Direct Investment
2014

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Direct Investment
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Contents

Summary

CHANGES

The 2014 *Direct Investment* report reflects extensive presentational, survey-related and methodological changes to the direct investment statistics.

As in the past, the text will be available both in printed form and on the Swiss National Bank (SNB) website. The detailed tables as well as the notes on the methodological and statistical basis, which were previously presented in the report's appendix, will now be published on the SNB's new data portal https://data.snb.ch. The data can be accessed there using interactive web tables. The tables have also been expanded in the context of this changeover. For instance, capital stocks and investment income will now also be broken down by capital type.

For the first time, the 2014 direct investment statistics will contain the results of the revised surveys on cross-border capital linkages.[1] The new surveys included companies that had not previously been covered, resulting in a considerable increase, particularly in domestic capital stocks.[2] The introduction of the new survey also coincided with the changeover to the OECD's new international standards on direct investment statistics (*Benchmark Definition of Foreign Direct Investment*, 4th Edition) and the IMF's standards on the balance of payments and international investment position (*Balance of Payments and International Investment Position Manual*, 6th Edition).[3] These changes significantly affect direct investment data, especially the capital stocks and staff numbers associated with direct investment abroad.

For direct investment abroad, capital stocks will now only be reported in countries where there are subsidiaries that are directly owned by companies in Switzerland. Up to now, in cases of a chain of participations spread over several countries, capital stocks were shown in each of the countries in which the individual subsidiaries were located. This change makes it easier to compare capital stocks with transactions to which the principle of directly owned subsidiaries already applied. As a result of this change, there are higher capital stocks in countries with numerous intermediate companies, and lower capital stocks in countries with indirectly owned subsidiaries. Equity capital stocks are lower in the total for all countries. This is most likely due to differences in the way directly and indirectly owned subsidiaries are valued on individual groups' balance sheets.

The number of staff employed by Swiss subsidiaries abroad will continue to include both direct and indirect subsidiaries. However, the system for determining these numbers will be aligned with standard international methodology, and the standard table will only include subsidiaries abroad that are owned by Swiss-controlled groups. The data no longer include the staff numbers of subsidiaries abroad that are owned by Swiss-domiciled, but foreign-controlled groups. As the latter account for a significant portion of people employed abroad, this change causes the number of staff abroad to fall considerably.

Capital transactions and investment income have not been significantly affected by the introduction of the new surveys.

As a result of the changeover, the direct investment statistics are temporarily only available for the period 2004 to 2014. In future, however, time series starting from 1985 will once again be available.

DIRECT INVESTMENT 2014

With respect to Swiss direct investment abroad, companies in Switzerland withdrew capital of CHF 3 billion from their subsidiaries abroad in 2014, where they had invested CHF 36 billion the year before. This development was attributable to the services sector: with the exception of insurance companies as well as finance and holding companies, service-sector industries – most notably the trade category – withdrew funds from abroad. Unlike the services sector, manufacturing, first and foremost the chemicals and plastics category, invested more than in 2013. The latter was also the category with the highest direct investment abroad (CHF 15 billion).

In the year under review, Asia was the most important regional destination for Swiss direct investment, accounting for CHF 10 billion. Swiss companies invested CHF 6 billion in the EU, but withdrew CHF 9 billion from their subsidiaries in the rest of Europe. Outflows were also reported in North America, Central and South America (CHF 4 billion in both cases) and Oceania (CHF 2 billion).

At the end of 2014, stocks of direct investment abroad stood at CHF 1,056 billion, of which CHF 951 billion (90%) was equity capital and CHF 105 billion (10%) was intragroup lending. At CHF 363 billion, the category with the highest capital stocks abroad was finance and holding companies.

By comparison with other countries, Switzerland has high levels of direct investment abroad. Measured in capital stocks, Switzerland is one of the world's largest direct investors (source: IMF, http://cdis.imf.org). The reasons for this include the fact that numerous headquarters of

1 Further information on the new surveys can be found online at www.snb.ch, *Statistics, Revision of financial account surveys (investmentBOP)*.
2 Cf. special topic, p. 17.
3 Cf. *Direct Investment* report, 2013, 'Outlook: Aligning the direct investment statistics with international statistical standards', p. 36.

large multinationals are located in the country and also that Switzerland is attractive as a location for foreign-controlled holding companies. The countries whose direct investment exceeds even that of Switzerland are the US, the UK, France and Germany, as well as two other holding locations, the Netherlands and Luxembourg.

Income from direct investment abroad amounted to CHF 82 billion, CHF 25 billion more than in the previous year. This increase was due in particular to higher income from foreign subsidiaries in manufacturing, whose investment income almost doubled compared to the prior year.

Compared to 2013, foreign direct investment in Switzerland rose from CHF 1 billion to CHF 6 billion, thanks to the services sector. In particular finance and holding companies, as well as banks, invested significantly more in subsidiaries in Switzerland. Investments in manufacturing companies, on the other hand, declined.

At the end of 2014, stocks of foreign direct investment in Switzerland amounted to CHF 756 billion, of which CHF 735 billion (97%) was equity capital and CHF 21 billion (3%) was intragroup lending. A breakdown by immediate investor shows that 79% of the capital stocks originate from investors in Europe and 13% from investors in the US. A breakdown by ultimate beneficial owner, however, reveals that investors from Europe only owned 45% of the capital stocks and investors from the US, 40%. Investment income from foreign direct investment in Switzerland rose from CHF 31 billion to CHF 64 billion. This was due to higher income from foreign subsidiaries in the services sector, specifically the categories finance and holding companies, and trade.

In their subsidiaries abroad, Swiss companies employed a total of 1,962,000 members of staff, of which 835,000 (43%) were in Europe and 528,000 (27%) were in Asia. In Switzerland, a total of 455,000 people were employed in foreign-controlled companies in 2014.[4] This corresponded to 11% of the total number of individuals employed in the manufacturing and services sectors in Switzerland,[5] which amounted to 4,267,000 employees at the end of 2014.

4 Staff numbers in these companies are determined by the SNB in cooperation with the Swiss Federal Statistical Office (SFSO), Neuchâtel, and by the Office of Economic Affairs, Vaduz.
5 Sources: Employment statistics published by the SFSO, Neuchâtel, and by the Office of Economic Affairs, Vaduz.

Table 1

DIRECT INVESTMENT 2014: OVERVIEW

		2013	2014
Swiss direct investment abroad			
Capital transactions	in CHF billions	35.7	–3.0
Capital stocks	in CHF billions	1 064.4	1 056.3
Investment income	in CHF billions	56.8	82.5
Foreign direct investment in Switzerland			
Capital transactions	in CHF billions	0.6	6.1
Capital stocks	in CHF billions	697.7	755.8
Investment income	in CHF billions	31.3	64.3
Operational data on Swiss subsidiaries abroad			
Number of staff	in thousands	1 991.3	1 962.6
Operational data on foreign subsidiaries in Switzerland			
Number of staff[1]	in thousands	437.9	455.4

1 Including companies not covered by the survey on direct investments since they are below the reporting limit.

Source: SNB

Swiss direct investment abroad

CAPITAL TRANSACTIONS

The year under review saw disinvestment for direct investment abroad. Companies in Switzerland withdrew capital of CHF 3 billion from abroad, where they had invested CHF 36 billion the year before. Swiss direct investment thus followed a global pattern of declining direct investment.[1]

Disinvestment affected equity capital in particular. This position saw repatriation of funds into Switzerland amounting to CHF 37 billion (2013: investment of CHF 8 billion), however this figure can largely be put down to the sale of participations associated with group reorganisations. Retained profits (reinvested earnings) rose by CHF 8 billion to CHF 31 billion. Loans recorded a capital outflow of CHF 3 billion, with companies in Switzerland granting net loans to related companies abroad for this amount.

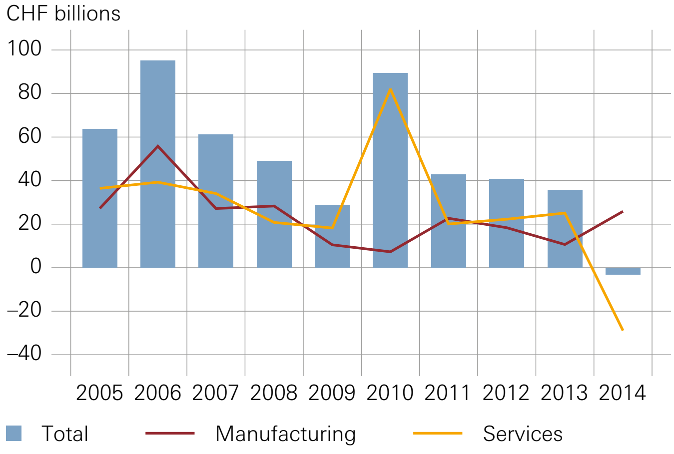
Looking at the direct investment activity of the various sectors, a mixed picture emerges. The services sector recorded disinvestment of CHF 29 billion after having posted investment of CHF 25 billion in the previous year. Insurance companies invested CHF 7 billion abroad, however this figure was exceeded by the amounts repatriated by other service industries. In the trade category repatriation amounted to CHF 25 billion, in banks it was CHF 7 billion and in the other services category it came to CHF 6 billion. By contrast, manufacturing invested CHF 26 billion, considerably more than in 2013 (CHF 11 billion). The largest portion of this was accounted for by the chemicals and plastics category, at CHF 15 billion, followed by the electronics, energy, optical and watchmaking category, at CHF 6 billion.

In the year under review, Asia was the most important regional destination for Swiss direct investment, accounting for CHF 10 billion. China and Hong Kong were the most important individual destinations, together accounting for CHF 4 billion, followed by Indonesia, with CHF 2 billion, and the United Arab Emirates, with CHF 1 billion. Swiss companies invested CHF 6 billion in the EU. These funds flowed first and foremost to the holding location of the Netherlands (CHF 10 billion). However, Luxembourg (CHF 3 billion), Germany (CHF 2 billion) and Italy (CHF 1 billion) were also favoured by investors. By contrast, Swiss investors withdrew CHF 9 billion from the UK.

Chart 1

DIRECT INVESTMENT ABROAD

Capital transactions



Source: SNB

Outside the EU and Asia, disinvestment predominated. This amounted to CHF 9 billion in the rest of Europe, with repatriation of funds from European offshore financial centres (CHF 11 billion) being decisive. Disinvestment of CHF 4 billion occurred in North America, where the high repatriation of funds from the US in the form of equity capital played a particularly important role. Central and South America also recorded a repatriation of funds (CHF 4 billion); here, Mexico, in particular, was affected. By contrast, Swiss companies invested CHF 2 billion in subsidiaries in Brazil.

1 Cf. UNCTAD, World Investment Report 2015.

CAPITAL STOCKS

Stocks of direct investment abroad amounted to CHF 1,056 billion. The difference with respect to 2013 primarily arose due to the introduction of new surveys, which now only report capital stocks in countries where subsidiaries are directly owned by companies in Switzerland. Capital stocks was broken down into CHF 951 billion of equity capital and CHF 105 billion of intragroup lending.

Capital stocks in the manufacturing sector abroad totalled CHF 382 billion. Within manufacturing, the chemicals and plastics category had the largest capital stocks abroad, at CHF 173 billion, followed by other manufacturing and construction, at CHF 105 billion, the electronics, optical and watchmaking category, at CHF 63 billion, and metals and machinery, at CHF 39 billion.

Capital stocks in the services sector abroad (excluding finance and holding companies) totalled CHF 311 billion. Of this, CHF 112 billion were accounted for by the trade category, followed by banks, with CHF 84 billion. Both the decline in capital stocks for insurance companies (CHF 72 billion compared with CHF 128 billion in 2013) and the significant increase in capital stocks for the transportation and communications category (CHF 24 billion compared with CHF 10 billion in 2013) were mainly due to statistical effects.

Financial and holding companies' capital stocks in subsidiaries abroad amounted to CHF 363 billion. The share of financial and holding companies is decreasing, having fallen from 40% to 34% since 2010. Some of the financial and holding companies can be categorised as Special Purpose Entities (SPEs)[2] whose capital stocks abroad were determined in 2014, for the first time, and amounted to CHF 78 billion or approximately 20% of the total stocks of financial and holding companies. It should be noted, however, that the share of SPEs in Swiss direct investment statistics tends to be underestimated. This is because direct investment in Switzerland is surveyed at group level. If an SPE is part of a group to which other companies with significant domestic economic activity belong, the SPE cannot be surveyed individually. In such cases, direct investment by the SPE will be included under the industry to which the group controlling the SPE belongs.

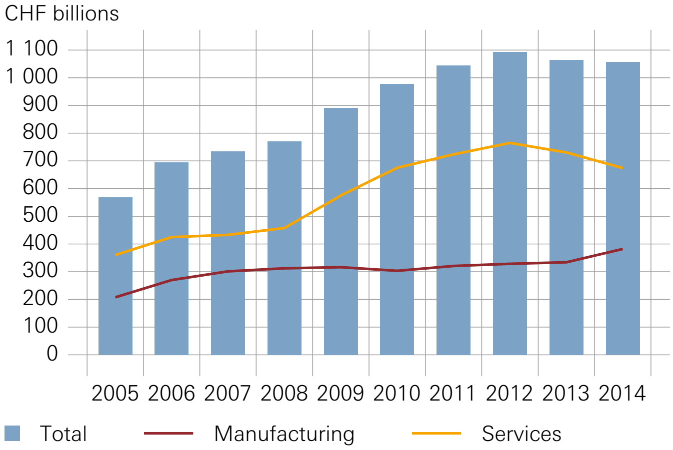
The change in methodology has significantly affected the country breakdown of Swiss capital stocks abroad. With capital stocks now only being recorded in the country of direct participation, as of 2014 the importance of holding locations, in particular, has further increased. Consequently, capital stocks in Luxembourg were significantly higher, at CHF 127 billion, compared with CHF 97 billion in 2013, as in the Netherlands, at CHF 97 billion, against CHF 61 billion in 2013. Thus almost half (45%) of European capital stocks (CHF 497 billion) was accounted for by these two holding locations. Conversely, most other countries in Europe recorded lower capital stocks. The difference was particularly clear in Germany, where capital stocks came to CHF 34 billion, compared to CHF 52 billion in 2013. By contrast, lower capital stocks in the UK (down from CHF 79 billion to CHF 59 billion) and Hungary (down from CHF 16 billion to CHF 2 billion) were not primarily attributable to the change in methodology, but rather to the relocation of headquarters and group restructuring.

Outside Europe, the introduction of the new surveys mainly affected Swiss capital stocks in the offshore centres of Central and South America, where they amounted to CHF 158 billion, compared to CHF 122 billion in 2013. In North America, by contrast, capital stocks decreased from CHF 238 billion to CHF 232 billion and in Oceania from CHF 21 billion to CHF 16 billion. Asia, however, was less affected by the changeover and capital stocks there only declined by CHF 2 billion to CHF 107 billion. In Asia, the largest stocks of Swiss direct investment are to be found in China and the United Arab Emirates, both of which account for CHF 20 billion; they are followed by Singapore, with CHF 17 billion.

Chart 2

DIRECT INVESTMENT ABROAD

Capital stocks



Source: SNB

2 For a definition of SPEs in direct investment statistics, cf. notes to foreign relations; methodological basis of direct investment according to the directional principle; principles of breakdown by economic activity.

INVESTMENT INCOME

Investment income from direct investment amounted to CHF 82 billion, an increase of CHF 25 billion over 2013. This was due mainly to higher investment income from manufacturing subsidiaries abroad which, at CHF 46 billion, was almost twice the figure reported in 2013 (CHF 25 billion). The strongest growth within manufacturing was recorded by the chemicals and plastics category (up CHF 9 billion to CHF 21 billion) and the other manufacturing and construction category (up CHF 8 billion to CHF 14 billion). However, investment income also increased significantly at subsidiaries in electronics, optical and watchmaking (up CHF 3 billion to CHF 8 billion) and metals and machinery (up CHF 3 billion to CHF 4 billion).

In contrast to manufacturing, investment income at service-sector subsidiaries abroad increased by a relatively small amount, rising by CHF 4 billion to CHF 36 billion. Movements in the individual service industries varied considerably, however. The trade category was successful, with investment income of CHF 7 billion following a loss of CHF 1 billion in 2013. Investment income was up by CHF 3 billion at both finance and holding companies, to CHF 15 billion, and at banks, where it rose by CHF 2 billion to CHF 5 billion. Insurance companies and the other services category recorded developments in the other direction. Investment income from subsidiaries abroad was half of the 2013 figure in both cases, down from CHF 14 billion to CHF 7 billion for insurance companies, and from CHF 4 billion to CHF 2 billion for other services.

At 38%, direct investors retained a considerably higher share of investment income in their subsidiaries abroad (reinvested earnings) than they had in 2013 (14%). Consequently, the share of transferred earnings (dividends and net interest) declined from 86% to 62%, although paid dividends still rose slightly, from CHF 45 billion to CHF 48 billion, due to the high level of investment income overall.

Chart 3

DIRECT INVESTMENT ABROAD

Investment income

Source: SNB

Foreign direct investment in Switzerland

CAPITAL TRANSACTIONS

Compared to 2013, foreign direct investment in Switzerland rose from CHF 1 billion to CHF 6 billion. Investments took the form of equity capital (CHF 7 billion) and reinvested earnings (CHF 8 billion). By contrast, in intragroup lending, capital was withdrawn from Switzerland (CHF 8 billion).

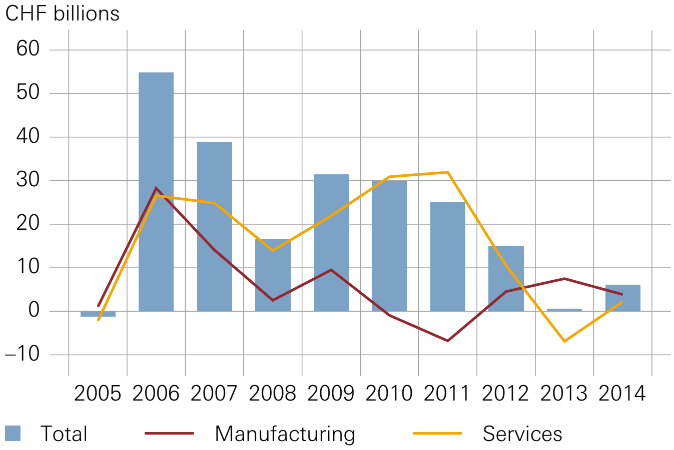
Companies abroad invested CHF 4 billion in manufacturing, with the electronics, energy, optical and watchmaking category registering an inflow of funds of CHF 4 billion, mainly in the form of retained profits (reinvested earnings). CHF 1 billion was invested in chemicals and plastics. By contrast, disinvestments of CHF 2 billion were recorded by the other manufacturing and construction category, mainly relating to intragroup lending. The services sector attracted CHF 2 billion in investments from abroad, although opposing trends were recorded for the individual categories. While financial and holding companies as well as banks each reported inflows of CHF 5 billion, foreign investors withdrew CHF 8 billion from companies in the trade category.

Companies from the US were major investors in Switzerland, with investment totalling CHF 6 billion. This was first and foremost because they decided not to repatriate profits generated by subsidiaries in Switzerland. Investors from Central and South America invested CHF 2 billion, with the inflow of funds mainly coming from the offshore financial centres located there.

Investors from Europe withdrew a total of CHF 1 billion from companies in Switzerland. Here, disinvestment from the rest of Europe (CHF 17 billion) exceeded investment from the EU (CHF 16 billion). In both cases, group reorganisations had a significant influence. Of the EU countries, the largest share of investors was from the UK (CHF 16 billion). However, Swiss companies received substantial capital inflows from the holding locations of Luxembourg (CHF 6 billion) and the Netherlands (CHF 5 billion). By contrast, on balance, investors from most other EU countries withdrew funds from Switzerland.

Chart 4

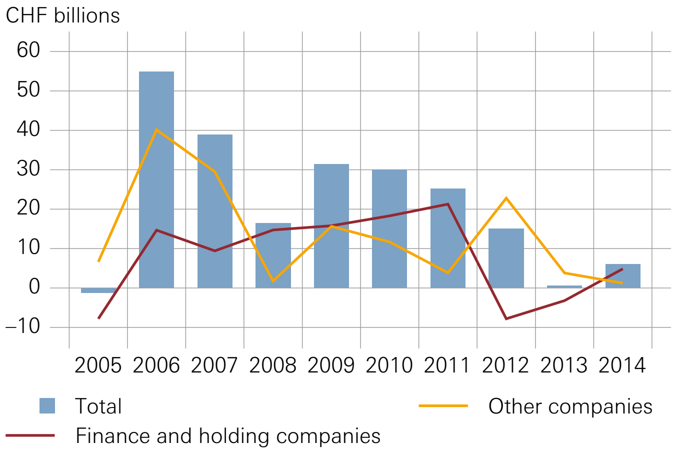
DIRECT INVESTMENT IN SWITZERLAND
Capital transactions



Source: SNB

Chart 5

DIRECT INVESTMENT IN SWITZERLAND
Capital transactions



Source: SNB

CAPITAL STOCKS

Stocks of foreign direct investment in Switzerland amounted to CHF 756 billion. The increase since 2013 was first and foremost due to the inclusion of companies not surveyed previously. However, the change in methodology had less of an impact on domestic capital stocks.[1] These were made up of CHF 735 billion in equity capital and CHF 21 billion in loans. This suggests that, from a net perspective, intragroup lending for financing subsidiaries in Switzerland is only of secondary importance.

At CHF 409 billion, the finance and holding companies category recorded by far the highest capital stocks held by foreign investors (54% of the total). Of this amount, CHF 96 billion, or around 23%, was accounted for by special purpose entities (SPEs), which were being stated for the first time. SPEs nonetheless had relatively high stocks of intragroup lending with respect to foreign investors (CHF 24 billion). The second highest amount of capital stocks held by foreign investors (CHF 145 billion) was recorded by the trade category. By contrast, manufacturing accounted for only 15% of capital stocks held by investors abroad, at CHF 115 billion. Within manufacturing, the chemicals and plastics category once again accounted for more than half of foreign capital stocks (CHF 63 billion).

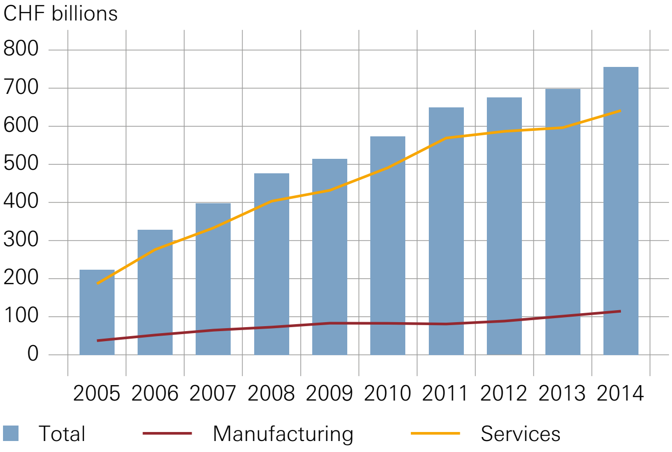
The SNB publishes two breakdowns by country of domestic capital stocks, one by country of origin of the immediate investor, and the other by country of origin of the ultimate beneficial owner. Broken down according to country of immediate investor, a large proportion of domestic capital stocks are held by investors domiciled in the EU. This amounts to CHF 587 billion, which is 78% of foreign capital stocks in Switzerland. Of this, CHF 426 billion is again attributable to investors in the three holding locations of the Netherlands, Luxembourg and Austria. Investment from holding locations is mainly carried out by intermediate companies, which in turn are controlled by companies in a third country. In 2014, the share of equity capital in subsidiaries in Switzerland held by intermediate companies in third countries amounted to 61% (cf. chart 7). In 2005, this share amounted to only 29%.

Because of the resulting differences in country breakdown, the SNB also provides a breakdown of capital stocks by country of origin of the ultimate beneficial owner. Using this approach, the US, in particular, has significantly higher capital stocks (CHF 303 billion) than when assessed according to immediate investor (CHF 100 billion). This shows that US investors mainly invest in companies in Switzerland via third countries. The same applies to investors from Central and South America, who are domiciled outside the offshore financial centres located there.

Chart 6

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks



Source: SNB

The European holding locations of Luxembourg, the Netherlands and Austria were the most important of these third countries. According to the evaluation by ultimate beneficial owner, capital stocks of Luxembourg investors amounted to CHF 43 billion, only a fraction of the level according to the evaluation by immediate investor (CHF 189 billion). For the Netherlands and Austria, the figures were CHF 50 billion compared to CHF 178 billion, and CHF 5 billion compared to CHF 60 billion, respectively.

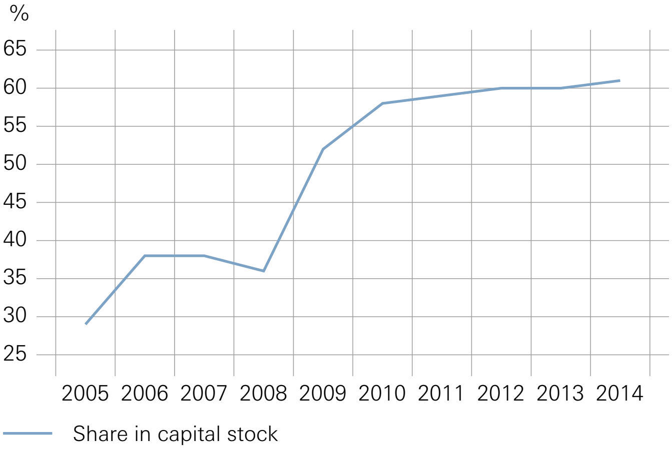
Switzerland is also listed as a country of origin of ultimate beneficial owner. This means that direct investors from Switzerland also invest in companies in Switzerland via intermediate companies in third countries. This practice is referred to as ‘round tripping’, whereby capital originating in a country is reinvested back into that country in the form of foreign direct investment. In 2014, capital stocks invested in this way amounted to CHF 25 billion (2013: CHF 41 billion).

1 Cf. special topic, p. 17.

Chart 7

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks held by intermediate companies in third countries

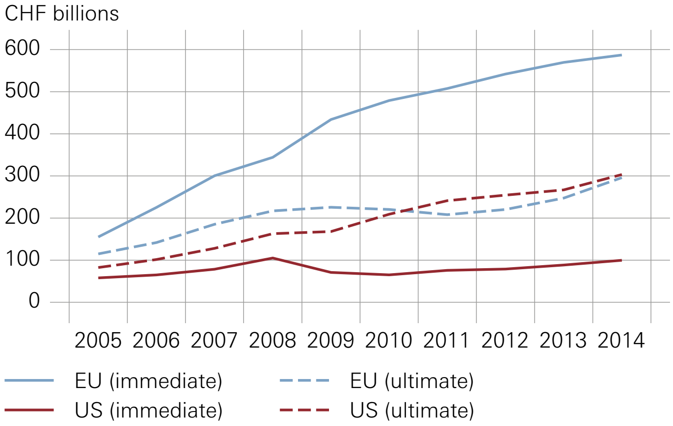


Source: SNB

Chart 8

DIRECT INVESTMENT IN SWITZERLAND

Capital stocks by country of immediate investor and ultimate beneficial owner



Source: SNB

Table 2

CAPITAL STOCKS: BREAKDOWN BY COUNTRY OF IMMEDIATE INVESTOR AND ULTIMATE BENEFICIAL OWNER (AT YEAR-END 2014)

	Breakdown by immediate investor		Breakdown by ultimate beneficial owner		Difference
	In CHF billions	Share in percent	In CHF billions	Share in percent	In CHF billions
Europe	**599.4**	**79%**	**340.0**	**45%**	**–259.4**
EU	**587.2**	**78%**	**296.0**	**39%**	**–291.2**
Other European countries	**12.2**	**2%**	**44.0**	**6%**	**31.8**
Selected countries					
Germany	24.4	3%	32.3	4%	7.9
France	39.8	5%	45.0	6%	5.2
Luxembourg	188.5	25%	42.9	6%	–145.6
Netherlands	178.2	24%	50.4	7%	–127.8
Austria	59.6	8%	5.4	1%	–54.1
Switzerland	.	.	25.2	3%	25.2
United Kingdom	25.7	3%	21.8	3%	–4.0
North America	**99.5**	**13%**	**335.4**	**44%**	**235.9**
of which United States	99.7	13%	303.3	40%	203.6
Central and South America	**44.5**	**6%**	**59.2**	**8%**	**14.7**
Asia, Africa, Oceania	**12.4**	**2%**	**21.2**	**3%**	**8.8**
All countries	**755.8**	**100%**	**755.8**	**100%**	**0.0**

Source: SNB

INVESTMENT INCOME

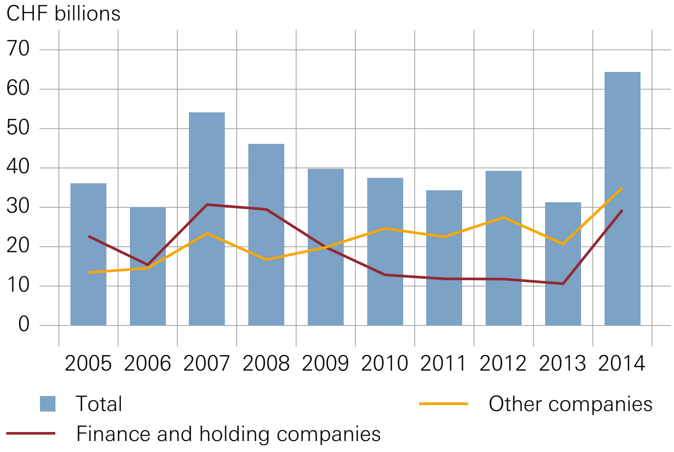
Investment income from foreign direct investment in Switzerland increased from CHF 31 billion to CHF 64 billion. The main reason for this rise was higher investment income of foreign subsidiaries in the services sector, which increased from CHF 20 billion to CHF 51 billion. The same categories that showed the highest investment income in 2013 also reported the greatest increase in 2014. Thus, investment income of finance and holding companies rose from CHF 11 billion to CHF 29 billion, and investment income in the trade category was up from CHF 5 billion to CHF 14 billion. Investment income was also higher in manufacturing, increasing from CHF 11 billion to CHF 14 billion. This rise can be mainly ascribed to the electronics, energy, optical and watchmaking category (from CHF 3 billion to CHF 5 billion).

Looking at the individual components of investment income, it is evident that subsidiaries in Switzerland paid out most of their investment income to their parent companies abroad. Of the total CHF 64 billion investment income, CHF 56 billion were transferred earnings (dividends and net interest on intragroup lending) and only CHF 8 billion remained in Switzerland in the form of reinvested earnings.

Chart 9

DIRECT INVESTMENT IN SWITZERLAND

Investment income



Source: SNB

Operational data on Swiss subsidiaries abroad

NUMBER OF STAFF

The number of staff employed by the subsidiaries abroad of Swiss-controlled companies came to 1,963,000, down 29,000 from the previous year. This was principally attributable to the methodological change to only include the staff of subsidiaries in which the parent company concerned holds a majority participation. Another contributing factor to the decline was that groups moved their headquarters abroad and, as a consequence, their staff numbers abroad are no longer included in the Swiss statistics.

A total of 1,315,000 employees, roughly two-thirds of staff working abroad, were employed in manufacturing, with the greatest share represented by other manufacturing and construction, at 469,000. The services sector accounted for the remaining third (648,000).

Swiss companies employed 835,000 staff in Europe, corresponding to 43% of total staff numbers abroad. With 231,000 employees, Germany was the main operational location in Europe for Swiss companies. Staff numbers in Asia stood at 528,000 (a 27% share), of which 179,000 were employed in China. The US constituted another focus of the operational activities of Swiss companies, with 299,000 employees.

Table 3

NUMBER OF STAFF ABROAD (AT YEAR-END)[1,2]

In thousands

	2010	2011	2012	2013	2014	Share in percent
Swiss-controlled	**1 725.5**	**1 845.6**	**1 920.9**	**1 991.3**	**1 962.6**	**63.8**
of which manufacturing	1 153.9	1 258.4	1 302.2	1 320.7	1 315.0	42.7
of which services	571.6	587.3	618.7	670.6	647.6	21.0
Foreign-controlled	**1 094.0**	**972.9**	**986.4**	**986.0**	**1 114.3**	**36.2**
of which manufacturing	119.3	121.5	118.4	123.6	139.4	4.5
of which services	974.8	851.4	868.1	862.4	974.8	31.7
Total	**2 819.5**	**2 818.5**	**2 907.4**	**2 977.3**	**3 076.8**	**100.0**
of which manufacturing	1 273.1	1 379.9	1 420.6	1 444.3	1 454.4	47.3
of which services	1 546.4	1 438.6	1 486.8	1 533.0	1 622.4	52.7

1 Until 2013, more than 10% of voting stock; as of 2014, more than 50% of voting stock.
2 Until 2013, number of staff in percentage terms; as of 2014, absolute number of staff.

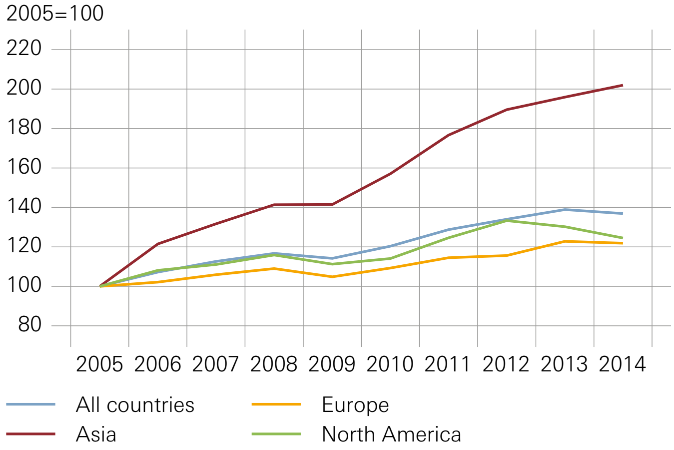
Source: SNB

Foreign-controlled companies based in Switzerland employed a further 1,114,000 people. These people are not shown in the standard table for the number of staff abroad since operational data on foreign subsidiaries for foreign-controlled companies are already included in the statistics of the country where these companies are headquartered. Altogether, Swiss and foreign-controlled companies domiciled in Switzerland employed 3,077,000 members of staff in their majority participations abroad (cf. table 3).

Chart 10

NUMBER OF STAFF ABROAD

Indexed

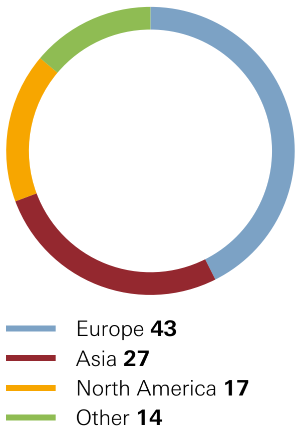


Source: SNB

Chart 11

NUMBER OF STAFF ABROAD AT YEAR-END 2014

Breakdown by continent in %



Total: 2.0 million

Source: SNB

Operational data on foreign subsidiaries in Switzerland

NUMBER OF STAFF

This section is based on a broader data foundation than the rest of this report. The staff numbers of companies in Switzerland with foreign majority participation include staff employed by companies which have capital stocks of less than CHF 10 million and were therefore not taken into account in the SNB survey. Staff numbers in these companies are determined by the SNB in cooperation with the Swiss Federal Statistical Office (SFSO).

The number of people employed by companies with foreign majority participation which were required to report to the SNB in 2014 came to 245,000. Due to the alignment with international methodology, this number is not directly comparable with the previous year's figure. This is because, in contrast to international methodology, staff numbers in the surveys carried out by the SNB until 2013 included both minority and majority participations and were also stated in relation to the capital participation of the investor. While the exclusion of minority participations led to a reduction in staff numbers, the changeover from calculating the number of staff in line with the percentage of the participating interest to the absolute total staff number gave rise to higher employment numbers. These two effects broadly offset each other with the result that the number of staff abroad in companies included in the SNB surveys came close to the previous year's figure (246,000).

Staff numbers in other foreign-controlled companies in Switzerland, which are not included in the SNB surveys, increased by 18,000 to 210,000. This is due both to the increase in foreign-controlled companies in Switzerland and to a new definition of employment according to the Structural Business Statistics STATENT published by the SFSO.[1] Overall, the number of staff working in Switzerland for companies with foreign majority participation came to 445,000. This corresponded to 11% of the total number of individuals employed in the manufacturing and services sectors in Switzerland,[2] which amounted to 4,267,000 employees at the end of 2014.

Two-thirds of employees (305,000) in companies with foreign majority participation were accounted for by the services sector and one-third (150,000) by manufacturing. The trade category had the highest number of staff at 118,000, followed by the other services category (103,000). The most important country of origin of investors was Germany. A total of 118,000 people were employed in Switzerland in companies ultimately controlled by investors from Germany. US-controlled and French-controlled companies employed 86,000 and 66,000 members of staff, respectively.

1 Structural Business Statistics STATENT: www.statent.bfs.admin.ch
2 Sources: Employment statistics published by the SFSO, Neuchâtel, and by the Office of Economic Affairs, Vaduz

Table 4

NUMBER OF STAFF IN SWITZERLAND (AT YEAR-END)

In thousands

	2013	2014	Share in percent
Number of staff in Switzerland[1]	**4 224.5**	**4 267.0**	**100.0**
of which companies with foreign investors	**437.9**	**455.4**	**10.7**
of which in companies which are covered in the SNB survey[2]	246.3	245.0	5.7
of which in companies which are not covered in the SNB survey[1]	191.6	210.4	4.9

1 Sources: The Business and Enterprise Register (BER) (STATENT corporate structure statistics, Profiling, Profiling Light, ERST update survey) published by the SFSO, Neuchâtel, and employment statistics published by the Office of Economic Affairs, Vaduz.
2 Source: SNB

Special topic: Impact of the new methodology

The introduction of the new SNB surveys on direct investment marked the changeover to new international statistical standards.[1] The associated changes primarily affected the levels of stocks, in particular stocks of equity capital. Table 5 illustrates the impact of the new survey on stocks of equity capital in Switzerland and abroad for 2013.

The tables in this report and on the SNB's data portal report stocks of direct investment for 2013 in accordance with the previous surveys, and for 2014 in accordance with the new surveys. Under Swiss direct investment abroad, stocks of equity capital are reported as CHF 975 billion for 2013 and CHF 951 billion for 2014, representing a decline of CHF 24 billion.

The SNB estimates that if the new survey had been used in 2013, capital stocks would have amounted to only CHF 943 billion. As a result, instead of declining, equity capital stocks would have risen by roughly CHF 8 billion. The estimated difference of CHF 32 billion between the stocks of equity capital in 2013 according to the previous and new surveys is due to statistical changes (methodological modifications, revisions and other changes) and changes caused by adjustments to the reporting population (companies newly included in the survey). Table 5 shows that, for 2013, stocks of equity capital abroad based on the new surveys following statistical changes (methodological modifications, revisions and other changes) would have been CHF 48 billion less than under the previous survey. By contrast, capital stocks in 2013 would have been CHF 16 billion higher if the reporting population of last year's survey had been the same as under the new survey.

The picture is slightly different for stocks of equity capital under foreign direct investment in Switzerland. Under this item, a figure of CHF 682 billion is reported for 2013 and CHF 735 billion for 2014, which represents an increase of CHF 53 billion.

However, under the new survey, stocks of CHF 732 billion are estimated for 2013, which would only have produced an increase of CHF 3 billion. As table 5 shows, the difference of CHF 50 billion between the figures under the previous and the new survey is mainly attributable to changes in the reporting population. If the companies newly included in the survey had been included in the previous survey, stocks of equity capital in Switzerland in the previous year (2013) would have been CHF 49 billion higher. By contrast, with a CHF 2 billion reduction in equity capital in Switzerland, the changeover to the new survey involved comparatively minor statistical changes (methodological modifications, revisions and other changes).

1 The IMF's *Balance of Payments and International Investment Position Manual* Sixth Edition – BPM6 and the fourth edition of the OECD's *Benchmark Definition of Foreign Direct Investment* – BMD4.

Table 5

IMPACT OF THE NEW SURVEY ON THE STOCK OF EQUITY CAPITAL

In CHF billions

	2013	2014	Change
Swiss direct investment abroad, equity capital			
Published capital stock	**975.3**	**951.4**	**–23.9**
Capital stock (source: previous survey)	**975.3**		
Capital stock (source: new survey)	**943.2**	**951.4**	**8.2**
Differences between old and new surveys	–32.1		
Companies newly included in survey of participations abroad	15.5		
Methodological modifications and other changes	–47.6		
Foreign direct investment in Switzerland, equity capital			
Published capital stock	**681.5**	**734.9**	**53.4**
Capital stock (source: previous survey)	**681.5**		
Capital stock (source: new survey)	**731.6**	**734.9**	**3.3**
Differences between old and new surveys	50.1		
Companies newly included in survey of participations in Switzerland	48.7		
Methodological modifications and other changes	1.5		

Source: SNB

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