

Compendium

# International investment position



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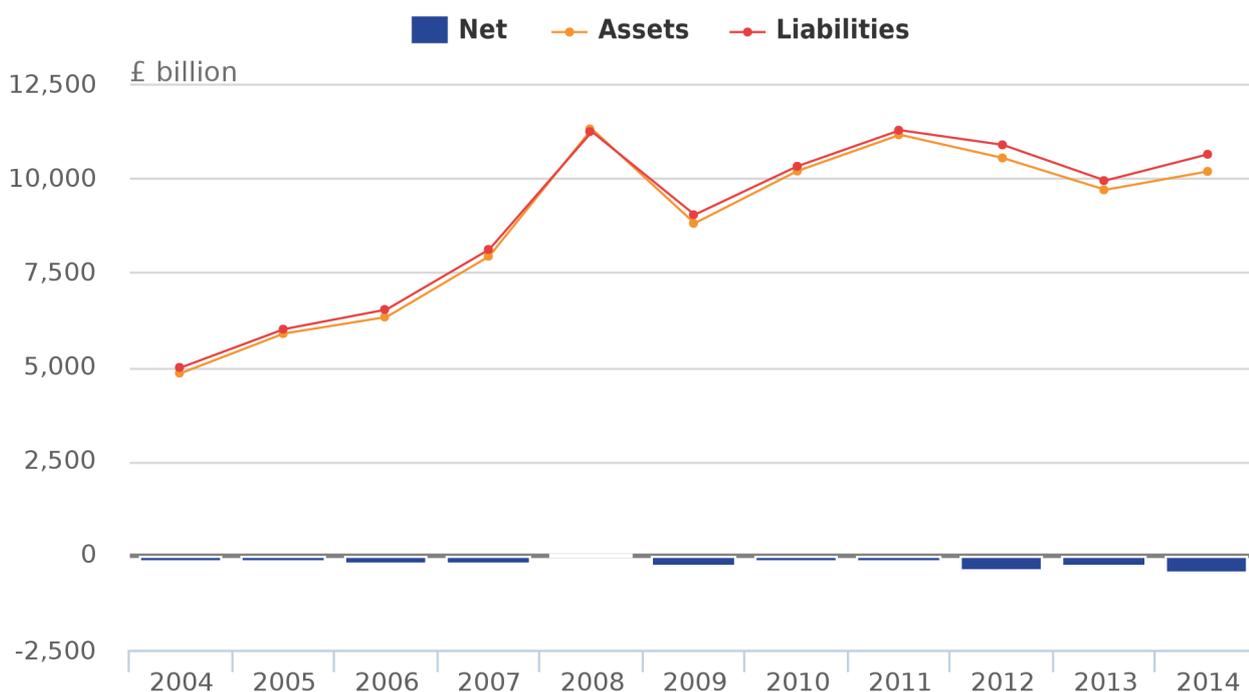
# 1 . International investment position

The International Investment Position (IIP) brings together the available estimates of the levels of:

- identified UK external assets (foreign assets owned by UK residents)
- identified UK external liabilities (UK assets owned by foreign residents)

These estimates are produced at the end of each calendar year. The IIP is the balance sheet of the stock of these external assets and liabilities.

**Figure 8.1: UK international investment position, 2004 to 2014**

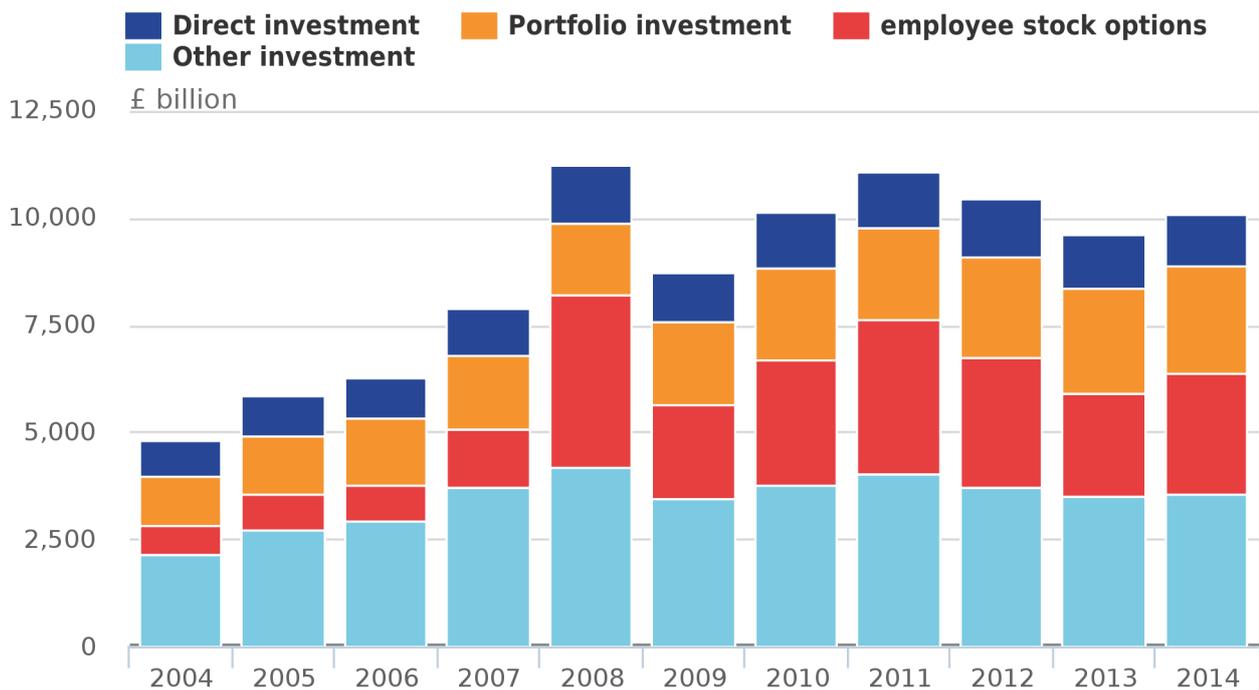


Source: Office for National Statistics

The UK IIP showed a net liability position of £454.1 billion at the end of 2014, an increase from a net liability position of £244.0 billion at the end of 2013. The increase in the net liability position was due to liabilities increasing more than assets.

## 2 . UK assets

Figure 8.2: UK assets, 2004 to 2014

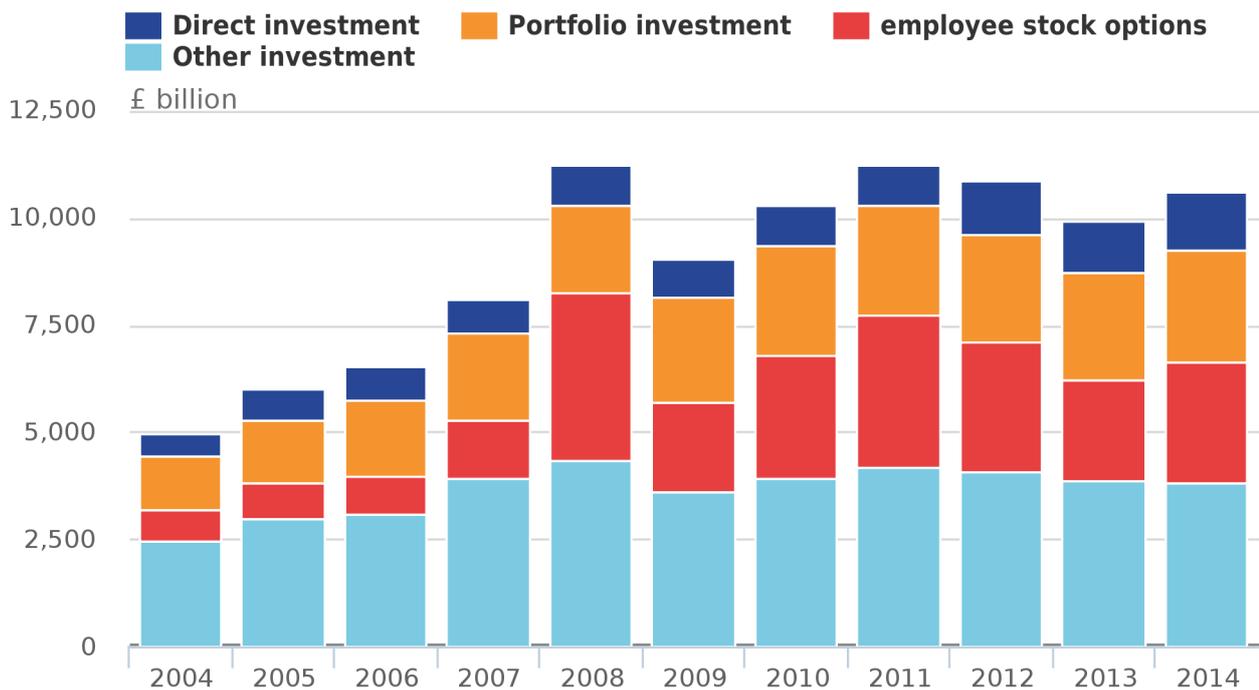


Source: Office for National Statistics

From the end of 2013, total UK assets overseas increased by £487.4 billion to record a level of £10,171.7 billion at the end of 2014. Part of the increase was due to UK residents net investment in foreign assets (£69.4 billion) over 2014 with the remainder due to changes in financial derivatives, currency movements, valuation changes and other changes (chapter 7, Financial Account, contains more information on financial transactions).

## 3 . UK liabilities

Figure 8.3: UK liabilities, 2004 to 2014



Source: Office for National Statistics

Total UK liabilities increased by £697.5 billion from the end of 2013 to reach a level of £10,625.9 billion at the end of 2014. Part of the increase was due to non-residents net investment in the UK (£158.8 billion) over 2014, with the remainder being a combination of changes in financial derivatives, currency movements (although to a lesser extent than UK assets abroad, which are mostly denominated in foreign currency), valuation changes and other changes (chapter 7, Financial Account, contains more information on financial transactions).

## 4 . Sectoral breakdown of the financial account

### UK assets

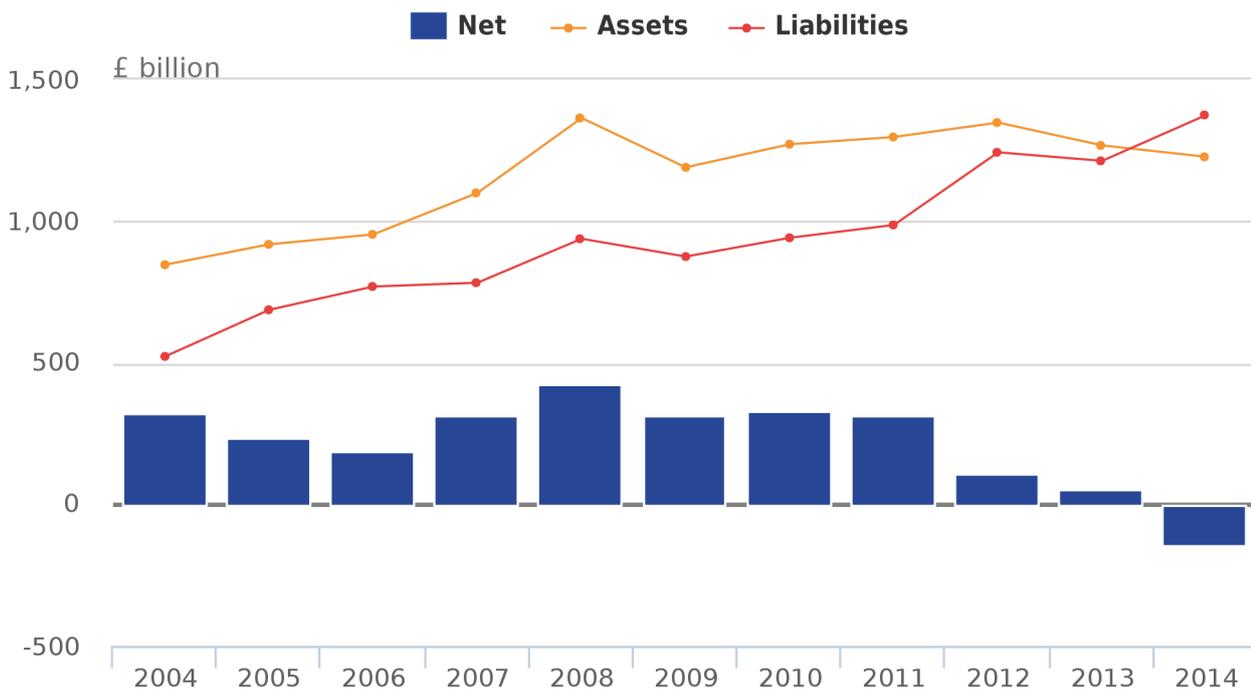
With the exception of UK public corporations, each UK sector recorded an increase in their foreign assets at the end of 2014. UK monetary financial institutions recorded foreign assets of £5,093.0 billion at the end of 2014, an increase from £4,733.8 billion at the end of 2013. Other UK sectors recorded foreign assets of £4,989.6 billion at the end of 2014, compared with £4,868.0 billion at the end of 2013.

### UK liabilities

Similarly, with the exception of UK public corporations, each UK sector recorded increased liabilities at the end of 2014 when compared with the end of 2013. Other UK sectors recorded an increase in their liabilities from £4,596.9 billion at the end of 2013, to £5,023.7 billion at the end of 2014. UK monetary financial institutions liabilities to non-residents increased from £4,865.3 billion at the end of 2013 to £5,130.8 at the end of 2014.

## 5 . Direct investment

Figure 8.4: UK direct investment, 2004 to 2014



Source: Office for National Statistics

### Net direct investment

At the end of 2014, direct investment showed a net liability position of £148.0 billion, the first net liability position on direct investment since records began in 1987, compared with a net asset position of £54.6 billion at the end of 2013.

### UK direct investment assets

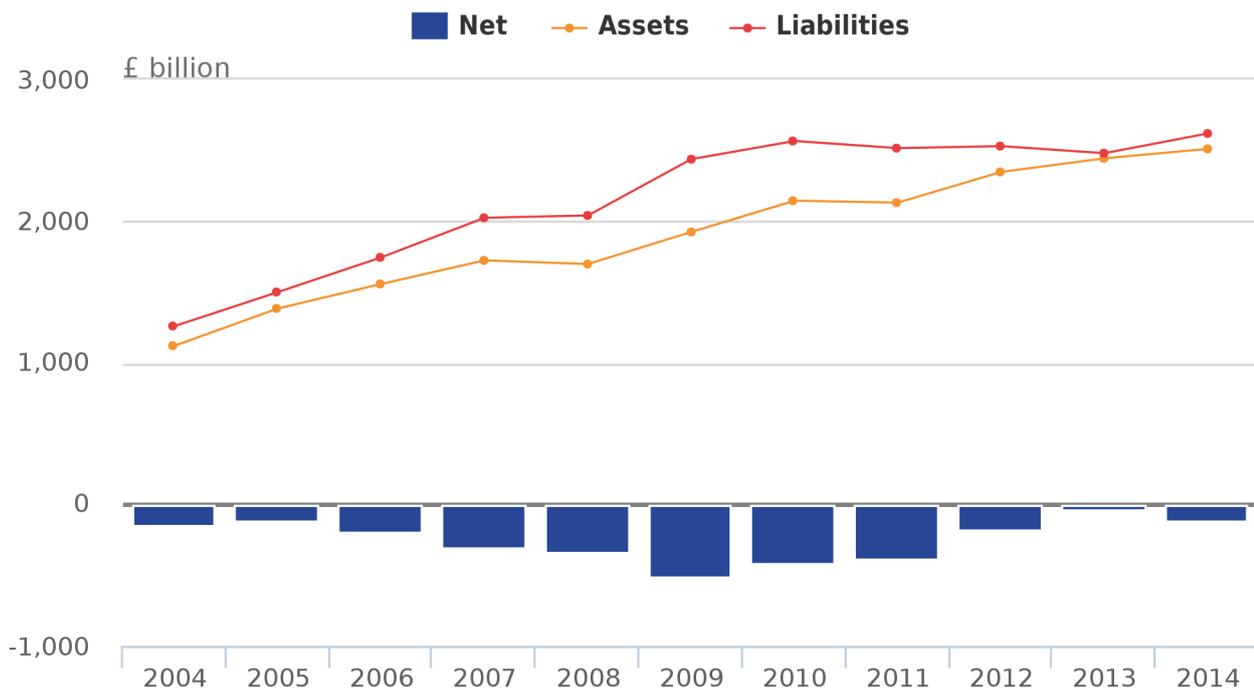
Direct investment assets decreased by £40.5 billion from the end of 2013 to £1,227.0 billion at the end of 2014. The decrease was mainly due to net disinvestment by UK residents (net selling of £53.4 billion in 2014), partially offset by increases in valuations and currency movements. By type of asset, the majority of the decrease was in holdings of equity and to a lesser extent a small decrease in holdings of debt instruments.

### UK direct investment liabilities

Direct investment liabilities increased by £162.1 billion from the end of 2013 to £1,375.0 billion at the end of 2014. The increase was partially due to net investment by non-residents (net buying of £28.2 billion in 2014), but mostly due to valuation changes. By type of liability, the majority of the increase was in holdings of equity with only a small increase in holdings of debt instruments.

## 6 . Portfolio investment

Figure 8.5: UK portfolio investment flows, 2004 to 2014



Source: Office for National Statistics

### Net portfolio investment

At the end of 2014, portfolio investment recorded a net liability position of £109.2 billion, an increase from the net liability position of £36.1 billion at the end of 2013. This reflected an increase in the net liability position on debt securities and a decrease in the net asset position on equities and investment fund shares. Both asset and liabilities recorded increases but liabilities recorded a greater increase.

### UK portfolio investment assets

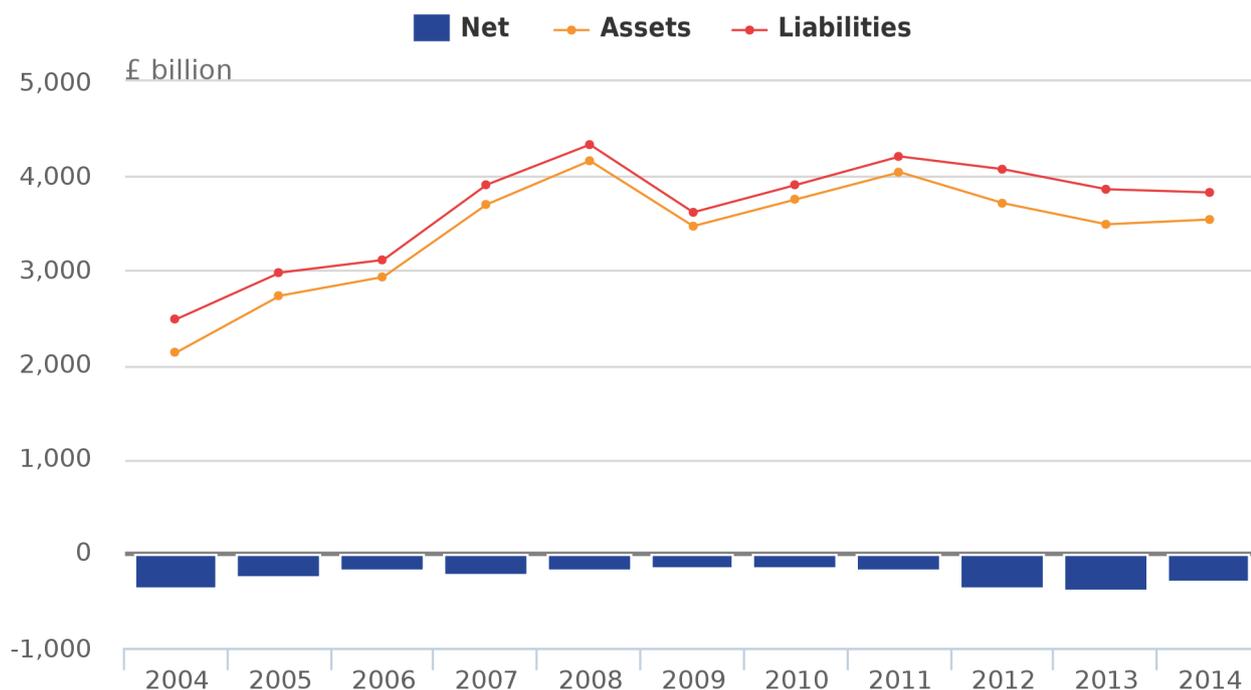
UK portfolio investment assets increased by £66.4 billion from the end of 2013, to £2,510.1 billion at the end of 2014. The increase was mainly due to a £59.8 billion increase in the level of foreign debt securities to £1,390.2 billion at the end of 2014, as UK residents continued to invest in foreign debt securities (net investment of £34.9 billion). Despite UK residents decreasing their holdings of foreign equities (net disinvestment of £17.3 billion), increases in stock markets led to a £6.6 billion increase in the holdings of equity and investment fund shares, to £1,119.9 billion at the end of 2014.

### UK portfolio investment liabilities

Total portfolio investment liabilities increased by £139.6 billion to £2,619.2 billion at the end of 2014, as non-residents continued to acquire UK assets. Non-residents held £1,615.4 billion in debt securities at the end of 2014, an increase of £112.9 billion from the end of 2013. This increase was mostly due to non-residents continuing to acquire UK issued debt securities, (net investment of £87.9 billion). Non-residents holding of UK equities and investment fund shares increased by £26.6 billion from the end of 2013 to £1,003.8 billion at the end of 2014. The increase was partly due to non-residents continuing to invest in UK equities (net investment of £11.7 billion).

## 7. Other investment

Figure 8.6: UK other investment, 2004 to 2014



Source: Office for National Statistics

### Net other investment

At the end of 2014, other investment recorded a net liability position of £286.8 billion, a decrease from a net liability position of £371.6 billion at the end of 2013. The decrease was due to overseas UK assets increasing while UK liabilities decreased slightly.

### UK other investment assets

UK other investment assets increased by £50.9 billion from the end of 2013 to a level of £3,538.4 billion at the end of 2014. The increase was due to UK residents increasing deposits abroad and an increase in short-term loans to non-residents. These were partially offset by a decrease in the level of long-term loans to non-residents.

### UK other investment liabilities

UK other investment liabilities decreased by £33.9 billion to £3,825.2 billion at the end of 2014. The decrease was due to non-residents net withdrawal of deposit and a decrease in the level of long-term loans to UK residents. These were partially offset by an increase in the level of short-term loans to UK residents.