

Luxembourg, 28 March 2019

Balance of payments of Luxembourg during the year 2018

The Central Bank of Luxembourg (BCL) and STATEC inform that the current account showed a surplus of 2.8 billion euros in 2018, an increase of 2.5% compared to 2017.

The deficit (negative balance) of goods amounted to 2.9 billion euros in 2018 and was thus reduced by 287 million euros. This development is explained by the fact that the surplus generated by goods under merchanting (purchase and resale of goods abroad without physical crossing of the national border) grew faster (+683 million) than the deficit of general merchandise. The latter deteriorated by 397 millions euros, especially due to an increase in imports of energy products. The surplus of international trade in services amounted to 22.6 billion euros and grew by 5.5% compared to 2017. Net exports of non-financial services (+18.7%) were much more dynamic than those of financial services (+ 0.8%), which were impacted by the turmoil on financial markets at the end of 2018.

In general, improved trade balances in goods and services have more than offset the growing deficits in primary income (wages of employees, investment income) and secondary income (taxes, contributions and social benefits, international cooperation and other transfers).

In the financial account, direct investment flows were dominated by disinvestment operations for both assets (-398 billion euros) and liabilities (-404 billion euros). These operations concerned a small number of SOPARFIs that restructured, ceased or relocated their activities. Regarding portfolio investment, non-resident investments in securities issued by Luxembourg (largely Investments Funds shares) widely decreased, reaching 157 billion euros in 2018, compared to net inflows of 391 billion euros in 2017. With regard to foreign securities, residents also decreased their investments in 2018, which totaled 73 billion euros compared to 324 billion in 2017. Portfolio investment flows resulted in net inflows of 84 billion euros in 2018, offset entirely by the net outflows in other investments (deposits and traditional credits) and in financial derivatives as well as in direct investment flows.

Detailed statistical tables are available on BCL's website (www.bcl.lu) as well as on the website of STATEC (www.statistiques.lu).

Table: Balance of payments of Luxembourg

Unit : millions of euros	2017			2018		
	Credit	Debit	Balance	Credit	Debit	Balance
CURRENT ACCOUNT	327 687	324 932	2 755	346 444	343 621	2 823
Goods	17 899	21 054	-3 155	18 658	21 526	-2 868
General merchandise (incl. "non-monetary gold")	15 097	21 054	-5 957	15 172	21 526	-6 354
Goods under merchandising (net exports)	2 802		2 802	3 485		3 485
Services	91 523	70 109	21 414	96 549	73 962	22 587
Financial services	53 075	37 215	15 860	54 797	38 803	15 994
Non financial services	38 448	32 894	5 554	41 752	35 159	6 593
Primary income	209 160	224 383	-15 223	220 521	236 971	-16 450
Secondary income	9 105	9 386	-280	10 716	11 162	-446
CAPITAL ACCOUNT	469	694	-225	1 300	599	701
	Assets	Liabilities	Net	Assets	Liabilities	Net
FINANCIAL ACCOUNT			2 532			3 535
DIRECT INVESTMENT	166 730	109 825	56 906	-398 302	-403 950	5 648
Equity and Reinvestment of earnings	293 125	140 339	152 786	-319 798	-352 090	32 292
Debt instruments	-126 395	-30 515	-95 880	-78 504	-51 860	-26 644
PORTFOLIO INVESTMENT	323 707	391 110	-67 403	73 486	157 190	-83 704
Equity securities	122 545	375 459	-252 914	49 887	180 265	-130 378
Debt securities	201 161	15 651	185 510	23 599	-23 075	46 675
FINANCIAL DERIVATIVES			-15 344			20 286
OTHER INVESTMENT	71 961	43 460	28 501	86 230	24 991	61 239
RESERVE ASSETS			-128			66
ERRORS AND OMISSIONS			1			11

source : BCL, STATEC

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