

International investment position statistics

Statistics Explained

*Data extracted in May 2021.
Planned article update: April 2022.*

The [international investment position \(IIP\)](#) is an [economy's financial statement](#), compiled at a specified date (such as by the end of year or end of quarter), showing the value and composition of its positions in external assets and liabilities with the rest of the world. In simplified terms, external assets are funds which residents lend to non-residents, external liabilities are funds which residents borrow from non-residents. When external assets exceed liabilities, the net IIP is positive and when liabilities exceed assets it is negative. This article presents data on the (net) IIP of the [European Union \(EU\)](#) and its Member States. Data are compiled according to the [Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual \(BPM6\)](#), the major components of the IIP for the EU were estimated by Eurostat.

EU is a net borrower of financial funds

Eurostat estimations based on official data show that in 2020 the EU was a net debtor towards the rest of the world, resulting from higher positions in liabilities than in assets (excluding reserve assets, see Table 1). This has the consequence that the EU was a net borrower of financial funds¹. Without accounting for reserve assets, the net international investment position of the EU amounted to EUR –498.6 billion in 2020 (EUR –684.7 billion in 2019), mainly caused by a negative net position of EUR –2 009.4 billion in portfolio investment. Setting reserve assets aside, the net international investment position of the euro area also recorded negative value of EUR –788.7 billion. In relative terms, the estimated net IIP (excluding reserve assets) of the EU measured as a share of GDP was –3.7 % in 2020, while for the euro area it was –7.0 %. Taking into account reserve assets, the euro area recorded a positive IIP of EUR 91.1 billion, which in relative terms corresponds to 0.8 % of GDP.

¹However, considerable doubts have been raised about the negative net IIP. By estimating data gaps in assets held by euro area residents in offshore financial centres, missing in the compilation of national IIPs, the author concludes that the euro area is indeed a net lender to the rest of the world. See: <http://www.parisschoolofeconomics.eu/docs/zucman-gabriel/mwn23march.pdf>

International investment position and its components, European Union and euro area, 2020
(EUR 1 000 million)

	Assets	Liabilities	Net
European Union			
International investment position (excluding reserve assets)	29 074.5	29 573.1	-498.6
Direct investment	10 757.4	9 334.8	1 422.6
Portfolio investment	10 471.5	12 480.9	-2 009.4
Financial derivatives and employee stock options	2 003.3	2 023.3	-20.0
Other investment	5 842.3	5 734.1	108.2
Euro area			
International investment position	30 398.9	30 307.8	91.1
Direct investment	11 065.0	9 292.4	1 772.6
Portfolio investment	10 685.8	12 286.4	-1 600.7
Equity	4 222.6	2 268.1	1 954.5
Investment fund shares	566.0	5 006.2	-4 440.1
Debt securities	5 897.2	5 012.2	885.0
Financial derivatives and employee stock options	1 909.6	1 995.7	-86.2
Other investment	5 858.0	6 733.2	-874.4
Reserve assets	879.8	:	879.8

Note: EU: Eurostat estimations
: not available
Source: Eurostat, ECB (online data code: bop_iip6_q)

eurostat

Table 1: International investment position and its components, European Union and euro area, 2020 (EUR 1 000 million) Source: Eurostat, ECB (bop_iip6_q)

The United States showed the highest international indebtedness in 2020 with a net IIP of EUR -11 484 billion and can be therefore considered as the top global net debtor economy in the world (see Figure 1). Japan on the contrary was the global top net lender economy to the world with a net IIP of EUR 3 032 billion. With Spain, Ireland and France, three EU Member States were among the top 10 net borrowers, while other European countries like Germany, Switzerland, Norway and the Netherlands were among the top ten net lenders to the world. This comparison clearly displays a very heterogeneous situation at national level concerning net international surplus or debt within Europe and the EU².

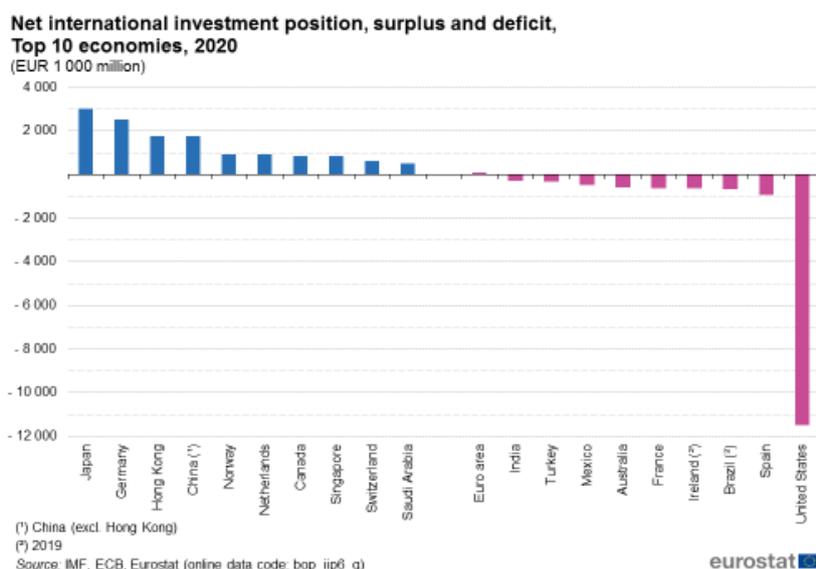


Figure 1: Net international investment position, surplus and deficit, Top 10 economies, 2020 (EUR 1 000 million) Source: IMF, ECB, Eurostat (bop_iip6_q)

EU is a net lender in direct investment

In contrast to the overall negative net investment position (excluding reserve assets) with the rest of the world, the EU is a significant net lender regarding direct investment to the rest of the world. Based upon Eurostat estimations, EU aggregated net assets in direct investment outside the EU amounted to EUR 1 422.6 billion in 2020 (EUR 1 845.7 billion in 2019). The positive net position in direct investment resulted from considerably higher values of external assets (EUR 10 757.4 billion) compared to figures for external liabilities (EUR 9 334.8 billion).

²Source: IMF (BOPS) . Differences with official figures may occur due to exchange rates applied.

Table 2 shows that in 2020, the Netherlands recorded the highest net position of EUR 918.5 billion in direct investment vis-à-vis extra EU, ahead of Germany (EUR 325.1 billion) and France (EUR 315.6 billion). These three countries were also among the most significant direct investors vis-à-vis rest of the world (including other EU Member States), another one being Luxembourg with a net direct investment position with the rest of the world amounting to EUR 692.1 billion in 2020. On the other hand, Spain was the highest recipient of direct investment from rest of the world with negative net position of EUR 186.2 billion, closely followed by Poland (EUR 183.1 billion) and Ireland (EUR 177.9 billion).

International investment position, Direct investment, Net, EU Member States vis-à-vis partner countries, 2020
(EUR 1 000 million)

	Switzerland	United Kingdom	Russia	Canada	United States	Brazil	China (*)	Hong Kong	Japan	India	Extra EU	Rest of the world (*)
Belgium	17.8	64.4	1.4	3.6	-9.7	4.6	1.3	-1.8	-16.7	1.6	99.2	34.0
Bulgaria	-2.6	-2.5	-2.3	0.0	-0.7	0.0	-0.1	0.0	-0.1	0.0	-12.4	-45.9
Czechia	-4.5	-2.3	-0.4	-0.3	-1.2	0.0	-0.3	-0.1	-2.4	0.1	15.5	-138.0
Denmark	-4.5	15.5	0.0	0.8	18.4	1.0	4.1	2.2	-1.0	1.3	60.4	32.1
Germany	-41.3	57.6	12.6	9.9	145.9	9.8	74.3	1.1	-18.4	19.7	325.1	620.3
Estonia	-0.4	-0.7	-0.5	0.0	-0.1	0.0	0.0	-0.1	-0.1	0.0	-4.2	-19.0
Ireland	-122.0	35.3	c	-0.5	-34.1	0.5	-2.6	c	-28.5	0.2	-323.3	-177.9
Greece	-3.1	-0.9	-0.1	-1.4	2.2	0.0	-0.3	1.0	0.0	0.0	-2.5	-24.4
Spain	-22.8	10.2	-2.6	9.3	54.5	34.4	1.7	-0.4	-6.1	1.9	151.8	186.2
France	-61.0	27.0	17.5	3.6	144.3	20.7	24.9	0.4	6.9	7.3	315.6	523.6
Croatia	c	-0.5	c	c	-0.2	c	c	c	c	c	-0.9	-25.1
Italy	-10.6	-29.6	12.4	3.1	27.7	12.7	9.9	2.9	-0.6	5.9	130.2	89.9
Cyprus	c	2.5	45.4	c	-2.9	0.0	c	c	c	c	72.8	9.5
Latvia	-0.1	-0.3	-1.4	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	-3.4	-14.6
Lithuania	-0.4	0.8	-0.1	0.0	-0.3	0.0	0.0	-1.1	0.0	0.0	-2.1	-15.2
Luxembourg	c	180.3	c	c	-311.3	c	c	c	c	c	-293.4	692.1
Hungary	7.2	-7.9	-0.2	-25.7	14.9	-0.2	-0.2	3.3	-1.7	0.0	19.1	-49.8
Malta	c	c	c	c	c	c	c	c	c	c	-55.9	-137.2
Netherlands	192.8	206.6	45.2	76.2	-55.0	162.9	18.6	-38.1	-60.8	29.4	918.5	1 101.2
Austria	c	c	c	c	c	c	c	c	c	c	20.2	37.0
Poland	-6.1	-6.3	0.4	-0.3	-3.3	0.0	-0.2	-0.4	-0.9	0.1	-18.9	-183.1
Portugal	-2.8	-7.9	-0.2	-0.6	-1.0	0.1	-2.7	-2.6	-0.3	0.0	-16.3	-97.9
Romania	-4.5	-2.9	-0.2	-0.2	-1.2	0.0	-0.2	0.0	-0.6	0.0	-10.9	-85.4
Slovenia	-1.7	-0.4	0.3	0.0	-0.1	0.0	0.1	-0.1	0.0	0.0	0.8	-9.6
Slovakia	-0.9	-1.4	0.2	0.0	-0.5	0.0	0.1	0.0	-0.1	0.0	-4.8	-47.8
Finland	-0.4	2.3	2.4	1.6	6.0	0.5	-4.0	-0.7	-0.4	0.3	18.3	56.3
Sweden	4.7	-16.8	3.3	2.7	38.1	c	1.5	1.5	-0.9	2.4	57.5	45.4

Note: Nat = assets minus liabilities
 (*) China (incl. Hong Kong)
 (**) Rest of the world includes EU Member States
 : not available
 c confidential
 Source: Eurostat (online data code: bop_iip6_q)

eurostat

Table 2: International investment position, Direct investment, Net, EU Member States vis-à-vis partner countries, 2020 (EUR 1 000 million) Source: Eurostat (bop_iip6_q)

Regarding the financial relationships of the Member States with the rest of the world, the Netherlands recorded outstanding direct investment net surplus positions with the United Kingdom (EUR 206.6 billion) and with Switzerland (EUR 192.8 billion). Germany (EUR 145.9 billion) and also France (EUR 144.3 billion) showed in 2020 considerably high net surpluses in the direct investment position with the United States. By taking into account not just the net position but gross figures for assets and liabilities, the Netherlands and Luxembourg recorded the highest levels of direct investment activity with the rest of the world and also outside the EU. In 2020, the Netherlands had EUR 3 661 billion in external assets and EUR 2 742 billion in external liabilities with countries outside the EU, while for Luxembourg it was EUR 3 383 billion in external assets and EUR 2 676 billion in external liabilities.

EU shows high assets and liabilities regarding portfolio investment

Residents of the EU recorded outstanding assets regarding portfolio investment in 2020 to the extent of EUR 10 471.5 billion and outstanding liabilities with a volume of EUR 12 480.9 billion. According to the resulting net deficit of EUR 2 009.4 billion, the EU has to be considered as a significant international net borrower of portfolio investment. As shown in Table 3, considerably high values for assets and liabilities in portfolio investment towards the rest of the world were recorded by Luxembourg (EUR 4 784.5 billion and EUR 5 681.3 billion) and Ireland (EUR 3 638.5 billion and EUR 4 236.9 billion), because capital is raised predominantly through the issuance of investment fund shares in these two countries. Among all EU Member States, Germany was in 2020 the largest net investor in foreign portfolio investment assets, recording a net surplus of EUR 841.7 billion vis-à-vis the rest of the world, while the highest net deficits were reported by France (EUR -940.4 billion) and Luxembourg (EUR -896.8 billion).

**International investment position, Portfolio investment,
EU Member States vis-à-vis rest of the world, 2020**

(EUR 1 000 million)

	Assets	Liabilities	Net
Belgium	788.3	633.6	154.8
Bulgaria	11.9	6.8	5.0
Czechia	31.3	66.7	-35.5
Denmark	542.6	543.7	-1.1
Germany	3 555.1	2 713.4	841.7
Estonia	19.4	4.7	14.7
Ireland	3 638.5	4 236.9	-598.4
Greece	163.9	40.0	123.9
Spain	809.8	1 189.6	-379.8
France	2 690.7	3 631.0	-940.4
Croatia	6.2	11.3	-5.1
Italy	1 655.6	1 341.9	313.7
Cyprus	24.2	31.4	-7.2
Latvia	18.7	8.8	9.9
Lithuania	16.4	15.8	0.5
Luxembourg	4 784.5	5 681.3	-896.8
Hungary	13.1	47.1	-34.1
Malta	127.1	4.3	122.8
Netherlands	2 013.0	2 305.2	-292.1
Austria	349.8	420.9	-71.0
Poland	30.0	122.6	-92.7
Portugal	157.5	145.2	12.3
Romania	5.6	50.3	-44.7
Slovenia	23.7	24.9	-1.2
Slovakia	43.5	36.2	7.3
Finland	356.1	431.2	-75.1
Sweden	664.2	723.3	-59.1

Source: Eurostat (online data code: bop_iip6_q)



Table 3: International investment position, Portfolio investment, EU Member States vis-à-vis rest of the world, 2020 (EUR 1 000 million) Source: Eurostat (bop_iip6_q)

EU remains a net lender of other investment

The IIP component other investment³ showed for the EU positive net position of EUR 108.2 billion in 2020, up from EUR 69.6 billion in 2019. Thus, the EU was in 2020 a net lender to the rest of the world in financial funds related to other investment.

Table 4 shows that in 2020 the highest positive net assets concerning other investment of all EU Member States with the rest of the world were recorded by Germany (EUR 872.5 billion) and Luxembourg (EUR 214.9 billion), while Italy (EUR -496.1 billion) and Spain (EUR -440.3 billion) displayed the largest net liabilities with the rest of the world.

³Consisting of other equity, currency and deposits, loans, insurance, pension and standardised guarantee schemes, trade credit and advances, other accounts receivable/payable, special drawing rights.

International investment position, Other investment, Net, EU Member States vis-à-vis partner countries, 2020
(EUR 1 000 million)

	Switzerland	United Kingdom	Russia	Canada	United States	Brazil	China (*)	Hong Kong	Japan	India	Extra EU	Rest of the world (†)
Belgium	-3.9	24.0	-10.9	1.3	11.5	0.8	0.1	-0.5	-13.1	0.9	-7.2	-13.4
Bulgaria	-0.4	-0.5	-0.1	0.0	0.6	0.0	-0.5	0.0	-0.1	0.0	-1.3	-7.1
Czechia	1.3	0.2	1.0	-0.1	-0.4	0.0	-0.1	0.0	-0.1	0.0	-2.2	-18.3
Denmark	-2.4	-9.3	0.1	-0.6	-0.3	0.1	-1.0	0.0	-0.1	0.0	-4.6	21.1
Germany	-20.1	-24.3	-9.8	7.0	59.7	1.9	-2.1	10.4	7.0	-12.9	-10.4	872.5
Estonia	0.3	-0.5	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	-2.6	-3.0
Ireland	0.8	-3.5	c	-2.2	112.3	0.5	-1.6	-0.7	-3.7	0.6	85.1	149.8
Greece	2.4	12.4	0.0	0.0	-1.2	0.0	-0.2	0.0	0.0	0.0	10.5	-388.8
Spain	7.5	2.8	-1.1	1.1	22.7	0.6	-2.6	10.5	-0.5	0.6	53.4	-440.3
France	16.0	-178.8	-16.9	4.2	-120.7	4.1	-22.1	0.9	196.1	-53.9	-175.0	-276.3
Croatia	0.1	0.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.6	-14.7
Italy	38.0	12.2	3.6	0.7	20.5	0.5	-0.8	4.3	-2.6	0.2	85.8	-496.1
Cyprus	3.0	1.4	-10.7	0.0	0.8	0.0	-0.5	-0.4	0.0	0.0	-36.7	-33.6
Latvia	0.0	-1.6	-0.7	-0.3	0.1	0.0	0.0	-0.1	0.0	0.0	-5.2	-10.2
Lithuania	0.1	-0.7	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.7	2.9
Luxembourg	c	13.6	c	c	53.0	c	c	c	c	c	51.2	214.9
Hungary	0.4	-0.6	0.3	-0.1	0.5	0.1	-5.8	0.7	-0.8	0.0	-10.1	-12.3
Malta	c	c	c	c	c	c	c	c	c	c	4.0	21.4
Netherlands	20.4	-47.3	-4.7	1.1	-1.1	18.1	-10.5	11.3	-9.8	0.7	-9.0	-49.3
Austria	9.6	9.4	-3.4	0.4	3.9	0.2	0.1	1.3	-0.1	-0.1	27.9	51.0
Poland	0.3	-8.0	-0.2	-0.1	6.4	0.0	-0.4	0.0	-0.1	0.0	-12.9	-77.3
Portugal	c	c	c	c	c	c	c	c	c	c	-12.7	-149.9
Romania	0.5	0.0	-0.1	0.0	2.8	0.0	-0.4	-0.1	0.0	0.0	-2.6	-14.8
Slovenia	-0.2	1.9	0.1	0.0	0.2	0.0	-0.1	0.0	0.0	0.0	4.1	5.7
Slovakia	0.7	-0.7	0.0	-0.5	1.0	0.0	-0.1	0.0	0.5	0.0	0.0	-27.1
Finland	-0.5	-5.6	-1.5	-0.1	-9.6	0.3	-0.2	-0.3	-0.7	0.1	-10.9	11.1
Sweden	1.1	6.3	0.2	-0.2	-23.0	0.1	-1.3	-0.4	-0.3	0.1	27.8	48.5

Note: Net = assets minus liabilities

(*) China (excl. Hong Kong)

(†) Rest of the world includes EU Member States

: not available

c: confidential

Source: Eurostat (online data code: bop_iip6_q)

eurostat

Table 4: International investment position, Other investment, Net, EU Member States vis-à-vis partner countries, 2020 (EUR 1 000 million) Source: Eurostat (bop_iip6_q)

Regarding economic activity outside the EU, France showed a high net lending position of other investment versus Japan (EUR 196.1 billion) and was a net borrower vis-à-vis the United Kingdom (EUR -178.8 billion) and the United States (EUR -120.7 billion). Moreover, Ireland exhibited a significant net lending position with the United States (EUR 112.3 billion) and the Netherlands a net borrowing position with the United Kingdom (EUR -47.3 billion).

Germany and the Netherlands are the biggest EU creditor nations

IIP data for each Member State can be analysed by examining their (net) exposure in financial assets and liabilities with the rest of the world (including intra-EU exposure). Economies with a positive net IIP are characterised by higher positions in financial assets abroad than financial liabilities and are consequently considered as net lenders or creditors. Germany and the Netherlands had vis-à-vis the rest of the world the highest net IIP values in the EU in 2020.

Figure 2 shows that Germany displayed a positive net IIP of EUR 2 543.7 billion (EUR 2 479.5 billion in 2019) and that the corresponding value for the Netherlands was EUR 916.7 billion (EUR 729.2 billion in 2019). The highest outstanding positions in assets and liabilities abroad (combined) were reported by Luxembourg, Germany, the Netherlands and France, due to their status as financial centres. Furthermore, Norway and Switzerland reported high net lending positions with EUR 932.4 billion and EUR 612.7 billion respectively in 2020.

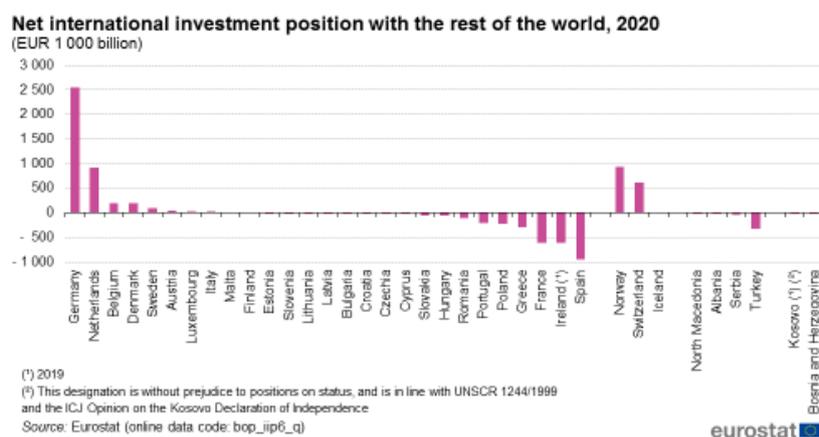


Figure 2: Net international investment position with the rest of the world, 2020 (EUR 1 000 billion) Source: Eurostat (bop_iip6_q)

Spain, Ireland and France show currently the highest international indebtedness in the EU

Economies with higher positions in financial liabilities abroad than financial assets have a negative net IIP and are considered as net borrowers or debtors. As shown in Figure 2, the top net borrowing economies in the EU in absolute terms in 2020 were Spain with a negative net IIP of EUR –945.7 billion (EUR –920.1 billion in 2019), Ireland with EUR –619.6 billion (data for 2019) and France with EUR –608.7 billion (EUR –556.5 billion in 2019).

Within the framework of a reinforced European economic governance after the financial and economic crisis, the European Commission has developed a set of scoreboard indicators to identify harmful macroeconomic imbalances. The net IIP as a percentage of GDP is one of the indicators included in the [Macroeconomic imbalances procedure \(MIP\)](#) for early warnings and national values are carefully monitored on an annual basis. The indicative threshold applied for benchmarking negative net IIPs is 35 % of GDP. Additionally, an indicator on net IIP excluding non-defaultable instruments as a share of GDP (calculated as net IIP excluding net direct investment and portfolio investment equity) has been introduced as one of auxiliary indicators.

Gross and net external debt, 2020

(EUR 1 000 million)

	Gross external debt	Net external debt	Net external debt (% GDP)
Euro area	14 846.5	3.8	0.0
Belgium	1 212.1	110.9	24.6
Bulgaria	40.1	-15.5	-25.5
Czechia	163.9	-36.2	-17.0
Denmark	492.7	-30.4	-9.7
Germany	5 512.1	-440.4	-13.2
Estonia	24.1	-7.4	-27.3
Ireland	2 571.0	-922.3	-251.6
Greece	494.5	268.5	161.9
Spain	2 236.2	975.4	87.0
France	5 988.5	1 118.0	49.1
Croatia	40.5	8.2	16.6
Italy	2 324.3	959.5	58.1
Cyprus	189.3	76.9	368.9
Latvia	36.4	4.2	14.3
Lithuania	36.3	-0.9	-1.9
Luxembourg	3 274.1	-1 675.0	-2 611.3
Hungary	209.4	-10.9	-8.0
Malta	88.6	-21.6	-168.5
Netherlands	3 670.0	-239.9	-30.0
Austria	619.0	-73.9	-19.7
Poland	306.6	78.4	15.0
Portugal	410.3	176.8	87.3
Romania	126.0	47.2	21.6
Slovenia	48.2	0.1	0.2
Slovakia	110.9	29.0	31.7
Finland	529.3	134.0	56.4
Sweden	816.0	160.2	33.9
Norway	554.9	114.8	36.1
North Macedonia	8.6	3.4	31.5
Albania	8.6	:	:

: not available

Source: Eurostat (online data code: bop_iip6_q)



Table 5: Gross and net external debt, 2020 (EUR 1 000 million) Source: Eurostat (bop_iip6_q)

Other measures that can be used as indicators for financial stability analysis are gross and net external debt. The main difference between IIP and external debt is the absence of all equity and investment fund shares components, financial derivatives and gold bullion in the latter. Gross external debt includes thus all debt liabilities of an economy, while net external debt (also taking into account all debt instruments) is calculated as liabilities minus assets. It has the opposite sign from net IIP (which is calculated as assets minus liabilities). For more information, see Data sources, section Interpreting external debt.

Since net external debt is calculated in a different way than net IIP, values for both measures may differ considerably. As can be seen from Table 5, countries exhibiting the highest net external debt as percentage of GDP are Spain (87.0 %), Portugal (87.3 %), Greece (161.9 %) and Cyprus (368.9 %). On the other side, Luxembourg and Ireland recorded by far the largest negative net external debt (assets higher than liabilities), both in absolute terms and as a share of GDP, reflecting their specific position as financial centres.

Data sources

Statistics about the international investment position are based on positions (or stocks) data which relate to the framework of [balance of payments](#) statistics. The main methodological reference is the [Sixth Edition of the Balance of Payments and International Investment Position Manual \(BPM6\)](#) of the [International Monetary Fund \(IMF\)](#). This new set of international standards has been developed, partly in response to significant economic developments, including an increased role for globalisation, rising innovation and interconnectedness of financial markets, and a greater emphasis on using the balance sheet as a tool for understanding economic activity (asset-liability principle). The transmission of IIP data to Eurostat is covered by [Regulation \(EC\) No](#)

[184/2005 of the European Parliament and of the Council of 12 January 2005](#) on Community statistics concerning balance of payments, international trade in services and foreign direct investment. New data requirements according to the BPM6 manual are included in [Commission Regulation \(EU\) No 555/2012 of 22 June 2012](#) and [Commission Regulation \(EU\) No 1013/2016](#) of 8 June 2016 as an amendment to the above.

Estimate of IIP of the EU

The international investment position is an indicator of an economy's external exposure in financial assets and liabilities to the rest of the world. This contributes most effectively to monetary policy analysis and foreign exchange rate policies. Given that the EU is not a homogeneous currency union (unlike the euro area), such a measure has been treated only with minor attention in the past, while the compilation of IIP was very relevant for monetary policy of the European Central Bank for Euro Area, while national IIP was important for Member States, both of euro area and ones which maintain their own national currencies. There have been, however, increasing demands for an IIP of the European Union for the purpose of financial stability analysis of the whole European Union.

However, the compilation of the IIP for the EU require a geographical breakdown of positions data. Firstly, all Member States would have to generally disseminate their assets and liabilities⁴ held outside the European Union (extra EU). Secondly, this would require all Member States to send also their positions in reserve assets (as a component of the IIP) vis-à-vis extra-EU to Eurostat. Data requirements applying to Member States not participating in the Monetary Union are for international investment position generally less comprehensive compared with euro area Member States and geographical breakdown. The legal requirement for the dissemination of portfolio investment liabilities remains practically without geographical breakdown (Geo 1, rest of the world)⁵, and requires resorting to other data sources⁶ while the dissemination of reserve assets is not covered by the above mentioned regulation.

Starting from April 2020, due to better data coverage, Eurostat is able to calculate quarterly international investment position of the EU and disseminate these series in the public database. Missing national data for portfolio investment liabilities vis-à-vis extra-EU have been calculated as portfolio investment assets vis-à-vis extra EU minus net portfolio investment vis-à-vis rest of the world (i.e. assuming that net intra-EU positions are equal zero). Eurostat chose, however, not to estimate geographical breakdown of reserve assets, as such item for economic union that is not currency union is not really economically meaningful, and decided to disseminate only international investment position excluding reserve assets. Therefore, it should be noted that figures for the EU (IIP excluding reserve assets) are not fully comparable with data for euro area (total IIP).

Interpreting external debt

Two measures in macroeconomic statistics complement IIP statistics – gross and net external debt. Their methodology is covered in the [External Debt Statistics - Guide for Compilers and Users \(EDS\)](#) .

Gross external debt represents the total position of an economy in debt liabilities, and comprises the following debt instruments: special drawing rights (SDR) allocations, currency and deposits (including unallocated gold accounts), debt securities at nominal or market value, loans, insurance, pension and standardised guarantee schemes, trade credits and advances, and other accounts payable (EDS, paragraph 2.11). Equity and investment fund shares are excluded from this definition because no payment of principal or interest is required. Likewise the definition excludes financial derivatives and employee stock options.

Eurostat publishes net external debt as positions in debt liabilities minus the respective positions in debt assets⁷. The latter is based on the assumption that for risk-management purposes entities manage their ex-

⁴Including all components of the IIP, i.e. direct investment, portfolio investment, other investment, financial derivatives and employee stock options, reserve assets.

⁵The legal provisions respect traditional information asymmetries of national compilers on non-resident investors holding resident securities. However, recent developments in European securities databases have promisingly improved information on at least European residents' holdings in securities, now available to national compilers in the EU.

⁶The IMF's Coordinated Portfolio Investment Survey (CPIS)

⁷Net external debt value is based on net IIP but excludes assets and liabilities regarding equity and investment fund shares for direct investment and portfolio investment, assets and liabilities related to financial derivatives, assets and liabilities for other

ternal liabilities and assets in an integrated manner. Consequently, the difference between an economy's net external debt and net international investment position is the absence of all equity and investment fund shares components, as well as financial derivatives⁸ and gold bullion (EDS, paragraph 7.51), as well as the sign convention⁹.

Eurostat publishes both gross and net external debt, based on quarterly IIP data for all EU Member States and several European countries, while the World Bank publishes annual data on external debt positions for most countries in the world¹⁰.

Context

The EU is a major player in the global economy not only for international trade in goods and services, but also for financial market operations and direct investment. Statistics on the international investment position provides a complete picture of the EU and its Member States' external exposure in financial assets and liabilities to the rest of the world. These statistics effectively support financial stability analysis and may be used as a tool to study the international exposure of different parts of the EU's economy, indicating its comparative advantages and disadvantages with the rest of the world, and calibrate the implied macroeconomic risks for the respective economies. The financial and economic crisis underlined the importance of developing such economic statistics insofar as improvements in the availability of data on the real and financial economies of the world may have helped policymakers and analysts when the crisis unfolded; for example, if internationally comparable information about financial exposure in specific assets and liabilities had been available earlier.

The European Commission launched new policy proposals in this domain in the aftermath of the financial and economic crisis — aiming at establishing a package of actions designed to stimulate economic recovery, such as the [Proposal for a Regulation on the European Fund for Strategic Investments \(COM/2015/010\)](#) , and to launch regular initiatives such as the [Macroeconomic imbalances procedure](#) to detect macroeconomic risks in EU Member States, and provide advice for addressing them. Further details on the European Commission's initiatives are available from the website of the European Commission's [Directorate-General for Economic and Financial Affairs \(DG ECFIN\)](#) , with a particular interest in recent priorities concerning the [European semester](#) .

- [Balance of Payments statistics](#)
- [The Macroeconomic Imbalance Procedure \(MIP\) introduced](#)
- [Quarterly sector accounts - households](#)
- [Quarterly sector accounts - non-financial corporations](#)

equity concerning other investment, as well as assets for investment fund shares and financial derivatives regarding reserve assets. Net external debt = direct investment liabilities in debt instruments + portfolio investment liabilities in debt securities + other investment liabilities in currency and deposits + other investment liabilities in loans + other investment liabilities in insurance, pension and standardised guarantee schemes + other investment liabilities in trade credit and advances + other investment liabilities in other accounts receivable/payable + other investment liabilities in SDRs - direct investment assets in debt instruments - portfolio investment assets in debt securities - other investment assets in currency and deposits - other investment assets in loans - other investment assets in insurance, pension and standardised guarantee schemes - other investment assets in trade credit and advances - other investment assets in other accounts receivable/payable - reserve assets in monetary gold and unallocated gold accounts - reserve assets in SDRs - reserve assets in the IMF reserve position - reserve assets in currency and deposits - reserve assets in debt securities - reserve assets in other claims.

⁸EDS suggests additionally an extended measure of net external debt, including net financial derivatives. A comprehensive overview is presented in EDS, Table 7.14

⁹Net external debt = (debt) liabilities minus (debt) assets

¹⁰ <http://data.worldbank.org/topic/external-debt>

- [Building the System of National Accounts](#)

Database

- [Balance of payments - International transactions \(BPM6\)](#) , see:

Balance of payments statistics and International investment positions (BPM6) (bop_q6)

- [National accounts \(ESA 2010\)](#) , see:

Quarterly sector accounts (ESA 2010) (nasq_10)

Annual sector accounts (ESA 2010) (nasa_10)

Publications

- [International Monetary Fund \(IMF\) - Net International Investment Position](#)
- [European Central Bank \(ECB\), Euro area quarterly balance of payments and international investment position \(second quarter of 2018\), Frankfurt/Main, 2 October 2018](#)
- [European Central Bank \(ECB\): Who holds what? New Information on Securities Holdings, in: Economic Bulletin, Issue 02/2015, March 2015](#)
- [Lavrador, I., Peronaci, R. and Silva, N.: Security \[U+2010\]by \[U+2010\]security data on holdings of securities: the importance for National and Euro Area Accounts, in: Irving Fisher Committee on Central Bank Statistics, IFC Bulletin No. 36, Bank for International Settlements \(BIS\), Basel, August 2012](#)
- [Amann, M., Anacki, M., Buckmann, D. and Lavrador, I.: Securities Holdings Statistics Database \(SHSDB\): The new ESCB micro database on holdings of securities, ISI 2015 World Statistics Congress, Rio de Janeiro, July 2015](#)
- [Zucman, G.: The Missing Wealth of Nations: Are Europe and the U.S. Net Debtors or Net Creditors?, Paris School of Economics, February 2013](#)

Methodology

- [Balance of Payments and International Investment Position Manual \(BPM6\)](#)
- [Balance of payments statistics and international investment positions \(ESMS metadata file — bop_q_esms\)](#)
- [International Monetary Fund \(IMF\), Development of International Investment Position Statistics, Washington D.C., August 2002](#)
- [International Monetary Fund \(IMF\), International Investment Position: A Guide to Data Sources, Washington D.C., October 2002](#)
- [Handbook on securities statistics, International Monetary Fund \(IMF\), Washington D.C., 2015\)](#)
- [Interagency Task-Force on Finance Statistics, External Debt Statistics – Guide for Compilers and Users \(EDS\), International Monetary Fund \(IMF\), Washington D.C., 2014](#)
- [Valdivia-Velarde, Eduardo: Update of the External Debt Guide on Issues Emerging from BPM6, International Monetary Fund \(IMF\), Washington D.C., April 2009](#)
- [Balance of Payments Vademecum, Update December 2019, Eurostat, Luxembourg](#)

Legislation

- [Regulation \(EC\) No 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment.](#)
- [Summaries of EU Legislation: EU statistics — balance of payments, trade in services and foreign direct investment](#)
- [Commission Regulation \(EU\) No 555/2012 of 22 June 2012 amending Regulation \(EC\) No 184/2005 of the European Parliament and of the Council on Community statistics concerning balance of payments, international trade in services and foreign direct investment, as regards the update of data requirements and definitions.](#)
- [Commission Regulation \(EU\) No 1013/2016 of 8 June 2016 as an amendment to the above](#)

External links

- [International Monetary Fund — Balance of Payments and International Investment Position Manual — 6th edition, 2009](#)
- [European system of accounts \(ESA 2010\)](#)