

Statistical release

5 April 2023

Euro area quarterly balance of payments and international investment position: fourth quarter of 2022

- [Current account](#) deficit at €137 billion (1.0% of euro area GDP) in 2022, down from €285 billion surplus (2.3% of GDP) a year earlier
- [Geographical counterparts](#): largest bilateral current account deficits vis-à-vis *China* (€170 billion) and *Russia* (€79 billion) and largest surpluses vis-à-vis *United Kingdom* (€137 billion) and *Switzerland* (€72 billion)
- [International investment position](#) showed net assets of €265 billion (2.0% of euro area GDP) at end of 2022
- Euro area financial assets vis-à-vis *Russia* amounted to €308 billion (0.9% of euro area external assets) at end of the fourth quarter of 2022, down by 21% since end of previous quarter

Current account

The *current account* of the euro area recorded a deficit of €137 billion (1.0% of euro area GDP) in 2022, after recording a surplus of €285 billion (2.3% of GDP) in 2021 (Table 1). This change was mainly driven by switches in the *goods* balance – from a surplus of €279 billion to a deficit of €85 billion – and, to a lesser extent, in the *primary income* balance – from a surplus of €65 billion to a deficit of €10 billion. Moreover, the deficit in *secondary income* edged up from €158 billion to €161 billion. These developments were slightly offset by a larger surplus for *services* (up from €99 billion to €119 billion).

The larger surplus for *services* in 2022 was mainly due to widening surpluses for *travel services* (from €24 billion to €53 billion), *telecommunication, computer and information services* (from €129 billion to €145 billion) and *transport services* (from €14 billion to €24 billion), while larger deficits were recorded

for *other business services* (from €46 billion to €65 billion) and *other services* (from €28 billion to €47 billion).

The switch in the *primary income* balance from a surplus to a deficit was mainly due to a lower surplus in *direct investment income* (from €41 billion to €4 billion), a larger deficit in *portfolio equity income* (from €72 billion to €98 billion) and a decline in the surplus for *other primary income* (from €8 billion to €0.1 billion), the latter mostly related to an increase in payments to the EU institutions.

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						Q4 2021	Q4 2022
	Q4 2021			Q4 2022				
	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Balance
Current account	285	4,494	4,210	-137	5,204	5,340	41	-2
<i>Percentage of GDP</i>	2.3%	36.3%	34.0%	-1.0%	38.8%	39.8%		
Goods	279	2,500	2,221	-85	2,915	3,000	35	4
Services	99	1,015	917	119	1,228	1,108	19	24
Transport	14	179	166	24	238	214	5	2
Travel	24	72	48	53	152	99	8	6
Insurance, pension and financial	7	115	108	11	119	108	2	4
Telecommunication, computer and information	129	215	86	145	244	99	40	41
Other business	-46	258	305	-65	288	353	-26	-11
Other	-28	177	205	-47	187	234	-10	-19
Primary income	65	827	762	-10	902	912	26	9
Compensation of employees	22	46	24	22	48	26	6	6
Investment income	34	743	709	-33	814	847	10	-7
Direct investment	41	462	421	4	475	472	11	0
Portfolio equity	-72	98	169	-98	112	210	-19	-22
Portfolio debt	47	126	79	45	137	93	12	9
Other investment	14	54	40	11	84	73	5	3
Reserve assets	3	3		6	6		1	2
Other primary income	8	38	30	0	39	39	10	10
Secondary income	-158	152	310	-161	159	320	-40	-40

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 geographical counterparts of the euro area current account (Chart 1) show that in 2022 the euro area recorded its largest bilateral deficits vis-à-vis *China* (€170 billion, up from €83 billion in

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Directorate General Statistics

Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany

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2021), *Russia* (€79 billion, up from €22 billion) and the residual group of *other countries* (€76 billion, after a surplus of €124 billion). The largest bilateral surpluses were recorded vis-à-vis the *United Kingdom* (€137 billion, down from €158 billion) and *Switzerland* (€72 billion, up from €68 billion). Furthermore, in 2022 the euro area recorded an annual bilateral current account deficit of €37 billion vis-à-vis the *United States*, following a surplus of €57 billion in 2021.

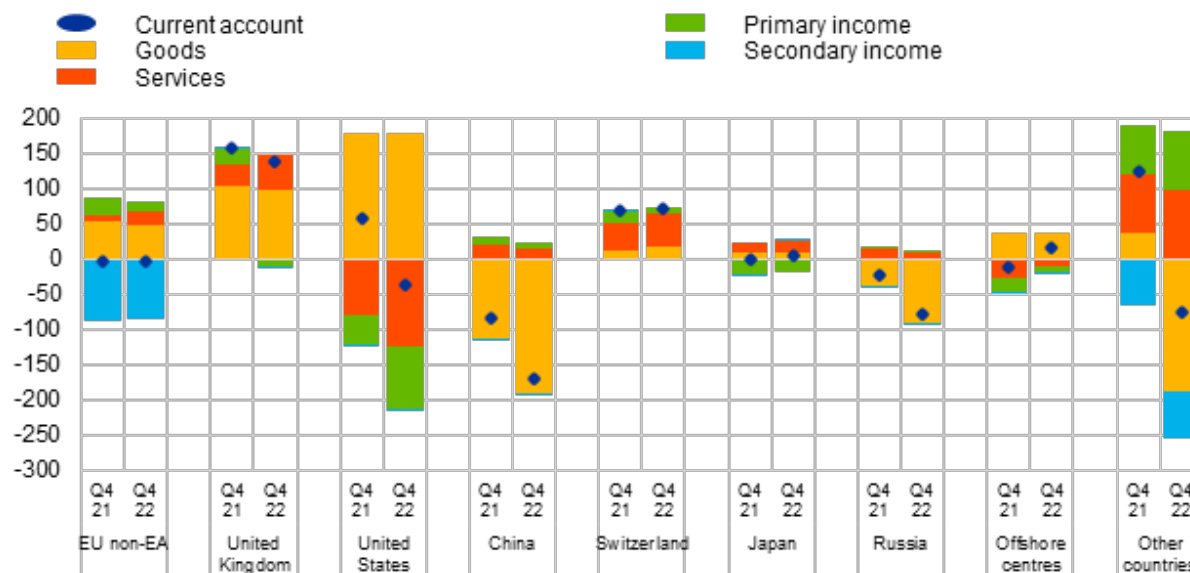
The most significant changes in the geographical components of the current account in 2022 relative to 2021 were as follows. The *goods* balance vis-à-vis the residual group of *other countries* turned from a surplus of €38 billion to a deficit of €188 billion. This was partly due to a larger goods deficit with Norway (up from €14 billion to €75 billion) and increased imports from countries within the Organization of the Petroleum Exporting Countries, in both cases driven by larger imports of energy products. The deficit vis-à-vis *China* increased from €112 billion to €191 billion and the deficit vis-à-vis *Russia* rose from €40 billion to €92 billion, mainly on account of higher prices for imported energy products.

In *services*, the surplus vis-à-vis the *United Kingdom* widened (from €29 billion to €52 billion), mostly owing to exports of travel services, while the deficit vis-à-vis the *United States* increased (from €81 billion to €126 billion) mainly on account of larger imports of research and development services. In *primary income*, a larger deficit was recorded vis-à-vis the *United States* (up from €41 billion to €89 billion), while the *primary income* balance vis-à-vis the *United Kingdom* switched from a surplus of €22 billion to a deficit of €11 billion. In *secondary income*, the deficit vis-à-vis the *EU Member States and EU institutions outside the euro area* decreased from €90 billion to €86 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](#)

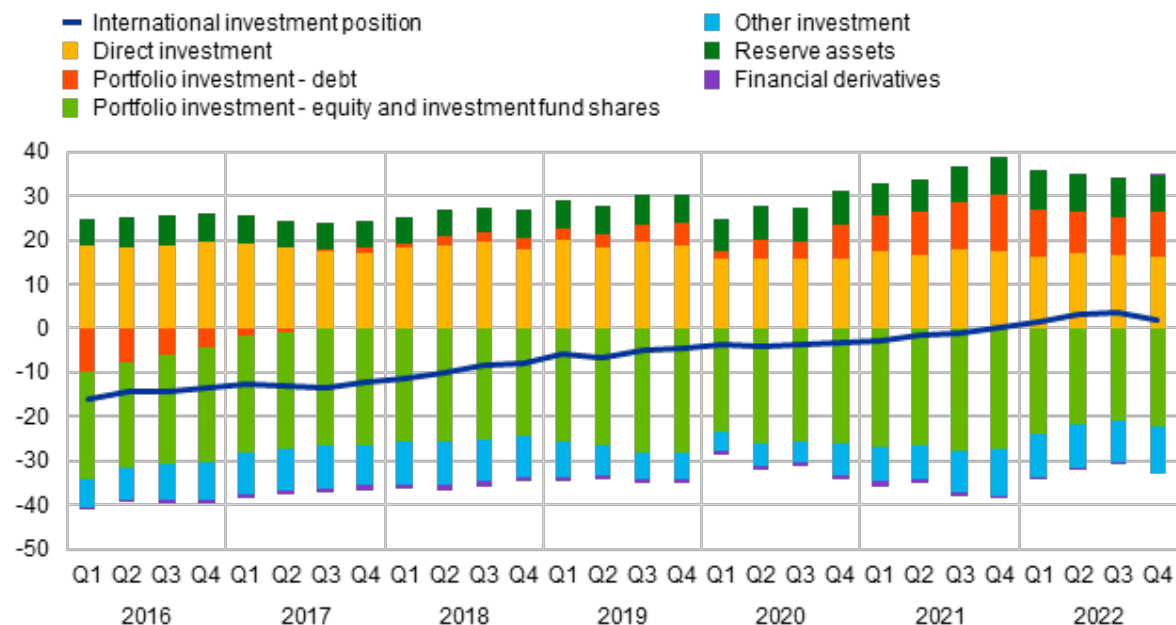
International investment position

At the end of the fourth quarter of 2022, the *international investment position* of the euro area recorded net assets of €265 billion vis-à-vis the rest of the world (2.0% of euro area GDP), down from €475 billion in the previous quarter (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 €210 billion decrease in net assets reflected changes in the various investment components. Larger net liabilities were recorded in *portfolio equity* (up from €2.73 trillion to €2.97 trillion) and in *other investment* (up from €1.26 trillion to €1.42 trillion), while lower net assets were recorded in *direct investment* (down from €2.20 trillion to €2.18 trillion). These were partly offset by an increase in net assets in *portfolio debt* (up from €1.14 trillion to €1.35 trillion).

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 2022	Q4 2022						
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	% GDP	
Net	475	47	-338	-11	92	265	2.0	
of which: Direct investment	2,197	21	-115	39	36	2,177	16.2	
of which: Portfolio equity	-2,731	-134	-46	-178	119	-2,971	-22.2	
of which: Portfolio debt	1,140	119	-122	94	118	1,349	10.1	
of which: Other investment	-1,258	41	-23	0	-182	-1,423	-10.6	
Assets	35,381	-639	-1,267	441	-327	33,589	250.6	
Direct investment	12,680	-378	-434	64	136	12,068	90.0	
Portfolio equity	5,385	-4	-341	281	33	5,354	39.9	
Portfolio debt	5,803	97	-233	62	16	5,746	42.9	
Financial derivatives	-6	-8	-	33	2	21	0.2	
Other investment	7,144	-355	-228	1	19	6,581	49.1	
Reserve assets	1,134	9	-32	1	0	1,113	8.3	
Liabilities	34,906	-686	-929	452	-419	33,324	248.6	
Direct investment	10,483	-399	-319	25	100	9,891	73.8	
Portfolio equity	8,116	130	-295	459	-85	8,325	62.1	
Portfolio debt	4,663	-22	-111	-32	-102	4,397	32.8	
Other investment	8,403	-396	-205	0	201	8,004	59.7	
Gross external debt	16,561	-498	-438	-32	162	15,755	117.5	

Source: ECB.

Notes: "Equity" comprises equity and investment fund shares. Net financial derivatives are reported under assets. "Other volume changes" mainly reflect reclassifications and data enhancements. 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 fourth quarter of 2022 were driven mainly by large negative net flows from exchange rate changes – reflecting the appreciation of the euro in nominal effective terms – and, to a lesser extent, price changes. These were partly offset by other volume changes and transactions (Table 2 and Chart 3).

The increase in net liabilities for *portfolio equity* was mostly driven by negative net flows for price changes (as the price increase was larger in liabilities than in assets), transactions and, to a lesser extent, exchange rate changes, which were partially offset by positive net other volume changes (Table 2). The increase in net assets for *portfolio debt* resulted from positive net transactions, other volume changes and price changes, which were partially offset by negative net exchange rate changes. In *direct investment*, negative net flows owing to exchange rate changes were almost offset

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Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany

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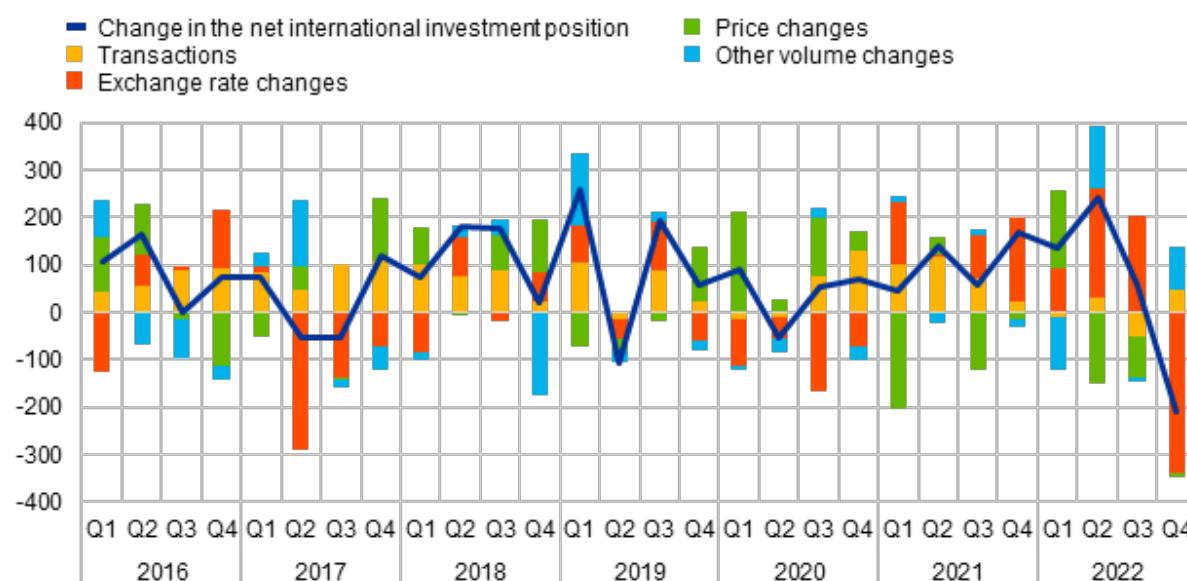
by positive net price changes, other volume changes and transactions, while in *other investment* net liabilities increased, mainly as a result of negative other volume changes.

At the end of the fourth quarter of 2022 the *gross external debt* of the euro area amounted to €15.8 trillion (approximately 118% of euro area GDP), down by €806 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](#)

This release provides an overview of the euro area's international investment position vis-à-vis residents of *Russia* at the end of the fourth quarter of 2022 and reports the main changes compared with the previous quarter (Table 3).¹ Euro area financial assets vis-à-vis *Russia* amounted to €308 billion (0.9% of euro area external assets) at the end of the fourth quarter of 2022, a 21% decrease since the end of the previous quarter. This decrease was broad-based across functional categories, with the largest contributions due to euro area *direct investment*, *other investment* and *portfolio investment* assets in *Russia*. At the same time, the euro area recorded liabilities of

¹ Table 3 does not include *reserve assets* in the total euro area external asset positions and *financial derivatives* are reported in gross terms instead of net terms.

€469 billion vis-à-vis *Russia* (1.4% of total external liabilities), a decline of 7% compared with the previous quarter, driven mainly by lower liabilities in *other investment*.

Table 3

International investment position of the euro area – geographical breakdown vis-à-vis Russia

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

	Total			Vis-à-vis Russia			Share of Russia in total (%)		
	Q3 2022	Q4 2022	change (%)	Memo item: Q4 2021	Q3 2022	Q4 2022	change (%)	Q3 2022	Q4 2022
Direct investment									
Assets	12,680	12,068	-5	278	291	258	-11	2.2	2.1
Liabilities	10,483	9,891	-6	188	197	191	-3	1.8	1.9
Portfolio investment									
Assets	11,188	11,100	-1	70	31	12	-61	0.6	0.1
Equity	5,385	5,354	-1	40	15	6	-58	0.7	0.1
Debt securities	5,803	5,746	-1	30	17	6	-63	0.5	0.1
Liabilities	12,780	12,722	0	107	100	97	-4	0.8	0.8
Equity	8,116	8,325	3	14	14	14	2	0.2	0.2
Debt securities	4,663	4,397	-6	94	86	82	-5	2.0	1.9
Other investment									
Assets	7,144	6,581	-8	85	64	37	-43	1.2	0.6
Liabilities	8,403	8,004	-5	148	205	181	-12	1.8	2.3
Financial derivatives									
Assets	3,234	2,728	-16	6	1	1	-41	0.2	0.0
Liabilities	3,240	2,707	-16	1	1	1	-37	0.0	0.0
Total									
Assets	34,246	32,477	-5	438	388	308	-21	1.3	0.9
Liabilities	34,906	33,324	-5	445	504	469	-7	1.3	1.4

Source: ECB.

Notes: "Equity" comprises equity and investment fund shares. "Total assets/liabilities" refer to the sum of direct investment, portfolio investment, other investment and financial derivatives. Reserve assets are not included in the total and financial derivatives are reported separately in gross terms under assets and liabilities. Discrepancies between totals and their components may arise from rounding. Percentage changes refer to changes between the end of the previous quarter and the end of the current quarter.

Data for the international investment position of the euro area – geographical breakdown

At the end of 2022 euro area *direct investment assets* were €12.1 trillion, 26% of which was invested in the *United States* and 18% in the *United Kingdom* (see Table 4). Euro area *direct investment liabilities* were €9.9 trillion, with 30% being investments from the *United States*, 18% from the *United Kingdom* and 18% from *offshore centres*.

In *portfolio investment*, euro area holdings of foreign securities amounted to €5.4 trillion in equity and €5.7 trillion in debt at the end of 2022. The largest holdings of *equity securities* were in securities issued by residents of the *United States* (accounting for 51%), followed by those issued by residents

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of the *United Kingdom* and *offshore centres* (each accounting for 10%). In *debt securities*, the largest euro area holdings were in securities issued by residents of the *United States* (accounting for 35%), the *United Kingdom* (18%) and the *EU Member States and EU institutions outside the euro area* (15%).

On the *portfolio investment* liabilities side, non-residents' holdings of securities issued by euro area residents stood at €8.3 trillion in equity and at €4.4 trillion in debt at the end of 2022. The largest holder countries of euro area equity securities were the *United States* (41%) and the *United Kingdom* (10%), while in euro area debt securities the largest holders were the *BRIC group of countries* (18%), the *United States* (16%) and *Japan* (12%).

In *other investment*, euro area residents' claims on non-residents amounted to €6.6 trillion, 30% of which was vis-à-vis the *United Kingdom* and 21% vis-à-vis the *United States*. Euro area *other investment* liabilities amounted to €8.0 trillion, with the *United Kingdom* accounting for 28%, while the shares of the *EU Member States and EU institutions outside the euro area* and the *United States* were 21% and 15% respectively.

Table 4

International investment position of the euro area – geographical breakdown

(as a percentage of the total, unless otherwise indicated; at the end of the period; non-working day and non-seasonally adjusted)

	Q4 2022								
	Total EUR bn	EU non-EA	United Kingdom	United States	BRIC	Switzerland	Japan	Offshore centres	Other countries
Direct investment									
Assets	12,068	9	18	26	9	10	1	10	17
Liabilities	9,891	5	18	30	4	9	3	18	12
Portfolio investment									
Assets	11,100	9	14	43	3	3	4	7	16
Equity	5,354	4	10	51	3	5	4	10	13
Debt securities	5,746	15	18	35	3	1	4	4	19
Liabilities	12,722	6	10	33	9	8	7	10	18
Equity	8,325	6	10	41	4	6	5	9	18
Debt securities	4,397	6	9	16	18	11	12	11	18
Other investment									
Assets	6,581	9	30	21	3	7	5	9	16
Liabilities	8,004	21	28	15	5	6	2	8	16

Source: ECB.

Notes: "Equity" comprises equity and investment fund shares. "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. The "BRIC" countries are Brazil, Russia, India and China. "Other countries" includes all countries and country groups not listed in the table as well as unallocated positions.

[Data for the international investment position of the euro area – geographical breakdown](#)**European Central Bank**

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First dissemination of additional details

With this statistical release, additional details as included in the amended ECB External Statistics [Guideline ECB/2018/19](#) are disseminated for the first time. These new series include additional sector breakdowns by providing separate data for investment funds; insurance corporations and pension funds; other financial institutions; non-financial corporations; and combined households and non-profit institutions serving households. Moreover, in direct investment, additional details for debt instruments are now available for debt securities; loans; and trade credits and advances. In addition, euro area bilateral data are now available vis-à-vis Argentina, Australia, Indonesia, Mexico, Norway, Saudi Arabia, South Africa, South Korea and Türkiye.

Data revisions

This statistical release incorporates revisions to the data since the first quarter of 2013, reflecting the inclusion of Croatia in the euro area aggregates, which now cover all 20 members of the euro area. These revisions did not significantly alter the figures previously published, which referred to the first 19 members of the euro area only.

Next releases

- Monthly balance of payments: 19 April 2023 (reference data up to February 2023)
- Quarterly balance of payments and international investment position: 4 July 2023 (reference data up to the first quarter of 2023)

For queries, please use the [Statistical information request](#) form.

Notes

- 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.
- Balance of payments statistics are now released using the "BPS" dataset which includes an additional 17th dimension in its data structure definition to specify the type of resident entity.

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