
2024-01-05

PRESS RELEASE

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International investment position and balance of payments financial account (third quarter of 2023)

- **The net international investment position increased to €360 billion or 62% of GDP.**
- **The financial account of the balance of payments is balanced.**

Amounts outstanding

The net international investment position (NIIP) rose to €360.2 billion in the third quarter of 2023, up from €354.2 billion the previous quarter. This net increase was driven by value gains on foreign-currency denominated investments.

Net **portfolio investment** remained the largest component of the positive NIIP with a share that continued to grow. The change in net portfolio investment this quarter was mainly due to net transactions. Exchange rate effects also contributed to the increase in this position. However, price effects, due to fluctuating share prices, had a strong negative impact on both gross assets and liabilities.

Net **direct investment** also continued to climb in value, as did assets and liabilities. This was the result of exchange rate effects, which are indeed more pronounced on the assets side given that these investments are more often contracted in foreign currencies. The impact of price effects on direct investment was limited this quarter.

Net **other investment** took another downturn, to -€61.0 billion, driven mainly by a reduction in non-bank foreign receivables.

Transactions

The build-up of external assets and liabilities was similar (€21.4 billion) and up again from the previous quarter. The financial account of the balance of payments was fully balanced in the third quarter of 2023.

The balance of **direct investment transactions** was positive (€1.0 billion), with a rise due to positive transactions on the assets side being partially offset by weaker build-up on the liabilities side. Transactions on both sides occur as a result of, among other things, capital accumulation and reinvested earnings.

The balance of **portfolio investment** was positive (€10.8 billion) due to purchases of foreign equity and shares in investment funds by Belgian residents. This was offset by a negative balance of **other investment** (-€10.2 billion). Gross assets and liabilities grew due to financial transactions in the banking sector. The increase this quarter was more pronounced on the liabilities side.

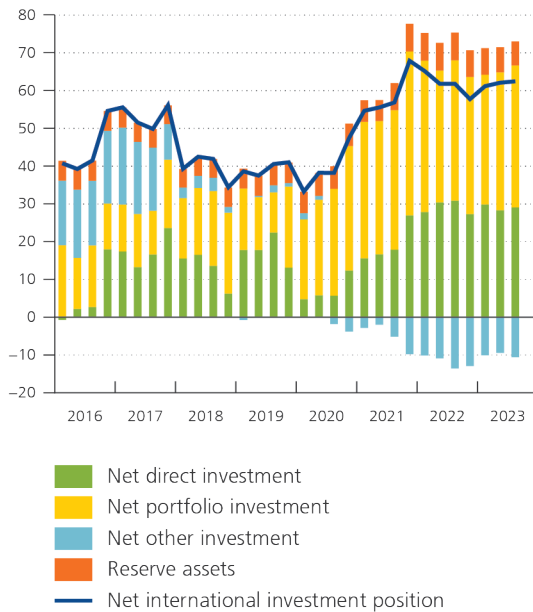
INTERNATIONAL INVESTMENT POSITION: AMOUNTS OUTSTANDING, TRANSACTIONS AND OTHER FLOWS

	Second quarter of 2023		Third quarter of 2023			
	Amounts outstanding		Transactions	Other flows	Amounts outstanding	
	€ billion	% GDP	€ billion	€ billion	€ billion	% GDP
Net international investment position	354.2	62.0	0.0	6.0	360.2	62.4
Direct investment	161.8	28.3	1.0	4.9	167.7	29.1
Portfolio investment	208.5	36.5	10.8	-2.3	217.0	37.6
Other investment	-53.8	-9.4	-10.2	3.0	-61.0	-10.6
Reserve assets	37.8	6.6	-1.6	0.4	36.5	6.3
External financial assets	2 422.3	424.1	21.4	-3.0	2 440.6	422.7
Direct investment	999.5	175.0	4.6	7.5	1 011.6	175.2
Portfolio investment	835.7	146.3	9.4	-14.9	830.2	143.8
Other investment	549.2	96.2	9.1	4.0	562.3	97.4
Reserve assets	37.8	6.6	-1.6	0.4	36.5	6.3
External financial liabilities	2 068.0	362.1	21.4	-9.0	2 080.4	360.3
Direct investment	837.8	146.7	3.5	2.6	843.8	146.2
Portfolio investment	627.2	109.8	-1.4	-12.6	613.3	106.2
Other investment	603.0	105.6	19.3	1.0	623.3	108.0

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 to another functional category).

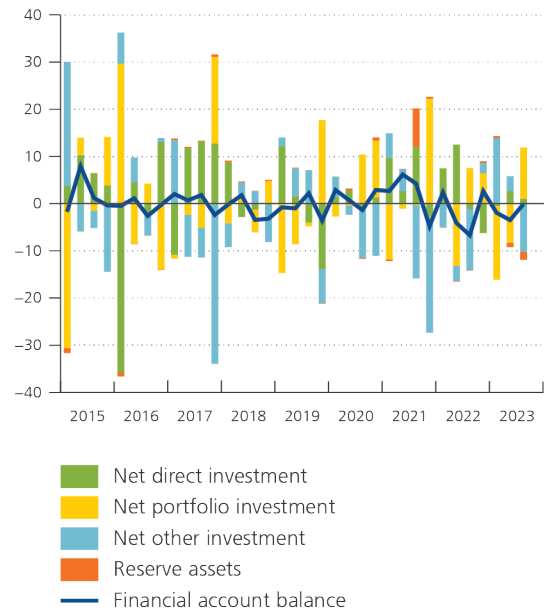
NET INTERNATIONAL INVESTMENT POSITION
(in % GDP, amounts outstanding)

Source: NBB (IIP).

Note: Other investment includes financial derivatives.

Amounts expressed as a percentage of GDP were calculated as the ratio of NIIP to total nominal GDP over the last four quarters.

Last observation: 2023 Q3.

BALANCE OF PAYMENTS FINANCIAL ACCOUNT
(in € billion, transactions)

Source: NBB (BoP).

Note: Net other investment includes financial derivatives.

Last observation: 2023 Q3.

Notes on methodology

The international investment position indicates a country's **outstanding foreign financial assets and liabilities (stocks)** at a given point in time. The balance of payments financial account reveals how these assets and liabilities were formed and thus provides an overview of financial **transactions** with foreign countries over a specified period.

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

1. Direct investment: this category includes investments of 10% or more in the equity capital of companies and lending/borrowing between related companies as well as real estate investments;
2. Portfolio investment: this category includes, on the assets side, securities held by residents (shares, bonds, units of investment funds, commercial paper, etc.) that are issued by non-residents and, conversely, on the liabilities side, securities held by non-residents issued by residents;
3. Financial derivatives: these are financial products linked to the value of an underlying asset; for purposes of this press release, financial derivatives are included in the "other investment" category;
4. Other investment: this category includes everything not included in the other four categories, such as loans, deposits and accounts receivable and payable;
5. Reserve assets: these include monetary gold, claims on the IMF, bonds and foreign currencies; this category exists on the assets side only.