

Balance of payments – France • December and fourth quarter 2020

In the 4th quarter, an improvement in current transactions, though still strongly in deficit

The current account deficit almost halved in Q4 to 7.5 billion euros (seasonally adjusted data), thanks to a smaller deficit in non-energy goods (4.0 billion euros in Q4 2020). On the other hand, the surplus in services deteriorated slightly, due to a deterioration in all services excluding transport. In particular, the surplus in international tourism declined by 1 billion euros.

The balance of the financial account in the fourth quarter was 8.9 billion euros (non-seasonally adjusted). Direct investment recorded net capital inflows of 1.7 billion euros (after net outflows of 2.0 billion euros in Q3), while portfolio investment recorded net outflows of 17.2 billion euros, after net outflows of 4.5 billion euros in Q3.

In 2020, the current account deficit stood at 53.3 billion euros resulting from a historical deterioration of 37 billion euros compared with 2019 (seasonally adjusted data). On the one hand, the 34 billion euros widening of the deficit for non-energy goods, notably due to the aeronautics industry, did not offset the 18 billion euros reduction in the energy deficit. On the other hand, the balance of services remained in surplus but shortened by two thirds to 7.9 billion euros. International tourism was particularly affected, with an annual loss of surplus of nearly 7 billion euros, which was only slightly offset by a smaller deficit in the transport balance. Net income also recorded a significant reduction.

Current account and GDP

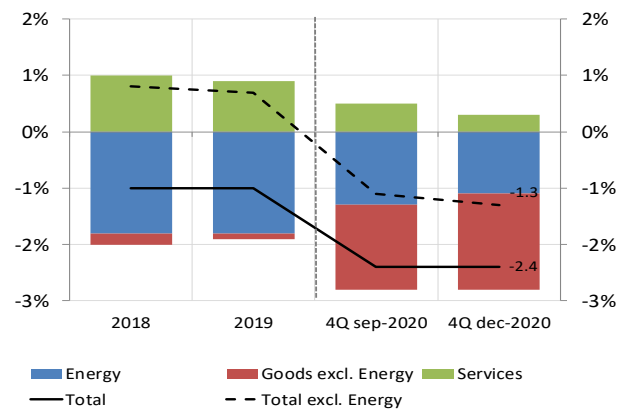
(in EUR billions and in % of GDP, cumulated figures for the four-quarter period
sources : Banque de France – DGSEI ; ECB for external data)

	2020-Q3 (*)		2020-Q4 (*)	
	Amount	% GDP	Amount	% GDP
France	-50.1	-2.2	-53.3	-2.3
Germany	232.1	6.9		
Spain	11.0	1.0		
Italy	58.5	3.5		
United Kingdom	-83.1	-3.5		

(*) Cumulated figures for the four-quarter period

Goods and services

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



Current account

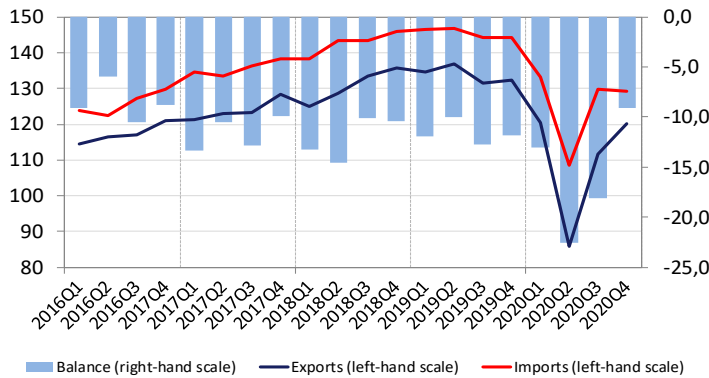
(EUR billions)	Dec-20 (a)	2020-Q3 (a)	2020-Q4 (*) (a)	Cum. Fig. 4 quarter period (a)	2019 (b)	Cum. Fig. 4 quarter period / 2019
Current account (seasonally and working-day adjusted)	-1.2	-13.2	-7.5	-53.3	-16.2	↓
Goods (1)	-2.6	-18.1	-9.1	-62.6	-46.8	↓
Energy	-1.6	-5.8	-5.0	-24.7	-42.7	↑
Goods excl. Energy	-1.0	-12.3	-4.0	-37.9	-4.2	↓
Services	1.7	3.8	2.4	7.9	21.6	↓
Travel	0.4	1.6	0.6	3.8	10.8	↓
Transport services	0.2	-0.8	0.4	-2.6	-5.0	↑
Professional and management consulting services, Research and development and Technical services, trade- related and other business services	0.9	1.5	0.5	4.0	7.2	↓
Other services (2)	0.3	1.6	0.9	2.8	8.6	↓
Primary and secondary income (3)	-0.3	1.1	-0.8	1.4	9.0	↓

(a) Provisional data (b) Annual report 2019 data
(1) to (3) See methodological notes on page 2.

Source and production : BANQUE DE FRANCE – DGSEI

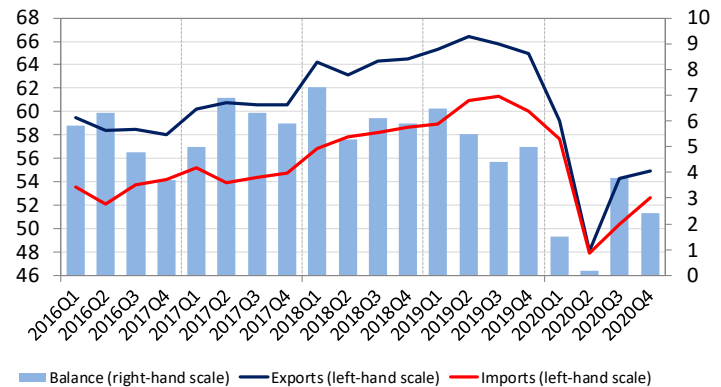
Goods

(seasonally and working-day adjusted, EUR billions)



Services

(seasonally and working-day adjusted, EUR billions)



Capital account and financial account

(EUR billions)	Dec-20 (a)	2020-Q3 (a)	2020-Q4 (*) (a)	Cum. Fig. 4 quarter period (a)	2019 (b)
Capital Account (not adjusted)	0.2	0.3	0.2	2.0	1.9
Financial account (not adjusted)	16.9	-25.9	8.9	-62.3	-28.8
Direct investment	-1.8	2.0	-1.7	17.1	4.2
- Abroad	2.1	11.7	8.2	19.5	49.8
- In France	3.9	9.7	9.8	2.4	45.6
Portfolio investment	-17.4	4.5	17.2	-30.7	-93.0
- Assets	-38.3	36.0	-3.0	121.7	53.2
- Liabilities	-21.0	31.5	-20.2	152.4	146.2
Financial derivatives	-20.0	-10.2	-20.1	-42.0	3.7
Loans and deposits (4)	55.4	-22.4	12.5	-10.7	53.4
Reserve assets	0.6	0.2	1.0	4.0	2.8

(a) Provisional data (b) Annual report 2019 data
(4) See methodological notes on page 2.

Methodological notes relating to page 1 and page 2 tables

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

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

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

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

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

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

