

Balance of payments – France • June and second quarter 2021

Slight improvement of the current account deficit in the second quarter

In June, the **current account** deficit stood at 0.5 billion euros, i.e. an improvement of 1.8 billion euros compared with the previous month (seasonally adjusted).

Over **2021-Q2**, the **current account** deficit amounted to 5.4 billion euros, i.e. an improvement of 1.1 billion euros on the previous quarter. The goods deficit was stable at 11.4 billion euros: the deterioration in the energy goods deficit by 0.6 billion euros was offset by the improvement in the balance of non-energy goods (+0.5). The services surplus recorded an improvement of 2.9 billion euros. Exports were particularly driven by transports and financial services (included in "other services"). They came closer to their 2019-Q2 level but remained 10% below it (compared to 14% for imports). Finally, the 1.8 billion euros deterioration in income was mainly attributable to portfolio investment income recording increase in debits while credits stagnated.

The **financial account** balance stood at -7.2 billion euros after -24.6 billion euros in the previous quarter (non-seasonally adjusted data). Loans and deposits recorded net inflows of 40.6 billion euros compared to 130 billion for 2021-Q1. At the same time, net outflows in portfolio investment fell from 100.9 billion to 14.4 billion. The direct investment balance remained stable at 6.9 billion euros.

Current account and GDP

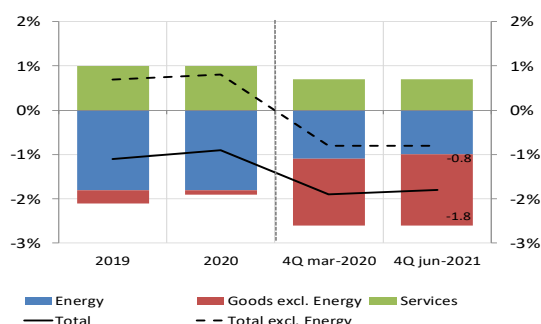
(in EUR billions and in % of GDP, cumulated figures for the four-quarter period
sources : Banque de France – DGSEI ; ECB for external data)

	2021-Q1 (*)		2021-Q2 (*)	
	Amount	% GDP	Amount	% GDP
France	-42.8	-1.8	-29.8	-1.2
Germany	237.9	7.1		
Spain	6.1	0.6		
Italy	59.9	3.6		

(*) Cumulated figures for the four-quarter period

Goods and services

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



Current account

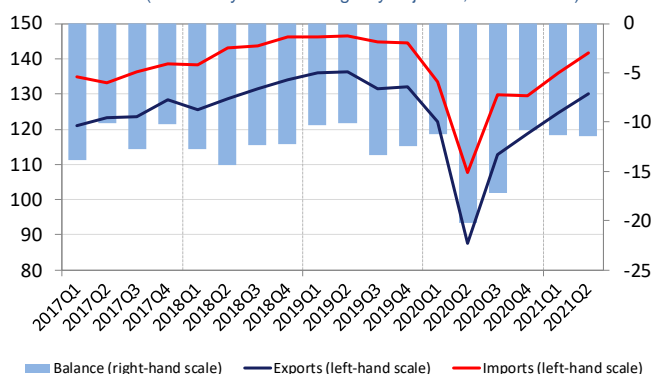
(EUR billions)	Jun-21 (a)	2021-Q1 (a)	2021-Q2 (a)	Cum. Fig. 4 quarter period (a)	2020 (b)	Cum. Fig. 4 quarter period / 2020
Current account (seasonally and working-day adjusted)	-0.5	-6.5	-5.4	-29.8	-43.7	↑
Goods (1)	-3.4	-11.3	-11.4	-50.6	-59.9	↑
Energy	-2.6	-7.5	-8.1	-26.6	-24.4	↓
Goods excl. Energy	-0.8	-3.8	-3.3	-24.0	-35.5	↑
Services	3.3	4.6	7.5	21.9	16.4	↑
Travel	0.1	0.4	-0.1	2.6	4.2	↓
Transport services	1.4	1.6	2.7	3.7	-2.7	↑
Professional and management consulting services, Research and development and Technical services, trade- related and other business services	0.7	1.5	1.8	7.6	7.3	→
Other services (2)	1.1	1.1	3.0	8.0	7.6	→
Primary and secondary income (3)	-0.4	0.2	-1.6	-1.1	-0.2	↓

(a) Provisional data (b) Annual report 2020 data
(1) to (3) See methodological notes on page 2.

Source and production : BANQUE DE FRANCE – DGSEI

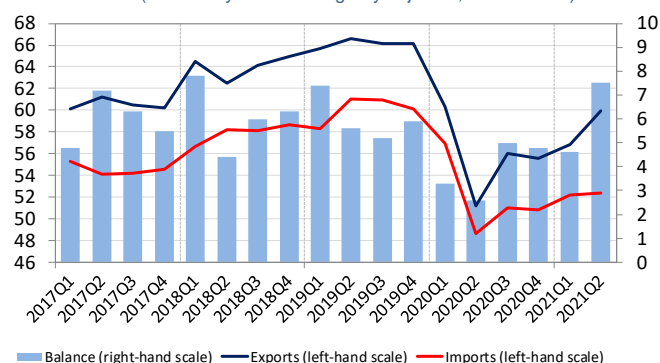
Goods

(seasonally and working-day adjusted, EUR billions)



Services

(seasonally and working-day adjusted, EUR billions)



Capital account and financial account

(EUR billions)	Jun-21 (a)	2021-Q1 (a)	2021-Q2 (a)	Cum. Fig. 4 quarter period (a)	2020 (b)
Capital Account (not adjusted)	0.0	0.6	0.3	1.5	2.0
Financial account (not adjusted)	12.9	-24.6	-7.2	-49.0	-52.5
Direct investment	3.1	6.1	6.9	20.3	36.0
- Abroad	4.4	11.4	10.5	57.7	45.9
- In France	1.3	5.3	3.5	37.4	9.9
Portfolio investment	3.5	100.9	14.4	133.7	-36.4
- Assets	7.3	135.1	40.3	227.6	144.3
- Liabilities	3.7	34.2	25.9	93.9	180.7
Financial derivatives	5.8	-0.5	11.4	-1.3	-23.8
Loans and deposits (4)	-0.1	-129.7	-40.6	-202.2	-32.3
Reserve assets	0.5	-1.4	0.7	0.5	4.0

(a) Provisional data (b) Annual report 2020 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 \(French\)](#).

