

Statistical release

5 July 2021

Euro area quarterly balance of payments and international investment position: first quarter of 2021

- [Current account](#) surplus at €285 billion (2.5% of euro area GDP) in four quarters to first quarter of 2021, up from €247 billion (2.1% of GDP) a year earlier
- [Geographic counterparts](#): largest bilateral current account surpluses vis-à-vis *United Kingdom* (€157 billion) and *United States* (€68 billion), largest deficit vis-à-vis *China* (€78 billion)
- [International investment position](#) showed net liabilities of €118 billion (1.0% of euro area GDP) at end of first quarter of 2021

Current account

The *current account* surplus of the euro area increased to €285 billion (2.5% of euro area GDP) in the four quarters to the first quarter of 2021, up from €247 billion (2.1% of GDP) a year earlier (see Table 1). This increase reflected larger surpluses for *services* (from €26 billion to €66 billion) and for *goods* (from €327 billion to €357 billion). These developments were partly offset by a decrease in the surplus for *primary income* (from €41 billion to €34 billion), and a larger deficit for *secondary income*, which increased from €147 billion to €172 billion.

The larger surplus for *services* was mainly due to a decline in the deficit for *other business services* (from €134 billion to €38 billion) and, to a lesser extent, due to an increase in the surplus for *telecommunication, computer and information services* (from €97 billion to €104 billion). These developments were partly offset by lower surpluses for *travel services* (from €42 billion to €8 billion) and *transport services* (from €21 billion to €11 billion) and by a larger deficit for *other services* (from €15 billion to €29 billion).

The decrease in the *primary income* surplus was primarily due to a fall in the surplus for *investment income* (from €13 billion to €5 billion). This reflected mainly a lower surplus for *direct investment income* (down from €73 billion to €11 billion), which was partly offset by a smaller deficit for *portfolio equity income* (down from €113 billion to €63 billion) and by a larger surplus for *portfolio debt income* (up from €37 billion to €43 billion).

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							
	Q1 2020			Q1 2021			Q1 2020	Q1 2021
	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Balance
Current account	247	4,353	4,106	285	3,891	3,606	35	73
Percentage of GDP	2.1%	36.6%	34.5%	2.5%	34.3%	31.8%		
Goods	327	2,387	2,061	357	2,205	1,848	76	93
Services	26	1,004	978	66	831	765	-13	16
Transport	21	163	143	11	129	119	2	3
Travel	42	162	120	8	39	31	2	0
Insurance, pension and financial	15	100	85	10	104	94	4	3
Telecommunication, computer and information	97	170	73	104	178	73	24	26
Other business	-134	244	378	-38	225	263	-37	-8
Other	-15	164	179	-29	156	186	-8	-9
Primary income	41	846	805	34	740	705	19	21
Compensation of employees	18	42	25	19	40	21	6	5
Investment income	13	766	754	5	663	658	6	8
Direct investment	73	470	398	11	409	398	7	-1
Portfolio equity	-113	87	200	-63	77	139	-15	-6
Portfolio debt	37	136	99	43	126	83	11	12
Other investment	10	68	58	11	49	38	1	3
Reserve assets	5	5		4	4		1	1
Other primary income	11	37	26	10	36	26	7	7
Secondary income	-147	116	263	-172	115	287	-48	-57

Source: ECB.

Notes: "Equity" comprises equity and investment fund shares. Discrepancies between totals and their components may arise from rounding.

Data for the current account of the euro area

Data on the geographic counterparts of the euro area current account (see Chart 1) show that in the four quarters to the first quarter of 2021 the euro area recorded its largest bilateral surpluses vis-à-vis the *United Kingdom* (€157 billion, down from €187 billion a year earlier), the *United States* (€68 billion, down from €115 billion) and *Switzerland* (€56 billion, down from €61 billion). It also recorded a current account

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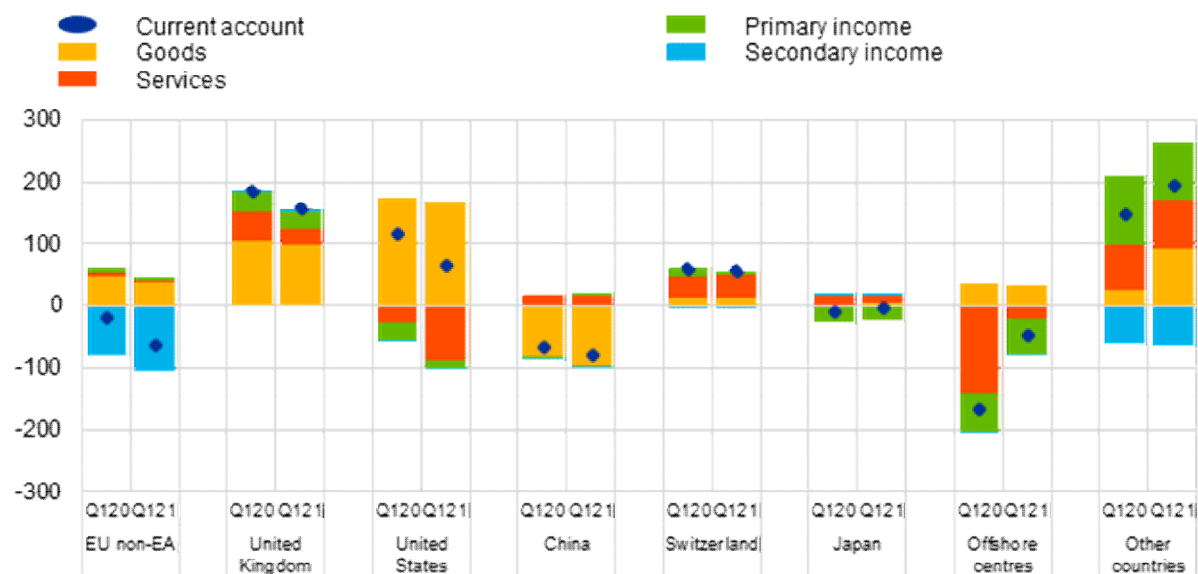
surplus vis-à-vis a residual group of *other countries* (€196 billion, up from €147 billion). The largest bilateral deficits were recorded vis-à-vis *China* (€78 billion, up from €67 billion) and *EU Member States and EU institutions outside the euro area* (€64 billion, up from €19 billion).

The most significant geographic changes in the four quarters to the first quarter of 2021 relative to the previous year were as follows. In the *goods* balance there was an increase in the surplus vis-à-vis the residual group of *other countries* (from €26 billion to €91 billion), partly reflecting a decline in the deficit vis-à-vis *Russia* (from €28 billion to €3 billion), while the deficit vis-à-vis *China* increased (from €80 billion to €94 billion). In *services* the deficit vis-à-vis *offshore centres* declined (from €139 billion to €22 billion), while the deficit vis-à-vis the *United States* increased (from €27 billion to €87 billion). The surplus vis-à-vis the *United Kingdom* decreased (from €47 billion to €25 billion). In *primary income*, a lower deficit was recorded vis-à-vis the *United States* (down from €29 billion to €13 billion), while in *secondary income* the deficit vis-à-vis the *EU Member States and EU institutions outside the euro area* widened from €81 billion to €107 billion.

Chart 1

Geographical breakdown of the euro area current account balance

(four-quarter moving sums in EUR billions; non-seasonally adjusted)



Source: ECB.

Note: "EU non-EA" comprises the non-euro area EU Member States and those EU institutions and bodies that are considered for statistical purposes as being outside the euro area, such as the European Commission and the European Investment Bank. "Other countries" includes all countries and country groups not shown in the chart, as well as unallocated transactions.

[Data for the geographical breakdown of the euro area current account](#)

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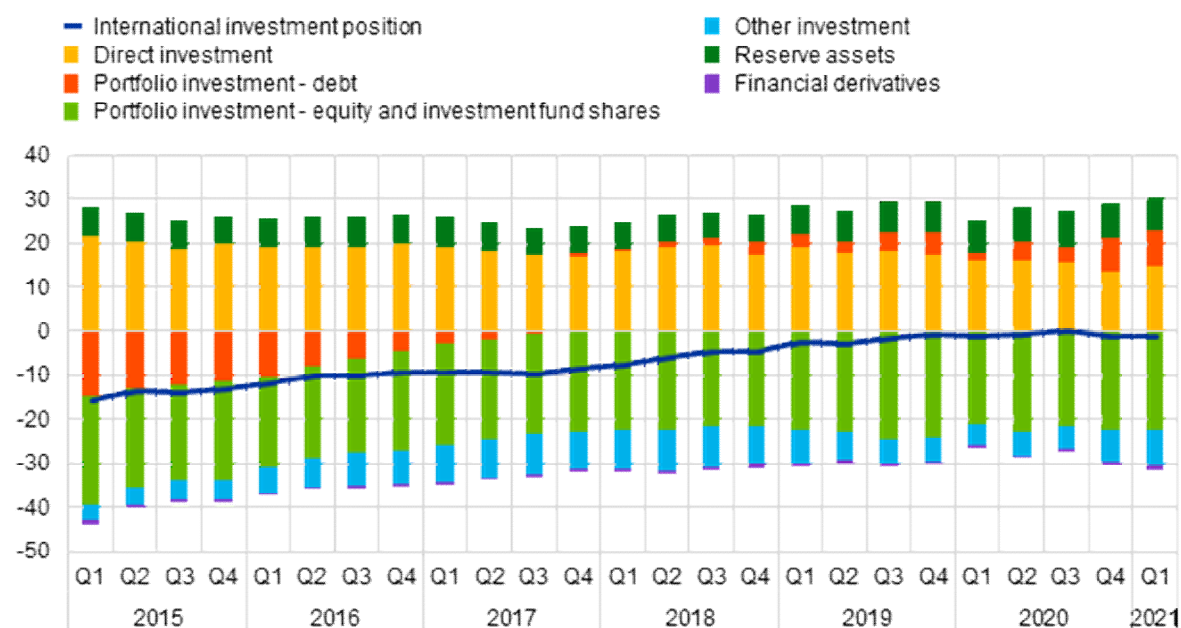
International investment position

At the end of the first quarter of 2021 the international investment position of the euro area recorded net liabilities of €118 billion vis-à-vis the rest of the world (1.0% of euro area GDP), unchanged from the previous quarter (see Chart 2 and Table 2).

Chart 2

Net international investment position of the euro area

(net amounts outstanding at the end of the period as a percentage of four-quarter moving sums of GDP)



Source: ECB.

[Data for the net international investment position of the euro area](#)

The overall stability in the international investment position reflected large but offsetting changes in the various investment components. Larger net assets were recorded for *direct investment* (€1,715 billion, up from €1,568 billion) and for *portfolio debt* (€884 billion, up from €846 billion), while net liabilities increased in *portfolio equity* (€2,518 billion, up from €2,493 billion) and *other investment* (€933 billion, up from €844 billion).

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)

	Q4 2020	Q1 2021					
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	% GDP
Net	-118	85	162	-179	-68	-118	-1.0
of which: Direct investment	1,568	63	64	16	4	1,715	15.1
of which: Portfolio equity	-2,493	70	-11	-27	-57	-2,518	-22.2
of which: Portfolio debt	846	24	81	-79	12	884	7.8
of which: Other investment	-844	-76	18	0	-31	-933	-8.2
Assets	28,336	514	570	27	174	29,620	261.3
Direct investment	10,976	71	150	36	87	11,320	99.8
Portfolio equity	4,801	157	154	217	15	5,345	47.1
Portfolio debt	5,900	102	141	-137	86	6,092	53.7
Financial derivatives	-75	7	-	-51	4	-115	-1.0
Other investment	5,855	179	114	0	-19	6,129	54.1
Reserve assets	880	-3	11	-38	0	849	7.5
Liabilities	28,454	429	408	206	242	29,738	262.3
Direct investment	9,408	8	87	20	83	9,605	84.7
Portfolio equity	7,294	87	165	244	72	7,863	69.4
Portfolio debt	5,053	78	60	-58	75	5,208	45.9
Other investment	6,698	256	96	0	12	7,062	62.3
Gross external debt	14,810	334	177	-58	154	15,416	136.0

Source: ECB.

Notes: "Equity" comprises equity and investment fund shares. Net financial derivatives are reported under assets. Discrepancies between totals and their components may arise from rounding.

Data for the international investment position of the euro area

The developments in the euro area's net international investment position in the first quarter of 2021 were driven by positive net flows due to exchange rate changes and transactions, which were fully offset by negative net price changes and other volume changes (see Table 2 and Chart 3).

The increase in net assets for *direct investment* and *portfolio debt* was mainly due to positive net flows in transactions and exchange rate changes, which were, in the case of *portfolio debt*, partly offset by negative net price changes (see Table 2). The increase in net liabilities for *other investment* was largely driven by transactions, while larger net liabilities for *portfolio equity* resulted from a combination of negative net price changes, exchange rate changes and other volume changes, which were partly offset by positive transactions.

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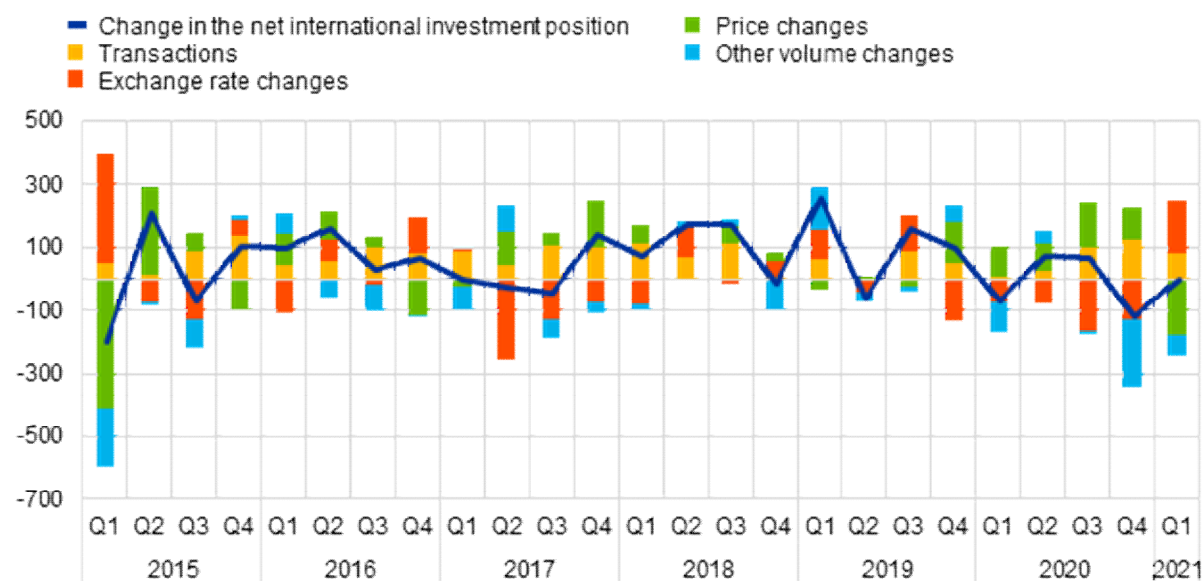
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At the end of the first quarter of 2021 the *gross external debt* of the euro area amounted to €15.4 trillion (around 136% of euro area GDP), up by €606 billion compared with the previous quarter.

Chart 3

Changes in the net international investment position of the euro area

(EUR billions; flows during the period)



Source: ECB.

Note: "Other volume changes" mainly reflect reclassifications and data enhancements.

[Data for changes in the net international investment position of the euro area](#)

Data revisions

This statistical release incorporates revisions to data for the reference periods between the first quarter of 2017 and the fourth quarter of 2020. The revisions reflect revised national contributions to the euro area aggregates as a result of the incorporation of newly available information affecting mainly the data for direct investment and portfolio investment.

Next releases

- Monthly balance of payments: 20 July 2021 (reference data up to May 2021)
- Quarterly balance of payments and international investment position: 4 October 2021 (reference data up to the second quarter of 2021)

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Notes

- All data are neither seasonally nor working day-adjusted. Ratios to GDP (including in the charts) refer to four-quarter sums of non-seasonally and non-working day-adjusted GDP figures.
- Hyperlinks in this press release lead to data that may change with subsequent releases as a result of revisions.