

## EU27 Current account deficit fell to 72 bn in 2007

*First estimates of the EU27 current account balance show that in 2007 the deficit decreased to 72 bn, that is 0.6% of GDP, from 83 bn EUR (0.7% of GDP) recorded in 2006. This development is mainly due to the improvements in the goods and services*

*accounts. The surplus of the income account (50 bn EUR) fell in comparison with the previous year, whereas the current transfers remained stable. The USA and China confirmed their position of main net debtor and net creditor, respectively, to the EU.*

**Table 1: Main items of the EU-27's current account (bn euro)**

	2005			2006			2007		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
<b>Current account</b>	1913.0	1932.6	-19.6	2200.9	2283.9	-82.9	2390.9	2463.3	-72.4
<b>Goods</b>	1034.4	1128.5	-94.1	1165.4	1329.6	-164.2	1242.5	1395.9	-153.4
<b>Services</b>	405.6	353.8	51.8	450.0	380.4	69.5	501.4	413.0	88.4
Transportation	104.5	88.2	16.2	109.1	97.3	11.8	118.4	102.0	16.4
Travel	65.8	85.9	-20.1	72.1	87.7	-15.7	76.6	94.0	-17.4
Other services	233.1	177.3	55.8	268.9	195.4	73.4	304.0	214.9	89.1
Services not allocated	2.3	2.4	-0.1	-0.1	0.0	0.0	2.4	2.2	0.2
<b>Income</b>	432.5	358.7	73.8	542.3	475.4	66.9	605.3	555.4	49.9
<b>Current transfers</b>	40.5	91.6	-51.1	43.3	98.4	-55.1	41.7	99.0	-57.4

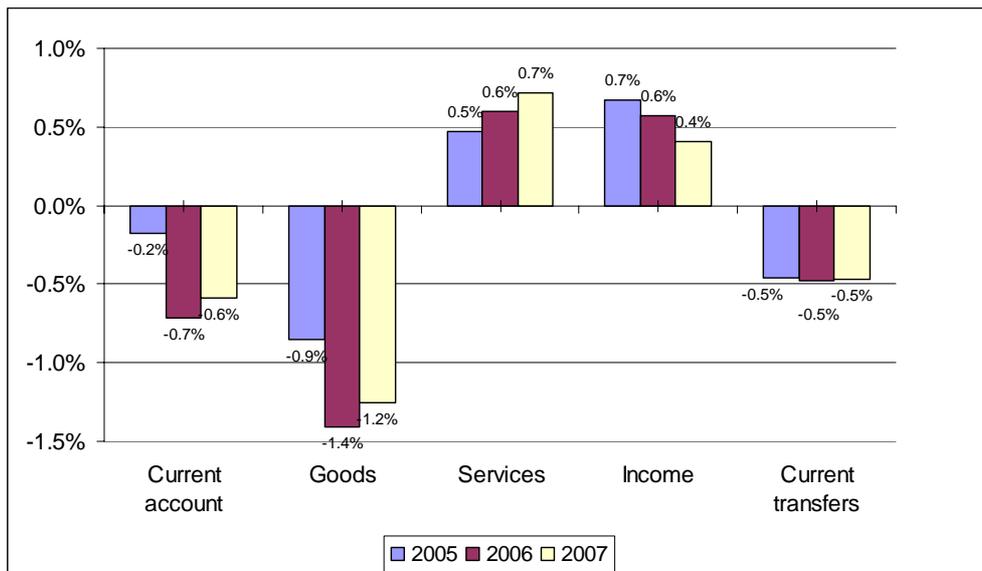
### EU27 Current Account deficit decreased by 0.1 percentage point as share of GDP in 2007

Preliminary results for 2007 show that the EU27 current account deficit fell from 83 bn EUR in 2006 to 72 bn EUR in 2007. However, this improvement is less marked when measured as a share of GDP, as it goes from 0.7% in 2006 to 0.6% in 2007.

The improvements in the goods account, whose deficit was reduced by almost 11 bn EUR, and in the service account, whose surplus further increased by 19 bn EUR, mainly determined this development. Conversely, the income account deteriorated, as its surplus fell by 17 bn EUR, and the current transfers stayed approximately stable, recording a deficit of 57 bn EUR, to be compared with 55 bn EUR in 2006.

The analysis of the credit and the debit sides of the current account components shows that the improvement recorded in 2007 in both the goods and the service accounts is due to faster growth of exports, in comparison with the growth of imports. The income account shows the opposite trend, as credits increased at a slower pace than debits. As for the current transfers, both credits and debits have been relatively stable, a tendency which is consequently reflected in the net position.

**Graph 1 – EU27 current account balance with the rest of the world as share of GDP**

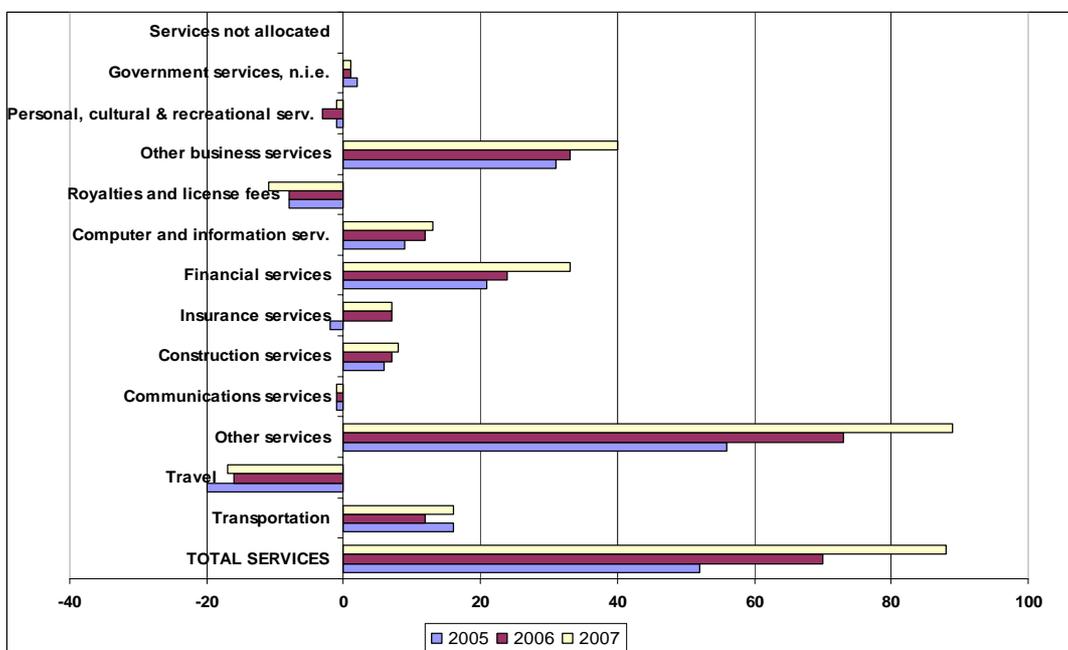


**EU 27 service surplus increased by 21%**

In 2007, the EU27 surplus in trade in services increased by 19 bn EUR, marking a growth of 21% in comparison with 2006. This result was due to a noticeable increase of the surplus in transportation, whose trend turned again positive after the negative growth recorded in 2006, and in other services. The latter was determined by an increase in the surplus of financial services and other business services (which includes miscellaneous business, professional and technical services, as well as

operational leasing services, merchanting and other trade related services), not offset by the deterioration in the deficit on royalties and license fees and travel. The other components (communication services, construction services, insurance services, computer and information services, personal, cultural and recreational services and government services) did not record any significant change.

**Graph 2 - EU27 service balance with the rest of the world (bn EUR)**



**The euro area 15 current account turned positive**

Although remaining very close to balance, the current account surplus of the EA15 was 0.3% of GDP, while in 2006 a tiny deficit of 0.02% was recorded. Trade in

goods and services are the driving force of this result, as they both recorded a surplus significantly higher than the previous year. These improvements are only partially

offset by the deficit in current transfers, which remain at the same level as in 2006. On the other hand, the income account is basically balanced, and has weakened in comparison with the previous year, when it was about +0.2% of GDP.

**Table 2 - EU27 and EA15 current balances with the rest of the World as % of the GDP**

	EA15		EU27	
	2006	2007	2006	2007
<b>Current account</b>	0.0%	0.3%	-0.7%	-0.6%
<b>Goods</b>	0.2%	0.6%	-1.4%	-1.2%
<b>Services</b>	0.5%	0.6%	0.6%	0.7%
<b>Income</b>	0.2%	0.0%	0.6%	0.4%
<b>Current transfers</b>	-0.9%	-0.9%	-0.5%	-0.5%

A comparison between the EA15 and the EU27 current account shows that although there are strong similarities, there is not a perfect match of the two accounts.

The goods account, which has the largest share in the current account both on the credit and the debit side, is in surplus for the EA15 and in deficit for the EU27, although their dynamics in time are comparable. The EA15 and EU27 income accounts, while both in surplus, recorded different trends. The Services and current transfer accounts showed a similar behaviour, however current transfers play a more important role for the EA15 current account than for the EU27

## Current account surplus with the US remained stable

The EU27 current account surplus with the US remained nearly stable in the past three years, although it slightly decreased in 2007 by 6.6 bn EUR, reaching 107 bn EUR. The main reason for that could be found in the slow but steady deterioration of the bilateral goods account, which is influenced by exchange rate movements, namely by the appreciation of the Euro vis-à-vis the US Dollar.

The deficit with Japan, as well as the surplus with Canada, remained stable, as in both cases the worsening of the goods account was offset by the changes in the income account.

On the other hand, the increase of the surplus with Switzerland is mainly due to improvement in the service account.

**Table 3: EU27 current account balance with selected partners: Switzerland, Canada, USA, Japan (bn EUR)**

	Switzerland			Canada			USA			Japan		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Current account	11.8	7.8	11.3	12.6	13.4	12.0	112.3	114.0	107.4	-20.1	-26.1	-26.6
Goods	11.6	9.9	9.8	6.7	7.2	3.1	89.3	85.6	77.8	-28.4	-30.4	-32.5
Services	11.2	15.4	18.9	1.4	2.1	1.8	5.0	11.9	11.2	7.3	6.1	6.0
Income	-12.0	-18.0	-17.4	5.7	5.5	8.6	18.9	15.7	17.5	0.5	-1.7	-0.1
Current transfers	1.0	0.6	0.0	-1.2	-1.4	-1.4	-0.9	0.7	1.0	0.5	-0.1	0.0

## The deficit with China further deteriorated

The worsening of the deficit of the EU27 current account with China was mostly driven by the changes in the goods account. In spite of the fact that the surplus of the service account more than doubled in 2007, going up to 4.6 bn EUR, this change is negligible when compared with the huge deficit in trade in goods, which reached 145.8 bn EUR.

On the other hand, the deficit with Russia shrank significantly, due to the decline of the deficit of the goods account. The surpluses with Brazil, Hong Kong and India did not show any noticeable variation in comparison with 2007, neither in the total current account nor in its components.

**Table 4: EU27 current account balance with other selected partners: Russia, Brazil, China, Hong Kong, India (bn EUR)**

	Russia		Brazil		China		Hong Kong		India	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Current account	-50.39	-34.58	1.38	1.29	-116.38	-142.45	7.20	7.25	2.95	4.96
Goods	-60.55	-45.65	-6.61	-8.04	-118.98	-145.81	0.73	1.96	2.11	3.48
Services	3.73	6.64	0.63	1.81	1.90	4.59	0.26	0.61	1.48	2.38
Income	6.99	4.64	8.53	8.89	2.40	1.21	6.49	4.98	1.13	0.82
Current transfers	-0.56	-0.21	-1.17	-1.37	-1.70	-2.44	-0.29	-0.30	-1.76	-1.71

## METHODOLOGICAL NOTES

The results presented here are preliminary calculations based on the sum of quarterly data reported by Member States and are subject to revisions. The figures shown in the tables may not exactly add up due to rounding.

Detailed trade in services results for 2007 will be issued by the end of December 2008. The 2006 results for the services main items, as presented here, may differ from those previously released under the annual detailed trade in services release, due to revisions in the underlying quarterly data.

The balance of payments records all economic transactions between a country (i.e. its residents) and foreign countries or international organisations (i.e. the non-residents of that country) during a given period. As part of the balance of payments, the current account takes care of real resources and is subdivided into four basic components: goods, services, income and current transfers.

The methodological framework used is that of the fifth edition of the International Monetary Fund Balance of Payments Manual (BPM5).

The EU balance of payments is compiled by Eurostat in accordance with a methodology agreed with the European Central Bank (ECB) based on extra-EU transactions, i.e. by aggregating cross-border transactions of EU residents vis-à-vis non-EU residents as reported by the 27 participating Member States. The balance of payments of the EU institutions is added to the EU aggregate.

Eurostat data concerning the Euro area total services item do not match up exactly with those released by the ECB, due to different revision timetable and level of detail.

## Further information

---

Data: [Eurostat Website: http://ec.europa.eu/eurostat](http://ec.europa.eu/eurostat)

Select your theme on the left side of the homepage and then 'Data' from the menu.

Data: [Eurostat Website/Economy and Finance/Balance of Payment-International transactions/Balance of payments statistics](http://ec.europa.eu/eurostat/economy_finance/balance_of_payments_international_transactions/balance_of_payments_statistics)

---

### Journalists can contact the media support service:

Bech Building Office A4/125 L - 2920 Luxembourg  
Tel. (352) 4301 33408 Fax (352) 4301 35349  
E-mail: [eurostat-mediasupport@ec.europa.eu](mailto:eurostat-mediasupport@ec.europa.eu)

---

### European Statistical Data Support:

Eurostat set up with the members of the 'European statistical system' a network of support centres, which will exist in nearly all Member States as well as in some EFTA countries.

Their mission is to provide help and guidance to Internet users of European statistical data.

Contact details for this support network can be found on our Internet site:  
<http://ec.europa.eu/eurostat/>

---

A list of worldwide sales outlets is available at the:

### Office for Official Publications of the European Communities.

2, rue Mercier  
L - 2985 Luxembourg

URL: <http://publications.europa.eu>  
E-mail: [info@publications.europa.eu](mailto:info@publications.europa.eu)