

Swiss Balance of Payments 2008

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Summary

The financial crisis had a marked impact on the Swiss balance of payments. In particular, it affected receipts from direct investment abroad, which dropped significantly. The heavy losses by banks' foreign subsidiaries were the main reason for this decline. Indeed, these losses were so severe that receipts were lower than expenses both in the case of investment income from direct investment and investment income overall. Net investment income was therefore negative for the first time since 1947 when current account statistics were first compiled. This led to a sharp decline in the current account surplus from CHF 52 billion to CHF 13 billion. In relation to GDP, the surplus amounted to 2% (2007: 10%) – the lowest level since the beginning of the 1980s. Excluding the banks' losses, the current account surplus would have approximated the 2007 figure.

In the financial account, the measures to overcome the financial crisis primarily resulted in a massive reduction of bank claims against and liabilities towards banks abroad. The Swiss National Bank (SNB) also provided additional liquidity to central banks and banks abroad to overcome the problems on the international money markets. This led to a surge in capital outflows from the SNB. As Switzerland's big banks were obliged to issue bonds and shares in order to strengthen their capital base, inflows for portfolio investment in Switzerland and the other claims and liabilities category increased. Portfolio investment abroad was significantly influenced by transactions aiming at strengthening the Swiss financial system. First, the SNB's special purpose vehicle took over a first tranche of illiquid assets from UBS in 2008. Second, the Swiss Confederation acquired UBS mandatory convertible notes. As the illiquid assets of UBS were held by subsidiaries abroad and the mandatory convertible notes were issued abroad, these transactions were recorded under portfolio investment abroad.

Current account

Investment income in Switzerland (expenses) exceeded investment income abroad (receipts) by CHF 25 billion. This extraordinary and unprecedented development was attributable to the losses incurred by the banks' foreign subsidiaries. These caused income from direct investment abroad to decline sharply from CHF 60 billion to CHF 8 billion. Income from direct investment in Switzerland (expenses) also declined, however by only CHF 9 billion to CHF 44 billion. This led to an expense surplus of CHF 37 billion in the case of income from direct investment. Lower interest rates and lower portfolio holdings were the major factors affecting receipts from portfolio investment and banks' interest rate business (other investment). In the case of portfolio investment, net income declined.

Only towards the end of the year did the financial crisis affect figures for the real economy. In the first three quarters of 2008, trade in goods (special trade) was robust, but both exports and imports declined in the fourth quarter. During the year as a whole, receipts from trade in goods rose by 5% and expenses for imported goods by 2%. Since exports grew more markedly than imports, the trade surplus widened by CHF 5 billion to CHF 19 billion. This is the highest trade surplus ever recorded. Receipts from trade in services also increased (+7%). In merchandising in particular, they soared (+35%). Tourism also generated higher receipts. By contrast, banks' earnings from financial services decreased considerably, mainly on account of diminished income from asset management, for which lower share prices and the decline in the securities trading volume were responsible. Expenses for services from abroad rose by 3%. This was primarily due to higher expenses for licence and patent fees. Expenses for foreign travel (tourism) receded slightly. The surplus from trade in services advanced by CHF 5 billion to CHF 50 billion, representing an all-time high. Despite these record surpluses in the areas of goods and services, the current account surplus decreased from CHF 52 billion to CHF 13 billion owing to the above-mentioned massive decline in direct investment income.

Financial account

Direct investment abroad (capital outflows) dropped from CHF 73 billion to CHF 48 billion. This decline was predominantly due to lower investment by finance and holding companies, which dropped from CHF 26 billion to CHF 9 billion. The largest amounts were invested in the US and the offshore financial centres of Europe. Significant funds were withdrawn from Asia. In the area of foreign direct investment in Switzerland, capital withdrawals exceeded new investment by CHF 2 billion. Especially investors from the EU (EU27) withdrew capital on a large scale.

Looking at portfolio investments: In net terms, Swiss investors purchased foreign-issued securities totalling CHF 71 billion, mostly in the form of bonds and notes. This sum included, on the one hand, the purchase of the first tranche of illiquid UBS assets held abroad by the SNB's special purpose vehicle and, on the other hand, the subscription to foreign-issued UBS mandatory convertible notes by the Swiss Confederation. These two transactions accounted for one-third of the investment in bonds and notes. With regard to equity securities, investors bought large numbers of shares and sold units in collective investment schemes. Foreign investors invested a net CHF 33 billion in securities issued by domestic borrowers, acquiring primarily shares and units in collective investment schemes. Some of the investments in shares were related to the recapitalisation of the Swiss big banks.

As a consequence of the financial crisis, the banks massively reduced their interbank claims, scaling back claims against banks abroad by CHF 337 billion and liabilities by CHF 346 billion. Owing to the problems on the interbank market, the SNB had to supply the money markets with generous amounts of liquidity. It did so by conducting swaps and repo transactions, also with central banks and commercial banks abroad. Overall, banks' financial flows resulted in a net capital inflow of CHF 63 billion, whereas the SNB's financial flows generated a net capital outflow of CHF 35 billion (other investment).

Other claims and liabilities recorded a net capital inflow of CHF 38 billion, compared with a net capital outflow of CHF 10 billion a year earlier. The 2008 inflow was attributable to the liquidation of fiduciary investments abroad on the one hand, and the big banks' capital inflows to strengthen their capital base on the other.

The SNB sold 105 tonnes of gold to the private sector, thereby completing the sale of a total of 250 tonnes of gold within the framework of the second Central Bank Gold Agreement of March 2004. The proceeds amounting to CHF 3 billion were invested in securities.

Balance of payments, net

In CHF billions

Table 1

	2004	2005	2006	2007	2008
Current account	60.4	65.0	74.6	52.2	13.0
Goods	6.7	3.0	5.1	9.4	15.0
Services	30.4	33.5	39.3	45.3	49.9
Labour income	-10.0	-10.4	-11.2	-12.5	-13.5
Investment income	41.5	52.7	53.2	21.4	-24.5
Current transfers	-8.1	-13.8	-11.7	-11.3	-14.0
Capital transfers	-3.9	-2.8	-5.4	-5.0	-3.9
Financial account	-71.5	-84.4	-91.9	-51.9	-22.8
Direct investment	-31.5	-64.8	-56.4	-16.8	-49.7
Portfolio investment	-49.7	-59.2	-53.5	-23.3	-37.7
Derivatives and structured products			-3.7	-12.8	7.4
Other investment	11.6	16.9	22.1	5.0	60.5
which of					
Commercial bank lending	16.9	2.1	23.2	5.7	62.8
Corporate lending	-12.7	16.9	15.6	6.6	-11.0
Swiss National Bank lending	-1.5	-1.2	0.7	0.0	-35.0
Other claims and liabilities	8.5	-0.9	-18.0	-10.3	38.3
Reserve assets	-1.9	22.7	-0.4	-4.1	-3.4
Residual item (net errors and omissions)	15.0	22.2	22.8	4.8	13.7

Current account

As a result of the movements in investment income during the past two years, the current account surplus dropped to CHF 13 billion in 2008 from its high of 75 CHF billion in 2006. Consequently, as a percentage of GDP, the current account surplus fell from 15% to 2%.

For the first time since 1947, when current account statistics were first compiled, investment income showed a surplus on the expenses side which – as a

result of the sharp decline in income from direct investment by banks – amounted to CHF 25 billion. In the previous year, investment income had registered a surplus on the receipts side by CHF 21 billion. By contrast, trade in goods and services expanded, albeit at a slower pace towards the end of the year. As exports rose more markedly than imports, the surplus from trade in goods and services grew by CHF 10 billion, reaching a peak of CHF 65 billion. Both labour income and current transfers recorded net expenditure (CHF 14 billion each).

Chart 1
Current account, net

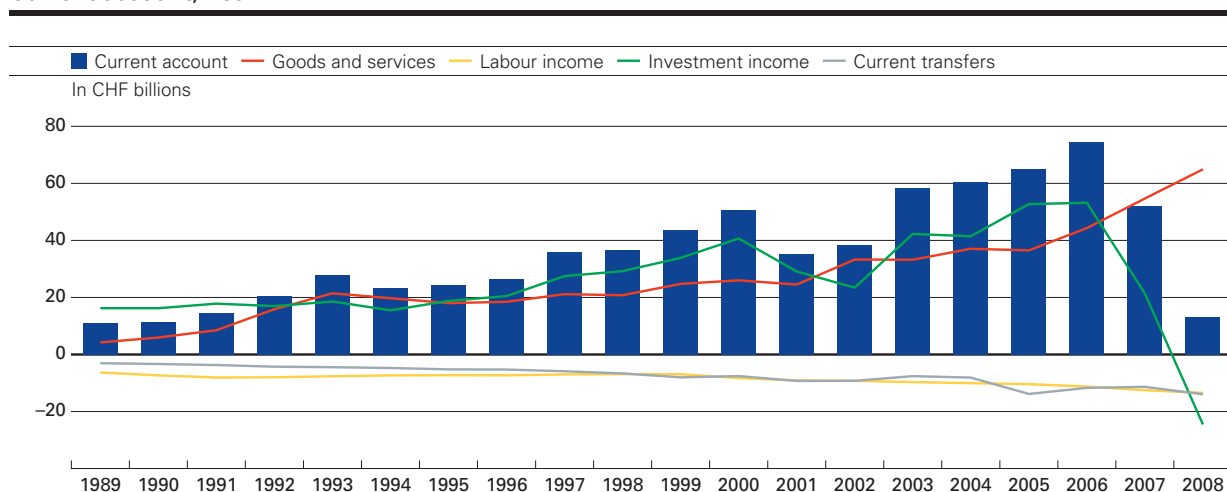
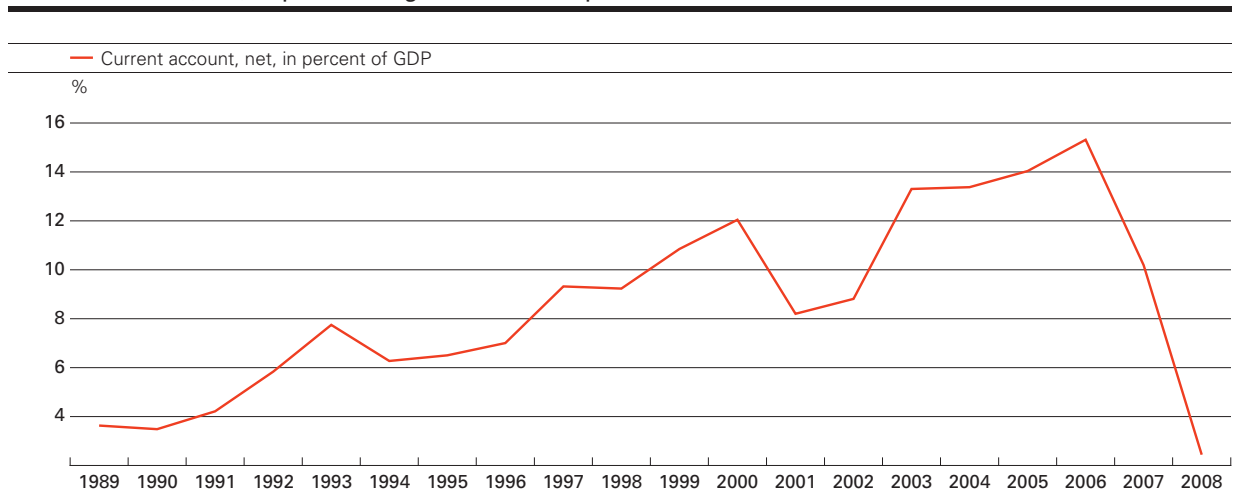


Chart 2
Current account, net, in percent of gross domestic product



Goods

Foreign trade (special trade)

In the first three quarters of 2008, trade in goods (special trade) was robust, before both exports and imports fell sharply in the fourth quarter. Over the year as a whole, export receipts grew by 5% and import expenses rose by 2%. Since receipts grew more markedly than expenses, the trade surplus widened by CHF 5 billion to CHF 19 billion, representing a new all-time high.

The three largest export industries boosted their sales abroad. Chemicals recorded a 5% increase which was driven by exports of immunological products. Exports by the machinery and electronics industries went up by 2%, while precision instruments, watch-making and jewellery recorded a 7% increase in exports. Exports of energy sources climbed most steeply (+32%), mainly as a result of higher prices. Other export industries registered declining sales abroad, however. Metal industry exports were down by 1% year-on-year, with the steepest decline recorded in the textile industry (-4%).

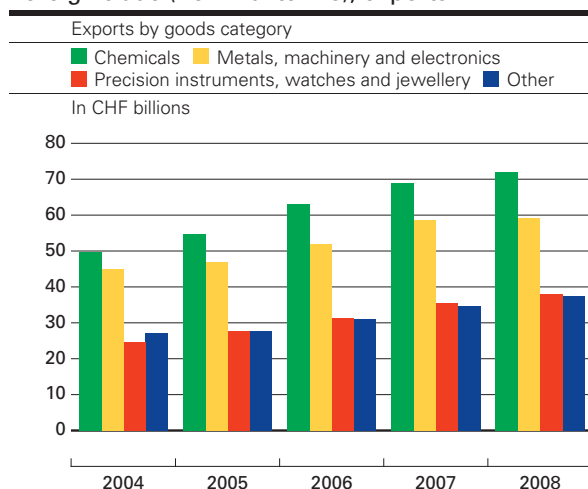
Exports to the EU countries (EU27) grew by 3%. Germany – Switzerland's major trading partner – imported more goods than in the previous year (+2%).

Exports of goods to France and Italy were up 6% and 4% respectively. Exports to the US rose by 6%, with pharmaceutical products accounting for most of the increase. Exports to transition countries – in particular to China (+16%) – and to developing countries grew more strongly than the average for exports as a whole.

On the import side, consumer goods registered a 3% increase compared with the previous year. Capital goods increased by 1%. As on the export side, imports of energy sources climbed most steeply (+32%). Two-thirds of the advance was attributable to higher prices and one-third to higher import volumes. Imports of raw materials and semi-manufactured goods, however, registered a marked decline (-7%). This was due mainly to receding imports of semi-manufactured goods.

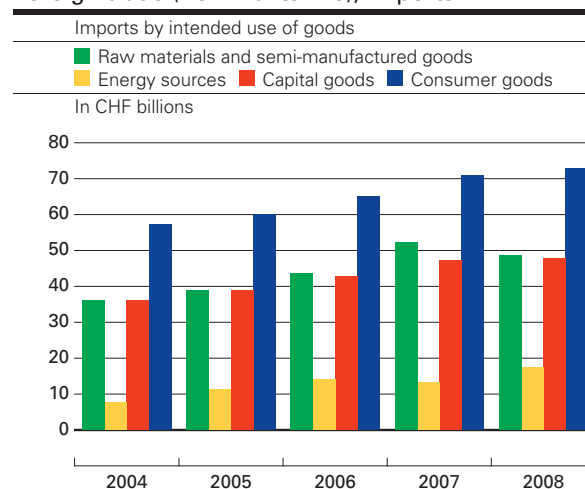
Imports from the EU countries (EU27) slightly exceeded the year-earlier level (+1%): Germany supplied more goods to Switzerland (+4%) while imports from the US stagnated. Imports from developing countries climbed most steeply (+26%); those from transition countries declined, however.

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 area of goods trade can be subject to significant volume and price fluctuations. Trade in platinum and diamonds was a key factor in 2008, both with regard to receipts and expenses. In the other trade category, exports receipts rose by 12% overall and import expenses advanced by 7%. Net expenses fell by CHF 1 billion to CHF 4 billion.

2008 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	127.7	151.8	2.6	1.0
of which				
Germany	41.8	64.8	1.6	4.2
France	17.7	18.0	6.4	1.0
Italy	18.2	21.4	4.0	3.7
United States	19.5	9.4	5.8	0.2
Transition countries	10.8	6.7	14.1	-2.3
of which				
China	5.5	5.0	15.5	4.5
Emerging economies	19.8	6.5	6.0	1.5
Developing countries	16.6	7.7	13.6	26.0
Others	12.0	4.7	0.0	5.6
Total	206.3	186.9	4.5	1.8

Source: FCA

Services

Tourism

Despite the stronger Swiss franc and the moderate income growth in their countries of origin, the number of overnight stays by foreign visitors in Switzerland went up compared to the previous year; receipts from tourism rose by 7% to CHF 16 billion. The number of visitors from the Netherlands, France and Germany was up, in particular. By contrast, there were clearly fewer visitors from the US and Asia. Spending by foreigners engaged in same-day and transit travel was also up compared to the previous year (+4%).

Unlike receipts, expenses from tourism fell by 2% to CHF 12 billion. Swiss residents spent less on personal and business travel abroad (-3%). Expenditure by Swiss residents engaged in same-day travel abroad remained unchanged year-on-year.

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. Owing to higher premium income, receipts from the export of insurance services rose by 9% to CHF 6 billion. Expenses for the import of insurance services registered an increase as well. The main contributor to both receipts and expenses is the reinsurance business, the most important segment of Switzerland's international insurance business.

Chart 5
Tourism, receipts

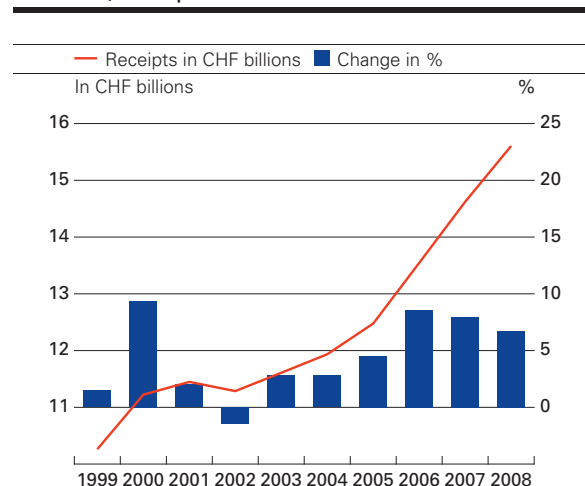
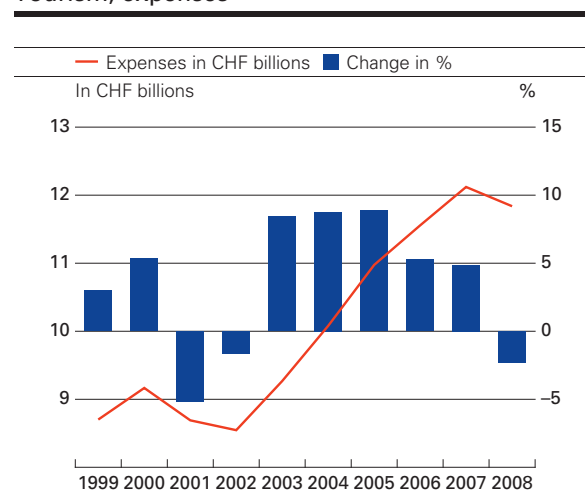


Chart 6
Tourism, expenses



Merchanting

In the first three quarters, receipts from merchanting were up considerably. This was largely due to higher prices. After commodity prices began to fall in the third quarter already, the price decline accelerated in the fourth quarter. Receipts from merchanting, therefore, saw a marked decline in the fourth quarter. However, over the year as a whole, receipts from merchanting grew by one-third to CHF 14 billion. Energy sources accounted for more than half of the traded goods.

Transportation

Receipts from transportation expanded by 5% to CHF 7 billion. Receipts from passenger transportation recorded a steep increase (+10%), which was mainly accounted for by air transportation. Income from freight transportation increased by 3%. By contrast, income from other transportation services was slightly down (-1%). These other transportation services are also connected with air transportation (maintenance, ground handling and landing fees).

Expenses for transportation grew by 2% to CHF 4 billion. Expenses for passenger transportation stagnated. Spending was up, however, for other transportation services (5%). Expenses for freight transportation are not reported here, as they are included under goods imports.

Chart 7
Merchanting, receipts

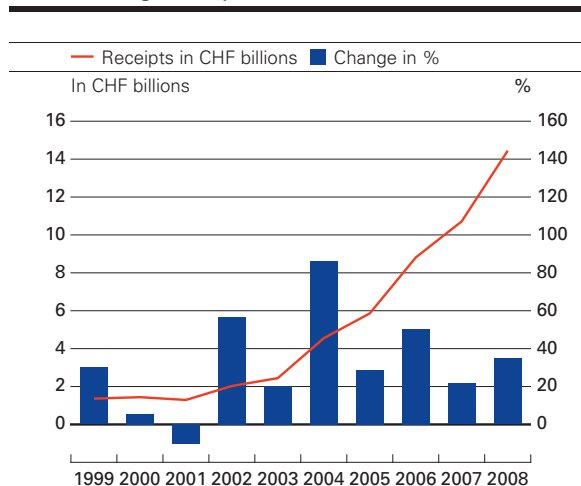
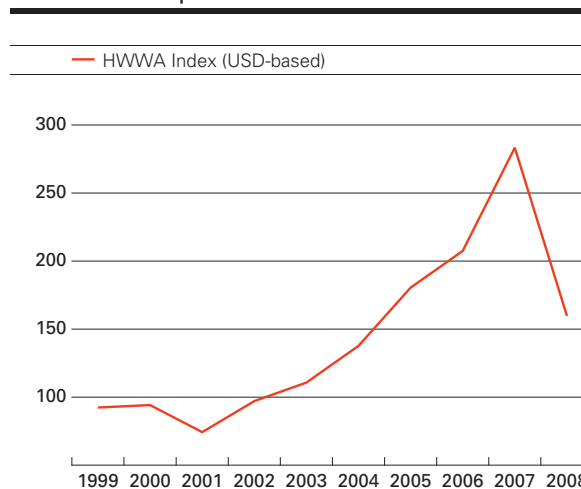


Chart 8
Raw materials price index



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 dominated by commission business, which is made up mostly of brokers' commissions on stock exchange transactions as well as asset management and underwriting revenues.

Receipts from commissions fell by 13% year-on-year. Receipts from asset management, in particular, were down. This was mainly attributable to the significant drop in the valuation of assets under management owing to the sharp drop in share prices. Receipts from FISIM, on the other hand, registered a slight increase (+2%). This was due to higher deposits by foreign customers as they switched from fiduciary investments abroad to bank deposits in Switzerland. Overall, receipts from bank financial services dropped by 10% to CHF 21 billion.

Technological services

Trade in technological services is mainly driven by licence and patent fees, a large proportion of which is accounted for by intragroup payments. On the receipts side, the largest increases were registered by the chemicals and food industries. Overall, receipts from exports of technological services rose by 19% to CHF 14 billion. The corresponding expenses grew by 8% to CHF 13 billion; the chemical industry, in particular, increased its expenditure on licence and patent fees. In net terms, technological services showed a receipts surplus of CHF 1 billion.

Chart 9

Bank financial services, receipts

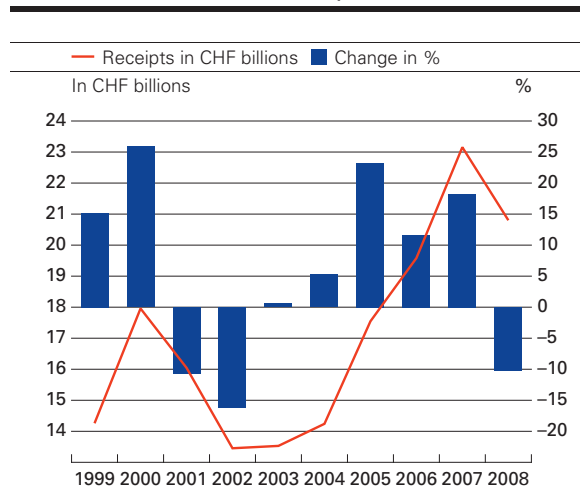
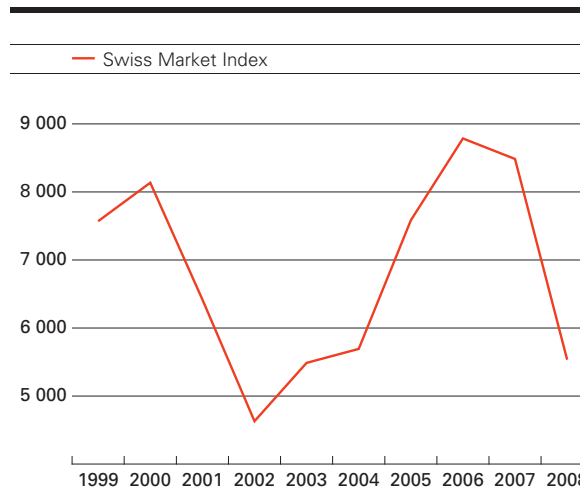


Chart 10

Swiss Market Index



Source: SWX

Labour income

Labour income from abroad (receipts) mainly consists of the salary and wage payments to Swiss residents employed by international organisations in Switzerland. International organisations are considered to be extraterritorial areas. Labour income from abroad stagnated at CHF 2 billion.

Salaries and wages to other countries (expenses) represent the remuneration of foreign cross-border commuters. Growth in the number of foreign workers weakened, reflecting the economic slowdown. Salaries and wages paid to other countries rose by 6% to CHF 15 billion compared with the previous year (2007: +9%). Net expenditure on labour income grew by CHF 1 billion to CHF 14 billion.

Chart 11

Labour income

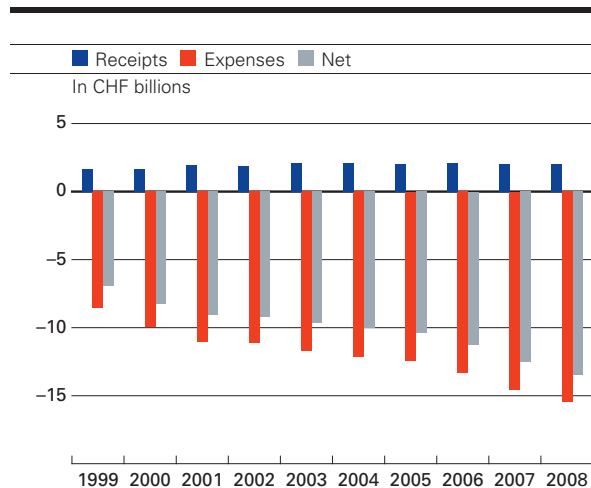
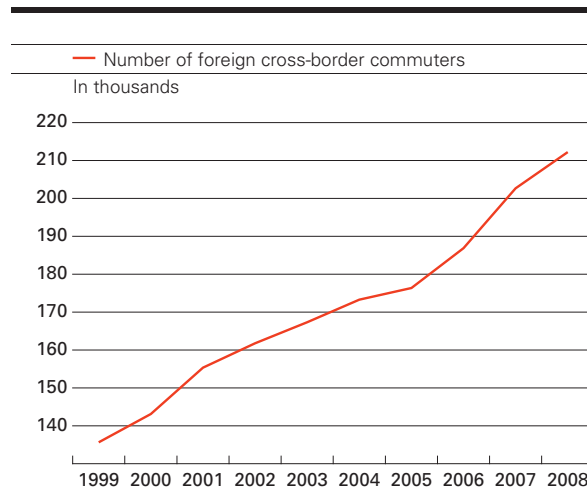


Chart 12

Cross-border commuters



Source: Swiss Federal Statistical Office (SFSO)

Investment income

Portfolio income

Receipts from portfolio investment abroad dipped by CHF 2 billion to CHF 35 billion. Two-thirds of the decline was attributable to lower income from debt securities and one-third to a decline in income from equity securities. By contrast, expenses for portfolio investment in Switzerland rose by CHF 1 billion to CHF 21 billion as a result of higher dividend payments. Net investment income declined by CHF 3 billion to CHF 13 billion.

Portfolio income

In CHF billions

Table 3

	2007	2008
Total receipts	37.0	34.7
Debt securities	21.1	19.6
Equity securities	15.9	15.0
Shares	6.4	6.2
Collective investment schemes	9.5	8.9
Total expenses	20.6	21.4
Debt securities	3.2	2.5
Equity securities	17.4	18.9
Shares	14.1	15.5
Collective investment schemes	3.3	3.4
Net income	16.5	13.2

Direct investment income

In the case of direct investment income, receipts exceeded expenses by CHF 37 billion. Expenses were higher than receipts for the first time since 1947, when current account statistics were first compiled.

The development of income from direct investment abroad (receipts) reflected the losses by banks' foreign subsidiaries. Direct investment income in most other industries was down as well, albeit to a lesser extent. It was only the Swiss-domiciled but foreign-controlled finance and holding companies that experienced a rise in income. Overall, income from direct investment abroad dropped from CHF 52 billion to CHF 8 billion.

Income from direct investment in Switzerland (expenses) declined by CHF 9 billion to CHF 44 billion. With the exception of trading companies, all industries registered lower income. Finance and holding companies accounted for two-thirds of total income.

Other investment income

Movements in other investment income are driven by Swiss banks' interest business with banks and customers abroad. In interbank business, banks strongly reduced both their claims and liabilities. Interest receipts and interest expenses of banks both fell accordingly (-26% and -24% respectively). Overall, other investment income registered a drop in net expenses from CHF 2 billion to CHF 1 billion.

Chart 13

Direct investment abroad

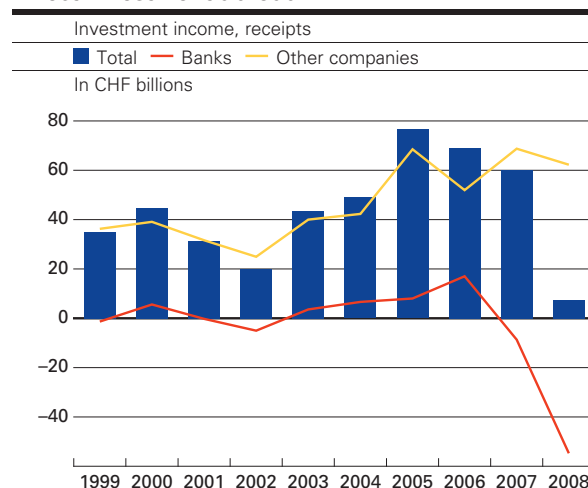
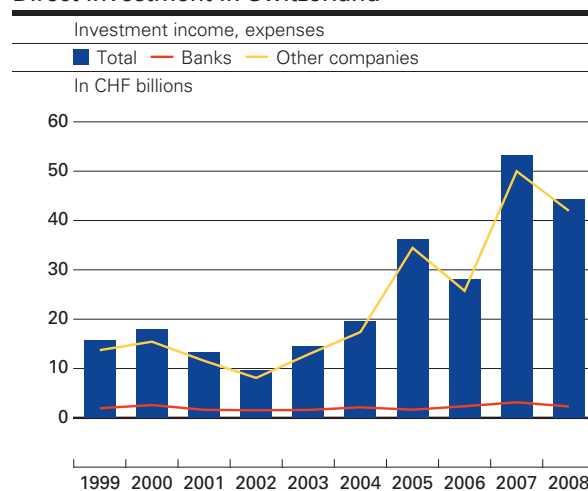


Chart 14

Direct investment in Switzerland



Direct investment income

In CHF billions

Table 4

	2007	2008
Total receipts	60.1	7.5
Transferred earnings	49.0	33.1
Reinvested earnings	11.1	-25.6
Total expenses	53.1	44.3
Transferred earnings	17.8	45.8
Reinvested earnings	35.3	-1.5
Net income	6.9	-36.7

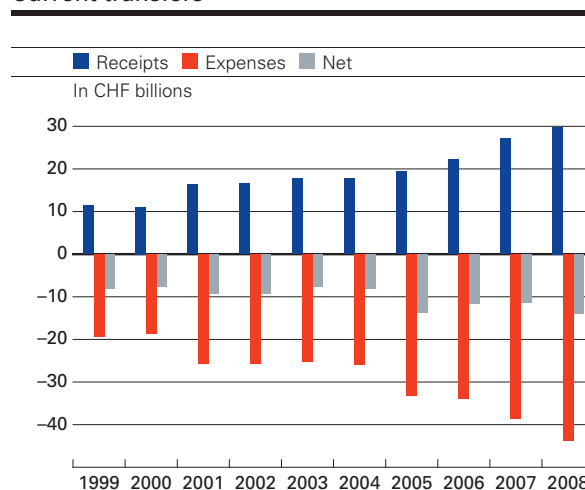
Current transfers

Both on the receipts and expenses side, developments in current transfers are determined by private insurance companies (private transfers). Current transfers from abroad increased by CHF 3 billion to CHF 30 billion. This was attributable to higher premium income earned by private insurance companies. In the case of public transfers, higher receipts from abroad were also recorded.

Current transfers abroad went up by CHF 5 billion to CHF 44 billion. The bulk of the figure for private transfers is accounted for by a substantial rise in claims payments by private insurance companies in 2008. Pension payments abroad by pension funds (private social security schemes) also increased. Public transfers showed higher expenses, which were also determined by higher pension payments (by social security schemes). Overall, current transfers recorded an increase in net expenses of CHF 3 billion, to CHF 14 billion.

Chart 15

Current transfers

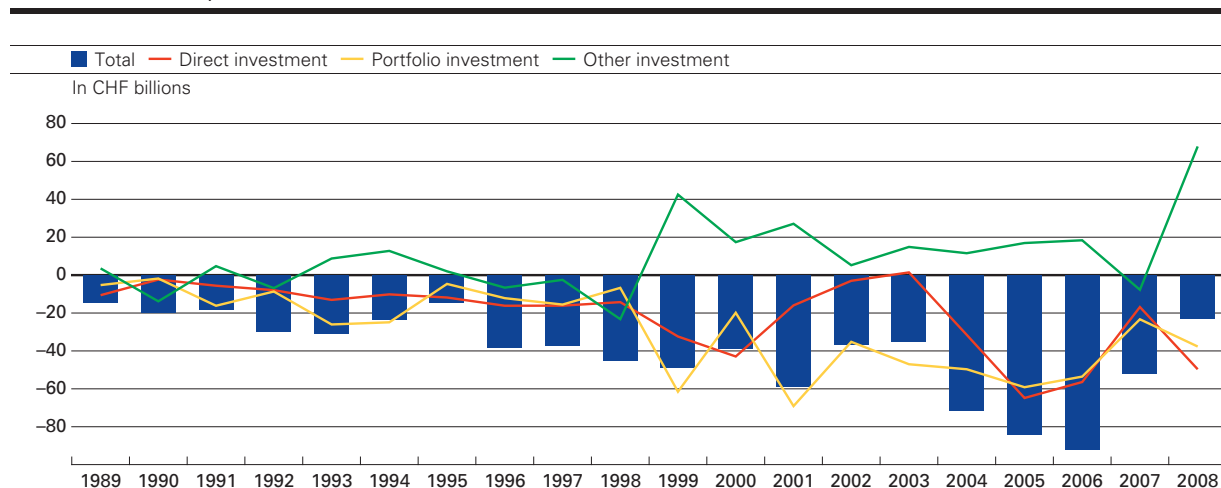


Financial account

The financial crisis also affected the financial account. Looking at Swiss portfolio investment abroad, capital outflows were significantly affected, on the one hand, by the transfer of the first tranche of illiquid UBS assets held abroad to the SNB special purpose vehicle. On the other hand, the UBS mandatory convertible notes issued abroad, which were acquired by the Swiss Confederation, also had an impact. Foreign portfolio investment in Switzerland and other claims and liabilities registered increased inflows as banks raised equity to strengthen their capital base. Net capital outflows for portfolio investment amounted to CHF 38 billion, while the other investment category recorded net capital inflows of CHF 38 billion. Lower investment by finance and holding companies resulted in a decline in Swiss

direct investment abroad. The high level of losses suffered by banks' subsidiaries abroad led to a decline in capital which was recovered through recapitalisation. Funds were withdrawn from foreign direct investment enterprises in Switzerland. The overall result in direct investment was a high level of net capital outflows out of Switzerland. In banks' financial transactions, the liquidity squeeze in the interbank market resulting from the loss of trust was manifested in a major decline in foreign claims and liabilities. The net result was an inflow of capital. In order to supply the money markets with liquidity, the SNB initiated large-scale capital outflows as part of international financial market assistance. The overall result in the financial account was a net capital outflow amounting to CHF 23 billion compared to CHF 52 billion in 2007.

Chart 16
Financial account, net



Direct investment

Direct investment abroad

Direct investment abroad (capital outflows) dropped from CHF 73 billion to CHF 48 billion overall. However, there were considerable variations between the investment activities of individual industries.

At CHF 9 billion, finance and holding companies invested significantly less than in 2007 (CHF 26 billion). Major fluctuations are not unusual for this category because its direct investment essentially reflects the internal financial and reorganisation activities of foreign-controlled groups.

Banks recorded large losses on their participations abroad. In order to cover these losses, they provided their subsidiaries abroad with additional equity. In net terms, CHF 14 billion flowed out of Switzerland from the banks (2007: CHF 12 billion).

Of the remaining services industries, the trading industry exported substantially more capital abroad, at CHF 7 billion (2007: disinvestment of CHF 1 billion). By contrast, direct investment by both the transportation and communications category and the other services category fell sharply. As in 2007, insurance companies repatriated capital.

Acquisition activity on the part of Swiss manufacturing remained robust. In particular, chemicals and plastics (at CHF 14 billion) and electronics, energy, optical and watchmaking (at CHF 7 billion) invested considerably more than in 2007. Overall, direct investment by manufacturing increased from CHF 25 billion to CHF 26 billion.

At CHF 9 billion, substantially less direct investment capital flowed into the EU (EU27) than in 2007 (CHF 39 billion). Swiss investors withdrew CHF 11 billion from the UK. In 2007, CHF 7 billion had been invested there. Funds were also withdrawn from Ireland, Austria and Belgium. The most popular EU country for investment – as in 2007 – was Luxembourg (CHF 13 billion). It was followed by Germany (CHF 7 billion) and France (CHF 3 billion). Almost three times as much was invested in the rest of Europe (CHF 25 billion) as in the EU countries. The major portion went to the offshore financial centres of Europe (CHF 20 billion). The funds involved were, in particular, capital exports for the recapitalisation of foreign subsidiaries of banks and insurance companies.

A total of CHF 25 billion was invested in the US (2007: CHF –0.2 billion). The high investment figure was attributable to both recapitalisations and acquisitions. A sum of CHF 11 billion was withdrawn from Asia. Transactions by finance and holding companies led to a repatriation of funds amounting to CHF 17 billion from Singapore. However, Swiss companies invested CHF 6 billion in the large economies of Asia – the largest amount in China, Japan and India (CHF 1 billion each). Funds also flowed back to Switzerland from Central and South America (CHF 6 billion) as a result of disinvestment in the offshore financial centres. By contrast, Swiss direct investment doubled in both Africa (to CHF 4 billion) and Oceania (to CHF 2 billion).

Chart 17
Direct investment abroad

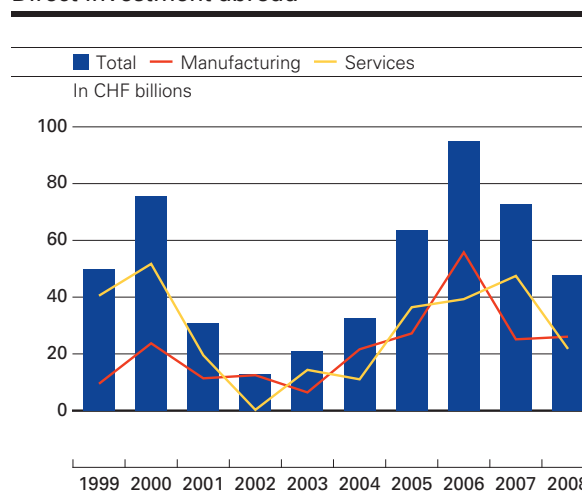
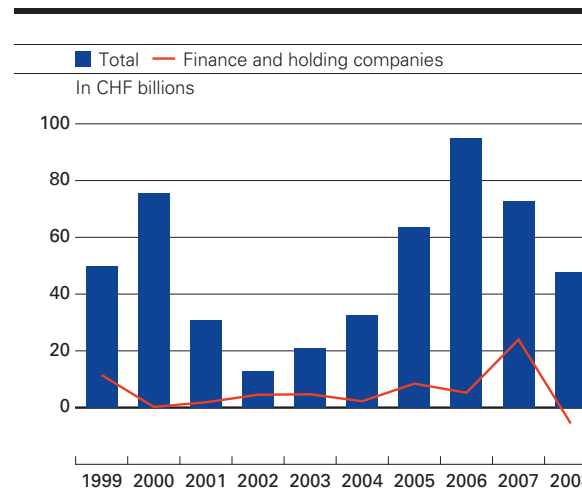


Chart 18
Direct investment abroad



Foreign direct investment in Switzerland

In the area of foreign direct investment in Switzerland (capital inflows), capital withdrawals exceeded new investment by CHF 2 billion. In the previous year, net foreign investment in Switzerland had attained the record level of CHF 56 billion. Foreign acquisitions in Switzerland fell sharply. In addition, disinvestment also lowered the figures for foreign direct investment.

Foreign investors withdrew CHF 4 billion from trading companies and CHF 3 billion from finance and holding companies. In 2007, they had invested CHF 2 billion in trade and CHF 17 billion in finance and holding companies. However, inflows were recorded mainly by the banks (CHF 3 billions) and by metals and machinery (CHF 1 billions).

Investors from the EU (EU27) withdrew large sums from Switzerland (disinvestment). CHF 15 billion flowed back to the Netherlands, CHF 3 billion to the UK, and CHF 2 billion each to France and Belgium. By contrast, Switzerland recorded a CHF 7 billion inflow of funds from Luxembourg. The high value for Luxembourg was due to the fact that this country mainly serves as a hub for investments from other countries. CHF 13 billion flowed into companies in Switzerland from the US (2007: CHF 4 billion).

Chart 19

Direct investment in Switzerland

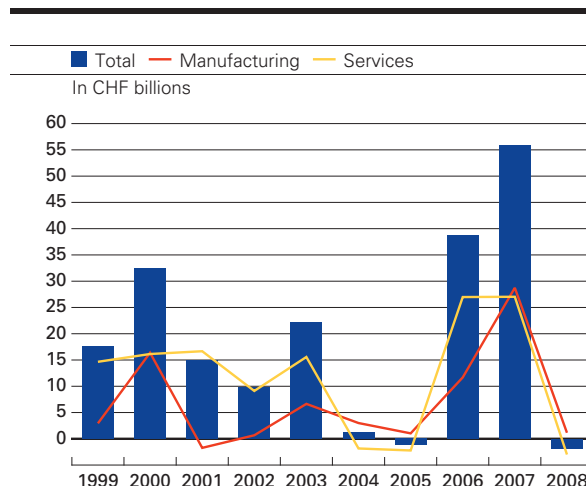
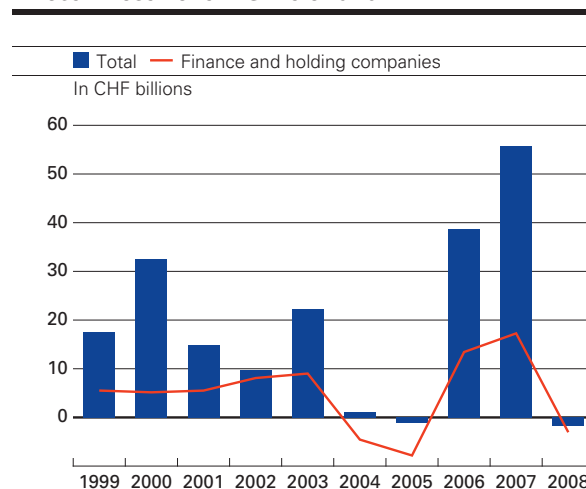


Chart 20

Direct investment in Switzerland



Direct investment

In CHF billions

Table 5

	2007	2008
Swiss direct investment abroad	72.6	47.8
Equity capital	42.9	49.7
Reinvested earnings	11.1	-25.6
Loans	18.6	23.7
Foreign direct investment in Switzerland	55.8	-1.9
Equity capital	23.8	-1.1
Reinvested earnings	35.3	-1.5
Loans	-3.4	0.7

Portfolio investment

Portfolio investment abroad

In net terms, Swiss investors purchased foreign-issued securities totalling CHF 71 billion, as compared with CHF 25 billion a year earlier. Investment in debt securities rose from CHF 19 billion to CHF 64 billion. Purchases of bonds doubled to CHF 67 billion and CHF 3 billion of money market instruments were sold. About one-third of the investments in bonds were accounted for by the first tranche of illiquid UBS assets, which was taken over by the SNB special purpose vehicle, and the acquisition of the UBS mandatory convertible notes (MCNs) by the Swiss Confederation. This transaction was included under portfolio investment abroad because illiquid assets of UBS subsidiaries abroad were affected and because the MCNs were issued abroad. A net CHF 7 billion was invested in equity securities. Investors acquired shares for CHF 22 billion and simultaneously sold units in collective investment schemes for CHF 15 billion. While in the case of bonds, euro-denominated securities accounted for more than half of investment, US dollars were the preferred currency when it came to shares.

Portfolio investment in Switzerland

High inflows were recorded for portfolio investment in Switzerland. Foreign investors invested a net CHF 33 billion in securities issued by domestic borrowers. They purchased debt securities for CHF 6 billion, shares for CHF 12 billion and units in collective investment schemes for CHF 15 billion. The high level of foreign investment is related to the fact that Swiss big banks were raising additional funds through recapitalisation and the sale of bank shares. As a result, the issue volume of domestic shares on the Swiss capital market was higher than in previous years. Nevertheless, the level of share repurchases and repayments still exceeded that of new issues. Consequently, net issues totalled CHF –2 billion (2007: CHF –20 billion).

Chart 21

Portfolio investment abroad

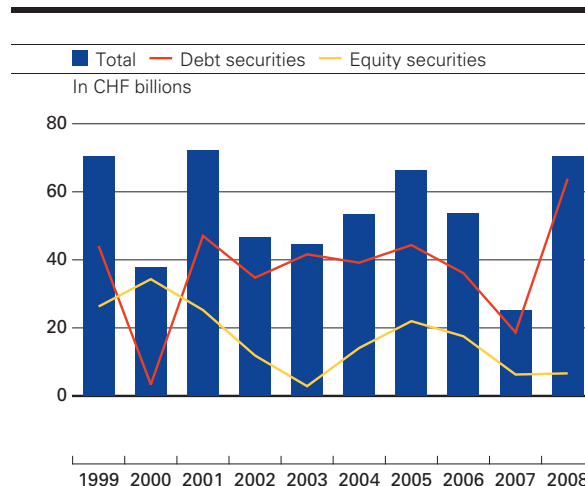


Chart 22

Portfolio investment in Switzerland

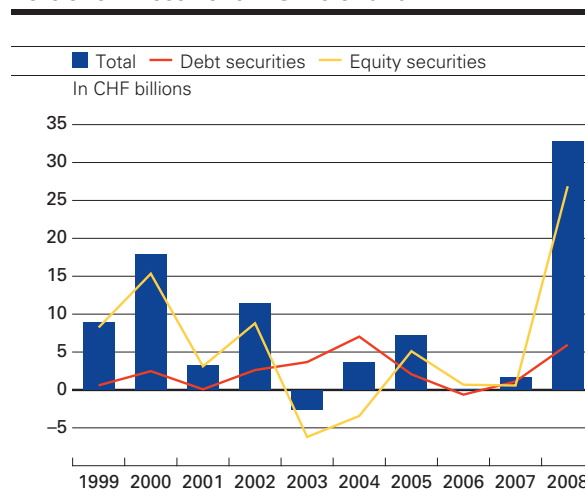
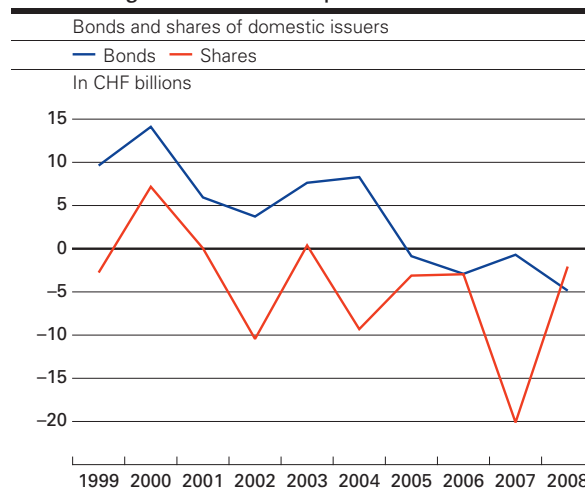


Chart 23

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, as well as purchases and sales of structured products. Derivatives are forward contracts whose value is derived from the movement in one or more 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 simple certificates which reflect the performance of an underlying asset.

Overall, a CHF 7 billion capital inflow was recorded for the derivatives and structured products item. Investors in Switzerland sold CHF 9 billion of structured products issued by foreign borrowers. Foreign investors sold CHF 5 billion of structured products issued by Swiss borrowers. The net result for structured products was a CHF 3 billion inflow of funds. In derivative transactions, a substantial increase in financial flows was recorded, with a net inflow of CHF 4 billion as the final result. The higher financial flows were mainly attributable to an expansion in the reporting population.

Derivatives and structured products¹

In CHF billions

Table 6

	2007	2008
Derivatives²		
Net payments abroad	-5.6	-58.8
Net payments from abroad	4.5	62.8
Balance	-1.1	4.0
Structured products		
Swiss investment in foreign-issued instruments	-9.3	8.5
Foreign investment in Swiss-issued instruments	-2.3	-5.1
Net	-11.6	3.3
Derivatives and structured products, net	-12.8	7.4

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

² In 2007, only insurance derivatives. As of 2008, derivatives of all companies.

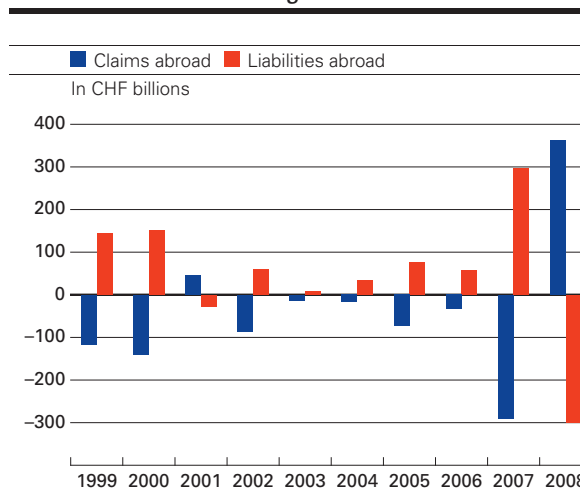
Other investment

Commercial bank lending

As a result of the financial market crisis, the banks reduced both claims and liabilities with respect to banks abroad. Overall, a net capital outflow of CHF 10 billion resulted in interbank business. Lending to customers abroad also fell (CHF –26 billion). However, customers abroad increased their deposits in Switzerland by CHF 46 billion. This was attributable to a shift from fiduciary investments abroad to bank deposits in Switzerland. As a result, capital inflows in business with customers amounted to CHF 72 billion.

Chart 24

Commercial bank lending



Commercial bank lending¹

In CHF billions

Table 7

	2007	2008
Claims abroad	-290.9	362.7
Against banks abroad	-241.5	336.5
Against customers abroad	-49.9	-26.1
Liabilities abroad	296.6	-299.9
Towards banks abroad	292.3	-346.1
Towards customers abroad	4.3	46.2
Net lending	5.7	62.8
To banks	50.7	-9.5
To customers	-45.0	72.3

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

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.

Companies reduced the amounts of both loans taken out abroad (CHF –14 billion) and those granted to parties abroad (CHF –3 billion). The greatest decline was recorded for the insurance and trade categories. Overall, a net capital outflow of CHF 11 billion resulted. In 2007, a net capital inflow of CHF 7 billion had been recorded.

Swiss National Bank lending

The SNB supplied the markets with generous amounts of liquidity, including the provision of US dollar and Swiss franc liquidity. As part of its operations, the SNB also conducted swaps and repo transactions with central banks and commercial banks abroad. Overall, a net amount of CHF 35 billion flowed out of Switzerland.

Other claims and liabilities abroad

This item contains various investments that cannot be clearly assigned to a specific category within the financial account. Overall, a net capital inflow of CHF 38 billion was recorded for this item, compared with a capital outflow of CHF 10 billion a year earlier. A major contributory factor in this result was the fact that domestic investors reduced fiduciary investments abroad, which led to a return flow of capital into Switzerland. In addition, banks initiated substantial capital inflows as part of operations to strengthen their capital base.

Reserve assets

The SNB sold 105 tonnes of gold to the private sector, thereby completing the sale of a total of 250 tonnes of gold within the framework of the second Central Bank Gold Agreement of 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 recorded under other claims and liabilities rather than under the reserve assets item. The SNB invested the proceeds from the gold sales in securities, which in turn led to an increase in foreign exchange holdings (CHF 3 billion).

Reserve assets¹

In CHF billions

Table 8

	2007	2008
Total	-4.1	-3.4
Gold	-	-
Foreign exchange holdings	-4.2	-2.8
Reserve position in the IMF	0.1	-0.4
International payment instruments	0.0	0.0
Other reserve assets	0.0	-0.3

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

Residual item (net errors and omissions)

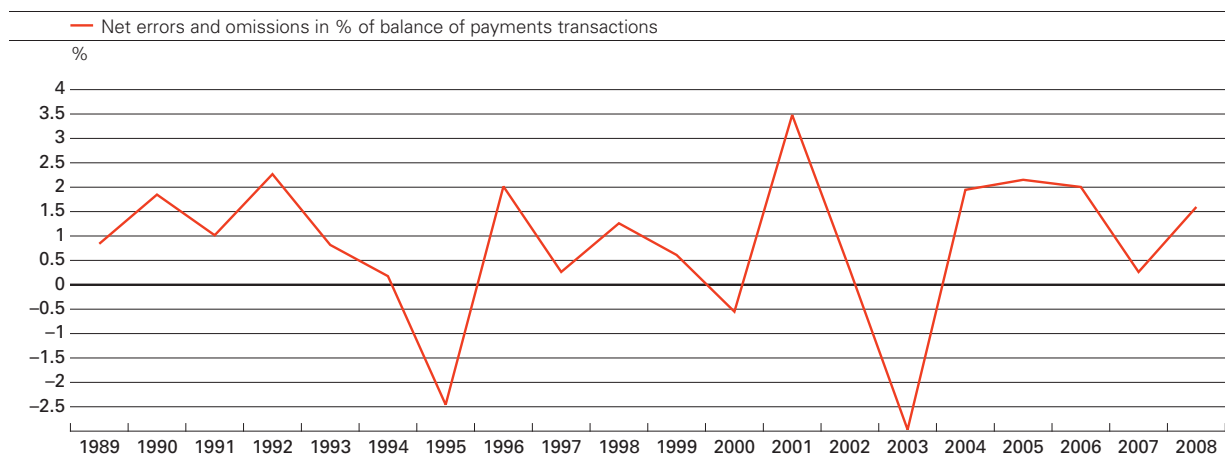
The balance from the residual item came to CHF 14 billion. This accounts for roughly 2% of the total transactions in the balance of payments.

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 ex-

penses, 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 positive figure in the residual item is an indication that the current account receipts/capital inflows have been under-estimated or the current account expenses/capital outflows have been over-estimated.

Chart 25

Net errors and omissions in percent of balance of payments transactions



Notes

Changes from the previous year

Investment income, other investment income: investment income of companies

Data on insurance companies' investment income from claims against and liabilities towards third parties abroad have been collected since 2006. In addition, data on other industries' investment income from claims against and liabilities towards third parties abroad have been collected since 2008.

Derivatives and structured products

Data on the turnover in derivative financial instruments and structured products of insurance companies as well as on the structured products of bank customers have been collected since 2006. Additionally, data on the turnover in derivative financial instruments and structured products of the other industries have been collected since 2008.

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 inter-

national goods trade, excluding exports and imports recorded in the foreign trade statistics), transportation, postal and courier services, telecommunications, 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, 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 pay-

ments (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 which are not covered by direct investment or reserve assets (money market instruments, bonds, shares, participation certificates, dividend-right certificates, units in collective investment schemes). The

data represent net inflows, i.e. purchases of debt securities and equity securities minus sales of investments and redemptions. The statistics are based on data submitted by banks on the acquisition of securities by domestic customers. Purchases by banks and companies are derived from the statistics on foreign assets. Purchases by the SNB are based on SNB data. Portfolio investment in Switzerland: foreign investment in debt securities and equity securities of domestic issuers which are not covered by direct investment (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. purchases of debt securities and equity securities minus sales 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 liabilities of companies.

Derivatives and structured products

Derivatives comprise unconditional forward transactions (options) and conditional forward transactions (forwards, futures, swaps). 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 based on data submitted by companies to the Swiss National Bank.

Structured products are standardised debt certificates that combine the properties of two or more financial instruments, thus forming a new investment product. 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, includ-

ing 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 assets and liabilities.

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 based on 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

Changes in monetary assistance loans, in claims and liabilities arising from repo transactions with monetary authorities and banks abroad, in balances from swap transactions with monetary authorities and banks abroad as well as changes in the other claims against and liabilities towards parties abroad.

Other claims and liabilities

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. 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 claims and liabilities.

Reserve assets

Changes in gold holdings, foreign exchange holdings, the reserve position in the International Monetary Fund (as of 1992) and international payment instruments (SDRs). 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 2007/2008, the SNB sold 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. Therefore, it should be arithmetically balanced. 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, incl. 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, Saint Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.
Africa	Comprises, in addition to the published countries: Algeria, Angola, Equatorial Guinea, Ethiopia, Benin, Botswana, British Indian Ocean Territory, Burkina Faso, Burundi, Djibouti, Eritrea, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Cameroon, Cape Verde, Comoros, Congo, Congo (Democratic Republic of the), Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Rwanda, Zambia, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Zimbabwe, Somalia, St Helena, Sudan, Swaziland, Tanzania, Togo, Chad, Uganda, Central African Republic.
Oceania (and Polar regions)	Comprises, in addition to the published countries: Antarctica, American Samoa, Bouvet Island, Cocos Islands (Keeling Islands), Cook Islands, Christmas Island, Fiji, Federated States of Micronesia, South Georgia and the South Sandwich 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

—	Absolute zero.
.	Data confidential, not available or not applicable.
195	Figures in bold type show new or revised values.

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

	2004	2005	2006	2007	2008
	1	2	3	4	5
Current account					
Current account, net	60.4	65.0	74.6	52.2	13.0
Goods, net	6.7	3.0	5.1	9.4	15.0
Special trade ² , net	9.3	7.9	12.1	14.0	19.4
Receipts	146.3	157.0	177.5	197.5	206.3
Expenses	-137.0	-149.1	-165.4	-183.6	-186.9
Other trade, net	-2.6	-4.9	-7.0	-4.6	-4.4
Services, net	30.4	33.5	39.3	45.3	49.9
Tourism, net	1.9	1.5	2.0	2.5	3.8
Receipts	11.9	12.5	13.5	14.6	15.6
Expenses	-10.1	-11.0	-11.6	-12.1	-11.8
Bank financial services, net	13.2	16.2	18.0	21.0	18.6
Receipts	14.2	17.5	19.6	23.2	20.8
Expenses	-1.1	-1.3	-1.6	-2.1	-2.2
Other services, net	15.3	15.8	19.3	21.8	27.5
Labour and investment income, net	31.4	42.3	42.0	8.9	-38.0
Labour income, net	-10.0	-10.4	-11.2	-12.5	-13.5
Receipts	2.1	2.0	2.1	2.0	2.0
Expenses	-12.2	-12.4	-13.4	-14.5	-15.5
Investment income, net	41.5	52.7	53.2	21.4	-24.5
Receipts	86.6	125.3	134.1	149.4	89.4
Portfolio investment	23.2	26.5	30.8	37.0	34.7
Direct investment	48.9	76.5	69.0	60.1	7.5
Other investment income	14.4	22.3	34.3	52.3	47.2
Expenses	-45.1	-72.6	-80.9	-128.0	-113.9
Portfolio investment	-11.9	-13.8	-16.9	-20.6	-21.4
Direct investment	-19.5	-36.1	-28.1	-53.1	-44.3
Other investment income	-13.7	-22.7	-35.9	-54.3	-48.2
Current transfers, net	-8.1	-13.8	-11.7	-11.3	-14.0
Capital transfers					
Capital transfers, net	-3.9	-2.8	-5.4	-5.0	-3.9
Financial account					
Financial account, net	-71.5	-84.4	-91.9	-51.9	-22.8
Direct investment, net	-31.5	-64.8	-56.4	-16.8	-49.7
Swiss direct investment abroad	-32.7	-63.7	-95.1	-72.6	-47.8
Equity capital	-11.6	-22.0	-62.7	-42.9	-49.7
Reinvested earnings	-21.2	-41.0	-26.4	-11.1	25.6
Other capital	0.1	-0.7	-6.0	-18.6	-23.7
Foreign direct investment in Switzerland	1.2	-1.2	38.7	55.8	-1.9
Equity capital	-3.2	0.0	20.9	23.8	-1.1
Reinvested earnings	8.4	-2.8	14.3	35.3	-1.5
Other capital	-4.0	1.6	3.4	-3.4	0.7
Portfolio investment, net	-49.7	-59.2	-53.5	-23.3	-37.7
Swiss portfolio investment abroad	-53.3	-66.3	-53.6	-25.0	-70.5
Debt securities	-39.2	-44.3	-36.1	-18.7	-63.9
Bonds and notes	-48.5	-48.5	-46.4	-33.8	-67.1
Money market instruments	9.3	4.2	10.3	15.1	3.3
Equity securities	-14.1	-22.0	-17.5	-6.3	-6.6
Foreign portfolio investment in Switzerland	3.6	7.2	0.1	1.7	32.8
Debt securities	7.0	2.1	-0.6	1.1	6.0
Bonds and notes	5.3	-1.5	-1.0	-0.6	5.3
Money market instruments	1.8	3.5	0.3	1.7	0.6
Equity securities	-3.4	5.1	0.7	0.6	26.9

	2004	2005	2006	2007	2008
	1	2	3	4	5

Financial account (continued)

Derivatives and structured products, net	.	.	- 3.7	- 12.8	7.4
Other investment, net	11.6	16.9	22.1	5.0	60.5
Commercial bank lending, net	16.9	2.1	23.2	5.7	62.8
Claims abroad	- 16.9	- 73.5	- 33.4	- 290.9	362.8
Claims against banks	19.6	- 71.4	- 14.5	- 241.5	336.6
Other claims	- 36.5	- 2.0	- 18.8	- 49.4	26.1
Liabilities abroad	33.8	75.5	56.6	296.6	- 299.9
Liabilities towards banks	29.2	72.4	53.6	292.3	- 346.1
Other liabilities	4.7	3.2	3.0	4.3	46.2
Corporate lending ³ , net	- 12.7	16.9	15.6	6.6	- 11.0
Claims abroad	- 13.0	3.4	3.8	- 40.4	3.0
Liabilities abroad	0.3	13.5	11.9	47.0	- 14.0
Government lending, net	0.4	0.1	0.5	3.1	5.4
SNB lending, net	- 1.5	- 1.2	0.7	0.0	- 35.0
Other claims and liabilities abroad, net	8.5	- 0.9	- 18.0	- 10.3	38.4
Reserve assets, total	- 1.9	22.7	- 0.4	- 4.1	- 3.4

Net errors and omissions

Net errors and omissions	15.0	22.2	22.8	4.8	13.7
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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

	2004	2005	2006	2007	2008	Year-on-year change in percent
	1	2	3	4	5	6
Special trade ¹						
Receipts	146 312	156 977	177 475	197 533	206 330	4.5
Expenses	136 987	149 094	165 410	183 578	186 884	1.8
Net	9 326	7 883	12 065	13 955	19 447	.
of which						
Electrical energy						
Receipts	2 386	2 897	3 953	4 197	5 456	30.0
Expenses	1 289	2 183	2 912	3 040	3 366	10.7
Net	1 097	714	1 041	1 157	2 090	.
Other trade ²						
Receipts	6 923	6 490	8 174	9 500	10 667	12.3
Expenses	9 544	11 369	15 174	14 082	15 072	7.0
Net	- 2 621	- 4 879	- 7 000	- 4 582	- 4 405	.
Total						
Receipts	153 235	163 468	185 649	207 033	216 997	4.8
Expenses	146 530	160 463	180 584	197 660	201 955	2.2
Net	6 705	3 004	5 065	9 373	15 042	.

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

	2004	2005	2006	2007	2008	Year-on-year change in percent
	1	2	3	4	5	6
Tourism, total						
Receipts	11 935	12 477	13 544	14 621	15 605	6.7
Expenses	10 080	10 975	11 556	12 120	11 838	- 2.3
Net	1 855	1 501	1 988	2 501	3 767	.
Business and personal travel						
Receipts	7 849	8 162	8 910	9 866	10 637	7.8
Expenses	7 668	8 282	9 006	9 647	9 357	- 3.0
Net	180	- 120	- 95	219	1 279	.
Same-day travel, transit travel and other tourism						
Receipts	2 546	2 787	3 024	3 094	3 227	4.3
Expenses	2 391	2 673	2 528	2 449	2 456	0.3
Net	155	114	496	645	771	.
Consumption expenditure by foreign workers						
Receipts	1 540	1 528	1 610	1 661	1 742	4.9
Expenses	20	21	22	24	24	1.0
Net	1 520	1 507	1 587	1 637	1 717	.
Private insurance						
Receipts	4 846	4 172	4 679	5 773	6 289	8.9
Expenses	140	396	537	682	716	4.9
Net	4 706	3 775	4 142	5 091	5 574	.
Merchandising						
Receipts	4 552	5 862	8 811	10 716	14 445	34.8
Transportation, total						
Receipts	4 991	5 234	5 671	6 687	7 020	5.0
Expenses	3 649	3 574	3 892	4 359	4 460	2.3
Net	1 341	1 660	1 779	2 328	2 561	.
Passengers						
Receipts	2 249	2 362	2 558	3 046	3 364	10.4
Expenses	2 262	2 232	2 440	2 620	2 630	0.4
Net	- 12	130	118	427	734	.
Freight						
Receipts	870	1 005	1 036	1 179	1 214	2.9
Expenses ¹	—	—	—	—	—	.
Net	870	1 005	1 036	1 179	1 214	.
Other						
Receipts	1 871	1 867	2 077	2 462	2 443	- 0.8
Expenses	1 388	1 342	1 452	1 740	1 830	5.2
Net	483	525	625	722	613	.
Postal, courier and telecommunications services						
Receipts	1 521	1 473	1 380	1 281	1 329	3.8
Expenses	1 405	1 163	1 005	959	1 053	9.8
Net	116	310	375	322	276	.

3.1 Services (continued)

	2004	2005	2006	2007	2008	Year-on-year change in percent
	1	2	3	4	5	6
Other services, total						
Receipts	26 737	32 748	34 599	39 765	39 761	0.0
Expenses	8 946	12 359	12 430	15 420	16 488	6.9
Net	17 791	20 388	22 170	24 344	23 273	.
Bank financial services						
Receipts	14 241	17 546	19 582	23 154	20 801	- 10.2
Expenses	1 064	1 315	1 605	2 143	2 204	2.9
Net	13 177	16 231	17 977	21 012	18 597	.
Technological services						
Receipts	8 370	11 030	10 383	11 583	13 788	19.0
Expenses	7 001	9 960	9 495	11 911	12 860	8.0
Net	1 369	1 070	889	- 328	928	.
of which						
License and patent fees						
Receipts	8 117	10 717	10 024	11 184	13 314	19.1
Expenses	6 803	9 735	9 251	11 640	12 565	7.9
Net	1 315	982	773	- 457	749	.
Other services						
Receipts	4 126	4 171	4 634	5 027	5 172	2.9
Expenses	881	1 084	1 330	1 367	1 425	4.2
Net	3 245	3 087	3 304	3 660	3 748	.
Total						
Receipts	54 581	61 965	68 685	78 842	84 449	7.1
Expenses	24 220	28 468	29 420	33 541	34 554	3.0
Net	30 361	33 498	39 265	45 301	49 895	.

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

4.1 Labour and investment income

In CHF millions

	2004	2005	2006	2007	2008	Year-on-year change in percent
	1	2	3	4	5	6
Labour income						
Receipts	2 106	2 022	2 124	2 023	2 023	0.0
Expenses	12 155	12 411	13 354	14 548	15 491	6.5
Net	- 10 049	- 10 390	- 11 230	- 12 525	- 13 468	.
Investment income, total						
Receipts	86 554	125 324	134 129	149 408	89 385	- 40.2
Expenses	45 094	72 601	80 935	128 032	113 903	- 11.0
Net	41 461	52 723	53 194	21 377	- 24 518	.
Portfolio investment						
Receipts	23 193	26 476	30 820	37 044	34 652	- 6.5
Expenses	11 857	13 791	16 901	20 560	21 432	4.2
Net	11 335	12 684	13 919	16 484	13 220	.
Direct investment						
Receipts	48 945	76 523	68 983	60 077	7 527	- 87.5
Expenses	19 526	36 107	28 107	53 137	44 263	- 16.7
Net	29 419	40 416	40 876	6 940	- 36 737	.
Other investment income						
Receipts	14 416	22 325	34 326	52 288	47 206	- 9.7
Expenses	13 710	22 703	35 927	54 336	48 207	- 11.3
Net	707	- 378	- 1 601	- 2 048	- 1 001	.
of which						
Banks' interest business, adjusted for FISIM¹						
Receipts	11 471	18 828	30 495	47 502	35 352	- 25.6
Expenses	11 599	18 763	31 149	48 637	36 972	- 24.0
Net	- 127	66	- 654	- 1 135	- 1 619	.
Memorandum item: banks' interest business, not adjusted for FISIM¹						
Receipts	12 817	20 803	32 766	49 981	37 882	- 24.2
Expenses	10 405	17 199	29 503	47 072	35 378	- 24.8
Net	2 413	3 604	3 263	2 909	2 503	.
Total						
Receipts	88 660	127 345	136 253	151 431	91 407	- 39.6
Expenses	57 248	85 012	94 289	142 580	129 394	- 9.2
Net	31 412	42 333	41 965	8 851	- 37 986	.

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

	2004	2005	2006	2007	2008	Year-on-year change in percent
	1	2	3	4	5	6
Private transfers, total						
Receipts	14 591	15 894	18 206	22 895	25 255	10.3
Expenses	19 047	26 099	26 482	30 881	35 873	16.2
of which						
immigrants' remittances	3 900	4 158	4 658	4 989	5 074	1.7
Net	- 4 456	- 10 205	- 8 276	- 7 986	- 10 618	.
Public transfers, total						
Receipts	3 141	3 516	3 946	4 302	4 575	6.4
Expenses	6 782	7 138	7 372	7 657	7 911	3.3
Net	- 3 641	- 3 622	- 3 426	- 3 355	- 3 336	.
Social security						
Receipts	1 371	1 418	1 505	1 606	1 679	4.5
Expenses	4 301	4 577	4 694	4 994	5 066	1.5
Net	- 2 931	- 3 159	- 3 190	- 3 387	- 3 387	.
General government						
Receipts	1 771	2 097	2 442	2 695	2 896	7.5
Expenses	2 481	2 561	2 678	2 663	2 844	6.8
Net	- 711	- 463	- 236	32	52	.
Total						
Receipts	17 732	19 410	22 152	27 196	29 830	9.7
Expenses	25 829	33 237	33 854	38 538	43 783	13.6
Net	- 8 097	- 13 827	- 11 702	- 11 341	- 13 954	.

6.1 Swiss direct investment abroad – by economic activity¹

Capital outflows^{2,3,4}

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Manufacturing	21 620	27 214	55 779	25 128	26 058
Textiles and clothing ^{5,6}	- 56	- 1 683	2 485	4 656	- 39
Chemicals and plastics	11 893	20 221	23 224	6 602	13 833
Metals and machinery	2 053	798	9 748	5 079	3 859
Electronics, energy, optical and watchmaking	836	1 048	3 553	1 815	6 814
Other manufacturing and construction ⁷	6 894	6 830	16 769	6 977	1 592
Services	11 046	36 436	39 289	47 477	21 761
Trade	1 387	8 260	- 2 239	- 898	6 947
Finance and holding companies	1 940	10 443	8 895	26 347	8 824
of which					
Swiss-controlled ⁸	- 306	1 993	3 658	2 366	14 382
foreign-controlled ⁹	2 246	8 450	5 237	23 982	- 5 558
Banks	3 225	8 383	21 907	12 187	13 544
Insurance companies	3 815	5 893	8 942	- 3 444	- 7 994
Transportation and communications ¹⁰	- 47	1 317	1 325	7 572	386
Other services ¹¹	726	2 140	460	5 713	53
Total	32 666	63 651	95 068	72 605	47 819
Total excluding foreign-controlled finance and holding companies⁹	30 421	55 201	89 832	48 624	53 377

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

	2004	2005	2006	2007	2008
	1	2	3	4	5
Europe	14 550	24 649	38 396	46 499	33 815
EU ⁵	14 911	20 963	36 247	38 753	8 531
Other European countries ⁶	- 361	3 687	2 149	7 746	25 284
Selected countries					
Baltic countries ⁷	- 14	79	75	62	- 119
Belgium	786	- 2 981	138	- 558	- 2 135
Bulgaria	29	78	57	89	- 9
Denmark	220	- 416	570	336	- 1 168
Germany	98	8 259	8 854	4 313	6 664
Finland	405	- 14	406	407	630
France ⁸	3 197	1 909	1 704	6 116	3 036
Greece	108	282	536	937	726
Ireland	- 511	1 493	9 331	1 101	- 3 134
Italy	154	900	1 736	8 483	1 029
Croatia	50	51	71	194	169
Luxembourg	- 302	- 3 266	7 603	11 304	12 908
Netherlands	3 785	8 877	- 6 189	- 975	726
Norway	- 1 975	261	204	- 15	226
Austria	627	605	1 730	664	- 2 688
Poland	340	465	481	680	411
Portugal	45	- 21	1 853	- 1 135	- 142
Romania	108	154	320	294	317
Russian Federation	294	887	1 381	1 089	316
Sweden	737	- 2 020	- 493	104	1 842
Slovakia	93	31	88	85	1
Spain	471	2 699	971	- 2 339	- 85
Czech Republic	366	822	- 251	681	105
Turkey	213	722	50	447	471
Ukraine	180	192	683	255	3 608
Hungary	- 65	564	284	- 868	43
United Kingdom ⁹	4 597	2 639	6 785	7 490	- 10 703
Offshore financial centres ¹⁰	661	1 212	- 765	5 433	20 372
North America	8 878	22 832	23 007	2 281	23 971
Canada	3 141	6 077	1 907	2 498	- 1 279
United States	5 737	16 755	21 100	- 217	25 250
Central and South America	3 281	6 732	21 346	17 011	- 5 558
of which					
Argentina	62	407	10	221	76
Bolivia	3	8	0	44	23
Brazil	444	662	3 784	12 422	221
Chile	31	96	152	- 108	418
Costa Rica	38	476	646	752	21
Ecuador	15	50	- 38	47	- 66
Guatemala	1	0	14	7	- 26
Colombia	12	119	- 99	65	- 39
Mexico	155	107	757	417	381
Peru	100	- 34	- 26	- 173	355
Uruguay	80	135	746	52	229
Venezuela	97	90	181	- 102	303
Offshore financial centres ¹¹	2 081	2 636	15 682	2 447	- 7 497

2004	2005	2006	2007	2008
1	2	3	4	5

Asia	5 180	6 757	10 318	4 270	- 10 770
of which					
Bangladesh	19	- 3	13	- 13	15
China	196	829	919	765	1 013
Hong Kong	- 144	607	1 154	277	69
India	164	248	370	629	809
Indonesia	2	108	25	155	628
Israel	47	80	154	40	45
Japan	1 045	113	645	2 379	971
Korea, Republic of (South Korea)	22	670	498	782	713
Malaysia	- 3	- 76	109	100	79
Pakistan	220	183	296	277	5
Philippines	- 212	775	584	- 132	6
Saudi Arabia	- 19	108	69	15	477
Singapore	3 687	2 162	4 442	- 1 177	- 17 253
Sri Lanka	6	10	6	14	6
Taiwan	55	189	116	67	120
Thailand	124	285	509	460	163
United Arab Emirates	4	- 47	178	- 214	370
Viet Nam	8	- 22	48	14	148
Africa	- 372	1 731	810	1 586	4 019
of which					
Egypt	28	276	161	137	111
Côte d'Ivoire	- 16	- 2	77	79	18
Kenya	11	13	20	18	1
Morocco	6	59	34	45	57
Nigeria	3	- 6	19	22	46
South Africa	- 72	1 095	431	977	3 632
Tunisia	4	6	- 5	0	- 5
Oceania	1 150	949	1 192	958	2 342
of which					
Australia	1 138	869	1 126	819	2 289
New Zealand	9	58	38	114	42
All countries	32 666	63 651	95 068	72 605	47 819

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, Saint 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

	2004	2005	2006	2007	2008
	1	2	3	4	5
Manufacturing	3 000	1 037	11 685	28 739	1 151
Chemicals and plastics	2 545	955	4 724	18 049	429
Metals and machinery	443	- 122	5 778	6 375	1 145
Electronics, energy, optical and watchmaking	286	- 192	1 381	3 655	- 980
Other manufacturing and construction	- 273	395	- 198	660	556
Services	- 1 841	- 2 221	26 982	27 034	- 3 006
Trade	1 773	926	1 368	2 431	- 4 175
Finance and holding companies	- 4 550	- 7 815	13 433	17 266	- 3 043
Banks ⁴	198	1 759	1 553	3 420	2 611
Insurance companies	- 106	309	13 370	1 615	699
Transportation and communications ⁵	- 280	1 870	- 2 065	1 199	418
Other services ⁶	1 125	730	- 677	1 103	484
Total	1 159	- 1 184	38 667	55 773	- 1 855

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

	2004	2005	2006	2007	2008
	1	2	3	4	5
Europe	- 3 924	24 000	29 150	50 758	- 13 986
EU ⁴	- 4 034	24 031	29 083	51 870	- 13 020
Other European countries ⁵	110	- 31	68	- 1 112	- 966
Selected countries					
Belgium	320	- 1 073	69	931	- 1 976
Denmark	314	1 037	933	460	607
Germany	- 295	768	1 134	16 716	- 696
France ⁶	784	2 158	13 895	1 919	- 1 723
Italy	- 2 131	211	428	778	757
Luxembourg	574	- 278	3 264	0	6 626
Netherlands	- 2 437	10 330	8 188	15 985	- 14 530
Austria	735	9 826	2 534	13 031	833
Sweden	- 25	- 913	73	949	207
Spain	122	500	68	- 263	43
United Kingdom ⁷	- 1 874	1 370	- 1 896	- 460	- 3 406
North America	7 007	- 26 048	9 206	4 665	12 169
Canada	111	- 455	5 372	1 055	- 611
United States	6 896	- 25 594	3 834	3 610	12 779
Central and South America	- 1 400	878	164	392	400
of which					
Offshore financial centres ⁸	- 1 967	653	113	10	196
Asia, Africa and Oceania	- 524	- 14	147	- 42	- 438
of which					
Israel	33	62	54	45	32
Japan	- 229	- 117	- 90	- 44	- 446
All countries	1 159	- 1 184	38 667	55 773	- 1 855

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, Saint Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.

8.1 Portfolio investment – breakdown by securities¹

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Swiss portfolio investment abroad	- 53 270	- 66 323	- 53 610	- 25 008	- 70 509
Debt securities	- 39 160	- 44 345	- 36 073	- 18 715	- 63 870
Bonds and notes	- 48 509	- 48 521	- 46 377	- 33 804	- 67 140
Money market instruments	9 349	4 176	10 304	15 089	3 269
Equity securities	- 14 110	- 21 977	- 17 537	- 6 293	- 6 639
Shares	- 2 395	6 104	5 411	7 279	- 21 986
Collective investment schemes	- 11 715	- 28 081	- 22 948	- 13 572	15 347
Foreign portfolio investment in Switzerland	3 597	7 172	72	1 700	32 833
Debt securities	7 031	2 065	- 618	1 116	5 959
Bonds and notes	5 264	- 1 466	- 953	- 612	5 347
Public sector	2 643	- 1 143	- 1 583	- 466	2 334
Other	2 620	- 324	631	- 146	3 013
Money market instruments	1 768	3 532	334	1 729	611
Equity securities	- 3 434	5 106	690	584	26 874
Shares	- 6 731	- 2 794	- 5 549	- 9 040	12 413
Collective investment schemes	3 296	7 900	6 239	9 624	14 461
Net	- 49 673	- 59 151	- 53 538	- 23 308	- 37 677

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

8.2 Portfolio investment – breakdown by currency ¹

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Swiss portfolio investment abroad	- 53 270	- 66 323	- 53 610	- 25 008	- 70 509
Debt securities	- 39 160	- 44 345	- 36 073	- 18 715	- 63 870
CHF	- 15 702	- 12 241	- 12 649	- 5 912	- 7 823
EUR	- 8 429	- 10 405	- 18 363	- 9 401	- 33 983
USD	- 7 314	- 14 561	- 1 046	767	- 18 192
Other currencies	- 7 715	- 7 139	- 4 015	- 4 168	- 3 866
Equity securities	- 14 110	- 21 977	- 17 537	- 6 293	- 6 639
CHF	- 2 207	- 5 514	- 6 655	- 2 416	5 393
EUR	- 3 018	- 9 141	- 1 147	- 1 518	3 953
USD	- 7 493	- 4 953	- 10 060	- 2 855	- 8 780
Other currencies	- 1 393	- 2 369	325	495	- 7 202
Foreign portfolio investment in Switzerland	3 597	7 172	72	1 700	32 833
Debt securities	7 031	2 065	- 618	1 116	5 959
CHF	5 979	1 775	- 688	529	4 101
EUR	134	- 146	- 50	452	1 548
USD	731	349	82	89	2 452
Other currencies	186	87	37	46	- 2 142
Equity securities	- 3 434	5 106	690	584	26 874
CHF	- 5 725	- 4 660	- 7 254	- 9 882	14 132
EUR	2 401	6 381	2 409	2 602	7 563
USD	78	3 225	5 627	8 182	4 742
Other currencies	- 189	160	- 93	- 319	437
Net	- 49 673	- 59 151	- 53 538	- 23 308	- 37 677

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

9.1 Commercial bank lending – breakdown by currency ¹

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Claims abroad	- 16 914	- 73 460	- 33 352	- 290 896	362 775
CHF	- 996	408	- 2 429	- 13 757	17 684
USD	- 36 548	- 69 313	- 31 920	44 260	116 833
EUR	17 504	- 2 245	13 200	- 36 493	28 539
Other currencies	3 884	- 772	- 10 450	- 285 928	191 347
All currencies	- 16 156	- 71 922	- 31 599	- 291 918	354 403
Precious metals	- 758	- 1 539	- 1 753	1 022	8 371
Liabilities abroad	33 803	75 529	56 566	296 587	- 299 926
CHF	- 5 555	9 191	1 150	7 331	- 5 679
USD	61 897	40 225	- 11 607	117 390	- 134 639
EUR	1 005	2 942	45 198	- 38 037	3 218
Other currencies	- 25 037	22 494	17 494	210 655	- 154 984
All currencies	32 310	74 852	52 235	297 338	- 292 083
Precious metals	1 493	677	4 330	- 751	- 7 843
Net	16 889	2 069	23 213	5 691	62 848
CHF	- 6 551	9 599	- 1 279	- 6 426	12 005
USD	25 349	- 29 088	- 43 527	161 650	- 17 806
EUR	18 509	697	58 398	- 74 530	31 757
Other currencies	- 21 153	21 722	7 044	- 75 273	36 364
All currencies	16 154	2 931	20 636	5 420	62 320
Precious metals	735	- 862	2 578	271	529

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

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

In CHF millions

	2004	2005	2006	2007	2008
	1	2	3	4	5
Claims abroad	- 12 955	3 357	3 767	- 40 403	2 955
Manufacturing	2 381	2 995	166	- 1 669	- 1 589
Chemicals and plastics	60	2 225	- 537	- 982	- 229
Metals and machinery	- 825	596	237	- 36	186
Electronics, energy, optical and watchmaking	3 016	- 56	405	- 645	- 1 580
Other manufacturing and construction	131	230	61	- 6	34
Services	- 15 336	362	3 602	- 38 734	4 544
Trade	- 5 681	- 5 205	- 1 273	- 10 254	3 228
Finance and holding companies	- 4 525	10 156	773	- 24 710	- 4 729
Insurance companies	- 5 017	- 4 595	3 996	- 3 331	4 741
Transportation and communications	45	716	- 107	- 228	- 134
Other services	- 159	- 711	213	- 212	1 438
Liabilities abroad	280	13 531	11 871	46 970	- 13 996
Manufacturing	- 3 002	256	- 51	2 316	4 087
Chemicals and plastics	- 4 301	416	714	- 1 196	- 89
Metals and machinery	666	- 313	286	1 962	1 302
Electronics, energy, optical and watchmaking	132	141	- 983	609	1 588
Other manufacturing and construction	501	12	- 68	940	1 286
Services	3 282	13 275	11 921	44 653	- 18 083
Trade	2 604	6 317	176	17 503	- 8 588
Finance and holding companies	701	- 1 185	11 414	14 103	6 456
Insurance companies	438	7 885	- 490	8 135	- 16 197
Transportation and communications	- 128	85	12	2 944	244
Other services	- 334	173	809	1 969	2
Net	- 12 674	16 888	15 638	6 566	- 11 042
Manufacturing	- 620	3 251	115	647	2 497
Services	- 12 054	13 637	15 523	5 919	- 13 539

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.

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