

Swiss Balance of Payments 2007

September 2008

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIONALE SVIZRA
SWISS NATIONAL BANK



11/11/08

Swiss National Bank
Swiss Balance of Payments 2007

Published by

Swiss National Bank
Statistics
CH-8022 Zurich
Telephone +41 44 631 31 11

Further information

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Subscriptions, individual issues and changes of address

Swiss National Bank, Library, P.O. Box, CH-8022 Zurich
Telephone +41 44 631 32 84, fax +41 44 631 81 14
E-mail: library@snb.ch

Languages

This report is published in German, French and English.

Website

Publications of the Swiss National Bank are available
on the SNB website, www.snb.ch, Publications.

Printed by

FO-Fotorotar, CH-8132 Egg/ZH

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Publication date

September 2008

ISSN 1661-1519 (printed version)

ISSN 1661-1527 (online version)

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Summary

The favourable economic situation and the financial market crises characterised the 2007 Swiss balance of payments. As a result of the healthy state of the economy, trade in goods and services was very dynamic. Both inflows and outflows recorded double-digit growth rates. In the second half of the year, however, the US real estate crisis weighed on investment income from subsidiaries abroad. The current account surplus receded in line with this development. The financial account registered a net decline in capital outflows. This was attributable to reduced direct and portfolio investment abroad. On the one hand, direct investment saw a decline in acquisitions by Swiss manufacturing. On the other hand, the crisis on the US mortgage market led to heavy losses by banks. As a result, the retained profits item posted a negative result. Moreover, the turmoil on the financial markets impacted portfolio investment abroad, which was significantly lower than a year previously.

Current account

The current account surplus declined from CHF 71 billion to CHF 68 billion. In relation to gross domestic product, it amounted to 13% (2006: 15%). This decrease was due mainly to the losses by banks' foreign subsidiaries, which led to reduced income from direct investment abroad.

Goods trade (special trade) was very dynamic, particularly in the first three quarters of 2007. All export industries boosted their turnover. Imports of goods advanced at the same rate as exports of goods. High growth rates at banks and insurance companies as well as in merchanting were a major factor in determining income from services. The tourism industry was also buoyant, with receipts registering a decisive increase as well. Higher expenses for licensing and patent fees accounted for the rise in imports of services. Expenses for foreign travel (tourism) were also higher than a year earlier.

Investment income exhibited a mixed trend. Higher capital stocks and interest rates led to a sharp increase in income from portfolio investment and banks' interest business. Most industries also achieved higher income from their direct investment abroad. However, the heavy losses sustained by banks abroad in connection with the crisis in the US real estate market resulted in an overall decline in income from direct investment abroad.

Financial account

The financial account registered a net outflow of CHF 48 billion (2006: CHF 88 billion); this drop was mainly attributable to reduced direct and portfolio investment abroad.

Direct investment abroad declined from CHF 94 billion to CHF 57 billion, owing primarily to a significant decrease in expenditure on acquisitions by the manufacturing industry. The EU countries (EU27) and Central and South America received the major share of investment. By contrast, the US saw capital withdrawals as a result of losses by the banks' subsidiaries. Foreign direct investment in Switzerland (capital inflows) rose from CHF 41 billion to CHF 46 billion, thereby reaching an all-time high. This was mainly due to the acquisition of a major chemical company by foreign investors, which pushed up direct investment in manufacturing sharply. Direct investment in the service sector receded, however. In 2006, the takeover of a large insurance company had triggered high inflows.

In net terms, Swiss investors purchased foreign-issued securities totalling CHF 25 billion, as compared with CHF 54 billion a year previously. They again invested mainly in debt securities and units in collective investment schemes, while they sold shares. Foreign investors purchased securities issued by Swiss borrowers in the net amount of CHF 2 billion. Half of the investment was made in debt securities and the other half in equity securities. In the latter category, investors bought units in collective investment schemes at the expense of shares.

Turnover in derivatives and structured products resulted in a net capital outflow of CHF 13 billion compared with CHF 4 billion a year earlier.

High inflows and outflows in banks and companies were the main components of other investment. Net capital inflow was CHF 2 billion, compared with CHF 22 billion in the previous year.

The SNB sold another 145 tonnes of gold to the private sector under the second Central Bank Gold Agreement of 8 March 2004. The National Bank invested the proceeds from the gold sales in CHF 4 billion worth of securities.

Residual item (net errors and omissions)

The balance from the residual item came to CHF -17 billion, compared to CHF +21 billion in the previous year. This accounts for 1% of the total transactions recorded in the balance of payments. Sharp fluctuations in the residual item of the balance of payments are not unusual, suggesting that they are mainly due to gaps in the recording of the financial account.

Balance of payments, net

Table 1

In CHF billions

	2003	2004	2005	2006	2007
Current account	56.2	58.2	63.0	70.6	68.3
Goods	4.3	6.7	3.0	5.1	9.4
Services	26.9	28.2	31.5	38.0	44.1
Labour income	-9.7	-10.0	-10.4	-11.2	-12.4
Investment income	42.3	41.5	52.7	50.5	38.5
Current transfers	-7.6	-8.1	-13.8	-11.7	-11.3
Capital transfers	-0.9	-1.8	-0.8	-3.5	-2.8
Financial account	-35.2	-70.3	-85.8	-88.4	-48.1
Direct investment	1.4	-31.5	-66.1	-53.0	-10.3
Portfolio investment	-47.0	-49.7	-59.2	-53.5	-23.3
Derivatives and structured products				-3.7	-12.8
Other investment	14.9	12.8	16.8	22.2	2.2
of which					
Commercial bank lending	-6.8	16.9	1.9	23.5	7.1
Corporate lending	6.1	-12.7	16.9	15.6	3.3
Reserve assets	-4.5	-1.9	22.7	-0.4	-4.1
Residual item (net errors and omissions)	-20.1	13.8	23.6	21.3	-17.4

Current account

The current account surplus declined from CHF 71 billion to CHF 68 billion. Strong growth was once again recorded in trade in goods and services. As exports expanded more than imports, the surplus in this area increased by CHF 10 billion to CHF 54 billion. By contrast, the investment income surplus fell by CHF 12 billion to CHF 39 billion. Losses sustained by banks' foreign subsidiaries led to a decline in income from direct investment abroad (receipts). At the same time, income from foreign investment in Switzerland (expenses) increased markedly year on year.

Chart 1
Current account, net

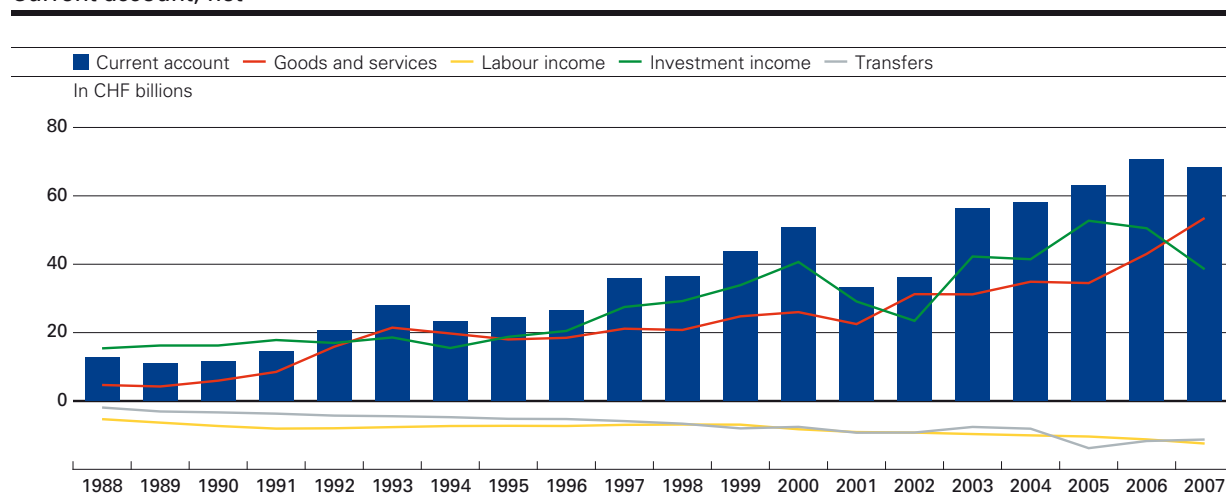
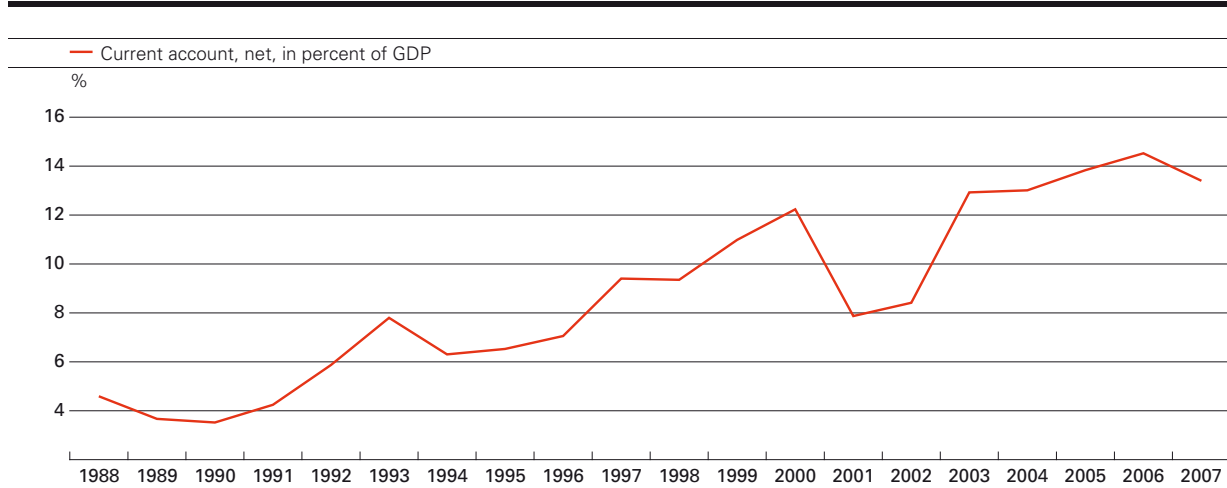


Chart 2
Current account, net, in percent of gross domestic product



Goods

Foreign trade (special trade)

In the foreign trade segment, both export receipts and import expenses rose by 11%. The trade balance surplus reached a new all-time high of CHF 14 billion.

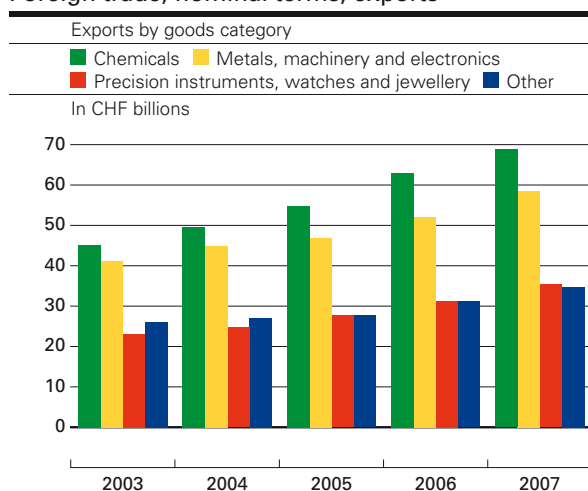
All export industries registered a rise in sales. The chemical industry, which is the most important export segment, boosted its sales by 9%. Pharmaceuticals accounted for this increase. Metal industry exports grew by 15%, largely as a result of price rises. Exports by the machinery and electronics industries went up by 11%; precision instruments, watchmaking and jewellery recorded a 13% increase in exports.

Exports to the EU countries (EU27) grew by around 13%. Germany – Switzerland's major trading partner – imported considerably more goods than in the previous year (15%). Exports of goods to Italy and France were up 10% and 9% respectively, while exports to the US stagnated. There was an above-average increase in exports to transition countries (26%), mainly driven by exports of machinery to China and Russia, and of pharmaceuticals to Russia.

Compared to the previous year, import growth was most pronounced in the area of raw materials and semi-finished products (19%). This was mainly accounted for by imports of chemicals. Imports of capital and consumer goods grew by 10% and 9% respectively. By contrast, there was a year-on-year decline in energy imports (6%), reflecting lower import volumes combined with a slight rise in prices.

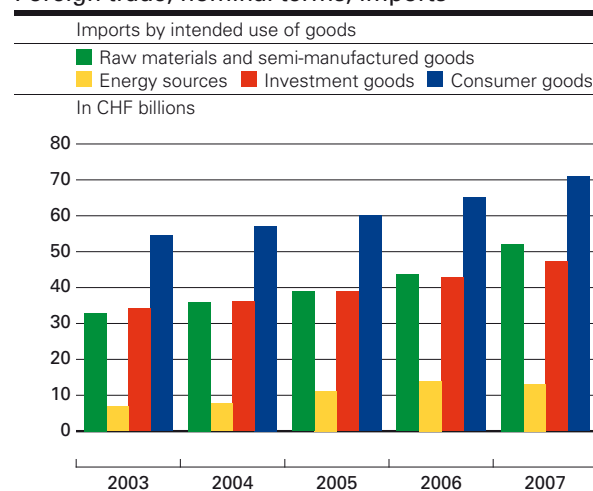
Switzerland imported 11% more goods from the EU countries (EU27), with imports from Germany rising by 13%. Imports to Switzerland from the US grew by 14%, and those from transition countries recorded an even more marked increase (28%). Imports from China grew particularly strongly – above all for machinery, equipment and electronics.

Chart 3
Foreign trade, nominal terms, exports



Source: Federal Customs Administration (FCA)

Chart 4
Foreign trade, nominal terms, imports



Source: FCA

Other trade

Developments in the other trade category are dominated by trade in precious metals, precious stones and gems. This component of goods trade can be subject to significant volume and price fluctuations. While exports saw robust growth in 2007 (16%), imports fell (7%). This led to a decline in the import surplus from CHF 7 billion to CHF 5 billion.

2007 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
EU27	124.4	150.3	12.9	11.3
of which				
Germany	41.1	62.2	14.9	12.8
France	16.7	17.9	9.4	4.5
Italy	17.5	20.6	10.1	11.7
United States	18.4	9.4	0.8	13.5
Transition countries	9.4	6.9	25.7	28.4
of which				
China	4.8	4.8	27.5	21.6
Emerging economies	18.7	6.4	13.3	17.2
Developing countries	14.6	6.1	17.8	-7.9
Others	12.0	4.5	-5.4	-2.8
Total	197.5	183.6	11.3	11.0

Services

Tourism

Once again, the number of overnight stays in Switzerland by foreign visitors went up compared to the previous year. Income from tourism expanded by 8% to CHF 15 billion. The weaker franc made Switzerland attractive to visitors from euro area countries and the United Kingdom in particular. This development was boosted by the favourable economic situation in those countries. Conversely, visits from the US stagnated as a result of the weaker US dollar. Spending by foreigners engaged in same-day and transit travel was the same as in the previous year.

Spending on personal and business travel by Swiss residents rose markedly (10%). However, expenditure by Swiss residents engaged in same-day travel abroad was down (6%). Overall, tourism spending increased by 6% to CHF 12 billion.

Insurance companies

Services by insurance companies are remunerated in the form of premium income. Part of the premium income is therefore recorded under services. The remaining premium income, together with claims payments and commissions, is shown under current transfers. Receipts from the export of insurance services rose by one-quarter, to CHF 6 billion. Expenses for the import of insurance services increased by one-third. The main contributor to both receipts and expenses is the reinsurance business, the most important segment of Switzerland's international insurance business. The acquisition of a foreign insurance company led to a rise in premium income from reinsurance business, as a result of this business now being handled from Switzerland.

Chart 5
Tourism, receipts

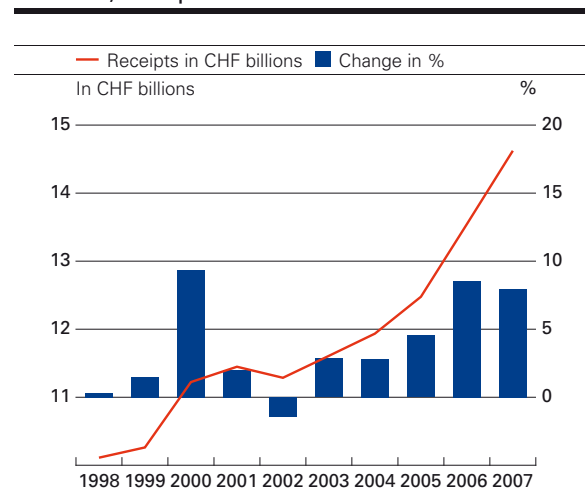
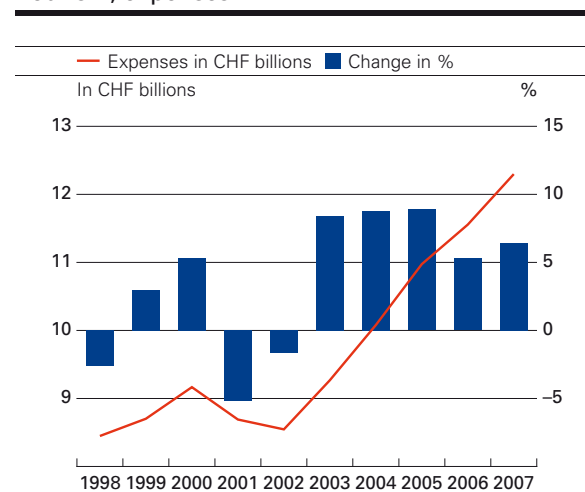


Chart 6
Tourism, expenses



Merchanting

The increased trade volumes and higher prices gave a marked boost to receipts from merchanting, which rose by 21% to CHF 11 billion. Energy sources accounted for half the traded goods, while one-fifth was attributable to trade in other commodities.

Transportation

Income from transportation expanded by 15% to CHF 7 billion. Receipts from passenger transportation recorded the largest increase (17%); this was mainly accounted for by air transport. Income from freight transportation rose by 12%. Other transport services connected with air transport (maintenance, ground handling and landing fees) experienced a 14% increase.

Expenses for transportation grew by 11% to CHF 4 billion. Expenses for passenger transportation rose by 7%, and those for other transport services by 17%. Expenses for freight transportation are not reported here, as they are included under goods imports.

Chart 7
Merchanting, receipts

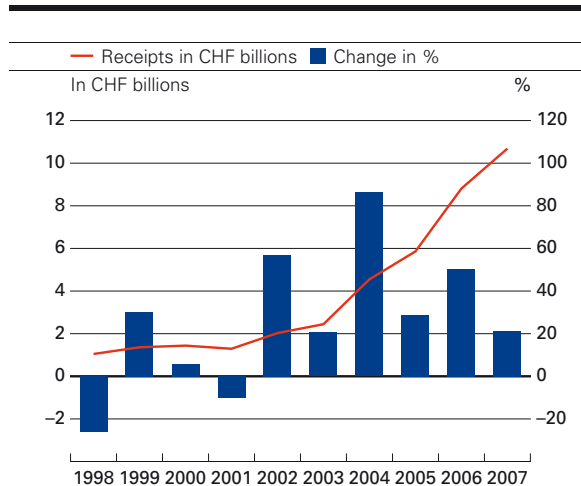
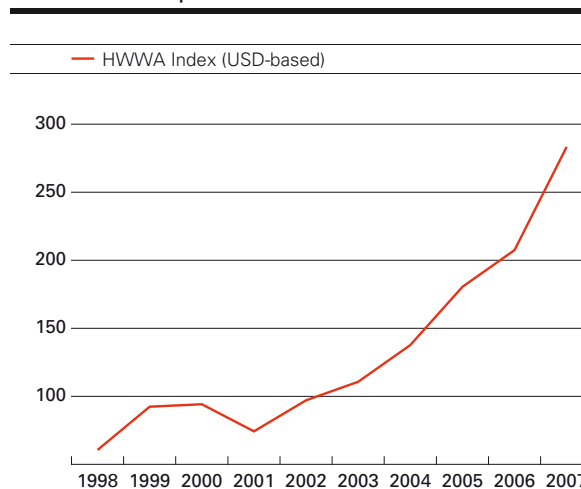


Chart 8
Raw materials price index



Source: Hamburg Institute of International Economics (HWWI)

Bank financial services

Bank financial services cover commission business and financial intermediation services indirectly measured (FISIM). Bank financial services are driven by commission business, which mainly comprises brokers' commissions on stock exchange transactions as well as asset management and underwriting revenues. These business segments were very dynamic in 2007, with commission income growing by one-quarter compared to the previous year. FISIM, on the other hand, registered only a slight increase (3%). Overall, receipts from bank financial services rose by CHF 4 billion to CHF 25 billion.

Technological services

Trade in technological services is mainly driven by licensing and patent fees, a large proportion of which is accounted for by intragroup fees. On the income side, increases were mainly registered by the food and machinery industries. Overall, receipts from exports of technological services rose by 8% to CHF 11 billion. The corresponding expenses grew by 19% to CHF 14 billion, largely due to increased expenditure on foreign licences and patents by the chemical industry. The import surplus expanded, from CHF 1 billion to CHF 3 billion.

Chart 9

Bank financial services, receipts

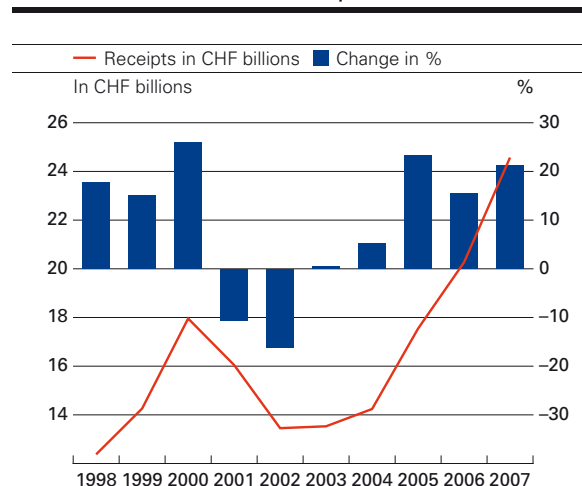


Chart 10

Swiss Market Index



Source: SWX

Labour income

Labour income from abroad mainly consists of the gross salaries of people employed by international organisations in Switzerland. International organisations are considered to be extraterritorial areas with non-resident status. Labour income from abroad stagnated at around CHF 2 billion.

Salaries and wages to other countries represent the remuneration of foreign cross-border commuters. The favourable economic conditions in Switzerland led to an increase in the number of foreign workers employed, causing salaries and wages to other countries to rise by CHF 1 billion to CHF 15 billion.

Net expenditure on labour income grew by CHF 1 billion to CHF 12 billion.

Chart 11

Labour income

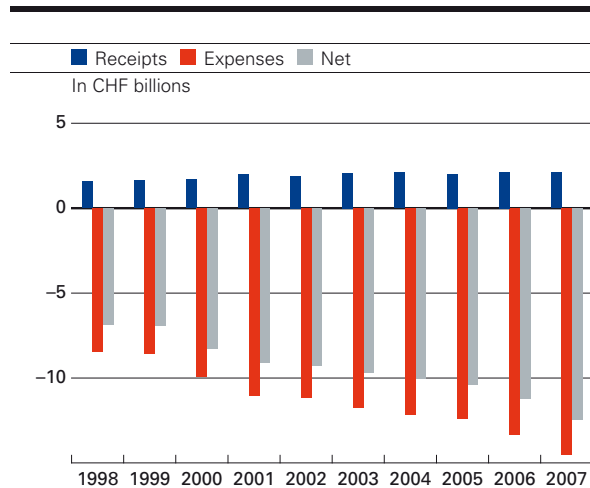
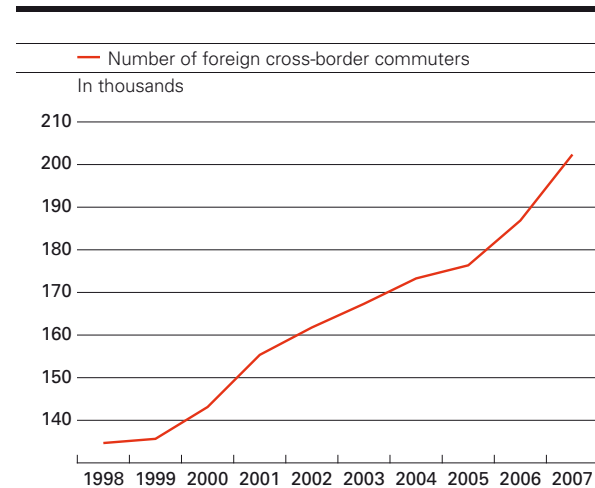


Chart 12

Cross-border commuters



Source: Swiss Federal Statistical Office (SFSO)

Investment income

Portfolio income

Swiss investors increased their returns on foreign portfolio investment by CHF 6 billion to CHF 37 billion. Higher dividends, interest rates and securities holdings were behind this robust growth. Income from foreign-issued debt instruments rose by CHF 3 billion to CHF 21 billion. Income on equity securities (shares and units in collective investment schemes) rose by CHF 3 billion to CHF 16 billion.

Portfolio income paid to other countries rose by CHF 4 billion to CHF 21 billion. Dividend payments on Swiss shares reached a new peak; dividend payments to other countries were thus also higher. Foreign investors also achieved higher returns on collective investment schemes.

Net investment income rose by CHF 3 billion to CHF 17 billion. When interpreting the figures, it should be borne in mind that Swiss portfolio investments abroad are larger than foreign portfolio investments in Switzerland. Consequently, receipts from investments abroad are usually higher than expenses on foreign investments in Switzerland. Moreover, income and expenses reflect the different investment structure of the portfolios of Swiss and foreign investors. Foreign investors mainly hold Swiss shares, while Swiss investors' holdings are divided more or less equally between equity securities and debt instruments of foreign issuers.

Portfolio income

In CHF billions

Table 3

	2006	2007
Total income	30.8	37.0
Debt securities	17.8	21.1
Equity securities	13.0	15.9
Shares	5.6	6.4
Collective investment schemes	7.5	9.5
Total expenses	16.9	20.6
Debt securities	3.0	3.2
Equity securities	13.9	17.4
Shares	11.1	14.1
Collective investment schemes	2.7	3.3
Net income	13.9	16.5

Direct investment income

Income from direct investment abroad dipped by CHF 4 billion to CHF 64 billion, as a result of losses on banks' foreign subsidiaries. Banking sector receipts were thus down compared to the previous year. For other industries, by contrast, income rose by 40%. In particular, foreign-owned finance and holding companies domiciled in Switzerland posted higher returns year on year. Substantial fluctuations in the income of these companies are not unusual.

Income from direct investment in Switzerland (expenses) increased by CHF 10 billion to CHF 40 billion. There were substantial increases in both transferred earnings (dividend payments) and reinvested earnings (retained profits). Finance and holding companies accounted for almost half of the total income figure.

A combination of declining receipts and rising expenses reduced the net income from direct investment markedly compared to the previous year: by CHF 14 billion to CHF 24 billion.

Other investment income

Movements in other investment income are driven by Swiss banks' interest business with foreign banks and customers. Both interest income and interest expenses experienced robust growth, as a result of larger holdings and higher interest rates. The income surplus remained stable at CHF 1 billion.

Chart 13

Direct investment abroad

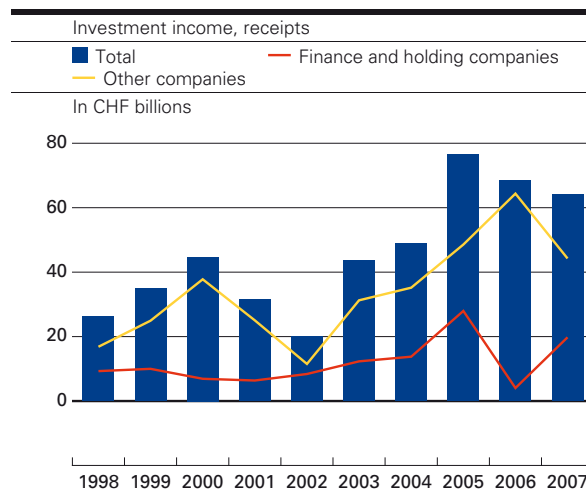
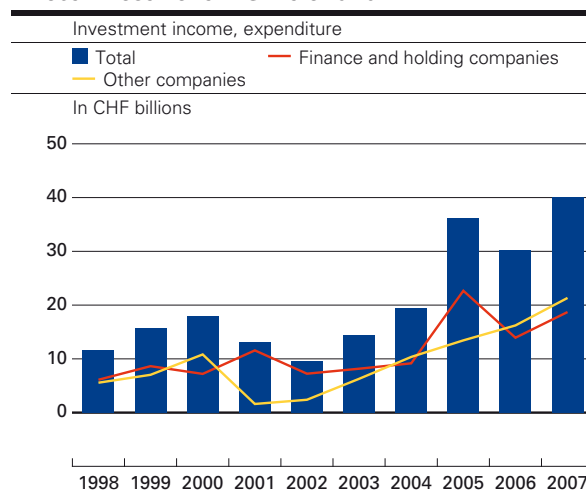


Chart 14

Direct investment in Switzerland



Direct investment income

In CHF billions

Table 4

	2006	2007
Total income	68.4	64.0
Transferred earnings	42.6	48.9
Reinvested earnings	25.9	15.1
Total expenses	30.2	40.0
Transferred earnings	13.8	17.7
Reinvested earnings	16.4	22.3
Net income	38.3	24.0

Current transfers

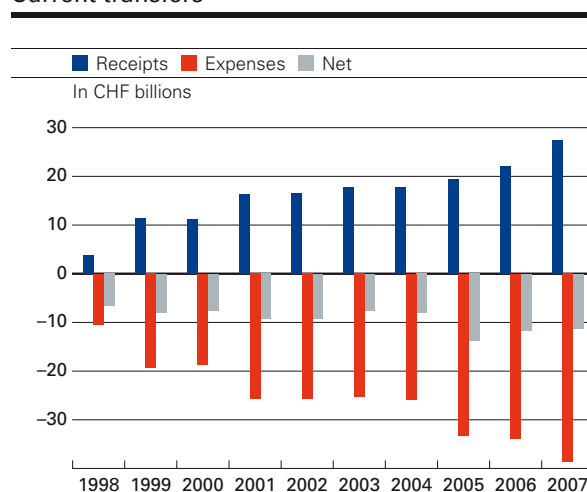
Current transfers from abroad increased by CHF 5 billion to CHF 27 billion. This was attributable to private transfers, which rose by CHF 5 billion to CHF 23 billion and mainly comprised private insurance companies' premium income.

Current transfers abroad also went up by CHF 5 billion, to CHF 39 billion. Half of the figure for private transfers is accounted for a substantial rise in claims payments by private insurance companies. There was also a renewed increase in transfers by foreign personnel resident in Switzerland (persons with permanent residence and annual work permits, and seasonal workers). This was due to higher wage and salary payments and an increase in the number of foreign personnel. Movements in the figures for public transfers are determined by social security schemes and transfers to international organisations.

Overall, current transfers recorded a fall in net expenditure of CHF 1 billion, to CHF 11 billion.

Chart 15

Current transfers

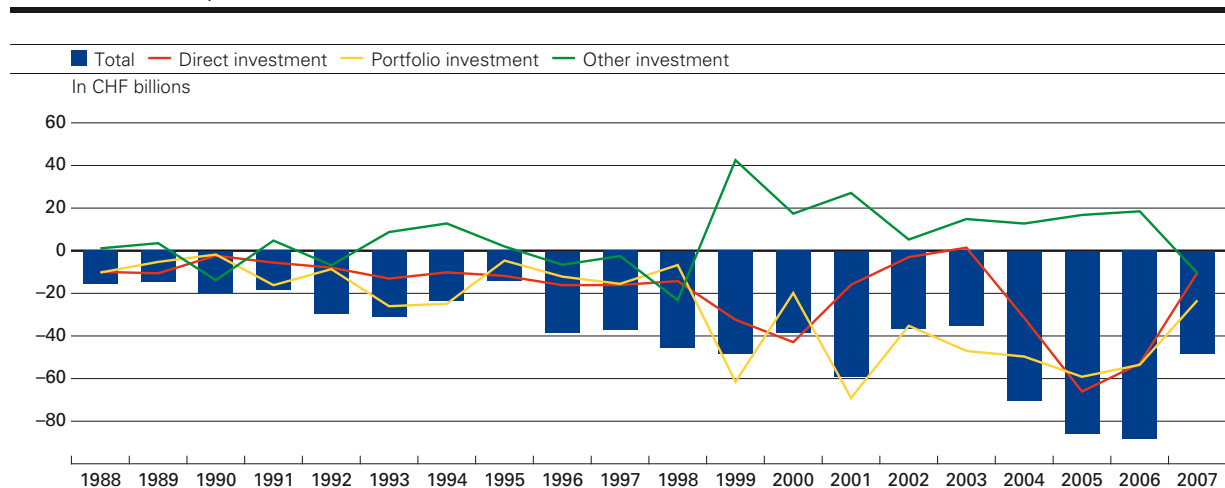


Financial account

The financial account registered a net outflow of CHF 48 billion (2006: CHF 88 billion). This marked decline was mainly attributable to the lower net capital outflows in portfolio and direct investment. Net outflows in direct investment receded from CHF 53 billion to CHF 10 billion. On the one hand, Swiss investment abroad was down and, on the other hand, foreign direct investment in Switzerland reached a record high. Net capital outflows in portfolio investment declined by CHF 30 billion to CHF 23 billion. Swiss investors purchased both fewer debt securities and equity securities abroad. In the other positions in the financial account, net capital outflows came to CHF 15 billion compared with a net capital inflow of CHF 18 billion in the previous year.

Chart 16

Financial account, net



Direct investment

Direct investment abroad

Direct investment abroad (capital outflows) amounted to CHF 57 billion, which is considerably lower than the previous year's record high of CHF 94 billion. The decline was mainly attributable to decreased expenditure on acquisitions abroad. Moreover, the retained profits (reinvested earnings) of subsidiaries abroad diminished.

The slowdown in acquisition activity was manifested primarily in manufacturing, where direct investment retreated from CHF 56 billion to CHF 19 billion. Direct investment of banks was determined by two opposing trends: on the one hand, losses in connection with the US real estate crisis led to a negative result in retained profits (reinvested earnings). On the other hand, banks injected fresh equity capital into their foreign subsidiaries. Overall, this resulted in a capital outflow of CHF 12 billion (2006: CHF 22 billion). At CHF 17 billion, investment by finance and holding companies was clearly higher than in the previous year (CHF 9 billion). The same applies to the transportation and communications industries, whose investments increased by CHF 1 billion to CHF 7 billion as a result of a large acquisition abroad. Insurance companies registered a significant repatriation of capital (CHF 3 billion), after selling subsidiaries abroad.

The main focus of Swiss corporate investment was in the EU countries (EU27) and Central and South America. Swiss companies invested CHF 28 billion (2006: CHF 36 billion) in the EU countries, the bulk of it in Luxembourg (CHF 13 billion) and in the UK and Italy (CHF 8 billion each). Central and South America saw an inflow of CHF 15 billion (2006: CHF 20 billion). Of this amount, CHF 12 billion was invested in Brazil, with transactions by finance and holding companies accounting for the lion's share. Swiss direct investment in Asia dropped from CHF 10 billion to CHF 9 billion. Funds flowed mainly to Singapore (CHF 4 billion) and Japan (CHF 2 billion). By contrast, Swiss companies withdrew capital totalling CHF 7 billion from the United States. A year previously, investment there had amounted to CHF 21 billion, with the majority being spent on acquisitions. During the year under review, considerably fewer funds were used for acquisitions.

Chart 17

Direct investment abroad

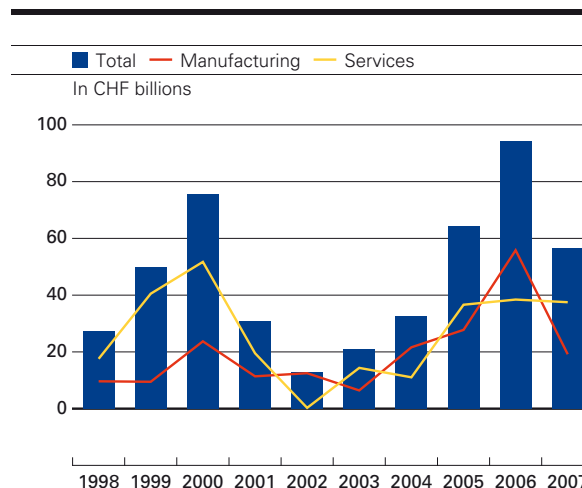
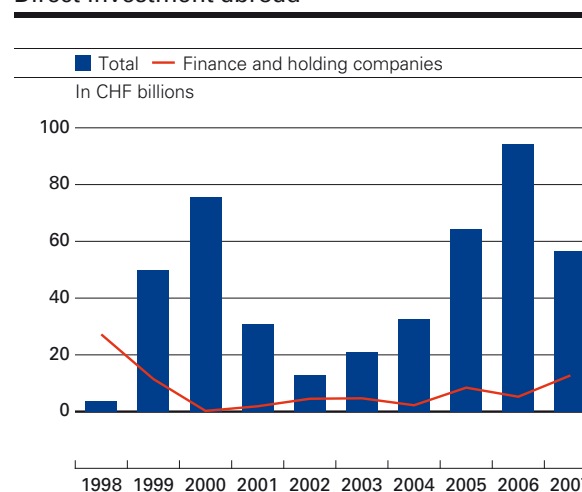


Chart 18

Direct investment abroad



Foreign direct investment in Switzerland

Foreign direct investment in Switzerland (capital inflows) rose from CHF 41 billion to CHF 46 billion. This is the highest inflow ever recorded. As in the previous year, acquisitions dominated the picture, with investment climbing from CHF 22 billion to CHF 23 billion. Once again, one single acquisition contributed significantly to this result. Parallel to this development, retained profits by subsidiaries in Switzerland (reinvested earnings) advanced from CHF 16 billion to CHF 22 billion. Intragroup lending accounted for capital inflows of CHF 1 billion (2006: CHF 3 billion).

Direct investment in manufacturing picked up from CHF 14 billion to CHF 24 billion. This increase was mainly accounted for by the aforementioned acquisition of a large company in the chemical industry, as a result of which foreign investment in this industry grew from CHF 5 billion to CHF 18 billion. The metals and machinery industries recorded an inflow of CHF 5 billion (2006: CHF 8 billion), which was also chiefly the result of acquisitions. Direct investment in the service sector, however, fell from CHF 27 billion to CHF 22 billion. In 2006, the takeover of a large insurance company had generated high inflows. The biggest inflows in the service sector were recorded by finance and holding companies (CHF 12 billion), followed by trading companies (CHF 4 billion) and banks (CHF 3 billion).

The funds came mostly from the EU countries (EU27), with companies in Switzerland receiving CHF 43 billion (2006: CHF 37 billion). At CHF 15 billion, Germany was the largest investor, followed by the Netherlands (CHF 13 billion), Austria (CHF 5 billion) and Luxembourg (CHF 3 billion). The latter three countries mainly serve as a hub for investments from third countries, with the funds coming primarily from the US, the UK and Japan. Another CHF 3 billion flowed to Switzerland from France. As in the previous year, North American investors staked CHF 4 billion in Switzerland.

Chart 19

Direct investment in Switzerland

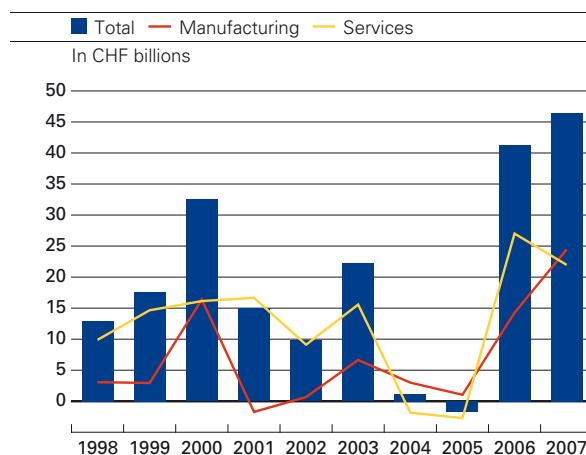
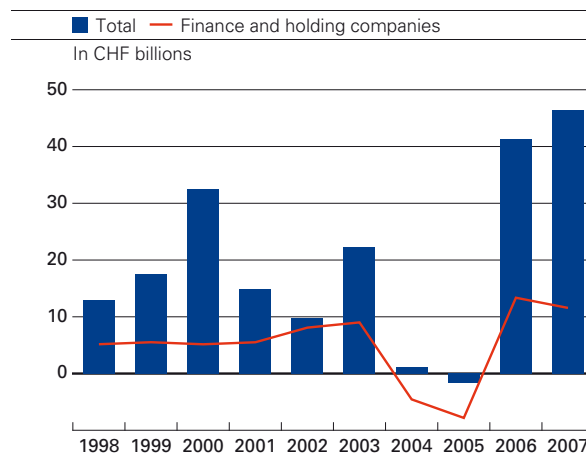


Chart 20

Direct investment in Switzerland



Direct investment

In CHF billions

Table 5

	2006	2007
Swiss direct investment abroad	94.3	56.7
Equity capital	62.4	29.5
Reinvested earnings	25.9	15.1
Loans	6.0	12.1
Foreign direct investment in Switzerland	41.3	46.4
Equity capital	21.5	23.2
Reinvested earnings	16.4	22.3
Loans	3.4	0.9

Portfolio investment

Portfolio investment abroad

In net terms, Swiss investors purchased foreign-issued securities totalling CHF 25 billion, as compared with CHF 54 billion a year earlier. Such a low amount was last recorded ten years ago. As in previous years, on balance, investors purchased debt securities as well as units in collective investment schemes at the expense of shares. Investment in debt securities halved to CHF 19 billion. In the case of equity securities, investors purchased units in collective investment schemes, while at the same time selling shares for CHF 7 billion. While half of the funds in the debt securities category flowed into securities denominated in euros, collective investment schemes saw investors favouring units in Swiss francs and US dollars.

Portfolio investment in Switzerland

On the Swiss equity market, repurchases and repayments surpassed new issues by more than double. This development was reflected in foreign investors selling shares by domestic issuers to the tune of CHF 9 billion. Swiss-issued bonds registered an outflow of CHF 1 billion. In return, foreign investors bought CHF 10 billion worth of units in collective investment schemes and CHF 2 billion in money market instruments. Overall, foreign investors spent a net CHF 2 billion on securities issued by Swiss borrowers. In the case of equity securities (shares and collective investment schemes), there was a switch from securities denominated in Swiss francs to securities in euros and US dollars.

Chart 21

Portfolio investment abroad

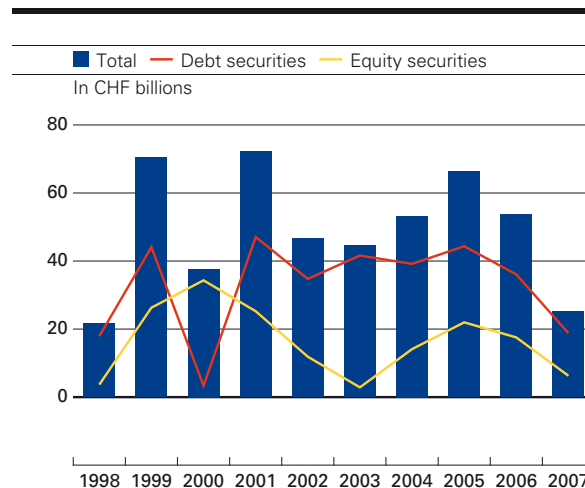


Chart 22

Portfolio investment in Switzerland

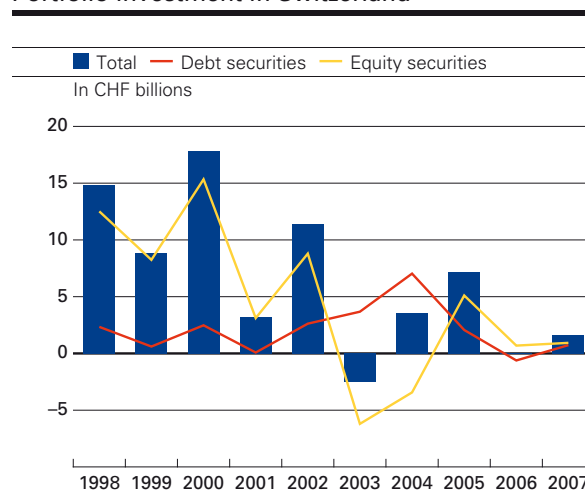
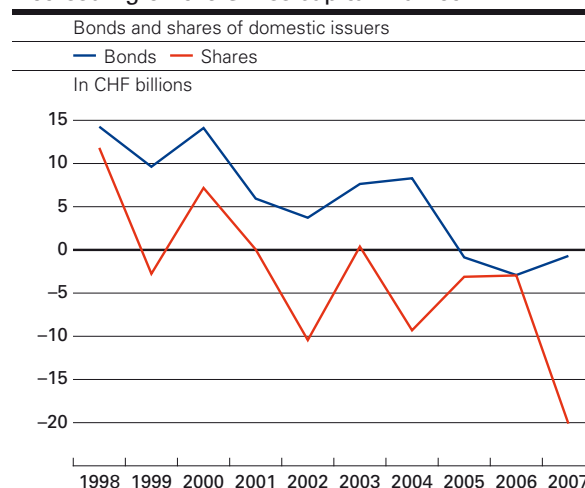


Chart 23

Net issuing on the Swiss capital market



Source for shares: Bank Vontobel AG

Derivatives and structured products

The derivatives and structured products item shows net payments made and received for derivatives and purchases and sales of structured products. Derivatives are forward contracts whose value depends on the value of one or several underlying variables (underlying asset). Structured products are debt certificates that are created by combining two or more financial instruments. In addition to basic investments, such as shares or bonds, derivatives form part of structured products. Structured products also include pure certificates, which reflect the performance of the underlying asset.

Swiss investors purchased CHF 9 billion in structured products issued by foreign borrowers, while foreign investors sold structured products issued by Swiss borrowers in the amount of CHF 2 billion. In the case of derivatives, net payments abroad exceeded net payments from abroad by CHF 1 billion. Overall, turnover in derivatives and structured products resulted in a net capital outflow of CHF 13 billion, compared with CHF 4 billion a year earlier.

Derivatives and structured products

In CHF billions

Table 6

	2006	2007
Derivatives		
Net payments abroad	5.1	5.6
Net payments from abroad	4.1	4.5
Balance	-1.0	-1.1
Structured products		
Investment abroad	6.9	9.3
Investment in Switzerland	4.1	-2.3
Net	-2.7	-11.6
Derivatives and structured products, net	-3.7	-12.8

Other investment

Commercial bank lending

High inflows and outflows in interbank business were the dominant element in banks' financial flows. Banks in Switzerland granted loans to banks abroad worth CHF 242 billion (2006: CHF 15 billion). At the same time, they received funds totalling CHF 292 billion (2006: CHF 54 billion). Compared to the corresponding figures at year-end, inflows and outflows amounted to roughly 30%. Customers abroad were granted loans in the amount of CHF 49 billion, while CHF 6 billion was accepted in deposits. On balance, interbank business generated an inflow of CHF 51 billion, while business with customers resulted in an outflow amounting to CHF 44 billion.

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. Capital market transactions by finance companies are another important element. Corporate lending also includes insurers' liabilities arising from cross-border insurance business.

Corporate lending showed large movements of capital, with inflows and outflows almost offsetting each other. Transactions by finance and holding companies as well as by trading companies were particularly high. This resulted in a net capital inflow of CHF 3 billion (2006: CHF 16 billion).

Commercial bank lending

In CHF billions

Table 7

	2006	2007
Claims abroad	33.4	290.9
Against banks abroad	14.5	241.5
Against customers abroad	18.8	49.4
Liabilities abroad	56.9	298.0
Towards banks abroad	53.6	292.3
Towards customers abroad	3.3	5.8
Net lending	23.5	7.1
To banks	39.1	50.7
To customers	-15.5	-43.6

Reserve assets

The National Bank sold 145 tonnes of gold to the private sector. These gold sales were conducted within the framework of the second Central Bank Gold Agreement of 8 March 2004. Gold sales of central banks to the private sector are classed as demonetisation of gold, i.e. the gold loses its function as a reserve asset. In the balance of payments, these gold sales are therefore not recorded under reserve assets but under other investment. The SNB invested the proceeds in securities, which in turn led to an increase in foreign exchange holdings (CHF 4 billion).

Reserve assets

In CHF billions

Table 8

	2006	2007
Total	0.4	4.1
Gold	–	–
Foreign exchange holdings	0.6	4.2
Reserve position in the IMF	–0.5	–0.1
International payment instruments	0.2	0.0
Other reserve assets	0.0	0.0

Residual item (net errors and omissions)

The balance from the residual item came to CHF –17 billion. This accounts for roughly 1% of the total transactions in the balance of payments.

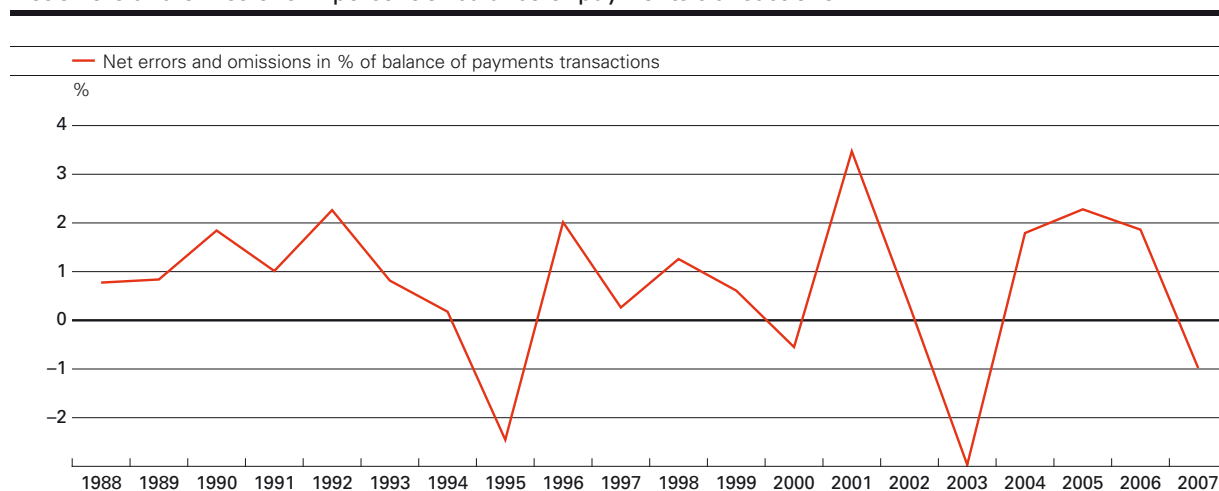
In principle, the balance of payments ought to be balanced, since it is drawn up according to the system of double-entry bookkeeping. All transactions must be recorded once on the receipts side (current account receipts, capital transfers from abroad, capital inflows) and once on the expenses side (current account expenses, capital transfers abroad, capital outflows). In practice, however, there is a difference between the

receipts and expenses sides, which arises from errors and omissions in the collection of data. If, for example, the acquisition of a company abroad is shown under direct investment, while at the same time the associated flow of payments is not recorded, the missing value is shown under the residual item heading. A negative figure in the residual item is an indication that the current account receipts/capital inflows have been overestimated or the current account expenses/capital outflows have been underestimated.

The sharp fluctuations in the residual item of the Swiss balance of payments suggest that the gaps are to be found mainly in the financial account.

Chart 24

Net errors and omissions in percent of balance of payments transactions



Notes

Changes from the previous year

Goods: Goods for repair

Since 2007, receipts for repairs in Switzerland and expenses for repairs abroad are recorded under goods.

Services: Private insurance

Services by insurance companies are remunerated in the form of premiums. Part of the premium income is therefore recorded in services. The remaining premium income, together with claims payments and commissions, is shown under current transfers. For private insurance, part of the premium income from abroad is thus entered as exports of services. Part of the premiums to foreign reinsurance companies (retrocessions) is recorded as imports of services.

With retroactive effect from 2005, exports of services will be estimated on the basis of gross premiums less commissions. Previously, net premiums, i.e. gross premiums less premiums to foreign reinsurance companies (retrocessions), served as the basis for the estimation. Part of the premiums to foreign reinsurance companies (retrocessions) is now also be recorded as imports of services.

Services: Bank financial services

To date, the only services to be recorded as financial services under other services were bank financial services, which are charged directly as commissions or fees. Financial intermediation services indirectly measured (FISIM) are now also recorded under bank financial services together with bank commissions. Prior to this, FISIM were implicitly recorded as part of banks' interest business under other investment income. Data for FISIM are available from 1983.

Investment income, Other investment income: Banks' interest business adjusted for FISIM

In conjunction with the inclusion of FISIM in bank financial services under services, banks' interest business will now be adjusted for FISIM. Banks' interest business adjusted for FISIM will be stated from 1983.

Investment income, Other investment income: Memorandum item: Banks' interest business not adjusted for FISIM

Banks' interest business not adjusted for FISIM will be shown as a memorandum item in the future. This consists of banks' actual interest flows. The memorandum item for banks' interest business not adjusted for FISIM will be stated from 1983.

Investment income, Other investment income: Investment income of insurance companies

Investment income earned by Swiss insurance companies on technical reserves is regarded as premium supplements to which the policyholders are entitled. For the exports of services estimate, investment income is added to gross premiums from abroad. Given that this income accrues to the policyholders, it is also recorded as expenses under investment income. For the imports of services estimate, investment income is estimated and recorded as receipts. This method of recording has been applied with retroactive effect from 2005.

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; as of 2002, electrical energy, processing of goods 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, goods for repair, 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, bank financial services (bank commissions and FISIM (Financial Intermediation Services Indirectly Measured)), technological services (construction services, commercial and technical consulting, licence and patent fees, including management fees), government services (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, government revenue from stamp duty.

Labour income

Gross salaries and wages of Swiss cross-border commuters and Swiss 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 Swiss 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: banks' interest business adjusted for FISIM (Financial Intermediation Services Indirectly Measured), memorandum item: banks' interest business not adjusted for FISIM, 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, investment income of insurance companies on technical reserves, 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 to other countries, annuities and indemnity payments, pension payments, financial support, foreign aid by private aid agencies, premium income of 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 vehicle 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 purchases and sales of intangible assets.

Financial account

Direct investment

As a rule, a direct investment is deemed to exist if an investor owns at least 10% of the voting stock of a company abroad or in Switzerland, or sets up a subsidiary or branch. 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 quarterly and annual data submitted by companies to the Swiss National Bank.

Portfolio investment

Portfolio investment abroad: investment by Swiss residents in debt securities and equity securities of foreign issuers (money market instruments, bonds, shares, participation certificates, dividend-right certificates, units in collective investment schemes). The data represent net inflows, i.e. new investment minus liquidation of investments and redemptions. The statistics are based on data submitted by 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, units in collective investment schemes). The data represent net inflows, i.e. new investment minus liquidation of investments and redemptions. The statistics are based on data submitted by 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.

Derivatives and structured products

Derivatives comprise unconditional forward transactions (forwards, futures, swaps) and conditional forward transactions (options). Capital outflows: payments to counterparties abroad in connection with derivatives transactions. Capital inflows: receipts from counterparties abroad in connection with derivatives transactions. The statistics are derived from data submitted by insurance companies to the Swiss National Bank.

A wide variety of structured products are available on the market. A commonly used breakdown divides structured products into participation products (certificates), yield-optimisation products (certificates, convertibles) and capital-protected products (with and without cap). Investment abroad: investment by Swiss residents in structured products of foreign issuers. Investment in Switzerland: investment by non-residents in structured products of domestic issuers. The data represent net

inflows, i.e. purchases minus sales and redemptions. The statistics are based on data submitted by banks on the net purchases by resident and non-resident bank customers.

Other investment: Commercial bank lending

Claims abroad: interbank lending operations, i.e. net change in short and long-term lending to banks, including precious metals claims; net change in lending to customers and mortgage claims as well as precious metals claims. Liabilities abroad: interbank deposit operations, i.e. short and long-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 companies to the Swiss National Bank.

Other investment: Government lending

Short and long-term lending abroad by the public sector (Confederation, cantons, municipalities and social security funds). Short and long-term borrowing by the public sector from other countries.

Other investment: Lending by the Swiss National Bank

Monetary assistance loans, changes in claims and liabilities arising from repo transactions with banks abroad as well as changes in other claims against and liabilities 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. Changes in claims against and liabilities towards other countries arising

from investment funds: the statistics are based on data submitted by investment funds. Imports and exports of precious metals: imports and exports of gold and silver as raw materials and of coins, according to trade statistics, and gold sales by the Swiss National Bank to the private sector. Imports of precious metals for industrial and commercial purposes recorded in the current account have been deducted. Changes in the SNB participation in the Bank for International Settlements (BIS). Changes in 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. Purchase of real estate abroad by Swiss residents. Capital flows between non-banks and banks abroad. Changes in the stock of Swiss banknotes abroad. Financial flows between banks and international organisations domiciled in Switzerland are 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) and the international payment instrument (SDR). Upon entry into force of the Federal Act on Currency and Payment Instruments on 1 May 2000, the Swiss 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. In 2007, the SNB began selling a further 250 tonnes of gold to the private sector abroad under the second central bank agreement of 2004. Gold sales to the private sector abroad are not recorded under reserve assets. Reserve assets relate exclusively to gold transactions with other central banks. Gold sales to the private sector are treated as a two-step transaction in the balance of payments: a reclassification

from reserve assets to non-monetary gold (demonetisation) and the subsequent sale of the non-monetary gold to the private sector abroad. The reclassification is not reflected in the balance of payments. The sale of the non-monetary gold is recorded as a capital inflow under other investment. The proceeds from the gold sales are invested in foreign currency reserves.

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's *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, as well as current transfers.

Transfers

Transfers are book entries that offset one-way transactions performed without compensation – e.g. in the context of development aid. They facilitate compliance 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 those shown under 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), derivatives and structured products, other investment (mainly commercial bank lending and corporate lending) and international reserves.

Residual item (non-recorded transactions and statistical errors, net)

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. The residual item is the difference between total inflows from abroad (current account receipts, capital transfers from abroad, capital inflows) and total outflows (current account expenses, capital transfers abroad, capital outflows). This difference arises from errors and omissions in statistical data.

Essentially, all components of the balance of payments may contribute to the residual item. A residual item with a plus sign indicates non-recorded receipts and/or capital inflows, while one with a minus sign indicates non-recorded expenses and/or capital outflows.

The link between the main aggregates in the balance of payments

The Swiss balance of payments consists of three main aggregates: the current account, the capital transfer account and the financial account. There is an inter-relationship between the main aggregates. 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 to the balance on the financial account, with the opposite sign. 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, net	System of national accounts			
Goods	External contribution to gross domestic product	External contribution to gross national income	Domestic savings and investment, net	Financial surplus/deficit
+ Services				
= Goods and services				
+ Income				
= Goods, services, income				
+ Current transfers				
= Current account				
+ Capital transfers				
= Current account and capital transfers				
Financial account, including reserve assets				

Definition of industry categories¹

Textiles and wearing apparel	17: Manufacture of textiles; 18: Manufacture of wearing apparel; dressing and dyeing of fur; 19: Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear
Chemicals and plastics	23: Manufacture of coke, refined petroleum products and nuclear fuel; 24: Manufacture of chemicals and chemical products; 25: Manufacture of rubber and plastic products
Metals and machinery	27: Manufacture of basic metals; 28: Manufacture of fabricated metal products, except machinery and equipment; 29: Manufacture of machinery and equipment n.e.c.; 30: Manufacture of office machinery and computers; 34: Manufacture of motor vehicles, trailers and semi-trailers; 35: Manufacture of other transport equipment
Electronics, energy, optical and watchmaking	31: Manufacture of electrical machinery and apparatus n.e.c; 32: Manufacture of radio, television and communication equipment and apparatus; 33: Manufacture of medical, precision and optical instruments, watches and clocks; 40: Electricity, gas, steam and hot water supply; 41: Collection, purification and distribution of water
Other manufacturing and construction	01: Agriculture, hunting and related service activities; 02: Forestry, logging and related service activities; 05: Fishing, operation of fish hatcheries and fish farms; service activities incidental to fishing; 10: Mining of coal and lignite; extraction of peat; 11: Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction excluding surveying; 12: Mining of uranium and thorium ores; 13: Mining of metal ores; 14: Other mining and quarrying; 15: Manufacture of food products and beverages; 16: Manufacture of tobacco products; 20: Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials; 21: Manufacture of pulp, paper and paper products; 22: Publishing, printing and reproduction of recorded media; 26: Manufacture of other non-metallic mineral products; 36: Manufacture of furniture; manufacturing n.e.c.; 37: Recycling; 45: Construction
Trade	50: Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel; 51: Wholesale trade and commission trade, except of motor vehicles and motorcycles; 52: Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods
Finance and holding companies	65.2: Other financial intermediation (incl. management activities of holding companies (74.15)); 67: Activities auxiliary to financial intermediation
Banks	65.1: Monetary intermediation (subject to the Federal Act on Banks and Savings Banks)
Insurance	66: Insurance and pension funding, except compulsory social security
Transportation and communications	60: Land transport; transport via pipelines; 61: Water transport; 62: Air transport; 63: Supporting and auxiliary transport activities; activities of travel agencies; 64: Post and telecommunications
Other services	55: Hotels and restaurants; 70: Real estate activities; 71: Renting of machinery and equipment without operator and of personal and household goods; 72: Computer and related activities; 73: Research and development; 74: Other management activities (excl. management activities of holding companies (74.15)); 75: Public administration and defence; compulsory social security; 80: Education; 85: Health and social work; 90: Sewage and refuse disposal, sanitation and similar activities; 91: Activities of membership organisation n.e.c.; 92: Recreational, cultural and sporting activities; 93: Other service activities; 95: Private households with employed persons; 99: Extra-territorial organisations and bodies

¹ The industries are defined in accordance with the 2002 NOGA code (*Nomenclature générale des activités économiques*) drawn up by the Swiss Federal Statistical Office.

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	Belgium, Denmark, Germany, Finland, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal, Sweden, Spain, United Kingdom; as of 2004, Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; as of 2007, incl. Bulgaria and Romania.
Other European countries	Albania, Andorra, Belarus, Bosnia and Herzegovina, Faroe Islands, Holy See (Vatican City State), Iceland, Croatia, Macedonia, Moldova, Montenegro, Norway, Offshore financial centres in Europe, Russian Federation, San Marino, Serbia, Turkey, Ukraine. Until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; until 2006, incl. Bulgaria and Romania. Excl. the Principality of 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, São Tomé and Príncipe, 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 Islands, Guam, Heard Island and McDonald Islands, Kiribati, Marshall Islands, Northern Mariana Islands, New Caledonia, Norfolk Island, 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. The country and regional definitions before 2003 are included in the documentation relating to the long time series, which can be found on the SNB website (www.snb.ch) under *Publications* (xls file).

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Explanation of symbols

Figure unknown, confidential, meaningless, no longer reported or no reporting institutions (missing value).

Rounding differences

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

Revision procedure

Annual revisions are conducted in connection with the publication of the Swiss balance of payments in August. In addition, direct investment flows and income are revised when the report on direct investment is published in December. When the provisional data for the year under review are published in August, the figures for the previous period are generally also revised.

For these revisions, information supplied after the deadline and new data from secondary sources are taken into account; provisional estimates are revised or replaced.

If the new information relates to periods dating even further back, the older figures are also revised. Methodological modifications, new classifications and new sources – also for periods dating further back – are discussed in the explanatory notes of the publication in question.

Long time series

The balance of payments tables, including tables covering longer periods of time, are available on the SNB website in a format that can be processed electronically: www.snb.ch, *Publications, Swiss Balance of Payments* (annual report).

1.1 Overview of the Swiss balance of payments¹

In CHF billions

	2003	2004	2005	2006	2007
	1	2	3	4	5
Current account					
Current account, net	56.2	58.2	63.0	70.6	68.3
Goods, net	4.3	6.7	3.0	5.1	9.4
Special trade ² , net	6.9	9.3	7.9	12.1	14.0
Receipts	135.5	146.3	157.0	177.5	197.5
Expenses	- 128.6	- 137.0	- 149.1	- 165.4	- 183.6
Other trade, net	- 2.6	- 2.6	- 4.9	- 7.0	- 4.6
Services, net	26.9	28.2	31.5	38.0	44.1
Tourism, net	2.3	1.9	1.5	2.0	2.3
Receipts	11.6	11.9	12.5	13.5	14.6
Expenses	- 9.3	- 10.1	- 11.0	- 11.6	- 12.3
Bank financial services, net	12.6	13.2	16.2	18.7	22.4
Receipts	13.5	14.2	17.5	20.3	24.6
Expenses	- 0.9	- 1.1	- 1.3	- 1.6	- 2.1
Other services, net	11.9	13.1	13.8	17.3	19.4
Labour income and investment income, net	32.6	31.4	42.3	39.3	26.1
Labour income, net	- 9.7	- 10.0	- 10.4	- 11.2	- 12.4
Receipts	2.1	2.1	2.0	2.1	2.1
Expenses	- 11.7	- 12.2	- 12.4	- 13.4	- 14.5
Investment income, net	42.3	41.5	52.7	50.5	38.5
Receipts	82.4	86.7	125.7	134.2	154.3
Portfolio investment	22.0	23.2	26.5	30.8	37.0
Direct investment	43.6	48.9	76.5	68.4	64.0
Other investment income	16.8	14.6	22.7	35.0	53.2
Expenses	- 40.2	- 45.2	- 73.0	- 83.7	- 115.8
Portfolio investment	- 10.9	- 11.9	- 13.8	- 16.9	- 20.6
Direct investment	- 14.5	- 19.5	- 36.1	- 30.2	- 40.0
Other investment income	- 14.9	- 13.9	- 23.1	- 36.6	- 55.2
Current transfers, net	- 7.6	- 8.1	- 13.8	- 11.7	- 11.3
Capital transfers					
Capital transfers, net	- 0.9	- 1.8	- 0.8	- 3.5	- 2.8
Financial account					
Financial account, net	- 35.2	- 70.3	- 85.8	- 88.4	- 48.1
Direct investment, net	1.4	- 31.5	- 66.1	- 53.0	- 10.3
Swiss direct investment abroad	- 20.8	- 32.7	- 64.4	- 94.3	- 56.7
Equity capital	- 5.6	- 11.6	- 22.7	- 62.4	- 29.5
Reinvested earnings	- 16.1	- 21.2	- 41.0	- 25.9	- 15.1
Other capital	0.9	0.1	- 0.7	- 6.0	- 12.1
Foreign direct investment in Switzerland	22.2	1.2	- 1.7	41.3	46.4
Equity capital	11.7	- 3.2	- 0.5	21.5	23.2
Reinvested earnings	3.8	8.4	- 2.8	16.4	22.3
Other capital	6.8	- 4.0	1.6	3.4	0.9
Portfolio investment, net	- 47.0	- 49.7	- 59.2	- 53.5	- 23.3
Swiss portfolio investment abroad	- 44.5	- 53.3	- 66.3	- 53.6	- 25.0
Debt securities	- 41.6	- 39.2	- 44.3	- 36.1	- 18.7
Bonds and notes	- 32.9	- 48.5	- 48.5	- 46.4	- 33.8
Money market instruments	- 8.7	9.3	4.2	10.3	15.1
Equity securities	- 2.9	- 14.1	- 22.0	- 17.5	- 6.3
Foreign portfolio investment in Switzerland	- 2.5	3.6	7.2	0.1	1.7
Debt securities	3.7	7.0	2.1	- 0.6	1.1
Bonds and notes	2.2	5.3	- 1.5	- 1.0	- 0.6
Money market instruments	1.5	1.8	3.5	0.3	1.7
Equity securities	- 6.2	- 3.4	5.1	0.7	0.6

2003	2004	2005	2006	2007
1	2	3	4	5

Financial account (continued)

Derivatives and structured products, net	.	.	.	- 3.7	- 12.8
Other investment, net	14.9	12.8	16.8	22.2	2.2
Commercial bank lending, net	- 6.8	16.9	1.9	23.5	7.1
Claims abroad	- 14.0	- 16.9	- 73.5	- 33.4	- 290.9
Claims against banks	- 4.3	19.6	- 71.4	- 14.5	- 241.5
Other claims	- 9.7	- 36.5	- 2.0	- 18.8	- 49.4
Liabilities abroad	7.2	33.8	75.4	56.9	298.0
Liabilities towards banks	- 12.9	29.2	72.4	53.6	292.3
Other liabilities	20.1	4.7	3.0	3.3	5.8
Corporate lending ³ , net	6.1	- 12.7	16.9	15.6	3.3
Claims abroad	- 2.8	- 13.0	3.4	3.8	- 40.6
Liabilities abroad	8.9	0.3	13.5	11.9	43.8
Government lending, net	- 0.1	0.4	0.1	0.5	3.1
SNB lending, net	- 0.1	- 0.3	- 1.2	0.5	0.0
Other, net	15.8	8.5	- 0.9	- 17.9	- 11.2
Reserve assets, total	- 4.5	- 1.9	22.7	- 0.4	- 4.1

Net errors and omissions

Net errors and omissions	- 20.1	13.8	23.6	21.3	- 17.4
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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.

2.1 Goods

In CHF millions

	2003	2004	2005	2006	2007	Year-on-year change in percent
	1	2	3	4	5	6
Special trade ¹						
Receipts	135 472	146 312	156 977	177 475	197 533	11.3
Expenses	128 596	136 987	149 094	165 410	183 578	11.0
Net	6 877	9 326	7 883	12 065	13 955	.
of which						
Electrical energy						
Receipts	2 412	2 386	2 897	3 953	4 197	6.2
Expenses	1 357	1 289	2 183	2 912	3 040	4.4
Net	1 055	1 097	714	1 041	1 157	.
Other trade ²						
Receipts	6 150	6 923	6 490	8 174	9 500	16.2
Expenses	8 708	9 544	11 369	15 174	14 084	- 7.2
Net	- 2 558	- 2 621	- 4 879	- 7 000	- 4 584	.
Total						
Receipts	141 622	153 235	163 468	185 649	207 033	11.5
Expenses	137 304	146 531	160 463	180 584	197 662	9.5
Net	4 318	6 705	3 004	5 065	9 371	.

¹ Excluding trade in precious metals, precious stones and gems as well as objets d'art and antiques, which are included in other trade. 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.

² As of 2002, processing of goods for foreign account, processing abroad for domestic account and returned goods have been included under special trade.

3.1 Services

In CHF millions

	2003	2004	2005	2006	2007	Year-on-year change in percent
	1	2	3	4	5	6
Tourism, total						
Receipts	11 609	11 935	12 477	13 544	14 623	8.0
Expenses	9 268	10 080	10 975	11 556	12 298	6.4
Net	2 341	1 856	1 502	1 988	2 325	.
Business and personal travel						
Receipts	7 569	7 849	8 162	8 910	9 880	10.9
Expenses	6 816	7 668	8 282	9 006	9 899	9.9
Net	752	180	- 120	- 95	- 20	.
Same-day travel, transit travel and other tourism						
Receipts	2 499	2 546	2 787	3 024	3 084	2.0
Expenses	2 432	2 391	2 673	2 528	2 374	- 6.1
Net	67	155	114	496	710	.
Consumption expenditure by foreign workers						
Receipts	1 541	1 540	1 528	1 610	1 659	3.0
Expenses	19	20	21	22	24	8.1
Net	1 522	1 520	1 507	1 588	1 635	.
Private insurance						
Receipts	4 659	4 846	4 172	4 668	5 813	24.5
Expenses	142	140	350	467	628	34.4
Net	4 517	4 706	3 822	4 201	5 185	.
Merchandising						
Receipts	2 444	4 552	5 863	8 811	10 685	21.3
Transportation, total						
Receipts	4 934	4 991	5 234	5 693	6 549	15.1
Expenses	3 513	3 649	3 574	3 895	4 324	11.0
Net	1 422	1 341	1 660	1 797	2 226	.
Passengers						
Receipts	2 531	2 249	2 362	2 647	3 106	17.3
Expenses	2 330	2 262	2 232	2 440	2 620	7.4
Net	201	- 13	130	207	486	.
Freight						
Receipts	913	870	1 005	1 036	1 162	12.2
Expenses ¹	—	—	—	—	—	.
Net	913	870	1 005	1 036	1 162	.
Other						
Receipts	1 490	1 871	1 867	2 010	2 281	13.5
Expenses	1 183	1 388	1 342	1 456	1 704	17.1
Net	307	483	525	554	578	.
Postal, courier and telecommunications services						
Receipts	1 312	1 521	1 473	1 380	1 281	- 7.2
Expenses	1 307	1 405	1 163	1 005	959	- 4.6
Net	5	116	310	375	322	.

3.1 Services (continued)

	2003	2004	2005	2006	2007	Year-on-year change in percent
	1	2	3	4	5	6
Other services, total						
Receipts	23 856	26 737	32 750	35 175	40 579	15.4
Expenses	7 711	11 130	14 421	14 389	17 178	19.4
Net	16 145	15 607	18 329	20 786	23 402	.
Bank financial services						
Receipts	13 530	14 241	17 546	20 269	24 571	21.2
Expenses	898	1 064	1 315	1 605	2 143	33.5
Net	12 632	13 177	16 231	18 664	22 428	.
Technological services						
Receipts	6 140	8 370	11 030	10 264	11 111	8.3
Expenses	6 455	9 185	12 023	11 454	13 680	19.4
Net	- 315	- 815	- 993	- 1 190	- 2 569	.
of which						
License and patent fees						
Receipts	5 920	8 117	10 717	9 905	10 711	8.1
Expenses	6 275	8 986	11 798	11 210	13 409	19.6
Net	- 356	- 869	- 1 082	- 1 306	- 2 698	.
Other services						
Receipts	4 187	4 126	4 173	4 643	4 898	5.5
Expenses	359	881	1 082	1 331	1 355	1.9
Net	3 828	3 245	3 090	3 312	3 543	.
Total						
Receipts	48 814	54 582	61 967	69 272	79 531	14.8
Expenses	21 941	26 404	30 483	31 313	35 386	13.0
Net	26 873	28 178	31 485	37 958	44 145	.

¹ The expenses for transportation of freight are, for the most part, included in the imports of goods.

4.1 Labour income and investment income

In CHF millions

	2003	2004	2005	2006	2007	Year-on-year change in percent
	1	2	3	4	5	6
Labour income						
Receipts	2 064	2 106	2 022	2 124	2 090	- 1.6
Expenses	11 727	12 155	12 411	13 354	14 527	8.8
Net	- 9 663	- 10 049	- 10 390	- 11 230	- 12 437	.
Investment income, total						
Receipts	82 443	86 706	125 735	134 188	154 294	15.0
Expenses	40 187	45 245	73 012	83 668	115 759	38.4
Net	42 257	41 461	52 723	50 520	38 535	.
Portfolio investment						
Receipts	22 023	23 193	26 476	30 821	37 044	20.2
Expenses	10 852	11 858	13 791	16 901	20 560	21.6
Net	11 171	11 335	12 685	13 920	16 484	.
Direct investment						
Receipts	43 577	48 945	76 523	68 416	64 029	- 6.4
Expenses	14 451	19 526	36 107	30 152	40 039	32.8
Net	29 126	29 419	40 416	38 264	23 990	.
Other investment income						
Receipts	16 843	14 568	22 736	34 952	53 221	52.3
Expenses	14 884	13 861	23 114	36 615	55 160	50.6
Net	1 959	707	- 378	- 1 663	- 1 939	.
of which						
Banks' interest business, adjusted for FISIM ¹						
Receipts	14 043	11 623	19 240	31 121	48 417	55.6
Expenses	13 243	11 750	19 174	31 774	49 552	55.9
Net	800	- 127	66	- 654	- 1 135	.
Memorandum item: banks' interest business, not adjusted for FISIM ¹						
Receipts	15 114	12 817	20 803	32 766	49 981	52.5
Expenses	12 065	10 405	17 199	29 503	47 072	59.5
Net	3 048	2 413	3 604	3 263	2 909	.
Total						
Receipts	84 507	88 812	127 756	136 312	156 384	14.7
Expenses	51 914	57 400	85 423	97 022	130 286	34.3
Net	32 593	31 412	42 333	39 290	26 098	.

¹ FISIM (Financial Intermediation Services Indirectly Measured): bank financial services settled indirectly via interest rates. FISIM are stated under bank financial services, together with bank commissions.

5.1 Current transfers

In CHF millions

	2003	2004	2005	2006	2007	Year-on-year change in percent
	1	2	3	4	5	6
Private transfers, total						
Receipts	14 643	14 591	15 894	18 144	23 194	27.8
Expenses	18 999	19 047	26 064	26 480	31 019	17.1
of which						
immigrants' remittances	3 689	3 900	4 158	4 658	4 988	7.1
Net	- 4 355	- 4 456	- 10 170	- 8 336	- 7 825	.
Public transfers, total						
Receipts	3 108	3 141	3 516	3 946	4 203	6.5
Expenses	6 340	6 782	7 138	7 312	7 645	4.6
Net	- 3 231	- 3 641	- 3 622	- 3 365	- 3 443	.
Social security						
Receipts	1 325	1 371	1 418	1 505	1 642	9.1
Expenses	4 127	4 301	4 577	4 745	5 008	5.5
Net	- 2 802	- 2 931	- 3 159	- 3 240	- 3 365	.
General government						
Receipts	1 783	1 771	2 098	2 442	2 560	4.9
Expenses	2 213	2 481	2 561	2 567	2 638	2.8
Net	- 429	- 711	- 463	- 125	- 78	.
Total						
Receipts	17 752	17 732	19 410	22 091	27 397	24.0
Expenses	25 338	25 829	33 202	33 792	38 664	14.4
Net	- 7 587	- 8 097	- 13 792	- 11 701	- 11 267	.

6.1 Swiss direct investment abroad – by economic activity¹

Capital outflows^{2, 3, 4}

In CHF millions

	2003	2004	2005	2006	2007
	1	2	3	4	5
Manufacturing	6 425	21 620	27 763	55 824	19 172
Textiles and clothing ^{5, 6}	813	- 56	- 1 683	2 485	4 659
Chemicals and plastics	3 238	11 893	20 770	23 203	5 121
Metals and machinery	1 433	2 053	798	9 804	2 656
Electronics, energy, optical and watchmaking	- 3 247	836	1 048	3 564	39
Other manufacturing and construction ⁷	4 189	6 894	6 830	16 769	6 698
Services	14 369	11 046	36 621	38 448	37 507
Trade	- 617	1 387	8 260	- 3 340	- 711
Finance and holding companies	7 359	1 940	10 443	8 905	17 407
of which					
Swiss-controlled ⁸	2 663	- 306	1 993	3 658	4 659
foreign-controlled ⁹	4 696	2 246	8 450	5 247	12 749
Banks	6 176	3 225	8 383	21 907	12 185
Insurance	1 414	3 815	5 893	8 937	- 3 477
Transportation and communications ¹⁰	- 540	- 47	1 317	1 325	7 172
Other services ¹¹	576	726	2 325	716	4 931
Total	20 795	32 666	64 384	94 273	56 679
Total excluding foreign-controlled finance and holding companies⁹	16 098	30 421	55 934	89 026	43 930

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

Until 2003, classification according to the General Classification of Economic Activities, ASWZ 1985 (Allgemeine Systematik der Wirtschaftszweige), from 2004 onwards, classification according to the General Classification of Economic Activities, NOGA 2002 (Nomenclature générale des activités économiques).

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

³ Expansion of the reporting population in 1993 and 2004.

⁴ Until 1985, excl. banks

⁵ Until 1992, in Other manufacturing and construction.

⁶ Expansion of the reporting population in 2003.

⁷ Until 1992, incl. textiles and clothing.

⁸ A company is considered to be Swiss-controlled if a majority share of its capital is in Swiss hands.

⁹ A company is considered to be foreign-controlled if a majority share of its capital is in foreign hands.

¹⁰ Until 1992, in Other services.

¹¹ Until 1992, incl. transportation and communications.

6.2 Swiss direct investment abroad – by country¹

Capital outflows^{2, 3, 4}

In CHF millions

	2003	2004	2005	2006	2007
	1	2	3	4	5
Europe	9 437	14 550	24 649	38 362	34 614
EU ⁵	6 524	14 911	20 963	36 214	28 250
Other European countries ⁶	2 912	- 361	3 687	2 148	6 364
Selected countries					
Baltic countries ⁷	7	- 14	79	75	64
Belgium	2 634	786	- 2 981	182	- 627
Bulgaria	37	29	78	57	96
Denmark	485	220	- 416	561	- 812
Germany	304	98	8 259	8 798	2 153
Finland	16	405	- 14	406	334
France ⁸	- 1 873	3 197	1 909	1 622	1 029
Greece	369	108	282	538	849
Ireland	33	- 511	1 493	9 326	1 756
Italy	- 1 877	154	900	1 695	7 903
Croatia	64	50	51	69	182
Luxembourg	4 352	- 302	- 3 266	7 777	12 532
Netherlands	583	3 785	8 877	- 6 183	- 2 952
Norway	.	- 1 975	261	200	- 189
Austria	595	627	605	1 730	154
Poland	117	340	465	460	510
Portugal	- 266	45	- 21	1 854	- 1 034
Romania	86	108	154	330	- 124
Russian Federation	- 21	294	887	1 381	672
Sweden	401	737	- 2 020	- 501	- 172
Slovakia	- 4	93	31	78	37
Spain	27	471	2 699	961	- 1 658
Czech Republic	- 496	366	822	- 266	303
Turkey	51	213	722	42	252
Ukraine	69	180	192	685	190
Hungary	132	- 65	564	273	- 1 036
United Kingdom ⁹	741	4 597	2 639	6 796	8 288
Offshore financial centres ¹⁰	2 855	661	1 212	- 765	5 399
North America	6 769	8 878	22 832	23 251	- 4 377
Canada	353	3 141	6 077	1 907	2 433
United States	6 416	5 737	16 755	21 344	- 6 809
Central and South America	3 753	3 281	7 465	20 370	15 254
of which					
Argentina	345	62	407	10	221
Bolivia	10	3	8	0	40
Brazil	163	444	662	3 751	11 735
Chile	- 14	31	96	152	- 129
Costa Rica	85	38	476	646	755
Ecuador	14	15	50	- 38	49
Guatemala	13	1	0	14	- 0
Colombia	- 19	12	119	- 99	3
Mexico	- 61	155	107	757	269
Peru	- 61	100	- 34	- 26	87
Uruguay	33	80	135	132	130
Venezuela	178	97	90	181	217
Offshore financial centres ¹¹	3 943	2 081	3 369	15 354	922

2003	2004	2005	2006	2007
1	2	3	4	5

Asia	128	5 180	6 757	10 319	8 656
of which					
Bangladesh	- 0	19	- 3	13	- 16
China (People's Republic)	- 188	196	829	920	562
Hong Kong	101	- 144	607	1 154	757
India	140	164	248	370	664
Indonesia	- 32	2	108	25	99
Israel	44	47	80	154	45
Japan	- 165	1 045	113	644	1 678
Korea, Republic of (South Korea)	6	22	670	498	754
Malaysia	209	- 3	- 76	109	51
Pakistan	21	220	183	296	267
Philippines	- 62	- 212	775	584	367
Saudi Arabia	- 18	- 19	108	69	16
Singapore	- 202	3 687	2 162	4 442	3 602
Sri Lanka	- 14	6	10	6	14
Taiwan	45	55	189	116	- 129
Thailand	180	124	285	509	208
United Arab Emirates	- 22	4	- 47	178	- 122
Viet Nam	25	8	- 22	48	2
Africa	- 248	- 372	1 731	781	1 208
of which					
Egypt	31	28	276	161	- 46
Côte d'Ivoire	4	- 16	- 2	77	6
Kenya	- 2	11	13	21	8
Morocco	34	6	59	34	23
Nigeria	26	3	- 6	19	22
South Africa	- 243	- 72	1 095	402	970
Tunisia	- 9	4	6	- 5	6
Oceania	957	1 150	949	1 189	1 323
of which					
Australia	992	1 138	869	1 123	1 198
New Zealand	- 54	9	58	38	109
All countries	20 795	32 666	64 384	94 273	56 679

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 1985, excl. banks.

⁵ Until 1994, EU12; as of 1995, EU15; as of 2004, EU25; as of 2007, EU27.

⁶ Until 1994, incl. Finland, Austria and Sweden; as of 2000 incl. Guernsey, Jersey and the Isle of Man, excl. Monaco; until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; until 2006, incl. Bulgaria and Romania.

⁷ Estonia, Latvia and Lithuania.

⁸ As of 2000, incl. Monaco, Réunion, French Guiana, Guadeloupe and Martinique.

⁹ Until 1999, incl. Guernsey, Jersey and the Isle of Man.

¹⁰ Gibraltar, Guernsey, Jersey and the Isle of Man.

¹¹ Anguilla, Bahamas, Barbados, Bermuda, Virgin Islands (British), Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis; as of 2000, incl. Virgin Islands (US), Antigua and Barbuda, Belize, Dominica, Grenada, St Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.

7.1 Foreign direct investment in Switzerland – by economic activity¹

Capital inflows^{2,3}

In CHF millions

	2003	2004	2005	2006	2007
	1	2	3	4	5
Manufacturing	6 650	3 000	1 037	14 273	24 454
Chemicals and plastics	2 522	2 545	955	4 724	18 178
Metals and machinery	1 797	443	- 122	8 224	4 762
Electronics, energy, optical and watchmaking	1 953	286	- 192	1 523	1 372
Other manufacturing and construction	378	- 273	395	- 198	142
Services	15 575	- 1 841	- 2 719	27 014	21 968
Trade	4 409	1 773	926	1 356	4 281
Finance and holding companies	9 012	- 4 550	- 7 815	13 358	11 564
Banks ⁴	733	198	1 261	1 552	2 985
Insurance	467	- 106	309	13 370	1 973
Transportation and communications ⁵	807	- 280	1 870	- 2 065	1 091
Other services ⁶	146	1 125	730	- 558	74
Total	22 224	1 159	- 1 682	41 286	46 422

¹ The breakdown by sector and by economic activity refers to the company's core business in Switzerland. Until 2003, classification according to the General Classification of Economic Activities, ASWZ 1985 (Allgemeine Systematik der Wirtschaftszweige), from 2004 onwards, classification according to the General Classification of Economic Activities, NOGA 2002 (Nomenclature générale des activités économiques).

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

³ Expansion of the reporting population in 1993 and 2004.

⁴ Source until 1992: SNB banking statistics.

⁵ Until 1992, in Other services.

⁶ Until 1992, incl. transportation and communications.

7.2 Foreign direct investment in Switzerland – by country¹

Capital inflows^{2,3}

In CHF millions

	2003	2004	2005	2006	2007
	1	2	3	4	5
Europe	14 159	- 3 924	22 771	36 741	42 253
EU ⁴	14 125	- 4 034	22 803	36 647	42 809
Other European countries ⁵	34	110	- 31	95	- 556
Selected countries					
Belgium	4 807	320	- 1 073	107	992
Denmark	- 33	314	1 037	924	622
Germany	- 21	- 295	768	1 074	15 387
France ⁶	939	784	2 158	13 886	2 677
Italy	- 96	- 2 131	211	386	723
Luxembourg	314	574	- 278	3 409	2 911
Netherlands	6 025	- 2 437	9 102	15 708	13 154
Austria	- 9	735	9 826	2 534	5 083
Sweden	244	- 25	- 913	133	721
Spain	29	122	500	58	87
United Kingdom ⁷	1 765	- 1 874	1 370	- 1 906	393
North America	7 213	7 007	- 25 318	4 292	4 177
Canada	290	111	- 455	311	958
United States	6 923	6 896	- 24 863	3 980	3 219
Central and South America	932	- 1 400	878	135	- 5
of which					
Offshore financial centres ⁸	941	- 1 967	653	113	9
Asia, Africa and Oceania	- 79	- 524	- 14	118	- 2
of which					
Israel	26	33	62	54	35
Japan	- 263	- 229	- 117	- 90	9
All countries	22 224	1 159	- 1 682	41 286	46 422

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 1994, EU12; as of 1995, EU15; as of 2004, EU25; as of 2007, EU27.

⁵ Until 1994, incl. Finland, Austria and Sweden; as of 2000 incl. Guernsey, Jersey and the Isle of Man, excl. Monaco; until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; until 2006, incl. Bulgaria and Romania.

⁶ As of 2000, incl. Monaco, Réunion, French Guiana, Guadeloupe and Martinique.

⁷ Until 1999, incl. Guernsey, Jersey and the Isle of Man.

⁸ 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.

8.1 Portfolio investment – breakdown by securities¹

In CHF millions

	2003	2004	2005	2006	2007
	1	2	3	4	5
Swiss portfolio investment abroad	- 44 495	- 53 270	- 66 323	- 53 610	- 25 008
Debt securities	- 41 623	- 39 160	- 44 345	- 36 073	- 18 715
Bonds and notes	- 32 882	- 48 509	- 48 521	- 46 377	- 33 804
Money market instruments	- 8 741	9 349	4 176	10 304	15 089
Equity securities	- 2 872	- 14 110	- 21 977	- 17 537	- 6 293
Shares	556	- 2 395	6 104	5 411	7 279
Collective investment schemes	- 3 428	- 11 715	- 28 081	- 22 948	- 13 572
Foreign portfolio investment in Switzerland	- 2 527	3 597	7 172	72	1 700
Debt securities	3 676	7 031	2 065	- 618	1 116
Bonds and notes	2 180	5 264	- 1 466	- 953	- 612
Public sector	509	2 643	- 1 143	- 1 583	- 466
Other	1 671	2 620	- 324	631	- 146
Money market instruments	1 496	1 768	3 532	334	1 729
Equity securities	- 6 203	- 3 434	5 106	690	584
Shares	- 5 635	- 6 731	- 2 794	- 5 549	- 9 040
Collective investment schemes	- 568	3 296	7 900	6 239	9 624
Net	- 47 022	- 49 673	- 59 151	- 53 538	- 23 308

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

8.2 Portfolio investment – breakdown by currency¹

In CHF millions

	2003	2004	2005	2006	2007
	1	2	3	4	5
Swiss portfolio investment abroad	- 44 495	- 53 270	- 66 323	- 53 610	- 25 008
Debt securities	- 41 623	- 39 160	- 44 345	- 36 073	- 18 715
CHF	- 26 370	- 15 702	- 12 241	- 12 649	- 5 912
EUR	- 8 528	- 8 429	- 10 405	- 18 363	- 9 401
USD	- 3 194	- 7 314	- 14 561	- 1 046	767
Other currencies	- 3 532	- 7 715	- 7 139	- 4 015	- 4 168
Equity securities	- 2 872	- 14 110	- 21 977	- 17 537	- 6 293
CHF	319	- 2 207	- 5 514	- 6 655	- 2 416
EUR	2 850	- 3 018	- 9 141	- 1 147	- 1 518
USD	- 4 414	- 7 493	- 4 953	- 10 060	- 2 855
Other currencies	- 1 627	- 1 393	- 2 369	325	495
Foreign portfolio investment in Switzerland	- 2 527	3 597	7 172	72	1 700
Debt securities	3 676	7 031	2 065	- 618	1 116
CHF	3 277	5 979	1 775	- 688	529
EUR	- 281	134	- 146	- 50	452
USD	475	731	349	82	89
Other currencies	206	186	87	37	46
Equity securities	- 6 203	- 3 434	5 106	690	584
CHF	- 5 557	- 5 725	- 4 660	- 7 254	- 9 882
EUR	188	2 401	6 381	2 409	2 602
USD	- 549	78	3 225	5 627	8 182
Other currencies	- 285	- 189	160	- 93	- 319
Net	- 47 022	- 49 673	- 59 151	- 53 538	- 23 308

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

9.1 Commercial bank lending – breakdown by currency¹

In CHF millions

	2003	2004	2005	2006	2007
	1	2	3	4	5
Claims abroad	- 13 978	- 16 914	- 73 460	- 33 352	- 290 922
CHF	- 2 575	- 996	408	- 2 429	- 13 757
USD	- 25 864	- 36 548	- 69 313	- 31 920	44 234
EUR	- 11 623	17 504	- 2 245	13 200	- 36 493
Other currencies	23 776	3 884	- 772	- 10 450	- 285 928
All currencies	- 16 286	- 16 156	- 71 922	- 31 599	- 291 944
Precious metals	2 308	- 758	- 1 539	- 1 753	1 022
Liabilities abroad	7 196	33 803	75 374	56 883	298 014
CHF	- 756	- 5 555	9 117	1 727	8 742
USD	- 13 572	61 897	40 170	- 11 611	117 397
EUR	35 703	1 005	2 884	44 938	- 38 026
Other currencies	- 13 702	- 25 037	22 526	17 499	210 652
All currencies	7 673	32 310	74 697	52 553	298 766
Precious metals	- 477	1 493	677	4 330	- 751
Net	- 6 783	16 889	1 914	23 531	7 092
CHF	- 3 331	- 6 551	9 525	- 702	- 5 015
USD	- 39 436	25 349	- 29 143	- 43 531	161 631
EUR	24 080	18 509	639	58 138	- 74 519
Other currencies	10 074	- 21 153	21 755	7 048	- 75 275
All currencies	- 8 614	16 154	2 775	20 954	6 822
Precious metals	1 831	735	- 862	2 578	271

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

10.1 Corporate lending – breakdown by economic activity^{1, 2, 3}

In CHF millions

	2003	2004	2005	2006	2007
	1	2	3	4	5
Claims abroad	- 2 849	- 12 955	3 357	3 767	- 40 564
Manufacturing	- 1 218	2 381	2 995	166	- 1 924
Chemicals and plastics	2 706	60	2 225	- 537	- 976
Metals and machinery	511	- 825	596	237	- 160
Electronics, energy, optical and watchmaking	- 4 311	3 016	- 56	405	- 653
Other manufacturing and construction	- 124	131	230	61	- 134
Services	- 1 631	- 15 336	362	3 602	- 38 641
Trade	- 1 900	- 5 681	- 5 205	- 1 273	- 10 213
Finance and holding companies	- 1 084	- 4 525	10 156	773	- 24 582
Insurance	1 965	- 5 017	- 4 595	3 996	- 3 390
Transportation and communications	274	45	716	- 107	- 242
Other services	- 886	- 159	- 711	213	- 214
Liabilities abroad	8 920	280	13 531	11 871	43 839
Manufacturing	826	- 3 002	256	- 51	2 116
Chemicals and plastics	- 363	- 4 301	416	714	- 1 152
Metals and machinery	- 219	666	- 313	286	273
Electronics, energy, optical and watchmaking	1 015	132	141	- 983	2 054
Other manufacturing and construction	392	501	12	- 68	940
Services	8 094	3 282	13 275	11 921	41 724
Trade	500	2 604	6 317	176	17 479
Finance and holding companies	- 53	701	- 1 185	11 414	14 082
Insurance	7 418	438	7 885	- 490	8 149
Transportation and communications	172	- 128	85	12	297
Other services	57	- 334	173	809	1 717
Net	6 071	- 12 674	16 888	15 638	3 275
Manufacturing	- 392	- 620	3 251	115	192
Services	6 463	- 12 054	13 637	15 523	3 083

¹ The breakdown by sector and economic activity refers to the company's core business in Switzerland. Until 2003, classification according to the General Classification of Economic Activities, ASWZ 1985 (Allgemeine Systematik der Wirtschaftszweige), from 2004 onwards, classification according to the General Classification of Economic Activities, NOGA 2002 (Nomenclature générale des activités économiques).

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 at www.snb.ch, *Publications*. In addition, long time series are available.

Swiss Balance of Payments (quarterly estimates)

Published three months after the end of each quarter.

Monthly Statistical Bulletin

The *Monthly Statistical Bulletin* (online version) contains the latest data on the balance of payments.

Further information

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