

# Balance of payments and international investment position

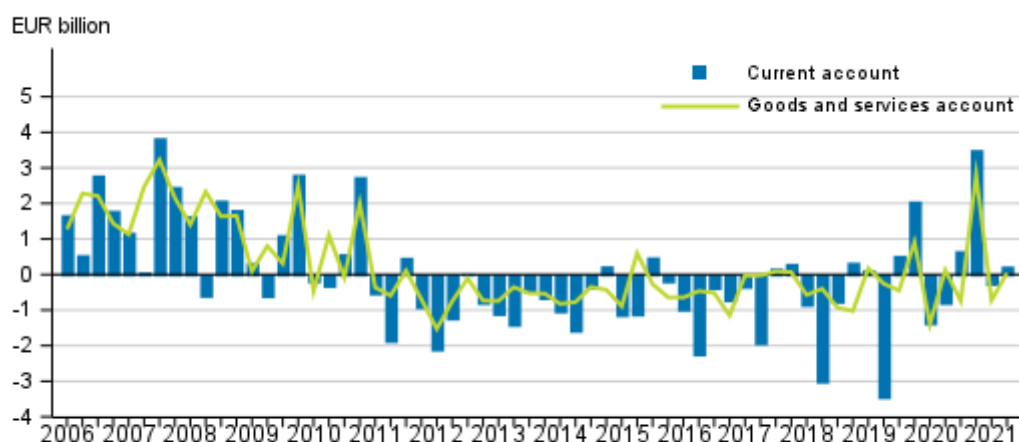
2021, 2nd quarter

## Current account in surplus and the net international investment position strengthened in the second quarter of 2021

**Corrected 13 October 2021.** Appendix table 4 was corrected. The corrections are indicated in red.

The current account was EUR 0.2 billion in surplus in the second quarter of 2021. The value of goods exports in balance of payments terms grew by 19 per cent from twelve months back. Goods imports increased by 22 per cent. At the same time, the value of service exports increased by nine per cent year-on-year, while the value of service imports rose by seven per cent. The primary income account was in surplus. Compared to the previous quarter, the net international investment position strengthened. The data appear from Statistics Finland's statistics on balance of payments and international investment position.

### Current account and goods and services account



## Current account

In the second quarter of 2021, the current account was EUR 0.2 billion in surplus. The four-quarter moving total of the current account was EUR 4.1 billion in surplus. The balance of goods and services was in balance. Of the sub-items of the current account, the primary income account was EUR 0.9 billion in surplus and the secondary income account was EUR 0.8 billion in deficit.

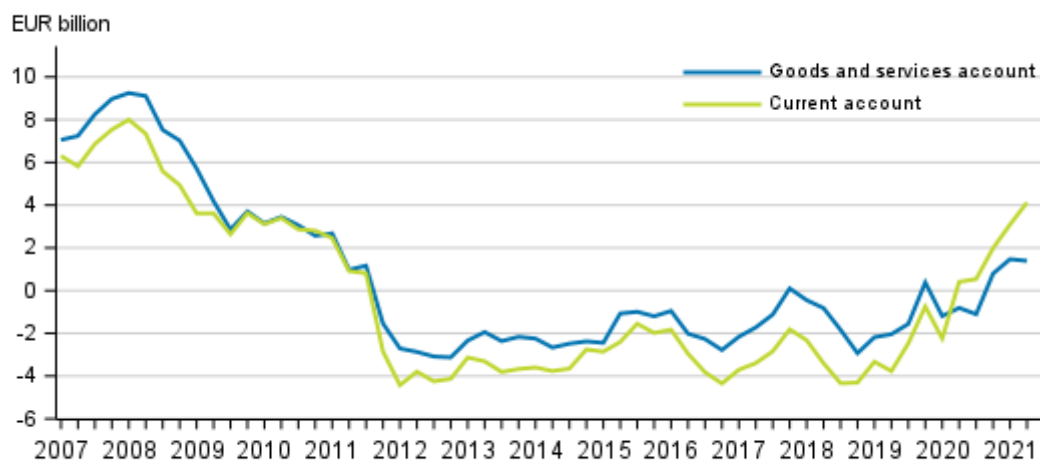
## Goods and services

The goods account in balance of payments terms was EUR 0.8 billion in surplus in the second quarter. In the corresponding quarter of the previous year, the goods account was EUR 0.9 billion in surplus. The service account showed a deficit of EUR 0.7 billion in the second quarter of 2021.

The value of goods exports in balance of payments terms increased by 19 per cent year-on-year and was EUR 16.7 billion at the same time as the value of goods imports in balance of payments terms grew by 22 per cent year-on-year to EUR 15.9 billion. The value of service exports grew by nine per cent year-on-year and was EUR 6.2 billion. The value of service imports rose by seven per cent year-on-year to EUR 6.9 billion.

More detailed import and export figures in balance of payments terms by service item and area can be found in the [statistics on international trade in goods and services](#) starting from 2013. Decreases and increases made to the Finnish Customs figures, which result in goods trade in balance of payments terms, are also broken down in the statistics on international trade in goods and services.

### Finland's current account and goods and services account, 12-month moving sum



## Primary income

A total of EUR 0.9 billion were paid in primary income on net to Finland in the second quarter of 2021. Primary income paid from Finland abroad amounted to EUR 4.6 billion, while primary income paid from abroad to Finland totalled EUR 5.5 billion.

In the second quarter of 2021, property income paid to Finland on net amounted to EUR 0.9 billion, while property income paid to Finland from abroad amounted to EUR 5.2 billion and property income paid abroad from Finland to EUR 4.3 billion. Most property income on net from abroad to Finland was paid in the form of direct investments, EUR 1.5 billion in the second quarter.

The secondary income account was EUR 0.8 billion in deficit in the second quarter of 2021.

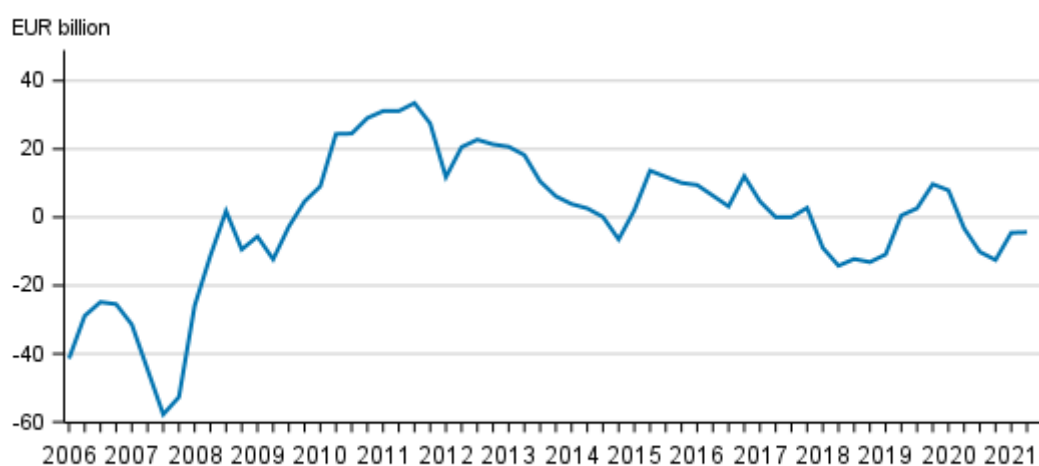
## Financial account and net international investment position

### *Gross liabilities bigger than gross assets*

At the end of the second quarter of 2021, Finland had EUR 888.0 billion in gross foreign assets and EUR 892.4 billion in gross foreign liabilities. The net international investment position, that is, the difference between gross assets and liabilities, was thus EUR -4.4 billion as there were more liabilities than assets. Gross liabilities grew from the first quarter due to an increase in the liabilities stock of portfolio investments. Portfolio investments also increased the stock of gross assets.

The net international investment position strengthened slightly from the first quarter of 2021 when the net international investment position was EUR -4.5 billion. Financial transactions stood for EUR 3.6 billion of the change in the net international investment position and changes in prices, exchange rates and other classifications stood for EUR -3.5 billion.

### **Finland's net international investment position quarterly**



### *Portfolio investments abroad and to Finland grew*

Examined by type of investment, most foreign assets were in the form of portfolio investments at the end of the second quarter of 2021. Portfolio investment assets grew from the previous quarter. At the end of the second quarter of 2021, there were EUR 405.8 billion in portfolio investment assets, while assets amounted to EUR 386.6 billion in the previous quarter. The change in stocks is explained by financial transactions and value changes in portfolio investments. Portfolio investments abroad increased by EUR 8.7 billion and changes in prices, exchange rates and other classifications were EUR 10.5 billion. Of portfolio investment assets, EUR 135.6 billion were in bonds and money market instruments and EUR 270.2 billion in equity and mutual fund shares.

The share of portfolio investments is also highest in foreign liabilities. The stock of portfolio investment liabilities amounted to EUR 463.2 billion at the end of the second quarter of 2021. Portfolio investment liabilities increased from the previous quarter, when the stock stood at EUR 446.3 billion.

When examining the net international investment position by type of investment, it can be seen that the biggest net assets were in direct investments, while the largest net liabilities were in the form of portfolio investments. At the end of the second quarter of 2021, net assets in direct investments amounted to EUR 40.0 billion and net liabilities in portfolio investments to EUR 57.4 billion. The large net liabilities of portfolio investments are explained by the net liabilities of EUR 137.7 billion in bonds and money market instruments. Assets in equity and mutual fund shares were EUR 80.3 billion larger than liabilities.

#### *Net capital inflow to Finland*

In the second quarter of 2021, net capital outflow from Finland abroad amounted to EUR 3.6 billion. Net capital outflow from Finland abroad was highest in the form of portfolio investments, EUR 4.1 billion. Net capital outflow from Finland abroad in the form of direct investments amounted to EUR 1.0 billion. Correspondingly, net capital inflow to Finland from abroad was highest in the form of other investments, EUR 1.9 billion.

#### *Social security funds had largest net assets*

When the net investment position is examined by investor sector, most foreign net assets, EUR 177.9 billion, were held by social security funds, of which employment pension schemes are the most important ones. EUR 147.5 billion of social security funds' net assets were in the form of equity and mutual fund shares and EUR 27.2 billion in the form of money market instruments and bonds. The net assets of social security funds grew from the previous quarter primarily as a result of price changes in assets of equity and mutual fund shares. Net liabilities were held most by other monetary financial institutions, EUR 168.2 billion. The net investment position of monetary financial institutions weakened from the first quarter of 2021 due to the increase in the net liabilities of other investments and portfolio investments.

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# Appendix tables

**Appendix table 1. Current account, quarterly 2021, EUR million**

		Year/quarter				
		2020/Q2	2020/Q3	2020/Q4	2021/Q1	2021/Q2
Credit	1. Current account	25 012	24 894	29 654	26 239	28 719
	1.1 Goods	13 967	14 138	16 755	15 291	16 673
	1.2 Services	5 643	5 631	7 743	5 585	6 169
	1.3 Primary income	5 061	4 754	4 790	4 796	5 543
	1.4 Secondary income	342	371	366	567	334
Debit	1. Current account	25 816	24 235	26 152	26 504	28 492
	1.1 Goods	13 042	14 166	14 531	15 032	15 907
	1.2 Services	6 443	6 347	7 154	6 567	6 889
	1.3 Primary income	5 196	2 855	3 174	3 439	4 610
	1.4 Secondary income	1 134	867	1 293	1 466	1 087

1) The statistics become final more than two years after the end of the reference year.

**Appendix table 2. External assets and liabilities by sector, quarterly 2021, EUR million**

		Year/quarter				
		2020/Q2	2020/Q3	2020/Q4	2021/Q1	2021/Q2
Assets	S1 Total economy	-41 081	-26 425	-55 772	24 829	-22 598
	S11 Non-financial corporations	-8 781	-8 740	-13 132	-9 141	-13 066
	S121 Central bank	11 472	-4 775	-15 734	28 732	4 392
	S122 Other monetary financial institutions	-26 872	-4 939	-21 770	9 584	2 559
	S123 Money market funds (MMF)	.	.	.	.	.
	S124 Collective investment schemes, excl. money market funds	1 311	1 386	1 970	3 272	3 038
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	64	258	1 650	.	439
	S128+S129 Insurance corporations and pension funds	705	278	916	567	-99
	S1311 Central government	-3 538	-2 302	-4 392	-5 859	-1 119
	S1313 Local government	28	-63	45	-43	34
	S1314 Social security funds	-15 756	-7 861	-6 056	-2 893	-19 118
	S14+S15 Households and non-profit institutions serving households	284	333	730	607	342
	Liabilities	S1 Total economy	-39 418	-26 251	-56 759	25 565
S11 Non-financial corporations		-6 906	-6 980	-12 727	-9 513	-13 093
S121 Central bank		830	524	1 585	200	448
S122 Other monetary financial institutions		-18 724	-4 268	-34 904	44 366	9 882
S123 Money market funds (MMF)		1	.	.	.	-2
S124 Collective investment schemes, excl. money market funds		-10	474	1 171	1 892	931
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		-326	1 319	-2 005	.	-176
S128+S129 Insurance corporations and pension funds		-194	74	29	114	90
S1311 Central government		-575	-9 639	-2 134	-7 150	-4 126
S1313 Local government		260	.	48	-32	-46
S1314 Social security funds		-13 559	-7 843	-7 699	-4 829	-20 130
S14+S15 Households and non-profit institutions serving households		-216	86	-124	28	.
Net		S1 Total economy	-1 663	-173	987	-735
	S11 Non-financial corporations	-1 875	-1 761	-405	372	27
	S121 Central bank	10 643	-5 299	-17 319	28 531	3 943
	S122 Other monetary financial institutions	-8 148	-670	13 133	-34 782	-7 323
	S123 Money market funds (MMF)	-1	.	.	.	2
	S124 Collective investment schemes, excl. money market funds	1 321	912	799	1 380	2 107
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	391	-1 061	3 656	-483	615
	S128+S129 Insurance corporations and pension funds	900	203	886	453	-189
	S1311 Central government	-2 964	7 337	-2 258	1 291	3 007
	S1313 Local government	-232	-63	-3	-11	80
	S1314 Social security funds	-2 197	-18	1 643	1 935	1 012
	S14+S15 Households and non-profit institutions serving households	500	247	854	579	342

1) The statistics become final more than two years after the end of the reference year.

**Appendix table 3. International investment position by sector, quarterly 2021, EUR million**

		Year/quarter				
		2020/Q2	2020/Q3	2020/Q4	2021/Q1	2021/Q2
Assets	S1 Total economy	842 295	837 947	815 886	879 096	888 014
	S11 Non-financial corporations	158 007	155 555	147 330	148 090	145 583
	S121 Central bank	101 549	96 629	80 925	109 653	114 060
	S122 Other monetary financial institutions	249 238	243 424	222 550	226 906	225 866
	S123 Money market funds (MMF)	.	.	.	.	.
	S124 Collective investment schemes, excl. money market funds	85 934	89 373	96 835	104 718	110 767
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	33 956	35 355	35 501	35 954	36 535
	S128+S129 Insurance corporations and pension funds	30 968	31 647	33 393	34 507	34 981
	S1311 Central government	14 134	14 625	13 771	13 461	13 579
	S1313 Local government	828	783	931	865	926
	S1314 Social security funds	151 678	153 573	165 785	184 308	184 072
	S14+S15 Households and non-profit institutions serving households	16 003	16 984	18 866	20 634	21 644
	Liabilities	S1 Total economy	845 540	848 097	828 409	883 632
S11 Non-financial corporations		240 423	250 828	259 271	260 962	268 639
S121 Central bank		14 061	14 554	16 117	16 347	16 784
S122 Other monetary financial institutions		380 210	373 772	341 288	385 465	394 071
S123 Money market funds (MMF)		3	3	3	3	2
S124 Collective investment schemes, excl. money market funds		27 736	29 222	32 480	36 077	38 391
S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders		57 278	60 662	57 903	59 355	59 388
S128+S129 Insurance corporations and pension funds		3 367	3 448	3 479	3 649	3 754
S1311 Central government		109 403	102 939	104 165	101 018	97 536
S1313 Local government		4 989	4 992	5 036	4 953	4 907
S1314 Social security funds		5 335	4 857	5 970	13 076	6 204
S14+S15 Households and non-profit institutions serving households		2 734	2 820	2 697	2 725	2 725
Net		S1 Total economy	-3 245	-10 151	-12 523	-4 536
	S11 Non-financial corporations	-82 416	-95 273	-111 941	-112 872	-123 056
	S121 Central bank	87 488	82 075	64 808	93 306	97 276
	S122 Other monetary financial institutions	-130 972	-130 348	-118 738	-158 558	-168 206
	S123 Money market funds (MMF)	-3	-3	-3	-3	-2
	S124 Collective investment schemes, excl. money market funds	58 197	60 151	64 355	68 640	72 376
	S125+S126+S127 Other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders	-23 322	-25 308	-22 402	-23 402	-22 853
	S128+S129 Insurance corporations and pension funds	27 600	28 199	29 914	30 857	31 227
	S1311 Central government	-95 269	-88 314	-90 394	-87 557	-83 957
	S1313 Local government	-4 161	-4 209	-4 105	-4 088	-3 981
	S1314 Social security funds	146 343	148 716	159 815	171 231	177 868
	S14+S15 Households and non-profit institutions serving households	13 269	14 164	16 169	17 909	18 919

1) The statistics become final more than two years after the end of the reference year.



**Appendix table 4. Balance of payments, EUR million (Appendix table was corrected on 13 October 2021.)**

	Year 2020	12 month moving sum	2021/06	2021/07
1. Current account	1 984	4 557	727	559
1.1. Goods	2 934	3 528	260	159
1.2. Services	-2 139	-1 781	-222	-228
1.3. Primary income	4 033	5 924	915	838
1.4. Secondary income	-2 843	-3 115	-227	-209
2. Capital account	214	214	17	18
3. Financial account	-821	2 707	1 903	-1 253
3.1. Direct investment	6 382	850	383	-333
3.2. Portfolio investment	-809	15 733	3 527	-2 619
3.3. Other investment	-5 725	-15 239	-2 430	2 137
3.4. Financial derivatives	-1 548	1 104	408	-486
3.5. Reserve assets	880	258	14	48
4. Errors and omissions	-3 019	-2 063	1 159	-1 830

1) The statistics become final more than two years after the end of the reference year

2) Figures in the table are net flows during period

3) Financial account = Assets less liabilities

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