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PRESS RELEASE

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International investment position and balance of payments financial account (2019 to Q2 2024)

- **The net international investment position increased to €375 billion or 63% of GDP in the second quarter of 2024**
- **In Q2 2024, the Belgian economy had a lending capacity of €1.2 billion vis-à-vis the rest of the world**

Benchmark revision: revised series from 2019 onwards

In September 2024, Belgium carried out a five-yearly benchmark revision. All statistical series from 2019 onwards were revised to improve data quality. Existing methods were improved and new data sources incorporated.

Amounts outstanding

The net international investment position (NIIP) rose from €197.7 billion or 42.6% of GDP in early 2019 to €374.9 billion or 63% of GDP in the second quarter of 2024. This means that Belgium's ability to meet its external obligations has improved in recent years.

Net **portfolio investment** remained the main component of the positive NIIP, at €223.8 billion or 37.6% of GDP. Since the start of 2020, this share has increased steadily to reach 35% - 40% of GDP. As a result of valuation losses on the liabilities side, the net share of this component increased further in the second quarter of 2024.

Net **direct investment** rose robustly to €127.1 billion in the second quarter of 2024. As a share of GDP (21.3% of GDP in Q2 2024), this functional category has followed an upward trajectory in recent years. Fluctuating market valuations and exchange rate effects of foreign direct investment had a limited impact in the last quarter.

Net **other investment** dropped further, to -€15.9 billion, owing to a decline in Belgian investment abroad combined with an increase in foreign debt. Other flows had a limited positive impact on other investment. This functional category has displayed a negative balance since the second half of 2020, due to a strong increase on the liabilities side. This is a consequence of higher interbank debt, partly attributable to the imposition of economic sanctions on Russia. With the cessation of payments to Russian commercial banks and the country's central bank, liquidity resulting from maturing term accounts, coupon payments and dividends has been accumulating as interbank debt. These amounts are being held in custody (short-term) by the European Central Bank through the National Bank.

Transactions

The balance of payments financial account ended the second quarter of 2024 with a positive balance of €1.2 billion. However, there was a gross decline in both assets (-€5.6 billion) and liabilities (-€6.8 billion).

The **portfolio investment** balance was negative (-€5.4 billion) as a result of purchases of Belgian OLOs by non-residents in the second quarter of 2024.

The **direct investment** balance was strongly positive (€13.9 billion) due to a combination of negative transactions on the assets side (-€12.7 billion) and strongly negative transactions on the liabilities side (-€26.6 billion).

In contrast, the balance of **other investment** was negative (-€7.4 billion), mainly as a result of strongly positive gross liabilities in the non-financial corporations sector. The banking sector had a positive impact on the other investment balance.

INTERNATIONAL INVESTMENT POSITION: AMOUNTS OUTSTANDING, TRANSACTIONS AND OTHER FLOWS

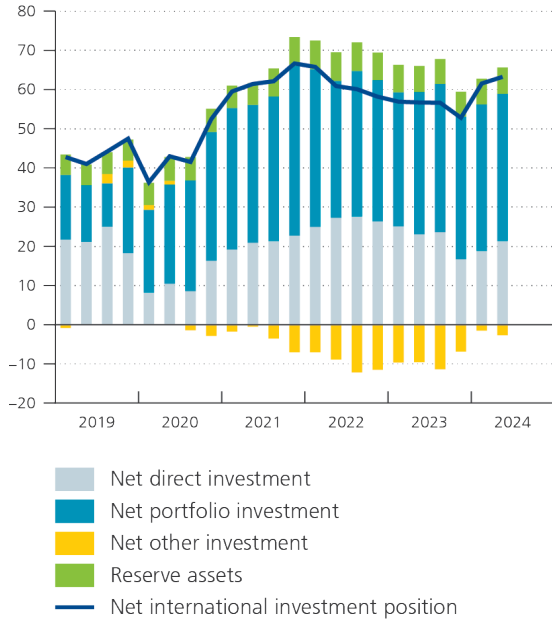
	First quarter of 2024		Second quarter of 2024			
	Amounts outstanding		Transactions	Other flows	Amounts outstanding	
	€ billion	% GDP	€ billion	€ billion	€ billion	% GDP
Net international investment position	361.1	61.3	1.2	12.6	374.9	63.0
Direct investment	111.0	18.8	13.9	2.2	127.1	21.3
Portfolio investment	220.4	37.4	-5.4	8.9	223.8	37.6
Other investment	-8.8	-1.5	-7.4	0.3	-15.9	-2.7
Reserve assets	38.6	6.5	0.1	1.1	39.8	6.7
External financial assets	2 575.1	436.9	-5.6	1.5	2 571.0	431.7
Direct investment	970.5	164.6	-12.7	0.9	958.7	161.0
Portfolio investment	912.9	154.9	5.1	3.1	921.1	154.7
Other investment	653.4	110.8	-2.6	-3.5	642.5	107.9
Reserve assets	38.6	6.5	0.1	1.1	39.8	6.7
External financial liabilities	2 213.9	375.6	-6.8	-11.0	2 196.1	368.8
Direct investment	859.5	145.8	-26.6	-1.3	831.6	139.6
Portfolio investment	692.5	117.5	10.5	-5.8	697.2	117.1
Other investment	663.4	112.5	4.2	-3.9	661.4	111.1

Source: NBB (BoP, IIP).

Note: Other investment includes financial derivatives.

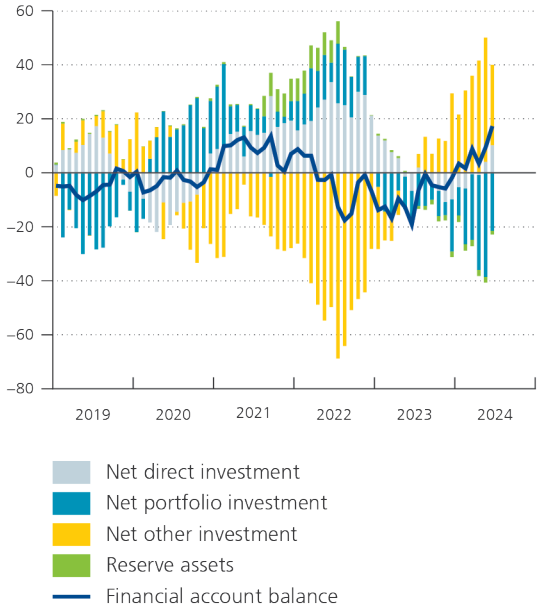
Other flows consist of price changes, exchange rate changes and other volume changes (such as reclassifications to other functional categories).

NET INTERNATIONAL INVESTMENT POSITION
(as a % of 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: 2024 Q2.

BALANCE OF PAYMENTS FINANCIAL ACCOUNT
(in € billion, transactions over 12 months)



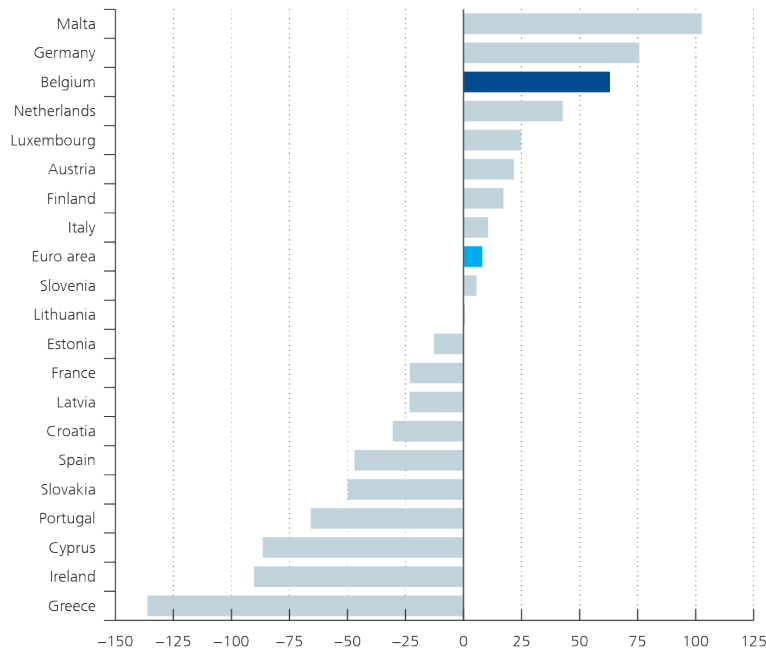
Source: NBB (BoP).
Note: Net other investment includes financial derivatives.
Last observation: 2024 Q2.

Net international investment position: international comparison

Belgium had a positive NIIP that remained stable relative to GDP.

At 63% of GDP in the second quarter of 2024, Belgium had the third highest NIIP in the euro area. The euro area NIIP was also positive, at 8% of GDP. This implies that the euro area as a whole had a net claim on non-euro area countries.

NET INTERNATIONAL INVESTMENT POSITION IN Q2 2024
(as a % of GDP, amounts outstanding)



Sources: NBB (IIP), ECB, Eurostat.

External assets and liabilities

- **Breakdown by currency**

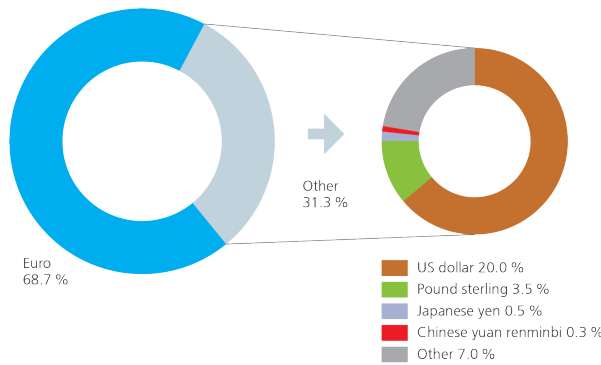
External assets and liabilities are denominated in multiple currencies. Different currency exposures across assets and liabilities mean that exchange rate fluctuations can have a strong influence on the NIIP.

Assets are mainly held in euros (68.7%), US dollars (20.0%) and British pounds (3.5%).

Liabilities are contracted almost entirely in euros (84.7%), with limited use of the US dollar (9.9%) and the British pound (2.7%).

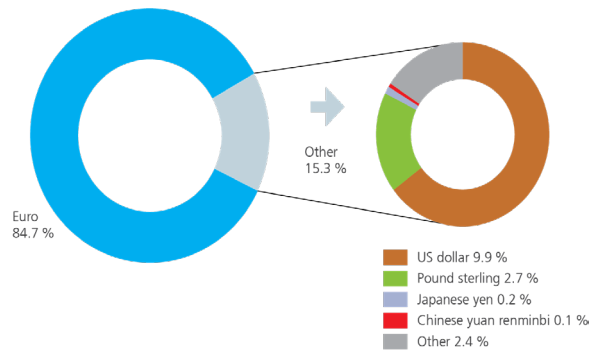
Given the different proportion of assets (20.0%) and liabilities (9.9%) denominated in US dollars (USD), changes in the USD exchange rate also have a net effect on the IIP. If the USD increases in value against the euro, this will increase the value of the NIIP expressed in euros.

EXTERNAL ASSETS: AMOUNTS OUTSTANDING
(in %, share of total in Q2 2024)



Source: NBB (IIP).

EXTERNAL LIABILITIES: AMOUNTS OUTSTANDING
(in %, share of total in Q2 2024)



Source: NBB (IIP).

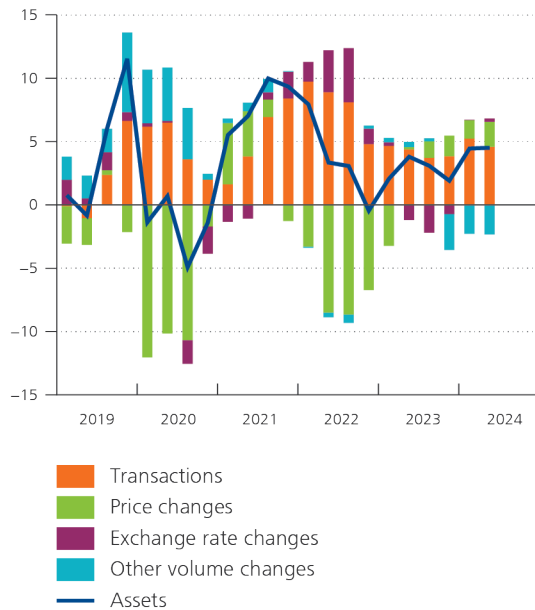
Development of the IIP

Both assets and liabilities increased and displayed positive year-on-year growth. In the case of assets, the 4.5% increase can be attributed mainly to transactions and price changes, while exchange rate changes (0.3 percentage points) had a limited impact.

Liabilities (2.7%) rose less than assets. Higher investment by non-residents in Belgium (4.5 percentage points), price changes (0.3 percentage points) and exchange rate effects (0.2 percentage points) contributed positively, versus negative other volume changes (-2.2 percentage points).

EXTERNAL ASSETS: AMOUNTS OUTSTANDING

(year-on-year growth in %; contribution to growth in percentage points)

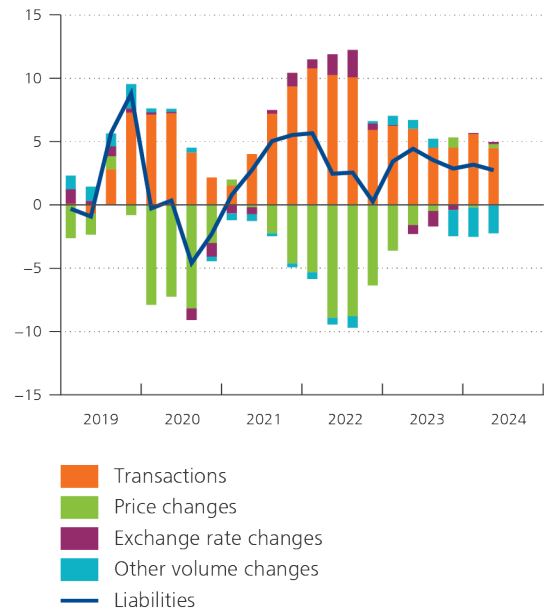


Source: NBB (BoP, IIP).

Note: Other volume changes include reclassifications and data improvements. Valuation effects are the result of price and exchange rate changes. Last observation: Q2 2024.

EXTERNAL LIABILITIES: AMOUNTS OUTSTANDING

(year-on-year growth in %; contribution to growth in percentage points)



Source: NBB (BoP, IIP).

Note: Other volume changes include reclassifications and data improvements. Valuation effects are the result of price and exchange rate changes. Last observation: Q2 2024.

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.