

## Balance of payments – France • March and first quarter 2021

### Current account deficit widened in the first quarter 2021

The **first quarter of 2021** recorded a worsening in the **current account** deficit, which stood at 7.2 billion euros after 2.2 billion in the last quarter of 2020 (seasonally adjusted data). While the deficit in goods slightly reduced, the surplus in services deteriorated and the income balance turned negative.

The reduction in the deficit in goods excluding energy by 2.9 billion euros was partially offset by the increase in the energy bill by 2.2 billion euros. The lower surplus in services stemmed from the deterioration in the balance of consulting, R&D and trade-related services. Lastly, the income balance deteriorated by 4.3 billion euros, mainly due to a reduction in the investment income surplus of 3.3 billion euros.

In **March 2021**, the current account deficit stood at 2.9 billion euros, deteriorating by 0.7 billion euros from February, driven by a 1.8 billion euros increase in the goods deficit.

The **financial account** balance recorded net capital inflows of 15.6 billion euros in the first quarter, after net outflows of 16.8 billion euros (non-seasonally adjusted data). The increasing net inflow of loans and deposits (112.1 billion euros after 0.4 billion) was to a large extent offset by portfolio investments (net outflow of 101.5 billion euros).

#### Current account and GDP

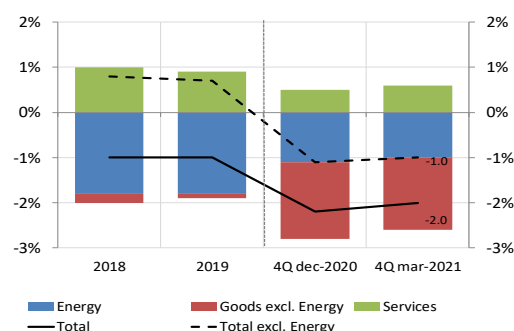
(in EUR billions and in % of GDP, cumulated figures for the four-quarter period  
sources : Banque de France – DGSEI ; ECB for external data)

	2020		2021-Q1 (*)	
	Amount	% GDP	Amount	% GDP
<b>France</b>	<b>-43.6</b>	<b>-1.9</b>	<b>-41.9</b>	<b>-1.8</b>
Germany	231.9	7.0		
Spain	7.4	0.7		
Italy	59.9	3.6		
United Kingdom	-80.1	-3.4		

(\*) Cumulated figures for the four-quarter period

#### Goods and services

(Cumulated figures for the four-quarter period, Percentage of GDP)



#### Current account

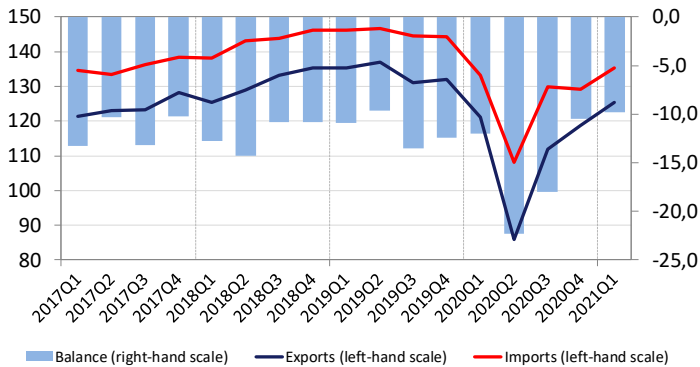
(EUR billions)	Mar-21 (a)	2020-Q4 (a)	2021-Q1 (a)	Cum. Fig. 4 quarter period (a)	2019 (b)	Cum. Fig. 4 quarter period / 2019
<b>Current account (seasonally and working-day adjusted)</b>	<b>-2.9</b>	<b>-2.2</b>	<b>-7.2</b>	<b>-41.9</b>	<b>-16.2</b>	↓
Goods (1)	-4.3	-10.5	-9.8	-60.6	-46.8	↓
Energy	-2.5	-5.1	-7.3	-23.4	-42.7	↑
Goods excl. Energy	-1.9	-5.4	-2.5	-37.1	-4.2	↓
Services	1.9	5.5	4.1	14.5	21.6	↓
Travel	0.2	1.0	0.7	3.5	10.8	↓
Transport services	0.7	0.5	1.5	0.1	-5.0	↑
Professional and management consulting services, Research and development and Technical services , trade-related and other business services	0.1	2.5	-0.7	5.0	7.2	↓
Other services (2)	0.9	1.5	2.6	6.0	8.6	↓
Primary and secondary income (3)	-0.5	2.8	-1.5	4.2	9.0	↓

(a) Provisional data (b) Annual report 2019 data  
(1) to (3) See methodological notes on page 2.

Source and production : BANQUE DE FRANCE – DGSEI

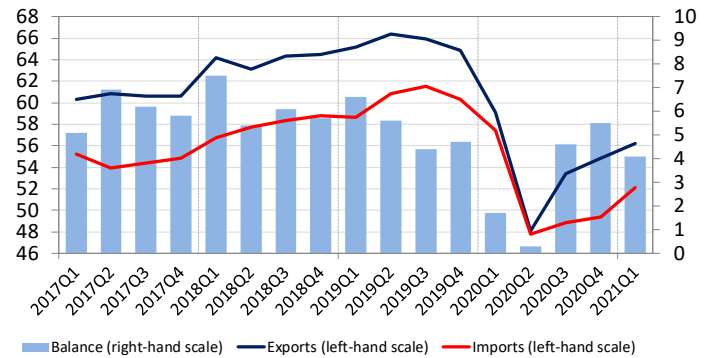
## Goods

(seasonally and working-day adjusted, EUR billions)



## Services

(seasonally and working-day adjusted, EUR billions)



## Capital account and financial account

(EUR billions)	Mar-21 (a)	2020-Q4 (a)	2021-Q1 (a)	Cum. Fig. 4 quarter period (a)	2019 (b)
<b>Capital Account (not adjusted)</b>	<b>0.3</b>	<b>0.3</b>	<b>0.6</b>	<b>1.6</b>	<b>1.9</b>
<b>Financial account (not adjusted)</b>	<b>-5.8</b>	<b>16.8</b>	<b>-15.6</b>	<b>-38.3</b>	<b>-28.8</b>
Direct investment	2.0	4.2	-1.4	-1.1	4.2
- Abroad	2.8	23.5	6.7	40.4	49.8
- In France	0.8	19.3	8.1	41.5	45.6
Portfolio investment	-24.5	21.8	101.5	78.6	-93.0
- Assets	14.4	1.6	136.1	239.2	53.2
- Liabilities	39.0	-20.3	34.6	160.6	146.2
Financial derivatives	-4.5	-9.8	-2.3	-2.5	3.7
Loans and deposits (4)	21.9	-0.4	-112.1	-112.3	53.4
Reserve assets	-0.7	1.0	-1.4	-1.0	2.8

(a) Provisional data (b) Annual report 2019 data  
(4) See methodological notes on page 2.

## 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 \(English and French\)](#),
- [enterprise services \(French\)](#).

