

## Communications

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## Direct investment 2011

**Decrease in capital outflows for direct investment as a whole, but substantially higher capital outflows in manufacturing – Asia as main destination for capital outflows – stocks of direct investment abroad reach CHF 1,000 billion for the first time – decline in capital inflows for foreign direct investment in Switzerland**

In 2011, direct investment abroad (capital outflows) decreased, from CHF 83 billion in 2010 to CHF 42 billion. The decline was mainly attributable to lower investment by foreign-controlled finance and holding companies, where capital outflows were down, from CHF 41 billion in 2010 to CHF 3 billion. Substantial fluctuations in direct investment by this category are not unusual, and often have no connection with general developments in direct investment. Excluding these companies, direct investment decreased only slightly, from CHF 41 billion to CHF 39 billion. Trade, insurance companies and banks invested less than in 2010. However, manufacturing, particularly the chemicals and plastics category, invested considerably more abroad. As in 2010, Swiss companies mainly invested overseas, and for the first time the largest amount of capital went to Asia.

Capital stock in the subsidiaries of Swiss direct investors abroad rose by CHF 30 billion to CHF 1,000 billion. The main factor in the increase was capital outflows; exchange rate movements, however, had a slightly negative impact on the capital stock, measured in terms of Swiss francs. The number of staff employed by subsidiaries abroad was up by 5% to 3.0 million. Once again, staff numbers in Asia rose faster than in other areas – by 16%. Almost one in four people employed by Swiss direct investors abroad works in Asia (23%, compared with 21% last year).

Income from direct investment abroad (receipts) plunged from CHF 75 billion to CHF 44 billion. The drop affected most categories, with the fall most pronounced at the subsidiaries of companies in the finance and holding category.

By comparison with other countries, Switzerland has high levels of direct investment abroad. At the end of 2010, Switzerland was the seventh-highest direct investor in the world (source: IMF, <http://cdis.imf.org>). 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.

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The only countries ahead of Switzerland are the US, the UK, France and Germany, as well as two other holding locations, the Netherlands and Luxembourg.

In 2011, capital inflows for foreign direct investment in Switzerland decreased, from CHF 34 billion in 2010 to CHF 10 billion. The decline was mainly attributable to movements in intragroup lending. In 2011, this item showed a capital outflow abroad amounting to CHF 4 billion, compared with a capital inflow of CHF 15 billion in 2010.

Stocks of foreign direct investment in Switzerland rose by CHF 26 billion to CHF 607 billion. The increase was mainly due to the reclassification of a company that was previously Swiss-controlled, and is now included under the foreign-controlled companies. According to the breakdown by immediate investor, it was mainly the capital stock of investors from the other European countries category (Europe without the EU) and from Asia that increased, while according to the breakdown by ultimate beneficial owner, the main increase was recorded among investors from the other European countries category and the US. The capital stock of investors from the EU declined substantially, according to both breakdowns.

At CHF 36 billion, income earned on foreign direct investment in Switzerland was slightly lower than in 2010 (CHF 38 billion). This was mainly due to lower income in the trade and insurance categories. Income in manufacturing, by contrast, registered an increase.

The total number of staff working for foreign companies in Switzerland was 431,000, or 11% of total domestic headcount in the manufacturing and services industries, which totalled 4.1 million at the end of 2011.

**Direct investment in 2011: Overview**

	2010	2011	Change in percent
<b>Swiss direct investment abroad</b>			
Capital outflows in CHF billions	82.7	42.0	-49.2
Capital stock in CHF billions	970.4	1000.3	3.1
Investment income in CHF billions	75.3	44.1	-41.4
Number of staff in thousands	2820.6	2963.5	5.1
<b>Foreign direct investment in Switzerland</b>			
Capital inflows in CHF billions	33.9	10.5	-69.1
Capital stock in CHF billions	580.4	606.8	4.5
Investment income in CHF billions	37.5	35.6	-5.2
Number of staff <sup>1</sup> in thousands	419.6	430.6	2.6

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

The *Direct Investment 2011* report is available from today on the SNB website, *Statistics, Statistical publications*. The printed version may be obtained from the SNB as of 27 December 2012. (Subscribers to the SNB's *Monthly Statistical Bulletin* will receive the report automatically.)

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