

Balance of payments – France • December and fourth quarter 2017

Slight widening of the current account deficit in Q4

In the fourth quarter, the current account balance stands at - 6.7 billion (seasonally and working-day adjusted data), compared to -6.2 billion in the previous quarter (*figures before revision of the travel item, see box p.2*).

The balance of goods improves (-8.3 billion, after -11.1 billion in the third quarter), driven predominantly by aeronautical exports.

The balance of services declines in the fourth quarter (-0.2 billion, after +1 billion, *figures before revision of the travel item, see box p.2*) due to transport services (-0.9 billion, after -0.6 billion) and business services (-1 billion, after -0.5 billion).

In the financial account (Fourth quarter, non-seasonally adjusted data), the flows of French direct investment abroad (9.3 billion) balance foreign direct investment in France (9.1 billion). Portfolio investments result in net inflows of € 30.4 billion.

In December, the current account deficit is less important than in the previous two months.

Quarterly and annual data after revisions will be published in early April 2018.

Current account

(EUR billions)	Dec-17 (a)	2017-Q3 (a)	2017-Q4 (a)
Current account (seasonally and working-day adjusted)	-0.9	-6.2	-6.7
Goods (1)	-1.9	-11.1	-8.3
Energy	-3.3	-8.7	-9.6
Goods excl. Energy	1.5	-2.5	1.3
Services	0.3	1.0	-0.2
Travel	0.4	1.1	1.1
Transport services	-0.4	-0.6	-0.9
Professional and management consulting services, Research and development and Technical services , trade- related and other business services	0.1	-0.5	-1.0
Other services (2)	0.2	1.1	0.6
Primary and secondary income (3)	0.6	3.9	1.8

(a) Provisional data (b) Annual report 2016 data
(1) to (3) See methodological notes on page 3.

Source and production : BANQUE DE FRANCE – DIRECTORATE GENERAL STATISTICS

International tourism in France: Revisions to the “Travel” item of the balance of payments

Due to the significant and rapid growth of tourism from emerging countries, and on the basis of newly accessible information, the Banque de France has undertaken an in-depth revision study aimed at refining the integration of international tourism developments. This revision is based on a significant investment in data collection - including the doubling of size of some samples of travelers in the survey design, and an agreement with the banking industry for a more detailed exploitation of anonymized credit card data. This allowed the development of statistical calculations that better reflect the spending behavior of each geographical origin.

The annual figures for travel services, to be published in April 2018 as part of the presentation of the 2017 balance of payments, will take into account these new elements and will therefore be retroactively increased by around 10 billion each year.

Capital account and financial account

(EUR billions)	Dec-17 (a)	2017-Q3 (a)	2017-Q4 (a)	Cum. Fig. 4 quarter period (a)	2016 (b)
Capital Account (brut)	0.9	0.1	0.7	1.1	0.0
Financial account (not adjusted)	25.4	6.2	-5.6	-54.3	-28.8
Direct investment	0.3	3.5	0.3	-12.2	26.2
- Abroad	3.4	8.7	9.3	30.8	58.4
- In France	3.1	5.2	9.1	43.0	32.2
Portfolio investment	-54.1	15.5	-30.4	22.4	-3.6
- Assets	-58.0	-15.0	-50.2	37.8	47.5
- Liabilities	-3.8	-30.5	-19.7	15.4	51.1
Financial derivatives	5.3	-2.8	2.7	-0.1	0.6
Loans and deposits (4)	76.6	-11.8	24.9	-61.3	-54.2
Reserve assets	-2.6	1.7	-3.0	-3.0	2.2

(a) Provisional data (b) Annual report 2016 data

(4) See methodological notes on page 3.

Methodological notes relating to page 1 and page 2 tables

(1) Data on trade in goods are FOB-FOB values, which means without cost, insurance and freight. The latter expenditure is recorded in the services item. Exchanges of goods include general merchandise as published by the Directorate General of Customs and Excise (DGDDI) on one side, merchanting and methodological adjustments calculated by the Banque de France, on the other side. It ensures the comparability of French balance of payments with those of other countries and its conformity with the international standards set by International Monetary Fund. The key underlying concept in balance of payments is the economic ownership (as for the national accounts).

(2) Services other than travel (tourism and professional travels), transport services, professional and management consulting services, R&D and development and technical services, trade-related and other business services include manufacturing, maintenance and repair, construction, insurance and pension services, financial services, charges for the use of intellectual property, telecommunication, computer and information services, personal, cultural and recreational services and government goods and services.

(3) Income includes primary and secondary incomes. Primary 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") or for the rental of natural resources ("rent"). Taxes and subsidies on products and production are also included in primary income. Secondary income records current transfers between residents and non-residents. A transfer is a transaction that involves the provision of a good, service, financial asset or another non-produced asset without receiving something of economic value in exchange.

(4) The "other investment" (loans and deposits) component of the financial account 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.

On the Banque de France website a detailed [methodological note on balance of payments and international investment position](#) can be found. Highlights on specific topics are also available:

- [foreign direct investments \(English and French\)](#),
- [remittances \(French\)](#),
- [international tourism in France \(French\)](#),
- [international banking activity \(English and French\)](#),
- [banks foreign establishment \(French\)](#),
- [net foreign assets \(English and French\)](#).

