

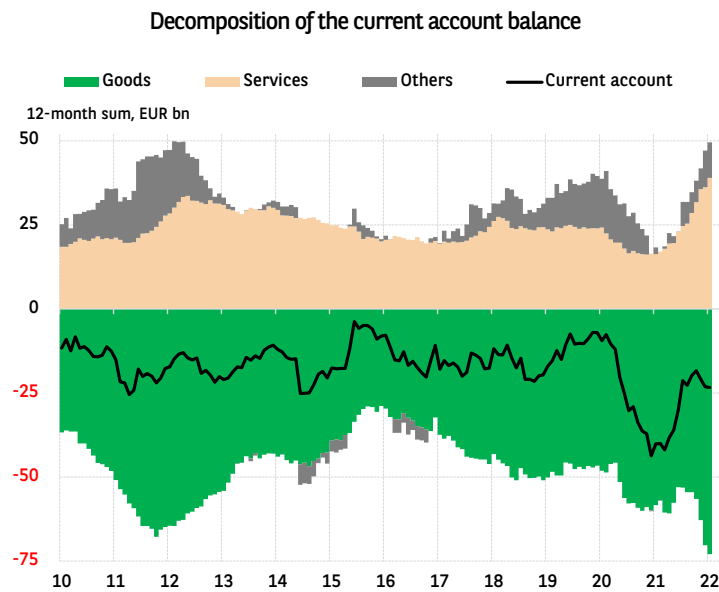
CHART OF THE WEEK



16 March 2022

FRANCE: IMPROVEMENT IN SERVICES SURPLUS OFFSETS DETERIORATION IN GOODS DEFICIT

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Source: Banque de France, BNP Paribas

France has reported a structural deterioration in the trade balance for goods since 2015. In January 2022, the deficit swelled to a record high, at a cumulative 12-month total of EUR 73 bn according to the Bank of France's balance of payments statistics (EUR 88 bn according to the definition used by the customs office[3]). The trend for the industrial goods deficit to swell has accelerated since 2020 with the decline in aeronautics exports since the beginning of the Covid-19 pandemic. The deterioration observed since November 2021 is mainly due to higher oil prices.

Yet the current account balance, which combines all of France's foreign trade[4], draws a different picture: the cumulative 12-month deficit was limited to EUR 23.4 bn in January. Moreover, it has remained relatively stable, even over the past three months.

This is mainly due to the trade surplus in services. It also reached a record high with a cumulative 12-month total of EUR 39 bn in January. The net increase since early 2021 can be attributed to the "transport" component, which swung into a surplus with the outbreak of the Covid-19 pandemic. Moreover this surplus has increased ever since, to a cumulative 12-month total of EUR 32 bn at the end of January. Detailed IMF data available through Q3 2021 show that the improvement up to that point corresponded essentially to maritime freight export services, at a time when strong global demand was bolstering maritime transport.

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