

The Swiss balance of payments in 2000

Press release of 23 August 2001

Significant increase in current account surplus

In 2000, the favourable global economic situation and the vigorous expansion of world trade characterised goods and capital flows between Switzerland and other countries. The current account surplus rose by Sfr 10 billion to Sfr 53 billion. The decisive factor for this rise was the sharp increase in income on Swiss direct investment abroad. In relation to gross domestic product, the current account surplus reached 13%, compared with 11% in the previous year.

Exports and imports of goods expanded by more than one-tenth in 2000. Mainly as a result of higher oil prices, the balance of trade (special trade) closed with a deficit of Sfr 2 billion after having recorded a surplus of Sfr 1 billion in the previous year.

Trade in services also exhibited quite dynamic development. Exports of services grew by 13%. Notably tourism and the banks contributed to this growth.

Net investment income climbed from Sfr 38 billion in 1999 to Sfr 48 billion. The higher surplus was due mainly to direct investment income from abroad, which expanded particularly strongly as a result of higher assets and the favourable economic situation.

Dynamic development of capital flows

Capital flows again exhibited extremely dynamic development in 2000, with the renewed vigorous rise in direct investment and the large volume of the banks' lending business being particularly salient features.

Swiss direct investment abroad grew from Sfr 54 billion in 1999 to Sfr 70 billion in 2000. Of decisive importance for this were large-scale acquisitions by banks and the chemical industry. Portfolio investment abroad, at Sfr 38 billion, did not reach the high level of the previous year (Sfr 70 billion), when the launch of the euro had led to massive securities purchases, but was still well above the average figure in the past few years. The banks expanded their foreign lending business from Sfr 116 billion to Sfr 140 billion.

Foreign direct investment in Switzerland mounted by more than half to Sfr 29 billion also as a result of acquisitions. Foreign portfolio investment in Switzerland climbed from Sfr 9 billion to Sfr 18 billion. A considerable part of this amount was accounted for by the purchase of shares (exchange of shares) in connection with the acquisition of companies abroad. Capital imports by the banks rose from Sfr 144 billion in the previous year to Sfr 151 billion.

The National Bank reduced its international reserves by Sfr 6.7 billion, not taking into account the revaluation of gold holdings and fluctuations in the exchange rate. Taking into consideration valuation adjustments not shown in the balance of payments, the international reserves grew by Sfr 17.6 billion.

A detailed comment on the Swiss balance of payments will be published at the end of September together with the Monthly Statistical Bulletin of the Swiss National Bank as well as at the beginning of October together with the publication "Die Volkswirtschaft" 10/2001. The comment on the Swiss balance of payments will also be available on the internet.

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Information on the individual items

Current account

Goods trade

In terms of value, exports (without precious metals, precious stones and gems as well as objets d'art and antiques) advanced by 11% to Sfr 127 billion in 2000, and imports expanded by 13% to Sfr 129 billion. Imports increased more heavily owing to higher oil prices and the strong dollar. The trade balance closed with a deficit of Sfr 2 billion after having exhibited a surplus of Sfr 1 billion in the previous year.

Services

Revenues in the tourist industry climbed steeply by one-tenth to Sfr 13 billion in 2000. Due to the improved income situation, the number of overnight stays accounted for by foreign visitors exceeded the previous year's figure by 7%. Expenditure for personal and business travel abroad augmented by approximately 6% to Sfr 11 billion, due to a slight increase in the number of overnight stays and higher prices. The surplus from travel totalled Sfr 2 billion,

clearly exceeding the previous year's level.

Trade in most other service sectors also exhibited very vigorous development. Receipts from financial services of the banks recorded growth of 22%, which was again the result of higher earnings from securities trading and investment business.

Investment income

In the investment income account both receipts from abroad and expenditures abroad increased by approximately half in 2000. Income from portfolio investment abroad expanded heavily mainly as a result of higher dividend payments. The higher income, however, was partly reduced by price losses on equities not shown in the current account. Earnings from Swiss direct investment abroad mounted by 26% to Sfr 44 billion due to the steep increase in Swiss stakes in affiliates and the favourable economic situation abroad. Both income and expenses from interest business of banks with foreign banks and customers soared. A large part of this growth, however, is attributable to a new accounting method of UBS. At Sfr 1.3 billion, the banks' net interest income from other countries again fell below the previous year's level (Sfr 1.9 billion).

Interest and dividend payments on foreign portfolio investment in Switzerland surpassed the previous year's figure by 21%. Higher assets and larger dividend payments contributed to this growth. Remittances to foreign direct investors advanced slightly to Sfr 15 billion.

Financial account

Direct investment

Capital exports for direct investment abroad mounted by Sfr 16 billion to Sfr 70 billion. The banks accounted for a particularly strong increase in investment - mainly due to acquisitions in the United States - as did the chemical industry. Capital exports by foreign-controlled finance and holding companies, however, were significantly lower than in the previous year. Also in 2000, the largest share of direct investment capital flowed into the European Union, the United States and to the financial centres in Central and South America. Overall investment in the EU remained virtually stable at Sfr 24 billion. Substantially more capital was channelled into Great Britain, Belgium and the Netherlands. The flow of capital to Ireland, however, receded. Vis-à-vis Germany, there was even a reflux of capital totalling Sfr 2 billion, following capital exports of Sfr 6 billion in the previous year. This was primarily due to the reduction in stakes by a foreign-controlled holding company. Capital exports to the United States grew by Sfr 19 billion to Sfr 33 billion in 2000. Capital flows to the financial centres in Central and South America expanded by Sfr 5 billion to Sfr 9 billion.

Capital imports for direct investment in Switzerland rose by Sfr 12 billion to Sfr 29 billion in 2000. The industrial sector accounted for three-quarters of this increase. The main factors were the acquisition of a large company of the metal industry by a Canadian investor and an acquisition as part of the restructuring of the chemical industry. Capital imports from North America mounted by Sfr 12 billion to Sfr 20 billion. The inflow of funds from EU countries, however, fell by Sfr 2 billion to Sfr 8 billion. Lower capital imports resulted in particular vis-à-vis Great Britain and Germany, whereas more capital was imported from Luxembourg and Italy.

Portfolio investment

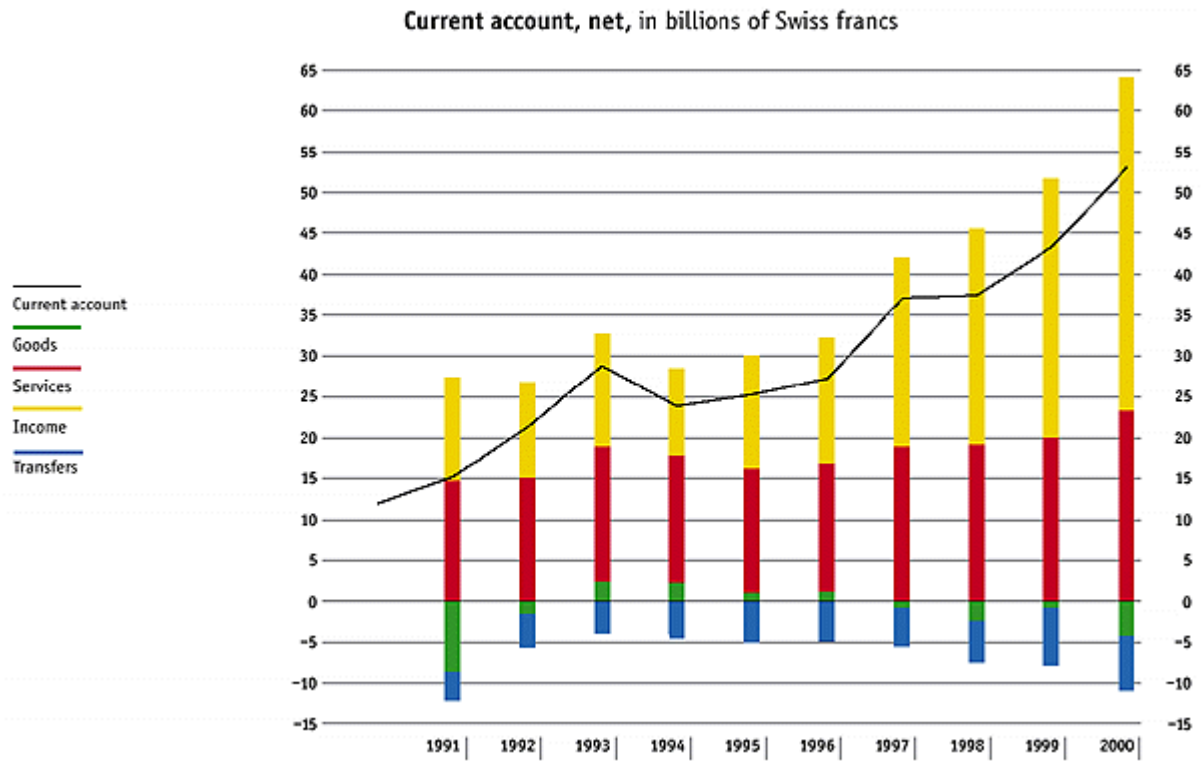
Swiss portfolio investment abroad amounted to Sfr 38 billion in 2000, which is half the level of 1999 (Sfr 70 billion), when the launch of the euro had led to massive securities purchases. On a longer view, however, this amount is still well above the average figure of the past few years. The decline in 2000 is attributable to the markedly lower investment in bonds and money market paper. In 2000, banks sold bonds on a large scale from their own holdings after having invested heavily in fixed-interest securities a year earlier. The other investors bought only half as many foreign bonds in 2000 as in the previous year. Euro-denominated paper accounted for two-thirds of the portfolio investment.

Foreign portfolio investment in Switzerland rose by Sfr 9 billion to Sfr 18 billion. This rise was due mainly to the purchase of equities by means of exchanging shares in connection with direct investment abroad. With regard to the currency allocation, securities in Swiss francs were predominant (90%).

Capital transactions by commercial banks

The outflow of funds by domestic bank offices expanded by Sfr 24 billion to Sfr 140 billion in 2000. The inflow of funds rose from Sfr 144 billion to Sfr 151 billion. The banks again recorded a net capital import of Sfr 11 billion (previous year: Sfr 27 billion). The banks' flows of funds were, as in previous years, largely attributable to interbank business, resulting in a net capital import of Sfr 36 billion. Business with customers, however, recorded a net capital export of Sfr 25 billion.

Graph



Overview Swiss balance of payments in billions of Swiss francs^{1,*}

	1996	1997	1998	1999 revised	2000 provisional
I. Current account net	27.2	37.0	37.8	43.5	53.2
Goods net	1.1	-0.5	-2.3	-0.3	-4.2
Special trade, net	2.2	2.0	2.2	1.0	-2.1
Exports	94.2	105.1	109.1	114.4	126.5
Imports	-92.0	-103.1	-106.9	-113.4	-128.6
Other trade, net	-1.1	-2.5	-4.6	-1.3	-2.1
Services net	15.4	18.9	19.6	20.0	23.3
Tourism, net	1.6	1.4	1.7	1.6	2.2
Receipts	11.0	11.5	11.6	11.8	13.0
Expenses	-9.4	-10.1	-9.9	-10.2	-10.8
Financial services, net	7.8	8.8	9.2	11.1	13.3
Receipts	7.8	8.8	10.0	12.0	14.6
Expenses	n/a	n/a	-0.7	-0.8	-1.3
Other services, net	6.0	8.7	8.6	7.3	7.9
Labour income and investment income net	15.6	23.4	25.9	31.4	40.5
Labour income, net	-6.9	-6.5	-6.4	-6.5	-6.9
Receipts	1.5	1.5	1.6	1.6	1.7
Expenses	-8.4	-8.1	-8.0	-8.1	-8.6
Investment income, net	22.4	30.0	32.4	37.8	47.5
Receipts	39.3	49.3	65.0	73.8	102.5
Expenses	-16.8	-19.4	-32.7	-36.0	-55.0
Current transfers net	-4.9	-4.9	-5.3	-7.5	-6.4
II. Capital transfers net	-0.3	-0.2	0.2	-0.8	-2.8
III. Financial account net	-38.3	-37.3	-45.3	-54.1	-42.5
Direct investment net	-16.2	-16.1	-14.2	-36.9	-40.6
Swiss direct investment abroad	-20.0	-25.7	-27.2	-54.0	-69.8
Equity capital	-13.1	-13.5	-16.9	-27.6	-53.7
Reinvested earnings	-6.5	-9.9	-7.2	-18.5	-17.0
Other capital	-0.4	-2.3	-3.1	-7.9	0.9
Foreign direct investment in Switzerland	3.8	9.6	13.0	17.1	29.2
Equity capital	1.5	6.0	5.1	7.4	17.9
Reinvested earnings	2.9	1.2	6.5	9.0	8.5
Other capital	-0.6	2.4	1.4	0.6	2.8
Portfolio investment net	-12.2	-15.5	-6.7	-61.5	-19.9
Swiss portfolio investment abroad	-28.1	-28.6	-21.6	-70.4	-37.7
Debt securities	-9.9	-15.4	-17.9	-44.1	-3.4
Bonds and notes	-9.5	-17.1	-17.8	-39.8	-1.7
Money market instruments	-0.4	1.8	-0.1	-4.2	-1.6
Equity securities	-18.2	-13.3	-3.7	-26.3	-34.3

	1996	1997	1998	1999 revised	2000 provisional
Foreign portfolio investment in Switzerland	15.9	13.1	14.9	8.9	17.8
Debt securities	1.5	3.0	2.3	0.6	2.5
Bonds and notes	1.5	3.0	2.3	0.5	2.3
Money market instruments	n/a	n/a	n/a	0.1	0.2
Equity securities	14.4	10.1	12.5	8.2	15.3
Other investment net	-6.6	-2.5	-23.2	41.5	11.3
Banks' lending, net	-13.3	-1.2	-16.7	27.5	11.0
Claims abroad	-74.1	-76.0	-66.0	-116.1	-140.4
Claims on banks	-71.5	-68.3	-61.1	-106.4	-123.6
Other claims	-2.5	-7.7	-4.8	-9.7	-16.8
Liabilities abroad	60.7	74.8	49.3	143.6	151.4
Liabilities vis-à-vis banks	51.7	64.5	39.2	134.6	159.3
Other Liabilities	9.0	10.3	10.1	9.0	-7.8
Corporate lending ² , net	2.7	0.3	-5.4	3.1	-1.5
Claims abroad	-7.2	4.3	-14.4	2.0	-13.8
Liabilities abroad	9.9	-4.0	9.0	1.1	12.3
Government lending, net	0.1	0.5	0.3	0.2	0.0
Other, net	3.9	-2.0	-1.4	10.6	1.8
International reserves total³	-3.4	-3.1	-1.1	2.8	6.7
Changes in foreign assets	-7.8	-4.9	-0.2	-1.3	6.7
Counterpart to valuation changes	4.4	1.8	-0.9	4.1	.
IV. Net errors and omissions	11.4	0.6	7.3	11.4	-7.9

1 A minus sign (-) indicates a surplus of imports over exports in the current account, and the export of capital in the other positions.

2 Intragroup lending is shown under direct investment.

3 Since 2000, flows have been shown in the table in conformity with the current guidelines of the IMF. Until 1999, changes in holdings were shown according to the old standard. This required a counterentry for non-transaction-induced changes in foreign positions.

* Differences in aggregates, i.e. totals and sums of components, due to the rounding of figures.

n/a no data available

Components of the current account in 1999 and 2000 in billions of Swiss francs¹

Components	1999 ^r			2000 ^p			Percentage in change	
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit
A. Merchandise	125.2	125.4	-0.3	143.5	147.8	-4.2	14.7%	17.8%
Special trade	114.4	113.4	1.0	126.5	128.6	-2.1	10.6%	13.4%
Electrical energy	2.1	1.5	0.6	1.9	1.5	0.5	-6.0%	0.9%
Other goods	8.7	10.6	-1.9	15.1	17.7	-2.6	74.0%	67.3%
B. Services	40.9	20.9	20.0	46.4	23.0	23.3	13.4%	10.2%
Tourism	11.8	10.2	1.6	13.0	10.8	2.2	10.4%	6.2%
Private insurance	2.9	0.1	2.7	2.4	0.1	2.3	-15.3%	0.0%
Merchanting	1.4	-	1.4	1.4	-	1.4	5.7%	-
Transportation	6.6	5.2	1.4	7.7	5.9	1.7	15.7%	13.4%
Postal services and telecommunications	1.3	1.3	-0.0	1.5	1.5	-0.0	18.0%	17.8%
Other services	17.0	4.1	12.9	20.4	4.6	15.7	19.7%	13.9%
<i>Bank commissions</i>	<i>12.0</i>	<i>0.8</i>	<i>11.1</i>	<i>14.6</i>	<i>1.3</i>	<i>13.3</i>	<i>22.0%</i>	<i>56.4%</i>
<i>Technological services</i>	<i>2.3</i>	<i>2.9</i>	<i>-0.6</i>	<i>2.6</i>	<i>3.0</i>	<i>-0.3</i>	<i>15.4%</i>	<i>1.8%</i>
<i>Other services</i>	<i>2.7</i>	<i>0.3</i>	<i>2.4</i>	<i>3.1</i>	<i>0.4</i>	<i>2.8</i>	<i>13.6%</i>	<i>12.6%</i>
C. Labour income and investment income	75.4	44.1	31.4	104.2	63.6	40.5	38.1%	44.4%
Labour income	1.6	8.1	-6.5	1.7	8.6	-6.9	3.5%	6.5%
Investment income	73.8	36.0	37.8	102.5	55.0	47.5	38.8%	52.9%
External contribution to GNP (A+B+C)	241.5	190.4	51.1	294.1	234.4	59.7	21.8%	23.1%
D. Current transfers	10.2	17.7	-7.5	10.2	16.6	-6.4	0.4%	-6.0%
Private transfers	6.4	11.6	-5.2	5.8	10.4	-4.6	-8.2%	-10.4%
Public transfers	3.8	6.1	-2.3	4.4	6.3	-1.9	14.8%	2.3%
Total (A+B+C+D)	251.6	208.1	43.5	304.3	251.1	53.2	20.9%	20.6%

¹ Differences in the totals due to the rounding of figures r Revised p Provisional

Foreign direct investment in Switzerland: breakdown by country

	1996	1997	1998	1999 revised	2000 provisional
Capital imports¹ in millions of Swiss francs					
1. Europe and extra-European industrial countries	3790	9629	11763	16962	28034
EU	2233	5927	5625	9640	7638
of which					
Belgium	70	-4	-50	247	136
Denmark	9	21	27	-52	851
Germany	1308	2871	2715	3004	620
France	571	517	-393	727	711
Italy	-807	111	1584	476	1786
Luxembourg	317	1682	505	431	2491
Netherlands	381	498	1612	-1052	187
Austria	1	68	38	114	265
Sweden	337	165	75	-1	37
Spain	10	18	-113	475	102
United Kingdom ²	-170	-161	-378	5235	340
EFTA	0	2	0	3	30
Other European countries	36	24	12	27	-26
of which					
Turkey	30	2	22	23	2
North America	1476	3778	6509	8760	20328
Canada	-50	-46	-55	30	7579
United States	1526	3824	6564	8729	12749
Other extra-European industrial countries	45	-101	-383	-1467	64
of which					
Japan	-15	-326	-457	-1512	64
2. NICs	21	-65	-10	-11	814
3. Developing countries	-6	67	1211	158	333
Asia	-42	32	-47	44	7
of which					
Israel	-46	18	36	36	-21
Central and South America	34	33	1255	112	322
Africa	2	2	3	3	4
All countries	3805	9631	12963	17110	29182

1 The minus sign (-) signifies an outflow of capital from Switzerland (disinvestment).

2 Incl. Guernsey, Jersey and the Isle of Man.

Swiss direct investment abroad: breakdown by country

	1996	1997	1998	1999 revised	2000 provisional
Capital exports¹ in millions of Swiss francs					
1. Europe and extra-European industrial countries	17500	21765	16090	42515	58616
EU	12522	12596	10154	24882	24440
Belgium	488	-655	349	1312	5292
Denmark	49	30	-31	285	-80
Germany	2629	4131	889	5524	-2292
Finland	137	152	224	110	179
France	338	213	333	1715	-6
Greece	109	116	205	180	346
Ireland	342	317	-54	5445	1741
Italy	769	1134	-197	166	-116
Luxembourg	192	-959	1651	221	1127
Netherlands	-193	2752	1003	1649	4130
Austria	-252	343	344	470	116
Portugal	91	311	-69	556	101
Sweden	539	632	844	-698	248
Spain	118	35	377	-529	-184
United Kingdom ²	7170	4043	4287	8475	13838
EFTA	54	181	-93	353	82
Central and Eastern Europe	361	215	1175	1141	892
of which					
Croatia	5	4	70	-44	7
Poland	113	173	208	478	265
Russian Federation	100	46	335	599	36
Slovakia	-2	13	21	40	12
Czech Republic	61	-19	356	-72	188
Hungary	62	-35	-76	80	56
Other European Countries	49	314	-449	734	570
of which					
Turkey	0	51	296	-95	-242
North America	3709	8058	4458	14560	32579
Canada	335	368	1232	12	54
United States	3373	7690	3226	14548	32525
Other extra-European industrial countries	806	402	845	845	53
Australia	401	153	572	245	-327
Japan	305	-203	124	675	377
New Zealand	7	298	11	-214	1
South Africa	93	154	138	140	2

	1996	1997	1998	1999 revised	2000 provisional
Capital exports¹ in millions of Swiss francs					
2. NICs	1406	2176	6932	5972	1463
Asia	1146	2383	5689	4662	521
Hong Kong	21	236	447	648	-87
Korea (South)	66	-57	283	179	138
Malaysia	233	82	102	229	-26
Philippines	39	50	1169	57	-167
Singapore	542	1879	3173	3543	488
Taiwan	22	45	121	89	157
Thailand	224	148	395	-82	17
Central and South America	260	-207	1243	1310	942
Argentina	65	-10	321	-99	28
Brazil	-10	-338	446	853	157
Chile	83	29	-178	7	-44
Mexico	121	111	654	548	801
3. Developing countries	1057	1793	4187	5518	9697
Asia	1234	629	441	60	-56
of which					
China (People's Republic)	378	255	123	-116	198
India	370	160	29	-53	-38
Indonesia	177	134	90	58	-53
Lebanon	8	2	-2	-13	-144
Pakistan	22	34	-17	7	53
Saudi Arabia	3	43	-2	60	-85
United Arab Emirates	3	12	11	19	71
Vietnam	25	21	-2	-18	-34
Central and South America	-267	935	3645	5167	9633
of which					
Costa Rica	10	-1	-26	0	-17
Ecuador	80	27	10	20	20
Guatemala	-176	60	-4	22	-65
Columbia	82	34	387	116	-99
Peru	-9	158	-25	47	8
Uruguay	172	217	284	287	274
Venezuela	121	97	61	11	65
Offshore financial centres ³	-583	236	2991	4589	9293
Africa	90	230	102	292	120
of which					
Egypt	18	92	57	93	7
Ivory Coast	17	16	51	-28	-25
Morocco	19	32	-12	3	-26
Nigeria	1	-9	5	-6	3
All countries	19964	25734	27209	54005	69776

1 The minus sign (-) signifies a return flow of capital into Switzerland (disinvestment).

2 Incl. Guernsey, Jersey and the Isle of Man.

3 According to geonomenclature Eurostat: Bahamas, Barbados, Bermudas, British Virgin Islands, Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St. Kitts-Nevis.