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PRESS RELEASE

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

- **Net international investment position increases to €338 billion or 60% of GDP**
- **Belgium again a net borrower from the rest of the world**

Amounts outstanding

The net international investment position (NIIP) rose to €337.7 billion in the second quarter of 2023, from €322.0 billion in the previous quarter. This increase was due entirely to changes in the market valuation of existing investments.

Net **portfolio investment** remained the most important component of the positive NIIP, with a share that continues to grow. The development of the NIIP in the second quarter was mainly influenced by price changes in portfolio investments. A rise in the market valuation of foreign investments held by Belgian residents coupled with a sharp fall in the share price of some Belgian companies had a positive impact on the NIIP.

The value of net **direct investment** held stable despite substantial fluctuations in the share price of some Belgian companies. Both gross outstanding assets and liabilities experienced a strong decline, caused by a combination of negative transactions and a fall in market valuation. Exchange rate effects had little impact on the value of direct investment this quarter.

Net **other investment** rose slightly to -€56.0 billion. Other flows had no net impact this quarter. As in the first quarter, gross assets and liabilities rose again, partly due to deposits of liquidity with the European Central Bank via the National Bank. This liquidity stemmed from increased interbank debt, including ever-growing debt to Russian banks and the Russian central bank as a result of ongoing economic sanctions.

Transactions

The build-up of external assets (€14.2 billion) and liabilities (€16.7 billion) was rather limited compared to the first quarter. The financial account balance was -€2.5 billion in the second quarter of 2023.

The balance of **direct investment transactions** was positive (€3.6 billion), with a drop on the assets side due to negative transactions offset by a larger drop on the liabilities side due in part to loan repayments.

The balance of **portfolio investment** was negative (-€3.2 billion) due to purchases of short-term Belgian debt securities by foreigners. This was offset by a positive balance of **other investment** (€3.0 billion) arising from a larger increase on the assets side.

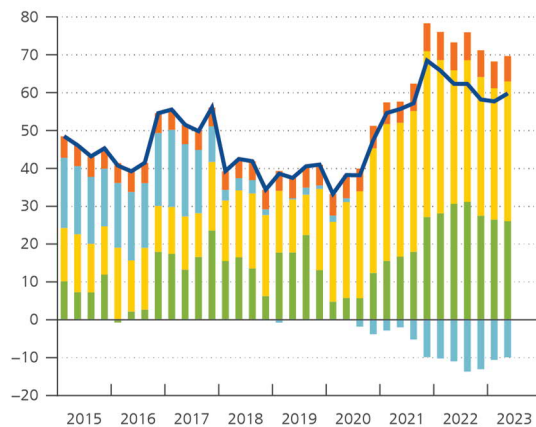
INTERNATIONAL INVESTMENT POSITION: OUTSTANDING AMOUNTS, TRANSACTIONS AND OTHER FLOWS

	First quarter of 2023		Second quarter of 2023			
	Amounts outstanding		Transactions	Other flows	Amounts outstanding	
	€ billion	% GDP	€ billion	€ billion	€ billion	% GDP
Net international investment position	322.0	57.7	-2.5	18.2	337.7	59.7
Direct investment	147.9	26.5	3.6	-4.3	147.3	26.1
Portfolio investment	193.6	34.7	-8.2	23.3	208.6	36.9
Other investment	-59.0	-10.6	3.0	0.0	-56.0	-9.9
Reserve assets	39.4	7.1	-0.9	-0.7	37.8	6.7
External financial assets	2 402.1	430.1	14.2	-11.8	2 404.5	425.4
Direct investment	1,011.9	181.2	-14.2	-17.4	980.3	173.4
Portfolio investment	816.9	146.3	9.6	9.2	835.7	147.9
Other investment	533.9	95.6	19.7	-2.8	550.8	97.4
Reserve assets	39.4	7.1	-0.9	-0.7	37.8	6.7
External financial liabilities	2 080.1	372.5	16.7	-30.0	2 066.9	365.7
Direct investment	863.9	154.7	-17.8	-13.1	833.0	147.4
Portfolio investment	623.3	111.6	17.8	-14.1	627.0	110.9
Other investment	592.8	106.2	16.7	-2.7	606.8	107.4

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 reclassification to another functional category).

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

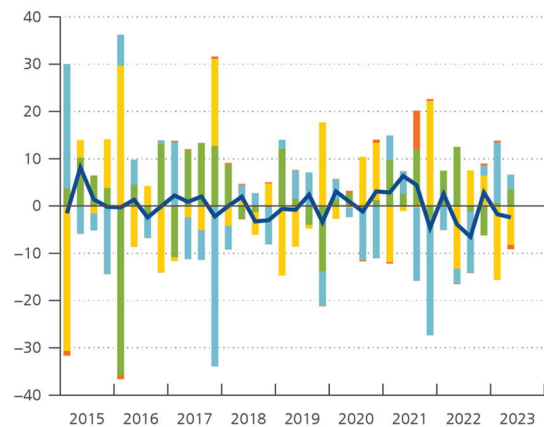
■ Net direct investment
■ Net portfolio investment
■ Net other investment
■ Reserve assets
— Net international investment position

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 Q2.

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

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

Source: NBB (BoP).

Note: Net other investment includes financial derivatives.

Last observation: 2023 Q2.

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.