



Communications

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Direct Investment, 2017 edition

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 was 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



Press release

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 this 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 came to 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 multinational companies

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 coming to an end.

Press release

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

Remarks

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.

Press release

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 investments since they are below the reporting limit. Staff numbers for these companies are provided by the SFSO, Neuchâtel.

Source: SNB

The report will be available from 14 December 2018 on the SNB website at www.snb.ch, *Statistics, Reports and press releases*. The printed version may be obtained from the SNB from 20 December 2018.