

Statistical release

3 July 2020

Euro area quarterly balance of payments and international investment position: first quarter of 2020

- [Current account](#) surplus at €285 billion (2.4% of euro area GDP) in four quarters to first quarter of 2020, down from €344 billion (3.0% of euro area GDP) a year earlier
- [Geographic counterparts](#): largest bilateral surpluses vis-à-vis *United Kingdom* (€178 billion, up from €169 billion a year earlier) and *United States* (€108 billion, down from €118 billion), with largest deficits vis-à-vis *offshore centres* (€113 billion, up from €1 billion) and *China* (€72 billion, up from €64 billion)
- [International investment position](#) at end of first quarter 2020 showed net liabilities of €143 billion (around 1% of euro area GDP), after net liabilities of €80 billion at end of previous quarter

Current account

The *current account* surplus of the euro area declined to €285 billion (2.4% of euro area GDP) in the four quarters to the first quarter of 2020, from €344 billion (3.0% of euro area GDP) a year earlier (see Table 1). This decrease reflected smaller surpluses for *services* (down from €118 billion to €30 billion) and *primary income* (down from €96 billion to €64 billion). These developments were partly offset by an increase in the surplus for *goods* (from €289 billion to €335 billion) and a lower deficit for *secondary income* (down from €159 billion to €143 billion).

The smaller surplus for *services* was mainly due to an increase in the deficit for *other business services* (from €13 billion to €117 billion) that was only partially offset by an increase in the surplus for *telecommunication, computer and information services* (from €74 billion to €94 billion). This is explained by increased imports of research and development services under *other business services*. Furthermore, there was a decline in the surpluses for *travel* (down from €41 billion to €38 billion) and

insurance, pension and financial services (down from €16 billion to €13 billion), while the surplus for transport increased (from €13 billion to €18 billion).

The decrease in the *primary income* surplus was mainly due to decreases in the surpluses for *investment income* (from €63 billion to €37 billion) and *other primary income* (from €18 billion to €11 billion). The developments in *investment income* mainly reflected a lower surplus for *direct investment income* (down from €122 billion to €98 billion) and a larger deficit for *portfolio equity income* (up from €99 billion to €113 billion). The increase in the surplus for *portfolio debt income* (from €28 billion to €38 billion) partly offset the previous changes.

Table 1

Current account of the euro area

(EUR billions, unless otherwise indicated; transactions during the period; non-working day and non-seasonally adjusted)

	Cumulated figures for the four-quarter period ending							
	2019 Q1			2020 Q1			2019 Q1	2020 Q1
	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Balance
Current account	344	4,207	3,863	285	4,292	4,007	70	39
<i>Percentage of GDP</i>	3.0%	36.1%	33.2%	2.4%	36.2%	33.7%		
Goods	289	2,365	2,076	335	2,393	2,058	65	76
Services	118	939	821	30	993	963	25	-14
Transport	13	155	142	18	159	141	2	4
Travel	41	160	119	38	160	122	5	2
Insurance, pension and financial	16	93	77	13	97	84	4	2
Telecommunication, computer and information	74	142	67	94	165	71	19	23
Other business	-13	237	250	-117	249	366	-3	-36
Other	-13	152	164	-16	164	180	-2	-8
Primary income	96	792	696	64	792	729	34	22
Compensation of employees	15	39	24	15	40	25	5	5
Investment income	63	709	646	37	715	678	21	10
Direct investment	122	438	317	98	424	325	24	12
Portfolio equity	-99	78	177	-113	87	200	-14	-14
Portfolio debt	28	125	97	38	133	96	9	10
Other investment	7	63	56	9	66	57	1	2
Reserve assets	5	5		5	5		1	1
Other primary income	18	44	25	11	37	26	8	7
Secondary income	-159	111	270	-143	114	257	-54	-46

Source: ECB.

Notes: "Equity" comprises equity and investment fund shares. Discrepancies between totals and their components may arise from rounding.

Data for the current account of the euro area**European Central Bank**

Directorate General Statistics

Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany

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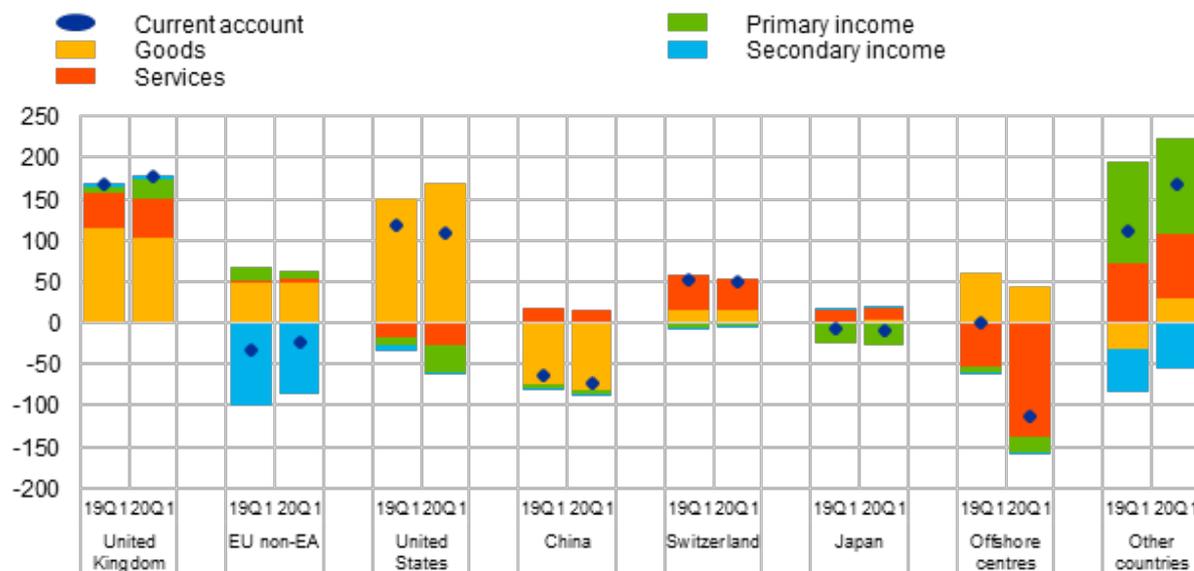
Data on the geographic counterparts of the euro area current account (see Chart 1) show that in the four quarters to the first quarter of 2020 the euro area recorded its largest bilateral surpluses vis-à-vis the *United Kingdom* (€178 billion, up from €169 billion a year earlier), a residual group of *other countries* (€167 billion, up from €112 billion), the *United States* (€108 billion, down from €118 billion) and *Switzerland* (€49 billion, down from €51 billion). The largest bilateral deficits in the euro area current account were recorded vis-à-vis *offshore centres* (€113 billion, up from €1 billion) and *China* (€72 billion, up from €64 billion).

The most significant geographic changes in the *goods* balance in the four quarters to the first quarter of 2020 relative to the previous year were an increase in the surplus vis-à-vis the *United States* (from €151 billion to €169 billion), a decrease in the surplus vis-à-vis *offshore centres* (from €60 billion to €45 billion) and a shift from a deficit to a surplus vis-à-vis a residual group of *other countries* (from a deficit of €31 billion to a surplus of €30 billion), reflecting in particular a decrease in the deficit vis-à-vis *Russia* (from €26 billion to €8 billion). In *services*, increased deficits vis-à-vis *offshore centres* (up from €53 billion to €137 billion) and the *United States* (up from €16 billion to €28 billion) were recorded. Moreover, the *primary income* deficit vis-à-vis the *United States* increased from €12 billion to €32 billion and the surplus vis-à-vis the *United Kingdom* from €8 billion to €25 billion.

Chart 1

Geographical breakdown of the euro area current account balance

(four-quarter moving sums in EUR billions; non-seasonally adjusted)



Source: ECB.

Note: "EU non-EA" comprises EU Member States and EU institutions outside the euro area. "Other countries" includes all countries and country groups not shown in the chart, as well as unallocated transactions.

[Data for the geographical breakdown of the euro area current account](#)

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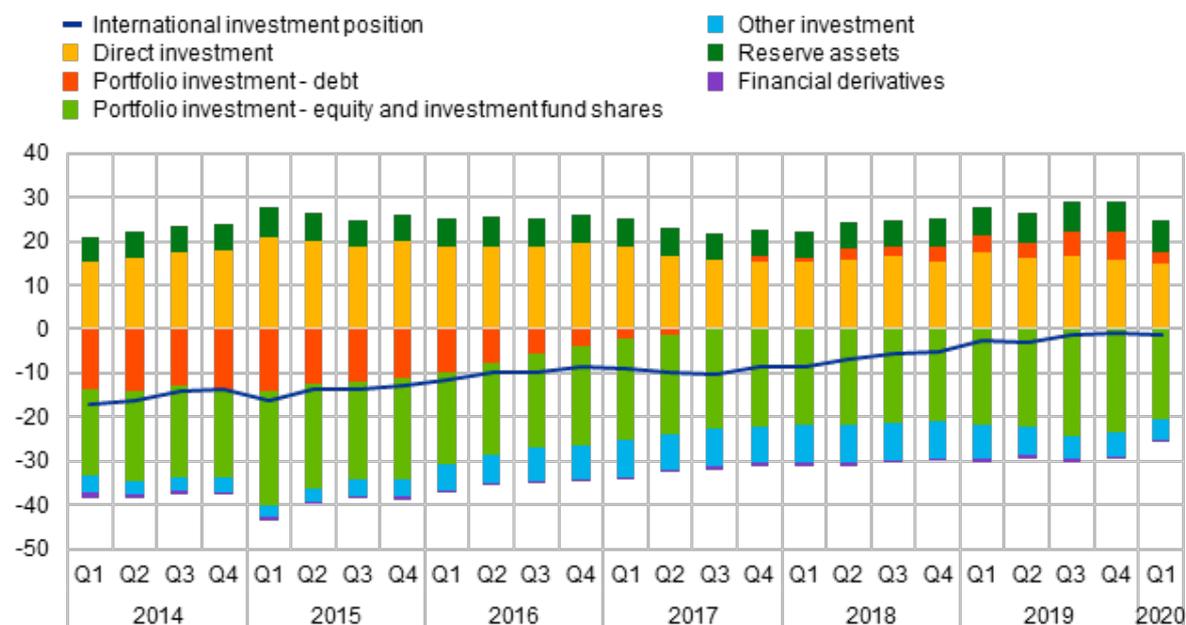
International investment position

At the end of the first quarter of 2020 the international investment position of the euro area recorded net liabilities of €143 billion vis-à-vis the rest of the world (around 1% of euro area GDP), compared with net liabilities of €80 billion in the previous quarter (see Chart 2 and Table 2).

Chart 2

Net international investment position of the euro area

(net outstanding amounts at end of period as a percentage of four-quarter moving sums of GDP)



Source: ECB.

[Data for the net international investment position of the euro area](#)

This deterioration of €63 billion reflected large but partly offsetting changes in the various investment components. Lower net assets for *portfolio debt* (€299 billion, down from €752 billion) and *direct investment* (€1,758 billion, down from €1,880 billion) were partially offset by lower net liabilities for *portfolio equity* (€2,458 billion, down from €2,787 billion) and for *other investment* (€537 billion, down from €690 billion).

Table 2

International investment position of the euro area

(EUR billions, unless otherwise indicated; amounts outstanding at the end of the period, flows during the period; non-working day and non-seasonally adjusted)

	2019 Q4	2020 Q1					Amounts outstanding %GDP	
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding		
Net	-80	24	-66	87	-108	-143	-1	
of which: Direct investment	1,880	21	-80	-59	-3	1,758	15	
of which: Portfolio equity	-2,787	6	24	349	-50	-2,458	-21	
of which: Portfolio debt	752	-201	-34	-181	-36	299	3	
of which: Other investment	-690	153	18	0	-19	-537	-5	
Assets	27,566	588	-24	-996	87	27,221	229	
Direct investment	11,215	-42	-45	-143	80	11,066	93	
Portfolio equity	4,264	-52	-11	-661	-15	3,525	30	
Portfolio debt	5,644	-93	-6	-170	1	5,375	45	
Financial derivatives	-48	42	-	-65	0	-71	-1	
Other investment	5,678	729	32	0	21	6,460	54	
Reserve assets	814	3	6	43	0	866	7	
Liabilities	27,645	564	42	-1,083	196	27,363	230	
Direct investment	9,334	-62	36	-84	83	9,307	78	
Portfolio equity	7,051	-58	-35	-1,010	34	5,982	50	
Portfolio debt	4,892	109	28	11	37	5,077	43	
Other investment	6,367	575	14	0	41	6,997	59	
Gross External Debt	14,541	621	55	16	83	15,317	129	

Source: ECB.

Notes: "Equity" comprises equity and investment fund shares. Net financial derivatives are reported under assets. Discrepancies between totals and their components may arise from rounding.

[Data for the international investment position of the euro area](#)

The change in the euro area's net international investment position in the first quarter of 2020 was driven mostly by net negative exchange rate changes and other volume changes that were only partially compensated by net positive price changes and transactions (see Chart 3).

The decrease in net assets for *portfolio debt* was due to all its components, namely negative transactions, net revaluations and other volume changes (see Table 2), while lower net assets for *direct investment* resulted mainly from negative net revaluations that were partly compensated by positive transactions. The decrease in net liabilities for *portfolio equity* stemmed mainly from positive net price revaluations, as the effect of the decline in prices was larger for liabilities than for assets. The lower net liabilities for *other investment* resulted mainly from transactions.

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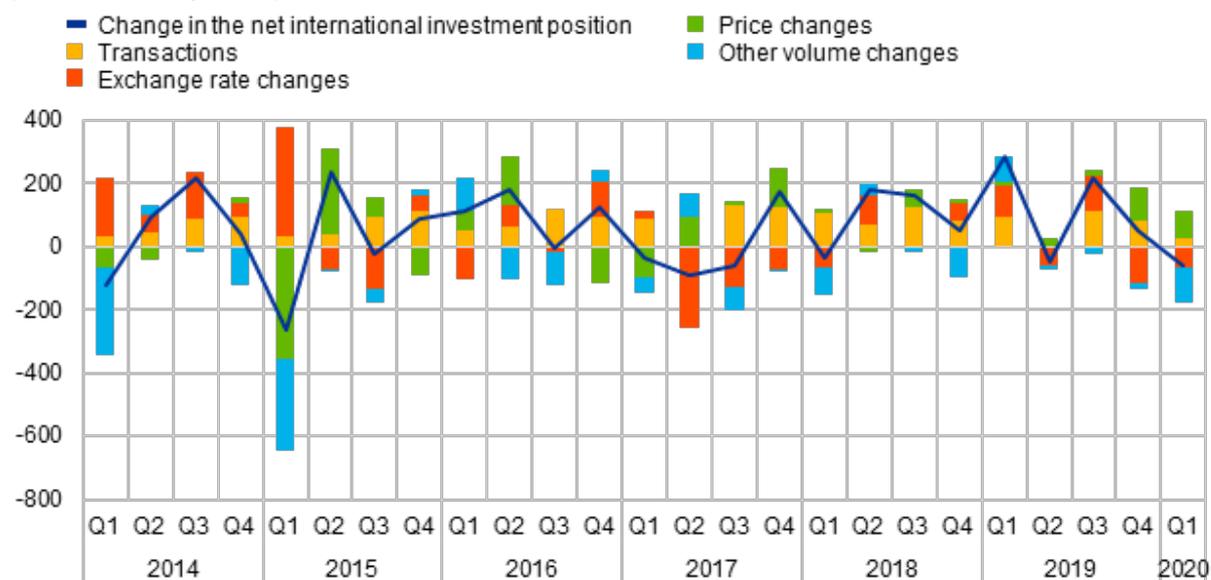
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At the end of the first quarter of 2020 the *gross external debt* of the euro area totalled €15.3 trillion (around 129% of euro area GDP), which represents an increase of €776 billion compared with the previous quarter.

Chart 3

Changes in the net international investment position of the euro area

(EUR billions; flows during the period)



Source: ECB.

Note: "Other volume changes" mainly reflect reclassifications and data enhancements.

[Data for changes in the net international investment position of the euro area](#)

Data revisions

This statistical release incorporates revisions to data for the reference periods between the first quarter of 2016 and the fourth quarter of 2019. The revisions reflect revised national contributions to the euro area aggregates as a result of the incorporation of newly available information.

Next releases

- Monthly balance of payments: 20 July 2020 (reference data up to May 2020)
- Quarterly balance of payments and international investment position: 2 October 2020 (reference data up to the second quarter of 2020)

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Notes

- All data are neither seasonally nor working day-adjusted. Ratios to GDP (including in the charts) refer to four-quarter sums of non-seasonally and non-working day-adjusted GDP figures.
- Hyperlinks in the statistical release refer to data that may change with subsequent releases as a result of revisions.