

Communications

P.O. Box, CH-8022 Zurich
Telephone +41 1 631 31 11
Fax +41 44 631 39 10

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2005 Swiss Balance of Payments

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 and services 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.

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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

	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

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The Swiss Balance of Payments will be available on the SNB website, www.snb.ch, as of mid-September. The printed version will be available as of the end of September.

For further information please contact: Hildegard Muff, Swiss National Bank, telephone +41 44 631 37 05.

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Graph

Current account, net

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

	2001	2002	2003	2004 revised	2005 provisional
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	-1.4	-1.5	-1.5	-4.0
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 revised	2005 provisional
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, 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.

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

**Components of the 2004 and 2005 current accounts in CHF billions¹
and percentage change from previous year**

Components	2004 r			2005 p			Percentage change	
	Receipts	Expenses	Net	Receipts	Expenses	Net	Receipts	Expenses
A. Goods	153.2	146.5	6.7	163.5	160.4	3.0	6.7%	9.5%
Special trade ²	146.3	137.0	9.3	157.0	149.1	7.9	7.3%	8.8%
Other goods	6.9	9.5	-2.6	6.5	11.4	-4.9	-6.3%	19.0%
B. Services	53.5	27.2	26.3	58.7	29.1	29.6	9.6%	6.9%
Tourism	13.1	10.9	2.2	13.7	11.6	2.2	4.7%	5.9%
Private insurance	5.0	0.1	4.8	5.6	0.3	5.3	13.4%	138.2%
Merchanting	4.6	-	4.6	5.9	-	5.9	28.5%	
Transportation	5.2	3.6	1.5	5.4	3.6	1.8	4.9%	-1.9%
Postal, courier and telecommunications services	1.5	1.4	0.1	1.4	1.2	0.3	-5.4%	-15.8%
Other services	24.2	11.1	13.1	26.6	12.4	14.1	9.8%	11.9%
<i>Financial services</i>	<i>11.7</i>	<i>1.1</i>	<i>10.6</i>	<i>13.0</i>	<i>1.3</i>	<i>11.7</i>	<i>10.9%</i>	<i>19.9%</i>
<i>Technological services</i>	<i>8.4</i>	<i>9.1</i>	<i>-0.8</i>	<i>9.3</i>	<i>10.1</i>	<i>-0.7</i>	<i>11.7%</i>	<i>10.1%</i>
<i>Other services</i>	<i>4.1</i>	<i>0.9</i>	<i>3.2</i>	<i>4.2</i>	<i>1.1</i>	<i>3.2</i>	<i>2.8%</i>	<i>21.4%</i>
C. Labour income and investment income	89.8	54.9	34.9	127.6	81.2	46.4	42.1%	48.0%
Labour income	2.1	12.2	-10.1	2.1	12.5	-10.3	0.8%	2.0%
Investment income	87.7	42.6	45.0	125.4	68.7	56.7	43.1%	61.2%
D. Current transfers	17.7	25.1	-7.4	18.7	30.0	-11.3	5.4%	19.4%
Private transfers	14.6	18.3	-3.7	15.2	22.8	-7.6	4.5%	24.7%
Public transfers	3.1	6.8	-3.6	3.5	7.1	-3.7	9.9%	5.0%
Total (A+B+C+D)	314.2	253.7	60.5	368.4	300.7	67.7	17.2%	18.5%

1 Differences in the totals are due to the rounding of figures.

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 goods.

r revised

p provisional

Swiss direct investment abroad: breakdown by country¹

	2001	2002	2003	2004 revised	2005 provisional
Capital exports^{2,3} in CHF millions					
1. Europe	13462	10274	9437	14668	30200
EU⁴, of which	11698	7841	6524	15012	27928
Baltic countries ^{5,6}	.	.	.	-14	77
Belgium	-545	2036	2634	797	-835
Denmark	-29	69	485	221	-2
Germany	5696	247	304	91	1670
Finland	99	-8	16	406	-24
France	-1582	985	-1873	3203	2148
Greece	167	241	369	108	305
Ireland	-4713	175	33	-511	571
Italy	1958	773	-1877	160	491
Luxembourg	7825	-2557	4352	-303	1933
Netherlands	167	1505	583	3809	14385
Austria	399	455	595	901	1101
Poland ⁶	.	.	.	341	381
Portugal	270	75	-266	46	-49
Sweden	-165	3002	401	739	-2030
Slovakia ⁶	.	.	.	93	-1
Spain	1382	480	27	460	2469
Czech Republic ⁶	.	.	.	368	660
Hungary ⁶	.	.	.	-65	409
United Kingdom	769	363	741	4389	4147
Other European countries⁷, of which	1763	2433	2912	-343	2272
Baltic countries ^{5,8}	-4	79	7	.	.
Bulgaria	2	1	37	29	38
Croatia	21	7	64	50	42
Norway	.	.	.	-1974	262
Poland ⁸	209	-152	117	341	.
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	2855	673	434
2. North America	9679	3642	6769	8821	15521
Canada	108	307	353	3140	5859
United States	9571	3336	6416	5681	9660
3. Central and South America, of which	6254	-1162	3753	2993	10219
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

	2001	2002	2003	2004 revised	2005 provisional
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	5595	-440	3943	1839	6508
4. Asia, of which	1416	86	128	5167	6715
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	1041	1508
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	1050	-202	3688	1087
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	1838
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	1003
Tunisia	5	-10	-9	4	6
6. Oceania, of which	-37	433	957	1145	977
Australia	-66	437	992	1133	603
New Zealand	22	-7	-54	9	360
All countries	30916	12785	20795	32422	6547

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

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

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

Foreign direct investment in Switzerland: breakdown by country¹

	2001	2002	2003	2004 revised	2005 provisional
Capital imports^{2,3} in CHF millions					
1. Europe	11419	7190	14159	-3481	9395
EU⁴, of which	11385	7976	14125	-3591	9448
Belgium	169	-266	4807	320	-847
Denmark	1840	-108	-33	314	777
Germany	-1425	-321	-21	-277	738
France	944	2685	939	783	1208
Italy	299	410	-96	-2131	231
Luxembourg	791	306	314	1110	-472
Netherlands	7505	297	6025	-2605	5521
Austria	23	105	-9	636	655
Sweden	-48	189	244	-25	-355
Spain	50	34	29	122	543
United Kingdom	1211	4726	1765	-1716	1395
Other European countries⁵	34	-786	34	110	-53
2. North America, of which	2869	3075	7213	7045	8434
Canada	-454	193	290	111	-5
United States	3323	2883	6923	6934	8439
3. Central and South America, of which	119	32	932	-1392	613
Offshore financial centres ⁶	137	43	941	-1965	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	14945	9783	22224	1643	18395

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

Current account, net

