[Revisions to international investment figures]

The ONS published its latest balance of payments data on 29 September. This included a final table which showed that the ONS have revised their view of how much UK investment abroad is worth relative to how much overseas investors have invested in the UK. Some have now suggested these figures show the UK has "lost" £490bn. This is an odd way of looking at it. The figures show an increase of £334bn in inward investment, which of course is a figure that is taken off our overseas assets to derive the net figure. It does no however mean we have got poorer!

The maximum downward revision to the net figure was for the 2016 figure (£490 bn), with the bulk of the downward revision relating to a period before the referendum vote. The main reason for the downward change in the net figure arises from strong inward investment in 2016 accounting for an extra £334 bn investment.

I have often referred to the large balance of payments deficit we have been running, and pointed out that an important part of our net outflows arise from the substantial contributions we make to the EU and from our large overseas aid payments. I have often argued to stop the EU payments, to up the UK content in the overseas aid spending where the money cannot be spent in the country we are trying to help, and to follow policies which promote more import substitution. All the time the UK continues to send large sums abroad, and to run such a large trade deficit with the EU, there will need to be continuing inward investment into the UK to pay the bills. Alternatively we will have to sell overseas assets to pay for the imports and the remittances overseas. Either of these ways of paying for the trade and payments deficit will tend to reduce our net overseas asset position.

This is nothing to do with Brexit.The biggest part of the deficit is trade with the EU and payments to the EU.

It is also a reminder of how much trouble the ONS have in measuring things like the stock of overseas wealth held by UK people and institutions, which they have recently reduced as they change their way of estimating. They also have difficulty in knowing how much overseas investment has been committed here. Those who think Brexit has caused the fall in the pound should of course acknowledge that so far if this is true Brexit has helped swell the net overseas asset figure, by increasing the sterling value of foreign assets. Readers of this site will know I do not think Brexit is the main reason for the fall of the pound since 2015, nor for that matter for the recent rise of the pound against the dollar.