

Statistical release

12 January 2021

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

- [Current account](#) surplus at €231 billion (2.0% of euro area GDP) in four quarters to third quarter of 2020, down from €265 billion a year earlier
- [Geographic counterparts](#): largest bilateral surpluses vis-à-vis *United Kingdom* (€138 billion) and *United States* (€73 billion), with largest deficits vis-à-vis *offshore centres* (€100 billion) and *China* (€79 billion)
- [International investment position](#) showed net liabilities of €10 billion (around 0.1% of euro area GDP) at end of third quarter

Current account

The *current account* surplus of the euro area declined to €231 billion (2.0% of euro area GDP) in the four quarters to the third quarter of 2020, from €265 billion a year earlier (see Table 1). This decrease reflected a reduction in the surpluses for *services* (from €72 billion to €10 billion) and *primary income* (from €60 billion to €40 billion). These developments were partly offset by an increase in the surplus for *goods* (from €297 billion to €326 billion) and a lower deficit for *secondary income* (down from €164 billion to €145 billion).

The smaller surplus for *services* was mainly due to a decline in the surplus for *travel* (from €40 billion to €12 billion) and increases in the deficit for *other business services* (from €81 billion to €100 billion) and for *other services* (from €10 billion to €21 billion). These developments were only partially offset by an increase in the surplus for *telecommunication, computer and information services* (from €90 billion to €97 billion).

The decrease in the *primary income* surplus was due to a fall in the surplus for *investment income* (from €34 billion to €10 billion). This reflected mainly a lower surplus for *direct investment income* (down from €99 billion to €38 billion), which was partly offset by a smaller deficit for *portfolio equity income* (down from €110 billion to €77 billion) and a larger surplus for *portfolio debt income* (up from €29 billion to €36 billion).

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							
	Q3 2019			Q3 2020			Q3 2019	Q3 2020
	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Balance
Current account	265	4,345	4,080	231	3,961	3,730	103	83
<i>Percentage of GDP</i>	2.2%	36.7%	34.4%	2.0%	34.7%	32.7%		
Goods	297	2,392	2,095	326	2,212	1,886	85	96
Services	72	984	912	10	877	867	43	18
Transport	18	162	144	12	138	126	7	3
Travel	40	165	125	12	81	70	17	4
Insurance, pension and financial	16	96	80	10	97	87	4	3
Telecommunication, computer and information	90	160	70	97	169	72	24	23
Other business	-81	241	322	-100	231	331	-5	-9
Other	-10	160	170	-21	161	182	-4	-6
Primary income	60	857	797	40	759	719	12	-1
Compensation of employees	15	40	25	15	38	23	3	2
Investment income	34	780	746	10	684	674	11	-3
Direct investment	99	486	387	38	413	375	19	1
Portfolio equity	-110	85	195	-77	78	154	-22	-15
Portfolio debt	29	131	102	36	132	96	9	9
Other investment	10	72	62	7	56	49	4	1
Reserve assets	5	5		4	4		1	1
Other primary income	11	38	26	15	37	22	-1	-1
Secondary income	-164	112	277	-145	113	258	-38	-30

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

Data on the geographic counterparts of the euro area current account (see Chart 1) show that in the four quarters to the third quarter of 2020 the euro area recorded its largest bilateral surpluses vis-à-vis the *United Kingdom* (€138 billion, down from €189 billion a year earlier), the *United States* (€73 billion, down from €111 billion) and *Switzerland* (€53 billion, down from €59 billion). It also recorded a current

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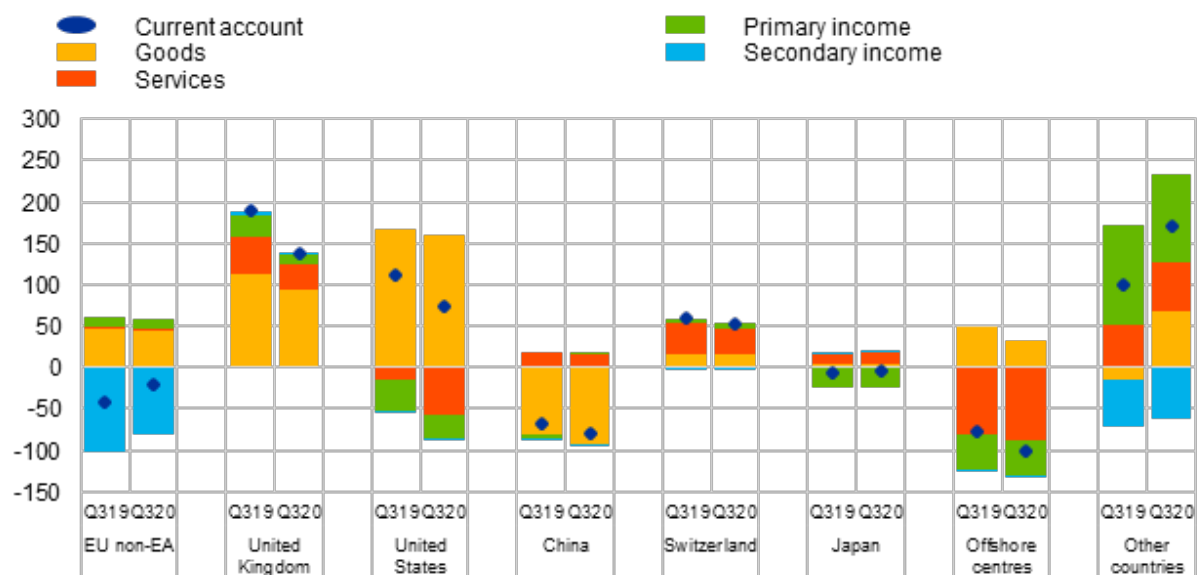
account surplus vis-à-vis a residual group of *other countries* (€172 billion, up from €100 billion). The largest bilateral deficits were recorded vis-à-vis *offshore centres* (€100 billion, up from €77 billion) and *China* (€79 billion, up from €69 billion).

The most significant geographic changes in the four quarters to the third quarter of 2020 relative to the previous year were as follows. In the *goods* balance there were decreases in the surpluses vis-à-vis the *United Kingdom* (from €113 billion to €95 billion) and *offshore centres* (from €49 billion to €31 billion), an increase in the deficit vis-à-vis *China* (from €82 billion to €92 billion), and a shift from a deficit of €14 billion to a surplus of €68 billion vis-à-vis the residual group of *other countries*, partly reflecting a decline in the deficit vis-à-vis *Russia* (from €39 billion to €10 billion). In *services*, the deficit vis-à-vis the *United States* increased (from €15 billion to €58 billion) and the surplus vis-à-vis the United Kingdom decreased (from €45 billion to €31 billion). Moreover, in *primary income* surpluses decreased vis-à-vis the *United Kingdom* (from €27 billion to €11 billion) and vis-à-vis the residual group of other countries (from €120 billion to €106 billion) were recorded, while the *secondary income* deficit vis-à-vis the *EU Member States and EU institutions outside the euro area* declined from €103 billion to €80 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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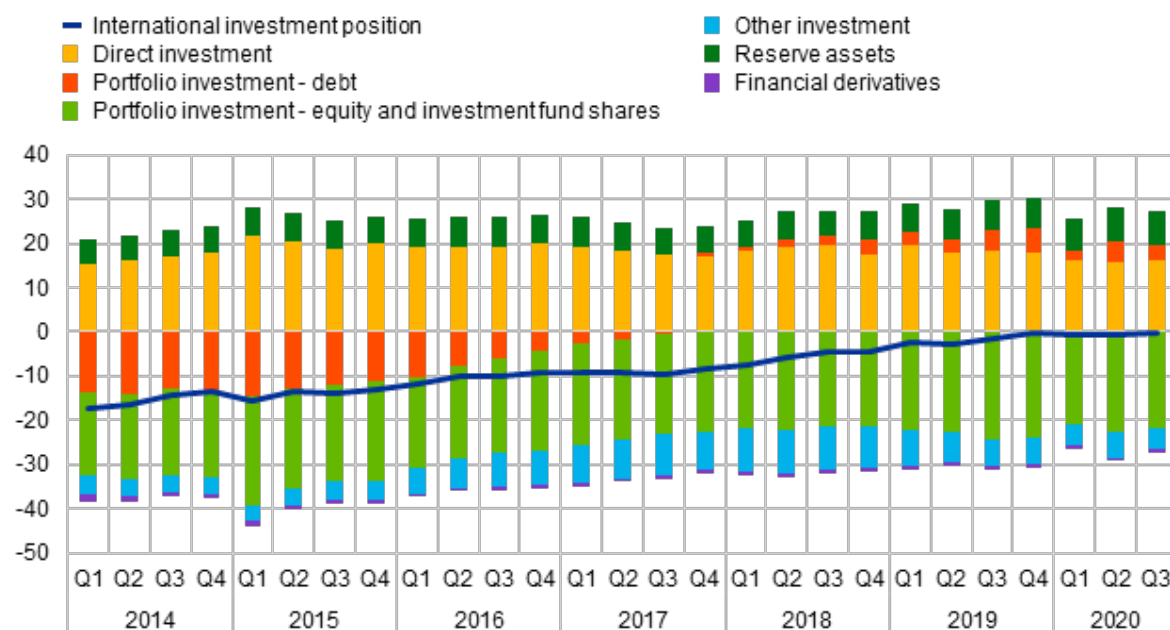
International investment position

At the end of the third quarter of 2020 the international investment position of the euro area recorded net liabilities of €10 billion vis-à-vis the rest of the world (0.1% of euro area GDP), compared with net liabilities of €100 billion in the previous quarter (see Chart 2 and Table 2).

Chart 2

Net international investment position of the euro area

(net amounts outstanding at the end of the 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 improvement of €90 billion reflected large but partly offsetting changes in the various investment components. Smaller net liabilities were recorded for *portfolio equity* (€2,482 billion, down from €2,616 billion) and *other investment* (€562 billion, down from €662 billion), while net assets increased in *direct investment* (€1,830 billion, up from €1,813 billion) and decreased for *portfolio debt* (€392 billion, down from €531 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)

	Q2 2020	Q3 2020					Amounts outstanding	%GDP
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes			
Net	-100	95	-152	114	34	-10	-0.1	
of which: Direct investment	1,813	55	-77	27	13	1,830	16.0	
of which: Portfolio equity	-2,616	25	2	99	7	-2,482	-21.7	
of which: Portfolio debt	531	-52	-37	-27	-23	392	3.4	
of which: Other investment	-662	94	-31	0	36	-562	-4.9	
Assets	28,140	196	-484	298	-62	28,088	246.0	
Direct investment	11,316	39	-186	40	-44	11,165	97.8	
Portfolio equity	4,041	78	-106	218	12	4,244	37.2	
Portfolio debt	5,813	8	-93	25	-24	5,729	50.2	
Financial derivatives	-71	-31	-	5	-1	-98	-0.9	
Other investment	6,135	97	-89	0	-6	6,138	53.8	
Reserve assets	905	3	-10	10	1	910	8.0	
Liabilities	28,240	101	-332	184	-95	28,098	246.1	
Direct investment	9,504	-16	-110	14	-57	9,335	81.8	
Portfolio equity	6,657	53	-108	119	4	6,726	58.9	
Portfolio debt	5,282	60	-56	52	-1	5,337	46.7	
Other investment	6,797	3	-58	0	-42	6,700	58.7	
Gross external debt	15,284	54	-165	52	-87	15,138	132.6	

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 third quarter of 2020 was driven by positive net flows due to price changes, transactions and other volume changes, which were partially compensated by negative net exchange rate changes (see Chart 3).

The increase in net assets for *direct investment* was mainly due to transactions and positive net price changes, partially compensated by negative net exchange rate changes (see Table 2). Lower net liabilities for *portfolio equity* resulted mainly from positive net price changes and transactions, while lower net liabilities for *other investment* were mainly driven by transactions. The decrease in net assets for *portfolio debt* was due to negative net flows in transactions, price changes, exchange rate changes and other volume changes (see Table 2).

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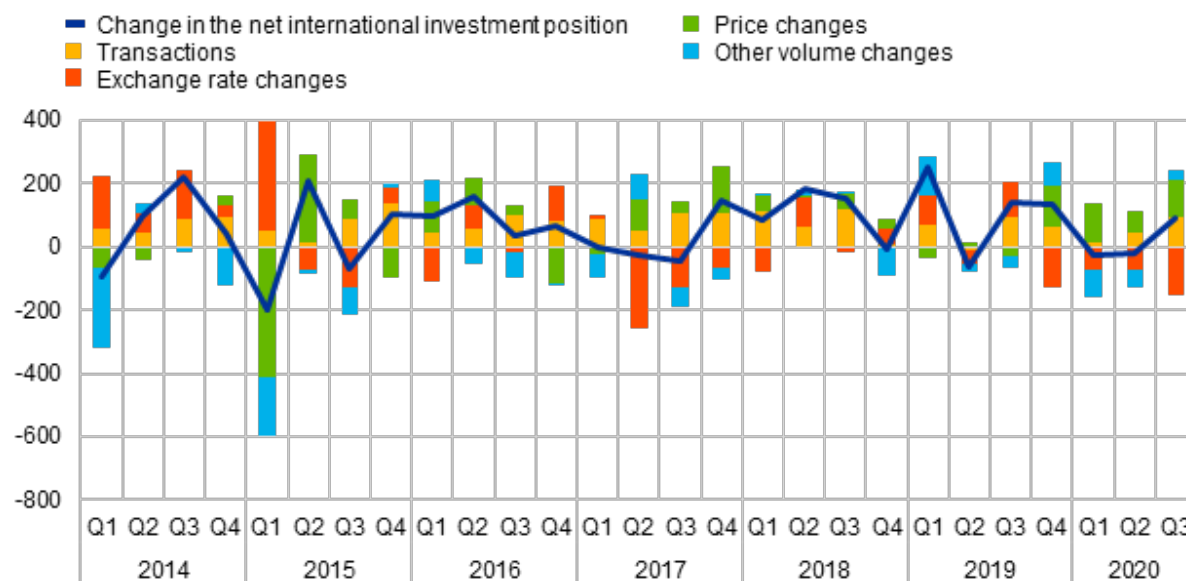
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At the end of the third quarter of 2020 the *gross external debt* of the euro area amounted to €15.1 trillion (around 133% of euro area GDP), down by €145 billion compared with the previous quarter.

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 2017 and the second quarter of 2020. The revisions reflect revised national contributions to the euro area aggregates as a result of the incorporation of newly available information and do not significantly alter the figures previously published.

Next releases

- Monthly balance of payments: 19 January 2021 (reference data up to November 2020)
- Quarterly balance of payments and international investment position: 9 April 2021 (reference data up to the fourth 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 this press release lead to data that may change with subsequent releases as a result of revisions.