

Communications

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Direct Investment, 2020 edition

Swiss direct investment abroad

In 2020, companies domiciled in Switzerland (resident companies) continued to withdraw funds from their non-resident subsidiaries. The net disinvestment amounted to CHF 34 billion (2019: CHF 54 billion) and was primarily attributable to finance and holding companies, which withdrew CHF 53 billion from their non-resident subsidiaries. In particular, they reduced the equity capital of their subsidiaries as part of corporate restructuring. By contrast, resident companies in the other industry categories recorded a net increase in their direct investment, notably in the trade (CHF 12 billion) and ‘other services’ (CHF 7 billion) categories in the services sector, and in the chemicals and plastics category (CHF 12 billion) in the manufacturing sector.

The withdrawal of funds primarily concerned subsidiaries in holding company locations. Disinvestment in Luxembourg, Ireland and the Netherlands totalled CHF 49 billion. Resident companies withdrew a further CHF 42 billion from Cyprus and CHF 27 billion from the offshore financial centres in Central and South America. Other holding company locations, by contrast, benefited from corporate restructuring. Hungary, in particular, recorded direct investment inflows of CHF 25 billion. As regards Europe, resident companies also invested in Spain (CHF 3 billion), in the form of acquisitions, as well as in the UK (CHF 5 billion). Outside Europe, the US (CHF 16 billion) and Singapore (CHF 11 billion) were the most popular destinations for Swiss direct investment.

Press release

Stocks of direct investment abroad came to CHF 1,460 billion, of which equity capital accounted for CHF 1,354 billion (93%), and intragroup loans CHF 106 billion (7%). At CHF 578 billion (40%), by far the largest capital stocks abroad were reported by finance and holding companies, this despite the disinvestment in the last two years. They were followed by the chemicals and plastics category at CHF 179 billion (12%).

Due to the impact of the coronavirus pandemic, income from direct investment abroad declined by 27% year-on-year from CHF 105 billion to CHF 77 billion. Resident investors received significantly reduced dividends from their non-resident subsidiaries (down CHF 28 billion to CHF 61 billion). Lower income was recorded by subsidiaries in both the services sector (down CHF 22 billion to CHF 41 billion) and the manufacturing sector (down CHF 6 billion to CHF 36 billion).

Foreign direct investment in Switzerland

In 2020, non-resident investors again effected substantial withdrawals from resident companies. The net disinvestment amounted to CHF 153 billion (2019: CHF 105 billion; 2018: CHF 82 billion). The bulk of the withdrawals (CHF 165 billion) were in the finance and holding companies category, where US parent companies liquidated or reduced the balance sheets of their Swiss-domiciled subsidiaries. The subsidiaries concerned were largely special purpose entities (SPEs), i.e. companies with a specific activity set up for a narrowly defined task, such as the financing of groups or tax optimisation. By contrast with the finance and holding companies category, other industries mainly registered inflows. In the services sector, non-resident investors predominantly invested in companies in the 'other services' category (CHF 11 billion), and as regards the manufacturing sector primarily in the 'other manufacturing and construction' category (CHF 12 billion).

Stocks of foreign direct investment in Switzerland amounted to CHF 1,216 billion, of which equity capital accounted for CHF 1,159 billion (95%) and intragroup loans for CHF 58 billion (5%). A breakdown by immediate investor shows that 73% of the capital stocks originated from EU investors and 13% from US investors. However, this breakdown does not fully reflect the domiciles of the ultimate beneficial owners in control of resident companies. This is because foreign direct investment stocks in Switzerland are largely held via intermediate companies controlled by groups headquartered in a third country. The SNB therefore publishes an alternative breakdown of capital stocks by domicile of the ultimate beneficial owner. This breakdown shows that investors from the US and the EU controlled 47% and 29% of the capital stocks respectively.

Press release

Due to the impact of the coronavirus pandemic, income from foreign direct investment in Switzerland declined by 36% from CHF 109 billion to CHF 69 billion. At the same time, dividends and net interest transferred to non-resident investors came to CHF 73 billion, resulting in negative reinvested earnings of CHF –4 billion. Lower investment income was recorded by subsidiaries in both the services sector (down CHF 35 billion to CHF 53 billion) and the manufacturing sector (down CHF 5 billion to CHF 16 billion).

Operational data on multinational enterprises

The Swiss-controlled companies surveyed by the SNB controlled 19,200 non-resident subsidiaries, where they employed 2,019,000 people and generated annual turnover of CHF 696 billion. Swiss groups recorded a 7% decrease in turnover year-on-year at their non-resident subsidiaries due to the impact of the coronavirus pandemic. The number of employees abroad declined by 3%. The companies surveyed by the SNB that have participations in non-resident enterprises are also significant employers in Switzerland, where they employed 539,000 people.

Remarks

Comprehensive tables on direct investment and operational data on multinational enterprises are available on the SNB's data portal (data.snb.ch) under 'Table selection/International economic affairs'. The data can be accessed in the form of charts and configurable tables. The data portal also has information on the methods used in direct investment statistics, under 'International economic affairs/Notes'.

As is customary, the Direct Investment 2020 report includes a revision of past years' figures, in this case for the period 2016–2019. All components of direct investment in both directions as well as the operational data on non-resident subsidiaries have been revised. Overall, the revisions were less extensive than in previous years.

The staff numbers at resident parent companies are published by the Swiss Federal Statistical Office (SFSO) as part of their enterprise groups statistics (STAGRE). The SNB publishes the staff numbers of those resident parent companies that are included in its surveys.

Press release

DIRECT INVESTMENT 2020: OVERVIEW

		2019	2020
Swiss direct investment abroad			
Capital transactions	in CHF billions	-54.5	-34.0
Capital stocks	in CHF billions	1 477.1	1 460.0
Investment income	in CHF billions	105.2	77.0
Foreign direct investment in Switzerland			
Capital transactions	in CHF billions	-105.4	-153.1
Capital stocks	in CHF billions	1 376.0	1 216.3
Investment income	in CHF billions	108.9	69.3
Operational data on non-resident subsidiaries abroad and their resident parent companies¹			
Number of staff at non-resident subsidiaries of resident companies	in thousands	2 086.6	2 019.0
Turnover of non-resident subsidiaries of resident companies	in CHF billions	748.6	695.7
Number of non-resident subsidiaries		19 638	19 233
Number of staff at resident parent companies	in thousands	549.8	539.2

1 Only includes companies covered by the direct investment statistics.

Source(s): SNB

The report will be available from 17 December 2021 on the SNB website at [www.snb.ch/Statistics/Reports and press releases](http://www.snb.ch/Statistics/Reports%20and%20press%20releases). The printed version may be obtained from the SNB from 22 December 2021.