

## Communications

P.O. Box, CH-8022 Zurich  
Telephone +41 44 631 31 11  
communications@snb.ch

Zurich, 13 December 2011

## Direct investment in 2010

### **Higher Swiss capital outflows for direct investment abroad – continued recovery in earnings of subsidiaries abroad – decline in foreign direct investment in Switzerland**

Swiss direct investment abroad (capital outflows) rose from CHF 30 billion to CHF 67 billion, an increase that was mainly attributable to higher investment by foreign-controlled finance and holding companies. Substantial fluctuations in direct investment by this industry are not unusual, often having little to do with general developments in direct investment. Excluding these companies, direct investment was up from CHF 29 billion to CHF 39 billion, with insurance companies and banks, in particular, investing more than in 2009, while manufacturing invested less. Investment was mainly directed towards existing subsidiaries abroad. By contrast, acquisition activity persisted at the low level of 2009.

Capital stock in the subsidiaries of Swiss direct investors abroad rose by CHF 26 billion to CHF 878 billion. The main factor in the increase was the capital outflows, while exchange rate movements had a negative impact on the capital stock measured in terms of Swiss francs. The number of staff employed by subsidiaries abroad was up by 1% to 2,664 million. Once again, staff numbers in Asia rose faster than in other areas – by 5%.

Income from direct investment abroad again increased – from CHF 52 billion to CHF 73 billion. It benefited from the favourable global economic climate, recovering further from the lowest point recorded in 2008 as a result of the losses recorded by the banks' foreign subsidiaries.

Compared to other countries, Switzerland has a high level of direct investment abroad. According to the IMF, it was the seventh largest direct investor in the world at the end of 2009. The only countries ahead of Switzerland are the US, the UK, France and Germany, as well as the Netherlands and Luxembourg, which are holding locations. The reasons for Switzerland's high ranking include the fact that numerous headquarters of large multinationals are located in the country and also that it is popular as a location for foreign-controlled holding companies.

Capital inflows for foreign direct investment in Switzerland amounted to CHF 21 billion (2009: CHF 31 billion). They consisted mainly of intragroup lending and retained profits (reinvested earnings). Under equity capital, by contrast, a net repatriation of funds was recorded.

13 December 2011

2

The stock of foreign direct investment in Switzerland increased by CHF 18 billion to CHF 526 billion, with most of this increase relating to finance and holding companies. In the breakdown by immediate investor, almost all country groups recorded slight increases. However, in the breakdown by ultimate beneficial owner, the capital stock of investors from North America and from Central and South America rose, while that of those from Europe declined.

At CHF 39 billion, income earned on foreign direct investment in Switzerland was almost as high as in 2009 (CHF 40 billion). The income of finance and holding companies was somewhat lower than in 2009, as was that of banks. By contrast, the other industries achieved slightly higher income figures overall.

The total number of staff working for foreign companies in Switzerland was 423,000 or 10% of employees in the manufacturing and services sectors, which totalled 4,119 million at the end of 2010.

**Direct investment in 2010: Overview**

Table 1

	2009	2010	Change in percent
<b>Swiss direct investment abroad</b>			
Capital outflows in CHF billions	30.2	67.6	123.4
Capital stock in CHF billions	852.0	877.7	3.0
Investment income in CHF billions	52.4	73.2	39.8
Number of staff in thousands	2637.9	2663.5	1.0
<b>Foreign direct investment in Switzerland</b>			
Capital inflows in CHF billions	31.2	21.3	-31.8
Capital stock in CHF billions	507.4	525.5	3.6
Investment income in CHF billions	39.7	39.0	-1.6
Number of staff <sup>1</sup> in thousands	422.0	423.4	0.3

<sup>1</sup> Including companies not covered by the survey on direct investments since they are below the reporting limit.

The *Direct Investment 2010* report is available from today on the SNB website, [www.snb.ch](http://www.snb.ch), *Statistics, Statistical publications*. The printed version may be obtained from the Swiss National Bank as of 29 December 2011. (Subscribers to the SNB's *Monthly Statistical Bulletin* will receive the report automatically.)

For further information please contact Alexander Flühmann, Swiss National Bank, telephone +41 44 631 34 84