

Statistical release

4 July 2023

Euro area quarterly balance of payments and international investment position: first quarter of 2023

- [Current account](#) deficit at €75 billion (0.5% of euro area GDP) in four quarters to first quarter of 2023, after a €264 billion surplus (2.1% of GDP) a year earlier
- [Geographical counterparts](#) largest bilateral current account deficits vis-à-vis *China* (€158 billion) and *Russia* (€55 billion) and largest surpluses vis-à-vis *United Kingdom* (€151 billion) and *Switzerland* (€74 billion)
- [International investment position](#) showed net assets of €332 billion (2.4% of euro area GDP) at end of first quarter of 2023
- Euro area financial assets vis-à-vis *Russia* amounted to €304 billion (0.9% of euro area external assets) at end of first quarter of 2023, down by 3% since end of previous quarter

Current account

The *current account* of the euro area recorded a deficit of €75 billion (0.5% of euro area GDP) in the four quarters to the first quarter of 2023, after recording a surplus of €264 billion (2.1% of GDP) a year earlier (Table 1). This change was driven by a switch in the *goods* balance from a surplus of €184 billion to a deficit of €27 billion and by reductions in the surplus for *primary income* (down from €118 billion to €8 billion) and *services* (down from €118 billion to €108 billion). Moreover, the deficit in *secondary income* edged up from €155 billion to €164 billion.

The lower surplus for *services* was mainly due to widening deficits for *other business services* (from €47 billion to €74 billion) and *other services* (from €24 billion to €54 billion), while larger surpluses were recorded for *travel services* (from €27 billion to €52 billion), *telecommunication, computer and information services* (from €137 billion to €149 billion) and *insurance, pension and financial services* (from €7 billion to €16 billion).

The decrease in the *primary income* surplus was mainly due to a larger deficit in *portfolio equity income* (from €66 billion to €112 billion), a lower surplus in *direct investment income* (from €78 billion to €24 billion) and a decline in the surplus for *other primary income* (from €8 billion to €0.2 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							
	Q1 2022			Q1 2023			Q1 2022	Q1 2023
	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Balance
Current account	264	4,715	4,450	-75	5,412	5,487	6	32
<i>Percentage of GDP</i>	2.1%	37.3%	35.2%	-0.5%	39.7%	40.2%		
Goods	184	2,587	2,403	-27	2,987	3,014	-2	50
Services	118	1,095	977	108	1,271	1,163	32	14
Transport	18	203	185	19	242	223	4	-1
Travel	27	86	59	52	161	109	5	6
Insurance, pension and financial	7	118	111	16	126	110	2	5
Telecommunication, computer and information	137	224	88	149	250	101	33	36
Other business	-47	264	311	-74	292	366	-8	-13
Other	-24	199	223	-54	200	254	-4	-19
Primary income	118	875	757	8	987	979	24	10
Compensation of employees	24	49	24	26	52	27	7	7
Investment income	85	787	701	-18	895	912	11	-2
Direct investment	78	493	414	24	517	493	-2	0
Portfolio equity	-66	103	169	-112	111	223	-6	-20
Portfolio debt	51	127	76	50	143	93	13	13
Other investment	19	61	42	13	116	103	5	2
Reserve assets	3	3		7	7		1	3
Other primary income	8	40	31	0	40	40	6	5
Secondary income	-155	157	313	-164	167	331	-48	-42

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 the four quarters to the first quarter of 2023, the euro area recorded its largest bilateral deficits vis-à-vis *China* (€158 billion, up from €98 billion a year earlier), *Russia* (€55 billion, up from €50 billion) and the residual group of *other countries* (€51 billion, after a surplus of €91 billion). The largest bilateral surpluses were recorded vis-à-vis the *United Kingdom* (€151 billion, down from €170 billion) and *Switzerland* (€74 billion, up from €66 billion). Furthermore, the euro area recorded a bilateral current account deficit of €40 billion vis-à-vis the *United States*, following a surplus of €58 billion a year earlier.

European Central Bank

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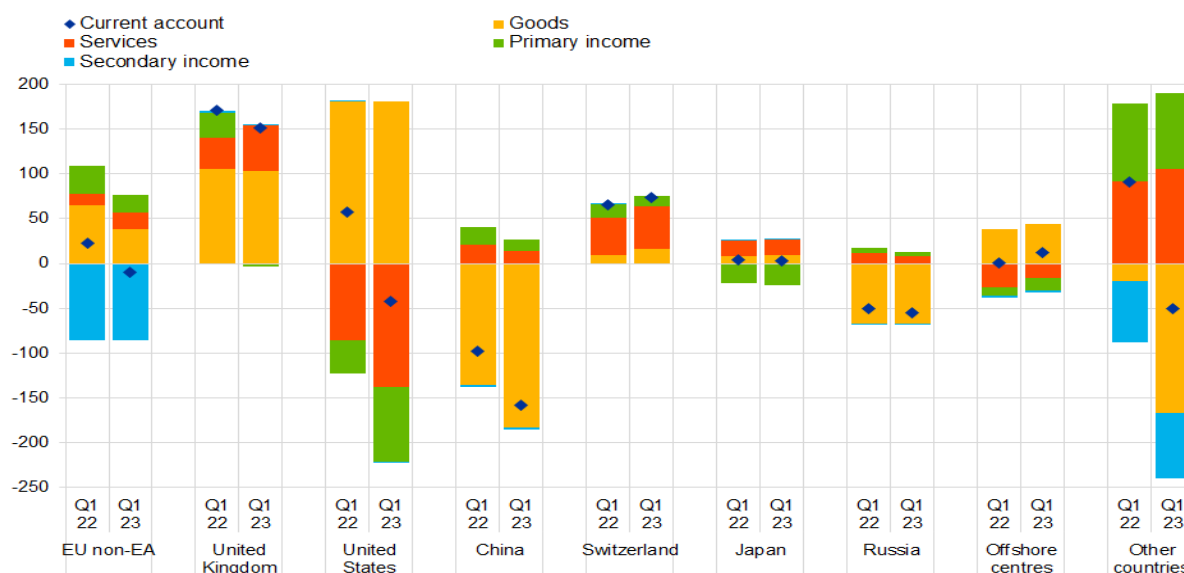
The most significant changes in the geographical components of the current account in the four quarters to the first quarter of 2023 relative to the previous year were as follows. The deficit for *goods* vis-à-vis the residual group of *other countries* rose from €20 billion to €167 billion. This was partly due to a larger goods deficit with Norway (up from €30 billion to €77 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 €136 billion to €183 billion, while the surplus vis-à-vis *EU Member States and EU institutions outside the euro area* decreased from €65 billion to €38 billion.

In *services*, the deficit vis-à-vis the *United States* increased (from €86 billion to €138 billion) mainly on account of larger imports of research and development services, while the surplus vis-à-vis the *United Kingdom* widened (from €35 billion to €51 billion), mostly owing to exports of travel services. In *primary income*, a larger deficit was recorded vis-à-vis the *United States* (up from €37 billion to €82 billion), while the *primary income* balance vis-à-vis the *United Kingdom* switched from a surplus of €28 billion to a deficit of €4 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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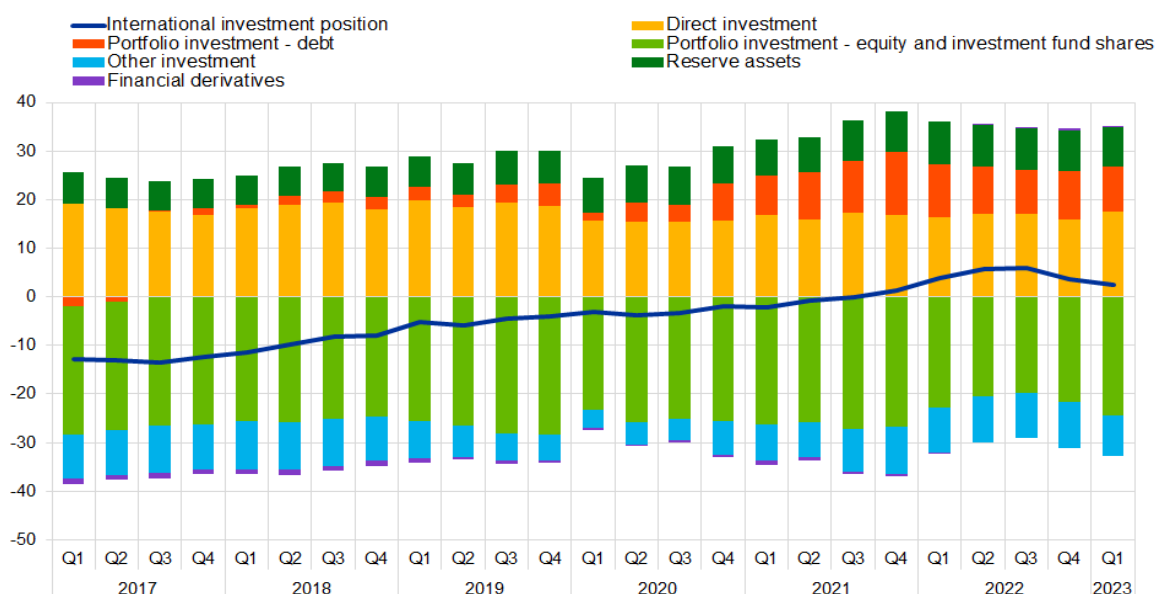
International investment position

At the end of the first quarter of 2023, the *international investment position* of the euro area recorded net assets of €332 billion vis-à-vis the rest of the world (2.4% of euro area GDP), down from €487 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 €155 billion decrease in net assets reflected changes in the various investment components. Larger net liabilities were recorded in *portfolio equity* (up from €2.91 trillion to €3.31 trillion), while net assets declined in *portfolio debt* (down from €1.35 trillion to €1.26 trillion). These were partly offset by larger net assets in *direct investment* (up from €2.12 trillion to €2.38 trillion) and lower net liabilities in *other investment* (down from €1.25 trillion to €1.16 trillion).

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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 2022	Q1 2023					
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes	Amounts outstanding	% GDP
Net	487	48	-97	-136	30	332	2.4
of which: Direct investment	2,120	55	-43	71	179	2,381	17.5
of which: Portfolio equity	-2,911	8	-24	-224	-164	-3,315	-24.3
of which: Portfolio debt	1,347	-104	-19	28	10	1,261	9.2
of which: Other investment	-1,250	92	-4	0	3	-1,159	-8.5
Assets	30,995	404	-300	397	110	31,606	231.8
Direct investment	12,133	58	-112	89	139	12,308	90.3
Portfolio equity	5,385	32	-94	251	-51	5,523	40.5
Portfolio debt	5,767	29	-44	67	-19	5,801	42.5
Financial derivatives	68	16		-51	-2	31	0.2
Other investment	6,528	287	-43	0	37	6,809	49.9
Reserve assets	1,114	-18	-8	41	4	1,134	8.3
Liabilities	30,508	357	-203	533	79	31,274	229.3
Direct investment	10,013	4	-69	18	-39	9,927	72.8
Portfolio equity	8,296	24	-70	475	113	8,839	64.8
Portfolio debt	4,421	134	-25	39	-29	4,540	33.3
Other investment	7,778	195	-39	0	34	7,969	58.4
Gross external debt	15,425	340	-91	39	5	15,719	115.3

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 first quarter of 2023 were driven mainly by large negative net flows from price changes and exchange rate changes. These were partly offset by transactions and other volume changes (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), other volume changes and, to a lesser extent, exchange rate changes (Table 2). The decrease in net assets for *portfolio debt* resulted mostly from negative net transactions and net exchange rate changes, which were partially offset by positive price changes and other volume changes. In *direct investment*, the changes were mainly explained by positive net flows owing to other volume changes, price changes and transactions. The decrease in *other investment* net liabilities was mostly due to positive transactions.

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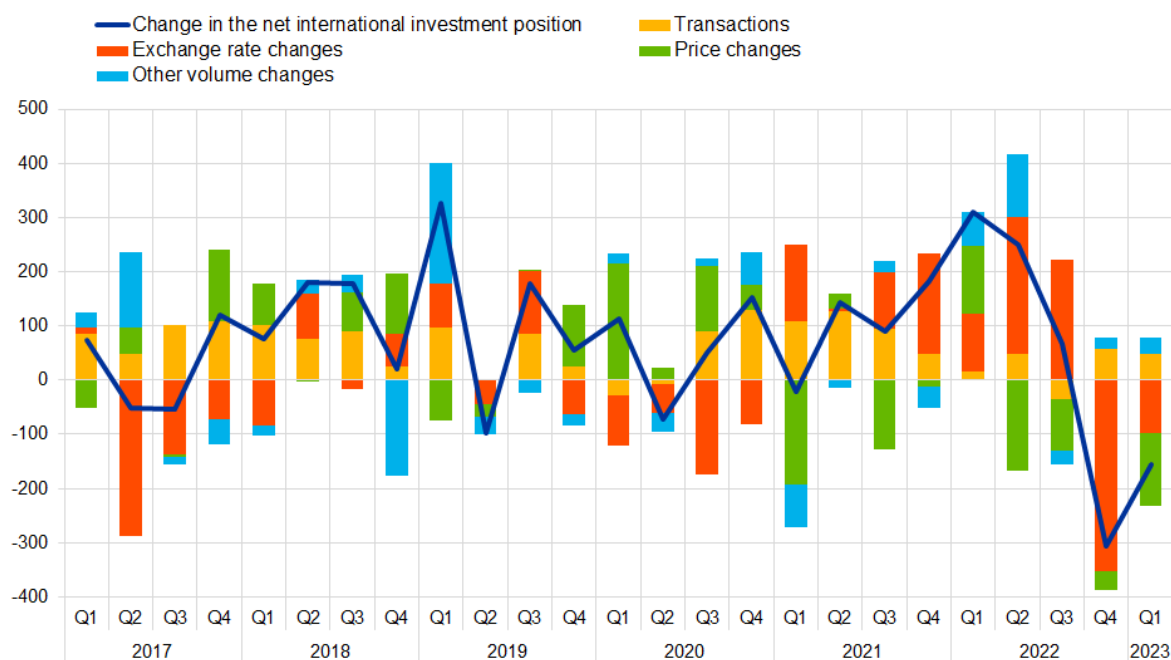
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At the end of the first quarter of 2023 the *gross external debt* of the euro area amounted to €15.7 trillion (approximately 115% of euro area GDP), up by €294 billion compared with the previous quarter.

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 first quarter of 2023 and reports the main changes compared with the previous quarter (Table 3).¹ Euro area financial assets vis-à-vis *Russia* amounted to €304 billion (0.9% of euro area external assets) at the end of the first quarter of 2023, a 3% decrease since the end of the previous quarter. This decrease was mainly due to *other investment* assets in *Russia* which declined by 19%. At the same time, the euro area recorded liabilities of €503 billion vis-à-vis *Russia* (1.5% of total external liabilities), an increase of 1% compared with the previous quarter, driven mainly by larger liabilities in *other investment*.

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.

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			Memo item: Q4 2021	Vis-à-vis Russia			Share of Russia in total (%)	
	Q4 2022	Q1 2023	change (%)		Q4 2022	Q1 2023	change (%)	Q4 2022	Q1 2023
Direct investment									
Assets	12,133	12,308	1	290	262	261	0	2.2	2.1
Liabilities	10,013	9,927	-1	188	192	186	-3	1.9	1.9
Portfolio investment									
Assets	11,152	11,324	2	70	16	13	-18	0.1	0.1
Equity	5,385	5,523	3	40	10	9	-9	0.2	0.2
Debt securities	5,767	5,801	1	30	6	4	-32	0.1	0.1
Liabilities	12,717	13,378	5	116	123	124	1	1.0	0.9
Equity	8,296	8,839	7	14	9	9	-1	0.1	0.1
Debt securities	4,421	4,540	3	102	114	115	1	2.6	2.5
Other investment									
Assets	6,528	6,809	4	75	36	29	-19	0.5	0.4
Liabilities	7,778	7,969	2	152	184	192	4	2.4	2.4
Financial derivatives									
Assets	2,751	2,770	1	6	1	1	7	0.0	0.0
Liabilities	2,683	2,740	2	1	1	1	-10	0.0	0.0
Total									
Assets	32,564	33,212	2	441	314	304	-3	1.0	0.9
Liabilities	33,191	34,013	2	457	500	503	1	1.5	1.5

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](#)**Data revisions**

This statistical release incorporates revisions to the data for the reference periods between the first quarter of 2019 and the fourth quarter of 2022. The revisions reflect revised national contributions to the euro area aggregates as a result of the incorporation of newly available information.

Next releases

- Monthly balance of payments: 20 July 2023 (reference data up to May 2023).

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- Quarterly balance of payments and international investment position: 5 October 2023 (reference data up to the second quarter of 2023)

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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.