

## Communications

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## Direct investment in 2007

### Fewer acquisitions abroad by Swiss companies

In 2007, direct investment abroad (capital outflows) amounted to CHF 60 billion. It was thus roughly one-third lower than a year earlier, when it reached a new peak of CHF 95 billion. The major reason for the decline was the strong drop in acquisitions abroad on the part of manufacturing. Moreover, foreign investment by banks fell to half its previous level. Investment by Swiss companies focused on the EU (EU27) and on Central and South America. Funds were withdrawn from the US, however.

The stock of outward foreign direct investment rose by CHF 57 billion to CHF 740 billion, with capital outflows making the main contribution to this increase. Income from direct investment decreased from CHF 69 billion to CHF 60 billion. This was attributable to bank losses. In the other industries, however, investment income was above the figure for the previous year. Swiss companies increased staff numbers in their subsidiaries abroad by 6% to 2.35 million. This was mainly due to acquisitions. In Switzerland, Swiss companies with direct investment abroad increased their staff numbers by 2% to 810,000.

By comparison with other countries, the operations of Swiss companies abroad are particularly extensive. This is evident from the ratio of Swiss direct investment abroad to nominal gross domestic product (GDP), which was 145% at the end of 2007. The comparable figure for Belgium was 135% and for the Netherlands 111%. In Sweden it was significantly lower, at 68%, and in Ireland it was 57% (source: Unctad, *World Investment Report 2008*).

### Record levels of foreign direct investment in Switzerland

Foreign direct investment in Switzerland (capital inflows) rose from CHF 39 billion to CHF 59 billion, thereby exceeding the previous record established the year before. This surge was attributable to two main factors. First, foreign acquisitions rose by CHF 3 billion to CHF 24 billion, and second, investments financed from retained profits (reinvested earnings) more than doubled to CHF 35 billion.

The stock of foreign direct investment in Switzerland increased by CHF 57 billion to CHF 380 billion. This was due, first and foremost, to the high level of capital inflows. Broken down according to the country of the immediate investor, it was the capital stock of the EU (EU27) that gained the most ground, rising by CHF 52 billion to CHF 272 billion.

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The capital stock in terms of companies in the immediate possession of US investors increased by CHF 4 billion to CHF 70 billion. The breakdown by country of origin of the ultimate beneficial owner reveals a different picture. According to this calculation, the capital stock of investors from the EU increased by only CHF 29 billion to CHF 167 billion, while the capital stock of investors from the US was up by CHF 16 billion to CHF 116 billion.

Income earned on direct investment in Switzerland increased by CHF 25 billion to CHF 53 billion. This sharp rise was mainly attributable to higher income earned by finance and holding companies. The number of staff employed by foreign companies in Switzerland rose by 6% to 375,000.

### Direct investment in 2007: Overview

		2006	2007	Year-on-year change in percent
<b>Swiss direct investment abroad<sup>1</sup></b>				
Capital outflows	in CHF billions	95.1	59.6	-37.3
Capital stock	in CHF billions	683.3	740.5	8.4
Investment income	in CHF billions	69.0	59.8	-13.3
Number of staff	in thousands	2212.4	2350.2	6.2
<b>Foreign direct investment in Switzerland<sup>1</sup></b>				
Capital inflows	in CHF billions	38.7	59.1	52.9
Capital stock	in CHF billions	323.3	379.9	17.5
Investment income	in CHF billions	28.1	52.6	87.3
Number of staff <sup>2</sup>	in thousands	352.8	374.6	6.2

<sup>1</sup> In the statistics on direct investment, the Principality of Liechtenstein is included with the domestic data.

<sup>2</sup> Including companies not covered by the survey on direct investments since they are below the reporting limit.

Press release

The *Direct Investment 2007* report is available from today on the SNB website, [www.snb.ch](http://www.snb.ch), *Publications*. The printed version may be obtained from the Swiss National Bank from 29 December 2008. (Subscribers to the SNB's *Monthly Statistical Bulletin* will receive the report automatically.)

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