

Second estimate for the fourth quarter of 2009

EU27 current account deficit 9.2 bn euro

19.1 bn euro surplus on trade in services

According to the latest revisions¹, the **EU27**² external current account³ recorded a deficit of 9.2 billion euro in the fourth quarter of 2009, compared with a deficit of 54.8 bn in the fourth quarter of 2008 and a deficit of 23.1 bn in the third quarter of 2009.

In the fourth quarter of 2009, compared with the fourth quarter of 2008, the deficit of the goods account decreased (-9.5 bn euro compared with -41.9 bn), as did the deficit of the income account (-0.1 bn compared with -17.5 bn). The surplus of the services account fell (+19.1 bn compared with +23.4 bn). The deficit of the current transfers account remained nearly unchanged (-18.7 bn compared with -18.8 bn).

The surplus recorded in the services account (+19.1 bn euro) is mainly the result of surpluses in "other business services", which includes miscellaneous business, professional and technical services (+9.9 bn), financial services (+7.8 bn), computer & information services (+5.0 bn) and transportation (+4.7 bn), partially offset by deficits in travel (-4.1 bn) and royalties & license fees (-3.8 bn).

In the fourth quarter of 2009, the **EU27** external current account recorded a surplus with the **USA** (+12.3 bn euro), **Switzerland** (+10.0 bn), **Brazil** (+3.6 bn), **India** (+2.4 bn), **Hong Kong** (+2.3 bn) and **Canada** (+2.1 bn), and a deficit with **China** (-29.8 bn), **Russia** (-10.3 bn) and **Japan** (-6.6 bn).

Financial Account

In the fourth quarter of 2009, the **EU27** made direct investments abroad of 63.2 bn euro, compared with 50.8 bn in the same quarter of 2008, and foreign direct investors made investments in the **EU27** of 80.5 bn, compared with disinvestment of 18.4 bn in the same quarter of 2008. Portfolio investments recorded a net inflow of 40.3 bn, compared with 316.4 bn in the fourth quarter of 2008.

These provisional data, issued by **Eurostat**, the statistical office of the European Union, are based on the information available at the time of publication and subject to revision.

Balance of payments euro-indicators for EU27 and the euro area (EA16)

(in bn euro)

	Q4/2008	Q1/2009	Q2/2009	Q3/2009	Q4/2009
EU27 current account balance	-54.8	-50.6	-44.7	-23.1	-9.2
EU27 balance of trade in services	23.4	13.3	16.4	16.6	19.1
EU27 current account balance as % of GDP	-1.7%	-1.8%	-1.5%	-0.8%	-0.3%
EA16 current account balance	-34.0	-37.2	-22.0	-3.6	7.0
EA16 balance of trade in services	8.0	1.8	6.9	12.2	10.6
EA16 current account balance as % of GDP	-1.4%	-1.7%	-1.0%	-0.2%	0.3%

Source: Eurostat for EU27 data, ECB⁴ for euro area

EU27 current and capital account (in bn euro)

	Q4/2008			Q1/2009			Q2/2009			Q3/2009			Q4/2009		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
CURRENT ACCOUNT	590.1	644.9	-54.8	491.3	541.9	-50.6	507.4	552.1	-44.7	502.7	525.8	-23.1	532.8	541.9	-9.2
- Goods	320.3	362.2	-41.9	257.8	301.7	-43.9	269.4	284.4	-15.0	276.5	295.3	-18.8	300.7	310.1	-9.5
- Services	136.6	113.2	23.4	115.2	102.0	13.3	118.8	102.4	16.4	122.9	106.3	16.6	123.9	104.8	19.1
- Income	122.4	139.9	-17.5	107.2	112.1	-4.9	106.9	141.0	-34.1	94.0	100.6	-6.7	99.1	99.2	-0.1
- Current Transfers	10.8	29.5	-18.8	11.0	26.0	-15.0	12.3	24.3	-12.0	9.4	23.5	-14.1	9.1	27.8	-18.7
CAPITAL ACCOUNT	1.7	4.4	-2.7	2.1	3.5	-1.3	2.3	3.5	-1.2	2.4	3.2	-0.8	2.3	4.5	-2.2

Source: Eurostat

EU27 financial account (in bn euro)

	Q4/2008	Q1/2009	Q2/2009	Q3/2009	Q4/2009
DIRECT INVESTMENT	-69.2	-29.2	-2.0	-27.6	17.2
- direct investment abroad	-50.8	-65.1	-84.1	-51.0	-63.2
- direct investment in the EU	-18.4	35.9	82.0	23.3	80.5
PORTFOLIO INVESTMENT	316.4	220.4	107.5	68.1	40.3
- portfolio investment assets	258.9	42.9	-74.5	-72.0	-86.9
- portfolio investment liabilities	57.5	177.5	182.0	140.1	127.2
OTHER INVESTMENT	-470.9	-69.0	-10.9	-67.5	-57.4
- other investment assets	588.3	142.8	137.0	67.3	40.3
- other investment liabilities	-1059.2	-211.8	-147.9	-134.9	-97.7
FINANCIAL DERIVATIVES	-28.2	14.6	23.3	-2.2	12.6

Source: Eurostat

EU27 services account (in bn euro)

	Q4/2008			Q1/2009			Q2/2009			Q3/2009			Q4/2009		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Services	136.6	113.2	23.4	115.2	102.0	13.3	118.8	102.4	16.4	122.9	106.3	16.6	123.9	104.8	19.1
Transportation	33.9	26.8	7.1	27.3	22.0	5.2	27.4	21.5	5.8	27.8	22.1	5.7	27.5	22.8	4.7
Travel	16.2	20.0	-3.8	13.0	18.7	-5.7	17.6	21.3	-3.7	22.3	27.1	-4.8	15.2	19.3	-4.1
Other services	85.8	65.2	20.7	74.9	59.1	15.7	73.7	56.9	16.8	72.8	54.1	18.7	81.1	59.5	21.6
Communication services	2.9	3.1	-0.2	3.0	3.1	-0.1	2.9	3.0	-0.1	3.0	3.0	0.0	3.1	3.1	-0.1
Construction services	5.4	3.0	2.4	4.2	2.6	1.5	4.4	3.1	1.3	4.4	3.0	1.4	4.6	3.0	1.6
Insurance services	3.2	2.1	1.1	4.3	1.8	2.5	3.9	1.8	2.1	3.8	1.6	2.2	2.7	1.7	1.1
Financial services	12.9	4.9	8.0	10.1	3.8	6.3	10.1	4.2	6.0	10.6	4.5	6.1	12.2	4.4	7.8
Computer & info. services	8.4	3.7	4.7	8.4	3.4	5.0	6.8	3.1	3.8	7.1	3.0	4.1	8.3	3.3	5.0
Royalties & licence fees	7.1	10.8	-3.7	6.8	10.9	-4.1	6.1	8.7	-2.6	6.1	9.5	-3.4	6.3	10.0	-3.8
Other business services	42.0	33.9	8.2	35.2	29.7	5.5	36.3	29.9	6.4	34.7	26.5	8.1	40.4	30.5	9.9
Personal, cultural & rec. services	1.5	1.4	0.1	1.0	1.6	-0.6	1.2	1.3	-0.2	1.2	1.5	-0.3	1.5	1.4	0.1
Government services, n.i.e.	2.3	2.1	0.1	2.0	2.2	-0.2	1.9	1.8	0.2	2.0	1.5	0.4	1.8	1.9	-0.1
Services not allocated	0.6	1.2	-0.6	0.2	2.1	-2.0	0.1	2.7	-2.6	0.1	3.1	-3.0	0.1	3.2	-3.1

Source: Eurostat

EU27 geographical breakdown of selected balance of payments items (in bn euro)

Partner	Period	Total Current Account			Goods			Services			Direct investment abroad	Direct investment in the EU
		Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Net	Net
Total	Q1/2009	491.3	541.9	-50.6	257.8	301.7	-43.9	115.2	102.0	13.3	-65.1	35.9
	Q2/2009	507.4	552.1	-44.7	269.4	284.4	-15.0	118.8	102.4	16.4	-84.1	82.0
	Q3/2009	502.7	525.8	-23.1	276.5	295.3	-18.8	122.9	106.3	16.6	-51.0	23.3
	Q4/2009	532.8	541.9	-9.2	300.7	310.1	-9.5	123.9	104.8	19.1	-63.2	80.5
USA	Q1/2009	115.6	114.5	1.1	50.6	43.9	6.7	28.9	31.5	-2.6	-21.5	1.7
	Q2/2009	114.9	112.6	2.3	51.8	40.1	11.8	31.0	32.4	-1.4	7.1	59.6
	Q3/2009	110.8	95.8	14.9	50.3	36.1	14.3	30.1	30.8	-0.8	-21.1	-8.2
	Q4/2009	115.9	103.6	12.3	55.1	39.4	15.7	29.5	32.3	-2.8	-33.5	43.8
Switzerland	Q1/2009	50.5	41.7	8.7	23.7	21.2	2.5	14.6	11.9	2.7	-7.3	10.0
	Q2/2009	53.4	43.3	10.1	22.1	20.2	1.9	16.1	11.4	4.7	-13.4	7.0
	Q3/2009	49.7	43.6	6.2	22.4	19.9	2.5	16.6	11.9	4.8	-4.3	8.2
	Q4/2009	52.4	42.4	10.0	25.0	20.8	4.2	16.3	12.4	3.9	-19.8	6.5
China*	Q1/2009	23.5	55.3	-31.8	17.2	51.0	-33.8	4.8	3.3	1.5	-1.4	-0.1
	Q2/2009	26.9	50.7	-23.7	20.7	46.3	-25.6	4.2	3.2	1.1	-0.7	0.2
	Q3/2009	27.9	56.2	-28.3	21.4	51.9	-30.6	4.8	3.3	1.5	-1.7	0.1
	Q4/2009	29.2	59.0	-29.8	23.1	54.4	-31.3	4.4	3.4	0.9	-1.4	0.1
Russia	Q1/2009	22.5	29.3	-6.7	15.7	25.7	-10.0	4.0	2.5	1.5	0.0	1.1
	Q2/2009	22.8	29.5	-6.7	15.6	25.1	-9.5	4.4	2.8	1.5	0.6	1.1
	Q3/2009	24.8	33.5	-8.7	16.7	29.5	-12.9	5.1	2.8	2.3	-0.8	0.7
	Q4/2009	26.3	36.6	-10.3	18.4	32.4	-13.9	5.0	2.8	2.2	1.1	0.1
Japan	Q1/2009	17.2	24.4	-7.2	9.1	14.7	-5.6	4.2	3.3	0.9	0.3	-2.9
	Q2/2009	15.7	24.6	-8.9	8.4	13.2	-4.8	4.1	3.0	1.1	0.7	0.0
	Q3/2009	15.7	23.0	-7.3	9.2	13.3	-4.0	4.1	3.2	0.9	0.1	3.7
	Q4/2009	16.8	23.4	-6.6	9.7	13.8	-4.1	4.2	3.2	0.9	-1.2	-3.1
Canada	Q1/2009	11.2	8.6	2.6	5.4	4.5	0.9	2.4	2.0	0.4	-1.0	3.9
	Q2/2009	10.8	9.5	1.3	5.4	4.0	1.4	2.8	2.0	0.8	1.0	3.0
	Q3/2009	10.8	8.9	1.9	5.4	3.8	1.6	3.0	2.2	0.8	-1.5	0.4
	Q4/2009	11.0	9.0	2.1	5.7	4.3	1.4	2.4	1.9	0.5	-1.2	4.0
Hong Kong	Q1/2009	8.9	7.3	1.6	4.4	4.0	0.5	1.7	1.7	0.1	-1.3	-1.1
	Q2/2009	9.6	7.1	2.5	5.1	3.8	1.3	1.8	1.5	0.3	-0.9	0.1
	Q3/2009	9.8	7.5	2.3	5.3	4.5	0.9	1.9	1.6	0.3	-1.1	0.5
	Q4/2009	10.0	7.7	2.3	5.4	4.6	0.9	2.0	1.7	0.3	-0.2	0.2

* excluding Hong Kong

Partner	Period	Total Current Account			Goods			Services			Direct investment abroad	Direct investment in the EU
		Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Net	Net
India	Q1/2009	8.9	9.9	-1.0	6.0	6.9	-0.9	1.9	1.9	0.0	-1.2	0.0
	Q2/2009	10.0	8.7	1.3	6.9	6.0	0.9	2.1	1.8	0.3	-0.6	0.2
	Q3/2009	10.1	8.9	1.3	6.9	6.2	0.7	2.3	1.9	0.4	-0.6	0.1
	Q4/2009	11.3	8.9	2.4	7.9	6.2	1.7	2.5	1.9	0.6	-0.8	0.1
Brazil	Q1/2009	8.7	8.2	0.6	4.7	5.8	-1.2	2.0	1.6	0.4	-1.9	0.2
	Q2/2009	9.9	8.2	1.7	4.8	6.2	-1.4	2.2	1.3	0.8	-1.5	1.3
	Q3/2009	10.6	8.6	2.0	5.9	6.3	-0.5	2.2	1.5	0.6	-1.2	-0.4
	Q4/2009	12.4	8.9	3.6	6.6	6.0	0.6	2.5	1.9	0.5	-2.4	1.7
Other countries	Q1/2009	224.3	242.7	-18.4	121.0	124.0	-3.0	50.8	42.4	8.4	-29.8	23.2
	Q2/2009	233.2	257.7	-24.5	128.6	119.4	9.1	50.1	43.0	7.1	-76.3	9.3
	Q3/2009	232.6	240.0	-7.4	133.0	123.9	9.2	52.8	47.1	5.7	-18.8	18.3
	Q4/2009	247.5	242.5	5.0	143.8	128.2	15.5	55.3	43.1	12.1	-3.8	26.9

Source: Eurostat

1. The first estimate for Q4 2009, published in News Release 36/2010 of 11 March 2010, was a deficit of 27.0 bn euro for the EU27 current account. That first estimate was based on figures provided by the Member States to Eurostat two months after the reference quarter, and was provisional.
This second release is based on more detailed quarterly data, transmitted to Eurostat by the Member States three months after the reference quarter. These data may also be subject to revision when data for later quarters are transmitted by the Member States.
All the figures can be downloaded free of charge from the balance of payments section of the Eurostat web site <http://ec.europa.eu/eurostat>.
Sums of components and data of different periodicity may not add up due to rounding.
2. The EU27 includes Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.
The euro area (EA16) includes Belgium, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland.
3. The balance of payments is based on a double entry system, therefore the sum of the balances of the current account, the capital account and the financial account is in principle equal to zero, any discrepancy being due to statistical errors.
The *current account* covers all transactions occurring between resident and non-resident entities, and refers to international trade in goods and services, income and current transfers. More specifically, the four main components of the current account are defined as follows:
The *goods* account covers general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers and non-monetary gold. Exports and imports of goods are recorded on a f.o.b./f.o.b. basis, i.e. at market value at the customs frontiers of exporting economies, including charges for insurance and transport services up to the frontier of the exporting country.
The *services* account consists of the following items: *transportation* services performed by EU residents for non-EU residents, or vice versa, involving the carriage of passengers, the movement of goods, rentals of carriers with crew and related supporting and auxiliary services, *travel*, which includes primarily the goods and services EU travellers acquire from non-EU residents, or vice versa, and *other services*. The latter include: communication services, construction services, insurance services, financial services, computer and information services, royalties and licence fees, other business services (which comprise merchanting and other trade-related services, operational leasing services and miscellaneous business, professional and technical services), personal, cultural and recreational services and government services not included elsewhere.
The *income* account covers two types of transactions: *compensation of employees* paid to non-resident workers or received from non-resident employers, and *investment income* accrued on external financial assets and liabilities.
The *current transfers* account includes *general government current transfers*, e.g. transfers related to international co-operation between governments, payments of current taxes on income and wealth, etc., and *other current transfers*, e.g. workers' remittances, insurance premiums - less service charges - and claims on non-life insurance companies.
The *capital account* comprises capital transfers, which involve the transfer of ownership of fixed assets, and the acquisition and disposal of nonproduced, nonfinancial assets, which include tangible assets that are not produced (such as subsoil assets) as well as intangible assets (patents, copyrights, trademarks, etc).
The *financial account* records transactions that involve financial assets and liabilities, and take place between residents and non residents. Financial assets and liabilities are further classified in functional categories:
Direct investment reflects the objective of the investor to obtain a lasting interest in an enterprise resident in another economy. Direct investment abroad comprises the capital flows of EU investors outside the EU; the direct investment in the EU accounts for the capital flows of non EU investors in the EU.
Portfolio investment involves transactions in debt and equity securities, not included in direct investments and reserve assets
Financial derivatives involve transactions on financial instruments whose value is contingent on another specific financial instrument, or index, or commodity.
Reserve assets are those assets readily available to and controlled by the monetary authorities. They are a standard component of the financial account; however, as the European Union is not a monetary union, it is not possible to compute the EU aggregate for this functional category.
Other investment is a residual category that includes all the financial transaction not covered elsewhere, such as currency and deposits, trade credits and loans.
4. In line with the agreed allocation of responsibility, the European Central Bank (ECB) (www.ecb.int, section statistics/statistical press releases) is in charge of compiling and disseminating monthly and quarterly balance of payments statistics for the euro area, whereas the European Commission (Eurostat) focuses on quarterly and annual aggregates of the EU. The data comply with international standards, in particular those set out in the IMF Manual on Balance of Payments Statistics (5th edition). The aggregates for the euro area and the EU are compiled consistently on the basis of Member States' transactions with residents of countries outside the euro area and the European Union respectively.

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