
Swiss Balance of Payments 2012

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Balance of payments 2012 – summary

In 2012, Switzerland's current account surplus increased by CHF 14 billion to CHF 66 billion, or 11% of GDP (2011: 9%). A major determining factor in this result was the receipts surplus for investment income, which rose by CHF 17 billion to CHF 40 billion. This was largely due to higher receipts from Swiss direct investment abroad. In foreign trade in goods and services, a receipts surplus of CHF 57 billion was recorded, compared with CHF 59 billion one year earlier. The slight decline in the surplus stems from the fact that the growth in receipts from exports of goods and services (2%) was lower than that in expenses for imports of goods and services (3%).

In the financial account, a net capital outflow of CHF 97 billion was recorded, compared with CHF 37 billion in the previous year. The financial account was dominated by the foreign currency purchases of the Swiss National Bank. Reserve assets increased by CHF 175 billion on a transaction basis (2011: CHF 43 billion). A capital outflow was also recorded for direct investment (CHF 27 billion). By contrast, net capital inflows were registered in banks' lending and deposit business (CHF 58 billion), Swiss National Bank lending (CHF 23 billion) and portfolio investment (CHF 13 billion).

CURRENT ACCOUNT

In foreign trade in goods (special trade), both receipts and expenses rose by 1%. Exports of precision instruments, watches and jewellery, as well as of chemical and pharmaceutical products (the most important export industry) increased, by 7% and 6% respectively. However, there was a sharp fall in exports of machinery and electronics (down by 10%) and metals (down by 8%). On the import side, imports of consumer goods rose by 4%. There was a marked increase in expenses for energy sources (13%), largely as a result of higher prices. Conversely, imports of raw materials and semi-manufactured goods, as well as of capital goods, declined (by 4% and 2% respectively). The receipts surplus from trade in goods (special trade) thus remained unchanged year-on-year, at CHF 24 billion.

In cross-border trade in services, receipts were 1% higher than a year earlier. This was mainly attributable to a 10% rise in receipts from the use of intellectual property (licence and patent fees). Receipts from exports of insurance services were also up year-on-year, as were receipts from transportation. Merchandise receipts, by contrast, fell by 3% to CHF 19 billion. As regards tourism and financial services, receipts were largely unchanged, at CHF 15 billion each. Overall, expenses for services from abroad rose by 9% to CHF 44 billion. Expenses for licence and patent fees showed the strongest growth, at 14%, and there was also a marked increase in spending on foreign travel (up 7%). Transportation expenses were also higher year-on-year. The surplus of receipts from trade in services declined by CHF 3 billion to CHF 41 billion.

In 2012, income from direct investment abroad (receipts) rose by CHF 23 billion to CHF 66 billion. Higher receipts were recorded by finance and holding companies in particular, but also by manufacturing. Receipts from direct investment in Switzerland (expenses) increased by CHF 4 billion to CHF 38 billion. Income from portfolio investment abroad (receipts) and income from portfolio investment in Switzerland (expenses) went up by CHF 1 billion each, to CHF 30 billion and CHF 21 billion respectively. For both receipts and expenses, the rise was due to higher dividend income. As regards other investment income, receipts and expenses were both slightly higher than one year earlier.

FINANCIAL ACCOUNT

Direct investment abroad (capital outflows) decreased, from CHF 48 billion in 2011 to CHF 28 billion in 2012. Direct investment by the services sector declined, while manufacturing investment increased slightly. The EU, Asia, and Central and South America each received one-third of direct investment. Foreign direct investment in Switzerland fell markedly, from CHF 21 billion to CHF 1 billion. This was attributable to disinvestment in finance and holding companies. The transportation and communications category, by contrast, received direct investment amounting to CHF 5 billion.

Following disinvestment in the two previous years, in 2012 the manufacturing industry became a recipient of direct investment again (CHF 1 billion).

Swiss portfolio investment abroad saw return flows of CHF 1 billion, while foreign portfolio investment in Switzerland recorded capital inflows of CHF 12 billion. Foreign investors purchased Swiss-issued equity securities amounting to CHF 14 billion, and sold money market instruments totalling CHF 2 billion.

Banks' cross-border lending and deposit business recorded a net capital inflow of CHF 58 billion (2011: CHF 49 billion). The bulk of this inflow was accounted for by customer business. Swiss National Bank lending also registered a net capital inflow (CHF 23 billion). By contrast, a high outflow of funds was recorded for reserve assets; they increased by CHF 175 billion on a transaction basis (2011: CHF 43 billion).

The 2012 balance of payments report contains two special topics. The first is on the importance of the financial centre for the current account. The second describes planned changes to the Swiss balance of payments, the international investment position statistics and the direct investment statistics in 2014, to bring them into line with the new international statistical standard¹ and the revised bilateral agreement on statistics between Switzerland and the EU.

As a result of the changeover to the new statistical standard, no annual report on the Swiss balance of payments will be published in 2014. The 2013 annual results will be presented in the quarterly balance of payments report for the fourth quarter of 2013, which will be published in March 2014.

¹ *Balance of Payments and International Investment Position Manual, Sixth Edition.*

BALANCE OF PAYMENTS, NET

In CHF billions

Table 1

	2008	2009	2010	2011	2012
Current account	11.9	58.5	84.4	52.5	66.3
Goods	15.1	16.4	13.2	14.4	15.5
Services	50.2	45.9	48.9	44.1	41.2
Labour income	-13.2	-13.6	-15.0	-16.7	-18.0
Investment income	-26.2	22.8	49.7	22.4	39.6
Current transfers	-14.0	-13.1	-12.4	-11.8	-11.9
Capital transfers	-3.8	-3.8	-4.6	-8.4	-1.9
Financial account	-7.9	-21.5	-106.3	-37.4	-96.8
Direct investment	-32.6	2.7	-49.2	-26.4	-27.1
Portfolio investment	-38.5	-32.1	31.0	-16.8	13.2
Derivatives and structured products	7.4	2.5	1.3	4.5	5.0
Other investment	60.0	52.1	48.4	43.9	86.8
Of which commercial bank lending	62.8	43.2	13.6	49.0	57.6
Of which corporate lending	-12.3	-5.2	-4.0	11.5	1.3
Of which Swiss National Bank lending	-35.1	17.9	30.6	-9.0	22.8
Of which other claims and liabilities abroad	39.2	-3.9	8.0	-6.9	5.4
Reserve assets	-4.1	-46.8	-137.8	-42.6	-174.6
Residual item (net errors and omissions)	-0.2	-33.2	26.6	-6.7	32.3

Balance of payments components: long-term view and commentary on 2012

CURRENT ACCOUNT

The major current account components – trade in goods and services and investment income – are mainly determined by domestic and foreign economic developments and the situation on the financial markets. Labour income and current transfers also depend, to some extent, on economic developments; nevertheless, these items are not critical in terms of movements in the current account. During the 1990s, economic growth in Switzerland was slow compared to countries such as the US or the UK. Towards the end of the decade, however, it gathered pace. At the beginning of the 2000s, the bursting of the dotcom bubble led to a severe downturn in the global economy, followed by a strong recovery from 2004 to 2007. The financial crisis subsequently resulted in a sharp decline in growth in the Swiss and global economies. In 2008, the financial market turbulence had a particularly strong impact on Swiss income from capital investment abroad.

At the beginning of the 1990s, the current account balance amounted to CHF 15 billion (or 4% of GDP). From then on, it rose continually to CHF 73 billion in 2006 (15% of GDP), with the exception of weaker periods in 1994 and 2001. In subsequent years the balance was subject to strong fluctuations. In the wake of the financial crisis it fell substantially: In 2008, it was only CHF 12 billion (2% of GDP). By 2010, it had again reached CHF 84 billion, or 15% of GDP. In the following year, however, it fell sharply again to CHF 53 billion. The major factor in these movements in the current account balance was net investment income, which rose from CHF 17 billion in 1992 to CHF 53 billion in 2005, although a severe decline was recorded in the early 2000s. In 2007 there was a huge fall in net investment income to CHF 16 billion following the crisis on the financial markets. In 2008, investment income recorded a surplus of expenses over receipts for the first time since current account statistics were first kept (1947). This

Chart 1

CURRENT ACCOUNT, NET

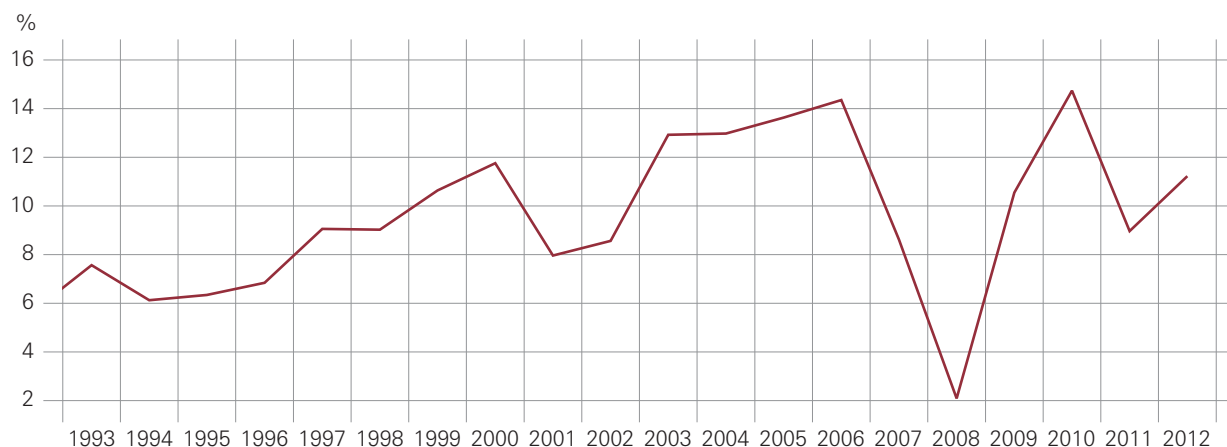


surplus of expenses amounted to CHF 26 billion. In 2009 and 2010, however, receipts surpluses were once more recorded, amounting to CHF 23 billion and CHF 50 billion respectively. In 2011, however, the receipts surplus in investment income fell again, to CHF 22 billion. These sharp fluctuations in investment income have been mainly attributable to income from direct investment. The surplus in goods and services trade has been on a rising trend since 1992, attaining a peak of CHF 59 billion in 2011. The surplus in services trade has shown steady growth, while the goods trade balance has been subject to bigger fluctuations. Between 1992 and 2001, the goods trade balance was predominately negative, although in subsequent years the balance remained exclusively positive, ranging between CHF 3 billion and CHF 16 billion. A surplus of expenses over receipts was invariably recorded for both labour income, which is mainly determined by wage payments to foreign cross-border commuters, and current transfers. The surplus of expenses in the case of labour income rose from CHF 8 billion to CHF 17 billion between 1992 and 2011, while that for current transfers was up from CHF 4 billion to CHF 14 billion over the same period.

In the year under review, the current account surplus grew by CHF 14 billion to CHF 66 billion, or 11% of GDP. The main determining factor in this result was the higher surplus of receipts over expenses in the investment account, which rose by CHF 17 billion to CHF 40 billion. Income from direct investment abroad (receipts), in particular, contributed to the increase. The surplus in goods trade increased by CHF 1 billion to CHF 16 billion. By contrast, the surplus in services trade declined by CHF 3 billion to CHF 41 billion; this was mainly due to higher expenses for licence and patent fees. As usual, labour income recorded an expenses surplus, which increased by CHF 1 billion to CHF 18 billion. The traditional surplus of expenses in current transfers was unchanged from the previous year, at CHF 12 billion.

Chart 2

CURRENT ACCOUNT, NET, IN PERCENT OF GROSS DOMESTIC PRODUCT



GOODS

FOREIGN TRADE (SPECIAL TRADE)

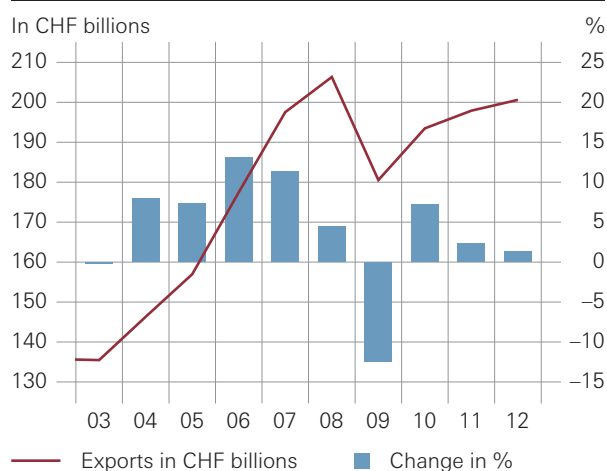
Trade in goods (special trade) is mainly affected by the domestic and foreign economic situation and by exchange rates. Exports declined in the early 2000s, but subsequently registered strong growth to 2007. The financial crisis led to another slowdown in 2008, and, in 2009, exports actually fell. However, in 2010 they had already recovered from the downturn experienced in the previous year. In 2011, too, a modest increase was recorded. The composition of exports has altered over the past ten years, with consumer goods increasing from 40% to a good 50% of the total. The increase was driven mainly by exports from the most important export industry, chemicals and pharmaceuticals. Between 2002 and 2009, these exports posted the strongest growth and, since they are less dependent on the economic cycle, were less affected than exports in other industries by the downturn at the beginning of the 2000s.¹ Exports of precision instruments, watches and jewellery also recorded strong growth rates, and in 2010 overtook machinery and electronics as the second-largest export industry. Machinery and electronics are heavily dependent on foreign economic trends, and posted considerably lower growth overall. The geographical distribution of exports did not shift substantially in this period, but the significance of certain emerging economies (such as China) increased. Over the past decade, Germany has accounted for around 20% of exports, followed by the US, which has absorbed around 10%. France and Italy received between 8% and 9% each.

As regards imports, the relative shares of the individual categories changed very little between 2002 and 2011. Consumer goods were the most important category, with an average share of 41%. The average share of capital goods, raw materials and semi-manufactured goods was 26% each; the latter are often used as inputs for the manufacture of export goods and thus tend to respond earlier and more sharply to cyclical fluctuations than exports. Imports of energy sources were strongly affected by price movements. Around one-third of imports came from Germany, while France and Italy each accounted for between 10% and 12%. China, which is classified as a transition country, was supplying 4% of imports by 2011.

¹ Cf. also 'Long-term movements in the trade account' in the 2010 balance of payments report.

Chart 3

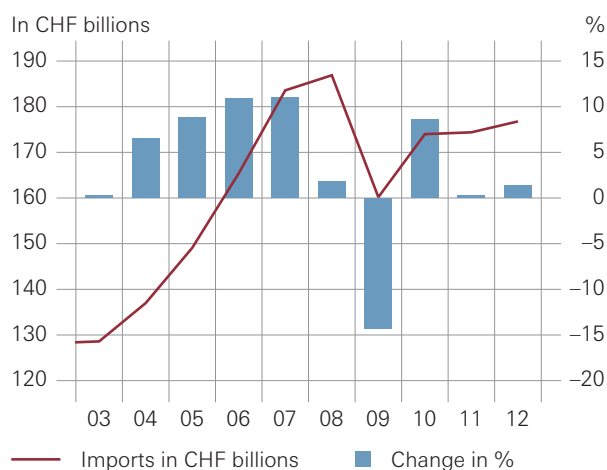
FOREIGN TRADE, EXPORTS



Source: FCA

Chart 4

FOREIGN TRADE, IMPORTS



Source: FCA

The trade account consistently showed an export surplus between 2003 and 2011, increasing from CHF 7 billion to CHF 24 billion during this period.

In the year under review, both export receipts and import expenses rose by 1%. However, both imports and exports remained below the peak values achieved in 2008 (CHF 206 billion and CHF 187 billion respectively). The receipts surplus from trade in goods (CHF 24 billion) was unchanged compared to the previous year. Export figures varied from one industry to another. At 7%, exports of precision instruments, watches and jewellery posted the highest growth. Chemicals and pharmaceuticals – Switzerland's largest export industry, with a share of roughly 40% of total exports – were able to boost their sales by 6%. The machinery and electronics industries, however, saw their exports drop by 10%. The metals industry, too, exported fewer goods abroad (-8%).

Given slow growth in Europe, exports to the EU receded by 1%. Exports to Italy, the third biggest trading partner within the EU, fell by 9%. Exports to the two large economies, Germany and France, stagnated. Exports to the US, however, recorded a marked gain (12%). Exports to emerging economies and developing countries were also up, by 5% each. By contrast, exports to transition countries decreased by 9%, with fewer goods exported to China, in particular (–12%).

On the import side, energy sources recorded the strongest growth (13%), although this was mainly due to higher prices. Imports of consumer goods also registered an increase (3%). This was mainly attributable to higher imports of pharmaceutical goods (+8%), the largest consumer goods segment. Imports of capital goods receded by 2%. Imports of raw materials and semi-manufactured goods also declined (–4%).

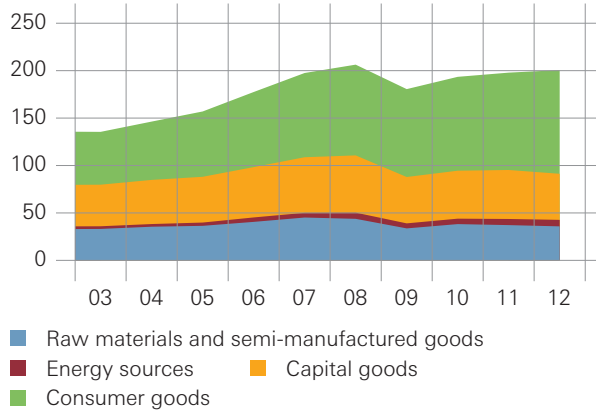
The origin of imports was reclassified. Imports are now recorded by country of origin instead of country of production. This led to changes in the geographical breakdown of imports. However, it can be assumed that imports from Europe were down slightly, while those from the US rose markedly.

Chart 5

FOREIGN TRADE, EXPORTS

Exports by intended use of goods

In CHF billions



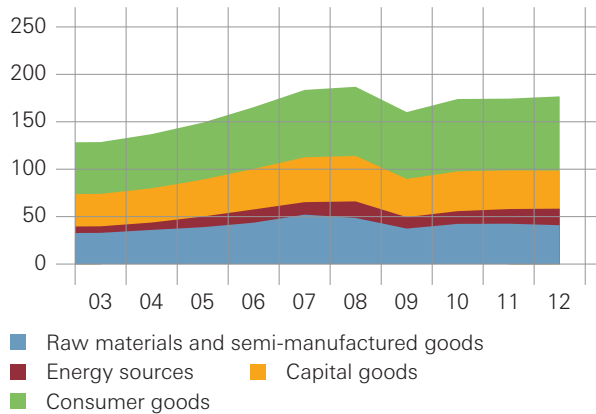
Source: FCA

Chart 6

FOREIGN TRADE, IMPORTS

Imports by intended use of goods

In CHF billions



Source: FCA

2012 FOREIGN TRADE (SPECIAL TRADE) BY ECONOMIC AREA¹

Table 2

	Exports In CHF billions	Imports In CHF billions	Exports Year-on-year change in percent	Imports Year-on-year change in percent
EU	112.4	134.5	-1.1%	-
Of which Germany	39.9	54.0	0.0%	-
Of which France	14.3	14.9	-0.7%	-
Of which Italy	14.4	18.3	-8.7%	-
United States	22.3	9.3	11.5%	-
Transition countries	12.1	11.9	-9.2%	-
Of which China	7.4	10.3	-12.2%	-
Emerging economies	23.9	9.0	4.9%	-
Developing countries	17.4	7.3	5.2%	-
Others	12.5	4.8	7.2%	-
Total	200.6	176.8	1.4%	-

¹ Imports are now recorded by country of origin instead of country of production. As a result of this change, there will be a distortion in the rates of change by country and country group for the year 2012.

Source: FCA

OTHER TRADE

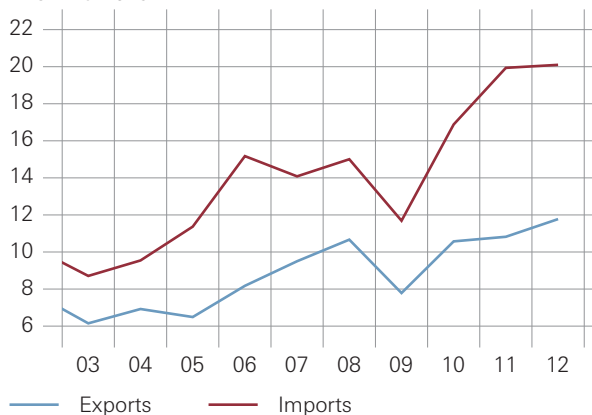
Developments in the other trade category are dominated by trade in precious metals, precious stones and gems. This component of goods trade may be subject to large volume and price fluctuations. Between 2003 and 2011, imports consistently exceeded exports, with the expenses surplus ranging from CHF 2 billion to CHF 9 billion. Other trade also includes imports of industrial gold, the purchase and sale of Rhine and maritime vessels, unchecked trade in goods (i.e. smuggling) and the repair of goods.

In the year under review, receipts from exports rose by 9% to CHF 12 billion, mainly as a result of higher receipts from exports of precious metals, precious stones and gems. Expenses for imports were unchanged, at CHF 20 billion. Overall, the surplus of expenses over receipts was CHF 8 billion, a decline of CHF 1 billion compared with the previous year.

Chart 7

PRECIOUS METALS, PRECIOUS STONES, GEMS AND OBJETS D'ART

In CHF billions



Source: FCA

SERVICES

Receipts from the main categories of services have developed unevenly over the past decade. Receipts from financial services made up nearly one-third of the total between 2002 and 2007, making it the most important export category. The financial crisis greatly reduced receipts from financial services, with their share amounting to just one-fifth of the total by 2011. By contrast, the past few years have seen a sharp rise in receipts from merchanting and from licence and patent fees (included under technological services). In 2010, receipts from merchanting replaced financial services as the most important export category. Receipts from tourism had little impact on the overall trend; their share of the total declined slightly. On the expenses side, the overall total was dominated by technological services, which registered strong growth. In 2009, this category replaced tourism expenses as the most important import category.

In trade in services, receipts increased by 1% in the year under review. Receipts from exports of technological, insurance and transportation services rose, while those from financial services were largely unchanged. By contrast, receipts from merchanting and tourism declined. Expenses for services from abroad rose by 9% year-on-year. This was mainly due to higher spending on licence and patent fees. Expenses for tourism and transportation were also higher than a year earlier.

Chart 8

SERVICES, RECEIPTS

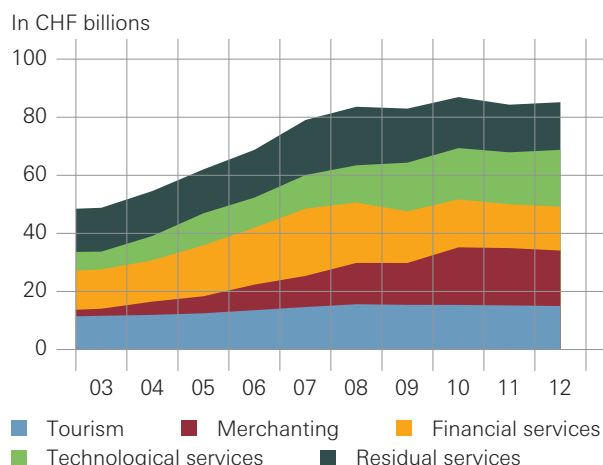
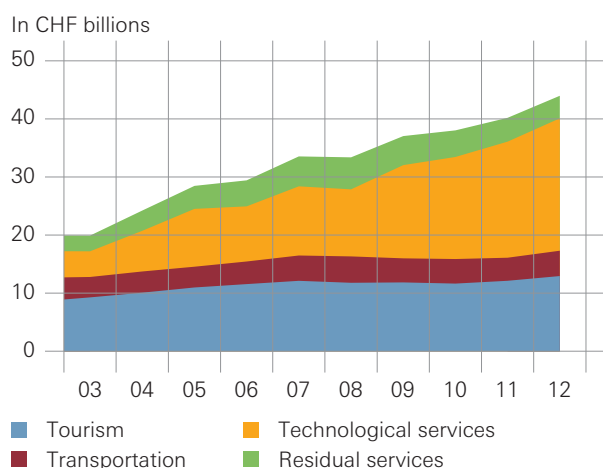


Chart 9

SERVICES, EXPENSES



TOURISM

Tourism covers business and personal travel (including stays at health resorts and hospitals, and study-related travel), same-day and transit travel, and consumer expenditure by cross-border commuters. Business and personal travel is the main component. The development of tourism depends on the economic situation in Switzerland and abroad and on exchange rates. In recent years, the development of new markets has also boosted receipts from tourism.

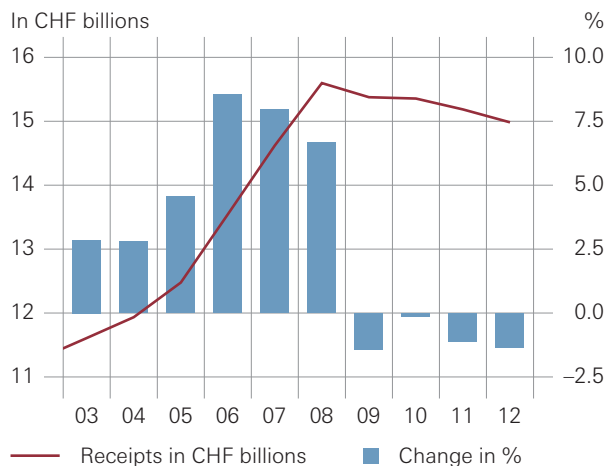
Between 2003 and 2008, there was a sharp rise in tourism receipts (from CHF 12 billion to CHF 16 billion). As a result of the global recession, receipts declined slightly to CHF 15 billion in 2009, and have subsequently stayed at this level. There was a change in the countries of origin of business and personal travellers during the period under review. The proportion of visitors from Germany, the most important country of origin, dropped from 32% to 26%, while that of visitors from the US fell from 9% to 8%. At the same time, the proportion of visitors from Asia increased, especially those from India and China, and from the Arab countries.

In 2002, expenses for tourism amounted to CHF 9 billion. By 2007 they had risen to CHF 12 billion and have remained around that level ever since.

Receipts from tourism were unchanged year-on-year (CHF 15 billion). Foreign visitors to Switzerland spent slightly less on overnight hotel stays. The number of visitors from the EU, in particular Germany, the UK, the Netherlands and France, declined. By contrast, the number of Asian visitors to Switzerland, in particular from China, recorded a further sharp increase. As in 2011, receipts from hospital and health resort stays as well as from study-related travel, which is also considered as tourism, increased. Receipts from foreigners engaged in same-day and transit travel fell by 4% year-on-year. Foreign travel by Swiss residents, however, benefited from the strong Swiss franc. Overall, expenses for foreign travel rose in 2012 by 7%, to CHF 13 billion. Spending on business and personal travel abroad increased by 6% year-on-year. Expenditure by Swiss residents engaged in same-day travel abroad (especially cross-border shopping) posted even greater growth rates of 9%.

Chart 10

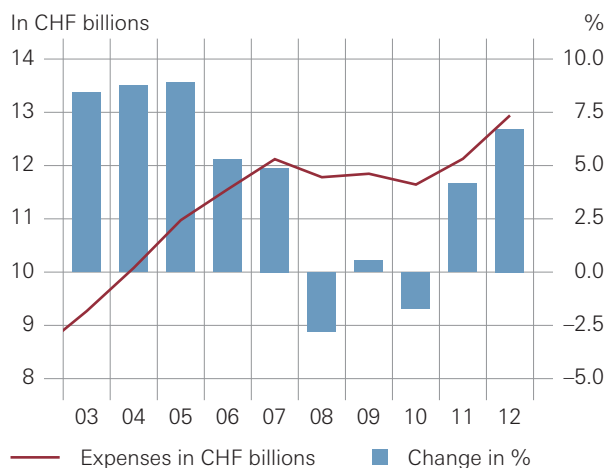
TOURISM, RECEIPTS



Source: SFSO

Chart 11

TOURISM, EXPENSES



Source: SFSO

INSURANCE COMPANIES

Services by insurance companies are remunerated in the form of premium income. Part of the premium income is therefore recorded under services. The remaining premium income, together with claims payments and commissions, is shown under current transfers. Premium expenses are treated analogously. International insurance in Switzerland is dominated by reinsurance, as Switzerland is an important location for such business. Premium income, and thus receipts from exports of insurance services, has been shaped by a variety of factors: the relocation of business operations, mergers and acquisitions, premium increases resulting from heightened risk, and greater demand for insurance services. The expenses side includes part of the premiums paid abroad. These mainly comprise premiums to foreign reinsurers or from retrocession. In absolute terms, expenses are therefore relatively low compared with receipts.

Exports of insurance services increased from CHF 5 billion in 2003 to CHF 6 billion in 2008. Premium increases by insurance companies, acquisitions and the relocation of foreign reinsurance companies to Switzerland resulted in a rise in receipts from insurance premiums. In the period 2009–2011, exports of insurance services fell again, to CHF 5 billion. Imports of insurance services increased to CHF 1 billion in the period under review.

Compared to the previous year, premium income from abroad increased in 2012. Receipts from exports of insurance services rose accordingly, to CHF 6 billion (up 8%). This was due mainly to higher receipts from reinsurance business. Premium payments abroad also rose, causing a concomitant rise in expenses for the import of insurance services (up 15%).

Chart 12

INSURANCE, RECEIPTS

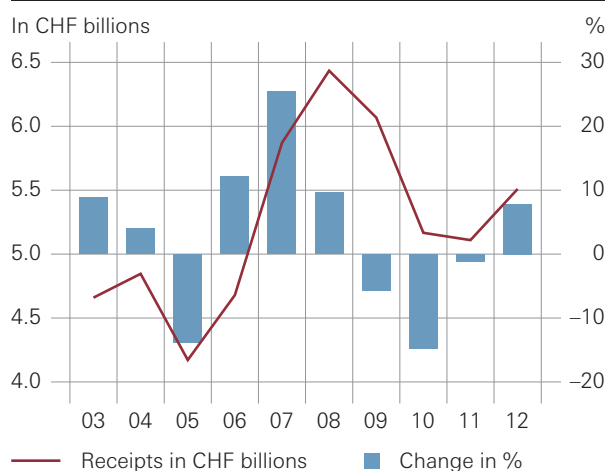
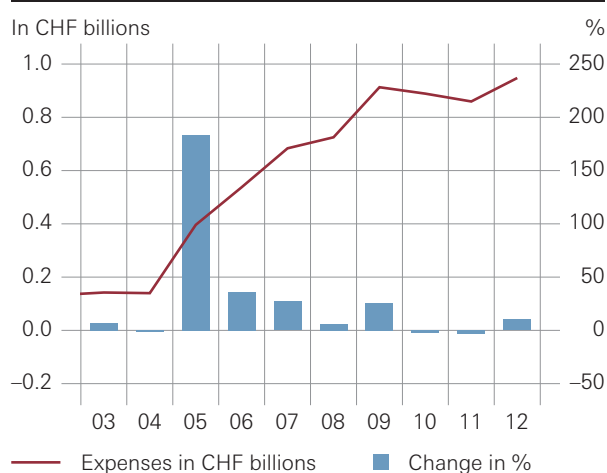


Chart 13

INSURANCE, EXPENSES



MERCHANTING¹

Merchanting covers international goods trade where companies based in Switzerland purchase goods on the world market and resell them abroad, without their being imported into and subsequently exported from Switzerland. Raw materials, energy sources, semi-manufactured goods and finished products are all traded. The share of energy sources contributing to total merchanting fluctuated between 50% and 75% from 2006 to 2011 (the breakdown is only available from 2006). Net receipts from merchanting are booked in the current account as receipts from services. Merchanting sales are largely determined by the global economic situation and foreign demand for raw materials and, linked to this, the price of the goods traded. In recent years, these prices have risen substantially. Moreover, a growing number of companies operating in this field have relocated their base to Switzerland. Against this background, receipts from merchanting increased from CHF 2 billion to CHF 20 billion between 2003 and 2011.

In 2012, receipts (net earnings) from merchanting amounted to CHF 19 billion, a decline of 3% year-on-year. This decline was mainly due to lower raw material prices.

¹ Cf. also 'Merchanting in Switzerland' in the 2011 balance of payments report.

Chart 14

MERCHANTING, RECEIPTS

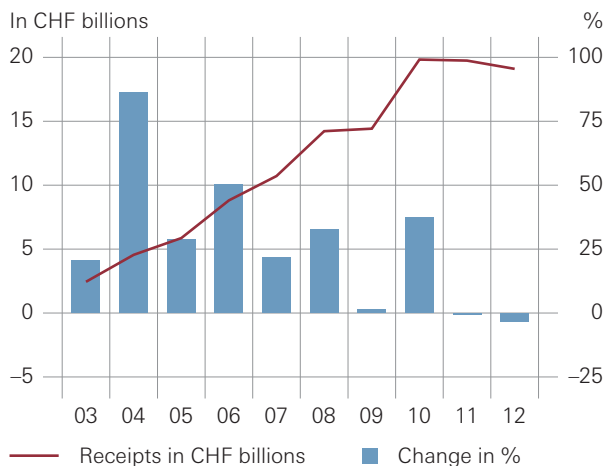
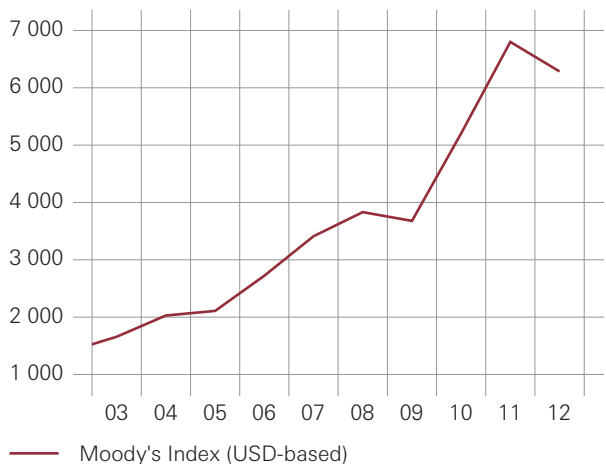


Chart 15

COMMODITY PRICE INDEX



Source: Moody's

TRANSPORTATION

In Switzerland, air transport dominates both receipts from and expenses for international transportation. Alongside passenger and freight transportation, this includes other transportation services such as maintenance, servicing and leasing (rental) of transport equipment, ground handling and landing fees. However, the figures exclude expenses for freight transportation as these are included in goods imports. The development of receipts and expenses is closely linked to trade in goods and to tourism. Yet, over the past decade, it has also been shaped by events in the Swiss airline industry. The collapse of Swissair and the subsequent restructuring and integration of its successor company, Swiss, into Lufthansa initially led to a sharp drop in both receipts and expenses until 2003. These picked up again in the subsequent period until 2008 but never regained the level prior to the collapse of Swissair. Owing to the negative economic situation, in 2009 both receipts and expenses fell sharply; since then, they have shown little fluctuation.

In 2012, receipts from transportation amounted to CHF 6 billion (up 3%). This includes an increase of 7% in receipts from passenger transportation, mainly from air travel. Receipts from other transportation services fell (by 4%); this includes, for example, receipts from rental of transport equipment or participations by foreign railway companies in the costs of Swiss infrastructure. Total expenses for transportation amounted to CHF 4 billion (up 10%). Spending on passenger transportation as well as other air and rail transportation services increased.

Chart 16

TRANSPORTATION, RECEIPTS

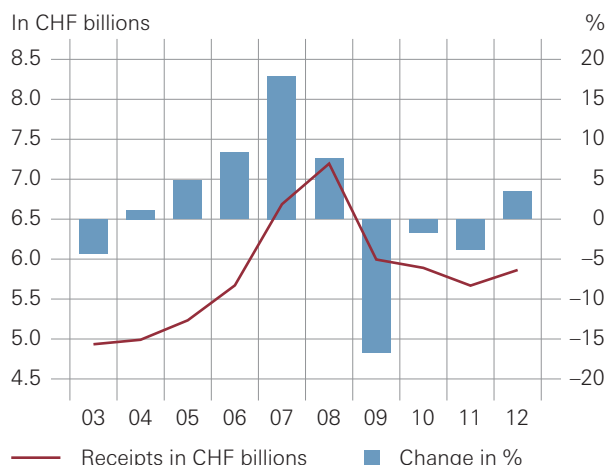
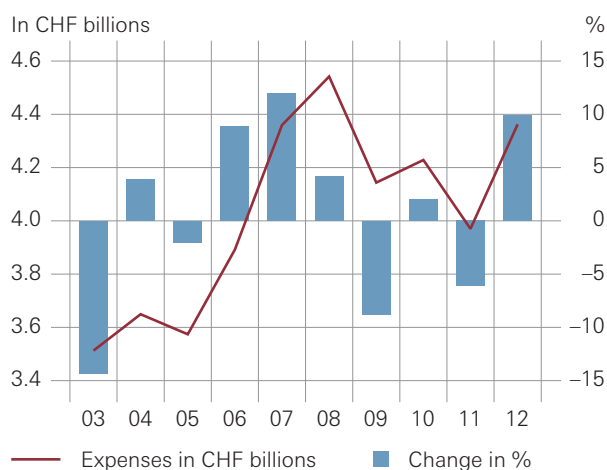


Chart 17

TRANSPORTATION, EXPENSES



BANK FINANCIAL SERVICES

Bank financial services cover commission business and financial intermediation services indirectly measured (FISIM).¹ Bank financial services are dominated by commission business, which is made up mostly of brokers' commissions on stock exchange transactions, as well as asset management and underwriting revenues. The development of these revenues is closely related to movements on the equity markets. After the dotcom bubble burst, receipts from financial services dropped considerably to CHF 14 billion in 2003. They subsequently recovered, reaching CHF 23 billion by 2007. The principal reason for this was an increase in assets under management resulting from an inflow of new funds, rising share prices and the growth of transaction volumes. Receipts from financial services have experienced a sharp drop since the outbreak of the financial crisis; they amounted to CHF 15 billion in 2011.

In 2012, income from bank financial services was unchanged, at CHF 15 billion. Receipts from commission business fell once again (by 6%), largely as a result of lower margins. By contrast, FISIM rose strongly, and were up by 15%. This was mainly attributable to higher deposits by foreign customers at domestic banks. Expenses for financial services declined slightly. The surplus from financial services remained unchanged year-on-year, at CHF 13 billion.

¹ Cf. also 'The importance of the financial centre for the current account' in this report.

Chart 18

BANK FINANCIAL SERVICES, RECEIPTS

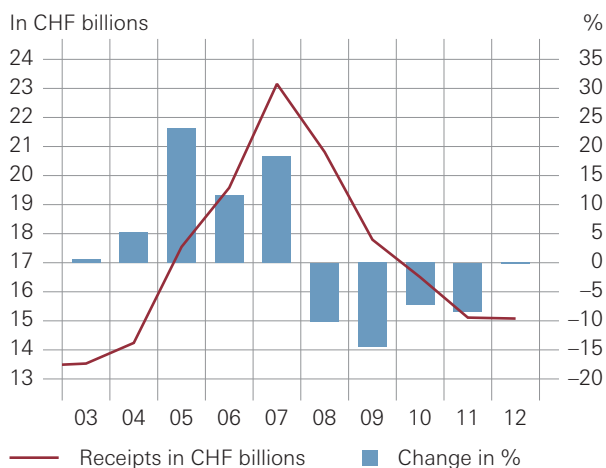
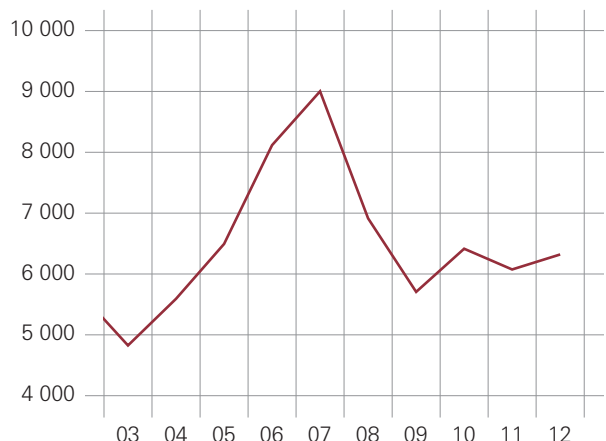


Chart 19

SWISS MARKET INDEX



Source: SIX Swiss Exchange

TECHNOLOGICAL SERVICES

Trade in technological services is mainly driven by licence and patent fees, most of which are accounted for by intragroup payments. Both receipts from and expenses for technological services increased substantially between 2003 and 2011, with an influx of multinational companies contributing to this trend. Since 2004, expenses have tended to rise faster than receipts. Consequently, the receipts surplus narrowed, with an expenses surplus even being recorded for the first time in 2007. The trend in expenses was probably due, in part, to the relocation of research and development from Switzerland to other countries.

As regards licence and patent fees, both receipts from and expenses for such fees rose substantially in the year under review (by 10% to CHF 19 billion and by 14% to CHF 22 billion, respectively). The surplus of expenses over receipts thus amounted to CHF 3 billion.

Chart 20

TECHNOLOGICAL SERVICES, RECEIPTS

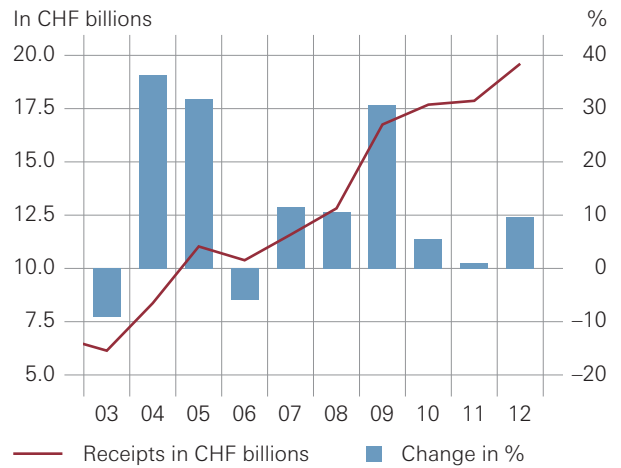
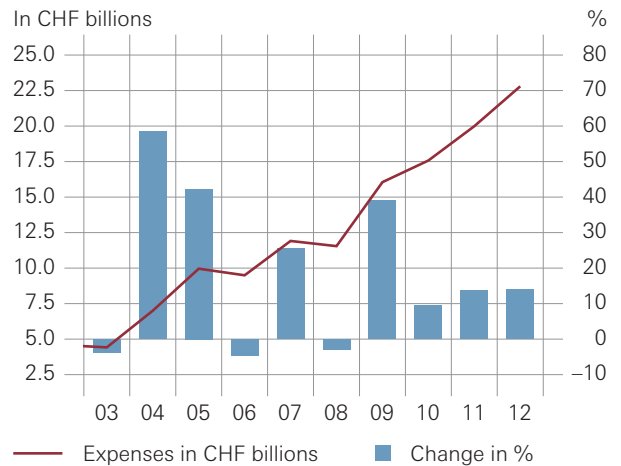


Chart 21

TECHNOLOGICAL SERVICES, EXPENSES



LABOUR INCOME

Labour income from abroad (receipts) mainly consists of the salary and wage payments to Swiss residents employed by international organisations in Switzerland. International organisations are considered to be extraterritorial areas. Salaries and wages to other countries (expenses) represent the remuneration of foreign cross-border commuters. Labour income from abroad (receipts) was around CHF 2 billion between 2003 and 2011. Since the number of foreign cross-border commuters increased from 167,000 to 248,000 in this period, the corresponding wage and salary payments to other countries (expenses) increased from CHF 12 billion to CHF 19 billion. This trend was attributable partly to the economic situation in Switzerland and partly to bilateral treaties with the EU.

In 2012, labour income paid abroad rose by 7% to CHF 20 billion. The number of foreign cross-border commuters again increased substantially (by 17,000), due to favourable economic developments in Switzerland. Labour income from abroad was largely unchanged, at CHF 2 billion. Net expenses on labour income increased by CHF 1 billion to CHF 18 billion.

Chart 22

LABOUR INCOME

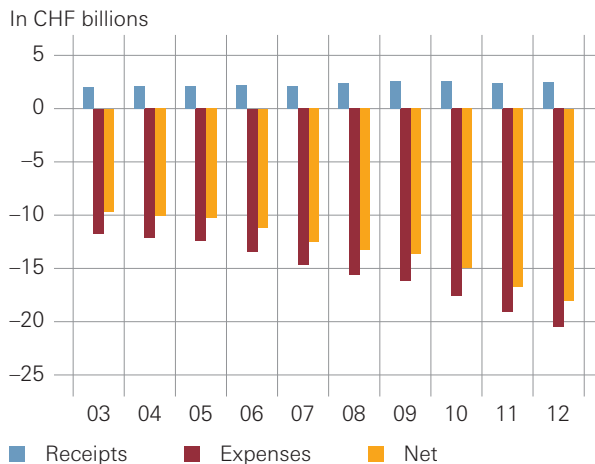
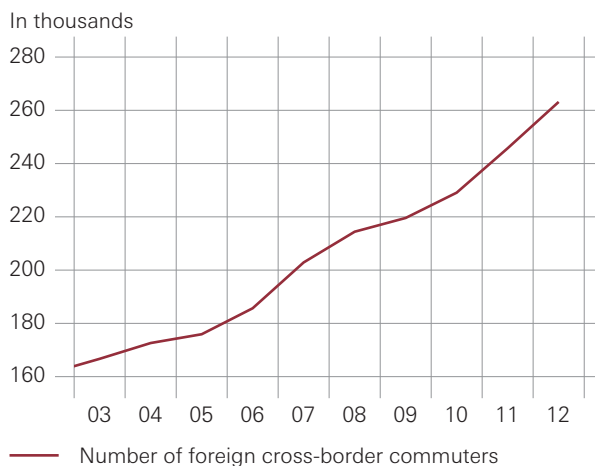


Chart 23

CROSS-BORDER COMMUTERS



Source: SFSO

INVESTMENT INCOME

Changes in receipts from Swiss investment abroad and expenses for foreign investment in Switzerland essentially depend on the level of capital holdings and interest rates, and on the corporate earnings situation. The most important element is generally income from direct investment. Overall, income from Swiss investment abroad increased from CHF 82 billion in 2003 to CHF 145 billion in 2007. In 2008, it fell to CHF 89 billion, only to rise again to CHF 120 billion by 2010. In 2011, income decreased to CHF 90 billion, mainly due to lower direct investment income recorded by finance and holding companies. Expenses for foreign investment in Switzerland increased from CHF 40 billion in 2003 to CHF 129 billion in 2007. Unlike income, expenses declined only slightly in 2008, but recorded a severe downturn to CHF 74 billion in 2009 and fell further, to CHF 67 billion, in 2011.

In 2012, income from investment abroad increased by CHF 24 billion to CHF 114 billion. This was primarily attributable to income from direct investment abroad, which went up by CHF 23 billion to CHF 66 billion, with finance and holding companies in particular recording a large increase in income. Receipts from portfolio investment and other investment also advanced slightly. Expenses for foreign investment in Switzerland rose by CHF 7 billion to CHF 74 billion. This was mainly attributable to income from foreign direct investment in Switzerland, though receipts from portfolio investment and from other investment also increased slightly. Overall, the receipts surplus on investment income rose by CHF 17 billion to CHF 40 billion.

Chart 24

INVESTMENT INCOME, RECEIPTS

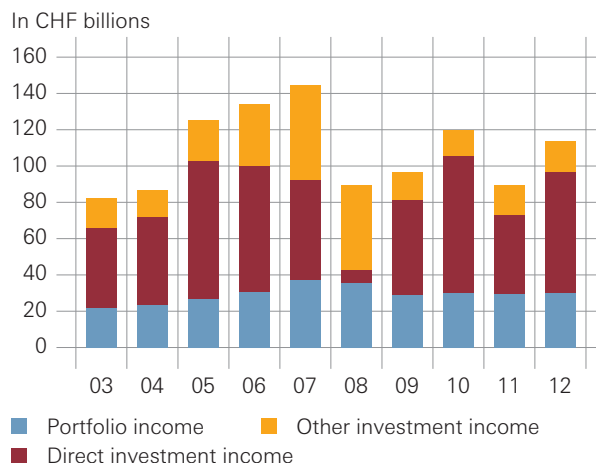
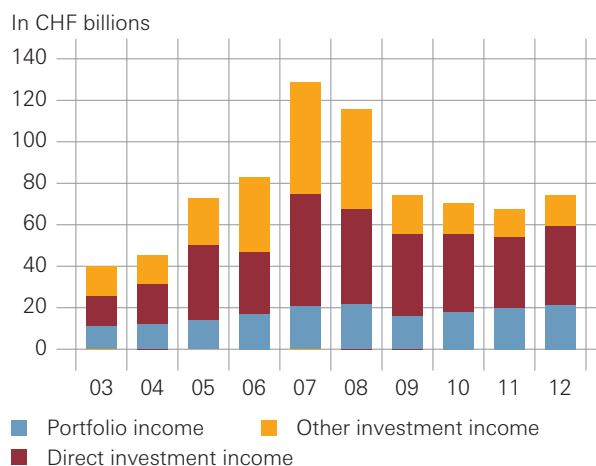


Chart 25

INVESTMENT INCOME, EXPENSES



PORTFOLIO INCOME

The composition of Swiss securities portfolios differs from that of foreign investors in Switzerland. While Swiss investors mainly hold debt securities abroad, foreign investors in Switzerland place a large proportion of their funds in shares. This difference is reflected in the breakdown of receipts and expenses for portfolio investment. Interest income makes up the bulk of receipts from Swiss investment abroad, whereas dividends paid on Swiss shares account for the largest proportion of expenses for foreign investment in Switzerland.

The volume of Swiss portfolio investment abroad is considerably greater than that of foreign portfolio investment in Switzerland. Consequently, receipts from investment abroad are usually higher than expenses for foreign investment in Switzerland. In addition, receipts – unlike expenses – are also influenced by exchange rate movements.

In 2003, receipts amounted to CHF 22 billion. The economic recovery led to a strong rise in receipts from 2005 onwards; in 2007 they reached CHF 37 billion. During this period, the proportion of portfolio income derived from dividends increased from around one-third to over 40% of the total. The financial crisis in 2008 and 2009 led to a decline in receipts; in 2010 they recovered but, at CHF 30 billion, remained significantly lower than in 2007. Receipts declined again slightly in 2011. In 2003, expenses amounted to CHF 11 billion. This was followed by a marked rise to CHF 21 billion by 2008. The financial crisis did not have a discernible impact on expenses until 2009, when they fell back to CHF 16 billion. Expenses then increased once again, returning almost to pre-financial crisis levels when they rose to CHF 20 billion in 2011. During the decade, the proportion of dividends in total expenses grew from around 80% to 90%.

In 2012, income from portfolio investment abroad (receipts) and income from portfolio investment in Switzerland (expenses) went up by CHF 1 billion each. The increase on both the receipts and the expenses side is attributable to greater dividend income, while income from debt securities remained unchanged. Net earnings were CHF 9 billion, as in the previous year.

Chart 26

PORTFOLIO INVESTMENT ABROAD

Investment income, receipts

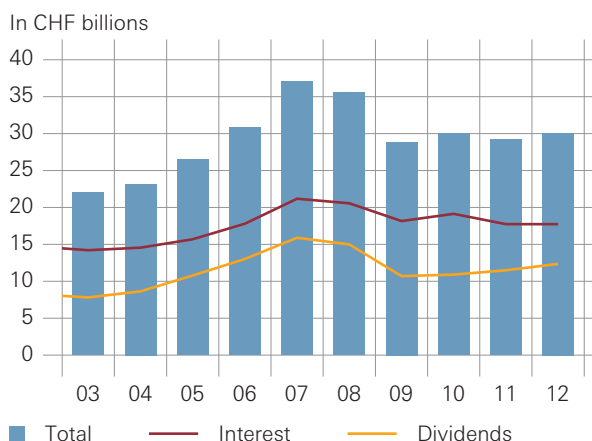
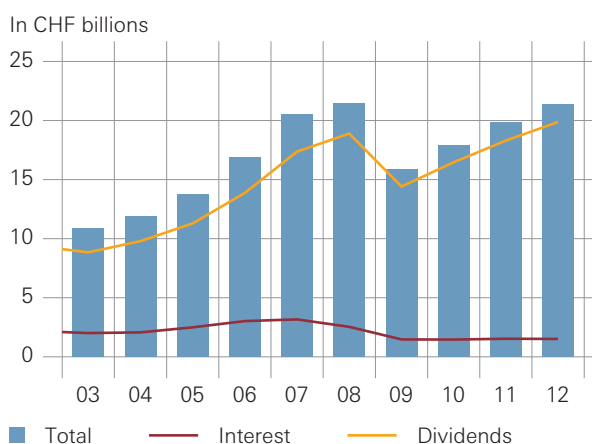


Chart 27

PORTFOLIO INVESTMENT IN SWITZERLAND

Investment income, expenses



DIRECT INVESTMENT INCOME

Income from direct investment is the most important factor affecting the current account balance. Since direct investment holdings abroad greatly exceed those in Switzerland, a surplus is generally recorded in this area. In 2008, income from direct investment abroad (receipts) was exceptionally low due to losses suffered by banks' foreign subsidiaries; total receipts fell to CHF 7 billion. In 2005, by contrast, finance and holding companies registered high income figures, and this resulted in a record level of direct investment income from abroad, amounting to CHF 77 billion. Income from other industries has been more stable and has thus smoothed the fluctuations. Although banks continued to report slight losses in 2009, total receipts had almost returned to the 2007 level, at CHF 52 billion. In 2010, receipts of CHF 75 billion were recorded. In the following year, receipts decreased to CHF 44 billion, mainly due to the lower income recorded by finance and holding companies. In the case of income from foreign direct investment in Switzerland (expenses), finance and holding companies played the most important role. Since, in 2008, expenses amounted to CHF 46 billion, and were thus still relatively high compared with receipts, a net surplus of expenses over receipts (CHF 39 billion) was registered – the first time since the recording of current account statistics. In 2009, however, a surplus of receipts (CHF 13 billion) was once again recorded, and this increased further in 2010 (CHF 38 billion). Receipts fell sharply in 2011, so that the surplus of receipts amounted to CHF 10 billion.

In 2012, income from direct investment abroad (receipts) rose by CHF 23 billion to CHF 66 billion. Finance and holding companies, in particular, registered higher receipts from direct investment abroad, and manufacturing also reported an increase in receipts. Income from direct investment in Switzerland (expenses) increased by CHF 4 billion to CHF 38 billion. This was attributable to higher income recorded by finance and holding companies as well as the transportation and communications category. Overall, net direct investment income increased from CHF 10 billion to CHF 28 billion.

Chart 28

DIRECT INVESTMENT ABROAD

Investment income, receipts

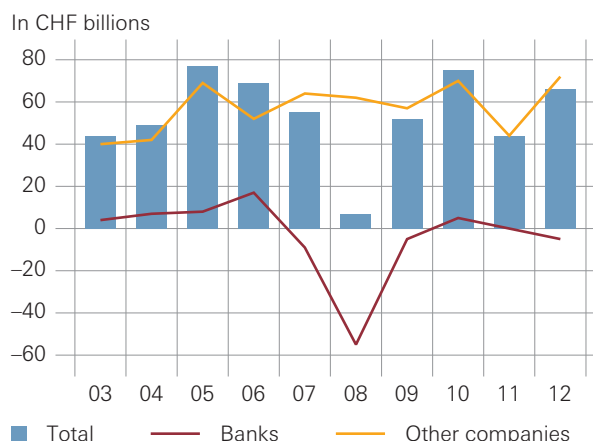
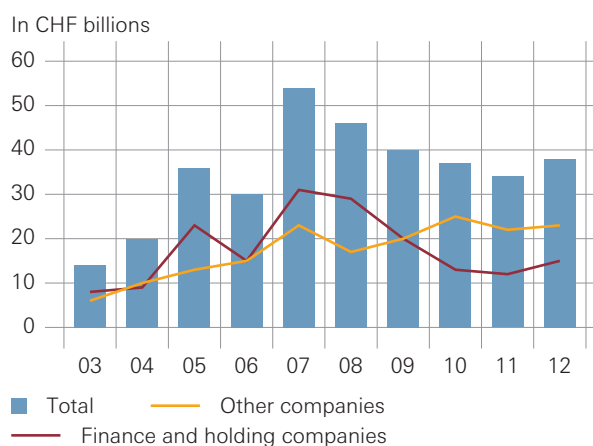


Chart 29

DIRECT INVESTMENT IN SWITZERLAND

Investment income, expenses



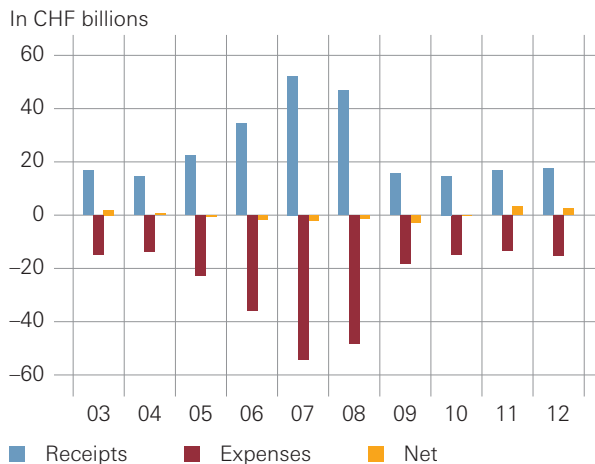
OTHER INVESTMENT INCOME

Between 2003 and 2011, the most important factor in other investment income was banks' interest business. Since 2009, SNB investment income from foreign currency reserves has also played a major role. Bank claims and liabilities abroad fluctuated considerably, resulting in corresponding fluctuations in receipts and expenses. The fluctuations in claims and liabilities were more or less synchronised. Other investment income also includes the following items: income from corporate lending, investment income earned by insurance companies on technical reserves, income from fiduciary investment, and changes in the claims of foreign cross-border commuters on pension fund reserves. From 2003 to 2011, the balance of other investment income varied between minus CHF 3 billion and plus CHF 2 billion.

In 2012, other investment income increased by CHF 1 billion to CHF 18 billion. Higher income from SNB investments as well as from corporate lending contributed to this result. Expenses on other investment income also rose, by CHF 2 billion to CHF 15 billion. The increase was attributable to a rise in expenses on corporate lending and on banks' interest business. In net terms, other investment income registered a receipts surplus of CHF 2 billion.

Chart 30

OTHER INVESTMENT INCOME



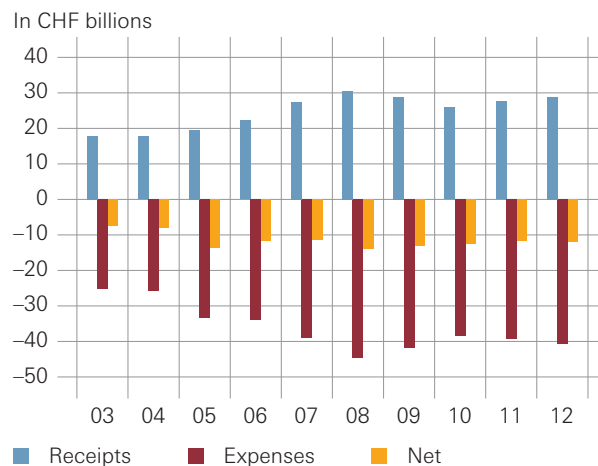
CURRENT TRANSFERS

On both the receipts and the expenses side, movements in current transfers are most strongly affected by private insurance companies (private transfers). Premium income (excluding the service portion) is shown under receipts, while claims payments are shown as expenses. Another significant item under expenses for private transfers is transfers by immigrants to their home countries. Public transfers cover contributions to Swiss social security schemes received from abroad, pension payments to other countries, and public sector receipts and expenses. The receipts side consists mainly of taxes and fees, while the most important elements on the expenses side are transfers to international organisations. Traditionally, current transfers show a surplus of expenses over receipts. From 2003 to 2011, this surplus varied between CHF 8 billion and CHF 14 billion.

In the year under review, current transfers recorded net expenses of CHF 12 billion, a result which was unchanged from the previous year. Both receipts and expenses grew by CHF 1 billion, to CHF 29 billion and CHF 41 billion respectively. On the receipts side, the rise was primarily attributable to higher premium income earned by insurance companies (private transfers). On the expenses side, transfers by immigrants and private insurance companies' expenses (private transfers) increased. Receipts and expenses for public transfers were also slightly greater than in the previous year.

Chart 31

CURRENT TRANSFERS



FINANCIAL ACCOUNT

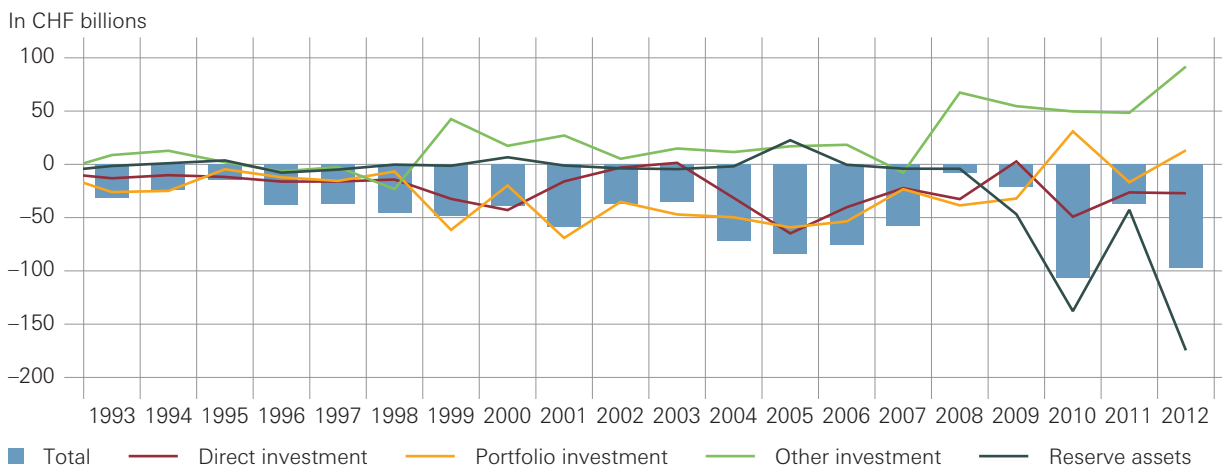
The overall result in the financial account over the past 20 years has shown a net capital outflow (net investment abroad), and therefore mirrors the traditional income surplus of Switzerland's current account. The latter resulted from the savings surplus of the Swiss economy. Like the current account surplus, the overall result in the financial account also shows a rising trend, although the financial crisis in 2008 interrupted this growth.

In general, the most important factors affecting the net financial account are the capital outflows in direct investment and portfolio investment. Especially high levels were recorded in these items in 2005 and 2006, when financial markets were booming and both the Swiss and international economies were expanding. Other investment shows considerable fluctuations, both in volume and direction. As a rule, this item is dominated by commercial banks' foreign lending and deposit business, but occasionally corporate lending, fiduciary investments or Swiss National Bank lending can also be of considerable significance. Over the past 20 years, the currency reserves had usually not influenced the financial account to any great extent. This changed between 2009 and 2011, when the SNB purchased large amounts of foreign currency. These transactions made a major contribution to net capital outflows.

The financial account was also strongly influenced by the SNB's foreign currency purchases in 2012. In reserve assets, outflow of capital totalled CHF 175 billion (2011: CHF 43 billion) on a transaction basis. There were also net capital outflows, of CHF 27 billion, registered in direct investment (2011: CHF 26 billion). These were mainly attributable to investments by manufacturing companies in their participations abroad. By contrast, banks' lending and deposit business recorded net inflows of CHF 58 billion (2011: CHF 49 billion). There were also sizeable net capital inflows in Swiss National Bank lending (CHF 23 billion) and portfolio investment (CHF 13 billion). Both of these items had registered net outflows in 2011, amounting to CHF 9 billion and CHF 17 billion, respectively. Overall, the financial account showed a net capital outflow of CHF 97 billion, compared with CHF 37 billion in 2011.

Chart 32

FINANCIAL ACCOUNT, NET



DIRECT INVESTMENT

DIRECT INVESTMENT ABROAD

The main motivation for Swiss direct investment abroad is to open up sales markets. Obtaining access to resources (labour, capital and land) is also important. In addition, the earnings situation of Swiss companies has a key influence on investment behaviour. Investment can take the form of equity capital (establishment of new companies, acquisition, increasing capital in existing subsidiaries), retained profits (reinvested earnings) and other capital (intragroup lending). Furthermore, direct investment in the finance and holding companies category can fluctuate greatly for particular company-specific reasons which are often unrelated to the general trend in direct investment.

Between 2003 and 2004, direct investment abroad was modest, due to a lack of momentum in the economy and geopolitical tensions. In the following two years it rose sharply, attaining a record of CHF 95 billion in 2006, which was mainly attributable to large acquisitions in manufacturing. Between 2007 and 2009, corporate investment activity in Switzerland declined significantly, during the course of the financial crisis. The main cause of this were losses recorded by banks and insurance companies. Direct investment rose substantially in 2010, and fell as steeply in the following year. The results in both years were mainly attributable to investments by finance and holding companies. The most important target regions for direct investment were the EU, followed by North America, with between two-thirds and three-quarters of direct investment going to these destinations. However, since the middle of the past decade, a certain shift has been observable towards Asia, as well as towards Central and South America.

Direct investment abroad (capital outflows) in the year under review amounted to CHF 28 billion. This was CHF 20 billion less than in 2011. The decline was located in services. In 2012, this sector invested CHF 3 billion in subsidiaries abroad, compared with CHF 25 billion in the previous year. This was partly due to finance and holding companies, which withdrew CHF 9 billion from abroad, having invested CHF 1 billion in 2011, and partly to significantly lower year-on-year investment by trading and insurance companies. Banks trended in the opposite direction: At CHF 5 billion, they invested considerably more than the CHF 1 billion of 2011. This was mainly to bolster the capital base of subsidiaries abroad.

Chart 33

DIRECT INVESTMENT ABROAD

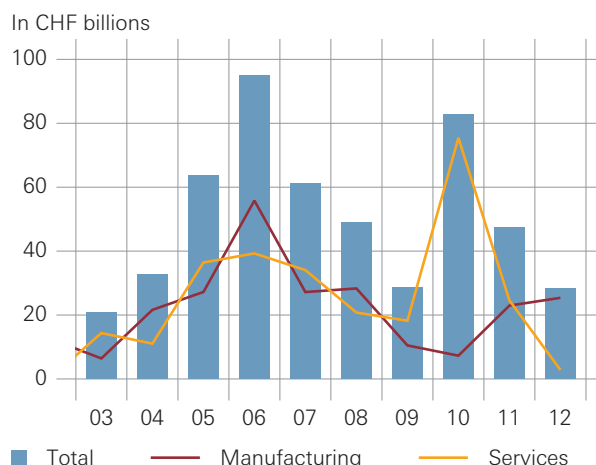
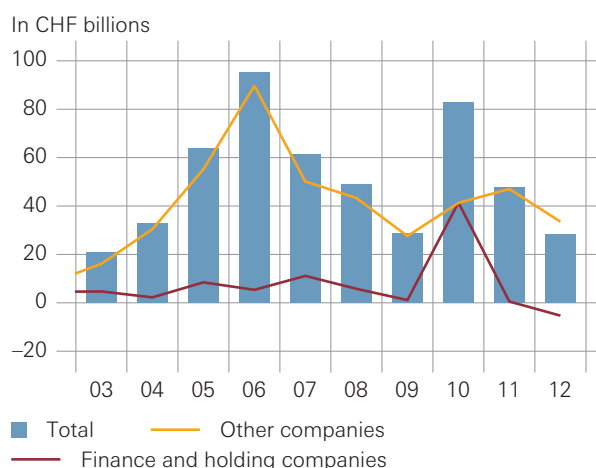


Chart 34

DIRECT INVESTMENT ABROAD



In contrast to the services sector, manufacturing recorded a slight increase in capital outflows, by CHF 2 billion, to CHF 25 billion. The increase was mainly in the metals and machinery category, with companies investing a net CHF 3 billion abroad in 2012, compared with disinvestment of CHF 8 billion in the previous year. By contrast, capital outflows in other industries stagnated or declined. The other manufacturing and construction category, in particular, invested considerably less, at CHF 4 billion, than in 2011 (CHF 10 billion). The chemicals and plastics category also reduced its direct investment (from CHF 16 billion in 2011 to CHF 12 billion in the year under review). That said, this constituted the largest investment in manufacturing by far in 2012.

Swiss companies again invested mainly overseas. A third of direct investment flowed to Asia (CHF 11 billion), a third to Central and South America (CHF 11 billion), and a third to Europe (CHF 12 billion). In Central and South America, the largest share of direct investment flowed to Brazil (CHF 4 billion) and to the region's offshore centres (CHF 5 billion). The major target countries for direct investment in Asia were Singapore (CHF 5 billion), Hong Kong (CHF 4 billion) and China (CHF 2 billion). Swiss companies withdrew CHF 5 billion and CHF 4 billion from subsidiaries in the US and Australia, respectively. In 2011, they had invested CHF 11 billion and CHF 5 billion. The change of direction resulted from funds repatriation in intragroup lending.

Direct investment in the EU in 2012 was dominated by unusually high investment in the UK, at CHF 28 billion. This was mainly caused by restructuring within large companies. There was disinvestment, however, in other significant target countries in the EU for Swiss direct investment, most notably from subsidiaries in the holding locations of the Netherlands (funds repatriation of CHF 15 billion) and Luxembourg (funds repatriation of CHF 6 billion). Funds were also withdrawn from Spain (CHF 1 billion) and Germany (CHF 1 billion). In net terms, Swiss companies invested CHF 10 billion in the EU (2011: CHF 9 billion).

DIRECT INVESTMENT

In CHF billions

Table 3

	2008	2009	2010	2011	2012
Swiss direct investment abroad	49.1	28.7	82.7	47.6	28.2
Equity capital	48.6	8.4	22.1	12.1	15.2
Reinvested earnings	-25.9	27.6	36.0	7.8	22.5
Other capital	26.4	-7.3	24.6	27.6	-9.5
Foreign direct investment in Switzerland	16.5	31.4	33.5	21.2	1.1
Equity capital	-0.8	19.9	8.2	2.4	-15.8
Reinvested earnings	-1.4	26.0	10.5	11.9	11.3
Other capital	18.7	-14.5	14.8	7.0	5.7

FOREIGN DIRECT INVESTMENT IN SWITZERLAND

Over the past ten years, foreign direct investment in Switzerland (capital inflows) has been dominated by finance and holding companies. The investment activity of foreign companies in Switzerland at the beginning of the last decade was relatively small, and in 2004 it almost came to a standstill. In 2005 there was even a capital outflow. The results for these two years were attributable to funds repatriation by finance and holding companies, whose investors benefited from a temporary tax break in the US. In 2006, investment attained a record level of CHF 55 billion. Both manufacturing and the services sector contributed to this high figure. In 2007 it fell back to CHF 40 billion, and in 2008, during the crisis, it dropped to CHF 16 billion. In 2009, investment increased again, attaining a level of CHF 31 billion, and in 2010 it amounted to CHF 34 billion. In both of these years, the main recipients of funds were finance and holding companies. In 2011, at CHF 21 billion, investment was relatively modest, since purchases and capital increases were low. The most important regions engaging in direct investment in Switzerland were the EU and North America. Changes in the group structure of foreign companies were responsible for some large reallocations between these regions.

In the year under review, Switzerland received just CHF 1 billion of direct investment from abroad (capital inflows). This is the lowest level in seven years. In 2011, investors had channelled CHF 21 billion into Switzerland. The fall was mainly attributable to changes in equity capital, with investors abroad withdrawing CHF 16 billion from subsidiaries in Switzerland. The previous year had seen a CHF 2 billion increase in equity capital. As regards intragroup lending, Swiss companies received fewer funds from abroad, at CHF 6 billion, than in 2011 (CHF 7 billion). Reinvested earnings were also somewhat lower, at CHF 11 billion, than in the previous year (CHF 12 billion).

The main recipients of direct investment were companies in transportation and communications, which received funds amounting to CHF 5 billion. A further significant recipient was the trade category, at CHF 4 billion. By contrast, finance and holding companies as well as the other services category saw outflows of funds totalling CHF 8 billion and CHF 1 billion respectively. For the first time in three years, there was also direct investment from abroad in manufacturing, at CHF 1 billion. The main recipients were the metals and machinery categories, with inflows and outflows for other manufacturing companies more or less balancing each other out.

Chart 35

DIRECT INVESTMENT IN SWITZERLAND

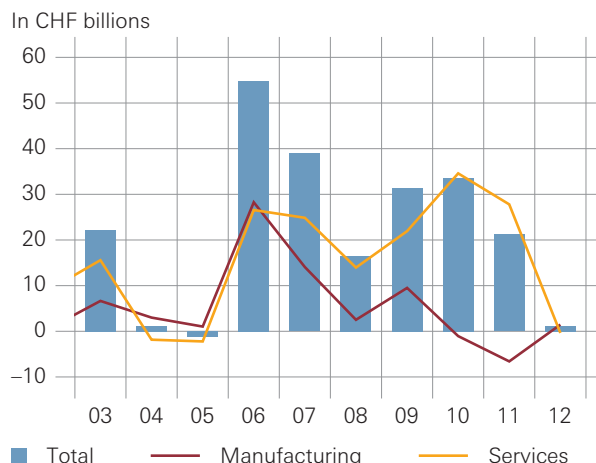
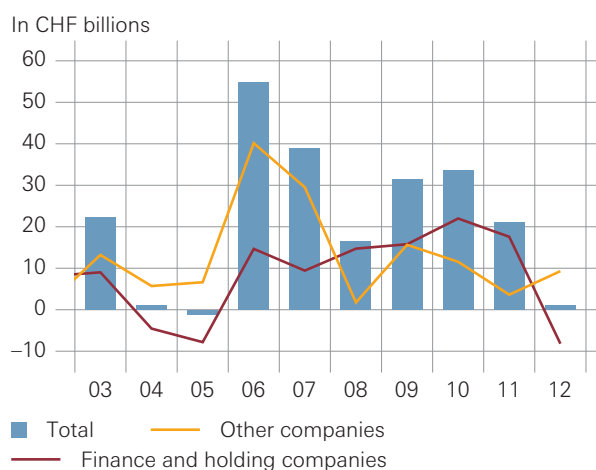


Chart 36

DIRECT INVESTMENT IN SWITZERLAND



Companies in the EU channelled CHF 11 billion into direct investment in Switzerland, with most of this coming from the Netherlands (CHF 7 billion) and France (CHF 4 billion). By contrast, investors in Belgium reduced their direct investment in Switzerland by CHF 3 billion. However, at CHF 10 billion, the most significant outflow of funds was attributable to other European countries, with investors in offshore financial centres in Europe, in particular, withdrawing funds from Switzerland. Investment from the rest of the world was minimal.

PORTFOLIO INVESTMENT

Overall, the level of Swiss portfolio investment abroad is considerably higher than that of foreign portfolio investment in Switzerland. This is related, on the one hand, to the savings surplus in Switzerland, and, on the other, to the relatively low issue volumes on the domestic capital market.

Over the past ten years, domestic investors have mainly purchased foreign-issued debt securities (bonds and money market instruments), with investment in equity securities (shares and units in collective investment schemes) usually amounting to less than a third of investments. In 2008, investment attained the very high level of more than CHF 70 billion, on the back of measures aimed at strengthening the financial system during the financial crisis. In 2010 and 2011, for the first time, Swiss investors sold considerably more foreign-issued securities (debt securities) than they bought, resulting in a net capital inflow of CHF 8 billion and CHF 3 billion respectively.

In contrast to domestic investors, foreign investors mainly channel their funds in Switzerland into shares. The extent of portfolio investment in Switzerland has fluctuated substantially over the past ten years. In 2008 it attained the high level of CHF 33 billion, in connection with increased borrowing by the Swiss big banks, which included the sale of own shares from their holdings and the issuance of shares to increase capital. Similarly, 2010 saw substantial funds (CHF 23 billion) flow into Switzerland, although unlike in previous years, foreign investors mainly purchased money market instruments, notably SNB Bills. In 2011, however, CHF 20 billion flowed back to foreign investors as a result of net sales and redemptions and/or repurchases of money market instruments – mainly SNB Bills.

In 2012, Swiss investors made net sales of securities issued by foreign borrowers (portfolio investment abroad). This resulted in capital inflows of CHF 1 billion. The two previous years had also seen investors in Switzerland make net sales of securities issued by foreign borrowers. In the case of debt securities, investors sold CHF 3 billion of bonds in 2012, while purchasing money market instruments amounting to CHF 1 billion. In so doing, they sold securities in Swiss francs and euros and concentrated on buying securities in US dollars. In equity securities, sales of units in collective investment schemes totalled CHF 3 billion, compared with investment in shares amounting to CHF 4 billion. Sales mainly affected euro instruments, while investments were made in other currencies.

Chart 37

PORTFOLIO INVESTMENT ABROAD

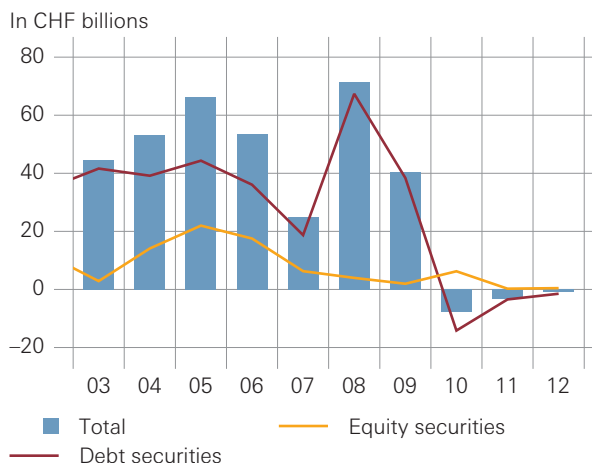
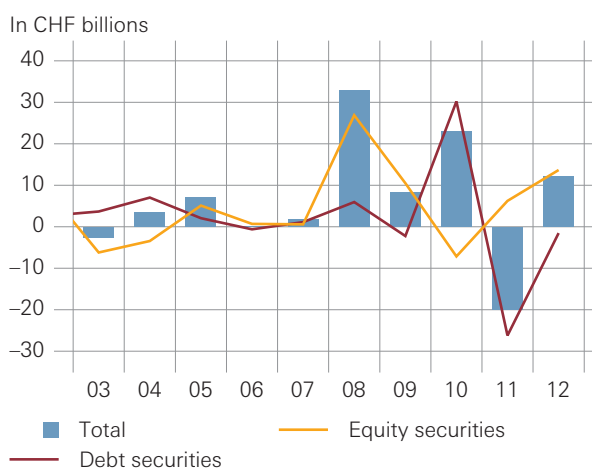


Chart 38

PORTFOLIO INVESTMENT IN SWITZERLAND



Foreign portfolio investment in Switzerland saw capital inflows of CHF 12 billion. This included purchases by foreign investors of CHF 14 billion in equity securities of domestic issuers, comprising CHF 12 billion in shares and CHF 2 billion in units in collective investment schemes. At the same time, they sold money market instruments amounting to CHF 1 billion. The funds flowed mainly into Swiss franc and US dollar securities, whereas euro securities were sold.

DERIVATIVES AND STRUCTURED PRODUCTS

The derivatives and structured products item shows net payments made and received for derivatives, as well as purchases and sales of structured products. Derivatives are forward contracts whose value is derived from the movement in one or more underlying variables (underlying asset). Reporting covers net payments made and received for derivatives held by companies and insurers, while those held by banks are not considered. Structured products are debt certificates that are created by combining two or more financial instruments. In addition to basic investments, such as shares or bonds, derivatives form part of structured products. Structured products also include pure certificates, which reflect the performance of the underlying asset.

This item has been shown in the balance of payments since 2006. In 2008, the volume of derivatives transactions increased sharply, mainly due to an expansion in the reporting population. The following year saw financial flows decline by around two-thirds, where they remained, approximately, in 2010 and 2011. In the case of structured products, turnover has remained at a low level since 2006, compared with derivatives.

In 2012, as in the previous year, derivatives and structured products showed a net capital inflow of CHF 5 billion. This was due to sales of foreign-issued structured products by investors in Switzerland and to inflows in derivatives.

DERIVATIVES AND STRUCTURED PRODUCTS¹

In CHF billions

Table 4

	2008	2009	2010	2011	2012
Derivatives					
Net payments abroad	-58.8	-20.2	-23.0	-25.5	-36.0
Net payments from abroad	62.8	18.6	22.7	26.0	37.5
Net	4.0	-1.7	-0.3	0.5	1.5
Structured products					
Swiss investment in foreign-issued instruments	8.5	0.7	0.3	3.8	3.5
Foreign investment in Swiss-issued instruments	-5.1	3.5	1.2	0.2	0.0
Net	3.3	4.2	1.6	4.0	3.5
Derivatives and structured products, net	7.4	2.5	1.3	4.5	5.0

1 The minus sign (-) indicates a capital outflow.

OTHER INVESTMENT

COMMERCIAL BANK LENDING

Bank transactions with banks and customers abroad are recorded under the commercial bank lending item. This item is dominated by interbank business, with lending to and deposits from customers abroad normally only accounting for a very small share of total volume. Overall, with the exception of 2003, an inflow of funds has predominated over the past ten years. Between 2003 and 2006, the volume of transactions was relatively minor. In 2007, banks sharply expanded claims abroad (capital outflows) and liabilities abroad (capital inflows). However, in 2008 these were heavily reduced in connection with the financial crisis, leading to a reversal of flows. In the following two years, positions abroad were further reduced. As a result, cross-border interbank holdings had fallen by more than half since 2007. In 2011, claims and liabilities in interbank lending increased again. Significant developments occurred in lending and deposit business with customers abroad in 2008 and, in particular, in 2009, when customers transferred fiduciary investments abroad into bank deposits in Switzerland. This resulted in a net capital inflow of CHF 130 billion in 2009. In 2010, financial flows in customer business registered a net capital outflow of CHF 3 billion, while in 2011 there was a net inflow of funds amounting to CHF 31 billion.

In the year under review, business with banks and customers showed a net capital inflow of CHF 58 billion, compared with CHF 49 billion in 2011. Most of this – CHF 42 billion – was attributable to customer business. CHF 60 billion in deposits flowed to domestic banks from customers abroad (liabilities); at the same time, banks granted CHF 18 billion in loans (claims). Capital inflows in interbank business amounted to CHF 15 billion: both claims (CHF 19 billion) and liabilities (CHF 4 billion) were reduced.

Chart 39

COMMERCIAL BANK LENDING

Interbank business

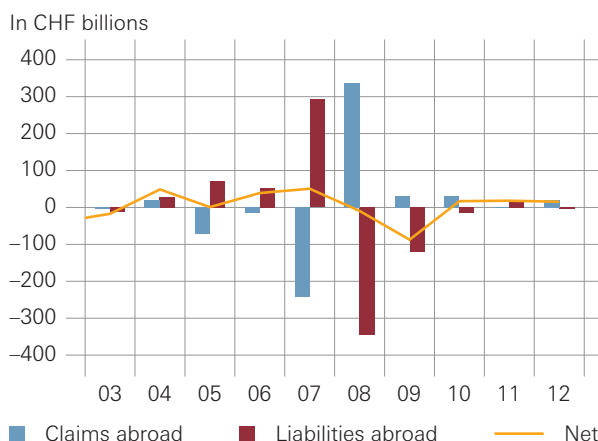
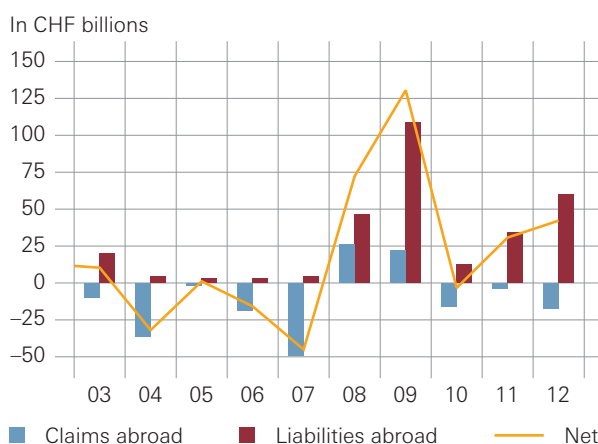


Chart 40

COMMERCIAL BANK LENDING

Business with customers



CORPORATE LENDING

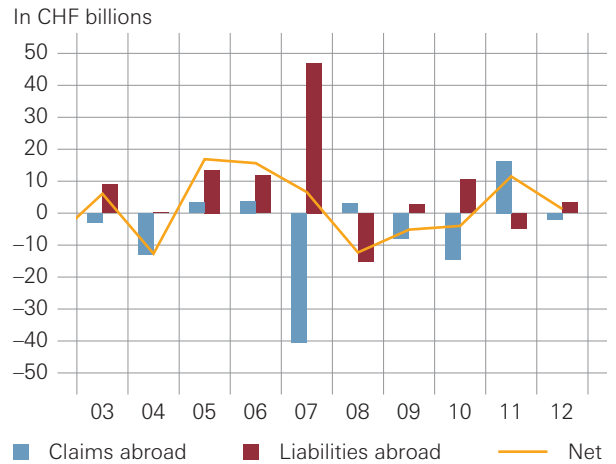
Corporate lending is a collective item. It contains corporate financial flows that are not included in either direct investment or portfolio investment. Some of these relate to funds deposited by domestic companies with banks abroad, or borrowed from such banks. Intragroup lending transactions by finance companies, which are not included in direct investment, are another important element. Corporate lending also includes insurance company claims and liabilities arising from cross-border insurance business.

Apart from 2007, the volume of corporate lending has been relatively minor. The high level of capital outflows and inflows in 2007 was mainly attributable to finance and holding companies as well as trading companies.

In the year under review, net lending abroad (claims) by companies in Switzerland was CHF 2 billion; at the same time, they took up loans abroad (liabilities) amounting to a net CHF 3 billion. This resulted in a net capital inflow of CHF 1 billion (2011: CHF 12 billion). Finance and holding companies were the main drivers of the growth in claims; the trade, chemicals and plastics categories reduced their claims. The increase in liabilities primarily affected finance and holding companies and insurance companies. The trade category, as well as reducing its claims, also reduced its liabilities abroad.

Chart 41

CORPORATE LENDING



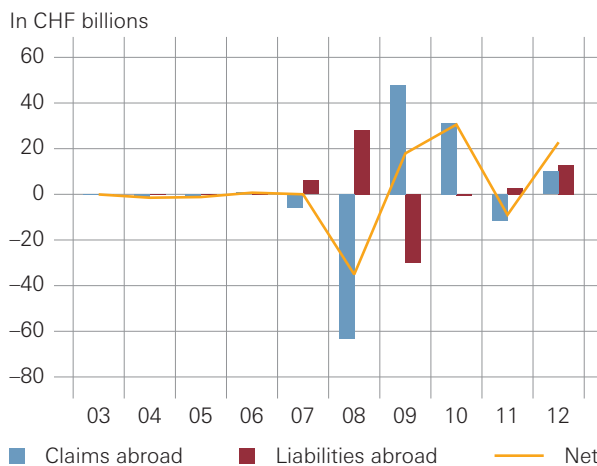
SWISS NATIONAL BANK LENDING

Swiss National Bank lending includes claims and liabilities in connection with swap and repo transactions, as well as the other claims and liabilities with respect to central banks and other foreign banks that are not included under reserve assets. Until 2006, the extent of these transactions was minor. As a result of the financial crisis in the second half of 2007 and, in particular, in 2008, the SNB provided markets with ample liquidity through swap and repo operations, and this led to high levels of capital outflows. In 2009 and 2010, swap and repo transactions were scaled back, resulting in net capital inflows. In 2011, Swiss National Bank lending recorded capital outflows again.

In the year under review, the SNB reduced its claims abroad and increased its liabilities with respect to commercial banks abroad and monetary authorities. This resulted in a net capital inflow of CHF 23 billion, compared with a capital outflow of CHF 9 billion in the previous year.

Chart 42

SWISS NATIONAL BANK LENDING



OTHER CLAIMS AND LIABILITIES ABROAD

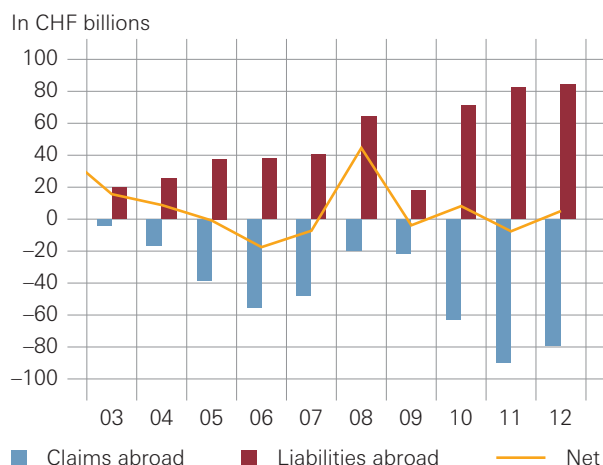
This item contains various investments abroad and foreign investments in Switzerland that cannot be assigned to a specific category within the financial account. Other claims and liabilities abroad includes holdings of fiduciary investments abroad (claims) as well as fiduciary investments held in Switzerland (liabilities). Precious metals imports (capital outflows) and exports (capital inflows) are also recorded under this item.

Moreover, a number of other investments that cannot be clearly allocated to a specific category within the financial account are included here. In the past ten years, the volume of precious metal imports and exports has increased considerably, primarily as a result of price factors. The low figures for investments abroad at the beginning and end of the first decade of the 2000s were mainly attributable to reductions in fiduciary claims by domestic investors. Between 2003 and 2011, other claims and liabilities abroad mostly recorded a net capital inflow.

In the trade in precious metals, imports declined year-on-year, whereas exports increased, leading to a net capital outflow of CHF 6 billion (2011: CHF 17 billion). The other components included in this item showed a net capital inflow of CHF 12 billion, as in the year before. Overall, a net capital inflow of CHF 5 billion was recorded under other claims and liabilities abroad, compared with a net capital outflow of CHF 7 billion in the previous year.

Chart 43

OTHER CLAIMS AND LIABILITIES



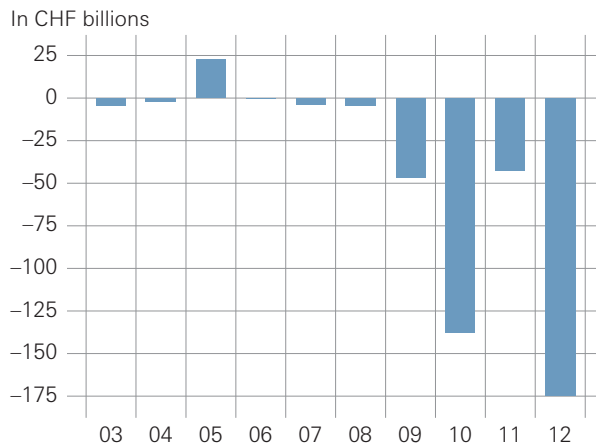
RESERVE ASSETS

Reserve assets mainly consist of gold and foreign currency investments. In 2005, the proceeds from the SNB's gold sales were distributed to the Confederation and the cantons. This led to a reduction in reserve assets. Since 2009, the SNB has purchased large amounts of foreign currency, which has resulted in high capital outflows. As a consequence, reserve assets have increased substantially.

In 2012, reserve assets grew (on a transaction basis) by CHF 175 billion, compared with a rise of CHF 43 billion in 2011.

Chart 44

RESERVE ASSETS



The minus sign (-) indicates a capital outflow.

RESIDUAL ITEM (NET ERRORS AND OMISSIONS)

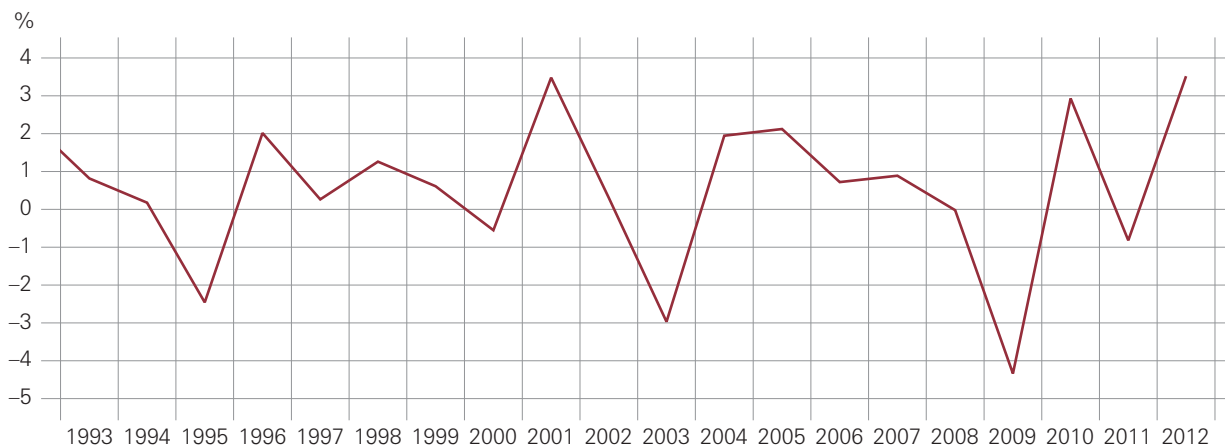
In principle, the balance of payments should be balanced, since it is drawn up according to the system of double-entry bookkeeping. All transactions must be recorded once on the receipts side (current account receipts, capital transfers from abroad, capital inflows) and once on the expenses side (current account expenses, capital transfers abroad, capital outflows). In practice, however, there is a difference between the receipts and expenses sides, which arises from errors and omissions in the collection of data. If, for example, the acquisition of a company abroad is shown under direct investment, but the associated flow of payments is not recorded, the missing value is shown under the residual item heading.

Over the past 20 years, the residual item has usually been positive. This suggests either that current account receipts/capital inflows have been underestimated or that current account expenses/capital outflows have been overestimated.

In 2012, the residual item amounted to CHF 32 billion, accounting for 3.5% of the total transactions recorded in the balance of payments.

Chart 45

NET ERRORS AND OMISSIONS IN PERCENT OF BALANCE OF PAYMENTS TRANSACTIONS



THE IMPORTANCE OF THE FINANCIAL CENTRE FOR THE CURRENT ACCOUNT

INTRODUCTION

Switzerland has two financial centres of worldwide importance – Zurich and Geneva – through which numerous international business activities are transacted. Many of these cross-border activities are reflected in the current account, and the following observations examine the Swiss financial centre through this lens. The remarks focus on banks' and insurance companies' contribution to the current account before and after the outbreak of the financial crisis.

BANKING AND INSURANCE BUSINESS BEFORE AND SINCE THE FINANCIAL CRISIS

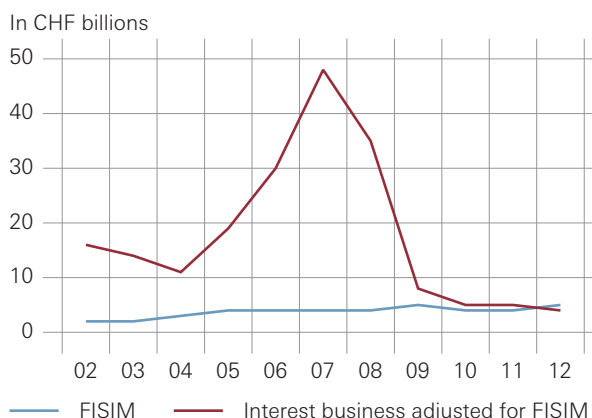
In the context of the current account, banks and private insurance companies (hereinafter insurance companies) play an important role in Switzerland's financial centre. Bank customers are also part of the equation, as the income generated on their cross-border securities investments is recorded in the current account. Given that these investments are closely linked to banks' asset management business, bank customers are treated as active agents in Switzerland's financial centre for the purposes of this article.

The current account reflects certain business activities undertaken by the aforementioned agents under receipts from services, investment income and current transfers. Banks', bank customers' and insurance companies' receipts derived from this business are listed in table 5. The breakdown of receipts by recipient group differs from the presentation in the current account. In table 5, the years following the outbreak of the 2008 financial crisis are stated as average receipts between 2009 and 2012; the years before the crisis are represented as average receipts between 2002 and 2007. The term 'average' is subsequently omitted.

With a share of 9% of total current account receipts, insurance companies have outearned their finance-industry peers since the crisis hit (cf. table 5). Income from bank customers' portfolio investments – interest and dividends on foreign-issued securities held by domestic customers in securities accounts at banks in Switzerland – made up a further 6%. Banks themselves accounted for 5% of current account receipts. Before the crisis (2002–2007), banks generated the highest receipts (12% of current account receipts) followed by insurance companies (8%).

Chart 46

RECEIPTS FOR FISIM (CUSTOMER BUSINESS), RECEIPTS FROM INTEREST BUSINESS ADJUSTED FOR FISIM



The decline in banks' receipts after the outbreak of the financial crisis was due primarily to two factors – lower interest rates and the massive drop in interbank business. Both claims against and liabilities towards banks abroad fell sharply in the aftermath of the financial crisis. In contrast to interbank business, lending volume to customers abroad decreased only slightly over this period; the volume of deposits from customers abroad even increased.

The amounts banks charge for lending and deposit-related services are estimated from the interest on customer loans and deposits. These services are settled indirectly (in other words, customers are not explicitly charged for them), with payment being implicitly factored into interest rates. The charge for such indirectly settled services is known as FISIM (financial intermediation services indirectly measured) and is calculated for the current account using a model.¹ FISIM have remained relatively stable since 2009 and are now higher than they were in the years before the crisis (cf. chart 46). By contrast, receipts from banks' interest business adjusted for FISIM² fell dramatically, from CHF 23 billion per year (2002–2007) to CHF 6 billion per year (2009–2012), largely due to the decline in interbank business. Since the crisis, they have contributed just 1% to current account receipts whereas they had contributed 7% before the crisis.

¹ For details on how FISIM are calculated, cf. page 44.

² For details on how banks' interest business adjusted for FISIM is calculated, cf. page 45.

RECEIPTS BY BANKS, BANK CUSTOMERS AND INSURANCE COMPANIES IN THE CURRENT ACCOUNT, IN CHF BILLIONS AND IN PERCENT OF TOTAL CURRENT ACCOUNT RECEIPTS

Average of annual figures 2009–2012 (since the crisis) and 2002–2007 (before the crisis)

Table 5

	Since the crisis 2009–2012		Before the crisis 2002–2007	
	In CHF billions	In percent	In CHF billions	In percent
Total current account receipts	426.1	100	354.2	100
Receipts – banks	21.8	5	44.2	12
Services:	16.1	4	16.9	5
Bank commissions (financial services)	11.6	3	13.8	4
FISIM (financial services)	4.5	1	3.1	1
Investment income:	5.7	1	27.3	8
Portfolio investment	0.7	0	0.6	0
Direct investment	-0.6	-0.1	3.6	1
Interest business adjusted for FISIM	5.5	1	23.1	7
Receipts – bank customers	26.8	6	25.3	7
Investment income:				
Portfolio investment	26.4	6	24.3	7
Fiduciary business	0.4	0	1.0	0
Receipts – insurance companies	38.1	9	27.5	8
Services:				
Insurance services*	5.4	1	4.8	1
Investment income:	11.0	3	6.5	2
Direct investment	10.6	2	6.3	2
Other investment**	0.4	0	0.2	0
Current transfers***	21.6	5	16.2	5

* Service portion of premiums

** Interest on reserves that insurance companies invest abroad

*** Premiums excluding service portion plus claims payments received

Not only receipts from banks' interest business adjusted for FISIM, but also bank commissions – principally income from asset management – declined, from CHF 14 billion per year before the crisis to CHF 12 billion per year since the crisis. Chart 47 shows the banks' commissions and FISIM receipts as well as insurance companies' receipts from indirectly settled services (insurance services³) over time. FISIM and insurance services grew between 2002 and 2012, however receipts from bank commissions have fallen consistently since 2007 and were lower in 2012 than they were in 2002.

Banks suffered annual losses of CHF 0.6 billion on their participations abroad (direct investment) after the outbreak of the crisis; before the crisis, they were earning annual income of CHF 3.6 billion on this direct investment (cf. table 5). However, chart 48 shows that business conducted by banks' foreign subsidiaries was costly overall in the last eleven years, with losses ultimately exceeding profits. Insurance companies, on the other hand, consistently generated positive income from their direct investments abroad over the same period.

3 Insurance services represent the service portion of premiums. This service component is factored into the premium insurers collect and covers services and administrative costs associated with accepting risk(s). It is calculated on the basis of premium income, as insurance companies do not explicitly charge policyholders for these services.

Chart 47

RECEIPTS FROM BANK COMMISSIONS, BANK FISIM AND INDIRECTLY SETTLED INSURANCE SERVICES

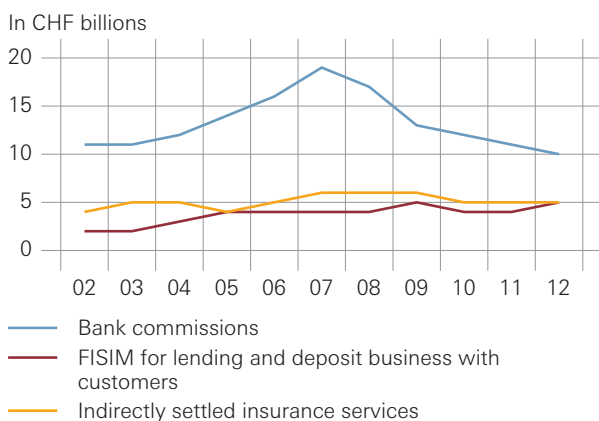
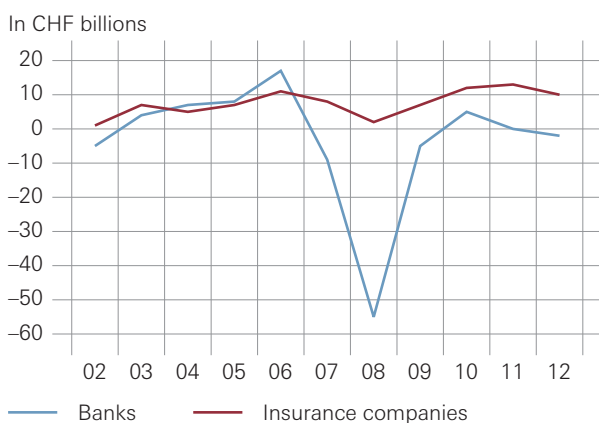


Chart 48

INCOME FROM BANKS' AND INSURANCE COMPANIES' DIRECT INVESTMENT (SUBSIDIARIES) ABROAD

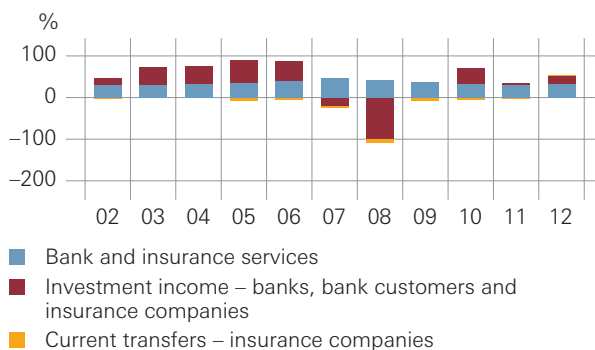


THE FINANCIAL CENTRE'S CONTRIBUTION TO THE CURRENT ACCOUNT BEFORE AND SINCE THE FINANCIAL CRISIS

The agents in the Swiss financial centre also use the services of banks and insurance companies abroad, which entails expenses abroad. Furthermore, foreign investors invest in Swiss securities and hold direct investments in banks and insurance companies in Switzerland; the income they earn on these investments similarly results in expenses abroad. The contribution of the financial centre to Switzerland's current account surplus is estimated by calculating the difference between expenses and receipts.

Chart 49

NET CONTRIBUTION OF THE FINANCIAL CENTRE TO THE CURRENT ACCOUNT SURPLUS FROM SERVICES, INVESTMENT INCOME AND CURRENT TRANSFERS IN PERCENT OF AVERAGE CURRENT ACCOUNT SURPLUS FOR THE PERIOD



The financial centre's receipts surplus has contributed substantially to Switzerland's current account surplus. In the years before the crisis, it made up 62%⁴ of the total current account surplus (cf. table 7); after the crisis, it still accounted for 42%⁵ (cf. table 6).

While its investment income contribution fluctuated substantially, the financial centre's service-related contribution to the current account surplus remained constant over time (cf. chart 49). The services surplus consistently contributed approximately 30% to the current account surplus.

⁴ Cf. table 7: $(20 + 17.5 - 2) / 57 \times 100 = 62\%$.
Broken down by agent, banks contributed 31%, bank customers 21% and insurance companies 10%.

⁵ Cf. table 6: $(18.9 + 11.7 - 1.8) / 67.5 \times 100 = 42\%$.
Broken down by agent, banks contributed 17%, bank customers 13% and insurance companies 12%.

FINANCIAL CENTRE'S CONTRIBUTION TO THE CURRENT ACCOUNT SINCE THE CRISIS

Average of annual figures 2009–2012, in CHF billions

Table 6

	Receipts	Expenses	Net
Current account	426.1	-358.6	67.5
Of which: Services – banks and insurance companies	21.6	-2.7	18.9
Bank financial services	16.1	-1.8	14.3
Bank commissions	11.6	-1.8	9.9
FISIM	4.5		4.5
Insurance companies*	5.4	-0.9	4.5
Of which: Investment income – banks, insurance companies and bank customers	43.5	-31.8	11.7
Direct investment	10.0	-4.7	5.3
Banks	-0.6	-1.7	-2.3
Insurance companies	10.6	-2.9	7.6
Portfolio investment	27.2	-18.3	8.9
Banks	0.7		0.7
Bank customers	26.4	-18.3	8.2
Other investment	6.3	-8.9	-2.6
Interest business adjusted for FISIM	5.5	-6.5	-1.0
Fiduciary business	0.4		0.4
Insurance companies	0.4	-2.4	-2.0
Of which: Current transfers – insurance companies**	21.6	-23.4	-1.8

* Service portion of premiums

** Receipts: Premium income excluding service portion plus claims payments received
Expenses: Premium payments excluding service portion plus claims payments made

FINANCIAL CENTRE'S CONTRIBUTION TO THE CURRENT ACCOUNT BEFORE THE CRISIS

Average of annual figures 2002–2007, in CHF billions

Table 7

	Receipts	Expenses	Net
Current account	354.2	-297.2	57.0
Of which: Services – banks and insurance companies	21.7	-1.7	20.0
Bank financial services	16.9	-1.3	15.6
Bank commissions	13.8	-1.3	12.5
FISIM	3.1		3.1
Insurance companies*	4.8	-0.3	4.4
Of which: Investment income – banks, insurance companies and bank customers	59.1	-41.5	17.5
Direct investment	9.9	-3.0	6.9
Banks	3.6	-2.1	1.5
Insurance companies	6.3	-0.9	5.4
Portfolio investment	24.8	-13.4	11.4
Banks	0.6		0.6
Bank customers	24.3	-13.4	10.8
Other investment	24.3	-25.1	-0.8
Interest business adjusted for FISIM	23.1	-23.3	-0.2
Fiduciary business	1.0		1.0
Insurance companies	0.2	-1.8	-1.6
Of which: Current transfers – insurance companies**	16.2	-18.3	-2.0

* Service portion of premiums

** Receipts: Premium income excluding service portion plus claims payments received
Expenses: Premium payments excluding service portion plus claims payments made

SUMMARY

In the context of the current account, agents in the Swiss financial centre include banks, insurance companies and bank customers. Some of the business which domestic banks and insurance companies conduct with foreign countries is recorded in the current account, as is income earned on bank customers' cross-border securities investments. These investments are closely linked to banks' asset management business.

Switzerland's financial centre continues to play an important role in the country's current account, although its contribution was greater before than it has been since the crisis.

Between 2009 and 2012, banks', bank customers' and insurance companies' receipts made up one-fifth of total current account receipts; between 2002 and 2007, they accounted for 27%. Services, investment income and current transfers from the financial centre have contributed 42% to the current account surplus since the crisis; in the years preceding the crisis, this contribution was 62%.

The relative importance of the different agents within the Swiss financial centre has changed. Before the crisis, the banks generated higher receipts than the insurance companies, but this situation has now been reversed. Receipts earned by bank customers on securities holdings have remained virtually unchanged, however.

Receipts from bank commissions – principally income derived from asset management – have fallen continuously since 2007. Banks lost CHF 0.6 billion per year on participations abroad between 2009 and 2012. However, they experienced the largest drop in income in interest business adjusted for FISIM. Receipts in this segment have fallen from CHF 23 billion per year before the crisis to CHF 6 billion per year since due to lower interest rates and the marked decline in interbank business.

ESTIMATING FISIM AND BANKS' INTEREST BUSINESS ADJUSTED FOR FISIM

FISIM

FISIM are estimated service charges for banks' lending and deposit business with customers. A reference interest rate – which is set between the actual interest rate applied to loans and that applied to deposits – is deployed in order to estimate this charge in relation to banks' lending and deposit taking.⁶ This reference interest rate reflects the opportunity cost, were lending to take place directly between lender and borrower, without the banks as intermediaries.

The charge for each bank service is arrived at by calculating the difference between the opportunity cost (reference interest rate) and the actual interest rate applied to loans and that applied to deposits. In the case of lending, the charge is the difference between the higher actual loan interest rate and the reference interest rate, which the borrower is prepared to pay for the bank's services (for instance, matching loan size to client's needs); in the case of deposit business, the service charge is achieved by granting the customer a deposit interest rate which is lower than the reference interest rate. The depositor is willing to forfeit this interest in exchange for the bank's deposit-related services (for instance, round-the-clock access to funds via electronic payment systems).

The difference between the reference interest rate and the actual lending or deposit interest rate is estimated on the basis of the banks' loans or deposit holdings with respect to their customers. Interbank holdings are not relevant here as FISIM only apply to services banks supply to their customers. The total FISIM figure is the sum of both amounts.

⁶ Cf. also *Finanzdienstleistungen, Eine neue Methode zur Messung der indirekt gemessenen Finanzdienstleistungen/Services financiers, Une nouvelle mesure des services indirectement mesurés* (Financial Services, A New Method for Calculating Indirectly Measured Financial Services), publication available in German and French only, Swiss Federal Statistical Office, 2007.

BANKS' INTEREST BUSINESS

ADJUSTED FOR FISIM

Banks' interest business adjusted for FISIM is booked under investment income. It includes both interest from customer loans and deposits and interest from interbank business.

Receipts comprise the difference between actual interest receipts on loans to customers and banks and FISIM linked to customer loans. Expenses cover the sum of actual interest expenses on customer and bank deposits plus FISIM linked to customer deposits. The difference between interest receipts on loans and interest expenses on deposits is stated in net interest (banks' interest business) adjusted for FISIM.

ALIGNING THE BALANCE OF PAYMENTS, INTERNATIONAL INVESTMENT POSITION AND DIRECT INVESTMENT STATISTICS WITH THE NEW INTERNATIONAL STATISTICAL STANDARDS AND WITH THE BILATERAL AGREEMENT ON STATISTICS BETWEEN SWITZERLAND AND THE EUROPEAN UNION

The SNB is currently updating its balance of payments, international investment position and direct investment statistics to reflect revisions to the leading international statistical standards. At the same time, the bilateral agreement on statistics between Switzerland and the European Union (EU) calls for these statistics to be expanded, particularly as regards their geographical breakdown. The SNB is also taking advantage of this opportunity to align its statistics with existing international standards which have not yet been implemented in Switzerland.

The following observations examine the revised statistical standards and the bilateral agreement on statistics and explain the new requirements; they also outline how these changes will affect data and publications.

NEW STATISTICAL STANDARDS

International organisations have revised the methodological basis for compiling balance of payments, international investment position and direct investment statistics. The statistical standard for the balance of payments and international investment position – the International Monetary Fund (IMF)'s *Balance of Payments and International Investment Position Manual* – has been updated over several years and the sixth edition (BPM6) was published in 2009. In parallel – and in close consultation with the BPM6 compilers – the Organisation for Economic Co-operation and Development (OECD) has also updated its manual on direct investment statistics (*Benchmark Definition of Foreign Direct Investment*) and published the revised fourth edition (BD4) in 2008. Both of these standards have been harmonised with the revised editions of the United Nations (UN) *System of National Accounts* (SNA 2008) and the EU's *European System of National Accounts* (ESA 2010).

REASONS FOR REVISING THE STATISTICAL STANDARDS

The balance of payments manual was last revised in 1993. Since then, ongoing globalisation and developments in the finance industry have brought to greater prominence a range of phenomena, which place new demands on statistics. For instance, the proliferation of special purpose entities (SPEs) within multinational companies has led to growing complexity in global direct investment relationships,

which can compromise data quality. Moreover, it has become necessary to align BPM6 with SNA 2008. Some of the changes in BPM6 are thus attributable to the harmonisation of BPM6 with SNA 2008. The revision of these manuals will allow developments in foreign trade to be reflected more accurately and improve consistency between statistical systems.

BILATERAL AGREEMENT ON STATISTICS

In 2004, Switzerland signed the second bilateral agreement with the EU, which covered a number of areas including collaboration in the field of statistics (bilateral agreement on statistics). The agreement relates to statistics that are important for cooperation between the parties. Balance of payments statistics were integrated into the agreement in 2011. In line with EU requirements, this agreement commits Switzerland to delivering balance of payments and international investment position data, as well as detailed information on its trade in services and direct investment, to Eurostat from 2015. Most of these data are broken down geographically; in the past, this had only been the case for specific items.

REVISION OF SNB SURVEYS

In the light of these new requirements, the SNB has fundamentally overhauled its current account surveys at a conceptual level and has added new components and country details. The reporting population has also been expanded in order to capture all sectors that are important for foreign trade. The revised quarterly current account surveys were introduced in 2012 and the annual surveys were introduced in 2013.

The concept underlying the financial account surveys is currently being thoroughly revised. The changes relate to the adoption of methodological innovations contained in BPM6 and BD4 and the extension of the geographical breakdown to the quarterly surveys. The reporting population will remain unchanged. The revised financial account surveys will be introduced in 2014 and 2015.

CHANGES IN DETAIL

Overall, the framework of the existing balance of payments standard (BPM5) will be retained; however, it has been expanded and the number of standard components, in particular, has been increased. This will bring greater granularity to the statistics. Some key concepts have also been revised, resulting in some changes to the way the data are presented.

New terms

- The 'labour and investment income' item will now be called 'primary income' and the 'current transfers' item will be called 'secondary income'.
- 'Reinvested earnings' in the current account will remain unchanged, however its counterpart in the financial account will be renamed 'reinvestment of earnings'.
- The balance of the current account and capital transfers is now referred to as 'net lending/net borrowing', as in the Swiss financial accounts.
- In the financial account, the term capital inflow (credits) is replaced by 'net acquisition of financial assets' and capital outflow (debits) is replaced by 'net incurrence of liabilities'.
- In the balance of payments and international investment position statements, the terms 'Swiss direct investment abroad' and 'foreign direct investment in Switzerland' are to disappear as a result of the fundamental change described in the 'New concepts' section.
- The 'bonds and notes' item will become 'long-term debt securities' and the 'money market instruments' item will become 'short-term debt securities'.

New sign convention in the balance of payments

- The negative signs for current account expenses and capital outflows (debits) will disappear. In the current account and for capital transfers, receipts (credits) and expenses (debits) are to be booked using a positive sign.
In the financial account, debits will now be called 'net acquisition of financial assets' and credits will be called 'net incurrence of liabilities'. Both net acquisition of assets and net incurrence of liabilities bear a positive sign.
Negative signs are used in current account balances if expenses are higher than receipts. In the financial account, negative signs are used for balances if the net incurrence of liabilities is greater than the net acquisition of financial assets.
- Net errors and omissions is net lending/net borrowing (from financial account) less net lending/borrowing (balance from current account plus net capital transfers).

New concepts

- The concept for the publication of direct investment statistics has been thoroughly reworked. This has resulted in a number of changes.
 - Gross presentation, both of the financial account and of income in the balance of payments, and of assets and liabilities in the international investment position: In the balance of payments and international investment position, direct investment will now be presented according to the gross (asset/liability) principle rather than the directional principle.¹
Under BPM5, the claims of direct investors against their subsidiaries were set against their liabilities towards subsidiaries under Swiss direct investment abroad; conversely, the liabilities of subsidiaries in Switzerland towards their direct investors abroad were set against their claims against direct investors abroad under foreign direct investment in Switzerland.
The items will now be called 'direct investment assets' and 'direct investment liabilities'. All intragroup assets of Swiss-domiciled companies abroad will be recorded under direct investment assets; these include participations abroad and claims against group companies abroad. Direct investment liabilities includes participations by foreign investors in companies in Switzerland as well as liabilities towards group companies abroad. In the financial account of the balance of payments, transactions resulting from these items will be recorded as net acquisition of financial assets or net incurrence of liabilities; in the investment income account of the balance of payments, all income on assets will be booked as receipts and all earnings on liabilities are booked as expenses.
 - If, for instance, a direct investor in Switzerland has a claim against and a liability towards a direct investment enterprise abroad, the claim will in future be booked under direct investment assets and the liability under

¹ In the direct investment statistics, which are compiled separately from the balance of payments and international investment position, the directional principle will continue to apply. The presentations in the balance of payments and international investment position statistics will therefore no longer be directly comparable with those in the direct investment statistics. They can however be harmonised using additional information.

direct investment liabilities. To date, claims and liabilities have been recorded under Swiss direct investment abroad. The same applies to interest income on such sums. This adjustment to the presentation of direct investment in the balance of payments and the international investment position will engender changes to investment income and capital flows as well as a substantial increase in capital holdings; the financial account balance, net investment income and net investment position will not be affected by this, however.

- Profit will now consistently be calculated according to the operational result concept. Swiss statistics have not stipulated the use of a specific concept in the past.
- Intragroup lending by insurance companies is now booked under direct investment. Until now, this item had not featured in Swiss statistics.
- The geographical breakdown of the equity capital of direct investment enterprises abroad has been brought into line with international standards. In future, only the equity capital in the country of the direct investment will be recorded.
- The merchanting concept has been revised and aligned with the manufacturing services concept. The phenomenon of production abroad is mentioned in BPM6 for the first time and its treatment has been harmonised with both the merchanting and manufacturing services concepts.
 - Merchanting, whereby a merchanting trader purchases and resells goods abroad without paying domestic duty on them, is now classified under goods rather than services. Furthermore, gross receipts and expenses will now be presented in addition to the balance from merchanting. Expenses will be booked as negative receipts in the receipts column of goods exports. As in the past, merchanting will continue to be treated as an independent component.
 - Charges for manufacturing services, whereby an owner sends goods to be processed by a third party for a fee, are now classified as services, not goods. If the goods are purchased and resold abroad, the manufacturing cost is booked as an expense under manufacturing services. The purchase and sale of the goods, however, is recorded under general goods trade.

New components and content

- In the direct investment statement, lending to fellow companies is treated separately. Up to now, this had been classified together with other intragroup lending.
- IMF Special Drawing Rights allocated to member countries as part of a quota increase are now treated as liabilities and are booked as net incurrence of liabilities by the Swiss National Bank in the financial account (other investment) and as liabilities in the international investment position.
- Several further changes, which had already been implemented in the Swiss balance of payments, have now been integrated into BPM6: Financial intermediation services indirectly measured (FISIM) in banks' lending and deposit business are now included under financial services, and the reinvested earnings of collective investment schemes are booked as investor income in BPM6. Switzerland has already been observing these rules for quite some time now, in line with EU practice.

Reclassifications

- Trade in precious metals as raw materials: Since the balance of payments statistics were introduced in 1985, trade in precious metals as raw materials – principally gold transactions – has been recorded in the financial account. With the changeover of the Swiss balance of payments to BPM6, trade in precious metals will be reclassified to goods.
- Merchanting will be moved from services to goods.
- Manufacturing services and repairs will be booked under services instead of goods.
- Postal and courier services will be recorded together with transport rather than with telecommunication services.
- Telecommunication services will be classified together with computer and information services rather than with postal and courier services.
- The outcomes of research and development (for instance, patents) will now appear under services (research and development services) in the current account rather than under capital transfers. Only the acquisition and disposal of nonproduced, nonfinancial property rights (natural resources, trademark rights, rights of use of natural resources, etc.) will be recorded under capital transfers.

- Changes in claims against pension funds are to be booked under secondary income. To date, this item had been booked under investment income (primary income) in Swiss statistics.
- As regards participations in insurance companies (direct investment), direct investment enterprises' technical reserves are now counted as direct investment capital. (This rule is already observed in Swiss statistics today.)
- Loans with equity character granted to direct investment enterprises are now recorded under debt instruments rather than equity within the direct investment account.
- Exceptional dividend payments (superdividends) are now treated as withdrawals of equity in the financial account rather than as investment income in the current account.
- Structured products will in future be booked as portfolio investment under debt securities rather than under derivative financial instruments.

Institutional sector classification

The current classification of institutional sectors is to be extended. As in the past, the central bank, deposit-taking corporations other than the central bank, and general government are treated as sectors. However under BPM6, the aggregate 'other sectors' is divided into two sub-sectors – 'other financial corporations' and 'nonfinancial corporations, households, and nonprofit institutions serving households (NPISHs)'. In Eurostat's classification, which differs slightly from BPM6, money market funds are recorded in the 'deposit-taking corporations other than the central bank' sector.

Primary and secondary income as well as portfolio investment and other investment are broken down by sector.

EFFECTS OF THE CHANGES ON DATA AND PUBLICATIONS

In the current account, the changes will principally affect the goods and services accounts, and in the financial account and international investment position they will principally affect direct investment and other investment.

In the current account, goods will principally be affected by the reclassification of merchanting (previously recorded under services) and precious metals as raw materials (previously recorded in the financial account). Exports and imports will increase as a result and the balance on goods trade will also rise. In services, however, the reclassification will have a negative effect on receipts and on the surplus on the services account. Due to the revision of the current account surveys and the expansion of the reporting population, receipts and expenses in trade in services will increase, however.

In the financial account and international investment position, the new gross (asset/liability) recording of direct investment will alter capital flows and result in higher holdings in the international investment position. Net lending/net borrowing (from financial account) and the net international investment position will not be affected by the gross recording, however. The reclassification of precious metals as raw materials from the financial account to goods will significantly affect capital movements as well as net lending/net borrowing (from financial account). It is not yet possible to predict how significant the effect of the other changes to direct investment (superdividends, corporate results, lending by insurance companies, loans with equity character) will be. Booking the allocation of Special Drawing Rights as a liability will increase capital flows at the moment of reallocation and reduce the net international investment position. The table in the appendix compares a pro forma presentation of the balance of payments as per BPM6 with today's presentation as per BPM5. This comparison only takes account of the formal changes resulting from the new classification; content changes that will result from the revised surveys cannot yet be included.

CHANGEOVER PERIOD FOR PUBLICATIONS

The current account and international investment position will be published according to the new statistical standards from 2014. The presentation, methodology and content of the balance of payments will change significantly in future, and the new data will not be comparable with today's publications. As it would only be possible to compile a publication according to the old standard for the year 2013, the SNB will not publish a 2013 Swiss balance of payments annual report in 2014.

The SNB plans to introduce these numerous changes in three phases, starting in 2014:

- From Q1 2014 (publication at the end of June 2014), the current account and international investment position will be published in line with the structure set out under BPM6. The current account will also include the results of the revised surveys for 2012 and 2013. The only exception here will be income from direct investment, which will be presented according to the current methodology until the new financial account surveys have been introduced.
- From Q3 2014, the results of the revised financial account surveys, including investment income on direct investment, will be integrated into the balance of payments.
- From Q1 2015, most of the balance of payments components will be broken down geographically. Portfolio investment, derivative financial instruments, reserve assets and the international investment position will not be included in the geographical breakdown.

RETROSPECTIVE CALCULATION

In order to ensure that new and old data are comparable, and to ensure that data users have long data series at their disposal, the SNB will formally reclassify the old data series in line with BPM6. Furthermore, data series which change significantly due to the expansion in the reporting population – or which are to be available for the first time due to the addition of new components to the survey – will be calculated retrospectively wherever possible.

PRO FORMA PRESENTATION OF THE 2012 BALANCE OF PAYMENTS AS PER BPM6 AND BPM5, EXCLUDING CHANGES ASSOCIATED WITH REVISIONS OF THE SURVEYS

In CHF billions

Table 8

Terms and classification as per BPM6	BPM6 + or –	BPM5 + or –	Terms and classification as per BPM5	Changes: BPM5 vs. BPM6
Balance of payments		Balance of payments		
Goods			Goods	In: merchanting, precious metals as raw materials
Credits	310	212	Credits	Out: manufacturing services, repairs
Debits	282	-196	Debits	
Net	28	16	Net	
Services			Services	In: manufacturing services, repairs
Credits	70	85	Credits	Out: merchanting
Debits	45	-44	Debits	
Net	25	41	Net	
Primary income			Labour and investment income	Out: change in claims by households against pension fund reserves
Credits	116	116	Credits	
Debits	92	-95	Debits	
Net	25	22	Net	
Secondary income			Current transfers	In: change in claims by households against pension fund reserves
Credits	29	29	Credits	
Debits	44	-41	Debits	
Net	-15	-12	Net	
Current account balance	62	66	Current account, net	
Capital transfers		Capital transfers		
Capital transfers			Capital transfers	Reclassification of patents not possible
Credits	0	0	Credits	
Debits	2	-2	Debits	
Net	-2	-2	Net	
Capital transfers, net	-2	-2	Capital transfers, net	
Net lending/net borrowing as per current account and capital transfers, net		60	64	Current account and capital transfers
Direct investment			Direct investment	Change to asset/ liability principle (gross recording of intragroup loans)
Net acquisition of financial assets	29	-28	Abroad	In: real estate
Net incurrence of liabilities	2	1	In Switzerland	
Net lending/net borrowing	27	-27	Net	
Portfolio investment			Portfolio investment	In: structured products
Net acquisition of financial assets	-6	1	Abroad	
Net incurrence of liabilities	12	-12	In Switzerland	
Net lending/net borrowing	-17	13	Net	
Financial derivatives			Derivatives and stock options	Out: structured products
Net acquisition of financial assets	-37	41	Exports	
Net incurrence of liabilities	-36	-36	Imports	
Net lending/net borrowing	-1	5	Net	
Other investment			Other investment	Out: precious metals as raw materials, real estate
Net acquisition of financial assets	-17	-70	Capital outflow	
Net incurrence of liabilities	76	157	Capital inflow	
Net lending/net borrowing	-93	87	Net	
Reserve assets			Reserve assets	
Net acquisition of financial assets	175	-175	Capital outflow	
Net lending/net borrowing	175	-175	Net	
Net lending/net borrowing (from financial account)	90	-97	Financial account, net	
Net errors and omissions (net lending/net borrowing from financial account less balance from current and capital accounts)	32	32	Residual item [(current account, net + capital transfers, net + financial account, net)*-1]	

NOTES**CHANGES FROM THE PREVIOUS YEAR**

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CURRENT ACCOUNT

SPECIAL TRADE

Exports fob, imports cif, according to the foreign trade statistics of the Federal Customs Administration (FCA), excluding precious metals, precious stones and gems as well as objets d'art and antiques (total 1). As of 1995, special trade has included aviation fuel; as of 2002, electrical energy, processing of goods and returned goods have also been included under this heading.

OTHER TRADE

Precious metals, precious stones and gems as well as objets d'art and antiques, goods for repair, purchase and sale of Rhine vessels, transportation costs and insurance premiums on imports, unchecked goods trade, small consignments, imports of industrial gold and silver, goods procured in ports.

TOURISM

Business and personal travel, stays at health resorts and hospitals, study-related travel, same-day travel, transit travel, duty-free shops, consumption expenditure by foreign cross-border commuters and holders of short-term residence permits.

OTHER SERVICES

Service charges arising from the foreign business of private social security schemes and other private insurance companies, merchanting (net earnings from international goods trade, excluding exports and imports recorded in the foreign trade statistics), transportation, postal and courier services, telecommunications, financial services (bank commissions and FISIM (financial intermediation services indirectly measured)), technological services (construction services, commercial and technical consulting, licence and patent fees, including management fees), government services (purchases of goods and services by foreign representatives in Switzerland, by Swiss representatives abroad and by international organisations in Switzerland, fees of embassies and consulates), management of domiciliary companies, law offices and fiduciary companies, cultural services, government revenue from stamp duty.

LABOUR INCOME

Gross salaries and wages of Swiss cross-border commuters and Swiss residents with foreign employers (international organisations and consular representations in Switzerland); gross salaries and wages of foreign cross-border commuters, including employer and employee contributions to social security schemes (i.e. old age and survivors' insurance, disability insurance, fund for loss of earned income and unemployment insurance) as well as to Suva (Swiss accident insurance fund) and pension funds; gross salaries and wages of short-term Swiss residents (up to 4 months), including employer and employee contributions to social security schemes (i.e. old age and survivors' insurance, disability insurance, fund for loss of earned income and unemployment insurance).

INVESTMENT INCOME

Portfolio investment: income on equity securities and debt securities; direct investment: transferred and reinvested earnings from direct investment; other investment: banks' interest business adjusted for FISIM, memorandum item: banks' interest business not adjusted for FISIM, earnings from fiduciary investment, interest on company claims against and liabilities towards third parties, investment income of the SNB and the Swiss Confederation, and other investment income (financial leasing fees, etc.), increase in claims by private households abroad on pension fund reserves. Not included are interest earnings on loans by non-banks.

CURRENT TRANSFERS BY PRIVATE**INDIVIDUALS**

Transfers by emigrants to Switzerland, by foreign insurance schemes, etc.; transfers by immigrants to other countries, annuities and indemnity payments, pension payments, financial support, foreign aid by private aid agencies, premium income of and payments (excluding service charges) by private social security schemes and other private insurance companies.

CURRENT TRANSFERS BY THE PUBLIC SECTOR

Contributions by emigrants and foreign cross-border commuters to social security schemes in Switzerland (i.e. old age and survivors' insurance, disability insurance and fund for loss of earned income), government revenue from income tax at source imposed on cross-border commuters and from other taxes and fees, including vehicle tax and EU withholding tax. Social security transfers abroad, Swiss contributions to international organisations and other transfers abroad, tax refunds to cross-border commuters' countries of residence as well as government aid to foreign countries.

STATISTICAL SOURCES UPON WHICH THE CURRENT ACCOUNT FIGURES ARE BASED

The data are derived from statistics collected by the federal authorities and the SNB; some of the figures are estimates.

CAPITAL TRANSFERS

Debt cancellation and financial assistance grants by the Swiss Confederation, private transfers of assets as well as purchases and sales of intangible assets.

FINANCIAL ACCOUNT

DIRECT INVESTMENT

As a rule, a direct investment is categorised as such if an investor owns at least 10% of the voting stock of a company abroad or in Switzerland, or sets up a subsidiary or branch. Financial flows are reported on equity capital (paid-up capital; the establishment, acquisition or liquidation and sale of subsidiaries and participations; the provision of capital stock and operating capital to branches), on reinvested earnings and on inflows and outflows of loans. The statistics are based on quarterly and annual data submitted by companies to the SNB.

PORTFOLIO INVESTMENT

Portfolio investment abroad: investment by Swiss residents in debt securities and equity securities of foreign issuers which are not covered by direct investment or reserve assets (money market instruments, bonds, shares, participation certificates, dividend-right certificates, units in collective investment schemes). The data represent net inflows, i.e. purchases of debt securities and equity securities minus sales of investments and redemptions. The statistics are based on data submitted by banks on the acquisition of securities by domestic customers. Purchases by banks and companies are derived from the statistics on foreign assets. Purchases by the SNB are based on SNB data. Portfolio investment in Switzerland: foreign investment in debt securities and equity securities of domestic issuers which are not covered by direct investment (money market instruments, bonds, medium-term bank-issued notes, shares, participation certificates, dividend-right certificates, units in collective investment schemes). The data represent net inflows, i.e. purchases of debt securities and equity securities minus sales of investments and redemptions. The statistics are based on data submitted by banks on the acquisition of securities by foreign customers. The data on bonds issued abroad by domestic companies are derived from the statistics on foreign liabilities of companies.

DERIVATIVES AND STRUCTURED PRODUCTS

Derivatives comprise unconditional forward transactions (forwards, futures, swaps) and conditional forward transactions (options). Capital outflows: payments to counterparties abroad in connection with derivatives transactions. Capital inflows: receipts from counterparties abroad in connection with derivatives transactions. The statistics are based on data submitted by companies to the SNB.

Structured products are standardised debt certificates that combine the properties of two or more financial instruments, thus forming a new investment product. A wide variety of structured products are available on the market. A commonly used breakdown divides structured products into participation products (certificates), yield-optimisation products (certificates, convertibles) and capital-protected products (with and without cap). Investment abroad: investment by Swiss residents in structured products of foreign issuers. Investment in Switzerland: investment by non-residents in structured products of domestic issuers. The data represent net inflows, i.e. purchases minus sales and redemptions. The statistics are based on data submitted by banks on the net purchases by resident and non-resident bank customers.

OTHER INVESTMENT:

COMMERCIAL BANK LENDING

Claims abroad: interbank lending operations, i.e. net change in short and long-term lending to banks, including precious metals claims; net change in lending to customers and mortgage claims as well as precious metals claims. Liabilities abroad: interbank deposit operations, i.e. short and long-term deposits by banks, including precious metals liabilities; long-term customer deposits as well as liabilities in the form of savings and deposits, short-term deposits by customers, including precious metals liabilities. The transaction figures recorded in the balance of payments represent the net change in the individual items, i.e. the inflow of new funds minus repayment of outstanding liabilities. The statistics are based on data submitted by domestic offices on their foreign assets and liabilities.

OTHER INVESTMENT: CORPORATE LENDING

Claims abroad: net change in short and long-term lending by domestic private companies and government companies to private individuals, banks and companies abroad, excluding intragroup lending, i.e. excluding lending to subsidiaries, branches and participations abroad. Liabilities abroad: net change in short and long-term lending by private individuals, banks and companies abroad to domestic private companies and government

companies, excluding intragroup lending, i.e. excluding lending to domestic subsidiaries, branches and participations. The statistics are based on data submitted by companies to the SNB.

OTHER INVESTMENT: GOVERNMENT LENDING

Short and long-term lending abroad by the public sector (Confederation, cantons, municipalities and social security funds). Short and long-term public sector borrowing from other countries.

OTHER INVESTMENT:

SWISS NATIONAL BANK LENDING

Changes in monetary assistance loans, in claims and liabilities arising from repo transactions with monetary authorities and banks abroad, in balances from swap transactions with monetary authorities and banks abroad as well as changes in other claims against and liabilities towards parties abroad.

OTHER CLAIMS AND LIABILITIES ABROAD

Fiduciary claims and liabilities: claims include the outflow of residents' fiduciary funds invested abroad; liabilities include the inflow of non-residents' fiduciary funds invested in Switzerland. The statistics are based on data submitted by the banks' domestic offices. Changes in claims against and liabilities towards other countries arising from investment funds: the statistics are based on data submitted by investment funds. Imports and exports of precious metals: imports and exports of gold and silver as raw materials and of coins, according to trade statistics, and gold sales by the SNB to the private sector. Imports of precious metals for industrial and commercial purposes recorded in the current account have been deducted. Changes in the SNB participation in the Bank for International Settlements (BIS). Changes in the Swiss Confederation's participation in capital increases by international organisations. The sale of real estate in Switzerland to non-residents less the sale of real estate in Switzerland by non-residents to residents. This covers actual changes in ownership according to Federal Department of Justice statistics on the sale of real estate to non-residents. Purchase of real estate abroad by Swiss residents. Capital flows between non-banks and banks abroad. Changes in the stock of Swiss banknotes abroad. Financial flows between banks and international organisations domiciled in Switzerland are entered as adjustment items under other claims and liabilities abroad.

RESERVE ASSETS

Changes in gold holdings, foreign exchange holdings, the reserve position in the International Monetary Fund (as of 1992) and international payment instruments (SDRs). Upon entry into force of the Federal Act on Currency and Payment Instruments on 1 May 2000, the SNB altered the

management of its gold holdings. Subsequently, it sold 1,300 tonnes of gold under the central bank agreement. The sales were completed at the end of March 2005. In 2007/2008, the SNB sold a further 250 tonnes of gold to the private sector abroad under the second central bank agreement of 2004. Gold sales to the private sector abroad are not recorded under reserve assets. Reserve assets relate exclusively to gold transactions with other central banks. Gold sales to the private sector are treated as a two-step transaction in the balance of payments: a reclassification from reserve assets to non-monetary gold (demonetisation) and the subsequent sale of the non-monetary gold to the private sector abroad. The reclassification is not reflected in the balance of payments. The sale of the non-monetary gold is recorded as a capital inflow under other claims and liabilities abroad. The proceeds from the gold sales are invested in foreign currency reserves.

RESIDUAL ITEM

(NET ERRORS AND OMISSIONS)

NON-RECORDED TRANSACTIONS AND STATISTICAL ERRORS, NET

Cf. Methodological basis.

LEGAL BASIS

LEGAL BASIS FOR THE STATISTICAL SURVEYS OF THE BALANCE OF PAYMENTS AND THE INTERNATIONAL INVESTMENT POSITION

According to the Federal Act on the Swiss National Bank of 3 October 2003 (National Bank Act) and the Ordinance on the National Bank Act of 18 March 2004 (National Bank Ordinance), the Swiss National Bank is authorised to collect the statistical data required for drawing up the balance of payments as well as the statistics on the international investment position. Pursuant to the Annex to the National Bank Ordinance, legal entities and companies are required to report data if the transaction value of a reporting item exceeds CHF 100,000 per quarter (CHF 1 million for a reporting item relating to the financial account), if their financial claims against or liabilities towards other countries exceed CHF 10 million at the time of the survey or if their direct investment abroad or direct investment from abroad exceeds CHF 10 million at the time of the survey.

METHODOLOGICAL BASIS

DEFINITION

The balance of payments is a systematic presentation of the economic transactions between residents and non-residents during a specified period. A transaction is considered to be the flow of goods, services, income and transfers (cf. below) as well as the creation and settlement of financial claims and liabilities, including inflows and outflows of equity capital. The methodological principles upon which the balance of payments is based are set out in the IMF's *Balance of Payments Manual* (5th edition).

CURRENT ACCOUNT

The current account comprises goods trade and services transactions with other countries, cross-border labour income and investment income, as well as current transfers.

TRANSFERS

Transfers are book entries that offset one-way transactions performed without compensation, e.g. in the context of development aid. They facilitate compliance with the system of double-entry bookkeeping applied in the balance of payments statistics. A distinction is made between current transfers in the current account and those shown under capital transfers, which represent a category of their own. Offsetting entries for goods, services and income which are provided free of charge are classified mainly under current transfers, while offsetting entries for the provision of free capital are shown mainly under capital transfers.

FINANCIAL ACCOUNT

The financial account shows the creation and settlement of cross-border financial claims and liabilities. Depending on the investment motive, a distinction is made between direct investment (capital participation in companies), portfolio investment (investments in securities that do not have the character of a capital participation), derivatives and structured products, other investment (mainly commercial bank lending and corporate lending) and international reserves.

RESIDUAL ITEM (NON-RECORDED TRANSACTIONS AND STATISTICAL ERRORS, NET)

Theoretically, all transactions are entered twice in the balance of payments. Therefore, it should be arithmetically balanced. In actual practice, however, it is not always possible to comply with this principle. The residual item is the difference between total inflows from abroad (current account receipts, capital transfers from abroad, capital inflows) and total outflows (current account expenses, capital transfers abroad, capital outflows). This difference arises from errors and omissions in statistical data.

Essentially, all components of the balance of payments may contribute to the residual item. A residual item with a plus sign indicates non-recorded receipts and/or capital inflows, while one with a minus sign indicates non-recorded expenses and/or capital outflows.

**THE LINK BETWEEN THE MAIN AGGREGATES
IN THE BALANCE OF PAYMENTS**

The Swiss balance of payments consists of three main aggregates: the current account, the capital transfer account and the financial account. There is an interrelationship between the main aggregates. Theoretically (i.e. not taking into account the statistical errors in the residual item), the balance on the current account and capital transfers account corresponds to the balance on the financial account, with the opposite sign. The sum of these three balance sheet aggregates thus totals zero.

The financial surplus or deficit of the system of national accounts corresponds to the transaction-related change in net foreign assets.

Balance of payments	System of national accounts			
+ Goods	External contribution to gross domestic product	External contribution to gross national income	Domestic savings and investment, net	Financial surplus/ deficit
+ Services				
= Goods and services				
+ Income	Domestic savings and investment, net			
= Goods, services, income				
+ Current transfers	Domestic savings and investment, net			
= Current account	Domestic savings and investment, net			
+ Capital transfers	Domestic savings and investment, net			
= Current account and capital transfers	Domestic savings and investment, net			
Financial account, including reserve assets				Financial surplus/ deficit

DEFINITION OF INDUSTRY CATEGORIES¹

Textiles and wearing apparel	17: Manufacture of textiles; 18: Manufacture of wearing apparel; dressing and dyeing of fur; 19: Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear
Chemicals and plastics	23: Manufacture of coke, refined petroleum products and nuclear fuel; 24: Manufacture of chemicals and chemical products; 25: Manufacture of rubber and plastic products
Metals and machinery	27: Manufacture of basic metals; 28: Manufacture of fabricated metal products, except machinery and equipment; 29: Manufacture of machinery and equipment n.e.c.; 30: Manufacture of office machinery and computers; 34: Manufacture of motor vehicles, trailers and semi-trailers; 35: Manufacture of other transport equipment
Electronics, energy, optical and watchmaking	31: Manufacture of electrical machinery and apparatus n.e.c.; 32: Manufacture of radio, television and communication equipment and apparatus; 33: Manufacture of medical, precision and optical instruments, watches and clocks; 40: Electricity, gas, steam and hot water supply; 41: Collection, purification and distribution of water
Other manufacturing and construction	01: Agriculture, hunting and related service activities; 02: Forestry, logging and related service activities; 05: Fishing, operation of fish hatcheries and fish farms; service activities incidental to fishing; 10: Mining of coal and lignite; extraction of peat; 11: Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction excluding surveying; 12: Mining of uranium and thorium ores; 13: Mining of metal ores; 14: Other mining and quarrying; 15: Manufacture of food products and beverages; 16: Manufacture of tobacco products; 20: Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials; 21: Manufacture of pulp, paper and paper products; 22: Publishing, printing and reproduction of recorded media; 26: Manufacture of other non-metallic mineral products; 36: Manufacture of furniture; manufacturing n.e.c.; 37: Recycling; 45: Construction
Trade	50: Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel; 51: Wholesale trade and commission trade, except of motor vehicles and motorcycles; 52: Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods
Finance and holding companies	65.2: Other financial intermediation (incl. management activities of holding companies (74.15)); 67: Activities auxiliary to financial intermediation
Banks	65.1: Monetary intermediation (subject to the Federal Act on Banks and Savings Banks)
Insurance companies	66: Insurance and pension funding, except compulsory social security
Transportation and communications	60: Land transport; transport via pipelines; 61: Water transport; 62: Air transport; 63: Supporting and auxiliary transport activities; activities of travel agencies; 64: Post and telecommunications
Other services	55: Hotels and restaurants; 70: Real estate activities; 71: Renting of machinery and equipment without operator and of personal and household goods; 72: Computer and related activities; 73: Research and development; 74: Other management activities (excl. management activities of holding companies (74.15)); 75: Public administration and defence; compulsory social security; 80: Education; 85: Health and social work; 90: Sewage and refuse disposal, sanitation and similar activities; 91: Activities of membership organisations n.e.c.; 92: Recreational, cultural and sporting activities; 93: Other service activities; 95: Private households with employed persons; 99: Extra-territorial organisations and bodies

¹ The industries are defined in accordance with the General Classification of Economic Activities, NOGA 2002 (*Nomenclature générale des activités économiques*) drawn up by the Swiss Federal Statistical Office.

DEFINITION OF COUNTRIES AND REGIONS IN DIRECT INVESTMENT STATISTICS¹

Definition of countries

France	Including French Guiana, Guadeloupe, Martinique, Mayotte, Monaco, Réunion, Saint Pierre and Miquelon.
Portugal	Including Azores, Madeira.
Spain	Including Ceuta, Melilla, Balearic Islands, Canary Islands.
United Kingdom	Comprises England, Scotland, Wales, Northern Ireland.
Norway	Including Svalbard and Jan Mayen.
United States	Including Puerto Rico, Navassa.
New Zealand	Including Antipodes Islands, Auckland Islands, Bounty Islands, Campbell Island, Chatham Islands, Kermadec Islands, Snares Islands. Excluding Ross Dependency (Antarctica).
Malaysia	Peninsular Malaysia and Eastern Malaysia (Sarawak, Sabah, Labuan).
Taiwan	Separate customs territory of Taiwan, Penghu, Kinmen, Matsu.
India	Including Laccadive Island, Minicoy Island, Amindivi Island, Andaman and Nicobar Islands.
United Arab Emirates	Abu Dhabi, Dubai, Sharjah, Ajman, Umm al Qaiwain, Ras al Khaimah, Fujairah.
Morocco	Including Occidental Sahara.

Definition of regions

EU	Belgium, Denmark, Germany, Estonia, Finland, France, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Austria, Poland, Portugal, Sweden, Slovakia, Slovenia, Spain, Czech Republic, Hungary, United Kingdom, Cyprus; as of 2007, including Bulgaria, Romania.
Other European countries	Albania, Andorra, Belarus, Bosnia and Herzegovina, Faroe Islands, Holy See (Vatican City State), Iceland, Croatia, Macedonia, Moldova, Montenegro, Norway, offshore financial centres in Europe, Russian Federation, San Marino, Serbia, Turkey, Ukraine. Excluding the Principality of Liechtenstein, which is listed with Switzerland for statistical purposes.
Offshore financial centres in Europe	Gibraltar, Guernsey, Jersey, the Isle of Man.
North America	Comprises, in addition to the published countries: Greenland.
Asia	Comprises, in addition to the published countries: Afghanistan, Armenia, Azerbaijan, Bahrain, Bhutan, Brunei, Occupied Palestinian Territory, Georgia, Iraq, Iran, Yemen, Jordan, Cambodia, Kazakhstan, Qatar, Kyrgyzstan, Korea (Democratic People's Republic of; North Korea), Kuwait, Laos, Lebanon, Macao, Maldives, Mongolia, Myanmar, Nepal, Oman, Syria, Tajikistan, Timor-Leste, Turkmenistan, Uzbekistan.
Central and South America	Comprises, in addition to the published countries: Cuba, Dominican Republic, Falkland Islands, Guyana, Honduras, Haiti, Nicaragua, Paraguay, Suriname, El Salvador, Trinidad and Tobago; as of 2011, including Bonaire, Sint Eustatius and Saba, Jamaica, excluding Aruba.
Offshore financial centres in Central and South America	Virgin Islands (US), Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Virgin Islands (British), Curaçao, Dominica, Grenada, Cayman Islands, Montserrat, Panama, St Kitts and Nevis, Sint Maarten, Saint Lucia, St Vincent and the Grenadines, Turks and Caicos Islands; as of 2011, including Aruba, excluding Bonaire, Sint Eustatius and Saba, Jamaica.
Africa	Comprises, in addition to the published countries: Algeria, Angola, Equatorial Guinea, Ethiopia, Benin, Botswana, British Indian Ocean Territory, Burkina Faso, Burundi, Djibouti, Eritrea, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Cameroon, Cape Verde, Comoros, Congo, Congo (Democratic Republic of the), Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Rwanda, Zambia, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Zimbabwe, Somalia, St Helena, Sudan, Swaziland, Tanzania, Togo, Chad, Uganda, Central African Republic; as of 2011, including South Sudan.
Oceania (and Polar regions)	Comprises, in addition to the published countries: Antarctica, American Samoa, Bouvet Island, Cocos (Keeling) Islands, Cook Islands, Christmas Island, Fiji, Federated States of Micronesia, South Georgia and the South Sandwich Islands, Guam, Heard Island and McDonald Islands, Kiribati, Marshall Islands, Northern Mariana Islands, New Caledonia, Norfolk Island, Nauru, Niue, French Polynesia, Papua New Guinea, Pitcairn, Palau, Solomon Islands, French Southern Territories, Tokelau, Tonga, Tuvalu, US Minor Outlying Islands, Vanuatu, Wallis and Futuna, Samoa.

¹ The country and regional definitions correspond to those used by Eurostat. The country and regional definitions before 2007 are included in the documentation relating to the long time series, which can be found on the SNB website (www.snb.ch) under *Publications* (xls file).

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Explanation of symbols and notes

EXPLANATION OF SYMBOLS

—	Absolute zero.
.	Data confidential, not available or not applicable.
195	Figures in bold type show new or revised values.

NOTES

Rounding differences

Deviations between the totals and the sums of components are due to rounding.

Revision procedure

Annual revisions are conducted in connection with the publication of the Swiss balance of payments in August. In addition, direct investment flows and income are revised when the report on direct investment is published in December.

When the provisional data for the year under review are published in August, the figures for the previous period are generally also revised.

For these revisions, information supplied after the deadline and new data from secondary sources are taken into account; provisional estimates are revised or replaced.

If the new information relates to periods dating even further back, the older figures are also revised. Methodological modifications, new classifications and new sources – also for periods dating further back – are discussed in the explanatory notes of the publication in question.

Long time series

The balance of payments tables, including tables covering longer periods of time, are available on the SNB website in a format that can be processed electronically: www.snb.ch, *Statistics*, *Statistical Publications*, *Swiss Balance of Payments* (annual report).

1.1 Overview of the Swiss balance of payments¹

In CHF billions

	2008	2009	2010	2011	2012
	1	2	3	4	5
Current account					
Current account, net	11.9	58.5	84.4	52.5	66.3
Goods, net	15.1	16.4	13.2	14.4	15.5
Special trade, ² net	19.4	20.3	19.5	23.5	23.8
Receipts	206.3	180.5	193.5	197.9	200.6
Expenses	-186.9	-160.2	-174.0	-174.4	-176.8
Other trade, net	-4.3	-3.9	-6.3	-9.1	-8.3
Services, net	50.2	45.9	48.9	44.1	41.2
Tourism, net	3.8	3.5	3.7	3.1	2.0
Receipts	15.6	15.4	15.4	15.2	15.0
Expenses	-11.8	-11.8	-11.6	-12.1	-12.9
Bank financial services, net	18.5	15.7	14.7	13.4	13.5
Receipts	20.8	17.8	16.5	15.1	15.1
Expenses	-2.3	-2.1	-1.8	-1.7	-1.6
Other services, net	27.9	26.7	30.5	27.6	25.6
Labour and investment income, net	-39.4	9.2	34.7	5.7	21.6
Labour income, net	-13.2	-13.6	-15.0	-16.7	-18.0
Receipts	2.4	2.5	2.6	2.4	2.5
Expenses	-15.6	-16.2	-17.6	-19.1	-20.5
Investment income, net	-26.2	22.8	49.7	22.4	39.6
Receipts	89.5	96.8	120.0	89.7	114.0
Portfolio investment	35.6	28.9	30.0	29.2	30.1
Direct investment	7.1	52.4	75.3	43.8	66.4
Other investment	46.8	15.6	14.7	16.7	17.5
Expenses	-115.7	-74.0	-70.3	-67.2	-74.4
Portfolio investment	-21.4	-15.9	-17.9	-19.8	-21.4
Direct investment	-46.2	-39.7	-37.5	-33.9	-37.9
Other investment	-48.1	-18.4	-14.9	-13.5	-15.1
Current transfers, net	-14.0	-13.1	-12.4	-11.8	-11.9
Capital transfers					
Capital transfers, net	-3.8	-3.8	-4.6	-8.4	-1.9
Financial account					
Financial account, net	-7.9	-21.5	-106.3	-37.4	-96.8
Direct investment, net	-32.6	2.7	-49.2	-26.4	-27.1
Swiss direct investment abroad	-49.1	-28.7	-82.7	-47.6	-28.2
Equity capital	-48.6	-8.4	-22.1	-12.1	-15.2
Reinvested earnings	25.9	-27.6	-36.0	-7.8	-22.5
Other capital	-26.4	7.3	-24.6	-27.6	9.5
Foreign direct investment in Switzerland	16.5	31.4	33.5	21.2	1.1
Equity capital	-0.8	19.9	8.2	2.4	-15.8
Reinvested earnings	-1.4	26.0	10.5	11.9	11.3
Other capital	18.7	-14.5	14.8	7.0	5.7
Portfolio investment, net	-38.5	-32.1	31.0	-16.8	13.2
Swiss portfolio investment abroad	-71.3	-40.3	7.9	3.2	1.0
Debt securities	-67.4	-38.4	14.2	3.4	1.5
Bonds and notes	-70.7	-45.2	-5.1	5.8	2.8
Money market instruments	3.3	6.8	19.2	-2.4	-1.3
Equity securities	-4.0	-2.0	-6.3	-0.3	-0.4
Foreign portfolio investment in Switzerland	32.8	8.3	23.1	-20.0	12.2
Debt securities	6.0	-2.2	30.2	-26.2	-1.5
Bonds and notes	5.3	0.0	0.6	-4.3	-0.1
Money market instruments	0.6	-2.3	29.7	-21.9	-1.4
Equity securities	26.9	10.5	-7.1	6.2	13.7

	2008	2009	2010	2011	2012
	1	2	3	4	5

Financial account (continued)

Derivatives and structured products, net	7.4	2.5	1.3	4.5	5.0
Other investment, net	60.0	52.1	48.4	43.9	86.8
Commercial bank lending, net	62.8	43.2	13.6	49.0	57.6
Claims abroad	362.8	53.8	14.9	- 5.9	1.5
Claims against banks	336.6	32.1	30.5	- 2.3	19.0
Other claims	26.1	21.7	- 15.6	- 3.6	- 17.5
Liabilities abroad	- 299.9	- 10.6	- 1.3	54.9	56.1
Liabilities towards banks	- 346.1	- 119.4	- 13.6	20.6	- 3.6
Other liabilities	46.2	108.7	12.3	34.3	59.7
Corporate lending, ³ net	- 12.3	- 5.2	- 4.0	11.5	1.3
Claims abroad	3.0	- 8.0	- 14.5	16.3	- 2.1
Liabilities abroad	- 15.3	2.8	10.5	- 4.8	3.4
Government lending, net	5.4	0.0	0.1	- 0.7	- 0.3
Swiss National Bank lending, net	- 35.1	17.9	30.6	- 9.0	22.8
Other claims and liabilities abroad, net	39.2	- 3.9	8.0	- 6.9	5.4
Reserve assets, total	- 4.1	- 46.8	- 137.8	- 42.6	- 174.6

Net errors and omissions

Net errors and omissions	- 0.2	- 33.2	26.6	- 6.7	32.3
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¹ The minus sign (-) indicates a surplus of imports over exports in the current account, and an outflow 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.

2.1 Goods

In CHF millions

	2008	2009	2010	2011	2012	Year-on-year change in percent
	1	2	3	4	5	6
Special trade ¹						
Receipts	206 330	180 534	193 480	197 907	200 612	1.4
Expenses	186 884	160 187	173 991	174 388	176 781	1.4
Net	19 447	20 347	19 489	23 519	23 831	.
of which						
Electrical energy						
Receipts	5 456	4 714	5 060	5 687	6 026	6.0
Expenses	3 366	3 167	3 736	4 671	5 255	12.5
Net	2 090	1 547	1 323	1 016	771	.
Other trade ²						
Receipts	10 667	7 786	10 573	10 821	11 775	8.8
Expenses	15 005	11 687	16 883	19 937	20 100	0.8
Net	- 4 339	- 3 901	- 6 310	- 9 116	- 8 324	.
Total						
Receipts	216 997	188 320	204 053	208 728	212 388	1.8
Expenses	201 889	171 874	190 874	194 325	196 881	1.3
Net	15 108	16 446	13 179	14 403	15 507	.

¹ Excluding trade in precious metals, precious stones and gems as well as objets d'art and antiques, which are included in other trade. 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.

² As of 2002, processing of goods for foreign account, processing abroad for domestic account and returned goods have been included under special trade.

3.1 Services

In CHF millions

	2008	2009	2010	2011	2012	Year-on-year change in percent
	1	2	3	4	5	6
Tourism, total						
Receipts	15 598	15 377	15 356	15 185	14 984	- 1.3
Expenses	11 782	11 847	11 644	12 128	12 942	6.7
Net	3 816	3 530	3 712	3 058	2 042	.
Business and personal travel						
Receipts	10 584	10 134	10 493	10 433	10 222	- 2.0
Expenses	9 362	9 455	8 896	9 222	9 773	6.0
Net	1 222	679	1 596	1 211	448	.
Same-day travel, transit travel and other tourism						
Receipts	3 261	3 510	2 934	2 684	2 588	- 3.6
Expenses	2 396	2 367	2 722	2 880	3 139	9.0
Net	865	1 143	212	- 196	- 551	.
Consumption expenditure by foreign workers						
Receipts	1 753	1 733	1 929	2 069	2 174	5.1
Expenses	24	25	25	26	29	13.1
Net	1 728	1 708	1 904	2 043	2 145	.
Private insurance						
Receipts	6 435	6 068	5 167	5 110	5 509	7.8
Expenses	725	913	889	859	986	14.7
Net	5 710	5 155	4 278	4 250	4 524	.
Merchandising						
Receipts	14 225	14 422	19 827	19 746	19 100	- 3.3
Transportation, total						
Receipts	7 195	5 995	5 890	5 668	5 864	3.4
Expenses	4 542	4 144	4 228	3 970	4 362	9.9
Net	2 653	1 851	1 662	1 698	1 501	.
Passengers						
Receipts	3 364	2 736	2 998	3 040	3 260	7.2
Expenses	2 630	2 293	2 444	2 475	2 733	10.4
Net	734	443	554	565	527	.
Freight						
Receipts	1 214	961	1 040	1 025	1 060	3.4
Expenses ¹	—	—	—	—	—	.
Net	1 214	961	1 040	1 025	1 060	.
Other						
Receipts	2 617	2 298	1 853	1 604	1 544	- 3.7
Expenses	1 912	1 851	1 785	1 495	1 630	9.0
Net	706	447	68	108	- 86	.
Postal, courier and telecommunications services						
Receipts	1 329	1 443	1 495	1 216	736	- 39.5
Expenses	1 053	1 133	1 100	903	664	- 26.5
Net	276	310	395	314	72	.

3.1 Services (continued)

	2008	2009	2010	2011	2012	Year-on-year change in percent
	1	2	3	4	5	6
Other services, total						
Receipts	38 823	39 663	39 193	37 388	38 977	4.3
Expenses	15 280	19 007	20 165	22 329	25 031	12.1
Net	23 542	20 656	19 028	15 059	13 946	.
Bank financial services						
Receipts	20 808	17 794	16 502	15 112	15 079	- 0.2
Expenses	2 304	2 056	1 795	1 682	1 583	- 5.9
Net	18 504	15 738	14 708	13 429	13 495	.
Technological services						
Receipts	12 818	16 755	17 686	17 867	19 606	9.7
Expenses	11 547	16 052	17 575	19 989	22 798	14.1
Net	1 271	703	112	- 2 121	- 3 192	.
of which						
Licence and patent fees						
Receipts	12 334	16 237	17 256	17 454	19 191	10.0
Expenses	11 250	15 715	17 303	19 686	22 491	14.2
Net	1 084	522	- 48	- 2 232	- 3 300	.
Other services						
Receipts	5 197	5 115	5 004	4 409	4 293	- 2.6
Expenses	1 430	899	796	658	650	- 1.2
Net	3 767	4 216	4 208	3 752	3 643	.
Total						
Receipts	83 604	82 967	86 927	84 314	85 170	1.0
Expenses	33 382	37 043	38 025	40 189	43 984	9.4
Net	50 222	45 924	48 901	44 125	41 186	.

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

4.1 Labour and investment income

In CHF millions

	2008	2009	2010	2011	2012	Year-on-year change in percent
	1	2	3	4	5	6
Labour income						
Receipts	2 394	2 542	2 596	2 406	2 477	2.9
Expenses	15 632	16 182	17 561	19 120	20 491	7.2
Net	- 13 237	- 13 640	- 14 965	- 16 714	- 18 014	.
Investment income, total						
Receipts	89 489	96 806	119 976	89 666	113 952	27.1
Expenses	115 683	73 975	70 264	67 227	74 370	10.6
Net	- 26 194	22 831	49 712	22 439	39 582	.
Portfolio investment						
Receipts	35 557	28 857	30 038	29 232	30 087	2.9
Expenses	21 433	15 887	17 923	19 833	21 385	7.8
Net	14 124	12 970	12 115	9 399	8 703	.
Direct investment						
Receipts	7 099	52 384	75 279	43 783	66 381	51.6
Expenses	46 169	39 714	37 481	33 897	37 892	11.8
Net	- 39 071	12 670	37 798	9 886	28 490	.
Other investment						
Receipts	46 834	15 565	14 658	16 651	17 484	5.0
Expenses	48 081	18 374	14 860	13 497	15 094	11.8
Net	- 1 248	- 2 809	- 201	3 154	2 390	.
of which						
Banks' interest business, adjusted for FISIM ¹						
Receipts	35 002	8 033	5 059	4 740	4 348	- 8.3
Expenses	36 961	9 209	5 971	5 211	5 707	9.5
Net	- 1 959	- 1 175	- 912	- 471	- 1 359	.
Memorandum item: banks' interest business, not adjusted for FISIM ¹						
Receipts	37 548	9 945	6 568	6 220	5 876	- 5.5
Expenses	35 378	6 293	3 248	2 567	2 513	- 2.1
Net	2 170	3 651	3 320	3 653	3 363	.
Total						
Receipts	91 884	99 348	122 572	92 072	116 429	26.5
Expenses	131 315	90 156	87 825	86 347	94 861	9.9
Net	- 39 431	9 192	34 747	5 726	21 568	.

¹ FISIM (Financial Intermediation Services Indirectly Measured): bank financial services settled indirectly via interest rates. FISIM are stated under bank financial services, together with bank commissions.

5.1 Current transfers

In CHF millions

	2008	2009	2010	2011	2012	Year-on-year change in percent
	1	2	3	4	5	6
Private transfers, total						
Receipts	25 856	23 680	20 402	21 889	22 824	4.3
Expenses	36 554	33 484	29 514	30 033	31 191	3.9
of which						
immigrants' remittances	5 075	5 351	5 615	6 057	6 324	4.4
Net	- 10 698	- 9 804	- 9 113	- 8 144	- 8 368	.
Public transfers, total						
Receipts	4 640	5 114	5 487	5 695	5 914	3.8
Expenses	7 976	8 387	8 794	9 338	9 462	1.3
Net	- 3 336	- 3 273	- 3 307	- 3 643	- 3 548	.
Social security						
Receipts	1 670	1 990	2 256	2 411	2 598	7.8
Expenses	5 066	5 416	5 618	5 865	5 866	0.0
Net	- 3 396	- 3 427	- 3 363	- 3 454	- 3 267	.
General government						
Receipts	2 970	3 124	3 231	3 284	3 316	1.0
Expenses	2 910	2 970	3 175	3 473	3 597	3.6
Net	61	154	56	- 189	- 281	.
Total						
Receipts	30 496	28 794	25 889	27 584	28 738	4.2
Expenses	44 530	41 871	38 308	39 371	40 654	3.3
Net	- 14 033	- 13 077	- 12 419	- 11 787	- 11 916	.

6.1 Swiss direct investment abroad – by economic activity¹

Capital outflows^{2,3,4}

In CHF millions

	2008	2009	2010	2011	2012
	1	2	3	4	5
Manufacturing	28 320	10 495	7 283	22 958	25 383
Textiles and clothing ^{5,6}	38	- 3 145	- 7 134	115	713
Chemicals and plastics	6 022	1 632	- 1 855	16 249	12 471
Metals and machinery	4 186	374	- 248	- 8 143	2 629
Electronics, energy, optical and watchmaking	9 053	6 384	9 364	5 064	5 170
Other manufacturing and construction ⁷	9 022	5 250	7 156	9 672	4 400
Services	20 780	18 209	75 447	24 598	2 833
Trade	6 445	11 617	13 062	7 728	- 264
Finance and holding companies	20 701	- 5 726	42 409	1 433	- 8 705
of which					
Swiss-controlled ⁸	14 912	- 6 853	965	904	- 3 397
foreign-controlled ⁹	5 789	1 127	41 444	530	- 5 308
Banks	1 095	3 310	4 535	1 405	5 181
Insurance companies	- 7 994	6 374	13 306	11 701	4 515
Transportation and communications ¹⁰	955	214	500	786	1 738
Other services ¹¹	- 423	2 421	1 635	1 546	367
Total	49 100	28 703	82 730	47 556	28 216
Total excluding foreign-controlled finance and holding companies⁹	43 312	27 576	41 286	47 027	33 523

¹ The breakdown by sector and by economic activity refers to the company's core business in Switzerland.

Until 2003, classification according to the General Classification of Economic Activities, ASWZ 1985 (*Allgemeine Systematik der Wirtschaftszweige*); from 2004 onwards, classification according to the General Classification of Economic Activities, NOGA 2002 (*Nomenclature générale des activités économiques*).

² The minus (-) indicates a return flow of capital into Switzerland (disinvestment).

³ Expansion of the reporting population in 1993 and 2004.

⁴ Until 1985, excluding banks.

⁵ Until 1992, in other manufacturing and construction.

⁶ Expansion of the reporting population in 2003.

⁷ Until 1992, including textiles and clothing.

⁸ A company is considered to be Swiss-controlled if a majority share of its capital is either in the hands of resident direct investors or is in free float.

⁹ A company is considered to be a foreign-controlled enterprise if a majority share of its capital is in the hands of non-resident direct investors.

¹⁰ Until 1992, in other services.

¹¹ Until 1992, including transportation and communications.

6.2 Swiss direct investment abroad – by country¹

Capital outflows^{2, 3, 4}

In CHF millions

	2008	2009	2010	2011	2012
	1	2	3	4	5
Europe	26 728	4 926	22 168	9 180	12 398
EU ⁵	16 199	9 736	20 228	8 715	10 465
Other European countries ⁶	10 530	- 4 810	1 940	465	1 934
Selected countries					
Baltic countries ⁷	- 7	42	35	- 6	92
Belgium	292	- 1 592	1 378	2 707	2 007
Bulgaria	- 9	- 146	102	9	8
Denmark	- 842	- 23	7	234	155
Germany	5 392	4 378	3 171	6 548	- 754
Finland	664	433	137	346	193
France ⁸	3 083	- 68	4 338	767	- 3 478
Greece	672	- 781	- 528	- 698	149
Ireland	- 3 782	51	2 414	- 1 620	570
Italy	919	- 699	- 160	- 1 118	520
Croatia	178	37	- 43	164	- 36
Luxembourg	14 718	- 4 921	41	- 2 317	- 5 519
Netherlands	4 641	6 056	3 614	592	- 14 672
Norway	303	147	116	243	348
Austria	- 2 763	703	- 296	231	1 280
Poland	329	290	- 262	399	135
Portugal	- 44	- 157	186	22	36
Romania	468	- 126	311	566	72
Russian Federation	456	- 744	1 134	2 310	1 189
Sweden	2 182	721	1 347	1 329	1 134
Slovakia	23	49	22	21	16
Spain	- 313	1 239	308	690	- 1 130
Czech Republic	124	226	164	12	194
Turkey	474	37	37	197	- 32
Ukraine	465	348	305	467	244
Hungary	189	- 253	- 243	2 757	1 863
United Kingdom ⁹	- 11 679	5 856	7 258	- 2 842	27 810
Offshore financial centres ¹⁰	8 529	- 4 374	235	- 3 152	716
North America	26 352	8 648	23 015	11 765	- 3 017
Canada	- 2 692	3 321	- 997	463	1 909
United States	29 044	5 327	24 013	11 302	- 4 926
Central and South America	- 10 574	6 250	27 967	4 059	11 466
of which					
Argentina	192	507	- 505	1 575	90
Bolivia	0	36	- 43	121	- 45
Brazil	778	154	8 319	1 256	3 837
Chile	437	174	204	361	266
Costa Rica	124	33	- 411	45	287
Ecuador	- 64	19	- 38	40	124
Guatemala	- 27	18	83	- 49	- 22
Colombia	53	221	207	- 343	177
Mexico	398	- 574	3 334	295	787
Peru	358	347	1	237	53
Uruguay	323	- 175	197	291	847
Venezuela	315	399	144	381	454
Offshore financial centres ¹¹	- 13 493	4 511	15 754	- 91	4 605

2008	2009	2010	2011	2012
1	2	3	4	5

Asia	- 232	8 199	8 675	16 769	11 492
of which					
Bangladesh	65	10	- 3	18	17
China	1 401	1 202	1 824	5 365	2 219
Hong Kong	63	826	451	469	3 538
India	1 207	877	1 839	714	710
Indonesia	643	318	722	- 221	481
Israel	358	178	400	- 63	83
Japan	1 371	1 945	317	2 934	406
Korea, Republic of (South Korea)	839	638	277	95	444
Malaysia	95	87	140	160	1 527
Pakistan	42	329	15	33	50
Philippines	11	79	272	58	1 082
Saudi Arabia	479	124	- 91	301	179
Singapore	- 16 376	1 464	2 388	2 138	4 551
Sri Lanka	12	2	25	24	16
Taiwan	111	122	69	307	289
Thailand	5	70	344	218	470
United Arab Emirates	7 967	- 809	- 1 757	3 752	- 4 014
Viet Nam	158	8	20	75	65
Africa	3 797	920	1 618	1 126	274
of which					
Egypt	171	51	202	- 148	- 24
Côte d'Ivoire	3	114	118	17	41
Kenya	5	- 9	- 175	35	22
Morocco	63	108	58	37	- 25
Nigeria	59	62	70	31	66
South Africa	3 739	- 245	127	198	132
Tunisia	7	28	10	37	6
Oceania	3 030	- 240	- 714	4 657	- 4 398
of which					
Australia	2 870	- 121	- 650	4 537	- 4 353
New Zealand	178	- 8	- 70	86	- 8
All countries	49 100	28 703	82 730	47 556	28 216

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 1985, excluding banks.

⁵ Until 1994, EU12; as of 1995, EU15; as of 2004, EU25; as of 2007, EU27.

⁶ Until 1994, including Finland, Austria and Sweden; as of 2000, including Guernsey, Jersey and the Isle of Man, excluding Monaco; until 2003, including Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; until 2006, including Bulgaria and Romania.

⁷ Estonia, Latvia and Lithuania.

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

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

¹⁰ Gibraltar, Guernsey, Jersey and the Isle of Man.

¹¹ Anguilla, Bahamas, Barbados, Bermuda, Virgin Islands (British), Curaçao, Cayman Islands, Montserrat, Panama, St Kitts and Nevis, Sint Maarten; as of 2000, including Virgin Islands (US), Antigua and Barbuda, Belize, Dominica, Grenada, Saint Lucia, St Vincent and the Grenadines, Turks and Caicos Islands; as of 2011, including Aruba, excluding Bonaire, Sint Eustatius and Saba, Jamaica.

7.1 Foreign direct investment in Switzerland – by economic activity¹

Capital inflows^{2,3}

In CHF millions

	2008	2009	2010	2011	2012
	1	2	3	4	5
Manufacturing	2 518	9 503	- 1 052	- 6 595	1 465
Chemicals and plastics	944	2 883	2 416	1 874	180
Metals and machinery	1 041	754	- 261	- 7 645	788
Electronics, energy, optical and watchmaking	- 705	3 972	- 1 588	- 699	502
Other manufacturing and construction	1 238	1 894	- 1 620	- 125	- 5
Services	13 958	21 935	34 586	27 799	- 361
Trade	- 5 319	4 139	10 871	10 926	4 141
Finance and holding companies	14 723	15 793	21 986	17 581	- 8 189
Banks ⁴	2 518	2 287	310	853	- 810
Insurance companies	1 267	1 288	1 299	- 1 365	199
Transportation and communications ⁵	- 187	- 521	- 33	348	5 408
Other services ⁶	957	- 1 051	154	- 545	- 1 110
Total	16 476	31 437	33 534	21 204	1 104

¹ The breakdown by sector and by economic activity refers to the company's core business in Switzerland. Until 2003, classification according to the General Classification of Economic Activities, ASWZ 1985 (*Allgemeine Systematik der Wirtschaftszweige*); from 2004 onwards, classification according to the General Classification of Economic Activities, NOGA 2002 (*Nomenclature générale des activités économiques*).

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

³ Expansion of the reporting population in 1993 and 2004.

⁴ Source until 1992: SNB banking statistics.

⁵ Until 1992, in other services.

⁶ Until 1992, including transportation and communications.

7.2 Foreign direct investment in Switzerland – by country¹

Capital inflows^{2,3}

In CHF millions

	2008	2009	2010	2011	2012
	1	2	3	4	5
Europe	- 9 604	79 371	12 533	- 5 972	801
EU ⁴	- 8 442	78 587	13 639	- 10 612	10 627
Other European countries ⁵	- 1 162	783	- 1 106	4 640	- 9 827
Selected countries					
Belgium	- 2 289	- 3 408	1 444	111	- 3 028
Denmark	511	- 395	- 4 627	- 1 189	- 1 525
Germany	180	1 311	- 3 368	1 296	- 423
France ⁶	- 2 925	3 761	3 659	- 4 952	3 960
Italy	1 191	- 144	- 915	- 1 273	140
Luxembourg	4 011	23 353	11 404	- 4 843	- 730
Netherlands	- 16 151	34 381	2 153	2 856	6 715
Austria	7 539	7 132	1 645	2 477	- 497
Sweden	666	1 527	- 677	208	- 409
Spain	74	- 745	1 185	- 1 397	- 114
United Kingdom ⁷	- 3 947	6 743	- 470	- 10 311	- 1 223
North America	21 168	- 36 251	- 2 044	10 838	182
Canada	- 661	- 125	- 28	- 48	- 152
United States	21 829	- 36 126	- 2 016	10 886	332
Central and South America	5 143	- 10 964	22 122	4 321	- 334
of which					
Offshore financial centres ⁸	5 134	- 7 126	8 010	- 670	21
Asia, Africa and Oceania	- 231	- 718	924	12 017	455
of which					
Israel	34	21	36	1 289	- 1 231
Japan	- 498	87	198	2 358	156
All countries	16 476	31 437	33 534	21 204	1 104

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

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

³ Expansion of the reporting population in 2004.

⁴ Until 1994, EU12; as of 1995, EU15; as of 2004, EU25; as of 2007, EU27.

⁵ Until 1994, including Finland, Austria and Sweden; as of 2000, including Guernsey, Jersey and the Isle of Man, excluding Monaco; until 2003, including Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary and Cyprus; until 2006, including Bulgaria and Romania.

⁶ As of 2000, including Monaco, Réunion, French Guiana, Guadeloupe and Martinique.

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

⁸ Virgin Islands (US), Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Virgin Islands (British), Curaçao, Dominica, Grenada, Cayman Islands, Montserrat, Panama, St Kitts and Nevis, St Lucia, Sint Maarten, St Vincent and the Grenadines, Turks and Caicos Islands; as of 2011, including Aruba, excluding Bonaire, Sint Eustatius and Saba, Jamaica.

8.1 Portfolio investment – breakdown by securities¹

In CHF millions

	2008	2009	2010	2011	2012
	1	2	3	4	5
Swiss portfolio investment abroad	- 71 345	- 40 340	7 907	3 180	1 031
Debt securities	- 67 369	- 38 384	14 165	3 441	1 476
Bonds and notes	- 70 692	- 45 220	- 5 055	5 797	2 751
Money market instruments	3 324	6 836	19 221	- 2 356	- 1 275
Equity securities	- 3 976	- 1 956	- 6 258	- 261	- 445
Shares	- 19 323	- 8 636	- 5 082	- 4 756	- 3 866
Collective investment schemes	15 347	6 680	- 1 176	4 495	3 421
Foreign portfolio investment in Switzerland	32 832	8 275	23 065	- 19 982	12 154
Debt securities	5 958	- 2 231	30 213	- 26 219	- 1 525
Bonds and notes	5 347	44	561	- 4 327	- 79
Public sector	2 334	- 2 471	110	- 728	- 51
Other	3 013	2 515	451	- 3 599	- 28
Money market instruments	611	- 2 275	29 653	- 21 891	- 1 447
Equity securities	26 874	10 506	- 7 148	6 237	13 679
Shares	12 413	8 873	- 7 593	575	11 902
Collective investment schemes	14 461	1 633	445	5 662	1 777
Net	- 38 513	- 32 066	30 972	- 16 802	13 185

¹ The minus sign (-) indicates an outflow of capital.

8.2 Portfolio investment – breakdown by currency¹

In CHF millions

	2008	2009	2010	2011	2012
	1	2	3	4	5
Swiss portfolio investment abroad	- 71 345	- 40 340	7 907	3 180	1 031
Debt securities	- 67 369	- 38 384	14 165	3 441	1 476
CHF	- 11 428	- 27 270	- 3 319	15 702	12 445
EUR	- 33 598	- 8 758	20 735	3 377	18 098
USD	- 18 469	- 3 163	9 659	- 5 394	- 25 538
Other currencies	- 3 866	799	- 12 907	- 10 246	- 3 531
Equity securities	- 3 976	- 1 956	- 6 258	- 261	- 445
CHF	5 393	5 691	31	2 096	- 845
EUR	3 952	- 6 524	713	3 327	4 528
USD	- 6 091	559	- 3 268	- 2 687	542
Other currencies	- 7 226	- 1 687	- 3 724	- 3 004	- 4 666
Foreign portfolio investment in Switzerland	32 832	8 275	23 065	- 19 982	12 154
Debt securities	5 958	- 2 231	30 213	- 26 219	- 1 525
CHF	4 101	- 3 645	30 836	- 27 103	- 1 564
EUR	1 548	158	1 612	1 546	- 411
USD	2 452	- 30	- 2 143	- 193	117
Other currencies	- 2 143	1 278	- 94	- 468	336
Equity securities	26 874	10 506	- 7 148	6 237	13 679
CHF	14 132	6 153	- 7 775	1 133	10 881
EUR	7 563	192	- 2 366	610	- 1 265
USD	4 742	3 538	2 288	4 484	4 090
Other currencies	437	620	706	4	- 23
Net	- 38 513	- 32 066	30 972	- 16 802	13 185

¹ The minus sign (-) indicates an outflow of capital.

9.1 Commercial bank lending – breakdown by currency¹

In CHF millions

	2008	2009	2010	2011	2012
	1	2	3	4	5
Claims abroad	362 780	53 826	14 918	- 5 909	1 463
CHF	17 683	7 169	1 383	- 9 657	17 165
USD	116 832	- 4 555	18 779	- 45 661	- 17 513
EUR	28 541	- 18 139	4 057	- 12 281	- 1 280
Other currencies	191 353	70 796	- 9 669	63 221	- 184
All currencies	354 408	55 272	14 550	- 4 378	- 1 812
Precious metals	8 371	- 1 446	368	- 1 531	3 276
Liabilities abroad	- 299 949	- 10 645	- 1 271	54 935	56 137
CHF	- 5 679	2 834	18 213	54 915	49 695
USD	- 134 639	- 2 202	- 6 477	42 609	- 4 513
EUR	3 195	6 355	- 11 962	- 11 585	9 944
Other currencies	- 154 984	- 18 821	- 1 808	- 30 889	- 1 552
All currencies	- 292 106	- 11 834	- 2 034	55 049	53 574
Precious metals	- 7 843	1 190	764	- 114	2 563
Net	62 831	43 181	13 647	49 026	57 601
CHF	12 004	10 003	19 596	45 258	66 860
USD	- 17 807	- 6 757	12 302	- 3 053	- 22 027
EUR	31 737	- 11 783	- 7 905	- 23 866	8 664
Other currencies	36 369	51 975	- 11 477	32 332	- 1 736
All currencies	62 302	43 438	12 515	50 671	51 762
Precious metals	529	- 256	1 132	- 1 645	5 839

¹ The minus sign (-) indicates an outflow of capital.

10.1 Corporate lending – breakdown by economic activity^{1, 2, 3}

In CHF millions

	2008	2009	2010	2011	2012
	1	2	3	4	5
Claims abroad	3 010	- 7 953	- 14 542	16 290	- 2 086
Manufacturing	- 1 611	2 486	- 783	- 150	698
Chemicals and plastics	- 255	954	- 356	- 165	1 013
Metals and machinery	190	412	- 66	591	- 59
Electronics, energy, optical and watchmaking	- 1 580	1 484	- 792	- 731	180
Other manufacturing and construction	34	- 365	430	154	- 436
Services	4 621	- 10 439	- 13 758	16 440	- 2 784
Trade	3 211	- 6 137	- 3 110	- 353	2 282
Finance and holding companies	- 4 635	- 1 437	- 10 255	15 004	- 4 326
Insurance companies	4 741	- 3 457	- 388	1 216	- 914
Transportation and communications	- 134	475	- 353	180	5
Other services	1 438	118	347	393	168
Liabilities abroad	- 15 303	2 795	10 547	- 4 785	3 381
Manufacturing	4 281	- 3 892	- 6 764	3 218	- 1 329
Chemicals and plastics	65	- 1 557	1 307	212	- 504
Metals and machinery	1 342	- 109	- 1 058	- 745	- 1 591
Electronics, energy, optical and watchmaking	1 588	- 1 172	- 261	902	- 47
Other manufacturing and construction	1 286	- 1 055	- 6 752	2 849	813
Services	- 19 583	6 688	17 311	- 8 003	4 710
Trade	- 8 622	7 568	6 795	7 698	- 4 300
Finance and holding companies	6 456	1 876	7 136	- 11 511	5 829
Insurance companies	- 16 197	1 923	5 011	- 3 095	3 469
Transportation and communications	- 1 222	- 4 530	- 1 605	- 864	65
Other services	2	- 150	- 25	- 231	- 353
Net	- 12 293	- 5 158	- 3 995	11 505	1 295
Manufacturing	2 669	- 1 407	- 7 548	3 068	- 631
Services	- 14 962	- 3 751	3 553	8 437	1 926

¹ The breakdown by sector and economic activity refers to the company's core business in Switzerland. Until 2003, classification according to the General Classification of Economic Activities, ASWZ 1985 (*Allgemeine Systematik der Wirtschaftszweige*); from 2004 onwards, classification according to the General Classification of Economic Activities, NOGA 2002 (*Nomenclature générale des activités économiques*).

² Excluding intragroup lending, which is shown under direct investment.

³ The minus sign (-) indicates an outflow of capital.

Further information on the balance of payments and special topics

The SNB website provides additional information on the balance of payments at www.snb.ch, *Statistics, Statistical publications*.

The tables from the *Swiss Balance of Payments* report are available in an electronically processable format and for longer time series from the same webpage, via *Swiss Balance of Payments (annual report)*. The special topics from earlier editions of the *Balance of Payments* report are also available in the archive.¹ The table below provides an overview of all topics covered since 2002.

The SNB provides further data on the balance of payments in two additional publications, which can be found in PDF format on the SNB website at www.snb.ch, *Statistics, Statistical publications*. The *Swiss Balance of Payments (quarterly estimates)* is published every three months after the end of each quarter. The *Monthly Statistical Bulletin* (the version reproduced on the SNB website) contains the latest data on the balance of payments. Long time series are available in electronic form for both publications.

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2005	Current account and savings surplus in the economy as a whole
2006	What are the factors behind the recent rise in the current account surplus?
2010	Long-term movements in the trade account
2011	Merchanting in Switzerland
2012	The importance of the financial centre for the current account Aligning the balance of payments, international investment position and direct investment statistics with new international statistical standards and with the bilateral agreement on statistics between Switzerland and the European Union

¹ Archive URL: www.snb.ch/en/i/about/stat/statpub/bop/id/statpub_bop_hist.

Published by

Swiss National Bank
Statistics
CH-8022 Zurich
Telephone +41 44 631 31 11

Further information

bop@snb.ch

Languages

German, French and English.

Design

Interbrand Ltd, Zurich

Printed by

Neidhart + Schön AG, Zurich

Date of publication

August 2013

ISSN 1661-1519 (printed version)

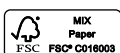
ISSN 1661-1527 (online version)

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