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The Balance of Payments and International Investment Position of Spain in 2024

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Rationale

The balance of payments and international investment position are of particular interest in an international environment of growing uncertainty and trade and geopolitical tensions, such as the current one. Also, the data vis-à-vis the United States are especially significant in this setting.

Takeaways

- In 2024 the Spanish economy's net lending peaked at 4.2% of GDP, its highest level since the start of the current series (1995), owing to the improvement in the trade balance and positive developments in travel services.
- The negative net international investment position declined further in 2024, to stand at -43% of GDP (its lowest level in 22 years), due to GDP growth and the positive balance of financial transactions with the rest of the world.
- The cumulative correction of the negative net international investment position from its most negative level in 2009 through to 2024 is explained by developments in the financial sector, portfolio investment and the travel surplus built up over these years.

Keywords

Balance of payments, net lending, current account, capital account, international tourism, energy deficit, financial transactions, foreign direct investment, ultimate investing economy, international investment position, external debt.

JEL classification

F10, F21, F23, F30, F32, F34, F36, E50.

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Introduction

In 2024 the Spanish economy posted net lending of 4.2% of GDP, 0.5 percentage points (pp) above the 2023 figure (3.7% of GDP), marking the highest level in the current series (the data in GDP terms date back to 1995). The main contribution to this improvement was the increase in the travel surplus, which offset the decline in the other services surplus. The decrease in the goods trade deficit, driven by a lower energy deficit and a higher non-energy surplus, also contributed. Conversely, the primary income balance once again recorded a deficit of 0.5% of GDP, owing to investment income debits having grown more than credits, especially in the public sector, reflecting the relatively high interest rates observed during the year. Lastly, the secondary income balance remained stable and the capital account balance improved, influenced by funds received from the European Union (EU).

Spain's net international investment position (IIP) corrected further, declining to -43% of GDP in 2024, its lowest level since 2002, thanks to the net lending position holding at increasingly high levels. Growth in nominal GDP and the financial account surplus[1] contributed to these developments, while the net impact of revaluations and other changes in volume was negligible. Meanwhile, Spain's gross external debt increased in nominal terms, but remained practically stable as a percentage of GDP, standing at 163.2% (down from 163.6% in 2023) on the back of output growth.

This article begins by analysing developments in the balance of payments' current and capital account balances and their main components. It goes on to examine Spain's external financial position, financial transactions with the rest of the world and gross external debt.[2, 3] There are also two boxes: Box 1 analyses the position vis-à-vis the United States, while Box 2 looks at the factors driving the correction of the net IIP from its most negative level in 2009.

The current and capital account balances

In 2024 the Spanish economy posted net lending of 4.2% of GDP, the second highest figure of the four major euro area economies after Germany.[4] This was the indicator's highest level in the series since 1995, demonstrating once again the strength of the foreign sector in Spain, which has been a net lender since 2012. It contrasts with the peak net borrowing of 9% of GDP recorded in 2007 (see Chart 1.a).

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1 Including the Banco de España.

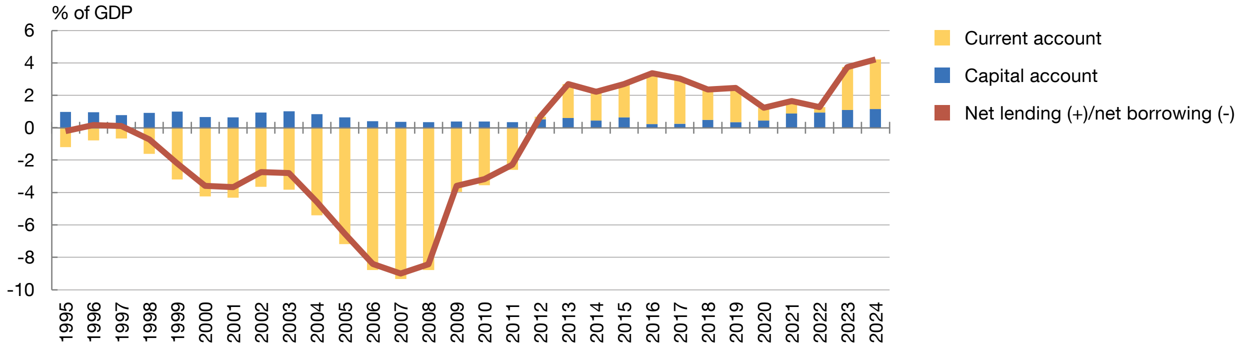
2 The balance of payments, IIP and external debt data are available on the External Statistics page of the Banco de España's website and in the BExplora External Statistics interactive table. For details of the methodology, see Banco de España (2024). This methodology has been updated following the latest changes made in the October 2024 benchmark revision, which are explained in Banco de España (2025a).

3 The press release referring to 2025 Q1 data is also available (only in Spanish).

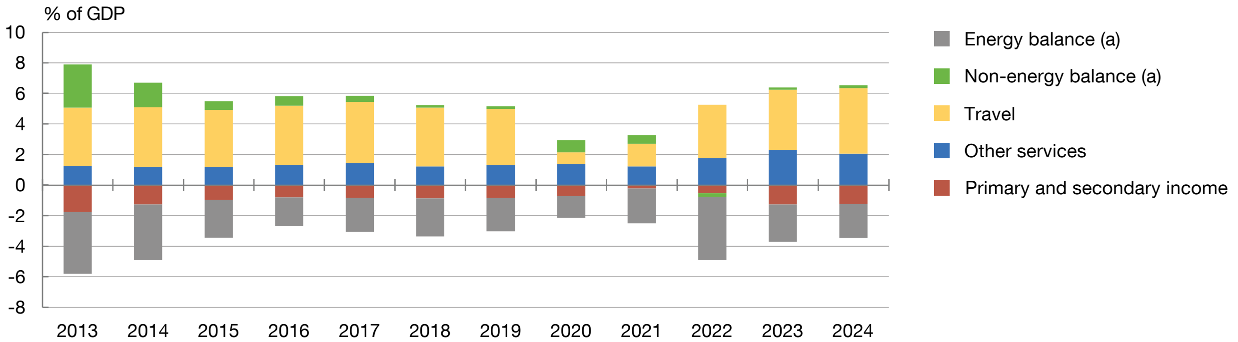
4 See the balance of payments data by country published by Eurostat.

Chart 1
Travel services and the lower goods deficit drove an improvement in net lending

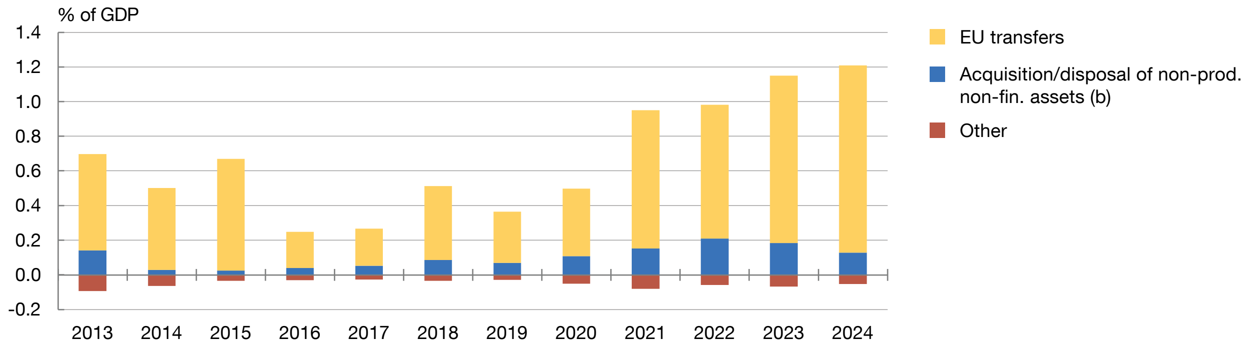
1.a Balances



1.b Current account balance. Components



1.c Capital account. Components



SOURCES: Banco de España and Departamento de Aduanas e Impuestos Especiales de la Agencia Estatal de Administración Tributaria.

a The energy and non-energy balances are Banco de España estimates drawing on Customs data.
b Non-produced non-financial assets comprise transactions associated with assets that may be used or needed for production of goods and services, but that have not been produced, such as trademarks, concessions, etc. and leases or other transferable contracts.

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The net lending growth in 2024 was mainly driven by the current account improvement, specifically the reduction in the goods trade deficit (mainly thanks to the decline in the energy deficit and the increase in the non-energy surplus) and the larger travel services surplus, which offset the lower other services surplus. The primary and secondary income deficits held steady in GDP terms,

Table 1
Balance of payments. Balances

% of GDP

	2020	2021	2022	2023	2024
Net lending (+)/net borrowing (-)	1.2	1.6	1.3	3.7	4.2
Current account	0.8	0.8	0.4	2.7	3.1
Goods	-0.6	-1.7	-4.4	-2.3	-2.0
Services	2.1	2.7	5.3	6.2	6.3
Travel	0.8	1.5	3.5	3.9	4.3
Other services	1.4	1.2	1.8	2.3	2.0
Primary income	0.2	0.7	0.4	-0.5	-0.5
Investment income	-0.3	0.2	0.1	-0.9	-1.0
Secondary income	-0.9	-0.9	-1.0	-0.8	-0.7
Capital account	0.4	0.9	0.9	1.1	1.2
Memorandum items					
Transfers with the EU (a)	0.0	0.4	0.4	0.7	0.9

SOURCE: Banco de España.

a Spain's transfers with the EU included in primary income, secondary income and the capital account.

while the capital account surplus widened somewhat, favoured by the flows received from the EU.[5]

In 2024 the goods trade deficit narrowed by 0.3 pp compared with 2023, to 2% of GDP (with year-on-year nominal rates of change of 0.5% in exports and -0.1% in imports), mainly driven by the slight decrease in the energy deficit. This deficit component declined by 0.2 pp in 2024, to 2.2% of GDP (see Table 1 and Charts 1.b and 2), influenced by Spain's lower energy dependence vis-à-vis the rest of the world[6] and the fall in energy prices. Energy exports and imports decreased in nominal terms by 14% and 8%, respectively, compared with 2023. This owed to the fall in the volume of exports and imports (-9% and -0.5%, respectively)[7] and in energy export and import prices (-7% and -8%).[8]

The trade balance of non-energy goods also improved slightly in 2024, resulting in a surplus of 0.2% in 2024, influenced by competitiveness gains and the diversification of Spanish export markets.[9] In nominal terms, the year-on-year change in exports was 1.6% and that of imports was 1.3%. This was a consequence of the changes in export and import volumes (-0.7% and 0.6%, respectively) and in non-energy export and import prices (2.2% and 0.5%).[10] In terms of GDP, the flows declined in both directions.

5 Banco de España (2022).

6 Banco de España (2025b).

7 Rates estimated based on balance of payments data on energy goods and the related unit value indices. These differ somewhat from those calculated based on Customs data published by the Ministerio de Economía, Comercio y Empresa (2025a).

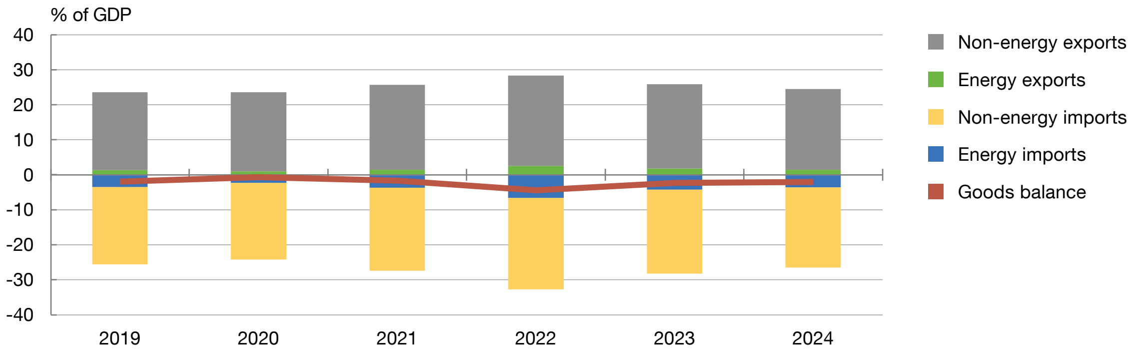
8 See the unit value indices published by the Ministerio de Economía, Comercio y Empresa (2025a).

9 For more details on recent developments in Spanish goods exports, see García Esteban and Jiménez-García (2024).

10 Rates estimated based on balance of payments data on non-energy goods and the related unit value indices. These differ somewhat from those calculated based on Customs data published by the Ministerio de Economía, Comercio y Empresa (2025a).

Chart 2
The goods trade deficit decreased in 2024, with imports and exports declining as a share of GDP

2.a Energy and non-energy goods: exports and imports (a) (b)



SOURCES: Banco de España and Departamento de Aduanas e Impuestos Especiales de la Agencia Estatal de Administración Tributaria.

a The energy and non-energy balances are Banco de España estimates drawing on Customs data.
b Imports are shown with a negative sign for presentation purposes.

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That said, Spain slightly outperformed the rest of the euro area in external trade in goods. By geographical area, the reduction in the trade deficit in 2024 was essentially the result of the lower deficit vis-à-vis non-EU countries. This lower deficit was mainly explained by an improvement in the balance with the United Kingdom and the OPEC member countries, which offset the deficit with the Americas (where US exports decreased by 10%, while imports from South America increased by 19%). The reduction in the deficit with non-euro area EU countries also contributed to improving the trade balance.[11] The surplus vis-à-vis the euro area[12] (the main destination for Spanish exports) narrowed, with a 1% fall in exports in nominal terms, deriving from lacklustre activity in the main trading partners in the area. By type of product, there was notable growth in exports and imports of commodities and food, while energy products posted the largest fall.[13]

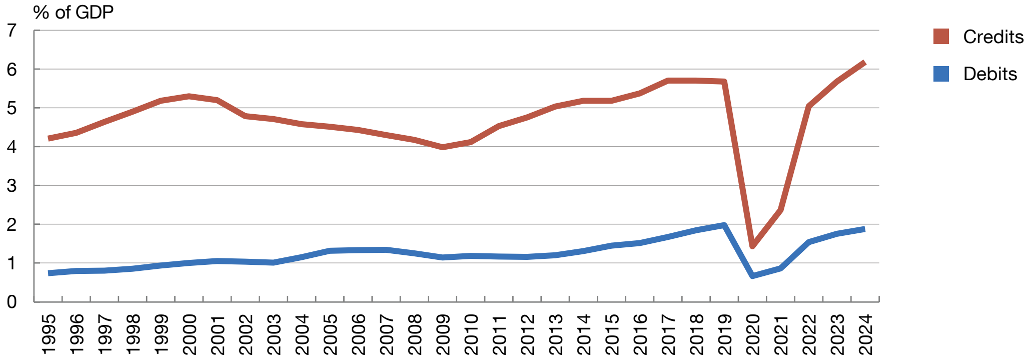
The services surplus reached its highest level in the current series, standing at 6.3% of GDP, an improvement of 0.1 pp on the previous year, driven by a larger surplus in travel services, which offset the narrower surplus in other services (see Table 1 and Chart 1.b). The tourism balance remained on its growth path and reached 4.3% of GDP in 2024, 0.44 pp more than in 2023, buoyed by a positive performance from credits, (with a year-on-year increase of 16%). This was driven both by the growth in the number of international tourists (€93.8 million in 2024, a year-on-year increase of 10%)[14] and by higher spending per tourist.[15] The main countries of origin of tourists were the United Kingdom, France and Germany, and the main destinations were Catalonia,

11 Positive developments in exports to Romania and the Czech Republic were noteworthy. See Ministerio de Economía, Comercio y Empresa (2025b).
12 The narrowing of the surplus with Belgium (a decrease in exports of 18%) and Italy (an increase in imports of 5%) was notable.
13 Ministerio de Economía, Comercio y Empresa (2025b).
14 INE (2025a).
15 INE (2025b).

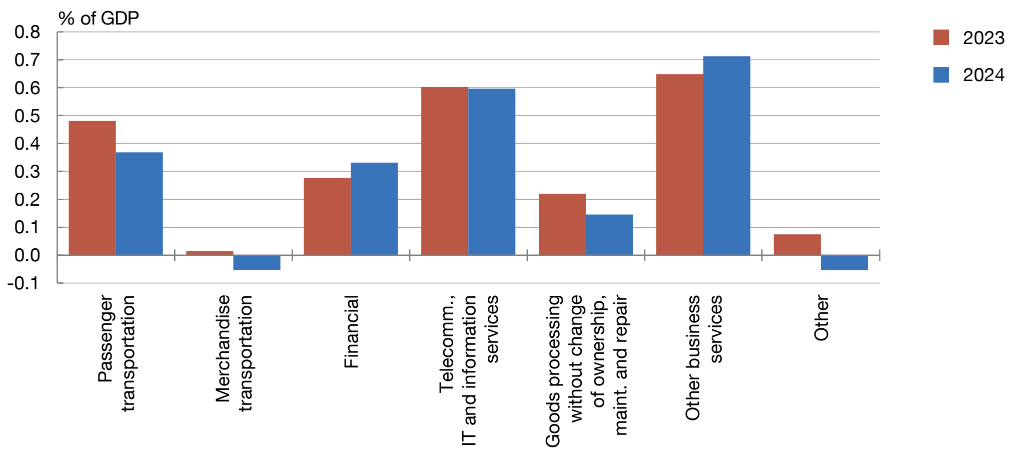
Chart 3

Travel credits reached an all-time high in 2024, while the other services balance declined

3.a Travel credits and debits



3.b Non-travel services: balance



SOURCE: Banco de España.

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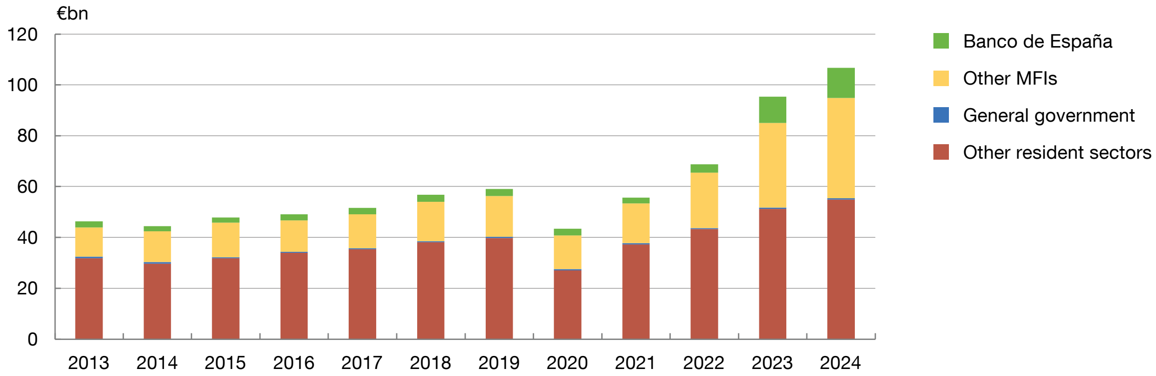
the Balearic Islands and the Canary Islands. The foregoing countries also contributed the most to the increase in tourism receipts in 2024, followed by the United States (Box 1 includes a brief descriptive analysis of the direct exposure to the US economy observed in the main components of net lending/net borrowing). Travel debits also increased notably (with year-on-year growth of 14%), but without outstripping pre-pandemic levels as a percentage of GDP) (see Chart 3.a).

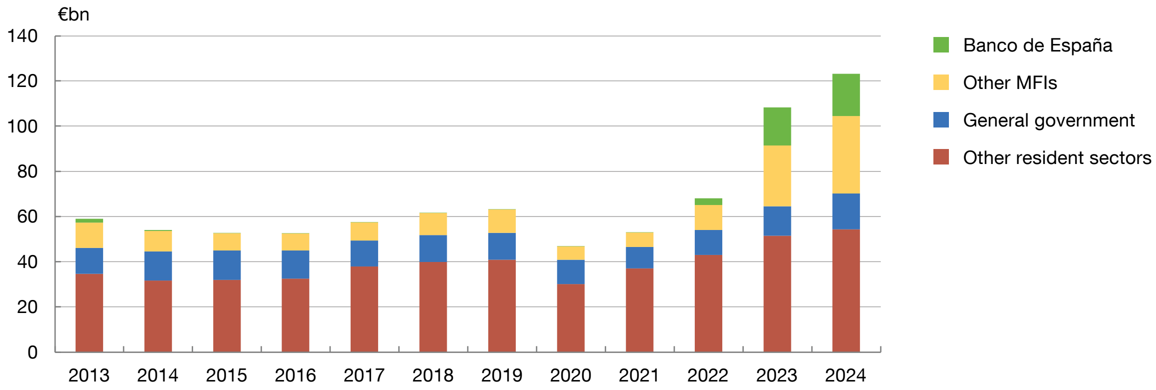
The balance of non-travel services reached 2% of GDP in 2024 (0.3 pp less than in 2023) owing to imports increasing more than exports (with year-on-year growth rates of 17% and 9%, respectively) in nominal terms. Narrower surpluses stand out in both passenger and goods transport services (with imports in the latter case increasing by 23%) and in goods processing, maintenance and repair services (see Chart 3.b). Meanwhile, the financial and business services surplus widened (with a 20% increase in exports in the latter case, mainly in consultancy and management services and in trade-related services).

Chart 4
Investment income increased in 2024, in step with interest rates

4.a Investment income credits



4.b Investment income debits



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SOURCE: Banco de España.

The primary income deficit[16] stood at 0.5% of GDP in 2024, similar to the previous year. Investment income credits rose by slightly more than 11% in nominal terms, while debits grew by more than 15% (see Chart 4). This increase was largely due to the average interest rate levels during the year.[17] General government made the largest contribution to the deficit in 2024, with income credits rising by 16% and debits by 22% in year-on-year terms, reflected above all in the functional category of the investment portfolio, whose total stock also increased (by 12%) in the year. Meanwhile, the Banco de España's income credits and debits, and those of other monetary financial institutions (MFIs), remained high, in keeping with the significant increases observed in 2023. In the case of the Banco de España, these are associated, respectively, with credits from the position vis-à-vis the Eurosystem and with the interest paid on the TARGET debtor balance. In both cases the interest rate applicable is the Eurosystem's main refinancing operations (MRO) rate.

16 Primary income includes employment income, investment income, taxes on production and imports, and subsidies.

17 The European Central Bank (ECB) held policy rates at high levels in 2024 H1, after the sharp increases that began in 2022 Q3. The main refinancing operations rate, which reached 4.5% in September 2023, held at that level during the early months of 2024. A gradual rate-cutting process then began in Q2 that took rates down to 3.15% at end-2024.

The secondary income deficit[18] fell slightly as a proportion of GDP in 2024, from 0.8% to 0.7% (see Table 1). However in absolute terms it held steady, mainly because the lower income from the Next Generation EU (NGEU)[19] funds was offset by the higher income from the Eurosystem associated with the allocation of monetary income.[20] Meanwhile, remittances sent by workers resident in Spain again stood at around 0.7% of GDP, increasing by 6% in nominal terms, with notable growth in remittances sent to Latin American countries (especially Colombia, Paraguay and Peru) and to African countries (such as Senegal and Morocco).[21]

The capital account surplus rose to 1.2% of GDP in 2024 (see Table 1 and Chart 1.c), mainly driven by the higher contribution of investment grants from the EU, which amounted to 1% of GDP, more than double the annual average for the period 2013-23. The NGEU funds continued to account for the largest portion, but 2024 saw a notable increase in the "traditional funds" (including regional development and agricultural funds which rose by 79%). Lastly, acquisitions and disposals of non-produced non-financial assets, which had grown in recent years as the result of the purchase and sale of CO_2 emission allowances, fell in 2024, amounting to around 0.1% of GDP, owing to the lower income stemming from these transactions.[22]

The International Investment Position, financial flows with the rest of the world and gross external debt

The Spanish economy's negative net IIP was reduced by a further 7.8 pp in 2024, down to -43% of GDP, its lowest level since 2002 (see Chart 5.a). However, it is still high compared with that of other euro area countries, and is still over the alert threshold established in the European Commission's Macroeconomic Imbalance Procedure[23] (-35% of GDP), although it is now quite close, especially considering that in 2009, at its most negative level, it stood at -97.2% of GDP (see Box 2 for a description of the factors behind the cumulative correction of the negative net IIP since then, based on three alternative approaches). Other developments that were instrumental in this improvement were GDP growth, which contributed 3 pp (increasing by 6% in nominal terms in 2024), and especially net financial transactions, which contributed 4.5 pp. Revaluations and other changes in volume had a slightly positive impact of 0.3 pp (see Chart 5.b and Table 2).

The breakdown by institutional sector shows that the non-monetary financial sector[24] had a net creditor position in 2024 (25% of GDP, an increase of 2 pp on 2023) (see Chart 5.c). MFIs (excluding

18 Secondary income includes personal transfers, current taxes, social security contributions and benefits, transfers relating to insurance transactions, current international cooperation and other miscellaneous items.

19 Banco de España (2022).

20 Monetary income stems from the allocation of monetary policy income among the Eurosystem's national central banks.

21 For more details see the interactive infographic on workers' remittances.

22 In 2024 the average price of CO_2 emission allowances was lower than in 2022 and 2023, after having risen very sharply in 2021 and 2022.

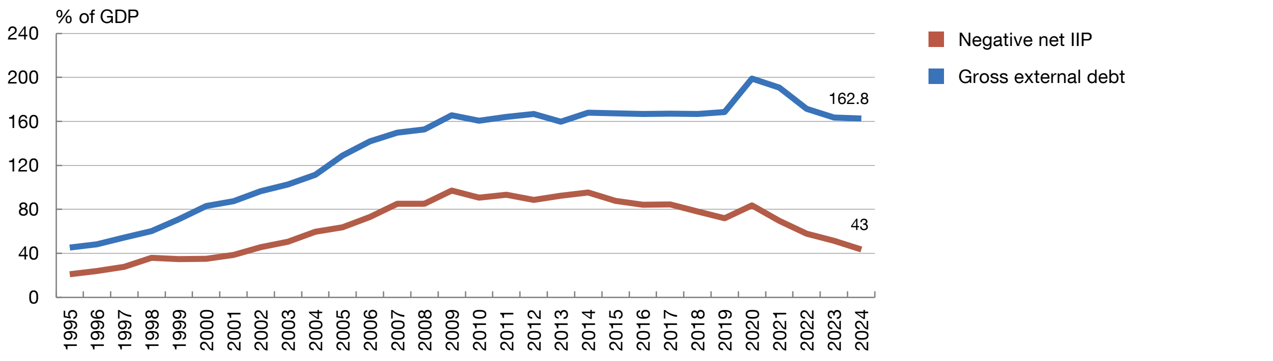
23 This procedure is based on a scoreboard of 14 indicators with alerts triggered when certain thresholds are crossed.

24 The non-monetary financial sector comprises financial institutions that cannot issue deposits or shares or units in money market funds. This sub-sector includes pension funds, insurance companies, collective investment undertakings (excluding money market funds), other financial intermediaries and financial auxiliaries and captive financial institutions and money lenders.

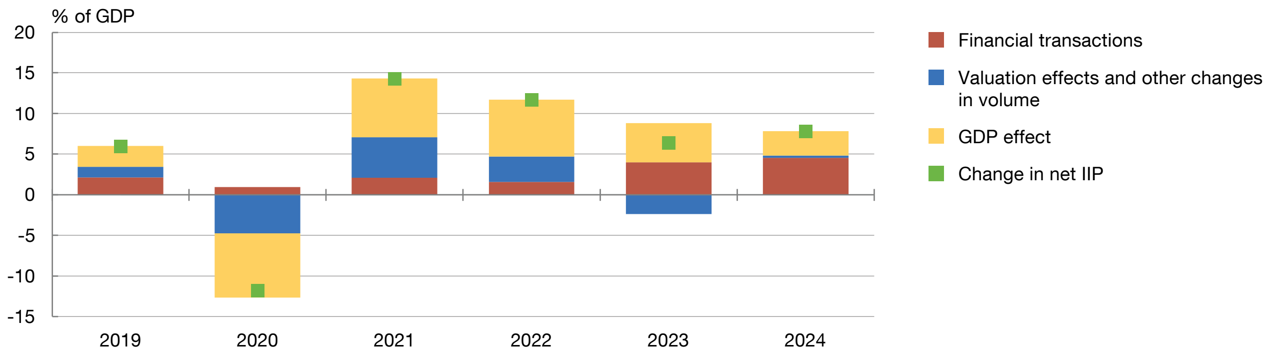
Chart 5

Gross external debt and the negative net IIP continued to decline. Positive developments in transactions and GDP helped to improve the IIP in 2024

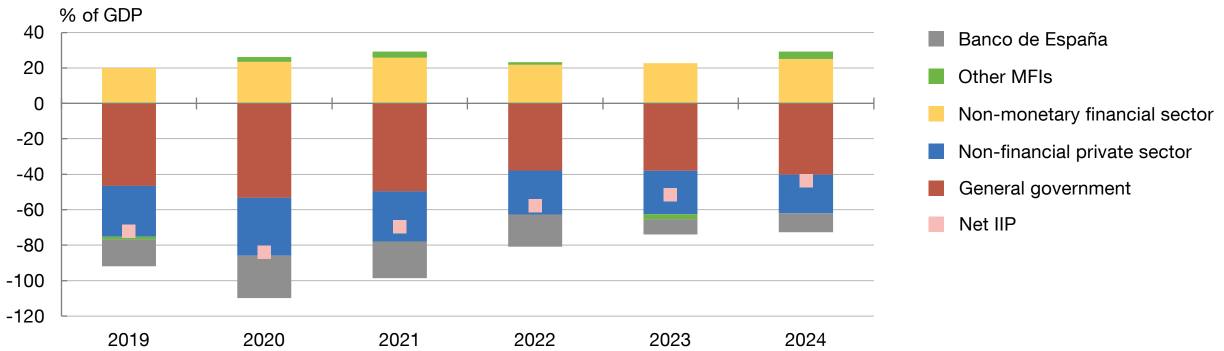
5.a Gross external debt and negative net IIP (a) (b)



5.b Change in net IIP by components (b)



5.c Net IIP by institutional sector



SOURCE: Banco de España.

a External debt is the balance of all liabilities that entail a future payment obligation for principal, interest or both (i.e. all financial instruments except for equity, financial derivatives and monetary gold bullion).

b The net IIP is the difference between the value of foreign assets held by residents and that of liabilities to the rest of the world. The net IIP balance is presented as a positive figure to facilitate the comparison with external debt.

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Table 2

Integrated IIP. Breakdown of the change in the balance beween transactions and other flows (a)

€bn

	2023	2024				
	End-period position	Transactions in the period	Change in prices	Exchange rate fluctuations	Other changes in volume	End-period position
Total net position (assets - liabilities)	**-768.7**	**72.3**	**-4.5**	**4.5**	**4.5**	**-691.9**
In terms of GDP (%)	*-51.3*	*4.5*	*-0.3*	*0.3*	*0.3*	*-43.5*
Excluding the Banco de España	-640.1	120.5	-11.2	1.8	7.3	-521.8
In terms of GDP (%)	*-42.7*	*7.6*	*-0.7*	*0.1*	*0.5*	*-32.8*
Direct investment	-234.4	21.0	-13.1	-8.6	6.1	-228.9
Portfolio investment	-364.2	5.3	-4.0	5.6	-3.3	-360.7
Other investment (b)	-42.1	98.2	-0.1	4.8	4.5	65.3
Financial derivatives	0.5	-4.0	6.0	0.0	0.0	2.5
Banco de España	-128.5	-48.2	6.7	2.7	-2.8	-170.1
Of which, net position vis-à-vis the Eurosystem	-204.8	-37.7	0.0	0.0	0.0	-242.5
Assets excluding the Banco de España (c)	**2,397.3**	**209.6**	**53.3**	**14.1**	**1.6**	**2,675.8**
Direct investment	873.2	52.3	11.6	-6.9	1.8	932.0
Portfolio investment	873.9	94.2	41.8	9.3	-0.8	1,018.3
Other investment	650.2	63.1	-0.1	11.8	0.5	725.5
Liabilities excluding the Banco de España (c)	**3,038.0**	**85.1**	**70.4**	**12.4**	**-5.7**	**3,200.1**
Direct investment	1,107.6	31.3	24.7	1.7	-4.3	1,160.9
Portfolio investment	1,238.1	88.9	45.7	3.7	2.6	1,379.0
Other investment	692.3	-35.1	0.0	7.0	-4.0	660.2
Memorandum item:						
Gross external debt	2,452.0	122.5	10.4	12.9	-7.3	2,590.5
In terms of GDP (%)	*163.6*	*7.7*	*0.7*	*0.8*	*-0.5*	*162.8*

SOURCE: Banco de España.

a Other flows include revaluations (due to changes in prices of financial instruments or exchange rates) and other changes in volume (including unilateral loan write-offs, reclassifications and statistical discrepancies between the IIP and the financial account of the balance of payments).
b Mainly includes loans, repos and deposits.
c Excluding financial derivatives. Following international methodological recommendations and in view of the difficulty of correctly allocating this heading, especially its transactions, to assets or liabilities, it is shown only in net terms in the upper part of the table.

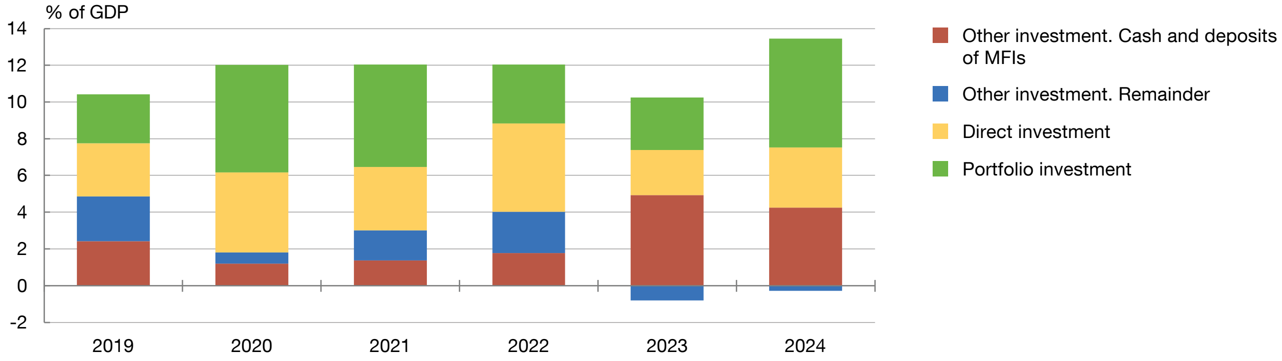
the Banco de España) also had a net creditor position (4.2% of GDP), compared with a net debtor position in 2023 (-2.8% of GDP), essentially on account of the growth in deposits. By contrast, the net debtor position of general government increased by 2 pp compared with 2023 (to -40.3% of GDP), largely owing to non-residents' government debt purchases which were at one of their highest levels of the last decade. The net debtor position of the Banco de España also rose by 2 pp (to -10.7% of GDP) in 2024, in this case, as in recent years, chiefly as a result of its TARGET balance.[25] Lastly, the non-financial private sector's net debtor position stood at -21.8% of GDP, 2.7 pp lower than in 2023.

25 The Eurosystem's TARGET2 platform processes payments in euro with bank reserves, i.e. with central bank money. Cross-border transactions channelled through this platform result in claims and liabilities between Eurosystem central banks which, when aggregated and netted, give rise to the TARGET balances.

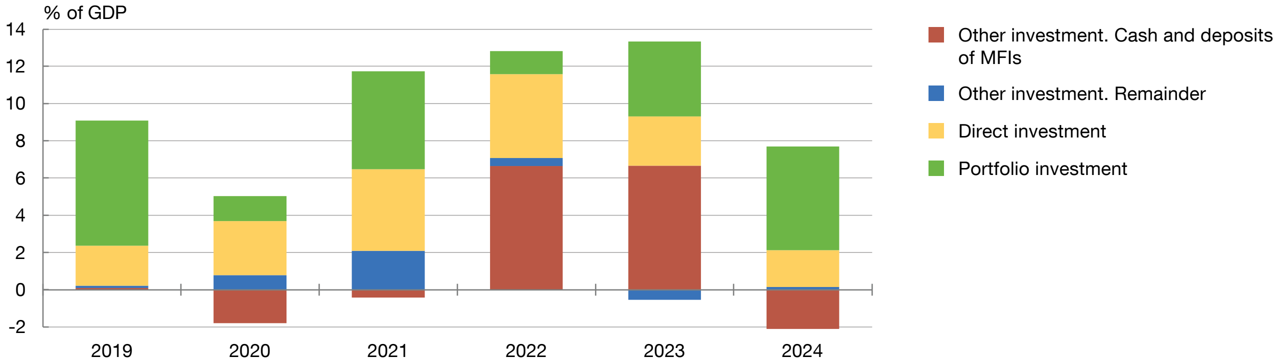
Chart 6

Net capital inflows exceeded outflows in 2024, with a notable impact of MFI deposits

6.a Net change in assets in the financial account of the balance of payments, excluding the Banco de España and financial derivatives



6.b Net change in liabilities in the financial account of the balance of payments, excluding the Banco de España and financial derivatives



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SOURCE: Banco de España.

The correction in the negative net IIP was mainly driven by financial transactions in the balance of payments, which in 2024 reached an all-time high in net terms (4.5% of GDP), reflecting the significant increase in the net lending of the Spanish economy.

Excluding the Banco de España,[26] the financial account had a surplus in 2024, amounting to 7.6% of GDP, compared with a deficit of -3.7% in 2023 (see Table 2). The reason for this change was that residents' net purchases of foreign assets (excluding financial derivatives) amounted to 13.2% of GDP (4 pp more than in 2023), exceeding non-residents' net purchases of liabilities issued by residents, which amounted to 5.3% of GDP (7 pp less than in 2023).

On the assets side, in keeping with the pattern of recent years, net outward investment by resident agents was positive across all headings (see Chart 6.a). Most of this outward investment was

26 Since the start of the Economic and Monetary Union in 1999, the financial account of the Banco de España must largely be considered an accommodative item as, in addition to reserve holdings, it also includes the net position of the Banco de España vis-à-vis the Eurosystem. In consequence, to facilitate economic analysis, the Banco de España's financial account is separated from that of the other resident sectors. For more details, see Banco de España (2015) (available only in Spanish).

channelled through portfolio investments (5.9% of GDP, compared with 2.9% in 2023), notably via purchases of debt securities (especially long-term ones) and investment fund shares or units. In the case of debt securities, purchases by the financial sector – particularly purchases by collective investment undertakings and other MFIs of securities issued by euro area countries – once again predominated. Meanwhile, households and non-financial corporations (NFCs) were the main investors in investment fund shares or units, mostly issued in Luxembourg. Net transactions in other investment assets were positive, similar to those seen in 2023 (4% of GDP) and mainly in deposits of other MFIs. In direct investment, the net change in assets was higher than in 2023 (3.3% of GDP, compared with 2.5%) and was mainly in unlisted shares issued by NFCs.

On the liabilities side, net capital inflows were also positive in both portfolio investment and direct investment in 2024. The other investment category saw capital outflows, especially in cash and deposits of other MFIs, which were partly countered by the inflows in the other components (see Chart 6.b). Portfolio investment inflows were higher than in 2023 (5.6% of GDP, an increase of 1.6 pp), especially owing to purchases of government bonds by non-residents. Net outflows from the other investment category (-2.2% of GDP, compared with 6.1% in 2023) were mainly deposits of other MFIs. In the case of direct investment, net inflows were lower than in 2023 (2% of GDP, 0.7 pp less) and, as usual, were shares and other equity purchases in the non-financial private sector.

In 2024 Spain's gross external debt[27] as a percentage of GDP fell very slightly to 162.8%, 0.9 pp less than the previous year, purely as a result of nominal output growth (see Chart 5.a). In nominal terms it reached an all-time high, climbing by €139 billion to €2,590 billion, owing to higher liabilities (€122.5 billion), higher prices on account of interest rate shifts (€10.4 billion) and positive revaluation thanks to the exchange rate effect (€12.9 billion). Most debt liabilities are issued by general government (27%) and the Banco de España (23%), followed by those associated with direct investment (12%). In addition, most debt instruments are long-term, fixed-rate and euro-denominated, all of which reduces refinancing, interest rate and exchange rate risk.

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Box 1

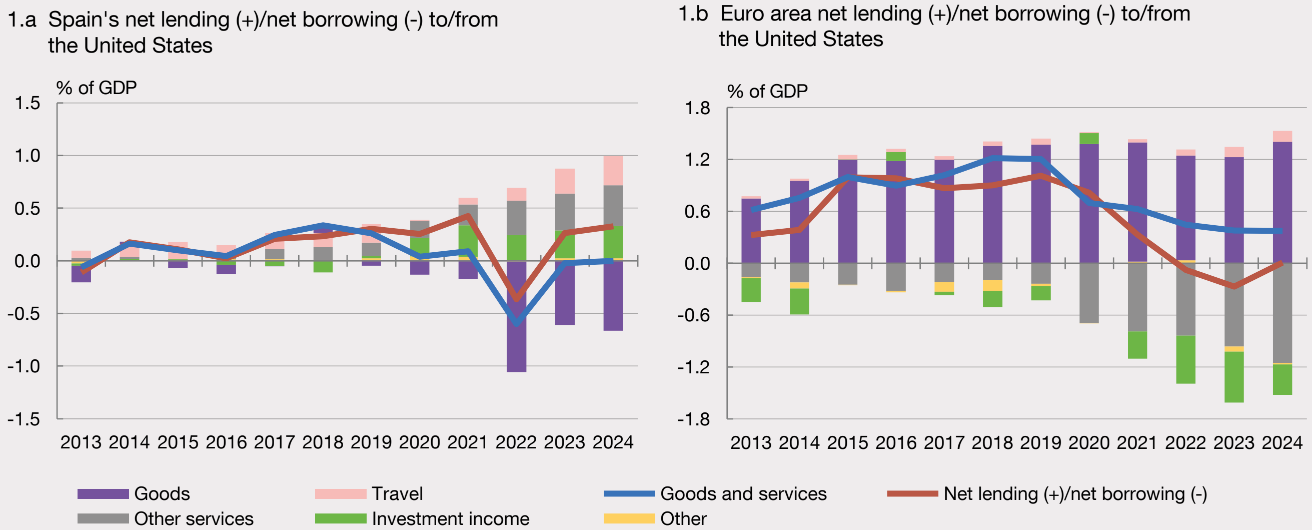
THE CURRENT AND CAPITAL ACCOUNT BALANCES AND THE INTERNATIONAL INVESTMENT POSITION VIS-À-VIS THE UNITED STATES

Chart 1 shows Spain's net lending position vis-à-vis the United States as a percentage of GDP, broken down by components. This has become a matter of particular interest in light of the recent trade tensions stemming from the measures announced by the new US Administration.

Between 2014 and 2019 Spain's trade balance in goods and services with the United States showed an average surplus of 0.2% of GDP (€2,242 million). However, in 2020 and 2021, against a backdrop marked by the pandemic and global supply chain disruptions, the surplus declined to an annual average of 0.06% of GDP (€775 million). In 2022, the outbreak of the war in Ukraine saw bilateral trade flows shift into a significant deficit, exceeding 0.6% of GDP (around €8.2 billion). Since then the deficit has progressively narrowed, reaching 0.003% of GDP in 2024 (€40 million), with contrasting performances in goods (deficit of 0.7% of GDP) and services (surplus of 0.7%), the latter driven by positive contributions from both travel services (0.3% of GDP) and other services (0.4%). This stands in contrast to the euro area, whose trade flows with the United States show a significant and persistent surplus in goods and a services deficit that has grown markedly in recent years.[1] Taken together with the investment income surplus, this puts Spain's net lending position vis-à-vis the United States in 2024 at 0.3% of GDP (compared with 0.01% for the euro area as a whole).

Spain's net international investment position (excluding the Banco de España) with the United States is negative and has declined in recent years, shrinking to -1.5% of GDP in 2024 from -6.7% in 2019.[2] By functional category, portfolio investment and direct investment have posted negative net positions, while other investment has a positive net position. Financial assets vis-à-vis the United States represented 10.5% of the total, accounting for a relatively similar share across the different categories. As for financial liabilities, the United States represented 9% of the total and accounted for a particularly significant share of portfolio investment (12% according to estimates based on mirror data; €170.4 billion in 2024) and direct investment (likewise 12%; €141 billion).

Chart 1
Spain's net lending (+)/borrowing (-) to/from the United States



SOURCES: Banco de España and ECB.

1 See the ECB press release of 4 April 2025.

2 For passive portfolio investment, rather than using the immediate counterparty the data are calculated taking the information reported by the United States as ultimate holder of the Spanish securities, drawing on the International Monetary Fund's Coordinated Portfolio Investment Survey. Further, the December 2024 data are calculated using the Treasury International Capital system of the US Department of the Treasury. For direct investment, the concept of ultimate investing economy has been used.

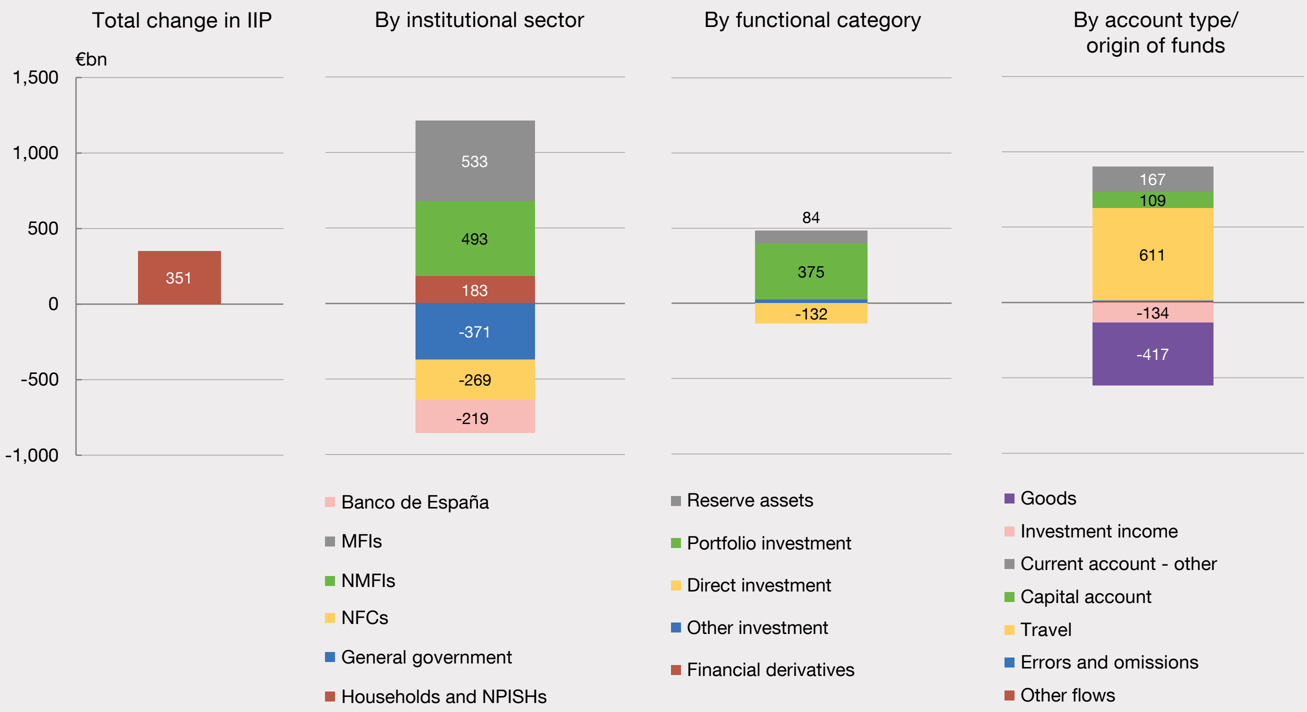
Box 2

THE CORRECTION IN THE NET INTERNATIONAL INVESTMENT POSITION FROM ITS MAXIMUM NEGATIVE LEVEL IN 2009 THROUGH TO 2024: A BREAKDOWN BY COMPONENTS

In 2009 the Spanish economy's net international investment position (IIP) reached its lowest point as a proportion of GDP (maximum negative IIP). Since then it has gradually corrected (becoming less negative), to reach its highest level in 2024. In the period 2009-24 Spain's net IIP increased by €351 billion (see Chart 1). This cumulative change can be broken down using three alternative approaches: sectoral, functional and by origin of funds.

- From the sectoral standpoint, financial institutions – both monetary financial institutions (MFIs) and non-monetary financial institutions (NMFIs) – were the main drivers of the improvement, with a net positive change of €533 billion and €493 billion, respectively. Households and non-profit institutions serving households (NPISHs) also contributed positively, recording an improvement of €183 billion. Conversely, general government, non-financial corporations (NFCs) and the Banco de España saw their net positions turn more negative, by €371 billion, €269 billion and €219 billion, respectively, in the period.
- By functional category, portfolio investment was the main contributor to the correction in the negative IIP, with a positive net contribution of €375 billion, primarily driven by outward investment by resident agents. This was followed, albeit at some distance, by reserve assets, with a net contribution of €84 billion (essentially attributable to debt securities purchases), and other investment, which added €21 billion. Conversely, direct investment recorded a negative contribution of -€132 billion in the period.
- Broken down by origin of funds,[1] the IIP improvement was driven especially by the marked increase in the travel services surplus, with a cumulative contribution

Chart 1
Cumulative change in net IIP between 2009 and 2024



SOURCE: Banco de España.

1 Changes in net IIP can be broken down into net transactions of the balance of payments financial account plus other net flows (price and exchange rate revaluations and other changes in volume, e.g. due to unilateral debt forgiveness). In turn, net financial account transactions are equal to the sum of the net transactions of the current and capital account items plus the errors and omissions item of the balance of payments.

of €611 billion. In addition, positive balances in the capital account (€109 billion) and other current account items (encompassing employment income, subsidies on products and production, and secondary income) contributed a total of €166 billion. These positive changes were partially offset by the contraction in the goods balance (down by €417 billion, mainly due to a €507 billion drop in the energy balance) and in investment income (down by €134 billion) in the same period.

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