

Statistical release

4 October 2021

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

- [Current account](#) surplus at €337 billion (2.9% of euro area GDP) in four quarters to second quarter of 2021, up from €200 billion (1.7% of GDP) a year earlier
- [Geographic counterparts](#): largest bilateral current account surpluses vis-à-vis *United Kingdom* (€176 billion) and *United States* (€74 billion), largest deficit vis-à-vis *China* (€66 billion)
- [International investment position](#) showed net liabilities of €576 billion (4.9% of euro area GDP) at end of second quarter of 2021

Current account

The *current account* surplus of the euro area increased to €337 billion (2.9% of euro area GDP) in the four quarters to the second quarter of 2021, up from €200 billion (1.7% of GDP) a year earlier (see Table 1). This increase reflected a shift in the *services* balance from a deficit of €23 billion to a surplus of €79 billion and a larger surplus for *goods* (from €305 billion to €385 billion). These developments were partly offset by a decrease in the surplus for *primary income* (from €71 billion to €42 billion) and a larger deficit for *secondary income* (from €153 billion to €169 billion).

The developments in *services* were mainly due to a reduction in the deficit for *other business services* (from €163 billion to €38 billion) and, to a lesser extent, an increase in the surplus for *telecommunication, computer and information services* (from €95 billion to €113 billion). Conversely, a lower surplus was recorded for *travel services* (from €28 billion to €9 billion), while the deficit for *other services* increased (from €14 billion to €32 billion).

The decrease in the *primary income* surplus was mainly due to a fall in the surplus for *investment income* (from €43 billion to €14 billion). This primarily reflected a lower surplus for *direct investment*

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income (down from €73 billion to €20 billion), which was partly offset by a smaller deficit for *portfolio equity income* (down from €85 billion to €65 billion) and a larger surplus for *portfolio debt income* (up from €40 billion to €45 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							
	Q2 2020			Q2 2021			Q2 2020	Q2 2021
	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Balance
Current account	200	4,146	3,946	337	4,114	3,777	27	70
<i>Percentage of GDP</i>	1.7%	35.8%	34.1%	2.9%	34.9%	32.0%		
Goods	305	2,255	1,950	385	2,361	1,976	56	85
Services	-23	961	984	79	882	803	14	23
Transport	14	151	136	13	141	127	1	5
Travel	28	125	96	9	43	34	1	2
Insurance, pension and financial	16	103	87	13	111	98	3	3
Telecommunication, computer and information	95	170	76	113	190	77	22	30
Other business	-163	247	410	-38	238	276	-11	-8
Other	-14	165	179	-32	160	191	-3	-9
Primary income	71	814	742	42	752	709	-7	-5
Compensation of employees	18	42	24	19	40	22	4	4
Investment income	43	734	691	14	675	660	-4	0
Direct investment	73	452	378	20	417	398	15	16
Portfolio equity	-85	80	165	-65	83	148	-32	-32
Portfolio debt	40	135	95	45	125	80	9	12
Other investment	9	62	53	11	46	35	2	3
Reserve assets	5	5		3	3		1	1
Other primary income	10	37	27	9	37	27	-8	-9
Secondary income	-153	117	270	-169	119	289	-36	-34

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 second quarter of 2021 the euro area recorded its largest bilateral surpluses vis-à-vis the *United Kingdom* (€176 billion, slightly up from €172 billion a year earlier), the *United States* (€74 billion, down from €99 billion) and *Switzerland* (€65 billion, up from €62 billion). It also recorded a current account surplus vis-à-vis a residual group of *other countries* (€179 billion, up from €155

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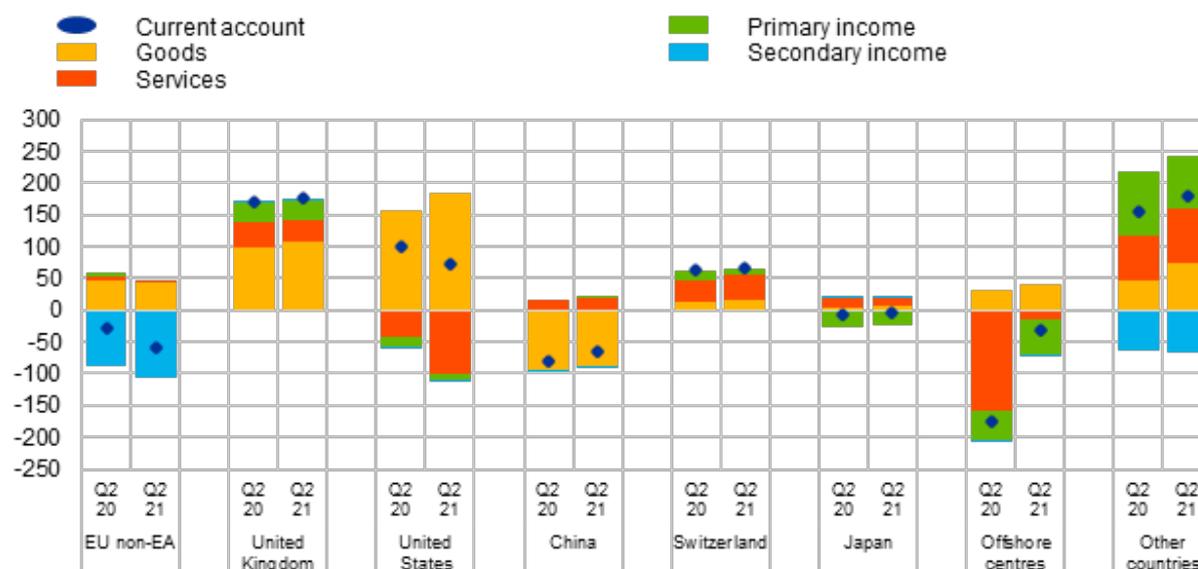
billion). The largest bilateral deficits were recorded vis-à-vis *China* (€66 billion, down from €79 billion) and *EU Member States and EU institutions outside the euro area* (€59 billion, up from €28 billion).

The most significant geographic changes in the four quarters to the second quarter of 2021 relative to the previous year were as follows. In the *goods* balance there were increases in the surpluses vis-à-vis the *United States* (from €157 billion to €183 billion) and the residual group of *other countries* (from €47 billion to €74 billion). In *services* the deficit vis-à-vis *offshore centres* declined strongly (from €160 billion to €15 billion), while the deficit vis-à-vis the *United States* increased (from €43 billion to €100 billion). In *primary income*, a larger deficit was recorded vis-à-vis *offshore centres* (up from €43 billion to €54 billion), while in *secondary income* the deficit vis-à-vis the *EU Member States and EU institutions outside the euro area* widened from €88 billion to €104 billion driven by euro area governments' contributions to the EU budget.

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](#)

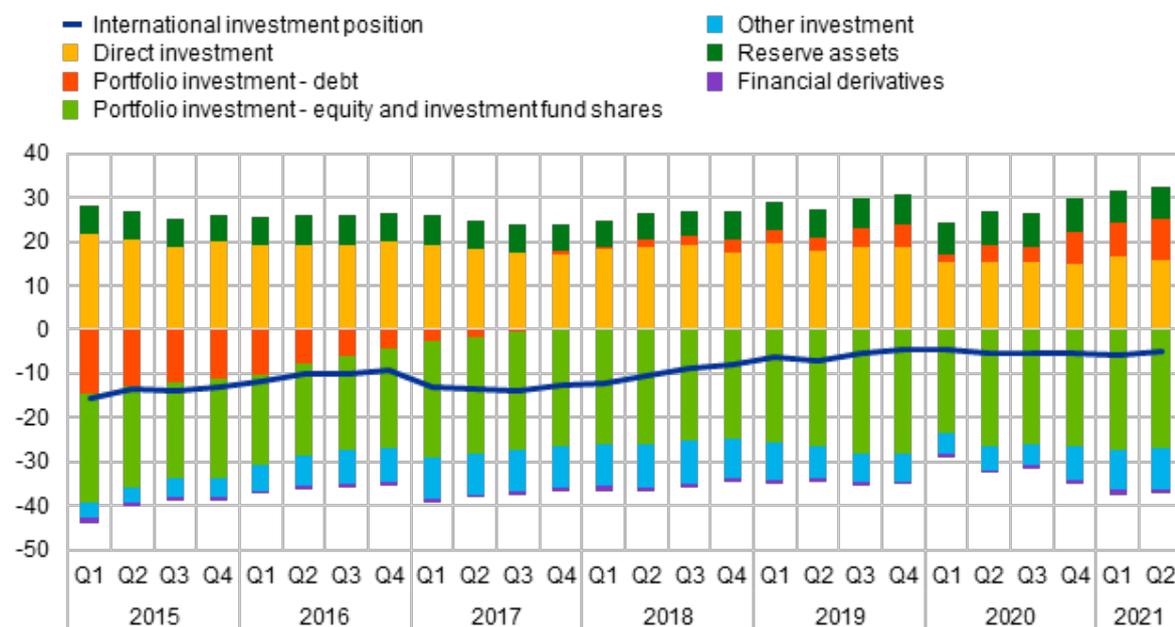
International investment position

At the end of the second quarter of 2021 the international investment position of the euro area recorded net liabilities of €576 billion vis-à-vis the rest of the world (4.9% of euro area GDP), decreasing from €649 billion in 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](#)

This decline in net liabilities of €73 billion reflected large but partly offsetting changes in the various investment components. Larger net assets were recorded for *portfolio debt* (€1,066 billion, up from €862 billion), while net assets declined in *direct investment* (€1,883 billion, down from €1,900 billion). Net liabilities increased in *portfolio equity* (€3,198 billion, up from €3,103 billion) and *other investment* (€1,082 billion, up from €1,035 billion).

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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)

	Q1 2021	Q2 2021					Amounts outstanding	% GDP
	Amounts outstanding	Transactions	Exchange rate changes	Price changes	Other volume changes			
Net	-649	101	6	60	-94	-576	-4.9	
of which: Direct investment	1,900	1	-4	19	-33	1,883	15.9	
of which: Portfolio equity	-3,103	-29	6	-13	-59	-3,198	-27.1	
of which: Portfolio debt	862	169	-19	41	12	1,066	9.0	
of which: Other investment	-1,035	-57	25	0	-16	-1,082	-9.2	
Assets	29,653	194	-129	385	14	30,117	255.2	
Direct investment	11,379	-37	-39	37	2	11,342	96.1	
Portfolio equity	5,356	115	-40	305	11	5,746	48.7	
Portfolio debt	6,082	113	-37	29	16	6,204	52.6	
Financial derivatives	-122	9	-	-2	2	-114	-1.0	
Other investment	6,109	-12	-10	0	-17	6,070	51.4	
Reserve assets	849	7	-3	16	0	869	7.4	
Liabilities	30,302	94	-134	325	107	30,693	260.0	
Direct investment	9,479	-38	-35	19	35	9,460	80.1	
Portfolio equity	8,459	143	-46	318	70	8,944	75.8	
Portfolio debt	5,220	-56	-18	-12	4	5,137	43.5	
Other investment	7,144	45	-36	0	-1	7,152	60.6	
Gross external debt	15,486	-47	-66	-12	29	15,389	130.4	

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 second quarter of 2021 were mainly driven by positive net flows owing to transactions and price changes, which were partly offset by negative net other volume changes (see Table 2 and Chart 3).

The increase in net assets for *portfolio debt* was mainly due to positive net flows in transactions and price changes (see Table 2). Larger net liabilities for *portfolio equity* and *other investment* were primarily driven by negative net transactions and other volume changes, while the decline in net assets for *direct investment* was mainly attributable to negative net other volume changes.

At the end of the second quarter of 2021 the *gross external debt* of the euro area amounted to €15.4 trillion (around 130% of euro area GDP), down by €97 billion compared with the previous quarter.

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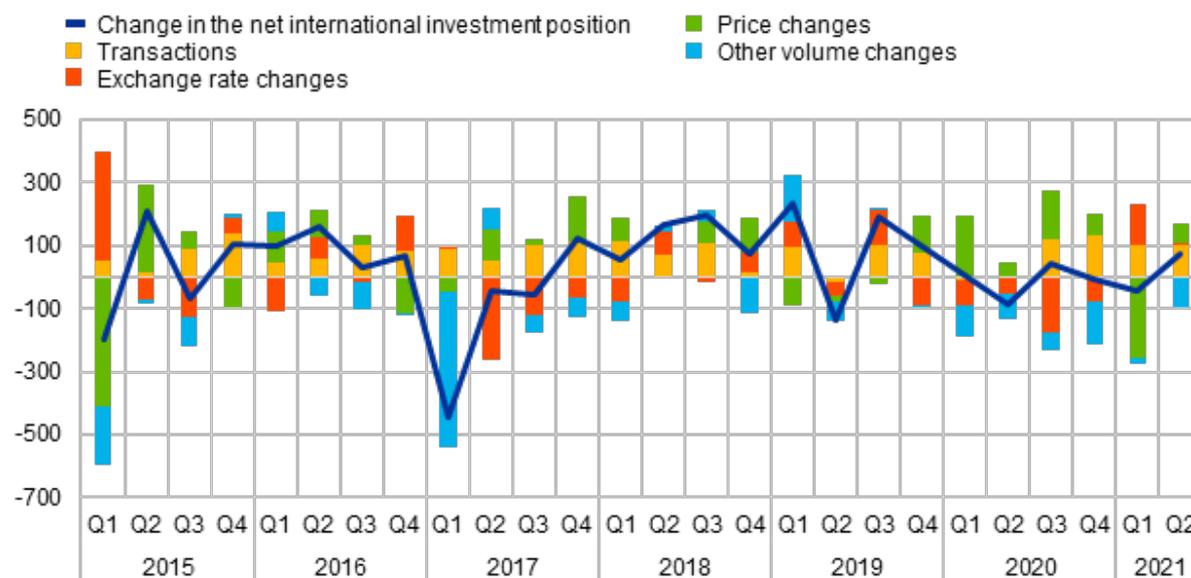
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Chart 3

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 first quarter of 2021. The revisions reflect revised national contributions to the euro area aggregates as a result of the incorporation of newly available information. In particular, data on portfolio investment equity liabilities were revised upwards significantly owing to a methodological change in the data compilation negatively affecting the euro area net international investment position as of the first quarter of 2017.

Next releases

- Monthly balance of payments: 20 October 2021 (reference data up to August 2021)

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- Quarterly balance of payments and international investment position: 11 January 2022 (reference data up to the third quarter of 2021)¹

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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.

¹ On 29 October 2021 there will be a second release of the quarterly balance of payments and international investment position data (reference data up to the second quarter of 2021) with revisions to data for periods since at least the first quarter of 2013. This second release will not include a press or statistical release and is aimed at ensuring consistency between the balance of payments/international investment position and the euro area sector accounts.