

Balance of payments – France • September and third quarter 2020

Current account balance improves in Q3 but remains deteriorated

In Q3 2020, the current account recorded a deficit of 16.0 billion euros, a level that remained high but nevertheless posting a decline after the 18.9 billion euros deficit recorded in Q2 (working day and seasonally adjusted). The goods deficit narrowed by 3.9 billion (to 18.9 billion), despite a 0.8 billion increase in the energy bill. The services surplus was stable at 2.1 billion, below the levels recorded in 2019.

In September 2020, the current account balance stood at -5.7 billion, a deterioration of 1 billion compared to August.

The **financial account** balance fell from -23 billion euros in Q2 to -39 billion euros in Q3, reflecting an increase in net capital inflows (non seasonally adjusted data). The “loans and deposits” operations recorded net inflows of 27.9 billion euros in Q3, compared with net outflows of 48.4 billion euros in Q2. Conversely, net capital inflows reduced for portfolio investments and direct investments.

Current account and GDP

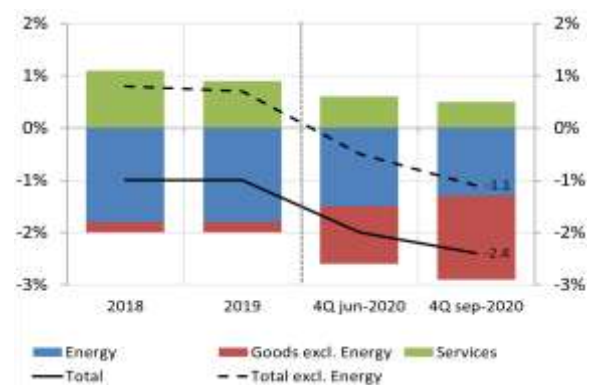
(in EUR billions and in % of GDP, cumulated figures for the four-quarter period
sources : Banque de France – DGSEI ; ECB for external data)

	2020-Q2 (*)		2020-Q3 (*)	
	Amount	% GDP	Amount	% GDP
France	-37.4	-1.6	-47.5	-2.1
Germany	228.0	6.8		
Spain	17.6	1.5		
Italy	49.9	2.9		
United Kingdom	-78.8	-3.2		

(*) Cumulated figures for the four-quarter period

Goods and services

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



Current account

(EUR billions)	Sep-20 (a)	2020-Q2 (a)	2020-Q3 (*) (a)	Cum. Fig. 4 quarter period (a)	2019 (b)	Cum. Fig. 4 quarter period / 2019
Current account (seasonally and working-day adjusted)	-5.7	-18.9	-16.0	-47.5	-16.2	↓
Goods (1)	-6.8	-22.8	-18.9	-66.2	-46.8	↓
Energy	-2.0	-5.2	-6.0	-30.6	-42.7	↑
Goods excl. Energy	-4.8	-17.5	-12.9	-35.6	-4.2	↓
Services	0.8	2.2	2.1	11.1	21.6	↓
Travel	0.1	0.3	1.7	6.5	10.8	↓
Transport services	-0.2	-1.1	-1.0	-4.3	-5.0	↑
Professional and management consulting services, Research and development and Technical services , trade- related and other business services	0.7	1.2	0.1	3.2	7.2	↓
Other services (2)	0.3	1.8	1.3	5.7	8.6	↓
Primary and secondary income (3)	0.3	1.7	0.8	7.6	9.0	↓

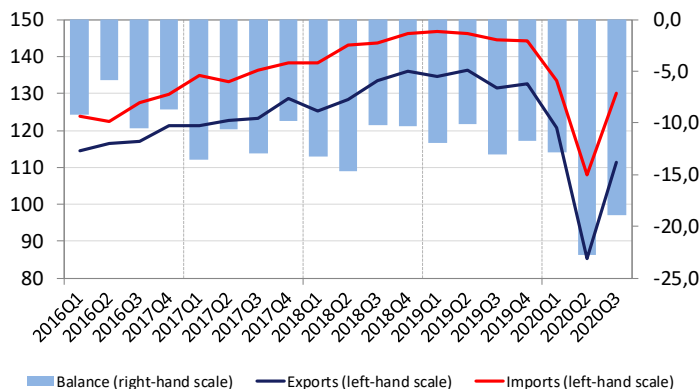
(a) Provisional data (b) Annual report 2019 data

(1) to (3) See methodological notes on page 2.

Source and production : BANQUE DE FRANCE – DGSEI

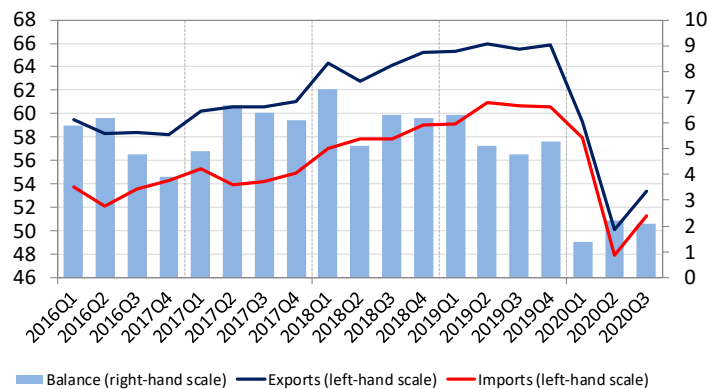
Goods

(seasonally and working-day adjusted, EUR billions)



Services

(seasonally and working-day adjusted, EUR billions)



Capital account and financial account

(EUR billions)	Sep-20 (a)	2020-Q2 (a)	2020-Q3 (*) (a)	Cum. Fig. 4 quarter period (a)	2019 (b)
Capital Account (not adjusted)	0.0	0.4	0.3	1.6	1.9
Financial account (not adjusted)	-7.7	-23.0	-39.0	-85.4	-28.8
Direct investment	0.0	-17.3	-1.7	-1.3	4.2
- Abroad	2.6	-11.4	6.8	7.1	49.8
- In France	2.6	5.9	8.4	8.4	45.6
Portfolio investment	-25.4	-65.2	-0.4	-81.7	-93.0
- Assets	-18.1	49.4	37.4	81.9	53.2
- Liabilities	7.3	114.6	37.8	163.6	146.2
Financial derivatives	3.9	12.0	-9.2	-13.3	3.7
Loans and deposits (4)	13.8	48.4	-27.9	7.4	53.4
Reserve assets	0.1	-0.8	0.2	3.5	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 \(French\)](#).

