

Luxembourg, 5 April 2022

## BALANCE OF PAYMENTS OF LUXEMBOURG DURING THE YEAR 2021

The Banque centrale du Luxembourg (BCL) and STATEC inform that, according to the first provisional results, the current account for 2021 showed a surplus of 3 499 million euros, an increase of 32% compared to 2020 (+858 million euros).

The goods surplus stood at 780 million euros and fell greatly in 2021 (-1 258 million). Both exports and imports of goods, however, showed significant increases of around 9%, respectively 16%. First, net exports from goods under merchanting (purchases of goods abroad and their resale abroad) were up 14% (+340 million euros). For general merchandise (i.e. excluding merchanting), exports went up 8% (+1 692 million euros), while imports increased by 16% (+3 290 million euros).

The balance of international trade in services increased by 14% in 2021 (+3 115 million euros), due to the fact that exports and imports have increased at a sustained pace, with 10% each. At the level of sub-items however, evolutions were more contrasted. Trade in non-financial services increased for exports (+4%) and imports (+2%). International trade in financial services, meanwhile, posted strong growth, with +17% for exports and +20% for imports. This evolution was driven mainly by the significant appreciation in assets managed by investment funds during the period under review (+18%).

In the financial account, during the year 2021, direct investment flows were still characterized by disinvestment operations for both assets (-108 billion euros) and liabilities (-188 billion euros). These operations concerned a small number of SOPARFIs that continued restructuring, ceasing or relocating their activities.

Regarding portfolio investments, following the improvement in the financial markets, transactions in Luxembourg equities (largely Investments Funds shares), resulted in net inflows of 461 billion euros during the year 2021, compared with net inflows of 260 billion euros in 2020. Transactions in foreign equity securities resulted in net purchases of 218 billion euros during the year 2021, compared to net purchases of 87 billion euros in 2020. On the other hand, Luxembourg debt securities continued to experience net sales, although at a slower

pace, reaching down 5 billion euros in 2021 compared with net sales of 74 billion euros in 2020. This development can be explained, among other things, by lower activity in securities issues by Captive Financial Institutions. Foreign debt securities, for their part, underwent net purchases, amounting to 126 billion euros in 2021, compared with net purchases of 115 billion euros in 2020. The later development is explained by the relatively high yield rates of foreign debt securities, particularly for securities issued by the United States, the United Kingdom and emerging countries.

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

**Table: Balance of payments of Luxembourg**

Unit : millions of euros	2020			2021		
	Credit	Debit	Balance	Credit	Debit	Balance
<b>CURRENT ACCOUNT</b>	<b>418.026</b>	<b>415.384</b>	<b>2.642</b>	<b>431.894</b>	<b>428.395</b>	<b>3.499</b>
Goods	22.812	20.774	2.039	24.844	24.064	780
General merchandise (incl. "non-monetary gold")	20.393	20.774	-380	22.085	24.064	-1.979
Goods under merchanting (net exports)	2.419	0	2.419	2.759	0	2.759
Services	106.618	84.758	21.860	118.408	93.433	24.975
Financial services	55.480	38.205	17.275	65.030	45.853	19.177
Non financial services	51.138	46.553	4.585	53.378	47.580	5.799
Primary income	277.766	298.844	-21.077	277.191	299.354	-22.163
Secondary income	10.829	11.009	-180	11.450	11.544	-94
<b>CAPITAL ACCOUNT</b>	<b>771</b>	<b>843</b>	<b>-72</b>	<b>682</b>	<b>686</b>	<b>-5</b>
	Assets	Liabilities	Net	Assets	Liabilities	Net
<b>FINANCIAL ACCOUNT</b>			<b>2.571</b>			<b>3.340</b>
DIRECT INVESTMENT	-179.476	-186.843	7.367	-108.295	-188.116	79.821
Equity and Reinvestment of earnings	-41.935	-59.836	17.901	-147.953	-165.197	17.244
Debt instruments	-137.541	-127.007	-10.534	39.658	-22.919	62.577
PORTFOLIO INVESTMENT	202.343	186.633	15.710	343.955	455.905	-111.950
Equity securities	87.019	260.502	-173.483	217.786	460.751	-242.965
Debt securities	115.324	-73.869	189.193	126.168	-4.846	131.014
FINANCIAL DERIVATIVES			5.992			19.292
OTHER INVESTMENT	103.850	130.352	-26.501	136.740	122.129	14.611
RESERVE ASSETS			4			1.567
<b>ERRORS AND OMISSIONS</b>			<b>2</b>			<b>-154</b>

source : BCL, STATEC

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