

Direct Investment 2023

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
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Direct Investment 2023

Volume 24

Contents

	Page
1 Summary of direct investment in 2023	4
2 Swiss direct investment abroad	6
Capital transactions	6
Capital stocks	7
Investment income	10
3 Foreign direct investment in Switzerland	11
Capital transactions	11
Capital stocks	12
Investment income	15
4 Operational data on non-resident subsidiaries and their resident parent companies	16
Number of staff at non-resident subsidiaries of resident companies	16
Number of non-resident subsidiaries of resident companies	18
Turnover of non-resident subsidiaries of resident companies	19
Number of staff at resident parent companies	21

1

Summary of direct investment in 2023

Presence of Swiss-controlled multinational enterprises increased abroad, both financially, through direct investment, and operationally, with more staff – foreign direct investment in Switzerland reduced – lower income from direct investment

SWISS DIRECT INVESTMENT ABROAD

In 2023, companies domiciled in Switzerland (resident companies) invested more funds in their non-resident subsidiaries than they withdrew from them; net direct investment amounted to CHF 49 billion. The last time net direct investment abroad was positive was in 2018; from 2019 to 2022 resident companies registered net repatriations of funds from their non-resident subsidiaries every year. Direct investment activity in 2023 was dominated by two opposing developments. Companies in the manufacturing and services sectors (excluding foreign-controlled finance and holding companies) invested CHF 92 billion abroad, significantly more than in 2022. By contrast, foreign-controlled finance and holding companies continued to reduce their direct investments abroad (down CHF 43 billion). A substantial part of these withdrawals (CHF 31 billion) was made via special purpose entities (SPEs), companies that are set up for a narrowly defined task and do not carry out any operational activities.

Resident companies invested mainly in Europe (CHF 59 billion), the majority in the holding company locations of Cyprus (CHF 37 billion) and Luxembourg (CHF 18 billion), followed by the UK (CHF 12 billion) and Germany (CHF 11 billion). Outside Europe, Swiss direct investments were made predominantly in the US (CHF 15 billion) and Asia (CHF 7 billion). On the other hand, Swiss-domiciled companies reduced their direct investments in Central and South America (down CHF 23 billion), primarily attributable to withdrawals from the offshore financial centres located there.

At the end of 2023, direct investment stocks abroad amounted to CHF 1,288 billion. At CHF 479 billion (37% of the total), finance and holding companies reported the largest capital stocks abroad, followed by companies in the chemicals and plastics category at CHF 190 billion (15%).

Income from direct investment declined by CHF 13 billion to CHF 94 billion compared to the previous year (down 12%). Both dividends (down CHF 5 billion to CHF 70 billion) and reinvested earnings (down CHF 6 billion to CHF 23 billion) were affected.

FOREIGN DIRECT INVESTMENT IN SWITZERLAND

In 2023, non-resident entities again repatriated capital from resident companies. The net disinvestment amounted to CHF 49 billion (2022: CHF 63 billion). The withdrawals were largely in the finance and holding companies category (CHF 40 billion), particularly SPEs (CHF 29 billion). Withdrawals from finance and holding companies have been observed since 2018.¹ In the period 2018–2023, these amounted to CHF 560 billion on a cumulative basis. Non-resident entities withdrew a further CHF 10 billion from companies in trade and CHF 2 billion from companies in manufacturing in the year under review. Direct investment inflows remained the exception, with non-resident entities investing CHF 3 billion in insurance companies and CHF 2 billion in companies from the transportation and communications category.

At the end of 2023, stocks of foreign direct investment in Switzerland amounted to CHF 930 billion. A breakdown by immediate investor shows that 65% of the capital stocks originated from investors domiciled in the EU and 16% from investors domiciled in the US. 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 held 39% and 32% of the capital stocks respectively.

Income from direct investment in Switzerland declined by CHF 8 billion to CHF 97 billion compared to the previous year (down 7%). Since at the same time resident subsidiaries paid out higher dividends to non-resident investors (up CHF 11 billion to CHF 84 billion), there was a significant decrease in reinvested earnings (down CHF 19 billion to CHF 12 billion).

¹ Cf. Special topic: 'Pass-through capital in Switzerland's direct investment statistics – current developments' in the Direct Investment 2021 report, pp. 25 et seq.

OPERATIONAL DATA ON NON-RESIDENT SUBSIDIARIES AND THEIR RESIDENT PARENT COMPANIES

In 2023, the Swiss-controlled companies surveyed by the SNB had 21,200 non-resident subsidiaries, where they employed 2,503,000 people and generated annual turnover of CHF 869 billion. The number of employees rose by a total of 117,000 year-on-year (up 5%) due to acquisitions and new companies surveyed, while at the same time turnover declined by CHF 33 billion (down 4%). The Swiss-controlled companies surveyed by the SNB that have participations in non-resident enterprises are also significant employers in Switzerland, where staff numbered 556,000.

AVAILABILITY AND REVISION OF DATA

Comprehensive tables on direct investment and operational data for multinational enterprises are available on the SNB's data portal at data.snb.ch, Topics/International economic affairs/Data/Direct investment. The data can be accessed in the form of charts and configurable tables. Further time series can be found under Topics/International economic affairs/Supplementary data/Direct investment. Information on the methods used in direct investment statistics is available under Topics/International economic affairs/Notes, changes and revisions/Direct investment.

As usual, the publication of the Direct Investment report includes a revision of past years' figures. In the case of the 2023 report, the revision relates to the period 2019–2022. The textiles and clothing category is no longer reported separately in the tables on Swiss direct investment abroad and operational data; it is now included in the 'Other manufacturing and construction' category. However, time series on textiles and clothing are still available in the supplementary data.

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.

Table 1

DIRECT INVESTMENT 2023: OVERVIEW

		2022	2023
Swiss direct investment abroad			
Capital transactions	in CHF billions	-79.0	49.4
Capital stocks	in CHF billions	1 305.5	1 287.8
Investment income	in CHF billions	107.5	94.3
Foreign direct investment in Switzerland			
Capital transactions	in CHF billions	-63.2	-49.1
Capital stocks	in CHF billions	1 028.3	930.3
Investment income	in CHF billions	105.1	97.4
Operational data on non-resident subsidiaries and their resident parent companies¹			
Number of staff at non-resident subsidiaries	in thousands	2 386.5	2 503.2
Turnover of non-resident subsidiaries	in CHF billions	902.2	869.1
Number of non-resident subsidiaries		21 040	21 209
Number of staff at resident parent companies	in thousands	538.7	556.2

¹ Only includes companies covered by the direct investment statistics.

Source(s): SNB

2 Swiss direct investment abroad

CAPITAL TRANSACTIONS

In 2023, companies domiciled in Switzerland (resident companies) invested more funds in their non-resident subsidiaries than they withdrew from them; net direct investment amounted to CHF 49 billion. The last time net direct investment abroad was positive was in 2018; from 2019 to 2022 resident companies registered net repatriations of funds from their non-resident subsidiaries every year. Investment was primarily through intragroup lending (CHF 24 billion) and reinvested earnings (CHF 23 billion). In the case of equity capital, investment was relatively low at CHF 2 billion (cf. chart 1).

Direct investment activity was dominated by two opposing developments. Companies in the manufacturing and services sectors (excluding foreign-controlled finance and holding companies) invested a total of CHF 92 billion abroad, significantly more than in 2022. CHF 30 billion of this investment was made by Swiss-controlled finance and holding companies within the framework of cross-border company mergers and capital increases at non-resident subsidiaries. Manufacturing invested CHF 24 billion, mainly for corporate restructuring and for acquisitions. A further CHF 39 billion came from companies in the transportation and communications category, mostly in the form of intragroup loans.

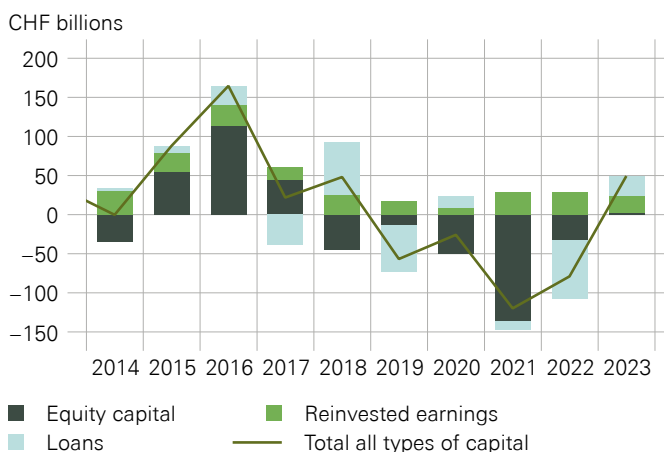
By contrast, foreign-controlled finance and holding companies continued to reduce their direct investments abroad (down CHF 43 billion). These are intermediate companies through which non-resident investors hold participations in third countries. They include special purpose entities (SPEs), i.e. companies that are set up for a narrowly defined task and do not carry out any operational activities, which accounted for a substantial part (CHF 31 billion) of the withdrawals (cf. chart 2).

Resident companies invested mainly in Europe (CHF 59 billion), and there chiefly in the holding company locations of Cyprus (CHF 37 billion) and Luxembourg (CHF 18 billion). In Cyprus, these investments were in the form of intragroup lending; in Luxembourg, they were conducted through increases in equity capital. Investments in the UK (CHF 12 billion), meanwhile, were primarily a result of corporate restructuring. Direct investment in other European locations – Germany (CHF 11 billion), Italy (CHF 4 billion) and Finland (CHF 2 billion) – was largely attributable to acquisitions.

Chart 1

DIRECT INVESTMENT ABROAD

Capital transactions by type of capital

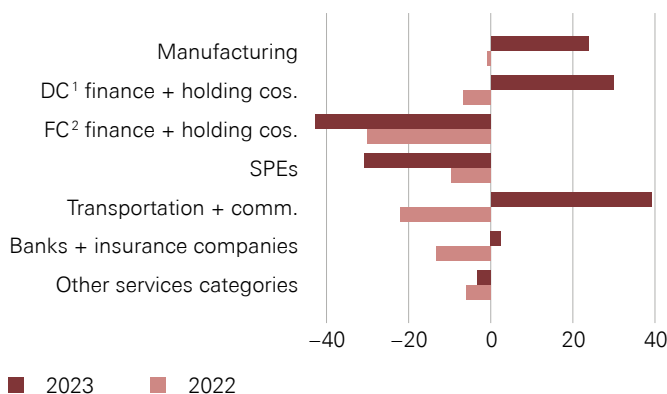


Source(s): SNB

Chart 2

DIRECT INVESTMENT ABROAD

Capital transactions by industry category (in CHF billions)



1 DC: Swiss-controlled
2 FC: foreign-controlled

Source(s): SNB

Outside Europe, resident companies invested predominantly in the US (CHF 15 billion), approximately half in the form of intragroup loans and half in reinvested earnings. Further Swiss direct investment was effected in Asia (CHF 7 billion), mostly in the United Arab Emirates (CHF 2 billion), and in China, Singapore, Japan and South Korea (approximately CHF 1 billion each).

Since capital transactions in direct investment also reflect corporate restructuring, investments in one location are often associated with withdrawals from others. In the year under review, such withdrawals were made in particular from the European holding company locations of Hungary (CHF 15 billion), the Netherlands (CHF 13 billion) and Ireland (CHF 4 billion). Outside Europe, withdrawals were made primarily from Canada (CHF 10 billion) and Mexico (CHF 4 billion). However, resident companies withdrew the largest amounts of capital from the offshore centres of Central and South America (CHF 22 billion).

CAPITAL STOCKS

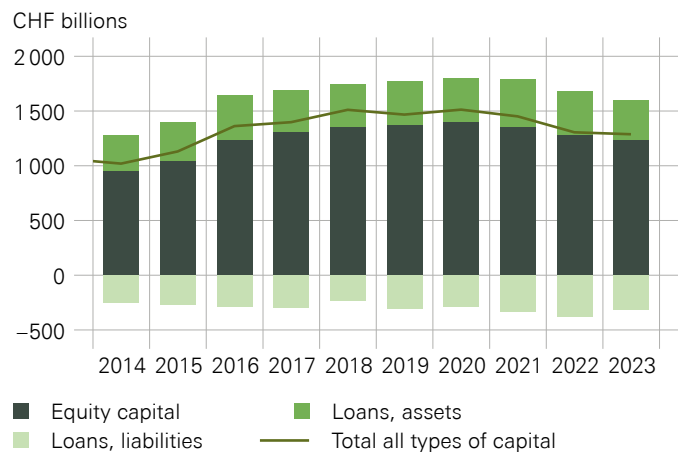
At the end of 2023, direct investment stocks abroad amounted to CHF 1,288 billion. This was CHF 18 billion less than in 2022 (down 1%). The decrease is attributable to exchange rate losses as a result of the Swiss franc's appreciation against the key foreign currencies, namely the euro and the US dollar. These exchange rate losses more than offset the capital transactions. Direct investment capital stocks comprise equity capital and loans. Equity capital amounted to CHF 1,239 billion (96%) and loans to CHF 49 billion (4%). A net approach is adopted in the case of loans, whereby borrowing from non-resident subsidiaries and fellow enterprises totalling CHF 316 billion (liabilities) is deducted from lending to non-resident subsidiaries and fellow enterprises totalling CHF 365 billion (assets).¹

In comparison to other countries, Switzerland has high levels of direct investment abroad. Measured in terms of capital stocks, it is one of the world's largest direct investors (source: IMF, data.imf.org/CDIS). Reasons for this include the fact that numerous large multinationals are headquartered in Switzerland and that it is an attractive location for foreign-controlled holding companies.

Chart 3

DIRECT INVESTMENT ABROAD

Capital stocks by type of capital



Source(s): SNB

¹ Loans to/from fellow enterprises abroad are included if the group headquarters is located in Switzerland.

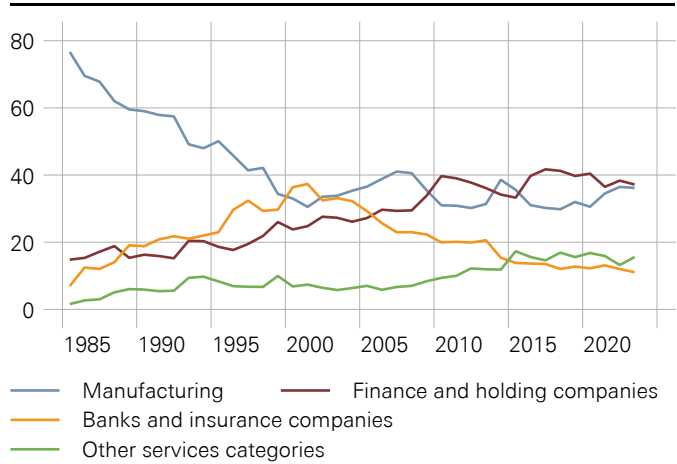
Stocks of foreign direct investment at subsidiaries in the manufacturing sector declined by CHF 10 billion to CHF 466 billion (down 2%). Within manufacturing, the chemicals and plastics category had the largest capital stocks abroad, at CHF 190 billion (down CHF 5 billion), followed by ‘Other manufacturing and construction’ at CHF 130 billion (down CHF 7 billion). Capital stocks in the services sector decreased by CHF 8 billion to CHF 822 billion (down 1%). At CHF 479 billion (down CHF 22 billion), finance and holding companies continued to hold the largest capital stocks. They were followed by trade (down CHF 3 billion to CHF 142 billion) and insurance companies (up CHF 2 billion to CHF 104 billion). While in manufacturing the development of capital stocks in the individual industry categories was attributable to transactions and exchange rate losses, in the services sector special effects also played a role. In the case of banks, consolidation of equity capital in non-resident subsidiaries led to a decline in capital stocks (down CHF 16 billion to CHF 38 billion). By contrast, capital stocks in ‘Other services’, trade, and finance and holding companies benefited from revaluation gains in the context of corporate restructuring.

Chart 4 shows the movements in capital stocks since 1985. In the mid-1980s, the manufacturing sector still accounted for over 70%. This proportion receded steadily until the beginning of the 2000s, before levelling out and remaining fairly constant ever since (2023: 36%). The opposite development was observed in the services sector. Here, the finance and holding companies category, in particular, recorded a steep increase between 1985 and 2010, with its share of total direct investment stocks rising from 12% to 40%. Since then, this share has remained fairly stable (2023: 37%) despite the disinvestment observed in this category since 2018. Banks and insurance companies followed a different trajectory. Their share of total capital stocks was 11% in the year under review, similar to the levels recorded back in the mid-1980s. In the interim, however, this share had been considerably higher (2001: 37%).

Chart 4

DIRECT INVESTMENT ABROAD

Capital stocks by industry category (in %)



Source(s): SNB

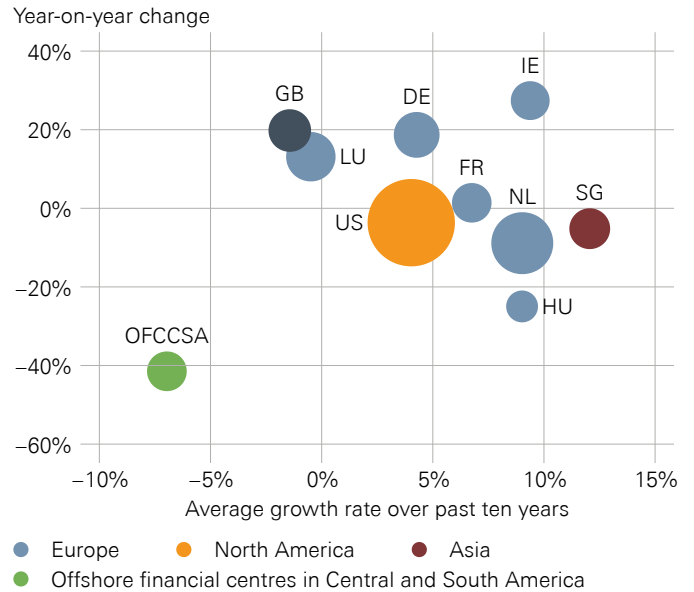
Chart 5 shows the main target locations for Swiss direct investment in terms of capital stocks as at the end of 2023 (the area of the circles is proportionate to the size of the capital stocks). The x-axis depicts the average growth rate of capital stocks for the period 2013–2023, while the y-axis shows the percentage change against 2022.

The chart shows that the holding company locations of Singapore in Asia, as well as Ireland, the Netherlands and Hungary in Europe, have posted the strongest growth in capital stocks over the past ten years with an average annual growth rate of around 10%. At the other end of the spectrum are the offshore centres of Central and South America, where direct investment stocks are 50% lower than ten years ago. At that time they were the second most important destination for Swiss direct investment after the US; in 2023 they ranked just seventh. The chart also shows that, in the year under review, only European top locations – Ireland, Germany, the UK and Luxembourg – registered growth in capital stocks. Overall, Europe recorded an increase of 9% (up CHF 60 billion to CHF 719 billion). Outside Europe, by contrast, direct investment stocks declined: the strongest reduction (30%) was in Central and South America (down CHF 41 billion to CHF 97 billion), primarily due to the above-mentioned development at offshore financial centres. In North America, capital stocks declined by 8% year-on-year (down CHF 26 billion to CHF 302 billion); in Asia they decreased by 6% (down CHF 9 billion to CHF 152 billion).

Chart 5

DIRECT INVESTMENT ABROAD

Capital stocks of top ten investment locations (2023)



Source(s): SNB

INVESTMENT INCOME

Income from direct investment abroad declined by CHF 13 billion to CHF 94 billion (down 12%). This corresponds to a 7.3% rate of return on the capital stocks (2022: 8.2%). Both dividends (down CHF 5 billion to CHF 70 billion) and reinvested earnings (down CHF 6 billion to CHF 23 billion) were affected. Interest income on intragroup loans was also lower (down CHF 2 billion to CHF 1 billion).

The services sector recorded a 10% decline in investment income at non-resident subsidiaries compared with the previous year (down CHF 6 billion to CHF 56 billion). One contributory factor to this decline was lower investment income at finance and holding companies, which almost halved (down CHF 15 billion to CHF 18 billion). A second factor was the normalisation of the earnings situation in trade, which had benefited in 2022 from a positive market environment (down CHF 6 billion to CHF 12 billion). By contrast, investment income in other services industries increased. This was particularly the case for banks, whose non-resident subsidiaries once again posted profits, following their large losses in the previous year (up CHF 10 billion to CHF 2 billion). Insurance companies also registered higher investment income in a generally improved market environment (up CHF 5 billion to CHF 14 billion).

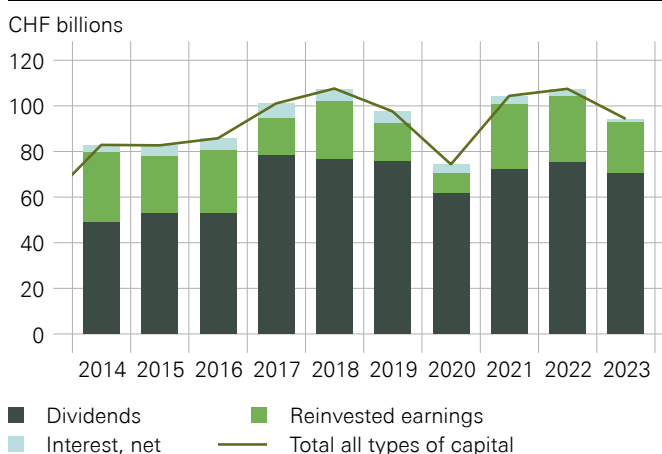
Investment income at non-resident subsidiaries in the manufacturing sector declined by 15% (down CHF 7 billion to CHF 39 billion). With the exception of the metals and machinery category, all industry categories recorded a decline. The biggest decrease was in the 'Other manufacturing and construction' category (down CHF 4 billion to CHF 11 billion).

Chart 8 shows the geographic breakdown of investment income from direct investment abroad. The decline in investment income almost exclusively affected subsidiaries in Europe (down CHF 24 billion to CHF 41 billion). In Asia, investment income was only just below the previous year's level (down CHF 1 billion to CHF 25 billion). By contrast, investment income in North America (up CHF 4 billion to CHF 20 billion) and in 'Rest of world' (up CHF 7 billion to CHF 9 billion) partially recovered from the drop recorded in 2022.

Chart 6

DIRECT INVESTMENT ABROAD

Investment income by type of capital

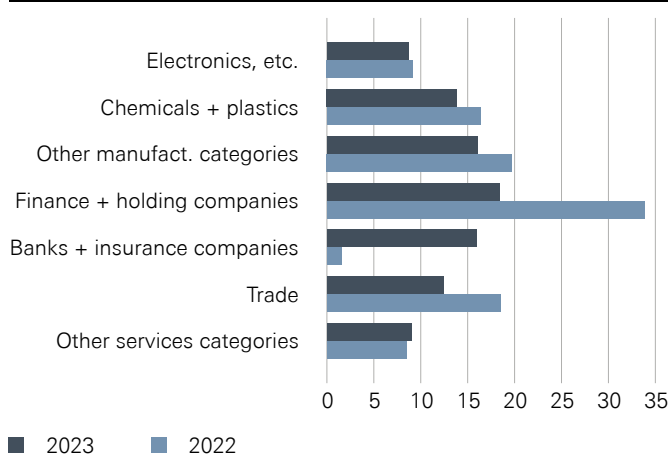


Source(s): SNB

Chart 7

DIRECT INVESTMENT ABROAD

Investment income by industry category (in CHF billions)

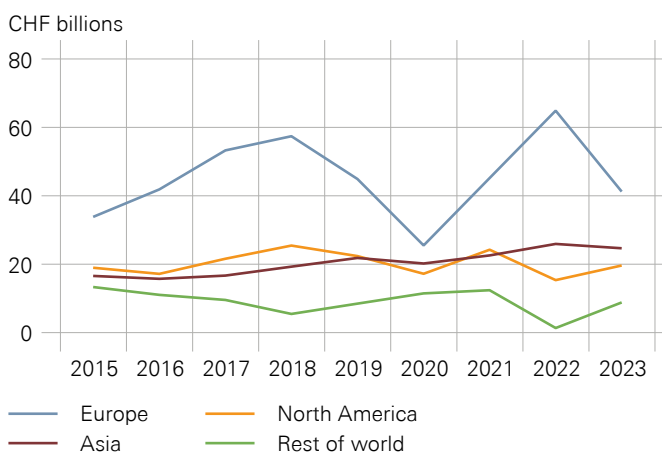


Source(s): SNB

Chart 8

DIRECT INVESTMENT ABROAD

Investment income by region



Source(s): SNB

CAPITAL TRANSACTIONS

In 2023, non-resident entities again effected withdrawals from resident companies. This disinvestment amounted to CHF 49 billion (2022: CHF 63 billion). As part of corporate restructuring, they reduced their equity capital in resident subsidiaries (down CHF 71 billion). These outflows in equity capital were somewhat mitigated by reinvested earnings (CHF 12 billion) and inflows of intragroup lending (CHF 10 billion) (cf. chart 9).

The withdrawals were largely in the finance and holding companies category (CHF 40 billion) and, as in past years, primarily attributable to US groups. These groups liquidated subsidiaries in Switzerland that they held via intermediate companies in third countries. At the same time, they reduced their balance sheets as part of corporate restructuring. The subsidiaries concerned were largely special purpose entities (SPEs), i.e. companies that are set up for a narrowly defined task and whose activities have no significant effect on the real economy.¹ However, the disinvestment was not limited to finance and holding companies. Non-resident entities also effected net withdrawals of capital from subsidiaries in trade (CHF 10 billion) and in manufacturing (CHF 2 billion). Direct investment inflows in the year under review were the exception. Net investment was made by non-resident entities in insurance companies (CHF 3 billion) and in companies from the transportation and communications category (CHF 2 billion). In both cases these investments were primarily in the form of intragroup lending.

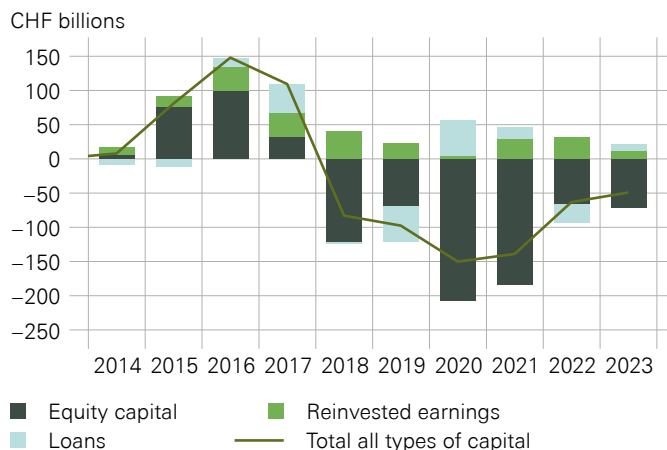
Non-resident parent companies make direct investments in Switzerland largely via intermediate companies in European holding company locations (cf. also section on country breakdown of capital stocks, p. 13). As a result, withdrawals from Switzerland in the year under review were chiefly effected by investors domiciled in the following holding company locations: by far the largest proportion by investors in the Netherlands (CHF 36 billion), while investors in Luxembourg (CHF 6 billion) and Hungary (CHF 4 billion) also effected withdrawals. Disinvestment outside the European holding company locations was carried out mainly by investors from 'Other European countries' (CHF 9 billion) and from Asia (CHF 5 billion).

¹ Cf. Special topic: 'Pass-through capital in Switzerland's direct investment statistics – current developments' in the Direct Investment 2021 report, pp. 25 et seq.

Chart 9

DIRECT INVESTMENT IN SWITZERLAND

Capital transactions by type of capital

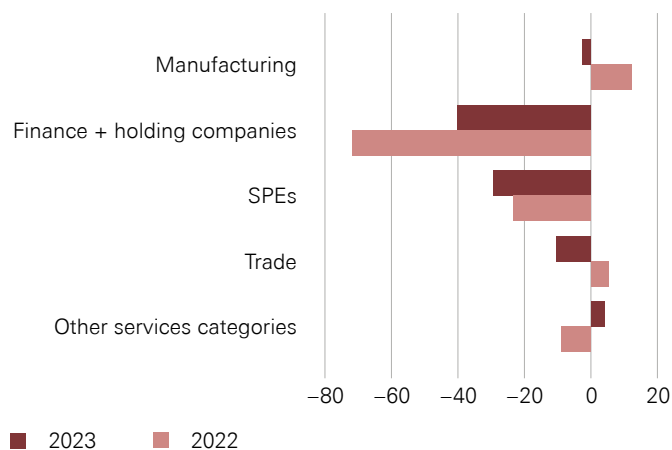


Source(s): SNB

Chart 10

DIRECT INVESTMENT IN SWITZERLAND

Capital transactions by industry category (in CHF billions)



Source(s): SNB

In the year under review, Switzerland recorded a net inflow of direct investment from only a few locations, primarily from companies domiciled in the US (CHF 7 billion) and Belgium (CHF 5 billion). In both cases, the inflows came in the form of intragroup lending. By contrast, the low levels of investment in the form of equity capital were made mainly by investors from Italy and Germany (CHF 1 billion each). Direct investment from Ireland (CHF 2 billion) and the UK (CHF 1 billion) mostly related to reinvested earnings.

CAPITAL STOCKS

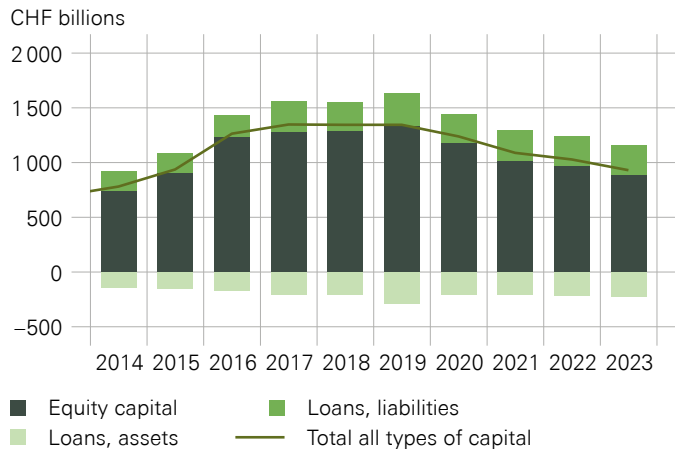
At the end of 2023, stocks of foreign direct investment in Switzerland totalled CHF 930 billion, a year-on-year reduction of CHF 98 billion (down 10%). This reduction was partly due to capital repatriation (capital transactions). Other contributory factors included impairments due to corporate restructuring, which are not recorded in the direct investment statistics as transactions, but instead are included directly under stocks as other changes. The capital stocks of resident direct investment enterprises comprise equity capital and loans. Equity capital stocks came to CHF 893 billion (96%) and loan stocks to CHF 37 billion (4%). A net approach is adopted in the case of loans,² whereby lending to non-resident parent companies and fellow enterprises totalling CHF 228 billion (assets) is deducted from borrowing from non-resident parent companies and fellow enterprises totalling CHF 265 billion (liabilities).³

The decline in capital stocks of foreign direct investment was accounted for by two industry categories in the services sector: finance and holding companies, and trade. Capital stocks of finance and holding companies decreased by CHF 65 billion to CHF 395 billion (down 14%). Capital stocks in trade declined by CHF 33 billion to CHF 232 billion (down 13%). In both, the decline in capital stocks was stronger than would have been expected on the basis of transactions. This was attributable to two factors: impairments at resident subsidiaries, and the new inclusion of loans granted to non-resident parent companies.

Chart 11

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks by type of capital



Source(s): SNB

² Cf. Special topic: 'Presenting direct investment according to the directional principle and the asset/liability principle' in the Direct Investment 2013 report, pp. 25 et seq.

³ Loans to/from non-resident fellow enterprises are included if the group headquarters is located abroad.

Chart 12 shows the movements in capital stocks since 1985. The proportion of foreign direct investment attributable to the manufacturing sector fluctuated most of the time between 10% and 20%, and in 2023 stood slightly above this range, at 21%. Conversely, the proportion accounted for by the services sector was relatively constant overall (2023: 79%), albeit with marked shifts within the sector itself. While the finance and holding companies category accounted for around 30% of foreign direct investment capital stocks in the mid-1980s, by 2016 its share had risen to over 60%. This share subsequently receded and in 2023 stood at roughly the same level as 30 years ago (42%). In a long-term comparison, the share of capital stocks attributable to banks and insurance companies declined considerably. At the beginning of the 1990s, it stood at approximately 30%, before contracting substantially and amounting to just 4% in the year under review. By contrast, the significance of other industry categories in the services sector increased considerably between 2010 and 2023 (from 17% to 32%), mainly due to growth within trade.

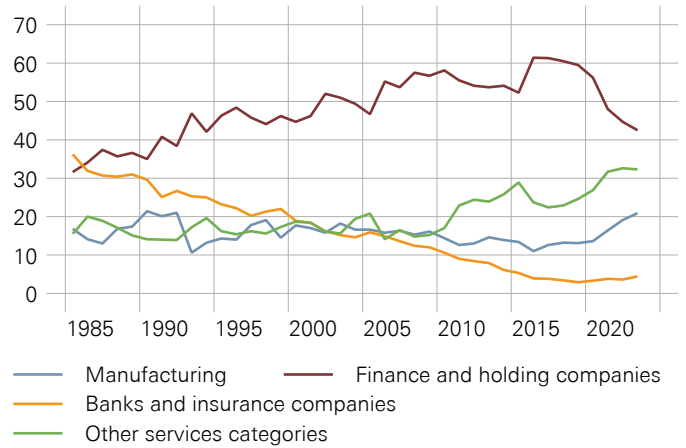
The SNB publishes two country breakdowns for capital stocks in Switzerland, one by domicile of the immediate investor, and the other by domicile of the ultimate beneficial owner. Broken down by country of immediate investor, a large proportion of capital stocks in Switzerland was held by EU-domiciled entities: CHF 600 billion, or 65% of total foreign capital stocks in Switzerland. Of this amount, CHF 481 billion was attributable to investors from the three largest European holding company locations – the Netherlands, Luxembourg and Ireland. Investment from holding company locations is mainly carried out by intermediate companies, which in turn are controlled by groups in a third country. The share of equity capital in resident subsidiaries held via intermediate companies peaked at 75% in 2018 (cf. chart 13). The trend reversed with the reduction in capital stocks in the finance and holding companies category. By 2023, the share of capital stocks in Switzerland held via intermediate companies domiciled in third countries had fallen back to 60%.

Given the large proportion accounted for by intermediate companies, the SNB also provides a breakdown of capital stocks by domicile of the ultimate beneficial owner. The US, in particular, had significantly higher capital stocks (CHF 359 billion) using this approach than in the breakdown by immediate investor (cf. chart 14). This shows that US-domiciled entities continued to invest in Swiss-domiciled companies chiefly via third countries. The same applies to investors from South America, from parts of ‘Other European countries’, and from China.

Chart 12

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks by industry category (in %)

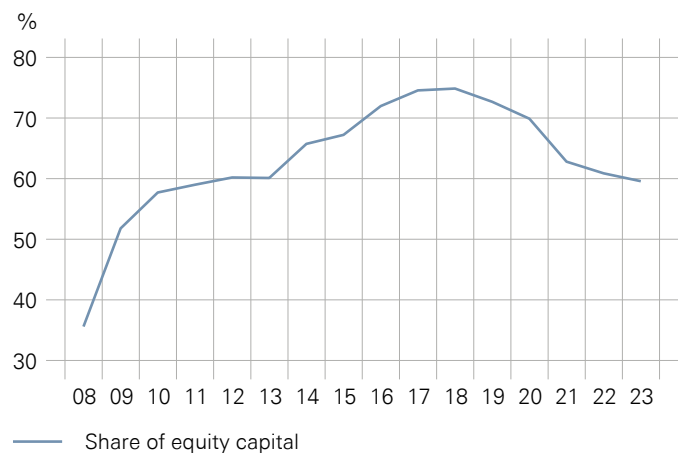


Source(s): SNB

Chart 13

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks held via intermediate companies in third countries

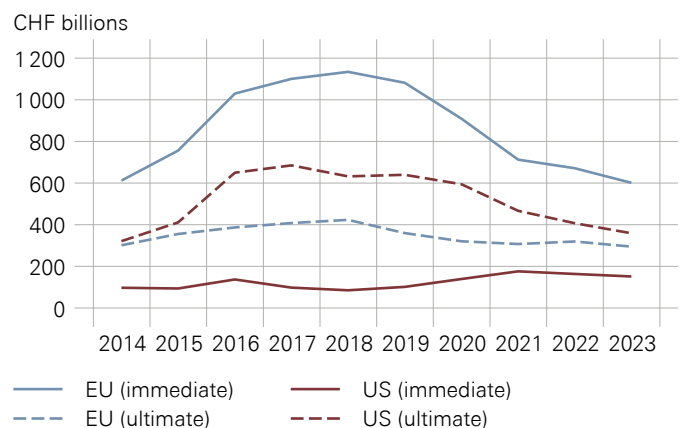


Source(s): SNB

Chart 14

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks by domicile of immediate investor and ultimate beneficial owner



Source(s): SNB

Holding company locations generally exhibit lower capital stocks from the ultimate beneficial owner perspective than from the immediate investor perspective. Thus, capital stocks held by ultimate beneficial owners domiciled in Luxembourg amounted to CHF 13 billion, only a fraction of those held by immediate investors domiciled in that country (CHF 194 billion). For the Netherlands, the share was CHF 44 billion, compared with CHF 262 billion. In Ireland, by contrast, far larger capital stocks were held by ultimate beneficial owners (CHF 104 billion) than by immediate investors (CHF 25 billion). The reason for this is that Ireland is not just a holding company location, but is also home to the headquarters of many multinationals.

Switzerland, too, figures as a domicile of ultimate beneficial owners. This means that direct investors from Switzerland also invest in resident companies via intermediate companies in third countries. With this practice, referred to as round tripping, capital originating in a country is reinvested back into that country in the form of foreign direct investment. In 2023, capital stocks invested in this way totalled CHF 44 billion (2022: CHF 50 billion).

Table 2

CAPITAL STOCKS FOR 2023: BREAKDOWN BY DOMICILE OF IMMEDIATE INVESTOR AND ULTIMATE BENEFICIAL OWNER

	Breakdown by immediate investor		Breakdown by ultimate beneficial owner		Difference In CHF billions
	In CHF billions	Share in %	In CHF billions	Share in %	
Europe	678.2	73%	398.5	43%	-279.7
EU	601.3	65%	294.8	32%	-306.5
Other European countries	77.0	8%	103.8	11%	26.8
Selected countries					
Germany	21.9	2%	44.8	5%	22.9
France	18.6	2%	27.8	3%	9.2
Ireland	25.1	3%	104.1	11%	79.0
Luxembourg	194.3	21%	12.7	1%	-181.7
Netherlands	261.7	28%	43.8	5%	-217.9
Switzerland	.	.	43.9	5%	43.9
United Kingdom	63.9	7%	40.8	4%	-23.1
North America	152.1	16%	377.4	41%	225.3
Of which United States	151.5	16%	358.9	39%	207.4
Central and South America	28.9	3%	51.4	6%	22.5
Asia, Africa, Oceania	71.1	8%	103.0	11%	31.9
Japan	32.9	4%	37.7	4%	4.8
All countries	930.3	100%	930.3	100%	0.0

· Not applicable.

Source(s): SNB

INVESTMENT INCOME

Income from direct investment in Switzerland declined year-on-year by CHF 8 billion to CHF 97 billion (down 7%). This corresponds to a 10.5% rate of return on the capital stocks (2022: 10.2%). Despite this overall decrease in investment income, resident subsidiaries paid out higher dividends to non-resident investors (up CHF 11 billion to CHF 84 billion). Accordingly, earnings reinvested in Switzerland declined substantially, down CHF 19 billion to CHF 12 billion. Interest income on intragroup loans remained unchanged at CHF 1 billion.

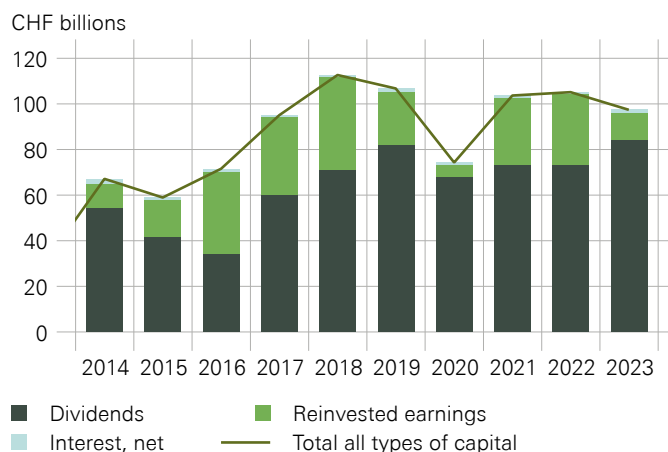
Lower investment income was recorded by subsidiaries in both the services sector (down CHF 5 billion to CHF 81 billion) and the manufacturing sector (down CHF 3 billion to CHF 17 billion). The decline in the services sector was attributable to finance and holding companies (down CHF 4 billion to CHF 34 billion) and trade (down CHF 3 billion to CHF 33 billion). By contrast, higher investment income year-on-year was generated by banks and insurance companies (up CHF 2 billion to CHF 5 billion) and by subsidiaries in the transportation and communications category (up CHF 2 billion to CHF 2 billion). In the manufacturing sector, three out of four industry categories recorded lower investment income. An increase in investment income was recorded only in the chemicals and plastics category, up CHF 2 billion to CHF 11 billion.

As in the case of capital stocks, the SNB publishes two country breakdowns for investment income from direct investment in Switzerland: one by domicile of the immediate investor, and the other by domicile of the ultimate beneficial owner. Chart 17 shows the movements in investment income since 2015 for both breakdowns. It gives a picture similar to that for capital stocks (cf. chart 14). The breakdown by immediate investor is dominated by investors from the EU: In 2023, they accounted for CHF 67 billion, around two-thirds of the total investment income. According to the breakdown by ultimate beneficial owner, US-domiciled investors again generated higher investment income (CHF 38 billion) than investors domiciled in the EU (CHF 32 billion). Ultimate beneficial investors outside the EU and the US accounted for CHF 28 billion, although their share of total investment income has risen significantly since 2015.

Chart 15

DIRECT INVESTMENT IN SWITZERLAND

Investment income by type of capital

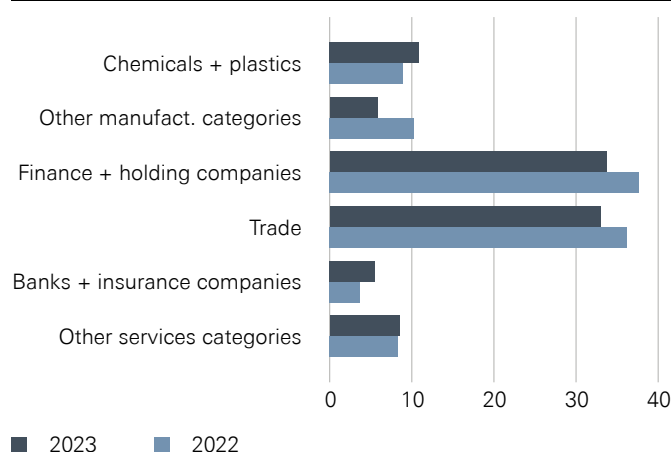


Source(s): SNB

Chart 16

DIRECT INVESTMENT IN SWITZERLAND

Investment income by industry category (in CHF billions)

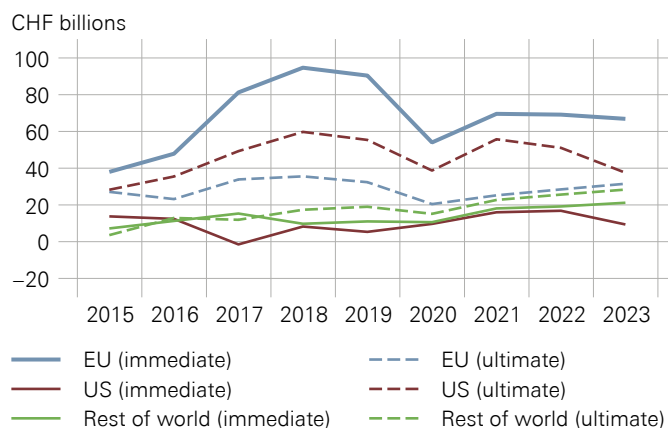


Source(s): SNB

Chart 17

DIRECT INVESTMENT IN SWITZERLAND

Investment income by domicile of immediate investor and ultimate beneficial owner



Source(s): SNB

4

Operational data on non-resident subsidiaries and their resident parent companies

NUMBER OF STAFF AT NON-RESIDENT SUBSIDIARIES OF RESIDENT COMPANIES

In 2023, the number of staff employed by Swiss-controlled companies at their non-resident subsidiaries totalled 2,503,000.¹ This year-on-year rise of 5% is slightly above the long-term average. Manufacturing accounted for 1,399,000 of this (up 16,000), while the services sector reported 1,105,000 (up 100,000).²

In manufacturing, almost all industry categories recorded increases in foreign employment. Companies in the metals and machinery category employed 356,000 staff abroad (up 7,000 or 2%). Non-resident subsidiaries in the chemicals and plastics category employed over 292,000 (up 2,000 or 1%). The largest increase in foreign employment was registered in the electronics, energy, optical and watchmaking category, where numbers increased by 9,000 to 236,000 (up 4%). Around half of the increase was attributable to the first-time inclusion of companies not

1 Only in companies which are covered by the direct investment statistics. The foreign employment numbers of other resident companies are not known.
 2 The breakdown by economic activity is determined by the principal activity of the enterprise group worldwide.

previously surveyed. The ‘Other manufacturing and construction’ category reported the highest foreign employment (515,000), but was the only manufacturing category to register a slight reduction (down 3,000 or 1%).

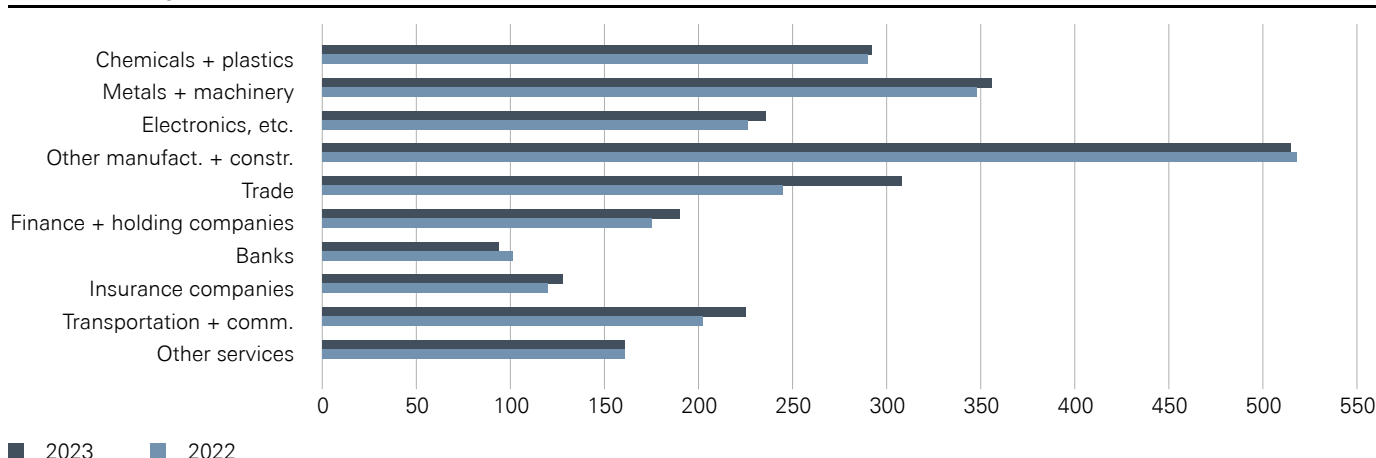
In the services sector, a significant proportion of the growth in foreign employment was accounted for by trade, which is also the services industry with the highest employee numbers abroad (308,000). The increase of 62,000, or 25%, was attributable to acquisitions as well as to companies surveyed for the first time. Staff numbers at non-resident subsidiaries in the transportation and communications category rose by 22,000, or 11%, to 225,000. Resident insurance companies employed 128,000 people abroad, an increase of 8,000, or 7%, due to acquisitions abroad. Banks had the smallest foreign employment within the services sector; their staff numbers declined by 7,000 to 94,000.

At 1,212,000 people, 48% of the global staff of Swiss-controlled enterprise groups were employed in Europe. The number employed in Asia was 556,000, corresponding to 22% of total employment abroad. North America accounted for 376,000 employees or 15% of the total, and ‘Rest of world’, 359,000 or 14% (cf. chart 19).

Chart 18

STAFF NUMBERS ABROAD

By industry category (in thousands of persons)



Source(s): SNB

Chart 20 shows the top ten locations of Swiss-controlled groups' non-resident subsidiaries by number of employees. The area of the circles is proportionate to the size of the workforce. The x-axis depicts the average growth rate of staff numbers for the period 2013–2023, while the y-axis shows the percentage change between 2022 and 2023.

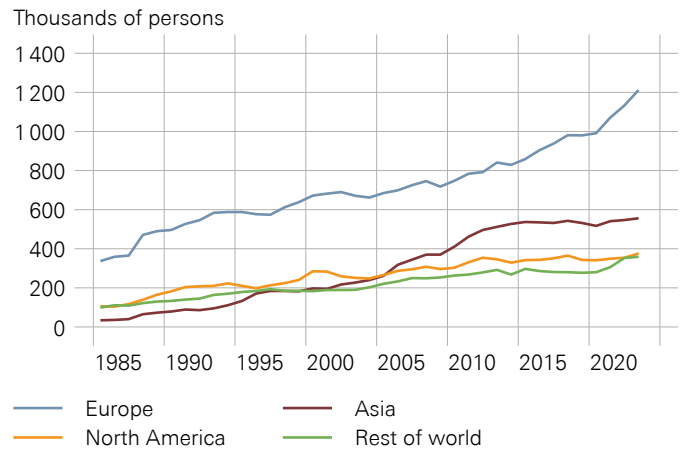
Six of the ten most important operational locations for Swiss-domiciled groups were in Europe. Here, Germany was the leading country with 323,000 employees (up 9%). France came next with 127,000 employees (up 4%), and the UK followed in third place with 95,000 (up 3%). In Italy, staff numbers abroad increased by as much as 21% to 77,000, chiefly due to acquisitions. Non-resident subsidiaries in Poland, the location with the highest average growth rate over the past ten years, employed 63,000 people (up 3%). The holding company locations of the Netherlands, Luxembourg and Ireland, which play an important role in direct investment, together employed just 48,000 people, or 2% of total staff abroad.

Outside Europe, the US was the main location for the operational activities of resident companies, accounting for 340,000 employees (up 6%). In Asia, China topped the list with approximately 172,000 employees (up 2%), ahead of India with 104,000 (up 5%). In Brazil, 94,000 people worked for subsidiaries of Swiss-domiciled groups (up 1%).

Chart 19

STAFF NUMBERS ABROAD

Regional breakdown

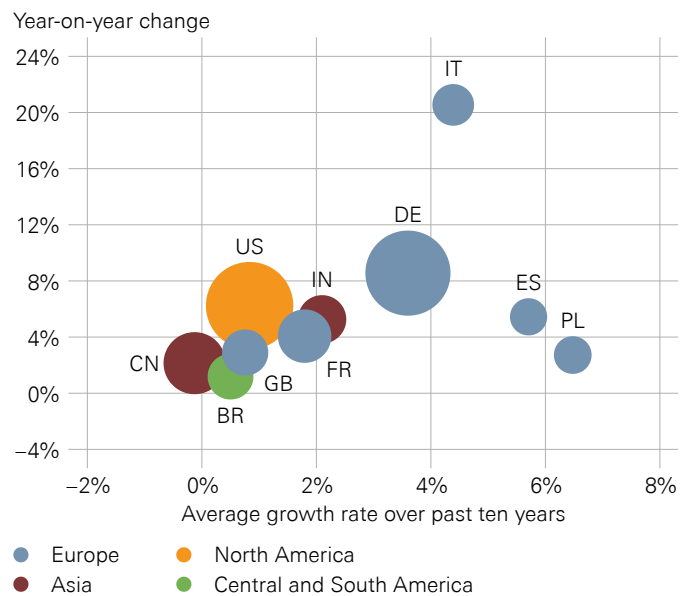


Source(s): SNB

Chart 20

STAFF NUMBERS ABROAD

Top ten employment locations (2023)



Source(s): SNB

NUMBER OF NON-RESIDENT SUBSIDIARIES OF RESIDENT COMPANIES

In 2023, resident parent companies held 21,200 majority participations in non-resident enterprises: 8,700 of these subsidiaries were in the manufacturing sector, and 12,400 in the services sector. The ‘Other services’ category stands out here, with 5,700 non-resident subsidiaries. This can be explained by the business model of major companies in this category, which is based on a dense global network of micro-agencies.

Chart 21 shows the ten locations with the most non-resident subsidiaries. The area of the circles is proportionate to the number of subsidiaries. The x-axis reflects the average growth rate for the period 2014–2023, while the y-axis shows the percentage change between 2022 and 2023. The majority of the non-resident subsidiaries (59%) were located in Europe. Swiss-domiciled groups had most subsidiaries in neighbouring countries: 2,700 in France (13%), 2,000 in Germany (10%), and 1,000 in Italy (5%). In the UK, the number of subsidiaries was 800. The main non-European location was the US, where Swiss-domiciled groups held 2,400 subsidiaries (11%). Around 800 subsidiaries were located in China.

Non-resident subsidiaries employed an average of 118 people. Average employment was highest in the ‘Other manufacturing and construction’ category (208), followed by transportation and communications (183). It was lowest in the ‘Other services’ category (28) and at banks (77).

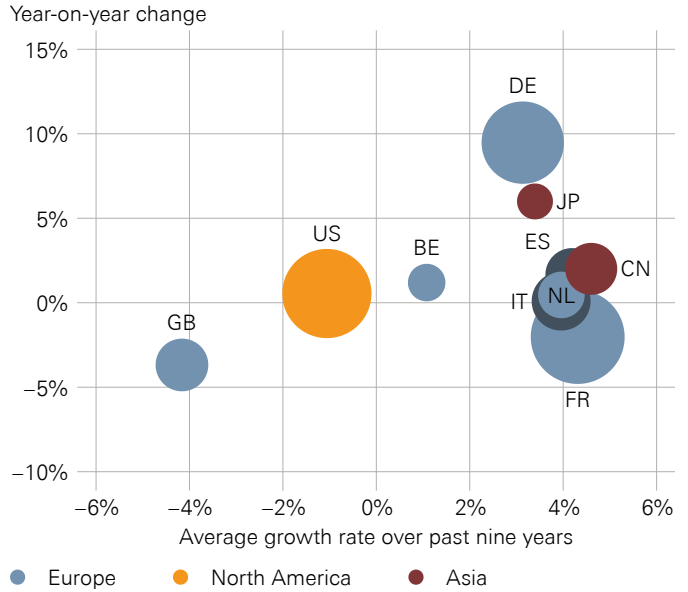
Chart 22 shows a breakdown of average company size by region and the dispersion within the respective regions. With an average of 170 employees, subsidiaries in Asia were the largest. India and Pakistan topped the list, with 417 and 346 people respectively. At the other end of the spectrum was Europe (97 people), where there is also a broad dispersion in company size; this is partly due to the fact that there are many locations there with a high density of special purpose entities (SPEs), which have low staff numbers. For example, the average company size at Europe’s offshore financial centres³ was just four employees.

³ Gibraltar, Guernsey, the Isle of Man and Jersey.

Chart 21

NUMBER OF NON-RESIDENT SUBSIDIARIES

Top ten locations (2023)

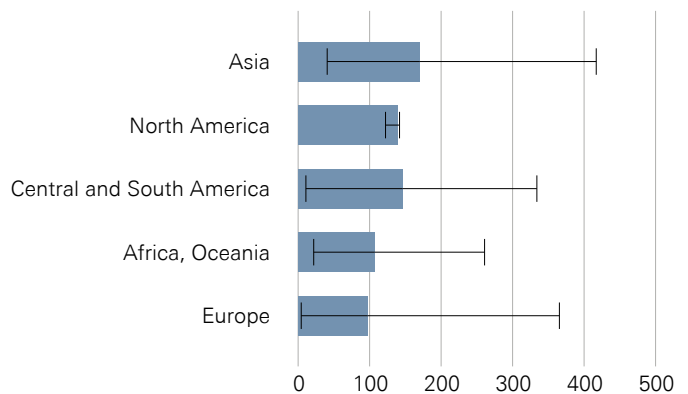


Source(s): SNB

Chart 22

AVERAGE COMPANY SIZE

Staff numbers and dispersion¹ by region (2023)



¹ The ranges shown are between the countries with the smallest and largest average company size within each region.

Source(s): SNB

TURNOVER OF NON-RESIDENT SUBSIDIARIES OF RESIDENT COMPANIES

In 2023, non-resident subsidiaries of resident groups generated overall turnover of CHF 869 billion. Turnover comprises sales of goods and services invoiced by subsidiaries to third parties in the reporting period. Turnover recorded in both manufacturing and services was 4% lower than in 2022. The decline in turnover was caused by industry-specific factors and by the stronger Swiss franc.

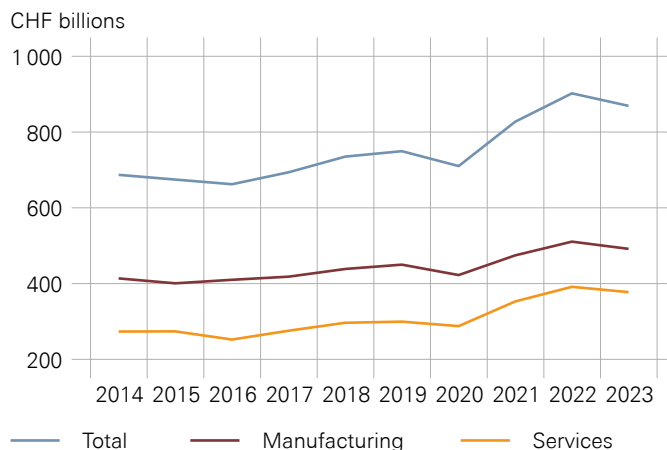
Subsidiaries in the manufacturing sector generated turnover of CHF 492 billion in the year under review, or 57% of the total. The highest turnover in manufacturing was reported by the ‘Other manufacturing and construction’ category (CHF 172 billion), followed by the chemicals and plastics category (CHF 144 billion). This corresponded to a year-on-year decrease of 1% and 3% respectively. Affected by lower energy prices, the electronics, energy, optical and watchmaking category posted a 12% decline in turnover to CHF 96 billion. Non-resident subsidiaries in the metals and machinery category recorded turnover of CHF 79 billion (up 1%).

Turnover in the services sector stood at CHF 377 billion, with insurance companies recording the highest at CHF 118 billion. Their gross premiums increased 5% year-on-year, partly due to changes in the accounting standards. Turnover in trade was CHF 98 billion (up 1%): declines in turnover as a result of lower commodity prices were balanced out by acquisitions abroad and the resultant additional inclusion of the acquired companies’ turnover. In the transportation and communications category, the post-pandemic normalisation of transport costs resulted in a decrease in turnover of almost one-quarter to CHF 38 billion.

Chart 23

TURNOVER ABROAD

Sectoral breakdown

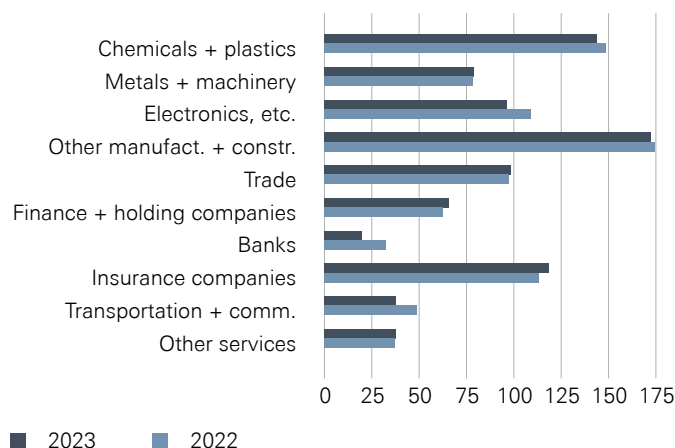


Source(s): SNB

Chart 24

TURNOVER ABROAD

By industry category (in CHF billions)



Source(s): SNB

Chart 25 shows the top ten locations of non-resident subsidiaries of Swiss-controlled companies according to turnover abroad. The area of the circles is proportionate to turnover. The x-axis shows the average growth in turnover for the period 2014–2023, while the y-axis shows the percentage change between 2022 and 2023.

Swiss-controlled companies generated the highest turnover in their European subsidiaries (CHF 367 billion or 42%). Within Europe, Germany recorded the highest turnover (CHF 87 billion), followed by France (CHF 53 billion) and Italy (CHF 34 billion). Outside Europe, subsidiaries in the US recorded the highest turnover (CHF 239 billion or 27%). Two of the top ten countries with the highest turnover were in Asia: China (CHF 48 billion) and Japan (CHF 21 billion). A new entry to the top ten was Brazil (CHF 22 billion), which recorded the strongest increase in turnover in the year under review.

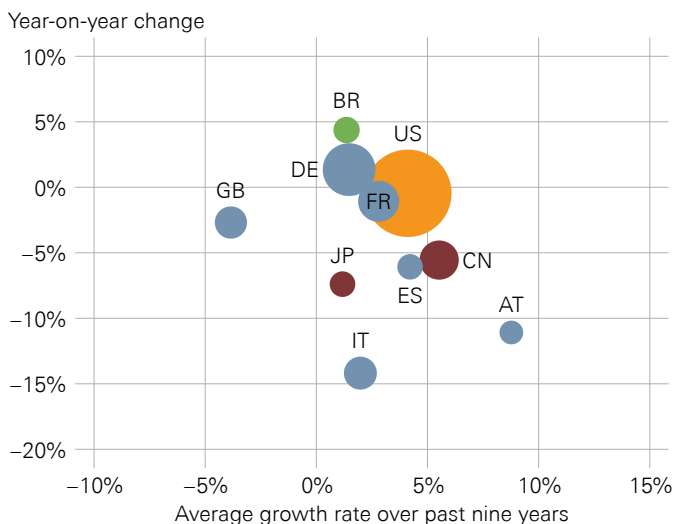
Swiss-controlled companies generated an average of CHF 347,000 in turnover per employee in their non-resident subsidiaries. In manufacturing, each employee accounted for CHF 352,000, while in services the corresponding figure was CHF 342,000. Within the manufacturing sector, the chemicals and plastics category had the highest turnover per employee, at CHF 492,000. In the case of services, insurance companies led the way with CHF 929,000 per employee.

Chart 26 shows a regional breakdown of turnover per employee and its dispersion. At CHF 677,000, the North American subsidiaries generated the highest turnover per employee. While the differences between the regions were moderate, between the individual countries they were very large. Locations with a large number of SPEs, such as Luxembourg and the offshore financial centres of Central and South America, each recorded CHF 2.7 million in turnover per employee, which is respectively eight and ten times higher than the regional average in each case. India and Vietnam, where production is very labour-intensive, were at the lower end of the spectrum in Asia (CHF 82,000 and CHF 126,000 respectively). Singapore and Japan were at the upper end, recording double the average regional turnover per employee.

Chart 25

TURNOVER ABROAD

Top ten locations with the highest turnover (2023)



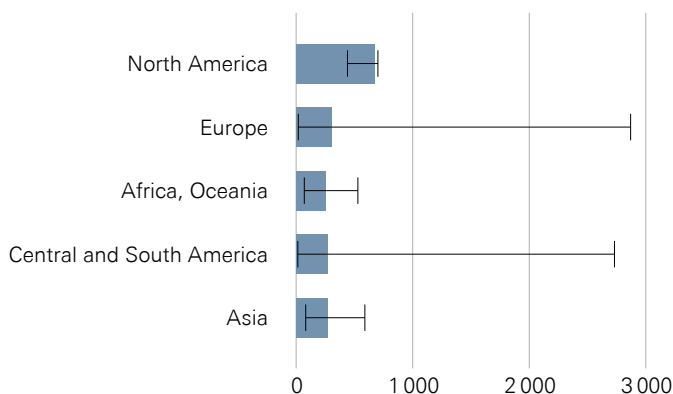
Legend: Europe (blue), North America (orange), Asia (red), Central and South America (green)

Source(s): SNB

Chart 26

TURNOVER PER EMPLOYEE

Dispersion¹ by region (2023; in CHF thousands)



¹ The ranges shown are between the countries with the lowest and highest turnover per employee within each region.

Source(s): SNB

NUMBER OF STAFF AT RESIDENT PARENT COMPANIES

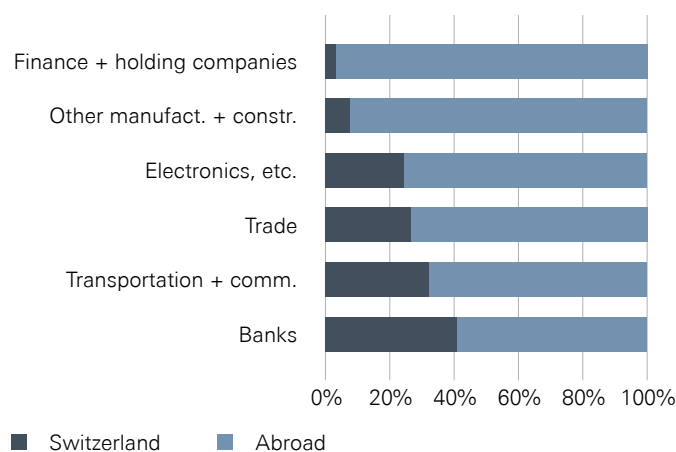
Resident companies which invest abroad are also major employers in Switzerland. In 2023, they employed 1,001,000 staff in Switzerland,⁴ corresponding to 18% of total employment. Of these, 556,000 employees (56%) worked in companies included in the SNB's direct investment statistics. The remaining staff were employed at Swiss-controlled companies with participations in non-resident enterprises holding cross-border capital stocks of less than CHF 10 million, which were not included in these statistics.

If the number of staff in Switzerland is added to the number of staff at non-resident subsidiaries, the Swiss-controlled groups surveyed by the SNB employed a total of 3,059,000 people (cf. table 3). Thus, the proportion of employees abroad accounted for 82% of the total employment figure at groups. In manufacturing, the share was 86%, compared with 77% in the services sector. Within the manufacturing sector, the 'Other manufacturing and construction' category accounted for the highest percentage of employment abroad at 92%. The lowest percentage (76%) was in the electronics, energy, optical and watchmaking category. In the case of services, the differences between the individual industry categories are considerable: Swiss-controlled finance and holding companies employed 97% of their staff abroad, trade approximately three-quarters, and companies in the transportation and communications category around two-thirds. Banks had the lowest percentage of staff abroad at just under 60%.

Chart 27

STAFF NUMBERS IN SWITZERLAND AND ABROAD

In %, by industry category (2023)



Source(s): SNB

⁴ Source: SFSO, enterprise groups statistics (STAGRE).

Table 3

STAFF NUMBERS AT SWISS-CONTROLLED GROUPS BY SECTOR¹

In thousands

	2019	2020	2021	2022	2023	Share in %
Employees in Switzerland	549.8	535.5	539.0	538.7	556.2	18.2
Of which manufacturing	214.8	210.3	210.7	210.6	219.1	7.2
Of which services	335.0	325.2	328.3	328.1	337.1	11.0
Employees abroad	2 132.0	2 128.6	2 267.8	2 386.5	2 503.2	81.8
Of which manufacturing	1 352.3	1 336.7	1 362.0	1 382.4	1 398.7	45.7
Of which services	779.7	791.8	905.9	1 004.1	1 104.6	36.1
Total employees	2 681.7	2 664.1	2 806.9	2 925.2	3 059.4	100.0
Of which manufacturing	1 567.1	1 547.0	1 572.7	1 593.0	1 617.7	52.9
Of which services	1 114.7	1 117.1	1 234.2	1 332.2	1 441.7	47.1

¹ Only includes companies covered by the direct investment statistics.

Source(s): SNB

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