2012 ANNUAL REPORT

THE FRENCH BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION

BANQUE DE FRANCE

EUROSYSTÈME

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DIRECTORATE GENERAL STATISTICS

Balance of Payments
Directorate

Sectoral Surveys
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121-12

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Methodological information and supplementary statistical tables are not included in the "*French Balance of Payments and International Investment Position*" Annual Report.

However, they are available on the Banque de France website at the following address:
http://www.banque-france.fr/en/economics-statistics/banking-and-financial-activity/frances-balance-of-payments/the-french-balance-of-payments-and-international-investment-position-annual-report.html

Boxes

Overview

In 2012, France's **current account**, which records imports and exports of goods and services, as well as income flows between residents and non-residents, showed a deficit of 44.4 billion euros. This is equivalent to 2.2% of GDP and compares to a deficit of 35.2 billion, or 1.8% of GDP in 2011. The larger deficit is primarily due to the income balance (Table T0-1).[1]

T0-1 Main current account components

(EUR billions)

	2010	2011	2012
Current account	**-25.5**	**-35.2**	**-44.4**
(% of GDP)	***-1.3***	***-1.8***	***-2.2***
Goods	-53.5	-76.6	-70.6
Services (excluding travel)	15.2	24.4	21.4
Travel	6.2	7.1	11.3
Income	38.5	45.1	29.7
Current transfers	-31.8	-35.2	-36.2

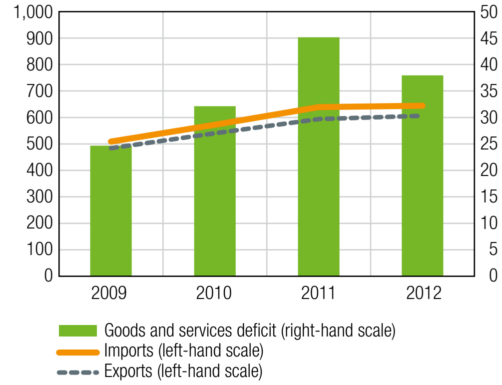
After improving slightly at the beginning of the crisis in 2009 and 2010, the current account deficit started to grow again in 2011 and 2012 (Chart C0-1).

The three-year average of France's current account deficit is equivalent to –1.6% of GDP according to the European Commission's latest Macroeconomic Alert Mechanism Report scoreboard, based on data up to the end of 2011. The three-year average for each country must be between –4% and +6%. When the 2012 data from this report are considered, the European indicator for France stands at –1.8%.

1 *Based on the GDP figure published by France's National Statistics Institute (Insee) on 15 May 2013.*

C0-2 Trade in goods and services

(annual balances, EUR billions)



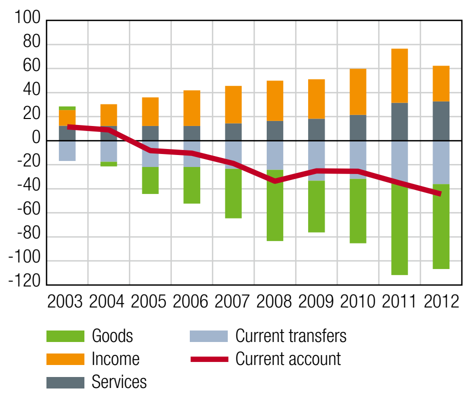
The balance on trade in goods and services improved slightly in 2012 compared to 2011, but the deficit was still larger than in 2009 or 2010 (Chart C0-2).

Export growth slowed from 9.9% in 2011 to 2.1% in 2012 in value. However, exports continued to expand, thanks to certain sectors, such as aerospace (+18.2%), pharmaceuticals (+21%), merchanting (+15%), travel (+6%), transportation (+5%) and agri-food (+2.3%). On the other hand, exports declined in other sectors, including the automobile industry (–5%), intermediate goods, such as metals and metal products (–3.7%), financial and insurance services (–8.9%) and construction (–15.5%).

The contrasting export performances of different sectors may reflect developments in various components of world demand. In sectors with

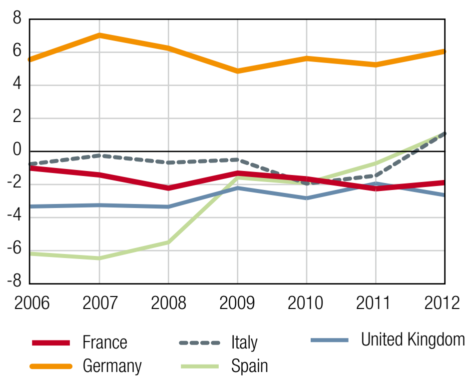
C0-1 Current account

(EUR billions)



C0-3 Trade in goods and services

(% of GDP)



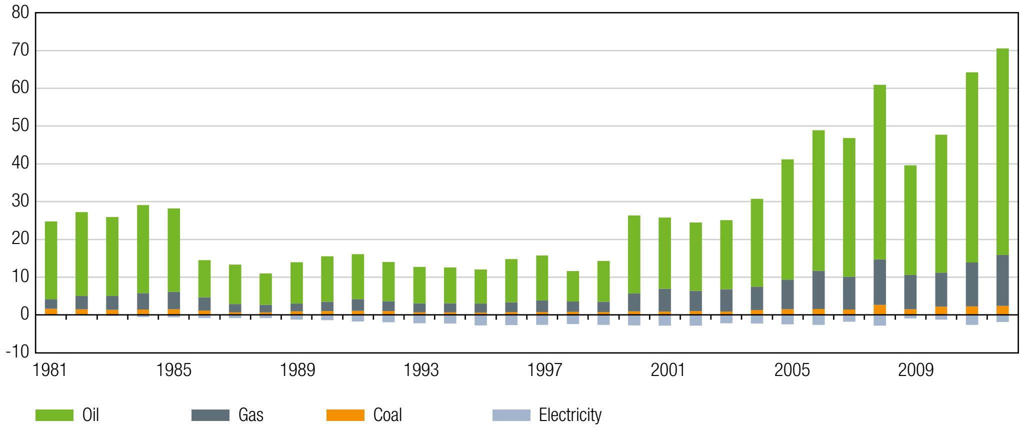
Box 1

Energy deficit

France's energy deficit is primarily made up of the deficit on oil products (57 billion CIF-FOB in 2012) and the deficit on gas (13 billion). The deficit on coal has always been under 3 billion. Similarly, the surplus on electricity is minor (Chart A).

A Energy deficit components

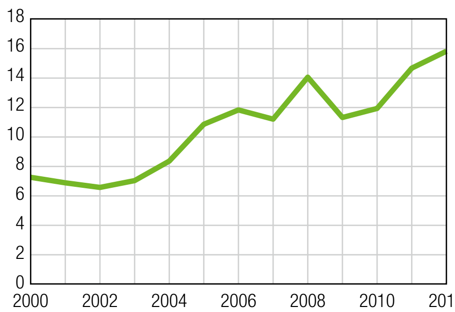
(CIF-FOB deficits, in EUR billions)



Sources: Pégase, Ministry of Ecology, Sustainable Development and Energy based on customs data.

B Ratio of the energy deficit to total CIF-FOB exports

(%)



Unless France develops alternative energy sources at competitive prices to replace imported energy, all else being equal, and more particularly energy savings, there are only two main factors that can reduce its energy deficit: a "windfall effect" if world oil and gas prices fall; or a gain in competitiveness, which means that increased exports offset the relative cost of imported energy.

The latter factor has played a minor role in recent years, which means that the cost of energy imports as a share of total exports has shown a rising trend (Chart B).

strong export demand, they may also reflect supply constraints, such as a lack of competitiveness that makes it impossible to seize all export opportunities.

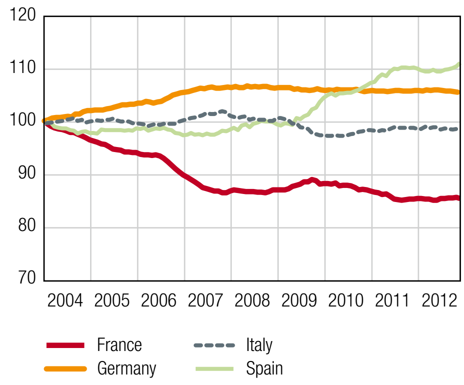
Import growth also slowed much more markedly than export growth, standing at 0.8% in 2012, compared to 11.6% in 2011. The cost of energy imports posted a smaller rise than in 2011, as energy prices stabilised (see Box 1).

Nevertheless, **the improvement in the deficit on trade in goods and services must be put in perspective.** On the one hand, it has taken place against the backdrop of a sluggish economy, which means low import growth. For example, in 2009, when GDP declined by 3.1% a temporary improvement in the deficit on trade in goods and services occurred.

On the other hand, this improvement in 2012 was not as great as that seen by most of France's trading partners (Chart C0-3). France's deficit on trade in goods and services shrank by 0.4 GDP percentage point between 2011 and 2012, but this improvement was smaller than in Germany (0.8), or Italy (2.6) and Spain (1.8). The United Kingdom was the only leading European country that did not see an improvement in its deficit on trade in goods and services.

C0-4 **Export shares of four euro area countries**

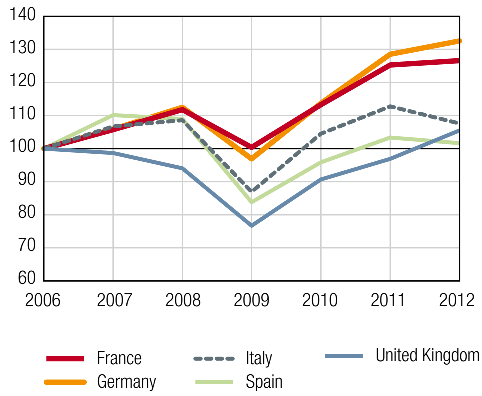
(cumulative deficits over 12 months, as a % of the total exports of the four countries: January 2004 = 100)



Source: IMF

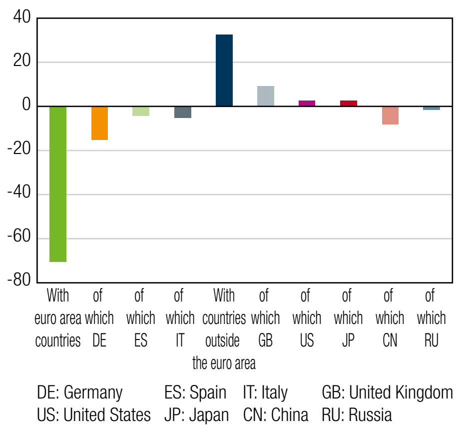
C0-5 **Imports**

(base: 2006 = 100)



C0-6 **Geographical structure of balances of trade in goods and services**

(EUR billions)



There are two reasons for France's weaker performance in international trade in goods and services. France has been losing market share for several years, although it started to stabilise in 2010. In contrast, Spain won back some of its lost market share (Chart C0-4). At the same time, import growth has remained just as strong in Germany as in France since 2009, even though the other major European trading partners have seen weaker import growth. Imports even shrank in Italy and Spain in 2012.

The deficit on trade in goods and services within the euro area was twice as big as the total deficit at more than 70 billion in 2012, compared to 65 billion in 2011 (Chart C0-6). More than one third of this deficit stemmed from trade with Germany, Italy and Spain. The Netherlands and Belgium also contributed to the deficit as a result of energy imports.

On the other hand, **trade with countries outside the euro area resulted in a surplus of 33 billion**, compared to 20 billion in 2011. More than half of the surplus stemmed from trade with France's traditional major trading partners, such as the United Kingdom, the United States and Japan. France's deficit on trade with China shrank from 10 billion in 2011 to 8 billion in 2012.

The other current account components deteriorated in 2012.

The surplus on direct investment[2] income shrank by more than 6 billion (Chart C0-7). As average global corporate earnings declined, direct investment income receipts and payments fell simultaneously in 2012. Receipts fell more sharply than payments, which reduced the surplus on direct investment income.

The portfolio investment[3] deficit grew by 9 billion, largely as a result of the decline in total return on debt securities. The smaller return is the result of a 10 billion decline in receipts that is primarily due to smaller holdings of foreign securities. This largely reflects the French financial sectors' withdrawal from foreign high-yield bonds, particularly those from southern European countries.

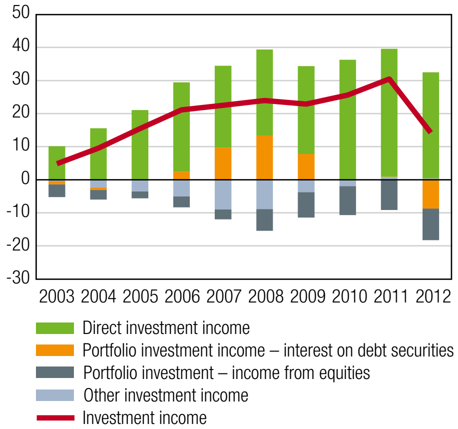
The deficit on trade in goods and services and income is financed by capital inflows. Consequently,

2 Direct investment relationships are equity interests of 10% or more in enterprises that are resident in a different country than that of the investor and the related transactions: reinvested earnings and intercompany loans and deposits.

3 Portfolio investment consists of purchases and sales of all types of securities by residents and non-residents.

C0-7 Investment income

(EUR billions)



T0-2 International investment position

(EUR billions)

	2010	2011	2012
Direct investment (market value)	**347**	**246**	**305**
Abroad In France	891 544	731 484	881 576
Portfolio investment (a)	**-353**	**-599**	**-681**
Assets (residents' transactions in securities issued by non residents) Liabilities (non-residents' transactions in securities issued by residents)	2,078 2,431	1,827 2,425	1,948 2,629
Financial derivatives	**-38**	**-42**	**-43**
Other investment (b)	**-323**	**-115**	**-150**
Reserve assets	**124**	**133**	**140**
Securities and loans and deposits (a+b)	-676	-714	-831
Net international investment position	**-242**	**-376**	**-430**
as a % of GDP, *at market value in the current year*	***-12.5***	***-18.8***	***-21.1***
as a % of GDP, *at market value in the previous year*	***-11.8***	***-14.8***	***-22.1***
Net external debt	**574**	**585**	**710**
as % of GDP	***29.7***	***29.3***	***34.9***

France's net **international investment position,** which represents France's net assets or liabilities vis-à-vis other countries, **was slightly more negative, standing at –430 billion at market value, or 21.1% of GDP,** compared to –376 billion or 18.8% of GDP in 2011 (Table T0-2).[4]

As is the case for the current account balance, the net international investment position is one of the indicators in the European Commission's macroeconomic Alert Mechanism Report scoreboard. The indicative threshold is set at –35% of GDP.

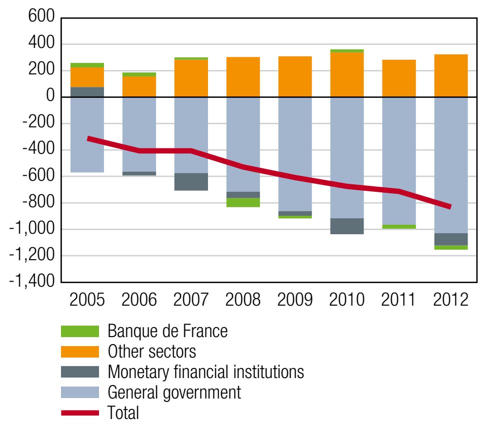
Changes in the net international investment position result from a combination of two factors: the current account balance and changes in the valuation of assets and liabilities. The bulk of the 54-billion deterioration in the international investment position between 2011 and 2012 is due to capital inflows recorded in the financial account, since stock market movements led to only a small increase in value of about 1 GDP percentage point.

Direct investment, which represents strategic equity interests in enterprises, posted a surplus: outward direct investment exceeded inward direct investment by 305 billion, in 2012. Except for reserve assets, which posted a structural surplus of 140 billion in 2012, the other international investment position components showed a deficit.

The positions in securities, loans and deposits and financial derivatives showed growing deficits (Chart C0-8). In two years, the international investment position in these components has gone from –714 billion to –874 billion. Some 113 billion of this 160 billion increase is attributable to the general government sector. The difference between general government spending and revenues leads

C0-8 Position in loans, deposits and securities by resident sector

(end of year, in EUR billions)



Note: (+) sign net assets (-) sign: net liabilities.

4 *The figure for 2011, published in 2012, was –15.9%. It was subsequently revised in consideration of data collected and published after the 2011 Report was written.*

to a borrowing requirement that is met by foreign investors. In the short term, the deterioration has little impact on the income deficit, but, in the medium term, the broader base on which income paid to foreign investors is calculated leads to a larger current account deficit. This point calls for special vigilance, particularly in terms of financial dependency on non-residents.

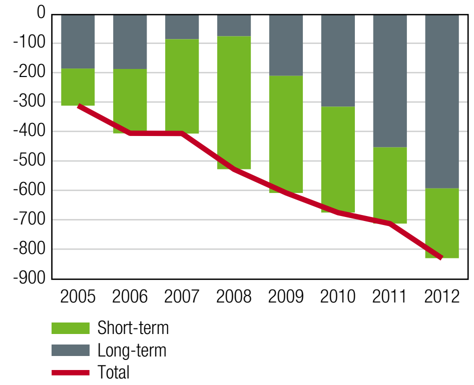
While the international investment position was deteriorating, portfolios were being reallocated in favour of long-term assets. At the end of 2007, the net position in long-term instruments was virtually in balance and foreign financing for the economy, excluding direct investment, was made up exclusively of loans and short-term debt securities. At the end of 2012, a larger share of this borrowing was made up of long-term debt (593 billion out of 831 billion). The trend was particularly pronounced for monetary financial institutions, which primarily means banks.

Looking at net external debt, a component of the international investment position, supplements its analysis. It is also an additional indicator in the European scoreboard.

Net external debt measures debt (money market securities, bonds, loans and deposits) financing the economy that is raised abroad. Net external debt is less sensitive to changes in market prices than the net international investment position, because it does not include equity holdings in companies. It has been rising steadily for several years. It rose from some 150 billion at the end of 2005, to 574 billion at the end of 2010 and 710 billion at the end of 2012 (Chart C0-10), when it stood at 34.9% of GDP.

C0-9 **Position in loans, deposits and securities by maturity**

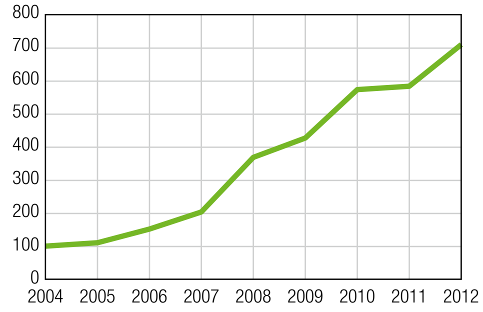
(end of year, in EUR billions)



Note: (+): sign net assets; (-) sign: net liabilities.

C0-10 **Net external debt**

(end of year, in EUR billions)



CHAPTER 1
CURRENT ACCOUNT

France's current account showed a deficit of 44.4 billion in 2012, equivalent to 2.2% of GDP, following a current account deficit of 35.2 billion in 2011, that was equivalent to 1.8% of GDP. The trade deficit has shrunk but is still quite large. The surplus on trade in services improved slightly, whereas the surplus on income was substantially smaller (Table T1-1).

1| Goods

Trade in goods is made up of trade in general merchandise, as measured by customs declarations data, adjusted for trade that does not give rise to payments, goods for processing and repair and goods procured in ports by carriers (Box 2). In 2012, the deficit on trade in goods remained substantial at 70.6 billion. However, it was smaller than the 2011 deficit of 76.6 billion, largely as a result of stable energy prices and relatively strong export growth.

1|1 General merchandise

Growth of trade in general merchandise was slower in 2012, both in terms of exports and imports, as demand slackened in the euro area and world trade slowed down.

French exports (FOB-FOB customs data) grew by 3.2% in value compared to 2011, following growth of 8.4% in 2011, whereas import growth slowed sharply from 12.3% in 2011 to 1.4% in 2012. France's trade deficit stood at 67.5 billion in 2012,

T1-1 **Current account**

(EUR billions)

	2010			2011			2012		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
Current account	**712.2**	**737.6**	**-25.5**	**774.3**	**809.5**	**-35.2**	**773.6**	**818.0**	**-44.4**
Goods	*391.9*	*445.4*	*-53.5*	*424.4*	*501.0*	*-76.6*	*437.8*	*508.4*	*-70.6*
Services	*148.2*	*126.8*	*21.4*	*169.4*	*137.9*	*31.5*	*168.3*	*135.7*	*32.6*
Goods and services	540.1	572.2	-32.1	593.8	638.9	-45.1	606.1	644.1	-38.0
Income	148.2	109.7	38.5	156.3	111.2	45.1	143.3	113.6	29.7
Current transfers	23.9	55.7	-31.8	24.2	59.4	-35.2	24.1	60.3	-36.2

Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.

Box 2

Trade in goods, from customs data to balance of payments data

Customs data are the key source for figures on trade in goods. These data are generally CIF-FOB, which means that imports include the cost of insurance and freight, while exports are measured at their value when they cross the border (free-on-board). Balance of payments data and Customs data are both adjusted to obtain FOB-FOB data. This adjustment breaks out the cost of insurance and freight between residents and non-residents (cross-border transactions) and records it in trade in services. To obtain the balance of payments figure for trade in goods, we add goods procured in ports by carriers, goods for processing and goods for repair to the FOB-FOB customs data and subtract trade that does not give rise to payment and add it to the "adjustments" item.

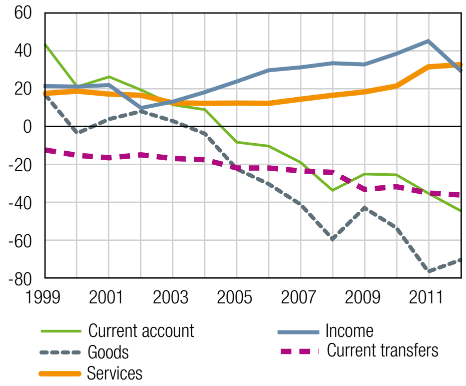
Trade in goods in 2012

(EUR billions)

	Credit	Debit	Balance
Goods	**438**	**508**	**-71**
General merchandise	424	495	-71
Customs data	*442*	*509*	*-67*
Adjustments	*-18*	*-14*	*-4*
Goods procured in ports by carriers	3	6	-3
Goods for processing and repair	11	8	3

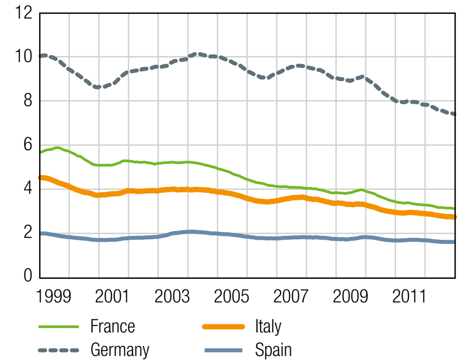
C1-1 **Current account**
Gross balances

(EUR billions)



C1-2 **Global export market shares**

(%)



Source: International Monetary Fund (IMF); calculations: Banque de France.

which was 6.5 billion less than in 2011 (Statistical Table 1.1 in the supplement to the *Annual Report* posted to the Banque de France website).[1]

1 http://www.banque-france.fr/en/economics-statistics/banking-and-financial-activity/frances-balance-of-payments/the-french-balance-of-payments-and-international-investment-position-annual-report.html

France's share of world exports in value continued to shrink, as did the shares of all industrialised countries (Chart C1-2). France accounted for 3.1% of world exports in 2012, compared to 3.3% in 2011.

Much of the change can be attributed to the catching up of emerging economies (Box 3). France's export growth has matched that of Germany since 2008.

Box 3

France's market shares[1]

France started losing market shares more rapidly than the leading euro area countries after 2000,[2] but this trend started to weaken in 2007 and slowed sharply in 2011. Furthermore, since 2011, France's loss of market shares has been no greater than that of the other leading euro area countries (Germany, Spain, Italy). At the end of 2012, France's loss of global market share compared to 2011 was in line with that of Germany (–5.4%), Italy (–5.4%) and Spain (–4.4%). All in all, France's share of global exports of general merchandise stood at 3.1% at the end of 2012.

This figure varies slightly depending on the sectors and export markets. For example, France's market share in the aerospace sector was steady in 2012, whereas its share of the pharmaceuticals market started to improve in the second half of the year. This strong performance in non-cyclical sectors and sectors where France enjoys comparative advantages explains their large contributions to the growth of French exports since the end of 2011. The declining share of the automobile export market, which contributed substantially to France's poor performance after 2000, continued to shrink in 2012, but at a slower pace.[3]

French companies' performances on export markets also vary depending on the country. France's share of export markets increased in the leading euro area countries (Germany, Spain and Italy), as well as in the United States and the major emerging countries (Brazil, India and China). However, its market shares shrank in other European Union countries, other OECD countries and the oil-exporting countries.

1 *Methodology and calculations: Banque de France, Directorate General Research and International Relations, Competitiveness and International Trade Research Division.*
2 *France's loss of export market shares (down 30% between 1999 and 2007, according to WTO data on trade in goods) is in line with that of other leading industrialised countries – United Kingdom (–34%), United States (–33%) and Japan (–30%) – and corresponds to the structural trend of loss of export market shares to emerging countries, such as China.*
3 *–5.5% in 2012, versus –15% in 2011, in the twelve months to September (data on trade in goods from the International Trade Center, Geneva).*

T1-2 **Total trade in goods and trade in goods by sector**

(EUR billions)

	Exports		Imports		Balance	
	Amount in 2012	Change 2012/2011 (%)	Amount in 2012	Change 2012/2011 (%)	Amount in 2012	Change 2012/2011 (EUR billions)
Trade in goods CIF-FOB[a)]	436.5	4.2	520.9	2.1	-84.4	6.8
of which: Agriculture and agri-food sectors	*58.3*	*2.3*	*46.7*	*2.7*	*11.6*	*0.1*
Energy products	*24.7*	*-0.5*	*93.7*	*7.4*	*-69.0*	*-6.6*
Mec., elec. and IT equipment	*83.5*	*3.1*	*102.5*	*-1.3*	*-19.0*	*3.8*
Transport equipment	*93.0*	*7.5*	*77.5*	*2.1*	*15.4*	*4.9*
Other manufactured goods	*171.4*	*2.6*	*195.1*	*0.2*	*-23.8*	*4.0*

a) Excluding military equipment.
Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.
Source: DG of Customs and Excise, estimated data.
Calculations: Banque de France.

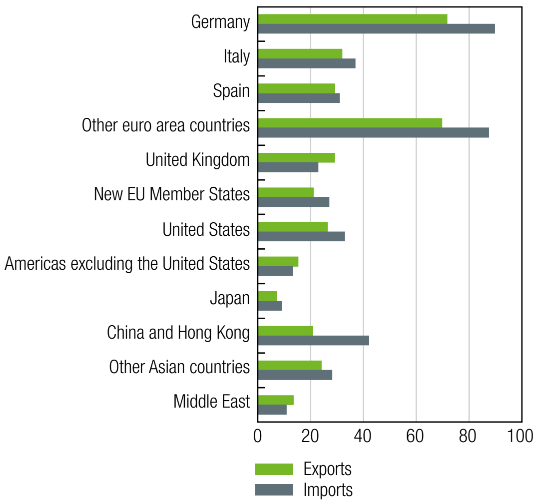
France's trade balance improved slightly in 2012, as a result of the combination of slow import growth and steady export growth.

The surplus on trade in transport equipment increased by 4.9 billion thanks to strong export growth. Aerospace exports produced a surplus of 20.8 billion, up by 3.6 billion compared to 2011. The deficit in the automobile sector stood at 6.3 billion. This was 2 billion less than in 2011, as a result of a decline in imports that was greater than the fall in exports.

In other developments, the surplus on trade in mechanical, electronic and information technology equipment increased by 3.8 billion, largely as a result of a fall in imports. Trade on "other manufactured goods" improved the trade balance by 4 billion, thanks to a 2.6% increase in exports, while imports remained stable in value.

C1-3 **Geographical distribution of trade in goods**

(EUR billions)



Source: DG of Customs and Excise.
Calculations: Banque de France.

Sectors with structural trade surpluses that saw a reduction in their 2012 surplus include the agri-food sector. This sector posted trade growth, but exports grew by 2.3%, compared to imports, which grew by 2.7%, and the trade balance in this sector showed no change. The deficit on trade in energy continued to expand by 6.6 billion, even though this was a smaller deterioration than that seen in 2011.

The geographical structure of trade (Chart C1-3 and Statistical Table 1.2) shows that France's trade deficit stems mainly from its trade deficit with partners in the euro area (42.4 billion) and, more specifically, its trade deficit with Germany (18 billion). France also posted a large trade deficit with Asian countries (24.2 billion), and with China and Hong Kong in particular (21.1 billion). However, this deficit with Asia shrank by 5.7 billion in 2012 thanks to a 10.6% increase in exports to Asia and growth of only 0.8% in France's imports from Asia. France continued to post a trade deficit with the United States and with the new members of the European Union, but these deficits were relatively stable, whereas its trade surplus with the United Kingdom showed only slight growth.

1|2 Goods for processing, repairs on goods and goods procured in ports by carriers

The surplus on goods for processing[2] stood at 1.3 billion in 2012, compared to 2 billion in 2011 (see detailed tables for 2012 and 2011 on pages 44-47).

2 Goods for processing are foreign goods that are processed for re-export.

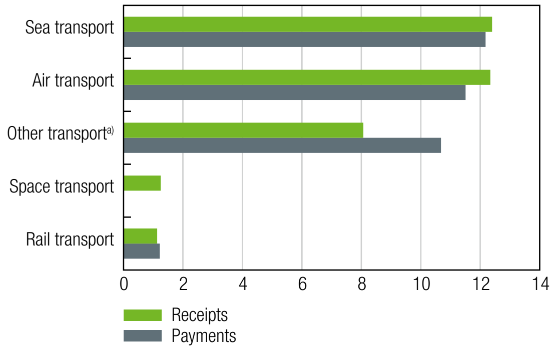
On the other hand, the surplus on repairs on goods increased from 1.7 billion in 2011 to 2.3 billion in 2012. The deficit on goods procured in ports by carriers deepened from 2.8 billion in 2011 to 3 billion in 2012, as imports increased slightly, despite stable energy prices. This deficit marks a historical record.

2| Services

The surplus on trade in services was up slightly in 2012, from 31.5 billion in 2011 to 32.6 billion (Table T1-3). This increase stems from larger surpluses on travel (4.2 billion), transportation (2.1 billion) and merchanting (2.0 billion).

C1-4 **Transportation**

(EUR billions)



a) Road, inland waterways, oil and gas pipelines, etc.

2|1 Transportation

In 2012, the deficit on trade in transportation services nearly matched the figure posted in 2010, at 0.4 billion, following deficits of 2.5 billion in 2011 and 0.7 billion in 2010 (Table T1-3). The large annual variations stem from sea transport and other modes of transport, whereas air transport varies less.

Sea transport improved and posted a surplus of 0.2 billion, which was the first surplus after more than fifteen years of deficits (Statistical Table 1.3). The surplus on sea transport services was boosted by growth of receipts for sea freight whereas the deficit on other transport expenses (port fees, chartering vessels, etc.) increased.

The deficit on "other modes of transport", mainly road transport, shrank from 3.1 billion in 2011 to 2.6 billion in 2012.

The surplus on air transport services was down slightly by 0.4 billion to stand at 0.8 billion, following steady improvement in previous years.

Space transport's contribution to export receipts continued to grow and has now outstripped receipts from rail transport. The figures for rail transport receipts and payments are still in line with the previous years' figures and showed a deficit of 0.1 billion in 2012.

2|2 Travel

The improvement in the travel surplus, which started in 2011, was stronger in 2012. The surplus stood at 11.3 billion in 2012, matching its pre-crisis level. The improvement in 2012 stems from 6% more spending by foreigners in France, whereas spending by French residents abroad declined by 6% (Table T1-3, Chart C1-5).

The improvement in travel receipts, which stood at 41.7 billion, was more marked. It stems primarily from countries outside the euro area, with which France posted growth of 10% in 2012, or 1.9 billion,

T1-3 **Services**

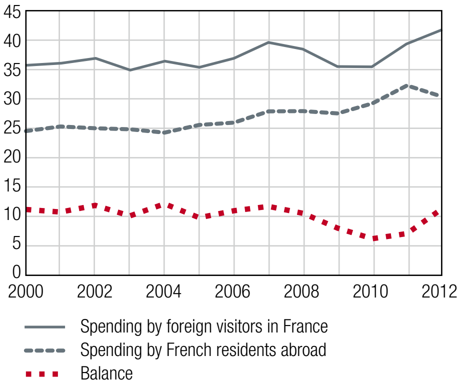
(EUR billions)

	2010			2011			2012		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
Services	**148.2**	**126.8**	**21.4**	**169.4**	**137.9**	**31.5**	**168.3**	**135.7**	**32.6**
Transportation	32.2	32.8	-0.7	33.5	36.0	-2.5	35.2	35.6	-0.4
Travel	35.5	29.2	6.2	39.3	32.3	7.1	41.7	30.4	11.3
Other services a)	80.6	64.8	15.8	96.6	69.6	26.9	91.4	69.7	21.7

a) See Statistical Table 1.6 "Other services" on the Banque de France website for more details.
Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.

C1-5 **Travel**

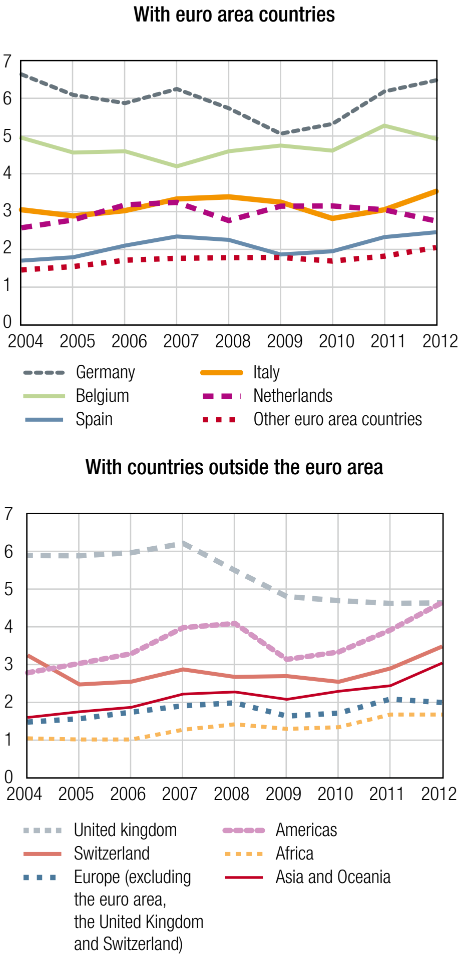
(EUR billions)



compared to 2011 (Chart C1-6). Growth with euro-area countries was more modest, at 2% or 0.5 billion in 2012. Receipts from Italy, Germany and Austria increased slightly, whereas Belgian and Dutch visitors to France reduced their spending. Spending by

C1-6 **Travel – receipts**

(EUR billions)



German visitors, in particular, reached its highest level since 2004, standing at 6.5 billion.

Among visitors from outside the euro area, Swiss visitors increased their spending substantially to 3.5 billion. On the other hand, receipts from the United Kingdom, the leading source of visitors from outside the euro area, were stable. Outside Europe, visitors from Asia and Oceania increased their spending by 25%, whereas spending by visitors from the Americas grew by 19%, boosted by a large increase in receipts from Brazil.

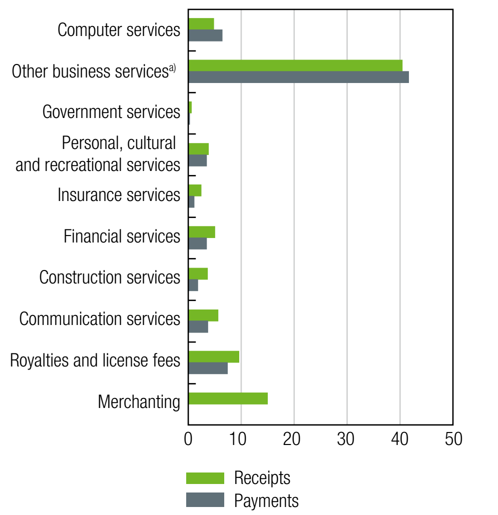
At the same time, French residents' foreign travel spending stood at 30.4 billion in 2012, marking a decrease of 1.9 billion from 2011 in spending on business and personal travel. Personal travel, which accounts for two thirds of French travellers' spending, was down by 8%. Business travel was down by 1% compared to 2011, after posting an average annual growth of nearly 20% for three years in a row. The geographical structure of travel spending shows that Greece, the United Kingdom and North African countries are the most affected ones. On the other hand, spending by French travellers was up by 7% in Spain and by 17% in Italy.

2|3 Other services

The surplus on trade in other services (excluding transportation and travel) was still large at 21.7 billion in 2012, compared to 26.9 billion in 2011. Imports were steady, whereas exports were down by slightly more than 5%. This slackening of exports

C1-7 **Other services**

(EUR billions)



a) Trade-related services, operating leasing, miscellaneous business services.

affected most types of services, with the exception of merchanting, which accounts for 70% of the aggregate surplus on services other than transportation and travel, trade-related services and government services. The decline was particularly large in miscellaneous business services, which shrank by 3.6 billion, royalties and license fees, which were down by 1.5 billion, and computer services, which posted a smaller decline of 0.9 billion.

3| Income

The income surplus returned to its 2006 level, falling from 45.1 billion in 2011 to 29.7 billion in 2012. This change stems from a decrease in the income from the foreign affiliates of leading French groups and, more especially, lower returns on French banking groups' financial transactions in other countries, following divestment operations. The balance on portfolio investment income shrank by 9.3 billion (Chart C1-8). On the other hand, income receipts from compensation of employees, mainly resident frontier workers, were up slightly in 2012.

3|1 Direct investment income[3]

The direct investment income surplus shrank by nearly 7 billion in 2012 to stand at 32.1 billion (Table T1-4). Income from equity investment posted a surplus of 34.6 billion, made up of 29.4 billion in dividends and 5.2 billion in reinvested earnings. This was 4.2 billion less than in 2011 and resulted from a sharper decline in receipts than in payments. Interest income on all intercompany loans and deposits of all maturities posted a deficit of 2.5 billion.

T1-4 **Income**

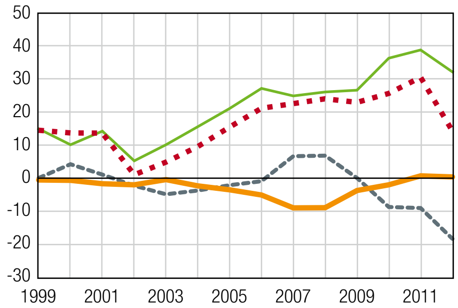
(EUR billions)

	2012		
	Receipts	Payments	Balance
Compensation of employees	**16.3**	**0.9**	**15.5**
Investment income	**127.0**	**112.8**	**14.2**
Direct investment income	52.7	20.6	32.1
Dividends	*42.0*	*12.6*	*29.4*
Reinvested earnings	*5.9*	*0.8*	*5.2*
Interest on intercompany lending	*4.7*	*7.2*	*-2.5*
Portfolio investment income	57.2	75.5	-18.3
Of which income on equity securities	*9.2*	*18.8*	*-9.5*
Other investment income	17.1	16.7	0.4
Total	**143.3**	**113.7**	**29.7**

Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.

C1-8 **Investment income balance**
(including reinvested earnings)

(EUR billions)



Except for the data on interest income on intercompany loans, which were collected as part of a new statistical survey,[4] direct investment income for 2012 was estimated on the basis of the consolidated net current earnings of the leading French groups.[5] These earnings were down sharply from 2011 in nearly every sector of the economy.

According to the estimated data, European Union countries accounted for some 40% of France's outward direct investment income, with other industrialised countries and the emerging countries accounting for more or less equal shares of the remainder.[6] Two major new trends have emerged: the shrinking share of income from the euro area, which stood at 40% in 2009 and the steady growth of the share of income from emerging countries. This share grew from 24% in 2009 to more than 30% in 2012.

Standing at 4.4%, the apparent return on inward direct investment was more than 2 percentage points lower than in 2010, and just slightly higher than the returns seen in the early years of the previous decade.[7]

3 Direct investment is cross-border investment where entities resident in one economy acquire or have acquired a durable interest in an entity resident in another economy than the investor's. It is conventionally accepted that a direct investment relationship exists when an enterprise holds 10% or more of the equity capital or voting rights in an enterprise resident in another economy.

4 Information about the statistical survey "Foreign financial assets and liabilities" can be found in Note 1 to the methodological information on the Banque de France website.

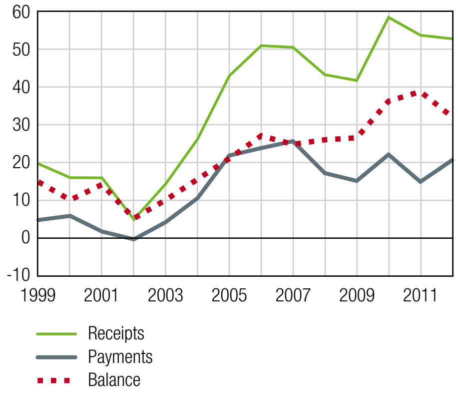
5 As of the date of this writing, the 2012 earnings of French companies' foreign subsidiaries and equity interests, and those of direct investment enterprises in France, which are used to calculate direct investment income, were not yet published. Therefore, they have been estimated on the basis of net consolidated earnings excluding exceptional items reported by resident CAC 40 groups (see Box 1.3 on page 25 of the 2009 Balance of Payments Annual Report for more details).

6 See Statistical Table 1.8 on the Banque de France website.

7 Apparent return is the ratio of equity capital to direct investment stocks, excluding real estate, at book value at the end of the previous year. This ratio excludes interest on intercompany loans, which has been included in the French balance of payments for the first time in 2012.

C1-9 **Direct investment income**

(EUR billions)



Note: Provisional data for 2012. Receipts are income received from outward direct investment and payments are income paid on inward direct investment.
As of 2012, direct investment income includes interest on intercompany loans, which accounted for 4.8 billion in receipts and 7.2 billion in payments.

France's leading economic partners (United States, United Kingdom, Germany) are also large sources of direct investment income. Economic problems in Southern Europe caused a further decline in the share of income from Spain and Italy and led to net losses in Greece. The main sources of direct investment income among the emerging countries are Brazil, China, Russia and Singapore.

Furthermore, the breakdown of income between dividends and reinvested earnings shifted towards a greater share of dividends in both receipts and payments in 2011. However, reinvested earnings remained largely positive in emerging and developing countries.

3|2 Portfolio investment income[8]

The deficit on portfolio investment income deepened in 2012 to stand at 18.3 billion, following a deficit of 9 billion in 2011 (Table T1-4 and Statistical Table 1.7). Most of this deterioration can be attributed to income on debt securities, which posted a deficit of 8.7 billion, after being virtually in balance in 2011. Interest paid to non-residents on their investment in French securities, which consist primarily of bonds, showed little change. Receipts were down by 10 billion, primarily due to smaller holdings of foreign securities. This decline is largely due to the French financial sector's disposal of its holdings of high-yield foreign bonds, particularly from Southern European countries (see Chapter 2). The balance on equity income showed little change from 2011 and posted a deficit of 9.5 billion.

3|3 Other investment income[9]

The "other investment income" item posted a small surplus of 0.4 billion in 2012, but this was still a slight deterioration compared to the deficit of 0.3 billion in 2011. The favourable effect of lower interest rates on France's debit position was more than offset by the decrease in net other investment holdings (see Chapter 3).

4| Current transfers

The deficit on current transfers increased by 1 billion in 2012 to stand at 36.2 billion (Table T1-5). It breaks down more or less equally between the general government sector and the other sectors (households, financial corporations and non-financial corporations). Government transfers were virtually unchanged, but the deficit on transfers for the other sectors increased slightly, partly as a result of a 0.6 billion increase in the deficit on workers' remittances. The "other transactions" item, which includes insurance premiums and settlements, social security contributions for resident frontier workers as well as taxes that residents pay to foreign governments, showed no overall change.

T1-5 **Current transfers**

(EUR billions)

	2012		
	Receipts	**Payments**	**Balance**
Government transfers	**15.0**	**32.6**	**-17.6**
Transfers with European Union institutions	10.2	21.5	-11.3
Other government transfers	4.8	11.1	-6.3
Of which operating expenses for international organisations	*0.0*	*1.2*	*-1.2*
Current transfers of other sectors	**9.1**	**27.7**	**-18.6**
Workers' remittances	0.5	8.8	-8.2
Other transactions[a)]	8.6	19.0	-10.4
Total	**24.1**	**60.3**	**-36.2**

a) Insurance premiums and settlements, social security contributions for frontier workings and all unrequited transfers, such as taxes paid to foreign governments by residents.
Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.

8 *Portfolio investment covers all transactions in negotiable securities between residents and non-residents, including purchases of new issues, trading and redemptions, other than transactions included in direct investment, reserve assets, financial derivative futures or repurchase transactions.*
9 *"Other investments" mainly records lending and borrowing transactions, as well as trade credits between residents and non-residents. This financial account item encompasses all transactions in financial assets and liabilities vis-à-vis non-residents that are not covered by another item, such as direct investment, portfolio investment, financial derivatives, reserve assets.*

CHAPTER 2
FINANCIAL ACCOUNT

T2-1 **Financial account**

(EUR billions)

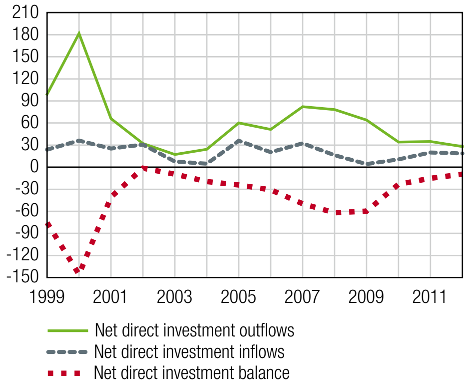
	2010	2011	2012
Financial account	**25.8**	**53.6**	**74.2**
Direct investment	-23.4	-15.1	-9.4
Portfolio investment	118.0	228.5	39.2
Financial derivatives	26.3	13.9	14.3
Other investment	-89.3	-179.3	34.1
Reserve assets	-5.8	5.5	-4.0

1| Direct investment[1]

In 2012 direct investment flows posted a net capital outflow of slightly less than 10 billion euros. This outflow was smaller than in 2010 and 2011, and much smaller than during the period from 2007 to 2009. The return towards balanced inflows and outflows stemmed from a significant decline in outward direct investment flows, while inward direct investment flows were nearly the same as in 2011 and much greater than the lows seen in 2009 and 2010 (Chart C2-1 and Table T2-2; as well as Statistical Tables in the supplement to the *Annual Report* on the Banque de France website[2]).

C2-1 **Direct investment flows**

(EUR billions)



1|1 Direct investment abroad

When presented according to the "extended directional principle" methodology used to record intercompany loans within international groups,[3] France's outward direct investment stood at 28 billion in 2012, down by 7 billion compared to 2011 (Chart C2-2).

Outward equity capital transactions (excluding real-estate investment) were up by 12 billion to 32.3 billion in 2012 (Table T2-3). Cross-border mergers and acquisitions, which still accounted, back in 2009, for nearly two-thirds of equity capital transactions (excluding real-estate) in value, accounted for only one-fifth of such transactions in 2012, with a net amount of 7 billion. French groups have been engaged in many significant foreign deals in 2012, but the average unit value of each deal was lower than in previous years. Furthermore, many French groups disposed of subsidiaries and businesses located in industrialised countries, albeit to a less marked degree than in 2011. The proceeds of these disposals were used to strengthen their equity capital, pay down their debt or accelerate their redeployment towards emerging countries. Ultimately, most of the deals in 2012 concerned capital increases for subsidiaries that the French parent already owned.

1 *Direct investment is cross-border investment where entities resident in one economy acquire or have acquired a durable interest in an entity resident in another economy than the investor's. It is conventionally accepted that a direct investment relationship exists when an enterprise holds 10% or more of the equity capital or voting rights in an enterprise resident in another economy.*
2 http://www.banque-france.fr/en/economics-statistics/banking-and-financial-activity/frances-balance-of-payments/the-french-balance-of-payments-and-international-investment-position-annual-report.html
3 *See glossary.*

T2-2 **Direct investment flows**

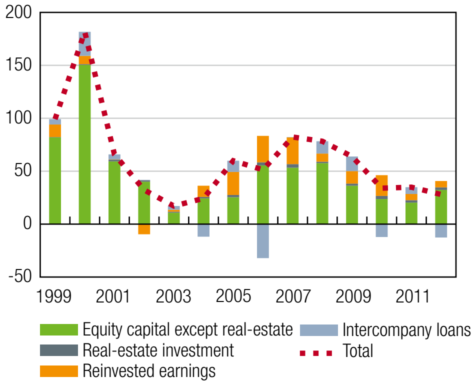
(EUR billions)

	2010	2011	2012
Abroad	**-34.1**	**-34.9**	**-28.0**
Equity capital, including real-estate	-26.6	-22.6	-34.8
Reinvested earnings	-19.7	-5.8	-5.9
Other transactions (intercompany loans)	12.2	6.5	12.7
In France	**10.7**	**19.8**	**18.6**
Equity capital, including real-estate	11.5	20.8	14.7
Reinvested earnings	7.3	-0.5	0.8
Other transactions (intercompany loans)	-8.1	-0.4	3.1
Net direct investment balance	**-23.4**	**-15.1**	**-9.4**

Note: Flows are determined according to the extended directional principle, which is explained in the glossary.

C2-2 **Direct investment flows abroad**

(position by sign; EUR billions)



Notes: a + sign indicates a net capital outflow.
The data for 2012 are provisional.

These moves may correspond to offensive strategies to increase business and investment in tangible assets. They may also be defensive strategies, for instance recapitalisations in order to offset losses or cope with risks of economic turmoil, or increases in own funds to comply with new regulatory requirements.

Real-estate investment in the strict sense stood at 2.5 billion,[4] slightly more than in 2011.

The main factor driving the decrease in outward direct investment is the reversal of the "other transactions" item covering **intercompany loans**. In 2012, like in 2010, French groups shifted funds from their subsidiaries to the parent company or towards other French companies in their groups.[5]

The estimated figure for **earnings reinvested abroad** by subsidiaries of French groups was stable at 6 billion in 2012, following a sharp contraction in 2011. The combination of subsidiaries' lower earnings and an increase in dividends paid to resident investors[6] has caused the amount of reinvested earnings to fall sharply since 2010.

The main mergers and acquisitions involving foreign companies in 2012 included GDF Suez's participation in a capital increase for Electrabel (Belgium) to finance the latter's acquisition of a 100% stake in International Power (United Kingdom). There were also several increases in the capital of the EDF group's Italian holding company, Wagram 4, as part of the acquisition of a controlling stake in the Edison energy group, as well as the capital increase of one of the Vivendi group's British subsidiaries as part of the takeover of the music publisher, EMI.

In the opposite direction, the Renault group disposed of its remaining stake in Volvo AB (Sweden), the French insurer Groupama SA disposed of several of its European subsidiaries, the Bolloré group sold its stake in the British advertising agency Aegis to the Japanese group Dentsu Inc. and Areva's subsidiary, Compagnie Française de Mines et Métaux, disposed of a majority stake in the Canadian gold producer La Mancha Resources. In addition, several French banks sold some or all of their stakes in foreign banks and reduced the capital endowments of some of their non-resident branches.[7]

Three sectors stood in contrast to the overall reduction in flows in 2012: extractive industries and energy,

4 *Real-estate investment can take two forms: real-estate acquisitions in the strict sense, which consist of purchases of buildings by enterprises or households, and resident enterprises' foreign investment in the real-estate sector, which includes mergers, takeovers, equity interests, capital increases and intercompany loans from resident enterprises to foreign affiliates. In this instance, "real-estate investment" refers to purchases of buildings in the strict sense. This investment is as far as possible distinguished from other direct investment transactions, in view of its specific nature.*

5 *Since the publication of the previous* Balance of Payments Report *in June 2012, intercompany loan data pertaining to 2010 and 2011 have been revised in light of a new statistical survey (see Part 2 in the methodological appendix posted on the Banque de France website).*

6 *The reinvested earnings in 2011 were estimated for the* 2011 Balance of Payments Annual Report. *These figures have been revised for the publication of the* 2012 Report.

7 *The list of the main mergers and acquisitions included in these statistics can be found in Statistical Tables 2.7 and 2.8 on the Banque de France website.*

T2-3 **Direct investment flows abroad**

(EUR billions)

	2010	2011	2012
Equity capital (excluding real-estate investment)	**-23.7**	**-20.4**	**-32.3**
New investments	-56.6	-86.6	-62.7
Disposals	33.0	66.2	30.4
Real-estate investment	**-2.9**	**-2.2**	**-2.5**
New investments	-3.3	-2.3	-2.6
Disposals	0.3	0.0	0.1
Reinvested earnings	**-19.7**	**-5.8**	**-5.9**
Other transactions (intercompany loans)[a)]	**12.2**	**-6.5**	**12.7**
Total	**-34.1**	**-34.9**	**-28.0**

a) After restating intercompany loans according to the extended directional principle, see glossary.

which together account for 47% of aggregate flows, and the "professional, scientific and technical activities" sector, which accounts for 7% of the flows. Even though manufacturing groups, in the chemical and agri-food industries in particular, still accounted for 29% of the total flows, their share was much smaller than in 2011. Furthermore, disposals of foreign interests were stepped up in the retail trade sector and in the water supply and waste management sector.

More than half of the investment in 2012 was made in European Union countries, and 85% of that investment was in the euro area. The Netherlands, Belgium and Luxembourg are still the leading counterparty countries, accounting for a cumulative share of 63% of total investment, followed by Italy, with 12%. On the other hand, for the second year in a row, French investors reduced their direct investment in Germany, Spain and Ireland. Outside the euro area, the United Kingdom (12% of total direct investment), Switzerland (7%) and the United States (5%) are the main industrialised countries receiving France's outward direct investment.

As regards emerging countries, accounting for 31% of France's outward direct investment, Brazil has been one of the main destinations for several years, and in 2012 it received 7% of total flows, ahead of China (6%) and Russia (5%).[8]

1|2 Direct investment in France

Inward direct investment flows were stable compared to the previous year, standing at 19 billion in 2012 (Table T2-4).

Equity capital transactions (excluding real-estate), dipped below 10 billion, as they did in 2010, to a level well below the average of 13 billion seen over the last fifteen years. Of these transactions, mergers and acquisitions account for a net amount of less than 2 billion and disposals nearly offset new investment in controlling stakes and equity interests. As is the case for outward direct investment flows, most of the flows involve capital increases by existing groups.

Inward **real-estate investment**, in the strict sense,[9] which mainly concerns purchases of office real-estate, was up in 2012 to its highest level since 2007.

Intercompany loans, restated according to the extended directional principle, showed net redemptions of French companies' debts vis-à-vis foreign investors between 2006 and 2011. By contrast, these flows posted a surplus in 2012. Reinvested earnings also posted a surplus in 2012, but it was much smaller than the largest surpluses seen in the last decade.

The main mergers and acquisitions by foreign investors in France in 2012 were as follows: the virtually complete takeover of CFAO by the Japanese group Toyota Tsuho Corporation; the acquisition from BNP Paribas of a 29% stake in the Klepierre property company by two Luxembourg holding companies belonging to the American group Simon Property; the acquisition by the Russian group JSC Russian Railways of a three-quarters stake in Gefco from PSA Peugeot Citroën.

The largest disposals of French companies by foreign investors included the sale by the Spanish Abertis Telecom group of its 23% stake in Eutelsat Communications. Publicis bought back an 18-million block of its own shares from the Japanese group Dentsu Inc. and the Italian company RCS Libri SpA sold its publishing company RCS Livres, which is the parent company of the French publisher Flammarion, to Madrigall SA, the parent company of the French publisher Gallimard.

8 The geographical structure of France's outward direct investment from 2009 to 2012 can be found in Statistical Table 2.3 on the Banque de France website.
9 See note 4, page 23.

T2-4 **Direct investment flows in France**

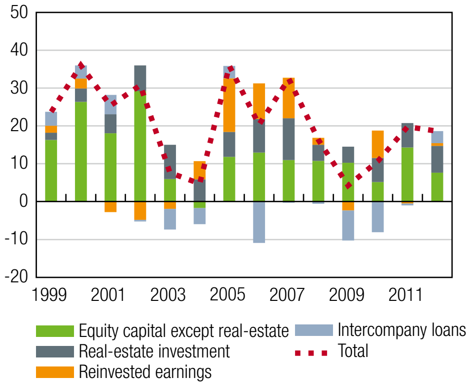
(EUR billions)

	2010	2011	2012
Equity capital (excluding real-estate investment)	**5.1**	**14.3**	**7.7**
New investments	23.1	42.1	20.6
Disposals	-18.0	-27.8	-12.9
Real-estate investment	**6.4**	**6.5**	**7.1**
New investments	8.3	8.7	8.6
Disposals	-1.9	-2.2	-1.5
Reinvested earnings	**7.3**	**-0.5**	**0.8**
Other transactions (intercompany loans)[a]	**-8.1**	**-0.4**	**3.1**
Total	**10.7**	**19.8**	**18.6**

a) After restating intercompany loans according to the extended directional principle, see glossary.

C2-3 **Direct investment flows in France**

(EUR billions)



Note: The 2012 data are provisional.

The sectors attracting inward direct investment in 2012 included real-estate, which accounted for nearly half of the net flows, administrative and support services (20% of net flows), finance and insurance, which encompasses holding companies, but at a much lower level than before, and the retail trade sector. Manufacturing accounted for 6% of net flows, with disposals of investment in the agri-food, refining and pharmaceuticals sectors.

As in previous years, inward flows came nearly exclusively from industrialised countries, with European Union Member States accounting for 65% and other industrialised countries for 29%. Some of the leading investing countries are home to holding companies and other special purpose vehicles that are used to channel funds into investment in France.[10] France's leading trading partners are also major investors, with Japan accounting for 10% of the flows, Germany 10% and the United States 8%. Other investing countries include Russia, Hong Kong and Qatar, which together account for 6% of net flows.

2| Portfolio investment[11]

The balance of securities purchases and sales (excluding acquisitions of equity stakes classified as direct investment) resulted in a large net inflow of funds. After posting an exceptionally high surplus of 228 billion in 2011, as result of residents' massive sales of foreign bonds, the surplus shrank to 39 billion in 2012 (Table T2-5).

The bulk of the surplus results from non-residents' purchases of French securities. Such purchases stood at nearly 33 billion.

Residents' sales of foreign securities reached 6.3 billion and made a smaller contribution to the net inflow of portfolio investment than in 2011.

Purchases of French government securities produced a capital inflow of 21.8 billion. But the bulk of the large inflow in investment in the government sector stemmed from residents' sales of foreign government securities, which stood at 92 billion in 2012, compared to 86 billion in 2011 (Table T2-6 and Chart C2-4).

In contrast, transactions on securities issued by the banking sector resulted in a total outflow of 33 billion.

Finally, "other sectors" posted an inflow of 18 billion, but increased their purchases of foreign bonds to 38 billion. French companies issued many bonds in 2012, resulting in net inflows of funds and French insurers acquired portfolio investment abroad, but such investment accounted for a smaller share of their total investment.

The structure of portfolio investment flows by instrument shows that equity securities trading resulted in a 17 billion capital outflow in 2012, resulting in net purchases of foreign equity securities for the year.

10 The flows are measured by the country of residence of the first counterparty. Stocks are broken down by the country of residence of the first counterparty, as well as by the country of residence of the ultimate controlling parent. Under the latter breakdown, the relative importance of the countries of residence of the first counterparties, such as Belgium and Luxembourg, decreases.

11 Portfolio investment covers all transactions in negotiable securities between residents and non-residents, including purchases of new issues, trading and redemptions, other than transactions included in direct investment, reserve assets, financial derivative futures or repurchase transactions.

T2-5 **Portfolio investment by instrument**

(EUR billions)

	2010			2011			2012		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance
Equity securities	-17.5	-7.2	-24.7	30.2	17.8	48.1	-40.3	23.1	-17.2
Mutual fund shares/units	4.5	3.5	7.9	9.0	-12.9	-3.8	-9.8	4.8	-5.0
Bonds and notes	18.4	89.1	107.5	87.2	80.3	167.6	78.8	41.7	120.5
Short-term debt securities	25.8	1.5	27.3	40.1	-23.4	16.7	-22.4	-36.7	-59.1
Total	**31.2**	**86.8**	**118.0**	**166.6**	**61.9**	**228.5**	**6.3**	**32.9**	**39.2**

Notes: Assets: residents' transactions in securities issued by non-residents. Liabilities: non-residents' transactions in securities issued by residents.
No sign: non-residents' net purchases of French securities or residents' net sales of foreign securities.
(-) sign: non-residents' net sales of French securities or residents' net purchases of foreign securities.

T2-6 **Portfolio investment by issuing sector**

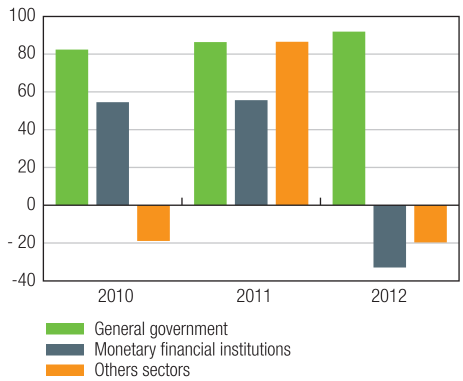
(EUR billions)

	2010	2011	2012
Assets	**31.2**	**166.6**	**6.3**
General government	35.1	46.7	70.1
Monetary financial institutions	18.6	49.2	-26.2
Other sectors[a)]	-22.5	70.7	-37.7
Liabilities	**86.8**	**61.9**	**32.9**
General government	47.3	39.7	21.8
Monetary financial institutions	35.9	6.4	-6.8
Other sectors	3.6	15.8	18.0
Balance	**118.0**	**228.5**	**39.2**
General government	82.4	86.4	91.9
Monetary financial institutions	54.5	55.6	-33.0
Other sectors	-18.9	86.5	-19.7

a) Non-financial corporations, non-monetary financial intermediaries (investment firms and mutual funds other than money market funds), insurance companies.

C2-4 **Net portfolio investment flows by issuing sector**

(EUR billions)



Trading in bonds, short-term securities and mutual fund shares/units produced a net inflow of 56 billion, which was smaller than the inflow in 2011. Trading in bonds produced an inflow of 120 billion, whereas trading in short-term securities (certificates of deposit, commercial paper) resulted in a net capital outflow.

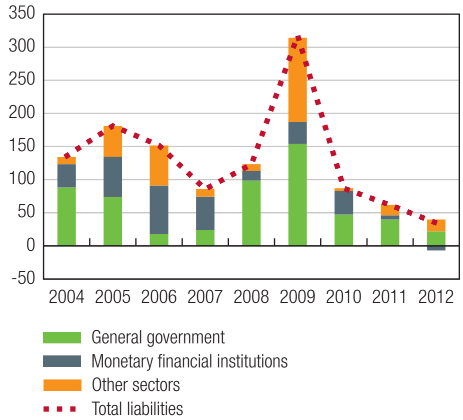
Consequently, the maturity of external financing increased.

2|1 Liabilities (non-residents' transactions in securities issued by residents)

The majority of non-residents' investment went into long-term debt securities (bonds). Foreign investors increased their purchases of French equity securities and mutual fund shares/units by 28 billion, compared

C2-5 **Non-residents' purchases of French securities by issuing sector**

(EUR billions)



Note: The inclusion of Société de financement de l'économie française (SFEF) in the "other sectors" category, in accordance with the statistical classification, does not fully reflect the economic reality of the situation; this entity's issuance should actually be classified with that of MFIs. In view of the redemptions in 2012, this means that non-residents' sales of securities issued by MFIs and purchases of securities issued by other sectors would be greater.

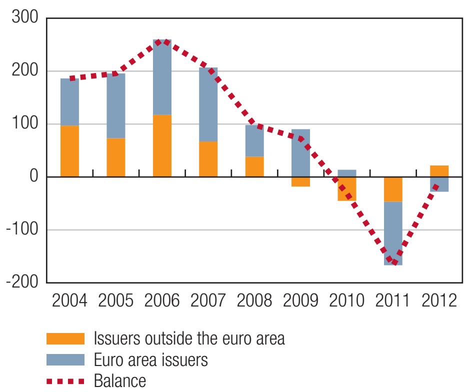
to 5 billion in 2011. They were once again net sellers of short-term debt securities, primarily government securities (Chart C2-5).

2|2 Assets (residents' transactions in securities issued by non-residents)

Residents' sales of foreign securities mainly concerned bonds (79 billion). On the other hand, residents were net buyers of short-term securities, such as mutual fund shares/units, after being net sellers in 2011.

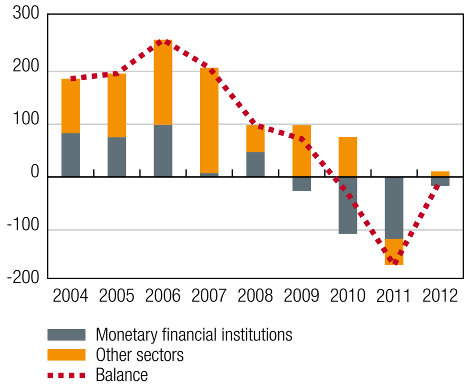
C2-6 **Residents' purchases of securities issued by non-residents by residence of the issuer**

(EUR billions)



C2-7 **Residents' purchases of securities issued by non-residents by investor's sector**

(EUR billions)



T2-7 **Assets (residents' transactions in securities issued by non-residents) by geographical area and by resident investor's sector**

(EUR billions)

	2010	2011	2012
Euro area issuers	**-13.7**	**120.0**	**28.0**
Monetary financial institutions	52.1	84.3	1.0
Other sectors[a]	-65.8	35.7	27.0
Issuers outside the euro area	**44.9**	**46.7**	**-21.7**
Monetary financial institutions	55.4	33.4	16.1
Other sectors[a]	-10.5	13.3	-37.8
All issuers	**31.2**	**166.6**	**6.3**
Monetary financial institutions	107.5	117.6	17.0
Other sectors[a]	-76.2	49.0	-10.8

a) Including general government and monetary authorities.

3| Financial derivatives

Transactions in financial derivatives produced a net inflow of 14.3 billion in 2012, which was equivalent to the inflow in 2011. Most of the transactions were conducted for the purposes of overall hedging strategies for securities transactions or loans and deposits that are recorded under other items in the balance of payments. Consequently, a net inflow does not mean anything on its own.

Net inflows from options stood at 10.2 billion and inflows from interest-rate and currency swaps stood at 8.6 billion, whereas forwards and futures trading resulted in a net outflow of 4.5 billion.

The balance on financial derivative flows amounted to 14.4 billion with euro area resident counterparties and to –0.1 billion with counterparties outside the euro area. The three leading counterparty countries in terms of net balances were the Netherlands, Luxembourg and the United Kingdom. In terms of gross flows, the leading counterparty was the United Kingdom, which accounted for 46% of total flows.

4| Other investment (loans and deposits)

Deposit and loan transactions with non-residents generated net capital inflows of 34 billion in 2012. The net inflows are the result of a larger reduction in loans (69 billion) than in deposits (35 billion).

Banks and other monetary institutions are once again the source of the flows. In 2012, monetary financial institutions (MFIs) posted net inflows of 64 billion. Their foreign assets decreased, leading to an inflow of 119 billion, but their liabilities shrank, leading to an outflow of 55 billion.

In contrast, the general government sector posted increases in both assets and liabilities.

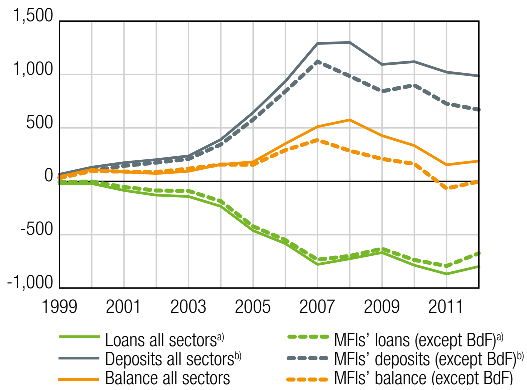
The sectors other than general government and MFIs, which consist of non-financial corporations, insurance companies and non-monetary financial corporations, accounted for estimated net capital outflows of 20 billion, as they did in 2011.

The Banque de France' transactions[12] resulted in net outflows of 6 billion in 2012.

12 The Banque de France 2012 financial statements can be found at the following link: http://www.banque-france.fr/fileadmin/user_upload/banque_de_france/publications/The_accounts_of_the_Banque-de-France_2012.pdf

C2-8 **Other investment – loans and deposits of all resident sectors (including MFIs)**

(cumulative flows, EUR billions)



Note: a) Negative flows correspond to an increase in loans. Positive flows correspond to a decrease in loans.
b) Negative flows correspond to a decrease in deposits. Positive flows correspond to an increase in deposits.

T2-8 **Other investment (deposits and loans)**

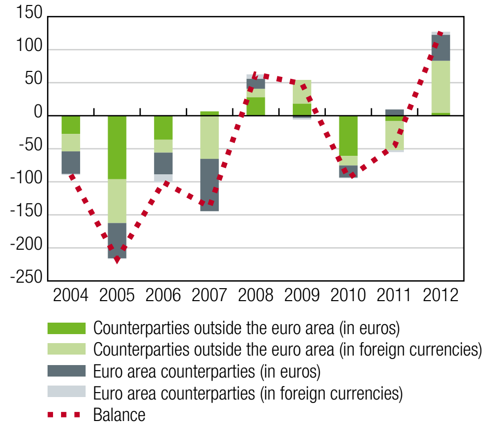
(EUR billions)

	2010	2011	2012
Other investment	**-89.3**	**-179.3**	**34.1**
Assets	-124.7	-81.6	69.1
Liabilities	35.4	-97.7	-35.0
Banque de France	**-42.3**	**77.6**	**-5.8**
Assets	-10.9	11.4	-3.9
Liabilities	-31.4	66.3	-1.9
of which liabilities towards the ESCB (TARGET and swaps)	*-33.7*	*49.1*	*-22.6*
General government	**-3.2**	**-5.7**	**-4.0**
Assets	-3.5	-9.9	-31.4
Liabilities	0.3	4.2	27.3
Monetary financial institutions	**-46.6**	**-230.2**	**64.2**
Assets	-103.8	-56.9	118.8
Euro	*-74.4*	*-11.1*	*48.3*
Foreign currencies	*-29.4*	*-45.8*	*70.5*
Liabilities	57.2	-173.3	-54.6
Euro	*59.2*	*4.5*	*-91.0*
Foreign currencies	*-2.0*	*-177.8*	*36.3*
Other sectors[a)]	**2.8**	**-21.1**	**-20.2**

a) Non-financial corporations, non-monetary financial intermediaries (investment firms and mutual funds other than money market funds), insurance companies.

G2-9 **MFIs' interbank loans**

(flows in EUR billions)



Note: Negative flows correspond to an increase in loans. Positive flows correspond to a decrease in loans.

On the other hand, the flows related to interbank deposits, which resulted in inflows of 86 billion in 2012, stemmed from transactions with counterparties outside the euro area (United Kingdom), but almost exclusively for transactions in euro.

4|1 Deposits and loans of monetary financial institutions

The largest changes in MFIs' loans and deposits primarily involved short-term transactions (Statistical Table 4.1) for both loans (105 billion out of a total of 119 billion in inflows) and deposits (45 billion out of a total of 55 billion in outflows). The reduction in short-term liabilities followed the much larger one that had occurred in 2011 (155 billion).

In 2012, most of the flows were related to interbank transactions, which accounted for 41 billion out of total inflows of 64 billion. They stemmed from a 127-billion reduction in loans and a decrease in deposits by 86 billion (Chart C2-9; see also Chapter 3 regarding the preponderant share of such transactions in MFIs' international investment position).

Nearly two-thirds of the flows related to interbank loans stemmed from foreign-currency transactions with counterparties outside the euro area and one third of the flows stemmed from transactions in euro with euro area counterparties. As a general rule, the bulk of these flows are denominated in American dollars.

4|2 Deposits and loans of sectors other than MFIs

The general government sector posted net outflows of 4 billion, but with larger inflows and outflows compared to previous years (Table T2-8), particularly as a result of transactions to support troubled European countries. Support for Greece, Ireland and Portugal provided through the European Financial Stability Facility (EFSF) resulted in French loans of 27 billion to these countries, which were offset by deposits of the same amount from the EFSF, which means that the net effect of this mechanism is neutral for France's balance of payments. In contrast, the implementation of the European Stability Mechanism in October 2012 resulted in net capital outflows of 6.5 billion for the initial capital contribution to the new institution.

As in 2011, non-financial corporations increased their assets and reduced their liabilities by redeeming or not renewing borrowings from non-resident financial institutions. These transactions led to an overall capital outflow of 20 billion in 2012 for "other sectors" (non-financial corporations, insurance companies and non-monetary financial corporations), which was equivalent to the outflow posted in 2011.

Box 4

Revisions of 2010 and 2011 balance of payments data

For the publication of each Annual Report*, some of the data from previous years are usually updated. Most of the revisions concern the previous two years.*

Main revisions to the current account

The current account balance was improved by 4.7 billion to –25.5 billion in 2010, and by 3.7 billion to –35.2 billion in 2011.

Revised customs data relating to trade in goods led to a 0.6 billion reduction in the 2010 balance and a 3.1 billion reduction in the 2011 balance.

The largest revisions concern services other than travel, which relate to the incorporation of the results of the supplementary survey on international trade in services[1] (ECEIS). Improvements in the method for extrapolating data led to an upward revision of 2010 receipts and a downward revision of payments, with a net impact of +5.2 billion on the balance. The revision of 2011 data stems from the incorporation of data from the 2011 supplementary survey on international trade in services with a new methodology. These data are compared to the data published in the 2011 Annual Report*, which were estimated from the 2010 data. The resulting adjustment of the 2011 balance on trade in services other than travel produces a 7.7 billion increase.*

On the income account, compensation of employees was increased by 2.0 billion in 2010 and by 2.3 billion in 2011 after information sharing with the statistics authorities in the countries concerned led to a more accurate accounting of the compensation paid to French residents working abroad. The downward corrections on investment income in 2010 (4.2 billion) and in 2011 (4.1 billion) stemmed mostly from the revision of portfolio investment income, following the incorporation of more accurate information, particularly for estimates of income from debt securities. Downward adjustments were made to receipts and, to a lesser extent, to payments, increasing the deficit by 3.6 billion in 2010 and by 3.2 billion in 2011.

The current transfer balance was revised upwards by 2.0 billion in 2010 and by 1.4 billion in 2011, following the incorporation of supplementary data on international organisations' operating expenses.

Main revisions to direct investment

The revision of direct investment reduced the deficit on this item by 11.6 billion in 2010 to –23.4 billion and by 20.3 billion in 2011 to –15.1 billion.

As in previous years, the revision to the 2011 deficit stemmed from the substitution of data from French and foreign companies' financial statements for the estimates made in the first quarter of 2012. Its unusually large extent, affecting primarily reinvested earnings (21.4 billion for outward direct investment and 7.6 billion for inward direct investment) stemmed from two types of factors: a downward revision of French groups' foreign current income and of foreign groups' current income in France, along with a substantial change in the division of earnings between dividends and reinvested earnings in favour of dividends, as international groups repatriated a large share of the net profits earned by their foreign subsidiaries.

On the other hand, the revision of 2010 data mainly concerned outward direct investment, and, more specifically, intercompany loans, as a result of a change in data collection. The incorporation of annual data from the new survey on foreign financial assets and liabilities[2] (EFI) led to a downward revision in French foreign assets and to an increase in French foreign liabilities. The impact of this revision increased the balance by 10.3 billion.

Main revisions to portfolio investment

The main revisions to portfolio investment concerned the 2011 data and led to a reduction of 23 billion in capital inflows. They resulted from the correction of reporting problems, the incorporation of information received after publication, notably information about residents'early redemption of bonds issues, and the improved statistical processing of repurchase transactionsmade through clearinghouses. The revisions to 2010 data were smaller and led to a 5.2 billion reduction in inflows.

1 *See Section 1 of Appendix II D of the* 2011 Annual Report *on the new supplementary survey on international trade in services.*
2 *See the methodological appendix presented on the the Banque de France website.*

.../...

Balance of principal balance of payments components

(EUR billions)

	2010			2011		
	Annual Report 2011	Annual Report 2012	Revisions	Annual Report 2011	Annual Report 2012	Revisions
Current account	**-30.2**	**-25.5**	**4.7**	**-38.9**	**-35.2**	**3.7**
Goods	**-52.9**	**-53.5**	**-0.6**	**-73.5**	**-76.6**	**-3.1**
Merchandise	*-54.1*	*-55.2*	*-1.1*	*-73.6*	*-77.4*	*-3.8*
Customs data	*-51.8*	*-52.3*	*-0.5*	*-70.1*	*-74.0*	*-3.9*
Services	**15.9**	**21.4**	**5.5**	**24.2**	**31.5**	**7.3**
Transportation	*-3.2*	*-0.7*	*2.5*	*-5.3*	*-2.5*	*2.8*
Travel	*5.9*	*6.2*	*0.3*	*7.5*	*7.1*	*-0.4*
Other services	*13.1*	*15.8*	*2.7*	*22.1*	*26.9*	*4.9*
Income	**40.7**	**38.5**	**-2.2**	**46.9**	**45.1**	**-1.8**
Compensation of employees	*10.9*	*12.9*	*2.0*	*12.4*	*14.7*	*2.3*
Investment income	*29.8*	*25.6*	*-4.2*	*34.6*	*30.4*	*-4.1*
Direct investment	37.1	36.2	-0.8	39.7	38.7	-1.0
Portfolio investment	-5.1	-8.7	-3.6	-5.8	-9.0	-3.2
Other investment	-2.3	-2.0	0.3	0.7	0.7	0.1
Current transfers	**-33.8**	**-31.8**	**2.0**	**-36.6**	**-35.2**	**1.4**
Capital account	**0.0**	**0.0**	**0.0**	**-0.1**	**0.0**	**0.1**
Financial account	**27.5**	**25.8**	**-1.7**	**58.1**	**53.6**	**-4.6**
Direct investment	**-34.9**	**-23.4**	**11.6**	**-35.4**	**-15.1**	**20.3**
Abroad	-58.0	-48.8	9.3	-64.8	-42.8	22.0
of which: equity capital	*-26.1*	*-26.6*	*-0.5*	*-21.1*	*-22.6*	*-1.5*
reinvested earnings	*-19.3*	*-19.7*	*-0.3*	*-27.2*	*-5.8*	*21.4*
other capital (conventional presentation)	*-12.6*	*-2.5*	*10.1*	*-16.6*	*-14.4*	*2.1*
other capital (extended directional principle)	*-4.7*	*12.2*	*16.9*	*-13.6*	*-6.5*	*7.1*
In France	23.1	25.4	2.3	29.5	27.7	-1.7
of which: equity capital	*11.6*	*11.5*	*-0.1*	*12.1*	*20.8*	*8.7*
reinvested earnings	*5.1*	*7.2*	*2.2*	*7.0*	*-0.5*	*-7.6*
other capital (conventional presentation)	*6.4*	*6.6*	*0.2*	*10.3*	*7.5*	*-2.8*
other capital (extended directional principle)	*-1.5*	*-8.1*	*-6.6*	*7.4*	*-0.4*	*-7.8*
Portfolio investment	**123.2**	**118.0**	**-5.2**	**251.6**	**228.5**	**-23.0**
Assets (residents' transactions in securities issued by non-residents)	26.2	31.2	5.0	177.5	166.6	-10.9
Equity securities and mutual fund shares/units	-15.9	-13.0	2.8	54.0	39.3	-14.7
Bonds and notes	16.2	18.4	2.2	80.8	87.2	6.5
Short-term debt securities	25.9	25.8	-0.1	42.7	40.1	-2.6
Liabilities (non-residents' transactions in securities issued by residents)	96.9	86.8	-10.2	74.1	61.9	-12.2
Equity securities and mutual fund shares/units	-3.8	-3.8	0.0	2.5	5.0	2.4
Bonds and notes	99.1	89.1	-10.0	96.0	80.3	-15.7
Short-term debt securities	1.7	1.5	-0.2	-24.4	-23.4	1.1
Financial derivatives	**34.3**	**26.3**	**-8.0**	**13.8**	**13.9**	**0.2**
Other investment	**-89.3**	**-89.3**	**0.0**	**-177.3**	**-179.3**	**-2.0**
Assets	-124.7	-124.7	0.0	-80.8	-81.6	-0.7
of which: monetary financial institutions	*-103.8*	*-103.8*	*0.0*	*-56.9*	*-56.9*	*0.0*
Liabilities	35.4	35.4	0.0	-96.5	-97.7	-1.3
of which: monetary financial institutions	*57.2*	*57.2*	*0.0*	*-173.3*	*-173.3*	*0.0*
Reserve assets	**-5.8**	**-5.8**	**0.0**	**5.5**	**5.5**	**0.0**
Net errors and omissions	**2.7**	**-0.4**	**-3.0**	**-19.1**	**-18.4**	**0.7**

Note: The 2011 Annual Report *was published in 2012 and the* 2012 Annual Report *was published in 2013.*

CHAPTER 3
INTERNATIONAL INVESTMENT POSITION

T3-1 France's international investment position from the end of 2011 to the end of 2012
(direct investment estimated at market value)

(EUR billions)

	Stocks end 2011	Balance of payments flows in 2012a)	Changes attributable to changes in exchange rates, market prices and other adjustmentsa)				Total variations between end 2011 and end 2012a)	Stocks end 2012
			Total	Changes in exchange rates	Changes in market prices	Other adjustments		
	1	2	3				4 = (2 + 3)	5 = (1 + 4)
Direct investment	246.3	9.4	48.9	-2.7	55.3	-3.7	58.3	304.6
Portfolio investment	-598.9	-39.2	-43.2	-5.8	-47.0	9.5	-82.4	-681.3
Financial derivatives	-41.6	-14.3	13.2	0.0	0.0	13.2	-1.1	-42.7
Deposit and loan position	-114.8	-34.1	-1.2	6.1	0.0	-7.3	-35.3	-150.1
Reserve assets	133.1	4.0	2.8	16.7	0.0	-13.9	6.8	139.9
Balance	**-375.9**	**-74.2**	**20.5**	**14.3**	**8.3**	**-2.2**	**-53.7**	**-429.6**
Gross external debt	3,997.8	-11.5	84.3	-6.0	112.1	-21.8	72.8	4,070.6
Net external debt	584.8	-91.4	217.0	-44.6	203.3	58.3	125.6	710.4

a) Position by sign: No sign means an increase in assets or a decrease in liabilities; (-) sign means a decrease in assets or an increase in liabilities.
Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.

The international investment position represents the nation's net assets or liabilities vis-à-vis other countries. The balance of payments records annual flows, while the international investment position records stocks. Furthermore, the signs are reversed: in the balance of payments, an outflow of funds is given a negative sign, since it creates a financing requirement. In the international investment position, capital outflows are given a positive sign, since they correspond to acquisitions of foreign assets. The net international investment position at the end of 2012 was negative, which means that the value of foreign financial assets held was less than the value of liabilities (debts and other financial obligations) towards non-residents (Table T3-1, Chart C3-1).[1]

The position deteriorated in 2012. The net inflows recorded in the financial account of the balance of payments meant that residents' net liabilities towards non-residents increased at constant market prices since the end of 2011. These liabilities increased from 376 billion at the end of 2011 to 450 billion, or 22.5% of GDP, at the end of 2012. After accounting for changes in market prices, France's international investment position showed net liabilities of 430 billion, or 21.1% of GDP, at the end of 2012.

With direct investment expressed at book value, France's international investment position showed a debit of 323 billion, or 15.9% of GDP, at the end of 2012. The deepening of the debit at market prices stems from flows of assets and liabilities. These flows were partially offset by changes in market prices and exchange rates, which account for half of the variation in the balance.

As explained in Chapter 2, non-residents were net buyers of French bonds, whereas residents were net

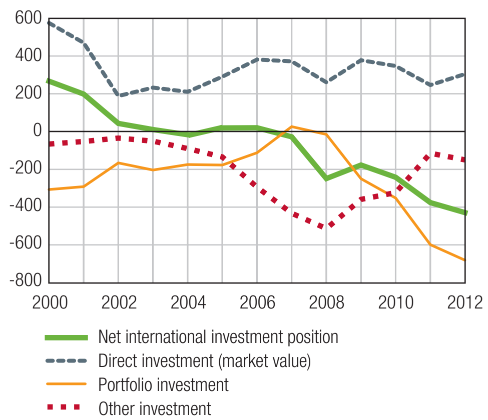
1 See also the Statistical Tables on the Banque de France website.

T3-2 The French international investment position from end 2011 to end 2012

	EUR billions	% of GDP
Net position end 2011	**-375.9**	**-18.8**
Changes attributable to flows	-74.2	-3.7
Changes attributable to changes in financial markets and other adjustments	20.5	1.0
Changes in exchange rates	*14.3*	*0.7*
Changes in market prices	*8.3*	*0.4*
Other adjustments	*-2.2*	*-0.1*
Net position end 2012	**-429.6**	**-21.1**

C3-1 Net international investment position at market prices

(EUR billions)



sellers of foreign securities. At the same time, monetary financial institutions (primarily banks) cut back their lending to non-residents. Total cumulative flows of direct investment, portfolio investment, transactions in financial derivatives and "other investment" (loans and deposits) came to 74.2 billion, or 3.7% of GDP, not counting changes in market prices (Table T3-2).

1| Direct investment

France's international direct investment position shows a large surplus since outward direct investment flows have always been greater than inward direct investment flows over the last twenty years (Table T3-3).

At the end of 2012, the estimated international direct investment position at market value stood at 305 billion, up by 58 billion compared to the end of 2011. Net capital outflows[2] account for 9 billion of the increase and positive market variations account for 49 billion.

1|1 Direct investment abroad[3]

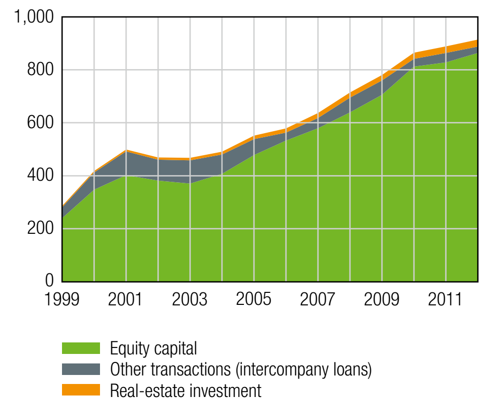
The book value of outward direct investment stocks stood at 914 billion at the end of 2012, up by 26 billion compared to the end of 2011. The application of the extended directional principle rule, adopted three years ago, to direct investment greatly reduces the amount of intercompany loans compared to the conventional presentation. This means that investments in equity capital now account for the bulk of outward direct investment at book value or 94% of the stocks at the end of 2012, compared to French groups' net lending to their foreign subsidiaries (3% of stocks) and real-estate investment (3% of stocks) (Chart C3-2).

The euro area is still the leading destination for outward direct investment, with a share of 45%, compared to "other industrialised countries" (26%), all emerging and developing countries (16%) and European Union countries outside the euro area (13%). But the share of the euro area has been shrinking for the last few years, as the share of emerging countries grows. The leading destination countries in Europe are Belgium (15% of stocks), the Netherlands and the United Kingdom (10% each) and Germany (5%). The leading destinations outside Europe are the United States (18% of stocks), followed by Brazil (3%), China and Japan (2% each), Canada and Morocco (1% each) (Statistical Table 5.6).

The leading outward investors are in the finance and insurance sectors, and in the manufacturing sector (with about 28% each); however, the share of the former has

C3-2 **Stocks of direct investment abroad**
(at book value)

(EUR billions)



Note: Direct investment is calculated after restating intercompany lending according to the extended directional principle.

2 *Net capital outflows are denoted by a minus sign in the balance of payments. All else being equal, these outflows contribute to the increase in the net stock of residents' foreign assets or to the decrease in the net stock of non-residents' French assets. Consequently, they increase the net international investment position.*

3 *When the preliminary international investment position figures for the end of 2012 were compiled in April and May 2013, the findings of the surveys on stocks of direct equity investment holdings at the end of 2012 were not yet available. Consequently, the direct investment stocks at book value for the end of 2012 published in this report are estimates based on the stocks at the end of 2011, direct investment flows in 2012 and exchange rate fluctuations for positions denominated in foreign currencies. Stocks of direct investment at market value at the end of 2012 are compiled at their estimated book value and then adjusted for changes in the market capitalisation of resident companies in the CAC 40 index.*

T3-3 **Stocks of direct investment at market value**

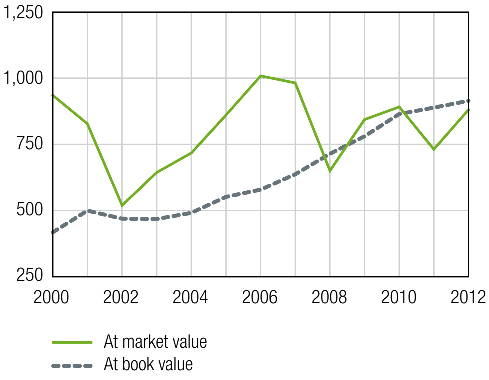
(EUR billions)

	2010	2011	2012
Abroad	**891.0**	**730.8**	**881.0**
Equity capital, including real-estate	861.8	695.1	857.0
Other transactions (intercompany loans)	29.2	35.7	24.0
In France	**543.9**	**484.5**	**576.5**
Equity capital, including real-estate	504.6	445.6	532.7
Other transactions (intercompany loans)	39.3	39.0	43.8
Net direct investment position	**347.1**	**246.3**	**304.6**

Note: Direct investment is calculated after restating intercompany lending according to the extended directional principle.

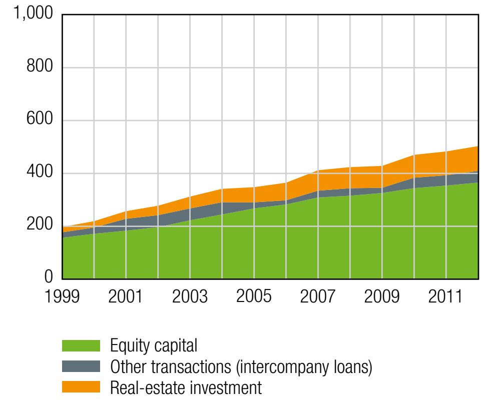
C3-3 **Stocks of outward direct investment**
(at book value and at market value)

(EUR billions)



C3-4 **Stocks of direct investment in France**
(at book value)

(EUR billions)



Note: Direct investment is calculated after restating intercompany lending according to the extended directional principle.

declined steadily since 2008, as the share of the latter has grown. In the manufacturing sector, the main outward investors are the pharmaceuticals industry (5%), the agri-food industry (4%) and the automobile industry (3%). The other main sectors for outward investment are electricity and gas, with 9% of total stocks, and information and communications, with 8% (Statistical Table 5.8).

The market value of outward direct investment stocks increased by 150 billion euros between the end of 2011 and the end of 2012, to stand at 881 billion. The contribution of outward direct investment flows stood at 28 billion and that of positive market price movements stood at 122 billion. The market value of outward direct investment, which had been substantially lower than its book value at the end of 2011, was more in line with its book value at the end of 2012 (Chart C3-3).

1|2 Direct investment in France

The book value of inward direct investment stocks increased by 20 billion to 503 billion at the end of 2012. Net lending to French subsidiaries by non-resident groups accounted for 9% of the stock, real-estate investment accounted for another 19% and investment in equity (excluding real-estate) accounted for 72%, with only 10% invested in listed companies (Statistical Table 5.3 and Chart C3-4).

The structure by the country of residence of the first counterparty shows that nearly half of the stocks came from three European transit countries: Luxembourg, the Netherlands and Belgium. The structure by the country of residence of the ultimate controlling parent shown in box 5 below is more representative of the economic origin of inward direct investment stocks.

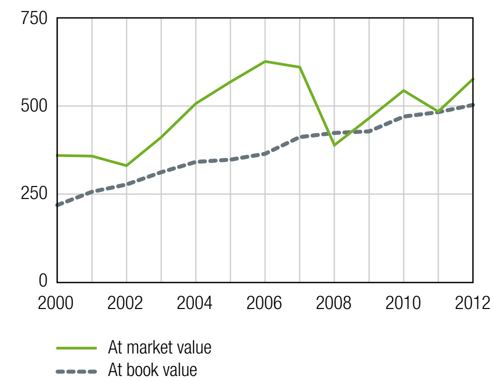
Foreign investors preferred investment in financial activities and insurance, which accounted for 29% of inward direct investment stocks, as well as manufacturing (28%), real estate[4] (22%), professional, scientific and technical activities (5%) and wholesale and retail trade (4%).

The market value of inward direct investment stocks stood at 576 billion, up by 92 billion compared to the end of 2011 (Chart C3-5). Investment flows account for 19 billion of this increase and valuation effects for 73 billion, of which 11 billion concerned investments in listed companies and 61 billion concerned investments in unlisted companies.

4 This sector includes purchases of real estate in the strictest sense, along with loans and equity investment in real-estate companies.

C3-5 **Stocks of direct investment in France**
(at book value and at market value)

(EUR billions)



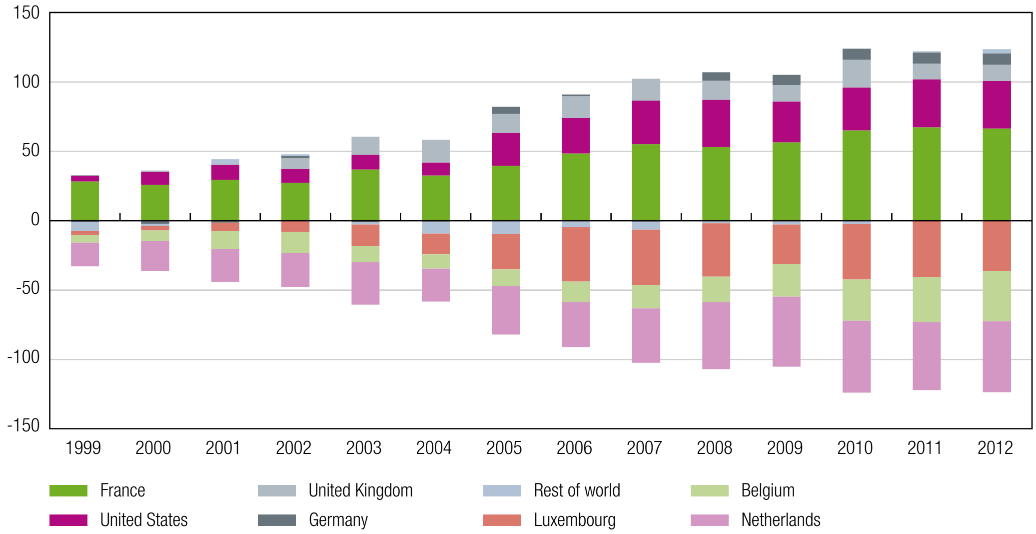
Box 5

Inward direct investment stocks by the country of residence of the ultimate controlling parent

In accordance with the methodological recommendations of the IMF and the OECD, the geographical structure of direct investment stocks is reported on the basis of the immediate country of origin or destination of the capital.[1] *This means that when an American group invests in France through a Luxembourg holding company, the country of origin reported in the official statistics will be Luxembourg instead of the United States. In order to obtain a clearer picture of the entities that ultimately control resident companies, stocks of inward direct investment should be broken down by the country of residence of the ultimate controlling parent.*

Main differences by country following identification of the country of residence of the ultimate controlling parent

(EUR billions)



Identifying the ultimate controlling parents' countries of residence (see table below) reveals that French groups ultimately hold a significant share (66 billion or 13% of the total) of the stocks of inward direct investment. If we exclude France, the United States has seen the largest increase in its share. Even though the United States ranks fourth as the immediate source of inward direct investment (behind Luxembourg, the Netherlands and Belgium), it has become the leading source of inward direct investment, followed by Germany and the United Kingdom.

While some countries' relative shares increase under this criterion, others decline substantially, such as the shares of the Netherlands, Luxembourg and Belgium. The chart below shows the main differences between the geographical structure according to the country of residence of the first counterparty and the structure according to the country of residence of the ultimate controlling parent. In addition to American investors, it seems that British groups (since 2002 mainly) and German groups (since 2008) also made a significant share of their investments in France indirectly through third countries (mainly the Netherlands, Luxembourg and Belgium).

1 *The geographical structure of outward and inward direct investment stocks from 2009 to 2012 is shown in Statistical Tables 5.6 and 5.7 on the Banque de France website.*

…/…

Geographical structure of inward direct investment stocks at book value by the country of residence of the ultimate controlling parent

(EUR billions)

	2009	2010	2011	2012	2012 (% of total excluding France)
France	**56.5**	**65.2**	**67.4**	**66.5**	**–**
European Union (27 members)	**230.0**	**253.1**	**258.8**	**271.1**	**62.1**
Economic and Monetary Union (17 members)	**160.0**	**177.2**	**188.6**	**200.9**	**46.0**
of which: Germany	51.5	56.8	58.8	61.1	14.0
Belgium	24.4	21.3	23.1	24.9	5.7
Spain	10.1	11.4	12.2	12.7	2.9
Ireland	5.6	5.1	4.8	4.5	1.0
Italy	15.3	17.1	17.4	17.3	4.0
Luxembourg	25.8	32.8	34.3	44.6	10.2
Netherlands	21.9	27.1	31.6	29.3	6.7
Other European Union countries	**70.0**	**75.9**	**70.1**	**70.2**	**16.1**
of which: Denmark	3.4	4.1	4.7	4.5	1.0
Poland	0.2	0.3	0.3	0.3	0.1
Czech Republic	0.0	0.0	0.0	0.0	0.0
Romania	0.0	0.0	0.0	0.0	0.0
United Kingdom	62.2	66.8	60.3	60.5	13.9
Sweden	4.0	4.5	4.6	4.7	1.1
Other industrialised countries	**125.5**	**135.3**	**139.0**	**144.6**	**33.1**
of which: Australia	0.9	1.4	1.6	1.9	0.4
Canada	2.8	2.2	2.6	3.1	0.7
United States	84.3	88.9	92.8	93.7	21.5
Japan	8.4	7.1	7.1	9.4	2.2
Switzerland	26.6	33.4	33.0	34.8	8.0
Rest of the world	**16.2**	**16.4**	**17.7**	**20.7**	**4.7**
of which: Saudi Arabia	0.6	0.6	0.7	0.8	0.2
Brazil	0.1	0.2	0.2	0.2	0.0
China	0.7	1.1	2.6	3.5	0.8
Hong Kong	0.3	0.4	0.4	0.7	0.1
British Virgin Islands	3.4	3.1	1.9	1.8	0.4
India	0.3	0.4	0.4	0.4	0.1
Lebanon	0.6	1.7	1.9	1.8	0.4
Qatar	0.7	0.9	0.8	1.0	0.2
Russia	0.5	0.3	0.4	1.3	0.3
Turkey	0.1	0.0	0.0	0.1	0.0
Total	**428.1**	**470.0**	**482.8**	**503.0**	**–**
Total excluding France	**371.6**	**404.8**	**415.4**	**436.4**	**100.0**

Note: See "Definition of geographical zones" in Appendix II to this Annual Report.

2| Portfolio investment

The net portfolio investment position shows a debit, reflecting how the rest of the world contributes to covering France's borrowing requirement. The net position in 2012 showed a debit of 681 billion euros, compared to a debit of 599 billion in 2011 (Table T3-4). The deterioration of 82 billion corresponds to an increase in debt and, to a lesser extent, to equity securities sold to foreign investors. This larger debit stemmed from net inflows of 39 billion recorded in the balance of payments and from changes in market prices and exchange rates over the year, which increased the market value of the stock by 53 billion. The increase in the market value of fixed-income securities, meaning bonds and other debt securities, stemmed from the markets' improved perception of France's creditworthiness. The higher valuation of French sovereign debt lowered the market value of France's international investment position. This paradoxical result is the consequence of applying international statistical standards.

2|1 Assets (residents' portfolio investment in securities issued by non-residents)

At the end of 2012, French residents held 1,948 billion in foreign securities, up by 121 billion from the end of 2011. Most of this increase stemmed from changes

T3-4 **Structure of portfolio investment stocks vis-à-vis non-residents**
By type of instrument

(EUR billions)

	2010	2011	2012
Assets	**2,078.0**	**1,826.7**	**1,947.9**
Equity securities and mutual fund shares/units	498.3	393.4	483.4
Bonds and notes	1,355.5	1,246.7	1,261.7
Short-term debt securities	224.2	186.6	202.8
Liabilities	**-2,430.8**	**-2,425.5**	**-2,629.2**
Equity securities and mutual fund shares/units	-579.3	-499.0	-594.0
Bonds and notes	-1,605.3	-1,686.9	-1,832.1
Short-term debt securities	-246.2	-239.6	-203.1
Net position	**-352.7**	**-598.9**	**-681.3**

in market prices, which outweighed residents' sales of 6 billion in foreign securities (Statistical Table 5.2).

Long-term debt securities accounted for nearly two thirds of assets at the end of 2012, equity securities and mutual fund units/shares accounted for nearly a quarter and money market instruments accounted for nearly 10%. Compared to 2011, the share of residents' portfolio investment in equity securities in assets increased and that in long-term debt securities decreased.

Residents' assets are primarily made up of securities from issuers in the euro area (63%) and the proportion of securities from outside the euro area was stable in 2012 at 37% (Table T3-5). Residents still prefer to invest in euro area securities issued by the four leading economies in the area, which together account for 40.6% of total positions in foreign securities. This share is smaller than in 2011 (42.8%).

This slight contraction was partially offset by the increase in Luxembourg securities, which accounted for 8% of assets. Outside the euro area, French investors mainly favoured securities from the United Kingdom and the United States, which accounted for 9.0% and 7.8% of their total assets respectively.

T3-5 **Resident holdings of foreign securities**

(EUR billions)

	2010	2011	2012
Euro area issuers	**1,347.0**	**1,150.9**	**1,220.0**
Monetary financial institutions	393.0	297.8	311.4
Other sectors[a)]	954.0	853.2	908.6
Issuers outside the euro area	**731.0**	**675.7**	**727.9**
Monetary financial institutions	249.9	218.6	207.6
Other sectors[a)]	481.1	457.2	520.3
All issuers	**2,078.0**	**1,826.7**	**1,947.9**
Monetary financial institutions	642.9	516.3	519.0
Other sectors[a)]	1,435.1	1,310.3	1,428.9

a) Including general government and monetary authorities.

The structure of portfolio investment by the investor's sector shows that MFIs' investment in foreign securities stabilised in 2012, after falling sharply in the previous two years. Portfolio investment stocks of other sectors increased substantially, following the contraction seen in 2011, and nearly matched the levels seen in 2010 (Table T3-5). This means that the MFIs' share of portfolio investment stocks shrank somewhat in 2012 to stand at 27%.

2|2 Liabilities (non-residents' portfolio investment in securities issued by residents)

Non-residents' portfolio investment in French securities, or liabilities, stood at 2,629 billion euros at the end of 2012, compared to 2,425 billion at the end of 2011 (see Table T3-6). The increase of 204 billion stemmed from non-residents purchases of French securities worth 33 billion, combined with big rises in market prices that contributed 174 billion to the increase (Statistical Table 5.2).

Portfolio investment liabilities in equity capital and mutual fund shares/units increased by 100 billion in 2012, with non-residents' purchases accounting for nearly one third of the increase (Table T3-6). Consequently, the share of portfolio investment liabilities in such securities increased from 21% at the end of 2011 to 23% at the end of 2012.

Liabilities from debt securities (bonds and short-term debt securities) increased by 109 billion, largely as a result of changes in market prices, since non-residents' purchases stood at only 5 billion.

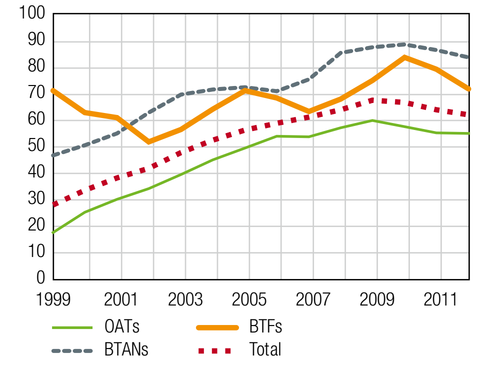
T3-6 **Non-resident holdings of French securities**
By resident issuers' sector

(EUR billions)

	2010	2011	2012
Stocks	**-2,430.8**	**-2,425.5**	**-2,629.2**
General government	**-971.9**	**-1,020.4**	**-1,092.0**
Treasury bonds (OATs)	-518.7	-543.2	-623.7
Other bonds and notes	-63.9	-76.9	-89.6
Treasury notes and bills (BTANs and BTFs)	-368.0	-365.6	-359.1
Other short-term debt securities	-21.3	-34.7	-19.5
Monetary financial institutions	**-588.7**	**-584.3**	**-620.4**
Equity securities and mutual fund shares/units	-62.9	-42.3	-54.4
Bonds and notes	-466.9	-490.6	-516.4
Short-term debt securities	-58.9	-51.4	-49.6
Other sectors	**-870.1**	**-820.8**	**-916.8**
Equities and mutual fund shares/units	-516.4	-456.8	-539.7
Bonds and notes	-344.8	-352.1	-363.2
Short-term debt securities	-9.0	-11.9	-13.9

C3-6 **Share of OATs, BTANs and BTFs held by non-residents**

(%)



However, their share of portfolio investment liabilities shrank from 79% to 77%, with 36 billion in non-residents' sales of French short-term debt securities accounting for the entire decline.

The structure of portfolio investment liabilities by issuers' sector was unchanged on the whole compared to 2011, with general government issues accounting for 42%, MFIs' issues for approximately one quarter and other sectors' issues for the rest (primarily non-financial corporations).

Non-residents'share of negotiable central government debt was down slightly from 64.1% in 2011 to 62.2% in 2012. Most of this decline can be attributed to foreign investors' reduction of their positions in Treasury bills and notes: non-residents' share of outstanding BTFs shrank from 79.6% to 72%, and their share of BTANs declined from 86.7% to 84%. On the other hand, their share of outstanding OATs was little changed in 2012, at 55.2% (Chart C3-6).

3| Financial derivatives

The net position in financial derivatives in 2012 showed a debit of 42.7 billion, compared to a debit of 41.6 billion in 2011 and a debit of 38.1 billion in 2010. The 1.1-billion deepening of the debit position stemmed in part from transaction flows of 14 billion of net liabilities and from changes in market prices, which made a positive contribution of 13.2 billion. The market value of gross stocks of financial derivatives continued to increase, with assets of 1,302 billion and liabilities of 1,344 billion, compared to 1,237 billion in assets and 1,279 billion in liabilities in 2011, and 868 billion in assets and 906 billion in liabilities in 2010.

Swaps accounted for 74% of the overall market value of the outstanding assets and liabilities in financial derivatives. The change in the stock of interest-rate swaps is partly related to the yield curve. Options accounted for 23% of all outstanding derivatives and futures for 2%.

The United Kingdom was the leading counterparty for derivatives, accounting for 55% of the total market value, followed by the United States (14%) and Germany (10%).

4| Other investment (loan-deposit position)

The loan-deposit position is mainly determined by the transactions of MFIs, i.e. mostly of banks. In 2012, the loan-deposit position of resident MFIs (excluding the Banque de France) posted a small credit balance of 8 billion, which means that residents were net lenders to non-residents for all counterparties combined. After being net borrowers since 1995, residents became net lenders, with a credit balance of 71 billion in 2011 (Chart C3-7 and Statistical Table 5.1).

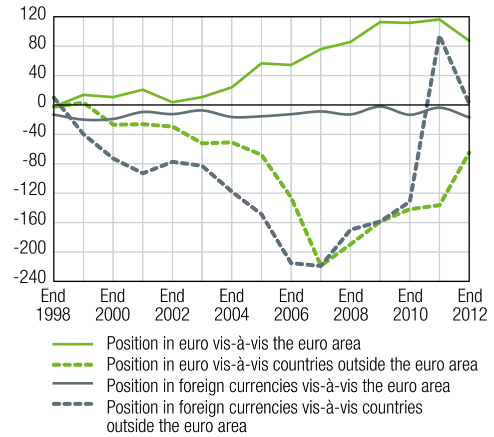
Loans were down by some 10% or 126 billion in 2012 as a result of capital inflows. These inflows were only partly offset by a 63-billion contraction in liabilities (mainly deposits) vis-à-vis non-residents (Statistical Table 5.17).[5]

Outstanding loans and deposits in euro, which account for around two-thirds of the total, decreased. This decrease stemmed from a 6.5% contraction in assets, primarily with counterparties from the euro area and an 11.9% decrease in assets primarily on counterparties from outside of the euro area.

5 Other sectors generated a capital inflow of 20 billion in 2012 (see Chapter 2).

C3-7 **Net loan-deposit position of MFIs**

(EUR billions)



Assets denominated in foreign currencies contracted sharply by 77 billion or 16.8%. However, as access to financing on financial markets outside of the euro area became easier, liabilities increased by 28 billion or 7.6%, following the sudden 32% drop in 2011. Transactions in foreign currencies are mainly denominated dollars, with sterling and Swiss francs accounting for much of the remainder.

All in all, MFIs' positions in euro and foreign currencies were in balance (Chart C3-7).

The structure by sector counterpart shows that the MFIs' interbank transactions still account for the largest share of assets (840 billion of 1,080 billion in total assets) and liabilities (872 billion of 1,072 billion). In 2012, the position vis-à-vis interbank counterparties showed a debit of 32 billion. The net position vis-à-vis monetary authorities was stable at –56 billion. The position towards non-financial corporations showed little change a credit at 97 billion, compared to 114 billion in 2011 (Statistical Table 5.18).

The geographical structure shows that two thirds of assets and liabilities concern counterparties from the euro area. The United Kingdom and, to a lesser extent, the United States account for the most of the rest (Chart C3-7). The loan-deposit position vis-à-vis the United States showed a debit of 20 billion in 2012, as loans contracted sharply (Statistical Table 5.19).

At the end of 2012, the Banque de France's international loan-deposit position, excluding banknotes and coin, showed a 108-billion credit vis-à-vis non-residents, compared to a credit of 102 billion in 2011 (Statistical Table 5.20). "Loan-deposit" transactions showed that institutional customers' deposits, of which 80% are denominated in foreign currencies, increased by 13% to 165 billion.

The Banque de France's international position also includes 139 billion in investment in securities made on behalf of institutional customers and 140 billion in reserve assets.

As a result of its claim on the Eurosystem for banknotes and coin, the Banque de France's position vis-à-vis the Eurosystem continued to show a credit of 28.8 billion on 31 December 2012, compared to 33.1 billion at the end of 2011.[6]

6 *See the Banque de France 2012 financial statements:* http://www.banque-france.fr/fileadmin/user_upload/banque_de_france/publications/The_accounts_of_the_Banque-de-France_2012.pdf

5| Reserve assets

Gross reserve assets increased by 7 billion to stand at 140 billion at the end of 2012 (Table T3-7). The increase stemmed from rising prices (especially gold prices), which contributed by 2.8 billion, and balance of payments flows, which contributed by 4 billion, including 3.2 billion in foreign currency assets. Net foreign exchange reserves increased from 146.6 billion to 149.6 billion.

T3-7 Reserve assets

(EUR billions)

	Stocks at end of year a)			Change 2012 b)	Decomposition of change in 2012	
	2010	2011	2012		Flows b), c)	Impact of monthly revaluations
Gold	82.6	95.3	98.8	3.5	0.0	3.5
SDRs	11.3	11.3	11.1	-0.2	-0.1	-0.1
Reserve position in the IMF	3.5	6.3	6.4	0.1	0.3	-0.2
Assets in foreign currencies vis-à-vis euro area residents and official foreign exchange assets	27.1	20.2	23.6	3.4	3.8	-0.4
Gross reserve assets (1)	**124.5**	**133.1**	**139.9**	**6.8**	**4.0**	**2.8**
Assets in foreign currencies vis-à-vis euro area residents (2)	16.4	47.5	15.6	-31.9	-31.5	-0.4
Liabilities d) (3)	-12.3	-34.0	-5.9	28.1	28.1	0.0
Net foreign exchange reserves e) (1)+(2)+(3)	**128.6**	**146.6**	**149.6**	**3.0**	**0.6**	**2.4**
Price of an oz. of gold in the reserves	1,055.42	1,216.86	1,261.18			
USD/EUR rate	1.3362	1.2939	1.3194			
SDR/EUR rate	0.8642	0.8428	0.8578			

a) Stocks: no sign: assets. Stocks with (-) sign: liabilities.
b) Variations and flows: no sign means an increase in assets or a decrease in liabilities.
(-) sign: means a decrease in assets or an increase in liabilities.
c) Flows are calculated at the exchange rate used for the balance of payments, which is the average monthly rate, and expressed with the opposite sign to that recorded in the balance of payments.
d) Temporary outflows of financial assets denominated in foreign currencies related to repurchase transactions.
e) Special Data Dissemination Standard (SDDS) concept: publication of the joint press release from the Ministry of the Economy and Finance and the Banque de France.

Box 6

Revisions of international investment position data

Several items in France's international investment position at the end of 2010 and 2011 have been revised in this Annual Report *(Table below).*

Revisions to the ***book value of direct investment positions*** *at the end of 2010 and 2011 stemmed mainly from the incorporation of annual data from the new survey on foreign financial assets[1] and liabilities (EFI) relating to affiliates.[2] For example, in 2011, the stock of outward direct investment was revised upwards, whereas the stock of inward direct investment was revised downwards, but to a lesser extent. The incorporation of new information accounts for nearly two-thirds of the revision to direct investment in 2011.*

The flows and stocks of investment in equity capital, which are another component of direct investment, were also revised at the end of 2011, based on corporate balance-sheet data, which accounted for approximately one third or the revision to this item.

1 See "Improving balance of payments statistics" in the methodological information on the Banque de France website.
2 Intercompany lending is included in direct investment.

Revisions of 2010 and 2011 international investment position data
Principle components of the international investment position

(EUR billions)

	2010			2011		
	Annual Report 2011	Annual Report 2012	Revisions	Annual Report 2011	Annual Report 2012	Revisions
Direct investment						
At book value	**439.8**	**394.5**	**-45.3**	**485.5**	**405.5**	**-80.0**
At market value	**399.8**	**347.1**	**-52.7**	**316.0**	**246.3**	**-69.7**
Abroad[a)]						
At book value	880.9	864.5	-16.4	948.9	888.3	-60.6
At market value	913.6	891.0	-22.6	787.5	730.8	-56.7
In France[a)]						
At book value	-441.1	-470.0	-28.9	-463.4	-482.8	-19.4
At market value	-513.8	-543.9	-30.1	-471.5	-484.5	-13.0
Portfolio investment	**-341.5**	**-352.7**	**-11.3**	**-622.9**	**-598.9**	**24.0**
Foreign securities	2,090.4	2,078.0	-12.3	1,828.9	1,826.7	-2.3
Equities and mutual fund shares/units	508.7	498.3	-10.5	390.6	393.4	2.8
Bonds and notes	1,357.5	1,355.5	-2.0	1,252.7	1,246.7	-6.0
Short-term debt securities	224.1	224.2	0.1	185.7	186.6	1.0
Domestic securities	-2,431.8	-2,430.8	1.0	-2,451.8	-2,425.5	26.3
Equities and mutual fund shares/units	-570.5	-579.3	-8.8	-489.9	-499.0	-9.1
Bonds and notes	-1,614.9	-1,605.3	9.6	-1,721.6	-1,686.9	34.7
Short-term debt securities	-246.5	-246.2	0.3	-240.3	-239.6	0.7
Financial derivatives	**-38.0**	**-38.1**	**-0.1**	**-39.2**	**-41.6**	**-2.4**
Other investment (excluding reserve assets)	**-296.7**	**-323.1**	**-26.4**	**-104.3**	**-114.8**	**-10.5**
Trade credits and advances	-16.0	-16.0	0.0	-22.9	-0.5	22.4
Banque de France loan/deposit position	-99.5	-99.5	0.0	-176.9	-176.9	0.0
General government loan/deposit position	10.7	12.7	2.0	17.2	19.5	2.3
MFIs' loan/deposit position	-175.4	-175.4	0.0	70.6	70.6	0.0
Loan/deposit position of other sectors[b)]	-16.6	-44.9	-28.3	7.6	-27.6	-35.2
Reserve assets	**124.5**	**124.5**	**0.0**	**133.1**	**133.1**	**0.0**
Balance						
With direct investment at book value	**-111.9**	**-194.9**	**-83.0**	**-147.8**	**-216.6**	**-68.9**
With direct investment at market value	**-151.9**	**-242.3**	**-90.4**	**-317.3**	**-375.9**	**-58.6**

a) After restating intercompany lending according to the extended directional principle.
b) Among others: non-financial corporations, insurance companies, investment firms, mutual funds other than money market funds and households.

.../...

The main revisions to the ***portfolio investment position*** *resulted from the correction of reporting problems, from the incorporation of information received after publication and, notably, information about residents's early redemption of bonds issues, as well as from improved statistical processing of repurchase transactions made through clearinghouses, in response to the rapid growth of this type of transaction after 2010. This led to a downward revision of assets at the end of 2010, especially equity securities and mutual fund shares/units, and a decrease in liabilities in the form of debt securities at the end of 2011.*

The "other investment» position *was also revised.*

Trade credits and advances data incorporate the findings of the new survey on foreign trade assets and liabilities (ECO),[3] *which led to an upward revision of assets and, to a lesser extent, liabilities. The overall impact on the balance works out to an increase of 22.4 billion.*

The loan-deposit position of "other sectors" was revised downward by 28.3 billion in 2010 and by 35.2 billion in 2011. The revision to the 2010 data stems from the inclusion of data that were not available when the previous Annual Report *was published. The revision to the 2011 data also stems from the inclusion of data from the new survey on foreign financial assets and liabilities related to non-affiliates.*

3 See note 1 to this box.

2011 and 2012 Balance of payments detailed presentation

Balance of payments – 2011

(EUR millions)

		Credit	Debit	Balance
1.	**CURRENT ACCOUNT**	**774,298**	**809,506**	**-35,209**
1.1.	**Goods**	**424,368**	**500,986**	**-76,620**
1.1.1.	General merchandise	410,979	488,372	-77,393
	Customs data	*428,076*	*502,121*	*-74,044*
	Adjustments	*-17,096*	*-13,747*	*-3,348*
1.1.2.	Goods procured in ports by carriers	2,302	5,137	-2,835
1.1.3.	Goods for processing and repairs on goods	11,085	7,475	3,610
1.2.	**Services**	**169,408**	**137,918**	**31,490**
1.2.1.	Transportation	33,503	36,032	-2,530
1.2.1.1.	*Sea transport*	*10,921*	*12,351*	*-1,426*
1.2.1.2.	*Air transport*	*12,321*	*11,168*	*1,154*
1.2.1.3.	*Other transport*	*10,260*	*12,514*	*-2,256*
1.2.2.	Travel	39,334	32,260	7,075
1.2.3.	Communication services	5,747	3,445	2,306
1.2.4.	Construction services	4,314	2,246	2,067
1.2.5.	Insurance services	2,955	1,394	1,561
1.2.6.	Financial services	5,335	3,267	2,066
1.2.7.	Computer and information services	5,015	5,757	-743
1.2.8.	Royalties and license fees	11,605	7,932	3,675
1.2.9.	Other business services	57,200	41,850	15,351
1.2.9.1.	*Merchanting*	*13,067*	–	*13,067*
1.2.9.2.	*Other trade-related services*	*3,353*	*4,680*	*-1,327*
1.2.9.3.	*Operational leasing services*	*1,124*	*2,466*	*-1,340*
1.2.9.4.	*Miscellaneous business services*	*39,657*	*34,705*	*4,951*
1.2.10.	Personal, cultural and recreational services	3,610	3,162	445
1.2.10.1.	*Audio-visual and related services*	*1,658*	*1,559*	*99*
1.2.10.2.	*Other personal services*	*1,951*	*1,604*	*347*
1.2.11.	Government services	789	568	221
1.3.	**Income**	**156,285**	**111,180**	**45,103**
1.3.1.	Compensation of employees	15,523	855	14,669
1.3.2.	Investment income	140,762	110,328	30,436
1.3.2.1.	*Direct investment*	*53,652*	*14,916*	*38,736*
1.3.2.2.	*Portfolio investment*	*67,555*	*76,572*	*-9,015*
1.3.2.3.	*Other investment*	*19,558*	*18,838*	*720*
1.4.	**Current transfers**	**24,235**	**59,423**	**-35,188**
1.4.1.	General government	14,304	31,746	-17,441
1.4.2.	Other sectors	9,932	27,677	-17,745
1.4.2.1.	*Workers' remittances*	*694*	*8,292*	*-7,604*
1.4.2.2.	*Other transfers*	*9,239*	*19,379*	*-10,140*
2.	**CAPITAL ACCOUNT**	**1,379**	**1,347**	**32**
2.1.	Capital transfers	1,373	1,333	42
2.2.	Purchases of non-financial assets (patents)	3	12	-8
3.	**FINANCIAL ACCOUNT**			**53,591**
3.1.	**Direct investment**			**-15,111**
3.1.1.	**Abroad**			**-34,888**
3.1.1.1.	*Equity capital*	*66,271*	*88,872*	*-22,601*
3.1.1.2.	*Reinvested earnings*			*-5,808*
3.1.1.3.	*Other capital*			*-6,482*
3.1.2.	**In France**			**19,777**
3.1.2.1.	*Equity capital*	*50,786*	*30,024*	*20,759*
3.1.2.2.	*Reinvested earnings*			*-540*
3.1.2.3.	*Other capital*			*-448*

Balance of payments – 2011 (continued)

(EUR millions)

		Balance
3.2.	**Portfolio investment**	**228,548**
3.2.1.	**Assets (residents' transactions in securities issued by non-residents)**	**166,634**
3.2.1.1.	Equity securities and mutual fund shares/units	39,284
	Banque de France	*0*
	General government	*2,484*
	Monetary financial institutions	*22,674*
	Other sectors	*14,126*
3.2.1.2.	Bonds and notes	87,246
	Banque de France	*-21,796*
	General government	*138*
	Monetary financial institutions	*55,864*
	Other sectors	*53,039*
3.2.1.3.	Short-term debt securities	40,105
	Banque de France	*-1,066*
	General government	*2,040*
	Monetary financial institutions	*39,092*
	Other sectors	*34*
3.2.2.	**Liabilities (non-residents' transactions in securities issued by residents)**	**61,913**
3.2.2.1.	Equity securities and mutual fund shares/units	4,970
	Monetary financial institutions	*358*
	Other sectors	*4,613*
3.2.2.2.	Bonds and notes	80,335
	General government	*44,005*
	Monetary financial institutions	*28,189*
	Other sectors	*8,137*
3.2.2.3.	Short-term debt securities	-23,389
	General government	*-4,311*
	Monetary financial institutions	*-22,131*
	Other sectors	*3,054*
3.3.	**Financial derivatives**	**13,936**
	Banque de France	–
	General government	–
	Monetary financial institutions	-5,249
	Other sectors	19,187
3.4.	**Other investment**	**-179,306**
3.4.1.	**Assets**	**-81,561**
3.4.1.1.	Trade credits	2,394
3.4.1.2.	Loans and deposits	-83,333
	Banque de France	*11,607*
	General government	*-9,760*
	Monetary financial institutions	*-56,903*
	Other sectors	*-28,277*
3.4.1.3.	Other assets	-621
	General government	*-384*
3.4.2.	**Liabilities**	**-97,746**
3.4.2.1.	Trade credits	2,940
3.4.2.2.	Loans and deposits	-101,007
	Banque de France	*66,270*
	General government	*3,831*
	Monetary financial institutions	*-173,251*
	Other sectors	*2,142*
3.4.2.3.	Other liabilities	320
3.5.	**Reserve assets**	**5,521**
	Gold	0
	Special Drawing Rights	225
	Reserve position in the IMF	-2,810
	Foreign currencies	8,103
	Claims on the ECB	0
4.	**NET ERRORS AND OMISSIONS**	**-18,414**

Note: Direct investment recorded according to the extended directional principle. Rounding differences mean that aggregate totals and balances may not be exactly equal to the sum of their components.

Balance of payments – 2012

(EUR millions)

		Credit	Debit	Balance
1.	**CURRENT ACCOUNT**	**773,579**	**818,004**	**-44,423**
1.1.	**Goods**	**437,827**	**508,405**	**-70,581**
1.1.1.	General merchandise	423,642	494,798	-71,155
	Customs data	*441,585*	*509,083*	*-67,497*
	Adjustments	*-17,940*	*-14,282*	*-3,656*
1.1.2.	Goods procured in ports by carriers	2,611	5,614	-3,004
1.1.3.	Goods for processing and repairs on goods	11,573	7,993	3,580
1.2.	**Services**	**168,287**	**135,658**	**32,630**
1.2.1.	Transportation	35,190	35,581	-391
1.2.1.1.	*Sea transport*	*12,401*	*12,183*	*217*
1.2.1.2.	*Air transport*	*12,337*	*11,505*	*834*
1.2.1.3.	*Other transport*	*10,454*	*11,895*	*-1,444*
1.2.2.	Travel	41,680	30,405	11,275
1.2.3.	Communication services	5,672	3,756	1,921
1.2.4.	Construction services	3,690	1,866	1,827
1.2.5.	Insurance services	2,486	1,148	1,340
1.2.6.	Financial services	5,064	3,508	1,555
1.2.7.	Computer and information services	4,861	6,455	-1,591
1.2.8.	Royalties and license fees	9,638	7,448	2,187
1.2.9.	Other business services	55,488	41,678	13,809
1.2.9.1.	*Merchanting*	*15,028*	*–*	*15,028*
1.2.9.2.	*Other trade-related services*	*3,292*	*4,443*	*-1,152*
1.2.9.3.	*Operational leasing services*	*1,204*	*2,674*	*-1,469*
1.2.9.4.	*Miscellaneous business services*	*35,964*	*34,563*	*1,402*
1.2.10.	Personal, cultural and recreational services	3,876	3,504	371
1.2.10.1.	*Audio-visual and related services*	*1,847*	*1,754*	*94*
1.2.10.2.	*Other personal services*	*2,029*	*1,753*	*278*
1.2.11.	Government services	638	305	331
1.3.	**Income**	**143,324**	**113,643**	**29,682**
1.3.1.	Compensation of employees	16,337	878	15,458
1.3.2.	Investment income	126,988	112,764	14,224
1.3.2.1.	*Direct investment*	*52,699*	*20,612*	*32,090*
1.3.2.2.	*Portfolio investment*	*57,211*	*75,485*	*-18,274*
1.3.2.3.	*Other investment*	*17,077*	*16,670*	*408*
1.4.	**Current transfers**	**24,141**	**60,297**	**-36,157**
1.4.1.	General government	15,006	32,557	-17,550
1.4.2.	Other sectors	9,132	27,737	-18,607
1.4.2.1.	*Workers' remittances*	*528*	*8,772*	*-8,244*
1.4.2.2.	*Other transfers*	*8,602*	*18,968*	*-10,366*
2.	**CAPITAL ACCOUNT**	**909**	**1,306**	**-398**
2.1.	Capital transfers	886	1,288	-404
2.2.	Purchases of non-financial assets (patents)	23	17	6
3.	**FINANCIAL ACCOUNT**			**74,180**
3.1.	**Direct investment**			**-9,425**
3.1.1.	**Abroad**			**-28,013**
3.1.1.1.	*Equity capital*	*30,461*	*65,235*	*-34,771*
3.1.1.2.	*Reinvested earnings*			*-5,928*
3.1.1.3.	*Other capital*			*12,688*
3.1.2.	**In France**			**18,586**
3.1.2.1.	*Equity capital*	*29,134*	*14,421*	*14,713*
3.1.2.2.	*Reinvested earnings*			*756*
3.1.2.3.	*Other capital*			*3,119*

Balance of payments – 2012 (continued)

(EUR millions)

		Balance
3.2.	**Portfolio investment**	**39,212**
3.2.1.	**Assets (residents' transactions in securities issued by non-residents)**	**6,282**
3.2.1.1.	Equity securities and mutual fund shares/units	-50,113
	Banque de France	*0*
	General government	*-2,733*
	Monetary financial institutions	*-10,905*
	Other sectors	*-36,473*
3.2.1.2.	Bonds and notes	78,757
	Banque de France	*13,345*
	General government	*2,650*
	Monetary financial institutions	*35,755*
	Other sectors	*27,010*
3.2.1.3.	Short-term debt securities	-22,362
	Banque de France	*-83*
	General government	*-382*
	Monetary financial institutions	*-7,810*
	Other sectors	*-14,093*
3.2.2.	**Liabilities (non-residents' transactions in securities issued by residents)**	**32,929**
3.2.2.1.	Equity securities and mutual fund shares/units	27,908
	Monetary financial institutions	*991*
	Other sectors	*26,919*
3.2.2.2.	Bonds and notes	41,725
	General government	*58,544*
	Monetary financial institutions	*-5,839*
	Other sectors	*-10,985*
3.2.2.3.	Short-term debt securities	-36,703
	General government	*-36,781*
	Monetary financial institutions	*-1,959*
	Other sectors	*2,036*
3.3.	**Financial derivatives**	**14,335**
	Banque de France	–
	General government	–
	Monetary financial institutions	7,897
	Other sectors	6,439
3.4.	**Other investment**	**34,085**
3.4.1.	**Assets**	**69,130**
3.4.1.1.	Trade credits	77
3.4.1.2.	Loans and deposits	75,927
	Banque de France	*-3,663*
	General government	*-26,309*
	Monetary financial institutions	*118,811*
	Other sectors	*-12,907*
3.4.1.3.	Other assets	-6,877
	General government	*-6,640*
3.4.2.	**Liabilities**	**-35,044**
3.4.2.1.	Trade credits	1,752
3.4.2.2.	Loans and deposits	-36,736
	Banque de France	*-1,938*
	General government	*27,380*
	Monetary financial institutions	*-54,648*
	Other sectors	*-7,529*
3.4.2.3.	Other liabilities	-60
3.5.	**Reserve assets**	**-4,026**
	Gold	4
	Special Drawing Rights	86
	Reserve position in the IMF	-301
	Foreign currencies	-3,159
	Claims on the ECB	-657
4.	**NET ERRORS AND OMISSIONS**	**-29,359**

Note: Direct investment recorded according to the extended directional principle. Rounding differences mean that aggregate totals and balances may not be exactly equal to the sum of their components.

APPENDICES

APPENDIX I
GLOSSARY

B

Balance of payments

The balance of payments is a statistical document that compiles and organises all economic and financial transactions of a country (or a monetary area) with the rest of the world over a given period.

The balance of payments is a key element of national statistics. Several components of the balance of payments contribute to the compilation of national aggregates: exports and imports are used to determine the GDP, the current account is used to determine the national income and changes in France's international assets and liabilities are derived from the financial account, for example. The balance of payments is compiled from the point of view of resident sectors, whereas the "rest of the world" section of national accounts statistics is presented from the viewpoint of non-residents.

As part of the implementation of the European "package" adopted by the European Union Council on 8 November 2011 with the aim of enhancing economic governance within the European Union, the European Commission drew up a Macroeconomic Imbalances Procedure scoreboard made up of 11 main indicators, including the current account balance, the international investment position and changes in export market shares. Additional scoreboard indicators include net external debt.

The balance of payments is presented according to double-entry accounting rules. Therefore, it is always in balance, since each financial or non-financial transaction with a non-resident must be matched by a change in assets or liabilities vis-à-vis non-residents.

In accordance with Article L141-6 of the French *Monetary and Financial Code*, the Banque de France is responsible for compiling the balance of payments and the international investment position. It also contributes to the compilation of the euro area balance of payments and international investment position. The Banque de France has the power to require from all economic and financial agents to submit any documents and information that it needs to perform this task. In operational terms, the Balance of Payments Directorate and the Surveys and Sectoral Statistics Directorate of the Banque de France's Directorate General Statistics compile the balance of payments.

A simplified balance of payments is compiled on a monthly basis. More detailed revised data, and the international investment position data, are published once a quarter. The balance of payments and the international investment position are revised over the last three years when the *Annual Report* is published.

Book value

See Value.

C

Capital account

The capital account records capital transfers, meaning transactions that result in a transfer of ownership on fixed assets or in a cancellation of liabilities by creditors without any counterparts being received in return (debt forgiveness, write-offs, investment grants, etc.) and purchases and sales of non-produced, non-financial assets (patents, trademarks, copyrights, etc.).

Capital transfers – debt forgiveness

Debt forgiveness granted by the French government to a foreign country is a transfer to a non-resident agent. Accordingly, it is recorded as a debit to the capital account.

Capital transfers – other transfers

"Other transfers" cover investment grants received from or paid to foreign countries as part of development aid, along with transfers of migrants' personal and real property when their residence status changes. Transfers made to the French general government sector come mainly from European institutions (European Regional Development Fund – ERDF and European Agricultural Fund for Rural Development – EARDF).

Changes in the international investment position

Changes in the international investment position between two dates are due to balance of payments flows, variations in exchange rates, variations in prices and other variations (including reclassification of assets and liabilities, changes in methodology, and statistical discrepancies between two reporting dates).

CIF (cost, insurance, freight)

Customs measure imports including cost, insurance, and freight (CIF), since their value is observed at the border. Statistical processing ascribes cost, insurance and freight expenditures to services in order to obtain free-on-board (FOB) imports, which is the balance of payments reference figure.

Compensation of employees

Compensation of employees includes salaries, wages and compensation paid by non-resident employers to their resident employees (cross-border workers, seasonal workers and short-term employees) and vice-versa.

Current account

The current account records flows of goods, services, income and current transfers between France and the rest of the world.

Current transfers

Current transfers are the accounting counterpart to goods, services and capital exported or imported for free, that is to say without any apparent or measurable counterpart. They are broken down by sector.

Current transfers – other transfers

"Other transfers" cover a wide variety of transactions, such as humanitarian grants and donations to individuals and legal entities, subsidies and grants, severance payments, guarantees and compensation for damages, literary, artistic and scientific prizes, etc.

D

Direct investment

Direct investment cover investors' transactions to acquire or dispose of a lasting interest in an enterprise and to increase or dispose of influence over its management. Therefore, the notion of direct investment is broader than that of control.

By convention, a direct investment relationship exists when an individual or a legal entity (the direct investor) holds at least 10% of the voting rights or, failing that, 10% of the equity capital in a "direct investment enterprise".

Direct investment creates relationships between fellow enterprises, meaning:

• a "direct investor" (parent company) and one or more direct investment enterprises, which may be branches, subsidiaries or other affiliated enterprises;

• mutually "invested" firms (fellow enterprises) that hold reciprocal direct investment stakes in each other.

E

Errors and omissions

The "errors and omissions" item is a balancing item that exists because, in contrast to the requirements of a genuine double-entry accounting system, debits and credits in the balance of payments are not recorded simultaneously for each transaction. Instead they are taken from reports and surveys using different sources. The errors and omissions item records statistical discrepancies arising from uncertainty about the coverage of certain data collections, time lags, methodological differences, etc. By construction, the errors and omissions item is equal, but of opposite sign, to the sum of the financial account balance, the capital account balance and the current account balance. In the medium term, errors and omissions tend to cancel each other out.

Extended directional principle *(direct investment – other transactions – intercompany loans)*

Under this principle, loans between fellow enterprises belonging to the same international group must no longer be classified according to the direction of the loan, but according to the parent company's country of residence. This method, which offsets cross-border loan flows and stocks within an international group, leads to a substantial reduction in the overall volume of outward and inward direct investment flows and stocks compared to the data compiled according to the conventional methodology defined in the 5th edition of the IMF *Balance of Payments and International Investment Position Manual*. It makes the direct investment aggregates, in both flows and stocks, more meaningful.[1]

F

Financial derivatives

This item records premiums on options and futures bought and sold by resident banks and other sectors, margin calls, adjustment payments and interest payments on interestrate and currency swaps. Stocks of financial derivatives are recorded at market value.

FOB (free on board)

The balance of payments methodology calls for trade in goods to be measured free on board (FOB), which means without cost, insurance and freight (CIF). This expenditure is recorded in the transportation services item.

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1 See Nivat and Terrien (2010): "French outward and inward foreign direct investment in 2009 - New presentation", Quarterly Selection of Articles No. 20, Winter 2010 -2011

France

For the purposes of the balance of payments, France includes the departements in metropolitan France, the Principality of Monaco, the overseas departements (Guadeloupe, French Guyana, Martinique, La Réunion, Mayotte), and the overseas communities of Saint-Barthélemy, Saint-Martin and Saint-Pierre-et-Miquelon.[2] All other countries, territories and institutions, including the European Central Bank, are regarded as non-residents.

G

General government

The general government sector includes all the institutional units whose principal function is the production of nonmarket services or the redistribution of national income and wealth. General government units derive most of their resources from taxes and compulsory transfers. The general government sector is made up of central government, various central government entities (such as universities, regional health agencies, or the meteorological office), local government and other local administrative entities, along with social security administrations (such as public health institutions and social security organisations).

General government transfers

General government transfers include:

- payments made as part of international development aid;

- France's contributions to cover the spending of international organisations;

- receipts and payments from and to foreign general government sectors under the terms of tax agreements;

- social security payments to non-resident workers and former workers and their heirs;

- transactions with European organisations, excluding assistance to France from the European Regional Development Fund (ERDF) and the European Agricultural Fund for Rural Development (EAFRD), which are recorded as capital transfers, in accordance with international methodology.

*2 The other overseas communities (French Polynesia, Wallis and Futuna and New Caledonia) are not legally members of the European Union or the euro area. The two largest, French Polynesia and New Caledonia, have their own individual balances of payments compiled by the overseas banknote issuing institution (*Institut d'émission d'outre-mer*).*

Goods

Trade in goods is evaluated on the basis of the FOB-FOB foreign trade statistics from the Directorate General of Customs and Excise, to which are added transactions relating to goods procured in ports by carriers and goods for processing and repairs. Trade in goods is the main component of the current account.

Goods for processing and repair

This item is an exception to the change-of-ownership principle and records payments concerning:

- processing activities, such as oil refining and metal and textile processing;

- charges for repairs on goods sent for that purpose.

Goods procured in ports by carriers

This item covers purchases of goods, such as fuel, stores and provisions by resident carriers in foreign ports and airports and by non-resident carriers in France. It does not cover related services, such as towing and warehousing, which are recorded as transportation services.

I

Income

Income refers to the flows received by economic agents for their participation in the production process ("compensation of employees") or for the provision of financial assets ("investment income").

Intercompany loans

"Other capital" items records short and long-term loans, advances and deposit transactions between fellow companies, with the exception of trade credits and of loans and deposits between resident banks and their foreign correspondents, which are classified as "other investment".

Interest

Interest is property income received by owners of certain financial assets (deposits, securities other than equities, credits and other receivables). Interest is recorded on an accrual basis.

International investment position

France's international investment position presents all residents' assets and liabilities vis-à-vis non-residents on a given date. Claims or assets are shown with a positive sign and debts or liabilities are shown with a negative sign. The international investment position thus gives an indication of the amount and structure of residents' financial wealth in terms of foreign assets and of non-residents in terms of French assets. Securities are recorded at market value for the purposes of the international investment position. However, equities and other securities owned or issued for direct investment transactions are valued on a different basis in the corporate balance sheet. Therefore, the direct investment position is by nature estimated for unlisted companies. See also *changes in the international investment position*.

Investment income

Investment income corresponds to receipts or payments relating to external financial assets and liabilities. They are broken down by the nature of the related financial transaction: direct investment income, portfolio investment income and other investment income. Investment income is a component of the current account.

L

Long-term

For the purposes of balance of payment statistics, long-term refers to initial maturities of more than one year.

M

Market value

See Value.

Merchanting

Net transactions related either to purchases of foreign merchandises that are not imported into France's customs territory and resold to non-residents, or to purchases and sales to non-residents of French merchandises staying within France's customs territory (change of ownership), are recorded as merchanting. In the first case, these are conventional transactions relating to commodities and semi-finished agricultural goods or oil products. The second case generally relates to intragroup transactions. Merchanting activities are recorded as trade in services in the current account.

Methodology

Balance of payments and international investment position statistics are critical for understanding the macroeconomic situation of a country. At its inception, the International Monetary Fund was given the task of defining a methodology to be used by all of its Member States. This methodology is described in the *Balance of Payments and International Investment Position Manual*, which is periodically updated to ensure that the methodology incorporates structural changes in international transactions. The Banque de France applies the most advanced version of the Manual (5th edition) and is preparing for the implementation of the 6th edition, as part of a coordinated European framework in 2014.

Monetary authorities

France's monetary authorities correspond to the Banque de France.

Monetary financial institutions (MFIs)

The monetary financial institution (MFI) sector, excluding the central bank, covers resident credit institutions (banks, mutual and cooperative banks, etc.), as defined in European legislation, and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account, to grant credits and/or make investments in securities. The Caisse des dépôts et consignations, money market funds and the Caisse nationale d'épargne are thus part of the MFI sector. Payment institutions are not part of this sector.

N

Non-produced non-financial assets

This term refers to purchases and sales of intangible assets, such as patents, copyrights or trademarks.

O

Other investment (loans and deposits)

"Other investment" includes all transactions in financial assets and liabilities with non-residents that do not concern direct investment, portfolio investment, financial derivatives or reserve assets. In practice, this mainly concerns bank deposits and interbank lending, as well as loans and deposits made by insurance companies and all kinds of investment companies and funds.

Other sectors

"Other sectors" records transactions by economic agents that are not monetary authorities, general government nor monetary financial institutions. This sector covers industrial and commercial corporations, insurance companies, non-monetary financial institutions (such as investment companies and non-money market funds), households and unincorporated enterprises and non-profit institutions serving households (associations, foundations...).

P

Portfolio investment

Portfolio investment covers all transactions in negotiable securities, such as bonds, equities, certificates of deposit and commercial paper, between residents and non-residents, including purchases of new issues, trading and redemptions, other than transactions included in direct investment, reserve assets, financial derivative futures or repurchase transactions. Unsecured loans of securities that do not generate any movements of money are not recorded in the balance of payments.

R

Reinvested earnings

Reinvested earnings are the undistributed and entered in the reserve share of current operating income from subsidiaries and equity interests attributable to the direct investor. In accounting terms, reinvested earnings are the share of current net income from direct investment enterprises attributable to the parent company for an accounting period, minus dividends paid to the parent company for the same period.

Since no data on reinvested earnings are available during the reference year, the preliminary figures are statistical estimates.

Reserve assets

Reserve assets are those external assets that are immediately available to and controlled by monetary authorities. Since the creation of the euro area, France's balance of payments records only transactions in the foreign exchange reserves that have not been transferred to the European Central Bank and are still managed by the Banque de France. Furthermore, under the common methodology used by the Member States of the Economic and Monetary Union, only claims on non-residents outside of the euro area are recorded. Reserve assets are made up of gross assets in monetary gold and foreign currencies, including securities issued by non-residents, special drawing rights (SDRs) and France's net position towards the IMF.

Sectors (resident economic)

The amounts recorded in the balance of payments for current transfers, portfolio investment and other investment are classified according to the institutional sector of the resident party to the transaction. The institutional sectors are (see the definition of each sector):

- monetary authorities;
- general government;
- monetary financial institutions;
- "other sectors".

Residents/non-residents

- Residents are:
  – natural persons having their predominant centre of interest in France, regardless of their nationality, except for foreign civil servants and military personnel assigned to France, who remain non-residents;
  – civil servants and other French government employees posted to other countries or seconded to international organisations or other non-resident employers;
  – French and foreign legal entities, for their establishments in France, except foreign diplomatic missions and international organisations based in France, when there is a real economic activity carried out in France by autonomous production units, regardless of their legal form (subsidiary, branch, agency, office, etc.).

- Non-residents are:
  – foreign and French individuals who live abroad, meaning who are actually located abroad, with the exception of French diplomatic missions and French civil servants posted abroad;
  – foreign and French legal entities, for their establishments abroad, when they have a real economic activity performed abroad by autonomous production units, regardless of their legal form.

S

Securities position

The securities position records stocks of foreign securities held by residents (assets) and stocks of French securities held by non-residents (liabilities) at market value (including accrued interest for fixed-income securities).

Services

Services constitute the second main component of the current account. Unlike goods, where production and marketing are clearly separate activities, trade in services is closely linked to their production. This trade is measured using periodic reports filed by certain companies and financial intermediaries that do a lot of international business, supplemented with surveys of other service providers. Trade in services also covers transportation and travel.

Short-term

For the purposes of balance of payments statistics, short-term refers to initial maturities of less than one year.

Sign conventions

Traditionally, the balance of payments is presented from the point of view of the Nation, unlike in the national accounts, where transactions between France and the rest of the world are presented from the point of view of the "rest of the world" agent.

By convention, a positive number (credit) corresponds to an export or a receipt in real transactions, i.e. trade in goods and services and income payments. A negative number (debit) represents an import or a payment. Generally speaking, a positive number corresponds to an inflow of capital and a negative number corresponds to an outflow of capital. In the financial account, a positive number represents a decrease in assets or an increase in liabilities, whereas a negative number represents an increase in assets or a decrease in liabilities. This means that a negative number for reserve assets signifies an increase in reserves. By construction, the sum of transactions with a positive sign is equal to the sum of transactions with a negative sign, notwithstanding errors and omissions.

T

Trade credits

Trade credits arise from credits granted by resident enterprises to non-resident customers (assets) or credits granted by non-residents to resident customers (liabilities), regardless of their maturity. This item also covers advances. Trade credits are recorded under "other investment".

Transportation

This item records transactions reported for goods and passenger transport, along with the related expenses, except for fuel (see goods), and the shipping expenses included in trade in goods. Transportation receipts and payments related to international travel are not recorded under the "travel" item, but under transportation services instead. On the other hand, domestic transport used by non-residents and domestic transport used by residents in a foreign country are recorded under the travel item.

Travel

The "travel" item records natural persons' expenditure when travelling abroad.

• Travel receipts record expenses in France by non-resident individuals staying less than one year in France, along with spending for personal services (healthcare, tuition, etc.) purchased from residents.

• Travel payments record similar spending by residents abroad.

Transportation receipts and payments for international travel are not recorded under the "travel" item, but under transportation services instead. On the other hand, travel does include domestic transport used by non-residents and domestic transport used by residents abroad.

V

Value

• Book value: the book value of direct investment stocks is the value that enterprises report in their balance sheet. The estimated 2012 figures in this *Annual Report* are derived from the latest available accounting data, combined with the balance of payments flows related to direct investment. Investment amounts are calculated by multiplying the direct investor's stake in the direct investment enterprise by the value of the company's equity. This amount is then used to compile the final figures, which are in principle published 18 months after the reporting date.

• Market value: the market value estimation of outward and inward direct investment stocks apply to equity capital only and is determined jointly with national accounts staff.

W

Workers' remittances

The workers' remittances item records amounts that resident workers transfer abroad and *vice versa*; such transfers are generally made by residents of foreign origin to their countries or origin or by non-residents of French origin or French nationality to France. Workers' remittances are recorded under "current transfers".

Appendix II
DEFINITION OF GEOGRAPHICAL ZONES

European Union member countries (at 31 December 2012)

Austria*
Belgium*
Bulgaria
Czech Republic
Cyprus*
Denmark
Estonia*
Finland*
France*
Germany*
Greece*
Hungary
Ireland*
Italy*
Latvia
Lithuania
Luxembourg*
Malta*
Netherlands*
Poland
Portugal*
Romania
Slovakia*
Slovenia*
Spain*
Sweden
United Kingdom

The European Union includes the countries listed above, along with the European Union institutions (European Investment Bank, European Development Fund and other European Community institutions).

As of 31 December 2012, the Economic and Monetary Union had 17 member countries (denoted by*), along with the European Central Bank and the European Stability Mechanism.

The geographical zones are defined in the standard lists drawn up by Eurostat.

Other industrialised countries

Australia
Canada
Iceland
Japan
Norway
New Zealand
Switzerland
United States

Offshore financial centres

American Virgin Islands
Andorra
Anguilla
Antigua-and-Barbuda
Aruba*
Bahamas
Bahrain
Barbados
Belize
Bermuda
British Virgin Islands
Cayman Islands
Cook Islands
Curacao*
Dominica
Gibraltar
Grenada
Guernsey
Hong Kong
Isle of Man
Jamaica**
Jersey
Lebanon
Liberia
Liechtenstein
Maldives**
Marshall Islands
Mauritius*
Montserrat
Nauru
Netherlands Antilles**
Niue
Panama
Philippines
Saint-Kitts-and-Nevis
Saint-Lucia
Saint-Vincent-and-the-Grenadines
Samoa
Seychelles*
Singapore
Saint-Martin*
Turks and Caicos Islands
Vanuatu

* Newly included centres in 2011
** Centres no longer included in 2010

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where you will also find supplementary statistical tables.

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Interactive links

1.1 Goods

(EUR billions)

	2010			2011			2012		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
Goods	**391.9**	**445.4**	**-53.5**	**424.4**	**501.0**	**-76.6**	**437.8**	**508.4**	**-70.6**
Merchandise	377.9	433.1	-55.2	411.0	488.4	-77.4	423.6	494.8	-71.2
Customs data	*394.8*	*447.2*	*-52.3*	*428.1*	*502.1*	*-74.0*	*441.6*	*509.1*	*-67.5*
Adjustments	*-17.0*	*-14.1*	*-2.9*	*-17.1*	*-13.7*	*-3.3*	*-17.9*	*-14.3*	*-3.7*
Goods for processing	8.5	6.4	2.1	7.1	5.1	2.0	7.5	6.2	1.3
Repairs on goods	3.7	2.1	1.6	4.0	2.4	1.7	4.1	1.8	2.3
Goods procured in ports by carriers	1.8	3.8	-2.0	2.3	5.1	-2.8	2.6	5.6	-3.0

Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.

1.2 Geographical structure of trade in goods

(EUR billions)

	Exports		Imports		Balance	
	Amount in 2012	Change 2012/2011 (%)	Amount in 2012	Change 2012/2011 (%)	Amount in 2012	Change 2012/2011 (EUR billions)
Euro area (17 members)	202.9	-0.2	245.3	1.8	-42.4	-4.6
of which: Germany	*71.7*	*2.4*	*89.8*	*3.2*	*-18.0*	*-1.1*
Italy	*32.0*	*-6.2*	*37.0*	*-0.3*	*-4.9*	*-2.0*
Spain	*29.3*	*-3.9*	*31.0*	*2.0*	*-1.7*	*-1.8*
United Kingdom	29.3	5.2	22.9	3.2	6.3	0.7
New EU Member States[a)]	21.2	0.8	27.1	-0.8	-5.9	0.4
Americas	41.9	12.5	46.4	9.6	-4.5	0.6
of which: United States	*26.5*	*13.4*	*33.0*	*12.6*	*-6.5*	*-0.6*
Asia	66.2	10.6	90.5	0.8	-24.2	5.7
of which: Japan	*7.4*	*13.1*	*9.2*	*-3.9*	*-1.8*	*1.2*
China and Hong Kong	*21.0*	*17.7*	*42.1*	*0.8*	*-21.1*	*2.8*
Middle East	*13.6*	*-5.7*	*10.9*	*-5.7*	*2.7*	*-0.2*

a) Countries that joined the European Union since 2004.
Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.
Source: DG of Customs and Excise, estimated data.
Calculations: Banque de France.

Balance of payments – 2011

(EUR millions)

		Credit	Debit	Balance
1.	**CURRENT ACCOUNT**	**774,298**	**809,506**	**-35,209**
1.1.	**Goods**	**424,368**	**500,986**	**-76,620**
1.1.1.	General merchandise	410,979	488,372	-77,393
	Customs data	*428,076*	*502,121*	*-74,044*
	Adjustments	*-17,096*	*-13,747*	*-3,348*
1.1.2.	Goods procured in ports by carriers	2,302	5,137	-2,835
1.1.3.	Goods for processing and repairs on goods	11,085	7,475	3,610
1.2.	**Services**	**169,408**	**137,918**	**31,490**
1.2.1.	Transportation	33,503	36,032	-2,530
1.2.1.1.	*Sea transport*	*10,921*	*12,351*	*-1,426*
1.2.1.2.	*Air transport*	*12,321*	*11,168*	*1,154*
1.2.1.3.	*Other transport*	*10,260*	*12,514*	*-2,256*
1.2.2.	Travel	39,334	32,260	7,075
1.2.3.	Communication services	5,747	3,445	2,306
1.2.4.	Construction services	4,314	2,246	2,067
1.2.5.	Insurance services	2,955	1,394	1,561
1.2.6.	Financial services	5,335	3,267	2,066
1.2.7.	Computer and information services	5,015	5,757	-743
1.2.8.	Royalties and license fees	11,605	7,932	3,675
1.2.9.	Other business services	57,200	41,850	15,351
1.2.9.1.	*Merchanting*	*13,067*	*–*	*13,067*
1.2.9.2.	*Other trade-related services*	*3,353*	*4,680*	*-1,327*
1.2.9.3.	*Operational leasing services*	*1,124*	*2,466*	*-1,340*
1.2.9.4.	*Miscellaneous business services*	*39,657*	*34,705*	*4,951*
1.2.10.	Personal, cultural and recreational services	3,610	3,162	445
1.2.10.1.	*Audio-visual and related services*	*1,658*	*1,559*	*99*
1.2.10.2.	*Other personal services*	*1,951*	*1,604*	*347*
1.2.11.	Government services	789	568	221
1.3.	**Income**	**156,285**	**111,180**	**45,103**
1.3.1.	Compensation of employees	15,523	855	14,669
1.3.2.	Investment income	140,762	110,328	30,436
1.3.2.1.	*Direct investment*	*53,652*	*14,916*	*38,736*
1.3.2.2.	*Portfolio investment*	*67,555*	*76,572*	*-9,015*
1.3.2.3.	*Other investment*	*19,558*	*18,838*	*720*
1.4.	**Current transfers**	**24,235**	**59,423**	**-35,188**
1.4.1.	General government	14,304	31,746	-17,441
1.4.2.	Other sectors	9,932	27,677	-17,745
1.4.2.1.	*Workers' remittances*	*694*	*8,292*	*-7,604*
1.4.2.2.	*Other transfers*	*9,239*	*19,379*	*-10,140*
2.	**CAPITAL ACCOUNT**	**1,379**	**1,347**	**32**
2.1.	Capital transfers	1,373	1,333	42
2.2.	Purchases of non-financial assets (patents)	3	12	-8
3.	**FINANCIAL ACCOUNT**			**53,591**
3.1.	**Direct investment**			**-15,111**
3.1.1.	**Abroad**			**-34,888**
3.1.1.1.	*Equity capital*	*66,271*	*88,872*	*-22,601*
3.1.1.2.	*Reinvested earnings*			*-5,808*
3.1.1.3.	*Other capital*			*-6,482*
3.1.2.	**In France**			**19,777**
3.1.2.1.	*Equity capital*	*50,786*	*30,024*	*20,759*
3.1.2.2.	*Reinvested earnings*			*-540*
3.1.2.3.	*Other capital*			*-448*

Balance of payments – 2011 (continued)

(EUR millions)

		Balance
3.2.	**Portfolio investment**	**228,548**
3.2.1.	**Assets (residents' transactions in securities issued by non-residents)**	**166,634**
3.2.1.1.	Equity securities and mutual fund shares/units	39,284
	Banque de France	*0*
	General government	*2,484*
	Monetary financial institutions	*22,674*
	Other sectors	*14,126*
3.2.1.2.	Bonds and notes	87,246
	Banque de France	*-21,796*
	General government	*138*
	Monetary financial institutions	*55,864*
	Other sectors	*53,039*
3.2.1.3.	Short-term debt securities	40,105
	Banque de France	*-1,066*
	General government	*2,040*
	Monetary financial institutions	*39,092*
	Other sectors	*34*
3.2.2.	**Liabilities (non-residents' transactions in securities issued by residents)**	**61,913**
3.2.2.1.	Equity securities and mutual fund shares/units	4,970
	Monetary financial institutions	*358*
	Other sectors	*4,613*
3.2.2.2.	Bonds and notes	80,335
	General government	*44,005*
	Monetary financial institutions	*28,189*
	Other sectors	*8,137*
3.2.2.3.	Short-term debt securities	-23,389
	General government	*-4,311*
	Monetary financial institutions	*-22,131*
	Other sectors	*3,054*
3.3.	**Financial derivatives**	**13,936**
	Banque de France	–
	General government	–
	Monetary financial institutions	-5,249
	Other sectors	19,187
3.4.	**Other investment**	**-179,306**
3.4.1.	**Assets**	**-81,561**
3.4.1.1.	Trade credits	2,394
3.4.1.2.	Loans and deposits	-83,333
	Banque de France	*11,607*
	General government	*-9,760*
	Monetary financial institutions	*-56,903*
	Other sectors	*-28,277*
3.4.1.3.	Other assets	-621
	General government	*-384*
3.4.2.	**Liabilities**	**-97,746**
3.4.2.1.	Trade credits	2,940
3.4.2.2.	Loans and deposits	-101,007
	Banque de France	*66,270*
	General government	*3,831*
	Monetary financial institutions	*-173,251*
	Other sectors	*2,142*
3.4.2.3.	Other liabilities	320
3.5.	**Reserve assets**	**5,521**
	Gold	0
	Special Drawing Rights	225
	Reserve position in the IMF	-2,810
	Foreign currencies	8,103
	Claims on the ECB	0
4.	**NET ERRORS AND OMISSIONS**	**-18,414**

Note: Direct investment recorded according to the extended directional principle. Rounding differences mean that aggregate totals and balances may not be exactly equal to the sum of their components.

Balance of payments – 2012

(EUR millions)

		Credit	Debit	Balance
1.	**CURRENT ACCOUNT**	**773,579**	**818,004**	**-44,423**
1.1.	**Goods**	**437,827**	**508,405**	**-70,581**
1.1.1.	General merchandise	423,642	494,798	-71,155
	Customs data	*441,585*	*509,083*	*-67,497*
	Adjustments	*-17,940*	*-14,282*	*-3,656*
1.1.2.	Goods procured in ports by carriers	2,611	5,614	-3,004
1.1.3.	Goods for processing and repairs on goods	11,573	7,993	3,580
1.2.	**Services**	**168,287**	**135,658**	**32,630**
1.2.1.	Transportation	35,190	35,581	-391
1.2.1.1.	*Sea transport*	*12,401*	*12,183*	*217*
1.2.1.2.	*Air transport*	*12,337*	*11,505*	*834*
1.2.1.3.	*Other transport*	*10,454*	*11,895*	*-1,444*
1.2.2.	Travel	41,680	30,405	11,275
1.2.3.	Communication services	5,672	3,756	1,921
1.2.4.	Construction services	3,690	1,866	1,827
1.2.5.	Insurance services	2,486	1,148	1,340
1.2.6.	Financial services	5,064	3,508	1,555
1.2.7.	Computer and information services	4,861	6,455	-1,591
1.2.8.	Royalties and license fees	9,638	7,448	2,187
1.2.9.	Other business services	55,488	41,678	13,809
1.2.9.1.	*Merchanting*	*15,028*	*–*	*15,028*
1.2.9.2.	*Other trade-related services*	*3,292*	*4,443*	*-1,152*
1.2.9.3.	*Operational leasing services*	*1,204*	*2,674*	*-1,469*
1.2.9.4.	*Miscellaneous business services*	*35,964*	*34,563*	*1,402*
1.2.10.	Personal, cultural and recreational services	3,876	3,504	371
1.2.10.1.	*Audio-visual and related services*	*1,847*	*1,754*	*94*
1.2.10.2.	*Other personal services*	*2,029*	*1,753*	*278*
1.2.11.	Government services	638	305	331
1.3.	**Income**	**143,324**	**113,643**	**29,682**
1.3.1.	Compensation of employees	16,337	878	15,458
1.3.2.	Investment income	126,988	112,764	14,224
1.3.2.1.	*Direct investment*	*52,699*	*20,612*	*32,090*
1.3.2.2.	*Portfolio investment*	*57,211*	*75,485*	*-18,274*
1.3.2.3.	*Other investment*	*17,077*	*16,670*	*408*
1.4.	**Current transfers**	**24,141**	**60,297**	**-36,157**
1.4.1.	General government	15,006	32,557	-17,550
1.4.2.	Other sectors	9,132	27,737	-18,607
1.4.2.1.	*Workers' remittances*	*528*	*8,772*	*-8,244*
1.4.2.2.	*Other transfers*	*8,602*	*18,968*	*-10,366*
2.	**CAPITAL ACCOUNT**	**909**	**1,306**	**-398**
2.1.	Capital transfers	886	1,288	-404
2.2.	Purchases of non-financial assets (patents)	23	17	6
3.	**FINANCIAL ACCOUNT**			**74,180**
3.1.	**Direct investment**			**-9,425**
3.1.1.	**Abroad**			**-28,013**
3.1.1.1.	*Equity capital*	*30,461*	*65,235*	*-34,771*
3.1.1.2.	*Reinvested earnings*			*-5,928*
3.1.1.3.	*Other capital*			*12,688*
3.1.2.	**In France**			**18,586**
3.1.2.1.	*Equity capital*	*29,134*	*14,421*	*14,713*
3.1.2.2.	*Reinvested earnings*			*756*
3.1.2.3.	*Other capital*			*3,119*

Balance of payments – 2012 (continued)

(EUR millions)

		Balance
3.2.	**Portfolio investment**	**39,212**
3.2.1.	**Assets (residents' transactions in securities issued by non-residents)**	**6,282**
3.2.1.1.	Equity securities and mutual fund shares/units	-50,113
	Banque de France	*0*
	General government	*-2,733*
	Monetary financial institutions	*-10,905*
	Other sectors	*-36,473*
3.2.1.2.	Bonds and notes	78,757
	Banque de France	*13,345*
	General government	*2,650*
	Monetary financial institutions	*35,755*
	Other sectors	*27,010*
3.2.1.3.	Short-term debt securities	-22,362
	Banque de France	*-83*
	General government	*-382*
	Monetary financial institutions	*-7,810*
	Other sectors	*-14,093*
3.2.2.	**Liabilities (non-residents' transactions in securities issued by residents)**	**32,929**
3.2.2.1.	Equity securities and mutual fund shares/units	27,908
	Monetary financial institutions	*991*
	Other sectors	*26,919*
3.2.2.2.	Bonds and notes	41,725
	General government	*58,544*
	Monetary financial institutions	*-5,839*
	Other sectors	*-10,985*
3.2.2.3.	Short-term debt securities	-36,703
	General government	*-36,781*
	Monetary financial institutions	*-1,959*
	Other sectors	*2,036*
3.3.	**Financial derivatives**	**14,335**
	Banque de France	–
	General government	–
	Monetary financial institutions	7,897
	Other sectors	6,439
3.4.	**Other investment**	**34,085**
3.4.1.	**Assets**	**69,130**
3.4.1.1.	Trade credits	77
3.4.1.2.	Loans and deposits	75,927
	Banque de France	*-3,663*
	General government	*-26,309*
	Monetary financial institutions	*118,811*
	Other sectors	*-12,907*
3.4.1.3.	Other assets	-6,877
	General government	*-6,640*
3.4.2.	**Liabilities**	**-35,044**
3.4.2.1.	Trade credits	1,752
3.4.2.2.	Loans and deposits	-36,736
	Banque de France	*-1,938*
	General government	*27,380*
	Monetary financial institutions	*-54,648*
	Other sectors	*-7,529*
3.4.2.3.	Other liabilities	-60
3.5.	**Reserve assets**	**-4,026**
	Gold	4
	Special Drawing Rights	86
	Reserve position in the IMF	-301
	Foreign currencies	-3,159
	Claims on the ECB	-657
4.	**NET ERRORS AND OMISSIONS**	**-29,359**

Note: Direct investment recorded according to the extended directional principle. Rounding differences mean that aggregate totals and balances may not be exactly equal to the sum of their components.

1.3 Transportation

(EUR billions)

	2010			2011			2012		
	Receipt	**Payments**	**Balance**	**Receipt**	**Payments**	**Balance**	**Receipt**	**Payments**	**Balance**
Sea transport	**10.9**	**11.1**	**-0.2**	**10.9**	**12.4**	**-1.4**	**12.4**	**12.2**	**0.2**
Freight	10.1	7.7	2.4	10.2	8.7	1.5	11.8	8.1	3.7
of which FOB expenses[a)]	*1.8*	*5.5*	*-3.7*	*2.0*	*6.4*	*-4.5*	*2.0*	*6.0*	*-4.0*
Passengers	0.2	0.0	0.2	0.3	0.0	0.2	0.2	0.0	0.2
Other expenses[b)]	0.6	3.4	-2.8	0.5	3.6	-3.1	0.4	4.1	-3.8
Air transport	**11.8**	**10.6**	**1.1**	**12.3**	**11.2**	**1.2**	**12.3**	**11.5**	**0.8**
Freight	2.1	2.6	-0.5	2.5	2.7	-0.1	2.5	2.6	-0.1
of which FOB expenses[a)]	*1.2*	*1.2*	*0.0*	*1.3*	*1.2*	*0.1*	*1.3*	*1.2*	*0.0*
Passengers	6.7	5.3	1.4	7.0	6.1	1.0	7.2	6.0	1.2
Other expenses[b)]	3.0	2.7	0.3	2.8	2.4	0.3	2.6	2.9	-0.3
Other transport	**9.5**	**11.1**	**-1.6**	**10.3**	**12.5**	**-2.3**	**10.5**	**11.9**	**-1.4**
Space transport	1.2	0.0	1.2	1.1	0.1	1.0	1.3	0.0	1.3
Rail transport	0.9	1.1	-0.1	1.1	1.2	-0.1	1.1	1.2	-0.1
Freight	0.3	0.7	-0.3	0.4	0.8	-0.4	0.4	0.8	-0.5
of which FOB expenses[a)]	*0.0*	*0.1*	*-0.1*	*0.1*	*0.1*	*0.0*	*0.1*	*0.1*	*0.0*
Passengers	0.4	0.4	0.1	0.5	0.3	0.1	0.6	0.4	0.3
Other expenses[b)]	0.1	0.1	0.0	0.2	0.1	0.1	0.2	0.0	0.1
Other transport	7.4	10.0	-2.6	8.1	11.2	-3.1	8.1	10.7	-2.6
of which FOB expenses[a), c)]	*2.2*	*2.5*	*-0.3*	*2.3*	*2.6*	*-0.3*	*2.4*	*2.6*	*-0.1*
Total	**32.2**	**32.8**	**-0.7**	**33.5**	**36.0**	**-2.5**	**35.2**	**35.6**	**-0.4**

a) The FOB expenses correspond to the transportation and insurance services included in CIF (cost, insurance and freight) payments for merchandise. These expenses are subtracted from trade in merchandise and transferred to the relevant service items.
b) Includes payments for chartering vessels, port fees, traffic fees. This item does not include payments for goods procured in ports by carriers, which are included in goods.
c) FOB expenses for road transport.
Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.

1.6 Other services

(EUR billions)

	2010			2011			2012		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
Communication services	5.3	3.5	1.8	5.7	3.4	2.3	5.7	3.8	1.9
Construction services	4.9	3.1	1.8	4.3	2.2	2.1	3.7	1.9	1.8
Insurance services	2.4	2.4	0.0	3.0	1.4	1.6	2.5	1.1	1.3
Financial services	2.2	1.7	0.5	5.3	3.3	2.1	5.1	3.5	1.6
Computer services	3.1	3.0	0.1	5.0	5.8	-0.7	4.9	6.5	-1.6
Royalties and license fees	10.3	7.4	2.9	11.6	7.9	3.7	9.6	7.4	2.2
Other business services	47.9	40.3	7.7	57.2	41.9	15.4	55.5	41.7	13.8
Merchanting	*9.6*	*0.0*	*9.6*	*13.1*	*0.0*	*13.1*	*15.0*	*0.0*	*15.0*
Other trade-related services	*3.7*	*5.5*	*-1.8*	*3.4*	*4.7*	*-1.3*	*3.3*	*4.4*	*-1.2*
Operational leasing	*0.9*	*2.4*	*-1.5*	*1.1*	*2.5*	*-1.3*	*1.2*	*2.7*	*-1.5*
Miscellaneous business services	*33.8*	*32.3*	*1.4*	*39.7*	*34.7*	*5.0*	*36.0*	*34.6*	*1.4*
Personal, cultural and recreational services	3.7	2.8	0.9	3.6	3.2	0.4	3.9	3.5	0.4
Audiovisual services	*1.9*	*1.5*	*0.4*	*1.7*	*1.6*	*0.1*	*1.8*	*1.8*	*0.1*
Other personal, cultural and recreational services	*1.7*	*1.2*	*0.5*	*2.0*	*1.6*	*0.3*	*2.0*	*1.8*	*0.3*
Government services	0.8	0.6	0.2	0.8	0.6	0.2	0.6	0.3	0.3
Total	**80.6**	**64.8**	**15.8**	**96.6**	**69.6**	**26.9**	**91.4**	**69.7**	**21.7**

Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.

1.7 Income

(EUR billions)

	2010			2011			2012		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
Compensation of employees	**13.9**	**1.0**	**12.9**	**15.5**	**0.9**	**14.7**	**16.3**	**0.9**	**15.5**
Investment income	**134.3**	**108.7**	**25.6**	**140.8**	**110.3**	**30.4**	**127.0**	**112.8**	**14.2**
Direct investment income	58.4	22.1	36.2	53.6	14.9	38.7	52.7	20.6	32.1
Dividends	*38.7*	*14.9*	*23.8*	*47.8*	*15.5*	*32.4*	*42.0*	*12.6*	*29.4*
Reinvested earnings	*19.7*	*7.2*	*12.4*	*5.8*	*-0.5*	*6.3*	*5.9*	*0.8*	*5.2*
Interest on intercompany lending	*na*	*na*	*na*	*na*	*na*	*na*	*4.7*	*7.2*	*-2.5*
Portfolio investment income	60.7	69.4	-8.7	67.6	76.6	-9.0	57.2	75.5	-18.3
of which dividends	*4.7*	*13.4*	*-8.7*	*9.4*	*18.6*	*-9.2*	*9.2*	*18.8*	*-9.5*
Other investment income	15.2	17.2	-2.0	19.6	18.8	0.7	17.1	16.7	0.4
Total	**148.2**	**109.7**	**38.5**	**156.3**	**111.2**	**45.1**	**143.3**	**113.7**	**29.7**

Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.

1.8 Geographical structure of income on outward direct investment (receipts) and income on inward direct investment (payments), based on the country of residence of the first counterparty

(EUR billions)

		Receipts					Payments				
		2009	2010	2011	2012[a]	2012 (%)	2009	2010	2011	2012[a]	2012 (%)
European Union (27 members)		**21.6**	**30.2**	**22.0**	**20.6**	**39.1**	**11.9**	**16.3**	**11.2**	**16.4**	**79.7**
Economic and Monetary Union (17 members)		**16.5**	**22.1**	**14.6**	**12.9**	**24.5**	**9.1**	**12.9**	**8.9**	**13.6**	**66.0**
of which:	Germany	3.3	3.9	3.3	2.9	5.6	1.1	2.3	2.0	2.1	10.0
	Belgium	3.6	5.9	4.6	3.8	7.2	2.1	0.6	-1.8	2.7	13.3
	Spain	1.8	2.6	1.7	0.9	1.7	0.4	0.9	0.9	0.8	3.7
	Greece	-0.5	-1.1	-2.6	-2.6	-5.0	0.0	0.0	0.0	0.0	0.0
	Ireland	1.0	0.5	-1.0	-0.5	-1.0	0.1	0.2	0.2	0.2	0.8
	Italy	1.3	1.5	0.5	0.3	0.6	0.4	0.6	0.5	0.5	2.2
	Luxembourg	0.9	1.3	1.2	1.6	2.9	1.3	1.6	1.6	2.3	11.1
	Netherlands	4.6	6.9	6.5	6.3	12.0	3.5	6.6	5.3	4.9	23.6
Other European Union countries		**4.9**	**8.1**	**7.4**	**7.7**	**14.6**	**2.9**	**3.4**	**2.4**	**2.8**	**13.8**
of which:	Poland	1.2	0.7	1.0	1.0	1.9	0.0	0.0	0.0	0.0	0.1
	Czech Republic	0.6	0.9	0.8	0.7	1.2	0.0	0.0	0.0	0.0	0.2
	Romania	0.4	0.3	0.2	0.3	0.5	0.0	0.0	0.0	0.0	0.0
	United Kingdom	2.4	5.6	4.8	5.4	10.2	2.5	3.0	2.0	2.4	11.5
	Sweden	0.2	0.3	0.2	0.2	0.3	0.3	0.3	0.2	0.2	0.8
Other industrialised countries (8)		**10.3**	**13.0**	**14.9**	**15.9**	**30.1**	**4.1**	**4.6**	**3.2**	**3.4**	**16.5**
of which:	Canada	0.5	0.9	0.7	0.6	1.1	0.0	-0.3	-0.4	0.0	0.2
	United States	5.0	7.2	7.1	8.6	16.3	2.5	2.7	1.8	1.6	7.9
	Japan	1.2	0.4	1.4	2.1	4.0	0.2	0.3	0.2	0.2	0.7
	Norway	0.9	1.5	1.5	1.1	2.1	0.0	0.0	0.0	0.0	0.1
	Switzerland	2.2	2.5	3.9	3.2	6.0	1.4	1.8	1.6	1.6	7.5
Rest of the world		**9.8**	**15.1**	**16.7**	**16.2**	**30.8**	**-0.9**	**1.2**	**0.4**	**0.8**	**3.8**
of which:	Brazil	1.6	2.2	2.1	2.0	3.7	0.0	0.0	0.0	0.0	0.0
	China	0.7	1.0	1.4	1.4	2.7	0.0	0.0	0.0	0.0	0.0
	India	0.2	0.3	0.2	0.2	0.4	0.0	0.0	0.0	0.0	0.0
	Indonesia	0.5	0.8	1.0	2.0	3.9	0.0	0.0	0.0	0.0	0.0
	Morocco	0.7	0.8	0.8	0.3	0.6	0.0	0.0	0.0	0.0	0.1
	Russia	-0.1	0.5	0.9	0.9	1.6	0.0	0.0	0.0	0.0	0.0
	Singapore	0.6	0.6	0.9	0.9	1.7	0.0	0.0	0.0	0.0	0.1
	Turkey	0.2	0.3	0.2	0.2	0.4	0.0	0.0	0.0	0.0	0.0
Total		**41.5**	**58.4**	**53.6**	**52.7**	**100.0**	**15.1**	**22.1**	**14.9**	**20.6**	**100.0**

a) Interest data for 2012 are derived from data collected from enterprises, whereas dividends and reinvested earnings are estimated.
See "definition of geographical zones" in Appendix II to the 2012 Annual Report on the French Balance of Payments and International Investment Position.
Notes: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components. Income on direct investment includes dividends and reinvested earnings. In 2012, this income also includes interest on intercompany lending.

2.3 Geographical structure of outward direct investment flows by country of residence of the first counterparty[a)]

(EUR billions)

	2009	2010	2011	2012	2012 (%)
European Union (27 members)	**-47.5**	**-11.6**	**-15.2**	**-14.7**	**52.5**
Economic and Monetary Union (17 members)	**-37.0**	**-10.0**	**-12.6**	**-12.4**	**44.4**
of which : Germany	-1.6	-0.6	4.0	6.2	-22.1
Belgium	-22.9	-6.1	-16.4	-5.5	19.7
Spain	-0.4	-1.7	5.1	2.0	-7.0
Ireland	1.3	-0.9	1.3	0.6	-2.3
Italy	0.0	0.3	-9.1	-3.4	12.0
Luxembourg	-10.1	-1.4	-2.2	-4.9	17.6
Netherlands	-0.7	0.6	3.6	-7.2	25.8
Other European Union countries	**-10.6**	**-1.6**	**-2.6**	**-2.3**	**8.2**
of which : Poland	-1.2	-1.3	0.2	-0.6	2.1
Czech Republic	-1.0	-0.5	0.0	0.4	-1.6
Romania	-0.3	-0.2	-0.1	-0.2	0.7
United Kingdom	-7.7	-2.6	-4.3	-3.3	11.8
Sweden	-1.1	3.0	1.4	1.7	-6.0
Other industrialised countries	**-2.1**	**-9.6**	**-5.7**	**-4.7**	**16.8**
of which : Australia	-0.7	-0.4	3.9	-0.1	0.2
Canada	0.2	0.6	-0.5	-0.1	0.4
United States	-2.1	-3.0	-13.0	-1.3	4.5
Japan	-0.9	1.0	-1.2	-0.6	2.0
Norway	0.3	-0.2	1.6	-0.6	2.3
Switzerland	1.1	-7.4	3.6	-2.0	7.1
Rest of the world	**-14.3**	**-12.8**	**-14.0**	**-8.6**	**30.7**
of which : Angola	0.4	-1.2	-0.7	-0.7	2.5
Bahamas	0.0	0.5	-0.9	0.1	-0.5
Bermuda	0.3	0.1	-0.6	0.0	-0.2
Brazil	-4.6	-3.4	-2.5	-1.9	6.8
China	-1.3	-1.6	-6.5	-1.7	6.1
Egypt	5.5	0.1	-0.1	-0.2	0.7
United Arab Emirates	0.1	0.3	0.7	0.0	0.1
Hong Kong	0.3	-1.2	-0.6	-0.3	1.1
British Virgin Islands	-4.1	0.0	0.0	0.0	0.0
India	-0.5	-0.9	-0.4	-0.3	1.2
Kazakhstan	-4.1	0.3	2.1	-0.1	0.3
Morocco	-1.0	-0.4	-0.2	-0.4	1.6
Nigeria	-0.8	0.5	-0.5	0.3	-1.2
Qatar	-0.8	-0.2	-0.2	-0.2	0.8
Russia	-0.2	-1.7	-4.8	-1.5	5.4
Singapore	0.2	-1.1	-1.1	0.9	-3.1
Turkey	-0.4	-0.2	2.4	-0.1	0.2
Total	**-63.9**	**-34.1**	**-34.9**	**-28.0**	**100.0**

a) After restating intercompany lending according to the extended directional principle.
Note: See "definition of geographical zones" in Appendix II to the 2012 Annual Report on the French Balance of Payments and International Investment Positio*n.*

2.7 **Outward direct investment**

Main deals announced in the press and carried out in 2012, classified by the resident enterprise in alphabetical order[a)]

1. New investments			
Investor group	**Direct investment enterprise (and country of residence when different from the country of residence of the counterparty)**	**Country of residence of first counterparty**	**Comments**
Accor	South American hotel properties of Grupo Posadas (Brazil)	Spain	Acquisition via a Spanish subsidiary of the South American hotel properties of Grupo Posadas.
Arkéma	Suzhou Hipro Polymers Co. Ltd. and Hebei Casda Biomaterials Co. Ltd.	China	Acquisition of two Chinese companies producing specialty polymers.
Atos	Atos International BV	Netherlands	Capital increase of Atos International BV to finance the acquisition of subsidiaries previously owned by Atos IT Solutions and Services GmbH (Germany).
Axa	Axa Life Europe	Ireland	Capital increase of Axa Life Europe to finance its continued development.
Axa	HSBC non-life insurance business	Hong Kong Singapore Mexico	Acquisition of HSBC's non-life insurance business in Hong Kong, Singapore and Mexico.
Ciments Français	Ciments Français Europe	Netherlands	Takeover of the Dutch subsidiary, Ciments Français Europe, and cancellation of its shares.
Compagnie de Saint-Gobain	Certainteed Gypsum & Ceilings USA	United States	Acquisition of Certainteed Gypsum & Ceilings USA.
Crédit Agricole	Agos	Italy	Subscription of Crédit Agricole Consumer Finance to a capital increase of its Italian subsidiary Agos.
Crédit Agricole	Banco Espirito Santo	Portugal	Subscription to a capital increase of Banco Espirito Santo with the proceeds of the disposal of its stake in BES Vida.
Crédit Agricole	Emporiki	Greece	Several recapitalisations of the Greek bank Emporiki, before its sale in early 2013.
Dexia Crédit Local	Dexia Sabadell	Spain	Capital increase of Dexia Sabadell to achieve compliance with the regulatory capital requirements.
Dexia SA (Paris)	Dexia Holdings Inc.	United States	Dexia SA (Paris) recapitalised Dexia Holdings Inc. on behalf of the parent company, Dexia SA (Belgium).
EDF	EDF investissement Groupe	Belgium	The EDF subsidiary C3 subscribed to a capital increase of the group's Belgian holding company.
EDF	Edison	Italy	Capital increases of the Italian holding company Wagram 4 as part of the takeover of the Edison energy group.
French government *(Agence des participations de l'État)*	Dexia SA	Belgium	French government's contribution to the recapitalisation of the Belgian company Dexia SA.
GDF Suez	International Power (United Kingdom)	Belgium	Subscription to a capital increase of Electrabel (Belgium), which acquired 100% of International Power.
L'Oréal	Cadum International SA	Luxembourg	Acquisition of a 100% stake in the Luxembourg company Cadum International SA.
L'Oréal	Urban Decay	United States	Acquisition of the American makeup brand Urban Decay.
Paris Orléans	Rothschild Continuation Holdings AG	Switzerland	Acquisition of by Paris Orléans (Rothschild group) of a larger stake in its Swiss subsidiary Rothschild Continuation Holdings AG.
Roquette Frères	Siddhi Riddhi	India	Roquette Frères, a world leader in the starch industry, acquired three production sites from the Indian company Siddhi Riddhi Gluco Biols Ltd.
Sanofi	SFGD	Luxembourg	Capital increase of the Luxembourg subsidiary SFGD.
Société Générale	Banco SG Brasil	Brazil	Subscription to the capital increase of the Brazilian subsidiary.
Société Générale	Geniki	Greece	Capital advance to the Greek bank Geniki, which was sold to Piraeus Bank at the end of the year.
Sofiprotéol	Lesieur Cristal	Morocco	Oleosud, belonging to the Sofiprotéol group, acquired a 41% stake in the listed Moroccan company Lesieur Cristal.
Sopra Group	Callataÿ & Wouters	Belgium	Sopra Group, which specialises in consulting, technical services and software publishing, acquired a stake of nearly 80% in the Belgian company Callataÿ & Wouters.
Technip	Stone & Webster process technologies (United States)	United Kingdom	Acquisition of the engineering firm Stone & Webster process technologies from the Shaw group.
Total	Novatek	Russia	Increase of Total's stake in Novatek, a Russian company with which Total shares oil licences.
Vinci	Vinci Finance International	Belgium	Capital increase in the group's Belgian cash management centre.
Vivendi	EMI	United Kingdom	Capital increase of the British subsidiary as part of the takeover of EMI.
Vivendi	Polish Television Holding (Poland)	Netherlands	Canal Plus acquired a 40% stake in N-Vision, the parent company of Polish Television Holding.
Zodiac Aerospace	Contour Aerospace Ltd.	United Kingdom	Acquisition of the British company Contour Aerospace.

a) Even though these deals were announced in the press, the amounts involved are not given because of statistical secrecy obligations.

2.7 **Outward direct investment**

Main deals announced in the press and carried out in 2012, classified by the resident enterprise in alphabetical order[a)]

2. Disposals			
Seller	**Enterprise sold (and country of residence if different from the first country of origin of the funds withdrawn)**	**Country of residence of first counterparty**	**Comments**
Axa Investment Managers	HSE 24	Germany	Sale of the majority stake in Home Shopping Europe (HSE24), the international home shopping group, to Providence Equity Partners.
Aréva	La Mancha Resources	Canada	Sale of a 63% stake in the Canadian gold producer by the Areva subsidiary, Compagnie Française de Mines et Métaux (CFMM).
Crédit Agricole	BES Vida	Portugal	Sale of the stake in the insurer BES Vida to Banco Espirito Santo.
Fimalac Services Financiers	Fitch Group	United States	Sale of a 10% stake in Fitch Group to Hearst.
Bolloré Investissement	Aegis Group PLC	United Kingdom	The Bolloré group sold its stake in the Aegis advertising agency to the Japanese group Dentsu Inc.
Groupama SA	Groupama Seguros y Reaseguros	Spain	Sale of the Spanish subsidiary.
Groupama SA	Groupama Insurance Company Limited	United Kingdom	Sale of the British non-life insurance subsidiary to the British subsidiary of the Ageas group.
Natixis	Ixis CMNA International Holdings	United States	Sale of its 18.5% stake.
Renault	Volvo AB	Sweden	Sale of the remaining stake in Volvo AB.
Société Générale	Makatea	United States	Sale of a 66.7% stake in Makatea.
Société Générale	Brigantia	Netherlands	Capital decrease of the Dutch subsidiary, Brigantia.
Société Générale	SG Immobel	Belgium	Capital decrease of the Belgian real-estate subsidiary.
Société Générale	SG Finance LLC	United States	Capital decrease of the subsidiary SG Finance LLC.
Veolia Environnement	Veolia Environnement Europe Services SA	Belgium	Capital decrease of the Belgian subsidiary.

a) Even though these deals were announced in the press, the amounts involved are not given because of statistical secrecy obligations.

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2.8 Inward direct investment

Main deals announced in the press and carried out in 2012, classified by the resident enterprise in alphabetical order[a)]

1. New investments			
Foreign investor group (and country of residence if different from the first counterparty's country of residence)	**Direct investment enterprise**	**Country of residence of first counterparty**	**Comments**
Abu Dhabi Investment Authority (United Arab Emirates)	MCE Propco	Luxembourg	Acquisition of the Champs-Elysées Marriott Hotel by the Abu Dhabi sovereign fund through a Luxembourg holding company.
Ansell Healthcare Europe NV	Comasec SAS	Belgium	The Belgian company Ansell Healthcare Europe NV, which has an Australian parent, acquired Comasec, which specialises in the production of protective gloves.
Borealis AG	PEC Rhin	Austria	The Austrian company, Borealis, which is leader on the European fertilizer market, acquired the chemicals company PEC Rhin.
Brassica Midco SA	Brassica Holdings	Luxembourg	Capital increase as part of the acquisition of the margarine producer, Saint-Hubert.
Dexia SA	Dexia Crédit Local	Belgium	Recapitalisation of the French subsidiary by its Belgian parent.
Fonds asiatique	« Avant-Seine » building	Hong Kong	Acquisition of the "Avant Seine" building by an Asian investment fund.
Générale de Téléphone	Compagnie Européenne de Téléphonie	Luxembourg	Compagnie Européenne de Téléphonie, the Luxembourg subsidiary of Orange, increased the capital of Générale de Téléphone, which manages the Photo-Service, Photo-Station, PhotoService.com stores and the Orange franchise stores.
Jardine Strategic Investment Holdings GmbH	Paris Orléans	Switzerland	Jardines Strategic acquired an 11.5% stake as part of the reorganisation of Paris Orléans, a subsidiary of the Rothschild group.
JSC Russian Railways	GEFCO	Russia	The Russian railway group acquired a 75% stake in GEFCO from Peugeot.
McGraw-Hill (United States)	QuantHouse	Luxembourg	McGraw-Hill European Holding Sarl acquired the French financial data provider QuantHouse.
Parvus Asset Management	Havas	United Kingdom	The British fund further increased its stake in Havas (up to 16.6%).
PTT Global Chemical (Thailand) et Perstorp AB (Sweden)	Vencorex Holding	Netherlands Sweden	Creation of a joint-venture between the Thai group PTT Global Chemical, through a Dutch holding company, and the Swedish group Perstorp to manufacture isocyanides.
Qatar Holding	Cité du Retiro	Qatar	Real-estate acquisition.
Qatar Holding	Building: 52 avenue des Champs-Élysées	Qatar	Acquisition of the building at 52 avenue des Champs-Élysées by Qatar Holding from Groupama.
Reckitt Benckiser Group (United Kingdom)	Reckitt Benckiser Holding Europe du Sud	Luxembourg	Capital increase of the British group Reckitt Benckiser by a Luxembourg holding company.
Segro PLC	Real estate portfolio Axiom	United Kingdom	Acquisition of a real-estate portfolio made up of 8 logistics sites by Segro PLC.
Simon Property Group Inc. (United States)	Klépierre	Luxembourg	The BNP Paribas group sold a 28.7% stake to two Luxembourg holding companies in the American Simon Property group.
Sofina, Forestheir et Forest One SPRL	Sylve Invest	Belgium	Capital increase of Sylve Invest, a holding company with a controlling stake in Petit Forestier, a refrigerated lorry rental company.
TE Connectivity (Switzerland)	Deutsch Group	Luxembourg	TE Connectivity Holding Sàrl acquired Deutsch Group, a high-performance connectivity provider, from Trief Corporation, a Luxembourg subsidiary of Wendel.
Toyota Tsuho Corporation	CFAO	Japan	The Japanese group, TTC's successful takeover bid for CFAO, a company with a wide range of businesses in Africa and overseas (distribution of automobiles, pharmaceuticals and consumer goods).
Wolbern Invest	Building: Pointe Métro in Gennevilliers	Germany	Acquisition of "Pointe Métro", a development comprising 25,000 square metres of office space in Gennevilliers, by Wolbern Invest.

a) Even though these deals were announced in the press, the amounts involved are not given because of statistical secrecy obligations.

2.8 **Inward direct investment**

Main deals announced in the press and carried out in 2012, classified by the resident enterprise in alphabetical order[a)]

2. Disposals			
Seller (and country of residence if different from the first counterparty's country of residence)	**Enterprise sold**	**Country of residence of first counterparty**	**Comments**
Abertis Telecom	Eutelsat Communications	Spain	The Spanish group Abertis Telecom sold a 23% stake in Eutelsat Communications.
Charterhouse (United Kingdom)	Fives	Luxembourg	The British equity investor Charterhouse sold its stake in the Fives group, which specialises in construction engineering, through a Luxembourg holding company. Fives was bought out by its management.
Colony Capital (United States)	Edenred	Luxembourg	The Luxembourg company ColTime sold its remaining stake in Edenred, the world leader for prepaid corporate services.
Colony Capital (United States)	Accor	Luxembourg	ColTime, a subsidiary of the American Colony Capital investment fund, sold its stake in the hotel group.
Dairy Crest	Société Saint-Hubert	United Kingdom	The British company Dairy Crest sold Saint-Hubert to Brassica.
Dentsu Inc	Publicis	Japan	Publicis bought back 18 million of its own shares from the Japanese group Dentsu Inc.
Financière Light III	Legrand	Luxembourg	The Luxembourg holding company sold its stake in Financière Light III.
First Eagle Investment Management LLC	Guyenne et Gascogne	United States	The American investment fund First Eagle sold a 21% stake in Guyenne et Gascogne as part of the Carrefour's takeover bid for Guyenne et Gascogne.
First Eagle Investment Management LLC	Société Sucrière de Pithiviers Le Vieil	United States	The American investment fund First Eagle sold its shares as part of the takeover bid by the French sugar group Cristal Union.
Groupe Bruxelles Lambert	Arkéma	Belgium	Groupe Bruxelles Lambert sold its stake in the chemicals company Arkéma .
Hammerson PLC	Hammerson Holding France	United Kingdom	Proceeds of the sale of the building at 54 Faubourg St-Honoré repatriated to Hammerson PLC.
Ray Investment	Rexel	Luxembourg	Sale of a 10% stake in the investment consortium Ray Investment.
RCS Libri SpA	RCS Livres	Italy	RCS Libri SpA sold RCS Livres, the parent of Flammarion, to Madrigall SA, the parent of Gallimard.
Trief Corporation	Deutsch Group	Luxembourg	Sale of Deutsch Group, a high-performance connectivity provider, to TE Connectivity Holding Sàrl by Trief Corporation, a Luxembourg subsidiary of Wendel.
Wolseley	Brossette	Jersey	The Jersey group Wolseley sold its stake in Brossette to Point P, a subsidiary of Saint-Gobain.

a) Even though these deals were announced in the press, the amounts involved are not given because of statistical secrecy obligations.

4.1 **Other investment**

Resident monetary financial institutions' deposit and loan flows

(EUR billions)

	Vis-à-vis the rest of the world			Vis-à-vis countries outside of the euro area		
	2010	2011	2012	2010	2011	2012
Assets	**-103.8**	**-56.9**	**118.8**	**-84.0**	**-58.9**	**70.4**
Long term	-28.2	-10.7	14.1	-16.8	-8.5	4.1
Euro	*-19.4*	*-8.0*	*9.7*	*-9.8*	*-6.8*	*-0.4*
Foreign currencies	*-8.7*	*-2.7*	*4.4*	*-7.1*	*-1.7*	*4.4*
Short term	-75.6	-46.2	104.7	-67.1	-50.4	66.3
Euro	*-54.9*	*-3.1*	*38.5*	*-45.8*	*-8.6*	*4.4*
Foreign currencies	*-20.7*	*-43.1*	*66.2*	*-21.4*	*-41.8*	*61.9*
Liabilities	**57.2**	**-173.3**	**-54.6**	**24.4**	**-158.1**	**-48.9**
Long term	12.9	-18.4	-9.6	-10.8	1.8	-12.0
Euro	*16.9*	*-18.3*	*-3.4*	*-7.1*	*2.4*	*-5.1*
Foreign currencies	*-4.0*	*-0.1*	*-6.1*	*-3.7*	*-0.7*	*-7.0*
Short term	44.3	-154.8	-45.1	35.3	-159.8	-36.9
Euro	*42.3*	*22.8*	*-87.5*	*45.5*	*9.8*	*-70.6*
Foreign currencies	*2.0*	*-177.7*	*42.4*	*-10.2*	*-169.6*	*33.7*
Net flows	**-46.6**	**-230.2**	**64.2**	**-59.5**	**-216.9**	**21.5**
Euro	*-15.2*	*-6.6*	*-42.7*	*-17.1*	*-3.2*	*-71.6*
Foreign currencies	*-31.3*	*-223.6*	*106.9*	*-42.4*	*-213.8*	*93.0*
Long term	-15.2	-29.2	4.6	-27.7	-6.7	-8.0
Short term	-31.3	-201.0	59.6	-31.9	-210.2	29.4

5.1 International investment position time series from 2004 to 2012

(EUR billions)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Direct investment									
At book value[a)]	**149.5**	**203.8**	**214.4**	**225.1**	**290.8**	**352.1**	**394.5**	**405.5**	**411.0**
At market value[b)]	**210.2**	**291.0**	**381.5**	**371.9**	**261.0**	**377.9**	**347.1**	**246.3**	**304.6**
Abroad									
At book value[a)]	*491.0*	*551.6*	*578.8*	*636.8*	*714.3*	*780.3*	*864.5*	*888.3*	*914.0*
At market value[b)]	*717.4*	*859.9*	*1,008.1*	*981.9*	*650.0*	*843.4*	*891.0*	*730.8*	*881.0*
In France									
At book value[a)]	*-341.4*	*-347.7*	*-364.5*	*-411.7*	*-423.5*	*-428.1*	*-470.0*	*-482.8*	*-503.0*
At market value[b)]	*-507.1*	*-568.9*	*-626.6*	*-610.0*	*-389.0*	*-465.4*	*-543.9*	*-484.5*	*-576.5*
Portfolio investment	**-174.5**	**-176.9**	**-112.0**	**26.2**	**-15.1**	**-249.9**	**-352.7**	**-598.9**	**-681.3**
Foreign securities	1,285.3	1,587.9	1,851.0	2,014.1	1,857.4	2,049.9	2,078.0	1,826.7	1,947.9
Equity securities and mutual fund	*325.0*	*444.9*	*544.3*	*561.7*	*341.1*	*448.4*	*498.3*	*393.4*	*483.4*
Bonds and notes	*854.4*	*1,017.0*	*1,170.7*	*1,325.8*	*1,307.5*	*1,362.9*	*1,355.5*	*1,246.7*	*1,261.7*
Short-term debt securities	*105.9*	*126.0*	*136.1*	*126.7*	*208.7*	*238.5*	*224.2*	*186.6*	*202.8*
Domestic securities	-1,459.8	-1,764.8	-1,963.0	-1,987.9	-1,872.5	-2,299.7	-2,430.8	-2,425.5	-2,629.2
Equity securities and mutual fund	*-436.0*	*-585.3*	*-752.0*	*-720.3*	*-449.0*	*-573.2*	*-579.3*	*-499.0*	*-594.0*
Bonds and notes	*-923.1*	*-1,056.7*	*-1,104.4*	*-1,152.3*	*-1,252.0*	*-1,477.3*	*-1,605.3*	*-1,686.9*	*-1,832.1*
Short-term debt securities	*-100.7*	*-122.8*	*-106.7*	*-115.3*	*-171.5*	*-249.2*	*-246.2*	*-239.6*	*-203.1*
Memorandum item: Treasury securities	*-478.6*	*-541.6*	*-541.8*	*-573.0*	*-696.9*	*-831.1*	*-886.7*	*-908.9*	*-982.9*
Financial derivatives[c)]	**-19.7**	**-22.9**	**-29.7**	**-71.6**	**-55.3**	**-38.4**	**-38.1**	**-41.6**	**-42.7**
Other investment (excluding reserve assets)	**-89.8**	**-135.0**	**-294.4**	**-433.0**	**-513.5**	**-359.1**	**-323.1**	**-114.8**	**-150.1**
Trade credits and advances	25.9	14.5	10.4	2.0	-3.4	-6.5	-16.0	-0.5	-1.9
Assets	*91.3*	*88.9*	*83.8*	*85.7*	*84.9*	*78.4*	*78.0*	*105.4*	*105.0*
Liabilities	*-65.4*	*-74.4*	*-73.4*	*-83.7*	*-88.3*	*-85.0*	*-94.0*	*-105.8*	*-106.9*
Banque de France loan/deposit position	21.0	20.5	1.0	-48.2	-187.2	-139.1	-99.5	-176.9	-170.3
Assets	*25.5*	*22.9*	*24.9*	*39.6*	*29.9*	*35.6*	*51.8*	*46.1*	*49.5*
Liabilities	*-4.5*	*-2.4*	*-23.9*	*-87.8*	*-217.1*	*-174.7*	*-151.3*	*-223.0*	*-219.9*
General government loan/deposit position	6.5	12.9	13.1	7.6	2.0	5.8	12.7	19.5	24.7
Assets	*27.2*	*29.0*	*31.9*	*26.7*	*26.7*	*26.1*	*33.2*	*44.2*	*76.7*
Liabilities	*-20.7*	*-16.1*	*-18.7*	*-19.1*	*-24.7*	*-20.2*	*-20.5*	*-24.7*	*-52.0*
MFIs' loan/deposit position	-161.5	-175.4	-299.4	-370.9	-286.6	-208.1	-175.4	70.6	7.9
Assets	*578.9*	*840.7*	*945.6*	*1,094.7*	*1,058.6*	*990.6*	*1,123.2*	*1,205.1*	*1,079.5*
Liabilities	*-740.4*	*-1,016.1*	*-1,245.0*	*-1,465.6*	*-1,345.2*	*-1,198.8*	*-1,298.6*	*-1,134.5*	*-1,071.6*
Deposit/loan position of other sectors[d)]	18.3	-7.4	-19.5	-23.6	-38.2	-11.2	-44.9	-27.6	-10.4
Assets	*81.0*	*80.2*	*77.2*	*78.9*	*73.4*	*78.8*	*81.4*	*235.6*	*248.4*
Liabilities	*-62.7*	*-87.7*	*-96.7*	*-102.5*	*-111.6*	*-90.0*	*-126.3*	*-263.2*	*-258.8*
Reserve assets	**56.8**	**63.0**	**74.6**	**78.6**	**74.0**	**92.4**	**124.5**	**133.1**	**139.9**
Total assets									
With direct investment at book value	2,753.8	3,388.7	3,827.0	4,296.1	4,153.3	4,405.5	5,302.6	5,721.6	5,862.5
With direct investment at market value	2,980.2	3,697.0	4,256.3	4,641.2	4,089.0	4,468.7	5,329.1	5,564.1	5,829.5
Total liabilities									
With direct investment at book value	-2,831.5	-3,456.7	-3,974.1	-4,470.9	-4,372.3	-4,608.3	-5,497.5	-5,938.2	-6,185.7
With direct investment at market value	-2,997.2	-3,677.8	-4,236.2	-4,669.2	-4,337.8	-4,645.6	-5,571.4	-5,939.9	-6,259.2
International investment position									
With direct investment at book value	-77.7	-68.0	-147.1	-174.7	-219.1	-202.9	-194.9	-216.6	-323.1
With direct investment at market value	-17.0	19.2	20.0	-27.9	-248.9	-177.1	-242.3	-375.9	-429.6

a) Stocks of direct investment at book value in 2012 were estimated on the basis of stocks at the end of 2011, direct investment flows in 2012 and exchange rate variations for positions in foreign currencies.
b) Stocks of direct investment at market value at the end of 2012 were based on the estimated stocks at book value, adjusted for changes in the market capitalisation ratios of CAC companies.
c) Data collection methodology for financial derivatives has changed, leading to a break in the series in 2011.
d) Non-financial corporations, insurance companies, investment firms, mutual funds other than money market funds.
Notes: The series for 1995 to 2003 are available on the Banque de France website.
Direct investment is recorded according to the extended directional principle.

5.17 Resident MFIs' loans and deposits in euros and foreign currencies

(EUR billions)

	2010			2011			2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
Euro	**730.1**	**-760.5**	**-30.4**	**746.3**	**-766.3**	**-20.1**	**698.0**	**-675.4**	**22.6**
Vis-à-vis the euro area	419.5	-307.8	111.7	417.2	-301.0	116.3	373.0	-285.6	87.4
Vis-à-vis countries outside the euro area	310.6	-452.7	-142.1	329.0	-465.4	-136.4	325.0	-389.8	-64.8
Foreign currencies	**392.8**	**-537.8**	**-145.0**	**458.8**	**-368.1**	**90.7**	**381.5**	**-396.2**	**-14.7**
Vis-à-vis the euro area	41.1	-54.5	-13.4	45.2	-48.9	-3.7	40.5	-57.5	-17.0
Vis-à-vis countries outside the euro area	351.7	-483.3	-131.7	413.6	-319.2	94.5	341.0	-338.7	2.3
Total	**1,122.9**	**-1,298.4**	**-175.4**	**1,205.1**	**-1,134.4**	**70.7**	**1,079.5**	**-1,071.6**	**7.9**

5.18 Resident MFIs' loans and deposits by counterparty's sector

(EUR billions)

	2010			2011			2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
Interbank	**908.8**	**-1,114.4**	**-205.5**	**972.0**	**-964.6**	**7.4**	**839.8**	**-872.1**	**-32.3**
Euro	625.8	-642.5	-16.7	625.9	-655.4	-29.5	582.2	-553.8	28.4
Foreign currencies	283.0	-471.9	-188.9	346.1	-309.2	36.9	257.6	-318.3	-60.7
Monetary authorities	**6.5**	**-78.4**	**-71.8**	**6.9**	**-57.8**	**-50.9**	**17.0**	**-73.3**	**-56.3**
Euro	2.7	-46.3	-43.6	5.0	-31.7	-26.7	4.2	-36.3	-32.1
Foreign currencies	3.8	-32.0	-28.2	2.0	-26.1	-24.2	12.8	-37.0	-24.2
Other sectors	**207.8**	**-105.9**	**101.9**	**226.2**	**-112.0**	**114.2**	**222.7**	**-126.2**	**96.5**
Euro	101.9	-71.9	30.0	115.4	-79.2	36.2	111.6	-85.3	26.3
Foreign currencies	105.9	-34.0	71.9	110.8	-32.8	78.0	111.1	-40.9	70.2
Total	**1,123.2**	**-1,298.6**	**-175.4**	**1,205.1**	**-1,134.4**	**70.7**	**1,079.5**	**-1,071.6**	**7.9**

5.19 Geographical structure of resident MFIs' loans and deposits

(EUR billions)

		End 2010			End 2011			End 2012		
		Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
European Union (27 members)		**785.4**	**-744.3**	**41.2**	**749.3**	**-748.3**	**1.0**	**714.8**	**-688.1**	**26.7**
Economic and Monetary Union (17 members)		**460.6**	**-362.3**	**98.3**	**462.4**	**-349.9**	**112.6**	**413.6**	**-343.2**	**70.4**
of which:	Germany	68.7	-127.0	-58.3	71.3	-104.3	-33.0	57.9	-107.4	-49.6
	Belgium	35.4	-36.4	-1.0	44.1	-50.7	-6.6	23.4	-31.3	-7.9
	Spain	67.3	-13.6	53.8	63.0	-15.5	47.5	66.8	-22.0	44.8
	Ireland	27.7	-20.4	7.3	31.0	-29.4	1.6	40.3	-24.9	15.4
	Italy	123.4	-27.8	95.6	116.9	-33.5	83.4	91.3	-35.8	55.5
	Luxembourg	59.2	-83.9	-24.7	67.6	-71.8	-4.2	69.5	-70.6	-1.0
	Netherlands	40.5	-29.9	10.6	40.8	-29.2	11.6	41.7	-30.4	11.3
Other EU countries		**324.8**	**-381.9**	**-57.1**	**286.9**	**-398.4**	**-111.5**	**301.2**	**-345.0**	**-43.8**
of which:	Poland	6.9	-2.2	4.7	5.9	-1.3	4.6	5.8	-1.8	4.0
	Czech Republic	1.6	-2.0	-0.4	0.9	-0.8	0.1	0.9	-2.1	-1.2
	Romania	2.5	-0.1	2.4	3.5	-0.1	3.4	2.6	-0.1	2.5
	United Kingdom	290.4	-357.7	-67.3	263.2	-373.8	-110.6	281.4	-312.6	-31.2
	Sweden	3.7	-1.1	2.5	2.6	-1.0	1.7	2.4	-2.6	-0.2
Other industrialised countries		**138.9**	**-264.3**	**-125.4**	**214.8**	**-167.8**	**47.0**	**178.1**	**-166.8**	**11.3**
of which:	United States	59.4	-190.4	-131.0	126.1	-95.1	31.0	89.9	-110.1	-20.2
	Switzerland	25.6	-35.3	-9.7	24.3	-34.6	-10.3	33.0	-28.7	4.3
	Japan	36.2	-22.0	14.1	50.8	-24.8	26.0	45.2	-15.5	29.7
Rest of the world		**198.6**	**-289.8**	**-91.2**	**241.0**	**-218.3**	**22.7**	**186.6**	**-216.7**	**-30.1**
of which:	Brazil	4.1	-1.2	2.9	5.4	-0.4	5.0	6.0	-0.4	5.6
	China	3.7	-5.8	-2.0	7.7	-4.3	3.5	7.9	-8.8	-0.9
	India	1.6	-0.1	1.5	1.9	-0.1	1.8	2.4	-0.1	2.3
	Russia	10.2	-5.7	4.6	10.8	-2.4	8.4	10.5	-3.7	6.8
	Turkey	7.8	-0.6	7.2	7.8	-1.2	6.6	8.4	-0.6	7.8
	Offshore financial centres	93.7	-201.2	-107.4	131.0	-152.6	-21.6	76.7	-133.3	-56.6
Total		**1,122.9**	**-1,298.4**	**-175.4**	**1,205.1**	**-1,134.4**	**70.7**	**1,079.5**	**-1,071.6**	**7.9**

5.20 Banque de France's assets and liabilities vis-à-vis non-residents (excluding banknotes and coins)

(EUR billions)

	Stocks at end of year			Variation 2012
	2010	2011	2012	
Assets	**299.2**	**325.1**	**328.1**	**3.0**
Investment in institutional customers' securities	**122.9**	**145.9**	**138.7**	**-7.2**
Securities issued by euro area residents outside France	76.5	83.8	82.2	-1.6
Euro	*70.3*	*78.9*	*78.6*	*-0.3*
Foreign currencies	*6.2*	*4.9*	*3.6*	*-1.3*
Securities issued by non-residents of the euro area	46.4	62.1	56.5	-5.6
Euro	*3.6*	*3.6*	*2.7*	*-0.9*
Foreign currencies	*42.8*	*58.5*	*53.8*	*-4.7*
Other Assets	**51.8**	**46.1**	**49.5**	**3.4**
Other claims on euro area residents outside France	15.8	7.2	2.6	-4.6
Euro	15.8	6.8	1.9	-4.9
Foreign currencies	0.0	0.4	0.7	0.3
Other claims on non-residents of the euro area	26.8	29.4	37.2	7.8
Euro	4.1	6.7	4.2	-2.5
Foreign currencies	22.7	22.7	33.0	10.3
Claim on the ECB for transferred reserve assets	8.2	8.2	8.2	0.0
Equity in the ECB	1.0	1.3	1.5	0.2
Reserve assets	**124.5**	**133.1**	**139.9**	**6.8**
Liabilities	**-151.3**	**-223.0**	**-219.9**	**3.1**
Liabilities towards the ESCB (TARGET)	**-28.3**	**-77.4**	**-54.8**	**22.6**
Deposits of foreign institutional customers	**-122.9**	**-145.6**	**-165.1**	**-19.5**
Euro	-20.0	-18.7	-35.6	-16.9
Foreign currencies	-102.9	-126.9	-129.5	-2.6
Position	**147.9**	**102.1**	**108.2**	**6.1**
of which: International investment position excluding reserve assets	23.4	-31.0	-31.7	-0.7

5.2 France's international investment position from end 2011 to end 2012
(direct investment estimated at market value)

(EUR billions)

	Stocks end 2011	Balance of payments flows in 2012a)	Changes attributable to changes in exchange rates, market prices and other adjustmentsa)				Total variations between end 2011 and end 2012a)	Stocks end 2012
			Total	Exchange rate change	Change in market prices	Other adjustments		
	1	2	3				4 = (2 + 3)	5 = (1 + 4)
Direct investment	**246.3**	**9.4**	**48.9**	**-2.7**	**55.3**	**-3.7**	**58.3**	**304.6**
Abroad	730.8	28.0	122.2	-1.0	128.0	-4.8	150.2	881.0
Equity capital	*695.1*	*40.7*	*121.2*	*-2.0*	*128.0*	*-4.8*	*161.9*	*857.0*
Other capital[b)]	*35.7*	*-12.7*	*1.0*	*1.0*	*0.0*	*0.0*	*-11.7*	*24.0*
In France	-484.5	-18.6	-73.3	-1.7	-72.7	1.1	-91.9	-576.5
Equity capital	*-445.6*	*-15.5*	*-71.6*	*0.0*	*-72.7*	*1.1*	*-87.1*	*-532.7*
Other capital[b)]	*-39.0*	*-3.1*	*-1.7*	*-1.7*	*0.0*	*0.0*	*-4.8*	*-43.8*
Portfolio investment	**-598.9**	**-39.2**	**-43.2**	**-5.8**	**-47.0**	**9.5**	**-82.4**	**-681.3**
Foreign securities	1 826.7	-6.3	127.5	-12.6	133.5	6.7	121.3	1 947.9
Equity securities and mutual fund	*393.4*	*50.1*	*39.9*	*-2.3*	*42.2*	*0.0*	*90.0*	*483.4*
Bonds and notes	*1 246.7*	*-78.8*	*93.8*	*-2.8*	*90.0*	*6.7*	*15.0*	*1 261.7*
Short-term debt securities	*186.6*	*22.4*	*-6.2*	*-7.4*	*1.3*	*0.0*	*16.2*	*202.8*
Domestic securities	-2 425.5	-32.9	-170.7	6.8	-180.4	2.9	-203.7	-2 629.2
Equity securities and mutual fund	*-499.0*	*-27.9*	*-67.1*	*1.3*	*-68.4*	*0.0*	*-95.0*	*-594.0*
Bonds and notes	*-1 686.9*	*-41.7*	*-103.4*	*5.4*	*-111.7*	*2.9*	*-145.2*	*-1 832.1*
Short-term debt securities	*-239.6*	*36.7*	*-0.2*	*0.2*	*-0.4*	*0.0*	*36.5*	*-203.1*
Memorandum item: Treasury securities	*-908.9*	*-27.9*	*-46.1*	*0.0*	*-46.1*	*0.0*	*-74.0*	*-982.9*
Financial derivatives	**-41.6**	**-14.3**	**13.2**	**13.2**			**-1.1**	**-42.7**
Other investment	**-114.8**	**-34.1**	**-1.2**	**-1.2**			**-35.3**	**-150.1**
Trade credits and advances	-0.5	-1.8	0.4	0.4			-1.5	-1.9
Assets	*105.4*	*-0.1*	*-0.3*	*-0.3*			*-0.4*	*105.0*
Liabilities	*-105.8*	*-1.8*	*0.6*	*0.6*			*-1.1*	*-106.9*
Deposit and loan position	-114.4	-32.3	-1.5	-1.5			-33.7	-148.1
Banque de France	-176.9	5.8	0.7	0.7			6.5	-170.3
Assets	*46.1*	*3.9*	*-0.5*	*-0.5*			*3.4*	*49.5*
Liabilities	*-223.0*	*1.9*	*1.2*	*1.2*			*3.1*	*-219.9*
General government	19.5	5.6	-0.4	-0.4			5.2	24.7
Assets	*44.2*	*32.9*	*-0.4*	*-0.4*			*32.5*	*76.7*
Liabilities	*-24.7*	*-27.3*	*0.0*	*0.0*			*-27.3*	*-52.0*
Monetary financial institutions	70.6	-64.2	1.4	1.4			-62.7	7.9
Assets	*1 205.1*	*-118.8*	*-6.8*	*-6.8*			*-125.6*	*1 079.5*
Liabilities	*-1 134.5*	*54.6*	*8.2*	*8.2*			*62.9*	*-1 071.6*
Other sectors[c)]	-27.6	20.4	-3.3	-3.3			17.2	-10.4
Assets	*235.6*	*12.9*	*-0.1*	*-0.1*			*12.8*	*248.4*
Liabilities	*-263.2*	*7.5*	*-3.2*	*-3.2*			*4.4*	*-258.8*
Reserve assets	**133.1**	**4.0**	**2.8**	**2.8**			**6.8**	**139.9**
Balance	**-375.9**	**-74.2**	**20.5**	**6.3**	**6.3**	**5.8**	**-53.7**	**-429.6**
(% of GDP)	**-18.8**							**-21.1**

a) Position by sign:
No sign means an increase in assets or a decrease in liabilities.
(-) sign means a decrease in assets or an increase in liabilities.
b) After restating intercompany lending according to the extended directional principle.
c) Non-financial corporations, insurance companies, investment firms, mutual funds other than money market funds and households.
Note: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.

5.3 Stocks of direct investment at book value and at market value
End of year

(EUR billions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010[a]	2011[a]	2012
Direct investment abroad												
At book value[b]	**499.2**	**469.3**	**467.8**	**491.0**	**551.6**	**578.8**	**636.8**	**714.3**	**780.3**	**864.5**	**888.3**	**914.0**
Equity capital	**409.5**	**390.2**	**380.1**	**418.1**	**491.4**	**548.8**	**598.2**	**658.6**	**726.1**	**835.3**	**852.6**	**889.9**
Listed companies	*13.1*	*21.5*	*21.4*	*26.3*	*32.8*	*38.7*	*48.2*	*29.2*	*38.7*	*42.4*	*36.0*	*36.0*
Unlisted companies	*389.3*	*360.3*	*349.3*	*381.2*	*445.4*	*494.3*	*531.2*	*609.9*	*666.9*	*769.7*	*791.8*	*827.6*
Real-estate investment	*7.1*	*8.4*	*9.4*	*10.6*	*13.1*	*15.8*	*18.8*	*19.4*	*20.6*	*23.3*	*24.8*	*26.4*
Other capital (loans)[d]	**89.7**	**79.1**	**87.7**	**72.9**	**60.2**	**30.1**	**38.6**	**55.8**	**54.1**	**29.2**	**35.7**	**24.0**
At market value[c]	**827.7**	**519.3**	**643.8**	**717.4**	**859.9**	**1 008.1**	**981.9**	**650.0**	**843.4**	**891.0**	**730.8**	**881.0**
Equity capital	**738.1**	**440.2**	**556.1**	**644.5**	**799.7**	**978.0**	**943.2**	**594.3**	**789.3**	**861.8**	**695.1**	**857.0**
Listed companies	*45.9*	*39.6*	*45.5*	*53.3*	*73.6*	*104.5*	*132.7*	*40.5*	*59.6*	*67.7*	*54.9*	*57.6*
Unlisted companies	*675.2*	*381.7*	*490.1*	*567.7*	*697.6*	*840.8*	*773.9*	*517.3*	*691.6*	*750.6*	*594.2*	*750.2*
Real-estate investment	*17.0*	*18.9*	*20.5*	*23.5*	*28.5*	*32.8*	*36.6*	*36.4*	*38.0*	*43.5*	*46.0*	*49.1*
Other capital (intercompany lending)[d]	**89.7**	**79.1**	**87.7**	**72.9**	**60.2**	**30.1**	**38.6**	**55.8**	**54.1**	**29.2**	**35.7**	**24.0**
Direct investment in France												
At book value[b]	**-256.9**	**-277.6**	**-312.0**	**-341.4**	**-347.7**	**-364.5**	**-411.7**	**-423.5**	**-428.1**	**-470.0**	**-482.8**	**-503.0**
Equity capital	**-212.2**	**-232.3**	**-267.4**	**-295.2**	**-325.1**	**-348.7**	**-386.2**	**-395.3**	**-408.4**	**-430.6**	**-443.8**	**-459.1**
Listed companies	*-19.4*	*-17.6*	*-17.2*	*-15.4*	*-26.7*	*-31.7*	*-31.4*	*-30.6*	*-37.5*	*-38.6*	*-36.8*	*-36.7*
Unlisted companies	*-163.9*	*-178.9*	*-205.4*	*-229.1*	*-240.8*	*-250.6*	*-277.5*	*-284.8*	*-288.2*	*-305.6*	*-316.9*	*-328.4*
Real-estate investment	*-28.9*	*-35.7*	*-44.8*	*-50.7*	*-57.5*	*-66.4*	*-77.3*	*-79.9*	*-82.7*	*-86.5*	*-90.1*	*-94.1*
Other capital (loans)[d]	**-44.8**	**-45.3**	**-44.6**	**-46.3**	**-22.7**	**-15.8**	**-25.6**	**-28.2**	**-19.7**	**-39.3**	**-39.0**	**-43.8**
At market value[c]	**-358.1**	**-330.9**	**-411.4**	**-507.1**	**-568.9**	**-626.6**	**-610.0**	**-389.0**	**-465.4**	**-543.9**	**-484.5**	**-576.5**
Equity capital	**-313.3**	**-285.6**	**-366.8**	**-460.9**	**-546.2**	**-610.8**	**-584.5**	**-360.9**	**-445.7**	**-504.6**	**-445.6**	**-532.7**
Listed companies	*-38.0*	*-31.2*	*-23.3*	*-29.7*	*-54.2*	*-80.5*	*-72.0*	*-39.2*	*-64.2*	*-65.0*	*-51.6*	*-60.8*
Unlisted companies	*-209.3*	*-185.1*	*-266.5*	*-349.4*	*-399.1*	*-422.3*	*-386.2*	*-200.6*	*-245.8*	*-289.0*	*-231.3*	*-302.7*
Real-estate investment	*-66.0*	*-69.3*	*-77.0*	*-81.7*	*-92.9*	*-108.0*	*-126.3*	*-121.1*	*-135.7*	*-150.6*	*-162.7*	*-169.1*
Other capital (intercompany lending)[d]	**-44.8**	**-45.3**	**-44.6**	**-46.3**	**-22.7**	**-15.8**	**-25.6**	**-28.2**	**-19.7**	**-39.3**	**-39.0**	**-43.8**
Net direct investment position												
At book value[b]	**242.3**	**191.7**	**155.7**	**149.5**	**203.9**	**214.3**	**225.1**	**290.8**	**352.1**	**394.5**	**405.5**	**411.0**
Equity capital	**197.4**	**157.9**	**112.7**	**122.9**	**166.3**	**200.1**	**212.0**	**263.2**	**317.7**	**404.6**	**408.8**	**430.8**
Listed companies	*-6.3*	*3.9*	*4.2*	*10.9*	*6.1*	*6.9*	*16.8*	*-1.4*	*1.1*	*3.8*	*-0.8*	*-0.7*
Unlisted companies	*225.4*	*181.4*	*143.9*	*152.1*	*204.6*	*243.7*	*253.7*	*325.2*	*378.7*	*464.1*	*475.0*	*499.2*
Real-estate investment	*-21.8*	*-27.4*	*-35.4*	*-40.1*	*-44.4*	*-50.6*	*-58.5*	*-60.5*	*-62.1*	*-63.2*	*-65.4*	*-67.7*
Other capital (loans)[d]	**44.9**	**33.8**	**43.0**	**26.6**	**37.5**	**14.2**	**13.1**	**27.6**	**34.4**	**-10.1**	**-3.3**	**-19.8**
At market value[c]	**469.6**	**188.4**	**232.4**	**210.2**	**291.1**	**381.5**	**371.9**	**261.0**	**377.9**	**347.1**	**246.3**	**304.6**
Equity capital	**424.7**	**154.6**	**189.3**	**183.6**	**253.5**	**367.3**	**358.8**	**233.4**	**343.5**	**357.3**	**249.6**	**324.4**
Listed companies	*7.9*	*8.4*	*22.2*	*23.6*	*19.4*	*24.0*	*60.8*	*1.4*	*-4.6*	*2.7*	*3.3*	*-3.2*
Unlisted companies	*465.9*	*196.6*	*223.6*	*218.3*	*298.5*	*418.5*	*387.7*	*316.7*	*445.8*	*461.6*	*362.9*	*447.6*
Real-estate investment	*-49.1*	*-50.4*	*-56.5*	*-58.2*	*-64.4*	*-75.1*	*-89.7*	*-84.7*	*-97.7*	*-107.1*	*-116.6*	*-120.0*
Other capital (intercompany lending)[d]	**44.9**	**33.8**	**43.0**	**26.6**	**37.5**	**14.2**	**13.1**	**27.6**	**34.4**	**-10.1**	**-3.3**	**-19.8**

a) Revised data.
b) Stocks of direct investment at book value at the end of 2012 were estimated on the basis of stocks at the end of 2011, foreign direct investment flows in 2012 and exchange rate variations for positions in foreign currencies.
c) Stocks of direct investment at market value at the end of 2012 were based on the estimated stocks at book value, adjusted for changes in the market capitalisation ratios of the CAC companies.
d) After restating intercompany lending according to the extended directional principle.

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5.6 Stocks of outward direct investment at book value by country of residence of the first counterparty[a)]

(EUR billions)

	2009[b)]	2010[b)]	2011[b)]	2012[c)]	2012 (%)
European Union (27 members)	**471.4**	**504.1**	**508.7**	**527.5**	**57.7**
Economic and Monetary Union (17 members)	**368.8**	**394.8**	**399.5**	**410.7**	**44.9**
of which: Germany	47.7	48.7	48.5	42.5	4.6
Belgium	122.8	125.5	137.0	138.7	15.2
Spain	25.9	35.0	31.0	28.8	3.2
Ireland	15.6	17.3	16.7	18.3	2.0
Italy	37.1	36.3	36.6	38.9	4.3
Luxembourg	26.9	32.6	35.2	39.7	4.3
Netherlands	80.2	86.8	83.5	89.8	9.8
Other European Union countries	**102.6**	**109.3**	**109.2**	**116.8**	**12.8**
of which: Denmark	1.5	1.1	0.9	1.0	0.1
Poland	9.8	10.7	10.5	13.0	1.4
Czech Republic	5.0	6.2	6.0	5.7	0.6
Romania	3.3	3.6	3.4	3.4	0.4
United Kingdom	74.3	79.1	81.9	86.8	9.5
Sweden	5.1	4.6	3.2	3.1	0.3
Other industrialised countries	**200.4**	**231.2**	**242.0**	**240.0**	**26.3**
of which: Australia	5.4	7.1	5.9	6.2	0.7
Canada	7.3	8.2	10.5	10.6	1.2
United States	143.0	157.5	167.0	162.6	17.8
Japan	14.5	16.6	19.6	17.6	1.9
Switzerland	25.7	36.2	35.2	37.7	4.1
Rest of the world	**108.4**	**129.2**	**137.6**	**146.5**	**16.0**
of which: South Africa	1.1	1.3	1.4	1.4	0.2
Algeria	1.5	1.8	1.9	1.9	0.2
Angola	4.0	5.4	6.0	6.7	0.7
Saudi Arabia	1.2	1.5	1.0	1.2	0.1
Argentina	1.4	1.8	2.0	1.9	0.2
Bermuda	2.2	2.5	3.0	4.4	0.5
Brazil	17.2	22.2	25.4	24.3	2.7
China	8.3	10.9	15.3	16.7	1.8
Congo	2.4	2.5	2.6	3.0	0.3
South Korea	2.2	2.7	2.9	3.2	0.3
Egypt	4.1	4.2	4.2	4.3	0.5
United Arab Emirates	1.2	1.0	0.3	0.3	0.0
Hong Kong	3.8	5.5	6.1	6.7	0.7
India	2.3	3.3	3.4	3.5	0.4
Indonesia	1.5	1.6	1.9	2.2	0.2
Israel	1.0	1.4	1.5	1.5	0.2
Jersey	1.4	1.3	1.3	1.3	0.1
Kazakhstan	3.6	3.0	0.9	1.6	0.2
Morocco	7.7	8.2	8.2	8.5	0.9
Mexico	2.0	2.0	2.0	2.2	0.2
Nigeria	4.3	4.2	4.7	4.8	0.5
Qatar	0.9	1.2	1.7	1.9	0.2
Russia	5.2	7.0	7.3	8.7	1.0
Singapore	3.6	5.3	6.7	6.5	0.7
Thailand	1.1	1.4	1.6	1.8	0.2
Turkey	4.1	6.1	3.1	3.3	0.4
Ukraine	0.8	1.1	1.0	1.3	0.1
Venezuela	1.4	1.4	1.3	1.3	0.1
Total	**780.3**	**864.5**	**888.3**	**914.0**	**100.0**

a) Intercompany lending included in these statistics was calculated according to the extended directional principle.
b) Revised data.
c) Estimates based on book value of stocks at the end of 2011 and direct investment flows in 2012.
Notes: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.
See "definition of geographical zones" in Appendix II to the 2012 Annual Report on the French Balance of Payments and International Investment Position.

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5.7 Stocks of inward direct investment at book value by country of residence of the first counterparty[a)]

(EUR billions)

	2009[b)]	2010[b)]	2011[b)]	2012[c)]	2012 (%)
European Union (27 members)	**319.4**	**353.4**	**362.7**	**376.8**	**74.9**
Economic and Monetary Union (17 members)	**260.1**	**297.4**	**304.3**	**318.9**	**63.4**
of which: Germany	44.1	48.9	50.8	52.9	10.5
Belgium	48.1	50.9	55.4	61.2	12.2
Spain	14.2	15.7	16.0	17.2	3.4
Ireland	7.5	9.6	4.6	4.4	0.9
Italy	15.4	14.8	15.6	15.1	3.0
Luxembourg	54.1	72.8	75.0	80.8	16.1
Netherlands	72.4	79.0	80.8	80.4	16.0
Other European Union countries	**59.3**	**56.0**	**58.4**	**57.9**	**11.5**
of which: Denmark	5.6	6.1	5.9	5.6	1.1
Poland	-0.5	-0.4	-1.3	-1.7	-0.3
Czech Republic	0.2	0.8	1.0	1.1	0.2
Romania	0.2	0.0	0.0	0.2	0.0
United Kingdom	50.3	46.8	48.9	48.7	9.7
Sweden	3.4	2.8	3.8	3.6	0.7
Other industrialised countries	**93.1**	**101.9**	**104.2**	**109.5**	**21.8**
of which: Australia	-0.2	0.6	0.6	0.6	0.1
Canada	4.0	3.8	3.3	3.8	0.8
United States	54.9	58.0	58.3	59.5	11.8
Japan	7.1	9.6	9.5	11.8	2.3
Switzerland	25.5	28.3	31.4	32.9	6.5
Rest of the world	**15.5**	**14.7**	**15.9**	**16.7**	**3.3**
Algeria	0.1	0.2	0.1	0.1	0.0
Netherlands Antilles	0.8	0.8	0.0	0.0	0.0
Saudi Arabia	0.5	0.5	0.6	0.7	0.1
Bermuda	0.7	0.7	0.6	0.6	0.1
Brazil	0.0	0.0	0.1	0.0	0.0
China	-0.1	-0.1	0.0	0.1	0.0
South Korea	0.0	0.0	0.1	0.1	0.0
Egypt	0.2	0.2	0.2	0.2	0.0
United Arab Emirates	3.6	2.4	2.0	1.3	0.3
Gabon	0.2	0.4	0.3	0.3	0.1
Hong Kong	0.7	1.1	1.1	1.3	0.2
Isle of Man	0.1	0.2	0.4	0.5	0.1
British Virgin Islands	0.3	0.2	0.1	0.2	0.0
India	0.2	0.2	0.2	0.2	0.0
Israel	-0.1	0.0	0.0	0.1	0.0
Jersey	0.0	0.4	0.7	0.9	0.2
Lebanon	1.1	2.1	2.1	2.1	0.4
Morocco	-0.1	0.1	0.2	0.2	0.0
Mexico	0.7	0.7	0.8	0.7	0.1
Qatar	0.5	0.5	0.9	1.1	0.2
Russia	0.1	0.3	0.3	1.2	0.2
Singapore	0.4	0.3	1.1	0.7	0.1
Thailand	-0.3	-0.1	-0.1	-0.1	0.0
Turkey	0.0	-0.1	-0.1	-0.1	0.0
Total	**428.1**	**470.0**	**482.8**	**503.0**	**100.0**

a) Intercompany lending included in these statistics was calculated according to the extended directional principle.
b) Revised data.
c) Estimates based on book value of stocks at the end of 2011 and direct investment flows in 2012.
Notes: Rounding differences mean that aggregate totals may not be exactly equal to the sum of their components.
See "definition of geographical zones" in Appendix II to the 2012 Annual Report on the French Balance of Payments and International Investment Position.

5.8 Outward direct investment at book value by sector[a)]

(EUR billions)

	2009	2010	2011	2012[b)]	2012 (%)
Agriculture, forestry and fishing	**0.2**	**0.3**	**0.1**	**0.2**	**0.0**
Mining and quarrying	**28.2**	**33.0**	**37.5**	**38.8**	**4.2**
of which: Extraction of crude petroleum and natural gas	28.2	33.0	37.5	38.8	4.2
Manufacturing	**202.3**	**208.4**	**241.7**	**251.6**	**27.5**
of which: Food products and beverages	28.5	28.2	31.1	33.1	3.6
Textiles and wearing apparel	8.1	6.7	10.3	9.7	1.1
Wood, paper, printing and reproduction	2.3	2.4	2.3	2.3	0.3
Coke and refined petroleum products	2.0	1.2	4.5	11.4	1.2
Chemicals and chemical products	12.7	13.1	23.0	21.9	2.4
Pharmaceutical products	28.9	32.9	44.4	44.9	4.9
Rubber and plastic products	6.5	8.7	9.1	8.9	1.0
Basic metals and fabricated metal products	5.7	6.5	6.5	6.9	0.8
Computer, electronic and optical products	22.1	24.1	21.5	21.9	2.4
Machinery and equipment	14.0	17.5	16.4	17.6	1.9
Motor vehicles, trailers and semitrailers	19.4	27.1	26.7	27.8	3.0
Other transport equipment	6.7	6.2	6.2	7.0	0.8
Electricity, gas, steam and air conditioning supply	**58.5**	**71.7**	**72.4**	**80.8**	**8.8**
Water supply, sewerage, waste management and remediation activities	**12.0**	**10.0**	**9.8**	**8.4**	**0.9**
of which: Water collection, treatment and supply	10.4	8.7	8.4	7.4	0.8
Construction	**22.4**	**23.9**	**24.9**	**25.8**	**2.8**
Wholesale and retail trade, repair of motor vehicles and motorcycles	**48.7**	**66.2**	**58.7**	**52.7**	**5.8**
of which: Wholesale trade	12.2	33.0	30.2	28.2	3.1
Retail trade	32.3	30.5	25.6	21.0	2.3
Transport and storage	**6.3**	**8.8**	**8.7**	**9.1**	**1.0**
of which: Land transport and transport via pipeline	1.5	2.5	2.0	1.7	0.2
Water transport	0.3	0.4	0.5	0.5	0.1
Air transport	1.6	2.2	2.2	2.3	0.2
Warehousing and support activities for transportation	2.8	3.7	4.0	4.6	0.5
Accommodation and food service activities	**8.8**	**9.0**	**8.5**	**9.2**	**1.0**
Information and communication	**70.6**	**76.7**	**75.7**	**74.4**	**8.1**
of which: Motion pictures, video and television programme activities	20.8	26.5	22.4	25.4	2.8
Telecommunications	36.5	35.8	38.5	33.3	3.6
Financial and insurance activities	**232.4**	**253.0**	**256.6**	**257.9**	**28.2**
of which: Financial intermediation, except insurance and pension funding	168.4	183.2	182.4	185.1	20.3
of which: Activities of holding companies	*25.1*	*22.5*	*30.0*	*30.2*	*3.3*
Insurance	52.7	55.6	56.1	56.9	6.2
Real-estate activities[c)]	**34.2**	**41.9**	**37.6**	**39.4**	**4.3**
Professional, scientific and technical activities	**35.5**	**40.9**	**41.4**	**51.6**	**5.6**
of which: Legal and accounting activities	1.0	1.0	1.0	1.0	0.1
Activities of head offices; management consultancy activities	12.4	17.5	23.3	27.1	3.0
Architectural and engineering activities; technical testing and analysis	11.5	12.6	5.6	12.7	1.4
Scientific research and development	0.4	0.4	1.2	0.4	0.0
Advertising and market research	9.8	9.6	10.4	10.7	1.2
Administrative and support service activities	**9.6**	**11.2**	**0.8**	**1.0**	**0.1**
Education	**0.1**	**0.1**	**0.1**	**0.1**	**0.0**
Human health and social work activities	**0.3**	**0.8**	**1.0**	**1.0**	**0.1**
Arts, entertainment and recreation	**0.3**	**0.3**	**0.3**	**0.3**	**0.0**
Other service activities	**0.2**	**0.4**	**0.4**	**0.4**	**0.0**
Amounts not allocated	**9.6**	**7.9**	**12.2**	**11.3**	**1.2**
Total	780.3	864.5	888.3	914.0	100.0

a) The structure of direct investment stocks and flows by sector is determined according to the "NAF rév. 2" classification of activities. Intercompany lending included in these statistics was calculated according to the extended directional principle.
b) Estimates based on the book value of stocks at the end of 2011 and direct investment flows in 2012.
c) This item includes the foreign investment of resident enterprises in the real estate sector as well as net purchases of foreign real estate assets in the strictest sense.
Note: Holding companies belonging to listed groups have been classified according to the main activity of their group.

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Improving French balance of payments statistics: recent initiatives and outlook

The balance of payments is a statistical document that uses a coherent framework to record transactions between an economy and the rest of the world. This means that it provides key information for understanding how flows in the real economy are related to financial flows and for distinguishing exceptional events from structural trends, as well as for spotting breaks in trends.

However, the measurement of transactions needs to be reviewed on a regular basis. Trade and financial transactions are constantly evolving, new players arrive, others disappear or transform, transaction procedures change and instruments used for cross-border payments diversify.

Each change in the environment requires adaptations that are also opportunities to introduce solutions that improve the quality of the statistics and opportunities to establish systems that facilitate reporting entities' compliance with their statistical obligations.

This section presents the main changes in 2012 affecting the compilation of balance of payments and international investment position statistics, with a new methodology for evaluating portfolio investment income from debt securities and a new survey to measure non-trade-related loans between companies (EFI).

1| Improving the methodology for calculating portfolio investment income

Portfolio investment income is made up of dividends from equities and interest payments from debt securities. The methodology for income from debt securities changed in 2005, in keeping with the recommendations of the 5th edition of the IMF Balance of Payments Manual. These called for the relevant receipts and payments to be recorded according to the accrual principle of accounting (see Box 7 in the 2006 Annual Report on the French Balance of Payments and International Investment Position). This methodology was enhanced at the beginning of 2012 by incorporating new information about the characteristics of debt securities in order to estimate portfolio investment income more accurately. This 2012 Annual Report presents revisions of past data, following the implementation of the new methodology. The revisions concern 2010 and 2011 only.

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In the case of debt securities issued by non-residents, an average yield is estimated for each type of instrument issued by the same sector and by the same country, based on data from the European Centralised Securities Data Base (CSDB).[1] These yields are then applied to the data on international investment position assets derived from statistics on securities holdings. Income from French debt securities is calculated somewhat more accurately by using issuance statistics that provide comprehensive data about all French debt securities. The relevant yield is equal to the ratio of the sum of interest and premiums to the par value of the issue. This yield is then applied to the data on international investment position liabilities. Ultimately, receipts, and, to a lesser extent, payments have been revised downwards, leading to downward revisions of the balance of income from debt securities by 3.6 billion in 2010 and by 3.2 billion in 2011.

The procedure for calculating income from debt securities is now fairly consistent with the procedure used for income from equities, which was implemented in 2011 and resulted in a upward revision of 2.8 billion in receipts and a downward revision of 0.2 billion in payments. A technical improvement in the measurement of income from equity securities was achieved by incorporating data from the CSDB in the estimates. On the other hand, the methodology calls for income from equity securities to be recorded when dividends are paid, in contrast to the accrual principle applied for recording of income from debt securities. In practical terms, this means that the dividend per share, which is available from the CSDB, is multiplied by the number of shares in residents' portfolios[2] (foreign equity securities only), when estimating receipts, and in non-residents' portfolios (French equity securities only), when estimating payments.

The geographical structure for portfolio investment income receipts for all types of securities (equity and debt) is derived directly from the statistics on securities holdings used to compile the international investment position data. On the other hand, the geographical structure of payments requires another source of information, since the ultimate owner of a security cannot be determined with certainty. Therefore, interest and dividend payments are broken down by country using data from the IMF's Coordinated Portfolio Investment Survey (CPIS).[3]

1 *The CSDB is operated by the Eurosystem. It covers two-thirds of the securities recorded in the statistics on holdings of French securities. For more information, see* http://www.ecb.europa.eu/pub/pdf/other/centralisedsecuritiesdatabase201002en.pdf.

2 *Estimated as equal to the ratio between the market value of the outstanding securities and the share price.*

3 http://cpis.imf.org/

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2| New survey on financial transactions between non-financial corporations

The purpose of the "foreign financial assets and liabilities survey" is to collect the data needed to estimate the stocks and flows of loans and deposits of resident non-financial corporations affiliated with international groups[4] with non-resident counterparties.

Stocks of loans and deposits vis-à-vis non-resident affiliates of the same group are included in "direct investment". Stocks of loans and deposits vis-à-vis other non-resident financial and non-financial corporations are recorded under "other investment" in the French balance of payments and international investment position. The data collected are broken down by the country of residence of the counterparty and the currency in which the asset or liability is denominated.

Data on interest income and expense related to assets and liabilities towards affiliated enterprises are also collected. These data supplement the data on earnings and dividends from subsidiaries and direct investment enterprises. The data collection is streamlined. Indeed, each reporting entity provides the overall amount of interest payable or receivable for the reference period, regardless of the currencies or countries concerned.

To reduce enterprises' reporting burden, interest income and expense related to stocks of assets and liabilities towards non-affiliated enterprises are not collected but are estimated instead. Interest is calculated by applying the apparent yield to the reported stocks. This yield is calculated on the basis of the enterprise's balance sheet data.[5]

The survey scope covers all of the non-financial and insurance sectors, except for the general government sector, where data on loans and deposits is collected by other means.

The survey data are collected through dedicated pages on the Banque de France's secure website. These pages are accessed using logins and passwords that are posted to reporting entities at the beginning of each year's survey.

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4 As the parent or an affiliated enterprise. In balance of payments methodology, an enterprise is an affiliate of an international group if the parent of an international group directly or indirectly holds a stake of 10% or more.

5 These data cover stocks owned by residents and non-residents and are taken from the FIBEN balance sheet database. Therefore, the apparent interest rate used for the calculation is an approximation. When this information is unavailable, a median interest rate is applied instead.

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The reporting entities are asked about the information presented in their financial statements. The geographical scope of the survey covers the French territory including overseas départements.

The survey was revised in 2011 and now has two parts:[6]

• a quarterly survey of some 800 enterprises subject to direct general reporting requirements or with total stocks of non-trade-related loans and deposits with non-resident counterparties exceeding EUR 50 million. The latter enterprises were originally identified on the basis of the findings of the old survey;

• a supplementary annual survey of a sample of some 950 enterprises selected at random from enterprises with stocks of loans and deposits in excess of EUR 15 million,[7] after filtering out the reporting enterprises from the quarterly survey. The survey sample is drawn using stratified random sampling, according to whether the ultimate controlling parent is French or foreign and according to a proxy variable for stocks of financial assets and liabilities. One quarter of the sample is renewed each year.

All in all, the findings of this survey allow us to estimate that interest on intercompany loans, which has been included in the balance of payments for the first time as direct investment income, has contributed EUR 4.7 billion to receipts and EUR 7.2 billion to payments, for a negative impact of EUR 2.5 billion on the current account balance.

In 2011, the contribution of the survey to the “other investment of other sectors” item, for loans between non-affiliates, stood at EUR 27.4 billion in assets and EUR 36.2 billion in liabilities. This means that the net position, for the survey scope, shows a debit of EUR 8.9 billion, i.e. a downward revision of EUR 5.3 billion compared to previous data.

The survey data on loans and deposits between affiliated enterprises led to an upward revision of EUR 13.6 billion in liabilities and a downward revision of EUR 40.5 billion in assets towards non-residents at the end of 2011. The impact on the net position came to EUR 54.1 billion. Adjustments were also made to flows and stocks in 2010.

Backcast flow and stock data on all loans and deposits between affiliated and non-affiliated enterprises since 2005 will be disseminated at a later date.

6 The old survey was only conducted once a year and covered some 900 enterprises.
7 With any resident or non-resident, affiliated or unaffiliated, counterparties.

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Extended directional principle (direct investment – other transactions – intercompany loans)

Under this principle, loans between fellow enterprises belonging to the same international group must no longer be classified according to the direction of the loan, but according to the parent company's country of residence. This method, which offsets cross-border loan flows and stocks within an international group, leads to a substantial reduction in the overall volume of outward and inward direct investment flows and stocks compared to the data compiled according to the conventional methodology defined in the 5th edition of the *IMF Balance of Payments and International Investment Position Manual*. It makes the direct investment aggregates, in both flows and stocks, more meaningful.[1]

1 *See Nivat and Terrien (2010): Les investissements directs français à l'étranger et étrangers en France en 2009,* Bulletin de la Banque de France *No. 181, 3rd quarter*