

Communications

P.O. Box, CH-8022 Zurich
Telephone +41 1 631 31 11
Fax +41 44 631 39 10

Zurich, 16 August 2007

2006 Swiss Balance of Payments

In 2006, the balance of payments was characterised by vigorous economic growth both in Switzerland and abroad. Trade in goods and services expanded sharply. The continued favourable economic prospects and the high corporate profits promoted direct investment, in particular in the form of corporate acquisitions.

Current account

At CHF 74 billion, the current account surplus exceeded the previous year's level by CHF 11 billion. In relation to gross domestic product, it amounted to 16% (2005: 14%). A higher export surplus from trade in goods and services was the decisive factor for the increase in the current account balance.

Owing to the favourable economic situation in the major sales markets, exports of goods increased sharply, with most industries registering a rise in turnover. Goods imports saw substantial growth as well, albeit to a lesser degree than exports. High growth rates at banks and insurance companies as well as in merchanting were a major factor in determining income from services. Receipts from tourism also rose sharply. The rise in imports of services was mostly the result of higher expenses in tourism. Moreover, expenses for transportation and financial services were considerably higher than in the previous year.

Higher dividends and interest rates as well as larger securities holdings led to a robust increase in income from portfolio investment (securities). Both income from portfolio investment abroad and expenses for foreign portfolio investment in Switzerland surged. Because income generated by finance and holding companies was unusually high last year, income from direct investment abroad (receipts) declined. Direct investment income in most other industries was considerably higher year-on-year. Income from direct investment in Switzerland (expenses) receded as well, which was also due to the decline registered by the finance and holding companies.

16 August 2007

2

Financial account

The financial account registered a net outflow of CHF 91 billion. Net capital outflows in both direct and portfolio investment amounted to CHF 54 billion.

At CHF 73 billion, direct investment almost reached the figure recorded in 2000, when a wave of mergers and acquisitions had led to an all-time high. Swiss companies used most of these funds for corporate acquisitions in the traditional target countries, investing CHF 22 billion in both the US and in the EU (EU25). Offshore financial centres were the third focal point, with those of Central and South America attracting CHF 14 billion and Singapore CHF 5 billion.

Foreign direct investment in Switzerland reached CHF 19 billion. This sizeable amount was mainly attributable to the acquisition of a large insurance company. Total investment in the insurance industry amounted to CHF 13 billion, with France coming out as the biggest investor by far.

In net terms, Swiss investors purchased foreign-issued securities totalling CHF 54 billion, as compared with CHF 66 billion a year previously. As usual, debt securities made up the bulk of purchases, with banks accounting for nearly two-thirds of all purchases. While CHF 23 billion flowed into investment funds, investors again disposed of foreign shares.

On balance, foreign investors did not purchase any Swiss securities. They decreased their shareholdings by CHF 6 billion, buying investment fund units totalling CHF 6 billion in return.

For the first time, derivatives and structured products are reported in the *Swiss Balance of Payments*. Net outflows of these two financial instruments combined totalled CHF 4 billion.

Other investment generated a capital inflow of CHF 21 billion, which was due to commercial bank and corporate borrowing.

In 2006, the National Bank slightly increased reserve assets by purchasing securities. In the previous year, it had reduced them by CHF 23 billion. At that time, the bulk of the reduction was accounted for by assets earmarked for distribution to the Confederation and the cantons.

16 August 2007

3

Balance of payments, net, in CHF billions

	2002	2003	2004	2005	2006
Current account	36.2	56.3	58.3	62.8	73.6
Goods	5.1	4.3	6.7	3.0	5.1
Services	24.0	24.6	25.6	28.3	33.2
Labour income	-9.2	-9.7	-10.1	-10.4	-11.0
Investment income	25.6	44.5	44.0	56.9	59.2
Current transfers	-9.2	-7.5	-7.9	-15.0	-12.9
Capital transfers	-1.8	-0.9	-1.8	-0.8	-3.4
Financial account	-36.7	-35.2	-69.6	-84.1	-90.9
Direct investment	-3.0	1.4	-31.5	-63.9	-54.4
Portfolio investment	-35.2	-47.0	-49.7	-59.2	-53.5
Derivatives and structured products	.	.	.	.	-3.7
Other investment, of which	5.2	14.9	13.4	16.3	21.2
Commercial bank lending	-26.8	-6.8	16.9	1.9	23.5
Corporate lending	-8.7	6.1	-12.7	16.7	15.1
Reserve assets	-3.7	-4.5	-1.9	22.7	-0.4
Net errors and omissions	2.3	-20.2	13.1	22.1	20.7

The *Swiss Balance of Payments* will be available on the SNB website at www.snb.ch, *Publications*, as of 11 September 2007. The printed version may be obtained from the Swiss National Bank as of 26 September 2007. (Subscribers to the SNB's *Monthly Statistical Bulletin* will be sent the report automatically.)

For further information, please contact: Hildegard Muff, Swiss National Bank, telephone +41 44 631 37 05.

Tables

- Swiss balance of payments
- Components of the current account
- Swiss direct investment abroad: breakdown by country
- Foreign direct investment in Switzerland: breakdown by country

Graph

- Current account, net

Overview of the Swiss balance of payments¹

In CHF billions

	2002	2003	2004	2005	2006
	1	2	3	4	5
Current account					
Current account, net	36.2	56.3	58.3	62.8	73.6
Goods, net	5.1	4.3	6.7	3.0	5.1
Special trade ² , net	7.5	6.9	9.3	7.9	12.1
Receipts	135.7	135.5	146.3	157.0	177.5
Expenses	-128.2	-128.6	-137.0	-149.1	-165.4
Other trade, net	-2.4	-2.6	-2.6	-4.9	-7.0
Services, net	24.0	24.6	25.6	28.3	33.2
Tourism, net	2.7	2.3	1.9	1.5	1.0
Receipts	11.3	11.6	11.9	12.5	13.3
Expenses	-8.5	-9.3	-10.1	-11.1	-12.4
Financial services, net	10.4	10.4	10.6	11.7	13.1
Receipts	11.3	11.3	11.7	13.0	14.7
Expenses	-0.9	-0.9	-1.1	-1.3	-1.6
Other services, net	10.9	11.9	13.1	15.1	19.2
Labour income and investment income, net	16.3	34.8	33.9	46.5	48.2
Labour income, net	-9.2	-9.7	-10.1	-10.4	-11.0
Receipts	1.9	2.1	2.1	2.0	2.1
Expenses	-11.1	-11.8	-12.2	-12.5	-13.1
Investment income, net	25.6	44.5	44.0	56.9	59.2
Receipts	63.6	83.5	87.9	126.5	131.6
Portfolio investment	22.9	22.0	23.2	26.5	30.8
Direct investment	19.9	43.6	48.9	75.8	64.4
Other investment income	20.7	17.9	15.8	24.2	36.4
Expenses	-38.0	-39.0	-43.9	-69.5	-72.4
Portfolio investment	-11.6	-10.9	-11.9	-13.8	-16.9
Direct investment	-9.6	-14.5	-19.5	-36.1	-23.2
Other investment income	-16.8	-13.7	-12.5	-19.6	-32.2
Current transfers, net	-9.2	-7.5	-7.9	-15.0	-12.9
Capital transfers					
Capital transfers, net	-1.8	-0.9	-1.8	-0.8	-3.4
Financial account					
Financial account, net	-36.7	-35.2	-69.6	-84.1	-90.9
Direct investment, net	-3.0	1.4	-31.5	-63.9	-54.4
Swiss direct investment abroad	-12.8	-20.8	-32.7	-62.7	-73.2
Equity capital	-24.6	-5.6	-11.6	-22.4	-46.3
Reinvested earnings	8.1	-16.1	-21.2	-40.3	-21.7
Other capital	3.7	0.9	0.1	0.0	-5.2
Foreign direct investment in Switzerland	9.8	22.2	1.2	-1.2	18.9
Equity capital	4.0	11.7	-3.2	-0.5	8.5
Reinvested earnings	2.4	3.8	8.4	-2.9	9.8
Other capital	3.4	6.8	-4.0	2.2	0.6
Portfolio investment, net	-35.2	-47.0	-49.7	-59.2	-53.5
Swiss portfolio investment abroad	-46.6	-44.5	-53.3	-66.3	-53.6
Debt securities	-34.7	-41.6	-39.2	-44.3	-36.1
Bonds and notes	-29.6	-32.9	-48.5	-48.5	-46.4
Money market instruments	-5.2	-8.7	9.3	4.2	10.3
Equity securities	-11.9	-2.9	-14.1	-22.0	-17.5
Foreign portfolio investment in Switzerland	11.4	-2.5	3.6	7.2	0.1
Debt securities	2.6	3.7	7.0	2.1	-0.6
Bonds and notes	-0.0	2.2	5.3	-1.5	-1.0
Money market instruments	2.6	1.5	1.8	3.5	0.3
Equity securities	8.8	-6.2	-3.4	5.1	0.7

	2002	2003	2004	2005	2006
	1	2	3	4	5

Financial account (continued)

Derivatives and structured products, net	.	.	.	.	- 3.7
Other investment, net	5.2	14.9	13.4	16.3	21.2
Commercial bank lending, net	- 26.8	- 6.8	16.9	1.9	23.5
Claims abroad	- 85.5	- 14.0	- 16.9	- 73.5	- 33.4
Claims against banks	- 88.3	- 4.3	19.6	- 71.4	- 14.5
Other claims	2.8	- 9.7	- 36.5	- 2.0	- 18.8
Liabilities abroad	58.7	7.2	33.8	75.4	56.9
Liabilities towards banks	48.8	- 12.9	29.2	72.4	53.6
Other liabilities	9.9	20.1	4.7	3.0	3.3
Corporate lending ³ , net	- 8.7	6.1	- 12.7	16.7	15.1
Claims abroad	- 7.6	- 2.8	- 13.0	3.2	4.8
Liabilities abroad	- 1.1	8.9	0.3	13.5	10.3
Government lending, net	0.3	- 0.1	0.4	0.1	0.5
National Bank lending, net	- 1.4	- 0.1	0.3	- 1.5	0.5
Other, net	41.9	15.8	8.5	- 0.9	- 18.5
Reserve assets, total	- 3.7	- 4.5	- 1.9	22.7	- 0.4

Net errors and omissions

Net errors and omissions	2.3	- 20.2	13.1	22.1	20.7
--------------------------	-----	--------	------	------	------

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

² As of 2002, special trade has also included electrical energy. In addition, it covers processing of goods for foreign account, processing abroad for domestic account and returned goods, all of which, until 2001, were included under other trade.

³ Intragroup lending is shown under direct investment.

Components of the 2005 and 2006 current accounts in CHF billions¹ and percentage change from previous year

In CHF billions

	Receipts			Expenses			Net	
	2005	2006	Percent- age change	2005	2006	Percent- age change	2005	2006
	1	2	3	4	5	6	7	8
Current account								
Goods	163.5	185.7	13.6	- 160.5	- 180.6	12.5	3.0	5.1
Special trade ²	157.0	177.5	13.1	- 149.1	- 165.4	10.9	7.9	12.1
Other goods	6.5	8.2	26.5	- 11.4	- 15.2	33.5	- 4.9	- 7.0
Services	58.8	65.1	10.7	- 30.5	- 31.9	4.7	28.3	33.2
Tourism	12.5	13.3	6.3	- 11.1	- 12.4	12.0	1.5	1.0
Private insurance	5.5	6.5	18.6	- 0.3	- 0.3	- 14.3	5.2	6.3
Merchanting	5.9	8.8	50.2	.	.	.	5.9	8.8
Transportation	5.2	5.9	12.5	- 3.6	- 3.9	9.0	1.7	2.0
Postal, courier and telecommu- nications services	1.5	1.4	- 6.3	- 1.2	- 1.0	- 13.6	0.3	0.4
Other services	28.2	29.2	3.5	- 14.4	- 14.4	- 0.0	13.8	14.8
Financial services	13.0	14.7	13.0	- 1.3	- 1.6	25.8	11.7	13.1
Technological services	11.0	10.0	- 9.4	- 12.0	- 11.4	- 5.6	- 1.0	- 1.4
Other services	4.2	4.5	8.5	- 1.1	- 1.4	31.4	3.1	3.1
Labour income and investment income	128.5	133.7	4.0	- 82.0	- 85.5	4.2	46.5	48.2
Labour income	2.0	2.1	2.3	- 12.5	- 13.1	5.0	- 10.4	- 11.0
Investment income	126.5	131.6	4.1	- 69.5	- 72.4	4.1	56.9	59.2
Current transfers	15.3	17.2	11.9	- 30.3	- 30.1	- 0.9	- 15.0	- 12.9
Private transfers	11.8	13.4	13.6	- 23.2	- 23.0	- 1.0	- 11.4	- 9.5
Public transfers	3.5	3.7	6.0	- 7.1	- 7.1	- 0.5	- 3.6	- 3.4
Total	366.1	401.6	9.7	- 303.3	- 328.1	8.2	62.8	73.6

¹ Differences in the totals are due to the rounding of figures.

² As of 2002, special trade has also included electrical energy. In addition, it covers processing of goods for foreign account, processing abroad for domestic account and returned goods, all of which, until 2001, were included under other trade.

Swiss direct investment abroad – by country¹

Capital exports^{2,3}

In CHF millions

	2002	2003	2004	2005	2006
	1	2	3	4	5
Europe	10 274	9 437	14 550	23 490	22 792
EU⁴	7 841	6 524	14 911	19 818	21 852
of which					
Baltic countries ^{5,6}	.	.	- 14	79	73
Belgium	2 036	2 634	786	- 4 026	219
Denmark	69	485	220	- 414	- 46
Germany	247	304	98	7 585	6 578
Finland ⁷	- 8	16	405	- 24	368
France ⁸	985	- 1 873	3 197	1 907	1 294
Greece	241	369	108	277	503
Ireland	175	33	- 511	1 488	10 956
Italy	773	- 1 877	154	897	966
Luxembourg	- 2 557	4 352	- 302	- 2 613	8 422
Netherlands	1 505	583	3 785	8 882	- 14 719
Austria ⁷	455	595	627	604	1 529
Poland ⁶	.	.	340	466	- 206
Portugal	75	- 266	45	- 73	682
Sweden ⁷	3 002	401	737	- 2 023	- 1 121
Slovakia ⁶	.	.	93	31	74
Spain	480	27	471	2 687	1 205
Czech Republic ⁶	.	.	366	823	- 295
Hungary ⁶	.	.	- 65	564	239
United Kingdom ⁹	363	741	4 597	2 646	5 214
Other European countries¹⁰	2 433	2 912	- 361	3 672	940
of which					
Baltic countries ¹¹	79	7	.	.	.
Bulgaria	1	37	29	78	48
Croatia	7	64	50	51	64
Norway	.	.	- 1 975	259	220
Poland ¹¹	- 152	117	.	.	.
Romania	- 45	86	108	154	366
Russian Federation	148	- 21	294	881	227
Slovakia ¹¹	52	- 4	.	.	.
Czech Republic ¹¹	55	- 496	.	.	.
Turkey	249	51	213	715	100
Ukraine	39	69	180	192	715
Hungary ¹¹	28	132	.	.	.
Offshore financial centres ¹²	- 246	2 855	661	1 212	- 935
North America	3 642	6 769	8 878	22 658	21 266
Canada	307	353	3 141	5 999	- 750
United States	3 336	6 416	5 737	16 659	22 015
Central and South America	- 1 162	3 753	3 281	7 508	19 186
of which					
Argentina	- 542	345	62	408	111
Bolivia	8	10	3	7	11
Brazil	- 615	163	444	665	3 549
Chile	- 8	- 14	31	94	268
Costa Rica	17	85	38	476	640
Ecuador	42	14	15	50	- 35
Guatemala	- 8	13	1	1	13
Colombia	- 214	- 19	12	119	291
Mexico	184	- 61	155	105	665
Peru	- 42	- 61	100	- 33	- 34
Uruguay	152	33	80	135	141
Venezuela	- 239	178	97	88	179
Offshore financial centres ¹³	- 440	3 943	2 081	3 413	14 181

2002	2003	2004	2005	2006
1	2	3	4	5

Asia	86	128	5 180	6 467	8 873
of which					
Bangladesh	0	- 0	19	- 2	8
China (People's Republic)	- 64	- 188	196	854	438
Hong Kong	- 363	101	- 144	603	1 115
India	76	140	164	254	370
Indonesia	37	- 32	2	106	67
Israel	- 23	44	47	80	145
Japan	- 481	- 165	1 045	111	526
Korea, Republic of (South Korea)	26	6	22	660	432
Malaysia	- 34	209	- 3	- 75	78
Pakistan	18	21	220	184	149
Philippines	- 272	- 62	- 212	773	173
Saudi Arabia	7	- 18	- 19	109	68
Singapore	1 050	- 202	3 687	2 164	4 585
Sri Lanka	- 2	- 14	6	10	5
Taiwan	31	45	55	189	146
Thailand	167	180	124	285	118
United Arab Emirates	- 52	- 22	4	- 54	216
Viet Nam	- 40	25	8	- 22	65
Africa	- 489	- 248	- 372	1 713	348
of which					
Egypt	48	31	28	274	149
Côte d'Ivoire	- 93	4	- 16	- 1	59
Kenya	- 1	- 2	11	14	20
Morocco	26	34	6	58	44
Nigeria	1	26	3	- 7	20
South Africa	- 238	- 243	- 72	1 094	9
Tunisia	- 10	- 9	4	6	1
Oceania	433	957	1 150	875	772
of which					
Australia	437	992	1 138	488	732
New Zealand	- 7	- 54	9	366	34
All countries	12 785	20 795	32 666	62 711	73 237

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 Expansion of the reporting population in 2004.

⁴ Until 1994, EU12; as of 1995, EU15; as of 2004, EU25.

⁵ Estonia, Latvia and Lithuania.

⁶ Until 2003, in Other European countries.

⁷ Until 1994, in Other European countries.

⁸ As of 2000, incl. Monaco, Réunion, French Guiana, Guadeloupe and Martinique.

⁹ Until 1999, incl. Guernsey, Jersey and the Isle of Man.

¹⁰ Until 1994, incl. Finland, Austria and Sweden; as of 2000 incl. Guernsey, Jersey and the Isle of Man, excl. Monaco; until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus.

¹¹ As of 2004, in the EU.

¹² Gibraltar, Guernsey, Jersey and the Isle of Man.

¹³ Anguilla, Bahamas, Barbados, Bermuda, Virgin Islands (British), Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis; as of 2000, incl. 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 – by country¹

Capital imports^{2,3}

In CHF millions

	2002	2003	2004	2005	2006
	1	2	3	4	5
Europe	7 198	14 159	- 3 924	22 772	16 424
EU⁴	7 984	14 125	- 4 034	22 803	16 337
of which					
Belgium	- 266	4 807	320	- 1 073	- 2 078
Denmark	- 108	- 33	314	1 037	986
Germany	- 321	- 21	- 295	768	681
France ⁵	2 685	939	784	2 157	12 117
Italy	410	- 96	- 2 131	211	666
Luxembourg	314	314	574	- 278	647
Netherlands	297	6 025	- 2 437	9 103	3 829
Austria ⁶	105	- 9	735	9 826	21
Sweden ⁶	189	244	- 25	- 913	81
Spain	34	29	122	500	56
United Kingdom ⁷	4 726	1 765	- 1 874	1 370	- 1 004
Other European countries⁸	- 786	34	110	- 31	87
North America	3 075	7 213	7 007	- 24 812	2 278
Canada	193	290	111	- 455	17
United States	2 883	6 923	6 896	- 24 358	2 261
Central and South America	24	932	- 1 393	874	106
of which					
Offshore financial centres ⁹	35	941	- 1 967	653	76
Asia, Africa and Oceania	- 515	- 79	- 524	- 14	55
of which					
Israel	- 310	26	33	62	53
Japan	- 291	- 263	- 229	- 117	- 82
All countries	9 783	22 224	1 166	- 1 181	18 863

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

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

³ Expansion of the reporting population in 2004.

⁴ Until 1994, EU 12; as of 1995, EU 15; as of 2004, EU 25.

⁵ As of 2000, incl. Monaco, Réunion, French Guiana, Guadeloupe and Martinique.

⁶ Until 1994, in Other European countries.

⁷ Until 1999, incl. Guernsey, Jersey and the Isle of Man.

⁸ Until 1994, incl. Finland, Austria and Sweden; as of 2000 incl. Guernsey, Jersey and the Isle of Man, excl. Monaco; until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus.

⁹ Anguilla, Bahamas, Barbados, Bermuda, Virgin Islands (British), Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis; as of 2000 incl. Virgin Islands (US), Antigua and Barbuda, Belize, Dominica, Grenada, St Lucia, St Vincent and the Grenadines, Turks and Caicos Islands.

Current account, net

