

## BENCHMARK REVISION OF BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION STATISTICS (SEPTEMBER 2024)

- As part of the general five-year revision (“benchmark revision”) of European macroeconomic statistics, the time series of Italy’s balance of payments and international investment position have been revised. The changes reflect several innovations and refinements in both the sources and the compilation methodologies.
- The revisions had a limited impact on the main balance of payments and international investment position aggregates, and did not alter the trends observed over the last fifteen years.
- The current and capital account balance improved marginally over the period 2008-2012, while it was revised downwards from 2013 to 2023 by around 0.2 percentage points of GDP on average per year.
- The net international investment position has been revised slightly downwards until 2022 and upwards in 2023.
- In 2023, the current account balance is approximately zero, compared to a modest surplus in the previously published data. The net foreign position at the end of 2023 is positive by €158 billion (from €146 in the pre-revision data).

As part of the general five-year revision (“benchmark revision”) of European macroeconomic statistics, on 30th September 2024 the new historical series of Italy's balance of payments and international investment position, revised starting from 2008, were released in the Statistical Database of the Bank of Italy.<sup>1</sup> The revisions reflect several innovations and refinements of both sources and compilation methodologies; all methodological revisions that also affect the national accounts domain were agreed between the Bank of Italy and Istat during the joint activities to prepare for the 2024 “benchmark” revision.

This note summarizes the main methodological innovations and compares the new balance of payments data with those preceding the “benchmark” revision.

### *Summary of methodological innovations*

The revisions to the current account of the balance of payments concerned the period between 2008 and 2023, with carry-over effects on the current year.

As regards goods, Istat adjustments have been implemented for some multinational companies operating in Italy through non-resident VAT traders, who were previously considered as entities resident in Italy; in particular, trade in goods between non-resident VAT traders and other non-resident traders has been excluded from export and import flows, while trade between non-resident VAT traders and residents has been included. This has led to a downward revision of exports and imports of goods and a slight increase in exports of processing services. Exports of goods have also been revised with new data relating to fuel

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<sup>1</sup> Financial accounts statistics will be revised in line with the benchmark revision in the edition that will be released in the Statistical Report and in the Statistical Database on 15th October. The benchmark revision of the annual national economic accounts was released by Istat on 23th September (<https://www.istat.it/comunicato-stampa/conti-economici-nazionali-anno-2023/>).

purchased in Italy by foreign airlines and new evidence deriving from the analysis of the operations of Italian multinational groups relating to goods that do not cross the border of the country of residence of the operator (“merchanting”).

As regards services, the composition by type has been revised following the change in the methodological framework of the survey on non-financial transactions of non-financial and insurance companies conducted by the Bank of Italy. This change was made as part of the collaboration with Istat for the purpose of compiling statistics on trade in services by enterprise characteristics (“Services Trade by Enterprise Characteristics” – STEC), pursuant to Regulation 2019/2152 on European Business Statistics, aimed at improving consistency between statistical domains and reducing the statistical burden on respondents. Further revisions derive from updates to Istat data on insurance and processing services as well as from the availability of information collected for tax purposes OSS (One-Stop-Shop), which since July 2021, by expanding the scope of the MOSS (mini One-Stop-Shop), has made it possible to measure services provided directly by non-resident entities to resident households.

Among the remaining items of the current account, the recording of monetary income has been modified in line with the methodology adopted by the ECB and revisions by Istat on public and private transfers have been implemented. Investment income has also been revised in line with the changes made to financial assets and liabilities starting from 2017.

In addition to the “benchmark revisions”, as usual at this time of year, ordinary revisions have also been made to primary income on direct investment for the year 2023, in relation to the availability of information on the operating profits of Italian companies directly owned by foreign investors and of foreign companies object of direct investment by resident entities (data which until September are generally estimated).

In the capital account, data on public transfers from Istat have been updated.

The revisions to the financial account and the international investment position covered the period 2017-2023.<sup>2</sup> With reference to direct investment, new sources were used for the estimation of real estate activities, based on data from the *Osservatorio del Mercato Immobiliare* for liabilities and on company reports for assets. For other investment and derivatives, the revisions concerned the General Government sector, as part of the initiatives undertaken to promote consistency with financial accounts and public finance statistics. These changes were accompanied by the ordinary update linked to the availability of information on companies’ financial assets and liabilities at the end of 2023 as well as a revision of the valuation adjustments on portfolio securities held directly abroad by Italian households for the past year.

#### *The impact of revisions on main aggregates*

Overall, the revisions had a limited impact on the main balance of payments and international investment position aggregates, without changing the trends observed over the last fifteen years.

As a result of the revisions, for the years from 2008 to 2012 the current account and capital account balance showed a marginal improvement compared to the data published previously;

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<sup>2</sup> The revisions to the financial account covered a shorter period than those to the current and capital accounts due to constraints in the time availability of the new sources used.

since 2013 the balance has instead been revised downwards by approximately 0.2 percentage points of GDP on average per year (-0.5 percent in 2023; Table 1).<sup>3</sup>

The downward revisions were concentrated in the current account and in particular in goods, with the exception of 2023 in which a significant contribution also came from primary income (Table 2). The adjustments relating to the trade in goods of non-resident VAT operators have in fact determined, since 2012, a reduction in exports compared to previously published data that is greater than that of imports (-1.9 and -1.5 percent respectively on average for the period 2012-2023; Table 3). The revisions to primary income have generally been very limited in size, with the exception of 2023 in which the balance was revised downwards by 0.3 points of GDP compared to previously published data, mainly due to the acquisition of previously unavailable information on the operating results of Italian companies directly owned by foreign shareholders and of foreign companies subject to direct investment by resident entities.

Among other items, the revisions determined on average a slight improvement in the balances of services and secondary income. In particular, for services, the revision of the sampling methodology implied a modest increase in exports, concentrated in the three-year period 2021-2023, compared to previous data, against a negligible effect on the import side (Table 3).

Overall, based on the new data in 2023 the current account is €-0.3 billion, compared to a modest surplus (€9.7 billion) in the previously published data. The capital account balance records a surplus of €15.2 billion, from €16.0 in the data before the revision (Table 2).

The financial account balance shows small changes following the revisions, mainly concentrated in direct investment and other investment (Table 4). Given the balance of payments identity,<sup>4</sup> the revisions were reflected in a reduction in annual errors and omissions between 2008 and 2012 (-0.05 points of GDP on average per year), followed by an increase from 2013 (0.2 percent of GDP on average per year; Table 1).

The net international investment position has been revised slightly downwards until 2022, mainly reflecting the lower external assets of the General Government following the aforementioned methodological changes. In 2023, this effect was more than offset by an upward revision of net assets for both direct investment, linked to the acquisition of new information from the survey of non-financial companies, and for portfolio investment. The differences compared to previously published data are limited (ranging from a downward revision of 1.5 points of GDP in 2017 to an upward revision of 0.6 percent of GDP in 2023; Table 5).

Based on the new data, Italy's net international investment position at the end of 2023 is positive by €158.0 billion, up from €145.7 in the data before the revision.

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<sup>3</sup> The incidence on GDP was calculated on the basis of the new GDP estimates released by Istat following the benchmark revision.

<sup>4</sup> Errors and omissions correspond to the difference between the financial account balance and the current account and capital account balance.

**Table 1 – Balance of payments**  
*(yearly data; balances in billions of euros, unless otherwise specified)*

	A) Previously published data			B) Revised data			Differences (B-A)			<i>Differences (in % of GDP)</i>		
	Current and capital account	Financial account	Errors and omissions	Current and capital account	Financial account	Errors and omissions	Current and capital account	Financial account	Errors and omissions	<i>Current and capital account</i>	<i>Financial account</i>	<i>Errors and omissions</i>
2008	-46.0	-28.8	17.2	-45.5	-28.8	16.7	0.5	0.0	-0.5	0.0	0.0	-0.0
2009	-29.0	-37.2	-8.2	-28.1	-37.2	-9.0	0.9	0.0	-0.9	0.1	0.0	-0.1
2010	-53.0	-80.7	-27.7	-52.0	-80.7	-28.6	0.9	0.0	-0.9	0.1	0.0	-0.1
2011	-45.7	-57.4	-11.7	-44.7	-57.4	-12.8	1.0	0.0	-1.0	0.1	0.0	-0.1
2012	-1.0	-3.2	-2.3	-0.5	-3.2	-2.7	0.4	0.0	-0.4	0.0	0.0	-0.0
2013	17.8	24.1	6.3	14.6	24.1	9.6	-3.2	0.0	3.2	-0.2	0.0	0.2
2014	33.9	59.3	25.3	31.8	59.3	27.4	-2.1	0.0	2.1	-0.1	0.0	0.1
2015	30.0	38.6	8.6	27.2	38.6	11.5	-2.9	0.0	2.9	-0.2	0.0	0.2
2016	42.3	34.4	-7.8	39.3	34.4	-4.8	-3.0	0.0	3.0	-0.2	0.0	0.2
2017	47.4	55.2	7.8	43.9	56.3	12.3	-3.5	1.0	4.5	-0.2	0.1	0.3
2018	46.5	34.4	-12.2	45.1	37.7	-7.3	-1.5	3.4	4.9	-0.1	0.2	0.3
2019	57.5	53.3	-4.2	56.2	55.0	-1.2	-1.2	1.7	3.0	-0.1	0.1	0.2
2020	65.6	72.5	6.9	63.4	75.0	11.6	-2.2	2.5	4.7	-0.1	0.2	0.3
2021	45.5	49.2	3.7	41.1	45.2	4.1	-4.4	-4.0	0.4	-0.2	-0.2	0.0
2022	-21.2	-5.8	15.3	-24.5	-7.9	16.7	-3.4	-2.1	1.3	-0.2	-0.1	0.1
2023	25.6	34.7	9.1	14.9	31.5	16.5	-10.7	-3.2	7.5	-0.5	-0.2	0.4

**Table 2 – Current account and capital account balance**  
*(yearly data; balances in billions of euros, unless otherwise specified)*

	A) Previously published data						B) Revised data						Differences (B-A)						<i>Differences (in % of GDP)</i>	
	CURRENT ACCOUNT					CAPITAL ACCOUNT	CURRENT ACCOUNT					CAPITAL ACCOUNT	CURRENT ACCOUNT					CAPITAL ACCOUNT	CURRENT ACCOUNT	
	Goods	Services	Primary income	Secondary income	Total		Goods	Services	Primary income	Secondary income	Total		Total	Goods	Services	Primary income	Secondary income		Total	Total
2008	-2.2	-11.0	-14.3	-18.3	-45.8	-0.2	-1.7	-10.9	-14.5	-17.6	-44.8	-0.7	0.5	0.1	-0.2	0.6	1.0	-0.5	0.0	0.1
2009	0.4	-9.4	-1.8	-19.0	-29.7	0.7	0.8	-9.3	-2.0	-18.4	-28.9	0.7	0.4	0.1	-0.2	0.6	0.9	0.0	0.0	0.1
2010	-19.9	-9.4	-4.1	-19.8	-53.1	0.1	-19.6	-9.2	-4.2	-19.1	-52.1	0.1	0.3	0.1	-0.1	0.7	0.9	0.0	0.0	0.1
2011	-16.0	-6.2	-5.1	-19.4	-46.6	0.9	-15.5	-5.9	-5.2	-18.9	-45.5	0.8	0.5	0.3	-0.2	0.5	1.1	-0.1	0.0	0.1
2012	18.8	-0.1	-2.7	-19.8	-3.7	2.8	18.3	0.2	-2.8	-18.9	-3.3	2.8	-0.5	0.3	-0.2	0.8	0.5	0.0	0.0	0.0
2013	38.1	0.7	-2.8	-17.6	18.5	-0.7	37.7	0.3	-2.9	-18.1	17.0	-2.5	-0.4	-0.4	-0.2	-0.5	-1.4	-1.8	0.0	-0.1
2014	49.3	-2.3	0.2	-16.2	31.1	2.8	48.2	-2.6	0.0	-16.9	28.7	3.1	-1.1	-0.3	-0.2	-0.7	-2.4	0.3	-0.1	-0.1
2015	54.1	-4.2	-11.2	-14.8	23.9	6.1	51.7	-4.2	-11.5	-15.3	20.7	6.5	-2.5	0.0	-0.4	-0.5	-3.3	0.4	-0.1	-0.2
2016	60.0	-4.1	5.0	-16.0	44.9	-2.6	57.8	-3.7	4.5	-16.6	42.0	-2.7	-2.2	0.4	-0.5	-0.6	-2.9	-0.1	-0.1	-0.2
2017	54.4	-3.8	9.4	-13.9	46.2	1.2	51.3	-4.0	9.1	-13.9	42.6	1.4	-3.0	-0.2	-0.3	-0.1	-3.6	0.2	-0.2	-0.2
2018	45.9	-2.9	19.2	-16.0	46.2	0.4	45.2	-2.9	18.7	-16.5	44.5	0.6	-0.8	0.0	-0.5	-0.5	-1.7	0.2	0.0	-0.1
2019	60.7	-0.4	13.8	-15.5	58.6	-1.1	58.4	0.0	13.8	-15.3	57.0	-0.7	-2.4	0.4	0.0	0.3	-1.6	0.4	-0.1	-0.1
2020	68.3	-8.4	21.1	-16.5	64.5	1.0	66.5	-7.8	21.2	-17.1	62.8	0.6	-1.7	0.6	0.0	-0.6	-1.7	-0.4	-0.1	-0.1
2021	48.6	-9.7	23.3	-19.0	43.3	2.3	46.4	-8.9	20.6	-19.4	38.7	2.4	-2.2	0.7	-2.7	-0.4	-4.6	0.1	-0.1	-0.2
2022	-19.8	-11.1	17.5	-17.5	-30.9	9.8	-26.2	-10.2	18.6	-17.1	-34.9	10.4	-6.5	1.0	1.1	0.4	-4.0	0.6	-0.3	-0.2
2023	40.1	-7.6	-5.1	-17.7	9.7	16.0	33.9	-6.5	-12.5	-15.2	-0.3	15.2	-6.2	1.1	-7.4	2.5	-10.0	-0.7	-0.3	-0.5

**Table 3 – Exports and imports of goods and services**  
*(yearly data; billions of euros, unless otherwise specified)*

	A) Previously published data				B) Revised data				Differences (B-A)				Percentage differences (B-A)/A			
	Goods		Services		Goods		Services		Goods		Services		Goods		Services	
	Credits	Debits	Credits	Debits	Credits	Debits	Credits	Debits	Credits	Debits	Credits	Debits	Credits	Debits	Credits	Debits
2008	361.3	363.6	78.8	89.8	360.7	362.5	79.1	90.0	-0.6	-1.1	0.2	0.2	-0.2	-0.3	0.3	0.2
2009	284.7	284.3	69.5	78.8	284.0	283.2	69.7	79.0	-0.7	-1.0	0.3	0.2	-0.2	-0.4	0.4	0.2
2010	328.3	348.1	76.5	85.8	327.2	346.8	76.7	86.0	-1.1	-1.4	0.3	0.1	-0.3	-0.4	0.3	0.1
2011	364.1	380.1	79.9	86.1	361.0	376.5	80.2	86.1	-3.1	-3.6	0.3	0.0	-0.8	-0.9	0.3	0.0
2012	376.5	357.8	85.2	85.3	372.3	354.1	85.4	85.2	-4.2	-3.7	0.2	-0.1	-1.1	-1.0	0.2	-0.1
2013	377.3	339.2	84.6	83.9	373.0	335.3	84.3	83.9	-4.3	-3.9	-0.3	0.0	-1.1	-1.2	-0.4	0.1
2014	387.6	338.2	86.1	88.4	382.4	334.1	85.8	88.4	-5.2	-4.1	-0.3	0.1	-1.3	-1.2	-0.3	0.1
2015	403.3	349.1	88.7	92.9	396.4	344.7	88.3	92.6	-6.8	-4.4	-0.3	-0.3	-1.7	-1.3	-0.4	-0.4
2016	406.3	346.3	91.2	95.3	399.7	341.9	91.4	95.1	-6.6	-4.4	0.2	-0.2	-1.6	-1.3	0.2	-0.2
2017	434.7	380.3	99.3	103.1	427.1	375.7	99.0	103.0	-7.6	-4.6	-0.3	-0.1	-1.8	-1.2	-0.3	-0.1
2018	451.3	405.4	104.5	107.4	443.8	398.6	104.5	107.4	-7.6	-6.8	0.0	-0.1	-1.7	-1.7	0.0	-0.1
2019	459.0	398.2	109.4	109.8	449.6	391.2	109.4	109.4	-9.4	-7.1	0.0	-0.4	-2.1	-1.8	0.0	-0.4
2020	414.5	346.3	74.5	82.9	404.9	338.3	75.0	82.7	-9.7	-7.9	0.4	-0.2	-2.3	-2.3	0.6	-0.2
2021	497.2	448.6	87.9	97.6	485.2	438.8	89.0	97.9	-12.0	-9.8	1.1	0.3	-2.4	-2.2	1.2	0.3
2022	594.5	614.3	121.7	132.9	578.3	604.6	122.9	133.1	-16.2	-9.7	1.2	0.2	-2.7	-1.6	1.0	0.1
2023	597.1	557.0	135.6	143.2	581.8	547.9	137.2	143.7	-15.2	-9.0	1.6	0.5	-2.6	-1.6	1.2	0.4

**Table 4 – Financial account balance**  
(yearly data; balances in billions of euros)

	A) Previously published data						B) Revised data						Differences (B-A)					
	Direct investment	Portfolio investment	Other investment	Derivatives	Official reserves	Total financial account	Direct investment	Portfolio investment	Other investment	Derivatives	Official reserves	Total financial account	Direct investment	Portfolio investment	Other investment	Derivatives	Official reserves	Total financial account
2017	0.4	91.3	-31.7	-7.4	2.7	55.2	2.6	91.3	-32.9	-7.4	2.7	56.3	2.1	0.0	-1.1	0.0	0.0	1.0
2018	-5.2	133.0	-93.3	-2.8	2.6	34.4	-3.1	133.0	-92.0	-2.8	2.6	37.7	2.1	0.0	1.3	0.0	0.0	3.4
2019	1.5	-49.8	95.7	2.7	3.2	53.3	3.6	-49.8	95.3	2.7	3.2	55.0	2.1	0.0	-0.4	0.0	0.0	1.7
2020	18.8	116.2	-64.0	-2.5	4.0	72.5	20.9	117.0	-64.3	-2.5	4.0	75.0	2.1	0.8	-0.3	-0.1	0.0	2.5
2021	24.8	125.2	-121.5	0.0	20.7	49.2	26.3	125.8	-127.4	-0.2	20.7	45.2	1.5	0.6	-5.9	-0.2	0.0	-4.0
2022	-14.8	164.5	-168.8	11.4	2.0	-5.8	-13.6	169.4	-177.2	11.6	2.0	-7.9	1.3	4.9	-8.4	0.2	0.0	-2.1
2023	-9.3	-26.6	68.1	-0.2	2.7	34.7	-10.6	-24.8	68.8	-4.7	2.7	31.5	-1.3	1.8	0.7	-4.4	0.0	-3.2

**Table 5 – Net international investment position**  
(yearly data; balances in billions of euros, unless otherwise specified)

	A) Previously published data						B) Revised data						Differences (B-A)						
	Direct investment	Portfolio investment	Other investment	Derivatives	Official reserves	Net position	Direct investment	Portfolio investment	Other investment	Derivatives	Official reserves	Net position	Direct investment	Portfolio investment	Other investment	Derivatives	Official reserves	Net position	Net position in % of GDP
2017	102.4	97.2	-420.2	-35.2	126.1	-129.7	104.5	97.2	-449.6	-33.6	126.1	-155.3	2.1	0.0	-29.4	1.7	0.0	-25.6	-1.5
2018	104.6	219.1	-513.8	-35.0	133.2	-91.9	109.1	219.1	-541.9	-33.4	133.2	-113.9	4.5	0.0	-28.1	1.6	0.0	-22.0	-1.2
2019	102.4	173.9	-422.7	-45.7	156.0	-36.1	109.1	173.9	-451.2	-44.2	156.0	-56.3	6.6	0.0	-28.5	1.6	0.0	-20.2	-1.1
2020	79.6	316.5	-497.8	-55.3	172.0	14.8	87.9	317.3	-526.6	-53.8	172.0	-3.2	8.4	0.8	-28.8	1.5	0.0	-18.0	-1.1
2021	94.8	498.1	-622.2	-35.2	201.0	136.5	107.3	498.8	-656.8	-33.9	201.0	116.4	12.6	0.6	-34.6	1.3	0.0	-20.1	-1.1
2022	93.5	548.7	-786.9	26.6	211.2	93.1	110.3	553.7	-819.3	28.1	211.2	84.0	16.8	5.0	-32.4	1.5	0.0	-9.1	-0.5
2023	77.4	546.8	-714.4	11.9	224.1	145.7	104.1	563.7	-745.1	11.2	224.1	158.0	26.7	17.0	-30.7	-0.7	0.0	12.3	0.6