Swiss National Bank

Swiss Balance of Payments 2011

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Balance of payments 2011 – summary

In 2011, Switzerland's current account surplus declined by CHF 20 billion to CHF 62 billion, or 11% of gross domestic product (2010: 15%). The main determining factor in this result was the surplus of receipts over expenses in the investment income account, which fell by CHF 17 billion to CHF 32 billion. Income from direct investment abroad, in particular, decreased. In foreign trade in goods and services, a receipts surplus of CHF 60 billion was recorded, compared with CHF 62 billion in 2010. Receipts from exports of goods and services increased by 1%, while expenses for imports of goods and services were up by 2% year-on-year.

In the financial account, a net capital outflow of CHF 46 billion was recorded, compared with CHF 106 billion a year earlier. In 2011, too, the financial account was greatly influenced by transactions carried out by the Swiss National Bank (SNB). Reserve assets increased by CHF 43 billion on a transaction basis (capital outflow). In addition, the SNB recorded a net outflow of CHF 9 billion from lending transactions with central banks and commercial banks abroad. Direct investment recorded a net capital outflow (of CHF 35 billion), as did portfolio investment abroad (CHF 17 billion). The latter was mainly the result of transactions by the SNB, which repurchased outstanding SNB Bills but, at the same time, did not renew SNB Bills falling due. Net capital inflows were recorded, in particular, for commercial bank lending (CHF 49 billion) and corporate lending (CHF 10 billion).

Current account

In foreign trade in goods (special trade), receipts from exports rose by 2% in 2011. Expenses for imports remained unchanged from a year earlier. Exports of precision instruments, watches and jewellery recorded the strongest growth rates (12%), but there was also a slight increase in machinery, equipment and electronics exports (1%). By contrast, exports by Switzerland's largest export industry – chemicals – fell by 2%. On the import side, energy sources recorded a marked increase (15%), mainly related to higher prices, while imports of consumer and capital goods declined. The surplus in trade in goods (special trade) grew by CHF 4 billion to CHF 24 billion.

In cross-border trade in services, receipts were down by 2%. This was largely due to the trend in banks' receipts from financial services (–8%), which have been declining for the past four years and amounted to just CHF 15 billion in 2011. Both receipts from merchanting and receipts from the use of intellectual property (licence and patent fees) were unchanged from the previous year, at CHF 20 billion and CHF 17 billion respectively. Receipts from tourism also remained at the year-earlier level (CHF 16 billion). By contrast, the lower value of foreign currencies led to an increase in trips made abroad by Swiss residents; expenses for foreign travel increased by 6% to CHF 12.4 billion. Expenses for licence and patent fees registered strong growth, rising by 11% to CHF 19 billion. Overall, expenses for services from abroad increased by 5%. The surplus of receipts from trade in services declined by CHF 3 billion to CHF 46 billion.

Income from direct investment abroad (receipts) fell by CHF 21 billion to CHF 54 billion. Lower receipts were recorded by finance and holding companies in particular, but also by banks and manufacturing. Income from foreign direct investment in Switzerland (expenses) fell from CHF 4 billion to CHF 34 billion. This was mainly attributable to a fall in receipts for trading companies. Whereas income from portfolio investment abroad declined slightly, expenses for portfolio investment in Switzerland rose, as a result of higher dividend payments abroad. Income from other investment increased, largely due to higher receipts from the SNB's foreign currency investments and from corporate lending. By contrast, receipts and expenses on banks' interest business continued to fall, owing to lower interest rates and capital holdings (averaged over the year). Overall, the receipts surplus in investment income fell by CHF 17 billion to CHF 32 billion. This fall was also the main contributing factor in the narrowing of the current account surplus by CHF 20 billion to CHF 62 billion.

Financial account

Direct investment abroad (capital outflows) declined from CHF 71 billion in 2010 to CHF 37 billion in 2011. Foreign-controlled finance and holding companies, in particular, contributed to the decrease. Banks, trade and insurance companies also invested less than in the previous year. However, there was a marked increase in investment abroad by the manufacturing industry, especially chemicals and plastics companies. As in the previous year, Swiss companies mainly invested overseas, with Asia becoming the main recipient of Swiss direct investment for the first time. With respect to foreign direct investment in Switzerland, inflows and outflows of funds almost balanced out, resulting in a capital inflow of only CHF 3 billion. As regards equity capital, sales of companies and capital repayments exceeded purchases of companies in Switzerland by a considerable margin. However, this disinvestment was slightly outweighed by retained profits (reinvestment of income earned in Switzerland). The trade and the chemicals and plastics categories were the main targets for investment, while capital outflows were registered by finance and holding companies as well as insurance companies.

As regards portfolio investment abroad, Swiss investors purchased shares and money market instruments issued by foreign borrowers; at the same time, however, they sold bonds, notes and units in collective investment schemes. Portfolio investment abroad showed a net return flow into Switzerland of CHF 3 billion. Foreign portfolio investment in Switzerland saw CHF 20 billion flow back to foreign investors. This was mainly due to the fact that the SNB repurchased outstanding SNB Bills while, at the same time, it ceased to renew SNB Bills falling due.

Commercial banks' business abroad yielded a net capital inflow of CHF 49 billion. Interbank business resulted in an inflow of CHF 18 billion, while business with customers abroad saw CHF 30 billion in inflows. In corporate lending, claims were reduced while liabilities were increased, resulting in a net capital inflow of CHF 10 billion. As concerns Swiss National Bank lending, the SNB increased its claims and liabilities abroad, resulting in a net outflow of CHF 9 billion. An outflow of funds was also recorded for reserve assets; they increased by CHF 43 billion on a transaction basis.

Balance of payments, net Table 1

In CHF billions

	2007	2008	2009	2010	2011
Current account	**46.6**	**11.8**	**58.5**	**81.7**	**61.5**
Goods	9.4	15.1	16.4	13.2	14.4
Services	45.5	50.2	45.9	48.9	45.6
Labour income	–12.5	–13.2	–13.7	–17.0	–18.5
Investment income	15.6	–26.2	22.9	49.2	31.8
Current transfers	–11.4	–14.1	–13.1	–12.6	–11.7
Capital transfers	**–5.0**	**–3.8**	**–3.8**	**–4.6**	**–1.4**
Financial account	**–57.4**	**–9.0**	**–21.9**	**–106.4**	**–46.0**
Direct investment	–22.3	–32.7	2.5	–49.7	–34.8
Portfolio investment	–23.3	–38.5	–32.1	31.0	–16.9
Derivatives and structured products	–12.8	7.4	2.5	1.3	4.2
Other investment	5.0	59.0	51.9	48.9	44.2
of which					
Commercial bank lending	5.7	62.8	43.2	13.6	49.1
Corporate lending	6.6	–12.3	–5.2	–4.0	9.9
Swiss National Bank lending	0.0	–35.1	17.9	30.6	–9.0
Other claims and liabilities abroad	–7.3	43.5	–4.0	8.7	–5.8
Reserve assets	–4.1	–4.1	–46.8	–137.8	–42.6
Residual item (net errors and omissions)	**15.9**	**0.9**	**–32.8**	**29.3**	**–14.1**

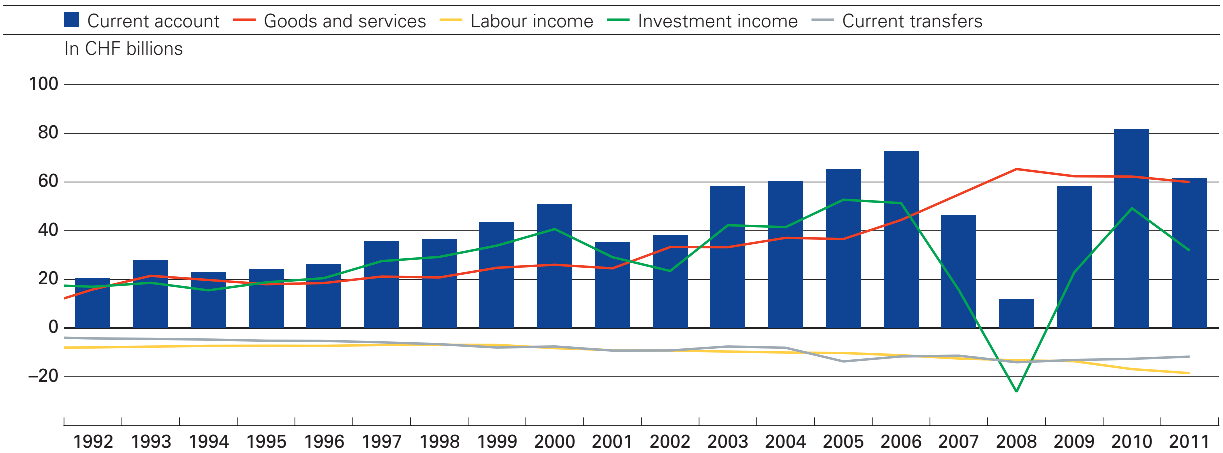
Balance of payments components: long-term view and commentary on 2011

Current account

The major current account components – trade in goods and services and investment income – are mainly determined by domestic and foreign economic developments and the situation on the financial markets. Labour income and current transfers also depend, to some extent, on economic developments; nevertheless, these items are not critical in terms of movements in the current account. During the 1990s, economic growth in Switzerland was slow compared to countries such as the US or the UK. Towards the end of the decade, however, it gathered pace. At the beginning of the 2000s, the bursting of the dotcom bubble led to a severe downturn in the global economy, followed by a strong recovery from 2004 to 2007. The financial crisis subsequently resulted in a sharp decline in growth in the Swiss and global economies. In 2008, the financial market turbulence had a particularly strong impact on Swiss income from capital investment abroad.

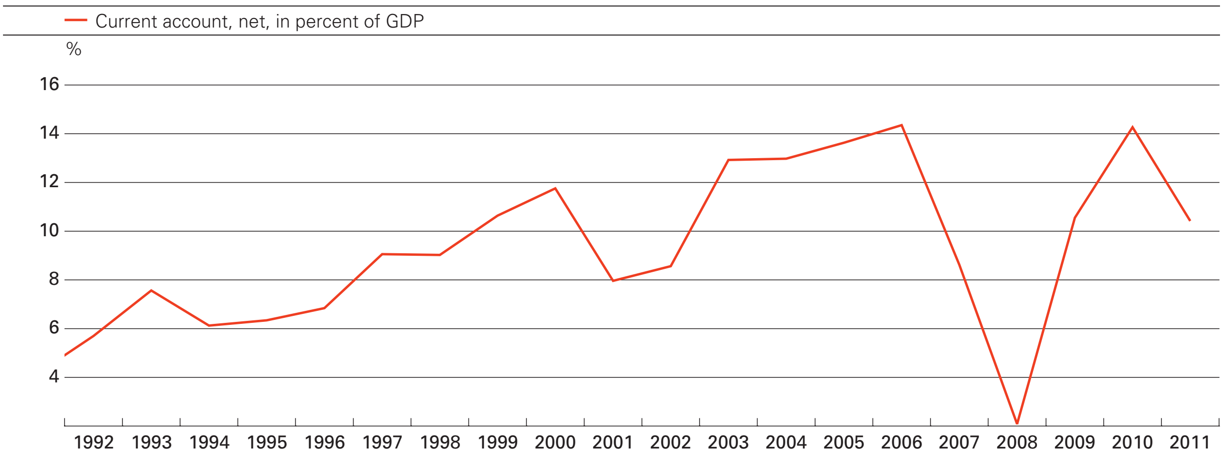
At the beginning of the 1990s, the current account balance amounted to CHF 15 billion (or 4% of GDP). From then on, it rose continually to CHF 73 billion in 2006 (15% of GDP), with the exception of weaker periods in 1994 and 2001. In the two years following 2006 it fell substantially as a consequence of the financial crisis, and in 2008 the current account balance was only CHF 12 billion (2% of GDP). By 2010, it had again reached CHF 82 billion, or 15% of GDP. The major factor in these movements in the current account balance was net investment income, which rose from CHF 17 billion in 1992 to CHF 53 billion in 2005, although a severe decline was recorded in the early 2000s. In 2007, there was a massive fall in net investment income to CHF 16 billion following the crisis on the financial markets. In 2008, investment income recorded a surplus of expenses over receipts for the first time since current account statistics were first kept (1947). This surplus of expenses amounted to CHF 26 billion. In 2009 and 2010, however, receipts surpluses were once more recorded, amounting to CHF 23 billion and CHF 49 billion, respectively. The sharp fluctuations in investment income have been mainly attributable to income from direct investment. Since 1992, the surplus in goods and services trade has generally been rising, and attained CHF 62 billion in 2010. The surplus in services trade has shown steady growth, while the goods trade balance has been subject to bigger fluctuations. Between 1992 and 2001, the goods trade balance was predominantly negative, although in subsequent years the balance remained positive, ranging between CHF 3 billion and CHF 16 billion. A surplus of expenses over receipts was invariably recorded for both labour income, which is mainly determined by wage payments to foreign cross-border commuters and current transfers. The surplus of expenses in the case of labour income rose from CHF 8 billion to CHF 17 billion between 1992 and 2010, while that for current transfers was up from CHF 4 billion to CHF 13 billion over the same period.

Chart 1
Current account, net



In the year under review, the current account surplus fell by CHF 20 billion to CHF 62 billion, or 11% of GDP. The main determining factor in this result was the lower surplus of receipts over expenses in the investment income account, which fell by CHF 17 billion to CHF 32 billion; income from direct investment abroad (receipts), in particular, contributed to the decline. The surplus in goods trade increased by CHF 1 billion to CHF 14 billion. By contrast, the surplus in services trade declined by CHF 3 billion to CHF 46 billion; this was mainly due to higher expenses for licence and patent fees. As usual, labour income recorded a surplus of expenses, which increased by CHF 2 billion to CHF 19 billion. The traditional surplus of expenses in current transfers decreased by CHF 1 billion to CHF 12 billion.

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



Goods

Foreign trade (special trade)

Trade in goods (special trade) is mainly affected by the domestic and foreign economic situation and by exchange rates. Exports declined in the early 2000s, but subsequently registered strong growth to 2007. The financial crisis led to another slowdown in 2008, and, in 2009, exports actually fell. However, in 2010 they had already recovered from the downturn experienced in the previous year. The composition of exports has altered over the past ten years, with consumer goods increasing from 40% to a good 50% of the total. The increase was driven mainly by exports from the most important export industry, chemicals. Between 2002 and 2009, these exports posted the strongest growth and, since they are less dependent on the economic cycle, were less affected than exports in other industries by the downturn at the beginning of the 2000s. Exports of precision instruments, watches and jewellery also recorded strong growth rates, and in 2010 overtook machinery and electronics as the second-largest export industry. Machinery and electronics are heavily dependent on foreign economic trends, and posted considerably lower growth overall. The geographical distribution of exports did not shift substantially in this period, but the significance of certain emerging economies (such as China) increased. Over the past decade, Germany has accounted for around 20% of exports, followed by the US, which has absorbed around 10%. Between 8% and 9% of exports went to France and Italy.

As regards imports, the relative shares of the individual categories changed very little between 2002 and 2010. Consumer goods were the most important category, with an average share of 41%. The average share of capital goods, raw materials and semi-manufactured goods was 26% each; the latter are often used as inputs for the manufacture of export goods and thus tend to respond earlier and more sharply to cyclical fluctuations than exports. Imports of energy sources were strongly affected by price movements. Around one-third of imports came from Germany, while France and Italy each accounted for between 10% and 12%. China, which is classified as a transition country, was supplying 3% of imports by 2010.

The trade account consistently showed an export surplus between 2002 and 2010, increasing from CHF 8 billion to CHF 19 billion.

In the year under review, receipts from exports in foreign trade (special trade) rose by 2% despite the stronger Swiss franc, while expenses for imports were unchanged from the previous year. Thus, both imports and exports remained below the peak values achieved in 2008. The receipts surplus from trade in goods grew by CHF 4 billion to CHF 24 billion in 2011. Export figures varied from one industry to another. Exports of precision instruments, watches and jewellery posted the highest growth; they rose by 12%, driven by higher exports of watches. The machinery, equipment and electronics industries increased their exports by 1%. Switzerland's largest export industry, chemicals, registered a decrease of 2% compared to the previous year, with exports declining for all categories except immunological products.

Chart 3
Foreign trade (nominal terms), exports

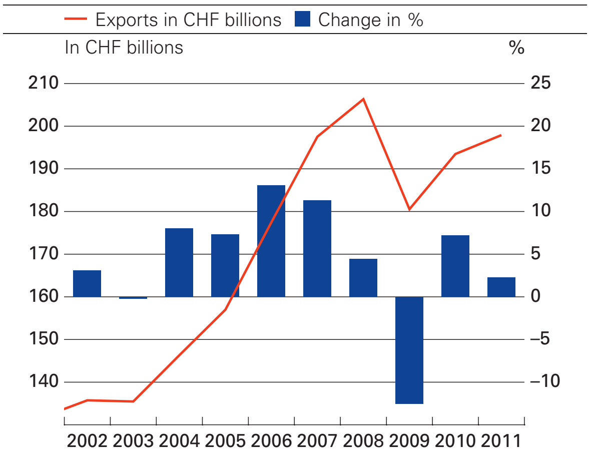
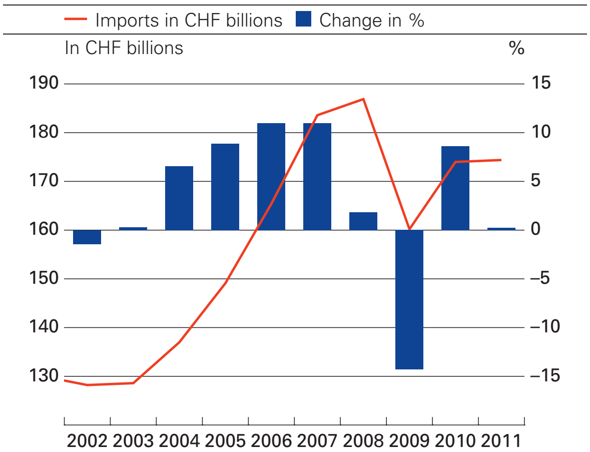


Chart 4
Foreign trade (nominal terms), imports



Charts 3 and 4:
Source: FCA

[1] Cf. also 'Long-term movements in the trade account' in the 2010 Balance of Payments report.

Exports to the EU as a whole fell by 1%. Exports to France declined by 5%, whereas those to Germany and Italy rose by 6% and 2% respectively. Exports to the US went up by 3%. A substantial increase of 18% was registered in exports to transition countries; this figure includes exports to China, which increased by 19%. Exports of goods to emerging economies increased by 8%, and those to developing countries by 4%.

On the import side, energy sources recorded a 15% increase, although this was mainly related to higher prices. Imports of raw materials and semi-manufactured goods were unchanged from the previous year. Expenses for imports of consumer goods fell slightly (by 1%); this was mainly attributable to a reduction in imports of gold ornaments. Capital goods imports decreased by 3%. Imports from the EU rose by 1%, with imports from Germany up by 2%. More goods were also sourced from transition countries (4%), including a 4% increase in imports from China. Goods imports from emerging economies were up 3% year-on-year. By contrast, imports from the US declined by 4%, and those from developing countries even decreased by 21%.

Chart 5

Foreign trade (nominal terms), exports

Exports by intended use of goods

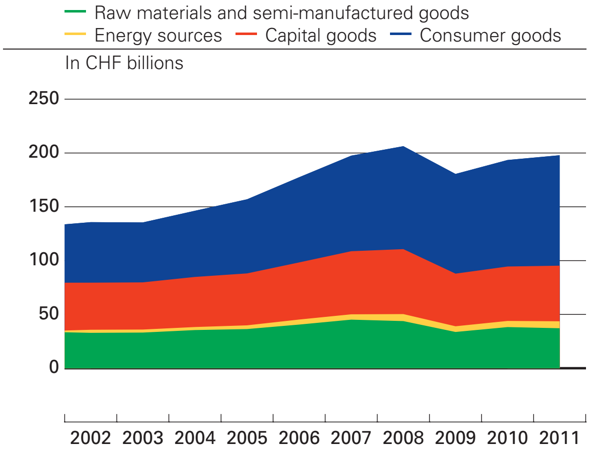
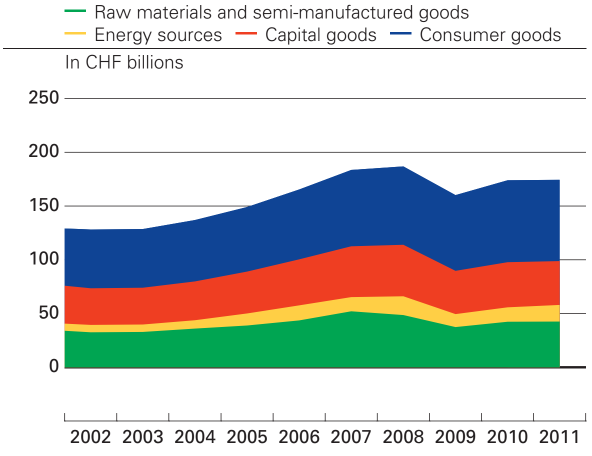


Chart 6

Foreign trade (nominal terms), imports

Imports by intended use of goods



Charts 5 and 6:
Source: FCA

2011 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
EU	112.7	139.4	–0.5	1.2
of which				
Germany	39.9	58.5	5.5	2.2
France	14.4	15.5	–4.9	1.9
Italy	15.8	19.0	1.7	3.3
United States	20.0	7.8	2.7	–4.0
Transition countries	13.4	9.4	17.5	3.9
of which				
China	8.4	6.3	19.4	3.5
Emerging economies	22.8	6.9	7.9	3.2
Developing countries	16.5	6.1	3.9	–20.9
Others	12.2	4.1	–1.1	–12.7
Total	197.6	173.7	2.1	–0.2

Source: FCA

Other trade

Developments in the other trade category are dominated by trade in precious metals, precious stones and gems. This component of goods trade may be subject to large volume and price fluctuations. Between 2002 and 2010, imports consistently exceeded imports, with the expenses surplus ranging from CHF 2 billion to CHF 6 billion. Other trade also includes imports of industrial gold, the purchase and sale of Rhine and maritime vessels, unchecked trade in goods (i.e. smuggling) and the repair of goods.

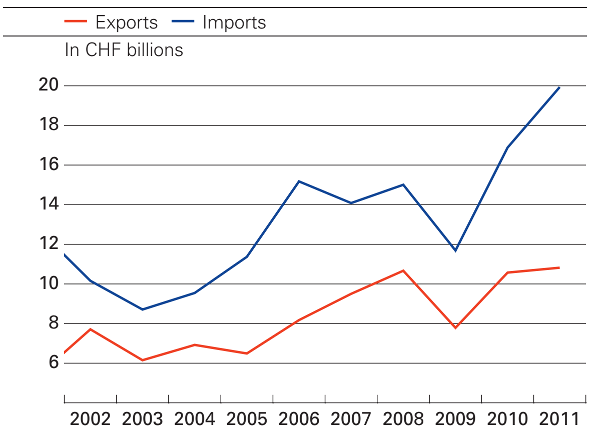
In the year under review, receipts from exports rose by 2%. Expenses for imports grew more strongly (18%) than receipts from exports, primarily as a result of higher expenses for imports of industrial gold and silver. Overall, the surplus of expenses over receipts was CHF 9 billion, an increase of CHF 3 billion compared with the previous year.

Services

Receipts from the main categories of services have developed unevenly over the past decade. Receipts from financial services made up nearly one-third of the total between 2002 and 2007, making it the most important export category. The financial crisis greatly reduced receipts from financial services, with their share amounting to just one-fifth of the total by 2010. By contrast, the past few years have seen a sharp rise in receipts from merchanting and from licence and patent fees (included under technological services). In 2010, receipts from merchanting replaced financial services as the most important export category. Receipts from tourism had little impact on the overall trend; their share of the total declined slightly. On the expenses side, the overall total was dominated by technological services, which registered strong growth. In 2009, this category replaced tourism expenses as the most important import category.

Chart 7

Precious metals, precious stones, gems and objets d'art



Source: FCA

Chart 8

Services, receipts

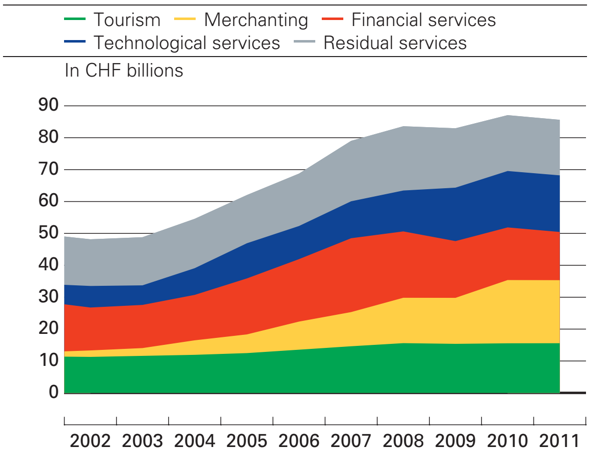
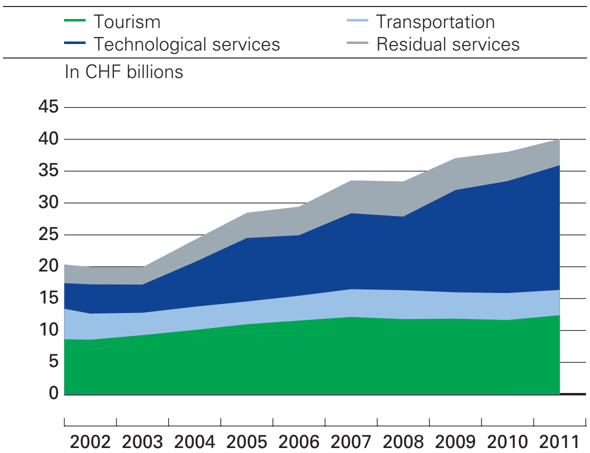


Chart 9

Services, expenses



Tourism

Tourism covers business and personal travel (including stays at health resorts and hospitals, and study-related travel), same-day and transit travel, and consumer expenditure by cross-border commuters. Business and personal travel is the main component. The development of tourism depends on the economic situation in Switzerland and abroad and on exchange rates. In recent years, the development of new markets has also boosted receipts from tourism.

A slight downturn in 2002 was followed by a sharp rise in tourism receipts (from CHF 11 billion to CHF 16 billion) between 2003 and 2008. The global recession triggered a slight decline in receipts to CHF 15 billion in 2009, but this was recouped in 2010 already. There was a change in the countries of origin of business and personal travellers during the period under review. The proportion of visitors from Germany, the most important country of origin, dropped from 32% to 26%, while that of visitors from the US fell from 9% to 7%. At the same time the proportion of visitors from Asia increased, especially those from India and China, and from the Arab countries.

In 2002, expenses in tourism amounted to CHF 9 billion. By 2007 they had risen to CHF 12 billion and have hovered around this value ever since.

Receipts from tourism were practically unchanged year-on-year (CHF 16 billion). The number of guests from the euro area declined, especially from Germany and the Netherlands but also from the UK. By contrast, the number of Asian guests to Switzerland increased, from China in particular. Overall, foreign visitors to Switzerland spent slightly less on overnight hotel stays than in the previous year. Receipts from hospital and health resort stays as well as from study-related travel, which is also considered as tourism, increased. Spending by foreigners engaged in same-day and transit travel was less than in the previous year. By contrast, the lower value of foreign currencies led to an increase in trips made abroad by Swiss residents; expenses for foreign travel increased by 6% to CHF 12 billion in 2011. Spending on business and personal travel abroad increased by 5% year-on-year. Expenditure by Swiss residents engaged in same-day travel abroad (especially cross-border shopping) posted even greater growth rates of 10%.

Chart 10

Tourism, receipts

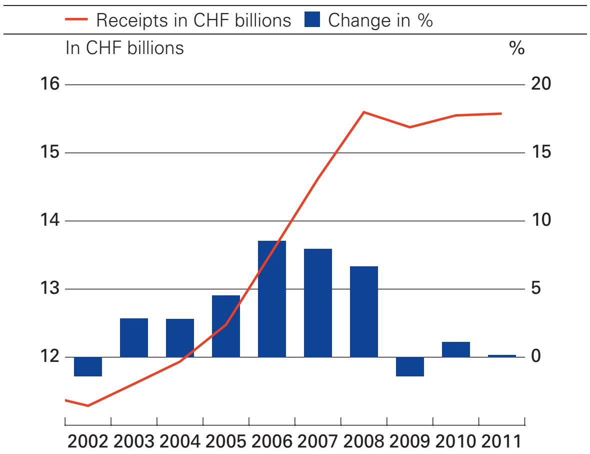
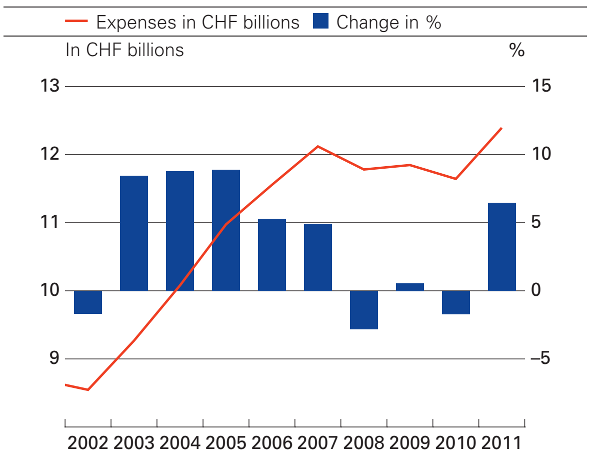


Chart 11

Tourism, expenses



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. Premium expenses are treated analogously. International insurance in Switzerland is dominated by reinsurance, as Switzerland is an important location for such business. Premium income and thus receipts from exports of insurance services have been shaped by a variety of factors: the relocation of business operations, mergers and acquisitions, premium increases resulting from increased risk, and higher demand for insurance services. The expenses side includes part of the premiums paid abroad. These mainly comprise premiums to foreign reinsurers or from retrocession. In absolute terms, expenses are therefore relatively low compared with receipts.

Exports of insurance services increased from CHF 4 billion in 2002 to CHF 5 billion in 2010. Premium increases by insurance companies, acquisitions and the relocation of foreign reinsurance companies to Switzerland resulted in a rise in receipts from insurance premiums. Imports of insurance services increased to CHF 1 billion in the period under review.

Premium income from abroad was slightly lower in 2011 than in the previous year, with the appreciation of the Swiss franc probably having an adverse impact on translation of premium income from foreign currencies. Receipts from the export of insurance services declined correspondingly by 1% to CHF 5 billion. Premium payments abroad also declined slightly and expenses for the import of insurance services receded accordingly from the previous year (–3%).

Chart 12
Insurance, receipts

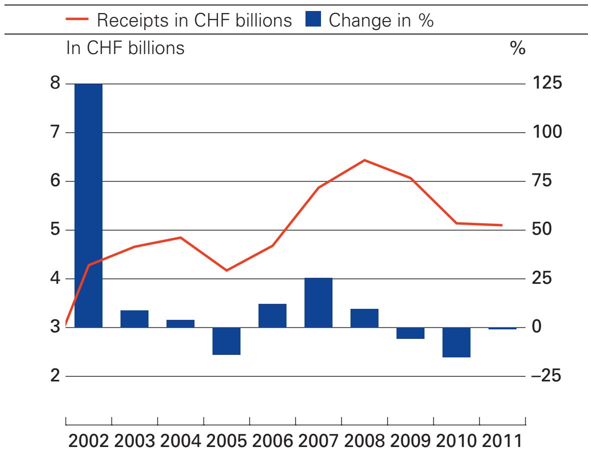
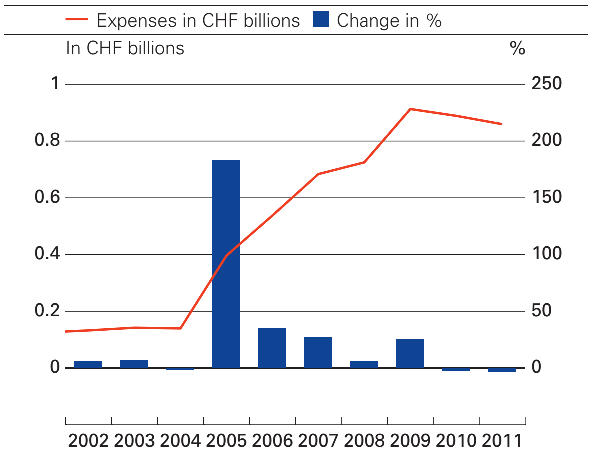


Chart 13
Insurance, expenses



Merchanting[2]

Merchanting covers international goods trade where companies based in Switzerland purchase goods on the world market and resell them abroad, without their being imported into and subsequently exported from Switzerland. Raw materials, energy sources, semi-manufactured goods and finished products are all traded. The share of energy sources contributing to total merchanting fluctuated between 50% and 75% from 2006 to 2010 (the breakdown is only available from 2006). Net receipts from merchanting are booked in the current account as receipts from services. Merchanting sales are largely determined by the global economic situation and foreign demand for raw materials and, linked to this, the price of the goods traded. Moreover, in recent years, a growing number of companies operating in this field have relocated their base to Switzerland. In view of this and the sharp rise in the price of the goods traded, receipts from merchanting increased from CHF 2 billion to CHF 20 billion between 2002 and 2010.

Receipts (net earnings) from merchanting were CHF 20 billion in the year under review, the same as in the previous year. On average, raw material prices increased by approximately one-third in 2011, calculated in US dollars. There has been quite a strong correlation between net receipts from merchanting and movements in raw material prices, but this was not the case in 2011. The reason for this is probably a decline in margins combined with the strengthening of the Swiss franc. Margins have come under pressure as a result of increasing competition in this industry. Gross income (turnover) rose to CHF 764 billion (by 14%). Energy sources accounted for two-thirds of the traded goods, while one-fifth was attributable to non-metallic mineral products and metals.

Chart 14
Merchanting, receipts

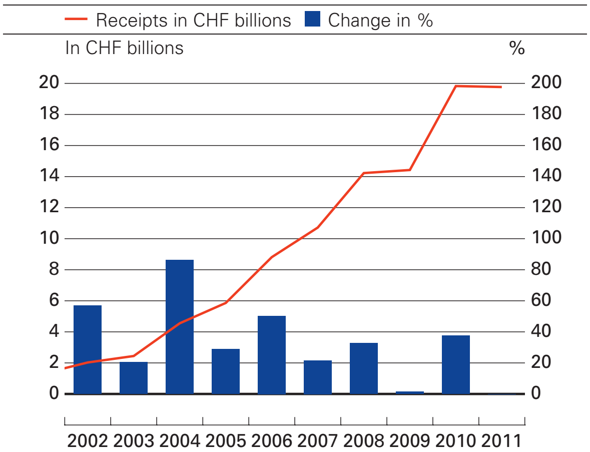
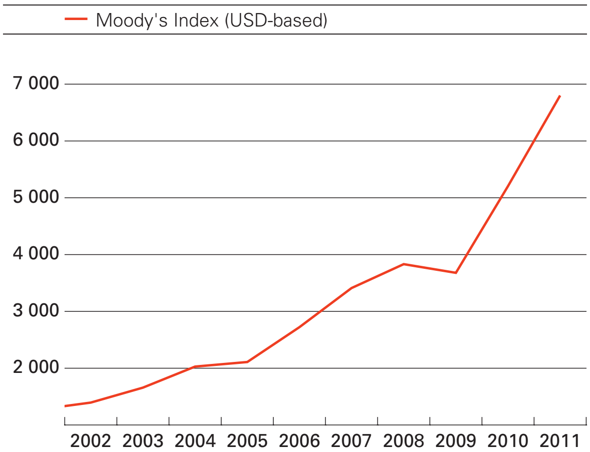


Chart 15
Commodity price index



Source: Moody's

[2] Cf. also 'Merchanting in Switzerland'.

Transportation

In Switzerland, air transport dominates both receipts from and expenses for international transportation. Alongside passenger and freight transportation, this includes other transportation services such as maintenance, servicing and leasing (rental) of transport equipment, ground handling and landing fees. However, the figures exclude expenses for freight transportation as these are included in goods imports. The development of receipts and expenses is closely linked to trade in goods and to tourism. However, between 2002 and 2010 the situation was dominated by events in the Swiss airline industry. The collapse of Swissair and the subsequent restructuring and integration of its successor company, Swiss, into Lufthansa initially led to a sharp drop in both receipts and expenses until 2003. These picked up again in the subsequent period until 2008 but never regained the level prior to the collapse of Swissair. Both receipts and expenses declined in 2009 as a result of the negative economic trend. The decline in receipts slowed in 2010, while expenses increased again.

Receipts from transportation rose by 5% to CHF 6 billion in 2011. This includes a slight increase of 1% in receipts from passenger transportation, mainly from air travel. Receipts from other transportation posted a considerable increase (14%), with receipts from rail travel recording a strong rise, in particular; this includes, for example, receipts from rental of rolling stock or participations of foreign railway companies in the costs of Swiss infrastructure. In contrast, receipts from freight transportation declined (–1.4%). Total expenses for transportation fell by 6% to CHF 4 billion. This was largely attributable to lower expenses for other transportation services (–16%), which saw a decline in both air and rail travel. Spending on passenger air travel did, however, increase by 3%.

Chart 16
Transportation, receipts

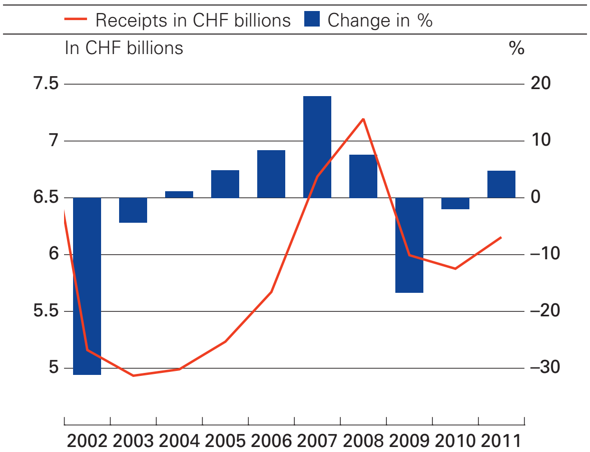
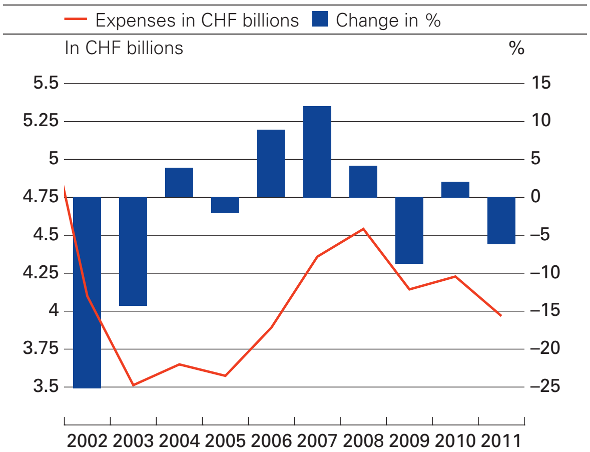


Chart 17
Transportation, expenses



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. The development of these revenues is closely related to movements on the equity markets. After the dotcom bubble burst, receipts from financial services dropped considerably to CHF 13 billion in 2002. They subsequently recovered, rising to CHF 23 billion by 2007. The principal reason for this was a rise in assets under management resulting from an inflow of new funds, rising share prices and an increase in transaction volumes. Receipts from financial services have experienced a sharp drop since the outbreak of the financial crisis; they amounted to CHF 17 billion in 2010.

Receipts from commission business fell further in 2011 (–10%); lower holdings of assets under management, lower average commission rates and a decline in the issuing business were all contributing factors. Receipts collected via interest payments (FISIM) also contracted (–3%). Here, the change was due to a drop in the average size of holdings. Overall, receipts from bank financial services fell by 8% to CHF 15 billion.

Chart 18
Bank financial services, receipts

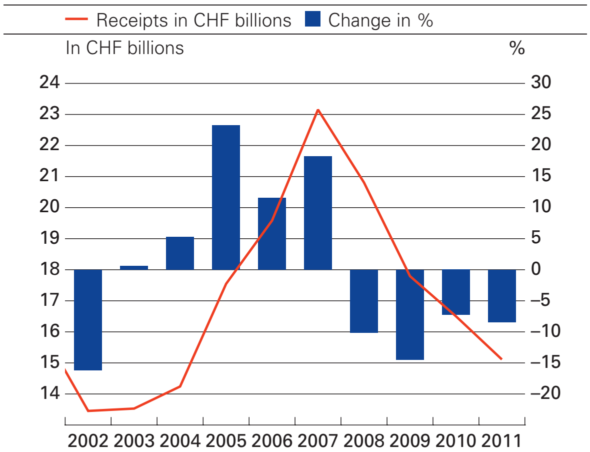
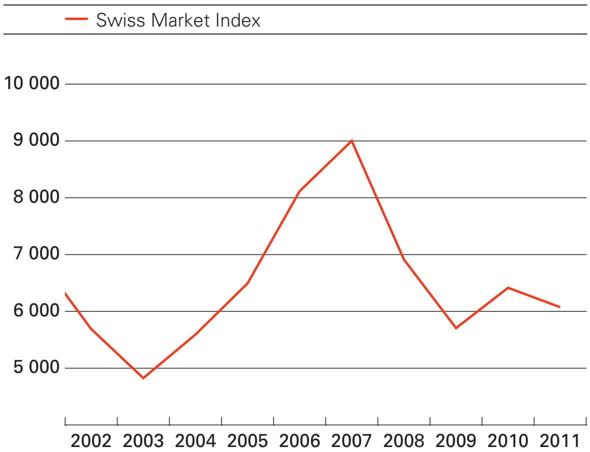


Chart 19
Swiss Market Index



Source: SIX Swiss Exchange

Technological services

Trade in technological services is mainly driven by licence and patent fees, most of which is accounted for by intragroup payments. Both receipts and expenses for technological services increased substantially between 2002 and 2010, with an influx of multinational companies contributing to this trend. Since 2004, expenses have tended to rise faster than receipts. Consequently, the receipts surplus narrowed, with an expense surplus even being recorded for the first time in 2007. The trend in expenses was probably due, in part, to the relocation of research and development from Switzerland to other countries.

Receipts from licence and patent fees in the year under review equalled the previous year's figure of CHF 17 billion, while expenses went up by CHF 2 billion to CHF 20 billion. The surplus of expenses over receipts thus amounted to CHF 2 billion. Both receipts and expenses were dominated by payments to holding companies. The chemicals industry also played an important role in shaping expenses.

Chart 20
Technological services, receipts

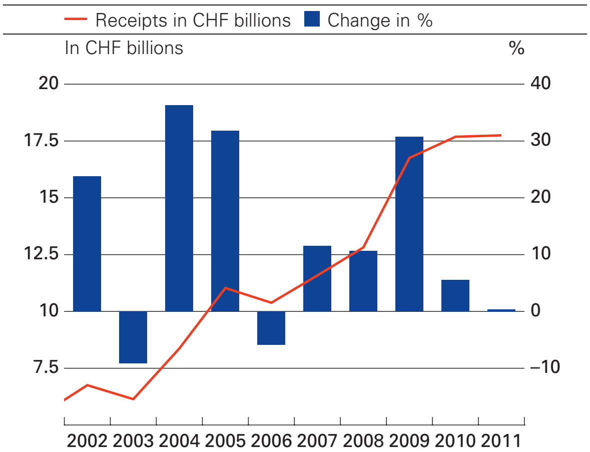
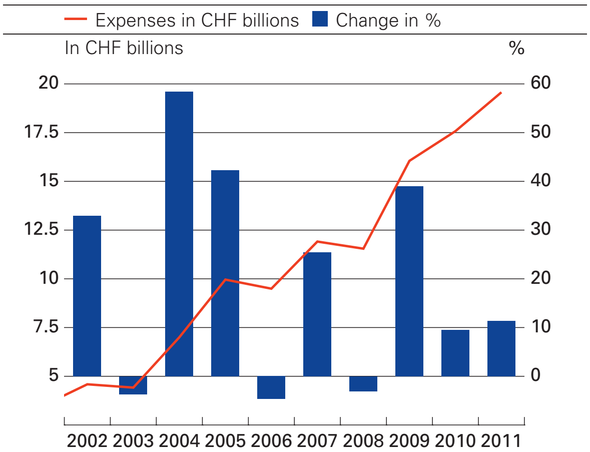


Chart 21
Technological services, expenses



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. Salaries and wages to other countries (expenses) represent the remuneration of foreign cross-border commuters. Labour income from abroad (receipts) was around CHF 2 billion between 2002 and 2010. Since the number of foreign cross-border commuters increased from 163,000 to 232,000 in this period, the corresponding wage and salary payments to other countries (expenses) increased from CHF 11 billion to CHF 19 billion. This trend was attributable partly to the economic situation in Switzerland and partly to bilateral treaties with the EU.

In 2011, labour income paid abroad rose by 8% to CHF 21 billion. The number of foreign cross-border commuters again increased substantially (by 20,000), due to the favourable economic trend. Labour income from abroad declined by 1% to CHF 3 billion. Net expenses on labour income increased by CHF 2 billion to CHF 19 billion.

Chart 22
Labour income

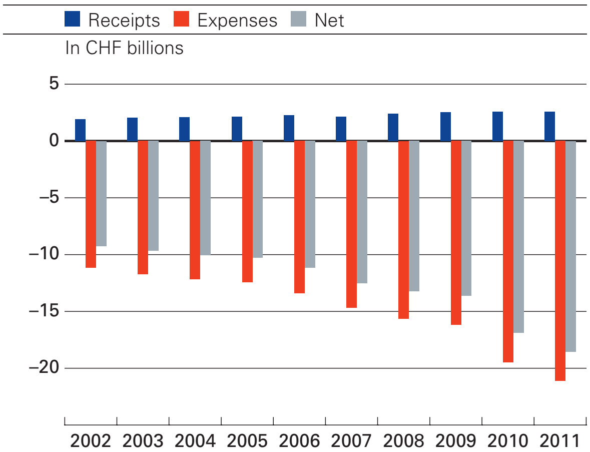
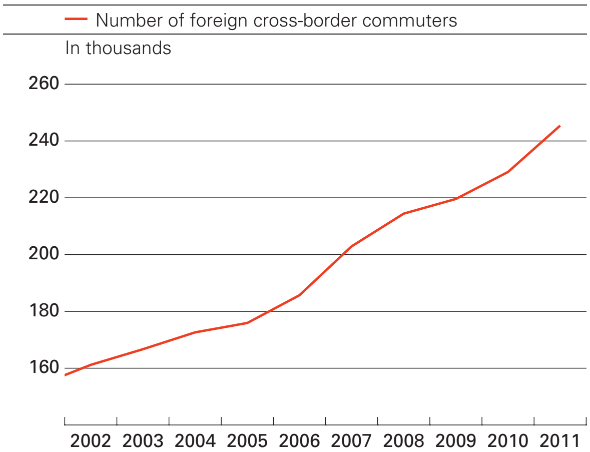


Chart 23
Cross-border commuters



Source: SFSO

Investment income

Changes in receipts from Swiss investment abroad and expenses for foreign investment in Switzerland essentially depend on the level of capital holdings and interest rates, and on the corporate earnings situation. The most important element is generally income from direct investment. Overall, income from Swiss investment abroad increased from CHF 62 billion in 2002 to CHF 145 billion in 2007. In 2008, it fell to CHF 89 billion, only to rise again to CHF 120 billion by 2010. Expenses for foreign investment in Switzerland increased from CHF 39 billion in 2002 to CHF 129 billion in 2007. Unlike income, expenses declined only slightly in 2008, but recorded a severe downturn in 2009, which, albeit weaker, continued in 2010.

In 2011, receipts from Swiss investment abroad fell by CHF 20 billion to CHF 100 billion, while expenses for foreign investment in Switzerland declined by CHF 3 billion to CHF 68 billion. The strong Swiss franc had an adverse impact on the currency translation of receipts from investment abroad. In the case of both receipts and expenses, movements in direct investment income played a decisive role. On the receipts side, the strongest influence was the lower income registered by finance and holding companies, while on the expenses side, it was lower income recorded by trading companies in Switzerland. Overall, the receipts surplus on investment income fell by CHF 17 billion to CHF 32 billion.

Chart 24
Investment income, receipts

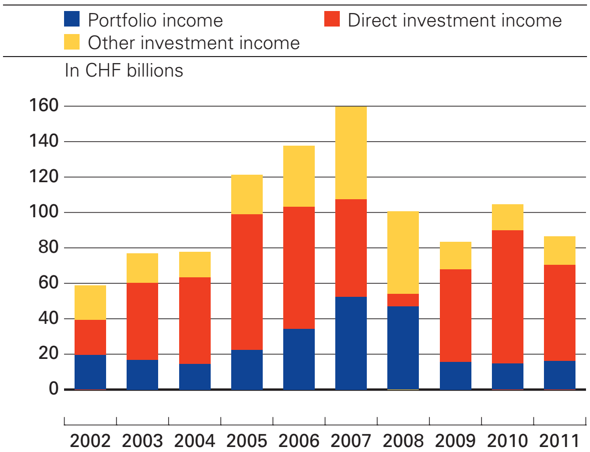
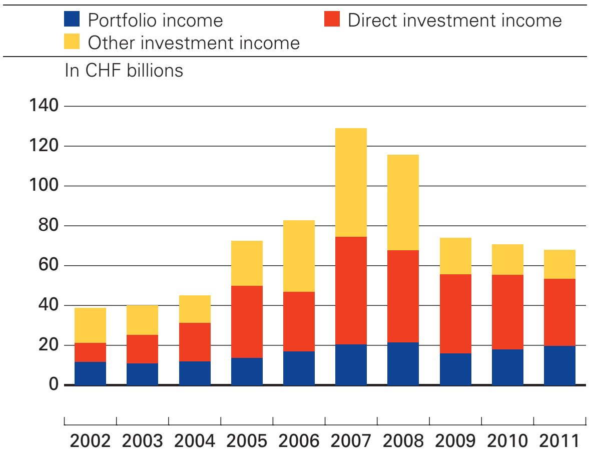


Chart 25
Investment income, expenses



Portfolio income

The composition of Swiss securities portfolios differs from that of foreign investors in Switzerland. While Swiss investors mainly hold debt securities abroad, foreign investors in Switzerland place a large proportion of their funds in shares. This difference is reflected in the breakdown of receipts and expenses for portfolio investments. Interest income makes up the bulk of receipts from Swiss investment abroad, whereas dividends paid on Swiss shares account for the largest proportion of expenses for foreign investments in Switzerland.

The volume of Swiss portfolio investment abroad is considerably greater than that of foreign portfolio investment in Switzerland. Consequently, receipts from investments abroad are usually higher than expenses for foreign investment in Switzerland. In addition, receipts – unlike expenses – are also influenced by exchange rate movements.

In 2002, receipts amounted to CHF 23 billion. The economic recovery led to a strong rise in receipts from 2005 onwards; in 2007 they reached CHF 37 billion. During this period, the proportion of portfolio income derived from dividends increased from around one-third to over 40% of the total. The financial crisis in 2008 and 2009 led to a decline in receipts; in 2010 they recovered but, at CHF 30 billion, remained significantly lower than in 2007. In 2002, expenses amounted to CHF 12 billion. This was followed by a marked rise to CHF 21 billion by 2008. The financial crisis did not have a discernible impact on expenses until 2009, when they fell back to CHF 16 billion. In 2010, expenses increased again, reaching a level of CHF 18 billion. During the decade, the proportion of dividends in total expenses increased from around 80% to 90%.

Income from portfolio investment abroad (receipts) decreased in 2011 by CHF 1 billion to CHF 29 billion, with the decline attributable to lower income from debt securities. By contrast, income from portfolio investment in Switzerland (expenses) rose by CHF 2 billion to CHF 20 billion, which was mainly due to higher dividend payments. Net investment income declined by CHF 3 billion to CHF 9 billion.

Chart 26
Portfolio investment abroad

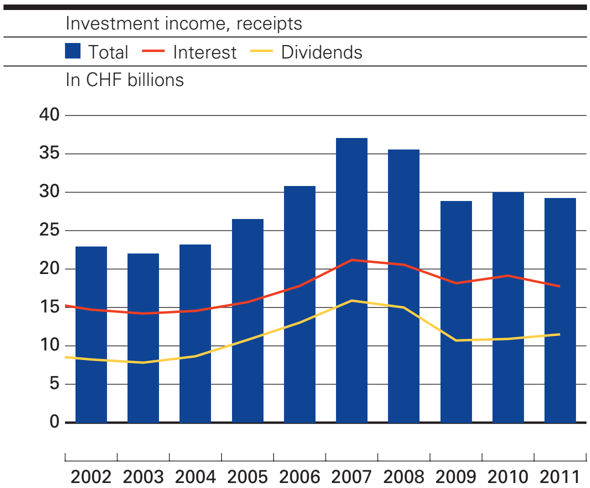
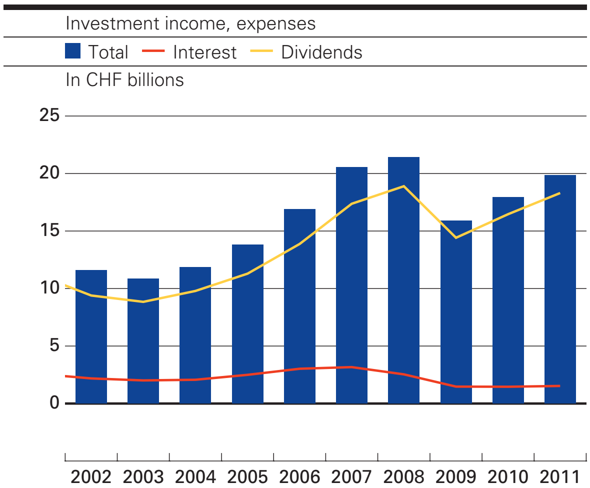


Chart 27
Portfolio investment in Switzerland



Direct investment income

Income from direct investment is the most important factor affecting the current account balance. Since direct investment holdings abroad greatly exceed those in Switzerland, a surplus is generally recorded in this area. In 2002 and 2008, in particular, income from direct investment abroad (receipts) was exceptionally low due to losses suffered by banks' foreign subsidiaries. In 2008, total receipts fell to CHF 7 billion. In 2005, by contrast, finance and holding companies recorded high income figures, and this resulted in a record level of direct investment income from abroad, amounting to CHF 77 billion. Income from other industries has been more stable and has thus smoothed the fluctuations. Although banks continued to report slight losses in 2009, total receipts had almost returned to the 2007 level, at CHF 52 billion. In 2010, receipts of CHF 75 billion were recorded. In the case of income from foreign direct investment in Switzerland (expenses), finance and holding companies played the most important role. Since, in 2008, expenses amounted to CHF 46 billion, and were thus still relatively high compared with receipts, a net surplus of expenses over receipts (CHF 39 billion) was registered – the first time since the recording of current account statistics. In 2009, however, a surplus of receipts (CHF 13 billion) was once again recorded, and this increased further in 2010 (CHF 38 billion).

Income from direct investment abroad (receipts) fell in 2011 by CHF 21 billion to CHF 54 billion. Finance and holding companies, in particular, registered lower receipts from direct investment abroad, although services – especially banks – and manufacturing also reported a decline in receipts. Income from foreign direct investment in Switzerland (expenses) decreased by CHF 4 billion to CHF 34 billion. The principal cause was lower income at trading companies; a decline in income at insurance companies also played a part. Overall, net direct investment income decreased from CHF 38 billion to CHF 21 billion.

Chart 28

Direct investment abroad

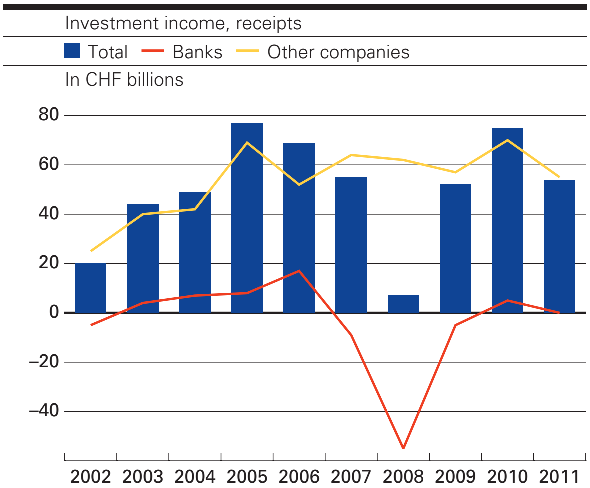
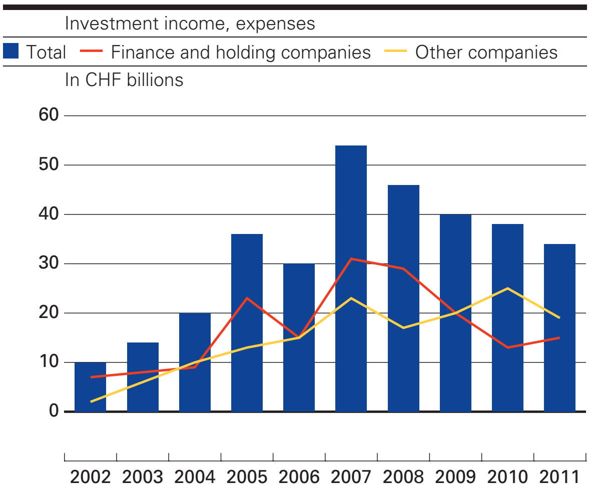


Chart 29

Direct investment in Switzerland

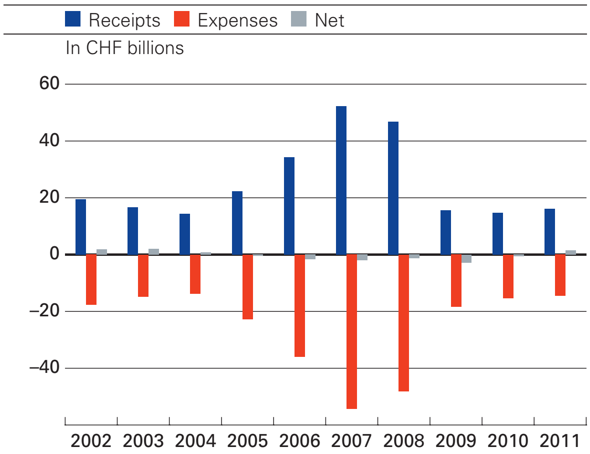


Other investment income

Between 2002 and 2010, the most important factor in other investment income was banks' interest business. Since 2009, SNB investment income from foreign currency reserves has also played a major role. Bank claims and liabilities abroad fluctuated considerably, resulting in corresponding fluctuations in receipts and expenses. The fluctuations in claims and liabilities were more or less synchronised. Other investment income also includes the following items: income from corporate lending, investment income earned by insurance companies on technical reserves, income from fiduciary investment, and changes in the claims of foreign cross-border commuters on pension fund reserves. From 2002 to 2010, the balance of other investment income varied between minus CHF 3 billion and plus CHF 2 billion.

In 2011, other investment income increased by CHF 1 billion to CHF 16 billion. Higher income from SNB investments as well as from corporate lending contributed to this result. Due to lower interest rates, banks' interest business recorded a decline in both receipts and expenses. On the expenses side, other investment income decreased by CHF 1 billion. In net terms, other investment income registered a receipts surplus of CHF 2 billion, following net expenses of CHF 1 billion in the previous year.

Chart 30
Other investment income

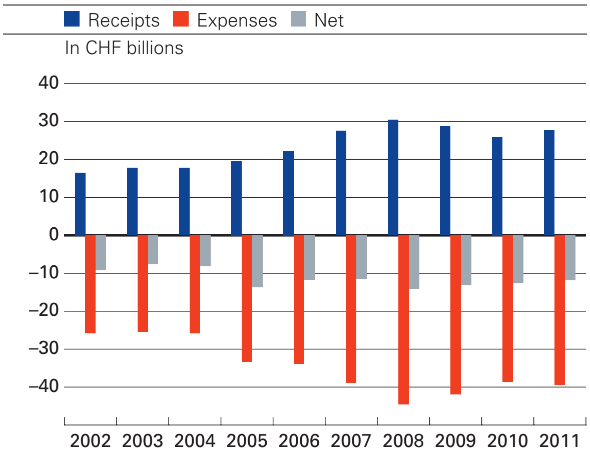


Current transfers

On both the receipts and the expenses side, movements in current transfers are most strongly affected by private insurance companies (private transfers). Premium income (excluding the service portion) is shown under receipts, while claims payments are shown as expenses. Another significant item under expenses for private transfers is transfers by immigrants to their home countries. Public transfers cover contributions to Swiss social security schemes received from abroad, pension payments to other countries, and public sector receipts and expenses. The receipts side consists mainly of taxes and fees, while the most important elements on the expenses side are transfers to international organisations. Traditionally, current transfers show a surplus of expenses over receipts. From 2002 to 2010, this surplus varied between CHF 8 billion and CHF 14 billion.

In the year under review, current transfers recorded a decrease in net expenses of CHF 1 billion, to CHF 12 billion. For private transfers, the principal cause was higher receipts at private insurance companies from foreign reinsurance companies (retrocession). In the case of public transfers, higher contributions by foreign cross-border commuters to the Old Age and Survivors' Insurance Fund also led to somewhat higher receipts. Overall, receipts from current transfers from abroad rose by CHF 2 billion to CHF 28 billion. On the expenses side, transfers by immigrants (private transfers) increased. Public transfers to other countries (pension payments by social security schemes, payments to international organisations) were also slightly higher than in the previous year. Overall, current transfers to other countries were CHF 1 billion higher than in 2010, reaching a level of CHF 39.4 billion.

Chart 31
Current transfers



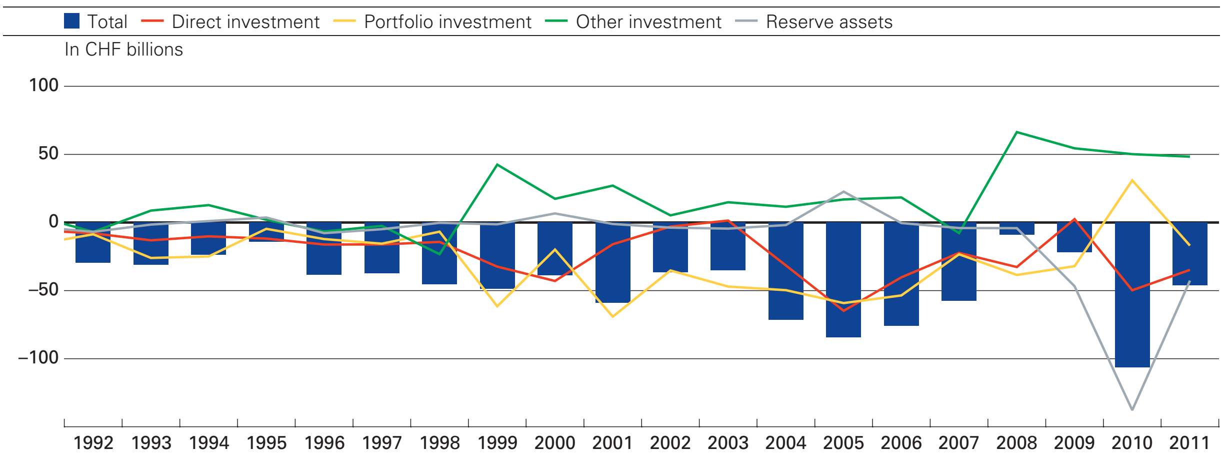
Financial account

The overall result in the financial account over the past 20 years has shown a net capital outflow (net investment abroad), and therefore mirrors the traditional income surplus of Switzerland's current account. The latter resulted from the savings surplus of the Swiss economy. Like the current account surplus, the overall result in the financial account also shows a rising trend, which was interrupted by the financial crisis in 2008.

In general, the most important factors affecting the net financial account are the capital outflows in direct investment and portfolio investment. Especially high levels were recorded in these items in 2005 and 2006, when financial markets were booming and both the Swiss and international economies were expanding. Other investment shows considerable fluctuations, both in volume and direction. As a rule, this item is dominated by commercial banks' foreign lending and deposit business, but occasionally corporate lending, fiduciary investments or SNB lending can also be of considerable significance. The exceptionally high net capital inflows recorded under other investment in 2008 and 2009 were the result of financial flows between the banks and the scaling back of fiduciary claims abroad. In general, reserve assets have had no great influence on the financial account over the past 20 years. This changed in 2009 and 2010, when the SNB made large purchases of foreign exchange. These transactions made a major contribution to net capital outflow in those two years.

In 2011, net capital outflows in the financial account amounted to CHF 46 billion, compared with CHF 106 billion one year earlier. Direct investment abroad (capital outflows) declined significantly compared with the previous year; this was attributable to withdrawals of capital by foreign-controlled finance and holding companies. Foreign direct investment in Switzerland saw disinvestment in Switzerland more or less compensated by reinvested earnings. In the case of portfolio investment, investment abroad and investment in Switzerland both recorded net sales, repayments and redemptions; in particular, the SNB bought back SNB Bills. Overall, net capital outflows resulted for portfolio investment. In commercial banks' lending business, claims and liabilities abroad increased, after having declined over the previous three years; this resulted in a net capital inflow. Net capital outflows were registered for SNB lending and, in particular, reserve assets, which increased (on a transaction basis).

Chart 32
Financial account, net



Direct investment

Direct investment abroad

The main motivation for Swiss direct investment abroad is access to markets. Also of importance is the access to resources (labour, capital, land). In addition, the earnings situation of Swiss companies has a significant impact on investment behaviour. Investment can take the form of equity capital (establishment of new companies, acquisition, increasing capital in existing subsidiaries), retained profits (reinvested earnings) and other capital (intragroup lending). Furthermore, direct investment in the finance and holding companies category can fluctuate greatly for particular company-specific reasons which are often unrelated to the general trend in direct investment.

Between 2002 and 2004, direct investment abroad was modest, due to lack of momentum in the economy and geopolitical tensions. In the following two years it rose sharply, attaining a record peak of CHF 95 billion in 2006, which was mainly attributable to high acquisitions activity in manufacturing. Between 2007 and 2009, Swiss corporate investment activity declined significantly as a result of the financial crisis. The decline was largely due to losses recorded by banks and insurance companies. Direct investment rose significantly again in 2010, primarily because of higher investment by finance and holding companies. The most important target regions for direct investment were the EU, followed by North America, with between two-thirds and three-quarters of direct investment going to these destinations. However, since the middle of the 2000s, Asia has become increasingly important.

In 2011, direct investment abroad (capital outflows) declined from CHF 71 billion in 2010 to CHF 37 billion. The decrease was largely attributable to foreign-controlled finance and holding companies, which withdrew CHF 2 billion from their subsidiaries abroad in 2011, after having invested CHF 30 billion in 2010.

By contrast, there was only a slight overall decline in capital outflows in the other categories, from CHF 41 billion to CHF 39 billion. However, investment activity varied from one industry to another. At CHF 20 billion, manufacturing invested significantly more abroad than in 2010 (CHF 7 billion), with manufacturing companies financing their subsidiaries abroad through intragroup loans and reinvested earnings. Chemicals and plastics made the biggest contribution in this respect. However, the metals and machines category, in particular, sold companies in other countries or reduced the capital of holdings abroad. Direct investment by the service sector (excluding foreign-controlled finance and holding companies) declined from CHF 34 billion to CHF 19 billion. The trade category, in particular, invested significantly less abroad than in the previous year. Direct investment on the part of insurance companies and banks also declined.

Chart 33
Direct investment abroad

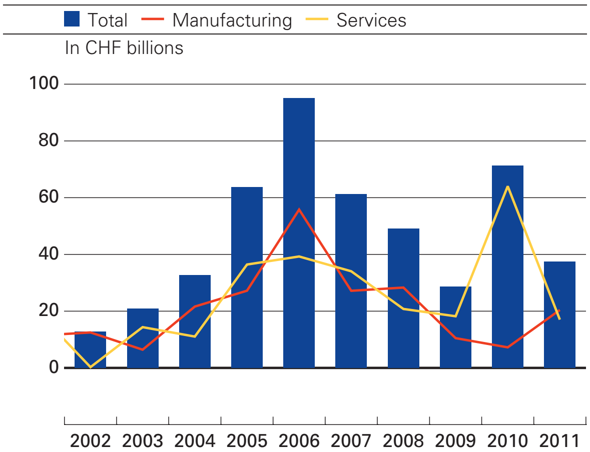
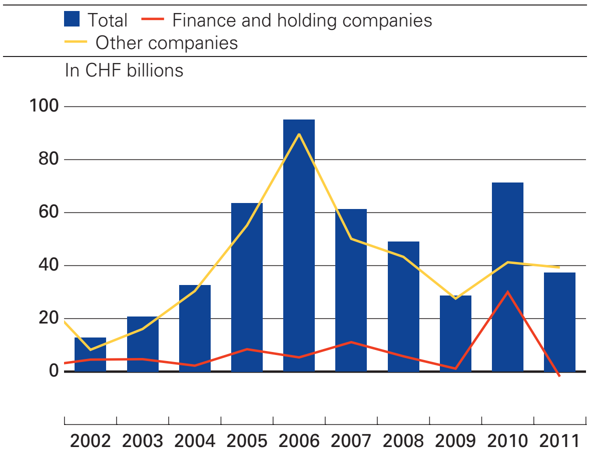


Chart 34
Direct investment abroad



As in the previous year, Swiss companies mainly invested overseas, with Europe accounting for only 13%, or CHF 5 billion. For the first time, Asia was the biggest recipient of Swiss direct investment, at CHF 15 billion (CHF 9 billion in 2010). CHF 5 billion went to China, as well as CHF 4 billion to the United Arab Emirates and CHF 3 billion to Japan. In China, the majority of this amount was for acquisitions. Swiss companies also increased their activities in Australia, where they invested CHF 5 billion, after having withdrawn CHF 1 billion from Australian subsidiaries in the previous year. By contrast, direct investment in the US decreased from CHF 24 billion to CHF 10 billion, most of which was invested by the chemicals and plastics category. Central and South America also recorded a year-on-year decline in direct investment, to CHF 2 billion. In the previous year, companies based in Switzerland had invested an exceptionally high amount of CHF 16 billion in Central and South America. Direct investment in the EU was CHF 9 billion, compared with CHF 20 billion in 2010. Reinvested earnings and acquisitions were partly offset by the repatriation of funds as part of intragroup lending. Swiss companies invested most funds in subsidiaries in Belgium (CHF 6 billion) and Germany (CHF 4 billion), and withdrew most funds from subsidiaries in the UK (CHF –3 billion). In addition, Swiss companies withdrew funds from the European offshore financial centres in the Channel Islands and Gibraltar (CHF –5 billion).

Direct investment Table 3

In CHF billions

	2007	2008	2009	2010	2011
Swiss direct investment abroad	**61.2**	**49.1**	**28.7**	**71.3**	**37.4**
Equity capital	46.5	48.6	8.4	10.6	–5.7
Reinvested earnings	6.3	–25.9	27.6	36.0	18.5
Other capital	8.5	26.4	–7.3	24.6	24.7
Foreign direct investment in Switzerland	**38.9**	**16.4**	**31.2**	**21.6**	**2.7**
Equity capital	12.5	–0.9	19.7	–3.2	–10.6
Reinvested earnings	36.1	–1.4	26.0	10.6	12.5
Other capital	–9.7	18.6	–14.5	14.2	0.8

Foreign direct investment in Switzerland

Over the past ten years, foreign direct investment in Switzerland (capital inflows) has been dominated by finance and holding companies. Between 2002 and 2003, the investment activity of foreign companies in Switzerland was relatively small, and in 2004 it declined to almost zero. In 2005 there was even a capital outflow. The trend in those two years was attributable to finance and holding companies repatriating capital so that their investors could benefit from a temporary tax amnesty in the US. In 2006, investment attained a record level of CHF 55 billion, with both manufacturing and services contributing to the result. Investment weakened in 2007, and in 2008, during the crisis, it dropped to CHF 16 billion. In 2009 it increased again, attaining a level of CHF 31 billion, while in 2010 it amounted to CHF 22 billion. In those two years, finance and holding companies were the main recipients of these funds. The most important regions engaging in direct investment in Switzerland were the EU and North America. Changes in the group structure of foreign companies were responsible for large reallocations taking place between these regions.

In the year under review, inflows and outflows of funds almost balanced out, resulting in a capital inflow of around CHF 3 billion. In 2010, net foreign investment in Switzerland had amounted to CHF 22 billion. The decrease was due partly to inflows in intragroup lending falling from CHF 14 billion to CHF 1 billion, and partly to sales and capital repayments in equity capital again exceeding the corresponding purchases, resulting in disinvestment of CHF 11 billion (compared with CHF –3 billion in 2010).

The trade category was the main recipient of foreign direct investment, at CHF 7 billion. Next came chemicals and plastics at CHF 3 billion, and then banks at CHF 1 billion. By contrast, foreign investors withdrew CHF 6 billion from finance and holding companies, after having invested CHF 11 billion in this category in the previous year. Insurance companies registered disinvestment of CHF 1 billion, as did the electronics, energy, optical and watchmaking industries combined.

Investors from the EU withdrew CHF 6 billion from Switzerland in net terms, after having invested CHF 10 billion in the previous year. The disinvestment mainly affected companies with investors from Luxembourg (CHF –7 billion), France (CHF –5 billion) and the UK (CHF –5 billion). By contrast, CHF 5 billion flowed into companies in Switzerland from the Netherlands, and investors from Germany and Austria also invested CHF 2 billion each. In addition, there were financial flows from companies with investors in other European countries (CHF 5 billion) and from Central and South America (CHF 4 billion). In both cases, these inflows were primarily in the form of intragroup lending.

Chart 35
Direct investment in Switzerland

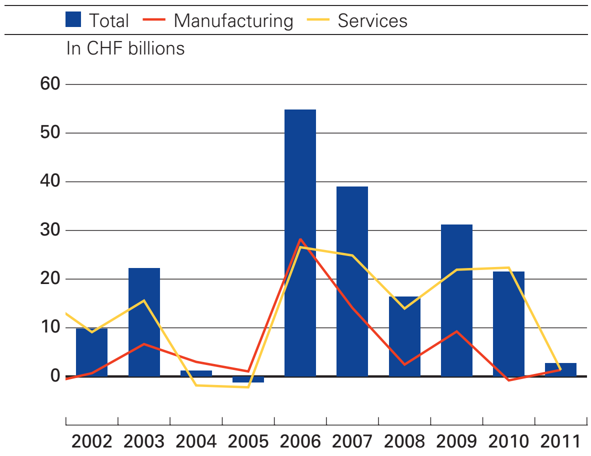
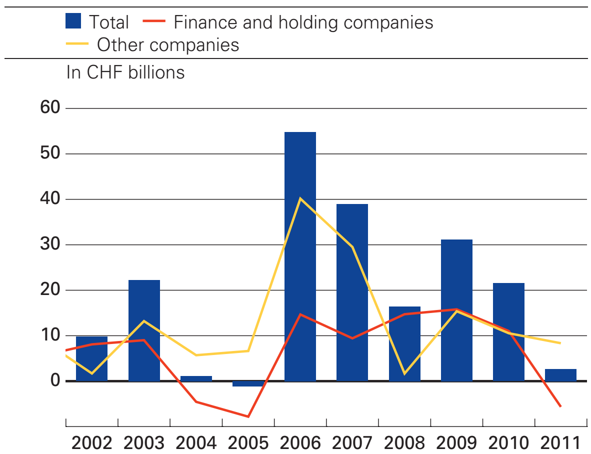


Chart 36
Direct investment in Switzerland



Portfolio investment

Overall, the level of Swiss portfolio investment abroad is considerably higher than that of foreign portfolio investment in Switzerland. This is related, on the one hand, to the savings surplus in Switzerland, and, on the other, to the low volumes on the domestic capital market.

Over the past ten years, domestic investors have mainly purchased foreign-issued debt securities (bonds and money market instruments), with equity securities (shares and units in collective investment schemes) usually amounting to less than a third of investments. In 2008, investment attained the very high level of more than CHF 70 billion, due to measures aimed at strengthening the financial system during the financial crisis. 2010 marked the first time that Swiss investors sold considerably more foreign-issued securities – especially money market instruments – than they bought, resulting in a net capital inflow of CHF 8 billion.

In contrast to domestic investors, foreign investors mainly channel their funds in Switzerland into shares. The level of portfolio investment in Switzerland has fluctuated substantially over the past ten years. The high level of CHF 33 billion in 2008 was due to the fact that the Swiss big banks increased their borrowing, including selling their own shares from their holdings and issuing new shares. In 2010, too, significant funds amounting to CHF 23 billion flowed into Switzerland; unlike in previous years, however, foreign investors mainly purchased money market instruments, especially SNB Bills issued by the National Bank.

In the year under review, Swiss investors again sold more foreign-issued securities than they bought (portfolio investment abroad), resulting in a net capital inflow of CHF 3 billion. In the case of debt securities, investors sold bonds and notes to a value of CHF 6 billion and spent CHF 2 billion on money market instruments. In so doing, they sold securities denominated in Swiss francs and euros and bought securities denominated in US dollars and other currencies. In equity securities, sales of units in collective investment schemes amounted to CHF 4 billion – roughly the same as the amount invested in shares. Units in collective investment schemes denominated in Swiss francs and euros were sold, while share purchases were effected in US dollars and other currencies.

Foreign portfolio investment in Switzerland saw CHF 20 billion flow back to foreign investors. On the one hand, they sold Swiss-issued securities, and on the other, there were numerous repayments and redemptions of domestic debt securities. Net sales and repayments or redemptions of money market instruments – particularly SNB Bills – amounted to CHF 22 billion while those for bonds totalled CHF 4 billion. Foreign investors placed a total of CHF 6 billion in collective investment schemes and shares, primarily in US dollars.

Chart 37
Portfolio investment abroad

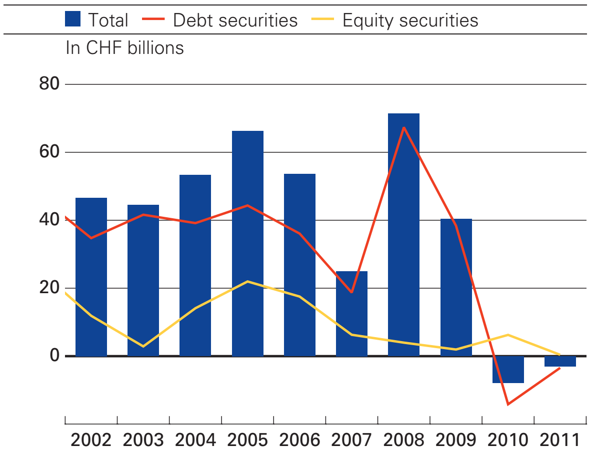
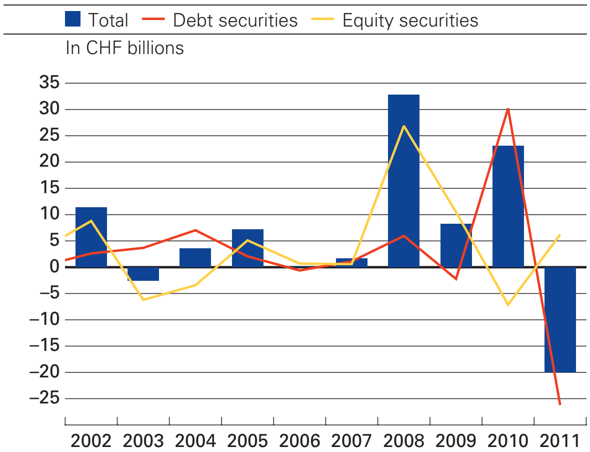


Chart 38
Portfolio investment in Switzerland



Derivatives and structured products

Derivatives and structured products 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). Reporting covers net payments made and received for derivatives held by companies and insurers, while those held by banks are not captured. Structured products are debt certificates that are created by combining two or more financial instruments. In addition to basic investments, such as shares or bonds, derivatives form part of structured products. Structured products also include pure certificates, which reflect the performance of the underlying asset.

This item has been shown in the balance of payments since 2006. In 2008, the volume of derivatives transactions increased sharply, which was primarily attributable to an expansion in the reporting population. In the following year, the financial flows declined by around two-thirds, and in 2010 they stayed at a similar level. In the case of structured products, turnover has remained at a low level since 2006, compared with derivatives.

In 2011, derivatives and structured products showed a net capital inflow of CHF 4 billion, compared with CHF 1 billion a year earlier. This capital inflow was basically attributable to domestic investors selling structured products issued by foreign borrowers. In the case of derivative instruments, financial flows more or less balanced each other out.

Derivatives and structured products [1] Table 4

In CHF billions

	2007	2008	2009	2010	2011
Derivatives[2]					
Net payments abroad	–5.6	–58.8	–20.2	–23.0	–24.9
Net payments from abroad	4.5	62.8	18.6	22.7	25.1
Net	**–1.1**	**4.0**	**–1.7**	**–0.3**	**0.2**
Structured products					
Swiss investment in foreign-issued instruments	–9.3	8.5	0.7	0.4	3.8
Foreign investment in Swiss-issued instruments	–2.3	–5.1	3.5	1.2	0.2
Net	**–11.6**	**3.3**	**4.2**	**1.6**	**4.0**
Derivatives and structured products, net	–12.8	7.4	2.5	1.3	4.2

1 The minus sign (–) indicates a capital outflow.
2 In 2007, only insurance derivatives. As of 2008, derivatives of all companies (excluding banks).

Other investment

Commercial bank lending

Bank transactions with banks and customers abroad are recorded under the commercial bank lending item. The item is dominated by interbank business, with lending to and deposits from customers abroad normally only accounting for a very small share of total volume. Overall, an inflow of funds has predominated over the past ten years. Between 2002 and 2006, the volume of transactions was relatively minor. In 2007, banks sharply expanded claims abroad (capital outflows) and liabilities abroad (capital inflows). However, in 2008 these were heavily reduced in connection with the financial crisis, leading to a reversal of flows. In the following two years, positions abroad were further reduced. As a result, cross-border interbank holdings have fallen by more than half since 2007. Significant developments occurred in lending and deposit business with customers abroad in 2008 and, in particular, in 2009, when customers transferred fiduciary investments abroad into bank deposits in Switzerland. This resulted in a net capital inflow of CHF 130 billion in 2009. In 2010, financial flows in customer business returned to pre-crisis levels, with a net capital outflow of CHF 3 billion.

There was a net capital inflow in the year under review in business with customers abroad (CHF 31 billion) and also in interbank business (CHF 18 billion). In all, CHF 49 billion flowed into the banks, compared with CHF 14 billion in 2010.

Chart 39
Commercial bank lending

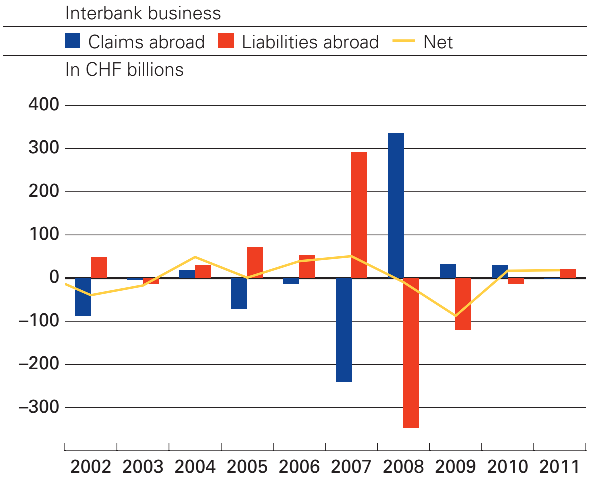
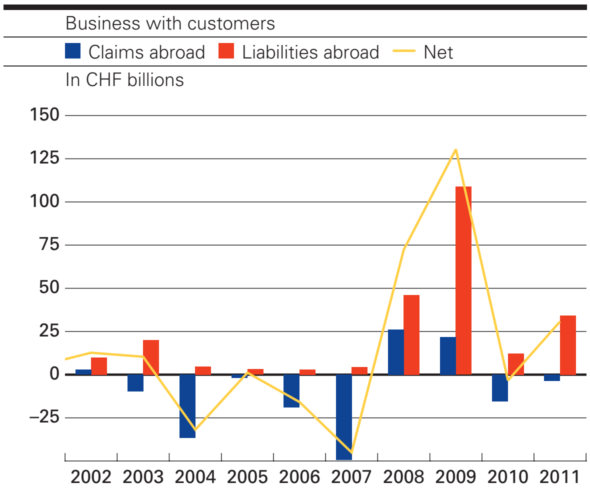


Chart 40
Commercial bank lending



Corporate lending

Corporate lending is a collective item. It contains corporate financial flows that are not included in either direct investment or portfolio investment. Some of these relate to funds deposited by domestic companies with banks abroad, or borrowed from such banks. Intragroup lending by finance companies, which is not included in direct investment, is another significant element. Corporate lending also includes insurance company claims and liabilities arising from cross-border insurance business.

Apart from 2007, the volume of corporate lending has been relatively minor. The high level of capital outflows and inflows in 2007 was mainly attributable to finance and holding companies as well as trading companies.

In the year under review, net lending abroad (claims) by companies in Switzerland declined by CHF 6 billion while, at the same time, they took up loans abroad (liabilities) amounting to a net CHF 4 billion. This resulted in a net capital inflow of CHF 10 billion, compared with a net capital outflow of CHF 4 billion in 2010. The decrease in claims was attributable mainly to finance and holding companies, while the increase in liabilities related to the trade and manufacturing categories. By contrast, finance and holding companies and insurance companies reduced their liabilities abroad.

Swiss National Bank lending

Swiss National Bank (SNB) lending includes claims and liabilities in connection with swap and repo transactions, as well as the other claims and liabilities with respect to central banks and other foreign banks that are not included under reserve assets. Until 2006, the extent of these transactions was minor. As a result of the financial crisis in the second half of 2007 and, in particular, in 2008, the SNB provided markets with ample liquidity through swap and repo operations, and this led to high levels of capital outflows. In 2009 and 2010, swap and repo transactions were scaled back, resulting in net capital inflows.

In 2011, the SNB increased claims and liabilities abroad recorded under lending. On balance, this resulted in a capital outflow of CHF 9 billion.

Chart 41
Corporate lending

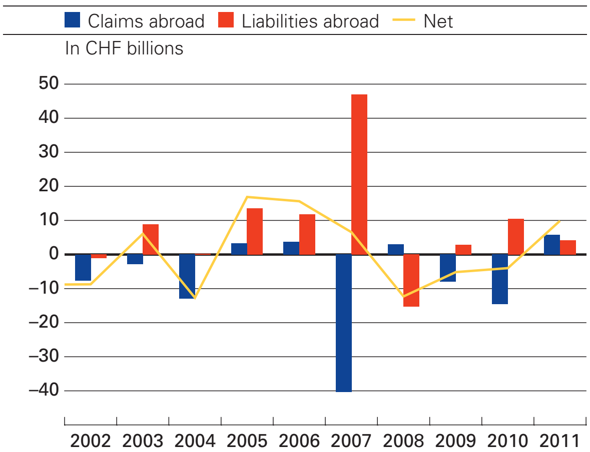
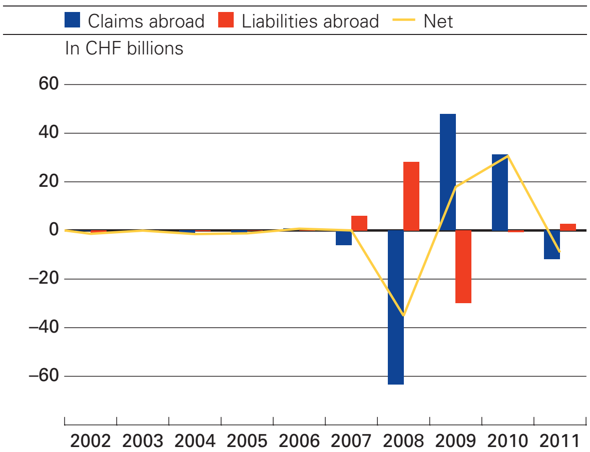


Chart 42
Swiss National Bank lending

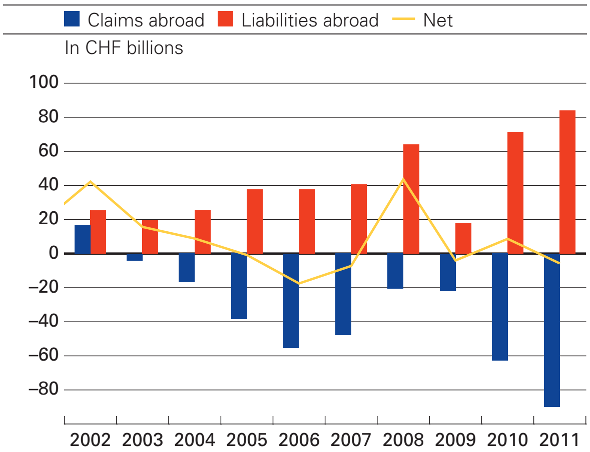


Other claims and liabilities abroad

This item contains various investments abroad and foreign investments in Switzerland that cannot be assigned to a specific category within the financial account. Other claims and liabilities abroad includes holdings of fiduciary investments abroad (claims) as well as fiduciary investments held in Switzerland (liabilities). Precious metals imports (capital outflows) and exports (capital inflows) are also recorded under this item. Moreover, a number of other investments that cannot be clearly allocated to a specific category within the financial account are included here. In the past ten years, the volume of precious metals imports and exports has increased considerably, primarily as a result of price factors. The low figures for investments abroad at the beginning and end of the 2000s were mainly attributable to reductions in fiduciary claims by domestic investors. Between 2002 and 2010, by far the most common result for other claims and liabilities abroad was a net capital inflow.

In the year under review, volumes in the precious metals trade were significantly higher than in the previous year, primarily for price reasons: imports amounted to CHF 96 billion and exports to CHF 78 billion. This resulted in a net capital outflow of CHF 17 billion. The other elements recorded in this item showed a net capital inflow of CHF 12 billion. In total, other claims and liabilities abroad recorded a net capital outflow amounting to CHF 5 billion.

Chart 43
Other claims and liabilities



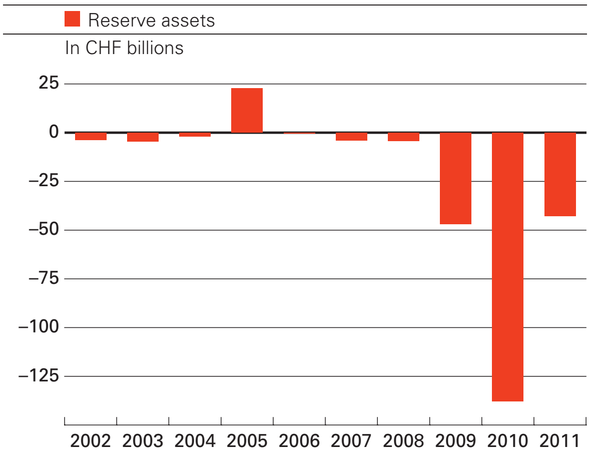
Reserve assets

Reserve assets mainly consist of gold and foreign currency investments. In 2005, the proceeds from the SNB's gold sales were distributed to the Confederation and the cantons. This led to a reduction in reserve assets. In 2009 and, in particular, 2010, the SNB purchased large amounts of foreign exchange, which resulted in high capital outflows. As a result, reserve assets increased substantially.

In 2011, reserve assets increased (on a transaction basis) by CHF 43 billion, compared with a rise of CHF 138 billion in 2010.

Chart 44

Reserve assets



The minus sign (–) indicates a capital outflow.

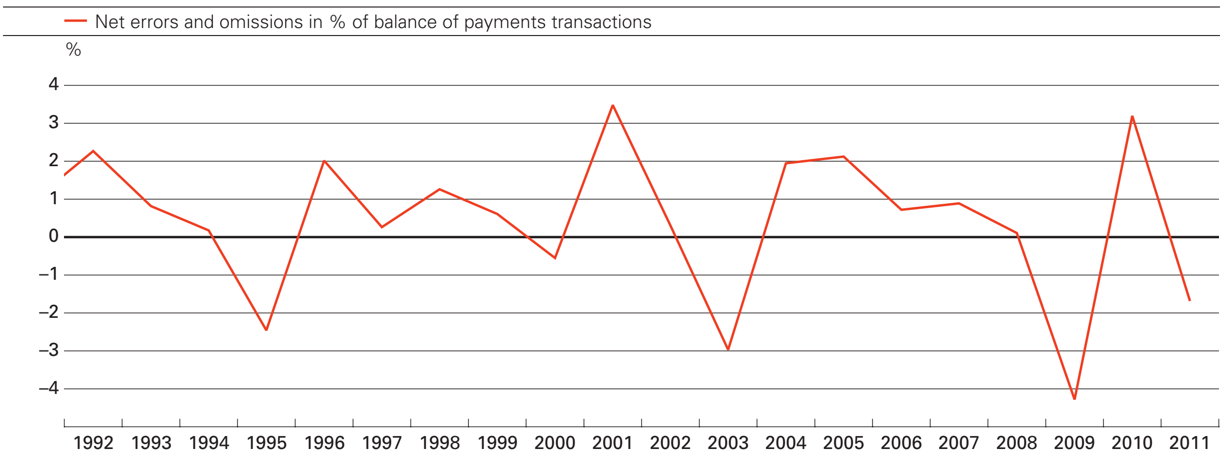
Residual item (net errors and omissions)

In principle, the balance of payments should be balanced, since it is drawn up according to the system of double-entry bookkeeping. All transactions must be recorded once on the receipts side (current account receipts, capital transfers from abroad, capital inflows) and once on the expenses side (current account expenses, capital transfers abroad, capital outflows). In practice, however, there is a difference between the receipts and expenses sides, which arises from errors and omissions in the collection of data. If, for example, the acquisition of a company abroad is shown under direct investment, but the associated flow of payments is not recorded, the missing value is shown under the residual item heading.

Over the past 20 years, the residual item has usually been positive. This suggests either that current account receipts/capital inflows have been underestimated or that current account expenses/capital outflows have been overestimated.

In 2011, the residual item amounted to CHF –14 billion. This accounts for 1.7% of the total transactions recorded in the balance of payments.

Chart 45
Net errors and omissions in percent of balance of payments transactions



Merchanting in Switzerland

Introduction

In the past ten years, the importance of merchanting for Switzerland has grown enormously. Since 2010, current account receipts from merchanting have exceeded the receipts of banks in Switzerland from financial services abroad. Until then, the latter was always the largest item under exports of services.

Despite its importance, the activity of merchanting is not one with which the general public is familiar. This paper has been written with the object of helping to close this gap. It discusses the background and development of the merchanting business in Switzerland and considers the factors that have contributed to its rapid growth in the past decade.

The paper concludes with a review of the history of merchanting in Switzerland, whose roots can be traced back to the nineteenth century.

Merchanting: definition, functioning and sources of earnings

In merchanting, a company in the domestic economy purchases goods from a supplier abroad and sells these on to a buyer abroad without the goods entering or leaving the domestic economy. Because merchanting is common in commodity trading, merchanting and commodity trading are often used as synonyms.

In merchanting, goods do not undergo any transformation between purchase and resale[3] and remain in the ownership of the domestic company. Concerning ownership, a distinction is drawn between the merchanting trader and a broker: the latter simply arranges transactions and does not trade, and therefore does not acquire ownership of the goods. The only difference between merchanting and other forms of international trade is the fact that the goods do not enter or leave the domestic economy.

Merchanting of commodities is a complex business involving several stages and numerous agents. In addition to merchanting traders, suppliers and purchasers, such agents include banks and quality inspectors. Apart from buying and selling commodities, other procedures are shipping and financing.

Commodity traders establish and cultivate contacts with suppliers and buyers with whom they conclude supply and purchase agreements. They also buy and sell commodities on the futures market; in these cases they use forward transactions to hedge most commodity transactions against price fluctuations.

Commodity traders do more than buy and sell commodities; they also organise trade-related shipping, insurance against loss and damage to the goods, warehousing at the place of loading and storage, and quality controls of the goods.

In particular, commodity traders provide the financing for commodity trading, which is a capital-intensive business. The supplier must be paid for the goods purchased before the buyer receives revenues from the sale. Commodity traders raise the money by, for instance, borrowing from banks. Documentary credits are widespread in merchanting. The loan is paid out only when the shipping documents are handed over and the goods are certified by a quality control company (cf. diagram in table 5 illustrating commodity trading by documentary credit).

This complex business offers numerous earnings opportunities, both through goods trading as such and through other services. In actual goods trading, merchanting traders exploit price differentials between different regions (geographic arbitrage) and different delivery times (time arbitrage). They fix the selling price for the goods so as to compensate for both the trading activity associated with the purchase of the goods and the organisation of the services associated with the trade. Moreover, there are also earnings opportunities that are not directly related to the trade and its execution. Thus, merchanting traders can use the futures market to not only hedge against price volatility, but also to bet on price movements. Such futures contracts that go beyond hedging can generate additional income or losses.

[3] Crude oil that is refined in a third country before the company in the domestic economy sells it on is deemed not to be a merchanting good. Goods that are only repackaged in a third country before being sold on are deemed to be merchanting goods.

Apart from companies engaged exclusively in merchanting, there are also those that have integrated other elements of the value-added chain. They have expanded, for instance, into the extraction and production and/or selling of commodities. This shift from pure dealer to producer agent opens up new earnings opportunities. Product arbitrage allows for exploitation of price differences for the same product in different constellations.[4] Producer agents (or service providers) also provide services associated with trading. Examples of earnings-producing services include the provision of shipping and storage capacity. By extending loans to business partners, for example to buyers, while simultaneously raising money in the capital market or borrowing from banks, producer agents exploit differences in interest rates (financial arbitrage). Factors that facilitate this include the producer agent's higher credit rating or limitations on the availability of credit in the buyer's country.

Recording merchanting in the Swiss balance of payments

To record merchanting in the Swiss balance of payments, the Swiss National Bank collects data on various items from merchanting traders domiciled in Switzerland. On the one hand, there are the gross receipts from goods sales abroad, also called sales revenue abroad, and, on the other, expenses abroad for purchases of goods and other expenses, such as quality control. Net receipts are the difference between these two items and are recorded in the current account as receipts from merchanting. In accordance with international guidelines, these receipts are entered as receipts from exports of services (cf. Statistical collection and entry in the current account, in table 5).

Bank loans are important for the financing of commodity trading. Borrowing abroad by merchanting traders in Switzerland and the repayment of these sums are recorded under other investment in the Swiss financial account, in accordance with international guidelines (cf. Entry in the financial account, in table 5).

Consequently, the interest expenses abroad in connection with merchanting can be considerable. In accordance with international guidelines, they are recorded as expenses in the investment income section in the current account. Hence, interest expenses do not appear under the aforementioned expenses abroad (cf. table 5).

Receipts from merchanting as recorded in Switzerland's current account can also include receipts from services over and above the actual trading in goods. These receipts are not collected statistically as a separate item, however, but are included in the total.

Although the earnings and expenses of merchanting traders domiciled in Switzerland are primarily incurred abroad, expenses also arise in Switzerland – for example rent for business premises or the wages of employees in Switzerland. These expenses in Switzerland are not included in the current account. However, for the individual merchanting company they constitute an item of expense when calculating profit (cf. Company's income statement, in table 5).

[4] Biodiesel, for example, can be produced from various blends of vegetable oils (rape seed oil, soya oil and palm oil). These oils trade at different prices and the blend of biodiesel can vary according to price developments.

Receipts from merchanting in Switzerland's current account

Receipts from merchanting, as recorded in Switzerland's current account, have grown enormously in the past ten years. As can be seen in chart 46, they amounted to CHF 20 billion in 2011, which corresponded to 4.7% of total receipts in the current account. In 2001, the comparative figures were CHF 1.3 billion and 0.4%, respectively. Thus, in the last ten years, receipts from merchanting grew by almost the same factor as in the previous four decades (by a factor of 15 between 1960 (CHF 0.1 billion) and 2001, and by a factor of 14 between 2001 and 2011).

As can be seen in chart 47, despite the financial crisis in 2008, receipts from merchanting have continued to grow – in contrast to those from Swiss banks' cross-border commission and services business, which have fallen sharply since 2007. In consequence, since 2010 receipts from merchanting have displaced receipts from Swiss banks' financial services abroad as the leading services export.

Chart 46

Merchanting, receipts in CHF billions and in percent of current account receipts

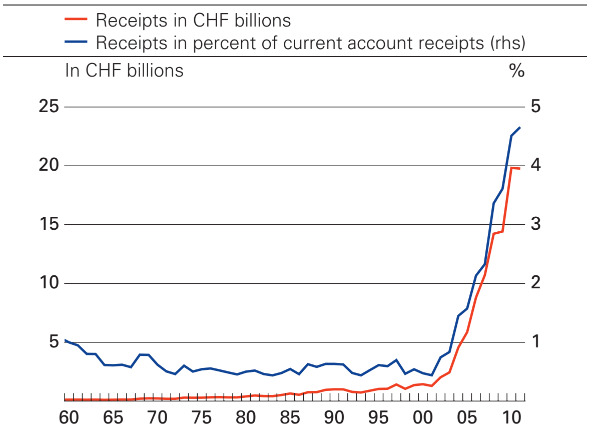
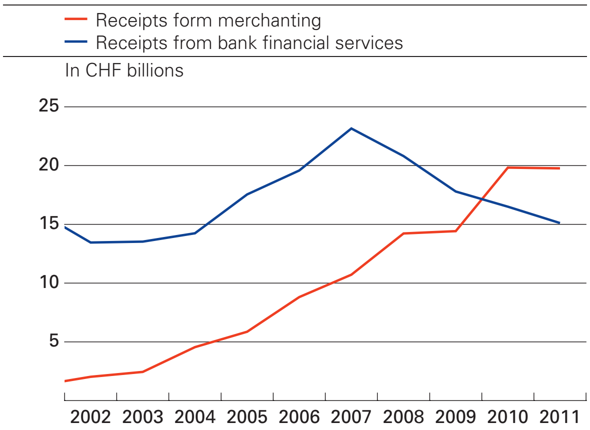


Chart 47

Receipts from merchanting and from bank financial services



Sales revenues abroad

Merchanting traders based in Switzerland achieve huge sales revenue abroad – bigger, in fact, than Switzerland's gross domestic product. In 2011, for instance, the revenue from sales abroad totalled CHF 763 billion (cf. chart 48). By comparison, Switzerland's gross domestic product amounted to about CHF 560 billion. Most of the goods sold abroad by merchanting traders domiciled in Switzerland were commodities (2011: 94%), in particular energy commodities (59%). Mineral commodities accounted for 20% and agricultural commodities 15% (cf. chart 49).[5] Energy commodities have long dominated sales revenue abroad, but previously they accounted for a smaller percentage. In 2006, energy commodities accounted for half of the merchanting sales revenue abroad of approximately CHF 250 billion.

[5] Energy commodities include crude oil, natural gas and coal. Examples of mineral commodities are iron, copper and aluminium. Examples of agricultural commodities are cereals, vegetable oils and sugar.

Chart 48
Merchanting, sales revenue by category of goods

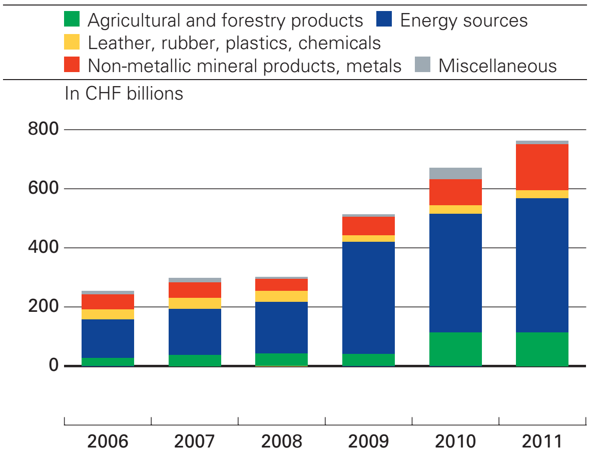
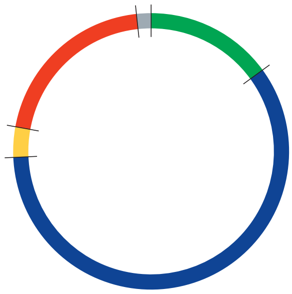


Chart 49



Merchanting, sales revenue 2011
by category of goods in percent

Agricultural and forestry products 15

Energy sources 59

Leather, rubber, plastics, chemicals 4

Non-metallic mineral products, metals 20

Miscellaneous 2

Factors determining developments in merchanting

In merchanting, the goods do not enter or leave Switzerland and most of the trading is conducted in foreign currencies. Accordingly, demand for merchanting goods is not influenced by demand in Switzerland or by the exchange rate of the Swiss franc. The crucial factor is foreign demand for commodities. If supply is unchanged, rising demand leads to higher commodity prices (price effect). Rising demand can also trigger an increase in supply (quantity effect).

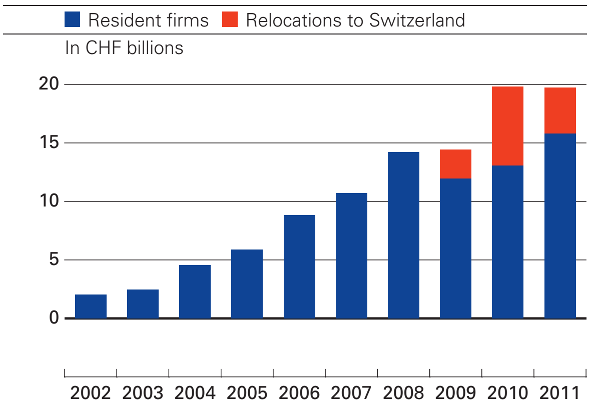
Apart from these quantity and price effects, the reported increase in receipts from merchanting in the current account can also be a result of widening the statistical survey of merchanting in Switzerland to include additional merchanting traders, in particular those that have recently started operating in Switzerland. As can be seen in chart 50, market entrants were responsible for the fact that, rather than decline after 2008, receipts from merchanting continued to grow.

With regard to quantity and price effects, only limited conclusions can be drawn from the available data.[6] For instance, on the basis of the data it is only possible to analyse an indirect price effect – the impact of the increase in commodity prices on receipts, via the percentage trading margin.[6] This analysis shows that the trading margin in percent rises with the commodity price index.[7] However, as this relationship is weak, it explains only a small part of the increase in receipts from merchanting.

Hence, the development in receipts from merchanting prior to the financial crisis must be the result of a direct price and/or quantity effect. It is not possible, with the available data, to precisely quantify the relative impact of these two effects on the increase in receipts (from merchanting).[8] However, the changes in commodity prices (cf. chart 51) suggest that the direct price effect is likely to have played a dominant role over this period, as commodity prices and the receipts of merchanting traders domiciled in Switzerland moved largely in step with each other. An indicator, though not a quantification, of this probable price effect is the correlation between the change in the receipts of Swiss-domiciled merchanting traders and the change in the price index. The correlation is 0.56 for the period 1993–2008, thus confirming that the direct price effect was very probably the driver behind the increase in receipts from merchanting prior to the financial crisis. That said, the increase in the trading volumes of merchanting traders domiciled in Switzerland is also likely to have played a role.

Chart 50

Receipts from merchanting of resident firms and of firms relocated to Switzerland before the financial crisis



Source: SNB. A company is deemed to be a new entrant in Switzerland if it was included in the statistical reporting population for the first time in 2009 or later, and was registered in the Swiss Commercial Register 2–3 years previously.

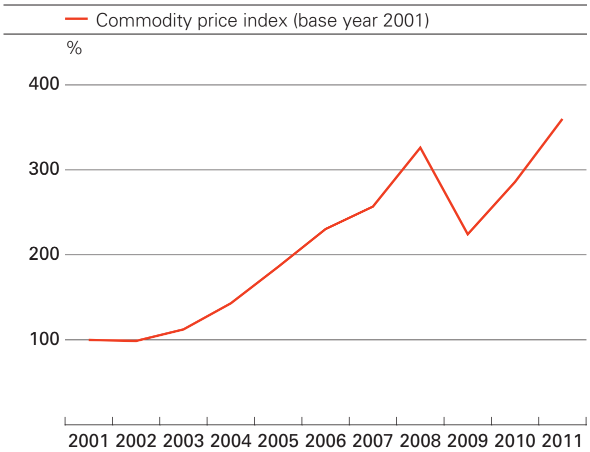
6 Definition of the percentage trading margin (mark-up) as used here: ((sales revenue abroad / expenses abroad) –1)*100. The percentage trading margin also corresponds to receipts from merchanting as a percentage of expenses incurred abroad.
7 A one-unit increase in the commodity price index raises the trading margin in percent (mark-up) by 0.05 percentage points.
8 If both the prices of the sold and purchased goods and the quantities of the sold and purchased goods were recorded, quantification would be possible. However, only the sales revenue abroad and the expenses abroad are recorded.

Conclusion

Receipts of merchanting traders are reported in Switzerland's current account. Analysis of these data shows that the increase in receipts from merchanting after 2008 can be explained by new entrants in the Swiss market. Owing to the entry of these new companies shortly before the financial crisis, receipts from merchanting did not decline after the crisis. In addition, a small part of the growth in receipts from merchanting can be explained by the increase in margins. Most of the increase in receipts growth for merchanting traders resident in Switzerland prior to the financial crisis is probably the result of increases in commodity prices. Moreover, Swiss-based merchanting traders are likely to have expanded their business activities.

The transformation of merchanting into an extremely important industry within the Swiss economy has gone almost unnoticed by the general public. Most companies active in merchanting are not listed and therefore do not have to publish financial statements. This circumstance, the complexity of the business and the fact that only the most important key figures are collected in connection with the current account complicate any analysis.

Chart 51
Commodity price index



Source: SNB, International Monetary Fund, United Nations and U.S. Bureau of Labor Statistics; SNB calculations of commodity price index, based on weighted average of the price indices of the product categories in charts 48 and 49 (excluding the miscellaneous category).

Historical review[9]

Switzerland has a long tradition in the merchanting of agricultural products. Already in the mid-nineteenth century, two brothers, Salomon and Johann Volkart, founded Gebrüder Volkart, a company with offices in Winterthur und in Bombay, which traded in cotton, coffee and spices from India and Ceylon (as it was then). In 1859, the Missions-Handlungs-Gesellschaft was founded in Basel. This company supplied European goods to mission stations and was involved in the merchant trade in cocoa.

Quality control companies play an important role in the merchanting business. In 1915, during World War I, Société Générale de Surveillance (SGS), an inspection company, moved its headquarters from Paris to Geneva. In 1920, grain dealers established themselves close to Nestle's headquarters on Lake Geneva. Switzerland's neutrality gave it an advantage in the merchanting business. After it became the seat for the League of Nations and other organisations, Geneva, in particular, gained a reputation as an international and neutral location. US companies established branches in Geneva to trade with countries of the Eastern bloc during the Cold War. In 1956, cotton traders from Egypt settled in Lausanne, after the Egyptian government nationalised the Suez Canal and foreign companies' operations in the country.

A crucial development in merchanting in Switzerland was the decision of two major US companies to open offices here in 1956. Cargill, a merchandiser of agricultural commodities, opened a branch in Geneva and Philipp Brothers one in Zug. In contrast to traditional merchandisers, Philipp Brothers traded not in agricultural commodities, but in metals. Both Geneva and Zug have special tax regulations for merchandisers.

Oil traders came into their own at the beginning of 1970, when the ability of large, private oil companies to dominate oil production ended. In the oil-producing countries, oil would henceforth be produced by state-owned companies. Unlike the private oil companies, however, these did not have their own distribution channels and therefore sold their oil to oil traders (among others).

In early 1970, a Geneva bank became the first to accept the value of ship cargoes as collateral for loans. On the one hand, this innovation in trade financing made it possible for smaller merchanting traders to deal in large volumes of commodities and, on the other, was an important milestone in the development of Geneva as a financial centre specialised in trade financing.

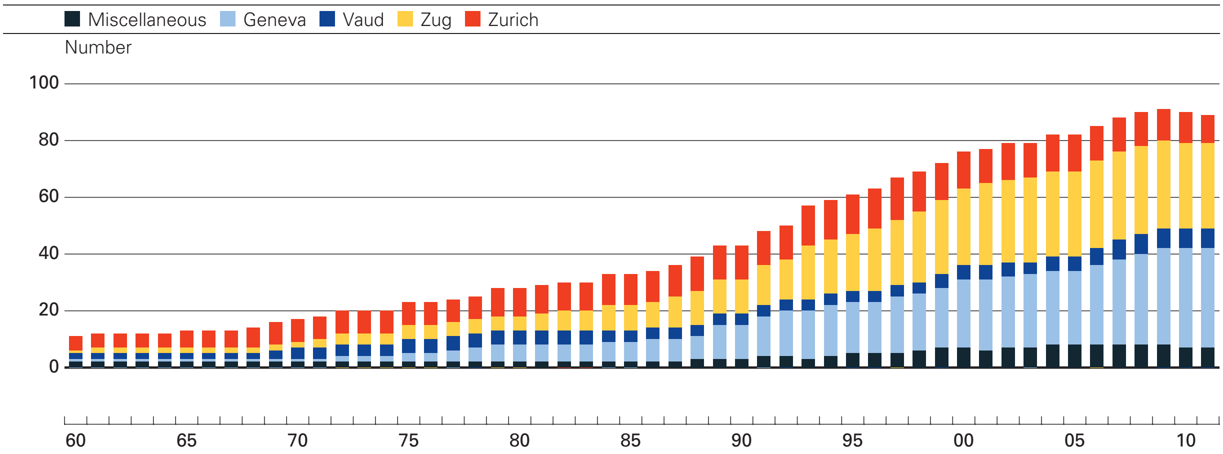
Furthermore, in the 1970s, the trend for merchanting companies to establish their operations in Geneva and Zug became self-reinforcing. In Geneva, the bundling of trading-related services led to the founding of new merchanting firms. In Zug, a number of people who had learnt their trade in established merchanting companies went on to found their own merchanting firms.

Finally, in the 1990s – after the collapse of the Soviet Union – many Russian oil companies also established offices in Geneva. In the following years, Geneva developed into the world's leading oil-trading centre.

Chart 52 shows the growth in the number of merchanting companies by Swiss canton between 1960 and 2011, and the clustering of companies in the cantons of Geneva and Zug. In 1960, there were more companies in the cantons of Vaud and Zurich than in the cantons of Geneva and Zug. Whereas the number of companies in the cantons of Vaud and Zurich and other cantons has remained relatively constant over the years, the number of companies in the cantons of Geneva and Zug has increased substantially.

9 Cf. www.swissinfo.ch/ger/wirtschaft/Rohstoffhandel_in_der_Schweiz_boomt.html?cid=29764840, http://www.gtsa.ch/geneva-global-trading-hub/geneva-global-trading-hub. http://evb.ch/en/commodities.

Chart 52
Distribution of merchanting firms across cantons



Source: Entries of merchanting companies in the commercial register

Schematic representation of commodity trading by documentary credit, with statistical and accounting terms

Table 5

Schematic representation of commodity trading	Statistical collection and entry in the current account[1]		Entry in the financial account	Company's income statement
	Services	Investment income	Other services	
Merchant reaches agreement with the supplier and the buyer.				
Merchant's bank promises to pay the supplier (issues documentary credit).				
Commodity is loaded for shipping.				
Quality control company inspects and confirms to the bank that the quality and quantity of the cargo is as agreed.				
The bank pays the supplier for the cargo. A liability arises towards the bank on the part of the merchant.			Borrowing abroad	
Cargo is transported to buyer and unloaded.				
Buyer pays the merchant for the cargo.	Sales revenue abroad (gross receipts from goods sales abroad)			
Merchant pays expenses abroad (purchase of goods, hedging costs, quality control, transport, insurance, wages, warehouse rent, taxes).	less expenses abroad (purchase of goods and other expenses)			
	= **Net receipts, i.e. receipts from merchanting**			
Merchant pays other expenses abroad, such as interest costs not incurred on settlement.		**less interest expenses abroad**		
Merchant repays loan.			Loan repayment abroad	
Merchant pays domestic expenses (wages, rent for business premises, taxes).				less domestic expenses
				= Profit

[1] The terms in normal font indicate inclusion in statistical collection, those in bold indicate recognition in the current account.

Notes

Changes from the previous year

In future, internal bank business operations will be recorded in the balance of payments under commercial bank lending. These operations were previously recorded under other claims and liabilities abroad. Some banks record them under other assets or other liabilities.

Current account

Special trade

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

Other trade

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

Tourism

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

Other services

Service charges arising from the foreign business of private social security schemes and other private insurance companies, merchanting (net earnings from international goods trade, excluding exports and imports recorded in the foreign trade statistics), transportation, postal and courier services, telecommunications, 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 (up to 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, 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 SNB 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 individuals

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

Current transfers by the public sector

Contributions by emigrants 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 SNB; 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 categorised as such 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. Financial flows are reported on 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), on reinvested earnings and on inflows and outflows of loans. The statistics are based on quarterly and annual data submitted by companies to the SNB.

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 (forwards, futures, swaps) and conditional forward transactions (options). Capital outflows: payments to counterparties abroad in connection with derivatives transactions. Capital inflows: receipts from counterparties abroad in connection with derivatives transactions. The statistics are based on data submitted by companies to the SNB.

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

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 public sector borrowing 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 other claims against and liabilities towards parties abroad.

Other claims and liabilities abroad

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 SNB 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 abroad.

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 SNB 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 claims and liabilities abroad. 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 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 Annex to the National Bank Ordinance, legal entities and companies are required to report data 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 classified 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 interrelationship 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.

<table>
<tr><th>Balance of payments</th><th colspan="4">System of national accounts</th></tr>
<tr><td>+ Goods
+ Services
= Goods and services</td><td>External contribution to gross domestic product</td><td rowspan="2">External contribution to gross national income</td><td rowspan="3">Domestic savings and investment, net</td><td rowspan="4">Financial surplus/ deficit</td></tr>
<tr><td colspan="2">+ Income
= Goods, services, income</td></tr>
<tr><td colspan="3">+ Current transfers
= Current account</td></tr>
<tr><td colspan="4">+ Capital transfers
= Current account and capital transfers</td></tr>
<tr><td colspan="4">Financial account, including reserve assets</td><td>Financial surplus/ deficit</td></tr>
</table>

Definition of industry categories[1]

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 companies	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 organisations 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 General Classification of Economic Activities, NOGA 2002 *(Nomenclature générale des activités économiques)* drawn up by the Swiss Federal Statistical Office (SFSO).

Definition of countries and regions in direct investment statistics[1]

	Definition of countries
France	Including French Guiana, Guadeloupe, Martinique, Mayotte, Monaco, Réunion, Saint-Pierre and Miquelon.
Portugal	Including Azores and Madeira.
Spain	Including Ceuta, Melilla, Balearic Islands and Canary Islands.
United Kingdom	Comprises England, Scotland, Wales and Northern Ireland.
Norway	Including Svalbard and Jan Mayen.
United States	Including Puerto Rico and Navassa.
New Zealand	Including Antipodes Islands, Auckland Islands, Bounty Islands, Campbell Island, Chatham Islands, Kermadec Islands, and Snares Islands. Excluding Ross Dependency (Antarctica).
Malaysia	Peninsular Malaysia and Eastern Malaysia (Sarawak, Sabah and Labuan).
Taiwan	Separate customs territory of Taiwan, Penghu, Kinmen and Matsu.
India	Including Laccadive Island, Minicoy Island, Amindivi Island, Andaman and Nicobar Islands.
United Arab Emirates	Abu Dhabi, Dubai, Sharjah, Ajman, Umm al Qaiwain, Ras al Khaimah and Fujairah.
Morocco	Including Occidental Sahara.

	Definition of regions
EU	Belgium, Denmark, Germany, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Austria, Poland, Portugal, Sweden, Slovakia, Slovenia, Spain, Czech Republic, Hungary, United Kingdom and Cyprus; as of 2007, including 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. Excluding 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 American countries	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: Cuba, Dominican Republic, Falkland Islands, Guyana, Honduras, Haiti, Nicaragua, Paraguay, Suriname, El Salvador, Trinidad and Tobago; as of 2011, including Bonaire, Sint Eustatius and Saba, and Jamaica, excluding Aruba.
Offshore financial centres in Central and South America	Virgin Islands (US), Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Virgin Islands (British), Curaçao, Dominica, Grenada, Cayman Islands, Montserrat, Panama, St Kitts and Nevis, Sint Maarten, Saint Lucia, St Vincent and the Grenadines, Turks and Caicos Islands; as of 2011, including Aruba, excluding Bonaire, Sint Eustatius and Saba, Jamaica.
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; as of 2011, including South Sudan.
Oceania (and Polar regions)	Comprises, in addition to the published countries: Antarctica, American Samoa, Bouvet Island, Cocos (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 2007 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).

Tables

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, *Statistics, Statistical Publications, Swiss Balance of Payments* (annual report).

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1.1 Overview of the Swiss balance of payments[1]

In CHF billions

	2007	2008	2009	2010	2011
	1	2	3	4	5
Current account					
Current account, net	46.6	11.8	58.5	81.9	61.5
Goods, net	9.4	15.1	16.4	13.2	14.4
Special trade,[2] net	14.0	19.4	20.3	19.5	23.5
Receipts	197.5	206.3	180.5	193.5	197.9
Expenses	– 183.6	– 186.9	– 160.2	– 174.0	– 174.4
Other trade, net	– 4.6	– 4.3	– 3.9	– 6.3	– 9.1
Services, net	45.5	50.2	45.9	49.1	45.6
Tourism, net	2.5	3.8	3.5	3.9	3.2
Receipts	14.6	15.6	15.4	15.6	15.6
Expenses	– 12.1	– 11.8	– 11.8	– 11.6	– 12.4
Bank financial services, net	21.0	18.5	15.7	14.7	13.4
Receipts	23.2	20.8	17.8	16.5	15.1
Expenses	– 2.1	– 2.3	– 2.1	– 1.8	– 1.7
Other services, net	22.0	27.9	26.7	30.4	29.0
Labour and investment income, net	3.1	– 39.4	9.3	32.3	13.3
Labour income, net	– 12.5	– 13.2	– 13.6	– 16.9	– 18.5
Receipts	2.2	2.4	2.5	2.6	2.6
Expenses	– 14.7	– 15.6	– 16.2	– 19.5	– 21.1
Investment income, net	15.6	– 26.2	22.9	49.2	31.8
Receipts	144.6	89.5	96.8	120.0	99.7
Portfolio investment	37.1	35.6	28.9	30.0	29.2
Direct investment	55.2	7.1	52.4	75.3	54.4
Other investment	52.3	46.8	15.6	14.7	16.1
Expenses	– 128.9	– 115.7	– 73.9	– 70.7	– 68.0
Portfolio investment	– 20.5	– 21.4	– 15.9	– 17.9	– 19.8
Direct investment	– 54.1	– 46.2	– 39.7	– 37.5	– 33.6
Other investment	– 54.3	– 48.1	– 18.4	– 15.3	– 14.5
Current transfers, net	– 11.4	– 14.1	– 13.1	– 12.6	– 11.7
Capital transfers					
Capital transfers, net	– 5.0	– 3.8	– 3.8	– 4.6	– 1.4
Financial account					
Financial account, net	– 57.4	– 9.0	– 21.9	– 106.4	– 46.0
Direct investment, net	– 22.3	– 32.7	2.5	– 49.7	– 34.8
Swiss direct investment abroad	– 61.2	– 49.1	– 28.7	– 71.3	– 37.4
Equity capital	– 46.5	– 48.6	– 8.4	– 10.6	5.7
Reinvested earnings	– 6.3	25.9	– 27.6	– 36.0	– 18.5
Other capital	– 8.5	– 26.4	7.3	– 24.6	– 24.7
Foreign direct investment in Switzerland	38.9	16.4	31.2	21.6	2.7
Equity capital	12.5	– 0.9	19.7	– 3.2	– 10.6
Reinvested earnings	36.1	– 1.4	26.0	10.6	12.5
Other capital	– 9.7	18.6	– 14.5	14.2	0.8
Portfolio investment, net	– 23.3	– 38.5	– 32.1	31.0	– 16.9
Swiss portfolio investment abroad	– 25.0	– 71.3	– 40.3	7.9	3.0
Debt securities	– 18.7	– 67.4	– 38.4	14.2	3.4
Bonds and notes	– 33.8	– 70.7	– 45.2	– 5.1	5.8
Money market instruments	15.1	3.3	6.8	19.2	– 2.4
Equity securities	– 6.3	– 4.0	– 2.0	– 6.3	– 0.4
Foreign portfolio investment in Switzerland	1.7	32.8	8.3	23.1	– 20.0
Debt securities	1.1	6.0	– 2.2	30.2	– 26.2
Bonds and notes	– 0.6	5.3	0.0	0.6	– 4.3
Money market instruments	1.7	0.6	– 2.3	29.7	– 21.9
Equity securities	0.6	26.9	10.5	– 7.1	6.2

	2007	2008	2009	2010	2011
	1	2	3	4	5
Financial account (continued)					
Derivatives and structured products, net	– 12.8	7.4	2.5	1.3	**4.2**
Other investment, net	**5.0**	**59.0**	**51.9**	**48.9**	**44.2**
Commercial bank lending, net	5.7	62.8	43.2	**13.6**	**49.1**
Claims abroad	– 290.9	362.8	53.8	**14.9**	**– 5.9**
Claims against banks	– 241.5	336.6	32.1	**30.5**	**– 2.3**
Other claims	– 49.4	26.1	21.7	– 15.6	**– 3.6**
Liabilities abroad	296.6	– 299.9	– 10.6	**– 1.3**	**54.9**
Liabilities towards banks	292.3	– 346.1	– 119.4	**– 13.6**	**20.6**
Other liabilities	4.3	46.2	108.7	12.3	**34.3**
Corporate lending,[3] net	6.6	– 12.3	– 5.2	**– 4.0**	**9.9**
Claims abroad	– 40.4	3.0	– 8.0	**– 14.5**	**5.8**
Liabilities abroad	47.0	– 15.3	2.8	**10.5**	**4.1**
Government lending, net	3.1	5.4	0.0	0.1	**– 0.7**
Swiss National Bank lending, net	0.0	– 35.1	17.9	30.6	**– 9.0**
Other claims and liabilities abroad, net	– 10.3	38.2	– 4.0	**8.5**	**– 5.0**
Reserve assets, total	– 4.1	– 4.1	– 46.8	– 137.8	**– 42.6**
Net errors and omissions					
Net errors and omissions	15.9	**0.9**	**– 32.8**	**29.1**	**– 14.1**

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

	2007	2008	2009	2010	2011	Year-on-year change in percent
	1	2	3	4	5	6
Special trade [1]						
Receipts	197 533	206 330	180 534	193 480	**197 907**	**2.3**
Expenses	183 578	186 884	160 187	173 991	**174 388**	**0.2**
Net	13 955	19 447	20 347	19 489	**23 519**	**.**
of which						
Electrical energy						
Receipts	4 197	5 456	4 714	5 060	**5 687**	**12.4**
Expenses	2 892	3 366	3 167	3 736	**4 671**	**25.0**
Net	1 305	2 090	1 547	1 323	**1 016**	**.**
Other trade [2]						
Receipts	9 500	10 667	**7 786**	**10 573**	**10 820**	**2.3**
Expenses	14 082	15 005	**11 687**	**16 883**	**19 936**	**18.1**
Net	– 4 582	– 4 339	**– 3 901**	**– 6 310**	**– 9 116**	**.**
Total						
Receipts	207 033	216 997	**188 320**	**204 053**	**208 727**	**2.3**
Expenses	197 660	201 889	**171 874**	**190 874**	**194 324**	**1.8**
Net	9 373	15 108	**16 446**	**13 179**	**14 403**	**.**

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

	2007	2008	2009	2010	2011	Year-on-year change in percent
	1	2	3	4	5	6
Tourism, total						
Receipts	14 621	15 598	15 377	**15 550**	**15 577**	**0.2**
Expenses	12 120	11 782	11 847	**11 644**	**12 393**	**6.4**
Net	2 501	3 816	3 530	**3 907**	**3 183**	**.**
Business and personal travel						
Receipts	9 866	10 584	10 134	**10 493**	**10 450**	**– 0.4**
Expenses	9 647	9 362	9 455	**8 896**	**9 364**	**5.3**
Net	219	1 222	679	**1 596**	**1 086**	**.**
Same-day travel, transit travel and other tourism						
Receipts	3 081	3 261	3 510	**2 934**	**2 857**	**– 2.6**
Expenses	2 449	2 396	2 367	**2 722**	**3 004**	**10.3**
Net	632	865	1 143	**212**	**– 147**	**.**
Consumption expenditure by foreign workers						
Receipts	1 674	1 753	1 733	**2 124**	**2 270**	**6.9**
Expenses	24	24	25	25	**26**	**2.8**
Net	1 650	1 728	1 708	**2 098**	**2 244**	**.**
Private insurance						
Receipts	**5 870**	**6 435**	**6 068**	**5 140**	**5 100**	**– 0.8**
Expenses	684	725	913	889	**859**	**– 3.3**
Net	**5 187**	**5 710**	**5 155**	**4 251**	**4 241**	**.**
Merchanting						
Receipts	10 716	14 225	14 422	19 827	**19 766**	**– 0.3**
Transportation, total						
Receipts	6 687	7 195	5 995	5 876	**6 154**	**4.7**
Expenses	4 359	4 542	**4 144**	**4 228**	**3 968**	**– 6.1**
Net	2 328	2 653	**1 851**	**1 647**	**2 185**	**.**
Passengers						
Receipts	3 046	3 364	2 736	2 983	**3 021**	**1.2**
Expenses	2 620	2 630	**2 293**	**2 444**	**2 475**	**1.3**
Net	427	734	**443**	**540**	**546**	**.**
Freight						
Receipts	1 179	1 214	961	1 040	**1 025**	**– 1.4**
Expenses [1]	—	—	—	—	**—**	**.**
Net	1 179	1 214	961	1 040	**1 025**	**.**
Other						
Receipts	2 462	2 617	2 298	1 853	**2 108**	**13.8**
Expenses	1 740	1 912	1 851	1 785	**1 494**	**– 16.3**
Net	722	706	447	68	**615**	**.**
Postal, courier and telecommunications services						
Receipts	1 281	1 329	1 443	**1 495**	**1 286**	**– 14.0**
Expenses	959	1 053	1 133	**1 100**	**923**	**– 16.1**
Net	322	276	310	**395**	**363**	**.**

3.1 Services (continued)

	2007	2008	2009	2010	2011	Year-on-year change in percent
	1	2	3	4	5	6
Other services, total						
Receipts	39 851	38 823	**39 663**	**39 193**	**37 742**	**– 3.7**
Expenses	15 420	15 280	**19 007**	**20 165**	**21 909**	**8.7**
Net	24 430	23 542	**20 656**	**19 028**	**15 833**	**.**
Bank financial services						
Receipts	23 156	20 808	**17 794**	**16 502**	**15 112**	**– 8.4**
Expenses	2 143	2 304	2 056	1 795	**1 682**	**– 6.3**
Net	**21 013**	18 504	**15 738**	**14 708**	**13 429**	**.**
Technological services						
Receipts	11 583	12 818	**16 755**	**17 686**	**17 749**	**0.4**
Expenses	11 911	11 547	**16 052**	**17 575**	**19 570**	**11.4**
Net	– 328	1 271	**703**	**112**	**– 1 820**	**.**
of which						
Licence and patent fees						
Receipts	11 184	12 334	**16 237**	**17 256**	**17 337**	**0.5**
Expenses	11 640	11 250	**15 715**	**17 303**	**19 267**	**11.4**
Net	– 457	1 084	**522**	**– 48**	**– 1 930**	**.**
Other services						
Receipts	5 112	5 197	5 115	**5 004**	**4 881**	**– 2.5**
Expenses	1 367	1 430	899	**796**	**658**	**– 17.4**
Net	3 745	3 767	4 216	**4 208**	**4 224**	**.**
Total						
Receipts	**79 026**	**83 604**	82 967	87 081	85 624	**– 1.7**
Expenses	33 542	33 382	**37 043**	**38 025**	**40 054**	**5.3**
Net	**45 483**	**50 222**	**45 924**	**49 055**	**45 570**	**.**

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

	2007	2008	2009	2010	2011	Year-on-year change in percent
	1	2	3	4	5	6
Labour income						
Receipts	2 154	2 394	**2 542**	**2 596**	**2 575**	**– 0.8**
Expenses	14 685	15 632	16 182	**19 477**	**21 106**	**8.4**
Net	– 12 532	– 13 237	**– 13 640**	**– 16 881**	**– 18 531**	**.**
Investment income, total						
Receipts	144 580	**89 489**	**96 806**	**119 976**	**99 743**	**– 16.9**
Expenses	128 931	**115 683**	**73 913**	**70 750**	**67 950**	**– 4.0**
Net	**15 648**	**– 26 194**	**22 893**	**49 226**	**31 792**	**.**
Portfolio investment						
Receipts	37 074	35 557	**28 857**	**30 038**	**29 238**	**– 2.7**
Expenses	20 538	21 433	**15 887**	**17 923**	**19 833**	**10.7**
Net	16 536	14 124	**12 970**	**12 115**	**9 406**	**.**
Direct investment						
Receipts	55 221	**7 099**	**52 384**	**75 279**	**54 434**	**– 27.7**
Expenses	54 064	46 169	**39 652**	**37 541**	**33 610**	**– 10.5**
Net	1 158	**– 39 071**	**12 732**	**37 738**	**20 824**	**.**
Other investment						
Receipts	52 284	46 834	**15 565**	**14 658**	**16 071**	**9.6**
Expenses	54 329	**48 081**	**18 374**	**15 286**	**14 507**	**– 5.1**
Net	– 2 045	**– 1 248**	**– 2 809**	**– 627**	**1 563**	**.**
of which						
Banks' interest business, adjusted for FISIM [1]						
Receipts	47 501	35 002	**8 033**	**5 059**	**4 740**	**– 6.3**
Expenses	48 637	36 961	**9 209**	**5 971**	**5 211**	**– 12.7**
Net	– 1 136	– 1 959	**– 1 175**	**– 912**	**– 471**	**.**
Memorandum item: banks' interest business, not adjusted for FISIM [1]						
Receipts	49 981	37 548	9 945	6 568	**6 220**	**– 5.3**
Expenses	47 072	35 378	6 293	3 248	**2 567**	**– 21.0**
Net	2 909	2 170	3 651	3 320	**3 653**	**.**
Total						
Receipts	146 733	**91 884**	**99 348**	**122 572**	**102 317**	**– 16.5**
Expenses	**143 617**	**131 315**	**90 095**	**90 227**	**89 056**	**– 1.3**
Net	3 117	**– 39 431**	**9 253**	**32 345**	**13 261**	**.**

[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

	2007	2008	2009	2010	2011	Year-on-year change in percent
	1	2	3	4	5	6
Private transfers, total						
Receipts	**23 232**	**25 856**	**23 680**	**20 391**	**21 897**	**7.4**
Expenses	**31 218**	**36 554**	**33 484**	**29 735**	**30 230**	**1.7**
of which						
immigrants' remittances	4 953	5 075	5 351	**5 693**	**6 149**	**8.0**
Net	**– 7 986**	**– 10 698**	**– 9 804**	**– 9 343**	**– 8 332**	**.**
Public transfers, total						
Receipts	4 308	4 616	5 064	**5 493**	**5 788**	**5.4**
Expenses	7 675	7 976	8 387	**8 794**	**9 201**	**4.6**
Net	– 3 368	– 3 360	– 3 323	**– 3 301**	**– 3 413**	**.**
Social security						
Receipts	1 606	1 670	1 990	2 256	**2 515**	**11.5**
Expenses	4 994	5 066	5 416	5 618	**5 835**	**3.9**
Net	– 3 387	– 3 396	– 3 427	– 3 363	**– 3 320**	**.**
General government						
Receipts	2 701	2 946	3 074	**3 237**	**3 273**	**1.1**
Expenses	2 682	2 910	2 970	**3 175**	**3 366**	**6.0**
Net	19	37	104	**62**	**– 93**	**.**
Total						
Receipts	**27 540**	**30 472**	**28 744**	**25 884**	**27 686**	**7.0**
Expenses	**38 894**	**44 530**	**41 871**	**38 528**	**39 431**	**2.3**
Net	**– 11 354**	**– 14 057**	**– 13 127**	**– 12 644**	**– 11 745**	**.**

6.1 Swiss direct investment abroad – by economic activity [1]

Capital outflows [2, 3, 4]

In CHF millions

	2007	2008	2009	2010	2011
	1	2	3	4	5
Manufacturing	27 184	28 320	**10 495**	**7 245**	**20 420**
Textiles and clothing [5, 6]	4 656	38	– 3 145	**– 7 134**	**220**
Chemicals and plastics	9 795	6 022	**1 632**	**– 1 788**	**18 214**
Metals and machinery	5 079	4 186	374	**– 354**	**– 8 084**
Electronics, energy, optical and watchmaking	677	9 053	6 384	**9 364**	**3 927**
Other manufacturing and construction [7]	6 977	9 022	5 250	**7 156**	**6 144**
Services	34 059	20 780	**18 209**	**64 039**	**17 020**
Trade	– 381	6 445	**11 617**	**13 062**	**3 383**
Finance and holding companies	12 779	20 701	**– 5 726**	**31 000**	**630**
of which					
Swiss-controlled [8]	1 659	14 912	**– 6 853**	**981**	**2 497**
foreign-controlled [9]	11 120	5 789	**1 127**	**30 019**	**– 1 868**
Banks	12 187	1 095	3 310	4 535	**1 426**
Insurance companies	– 3 444	– 7 994	6 374	13 306	**11 701**
Transportation and communications [10]	7 531	955	**214**	**500**	**– 261**
Other services [11]	5 387	– 423	**2 421**	**1 635**	**142**
Total	61 242	49 100	**28 703**	**71 284**	**37 441**
Total excluding foreign-controlled finance and holding companies [9]	50 122	43 312	**27 576**	**41 264**	**39 308**

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, excluding banks.
5 Until 1992, in other manufacturing and construction.
6 Expansion of the reporting population in 2003.
7 Until 1992, including textiles and clothing.
8 A company is considered to be Swiss-controlled if a majority share of its capital is either in the hands of resident direct investors or is in free float.
9 A company is considered to be a foreign-controlled enterprise if a majority share of its capital is in the hands of non-resident direct investors.
10 Until 1992, in other services.
11 Until 1992, including transportation and communications.

6.2 Swiss direct investment abroad – by country [1]

Capital outflows [2, 3, 4]

In CHF millions

	2007	2008	2009	2010	2011
	1	2	3	4	5
Europe	44 621	26 728	**4 926**	**22 408**	**4 821**
EU [5]	36 866	16 199	**9 736**	**20 209**	**9 331**
Other European countries [6]	7 755	10 530	**– 4 810**	**2 199**	**– 4 511**
Selected countries					
Baltic countries [7]	62	– 7	42	**35**	**42**
Belgium	1 269	292	**– 1 592**	**1 378**	**5 871**
Bulgaria	89	– 9	– 146	**102**	**– 3**
Denmark	336	– 842	**– 23**	**7**	**98**
Germany	4 314	5 392	**4 378**	**3 066**	**3 549**
Finland	407	664	**433**	**137**	**334**
France [8]	6 185	3 083	**– 68**	**4 338**	**306**
Greece	938	672	**– 781**	**– 528**	**– 697**
Ireland	– 5 563	– 3 782	**51**	**2 464**	**804**
Italy	8 270	919	**– 699**	**– 165**	**– 786**
Croatia	194	178	37	**– 43**	**– 1**
Luxembourg	11 283	14 718	**– 4 921**	**41**	**1 322**
Netherlands	– 574	4 641	**6 056**	**3 646**	**– 1 493**
Norway	– 15	303	**147**	**116**	**30**
Austria	671	– 2 763	**703**	**– 296**	**567**
Poland	684	329	**290**	**– 262**	**351**
Portugal	– 948	– 44	**– 157**	**186**	**– 99**
Romania	295	468	– 126	**311**	**785**
Russian Federation	1 089	456	**– 744**	**1 134**	**533**
Sweden	104	2 182	**721**	**1 347**	**510**
Slovakia	85	23	**49**	**22**	**23**
Spain	– 2 288	– 313	**1 239**	**308**	**673**
Czech Republic	689	124	**226**	**164**	**38**
Turkey	456	474	37	**37**	**106**
Ukraine	255	465	348	**305**	**95**
Hungary	– 853	189	**– 253**	**– 243**	**28**
United Kingdom [9]	7 490	– 11 679	**5 856**	**7 268**	**– 2 984**
Offshore financial centres [10]	5 433	8 529	**– 4 374**	**494**	**– 5 448**
North America	1 529	26 352	**8 648**	**23 015**	**10 186**
Canada	2 460	– 2 692	**3 321**	**– 997**	**85**
United States	– 931	29 044	**5 327**	**24 013**	**10 102**
Central and South America	8 549	– 10 574	**6 250**	**16 284**	**2 101**
of which					
Argentina	221	192	507	**– 505**	**1 512**
Bolivia	44	0	36	– 43	**121**
Brazil	3 423	778	**154**	**8 319**	**1 249**
Chile	– 108	437	174	**204**	**312**
Costa Rica	752	124	33	**– 411**	**48**
Ecuador	47	– 64	19	**– 38**	**40**
Guatemala	7	– 27	18	**83**	**– 44**
Colombia	65	53	**221**	**207**	**– 346**
Mexico	418	398	**– 574**	**3 334**	**297**
Peru	– 173	358	347	**1**	**226**
Uruguay	78	323	**– 175**	**197**	**264**
Venezuela	– 99	315	399	**144**	**383**
Offshore financial centres [11]	2 956	– 13 493	**4 511**	**4 070**	**– 1 925**

	2007	2008	2009	2010	2011
	1	2	3	4	5
Asia	3 994	– 232	**8 199**	**8 673**	**14 502**
of which					
Bangladesh	– 13	65	10	**– 3**	**15**
China	776	1 401	**1 202**	**1 824**	**4 554**
Hong Kong	278	63	**826**	**451**	**321**
India	630	1 207	**877**	**1 839**	**634**
Indonesia	156	643	**318**	**722**	**– 212**
Israel	40	358	**178**	**400**	**1**
Japan	2 420	1 371	**1 945**	**316**	**2 798**
Korea, Republic of (South Korea)	794	839	**638**	**275**	**218**
Malaysia	101	95	**87**	**140**	**137**
Pakistan	279	42	329	**15**	**34**
Philippines	– 128	11	79	**272**	**38**
Saudi Arabia	15	479	124	**– 91**	**281**
Singapore	– 1 528	– 16 376	**1 464**	**2 388**	**1 094**
Sri Lanka	14	12	2	25	**16**
Taiwan	67	111	**122**	**69**	**400**
Thailand	460	5	**70**	**344**	**177**
United Arab Emirates	– 214	7 967	**– 809**	**– 1 757**	**3 598**
Viet Nam	14	158	8	**20**	**80**
Africa	1 591	3 797	**920**	**1 618**	**1 227**
of which					
Egypt	141	171	**51**	**202**	**– 61**
Côte d'Ivoire	79	3	114	118	**23**
Kenya	18	5	– 9	**– 175**	**33**
Morocco	45	63	**108**	**58**	**34**
Nigeria	22	59	62	**70**	**33**
South Africa	978	3 739	– 245	**127**	**263**
Tunisia	0	7	28	10	**38**
Oceania	958	3 030	**– 240**	**– 714**	**4 604**
of which					
Australia	819	2 870	**– 121**	**– 650**	**4 500**
New Zealand	114	178	**– 8**	**– 70**	**68**
All countries	61 242	49 100	**28 703**	**71 284**	**37 441**

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, excluding banks.
5 Until 1994, EU12; as of 1995, EU15; as of 2004, EU25; as of 2007, EU27.
6 Until 1994, including Finland, Austria and Sweden; as of 2000 including Guernsey, Jersey and the Isle of Man, excluding Monaco; until 2003, including Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; until 2006, including Bulgaria and Romania.
7 Estonia, Latvia and Lithuania.
8 As of 2000, including Monaco, Réunion, French Guiana, Guadeloupe and Martinique.
9 Until 1999, including Guernsey, Jersey and the Isle of Man.
10 Gibraltar, Guernsey, Jersey and the Isle of Man.
11 Anguilla, Bahamas, Barbados, Bermuda, Virgin Islands (British), Curaçao, Cayman Islands, Montserrat, Panama, St Kitts and Nevis, Sint Maarten; as of 2000, including Virgin Islands (US), Antigua and Barbuda, Belize, Dominica, Grenada, Saint Lucia, St Vincent and the Grenadines, Turks and Caicos Islands; as of 2011, including Aruba, excluding Bonaire, Sint Eustatius and Saba, Jamaica.

7.1 Foreign direct investment in Switzerland – by economic activity [1]

Capital inflows [2, 3]

In CHF millions

	2007	2008	2009	2010	2011
	1	2	3	4	5
Manufacturing	14 075	2 444	**9 242**	**– 804**	**1 356**
Chemicals and plastics	3 404	944	2 883	**2 684**	**3 174**
Metals and machinery	6 375	1 041	754	**– 261**	**– 130**
Electronics, energy, optical and watchmaking	3 636	– 705	**3 972**	**– 1 588**	**– 1 187**
Other manufacturing and construction	660	1 165	**1 633**	**– 1 639**	**– 501**
Services	24 859	13 958	**21 935**	**22 358**	**1 332**
Trade	2 403	– 5 319	**4 139**	**9 563**	**7 419**
Finance and holding companies	9 423	14 723	**15 793**	**11 016**	**– 5 657**
Banks [4]	3 417	2 518	2 287	**285**	**705**
Insurance companies	1 615	1 267	1 288	**1 299**	**– 1 445**
Transportation and communications [5]	6 498	– 187	**– 521**	**42**	**320**
Other services [6]	1 503	957	**– 1 051**	**154**	**– 10**
Total	38 934	16 403	**31 177**	**21 555**	**2 688**

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, including transportation and communications.

7.2 Foreign direct investment in Switzerland – by country[1]

Capital inflows[2, 3]

In CHF millions

	2007	2008	2009	2010	2011
	1	2	3	4	5
Europe	42 970	– 9 604	**79 110**	**9 513**	**– 678**
EU[4]	44 082	– 8 442	**78 327**	**9 620**	**– 6 201**
Other European countries[5]	– 1 112	– 1 162	**783**	**– 107**	**5 523**
Selected countries					
Belgium	1 057	– 2 289	**– 3 408**	**1 756**	**200**
Denmark	460	511	**– 395**	**– 4 652**	**– 35**
Germany	2 310	180	**1 311**	**– 3 126**	**2 192**
France[6]	1 919	– 2 925	**3 761**	**3 569**	**– 5 080**
Italy	778	1 191	– 144	**– 920**	**– 1 480**
Luxembourg	833	4 011	**23 353**	**11 050**	**– 6 812**
Netherlands	21 331	– 16 077	**34 319**	**– 1 890**	**5 364**
Austria	13 031	7 465	**6 933**	**1 645**	**2 132**
Sweden	1 273	666	**1 527**	**– 677**	**633**
Spain	– 263	74	**– 745**	**1 185**	**470**
United Kingdom[7]	– 460	– 3 947	**6 743**	**– 521**	**– 4 720**
North America	4 825	21 094	**– 36 251**	**1 102**	**– 959**
Canada	1 055	– 661	– 125	**– 28**	**– 34**
United States	3 770	21 755	**– 36 126**	**1 130**	**– 926**
Central and South America	– 8 816	5 143	**– 10 964**	**10 061**	**3 504**
of which					
Offshore financial centres[8]	– 180	5 134	**– 7 126**	**– 4 051**	**– 1 122**
Asia, Africa and Oceania	– 45	– 231	**– 718**	**880**	**821**
of which					
Israel	45	34	21	36	**1 307**
Japan	– 44	– 498	87	**192**	**– 47**
All countries	38 934	16 403	**31 177**	**21 555**	**2 688**

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, including Finland, Austria and Sweden; as of 2000 including Guernsey, Jersey and the Isle of Man, excluding Monaco; until 2003, including Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; until 2006, including Bulgaria and Romania.
6 As of 2000, including Monaco, Réunion, French Guiana, Guadeloupe and Martinique.
7 Until 1999, including Guernsey, Jersey and the Isle of Man.
8 Virgin Islands (US), Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Virgin Islands (British), Curaçao, Dominica, Grenada, Cayman Islands, Montserrat, Panama, St Kitts and Nevis, St Lucia, Sint Maarten, St Vincent and the Grenadines, Turks and Caicos Islands; as of 2011, including Aruba, excluding Bonaire, Sint Eustatius and Saba, Jamaica.

8.1 Portfolio investment – breakdown by securities[1]

In CHF millions

	2007	2008	2009	2010	2011
	1	2	3	4	5
Swiss portfolio investment abroad	– 25 008	– 71 345	– 40 340	**7 907**	**3 037**
Debt securities	– 18 715	– 67 369	– 38 384	**14 165**	**3 442**
Bonds and notes	– 33 804	– 70 692	– 45 220	**– 5 055**	**5 797**
Money market instruments	15 089	3 324	6 836	19 221	**– 2 355**
Equity securities	– 6 293	– 3 976	– 1 956	**– 6 258**	**– 406**
Shares	7 279	– 19 323	– 8 636	**– 5 082**	**– 4 901**
Collective investment schemes	– 13 572	15 347	6 680	**– 1 176**	**4 495**
Foreign portfolio investment in Switzerland	1 700	32 832	8 275	**23 065**	**– 19 983**
Debt securities	1 116	5 958	– 2 231	**30 213**	**– 26 220**
Bonds and notes	– 612	5 347	44	**561**	**– 4 329**
Public sector	– 466	2 334	– 2 471	**110**	**– 5 859**
Other	– 146	3 013	2 515	**451**	**1 530**
Money market instruments	1 729	611	– 2 275	29 653	**– 21 891**
Equity securities	584	26 874	10 506	**– 7 148**	**6 237**
Shares	– 9 040	12 413	8 873	**– 7 593**	**575**
Collective investment schemes	9 624	14 461	1 633	**445**	**5 662**
Net	– 23 308	– 38 513	– 32 066	**30 972**	**– 16 946**

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

8.2 Portfolio investment – breakdown by currency [1]

In CHF millions

	2007	2008	2009	2010	2011
	1	2	3	4	5
Swiss portfolio investment abroad	– 25 008	– 71 345	– 40 340	**7 907**	**3 037**
Debt securities	– 18 715	– 67 369	– 38 384	**14 165**	**3 442**
CHF	– 5 912	– 11 428	– 27 270	**– 3 319**	**15 703**
EUR	– 9 401	– 33 598	– 8 758	**20 735**	**3 377**
USD	767	– 18 469	– 3 163	**9 659**	**– 5 394**
Other currencies	– 4 168	– 3 866	799	**– 12 907**	**– 10 246**
Equity securities	– 6 293	– 3 976	– 1 956	**– 6 258**	**– 406**
CHF	– 2 416	5 393	5 691	31	**2 096**
EUR	– 1 518	3 952	– 6 524	**713**	**3 327**
USD	– 2 855	– 6 091	559	**– 3 268**	**– 2 831**
Other currencies	495	– 7 226	– 1 687	**– 3 724**	**– 3 004**
Foreign portfolio investment in Switzerland	1 700	32 832	8 275	**23 065**	**– 19 983**
Debt securities	1 116	5 958	– 2 231	**30 213**	**– 26 220**
CHF	529	4 101	– 3 645	**30 836**	**– 27 103**
EUR	452	1 548	158	**1 612**	**1 545**
USD	89	2 452	– 30	**– 2 143**	**– 193**
Other currencies	46	– 2 143	1 278	– 94	**– 468**
Equity securities	584	26 874	10 506	**– 7 148**	**6 237**
CHF	– 9 882	14 132	6 153	**– 7 775**	**1 133**
EUR	2 602	7 563	192	**– 2 366**	**610**
USD	8 182	4 742	3 538	**2 288**	**4 484**
Other currencies	– 319	437	620	706	**4**
Net	– 23 308	– 38 513	– 32 066	**30 972**	**– 16 946**

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

9.1 Commercial bank lending – breakdown by currency[1]

In CHF millions

	2007 1	2008 2	2009 3	2010 4	2011 5
Claims abroad	– 290 896	362 780	53 826	**14 918**	**– 5 883**
CHF	– 13 757	17 683	7 169	**1 383**	**– 9 657**
USD	44 260	116 832	– 4 555	**18 779**	**– 45 652**
EUR	– 36 493	28 541	– 18 139	**4 057**	**– 12 264**
Other currencies	– 285 928	191 353	70 796	**– 9 669**	**63 221**
All currencies	– 291 918	354 408	55 272	**14 550**	**– 4 352**
Precious metals	1 022	8 371	– 1 446	368	**– 1 531**
Liabilities abroad	296 587	– 299 949	– 10 645	**– 1 271**	**54 934**
CHF	7 331	– 5 679	2 834	**18 213**	**54 915**
USD	117 390	– 134 639	– 2 202	**– 6 477**	**42 608**
EUR	– 38 037	3 195	6 355	**– 11 962**	**– 11 585**
Other currencies	210 655	– 154 984	– 18 821	**– 1 808**	**– 30 889**
All currencies	297 338	– 292 106	– 11 834	**– 2 034**	**55 048**
Precious metals	– 751	– 7 843	1 190	**764**	**– 114**
Net	5 691	62 831	43 181	**13 647**	**49 051**
CHF	– 6 426	12 004	10 003	**19 596**	**45 258**
USD	161 650	– 17 807	– 6 757	**12 302**	**– 3 045**
EUR	– 74 530	31 737	– 11 783	**– 7 905**	**– 23 849**
Other currencies	– 75 273	36 369	51 975	**– 11 477**	**32 332**
All currencies	5 420	62 302	43 438	**12 515**	**50 697**
Precious metals	271	529	– 256	**1 132**	**– 1 645**

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

10.1 Corporate lending – breakdown by economic activity [1, 2, 3]

In CHF millions

	2007	2008	2009	2010	2011
	1	2	3	4	5
Claims abroad	– 40 403	3 010	– 7 953	**– 14 542**	**5 772**
Manufacturing	– 1 669	– 1 611	2 486	**– 783**	**146**
Chemicals and plastics	– 982	– 255	954	– 356	**– 108**
Metals and machinery	– 36	190	412	**– 66**	**591**
Electronics, energy, optical and watchmaking	– 645	– 1 580	1 484	**– 792**	**– 494**
Other manufacturing and construction	– 6	34	– 365	**430**	**157**
Services	– 38 734	4 621	– 10 439	– 13 758	**5 626**
Trade	– 10 254	3 211	– 6 137	**– 3 110**	**– 312**
Finance and holding companies	– 24 710	– 4 635	– 1 437	**– 10 255**	**4 139**
Insurance companies	– 3 331	4 741	– 3 457	– 388	**1 216**
Transportation and communications	– 228	– 134	475	– 353	**226**
Other services	– 212	1 438	118	347	**357**
Liabilities abroad	46 970	– 15 303	2 795	**10 547**	**4 121**
Manufacturing	2 316	4 281	– 3 892	**– 6 764**	**3 085**
Chemicals and plastics	– 1 196	65	– 1 557	1 307	**236**
Metals and machinery	1 962	1 342	– 109	**– 1 058**	**– 745**
Electronics, energy, optical and watchmaking	609	1 588	– 1 172	**– 261**	**744**
Other manufacturing and construction	940	1 286	– 1 055	**– 6 752**	**2 850**
Services	44 653	– 19 583	6 688	**17 311**	**1 036**
Trade	17 503	– 8 622	7 568	**6 795**	**7 824**
Finance and holding companies	14 103	6 456	1 876	**7 136**	**– 2 662**
Insurance companies	8 135	– 16 197	1 923	5 011	**– 3 095**
Transportation and communications	2 944	– 1 222	– 4 530	– 1 605	**– 989**
Other services	1 969	2	– 150	– 25	**– 41**
Net	6 566	– 12 293	– 5 158	**– 3 995**	**9 893**
Manufacturing	647	2 669	– 1 407	**– 7 548**	**3 231**
Services	5 919	– 14 962	– 3 751	**3 553**	**6 662**

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.

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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, *Statistics*, *Statistical Publications*. In addition, long time series are available.

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Further information

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