

Balance of payments – France • March and first quarter 2020

Strong deterioration of the current account in the first quarter due to the Covid-19 crisis

Exports and imports of goods and services fell in March by around 20% (working day and seasonally adjusted data) as a result of the sanitary and economic crisis. The net effect was a reduction in the goods deficit, notably thanks to a lower energy bill, but also a deterioration in the services surplus, mainly due to the impact on travel (including receipts and expenditure related to international tourism), which showed a deficit of 0.8 billion this month.

In the financial account (not seasonally adjusted), the negative balance on portfolio investment in March reflected net sales by French investors of foreign securities, particularly equities.

For the first quarter of 2020, the current account deficit widened sharply to 10.1 billion euros, i.e. a deterioration in the balance of 8 billion euros compared to the previous quarter (working day and seasonally adjusted). The goods deficit increased by 2.3 billion euros despite the reduction in the energy bill. The services surplus, which stood at 4.4 billion euros, was strongly impacted by the 3.5 billion euros deterioration in the travel balance. Primary income also showed a marked decline, firstly due to the downward revision of estimates of direct investment income.

Current account and GDP

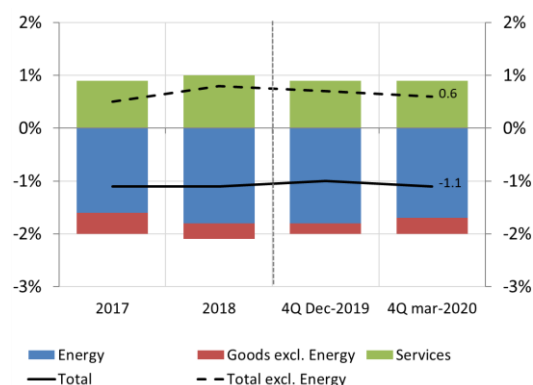
(in EUR billions and in % of GDP, cumulated figures for the four-quarter period
sources : Banque de France – DGSEI ; ECB for external data)

	2019		2020-Q1 (*)	
	Amount	% GDP	Amount	% GDP
France	-16.6	-0.7	-22.6	-0.9
Germany	245.2	7.1		
Spain	24.9	2.0		
Italy	52.9	3.0		
United Kingdom	-114.3	-4.5		

(*) Cumulated figures for the four-quarter period

Goods and services

(Cumulated figures for the four-quarter period, Percentage of GDP)



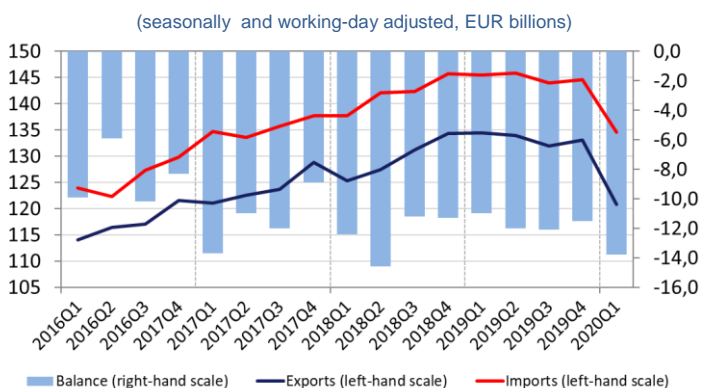
Current account

(EUR billions)	Mar-20 (a)	2019-Q4 (a)	2020-Q1 (*) (a)	Cum. Fig. 4 quarter period (a)	2018 (b)	Cum. Fig. 4 quarter period / 2018
Current account (seasonally and working-day adjusted)	-3.3	-2.1	-10.1	-22.6	-15.1	↓
Goods (1)	-3.5	-11.5	-13.8	-49.4	-49.3	→
Energy	-2.9	-10.3	-9.5	-41.1	-42.7	↑
Goods excl. Energy	-0.6	-1.2	-4.3	-8.3	-6.6	↑
Services	0.4	7.0	4.4	22.0	23.8	↓
Travel	-0.8	4.6	1.1	12.2	14.9	↓
Transport services	-0.2	-1.1	-1.1	-3.9	-4.6	↑
Professional and management consulting services, Research and development and Technical services, trade-related and other business services	0.7	1.3	1.7	6.5	7.2	↓
Other services (2)	0.7	2.1	2.6	7.3	6.2	↑
Primary and secondary income (3)	-0.2	2.4	-0.6	4.8	10.3	↓

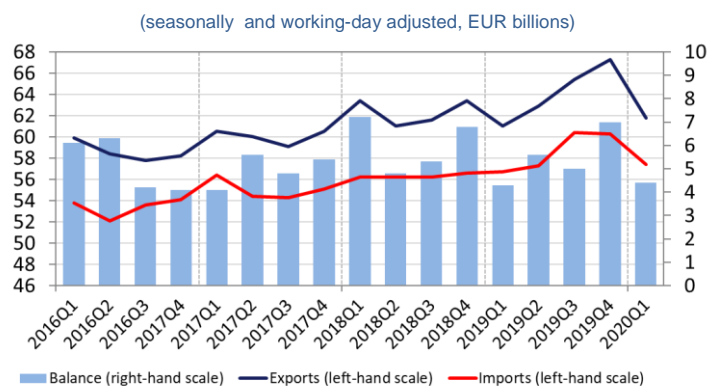
(a) Provisional data (b) Annual report 2018 data
(1) to (3) See methodological notes on page 2.

Source and production : BANQUE DE FRANCE – DGSEI

Goods



Services



Capital account and financial account

(EUR billions)	Mar-20 (a)	2019-Q4 (a)	2020-Q1 (*) (a)	Cum. Fig. 4 quarter period (a)	2018 (b)
Capital Account (not adjusted)	0.2	-0.2	1.0	1.9	2.1
Financial account (not adjusted)	-33.4	5.3	-29.7	-61.3	-27.3
Direct investment	-0.2	-7.1	-0.2	-16.4	55.2
- Abroad	2.4	15.0	10.0	51.8	106.6
- In France	2.6	22.1	10.2	68.2	51.4
Portfolio investment	-67.2	-37.4	5.0	-93.9	-5.0
- Assets	-59.1	-48.2	54.2	63.9	19.2
- Liabilities	8.1	-10.9	49.3	157.8	24.2
Financial derivatives	-26.7	7.5	-35.0	-25.7	-25.9
Loans and deposits (4)	59.5	41.7	-3.0	67.6	-62.0
Reserve assets	1.1	0.6	3.6	7.2	10.4

(a) Provisional data (b) Annual report 2018 data
(4) See methodological notes on page 2

Methodological notes relating to page 1 and page 2 tables

(1) Data on trade in goods are FOB-FOB values, which means without cost, insurance and freight. The latter expenditure is recorded in the services item. Exchanges of goods include general merchandise as published by the Directorate General of Customs and Excise (DGDDI) on one side, merchandising and methodological adjustments calculated by the Banque de France, on the other side. It ensures the comparability of French balance of payments with those of other countries and its conformity with the international standards set by International Monetary Fund. The key underlying concept in balance of payments is the economic ownership (as for the national accounts).

(2) Services other than travel (tourism and professional travels), transport services, professional and management consulting services, R&D and development and technical services, trade-related and other business services include manufacturing, maintenance and repair, construction, insurance and pension services, financial services, charges for the use of intellectual property, telecommunication, computer and information services, personal, cultural and recreational services and government goods and services.

(3) Income includes primary and secondary incomes. Primary income refers to the flows received by economic agents for their participation in the production process ("compensation of employees") or for the provision of financial assets ("investment income") or for the rental of natural resources ("rent"). Taxes and subsidies on products and production are also included in primary income. Secondary income records current transfers between residents and non-residents. A transfer is a transaction that involves the provision of a good, service, financial asset or another non-produced asset without receiving something of economic value in exchange.

(4) The "other investment" (loans and deposits) component of the financial account includes all transactions in financial assets and liabilities with non-residents that do not concern direct investment, portfolio investment, financial derivatives or reserve assets. In practice, this mainly concerns bank deposits and interbank lending, as well as loans and deposits made by insurance companies and all kinds of investment companies and funds.

On the Banque de France website a detailed [methodological note on balance of payments and international investment position](#) can be found. Highlights on specific topics are also available:

- [foreign direct investments \(English and French\)](#),
- [remittances \(French\)](#),
- [international tourism in France \(French\)](#),
- [international banking activity \(English and French\)](#),
- [banks foreign establishment \(French\)](#),
- [net foreign assets \(English and French\)](#),
- [enterprise services \(French\)](#).

