

Communications

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2010 Swiss Balance of Payments

The year 2010 was characterised by economic recovery in Switzerland and abroad. The Swiss current account surplus rose by CHF 25 billion to CHF 86 billion, or 16% of gross domestic product. The larger surplus was primarily attributable to net income from direct investment. While improved earnings by foreign subsidiaries resulted in higher receipts from direct investment abroad, the corresponding expenses, i.e. income earned on foreign direct investment in Switzerland, declined. Overall, the surplus in investment income rose by CHF 23 billion to CHF 49 billion. Receipts from exports of goods increased by 8%, while those for services were up by 5%. Expenses for imports of goods also rose, by 11%. By contrast, expenses for services obtained abroad declined slightly, by 2%. Overall, foreign trade in goods and services showed a surplus of receipts over expenses amounting to CHF 64 billion (2009: CHF 63 billion).

In the financial account, a net capital outflow of CHF 92 billion was recorded, compared with CHF 25 billion in 2009. The financial account was greatly influenced by transactions carried out by the Swiss National Bank (SNB). On the one hand, the SNB increased its reserve assets (on a transaction basis) by CHF 138 billion (2009: CHF 47 billion), which led to correspondingly high capital outflows. On the other hand, capital inflows amounting to CHF 31 billion resulted from the reduction in swap and repo business with other central banks and commercial banks abroad. The high net inflows of capital from portfolio investment (CHF 31 billion) were also related to the SNB, as foreign investors made large purchases of money market instruments issued by the SNB (SNB Bills). Direct investment recorded a net capital outflow of CHF 35 billion. Swiss direct investors reinvested profits earned by their subsidiaries abroad, while foreign investors withdrew funds from their subsidiaries in Switzerland. The lending and deposit business of commercial banks resulted in net capital inflows of CHF 15 billion.

Current account

Foreign trade recovered from the sharp downturn suffered in 2009. In goods trading (special trade), receipts from exports rose by 7% despite the high level of the Swiss franc. Metal industry exports, which had declined particularly markedly in 2009, recovered most strongly (21%). Expenses for imports grew more strongly (9%) than receipts for exports, with imports of raw materials and semi-manufactured goods as well as energy sources recording the greatest increases. The surplus in goods trading (special trade) was down by CHF 1 billion to CHF 19 billion.

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In cross-border trade in services, receipts were up by 5%. The most important contributory factor was higher receipts from merchanting business, which rose by one-third to CHF 20 billion. This was due to higher raw materials prices and a relocation of business operations to Switzerland. The increase in receipts from tourism and fees for the use of intellectual property (e.g. licences and patents) was less pronounced. Receipts from bank financial services continued to decrease and amounted to CHF 16 billion; this item has been falling for the last three years. Expenses for foreign travel, bank financial services and fees for the use of licences and patents were lower than in 2009. The only area where expenses were up on 2009 was transportation services. The surplus from trade in services increased by CHF 5 billion to CHF 51 billion.

Income from direct investment abroad (receipts) rose by CHF 19 billion to CHF 72 billion. Not since 2005–06 has such a high level of income been recorded. The earnings position of foreign subsidiaries improved for most industries. By contrast, income from foreign direct investment in Switzerland (expenses) fell from CHF 38 billion to CHF 35 billion. This was primarily due to reduced reinvested earnings (retained profits) of finance and holding companies in Switzerland. Income from portfolio investment in both directions increased from its exceptionally low level of 2009. In the case of income from other investment, both receipts and expenses decreased, although the decline was more pronounced for expenses. The main contributory factor was lower interest rates and capital holdings, which led to reduced earnings from bank interest rate business. Overall, the surplus in investment income rose by CHF 23 billion to CHF 49 billion, and thus was mainly responsible for the strong increase in the current account surplus by CHF 25 billion to CHF 86 billion.

Financial account

Direct investment abroad (capital outflows) increased from CHF 30 billion to CHF 40 billion. Swiss companies mainly invested in existing subsidiaries abroad. Insurance companies were most active, followed by finance and holding companies, although banks also invested considerable sums abroad. The largest amounts were invested in the US and in Central and South America. By contrast, Swiss companies withdrew significant amounts of capital from the EU. Foreign direct investment in Switzerland (capital inflows) amounted to CHF 5 billion, with foreign investors reinvesting earnings in Switzerland and granting loans to their subsidiaries. At the same time, there was some disinvestment, in particular by companies from the EU.

Looking at portfolio investment, for the first time Swiss investors sold more securities issued by foreign borrowers than they purchased (portfolio investment abroad). In net terms, CHF 8 billion flowed into Switzerland, due to sales of foreign money market instruments, the volume of which was higher than investments in shares and bonds. Foreign investors spent a net CHF 23 billion on Swiss-issued securities (portfolio investment in Switzerland), buying mainly money market instruments, in particular SNB Bills.

Banks further reduced their claims and liabilities with respect to banks abroad. This resulted in net capital inflows of CHF 19 billion in interbank operations. Business with customers abroad resulted in net capital outflows of CHF 3 billion. For the first time since

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2008, banks were again – on balance – lending to foreign customers. The SNB further reduced its swap and repo transactions with other central banks and with commercial banks abroad. This resulted in net capital inflows of CHF 31 billion. Since the SNB purchased considerable amounts of foreign exchange, reserve assets (on a transaction basis) increased by CHF 138 billion (capital outflows).

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Balance of payments, net

In CHF billions

	2006	2007	2008	2009	2010
Current account	72.9	46.6	12.6	61.2	85.9
Goods	5.1	9.4	15.1	16.7	13.5
Services	39.3	45.5	50.2	45.8	50.9
Labour income	-11.2	-12.5	-13.2	-13.7	-14.6
Investment income	51.3	15.6	-25.4	25.5	48.9
Current transfers	-11.7	-11.4	-14.1	-13.2	-12.8
Capital transfers	-5.4	-5.0	-3.8	-3.8	-4.5
Financial account	-75.8	-57.4	-9.0	-24.8	-91.6
Direct investment	-40.3	-22.3	-32.7	-0.4	-35.4
Portfolio investment	-53.5	-23.3	-38.5	-32.1	30.9
Derivatives and structured products	-3.7	-12.8	7.4	2.5	1.3
Other investment	22.1	5.0	59.0	51.9	49.4
of which					
Commercial bank lending	23.2	5.7	62.8	43.2	15.3
Corporate lending	15.6	6.6	-12.3	-5.2	-4.7
Swiss National Bank lending	0.7	0.0	-35.1	17.9	30.6
Other claims and liabilities abroad	-17.5	-7.3	43.5	-4.0	8.2
Reserve assets	-0.4	-4.1	-4.1	-46.8	-137.8
Residual item	8.3	15.9	0.2	-32.6	10.3
(net errors and omissions)					

For the first time, the Swiss Balance of Payments contains commentaries on the longer-term development of the balance of payments. This is situated at the beginning of the relevant sections and is printed on a grey background. The 2010 Balance of Payments report also includes a special article on longer-term movements in the trade account. The report will be available from 19 August 2011 on the SNB website at www.snb.ch, Publications. The printed version may be obtained from the SNB as of 15 September 2011. (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
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 Foreign direct investment in Switzerland – by country

Chart

Current account, net

Overview of the Swiss balance of payments¹

In CHF billions

	2006	2007	2008	2009	2010
	1	2	3	4	5
Current account					
Current account, net	72.9	46.6	12.6	61.2	85.9
Goods, net	5.1	9.4	15.1	16.7	13.5
Special trade, ² net	12.1	14.0	19.4	20.3	19.5
Receipts	177.5	197.5	206.3	180.5	193.5
Expenses	- 165.4	- 183.6	- 186.9	- 160.2	- 174.0
Other trade, net	- 7.0	- 4.6	- 4.3	- 3.6	- 6.0
Services, net	39.3	45.5	50.2	45.8	50.9
Tourism, net	2.0	2.5	3.8	3.5	4.0
Receipts	13.5	14.6	15.6	15.4	15.6
Expenses	- 11.6	- 12.1	- 11.8	- 11.8	- 11.6
Bank financial services, net	18.0	21.0	18.5	15.5	14.6
Receipts	19.6	23.2	20.8	17.6	16.4
Expenses	- 1.6	- 2.1	- 2.3	- 2.1	- 1.8
Other services, net	19.4	22.0	27.9	26.8	32.2
Labour and investment income, net	40.2	3.1	- 38.7	11.8	34.3
Labour income, net	- 11.2	- 12.5	- 13.2	- 13.7	- 14.6
Receipts	2.3	2.2	2.4	2.5	2.5
Expenses	- 13.4	- 14.7	- 15.6	- 16.2	- 17.1
Investment income, net	51.3	15.6	- 25.4	25.5	48.9
Receipts	134.1	144.6	90.3	97.9	116.7
Portfolio investment	30.8	37.1	35.6	28.9	30.0
Direct investment	69.0	55.2	7.9	53.4	72.0
Other investment	34.3	52.3	46.8	15.7	14.7
Expenses	- 82.8	- 128.9	- 115.7	- 72.4	- 67.8
Portfolio investment	- 16.9	- 20.5	- 21.4	- 15.9	- 17.9
Direct investment	- 30.0	- 54.1	- 46.2	- 38.2	- 34.7
Other investment	- 35.9	- 54.3	- 48.1	- 18.3	- 15.2
Current transfers, net	- 11.7	- 11.4	- 14.1	- 13.2	- 12.8
Capital transfers					
Capital transfers, net	- 5.4	- 5.0	- 3.8	- 3.8	- 4.5
Financial account					
Financial account, net	- 75.8	- 57.4	- 9.0	- 24.8	- 91.6
Direct investment, net	- 40.3	- 22.3	- 32.7	- 0.4	- 35.4
Swiss direct investment abroad	- 95.1	- 61.2	- 49.1	- 30.3	- 39.9
Equity capital	- 62.7	- 46.5	- 48.6	- 10.0	- 2.2
Reinvested earnings	- 26.4	- 6.3	25.9	- 27.7	- 31.6
Other capital	- 6.0	- 8.5	- 26.4	7.5	- 6.2
Foreign direct investment in Switzerland	54.8	38.9	16.4	29.9	4.5
Equity capital	35.4	12.5	- 0.9	19.7	- 7.3
Reinvested earnings	16.2	36.1	- 1.4	24.5	8.4
Other capital	3.2	- 9.7	18.6	- 14.4	3.4
Portfolio investment, net	- 53.5	- 23.3	- 38.5	- 32.1	30.9
Swiss portfolio investment abroad	- 53.6	- 25.0	- 71.3	- 40.3	7.9
Debt securities	- 36.1	- 18.7	- 67.4	- 38.4	14.1
Bonds and notes	- 46.4	- 33.8	- 70.7	- 45.2	- 5.1
Money market instruments	10.3	15.1	3.3	6.8	19.2
Equity securities	- 17.5	- 6.3	- 4.0	- 2.0	- 6.3
Foreign portfolio investment in Switzerland	0.1	1.7	32.8	8.3	23.0
Debt securities	- 0.6	1.1	6.0	- 2.2	30.2
Bonds and notes	- 1.0	- 0.6	5.3	0.0	0.6
Money market instruments	0.3	1.7	0.6	- 2.3	29.7
Equity securities	0.7	0.6	26.9	10.5	- 7.2

2006	2007	2008	2009	2010
1	2	3	4	5

Financial account (continued)

Derivatives and structured products, net	- 3.7	- 12.8	7.4	2.5	1.3
Other investment, net	22.1	5.0	59.0	51.9	49.4
Commercial bank lending, net	23.2	5.7	62.8	43.2	15.3
Claims abroad	- 33.4	- 290.9	362.8	53.8	44.2
Claims against banks	- 14.5	- 241.5	336.6	32.1	59.8
Other claims	- 18.8	- 49.4	26.1	21.7	- 15.6
Liabilities abroad	56.6	296.6	- 299.9	- 10.6	- 29.0
Liabilities towards banks	53.6	292.3	- 346.1	- 119.4	- 41.3
Other liabilities	3.0	4.3	46.2	108.7	12.3
Corporate lending, ³ net	15.6	6.6	- 12.3	- 5.2	- 4.7
Claims abroad	3.8	- 40.4	3.0	- 8.0	- 14.6
Liabilities abroad	11.9	47.0	- 15.3	2.8	9.9
Government lending, net	0.5	3.1	5.4	0.0	0.1
SNB lending, net	0.7	0.0	- 35.1	17.9	30.6
Other claims and liabilities abroad, net	- 18.0	- 10.3	38.2	- 4.0	8.1
Reserve assets, total	- 0.4	- 4.1	- 4.1	- 46.8	- 137.8

Net errors and omissions

Net errors and omissions	8.3	15.9	0.2	- 32.6	10.3
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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 2009 and 2010 current accounts in CHF billions¹ and percentage change from previous year

In CHF billions

	Receipts			Expenses			Net	
	2009	2010	Percent- age change	2009	2010	Percent- age change	2009	2010
	1	2	3	4	5	6	7	8
Current account								
Goods	188.4	204.3	8.4	- 171.7	- 190.8	11.1	16.7	13.5
Special trade ²	180.5	193.5	7.2	- 160.2	- 174.0	8.6	20.3	19.5
Other trade	7.9	10.8	36.2	- 11.5	- 16.8	45.3	- 3.6	- 6.0
Services	82.7	86.9	5.2	- 36.8	- 36.1	- 2.1	45.8	50.9
Tourism	15.4	15.6	1.5	- 11.8	- 11.6	- 1.9	3.5	4.0
Private insurance	6.1	5.1	- 15.5	- 0.9	- 0.9	- 2.6	5.1	4.2
Merchanting	14.4	19.8	37.5	.	.	.	14.4	19.8
Transportation	6.0	5.9	- 2.0	- 3.9	- 4.0	2.2	2.1	1.8
Postal, courier and telecommu- nications services	1.4	1.5	3.1	- 1.1	- 1.1	- 3.3	0.3	0.4
Other services	39.4	39.0	- 0.9	- 19.0	- 18.4	- 3.1	20.4	20.6
Bank financial services	17.6	16.4	- 6.3	- 2.1	- 1.8	- 12.7	15.5	14.6
Technological services	16.7	17.6	5.2	- 16.1	- 15.8	- 1.4	0.6	1.7
Other services	5.1	5.0	- 2.1	- 0.9	- 0.8	- 11.0	4.2	4.2
Labour and investment income	100.4	119.2	18.8	- 88.6	- 84.9	- 4.1	11.8	34.3
Labour income	2.5	2.5	- 0.7	- 16.2	- 17.1	5.8	- 13.7	- 14.6
Investment income	97.9	116.7	19.3	- 72.4	- 67.8	- 6.3	25.5	48.9
Current transfers	28.7	25.4	- 11.4	- 41.9	- 38.2	- 8.8	- 13.2	- 12.8
Private transfers	23.7	20.1	- 15.0	- 33.5	- 29.4	- 12.2	- 9.8	- 9.3
Public transfers	5.1	5.3	5.0	- 8.4	- 8.8	4.7	- 3.3	- 3.5
Total	400.2	435.9	8.9	- 339.0	- 349.9	3.2	61.2	85.9

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

	2006	2007	2008	2009	2010
	1	2	3	4	5
Europe	38 397	44 621	26 728	4 956	- 2 045
EU ⁵	36 248	36 866	16 199	9 671	- 9 163
Other European countries ⁶	2 149	7 755	10 530	- 4 715	7 118
Selected countries					
Baltic countries ⁷	75	62	- 7	42	- 21
Belgium	138	1 269	292	- 1 588	1 249
Bulgaria	57	89	- 9	- 146	7
Denmark	570	336	- 842	3	21
Germany	8 855	4 314	5 392	4 471	463
Finland	406	407	664	476	114
France ⁸	1 705	6 185	3 083	- 92	224
Greece	536	938	672	- 785	- 478
Ireland	9 331	- 5 563	- 3 782	49	2 418
Italy	1 736	8 270	919	- 681	- 389
Croatia	71	194	178	37	- 53
Luxembourg	7 603	11 283	14 718	- 4 998	- 9 195
Netherlands	- 6 189	- 574	4 641	6 040	- 3 383
Norway	204	- 15	303	168	121
Austria	1 730	671	- 2 763	685	- 50
Poland	481	684	329	289	- 433
Portugal	1 853	- 948	- 44	- 165	38
Romania	320	295	468	- 126	- 27
Russian Federation	1 381	1 089	456	- 740	889
Sweden	- 493	104	2 182	725	1 369
Slovakia	88	85	23	45	- 46
Spain	971	- 2 288	- 313	1 224	159
Czech Republic	- 251	689	124	210	122
Turkey	49	456	474	37	19
Ukraine	683	255	465	348	159
Hungary	284	- 853	189	- 262	- 152
United Kingdom ⁹	6 784	7 490	- 11 679	5 794	1 950
Offshore financial centres ¹⁰	- 765	5 433	8 529	- 4 304	5 844
North America	23 008	1 529	26 352	8 460	19 129
Canada	1 907	2 460	- 2 692	3 305	- 1 674
United States	21 102	- 931	29 044	5 155	20 804
Central and South America	21 346	8 549	- 10 574	6 280	15 245
of which					
Argentina	10	221	192	507	- 25
Bolivia	0	44	0	36	- 43
Brazil	3 784	3 423	778	157	8 543
Chile	152	- 108	437	174	201
Costa Rica	646	752	124	33	- 407
Ecuador	- 38	47	- 64	19	- 32
Guatemala	14	7	- 27	18	76
Colombia	- 99	65	53	220	215
Mexico	757	418	398	- 560	3 317
Peru	- 26	- 173	358	347	0
Uruguay	746	78	323	- 177	188
Venezuela	181	- 99	315	399	143
Offshore financial centres ¹¹	15 683	2 956	- 13 493	4 526	2 340

	2006	2007	2008	2009	2010
	1	2	3	4	5

Asia	10 318	3 994	- 232	8 192	6 683
of which					
Bangladesh	13	- 13	65	10	- 4
China	920	776	1 401	1 195	1 495
Hong Kong	1 154	278	63	833	193
India	370	630	1 207	879	1 872
Indonesia	25	156	643	317	725
Israel	154	40	358	184	402
Japan	644	2 420	1 371	1 948	195
Korea, Republic of (South Korea)	498	794	839	629	260
Malaysia	109	101	95	82	109
Pakistan	296	279	42	329	14
Philippines	584	- 128	11	79	222
Saudi Arabia	69	15	479	124	- 100
Singapore	4 442	- 1 528	- 16 376	1 472	1 347
Sri Lanka	6	14	12	2	25
Taiwan	116	67	111	121	46
Thailand	509	460	5	63	262
United Arab Emirates	178	- 214	7 967	- 811	- 1 770
Viet Nam	48	14	158	8	28
Africa	810	1 591	3 797	2 626	1 718
of which					
Egypt	161	141	171	1 759	119
Côte d'Ivoire	77	79	3	114	118
Kenya	20	18	5	- 9	10
Morocco	34	45	63	107	66
Nigeria	19	22	59	62	83
South Africa	431	978	3 739	- 245	49
Tunisia	- 5	0	7	28	10
Oceania	1 192	958	3 030	- 247	- 833
of which					
Australia	1 126	819	2 870	- 127	- 771
New Zealand	38	114	178	- 9	- 64
All countries	95 071	61 242	49 100	30 267	39 897

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), Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis; as of 2000, including 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

	2006	2007	2008	2009	2010
	1	2	3	4	5
Europe	45 553	42 970	- 9 604	78 456	- 6 053
EU ⁴	45 485	44 082	- 8 442	77 493	- 5 929
Other European countries ⁵	68	- 1 112	- 1 162	963	- 124
Selected countries					
Belgium	69	1 057	- 2 289	- 3 412	2 440
Denmark	933	460	511	- 611	- 5 053
Germany	15 299	2 310	180	1 313	- 704
France ⁶	13 895	1 919	- 2 925	3 796	2 249
Italy	428	778	1 191	- 144	- 907
Luxembourg	3 414	833	4 011	23 349	- 380
Netherlands	10 274	21 331	- 16 077	34 147	- 7 046
Austria	2 534	13 031	7 465	6 727	1 771
Sweden	73	1 273	666	1 518	- 106
Spain	68	- 263	74	- 765	164
United Kingdom ⁷	- 1 896	- 460	- 3 947	6 515	- 569
North America	8 953	4 825	21 094	- 37 037	- 22
Canada	5 372	1 055	- 661	- 125	45
United States	3 581	3 770	21 755	- 36 912	- 67
Central and South America	162	- 8 816	5 143	- 11 058	10 177
of which					
Offshore financial centres ⁸	113	- 180	5 134	- 7 221	- 4 009
Asia, Africa and Oceania	147	- 45	- 231	- 510	425
of which					
Israel	54	45	34	21	36
Japan	- 90	- 44	- 498	87	21
All countries	54 815	38 934	16 403	29 851	4 528

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, 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), 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

