

Swiss National Bank
Swiss Balance of Payments 1999

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Overview

The balance of payments summarises Switzerland's economic transactions with foreign countries. The current account comprises goods, services, investment income and labour income, and current transfers. The financial transactions are recorded in the financial account.

The current account surplus rose by Sfr 7.5 billion to Sfr 45 billion in 1999. In relation to nominal GDP, the surplus amounted to 11.6%. The increase is attributable to the smaller deficit in the goods traffic and higher investment income.

In 1999, the export and import of goods expanded somewhat more markedly in terms of value than in the previous year, with growth accelerating significantly during the course of the year in the wake of the economic recovery both in Switzerland and abroad. The trade balance (special trade) closed with a surplus for the seventh time in succession. At Sfr 1 billion, however, this surplus was only half as large as in the year before. Due to fewer imports of precious metals, precious stones and gems, the deficit in the overall goods traffic decreased by Sfr 1.9 billion to Sfr. 0.4 billion.

Exports of services rose by 5.6% to Sfr 40.9 billion. It was mostly the banks that contributed to this growth, but also private insurance companies and the aviation companies. Imports of services topped the previous year's figure by a tenth, with the bulk of this increase being attributable to rising expenses for tourism as well as higher licensing and administrative costs payable to foreign countries. At Sfr 19.4 billion, the external contribution (exports less imports) of the goods and services account to GDP surpassed, in 1999, the year-earlier figure by Sfr 2.1 billion.

Earnings from Swiss investment abroad increased considerably. Notably interest and dividend income from portfolio investment as well as earnings from direct investment abroad rose markedly owing to the higher amounts invested and as a result of the economic upswing.

Booming financial markets and the launch of the European single currency euro characterised cross-border financial flows in 1999. The volume of capital flows expanded perceptibly. In 1999, the significance of the euro was practically on a par with the US dollar, the previously dominant currency.

Cross-border credit business of the banks witnessed vigorous expansion. Capital outflows almost doubled to reach Sfr 116.3 billion, and the inflow of funds climbed to Sfr 143.5 billion, up from Sfr 49.3 billion a year earlier. Swiss portfolio investment abroad also rose steeply, from Sfr 21.6 billion in 1998 to Sfr 70.4 billion in 1999. Foreign portfolio investment in Switzerland, however, receded due to the marked decline in investment in Swiss equities in the year under review.

The fact that direct investment abroad picked up by Sfr 27.7 billion to reach Sfr 51.9 billion in 1999 was largely due to higher investments in the United States and the EU. The rise in foreign direct investment in Switzerland by Sfr 3.5 billion to Sfr 13.9 billion was mostly the result of acquisitions.

1 Overview Swiss balance of payments¹ in billions of Swiss francs*

	1995	1996	1997	1998 revised	1999 provisional
Current account					
Goods					
Services exports	92.0	94.2	105.1	109.1	114.4
Services imports	-90.8	-92.0	-103.1	-106.9	-113.4
Services net	1.2	2.2	2.0	2.2	1.0
Other trade net	-0.2	-1.1	-2.5	-4.6	-1.5
Services					
Exports	30.8	32.4	36.7	38.8	40.9
Imports	-15.6	-17.1	-17.8	-19.2	-21.1
Net	15.2	15.4	18.9	19.6	19.8
Labour income					
Receipts	1.5	1.5	1.5	1.6	1.6
Expenses	-8.3	-8.4	-8.1	-8.0	-8.1
Net	-6.8	-6.9	-6.5	-6.4	-6.5
Investment income					
Receipts	35.8	39.3	49.3	64.6	72.0
Expenses	-15.0	-16.8	-19.4	-32.6	-33.6
Net	20.8	22.4	30.0	32.0	38.4
Current transfers					
Net	-5.0	-4.9	-4.9	-5.3	-6.2
Current account net					
	25.2	27.2	37.0	37.5	45.0
Capital transfers					
Net	-0.2	-0.2	-0.1	-0.4	-0.6
Financial account					
Direct investment					
Swiss investment abroad	-14.4	-20.0	-25.7	-24.1	-51.9
Foreign investment in Switzerland	2.6	3.8	9.6	10.4	13.9
Net	-11.8	-16.2	-16.1	-13.7	-38.0
Portfolio investment					
Swiss portfolio investment abroad	-10.5	-28.1	-28.6	-21.6	-70.4
Debt securities	-5.7	-9.9	-15.4	-17.9	-44.1
Equity securities	-4.8	-18.2	-13.3	-3.7	-26.3
Foreign portfolio investment in Switzerland	5.9	15.9	13.1	14.9	8.9
Debt securities	-1.1	1.5	3.0	2.3	0.6
Equity securities	6.9	14.4	10.1	12.5	8.2
Net	-4.6	-12.2	-15.5	-6.7	-61.5

	1995	1996	1997	1998 revised	1999 provisional
Banks					
Claims abroad	-11.1	-74.1	-76.0	-66.0	-116.3
Claims on banks	-13.0	-71.5	-68.3	-61.1	-106.4
Other claims	1.8	-2.5	-7.7	-4.8	-9.9
Liabilities abroad	1.9	60.7	74.8	49.3	143.5
Liabilities vis-à-vis banks	-1.5	51.7	64.5	39.2	134.4
Other liabilities	3.4	9.0	10.3	10.1	9.1
Net	-9.2	-13.3	-1.2	-16.7	27.2
Other investment					
Net	10.9	6.6	-1.4	-4.8	13.9
Financial account excluding international reserves					
	-14.8	-35.0	-34.3	-41.9	-58.4
International reserves					
Change in foreign assets	3.7	-7.8	-4.9	-0.2	-1.3
Change in foreign liabilities	0.0	0.0	0.0	0.1	0.1
Counterpart to valuation changes on foreign assets	-3.5	4.4	1.8	-0.9	4.1
Net errors and omissions					
	-10.3	11.4	0.6	5.8	11.1

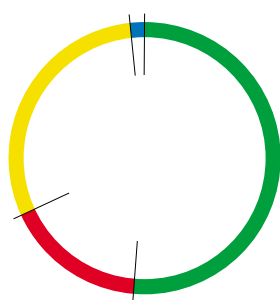
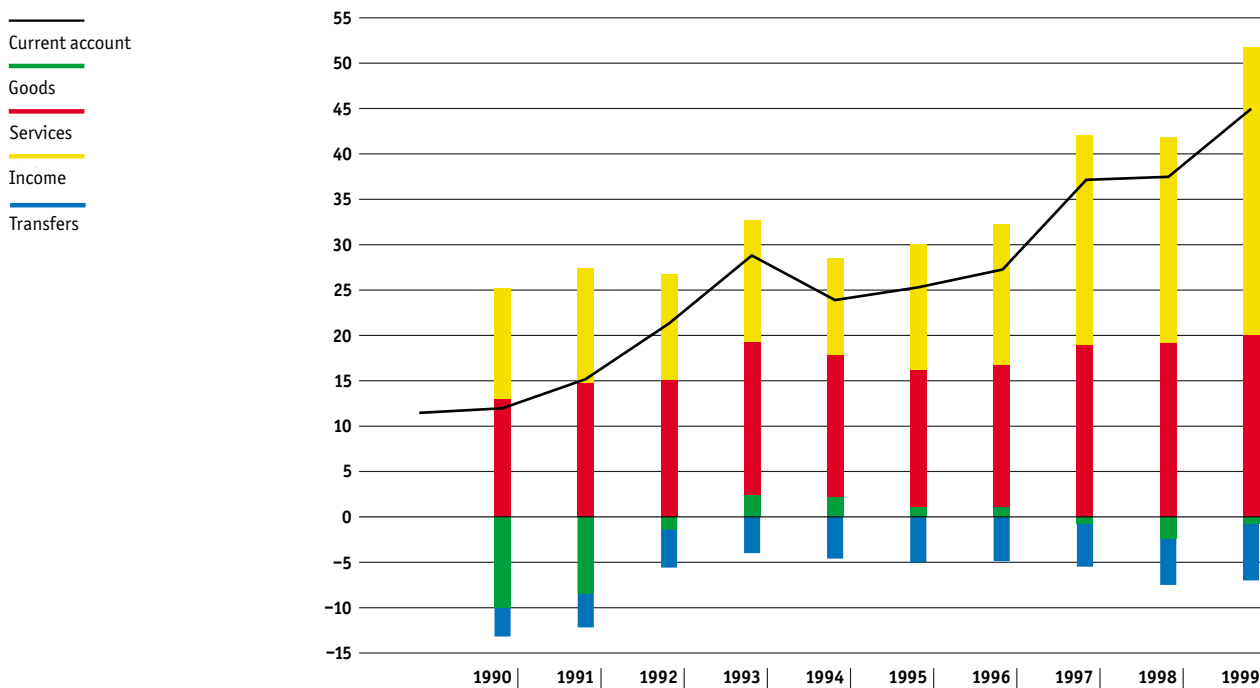
1 A minus sign indicates a surplus of imports over exports in the current account, and the export of capital in the financial account. In holdings of foreign assets and liabilities (international reserves) the minus sign indicates an increase in reserves.

* Differences in totals due to the rounding of figures.

Current account

In 1999 exports of goods and services in terms of value expanded by just over 5%. Imported goods grew by 4%, while imported services advanced by approximately 10%. Since the trade balance deficit contracted by almost Sfr 2 billion and the surplus of the services account slightly exceeded the previous year's level, net exports of goods and services rose by Sfr 2.1 billion to Sfr 19.4 billion. At Sfr 6.5 billion, the deficit of the labour income account slightly surpassed that of a year earlier, while net investment income increased by Sfr 6.4 billion to Sfr 38.4 billion. Investment income from other countries again rose markedly as a result of higher earnings from portfolio investment and higher reinvested

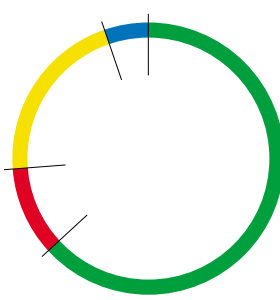
Current account, net, in billions of Swiss francs



Structure of receipts
percent

- Goods 51
- Services 17
- Income 30
- Current transfers 2

Total receipts:
Sfr 243.7 billion



Structure of expenses
percent

- Goods 63
- Services 11
- Income 21
- Current transfers 5

Total expenses:
Sfr 198.7 billion

earnings from direct investment. Interest and dividends on foreign portfolio investment in Switzerland and income on foreign direct investment (expenditure) also expanded. Overall, the current account surplus stood at Sfr 45 billion, i.e. Sfr 7.5 billion above the previous year's level.

2 Current account 1990–1999

	Receipts	Expenses	Net	Current account as a percentage of gross domestic product
	billions of Swiss francs	billions of Swiss francs	billions of Swiss francs	
1990	160.6	148.6	12.0	3.8
1991	162.2	147.0	15.2	4.6
1992	165.5	144.3	21.3	6.2
1993	169.4	140.6	28.8	8.2
1994	170.4	146.5	23.9	6.7
1995	171.5	146.3	25.2	6.9
1996	179.1	151.9	27.2	7.4
1997	205.6	168.7	37.0	9.9
1998	227.3	189.8	37.5	9.8
1999	243.7	198.7	45.0	11.6

Goods

In 1999 the growth rates for exports and imports of goods (special trade without precious metals, precious stones and gems as well as objets d'art and antiques) slightly exceeded the previous year's level; during the year, however, the development had been uneven. Nominal exports exhibited a double-digit growth rate in the last quarter of 1999 after still having stagnated in the first half-year. Imports, too, rose by a little over ten percent in the final quarter following a no more than modest increase in the first two quarters. In terms of value, exports advanced by 4.9% to Sfr 114.4 billion in 1999, imports by 6.1% to Sfr 113.4 billion. As import prices declined somewhat while export prices moved up slightly, the real growth rates of imports – at 8.2% – were more than twice as high as those of exports. The trade balance (special trade) again exhibited a surplus, which, however, – at Sfr 1 billion – was only half as large as in the three previous years.

A breakdown by sectors shows that the industry for precision instruments recorded growth of 9.9%, the highest increase in exports in terms of value, followed by the chemical industry with 8.6%. The machinery and electronics industry, the second-largest export sector, only expanded by 2.3%, while exports of the metal industry even receded somewhat.

Exports to the United States rose markedly by 17.5%, and goods sold to Japan also surpassed the average export growth rate. With economic activity still relatively weak, only approximately three percent more goods than in the previous year were delivered to Germany, Switzerland's major trading partner, while exports to France improved by 2.1%.

On the import side, capital goods achieved the highest growth rates both in nominal and real terms. Vehicles exhibited a double-digit growth rate which was due largely to considerable aircraft imports. Imports of chemicals, machinery, equipment and electronics also showed above-average expansion. More goods than in the previous year were imported from all EU countries with the exception of Portugal. Imports from the United States grew only slightly, while those from Japan rose steeply. Deliveries from newly industrialised countries and developing countries also increased.

Exports of electrical energy slightly surpassed the previous year's level in terms of value. The high export volume was more or less offset by declining prices. Imports in terms of value rose by 8.7%, mainly due to higher import prices.

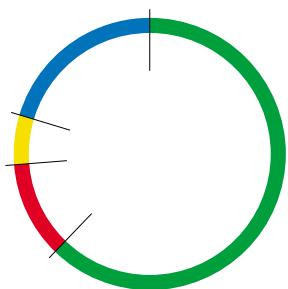
The main commodities included in the item other goods trade comprise precious metals, precious stones and gems as well as objets d'art and antiques, returns and uncontrolled goods trade. Exports of precious metals, precious stones and gems expanded markedly, while imports were on the decline.

3 Goods

	1995	1996	1997	1998	1999	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Special trade¹						
Exports	92012	94174	105133	109113	114446	4.9
Imports	90776	91967	103088	106866	113416	6.1
Net	1237	2207	2045	2247	1030	
Electrical energy						
Exports	1863	1816	1903	2022	2068	2.3
Imports	1281	1355	1225	1346	1462	8.7
Net	582	461	678	677	606	
Other goods						
Exports	5971	6181	7179	7215	8571	18.8
Imports	6750	7702	10356	12467	10630	-14.7
Net	-779	-1521	-3176	-5253	-2058	
Total						
Exports	99847	102171	114215	118350	125085	5.7
Imports	98807	101024	114669	120679	125507	4.0
Net	1040	1147	-454	-2329	-423	

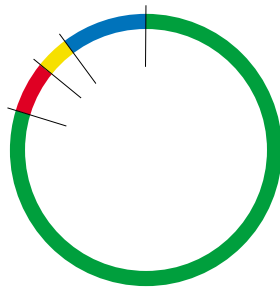
1 Without trade in precious metals, precious stones and gems as well as objets d'art and antiques, which are included in other goods.

Foreign trade 1999 by economic area



Exports of goods percent

EU 63
United States 11
Other industrial countries 6
Others 20



Imports of goods percent

EU 80
United States 6
Other industrial countries 4
Other 10

Services

Earnings from tourism only rose slightly – to Sfr 11.7 billion – in 1999. Despite the improved cost/benefit ratio in Swiss tourism and the continuing economic recovery in Europe, the extreme weather conditions at the beginning of the year put a damper on bookings from abroad. The number of overnight stays accounted for by foreign visitors declined by approximately one percent. Significantly more visitors from the United Kingdom stayed overnight, while the number of guests from other major European countries as well as the United States and Japan fell. Since foreign visitors spent more money on general consumption in Switzerland, the decline in earnings from overnight stays was offset. Income from day tours and transit travel also moved up slightly.

Expenditures of residents for personal and business travel abroad rose by approximately 5% to Sfr 10.4 billion. The number of overnight stays increased by 3.1% even though the price levels in the destinations visited exceeded the previous year's level by 1.5%. As expenditures for foreign travel grew more markedly than earnings, the surplus from travel declined by Sfr 0.3 billion to Sfr 1.4 billion.

The proportion of services in cross-border insurance business accounted for by private insurance companies topped the 1998-level by almost one-quarter. The strong rise is probably due in part to the new statistical basis. In the wake of the upswing in world trade and the massive increase in oil prices, earnings from merchanting also mounted by one-quarter, after having declined to a similar extent in the previous year. Earnings from international transportation of persons, which are accounted for mainly by air travel, increased by approximately one-tenth due to the positive development of the world economy. In the field of postal and telecommunication services, earnings likewise again rose vigorously despite falling prices.

Receipts from financial services of the banks recorded growth of 20%. This substantial rise is due to higher earnings from securities and investment business. Income from technological services, which comprise earnings from licenses and patents, as well as technical consulting, decreased by Sfr 2 billion to Sfr 2.3 billion due largely to reduced earnings from licenses and patents.

Total earnings from services exports expanded by 5.6% to Sfr 40.9 billion. At Sfr 21.1 billion, expenditures exceeded the year-earlier level by Sfr 2 billion. The surplus on services account showed a modest increase to Sfr 19.8 billion.

4 Services

	1995	1996	1997	1998	1999	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Tourism total						
Receipts	11185	10989	11531	11586	11721	1.2
Expenses	8774	9425	10141	9879	10363	4.9
Net	2412	1564	1390	1707	1358	
Business and personal travel						
Receipts	8049	7750	8020	8158	8292	1.6
Expenses	7317	7925	8549	8421	8886	5.5
Net	732	-175	-529	-263	-593	
Same-day and transit travel						
Receipts	1909	1997	2196	2263	2329	2.9
Expenses	933	974	1033	1051	1070	1.8
Net	976	1023	1162	1213	1259	
Other tourism						
Receipts	446	459	559	413	341	-17.3
Expenses	507	509	541	390	390	0.0
Net	-61	-50	18	23	-49	
Consumption expenditure of border workers						
Receipts	782	783	757	751	758	1.0
Expenses	17	17	17	17	17	1.2
Net	765	766	740	734	741	
Private insurance						
Receipts	1451	1769	2070	2277	2823	24.0
Expenses	25	49	49	100	125	25.0
Net	1426	1720	2021	2177	2698	
Merchanting						
Receipts	1037	1051	1418	1047	1316	25.7
Transportation total						
Receipts	2981	3060	4087	4306	4649	8.0
Expenses	2436	2687	2841	2812	2824	0.4
Net	545	373	1246	1494	1825	
Passengers						
Receipts	2241	2334	3035	3185	3450	8.3
Expenses	2433	2684	2841	2812	2824	0.4
Net	-192	-350	195	373	626	
Freight						
Receipts	739	726	1051	1121	1199	7.0
Expenses ¹	3	3	0	0	0	
Net	737	723	1051	1121	1199	

	1995	1996	1997	1998	1999	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Postal, courier and telecommunication services						
Receipts	622	638	709	903	1258	39.4
Expenses	853	898	989	1123	1269	13.0
Net	-231	-260	-280	-220	-11	
Other services total						
Receipts	13500	14938	16905	18637	19148	2.7
Expenses	3478	4025	3767	5267	6551	24.4
Net	10023	10914	13138	13370	12598	
Financial services						
Receipts	6654	7796	8816	9975	11978	20.1
Expenses	n/a	n/a	n/a	733	845	15.4
Net	6654	7796	8816	9242	11132	
Technological services						
Receipts	3285	3341	4072	4328	2287	-47.2
Expenses	1492	1768	1662	1940	2914	50.2
Net	1793	1573	2410	2388	-627	
Other services						
Receipts	3562	3801	4017	4334	4884	12.7
Expenses	1986	2256	2105	2594	2792	7.6
Net	1576	1545	1912	1740	2093	
Total						
Receipts	30776	32445	36719	38755	40916	5.6
Expenses	15565	17084	17786	19181	21131	10.2
Net	15211	15361	18933	19574	19784	

1 The expenses for transportation of freight are for the most part included in the imports of goods.

n/a: no data available

Labour income and investment income

Labour income from abroad, which remained at the previous year's level of Sfr 1.6 billion, consists mainly of the gross salaries of persons employed by international organisations in Switzerland. The international organisations active in Switzerland and foreign embassies are considered to be extraterritorial areas with nonresident status. Employees' remuneration to other countries, which consist mainly of salaries and wages paid to foreign cross-border staff, increased slightly to Sfr 8.1 billion. For the first time since 1991 the number of cross-border commuters has risen again.

In the investment income account both receipts from abroad and expenditures abroad increased, though expenditures grew at a slower rate than receipts. This resulted in a rise in net investment income by Sfr 6.4 billion to Sfr 38.4 billion. The main items portfolio investment, direct investment and the banks' interest income showed uneven development.

In the category portfolio investment, both income and expenditures again mounted steeply due primarily to a higher level of investment. At Sfr 21.6 billion, income from portfolio investment abroad surpassed the previous year's figure by Sfr 3.7 billion, while interest and dividend payments on foreign investments in Switzerland increased by Sfr 2.1 billion to Sfr 10.1 billion. Earnings from Swiss direct investment abroad expanded by Sfr 7.7 billion to Sfr 33.4 billion, with reinvested earnings more than doubling whereas transferred earnings in the form of interest and dividends declined markedly. At Sfr 12.4 billion, remittances to foreign direct investors exceeded the year-earlier level by Sfr 0.7 billion since mainly reinvested earnings also moved up. The banks' interest income from other countries contracted markedly, and interest payments to banks abroad also receded somewhat. Net interest income fell by more than 40% to Sfr 1.9 billion. The National Bank's investment income likewise exhibited an interest-induced decline. Earnings from fiduciary investment decreased slightly in the wake of falling short-term interest rates, with investment levels more or less stagnating.

5 Labour income and investment income

	1995	1996	1997	1998	1999	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Labour income						
Receipts	1532	1509	1544	1569	1589	1.3
Expenses	8341	8360	8076	8012	8089	1.0
Net	-6809	-6851	-6532	-6443	-6501	
Investment income total						
Receipts	35804	39276	49348	64594	71992	11.5
Expenses	15046	16834	19388	32640	33612	3.0
Net	20758	22442	29960	31954	38380	
Portfolio investment						
Receipts	13857	14295	15305	17919	21610	20.6
Expenses	4554	4872	5723	7991	10134	26.8
Net	9303	9423	9582	9928	11475	
Direct investment¹						
Receipts	6611	9765	13889	25712	33369	29.8
Expenses	825	2930	1245	11659	12401	6.4
Net	5786	6835	12644	14054	20968	
Other investment						
Receipts	15336	15216	20154	20962	17013	-18.8
Expenses	9667	9032	12420	12991	11077	-14.7
Net	5669	6184	7734	7972	5936	
of which credit business of banks						
Receipts	11669	11647	16095	16243	12911	-20.5
Expenses	9622	8898	12382	12948	11039	-14.7
Net	2048	2749	3714	3295	1872	
Total						
Receipts	37336	40784	50891	66163	73580	11.2
Expenses	23387	25194	27464	40652	41701	2.6
Net	13949	15591	23428	25511	31879	

¹ Since 1998, the transferred earnings from direct investment have been recorded on a gross basis.

Current transfers

Receipts from abroad, which are included in current transfers, expanded by 2.9% to Sfr 4.2 billion. As in the previous year, higher state revenue in the form of taxes and fees, etc. accounted for this increase. Transfers abroad rose more markedly than income, i.e. by 11.7% to Sfr 10.4 billion. Among these, transfers by foreign labour (persons with permanent residence and annual work permits, and seasonal workers) stagnated at the year-earlier level, while other private transfers abroad augmented as a result of settlement payments by enterprises. Public-sector payments (social security and government), which represent almost 60% of total transfers abroad, amounted to Sfr 6.1 billion, i.e. 3.5% above the previous year's level. Social security transfers comprise mainly pension and welfare payments by the Old Age and Survivors Insurance Fund to Swiss nationals abroad as well as pension payments and refunds of contributions to other countries. State expenditure primarily consists of foreign financial aid in the field of technical cooperation as well as remittances to international organisations and other remittances by the Confederation.

6 Current transfers

	1995	1996	1997	1998	1999	Changes against previous year
	millions of Swiss francs	millions of Swiss francs	millions of Swiss francs	revised millions of Swiss francs	provisional millions of Swiss francs	percent
Private transfers total						
Receipts	406	407	406	406	406	0.1
Expenses	3713	3621	3405	3428	4309	25.7
of which workers' remittances	3168	3065	2867	2811	2834	0.8
Net	-3307	-3214	-2999	-3022	-3903	
Public transfers total						
Receipts	3136	3253	3405	3633	3752	3.3
Expenses	4844	4968	5343	5886	6093	3.5
Net	-1709	-1715	-1938	-2252	-2341	
Social security						
Receipts	1332	1357	1315	1318	1328	0.8
Expenses	3155	3265	3534	4084	4176	2.3
Net	-1824	-1908	-2218	-2766	-2848	
General Government						
Receipts	1804	1895	2089	2316	2423	4.7
Expenses	1689	1703	1809	1802	1916	6.4
Net	115	192	280	514	507	
Total						
Receipts	3542	3659	3810	4039	4158	2.9
Expenses	8557	8589	8748	9314	10402	11.7
Net	-5016	-4930	-4937	-5274	-6244	

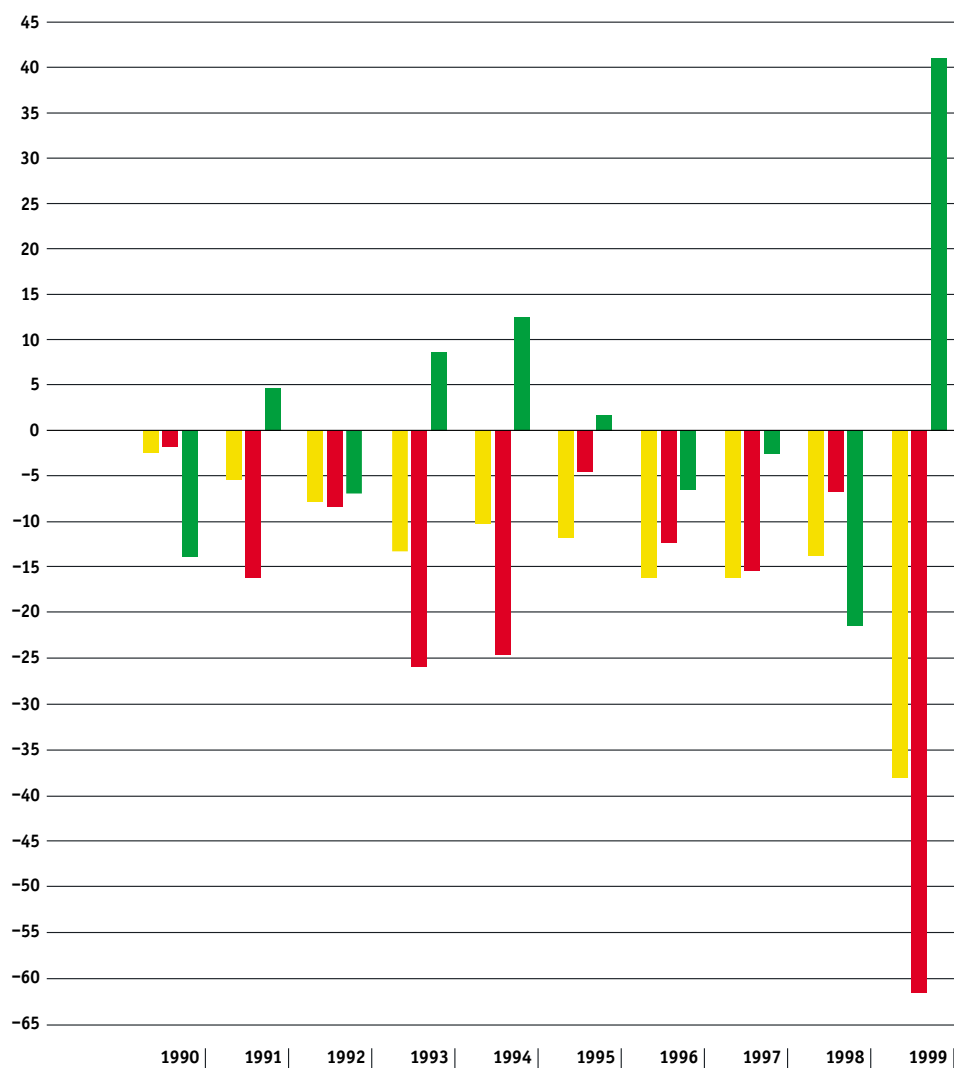
Financial account

Cross-border financial flows were considerably higher in 1999 than a year earlier. They were significantly influenced by the launch of the euro, with approximately 40% of all financial flows being processed in the new currency. The banks' credit business – notably interbank business – expanded vigorously. Swiss portfolio investment abroad also grew perceptibly; by contrast, foreign portfolio investment in Switzerland diminished. Foreign direct investment in Switzerland increased in 1999 due to a larger number of acquisitions. Direct investment abroad expanded substantially in 1999 following a slight decline in 1998. The deficit in the capital account without international reserves widened by Sfr 16.5 billion to Sfr 58.4 billion.

Financial account, net, 1990–1999

excluding international reserves, in billions of Swiss francs

█ Direct investment, net
█ Portfolio investment, net
█ Other investment, net
 The minus sign (-) signifies a net capital export.



Direct investment

In 1999 capital exports for direct investment abroad mounted by Sfr 27.7 billion to Sfr 51.9 billion. Acquisitions increased by Sfr 13.1 billion to Sfr 27.3 billion. At Sfr 16.8 billion, retained profits (reinvested earnings), which are also classed as direct investment flows, more than doubled from the previous year's level. Higher claims vis-à-vis subsidiaries abroad also led to an outflow of funds for intra-group lending clearly in excess of the previous year's level.

Capital exports by the industrial sector augmented by Sfr 4 billion to Sfr 10.6 billion in 1999. The increase was due to a decisive extent to higher investment by the chemical industry and the capital exports of the electronic, energy, optical and watchmaking sector, which had decreased its capital abroad in the previous year. The other sectors of industry invested fewer funds abroad than in 1998.

In the service sector, which accounted for four-fifths of direct investment, the outflow of funds expanded by Sfr 23.7 billion to Sfr 41.3 billion. Finance and holding companies increased their foreign investment by Sfr 3.8 billion to Sfr 10.4 billion in 1999. Due to acquisitions and the restructuring of foreign subsidiaries the banks recorded capital exports totalling Sfr 10.1 billion. In the previous year losses abroad (classed as withdrawal of funds) exceeded acquisitions, resulting in a capital import. Capital exports in the insurance industry amounted to Sfr 9.9 billion in 1999, almost Sfr 2 billion higher than the 1998 figure. The trade, transport and communication sectors and other services also invested substantially more than in the previous period.




In 1999, even more so than a year earlier, a regional focus of Swiss direct investment were the EU and North America. Almost three-quarters of the funds flowed into this area. Capital exports to the EU countries rose by Sfr 12.4 billion to Sfr 22.7 billion, with investment concentrated to a considerable degree on the United Kingdom, Germany and Ireland. The high level of investment in the United Kingdom was due in large part to a merger in the insurance industry, that in Germany to a takeover in the telecommunications sector. Investment in Ireland was primarily accounted for by holding companies. Investment in the United States mounted by Sfr 11.6 billion to Sfr 14.9 billion in 1999 following a rather low figure in the previous year. A broad range of industrial and service sectors contributed to this result. While capital flows to central and eastern Europe remained virtually stable (Sfr 1.1 billion), capital exports to NICs amounted to Sfr 6 billion, to developing countries Sfr 5.2 billion, exceeding the previous year's level by Sfr 0.8 billion and Sfr 2.5 billion respectively.

Foreign direct investment in Switzerland rose by Sfr 3.5 billion to Sfr 13.9 billion in 1999. This increase is the result of higher acquisitions. In 1999, a number of major acquisitions were again also made in the industrial sector, nevertheless 90% of all direct investment funds were channelled into the service sector. Due to the merger of a Swiss and a British enterprise, the insurance industry witnessed an inflow of funds totalling Sfr 4.9 billion, which clearly surpassed the previous year's figure of Sfr 1.2 billion. In the transport and communications sector, takeovers led to capital imports of Sfr 1.9 billion. Prior to this result, direct investment flows had been insignificant in this sector. In the bank-

ing industry, sales predominated in 1999 resulting in an outflow of capital of Sfr 0.2 billion as compared with an inflow amounting to Sfr 2.3 billion a year earlier. Finance and holding companies recorded capital imports totalling Sfr 3.7 billion, Sfr 1.8 billion lower than in the previous period. Enterprises from EU countries, notably from the United Kingdom and Germany, contributed Sfr 9.7 billion to capital imports. The United States accounted for Sfr 5.4 billion. Japanese investors again withdrew capital in 1999.

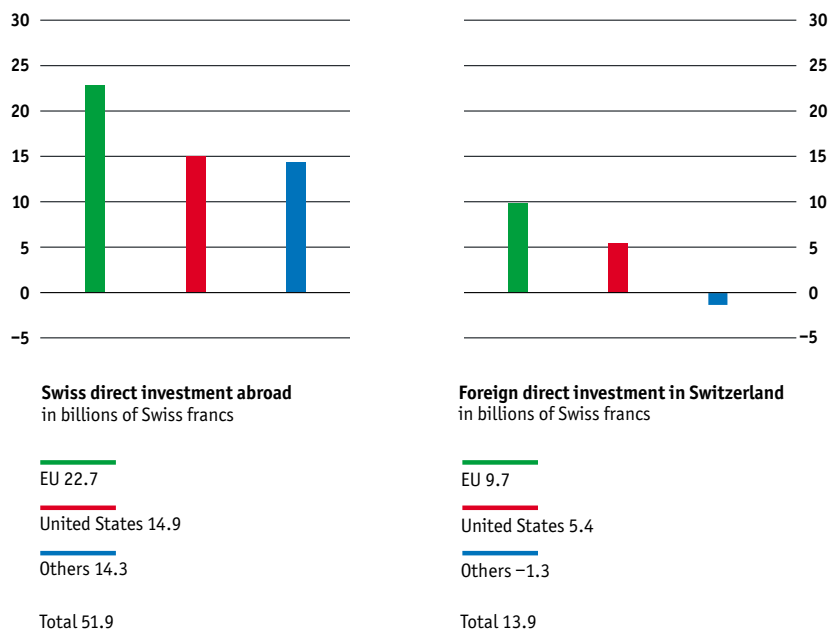
Net capital export resulting from the flow of funds for direct investment abroad and direct investment in Switzerland augmented by Sfr 24.3 billion to Sfr 38 billion in 1999.

Direct investment in billions of Swiss francs

 Swiss direct investment abroad
 Foreign direct investment in Switzerland
 Net (the minus sign [-] signifies a net capital export)



Direct investment 1999 by economic area



7.1 Swiss direct investment abroad: breakdown by economic activity

	1995	1996	1997	1998 revised	1999 provisional
Capital exports¹ in millions of Swiss francs					
Manufacturing	8838	8551	15804	6567	10598
Textiles and clothing	43	-8	118	623	524
Chemicals and plastics	3273	2074	8373	2083	6725
Metal and machinery	1423	766	2593	1421	802
Electronic, energy, optical and watchmaking industries	1086	2919	3477	-890	1617
Foodstuffs, other manufacturing and construction	3013	2800	1243	3329	930
Services	5600	11413	9930	17540	41258
Trade	1269	-4	571	2376	3623
Finance and holding companies	-38	2087	5195	6530	10375
of which foreign-controlled ²	-630	2074	4172	3859	10817
Banks	1308	551	1796	-321	10054
Insurance	2209	7597	1334	8034	9915
Transport and communication	499	940	214	859	3524
Other services	353	241	874	62	3767
Total	14438	19964	25734	24107	51856

1 The minus sign (-) signifies a return flow of capital into Switzerland (disinvestment).

2 An enterprise is considered to be a foreign-controlled enterprise if a majority share of its capital is in foreign hands.

7.2 Swiss direct investment abroad: breakdown by country

	1995	1996	1997	1998 revised	1999 provisional
Capital exports¹ in millions of Swiss francs					
1. Industrial countries	14007	17500	21765	16153	40574
EU	6210	12522	12596	10218	22666
Belgium	1042	488	-655	429	1325
Denmark	21	49	30	-31	267
Germany	1171	2629	4131	880	5439
Finland	56	137	152	224	110
France	127	338	213	333	1736
Greece	79	109	116	205	4
Ireland	324	342	317	-54	3363
Italy	424	769	1134	-197	-73
Luxembourg	200	192	-959	1651	585
Netherlands	1143	-193	2752	999	1893
Austria	89	-252	343	344	479
Portugal	27	91	311	-69	557
Sweden	85	539	632	844	-437
Spain	572	118	35	377	-1000
United Kingdom ²	851	7170	4043	4283	8418
EFTA	41	54	181	-93	349
Central and eastern Europe	901	361	215	1175	1135
of which					
Croatia	4	5	4	70	-44
Poland	236	113	173	208	469
Russian Federation	37	100	46	335	598
Czech Republic	573	61	-19	356	-70
Hungary	31	62	-35	-76	83
Other European countries	121	49	314	-449	652
of which					
Turkey	96	0	51	296	5
North America	5978	3709	8058	4457	14871
Canada	-166	335	368	1232	19
United States	6144	3373	7690	3225	14852
Other industrial countries	756	806	402	845	901
Japan	-35	305	-203	124	662
South Africa	151	93	154	138	180
Australia	609	401	153	572	273
New Zealand	31	7	298	11	-214

	1995	1996	1997	1998 revised	1999 provisional
Capital exports¹ in millions of Swiss francs					
2. NICs	-55	1406	2176	5203	6042
Latin America	186	260	-207	1243	1266
Argentina	28	65	-10	321	-110
Brazil	127	-10	-338	446	804
Chile	35	83	29	-178	24
Mexico	-3	121	111	654	547
Asia	-242	1146	2383	3960	4776
Hong Kong	-547	21	236	447	646
Korea (South)	19	66	-57	283	179
Malaysia	17	233	82	102	307
Philippines	-8	39	50	1169	57
Singapore	175	542	1879	1444	3611
Taiwan	61	22	45	121	59
Thailand	41	224	148	395	-82
3. Developing countries	487	1057	1793	2752	5240
Latin America (inkl. Caribbean)	2	-267	935	2209	4876
of which					
Costa Rica	45	10	-1	-26	0
Ecuador	11	80	27	10	20
Guatemala	4	-176	60	-4	22
Colombia	7	82	34	387	115
Panama	83	131	365	355	-149
Peru	19	-9	158	-25	47
Uruguay	92	172	217	284	287
Venezuela	-5	121	97	61	11
Africa	25	90	230	102	295
of which					
Egypt	34	18	92	57	89
Ivory Coast	6	17	16	51	-19
Morocco	8	19	32	-12	1
Nigeria	-2	1	-9	5	-6
Asia	459	1234	629	441	69
of which					
China (People's Republic)	342	378	255	123	-101
India	13	370	160	29	-52
Indonesia	46	177	134	90	55
Lebanon	9	8	2	-2	-13
Pakistan	23	22	34	-17	2
Saudi Arabia	4	3	43	-2	60
United Arab Emirates	3	3	12	11	20
All countries	14438	19964	25734	24107	51856

1 The minus sign (-) signifies a return flow of capital into Switzerland (disinvestment).

2 Incl. Guernsey, Jersey and the Isle of Man.

8.1 Foreign direct investment in Switzerland: breakdown by economic activity

	1995	1996	1997	1998 revised	1999 provisional
Capital imports¹ in millions of Swiss francs					
Manufacturing	1415	2184	4264	283	1468
Chemicals and plastics	231	946	2362	242	412
Metal and machinery	-30	-32	1691	28	-374
Electronic, energy, optical and watchmaking industries	529	1015	204	-55	505
Other manufacturing and construction	686	255	6	69	924
Services	1214	1622	5367	10147	12417
Trade	289	380	362	971	1289
Finance and holding companies	-1092	123	4038	5425	3669
Banks	83	763	558	2253	-226
Insurance	²	²	²	1220	4863
Transport and communication	²	²	²	66	1929
Other services	1935	356	409	212	893
Total	2629	3805	9631	10430	13884

1 The minus sign (-) signifies an outflow of capital from Switzerland (disinvestment).

2 Until 1997 included in "Other services".

8.2 Foreign direct investment in Switzerland: breakdown by country

	1995	1996	1997	1998 revised	1999 provisional
Capital imports¹ in millions of Swiss francs					
1. Industrial countries	2599	3790	9629	9230	13737
EU	2509	2233	5927	5878	9725
of which					
Belgium	23	70	-4	-50	243
Denmark	0	9	21	27	-43
Germany	441	1308	2871	2708	3184
France	-33	571	571	-393	161
Italy	-65	-807	111	1584	316
Luxembourg	179	317	1682	505	427
Netherlands	1884	381	498	1612	-340
Austria	30	1	68	38	21
Sweden	374	337	165	75	1
Spain	7	10	18	-113	475
United Kingdom ²	126	-170	-161	-118	5244
EFTA	0	0	2	0	3
Other European countries	42	36	24	12	24
of which					
Turkey	12	30	2	22	23
North America	363	1476	3778	3723	5447
Canada	16	-50	-46	-55	30
United States	346	1526	3824	3778	5417
Other industrial countries	-315	45	-101	-383	-1462
of which					
Japan	-315	-15	-326	-457	-1507
2. NICs	16	21	-65	-10	-11
3. Developing countries	14	-6	67	1211	158
Africa	2	2	2	3	3
Asia	41	-42	32	-47	44
of which					
Israel	36	-46	18	36	36
Latin America (inkl. Caribbean)	-29	34	33	1255	112
All countries	2629	3805	9631	10430	13884

1 The minus sign (-) signifies an outflow of capital from Switzerland (disinvestment).

2 Incl. Guernsey, Jersey and the Isle of Man

Portfolio investment

Since 1999 the statistical data on portfolio investment has been based on a survey of bank customers' securities turnover. This now makes it possible to show the actual flows of funds of nonbanks. Formerly, portfolio investment was estimated based on the securities holdings of nonbanks. In addition to a detailed breakdown of turnover by currencies and securities, the new statistics now also include bank customers' money market paper, which had not been covered previously and which accounted for almost 5% of total investments in 1999. The money market paper of bank customers and the banks' money market paper, which was previously included in the item bank credits, are now recorded in the item portfolio investment in compliance with the requirements of the balance of payments standard of the International Monetary Fund.

In 1999, the international financial markets continued their dynamic development amid rising interest rates. International securities issues increased markedly. The euro – in the year of its birth – established itself as the second major issuing currency after the US dollar. On most stock exchanges share prices reached new peaks.

The Swiss financial market developed at a somewhat slower rate than the international markets in 1999. Share prices in the Swiss stock market rose less steeply than in most foreign stock exchanges. The volume of newly issued domestic and foreign securities shrank. Net borrowing in the form of domestic bond issues and shares fell by almost half to Sfr 12 billion. Net borrowing in the form of foreign bond issues declined by Sfr 2.6 billion to Sfr 22.8 billion. Swiss and foreign investment funds active in Switzerland, by contrast, recorded a marked rise in turnover.

Swiss investors boosted securities purchases abroad within the space of a year from Sfr 21.6 billion to Sfr 70.4 billion. This figure includes the acquisition of money market paper by bank customers – on which data has been collected for the first time – to the amount of Sfr 3.3 billion. The new European currency and the attractiveness of the US dollar were determining factors in the marked expansion of capital exports. Approximately one-third each of the funds went into euro and dollar investments. Just under a quarter of invested funds was accounted for by the Swiss franc. In the category debt instruments (bonds and money market paper), which represented two-thirds of all acquisitions, investors gave preference to the euro, the US dollar and the Swiss franc. In the case of equity securities (shares and investment funds) investments in the US dollar, the yen and the euro predominated.

Foreign portfolio investment in Switzerland receded from Sfr 14.9 billion in 1998 to Sfr 8.9 billion in 1999; notably share purchases declined steeply. With issuing activity in the Swiss capital market levelling off, investment in debt instruments also fell short of the previous year's level. In contrast, investment funds recorded larger inflows of funds from abroad which, however, did not compensate for the strong decline in the acquisition of shares. Broken down by currencies, 18% of foreign investment was accounted for by Swiss franc securities; 29% of foreign investment in Swiss securities was denominated in the euro, 25% in the US dollar.

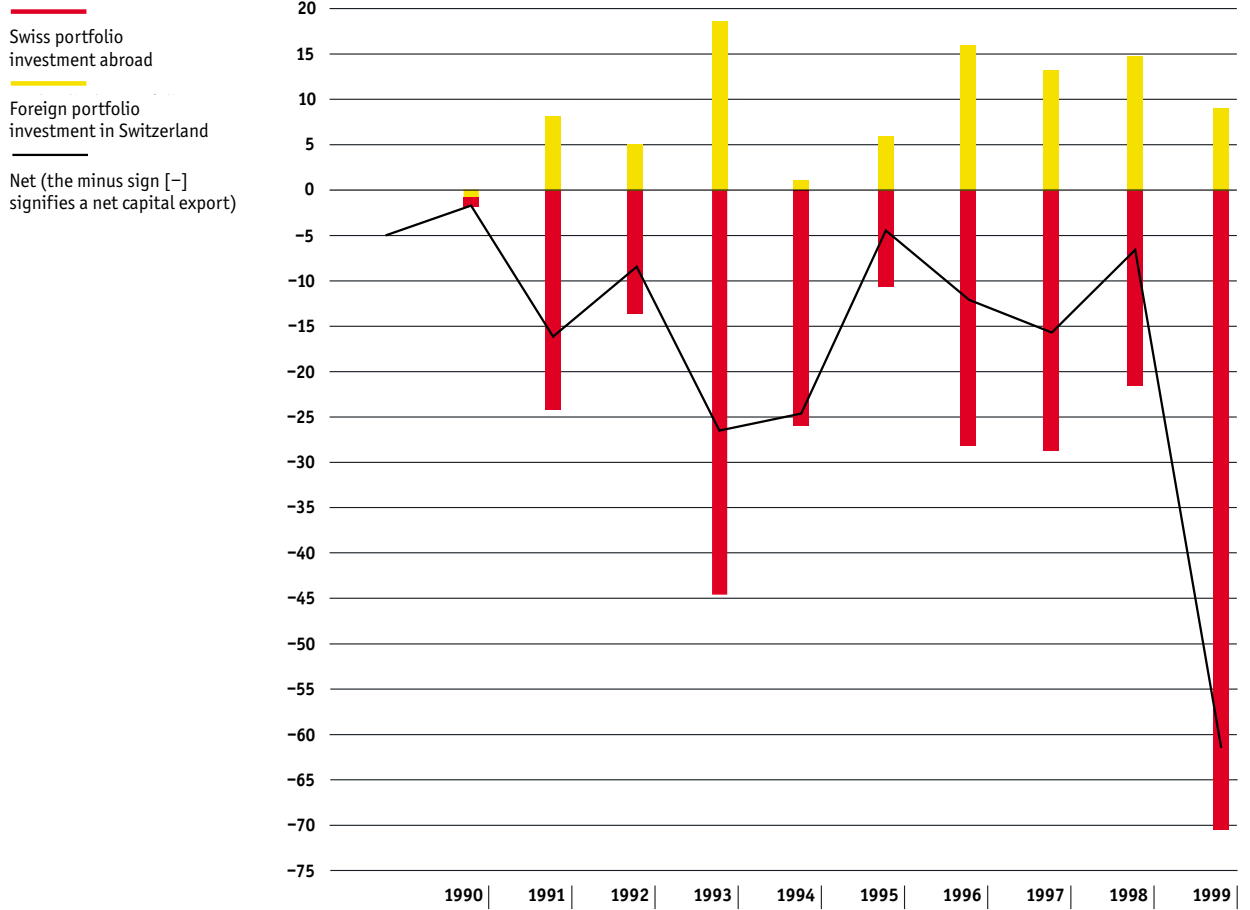
9 Portfolio investment: Breakdown by securities in millions of Swiss francs

	1995	1996	1997	1998	1999	1999 shares in percent
Swiss portfolio investment abroad	-10505	-28096	-28647	-21576	-70360	100.0
Debt securities	-5700	-9944	-15355	-17909	-44072	62.6
Bonds and notes	-5666	-9537	-17126	-17800	-39825	56.6
Money market paper ¹	-34	-407	1771	-109	-4247	6.0
Equity securities	-4805	-18152	-13292	-3667	-26288	37.4
Shares	n/a	n/a	n/a	n/a	-16520	23.5
Investment funds	n/a	n/a	n/a	n/a	-9768	13.9
Foreign portfolio investment in Switzerland	5865	15938	13110	14856	8853	100.0
Debt securities	-1054	1505	3030	2341	607	6.9
Bonds, notes, medium-term notes	-1054	1505	3030	2341	501	5.7
Public sector	705	1068	2375	1476	-153	-1.7
Others	-1759	437	655	865	654	7.4
Money market paper	n/a	n/a	n/a	n/a	106	1.2
Equity securities	6919	14433	10080	12515	8246	93.1
Shares	187	1391	2236	5946	876	9.9
Investment funds	6732	13042	7844	6569	7370	83.2
Net	-4640	-12158	-15537	-6720	-61507	

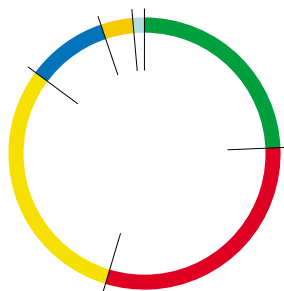
¹ Until 1998, money market paper only included acquisitions by banks

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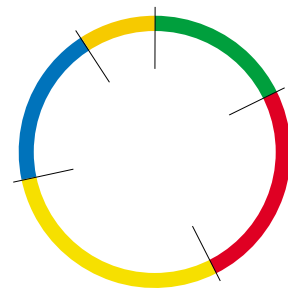
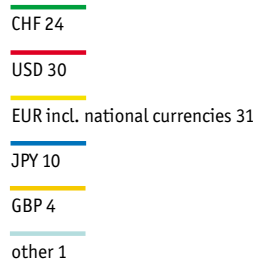
Portfolio investment in billions of Swiss francs



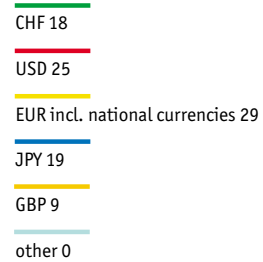
Portfolio investment 1999 by currency



Swiss portfolio investment abroad percent



Foreign portfolio investment in Switzerland percent



Other investment

The item other investment shows financial flows that are not included in either direct investment or portfolio investment. Three sectors are distinguished: banks, other enterprises (nonbanks), and the public sector. A fourth sector "Other" includes financial flows that cannot be divided up by sectors. Other investment is determined largely by the banks' lending business and the credits of enterprises. Public sector financial flows play only an insignificant role in the Swiss balance of payments.

Bank credits

The foreign credit business of domestic banks rose substantially in 1999. The outflow of funds almost doubled to Sfr 116.3 billion. Inflows of funds increased even more markedly, i.e. from Sfr 49.3 billion in the previous year to Sfr 143.5 billion in 1999. The banks' net capital imports amounted to Sfr 27.2 billion. A year earlier they had recorded net capital exports totalling Sfr 16.7 billion.

The banks' flows of funds were, as in the previous years, largely attributable to interbank business, which accounted for approximately 90% of the total volume in 1999. Credit business with foreign customers also expanded markedly in 1999. Overall, a total of Sfr 9.9 billion went to foreign customers in the form of loans (previous year Sfr 4.8 billion). The inflow of funds in the form of deposits amounted to Sfr 9.1 billion (previous year Sfr 10.1 billion).

Capital flows were determined by investment in the euro and by US dollar transactions. Capital exports were due primarily to investment in the US dollar, while in the field of capital imports euro investments predominated. In the Swiss franc sector, banks imported a net amount of Sfr 16.6 billion (previous year Sfr 3.6 billion).

10.1 Breakdown of bank credits by balance sheet positions¹
in billions of Swiss francs*

	1995	1996	1997	1998	1999
Claims abroad					
Claims on banks	-13.0	-71.5	-68.3	-61.1	-106.4
long-term	-0.8	-1.7	0.0	-4.8	-10.7
short-term	-12.1	-69.8	-68.3	-56.3	-95.7
Claims on customers and mortgage loans	1.8	-2.5	-7.7	-4.8	-9.9
Total	-11.1	-74.1	-76.0	-66.0	-116.3
Liabilities abroad					
Liabilities vis-à-vis banks	-1.5	51.7	64.5	39.2	134.4
long-term	1.4	1.2	3.1	8.5	14.2
short-term	-2.9	50.6	61.4	30.7	120.3
Liabilities vis-à-vis customers	3.4	9.0	10.3	10.1	9.1
long-term	1.2	1.7	1.2	1.1	0.2
of which in savings and investment accounts	1.1	1.9	1.1	0.7	0.4
short-term	2.2	7.2	9.2	9.1	8.8
Total	1.9	60.7	74.8	49.3	143.5
Net					
Banks	-14.5	-19.8	-3.8	-22.0	28.0
Customers	5.2	6.4	2.6	5.3	-0.9
Total	-9.2	-13.3	-1.2	-16.7	27.2

¹ Minus (-) indicates capital export.

* Differences in the totals due to the rounding of figures.

10.2 Breakdown of bank credits by currency¹ in billions of Swiss francs*

	1995	1996	1997	1998	1999
Claims abroad					
CHF	2.5	-12.6	-5.1	3.2	9.4
USD	-2.9	-24.5	-36.0	4.8	-62.9
EUR (as from 1999)					-55.2
DEM (until 1998)	-2.2	-0.8	-3.1	-13.6	
Other currencies	-3.5	-22.7	-34.6	-49.3	-6.2
Subtotal	-6.1	-60.6	-78.9	-54.9	-114.9
Precious metals and, until 1998, securities lending	-5.0	-13.4	2.9	-11.0	-1.4
Total	-11.1	-74.1	-76.0	-66.0	-116.3
Liabilities abroad					
CHF	-4.2	7.0	20.5	0.4	7.2
USD	-5.9	37.4	33.6	22.2	45.3
EUR (as from 1999)					57.5
DEM (until 1998)	0.4	5.1	0.7	1.2	
Other currencies	6.4	6.2	12.7	13.2	33.2
Subtotal	-3.4	55.7	67.5	37.0	143.2
Precious metals and, until 1998, securities lending	5.3	5.0	7.3	12.3	0.3
Total	1.9	60.7	74.8	49.3	143.5
Net					
CHF	-1.7	-5.6	15.4	3.6	16.6
USD	-8.9	13.0	-2.4	27.0	-17.6
EUR (as from 1999)					2.2
DEM (until 1998)	-1.8	4.2	-2.4	-12.3	
Other currencies	2.9	-16.5	-21.9	-36.2	27.0
Subtotal	-9.5	-4.9	-11.4	-18.2	28.2
Precious metals and, until 1998, securities lending	0.3	-8.5	10.2	1.3	-1.1
Total	-9.2	-13.3	-1.2	-16.7	27.2

1 Minus (-) indicates capital export.

* Differences in the totals due to the rounding of figures.

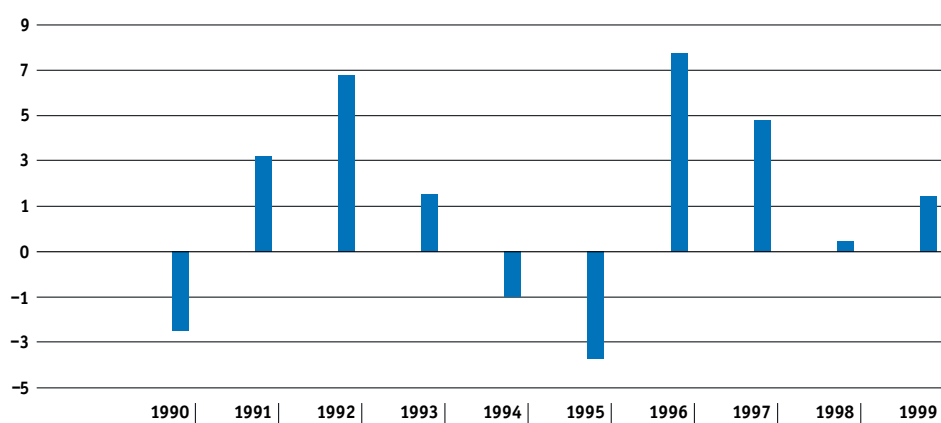
Corporate credits

In 1999, Swiss enterprises reduced their foreign credits, while at the same time increasing their liabilities from borrowing abroad (without credits and liabilities vis-à-vis subsidiaries, which are included in direct investment). This resulted in a net capital import of Sfr 3.1 billion. In the previous year, the enterprises' foreign credit business had led to capital export amounting to Sfr 5.4 billion. Decisive for net capital import in 1999 was a strong inflow of funds recorded by the finance companies. Industry and most service sectors, however, exhibited outflows of funds.

National Bank

The foreign assets of the National Bank expanded by Sfr 1.3 billion in 1999. In the previous year foreign assets had increased by Sfr 0.2 billion. Foreign exchange holdings rose by Sfr 1.8 billion. This rise is due mainly to the firming of the dollar vis-à-vis the Swiss franc. A year earlier foreign exchange holdings had contracted by Sfr 0.5 billion due to exchange rate reasons. The reserve position in the International Monetary Fund (IMF) – the difference between the Swiss quota in the IMF and the Swiss franc claims of the IMF on the National Bank – declined by Sfr 0.4 billion. International payment instruments, by contrast, expanded somewhat. Balance of payments aid diminished by Sfr 0.5 billion since the IMF partly repaid the loans granted under the General Arrangements to Borrow and the New Arrangements to Borrow (GABs and NABs) in 1998. Gold holdings (including claims from gold lending operations) remained stable.

Change in international reserves in billions of Swiss francs



Residual item (net errors and omissions)

The residual item corresponds to the difference between the total of all balance of payments credit entries (current account earnings, transfer of assets from other countries, capital imports) and the debit entries (current account expenditure, transfer of assets abroad, capital exports). This difference arises from errors and omissions in the statistical data. Theoretically, all transactions are entered in the balance of payments according to the system of double bookkeeping so that arithmetically they should be balanced out. In practice, however, this principle cannot be fully applied. In case of a surplus on the credit side, the residual item shows a negative sign, in the contrary case a plus sign.

In 1999, the balance of payments recorded a (positive) residual item of Sfr 11.1 billion francs. In the previous year, the residual item amounted to + Sfr 5.8 billion.

11 Components of the balance of payments in millions of Swiss francs

	1995	1996	1997
I. Current account net pos. A–D	25184	27168	36970
External contribution to GNP net pos. A–C	30200	32098	41907
A. Goods net	1040	1147	–454
1. Exports	99847	102171	114215
Special trade f.o.b.	92012	94174	105133
Electrical energy	1863	1816	1903
Other goods	5971	6181	7179
2. Imports	–98807	–101024	–114669
Special trade c.i.f	–90776	–91967	–103088
Electrical energy	–1281	–1355	–1225
Other goods	–6750	–7702	–10356
B. Services net	15211	15361	18933
1. Receipts	30776	32445	36719
Tourism	11185	10989	11531
Private insurance	1451	1769	2070
Merchanting	1037	1051	1418
Transportation	2981	3060	4087
Passengers	2241	2334	3035
Freight	739	726	1051
Postal, courier and telecommunication services	622	638	709
Other services	13500	14938	16905
of which financial services	6654	7796	8816
2. Expenses	–15565	–17084	–17786
Tourism	–8774	–9425	–10141
Private insurance	–25	–49	–49
Merchanting	n/a	n/a	n/a
Transportation	–2436	–2687	–2841
Passengers	–2433	–2684	–2841
Freight	–3	–3	0
Postal, courier and telecommunication services	–853	–898	–989
Other services	–3478	–4025	–3767
of which financial services	n/a	n/a	n/a
C. Labour income and investment income net	13949	15591	23428
1. Receipts	37336	40784	50891
Labour income	1532	1509	1544
Investment income	35804	39276	49348
Portfolio investment	13857	14295	15305
Direct investment	6611	9765	13889
Other investment	15336	15216	20154
2. Expenses	–23387	–25194	–27464
Labour income	–8341	–8360	–8076
Investment income	–15046	–16834	–19388
Portfolio investment	–4554	–4872	–5723
Direct investment	–825	–2930	–1245
Other investment	–9667	–9032	–12420

1998	1999	1999	1999	1999	1999
revised	provisional	1 Q provisional	2 Q provisional	3 Q provisional	4 Q provisional
37482	44996	9556	12100	11575	11768
42756	51240	10920	13487	13738	13097
-2329	-423	-616	80	-118	233
118350	125085	29357	30620	30571	34537
109113	114446	26899	27918	27956	31673
2022	2068	512	529	455	573
7215	8571	1946	2173	2160	2291
-120679	-125507	-29974	-30540	-30689	-34304
-106866	-113416	-27259	-27538	-28197	-30422
-1346	-1462	-447	-294	-280	-441
-12467	-10630	-2268	-2708	-2212	-3441
19574	19784	5610	4543	4661	4972
38755	40916	9937	10115	10986	9879
11586	11721	2938	2812	3701	2271
2277	2823	706	706	706	706
1047	1316	329	329	329	329
4306	4649	1072	1255	1332	990
3185	3450	783	950	1025	692
1121	1199	289	305	307	298
903	1258	298	281	363	316
18637	19148	4594	4732	4555	5267
9975	11978	2801	2939	2762	3475
-19181	-21131	-4327	-5572	-6325	-4906
-9879	-10363	-1734	-2888	-3529	-2212
-100	-125	-31	-31	-31	-31
n/a	n/a	n/a	n/a	n/a	n/a
-2812	-2824	-634	-773	-832	-585
-2812	-2824	-634	-773	-832	-585
0	0	0	0	0	0
-1123	-1269	-320	-262	-326	-362
-5267	-6551	-1608	-1619	-1607	-1717
-733	-845	-182	-192	-181	-291
25511	31879	5927	8864	9196	7892
66163	73580	16737	19267	18682	18894
1569	1589	397	397	397	397
64594	71992	16340	18870	18284	18497
17919	21610	5151	5340	5437	5683
25712	33369	6901	9313	8722	8433
20962	17013	4288	4217	4125	4382
-40652	-41701	-10810	-10403	-9486	-11002
-8012	-8089	-2004	-2015	-2028	-2042
-32640	-33612	-8806	-8388	-7458	-8960
-7991	-10134	-2502	-2504	-2482	-2647
-11659	-12401	-3465	-3152	-2421	-3363
-12991	-11077	-2839	-2732	-2555	-2951

	1995	1996	1997
D. Current transfers net	-5016	-4930	-4937
1. Receipts	3542	3659	3810
Private transfers	406	407	406
Public transfers	3136	3253	3405
2. Expenses	-8557	-8589	-8748
Private transfers	-3713	-3621	-3405
Public transfers	-4844	-4968	-5343
II. Capital transfers net	-156	-152	-114
Transfers from abroad	0	0	0
Transfers abroad	-156	-152	-114
III. Financial account excluding international reserves net E-G	-14833	-35030	-34276
E. Direct investment net	-11810	-16159	-16104
1. Swiss direct investment abroad	-14438	-19964	-25735
Equity capital	-9638	-13106	-13515
Reinvested earnings	-3711	-6465	-9889
Other capital	-1089	-393	-2331
2. Foreign direct investment in Switzerland	2628	3805	9631
Equity capital	2464	1502	5966
Reinvested earnings	825	2930	1245
Other capital	-661	-627	2420
F. Portfolio investment net	-4640	-12158	-15537
1. Swiss portfolio investment abroad	-10505	-28096	-28647
Debt securities	-5700	-9944	-15355
Bonds and notes	-5666	-9537	-17126
Money market instruments	-34	-407	1771
Equity securities	-4805	-18152	-13292
Shares	n/a	n/a	n/a
Investment funds	n/a	n/a	n/a
2. Foreign portfolio investment in Switzerland	5865	15938	13110
Debt securities	-1054	1505	3030
Bonds, notes and medium-term notes	-1054	1505	3030
Money market instruments	n/a	n/a	n/a
Equity securities	6919	14433	10080
Shares	187	1391	2236
Investment funds	6732	13042	7844

1998	1999	1999	1999	1999	1999
revised	provisional	1 Q provisional	2 Q provisional	3 Q provisional	4 Q provisional
-5274	-6244	-1365	-1387	-2163	-1330
4039	4158	1005	1029	1069	1057
406	406	102	102	102	102
3633	3752	903	927	967	955
-9314	-10402	-2369	-2416	-3231	-2386
-3428	-4309	-850	-888	-1706	-865
-5886	-6093	-1519	-1528	-1525	-1521
-436	-583	-146	-146	-146	-146
0	0	0	0	0	0
-436	-583	-146	-146	-146	-146
-41904	-58436	-4544	-14940	-18774	-20179
-13677	-37972	-6667	-10611	-10312	-10381
-24107	-51856	-12071	-12061	-15335	-12388
-14188	-27308	-6869	-3290	-10269	-6880
-6781	-16763	-4191	-4191	-4191	-4191
-3138	-7785	-1011	-4581	-876	-1318
10430	13884	5404	1450	5023	2008
2582	6468	3599	535	956	1377
6487	7189	1129	1877	1733	2451
1362	227	676	-962	2333	-1820
-6720	-61507	-18566	-12194	-17147	-13600
-21576	-70360	-21361	-14689	-16295	-18015
-17909	-44072	-14986	-8699	-11465	-8922
-17800	-39825	-14568	-7210	-10585	-7462
-109	-4247	-418	-1489	-880	-1460
-3667	-26288	-6375	-5990	-4830	-9093
n/a	-16520	-3521	-3529	-2797	-6673
n/a	-9768	-2854	-2461	-2033	-2420
14856	8853	2795	2495	-852	4415
2341	607	-823	70	476	884
2341	501	-795	49	510	737
n/a	106	-28	21	-34	147
12515	8246	3618	2425	-1328	3531
5946	876	2224	-448	-2860	1960
6569	7370	1394	2873	1532	1571

	1995	1996	1997
G. Other investment net	1617	-6713	-2635
Banks			
1. Claims abroad	-11140	-74054	-76025
Claims on banks	-12974	-71505	-68326
long-term	-840	-1699	-44
short-term	-12134	-69806	-68282
Claims on customers and mortgages	1834	-2549	-7699
2. Liabilities abroad	1902	60714	74834
Liabilities vis-à-vis banks	-1508	51724	64493
long-term	1368	1160	3086
short-term	-2876	50564	61407
Liabilities vis-à-vis customers	3410	8990	10341
long-term	1182	1744	1163
in savings and investment accounts	1127	1934	1119
short-term	2228	7246	9178
3. Net	-9238	-13340	-1191
Corporates			
1. Claims abroad	5765	-7158	4262
long-term	-630	-1500	-1161
short-term	6395	-5659	5423
2. Liabilities abroad	-564	9856	-4002
long-term	2028	6027	1672
short-term	-2592	3830	-5673
3. Net	5202	2698	260
Government			
1. Claims abroad	-18	48	286
long-term	-18	45	286
Granting of long-term credits	-107	-46	-63
Redemption of long-term credits	89	91	349
short-term	0	4	0
2. Liabilities abroad	315	39	175
3. Net	297	87	461
Other			
1. Claims abroad	-12263	-25459	-33648
long-term	-61	-58	-8
Capital subscription by the government to int. organisations	-61	-58	-8
short-term	-12202	-25402	-33641
Fiduciary assets abroad	7716	-2848	-3170
Imports of precious metals	-16820	-19528	-24740
Other	-3098	-3026	-5731
2. Liabilities abroad	17620	29302	31483
long-term	1628	1600	973
Sale of domestic real estate to foreigners	1628	1600	973
Other	0	0	0
short-term	15992	27702	30510
Fiduciary assets in Switzerland	-106	-135	48
Exports of precious metals	17403	18364	26473
Other	-1305	9473	3989
3. Net	5356	3842	-2165

1998	1999	1999	1999	1999	1999
revised	provisional	1 Q	2 Q	3 Q	4 Q
provisional	provisional	provisional	provisional	provisional	provisional
-21507	41043	20690	7866	8686	3801
-65951	-116316	-17487	-41807	-22443	-34579
-61132	-106370	-11828	-42259	-21748	-30535
-4823	-10700	-1759	-2253	-4792	-1896
-56309	-95670	-10069	-40006	-16956	-28639
-4819	-9946	-5659	452	-695	-4044
49293	143478	38038	42954	24728	37758
39182	134409	36616	40310	26896	30587
8513	14159	3511	5670	4707	271
30669	120250	33105	34640	22189	30316
10111	9069	1422	2644	-2168	7171
1053	238	87	54	-62	159
675	395	64	283	-119	167
9058	8831	1335	2590	-2106	7012
-16658	27162	20551	1147	2285	3179
-14433	2011	-1751	8190	-3848	-580
-714	281	-469	1458	-1678	970
-13719	1730	-1281	6732	-2170	-1550
8991	1097	1245	-2991	2740	103
7563	1825	-359	-969	-369	3522
1428	-728	1604	-2023	3109	-3418
-5443	3108	-506	5198	-1108	-477
295	305	29	15	28	233
295	305	29	15	28	233
-68	-45	-7	-1	-8	-30
363	350	36	16	36	263
0	0	0	0	0	0
-6	-87	88	-29	-107	-38
289	218	117	-14	-80	195
-25939	-25020	-8946	-3528	-1941	-10605
-4	-4	0	0	0	-4
-4	-4	0	0	0	-4
-25935	-25016	-8946	-3528	-1941	-10601
-1509	448	-427	3047	-640	-1532
-19827	-17709	-3599	-4583	-3555	-5973
-4600	-7755	-4919	-1993	2254	-3096
26244	35574	9473	5063	9530	11509
1027	908	227	227	227	227
1027	908	227	227	227	227
0	0	0	0	0	0
25217	34666	9246	4836	9303	11282
21	4431	22	229	489	3691
20798	16467	3729	4362	4891	3485
4397	13768	5496	245	3922	4106
304	10555	528	1535	7588	904

	1995	1996	1997
IV. Reserves: Changes in net holdings	3678	-7818	-4897
H. International reserves net	3678	-7818	-4897
1. Changes in assets	3682	-7807	-4912
Gold	0	0	0
Foreign exchange	4097	-7515	-3942
Reserve position in the International Monetary Fund	-446	-380	-697
International payment instruments	7	118	-162
Balance of payments aid	24	-30	-111
2. Changes in liabilities	-4	-11	15
Liabilities vis-à-vis monetary authorities	-5	-3	5
Other liabilities	1	-8	11
V. Counterpart to valuation changes on international reserves	-3531	4412	1765
VI. Net errors and omissions	-10342	11419	552

n/a: no data available

1998	1999	1999	1999	1999	1999
revised	provisional	1 Q provisional	2 Q provisional	3 Q provisional	4 Q provisional
-120	-1258	2551	-1084	1787	-4512
-120	-1258	2551	-1084	1787	-4512
-236	-1309	2588	-1123	1786	-4560
0	0	0	0	0	0
462	-1799	2393	-1515	1289	-3966
-306	394	-304	237	416	45
61	-366	14	162	81	-623
-453	462	485	-7	0	-16
116	51	-37	39	1	48
2	3	-11	5	-7	16
114	48	-26	34	8	32
-871	4136	1844	1081	-659	1870
5849	11144	-9261	2989	6216	11199

Notes

Statistical changes

Special trade	The position special trade now includes total 1 of the goods trade, i.e. the goods trade without precious metals, precious stones and gems as well as objets d'art and antiques. Precious metals, precious stones and gems, and objets d'art and antiques are included in the other goods trade.
Insurance	Since 1999, insurance services have been taken from new statistical data on cross-border premium business of private insurance companies. The new data replaces the previous estimate which was discontinued due to structural changes in the insurance sector.
Portfolio investment	Portfolio investment of nonbanks has been taken, as from 1999, from the new securities turnover statistics. This now makes it possible to show the actual financial flows of nonbanks. Previously, portfolio investment was estimated based on the securities holdings of nonbanks. The securities turnover statistics also comprise nonbanks' money market investments, which have not been available so far. The nonbanks' money market paper newly included in the statistics are shown in conformity with the requirements of the balance of payments standards of the International Monetary Fund applying to portfolio investment. The banks' money market paper previously listed in the item bank credits is now classified as portfolio investment.
Other investments	Financial flows, which are included neither in direct investment nor in portfolio investment, are aggregated in the category other investments and broken down by sectors into banks, enterprises, public sector and others. The new classification conforms to the requirements of the balance of payments standards of the IMF.

Current account

Special trade	Exports f.o.b., imports c.i.f. according to the foreign trade statistics of the General Directorate of Customs, without precious metals, precious stones and gems as well as objets d'art and antiques (total 1). As from 1995, special trade has also included aviation fuel.
Electricity	Exports and imports of electricity without substitution energy.
Other goods trade	Precious metals, precious stones and gems as well as objets d'art and antiques, processing of goods for foreign account, processing abroad for domestic account, export and import of returned goods, purchase and sale of Rhine vessels, transportation costs and insurance premiums on imports, unchecked goods trade, small consignments, import of industrial gold and silver, goods procured in ports.
Tourism	Business travel and personal travel, stays at health resorts and hospitals, travel related to studies, same-day travel, transit travel; small volumes in cross-border traffic, duty-free shops, consumption expenditure by cross-border commuters.
Other services	Private insurance, merchanting, transports, postal and courier services, telecommunications, financial services (bank commissions), technological services (construction services, commercial and technical counselling, royalties and license fees incl. management fees), purchases of goods and services by foreign representatives in Switzerland, by Swiss representatives abroad and by international organisations in Switzerland, supporting services provided in connection with air and rail travel, management of domiciliary companies, law offices and fiduciary companies, cultural services, etc.
Labour income	Gross wages and salaries of Swiss cross-border commuters and of residents with foreign employers (international organisations and consular representatives in Switzerland); gross wages and salaries of foreign cross-border commuters incl. employer and employee contributions to social security schemes (i.e. Old Age and Survivors' Insurance, disability insurance, governmental military compensation and unemployment insurance).

Portfolio investment: income on equity securities and income on debt securities; direct investment: transferred and reinvested earnings from direct investment; other investment: income on lending and deposits of banking institutions, earnings from fiduciary investment, income on investments of the Swiss National Bank and the Confederation, and other investment income (financial leasing fees, etc.). Not included are interest earnings on loans by nonbanks.

Investment income

Transfers by Swiss emigrants, by foreign insurance schemes, etc. Remittances of immigrant workers, annuities and indemnity payments, pension payments, financial support, foreign aid of private aid agencies, etc.

**Current transfers
by private persons**

Contributions of Swiss nationals abroad and foreign cross-border commuters to social security schemes in Switzerland, state revenue from stamp duty, withholding tax of cross-border commuters and other taxes and fees incl. transportation tax. Social security transfers abroad, Swiss contributions to international organisations and other remittances abroad, tax refunds to cross-border commuters' countries of residence as well as government aid to foreign countries.

**Current transfers
by the public sector**

The data derives from statistics collected by the federal authorities and the Swiss National Bank; some of the figures are estimates.

**Statistical basis
of the current account**

Capital transfers

Debt forgiveness and financial assistance grants by the Confederation as well as private capital transfers.

Financial account

Swiss direct investment abroad: investment by domestic enterprises in enterprises in other countries (subsidiaries, branch offices, participations). Foreign direct investment in Switzerland: investment by foreign enterprises in enterprises in Switzerland. The financial flows shown relate to equity capital (paid-up capital, the establishment, acquisition or liquidation and sale of subsidiaries and affiliated companies; the provision of capital stock and operating capital to branch offices), reinvested earnings and inflows and outflows of credits. Statistical sources are the quarterly and annual surveys carried out by the Swiss National Bank.

Direct investment

Portfolio investment abroad: investment by residents in debt instruments and equity securities of foreign issuers (money market paper, bonds, shares, participation certificates, investment fund certificates). The data represents net inflows, i.e. new investment minus liquidation of investment and redemptions. The statistical basis is data reported by the banks on the acquisition of securities by domestic customers. The data on acquisitions by banks and enterprises is derived from the statistics on their foreign borrowings and lendings. Portfolio investment in Switzerland: foreign investment in debt instruments and equity securities of domestic issuers (money market paper, bonds, medium-term notes, shares, participation certificates, investment fund certificates). The data represents net inflows, i.e. new investment minus liquidation of investments and redemptions. The statistical basis are reports by the banks on the acquisition of securities by foreign customers. The data on bonds floated abroad by domestic enterprises is derived from the statistics on the foreign borrowings and lendings of enterprises.

Portfolio investment

Claims abroad: interbank lending operations, i.e. net change in long- and short-term credits to banks including precious metals claims; net change in lending to customers and mortgage loans as well as precious metals claims. Liabilities abroad: interbank deposit operations, i.e. long- and short-term deposits of banks incl. precious metals liabilities; long-term customer deposits as well as deposits in the form of savings and investment, short-term customer deposits incl. precious metals liabilities. The transaction figures recorded in the balance of payments represent the net change in the individual positions, i.e. the inflow of new funds minus repayment of outstanding liabilities. The statistical basis are reports by domestic banks on foreign borrowings and lendings.

**Other investment
Banks**

Claims abroad: net change in short- and long-term lending by domestic private and government enterprises to natural persons, banks and enterprises abroad excluding intra-group lending, i.e. without credits granted to subsidiaries, branch offices and affiliated companies abroad. Liabilities abroad: net change in short- and long-term lending by natural persons, banks and enterprises abroad to domestic private and government enterprises excluding intra-group lending, i.e. without credits granted to domestic subsidiaries, branch offices and affiliated companies. The statistical basis are reports submitted by the enterprises to the National Bank.

**Other investment
Corporates**

Other investment Public sector	Cross-border financial flows of the Confederation, the cantons and communes and social security organisations. Claims abroad: short- and long-term lending abroad by the public sector. Liabilities abroad: short-term liabilities of the public sector vis-à-vis other countries.
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Other investment Others	Fiduciary claims and liabilities: claims include the outflow of residents' fiduciary funds which are invested abroad; liabilities include the inflow of non-residents' fiduciary funds which are invested in Switzerland. The statistical basis are reports by domestic banks on their foreign liabilities. Import and export of precious metals: the import and export of gold and silver as raw materials and of coin according to trade statistics. The imports of precious metals recorded in the current account are deducted. The Confederation's participation in capital increases of international organisations. The sale of real estate in Switzerland to persons abroad less the sale of real estate in Switzerland by nonresidents to residents. Actual changes in ownership according to the statistics of the Federal Department of Justice on the sale of real estate to nonresidents are recorded. Other private investment furthermore includes financial flows between nonbanks and banks abroad. Domestic fiduciary funds which, according to the National Bank's estimates, are accounted for by nonresidents and financial flows between banks and international organisations domiciled in Switzerland are entered as adjustment items under other private investment.
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International reserves

International reserves	Changes in gold holdings, foreign exchange holdings, the reserve position in the International Monetary Fund (IMF) (as from 1992), international payment instruments (SDR), balance of payments aid and the change in the National Bank's liabilities.
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Counterpart to valuation changes	Book changes in terms of value (profits and losses) in the holdings of the National Bank's international reserves.
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Residual item

Non-recorded transactions and statistical errors, net	See methodical basis
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Legal basis

Legal basis of the balance of payments statistics	According to the Federal Statistical Act of October 1992 and the Ordinance on the conduct of federal statistical surveys of June 1993, the Swiss National Bank is authorised to collect statistics on a quarterly basis for the balance of payments on current account and the financial account. In the case of the current account, legal entities are obliged to supply information if the transaction value of a reporting item exceeds Sfr 100,000 per quarter. In the case of the capital account, natural persons and legal entities are obliged to supply information if the transaction value of a reporting item exceeds Sfr 1 million per quarter.
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Methodical basis

Definition	The balance of payments is a systematic presentation of the economic transactions between residents and nonresidents during a specified period. A transaction is considered to be the flow of goods, services, income and transfers (see below) as well as the creation and liquidation of financial claims and liabilities including inflows and outflows of equity capital. The methodical basis of the balance of payments is set out in the Balance of Payments Manual of the IMF (5th Edition).
Current account	The current account comprises trade and services transactions with other countries, cross-border labour income and investment income, and current transfers.
Transfers	Transfers are book entries that offset one-way transactions performed without compensation – e.g. in the context of development aid – in order to comply with the system of double bookkeeping applied in the balance of payments statistics. A distinction is made between current transfers in the current account and capital transfers, which represent a category of their own. Offsetting entries for goods provided free of charge, services and income are classed mainly under current transfers, while offsetting entries for the provision of free capital are shown mainly under capital transfers.
Financial flows (without National Bank)	The financial account shows the creation and liquidation of cross-border financial claims and liabilities. Depending on the investment motive, a distinction is made between direct investment (investment with the objective of obtaining a lasting interest in a nonresident enterprise), portfolio investment (investment in foreign securities) and other investment (mainly lending by banks and enterprises to nonresidents).
Net foreign borrowings and lendings of the National Bank	Net foreign borrowings and lendings show the net result of the changes in foreign claims and liabilities of the National Bank. Other than in financial flows (without the National Bank), changes in holdings rather than transactions are recorded under foreign borrowings and lendings. In order to offset changes in holdings that are not due to transactions (e.g. exchange rate-induced changes in holdings), valuation changes on holdings are shown under a separate heading.
Residual item (non-recorded transactions and statistical errors, net)	The residual item is the difference between total “receipts” (current account earnings, capital transfers from abroad, capital imports) and total “expenditures” (current account expenditures, capital transfers abroad, capital exports). This difference arises from errors and omissions in statistical data. Theoretically all transactions are entered twice in the balance of payments so that it should be balanced arithmetically. In actual practice, however, this principle cannot always be applied. In principle, all components of the balance of payments can contribute to the residual item. A residual item with a plus sign indicates non-recorded current earnings and/or capital imports, one with a negative sign indicates non-recorded current expenditures and/or capital exports.
The link between the main aggregates in the balance of payments	The Swiss balance of payments consists of the four main aggregates current account, capital transfers, financial account and net foreign borrowings and lendings of the National Bank (including valuation changes). There is an interrelationship between the main aggregates. Theoretically (i.e. not taking into account the statistical errors in the residual item) the balance from the current account and capital transfers account corresponds, in reverse, to the balance from the financial account and net foreign borrowings and lendings of the National Bank (including valuation changes). The sum of these four balances thus totals zero.

Significance of the main balance of payments aggregates in the system of national accounts

The balance of payments forms part of the system of national accounts. In the system of national accounts, the balance of payments represents the foreign sector. The table below shows the significance of the main aggregates of the balance of payments in the system of national accounts.

Balance of payments	System of national accounts
1) Goods and services account, net	External contribution to GDP
2) Goods and services account, net + labour income and investment income, net	External contribution to GNP
3) Balance on current account	Balance of domestic savings and investment
4) Balance on current account + net capital transfers	Financial balance

The financial balance of the national accounting system corresponds to the transaction-related change in net foreign assets.

