

# 2004 Swiss Balance of Payments

Press release of 18 August 2005

The most notable developments affecting the balance of payments in 2004 were the high level of Swiss investment abroad, the increase in the surplus on trade in goods and services, and the rise in net earnings from direct investment.

## Current account surplus increases further

The current account surplus rose once again, reaching CHF 65 billion (2003: CHF 58 billion). In relation to gross domestic product, the surplus amounted to 15% – compared with 13% a year earlier – making it the highest value ever recorded.

The increase in the current account surplus on last year was mainly attributable to the brisk trade in goods and services. Goods exports grew substantially on the back of vigorous foreign demand. Receipts from tourism and financial services – which account for roughly half of all exports of services – were higher for the first time since 2000.

Swiss subsidiaries abroad posted higher earnings as a result of the improved economic conditions, thus significantly exceeding the record high achieved in 2000. Investment income from abroad consequently rose by CHF 4 billion to CHF 87 billion, after having already notched up a marked increase in the previous year. Income on foreign investment in Switzerland, by contrast, stagnated at CHF 38 billion. Net investment income rose overall by CHF 3 billion to CHF 49 billion.

## Sharp rise in capital outflows

The financial account was dominated by a sharp rise in Swiss direct investment abroad and extensive investment in foreign securities (portfolio investment). At CHF 74 billion net, capital outflows were extraordinarily high (2003: CHF 36 billion), accounting for almost half of total gross national savings.

Swiss companies boosted their direct investment abroad by CHF 12 billion to CHF 33 billion, investing considerably more in the European Union (EU25), North America and Asia. Foreign investors, meanwhile, withdrew CHF 2 billion from Switzerland – a move which primarily affected finance and holding companies. In previous years, these companies had benefited from substantial investment.

Swiss investors purchased more foreign securities than in the year-earlier period (CHF +9 billion). The higher investment in bonds and equity securities was made at the expense of investment in money market paper. Overall, CHF 53 billion was invested in foreign securities (2003: CHF 45 billion). Foreign investors made large purchases of Swiss debt securities and investment fund certificates. However, they also sold off Swiss shares. In net terms, CHF 4 billion was invested in Swiss securities.

Banks again stepped up their lending business with customers abroad. At the same time, banks received large amounts of capital from foreign banks. This resulted in a net capital inflow of CHF 17 billion, as compared with the previous year, when banks exported CHF 7 billion.

## Balance of payments, net; in CHF billions

	2000	2001	2002	2003	2004
<b>Current account</b>	51.7	33.8	35.7	58.0	65.1
Goods	-4.2	-4.6	5.1	4.3	6.7
Services	27.3	23.4	23.3	24.7	27.3
Labour income	-8.3	-9.2	-9.2	-9.6	-10.2
Investment income	44.0	32.9	25.5	45.7	48.7
Current transfers	-7.1	-8.8	-9.0	-7.3	-7.5
<b>Capital transfers</b>	-6.0	2.6	-1.8	-0.9	-1.8
<b>Financial account</b>	-39.0	-59.4	-36.8	-36.4	-74.2
Direct investment	-42.9	-15.8	-2.5	1.2	-34.6
Portfolio investment	-19.9	-69.1	-35.2	-47.0	-49.7
Other investment, of which	17.1	26.7	4.6	13.9	12.0
Commercial bank lending	11.0	18.0	-26.8	-6.8	16.9
Corporate lending	-1.2	-8.9	-8.7	6.1	-12.9
Reserve assets	6.7	-1.1	-3.7	-4.5	-1.8
<b>Net errors and omissions</b>	-6.7	23.0	2.8	-20.7	10.9

The Swiss Balance of Payments will be available online as of mid-September. The printed version will be available as of the end of September.

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## Overview of the Swiss balance of payments<sup>1,\*</sup> in billions of Swiss francs

	2000	2001	2002	2003 revised	2004 provisional
<b>I. Current account net</b>	51.7	33.8	35.7	58.0	65.1
<b>Goods net</b>	-4.2	-4.6	5.1	4.3	6.7
Special trade, net	-2.1	1.7	7.3	6.9	9.3
Receipts	126.5	131.7	130.4	130.7	141.7
Expenses	-128.6	-130.1	-123.1	-123.8	-132.4
Other trade, net	-2.2	-6.3	-2.2	-2.5	-2.6
<b>Services net</b>	27.3	23.4	23.3	24.7	27.3
Tourism, net	2.4	2.1	2.0	2.3	2.0
Receipts	13.1	12.7	12.3	12.4	12.9
Expenses	-10.7	-10.6	-10.3	-10.1	-10.9
Financial services, net	13.3	11.8	10.4	10.4	11.0
Receipts	14.6	12.9	11.3	11.3	12.1
Expenses	-1.3	-1.1	-0.9	-0.9	-1.1
Other services, net	11.6	9.5	11.0	12.0	14.2
<b>Labour income and investment income net</b>	35.8	23.8	16.3	36.2	38.5
Labour income, net	-8.3	-9.1	-9.2	-9.6	-10.2
Receipts	1.7	2.0	1.9	2.2	1.9
Expenses	-9.9	-11.1	-11.1	-11.8	-12.2
Investment income, net	44.0	32.9	25.5	45.7	48.7
Receipts	102.4	87.3	63.1	83.2	87.0
Portfolio investment	24.5	24.6	22.9	22.0	23.2
Direct investment	44.1	31.1	19.4	43.3	48.1
Other investment income	33.8	31.6	20.7	17.9	15.8
Expenses	-58.3	-54.4	-37.5	-37.4	-38.3
Portfolio investment	-12.0	-13.7	-11.6	-10.9	-11.9
Direct investment	-17.8	-12.8	-9.6	-13.8	-15.2
Other investment income	-28.5	-27.9	-16.3	-12.8	-11.3
<b>Current transfers net</b>	-7.1	-8.8	-9.0	-7.3	-7.5
<b>II. Capital transfers net</b>	-6.0	2.6	-1.8	-0.9	-1.8
<b>III. Financial account net</b>	-39.0	-59.4	-36.8	-36.4	-74.2
<b>Direct investment net</b>	-42.9	-15.8	-2.5	1.2	-34.6
Swiss direct investment abroad	-75.4	-30.8	-12.3	-20.9	-32.5
Equity capital	-56.0	-22.0	-24.6	-5.6	-11.6
Reinvested earnings	-16.8	-4.0	8.7	-16.0	-20.3
Other capital	-2.6	-4.8	3.7	0.7	-0.6
Foreign direct investment in Switzerland	32.5	14.9	9.8	22.1	-2.1
Equity capital	19.9	15.8	4.0	11.2	-3.0
Reinvested earnings	11.0	1.0	2.4	3.8	4.1
Other capital	1.7	-1.8	3.4	7.1	-3.2

	2000	2001	2002	2003 revised	2004 provisional
<b>Portfolio investment net</b>	-19.9	-69.1	-35.2	-47.0	-49.7
Swiss portfolio investment abroad	-37.7	-72.3	-46.6	-44.5	-53.3
Debt securities	-3.4	-47.1	-34.8	-41.6	-39.2
Bonds and notes	-1.7	-39.3	-29.6	-32.9	-48.5
Money market instruments	-1.6	-7.8	-5.2	-8.7	9.3
Equity securities	-34.3	-25.2	-11.9	-2.9	-14.1
Foreign portfolio investment in Switzerland	17.8	3.2	11.4	-2.5	3.6
Debt securities	2.5	0.1	2.6	3.7	7.0
Bonds and notes	2.3	-0.8	0.0	2.2	5.3
Money market instruments	0.2	0.9	2.6	1.5	1.8
Equity securities	15.3	3.1	8.8	-6.2	-3.4
<b>Other investment net</b>	17.1	26.7	4.6	13.9	12.0
Commercial bank lending, net	11.0	18.0	-26.8	-6.8	16.9
Claims abroad	-140.4	45.9	-85.5	-14.3	-16.6
Claims on banks	-123.6	41.9	-88.3	-4.3	19.6
Other claims	-16.8	4.0	2.8	-10.0	-36.2
Liabilities abroad	151.4	-27.9	58.7	7.5	33.5
Liabilities vis-à-vis banks	159.3	-29.1	48.8	-12.8	29.1
Other liabilities	-7.8	1.2	9.9	20.3	4.5
Corporate lending <sup>2</sup> , net	-1.2	-8.9	-8.7	6.1	-12.9
Claims abroad	-13.9	-11.5	-7.6	-2.8	-14.6
Liabilities abroad	12.8	2.6	-1.1	8.9	1.7
Government lending, net	0.0	0.0	0.3	-0.1	0.4
Other, net	7.3	17.5	39.9	14.8	7.5
<b>Reserve assets total</b>	6.7	-1.1	-3.7	-4.5	-1.8
<b>IV. Net errors and omissions</b>	-6.7	23.0	2.8	-20.7	10.9

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

2 Intragroup lending is shown under direct investment.

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

**Components of the 2003 and 2004 current accounts in billions of Swiss francs<sup>1</sup>  
and percentage change from previous year**

Components	2003 r			2004 p			Percentage change	
	Receipts	Expenses	Net	Receipts	Expenses	Net	Receipts	Expenses
<b>A. Goods</b>	<b>137.1</b>	<b>132.7</b>	<b>4.3</b>	<b>148.7</b>	<b>142.0</b>	<b>6.7</b>	<b>8.5%</b>	<b>7.0%</b>
Special trade	130.7	123.8	6.9	141.7	132.4	9.3	8.5%	7.0%
Electrical energy	2.4	1.4	1.1	2.4	1.3	1.1	-1.1%	-5.0%
Other goods	4.0	7.6	-3.6	4.6	8.3	-3.7	15.0%	8.9%
<b>B. Services</b>	<b>47.4</b>	<b>22.7</b>	<b>24.7</b>	<b>53.9</b>	<b>26.6</b>	<b>27.3</b>	<b>13.5%</b>	<b>16.9%</b>
Tourism	12.4	10.1	2.3	12.9	10.9	2.0	4.7%	8.7%
Private insurance	4.8	0.1	4.6	5.0	0.1	4.8	4.1%	4.0%
Merchandising	2.4	-	2.4	4.4	-	4.4	81.7%	
Transportation	4.9	3.5	1.4	5.2	3.6	1.5	5.1%	3.9%
Postal, courier and telecommunications services	1.3	1.3	0.0	1.5	1.4	0.1	15.9%	7.4%
Other services	21.6	7.7	13.9	24.8	10.4	14.4	14.7%	35.4%
<i>Financial services</i>	<i>11.3</i>	<i>0.9</i>	<i>10.4</i>	<i>12.1</i>	<i>1.1</i>	<i>11.0</i>	<i>7.3%</i>	<i>18.5%</i>
<i>Technological services</i>	<i>6.1</i>	<i>6.5</i>	<i>-0.3</i>	<i>8.0</i>	<i>8.5</i>	<i>-0.5</i>	<i>30.2%</i>	<i>31.6%</i>
<i>Other services</i>	<i>4.2</i>	<i>0.4</i>	<i>3.8</i>	<i>4.7</i>	<i>0.9</i>	<i>3.8</i>	<i>12.0%</i>	<i>145.7%</i>
<b>C. Labour income and investment income</b>	<b>85.4</b>	<b>49.2</b>	<b>36.2</b>	<b>89.0</b>	<b>50.5</b>	<b>38.5</b>	<b>4.2%</b>	<b>2.5%</b>
Labour income	2.2	11.8	-9.6	1.9	12.2	-10.2	-12.7%	3.3%
Investment income	83.2	37.4	45.7	87.0	38.3	48.7	4.6%	2.3%
<b>D. Current transfers</b>	<b>17.7</b>	<b>25.0</b>	<b>-7.3</b>	<b>17.6</b>	<b>25.0</b>	<b>-7.5</b>	<b>-0.7%</b>	<b>0.2%</b>
Private transfers	14.6	18.6	-4.1	14.5	18.2	-3.8	-0.8%	-2.2%
Public transfers	3.1	6.3	-3.2	3.1	6.8	-3.7	-0.3%	7.3%
<b>Total (A+B+C+D)</b>	<b>287.6</b>	<b>229.7</b>	<b>58.0</b>	<b>309.1</b>	<b>244.1</b>	<b>65.1</b>	<b>7.5%</b>	<b>6.3%</b>

<sup>1</sup> Differences in the totals are due to the rounding of figures.

r revised

p provisional

## Swiss direct investment abroad: breakdown by country<sup>1</sup>

	2000	2001	2002	2003 revised	2004 provisional
<b>Capital exports<sup>2</sup> in millions of Swiss francs</b>					
<b>1. Europe</b>	<b>29378</b>	<b>13407</b>	<b>9775</b>	<b>9438</b>	<b>14546</b>
<b>EU<sup>3</sup>, of which</b>	<b>23537</b>	<b>11632</b>	<b>7340</b>	<b>6524</b>	<b>13509</b>
Baltic countries <sup>4,5</sup>	.	.	.	.	-3
Belgium	4429	-545	2036	2634	-225
Denmark	-167	-29	69	485	229
Germany	-1113	5696	247	304	-229
Finland	263	99	-8	16	401
France	-933	-1582	985	-1873	2796
Greece	355	167	241	369	225
Ireland	1303	-4713	175	33	907
Italy	-222	1958	773	-1877	490
Luxembourg	3440	7825	-2956	4352	939
Netherlands	3227	167	1505	583	2393
Austria	100	399	455	595	875
Poland <sup>5</sup>	.	.	.	.	307
Portugal	1594	270	75	-266	26
Sweden	328	-165	3002	401	-45
Slovakia <sup>5</sup>	.	.	.	.	110
Spain	97	1382	480	27	790
Czech Republic <sup>5</sup>	.	.	.	.	367
Hungary <sup>5</sup>	.	.	.	.	-81
United Kingdom	10836	703	261	741	3461
<b>Other European countries<sup>6</sup>, of which</b>	<b>5842</b>	<b>1775</b>	<b>2435</b>	<b>2913</b>	<b>1037</b>
Baltic countries <sup>4,7</sup>	21	-4	79	7	.
Bulgaria	-21	2	1	37	29
Croatia	16	21	7	64	48
Norway	.	.	.	.	-480
Poland <sup>7</sup>	586	209	-152	118	.
Romania	244	139	-45	86	107
Russian Federation	-7	696	151	-21	295
Slovakia <sup>7</sup>	13	9	52	-4	.
Czech Republic <sup>7</sup>	183	274	55	-496	.
Turkey	-242	-158	249	51	164
Ukraine	-22	28	39	69	187
Hungary <sup>7</sup>	77	172	28	132	.
Offshore financial centres <sup>8</sup>	5709	-242	-246	2855	650
<b>2. North America</b>	<b>34232</b>	<b>9728</b>	<b>3707</b>	<b>6971</b>	<b>9485</b>
Canada	553	108	307	353	3124
United States	33678	9620	3401	6618	6361
<b>3. Central and South America, of which</b>	<b>10410</b>	<b>6205</b>	<b>-1227</b>	<b>3751</b>	<b>2358</b>
Argentina	48	533	-542	345	73
Bolivia	0	6	8	10	3
Brazil	246	-808	-615	163	430
Chile	-27	-163	-8	-14	27
Costa Rica	-17	13	17	85	38

	2000	2001	2002	2003 revised	2004 provisional
<b>Capital exports<sup>2</sup> in millions of Swiss francs</b>					
Ecuador	23	55	42	14	15
Guatemala	-97	-8	-8	13	1
Colombia	-109	-70	-214	-19	12
Mexico	910	941	184	-61	-2500
Peru	57	36	-42	-61	99
Uruguay	299	90	152	33	82
Venezuela	127	176	-239	178	87
Offshore financial centres <sup>9</sup>	8794	5546	-505	3940	3833
<b>4. Asia, of which</b>	<b>1430</b>	<b>1337</b>	<b>47</b>	<b>2</b>	<b>5329</b>
Bangladesh	2	6	0	0	7
China (People's Republic)	212	181	-64	-188	175
Hong Kong	-63	258	-203	101	-129
India	-43	139	76	140	146
Indonesia	-22	156	36	-32	2
Israel	189	45	-23	44	50
Japan	336	487	-640	-165	1054
Korea (South)	184	86	-11	6	51
Malaysia	-25	67	-34	83	32
Pakistan	59	42	18	21	3
Philippines	313	98	-272	-62	-210
Saudi Arabia	-83	-6	7	-18	-19
Singapore	222	-523	1050	-202	4007
Sri Lanka	-7	-13	-2	-14	6
Taiwan	160	34	31	45	106
Thailand	46	206	167	180	109
United Arab Emirates	85	55	-52	-22	5
Viet-Nam	-33	-19	-40	25	8
<b>5. Africa, of which</b>	<b>273</b>	<b>143</b>	<b>-489</b>	<b>-248</b>	<b>-310</b>
Egypt	11	82	48	31	39
Côte d'Ivoire	-47	-6	-93	4	-14
Kenya	9	4	-1	-2	1
Morocco	-30	37	26	34	7
Nigeria	4	8	1	26	3
South Africa	18	54	-238	-243	-83
Tunisia	17	5	-10	-9	4
<b>6. Oceania, of which</b>	<b>-276</b>	<b>-37</b>	<b>433</b>	<b>957</b>	<b>1095</b>
Australia	-267	-66	437	992	1069
New Zealand	-3	22	-7	-54	14
<b>All countries</b>	<b>75446</b>	<b>30782</b>	<b>12249</b>	<b>20869</b>	<b>32505</b>

1 The definition of countries is based on the Eurostat geonomenclature.

2 The minus sign (-) indicates a return flow of capital into Switzerland (disinvestment).

3 Until 2003, EU15; as of 2004, EU25.

4 Estonia, Latvia and Lithuania.

5 Until 2003, in Other European countries.

6 Until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus.

7 As of 2004, in the EU.

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

9 Anguilla, Bahamas, Barbados, Bermuda, Virgin Islands (British), Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis; Virgin Islands (US), Antigua and Barbuda, Belize, Dominica, Grenada, St Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.

## Foreign direct investment in Switzerland: breakdown by country<sup>1</sup>

	2000	2001	2002	2003 revised	2004 provisional
<b>Capital imports<sup>2</sup> in millions of Swiss francs</b>					
<b>1. Europe</b>	<b>12992</b>	<b>11419</b>	<b>7190</b>	<b>13498</b>	<b>-5357</b>
<b>EU<sup>3</sup>, of which</b>	<b>12939</b>	<b>11385</b>	<b>7976</b>	<b>13464</b>	<b>-5465</b>
Belgium	226	169	-266	4807	-313
Denmark	873	1840	-108	-33	137
Germany	4022	-1425	-321	-587	-217
France	587	944	2685	615	58
Italy	1954	299	410	-96	-2046
Luxembourg	2852	791	306	314	-925
Netherlands	538	7505	297	6255	-1224
Austria	266	23	105	-9	624
Sweden	62	-48	189	244	-46
Spain	102	50	34	29	116
United Kingdom	1330	1211	4726	1765	-1534
<b>Other European countries<sup>4</sup></b>	<b>53</b>	<b>34</b>	<b>-786</b>	<b>34</b>	<b>108</b>
<b>2. North America, of which</b>	<b>18443</b>	<b>2869</b>	<b>3075</b>	<b>7748</b>	<b>3110</b>
Canada	7832	-454	193	290	-184
United States	10611	3323	2883	7459	3294
<b>3. Central and South America, of which</b>	<b>616</b>	<b>119</b>	<b>32</b>	<b>929</b>	<b>673</b>
Offshore financial centres <sup>5</sup>	311	137	43	939	142
<b>4. Asia, Africa and Oceania, of which</b>	<b>468</b>	<b>538</b>	<b>-515</b>	<b>-79</b>	<b>-567</b>
Israel	-8	14	-310	26	33
Japan	-37	278	-291	-263	-232
<b>All countries</b>	<b>32519</b>	<b>14945</b>	<b>9783</b>	<b>22097</b>	<b>-2142</b>

1 The definition of countries is based on the Eurostat geonomenclature.

2 The minus sign (-) indicates an outflow of capital from Switzerland (disinvestment).

3 Until 2003, EU15; as of 2004, EU25.

4 Until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus.

5 Anguilla, Bahamas, Barbados, Bermuda, Virgin Islands (British), Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis; Virgin Islands (US), Antigua and Barbuda, Belize, Dominica, Grenada, St Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.



## Current account, net

