

Communications

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2009 Swiss Balance of Payments

Economic activity declined worldwide in 2009 as a consequence of the financial crisis. In Switzerland, falling domestic and foreign demand had a particularly strong impact on trading in goods (special trade). Exports fell by 13% and imports by 14%. In the case of exports, it was the sharpest drop since 1947, when current account statistics were first compiled. By contrast, the impact on trade in services, was less pronounced, with exports of services declining by 5% while imports of services actually rose by 9% above the figure for 2008. Net investment income recorded a surplus of CHF 32 billion, following the exceptional excess of expenses over receipts amounting to CHF 28 billion in 2008. The turnaround was attributable to a very substantial increase in foreign direct investment income (CHF 44 billion), following a sharp decrease in 2008 due to losses by banks' foreign subsidiaries. The developments in investment income also affected the results for the current account as a whole, with the current account surplus reaching CHF 64 billion, having dropped to CHF 10 billion in 2008. In relation to GDP, the surplus amounted to 12% (2008: 2%), thereby returning almost to the level that had prevailed before the beginning of the financial crisis.

In the financial account, both outflows and inflows were significantly lower than in 2008. Overall, a net capital outflow of CHF 27 billion was recorded, compared with CHF 20 billion in 2008. In direct investment, the chief development was a sharp fall in acquisitions abroad. Portfolio investment dropped significantly in both directions. The reduction in banks' claims and liabilities with respect to foreign parties continued, but on a far lower scale than in 2008. Due to the reduction in tension on financial markets, the Swiss National Bank (SNB) scaled back its swap and repo transactions with central banks and commercial banks abroad. This resulted in a capital inflow (2008: a capital outflow). In addition, the SNB purchased foreign exchange, thereby increasing its reserve assets by CHF 47 billion on a transaction basis. This resulted in capital outflows.

Current account

The effects of the global recession were particularly evident in goods trading (special trade), where receipts from exports dropped by 13% and expenses for imports by 14%. Exports by the machinery and metal industries were most strongly affected by the decline. The chemical industry, which is the most important export industry, managed to hold sales abroad at the 2008 level due to higher exports of pharmaceuticals. In imports, the largest decreases were recorded for imports of raw materials and semi-manufactures as

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well as for energy sources. Since imports fell more strongly than exports, the surplus in goods trading (special trade) increased by CHF 1 billion to CHF 20 billion, which is a new record. Income from trade in services dropped by 5%, with bank financial services, merchanting and transportation suffering the greatest losses. The decline in tourism and private insurance was less pronounced. Receipts from license and patent fees were up in 2008. Overall, expenses for services from abroad rose by 9%. This was mainly attributable to higher payments for the use of licenses and patents. By contrast, expenses for tourism and transportation services declined. The surplus in trade in services fell from CHF 50 billion to CHF 42 billion.

Income from direct investment abroad (receipts) surged from CHF 8 billion to CHF 52 billion. In 2008, bank losses at subsidiaries abroad had led to a radical cutback in income. In 2009, income from foreign direct investment in Switzerland (expenses) fell from CHF 49 billion to CHF 32 billion, driven mainly by lower income from foreign-controlled finance and holding companies. The surplus of receipts over expenses in direct investment income amounted to CHF 20 billion. In 2008, expenses had exceeded receipts by CHF 41 billion due to bank losses. In 2009, income from portfolio investments were strongly affected by lower dividend payments; both receipts and expenses declined significantly. Lower interest rates and capital holdings resulted in a substantial decline in receipts and expenses in banks' interest business (other investment). The surplus of receipts over expenses in the investment account amounted to CHF 32 billion. In 2008, a surplus of expenses amounting to CHF 28 billion had been recorded, due to developments in direct investment income. As a result of the turnaround in investment income in 2009, the current account balance rose from CHF 10 billion to CHF 64 billion.

Financial account

Direct investment abroad (capital outflows) halved in 2009, falling from CHF 56 billion to CHF 29 billion. Cross-border acquisitions in manufacturing, in particular, declined substantially. Indeed, in the case of finance and holding companies, the number of corporate sales significantly exceeded the number of purchases. Swiss companies invested primarily in existing subsidiaries abroad, with such investments being made in the form of reinvested earnings. As in 2008, the largest amounts were invested in the EU, followed by Asia, and Central and South America. Foreign direct investment in Switzerland (capital inflows) doubled from CHF 13 billion to CHF 26 billion. While foreign companies carried out more acquisitions in Switzerland, they also invested more capital in existing subsidiaries in Switzerland, in the form of reinvested earnings.

In the case of portfolio investment, Swiss investors purchased a net CHF 40 billion of securities issued by foreign borrowers (2008: CHF 71 billion), most of these in the form of debt securities. In addition, investors purchased shares at the cost of units in collective investment schemes. Foreign investors purchased a net CHF 8 billion of securities issued by domestic borrowers (2008: CHF 33 billion), mostly in the form of shares, and sold debt securities.

Banks continued to reduce their claims and liabilities with respect to banks abroad, although to a much lesser extent than in 2008. This resulted in net capital outflows of CHF 87 billion in interbank business. By contrast, business with foreign customers

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recorded a capital inflow of CHF 131 billion, due to the fact that deposits by foreign customers rose sharply. This was probably partly attributable to a shift from fiduciary investments abroad to bank deposits in Switzerland.

Due to the reduction in tension on money markets, the SNB scaled back its swap and repo transactions with central banks and commercial banks abroad. This gave rise to capital inflows amounting to CHF 18 billion (2008: capital outflows of CHF 35 billion). At the same time the SNB purchased large amounts of foreign exchange, thereby increasing its reserve assets by CHF 47 billion on a transaction basis (capital outflows).

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Balance of payments, net

In CHF billions

	2005	2006	2007	2008	2009
Current account	65.0	74.2	47.2	9.5	63.8
Goods	3.0	5.1	9.4	15.1	16.7
Services	33.5	39.3	45.3	49.6	42.3
Labour income	-10.4	-11.2	-12.4	-13.0	-13.4
Investment income	52.7	52.9	16.4	-28.3	31.5
Current transfers	-13.8	-11.7	-11.4	-13.9	-13.4
Capital transfers	-2.8	-5.4	-5.0	-3.8	-3.6
Financial account	-84.4	-91.5	-41.1	-19.9	-26.6
Direct investment	-64.8	-55.9	-6.0	-43.7	-2.6
Portfolio investment	-59.2	-53.5	-23.3	-38.5	-32.0
Derivatives and structured products		-3.7	-12.8	7.4	2.6
Other investment	16.9	22.1	5.0	59.0	52.2
of which					
Commercial bank lending	2.1	23.2	5.7	62.8	43.2
Corporate lending	16.9	15.6	6.6	-12.3	-5.0
Swiss National Bank lending	-1.2	0.7	0.0	-35.1	17.9
Other claims and liabilities	-0.8	-17.5	-7.3	43.6	-3.9
Reserve assets	22.7	-0.4	-4.1	-4.1	-46.8
Residual item	22.2	22.7	-1.2	14.2	-33.6
(net errors and omissions)					

The Swiss Balance of Payments will be available on the SNB website at www.snb.ch, *Publications*, as of 2 September 2010. The printed version may be obtained from the Swiss National Bank from 24 September 2010. (Subscribers to the SNB's *Monthly Statistical Bulletin* will receive the report automatically.)

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Tables

Swiss balance of payments

Components of the current account

Swiss direct investment abroad: breakdown by country

Foreign direct investment in Switzerland: breakdown by country

Chart

Current account, net

Overview of the Swiss balance of payments¹

In CHF billions

	2005	2006	2007	2008	2009
	1	2	3	4	5
Current account					
Current account, net	65.0	74.2	47.3	9.5	63.8
Goods, net	3.0	5.1	9.4	15.1	16.7
Special trade, ² net	7.9	12.1	14.0	19.4	20.3
Receipts	157.0	177.5	197.5	206.3	180.5
Expenses	- 149.1	- 165.4	- 183.6	- 186.9	- 160.2
Other trade, net	- 4.9	- 7.0	- 4.6	- 4.3	- 3.6
Services, net	33.5	39.3	45.4	49.6	42.3
Tourism, net	1.5	2.0	2.5	3.8	3.5
Receipts	12.5	13.5	14.6	15.6	15.0
Expenses	- 11.0	- 11.6	- 12.1	- 11.8	- 11.5
Bank financial services, net	16.2	18.0	21.0	18.5	15.5
Receipts	17.5	19.6	23.1	20.8	17.6
Expenses	- 1.3	- 1.6	- 2.1	- 2.3	- 2.1
Other services, net	15.8	19.3	21.9	27.2	23.3
Labour and investment income, net	42.3	41.6	4.0	- 41.3	18.2
Labour income, net	- 10.4	- 11.2	- 12.4	- 13.0	- 13.4
Receipts	2.0	2.1	2.2	2.4	2.4
Expenses	- 12.4	- 13.4	- 14.5	- 15.4	- 15.8
Investment income, net	52.7	52.9	16.4	- 28.3	31.5
Receipts	125.3	134.1	144.6	90.6	98.0
Portfolio investment	26.5	30.8	37.1	35.6	28.9
Direct investment	76.5	69.0	55.2	7.9	52.4
Other investment	22.3	34.3	52.3	47.1	16.8
Expenses	- 72.6	- 81.3	- 128.2	- 118.9	- 66.5
Portfolio investment	- 13.8	- 16.9	- 20.5	- 21.4	- 15.9
Direct investment	- 36.1	- 28.5	- 53.3	- 49.3	- 32.0
Other investment	- 22.7	- 35.9	- 54.3	- 48.1	- 18.6
Current transfers, net	- 13.8	- 11.7	- 11.4	- 13.9	- 13.4
Capital transfers					
Capital transfers, net	- 2.8	- 5.4	- 5.0	- 3.8	- 3.6
Financial account					
Financial account, net	- 84.4	- 91.5	- 41.1	- 19.9	- 26.6
Direct investment, net	- 64.8	- 55.9	- 6.0	- 43.7	- 2.6
Swiss direct investment abroad	- 63.7	- 95.1	- 58.8	- 56.3	- 28.8
Equity capital	- 22.0	- 62.7	- 43.7	- 57.9	- 1.9
Reinvested earnings	- 41.0	- 26.4	- 6.3	25.9	- 29.0
Other capital	- 0.7	- 6.0	- 8.8	- 24.3	2.0
Foreign direct investment in Switzerland	- 1.2	39.1	52.7	12.6	26.3
Equity capital	0.0	21.2	26.3	4.4	9.2
Reinvested earnings	- 2.8	14.7	35.5	2.2	17.7
Other capital	1.6	3.2	- 9.1	6.0	- 0.7
Portfolio investment, net	- 59.2	- 53.5	- 23.3	- 38.5	- 32.0
Swiss portfolio investment abroad	- 66.3	- 53.6	- 25.0	- 71.3	- 40.3
Debt securities	- 44.3	- 36.1	- 18.7	- 67.4	- 38.2
Bonds and notes	- 48.5	- 46.4	- 33.8	- 70.7	- 45.2
Money market instruments	4.2	10.3	15.1	3.3	7.0
Equity securities	- 22.0	- 17.5	- 6.3	- 4.0	- 2.1
Foreign portfolio investment in Switzerland	7.2	0.1	1.7	32.8	8.3
Debt securities	2.1	- 0.6	1.1	6.0	- 2.2
Bonds and notes	- 1.5	- 1.0	- 0.6	5.3	0.0
Money market instruments	3.5	0.3	1.7	0.6	- 2.3
Equity securities	5.1	0.7	0.6	26.9	10.5

2005	2006	2007	2008	2009
1	2	3	4	5

Financial account (continued)

Derivatives and structured products, net	.	- 3.7	- 12.8	7.4	2.6
Other investment, net	16.9	22.1	5.0	59.0	52.2
Commercial bank lending, net	2.1	23.2	5.7	62.8	43.2
Claims abroad	- 73.5	- 33.4	- 290.9	362.8	53.8
Claims against banks	- 71.4	- 14.5	- 241.5	336.6	32.1
Other claims	- 2.0	- 18.8	- 49.4	26.1	21.7
Liabilities abroad	75.5	56.6	296.6	- 299.9	- 10.6
Liabilities towards banks	72.4	53.6	292.3	- 346.1	- 119.4
Other liabilities	3.2	3.0	4.3	46.2	108.8
Corporate lending, ³ net	16.9	15.6	6.6	- 12.3	- 5.0
Claims abroad	3.4	3.8	- 40.4	3.0	- 7.7
Liabilities abroad	13.5	11.9	47.0	- 15.3	2.7
Government lending, net	0.1	0.5	3.1	5.4	0.0
SNB lending, net	- 1.2	0.7	0.0	- 35.1	17.9
Other claims and liabilities abroad, net	- 0.9	- 18.0	- 10.3	38.2	- 4.0
Reserve assets, total	22.7	- 0.4	- 4.1	- 4.1	- 46.8

Net errors and omissions

Net errors and omissions	22.2	22.7	- 1.2	14.2	- 33.6
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¹ The minus sign (-) indicates a surplus of imports over exports in the current account, and an export of capital in the other items.

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

³ Intragroup lending is shown under direct investment.

Components of the 2008 and 2009 current accounts in CHF billions¹ and percentage change from previous year

In CHF billions

	Receipts			Expenses			Net	
	2008	2009	Percent- age change	2008	2009	Percent- age change	2008	2009
	1	2	3	4	5	6	7	8
Current account								
Goods	217.0	188.4	- 13.2	- 201.9	- 171.7	- 14.9	15.1	16.7
Special trade ²	206.3	180.5	- 12.5	- 186.9	- 160.2	- 14.3	19.4	20.3
Other trade	10.7	7.9	- 25.8	- 15.0	- 11.5	- 23.1	- 4.3	- 3.6
Services	84.3	80.2	- 4.9	- 34.7	- 37.9	9.1	49.6	42.3
Tourism	15.6	15.0	- 3.8	- 11.8	- 11.5	- 2.4	3.8	3.5
Private insurance	6.3	5.9	- 6.6	- 0.7	- 0.9	25.4	5.6	5.0
Merchanting	14.2	11.9	- 16.6	.	.	.	14.2	11.9
Transportation	7.2	6.1	- 15.2	- 4.5	- 3.9	- 13.9	2.7	2.2
Postal, courier and telecommu- nications services	1.3	1.4	8.6	- 1.1	- 1.1	7.6	0.3	0.3
Other services	39.7	39.9	0.5	- 16.6	- 20.4	23.0	23.1	19.5
Bank financial services	20.8	17.6	- 15.7	- 2.3	- 2.1	- 10.7	18.5	15.5
Technological services	13.6	17.5	28.4	- 12.9	- 17.5	35.7	0.8	0.1
Other services	5.2	4.8	- 7.5	- 1.4	- 0.9	- 37.1	3.8	3.9
Labour and investment income	93.0	100.4	8.0	- 134.3	- 82.2	- 38.8	- 41.3	18.2
Labour income	2.4	2.4	0.2	- 15.4	- 15.8	2.3	- 13.0	- 13.4
Investment income	90.6	98.0	8.2	- 118.9	- 66.5	- 44.1	- 28.3	31.5
Current transfers	29.8	27.7	- 7.1	- 43.7	- 41.1	- 6.0	- 13.9	- 13.4
Private transfers	25.1	22.9	- 8.8	- 35.8	- 32.9	- 8.3	- 10.7	- 9.9
Public transfers	4.6	4.7	2.3	- 7.8	- 8.2	4.7	- 3.2	- 3.5
Total	424.0	396.7	- 6.4	- 414.5	- 332.9	- 19.7	9.5	63.8

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

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

Swiss direct investment abroad – by country ¹

Capital outflows ^{2,3,4}

In CHF millions

	2005	2006	2007	2008	2009
	1	2	3	4	5
Europe	24 649	38 397	42 360	25 131	11 835
EU ⁵	20 963	36 248	34 605	14 612	13 529
Other European countries ⁶	3 687	2 149	7 755	10 518	- 1 695
Selected countries					
Baltic countries ⁷	79	75	62	- 7	17
Belgium	- 2 981	138	1 269	291	1 973
Bulgaria	78	57	89	- 9	- 143
Denmark	- 416	570	336	- 839	41
Germany	8 259	8 855	4 314	5 387	2 068
Finland	- 14	406	407	668	752
France ⁸	1 909	1 705	6 185	3 162	450
Greece	282	536	938	672	- 895
Ireland	1 493	9 331	- 5 563	- 3 781	- 681
Italy	900	1 736	8 490	920	- 1 066
Croatia	51	71	194	178	45
Luxembourg	- 3 266	7 603	11 283	14 713	- 4 484
Netherlands	8 877	- 6 189	- 618	4 647	6 543
Norway	261	204	- 15	305	276
Austria	605	1 730	671	- 2 733	1 155
Poland	465	481	684	330	305
Portugal	- 21	1 853	- 948	- 44	- 134
Romania	154	320	295	467	- 163
Russian Federation	887	1 381	1 089	455	- 826
Sweden	- 2 020	- 493	104	2 186	362
Slovakia	31	88	85	24	42
Spain	2 699	971	- 2 288	- 259	744
Czech Republic	822	- 251	689	128	55
Turkey	722	49	456	462	141
Ukraine	192	683	255	465	361
Hungary	564	284	- 853	190	- 15
United Kingdom ⁹	2 639	6 784	7 490	- 11 689	7 025
Offshore financial centres ¹⁰	1 212	- 765	5 433	8 529	- 1 427
North America	22 832	23 008	1 515	35 208	4 517
Canada	6 077	1 907	2 460	- 2 692	396
United States	16 755	21 102	- 945	37 900	4 122
Central and South America	6 732	21 346	8 338	- 10 586	5 841
of which					
Argentina	407	10	221	198	170
Bolivia	8	0	44	0	36
Brazil	662	3 784	3 423	784	- 241
Chile	96	152	- 108	438	176
Costa Rica	476	646	752	124	23
Ecuador	50	- 38	47	- 64	19
Guatemala	0	14	7	- 27	16
Colombia	119	- 99	65	52	390
Mexico	107	757	418	392	- 667
Peru	- 34	- 26	- 173	358	128
Uruguay	135	746	52	323	192
Venezuela	90	181	- 99	313	385
Offshore financial centres ¹¹	2 636	15 683	2 770	- 13 509	4 545

2005	2006	2007	2008	2009
1	2	3	4	5

Asia	6 757	10 318	3 994	- 281	7 473
of which					
Bangladesh	- 3	13	- 13	65	7
China	829	920	776	1 359	852
Hong Kong	607	1 154	278	59	714
India	248	370	630	1 206	828
Indonesia	108	25	156	642	303
Israel	80	154	40	358	170
Japan	113	644	2 420	1 371	- 180
Korea, Republic of (South Korea)	670	498	794	839	628
Malaysia	- 76	109	101	96	70
Pakistan	183	296	279	43	318
Philippines	775	584	- 128	11	79
Saudi Arabia	108	69	15	479	122
Singapore	2 162	4 442	- 1 528	- 16 377	1 837
Sri Lanka	10	6	14	12	2
Taiwan	189	116	67	111	115
Thailand	285	509	460	5	42
United Arab Emirates	- 47	178	- 214	7 967	481
Viet Nam	- 22	48	14	158	- 3
Africa	1 731	810	1 591	3 799	1 859
of which					
Egypt	276	161	141	172	1 769
Côte d'Ivoire	- 2	77	79	3	112
Kenya	13	20	18	5	- 5
Morocco	59	34	45	64	105
Nigeria	- 6	19	22	59	66
South Africa	1 095	431	978	3 739	- 254
Tunisia	6	- 5	0	7	30
Oceania	949	1 192	958	3 032	- 2 680
of which					
Australia	869	1 126	819	2 872	- 2 691
New Zealand	58	38	114	178	- 10
All countries	63 651	95 071	58 755	56 303	28 845

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

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

³ Expansion of the reporting population in 2004.

⁴ Until 1985, excl. banks.

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

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

⁷ Estonia, Latvia and Lithuania.

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

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

¹⁰ Gibraltar, Guernsey, Jersey and the Isle of Man

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

Foreign direct investment in Switzerland – by country ¹

Capital inflows ^{2,3}

In CHF millions

	2005	2006	2007	2008	2009
	1	2	3	4	5
Europe	24 000	29 870	56 755	- 1 055	47 206
EU ⁴	24 031	29 802	57 866	158	46 346
Other European countries ⁵	- 31	68	- 1 112	- 1 213	860
Selected countries					
Belgium	- 1 073	69	1 057	- 2 285	- 3 090
Denmark	1 037	933	460	511	- 702
Germany	768	1 134	16 095	- 957	2 092
France ⁶	2 158	13 895	1 919	- 2 922	1 540
Italy	211	428	778	1 191	- 104
Luxembourg	- 278	3 414	833	9 856	12 956
Netherlands	10 330	8 756	21 331	- 14 770	23 044
Austria	9 826	2 534	13 031	10 733	2 827
Sweden	- 913	73	1 273	472	1 404
Spain	500	68	- 263	74	- 761
United Kingdom ⁷	1 370	- 1 896	- 460	- 4 403	6 901
North America	- 26 048	8 953	4 825	14 300	- 22 399
Canada	- 455	5 372	1 055	- 661	- 127
United States	- 25 594	3 581	3 770	14 960	- 22 271
Central and South America	878	162	- 8 816	- 394	1 744
of which					
Offshore financial centres ⁸	653	113	- 180	- 403	1 896
Asia, Africa and Oceania	- 14	147	- 45	- 231	- 272
of which					
Israel	62	54	45	34	42
Japan	- 117	- 90	- 44	- 498	165
All countries	- 1 184	39 132	52 719	12 620	26 280

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

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

³ Expansion of the reporting population in 2004.

⁴ Until 1994, EU12; as of 1995, EU15; as of 2004, EU25; as of 2007, EU27.

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

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

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

⁸ Virgin Islands (US), Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Virgin Islands (British), Dominica, Grenada, Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis, Saint Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.

Current account, net

