

Swiss Balance of Payments 2005

September 2006

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Summary

In 2005, the balance of payments was shaped by brisk economic activity in a low inflation environment. Although growth in the global economy was slightly weaker than in the previous year, Swiss companies recorded higher earnings from their participations abroad. The continuing favourable economic outlook promoted direct investment and portfolio investment abroad, which rose steeply. Swiss foreign trade remained lively. In particular, imports of goods grew markedly. To a considerable degree, however, this increase over the previous year reflected higher prices for oil and other commodities.

Current account

The current account surplus reached CHF 68 billion (2004: CHF 61 billion). In relation to gross domestic product, it amounted to 15% (2004: 14%). Four-fifths of the surplus stemmed from investment income.

Income from direct investment was responsible for the increase in investment income, which rose by CHF 12 billion to a net amount of CHF 57 billion. Income from investment abroad advanced by CHF 38 billion to CHF 125 billion. Investment income paid to other countries surged by CHF 26 billion to CHF 69 billion. Profit transfers from Switzerland to the US due to fiscal incentives played a significant role in this increase.

Trade in goods and services grew. In particular, the value of imported goods increased strongly due to the rise in prices for oil and other commodities. Since the rate of price increases for imported goods was higher than that for exported goods, real terms of trade deteriorated. Once again, bank commission income was extremely healthy.

Financial account

In 2005, there was another substantial increase in Swiss capital outflows, which were already high in 2004. Capital outflows reached a net amount of CHF 86 billion (2004: CHF 70 billion). Portfolio investment totalled a net CHF 59 billion and direct investment a net CHF 47 billion. The SNB reduced its reserve assets by CHF 22 billion. This reduction was related to the distribution of gold proceeds to the Confederation and cantons.

Companies in Switzerland doubled their direct investments abroad to CHF 66 billion. Half of this increase was attributable to investments by foreign-controlled finance and holding companies. On the whole, companies invested significantly more in the Netherlands. Investment in North America and in the offshore financial centres of Central and South America also rose considerably.

Once again, finance and holding companies played the most prominent role in attracting foreign direct investment to Switzerland. Overall, direct investment in Switzerland reached CHF 18 billion (2004: CHF 2 billion).

Swiss investors purchased considerably more foreign securities (CHF 66 billion) than in the previous year (CHF 53 billion). They invested in bonds and investment funds. One-quarter of investments in bonds stemmed from banks, which expanded their trading portfolios. As in the previous year, Swiss investors further reduced their shareholdings.

Foreign portfolio investment in Switzerland totalled CHF 7 billion (2004: CHF 4 billion). Foreign investors made large purchases of money market instruments and investment fund certificates, while selling Swiss shares and bonds.

Commercial bank lending expanded vigorously – an increase that was almost entirely attributable to interbank business. This resulted in a net capital inflow of CHF 2 billion, compared with CHF 17 billion in the previous year.

Balance of payments, net, in CHF billions

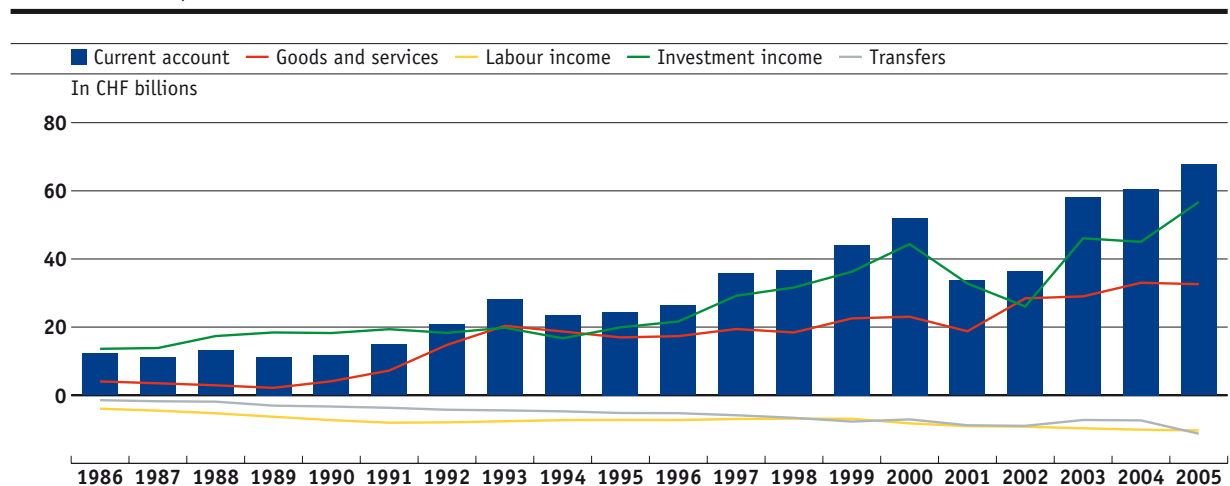
Table 1

	2001	2002	2003	2004	2005
Current account	33.7	36.2	58.1	60.5	67.7
Goods	-4.6	5.1	4.3	6.7	3.0
Services	23.4	23.4	24.7	26.3	29.6
Labour income	-9.1	-9.2	-9.7	-10.1	-10.3
Investment income	32.8	26.0	46.1	45.0	56.7
Current transfers	-8.8	-9.0	-7.3	-7.4	-11.3
Capital transfers	2.6	-1.8	-0.9	-1.7	-1.0
Financial account	-59.6	-37.3	-36.2	-70.1	-86.4
Direct investment	-16.0	-3.0	1.4	-30.8	-47.1
Portfolio investment	-69.1	-35.2	-47.0	-49.7	-59.2
Other investment, of which	26.5	4.6	13.9	12.1	-2.2
Commercial bank lending	18.0	-26.8	-6.8	16.9	1.9
Corporate lending	-8.9	-8.7	6.1	-12.9	-0.5
Reserve assets	-1.1	-3.7	-4.5	-1.8	22.0
Net errors and omissions	23.4	2.9	-21.0	11.3	19.7

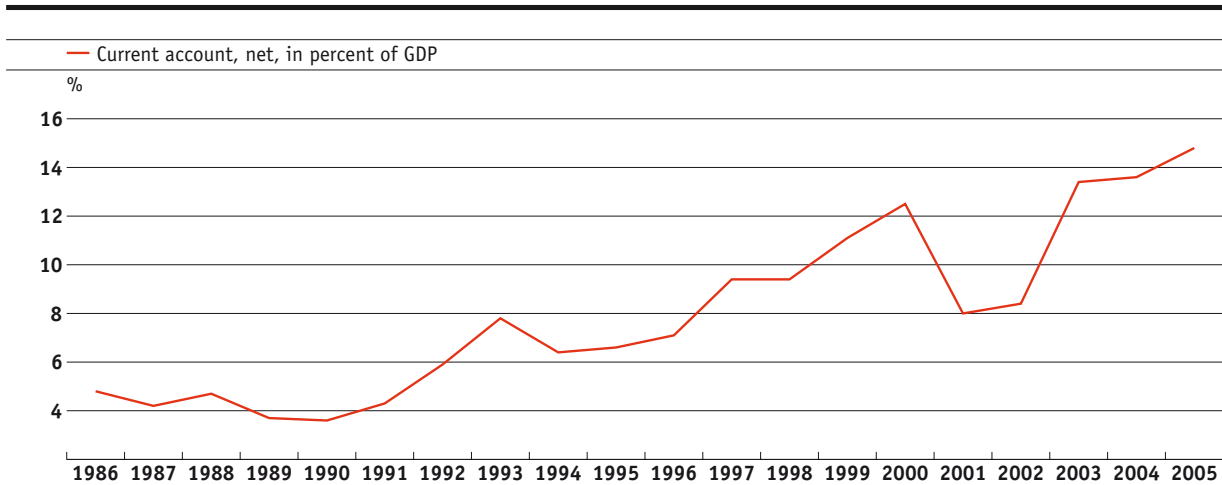
Current account

The generally favourable economic situation in Switzerland and abroad as well as increased corporate profits strongly influenced the current account. Trade in goods and services developed vigorously. Due to price developments, imports increased more markedly than exports. The export surplus equalled the previous year's figure. Good business results for companies abroad led to a vigorous increase in net income from direct investment. High levels of company profit distribution had an effect on net earnings from portfolio investment. Overall, net investment income rose by CHF 12 billion to CHF 57 billion. This leap was the main reason for the high current account surplus of CHF 68 billion, which represents an all-time high – both in absolute terms and relative to gross domestic product.

Graph 1
Current account, net



Graph 2
Current account, net, in percent of gross domestic product



Special focus: Current account and savings surplus in the economy as a whole

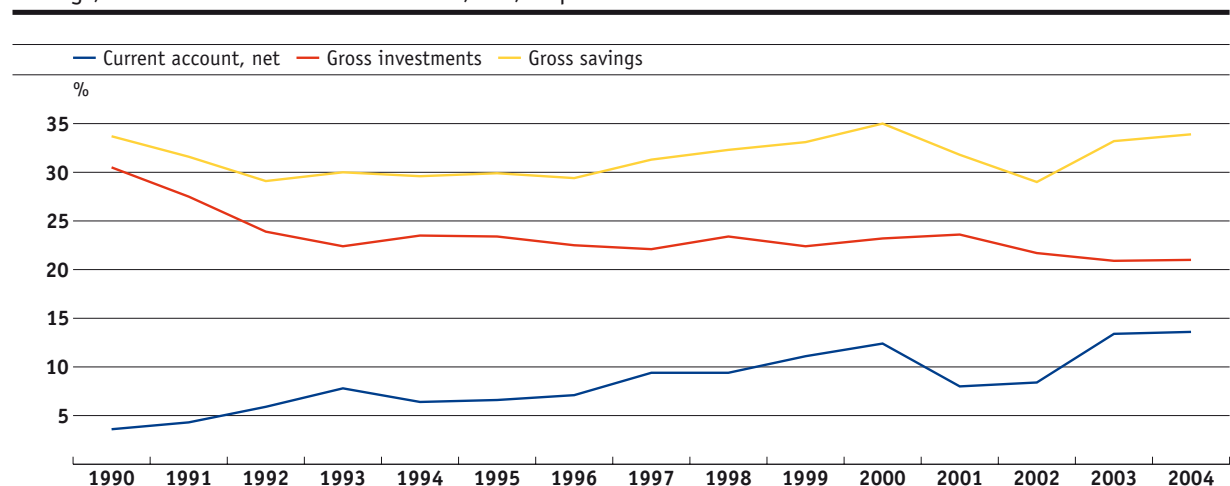
Since the beginning of the 1980s, the Swiss current account has constantly shown a surplus. In relation to gross domestic product (GDP), the surplus rose from an average of 4% in the 1980s to 8% in the 1990s. Between 2001 and 2005, this ratio amounted to 12%.

A current account surplus means that Switzerland's receipts from abroad in the form of exports, investment and labour income as well as so-called current transfers exceed its corresponding expenses. By investing this surplus abroad, Switzerland builds up savings as well as its international investment position. Accordingly, the current account surplus is strongly related to the relationship between savings and investment in tangible assets. When savings exceed investment in domestic tangible assets, a savings surplus is generated. This savings surplus corresponds to the so-called financial surplus in the national accounts and to the current account surplus.

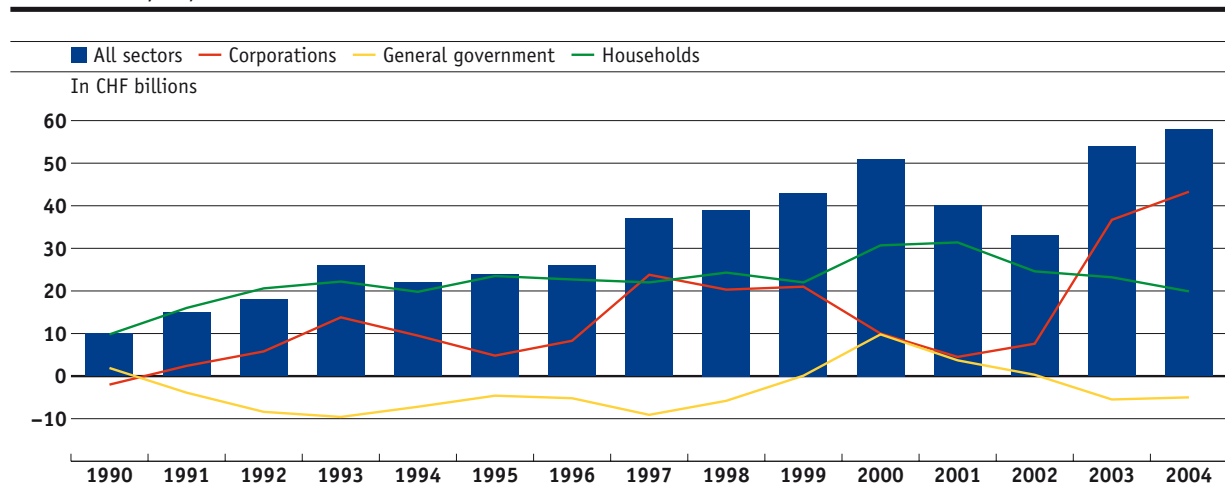
Graph 3 shows savings, investment in Switzerland and the current account as a percentage of GDP between 1990 and 2004. Investment receded in the early 1990s and stagnated until 2001. Afterwards, it fell again. Savings, however, rose slightly. The increasing difference between savings and investment – the savings surplus – is reflected in the growing current account surplus.

The net current account corresponds to the entire savings surplus of an economy. The contributions of the individual sectors of the economy to the savings surplus – their financial surpluses – are shown in the national accounts. Graph 4 shows the financial surplus of corporations, households and the government from 1990 to 2004. The surplus for households tripled from 1990 to 2001 and then receded slightly. The surplus of the corporate sector fluctuated considerably in the 1990s. Between 2001 and 2004, it increased significantly. The government's contribution was predominantly negative. In the entire period from 1990 to 2004, households generated 67% and companies 43% of the savings surplus. The general government savings gap in this period was 10% of the financial surplus for the economy as a whole.

Graph 3
Savings, investments and current account, net, in percent of GDP



Graph 4
Financial surplus/deficit of the sectors



Goods

Foreign trade (special trade¹)

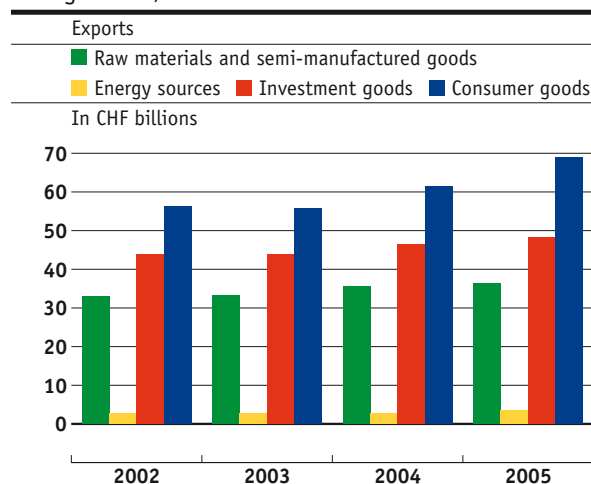
Nominal exports advanced by 7%. Foreign sales improved for all industries apart from the textile industry. Exports by the chemical, watchmaking and precision instruments industries recorded growth rates of above 10%. Foreign sales by the machinery and metal industries rose by 4% and 5% respectively. Electricity exports recorded a particularly marked increase. This rise, however, was mainly attributable to higher prices.

Exports to the EU (EU25) climbed by 8% and were thus slightly above the average growth rate despite the fact that Germany – Switzerland's major trading partner – only imported 3% more goods. Exports to the US, the second most important sales market, rose by 13%, however, as did exports to China. Exports to developing countries went up by 8%, whereas exports to emerging economies stagnated at the previous year's level.

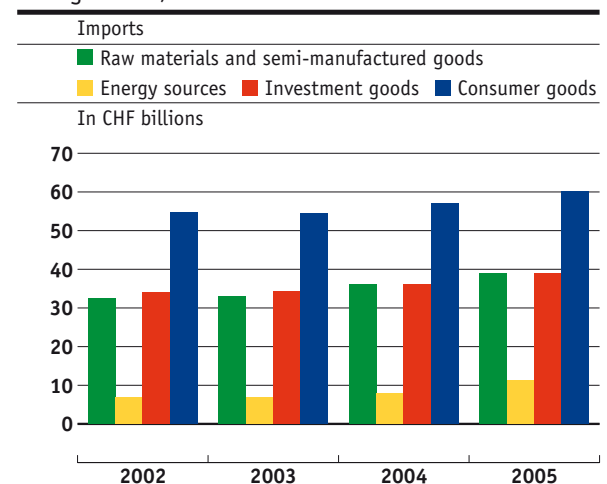
Nominal imports advanced by 9%. Energy sources exhibited the steepest rise, soaring 44%. This increase was due in large part to the upsurge in oil prices. Extraordinarily high imports of electrical energy (+70%) were another major factor, with import volume as well as prices rising significantly. Imports of raw materials, semi-manufactured goods and capital goods increased by 8%. Below-average increases were recorded for imports of consumer goods (+5%).

Imports from the EU (EU25) rose by 9%, those from the US by 12%. Imports from China registered a large increase of 19%. Imports from emerging economies and developing countries also grew vigorously.

Graph 5
Foreign trade, nominal terms



Graph 6
Foreign trade, nominal terms



1 Electrical energy as well as processing of goods for foreign account, processing abroad for domestic account and returned goods have been integrated into the foreign trade statistics (special trade) with retrospective effect as of 2002.

Other goods

Developments in other goods trade are dominated by trade in precious metals, precious stones and gems. This area of goods trade is sometimes subject to significant volume and price fluctuations. In 2005, exports receded by 7%, while imports increased by 21%.

2005 foreign trade (special trade) by economic area

Table 2

	Exports In CHF billions	Imports In CHF billions	Exports Year-on-year change in percent	Imports Year-on-year change in percent
EU25, of which	98.7	122.8	8.2	8.7
Germany	31.2	48.9	3.0	7.1
France	13.5	14.9	4.4	2.7
Italy	14.5	16.4	8.1	4.2
United States	16.3	7.0	13.0	11.5
Transition countries, of which	.	.	.	.
China	3.3	3.4	12.9	18.9
Emerging economies	14.3	4.9	0.4	9.5
Developing countries	10.6	5.8	8.4	9.5
Total	157.0	149.1	7.3	8.8

Services

Tourism

Income from tourism expanded by 5% to CHF 14 billion. As in the previous year, the number of overnight stays in Switzerland went up. Additionally, visitors spent more money for goods and services in Switzerland. Foreigners engaged in same-day and transit travel also consumed more than in the previous year.

Personal and business travel expenditure by Swiss abroad rose by 8% to CHF 10 billion. Particularly travel to the US, the UK and Italy increased markedly. Spain, by contrast, recorded declining figures. Significantly less money was spent on same-day and transit travel abroad.

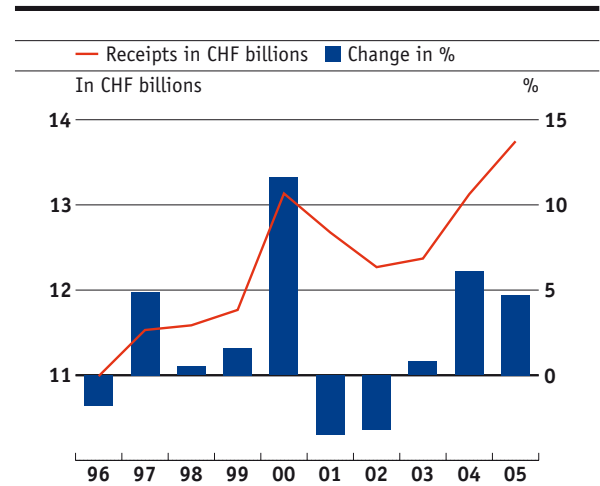
Insurance

Demand for insurance services increased. In particular, demand in the area of life insurance rose. The ageing population and fiscal incentives in different countries probably contributed to this growth. In non-life insurance, risks were reassessed following natural disasters, resulting in a rise in premiums. These developments in life and non-life insurance led to higher receipts from reinsurance business, the most important segment in Switzerland's international insurance business. Receipts from 'other insurance services' increased as well. These are mainly services provided by the head offices of insurance companies to their subsidiaries abroad.

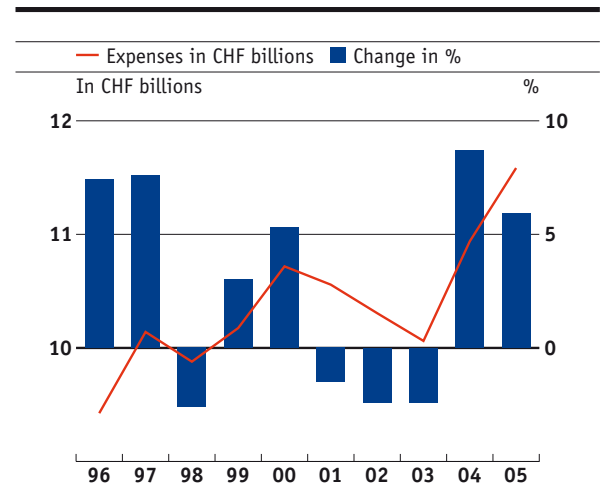
Merchanting

Receipts from merchanting (international goods trade) went up by around a quarter. Strong growth in international trade and increased commodity prices played a decisive role in this rise.

Graph 7
Tourism



Graph 8
Tourism



Financial services

Banks expanded their commission income by 11%. Instrumental factors in this development were an increased stock market turnover, an upswing in new issues as well as a rise in worldwide mergers and acquisitions.

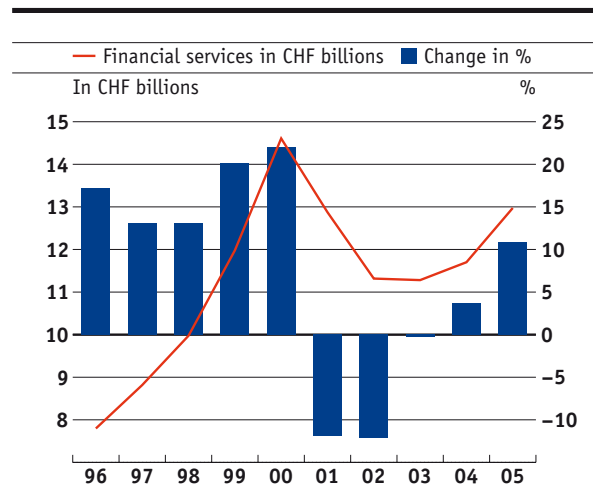
Transportation

Receipts from transportation were up by 5%. For the first time since 2001, receipts from passenger transportation increased. Receipts from goods transportation staged a particularly steep increase, soaring 16%. Receipts from other transport services, which relate mainly to air transport, remained unchanged, however. Expenses for transportation decreased as a result of lower payments for services abroad related to air transport (maintenance, ground handling, landing fees, etc.). Additionally, expenses for passenger transportation also declined slightly.

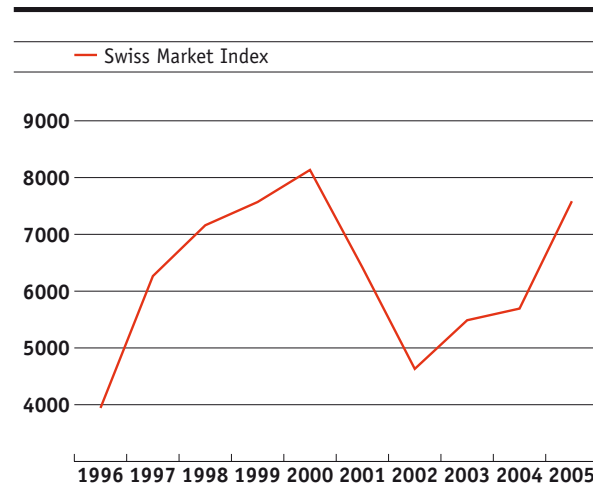
Technological services

Trade in technological services, which mainly include license and patent fees as well as technical assistance, was brisk. Receipts and expenses of the chemical and pharmaceutical industries, in particular, increased steeply in 2005. Receipts from trade in technological services rose by 12% to CHF 9 billion, while expenses went up by 10% to CHF 10 billion.

Graph 9
Financial services



Graph 10
Swiss Market Index

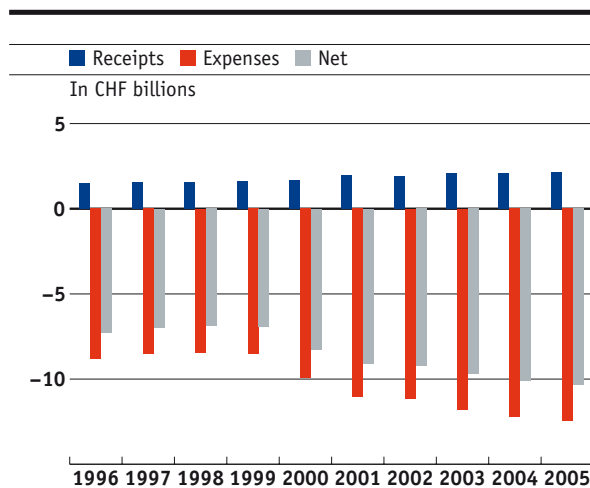


Source: SWX

Labour income

Labour income from abroad remained unchanged. This item is mainly composed of the salaries and wages of persons employed by international organisations in Switzerland. International organisations are considered to be extraterritorial areas with non-resident status. Salaries and wages to other countries comprise mainly those paid to foreign cross-border commuters. These payments grew in line with an increased number of such commuters. A slight rise in net expenditure, from CHF 10.1 billion to CHF 10.3 billion, was recorded for this item.

Graph 11
Labour income



Graph 12
Cross-border commuters



Source: Swiss Federal Statistical Office (SFSO)

Investment income

Portfolio income

Income from portfolio investment advanced due to increased securities holdings and dividend payments. Interest earnings on debt securities rose by CHF 1 billion to CHF 16 billion. Income on equity securities mounted by CHF 2 billion to CHF 11 billion.

Holdings by foreign investors consist mainly of shares in Swiss companies. Due to the surge in domestic companies' profits, dividend payments abroad rose by CHF 1 billion to CHF 11 billion. Interest payments on debt securities went up as well.

When interpreting the figures for income from portfolio investment, it is necessary to consider the relative level of holdings: Swiss securities holdings abroad are significantly higher than foreign holdings of securities in Switzerland. Consequently, income on holdings abroad is usually considerably higher than income on foreign holdings in Switzerland. Income from abroad rose by 14% overall, while interest and dividend payments abroad were up by 17%. Net income expanded by CHF 2 billion to CHF 13 billion.

Portfolio income, in CHF billions

Table 3

	2004	2005
Total receipts	23.2	26.5
Interest	14.6	15.7
Dividends	8.6	10.8
Total expenses	11.9	13.8
Interest	2.1	2.5
Dividends	9.8	11.3
Net income	11.3	12.6

Direct investment income

Income from direct investment saw an extraordinary increase. While receipts from direct investment abroad surged by around 50% to CHF 75 billion, expenses relating to foreign direct investment in Switzerland soared by CHF 17 billion to CHF 36 billion. Net income from direct investment amounted to CHF 38 billion, exceeding the year-earlier level by CHF 9 billion.

Two factors were responsible for this massive increase in income from direct investment. First, companies achieved higher profits. Second, for tax reasons, US companies transferred profits on a large scale to the US through Switzerland. These transfers were mainly conducted by foreign-controlled finance and holding companies and concerned both the revenue and the expenditure side.

Other investment income

The two major components of other investment income are first, banks' interest income from foreign banks and customers, and second, income from SNB foreign currency investments. Bank interest receipts rose by CHF 8 billion and expenses by CHF 7 billion. Higher short-term interest rates and increased interbank holdings were responsible for this development. Banks' net interest income advanced by CHF 1 billion to CHF 4 billion on balance.

Income from SNB foreign currency investments declined by CHF 0.5 billion to CHF 2 billion. This was due to a reduction in foreign currency reserves in connection with the distribution of the proceeds from the sales of gold reserves to the Confederation and cantons.

Direct investment income, in CHF billions

Table 4

	2004	2005
Total receipts	48.7	74.8
Transferred earnings	27.8	34.2
Reinvested earnings	20.9	40.6
Total expenses	19.5	36.4
Transferred earnings	11.1	20.3
Reinvested earnings	8.4	16.1
Net income	29.2	38.4

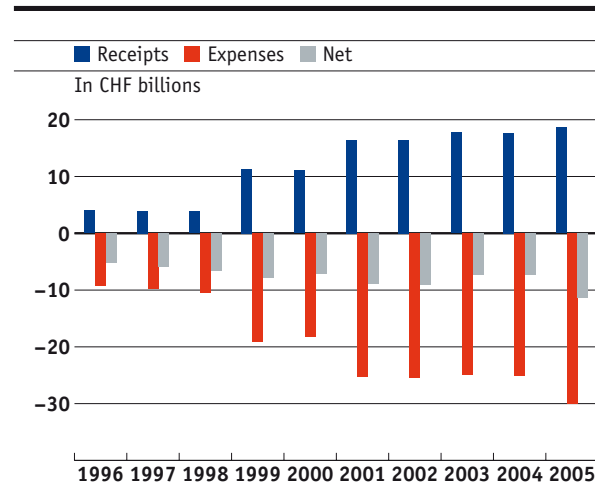
Current transfers

Current transfers from abroad increased by CHF 1 billion to CHF 19 billion. Private transfers, which largely represent premium income earned by private insurance companies, rose by CHF 1 billion. Transfers by the public sector were also higher than a year earlier, with an increase in both social security and government revenues.

Current transfers abroad went up by CHF 5 billion to CHF 30 billion. This development is mainly due to higher payments by private insurance companies in connection with natural disasters. Transfers abroad by foreign workers resident in Switzerland (permanent residents, and holders of annual or short-term permits) increased because of rising employment. Public-sector payments rose as well. This increase was partly attributable to higher payments abroad by social security schemes and a rise in transfers to international organisations.

Graph 13

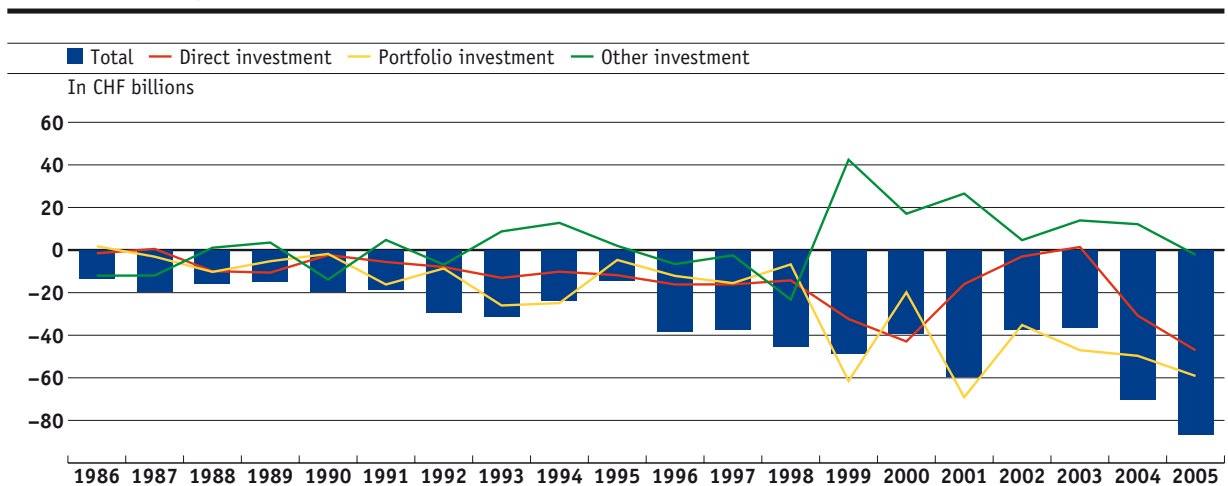
Current transfers



Financial account

The financial account registered a net outflow of CHF 86 billion (2004: CHF 70 billion). Net outflows in the form of portfolio investment increased from CHF 50 billion to CHF 59 billion. Direct investment outflows rose from CHF 31 billion to CHF 47 billion in net terms. The National Bank reduced its reserve assets, resulting in an inflow of capital amounting to CHF 22 billion.

Graph 14
Financial account, net



Direct investment

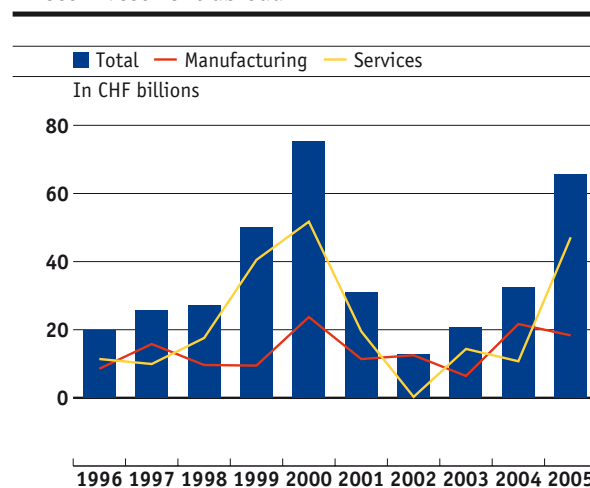
Direct investment abroad

Direct investment abroad (capital outflows) doubled from CHF 32 billion to CHF 66 billion, the highest level since 2000. This steep increase was related to healthy company profits. Profits retained by subsidiaries abroad (reinvested earnings) surged from CHF 21 billion to CHF 41 billion. In addition, Swiss companies made acquisitions abroad amounting to CHF 17 billion and extended a net CHF 8 billion in loans to their affiliated companies.

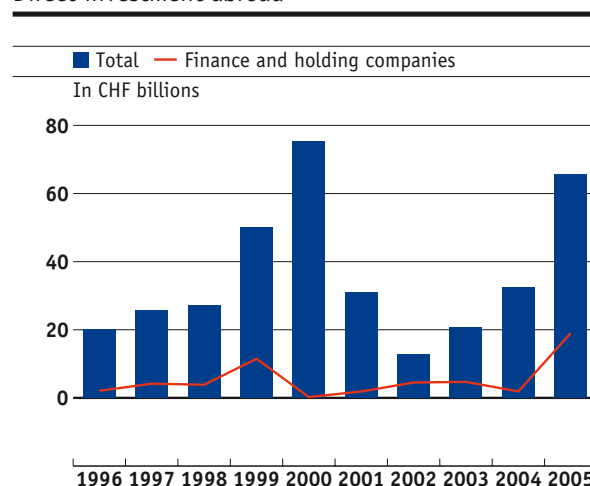
More than half of this sharp rise was accounted for by foreign-controlled finance and holding companies, which increased capital outflows by CHF 17 billion to CHF 19 billion. Banks, trade and insurance companies also invested considerably more abroad than a year previously. Whereas banks and insurance companies expanded abroad through acquisitions (CHF 9 billion and CHF 8 billion respectively), the trade sector (CHF 9 billion) mostly extended loans to affiliated companies abroad. Direct investment in manufacturing, at CHF 18 billion, did not quite attain the high level of 2004 (CHF 22 billion). The chemical industry accounted for CHF 11 billion and the 'other manufacturing' category for CHF 6 billion.

Capital outflows to the EU (EU25) surged, rising from CHF 15 billion to CHF 28 billion. Half of this amount, or CHF 14 billion, went to the Netherlands, and CHF 4 billion to the UK. Swiss companies invested CHF 16 billion in North America – a CHF 7 billion increase on 2004. The offshore financial centres of Central and South America attracted CHF 7 billion (2004: CHF 2 billion). Swiss corporate investments in most large Asian economies were also up. Singapore, by contrast, received considerably fewer funds than a year earlier. The city-state often serves Swiss companies as a hub for investments in other countries in Asia. This explains why capital outflows to Singapore are high at times and subject to strong fluctuations. Swiss direct investment in Africa reached a new record high of CHF 2 billion, most of which was channelled into South Africa.

Graph 15
Direct investment abroad



Graph 16
Direct investment abroad

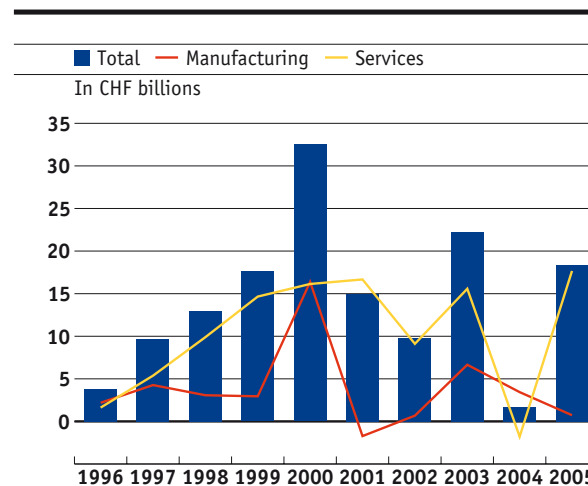


Foreign direct investment in Switzerland

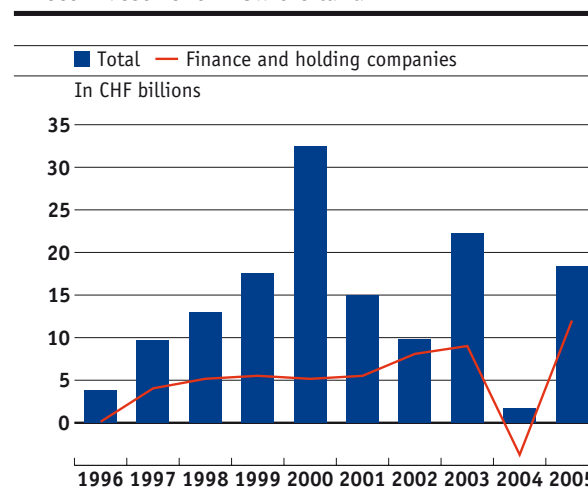
Foreign direct investment soared by CHF 16 billion to CHF 18 billion. Finance and holding companies contributed CHF 12 billion to this total. A year earlier, foreign investors had withdrawn CHF 4 billion from this category. The other industries attracted CHF 6 billion, only CHF 1 billion more than in 2004. CHF 2 billion each were invested in the 'trade' and 'transportation and communications' categories, and CHF 1 billion in the banking sector. Foreign direct investment in manufacturing also came to CHF 1 billion.

Half of foreign investment, or CHF 9 billion, came from the EU (EU25). In 2004, EU investors had withdrawn CHF 4 billion from Switzerland. The major investor among the EU countries was the Netherlands with CHF 6 billion. This was in line with the development over the past few years, when direct investment from the Netherlands has decisively influenced the result. The reason for this is that the Netherlands is a significant hub for investments from other countries (mainly the UK, the US and Japan). Germany channelled CHF 1 billion into Switzerland after having withdrawn capital from 2001 to 2004. Direct investment from the US climbed CHF 1 billion to CHF 8 billion, with finance and holding companies being the main focus of US investors.

Graph 17
Direct investment in Switzerland



Graph 18
Direct investment in Switzerland



Direct investment, in CHF billions

Table 5

	2004	2005
Swiss direct investment abroad	32.4	65.5
Equity capital	11.4	16.9
Reinvested earnings	20.9	40.6
Loans	0.1	7.9
Foreign direct investment in Switzerland	1.6	18.4
Equity capital	-3.3	-0.8
Reinvested earnings	8.4	16.1
Loans	-3.5	3.1

Portfolio investment

Portfolio investment abroad

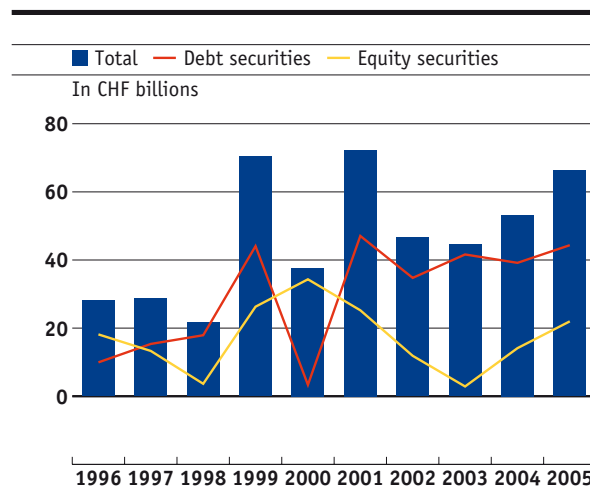
The international financial markets benefited from the favourable growth prospects. Share prices on the major stock markets achieved double-digit gains, except in the US. As companies paid higher dividends and increasingly repurchased shares, this further underpinned share prices. Long-term bond yields remained low despite central banks lifting their key rates.

In net terms, Swiss investors purchased foreign-issued securities totalling CHF 66 billion, compared with CHF 53 billion a year previously. As in the past, debt securities accounted for the bulk of the investment, rising by CHF 5 billion to CHF 44 billion. One-quarter was acquired by banks, which expanded their trading portfolios. Holdings of shares were reduced by CHF 6 billion, probably due to the increase in corporate buy-backs. CHF 28 billion was placed in investment funds, as against CHF 12 billion a year earlier. Swiss investors purchased securities in US dollars and euros for an amount of CHF 20 billion each, while CHF 18 billion was invested in Swiss franc paper.

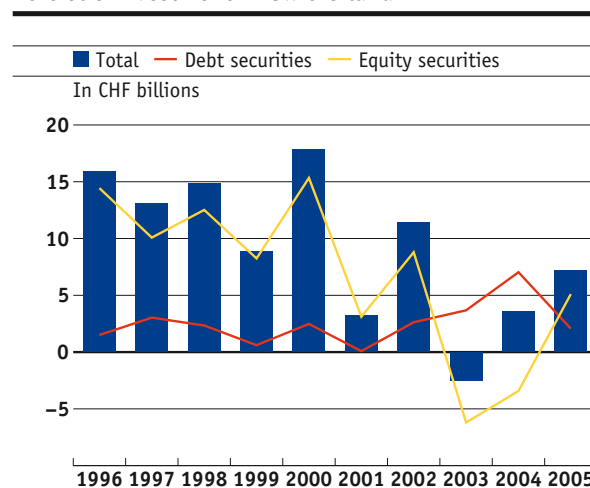
Portfolio investment in Switzerland

Foreign investment in domestically issued securities doubled to CHF 7 billion. Foreign investors purchased money market instruments totalling CHF 4 billion and investment fund certificates worth CHF 8 billion. Money market instruments were largely denominated in Swiss francs, while the euro was the dominant currency for investment funds. Swiss-issued share and bond portfolios were reduced by CHF 3 billion and CHF 2 billion respectively. The investment behaviour of foreign investors mirrored the situation on the Swiss capital market, where redemptions of shares and bonds exceeded new issues.

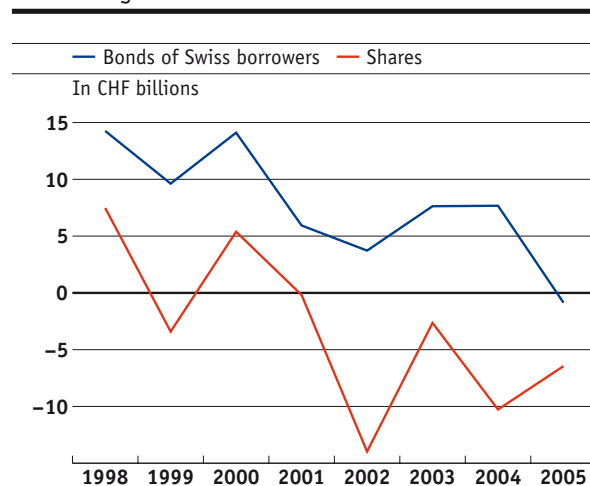
Graph 19
Portfolio investment abroad



Graph 20
Portfolio investment in Switzerland



Graph 21
Net issuing of CHF bonds and shares



Source for shares: Bank Vontobel AG

Other investment

Commercial bank lending

Commercial bank lending saw vigorous expansion. Banks in Switzerland extended cross-border loans worth CHF 74 billion (2004: CHF 17 billion) and received funds totalling CHF 75 billion from

abroad (2004: CHF 34 billion). Commercial bank lending related almost exclusively to interbank business. Overall, this resulted in a net capital inflow of CHF 2 billion, compared with CHF 17 billion in the previous year.

Commercial bank lending, in CHF billions

Table 6

	2004	2005
Claims abroad	-16.6	-73.5
Against banks abroad	19.6	-71.4
Against customers abroad	-36.2	-2.0
Liabilities abroad	33.5	75.4
Towards banks abroad	29.1	72.4
Towards customers abroad	4.5	3.0
Net lending	16.9	1.9

Corporate lending

Corporate lending is a collective item. It contains corporate financial flows that are not covered by either direct investment or portfolio investment. Some of these relate to funds deposited by domestic companies with banks abroad, or borrowed from such banks. Another important element are capital market transactions by finance companies. Corporate lending also includes insurers' liabilities arising out of cross-border insurance business. In 2005, the

corporate lending item showed a net capital outflow of just under CHF 1 billion (2004: CHF 13 billion). While manufacturing saw a net capital outflow, a capital inflow was recorded for the service sector.

Reserve assets

The National Bank reduced its reserve assets by CHF 22 billion. Most of this reduction affected assets set aside for distribution to the Confederation and the cantons (cf. box) and related to investments denominated in US dollars and euros.

Accounting method used in the balance of payments with regard to gold transactions and distributions to the Confederation and the cantons

Reserve assets relate exclusively to gold transactions for reserve operations with central banks. Upon entry into force of the Federal Act on Currency and Payment Instruments on 1 May 2000, the National Bank altered the management of its gold holdings. Under the central bank agreement, the National Bank began selling 1,300 tonnes of gold no longer required for monetary policy purposes. The last tranche of this gold was sold at the end of March 2005.

Gold sales to the private sector are referred to as demonetisation of gold, which is not recorded as reserve assets. Therefore, these sales to the private sector are not shown under reserve assets in the balance of payments.

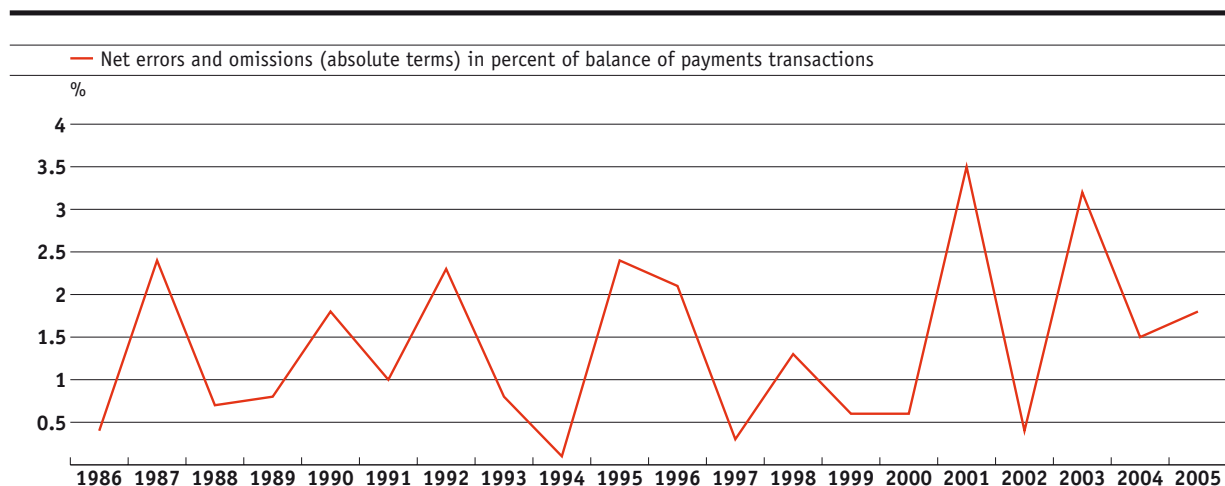
Initially, the proceeds from these gold sales in the form of financial assets ('free assets') remained within the currency reserves item in the SNB's balance sheet. On 2 February 2005, the Federal Council decided to distribute the proceeds from the gold sales to the Confederation and the cantons. The free assets earmarked for this purpose were distributed between May and July 2005, resulting in a corresponding reduction in reserve assets.

Residual item (net errors and omissions)

In 2005, the balance of payments recorded a (positive) residual item of CHF 20 billion. This corresponds to 1.8% of total transactions recorded in the balance of payments. The residual item fluctuates strongly from year to year. A year earlier, a positive residual item of CHF 11 billion had been stated, which corresponded to 1.5% of the transactions

recorded. The average residual item over the last 20 years has corresponded to 1.4% of total turnover shown in the balance of payments. During this period, the residual item has been mostly positive. It is not known which components of the balance of payments contribute to the residual item. The sharp fluctuations in the residual item nonetheless suggest that the gaps are to be found in the financial account.

Graph 22
Net errors and omissions



Notes

Changes from the previous year

Modifications to the foreign trade statistics

Processing of goods for foreign account, processing abroad for domestic account, returned goods and electrical energy have been integrated into the foreign trade statistics with retrospective effect as of 2002. Processing of goods for foreign account, processing abroad for domestic account and returned goods were previously included under other trade, while electrical energy was reported separately. These modifications have brought the Swiss statistics into line with international standards for the compilation of foreign trade statistics.

EU withholding tax

Since mid-2005, interest income earned by persons resident in the EU on certain financial assets has been subject to taxation. The banks transfer this withholding tax to the Federal Finance Administration which, in its turn, transfers 75% to the countries of residence in the second quarter of the following year. 25% of the withholding tax remains in Switzerland and is entered as receipts under current transfers in the current account.

New classification for claims against and liabilities towards fellow companies

Fellow companies are companies belonging to the same group, but not linked by capital participation. To date, cross-border capital transactions between fellow companies with a common parent whose head office is located abroad have been reported under other investment. As of 2005, cross-border claims against and liabilities towards fellow companies are reported under direct investment. According to international standards, cross-border claims and liabilities between fellow companies are classified under direct investment.

Current account

Special trade

Exports fob, imports cif, according to the foreign trade statistics of the Federal Customs Administration (FCA), excluding precious metals, precious stones and gems as well as objets d'art and antiques (total 1). As of 1995, special trade has included aviation fuel, and as of 2002, electrical energy, processing of goods for foreign account, processing abroad for domestic account and returned goods have also been included under this heading.

Other trade

Precious metals, precious stones and gems as well as objets d'art and antiques, purchase and sale of Rhine vessels, transportation costs and insurance premiums on imports, unchecked goods trade, small consignments, imports of industrial gold and silver, goods procured in ports.

Tourism

Business and personal travel, stays at health resorts and hospitals, study-related travel, same-day travel, transit travel, duty-free shops, consumption expenditure by foreign cross-border commuters and holders of short-term residence permits.

Other services

Service charges arising from the foreign business of 'private social security schemes' and other private insurance companies, merchanting (net earnings from international goods trade, excluding exports and imports recorded in the foreign trade statistics), transportation, postal and courier services, telecommunications, financial services (bank commissions), technological services (construction services, commercial and technical consulting, license and patent fees, including management fees), purchases of goods and services by foreign representatives in Switzerland, by Swiss representatives abroad and by international organisations in Switzerland, fees of embassies and consulates, management of domiciliary companies, law offices and fiduciary companies, cultural services, etc., government revenue from stamp duty.

Labour income

Gross salaries and wages of Swiss cross-border commuters and of residents with foreign employers (international organisations and consular representations in Switzerland); gross salaries and wages of foreign cross-border commuters, including employer and employee contributions to social security schemes (i.e. old age and survivors' insurance, disability insurance, fund for loss of earned income and unemployment insurance) as well as to Suva (Swiss accident insurance fund) and pension funds;

gross salaries and wages of short-term residents (< 4 months), including employer and employee contributions to social security schemes (i.e. old age and survivors' insurance, disability insurance, fund for loss of earned income and unemployment insurance).

Investment income

Portfolio investment: income on equity securities and debt securities; direct investment: transferred and reinvested earnings from direct investment; other investment: interest business of the banks, earnings from fiduciary investment, interest on company claims against and liabilities towards third parties, investment income of the Swiss National Bank and the Swiss Confederation, and other investment income (financial leasing fees, etc.), increase in claims by private households abroad on pension fund reserves. Not included are interest earnings on loans by non-banks.

Current transfers by private persons

Transfers by Swiss nationals abroad to Switzerland, by foreign insurance schemes, etc.; transfers by immigrants, annuities and indemnity payments, pension payments, financial support, foreign aid by private aid agencies, premium income and payments (excluding service charges) by private social security schemes and other private insurance companies.

Current transfers by the public sector

Contributions by Swiss nationals abroad and foreign cross-border commuters to social security schemes in Switzerland (i.e. old age and survivors' insurance, disability insurance and fund for loss of earned income), government revenue from income tax at source imposed on cross-border commuters and from other taxes and fees, including transportation tax and EU withholding tax. Social security transfers abroad, Swiss contributions to international organisations and other transfers abroad, tax refunds to cross-border commuters' countries of residence as well as government aid to foreign countries.

Statistical sources upon which the current account figures are based

The data are derived from statistics collected by the federal authorities and the Swiss National Bank; some of the figures are estimates.

Capital transfers

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

Financial account

Direct investment

Swiss direct investment abroad: investment by Swiss companies in companies abroad (subsidiaries, branches, participations). Foreign direct investment in Switzerland: investment by foreign companies in companies in Switzerland. The financial flows shown relate to equity capital (paid-up capital; the establishment, acquisition or liquidation and sale of subsidiaries and participations; the provision of capital stock and operating capital to branches), reinvested earnings and inflows and outflows of loans. The statistics are based on data from the quarterly and annual surveys carried out by the Swiss National Bank.

Portfolio investment

Portfolio investment abroad: investment by residents in debt securities and equity securities of foreign issuers (money market instruments, bonds, 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 statistics are based on data submitted by the banks on the acquisition of securities by domestic customers. Acquisitions by banks and companies are derived from the statistics on foreign borrowing and lending. Portfolio investment in Switzerland: foreign investment in debt securities and equity securities of domestic issuers (money market instruments, bonds, medium-term bank-issued 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 statistics are based on data submitted by the banks on the acquisition of securities by foreign customers. The data on bonds issued abroad by domestic companies are derived from the statistics on foreign borrowing and lending by companies.

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 by banks, including precious metals liabilities; long-term customer deposits as well as liabilities in the form of savings and deposits, short-term deposits by customers, including precious metals liabilities. The transaction figures recorded in the balance of payments represent the net change in the individual items, i.e. the inflow of new funds minus repayment of outstanding liabilities. The statistics are based on data submitted by domestic offices on their foreign borrowing and lending.

Other investment:

Corporate lending

Claims abroad: net change in short and long-term lending by domestic private companies and government companies to private individuals, banks and companies abroad, excluding intragroup lending, i.e. excluding lending to subsidiaries, branches and participations abroad. Liabilities abroad: net change in short and long-term lending by private individuals, banks and companies abroad to domestic private companies and government companies, excluding intragroup lending, i.e. excluding lending to domestic subsidiaries, branches and participations. The statistics are derived from data submitted by the companies to the Swiss National Bank.

Other investment:

Government lending

Cross-border financial flows for the Swiss Confederation, the cantons and municipalities and for social security schemes. Claims abroad: short and long-term lending abroad by the public sector. Liabilities abroad: short-term liabilities of the public sector towards other countries.

Other investment

Fiduciary claims and liabilities: claims include the outflow of residents' fiduciary funds invested abroad; liabilities include the inflow of non-residents' fiduciary funds invested in Switzerland. The statistics are based on data submitted by the banks' domestic offices on their foreign borrowing and lending. Imports and exports of precious metals: imports and exports of gold and silver as raw materials and of coins, according to trade statistics, and, as of 2000, cross-border sales of gold by the Swiss National Bank. Imports of precious metals recorded in the current account have been deducted. The Swiss Confederation's participation in capital increases by international organisations. The sale of real estate in Switzerland to non-residents less the sale of real estate in Switzerland by non-residents to residents. This covers actual changes in ownership according to Federal Department of Justice statistics on the sale of real estate to non-residents. Other investment also includes financial flows between non-banks and banks abroad as well as changes in the liabilities of the National Bank. Financial flows between banks and international organisations domiciled in Switzerland have been entered as adjustment items under other investment.

Reserve assets

Changes in gold holdings, foreign exchange holdings, the reserve position in the International Monetary Fund (as of 1992), international payment instruments (SDR) and the monetary assistance loans extended by the National Bank. Upon entry into force of the Federal Act on Currency and Payment Instruments on 1 May 2000, the National Bank altered the management of its gold holdings. Subsequently, it sold 1,300 tonnes of gold under the central bank agreement. The sales were completed at the end of March 2005. These gold sales to the private sector, referred to as demonetisation of gold, are not recorded as reserve assets in the balance of payments. Reserve assets relate exclusively to gold transactions for reserve operations with central banks.

Residual item (net errors and omissions)

Non-recorded transactions and statistical errors, net

Cf. Methodological basis.

Legal basis

Legal basis for the statistical surveys of the balance of payments and the international investment position

According to the Federal Act on the Swiss National Bank of 3 October 2003 (National Bank Act) and the Implementing Ordinance on the National Bank Act of 18 March 2004 (National Bank Ordinance), the Swiss National Bank is authorised to collect the statistical data required for drawing up the balance of payments as well as the statistics on the international investment position. Pursuant to the Appendix to the National Bank Ordinance, legal entities and companies are obliged to supply information if the transaction value of a reporting item exceeds CHF 100,000 per quarter (CHF 1 million for a reporting item relating to the financial account), if their financial claims against or liabilities towards other countries exceed CHF 10 million at the time of the survey or if their direct investment abroad or direct investment from abroad exceeds CHF 10 million at the time of the survey.

Methodological basis

Definition

The balance of payments is a systematic presentation of the economic transactions between residents and non-residents during a specified period. A transaction is considered to be the flow of goods, services, income and transfers (cf. below) as well as the creation and settlement of financial claims and liabilities, including inflows and outflows of equity capital. The methodological principles upon which the balance of payments is based are set out in the IMF Balance of Payments Manual (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 (capital participation in companies), portfolio investment (investments in securities that do not have the character of a capital participation), other investment (mainly commercial bank lending and corporate lending) 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 twice in the balance of payments so that it should be balanced arithmetically. In actual practice, however, it is not always possible to comply with this principle.

Essentially, all components of the balance of payments may contribute to the residual item. A residual item with a plus sign indicates non-recorded current receipts and/or capital imports, while 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 three main interrelated aggregates – the current account, the capital transfers account and the financial account. Theoretically (i.e. not taking into account the statistical errors in the residual

item), the balance on the current account and capital transfers account corresponds, in reverse, to the balance on the financial account. The sum of these three balance sheet aggregates thus totals zero.

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

Balance of payments	System of national accounts			
Current account	External contribution to GDP	External contribution to gross national income	Domestic savings and investment, net	Financial surplus/deficit
– Goods				
– Services				
= Goods and services, net				
+ Income				
= Goods, services, income, net				
+ Current transfers				
= Current account, net				
+ Capital transfers				
= Current account and capital transfers, net				
Financial account, net, including reserve assets				Financial surplus/deficit

Definition of countries and regions in direct investment statistics¹

Definition of countries	
France	Incl. French Guiana, Guadeloupe, Martinique, Mayotte, Monaco, Réunion, Saint-Pierre and Miquelon.
Portugal	Incl. Azores and Madeira.
Spain	Incl. Ceuta, Melilla, Balearic Islands and Canary Islands.
United Kingdom	Comprises England, Scotland, Wales and Northern Ireland.
Norway	Incl. Svalbard and Jan Mayen.
United States	Incl. Puerto Rico and Navassa.
New Zealand	Incl. Chatham Islands, Kermadec Islands and the Three Kings, Auckland, Campbell, Antipodes Islands, Bounty and Snares Islands. Excl. Ross Dependency (Antarctica).
Malaysia	Peninsular Malaysia and Eastern Malaysia (Sarawak, Sabah and Labuan).
Taiwan	Separate customs territory of Taiwan, Penghu, Kinmen and Matsu.
India	Incl. Laccadive Island, Minicoy Island, Amindivi Island, Andaman and Nicobar Islands.
Indonesia	Until 2003, incl. Timor-Leste.
United Arab Emirates	Abu Dhabi, Dubai, Sharjah, Ajman, Umm al Qaiwain, Ras al Khaimah and Fujairah.
Morocco	Incl. Occidental Sahara.
Definition of regions	
EU	Until 2003, EU15; as of 2004, EU25. As of 2004, comprises, in addition to the published countries: Malta, Slovenia and Cyprus.
Other European countries	Comprises, in addition to the published countries: Albania, Andorra, Belarus, Bosnia and Herzegovina, Faroe Islands, Iceland, Macedonia, Moldova, San Marino, Serbia and Montenegro as well as the Holy See (Vatican City State). Until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus. Excl. Liechtenstein, which is listed with Switzerland for statistical purposes.
Offshore financial centres in Europe	Gibraltar, Guernsey, Jersey and the Isle of Man.
North America	Comprises, in addition to the published countries: Greenland.
Asia	Comprises, in addition to the published countries: Afghanistan, Armenia, Azerbaijan, Bahrain, Bhutan, Brunei, Occupied Palestinian Territory, Georgia, Iraq, Iran, Yemen, Jordan, Cambodia, Kazakhstan, Qatar, Kyrgyzstan, Korea (Democratic People's Republic of North Korea), Kuwait, Laos, Lebanon, Macao, Maldives, Mongolia, Myanmar, Nepal, Oman, Syria, Tajikistan, Timor-Leste, Turkmenistan and Uzbekistan.
Central and South America	Comprises, in addition to the published countries: Aruba, Cuba, Dominican Republic, Falkland Islands, Guyana, Honduras, Haiti, Nicaragua, Paraguay, Suriname, El Salvador, Trinidad and Tobago.
Offshore financial centres in Central and South America	Virgin Islands (US), Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Virgin Islands (British), Dominica, Grenada, Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.
Africa	Comprises, in addition to the published countries: Algeria, Angola, Equatorial Guinea, Ethiopia, Benin, Botswana, British Indian Ocean Territory, Burkina Faso, Burundi, Djibouti, Eritrea, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Cameroon, Cape Verde, Comoros, Congo, Congo (Democratic Republic of the), Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Rwanda, Zambia, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Zimbabwe, Somalia, St Helena, Sudan, Swaziland, Tanzania, Togo, Chad, Uganda, Central African Republic.
Oceania (and Polar regions)	Comprises, in addition to the published countries: Antarctica, American Samoa, Bouvet Island, Cocos Islands (Keeling Islands), Cook Islands, Christmas Island, Fiji, Federated States of Micronesia, South Georgia and the South Sandwich Island, Guam, Heard and McDonald Islands, Kiribati, Marshall Islands, Northern Mariana Islands, New Caledonia, Norfolk Islands, Nauru, Niue, French Polynesia, Papua New Guinea, Pitcairn, Palau, Solomon Islands, French Southern Territories, Tokelau, Tonga, Tuvalu, US Minor Outlying Islands, Vanuatu, Wallis and Futuna, Samoa.

¹ The country and regional definitions correspond to those used by Eurostat.

Appendix: Tables

- 1.1 Overview of the Swiss balance of payments
- 2.1 Goods
- 3.1 Services
- 4.1 Labour income and investment income
- 5.1 Current transfers
- 6.1 Swiss direct investment abroad: breakdown by economic activity
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- 7.2 Foreign direct investment in Switzerland: breakdown by country
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- 8.2 Portfolio investment: breakdown by currency
- 9.1 Commercial bank lending: breakdown by currency
- 10.1 Corporate lending: breakdown by economic activity

Explanation of symbols

- r Revised
- p Provisional
- . Figure unknown, confidential, meaningless, no longer reported or no reporting institutions (missing value).

Deviations between the totals and the sums of components are due to rounding.

Overview of the Swiss balance of payments¹ in CHF billions

Table 1.1

	2001	2002	2003	2004 ^r	2005 ^p
I. Current account net	33.7	36.2	58.1	60.5	67.7
Goods net	-4.6	5.1	4.3	6.7	3.0
Special trade ² , net	1.7	7.5	6.9	9.3	7.9
Receipts	131.7	135.7	135.5	146.3	157.0
Expenses	-130.1	-128.2	-128.6	-137.0	-149.1
Other trade, net	-6.3	-2.4	-2.6	-2.6	-4.9
Services net	23.4	23.4	24.7	26.3	29.6
Tourism, net	2.1	2.0	2.3	2.2	2.2
Receipts	12.7	12.3	12.4	13.1	13.7
Expenses	-10.6	-10.3	-10.1	-10.9	-11.6
Financial services, net	11.8	10.4	10.4	10.6	11.7
Receipts	12.9	11.3	11.3	11.7	13.0
Expenses	-1.1	-0.9	-0.9	-1.1	-1.3
Other services, net	9.5	11.0	12.0	13.5	15.7
Labour income and investment income net	23.7	16.8	36.3	34.9	46.4
Labour income, net	-9.1	-9.2	-9.7	-10.1	-10.3
Receipts	2.0	1.9	2.1	2.1	2.1
Expenses	-11.1	-11.1	-11.8	-12.2	-12.5
Investment income, net	32.8	26.0	46.1	45.0	56.7
Receipts	87.6	63.6	83.5	87.7	125.4
Portfolio investment	24.6	22.9	22.0	23.2	26.5
Direct investment	31.4	19.9	43.6	48.7	74.8
Other investment income	31.6	20.7	17.9	15.8	24.2
Expenses	-54.8	-37.5	-37.4	-42.6	-68.7
Portfolio investment	-13.7	-11.6	-10.9	-11.9	-13.8
Direct investment	-13.2	-9.6	-13.8	-19.5	-36.4
Other investment income	-27.9	-16.3	-12.8	-11.3	-18.5
Current transfers net	-8.8	-9.0	-7.3	-7.4	-11.3
II. Capital transfers net	2.6	-1.8	-0.9	-1.7	-1.0
III. Financial account net	-59.6	-37.3	-36.2	-70.1	-86.4
Direct investment net	-16.0	-3.0	1.4	-30.8	-47.1
Swiss direct investment abroad	-30.9	-12.8	-20.8	-32.4	-65.5
Equity capital	-22.0	-24.6	-5.6	-11.4	-16.9
Reinvested earnings	-4.1	8.1	-16.1	-20.9	-40.6
Other capital	-4.8	3.7	0.9	-0.1	-7.9
Foreign direct investment in Switzerland	14.9	9.8	22.2	1.6	18.4
Equity capital	15.8	4.0	11.7	-3.3	-0.8
Reinvested earnings	1.0	2.4	3.8	8.4	16.1
Other capital	-1.8	3.4	6.8	-3.5	3.1

	2001	2002	2003	2004 ¹	2005 ²
Portfolio investment net	-69.1	-35.2	-47.0	-49.7	-59.2
Swiss portfolio investment abroad	-72.3	-46.6	-44.5	-53.3	-66.3
Debt securities	-47.1	-34.8	-41.6	-39.2	-44.3
Bonds and notes	-39.3	-29.6	-32.9	-48.5	-48.5
Money market instruments	-7.8	-5.2	-8.7	9.3	4.2
Equity securities	-25.2	-11.9	-2.9	-14.1	-22.0
Foreign portfolio investment in Switzerland	3.2	11.4	-2.5	3.6	7.2
Debt securities	0.1	2.6	3.7	7.0	2.1
Bonds and notes	-0.8	-0.0	2.2	5.3	-1.5
Money market instruments	0.9	2.6	1.5	1.8	3.5
Equity securities	3.1	8.8	-6.2	-3.4	5.1
Other investment net	26.5	4.6	13.9	12.1	-2.2
Commercial bank lending, net	18.0	-26.8	-6.8	16.9	1.9
Claims abroad	45.9	-85.5	-14.3	-16.6	-73.5
Claims against banks	41.9	-88.3	-4.3	19.6	-71.4
Other claims	4.0	2.8	-10.0	-36.2	-2.0
Liabilities abroad	-27.9	58.7	7.5	33.5	75.4
Liabilities towards banks	-29.1	48.8	-12.8	29.1	72.4
Other liabilities	1.2	9.9	20.3	4.5	3.0
Corporate lending ³ , net	-8.9	-8.7	6.1	-12.9	-0.5
Claims abroad	-11.5	-7.6	-2.8	-14.6	-12.9
Liabilities abroad	2.6	-1.1	8.9	1.7	12.3
Government lending, net	0.0	0.3	-0.1	0.4	0.1
Other, net	17.4	39.9	14.8	7.7	-3.7
Reserve assets total	-1.1	-3.7	-4.5	-1.8	22.0
IV. Net errors and omissions	23.4	2.9	-21.0	11.3	19.7

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

2 As of 2002, special trade has also included electrical energy. In addition, it covers processing of goods for foreign account, processing abroad for domestic account and returned goods, all of which, until 2001, were included under other trade.

3 Intragroup lending is shown under direct investment.

Goods

Table 2.1

	2001	2002	2003	2004 ^f	2005 ^p	Year-on-year change
	CHF millions	CHF millions	CHF millions	CHF millions	CHF millions	In percent
Special trade¹						
Receipts	131 717	135 741	135 472	146 312	156 977	7.3
Expenses	130 052	128 207	128 596	136 987	149 094	8.8
Net	1 665	7 534	6 877	9 326	7 883	
Electrical energy²						
Receipts	2 963	.	.	.	.
Expenses	1 896	.	.	.	.
Net	1 067					
Other trade³						
Receipts	5 380	7 709	6 150	6 923	6 490	-6.3
Expenses	12 762	10 158	8 708	9 544	11 353	19.0
Net	-7 382	-2 449	-2 558	-2 621	-4 863	
Total						
Receipts	140 060	143 450	141 622	153 235	163 467	6.7
Expenses	144 710	138 365	137 304	146 531	160 447	9.5
Net	-4 650	5 085	4 318	6 705	3 020	

- 1 Excluding trade in precious metals, precious stones and gems as well as objets d'art and antiques, which are included in other trade.
- 2 As of 2002, electrical energy has been included under special trade.
- 3 As of 2002, processing of goods for foreign account, processing abroad for domestic account and returned goods have been included under special trade.

	2001	2002	2003	2004 ^r	2005 ^p	Year-on-year change
	CHF millions	CHF millions	CHF millions	CHF millions	CHF millions	In percent
Tourism total						
Receipts	12 676	12 269	12 370	13 126	13 747	4.7
Expenses	10 557	10 306	10 061	10 939	11 584	5.9
Net	2 119	1 963	2 309	2 187	2 163	
Business and personal travel						
Receipts	8 753	8 349	7 904	8 462	8 872	4.8
Expenses	9 042	8 856	8 581	9 403	10 130	7.7
Net	-289	-508	-677	-941	-1 259	
Same-day and transit travel						
Receipts	2 569	2 875	2 921	3 117	3 343	7.2
Expenses	1 097	1 431	1 461	1 516	1 433	-5.4
Net	1 472	1 443	1 460	1 601	1 910	
Other tourism¹						
Receipts	367	.	.	.	.
Expenses	400	.	.	.	.
Net	-33	.	.	.	.
Consumption expenditure by foreign workers						
Receipts	988	1 045	1 546	1 547	1 533	-0.9
Expenses	19	19	19	20	21	3.0
Net	969	1 026	1 526	1 527	1 513	
Private insurance						
Receipts	1 995	4 381	4 772	4 979	5 646	13.4
Expenses	125	133	142	140	333	138.2
Net	1 870	4 249	4 630	4 839	5 313	
Merchanting						
Receipts	1 292	2 028	2 444	4 552	5 851	28.5
Transportation total						
Receipts	7 491	5 160	4 934	5 172	5 427	4.9
Expenses	5 477	4 099	3 513	3 649	3 578	-1.9
Net	2 014	1 061	1 422	1 523	1 849	
Passengers						
Receipts	4 241	2 872	2 531	2 249	2 365	5.1
Expenses	3 278	2 596	2 330	2 262	2 232	-1.3
Net	964	275	201	-13	132	
Freight						
Receipts	1 077	748	913	870	1 005	15.5
Expenses ²	0	0	0	0	0	
Net	1 077	748	913	870	1 005	
Other						
Receipts	2 173	1 540	1 490	2 053	2 058	0.2
Expenses	2 199	1 503	1 183	1 388	1 346	-3.0
Net	-27	38	307	665	712	

	2001	2002	2003	2004 ¹	2005 ^P	Year-on-year change
	CHF millions	CHF millions	CHF millions	CHF millions	CHF millions	In percent
Postal, courier and telecommunications services						
Receipts	1 296	1 301	1 312	1 521	1 439	-5.4
Expenses	1 561	1 362	1 307	1 405	1 184	-15.8
Net	-265	-61	5	116	256	
Other services total						
Receipts	23 306	21 974	21 608	24 183	26 550	9.8
Expenses	6 909	7 863	7 711	11 086	12 408	11.9
Net	16 397	14 112	13 897	13 096	14 142	
Financial services						
Receipts	12 874	11 317	11 281	11 701	12 975	10.9
Expenses	1 099	924	898	1 064	1 276	19.9
Net	11 775	10 393	10 383	10 637	11 700	
Technological services						
Receipts	5 456	6 755	6 140	8 356	9 332	11.7
Expenses	5 486	6 624	6 455	9 141	10 062	10.1
Net	-31	131	-315	-786	-730	
Other services						
Receipts	4 976	3 902	4 187	4 126	4 242	2.8
Expenses	324	315	359	881	1 070	21.4
Net	4 652	3 587	3 828	3 245	3 173	
Total						
Receipts	48 057	47 113	47 440	53 532	58 661	9.6
Expenses	24 629	23 762	22 735	27 219	29 087	6.9
Net	23 428	23 352	24 706	26 313	29 574	

1 As of 2002, other tourism has been included in same-day and transit travel.

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

Labour income and investment income

Table 4.1

	2001	2002	2003	2004 ^r	2005 ^P	Year-on-year change
	CHF millions	CHF millions	CHF millions	CHF millions	CHF millions	In percent
Labour income						
Receipts	1 984	1 904	2 064	2 106	2 124	0.8
Expenses	11 065	11 149	11 779	12 223	12 468	2.0
Net	-9 081	-9 245	-9 715	-10 117	-10 344	
Investment income total						
Receipts	87 582	63 590	83 513	87 651	125 446	43.1
Expenses	54 785	37 544	37 449	42 628	68 726	61.2
Net	32 797	26 046	46 065	45 023	56 720	
Portfolio investment						
Receipts	24 605	22 942	22 023	23 193	26 462	14.1
Expenses	13 724	11 578	10 852	11 858	13 827	16.6
Net	10 881	11 365	11 171	11 335	12 635	
Direct investment						
Receipts	31 404	19 917	43 576	48 696	74 786	53.6
Expenses	13 185	9 634	13 779	19 518	36 428	86.6
Net	18 219	10 284	29 798	29 179	38 359	
Other investment income						
Receipts	31 573	20 731	17 914	15 762	24 198	53.5
Expenses	27 876	16 333	12 818	11 253	18 472	64.1
Net	3 697	4 398	5 096	4 509	5 726	
of which banks' interest business						
Receipts	27 464	17 613	15 114	12 817	20 803	62.3
Expenses	27 075	15 469	12 065	10 405	17 199	65.3
Net	389	2 144	3 048	2 413	3 604	
Total						
Receipts	89 566	65 494	85 577	89 757	127 570	42.1
Expenses	65 850	48 693	49 228	54 851	81 194	48.0
Net	23 715	16 801	36 349	34 906	46 375	

Current transfers

Table 5.1

	2001	2002	2003	2004 ^r	2005 ^P	Year-on-year change
	CHF millions	CHF millions	CHF millions	CHF millions	CHF millions	In percent
Private transfers total						
Receipts	13 603	13 592	14 619	14 558	15 207	4.5
Expenses	19 326	19 312	18 651	18 306	22 833	24.7
of which immigrants' remittances	3 070	3 178	3 582	3 730	3 945	5.8
Net	-5 723	-5 720	-4 033	-3 747	-7 625	
Public transfers total						
Receipts	2 783	2 867	3 108	3 141	3 451	9.9
Expenses	5 880	6 139	6 347	6 787	7 128	5.0
Net	-3 097	-3 272	-3 239	-3 646	-3 677	
Social security						
Receipts	1 026	1 175	1 325	1 370	1 417	3.4
Expenses	3 897	3 970	4 127	4 301	4 577	6.4
Net	-2 870	-2 795	-2 802	-2 931	-3 160	
General government						
Receipts	1 756	1 692	1 783	1 771	2 034	14.9
Expenses	1 983	2 170	2 220	2 486	2 551	2.6
Net	-227	-478	-437	-715	-517	
Total						
Receipts	16 386	16 459	17 727	17 699	18 658	5.4
Expenses	25 206	25 452	24 998	25 092	29 961	19.4
Net	-8 820	-8 992	-7 271	-7 393	-11 303	

Swiss direct investment abroad: breakdown by economic activity¹

Table 6.1

	2001	2002	2003	2004 ^f	2005 ^p
Capital exports^{2,3} in CHF millions					
Manufacturing	11 393	12 502	6 425	21 679	18 337
Textiles and clothing ⁴	-279	157	813	-26	161
Chemicals and plastics	1 499	2 939	3 238	12 127	10 994
Metals and machinery	4 797	-343	1 433	1 987	297
Electronics, energy, optical and watchmaking	1 788	681	-3 247	851	440
Other manufacturing and construction	3 588	9 067	4 189	6 740	6 445
Services	19 523	283	14 369	10 743	47 133
Trade	1 080	388	-617	1 354	8 754
Finance and holding companies	8 694	2 635	7 359	1 832	19 191
of which Swiss-controlled ⁵	6 810	-1 901	2 663	-64	164
of which foreign-controlled ⁶	1 885	4 536	4 696	1 896	19 027
Banks	-794	437	6 176	3 023	8 959
Insurance	7 493	-573	1 414	3 815	7 785
Transportation and communications	1 521	-1 383	-540	-47	363
Other services	1 528	-1 220	576	766	2 081
Total	30 916	12 785	20 795	32 422	65 470
Total excluding foreign-controlled finance and holding companies⁶	29 032	8 249	16 098	30 526	46 443

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 Expansion in the reporting population in 2004.

4 Expansion in the reporting population in 2003.

5 A company is considered to be Swiss-controlled if a majority share of its capital is in Swiss hands.

6 A company is considered to be foreign-controlled if a majority share of its capital is in foreign hands.

	2001	2002	2003	2004 ^f	2005 ^p
Capital exports^{2,3} in CHF millions					
1. Europe	13 462	10 274	9 437	14 668	30 200
EU⁴, of which	11 698	7 841	6 524	15 012	27 928
Baltic countries ^{5,6}	.	.	.	-14	77
Belgium	-545	2 036	2 634	797	-835
Denmark	-29	69	485	221	-2
Germany	5 696	247	304	91	1 670
Finland	99	-8	16	406	-24
France	-1 582	985	-1 873	3 203	2 148
Greece	167	241	369	108	305
Ireland	-4 713	175	33	-511	571
Italy	1 958	773	-1 877	160	491
Luxembourg	7 825	-2 557	4 352	-303	1 933
Netherlands	167	1 505	583	3 809	14 385
Austria	399	455	595	901	1 101
Poland ⁶	.	.	.	341	381
Portugal	270	75	-266	46	-49
Sweden	-165	3 002	401	739	-2 030
Slovakia ⁶	.	.	.	93	-1
Spain	1 382	480	27	460	2 469
Czech Republic ⁶	.	.	.	368	660
Hungary ⁶	.	.	.	-65	409
United Kingdom	769	363	741	4 389	4 147
Other European countries⁷, of which	1 763	2 433	2 912	-343	2 272
Baltic countries ^{5,8}	-4	79	7	.	.
Bulgaria	2	1	37	29	38
Croatia	21	7	64	50	42
Norway	.	.	.	-1 974	262
Poland ⁶	209	-152	117	.	.
Romania	139	-45	86	108	134
Russian Federation	684	148	-21	294	803
Slovakia ⁸	9	52	-4	.	.
Czech Republic ⁸	274	55	-496	.	.
Turkey	-158	249	51	218	276
Ukraine	28	39	69	180	185
Hungary ⁸	172	28	132	.	.
Offshore financial centres ⁹	-242	-246	2 855	673	434
2. North America	9 679	3 642	6 769	8 821	15 521
Canada	108	307	353	3 140	5 859
United States	9 571	3 336	6 416	5 681	9 660
3. Central and South America, of which	6 254	-1 162	3 753	2 993	10 219
Argentina	533	-542	345	65	407
Bolivia	6	8	10	3	8
Brazil	-808	-615	163	446	523
Chile	-163	-8	-14	30	85
Costa Rica	13	17	85	38	490

Capital exports^{2,3} in CHF millions

Ecuador	55	42	14	15	41
Guatemala	-8	-8	13	1	0
Colombia	-70	-214	-19	12	114
Mexico	941	184	-61	112	-54
Peru	36	-42	-61	100	-37
Uruguay	90	152	33	80	106
Venezuela	176	-239	178	89	47
Offshore financial centres ¹⁰	5 595	-440	3 943	1 839	6 508
4. Asia, of which	1 416	86	128	5 167	6 715
Bangladesh	6	0	0	19	0
China (People's Republic)	181	-64	-188	199	673
Hong Kong	5	-363	101	-147	669
India	139	76	140	163	191
Indonesia	156	37	-32	2	82
Israel	45	-23	44	47	38
Japan	741	-481	-165	1 041	1 508
Korea, Republic of (South Korea)	162	26	6	23	638
Malaysia	67	-34	209	-5	175
Pakistan	42	18	21	220	182
Philippines	98	-272	-62	-212	763
Saudi Arabia	-6	7	-18	-19	112
Singapore	-519	1 050	-202	3 688	1 087
Sri Lanka	-13	-2	-14	6	9
Taiwan	34	31	45	54	180
Thailand	206	167	180	120	232
United Arab Emirates	55	-52	-22	4	-60
Viet Nam	-19	-40	25	8	-24
5. Africa, of which	143	-489	-248	-372	1 838
Egypt	82	48	31	28	270
Côte d'Ivoire	-6	-93	4	-16	-2
Kenya	4	-1	-2	11	11
Morocco	37	26	34	7	45
Nigeria	8	1	26	3	-7
South Africa	54	-238	-243	-73	1 003
Tunisia	5	-10	-9	4	6
6. Oceania, of which	-37	433	957	1 145	977
Australia	-66	437	992	1 133	603
New Zealand	22	-7	-54	9	360
All countries	30 916	12 785	20 795	32 422	65 470

1 The definition of countries is based on the Eurostat nomenclature.

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

3 Expansion in the reporting population in 2004.

4 Until 2003, EU15; as of 2004, EU25.

5 Estonia, Latvia and Lithuania.

6 Until 2003, in Other European countries.

7 Until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus.

8 As of 2004, in the EU.

9 Gibraltar, Guernsey, Jersey and the Isle of Man.

10 Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Cayman Islands, Dominica, Grenada, Jamaica, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Turks and Caicos Islands, Virgin Islands (British), Virgin Islands (US).

Foreign direct investment in Switzerland: breakdown by economic activity¹

Table 7.1

	2001	2002	2003	2004 ^r	2005 ^p
Capital imports^{2,3} in CHF millions					
Manufacturing	-1 725	672	6 650	3 435	728
Chemicals and plastics	278	205	2 522	2 588	796
Metals and machinery	-39	165	1 797	465	243
Electronics, energy, optical and watchmaking	-2 435	264	1 953	706	-328
Other manufacturing and construction	472	38	378	-324	17
Services	16 670	9 111	15 575	-1 792	17 667
Trade	572	1 624	4 409	983	2 118
Finance and holding companies	5 513	8 090	9 012	-3 751	12 010
Banks	2 545	502	733	204	1 076
Insurance	1 721	-1 461	467	-98	309
Transportation and communications	6 177	-57	807	-260	1 835
Other services	142	413	146	1 129	318
Total	14 945	9 783	22 224	1 643	18 395

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 Expansion in the reporting population in 2004.

Foreign direct investment in Switzerland: breakdown by country¹

Table 7.2

	2001	2002	2003	2004 ²	2005 ³
Capital imports^{2,3} in CHF millions					
1. Europe	11 419	7 190	14 159	-3 481	9 395
EU⁴, of which	11 385	7 976	14 125	-3 591	9 448
Belgium	169	-266	4 807	320	-847
Denmark	1 840	-108	-33	314	777
Germany	-1 425	-321	-21	-277	738
France	944	2 685	939	783	1 208
Italy	299	410	-96	-2 131	231
Luxembourg	791	306	314	1 110	-472
Netherlands	7 505	297	6 025	-2 605	5 521
Austria	23	105	-9	636	655
Sweden	-48	189	244	-25	-355
Spain	50	34	29	122	543
United Kingdom	1 211	4 726	1 765	-1 716	1 395
Other European countries⁵	34	-786	34	110	-53
2. North America	2 869	3 075	7 213	7 045	8 434
Canada	-454	193	290	111	-5
United States	3 323	2 883	6 923	6 934	8 439
3. Central and South America, of which	119	32	932	-1 392	613
Offshore financial centres ⁶	137	43	941	-1 965	661
4. Asia, Africa and Oceania, of which	538	-515	-79	-530	-48
Israel	14	-310	26	33	64
Japan	278	-291	-263	-229	-117
All countries	14 945	9 783	22 224	1 643	18 395

1 The definition of countries is based on the Eurostat geonomenclature.

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

3 Expansion in the reporting population in 2004.

4 Until 2003, EU15; as of 2004, EU25.

5 Until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus.

6 Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Cayman Islands, Dominica, Grenada, Jamaica, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Turks and Caicos Islands, Virgin Islands (British), Virgin Islands (US).

Portfolio investment: breakdown by securities¹ in CHF millions

Table 8.1

	2001	2002	2003	2004 ^r	2005 ^p
Swiss portfolio investment abroad	-72 298	-46 624	-44 494	-53 270	-66 323
Debt securities	-47 054	-34 750	-41 623	-39 160	-44 345
Bonds and notes	-39 287	-29 556	-32 882	-48 509	-48 521
Money market instruments	-7 767	-5 194	-8 741	9 349	4 176
Equity securities	-25 244	-11 874	-2 871	-14 110	-21 978
Shares	-12 688	-6 846	556	-2 394	6 104
Investment funds	-12 556	-5 028	-3 427	-11 716	-28 081
Foreign portfolio investment in Switzerland	3 199	11 414	-2 527	3 598	7 172
Debt securities	82	2 623	3 676	7 031	2 065
Bonds and notes	-771	-3	2 180	5 264	-1 467
Public sector	2 364	-209	509	2 643	-1 143
Other	-3 135	206	1 671	2 621	-324
Money market instruments	853	2 626	1 496	1 767	3 532
Equity securities	3 117	8 791	-6 203	-3 433	5 106
Shares	-5 048	8 935	-5 636	-6 731	-2 794
Investment funds	8 165	-144	-567	3 297	7 900
Net	-69 099	-35 210	-47 021	-49 672	-59 151

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

Portfolio investment: breakdown by currency¹ in CHF millions

Table 8.2

	2001	2002	2003	2004 ^r	2005 ^p
Swiss portfolio investment abroad	-72 298	-46 624	-44 494	-53 270	-66 323
Debt securities	-47 054	-34 750	-41 623	-39 160	-44 345
CHF	-7 680	-8 302	-26 370	-15 702	-12 241
EUR	-28 553	-14 350	-8 528	-8 429	-10 404
USD	-10 421	-8 438	-3 194	-7 314	-14 561
Other currencies	-402	-3 660	-3 531	-7 715	-7 139
Equity securities	-25 244	-11 874	-2 871	-14 110	-21 978
CHF	-4 010	-1 567	319	-2 207	-5 514
EUR	-10 083	-2 336	2 850	-3 018	-9 141
USD	-9 665	-7 524	-4 415	-7 493	-4 953
Other currencies	-1 487	-447	-1 626	-1 393	-2 369
Foreign portfolio investment in Switzerland	3 199	11 414	-2 527	3 598	7 172
Debt securities	82	2 623	3 676	7 031	2 065
CHF	2 996	3 098	3 277	5 979	1 775
EUR	-813	-586	-281	134	-146
USD	-1 569	35	475	731	349
Other currencies	-532	76	206	186	87
Equity securities	3 117	8 791	-6 203	-3 433	5 106
CHF	1 013	8 911	-5 557	-5 725	-4 660
EUR	561	-1 238	188	2 401	6 381
USD	4 153	1 212	-549	78	3 225
Other currencies	-2 610	-93	-285	-189	160
Net	-69 099	-35 210	-47 021	-49 672	-59 151

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

Commercial bank lending: breakdown by currency¹ in CHF billions

Table 9.1

	2001	2002	2003	2004 ^r	2005 ^p
Claims abroad	45.9	-85.5	-14.3	-16.6	-73.5
CHF	-5.7	-4.9	-2.6	-1.0	0.4
USD	24.6	-114.0	-25.9	-36.5	-69.3
EUR	1.8	-13.7	-11.6	17.5	-2.2
Other currencies	26.4	47.9	23.4	4.2	-0.8
All currencies	47.1	-84.6	-16.6	-15.8	-71.9
Precious metals	-1.2	-0.9	2.3	-0.8	-1.5
Liabilities abroad	-27.9	58.7	7.5	33.5	75.4
CHF	9.3	-17.4	-0.8	-5.6	9.1
USD	9.9	83.6	-13.6	61.9	40.2
EUR	25.6	20.4	35.7	1.0	2.9
Other currencies	-73.2	-26.5	-13.4	-25.3	22.5
All currencies	-28.5	60.2	8.0	32.0	74.7
Precious metals	0.5	-1.5	-0.5	1.5	0.7
Net	18.0	-26.8	-6.8	16.9	1.9
CHF	3.6	-22.3	-3.3	-6.6	9.5
USD	34.5	-30.3	-39.4	25.3	-29.1
EUR	27.3	6.7	24.1	18.5	0.6
Other currencies	-46.8	21.5	10.0	-21.1	22.8
All currencies	18.7	-24.5	-8.7	16.2	2.8
Precious metals	-0.7	-2.4	1.8	0.7	-0.9

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

Corporate lending: breakdown by economic activity^{1,2,3} in CHF millions

Table 10.1

	2001	2002	2003	2004 ¹	2005 ²
Claims abroad	-11 474	-7 610	-2 849	-14 576	-12 854
Manufacturing	-2 335	-4 462	-1 218	2 158	-1 863
Chemicals and plastics	-2 420	-3 975	2 706	35	-2 305
Metals and machinery	162	-374	511	-1 059	586
Electronics, energy, optical and watchmaking	32	-208	-4 311	3 072	-91
Other manufacturing and construction	-108	94	-124	109	-53
Services	-9 139	-3 148	-1 631	-16 734	-10 991
Trade	-1 291	-36	-1 900	-5 781	-5 257
Finance and holding companies	-5 382	5 068	-1 084	-5 792	-1 051
Insurance	-2 850	-7 771	1 965	-5 022	-4 595
Transportation and communications	-145	-491	274	39	653
Other services	530	82	-886	-179	-741
Liabilities abroad	2 616	-1 130	8 920	1 722	12 324
Manufacturing	-923	2 096	826	-2 958	-109
Chemicals and plastics	-772	2 544	-363	-4 333	526
Metals and machinery	-263	-441	-219	687	-306
Electronics, energy, optical and watchmaking	65	8	1 015	178	150
Other manufacturing and construction	48	-15	392	510	-478
Services	3 538	-3 226	8 094	4 679	12 433
Trade	-3 804	-1 351	500	2 550	6 259
Finance and holding companies	4 362	-6 469	-53	2 115	-2 048
Insurance	2 104	5 038	7 418	438	7 885
Transportation and communications	1 483	352	172	-112	179
Other services	-607	-796	57	-311	158
Net	-8 858	-8 740	6 071	-12 855	-529
Manufacturing	-3 258	-2 366	-392	-800	-1 972
Services	-5 601	-6 374	6 463	-12 055	1 442

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

2 Excluding intragroup lending, which is shown under direct investment.

3 The minus sign (-) indicates an outflow of capital.

Other SNB publications on the balance of payments

The SNB issues data on the balance of payments in two additional publications. They are available as pdf files on the SNB website (www.snb.ch) under *Publications*.

Quarterly estimates of the balance of payments

Published three months after the end of each quarter.

Monthly Statistical Bulletin

The *Monthly Statistical Bulletin* (internet version) contains the latest data on the balance of payments. In addition, long time series are available.

Further information

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