

### **International trade**

For centuries Britain has been a country that relies on international trade. We purchase goods and services from other countries and in return we sell them goods and services produced here. An import is a purchase by UK citizens from overseas. An export is a sale by UK citizens to a member of another country.

### **Visible and invisible trade items**

For the purpose of classification we call the tangible goods that we trade visible items. We call the services that we trade invisible items. Exports bring currency into the UK whereas imports lead to an outflow of currency.

The UK has always done well on her invisible account. This is because we developed a world-wide reputation for commercial services. Some of our major invisible earnings come from the following:

- \* Selling insurance policies through Lloyd's.
- \* Bank services to foreigners,
- \* Tourists spending money in the UK.

On the news every month we hear that the UK has made a surplus on invisible trade showing that we have sold more invisible services than we have bought. The accounts for a particular month might show:

- \* Invisible exports £100 billion
- \* Invisible imports £80 billion
- \* Invisible surplus £20 billion

At the same time the UK frequently makes a loss on her visible trade.

A typical current account showing the UK's trading with the rest of the world in a given period, may therefore look like the following:

Visible exports	500	Invisible exports	400	Total exports	900
Visible imports	650	Invisible imports	200	Total imports	850
Visible balance	-150	Invisible balance	200	Current balance	50

The current account of the UK balance of payments gives a good guide to current trading in visibles and invisibles with the rest of the world.