

2001

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIUNALA SVIZRA 

Swiss Balance of Payments

Swiss National Bank
Swiss Balance of Payments 2001

Published by

Swiss National Bank
Statistics Section
CH-8022 Zurich
Tel. +41 1 631 31 11

Printed by

Zürichsee Druckereien AG
Seestrasse 86
CH-8712 Stäfa

Copyright

Reproduction and publication of figures
permitted with reference to source

Internet

<http://www.snb.ch>

Published in September 2002

Contents

Page	
4	Overview
7	Current account
9	Goods
11	Services
14	Labour income and investment income
16	Current transfers
18	Financial account
19	Direct investment
26	Portfolio investment
29	Other investment
29	Commercial bank lending
31	Corporate lending
32	International reserves
33	Residual item (net errors and omissions)
40	Notes
	Tables
5	1 Overview Swiss balance of payments
8	2 Current account
10	3 Goods
12	4 Services
15	5 Labour income and investment income
17	6 Current transfers
21	7.1 Swiss direct investment abroad: breakdown by economic activity
22	7.2 Swiss direct investment abroad: breakdown by country
24	8.1 Foreign direct investment in Switzerland: breakdown by economic activity
25	8.2 Foreign direct investment in Switzerland: breakdown by country
27	9 Portfolio investment: breakdown by securities
29	10.1 Breakdown of commercial bank lending by balance sheet position
30	10.2 Breakdown of commercial bank lending by currency
34	11 Components of the balance of payments
	Graphs
7	1 Current account, net
7	2 Structure of receipts and expenses of the current account
10	3 Foreign trade by economic area
18	4 Financial account, net
20	5 Direct investment total
21	6 Direct investment by economic area
28	7 Portfolio investment total
28	8 Portfolio investment by currency

Overview

The weaker world economy had a clear impact on Switzerland's external economic relations in 2001. The **current account surplus** narrowed to Sfr 34 billion after having reached a record high of Sfr 52 billion in the previous year. Thus, for the first time since 1993, the current account surplus declined. The marked decrease was chiefly brought about by profit losses of subsidiaries abroad, which led to a massive reduction in income from direct investment abroad. In relation to gross domestic product, the surplus fell from 13% in the previous year to 8% in 2001. Despite the steep decline, Switzerland's current account surplus is still relatively high in an international comparison.

Growth of **nominal goods exports** (special trade without precious metals, etc.) slowed from 11% in 2000 to 4% in 2001 due to weaker demand from abroad. Nominal growth of imports eased even more significantly from 13% to 1%. This resulted in a Sfr 2 billion surplus from trade, following a deficit of Sfr 2 billion the year before.

Trade in services suffered a clear setback due to the economic downturn and the effects of the terrorist attacks of 11 September. Tourism exports and services by insurance companies were particularly affected. Financial services of banks – the most important export product with regard to services trade – were 12% lower in 2001 than in the previous year as a result of the stock market slump. Overall, exports of services contracted by 4%, imports by 3%. The surplus from services shrank by Sfr 2 billion to Sfr 24 billion.

Investment income on Swiss assets abroad fell markedly in 2001 by 19% to Sfr 82 billion. This contraction was due to lower profits from participations abroad. Mainly financial sector companies in the US and Britain reported much poorer results than a year earlier. Portfolio earnings on securities holdings abroad, however, remained virtually unchanged year-on-year. Earnings on foreign investment in Switzerland fell 10% short of the previous year's level. The steep decline in direct investment income was partially offset by higher interest and dividend payments on foreign portfolio investment in Switzerland. The surplus on the investment income account, which for many years has made the largest contribution to the current account surplus, plummeted by Sfr 14 billion to Sfr 30 billion.

Financial flows were marked by the global economic slowdown and the sluggish financial markets. The financial account deficit widened from Sfr 36 billion in 2000 to Sfr 49 billion in 2001. Direct investment abroad dropped distinctly following the takeover boom of the previous year: at Sfr 19 billion, it amounted to only about a quarter of the value achieved in the previous period. The banks, which had undertaken large-scale acquisitions in the previous year, even reduced their investment abroad in 2001. Foreign direct investment in Switzerland plunged by more than half to Sfr 14 billion. The strong decline in foreign acquisitions in the manufacturing industry was the main reason for this result.

Portfolio investment abroad almost doubled in 2001, amounting to Sfr 72 billion after Sfr 38 billion in the previous year. Funds flowed mainly into fixed-interest investments, most of which were euro-denominated paper. The steep increase in 2001 is attributable to higher investment by the banks. In the previous year, the banks had sold securities from their own holdings. Foreign portfolio investment in Swiss securities fell from Sfr 18 billion in the previous year to Sfr 3 billion in 2001. Investors switched from money market paper and shares to investment fund certificates. The meagre inflow reflects the harsh stock market climate and the low level of net borrowing in the market through domestic issues, which decreased by Sfr 6 billion to Sfr 11 billion.

As regards foreign **lending business**, the banks reduced both their claims and liabilities in 2001. On balance, a net capital import of Sfr 19 billion resulted. A year earlier, the banks had recorded net capital imports totalling Sfr 11 billion in lending business.

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

	1997	1998	1999	2000 revised	2001 provisional
I. Current account net	37.0	37.8	45.7	52.2	34.1
Goods net	-0.5	-2.3	-0.3	-4.2	-4.6
Special trade, net	2.0	2.2	1.0	-2.1	1.7
Exports	105.1	109.1	114.4	126.5	131.7
Imports	-103.1	-106.9	-113.4	-128.6	-130.1
Other trade, net	-2.5	-4.6	-1.3	-2.2	-6.3
Services net	18.9	19.6	21.6	25.6	24.2
Tourism, net	1.4	1.7	1.6	2.4	2.0
Receipts	11.5	11.6	11.8	13.1	12.7
Expenses	-10.1	-9.9	-10.2	-10.7	-10.7
Financial services, net	8.8	9.2	11.1	13.3	11.8
Receipts	8.8	10.0	12.0	14.6	12.9
Expenses	n/a	-0.7	-0.8	-1.3	-1.1
Other services, net	8.7	8.6	8.9	9.9	10.5
Labour income and investment income net	23.4	25.9	30.5	35.7	21.4
Labour income, net	-6.5	-6.4	-6.5	-7.8	-8.6
Receipts	1.5	1.6	1.6	1.7	1.9
Expenses	-8.1	-8.0	-8.1	-9.5	-10.5
Investment income, net	30.0	32.4	37.0	43.5	30.0
Receipts	49.3	65.0	73.6	101.4	82.1
Expenses	-19.4	-32.7	-36.7	-57.9	-52.0
Current transfers net	-4.9	-5.3	-6.2	-4.9	-6.9
II. Capital transfers net	-0.2	0.2	-0.8	-6.0	0.4
III. Financial account net	-37.3	-45.3	-49.6	-36.3	-48.8
Direct investment net	-16.1	-14.2	-32.4	-39.4	-5.1
Swiss direct investment abroad	-25.7	-27.2	-50.0	-72.2	-18.7
Equity capital	-13.5	-16.9	-23.8	-56.0	-18.4
Reinvested earnings	-9.9	-7.2	-18.3	-15.9	1.3
Other capital	-2.3	-3.1	-7.9	-0.3	-1.5
Foreign direct investment in Switzerland	9.6	13.0	17.6	32.7	13.5
Equity capital	6.0	5.1	7.6	19.9	14.2
Reinvested earnings	1.2	6.5	9.7	11.3	-0.7
Other capital	2.4	1.4	0.3	1.5	0.0
Portfolio investment net	-15.5	-6.7	-61.5	-19.9	-69.1
Swiss portfolio investment abroad	-28.6	-21.6	-70.4	-37.7	-72.3
Debt securities	-15.4	-17.9	-44.1	-3.4	-47.1
Bonds and notes	-17.1	-17.8	-39.8	-1.7	-39.3
Money market instruments	1.8	-0.1	-4.2	-1.6	-7.8
Equity securities	-13.3	-3.7	-26.3	-34.3	-25.2

	1997	1998	1999	2000 revised	2001 provisional
Foreign portfolio investment in Switzerland	13.1	14.9	8.9	17.8	3.2
Debt securities	3.0	2.3	0.6	2.5	0.1
Bonds and notes	3.0	2.3	0.5	2.3	-0.8
Money market instruments	n/a	n/a	0.1	0.2	0.9
Equity securities	10.1	12.5	8.2	15.3	3.1
Other investment net	-2.5	-23.2	41.5	16.4	26.5
Commercial bank lending, net	-1.2	-16.7	27.5	11.0	18.5
Claims abroad	-76.0	-66.0	-116.1	-140.4	46.5
Claims on banks	-68.3	-61.1	-106.4	-123.6	42.5
Other claims	-7.7	-4.8	-9.7	-16.8	4.0
Liabilities abroad	74.8	49.3	143.6	151.4	-27.9
Liabilities vis-à-vis banks	64.5	39.2	134.6	159.3	-29.1
Other liabilities	10.3	10.1	9.0	-7.8	1.2
Corporate lending ² , net	0.3	-5.4	3.1	-1.2	-8.9
Claims abroad	4.3	-14.4	2.0	-13.9	-11.5
Liabilities abroad	-4.0	9.0	1.1	12.8	2.6
Government lending, net	0.5	0.3	0.2	0.0	0.0
Other, net	-2.0	-1.4	10.7	6.5	16.8
International reserves total³	-3.1	-1.1	2.8	6.7	-1.1
Changes in foreign assets	-4.9	-0.2	-1.3	6.7	-1.1
Counterentry to valuation changes	1.8	-0.9	4.1	.	.
IV. Net errors and omissions	0.6	7.3	4.7	-9.9	14.3

1 The minus sign (-) indicates a surplus of imports over exports in the current account, and an 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.

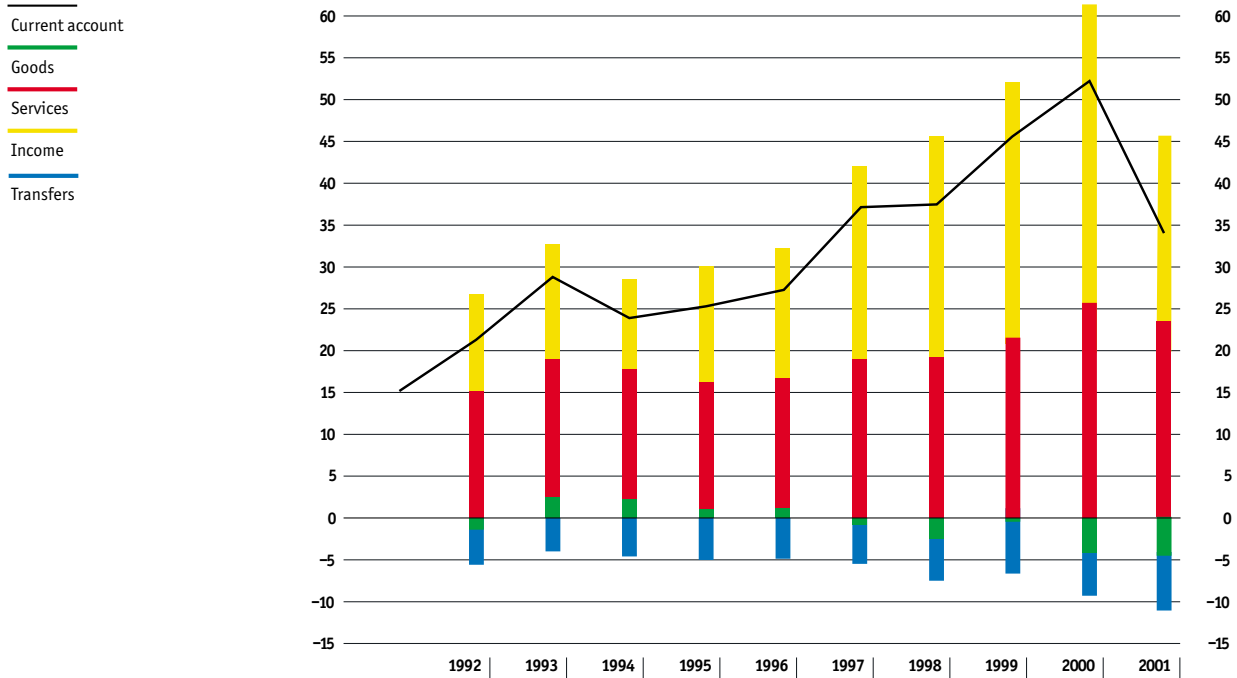
n/a no data available

Current account

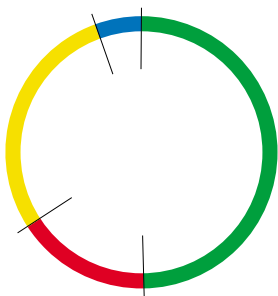
In 2001, the current account surplus plunged to Sfr 34 billion from the record high of Sfr 52 billion reached in the previous year. The sharp decrease is due to lower net investment income, which slipped from Sfr 44 billion in the year before to Sfr 30 billion in 2001. This was primarily the result of the decline in income from Swiss direct investment abroad, which mirrors the economic slow-down and, consequently, the companies' poor business results. Income from direct investment dropped by Sfr 17 billion to Sfr 26 billion. In addition, the

Current account, net in billions of Swiss francs

Graph 1



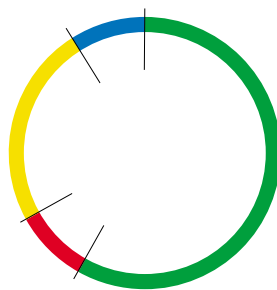
Structure of receipts and expenses of the current account Graph 2



Structure of receipts percent

- Goods 50
- Services 16
- Income 29
- Current transfers 5

Total receipts:
Sfr 293 billion



Structure of expenses percent

- Goods 58
- Services 9
- Income 24
- Current transfers 9

Total expenses:
Sfr 259 billion

surplus from services shrank from Sfr 26 billion in 2000 to Sfr 24 billion in 2001. This decrease was brought about by lower receipts from tourism combined with weaker exports of services by the insurance companies as well as the declining income from financial services of the banks.

Exports and imports of goods expanded only modestly by approximately 2% each in terms of value. The trade deficit in goods widened slightly to Sfr 5 billion.

2 Current account 1992–2001

	Receipts	Expenses	Net	Current account in percent of gross domestic product
	billions of Swiss francs	billions of Swiss francs	billions of Swiss francs	
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	254.7	209.0	45.7	11.8
2000	307.0	254.8	52.2	12.9
2001	293.0	258.9	34.1	8.2

Goods

Switzerland's foreign trade in 2001 was marked by the downturn in the world economy. The growth rate of nominal goods exports (special trade without precious metals, precious stones and gems as well as objets d'art and antiques) slowed from 11% to 4%. Imports of goods suffered a still sharper decline, rising by only 1% as against 13% a year ago. In real terms, imports even edged down slightly whereas exports climbed by 2%. Average import and export prices were around 2% above the previous year's level. The trade balance closed with a surplus of just under Sfr 2 billion, following a deficit in the same amount in 2000.

The slowdown of the world economy affected the four major export industries in different ways. Exports by the chemical industry, the most important export sector, saw double-digit nominal growth rates; the increase was largely due to pharmaceuticals exports. Exports of watches and precision instruments also exhibited positive growth rates. By contrast, the machinery and electronics industry, the second most important export sector, as well as the metal industry recorded a decline.

Exports by region and country showed mixed development in 2001. More goods were exported to most EU countries; for the two largest markets, Germany and France, average growth rates were recorded. With respect to Italy, an almost double-digit growth rate was achieved. While exports to the EU grew by 5% overall, those to the US declined by the same percentage rate. Exports to the emerging economies shrank at a slightly slower rate. Exports to the transition economies and developing countries, however, rose by 17% and 11% respectively.

With aggregate demand declining in Switzerland, imports moved up only marginally in value terms. Imports of consumer goods and energy sources recorded significant nominal growth; the increase in the former was mainly due to markedly higher imports of pharmaceutical products. As export demand was faltering, imports of intermediate goods in the form of raw materials and semi-manufactures dropped as well. Capital goods exhibited a particularly pronounced decline of around 6%.

Overall, goods imports from the EU countries were up by 4%, and those from transition economies and developing countries also showed positive growth rates. Imports from the US, by contrast, suffered a severe decline of 20%. Imports from emerging economies dropped as well, by 11%.

In the wake of the liberalisation of electricity markets, cross-border exchange of electrical energy increased sharply. In terms of value, exports jumped by 52% and imports by 29%; in terms of volume, however, exports did not expand as much as imports. Average import prices fell, while export prices moved up somewhat. The export surplus widened considerably both in terms of value and in terms of volume.

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. The development of other goods trade was, once again, shaped by imports and exports of precious metals, precious stones and gems.

3 Goods

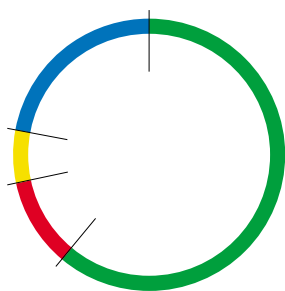
	1997	1998	1999	2000	2001	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Special trade¹						
Exports	105133	109113	114446	126549	131717	4.1
Imports	103088	106866	113416	128615	130052	1.1
Net	2045	2247	1030	-2066	1665	
Electrical energy						
Exports	1903	2022	2069	1944	2963	52.4
Imports	1225	1346	1462	1475	1896	28.5
Net	678	677	607	469	1067	
Other goods²						
Exports	7179	7215	8651	15053	11225	-25.4
Imports	10356	12467	10564	17673	18606	5.3
Net	-3176	-5253	-1913	-2620	-7380	
Total						
Exports	114215	118350	125166	143546	145905	1.6
Imports	114669	120679	125442	147763	150553	1.9
Net	-454	-2329	-276	-4217	-4648	

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

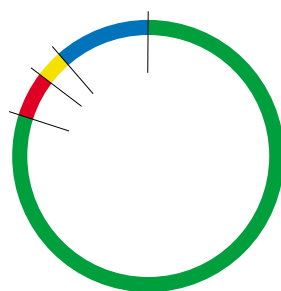
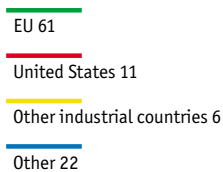
2 As from 2000, gross values will be shown for processing of goods for foreign account, which is included in other goods.

Foreign trade 2001 by economic area

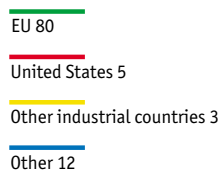
Graph 3



Exports of goods percent



Imports of goods percent



Services

In 2001, receipts from tourism fell for the first time since 1996. This decline can be attributed to several factors: the economic slowdown abroad, the strong Swiss franc and the events of autumn 2001 in the US. The number of overnight stays in hotels and health resorts by foreign visitors slipped by 3%. In the first quarter 2001, the number of overnight stays had still developed positively compared with the previous year, but the three subsequent quarters saw declines ranging from 1% to 11%. From most European countries, fewer tourists visited Switzerland in 2001. The sharpest fall was recorded for visitors from the US and Japan. Earnings from day tours and transit travel, too, fell 8% short of the year-back level.

Swiss residents' expenditures for personal and business travel abroad stagnated at Sfr 11 billion in 2001. Despite the favourable exchange rate situation, the development of the economy coupled with last autumn's tragic events in Switzerland and abroad dampened travel demand. Holiday bookings for Swiss destinations increased partly to the detriment of foreign destinations. With receipts from tourism receding by 4% and expenses remaining stable at their year-earlier level, the surplus from tourism narrowed by half a billion Swiss francs.

Cross-border insurance business was decisively affected by last autumn's terrorist attacks. Although premiums soared, the earnings from services dwindled due to the reinsurance companies' high claims expenses abroad. The downturn in world trade and the lower oil prices reduced the income from merchanting. Affected by the global cyclical downswing and the losses from international travel in the fourth quarter 2001, international transportation saw both lower receipts and lower expenses compared with the previous year. Postal and telecommunications services suffered considerable losses in earnings from abroad, whereas expenditures grew slightly.

Receipts from financial services of the banks declined significantly as a result of the weak financial markets. Earnings from securities trading and investment business as well as investment banking receded; correspondingly, receipts from abroad by domestic bank offices dropped by 12%. Export income from technological services, which comprises earnings from licenses and patents, as well as technical consulting, rose by 14% as a result of higher revenue from licenses and patents.

Total receipts from services exports amounted to Sfr 47 billion, falling 4% short of the year-earlier level. Expenses also decreased slightly. The surplus from services contracted by Sfr 2 billion to Sfr 24 billion.

4 Services

	1997	1998	1999	2000	2001	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	11531	11586	11767	13126	12673	-3.5
Expenses	10141	9879	10175	10718	10716	0.0
Net	1390	1707	1592	2407	1957	
Business and personal travel						
Receipts	8020	8158	8338	9092	8747	-3.8
Expenses	8549	8421	8698	9209	9200	-0.1
Net	-529	-263	-360	-117	-453	
Same-day and transit travel						
Receipts	2196	2263	2329	2778	2571	-7.5
Expenses	1033	1051	1070	1102	1097	-0.5
Net	1162	1213	1259	1676	1474	
Other tourism						
Receipts	559	413	341	369	367	-0.7
Expenses	541	390	390	390	400	2.6
Net	18	23	-49	-21	-33	
Consumption expenditure of cross-border workers						
Receipts	757	751	759	887	988	11.4
Expenses	17	17	17	18	19	3.9
Net	740	734	742	869	969	
Private insurance						
Receipts	2070	2277	2852	2441	1796	-26.4
Expenses	49	100	125	125	125	0.0
Net	2021	2177	2727	2316	1671	
Merchandising						
Receipts	1418	1047	1362	1439	1367	-5.0
Transportation total¹						
Receipts	5979	6300	6623	7664	7491	-2.3
Expenses	4632	5084	5239	5940	5477	-7.8
Net	1347	1216	1384	1724	2014	
Passengers						
Receipts	3035	3185	3450	3952	4241	7.3
Expenses	2841	2812	2824	3284	3278	-0.2
Net	195	373	626	668	964	
Freight						
Receipts	1051	1121	1082	1361	1077	-20.8
Expenses ²	0	0	0	0	0	
Net	1051	1121	1082	1361	1077	
Other						
Receipts	1892	1994	2091	2351	2173	-7.6
Expenses	1791	2271	2415	2655	2199	-17.2
Net	101	-277	-324	-304	-27	

	1997	1998	1999	2000	2001	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	709	903	1259	1485	1285	-13.4
Expenses	989	1123	1269	1495	1548	3.5
Net	-280	-220	-11	-11	-263	
Other services total¹						
Receipts	15013	16643	18880	22614	22179	-1.9
Expenses	1976	2995	4368	4893	4725	-3.4
Net	13037	13647	14512	17721	17454	
Financial services						
Receipts	8816	9975	11978	14607	12874	-11.9
Expenses	n/a	733	845	1322	1099	-16.9
Net	8816	9242	11132	13286	11775	
Technological services						
Receipts	4072	4328	4160	4846	5508	13.7
Expenses	1662	1940	3208	3250	3302	1.6
Net	2410	2388	953	1596	2206	
Other services						
Receipts	2125	2340	2742	3160	3797	20.1
Expenses	314	323	315	321	324	1.1
Net	1811	2017	2427	2839	3473	
Total						
Receipts	36719	38755	42750	48767	46791	-4.1
Expenses	17786	19181	21136	23171	22591	-2.5
Net	18933	19574	21615	25596	24200	

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

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. Therefore, labour income from abroad mainly consists of the gross salaries of persons employed by international organisations in Switzerland. Labour income from abroad increased by a total of 14% to Sfr 1.9 billion. Employees' remuneration to other countries, which primarily consists of salaries and wages paid to foreign cross-border commuters, expanded by 11% to Sfr 11 billion due to another rise in employment levels.

In 2001, the investment income account was characterised by lower income from direct investment and the declining interest rate level. Receipts from abroad fell by a total of 19% to Sfr 82 billion. Expenses were also on the decline, yet to a lesser degree: they receded by 10% to Sfr 52 billion. Net investment income shrank by Sfr 14 billion to Sfr 30 billion.

Income from portfolio investment abroad stagnated at Sfr 25 billion. While dividend payments expanded due to the favourable business results achieved in 2000, interest income contracted by 6% owing to the declining interest rate level. Income from Swiss direct investment abroad plunged from Sfr 43 billion in 2000 to Sfr 26 billion in 2001. This was due to deteriorated business results brought about by the cyclical downturn. Retained profits showed a negative result of one billion Swiss francs; in 2000, they had amounted to Sfr 16 billion. Distributed earnings in the form of interest and dividends, however, remained stable at their year-back level of Sfr 27 billion. Both receipts and expenses from the banks' interest business with foreign banks and customers declined as well. Net interest income from abroad contracted again by almost Sfr 1 billion to Sfr 0.4 billion. Earnings from fiduciary investment abroad dropped markedly due to lower short-term interest rates. Income from the SNB's foreign exchange holdings also sank due to the decline in interest rates. Interest and dividend payments on foreign portfolio investment in Switzerland rose by 14%, with dividend payments to other countries increasing considerably and interest payments falling due to the decline in the interest rate level. In 2001, foreign direct investors were also affected by the sharp decline in business results of subsidiaries in Switzerland. Remittances to foreign direct investors dropped overall by 38% to Sfr 11 billion.

5 Labour income and investment income

	1997	1998	1999	2000	2001	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	1544	1569	1623	1679	1908	13.6
Expenses	8076	8012	8097	9460	10535	11.4
Net	-6532	-6443	-6475	-7781	-8627	
Investment income total						
Receipts	49348	65016	73650	101402	82052	-19.1
Expenses	19388	32655	36666	57895	52032	-10.1
Net	29960	32360	36984	43507	30020	
Portfolio investment						
Receipts	15305	17919	21687	24509	24605	0.4
Expenses	5723	7991	9915	12042	13724	14.0
Net	9582	9928	11772	12467	10881	
Direct investment¹						
Receipts	13889	26134	34930	43130	25874	-40.0
Expenses	1245	11674	15674	18099	11193	-38.2
Net	12644	14460	19256	25031	14681	
Other investment						
Receipts	20154	20962	17033	33763	31573	-6.5
Expenses	12420	12991	11077	27753	27115	-2.3
Net	7734	7972	5956	6010	4458	
of which banks' interest business						
Receipts	16095	16243	12911	29018	27464	-5.4
Expenses	12382	12948	11039	27711	27075	-2.3
Net	3714	3295	1872	1307	389	
Total						
Receipts	50891	66584	75272	103081	83959	-18.5
Expenses	27464	40667	44763	67355	62567	-7.1
Net	23428	25917	30509	35726	21393	

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

Current transfers

Current transfers from abroad rose by more than 41% to Sfr 16 billion in 2001. Private transfers increased due to the sharp growth in premium income by private insurance companies. Public transfers from abroad, however, contracted slightly as revenue from stamp duty was on the decline.

Transfers abroad also expanded by 41% to Sfr 23 billion. Private transfers were mostly accounted for by insurance companies, whose claims payments to other countries rose dramatically. Remittances by foreign labour resident in Switzerland (persons with permanent residence and annual work permits, and seasonal workers) topped the previous year's level by 7%. Public-sector payments rose as well. They mainly consist of social security transfers in the form of pensions, refunds of contributions to other countries, state expenditure for foreign financial aid and remittances to international organisations.

6 Current transfers

	1997	1998	1999	2000	2001	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	406	406	7669	7074	11858	67.6
Expenses	3405	3458	11585	10327	16750	62.2
of which immigrants' remittances	2867	2811	2837	2876	3070	6.7
Net	-2999	-3052	-3916	-3253	-4892	
Public transfers total						
Receipts	3405	3633	3804	4499	4482	-0.4
Expenses	5343	5918	6069	6184	6463	4.5
Net	-1938	-2284	-2265	-1685	-1981	
Social security						
Receipts	1315	1318	1329	1500	1656	10.4
Expenses	3534	4101	4176	4247	4564	7.5
Net	-2218	-2783	-2848	-2747	-2908	
General Government						
Receipts	2089	2316	2475	2999	2826	-5.8
Expenses	1809	1817	1892	1937	1898	-2.0
Net	280	499	583	1062	927	
Total						
Receipts	3810	4039	11473	11573	16339	41.2
Expenses	8748	9376	17653	16511	23213	40.6
Net	-4937	-5336	-6180	-4938	-6873	

1 Since 1999, private transfers have also included premiums receipts from abroad (excluding service charges) and claims payable abroad by private domestic insurance companies.

Financial account

In 2001, in line with international development, financial flows ebbed significantly in terms of volume compared with the previous year. Given the global economic slump, direct investment lost the momentum it had exhibited in the previous years. Capital exports for direct investment abroad reached only a quarter of the volume recorded in the previous year; foreign investment in Switzerland amounted to barely half of its year-earlier level. As regards portfolio investment abroad, investors were extremely wary of investing in equities in view of the bearish stock markets. However, they increasingly invested in foreign debt instruments. Foreign portfolio investment in Switzerland plummeted. The capital was mainly channelled into investment funds. In interbank business, the banks to some degree reduced their claims and liabilities, which had soared in the previous year. With regard to short-term fiduciary funds, investors withdrew substantial amounts due to the declining money market rates.

The currency breakdown of the financial account shows that cross-border investment was mainly effected in euros and Swiss francs. The share of US dollar investment remained virtually unchanged year-on-year. Investment in other currencies, however, was reduced extensively. The financial account deficit increased from Sfr 36 billion in 2000 to Sfr 49 billion in 2001.

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

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

Financial account, net

excluding international reserves, in billions of Swiss francs

Graph 4



Direct investment

Capital outflows for direct investment abroad were down from Sfr 72 billion in 2000 to Sfr 19 billion in 2001. This was the first decline since 1995, mainly brought about by much fewer mergers and acquisitions. This development corresponds to the global trend and comes after a phase marked by a huge rise in cross-border mergers and acquisitions, which peaked in 1999 and 2000.

Retained profits (reinvested earnings), which are also classed as direct investment flows, turned negative in 2001 for the first time since records began: they showed a negative result of one billion Swiss francs. The main reason for this result were the losses by the financial sector on its participations in the US and Britain. In 2000, retained profits had still amounted to Sfr 16 billion. Intra-group lending accounted for capital exports totalling Sfr 2 billion.

The banks slashed their investment in participations abroad by one billion Swiss francs in 2001; in the year before, they had still exported capital to the amount of Sfr 31 billion. In 2001, the insurance companies were the biggest exporters of capital in the service sector, investing Sfr 5 billion. Direct investment by the industrial sector, which was mostly undertaken in the US and in Germany, receded by two-thirds to Sfr 9 billion, with the machinery sector investing Sfr 3 billion and the chemicals and electronics industries Sfr 2 billion each.

The regional breakdown of direct investment shows that capital outflows to the EU dropped especially markedly in 2001. They plunged from Sfr 26 billion in the previous year to Sfr 2 billion. Direct investment in Britain, Ireland and Belgium, in particular, exhibited a steep decline. Germany, Luxembourg, Spain and Italy saw higher investment compared with the previous year. A total of Sfr 8 billion flowed to the US, as against Sfr 34 billion a year earlier. Of these Sfr 8 billion, Sfr 5 billion came from the industrial sector and Sfr 3 billion from the service sector. An amount of Sfr 5 billion was invested in the financial centres of Central and South America, primarily by insurance and holding companies.

Direct investment capital was withdrawn from the emerging economies in Central and South America as well as Africa. Capital exports to the emerging economies and developing countries in Asia, however, mounted slightly.

Capital inflows for direct investment in Switzerland halved from Sfr 33 billion in the previous year to Sfr 14 billion in 2001. Acquisitions and capital increases remained steady year-on-year. Retained profits, by contrast, were negative and led to a reduction in capital.

Foreign investors withdrew Sfr 2 billion from the industrial sector. In the previous year, an amount of Sfr 16 billion had been channelled into Switzerland's industrial sector due to extraordinarily large acquisitions. Foreign investment in the service sector again amounted to Sfr 16 billion as in the year before. Capital totalling Sfr 6 billion was invested in the transportation and communications sector, Sfr 5 billion in finance and holding companies.

Broken down by country, the decline in foreign direct investment can largely be attributed to lower capital imports from North America, which receded from Sfr 19 billion to half a billion Swiss francs. Direct investment from the EU changed only slightly from Sfr 13 billion to Sfr 12 billion. Of this, Sfr 8 billion came from the Netherlands (2000: less than Sfr 1 billion), with the bulk having been invested in the telecommunications field. Germany reduced its capital

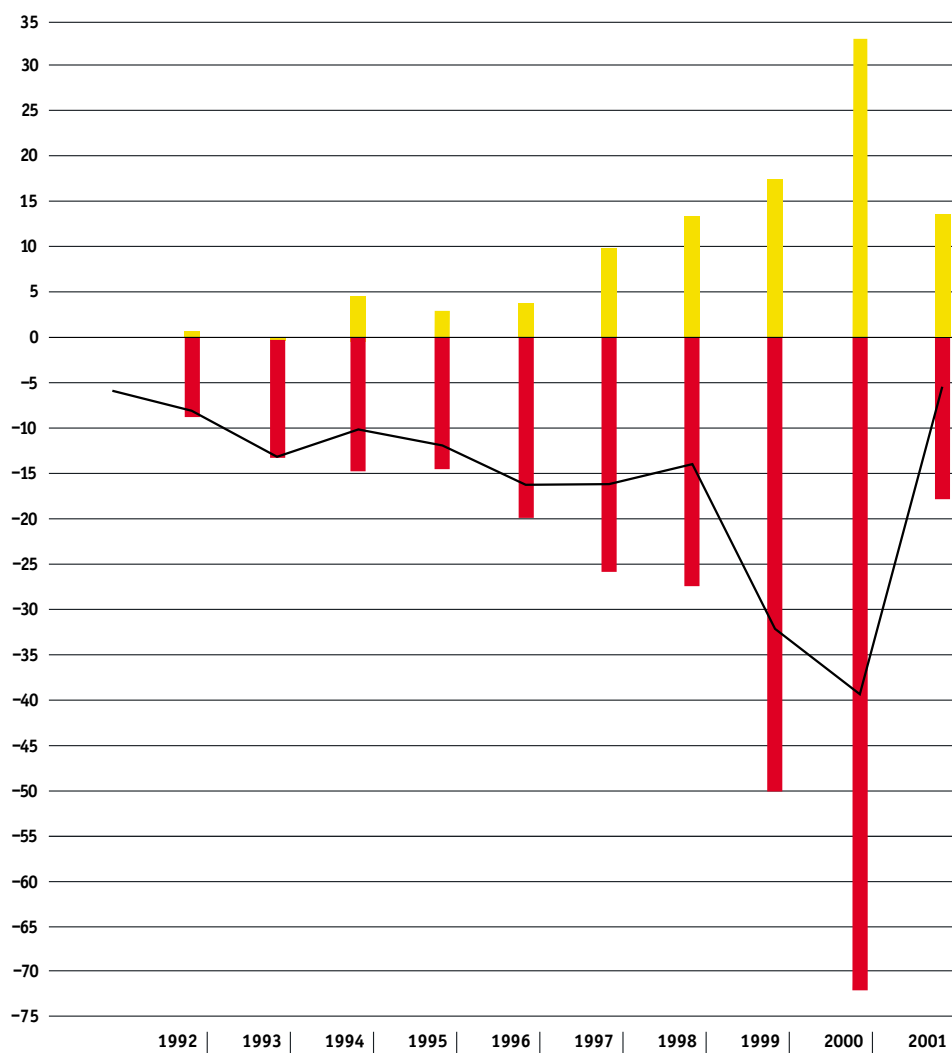
by one billion Swiss francs. In the previous year, German investors had staked Sfr 4 billion in Switzerland.

The net capital export resulting from the flow of funds for direct investment abroad and direct investment in Switzerland contracted by Sfr 34 billion to Sfr 5 billion in 2001. This is the lowest net capital export since 1990.

Direct investment total in billions of Swiss francs

Graph 5

█ Swiss direct investment abroad
█ Foreign direct investment in Switzerland
 Net (the minus sign [-] indicates a net capital export)



7.1 Swiss direct investment abroad: breakdown by economic activity¹

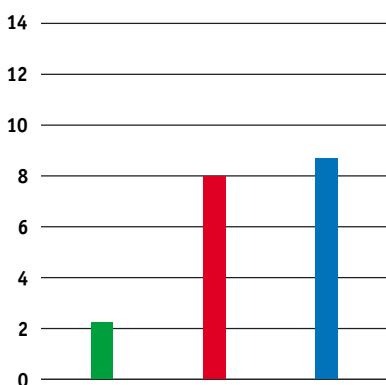
	1997	1998	1999	2000 revised	2001 provisional
Capital outflows² in millions of Swiss francs					
Manufacturing	15804	9640	9477	23730	9257
Textiles and clothing	118	623	395	-90	-301
Chemicals and plastics	8373	5156	6430	17695	2411
Metals and machinery	2593	1421	659	173	3033
Electronics, energy, optical and watchmaking industries	3477	-890	1007	2399	2240
Other manufacturing and construction	1243	3329	986	3555	1873
Services	9930	17569	40509	48448	9394
Trade	517	2376	2805	-656	803
Finance and holding companies	5195	6559	14067	2537	1446
of which foreign-controlled ³	4172	3870	11480	243	-275
Banks	1796	-321	6082	31059	-966
Insurance	1334	8034	9910	13046	5394
Transportation and communication	214	859	3524	196	1521
Other services	874	62	4121	2266	1196
Total	25734	27209	49986	72178	18651

1 The breakdown by sector 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).

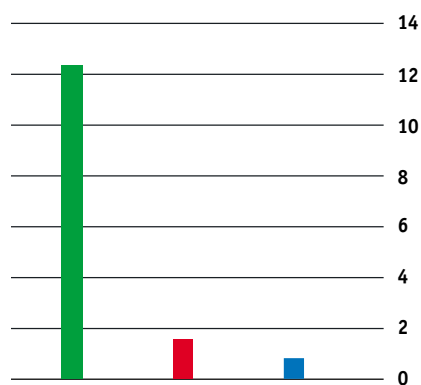
3 An enterprise is considered to be a foreign-controlled enterprise if a majority share of its capital is in foreign hands.

Direct investment 2001 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
United States
Other

7.2 Swiss direct investment abroad: breakdown by country

	1997	1998	1999	2000 revised	2001 provisional
Capital outflows¹ in millions of Swiss francs					
1. Europe and extra-European industrial countries	21765	16090	38128	60917	12271
EU	12596	10154	21359	26141	2191
Belgium	-655	349	1179	4407	-602
Denmark	30	-31	280	-167	-92
Germany	4131	889	5799	-1170	5274
Finland	152	224	126	263	134
France	213	333	827	-1445	-1940
Greece	116	205	179	355	172
Ireland	317	-54	5446	1304	-4111
Italy	1134	-197	192	-222	1537
Luxembourg	-959	1651	-47	1133	1980
Netherlands	2752	1003	1716	3248	-457
Austria	343	344	515	100	263
Portugal	311	-69	561	1594	136
Sweden	632	844	-656	328	24
Spain	35	377	-545	97	1319
United Kingdom ²	4043	4287	5788	16315	-1446
EFTA	181	-93	362	-1208	204
Central and Eastern Europe	215	1175	1174	1095	894
of which					
Croatia	4	70	-44	16	20
Poland	173	208	473	586	123
Russian Federation	46	335	599	-7	169
Slovakia	13	21	38	13	-1
Czech Republic	-19	356	-64	183	231
Hungary	-35	-76	100	77	164
Other European countries	314	-449	744	571	192
of which					
Turkey	51	296	-95	-242	-124
North America	8058	4458	13640	34235	8696
Canada	368	1232	83	553	714
United States	7690	3226	13557	33682	7983
Other extra-European industrial countries	402	845	850	83	93
Australia	153	572	322	-268	-75
Japan	-203	124	628	336	92
New Zealand	298	11	-215	-3	9
South Africa	154	138	116	18	67

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.

	1997	1998	1999	2000 revised	2001 provisional
Capital outflows¹ in millions of Swiss francs					
2. Emerging economies	2176	6932	6244	2015	603
Asia	2383	5689	4949	838	1013
Hong Kong	236	447	665	-62	191
Korea (South)	-57	283	179	184	68
Malaysia	82	102	227	-25	22
Philippines	50	1169	57	313	30
Singapore	1879	3173	3811	222	442
Taiwan	45	121	92	160	49
Thailand	148	395	-82	46	212
Central and South America	-207	1243	1295	1177	-411
Argentina	-10	321	-103	48	52
Brazil	-338	446	844	246	-960
Chile	29	-178	17	-27	-155
Mexico	111	654	537	910	652
3. Developing countries	1793	4187	5614	9246	5777
Asia	629	441	-21	242	576
of which					
China (People's Republic)	255	123	-143	212	153
India	160	29	-59	-43	138
Indonesia	134	90	10	-22	151
Lebanon	2	-2	-13	-143	-12
Pakistan	34	-17	7	59	29
Saudi Arabia	43	-2	60	-83	-2
United Arab Emirates	12	11	19	76	56
Vietnam	21	-2	-18	-33	-15
Central and South America	935	3645	5343	8744	5272
of which					
Costa Rica	-1	-26	0	-17	9
Ecuador	27	10	20	23	52
Guatemala	60	-4	22	-97	-11
Colombia	34	387	115	-109	-90
Peru	158	-25	47	57	32
Uruguay	217	284	291	301	90
Venezuela	97	61	11	127	164
Offshore financial centres ³	236	2991	4703	8508	4899
Africa	230	102	293	259	-71
of which					
Egypt	92	57	93	11	43
Ivory Coast	16	51	-26	-47	-14
Morocco	32	-12	2	-30	-1
Nigeria	-9	5	-7	4	18
All countries	25734	27209	49986	72178	18651

8.1 Foreign direct investment in Switzerland: breakdown by economic activity¹

	1997	1998	1999	2000 revised	2001 provisional
Capital inflows² in millions of Swiss francs					
Manufacturing	4264	3069	2944	16380	-2299
Chemicals and plastics	2362	3029	361	3119	-32
Metals and machinery	1691	28	-710	7992	-25
Electronics, energy, optical and watchmaking industries	204	-55	2312	3239	-2459
Other manufacturing and construction	6	69	983	2116	214
Services	5367	9894	14659	16361	15824
Trade	362	971	1750	2231	31
Finance and holding companies	4038	5165	5520	5500	4539
Banks	558	2253	65	2622	2751
Insurance	³	1220	4707	1917	2003
Transportation and communications	³	66	1853	3552	6364
Other services	409	218	765	540	135
Total	9631	12963	17603	32741	13525

1 The breakdown by sector 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

	1997	1998	1999	2000 revised	2001 provisional
Capital inflows¹ in millions of Swiss francs					
1. Europe and extra-European industrial countries	9629	11763	17459	31581	13137
EU	5927	5625	9224	12758	12347
of which					
Belgium	-4	-50	177	226	380
Denmark	21	27	-52	873	1884
Germany	2871	2715	2907	4023	-1449
France	517	-393	615	587	689
Italy	111	1584	476	1961	292
Luxembourg	1682	505	431	2852	1655
Netherlands	498	1612	-1183	330	7585
Austria	68	38	114	266	13
Sweden	165	75	-1	62	-17
Spain	18	-113	475	102	50
United Kingdom ²	-161	-378	5238	1350	1215
EFTA	2	0	3	30	-26
Other European countries	24	12	27	-2	8
of which					
Turkey	2	22	23	26	1
North America	3778	6509	9669	18876	472
Canada	-46	-55	-189	7832	-361
United States	3824	6564	9858	11044	833
Other extra-European industrial countries	-101	-383	-1464	-80	336
of which					
Japan	-326	-457	-1509	-37	336
2. Emerging economies	-65	-10	-11	814	229
3. Developing countries	67	1211	155	346	160
Asia	32	-47	44	20	22
of which					
Israel	18	36	36	-8	14
Central and South America	33	1255	109	322	138
Africa	2	3	3	4	0
All countries	9631	12963	17603	32741	13525

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

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

Portfolio investment

In 2001, the development on the international financial markets was characterised by steeply falling equity prices, receding interest rates and a further reduction in securities issues. Equity prices were on the decline in all major stock markets. The fall was more pronounced in Europe and in Japan than in the US. At the short end of the market, in particular, interest rates dropped when monetary policy was relaxed. Long-term yields, however, fell only marginally. Net borrowing in the international financial markets was down significantly in 2001. The euro as an issuing currency gained market shares to the detriment of the US dollar as well as the pound sterling and the yen.

In contrast to the previous year, equity prices plummeted also on the Swiss stock markets in 2001. Interest rate declines were more pronounced at the short end of the market than at the long end, as was the case for other currencies. At Sfr 11 billion, net borrowing in the market through new domestic bond and share issues fell once more to below the previous year's level. Net borrowing by foreign borrowers also plummeted, to Sfr 2 billion or only a quarter of the previous year's figure. A net Sfr 14 billion flowed into domestic investment funds compared with Sfr 16 billion in 2000. The foreign investment funds doing business in Switzerland recorded a marked decline in sales from Sfr 71 billion to Sfr 54 billion.

At Sfr 72 billion, Swiss portfolio investment abroad attained an extremely high level in 2001. One-third of total investment was accounted for by the banking sector, which had sold approximately Sfr 10 billion worth of bonds from its own holdings in the previous year. In 2000, at Sfr 38 billion, investment had been only half as high. In contrast to the previous year, capital flowed mainly into fixed-interest securities in 2001. Almost two-thirds of the funds were invested in debt instruments. Equity securities were in considerably lower demand; a mere Sfr 25 billion was invested compared with Sfr 34 billion in 2000. As in the previous two years, the euro was the most important currency: more than half the funds were invested in euro-denominated paper. Just over a quarter accounted for US dollar investments, and Sfr 12 billion flowed into Swiss franc securities. Yen-denominated investments were reduced by almost one billion Swiss francs.

Foreign portfolio investment in Switzerland fell from Sfr 18 billion in the previous year to Sfr 3 billion in 2001. The high level in 2000 had, however, been characterised by the exchange of shares in connection with the takeover of enterprises abroad. There was no new inflow of funds into debt instruments of domestic issuers; bond sales compensated for purchases of money market paper. In the category investment in equity securities, equities to the amount of Sfr 5 billion were sold, while at the same time investment fund certificates totalling Sfr 8 billion were acquired. By currencies, the Swiss franc again predominated as in the previous year, followed by the US dollar. Securities denominated in euros, yen and pounds sterling were reduced.

9 Portfolio investment: breakdown by securities in millions of Swiss francs

	1997	1998	1999	2000	2001
Swiss portfolio investment abroad	-28647	-21576	-70360	-37676	-72299
Debt securities	-15355	-17909	-44072	-3354	-47055
Bonds and notes	-17126	-17800	-39825	-1709	-39287
Money market paper ¹	1771	-109	-4247	-1645	-7767
Equity securities	-13292	-3667	-26288	-34322	-25244
Shares	n/a	n/a	-16520	-21805	-12688
Investment funds	n/a	n/a	-9768	-12517	-12556
Foreign portfolio investment in Switzerland	13110	14856	8853	17812	3198
Debt securities	3030	2341	607	2478	82
Bonds and notes	3030	2341	501	2273	-771
Public sector	2375	1476	-153	1069	2364
Other	655	865	654	1204	-3135
Money market paper	n/a	n/a	106	205	853
Equity securities	10080	12515	8246	15335	3117
Shares	2236	5946	876	8194	-5048
Investment funds	7844	6569	7370	7141	8165
Net	-15537	-6720	-61507	-19863	-69100

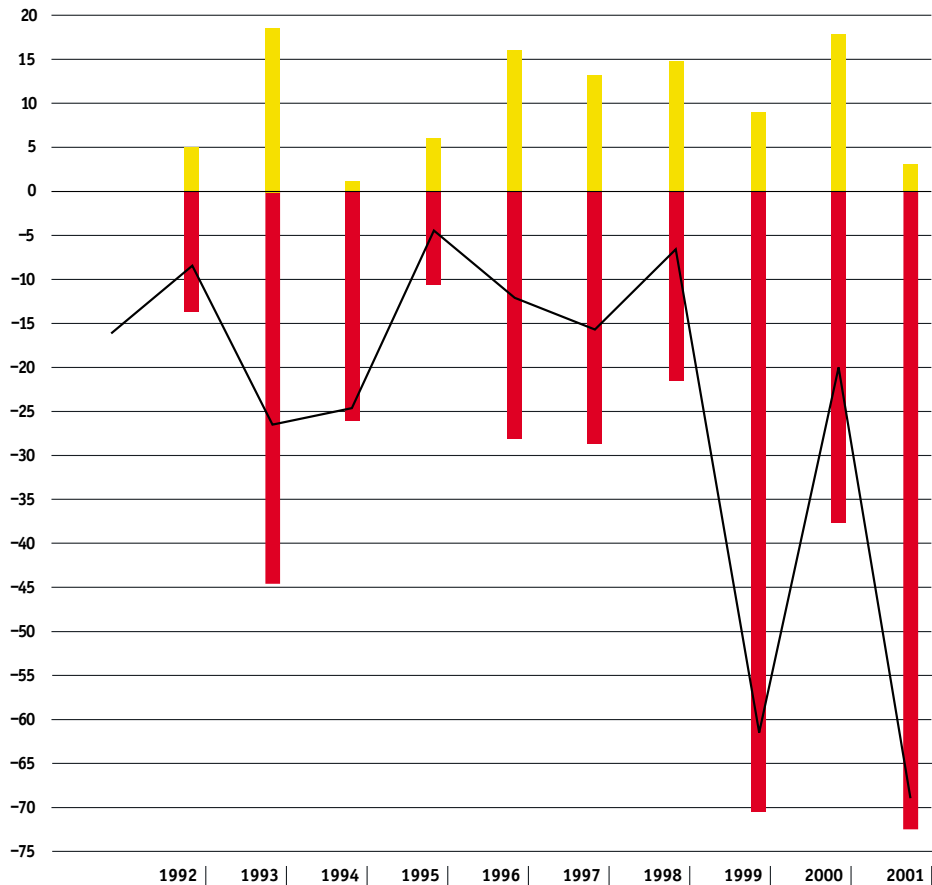
1 Until 1998, money market paper only included acquisitions by banks.

n/a no data available

Portfolio investment total in billions of Swiss francs

Graph 7

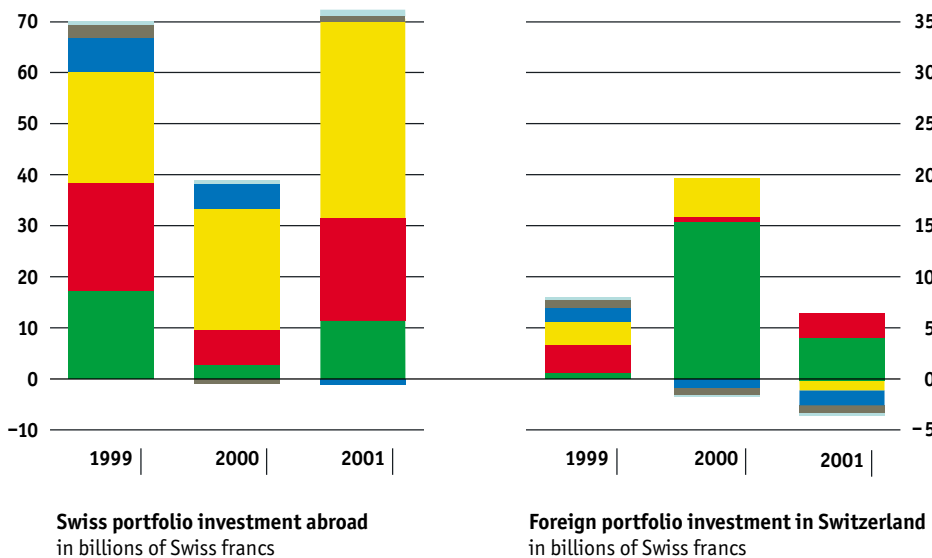
Swiss portfolio investment abroad
 Foreign portfolio investment in Switzerland
 Net (the minus sign [-] indicates a net capital export)



Portfolio investment by currency

Graph 8

CHF
 USD
 EUR
 JPY
 GBP
 Other



Other investment

Commercial bank lending

In 2001, the banks' foreign lending business (domestic offices) significantly decreased in volume after having expanded continuously in the past ten years. The reduction affected primarily claims on banks, which declined by Sfr 43 billion. Refluxes of funds, however, also occurred in the other claims category. Liabilities abroad diminished by Sfr 28 billion. Since liabilities declined less markedly than claims, the banks' lending business in 2001 registered a net capital import of Sfr 19 billion. In the previous year, a net capital inflow of Sfr 11 billion had been recorded.

The breakdown by currency shows that net borrowing was mainly in US dollars and in euros and, to a lesser extent, in Swiss francs. Among the other currencies, outflows of funds predominated.

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

	1997	1998	1999	2000 revised	2001 provisional
Claims abroad	-76.0	-66.0	-116.1	-140.4	46.4
Claims on banks	-68.3	-61.1	-106.4	-123.6	42.5
long-term	0.0	-4.8	-10.7	-5.3	17.0
short-term	-68.3	-56.3	-95.7	-118.3	25.5
Other claims	-7.7	-4.8	-9.7	-16.8	4.0
Liabilities abroad	74.8	49.3	143.6	151.4	-27.9
Liabilities vis-à-vis banks	64.5	39.2	134.6	159.3	-29.1
long-term	3.1	8.5	14.2	-2.4	-15.1
short-term	61.4	30.7	120.5	161.6	-14.0
Other liabilities	10.3	10.1	9.0	-7.8	1.2
long-term	1.2	1.1	0.2	-1.2	2.3
short-term	9.2	9.1	8.8	-6.6	-1.2
Net	-1.2	-16.7	27.5	11.0	18.5
Bank credits	-3.8	-21.9	28.2	35.7	13.4
Other credits	2.6	5.3	-0.7	-24.6	5.2

¹ The minus sign (-) indicates a capital export.

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

	1997	1998	1999	2000 revised	2001 provisional
Claims abroad	-76.0	-66.0	-116.1	-140.4	46.4
CHF	-5.1	3.2	9.8	-5.3	-5.2
USD	-36.0	4.8	-62.8	-32.7	24.6
EUR (as from 1999)			-55.3	-27.7	1.8
DEM (until 1998)	-3.1	-13.6			
Other currencies	-34.6	-49.3	-6.5	-78.0	26.4
All currencies	-78.9	-54.9	-114.8	-143.7	47.7
Precious metals and, until 1998, securities lending	2.9	-11.0	-1.4	3.3	-1.2
Liabilities abroad	74.8	49.3	143.6	151.4	-27.9
CHF	20.5	0.4	7.0	-0.7	9.3
USD	33.6	22.2	45.2	42.8	9.9
EUR (as from 1999)			57.6	14.5	25.6
DEM (until 1998)	0.7	1.2			
Other currencies	12.7	13.2	33.5	96.1	-73.2
All currencies	67.5	37.0	143.3	152.7	-28.4
Precious metals and, until 1998, securities lending	7.3	12.3	0.3	-1.5	0.6
Net	-1.2	-16.7	27.5	11.0	18.5
CHF	15.4	3.6	16.8	-6.0	4.1
USD	-2.4	27.0	-17.6	10.0	34.5
EUR (as from 1999)			2.3	-13.2	27.3
DEM (until 1998)	-2.4	-12.3			
Other currencies	-21.9	-36.2	27.0	74.7	-46.8
All currencies	-11.4	-17.9	28.5	9.1	19.2
Precious metals and, until 1998, securities lending	10.2	1.3	-1.1	1.8	-0.6

¹ The minus sign (-) indicates a capital export.

Corporate lending

Borrowing abroad (without lending to associated enterprises classified under direct investment) diminished by Sfr 10 billion to Sfr 3 billion. Borrowing was limited to service sector enterprises. Enterprises from the industrial sector, however, reduced their loans; borrowing was mainly in euros.

The outflow of capital in the form of corporate lending abroad declined from the previous year's level of Sfr 14 billion to Sfr 11 billion. The largest part was accounted for by finance and holding companies (Sfr 5 billion) and insurance companies (Sfr 3 billion). Lending was mainly in euros.

On balance, foreign borrowing and lending by enterprises resulted in an outflow of capital of Sfr 9 billion. In the previous year, a net capital outflow of one billion Swiss francs had been recorded.

International reserves

The National Bank expanded the international reserves by Sfr 1.1 billion in 2001. Foreign exchange holdings and international payment instruments were increased by Sfr 0.2 billion each. Within the position foreign exchange reserves, investment was shifted from securities to credit balances held with monetary authorities and banks. 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 – rose by Sfr 0.6 billion.

Broken down by currencies, investments in euros and in special drawing rights recorded an increase to the detriment of yen and US dollar investments. Gold sales to the private sector effected in 2001 (demonetisation of gold) are not shown under international reserves (cf. box).

Accounting method for the National Bank's international reserves

Since 2000, the National Bank's international reserves have been shown as flows without valuation-induced changes in compliance with the current IMF guidelines. Previously, in lieu of the flows, changes in holdings and the valuation-induced changes were recorded according to the old balance of payments standard. Following the introduction of the new accounting method, counterentries for non-transaction-related changes in holdings are no longer made.

With the Federal law on currency and payment instruments having entered 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 receipts, capital transfers from abroad, capital imports) and the debit entries (current account expenses, capital transfers abroad, capital exports). This difference arises from errors and omissions in statistical data. Theoretically, all transactions are entered doubly 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 2001, the balance of payments recorded a (positive) residual item of Sfr 14 billion. In the previous year, the residual item had amounted to Sfr -10 billion.

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

	1997	1998	1999	2000 revised	2001 provisional
I. Current account net pos. A–D	36970	37826	45669	52167	34071
A. Goods net	-454	-2329	-276	-4217	-4648
Exports	114215	118350	125166	143546	145905
Special trade f.o.b.	105133	109113	114446	126549	131717
Electrical energy	1903	2022	2069	1944	2963
Other goods	7179	7215	8651	15053	11225
Imports	-114669	-120679	-125442	-147763	-150553
Special trade c.i.f.	-103088	-106866	-113416	-128615	-130052
Electrical energy	-1225	-1346	-1462	-1475	-1896
Other goods	-10356	-12467	-10564	-17673	-18606
B. Services net	18933	19574	21615	25596	24200
Receipts	36719	38755	42750	48767	46791
Tourism	11531	11586	11767	13126	12673
Private insurance	2070	2277	2852	2441	1796
Merchanting	1418	1047	1362	1439	1367
Transportation	5979	6300	6623	7664	7491
Postal, courier and telecommunications services	709	903	1267	1485	1285
Other services	15013	16643	18880	22614	22179
of which financial services	8816	9975	11978	14607	12874
Expenses	-17786	-19181	-21136	-23171	-22591
Tourism	-10141	-9879	-10175	-10718	-10716
Private insurance	-49	-100	-125	-125	-125
Merchanting	n/a	n/a	n/a	n/a	n/a
Transportation	-4632	-5084	-5239	-5940	-5477
Postal, courier and telecommunications services	-989	-1123	-1229	-1495	-1548
Other services	-1976	-2995	-4368	-4893	-4725
of which financial services	n/a	-733	-845	-1322	-1099
C. Labour income and investment income net	23428	25917	30510	35726	21393
Receipts	50891	66584	75273	103081	83959
Labour income	1544	1569	1623	1679	1908
Investment income	49348	65016	73651	101402	82052
Portfolio investment	15305	17919	21687	24509	24605
Direct investment	13889	26134	34931	43130	25874
Other investment	20154	20962	17033	33763	31573
Expenses	-27464	-40667	-44763	-67355	-62567
Labour income	-8076	-8012	-8097	-9460	-10535
Investment income	-19388	-32655	-36666	-57895	-52032
Portfolio investment	-5723	-7991	-9915	-12042	-13724
Direct investment	-1245	-11674	-15674	-18099	-11193
Other investment	-12420	-12991	-11077	-27753	-27115

2001 Q1 provisional	2001 Q2 provisional	2001 Q3 provisional	2001 Q4 provisional	
7749	9387	5933	11002	I. Current account net pos. A–D
-3707	-1152	-734	944	A. Goods net
37789	37389	34716	36011	Exports
33832	33724	31352	32810	Special trade f.o.b.
655	679	755	875	Electrical energy
3302	2987	2609	2327	Other goods
-41496	-38541	-35450	-35067	Imports
-34044	-33548	-31255	-31205	Special trade c.i.f.
-451	-375	-442	-628	Electrical energy
-7000	-4618	-3753	-3234	Other goods
7290	5977	5678	5256	B. Services net
12059	11998	12383	10351	Receipts
3372	3064	4014	2223	Tourism
580	684	265	268	Private insurance
342	342	342	342	Merchanting
1884	1988	2003	1616	Transportation
301	352	356	275	Postal, courier and telecommunications services
5580	5568	5403	5628	Other services
3254	3242	3077	3302	of which financial services
-4769	-6021	-6706	-5096	Expenses
-1847	-3058	-3602	-2208	Tourism
-31	-31	-31	-31	Private insurance
n/a	n/a	n/a	n/a	Merchanting
-1370	-1344	-1403	-1360	Transportation
-340	-405	-485	-318	Postal, courier and telecommunications services
-1180	-1181	-1185	-1178	Other services
-273	-275	-278	-272	of which financial services
5398	5892	3143	6960	C. Labour income and investment income net
21138	23284	17681	21856	Receipts
477	477	477	477	Labour income
20661	22807	17204	21379	Investment income
6059	6434	6107	6005	Portfolio investment
5854	7635	3255	9130	Direct investment
8749	8738	7841	6244	Other investment
-15740	-17392	-14538	-14896	Expenses
-2540	-2616	-2676	-2702	Labour income
-13200	-14776	-11862	-12194	Investment income
-3387	-3514	-3459	-3364	Portfolio investment
-2321	-3598	-1347	-3927	Direct investment
-7492	-7664	-7056	-4902	Other investment

	1997	1998	1999	2000 revised	2001 provisional
D. Current transfers¹ net	-4937	-5336	-6180	-4938	-6873
Receipts	3810	4039	11473	11573	16339
Private transfers	406	406	7669	7074	11858
Public transfers	3405	3633	3804	4499	4482
Expenses	-8748	-9376	-17653	-16511	-23213
Private transfers	-3405	-3458	-11585	-10327	-16750
Public transfers	-5343	-5918	-6069	-6184	-6463
II. Capital transfers² net	-242	201	-773	-5976	430
Transfers from abroad	52	1094	79	826	3384
Transfers abroad	-294	-893	-852	-6803	-2955
III. Financial account net E-H	-37280	-45314	-49564	-36276	-48789
E. Direct investment net	-16104	-14247	-32384	-39437	-5126
Swiss direct investment abroad	-25735	-27209	-49986	-72178	-18651
Equity capital	-13515	-16949	-23835	-56010	-18395
Reinvested earnings	-9889	-7203	-18280	-15864	1273
Other capital	-2331	-3058	-7872	-304	-1529
Foreign direct investment in Switzerland	9631	12963	17603	32741	13525
Equity capital	5966	5093	7577	19883	14193
Reinvested earnings	1245	6501	9708	11324	-673
Other capital	2420	1368	318	1534	5
F. Portfolio investment net	-15537	-6720	-61507	-19863	-69100
Swiss portfolio investment abroad	-28647	-21576	-70360	-37676	-72299
Debt securities	-15355	-17909	-44072	-3354	-47055
Bonds and notes	-17126	-17800	-39825	-1709	-39287
Money market instruments	1771	-109	-4247	-1645	-7767
Equity securities	-13292	-3667	-26288	-34322	-25244
Shares	n/a	n/a	-16520	-21805	-12688
Investment funds	n/a	n/a	-9768	-12517	-12556
Foreign portfolio investment in Switzerland	13110	14856	8853	17813	3199
Debt securities	3030	2341	607	2478	82
Bonds and notes	3030	2341	501	2273	-771
Money market instruments	n/a	n/a	106	205	853
Equity securities	10080	12515	8246	15335	3117
Shares	2236	5946	876	8194	-5048
Investment funds	7844	6569	7370	7141	8165

2001 Q1 provisional	2001 Q2 provisional	2001 Q3 provisional	2001 Q4 provisional	
-1231	-1331	-2154	-2158	D. Current transfers¹ net
3059	4568	4377	4336	Receipts
1849	3433	3287	3287	Private transfers
1209	1134	1089	1048	Public transfers
-4290	-5899	-6531	-6494	Expenses
-2674	-4283	-4915	-4878	Private transfers
-1616	-1616	-1615	-1615	Public transfers
115	115	85	115	II. Capital transfers² net
846	846	846	846	Transfers from abroad
-731	-731	-761	-731	Transfers abroad
-3766	-22897	-3663	-18462	III. Financial account net E-H
-5892	-111	2024	-1146	E. Direct investment net
-8893	-3042	-2184	-4532	Swiss direct investment abroad
-6072	-1315	-4337	-6671	Equity capital
318	318	318	318	Reinvested earnings
-3139	-2045	1835	1820	Other capital
3001	2931	4209	3386	Foreign direct investment in Switzerland
2592	3319	3739	4544	Equity capital
-2764	-257	1078	1271	Reinvested earnings
3172	-131	-608	-2428	Other capital
-43511	-10003	-10311	-5274	F. Portfolio investment net
-43878	-11902	-9036	-7482	Swiss portfolio investment abroad
-27951	-9958	-6637	-2508	Debt securities
-26126	-7207	-3549	-2405	Bonds and notes
-1825	-2751	-3088	-103	Money market instruments
-15927	-1944	-2399	-4974	Equity securities
-10662	928	-1233	-1721	Shares
-5265	-2872	-1166	-3253	Investment funds
367	1899	-1275	2208	Foreign portfolio investment in Switzerland
115	-146	43	70	Debt securities
350	-547	55	-629	Bonds and notes
-235	401	-12	699	Money market instruments
252	2045	-1318	2138	Equity securities
-2234	-501	-2962	649	Shares
2486	2546	1644	1489	Investment funds

	1997	1998	1999	2000 revised	2001 provisional
G. Other investment net	-2492	-23240	41503	16365	26528
Commercial bank lending net	-1191	-16658	27501	11031	18524
Claims abroad	-76025	-65951	-116096	-140406	46454
Claims on banks	-68326	-61132	-106364	-123610	42479
long-term	-44	-4823	-10700	-5299	16986
short-term	-68282	-56309	-95664	-118311	25493
Other claims	-7699	-4819	-9732	-16796	3975
Liabilities abroad	74834	49293	143597	151437	-27930
Liabilities vis-à-vis banks	64493	39182	134615	159264	-29107
long-term	3086	8513	14159	-2372	-15139
short-term	61407	30669	120456	161636	-13968
Other liabilities	10341	10111	8982	-7827	1177
long-term	1163	1053	199	-1200	2346
short-term	9178	9058	8783	-6627	-1169
Corporate lending net	260	-5443	3108	-1152	-8857
Claims abroad	4262	-14433	2011	-13942	-11472
long-term	-1161	-714	281	-1553	-8285
short-term	5423	-13719	1730	-12389	-3187
Liabilities abroad	-4002	8991	1097	12790	2615
long-term	1672	7563	1825	4936	1658
short-term	-5673	1428	-728	7854	957
Government lending net	461	289	218	-38	44
Claims abroad	286	295	305	61	82
long-term	286	295	305	61	82
short-term	0	0	0	0	0
Liabilities abroad	175	-6	-87	-99	-38
Other net	-2022	-1429	10676	6524	16817
H. International reserves total³	-3147	-1107	2824	6659	-1091
Changes in foreign assets	-4912	-236	-1312	6659	-1091
Gold	0	0	0	0	0
Foreign exchange	-3942	462	-1802	5646	-235
Reserve position in the IMF	-697	-306	394	568	-626
Special drawing rights ⁴	-162	61	-366	399	-230
Other ⁵	-111	-453	462	46	0
Counterentry to valuation changes on international reserves	1765	-871	4136	.	.
IV. Net errors and omissions	552	7287	4668	-9915	14287

n/a no data available

1 Since 1999, including premium receipts (excluding service charges) and 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.

2001 Q1 provisional	2001 Q2 provisional	2001 Q3 provisional	2001 Q4 provisional	
42078	-11058	4847	-9340	G. Other investment net
33828	-4295	65	-11073	Commercial bank lending net
-15868	29199	71012	-37889	Claims abroad
-13244	29219	67371	-40866	Claims on banks
-5173	22527	-410	43	long-term
-8071	6692	67781	-40909	short-term
-2624	-20	3641	2978	Other claims
49696	-33494	-70947	26816	Liabilities abroad
49444	-31552	-70881	23881	Liabilities vis-à-vis banks
-1333	-14022	-314	531	long-term
50777	-17529	-70567	23351	short-term
252	-1942	-66	2934	Other liabilities
1286	182	-159	1037	long-term
-1035	-2124	93	1897	short-term
6939	-7442	-3458	-4897	Corporate lending net
-1270	-5538	-1112	-3553	Claims abroad
-2959	-264	-2772	-2291	long-term
1689	-5274	1660	-1262	short-term
8209	-1904	-2346	-1344	Liabilities abroad
6149	-2049	-1965	-477	long-term
2060	145	-381	-867	short-term
-118	87	-15	90	Government lending net
-1	-9	-3	96	Claims abroad
-1	-9	-3	96	long-term
0	0	0	0	short-term
-117	96	-12	-6	Liabilities abroad
1429	592	8254	6541	Other net
3559	-1725	-223	-2702	H. International reserves total³
3559	-1725	-223	-2702	Changes in foreign assets
0	0	0	0	Gold
3530	-996	-247	-2522	Foreign exchange
-30	-90	-485	-21	Reserve position in the IMF
59	-639	509	-159	Special drawing rights ⁴
0	0	0	0	Other ⁵
.	.	.	.	Counterentry to valuation changes on international reserves
-4098	13396	-2356	7345	IV. Net errors and omissions

Notes

Statistical changes

Labour income	Since 2000, the median of the standardised gross monthly wage/salary for cross-border commuters according to the Swiss Survey on Salary Structure (SSS) has been used to estimate the wages and salaries of cross-border commuters since it represents a better basis for an estimate than the statistics used in the past. In contrast to the statistics used to date, the SSS shows the wages/salaries of cross-border commuters separately.
----------------------	--

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	Service charges arising from 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.
Labour income	Gross wages and salaries of Swiss cross-border commuters and of residents with foreign employers (international organisations and consular representations 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).
Investment 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.
Current transfers by private persons	Transfers by Swiss emigrants, by foreign insurance schemes, etc.; remittances by immigrants, annuities and indemnity payments, pension payments, financial support, foreign aid of private aid agencies, premium income and payment of claims (without service charges) by private insurance companies.
Current transfers by the public sector	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.

Capital transfers

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

Financial account

Swiss direct investment abroad: investment by domestic enterprises in enterprises in other countries (subsidiaries, branch offices, affiliated companies). Foreign direct investment in Switzerland: investment by foreign enterprises in enterprises in Switzerland. 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 represent net outflows, i.e. new investment minus liquidation of investments and redemptions. The statistical basis are reports by the banks on the acquisition of securities by domestic customers. Acquisitions by banks and enterprises are derived from the statistics on 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 represent 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 are derived from the statistics on the foreign borrowings and lendings of enterprises.

Portfolio investment

Claims abroad: interbank lending operations, i.e. net change in long- and short-term credits 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 investments, 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 data submitted by domestic banks on foreign borrowings and lendings.

**Other investment
Commercial bank 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 data submitted by the enterprises to the National Bank.

**Other investment
Corporate lending**

Cross-border financial flows of the Confederation, the cantons and communes and of 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
Government lending**

Other investment Fiduciary claims and liabilities: claims include the outflow of residents' fiduciary funds which are invested abroad; liabilities include the inflow of nonresidents' fiduciary funds which are invested in Switzerland. The statistical basis are data submitted 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 and, from 2000 onwards, cross-border sales of gold by the National Bank. Imports of precious metals recorded in the current account have been 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 nonresidents have been recorded. Other 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 nonresidents and financial flows between banks and international organisations domiciled in Switzerland have been entered as adjustment items under other 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 flows in the National Bank's foreign assets 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 flows. With the introduction of the new accounting method, counterentries for non-transaction-induced changes in holdings have no longer been made from 2000 onwards.

Residual item (net errors and omissions)

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

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.

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 (5th edition).
Current account	The current account comprises goods 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-entry 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 enterprises abroad 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 receipts, 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 doubly 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 account corresponds, in reverse, to the balance from the financial account. The sum of these three balance sheet aggregates 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 national income
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 system of national accounts corresponds to the transaction-related change in net foreign assets.

