

BALANCE OF PAYMENTS

The current account balance is the difference between current receipts from abroad and current payments to abroad. When the current account of the balance of payments is positive, the country can use the surplus to repay foreign debts or to lend to the rest of the world. When the current account balance is negative, the deficit will be financed by borrowing from abroad or by liquidating foreign assets acquired in earlier periods.

Definition

The current account balance is the difference between a country's current receipts from and its current payments to the rest of the world. These current transactions consist of exports and imports of goods; exports and imports of services such as tourism, international freight and passenger transport, insurance and financial services; income consisting of wages and salaries, dividends, interest and other property income; and transfers.

Note that property income includes retained earnings of foreign-owned subsidiaries. All earnings of foreign-owned subsidiaries are treated as if they were remitted abroad and the part which is actually retained in the country where the subsidiary is located is then shown as a re-investment flow in the capital account.

Long-term trends

Current account balances as a percentage of GDP have been negative throughout the period since 1994 in Australia, Hungary, Mexico, New Zealand, Spain, the United Kingdom and the United States; this is partly due to the way in which earnings of foreign owned-subidiaries are treated. Countries which have recorded current account surpluses throughout the period include Finland, Japan, Luxembourg, the Netherlands, Norway, Sweden and Switzerland.

Since 1994, current account balances have generally moved from deficit to surplus in Austria, Canada Germany and Korea.

The chart shows current account balances as a percentage of GDP, averaged over the last three years. Deficits averaged 5% or more of GDP in Iceland, Greece, Portugal, Spain, New Zealand, Hungary, the Slovak Republic, the United States, Australia and Turkey. Surpluses in excess of 5% were recorded by Germany, Sweden, the Netherlands, Luxembourg, Switzerland and Norway.

Comparability

The data in this table are taken from balance of payments statistics compiled according to the International Monetary Fund (IMF) *Balance of Payments Manual* (BPM5). The IMF closely monitors balance of payments statistics reported by its member countries through regular meetings of balance of payments compilers. As a result, there is relatively good comparability across countries.

Because all earnings of foreign-owned subsidiaries are treated as though they are remitted even though a large part may in practice be retained by the subsidiaries in the countries where they are located, the existence of foreign-owned subsidiaries in an economy will tend to reduce its current account balance.

Sources

- For member countries and South Africa: OECD (2008), *Main Economic Indicators*, OECD, Paris.
- For Brazil, China, India and Russian Federation: National sources.

Further information

Analytical publications

- OECD (2006), *Export Credit Financing Systems in OECD Member Countries and Non-Member Economies*, OECD, Paris.

Methodological publications

- IMF (1993), *Balance of Payments Manual*, 5th edition, IMF, Washington, DC.
- UN, EC, IMF, OECD, UNCTAD and the WTO (2002), *Manual on Statistics of International Trade in Services*, United Nations, New York.

Online databases

- *Main Economic Indicators*.
- *OECD Economic Outlook Statistics*.


Websites

- *OECD Economic Outlook – Sources and Methods*, www.oecd.org/eco/sources-and-methods.

Current account balance of payments

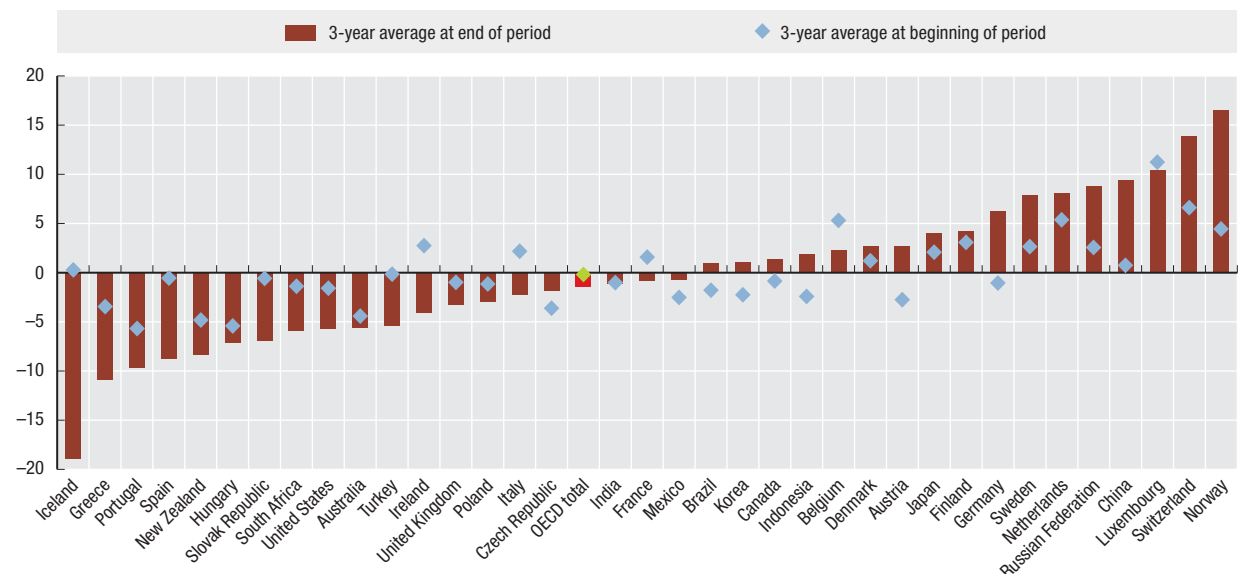

As a percentage of GDP

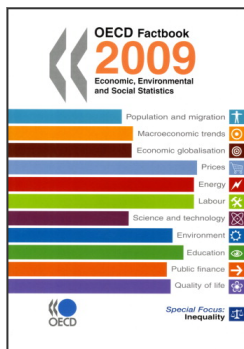
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	-4.7	-5.0	-3.6	-2.8	-4.7	-5.1	-3.6	-1.9	-3.7	-5.2	-5.9	-5.5	-5.1	-6.1
Austria	..	-2.9	-2.9	-2.5	-1.7	-1.7	-0.7	-0.8	2.7	1.7	2.1	2.1	2.8	3.2
Belgium	..	5.4	5.0	5.5	5.2	5.1	4.0	3.4	4.6	4.1	3.5	2.6	2.7	1.7
Canada	-2.3	-0.8	0.5	-1.3	-1.2	0.3	2.7	2.3	1.7	1.2	2.3	1.9	1.4	0.9
Czech Republic	-1.8	-2.5	-6.6	-6.2	-2.0	-2.4	-4.8	-5.3	-5.5	-6.3	-5.2	-1.3	-2.6	-1.8
Denmark	1.5	0.7	1.4	0.4	-0.9	1.9	1.6	2.6	2.9	3.5	2.3	4.3	2.7	1.1
Finland	1.1	4.1	4.0	5.6	5.6	6.2	8.1	8.6	8.8	5.2	6.5	3.6	4.6	4.6
France	..	0.7	1.3	2.7	2.6	3.1	1.6	1.9	1.4	0.8	0.6	-0.6	-0.7	-1.2
Germany	-1.4	-1.2	-0.6	-0.5	-0.7	-1.3	-1.7	0.0	2.0	2.0	4.7	5.2	6.1	7.5
Greece	..	..	..	-3.9	-2.7	-3.8	-7.8	-7.3	-6.8	-6.6	-5.9	-7.3	-11.1	-14.3
Hungary	-9.2	-3.3	-3.8	-4.3	-7.0	-7.6	-8.4	-6.0	-7.0	-8.0	-8.6	-7.5	-7.5	-6.4
Iceland	1.9	0.7	-1.8	-1.7	-6.7	-6.7	-10.1	-4.3	1.5	-4.8	-9.8	-16.2	-25.1	-15.6
Ireland	2.8	2.6	2.8	2.3	0.8	0.2	-0.4	-0.7	-0.9	0.0	-0.6	-3.5	-3.5	-5.4
Italy	1.2	2.2	3.1	2.8	1.9	0.7	-0.5	-0.1	-0.8	-1.3	-0.9	-1.7	-2.6	-2.4
Japan	2.7	2.1	1.4	2.3	3.1	2.6	2.6	2.1	2.9	3.2	3.7	3.6	3.8	4.8
Korea	-1.0	-1.7	-4.1	-1.6	11.7	5.5	2.4	1.7	1.0	2.0	4.1	1.9	0.6	0.6
Luxembourg	..	12.1	11.2	10.4	9.2	8.4	13.2	8.8	10.5	8.1	11.8	11.0	10.5	9.8
Mexico	-6.4	-0.5	-0.7	-1.7	-3.5	-2.6	-2.9	-2.6	-2.0	-1.2	-0.9	-0.7	-0.6	-1.0
Netherlands	4.9	6.1	5.1	6.5	3.2	3.8	1.9	2.4	2.5	5.5	7.5	7.3	9.3	7.7
New Zealand	-3.8	-5.0	-5.7	-6.3	-3.9	-6.2	-5.2	-2.7	-3.8	-4.2	-6.3	-8.5	-8.6	-8.1
Norway	3.0	3.5	6.8	6.3	0.0	5.6	15.0	16.1	12.5	12.3	12.7	16.3	17.3	15.9
Poland	-0.9	-1.7	-0.9	-2.7	-4.0	-6.9	-6.0	-3.1	-2.8	-2.5	-4.0	-1.2	-2.8	-4.8
Portugal	..	..	-4.2	-5.9	-7.0	-8.5	-10.2	-9.9	-8.1	-6.1	-7.6	-9.5	-10.1	-9.5
Slovak Republic	4.9	2.6	-9.3	-8.4	-8.9	-4.8	-3.4	-8.3	-7.9	-0.8	-3.4	-8.5	-7.0	-5.3
Spain	-1.2	-0.3	-0.2	-0.1	-1.2	-2.9	-4.0	-3.9	-3.3	-3.5	-5.3	-7.4	-8.9	-10.1
Sweden	1.1	3.3	3.5	4.1	3.8	4.1	3.8	3.8	4.0	7.2	6.7	6.8	8.5	8.4
Switzerland	6.3	6.5	7.0	9.3	9.2	10.8	12.1	7.7	8.4	12.9	12.9	13.7	14.5	13.4
Turkey	1.5	-1.0	-1.0	-1.0	0.7	-0.5	-3.7	1.7	-0.7	-2.7	-4.0	-4.6	-6.0	-5.7
United Kingdom	-1.0	-1.2	-0.8	-0.1	-0.4	-2.4	-2.6	-2.1	-1.7	-1.6	-2.1	-2.6	-3.4	-3.8
United States	-1.7	-1.5	-1.6	-1.7	-2.5	-3.3	-4.3	-3.8	-4.4	-4.8	-5.4	-5.9	-6.0	-5.3
EU27 total	..	..	..	..	..	..	..	..	..	..	0.1	-0.2	-0.7	-0.6
OECD total	..	..	..	0.2	-0.1	-0.7	-1.3	-1.1	-1.1	-1.1	-0.9	-1.4	-1.6	-1.4
Brazil	-0.2	-2.4	-2.8	-3.5	-4.0	-4.3	-3.8	-4.2	-1.5	0.8	1.8	1.6	1.3	0.1
China	1.2	0.2	0.8	3.9	3.1	1.9	1.7	1.3	2.4	2.8	3.6	7.2	9.6	11.3
India	..	..	..	-0.7	-1.7	-0.7	-1.0	0.3	1.4	1.5	0.1	-1.3	-1.1	-1.0
Indonesia	-1.4	-2.9	-3.0	-2.1	3.9	3.7	4.8	4.3	4.0	3.5	0.6	0.1	3.0	2.4
Russian Federation	..	2.3	2.8	0.0	0.1	12.6	18.0	11.1	8.5	8.2	10.1	11.0	9.5	5.9
South Africa	0.0	-1.6	-1.2	-1.5	-1.6	-0.5	-0.1	0.3	0.8	-1.1	-3.2	-4.0	-6.4	-7.3

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Current account balance of payments

As a percentage of GDP

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