



EUROPEAN CENTRAL BANK

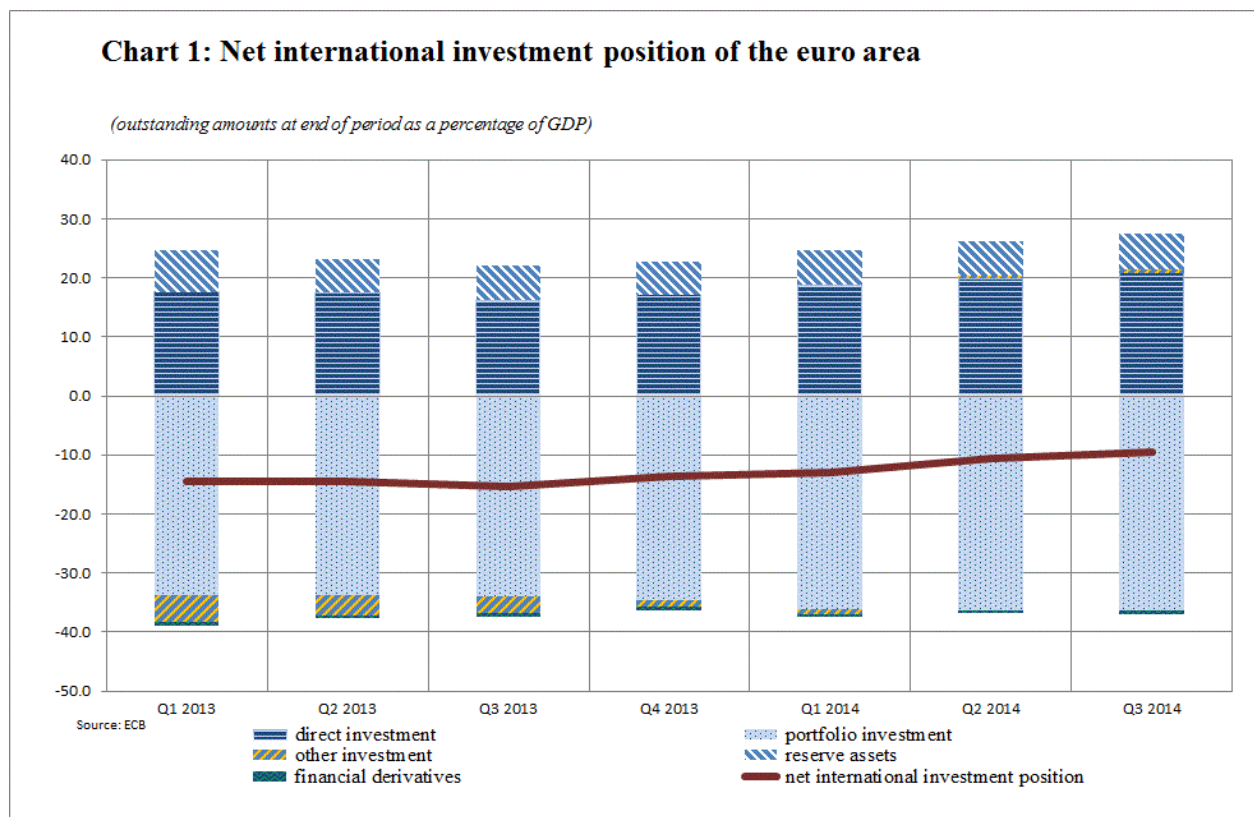
EUROSYSTEM

# PRESS RELEASE

Tuesday 13 January 2015

## Euro area quarterly balance of payments and international investment position (third quarter of 2014)

- The current account of the euro area showed a surplus of €234.4 billion (2.3% of euro area GDP) in the four quarters up to the third quarter of 2014.
- At the end of the third quarter of 2014, the international investment position of the euro area recorded net liabilities of €0.9 trillion (approximately 9% of euro area GDP).



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## Current account

In the third quarter of 2014, the *current account* of the euro area showed a surplus of €72.2 billion, compared with €52.2 billion in the third quarter of 2013 (see Table 1). The increase in the *current account* surplus was due to increases in the surpluses for *goods* (from €49.3 billion to €62.2 billion) and *primary income* (from €13.5 billion to €15.7 billion), and to a decrease in the deficit for *secondary income* (from €33.3 to €25.5 billion).<sup>[1]</sup> These developments were partly offset by a decrease in the surplus for *services* (from €22.8 billion to €19.8 billion).

The developments in *services* were explained by a deterioration of the balances for all major components, with the exception of *telecommunication, computer and information services*, where the surplus rose from €8.7 billion to €10.2 billion.

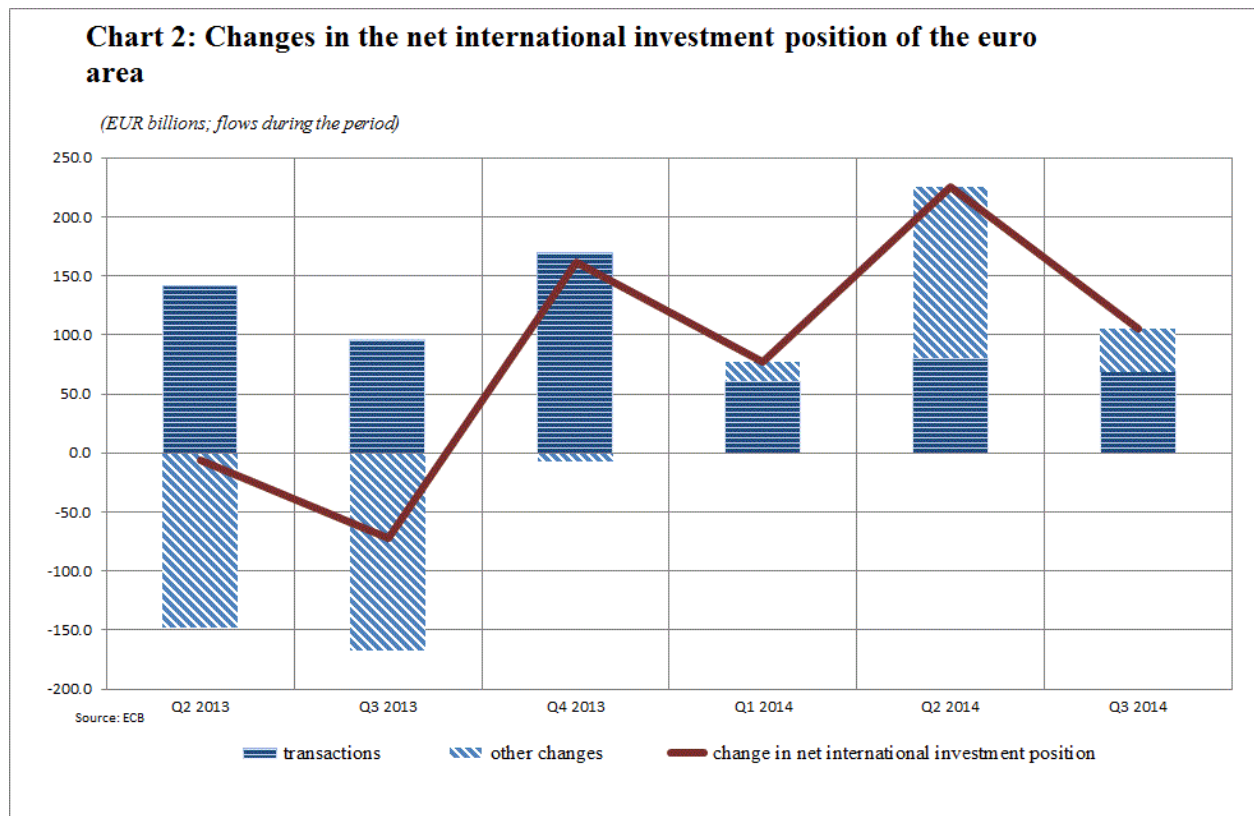
The increase in the *primary income* surplus was driven by improvements in *compensation of employees* and in the *investment income* balances for *direct investment* and *portfolio investment*, which were partly offset by developments in the other primary income components.

## International investment position

At the end of the third quarter of 2014, the international investment position of the euro area recorded net liabilities of €0.9 trillion vis-à-vis the rest of the world (approximately 9% of euro area GDP; see Chart 1). This represented a decrease in net liabilities of €105 billion in comparison with the second quarter of 2014 (see Table 2).

This decrease was the result of a higher net asset position for *direct investment* (from €1,943 billion to €2,039 billion), *other investment* (from €51 billion to €66 billion) and *reserve assets* (from €583 billion to €597 billion), and to a lower net liability position for *portfolio investment* (from €3,572 billion to €3,559 billion). This was partly offset by an increase in the net liability position for *financial derivatives* (from €44 billion to €77 billion).

The changes in the net position for *direct investment* and *reserve assets* mainly reflected revaluations – changes in exchange rates and asset prices – and other volume changes, whereas the developments in *portfolio investment* and *other investment* (mainly currency and deposits) were explained by transactions and offsetting other changes (see Chart 2).



At the end of the third quarter of 2014, the *gross external debt* of the euro area amounted to €12 trillion (approximately 119% of euro area GDP), which represented an increase of €320 billion in comparison with the second quarter of 2014. By contrast, the *net external debt* decreased by €127 billion on account of a more marked increase in euro area residents' holdings of (debt) assets issued by non-residents.

### Data revisions

- This press release incorporates revisions to the data for the reference periods from the first quarter of 2013 to the second quarter of 2014. These revisions have not significantly altered the figures previously published.

### Additional information

- Time series data: [ECB's Statistical Data Warehouse \(SDW\)](#).
- Methodological information: [ECB's website](#).
- [Next press releases](#):

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- Monthly balance of payments: **19 January 2015** (reference data up to November 2014).
- Quarterly balance of payments and international investment position: **9 April 2015** (reference data up to the fourth quarter of 2014)

## **Annexes**

- Table 1: [Current account of the euro area](#)
- Table 2: [International investment position of the euro area](#)

## **Notes:**

- <sup>[1]</sup> In broad terms, the new BPM6 concept of “primary income” corresponds to the old BPM5 concept of “income”, and the new concept of “secondary income” corresponds to the old concept of “current transfers”.

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**Table 1: Current account of the Euro area**

(EUR billions, unless otherwise indicated; transactions during the period; non working day and non seasonally adjusted)

	Cumulated figures for the four-quarter period ending in						Q3 2013			Q3 2014		
	Q2 2014			Q3 2014			Net	Credit	Debit	Net	Credit	Debit
	Net	Credit	Debit	Net	Credit	Debit						
<b>Current account</b>	<b>214.4</b>	<b>3,274.4</b>	<b>3,060.0</b>	<b>234.4</b>	<b>3,291.7</b>	<b>3,057.3</b>	<b>52.2</b>	<b>813.1</b>	<b>760.9</b>	<b>72.2</b>	<b>830.4</b>	<b>758.2</b>
Percentage of GDP	2.1	32.8	30.6	2.3	32.8	30.5	-	-	-	-	-	-
<b>Goods</b>	<b>214.2</b>	<b>1,918.8</b>	<b>1,704.7</b>	<b>227.1</b>	<b>1,930.2</b>	<b>1,703.1</b>	<b>49.3</b>	<b>477.8</b>	<b>428.5</b>	<b>62.2</b>	<b>489.1</b>	<b>426.9</b>
of which: General merchandise	210.9	1,874.8	1,663.9	223.4	1,886.4	1,663.0	47.4	465.8	418.4	60.0	477.4	417.5
<b>Services</b>	<b>83.3</b>	<b>664.8</b>	<b>581.4</b>	<b>80.4</b>	<b>675.2</b>	<b>594.8</b>	<b>22.8</b>	<b>171.6</b>	<b>148.8</b>	<b>19.8</b>	<b>182.0</b>	<b>162.2</b>
Transport	3.5	126.1	122.6	2.7	125.4	122.7	2.1	33.5	31.4	1.2	32.8	31.5
Travel	19.7	114.8	95.1	19.2	115.8	96.6	7.9	39.9	31.9	7.5	40.9	33.5
Insurance pension and financial services	24.3	78.4	54.1	23.5	79.3	55.8	6.7	19.2	12.5	6.0	20.2	14.2
Telecommunication, computer and information services	38.7	79.4	40.7	40.2	81.3	41.1	8.7	18.3	9.6	10.2	20.2	10.0
Other business services	3.1	170.9	167.8	2.8	175.1	172.3	-0.4	39.2	39.6	-0.7	43.4	44.1
Other	-6.0	95.2	101.2	-8.0	98.2	106.2	-2.4	21.4	23.8	-4.3	24.5	28.8
<b>Primary income</b>	<b>65.4</b>	<b>603.6</b>	<b>538.2</b>	<b>67.6</b>	<b>598.8</b>	<b>531.2</b>	<b>13.5</b>	<b>142.6</b>	<b>129.1</b>	<b>15.7</b>	<b>137.8</b>	<b>122.1</b>
<b>Compensation of employees</b>	<b>17.6</b>	<b>31.5</b>	<b>13.9</b>	<b>17.9</b>	<b>31.8</b>	<b>13.9</b>	<b>3.5</b>	<b>7.6</b>	<b>4.0</b>	<b>3.9</b>	<b>7.9</b>	<b>4.0</b>
<b>Investment income</b>	<b>23.8</b>	<b>534.2</b>	<b>510.3</b>	<b>26.9</b>	<b>529.4</b>	<b>502.4</b>	<b>10.4</b>	<b>132.4</b>	<b>122.0</b>	<b>13.5</b>	<b>127.6</b>	<b>114.1</b>
Direct investment	92.1	325.2	233.1	94.2	319.0	224.8	21.9	79.8	57.9	24.0	73.6	49.6
of which: Reinvested earnings	-6.6	31.1	37.7	-5.6	25.7	31.3	0.6	17.0	16.4	1.6	11.5	10.0
Portfolio investment	-65.5	161.2	226.7	-63.2	164.3	227.6	-11.3	40.2	51.5	-9.1	43.3	52.4
Dividends	0.6	53.4	52.9	3.8	55.5	51.7	4.4	13.0	8.6	7.7	15.1	7.4
Income on investment fund shares	-61.2	5.4	66.7	-65.1	5.5	70.6	-14.7	1.4	16.1	-18.6	1.4	20.0
Interest	-4.8	102.3	107.1	-1.9	103.3	105.2	-1.1	25.9	26.9	1.8	26.8	25.0
Other investment	-5.7	44.9	50.6	-6.9	43.2	50.1	-0.9	11.7	12.5	-2.1	9.9	12.0
of which: interest	-2.6	43.9	46.5	-4.0	42.1	46.1	0.0	11.4	11.4	-1.4	9.7	11.0
Reserve assets		2.8			2.9			0.7			0.7	
<b>Other primary income</b>	<b>23.9</b>	<b>37.9</b>	<b>14.0</b>	<b>22.8</b>	<b>37.7</b>	<b>14.9</b>	<b>-0.5</b>	<b>2.6</b>	<b>3.1</b>	<b>-1.7</b>	<b>2.3</b>	<b>4.0</b>
<b>Secondary income</b>	<b>-148.5</b>	<b>87.2</b>	<b>235.7</b>	<b>-140.7</b>	<b>87.5</b>	<b>228.2</b>	<b>-33.3</b>	<b>21.2</b>	<b>54.5</b>	<b>-25.5</b>	<b>21.5</b>	<b>47.1</b>

Source: ECB.

**Table 2: International investment position of the euro area**

(EUR billions, unless otherwise indicated; amounts outstanding at the end of the period, flows during the period; non working day and non seasonally adjusted)

	Q3 2013	Q4 2013	Q1 2014	Q2 2014			Q3 2014			
				Transactions	Other changes	Amounts outstanding	Transactions	Other changes	Amounts outstanding	Percentage of GDP
<b>Net/Balance</b>	<b>-1,503</b>	<b>-1,341</b>	<b>-1,264</b>	<b>80</b>	<b>146</b>	<b>-1,039</b>	<b>69</b>	<b>36</b>	<b>-934</b>	<b>-9</b>
of which: Direct investment	1,584	1,679	1,842	-1	102	1,943	28	68	2,039	20
of which: Portfolio investment	-3,334	-3,393	-3,557	-43	28	-3,572	76	-64	-3,559	-35
of which: Other investment	-282	-105	-71	107	14	51	-50	66	66	1
<b>Assets</b>	<b>17,618</b>	<b>17,766</b>	<b>18,192</b>	<b>212</b>	<b>304</b>	<b>18,709</b>	<b>182</b>	<b>567</b>	<b>19,458</b>	<b>194</b>
<b>Direct investment</b>	<b>6,994</b>	<b>7,229</b>	<b>7,345</b>	<b>-15</b>	<b>135</b>	<b>7,465</b>	<b>56</b>	<b>122</b>	<b>7,643</b>	<b>76</b>
Equity	4,846	5,040	5,107	-47	70	5,130	42	117	5,289	53
Debt instruments	2,148	2,190	2,238	32	65	2,335	15	4	2,354	23
<b>Portfolio investment</b>	<b>5,570</b>	<b>5,659</b>	<b>5,747</b>	<b>157</b>	<b>133</b>	<b>6,037</b>	<b>115</b>	<b>256</b>	<b>6,408</b>	<b>64</b>
Equity	1,910	2,013	2,081	57	50	2,189	30	109	2,328	23
Investment fund shares	326	339	330	10	29	369	-3	42	408	4
Debt securities	3,335	3,307	3,336	90	54	3,480	87	105	3,672	37
Short-term	487	475	486	17	7	510	26	57	593	6
Long-term	2,847	2,832	2,850	73	47	2,970	61	48	3,079	31
<b>Financial derivatives (net assets)</b>	<b>-57</b>	<b>-65</b>	<b>-49</b>	<b>16</b>	<b>-10</b>	<b>-44</b>	<b>16</b>	<b>-50</b>	<b>-77</b>	<b>-1</b>
<b>Other investment</b>	<b>4,524</b>	<b>4,400</b>	<b>4,578</b>	<b>54</b>	<b>34</b>	<b>4,666</b>	<b>-4</b>	<b>224</b>	<b>4,887</b>	<b>49</b>
of which: Currency and deposits	2,256	2,212	2,338	58	5	2,401	-24	113	2,490	25
<b>Reserve assets</b>	<b>587</b>	<b>542</b>	<b>571</b>	<b>0</b>	<b>12</b>	<b>583</b>	<b>-1</b>	<b>15</b>	<b>597</b>	<b>6</b>
<b>Liabilities</b>	<b>19,121</b>	<b>19,107</b>	<b>19,456</b>	<b>133</b>	<b>159</b>	<b>19,748</b>	<b>113</b>	<b>531</b>	<b>20,392</b>	<b>203</b>
<b>Direct investment</b>	<b>5,410</b>	<b>5,550</b>	<b>5,503</b>	<b>-14</b>	<b>33</b>	<b>5,522</b>	<b>28</b>	<b>53</b>	<b>5,604</b>	<b>56</b>
Equity	3,512	3,651	3,624	-28	16	3,612	31	28	3,671	37
Debt instruments	1,898	1,899	1,878	15	18	1,911	-2	26	1,935	19
<b>Portfolio investment</b>	<b>8,904</b>	<b>9,052</b>	<b>9,304</b>	<b>200</b>	<b>105</b>	<b>9,610</b>	<b>38</b>	<b>319</b>	<b>9,967</b>	<b>99</b>
Equity	1,497	1,654	1,705	29	63	1,796	6	17	1,819	18
Investment fund shares	2,441	2,482	2,587	81	29	2,697	60	183	2,940	29
Debt securities	4,967	4,915	5,012	90	14	5,116	-28	119	5,208	52
Short-term	485	464	455	24	2	482	15	-5	492	5
Long-term	4,482	4,451	4,557	66	11	4,634	-43	124	4,715	47
<b>Other investment</b>	<b>4,807</b>	<b>4,503</b>	<b>4,649</b>	<b>-54</b>	<b>20</b>	<b>4,616</b>	<b>47</b>	<b>158</b>	<b>4,821</b>	<b>48</b>
of which: Currency and deposits	2,896	2,742	2,820	-37	14	2,798	25	80	2,903	29
<b>Memo item: Gross external debt</b>	<b>11,667</b>	<b>11,313</b>	<b>11,535</b>	<b>-</b>	<b>-</b>	<b>11,639</b>	<b>-</b>	<b>-</b>	<b>11,959</b>	<b>119</b>
<b>Memo item: Net external debt</b>	<b>1,351</b>	<b>1,116</b>	<b>1,071</b>	<b>-</b>	<b>-</b>	<b>842</b>	<b>-</b>	<b>-</b>	<b>715</b>	<b>7</b>

Source: ECB.