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Swiss Balance of Payments

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Swiss Balance of Payments 2000

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Overview

The favourable economic situation and the vigorous development of cross-border investment characterised the balance of payments in 2000. The **current account surplus** rose by Sfr 10 billion to Sfr 53 billion. In relation to nominal gross domestic product, the share of the surplus mounted from 11% in 1999 to 13% in 2000. This increase is due mainly to higher net income from foreign investment.

Nominal **goods exports and imports** (special trade without precious metals, precious stones and gems as well as objets d'art and antiques) expanded by more than one-tenth in 2000. Notably as a result of higher oil prices, the balance of trade exhibited a deficit of Sfr 2 billion after having recorded a surplus of Sfr 1 billion in the previous year. The overall deficit in the goods trade amounted to Sfr 4 billion. In the previous year, the trade in goods had been almost balanced.

Exports of services increased by 13% to Sfr 46 billion. Notably tourism and the banks contributed to this growth. Services imports rose by one-tenth to Sfr 23 billion due to higher expenses for tourism as well as for transportation. At Sfr 19 billion, the surplus of exports (goods and services) in 2000 fell short of the previous year's level by Sfr 1 billion.

Investment income on Swiss assets abroad rose by approximately 40%. Just under half of the rise is attributable to the gross accounting procedure applied by the banks, which had previously recorded net earnings. Due to higher assets and the favourable economic situation, transferred income from direct investment increased markedly. Dividend earnings from portfolio investment also moved up vigorously. Earnings on foreign investment in Switzerland likewise clearly exceeded the previous year's level. Dividend payments on securities investment and income on direct investment rose significantly. Due to a new accounting method applied by UBS, the banks' interest business exhibited double the income and expenditures. Net interest continued to decline from the year-earlier level. The surplus from the investment income account rose, compared with the previous year, by Sfr 10 billion to Sfr 48 billion in 2000.

Financial flows again exhibited extremely dynamic development in 2000, with the renewed vigorous rise in direct investment and the large volume of lending business of the banks being particularly salient features. Swiss direct investment abroad rose from Sfr 54 billion in 1999 to Sfr 70 billion in 2000. Of decisive importance for this were large-scale takeovers by banks, insurance companies and the chemical industry. Foreign direct investment in Switzerland, too, was markedly higher than in the previous year, especially as a result of acquisitions in manufacturing.

Portfolio investment abroad amounted to Sfr 38 billion in 2000. A year earlier, an extraordinarily high figure (Sfr 70 billion) had been recorded in connection with the introduction of the euro. The decline is due to the fact that the banks sold foreign securities on a large scale in 2000 after having invested heavily in foreign securities a year earlier. Moreover, the other sectors acquired considerably smaller volumes of foreign securities in 2000 than in 1999. Foreign portfolio investment in Switzerland soared from Sfr 9 billion to Sfr 18 billion due to expanding investment in shares.

The banks' foreign **lending business** again exhibited substantial capital flows in 2000. Most of these were accounted for by interbank business, which led to inflows of funds totalling Sfr 36 billion on balance (previous year: Sfr 28 billion). Lending and deposit business with customers was also noteworthy in 2000, resulting in a net capital export of Sfr 25 billion (previous year: Sfr 1 billion).

1 Overview Swiss balance of payments in billions of Swiss francs^{1,*}

	1996	1997	1998	1999 revised	2000 provisional
I. Current account net	27.2	37.0	37.8	43.5	53.2
Goods net	1.1	-0.5	-2.3	-0.3	-4.2
Special trade, net	2.2	2.0	2.2	1.0	-2.1
Exports	94.2	105.1	109.1	114.4	126.5
Imports	-92.0	-103.1	-106.9	-113.4	-128.6
Other trade, net	-1.1	-2.5	-4.6	-1.3	-2.1
Services net	15.4	18.9	19.6	20.0	23.3
Tourism, net	1.6	1.4	1.7	1.6	2.2
Receipts	11.0	11.5	11.6	11.8	13.0
Expenses	-9.4	-10.1	-9.9	-10.2	-10.8
Financial services, net	7.8	8.8	9.2	11.1	13.3
Receipts	7.8	8.8	10.0	12.0	14.6
Expenses	n/a	n/a	-0.7	-0.8	-1.3
Other services, net	6.0	8.7	8.6	7.3	7.9
Labour income and investment income net	15.6	23.4	25.9	31.4	40.5
Labour income, net	-6.9	-6.5	-6.4	-6.5	-6.9
Receipts	1.5	1.5	1.6	1.6	1.7
Expenses	-8.4	-8.1	-8.0	-8.1	-8.6
Investment income, net	22.4	30.0	32.4	37.8	47.5
Receipts	39.3	49.3	65.0	73.8	102.5
Expenses	-16.8	-19.4	-32.7	-36.0	-55.0
Current transfers net	-4.9	-4.9	-5.3	-7.5	-6.4
II. Capital transfers net	-0.3	-0.2	0.2	-0.8	-2.8
III. Financial account net	-38.3	-37.3	-45.3	-54.1	-42.5
Direct investment net	-16.2	-16.1	-14.2	-36.9	-40.6
Swiss direct investment abroad	-20.0	-25.7	-27.2	-54.0	-69.8
Equity capital	-13.1	-13.5	-16.9	-27.6	-53.7
Reinvested earnings	-6.5	-9.9	-7.2	-18.5	-17.0
Other capital	-0.4	-2.3	-3.1	-7.9	0.9
Foreign direct investment in Switzerland	3.8	9.6	13.0	17.1	29.2
Equity capital	1.5	6.0	5.1	7.4	17.9
Reinvested earnings	2.9	1.2	6.5	9.0	8.5
Other capital	-0.6	2.4	1.4	0.6	2.8
Portfolio investment net	-12.2	-15.5	-6.7	-61.5	-19.9
Swiss portfolio investment abroad	-28.1	-28.6	-21.6	-70.4	-37.7
Debt securities	-9.9	-15.4	-17.9	-44.1	-3.4
Bonds and notes	-9.5	-17.1	-17.8	-39.8	-1.7
Money market instruments	-0.4	1.8	-0.1	-4.2	-1.6
Equity securities	-18.2	-13.3	-3.7	-26.3	-34.3

	1996	1997	1998	1999 revised	2000 provisional
Foreign portfolio investment in Switzerland	15.9	13.1	14.9	8.9	17.8
Debt securities	1.5	3.0	2.3	0.6	2.5
Bonds and notes	1.5	3.0	2.3	0.5	2.3
Money market instruments	n/a	n/a	n/a	0.1	0.2
Equity securities	14.4	10.1	12.5	8.2	15.3
Other investment net	-6.6	-2.5	-23.2	41.5	11.3
Commercial bank lending, net	-13.3	-1.2	-16.7	27.5	11.0
Claims abroad	-74.1	-76.0	-66.0	-116.1	-140.4
Claims on banks	-71.5	-68.3	-61.1	-106.4	-123.6
Other claims	-2.5	-7.7	-4.8	-9.7	-16.8
Liabilities abroad	60.7	74.8	49.3	143.6	151.4
Liabilities vis-à-vis banks	51.7	64.5	39.2	134.6	159.3
Other Liabilities	9.0	10.3	10.1	9.0	-7.8
Corporate lending ² , net	2.7	0.3	-5.4	3.1	-1.5
Claims abroad	-7.2	4.3	-14.4	2.0	-13.8
Liabilities abroad	9.9	-4.0	9.0	1.1	12.3
Government lending, net	0.1	0.5	0.3	0.2	0.0
Other, net	3.9	-2.0	-1.4	10.6	1.8
International reserves total³	-3.4	-3.1	-1.1	2.8	6.7
Changes in foreign assets	-7.8	-4.9	-0.2	-1.3	6.7
Counterentry to valuation changes	4.4	1.8	-0.9	4.1	.
IV. Net errors and omissions	11.4	0.6	7.3	11.4	-7.9

1 A minus sign (-) indicates a surplus of imports over exports in the current account, and the export of capital in the other positions.

2 Intragroup lending is shown under direct investment.

3 Since 2000, flows have been shown in conformity with the current guidelines of the IMF. Until 1999, changes in holdings were shown according to the old standard. This required a counterentry for non-transaction-induced changes in foreign positions.

* Differences in aggregates, i.e. totals and sums of components, due to the rounding of figures.

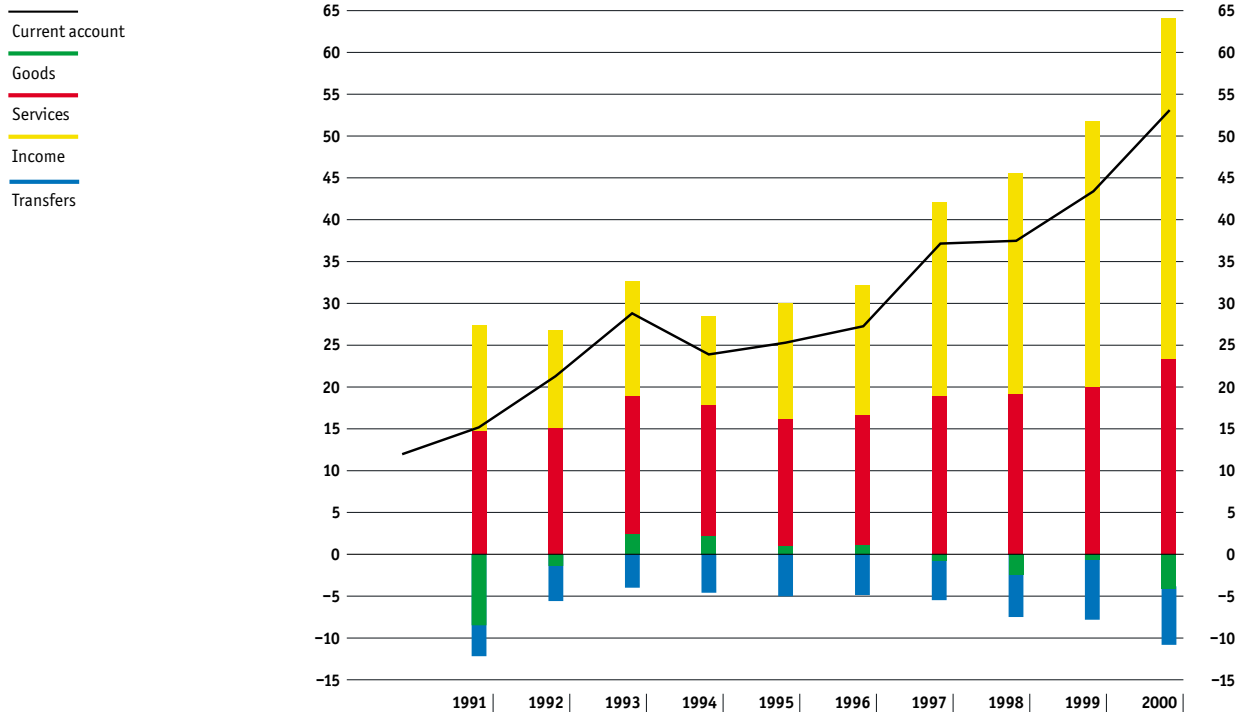
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Current account

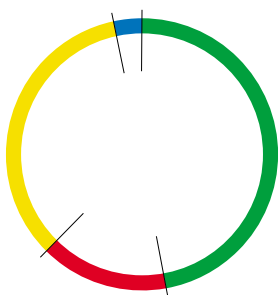
In 2000, the current account balance rose to Sfr 53 billion from the previous year's level of Sfr 44 billion. The vigorous expansion was due mainly to higher net investment income. Net earnings on Swiss investment abroad mounted by Sfr 10 billion to Sfr 48 billion, with transferred earnings from direct investment exhibiting the strongest increase. Both services exports and imports grew by more than 10% in 2000. The surplus from services amounted to Sfr 23 billion versus Sfr 20 billion in 1999. Exports of goods expanded by approximately 15%

Current account, net in billions of Swiss francs

Graph 1



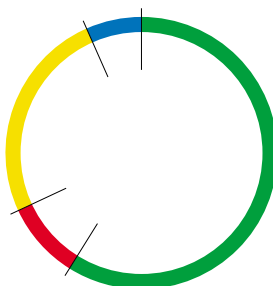
Structure of receipts and expenses of the current account Graph 2



Structure of receipts percent

- Goods 47
- Services 15
- Income 34
- Current transfers 4

Total receipts:
Sfr 304 billion



Structure of expenses percent

- Goods 59
- Services 9
- Income 25
- Current transfers 7

Total expenses:
Sfr 251 billion

in terms of value, while imports rose by as much as 18%. This resulted in a trade deficit in goods of Sfr 4 billion whereas the trade in goods had been almost balanced in the previous year.

2 Current account 1991–2000

	Receipts	Expenses	Net	Current account balance in a percent of gross domestic product
	billions of Swiss francs	billions of Swiss francs	billions of Swiss francs	
1991	162.2	147.0	15.2	4.6
1992	165.5	144.3	21.3	6.2
1993	169.4	140.6	28.8	8.2
1994	170.4	146.5	23.9	6.7
1995	171.5	146.3	25.2	6.9
1996	179.1	151.9	27.2	7.4
1997	205.6	168.7	37.0	9.9
1998	227.7	189.9	37.8	9.9
1999	251.6	208.1	43.5	11.2
2000	304.3	251.1	53.2	13.1

Goods trade

Nominal goods exports and imports (special trade without precious metals, precious stones and gems as well as objets d'art and antiques) expanded by 11% and 13% respectively in 2000. Real growth rates were about 7% in both directions. Due to the higher oil price and the strong dollar, average import prices rose by 6%, i.e. almost double the rate of export prices. The trade balance closed with a deficit of Sfr 2 billion after having exhibited a surplus of Sfr 1 billion in the previous year.

The upswing in exports was broadly based across all sectors. Exports of the machinery and electronics industry, the most important export sector, of the metal industry and the watchmaking industry recorded above-average increases. The chemical industry, by contrast, the second-largest export sector, only added 6% to its exports.

As in the previous year, exports to the United States, the second most important market, exhibited a particularly strong increase of 13%. Exports to the EU – at approximately 7% – fell short of the average growth rate; the major trading partner, Germany, only accounted for a mere 6% rise in goods exports. Increases totalling more than 20% were recorded by exports to the transition and emerging economies.

As to imports, energy sources exhibited the highest growth rates (79%) in terms of value in the wake of significantly higher oil prices. Imports of machinery, equipment, electronics and metals grew by almost 18%, while imports of chemicals increased at the average rate of total imports. The imports of vehicles rose only by 3%.

More goods were imported from all EU countries except France; the overall increase amounted to 11%. Imports from the United States expanded by more than one-quarter, partly due to the higher dollar exchange rate. At over 30%, imports from emerging economies and developing countries also grew vigorously.

In the electrical energy sector, exports fell short of the previous year's level by 6% in terms of value. This development was due to the stagnating export volume and declining prices. The larger volume of electrical energy imports was mainly compensated by falling prices, thus resulting in a slight increase only.

Other goods trade includes mainly precious metals, precious stones and gems as well as objets d'art and antiques, returned goods as well as unchecked goods trade and processing of goods for foreign account. As from 2000, gross values will be shown for processing of goods for foreign account (see statistical changes); the net amount, however, can be compared with previous years. The strong expansion of exports and imports was attributable to trade in precious metals, precious stones and gems. The deficit in other goods trade – at just under Sfr 3 billion – slightly exceeded the previous year's level.

3 Goods

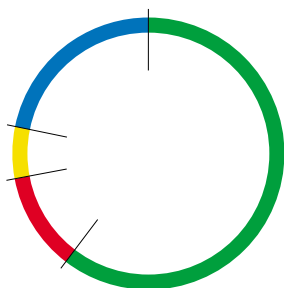
	1996	1997	1998	1999	2000	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Special trade¹						
Exports	94174	105133	109113	114446	126549	10.6
Imports	91967	103088	106866	113416	128615	13.4
Net	2207	2045	2247	1030	-2066	
Electrical energy						
Exports	1816	1903	2022	2069	1944	-6.0
Imports	1355	1225	1346	1462	1475	0.9
Net	461	678	677	607	469	
Other goods²						
Exports	6181	7179	7215	8651	15053	74.0
Imports	7702	10356	12467	10564	17672	67.3
Net	-1521	-3176	-5253	-1913	-2619	
Total						
Exports	102171	114215	118350	125166	143546	14.7
Imports	101024	114669	120679	125442	147762	17.8
Net	1147	-454	-2329	-276	-4216	

1 Without trade in precious metals, precious stones and gems as well as objets d'art and antiques, which are included in other goods.

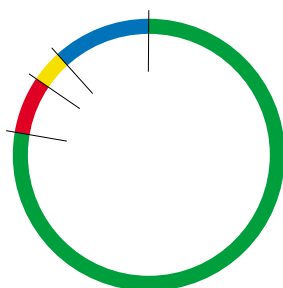
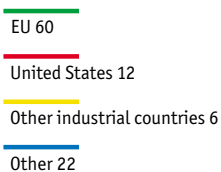
2 As from 2000, gross values will be shown for commission processing included in other goods.

Foreign trade 2000 by economic area

Graph 3



Exports of goods
percent



Imports of goods
percent



Services

Foreign earnings from tourism rose by 10% to Sfr 13 billion in 2000. Due to the improved income situation abroad, the number of overnight stays in hotels and health resort hotels accounted for by foreign visitors increased by 7%. Significantly more tourists than in the previous year came from European countries, while the strong US dollar induced a larger number of persons from the United States (+16%) to visit Switzerland. Earnings from supplementary accommodation (holiday flats, etc.) were the only ones to show below-average development of a mere 2%. Day tours and transit travel also saw vigorous growth of approximately 15%.

Residents' expenditures for personal and business travel abroad amounted to Sfr 11 billion, exceeding the previous year's level by 6%. The increase was due to the 2% rise in overnight stays as well as to higher prices. Moreover, as a result of the Swiss franc's weakness, foreign travel became more expensive. Since earnings grew much more markedly than expenditures, the surplus from travel expanded to Sfr 2 billion (previous year: Sfr 1.6 billion).

Exports of services by private insurance companies fell short of the year-earlier level by approximately 15% due to the decline in income from reinsurance services. In the wake of the renewed upswing in world trade and of high oil prices, earnings from merchanting increased once more. Due to the strong growth in foreign travel and in world trade, receipts from international transportation, which derive mainly from air travel, mounted by approximately one-sixth. Expenditures related to international transportation grew at almost the same rate, i.e. by 13%. Postal and telecommunications services likewise saw very dynamic development, with both earnings and expenditures expanding by 18% each.

Receipts from financial services of the banks recorded strong growth due to higher earnings from securities trading and investment business. Income from technological services, which comprises earnings from licenses and patents, as well as technical consulting, increased by 15% to Sfr 3 billion due to higher income from licenses and patents.

Total earnings from services exports amounted to Sfr 46 billion, topping the previous year's level by 13%, while expenditures increased by one-tenth to Sfr 23 billion. This resulted in a service account surplus of Sfr 23 billion compared with Sfr 20 billion a year earlier.

4 Services

	1996	1997	1998	1999	2000	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Tourism total						
Receipts	10989	11531	11586	11767	12993	10.4
Expenses	9425	10141	9879	10175	10808	6.2
Net	1564	1390	1707	1592	2185	
Business and personal travel						
Receipts	7750	8020	8158	8338	9136	9.6
Expenses	7925	8549	8421	8698	9298	6.9
Net	-175	-529	-263	-360	-162	
Same-day and transit travel						
Receipts	1997	2196	2263	2329	2680	15.1
Expenses	974	1033	1051	1070	1102	3.0
Net	1023	1162	1213	1259	1578	
Other tourism						
Receipts	459	559	413	341	369	8.2
Expenses	509	541	390	390	390	0.0
Net	-50	18	23	-49	-21	
Consumption expenditure of border workers						
Receipts	783	757	751	759	808	6.5
Expenses	17	17	17	17	18	4.7
Net	766	740	734	742	790	
Private insurance						
Receipts	1769	2070	2277	2852	2415	-15.3
Expenses	49	49	100	125	125	0.0
Net	1720	2021	2177	2727	2290	
Merchanting						
Receipts	1051	1418	1047	1362	1439	5.7
Transportation total¹						
Receipts	4870	5979	6300	6623	7664	15.7
Expenses	4682	4632	5084	5239	5940	13.4
Net	188	1347	1216	1384	1724	
Passengers						
Receipts	2334	3035	3185	3450	3952	14.6
Expenses	2684	2841	2812	2824	3284	16.3
Net	-350	195	373	626	668	
Freight						
Receipts	726	1051	1121	1082	1361	25.8
Expenses ²	3	0	0	0	0	
Net	723	1051	1121	1082	1361	
Other						
Receipts	1810	1892	1994	2091	2351	12.4
Expenses	1995	1791	2271	2415	2655	9.9
Net	-185	101	-277	-324	-304	

	1996	1997	1998	1999	2000	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Postal, courier and telecommunications services						
Receipts	638	709	903	1259	1485	18.0
Expenses	898	989	1123	1269	1495	17.8
Net	-260	-280	-220	-11	-11	
Other services total¹						
Receipts	13128	15013	16643	17006	20362	19.7
Expenses	2030	1976	2995	4074	4642	13.9
Net	11098	13037	13647	12932	15720	
Financial services						
Receipts	7796	8816	9975	11978	14607	22.0
Expenses	n/a	n/a	733	845	1322	56.4
Net	7796	8816	9242	11132	13286	
Technological services						
Receipts	3341	4072	4328	2287	2639	15.4
Expenses	1768	1662	1940	2914	2966	1.8
Net	1573	2410	2388	-627	-327	
Other services						
Receipts	1991	2125	2340	2742	3116	13.6
Expenses	262	314	323	315	354	12.6
Net	1729	1811	2017	2427	2762	
Total						
Receipts	32445	36719	38755	40868	46358	13.4
Expenses	17084	17786	19181	20882	23010	10.2
Net	15361	18933	19574	19986	23348	

1 Other transportation relating to air and rail transportation is no longer shown under other services but under transportation.

2 The expenses for transportation of freight are for the most part included in the imports of goods.

n/a no data available

Labour income and investment income

Labour income from abroad, which increased slightly to Sfr 1.7 billion, consists mainly of the gross salaries of persons employed by international organisations in Switzerland. The international organisations active in Switzerland as well as diplomatic and consular missions of other countries are considered to be extraterritorial areas with nonresident status. Employees' remuneration to other countries, which comprises mainly salaries and wages paid to foreign cross-border staff, rose by 7% to Sfr 8.6 billion mainly due to higher employment levels.

In the investment income account both receipts from abroad and expenses abroad increased by approximately half. Net earnings climbed steeply from Sfr 38 billion in 1999 to Sfr 48 billion in 2000.

Income from portfolio investment abroad moved up significantly in 2000 due mainly to higher dividend payments, while interest income also continued to mount. The higher earnings, however, were partly diminished by price losses on securities not shown in the current account. Earnings from Swiss direct investment abroad expanded by 26% to Sfr 44 billion in 2000. At the same time, transferred earnings in the form of interest and dividends grew vigorously by 64% to Sfr 27 billion, while reinvested earnings (retained profits) declined. This development resulted from the strong rise in Swiss direct investment and the favourable economic situation abroad. Both the income and expenses from the banks' interest business with foreign banks and customers witnessed extraordinary growth of over 100%. This result derived mainly from interest earnings on claims vis-à-vis banks and from interest payments on liabilities vis-à-vis banks respectively. A large part of this growth, however, is attributable to a new accounting method of UBS. The banks' net interest income from other countries – at Sfr 1.3 billion – again fell below the previous year's level (Sfr 1.9 billion). Earnings from fiduciary investment rose markedly due to larger holdings and higher short-term interest rates. The National Bank's investment income of Sfr 2.7 billion, however, slipped slightly below the year-earlier level. Interest and dividend payments on foreign portfolio investment in Switzerland exceeded the previous year's level by 21%. Higher assets and larger dividend payments contributed to this growth. Remittances to foreign direct investors increased by 2% to Sfr 15 billion in 2000. Transferred earnings also topped the previous year's level whereas reinvested profits declined.

5 Labour income and investment income

	1996	1997	1998	1999	2000	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Labour income						
Receipts	1509	1544	1569	1623	1679	3.5
Expenses	8360	8076	8012	8097	8620	6.5
Net	-6851	-6532	-6443	-6475	-6941	
Investment income total						
Receipts	39276	49348	65016	73825	102493	38.8
Expenses	16834	19388	32655	35986	55021	52.9
Net	22442	29960	32361	37840	47472	
Portfolio investment						
Receipts	14295	15305	17919	21687	24509	13.0
Expenses	4872	5723	7991	9915	12011	21.1
Net	9423	9582	9928	11772	12497	
Direct investment¹						
Receipts	9765	13889	26134	35125	44225	25.9
Expenses	2930	1245	11674	14994	15256	1.8
Net	6835	12644	14461	20132	28968	
Other investment						
Receipts	15216	20154	20962	17013	33760	98.4
Expenses	9032	12420	12991	11077	27753	150.6
Net	6184	7734	7972	5936	6006	
of which banks' interest business						
Receipts	11647	16095	16243	12911	29018	124.7
Expenses	8898	12382	12948	11039	27711	151.0
Net	2749	3714	3295	1872	1307	
Total						
Receipts	40784	50891	66585	75448	104172	38.1
Expenses	25194	27464	40667	44083	63640	44.4
Net	15591	23428	25918	31365	40531	

¹ Since 1998, the transferred earnings from direct investment have been recorded on a gross basis.

Current transfers

At Sfr 10 billion, current transfers from abroad equalled those of the previous year in 2000. Although private transfers diminished by approximately 8%, the decline was offset by higher state revenue (taxes and fees from other countries).

Transfers abroad declined by 6% to Sfr 17 billion, with private transfers falling below the previous year's level due to lower claims payments by private insurance companies. Transfers by foreign labour resident in Switzerland (persons with permanent residence and annual work permits, and seasonal workers), however, increased slightly. Public-sector payments totalled Sfr 6.3 billion, slightly exceeding the previous year's level. They comprise, on the one hand, mainly social security transfers in the form of pension and welfare payments as well as refunds of contributions to other countries. On the other hand, public-sector payments include state expenditure for foreign financial aid in the field of technical cooperation as well as remittances to international organisations.

6 Current transfers

	1996	1997	1998	1999	2000	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Private transfers total¹						
Receipts	407	406	406	6353	5829	-8.2
Expenses	3621	3405	3458	11585	10381	-10.4
of which foreign workers' remittances	3065	2867	2811	2837	2960	4.3
Net	-3214	-2999	-3052	-5232	-4552	
Public transfers total						
Receipts	3253	3405	3633	3804	4366	14.8
Expenses	4968	5343	5918	6116	6258	2.3
Net	-1715	-1938	-2284	-2312	-1892	
Social security						
Receipts	1357	1315	1318	1329	1397	5.1
Expenses	3265	3534	4101	4176	4247	1.7
Net	-1908	-2218	-2783	-2848	-2850	
General Government						
Receipts	1895	2089	2316	2475	2969	19.9
Expenses	1703	1809	1817	1939	2010	3.7
Net	192	280	499	536	959	
Total						
Receipts	3659	3810	4039	10157	10195	0.4
Expenses	8589	8748	9376	17701	16639	-6.0
Net	-4930	-4937	-5336	-7544	-6444	

1 Since 1999, private transfers have also included premiums earned from abroad, without service charges and claims payable abroad by private domestic insurance companies.

Financial account

Financial flows between Switzerland and other countries again exhibited very vigorous development in 2000. Higher financial flows of the banks were the main factor for the increased turnover. Acquisition activity of enterprises led to strong growth in direct investment abroad. Swiss portfolio investment abroad was lower in 2000 than in the previous year when investment in securities had reached extraordinarily high proportions. Capital imports were above last year's figures, both in the case of direct investment and investment in securities. The National Bank reduced its international reserves by selling predominantly securities.

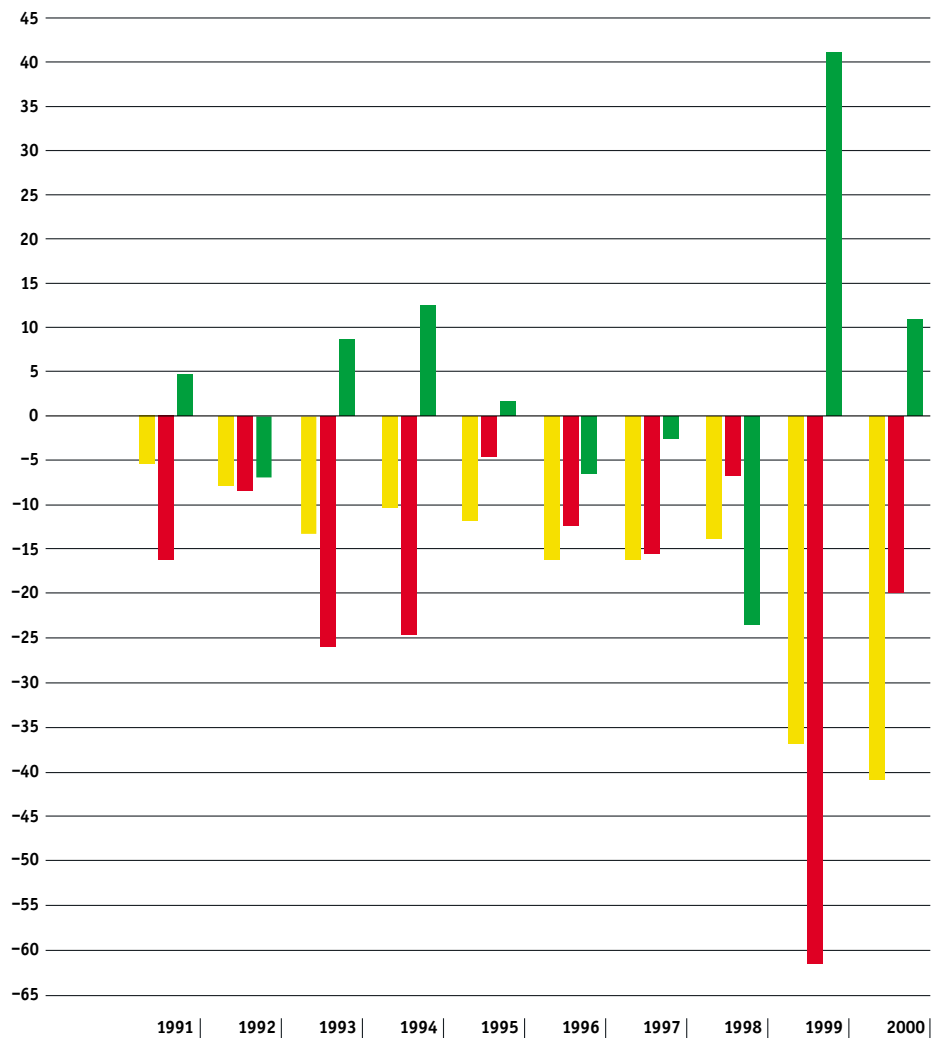
Approximately one-fifth each of the financial flows were processed in euros and in dollars. Compared with the previous year, the share of these two currencies decreased by approximately half. At 12%, the proportion of the Swiss franc was approximately the same as in 1999. Other currencies accounted for roughly 40% of the capital transactions. The deficit in the financial account fell by Sfr 12 billion to Sfr 43 billion.

Financial account, net, excluding international reserves
in billions of Swiss francs

Graph 4

█ Direct investment, net
█ Portfolio investment, net
█ Other investment, net

The minus sign (-) indicates a net capital export.



Direct investment

Capital exports for direct investment abroad mounted by Sfr 16 billion to Sfr 70 billion. Sfr 54 billion flowed abroad to acquire stakes in affiliates (previous year: Sfr 28 billion). Significantly higher acquisitions by the banks were the main reason for this result. Retained profits of subsidiaries abroad (reinvested earnings), which are also classed as direct investment flows, fell by Sfr 1 billion to Sfr 17 billion. While reinvested earnings of the chemical industry, banks and insurance companies continued to expand, the trade, transportation as well as finance and holding companies registered a decline. Developments in intra-group lending resulted in capital imports of Sfr 1 billion, following capital exports totalling Sfr 8 billion in the previous year.

Capital exports by the industrial sector augmented by Sfr 11 billion to Sfr 21 billion in 2000. This increase was due to higher investment by the chemical sector. In the service sector, the banks stand out. As a result of acquisitions in the United States, capital exports increased by Sfr 21 billion to Sfr 31 billion. Direct investment in the insurance sector mounted by Sfr 3 billion to Sfr 13 billion. At Sfr 3 billion, capital exports of foreign-controlled finance and holding companies, however, were substantially below the previous year's level of Sfr 11 billion. In the trade sector, taking out loans from subsidiaries abroad resulted in capital imports of Sfr 1 billion (previous year: Sfr 3 billion in capital export).

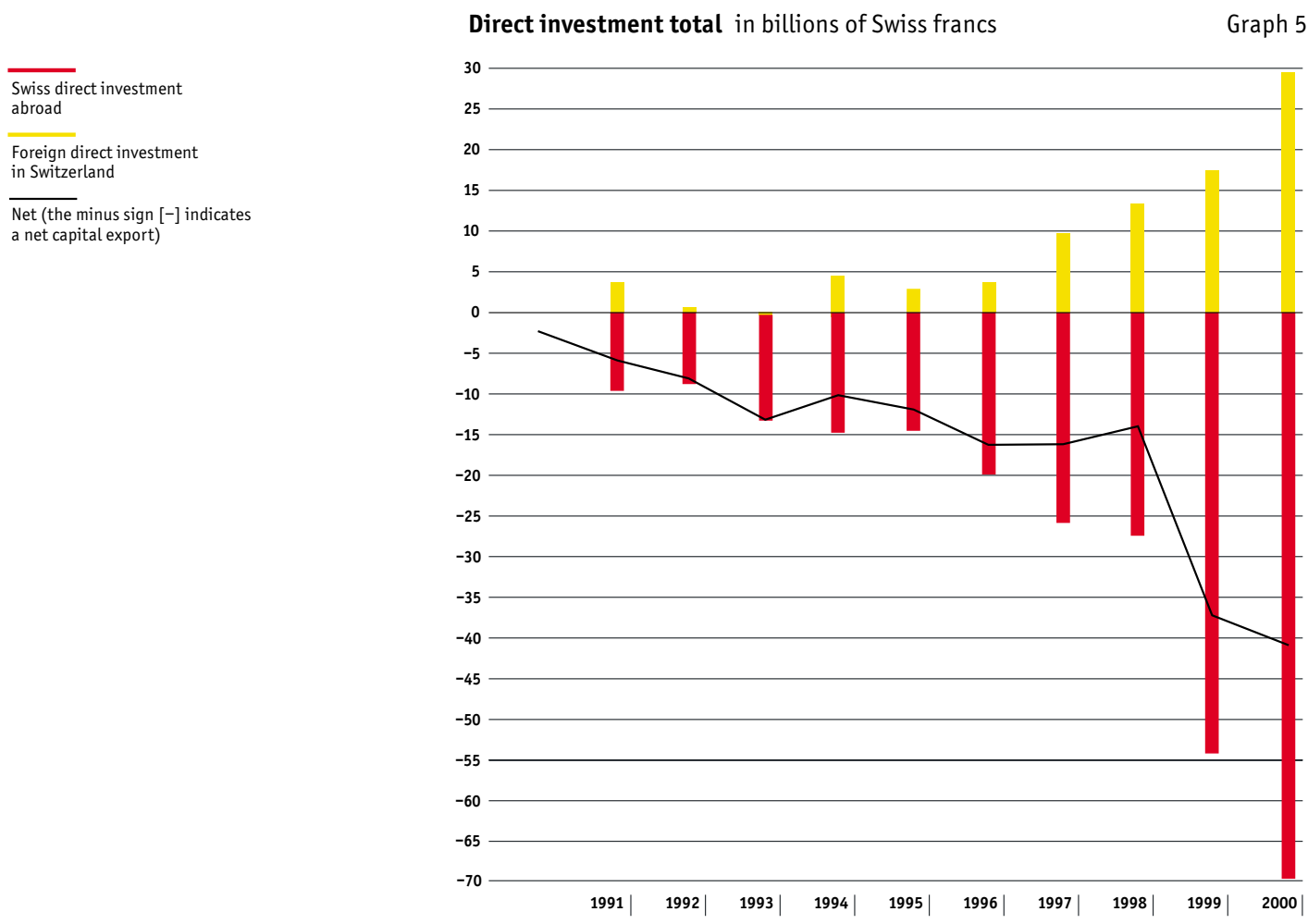
Also in 2000, the largest share of direct investment capital flowed into the European Union, the United States and to the financial centres in Central and South America. Overall investment in the EU area remained virtually stable at Sfr 24 billion. Substantially more capital was channelled into Great Britain, Belgium and the Netherlands, while the flow of capital to Ireland receded. *Vis-à-vis* Germany, there was even a reflux of capital totalling Sfr 2 billion, following capital exports of Sfr 6 billion in the previous year. This was primarily due to the reduction in stakes by a foreign-controlled holding company. Capital exports to the United States grew by Sfr 18 billion to Sfr 33 billion in 2000. Capital flows to the offshore financial centres in Central and South America expanded by Sfr 5 billion to Sfr 9 billion.

Capital imports for direct investment in Switzerland rose by Sfr 12 billion to Sfr 29 billion in 2000. Sfr 18 billion flowed to Switzerland to acquire stakes in affiliates (previous year: Sfr 7 billion). Reinvested earnings remained virtually unchanged (Sfr 9 billion). Intra-group lending accounted for capital imports totalling Sfr 3 billion, following Sfr 1 billion in the previous period.

Foreign direct investment in the Swiss industrial sector mounted by Sfr 9 billion to Sfr 13 billion. This was mainly due to the takeover of a large company of the metal industry by a Canadian investor and an acquisition as part of the restructuring of the chemical industry. Investment in the service sector went up by Sfr 3 billion to Sfr 17 billion. Capital channelled into transportation and communications, banks and trade was above the previous year's level. Capital flows to the insurance sector, however, receded.

Capital imports from North America mounted by Sfr 12 billion to Sfr 20 billion. The inflow of funds from the EU countries, by contrast, fell by Sfr 2 billion to Sfr 8 billion. Lower capital imports resulted in particular *vis-à-vis* Great Britain and Germany whereas more capital was imported from Luxembourg and Italy.

Net capital export resulting from the flow of funds for direct investment abroad and direct investment in Switzerland augmented by Sfr 4 billion to Sfr 41 billion in 2000.



7.1 Swiss direct investment abroad: breakdown by economic activity¹

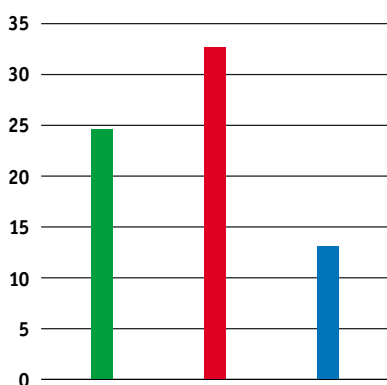
	1996	1997	1998	1999 revised	2000 provisional
Capital exports² in millions of Swiss francs					
Manufacturing	8551	15804	9640	10667	21229
Textiles and clothing	-8	118	623	586	-57
Chemicals and plastics	2074	8373	5156	6663	16053
Metals and machinery	766	2593	1421	831	-621
Electronics, energy, optical and watchmaking	2919	3477	-890	1667	2221
Other manufacturing and construction	2800	1243	3329	920	3633
Services	11413	9930	17569	43338	48547
Trade	-4	517	2376	3003	-1139
Finance and holding companies	2087	5195	6559	13245	5059
of which foreign-controlled ³	2074	4172	3870	11062	2979
Banks	551	1796	-321	9622	31014
Insurance	7597	1334	8034	9927	13028
Transportation and communications	940	214	859	3524	225
Other services	241	874	62	4016	360
Total	19964	25734	27209	54005	69776

1 The breakdown by sectors and by economic activity refers to the company's core business in Switzerland.

2 The minus sign (-) indicates a return flow of capital into Switzerland (disinvestment).

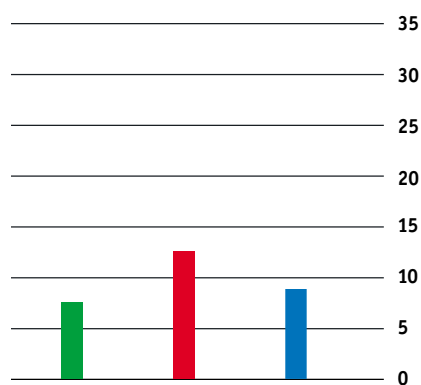
3 An enterprise is considered to be a foreign-controlled enterprise if a majority share of its capital is in foreign hands.

Direct investment 2000 by economic area



Swiss direct investment abroad
in billions of Swiss francs

Graph 6



Foreign direct investment in Switzerland
in billions of Swiss francs

EU
USA
Others

7.2 Swiss direct investment abroad: breakdown by country

	1996	1997	1998	1999 revised	2000 provisional
Capital exports¹ in millions of Swiss francs					
1. Europe and extra-European industrial countries	17500	21765	16090	42515	58616
EU	12522	12596	10154	24882	24440
Belgium	488	-655	349	1312	5292
Denmark	49	30	-31	285	-80
Germany	2629	4131	889	5524	-2292
Finland	137	152	224	110	179
France	338	213	333	1715	-6
Greece	109	116	205	180	346
Ireland	342	317	-54	5445	1741
Italy	769	1134	-197	166	-116
Luxembourg	192	-959	1651	221	1127
Netherlands	-193	2752	1003	1649	4130
Austria	-252	343	344	470	116
Portugal	91	311	-69	556	101
Sweden	539	632	844	-698	248
Spain	118	35	377	-529	-184
United Kingdom ²	7170	4043	4287	8475	13838
EFTA	54	181	-93	353	82
Central and Eastern Europe	361	215	1175	1141	892
of which					
Croatia	5	4	70	-44	7
Poland	113	173	208	478	265
Russian Federation	100	46	335	599	36
Slovakia	-2	13	21	40	12
Czech Republic	61	-19	356	-72	188
Hungary	62	-35	-76	80	56
Other European countries	49	314	-449	734	570
of which					
Turkey	0	51	296	-95	-242
North America	3709	8058	4458	14560	32579
Canada	335	368	1232	12	54
United States	3373	7690	3226	14548	32525
Other extra-European industrial countries	806	402	845	845	53
Australia	401	153	572	245	-327
Japan	305	-203	124	675	377
New Zealand	7	298	11	-214	1
South Africa	93	154	138	140	2

1 The minus sign (-) indicates a return flow of capital into Switzerland (disinvestment).

2 Incl. Guernsey, Jersey and the Isle of Man.

3 According to geonomenclature Eurostat: Bahamas, Barbados, Bermudas, British Virgin Islands, Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St. Kitts-Nevis.

	1996	1997	1998	1999 revised	2000 provisional
Capital exports¹ in millions of Swiss francs					
2. NICs	1406	2176	6932	5972	1463
Asia	1146	2383	5689	4662	521
Hong Kong	21	236	447	648	-87
Korea (South)	66	-57	283	179	138
Malaysia	233	82	102	229	-26
Philippines	39	50	1169	57	-167
Singapore	542	1879	3173	3543	488
Taiwan	22	45	121	89	157
Thailand	224	148	395	-82	17
Central and South America	260	-207	1243	1310	942
Argentina	65	-10	321	-99	28
Brazil	-10	-338	446	853	157
Chile	83	29	-178	7	-44
Mexico	121	111	654	548	801
3. Developing countries	1057	1793	4187	5518	9697
Asia	1234	629	441	60	-56
of which					
China (People's Republic)	378	255	123	-116	198
India	370	160	29	-53	-38
Indonesia	177	134	90	58	-53
Lebanon	8	2	-2	-13	-144
Pakistan	22	34	-17	7	53
Saudi Arabia	3	43	-2	60	-85
United Arab Emirates	3	12	11	19	71
Vietnam	25	21	-2	-18	-34
Central and South America	-267	935	3645	5167	9633
of which					
Costa Rica	10	-1	-26	0	-17
Ecuador	80	27	10	20	20
Guatemala	-176	60	-4	22	-65
Colombia	82	34	387	116	-99
Peru	-9	158	-25	47	8
Uruguay	172	217	284	287	274
Venezuela	121	97	61	11	65
Offshore financial centres ³	-583	236	2991	4589	9293
Africa	90	230	102	292	120
of which					
Egypt	18	92	57	93	7
Ivory Coast	17	16	51	-28	-25
Morocco	19	32	-12	3	-26
Nigeria	1	-9	5	-6	3
All countries	19964	25734	27209	54005	69776

8.1 Foreign direct investment in Switzerland: breakdown by economic activity¹

	1996	1997	1998	1999 revised	2000 provisional
Capital imports² in millions of Swiss francs					
Manufacturing	2184	4264	3069	3190	12508
Chemicals and plastics	946	2362	3029	361	2479
Metals and machinery	-32	1691	28	-394	7925
Electronic, energy, optical and watchmaking industries	1015	204	-55	2293	116
Other manufacturing and construction	255	6	69	930	1988
Services	1622	5367	9894	13920	16674
Trade	380	362	971	771	1771
Finance and holding companies	123	4038	5165	5270	5348
Banks	763	558	2253	188	2651
Insurance	3	3	1220	4863	1659
Transport and communication	3	3	66	1853	4788
Other services	356	409	218	977	457
Total	3805	9631	12963	17110	29182

1 The breakdown by sectors and by economic activity refers to the company's core business in Switzerland.

2 The minus sign (-) indicates an outflow of capital from Switzerland (disinvestment).

3 Until 1997 included in "Other services".

8.2 Foreign direct investment in Switzerland: breakdown by country

	1996	1997	1998	1999 revised	2000 provisional
Capital imports¹ in millions of Swiss francs					
1. Europe and extra-European industrial countries	3790	9629	11763	16962	28034
EU	2233	5927	5625	9640	7638
of which					
Belgium	70	-4	-50	247	136
Denmark	9	21	27	-52	851
Germany	1308	2871	2715	3004	620
France	571	517	-393	727	711
Italy	-807	111	1584	476	1786
Luxembourg	317	1682	505	431	2491
Netherlands	381	498	1612	-1052	187
Austria	1	68	38	114	265
Sweden	337	165	75	-1	37
Spain	10	18	-113	475	102
United Kingdom ²	-170	-161	-378	5235	340
EFTA	0	2	0	3	30
Other European countries	36	24	12	27	-26
of which					
Turkey	30	2	22	23	2
North America	1476	3778	6509	8760	20328
Canada	-50	-46	-55	30	7579
United States	1526	3824	6564	8729	12749
Other extra-European industrial countries	45	-101	-383	-1467	64
of which					
Japan	-15	-326	-457	-1512	64
2. NICs	21	-65	-10	-11	814
3. Developing countries	-6	67	1211	158	333
Asia	-42	32	-47	44	7
of which					
Israel	-46	18	36	36	-21
Central and South America	34	33	1255	112	322
Africa	2	2	3	3	4
All countries	3805	9631	12963	17110	29182

1 The minus sign (-) indicates an outflow of capital from Switzerland (disinvestment).

2 Incl. Guernsey, Jersey and the Isle of Man.

Portfolio investment

In 2000, international financial markets exhibited a weaker trend than in the previous year. At year-end, share prices on most stock exchanges were significantly lower than a year ago. Net borrowing in the form of international securities issues did not reach last year's high level. With the exception of the yen, interest rates on the major currencies declined during the course of the year. On an annual average, however, they were higher than in the previous year. At year-end, the trade-weighted external value of the Swiss franc was above the previous year's figure. On an annual average, however, it declined somewhat compared with last year's level.

Share prices on the Swiss stock exchange – unlike those on the foreign exchanges – rose again in 2000. Net borrowing in the form of domestic bond issues and shares rose by almost half to Sfr 17 billion. Net borrowing in the form of foreign bond issues in Switzerland fell from Sfr 35 billion in the previous year to Sfr 29 billion in 2000. At Sfr 17 billion net, sales of Swiss investment fund certificates were slightly below last year's volume. By contrast, foreign investment funds active in Switzerland, which sell the paper mostly to foreign clients, recorded a marked increase in sales from Sfr 48 billion to Sfr 71 billion.

Swiss portfolio investment abroad amounted to Sfr 38 billion in 2000. While this is half of the extremely high figure of the previous year, when the launch of the euro had led to massive securities purchases, on a longer view, it is still well above the average of the past few years. In both years together (1999 and 2000), Switzerland invested more than Sfr 100 billion in foreign securities. The decline in 2000 is attributable to the markedly lower investment in bonds and money market paper. In 2000, banks sold bonds on a large scale from their own holdings after having invested heavily in debt securities a year earlier. The other investors bought only half as many foreign bonds in 2000 as in the previous year. Investment in shares and investment funds, however, increased by Sfr 8 billion to Sfr 34 billion, with the euro being the preferred currency of investors in 2000. Two-thirds of the funds were invested in euro-denominated paper followed by the US dollar and the yen, albeit by a considerable margin. In the previous year, investments were split between euros and US dollars in nearly equal parts.

Foreign portfolio investment in Switzerland climbed from Sfr 9 billion in the previous year to Sfr 18 billion in 2000. A considerable proportion was accounted for by the purchase of shares (exchange of shares) in connection with the acquisition of enterprises abroad. Investment in debt instruments of domestic issuers rose by Sfr 2 billion to Sfr 2.5 billion. Due to the exchange of shares, investment in equity securities increased by Sfr 7 billion to Sfr 15 billion. Without taking the exchange of shares into consideration, investment in shares and investment funds was practically the same as in the previous year. With regard to the currency allocation, securities denominated in Swiss francs were in the majority, accounting for 90% of the investment.

9 Portfolio investment: breakdown by securities

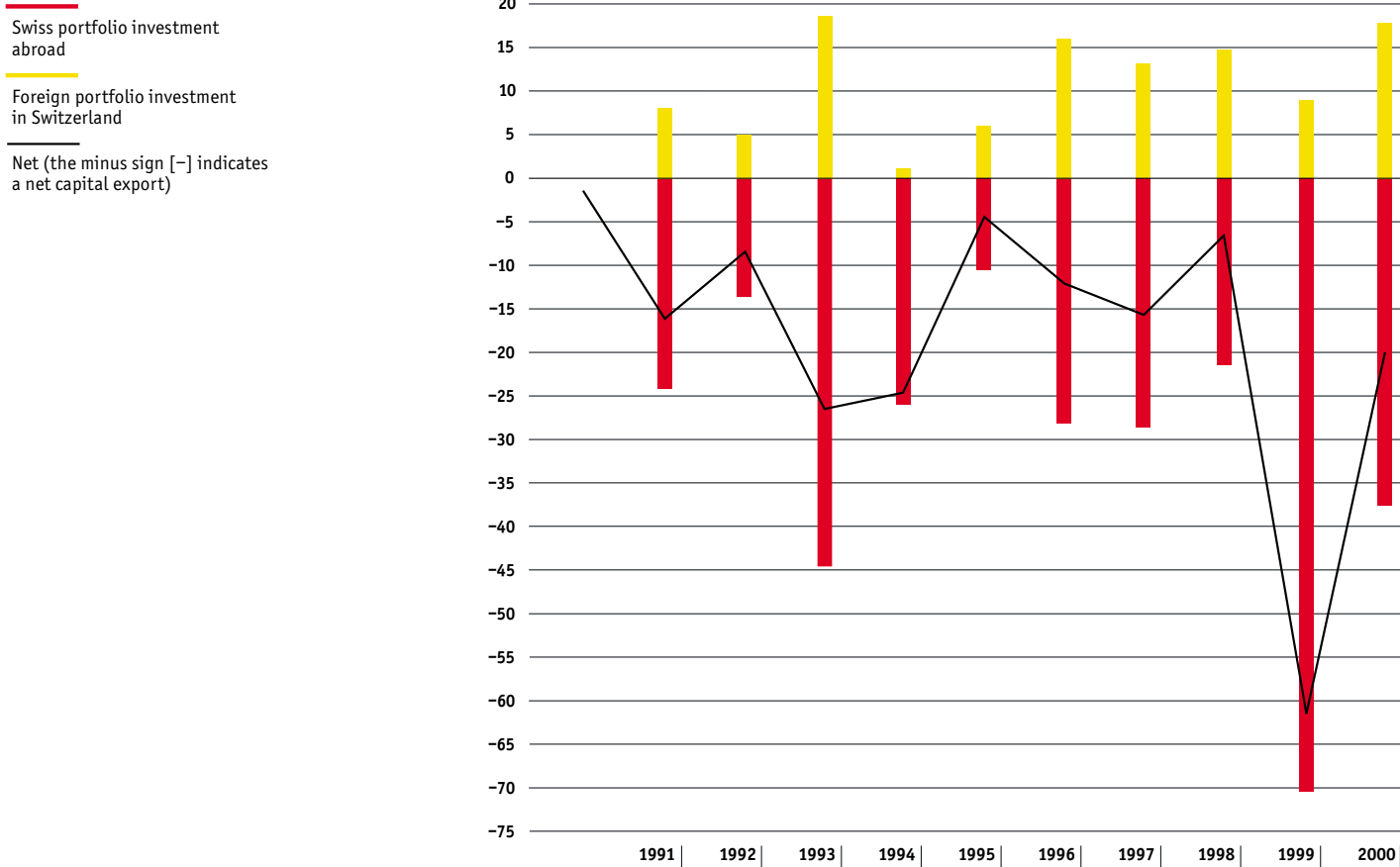
	1996	1997	1998	1999	2000	2000
	in millions of Swiss francs	in millions of Swiss francs	in millions of Swiss francs	in millions of Swiss francs	in millions of Swiss francs	percentage of total
Swiss portfolio investment abroad	-28096	-28647	-21576	-70360	-37676	100.0
Debt securities	-9944	-15355	-17909	-44072	-3354	8.9
Bonds and notes	-9537	-17126	-17800	-39825	-1709	4.5
Money market paper ¹	-407	1771	-109	-4247	-1645	4.4
Equity securities	-18152	-13292	-3667	-26288	-34322	91.1
Shares	n/a	n/a	n/a	-16520	-21805	57.9
Investment funds	n/a	n/a	n/a	-9768	-12517	33.2
Foreign portfolio investment in Switzerland	15938	13110	14856	8853	17812	100.0
Debt securities	1505	3030	2341	607	2478	13.9
Bonds and notes	1505	3030	2341	501	2273	12.8
Public sector	1068	2375	1476	-153	1069	6.0
Other	437	655	865	654	1204	6.8
Money market paper	n/a	n/a	n/a	106	205	1.1
Equity securities	14433	10080	12515	8246	15335	86.1
Shares	1391	2236	5946	876	8194	46.0
Investment funds	13042	7844	6569	7370	7141	40.1
Net	-12158	-15537	-6720	-61507	-19863	

1 Until 1998, money market paper only included acquisitions by banks.

n/a no data available

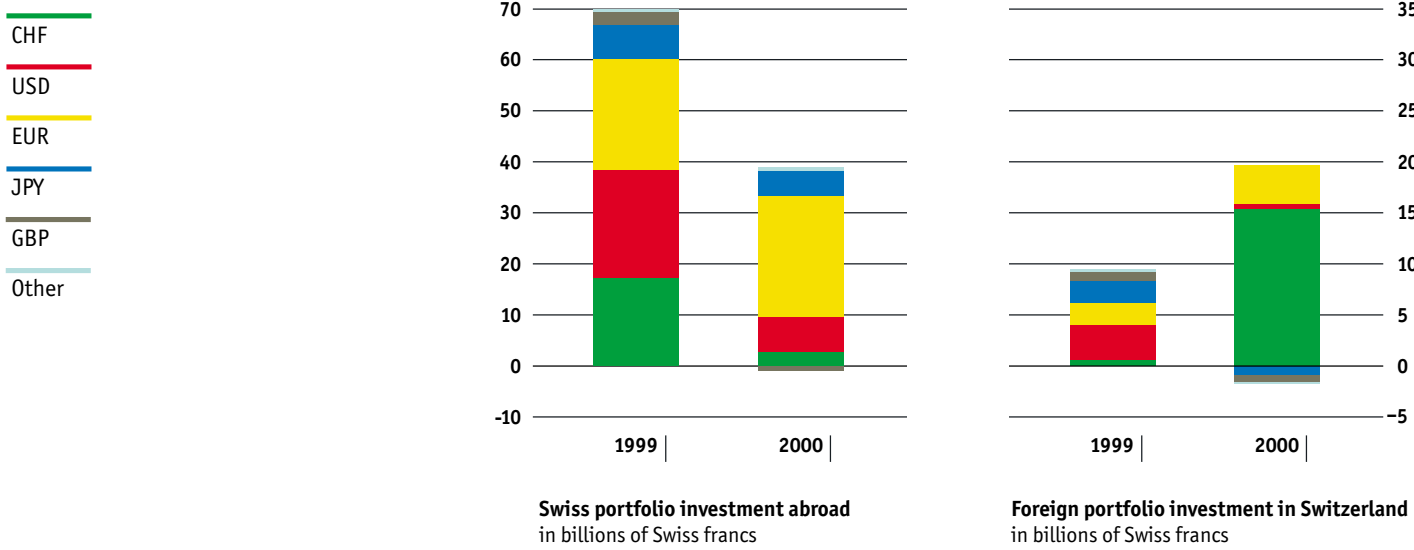
Portfolio investment total in billions of Swiss francs

Graph 7



Portfolio investment by currency

Graph 8



Other investment

Commercial bank lending

The banks' cross-border lending business (domestic offices) witnessed vigorous growth also in 2000. In the field of interbank business, the outflow of funds for lending abroad rose by Sfr 17 billion to Sfr 124 billion. The inflow of funds resulting from deposits received expanded by Sfr 25 billion to Sfr 160 billion. On balance, interbank business thus again registered a capital import which, at Sfr 36 billion, even topped the previous year's result by Sfr 8 billion. As to business with nonbanks, the outflow of funds for lending abroad rose by Sfr 7 billion to Sfr 17 billion. In 2000, contrary to the usual trend, an outflow of capital also resulted for deposits. This capital outflow amounted to Sfr 8 billion, leading to a net capital export of Sfr 25 billion on lending and borrowing, after just under Sfr 1 billion in 1999. Overall, the net capital import from cross-border lending and borrowing amounted to only Sfr 11 billion, compared with Sfr 28 billion in the previous period.

The breakdown by currency shows that the outflow of funds in the form of dollar- and euro-denominated credits in 2000 was only half as large as a year earlier, while outflows in other currencies (especially in yen) rose sharply. The share of the euro also shrank with regard to borrowing, but the US dollar share – unlike in the lending business – remained quite stable.

10.1 Breakdown of commercial bank lending by balance sheet position¹ in billions of Swiss francs

	1996	1997	1998	1999 revised	2000 provisional
Claims abroad	-74.1	-76.0	-66.0	-116.1	-140.4
Claims on banks	-71.5	-68.3	-66.1	-106.4	-123.6
long-term	-1.7	0.0	-4.8	-10.7	-5.3
short-term	-69.8	-68.3	-56.3	-95.7	-118.3
Other claims	-2.5	-7.7	-4.8	-9.7	-16.8
Liabilities abroad	60.7	74.8	49.3	143.6	151.4
Liabilities vis-à-vis banks	51.7	64.5	39.2	134.6	159.3
long-term	1.2	3.1	8.5	14.2	-2.2
short-term	50.6	61.4	30.7	120.5	161.5
Other liabilities	9.0	10.3	10.1	9.0	-7.8
long-term	1.7	1.2	1.1	0.2	-1.3
short-term	7.2	9.2	9.1	8.8	-6.5
Net	13.3	-1.2	-16.6	27.5	11.0
Bank credits	-19.8	-3.8	-21.9	28.2	35.7
Other credits	6.5	2.6	5.3	-0.7	-24.6

¹ The minus sign (-) indicates capital export.

10.2 Breakdown of commercial bank lending by currency¹ in billions of Swiss francs

	1996	1997	1998	1999 revised	2000 provisional
Claims abroad	-74.1	-76.0	-66.0	-116.1	-140.4
CHF	-12.6	-5.1	3.2	9.8	-5.3
USD	-24.5	-36.0	4.8	-62.8	-32.7
EUR (as from 1999)				-55.3	-27.7
DEM (until 1998)	-0.8	-3.1	-13.6		
Other currencies	-22.7	-34.6	-49.3	-6.5	-78.0
All currencies	-60.6	-78.9	-54.9	-114.8	-143.7
Precious metals and, until 1998, securities lending	-13.4	2.9	-11.0	-1.4	3.3
Liabilities abroad	60.7	74.8	49.3	143.6	151.4
CHF	7.0	20.5	0.4	7.0	-0.7
USD	37.4	33.6	22.2	45.2	42.8
EUR (as from 1999)				57.6	14.5
DEM (until 1998)	5.1	0.7	1.2		
Other currencies	6.2	12.7	13.2	33.5	96.1
All currencies	55.7	67.5	37.0	143.3	152.6
Precious metals and, until 1998, securities lending	5.0	7.3	12.3	0.3	-1.2
Net	-13.3	-1.2	-16.6	27.5	11.0
CHF	-5.6	15.4	3.6	16.8	-6.0
USD	13.0	-2.4	27.0	-17.6	10.1
EUR (as from 1999)				2.3	-13.2
DEM (until 1998)	4.2	-2.4	-12.3		
Other currencies	-16.5	-21.9	-36.2	27.0	18.2
All currencies	-4.9	-11.4	-18.2	28.5	9.1
Precious metals and, until 1998, securities lending	-8.5	10.2	1.3	-1.1	2.1

¹ The minus sign (-) indicates capital export.

Corporate lending

Capital exports by enterprises for lending abroad (without intra-group lending, which is shown under direct investment) amounted to Sfr 14 billion in 2000, compared with a capital import of Sfr 2 billion in the previous period. 90% of these funds were short-term. Holding companies and trading enterprises were the main contributors to the capital export. Borrowing abroad led to capital imports of Sfr 12 billion, following Sfr 1 billion in the previous year. Short-term funds (Sfr 7 billion) primarily went to trading enterprises and finance companies, while insurance companies were predominant with regard to long-term liabilities. Approximately three-quarters of capital exports and imports were allocated to claims and liabilities denominated in dollars and euros.

On balance, foreign borrowing and lending by enterprises resulted in an outflow of capital in the amount of Sfr 2 billion, while capital imports of Sfr 3 billion had been recorded in the previous year.

International reserves

The National Bank reduced the international reserves by Sfr 6.7 billion in 2000. Foreign exchange holdings were curtailed by Sfr 5.6 billion. The reserve position in the IMF – the difference between the Swiss quota in the IMF and the IMF's Swiss franc balance held at the National Bank – declined by Sfr 0.6 billion. Special drawing rights contracted by Sfr 0.4 billion. Gold sales to the private sector, which have been effected since 1 May 2000 – the so-called demonetisation of gold –, are not recorded as international reserves (cf. box).

Accounting method for the National Bank's international reserves

In 2000, for the first time, the National Bank's international reserves were shown as flows without valuation-induced changes in compliance with the current IMF guidelines. Until then, in lieu of the flows, changes in holdings and the valuation-induced changes had been recorded according to the old balance of payments standard. Following the introduction of the new accounting method, counter-entries for non-transaction-induced changes in holdings are no longer made.

With the Federal law on currency and payment instruments entering into force on 1 May 2000, the National Bank altered the management of its gold holdings. The National Bank started to sell gold under the central bank agreement. These gold sales to the private sector are not recorded as international reserves in the balance of payments. The gold sales to the private sector are referred to as demonetisation of gold, and these sales are not recorded as international reserves. International reserves exclusively include gold transactions for reserve operations with central banks.

Residual item (net errors and omissions)

The residual item corresponds to the difference between the total of all balance of payments credit entries (current account earnings, transfer of assets from other countries, capital imports) and the debit entries (current account expenditure, transfer of assets abroad, capital exports). This difference arises from errors and omissions in statistical data. Theoretically, all transactions are entered twice in the balance of payments so that it should be balanced arithmetically. In practice, however, this principle cannot be fully applied. In case of a surplus on the credit side, the residual item carries a negative sign, in the contrary case a plus sign.

In 2000, the balance of payments recorded a (negative) residual item of Sfr 8 billion. In the previous year, the residual item amounted to Sfr +11 billion.

11 Components of the balance of payments in millions of Swiss francs

	1996	1997	1998	1999 revised	2000 provisional
I. Current account net pos. A-D	27168	36970	37827	43531	53220
A. Goods net	1147	-454	-2329	-276	-4216
Exports	102171	114215	118350	125166	143546
Special trade f.o.b.	94174	105133	109113	114446	126549
Electrical energy	1816	1903	2022	2069	1944
Other goods	6181	7179	7215	8651	15053
Imports	-101024	-114669	-120679	-125442	-147762
Special trade c.i.f.	-91967	-103088	-106866	-113416	-128615
Electrical energy	-1355	-1225	-1346	-1462	-1475
Other goods	-7702	-10356	-12467	-10564	-17672
B. Services net	15361	18933	19574	19986	23348
Receipts	32445	36719	38755	40868	46358
Tourism	10989	11531	11586	11767	12993
Private insurance	1769	2070	2277	2852	2415
Merchanting	1051	1418	1047	1362	1439
Transportation	4870	5979	6300	6623	7664
Postal, courier and telecommunications services	638	709	903	1259	1485
Other services	13128	15013	16643	17006	20362
of which financial services	7796	8816	9975	11978	14607
Expenses	-17084	-17786	-19181	-20882	-23010
Tourism	-9425	-10141	-9879	-10175	-10808
Private insurance	-49	-49	-100	-125	-125
Merchanting	n/a	n/a	n/a	n/a	n/a
Transportation	-4682	-4632	-5084	-5239	-5940
Postal, courier and telecommunications services	-898	-989	-1123	-1269	-1495
Other services	-2030	-1976	-2995	-4074	-4642
of which financial services	n/a	n/a	-733	-845	-1322
C. Labour income and investment income net	15591	23428	25918	31365	40531
Receipts	40784	50891	66585	75448	104172
Labour income	1509	1544	1569	1623	1679
Investment income	39276	49348	65016	73825	102493
Portfolio investment	14295	15305	17919	21687	24509
Direct investment	9765	13889	26134	35125	44225
Other investment	15216	20154	20962	17013	33760
Expenses	-25194	-27464	-40667	-44083	-63640
Labour income	-8360	-8076	-8012	-8097	-8620
Investment income	-16834	-19388	-32655	-35986	-55021
Portfolio investment	-4872	-5723	-7991	-9915	-12011
Direct investment	-2930	-1245	-11674	-14994	-15256
Other investment	-9032	-12420	-12991	-11077	-27753

2000 Q1 provisional	2000 Q2 provisional	2000 Q3 provisional	2000 Q4 provisional	
14050	12456	12941	13772	I. Current account net pos. A-D
-1805	-425	-442	-1544	A. Goods net
34497	35409	35441	38199	Exports
30656	31114	31165	33615	Special trade f.o.b.
503	472	419	550	Electrical energy
3338	3824	3857	4034	Other goods
-36301	-35834	-35883	-39744	Imports
-31223	-31477	-31440	-34476	Special trade c.i.f.
-445	-314	-335	-381	Electrical energy
-4634	-4044	-4108	-4886	Other goods
6865	5287	5616	5580	B. Services net
11564	11407	12371	11016	Receipts
3290	3088	4122	2493	Tourism
604	604	604	604	Private insurance
360	360	360	360	Merchanting
1750	1922	1998	1994	Transportation
312	435	391	346	Postal, courier and telecommunications services
5248	4998	4897	5220	Other services
3809	3559	3458	3781	of which financial services
-4698	-6120	-6755	-5436	Expenses
-1831	-3013	-3672	-2292	Tourism
-31	-31	-31	-31	Private insurance
n/a	n/a	n/a	n/a	Merchanting
-1333	-1515	-1539	-1552	Transportation
-345	-378	-370	-402	Postal, courier and telecommunications services
-1158	-1183	-1143	-1159	Other services
-328	-353	-313	-328	of which financial services
10607	9153	9428	11343	C. Labour income and investment income net
23522	24523	24772	31355	Receipts
420	420	420	420	Labour income
23102	24104	24352	30935	Investment income
5969	6157	6240	6142	Portfolio investment
10046	9765	9585	14828	Direct investment
7087	8181	8527	9965	Other investment
-12915	-15370	-15344	-20012	Expenses
-2086	-2129	-2179	-2225	Labour income
-10829	-13240	-13164	-17787	Investment income
-2795	-2993	-2992	-3232	Portfolio investment
-2507	-3689	-2994	-6066	Direct investment
-5527	-6559	-7178	-8489	Other investment

	1996	1997	1998	1999 revised	2000 provisional
D. Current transfers net¹	-4930	-4937	-5336	-7544	-6444
Receipts	3659	3810	4039	10157	10195
Private transfers	407	406	406	6353	5829
Public transfers	3253	3405	3633	3804	4366
Expenses	-8589	-8748	-9376	-17701	-16639
Private transfers	-3621	-3405	-3458	-11585	-10381
Public transfers	-4968	-5343	-5918	-6116	-6258
II. Capital transfers net²	-265	-242	201	-773	-2849
Transfers from abroad	23	52	1094	79	305
Transfers abroad	-288	-294	-893	-852	-3154
III. Financial account net E-H	-38323	-37280	-45314	-54118	-42502
E. Direct investment net	-16159	-16104	-14247	-36895	-40595
Swiss direct investment abroad	-19964	-25735	-27209	-54005	-69776
Equity capital	-13106	-13515	-16949	-27648	-53690
Reinvested earnings	-6465	-9889	-7203	-18474	-16959
Other capital	-393	-2331	-3058	-7883	872
Foreign direct investment in Switzerland	3805	9631	12962	17110	29182
Equity capital	1502	5966	5093	7435	17928
Reinvested earnings	2930	1245	6501	9028	8481
Other capital	-627	2420	1368	647	2773
F. Portfolio investment net	-12158	-15537	-6720	-61507	-19863
Swiss portfolio investment abroad	-28096	-28647	-21576	-70360	-37676
Debt securities	-9944	-15355	-17909	-44072	-3354
Bonds and notes	-9537	-17126	-17800	-39825	-1709
Money market instruments	-407	1771	-109	-4247	-1645
Equity securities	-18152	-13292	-3667	-26288	-34322
Shares	n/a	n/a	n/a	-16520	-21805
Investment funds	n/a	n/a	n/a	-9768	-12517
Foreign portfolio investment in Switzerland	15938	13110	14856	8853	17813
Debt securities	1505	3030	2341	607	2478
Bonds and notes	1505	3030	2341	501	2273
Money market instruments	n/a	n/a	n/a	106	205
Equity securities	14433	10080	12515	8246	15335
Shares	1391	2236	5946	876	8194
Investment funds	13042	7844	6569	7370	7141

2000 Q1 provisional	2000 Q2 provisional	2000 Q3 provisional	2000 Q4 provisional	
-1617	-1560	-1660	-1607	D. Current transfers net¹
2510	2664	2509	2512	Receipts
1457	1457	1457	1457	Private transfers
1053	1207	1052	1055	Public transfers
-4127	-4224	-4169	-4119	Expenses
-2566	-2639	-2611	-2565	Private transfers
-1561	-1585	-1558	-1554	Public transfers
-712	-712	-712	-712	II. Capital transfers net²
76	76	76	76	Transfers from abroad
-789	-789	-789	-789	Transfers abroad
-14298	-6040	-5187	-16977	III. Financial account net E-H
-3029	-2070	-1312	-34184	E. Direct investment net
-8777	-6989	-9075	-44935	Swiss direct investment abroad
-4957	-4911	-4805	-39017	Equity capital
-4240	-4240	-4240	-4240	Reinvested earnings
419	2162	-30	-1678	Other capital
5748	4919	7763	10752	Foreign direct investment in Switzerland
3435	2498	2394	9601	Equity capital
1816	1102	2377	3186	Reinvested earnings
497	1319	2992	-2035	Other capital
-33978	-4097	-3682	21894	F. Portfolio investment net
-32232	-7370	-6195	8121	Swiss portfolio investment abroad
-18697	-2816	977	17182	Debt securities
-19152	-1938	1710	17671	Bonds and notes
455	-878	-733	-489	Money market instruments
-13535	-4554	-7172	-9061	Equity securities
-7186	-2055	-6611	-5953	Shares
-6349	-2499	-561	-3108	Investment funds
-1746	3273	2513	13773	Foreign portfolio investment in Switzerland
23	1918	230	307	Debt securities
7	1872	328	66	Bonds and notes
16	46	-98	241	Money market instruments
-1769	1355	2283	13466	Equity securities
-4686	-135	987	12028	Shares
2917	1490	1296	1438	Investment funds

	1996	1997	1998	1999 revised	2000 provisional
G. Other investment net	-6611	-2492	-23240	41460	11297
Commercial bank lending net	-13340	-1191	-16658	27501	11036
Claims abroad	-74054	-76025	-65951	-116096	-140400
Claims on banks	-71505	-68326	-61132	-106364	-123608
long-term	-1699	-44	-4823	-10700	-5259
short-term	-69806	-68282	-56309	-95664	-118349
Other claims	-2549	-7699	-4819	-9732	-16792
Liabilities abroad	60714	74834	49293	143597	151436
Liabilities vis-à-vis banks	51724	64493	39182	134615	159268
long-term	1160	3086	8513	14159	-2204
short-term	50564	61407	30669	120456	161472
Other liabilities	8990	10341	10111	8982	-7832
long-term	1744	1163	1053	199	-1307
short-term	7246	9178	9058	8783	-6525
Corporate lending net	2698	260	-5443	3108	-1517
Claims abroad	-7158	4262	-14433	2011	-13846
long-term	-1500	-1161	-714	281	-1554
short-term	-5659	5423	-13719	1730	-12292
Liabilities abroad	9856	-4002	8991	1097	12329
long-term	6027	1672	7563	1825	4936
short-term	3830	-5673	1428	-728	7393
Government lending net	87	461	289	218	-38
Claims abroad	48	286	295	305	61
long-term	45	286	295	305	61
Granting of credits	-46	-63	-68	-45	-66
Redemption of credits	91	349	363	350	127
short-term	4	0	0	0	0
Liabilities abroad	39	175	-6	-87	-99
Other net	3944	-2022	-1429	10633	1816
Swiss investment abroad	-5796	-8729	-7029	-7311	-15146
long-term	-58	-8	-4	-4	-7
Capital subscription by the government to international organisations	-58	-8	-4	-4	-7
short-term	-5738	-8721	-7025	-7307	-15139
Fiduciary assets	-2848	-3170	-1509	448	-19404
Other	-2890	-5551	-5516	-7755	4265
Foreign investment in Switzerland	10904	4974	4629	19186	15236
long-term	1600	973	1027	936	1052
Real estate	1600	973	1027	936	1052
Other					
short-term	9304	4001	3602	18250	14184
Fiduciary assets	-135	48	21	4431	485
Other	9439	3953	3581	13819	13699
Precious metals, net	-1165	1733	972	-1242	1726

2000 Q1 provisional	2000 Q2 provisional	2000 Q3 provisional	2000 Q4 provisional	
14753	-1325	1076	-3207	G. Other investment net
12279	4693	1054	-6990	Commercial bank lending net
-92249	63095	-64117	-47129	Claims abroad
-84992	59432	-58393	-39655	Claims on banks
-4828	275	2070	-2776	long-term
-80164	59157	-60463	-36879	short-term
-7257	3663	-5724	-7474	Other claims
104528	-58402	65171	40139	Liabilities abroad
102965	-52384	70090	38597	Liabilities vis-à-vis banks
-871	-3548	-3340	5555	long-term
103836	-48836	73430	33042	short-term
1563	-6018	-4919	1542	Other liabilities
-1553	-465	-667	1378	long-term
3116	-5553	-4252	164	short-term
925	-5439	-716	3712	Corporate lending net
-4556	-6745	-5139	2594	Claims abroad
-1033	-3431	2484	427	long-term
-3522	-3314	-7623	2167	short-term
5480	1306	4423	1119	Liabilities abroad
2553	198	3088	-903	long-term
2928	1108	1335	2022	short-term
-57	3	4	13	Government lending net
-1	-2	-5	68	Claims abroad
-1	-2	-5	68	long-term
-1	-2	-5	-58	Granting of credits
0	0	1	125	Redemption of credits
0	0	0	0	short-term
-57	4	8	-55	Liabilities abroad
1606	-582	735	58	Other net
-3971	-2935	-4437	-3804	Swiss investment abroad
0	0	0	-7	long-term
0	0	0	-7	Capital subscription by the government to international organisations
-3971	-2935	-4437	-3797	short-term
-5591	-4332	-5762	-3719	Fiduciary assets
1621	1397	1325	-78	Other
6196	999	4271	3771	Foreign investment in Switzerland
263	263	263	263	long-term
263	263	263	263	Real estate
				Other
5933	736	4008	3508	short-term
-75	0	23	537	Fiduciary assets
6008	736	3985	2971	Other
-619	1354	901	91	Precious metals, net

	1996	1997	1998	1999 revised	2000 provisional
H. International reserves total³	-3395	-3147	-1107	2824	6659
Changes in foreign assets	-7807	-4912	-236	-1312	6659
Gold	0	0	0	0	0
Foreign exchange	-7515	-3942	462	-1802	5646
Reserve position in the IMF	-380	-697	-306	394	568
Special drawing rights ⁴	118	-162	61	-366	399
Other ⁵	-30	-111	-453	462	46
Counterentry to valuation changes on international reserves	4412	1765	-871	4136	.
IV. Net errors and omissions	11419	552	7286	11360	-7869

n/a no data available

1 Since 1999, including premium receipts from abroad (excluding service charges), i.e. claims payable by private domestic insurance companies.

2 Including intangible assets.

3 Since 2000, flows have been shown in conformity with the current guidelines of the IMF. Until 1999, changes in holdings were shown according to the old standard. This required a counterentry for non-transaction-induced changes in foreign positions.

4 Until 1997, including ECU. As from 2000, including multilateral credits denominated in SDRs.

5 As from 2000, without multilateral credits denominated in SDRs.

2000 Q1 provisional	2000 Q2 provisional	2000 Q3 provisional	2000 Q4 provisional	
7956	1452	-1269	-1480	H. International reserves total ³
7956	1452	-1269	-1480	Changes in foreign assets
0	0	0	0	Gold
7602	1057	-1624	-1389	Foreign exchange
42	369	171	-14	Reserve position in the IMF
313	-30	184	-68	Special drawing rights ⁴
-1	56	0	-9	Other ⁵
.	.	.	.	Counterentry to valuation changes on international reserves
960	-5704	-7042	3917	IV. Net errors and omissions

Notes

Statistical changes

Adjustment of Swiss statistics to the international balance of payments standard	The Swiss balance of payments is in principle based on the recommendations of the Balance of Payments Manual of the IMF (5 th edition, 1993). Due to the data situation and the special features of Swiss statistics, not all the recommendations of the 5th edition of the manual of 1993 have, however, been fulfilled to date. Deviations occurred in particular in the categories other goods trade, transportation, private transfers, capital transfers, and international reserves; these deviations have now been eliminated based on new statistical sources.
Other goods trade	As from 2000, gross values will be shown for processing of goods for foreign account included in other goods trade.
Transportation	Transportation now also includes various services which are provided in connection with air and rail transportation and which have so far been recorded under other services.
Private transfers	Since 1999, private transfers have also included premium receipts from abroad (without service charges) and claims payable abroad by private domestic insurance companies. Service charges still figure under services.
Capital transfers	Purchases and sales of intangible assets are now shown together with capital transfers. Formerly, they were recorded under financial flows.
Other investment	The category other investment now also includes the change in the National Bank's liabilities, which has to date been shown together with international reserves.
International reserves	Since 2000, the National Bank's international reserves have been shown without valuation-induced changes. Until 1999, in lieu of flows, changes in holdings were recorded according to the old balance of payments standard. As from 2000, following the introduction of the new accounting method, counterentries for non-transaction-induced changes in holdings have no longer been made.

Current account

Special trade	Exports f.o.b., imports c.i.f., according to the foreign trade statistics of the General Directorate of Customs, without precious metals, precious stones and gems as well as objets d'art and antiques (total 1). As from 1995, special trade has also included aviation fuel.
Electrical energy	Exports and imports of electricity without substitution energy.
Other goods	Precious metals, precious stones and gems as well as objets d'art and antiques, processing of goods for foreign account, processing abroad for domestic account, export and import of returned goods, purchase and sale of Rhine vessels, transportation costs and insurance premiums on imports, unchecked goods trade, small consignments, import of industrial gold and silver, goods procured in ports.
Tourism	Business travel and personal travel, stays at health resorts and hospitals, travel related to studies, same-day travel, transit travel; small volumes in cross-border traffic, duty-free shops, consumption expenditure by cross-border commuters.
Other services	The share of foreign business of private insurance companies, merchanting, transportation, postal and courier services, telecommunications, financial services (bank commissions), technological services (construction services, commercial and technical counselling, royalties and license fees incl. management fees), purchases of goods and services by foreign representatives in Switzerland, by Swiss representatives abroad and by international organisations in Switzerland, management of domiciliary companies, law offices and fiduciary companies, cultural services, etc.

Gross wages and salaries of Swiss cross-border commuters and of residents with foreign employers (international organisations and consular representatives in Switzerland); gross wages and salaries of foreign cross-border commuters incl. employer and employee contributions to social security schemes (i.e. old age and survivors' insurance, disability insurance, military income loss insurance and unemployment insurance).	Labour income
Portfolio investment: income on equity securities and on debt securities; direct investment: transferred and reinvested earnings from direct investment; other investment: interest business of the banks, earnings from fiduciary investment, income on investments of the Swiss National Bank and the Confederation, and other investment income (financial leasing fees, etc.). Not included are interest earnings on loans by nonbanks.	Investment income
Transfers to Switzerland by emigrants, by foreign insurance schemes, etc.; remittances of immigrant workers, annuities and indemnity payments, pension payments, financial support, foreign aid of private aid agencies, premium income and payment of claims (without the share of services) by private insurance companies.	Current transfers by private persons
Contributions of Swiss nationals abroad and foreign cross-border commuters to social security schemes in Switzerland (i.e. old age and survivors' insurance, disability insurance, military income loss insurance, national accident insurance and unemployment insurance), state revenue from stamp duty, from withholding tax of cross-border commuters and from other taxes and fees incl. transportation tax. Social security transfers abroad, Swiss contributions to international organisations and other remittances abroad, tax refunds to cross-border commuters' countries of residence as well as government aid to foreign countries.	Current transfers by the public sector
The data derives from statistics collected by the federal authorities and the Swiss National Bank; some of the figures are estimates.	Statistical basis of the current account

Capital transfers

Debt forgiveness and financial assistance grants by the Confederation, private transfers of assets as well as intangible assets.

Financial account

Swiss direct investment abroad: investment by Swiss enterprises in foreign enterprises (subsidiaries, branch offices, affiliated companies). Foreign direct investment in Switzerland: investment by foreign enterprises in Swiss enterprises. The financial flows shown relate to equity capital (paid-up capital; the establishment, acquisition or liquidation and sale of subsidiaries and affiliated companies; the provision of capital stock and operating capital to branch offices), reinvested earnings and inflows and outflows of credits. Statistical sources are the quarterly and annual surveys carried out by the Swiss National Bank.	Direct investment
Portfolio investment abroad: investment by residents in debt instruments and equity securities of foreign issuers (money market paper, bonds, shares, participation certificates, dividend-right certificates, investment fund certificates). The data represents net inflows, i.e. new investment minus liquidation of investments and redemptions. The statistical basis is data reported by the banks on the acquisition of securities by domestic customers. The data on acquisitions by banks and enterprises is derived from the statistics on their foreign borrowings and lendings. Portfolio investment in Switzerland: foreign investment in debt instruments and equity securities of domestic issuers (money market paper, bonds, medium-term notes, shares, participation certificates, dividend-right certificates, investment fund certificates). The data represents net inflows, i.e. new investment minus liquidation of investments and redemptions. The statistical basis are reports by the banks on the acquisition of securities by foreign customers. The data on bonds floated abroad by domestic enterprises is derived from the statistics on the foreign borrowings and lendings of enterprises.	Portfolio investment

Other investment Commercial bank lending	Claims abroad: interbank lending operations, i.e. net change in long- and short-term lending to banks including precious metals claims; net change in lending to customers and mortgage loans as well as precious metals claims. Liabilities abroad: interbank deposit operations, i.e. long- and short-term deposits of banks incl. precious metals liabilities; long-term customer deposits as well as deposits in the form of savings and investment, short-term deposits by customers incl. precious metals liabilities. The transaction figures recorded in the balance of payments represent the net change in the individual positions, i.e. the inflow of new funds minus repayment of outstanding liabilities. The statistical basis are reports by domestic banks on foreign borrowings and lendings.
Other investment Corporate lending	Claims abroad: net change in short- and long-term lending by domestic private and government enterprises to natural persons, banks and enterprises abroad excluding intra-group lending, i.e. without credits granted to subsidiaries, branch offices and affiliated companies abroad. Liabilities abroad: net change in short- and long-term lending by natural persons, banks and enterprises abroad to domestic private and government enterprises excluding intra-group lending, i.e. without credits granted to domestic subsidiaries, branch offices and affiliated companies. The statistical basis are reports submitted by the enterprises to the National Bank.
Other investment Government lending	Cross-border financial flows of the Confederation, the cantons and communes and social security organisations. Claims abroad: short- and long-term lending abroad by the public sector. Liabilities abroad: short-term liabilities of the public sector vis-à-vis other countries.
Other investment	Fiduciary claims and liabilities: claims include the outflow of residents' fiduciary funds which are invested abroad; liabilities include the inflow of non-residents' fiduciary funds which are invested in Switzerland. The statistical basis are reports by domestic banks on their foreign borrowings and lendings. Import and export of precious metals: the import and export of gold and silver as raw materials and of coins according to trade statistics. The imports of precious metals recorded in the current account are deducted. The Confederation's participation in capital increases of international organisations. The sale of real estate in Switzerland to persons abroad less the sale of real estate in Switzerland by nonresidents to residents. Actual changes in ownership according to the statistics of the Federal Department of Justice on the sale of real estate to non-residents are recorded. Other private investment furthermore includes financial flows between nonbanks and banks abroad as well as changes in the liabilities of the National Bank. Domestic fiduciary funds which, according to the National Bank's estimates, are accounted for by non-residents and financial flows between banks and international organisations domiciled in Switzerland are entered as adjustment items under other private investment.
International reserves and counterentries to valuation changes	Changes in gold holdings, foreign exchange holdings, the reserve position in the International Monetary Fund (IMF) (as from 1992), international payment instruments (SDR) and the balance of payments aid extended by the National Bank. Since 2000, the flow variables in the National Bank's foreign balances have been shown without valuation-induced changes. Until 1999, changes in holdings according to the old balance of payments standard were recorded in lieu of the flow variables. Following the introduction of the new accounting method, counterentries for non-transaction-induced changes in holdings ceased to be made in 2000.

Residual item (net errors and omissions)

Non-recorded transactions and statistical errors, net	See methodical basis.
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Legal basis

Legal basis of the balance of payments statistics	According to the Federal Statistical Act of October 1992 and the Ordinance on the conduct of federal statistical surveys of June 1993, the Swiss National Bank is authorised to collect statistics on a quarterly basis for the current account and the financial account. In the case of the current account, legal entities are obliged to supply information if the transaction value of a reporting item exceeds Sfr 100,000 per quarter. In the case of the financial account, natural persons and legal entities are obliged to supply information if the transaction value of a reporting item exceeds Sfr 1 million per quarter.
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Methodical basis

Definition	The balance of payments is a systematic presentation of the economic transactions between residents and nonresidents during a specified period. A transaction is considered to be the flow of goods, services, income and transfers (see below) as well as the creation and settlement of financial claims and liabilities including inflows and outflows of equity capital. The methodical basis of the balance of payments is set out in the Balance of Payments Manual of the IMF (5 th Edition).
Current account	The current account comprises trade and services transactions with other countries, cross-border labour income and investment income, and current transfers.
Transfers	Transfers are book entries that offset one-way transactions performed without compensation – e.g. in the context of development aid – in order to comply with the system of double bookkeeping applied in the balance of payments statistics. A distinction is made between current transfers in the current account and capital transfers, which represent a category of their own. Offsetting entries for goods, services and income which are provided free of charge are classed mainly under current transfers, while offsetting entries for the provision of free capital are shown mainly under capital transfers.
Financial account	The financial account shows the creation and settlement of cross-border financial claims and liabilities. Depending on the investment motive, a distinction is made between direct investment (investment in foreign enterprises with equity character), portfolio investment (investment in foreign securities), other investment (mainly lending by banks and enterprises to nonresidents) and international reserves.
Residual item (non-recorded transactions and statistical errors, net)	The residual item is the difference between total “receipts” (current account earnings, capital transfers from abroad, capital imports) and total “expenses” (current account expenses, capital transfers abroad, capital exports). This difference arises from errors and omissions in statistical data. Theoretically, all transactions are entered twice in the balance of payments so that it should be balanced arithmetically. In actual practice, however, this principle cannot always be applied. In principle, all components of the balance of payments can contribute to the residual item. A residual item with a plus sign indicates non-recorded current receipts and/or capital imports, one with a negative sign indicates non-recorded current expenses and/or capital exports.
The link between the main aggregates in the balance of payments	The Swiss balance of payments consists of the three main aggregates current account, capital transfers and financial account. There is an interrelationship between the main aggregates. Theoretically (i.e. not taking into account the statistical errors in the residual item), the balance from the current account and capital transfers corresponds, in reverse, to the balance from the financial account. The sum of these three component balance sheets thus totals zero.

Significance of the main balance of payments aggregates in the system of national accounts

The balance of payments forms part of the system of national accounts. In the system of national accounts, the balance of payments represents the foreign sector. The table below shows the significance of the main balance of payments aggregates in the system of national accounts.

Balance of Payments	System of national accounts
1) Goods and services account, net	External contribution to GDP
2) Goods and services account, net + labour income and investment income, net	External contribution to GNP
3) Balance on current account	Balance of domestic savings and investment
4) Balance on current account + net capital transfers	Net financial surplus/deficit

The net financial surplus or deficit of the national accounting system corresponds to the transaction-related change in net foreign assets.