

Direct Investment 2017

SCHWEIZERISCHE NATIONALBANK
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BANCA NAZIONALE SVIZZERA
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Direct Investment 2017

Volume 18

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1

Summary of direct investment in 2017

SWISS DIRECT INVESTMENT ABROAD

In 2017, companies domiciled in Switzerland withdrew more funds from their subsidiaries abroad than they invested there. The net withdrawal of funds amounted to CHF 34 billion (2016: net investment of CHF 86 billion). The disinvestment affected both manufacturing (CHF 8 billion) and services (CHF 26 billion). In the manufacturing sector, it was mainly companies from the chemicals and plastics category that withdrew funds from their subsidiaries abroad, part of which they used to finance acquisitions in Switzerland. In the services sector, disinvestment was attributable primarily to two categories. Finance and holding companies reduced intragroup lending abroad, while companies in the trade category sold subsidiaries. However, there were instances of net investment abroad in both sectors, with the largest amounts recorded by the categories of metals and machinery and of other services.

Disinvestment primarily affected locations in Europe (CHF 51 billion). Swiss-domiciled companies withdrew funds mainly from subsidiaries in Ireland and the UK, as well as from Central and South America, Africa and Oceania. By contrast, they increased their direct investment in North America (CHF 13 billion) and Asia (CHF 12 billion).

Stocks of direct investment abroad totalled CHF 1,228 billion. Of this amount, CHF 1,097 billion was equity capital (89%) and CHF 131 billion (11%) was intragroup loans. At CHF 478 billion (39%), finance and holding companies reported by far the highest capital stocks abroad, followed by chemicals and plastics at CHF 164 billion (13%).

Income from direct investment abroad amounted to CHF 86 billion, thus almost matching the level recorded in 2016. Higher investment income was achieved in particular by subsidiaries of finance and holding companies (up CHF 4 billion to CHF 32 billion), whereas that of banks and insurance companies declined by more than half (down CHF 5 billion to CHF 4 billion).

FOREIGN DIRECT INVESTMENT IN SWITZERLAND

Foreign-domiciled companies invested a net CHF 38 billion in companies in Switzerland (2016: CHF 60 billion). The manufacturing and services sectors posted contrasting developments. While companies in the former registered a record high of CHF 59 billion in foreign direct investment, companies in the latter sector saw foreign investors withdraw CHF 21 billion. The chemicals and plastics category accounted for the bulk of investment in manufacturing, this being attributable to investors abroad acquiring Swiss companies in the category. Disinvestment in the services sector was due to parent companies abroad reducing the activities of finance and holding companies in Switzerland and dissolving subsidiaries.

Stocks of foreign direct investment totalled CHF 1,088 billion. Of this amount, CHF 1,034 billion (95%) was equity capital and CHF 55 billion (5%) was intragroup loans. A breakdown by immediate investor shows that 76% of capital stocks originated from investors in the EU and a further 13% from investors in the US. However, this breakdown only provides a limited idea of the countries of origin of the ultimate beneficial owners in control of companies in Switzerland. This is due to the fact that 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 country of origin of the ultimate beneficial owner. This breakdown shows that investors from the US and the EU controlled 42% and 36% of the capital stocks respectively.

Investment income from foreign direct investment in Switzerland rose by CHF 14 billion to CHF 84 billion. An increase in investment income was registered by companies in the categories of trade (up CHF 12 billion to CHF 27 billion) and of finance and holding companies (up CHF 4 billion to CHF 33 billion).

OPERATIONAL DATA ON SUBSIDIARIES ABROAD AND THEIR PARENT COMPANIES IN SWITZERLAND

At their subsidiaries abroad, Swiss-controlled companies employed a total of 2,090,000 people, of whom 927,000 (44%) were in Europe and 537,000 (26%) in Asia. The number of people employed advanced by 41,000, or 2%, compared with 2016. The 3% increase in Europe (up 28,000) was slightly above average. Meanwhile, staff numbers in Asia were only marginally higher year-on-year (up 2,000), a sign that the employment growth of recent years is coming to an end.

Swiss parent companies with participations abroad are also significant employers in their home country, providing jobs for 872,000 persons in Switzerland,¹ equivalent to 17% of overall employment in manufacturing and services.²

AVAILABILITY AND REVISION OF DATA

Comprehensive tables on direct investment and operational data for multinational companies are available on the SNB's data portal (data.snb.ch) under 'Table selection, International economic affairs'. The data can be accessed there in the form of charts and configurable tables. Information on methods used is also available under 'Resources, International economic affairs, Notes'.

The data portal has thus far provided direct investment data from 1998 onwards. With the publication of *Direct Investment 2017*, time series on capital stocks and capital transactions will now be available from 1985.

Since 2017, operational data on foreign subsidiaries in Switzerland (staff numbers and number of companies) have been published by the Swiss Federal Statistical Office (SFSO).³ Previous time series for the period 2003 to 2015 remain available on the SNB's data portal. They will, however, no longer be updated.

Direct Investment 2017 contains the usual revision of figures from previous years (2014–2016). In the year under review, the group of companies surveyed by the SNB was expanded. The new companies were included in the direct investment statistics retroactively up to 2016. For 2016, this led to a break in series in the finance and holding companies category, with an upward revision recorded in equity capital in particular (in both investment directions).

1 Including companies not covered by the direct investment survey. Staff numbers for these companies are provided by the SFSO, Neuchâtel.

2 Sources: Employment statistics (JOBSTAT) published by the SFSO, Neuchâtel, and by the Office of Statistics, Vaduz.

3 Enterprise groups statistics (STAGRE) published by the SFSO, Neuchâtel.

Table 1

DIRECT INVESTMENT 2017: OVERVIEW

		2016	2017
Swiss direct investment abroad			
Capital transactions	in CHF billions	86.5	-34.0
Capital stocks	in CHF billions	1 249.6	1 227.8
Investment income	in CHF billions	86.9	85.6
Foreign direct investment in Switzerland			
Capital transactions	in CHF billions	59.5	38.4
Capital stocks	in CHF billions	1 061.3	1 088.4
Investment income	in CHF billions	69.8	83.9
Operational data on Swiss subsidiaries abroad and their parent companies in Switzerland			
Number of staff at Swiss subsidiaries abroad	in thousands	2 048.1	2 089.5
Number of staff at parent companies in Switzerland ¹	in thousands	860.1	871.7

1 Including companies not covered by the survey on direct investment since they are below the reporting limit. Staff numbers for these companies are provided by the SFSO, Neuchâtel.

Source: SNB

2 Swiss direct investment abroad

CAPITAL TRANSACTIONS

In 2017, companies domiciled in Switzerland withdrew more funds from their subsidiaries abroad than they invested there. The net withdrawal of funds amounted to CHF 34 billion (2016: net investment of CHF 86 billion). Companies reduced both intragroup loans and equity capital, the divestment amounting to CHF 35 billion and CHF 16 billion respectively. However, additional investment was effected in the form of reinvested earnings (CHF 18 billion).

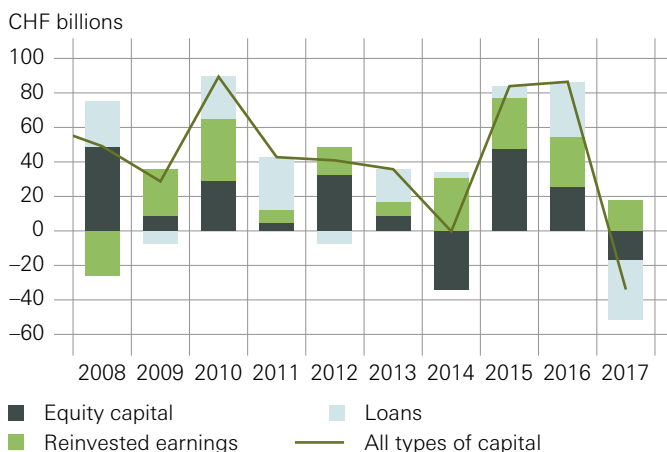
Both the manufacturing and the services sectors withdrew funds from abroad. Disinvestment in the manufacturing sector amounted to CHF 8 billion overall. This was mainly attributable to companies from the chemicals and plastics category, where withdrawals totalled CHF 12 billion. The companies in question withdrew large amounts of equity capital from their subsidiaries abroad, part of which they used for acquisitions in Switzerland. Disinvestment was also recorded by the other manufacturing and construction category (CHF 4 billion), with the withdrawals being due to decreases in intragroup lending. By contrast, the remaining categories in the manufacturing sector registered net investment abroad, above all metals and machinery (CHF 4 billion) and electronics, energy, optical and watchmaking (CHF 3 billion).

Disinvestment in the services sector totalled CHF 26 billion, with two categories primarily affected: finance and holding companies (CHF 18 billion) and trade (CHF 16 billion). Finance and holding companies scaled back intragroup lending abroad in particular, whereas disinvestment in the trade category was mainly attributable to the selling of subsidiaries abroad. By contrast, direct investment was recorded in the categories of other services (CHF 6 billion) and insurance companies (CHF 2 billion).

Chart 1

DIRECT INVESTMENT ABROAD

Capital transactions by type of capital

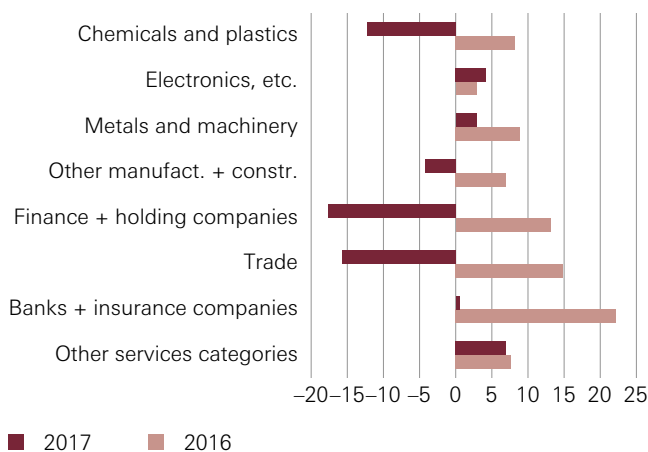


Source: SNB

Chart 2

DIRECT INVESTMENT ABROAD

Capital transactions by economic activity, in CHF billions



Source: SNB

A look at the geographic distribution of disinvestment shows that Swiss companies withdrew funds primarily from subsidiaries in Europe (CHF 51 billion). Most strongly affected by this were the holding location Ireland (CHF 40 billion) and the UK (CHF 15 billion), but there was also disinvestment from Luxembourg and Belgium. However, Swiss companies provided additional funds to subsidiaries in the Netherlands (CHF 9 billion) and in Germany (CHF 6 billion).

Outside Europe, funds were also withdrawn from Central and South America, Africa and Oceania (CHF 7 billion overall). Net investment was, by contrast, effected in North America (CHF 13 billion) and in Asia (CHF 12 billion), with the bulk of direct investment going to the largest economies in these regions – CHF 12 billion to the US and CHF 4 billion to both China (including Hong Kong) and Japan.

CAPITAL STOCKS

Stocks of direct investment abroad amounted to CHF 1,228 billion. This was CHF 22 billion or 2% less than in 2016. The decline was due to the fact that disinvestment exceeded the exchange rate gains on the capital stocks reported in Swiss francs. Capital stocks of direct investment comprise equity capital (CHF 1,097 billion or 89%) and loans (CHF 131 billion or 11%). A net approach is adopted in the case of loans, with lending to subsidiaries and fellow companies abroad totalling CHF 374 billion (assets) offset against loans taken out at subsidiaries and fellow companies abroad totalling CHF 243 billion (liabilities).¹

By comparison with other countries, Switzerland maintains high levels of direct investment abroad. Measured in capital stocks, it is one of the world's largest direct investors (source: IMF, <http://data.imf.org/CDIS>). Reasons for this include the fact that numerous large multinationals are headquartered in the country and that Switzerland is attractive as a location for foreign-controlled holding companies.

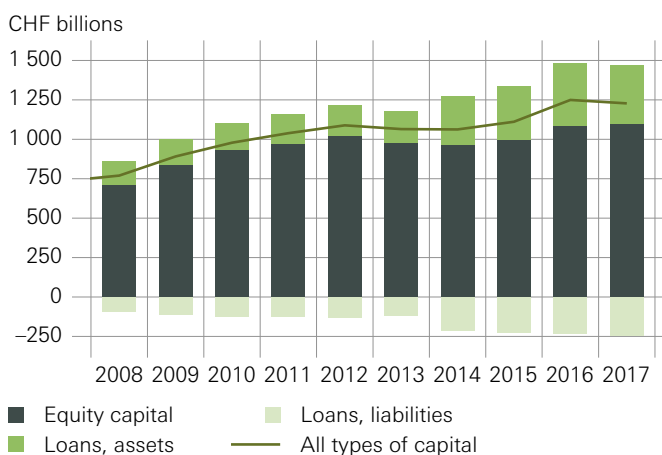
Capital stocks receded by CHF 3 billion to CHF 407 billion in manufacturing and by CHF 19 billion to CHF 821 billion in services. Within the latter sector, the largest decline by far was recorded by the trade category (down CHF 21 billion to CHF 116 billion).

Chart 4 shows the movements in capital stocks since 1985. In the mid-1980s, the manufacturing sector still accounted for over 70%. This proportion continuously receded until the beginning of the 2000s, before levelling out and remaining fairly constant ever since (2017: 33%). There was a corresponding development in the services sector, albeit in the opposite direction. Here, finance and holding companies in particular recorded a steep increase between 1985 and 2010, with their share in direct investment stocks rising from 12% to 40%. Since then, this proportion has remained fairly stable (2017: 39%). A different development was registered by the banks and insurance companies categories. Their share in capital stocks made up 14% in 2017, similar to the level recorded 30 years before. In the interim, however, the share of banks and insurance companies in overall direct investment abroad was significantly higher (2001: 37%).

Chart 3

DIRECT INVESTMENT ABROAD

Capital stocks by type of capital

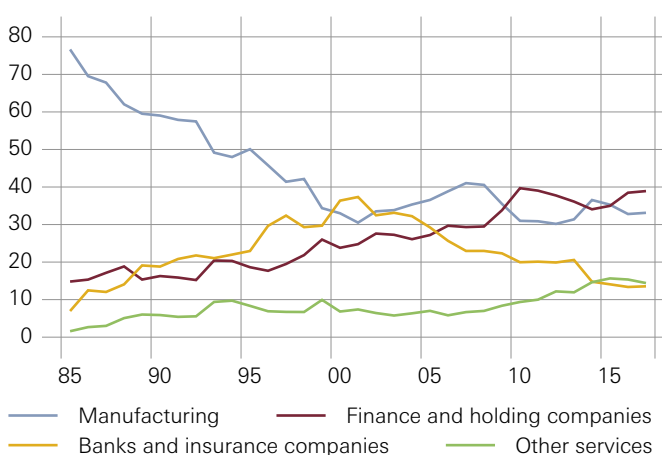


Source: SNB

Chart 4

DIRECT INVESTMENT ABROAD

Capital stocks by economic activity (in %)



Source: SNB

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

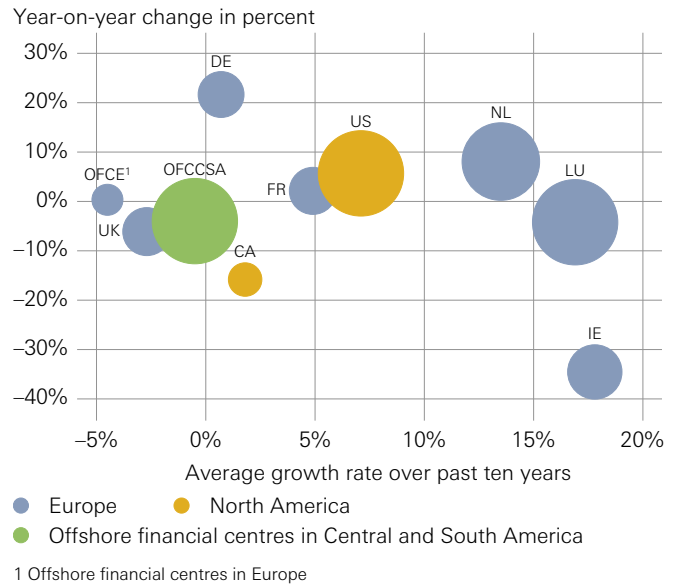
Chart 5 shows the most significant target locations for Swiss direct investment in terms of capital stocks as at the end of 2017 (the area of the circles is proportionate to the size of the capital stocks). The x-axis reflects the average growth rate of capital stocks for the period from 2007 to 2017, while the y-axis shows the year-on-year change in percent against 2016. As can be seen, growth in capital stocks took place to a large extent in the European holding locations of the Netherlands, Luxembourg and Ireland. However, two of these – Ireland and Luxembourg – experienced an above-average decline in capital stocks in 2017. Within one year, the capital stocks controlled in the three above-mentioned holding locations contracted by CHF 34 billion to CHF 382 billion. This decrease, but also the strong growth rates of the years before, reflect the high degree of mobility of intermediate companies, which are predominantly set up in holding locations. Given their dominance, these holding locations also played a key role in the development of capital stocks in Europe, which receded by CHF 27 billion to CHF 669 billion.

Besides Europe, subsidiaries in Central and South America, Africa and Oceania also recorded a decrease in capital stocks (down by a total of CHF 7 billion to CHF 148 billion). Capital stocks in North America, by contrast, advanced slightly overall. While the US registered an increase of CHF 13 billion to CHF 253 billion, shifts in the domiciles of subsidiaries had a negative impact in Canada (down CHF 7 billion to CHF 39 billion). Apart from North America, Asia was the only region to post an increase in the capital stocks of Swiss direct investment abroad (up CHF 6 billion to CHF 119 billion).

Chart 5

DIRECT INVESTMENT ABROAD

Capital stocks of top ten investment locations



Source: SNB

INVESTMENT INCOME

Income from direct investment abroad amounted to CHF 86 billion, thus almost matching the level recorded in 2016. The tendency observed in recent years continued, with earnings of subsidiaries abroad increasingly being repatriated to Switzerland rather than being reinvested locally. Thus, 80% of investment income in 2017 (CHF 68 billion) comprised transferred earnings (dividends and net interest), and only 20% (CHF 18 billion) was reinvested in subsidiaries abroad.

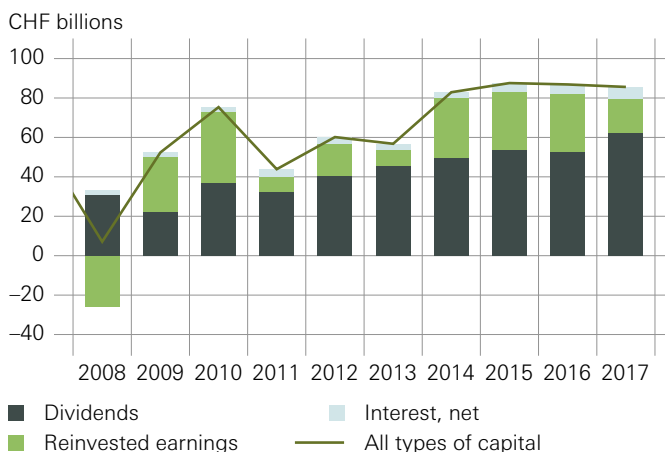
In manufacturing, net investment income achieved by subsidiaries abroad amounted to CHF 37 billion, as in 2016. Higher investment income recorded in the categories of electronics, energy, optical and watchmaking (up CHF 2 billion to CHF 6 billion) and chemicals and plastics (up CHF 1 billion to CHF 18 billion) stood in contrast to lower investment income in the other manufacturing and construction category (down CHF 3 billion to CHF 9 billion).

At CHF 49 billion, investment income in the services sector was only slightly below that of the previous year. There were, however, shifts in the breakdown by category. Investment income of banks and insurance companies declined by more than half (down CHF 5 billion to CHF 4 billion), and that of trade was also down CHF 2 billion to CHF 8 billion. By contrast, finance and holding companies registered a further increase in investment income (up CHF 4 billion to CHF 32 billion). This was attributable to the foreign-controlled groups in this category, with special purpose entities (SPEs) in particular posting significantly higher earnings. Excluding the foreign-controlled groups, however, total investment income from direct investment abroad was substantially below the previous year's level (down CHF 10 billion to CHF 54 billion).

Chart 6

DIRECT INVESTMENT ABROAD

Investment income by type of capital

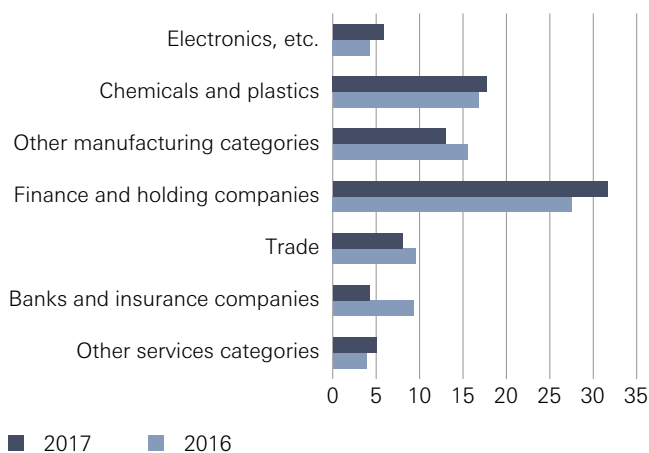


Source: SNB

Chart 7

DIRECT INVESTMENT ABROAD

Investment income by economic activity, in CHF billions



Source: SNB

CAPITAL TRANSACTIONS

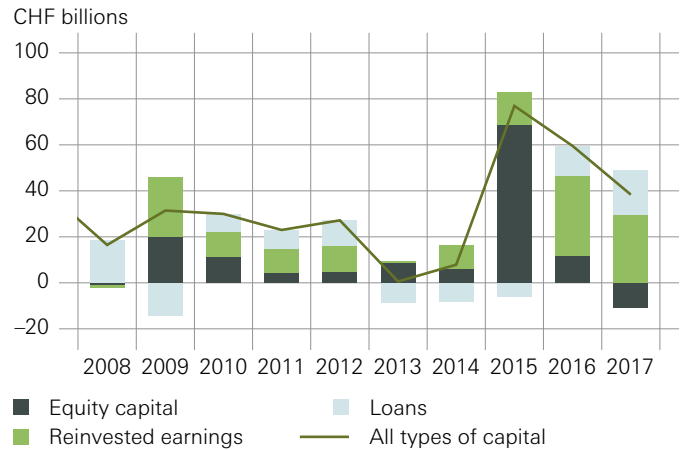
Foreign-domiciled companies invested a net CHF 38 billion in companies in Switzerland in 2017 (2016: CHF 60 billion). This investment came in the form of reinvested earnings (CHF 29 billion) and via intragroup lending (CHF 20 billion). In the case of equity capital, meanwhile, foreign investors withdrew a total of CHF 11 billion more from their subsidiaries in Switzerland than they invested in them.

The manufacturing and services sectors developed in opposite directions. While the former registered a record high of CHF 59 billion in foreign direct investment, companies in the latter sector saw foreign investors withdraw CHF 21 billion. The chemicals and plastics category accounted for the bulk of investment in manufacturing (CHF 54 billion) due to takeovers of Swiss companies by foreign investors. In the services sector, the disinvestment resulted from withdrawals in the case of finance and holding companies (CHF 30 billion), with SPEs accounting for slightly more than half of this figure. The key factor in this regard was foreign parent companies reducing the activities of finance and holding companies in Switzerland and dissolving subsidiaries. There were also significant transactions in the trade category, where group restructuring activities led to withdrawals in the case of equity capital, offset by inflows in the form of reinvested earnings and intragroup lending. This resulted in net investment of CHF 2 billion.

Chart 8

DIRECT INVESTMENT IN SWITZERLAND

Capital transactions by type of capital

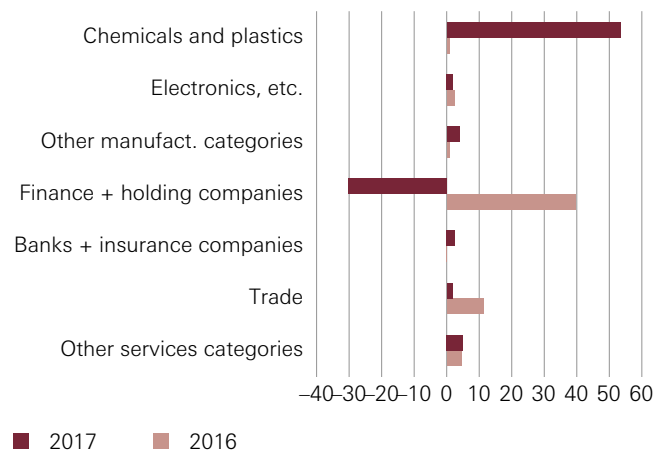


Source: SNB

Chart 9

DIRECT INVESTMENT IN SWITZERLAND

Capital transactions by economic activity, in CHF billions



Source: SNB

While the importance of the Central and South American offshore financial centres as a destination for Swiss direct investment has waned in recent years, their importance as a region of origin for foreign direct investment in Switzerland has tended to increase. This was again the case in 2017, with a significant part of direct investment in Switzerland stemming from companies in this region (CHF 29 billion). However, there were also sizeable inflows from North American investors (CHF 18 billion).

As regards Europe, the picture was mixed. Considerable investment was recorded from the Netherlands (CHF 24 billion), primarily attributable to takeovers of Swiss companies. Meanwhile, outflows exceeded investment in the case of the UK (CHF 26 billion) and Luxembourg (CHF 13 billion); this was due in both cases to the aforementioned reduction in activities of finance and holding companies. Investors from Europe repatriated a total of CHF 6 billion from companies in Switzerland. In the case of investors from Africa, Asia and Oceania, withdrawals amounted to CHF 1 billion.

CAPITAL STOCKS

Stocks of foreign direct investment in Switzerland amounted to CHF 1,088 billion, a year-on-year increase of CHF 27 billion, or 3%. Capital stocks of direct investment comprise equity capital (CHF 1,034 billion; 95%) and loans (CHF 55 billion; 5%). A net approach is adopted in the case of loans, with lending by parent and fellow companies abroad totalling CHF 267 billion (liabilities) being offset against loans granted to parent and fellow companies abroad totalling CHF 212 billion (assets).¹

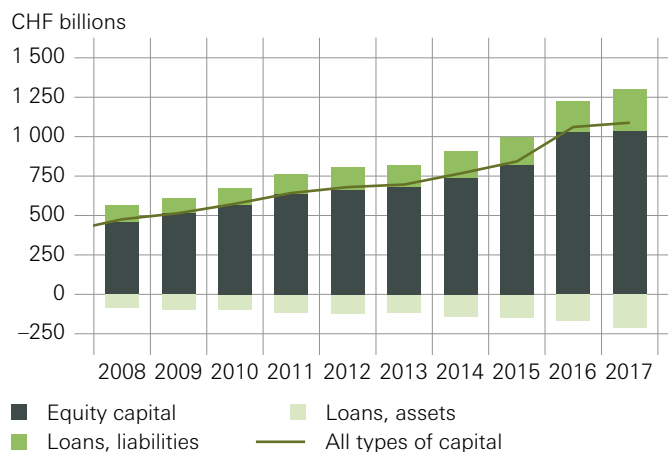
Capital stocks of foreign direct investment in manufacturing increased by CHF 22 billion to CHF 162 billion – markedly less than might have been expected in light of the high volumes of transactions. This is attributable to the differences in the valuation of transactions and capital stocks in the Swiss direct investment statistics: transactions are reported at market value, capital stocks at book value. Given that the book values are often lower than the market values, the changes in capital stocks are as a rule less pronounced than those in the corresponding transactions. In addition to transactions, the capital stocks of foreign direct investment in the services sector were influenced by other changes. Despite disinvestment of CHF 21 billion, these stocks rose by CHF 4 billion to CHF 926 billion.

Chart 11 shows the movements in capital stocks since 1985. The proportion of foreign direct investment attributable to the manufacturing sector has consistently ranged between 10% and 20% (2017: 15%). Correspondingly, the proportion taken up by the services sector has also been fairly constant overall (2017: 85%), albeit with marked shifts within the sector itself. While finance and holding companies accounted for around 30% of capital stocks of foreign direct investment in the mid-1980s, by 2010 this figure had risen to 58%, and stayed relatively constant thereafter (2017: 57%). This contrasts with direct investment in banks and insurance companies. At the beginning of the 1990s, their share in foreign direct investment stood at around 30%. It subsequently declined almost continually, and by 2017 accounted for just 5%.

Chart 10

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks by type of capital

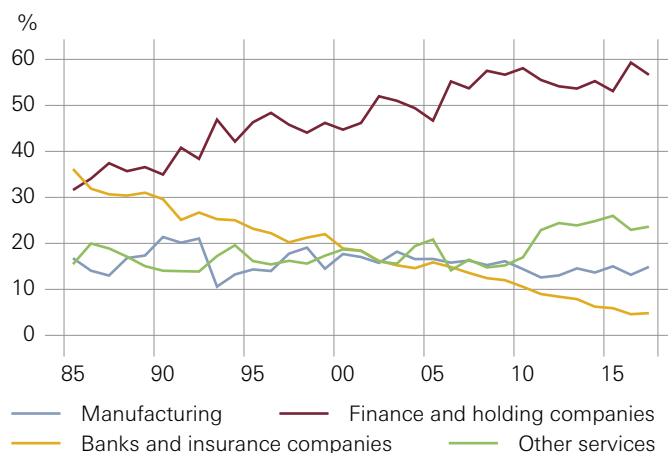


Source: SNB

Chart 11

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks by economic activity (in %)



Source: SNB

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

The SNB publishes two breakdowns by country of domestic capital stocks, one by country of origin of the immediate investor, and the other by country of origin of the ultimate beneficial owner. Broken down according to country of immediate investor, a large proportion of domestic capital stocks are held by EU-domiciled investors. This portion amounted to CHF 845 billion, or 78% of foreign capital stocks in Switzerland. Of this, CHF 590 billion was attributable to investors in the three holding locations of the Netherlands, Luxembourg and Austria. Investment from holding locations is mainly carried out by intermediate companies, which in turn are controlled by companies in a third country.² The share of equity capital in subsidiaries in Switzerland that was held through intermediate companies amounted to 64% (cf. chart 12). In 2008, this share stood at 36%.

Because of the high share of intermediate companies, the SNB also provides a breakdown of capital stocks by country of origin of the ultimate beneficial owner. Using this approach, the US, in particular, had significantly higher capital stocks (CHF 457 billion) than when assessed according to immediate investor. This shows that US investors mainly invested in companies in Switzerland via third countries. The same applies to investors from Asia, as well as investors from other European countries, Central and South America domiciled outside the offshore financial centres located there. The European holding locations of Luxembourg, the Netherlands and Austria, as well as the Central and South American offshore financial centres, were the most important of these third countries. According to the evaluation by ultimate beneficial owner, capital stocks of Luxembourg investors amounted to CHF 23 billion, only a fraction of the level according to the evaluation by immediate investor (CHF 236 billion). For the Netherlands and Austria, the figures were CHF 75 billion compared to CHF 311 billion, and CHF 9 billion compared to CHF 42 billion, respectively.

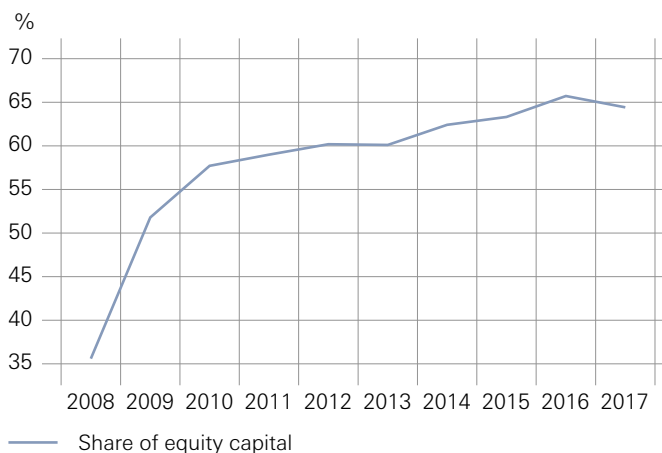
Switzerland is also listed as a country of origin of ultimate beneficial owner. This means that direct investors from Switzerland also invest in companies in Switzerland via intermediate companies in third countries. This is a practice referred to as ‘round tripping’, whereby capital originating in a country is reinvested back into that country in the form of foreign direct investment. In 2017, the capital stock invested in this way amounted to CHF 42 billion (2016: CHF 57 billion).

² For more information on the significance of intermediate companies in the direct investment statistics, cf. ‘Special topic’ in the *Direct Investment 2016* report.

Chart 12

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks held via intermediate companies in third countries

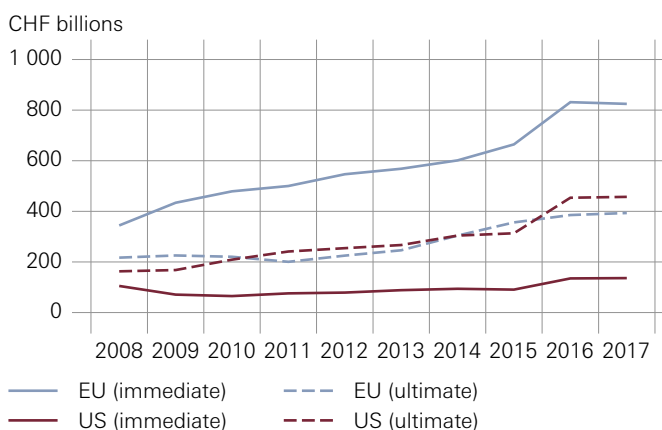


Source: SNB

Chart 13

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks by country of immediate investor and ultimate beneficial owner



Source: SNB

Table 2

**CAPITAL STOCKS FOR 2017: BREAKDOWN BY COUNTRY 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 percent	In CHF billions	Share in percent	
Europe	845.0	78%	463.5	43%	-381.5
EU	824.7	76%	393.4	36%	-431.3
Other European countries	20.4	2%	70.1	6%	49.7
Selected countries					
Germany	27.5	3%	35.4	3%	7.9
France	39.5	4%	43.4	4%	4.0
Luxembourg	236.3	22%	23.1	2%	-213.3
Netherlands	311.1	29%	74.6	7%	-236.5
Austria	42.1	4%	8.7	1%	-33.5
Switzerland	.	.	42.2	4%	42.2
United Kingdom	46.5	4%	60.4	6%	13.8
North America	138.3	13%	494.1	45%	355.8
Of which United States	136.2	13%	457.2	42%	321.1
Central and South America	94.6	9%	80.8	7%	-13.8
Asia, Africa, Oceania	10.4	1%	50.0	5%	39.6
All countries	1 088.4	100%	1 088.4	100%	0.0

· Not applicable.

Source: SNB

INVESTMENT INCOME

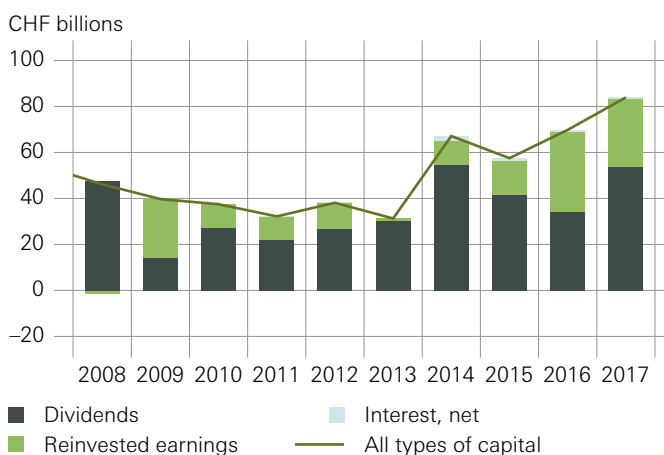
Investment income from foreign direct investment in Switzerland increased markedly year-on-year, rising by CHF 14 billion to CHF 84 billion. A breakdown by type of capital shows that subsidiaries in Switzerland distributed the majority of their investment income in the form of dividends to parent companies abroad. All in all, transferred earnings (dividends and net interest) accounted for 65% (CHF 55 billion) of total investment income, while 35% (CHF 29 billion) was reinvested in subsidiaries in Switzerland.

Subsidiaries in the services sector registered investment income of CHF 71 billion (up CHF 16 billion). As in previous years, the increase was primarily attributable to companies in the trade category (up CHF 12 billion to CHF 27 billion) as well as finance and holding companies (up CHF 4 billion to CHF 33 billion). The investment income in the other categories of the services sector showed no major fluctuations, and overall remained in line with 2016 (CHF 11 billion). By contrast with the services sector, manufacturing recorded a decline in investment income (down CHF 2 billion to CHF 13 billion). This was primarily attributable to the electronics, energy, optical and watchmaking category (down CHF 3 billion to CHF 2 billion).

Chart 14

DIRECT INVESTMENT IN SWITZERLAND

Investment income by type of capital

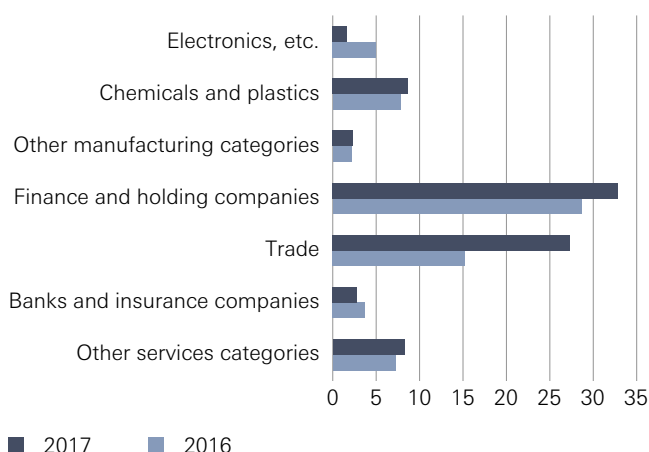


Source: SNB

Chart 15

DIRECT INVESTMENT IN SWITZERLAND

Investment income by economic activity, in CHF billions



Source: SNB

Operational data on Swiss subsidiaries abroad and their parent companies in Switzerland

NUMBER OF STAFF AT SWISS SUBSIDIARIES ABROAD

The number of staff employed by Swiss-controlled companies at their subsidiaries abroad totalled 2,090,000.¹ Manufacturing accounted for two-thirds of these (up 21,000 to 1,371,000), while the services sector reported 719,000 (up 21,000).

Within manufacturing, the other manufacturing and construction category accounted for the highest share of foreign employment. The number of people employed at companies in this category remained almost unchanged year-on-year at 496,000. The chemicals and plastics category employed 308,000 people abroad (up 11,000), metals and machinery 306,000 (up 15,000). Acquisitions contributed to the increase in foreign employment in both these categories. By contrast, the companies in the textiles and clothing category registered a marked decrease from 44,000 employees abroad in 2016 to 27,000 in 2017. This decline of 17,000 was primarily attributable to group reorganisations, with companies reducing the number of subsidiaries abroad.

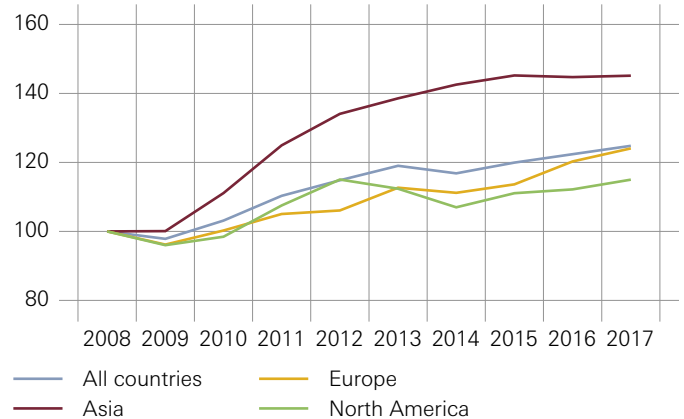
In the services sector, the trade category in particular continued to gain in importance, with the increase of 15,000 employees to 177,000 resulting mainly from acquisitions abroad. There were also increases in staff numbers registered by subsidiaries in other categories: Companies in the transportation and communications and other services categories both showed a modest year-on-year increase of 6,000, to 106,000 and 151,000 respectively. Banks had a headcount of 82,000 abroad (up 3,000). By contrast, insurance companies employed fewer staff abroad (down 4,000 to 97,000), as did finance and holding companies (down 7,000 to 105,000). In the case of the latter category, the reduction was due to acquisitions of finance and holding companies in Switzerland by firms from other categories. Given that staff abroad are allocated to the same category there as they are in Switzerland, this resulted in shifts between the categories.

Chart 16

NUMBER OF STAFF ABROAD

Indexed

2008 = 100

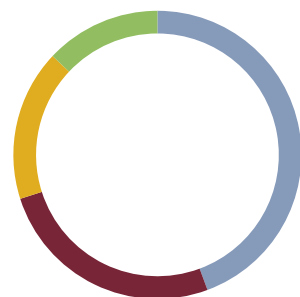


Source: SNB

Chart 17

NUMBER OF STAFF ABROAD

Regional breakdown in percent (2017)



Europe **44%**
 Asia **26%**
 North America **17%**
 Other **13%**

Total: 2.1 million employees

Source: SNB

¹ Only in companies which are covered in the direct investment survey. The foreign employment numbers of Swiss companies not covered by the survey are unknown.

Swiss companies employed 927,000 people at their subsidiaries in Europe, which corresponds to 44% of the staff of Swiss companies abroad. Germany is the most important location in Europe, accounting for 261,000 staff. Another neighbouring country, France, ranked second in this regard, with the number of employees there rising by 8,000 to 112,000. The UK (98,000) is the third most important location for foreign employment, ahead of Italy, with 51,000. Poland (up 5,000 to 50,000) completes the top five locations for Swiss companies in Europe.

Outside Europe, the US constituted another important focus of operational activities for Swiss companies, accounting for 319,000 employees. Staff in Asia totalled 537,000, this marking the second year running with barely any increase in the number of employees (up 2,000). The average annual growth rate in the previous ten years had been 6%. Swiss companies employed 178,000 people in Central and South America, an increase of 2,000, while the number of staff in Africa remained unchanged at 68,000.

NUMBER OF STAFF AT PARENT COMPANIES IN SWITZERLAND

Swiss companies which invest abroad are also major employers in Switzerland. They employed 872,000 people in Switzerland, or 17% of total employment in the manufacturing and services sectors.² Of these, 543,000 (62%) were included in the SNB's surveys. The remaining 329,000 staff were employed in Swiss-controlled companies with participations abroad that were not included in the SNB's survey since they had capital stocks of less than CHF 10 million. Staff numbers in these companies are determined in cooperation with the SFSO.

The number of people employed at parent companies in manufacturing remained essentially unchanged year-on-year at 324,000. The total number of staff employed in electronics, energy, optical and watchmaking – the most significant category in the manufacturing sector – stood at 93,000. A further 87,000 people were employed at parent

companies in the other manufacturing and construction category and 82,000 in the metals and machinery category, both these figures representing an increase of 2,000. There were 61,000 people working in the chemicals and plastics category. The decline of 6,000 in this instance was above all attributable to companies being taken over by foreign investors and thus no longer covered by the statistics. Staff at parent companies in the services sector in Switzerland totalled 548,000, with 202,000 employed in trade and 132,000 in the transportation and communications category. The increase of 9,000 recorded by the trade category bolstered its position as the category with the largest number of employees. Other services (up 6,000 to 97,000) ranked third in this respect. A further 117,000 people were employed by banks, insurance companies and finance and holding companies.

Swiss-controlled companies in Switzerland and abroad thus employed at least 2,961,000 people: 872,000 employees in parent companies in Switzerland and 2,090,000 employed at subsidiaries abroad by parent companies surveyed by the SNB. No information is available on foreign employment by companies not covered by these surveys.

² Sources: Employment statistics (JOBSTAT) published by the SFSO, Neuchâtel, and employment statistics from the Office of Statistics, Vaduz.

Table 3

STAFF NUMBERS AT SWISS-CONTROLLED PARENT COMPANIES BY ECONOMIC ACTIVITY

In thousands

	2013	2014	2015	2015	2017	Share In percent
Employees in Switzerland¹	772.8	842.8	851.4	860.1	871.7	29.4
Of which manufacturing	302.9	322.5	322.6	324.8	323.5	10.9
Of which services	469.9	520.3	528.8	535.3	548.2	18.5
Employees abroad	1 991.3	1 954.6	2 005.0	2 048.1	2 089.5	70.6
Of which manufacturing	1 320.7	1 306.2	1 340.4	1 350.2	1 370.9	46.3
Of which services	670.6	648.4	664.7	697.9	718.6	24.3
Total employees	2 764.1	2 797.5	2 856.4	2 908.1	2 961.2	100.0
Of which manufacturing	1 623.6	1 628.7	1 663.0	1 675.0	1 694.4	57.2
Of which services	1 140.5	1 168.7	1 193.4	1 233.2	1 266.8	42.8

¹ Including companies not covered by the direct investment survey. Staff numbers for these companies are provided by the SFSO, Neuchâtel.

Source: SNB

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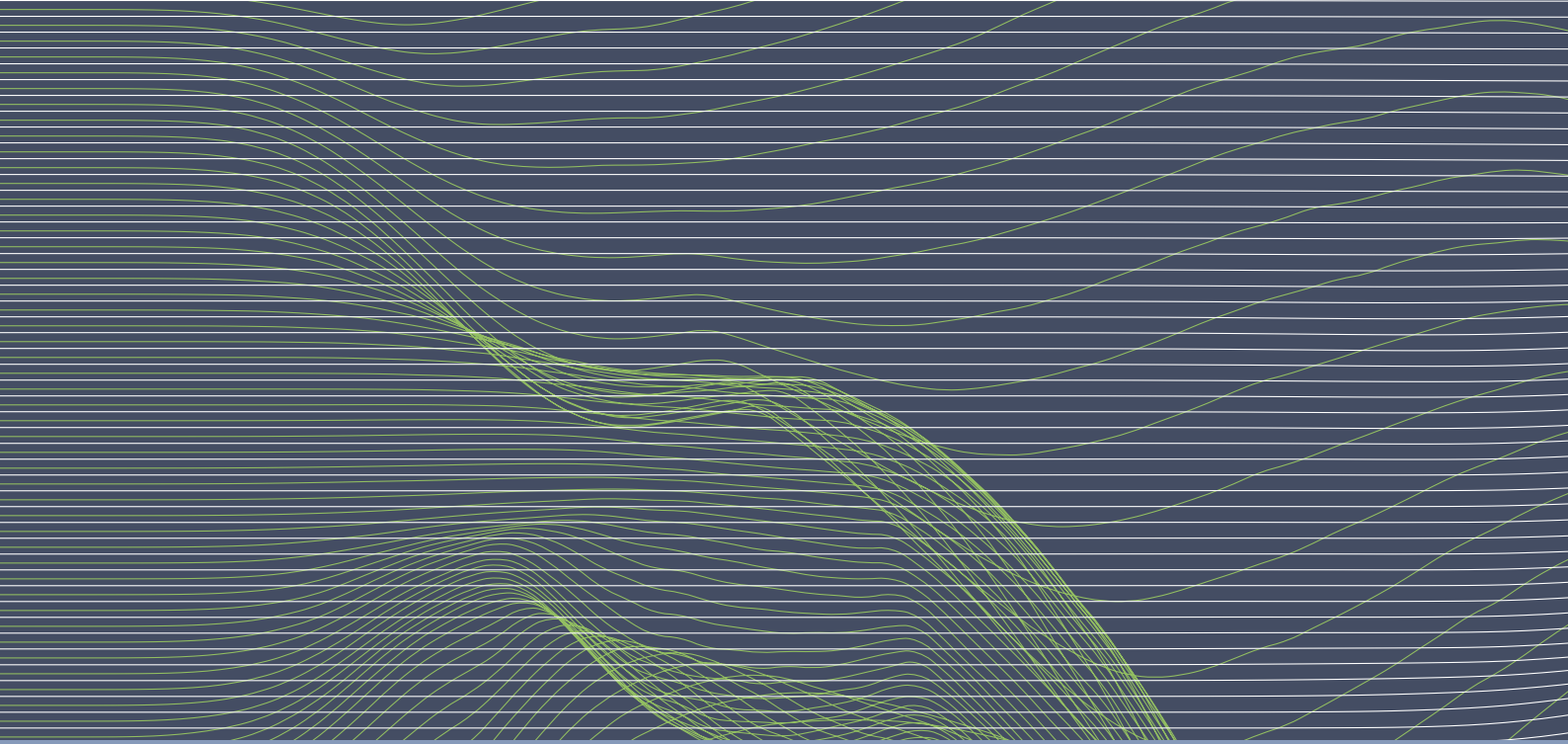
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