



Communications

P.O. Box, CH-8022 Zurich
Telephone +41 44 631 31 11
communications@snb.ch

Zurich, 23 March 2015

Swiss balance of payments and international investment position: Q4 2014 and review of the year 2014

Introduction of new surveys on cross-border capital linkages

Switzerland's balance of payments and international investment position for the fourth quarter of 2014 contain, for the first time, the complete results of the revised quarterly surveys on cross-border capital linkages.¹ The SNB conducts this survey at 560 companies (groups) in Switzerland. The survey enables, in particular, improved recording of direct investment loans. In addition, it now also covers intragroup lending by insurance companies, thereby closing a statistical gap. Both changes primarily impact stocks in the international investment position, whereas the current account and the financial account are affected only marginally. Thus, in the fourth quarter of 2014, around three-quarters of the CHF 170 billion increase in assets and the CHF 149 billion increase in liabilities can be ascribed to this statistical effect.

Summary of balance of payments and international investment position

Q4 2014

In the **fourth quarter of 2014**, the current account surplus amounted to CHF 17 billion, CHF 3 billion more than in the year-back quarter. The receipts surplus on goods increased by CHF 5 billion to CHF 17 billion. In trade in services and primary income (labour and investment income), the receipts surplus amounted to CHF 4 billion and CHF 2 billion, respectively, as in Q4 2013. The surplus of expenses on secondary income (current transfers) increased by CHF 1 billion against the year-back quarter, amounting to CHF 6 billion.

¹ Further information on the new surveys can be found online at www.snb.ch, *Statistics, Revision of financial account surveys (investmentBOP)*.



Press release

In the financial account, net acquisition of financial assets amounted to CHF 3 billion (Q4 2013: CHF 16 billion). On the liabilities side, a net reduction of CHF 4 billion was recorded, as against a net incurrence of CHF 2 billion in the fourth quarter of 2013.

In Switzerland's international investment position, stocks of assets amounted to CHF 4,243 billion (up by CHF 170 billion compared to Q3 2014) and stocks of liabilities to CHF 3,427 billion (up by CHF 149 billion). The net international investment position came to CHF 816 billion (a rise of CHF 22 billion). Besides the impact of the statistical change, it was primarily the growth in the overall level of currency reserves by CHF 33 billion to CHF 541 billion that contributed to the increase in the net international investment position.

Review of the year 2014²

In 2014, the current account surplus amounted to CHF 45 billion, CHF 23 billion less than in the previous year. The decrease was predominantly due to a lower surplus in investment income, which receded by CHF 17 billion to CHF 18 billion. The surplus of receipts from trade in goods and services advanced by CHF 1 billion to CHF 71 billion. Secondary income (current transfers) recorded an increase in net expenditure by CHF 6 billion to CHF 24 billion.

In the financial account, net acquisition of financial assets amounted to CHF 29 billion, as against CHF 115 billion in 2013. On the liabilities side, a net reduction of CHF 18 billion was recorded, compared to a net incurrence of CHF 16 billion in the previous year.

Stocks of assets in the international investment position rose by CHF 348 billion to CHF 4,243 billion, while stocks of foreign liabilities expanded by CHF 280 billion to CHF 3,427 billion. As a consequence, the net international investment position increased by CHF 68 billion to CHF 816 billion.

WHAT THE BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION SHOW

The balance of payments (current account and financial account) covers Switzerland's cross-border transactions over a certain period (one quarter or one year). The international investment position shows the end-of-period stocks of Switzerland's foreign financial assets (claims) and liabilities abroad. The assets and liabilities in the international investment position change in line with the transactions in the financial account. In addition, share price and exchange rate movements also influence the stocks of financial assets and liabilities.

For comprehensive tables on the balance of payments and the international investment position cf. [Monthly Statistical Bulletin](#).

² Provisional estimate. A detailed report on the balance of payments and the international investment position 2014 will be published in August 2015.

Press release

Current account

Net

In the **fourth quarter of 2014**, the current account surplus amounted to CHF 17 billion, CHF 3 billion up on the year-back quarter. While the surplus in receipts from trade in goods rose by about CHF 5 billion to CHF 17 billion, the surplus from trade in services remained unchanged at CHF 4 billion. In primary income (labour and investment income), the receipts surplus amounted to CHF 2 billion, as in the year-back quarter. Secondary income (current transfers) registered an increase in net expenditure by CHF 1 billion to CHF 6 billion.

In **the year 2014**, the current account surplus contracted by CHF 23 billion to CHF 45 billion. The main reason for this was the decrease in investment income, which receded by CHF 17 billion to CHF 18 billion. This was attributable mainly to higher expenses in direct investment. In addition, the expenses surplus in secondary income (current transfers) increased by CHF 6 billion to CHF 24 billion. By contrast, the surplus in receipts from trade in goods rose by CHF 1 billion to CHF 51 billion, while that for trade in services remained unchanged at CHF 20 billion.

Receipts

According to the foreign trade statistics (special trade total 1), goods exports grew by CHF 3 billion to CHF 54 billion in the **fourth quarter of 2014**. The rise in chemical and pharmaceutical exports was a decisive factor. Net merchanting receipts remained unchanged at CHF 6 billion. Receipts from non-monetary gold trading amounted to CHF 21 billion, compared to CHF 22 billion in the year-back quarter. Overall, i.e. including merchanting and gold trading, receipts from goods trade amounted to CHF 81 billion, CHF 1 billion higher than in the last quarter of 2013.

As regards trade in services with foreign countries, receipts were, at CHF 27 billion, equivalent to those of the year-back quarter. An increase was registered in business services, whereas receipts from financial services declined.

As a result of lower interest income in the 'other investment' item, primary income (labour and investment income) receded by CHF 1 billion to CHF 29 billion. Secondary income (current transfers) remained stable at CHF 9 billion in comparison to Q4 2013.

In the **year 2014**, according to the foreign trade statistics (special trade total 1), goods exports increased by CHF 7 billion to CHF 208 billion. The rise in chemical and pharmaceutical exports in particular contributed to this increase. Net receipts from merchanting totalled CHF 25 billion, compared to CHF 23 billion a year earlier. Receipts from non-monetary gold trading were considerably lower, amounting to CHF 65 billion, as against CHF 118 billion in the previous year. Overall, i.e. including merchanting and gold trading, receipts from goods trade came to CHF 300 billion, CHF 46 billion lower than in 2013.

Press release

Receipts from trade in services remained unchanged year-on-year at CHF 105 billion. Business services receipts were up, whereas receipts from financial services recorded a decline.

Primary income (labour and investment income) advanced by CHF 5 billion to CHF 119 billion. Higher receipts from direct investment abroad were the main reason for this rise. Secondary income (current transfers) also registered an increase, by CHF 1 billion to CHF 35 billion.

Expenses

According to the foreign trade statistics (special trade total 1), goods imports decreased by CHF 1 billion to CHF 45 billion in the **fourth quarter of 2014**, due mainly to lower imports of consumer goods. Imports of raw materials and semi-manufactured goods also receded, while imports of capital goods recorded an increase. Energy source imports declined, largely as a result of price movements. Expenses for non-monetary gold trading amounted to CHF 18 billion, compared to CHF 20 billion in the year-back quarter. Overall, expenses for goods imports dropped by CHF 4 billion to CHF 64 billion.

At CHF 22 billion, expenses for services imports remained at the same level as in Q4 2013. Increases and decreases in the individual components offset one another, with business services and tourism registering the strongest increases and financial services the steepest decrease.

Expenses for primary income (labour and investment income) remained unchanged at CHF 27 billion. In the case of secondary income (current transfers), expenses advanced by CHF 1 billion to CHF 15 billion.

In the **year 2014**, according to the foreign trade statistics (special trade total 1), goods imports remained at the previous year's level of CHF 178 billion. While imports of consumer and capital goods recorded an increase, imports of raw materials and semi-manufactured goods persisted at the 2013 level. Expenses for non-monetary gold trading amounted to CHF 65 billion, compared to CHF 110 billion in the year before. Overall, expenses for goods imports dropped by CHF 47 billion to CHF 250 billion.

At CHF 85 billion, expenses for services imports remained on a par with the previous year. Higher expenses for business services were offset by receding expenses for maintenance and repairs as well as for financial services.

As regards primary income (labour and investment income), expenses rose by CHF 23 billion to CHF 121 billion. This was predominantly due to higher income abroad from direct investment in Switzerland. Expenses for secondary income (current transfers) advanced by CHF 7 billion to CHF 59 billion.

Press release

Financial account

Net acquisition of financial assets

In the **fourth quarter of 2014**, net acquisition of financial assets in the financial account amounted to CHF 3 billion (Q4 2013: CHF 16 billion). Currency reserves recorded a significant net acquisition of financial assets of CHF 26 billion (Q4 2013: CHF 5 billion). By contrast, as regards portfolio investment, Swiss investors sold foreign-issued securities amounting to CHF 12 billion, primarily bonds (Q4 2013: net purchases of CHF 11 billion). The 'other investment' item also registered a net reduction of assets of CHF 3 billion. This was largely due to banks reducing their assets in foreign interbank business. Direct investment recorded a net asset reduction of CHF 7 billion as a result of Swiss companies scaling back the equity capital of their foreign subsidiaries.

In **the year 2014**, in the financial account, net acquisition of financial assets amounted to CHF 29 billion (2013: CHF 115 billion), with reserve assets making the most notable contribution, at CHF 35 billion. Direct investment saw a net acquisition of financial assets of CHF 15 billion, with Swiss companies mainly retaining profits in their subsidiaries abroad (reinvestment of earnings). Furthermore, Swiss investors bought foreign-issued securities worth CHF 6 billion, mostly units in collective investment schemes. By contrast, the 'other investment' item registered a net reduction of assets of CHF 29 billion. This was largely due to the reduction in assets in interbank business.

Net incurrence of liabilities

In the **fourth quarter of 2014**, sales of Swiss assets by non-residents were higher than purchases, resulting in a CHF 4 billion net reduction of liabilities (Q4 2013: net incurrence CHF 2 billion). As regards portfolio investment, foreign investors sold Swiss-issued securities amounting to CHF 2 billion (Q4 2013: CHF 4 billion), mainly equity securities. Direct investment recorded a net reduction of liabilities amounting to CHF 1 billion (Q4 2013: CHF 8 billion). The 'other investment' item recorded almost equal sales and purchases of domestic assets (Q4 2013: net incurrence CHF 14 billion). The SNB increased its liabilities abroad, whereas the commercial banks decreased theirs.

In **the year 2014**, a net reduction of liabilities of CHF 18 billion was recorded (2013: net incurrence CHF 16 billion). The reduction was mainly attributable to the 'other investment' item, which receded by CHF 40 billion. This was largely due to the commercial banks significantly reducing their liabilities in interbank business. By contrast, direct investment and portfolio investment recorded a net incurrence of liabilities. As regards direct investment, this amounted to CHF 20 billion, the majority of which was retained profits (reinvested earnings). In the case of portfolio investment, non-residents invested CHF 2 billion in Swiss-issued securities.

Press release

Financial account, net

In the **fourth quarter of 2014**, the net financial account balance was CHF 5 billion (Q4 2013: CHF 14 billion). It comprises the net acquisition of financial assets minus the net incurrence of liabilities plus net derivatives transactions. Net derivatives amounted to CHF 1 billion, as in Q4 2013. This positive balance corresponds to the increase in the net international investment position resulting from cross-border investment.

In **the year 2014**, the net financial account balance was CHF 47 billion. This balance comprises net acquisition of financial assets of CHF 29 billion and the net reduction of liabilities of CHF 18 billion (the net derivatives balance was zero).

Switzerland's international investment position

Foreign assets

In the **fourth quarter of 2014**, stocks of foreign assets climbed by CHF 170 billion to CHF 4,243 billion quarter-on-quarter. About three-quarters of the increase was the result of statistical changes relating to the new surveys on cross-border capital linkages. Stocks of direct investment rose accordingly, by CHF 97 billion to CHF 1,448 billion. The 'other investment' item grew by CHF 25 billion to CHF 865 billion, and derivatives stocks (replacement values) by CHF 15 billion to CHF 149 billion. Reserve assets were up CHF 33 billion to CHF 541 billion as a result of transactions and valuation gains. By contrast, stocks of portfolio investment remained unchanged at CHF 1,240 billion.

In **the year 2014**, foreign assets expanded by CHF 348 billion to CHF 4,243 billion. Around one-third of this was due to statistical adjustments and the rest resulted from transactions and valuation changes. The strongest increase was recorded by direct investment, which rose by CHF 141 billion to CHF 1,448 billion. Derivatives stocks (replacement values) grew by CHF 44 billion to CHF 149 billion. Portfolio investment was up by CHF 82 billion to CHF 1,240 billion. The main reason for this increase was valuation changes. The 'other investment' item climbed by CHF 17 billion to CHF 865 billion.

Foreign liabilities

In the **fourth quarter of 2014**, foreign liabilities climbed by CHF 149 billion to CHF 3,427 billion quarter-on-quarter. As with assets, the main reason for this was also statistical adjustments. Direct investment stocks increased by CHF 108 billion to CHF 1,094 billion. The increase in stocks of portfolio investment of around CHF 30 billion to CHF 1,105 billion was largely attributable to the rise in share prices. The replacement values of derivatives also grew by CHF 21 billion to CHF 147 billion. By contrast, the 'other investment' item registered a decrease of CHF 12 billion to CHF 1,080 billion.

In **the year 2014**, foreign liabilities expanded by CHF 280 billion to CHF 3,427 billion. Just under half of this was due to statistical adjustments and the rest resulted from transactions and valuation changes. As with assets, the greatest increase in liabilities was in stocks of direct

Press release

investment, which rose by CHF 173 billion to CHF 1,094 billion. Stocks of portfolio investment were up by CHF 109 billion to CHF 1,105 billion, which was mainly due to valuation changes. Derivatives stocks (replacement values) increased by CHF 47 billion to CHF 147 billion. Only the 'other investment' item registered a decrease, of CHF 49 billion to CHF 1,080 billion.

Net investment position

In the **fourth quarter of 2014**, the quarter-on-quarter increase was CHF 170 billion for foreign assets, and CHF 149 billion for foreign liabilities. This resulted in an expansion in the net international investment position of CHF 22 billion to CHF 816 billion.

In **the year 2014**, foreign assets grew by CHF 348 billion and foreign liabilities by CHF 280 billion. This led to an increase in the net international investment position of CHF 68 billion to CHF 816 billion.

Press release

SWISS BALANCE OF PAYMENTS – OVERVIEW

In CHF millions

	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4
Current account, net	13,576	8,765	8,139	11,089	17,343
Receipts	145,080	139,011	138,721	137,427	145,149
Expenses	131,504	130,247	130,582	126,338	127,805
Goods and services, net	16,665	16,436	15,893	17,601	21,140
Receipts	107,070	104,076	95,328	98,661	107,555
Expenses	90,405	87,640	79,436	81,059	86,415
Goods, net	12,167	10,083	11,277	12,624	16,674
Receipts	80,245	77,531	69,739	71,975	80,928
Foreign trade of which					
foreign trade total ¹	76,479	74,135	66,092	67,374	77,561
non-monetary gold	51,100	51,330	51,461	51,883	53,611
Supplements to foreign trade ²	22,408	19,728	11,646	12,641	21,016
Merchanting	-2,324	-2,612	-2,334	-2,301	-2,923
Expenses	6,090	6,008	5,981	6,903	6,290
Foreign trade of which					
foreign trade total ¹	68,692	67,874	58,785	59,720	65,334
non-monetary gold	46,303	44,369	44,650	44,150	45,097
Supplements to foreign trade ²	19,705	21,172	11,869	13,633	18,173
	-614	-427	-324	-368	-1,080
Services, net	4,499	6,353	4,616	4,977	4,466
Receipts	26,826	26,545	25,590	26,685	26,626
Expenses	22,327	20,193	20,974	21,708	22,161
Primary income, net	2,031	-2,866	1,228	-2,006	2,000
Receipts	29,515	26,211	34,959	29,425	28,737
Expenses	27,484	29,077	33,731	31,431	26,736
Labour income, net	-4,811	-4,935	-5,034	-5,063	-5,036
Receipts	601	611	611	611	611
Expenses	5,412	5,546	5,644	5,673	5,646
Investment income, net	6,842	2,070	6,262	3,056	7,036
Receipts	28,914	25,601	34,348	28,814	28,126
Expenses	22,072	23,531	28,087	25,758	21,090
Secondary income, net	-5,120	-4,806	-8,982	-4,506	-5,797
Receipts	8,495	8,724	8,434	9,341	8,857
Expenses	13,615	13,530	17,416	13,847	14,654
Capital transfers, net	1,185	-9,590	-75	-49	-224
Receipts	1,350	41	111	151	165
Expenses	165	9,631	186	200	389

Press release

Financial account (excluding derivatives), net	14,791	21,761	15,706	3,430	6,164
Net acquisition of financial assets	16,345	6,847	15,993	3,410	2,648
Net incurrence of liabilities	1,554	-14,914	286	-19	-3,516
Direct investment, net	9,046	-8,280	7,533	2,612	-6,553
Net acquisition of financial assets	1,150	4,476	19,839	-1,669	-7,256
Net incurrence of liabilities	-7,896	12,756	12,305	-4,282	-703
Portfolio investment, net	15,013	9,442	2,911	3,461	-9,938
Net acquisition of financial assets	10,626	7,766	7,155	5,049	-12,378
Net incurrence of liabilities	-4,387	-1,677	4,244	1,588	-2,440
Other investment, net	-14,042	17,183	569	-3,644	-3,005
Net acquisition of financial assets	-205	-8,811	-15,694	-970	-3,378
Net incurrence of liabilities	13,837	-25,994	-16,263	2,674	-373
Reserve assets, net	4,774	3,416	4,693	1,001	25,661
Derivatives, net	-1,036	371	-305	627	-835
Statistical difference	-1,007	22,956	7,338	-6,983	-11,790

¹ Foreign trade according to Federal Customs Administration (FCA).

² Additions: Unchecked goods trade, small consignments, goods procured in ports. Subtractions: Manufacturing services on physical inputs, returned goods, CIF/FOB adjustment on imports.

SWITZERLAND'S INTERNATIONAL INVESTMENT POSITION – OVERVIEW

In CHF millions

	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4
Assets	3,894,734	3,899,413	3,960,295	4,072,554	4,243,385
Direct investment	1,306,295	1,307,641	1,330,545	1,350,770	1,447,581
Portfolio investment	1,158,151	1,169,777	1,206,706	1,240,295	1,239,893
Derivatives	105,012	110,150	109,423	134,240	149,419
Other investment	847,911	829,268	818,354	839,687	865,292
Reserve assets	477,364	482,577	495,267	507,563	541,201
Liabilities	3,146,645	3,193,293	3,215,846	3,278,370	3,427,268
Direct investment	921,662	967,298	979,955	985,657	1,094,470
Portfolio investment	995,727	1,026,908	1,046,921	1,074,764	1,105,225
Derivatives	100,268	105,979	108,178	125,894	147,477
Other investment	1,128,987	1,093,108	1,080,792	1,092,055	1,080,097
Net international investment position	748,090	706,120	744,448	794,184	816,117
Direct investment	384,633	340,343	350,590	365,113	353,111
Portfolio investment	162,424	142,870	159,785	165,530	134,668
Derivatives	4,744	4,171	1,245	8,346	1,942
Other investment	-281,077	-263,840	-262,438	-252,368	-214,805
Reserve assets	477,364	482,577	495,267	507,563	541,201