

## Balance of payments – France • June and second quarter 2020

### French current account deficit widens as international trade shrinks

In the second quarter of 2020, the current account recorded a deficit of EUR 22.2 billion (seasonally-adjusted data), i.e. a deterioration of EUR 10.7 billion compared with an already large deficit in the first quarter. Against a backdrop of a sharp reduction in international trade, the goods deficit reached EUR 20.8 billion, despite a relatively small energy bill (EUR 5.3 billion). Similarly, the surplus on services, adversely affected by the sluggishness of travel services, amounted to a modest 0.5 billion, after 1.9 billion in the previous quarter. Primary and secondary income recorded a deficit of 1.9 billion, mainly due to lower investment income.

In June, trade in goods and services improved compared with April and May, but was still about 15% below pre-crisis levels. The current account deficit stood at 8.4 billion, after 8.2 billion in May.

In the financial account (non seasonally adjusted data), direct investments were balanced over the quarter, with EUR 4.2 billion of investment abroad and EUR 4.5 billion of foreign investment in France. By contrast, portfolio investment recorded net capital inflows of EUR 57.1 billion, with net purchases of French securities by foreign investors amounting to EUR 104.5 billion, mainly in May and June. Conversely, financial derivatives and loans and deposits recorded net outflows of EUR 11.0 billion and EUR 25.6 billion respectively.

#### Current account and GDP

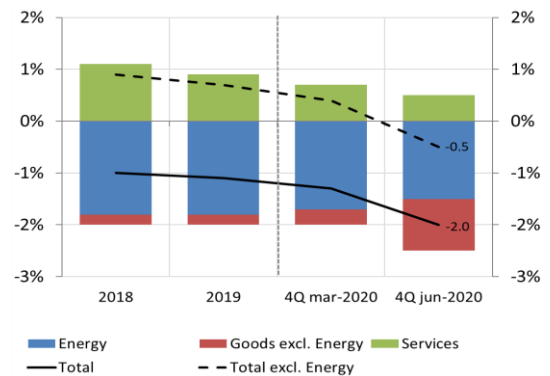
(in EUR billions and in % of GDP, seasonally and working-day adjusted, cumulated figures for the four-quarter period  
sources : Banque de France – DGSEI ; ECB for external data)

|                | 2020-Q1      |             | 2020-Q2 (*)  |             |
|----------------|--------------|-------------|--------------|-------------|
|                | Amount       | % GDP       | Amount       | % GDP       |
| <b>France</b>  | <b>-25.2</b> | <b>-1.1</b> | <b>-43.0</b> | <b>-1.9</b> |
| Germany        | 245.4        | 7.1         |              |             |
| Spain          | 25.6         | 2.1         |              |             |
| Italy          | 55.5         | 3.1         |              |             |
| United Kingdom | -76.1        | -3.0        |              |             |

(\*) Cumulated figures for the four-quarter period

#### Goods and services

(Seasonally and working-day adjusted, Cumulated figures for the four-quarter period, Percentage of GDP)



#### Current account

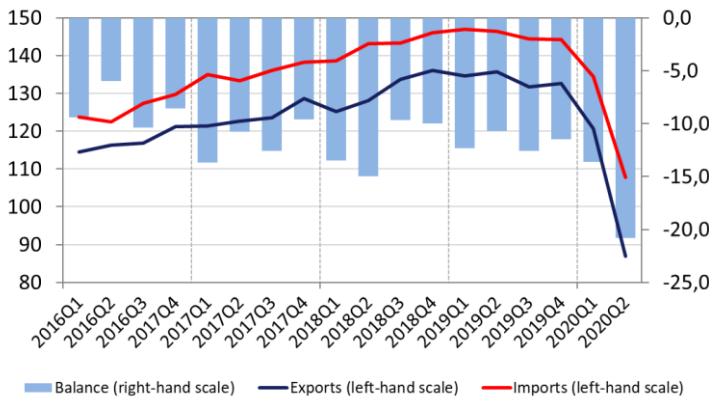
| (EUR billions)  | Jun-20<br>(a) | 2020-Q1<br>(a) | 2020-Q2<br>(a) | Cum. Fig.<br>4 quarter<br>period<br>(a) | 2019<br>(b)  | Cum. Fig.<br>4 quarter<br>period /<br>2019 |
|---|---------------|----------------|----------------|---|--------------|--|
| <b>Current account (seasonally and working-day adjusted)</b>  | <b>-8.4</b>   | <b>-11.5</b>   | <b>-22.2</b>   | <b>-43.0</b>                            | <b>-16.2</b> | ↓  |
| Goods (1)   | -8.2          | -13.6          | -20.8          | -58.5                                   | -46.8        | ↓  |
| Energy  | -2.0          | -9.0           | -5.3           | -34.6                                   | -42.7        | ↑  |
| Goods excl. Energy  | -6.1          | -4.6           | -15.5          | -23.8                                   | -4.2         | ↓  |
| Services  | 0.2           | 1.9            | 0.5            | 12.3                                    | 21.6         | ↓  |
| Travel  | 0.1           | 1.4            | 0.2            | 7.4                                     | 10.8         | ↓  |
| Transport services  | -0.5          | -0.5           | -1.2           | -4.0                                    | -5.0         | ↑  |
| Professional and management consulting services,<br>Research and development and Technical services , trade-<br>related and other business services | 0.4           | 0.8            | -0.3           | 3.2                                     | 7.2          | ↓  |
| Other services (2)  | 0.2           | 0.3            | 1.8            | 5.7                                     | 8.6          | ↓  |
| Primary and secondary income (3)  | -0.5          | 0.2            | -1.9           | 3.2                                     | 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

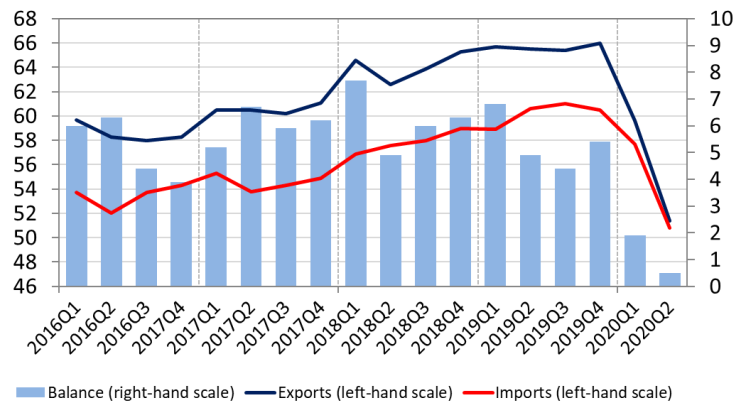
## Goods

(seasonally and working-day adjusted, EUR billions)



## Services

(seasonally and working-day adjusted, EUR billions)



## Capital account and financial account

| (EUR billions)                          | Jun-20<br>(a) | 2020-Q1<br>(a) | 2020-Q2<br>(a) | Cum. Fig.<br>4 quarter<br>period<br>(a) | 2019<br>(b)  |
|---|---------------|----------------|----------------|---|--------------|
| <b>Capital Account (not adjusted)</b>   | <b>0.0</b>    | <b>1.0</b>     | <b>0.4</b>     | <b>2.0</b>                              | <b>1.9</b>   |
| <b>Financial account (not adjusted)</b> | <b>-21.2</b>  | <b>-31.7</b>   | <b>-21.6</b>   | <b>-60.3</b>                            | <b>-28.8</b> |
| Direct investment                       | -0.9          | 7.8            | -0.3           | 12.1                                    | 4.2          |
| - Abroad                                | 0.3           | -4.6           | 4.2            | 21.4                                    | 49.8         |
| - In France                             | 1.1           | -12.4          | 4.5            | 9.3                                     | 45.6         |
| Portfolio investment                    | -79.5         | 12.8           | -57.1          | -147.5                                  | -93.0        |
| - Assets                                | -16.0         | 39.4           | 47.4           | 34.7                                    | 53.2         |
| - Liabilities                           | 63.5          | 26.5           | 104.5          | 182.2                                   | 146.2        |
| Financial derivatives                   | 7.4           | -23.7          | 11.0           | -3.4                                    | 3.7          |
| Loans and deposits (4)                  | 52.0          | -32.2          | 25.6           | 73.4                                    | 53.4         |
| Reserve assets                          | -0.3          | 3.6            | -0.8           | 5.0                                     | 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 \(French\)](#).