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THE FRENCH BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION

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DIRECTORATE GENERAL STATISTICS

Balance of Payments
Directorate

Sectoral Surveys
and Statistics Directorate

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Introduction

In 2009, France's current account showed a deficit of 37 billion, equivalent to 1.9% of GDP, as in the previous year. Outward foreign direct investment exceeded inward foreign direct investment by 63 billion, compared to 67 billion in 2008. After several years of capital outflows, portfolio investment resulted in capital inflows in 2008 and, especially, in 2009. Non-residents' purchases of French securities were 270 billion greater in 2009 than French residents' purchases of foreign securities. International flows of deposits and loans led to a net reduction of 149 billion in French residents' liabilities, whereas the same item had increased liabilities every year since 2003 and, particularly, in 2006 and 2007.

The stability of the current account deficit at 37 billion stems from a 15-billion improvement in the goods balance, which was offset by declines in the services and incomes balances. The decline in the services surplus from 17 billion to 12 billion stems equally from declines in the travel surplus and the "Other services" surplus, which covers business services, such as merchanting, royalties and licence fees. The income surplus shrank from 29 billion to 23 billion, as a result of declining direct investment income. The current account deficit on current transfers increased from 24 billion in 2008 to 27 billion in 2009.

The financial account in the balance of payments covers trade in assets between France and the rest of world, which should ensure balance of the current account. This account records three main categories of assets: "foreign direct investment", which records the creation and acquisition of foreign companies and capital flows with the affiliates previously created or acquired, "portfolio investment", which records purchases and sales of securities, and "other investment", which records international lending and borrowing transactions, which mainly take the form of interbank transactions.

Net outflows of foreign direct investment, equity transactions and loans between affiliated companies were still massive at 63 billion. Loans between companies in the same group are recorded as inward and outward direct investment between fellow enterprises, which inflate these statistics. If these transactions are restated in accordance with the recommended principles of the upcoming edition IMF Balance of Payments Manual, the flows of inward and outward investment are reduced, without changing the balance. Under the future international methodology, outflows decrease from 79 billion to 59 billion between 2008 and 2009, and inflows go from 12 billion to – 4 billion, which means that resident companies that are affiliates of foreign groups obtained net resources for their parent company or for non-resident affiliates of their group in 2009.

Portfolio investment, meaning flows of securities, which are mostly fixed-income securities, and "other investment", which primarily covers loans and deposits of monetary financial institutions, should finance the current account and the direct investments. Some resident sectors in France must either borrow from non-residents or reduce their foreign assets.

Up until 2007, portfolio investment flows posted net capital outflows and the capital inflows that financed the other balances came from international interbank borrowing by French banks.

Since 2008, the banks' debt reduction and direct investment outflows have been financed by capital inflows resulting from portfolio investment. Following an inflow of 40 billion in 2008, portfolio investment resulted in an inflow of 270 billion euro in 2009. Residents cut back their purchases of foreign securities a bit and, more importantly, non-residents purchased 331 billion in French securities in 2009, after purchasing 128 billion in 2008. The balance on government securities (non-residents' purchases of French government securities minus French residents' purchases of foreign government securities) resulted in a net inflow of 113 billion, which was 97 billion more than in 2008. The increase in the capital inflows for other debt securities is of the same order of magnitude. A large proportion of the French securities purchased by non-residents were issued by the "other financial institutions" sector, which includes Société de financement de l'économie française.

Flows of investment in equity securities were balanced as French residents' purchases of foreign equities came to 35 billion and non-residents' purchases of French equities came to 31 billion. Transactions in mutual fund shares/units showed net sales of foreign securities by French residents of 7 billion, and net sales of French securities by non-residents of 9 billion in 2008. In 2009, residents sold 13 billion in foreign securities, while non-residents increased their assets in French mutual funds by 17 billion.

International deposits and loans of monetary financial institutions (MFIs), not including Banque de France under the balance of payments presentation, posted net outflows in 2008 and 2009, which is a sign that resident banks are reducing their international liabilities.

The capital inflows that exceed the current and capital account deficit are offset by the negative balance of the "errors and omissions" item, which stands at 23 billion in 2009.

France's international investment position (IIP) at market value, which is the difference between French residents' foreign assets and non-residents' assets in France, after being in balance at the end of 2007, showed a deficit at the end of 2008 and showed a further deficit of 208 billion in 2009. When currency and price effects are stripped out, the change in this position is equal to the financial account balance, which is in turn equal to the current account balance, plus errors and omissions. The increase of 23 billion in the IIP in 2009 stems from positive valuation effects, which outweigh the current account deficit.

2008 AND 2009 BALANCE OF PAYMENTS PRESENTATION IN DETAIL

BALANCE OF PAYMENTS – 2008

(EUR millions)

		Credit	Debit	Balance
1.	**CURRENT ACCOUNT**	**725,119**	**762,238**	**-37,119**
1.1.	**Goods**	**410,785**	**470,173**	**-59,388**
1.1.1.	General merchandise	396,753	453,635	-56,882
	Customs data	*411,137*	*466,277*	*-55,140*
	Adjustments	*-14,384*	*-12,642*	*-1,742*
1.1.2.	Goods procured in ports by carriers	2,101	4,799	-2,698
1.1.3.	Goods for processing and repairs on goods	11,931	11,739	192
1.2.	**Services**	**113,693**	**96,508**	**17,185**
1.2.1.	Transportation	27,948	28,856	-908
1.2.1.1.	*Sea transport*	*10,207*	*11,151*	*-944*
1.2.1.2.	*Air transport*	*11,449*	*10,868*	*581*
1.2.1.3.	*Other transport*	*6,292*	*6,837*	*-545*
1.2.2.	Travel	38,464	28,131	10,333
1.2.3.	Communication services	3,080	2,144	936
1.2.4.	Construction services	4,530	1,754	2,776
1.2.5.	Insurance services	486	1,207	-721
1.2.6.	Financial services	1,337	1,306	31
1.2.7.	Computer and information services	1,256	1,529	-273
1.2.8.	Royalties and license fees	7,586	3,746	3,840
1.2.9.	Other business services	26,682	24,632	2,050
1.2.9.1.	*Merchanting*	*8,865*	–	*8,865*
1.2.9.2.	*Other trade-related services*	*2,167*	*3,900*	*-1,733*
1.2.9.3.	*Operational leasing services*	*488*	*1,783*	*-1,295*
1.2.9.4.	*Miscellaneous business services*	*15,163*	*18,949*	*-3,786*
1.2.10.	Personal, cultural and recreational services	1,510	2,493	-983
1.2.10.1.	*Audio-visual and related services*	*792*	*1,413*	*-621*
1.2.10.2.	*Other personal services*	*718*	*1,080*	*362*
1.2.11.	Government services	812	710	102
1.3.	**Income**	**180,822**	**151,635**	**29,187**
1.3.1.	Compensation of employees	10,347	887	9,460
1.3.2.	Investment income	170,474	150,748	19,726
1.3.2.1.	*Direct investment*	*41,448*	*18,820*	*22,628*
1.3.2.2.	*Portfolio investment*	*80,207*	*73,431*	*6,776*
1.3.2.3.	*Other investment*	*48,819*	*58,497*	*9,678*
1.4.	**Current transfers**	**19,820**	**43,922**	**24,102**
1.4.1.	General government	12,362	27,701	15,339
1.4.2.	Other sectors	7,458	16,221	8,763
1.4.2.1.	*Workers' remittances*	*812*	*3,397*	*2,585*
1.4.2.2.	*Other transfers*	*6,646*	*12,824*	*6,178*
2.	**CAPITAL ACCOUNT**	**1,441**	**767**	**674**
2.1.	Capital transfers	1,432	596	836
2.2.	Purchases of non-financial assets (patents)	9	171	162
3.	**FINANCIAL ACCOUNT**	**–**	**–**	**26,651**
3.1.	**Foreign direct investment**	**–**	**–**	**67,458**
3.1.1.	**Outward**	**–**	**–**	**109,959**
3.1.1.1.	*Equity capital*	*58,257*	*116,915*	*58,658*
3.1.1.2.	*Reinvested earnings*	–	–	*5,400*
3.1.1.3.	*Other capital*	–	–	*45,901*
3.1.2.	**Inward**	**–**	**–**	**42,501**
3.1.2.1.	*Equity capital*	*42,736*	*27,609*	*15,127*
3.1.2.2.	*Reinvested earnings*	–	–	*948*
3.1.2.3.	*Other capital*	–	–	*28,322*

BALANCE OF PAYMENTS – 2008 (continued)

(EUR millions)

		Balance
3.2.	**Portfolio investment**	**40,521**
3.2.1.	**Assets (residents' transactions in securities issued by non-residents)**	**-87,106**
3.2.1.1.	Equity securities and mutual fund shares/units	-19,345
	Banque de France	*21*
	MFIs	*7,915*
	Other sectors	*-24,773*
	of which general government	*-2,508*
3.2.1.2.	Bonds and notes	-4,562
	Banque de France	*-25,513*
	MFIs	*-1,435*
	Other sectors	*23,382*
	of which general government	*-999*
3.2.1.3.	Money market instruments	-63,199
	Banque de France	*-14,719*
	MFIs	*-48,028*
	Other sectors	*-398*
	of which general government	*-51*
3.2.2.	**Liabilities (non-residents' transactions in securities issued by residents)**	**127,627**
3.2.2.1.	Equity securities and mutual fund shares/units	-7,845
	MFIs	*7,648*
	Other sectors	*-15,493*
3.2.2.2.	Bonds and notes	84,054
	General government	*46,527*
	MFIs	*14,009*
	Other sectors	*23,518*
3.2.2.3.	Money market instruments	51,418
	General government	*53,631*
	MFIs	*-5,357*
	Other sectors	*3,141*
3.3.	**Financial derivatives**	**-16,359**
	Banque de France	–
	General government	–
	Monetary financial institutions	-16,359
	Other sectors	–
3.4.	**Other investment**	**61,429**
3.4.1.	**Assets**	**52,592**
3.4.1.1.	Trade credits	3,137
3.4.1.2.	Loans	49,457
	Banque de France	*10,968*
	General government	*952*
	MFIs	*33,805*
	Other sectors	*3,732*
3.4.1.3.	Other assets	0
	General government	*0*
3.4.2.	**Liabilities**	**8,839**
3.4.2.1.	Trade credits	741
3.4.2.2.	Loans	8,100
	Banque de France	*130,510*
	General government	*5,632*
	MFIs	*-135,103*
	Other sectors	*7,060*
3.4.2.3.	Other liabilities	0
3.5.	**Reserve assets**	**8,518**
	Gold	2,141
	Special Drawing Rights	4
	Reserve position in the IMF	-834
	Foreign currencies	7,207
	Claims on the ECB	0
4.	**NET ERRORS AND OMISSIONS**	**9,794**

BALANCE OF PAYMENTS – 2009

(EUR millions)

		Credit	Debit	Balance
1.	**CURRENT ACCOUNT**	**604,505**	**641,328**	**-36,823**
1.1.	**Goods**	**340,009**	**384,600**	**-44,591**
1.1.1.	General merchandise	327,397	370,992	-43,595
	Customs data	*340,924*	*383,848*	*-42,924*
	Adjustments	*-13,527*	*-12,857*	*-671*
1.1.2.	Goods procured in ports by carriers	1,458	2,862	-1,404
1.1.3.	Goods for processing and repairs on goods	11,154	10,746	408
1.2.	**Services**	**102,909**	**91,414**	**11,495**
1.2.1.	Transportation	22,997	23,736	-739
1.2.1.1.	*Sea transport*	*7,569*	*9,158*	*-1,589*
1.2.1.2.	*Air transport*	*10,145*	*8,983*	*1,162*
1.2.1.3.	*Other transport*	*5,283*	*5,595*	*-312*
1.2.2.	Travel	35,416	27,588	7,828
1.2.3.	Communication services	3,329	2,702	627
1.2.4.	Construction services	5,034	2,382	2,652
1.2.5.	Insurance services	556	1,359	-803
1.2.6.	Financial services	1,524	986	538
1.2.7.	Computer and information services	1,153	1,478	-325
1.2.8.	Royalties and license fees	6,761	3,791	2,970
1.2.9.	Other business services	24,068	24,174	-106
1.2.9.1.	*Merchanting*	*7,248*	–	*7,248*
1.2.9.2.	*Other trade-related services*	*1,840*	*3,947*	*-2,107*
1.2.9.3.	*Operational leasing services*	*475*	*1,830*	*-1,355*
1.2.9.4.	*Miscellaneous business services*	*14,505*	*18,397*	*-3,892*
1.2.10.	Personal, cultural and recreational services	1,357	2,515	-1,158
1.2.10.1.	*Audio-visual and related services*	*717*	*1,418*	*-701*
1.2.10.2.	*Other personal services*	*640*	*1,097*	*-457*
1.2.11.	Government services	714	703	11
1.3.	**Income**	**142,445**	**119,313**	**23,132**
1.3.1.	Compensation of employees	10,383	903	9,480
1.3.2.	Investment income	132,062	118,410	13,652
1.3.2.1.	*Direct investment*	*32,450*	*14,736*	*17,714*
1.3.2.2.	*Portfolio investment*	*77,070*	*77,121*	*-51*
1.3.2.3.	*Other investment*	*22,542*	*26,553*	*-4,011*
1.4.	**Current transfers**	**19,143**	**46,001**	**-26,858**
1.4.1.	General government	12,418	29,722	-17,304
1.4.2.	Other sectors	6,725	16,279	-9,554
1.4.2.1.	*Workers' remittances*	*769*	*2,847*	*-2,078*
1.4.2.2.	*Other transfers*	*5,956*	*13,432*	*-7,476*
2.	**CAPITAL ACCOUNT**	**994**	**659**	**335**
2.1.	Capital transfers	978	622	356
2.2.	Purchases of non-financial assets (patents)	16	37	-21
3.	**FINANCIAL ACCOUNT**	**–**	**–**	**59,431**
3.1.	**Foreign direct investment**	**–**	**–**	**-63,010**
3.1.1.	**Outward**	**–**	**–**	**-105,933**
3.1.1.1.	*Equity capital*	*23,334*	*61,495*	*-38,161*
3.1.1.2.	*Reinvested earnings*	–	–	*-2,052*
3.1.1.3.	*Other capital*	–	–	*-65,720*
3.1.2.	**Inward**	–	–	**42,923**
3.1.2.1.	*Equity capital*	*20,151*	*8,146*	*12,005*
3.1.2.2.	*Reinvested earnings*	–	–	*2,076*
3.1.2.3.	*Other capital*	–	–	*28,842*

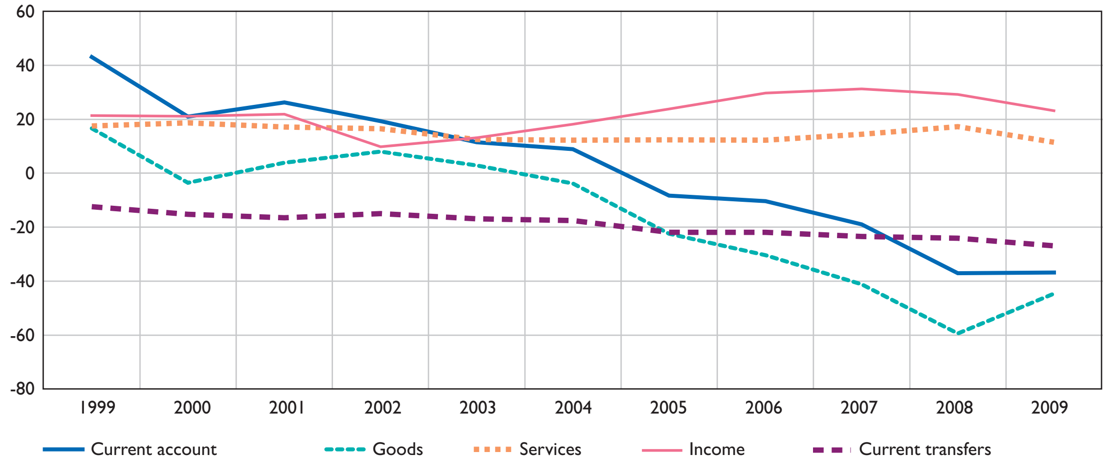
BALANCE OF PAYMENTS – 2009 (continued)

(EUR millions)

		Balance
3.2.	**Portfolio investment**	**270,041**
3.2.1.	**Assets (residents' transactions in securities issued by non-residents)**	**-60,620**
3.2.1.1.	Equity securities and mutual fund shares/units	-21,523
	Banque de France	*-3*
	MFIs	*-5,831*
	Other sectors	*-14,815*
	of which general government	*-876*
3.2.1.2.	Bonds and notes	-16,693
	Banque de France	*-9,009*
	MFIs	*62,414*
	Other sectors	*-68,494*
	of which general government	*-1,602*
3.2.1.3.	Money market instruments	-22,403
	Banque de France	*7,302*
	MFIs	*-32,760*
	Other sectors	*4,950*
	of which general government	*-1,893*
3.2.2.	**Liabilities (non-residents' transactions in securities issued by residents)**	**330,659**
3.2.2.1.	Equity securities and mutual fund shares/units	48,103
	MFIs	*5,830*
	Other sectors	*42,272*
3.2.2.2.	Bonds and notes	202,856
	General government	*71,935*
	MFIs	*19,336*
	Other sectors	*111,590*
3.2.2.3.	Money market instruments	79,701
	General government	*71,233*
	MFIs	*6,274*
	Other sectors	*2,193*
3.3.	**Financial derivatives**	**-2,135**
	Banque de France	–
	General government	–
	Monetary financial institutions	-2,135
	Other sectors	–
3.4.	**Other investment**	**-149,393**
3.4.1.	**Assets**	**4,007**
3.4.1.1.	Trade credits	3,654
3.4.1.2.	Loans	60,341
	Banque de France	*-2,739*
	General government	*-1,081*
	MFIs	*67,155*
	Other sectors	*-2,992*
3.4.1.3.	Other assets	12
	General government	0
3.4.2.	**Liabilities**	**-213,401**
3.4.2.1.	Trade credits	-1,308
3.4.2.2.	Loans	-212,093
	Banque de France	*-44,226*
	General government	*-4,457*
	MFIs	*-142,919*
	Other sectors	*-20,491*
3.4.2.3.	Other liabilities	0
3.5.	**Reserve assets**	**3,931**
	Gold	1,302
	Special Drawing Rights	-41
	Reserve position in the IMF	-971
	Foreign currencies	3,641
	Claims on the ECB	0
4.	**NET ERRORS AND OMISSIONS**	**-22,942**

Current account C1-1
Gross balances

(EUR billions)



Current account T1-1

(EUR billions)

	2007			2008			2009		
	Receipts	**Payments**	**Balance**	**Receipts**	**Payments**	**Balance**	**Receipts**	**Payments**	**Balance**
Current account	**715.4**	**734.3**	**-18.9**	**725.1**	**762.2**	**-37.1**	**604.5**	**641.3**	**-36.8**
Goods	*400.0*	*441.1*	*-41.1*	*410.8*	*470.2*	*-59.4*	*340.0*	*384.6*	*-44.6*
Services	*109.0*	*94.6*	*14.4*	*113.7*	*96.5*	*17.2*	*102.9*	*91.4*	*11.5*
Goods and services	509.0	535.7	-26.7	524.5	566.7	-42.2	442.9	476.0	-33.1
Income	184.9	153.7	31.2	180.8	151.6	29.2	142.4	119.3	23.1
Current transfers	21.4	44.8	-23.4	19.8	43.9	-24.1	19.1	46.0	-26.9

Chapter 1

Current account and capital account

1| Goods

Trade in goods posted a historic decrease in the wake of a global economic slowdown, as 2008 ended and 2009 started. The trade deficit in goods stood at 44.6 billion in 2009, compared to 59.4 billion in 2008.[1]

Goods T1-2

(EUR billions)

	2007			2008			2009		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
Goods	**400.0**	**441.1**	**-41.1**	**410.8**	**470.2**	**-59.4**	**340.0**	**384.6**	**-44.6**
Merchandise	388.3	427.4	-39.1	396.8	453.6	-56.9	327.4	371.0	-43.6
Customs data	*401.4*	*442.0*	*-40.6*	*411.1*	*466.3*	*-55.1*	*340.9*	*383.9*	*-42.9*
Adjustments	*-13.1*	*-14.6*	*1.5*	*-14.4*	*-12.6*	*-1.7*	*-13.5*	*-12.9*	*-0.7*
Goods for processing	9.0	9.8	-0.8	10.7	10.7	0.0	9.2	9.3	-0.1
Repairs on goods	1.2	1.1	0.1	1.3	1.1	0.2	2.0	1.4	0.6
Goods procured in ports by carriers	1.6	2.9	-1.3	2.1	4.8	- 2.7	1.5	2.9	-1.4

1|1 General merchandise[2]

In 2009, world trade in goods sustained an exceptionally large decrease, which was much larger than the fall in world output. Several factors have been put forward to explain the decrease: the effect of demand structure, since the demand components with the highest import content, such as business investment and household consumption of durable goods, declined more during the crisis, restricted credit and higher interest rates, the amplifying effect of inventory draw-downs and the changing structure of value chains.

Under these circumstances, France's total foreign trade in goods posted a sharp drop in 2009: exports were down by 17.1% and imports shrank by 17.7%.[3] The biggest decline came in the first half of 2009. Over the year as a whole, France's fob-fob trade balance[4] based on customs data improved, but it still showed a large deficit of 43.5 billion euro. The smaller deficit stems from the 19.1 billion decrease in the France's energy bill as a result of the fall in average oil prices and the decline in oil import volumes, whereas the trade balance in goods excluding energy shrank by 6.7 billion to post a deficit of 3.7 billion.[5] By way of comparison, the trade surplus in goods, excluding energy, stood at 25.5 billion in 2002.

The contraction of global trade was stronger for capital goods and intermediate goods. In France, for example, the sectors showing the biggest variations are mechanical, electrical, electronic and data processing equipment (see Table T1-3).

Exports of transport equipment posted a similar sharp drop, stemming primarily from the collapse of

1 The cif/fob adjustment rate used to subtract the cost of transport to the French border from imports of goods was updated to match the new rate disseminated by the Directorate General of Customs and Excise (DGDDI). The new rate is 3.2%, as of January 2009, as opposed to 3.0% previously.

2 This analysis of changes in trade in general merchandise was produced by the Directorate of Microeconomic and Structural Research (General Directorate Research and International Relations).

3 The customs data (produced by the Directorate General of Customs and Excise) are substantially different from the balance of payments data on trade in goods (produced by the Banque de France). The balance of payments data include the revised customs data, as well as exchanges that do not result in a change in ownership or payment, goods for processing, repairs on goods and goods procured in ports by carriers. Furthermore, the balance of payments data presented here do not incorporate the methodological change introduced by the Directorate General of Customs and Excise regarding the recognition of trade in aeronautical engineering products with Germany in March 2010 (with backcasting of data series over ten years). For example, under the new methodology, total free-on-board (fob) exports and cost-insurance-freight (cif) imports of goods increase by 5.6 billion and 7.1 billion respectively in 2009, which lowers the cif-fob balance by 1.5 billion.

4 Excluding insurance and freight costs.

5 The balance excluding energy is calculated with a "total balance" fob-fob series and an "energy balance" cif-fob series, which includes insurance and freight costs for imports. The sector and geographical series produced by the Directorate General of Customs and Excise are always cif-fob. If we use a "total balance" cif-fob series, the balance excluding energy shows a deficit of 18.7 billion in 2009, compared to a deficit of 13.5 billion in 2008.

Total trade in goods and trade in goods by sector *T1-3*

(EUR billions)

	Exports		Imports		Balance	
	Amount in 2009	Change 2009/2008 in %	Amount in 2009	Change 2009/2008 in %	Amount in 2009	Change 2009/2008 in %
Trade in goods FOB-FOB	346.0	-17.1	389.5	-17.7	-43.5	12.4
Trade in goods CIF-FOB (a)	341.2	-17.4	399.7	-17.6	-58.5	13.8
of which: Agriculture and agri-food sectors	*44.3*	*-11.3*	*39.0*	*-5.2*	*5.3*	*-3.5*
Energy products	*14.7*	*-41.8*	*54.5*	*-35.3*	*-39.8*	*19.1*
Mec., elec. and IT equipment	*67.4*	*-19.5*	*82.6*	*-17.3*	*-15.2*	*1.0*
Transport equipment	*72.7*	*-17.2*	*65.4*	*-13.1*	*7.3*	*-5.2*
Other manufactured goods	*138.9*	*-14.6*	*154.6*	*-14.4*	*-15.7*	*2.3*

(a) Excluding military equipment.
Source: DG of Customs and Excise, estimated data.
Calculations: Banque de France.

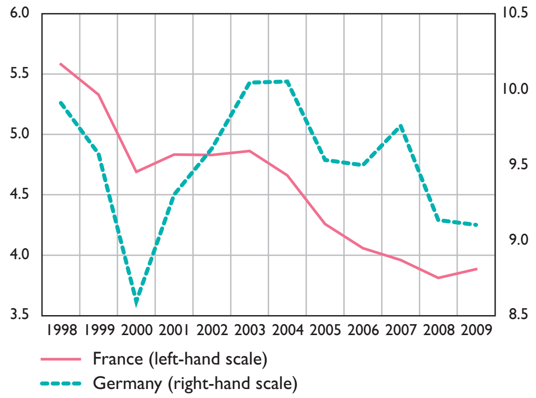
motor vehicle exports, which were down by 30.5%, whereas aeronautical industry exports, which are a strong point of France's foreign trade, withstood the crisis relatively well with a dip of only 5%. In the aeronautical industry, exports in one year stem in part from contracts signed in previous years. New orders in 2010 should be down from the level reached in 2009, which means that the impact on foreign trade will be felt mostly in 2011. For other manufactured goods, the sharp drop in exports of intermediate goods is partially offset by the excellent performance of pharmaceutical products, which posted an 8% increase in sales. Drug exports, which accounted for 80% of the sector's sales in 2009, increased by 6.3% over the year, and vaccine exports, which accounted for 20% of sales, increased by 58.4% as a result of the massive vaccination campaign for the H1N1 virus. Meanwhile, exports of agricultural and agri-food products posted a moderate drop of 11.3%.

The strong export performance of sectors such as pharmaceutical products, aerospace and agri-food, during the crisis, combined with less exposure than Germany or Japan to the decline in global demand for capital goods, meant that France's share of the global export market increased very slightly in 2009 (see Chart C1-2), however, this increase is not sure to last.

The automotive industry merits special attention. It accounts for approximately 9% of France's trade in goods and is a major contributor to economic growth and it provides approximately 8% of the manufacturing jobs in France. France's automotive industry has suffered structural competitiveness losses. Its exports have been declining steadily since 2005 and its share of the European market has been falling since 2003. The automotive industry has also been severely affected by the crisis. It also accounts for much of the decline in France's total exports in the depths of the crisis, i.e. the fourth quarter of 2008 and the first quarter of 2009 (see Chart C1-3). Government programmes to support the industry ("scrappage bonus" schemes for new car buyers) in France and its leading trading partners successfully stimulated trade in the sector. The automotive industry made a positive contribution to both total export growth and total import growth in the three last quarters of 2009. However, the impact on export growth was greater

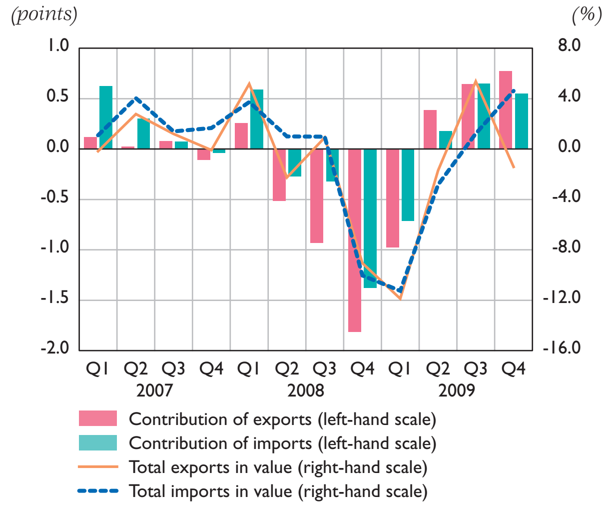
Global export market share *C1-2*

(%)



Source: IMF.
Calculations: Banque de France.

Contribution of motor vehicles to total trade growth *C1-3*



than the impact on import growth in the second and fourth quarters. The fact that "scrappage bonuses" were lump sum payments and often included incentives to purchase cars that pollute less was a boon to French carmakers with their strong position in the market for cars with smaller engines. France's carmakers won back two percentage points of market share in Europe, while German carmakers, with their specialisation in more powerful cars that produce more CO_2, lost two percentage points of market share. However, the vast majority of the most ecological cars are manufactured abroad, which means that the increase in sales fuelled by the "scrappage bonuses" accounted for only part of the increase in exports.

The geographical structure of foreign trade (see Table T1-4) shows that the improvement of the trade balance stems primarily from the balances with the euro area (up by 4.8 billion) and the Middle East (up by 6.1 billion). The improvement of the trade balance with the euro area is primarily attributable to France's smaller trade deficit with its leading trading partner, Germany. The improvement in the trade balance with the Middle East can be attributed to the fall in oil prices mentioned above, as well as the 5.2% growth in French exports to this area.

The population of companies engaged in international trade changed significantly during the crisis.[6] The number of exporting companies fell by 4% in 2009. The decline comes primarily from a smaller number of new entries in this market (down by 2.9%, as in 2008), since the number of departures showed little change. The number of importing companies also fell by 4.9%, which was the first such decline since 2003. The number of departures from the market was up sharply and the number of new entries declined significantly.

Geographical distribution of trade in goods *T1-4*

(EUR billions)

	Exports		Imports		Balance	
	Amount in 2009	Change 2009/2008 in %	Amount in 2009	Change 2009/2008 in %	Amount in 2009	Change 2009/2008 in %
Euro area (16 members)	169.9	-18.3	198.2	-17.8	-28.4	4.8
of which: Germany	*55.5*	*-16.0*	*71.4*	*-17.0*	*-15.9*	*4.0*
Italy	*28.4*	*-21.0*	*31.5*	*-20.0*	*-3.1*	*0.3*
Spain	*27.1*	*-21.0*	*24.9*	*-20.0*	*2.1*	*-0.9*
United Kingdom	24.5	-23.6	18.4	-20.9	6.1	-2.7
New EU Member States*	13.4	-23.2	16.3	-14.2	-3.0	-1.3
Americas	30.0	-21.0	34.6	-10.5	-4.6	-3.8
of which: United States	*19.7*	*-17.9*	*25.1*	*-4.3*	*-5.4*	*-3.2*
Asia	33.3	-13.1	57.6	-10.6	-24.4	1.8
of which: Japan	*4.8*	*-14.5*	*7.8*	*-18.4*	*-3.0*	*1.0*
China and Hong Kong	*10.3*	*-11.3*	*30.2*	*-4.9*	*-19.9*	*0.3*
Near and middle East	13.7	5.2	6.6	-45.1	7.1	6.1

** Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Bulgaria, Romania.*
Source: DGDDI.
Calculations: Banque de France.

6 *See the document by the DGDDI: http://lekiosque.fi nances.gouv.fr/Appchiffre/Etudes/Thematiques/A2009.pdf*

The decline in the number of exporting companies was greatest among enterprises with fewer than 20 employees (-7.4%), followed by enterprises with between 20 and 250 employees (-4.2%) and enterprises with more than 250 employees (-3.6%). Being an affiliate of a group does not seem to have helped small and medium-sized enterprises (SMEs) during the crisis. The number of independent SMEs declined in the same proportions as the number of SMEs controlled by groups. Furthermore, the average number of products exported and the exporters' average number of foreign markets declined. The trend was more pronounced for "historic" exporters, meaning companies that posted export sales in every year since 1994.[7] The number of companies exporting to the European Union declined more sharply (-9.1%) than companies exporting to third countries (-3.6%).

An econometric analysis of the individual international trade data revealed changes in French trade during the crisis from a microeconomic angle. Several findings were highlighted:[8]

• Most of the decline in French exports can be attributed to existing flows (companies remaining in their markets). New entries and departures of companies played only a limited role;

• Small exporting companies withstood the crisis better on the whole. Their resilience stems from a smaller presence in the sectors and markets that were hit hardest by the crisis;[9]

• Regardless of their size, companies doing business in sectors that rely more heavily on external financing sources were hit harder;

• When we look at international production chains, we see that companies that produce the most intermediate goods were more severely affected by the crisis.

1|2 Goods for processing, repairs on goods and goods procured in ports by carriers

The balance on goods for processing was close to zero. The deficit on goods procured in ports by carriers shrank from 2.7 billion to 1.4 billion. This change stems from energy prices and offsets the exacerbation of the deficit in 2007 and 2008.

2| Services

The decline in trade in services was less marked than the decrease in trade in goods in 2009. Exports were down by 9.4% and imports fell off by 5.3%. The surplus shrank from 17.2 billion in 2008 to 11.5 billion. The decline in trade was particularly large for transportation services and was of a similar magnitude to the decline in trade in goods. However, the deficit on transportation services remained limited. Exports of travel services (tourism) fell off more sharply than imports and the surplus shrank by 2.5 billion from 10.3 billion to 7.8 billion. Exports of "other services", excluding transportation and travel, declined, while imports continued to grow at a moderate pace, similar to that seen in 2008. The surplus shrank by 3.3 billion from one year to the next and stood at 4.5 billion, which was greater than the 2007 surplus.

7 "Historic" exporters accounted for 19% of the total number of exporters in 2008 and 58.3% of total goods exports. They make up half of the 1,000 largest exporting companies.
8 Bricongne J.-C., Fontagné L., Gaulier G., Taglioni D. and Vicard V. (2009), Les entreprises et la crise globale : les exportations françaises dans la tourmente. See www.banque-france.fr/fr/publications/documents_de_travail/DT265.htm
9 However, during the rest of 2009, small exporting companies seem to have had trouble taking off again, which meant that their annual average exports (2009/2008) declined slightly more than those of larger companies and, after factoring in the favourable sector specialisation, small exporters' performances were significantly weaker. Source: Bellas D., Bricongne J.-C., Gaulier G. and Vicard V. (2010), Une analyse de la dynamique des exportations des firmes françaises de 2000 à 2009, Miméo Banque de France (based on customs data).

Services T1-5

(EUR billions)

	2007			2008			2009		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
Services	**109.0**	**94.6**	**14.4**	**113.7**	**96.5**	**17.2**	**102.9**	**91.4**	**11.5**
Transportation	27.6	27.8	-0.3	27.9	28.9	-0.9	23.0	23.7	-0.7
Travel	39.6	27.9	11.7	38.5	28.1	10.3	35.4	27.6	7.8
Other services (a)	41.9	38.9	3.0	47.3	39.5	7.8	44.6	40.1	4.5

(a) *See details in the Other services table (T1-7).*

2|1 Transportation

Trade in transportation services decreased by nearly 17% in 2009, with both exports and imports falling. The deficit remained fairly small at 0.7 billion, down from 0.9 billion in 2008.[10] All modes of transportation were hit by the decline in trade to varying degrees, except for space transport. The balance showed a deterioration of trade in sea transport, where the deficit grew from 0.9 billion in 2008 to 1.6 billion in 2009. Air transport posted a slight increase in the surplus, which rose from 0.6 billion to 1.2 billion.

Transportation T1-6

(EUR billions)

	2007			2008			2009		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
Sea transport	**9.9**	**10.2**	**-0.2**	**10.2**	**11.2**	**-0.9**	**7.6**	**9.2**	**-1.6**
Freight	8.5	7.1	1.4	8.7	7.8	0.9	6.5	5.7	0.8
of which f.o.b. expenses (a)	*1.7*	*5.2*	*-3.5*	*1.8*	*5.9*	*-4.1*	*1.5*	*4.5*	*-3.0*
Passengers	0.3	0.1	0.2	0.3	0.1	0.1	0.2	0.1	0.1
Other expenses (b)	1.2	3.0	-1.8	1.2	3.2	- 2.0	0.8	3.3	- 2.5
Air transport	**11.1**	**11.0**	**0.1**	**11.4**	**10.9**	**0.6**	**10.1**	**9.0**	**1.2**
Freight	2.4	2.1	0.3	2.4	2.1	0.3	1.8	1.7	0.1
of which f.o.b. expenses (a)	*1.0*	*1.1*	*-0.1*	*1.1*	*1.1*	*0.0*	*1.0*	*1.0*	*0.0*
Passengers	6.0	5.2	0.8	6.4	5.4	1.0	5.8	4.8	1.0
Other expenses (b)	2.7	3.7	-1.0	2.6	3.3	-0.7	2.5	2.5	0.0
Other transport	**6.5**	**6.6**	**-0.1**	**6.3**	**6.8**	**-0.5**	**5.3**	**5.6**	**-0.3**
Space transport	0.7	0.0	0.7	0.5	0.0	0.5	0.9	0.0	0.8
Rail transport	1.2	1.2	0.0	1.1	1.2	-0.1	0.9	1.2	-0.2
Freight	0.5	0.7	-0.3	0.5	0.7	-0.2	0.4	0.6	-0.3
of which f.o.b. expenses (a)	*0.1*	*0.1*	*0.0*	*0.1*	*0.1*	*0.0*	*0.1*	*0.1*	*0.0*
Passengers	0.6	0.4	0.2	0.5	0.4	0.1	0.5	0.4	0.0
Other expenses *(b)*	*0.1*	*0.1*	*0.0*	*0.1*	*0.1*	*0.0*	*0.1*	*0.1*	*0.0*
Other	4.6	5.4	-0.8	4.6	5.6	-0.9	3.5	4.4	-0.9
of which f.o.b. expenses (a, c)	*2.3*	*2.3*	*0.0*	*2.4*	*2.4*	*0.0*	*1.9*	*2.1*	*-0.3*
Total	**27.6**	**27.8**	**-0.3**	**27.9**	**28.9**	**-0.9**	**23.0**	**23.7**	**-0.7**

(a) *The f.o.b. expenses correspond to the transportation and insurance services included in c.i.f. (cost, insurance and freight) payments for merchandise. These expenses are subtracted from trade in merchandise and transferred to the relevant service items.*
(b) *Includes payments for chartering vessels, port fees, and traffic fees. This item does not include payments for goods procured in ports by carriers, which are included in goods.*
(c) *The f.o.b. expenses for road transport.*

10 For technical reasons, the impact of the updating of the c.i.f./f.o.b. rate is not reflected in transportation services (f.o.b. expenses item). Given the small size of the adjustment to the c.i.f./f.o.b. rate (3.2% instead of 3%), the impact is a minor one.

The breakdown of trade by type of activity shows that transport trade declined more for freight transport than for passenger transport.

2|2 Travel

The decrease in the travel surplus, which started in 2008, gathered pace in 2009. It shrank by 2.5 billion to reach 7.8 billion. The contraction stems from the 7.9% fall in receipts, whereas residents' payments abroad were down by only 1.9% (see Table T1-5).

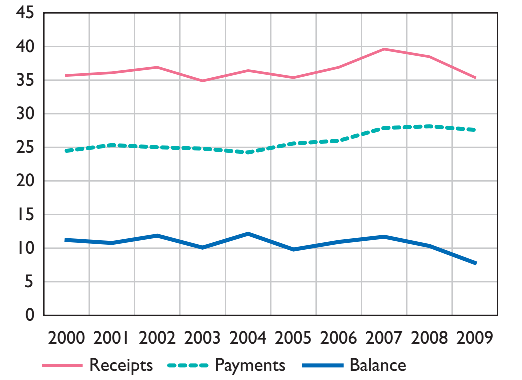
The fall in travel receipts continued in 2009, which was a particularly difficult year for international tourism, with a global economic crisis and an influenza pandemic creating great uncertainty. British and German tourists, whose numbers were already down in 2008, cut back their spending in France sharply in 2009 (see Table STAT_1.1 in the second part of this report). Tourist demand from the United States weakened, after showing sustained growth in 2008. France's direct neighbours still account for three quarters of its travel receipts. Of France's neighbours, only the Dutch and Belgians spent more during their trips to France. Personal travel, as opposed to business travel, accounted for 87% of travel receipts.

At the same time, French residents' spending abroad decreased. Travel to the United States was very popular in 2008, boosted by favourable exchange rates, but French tourists' spending in the United States fell from 1.3 billion to 0.9 billion euro in 2009. French tourists' spending in Italy and, to a lesser extent, in North Africa and Spain also declined. These countries account for a total of 42% of French residents' personal travel spending, with a variety of countries accounting for the rest, starting with European countries and followed by more distant countries. The figures per country can be found in the second part of this report.

While most French residents travel abroad for personal reasons, business travel increased in 2009 and accounted for 22% of residents' spending abroad. Half of this travel was to Switzerland, Germany, the United Kingdom, Belgium and Luxembourg.

Travel *C1-4*

(EUR billions)



Box 1.1

Revision of the "Travel" item

The "Travel" item in the balance of payments has been compiled primarily on the basis of data from three surveys[1] since 2004. It has been revised substantially for the 2009 annual report. The revisions mainly concern expenses and, consequently, the balance for the period from 2004 to 2008. They also affect all flows over the period from 2000 to 2003.

French residents' travel spending abroad between 2004 and 2008 was revised because the capture of personal travel spending improved. This spending was measured using the "Tourist Demand Survey" (SDT). The figures were revised upward after implementing a system of incentives for answering the survey in December 2007. The outcome was that the level of personal travel spending had been underestimated in 2007 and in previous years. The level of personal travel spending was backcasted

1 *For more about the current information sources for the "Travel" item, see the 2006 Balance of Payments Annual Report (available in French only), Box 5, p. 26 (http ://www.banque-france.fr/archipel/publications/bdf_bdp/bdf_bdp_ra_2006.pdf).*

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accordingly, leading to an average annual increase of EUR 1.1 billion in this item from 2004 to 2007. Travel receipts for the same period were not adjusted and the revision of spending reduced the balance.

The figures for personal travel spending in 2008 were revised downward to account for the impact of a change in the survey questionnaire in October 2008. The business travel spending data for the second half of 2008 and 2009 were captured using a new instrument: the Foreign Business Travel Spending Survey (Enquête sur les dépenses professionnelles à l'étranger – EDPE). This survey operates on the same principle as the survey it replaced (Business Travel Survey), but it includes day trips and, consequently, a more complete picture of business travel that led to an upward adjustment of business travel spending. Adjustment for the change in the SDT questionnaire reduced the travel spending item in 2008, and the two changes led to a decrease in spending of EUR 1.2 billion. Travel receipts were adjusted upward by 0.7 billion in 2008, leading to a 1.9 billion improvement in the surplus for the year.

The "Travel" data from before 2004 did not rely on surveys, but on a reporting system until 2001 and a transitional system in 2002 and 2003.[2] Under the reporting system, travel flows were much smaller than shown by survey data, largely as a result of netting by travel agencies. Consequently, the data were backcasted to make the travel receipts, expenses and balances from 2000 to 2003 consistent with those from 2004 to 2009. This means that receipts and expenses were adjusted upward by an annual average of 2.5 billion and 4.7 billion respectively between 2000 and 2003.

2 *For more about the former data sources for the "Travel" item, see the 2003 Balance of Payments Annual Report (available in French only), Box 5, p. 66 (http ://www. banque-france.fr/archipel/publications/bdf_bdp/bdf_bdp_ra_2003.pdf).*

2|3 Other services

The surplus on trade in other services, excluding transportation and travel, shrank by 3.3 billion in 2009 to 4.5 billion, which is comparable to the average balance since 2000 and underscores the exceptional nature of the 2008 surplus of 7.8 billion.

Other services T1-7

(EUR billions)

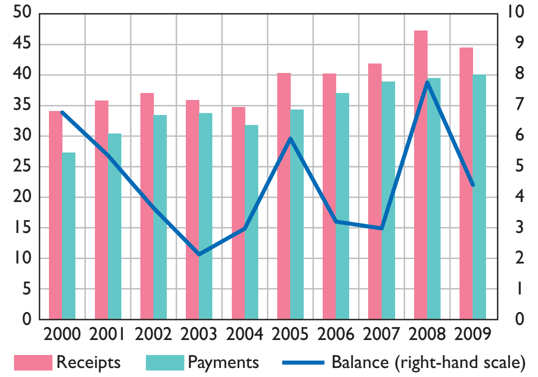
	2007			2008			2009		
	Receipts	**Payments**	**Balance**	**Receipts**	**Payments**	**Balance**	**Receipts**	**Payments**	**Balance**
Communication services	3.2	2.0	1.2	3.1	2.1	0.9	3.3	2.7	0.6
Construction services	3.9	1.5	2.3	4.5	1.8	2.8	5.0	2.4	2.7
Insurance services	0.8	1.5	-0.8	0.5	1.2	-0.7	0.6	1.4	-0.8
Financial services	1.3	1.4	-0.1	1.3	1.3	0.0	1.5	1.0	0.5
Computer services	1.4	1.7	-0.3	1.3	1.5	-0.3	1.2	1.5	-0.3
Royalties and license fees	6.5	3.4	3.0	7.6	3.7	3.8	6.8	3.8	3.0
Other business services	22.7	24.1	-1.5	26.7	24.6	2.1	24.1	24.2	0.0
Merchanting	*6.0*	*0.0*	*6.0*	*8.9*	*0.0*	*8.9*	*7.3*	*0.0*	*7.3*
Other trade-related services	*1.6*	*4.3*	*-2.7*	*2.2*	*3.9*	*-1.7*	*1.8*	*3.9*	*-2.1*
Operational leasing	*0.6*	*1.8*	*-1.3*	*0.5*	*1.8*	*-1.3*	*0.5*	*1.8*	*-1.4*
Miscellaneous business services	*14.5*	*18.1*	*-3.6*	*15.2*	*18.9*	*-3.8*	*14.5*	*18.4*	*-3.9*
Personal, cultural and recreational services	1.4	2.3	-0.9	1.5	2.5	-1.0	1.4	2.5	-1.2
Audiovisual services	*0.7*	*1.3*	*-0.6*	*0.8*	*1.4*	*-0.6*	*0.7*	*1.4*	*-0.7*
Other personal, cultural and recreational services	*0.7*	*1.0*	*-0.3*	*0.7*	*1.1*	*-0.4*	*0.6*	*1.1*	*-0.5*
Government services	0.8	0.9	-0.1	0.8	0.7	0.1	0.7	0.7	0.0
Total	**41.9**	**38.9**	**3.0**	**47.3**	**39.5**	**7.8**	**44.6**	**40.1**	**4.5**

Exports were down by 5.7% in 2009, which partially offset the huge surge of 12.9% seen in 2008. Imports increased by 1.4%, following growth of 1.6% in 2008.

The most noteworthy changes in sub-sector balances concern two surpluses: the merchanting surplus fell by 1.6 billion to 7.3 billion and the surplus on royalties and licence fees shrank by 0.8 billion to 3.0 billion. The other items posted smaller declines in their surpluses.

Other services C1-5

(EUR billions)



Box 1.2

Impact of regulatory changes concerning financial institutions' reporting of trade in services data

Data on trade in services is gathered from several primary sources. They are reports that financial institutions file on their own behalf and on behalf of their customers, and mainly reports filed by companies called Direct Reporters.

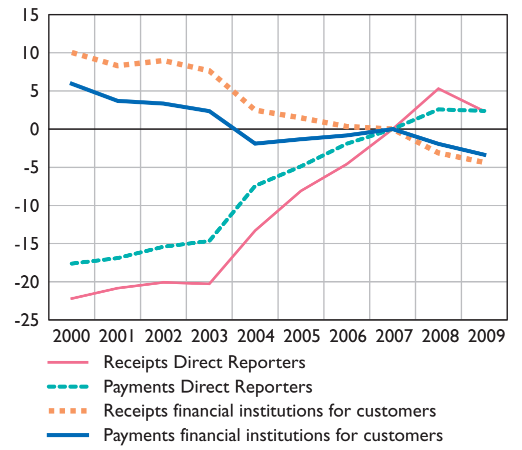
The reporting requirements for financial institutions regarding customer transactions were relaxed in January 2008. The threshold for reportable transactions denominated in euro with European Union countries[1] was raised from EUR 12,500 to EUR 50,000. Furthermore, financial institutions may use a single code for payments relating to customer receipts (meaning payments for exports of services) in euro from European Union countries if the payment issuer has not provided a code.[2] Use of the single code makes the data unusable for the production of the balance of payments.
All else being equal, this regulatory change reduces the information available for measuring trade in services denominated in euro with European Union countries. The effect of this change is potentially greater for exports than for imports. On the other hand, it is not expected to have any effect on trade with countries outside the European Union.

The impact of this regulatory change on measuring trade in services can be assessed by comparing changes in the data provided by Direct Reporters to changes in data reported by financial institutions on behalf of their customers for trade in services, excluding travel and merchanting.

The chart opposite shows changes in imports and exports of services from 2000 to 2009, according to the data source: Direct Reporters and financial institutions reporting on behalf of their customers. The data are centred on their value in 2007 to facilitate comparisons.

Trade in services, excluding travel, merchanting and reinsurance

(EUR billions, data centred in 2007)



1 http://www.banque-france.fr/fr/statistiques/telechar/economie_balance/regle_bal/BOF101_decision_2007_01.pdf.
2 http://www.banque-france.fr/fr/statistiques/telechar/economie_balance/regle_bal/D08-010z_note_corresp.pdf.

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Between 2000 and 2009, we see that the data provided by Direct Reporters contribute more, with a particularly strong increase following 2004 for both exports (receipts) and imports (payments). At the same time, the contribution from data provided by financial institutions reporting transactions on behalf of their customers decreased. This change in the structure of data by source is the result of a policy to recruit new Direct Reporters and the fact that financial institutions no longer reported the data pertaining to the new recruits.[3]

The chart shows that trade in services measured on the basis of data provided by Direct Reporters increased in 2008, compared to 2007, but 2009 saw a decline stemming from the global economic slowdown. The slowdown hit exports in particular, while imports stabilised.

The data reported by financial institutions on behalf of their customers showed a decrease in both service exports (receipts) and service imports (payments) between 2007 and 2008, which continued in 2009. In 2008 and 2009, receipts were down by 4.4 billion and payments were down by 3.4 billion.

Data gathered from financial institutions showed a declining trend over the last ten years. Furthermore, the economic situation became much gloomier in 2008, which means that the change in trade flows reported by financial institutions on behalf of their customers reflect more than just the change in regulations.

A more refined analysis was based on the asymmetric effect of the change in regulations, which affects only transactions with European Union countries denominated in euro. Making a distinction between transactions with countries in the euro area and countries outside the euro area provides a good proxy for this dividing line. The table below presents the relevant data.

Data reported by financial institutions on behalf of their customers
Services excluding travel, merchanting and reinsurance

(EUR billions)

	2007	2008	2009	Difference 2007/2009
Total exports	11.6	8.5	7.2	-4.4
Within euro area	4.3	3.4	2.6	-1.6
Outside euro area	7.3	5.1	4.6	-2.7
Total imports	13.3	11.4	10.0	-3.4
Within euro area	5.8	4.7	4.0	-1.8
Outside euro area	7.6	6.7	6.0	-1.6

The findings show that the decline in trade in services reported by financial institutions on behalf of their customers is greater or about the same for transactions with countries outside the euro area as for countries within the euro area. Exports to countries outside the euro area declined by 2.7 billion between 2007 and 2009, whereas exports to countries within the euro area were down by only 1.6 billion. The decline in imports is comparable, with a drop of 1.6 billion for transactions with countries outside the euro area and a drop of 1.8 billion for trade with countries within the euro area. It seems that the change in regulations had only a minor impact on the measurement of trade in services.

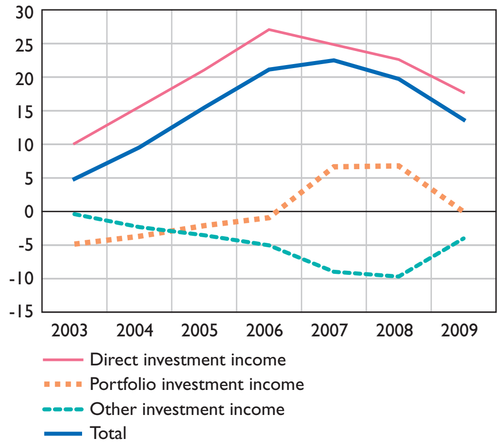
3 *For an analysis of this substitution effect see: http://www.oecd.org/dataoecd/53/62/37386227.pdf.*

3| Income

Both income receipts and payments shrank by nearly 20% in 2009. Under these circumstances, the income surplus, which stood at 23.1 billion in 2009, was down by 6.1 billion from 2008 (Table T1-8).

The surplus on compensation of employees, which stems primarily from resident frontier workers, was stable in 2009, at 9.5 billion. The contraction was in investment income only, where the surplus shrank from 19.7 billion in 2008 to 13.7 billion in 2009.

Investment income balances C1-6
(including reinvested earnings)
(EUR billions)



3|1 Direct investment income

Income from outward foreign direct investment remained high in 2007, near its record level in 2006. It then fell by 18% in 2008 to 41.4 billion, as the business and earnings of foreign subsidiaries were hit by the international financial crisis. Income from the banking sector in particular was down sharply and accounted for only 2% of total receipts, whereas this sector accounted for 20% of receipts in 2006 and 8% in 2007.

In 2009, our estimates based on the net consolidated earnings of the main French groups showed that direct investment receipts continued to decline, despite the recovery in income in the banking sector. Inward foreign direct investment income was expected to drop by 21% in 2009 compared to the previous year to stand at 32.5 billion. Income was more less equally divided into dividends and reinvested earnings from 2005 to 2007 and then changed radically in favour of dividends in 2008 and was expected to be even more lopsided in 2009 (see Table T1-8). There are two reasons for this prediction. First, reinvested earnings for a given year are calculated as the difference between the year's earnings and the dividends paid during the year, but determined on the basis of the previous year's earnings. Therefore, all else being equal, it is not surprising that the share of reinvested earnings increases when subsidiaries' earnings are

Income T1-8
(EUR billions)

	2007			2008			2009		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
Compensation of employees	**9.6**	**0.9**	**8.7**	**10.3**	**0.9**	**9.5**	**10.4**	**0.9**	**9.5**
Investment income	**175.3**	**152.8**	**22.5**	**170.5**	**150.7**	**19.7**	**132.1**	**118.4**	**13.7**
Direct investment	50.4	25.6	24.8	41.4	18.8	22.6	32.5	14.7	17.7
Dividends	*25.1*	*14.9*	*10.2*	*36.0*	*19.8*	*16.3*	*30.4*	*12.7*	*17.7*
Reinvested earnings	*25.4*	*10.7*	*14.7*	*5.4*	*-0.9*	*6.3*	*2.1*	*2.1*	*0.0*
Portfolio investment	75.6	69.0	6.6	80.2	73.4	6.8	77.1	77.1	-0.1
of which income on equity securities	*9.0*	*12.0*	*-3.0*	*8.0*	*14.6*	*-6.6*	*5.4*	*13.2*	*-7.8*
Other investment income	49.2	58.2	-9.0	48.8	58.5	-9.7	22.5	26.6	-4.0
Total	**184.9**	**153.7**	**31.2**	**180.8**	**151.6**	**29.2**	**142.4**	**119.3**	**23.1**

Box 1.3

Methods for compiling and estimating direct investment income

Direct investment income is made up of current operating income from foreign direct investment enterprises allocated to direct investors, which means that it excludes exceptional items, foreign exchange gains and losses, capital gains and losses, etc. This income is made up of two parts: one part that is distributed to direct investors (dividends) and another part that is allocated to the reserves of the foreign direct investment enterprises, which increases the investors' equity when it is positive (reinvested earnings). Reinvested earnings are also recorded with the opposite sign in the financial account as a direct investment flow (see Chapter 2 "Financial account", Part 1 "Direct investment").

Dividends paid by resident enterprises to non-resident investors and, more especially, dividends that non-resident foreign direct investment enterprises pay to resident direct investors in a given year, are known, at least in part, in the weeks following their payment. However, this is not the case for reinvested earnings, where the amount cannot be determined until the French companies have published their annual financial statements and disclosed the earnings of their foreign affiliates. This means that the final data on total direct investment income cannot be established until 15 months or so after the end of the reference year. This means that the income data for 2009 are estimates, unlike the data for the previous years, which are definitive in principle.

Income on outward foreign direct investment in 2009 is estimated on the basis of net consolidated earnings, excluding non-recurring items, disclosed by the leading French groups (meaning CAC 40 groups having their registered office in France, along with a few resident groups that have been excluded from the CAC 40 in recent years). These groups, which generate about 70% to 80% of their turnover outside of France and which accounted directly and indirectly for more than 80% of income from outward foreign direct investment, are very international in scope, which means that their consolidated income reflects that of their foreign affiliates, and they receive the largest share of direct investment income, so that their affiliates' performance is the main factor determining their results. The total estimated direct investment receipts for 2009 correspond to the rate of change in consolidated net income of these groups between 2008 and 2009 times the income from outward direct investment in 2008.

The 2009 income from inward direct investment is estimated on the basis of net consolidated income, excluding non-recurring items, for all CAC 40 groups, including non-resident groups. This number had to be estimated since many of the groups in the SBF 250 index, excluding CAC 40 groups, which made up the reference population for calculating stocks of inward direct investment at market value,[1] had not yet disclosed their 2009 net consolidated income as of this writing. The overall rate of change in these groups' income from 2008 to 2009 was applied to 2008 direct investment income to estimate payments of direct investment income in 2009.

The direct investment income data for 2009 contained in this report are estimated and they are subject to significant adjustments once the data from the financial statements are substituted for the estimated data. Most European countries use similar methods and sometimes have to make major adjustments when data from financial statements replace estimated data.

1 *See the Article by D. Nivat and A. Topiol in the Bulletin de la Banque de France, 1st quarter 2010: "Market value valuation of foreign direct investment stocks in unlisted companies: methods and results for France".*

higher than in the previous year and decreases when their earnings are lower than in the previous year. Secondly, it seems that several French groups decided to have their foreign subsidiaries pay proportionately larger dividends when faced with large capital needs.

Meanwhile, income from inward foreign direct investment fell from its record level in 2007, shrinking by 27% in 2008 to 18.8 billion. The sharp drop in exports in the last quarter seems to have affected all sectors. According to our estimates, the 2009 earnings of resident foreign direct investment enterprises continued to decline to stand at 14.7 billion. Overall, the surplus on foreign direct investment income fell by 2.2 billion in 2008 and is estimated to have declined by 4.9 billion in 2009. However, the surplus of 17.7 billion in 2009 was still greater than the surplus posted in 2004 (see Chart C1-6).

3|2 Portfolio investment income

Portfolio investment income was practically in balance in 2009, following large surpluses of 6.8 billion in 2008 and 6.6 billion in 2007. The increase in liabilities vis-à-vis non-residents, as residents cut back their investments in foreign securities, explains the continuing increase of nearly 5% in payments, whereas receipts were down by nearly 4%.

3|3 Other investment income

The deficit on other investment income shrank by more than half from 9.7 billion in 2008 to 4 billion in 2009. Every sector except general government contributed to this improvement. The most notable change concerned banking, where the deficit shrank from 7.3 billion in 2008 to 2.7 billion in 2009. This changed followed the decrease in interest rates, which had a bigger impact on payments since banks' liabilities were larger than their assets. The Banque de France's income improved by 0.9 billion, rising from a deficit of 1.7 billion in 2008 to a deficit of 0.8 billion in 2009. This change also stems from a greater reduction in payments, which fell by 3.3 billion, than in receipts, which fell by 2.4 billion. The reduction in payments stems partially from the fall in interest rates paid to non-resident customers and the big decrease in liabilities incurred under the TARGET system (see Box 2.2).

4| Current transfers

The deficit on current transfers stood at 26.9 billion, representing an increase of 2.8 billion compared to 2008. The balance of general government transfers explains most of the change, with a 2-billion increase in the deficit stemming primarily from the increase in France's contribution to the European budget, which is based on gross national income.

Current transfers *T1-9*

(EUR billions)

	2007			2008			2009		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
General government transfers	**13.8**	**27.6**	**-13.8**	**12.4**	**27.7**	**-15.3**	**12.4**	**29.7**	**-17.3**
Transfers with European Union institutions	11.4	17.9	-6.5	10.8	19.0	-8.3	11.0	20.7	-9.7
Other general government transfers	2.4	9.7	-7.3	1.6	8.7	-7.1	1.4	9.0	-7.6
of which operating expenses for international organisations	*0.0*	*0.8*	*-0.8*	*0.0*	*0.7*	*-0.7*	*0.0*	*0.7*	*-0.7*
Current transfers of other sectors	**7.6**	**17.2**	**-9.6**	**7.5**	**16.2**	**-8.8**	**6.7**	**16.3**	**-9.6**
Workers' remittances	0.9	3.4	-2.6	0.8	3.4	-2.6	0.8	2.8	-2.1
Other transactions	6.7	13.8	-7.1	6.6	12.8	-6.2	6.0	13.4	-7.5
Total	**21.4**	**44.8**	**-23.4**	**19.8**	**43.9**	**-24.1**	**19.1**	**46.0**	**-26.9**

Financial account *T2-1*

(EUR billions)

	2007	2008	2009
FINANCIAL ACCOUNT	**30.3**	**26.7**	**59.4**
Direct investment	**-49.7**	**-67.5**	**-63.0**
Outward	**-120.1**	**-110.0**	**-105.9**
Equity capital	-56.6	-58.7	-38.2
Reinvested earnings	-25.4	-5.4	-2.1
Other capital	-38.1	-45.9	-65.7
Inward	**70.3**	**42.5**	**42.9**
Equity capital	22.0	15.1	12.0
Reinvested earnings	10.7	-0.9	2.1
Other capital	37.6	28.3	28.8
Portfolio investment	**-121.2**	**40.5**	**270.0**
Assets (residents' transactions in securities issued by non-residents)	**-206.9**	**-87.1**	**-60.6**
Equity securities and mutual fund shares/units	-28.8	-19.3	-21.5
Bonds and notes	-185.4	-4.6	-16.7
Money market instruments	7.3	-63.2	-22.4
Liabilities (non-residents' transactions in securities issued by residents)	**85.8**	**127.6**	**330.7**
Equity securities and mutual fund shares/units	-7.0	-7.8	48.1
Bonds and notes	82.3	84.1	202.9
Money market instruments	10.6	51.4	79.7
Financial derivatives	**41.9**	**-16.4**	**-2.1**
Other investment	**159.8**	**61.4**	**-149.4**
Assets	**-195.8**	**52.6**	**64.0**
Trade credits	1.7	3.1	3.7
Loans	-197.5	49.5	60.3
Banque de France	*-14.2*	*11.0*	*-2.7*
General government	*5.9*	*1.0*	*-1.1*
Monetary financial institutions	*-184.0*	*33.8*	*67.2*
Other sectors	*-5.2*	*3.7*	*-3.0*
Other assets	0.0	0.0	0.0
General government	*0.0*	*0.0*	*0.0*
Liabilities	**355.6**	**8.8**	**-213.4**
Trade credits	-3.1	0.7	-1.3
Loans	358.7	8.1	-212.1
Banque de France	*67.4*	*130.5*	*-44.2*
General government	*0.5*	*5.6*	*-4.5*
Monetary financial institutions	*280.4*	*-135.1*	*-142.9*
Other sectors	*10.5*	*7.1*	*-20.5*
Reserve assets	**-0.5**	**8.5**	**3.9**

Chapter 2

Financial account

1| Direct investment

Foreign direct investment (FDI) flows resulted in a net outflow of EUR 63 billion in 2009, which was slightly smaller than the net outflow of 67.5 billion in the previous year. Looked at in a longer-term perspective, however, the net outflows in 2008 and 2009 were still large. Only 1999 and 2000 saw larger outflows, when the valuation of listed companies and cross-border mergers and acquisitions reached record amounts (see Chart C2-1).

1|1 Outward foreign direct investment

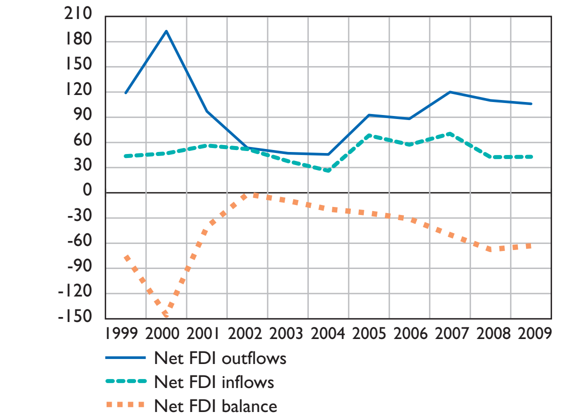
Outward foreign direct investment flows were down slightly for the second year in a row, falling from 120.1 billion in 2007 to 110 billion in 2008 and then to 105.9 billion in 2009. The FDI amounts published for 2007 and 2008 can be deemed practically definitive, but the 2009 amounts are still subject to revision because of the large proportion of loans and cash flows between affiliated companies recorded under the "Other capital" item. In view of the massive downward revisions of preliminary estimates of annual "Other capital" flows in 2007 and 2008, there is a chance that the 2009 flows will also be revised downward after availability of the survey on outstanding loans between affiliated companies.[1] In this case, the slight decline in outward direct investment shown by the current data for 2009 could turn into a sharp decline compared to 2008. This would be more consistent with other economic developments in 2009, such as the sharp slowdown in world trade, the slump in cross-border mergers and acquisitions and the widespread decline in foreign direct investment flows from industrialised countries.

A downward revision of the amount of "Other capital" in 2009 is all the more likely because equity capital transactions, excluding real-estate investment, were down by 37% compared to 2008 at 36.1 billion (see Chart C2-2 and Table T2-2).

The net flows relating to equity capital transactions were down in 2009, as was the number of deals. The total number of new foreign investments and disposals stood at 2,600, which was 31% less than in 2008. Seen in a longer-term perspective,

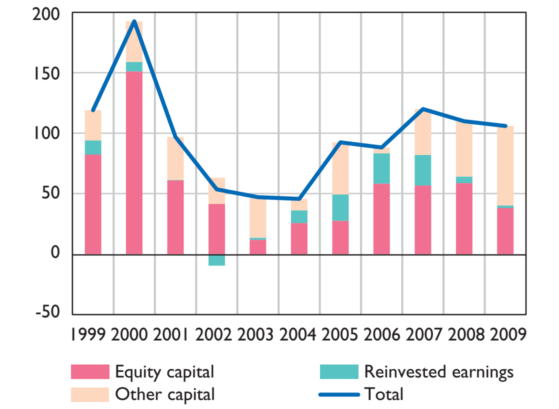
Outward and inward foreign direct investment flows and net balance C2-1

(EUR billions)



Outward foreign direct investment (position by sign) C2-2

(EUR billions)



1 Each year, the Banque de France conducts a survey of resident companies with outstanding foreign financial assets and liabilities of more than 10 million euro. The data from this survey are processed after the publication of the annual balance of payments report. This leads to revisions of flows, as explained in the box on the revision of the 2007 and 2008 balance of payments data at end of this chapter.

Outward foreign direct investment flows T2-2
All resident sectors

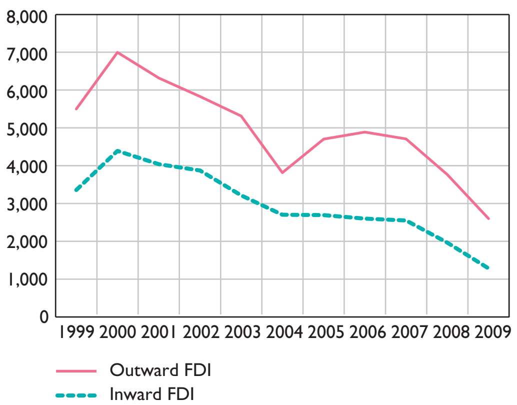
(EUR billions)

	2006	2007	2008	2009
Equity capital (excluding real-estate investment)	**-55.4**	**-53.3**	**-57.3**	**-36.1**
of which new investments	-93.4	-110.0	-115.1	-59.1
Disposals	38.0	56.7	57.8	23.0
Banking sector	-16.1	-16.1	-6.3	-15.4
of which new investments	-28.1	-24.7	-17.6	-20.6
Disposals	12.0	8.6	11.3	5.2
Other sectors	-39.3	-37.2	-51.0	-20.7
of which new investments	-65.3	-85.3	-97.5	-38.5
Disposals	26.0	48.1	46.5	17.8
Real-estate investment	**-2.9**	**-3.3**	**-1.3**	**-2.1**
of which new investments	-3.5	-3.9	-1.8	-2.4
Disposals	0.6	0.6	0.4	0.3
Reinvested earnings (all resident sectors)	**-25.1**	**-25.4**	**-5.4**	**-2.1**
Other capital	**-4.8**	**-38.1**	**-45.9**	**-65.7**
Liabilities of affiliated foreign enterprises	-17.6	-33.8	-44.2	-66.0
Long-term loans	4.1	-5.7	2.6	1.6
Short-term loans and cash flows	-21.7	-28.0	-46.8	-67.5
Claims of affiliated foreign enterprises	12.8	-4.3	-1.7	0.2
Total	**-88.2**	**-120.1**	**-110.0**	**-105.9**

it is the smallest number of deals of the decade, 47% smaller than the number in 2006, which was the largest number in the five last years, and 63% smaller than the number in 2000 (see Chart C2-3).

Some of the major deals in 2009 include BNP Paribas' acquisition of three quarters of the equity in Fortis Banque from the Belgian government, which had nationalised the troubled bank in 2008, along with several deals carried out by the Electricité de France group to take over the British electricity producer, British Energy, and a joint stake with Constellation Energy (United States) in a new company specialising in nuclear electricity, Constellation Energy Nuclear Group. Other notable deals included Vivendi's takeover bid for the Brazilian telecommunications operator GVT (see Table STAT_2.7, "Main deals announced in the press and carried out in 2009", in the second part of this report).

Number of equity capital transactions (excluding real estate) over EUR 50,000 C2-3



Mergers and acquisitions accounted for the largest share of equity capital flows, as they do almost every year. They accounted for 63% of equity capital flows (excluding real-estate investment), or 22.8 billion out of 36.1 billion (see Table STAT_2.2 in the second part of this report). This was in line with their share in 2008, but slightly less than in the previous three years, where their share ranged from 82% to 98%. Mergers and acquisitions seem to account for virtually all equity capital transactions when the international economy and market conditions are favourable for business alliances, whereas other categories of more diversified investments account for a greater share when cross-border mergers and acquisitions activity slows down. Yet it would be hasty to conclude that "greenfield" investments (creating new production structures) increase at such times. In both 2009 and 2008, the decline in mergers and acquisitions stems primarily from an increase in subscriptions of subsidiaries' capital increases and capital endowments for foreign branches. Transactions in this category may serve several purposes, such as a merger or acquisition between the non-resident entity receiving the capital increase and a target company, restructuring within a group or recapitalisation to absorb losses, or expansion or modernisation of production capacity. The latter case is the only one were capital increases can be treated as "greenfield" investments.[2]

According to the first breakdown of all transactions made using the new activity classification, NAF rev. 2, manufacturing companies' foreign investments stood at 14.2 billion in 2009, or 13% of net flows. This amount is consistent with the sharp drop compared to flows in the four previous years, which stems in part from the difficulties of the manufacturing sector in France, as well as in other economically advanced countries. The investment flows of companies in the administrative and support services sector were also down to 1.1 billion, compared to more than 10 billion in 2007 and 2008. On the other hand, investments by companies in the information and communication sector, the trade and repairs sector, the construction sector, and the electricity, gas, steam and air-conditioning supply sectors bounced back from their 2008 levels. Foreign direct investment flows from financial enterprises and insurance companies were stable at 29.5 billion, or 28% of total flows (see Table STAT_2.5 in the second part of this report).

1|2 Inward foreign direct investment

Inward foreign direct investment flows seemed to stabilise in 2009 at 42.9 billion. As was the case for outward FDI, the flows could be somewhat overestimated in view of the 67% share attributed to "Other capital".[3]

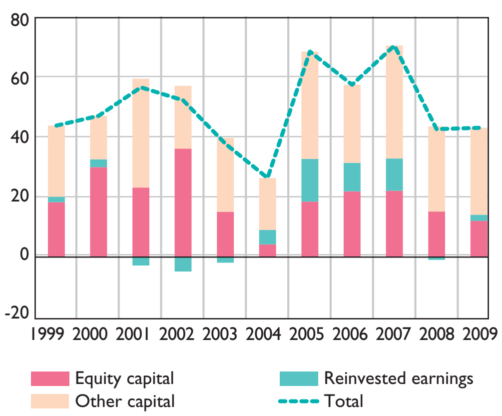
When "Other capital" is stripped out, inward foreign direct investment was stable overall. Real-estate investment was steady at 4.3 billion in 2009, after dropping sharply in 2008. Reinvested earnings were positive again, after being negative in 2008. Equity capital transactions, which had already been very small in previous years, were down by 29% compared to 2008, at 7.7 billion (see Table T2-3 and Chart C2-4).

In addition to the decline in net inward foreign direct investment in equity capital, which is the difference between new investments and disposals, the number of deals was down by 35% compared to 2008, to less than 1,300, echoing the outward foreign direct investment situation. Observation over the longer term shows that the number of deals declined steadily over nine years (see Chart C2-3).

The handful of major equity capital deals in 2009 included BNP Paribas' attribution of shares to the Belgian government in exchange for a 75% stake in Fortis Banque (recorded as outward foreign direct investment), along with the equity stakes that two Luxembourg investment funds belonging to Goldman Sachs took in Eurotunnel in exchange for subordinated debt securities previously issued by Eurotunnel (see Table STAT_2.8 in the second part of this report). Mergers and acquisitions totalling 6.5 billion accounted for 84% of equity capital transactions (excluding real-estate investment), which was their largest share in the last five years (see Table STAT_2.2).

Inward foreign direct investment C2-4

(EUR billions)



2 For more information about the method for identifying which equity capital direct investment transactions are mergers and acquisitions see Box 3 in the 2008 Annual Report on the French balance of payments and international investment position.
3 In addition to the downward revisions of flows that generally take place after the annual report is published (see Box on revisions at the end of this chapter), direct investment includes loans between affiliated companies within groups, which inflate inflows and outflows (see Box 2.1 on the "Supplementary presentation of foreign direct investment statistics").

Inward foreign direct investment flows T2-3
All resident sectors

(EUR billions)

	2006	2007	2008	2009
Equity capital (excluding real-estate investment)	**12.9**	**11.0**	**10.9**	**7.7**
of which new investments	31.2	49.0	35.5	14.9
Disposals	-18.3	-38.1	-24.6	-7.1
Banking sector	0.3	-1.2	-0.7	6.8
of which new investments	0.8	1.2	4.2	7.4
Disposals	-0.5	-2.5	-4.9	-0.6
Other sectors	12.6	12.2	11.6	0.9
of which new investments	30.4	47.8	31.3	7.5
Disposals	-17.8	-35.6	-19.8	-6.5
Real-estate investment	**8.9**	**11.0**	**4.3**	**4.3**
of which new investments	12.5	15.0	7.2	5.3
Disposals	-3.7	-3.9	-3.0	-1.0
Reinvested earnings (all resident sectors)	**9.5**	**10.7**	**-1.0**	**2.1**
Other capital	**26.0**	**37.6**	**28.3**	**28.8**
Liabilities of affiliated foreign enterprises	26.7	38.2	29.1	30.6
Long-term loans	-0.8	1.7	1.9	-0.3
Short-term loans and cash flows	27.5	36.6	27.2	30.9
Claims of affiliated foreign enterprises	-0.7	-0.6	-0.8	-1.8
Total	**57.3**	**70.3**	**42.5**	**42.9**

The data by sector show that inward investment in manufacturing industries was steady at 13.7 billion, or 32% of the total, as it was in 2008. Inward investment in the finance and insurance sector came next with 13.2 billion or 31% of the total. This was more than in 2008. Inward real-estate investment stood at 4.3 billion and inward direct investment in the professional, scientific and technical activities sector stood at 3 billion, or 7% of the total. In contrast, inward direct investment in the administrative and support services sector, which accounted for 27% of the flows in 2008, stood at only 4% in 2009 (see Table STAT_2.6).

Box 2.1

Supplementary presentation of foreign direct investment statistics

A new international standard for presenting direct investment statistics

The steady growth of foreign direct investment since 2003, with only one break caused by the 2008 financial crisis, parallels the growth of multinational groups. However, in some countries, and in France in particular, the growth of inward and outward FDI flows stems mainly from loans between affiliated companies.This phenomenon is caused by the continental and global financing structures that many international groups have set up.

The creation of special purpose vehicles (SPVs), specialising in inter-company financing or cash concentration within groups and located in a few attractive countries, has led to growth of loans between affiliated companies and artificially inflated inward and outward FDI flows, while distorting the geographical and sector structure of the flows the same time.

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This is why the 2008 edition of the OECD Benchmark Definition of Foreign Direct Investment recommends disseminating data that are corrected for such flows, in addition to the conventional statistics. The data correction involves reclassifying loans within groups between fellow enterprises, meaning enterprises with no direct equity capital ownership links between them or where one owns less than 10% of the equity capital in the other.

The basic criterion for reclassification under the "extended directional principle" is the home country of the group that the entity lending or borrowing funds from a non-resident fellow enterprise belongs to. A group's home country is determined by the residence of the ultimate investor of the group. This means that a group is deemed to be resident if the enterprises comprising the group are controlled directly or indirectly by the same resident ultimate investor, which is usually the parent company of the group.

Impact on foreign direct investment flows

As the method reclassifies assets and liabilities with respect to the conventional presentation, the net balance of "other capital" remains the same. Nevertheless, the new presentation makes the outward and inward investment flows more economically meaningful and means that they can now be analysed separately.

French foreign direct investment flows under the extended directional principle for loans between fellow enterprises

(EUR billions)

Foreign direct investment	2006	2007	2008	2009
Outward (conventional presentation) (I) + (II) + (IIIa)	**-88.2**	**-120.1**	**-110.0**	**-105.9**
Outward (extended directional principle) (I) + (II) + (IIIb)	**-51.3**	**-81.7**	**-79.2**	**-58.8**
Equity capital (I)	-58.3	-56.6	-58.7	-38.2
Reinvested earnings (II)	-25.1	-25.4	-5.4	-2.1
Other capital (conventional presentation) (IIIa)	-4.8	-38.1	-45.9	-65.7
Other capital (extended directional principle) (IIIb)	32.1	0.3	-15.1	-18.6
Inward (conventional presentation) (IV) + (V) + (VIa)	**57.3**	**70.3**	**42.5**	**42.9**
Inward (extended directional principle) (IV) + (V) + (VIb)	**20.3**	**32.0**	**11.7**	**-4.3**
Equity capital (IV)	21.8	22.0	15.1	12.0
Reinvested earnings (V)	9.5	10.7	-1.0	2.1
Other capital (conventional presentation) (VIa)	26.0	37.6	28.3	28.8
Other capital (extended directional principle) (VIb)	-10.9	-0.8	-2.4	-18.3
Net balance	**-31.0**	**-49.8**	**-67.5**	**-63.0**

With the new presentation, outward foreign direct investment was 47.1 billion lower in 2009, at 58.8 billion, whereas inward foreign direct investment became slightly negative at – 4.3 billion. The conventional presentation shows that outward foreign direct investment was down only slightly between 2008 and 2009, from 110 billion to 105.9 billion, whereas inward foreign direct investment was stable. However, under the new OECD standard, foreign direct investment was down sharply in 2009. Outward foreign direct investment fell by 26% from 79.2 billion to 58.8 billion, whereas inward foreign direct investment, which was already low at 11.7 billion in 2008, became slightly negative.

The changes in foreign direct investment flows under the extended directional principle seem to be more consistent with the other economic phenomena seen in 2009, such as the slump in international trade and global growth and the sharp drop in cross-border mergers and acquisitions. The big rise in outward loans between affiliated companies shown by the conventional presentation does not signal a stronger presence and greater activity by French groups in other countries. It is more a sign of foreign groups' increased use of funds tapped from their resident subsidiaries' cash reserves.

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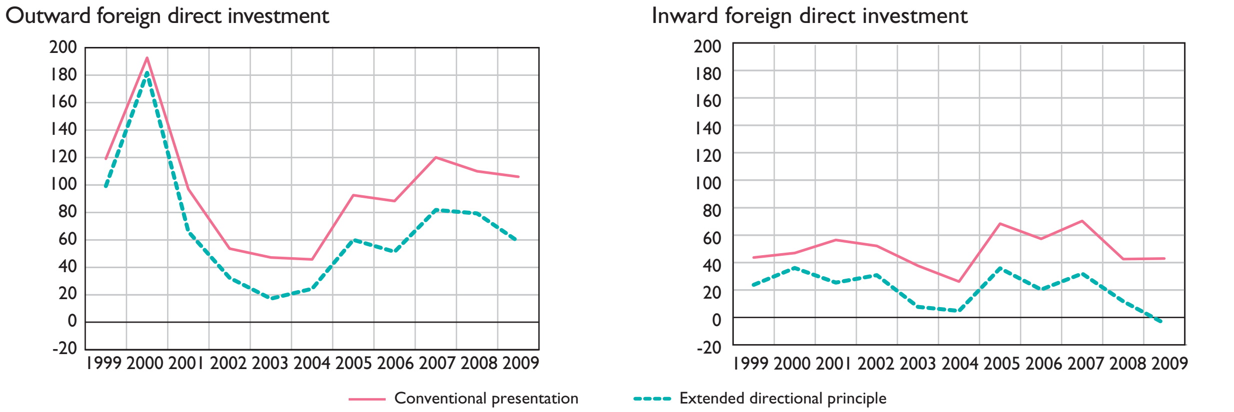
Comparison of unadjusted and adjusted data

(EUR billions)



The charts above show that, over the entire period from 1999 to 2009, inward and outward foreign direct investment are reduced by nearly 30 billion per year on average and that the differential between the two presentations tends to increase over the entire period. Under the new presentation, outward foreign direct investment returned to its 2005 level in 2009, but inward foreign direct investment was at its lowest level in the last decade in 2009.[1]

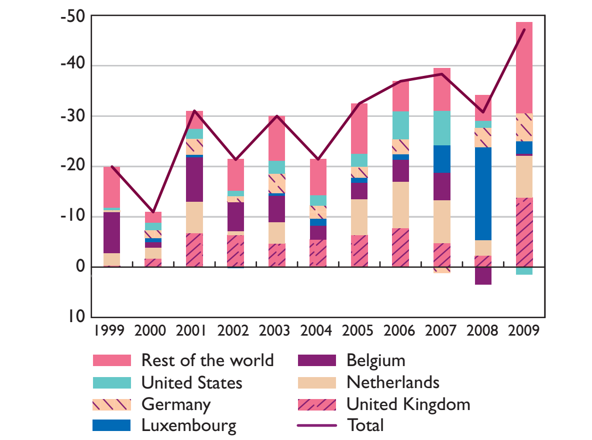
Impact on geographical structure

The reclassification of loans between affiliated companies under the extended directional principle leads to a significant change in the geographical structure of foreign direct investment flows. The biggest corrections resulting in decreases in flows over the period from 1999 to 2009 concerned the United Kingdom, the Netherlands, Belgium, Luxembourg, Germany and the United States. These six countries on their own, including four that are home to a large number of special purpose entities and cash management facilities, accounted for 75% of the total corrections (see Chart opposite).

As five out of the six countries concerned by the largest corrections that decrease foreign direct investment flows are members of the European Union, it is natural that the relative importance of this area should decline to the benefit of Other industrialised countries and the Rest of the world (see Table below). However, the geographical structure is still determined according to the country of residence of the first counterparty. These statistics do not indicate which country is the final destination of outward foreign direct investment, nor do they indicate the country of residence of the ultimate investor in the case of inward foreign direct investment.

Main differences between the two presentations of foreign direct investment statistics by country

(EUR billions)



1 *The increase in the differential between the two data series for 2009 needs to be kept in perspective. As explained above, as well as in the box dealing with the revision of the 2007 and 2008 balance of payments data, flows of loans between affiliated companies in 2009 are likely to be revised substantially downward when the findings of the survey on intercompany loans become available. The current collection procedures for provisional data on flows of intercompany loans mean that there is sometimes uncertainty about the exact nature of the stocks of assets and liabilities related to the flows that can only be cleared up by the annual survey of stocks. This uncertainty has a much greater impact on the conventional presentation, which is based on the distinction between assets and liabilities, than on the presentation under the extended directional principle, where the classification criteria is the country of residence of the ultimate investor. This explains was the conventional foreign direct investment statistics are more affected by downward revisions than the statistics presented under the extended directional principle. The differential between these two types of series decreased between the first and second version of the annual foreign direct investment flows.*

.../...

For example, when France invested 17.1 billion in Belgium and 8.4 billion in Luxembourg in 2009, there is no way of determining how much of the money actually stayed in those countries and how much went on to other destinations. Similarly, the 5 billion that Belgium invested in France in 2009 does not necessarily mean that Belgian groups invested 5 billion in France. Part of the money could be invested in France by Belgian subsidiaries of groups where the parent company is located in another country.

Geographical structure of foreign direct investment flows according to the extended directional principle for loans between fellow enterprises

(EUR billions)

	Outward			Inward		
	2007	2008	2009	2007	2008	2009
European Union (27 members)	**-69.1**	**-40.5**	**-41.1**	**31.1**	**6.1**	**-8.0**
Economic and Monetary Union (16 members)	**-63.7**	**-51.2**	**-29.3**	**24.6**	**8.3**	**-4.3**
of which : Germany	-6.8	0.3	-1.2	10.4	3.1	-5.9
Belgium	1.5	-43.2	-17.1	5.0	6.9	5.0
Spain	-6.0	0.9	0.1	3.5	-5.4	-0.2
Ireland	-0.6	0.0	-0.8	1.0	2.9	-1.2
Italy	-17.6	-3.6	-0.8	-0.4	-1.0	-0.3
Luxembourg	-3.4	0.0	-8.4	5.7	-1.0	-2.9
Netherlands	-29.8	-3.8	1.4	-0.5	1.2	1.5
Other European Union countries	**-5.4**	**10.7**	**-11.7**	**6.5**	**-2.2**	**-3.7**
of which : Poland	-1.0	-0.3	-0.7	-0.3	0.6	-0.3
Czech Republic	-0.7	-0.8	-1.4	-0.1	-0.1	0.4
Romania	-0.7	-1.1	-0.4	-0.1	0.1	0.1
United Kingdom	-1.6	16.6	-8.0	6.2	-3.1	-3.5
Sweden	-0.1	-2.9	-1.4	0.1	-0.1	-0.4
Other industrialised countries (8)	**-4.4**	**-11.4**	**-7.1**	**0.2**	**6.6**	**0.0**
of which : United States	-12.5	-12.1	-3.9	1.2	4.1	0.5
Japan	-0.4	-0.1	0.1	0.1	1.1	0.4
Switzerland	0.8	0.7	-3.8	1.4	1.3	-0.5
Rest of World	**-8.3**	**-27.3**	**-10.6**	**0.7**	**-1.0**	**3.8**
of which : Angola	-0.2	-0.6	-1.0	0.0	0.0	0.0
Bermuda	0.8	-0.7	1.4	0.0	0.1	0.2
Brazil	-1.1	-2.4	-3.4	-0.1	0.2	-0.2
China	-0.9	-1.5	-0.9	0.3	0.1	0.0
Egypt	-0.4	-8.9	-0.1	0.0	0.1	0.0
United Arab Emirates	-0.1	-0.4	-0.2	0.1	-1.5	3.1
Hong Kong	-1.2	-0.4	-0.4	-0.1	-0.1	-0.2
India	-0.4	-0.5	-0.5	0.1	0.0	0.0
Lebanon	0.0	0.0	0.0	0.7	-0.1	0.4
Morocco	-0.3	-0.7	-0.8	0.0	-0.1	0.0
Russia	-0.8	-4.4	-0.5	0.0	0.0	0.0
Singapore	0.4	-0.6	-0.2	-0.1	0.0	-0.2
Turkey	-0.7	-0.2	-0.3	0.0	-0.2	0.0
Total	**-81.7**	**-79.2**	**-58.8**	**32.0**	**11.7**	**-4.3**

Note: See "Definition of geographical areas" at the end of this report.

Portfolio investment T2-4
By instrument (a)

(EUR billions)

	2007	2008	2009
Assets	**-206.9**	**-87.1**	**-60.6**
of which MFIs' purchases	*-7.0*	*-41.6*	*23.8*
Equity securities and mutual fund shares/units	**-28.8**	**-19.4**	**-21.5**
Equity securities	15.0	-26.7	-34.6
Mutual fund shares/units	-43.9	7.4	13.0
Bonds and notes	**-185.4**	**-4.6**	**-16.7**
Bonds	-151.7	-12.3	40.6
EMTN (b)	-30.2	0.6	-31.2
Treasury notes maturing at more than one year	-3.4	7.1	-26.1
Money market instruments (c)	**7.3**	**-63.2**	**-22.4**
Treasury notes maturing at less than one year	-11.4	-24.6	7.1
Other money market instruments	18.7	-38.6	-29.5
Liabilities	**85.8**	**127.6**	**330.7**
of which flows on securities issued by MFIs	*50.1*	*16.3*	*31.4*
Equity securities and mutual fund shares/units	**-7.0**	**-7.8**	**48.1**
Equity securities	-11.5	1.3	30.7
Mutual fund shares/units	4.4	-9.1	17.4
Bonds and notes	**82.3**	**84.1**	**202.9**
Fungible long-term Treasury bonds (OAT)	29.6	31.2	40.1
Fixed-rate Treasury notes (BTAN)	8.4	20.0	17.8
Other bonds	33.9	16.4	97.8
BMTN (d) / EMTN	10.4	16.5	47.2
Money market instruments (c)	**10.6**	**51.4**	**79.7**
Treasury notes maturing at less than one year	4.1	42.8	66.1
Other money market instruments	6.5	8.6	13.6
Balance	**-121.2**	**40.5**	**270.0**

(a) No sign: non-residents' net acquisitions of French securities or residents' net sales of foreign securities.
(-) sign: non-residents' net sales of French securities or residents' net acquisitions of foreign securities.
(b) Euro Medium Term Notes.
(c) Excluding EMTNs.
(d) Negotiable medium-term notes.

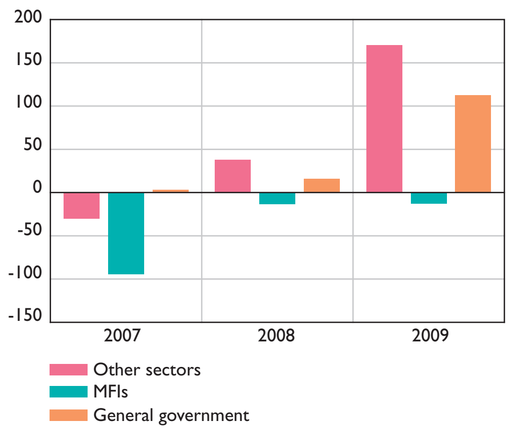
2| Portfolio investment

For the second year in a row, portfolio investment produced a net capital inflow in 2009. This inflow stood at 270 billion, following an inflow of 40.5 billion in 2008 and an outflow of 121.2 billion in 2007 (see Table T2-4). This strong growth meant that net portfolio investment flows were at their highest level in absolute terms since 1998. Cumulative portfolio investment flows since that date resulted in a net capital inflow of 24.2 billion, whereas a cumulative capital outflow of 245.9 billion was posted under the same conditions in 2008.

The size of the inflows seen in 2009 can be explained by the sharp drop in residents' purchases of foreign securities, which started in 2008 and continued in 2009, and by the very large increase in non-residents'

Net portfolio investment flows by issuing sector C2-5

(EUR billions)



Portfolio investment *T2-5*
By issuing sector
(EUR billions)

	2007	2008	2009
Assets	**-206.9**	**-87.1**	**-60.6**
General government	-21.0	-84.2	-30.4
MFIs	-144.4	-29.6	-44.4
Other sectors	-41.4	26.7	14.2
Liabilities	**85.8**	**127.6**	**330.7**
General government	24.3	100.2	143.2
MFIs	50.2	16.3	31.4
Other sectors	11.3	11.2	156.1
Balance	**-121.2**	**40.5**	**270.0**
General government	3.3	16.0	112.8
MFIs	-94.2	-13.3	-13.0
Other sectors	-30.1	37.9	170.2

acquisitions of French securities, as securities issuance in France grew very rapidly. Purchases of foreign securities by residents, other than monetary financial institutions (MFIs) and the Banque de France, came to 82.7 billion, after dipping to 5.3 billion in 2008 (see Table T2-7).

As was the case in 2008, more than half of the capital inflow stemmed from transactions in securities issued by sectors other than general government and MFIs, which means primarily other financial institutions and non-financial corporations (insurance companies issue few securities). The inflow generated by these sectors rose from 37.9 billion in 2008 to 170.2 billion in 2009 (see Chart C2-5 and Table T2-5). Residents' net sales of foreign securities issued by these sectors subsided from 26.7 billion in 2008 to 14.2 billion in 2009, but this decrease in capital inflows was more than offset by the increase in sales of French securities to non-residents, which rose from 11.2 billion to 156.1 billion as issuance grew rapidly, particularly issuance by Société de financement de l'économie française (SFEF), which is classified under "other sectors" with the other financial institutions.

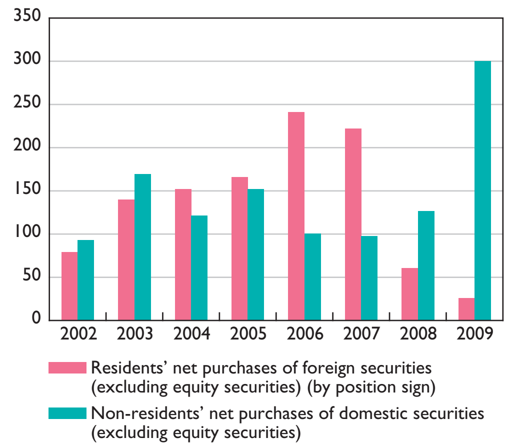
The balance of portfolio investment flows in French and foreign government securities also generated substantial capital inflows of 112.8 billion in 2009, compared to 16.0 billion in 2008. French residents cut back their purchases of foreign government securities from 84.2 billion to 30.4 billion, while non-residents increased their purchases of French general government securities from 100.2 billion in 2008 to 143.2 billion in 2009. Only issuance by MFIs led to a minor capital outflow (see Table T2-5).

Net flows on equity securities were virtually in balance with a capital outflow of 3.9 billion in 2009, following an outflow of 25.4 billion in 2008 (see Chart C2-6). This change stems mainly from a change in non-residents' purchases of French equity securities, which rose from 1.3 billion in 2008 to 30.7 billion in 2009 (see Table T2-4). At the same time, residents' purchases of foreign equity securities rose more slowly from 26.7 billion to 34.6 billion.

Instruments other than equity securities generated a capital inflow of 273.9 billion, following an inflow of 65.9 billion in 2008 and an outflow of 124.7 billion

Net portfolio investment flows in equity securities *C2-6*
(EUR billions)

Net portfolio investment flows other than equity securities *C2-7*
(EUR billions)



in 2007. Bonds and notes, mutual fund shares/units and short-term debt securities all contributed to the capital inflows, with respective contributions of 186.2 billion, 30.4 billion and 57.3 billion, whereas, in 2008, only bonds had generated a capital inflow of 79.5 billion (see Table T2-4).

This change stems from a large increase in non-residents' purchases, which rose from 126.4 billion euro in 2008 to 300 billion 2009. This increase affected all types of securities to varying degrees and was particularly large for bonds. It came as residents cut back their purchases of foreign securities from 60.4 billion in 2008 to 26.1 billion in 2009.

2|1 Assets (residents' transactions in securities issued by non-residents)

Residents' net purchases of foreign securities stood at EUR 60.6 billion in 2009. The decline that started

Assets (residents' transactions in securities issued by non-residents) T2-6
By instrument and by currency (euro/foreign currencies) (a)

(EUR billions)

	2007			2008			2009		
	Euro	Foreign currencies	Total	Euro	Foreign currencies	Total	Euro	Foreign currencies	Total
Euro area issuers	**-129.3**	**-10.6**	**-139.9**	**-58.6**	**-2.1**	**-60.7**	**-89.4**	**4.0**	**-85.4**
Equity securities and mutual fund shares/units	**1.4**	**-2.4**	**-1.0**	**-16.3**	**1.9**	**-14.4**	**-25.0**	**0.7**	**-24.3**
Equity securities	8.5	-0.8	7.7	-21.2	0.3	-20.9	-19.4	0.1	-19.3
Mutual fund shares/units	-7.1	-1.6	-8.7	4.9	1.6	6.5	-5.6	0.6	-5.0
Bonds and notes	**-141.9**	**-9.1**	**-151.0**	**-1.1**	**-3.9**	**-5.0**	**-40.1**	**3.9**	**-36.2**
Bonds	-122.0	-8.3	-130.3	-9.5	-2.4	-11.9	9.8	3.3	13.1
EMTN / BMTN	-17.3	-0.8	-18.1	0.2	-1.5	-1.3	-21.7	0.6	-21.1
Treasury notes maturing at more than one year	-2.5	0.0	-2.5	8.1	0.0	8.1	-28.1	0.0	-28.1
Money market instruments (b)	**11.2**	**0.9**	**12.1**	**-41.2**	**-0.1**	**-41.3**	**-24.3**	**-0.6**	**-24.9**
Treasury notes maturing at less than one year	15.1	0.0	15.1	-8.0	0.0	-8.0	-4.3	0.0	-4.3
Other money market instruments	-4.0	0.9	-3.1	-33.2	-0.1	-33.3	-19.9	-0.6	-20.6
Issuers outside the euro area	**-31.7**	**-35.3**	**-67.0**	**7.3**	**-33.7**	**-26.5**	**-6.6**	**31.4**	**24.8**
Equity securities and mutual fund shares/units	**-25.7**	**-2.2**	**-27.8**	**-4.7**	**-0.3**	**-5.0**	**8.3**	**-5.4**	**2.8**
Equity securities	-3.0	10.3	7.3	0.0	-5.8	-5.8	0.4	-15.6	-15.3
Mutual fund shares/units	-22.7	-12.5	-35.2	-4.7	5.6	0.8	7.9	10.2	18.1
Bonds and notes	**-24.9**	**-9.5**	**-34.4**	**20.4**	**-19.9**	**0.5**	**-5.6**	**25.1**	**19.5**
Bonds	-18.9	-2.5	-21.4	18.1	-18.5	-0.4	8.3	19.2	27.5
EMTN / BMTN	-6.0	-6.1	-12.1	2.2	-0.4	1.9	-13.9	3.8	-10.1
Treasury notes maturing at more than one year	0.0	-0.9	-0.9	0.0	-1.0	-1.0	0.0	2.1	2.0
Money market instruments (b)	**18.8**	**-23.6**	**-4.8**	**-8.4**	**-13.6**	**-21.9**	**-9.3**	**11.8**	**2.5**
Treasury notes maturing at less than one year	-0.2	-26.4	-26.6	0.2	-16.8	-16.6	0.0	11.5	11.5
Other money market instruments	19.1	2.8	21.8	-8.6	3.3	-5.3	-9.3	0.3	-9.0
All issuers	**-161.0**	**-46.0**	**-206.9**	**-51.3**	**-35.8**	**-87.1**	**-96.0**	**35.4**	**-60.6**
Equity securities and mutual fund shares/units	**-24.3**	**-4.6**	**-28.8**	**-21.0**	**1.7**	**-19.4**	**-16.8**	**-4.8**	**-21.5**
Equity securities	5.5	9.5	15.0	-21.2	-5.5	-26.7	-19.0	-15.5	-34.6
Mutual fund shares/units	-29.8	-14.1	-43.9	0.2	7.2	7.4	2.2	10.8	13.0
Bonds and notes	**-166.7**	**-18.6**	**-185.4**	**19.3**	**-23.8**	**-4.6**	**-45.7**	**29.0**	**-16.7**
Bonds	-140.9	-10.8	-151.7	8.7	-20.9	-12.3	18.1	22.5	40.6
EMTN / BMTN	-23.3	-6.9	-30.2	2.5	-1.9	0.6	-35.7	4.5	-31.2
Treasury notes maturing at more than one year	-2.5	-0.9	-3.4	8.1	-1.0	7.1	-28.2	2.1	-26.1
Money market instruments (b)	**30.0**	**-22.7**	**7.3**	**-49.6**	**-13.6**	**-63.2**	**-33.6**	**11.1**	**-22.4**
Treasury notes maturing at less than one year	14.9	-26.4	-11.4	-7.8	-16.8	-24.6	-4.3	11.5	7.1
Other money market instruments	15.1	3.7	18.7	-41.8	3.2	-38.6	-29.2	-0.3	-29.5

(a) *No sign: residents' net sales of foreign securities. (-) sign: residents' net acquisitions of foreign securities.*
(b) *Excluding EMTNs.*

in 2006 continued, but at a more moderate pace in 2009 than in 2008 (see Table T2-7). The decline in residents' investment in foreign securities mainly affected general government securities. Residents' purchases of foreign government securities fell from 84.2 billion in 2008 to 30.4 billion in 2009 (see Table T2-5). At the same time, residents' purchases of foreign MFIs' securities rose from 29.6 billion to 44.4 billion and their sales of other non-resident sectors' securities declined from 26.7 billion to 14.2 billion.

MFIs made 23.8 billion euro in net sales of securities in 2009, after making net purchases of 41.6 billion in 2008 (see Table T2-7)4. The sales consisted mainly of bonds and notes, reaching 62.4 billion. On the other hand, they continued making net purchases of short-term debt securities, but at a slower pace of 32.8 billion in 2009, compared to 48.0 billion in 2008 and made net purchases of 5.8 billion in equity securities and mutual fund shares/units, compared to net sales of 7.9 billion in 2008.

Other sectors (excluding the Banque de France and MFIs) were once again major net purchasers, acquiring 82.7 billion in 2009, following a dip to 5.3 billion in 2008, yet their purchases still fell short of levels in previous years, which included net purchases of 161.8 billion in 2007. The largest share of these purchases were long-term debt securities, standing at 70.1 billion, but there were also 15.7 billion in net purchases of equity securities and mutual fund shares/units and minor net sales of short-term securities, standing at 3.1 billion.

The geographical structure of issuance of foreign securities bought and sold by residents in 2009 shows more investment in the euro area, with 85.4 billion in purchases, up from 60.7 billion in 2008, and net sales of 24.8 billion in securities from issuers outside of the euro area. This pattern is most pronounced in the case of bonds and notes. MFIs were net sellers, particularly in the case of securities from issuers outside of the euro area, selling 36.5 billion in such securities, compared to sales of 25.9 billion in long-term debt securities from issuers inside the euro area. Other sectors' purchases of euro area securities were much greater, at 51.0 billion, than their purchases of securities from issuers outside the euro area, at 19.1 billion. Residents' buying and selling of short-term debt securities, as well as equity securities and mutual fund shares/units also feature net purchases of securities from issuers in the euro area, at 24.9 billion and 24.3 billion respectively, whereas net sales of 2.5 billion and 2.8 billion were posted for securities from issuers outside of the euro area.

Assets (residents' transactions in securities issued by non-residents) *T2-7*
By geographical area, by instrument and by resident investor's sector

(EUR billions)

	2007				2008				2009			
	MFIs	Banque de France	Other sectors	Total	MFIs	Banque de France	Other sectors	Total	MFIs	Banque de France	Other sectors	Total
Euro area issuers	**-12.6**	**-10.5**	**-116.8**	**-139.9**	**-43.3**	**-20.5**	**3.1**	**-60.7**	**-5.2**	**-15.9**	**-64.2**	**-85.4**
Equity securities and mutual fund shares/units	-6.4	0.0	5.4	-1.0	3.3	0.0	-17.7	-14.4	-7.8	0.0	-16.5	-24.3
Bonds and notes	-6.6	-11.2	-133.2	-151.0	-6.9	-21.6	23.5	-5.0	25.9	-11.0	-51	-36.2
Money market instruments	0.4	0.6	11.0	12.1	-39.7	1.1	-2.7	-41.3	-23.3	-4.9	3.3	-24.9
Issuers outside the euro area	**5.6**	**-27.6**	**-45.1**	**-67.0**	**1.7**	**-19.7**	**-8.4**	**-26.5**	**29.1**	**14.2**	**-18.5**	**24.8**
Equity securities and mutual fund shares/units	-10.6	0.0	-17.2	-27.8	4.6	0.0	-9.6	-5.0	2.0	0.0	0.8	2.8
Bonds and notes	-3.5	-2.7	-28.2	-34.4	5.4	-3.9	-1.1	0.5	36.5	2.0	-19.1	19.5
Money market instruments	19.8	-24.9	0.3	-4.8	-8.3	-15.9	2.2	-21.9	-9.4	12.2	-0.3	2.5
All issuers	**-7.0**	**-38.1**	**-161.8**	**-206.9**	**-41.6**	**-40.2**	**-5.3**	**-87.1**	**23.8**	**-1.7**	**-82.7**	**-60.6**
Equity securities and mutual fund shares/units	-17.1	0.0	-11.8	-28.8	7.9	0.0	-27.3	-19.4	-5.8	0.0	-15.7	-21.5
Bonds and notes	-10.1	-13.9	-161.4	-185.4	-1.4	-25.5	22.4	-4.6	62.4	-9.0	-70.1	-16.7
Money market instruments	20.2	-24.2	11.3	7.3	-48.0	-14.7	-0.4	-63.2	-32.8	7.3	3.1	-22.4

4 The sectors in the IMF Balance of Payments Manual (5th edition) make a distinction between central banks and "monetary financial institutions", unlike the sectors used for monetary statistics.

Liabilities (non-residents' transactions in securities issued by residents) *T2-8*
By instrument and the resident issuer's sector

(EUR billions)

	2007				2008				2009			
	Gen. govt.	MFIs	Other sectors	Total	Gen. govt.	MFIs	Other sectors	Total	Gen. govt.	MFIs	Other sectors	Total
Equity securities and mutual fund shares/units	0.0	-9.0	1.9	-7.0	0.0	7.6	-15.5	-7.8	0.0	5.8	42.3	48.1
Bonds and notes (a)	19.6	49.0	13.6	82.3	46.5	14.0	23.5	84.1	71.9	19.3	111.6	202.9
Euro	*21.0*	*20.6*	*2.0*	*43.7*	*45.5*	*11.2*	*12.8*	*69.5*	*65.0*	*23.2*	*66.0*	*154.2*
Foreign currencies	*-1.4*	*28.4*	*11.6*	*38.6*	*1.0*	*2.8*	*10.7*	*14.5*	*6.9*	*-3.9*	*45.6*	*48.6*
MMI (b)	4.7	10.1	-4.2	10.6	53.6	-5.4	3.1	51.4	71.2	6.3	2.2	79.7
Euro	*2.8*	*27.4*	*-1.4*	*28.8*	*49.9*	*-5.8*	*2.1*	*46.2*	*61.2*	*-3.9*	*0.0*	*57.3*
Foreign currencies	*1.9*	*-17.3*	*-2.8*	*-18.3*	*3.8*	*0.4*	*1.0*	*5.2*	*10.1*	*10.1*	*2.2*	*22.4*
Total	**24.3**	**50.1**	**11.4**	**85.8**	**100.2**	**16.3**	**11.2**	**127.6**	**143.2**	**31.4**	**156.1**	**330.7**
Euro	**23.8**	**39.2**	**-0.2**	**62.7**	**95.4**	**13.3**	**-2.4**	**106.3**	**126.2**	**25.1**	**103.8**	**255.1**
Foreign currencies	**0.5**	**11.0**	**11.6**	**23.1**	**4.8**	**3.0**	**13.5**	**21.4**	**17.0**	**6.3**	**52.2**	**75.6**

(a) Includes EMTN, BMTN, BTAN.
(b) Money market instruments. including Treasury bills.

2|2 Liabilities (non-residents' transactions in securities issued by residents)

Non-residents' net purchases of French securities reached an unprecedented level of 330.7 billion euro in 2009, in contrast to 127.6 billion in 2008 and 85.8 billion in 2007 (see Table T2-8). Non-residents' investment in French securities primarily concerned securities issued by the general government sector and other sectors. Securities issued by MFIs accounted for less than 10% of the total amount of non-residents' purchases.

Following net sales of relatively modest amounts in 2007 and 2008, non-residents purchased 48.1 billion in equity securities and mutual fund shares/units in 2009. The pattern was the same for both equity securities, with net purchases of 30.7 billion, following 11.5 billion in net sales in 2007 and a neutral position in 2008, and mutual fund shares/units, with net purchases of 17.4 billion, following net sales of 9.1 billion in 2008.

Non-residents' transactions in French equity securities and mutual fund shares/units generated net purchases of securities issued by MFIs, standing at 5.8 billion in 2009, following 7.6 billion in 2008. At the same time, non-residents made major purchases of securities issued by "other sectors", especially shares in non-financial corporations and shares/units in mutual funds other than money market funds, standing at 42.3 billion, whereas their transactions in 2008 resulted in net sales of 15.5 billion.

The increase in non-residents' acquisitions of French securities primarily concerns bonds and notes, with net purchases of 202.9 billion in 2009, compared to 84.1 billion in 2008. Non-residents' purchases of short-term debt securities showed more moderate growth, from 51.4 billion to 79.7 billion, following the large increase in 2008.

Transactions in bonds and notes show that the structure of net purchases by type of security reflects a slight increase in purchases of OATs and BTANs, but the bulk of the increase is in purchases of EMTN/BMTN, and, more especially in purchases of bonds, standing at 97.8 billion, compared to 16.4 billion in 2008. The issuing sectors favoured by non-resident investors have changed significantly from previous years. In 2007, securities issued by monetary financial institutions accounted for 60% of non-residents' purchases of French bonds and notes, or 49 billion out of 82.3 billion in net purchases. In 2008, non-resident investors preferred government securities, which accounted for 46.5 billion out of 84.1 billion in net purchases, or 55%. In 2009, the large increase in net purchases of securities issued by other sectors, which accounted for 111.6 billion out of 202.9 billion in net purchases, stems largely from changes in issuance and, more specifically, the scale of bond issuance in 2009 by Société de financement de l'économie française (SFEF), which is a non-monetary financial institution classified under "other sectors". These bonds carry a government guarantee and non-residents bought large numbers of them.

Securities issued by the general government sector accounted for nearly 90% or 71.2 billion of non-residents' net purchases of money market instruments (short-term debt securities), including 66.1 billion in short-term Treasury bills, compared to 42.8 billion in 2008 and only 4.1 billion in 2007. Nevertheless, non-residents also made net purchases of 6.3 billion in short-term securities issued by MFIs, following net sales of 5.4 billion in 2008, even as MFIs' reduced their outstanding short-term debt.

Non-residents purchased a total of 143.2 billion in French government securities, which was equivalent to 90% of the net issuance of 158.6 billion in government securities in 2009. OATs, BTANs and Treasury bills maturing at less than one year accounted for 124.0 billion of these purchases of French government securities (see Table T2-4). Non-residents continued to increase their holdings of negotiable French government debt. The percentage owned by non-residents rose from 65.1% at the end of 2008 to 67.9% at the end of 2009 (see the Chart C3-8 in the chapter on the international investment position below).

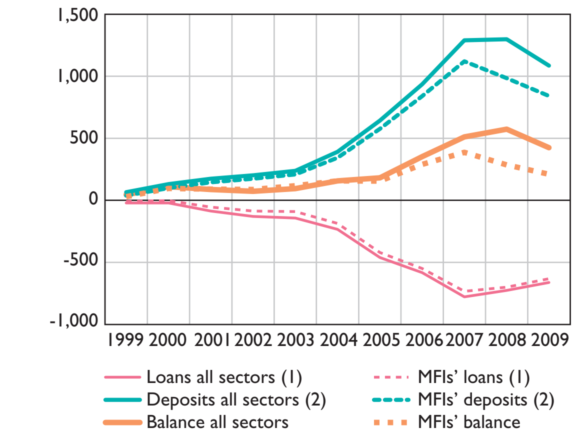
3| Other investment (deposits and loans)

The balance of deposits and loans with non-residents showed an outflow of 149.4 billion in 2009, following net inflows two years in a row, with 159.8 billion in 2007 and 61.4 billion in 2008. This change stems from a big reduction in liabilities, which were down by 213.4 billion in all sectors combined (see Table T2-9).

Resident MFIs continued to reduce their net debt by 75.8 billion, following a reduction of 101.3 billion in 2008. The balance is the result of a decrease of

Other investment *C2-8*
Loans and deposits of all resident sectors (including MFIs)

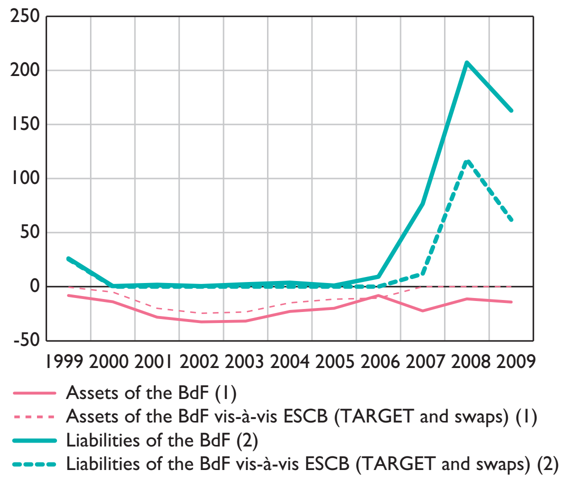
(cumulative flows, EUR billions)



(1) Negative flows correspond to an increase in loans
Positive flows correspond to a decrease in loans
(2) Negative flows correspond to a decrease in deposits
Positive flows correspond to an increase in deposits

Other investment *C2-9*
Assets and liabilities of the Banque de France

(cumulative flows, EUR billions)



(1) Negative flows correspond to an increase in assets
Positive flows correspond to a decrease in assets
(2) Negative flows correspond to a decrease in liabilities
Positive flows correspond to an increase in liabilities

Other investment (deposits and loans) T2-9

(EUR billions)

	2007	2008	2009
Other investment	**159.8**	**61.4**	**-149.4**
Assets	-195.8	52.6	64.0
Liabilities	355.6	8.8	-213.4
Banque de France	**53.2**	**141.5**	**-47.0**
Assets	-14.2	11.0	-2.7
of which claims on the ESCB (TARGET)	*10.6*	*0.0*	*0.0*
Liabilities	67.4	130.5	-44.2
of which liabilities towards the ESCB (TARGET and swaps)	*11.9*	*105.7*	*-55.7*
General government	**7.9**	**7.8**	**-5.0**
Assets	7.4	2.1	-0.6
Trade credits	1.5	1.2	0.5
Lending	5.9	1.0	-1.1
Liabilities	0.5	5.6	-4.5
Monetary financial institutions	**96.4**	**-101.3**	**-75.8**
Assets	-184.0	33.8	67.2
Euro	*-92.5*	*18.5*	*35.7*
Foreign currencies	*-91.5*	*15.3*	*31.4*
Liabilities	280.4	-135.1	-142.9
Euro	*164.1*	*-57.5*	*-94.0*
Foreign currencies	*116.3*	*-77.6*	*-48.9*
Other sectors (a)	**2.3**	**13.5**	**-21.7**
Assets	-5.0	5.7	0.1
Trade credits	0.2	2.0	3.1
Loans and deposits	-5.2	3.7	-3.0
Investment firms	*-0.8*	*5.0*	*4.4*
Other enterprises	*-4.4*	*-1.3*	*-7.4*
Liabilities	7.4	7.8	-21.8
Trade credits	-3.1	0.7	-1.3
Lending	10.5	7.1	-20.5
Investment firms	*4.1*	*-1.6*	*-14.6*
Other enterprises	*6.4*	*8.6*	*-5.9*

(a) *Non-financial corporations, non-monetary financial intermediaries (investment firms and mutual funds other than money market funds), insurance companies.*

142.9 billion in liabilities and a decrease of 67.2 billion in assets (see Chart C2-8). The pattern was the same at the international level, with a widespread reduction in cross-border financial activity in 2009, as in 2008. For example, MFIs' total outstanding cross-border loans worldwide were down by USD 1,632 billion[5] in 2009, according to data supplied by the Bank for International Settlements.

The Banque de France's transactions generated a net outflow of 47 billion in 2009, following inflows of 53.2 billion in 2007 and 141.5 billion in 2008. If we consider cumulative flows since 2008 (see Charts C2-8 and C2-9), we see that the large variations in resident MFIs' deposits and loans were offset by those of the Banque de France and, more specifically, by transactions within the ESCB through TARGET (see Box 2.2).

The balance of loans and deposits for other sectors, which include non-monetary financial intermediaries (investment firms and mutual funds other than money market funds), insurance companies and non-financial corporations, also generated net

5 Reduction at constant exchange rates, source: "Locational Banking Statistics", BIS, fourth quarter 2009

Other investment T2-10
Resident MFIs' flows of loans and deposits

(EUR billions)

	Vis-à-vis the rest of the world			Vis-à-vis countries outside of the euro area		
	2007	2008	2009	2007	2008	2009
Assets	**-184.0**	**33.8**	**67.2**	**-89.8**	**21.5**	**63.0**
Long-term	-52.6	-44.8	-9.9	-23.6	-32.5	-3.5
Euro	*-30.1*	*-19.0*	*-19.4*	*-4.4*	*-9.1*	*-12.0*
Foreign currencies	*-22.5*	*-25.8*	*9.6*	*-19.2*	*-23.4*	*8.5*
Short-term	-131.4	78.6	77.0	-66.2	53.9	66.5
Euro	*-62.4*	*37.5*	*55.2*	*4.5*	*18.2*	*42.7*
Foreign currencies	*-69.0*	*41.1*	*21.9*	*-70.7*	*35.8*	*23.9*
Liabilities	**280.4**	**-135.1**	**-142.9**	**209.6**	**-114.3**	**-101.0**
Long-term	102.8	-42.9	-48.8	70.7	-36.8	-41.9
Euro	*77.2*	*-26.4*	*-27.0*	*46.3*	*-18.7*	*-20.1*
Foreign currencies	*25.6*	*-16.5*	*-21.8*	*24.3*	*-18.2*	*-21.8*
Short-term	177.6	-92.2	-94.1	138.9	-77.5	-59.1
Euro	*86.9*	*-31.1*	*-67.0*	*46.1*	*-19.9*	*-42.4*
Foreign currencies	*90.7*	*-61.1*	*-27.1*	*92.9*	*-57.5*	*-16.7*
Net flows	**96.4**	**-101.3**	**-75.8**	**119.8**	**-92.8**	**-38.0**
Euro	71.6	-39.0	-58.3	92.5	-29.5	-31.8
Foreign currencies	24.7	-62.3	-17.5	27.3	-63.3	-6.2
Long-term	50.2	-87.7	-58.7	47.1	-69.3	-45.4
Short-term	46.1	-13.6	-17.0	72.8	-23.5	7.4

outflows of 21.7 billion, as a result of a 21.8 billion reduction in liabilities. The general government sector generated an outflow of 5 billion as a result of a 4.5 billion decrease in its liabilities.

3|1 Deposits and loans of monetary financial institutions

The 142.9 billion reduction in liabilities mainly concerned short-term liabilities, with a 94.1 billion reduction, and liabilities in euro, with a reduction of 67.0 billion. At the same time, resident credit institutions and money market funds reduced their lending by 67.2 billion, which was twice the reduction of 33.8 billion in assets in 2008. As was the case in 2008, the biggest contraction was in short-term loans, which were down by 77.0 billion, and loans in euro, which were down by 55.2 billion (see Table T2-10).

Interbank transactions account for the bulk of the movements recorded in 2009, especially with regard to assets. However, more than 20% of the transactions with respect to liabilities involved monetary authorities as counterparties.

Counterparties outside of the euro area, particularly counterparties in the United Kingdom and Japan, accounted for most of the reduction in assets (63 billion out of 67 billion) and most of the reduction in liabilities (101 billion out of 143 billion). Half of the counterparties involved in the 76 billion net reduction in resident MFIs' debt were inside the euro area and half were outside of it. Most of the debt redeemed was denominated in euro, even in the case of debt owed to counterparties outside the euro area.

3|2 Deposits and loans of the Banque de France, general government and other sectors

The Banque de France balance sheet shows that net liabilities vis-à-vis non-residents for deposits and loans decreased in 2009 (see Box 2.2). This translated into a capital outflow of 47 billion in terms of balance of payments flows (see Table T2-9).

The general government sector generated a capital outflow of 5 billion. This stems in part from an increase in assets that came with the granting of a loan following a refinancing agreement that was reached under a consolidation agreement. On the other hand, liabilities were down by 4.5 billion following the redemption of a loan and a reduction in non-resident institutional customers' deposits on their accounts with the French Treasury.

Other sectors' loans and deposits, excluding trade credits, posted a net outflow of 23.5 billion in 2009, compared to an inflow of 10.8 billion in 2008 (see Table T2-9). This outflow breaks down into two nearly equal parts between non-monetary financial institutions (10.1 billion) and other enterprises (13.4 billion). However, in the case of non-monetary financial institutions, the outflow is due to a reduction in their liabilities, whereas the outflow from other enterprises results from an increase in their outward investment. Non-monetary financial institutions' liabilities were down by 14.6 billion. The reduction mainly concerned short-term liabilities in foreign currencies vis-à-vis countries outside of the euro area.

4| Reserve assets

The declining trend in reserve assets continued with a reduction of 3.9 billion in 2009. The decrease stems from both the sale of 3.6 billion in currencies from countries outside of the euro area, and the sale of 1.3 billion in gold made under the agreement between fifteen European central banks limiting the aggregate amount of sales per year to 500 tonnes, which was renewed for 5 years in 2004 and ran out on 27 September 2009. On the other hand, net transactions with the International Monetary Fund were up by 1 billion (see Chapter 3 – International investment position).

Box 2.2

Impact of monetary policy transactions on flows of "other investment" in the balance of payments

The financial turmoil at the end of 2008, as liquidity and transactions dried up on the interbank market caused the Banque de France to provide liquidity in euro and foreign currencies to credit institutions under the framework set up by the Eurosystem. In contrast, the Banque de France financial statements show that the refinancing needs of the French banking system eased in 2009.

(EUR billions)

	Balance sheet at 31 December 2009	Balance sheet at 31 December 2008	2009/2008
Assets	**121.0**	**185.0**	**-64.0**
Net lending in euro by monetary authorities	121.0	134.5	-13.5
Net lending in foreign currencies to euro area credit institutions	–	50.5	-50.5
Liabilities	**123.1**	**208.7**	**-85.6**
Current accounts of banks subject to reserve requirements	61.1	90.8	-29.7
Liabilities towards the ESCB	62.0	117.9	-55.9
Net intra-ESCB TARGET balance: net position of French credit institutions vis-à-vis the euro area	62.0	67.4	-5.4
Counterpart to net lending in foreign currencies (non-interest-bearing debt towards the ECB)	–	50.5	-50.5
Net refinancing of banks	**2.2**	**23.7**	**-21.5**

Source: Banque de France Annual Report.

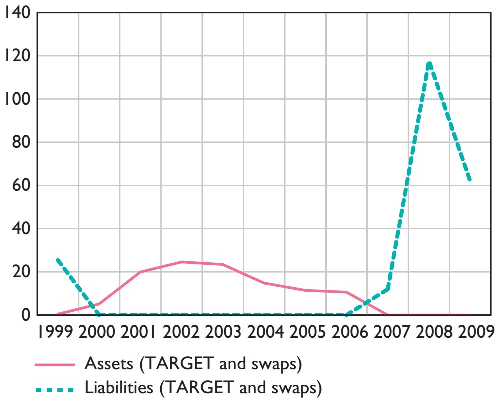
The Banque de France balance sheet shows that monetary policy lending was down by 64 billion from the end of one year to the next, including a 50.5 billion decrease stemming from the end of foreign currency loans granted under swap agreements with the ECB as part of the temporary dollar auction facility. The net liabilities of the Banque de France vis-à-vis the ESCB reported under the "Relations within the Eurosystem" item, which also includes transactions made via the TARGET payment system,

.../...

were down by a total of 55.9 billion. The substitution of liquidity supplied by the Central Bank for liquidity raised on the interbank market made it possible for banks to repay their liabilities, such as their foreign loans in dollars in 2008. This is shown in the Chart below by the inversion of the curves showing the net flows of banks' and the Banque de France's lending and borrowing. The changes in 2009 show that French credit institutions continued to reduce their foreign debt, as market financing recovered. This shows up as a substantial reduction in the Banque de France's liabilities towards the ESCB as USD/EUR swaps were settled.

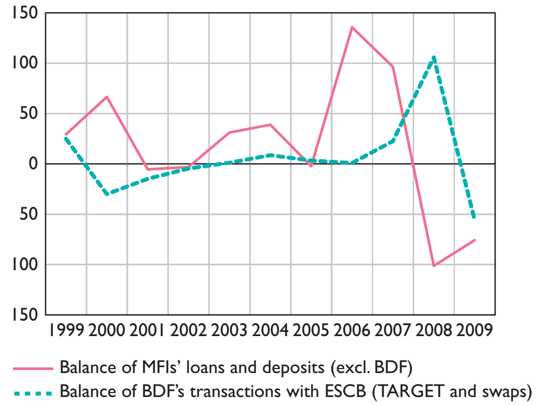
The Banque de France's assets and liabilities vis-à-vis the ESCB (TARGET and swaps)

(cumulative flows, EUR billions)



MFIs' loans and deposits (excluding the Banque de France) and Banque de France transactions with ESCB (TARGET and swaps)

(cumulative flows, EUR billions)



Revisions of 2007 and 2008 balance of payments data

Balance of principal balance of payments components

(EUR billions)

	2007			2008		
	2008 Annual Report	**2009 Annual Report**	**Difference**	**2008 Annual Report**	**2009 Annual Report**	**Difference**
Current account	**-18.9**	**-18.9**	**0.0**	**-44.0**	**-37.1**	**6.9**
Goods	**-40.5**	**-41.1**	**-0.7**	**-59.1**	**-59.4**	**-0.3**
Merchandise	-38.4	-39.1	-0.7	-56.5	-56.9	-0.3
Customs data	-39.9	-40.6	-0.7	-54.8	-55.1	-0.4
Services	**15.0**	**14.4**	**-0.6**	**14.5**	**17.2**	**2.7**
Transportation	-0.3	-0.3	0.0	-0.9	-0.9	0.0
Travel	12.8	11.7	-1.1	8.5	10.3	1.9
Other services	-2.0	-1.5	0.6	1.7	2.1	0.4
Income	**29.3**	**31.2**	**1.9**	**24.8**	**29.2**	**4.3**
Compensation of employees	8.8	8.7	-0.1	9.2	9.5	0.3
Investment income	20.5	22.5	2.0	15.7	19.7	4.1
Direct investment	23.1	24.8	1.8	16.5	22.6	6.1
Portfolio investment	6.6	6.6	0.0	8.6	6.8	-1.8
Other investment	-9.2	-9.0	0.2	-9.4	-9.7	-0.3
Current transfers	**-22.7**	**-23.4**	**-0.7**	**-24.2**	**-24.1**	**0.1**
Capital account	**1.9**	**1.9**	**0.0**	**0.7**	**0.7**	**0.0**
Financial account	**37.6**	**30.3**	**-7.3**	**78.1**	**26.7**	**-51.5**
Foreign direct investment	**-47.6**	**-49.7**	**-2.1**	**-70.4**	**-67.5**	**3.0**
Outward	-123.5	-120.1	3.5	-136.8	-110.0	26.8
of which: equity capital	*-57.3*	*-56.6*	*0.7*	*-52.7*	*-58.7*	*-6.0*
reinvested earnings	*-22.3*	*-25.4*	*-3.1*	*-12.6*	*-5.4*	*7.2*
other capital	*-43.9*	*-38.1*	*5.8*	*-71.5*	*-45.9*	*25.6*
Inward	75.9	70.3	-5.6	66.3	42.5	-23.8
of which: equity capital	*22.7*	*22.0*	*-0.7*	*15.4*	*15.1*	*-0.3*
reinvested earnings	*11.8*	*10.7*	*-1.1*	*7.0*	*-0.9*	*-7.9*
other capital	*41.4*	*37.6*	*-3.8*	*43.9*	*28.3*	*-15.6*
Portfolio investment	**-121.0**	**-121.2**	**-0.1**	**89.4**	**40.5**	**-48.9**
Assets (residents' transactions in securities issued by non-residents)	-206.8	-206.9	-0.1	-76.6	-87.1	-10.5
Equity securities and mutual fund shares/units	-28.9	-28.8	0.0	-9.5	-19.3	-9.8
Bonds and notes	-185.4	-185.4	0.0	-36.5	-4.6	32.0
Money market instruments	7.4	7.3	-0.1	-30.6	-63.2	-32.6
Liabilities (non-residents transactions in securities issued by residents)	85.8	85.8	0.0	166.1	127.6	-38.5
Equity securities and mutual fund shares/units	-7.0	-7.0	0.0	-9.9	-7.8	2.0
Bonds and notes	82.3	82.3	0.0	125.5	84.1	-41.4
Money market instruments	10.5	10.6	0.0	50.5	51.4	0.9
Financial derivatives	**44.8**	**41.9**	**-2.9**	**-7.0**	**-16.4**	**-9.4**
Other investment	**162.0**	**159.8**	**-2.2**	**57.6**	**61.4**	**3.9**
Assets	-195.4	-195.8	-0.4	49.9	52.6	2.7
of which: Monetary financial institutions	*-184.0*	*-184.0*	*0.0*	*33.8*	*33.8*	*0.0*
Liabilities	357.5	355.6	-1.8	7.7	8.8	1.1
of which: Monetary financial institutions	*280.4*	*280.4*	*0.0*	*-135.1*	*-135.1*	*0.0*
Reserve assets	**-0.5**	**-0.5**	**0.0**	**8.5**	**8.5**	**0.0**
Net errors and omissions	**-20.6**	**-13.2**	**7.4**	**-34.8**	**9.8**	**44.6**

Note: The 2008 Annual Report *was published in 2009 and the* 2009 Annual Report *was published in 2010.*

As part of the work regarding the annual report, some of the data from previous years were updated. Most of the revisions concerned 2007 and 2008 (see Table opposite). The revisions to the current account data mainly concern 2008, with a 6.9 billion decrease in the deficit. Revised net capital inflows in the financial account were smaller than initially measured, especially in 2008, with a decrease of 51.5 billion. These revisions decreased the errors and omissions item.

Main revisions to the current account:

• Travel data were revised following an improvement in the processing of the survey data used for this item. The revision mainly concerns payments by residents abroad. In 2007, the revised surplus was decreased by 1.1 billion to 11.7 billion, but the revised balance was increased by 1.9 billion in 2008. A detailed discussion of the revisions can be found in the first box in Chapter 1 on the current account;

• The revisions of 6.1 billion made to foreign direct investment income in 2008 concern amounts that were estimated last year. These estimates have now been replaced with data taken from the annual financial statements of resident and non-resident foreign direct investment enterprises. The earnings of resident foreign direct investment enterprises attributable to foreign direct investors, recorded as debit, were overestimated, so the revised balance on this item was increased. In addition, the share of profits distributed in the form of dividends was underestimated. The revised balance of foreign direct investment income was therefore increased slightly for 2007, as more comprehensive data were collected about foreign subsidiaries' earnings;

• The revised balance of portfolio investment income was lowered by 1.8 billion in 2008, primarily because of the increase in dividends.

Main revisions to foreign direct investment in the financial account:

• Outward investment in equity capital was increased by 6 billion in 2008, following the survey on outward foreign direct investment stocks. The survey data showed that some variations in stocks between the end of 2007 and the end of 2008 had not been reported and recorded. Consequently, these variations were incorporated;

• The revised reinvested earnings are discussed in the "income" section above. The reinvested earnings were overestimated because the dividends paid were underestimated and the error was similar for outward and inward investment, which means that the effect of the revisions on the net balance of foreign direct investment flows in 2008 was minor;

• The revision of inward and outward flows under "other capital" was significant. In most cases, the revisions reduced outward foreign direct investment flows (by 25.6 billion) and inward foreign direct investment flows (by 15.6 billion). The revisions stem from the matching of individual lending and borrowing transactions in 2008 with the findings of the survey on resident companies' outstanding foreign financial claims and debts at the end of 2008.

Main revisions to portfolio investment and financial derivatives:

• Revisions to portfolio investment flows stem from revisions to stocks at the end of 2008. The reasons for these revisions are explained in the box that follows Chapter 3 on the international investment position. Revised capital inflows were reduced by 89.4 billion to 40.5 billion. On the one hand, the revised capital outflows related to residents' acquisitions of foreign equity securities and mutual fund shares/units were increased from 9.5 billion in the initial version to 19.3 billion. On the other hand, the revised capital inflows related to residents' acquisitions of bonds and notes were reduced from 125.5 billion to 84.1 billion;

• There were significant revisions to the "financial derivatives" item, especially in 2008. The revised net outflows were increased by 7 billion to 16.4 billion to incorporate changes to returns filed by a banking group about the settlement of trades in securities and options with its subsidiaries. The "securities" trades had been reported as portfolio investment flows, but not the trades in options.

The French international investment position from 2008 to 2009 T3-1
(foreign direct investment estimated at market value)

(EUR billions)

	Stocks end 2008	Balance of payments flows in 2009 (a)	Variations attributable to chances in exchanges rates, market prices and other adjustments (a)				Total variations between end 2008 and end 2009 (a)	Stocks end 2009
			Total	Variation in exchange rates	Variation in market prices	Other adjustments		
	1	2	3				4 = (2 + 3)	5 = (1 + 4)
Direct investment	**278.2**	**63.0**	**66.0**	**3.3**	**63.5**	**-0.8**	**129.0**	**407.3**
Outward	939.9	105.9	147.8	3.0	145.5	-0.6	253.7	1,193.8
Equity capital	616.7	40.2	148.2	3.4	145.5	-0.6	188.4	805.3
Other capital	323.2	65.7	-0.4	-0.4	0.0	0.0	65.3	388.5
Inward	-661.7	-42.9	-81.8	0.3	-82.0	-0.1	-124.7	-786.4
Equity capital	-370.3	-14.1	-82.1	0.0	-82.0	-0.1	-96.2	-466.5
Other capital	-291.4	-28.8	0.3	0.3	0.0	0.0	-28.5	-319.9
Portfolio investment	**-20.2**	**-270.1**	**-8.4**	**-1.9**	**-7.5**	**1.1**	**-278.4**	**-298.7**
Foreign securities	1,834.7	60.6	102.9	-7.2	109.0	1.1	163.5	1,998.2
Equity securities and mutual fund	326.7	21.5	68.6	-0.7	68.4	0.9	90.1	416.8
Bonds and notes	1,301.5	16.6	36.1	-2.9	39.4	-0.3	52.8	1,354.2
Money market instruments	206.5	22.4	-1.8	-3.5	1.2	0.5	20.6	227.1
Domestic securities	-1,855.0	-330.7	-111.3	5.2	-116.5	0.0	-441.9	-2,296.9
Equity securities and mutual fund	-434.3	-48.1	-86.8	0.3	-87.1	0.0	-134.9	-569.3
Bonds and notes	-1,252.1	-202.9	-24.4	4.0	-28.4	0.0	-227.2	-1,479.4
Money market instruments	-168.5	-79.7	0.0	0.9	-1.0	0.0	-79.7	-248.2
Memorandum item: Treasury securities	*-696.9*	*-123.9*	*-0.3*	–	*-0.3*	–	*-124.2*	*-821.1*
Financial derivatives	**-55.3**	**2.1**	**0.0**	**–**	**–**	**0.0**	**2.1**	**-53.1**
Other investment	**-508.4**	**149.4**	**2.8**	**5.6**	**–**	**-2.8**	**152.2**	**-356.2**
Trade credits and payments on account	-1.2	-2.3	-3.0	-0.1	–	-2.8	-5.3	-6.5
Assets	*83.7*	*-3.7*	*-3.5*	*-0.1*	–	*-3.4*	*-7.1*	*76.5*
Liabilities	*-84.8*	*1.3*	*0.5*	*0.0*	–	*0.5*	*1.8*	*-83.0*
Deposit and loan position	-507.3	151.8	5.7	5.7	–	0.0	157.5	-349.8
Banque de France	-187.2	47.0	1.1	1.1	–	0.0	48.1	-139.1
Assets	*29.9*	*2.7*	*2.9*	*2.9*	–	*0.0*	*5.7*	*35.6*
Liabilities	*-217.1*	*44.2*	*-1.8*	*-1.8*	–	*0.0*	*42.4*	*-174.7*
General government	2.2	5.5	0.8	0.8	–	0.0	6.4	8.5
Assets	*26.9*	*1.1*	*0.8*	*0.8*	–	*0.0*	*1.9*	*28.8*
Liabilities	*-24.7*	*4.5*	*0.0*	*0.0*	–	*0.0*	*4.5*	*-20.2*
Monetary financial institutions	-286.6	75.8	3.9	3.9	–	0.0	79.7	-206.9
Assets	*1,058.6*	*-67.2*	*-1.1*	*-1.1*	–	*0.0*	*-68.3*	*990.3*
Liabilities	*-1,345.2*	*142.9*	*5.1*	*5.1*	–	*0.0*	*148.0*	*-1,197.3*
Other sectors (b)	-35.6	23.5	-0.1	-0.1	–	0.0	23.4	-12.2
Assets	*74.6*	*3.0*	*0.2*	*0.2*	–	*0.0*	*3.2*	*77.8*
Liabilities	*-110.1*	*20.5*	*-0.4*	*-0.4*	–	*0.0*	*20.1*	*-90.0*
Reserve assets	**74.0**	**-3.9**	**22.4**	**12.5**	**–**	**9.9**	**18.4**	**92.4**
Balance	**-231.7**	**-59.5**	**82.8**	**19.5**	**56.0**	**7.4**	**23.3**	**-208.3**
International investment position balance/GDP (%)	**-11.9**	**–**	**–**	**–**	**–**	**–**	**–**	**-10.9**

Note: Rounding differences means that aggregate totals may not be exactly equal to the sum of their components.
(a) Position by sign: no sign means an increase in assets or a decrease in liabilities.
(-) sign means a decrease in assets or an increase in liabilities.
(b) Non-financial corporations, insurance companies, investment firms and mutual funds other than money market funds.

CHAPTER 3

International investment position

After posting a particularly large fall in 2008, the net international investment position at market value recovered in 2009, with net liabilities of 208.3 billion, compared with 231.7 billion in 2008 (see Table T3-1). Two factors contributed to this slightly smaller negative position: an improvement in the foreign direct investment and other investment (deposits and loans) positions, which returned to the levels seen before the crisis (see Chart C3-1), and a deterioration of the portfolio investment position, which was in surplus or in balance in 2007 and 2008, resulting in net liabilities, as was the case at the beginning of the decade.

A comparison of the international investment position at the end of 2008 and at the end of 2009 shows that net capital inflows received by France to finance its current account deficit, amounting to 59.5 billion in additional liabilities, were more than offset by the net gains stemming from the appreciation of foreign assets and liabilities, amounting to 82.8 billion. A significant proportion of these gains stems from rising stock market prices, which contributed 56 billion, and euro exchange rate variations, which contributed 19.5 billion.

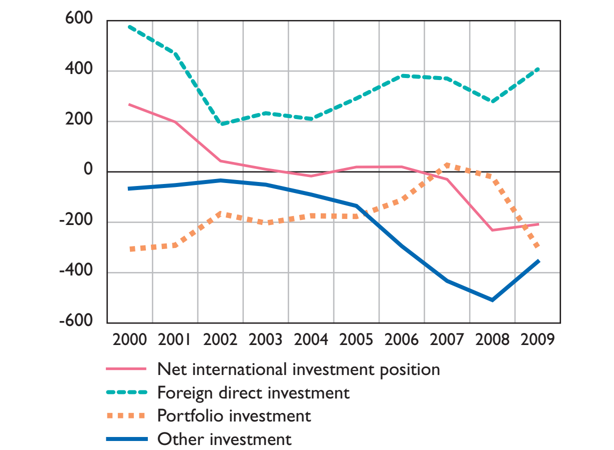
1| Foreign direct investment

At the end of 2009, both the book value and market value of France's net foreign direct investment surplus grew (see Chart C3-2 and Table STAT_4.1).[1] The net flows over the year, plus the slightly positive exchange rate effect, caused the book value of the estimated net position to increase, as it has every year since 2005. It rose from 311.8 billion euro at the end of 2008 to 377.7 billion at the end of 2009. Rising prices, plus net outflows of foreign direct investment, meant that the market value of the net position improved by nearly 130 billion compared to the end of 2008, to stand at 407.3 billion, following a decline of 92 billion between the end of 2007 and the end of 2008, despite net foreign direct investment outflows of 67.5 billion in 2008.

Foreign direct investment flows increased the net position by 63 billion, while price effects, meaning the impact of changes in stock market prices and real estate prices on the value of assets and liabilities, were positive overall, contributing 63.5 billion to the increase (Table T3-2).

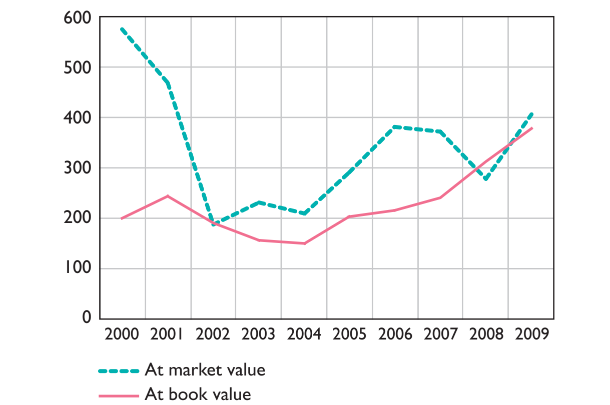
Net international investment position *C3-1*

(EUR billions)



Foreign direct investment *C3-2*
(net position at book value and at market value)

(EUR billions)



1 *For explanations about the differences between book value and market value, as well as how the stocks of foreign direct investment at market value are calculated, see the article by D. Nivat and A. Toipol in the Banque de France Bulletin, first quarter 2010: "Market value valuation of foreign direct investment stocks in unlisted companies: methods and results for France".*

The overall net price effect is the result of the various characteristics of the different foreign assets and liabilities. It can be broken down into four components. The first effect is called the "base effect", which stems from the fact that the stock of outward foreign direct investment at the end of 2008 was greater than the stock of inward foreign direct investment at the same date. When prices increase, the net position should increase. In 2009, the base effect contributed 79% of the aggregate price effect.

The second effect is called the "structure effect", which stems from the fact that nearly two-thirds of the stock of outward foreign direct investment at the end of 2008 consisted of investment in equity capital, excluding real estate, which benefited more from the recovery in stock market prices in 2009 than did the stock of inward foreign direct investment, where real-estate investment and loans between affiliated companies accounted for nearly two-thirds of the total. The structure effect contributed 53% of the aggregate price effect.

These two positive effects are partially offset by a third effect that made a negative contribution of 14% to the aggregate price effect. This effect measures the impact on the net position of different stock market price movements for outward and inward foreign direct investment in listed companies.

Finally, the fourth effect, which can be called the "sector "effect" measures the impact of differences in the structure by sector of outward and inward foreign direct investment on changes in the value of equity capital in unlisted companies. At the end of 2008, the financial services and non-financial services sectors accounted for a larger share of inward foreign direct investment than of outward foreign direct investment, where the manufacturing sector was dominant.

Direct investment at the end of 2008 and the end of 2009 *T3-2*
(estimated market values)

(EUR billions)

	Stocks end 2008 (a)	Balance of payments flows in 2009 (b)	Variations attributable to changes in exchanges rates, market prices and other adjustments (b)				Total variations between end 2008 and end 2009 (b)	Stocks end 2009
			Total	Monetary variation or exchange rate effect (b)	Market variation or price effect (b)	Other adjustments (b)		
	1	2	3				4 = (2+3)	5 = (1+4)
Outward foreign direct investment	**940.0**	**105.9**	**147.8**	**3.0**	**145.5**	**-0.6**	**253.7**	**1 193.7**
Equity capital	**616.8**	**40.2**	**148.2**	**3.4**	**145.5**	**-0.6**	**188.4**	**805.2**
Listed companies	42.9	13.8	8.0	0.3	9.2	-1.5	21.8	64.6
Unlisted companies	536.7	24.3	141.2	3.3	137.0	0.9	165.5	702.3
Real-estate investment	37.2	2.1	-0.9	-0.2	-0.7	0.0	1.1	38.3
Other capital	**323.2**	**65.7**	**-0.4**	**-0.4**	**0.0**	**0.0**	**65.3**	**388.5**
Inward foreign direct investment	**-661.7**	**-42.9**	**-81.8**	**0.3**	**-82.0**	**-0.1**	**-124.7**	**-786.4**
Equity capital	**-370.3**	**-14.1**	**-82.1**	**0.0**	**-82.0**	**-0.1**	**-96.2**	**-466.5**
Listed companies	-38.6	-6.9	-16.8	0.0	-16.7	-0.1	-23.7	-62.3
Unlisted companies	-206.3	-2.9	-62.5	0.0	-62.5	0.0	-65.4	-271.7
Real-estate investment	-125.4	-4.3	-2.9	0.0	-2.9	0.0	-7.1	-132.5
Other capital	**-291.4**	**-28.8**	**0.3**	**0.3**	**0.0**	**0.0**	**-28.5**	**-319.9**
Net position	**278.3**	**63.0**	**66.0**	**3.3**	**63.5**	**-0.8**	**129.0**	**407.3**
Equity capital	**246.5**	**26.1**	**66.1**	**3.4**	**63.5**	**-0.8**	**92.2**	**338.7**
Listed companies	4.3	6.9	-8.8	0.3	-7.5	-1.6	-1.9	2.3
Unlisted companies	330.4	21.4	78.7	3.3	74.6	0.9	100.1	430.6
Real-estate investment	-88.2	-2.2	-3.8	-0.2	-3.6	0.0	-6.0	-94.2
Other capital	**31.8**	**36.9**	**-0.1**	**-0.1**	**0.0**	**0.0**	**36.8**	**68.6**

(a) Revised data
(b) Position by sign: no sign means an increase in assets or a decrease in liabilities.
(-) sign means a decrease in assets or an increase in liabilities.

The increase in the market capitalisation ratios used to calculate the market value of companies from their book value between the end of 2008 and the end of 2009 was greater in the first two sectors than in the latter, which means that increase in the value of equity capital in unlisted companies was greater for inward foreign direct investment than for outward foreign direct investment. This effect made a negative contribution of 18% to the aggregate price effect.

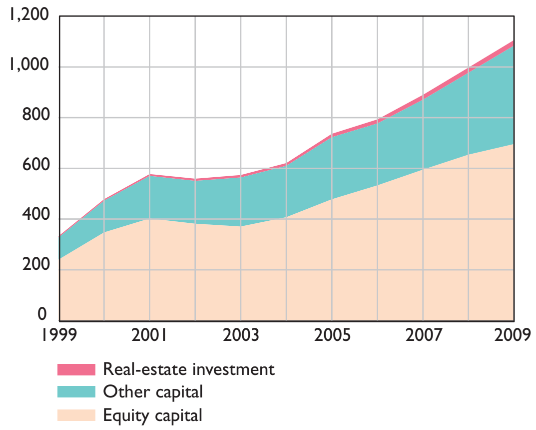
1|1 Outward foreign direct investment[2]

The book value of stocks of outward foreign direct investment stood at 1,106.1 billion at the end of 2009, representing an increase of 11% from the end of 2008. The increase in the stocks results almost entirely from foreign direct investment flows, since exchange rate effects were very small in 2009. As these flows were primarily made up of loans to affiliated foreign companies, the structure of the estimated book value of the stocks shifted slightly towards loans to affiliated companies and away from equity capital (see Table T3-3 and Chart C3-3).

The market value of outward foreign direct investment stocks increased by 253.7 billion, or 27%, between the end of 2008 and the end of 2009, to stand at 1,193.7 billion. The market value of outward foreign direct investment, which had dipped below the book value at the end of 2008 for the first time since 2000, was raised by rising stock market prices and was once again higher than the book value at the end of 2009. However, it still fell far short of the valuation multiples reached in 2000 and 2001 or between 2005 and 2007 (see Chart C3-4).

Outward foreign direct investment (at book value) C3-3

(EUR billions)



Stocks of foreign direct investment at book value T3-3

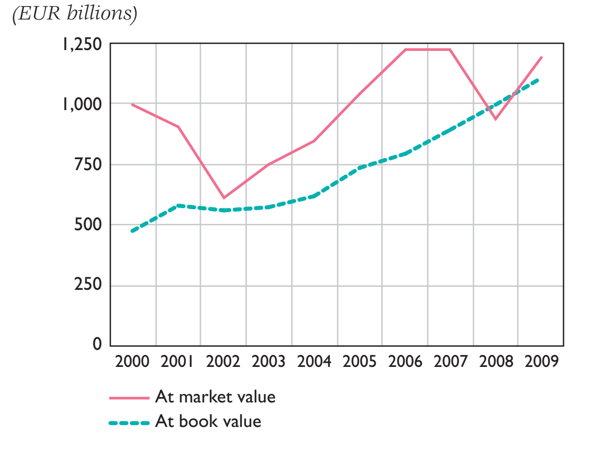
(EUR billions)

	2007	2008	2009 (a)
Outward foreign direct investment	**889.8**	**997.6**	**1,106.1**
Euro	478.1	559.7	624.9
Foreign currencies	411.7	437.9	481.2
Equity capital (excluding real estate)	595.0	654.2	696.0
Other capital	276.0	323.2	388.5
Real-estate investment	18.8	20.2	21.6
Inward foreign direct investment	**-649.1**	**-685.8**	**-728.4**
Euro	-587.1	-617.6	-655.7
Foreign currencies	-61.9	-68.1	-72.7
Equity capital (excluding real estate)	-308.8	-312.8	-324.2
Other capital	-262.9	-291.4	-319.9
Real-estate investment	-77.3	-81.6	-84.3
Net foreign direct investment position at book value	**240.8**	**311.8**	**377.7**

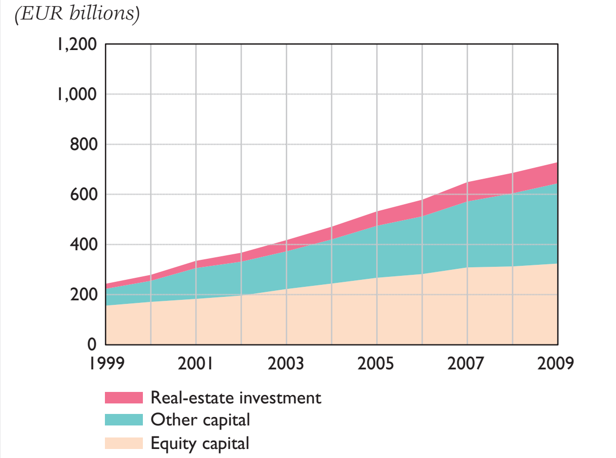
(a) Estimates based on stocks at the end of 2008 and flows in 2009.

2 When the preliminary international investment position figures at the end of 2009 were being compiled in April and May 2010, the survey data on stocks of foreign direct investment in equity capital and stocks of inter-company financial assets and liabilities at the end of 2009 were not yet available. Therefore, stocks of foreign direct investment at book value at the end of 2009 published here are estimated on the basis of stocks at the end of 2008, foreign direct investment flows in 2009 and exchange rate variations for positions in foreign currencies. Stocks of foreign direct investment at market value at the end of 2009 were based on the estimated stocks at book value, adjusted for changes in the market capitalisation ratios of the CAC companies.

Outward foreign direct investment C3-4
(at book value and at market value)



Inward foreign direct investment C3-5
(at book value)



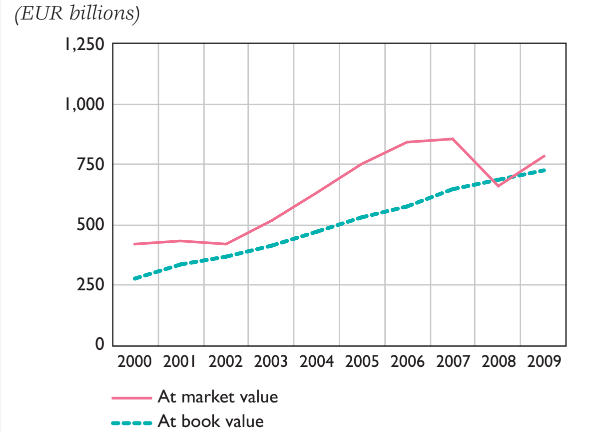
Of the different valuation effects, the price effects, which primarily concern equity capital investment, excluding real estate, dominate.[3] Rising equity prices meant that investments in the equity capital of listed foreign companies increased in value by 9.2 billion or 21%. The main positive contributions to this increase came from Nissan (Japan), Volvo (Sweden), Puma (Germany) Komercni Banka (Czech Republic) and Dexia (Belgium). The price effect for equity capital investment in unlisted foreign companies stood at 137 billion, increasing the value of the stocks by 26%.[4]

1|2 Inward foreign direct investment

The book value of inward foreign direct investment stocks stood at 728.4 billion at the end of 2009, up by 6% over the end of 2008. Some 44% of the stocks are made up of equity capital investment, 12% of real-estate investment and 44% of loans between affiliated companies. The OECD recommends that its members provide a supplementary presentation of foreign direct investment statistics that neutralises financing flows between affiliated companies in order to give a more "economic" view of foreign direct investment stocks that lends itself to interpretation more easily. The method and the results are described on the following page in Box 3.1 "Supplementary presentation of foreign direct investment in the international investment position".

The market value of inward foreign direct investment increased by 124.7 billion, or by 19%, between the end of 2008 and the end of 2009 to reach 786.4 billion. Foreign direct investment flows contributed 42.9 billion, or 6%, to this increase (see Table T3-2). The market value of inward foreign direct investment was once again greater than the book value, following the stock market recovery in 2009 (see Chart C3-6).

Inward foreign direct investment C3-6
(at book value and at market value)



3 Unlike the stocks of equity capital investment and real estate investment, the stocks of loans and cash flows between affiliated companies, or "other capital", are valued at their initial transaction value, which means that they are not affected by changes in asset prices on financial markets.
4 We estimated the market value of stocks of foreign direct investment in unlisted companies by calculating market capitalisation ratios (i.e. the ratio of the stock market value to book value) for a reference population of listed companies and then applied this ratio to the equity capital held by direct investors in unlisted companies. This method may have a major impact on changes in stocks from year to year since more than 90% of equity capital investment is in unlisted companies.

As was the case for outward foreign direct investment, price effects account for most of the aggregate increase, net of flows, in the value of stocks of investment in equity capital (excluding real estate). The value of equity holdings in resident listed companies increased by 16.7 billion. The main contribution to this increase came from the resident CAC 40 companies, such as Lafarge, L'Oréal, Schneider Electric and Carrefour, in view of their market capitalisation and the rapid rise in their stock prices, which neared or even exceeded 100% in some cases, even though foreign direct investors always have minority shareholdings in such companies. Equity holdings in other listed companies, such as Rexel and Legrand, also made a significant contribution to the aggregate increase in value. The increase in value of foreign direct investment in the equity capital of resident unlisted companies attributable to the price effect stood at 62.5 billion and contributed 30% of the increase in stocks.

Box 3.1

Supplementary presentation of foreign direct investment in France's international investment position

Impact of the new international standard on stocks of foreign direct investment

Under the new presentation, where loans between fellow companies are reclassified (see Box 2.1), the stocks of foreign direct investment at book value since the end of 2006 are as follows:

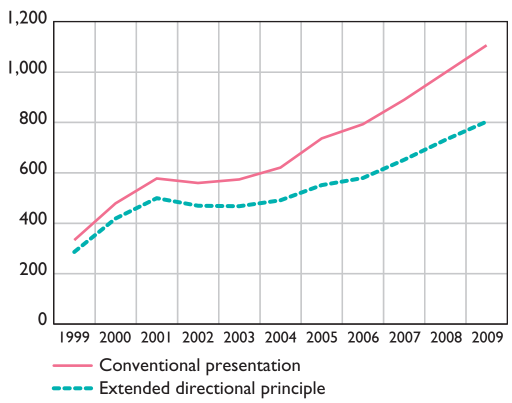
Foreign direct investment in France's international investment position under the extended directional principle for loans between fellow enterprises

(EUR billions)

Foreign direct investment	2006	2007	2008	2009
Outward (conventional presentation) (I) + (II) + (III a)	**793.0**	**889.8**	**997.6**	**1106.1**
Outward (extended directional principle) (I) + (II) + (III b)	**578.9**	**651.7**	**731.0**	**802.8**
Equity capital (I)	548.8	613.9	674.4	717.6
Other capital (conventional presentation) (III a)	244.3	276.0	323.2	388.5
Other capital (extended directional principle) (III b)	30.1	37.8	56.6	85.2
Inward (conventional presentation) (IV) + (V) + (VI a)	**- 578.7**	**- 649.1**	**- 685.8**	**- 728.4**
Inward (extended directional principle) (IV) + (V) + (VI a)	**- 364.5**	**- 410.9**	**- 419.2**	**- 425.1**
Equity capital (IV)	- 348.7	- 386.2	- 394.4	- 408.5
Other capital (conventional presentation) (VI a)	- 230.0	- 262.9	- 291.4	- 319.9
Other capital (extended directional principle) (VI b)	- 15.8	- 24.8	- 24.8	- 16.6
Net position	**214.4**	**240.8**	**311.8**	**377.7**

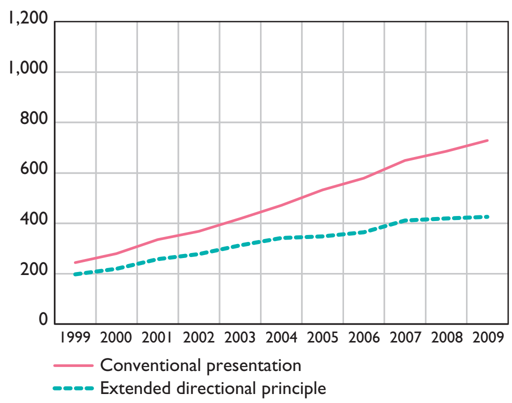
Outward foreign direct investment

(EUR billions)



Inward foreign direct investment

(EUR billions)



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After reclassifying intercompany loans, the stocks of outward and inward foreign direct investment at the end of 2009 are reduced by slightly more than 300 billion compared to the conventional presentation. Outward foreign direct investment stood at 802.8 billion, whereas inward foreign direct investment stood at 425.1 billion.

The charts above show the increase in the gap between the two data series between 1999 and 2009. Whereas stocks of foreign direct investment were reduced by only a bit less than 50 billion in 1999 (or 14% of the outward stocks and 19% of the inward stocks), the adjustment exceeded 300 billion at the end of 2009 (or 27% of the outward stocks and 42% of the inward stocks).

Impact on geographical structure

The use of the extended directional principle for loans between fellow companies also changes the geographical structure of outward foreign direct investment stocks significantly. The biggest adjustments resulting in decreases in stocks at the end of 2009 concerned the United Kingdom, the Netherlands, Belgium, Luxembourg, Germany and the United States. These six countries accounted for nearly 75% of the total adjustments (see chart below).

Insofar as the main countries concerned by a decrease in foreign direct investment stocks under the extended directional principle are members of the European Union, it is hardly surprising that the relative importance of this area should decline to the benefit of Other industrialised countries and the Rest of the world (see Table STAT_4.7 as it compares to Tables STAT_4.5 and STAT_4.6). However, the geographical structure is still determined according to the country of residence of the first counterparty. The reclassification of loans between fellow companies reduces the importance in the geographical structure of stocks of the countries where special purpose entities are located, but this structure is not always determined according to the country that is the final destination of outward foreign direct investment or the country of residence of the ultimate investor in the case of inward foreign direct investment.

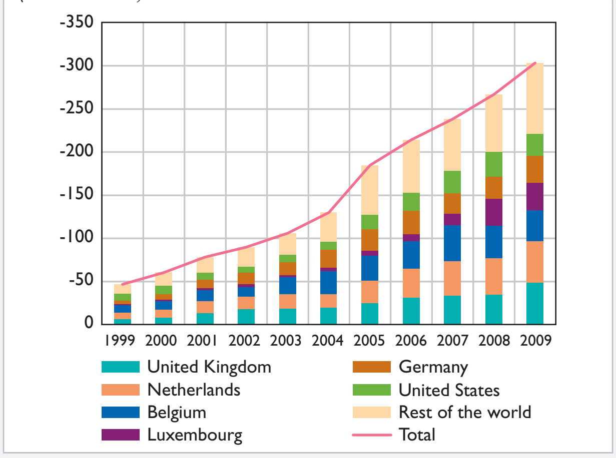
The following table shows the geographical structure of inward foreign direct investment stocks by the country of residence of the ultimate investor. This restatement is more comprehensive than that under the extended directional principle, since stocks are allocated to the home country of the controlling entity, which may be France in many cases.

By determining the countries of residence of the ultimate investors, we can see that, even after adjusting for inter-company loans, French groups own a significant share of inward foreign direct investment stocks. This share stood at EUR 60.8 billion at the end of 2009, or 14% of the total. France's place in the ranks of the leading ultimate investors shows that the adjustments made under the new international standards are still incomplete, since they are only meant to apply to loans between fellow companies. The 60.8 billion attributed to resident ultimate investors at the end of 2009 corresponds to the investment in equity capital or reinvested earnings that French groups' non-resident subsidiaries hold in their French subsidiaries.

If we remove France, the country with the largest increase in its relative share after identifying the country of residence of the ultimate investor is the United States. Although it ranks only fifth as an investor in France under the conventional presentation, behind the Netherlands, the United Kingdom, Luxembourg and Belgium (see Table STAT_4.5), and fourth under the extended directional principle (according to the country of residence of the first counterparty), behind the Netherlands, Luxembourg and the United Kingdom, the United States ranks first among countries investing in France, according to the country of residence of the ultimate investor. It is followed by the United Kingdom, Germany and Switzerland (see the table below).

Main differences by country between the two presentations of foreign direct investment statistics

(EUR billions)



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Inward foreign direct investment stocks by the country of residence of the ultimate investor

(EUR billions)

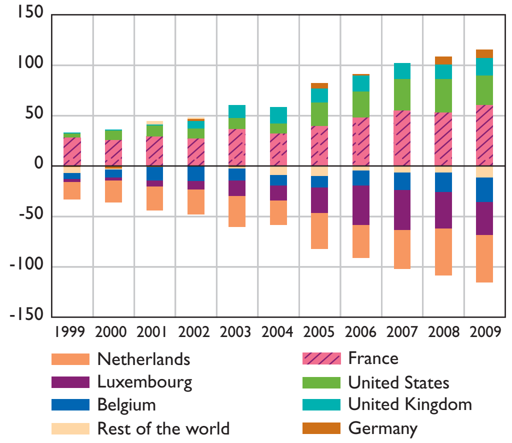
	2007	2008	2009	2009 (% of Total excluding France)
France	**55.0**	**53.3**	**60.8**	**–**
European Union (27 members)	**221.6**	**225.7**	**227.6**	**62.5**
Economic and Monetary Union (16 members)	**138.3**	**148.5**	**149.9**	**41.1**
of which : Germany	44.7	50.7	50.5	13.9
Belgium	22.1	20.5	20.9	5.7
Spain	9.8	9.6	8.5	2.3
Ireland	4.2	4.5	5.0	1.4
Italy	16.0	15.3	14.1	3.9
Luxembourg	19.5	23.5	24.1	6.6
Netherlands	16.5	18.5	20.8	5.7
Other European Union countries	**83.3**	**77.2**	**77.7**	**21.3**
of which : Poland	0.1	0.1	0.3	0.1
Czech Republic	0.0	0.0	0.0	0.0
Romania	0.0	0.0	0.0	0.0
United Kingdom	76.8	70.6	71.4	19.6
Sweden	4.0	4.1	3.6	1.0
Other industrialised countries	**117.9**	**123.9**	**119.8**	**32.9**
of which : United States	78.5	83.3	79.1	21.7
Japan	7.8	7.8	7.6	2.1
Switzerland	25.8	27.4	28.7	7.9
Rest of World	**16.5**	**16.3**	**17.0**	**4.7**
of which : Brazil	1.4	1.7	1.7	0.5
China	0.3	0.3	0.2	0.1
British Virgin Islands	1.7	1.7	1.4	0.4
India	0.5	0.2	0.0	0.0
Lebanon	1.4	1.9	2.3	0.6
Qatar	0.6	0.7	0.8	0.2
Russia	1.1	1.1	1.2	0.3
Turkey	0.2	0.2	0.1	0.0
Total	**410.9**	**419.2**	**425.1**	**–**
Total excluding France	**355.9**	**365.9**	**364.3**	**100.0**

Note: See "Definition of geographical areas" at the end of this report.

The chart opposite shows the main differences between the geographical structure according to the country of residence of the first counterparty and the structure according to the country of residence of the ultimate investor. In 1999, the structure according to the country of residence of the ultimate investor revealed the presence of French groups and, to a lesser extent, strengthened the presence of American groups among the ranks of countries investing in France. In 2009, it seems that, in addition to French and American groups, British and German groups are making a significant share of their investment in France through third countries (primarily the Netherlands, Luxembourg and Belgium).

Main differences by country following identification of the country of residence of the ultimate investor

(EUR billions)



2| Portfolio investment

At the end of 2009, the position in equity securities posted a deficit of EUR 298.7 billion, following a deficit of only 20.2 billion at the end of 2008, and a surplus of 26.2 billion at the end of 2007 (see Table T3-4). The increase in net liabilities in 2009 stems primarily from the negative contribution of balance of payments flows, with only a minor valuation effect. The net position in government securities issued in the euro area (residents' holdings of euro area government securities minus French government securities held by euro area residents outside of France) posted a smaller surplus of 130.7 billion, following surpluses of 155.3 billion in 2008 and 102.0 billion in 2007. The position in government securities vis-à-vis countries outside of the euro area posted a larger net deficit of EUR 444.7 billion at the end of 2009, following deficits of 358.9 billion at the end of 2008 and a 292.9 billion at the end of 2007.

The recovery in stock market prices in 2009, following the sharp decline in 2008, increased the value of assets and liabilities. The impact of the rise in prices and exchange rates came to 5.5% for foreign securities and to 6.0% for French securities (see Table T3-1).

2|1 Assets (residents' portfolio investment in securities issued by non-residents)

Residents' portfolio investment in securities issued by non-residents came to EUR 1,998.2 billion at the end of 2009, up from 1,834.7 billion at the end of 2008, but still smaller than the investment of 2,014.1 billion posted at the end of 2007. The increase between 2008 and 2009 can be explained both by residents' net purchases of 60.6 billion in 2009 and by positive valuation effects, with the price effect contributing 109.0 billion and the exchange

Stocks of portfolio investment assets and liabilities vis-à-vis non-residents *T3-4*
By instrument and by currency (euro/foreign currencies)

(EUR billions)

	2007			2008			2009		
	Euro	Foreign currencies	Total	Euro	Foreign currencies	Total	Euro	Foreign currencies	Total
Assets	**1,558.8**	**455.3**	**2,014.1**	**1,460.3**	**374.4**	**1,834.7**	**1,627.1**	**371.1**	**1,998.2**
Equity securities and mutual fund shares/units	**298.1**	**263.6**	**561.7**	**182.0**	**144.7**	**326.7**	**234.0**	**182.8**	**416.8**
Equity securities	181.2	194.9	376.1	107.0	109.9	216.9	147.0	153.1	300.1
Mutual fund shares/units	116.9	68.7	185.6	75.0	34.8	109.8	87.0	29.7	116.7
Bonds and notes	**1,175.5**	**150.2**	**1,325.8**	**1,139.9**	**161.5**	**1,301.5**	**1,220.0**	**134.3**	**1,354.2**
Bonds	772.4	121.3	893.7	801.3	131.1	932.3	801.9	109.6	911.6
EMTN	317.5	27.2	344.8	316.3	27.2	343.5	366.7	23.6	390.3
Treasury notes maturing at more than one year	85.5	1.7	87.3	22.3	3.3	25.6	51.4	1.0	52.4
Money market instruments	**85.2**	**41.5**	**126.7**	**138.3**	**68.2**	**206.5**	**173.1**	**54.0**	**227.2**
Treasury notes maturing at less than one year	7.2	35.7	42.8	15.2	65.5	80.7	20.0	51.0	71.1
Other money market instruments	78.0	5.8	83.8	123.1	2.7	125.8	153.1	3.0	156.1
Liabilities	**-1,784.6**	**-203.2**	**-1,987.9**	**-1,638.1**	**-216.9**	**-1,855.0**	**-2,000.4**	**-296.5**	**-2,296.9**
Equity securities and mutual fund shares/units	**-714.1**	**-6.2**	**-720.3**	**-428.0**	**-6.3**	**-434.3**	**-557.5**	**-11.8**	**-569.3**
Equity securities	-604.9	0.0	-604.9	-347.4	0.0	-347.4	-453.2	-2.1	-455.3
Mutual fund shares/units	-109.3	-6.2	-115.5	-80.6	-6.3	-86.9	-104.2	-9.7	-113.9
Bonds and notes	**-965.4**	**-186.9**	**-1,152.3**	**-1,056.9**	**-195.2**	**-1,252.1**	**-1,231.4**	**-247.9**	**-1,479.4**
Bonds	-369.7	–	-369.7	-426.1	–	-426.1	-463.5	–	-463.5
EMTN	-153.5	–	-153.5	-176.5	–	-176.5	-196.4	–	-196.4
Treasury notes maturing at more than one year	-442.1	-186.9	-629.0	-454.3	-195.2	-649.5	-571.6	-247.9	-819.5
Money market instruments	**-105.2**	**-10.1**	**-115.3**	**-153.2**	**-15.3**	**-168.5**	**-211.4**	**-36.8**	**-248.2**
Treasury notes maturing at less than one year	-49.7	–	-49.7	-94.3	–	-94.3	-161.2	–	-161.2
Other money market instruments	-55.4	-10.1	-65.5	-58.9	-15.3	-74.2	-50.2	-36.8	-87.0
Net position	**-225.8**	**252.1**	**26.2**	**-177.8**	**157.6**	**-20.2**	**-373.2**	**74.6**	**-298.7**

rate effect contributing 7.2 billion. However, the combination of these effects failed to offset the fall in prices in 2008.

Portfolio investment in equity securities issued by non-residents accounted for 15.0% of residents' total holdings of securities issued by non-residents at the end of 2009. It increased by 83.2 billion in 2009, with flows contributing 34.6 billion and revaluations contributing 48.7 billion. Despite sales of EUR 13.0 billion, assets held as foreign mutual fund shares/units stood at 6.9 billion, since revaluations outstripped sales. These assets account for 5.8% of total portfolio investment assets. Long-term debt securities, such as bonds and notes, and short-term debt securities (money market instruments) accounted for the bulk of residents' holdings, or 67.8% and 11.4% respectively of the total. They also increased in 2009, by 52.7 billion and 20.7 billion respectively, and the flows of purchases of the corresponding securities came to 16.7 billion and 22.4 billion.

Residents' assets are primarily made up of securities from issuers in the euro area, which account for 66.0% of their total holdings. This proportion is up compared to the end of 2008, when it stood at only 64.2%. The change stems from residents' net sales of securities issued outside the euro area in 2009. As was the case in 2008, residents' favourite securities from the euro area include German, Italian, Dutch and Spanish securities, which accounted for a combined share of 43.5% of holdings of foreign securities, with similar amounts ranging from 200 and 230 billion (see Table STAT_4.11). Residents' preferences with regard to securities issued outside the euro area lay with British securities, which made up 8.5% of their portfolios of foreign securities (less than at the end of 2008), and American securities, which made up 7.6%. Some 72% of the securities issued outside of the euro area are debt securities and 66% are issued in euro (see Table T3-5).

Assets *T3-5*

By issuer (inside/outside the euro area), by currency (euro/foreign currencies) and by type of instrument

(EUR billions)

	2007			2008			2009		
	Euro	Foreign currencies	Total	Euro	Foreign currencies	Total	Euro	Foreign currencies	Total
Euro area issuers	**1,209.0**	**47.8**	**1,256.8**	**1,140.2**	**37.6**	**1,177.9**	**1,282.4**	**37.2**	**1,319.6**
Equity securities and mutual fund shares/units	**256.5**	**26.4**	**282.9**	**153.9**	**14.1**	**168.0**	**210.4**	**16.6**	**227.0**
Equity securities	173.9	2.3	176.2	102.1	1.1	103.3	141.7	1.2	142.9
Mutual fund shares/units	82.5	24.1	106.7	51.7	13.0	64.7	68.7	15.3	84.0
Bonds and notes	**897.8**	**20.3**	**918.1**	**888.1**	**22.4**	**910.5**	**948.9**	**18.9**	**967.8**
Bonds	667.8	16.2	684.0	717.6	17.2	734.7	722.0	14.2	736.2
EMTN	144.4	4.1	148.5	148.2	5.2	153.4	175.6	4.7	180.3
Treasury notes maturing at more than one year	85.5	0.0	85.5	22.3	0.0	22.3	51.4	0.0	51.4
Money market instruments	**54.8**	**1.1**	**55.9**	**98.3**	**1.1**	**99.4**	**123.1**	**1.8**	**124.9**
Treasury notes maturing at less than one year	6.9	0.0	7.0	15.2	0.0	15.2	20.0	0.0	20.0
Other money market instruments	47.8	1.1	48.9	83.1	1.1	84.1	103.1	1.8	104.9
Issuers outside the euro area	**349.7**	**407.6**	**757.3**	**320.0**	**336.8**	**656.8**	**344.7**	**333.8**	**678.5**
Equity securities and mutual fund shares/units	**41.6**	**237.2**	**278.8**	**28.1**	**130.6**	**158.7**	**23.7**	**166.2**	**189.8**
Equity securities	7.3	192.6	199.9	4.9	108.8	113.6	5.3	151.8	157.2
Mutual fund shares/units	34.3	44.6	78.9	23.3	21.8	45.1	18.3	14.4	32.7
Bonds and notes	**277.7**	**130.0**	**407.7**	**251.8**	**139.2**	**391.0**	**271.1**	**115.4**	**386.5**
Bonds	104.6	105.1	209.7	83.7	113.9	197.6	79.9	95.5	175.4
EMTN	173.1	23.2	196.3	168.1	22.0	190.1	191.1	18.9	210.0
Treasury notes maturing at more than one year	.	1.7	1.7	.	3.3	3.3	0.0	1.0	1.1
Money market instruments	**30.4**	**40.4**	**70.8**	**40.1**	**67.1**	**107.2**	**50.0**	**52.2**	**102.2**
Treasury notes maturing at less than one year	0.2	35.7	35.9	0.0	65.5	65.5	.	51.0	51.0
Other money market instruments	30.2	4.7	34.9	40.1	1.6	41.7	50.0	1.2	51.2

Assets T3-6
By issuer (inside/outside euro area), by type of instrument and by resident investor's sector (MFI/non-MFI)

(EUR billions)

	2007			2008			2009		
	MFI	Non-MFI	Total	MFI	Non-MFI	Total	MFI	Non-MFI	Total
Euro area issuers	**421.8**	**835.0**	**1,256.8**	**443.6**	**734.3**	**1,177.9**	**459.3**	**860.3**	**1,319.6**
Equity securities and mutual fund shares/units	37.8	245.1	282.9	20.2	147.9	168.0	31.8	195.1	227.0
Bonds and notes	345.0	573.1	918.1	342.7	567.8	910.5	322.9	644.8	967.8
Money market instruments	39.1	16.8	55.9	80.7	18.6	99.4	104.5	20.4	124.9
Issuers outside the euro area	**321.4**	**435.9**	**757.3**	**282.0**	**374.9**	**656.8**	**264.8**	**413.7**	**678.5**
Equity securities and mutual fund shares/units	72.6	206.2	278.8	39.3	119.4	158.7	43.5	146.3	189.8
Bonds and notes	219.8	187.9	407.7	203.3	187.7	391.0	171.5	215.0	386.5
Money market instruments	29.1	41.7	70.8	39.4	67.7	107.2	49.8	52.4	102.2
All issuers	**743.2**	**1,270.9**	**2,014.1**	**725.6**	**1,109.1**	**1,834.7**	**724.2**	**1,274.0**	**1,998.2**
Equity securities and mutual fund shares/units	110.4	451.3	561.7	59.4	267.3	326.7	75.4	341.4	416.8
Bonds and notes	564.8	761.0	1,325.8	546.0	755.4	1,301.5	494.4	859.8	1,354.2
Money market instruments	68.1	58.6	126.7	120.1	86.4	206.5	154.4	72.8	227.2

Holdings of euro area government securities came to EUR 497.0 billion at the end of 2009, compared to 436.1 billion at the end of 2008 and 353.2 billion at the end of 2007. Holdings of government securities from outside the euro area came to EUR 88.8 billion at the end of 2009, compared to 116.5 billion at the end of 2008 and 79.9 billion at the end of 2007 (see Table T3-8).

Assets denominated in euro were predominant and accounted for 81.4% of the total at the end of 2009. This predominance was even more pronounced for debt securities, where 90.1% were denominated in euro at the end of 2009. The proportion of assets denominated in euro increased for all types of instruments in 2009.

Resident monetary financial institutions' holdings of foreign securities were stable in 2009. They stood at 724.2 billion at the end of 2009, compared to 725.6 billion at the end of 2008 (see Table T3-6).

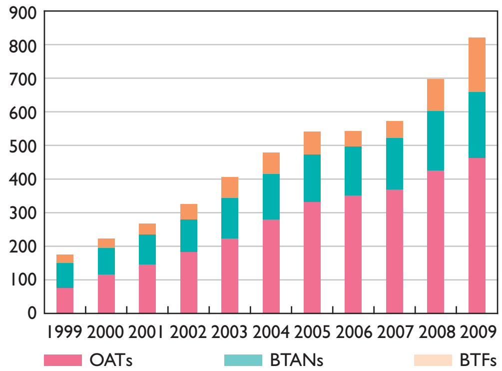
2|2 Liabilities (non-residents' portfolio investment in securities issued by residents)

Non-residents' portfolio investment in French securities, or liabilities, stood at EUR 2,296.9 billion at the end of 2009, compared to 1,855.0 billion at the end of 2008 (see Table T3-7). The increase of 441.9 billion can be broken down into 330.7 billion in non-residents' purchases of French securities in 2009 and 111.3 billion in revaluations.

Non-residents' portfolios of French equity securities increased sharply from 347.4 billion at the end of 2008 to 455.3 billion at the end of 2009. The increase results from both price increases and non-residents' purchases of 30.7 billion in French equity securities. However, it does not quite offset the decline in 2008 and the proportion of equity securities in total liabilities, which stood at 30.4% at the end of 2007,

Negotiable government securities held by non-residents C3-7

(EUR billions)



Liabilities
By resident issuers' sector
T3-7

(EUR billions)

	Stocks at end of year		
	2007	2008	2009
	-1,987.9	**-1,855.0**	**-2,296.9**
General government	**-624.2**	**-756.3**	**-899.5**
Fungible long-term Treasury bonds (OAT)	-369.7	-426.1	-463.5
Other bonds and notes	-47.7	-45.0	-59.2
Treasury notes and bills (BTAN and BTF)	-203.3	-270.8	-357.6
Other money market instruments	-3.5	-14.5	-19.1
Monetary financial institutions	**-505.4**	**-491.3**	**-552.7**
Equity securities	-65.2	-28.9	-54.2
Mutual fund shares/units	-26.0	-25.9	-25.4
Bonds and notes	-357.3	-385.1	-415.6
of which: foreign currencies	*-111.2*	*-120.0*	*-117.6*
Money market instruments	-56.8	-51.4	-57.5
Other sectors	**-858.4**	**-607.4**	**-844.7**
Equity securities	-539.6	-318.5	-401.1
Mutual fund shares/units	-89.4	-61.0	-88.5
Bonds and notes	-224.1	-219.5	-344.7
of which: foreign currencies	*-61.2*	*-58.7*	*-107.2*
Money market instruments	-5.3	-8.3	-10.4

showed virtually no increase in 2009 and ended the year at 19.8%. At the same time, non-residents' share of equity investment in French CAC 40 companies stood at 42.3% at the end of 2009, compared to 40.2% in 2008.[5]

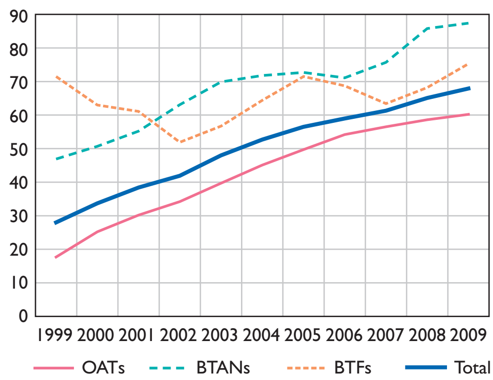
Debt securities of all maturities accounted for nearly 75% of portfolio investment liabilities. Massive purchases in 2009 of EUR 282.5 billion in French securities account for nearly 90% of this increase in stocks.

The proportion liabilities made up of government securities declined very slightly from 40.8% at the end of 2008 to 39.2% at the end of 2009. Non-residents' share of France's negotiable government debt stood at 67.9% at the end of 2009, compared to 65.1% at the end of 2008 and 61.3% at the end of 2007 (see Charts C3-7 and C3-8).[6]

The breakdown of government securities held by non-residents by geographical area (see Table T3-8) shows the dominance of non-residents outside of the euro area, who held EUR 533.4 billion out of a total of 899.5 billion at the end of 2009.

Share of OATs, BTANs and BTFs held by non-residents
C3-8

(%)



5 See the article "La détention par les non-résidents des sociétés françaises du CAC 40" in the June 2010 edition of the Bulletin de la Banque de France.
6 The geographical distributions presented above are compiled from the returns filed by resident custodians about their foreign customers' positions. Some or all of these customers may be intermediaries that are not of the same nationality as the ultimate investor. In view of the very high proportion of government securities held with custodians in France (97% for central government debt securities) and various comparisons, the amount of liabilities towards the euro area shown in Table T3-8 should be interpreted as an upper bound for the actual figure. Furthermore, investments in government securities, other than those issued by the central government, held with foreign custodians and assumed to be held by non-residents came to EUR 14.7 billion at the end of 2009 and were counted as held outside the euro area.

Positions in government securities *T3-8*

(EUR billions)

	2007	2008	2009
Euro area assets	353.3	436.1	496.8
Euro area liabilities	-251.3	-280.8	-366.0
Net position in euro area securities	**102.0**	**155.3**	**130.8**
Assets outside of the euro area	79.9	116.5	88.8
Liabilities outside of the euro area	-372.9	-475.5	-533.4
Net position in securities outside the euro area	**-292.9**	**-358.9**	**-444.7**
Net position in all areas	**-190.9**	**-203.6**	**-313.9**

3| Loan-deposit position of MFIs

As it did in 2008, the loan-deposit net negative position of resident MFIs shrank by 79.7 billion in 2009 to 206.9 billion. This change results from a decrease of 148 billion in liabilities, which was offset in part by a 68.3 billion decrease in assets. The decrease in the net position was more pronounced for the position in euro, which shrank by 58 billion, than for the position in foreign currencies, which was down by 21.7 billion (see Table T3-9).

The decrease in resident MFIs' net liabilities in foreign currencies affected both countries outside the euro area, with a decrease of 11.1 billion, and euro area countries, with a decrease of 10.6 billion.

Transaction flows in 2009 account for 17.5 billion of the decrease (see Chapter 2, Section 3|2). Exchange rate effects were limited and resulted from variations in the exchange rate for sterling.

The position in euro vis-à-vis euro area countries showed a surplus of 112.8 billion and the position in euro vis-à-vis countries outside of the euro area showed a deficit of 158.8 billion. Both positions improved, the first by 27.1 billion and the second by 30.9 billion.

Resident MFIs' loans and deposits in euro and foreign currencies *T3-9*

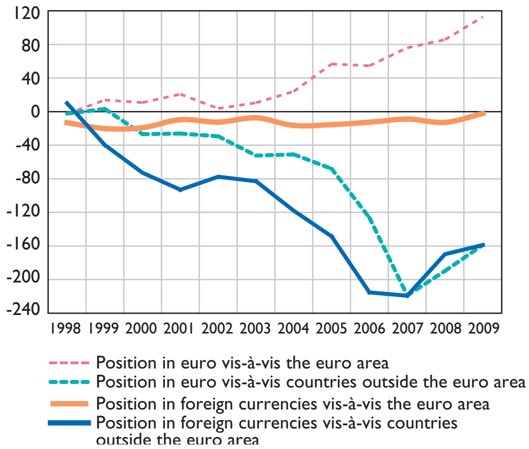
(EUR billions)

	Amount end 2007 (a)	**Amount end 2008** (a)	**Amount end 2009** (a)	**Variation end 2009** (b)
Assets	**1,094.7**	**1,058.6**	**990.3**	**-68.3**
Euro	709.2	691.3	655.4	-35.9
Vis-à-vis the euro area	*415.2*	*407.3*	*400.7*	*-6.6*
Vis-à-vis countries outside the euro area	*294.0*	*284.0*	*254.7*	*-29.3*
Foreign currencies	385.5	367.3	334.9	-32.4
Vis-à-vis the euro area	*40.3*	*37.2*	*37.1*	*-0.2*
Vis-à-vis countries outside the euro area	*345.3*	*330.1*	*297.9*	*-32.2*
Liabilities	**-1,465.6**	**-1,345.2**	**-1,197.3**	**148.0**
Euro	-852.0	-795.2	-701.3	93.9
Vis-à-vis the euro area	*-339.3*	*-321.6*	*-287.9*	*33.7*
Vis-à-vis countries outside the euro area	*-512.7*	*-473.6*	*-413.5*	*60.2*
Foreign currencies	-613.6	-550.1	-495.9	54.1
Vis-à-vis the euro area	*-49.2*	*-50.1*	*-39.3*	*10.8*
Vis-à-vis countries outside the euro area	*-564.4*	*-499.9*	*-456.6*	*43.3*
Net position	**-370.9**	**-286.6**	**-206.9**	**79.7**
Euro	-142.8	-103.9	-45.9	58.0
Vis-à-vis the euro area	*76.0*	*85.7*	*112.8*	*27.1*
Vis-à-vis countries outside the euro area	*-218.8*	*-189.6*	*-158.8*	*30.9*
Foreign currencies	-228.1	-182.7	-161.0	21.7
Vis-à-vis the euro area	*-8.9*	*-12.9*	*-2.2*	*10.6*
Vis-à-vis countries outside the euro area	*-219.2*	*-169.8*	*-158.8*	*11.1*

(a) Amounts with: no sign: net assets.
(-) sign: net liabilities.
(b) Variations with: no sign: increase in assets or decrease in liabilities.
(-) sign: decrease in assets or increase in liabilities.

Net loan-deposit position of MFIs *C3-9*

(EUR billions)



The changes vis-à-vis the euro area were particularly pronounced with Italy, Spain and, to a lesser extent, Belgium. The changes with regard to countries outside the euro area primarily concern offshore centres, such as Switzerland and, to a lesser extent, China (see Table STAT_4.12 in Part Two).

The Banque de France's international investment position is analysed in Chapter 2 (see also Table STAT_4.14 in Part Two).

4| Reserve assets

Gross reserve assets decreased by 18.4 billion in 2009 to stand at 92.4 billion at the end of the year (see Table T3-10).

Reserve assets *T3-10*

(EUR billions)

	Stocks at end of year (a)			Variation 2009 (b)	Decomposition of the variation in 2009	
	2007	**2008**	**2009**		**Flows** (b) (c)	**Impact of monthly revaluations and other adjustments**
Gold	47.6	49.8	60.0	10.2	-1.3	11.5
SDRs	0.7	0.7	10.6	9.9	0.0	9.9
Reserve position in the IMF	0.8	1.6	2.6	1.0	1.0	0.0
Currencies (outside euro area)	29.6	21.8	19.2	-2.6	-3.6	1.0
Gross reserve assets	**78.6**	**74.0**	**92.4**	**18.4**	**-3.9**	**22.3**
Foreign currencies vis-à-vis euro area residents	15.9	65.0	18.5	-46.5	-49.9	3.4
France	*10.5*	*58.9*	*11.3*	*-47.6*	*-51.0*	*3.4*
Other countries	*5.4*	*6.1*	*7.2*	*1.1*	*1.1*	*0.0*
Official foreign exchange reserves (d)	**94.5**	**139.0**	**110.9**	**-28.1**	**-53.8**	**25.7**
Liabilities (e)	-12.8	-55.7	-9.8	45.9	48.8	-2.9
Net foreign exchange reserves (f)	**81.7**	**83.3**	**101.1**	**17.8**	**-5.0**	**22.8**
Price of a kg of gold in the reserves in euro	*18,269.21*	*19,983.05*	*24,638.61*			
USD/EUR rate	*1.4721*	*1.3917*	*1.4406*			
SDR/EUR rate	*0.93156*	*0.90354*	*0.91893*			

(a) Stocks with no sign are assets, stocks with (-) sign are liabilities.
(b) Variations and flow: no sign means an increase in assets or a decrease in liabilities.
(-) sign means a decrease in assets or an increase in liabilities.
(c) Flows are calculated at the rate used for the balance of payments, which is the average monthly rate, and expressed in the opposite direction to that recorded in the balance of payments.
(d) Concept including foreign currency assets vis-à-vis residents of the euro area in the joint press release from the Ministry of the Economy, Finance and Employment and the Banque de France.
(e) Temporary outflows of financial assets in foreign currencies. Since 2007, these have included liabilities in dollars linked to swaps that the ECB entered into in consultation with the US Federal Reserve System. The data under this item are recorded under the Other investment – Banque de France item in the balance of payments.
(f) Special Data Dissemination Standard (SDDS) concept: publication of the joint press release from the Ministry of the Economy, Industry and Employment and the Banque de France since 30 June 1999.

France's position vis-à-vis the International Monetary Fund T3-11

(billions)

	End 2008	End 2009	Variation
Assets	**10.7**	**11.0**	**0.3**
Quota (in SDRs)	10.7	10.7	0.0
Loans to IMF (in SDRs)	0.0	0.3	0.3
Liabilities: IMF's holding in national currency (in SDRs)	**-9.2**	**-8.7**	**0.5**
Net position vis-à-vis the IMF			
In SDRs	1.5	2.3	0.8
In euro	1.6	2.6	1.0

Revaluations and, more specifically, revaluations of gold assets, contributed 22.3 billion to the improvement in the reserve assets position. Allocations of Special Drawing Rights also contributed (see Box 3.2 below). Balance of payments transactions made a negative contribution of 3.9 billion.

Gold assets increased by 10.2 billion between the end of 2008 and the end of 2009. The impact of rising gold prices was 11.5 billion, far more than the 1.3 billion in gold sales during the year under the terms of the agreement reached in 2004 between fifteen European central banks.

SDR assets increased by 9.9 billion as a result of the allocations granted by the IMF in 2009 (see Box 3.2, "New SDR allocations in 2009").

Gross foreign currency reserves were down by 2.6 billion as a result of a contraction of 3.6 billion in the investments recorded in the balance of payments, which was partially offset by the revaluation of 1 billion of foreign currencies included in reserve assets.

France's credit position vis-à-vis the International Monetary Fund (IMF) increased by 1 billion in 2009 as the result of a 0.3-billion loan granted to the IMF under the plan to fight the financial crisis and a 0.5-billion decrease in the IMF's assets in national currency. France's quota remained the same (see Table T3-11).

Box 3.2

New allocations of SDRs in 2009

In response to the international economic and financial crisis the IMF made two allocations of SDRs (Special Drawing Rights) in 2009 to increase liquidity in the global economic system by supplementing its resources, thereby adding to the member countries' foreign exchange reserves.

The IMF created SDRs in 1969. They are not deemed to be a currency and they do not constitute a claim on the IMF. However, countries may obtain other currencies in exchange for SDRs. [1] *Their holdings of SDRs are treated as foreign currency assets and included in national foreign exchange reserves.* [2] *The IMF can opt for two types of allocations: general allocations for long-term general needs and special allocations.*

A general allocation of 161.2 billion SDRs (or USD 250 billion) took place on 28 August, and was followed by a special allocation of 21.4 billion SDRs (USD 33 billion) on 9 September.

1 SDRs are also used as a unit of account by the IMF and several other international organisations. The value of an SDR is determined by a basket of currencies and the composition of the basket is reviewed every 5 years.
2 Trading in SDRs may lead to a situation where a member country's SDR holdings are not the same as its allocation. Countries are paid interest if their holdings of SDRs are greater than their allocations and they must pay interest if their holdings are smaller than their allocation.

.../...

Such transactions in France led to an increase in the allocations of SDRs by 7.961 billion SDRs in August, (EUR 8.7 billion), and an increase of 1.094 billion SDRs in September (EUR 1.2 billion).

According to the current international balance of payments standards (Balance of Payments Manual, fifth edition), flows related to allocations of SDRs are not recorded in balance of payments flows. On the other hand, buying and selling SDRs are considered to be balance of payments transactions and these transactions have an impact on "assets in SDRs", as well as the reserve assets item or liabilities of other investments of monetary authorities, depending on the direction of the transaction.

Under the current international standards, a new allocation of SDRs increases the net international investment position. The countries that receive allocations of SDRs are not under an unconditional obligation to repay the allocations; the allocation of SDRs is not recorded as a liability. Such transactions, therefore, give rise to the difference between the international investment position and the balance of payments (shown in Table T3-10 under "other adjustments").

The sixth edition of the IMF Balance of Payments Manual is supposed to come into force in 2014. It stipulates that allocations will be recorded as an increase in the monetary authorities' liabilities under the "other investment" item, with a corresponding increase in reserve assets held as SDRs. This means that any further allocations of SDRs will have a neutral effect on the balance of payments and the international investment position.

Revisions of 2007 and 2008 international investment position data

Principal components of the international investment position

(EUR billions)

	2007			2008		
	2008 Annual Report	2009 Annual Report	Difference	2008 Annual Report	2009 Annual Report	Difference
Foreign direct investment						
At book value	**231.8**	**240.8**	**9.0**	**291.5**	**311.8**	**20.4**
At market value	**370.0**	**370.4**	**0.4**	**196.4**	**278.2**	**81.9**
Outward						
At book value	877.4	889.8	12.5	1,003.8	997.6	-6.2
At market value	1,227.0	1,226.5	-0.5	936.1	939.9	3.9
Inward						
At book value	-645.6	-649.1	-3.5	-712.3	-685.8	26.6
At market value	-856.9	-856.1	0.9	-739.7	-661.7	78.0
Portfolio investment	**48.1**	**26.2**	**-21.9**	**-79.0**	**-20.2**	**58.7**
Foreign securities	2,036.0	2,014.1	-21.9	1,817.2	1,834.7	17.5
Equity securities and mutual fund shares/units	583.7	561.7	-22.0	331.7	326.7	-5.0
Bonds and notes	1,325.8	1,325.8	0.0	1,315.0	1,301.5	-13.5
Money market instruments	126.6	126.7	0.1	170.6	206.5	35.9
Domestic securities	-1,987.9	-1,987.9	0.0	-1,896.2	-1,855.0	41.3
Equity securities and mutual fund shares/units	-720.3	-720.3	0.0	-433.7	-434.3	-0.6
Bonds and notes	-1,152.3	-1,152.3	0.0	-1,294.7	-1,252.1	42.6
Money market instruments	-115.3	-115.3	0.0	-167.9	-168.5	-0.6
Financial derivatives	**-74.5**	**-71.6**	**2.9**	**-67.5**	**-55.3**	**12.3**
Other investment (excluding reserve assets)	**-427.9**	**-433.0**	**-5.1**	**-496.2**	**-508.4**	**-12.2**
Trade credits and payments on account	8.7	2.0	-6.6	11.9	-1.2	-13.1
Other investment of the Banque de France	-48.2	-48.2	0.0	-187.2	-187.2	0.0
Other investment of general government	6.1	7.6	1.5	-0.2	2.2	2.4
MFIs' deposit/loan position	-370.9	-370.9	0.0	-286.6	-286.6	0.0
Deposit/loan position of other sectors (a)	-23.6	-23.6	0.0	-34.0	-35.6	-1.5
Reserve assets	**78.6**	**78.6**	**0.0**	**74.0**	**74.0**	**0.0**
Balance						
With direct investment at book value	-143.8	-159.0	-15.2	-277.3	-198.1	79.1
With direct investment at market value	-5.7	-29.4	-23.7	-372.4	-231.7	140.6

(a) Non-financial corporations, insurance companies, investment firms, mutual funds other than money market funds and households.

…/…

Several items in France's international investment position at the end of 2007 and 2008 have been revised in this Annual Report*.*

Revisions to the book value of stocks of foreign direct investment concerning the second to last year before publication (2008 in this case) are a usual occurrence related to the availability of survey data on foreign direct investment at the end of the first quarter of 2010.

Some of the revisions to the market value of stocks of foreign direct investment at the end of 2008, particularly the stock of inward foreign direct investment, are the direct result of changes affecting the book value, since this value is used as a basis for calculating market value. Some of the revisions stem from the greater accuracy of the calculations of capitalisation ratios for the valuation of non-residents' equity capital investment in resident unlisted companies. When the previous report was being drafted, not all of the 2008 financial statements of the reference population used to calculate the market value of stocks of inward foreign direct investment, which is made up of the companies in the SBF 250 index, excluding the CAC 40 companies, were available, which skewed the calculation of the capitalisation ratios.

The revisions to the securities position stem from the supplementary statistical returns provided by some custodians and the use of new data sources, such as the ECB's Centralised Securities Database (CSDB), which provide greater detail about the characteristics and valuation of securities.

Various corrections of problems with the valuation of foreign mutual fund shares/units acquired in 2006 and counted as assets meant that the revised stocks of mutual fund shares/units were reduced by a total of 22 billion euro at the end of 2007 and 5 billion at the end of 2008.

Revisions to liabilities primarily affected non-residents' positions in long-term debt securities at the end of 2008, which are determined indirectly by the difference between total issuance and residents' holdings. These holding were revised and increased as a result of statistical returns received from custodians after the previous report went to press. In addition, corrections were made to some reports concerning pledging of securities to the Banque de France.

Stocks of trade credits and payments on account were revised substantially at the end of 2007 and the end of 2008. There are two reasons for these revisions: closer monitoring of data collection and changes in the population of companies covered by the "Etat 84" survey used to value trade credits. The changing population of respondent companies meant that data from a large industrial company that did not start responding to the survey until the second quarter of 2009 could be taken into account, with reports dating back to 2007. This substantially changed the stocks of trade credits and payments on account since the end of 2007.

Summary of statistics

Series I – Trade in services

Geographical structure of trade in travel services

STAT_I.1

(EUR billions)

	2007			2008			2009		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
European Union (27 members)	**28.7**	**14.3**	**14.3**	**27.3**	**14.9**	**12.5**	**25.7**	**14.5**	**11.3**
Economic and Monetary Union (16 members)	**21.1**	**12.2**	**8.9**	**20.5**	**12.6**	**7.9**	**19.9**	**12.3**	**7.6**
of which: Germany	6.2	1.5	4.7	5.7	1.7	4.1	5.1	1.6	3.5
Austria	0.2	0.3	0.0	0.3	0.3	0.1	0.3	0.2	0.0
Belgium	4.2	1.0	3.2	4.6	1.2	3.4	4.8	1.2	3.6
Spain	2.3	3.6	-1.3	2.3	3.8	-1.6	1.9	3.8	-2.0
Finland	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.0
Greece	0.2	0.7	-0.5	0.1	0.7	-0.6	0.2	0.9	-0.7
Ireland	0.4	0.2	0.3	0.3	0.2	0.1	0.3	0.2	0.1
Italy	3.3	2.8	0.5	3.4	2.8	0.6	3.3	2.5	0.8
Luxembourg	0.5	0.9	-0.4	0.4	1.0	-0.5	0.5	0.9	-0.4
Netherlands	3.2	0.3	2.9	2.8	0.3	2.5	3.2	0.3	2.9
Portugal	0.3	0.7	-0.4	0.3	0.5	-0.2	0.4	0.5	-0.1
Other European Union countries	**7.5**	**2.1**	**5.5**	**6.8**	**2.2**	**4.6**	**5.8**	**2.2**	**3.7**
of which: Denmark	0.3	0.0	0.3	0.3	0.0	0.2	0.3	0.0	0.3
Hungary	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.1	-0.1
Poland	0.1	0.1	0.0	0.2	0.1	0.1	0.1	0.1	0.0
Czech Republic	0.1	0.1	0.0	0.2	0.1	0.0	0.1	0.1	0.0
Romania	0.3	0.1	0.2	0.2	0.1	0.1	0.1	0.0	0.1
United Kingdom	6.2	1.5	4.7	5.5	1.7	3.8	4.8	1.7	3.1
Sweden	0.3	0.0	0.2	0.3	0.1	0.2	0.2	0.1	0.2
Other industrialised countries (8)	**6.7**	**4.3**	**2.5**	**6.9**	**4.0**	**2.9**	**6.1**	**3.5**	**2.6**
of which: Australia	0.4	0.2	0.2	0.7	0.2	0.5	0.6	0.2	0.4
Canada	0.6	0.6	0.0	0.6	0.3	0.3	0.5	0.4	0.2
United States	2.0	1.4	0.7	2.2	1.3	1.0	1.7	0.9	0.8
Japan	0.3	0.2	0.1	0.3	0.3	0.1	0.3	0.2	0.1
Norway	0.3	0.2	0.1	0.3	0.2	0.1	0.2	0.1	0.1
Switzerland	2.9	1.5	1.4	2.7	1.6	1.1	2.7	1.7	1.0
Rest of world	**4.2**	**9.3**	**-5.1**	**4.2**	**9.3**	**-5.1**	**3.6**	**9.6**	**-6.1**
of which: Algeria	0.1	0.1	0.0	0.2	0.1	0.1	0.2	0.1	0.2
Saudi Arabia	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1
Brazil	0.2	0.2	0.0	0.5	0.2	0.3	0.4	0.4	0.0
Chile	0.4	0.0	0.4	0.0	0.1	-0.1	0.0	0.0	0.0
China	0.4	0.6	-0.3	0.3	0.2	0.1	0.3	0.3	0.0
South Korea	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1
Croatia	0.0	0.3	-0.3	0.0	0.3	-0.3	0.0	0.2	-0.2
Egypt	0.1	0.6	-0.5	0.0	0.6	-0.6	0.0	0.7	-0.6
United Arab Emirates	0.0	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0
India	0.1	0.2	-0.1	0.1	0.3	-0.2	0.1	0.3	-0.2
Maldives	0.0	0.0	0.0	0.0	0.2	-0.2	0.0	0.3	-0.3
Morocco	0.3	0.9	-0.6	0.4	0.9	-0.5	0.3	0.7	-0.4
Mexico	0.2	0.4	-0.1	0.2	0.3	-0.1	0.2	0.2	0.0
Dominican Republic	0.0	0.4	-0.4	0.0	0.4	-0.4	0.0	0.3	-0.3
Russia	0.1	0.2	-0.1	0.2	0.2	0.0	0.1	0.2	-0.1
Thailand	0.0	0.2	-0.2	0.0	0.2	-0.1	0.0	0.2	-0.2
Tunisia	0.2	1.2	-0.9	0.2	1.3	-1.1	0.1	1.2	-1.1
Turkey	0.1	0.3	-0.2	0.1	0.5	-0.4	0.1	0.5	-0.4
Vietnam	0.0	0.2	-0.2	0.0	0.3	-0.3	0.0	0.3	-0.3
Total	**39.6**	**27.9**	**11.7**	**38.5**	**28.1**	**10.3**	**35.4**	**27.6**	**7.8**

Note: See "Definition of geographical areas" at the end of this report.

Geographical structure of trade in services excluding transportation, travel and merchanting STAT_1.2

(EUR billions)

	2007			2008			2009		
	Receipts	Payments	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
European Union (27 members)	**17.0**	**23.5**	**-6.5**	**17.6**	**23.8**	**-6.1**	**16.3**	**23.4**	**-7.1**
Economic and Monetary Union (16 members)	**10.5**	**16.1**	**-5.6**	**11.6**	**16.3**	**-4.7**	**10.5**	**16.0**	**-5.5**
of which: Germany	2.7	5.6	-2.9	2.8	5.4	-2.6	3.2	5.7	-2.6
Austria	0.1	0.4	-0.2	0.1	0.3	-0.2	0.1	0.3	-0.2
Belgium	1.3	1.9	-0.6	1.6	1.9	-0.3	1.1	1.8	-0.7
Spain	1.8	1.1	0.6	1.8	1.1	0.7	1.6	1.2	0.4
Finland	0.1	0.1	0.0	0.2	0.1	0.1	0.1	0.1	0.0
Greece	0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0
Ireland	0.7	1.1	-0.4	0.9	1.1	-0.3	0.8	1.3	-0.5
Italy	1.3	2.3	-1.0	1.4	2.2	-0.9	1.1	2.0	-0.9
Luxembourg	0.6	1.0	-0.4	0.6	1.1	-0.5	0.4	1.1	-0.6
Netherlands	1.5	2.2	-0.8	1.5	2.3	-0.8	1.6	2.2	-0.6
Portugal	0.3	0.3	0.0	0.3	0.2	0.1	0.3	0.2	0.1
Other European Union countries	**6.5**	**7.4**	**-0.9**	**6.0**	**7.4**	**-1.4**	**5.9**	**7.5**	**-1.6**
of which: Denmark	0.1	0.2	0.0	0.1	0.2	0.0	0.1	0.2	-0.1
Hungary	0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0
Poland	0.2	0.2	0.0	0.3	0.2	0.0	0.2	0.2	0.0
Czech Republic	0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.2	-0.1
Romania	0.1	0.1	0.0	0.2	0.3	-0.1	0.1	0.2	-0.1
United Kingdom	5.1	5.6	-0.5	4.5	5.2	-0.8	4.6	5.1	-0.5
Sweden	0.2	1.0	-0.8	0.2	1.1	-0.9	0.2	1.3	-1.2
Other industrialised countries (8)	**9.7**	**10.2**	**-0.4**	**9.9**	**9.2**	**0.7**	**9.6**	**9.9**	**-0.3**
of which: Australia	0.4	0.2	0.2	0.2	0.1	0.0	0.2	0.2	0.0
Canada	0.6	0.7	-0.1	0.6	0.8	-0.2	0.4	0.7	-0.2
United States	6.8	6.2	0.6	6.6	5.2	1.3	6.3	5.7	0.6
Japan	0.4	0.4	0.0	0.5	0.5	0.0	0.5	0.6	-0.1
Norway	0.2	0.1	0.0	0.2	0.1	0.1	0.5	0.3	0.2
Switzerland	1.4	2.6	-1.2	1.9	2.4	-0.5	1.7	2.4	-0.7
Rest of world	**9.1**	**5.2**	**3.9**	**10.9**	**6.6**	**4.3**	**11.3**	**6.8**	**4.5**
of which: South Africa	0.2	0.1	0.1	0.2	0.1	0.1	0.3	0.1	0.2
Algeria	0.2	0.1	0.1	0.3	0.1	0.2	0.5	0.1	0.4
Angola	0.3	0.1	0.3	0.4	0.0	0.3	0.5	0.1	0.4
Saudi Arabia	0.5	0.1	0.3	0.6	0.1	0.5	0.4	0.1	0.3
Bahrain	0.1	0.0	0.1	0.1	0.0	0.1	0.3	0.0	0.2
Brazil	0.3	0.1	0.2	0.5	0.2	0.3	0.6	0.2	0.5
China	0.3	0.3	0.0	0.5	0.4	0.1	0.3	0.4	0.0
South Korea	0.2	0.1	0.1	0.4	0.3	0.1	0.3	0.3	0.0
Egypt	0.1	0.1	0.0	0.1	0.1	0.0	0.2	0.3	-0.1
United Arab Emirates	0.5	0.2	0.3	0.5	0.2	0.3	0.6	0.3	0.2
Hong Kong	0.1	0.4	-0.3	0.1	0.4	-0.3	0.2	0.3	-0.1
India	0.2	0.2	0.0	0.2	0.2	0.0	0.2	0.3	-0.1
Morocco	0.4	0.3	0.1	0.4	0.3	0.1	0.5	0.4	0.0
Mexico	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0
Nigeria	0.4	0.1	0.3	0.4	0.1	0.4	0.3	0.1	0.3
Qatar	0.5	0.1	0.4	0.2	0.1	0.1	0.3	0.1	0.2
Russia	0.3	0.3	0.0	0.7	0.6	0.1	0.3	0.4	-0.1
Singapore	0.5	0.2	0.3	0.4	0.2	0.2	0.4	0.3	0.1
Tunisia	0.1	0.1	0.0	0.1	0.1	-0.1	0.1	0.2	-0.1
Turkey	0.1	0.1	0.0	0.2	0.2	0.0	0.2	0.1	0.1
Total	**35.9**	**38.9**	**-3.0**	**38.4**	**39.5**	**-1.1**	**37.3**	**40.1**	**-2.8**

Note: See "Definition of geographical areas" at the end of this report.

Box

Foreign direct investment statistics by sector: the switch to the new NAF rev. 2 activity classification

France's NAF activity classification was revised on 1 January 2008. NAF rev. 2 replaced NAF rev. 1, which had been in force since 1 January 2003. This revision was part of a comprehensive revision of activity classifications at the global, European and domestic levels. The presentation of the foreign direct investment flows and stocks in this report is based on NAF rev 2.

The network of activity classifications in use up until 2007 had primarily been designed in the nineteen-eighties and implemented at the start of the nineteen-nineties. Technological change and changes in the business and social organisation of companies had made the old classification obsolete. Furthermore, some countries, such as the United States, Canada and Japan, had developed specific classifications that were incompatible with the ones used in Europe. Therefore, the United Nations started a process for a comprehensive revision of activity classifications at the end of the nineteen-nineties. There were two stages in the process. First a rapid update of only about twenty items in the activity classifications that left the former structure unchanged. This was "revision 1" and it was implemented on 1 January 2003 (NAF rev. 1 for France). A second, more sweeping, revision followed, with a complete recasting of the concepts, the aggregated structures and the individual items. Work started in 2000 and led to the application of "revision 2" or "2008 revision" (NAF rev. 2 for France) on 1 January 2008.

The two primary objectives of the "2008 revision" were to modernise the activity classification so that it reflects economic changes over the last twenty years and to improve the comparability of the major classification systems used in the world to facilitate international comparisons of economic data.

The structure of the activity classifications has been changed substantially to the benefit of services and activities with a high technological content. There are four major changes:

• The creation of two new sections, the first dealing with information and communication (production, distribution, processing and transmission of information and cultural products) combines literary publishing, music publishing, software publishing, broadcasting activities, telecommunication services, data processing services and Internet activities; the second section combines activities relating to the environment (water supply, sewerage, waste management and remediation activities);

• The creation of a division for information and communication technologies (ICTs) in response to the technological convergence between the information, telecommunications and broadcasting industries;

• The separation of business services into "professional, scientific and technical activities" and "administrative and support services activities";

• Systematic identification of maintenance and repair activities, by a division of manufacturing for machinery and equipment repair and maintenance and by a trade group for automobile repair and maintenance and by a service division for repair and maintenance of computers, personal goods and household goods.

The foreign direct investment statistics by sector presented in tables STAT_2.5 and STAT_2.6 (flows) and STAT_4.8 and STAT_4.9 (stocks at book value) are based on the NAF rev. 2 codes associated with the statistical registration numbers of the resident foreign direct investment enterprises for inward foreign direct investment and on the NAF rev. 2 codes associated with the statistical registration numbers of the resident direct investors in the case of outward foreign direct investment

Series 2 – Foreign direct investment flows

Outward foreign direct investment flows

By transaction type

STAT_2.1

(EUR billions)

Year	Net balance of outward and inward foreign direct investment	Outward foreign direct investment	Equity capital (a)	of which mergers and acquisitions (b)	Reinvested earnings	Other capital		
						Long-term	Short-term	Total
1993	-2.8	-17.0	-8.9	nd	0.9	-1.8	-7.3	-9.1
1994	-7.4	-20.6	-8.5	nd	-1.2	-0.9	-10.0	-10.9
1995	6.0	-12.0	-6.1	nd	2.3	-2.1	-6.1	-8.2
1996	-6.6	-23.7	-11.9	nd	-1.1	-2.3	-8.4	-10.8
1997	-11.0	-31.7	-16.1	nd	-1.7	-1.7	-12.2	-13.9
1998	-15.9	-43.7	-21.6	nd	-4.8	-1.1	-16.2	-17.3
1999	-75.4	-119.1	-82.4	-58.2	-11.7	-11.4	-13.7	-25.0
2000	-145.7	-192.6	-151.1	-116.0	-7.8	-2.3	-31.4	-33.7
2001	-40.6	-97.0	-60.9	-41.2	-0.4	-2.9	-32.7	-35.6
2002	-1.5	-53.6	-41.4	-14.8	9.6	-2.7	-19.1	-21.7
2003	-9.4	-47.1	-11.8	-5.3	-1.7	-5.9	-27.6	-33.6
2004	-19.5	-45.7	-25.7	-6.4	-10.5	1.4	-10.9	-9.5
2005	-24.2	-92.5	-27.6	-24.9	-21.7	-15.9	-27.3	-43.2
2006	-31.0	-88.2	-58.3	-45.4	-25.1	14.4	-19.2	-4.8
2007	-49.8	-120.1	-56.6	-51.7	-25.4	-11.8	-26.2	-38.1
2008	-67.5	-110.0	-58.7	-35.8	-5.4	1.9	-47.8	-45.9
2009	-63.0	-105.9	-38.2	-22.8	-2.1	1.6	-67.3	-65.7

Note: Rounding differences mean that an aggregate may not be exactly equal to the sum of its components.
(a) Including real-estate investment.
(b) Mergers and acquisitions resulting in an equity capital transaction exceeding EUR 150 million are recorded in the balance of payments.

Inward foreign direct investment flows

By transaction type

STAT_2.2

(EUR billions)

Year	Net balance of outward and inward foreign direct investment	Inward foreign direct investment	Equity capital (a)	of which mergers and acquisitions (b)	Reinvested earnings	Other capital		
						Long-term	Short-term	Total
1993	-2.8	14.2	9.9	nd	-3.8	0.6	7.5	8.1
1994	-7.4	13.2	7.8	nd	-0.7	1.1	5.0	6.1
1995	6.0	18.0	9.0	nd	-0.5	1.7	7.9	9.6
1996	-6.6	17.1	7.8	nd	-0.8	0.4	9.7	10.2
1997	-11.0	20.6	11.6	nd	0.5	1.3	7.3	8.6
1998	-15.9	27.9	15.2	nd	1.8	0.7	10.2	10.8
1999	-75.4	43.7	18.2	12.6	1.8	1.9	21.7	23.7
2000	-145.7	46.9	29.9	18.8	2.6	4.1	10.3	14.5
2001	-40.6	56.4	23.1	13.3	-2.8	3.8	32.4	36.2
2002	-1.5	52.1	36.0	19.1	-4.8	-2.8	23.6	20.9
2003	-9.4	37.7	15.1	5.1	-1.9	4.2	20.3	24.5
2004	-19.5	26.2	4.2	-5.7	4.8	1.3	15.9	17.2
2005	-24.2	68.3	18.4	5.7	14.2	4.5	31.2	35.7
2006	-31.0	57.3	21.8	3.1	9.5	-0.8	26.8	26.0
2007	-49.8	70.3	22.0	5.0	10.7	1.5	36.0	37.6
2008	-67.5	42.5	15.1	8.1	-1.0	2.4	25.9	28.3
2009	-63.0	42.9	12.0	6.5	2.1	-0.4	29.2	28.8

Note: Rounding differences mean that an aggregate may not be exactly equal to the sum of its components.
(a) Including real-estate investment.
(b) Mergers and acquisitions resulting in an equity capital transaction exceeding EUR 150 million are recorded in the balance of payments.

Flows of outward foreign direct investment

STAT_2.3

By the country of residence of the first counterparty

(EUR billions)

	2007	2008	2009	2009 (%)
European Union (27 members)	**-93.2**	**-65.7**	**-82.1**	**77.5**
Economic and Monetary Union (16 members)	**-82.6**	**-72.4**	**-53.4**	**50.4**
of which: Germany	-5.6	-3.5	-6.8	6.4
Belgium	-4.0	-39.8	-17.6	16.6
Spain	-6.8	-0.8	-1.8	1.7
Ireland	-0.1	-0.2	-2.6	2.4
Italy	-18.0	-1.6	-3.6	3.4
Luxembourg	-8.8	-18.4	-10.8	10.2
Netherlands	-38.4	-7.0	-6.9	6.5
Other European Union countries	**-10.6**	**6.8**	**-28.7**	**27.1**
of which: Poland	-1.6	-0.8	-1.6	1.5
Czech Republic	-0.9	-0.9	-1.6	1.5
Romania	-0.6	-1.2	-0.6	0.6
United Kingdom	-6.3	14.4	-21.8	20.6
Sweden	0.0	-3.5	-2.2	2.1
Other industrialised countries (8)	**-14.4**	**-14.8**	**-10.5**	**9.9**
of which: United States	-19.4	-13.4	-2.4	2.3
Japan	-0.5	-0.1	-0.3	0.2
Switzerland	-1.1	-0.3	-6.9	6.5
Rest of world	**-12.5**	**-29.5**	**-13.3**	**12.6**
of which: Angola	-0.5	-0.4	-1.0	1.0
Brazil	-1.4	-2.4	-3.5	3.3
China	-0.9	-1.3	-1.0	0.9
Egypt	-0.4	-8.8	-0.1	0.1
Hong Kong	-1.5	-0.9	-0.7	0.7
India	-0.4	-0.5	-0.5	0.5
Morocco	-0.4	-0.7	-0.9	0.8
Russia	-0.9	-4.5	-0.7	0.6
Singapore	-0.5	-0.9	-0.6	0.5
Turkey	-0.7	-0.6	-0.5	0.5
Total	**-120.1**	**-110.0**	**-105.9**	**100.0**

Note: See "definition of geographical areas" at the end of the annual report.

Flows of inward foreign direct investment

STAT_2.4

By the country of residence of the first counterparty

(EUR billions)

	2007	2008	2009	2009 (%)
European Union (27 members)	**55.2**	**31.2**	**33.0**	**76.9**
Economic and Monetary Union (16 members)	**43.5**	**29.5**	**19.7**	**46.0**
of which: Germany	9.2	6.9	-0.3	-0.7
Belgium	10.5	3.4	5.5	12.8
Spain	4.3	-3.7	1.7	4.0
Ireland	0.5	3.0	0.5	1.2
Italy	0.0	-3.0	2.5	5.8
Luxembourg	11.1	17.5	-0.5	-1.1
Netherlands	8.1	4.3	9.8	22.8
Other European Union countries	**11.7**	**1.7**	**13.3**	**30.9**
of which: Poland	0.3	1.1	0.6	1.4
Czech Republic	0.1	0.1	0.5	1.3
Romania	-0.1	0.2	0.3	0.6
United Kingdom	10.9	-0.9	10.3	24.0
Sweden	0.0	0.4	0.5	1.1
Other industrialised countries (8)	**10.3**	**10.1**	**3.4**	**7.9**
of which: United States	8.1	5.4	-1.0	-2.4
Japan	0.2	1.0	0.7	1.7
Switzerland	3.3	2.2	2.6	6.2
Rest of world	**4.8**	**1.2**	**6.5**	**15.2**
of which: Bermuda	0.7	0.2	0.7	1.6
Brazil	0.2	0.2	-0.1	-0.3
China	0.4	-0.1	0.1	0.3
United Arab Emirates	0.2	-1.1	3.1	7.1
Hong Kong	0.2	0.3	0.2	0.4
India	0.1	0.0	0.0	0.0
Lebanon	0.7	-0.1	0.4	0.8
Russia	0.2	0.1	0.2	0.4
Singapore	0.8	0.2	0.2	0.4
Turkey	0.0	0.2	0.1	0.2
Total	**70.3**	**42.5**	**42.9**	**100.0**

Note: See "definition of geographical areas" at the end of the annual report.

Outward foreign direct investment flows by sector (a)

STAT_2.5

(EUR billions)

	2006	2007	2008	2009	2009 (%)
Agriculture, forestry and fishing	**0.0**	**-0.1**	**-0.1**	**0.0**	**0.0**
Mining and quarrying	**-0.1**	**0.1**	**-0.7**	**-2.5**	**2.4**
of which: Extraction of crude petroleum and natural gas	-0.1	0.1	-0.7	-2.4	2.3
Manufacturing	**-31.8**	**-30.3**	**-35.2**	**-14.2**	**13.4**
of which: Manufacture of food products and beverages	-2.8	-11.0	-5.3	-0.7	0.6
Manufacture of textiles and wearing apparel	-0.6	-1.3	-2.5	-0.9	0.9
Manufacture of wood products, publishing and printing	-0.7	0.4	0.1	-0.8	0.7
Manufacture of coke and refined petroleum products	-0.7	-0.2	-0.3	-0.4	0.4
Manufacture of chemicals and chemical products	-2.0	-1.0	-1.9	-1.1	1.1
Manufacture of pharmaceutical products	-4.6	-1.8	-0.5	-3.7	3.5
Manufacture of rubber and plastic products	-0.9	-0.6	-0.2	0.3	-0.3
Manufacture of metal products	-1.3	-4.7	-0.9	-2.6	2.4
Manufacture of computer, electronic and optical products	-9.7	1.6	-0.1	-0.8	0.8
Manufacture of machinery and equipment	0.2	2.0	-1.1	-1.6	1.5
Manufacture of motor vehicles	-1.8	1.1	-2.6	-0.9	0.8
Manufacture of other transport equipment	-0.3	-0.6	-2.3	-2.3	2.1
Electricity, gas, steam and air conditioning supply	**1.2**	**3.2**	**-9.8**	**-13.5**	**12.7**
Water supply, sewerage, waste management and remediation	**-2.3**	**-1.9**	**-0.9**	**-1.1**	**1.1**
of which: Water collection, treatment and supply	-1.4	-1.7	-0.6	-0.9	0.9
Construction	**-0.7**	**-1.1**	**-0.2**	**-3.9**	**3.7**
Wholesale and retail trade, repair of motor vehicles and motor cycles	**-6.0**	**-1.5**	**-14.1**	**-19.4**	**18.3**
of which: Wholesale trade	-7.6	3.0	-8.8	-15.1	14.2
Retail trade	1.1	-3.7	-4.3	-1.6	1.5
Transportation and storage	**-1.6**	**-1.7**	**-0.4**	**-1.1**	**1.1**
of which: Land transport and transport via pipelines	-1.0	-0.3	-0.1	0.0	0.0
Water transport	0.1	-0.2	0.3	-0.1	0.1
Air transport	-0.3	-0.3	-0.3	-0.4	0.4
Warehousing and support activities for transportation	-0.4	-0.7	-0.4	-0.6	0.6
Accommodation and food service activities	**-0.5**	**-2.1**	**-1.5**	**-1.6**	**1.5**
Information and communication	**-2.2**	**-12.8**	**2.4**	**-5.1**	**4.9**
of which: Motion pictures, video and television programme activities	1.1	-0.1	0.1	-0.7	0.7
Telecommunications	-0.2	-7.6	3.8	-1.6	1.6
Financial and insurance activities	**-32.9**	**-34.1**	**-30.8**	**-29.5**	**27.8**
of which: Financial service activities, except insurance and pension funding	-20.8	-31.1	-20.9	-23.7	22.4
of which: Activities of holding companies	-3.6	-17.8	-7.3	-7.2	6.8
Insurance	-1.1	-3.1	-5.5	-6.0	5.6
Real estate activities (b)	**-0.9**	**-15.9**	**-2.7**	**-4.1**	**3.9**
Professional, scientific and technical activities	**-3.4**	**-10.3**	**-4.0**	**-5.4**	**5.1**
of which: Legal and accounting activities	-0.7	-0.2	0.0	-0.3	0.3
Activities of head offices; management consultancy activities	-0.5	-0.5	-2.1	-3.2	3.0
Architectural and engineering activities; technical testing and analysis	-1.6	-9.3	-1.4	-1.2	1.1
Scientific research and development	0.0	0.3	-0.1	-0.1	0.0
Advertising and market research	-0.6	-0.5	-0.4	-0.4	0.4
Administrative and support service activities	**-3.3**	**-13.0**	**-10.2**	**-1.1**	**1.0**
Education	**-0.1**	**0.0**	**-0.1**	**0.0**	**0.0**
Human health and social work activities	**-0.2**	**-0.3**	**-0.1**	**-0.2**	**0.2**
Arts, entertainment and recreation	**-0.3**	**0.0**	**0.0**	**0.0**	**0.0**
Other service activities	**0.0**	**-0.2**	**-0.1**	**-0.1**	**0.1**
Amounts not elsewhere classified	**-3.1**	**1.8**	**-1.4**	**-3.1**	**2.9**
of which: reinvested earnings	–	–	–	-2.1	1.9
Total	**-88.2**	**-120.1**	**-110.0**	**-105.9**	**100.0**

Note: Holding companies belonging to listed groups have been classified according to the main activity of their group. Reinvested earnings have been classified by business sector, except for the latest published year, because the Banque de France has only estimated data for that year.

(a) A new classification of activities, NAF rev. 2 or "NAF 2008" has been in use since 1 January 2008. This revision was part of a comprehensive revision of activity classifications at the global, European and domestic levels. As of 2009, foreign direct investment flows and stocks are classified using NAF rev. 2. Data from previous years, originally classified using NAF rev. 1, have been reclassified for the purposes of comparison. A box on page 72 contains a discussion of the main differences between the two classifications.

(b) This item includes the foreign investment of resident enterprises in the real estate sector as well as net purchases of foreign real estate.

Inward foreign direct investment flows by sector (a)

STAT_2.6

(EUR billions)

	2006	2007	2008	2009	2009 *(en %)*
Agriculture, forestry and fishing	**0.1**	**0.0**	**0.0**	**0.1**	**0.1**
Mining and quarrying	**2.2**	**2.7**	**1.2**	**-1.8**	**-4.2**
of which: Extraction of crude petroleum and natural gas	2.2	2.5	0.4	-1.9	-4.4
Manufacturing	**24.5**	**20.8**	**13.6**	**13.7**	**32.0**
of which: Manufacture of food products and beverages	3.5	4.9	0.0	0.6	1.5
Manufacture of textiles and wearing apparel	0.2	0.8	0.3	0.3	0.7
Manufacture of wood products, publishing and printing	0.2	-0.7	-0.3	1.1	2.7
Manufacture of coke and refined petroleum products	0.3	0.0	0.2	1.0	2.4
Manufacture of chemicals and chemical products	2.6	2.6	0.1	2.1	4.8
Manufacture of pharmaceutical products	7.2	4.0	0.1	-1.3	-3.0
Manufacture of rubber and plastic products	0.6	0.3	0.4	0.4	0.8
Manufacture of metal products	0.5	5.6	0.1	0.3	0.6
Manufacture of computer, electronic and optical products	1.2	1.4	0.3	1.9	4.5
Manufacture of machinery and equipment	2.2	0.6	1.0	2.3	5.4
Manufacture of motor vehicles	-0.1	-0.4	0.9	1.3	3.0
Manufacture of other transport equipment	-0.2	0.4	1.4	0.7	1.6
Electricity, gas, steam and air conditioning supply	**1.7**	**2.3**	**-0.8**	**1.0**	**2.4**
Water supply, sewerage, waste management and remediation	**0.2**	**0.1**	**0.5**	**1.1**	**2.5**
of which: Water collection, treatment and supply	0.1	0.0	0.5	0.9	2.1
Construction	**1.8**	**0.3**	**-1.6**	**2.5**	**5.7**
Wholesale and retail trade, repair of motor vehicles and motor cycles	**1.3**	**-1.9**	**-1.9**	**0.1**	**0.3**
of which: Wholesale trade	-0.1	-0.1	-0.8	1.8	4.3
Retail trade	1.1	-1.2	-1.1	-1.1	-2.5
Transportation and storage	**3.1**	**-0.1**	**-1.1**	**-1.3**	**-3.0**
of which: Land transport and transport via pipelines	2.0	0.4	0.1	0.1	0.2
Water transport	0.1	0.5	0.0	-0.1	-0.2
Air transport	0.0	0.1	0.1	0.0	0.1
Warehousing and support activities for transportation	1.0	-1.0	-1.4	-1.3	-3.1
Accommodation and food service activities	**0.5**	**1.2**	**0.8**	**0.6**	**1.4**
Information and communication	**4.2**	**1.4**	**2.6**	**2.1**	**4.8**
of which: Motion pictures, video and television programme activities	0.2	0.4	-0.1	0.4	0.9
Telecommunications	2.7	0.8	-3.6	-0.3	-0.7
Financial and insurance activities	**5.5**	**17.8**	**9.0**	**13.2**	**30.6**
of which: Financial service activities, except insurance and pension funding	5.8	6.3	3.6	11.4	26.5
of which: Activities of holding companies	4.7	3.9	6.3	3.3	7.6
Insurance	1.2	9.0	2.3	0.4	0.9
Real estate activities (b)	**0.4**	**14.3**	**3.4**	**4.2**	**9.7**
Professional, scientific and technical activities	**11.3**	**-0.4**	**4.0**	**3.0**	**6.9**
of which: Legal and accounting activities	8.1	-0.1	0.1	0.1	0.2
Activities of head offices; management consultancy activities	0.3	-0.5	1.6	2.3	5.3
Architectural and engineering activities; technical testing and analysis	0.8	0.5	1.1	1.0	2.2
Scientific research and development	0.2	-0.2	0.4	0.3	0.6
Advertising and market research	2.0	0.0	0.6	-0.4	-0.9
Administrative and support service activities	**-0.9**	**14.2**	**11.4**	**1.9**	**4.3**
Education	**0.2**	**0.0**	**0.4**	**0.1**	**0.3**
Human health and social work activities	**0.1**	**0.4**	**0.1**	**0.0**	**0.0**
Arts, entertainment and recreation	**0.1**	**0.1**	**0.0**	**0.0**	**0.0**
Other service activities	**0.2**	**0.2**	**0.1**	**0.1**	**0.3**
Amounts not elsewhere classified	**0.9**	**-3.2**	**0.7**	**2.5**	**5.8**
of which: reinvested earnings	–	–	–	2.1	4.9
Total	**57.3**	**70.3**	**42.5**	**42.9**	**100.0**

Note: Holding companies belonging to listed groups have been classified according to the main activity of their group. Reinvested earnings have been classified by business sector, except for the latest published year, because the Banque de France has only estimated data for that year.

(a) A new classification of activities, NAF rev. 2 or "NAF 2008" has been in use since 1 January 2008. This revision was part of a comprehensive revision of activity classifications at the global, European and domestic levels. As of 2009, foreign direct investment flows and stocks are classified using NAF rev. 2. Data from previous years, originally classified using NAF rev. 1, have been reclassified for the purposes of comparison. A box on page 72 contains a discussion of the main differences between the two classifications.

(b) This item includes the foreign investment of resident enterprises in the real estate sector as well as net purchases of foreign real estate.

Outward foreign direct investment STAT_2.7

Main deals announced in the press and carried out in 2009, classified by the resident enterprise in alphabetical order (a)

1. New investments			
Investor enterprise	**Direct investment enterprise**	**Country**	**Comments**
Air France - KLM	Alitalia	Italy	Acquisition of a 25% stake in the Italian company
Banque Fédérative du Crédit Mutuel	Banque marocaine du commerce extérieur	Morocco	Banque Fédérative du Crédit Mutuel increased its stake in Banque marocaine du commerce extérieur (BMCE) from 15,0% to 19,9%
BNP Paribas	Fortis Banque	Belgium	Acquisition of a 75% stake in Fortis Banque
BNP Paribas	Banque Générale du Luxembourg	Luxembourg	Acquisition of the stake owned by the Luxembourg government (17%). Fortis Banque owns the rest
BNP Paribas	Royal Park Investment	Belgium	Acquisition of a 12% stake in a structure (in which Fortis Holding owns 45%) holding a portfolio of restructured loans sold by Fortis Banque
BNP Paribas	SGPS Cofinoga Portugal	Portugal	Subscription of a capital increase by Banco Cetelem Portugal to acquire SGPS Cofinoga Portugal
CNP Assurance	Barclays Vida y Pensiones	Spain	Equity investment in a Spanish subsidiary of Barclays under the terms of an agreement to develop the life-insurance and retirement savings businesses of CNP Assurances and Barclays in Spain, Portugal and Italy
EDF	British Energy	United Kingdom	Subscription of capital increases by the British EDF subsidiary, EDF Energy, to finance the acquisition of British Energy
EDF	SPE Luminus	Belgium	Subscription of a capital increase by EDF Belgium to finance the takeover of 51% of the Belgian assets of Centrica (United Kingdom) in SPE Luminus
EDF	Constellation Energy	United States	Capital contribution to EDF's American subsidiary, EDF Development Inc, to finance a 49,9% stake in Constellation Energy Nuclear Group
GDF Suez	Energie Investimenti	Italy	GDF Suez's stake increased to 100% of the equity in the third-ranking operator on the Italian gas market
Meetic	Match.com International Ltd	United Kingdom	Acquisition of the European businesses of Match.com (American IAC group) in exchange for a 27% stake in Meetic
Sanofi-Aventis	Zentiva	Czech Republic	Takeover bid for Zentiva, a Czech pharmaceutical laboratory specialising in generic drugs
Sanofi-Aventis	Medley	Brazil	Acquisition of Brazil's third-ranking pharmaceutical laboratory specialising in generic drugs
Vivendi	GVT	Brazil	Vivendi's takeover bid for GVT, a Brazilian telecommunications operator
2. Disposals			
Seller	**Enterprise sold**	**Country**	**Comments**
Casino Guichard Perrachon	Super de Boer	Netherlands	Sale of a 57% stake in Super de Boer to Jumbo Groep
Danone	Frucor	Singapore	Danone Asia (Singapore) sold the New Zeeland company, Frucor to Suntory (Japan)
Fimalac	Fitch Group	United States	Sale of a 20% stake in Fitch Group to Hearst Communication
GDF International	Segebel	Belgium	GDF Suez sold its entire stake of 50% in Segebel to Centrica (United Kingdom)
Laser Cofinoga	SGPS Cofinoga Portugal	Portugal	Laser Cofinoga sold its Portuguese subsidiary to Banco Cetelem Portugal

(a) *Even though these deals were announced in the press, the amounts involved are not given because of statistical secrecy obligations.*

Inward foreign direct investment

STAT_2.8

Main deals announced in the press and carried out in 2009, classified by the resident enterprise in alphabetical order (a)

1. New investments			
Investor enterprise	**Direct investment enterprise**	**Country**	**Comments**
Bourbon	Jaccar Holdings	Luxembourg	Jaccar Holdings increased its stake in Bourbon
BNP Paribas	Belgian government	Belgium	BNP Paribas securities received by the Belgian government in exchange for its sale of a 75% stake in Fortis Banque to BNP Paribas
Eurotunnel	Goldman Sachs	Luxembourg	Two Goldman Sachs investment funds hold a stake of nearly 20% in Eurotunnel following the exchange of subordinated debt securities for shares
Meetic	Match.com International Ltd	United Kingdom	Acquisition of a 27 % stake in Meetic as part of the sale of Match.com International
Nutrition et Santé	Otsuka Pharmaceutical	Japan	Acquisition of the French holding company of the Nutrition et Santé group
Poweo	Verbund	Austria	Acquisition of a further 13.4% stake, Verbund now owns 43.2% of Poweo
2. Disposals			
Enterprise sold	**Seller**	**Country**	**Comments**
Crédit du Nord	Dexia Banque Belgique	Belgium	Sale of a 20% stake by Dexia Banque Belgique to Société Générale
Société Foncière Lyonnaise	Immobiliara Colonial	Spain	Sale of a 30% equity block

(a) *Even though these deals were announced in the press, the amounts involved are not given because of statistical secrecy obligations.*

Series 3 – Portfolio investment flows

Portfolio investment flows by type of securities and issuer's country of residence *STAT_3.1*

(EUR billions)

	2008				2009			
	Total	Equity securities	Bonds and notes	Money market instruments	Total	Equity securities	Bonds and notes	Money market instruments
European Union (27 members)	**-89.6**	**-21.5**	**-20.0**	**-48.1**	**-94.8**	**-26.5**	**-32.8**	**-35.5**
Economic and Monetary Union (16 members)	**-60.7**	**-14.4**	**-5.0**	**-41.3**	**-85.4**	**-24.3**	**-36.2**	**-24.9**
of which: Germany	-10.8	-3.3	2.5	-9.9	32.2	-4.1	33.9	2.4
Austria	-6.7	-0.9	-3.5	-2.2	-3.1	0.4	-5.4	1.9
Belgium	-13.1	-4.9	-6.3	-1.8	-14.7	-6.1	-5.4	-3.2
Spain	-7.8	-5.1	9.7	-12.5	-21.5	-2.0	-7.3	-12.3
Finland	-0.4	-1.3	-0.3	1.3	-5.6	-0.7	-2.6	-2.4
Greece	-3.8	-0.1	-2.8	-0.9	-14.0	-0.3	-13.4	-0.2
Ireland	8.1	2.3	3.8	2.0	-3.9	-1.7	-4.0	1.8
Italy	-12.7	-3.7	-7.2	-1.8	-24.0	-0.1	-19.1	-4.8
Luxembourg	-1.0	0.9	1.0	-2.9	0.6	-4.4	3.3	1.7
Netherlands	-6.4	1.0	1.5	-8.9	-16.8	-5.3	-4.7	-6.8
Portugal	-7.2	0.0	-3.8	-3.3	-14.0	0.0	-11.1	-2.9
Other European Union countries	**-29.0**	**-7.1**	**-15.0**	**-6.9**	**-9.4**	**-2.2**	**3.4**	**-10.6**
of which: United Kingdom	-23.7	-6.7	-14.0	-3.0	11.3	-1.1	22.6	-10.3
Sweden	-1.3	0.3	1.3	-2.8	-7.6	-0.5	-6.3	-0.8
Other industrialised countries (8)	**-12.9**	**10.7**	**-7.8**	**-15.8**	**15.9**	**-3.0**	**5.4**	**13.5**
of which: United States	1.4	1.3	1.4	-1.2	-4.0	3.3	-8.4	1.0
Japan	-10.9	9.3	-3.5	-16.7	27.3	-5.6	20.1	12.8
Switzerland	7.0	5.6	0.3	1.1	-1.2	-0.6	0.0	-0.7
Rest of world	**15.4**	**-8.6**	**23.2**	**0.8**	**18.3**	**8.0**	**10.7**	**-0.5**
of which: Netherlands Antilles	5.8	-0.1	5.8	0.1	9.1	0.0	9.1	0.0
Bermuda	-1.5	-1.7	0.2	0.0	2.4	3.2	-0.8	0.0
Brazil	-1.0	-0.9	-0.1	0.0	-2.0	-1.7	-0.3	0.0
China	-0.9	-1.1	0.1	0.0	-1.5	-1.8	0.2	0.0
South Korea	0.5	-2.4	2.8	0.0	3.0	1.0	2.2	-0.3
Cayman Islands	12.9	-1.2	14.8	-0.6	9.6	10.7	-0.6	-0.6
India	0.2	0.3	-0.1	0.0	-2.4	-2.4	-0.1	0.0
Jersey	-0.9	-0.8	-0.6	0.6	0.9	-0.3	0.0	1.2
Russia	-1.6	-1.7	0.1	0.0	-0.3	-0.3	0.0	0.0
Turkey	0.3	0.0	0.3	0.0	-0.1	0.0	-0.1	0.0
Total	**-87.1**	**-19.4**	**-4.6**	**-63.2**	**-60.6**	**-21.5**	**-16.7**	**-22.4**

Note: See "Definition of geographical zones" at the end of this report.

Series 4 – International investment position

International investment position time series from 2001 to 2009

STAT_4.1

(EUR billions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Foreign direct investment									
At book value (a)	**242.2**	**191.9**	**155.9**	**149.5**	**203.8**	**214.4**	**240.8**	**311.8**	**377.7**
At market value (b) (c)	**469.6**	**188.5**	**232.5**	**210.2**	**291.0**	**381.6**	**370.4**	**278.2**	**407.3**
Outward									
At book value (a)	*577.3*	*559.1*	*573.6*	*620.6*	*736.1*	*793.1*	*889.8*	*997.6*	*1,106.1*
At market value (b) (c)	*905.9*	*609.1*	*749.6*	*847.1*	*1,044.5*	*1,222.3*	*1,226.5*	*939.9*	*1,193.8*
Inward									
At book value (a)	*-335.1*	*-367.3*	*-417.6*	*-471.1*	*-532.3*	*-578.7*	*-649.1*	*-685.8*	*-728.4*
At market value (b) (c)	*-436.2*	*-420.7*	*-517.1*	*-636.9*	*-753.5*	*-840.8*	*-856.1*	*-661.7*	*-786.4*
Portfolio investment	**-291.5**	**-165.9**	**-203.4**	**-174.5**	**-176.9**	**-112.0**	**26.2**	**-20.2**	**-298.7**
Foreign securities	826.6	888.6	1,084.4	1,285.3	1,587.9	1,851.0	2,014.1	1,834.7	1,998.2
Equity securities and mutual fund shares/units	*228.9*	*190.8*	*269.4*	*325.0*	*444.9*	*544.3*	*561.7*	*326.7*	*416.8*
Bonds and notes	*545.0*	*629.8*	*720.3*	*854.4*	*1,017.0*	*1,170.7*	*1,325.8*	*1,301.5*	*1,354.2*
Money market instruments	*52.7*	*68.0*	*94.7*	*105.9*	*126.0*	*136.1*	*126.7*	*206.5*	*227.1*
Domestic securities	-1,118.1	-1,054.5	-1,287.8	-1,459.8	-1,764.8	-1,963.0	-1,987.9	-1,855.0	-2,296.9
Equity securities and mutual fund shares/units	*-472.0*	*-329.1*	*-388.7*	*-436.0*	*-585.3*	*-752.0*	*-720.3*	*-434.3*	*-569.3*
Bonds and notes	*-577.3*	*-652.8*	*-811.8*	*-923.1*	*-1,056.7*	*-1,104.4*	*-1,152.3*	*-1,252.1*	*-1,479.4*
Money market instruments	*-68.8*	*-72.6*	*-87.4*	*-100.7*	*-122.8*	*-106.7*	*-115.3*	*-168.5*	*-248.2*
Memorandum item:Treasury securities	*-267.6*	*-326.2*	*-405.4*	*-478.6*	*-541.6*	*-541.8*	*-573.0*	*-696.9*	*-821.1*
Financial derivatives	**5.7**	**-4.0**	**-23.9**	**-19.7**	**-22.9**	**-29.7**	**-71.6**	**-55.3**	**-53.1**
Assets	124.6	103.1	93.1	116.9	124.5	159.2	241.0	234.0	237.9
Liabilities	-118.9	-107.1	-117.0	-136.6	-147.4	-188.9	-312.6	-289.3	-291.1
Other investment (excluding reserve assets)	**-52.5**	**-34.3**	**-50.8**	**-89.8**	**-135.0**	**-294.4**	**-433.0**	**-508.4**	**-356.2**
Trade credits and payments on account	7.5	27.4	23.8	25.9	14.5	10.4	2.0	-1.2	-6.5
Assets	*79.2*	*95.6*	*88.6*	*91.3*	*88.9*	*83.8*	*85.7*	*83.7*	*76.5*
Liabilities	*-71.7*	*-68.3*	*-64.8*	*-65.4*	*-74.4*	*-73.4*	*-83.7*	*-84.8*	*-83.0*
Other investment of the Banque de France	27.9	33.5	31.1	21.0	20.5	1.0	-48.2	-187.2	-139.1
Assets	*31.7*	*35.6*	*34.6*	*25.5*	*22.9*	*24.9*	*39.6*	*29.9*	*35.6*
Liabilities	*-3.8*	*-2.1*	*-3.5*	*-4.5*	*-2.4*	*-23.9*	*-87.8*	*-217.1*	*-174.7*
Other investment of general government	10.5	7.9	9.6	6.5	12.9	13.1	7.6	2.2	8.5
Assets	*29.8*	*27.4*	*28.4*	*27.2*	*29.0*	*31.9*	*26.7*	*26.9*	*28.8*
Liabilities	*-19.3*	*-19.5*	*-18.8*	*-20.7*	*-16.1*	*-18.7*	*-19.1*	*-24.7*	*-20.2*
MFIs' deposit/loan position	-107.9	-115.7	-132.1	-161.5	-175.4	-299.4	-370.9	-286.6	-206.9
Assets	*514.2*	*516.4*	*492.0*	*578.9*	*840.7*	*945.6*	*1,094.7*	*1,058.6*	*990.3*
Liabilities	*-622.1*	*-632.1*	*-624.2*	*-740.4*	*-1,016.1*	*-1,245.0*	*-1,465.6*	*-1,345.2*	*-1,197.3*
Deposit/loan position of other sectors (d)	9.5	12.6	16.8	18.3	-7.4	-19.5	-23.6	-35.6	-12.2
Assets	*77.4*	*76.8*	*77.8*	*81.0*	*80.2*	*77.2*	*78.9*	*74.6*	*77.8*
Liabilities	*-67.9*	*-64.1*	*-61.0*	*-62.7*	*-87.7*	*-96.7*	*-102.5*	*-110.1*	*-90.0*
Reserve assets	**66.7**	**58.8**	**56.0**	**56.8**	**63.0**	**74.6**	**78.6**	**74.0**	**92.4**
Total assets									
With foreign direct investment at book value	2,327.5	2,361.4	2,528.5	2,883.4	3,573.4	4,041.2	4,549.2	4,413.9	4,643.6
With foreign direct investment at market value (b)	2,656.1	2,411.4	2,704.5	3,109.9	3,881.8	4,470.5	4,885.9	4,356.3	4,731.3
Total liabilities									
With foreign direct investment at book value	-2,356.8	-2,314.9	-2,594.7	-2,961.2	-3,641.3	-4,188.3	-4,708.2	-4,612.0	-4,881.5
With foreign direct investment at market value (b)	-2,458.0	-2,368.3	-2,694.2	-3,126.9	-3,862.5	-4,450.4	-4,915.2	-4,588.0	-4,939.6
International investment position									
With foreign direct investment at book value	-29.3	46.5	-66.2	-77.8	-67.9	-147.1	-159.0	-198.1	-237.9
With foreign direct investment at market value (b)	198.1	43.1	10.4	-17.0	19.3	20.1	-29.4	-231.7	-208.3

Note: The series for 1995 to 2000 are available on the Banque de France website.

(a) Stocks of foreign direct investment at book value in 2009 were estimated on the basis of stocks at the end of 2008, foreign direct investment flows in 2009 and exchange rate variations for positions in foreign currencies.

(b) Revised data for 2000 to 2008.

(c) Stocks of foreign direct investment at market value at the end of 2009 were based on the estimated stocks at book value, adjusted for changes in the market capitalisation ratios of the CAC companies.

(d) Non-financial corporations, insurance companies, investment firms, mutual funds other than money market funds.

Stocks of foreign direct investment at book value and at market value

STAT_4.2

Stocks at end of year

(EUR billions)

	2000*	2001*	2002*	2003*	2004*	2005*	2006*	2007*	2008*	2009
Outward foreign direct investment										
At book value (a)	**478.3**	**577.3**	**559.1**	**573.6**	**620.6**	**736.1**	**793.1**	**889.8**	**997.6**	**1,106.1**
Equity	353.2	409.5	390.2	380.1	418.0	491.3	548.8	613.8	674.4	717.6
Listed companies	*28.2*	*13.1*	*21.5*	*21.4*	*26.3*	*32.8*	*38.7*	*58.7*	*30.9*	*53.0*
Unlisted companies	*319.4*	*389.3*	*360.3*	*349.3*	*381.1*	*445.4*	*494.3*	*536.3*	*623.3*	*643.0*
Real-estate investment	*5.6*	*7.1*	*8.4*	*9.4*	*10.6*	*13.1*	*15.8*	*18.8*	*20.2*	*21.6*
Other capital (loans)	125.2	167.8	168.9	193.5	202.6	244.8	244.3	276.0	323.2	388.5
At market value (b)	**995.1**	**905.9**	**609.1**	**749.6**	**847.1**	**1,044.5**	**1,222.3**	**1,226.5**	**940.0**	**1,193.7**
Equity	869.9	738.1	440.2	556.1	644.5	799.7	978.0	950.6	616.8	805.2
Listed companies	*95.1*	*45.9*	*39.6*	*45.5*	*53.3*	*73.6*	*104.4*	*133.1*	*42.9*	*64.6*
Unlisted companies	*760.3*	*675.2*	*381.7*	*490.1*	*567.7*	*697.6*	*840.8*	*780.9*	*536.7*	*702.3*
Real-estate investment	*14.5*	*17.0*	*18.9*	*20.5*	*23.5*	*28.5*	*32.8*	*36.6*	*37.2*	*38.3*
Other capital (loans)	125.2	167.8	168.9	193.5	202.6	244.8	244.3	276.0	323.2	388.5
Inward foreign direct investment										
At book value (a)	**-279.2**	**-335.1**	**-367.3**	**-417.6**	**-471.1**	**-532.3**	**-578.7**	**-649.1**	**-685.8**	**-728.4**
Equity	-195.2	-212.2	-232.2	-267.3	-295.1	-325.0	-348.7	-386.2	-394.5	-408.5
Listed companies	*-18.1*	*-19.4*	*-17.6*	*-17.2*	*-15.4*	*-26.7*	*-31.7*	*-31.4*	*-30.6*	*-36.9*
Unlisted companies	*-153.3*	*-163.9*	*-178.9*	*-205.3*	*-229*	*-240.8*	*-250.6*	*-277.5*	*-282.3*	*-287.3*
Real-estate investment	*-23.8*	*-28.9*	*-35.7*	*-44.8*	*-50.7*	*-57.5*	*-66.4*	*-77.3*	*-81.6*	*-84.3*
Other capital (loans)	-83.9	-122.9	-135.1	-150.3	-176.0	-207.3	-230.0	-262.9	-291.4	-319.9
At market value (b)	**-420.2**	**-436.2**	**-420.7**	**-517.1**	**-636.9**	**-753.5**	**-840.8**	**-856.1**	**-661.7**	**-786.5**
Equity	-336.2	-313.3	-285.6	-366.8	-460.9	-546.2	-610.8	-593.2	-370.3	-466.5
Listed companies	*-43.9*	*-38.0*	*-31.2*	*-23.3*	*-29.7*	*-54.2*	*-80.5*	*-72.0*	*-38.6*	*-62.3*
Unlisted companies	*-234.0*	*-209.3*	*-185.1*	*-266.5*	*-349.4*	*-399.1*	*-422.3*	*-394.9*	*-206.3*	*-271.7*
Real-estate investment	*-58.3*	*-66.0*	*-69.3*	*-77.0*	*-81.7*	*-92.9*	*-108.0*	*-126.3*	*-125.4*	*-132.5*
Other capital (loans)	-83.9	-122.9	-135.1	-150.3	-176.0	-207.3	-230.0	-262.9	-291.4	-319.9

** Revised data*

(a) Stocks of foreign direct investment at book value in 2009 were estimated on the basis of stocks at the end of 2008, foreign direct investment flows in 2009 and exchange rate variations for positions in foreign currencies.

(b) Stocks of foreign direct investment at market value at the end of 2009 were based on the estimated stocks at book value, adjusted for changes in the market capitalisation ratios of the CAC companies.

Foreign direct investment from end 2007 to end 2008

(Estimated at market value)

STAT_4.3

(EUR billions)

	Stocks end 2007	Balance of payments flows in 2008 (a)	Variations attributable to changes in exchange rates, market prices and other adjustments (a)				Total variations between end 2007 and end 2008 (a)	Stocks end 2008 (a)
			Total	Variation in exchange rates	Variation in market prices	Other adjustments		
	1	2	3				4 = (2 + 3)	5 = (1 + 4)
Outward foreign direct investment	**1,226.6**	**110.0**	**-396.6**	**-14.6**	**-375.7**	**-6.3**	**-286.6**	**939.9**
Equity	**950.6**	**64.1**	**-397.9**	**-16.3**	**-375.7**	**-5.9**	**-333.8**	**616.7**
Listed companies	133.1	11.2	-101.4	2.8	-44.2	-60.0	-90.3	42.8
Unlisted companies	780.9	51.5	-295.7	-18.8	-331.1	54.2	-244.2	536.7
Real-estate investment	36.6	1.3	-0.7	-0.3	-0.4	0.0	0.6	37.2
Other capital	**276.0**	**45.9**	**1.3**	**1.7**	**0.0**	**-0.4**	**47.2**	**323.2**
Inward foreign direct investment	**-856.1**	**-42.5**	**236.9**	**-0.2**	**229.8**	**7.4**	**194.4**	**-661.7**
Equity	**-593.2**	**-14.2**	**237.1**	**0.0**	**229.8**	**7.3**	**222.9**	**-370.3**
Listed companies	-72.0	-0.9	34.3	0.0	28.1	6.1	33.4	-38.6
Unlisted companies	-394.9	-9.1	197.7	0.0	196.5	1.2	188.6	-206.3
Real-estate investment	-126.3	-4.3	5.2	0.0	5.2	0.0	0.9	-125.4
Other capital	**-262.9**	**-28.3**	**-0.2**	**-0.2**	**0.0**	**0.1**	**-28.5**	**-291.4**
Net position	**370.5**	**67.5**	**-159.7**	**-14.8**	**-145.9**	**1.1**	**-92.2**	**278.2**
Equity	**357.4**	**49.9**	**-160.8**	**-16.3**	**-145.9**	**1.4**	**-110.9**	**246.4**
Listed companies	61.1	10.3	-67.2	2.8	-16.1	-53.9	-56.9	4.2
Unlisted companies	386.0	42.5	-98.1	-18.8	-134.6	55.4	-55.6	330.4
Real-estate investment	-89.7	-2.9	4.4	-0.3	4.8	0.0	1.5	-88.2
Other capital	**13.1**	**17.6**	**1.1**	**1.5**	**0.0**	**-0.3**	**18.7**	**31.8**

(a) Position sign: no sign means an increase in assets or a decrease in liabilities.
(-) sign means a decrease in assets or an increase in liabilities.

Foreign direct investment by resident sector

(at book value)

STAT_4.4

(EUR billions)

	Stocks at end of year		
	2007	2008	2009 (a)
Outward foreign direct investment (b)	**889.8**	**997.6**	**1,106.1**
Monetary financial institutions	100.4	106.6	120.9
Others (including real-estate investment)	789.4	891.0	985.2
Inward foreign direct investment (c)	**-649.1**	**-685.8**	**-728.4**
Monetary financial institutions	-41.7	-38.3	-44.1
Others (including real-estate investment)	-607.4	-647.5	-684.3

(a) Estimates based on stocks at the end of 2008 and flows in 2009.
(b) Resident investor's sector.
(c) Resident investment sector.

Stocks of outward foreign direct investment at book value
By country of residence of the first counterparty

STAT_4.5

(EUR billions)

	2006	2007	2008	2009 (a)	2009 (%)
European Union (27 members)	**504.0**	**579.5**	**640.9**	**725.5**	**65.6**
Economic and Monetary Union (16 members)	**350.5**	**429.0**	**500.9**	**546.6**	**49.4**
of which: Germany	70.8	71.1	74.1	80.6	7.3
Belgium	73.4	94.7	140.5	154.7	14.0
Spain	30.3	35.1	34.4	37.1	3.4
Ireland	17.0	18.0	18.3	21.9	2.0
Italy	33.6	40.3	42.3	45.0	4.1
Luxembourg	19.7	30.1	48.3	57.7	5.2
Netherlands	92.5	126.5	128.7	132.0	11.9
Other European Union countries	**153.5**	**150.5**	**140.0**	**178.9**	**16.2**
of which: Poland	8.5	11.8	11.3	12.7	1.1
Czech Republic	3.4	4.6	5.6	7.1	0.6
Romania	1.9	2.8	3.5	4.0	0.4
United Kingdom	124.2	120.3	105.5	137.6	12.4
Sweden	6.3	5.5	7.6	10.4	0.9
Other industrialised countries (8)	**216.8**	**217.8**	**245.2**	**248.7**	**22.5**
of which: United States	138.9	149.0	169.5	163.5	14.8
Japan	16.2	11.8	15.0	14.4	1.3
Switzerland	36.4	33.5	37.8	43.9	4.0
Rest of world	**72.2**	**92.5**	**111.4**	**132.0**	**11.9**
of which: Angola	1.0	4.0	5.0	5.7	0.5
Brazil	10.1	12.3	12.5	18.9	1.7
China	4.3	5.3	7.7	8.2	0.7
Egypt	0.8	1.3	2.1	9.9	0.9
Hong Kong	2.8	4.2	5.1	5.6	0.5
India	1.3	1.7	2.0	2.3	0.2
Morocco	6.0	6.9	7.8	8.3	0.7
Russia	1.8	3.2	5.0	5.4	0.5
Singapore	2.7	3.4	4.3	4.7	0.4
Turkey	3.3	3.0	3.0	3.4	0.3
Total	**793.0**	**889.8**	**997.6**	**1 106.1**	**100.0**

Note: See "definition of geographical areas" at the end of the annual report.
(a) Estimates based on stocks at the end of 2008 and flows in 2009.

Stocks of inward foreign direct investment at book value
By country of residence of the first counterparty

STAT_4.6

(EUR billions)

	2006	2007	2008	2009 (a)	2009 (%)
European Union (27 members)	**440.2**	**497.2**	**520.9**	**556.6**	**76.4**
Economic and Monetary Union (16 members)	**340.6**	**391.4**	**416.3**	**436.9**	**60.0**
of which: Germany	62.2	69.0	68.8	73.2	10.0
Belgium	66.5	81.0	77.4	81.4	11.2
Spain	23.1	27.9	24.1	25.7	3.5
Ireland	13.8	14.5	16.8	18.2	2.5
Italy	24.0	23.1	20.7	22.9	3.1
Luxembourg	55.4	72.0	91.2	89.0	12.2
Netherlands	87.1	95.5	107.4	116.0	15.9
Other European Union countries	**99.6**	**105.8**	**104.6**	**119.7**	**16.4**
of which: Poland	0.7	0.9	2.0	2.5	0.3
Czech Republic	0.3	0.4	0.5	1.0	0.1
Romania	0.3	0.2	0.3	0.6	0.1
United Kingdom	88.6	94.4	90.4	102.5	14.1
Sweden	5.1	4.8	5.2	5.9	0.8
Other industrialised countries (8)	**116.5**	**124.8**	**135.5**	**136.4**	**18.7**
of which: United States	66.7	72.8	79.4	75.4	10.3
Japan	7.5	7.5	8.1	8.7	1.2
Switzerland	33.4	37.0	39.9	42.8	5.9
Reste du monde	**22.1**	**27.0**	**29.3**	**35.4**	**4.9**
of which: Bermuda	2.1	2.6	2.8	3.4	0.5
Brazil	0.3	0.4	0.6	0.6	0.1
China	0.2	0.3	0.2	0.4	0.1
United Arab Emirates	1.2	1.2	1.9	4.7	0.6
Hong Kong	1.2	1.4	1.6	1.7	0.2
India	0.1	0.3	0.3	0.3	0.0
Lebanon	1.7	2.3	2.2	2.5	0.3
Russia	0.7	0.3	0.3	0.4	0.1
Singapore	0.6	1.4	1.7	1.7	0.2
Turkey	0.6	0.5	0.7	0.7	0.1
Total	**578.7**	**649.1**	**685.8**	**728.4**	**100.0**

Note: See "definition of geographical areas" at the end of the annual report.
(a) Estimates based on stocks at the end of 2008 and flows in 2009.

Geographical structure of foreign direct investment stocks according to the extended directional principle for loans between fellow enterprises

STAT_4.7

(EUR billions)

	Outward			Inward		
	2007	2008	2009	2007	2008	2009
European Union (27 members)	**396.3**	**437.4**	**488.5**	**314.0**	**317.4**	**319.6**
Economic and Monetary Union (16 members)	**284.8**	**339.1**	**367.9**	**247.2**	**254.5**	**258.2**
of which: Germany	47.5	48.4	49.7	45.3	43.1	42.3
Belgium	52.8	103.1	118.7	39.0	39.9	45.3
Spain	27.2	25.9	27.0	20.0	15.6	15.7
Ireland	11.9	12.4	14.2	8.5	10.8	10.5
Italy	30.9	35.1	35.5	13.7	13.5	13.3
Luxembourg	17.3	17.0	25.8	59.2	59.9	57.1
Netherlands	86.2	86.3	83.6	55.3	65.0	67.6
Other European Union countries	**111.5**	**98.3**	**120.6**	**66.8**	**63.0**	**61.4**
of which: Poland	9.6	8.7	9.4	-1.3	-0.6	-0.8
Czech Republic	4.1	5.0	6.4	-0.1	-0.1	0.3
Romania	2.6	3.3	3.6	-0.1	0.1	0.2
United Kingdom	86.9	70.7	89.1	61.0	55.7	54.0
Sweden	4.2	5.9	7.7	3.4	3.5	3.1
Other industrialised countries (8)	**175.2**	**197.6**	**199.8**	**82.2**	**87.8**	**87.5**
of which: United States	123.2	140.6	138.0	47.0	50.5	49.8
Japan	10.7	13.8	12.9	6.4	6.9	7.2
Switzerland	21.5	25.0	28.2	25.0	27.1	27.1
Reste du monde	**80.2**	**96.0**	**114.5**	**14.7**	**13.9**	**18.0**
of which: Netherlands Antilles	0.1	0.1	0.1	0.8	0.8	0.8
Brazil	11.7	11.9	18.2	-0.1	0.0	-0.1
China	4.9	7.4	7.8	-0.1	0.0	0.0
Egypt	1.2	2.0	9.8	0.0	0.1	0.1
United Arab Emirates	0.7	1.1	1.1	0.2	0.2	3.2
Hong Kong	3.3	3.8	4.0	0.5	0.3	0.2
India	1.6	1.9	2.2	0.2	0.2	0.2
Lebanon	0.2	0.2	0.2	2.2	2.1	2.5
Morocco	6.7	7.6	8.0	0.2	0.0	0.0
Qatar	0.8	0.8	0.7	0.7	0.8	0.9
Russia	3.0	4.7	4.9	0.1	-0.1	-0.1
Turkey	2.7	2.6	2.8	0.2	0.3	0.2
Total	**651.7**	**731.0**	**802.8**	**410.9**	**419.2**	**425.1**

Note: See "definition of geographical areas" at the end of the annual report.

Box

Geographical structure of direct investment

In most cases, the geographical structure of foreign direct investment flows and stocks is based on the country of residence of the first counterparty, in accordance with the methodology laid out in the fifth edition of the IMF Balance of Payments Manual (Tables STAT_2.3, STAT_2.4, STAT_4.5 and STAT_4.6). According to this principle, the destination country for outward foreign direct investment is not the ultimate recipient of the funds, but the first country to receive the funds when they leave France. This means that a French investment in China, made through a Dutch subsidiary is recorded in the balance of payments and the international investment position as foreign direct investment in the Netherlands. Similarly, foreign direct investment in France by the Belgian subsidiary of an American group will be recorded as Belgian investment in France. The consequence of this is that countries where the financial subsidiaries and cash management facilities of international groups are located, such as Belgium, the Netherlands, Luxembourg, the United Kingdom and Switzerland, are overrepresented.

Two of the tables in this report, the table of flows in Box 2.1 and the table of stocks, STAT_4.7, present the foreign direct investment statistics according to the extended directional principle. Under this principle, loans between fellow enterprises belonging to the same international group must no longer be classified according to the direction of the loan, but according to the country of residence of the parent company. For example, a loan from the Dutch subsidiary of a French group to a French subsidiary of the same group must no longer be classified as Dutch foreign direct investment in France, but as a disposal of French foreign direct investment in the Netherlands. Similarly, a loan from a French subsidiary of a German group to a Luxembourg subsidiary of the same group, which is recorded in the current statistics as French foreign direct investment in Luxembourg, must be reclassified as a disposal of Luxembourg's foreign direct investment in France. The tables above show that these reclassifications lead to a substantial decrease in the aggregate volume of outward and inward foreign direct investment flows and stocks. More specifically, they reduce the amounts of investment flows and stocks with the United Kingdom, the Netherlands, Belgium, Luxembourg, Germany and the United States.

Even though the flows and stocks are reduced, the geographical distribution under the extended directional principle is still based on the country of residence of the first counterparty. In the example given above, the disposal of the German group's investment in France is attributed to Luxembourg, which is still quite difficult to interpret. For the sake of providing more meaningful data, we have presented inward foreign direct investment stocks by the country of residence of the ultimate investor in Box 3.1.[1] These results are the product of a comprehensive restatement in which loans between fellow enterprises are attributed to the country of residence of the parent company (Germany in the example above), as are equity investment and reinvested earnings. The restatement of the data does not change the aggregate stocks of inward direct investment, but it does change the hierarchy: French groups account for 14%, or 60.8 billion, of inward foreign direct investment, whereas, in the presentation by country of residence of the first counterparty, France's share can only be zero. The share of American groups stands at 19% (vs. 12% in the previous presentation). British groups account for 17% of the stocks by ultimate investor vs. 13% by country of residence of the first counterparty. The figures for German groups are 12% and 10% respectively. On the other hand, the share of countries that French, American, British and German groups choose as platforms for investment in France contracted further. The share of the Netherlands, Belgium and Luxembourg stood at about 5% of the stocks by ultimate investor, down by 11 points for the Netherlands, 8 points for Luxembourg and 6 points for Belgium compared to the presentation by the country of residence of the first counterparty.

1 This type of statistical restatement is not possible for outward foreign direct investment stocks. We are well aware that much of French groups' investment that is ultimately destined for emerging economies passes first through financial subsidiaries located in other industrialised countries, but the lack of information about these non-resident financial subsidiaries means that we are unable to identify the ultimate destination of outward foreign direct investment accurately.

Stocks of outward foreign direct investment by sector *STAT_4.8*
(at book value) (a)

(EUR billions)

	2006	2007	2008	2009 (b)	2009 (%)
Agriculture, forestry and fishing	**0.1**	**0.3**	**0.4**	**0.4**	**0.0**
Mining and quarrying	**40.6**	**41.0**	**42.8**	**42.7**	**3.9**
of which: Extraction of crude petroleum and natural gas	40.5	40.9	42.6	42.4	3.8
Manufacturing	**256.9**	**276.2**	**309.6**	**314.2**	**28.4**
of which: Manufacture of food products and beverages	32.9	42.3	47.7	47.5	4.3
Manufacture of textiles and wearing apparel	8.0	8.6	11.3	11.8	1.1
Manufacture of wood products, publishing and printing	4.0	3.8	4.1	5.1	0.5
Manufacture of coke and refined petroleum products	1.9	1.0	1.9	2.4	0.2
Manufacture of chemicals and chemical products	22.0	22.7	25.5	21.9	2.0
Manufacture of pharmaceutical products	31.5	34.3	34.7	40.0	3.6
Manufacture of rubber and plastic products	8.6	7.4	8.2	8.0	0.7
Manufacture of metal products	12.4	11.6	11.6	14.2	1.3
Manufacture of computer, electronic and optical products	28.1	25.9	22.4	23.1	2.1
Manufacture of machinery and equipment	12.1	13.2	18.4	20.1	1.8
Manufacture of motor vehicles	31.5	23.5	21.7	23.1	2.1
Manufacture of other transport equipment	4.5	4.4	21.1	12.1	1.1
Electricity, gas, steam and air conditioning supply	**34.0**	**36.4**	**44.4**	**63.5**	**5.7**
Water supply, sewerage, waste management and remediation	**12.3**	**12.8**	**13.2**	**14.0**	**1.3**
of which: Water collection, treatment and supply	10.3	11.1	11.5	12.1	1.1
Construction	**5.3**	**6.2**	**13.8**	**17.8**	**1.6**
Wholesale and retail trade, repair of motor vehicles and motor cycles	**61.8**	**65.8**	**75.7**	**109.2**	**9.9**
of which: Wholesale trade	32.9	28.2	34.6	61.5	5.6
Retail trade	25.0	33.4	36.8	40.4	3.7
Transportation and storage	**7.7**	**9.6**	**9.1**	**10.1**	**0.9**
of which: Land transport and transport via pipelines	3.2	2.5	2.3	2.3	0.2
Water transport	0.3	1.8	1.6	1.6	0.1
Air transport	1.5	2.1	1.5	2.0	0.2
Warehousing and support activities for transportation	2.2	2.4	3.0	3.5	0.3
Accommodation and food service activities	**8.0**	**8.2**	**9.1**	**10.4**	**0.9**
Information and communication	**79.2**	**67.9**	**79.9**	**80.2**	**7.3**
of which: Motion pictures, video and television programme activities	14.0	3.2	3.1	3.9	0.4
Telecommunications	46.5	39.6	50.0	47.6	4.3
Financial and insurance activities	**221.3**	**260.3**	**275.5**	**289.1**	**26.1**
of which: Financial service activities, except insurance and pension funding	154.8	189.2	196.3	210.0	19.0
of which: Activities of holding companies	*46.0*	*70.1*	*67.7*	*65.3*	*5.9*
Insurance	23.8	50.7	56.5	60.8	5.5
Real estate activities (c)	**28.2**	**42.6**	**31.9**	**34.8**	**3.1**
Professional, scientific and technical activities	**14.4**	**20.1**	**36.7**	**50.0**	**4.5**
of which: Legal and accounting activities	2.1	2.4	2.1	2.3	0.2
Activities of head offices; management consultancy activities	2.4	2.7	18.5	27.8	2.5
Architectural and engineering activities; technical testing and analysis	5.9	10.6	10.4	13.7	1.2
Scientific research and development	0.7	0.4	0.4	0.7	0.1
Advertising and market research	3.3	3.9	4.6	4.9	0.4
Administrative and support service activities	**11.5**	**23.2**	**33.9**	**39.6**	**3.6**
Education	**0.3**	**0.4**	**0.4**	**0.4**	**0.0**
Human health and social work activities	**0.4**	**0.9**	**1.1**	**1.2**	**0.1**
Arts, entertainment and recreation	**0.4**	**0.4**	**0.4**	**0.4**	**0.0**
Other service activities	**0.5**	**0.7**	**0.5**	**0.6**	**0.1**
Amounts not elsewhere classified	**10.0**	**16.9**	**19.3**	**27.5**	**2.5**
Total	**793.0**	**889.8**	**997.6**	**1,106.1**	**100.0**

Note: Holding companies belonging to listed groups have been classified according to the main activity of their group. Reinvested earnings have been classified by business sector, except for the latest published year, because the Banque de France has only estimated data for that year.

(a) A new classification of activities, NAF rev. 2 or "NAF 2008" has been in use since 1 January 2008. This revision was part of a comprehensive revision of activity classifications at the global, European and domestic levels. As of 2009, foreign direct investment flows and stocks are classified using NAF rev. 2. data from previous years, originally classified using NAF rev. 1, have been reclassified for the purposes of comparison. A box on page 72 contains a discussion of the main differences between the two classifications.

(b) Estimates based on stocks at the end of 2008 and flows in 2009.

(c) This item includes the foreign investment of resident enterprises in the real estate sector as well as net purchases of foreign real estate assets in the strictest sense.

Stocks of inward foreign direct investment by sector

STAT_4.9

at book value) (a)

(EUR billions)

	2006	2007	2008	2009 (b)	2009 (%)
Agriculture, forestry and fishing	**0.5**	**0.4**	**0.5**	**0.6**	**0.1**
Mining and quarrying	**15.9**	**17.5**	**17.5**	**14.8**	**2.0**
of which: Extraction of crude petroleum and natural gas	14.4	15.8	15.5	12.7	1.7
Manufacturing	**185.3**	**192.9**	**202.1**	**206.4**	**28.3**
of which: Manufacture of food products and beverages	28.1	29.8	30.2	29.4	4.0
Manufacture of textiles and wearing apparel	2.8	3.1	3.4	3.6	0.5
Manufacture of wood products, publishing and printing	6.3	4.9	5.2	6.8	0.9
Manufacture of coke and refined petroleum products	2.0	1.1	1.2	1.6	0.2
Manufacture of chemicals and chemical products	20.3	19.5	20.9	21.8	3.0
Manufacture of pharmaceutical products	35.5	39.9	39.6	37.0	5.1
Manufacture of rubber and plastic products	3.9	3.3	3.6	4.0	0.5
Manufacture of metal products	13.7	13.4	12.4	12.2	1.7
Manufacture of computer, electronic and optical products	12.2	11.0	10.6	12.1	1.7
Manufacture of machinery and equipment	11.0	11.1	12.6	14.7	2.0
Manufacture of motor vehicles	9.7	8.9	8.4	9.1	1.2
Manufacture of other transport equipment	0.8	1.5	5.7	4.5	0.6
Electricity, gas, steam and air conditioning supply	**10.1**	**9.5**	**5.4**	**6.3**	**0.9**
Water supply, sewerage, waste management and remediation	**1.6**	**1.6**	**2.1**	**3.3**	**0.5**
of which: Water collection, treatment and supply	1.3	1.3	1.6	2.6	0.4
Construction	**4.0**	**4.4**	**4.1**	**7.1**	**1.0**
Wholesale and retail trade, repair of motor vehicles and motor cycles	**54.1**	**55.5**	**55.1**	**62.7**	**8.6**
of which: Wholesale trade	31.1	31.2	29.4	37.6	5.2
Retail trade	17.5	18.5	19.8	19.2	2.6
Transportation and storage	**6.3**	**5.8**	**6.3**	**7.3**	**1.0**
of which: Land transport and transport via pipelines	2.2	2.0	2.0	2.4	0.3
Water transport	1.6	2.3	2.4	2.2	0.3
Air transport	0.1	0.3	0.4	0.4	0.1
Warehousing and support activities for transportation	2.4	1.3	1.5	2.1	0.3
Accommodation and food service activities	**5.0**	**6.7**	**7.5**	**9.2**	**1.3**
Information and communication	**33.1**	**32.1**	**34.2**	**36.8**	**5.0**
of which: Motion pictures, video and television programme activities	4.7	3.6	3.5	4.2	0.6
Telecommunications	19.5	19.7	16.2	16.1	2.2
Financial and insurance activities	**133.2**	**159.0**	**162.7**	**171.0**	**23.5**
of which: Financial service activities, except insurance and pension funding	99.6	114.8	114.3	121.9	16.7
of which: Activities of holding companies	*49.0*	*57.1*	*64.0*	*64.4*	*8.8*
Insurance	15.4	22.7	23.4	23.0	3.2
Real estate activities (c)	**77.9**	**93.3**	**97.5**	**99.3**	**13.6**
Professional, scientific and technical activities	**13.4**	**13.2**	**22.6**	**29.1**	**4.0**
of which: Legal and accounting activities	1.7	1.8	1.5	1.5	0.2
Activities of head offices; management consultancy activities	4.4	4.2	11.0	17.1	2.3
Architectural and engineering activities; technical testing and analysis	2.5	2.9	3.8	4.5	0.6
Scientific research and development	1.4	1.2	1.4	1.9	0.3
Advertising and market research	3.3	3.2	3.8	3.8	0.5
Administrative and support service activities	**25.8**	**40.1**	**51.8**	**54.6**	**7.5**
Education	**0.7**	**0.8**	**1.0**	**1.2**	**0.2**
Human health and social work activities	**0.5**	**0.9**	**0.9**	**1.0**	**0.1**
Arts, entertainment and recreation	**0.8**	**0.8**	**0.8**	**0.8**	**0.1**
Other service activities	**0.8**	**0.8**	**0.4**	**0.5**	**0.1**
Amounts not elsewhere classified	**9.7**	**13.8**	**13.2**	**16.5**	**2.3**
Total	**578.7**	**649.1**	**685.8**	**728.4**	**100.0**

Note: Holding companies belonging to listed groups have been classified according to the main activity of their group. Reinvested earnings have been classified by business sector, except for the latest published year, because the Banque de France has only estimated data for that year.

(a) A new classification of activities, NAF rev. 2 or "NAF 2008" has been in use since 1 January 2008. This revision was part of a comprehensive revision of activity classifications at the global, European and domestic levels. As of 2009, foreign direct investment flows and stocks are classified using NAF rev. 2. Data from previous years, originally classified using NAF rev. 1, have been reclassified for the purposes of comparison. A box on page 72 contains a discussion of the main differences between the two classifications.

(b) Estimates based on stocks at the end of 2008 and flows in 2009.

(c) This item includes non-residents' investment in the real estate sector as well as net purchases of real estate assets in the strictest sense.

Stocks of outward foreign direct investment – at book value STAT_4.10
The top 20 outward investors at the end of 2009 by investment amount at book value

Resident investor groups (in alphabetical order)	Investor groups' business activities
Alcatel Lucent	Manufacture of computer, electronic and optical products
AXA	Insurance
BNP Paribas	Financial service activities, except insurance and pension funding
Carrefour	Retail trade
Compagnie de Saint-Gobain	Other manufacturing
Crédit Agricole SA	Financial service activities, except insurance and pension funding
Danone	Manufacture of food products and beverages
Électricité de France	Electricity, gas, steam and air conditioning supply
France Télécom	Telecommunications
GDF Suez	Electricity, gas, steam and air conditioning supply
Groupe Arnault (LVMH)	Manufacture of textiles and wearing apparel
Pernod Ricard	Manufacture of food products and beverages
Renault	Manufacture of motor vehicles
Sanofi-Aventis	Manufacture of pharmaceutical products
Schneider Electric SA	Other manufacturing
Société Générale	Financial service activities, except insurance and pension funding
Société Lafarge	Other manufacturing
Total SA	Extraction of crude petroleum and natural gas
Veolia Environnement	Water collection, treatment and supply
Vivendi	Information and communication

Stocks of inward foreign direct investment – at book value *STAT_4.11*
The top 20 inward investors at the end of 2009 by investment amount at book value

Foreign enterprises or groups (in alphabetical order)	Country of origin	Foreign investor groups' business activities
Adecco SA	Switzerland	Administrative and support service activities
Alcan Inc	Canada	Manufacture of metal products
Allianz AG	Germany	Insurance
ArcelorMittal	Luxembourg	Manufacture of metal products
Aviva Plc	United Kingdom	Insurance
Bristol Myers Squibb Company	United States	Manufacture of pharmaceutical products
Dexia Banque	Belgium	Financial service activities, except insurance and pension funding
EADS	Netherlands	Manufacture of other transport equipment
General Electric Company	United States	Other manufacturing
Holcim	Switzerland	Other manufacturing
HSBC	United Kingdom	Financial service activities, except insurance and pension funding
Kingfisher Plc	United Kingdom	Retail trade
Kraft Foods Inc	United States	Manufacture of food products and beverages
Mac Donald's Inc	United States	Restaurants
Nestlé SA	Switzerland	Manufacture of food products and beverages
SAP AG	Germany	Software publishing
Solvay	Belgium	Manufacture of chemicals and chemical products
Unilever NV	Netherlands	Manufacture of food products and beverages
United Technologies	United States	Manufacture of other transport equipment
Vodafone Group Plc	United Kingdom	Telecommunications

Stocks of portfolio investment assets
By issuer's country of residence and by type of securities
Data at end of 2008 and end of 2009

STAT_4.12

(EUR billions)

	2008				2009			
	Total	Equity securities	Bonds and notes	Money market instruments	Total	Equity securities	Bonds and notes	Money market instruments
European Union (27 members)	**1,392.2**	**202.1**	**1,056.2**	**133.9**	**1,558.0**	**271.0**	**1,116.6**	**170.4**
Economic and Monetary Union (16 members)	1,177.9	168.0	910.5	99.4	1,319.6	227.0	967.8	124.9
of which: Germany	258.0	40.1	202.1	15.7	234.3	50.6	170.3	13.4
Austria	44.3	1.5	39.5	3.2	48.4	1.5	45.6	1.3
Belgium	55.1	5.0	42.6	7.5	72.9	13.2	48.8	10.8
Spain	168.2	16.2	137.5	14.5	197.7	22.8	147.9	27.0
Finland	15.7	4.4	10.1	1.2	21.3	4.8	12.9	3.6
Greece	44.0	1.1	41.8	1.0	57.3	1.4	54.6	1.2
Ireland	88.1	11.6	62.1	14.4	95.1	15.5	66.8	12.8
Italy	200.2	16.1	176.1	7.9	233.8	17.8	203.2	12.8
Luxembourg	84.2	58.7	19.8	5.7	99.5	77.8	17.6	4.1
Netherlands	178.4	12.1	144.0	22.2	202.7	20.2	153.3	29.2
Portugal	40.0	0.9	33.7	5.5	55.1	1.2	45.2	8.7
Other European Union countries	**214.4**	**34.1**	**145.8**	**34.5**	**238.3**	**44.1**	**148.8**	**45.4**
of which: Poland	2.3	0.4	1.9	–	4.6	1.4	2.8	0.5
Czech Republic	0.8	0.2	0.6	–	1.4	0.2	1.2	–
Romania	0.1	0.0	0.1	–	0.1	0.0	0.1	0.0
United Kingdom	169.6	31.0	111.0	27.6	169.5	38.4	93.1	38.1
Sweden	16.1	1.3	9.5	5.3	25.2	2.5	16.6	6.2
Other industrialised countries (8)	**286.6**	**66.4**	**151.3**	**68.9**	**285.2**	**81.5**	**151.4**	**52.2**
of which: United States	134.6	38.3	91.6	4.6	151.3	42.2	105.6	3.5
Japan	104.3	10.1	32.0	62.2	72.4	16.0	10.3	46.1
Switzerland	13.1	12.4	0.4	0.3	16.6	15.3	0.4	1.0
Rest of world	**155.8**	**58.2**	**93.9**	**3.7**	**155.0**	**64.2**	**86.2**	**4.6**
of which: Netherlands Antilles	38.9	1.5	37.4	0.0	32.3	2.1	30.1	0.0
Bermuda	6.7	6.0	0.7	–	5.5	3.9	1.6	–
Brazil	2.0	1.5	0.5	–	6.1	5.2	0.9	0.0
China	3.4	2.9	0.5	–	6.3	6.1	0.3	–
South Korea	9.2	3.4	5.8	0.0	8.0	3.9	3.8	0.3
Cayman Islands	49.8	22.6	26.2	1.1	42.6	13.9	26.7	2.0
India	1.3	0.9	0.4	–	4.6	4.1	0.5	–
Jersey	12.6	4.7	6.3	1.6	13.1	6.1	6.6	0.5
Russia	1.0	0.9	0.1	–	1.9	1.8	0.1	–
Turkey	0.9	0.2	0.7	–	1.1	0.4	0.7	–
Total	**1,834.7**	**326.7**	**1,301.5**	**206.5**	**1,998.2**	**416.8**	**1,354.2**	**227.2**

Note: See "Definition of geographical zones" at the end of this report.

Geographical structure of resident MFIS' assets and liabilities

STAT_4.13

(EUR billions)

	2007			2008			2009		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
European Union (27 members)	**798.1**	**863.1**	**-65.0**	**739.9**	**785.0**	**-45.1**	**710.7**	**697.5**	**13.2**
Economic and Monetary Union (16 members)	**455.5**	**388.4**	**67.0**	**444.5**	**371.7**	**72.9**	**437.8**	**327.2**	**110.6**
of which: Germany	76.5	110.8	-34.3	80.4	106.0	-25.6	62.3	101.2	-38.9
Belgium	49.1	53.3	-4.2	30.0	38.7	-8.7	34.2	34.1	0.1
Spain	88.1	44.8	43.3	71.9	27.6	44.3	83.6	26.1	57.5
Ireland	32.9	20.1	12.9	28.4	19.4	9.0	24.2	22.9	1.2
Italy	83.7	44.7	39.0	93.0	38.1	55.0	102.3	30.1	72.2
Luxembourg	39.1	67.6	-28.6	57.7	84.3	-26.5	57.2	71.5	-14.2
Netherlands	47.3	31.4	16.0	41.0	33.4	7.6	33.2	26.4	6.8
Other European Union countries	**342.6**	**474.7**	**-132.0**	**295.3**	**413.3**	**-118.0**	**273.0**	**370.3**	**-97.4**
of which: Poland	3.2	3.2	0.0	5.5	1.1	4.4	5.6	1.4	4.2
Czech Republic	1.1	1.1	0.0	0.6	1.4	-0.8	1.6	0.8	0.8
Romania	2.6	0.6	2.0	3.3	0.1	3.2	2.4	0.1	2.3
United Kingdom	324.6	447.9	-123.3	267.3	382.7	-115.4	241.2	345.1	-103.9
Sweden	4.4	2.3	2.0	3.8	1.7	2.1	3.7	1.0	2.6
Other industrialised countries (8)	**145.9**	**285.0**	**-139.1**	**155.0**	**265.4**	**-110.4**	**122.7**	**236.8**	**-114.1**
of which: United States	75.3	190.2	-114.9	62.9	159.6	-96.7	53.4	171.7	-118.3
Switzerland	25.6	45.8	-20.2	24.3	46.4	-22.0	26.5	38.3	-11.9
Japan	18.5	34.1	-15.6	37.5	42.9	-5.4	28.1	17.5	10.6
Rest of world	**150.7**	**317.5**	**-166.8**	**163.7**	**294.8**	**-131.1**	**156.8**	**262.9**	**-106.1**
of which: Brazil	3.3	0.8	2.5	4.7	0.4	4.2	3.1	0.8	2.3
China	5.7	9.3	-3.5	2.9	6.8	-3.9	3.1	3.0	0.0
India	0.9	1.2	-0.3	1.0	0.1	0.9	1.6	0.1	1.5
Russia	10.8	17.5	-6.7	12.7	3.7	9.0	9.5	4.6	4.9
Turkey	5.3	0.4	4.9	6.1	1.3	4.8	5.1	1.4	3.7
Off-shore centres	69.5	200.4	-130.9	70.9	216.7	-145.8	63.4	191.5	-128.1
Total	**1,094.7**	**1,465.6**	**-370.9**	**1,058.6**	**1,345.2**	**-286.6**	**990.3**	**1,197.3**	**-206.9**

Banque de France's assets and liabilities vis-à-vis non-residents (excluding fiduciary currency) *STAT_4.14*

(EUR billions)

	Stocks at end of year			
	2007	**2008**	**2009**	**Variation 2009**
Assets	**184.2**	**223.7**	**247.0**	**23.3**
Claims on ESCB (TARGET)	**0.0**	**0.0**	**0.0**	**0.0**
Investment in institutional customers' securities	**66.0**	**119.8**	**119.0**	**-0.8**
Securities issued by euro area residents outside France	30.0	51.5	68.1	16.6
Euro	26.5	45.3	60.8	15.5
Foreign currencies	3.5	6.2	7.3	1.1
Securities issued by non-residents of the euro area	36.0	68.3	50.9	-17.4
Euro	3.6	7.8	5.9	-1.9
Foreign currencies	32.4	60.5	45.0	-15.5
Other claims	**39.6**	**29.9**	**35.6**	**5.7**
Other claims on euro area residents outside France	2.7	0.2	0.4	0.2
Euro	0.5	0.0	0.4	0.4
Foreign currencies	2.1	0.2	0.0	-0.2
Other claims on non-residents of the euro area	27.8	20.6	26.2	5.6
Euro	1.7	1.2	0.0	-1.2
Foreign currencies	26.2	19.4	26.2	6.8
Claim on ECB for transferred reserve assets	8.3	8.3	8.2	-0.1
Equity in the ECB	0.8	0.8	0.8	0.0
Reserve assets	**78.6**	**74.0**	**92.4**	**18.4**
Liabilities	**-87.7**	**-217.3**	**-174.7**	**42.6**
Liabilities towards the ESCB (TARGET)	-11.9	-117.9	-62.0	55.9
Deposits of foreign institutional customers	-75.8	-99.4	-112.7	-13.3
Euro	-10.4	-22.6	-22.3	0.3
Foreign currencies	-65.4	-76.9	-90.4	-13.5
Position	**96.5**	**6.4**	**72.3**	**65.9**
of which: position excluding reserve assets	*17.9*	*-67.6*	*-20.1*	*47.5*

General government sector assets and liabilities vis-à-vis non-residents (excluding credit insurance)

STAT_4.15

(EUR billions)

	Stocks at end of year		
	2007	**2008**	**2009**
Assets	**26.7**	**26.9**	**28.8**
Euro	*14.5*	*13.4*	*14.5*
Foreign currencies	*12.2*	*13.4*	*14.2*
Equity in international organisations	14.9	16.3	16.9
Long-term assets	11.1	9.9	11.2
Short-term assets	0.7	0.7	0.7
Liabilities	**-19.1**	**-24.7**	**-20.2**
Euro	*-19.1*	*-24.7*	*-20.2*
Foreign currencies	*0.0*	*0.0*	*0.0*
Long-term liabilities	-6.8	-6.8	-5.6
Short-term liabilities	-12.2	-17.9	-14.6
Position	**7.6**	**2.2**	**8.5**
Euro	*-4.6*	*-11.3*	*-5.7*
Foreign currencies	*12.2*	*13.4*	*14.2*

Deposits and loans of resident enterprises, investment firms and mutual funds other than money market funds vis-à-vis non-residents

STAT_4.16

(EUR billions)

	Stocks at end of year								
	2007			**2008**			**2009**		
	Euro	**Foreign currencies**	**Total**	**Euro**	**Foreign currencies**	**Total**	**Euro**	**Foreign currencies**	**Total**
Assets	**31.9**	**19.3**	**51.1**	**32.5**	**15.5**	**48.0**	**35.5**	**15.5**	**51.0**
Enterprises and insurance companies	21.7	9.9	31.6	26.6	9.3	35.9	31.5	11.6	43.2
Investment firms	7.1	8.1	15.2	5.4	5.9	11.3	3.0	3.7	6.8
Mutual funds other than money market funds	3.0	1.2	4.3	0.4	0.3	0.8	1.0	0.1	1.1
Liabilities	**-69.7**	**-32.8**	**-102.5**	**-78.4**	**-31.8**	**-110.1**	**-66.3**	**-23.7**	**-90.0**
Enterprises and insurance companies	-54.7	-5.6	-60.2	-61.7	-8.5	-70.2	-56.4	-10.2	-66.6
Investment firms	-13.6	-24.2	-37.8	-16.1	-20.3	-36.4	-9.7	-12.4	-22.0
Mutual funds other than money market funds	-1.5	-3.0	-4.5	-0.6	-2.9	-3.5	-0.3	-1.1	-1.4
Position	**-37.9**	**-13.5**	**-51.4**	**-45.9**	**-16.2**	**-62.2**	**-30.8**	**-8.2**	**-39.0**

DEFINITION OF GEOGRAPHICAL AREAS

European Union members (at 31 December 2009)

Austria *
Belgium *
Bulgaria
Cyprus *
Czech Republic
Denmark
Estonia
Finland *
France *
Germany *
Greece *
Hungary
Ireland *
Italy *
Latvia
Lithuania
Luxembourg *
Malta *
Netherlands *
Poland
Portugal *
Romania
Slovakia *
Slovenia *
Spain *
Sweden
United Kingdom

The European Union includes the countries listed above, along with the European Union institutions (European Investment Bank, European Development Fund and other European Community institutions).

As of 31 December 2009, the Economic and Monetary Union had 16 member countries (denoted by *), along with the European Central Bank.

Other industrialised countries

Australia
Canada
Iceland
Japan
New Zealand
Norway
Switzerland
United States

Franc zone countries

Benin
Burkina Faso
Cameroon
Central African Republic
Chad
Comoros
Congo
Côte d'Ivoire
Equatorial Guinea
Gabon
Guinea-Bissau
Mali
Niger
Senegal
Togo

Maghreb countries

Algeria
Morocco
Tunisia

Offshore financial centres

American Virgin Islands
Andorra
Anguilla
Antigua-and-Barbuda
Bahamas
Bahrain
Barbados
Belize
Bermuda
British Virgin Islands
Cayman Islands
Cook Islands
Dominica
Gibraltar
Grenada
Guernsey
Hong Kong
Isle of Man
Jamaica
Jersey
Lebanon
Liberia
Liechtenstein
Maldives
Marshall Islands
Montserrat
Nauru
Netherlands Antilles
Niue
Panama
Philippines
Saint-Kitts-and-Nevis
Sainte Lucia
Saint-Vincent and the Grenadines
Samoa
Singapore
Turks and Caicos Islands
Vanuatu

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BANQUE DE FRANCE
EUROSYSTÈME