q1	15962	13158	7245	2367	2270	1276	2500	784	1716	366
Q2	16405	13537	7381	2638	2209	1308	2392	720	1673	398
Q3	16288	13346	7400	2541	2154	1251	2388	718	1670	373
Q4	17338	14689	8072	2898	2394	1324	2331	603	1727	397
1983 Dec	5803	4955	2727	937	824	466	706	191	516	126
1984 Jan	5927	5004	2674	1067	800	463	745	157	588	127
Feb	5820	4931	2669	968	812	482	796	162	634	148
Sept-Nov	17009	14208	7824	2826	2297	1262	2440	670	1770	406
Dec-Feb	17551	14890	8070	2973	2436	1411	2247	510	1737	401
Percent- age change	+ 3	+ 5	+ 3	+ 5	+ 6	+ 12	- 8	- 24	- 2	- 1

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on 27/3/84 at 3.30 pm and thereafter unclassified.

COMMODITY ANALYSIS OF VISIBLE TRADE  
(Balance of Payments basis)

£ million, seasonally adjusted

SITC (R2)	Food Beverages and Tobacco			Basic Materials			Fuels		
	0 + 1			2 + 4			3		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1982	3936	6613	- 2676	1354	3315	- 1961	11237	7193	+ 4043
1983	4221	7196	- 2975	1610	3983	- 2373	13126	6743	+ 6383
1982 Q1	940	1662	- 723	326	898	- 572	2487	1942	+ 546
Q2	991	1684	- 693	361	826	- 464	2595	1824	+ 771
Q3	962	1637	- 675	328	781	- 452	2989	1792	+ 1197
Q4	1043	1629	- 586	338	811	- 472	3165	1636	+ 1529
1983 Q1	1114	1765	- 651	380	920	- 539	3260	1589	+ 1672
Q2	987	1740	- 753	393	1017	- 624	3121	1707	+ 1414
Q3	1017	1758	- 741	394	960	- 566	3086	1717	+ 1369
Q4	1103	1934	- 831	442	1086	- 644	3658	1730	+ 1928

SITC (R2)	Semi-Manufactures			Finished Manufactures			Total Manufactures		
	5 + 6			7 + 8			5 - 8		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1982	14112	12972	+ 1140	23218	21855	+ 1363	37330	34827	+ 2503
1983	15927	15736	+ 190	24111	26420	- 2309	40038	42156	- 2119
1982 Q1	3512	3205	+ 307	5786	5027	+ 758	9298	8232	+ 1066
Q2	3558	3372	+ 186	5922	5635	+ 287	9480	9007	+ 474
Q3	3370	3104	+ 266	5653	5521	+ 132	9024	8625	+ 399
Q4	3671	3291	+ 380	5857	5673	+ 185	9528	8963	+ 565
1983 Q1	3863	3712	+ 151	5799	6386	- 587	9662	10098	- 436
Q2	3923	3942	- 20	5924	6507	- 583	9847	10449	- 603
Q3	3981	3894	+ 87	5988	6546	- 558	9968	10440	- 472
Q4	4160	4188	- 28	6400	6981	- 581	10560	11169	- 609



FROM: C D HARRISON  
 23 May 1984

1. MR KELLY ✓  
 2. CHANCELLOR

*Note at end  
 CWK  
 23.5.*

cc as attached list

*C*  
 See para 12.  
 I agree with Mr H & M.K. ✓  
 DHP

APRIL TRADE FIGURES

The April trade figures will be published at 3.30 pm on Tuesday 29 May. The DTI will be sending your office a copy of their press notice for approval. As usual this has been discussed interdepartmentally and we are content.

2. You have already been sent a copy of the DTI's internal note. As from this month, we propose not circulating it as an attachment to this note, as there has in the past been some overlap in content. This note will in future make more use of tables, and continue to include the chart attached to the DTI note. Perhaps anyone who wishes to continue seeing the DTI note could let me know.

Current account and trade balances

Table 1: Current Account

<u>£ billion</u>	<u>1983</u>	<u>1984:</u>				
		<u>Nov-Jan</u>	<u>Feb-Apr</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
Oil	+7.0	+2.3	+2.0	+0.8	+0.8	+0.4
Non-oil	-7.5	-2.2	-2.5	-0.3	-1.0	-1.2
Total visible trade	-0.5	+0.1	-0.6	+0.5	-0.2	-0.8
o/w: trade in manufactures, BoP basis	-2.1	-0.6	-0.7	+0.2	+0.4	-0.6
Invisibles	+2.5	+0.5	+0.8*	+0.3*	-0.3*	+0.3*
Current Account	+2.0	+0.6	+0.2	+0.7	+0.0	-0.6

\* projection

3. The £0.6 billion deterioration in the estimated current account balance in April was largely due to a deterioration of £0.4 billion in the oil balance. About £0.2 billion of this is thought to reflect increased net imports of fuel oil resulting from the miners' strike. The rest is thought to include an increase in oil companies' stocks of around £0.15 billion, possibly for strategic reasons, and lost production resulting from a fire on a North Sea rig of around £0.05 billion. The Department of Energy consider that each further month of the strike will result in around £0.2 billion of higher net oil imports; this is likely to continue for a month or so after the strike ends as the CEEGB rebuilds its stocks. [Not for press: Net coal imports also increased by around £30 million in April, following a £10 million increase in March.]

4. The £0.2 billion deterioration in the non-oil deficit in April was due to imports rising more rapidly than exports. There was little movement in the balance on the "erratic" items.

5. Despite the adverse April figures, the current account is estimated to have remained in surplus in the three months ended April, largely because of the good February figures. The Q1 figures will be revised when the CSO publish their invisibles and capital account figures on 7 June. We do not yet know what the revisions will be; a note will be submitted in due course.

Exports and Imports

Table 2: Exports and Imports - (percentage increase)

	<u>April on March</u>	<u>Latest 3 months on previous 3 months</u>	<u>Latest 3 months on 1 year ago</u>
(i) <u>Exports</u>			
Total value	- 5½	+ 4½	+ 13½
Total volume	- 7	+ 3	+ 7½
Total volume excl. oil and erratics	+ ½	+ 2½	+ 8½
o/w: manufactures	0	+ 2	+ 9
Fuels (volume)	-21	- 1½	+ 13½

Table 2 (continued)

	<u>April on</u> <u>March</u>	<u>Latest 3 months</u> <u>on previous</u> <u>3 months</u>	<u>Latest 3 months</u> <u>on 1 year ago</u>
(ii) <u>Imports</u>			
Total value	+ 5	+ 8½	+ 19
Total volume	+ 4	+ 5½	+ 12
Total volume excl. oil and erratics	+ 5	+ 2	+ 13½
o/w: manufactures	+ 5	+ ½	+ 13½
basic materials	- 3	+ 3	+ 2
Fuels (volume)	+25½	+27	+ 26

6. Table 2 confirms that despite the poor April figures, the underlying position is not at all bad. Taking the last three months together, there have been some substantial increases in exports over the past year. When oil is excluded, the increase in export volumes compared with the previous three month period continued to outpace the rise in imports. But the DTI chart shows some levelling off in the rapid growth seen in the second half of 1983.

7. By commodity group:

(i) among exports, cars and other consumer goods changed little in the latest three months. But there were increases in the volumes of chemicals (+4½ per cent), intermediate goods (+2 per cent) and capital goods (+ 2½ per cent).

(ii) among imports, while cars fell 8 per cent by volume in the latest 3 months, other consumer goods rose 4 per cent. Chemicals rose 6½ per cent, although capital goods fell 4 per cent.

Exports to North America have continued to rise rapidly (+16 per cent in latest 3 months). Imports from non-oil developing countries have also continued rising particularly fast (+14 per cent in latest 3 months) to the highest levels ever.

*\* the middle  
is it really  
good.*

Terms of trade

8. The reason why the volume comparisons in table 2 look better than the value comparisons is that in the latest three months the terms of trade deteriorated by  $1\frac{1}{2}$  per cent compared with the previous three month period. They have deteriorated gradually since last summer, and are now worse than at any time since end-1979.

Comparison with Forecast

9. The underlying position on non-oil exports and imports volumes continues to be broadly in line with the FSBR forecast, with exports perhaps slightly stronger than expected. However, the fall in the effective exchange rate has led to rather higher trade prices than we envisaged.

10. As far as the balance of trade in oil is concerned there are a number of offsetting factors. Higher North Sea oil production and the fall in the £/\$ exchange rate led to a larger balance of trade in oil than we had been expecting in the first quarter. But the miners' strike, not allowed for in the FSBR forecast, is having the reverse effect. The overall impact of these factors will clearly depend on how long the strike lasts.

Effect on markets

11. The Bank expect the markets to be disappointed with the April figures, and there may be some selling of sterling, although as usual much will depend on other prevailing factors next Tuesday. Sterling's tone is currently rather soft in the absence of new factors in the Gulf, and because of slight worries about indicators such as the PSBR and RPI, against the background of a generally firm dollar. It has been little affected so far by the miners' strike.

Presentation

✓✓  
12. We would be grateful for your guidance on the sensitive issue of how to present to the press the effects of the miners' strike on the figures. It would seem wisest to play it as low-key as possible, giving an indication of the size of the strike's impact if asked, also pointing out the other special factors affecting the oil balance in April. This would seem preferable to adopting a high-profile approach by heaping blame upon the miners in an aggressive attempt to pre-empt an adverse market reaction, which might backfire.

✓✓  
13. Draft briefing for IDT along these lines is attached for your approval. Apart from this point, there is some scope for explaining that the underlying figures are not at all as bad as might appear at first sight.

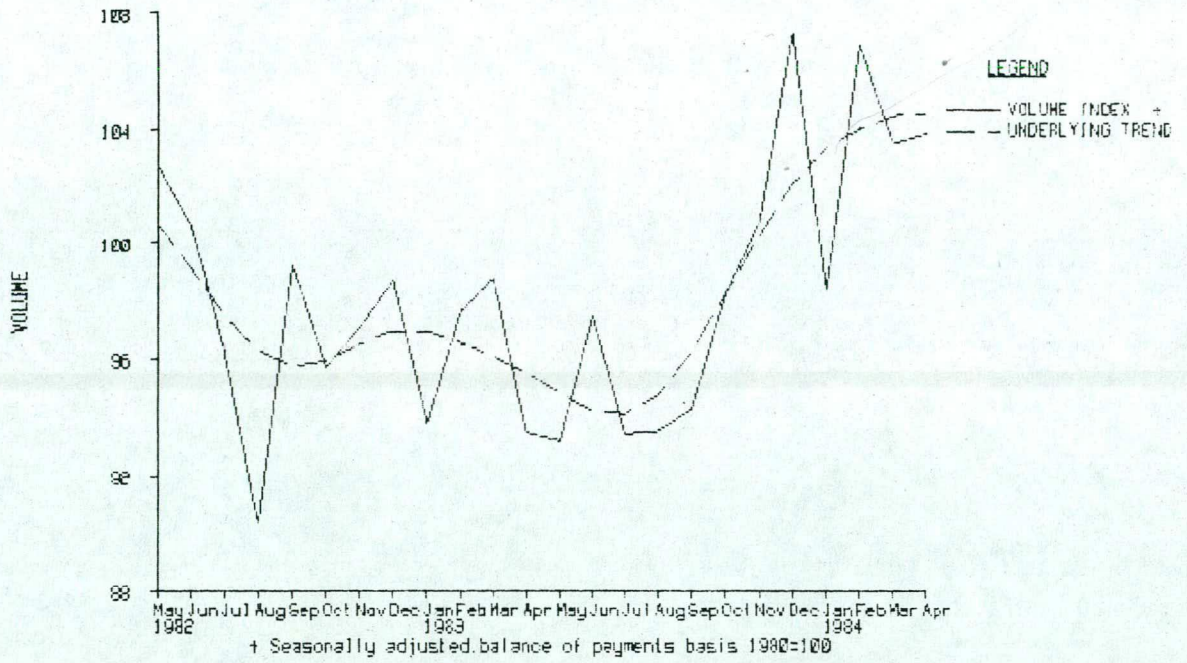
C D Harrison

C D HARRISON

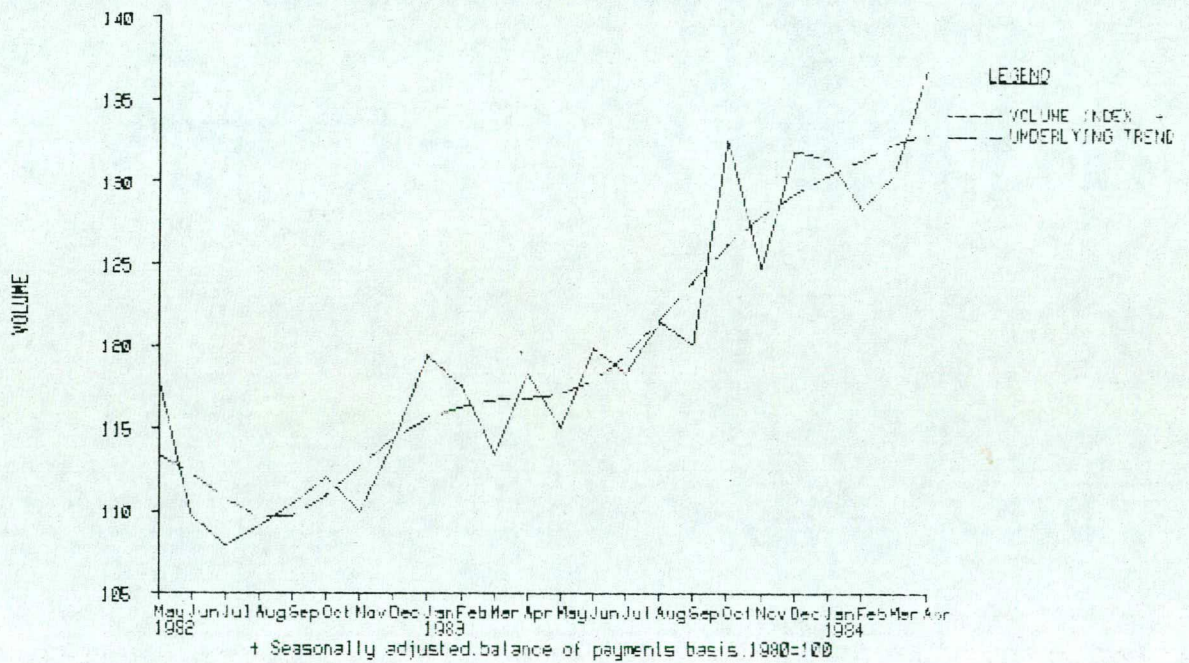
Since this note was written, there has been a lot of activity in the markets and some signs that people are beginning to focus on the economic effects of the miners' strike. Against this background there must be a possibility of a rather more adverse reaction to these figures than might otherwise have been expected. But, as Mr Harrison points out, much will depend on what happens elsewhere in the world (particularly in the US and Gulf). I endorse his remarks about presentation. I am sure that it would be quite wrong to imply that it was all down to the miners. Equally, we have to acknowledge that there has been some (constraining) effect.

CWK  
23.5.

EXPORTS EXC. OIL & ERRATICS



IMPORTS EXC. OIL & ERRATICS



**SECRET** and Personal until release of press notice  
 on 29/5/84 at 3.30 pm and thereafter unclassified.

DRAFT IDT BRIEFING

Points to make

1. (i) April figures consistent with usual erratic movements.
- (ii) Over latest three months, current account remained in surplus (£0.2 billion)
- (iii) Exports rose sharply last year (table 2). Latest three months show some easing of rate of increase, but non-oil export volumes still rising faster than imports (table 2). Including manufactures.
- (iv) UK continuing to benefit from US growth: exports to North America up 16 per cent in latest three months.
- (v) UK doing its bit to help LDC debtors export out of trouble: imports from non-oil LDCs up 14 per cent in latest three months, to highest levels ever.

Defensive

2. Effect of miners' strike on oil balance?

Strike increased net imports by perhaps £200 million in April. But in addition oil companies rebuilt stocks by maybe £150 million, possibly because of Gulf tensions, and a fire on a North Sea rig also led to lost production. (Do not quote coal import figures).

3. Miners' strike causing CEGB oil plant to be damaged by heavy use? (Guardian, 23 May, attached).

Refer to Department of Energy.

4. Exports easing?

Maybe some easing of very rapid increase seen last year. But levels still very high compared with this time last year (table 2).

5. Deficit on manufactured trade? What happens when oil runs out?

Non-oil sector will have to adjust as oil production declines; decline should be less sharp than build up of production, allowing time for adjustment. Recent growth of manufactured exports to highest levels for four years is an indication of good prospects.

6. Rapid increase in import prices and deterioration in terms of trade inflationary?

Impact on inflation will depend on overall stance of fiscal and monetary policy. No intention of accommodating inflationary impulses, whatever their source.



ARTICLE FROM THE GUARDIAN OF 23 MAY 1984.

## Power cuts seen in secret CEGB papers, claims MP

### PIT DISPUTE

Power cuts could hit Britain next weekend because of falling coal stocks according to secret Central Electricity Generating Board management documents, a Labour MP claimed in the Commons last night.

Mr Dave Nellist, MP for Coventry SE, said the documents showed that "oil plant had been subjected to long-term damage due to it being operated far beyond manufacturers' specifications."

He said that the documents showed that ministers' claims that there were months of coal stocks at the power stations, despite the strike, were a fantasy.

Mr Nellist, who unsuccessfully called for an emergency debate on the escalating effect of the miners' strike on power supplies, said that he had been advised about the documents that morning and that they were recently considered by top CEGB management.

The documents envisaged the coal strike lasting a minimum of a further six months and examined the ability of the power stations to cope.

They showed "system instability was encountered over Easter due to large power flows from the Midlands. The system was never designed to cope with these conditions," said Mr Nellist.

"The board see the real risk of the possibility of rota disconnections — power cuts — this weekend, due in part to the bank holiday and the current bad weather."

Mr Nellist said that the board had launched extensive studies on the feasibility of running the system "with zero coal plant."

He added: "The reports revealed this morning that, of the 57 coal-fired power stations in England and Wales, only two are operating at greater than 50 per cent capacity."

TRADE FIGURES FOR APRIL 1984

Advance Circulation

Chancellor of the Exchequer	Mr H P Evans
Economic Secretary	Mr Folger
Sir P Middleton	Mr Hall
Mr Littler	Mr C Mowl
Sir T Burns	Mr S Webb
Mr Cassell	Mr Gleed
Mr Unwin	Mr Towers
Mr Lavelle	Mr Bartlett
Mr Battishill	Mr Ridley
Mr Kelly (EF)	Mr Gill - Bank
	Mr Turnbull - No 10

Circulation after 3.30 pm on Tuesday 24 May

Chief Secretary	Mr Barber
Financial Secretary	Mr Riley
Minister of State	Mr Sedgwick
Mr Bailey	Mr G Horton
Mr Byatt	Mr Hibberd
Mr Wicks (Washington)	Mr Kelly (MP)
Mr Fitchew	Mr Vernon
Mr Odling-Smee	Miss Deyes
Mr Lankester	Mr N McKinnon
Mr Bottrill	Mr Lord
Mr Gordon	Mr Portillo

COVERING SECRET AND PERSONAL



DEPARTMENTS OF INDUSTRY AND TRADE

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J Kerr Esq  
Principal Private Secretary  
Chancellor of the Exchequer  
H M Treasury  
Parliament Street  
LONDON  
SW1P 3AG

22 June 1984

I am attaching a copy of the draft Press Notice on the Current Account of the United Kingdom Balance of Payments in May. The draft was agreed earlier today at the usual interdepartmental meeting.

Publication is set for Wednesday 27 June at 3.30pm and I should be grateful if you would arrange for the Notice to be cleared by noon Tuesday 26 June and to inform me accordingly.

A copy of this letter and draft Press Notice is being sent to Sir Peter Middleton.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'W. E. Boyd', written in a cursive style.

W E BOYD

COVERING SECRET AND PERSONAL

THE CURRENT ACCOUNT OF THE UNITED KINGDOM  
BALANCE OF PAYMENTS

MAY 1984

The current account for May is estimated to have been in deficit by £69 million compared with a deficit of £588 million in April. Exports in May amounted to £5635 million and imports to £5953 million so that trade in goods was in deficit by £319 million compared with a deficit of £838 million in April.

The invisibles account is projected at a monthly surplus of £250 million, a large surplus on the transactions of the private sector and public corporations being partly offset by a deficit on Government transactions.

MARCH TO MAY 1984

In the period March to May the current account was in deficit by £584 million compared with a surplus of £1467 million in the previous three months. There was a deficit on visible trade of £1383 million in the latest three months compared with a surplus of £526 million in the previous three months. The surplus on invisibles is projected at £799 million.

CURRENT ACCOUNT

TABLE 1

£ million, Seasonally adjusted

	Visible Trade				Invisibles <sup>c</sup>		
	Current Balance	Balance	Exports fob	Imports fob	Balance	Credits	Debits
1982	+ 5774	+ 2384	55565	53181	+ 3390	31824	28434
1983	+ 2924	- 500	60658	61158	+ 3424	34216	30792
1983 Q1	+ 1589	+ 203	14819	14616	+ 1386	8698	7312
Q2	- 89	- 460	14752	15212	+ 371	8196	7825
Q3	+ 828	- 242	14862	15110	+ 1076	8596	7520
Q4	+ 596	+ 5	16225	16220	+ 591	8726	8135
1984 Q1	+ 838	- 59	16853	16912	+ 897	9001	8104
1983 Dec	+ 701	+ 358	5795	5438	+ 343b		
1984 Jan	- 25	- 324	5214	5538	+ 299b		
Feb	+ 791	+ 492	5948	5456	+ 299b		
Mar	+ 72	- 227	5691	5918	+ 299b		
Apr	- 588a	- 838	5370	6207	+ 250 a		
May	- 69a	- 319	5635	5953	+ 250 a		
Dec-Feb	+ 1467	+ 526	16958	16432	+ 941		
Mar-May	- 584	- 1383	16695	18078	+ 799		

Monthly figures of credits and debits are not available

- a Invisibles are projections and subject to revision as information becomes available.  
b One-third of the appropriate calendar quarter's estimate, except for budget refunds received from the European Community which are allocated to the month they are known to have been received. See notes to editors.  
c Information relating to credits and debits of the private sector and public corporations can be found in Table 3.



#### VISIBLE TRADE IN MAY 1984

The visible trade balance in May was in deficit by £319 million compared with a deficit of £838 million in April. There was a surplus on oil of £495 million compared with £370 million in April.

The deficit on trade in non-oil goods of £1208 million in April was reduced to £813 million in May.

The value of exports in May was £265 million (5 per cent) higher than in April. Exports of oil increased by £137 million following the low April figure and exports of the erratic items\* increased by £113 million; these account for most of the overall increase.

Total imports were £254 million (4 per cent) lower than in April. Imports of oil and of the erratic items were virtually unchanged. Elsewhere the fall was widespread with only capital goods showing any increase.

The terms of trade/<sup>index</sup> was unchanged with both the export unit value and the import unit value indices showing a slight increase.

#### RECENT TRENDS

##### Visible balance

In the three months ended May there was a deficit on visible trade of £1.4 billion compared with a surplus of £0.5 billion in the previous three months. The surplus on trade in oil fell by £0.8 billion to £1.6 billion. The deficit on trade in non-oil goods increased by £1.1 billion (of which £0.6 billion related to trade in erratic items) to £3.0 billion.

##### Exports

Exports in the three months ended May were valued at £16.7 billion; 1½ per cent lower than in the previous three months. Exports of oil fell by £0.2 billion and exports of the erratic items fell by £0.1 billion. Excluding these, the value of exports increased slightly

\*These are defined as ships, North Sea installations, aircraft, precious stones and silver bullion.

in the latest three months; higher deliveries of semi-manufactures and basic materials offsetting reduced deliveries of finished manufactures.

Total export volume was 2 per cent lower in the latest three months than in the previous three months but 7 per cent higher than a year earlier. The trend in non-oil export volume, which was strongly upwards during the second half of last year, has levelled out in recent months.

#### Imports

Imports were valued at £18.1 billion in the three months ended May; £1.6 billion (10 per cent) higher than in the previous three months. Imports of oil increased by £0.6 billion and imports of the erratic items by £0.5 billion.

Imports of non-oil goods, excluding the erratic items, rose by £0.6 billion (4 per cent). About half of this increase is accounted for by higher arrivals of non-manufactured goods. Imports of manufactures increased by 2 per cent overall while, within the total, imports of cars fell by 9½ per cent.

Total import volume increased by 7 per cent between the three months ended February and the latest three months to be 12 per cent higher than a year ago. The underlying level of non-oil import volume continues to rise but less rapidly than during the second half of last year.

#### Terms of trade (see table 4)

The terms of trade index fell by 1 per cent in the latest three months

as the export unit value index increased by 1½ per cent and the import unit value index increased by 2½ per cent.

Analysis by area

The value of exports to the developed countries fell by 1 per cent between the three months ended February and the latest three months and exports to the developing countries fell by 8½ per cent. Exports to the European Community countries increased by 1 per cent in value but exports to Western Europe as a whole fell by 2 per cent.

Imports from the developed countries increased by 7½ per cent in the latest three months. Imports from the developing countries rose by 23 per cent with arrivals from the oil exporting countries increasing by 49 per cent.

INVISIBLES

The latest estimates of invisibles - services, interest, profits and dividends and transfers - relate to the first quarter of 1984 when credits were £9.0 billion and debits were £8.1 billion giving a surplus of £0.9 billion for the quarter. Invisibles in the private sector and public corporations (excluding transfers) were in surplus by £1.9 billion. The figures for April and May are CSO projections.

## NOTES TO EDITORS

### 1 REVISIONS

Figures relating to invisibles have been revised (see CSO Press Notice dated 7 June). Queries in respect of invisibles should be addressed to the CSO.

### 2 STANDARD NOTES

The standard notes which were issued with the January Press Notice describe in detail the differences between the Balance of Payments (BOP) and the Overseas Trade Statistics (OTS) bases of compilation. The principal difference is the deduction of freight from the OTS valuation of imports. Additional copies can be obtained from the address below.

### 3 VISIBLE TRADE BALANCES BY COMMODITY (BALANCE OF PAYMENTS BASIS)

Table 16 of the Press Notice shows the value of exports, imports and the visible balance, measured on a comparable (BOP) basis, for each of the major commodity groups including manufactured goods. Monthly data at this level of detail, are published in the Monthly Review of External Trade Statistics.

### 4 MONTHLY REVIEW OF EXTERNAL TRADE STATISTICS

The Monthly Review of External Trade Statistics, prepared mainly as an internal working document, is made available publicly by the Department of Trade and Industry (price £3 a copy).

This is a monthly publication containing a commentary, charts, and tables, on topics such as the current account of the UK balance of payments, UK exports and imports of goods by commodity and area and certain international comparisons. An annual supplement of which a revised issue (No 5), has recently been published, price £4 a copy, provides longer historical runs for the series shown in the monthly edition and additional international data.

### 5 INVISIBLES: MONTHLY FIGURES

For all invisible transactions except European Community budget refunds one third of the appropriate calendar quarter's balance is used as the monthly balance.

European Community budget refunds are now allocated to be the particular month in which they are known to have been received. In previous Press Notices one twelfth of the total amount of refund received in the calendar year was allocated to each month. For more details of this change in method see CSO Press Notice on the Balance of payments published on 7 June or the forthcoming article in the June 1984 issue of Economic Trends.

### 6 ROUNDING

The data published in this Press Notice has been rounded to the nearest £million. Therefore figures may not sum to the aggregates and balances may not derive exactly from the export and import figures shown.

Enquiries about the Standard Notes, and the Monthly Review, should be addressed to S2A, Room 255, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET, Telephone: 01-215 5703.



**CURRENT BALANCE, VISIBLE TRADE AND INVISIBLES**  
 (Balance of Payments basis)

£ million seasonally adjusted

	Current Balance	Visible Trade					Invisible Balance
		Exports fob	Imports fob	Visible Balance	of which		
					Oil	Non-Oil	
1982	+ 5774	55565	53181	+ 2384	+ 4556	- 2172	+ 3390
1983	+ 2924	60658	61158	- 500	+ 7001	- 7501	+ 3424
1983 Q1	+ 1589	14819	14616	+ 203	+ 1801	- 1598	+ 1386
Q2	- 89	14752	15212	- 460	+ 1556	- 2016	+ 371
Q3	+ 828	14862	15110	- 248	+ 1521	- 1769	+ 1076
Q4	+ 596	16225	16220	+ 5	+ 2123	- 2118	+ 591
1984 Q1	+ 838	16853	16912	- 59	+ 2316	- 2374	+ 897
1983 May	- 314	4811	5248	- 437	+ 450	- 887	+ 123b
June	+ 283	5075	4916	+ 159	+ 559	- 400	+ 124b
July	+ 150	4786	5007	- 222	+ 464	- 686	+ 372b
Aug	+ 274	4934	5012	- 78	+ 532	- 610	+ 352b
Sept	+ 404	5142	5091	+ 52	+ 525	- 473	+ 352b
Oct	- 299	5164	5586	- 423	+ 561	- 984	+ 124b
Nov	+ 195	5266	5196	+ 71	+ 661	- 591	+ 124b
Dec	+ 701	5795	5438	+ 358	+ 901	- 543	+ 343b
1984 Jan	- 25	5214	5538	- 324	+ 719	- 1042	+ 299b
Feb	+ 791	5948	5456	+ 492	+ 821	- 329	+ 299b
Mar	+ 72	5691	5918	- 227	+ 776	- 1003	+ 299b
Apr	- 588a	5370	6207	- 838	+ 370	- 1208	+ 250a
May	- 69a	5635	5953	- 319	+ 495	- 813	+ 250a
Dec-Feb	+ 1467	16958	16432	+ 526	+ 2441	- 1915	+ 941
Mar-May	- 584	16695	18078	- 1383	+ 1641	- 3024	+ 799
Percentage Change		- 1½	+ 10				

a Invisibles are projections and subject to revision as more information becomes available.

b One third of the appropriate calendar quarter's estimate. Budget refunds received from the European community are allocated to the month they are received.

Table 3

## INVISIBLES

£ million seasonally adjusted

	All Sectors						Private Sector and public Corporations <sup>d</sup>		
	Credits	Debits	Balance	of which			Credits	Debits	Balance
				Services	Interest Profits Dividends	Transfers			
1982	31824	28434	+ 3390	+ 3874	+ 1625	- 2109	27420	20319	+ 7101
1983	34216	30792	+ 3424	+ 4328	+ 1363	- 2267	29816	22162	+ 7654
* 1982 Q2	7718	7110	+ 608	+ 1052	+ 423	- 867	6968	5076	+ 1892
Q3	7676	7164	+ 530	+ 807	+ 462	- 739	6791	5098	+ 1693
Q4	8253	7270	+ 983	+ 919	+ 637	- 573	7182	5179	+ 2003
* 1983 Q1	8698	7312	+ 1386	+ 1106	+ 424	- 144	7191	5225	+ 1966
Q2	8196	7825	+ 371	+ 1276	- 21	- 884	7350	5601	+ 1749
Q3	8596	7520	+ 1076	+ 1029	+ 585	- 538	7601	5473	+ 2128
Q4	8726	8135	+ 591	+ 917	+ 375	- 701	7674	5863	+ 1811
1984 Q1	9001	8104	+ 897	+ 1068	+ 269	- 440	7780	5925	+ 1855

d ie excluding general government transactions and all transfers.

on 27/6/84, at 3.30 pm and thereafter unclassified.

UKBAAC

**EXPORT AND IMPORT UNIT VALUE AND VOLUME INDEX NUMBERS**

Table 4

	(Balance of Payments basis)			Indices 1980 = 100	
	Unit Value (Not seasonally adjusted)			Volume (seasonally adjusted)	
	Exports	Imports	Terms of Trade <sup>e</sup>	Exports	Imports
1982	116.7	117.9	99.0	101.5	100.7
1983	126.6	128.6	98.4	102.3	107.6
1983 Q1	123.6	126.3	97.9	102.3	104.5
Q2	125.6	128.1	98.1	100.3	106.6
Q3	127.9	128.9	99.2	99.3	106.6
Q4	129.2	131.0	98.6	107.4	112.7
1984 Q1	132.6	136.1	97.4	109.5	113.2
1983 May	125.2	128.2	97.7	98.6	109.3
June	125.7	126.9	99.1	103.9	105.4
July	126.8	128.1	99.0	96.9	106.2
Aug	128.2	129.3	99.2	98.9	106.5
Sept	128.7	129.3	99.5	102.0	107.2
Oct	128.4	130.3	98.5	103.2	118.0
Nov	128.9	130.7	98.7	104.8	108.2
Dec	130.2	131.9	98.7	114.3	112.1
1984 Jan	132.5	135.1	98.1	101.8	111.7
Feb	132.8	136.4	97.4	115.4	110.2
Mar	132.5	136.7	96.9	111.3	117.9
Apr	133.9	138.4	96.7	104.4	122.9
May	134.9	139.3	96.9	108.5	115.8
Dec-Feb	131.8	134.5	98.0	110.5	111.3
Mar-May	133.8	138.1	96.8	108.1	118.9
Percentage Change	+ 1½	+ 2½	- 1	- 2	+ 7

<sup>e</sup> Export unit value index as a percentage of the import unit value index.

**VALUE AND VOLUME OF EXPORTS AND IMPORTS EXCLUDING THE MORE ERRATIC ITEMS<sup>f</sup>**  
(Balance of Payments basis)

Table 5

	Value £ million fob		Volume Index 1980 = 100	
			seasonally adjusted	
	Exports	Imports	Exports	Imports
1982	52118	50723	103.6	106.2
1983	56316	57800	104.1	112.9
1983 Q1	13752	13719	103.6	108.6
Q2	13634	14194	101.6	110.5
Q3	13702	14338	100.3	112.3
Q4	15228	15549	110.7	120.1
1984 Q1	15689	16113	111.9	119.9
1983 May	4476	4733	100.7	109.7
June	4648	4692	104.4	111.5
July	4499	4732	99.8	111.4
Aug	4550	4786	99.7	112.7
Sept	4653	4820	101.5	112.8
Oct	4843	5274	106.3	124.0
Nov	4976	5022	108.5	116.0
Dec	5409	5253	117.3	120.2
1984 Jan	4951	5332	105.9	119.3
Feb	5444	5308	116.1	118.6
Mar	5294	5473	113.6	121.7
Apr	5094	5917	108.7	129.9
May	5246	5663	111.1	122.4
Dec-Feb	15804	15893	113.1	119.4
Mar-May	15634	17053	111.1	124.7
Percentage Change	- 1	+ 7½	- 2	+ 4½
Change				

<sup>f</sup> These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

**TRADE IN OIL<sup>9</sup>**  
(Balance of Payments basis)

seasonally adjusted

	seasonally adjusted											
	Balance of Trade in oil	Exports of Oil					Imports of Oil					
		Total	Crude Oil [SITC (REV 2) 333.0]			Rest of Division 33	Total	Crude Oil [SITC (REV 2) 333.0]			Rest of Division 33	
			£ million fob	£ million fob	£ million fob			Avg value per tonne £ fob	£ million fob	£ million fob		£ million fob
1982	+ 4556	10686	8542	60.3	141.6	2144	6130	3861	28.3	136.6	2269	
1983	+ 7001	12525	10111	68.4	147.8	2414	5524	3199	22.8	140.4	2324	
1983 Q1	+ 1801	3106	2474	16.4	150.7	632	1305	647	4.4	146.6	658	
Q2	+ 1556	2960	2366	16.4	144.7	594	1404	795	5.8	137.5	609	
Q3	+ 1521	2960	2361	16.2	145.8	599	1439	942	6.8	137.8	497	
Q4	+ 2123	3500	2910	19.5	149.6	589	1376	816	5.8	141.9	561	
1984 Q1	+ 2316	3654	2951	19.1	154.2	703	1338	643	4.3	148.6	695	
1983 May	+ 450	993	779	5.5	142.5	213	543	324	2.4	136.6	219	
June	+ 559	989	744	5.2	142.3	245	430	243	1.8	136.0	187	
July	+ 464	953	751	5.2	143.3	202	488	325	2.4	135.5	163	
Aug	+ 532	977	792	5.4	146.6	185	445	277	2.0	141.3	168	
Sept	+ 525	1031	818	5.6	147.4	213	506	340	2.5	137.2	166	
Oct	+ 561	1100	905	6.1	148.4	195	539	360	2.5	142.9	179	
Nov	+ 661	1117	935	6.1	154.0	182	456	261	1.9	139.3	195	
Dec	+ 901	1283	1070	7.3	147.0	212	382	195	1.4	143.5	187	
1984 Jan	+ 719	1101	874	5.8	151.8	226	382	205	1.4	151.1	177	
Feb	+ 821	1277	1019	6.5	156.2	258	456	226	1.5	149.7	230	
Mar	+ 776	1276	1058	6.9	154.2	218	500	212	1.5	145.1	288	
Apr	+ 370	1014	809	5.2	155.9	205	643	355	2.4	147.2	288	
May	+ 495	1151	933	5.9	157.4	217	656	343	2.3	148.5	313	
Dec-Feb	+ 2441	3660	2963	19.6	151.5	697	1220	627	4.2	148.2	593	
Mar-May	+ 1641	3440	2801	18.0	155.8	640	1799	910	6.2	147.2	890	
Percentage Change		- 6	- 5½	- 8	+ 3	- 8	+ 47	+45	+ 46	- ½	+ 50	

<sup>9</sup> Trade in petroleum and petroleum products. These figures differ from those published by the Department of Energy which are on a time of shipment basis (see paragraph 7 of the standard notes).

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TRADE IN GOODS OTHER THAN OIL  
(Balance of Payments basis)

	Total								Excluding Erratics <sup>f</sup>			
	Value, £ million, fob (seasonally adjusted)			Unit value index 1980 = 100 (not seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)		Value, £ million fob (seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)		
	Balance of non oil trade	Exports	Imports	Exports	Imports	Terms of Trade <sup>e</sup>	Exports	Imports	Exports	Imports	Exports	Imports
1982	- 2172	44879	47051	114.4	113.9	100.4	96.9	105.0	41432	44593	98.8	111.9
1983	- 7501	48133	55634	124.5	125.6	99.2	95.5	114.1	43791	52276	96.8	121.0
1983 Q1	- 1598	11713	13312	121.0	122.4	98.8	95.9	111.2	10646	12414	96.7	116.8
Q2	- 2016	11792	13808	123.8	125.5	98.6	93.9	112.4	10674	12790	94.7	117.7
Q3	- 1769	11902	13671	126.2	126.2	100.0	93.1	112.6	10742	12899	93.8	119.9
Q4	- 2118	12726	14844	127.2	128.2	99.2	99.1	120.2	11728	14173	102.1	129.7
1984 Q1	- 2374	13199	15573	130.5	133.0	98.1	101.0	121.4	12035	14774	102.9	130.1
1983 May	- 887	3818	4705	123.6	125.9	98.1	91.5	114.0	3484	4190	93.2	115.1
June	- 400	4087	4486	124.1	124.2	99.9	97.7	111.9	3659	4262	97.5	119.8
July	- 686	3833	4519	125.3	125.5	99.8	90.7	111.6	3546	4243	93.4	118.3
Aug	- 610	3958	4568	126.5	126.3	100.2	93.1	113.3	3574	4342	93.5	121.4
Sept	- 473	4113	4584	126.9	126.6	100.2	95.5	112.8	3623	4314	94.3	120.0
Oct	- 984	4064	5048	126.5	127.2	99.4	95.5	124.6	3743	4735	98.3	132.5
Nov	- 591	4149	4740	126.9	128.2	99.0	97.2	114.9	3859	4567	100.7	124.7
Dec	- 543	4513	5056	128.2	129.1	99.3	104.7	121.2	4126	4871	107.2	131.8
1984 Jan	- 1042	4113	5156	130.6	131.7	99.2	94.3	121.3	3851	4950	98.4	131.4
Feb	- 329	4671	5000	130.5	133.2	98.0	106.9	117.7	4166	4852	106.9	128.4
Mar	- 1003	4415	5418	130.3	134.3	97.1	101.8	125.1	4018	4973	103.4	130.5
Apr	- 1208	4356	5564	131.8	136.2	96.8	99.4	128.1	4081	5274	103.8	136.8
May	- 813	4484	5297	132.9	136.5	97.3	101.4	120.9	4096	5007	103.6	129.1
Dec-Feb	- 1915	13297	15212	129.8	131.3	98.8	102.0	120.1	12143	14673	104.1	130.5
Mar-May	- 3024	13254	16279	131.7	135.7	97.0	100.8	124.7	12194	15253	103.6	132.1
Percentage Change		- ½	+ 7	+ 1½	+ 3½	- 2	- 1	+ 4	+ ½	+ 4	- ½	+ 1

<sup>f</sup> These are defined as ships, North Seas installations, aircraft, precious stones, and silver.

<sup>e</sup> Export unit value index as a percentage of the import unit value index.

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 on 27/6/84 at 3.30 pm and thereafter unclassified.

£ million, fob, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chemi- cals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capit	
														5-8 less SNAPS
1982	55558	3960	1340	11237	37313	34052	12687	6119	6568	21365	960	3523	9225	7656
1983	60534	4235	1586	13127	39919	35756	13832	6929	6903	21924	996	3914	9288	7726
1983 Q1	14781	1113	374	3260	9631	8613	3314	1656	1658	5299	238	950	2230	1882
Q2	14687	994	387	3122	9780	8747	3427	1693	1734	5319	209	933	2272	1905
Q3	14831	1024	389	3086	9935	8809	3397	1737	1660	5412	243	959	2273	1937
Q4	16234	1104	436	3658	10573	9587	3694	1843	1851	5893	305	1072	2513	2003
1984 Q1	16859	1177	436	3784	11067	9876	3816	1935	1881	6060	267	1100	2598	2095
1984 Mar	5685	393	156	1315	3678	3282	1272	633	638	2010	91	377	841	702
Apr	5412	393	165	1055	3647	3321	1324	670	654	1996	87	364	862	683
May	5593	383	165	1178	3711	3352	1314	654	660	2038	83	367	891	698
Dec-Feb	16956	1166	436	3810	11110	9948	3820	1922	1898	6127	292	1105	2625	2105
Mar-May	16690	1170	486	3547	11035	9955	3910	1957	1953	6045	260	1108	2593	2083
Percent- age Change	- 1½	+ ½	+ 12	- 7	- ½	-	+ 2½	+ 2	+ 3	- 1½	- 11	+ ½	- 1	- 1

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY COMMODITY: VOLUME INDICES  
(Overseas Trade Statistics basis)

Table 9

INDICES 1980 = 100, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chemi- cals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
														5-8 less SNAPS
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147
1982	101.6	107	94	133	95	97	99	106	93	96	94	94	99	95
1983	102.2	110	101	148	93	94	102	113	93	90	86	96	89	87
1983 Q1	102.1	118	104	145	93	93	100	111	91	89	85	96	88	89
Q2	100.0	105	99	143	92	93	101	110	94	87	70	92	87	87
Q3	99.1	105	95	141	92	92	100	113	89	87	80	93	86	86
Q4	107.6	112	106	163	97	100	108	119	100	95	107	105	95	88
1984 Q1	109.5	119	103	165	100	101	109	121	99	96	91	105	96	91
1984 Mar	111.2	119	109	172	100	101	109	118	102	96	91	107	93	93
Apr	105.0	119	113	136	98	101	112	125	103	94	83	103	94	90
May	107.8	116	111	152	99	101	110	119	103	96	76	103	97	94
Dec-Feb	110.4	118	103	167	100	102	110	122	101	97	100	107	98	91
Mar-May	108.0	118	111	153	99	101	110	121	102	95	83	104	95	92
Percentage Change	- 2	- ½	+ 7½	- 8½	- 1½	- 1	+ ½	- 1	+ 2	- 2	- 17	- 2½	- 3	+ 1½

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY COMMODITY: UNIT VALUE INDICES  
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>														
	Total	Food				Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)				Finished manufactures excluding ships, North Sea installations and aircraft (SNA)				
		bever- ages and tobacco	Basic Mater- ials	Fuels	3		Total	Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147	
1982	116.6	115	102	132	115	115	110	112	109	118	126	114	120	118	
1983	126.5	122	112	140	125	124	117	119	115	129	144	122	132	128	
1983 Q1	123.5	119	104	141	122	121	114	116	113	126	137	119	129	124	
Q2	125.6	122	111	138	125	124	116	118	115	129	146	121	132	127	
Q3	127.9	123	115	139	127	126	118	120	116	131	147	123	134	129	
Q4	129.2	125	117	142	128	127	119	121	117	132	144	125	134	131	
1984 Q1	132.6	127	122	146	131	130	123	125	120	135	153	129	138	133	
1984 Mar	132.4	127	123	146	131	130	123	126	121	135	154	130	138	131	
Apr	133.9	128	125	147	133	132	125	127	123	136	158	130	140	131	
May	134.9	127	127	148	134	133	127	129	125	136	162	130	141	131	
Dec-Feb	131.8	127	121	145	131	130	121	124	119	135	151	128	137	133	
Mar-May	133.7	127	125	147	133	131	125	127	123	136	158	130	140	131	
Percen- tage Change	+ 1½	+ ½	+ 3½	+ 1	+ 1½	+ 1½	+ 3	+ 2½	+ 3	+ 1	+ 5	+ 2	+ 2	- 1½	

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY AREA  
(Overseas Trade Statistics basis)

Table 11

£ million, fob, seasonally adjusted

	Developed Countries						Developing Countries			Centrally planned economies
	Total	Total	European Community	Rest of W Europe	North America	Other	Total	Oil exporting countries	Other	
1982	55558	41393	23124	6681	8353	3235	13053	6445	6608	974
1983	60534	46508	26516	7516	9342	3133	12783	6122	6661	1112
1983 Q1	14781	11233	6584	1901	2077	671	3221	1564	1656	277
Q2	14687	11190	6313	1814	2296	767	3028	1490	1539	274
Q3	14831	11493	6386	1777	2496	835	3202	1540	1662	290
Q4	16234	12592	7234	2025	2473	860	3332	1528	1804	271
1984 Q1	16859	13240	7427	2197	2703	912	3263	1477	1786	340
1984 Mar	5685	4469	2573	680	900	315	1063	500	563	124
Apr	5412	4191	2421	673	815	282	1017	445	572	122
May	5593	4445	2426	641	1037	341	1036	414	622	91
Dec-Feb	16956	13222	7352	2238	2708	924	3399	1533	1866	307
Mar-May	16690	13105	7420	1995	2753	938	3116	1359	1757	337
Percentage Change	- 1½	- 1	+ 1	- 11	+ 1½	+ 1½	- 8½	- 11	- 6	+ 9½

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on 27/6/84. at 3.30 pm and thereafter unclassified.

**IMPORTS BY COMMODITY**  
(Overseas Trade Statistics basis)

Table 12

£ million cif seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j	
1982	56978	7251	3930	7409	37114	34795	12795	4179	8616	22000	2882	5909	6674	6536
1983	65993	7853	4723	7067	44905	41609	14886	5120	9766	26723	3659	6902	8121	8041
1983 Q1	15962	1925	1096	1656	10810	9924	3514	1219	2295	6410	843	1662	1989	1916
Q2	16405	1901	1201	1799	11120	10093	3603	1234	2369	6490	922	1633	1974	1961
Q3	16288	1917	1146	1813	11119	10349	3716	1254	2461	6634	1013	1671	1970	1980
Q4	17338	2111	1280	1800	11855	11243	4053	1413	2640	7190	881	1936	2189	2184
1984 Q1	18064	2175	1300	1792	12530	11684	4293	1513	2780	7391	902	1938	2363	2188
1984 Mar	6316	738	442	675	4348	3890	1435	510	925	2455	272	649	791	743
Apr	6657	786	450	842	4471	4114	1494	533	961	2620	311	725	822	762
May	6327	737	435	820	4223	3932	1401	503	897	2531	274	655	795	807
Dec-Feb	17551	2128	1269	1652	12244	11685	4220	1489	2730	7465	948	1986	2321	2210
Mar-May	19300	2261	1326	2338	13042	11935	4330	1547	2783	7605	856	2029	2408	2312
Percent- age Change	+ 10	+ 6	+ 4½	+ 41	+ 6½	+ 2	+ 2½	+ 4	+ 2	+ 2	- 9½	+ 2	+ 4	+ 4½

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

**IMPORTS BY COMMODITY: VOLUME INDICES**  
(Overseas Trade Statistics basis)

Table 13

INDICES 1980 = 100 seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j	
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94
1982	100.1	108	93	75	106	115	111	123	107	117	110	113	120	122
1983	107.8	108	104	67	119	128	123	143	115	131	125	125	129	142
1983 Q1	105.9	109	101	62	116	123	118	135	111	127	113	122	129	137
Q2	106.6	105	107	69	116	123	119	138	111	125	124	118	123	137
Q3	106.7	105	99	69	118	128	124	144	115	131	144	120	125	140
Q4	111.9	112	108	67	125	138	133	157	123	141	121	140	139	154
1984 Q1	112.7	112	105	64	128	139	137	163	126	140	121	137	144	149
1984 Mar	117.2	114	108	74	131	137	137	168	124	138	107	135	143	149
Apr	122.4	120	105	93	134	144	140	171	127	146	121	152	149	151
May	114.8	113	100	86	126	136	130	158	118	141	107	138	142	160
Dec-Feb	110.7	111	103	59	126	140	135	160	125	144	129	142	143	153
Mar-May	118.1	116	104	84	130	139	135	166	123	142	112	142	145	153
Percentage Change	+ 6½	+ 4½	+ 1	+44	+ 3	- 1	-	+ 3½	- 1½	- 1½	- 13	- ½	+ 1½	-

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY COMMODITY: UNIT VALUE INDICES  
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>													
	Total	Food and beverages and tobacco			Basic Materials	Fuels	Total Manufactures	Semi-manufactures excluding precious stones & silver(PS)			Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
		0-9	0+1	2+4				3	5-8	5-8 less SNAPS	5+6 less PS	6 less PS	7+8 less SNA	Passenger Motor Cars
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94
1982	116.8	112	104	146	114	115	109	114	107	119	123	113	119	122
1983	127.7	120	116	153	126	125	116	121	113	131	137	122	138	131
1983 Q1	125.5	117	111	156	123	123	113	120	110	129	139	119	133	130
Q2	127.3	120	114	151	126	126	116	121	114	132	140	121	139	132
Q3	128.0	121	117	153	126	125	116	121	114	131	132	123	139	131
Q4	129.8	123	120	155	128	127	117	123	115	133	137	125	141	131
1984 Q1	134.2	127	127	160	132	131	121	128	119	137	141	128	147	135
1984 Mar	134.9	128	126	157	133	132	122	128	120	139	143	129	149	136
Apr	136.7	130	128	158	135	134	125	131	122	140	146	129	151	138
May	137.4	131	130	161	136	134	126	133	123	140	145	128	150	138
Dec-Feb	132.8	125	125	160	130	129	120	127	117	136	139	127	145	134
Mar-May	136.3	130	128	159	135	133	124	131	122	139	145	129	150	137
Percentage Change	+ 2½	+ 3½	+ 2	- ½	+ 3½	+ 3	+ 3½	+ 3	+ 4	+ 3	+ 4	+ 1½	+ 3½	+ 2½

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

Table 15

IMPORTS BY AREA  
(Overseas Trade Statistics basis)

£ million cif seasonally adjusted

	Total	Developed Countries				Developing Countries			Centrally planned economies	
		Total	European Community	Rest of W Europe	North America	Other	Total	Oil exporting countries		Other
1982	56978	46191	25269	8390	8095	4436	9349	3453	5896	1327
1983	65993	54729	30098	10444	9027	5159	9611	2824	6786	1534
1983 Q1	15962	13158	7245	2367	2270	1276	2500	784	1716	366
Q2	16405	13537	7381	2638	2209	1308	2392	720	1673	398
Q3	16288	13346	7400	2541	2154	1251	2388	718	1670	373
Q4	17338	14689	8072	2898	2394	1324	2331	603	1727	397
1984 Q1	18064	15295	8235	3188	2447	1425	2314	478	1835	431
1984 Mar	6316	5360	2892	1152	836	480	773	159	614	155
Apr	6657	5449	3029	1112	851	457	1012	309	703	147
May	6327	5201	2782	1054	857	508	985	292	693	175
Dec-Feb	17551	14890	8070	2973	2436	1411	2247	510	1737	401
Mar-May	19300	16010	8703	3318	2544	1446	<del>2270</del> 2770	760	2010	476
Percentage Change	+ 10	+ 7½	+ 8	+ 12	+ 4½	+ 2½	+ 23	+ 49	+ 16	+ 19

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on 27/6/84 at 3.30 pm and thereafter unclassified.



Table 16

COMMODITY ANALYSIS OF VISIBLE TRADE  
(Balance of Payments basis)

£ million, seasonally adjusted

SITC (R2)	Food Beverages and Tobacco			Basic Materials			Fuels		
	0 + 1			2 + 4			3		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1982	3936	6613	- 2676	1354	3315	- 1961	11237	7193	+ 4043
1983	4221	7196	- 2975	1610	3983	- 2373	13126	6743	+ 6383
1982 Q2	991	1684	- 693	361	826	- 464	2595	1824	+ 771
Q3	962	1637	- 675	328	781	- 452	2989	1792	+ 1197
Q4	1043	1629	- 586	338	811	- 472	3165	1636	+ 1529
1983 Q1	1114	1765	- 651	380	920	- 539	3260	1589	+ 1672
Q2	987	1740	- 753	393	1017	- 624	3121	1707	+ 1414
Q3	1017	1758	- 741	394	960	- 566	3086	1717	+ 1369
Q4	1103	1934	- 831	442	1086	- 644	3658	1730	+ 1928
1984 Q1	1178	2026	- 849	443	1156	- 712	3805	1751	+ 2054

SITC (R2)	Semi-Manufactures			Finished Manufactures			Total Manufactures		
	5 + 6			7 + 8			5 - 8		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1982	14112	12972	+ 1140	23218	21855	+ 1363	37330	34827	+ 2503
1983	15927	15736	+ 190	24111	26420	- 2309	40038	42156	- 2119
1982 Q2	3558	3372	+ 186	5922	5635	+ 287	9480	9007	+ 474
Q3	3370	3104	+ 266	5653	5521	+ 132	9024	8625	+ 399
Q4	3671	3291	+ 380	5857	5673	+ 185	9528	8963	+ 565
1983 Q1	3863	3712	+ 151	5799	6386	- 587	9662	10098	- 436
Q2	3923	3942	- 20	5924	6507	- 583	9847	10449	- 603
Q3	3981	3894	+ 87	5988	6546	- 558	9968	10440	- 472
Q4	4160	4188	- 28	6400	6981	- 581	10560	11169	- 609
1984 Q1	4319	4455	- 136	6710	7231	- 520	11030	11686	- 656

(Handwritten initials)

*1 hour  
 on 25.6.84  
 DTI  
 Mr.*

FROM : MR D BARTLETT

DATE : 25 June 1984

*Note at end*

- 1. MR KELLY *25.6.*
- 2. CHANCELLOR

cc as attached list

*✓ We need to compare 6 DTI tomorrow with that we are content with Her press notice. May we?*

MAY TRADE FIGURES

The May trade figures will be published at 3.30pm on Wednesday 27 June. The DTI will be sending your office a copy of their press notice for approval. As usual, this has been discussed interdepartmentally and we are content.

*See also the draft press briefing below (line one OKP correct) If the effective XR were to go on falling as over the last weeks, the timing on Wed. could be a bit difficult. But best to avoid sounding defensive, so the rather neutral tone of the briefing may be right.*

I Current Account and Trade Balances

Table 1: Current Account

<u>£ billion</u>	<u>1983</u>	<u>1984:</u>				
		<u>Dec-Feb</u>	<u>Mar-May</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Oil	+7.0	+2.4	+1.6	+0.8	+0.4	+0.5
Non-Oil	-7.5	-1.9	-3.0	-1.0	-1.2	-0.8
∴ Total visible trade:	-0.5	+0.5	-1.4	-0.2	-0.8	-0.3
o/w: trade in manufactures (BoP basis):	-2.1	-0.4	-1.2	-0.4	-0.6	-0.2
Invisibles	+3.4	+0.9	+0.8*	+0.3	+0.3*	+0.3*
Current Account	+2.9	+1.5	-0.6*	+0.1	-0.6*	-0.1*

\*projection

2. The £0.5 billion improvement in the projected current account balance in May was largely due to a £0.4 billion reduction in the non-oil deficit after increases in the previous two months. Non-oil imports fell by £0.3 billion while non-oil exports rose by £0.1 billion. The balance on the "erratic" items improved by £0.1 billion.

3. The oil balance in May improved by £0.1 billion, after deteriorating in the previous two months. This was not due to any easing of the effects of the

miners' strike, which is thought to have increased net imports of fuel oil in May by about £160 million from pre-strike levels, compared with around £100 million in April. Oil companies continued to increase their stocks possibly for strategic reasons, by an estimated £110 million (after £140 million in April). Miscellaneous other factors improved the oil balance by roughly £130 million. [Not for press: Net coal imports in May increased further to £55 million, compared with £42 million in April and £10 million in March.]

4. Of the £0.8 billion deterioration in the oil balance over the last 3 months compared with the previous 3, it is thought that about £0.3 billion resulted from the miners' strike.

II Exports and Imports

Table 2: Exports and Imports (percentage increase)

(i) <u>Exports</u>	<u>May on April</u>	<u>Latest 3 months on previous 3</u>	<u>Latest 3 months on 1 year ago</u>
Total value	+ 5	- 1½	+ 12½
Total volume	+ 4	- 2	+ 7
Total volume excl oil and "erratics":	0	- ½	+ 9
o/w manufactures:	0	- 1	+ 9
Fuels (volume)	+ 12	- 8½	+ 6
 (ii) <u>Imports</u>			
Total value	- 4	+ 10	+ 19
Total volume	- 6	+ 7	+ 12½
Total volume excl oil and "erratics" :	- 5½	+ 1	+ 14½
o/w manufactures:	- 5½	- 1	+ 14½
Fuels (volume)	- 7½	+ 44	+ 19

5. Table 2 shows that, despite the higher exports and lower imports in May, in the latest three months compared with the previous three there was some decline in exports, and a substantial increase in imports. This is mainly due to trade in oil; if oil is excluded, exports are only marginally lower and imports only 1 per cent higher in the last three months. Taking the latest three months

together, both oil and non-oil exports have increased substantially over the past year, although they have flattened out over the past few months. Excluding oil, imports are also growing more slowly than six months ago. (See attached DTI chart for underlying levels of non-oil exports and imports.)

6. By Commodity Group:

(i) among exports, cars fell 17 per cent by volume in the latest three months, while other consumer goods fell  $2\frac{1}{2}$  per cent, intermediate goods 3 per cent and chemicals 1 per cent. But the volume of basic materials increased by  $7\frac{1}{2}$  per cent, and capital goods by  $1\frac{1}{2}$  per cent.

(ii) among imports, the volume of cars fell 13 per cent in the latest three months, while other consumer goods and capital goods were little changed. However, chemicals increased by  $3\frac{1}{2}$  per cent and intermediate goods by  $1\frac{1}{2}$  per cent.

Trade Prices

7. The non-oil terms of trade improved slightly in May, largely owing to a standstill in prices of manufactured imports. Import prices for food and basic materials rose by about 1% - similar to their average rate of increase in the first four months of the year, while non-oil export prices rose by  $\frac{1}{2}$ %. Comparing the last three months with the same period last year, non-oil import and export prices are 8% and 7% higher respectively. Part of the recent acceleration in trade prices has been due to the weakness of the effective exchange rate, which by May had fallen by 6% from its peak in the third quarter of last year. Import prices have also been affected by the pickup in non-oil commodity prices last year.

Comparison with Forecast

8. At the moment, the current balance for the first five months of the year is provisionally estimated at £180m. This compares with an FSBR forecast for the year as a whole of £2bn. However, it is too early to say that the FSBR forecast was too optimistic:

- (i) The monthly current account figures are notoriously volatile (from a surplus of nearly £800m in February to a deficit of £600m in April).
- (ii) Data revisions, particularly to invisibles, are frequent (eg the recent £0.9 billion increase in the estimated 1983 surplus).
- (iii) When a settlement to the strike is reached, we would expect some recovery in the balance of trade in oil.

9. The major developments in trade have been broadly as foreseen at Budget time; non-oil export volumes have recovered from their depressed level in the middle of 1983, while non-oil import volumes have continued to grow. The fall in the effective exchange rate, which the FSBR assumed would stay at 83, has led to somewhat higher trade prices than envisaged. The balance of trade on oil has benefitted from higher production and the lower \$/£ exchange rate, but been reduced by the miners' strike.

[NOT FOR USE: The Summer Forecast, which took on board the January-April trade figures and other recent developments, including the miners' strike, envisaged a current account surplus of £1½ bn for 1984. Given the margins of error involved (£2½ bn on average) this is not significantly different from the FSBR forecast.]

#### Effect on Markets

10. The Bank do not expect the markets to react strongly to the May figures, although as usual much will depend on other prevailing factors next Wednesday. In the face of very firm prospects for US interest rates, sterling has<sup>since</sup>/today's close recorded a new record low of \$1.3495, but it continues to hold up reasonably well in effective terms. The miner's strike appears to be having little impact on the rate.

#### Presentation

11. Last month, DTI were pressed hard to quantify the impact of the strike, and did not feel they could reasonably deny any knowledge. The press accordingly

gave a figure of £100 million, although the effect of oil company restocking was also given prominence. This month DTI will no doubt be pressed again, and will not be able to withhold an estimate. But they (and IDT) should also point out the continued stockbuilding by oil companies and not give the monthly figures, only the three-month estimate.

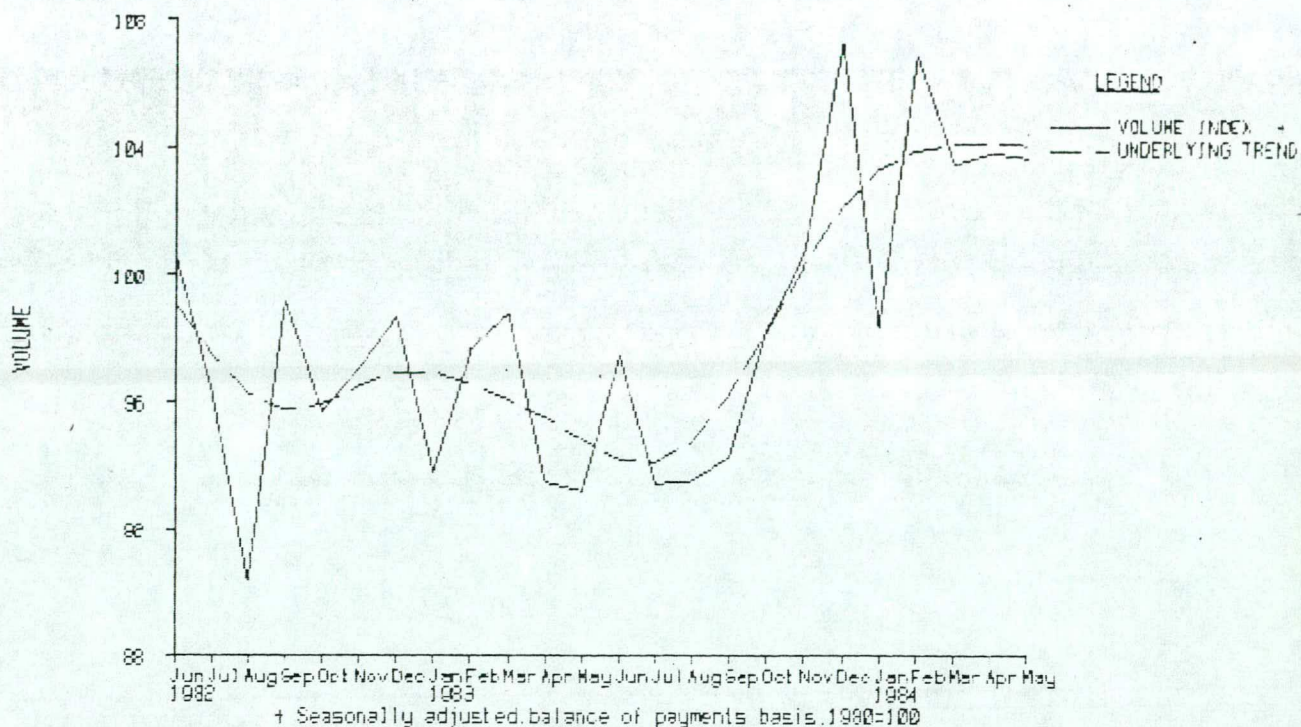
12. Draft briefing for IDT along these lines is attached for your approval.

David Bartlett

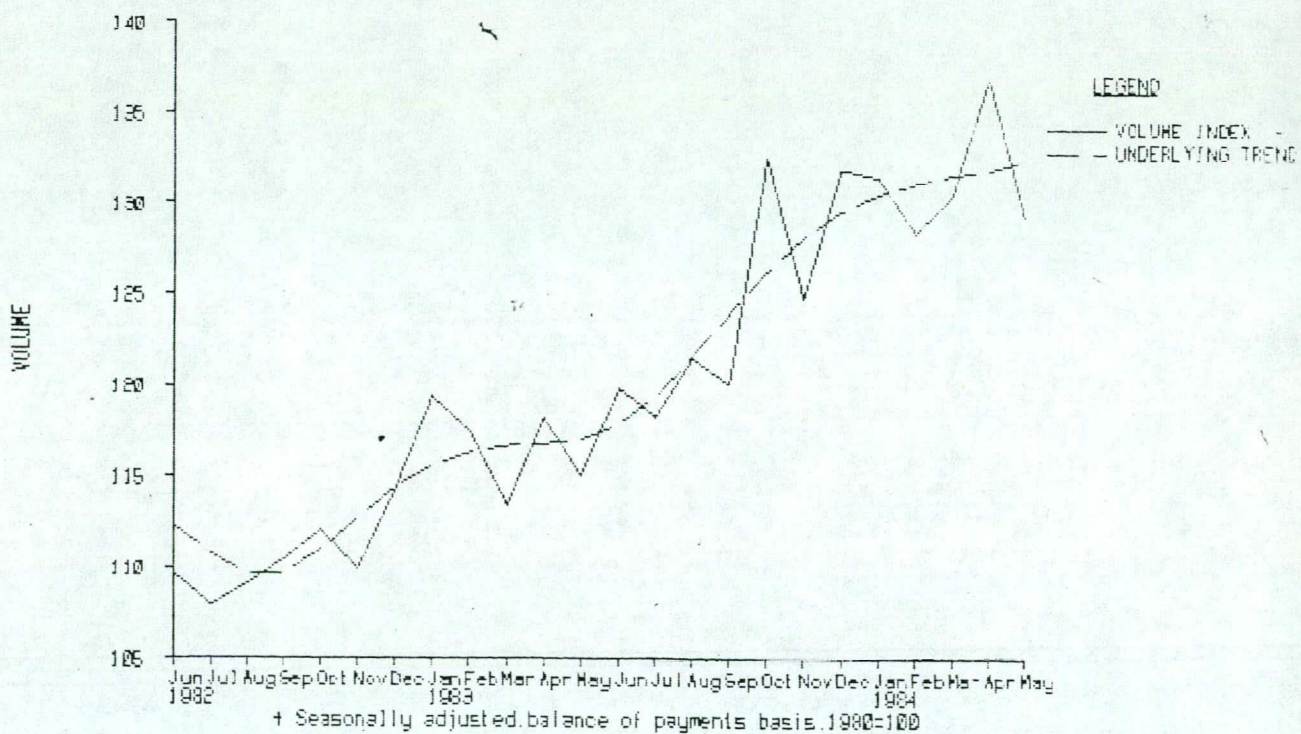
DAVID BARTLETT

The increase in US prime rate today may have made us slightly more vulnerable to an adverse market reaction. These are not bad figures. But nor are they very good ones. The obvious fall-off in export volume and the cumulative effect of the miners' strike may begin to get some people worried.

### EXPORTS EXC. OIL & ERRATICS



### IMPORTS EXC. OIL & ERRATICS



**SECRET and Personal!** until release of press notes  
 on 27.6.84 at 3.30 pm and thereafter unclassified.

DRAFT IDT BRIEFING

Points to Make:

1. (i) May figures show substantial improvement in both oil and non-oil balances: but monthly figures notoriously erratic.

(ii) Exports rose sharply last year (table 2). Slight fall in latest three months taken together, but non-oil exports broadly unchanged. Manufactured imports fell 1 per cent in latest three months.

(iii) UK continuing to benefit from US growth: exports to N. America up 24 per cent in latest three months compared to same period last year. Exports to EC grew 15 per cent over same period.

*omit*  
*del*

↙  
(iv) ~~UK doing its bit to help LDC debtors export out of trouble:~~ <sup>UK?</sup> imports from non-oil LDCs up 16 per cent in latest three months on previous three, to highest levels ever. ~~3~~

Defensive

2. Effect of miners' strike on balance of payments?

[Phillips and Drew estimated on 14 June that higher oil usage and coal imports as a result of the strike are adversely affecting the balance of payments by £150-£200m a month.]

Despite the higher surplus in trade in oil in May, no doubt the miners' strike continues to have some adverse effect on the oil balance.



[If pressed: Of the £0.8 billion deterioration in the oil balance in the latest three months compared with the previous three, about a third is thought to be due to the strike. Oil balance also affected by continued stockbuilding by oil companies and miscellaneous unexplained factors. Do not quote coal import figures.]

3. Export growth stalled, while imports continue strong growth?

Last three months show a levelling off of very rapid increase seen last year. But exports still very high compared with this time last year (table 2). Non-oil import growth only 1 per cent in last three months.

4. Deficit on manufactured trade? What happens when oil runs out?

Non-oil sector will have to adjust as oil production declines. Decline should be less sharp than was build-up of production - allows time for adjustment. Recent growth of manufactured exports [in latest three months, 9 per cent above same period last year, excluding erratics, although 1 per cent below record Dec-Feb figure] indicates good prospects.

5. Rapid increase in import prices and deterioration in terms of trade inflationary?

Impact on inflation depends on overall fiscal and monetary stance. No intention of accommodating inflationary pressures, whatever their source. Terms of trade slightly improved in May compared with April.

6. Budget forecast for current account surplus of £2 bn looks too optimistic?

Too early to say. Monthly figures volatile and subject to large revisions [compare 1983]. Oil balance should strengthen when miners' strike ends.

TRADE FIGURES FOR MAY 1984

Advance Circulation

Chancellor of the Exchequer  
Economic Secretary  
Sir P Middleton  
Mr Littler  
Sir T Burns  
Mr Cassell  
Mr Unwin  
Mr Lavelle  
Mr Battishill  
Mr Kelly (EF)

Mr H P Evans  
Mr Folger  
Mr Culpin  
Mr C Mowl  
Mr S Robson  
Mr Gleed  
Mr Harrison  
Mr Towers  
Mr Ridley  
Mr Gill - Bank  
Mr Turnbull - No 10

Circulation after 3.30 pm on Wednesday 27 June

Chief Secretary  
Financial Secretary  
Minister of State  
Mr Bailey  
Mr Byatt  
Mr Wicks (Washington)  
Mr Fitchew  
Mr Odling-Smee  
Mr Lankester  
Mr Bottrill  
Mr Gordon

Mr Barber  
Mr Riley  
Mr Sedgwick  
Mr G Horton  
Mr Kelly (MP)  
Mr Vernon  
Miss Deyes  
Mr N McKinnon  
Mr Lord  
Mr Portillo

*mp*  
*of with*  
*advice*



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D L C Peretz Esq  
Principal Private Secretary  
Chancellor of the Exchequer  
H M Treasury  
Parliament Street  
LONDON  
SW1P 3AG

23 July 1984

I am attaching a copy of the draft Press Notice on the Current Account of the United Kingdom Balance of Payments in June. The draft was agreed earlier today at the usual interdepartmental meeting.

Publication is set for Thursday 26 July at 3.30pm and I should be grateful if you would arrange for the Notice to be cleared by noon Wednesday 25 July and to inform me accordingly.

A copy of this letter and draft Press Notice is being sent to Sir Peter Middleton.

Yours sincerely

*W. E. Boyd*

W E BOYD

REVISED DRAFT

SECRET AND PERSONAL UNTIL RELEASE OF PRESS NOTICE ON 26 JULY 1984  
AND THEREAFTER UNCLASSIFIED

Copy No .10.(13)

THE CURRENT ACCOUNT OF THE UNITED KINGDOM  
BALANCE OF PAYMENTS

JUNE 1984

The current account for June is estimated to have been in surplus by £103 million compared with a deficit of £69 million in May. Exports in June amounted to £5881 million and imports to £6029 million so that trade in goods was in deficit by £148 million compared with a deficit of £319 million in May.

The invisibles account is projected at a monthly surplus of £250 million, a large surplus on the transactions of the private sector and public corporations being partly offset by a deficit on government transactions.

SECOND QUARTER 1984

In the second quarter of 1984 the current account was in deficit by £554 million compared with a surplus of £838 million in the previous quarter. There was a deficit on visible trade of £1304 million in the second quarter compared with a deficit of £59 million in the first quarter. The surplus on invisibles is projected at £750 million.

CURRENT ACCOUNT

TABLE 1

£ million, Seasonally adjusted

	Current		Visible Trade		Invisibles <sup>c</sup>		
	Balance	Balance	Exports fob	Imports fob	Balance	Credits	Debits
1982	+ 5774	+ 2384	55565	53181	+ 3390	31824	28434
1983	+ 2924	- 500	60658	61158	+ 3424	34216	30792
1983 Q2	- 89	- 460	14752	15212	+ 371	8196	7825
Q3	+ 828	- 248	14862	15110	+ 1076	8596	7520
Q4	+ 596	+ 5	16225	16220	+ 591	8726	8135
1984 Q1	+ 838	- 59	16853	16912	+ 897	9001	8104
Q2	- 554 <sup>a</sup>	- 1304	16885	18189	+ 750 <sup>a</sup>		
1984 Jan	- 25	- 324	5214	5538	+ 299 <sup>b</sup>		
Feb	+ 791	+ 492	5948	5456	+ 299 <sup>b</sup>		
Mar	+ 72	- 227	5691	5918	+ 299 <sup>b</sup>		
Apr	- 588 <sup>a</sup>	- 838	5370	6207	+ 250 <sup>a</sup>		
May	- 69 <sup>a</sup>	- 319	5635	5953	+ 250 <sup>a</sup>		
June	+ 103 <sup>a</sup>	- 148	5881	6029	+ 250 <sup>a</sup>		

<sup>a</sup> Invisibles are projections and subject to revision as information becomes available.

<sup>b</sup> One-third of the appropriate calendar quarter's estimate, except for budget refunds received from the European Community which are allocated to the month they are known to have been received.

<sup>c</sup> Information relating to credits and debits of the private sector and public corporations can be found in Table 3.

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## VISIBLE TRADE IN JUNE 1984

The visible trade balance in June was in deficit by £148 million compared with a deficit of £319 million in May.

There was a surplus on trade in oil of £637 million compared with £495 million in May. In June there was a deficit of £784 million on trade in non-oil goods following one of £813 million in May.

The value of exports in June was £247 million (4½ per cent) higher than in May. Exports of oil increased by £70 million and exports of the erratic items\* by £50 million. Excluding the erratic items exports of manufactures rose by £91 million mainly reflecting higher deliveries of capital goods.

Total imports were £76 million (1½ per cent) higher than in May. Imports of oil and of the erratic items fell by £72 million and £20 million respectively. Excluding these, imports rose by £169 million.

The terms of trade index increased by 1 per cent between May and June as the export unit value index increased by 1 per cent and the import unit value index remained unchanged.

## RECENT TRENDS

### Visible balance

In the second quarter of this year there was a deficit on visible trade of £1.3 billion compared with a deficit of £0.1 billion in the first quarter. The surplus on trade in oil fell by £0.8 billion to £1.5 billion. The deficit on trade in non-oil goods increased by £0.4 billion to £2.8 billion.

\*These are defined as ships, North Sea installations, aircraft, precious stones and silver bullion.

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26 JUL 84

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### Exports

Exports in the second quarter were valued at £16.9 billion; unchanged compared with the first quarter. Exports of oil fell by £0.3 billion and exports of the erratic items fell by £0.1 billion. The falls were offset by increased exports of manufactured goods (up £0.2 billion), basic materials and miscellaneous products (both up by £0.1 billion).

Total export volume in the second quarter was 1 per cent lower than in the first quarter but 8 per cent up on a year earlier. In the first half of 1984 export volume was some 5½ per cent higher than in the previous six months. The underlying level of non-oil export volume has remained high during the first half of 1984.

### Imports

Imports were valued at £18.2 billion in the second quarter of this year, £1.3 billion (7½ per cent) higher than in the first quarter. Imports of oil increased by £0.5 billion and imports of the erratic items by £0.1 billion.

Imports of non-oil goods, excluding the erratic items, rose by £0.7 billion (4½ per cent). Higher arrivals of finished manufactures accounted for about half of the increase with imports of capital goods showing the strongest growth.

Total import volume increased by 5 per cent between the first quarter and the second quarter, <sup>B</sup> a level 12 per cent higher than a year earlier. The upward trend in the volume of non-oil imports appears to have continued.

Terms of trade and unit values

The terms of trade index fell marginally between the first two quarters of this year. Both the export unit value index and the import unit value index increased by about 2 per cent overall.

Export unit values of basic materials (up 4½ per cent) and semi-manufactures (up 3 per cent) continued to increase faster than those for the other main commodity groups. The index for finished manufactures increased by 1 per cent.

The increase of 2 per cent in import unit values reflects a slight increase in the unit value index for fuels and a 2½ per cent rise elsewhere. Import unit values for semi-manufactures (up 3½ per cent) continued to rise rather faster than the average, while for finished manufactures (up 1½ per cent) the increase was somewhat less than in earlier months.

Analysis by area

The value of exports to the developed countries fell slightly between the first and second quarters of 1984 with exports to Western Europe falling by 1 per cent and exports to North America showing a slight increase. Exports to the developing countries fell by 5 per cent; reflecting lower deliveries to the oil exporting countries.

Imports from the developed countries increased by 4 per cent and imports from the developing countries increased by 27 per cent.

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on 26 JUL 84

at 3.30 pm and thereafter unclassified.

More than half of the latter increase results from higher imports of oil.

#### INVISIBLES

The latest estimates of invisibles - services, interest, profits and dividends and transfers - relate to the first quarter of 1984 when credits were £9.0 billion and debits were £8.1 billion giving a surplus of £0.9 billion for the quarter. Invisibles in the private sector and public corporations (excluding transfers) were in surplus by £1.9 billion. The figures for the second quarter of 1984 are CSO projections.



## NOTES TO EDITORS

### 1 STANDARD NOTES

The standard notes which were issued with the January Press Notice describe in detail the differences between the Balance of Payments (BOP) and the Overseas Trade Statistics (OTS) bases of compilation. The principal difference is the deduction of freight from the OTS valuation of imports. Additional copies can be obtained from the address below.

### 2 VISIBLE TRADE BALANCES BY COMMODITY (BALANCE OF PAYMENTS BASIS)

Table 16 of the Press Notice shows the value of exports, imports and the visible balance, measured on a comparable (BOP) basis, for each of the major commodity groups including manufactured goods. Monthly data at this level of detail, are published in the Monthly Review of External Trade Statistics.

### 3 MONTHLY REVIEW OF EXTERNAL TRADE STATISTICS

The Monthly Review of External Trade Statistics, prepared mainly as an internal working document, is made available publicly by the Department of Trade and Industry (price £3 a copy).

This is a monthly publication containing a commentary, charts, and tables, on topics such as the current account of the UK balance of payments, UK exports and imports of goods by commodity and area and certain international comparisons. An annual supplement (No 5), price £4 a copy, provides longer historical runs for the series shown in the monthly edition and additional international data.

### 4 INVISIBLES: MONTHLY FIGURES

For all invisible transactions except European Community budget refunds one third of the appropriate calendar quarter's balance is used as the monthly balance.

European Community budget refunds are allocated to the particular month in which they are known to have been received. For further details see CSO Press Notice on the Balance of Payments published on 7 June or the article in the June 1984 issue of Economic Trends.

### 5 ROUNDING

The data published in this Press Notice has been rounded to the nearest £million. Therefore figures may not sum to the aggregates and balances may not derive exactly from the export and import figures shown.

Enquiries about the Standard Notes, and the Monthly Review, should be addressed to S2A, Room 255, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET, Telephone: 01-215 5703.

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26 JUL 84 at 3.30 pm and thereafter unclassified.

Table 2

CURRENT BALANCE, VISIBLE TRADE AND INVISIBLES  
(Balance of Payments basis)

£ million seasonally adjusted

	Current Balance	Visible Trade					Invisible Balance
		Exports fob	Imports fob	Visible Balance	of which		
					Oil	Non-Oil	
1982	+ 5774	55565	53181	+ 2384	+ 4556	- 2172	+ 3390
1983	+ 2924	60658	61158	- 500	+ 7001	- 7501	+ 3424
1983 Q2	- 89	14752	15212	- 460	+ 1556	- 2016	+ 371
Q3	+ 828	14862	15110	- 248	+ 1521	- 1769	+ 1076
Q4	+ 596	16225	16220	+ 5	+ 2173	- 2118	+ 591
1984 Q1	+ 838	16853	16912	- 59	+ 2316	- 2374	+ 897
Q2	- 554a	16885	18189	- 1304	+ 1502	- 2806	+ 750a
1983 June	+ 283	5075	4916	+ 159	+ 559	- 400	+ 124b
July	+ 150	4786	5007	- 222	+ 464	- 686	+ 372b
Aug	+ 274	4934	5012	- 78	+ 532	- 610	+ 352b
Sept	+ 404	5142	5091	+ 52	+ 525	- 473	+ 352b
Oct	- 299	5164	5586	- 423	+ 561	- 984	+ 124b
Nov	+ 195	5266	5196	+ 71	+ 661	- 591	+ 124b
Dec	+ 701	5795	5438	+ 358	+ 901	- 543	+ 343b
1984 Jan	- 25	5214	5538	- 324	+ 719	- 1042	+ 299b
Feb	+ 791	5948	5456	+ 492	+ 821	- 329	+ 299b
Mar	+ 72	5691	5918	- 227	+ 776	- 1003	+ 299b
Apr	- 588a	5370	6207	- 838	+ 370	- 1208	+ 250a
May	- 69a	5635	5953	- 319	+ 495	- 813	+ 250a
June	+ 103a	5881	6029	- 148	+ 637	- 784	+ 250a
Percentage Change second quarter on previous quarter		-	+ 7½				

a. Invisibles are projections and subject to revision as more information becomes available.

b. One third of the appropriate calendar quarter's estimate, except for budget refunds received from the European community which are allocated to the month they are known to have been received.

Table 3

## INVISIBLES

£ million seasonally adjusted

	All Sectors						Private Sector and public Corporations <sup>d</sup>		
	Credits	Debits	Balance	of which			Credits	Debits	Balance
				Services	Interest Profits Dividends	Transfers			
1982	31824	28434	+ 3390	+ 3874	+ 1625	- 2109	27420	20319	+ 7101
1983	34216	30792	+ 3424	+ 4328	+ 1363	- 2267	29816	22162	+ 7654
1982 Q2	7718	7110	+ 608	+ 1052	+ 423	- 867	6968	5076	+ 1892
Q3	7676	7146	+ 530	+ 807	+ 462	- 739	6791	5098	+ 1693
Q4	8253	7270	+ 983	+ 919	+ 637	- 573	7182	5179	+ 2003
1983 Q1	8698	7312	+ 1386	+ 1106	+ 424	- 144	7191	5225	+ 1966
Q2	8196	7825	+ 371	+ 1276	- 21	- 884	7350	5601	+ 1749
Q3	8596	7520	+ 1076	+ 1029	+ 585	- 538	7601	5473	+ 2128
Q4	8726	8135	+ 591	+ 917	+ 375	- 701	7674	5863	+ 1811
1984 Q1	9001	8104	+ 897	+ 1068	+ 269	- 440	7780	5925	+ 1855

d. excluding general government transactions and all transfers.

## EXPORT AND IMPORT UNIT VALUE AND VOLUME INDEX NUMBERS

Table 4

(Balance of Payments basis)

Indices 1980 = 100

	Unit Value (Not seasonally adjusted)			Volume (seasonally adjusted)	
	Exports	Imports	Terms of Trade <sup>e</sup>	Exports	Imports
1982	116.7	117.9	99.0	101.5	100.7
1983	126.6	128.6	98.4	102.3	107.6
1983 Q2	125.6	128.1	98.1	100.3	106.6
Q3	127.9	128.9	99.2	99.3	106.6
Q4	129.2	131.0	98.6	107.4	112.7
1984 Q1	132.6	136.1	97.4	109.5	113.2
Q2	135.0	138.9	97.1	108.2	118.9
1983 June	125.7	126.9	99.1	103.9	105.4
July	126.8	128.1	99.0	96.9	106.2
Aug	120.2	129.3	99.2	98.9	106.5
Sept	128.7	129.3	99.5	102.0	107.2
Oct	128.4	130.3	98.5	103.2	118.0
Nov	128.9	130.7	98.7	104.8	108.2
Dec	130.2	131.9	98.7	114.3	112.1
1984 Jan	132.5	135.1	98.1	101.8	111.7
Feb	132.8	136.4	97.4	115.4	110.2
Mar	132.5	136.7	96.9	111.3	117.9
Apr	133.9	138.4	96.7	104.4	122.9
May	134.9	139.3	96.9	108.5	115.8
June	136.1	139.0	97.9	111.9	118.1
Percentage change second quarter on previous quarter	+ 2	+ 2	- ½	- 1	+ 5

<sup>e</sup> Export unit value index as a percentage of the import unit value index.

VALUE AND VOLUME OF EXPORTS AND IMPORTS EXCLUDING THE MORE ERRATIC ITEMS<sup>f</sup>  
(Balance of Payments basis)

Table 5

seasonally adjusted

	Value £ million fob		Volume Index 1980 = 100	
	Exports	Imports	Exports	Imports
1982	52118	50723	103.6	106.2
1983	56316	57800	104.1	112.9
1983 Q2	13634	14194	101.6	110.5
Q3	13702	14338	100.3	112.3
Q4	15278	15549	110.7	120.1
1984 Q1	15689	16113	111.9	119.9
Q2	15784	17339	111.0	125.9
1983 June	4648	4692	104.4	111.5
July	4499	4732	99.8	111.4
Aug	4550	4786	99.7	112.7
Sept	4653	4820	101.5	112.8
Oct	4843	5274	106.3	124.0
Nov	4976	5022	108.5	116.0
Dec	5409	5253	117.3	120.2
1984 Jan	4951	5332	105.9	119.3
Feb	5444	5308	116.1	118.6
Mar	5294	5473	113.6	121.7
Apr	5094	5917	108.7	129.9
May	5246	5663	111.1	122.4
June	5443	5759	113.2	125.5
Percentage change second quarter on previous quarter	+ ½	+ 7½	- 1	+ 5

<sup>f</sup> These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

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26 JUL 84 at 2.30 pm and thereafter unclassified.

TRADE IN OIL<sup>9</sup>  
(Balance of Payments basis)

seasonally adjusted

	Balance of Trade in oil		Exports of Oil				Imports of Oil								
	£ million fob	£ million fob	Crude Oil [SITC (REV 2) 333.0]		Rest of Division 33	£ million fob	£ million fob	Crude Oil [SITC (REV 2) 333.0]		Rest of Division 33					
			£ million fob	£ million fob				£ million fob	million tonnes		Avg value per tonne £ fob	£ million fob	£ million fob	million tonnes	Avg value per tonne £ fob
1982	+ 4556	10686	8542	60.3	141.6	2144	6130	3861	28.3	136.6	2269				
1983	+ 7001	12525	10111	68.4	147.8	2414	5524	3199	22.8	140.4	2324				
1983 Q2	+ 1556	2960	2366	16.4	144.7	594	1404	795	5.8	137.5	609				
Q3	+ 1521	2960	2361	16.2	145.8	599	1439	942	6.8	137.8	497				
Q4	+ 2123	3500	2910	19.5	149.6	589	1376	816	5.8	141.9	561				
1984 Q1	+ 2316	3654	2951	19.1	154.2	703	1338	643	4.3	148.6	695				
Q2	+ 1502	3384	2704	17.2	157.4	681	1883	990	6.7	148.5	892				
1983 June	+ 559	989	744	5.2	142.3	245	430	243	1.8	136.0	187				
July	+ 464	953	751	5.2	143.3	202	488	325	2.4	135.5	163				
Aug	+ 532	977	792	5.4	146.6	185	445	277	2.0	141.3	168				
Sept	+ 525	1031	818	5.6	147.4	213	506	340	2.5	137.2	166				
Oct	+ 561	1100	905	6.1	148.4	195	539	360	2.5	142.9	179				
Nov	+ 661	1117	935	6.1	154.0	182	456	261	1.9	139.3	195				
Dec	+ 901	1283	1070	7.3	147.0	212	382	195	1.4	143.5	187				
1984 Jan	+ 719	1101	874	5.8	151.8	226	382	205	1.4	151.1	177				
Feb	+ 821	1277	1019	6.5	156.2	258	456	226	1.5	149.7	230				
Mar	+ 776	1276	1058	6.9	154.2	218	500	212	1.5	145.1	288				
Apr	+ 370	1014	809	5.2	155.9	205	643	355	2.4	147.2	288				
May	+ 495	1151	933	5.9	157.4	217	656	343	2.3	148.5	313				
June	+ 637	1220	961	6.1	158.6	259	583	292	2.0	149.9	291				
Percentage change second quarter on previous quarter		- 7½	- 8½	- 10	+ 2	- 3	+ 41	+ 54	+ 54	-	+ 28				

<sup>9</sup> Trade in petroleum and petroleum products. These figures differ from those published by the Department of Energy which are on a time of shipment basis (see paragraph 7 of the standard notes).

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26 JUL 84  
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TRADE IN GOODS OTHER THAN OIL  
(Balance-of Payments basis)

	Total							Excluding Erratics <sup>f</sup>					
	Value, £ million, fob (seasonally adjusted)		Unit value index 1980 = 100 (not seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)		Terms of Trade <sup>g</sup>	Value, £ million fob (seasonally adjusted)		Volume index 1980 = 100 (seasonally adjusted)			
	Balance of non oil trade	Exports	Imports	Exports	Imports	Exports		Imports	Exports	Imports	Exports	Imports	
1982	- 2172	44879	47051	114.4	113.9	100.4	96.9	105.0	41432	44593	98.8	111.9	
1983	- 7501	48133	55634	124.5	125.6	99.2	95.5	114.1	43791	52276	96.8	121.0	
1983 Q2	- 2016	11792	13808	123.8	125.5	98.6	93.9	112.4	10674	12790	94.7	117.7	
Q3	- 1769	11902	13671	126.2	126.2	100.0	93.1	112.6	10742	12899	93.8	119.9	
Q4	- 2118	12726	14844	127.2	128.2	99.2	99.1	120.2	11728	14173	102.1	129.7	
1984 Q1	- 2374	13199	15573	130.5	133.0	98.1	101.0	121.4	12035	14774	102.9	130.1	
Q2	- 2806	13501	16307	132.9	136.4	97.4	101.6	124.6	12399	15456	104.1	133.4	
1983 June	- 400	4087	4486	124.1	124.2	99.9	97.7	111.9	3659	4262	97.5	119.8	
July	- 686	3833	4519	125.3	125.5	99.8	90.7	111.6	3546	4243	93.4	118.3	
Aug	- 610	3958	4568	126.5	126.3	100.2	93.1	113.3	3574	4342	93.5	121.4	
Sept	- 473	4113	4584	126.9	126.6	100.2	95.5	112.8	3623	4314	94.3	120.0	
Oct	- 984	4064	5048	126.5	127.2	99.4	95.5	124.6	3743	4735	98.3	132.5	
Nov	- 591	4149	4740	126.9	128.2	99.0	97.2	114.9	3859	4567	100.7	124.7	
Dec	- 543	4513	5056	128.2	129.1	99.3	104.7	121.2	4126	4871	107.2	131.8	
1984 Jan	- 1042	4113	5156	130.6	131.7	99.2	94.3	121.3	3851	4950	98.4	131.4	
Feb	- 329	4671	5000	130.5	133.2	98.0	106.9	117.7	4166	4852	106.9	128.4	
Mar	- 1003	4415	5418	130.3	134.3	97.1	101.8	125.1	4018	4973	103.4	130.5	
Apr	- 1208	4356	5564	131.8	136.2	96.8	99.4	128.1	4081	5274	103.8	136.8	
May	- 813	4484	5297	132.9	136.5	97.3	101.4	120.9	4096	5007	103.6	129.1	
June	- 784	4661	5445	134.0	136.5	98.2	104.2	124.9	4223	5175	104.9	134.3	
Percentage change second quarter on previous quarter		+ 2½	+ 4½	+ 2	+ 2½	- ½	+ ½	+ 2½	+ 3	+ 4½	+ 1	+ 2½	

<sup>f</sup> These are defined as ships, North Sea installations, aircraft, precious stones, and silver.

<sup>g</sup> Export unit value index as a percentage of the import unit value index.

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26 JUL 84  
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EXPORTS BY COMMODITY  
(Overseas Trade Statistics basis)

Table 8

£ million, fob, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>																
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)								Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chemi- cals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital				
														5-8 less SNAPS	5+6 less PS	6 less PS	7+8 less SNA
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j				
1982	55558	3960	1340	11237	37313	34052	12687	6119	6568	21365	960	3523	9225	7656			
1983	60534	4235	1586	13127	39919	35756	13832	6929	6903	21924	996	3914	9288	7726			
1983 Q2	14687	994	387	3122	9780	8747	3427	1693	1734	5319	209	933	2272	1905			
Q3	14831	1024	389	3086	9935	8809	3397	1737	1660	5412	243	959	2273	1937			
Q4	16234	1104	436	3658	10573	9587	3694	1843	1851	5893	305	1072	2513	2003			
1984 Q1	16859	1177	436	3784	11067	9876	3816	1935	1881	6060	267	1100	2598	2095			
Q2	16866	1168	501	3494	11232	10116	3954	1960	1993	6162	255	1102	2652	2154			
1984 Apr	5412	393	165	1055	3647	3321	1324	670	654	1996	87	364	862	683			
May	5593	383	165	1178	3711	3352	1314	654	660	2038	83	367	891	698			
June	5862	391	170	1262	3874	3443	1315	637	678	2128	85	371	899	773			
Percent- age change Q2/Q1	-	- 1	+ 15	- 7½	+ 1½	+ 2½	+ 3½	+ 1½	+ 6	+ 1½	- 4½	-	+ 2	+ 3			

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY COMMODITY: VOLUME INDICES  
(Overseas Trade Statistics basis)

Table 9

INDICES 1980 = 100, seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>																
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)								Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chemi- cals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital				
														5-8 less SNAPS	5+6 less PS	6 less PS	7+8 less SNA
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	6 less PS	7+8 less SNA	j	j	j	j				
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147			
1982	101.6	107	94	133	95	97	99	106	93	96	94	94	99	95			
1983	102.2	110	101	148	93	94	102	113	93	90	86	96	89	87			
1983 Q2	100.0	105	99	143	92	93	101	110	94	87	70	92	87	87			
Q3	99.1	105	95	141	92	92	100	113	89	87	80	93	86	86			
Q4	107.6	112	106	163	97	100	108	119	100	95	107	105	95	88			
1984 Q1	109.5	119	103	165	100	101	109	121	99	96	91	105	96	91			
Q2	108.1	118	112	149	100	101	110	119	103	96	79	103	96	95			
1984 Apr	105.0	119	113	136	98	101	112	125	103	94	83	103	94	90			
May	107.8	116	111	152	99	101	110	119	103	96	76	103	97	94			
June	111.6	118	112	160	102	102	108	114	103	98	79	102	97	101			
Percentage change Q2/Q1	- 1½	- 1	+ 9	- 9½	-	+ ½	+ 1	- 1	+ 3½	-	- 13	- 2½	-	+ 4			

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY COMMODITY: UNIT VALUE INDICES  
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>													
	Total	Food beverage and tobacco	Basic Materials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)				Finished manufactures excluding ships, North Sea installations and aircraft (SNA)				
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital	
														5-8 less SNAPS
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5 less PS	6 less PS	7+8 less SNA	j	j	j	j	
Weights	1000	69	31	136	735	658	252	112	141	406	18	71	170	147
1982	116.6	115	102	132	115	115	110	112	109	118	126	114	120	118
1983	126.5	122	112	140	125	124	117	119	115	129	144	122	132	128
1983 Q2	125.6	122	111	138	125	124	116	118	115	129	146	121	132	127
Q3	127.9	123	115	139	127	126	118	120	116	131	147	123	134	129
Q4	129.2	125	117	142	128	127	119	121	117	132	144	125	134	131
1984 Q1	132.6	127	122	146	131	130	123	125	120	135	153	129	138	133
Q2	134.9	128	127	148	134	133	126	129	124	137	160	131	141	132
1984 Apr	133.9	128	125	147	133	132	125	127	123	136	158	130	140	131
May	134.9	127	127	148	134	133	127	129	125	136	162	130	141	131
June	136.1	129	130	149	135	134	128	131	125	138	159	132	142	133
Percent- age change Q2/Q1	+ 1½	+ ½	+ 4½	+ 1	+ 2	+ 2	+ 3	+ 3	+ 3	+ 1	+ 4½	+ 1½	+ 2	- 1

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

EXPORTS BY AREA  
(Overseas Trade Statistics basis)

Table 11

£ million, fob, seasonally adjusted

	Developed Countries						Developing Countries			Centrally planned economies
	Total	Total	European Community	Rest of W Europe	North America	Other	Total	Oil exporting countries	Other	
1982	55558	41393	23124	6681	8353	3235	13053	6445	6608	974
1983	60534	46508	26516	7516	9342	3133	12783	6122	6661	1112
1983 Q2	14687	11190	6313	1814	2296	767	3028	1490	1539	274
Q3	14831	11493	6386	1777	2496	835	3202	1540	1662	290
Q4	16234	12592	7234	2025	2473	860	3332	1528	1804	271
1984 Q1	16859	13240	7427	2197	2703	912	3263	1477	1786	340
Q2	16866	13201	7398	2153	2721	929	3098	1325	1773	441
1984 Apr	5412	4191	2421	673	815	282	1017	445	572	122
May	5593	4445	2426	641	1037	341	1036	414	622	91
June	5862	4565	2551	838	868	307	1046	467	579	228
Percentage change Q2/Q1	-	- ½	- ½	- 2	+ ½	+ 2	- 5	- 10	- ½	+ 30

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26 JUL 84  
at 3.30 pm and thereafter unclassified.

**SECRET**
**IMPORTS BY COMMODITY**  
 (Overseas Trade Statistics basis)

Table 12

£ million cif seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Total	Chemi- cals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
1982	56978	7251	3930	7409	37114	34795	12795	4179	8616	22000	2882	5909	6674	6536
1983	65993	7853	4723	7067	44905	41609	14886	5120	9766	26723	3659	6902	8121	8041
1983 Q2	16405	1901	1201	1799	11120	10093	3603	1234	2369	6490	922	1633	1974	1961
Q3	16288	1917	1146	1813	11119	10349	3716	1254	2461	6634	1013	1671	1970	1980
Q4	17338	2111	1280	1800	11855	11243	4053	1413	2640	7190	881	1936	2189	2184
1984 Q1	18064	2175	1300	1792	12530	11684	4293	1513	2780	7391	902	1938	2363	2188
1984 Q2	19431	2237	1315	2463	13066	12127	4341	1540	2801	7786	828	2069	2465	2424
1984 Apr	6657	786	450	842	4471	4114	1494	533	961	2620	311	725	822	762
May	6327	737	435	820	4223	3932	1401	503	897	2531	274	655	795	807
June	6446	714	431	800	4371	4082	1446	504	942	2635	244	689	848	855
Percent- age change Q2/Q1	+ 7½	+ 3	+ 1	+ 37	+ 4½	+ 4	+ 1	+ 2	+ 1	+ 5½	- 8	+ 7	+ 4½	+ 11

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

**IMPORTS BY COMMODITY: VOLUME INDICES**  
 (Overseas Trade Statistics basis)

Table 13

INDICES 1980 = 100 seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Total	Chemi- cals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94
1982	100.1	108	93	75	106	115	111	123	107	117	110	113	120	122
1983	107.8	108	104	67	119	128	123	143	115	131	125	125	129	142
1983 Q2	106.6	105	107	69	116	123	119	138	111	125	124	118	123	137
Q3	106.7	105	99	69	118	128	124	144	115	131	144	120	125	140
Q4	111.9	112	108	67	125	138	133	157	123	141	121	140	139	154
1984 Q1	112.7	112	105	64	128	139	137	163	126	140	121	137	144	149
Q2	118.2	114	102	87	130	141	135	163	123	145	109	144	147	161
Apr	122.4	120	105	93	134	144	140	171	127	146	121	152	149	151
May	114.8	113	100	86	126	136	130	158	118	141	107	138	142	160
June	117.5	109	100	82	131	142	134	161	123	148	100	142	151	173
Percentage change Q2/Q1	+ 5	+ 1½	- 3	+ 36	+ 2	+ 1½	- 1½	-	- 2½	+ 3½	- 10	+ 5½	+ 2½	+ 8

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.



IMPORTS BY COMMODITY  
(Overseas Trade Statistics basis)

Table 12

£ million cif seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>														
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)				
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capita-		
														5-8 less SNAPS	5+6 less PS
1982	56978	7251	3930	7409	37114	34795	12795	4179	8616	22000	2882	5909	6674	6536	
1983	65993	7853	4723	7067	44905	41609	14886	5120	9766	26723	3659	6902	8121	8041	
1983 Q2	16405	1901	1201	1799	11120	10093	3603	1234	2369	6490	922	1633	1974	1961	
Q3	16288	1917	1146	1813	11119	10349	3716	1254	2461	6634	1013	1671	1970	1980	
Q4	17338	2111	1280	1800	11855	11243	4053	1413	2640	7190	881	1936	2189	2184	
1984 Q1	18064	2175	1300	1792	12530	11684	4293	1513	2780	7391	902	1938	2363	2188	
1984 Q2	19431	2237	1315	2463	13066	12127	4341	1540	2801	7786	828	2069	2465	2424	
1984 Apr	6657	786	450	842	4471	4114	1494	533	961	2620	311	725	822	762	
May	6327	737	435	820	4223	3932	1401	503	897	2531	274	655	795	807	
June	6446	714	431	800	4371	4082	1446	504	942	2635	244	689	848	855	
Percent- age change Q2/Q1	+ 7½	+ 3	+ 1	+ 37	+ 4½	+ 4	+ 1	+ 2	+ 1	+ 5½	- 8	+ 7	+ 4½	+ 11	

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY COMMODITY: VOLUME INDICES  
(Overseas Trade Statistics basis)

Table 13

INDICES 1980 = 100 seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>														
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)				
						Total	Chem- icals	Other	Total	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capita-		
														5-8 less SNAPS	5+6 less PS
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94	
1982	100.1	108	93	75	106	115	111	123	107	117	110	113	120	122	
1983	107.8	108	104	67	119	128	123	143	115	131	125	125	129	142	
1983 Q2	106.6	105	107	69	116	123	119	138	111	125	124	118	123	137	
Q3	106.7	105	99	69	118	128	124	144	115	131	144	120	125	140	
Q4	111.9	112	108	67	125	138	133	157	123	141	121	140	139	154	
1984 Q1	112.7	112	105	64	128	139	137	163	126	140	121	137	144	149	
Q2	118.2	114	102	87	130	141	135	163	123	145	109	144	147	161	
Apr	122.4	120	105	93	134	144	140	171	127	146	121	152	149	151	
May	114.8	113	100	86	126	136	130	158	118	141	107	138	142	160	
June	117.5	109	100	82	131	142	134	161	123	148	100	142	151	173	
Percentage change Q2/Q1	+ 5	+ 1½	- 3	+ 36	+ 2	+ 1½	- 1½	-	- 2½	+ 3½	- 10	+ 5½	+ 2½	+ 8	

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

IMPORTS BY COMMODITY: UNIT VALUE INDICES  
(Overseas Trade Statistics basis)

INDICES 1980 = 100 not seasonally adjusted

SITC (REV 2)	Manufactures excluding erratics <sup>h</sup>													
	Total	Food bever- ages and tobacco	Basic Mater- ials	Fuels	Total Manufac- tures	Semi-manufactures excluding precious stones & silver(PS)					Finished manufactures excluding ships, North Sea installations and aircraft (SNA)			
						Total	Chemi- cals	Other	6	7+0	Pass- enger Motor Cars	Other Consumer	Inter- mediate	Capital
0-9	0+1	2+4	3	5-8	5-8 less SNAPS	5+6 less PS	5	less PS	6	7+0	j	j	j	j
Weights	1000	124	81	138	626	543	217	63	154	326	42	94	96	94
1982	116.8	112	104	146	114	115	109	114	107	119	123	113	119	122
1983	127.7	120	116	153	126	125	116	121	113	131	137	122	138	131
1983 Q2	127.3	120	114	151	126	126	116	121	114	132	140	121	139	132
Q3	128.0	121	117	153	126	125	116	121	114	131	132	123	139	131
Q4	129.8	123	120	155	128	127	117	123	115	133	137	125	141	131
1984 Q1	134.2	127	127	160	132	131	121	128	119	137	141	128	147	135
Q2	137.2	131	130	160	135	134	126	133	123	139	143	128	150	137
1984 Apr	136.7	130	128	158	135	134	125	131	122	140	146	129	151	138
May	137.4	131	130	161	136	134	126	133	123	140	145	128	150	138
June	137.6	132	131	162	135	134	126	134	123	139	140	129	151	136
Percent- change Q2/Q1	+ 2	+ 3	+ 2	+ ½	+ 2½	+ 2½	+ 3½	+ 4	+ 3½	+ 1½	+ 1½	+ ½	+ 2½	+ 1½

<sup>h</sup> These are defined as ships, North Sea installations (together comprising SITC (REV 2) 793), aircraft (792) precious stones (667), and silver (681.1).

<sup>j</sup> Based on the United Nations Broad Economic Categories end-use classification.

Table 15

IMPORTS BY AREA  
(Overseas Trade Statistics basis)

£ million cif seasonally adjusted

	Total	Developed Countries				Developing Countries		Centrally planned economies		
		Total	European Community	Rest of W Europe	North America	Other	Total		Oil exporting countries	Other
1982	56978	46191	25269	8390	8095	4436	9349	3453	5896	1327
1983	65993	54729	30098	10444	9027	5159	9611	2824	6786	1534
1983 Q2	16405	13537	7381	2638	2209	1308	2392	720	1673	398
Q3	16288	13346	7400	2541	2154	1251	2388	718	1670	373
Q4	17338	14689	8072	2898	2394	1324	2331	603	1727	397
1984 Q1	18064	15295	8235	3188	2447	1425	2314	478	1835	431
Q2	19431	15929	8650	3322	2573	1384	2931	836	2096	482
1984 Apr	6657	5449	3029	1112	851	457	1012	309	703	147
May	6327	5201	2782	1054	857	508	985	292	693	175
June	6446	5279	2839	1157	865	419	934	235	699	160
Percent- change Q2/Q1	+ 7½	+ 4	+ 5	+ 4	+ 5	- 3	+ 27	+ 75	+ 14	+ 12

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on 26 JUL 84 at 3.30 pm and thereafter unclassified.

COMMODITY ANALYSIS OF VISIBLE TRADE  
(Balance of Payments basis)

£ million, seasonally adjusted

SITC (R2)	Food Beverages and Tobacco			Basic Materials			Fuels		
	0 + 1			2 + 4			3		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1982	3936	6613	- 2676	1354	3315	- 1961	11237	7193	+ 4043
1983	4221	7196	- 2975	1610	3983	- 2373	13126	6743	+ 6383
1982 Q3	962	1637	- 675	328	781	- 452	2989	1792	+ 1197
Q4	1043	1629	- 586	338	811	- 472	3165	1636	+ 1529
1983 Q1	1114	1765	- 651	380	920	- 539	3260	1589	+ 1672
Q2	987	1740	- 753	393	1017	- 624	3121	1707	+ 1414
Q3	1017	1758	- 741	394	960	- 566	3086	1717	+ 1369
Q4	1103	1934	- 831	442	1086	- 644	3658	1730	+ 1928
1984 Q1	1178	2026	- 849	443	1156	- 712	3805	1751	+ 2054
Q2	1164	2077	- 913	508	1172	- 664	3494	2347	+ 1148

SITC (R2)	Semi-Manufactures			Finished Manufactures			Total Manufactures		
	5 + 6			7 + 8			5 - 8		
	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance	Exports fob	Imports fob	Visible Balance
1982	14112	12972	+ 1140	23218	21855	+ 1363	37330	34827	+ 2503
1983	15927	15736	+ 190	24111	26420	- 2309	40038	42156	- 2119
1982 Q3	3370	3104	+ 266	5653	5521	+ 132	9024	8625	+ 399
Q4	3671	3291	+ 380	5857	5673	+ 185	9528	8963	+ 565
1983 Q1	3863	3712	+ 151	5799	6386	- 587	9662	10098	- 436
Q2	3923	3942	- 20	5924	6507	- 583	9847	10449	- 603
Q3	3981	3894	+ 87	5988	6546	- 558	9968	10440	- 472
Q4	4160	4188	- 28	6400	6981	- 581	10560	11169	- 609
1984 Q1	4319	4455	- 136	6710	7231	- 520	11030	11686	- 656
Q2	4532	4450	+ 82	6715	7789	- 1074	11247	12239	- 992

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 on 26 JUL 84 at 3.30 pm and thereafter unclassified.

SECRET AND PERSONAL  
until 3.30pm on Thursday 26 July  
then Confidential

*C/ Are you content  
with (a) DTI press notice  
(b) draft DT briefing?*

FROM: C D HARRISON

DATE: 24 July 1984

*some heavy points*

CHANCELLOR

cc as attached list

*Re para 4: B. X  
I don't understand it  
LA*

**JUNE TRADE FIGURES**

The June trade figures will be released on Thursday 26 July. We are content with the DTI's press notice, which has been sent to you as usual for approval.

HARRISON  
24/7  
JUNE  
TRADE  
FIGS.

Summary

2. The main points are:-

- (i) estimated current account surplus of £103 million in June, compared with a deficit of £69 million in May;
- (ii) large reversal of current account in Q2 to a deficit of £0.6 billion compared with a surplus of £0.8 billion<sup>in</sup> Q1;
- (iii) excluding oil, exports appear to have flattened out, albeit at a high level;
- (iv) non-oil imports continue to rise, but the growth has slowed;
- (v) the miners' strike continues to result in extra oil imports of £100-150 million a month.

Current Account and Trade Balances

The following table summarises the latest overall position:

*So without  
this we'd  
be £200m or  
so in surplus.*

Table 1: Current Account

<u>£billion</u>	<u>1983</u>	<u>Q1</u>	<u>Q2</u>	<u>Apr</u>	<u>May</u>	<u>June</u>
Oil	+7.0	+2.3	+1.5	+0.4	+0.5	+0.6
Non-Oil	-7.5	-2.4	-2.8	-1.2	-0.8	-0.8
Total visible trade:	-0.5	-0.1	-1.3	-0.8	-0.3	-0.1
O/W: trade in manufacturers (BOP basis):	-2.1	-0.7	-1.0	-0.6	-0.2	-0.2
Invisibles	+3.4	+0.9	+0.8*	+0.3*	+0.3*	+0.3*
Current Account	+2.9	+0.8	-0.6*	-0.6*	-0.1*	+0.1*

\* projection

3. The oil balance improved slightly in June, as the extra oil needed by power stations because of the strike changed little while the net effect of other (unidentified) factors was favourable. But the oil surplus in Q2 was £0.8 billion lower than in Q1. About half of this is thought to be due to the strike, the rest being accounted for by oil company stockbuilding, lower North Sea output and other unidentified factors. The non-oil visible balance in Q2, which deteriorated by almost £½ billion to a deficit of £2.8 billion, was the worst quarterly figure on record. The deficit on overall visible trade of £1.3 billion was the worst since Q1 1979. The deterioration in manufactured trade performance continues; on a balance of payments basis the deficit in the firsthalf of the year was running at an annual rate of over £3 billion, compared with £2 billion last year.

4. The dock strike did not of course affect the June figures. Its impact on the July figures is not yet known. DTI think it may have depressed both exports and imports by £½-1 billion while it lasted. But since the reporting month for imports ends about two weeks after the reporting month for exports, the July figure will include more of the post-strike bounceback in imports than in exports. So we should be prepared for a deterioration in the trade balance in next month's figures, and it might be worth IDT warning commentators in advance.

*to be reversed the following week*

Exports and Imports

The picture here is as follows:

Table 2: Exports and Imports (percentage change)

(i) Exports	June on May	Q2 on Q1	Q2 1984 on
			Q2 1983
Total value	+4½	0	+14½
Total volume	+3	-1	+8
Total volume excl. oil and "erratics"	+1½	+1	+10
O/W manufactures	+1	+½	+8½
Fuels (volume)	+5½	-9½	+4
(ii) Imports			
Total value	+1	+7½	+19½
Total volume	+2	+5	+11½
Total volume excl. oil and "erratics"	+4	+2½	+13½
O/W manufactures	+4½	+1½	+14½
Fuels (volume)	-4½	+36	+26

5. The attached chart shows recent trends in exports and imports, excluding oil. Exports have done well across the board over the past year. In Q2 performance was mixed, ranging from a 4 per cent rise in exports of capital goods (volume), to a 13 per cent fall in car exports. Overall, manufactured exports were broadly unchanged. Crude oil exports fell 10 per cent. By destination, exports to the US, while remaining at record levels, showed no further gains.

6. Among imports, the volume of crude oil imported rose by over 50 per cent in Q2 - but from a low level compared with exports. While total manufactures rose by 1½ per cent (volume), this figure included an 8 per cent increase in imports of capital goods. Their volume was almost 20 per cent higher than a year ago; the same is true for intermediate goods and chemicals. While car imports in Q2 were over 10 per cent lower than a year ago (volume), imports of other consumer goods were over 20 per cent higher.

### Trade Prices

7. The terms of trade improved by 1 per cent in June, largely because of a standstill in import prices. This was the net result of small increases in food and basic materials prices (of 1 per cent) being offset by a fall of ½ per cent in manufactures prices, and was helped by the stability of the effective exchange rate in June (at 79.4).

Nonetheless the underlying increase in import prices continues to be above that of domestic labour costs; in Q2 non-oil import prices were 8½ per cent and non-oil export prices 7½ per cent higher than they were in the same period last year.

8. Prospects for the rest of the year will depend on movements in the exchange rate. In <sup>this</sup> regard the effective index is a better guide than the sterling/dollar rate, since the proportion of our imports invoiced in dollars is about 30 per cent - close to the weight of the dollar in the effective index.

#### Comparison with the June forecast

9. Developments in the monthly trade figures continue to be broadly as foreseen in the FSBR and June forecasts, although the visible balance for the half-year (at -£1.4 bn) was some £½ bn worse than anticipated in the internal June forecast (half of this error was on the oil balance, and reflected lower exports and larger than anticipated stockbuilding by oil companies). However, the agreement on the EC refund will now mean a rather better outcome on the transfer balance this year than projected in June, largely offsetting the worse performance on visible trade.

#### Effect on markets

10. The figures are slightly better than the markets are expecting. But the Bank do not believe there will be any noticeable reaction in the exchange markets, which are accustomed to monthly fluctuations. They will be more interested in the impact of the dock strike on the July figures.

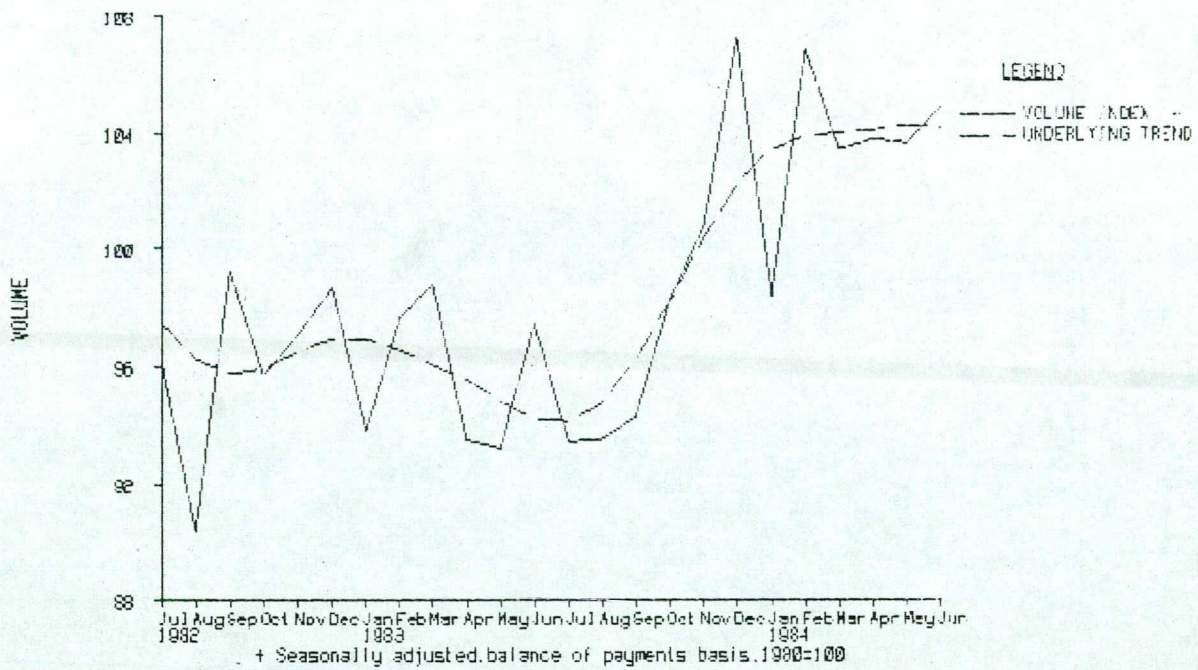
#### Briefing

11. I should be grateful for clearance of the attached draft briefing for IDT.

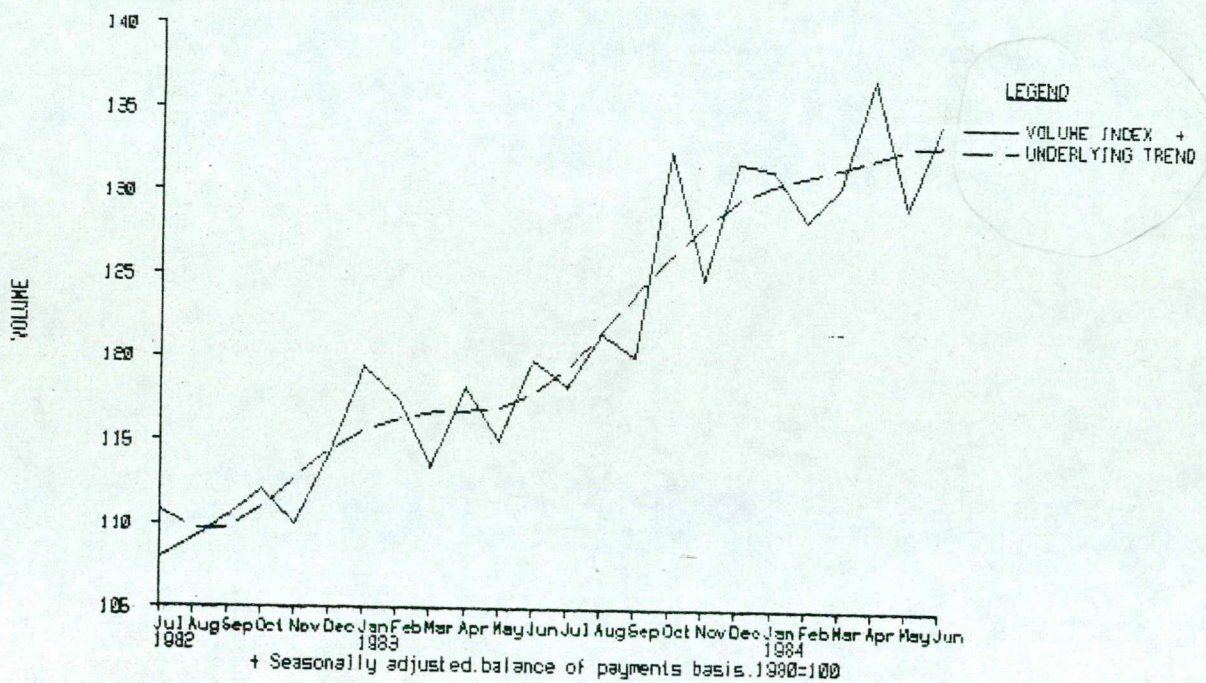


C D HARRISON

EXPORTS EXC. OIL & ERRATICS



IMPORTS EXC. OIL & ERRATICS



**SECRET** and Personal until release of press notice  
 on 26.JUL.84. at 3.30 pm and thereafter unclassified.



SECRET AND PERSONAL  
until 3.30pm on Thursday 26 July  
then Confidential

DRAFT BRIEFING FOR IDT

Points to make

1. (i) small estimated current account surplus in June - despite miners' strike.
- (ii) current account estimated to have been in surplus in firsthalf of year by £0.3 billion (despite recent deterioration.)
- (iii) oil balance remains in substantial surplus despite strike (see table 1)
- (iv) exports remain very high compared with this time last year (table 2.)  
Manufactures doing particularly well.

Defensive

2. Continuing effect of miners' strike?  
Of deterioration in oil balance of £0.8 billion in Q2 compared with Q1, half was due to the miners' strike (detailed queries to DTI and DEn).
3. Effect of dock strike?  
No effect of course on June figures. Strike itself will have depressed both exports and imports to some extent (don't volunteer figures). Both are likely to bounce back. But because reporting month for imports (whose last day is 3rd working day of following month) ends 2 weeks or so after reporting month for exports, July figure is likely to contain more of the bounce-back in imports than exports. So can expect some deterioration in the trade balance <sup>the previous</sup> next month, a corresponding improvement the week after that.
4. Widening deficit on manufactured trade, as well as deteriorating oil surplus?  
Oil surplus can be expected to recover after miners' strike. Natural to expect increase in manufactured imports as economy grows. Over last year imports of goods important for sustained growth have grown steadily - eg capital goods, intermediate goods and chemicals (all now almost 20 per cent higher by volume

DRAFT  
107  
BRIEF

than a year ago). Still substantial offsetting surplus on oil, and also on invisibles.

5. Growth in exports easing off?

Exports still substantially higher than this time last year (table 2). To continue growth, important to achieve low growth in labour costs: despite considerable progress, UK costs still growing more rapidly than in US, Germany and Japan. (Over latest 12 months, to Q4 1983, while UK labour costs per unit of output fell by 1 per cent, in the US they fell by 3½ per cent, in Germany by 4 per cent and in Japan by 3½ per cent).

TRADE FIGURES FOR JUNE 1984

Advance Circulation

Chancellor of the Exchequer	Mr H P Evans
Economic Secretary	Mr Folger
Sir P Middleton	Mr Culpin
Mr Littler	Mr C Mowl
Sir T Burns	Mr S Robson
Mr Cassell	Mr Gleed
Mr Unwin	Mr Harrison
Mr Lavelle	Mr Towers
Mr Battishill	Mr Ridley
Mr Kelly (EF)	Mr Gill - Bank
	Mr Turnbull - No 10

Circulation after 3.30pm on Thursday 26 July

Chief Secretary	Mr Barber
Financial Secretary	Mr Riley
Minister of State	Mr Sedgwick
Mr Bailey	Mr G Horton
Mr Byatt	
Mr Wicks (Washington)	Mr Kelly (MP)
Mr Fitchew	Mr Vernon
Mr Odling-Smee	Miss Deyes
Mr Lankester	Mr N McKinnon
Mr Bottrill	Mr Lord
Mr Gordon	Mr Portillo

SECRET AND PERSONAL  
until 3.30 p.m. on WEDNESDAY 24 OCTOBER  
then CONFIDENTIAL

FROM: P M WALKER  
DATE: 22 OCTOBER 1984

- Note at end  
w
1. MR KELLY
  2. CHANCELLOR

C. Are you content with draft briefing for DTI?  
Note, in particular, para's 4 and 5 of Mr Walker's note and Mr Kelly's comments at end.

P.W.

OK. I have and  
~~done~~ para 5  
para 6 under.  
I agree that we  
shd put  
jobs on these  
para - central  
for next  
week.

One marginal  
comment.  
DWP

### SEPTEMBER TRADE FIGURES

The September trade figures will be released on Wednesday 24 October.  
We are content with the DTI press notice which is being sent to you as usual for approval.

### Summary

2. The main features are:

- (i) An estimated current account deficit of £514 million in September (£318 million in August) brought the current account deficit for the year so far to £530 million. This compares with the FSBR forecast of a £2 billion surplus and a recent internal forecast of a £1¼ billion surplus.
- (ii) The deficit on manufactured trade (BOP basis) in the first nine months of the year was £3 billion, equivalent to an annual deficit of £4 billion, twice the £2 billion last year.
- (iii) The oil surplus in the first nine months was £5½ billion (an annual rate of £7½ billion).

WALKER  
→ KELLY  
22/10

(iv) Total imports for the month and the quarter were a record, as was the quarterly visible balance. The current account deficit for the month equalled the previous record in April 1984

Table 2: Exports and Imports (percentage change)

<u>(i) Exports</u>	<u>September on August</u>	<u>Q3</u>	<u>Q3 1984</u>
		<u>on</u>	<u>on</u>
		<u>Q2</u>	<u>Q3 1984</u>
Total value	- 1½	+ 2½	+ 16½
Total volume	- 3½	- ½	+ 8½
Total volume excluding oil and erratics	- 5½	- ½	+ 9½
O/w manufactures	- 3	- ½	+ 10
Fuels (volume)	-	+ 6½	+ 13
 <u>(ii) Imports</u>			
Total value	+ 1½	+ 3½	+ 24
Total volume	+ 2	+ 1	+ 12
Total volume excluding oil and erratics	+ 2½	+ 2½	+ 13
O/w manufactures	-	+ 2½	+ 12½
Fuels (volume)	- 2	+ 6	+ 33½

Checked  
1983

MUST BE:  
CONFIRM  
CORRECT

To be inserted after Table 1 on page 3.

Analysis

3. The following tables summarise the latest overall position:

Table 1: Current Account

	<u>£billion</u>					
	<u>1983</u>	<u>1984</u>	<u>Q3</u>	<u>July</u>	<u>August</u>	<u>September</u>
Oil	+ 6.9	+ 1.5	+ 1.8	+ 0.8	+ 0.4	+ 0.6
Non-oil	- 7.6	- 2.7	- 3.3	- 0.9	- 1.0	- 1.4
Total visible trade	- 0.7	- 1.2	- 1.5	- 0.1	- 0.6	- 0.8
O/w: trade in manufactures (BoP basis)	- 2.1	- 0.9	- 1.4	- 0.3	- 0.5	- 0.6
Invisibles	+ 3.6	+ 0.9	+ 0.8	+ 0.3*	+ 0.3*	+ 0.3*
Current Account	+ 2.9	- 0.3	- 0.7	+ 0.1*	- 0.3*	- 0.5*

For Table 2: see page 2.

4. The July dock strike appears to have worked itself out in July and August to little net effect. Neither the July nor the September disputes noticeably affected the September figures.

5. The miners' strike produced in September extra net oil imports of £250 million and extra net coal imports of around £60 million. Both figures have been rising. The oil surplus was £617 million, equal to the average of July and August taken together. This <sup>a</sup>ws due to the absence of two special factors behind the August fall; the first a temporary fall in North Sea production, the second imports catching up after the July dock strike.

\* Projection

6. Exports remain considerably higher than their levels of a year ago (table 2). The underlying trend appears, however, to have flattened out (see attached chart). Comparing the third quarter with the second in volume terms, manufactured exports fell marginally and the most significant change was a 14 per cent fall in passenger car exports. By destination, exports to North America in the third quarter were 3 per cent up on the second quarter.

7. Imports in September exceeded an August figure increased by "catching up" from the July dock strike. The attached chart (which excludes oil and erratics) is starting to show a trend rising from a plateau. In individual categories, comparing the third quarter with a year ago, the largest rises were intermediate goods (22 per cent), capital goods (15 per cent), other consumer goods (16 per cent) and chemicals (14 per cent).

8. Comparison with Forecast. The September trade figures put the current account in deficit by £0.7 billion at an annual rate. This compares with a projected surplus of £1½ billion in the internal October forecast, and a published current account estimate of £2 billion in the FSBR.

9. Part of the reasons for this discrepancy is invisibles: we are expecting a surplus of £4 billion for 1984 compared to current CSO projections of £3 billion at an annual rate. £½ billion of this discrepancy is due to EC refunds, not allowed for in CSO projections: the remainder is because we think the current estimates of the invisibles balance in the first half of 1983 may be too low. The CSO emphasise that their initial estimates on invisibles are provisional (the Q3 figures are in any case only projections), and there has been a history of upward revisions recently to certain series (particularly on return from direct investment).

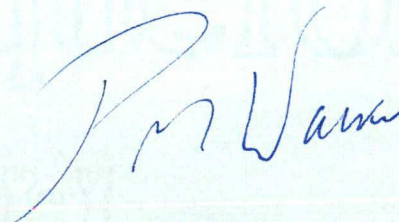
10. The balance of trade in oil was in line with other October forecasts, and the annual total is not in fact very different from that envisaged in the FSBR, with a lower dollar/sterling exchange rate and higher North Sea oil production, roughly offsetting the effects of the miners' strike. However, the balance of non-oil trade was substantially worse than we had anticipated in the October forecasts: non-oil import volumes were higher,

and exports of erratics lower than forecast. It seems likely that the imports figure in particular is erratically higher, and there may be a partial offset to it in the fourth quarter.

11. Trade Prices. In September, the effective exchange rate averaged 77.3, 1½ per cent lower than in August. This leads to a further 1 per cent increase in imports of manufactures prices, and puts their annual rate of increase at 10-11 per cent. For non-manufactures, however, the picture is much more encouraging: prices for imported food stuff and basic materials were unchanged in September, probably reflecting recent falls in world prices for non-oil commodities. So in aggregate import prices rose 1 per cent, as did export prices, leaving the terms of trade unchanged.

Briefing

12. I should be grateful for clearance of the attached press briefing.



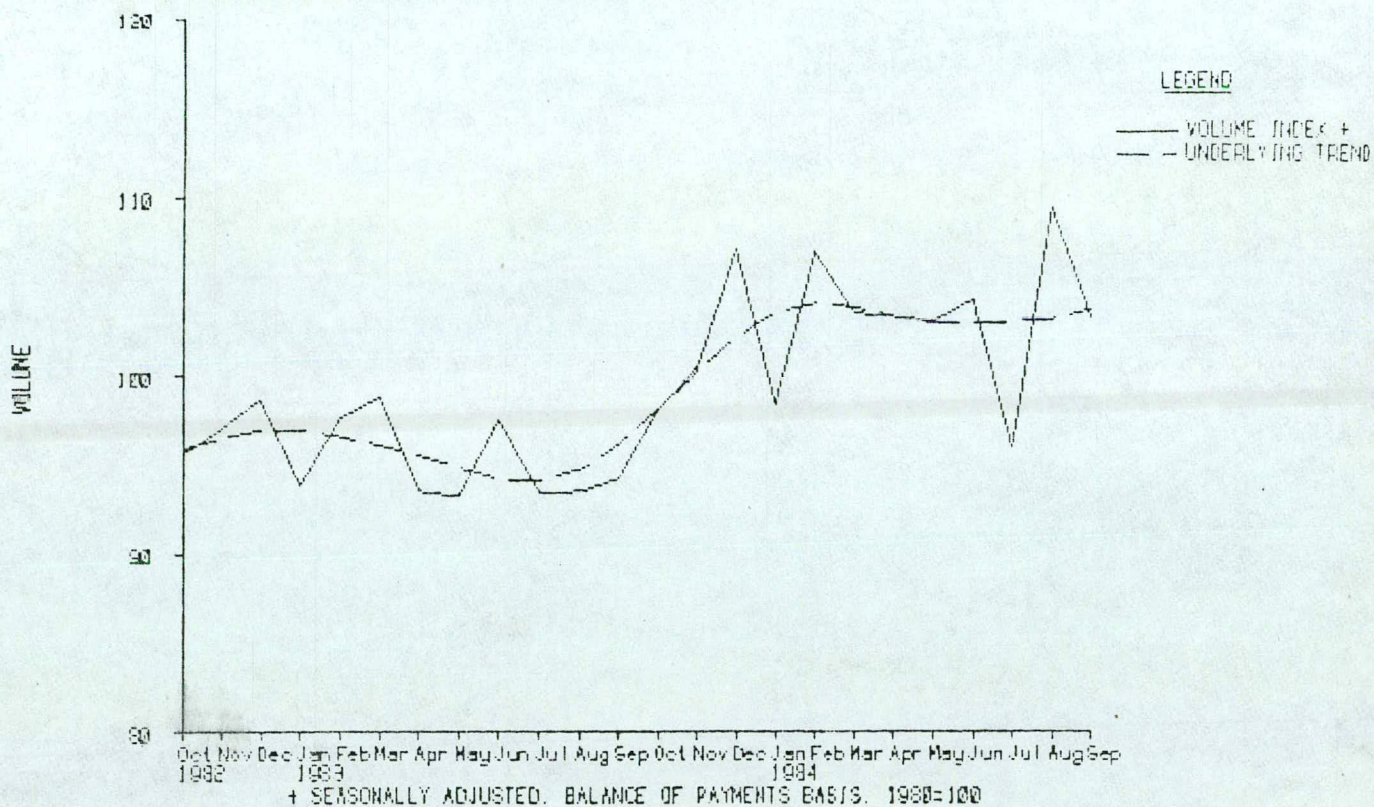
P M WALKER

✓ These are disappointing figures, and likely to be seen or such by the markets. As usual, however, their impact will depend partly upon what else is happening to Sterling at the time.

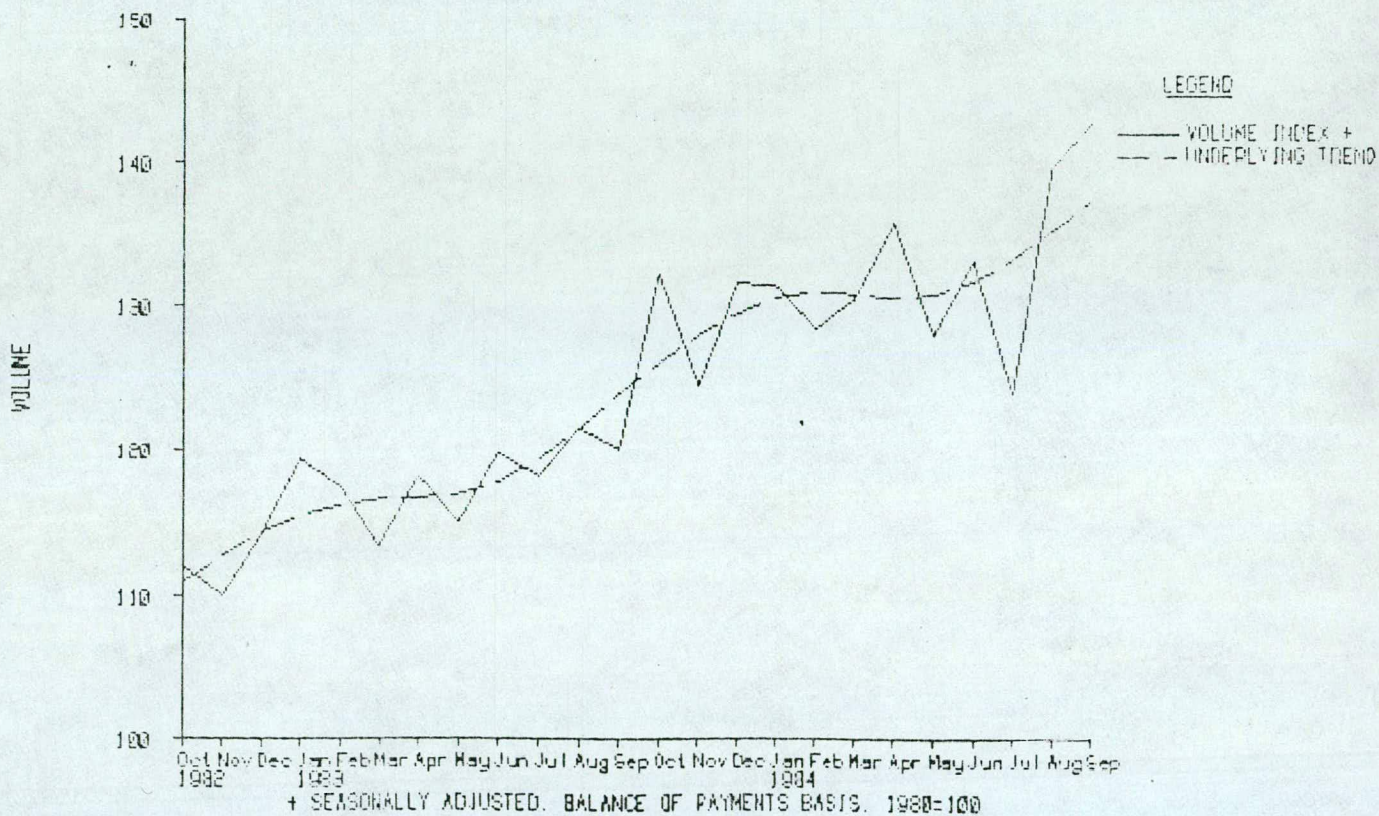
cm  
22.10.



TOTAL EXPORTS (EX. OIL & ERRATICS)



TOTAL IMPORTS (EX. OIL & ERRATICS)



**SECRET**

and personal  
 until release of press notice on ..... at 3.30 p.m.

24 OCT 84

SECRET - PERSONAL

until 3.30 p.m. on WEDNESDAY 24 OCTOBER then

UNCLASSIFIED

DRAFT BRIEFING FOR IDT

Points to make

1. (i) July and September dock strikes do not appear to have affected figures. Effect of July strike minimal over July and August taken together. (Mr Tebbit described effect as "negligible and transient").
- (ii) Export volumes remain considerably higher than a year ago (table 2). Among individual categories:
  - (a) total finished manufactures 11 per cent higher in third quarter than a year ago;
  - (b) consumer goods other than cars 12 per cent higher;
  - (c) capital goods 12 per cent higher.
  - (d) intermediate goods 14 per cent higher.
- (iii) Oil surplus was £ $\frac{1}{2}$  billion in first nine months; on track to equal or exceed last year's record £7 billion, despite miners' strike.
- (iv) Substantial invisibles surplus £1 $\frac{1}{2}$  billion (incorrectly states as £ $\frac{1}{2}$  billion in last month's briefing) in first half of year.

Defensive

2. Current/trade account deterioration in September? [Imports at record level; current account deficit equalled previous record in April 1984]. Figures too volatile for any one month to be reliable guide. Thus main fall in exports was in erratics. Some qualitative evidence that imports are being brought forward to anticipate the 1 November change in the procedures for payment of VAT on imports.

3. Current account in deficit in year so far? FBR forecast of £2 billion current account surplus too high?

Too early to say what eventual outcome on current balance will be: figures highly volatile and invisibles data highly provisional. No credit has yet been taken for £½ billion EC budget refund.

[IF PRESSED] Continuation of miners' dispute will temporarily reduce oil balance/below what it would otherwise have been. [Although this partly offset by higher NS oil production and a lower £/\$ exchange rate]. But underlying position on balance of payments strong enough to absorb temporary difficulties of this kind.

4. Exports flattening out?

Still at considerably higher levels than this time last year (table 2). Good performances in many individual categories (see (1) above).

5. Effect of miners' strike?

~~[Do not give effects on oil or coal balance.]~~

*Why not? Might we tackle them about this for next week? at least*

~~Undoubtedly some effect. But oil surplus still on track for last year's record level.~~

*Washing of balance of trade a bit  
Significant ~~oil~~ oil & coal as a result of strike.*

6. Manufactured trade deficit increasing?

Deficit in manufactures offset by substantial surpluses on oil and invisibles.

7. Effect of September dock disputes?

Minimal.

TRADE FIGURES FOR SEPTEMBER 1984

Advance Circulation

Chancellor of the Exchequer	Mr H P Evans
Chief Secretary	Mr Folger
Economic Secretary	Mr Culpin
Sir Peter Middleton	Mr C Mowl
Mr Littler	Mr S Robson
Sir Terence Burns	Mr Gleed
Mr F Cassell	Mr N Towers
Mr Unwin	Mr Ridley
Mr Lavelle	Mr Gill - Bank
Mr Battishill	Mr Turnbull - No 10
Mr Kelly (EF)	

Circulation after 3.30 p.m. on Wednesday 24 October

Financial Secretary	Mr Melliss
Minister of State	Mr Riley
Mr Bailey	Mr Sedgwick
Mr Byatt	Mr P Patterson
Mr Wicks (Washington)	Mr Kelly (MP)
Mr Fitchew	Mr Vernon
Mr Odling-Smee	Miss Deyes
Mr Lankester	Mr N McKinnon
Mr Shields	Mr Lord
Mr Gordon	Mr Portillo