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PRESS RELEASE

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International investment position and balance of payments financial account (2022 Q1)

- **Net international investment position drops to €277 billion or 53% GDP**
- **Negative financial account balance for the second consecutive quarter**

Outstanding amounts

The net international investment position (NIIP) dropped to €276.9 billion in the first quarter of 2022 from €289.2 billion in the previous quarter. This development is mainly explained by lower asset prices and, to a lesser extent, an external financing deficit of the Belgian economy. Net portfolio investment remains the most important component of the positive NIIP. But this was also affected by negative valuation effects and dropped to €203.9 billion. Net direct investment rose to €83.4 billion, primarily due an increase in Belgian investment in the rest of the world. Net other investment dropped to €-48.4 billion, the lowest level since the end of 2008.

Transactions

The balance of payments (BoP) financial account balance stood at €-2.9 billion in the first quarter of 2022. This is the second consecutive negative balance, which implies that Belgium needed net financing from abroad again. This follows a one-and-a-half-year period during which Belgium acted as a net lender. The balance of direct investment was positive (€13.1 billion) due to higher investment by Belgian companies in the rest of the world than the other way around. The balance of portfolio investment was almost neutral (€0.8 billion), with stronger acquisition of debt instruments than equity, both by the rest of the world in Belgium and by Belgium in the rest of the world. The balance of other investment was negative (€-16.7 billion), with a significant increase in external liabilities (€36.2 billion). Overall, the increase in external assets (€63.3 billion) and liabilities (€66.3 billion) was more dynamic than in the previous quarter.

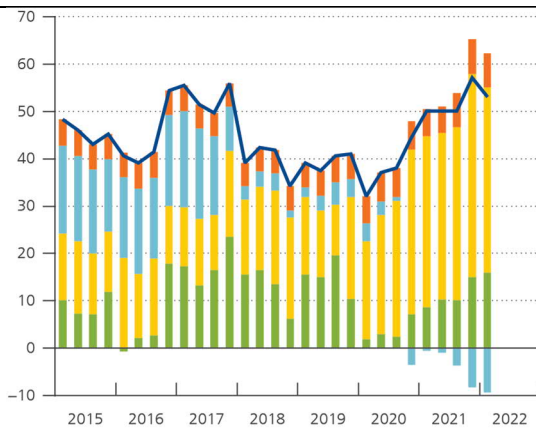
INTERNATIONAL INVESTMENT POSITION: OUTSTANDING AMOUNTS, TRANSACTIONS AND OTHER FLOWS

	2021 Q4		2022 Q1			
	Outstanding amounts		Transactions	Other flows	Outstanding amounts	
	€ Billion	% GDP	€ Billion	€ Billion	€ Billion	% GDP
Net international investment position	289.2	57.1	-2.9	-9.4	276.9	53.1
Direct investment	76.5	15.1	13.1	-6.2	83.4	16.0
Portfolio investment	217.3	42.9	0.8	-14.1	203.9	39.1
Other investment	-41.6	-8.2	-16.7	9.9	-48.4	-9.3
Reserve assets	37.0	7.3	-0.1	1.0	38.0	7.3
External financial assets	2 328.4	460.0	63.3	-45.1	2 346.6	450.0
Direct investment	948.4	187.4	29.8	-5.5	972.7	186.5
Portfolio investment	882.7	174.4	14.2	-45.7	851.1	163.2
Other investment	460.3	90.9	19.4	5.1	484.8	93.0
Reserve assets	37.0	7.3	-0.1	1.0	38.0	7.3
External financial liabilities	2 039.2	402.8	66.3	-35.7	2 069.7	396.9
Direct investment	871.9	172.2	16.7	0.7	889.3	170.5
Portfolio investment	665.4	131.5	13.4	-31.6	647.2	124.1
Other investment	501.9	99.1	36.2	-4.8	533.3	102.3

Source: NBB (BoP, IIP).

Note: Other investment includes financial derivatives.

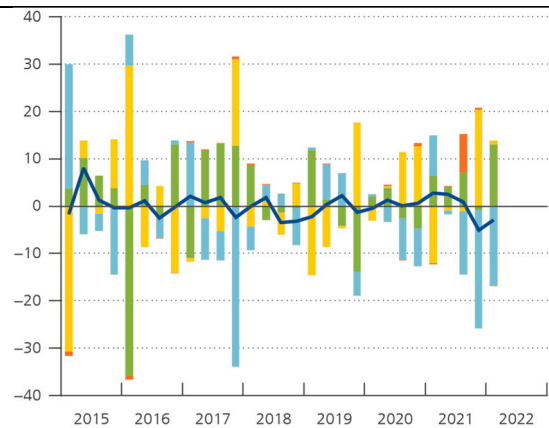
Other flows consist of price changes, exchange rate changes and other volume changes (such as reclassifications between functional categories).

NET INTERNATIONAL INVESTMENT POSITION
(% GDP, outstanding amounts)

■ Net direct investment
■ Net portfolio investment
■ Net other investment
■ Reserve assets
— Net international investment position

Source: NBB (IIP).

Note: Other investment includes financial derivatives.

The amounts in % of GDP are calculated as the ratio of the NIIP to the sum of nominal GDP over the last four quarters.
Latest observation: 2022 Q1.BALANCE OF PAYMENTS FINANCIAL ACCOUNT
(€ Billion, transactions)

■ Net direct investment
■ Net portfolio investment
■ Net other investment
■ Reserve assets
— Financial account balance

Source: NBB (BoP).

Note: Other investment includes financial derivatives.

Latest observation: 2022 Q1.

Methodological note

The international investment position shows **the stock of financial assets and liabilities** with the rest of the world at a specific point in time. The balance of payments financial account shows how they were accumulated and thus provides an overview of financial **transactions** with the rest of the world over a given period.

Both are divided into five functional categories of assets and liabilities:

1. Direct investment: this includes investment of more than or equal to 10% of the equity capital of companies and lending/borrowing between affiliated companies as well as real estate investment;
2. Portfolio investment: on the assets side, it refers to securities held by residents (equities, bonds, investment funds, commercial paper, etc.) issued by non-residents and, conversely, on the liabilities side, it refers to securities held by non-residents that are issued by residents;
3. Financial derivatives: these are financial products that are linked to the value of an underlying product. In this press release, financial derivatives are included in other investment;
4. Other investment: this category includes everything not included in the other four categories, such as loans, deposits and trade receivables and payables;
5. Reserve assets: these include monetary gold, claims on the IMF, bonds and foreign currencies. This category is an asset and does not exist as a liability.