



Andrew Tyrie MP
Chairman of the Treasury Committee
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Dear Chairman,

At the evidence session yesterday, you requested a fact sheet on the reserves held by countries that adopt another currency outside a formal currency union or that are pegged to another currency. These facts are provided in tables 1a and 1b. Tables 2a and 2b show reserves as a percentage of each of the other economic indicators.

Table 1a. Reserves and economic statistics, for countries using currency boards or fixed peg (All figures in billions of US dollar equivalent)

Country	Hong Kong	Denmark	Bulgaria	Estonia	Latvia	Lithuania
Currency arrangement	Currency board; targets USD rate	Pegged against euro via ERM II	Pegged against euro. Not yet in ERM II	Currency board while in ERM II 2004-10 (now euro).	Currency board while in ERM II 2005-13 (now euro).	Currency board in ERM II (will join euro in Jan 2015).
Reserves ^(a)	325	85	20	3	8	8
Broad Money (M3) ^(b)	1,405	222	47	11	14	22
Deposits of resident banks ^(c)	926	170	40	11	12	18
GDP ^(d)	274	331	53	19	31	48
Date	Jul 2014	Mar 2014	Jun 2014	Dec 2010	Dec 2013	Aug 2014

Sources: IMF, Thomson Reuters Datastream, World Bank, Bank calculations.

- (a) Total official reserve assets (incl. foreign currency reserves, SDRs, gold and other reserve assets) from IMF, latest available data for all countries except Latvia (Dec 2013) and Estonia (Dec 2010) for which the relevant date is just before joining the euro. A country's international reserves refer to "those external assets that are readily available to and controlled by monetary authorities for direct financing of payments imbalances, for indirectly regulating the magnitudes of such imbalances through intervention in exchange markets to affect the currency exchange rate, and/or for other purposes."
- (b) M3 data from national central banks via Datastream (dates aligned with data for reserves)
- (c) Deposits data (a sum of Demand Deposits plus Time, Savings, & Foreign Currency Deposits) from IMF IFS database (2013 data for all countries except 2012 for Denmark and 2010 for Estonia). Data from 'Other Depository Corporations Survey', comprising financial corporations that incur liabilities that are included in the national definition of broad money.
- (d) GDP data from IMF WEO (April 2014), data for 2013 for all countries except 2010 for Estonia.

**Table 1b. Reserves and economic statistics, for countries using euro or dollar
(All figures in billions of US dollar equivalent)**

	Kosovo	Montenegro	Ecuador	El Salvador	San Marino
Currency arrangement	Uses euro	Uses euro	Uses US dollar	Uses US dollar	Uses euro
Reserves ^(a)	0.5	1	4	3	0.6
Broad Money (M3) ^(b)	3	2	38	11	5
Deposits of resident banks ^(c)	3	2	18	14	4
GDP ^(d)	6	2	94	25	2
Date	2012	2012	2013	2013	2007

Sources: World Bank, Thomson Reuters Datastream, CIA World Factbook

(a) Total official reserve assets (incl. foreign currency reserves, SDRs, gold and other reserve assets) from The World Bank, World Development Indicators.

(b) M3 data from IMF IFS via Datastream, except Montenegro and Kosovo, which are sourced from World Bank WDI statistics, and San Marino which is sourced from the CIA World Factbook.

(c) see above

(d) GDP data from IMF WEO (April 2014).

Table 2a. Reserves as % of Broad money, resident bank deposits and GDP, for countries using currency board or fixed peg

	Hong Kong	Denmark	Bulgaria	Estonia	Latvia	Lithuania
Broad Money (M3)	23	38	41	23	57	39
Deposits of resident banks	35	50	49	23	64	46
GDP	119	26	37	13	25	18

Table 2b. Reserves as % of Broad money, Resident bank deposits and GDP, for countries using dollar or euro

	Kosovo	Montenegro	Ecuador	El Salvador	San Marino
M3	17	52	12	25	14
Deposits of resident banks	16	47	24	20	16
GDP	7	45	5	11	36

You also asked about the position of any independent Scottish state. As I explained during the evidence session, it would not be appropriate for me to judge the apportionment of the UK's reserves in the event that Scotland were to become an independent state. Table 3 therefore simply provides data, some of which were discussed during the session, on Scottish GDP, broad money and bank deposits.

Table 3. Economic statistics for Scotland

	GBP bn	Source
Broad Money proxy ⁽¹⁾	425	Bank of England (Jun 2014)
Deposits of banking groups domiciled in Scotland ⁽²⁾	777	Bank of England regulatory data (end Dec 2013)
GDP ⁽³⁾	130	Scottish Government (Q1 2014)

- (1) Sum of sight and time deposits and repurchase agreements for all bank and building society entities whose headquarters or principal place of business are in Scotland.
- (2) Includes deposits of banking entities domiciled outside Scotland but where the parent entity is domiciled in Scotland.
- (3) Scottish onshore GDP for 2014 Q1. Gross-value added (GVA) for 2012 was £106bn (source: National Statistics).

Yours sincerely,

