# Direct Investment
2022

SCHWEIZERISCHE NATIONALBANK
BANQUE NATIONALE SUISSE
BANCA NAZIONALE SVIZZERA
BANCA NAZIUNALA SVIZRA
SWISS NATIONAL BANK

# Direct Investment 2022

Volume 23

# Contents

# 1 Summary of direct investment in 2022

Direct investment still dominated by balance sheet reductions at multinational enterprises – withdrawals of funds in both directions – higher investment income on direct investment abroad – Swiss-controlled companies with increased turnover and staff numbers abroad

## SWISS DIRECT INVESTMENT ABROAD

In 2022, companies domiciled in Switzerland (resident companies) repatriated CHF 71 billion from their non-resident subsidiaries, continuing the substantial withdrawals of previous years. Once again, companies from the services sector accounted for the largest share of disinvestment (CHF 68 billion). In contrast to the preceding years, services industries other than just finance and holding companies (CHF 26 billion) significantly reduced their financial participations in non-resident enterprises – in particular, companies from the transportation and communications category (CHF 29 billion), as well as banks (CHF 19 billion). Only a few industry categories registered net direct investment abroad. In the services sector, these were insurance companies (CHF 6 billion) and trade (CHF 4 billion); in manufacturing, the metals and machinery category (CHF 5 billion).

The withdrawals affected locations in Europe (CHF 42 billion), in particular Cyprus, the UK and Luxembourg. Large repatriations of funds were also recorded at the offshore financial centres of Central and South America (CHF 34 billion). Other locations registered an inflow of Swiss direct investment, albeit at a low level – primarily in Asia (CHF 8 billion), especially Singapore and South Korea. These were followed by two locations in Europe, the Netherlands and Germany, which recorded inflows of CHF 4 billion and CHF 3 billion respectively.

At the end of 2022, direct investment stocks abroad amounted to CHF 1,319 billion. Of this total, CHF 1,293 billion (98%) was equity capital and CHF 26 billion (2%) was intragroup loans. At CHF 509 billion (39% of the total), the largest capital stocks abroad continued to be reported by finance and holding companies, this despite the disinvestment of recent years. They were followed by companies in the chemicals and plastics category at CHF 192 billion (15%).

Income from direct investment abroad rose by CHF 10 billion to CHF 110 billion (up 10%). Higher income was recorded by subsidiaries in the services sector (up CHF 10 billion to CHF 66 billion), primarily finance and holding company subsidiaries (up CHF 20 billion to CHF 45 billion). Investment income in manufacturing, at CHF 43 billion, matched the level of the previous year.

## FOREIGN DIRECT INVESTMENT IN SWITZERLAND

In 2022, non-resident investors again withdrew more funds from companies in Switzerland than they invested there. The net disinvestment amounted to CHF 58 billion (2021: CHF 133 billion). The withdrawals were chiefly in the finance and holding companies category (CHF 70 billion). Companies in this industry category thus continued the balance sheet reductions observed since 2018.[1] A substantial part of these withdrawals (CHF 26 billion) was accounted for by special purpose entities (SPEs), companies that are set up for a narrowly defined task and do not carry out any operational activities. Two industry categories in particular recorded an expansion in respect of resident subsidiaries: trade (CHF 11 billion), where non-resident entities reinvested their profits in Switzerland, and the chemicals and plastics category (CHF 9 billion), as a result of acquisitions.

Stocks of foreign direct investment in Switzerland amounted to CHF 1,055 billion. Of this total, CHF 1,001 billion (95%) was equity capital and CHF 55 billion (5%) was intragroup loans. A breakdown by immediate investor shows that 62% of the capital stocks originated from investors domiciled in the EU and 20% from investors domiciled in the US. However, this breakdown does not fully reflect the domiciles of the ultimate beneficial owners in control of resident companies. This is because foreign direct investment stocks in Switzerland are largely held via intermediate companies controlled by groups headquartered in a third country. The SNB therefore publishes an alternative breakdown of capital stocks by domicile of the ultimate beneficial owner. This breakdown shows that investors from the US and the EU controlled 41% and 30% of the capital stocks respectively.

Income from direct investment in Switzerland increased by CHF 1 billion to CHF 102 billion (up 1%). Of this total, CHF 84 billion was attributable to subsidiaries in the services sector and CHF 19 billion to subsidiaries in manufacturing.

1 Cf. Special topic: 'Pass-through capital in Switzerland's direct investment statistics – current developments' in the Direct Investment 2021 report, pp. 25 et seq.

## OPERATIONAL DATA ON NON-RESIDENT SUBSIDIARIES AND THEIR RESIDENT PARENT COMPANIES

In 2022, the Swiss-controlled companies surveyed by the SNB had 20,300 non-resident subsidiaries, where they employed 2,279,000 people and generated annual turnover of CHF 887 billion. This corresponded to an increase in turnover of 8% compared to the previous year. The number of employees abroad rose by 3%. The Swiss-controlled companies surveyed by the SNB that have participations in non-resident enterprises are also significant employers in Switzerland, where staff numbered 539,000 in the year under review.

## AVAILABILITY AND REVISION OF DATA

Comprehensive tables on direct investment and operational data on multinational enterprises are available on the SNB's data portal (data.snb.ch) under 'Table selection/ International economic affairs' and also 'Datasets/ Supplementary data on international economic affairs'. The data can be accessed in the form of charts and configurable tables. The data portal also has information on the methods used in direct investment statistics, under 'International economic affairs/Notes'.

As is customary, the Direct Investment 2022 report includes a revision of past years' figures, in this case for the period 2015–2021. These revisions included a reclassification of enterprise groups from the textiles and clothing category to other industry categories. Accordingly, there are fewer companies in the textiles and clothing category than before. Totals have also been revised: in the case of direct investment, for capital stocks from 2015, and for capital transactions and investment income mainly in 2020/2021; and in the case of operational data on non-resident subsidiaries, the revisions from 2015 have led to higher staff numbers and turnover figures.

The staff numbers at resident parent companies are published by the Swiss Federal Statistical Office (SFSO) as part of their enterprise groups statistics (STAGRE). The SNB publishes the staff numbers of those resident parent companies that are included in its surveys.

Table 1

### DIRECT INVESTMENT 2022: OVERVIEW

| | | 2021 | 2022 |
|---|---|---|---|
| **Swiss direct investment abroad** | | | |
| Capital transactions | in CHF billions | –115.8 | –71.1 |
| Capital stocks | in CHF billions | 1 452.2 | 1 318.9 |
| Investment income | in CHF billions | 99.5 | 109.5 |
| **Foreign direct investment in Switzerland** | | | |
| Capital transactions | in CHF billions | –133.1 | –57.6 |
| Capital stocks | in CHF billions | 1 120.4 | 1 055.4 |
| Investment income | in CHF billions | 101.3 | 102.4 |
| **Operational data on non-resident subsidiaries and their resident parent companies**[1] | | | |
| Number of staff at non-resident subsidiaries | in thousands | 2 209.1 | 2 278.8 |
| Turnover of non-resident subsidiaries | in CHF billions | 822.7 | 886.8 |
| Number of non-resident subsidiaries | | 19 505 | 20 288 |
| Number of staff at resident parent companies | in thousands | 537.9 | 538.5 |

1 Only includes companies covered by the direct investment statistics.

Source(s): SNB

# 2
# Swiss direct investment abroad

## CAPITAL TRANSACTIONS

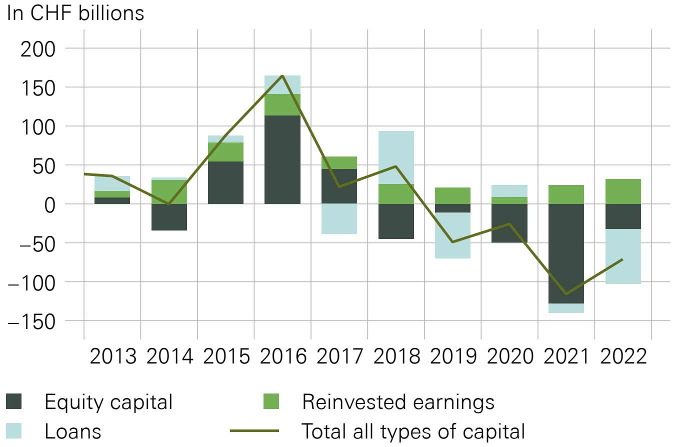
In 2022, companies domiciled in Switzerland (resident companies) repatriated CHF 71 billion in net terms from their non-resident subsidiaries. This disinvestment primarily came from intragroup lending (CHF 70 billion): Resident companies reduced their lending to non-resident group companies (assets) and at the same time increased their borrowing from non-resident companies (liabilities). Furthermore, resident companies withdrew equity capital from their non-resident subsidiaries (CHF 32 billion). These reductions in equity capital were matched by an equal amount of investment in the form of reinvested earnings.

The services sector was chiefly responsible for the disinvestment (CHF 68 billion). As in recent years, finance and holding companies withdrew funds from non-resident participations (CHF 26 billion), once again in connection with balance sheet reductions. Meanwhile, by contrast with previous years, withdrawals from other services sector categories were more pronounced. Companies in the transportation and communications category withdrew CHF 29 billion from abroad, primarily in the form of intragroup lending. Banks reduced their foreign investments by CHF 19 billion, mainly as a result of losses at their non-resident subsidiaries. Only two industry categories in the services sector registered net investment abroad: Insurance companies invested CHF 6 billion, partly in the form of acquisitions, while trade invested CHF 4 billion, primarily due to an increase in reinvested earnings in an environment of higher commodity prices.

The situation in the manufacturing sector was dominated by two industry categories in particular. The metals and machinery category invested CHF 5 billion abroad, chiefly by making acquisitions. By contrast, the chemicals and plastics category withdrew CHF 8 billion from abroad. The result was a net disinvestment of CHF 3 billion for the manufacturing sector.

Chart 1

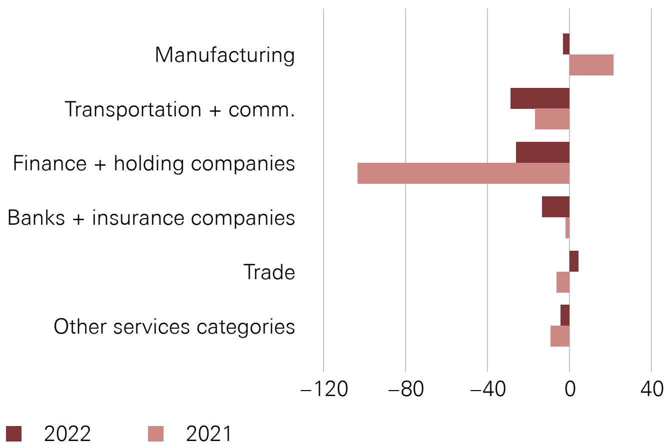
**DIRECT INVESTMENT ABROAD**
Capital transactions by type of capital




Source(s): SNB

Chart 2

**DIRECT INVESTMENT ABROAD**
Capital transactions by industry category (in CHF billions)




Source(s): SNB

The withdrawals affected locations in Europe (CHF 42 billion), in particular Cyprus (CHF 19 billion), the UK (CHF 13 billion) and Luxembourg (CHF 11 billion). In all these cases, withdrawals primarily concerned intragroup lending. In addition, large repatriations of funds were recorded at the offshore financial centres of Central and South America (CHF 34 billion). This was for two different reasons. First, finance and holding companies reduced their equity capital in subsidiaries in the context of corporate restructuring. Second, bank subsidiaries recorded losses in this region. This led to negative reinvested earnings.

Other locations, by contrast, recorded an inflow of Swiss direct investment; however, this new investment was less than the aforesaid disinvestment. Swiss-domiciled companies invested primarily in Asia (CHF 8 billion), especially in Singapore and South Korea, followed by two European locations – the Netherlands and Germany (CHF 4 billion and CHF 3 billion respectively). While investment in the Netherlands was mainly attributable to reinvested earnings, in Germany it was the result of acquisitions.

## CAPITAL STOCKS

At the end of 2022, stocks of direct investment abroad totalled CHF 1,319 billion, a year-on-year decrease of CHF 133 billion (down 9%). This reduction was primarily due to repatriations of capital. Other contributory factors were price and exchange rate losses as well as impairments. Direct investment capital stocks comprise equity capital and loans. Equity capital amounted to CHF 1,293 billion (98%) and loans to CHF 26 billion (2%). A net approach is adopted in the case of loans, whereby borrowing from non-resident subsidiaries and fellow enterprises totalling CHF 374 billion (liabilities) is deducted from lending to non-resident subsidiaries and fellow enterprises totalling CHF 400 billion (assets).[1]

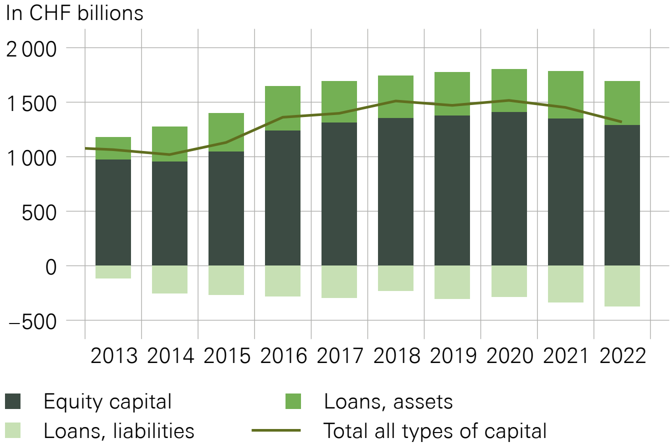
In comparison to other countries, Switzerland maintains high levels of direct investment abroad. Measured in terms of capital stocks, it is one of the world's largest direct investors (source: IMF, data.imf.org/cdis). Reasons for this include the fact that numerous large multinationals are headquartered in Switzerland and that it is an attractive location for foreign-controlled holding companies.

In the services sector, capital stocks of non-resident subsidiaries declined by CHF 109 billion to CHF 842 billion (down 11%). All industry categories in the services sector were affected. In some categories, the decline in capital stocks was stronger than would have been expected on the basis of transactions. For instance, despite positive transactions, capital stocks at insurance companies decreased (down CHF 14 billion to CHF 102 billion) due

Chart 3

### DIRECT INVESTMENT ABROAD

Capital stocks by type of capital




Source(s): SNB

1 Loans between non-resident fellow enterprises are included if the group headquarters is located in Switzerland.

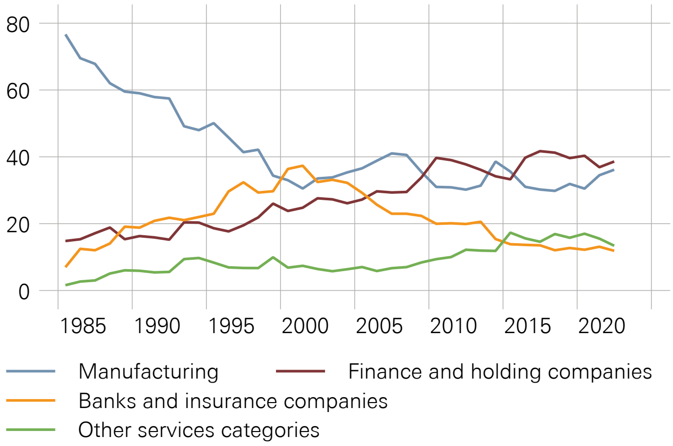
to unrealised losses on financial investments and the redomiciliation of business units to Switzerland. In the transportation and communications category, impairments exacerbated the decline in capital stocks (down CHF 40 billion to CHF –18 billion). These impairments were partly a result of the war in Ukraine. The negative capital stocks in this industry category mean that borrowing by resident companies from non-resident subsidiaries (liabilities) exceeded investments in the form of equity capital and loans (assets). The capital stocks of non-resident subsidiaries in the manufacturing sector also declined – by CHF 24 billion to CHF 477 billion (down 5%). Lower capital stocks were recorded in the chemicals and plastics category in particular (down CHF 21 billion to CHF 192 billion), as this industry category was more affected than others by the weaker US dollar.

Chart 4 shows the movements in capital stocks since 1985. In the mid-1980s, the manufacturing sector still accounted for over 70%. This proportion receded steadily until the beginning of the 2000s, before levelling out and remaining fairly constant ever since (2022: 36%). The opposite development was observed in the services sector. Here, the finance and holding companies category, in particular, recorded a steep increase between 1985 and 2010, with its share of total direct investment stocks rising from 12% to 40%. Since then, this proportion has remained fairly stable (2022: 39%) despite the disinvestment observed in this category since 2018. Banks and insurance companies followed a different trajectory. Their share of total capital stocks was 12% in the year under review, similar to the level recorded 30 years previously. In the interim, however, this share had been considerably higher (2001: 37%).

Chart 4

**DIRECT INVESTMENT ABROAD**

Capital stocks by industry category (in %)




Source(s): SNB

Chart 5 shows the main target locations for Swiss direct investment in terms of capital stocks as at the end of 2022 (the area of the circles is proportionate to the size of the capital stocks). The x-axis depicts the average growth rate of capital stocks for the period 2012–2022, while the y-axis shows the change in percent against 2021.

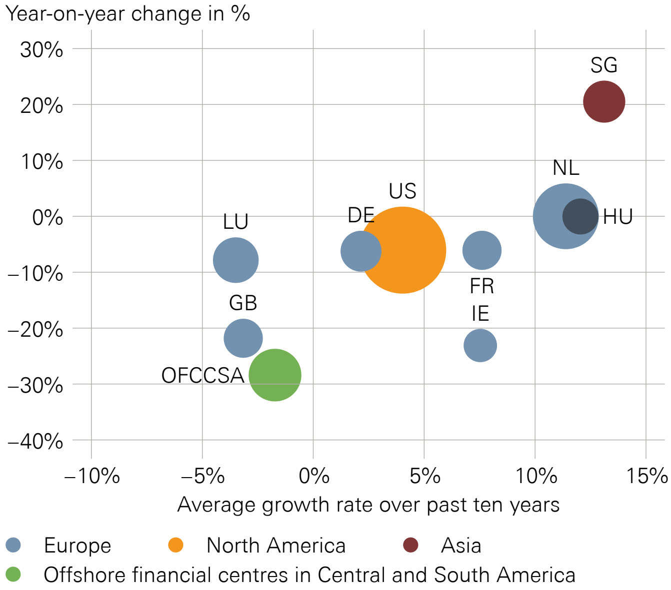
The chart shows diverse development in capital stocks over the last ten years at the most important locations for Swiss direct investment. As far as the holding company locations are concerned, capital stocks in Singapore, the Netherlands and Hungary increased by an average of more than 10% each year, while those in Luxembourg decreased annually by 3%. A decline of a similar magnitude was also recorded in the UK and at the offshore financial centres of Central and South America. Moreover, the chart shows that the reduction in capital stocks during the year under review was broad-based geographically. In Europe, capital stocks declined by 10% (down CHF 74 billion to CHF 661 billion), notably in Cyprus (down CHF 18 billion to CHF –43 billion), in the UK (down CHF 17 billion to CHF 60 billion) and in Ireland (down CHF 13 billion to CHF 44 billion). Germany, France, Sweden and Russia each recorded a reduction of between CHF 3 billion and CHF 4 billion. The decline in stocks in Russia was due to impairments in connection with the war in Ukraine.

Outside Europe, too, direct investment capital stocks in most regions declined year-on-year. In North America, the reduction in capital stocks was 7% (down CHF 24 billion to CHF 326 billion), while capital stocks in Central and South America decreased by as much as 22% (down CHF 40 billion to CHF 145 billion), attributable to the decline at the offshore financial centres located in those regions (down CHF 43 billion to CHF 109 billion). Asia was the only region to record an increase in Swiss direct investment capital stocks (up 4% or CHF 6 billion to CHF 165 billion). This was primarily attributable to the rise in Singapore (up CHF 12 billion to CHF 69 billion), which was much higher than the decline recorded in the United Arab Emirates (down CHF 6 billion to CHF 6 billion). Capital stocks in Africa were unchanged at CHF 12 billion, while those in Oceania decreased 15% (down CHF 2 billion to CHF 10 billion).

Chart 5

**DIRECT INVESTMENT ABROAD**

Capital stocks of top ten investment locations (2022)




Source(s): SNB

## INVESTMENT INCOME

Income from direct investment abroad rose by CHF 10 billion to CHF 110 billion (up 10%). This corresponds to an 8.3% rate of return on the capital stocks (2021: 7.5%). Resident entities made use of the higher investment income primarily to strengthen the capital base of their non-resident subsidiaries (reinvested earnings up CHF 7 billion to CHF 32 billion). At the same time, they received higher dividends from their subsidiaries (up CHF 3 billion to CHF 75 billion). At CHF 3 billion, interest income on intragroup loans was slightly lower than in the previous year (down CHF 1 billion).

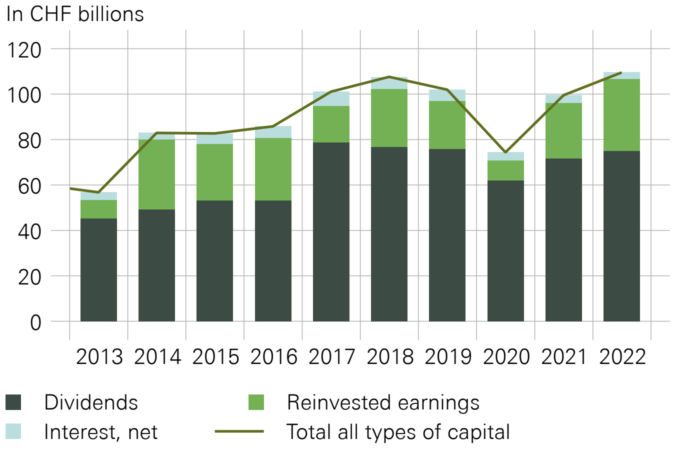
Non-resident subsidiaries in the services sector were responsible for the rise in investment income (up CHF 10 billion to CHF 66 billion). However, investment income in the individual industry categories within this sector moved in opposite directions. Much higher investment income was recorded by finance and holding companies in particular (up CHF 20 billion to CHF 45 billion). Subsidiaries in the trade category benefited from the rise in commodity and energy prices and also generated higher investment income (up CHF 3 billion to CHF 17 billion). By contrast, considerably lower investment income was recorded especially by the financial industry (down CHF 12 billion to CHF 2 billion). This was due, on the one hand, to lower income at insurance companies (down CHF 5 billion to CHF 10 billion), and on the other to much higher losses at non-resident subsidiaries of banks (down CHF 7 billion to CHF –8 billion). Investment income from non-resident subsidiaries in manufacturing remained unchanged at CHF 43 billion. It was a successful year for the 'Other manufacturing and construction' category (up CHF 4 billion to CHF 15 billion). By contrast, the chemicals and plastics category and the electronics, energy, optical and watchmaking category both earned less from their foreign direct investment (down CHF 2 billion to CHF 16 billion, and down CHF 2 billion to CHF 8 billion, respectively).

The heterogeneous development of investment income was also manifest in its geographic breakdown (cf. chart 8). Investors from Switzerland earned considerably more at their subsidiaries in Europe (up CHF 23 billion to CHF 63 billion) and in Asia (up CHF 6 billion to CHF 29 billion). By contrast, investment income in North America was around one-third lower than the previous year (down CHF 8 billion to CHF 16 billion), and in the 'Rest of world' category it decreased almost to zero (down CHF 11 billion to CHF 1 billion).

Chart 6

### DIRECT INVESTMENT ABROAD

Investment income by type of capital

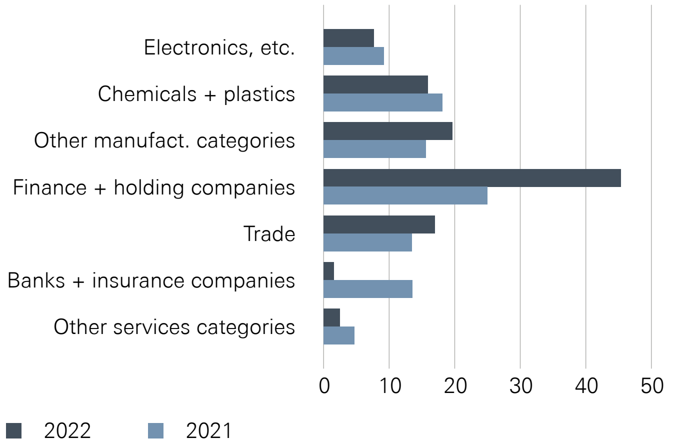



Source(s): SNB

Chart 7

### DIRECT INVESTMENT ABROAD

Investment income by industry category (in CHF billions)

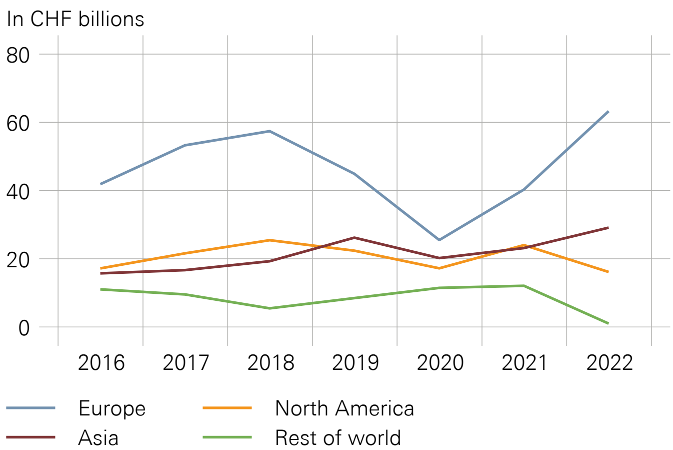



Source(s): SNB

Chart 8

### DIRECT INVESTMENT ABROAD

Investment income by region




Source(s): SNB

# 3
# Foreign direct investment in Switzerland

## CAPITAL TRANSACTIONS

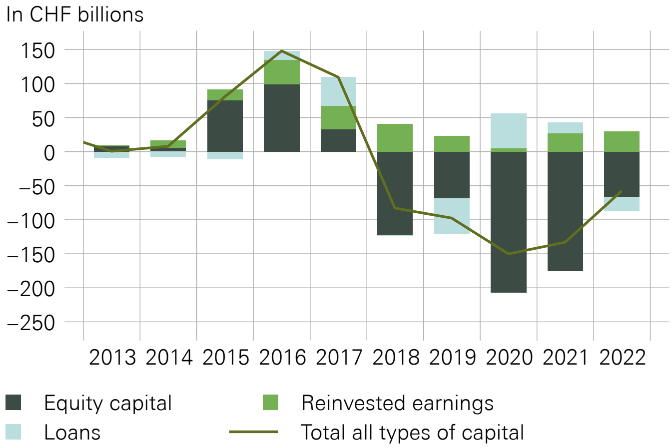
In 2022, non-resident entities again effected withdrawals from resident companies. This disinvestment amounted to CHF 58 billion (2021: CHF 133 billion). As part of corporate restructuring, investors reduced equity capital in resident subsidiaries (CHF 66 billion) as well as intragroup lending (CHF 21 billion). These withdrawals were somewhat mitigated by investment in the form of reinvested earnings (CHF 29 billion).

The withdrawals were in the services sector (CHF 68 billion), primarily in the finance and holding companies category (CHF 70 billion). A substantial part of these withdrawals (CHF 26 billion) was accounted for by special purpose entities (SPEs), companies that are set up for a narrowly defined task and do not carry out any operational activities. Non-resident entities also effected withdrawals from the 'Other services' (CHF 6 billion) and transportation and communications (CHF 2 billion) categories. The only services category to register net foreign investment was trade (CHF 11 billion), where higher profits at resident subsidiaries led to a corresponding increase in reinvested earnings. In the manufacturing sector, by contrast, non-resident entities increased their direct investment (CHF 10 billion), mainly in the chemicals and plastics category (CHF 9 billion), where they made acquisitions.

Non-resident parent companies make direct investments in Switzerland largely via intermediate companies domiciled in European holding company locations (cf. also section on country breakdown of capital stocks, pp. 12–14). As a result, in the year under review disinvestment was chiefly effected by immediate investors in the following holding company locations: the Netherlands (CHF 22 billion), Hungary (CHF 17 billion), Ireland (CHF 14 billion) and Luxembourg (CHF 11 billion). Funds were also withdrawn by investors domiciled in Japan and the US (CHF 6 billion and CHF 4 billion respectively). Countries from which Switzerland received net direct investment remained the exception in the year under review. The biggest inflows of funds came from the UK (CHF 15 billion), distantly followed by Germany and Cyprus (CHF 2 billion each).

Chart 9

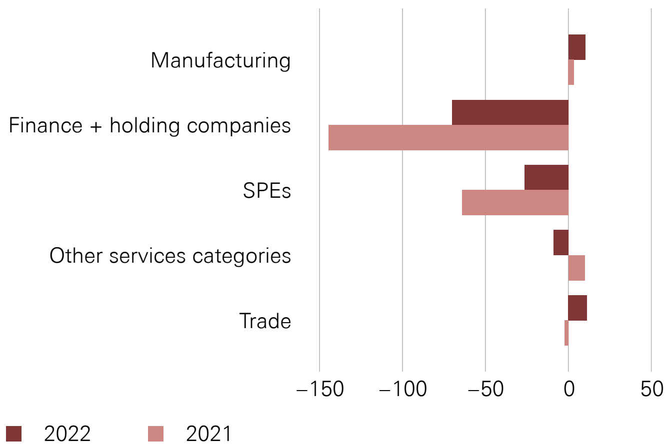
**DIRECT INVESTMENT IN SWITZERLAND**
Capital transactions by type of capital




Source(s): SNB

Chart 10

**DIRECT INVESTMENT IN SWITZERLAND**
Capital transactions by industry category (in CHF billions)




Source(s): SNB

## CAPITAL STOCKS

At the end of 2022, stocks of foreign direct investment in Switzerland totalled CHF 1,055 billion, a year-on-year reduction of CHF 65 billion (down 4%). The capital stocks of resident direct investment enterprises comprise equity capital and loans. Equity capital stocks came to CHF 1,001 billion (95%) and loan stocks to CHF 55 billion (5%). A net approach is adopted in the case of loans,[1] whereby lending to non-resident parent companies and fellow enterprises totalling CHF 212 billion (assets) is deducted from borrowing from non-resident parent companies and fellow enterprises totalling CHF 267 billion (liabilities).[2]

Stocks of foreign direct investment in the services sector declined by CHF 72 billion to CHF 870 billion (down 8%). All industry categories in this sector were affected, with the exception of trade (up CHF 13 billion to CHF 270 billion). The decrease at finance and holding companies was by far the largest (down CHF 66 billion to CHF 492 billion). By contrast, stocks of foreign direct investment in manufacturing increased by CHF 7 billion to CHF 186 billion (up 4%). The biggest growth was in the chemicals and plastics category (up CHF 6 billion to CHF 93 billion).

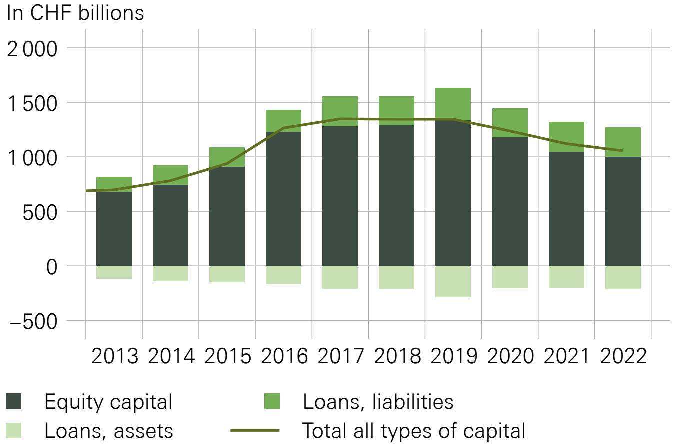
Chart 12 shows the movements in capital stocks since 1985. The proportion of foreign direct investment attributable to the manufacturing sector has consistently ranged between 10% and 20% (2022: 18%). Conversely, the proportion accounted for by the services sector has been relatively constant overall (2022: 82%), albeit with marked shifts within the sector itself. While the finance and holding companies category accounted for around 30% of foreign direct investment capital stocks in the mid-1980s, by 2016 its share had risen to over 60%. Since then, this share has receded significantly and now stands at 47%. In a long-term comparison, the share of capital stocks attributable to banks and insurance companies has declined considerably. At the beginning of the 1990s, it stood at approximately 30%. However, it has subsequently almost continuously contracted and amounted to just 3% in the year under review. By contrast, the significance of other industry categories in the services sector increased substantially between 2010 and 2022 (from 17% to 32%), mainly due to growth within the trade category.

The SNB publishes two country breakdowns for capital stocks in Switzerland, one by domicile of the immediate investor, and the other by domicile of the ultimate beneficial owner. Broken down by country of immediate investor, a large proportion of domestic capital stocks was held by EU-domiciled entities: CHF 653 billion, or 62% of total foreign capital stocks in Switzerland. Of this total, CHF 519 billion was attributable to investors from the

Chart 11

### DIRECT INVESTMENT IN SWITZERLAND

Capital stocks by type of capital

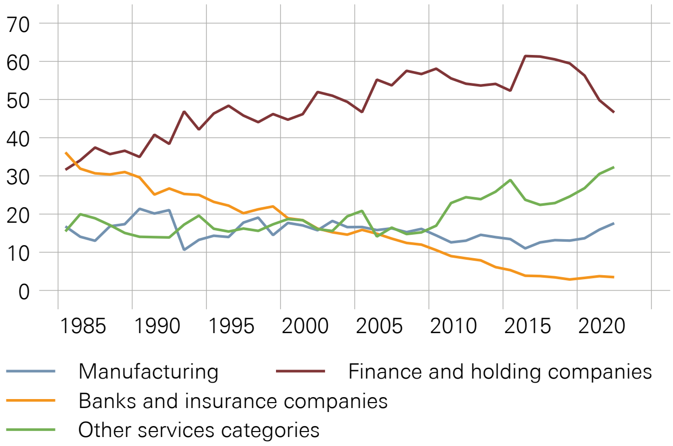



Source(s): SNB

Chart 12

### DIRECT INVESTMENT IN SWITZERLAND

Capital stocks by industry category (in %)




Source(s): SNB

1 Special topic: 'Presenting direct investment according to the directional principle and the asset/liability principle' in the Direct Investment 2013 report, pp. 25 et seq.
2 Loans between non-resident fellow enterprises are included if the group headquarters is located abroad.

three largest European holding company locations – the Netherlands, Luxembourg and Ireland. Investment from holding company locations is mainly carried out by intermediate companies, which in turn are controlled by groups in a third country. The share of equity capital in resident subsidiaries held via intermediate companies peaked at 75% in 2018 (cf. chart 13). The trend reversed with the reduction in capital stocks in the finance and holding companies category. By 2022, the share of capital stocks in Switzerland held via intermediate companies domiciled in third countries had fallen back to 57%.

Given the large proportion accounted for by intermediate companies, the SNB also provides a breakdown of capital stocks by domicile of the ultimate beneficial owner. The US, in particular, had significantly higher capital stocks (CHF 438 billion) using this approach than in the breakdown by immediate investor (cf. chart 14). This shows that US-domiciled entities continued to invest in Swiss-domiciled companies chiefly via third countries. The same applies to investors from Central and South America, the 'Other European countries' category, and China.

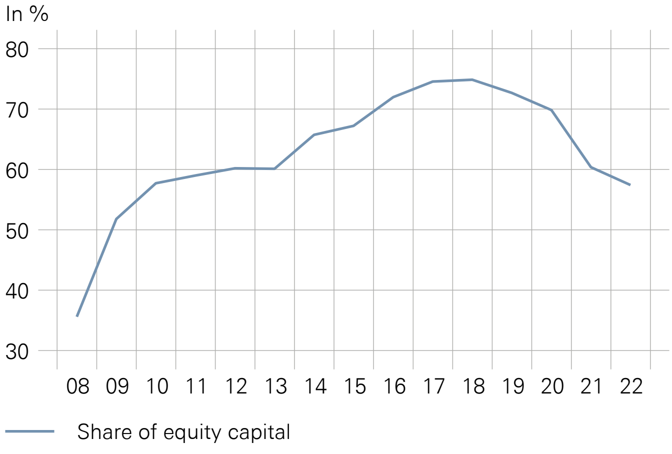
Holding company locations generally exhibit lower capital stocks from the ultimate beneficial owner perspective than from the immediate investor perspective. Thus, capital stocks ultimately controlled by Luxembourg investors amounted to CHF 8 billion, i.e. only a fraction of the figure arrived at when assessed by immediate investor (CHF 194 billion). For the Netherlands, the share was CHF 48 billion, compared with CHF 297 billion. In Ireland, by contrast, far larger capital stocks were controlled by ultimate beneficial owners (CHF 109 billion) than by immediate investors (CHF 28 billion). The reason for this is that Ireland is not just a holding company location, but is also home to the headquarters of many multinationals.

Switzerland, too, figures as a domicile of ultimate beneficial owners. This means that direct investors from Switzerland also invest in resident companies via intermediate companies in third countries. With this practice, referred to as round tripping, capital originating in a country is reinvested back into that country in the form of foreign direct investment. In 2022, capital stocks invested in this way totalled CHF 52 billion (2021: CHF 58 billion).

Chart 13

**DIRECT INVESTMENT IN SWITZERLAND**

Capital stocks held via intermediate companies in third countries

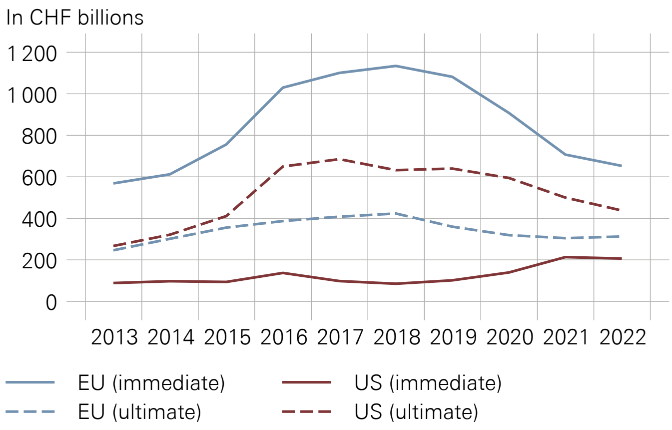



Source(s): SNB

Chart 14

**DIRECT INVESTMENT IN SWITZERLAND**

Capital stocks by domicile of immediate investor and ultimate beneficial owner




Source(s): SNB

Table 2

## CAPITAL STOCKS FOR 2022: BREAKDOWN BY DOMICILE OF IMMEDIATE INVESTOR AND ULTIMATE BENEFICIAL OWNER

| | Breakdown by immediate investor | | Breakdown by ultimate beneficial owner | | Difference |
|---|---|---|---|---|---|
| | In CHF billions | Share in % | In CHF billions | Share in % | In CHF billions |
| **Europe** | **741.0** | **70%** | **439.9** | **42%** | **–301.1** |
| **EU** | **652.6** | **62%** | **312.5** | **30%** | **–340.1** |
| **Other European countries** | **88.4** | **8%** | **127.4** | **12%** | **39.0** |
| **Selected countries** | | | | | |
| Germany | 19.3 | 2% | 44.7 | 4% | 25.4 |
| France | 33.7 | 3% | 44.1 | 4% | 10.4 |
| Ireland | 27.8 | 3% | 109.4 | 10% | 81.5 |
| Luxembourg | 194.3 | 18% | 8.3 | 1% | –186.0 |
| Netherlands | 296.9 | 28% | 47.8 | 5% | –249.1 |
| Switzerland | . | . | 52.0 | 5% | 52.0 |
| United Kingdom | 62.5 | 6% | 44.3 | 4% | –18.2 |
| **North America** | **206.2** | **20%** | **459.9** | **44%** | **253.7** |
| Of which United States | 206.3 | 20% | 437.7 | 41% | 231.3 |
| **Central and South America** | **33.5** | **3%** | **52.5** | **5%** | **19.0** |
| **Asia, Africa, Oceania** | **74.7** | **7%** | **103.1** | **10%** | **28.4** |
| Japan | 32.9 | 3% | 37.5 | 4% | 4.7 |
| **All countries** | **1 055.4** | **100%** | **1 055.4** | **100%** | **0.0** |

· Not applicable.

Source(s): SNB

## INVESTMENT INCOME

Income from direct investment in Switzerland increased year-on-year by CHF 1 billion to CHF 102 billion (up 1%). This corresponds to a 9.7% rate of return on the capital stocks (2021: 9.0%). Of this income, CHF 72 billion was distributed to non-resident investors in the form of dividends, and CHF 29 billion remained at resident subsidiaries in the form of reinvested earnings. In addition, non-resident investors received CHF 1 billion in interest on intragroup loans.

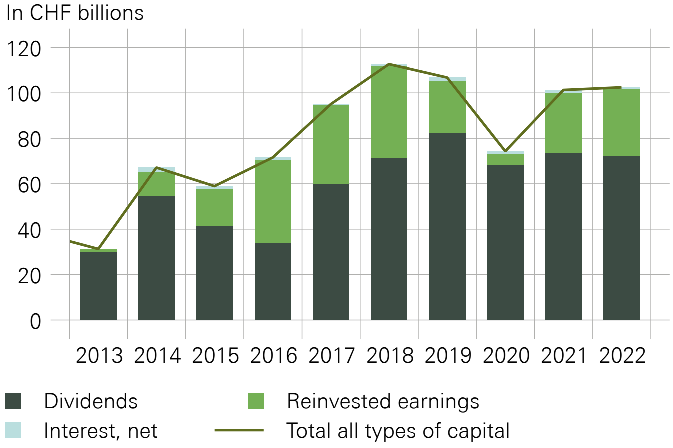
Investment income from subsidiaries in the services sector amounted to CHF 84 billion, as in 2021. Higher investment income was recorded in particular by companies in the trade category (up CHF 5 billion to CHF 36 billion), while subsidiaries in the 'Other services' category recorded a decline of the same magnitude (down CHF 5 billion to CHF 8 billion). Direct investment income in manufacturing was slightly up on the previous year's level (up CHF 2 billion to CHF 19 billion). An increase in investment income was recorded especially by subsidiaries in the electronics, energy, optical and watchmaking category (up CHF 3 billion to CHF 5 billion) and in the 'Other manufacturing and construction' category (up CHF 2 billion to CHF 3 billion).

As in the case of capital stocks, the SNB publishes two country breakdowns for investment income from direct investment in Switzerland: one by domicile of the immediate investor, and the other by domicile of the ultimate beneficial owner. Chart 17 shows the movements in investment income since 2015 for both breakdowns. It gives a similar picture to that for capital stocks (cf. chart 14). The breakdown by immediate investor is dominated by investors from the EU: In 2022, they accounted for CHF 68 billion of the total investment income of CHF 102 billion. According to the breakdown by ultimate beneficial owner, however, US-domiciled investors generated almost half of all investment income (CHF 50 billion), considerably more than investors domiciled in the EU (CHF 28 billion). Ultimate beneficial investors outside the EU and the US accounted for CHF 25 billion; their share of total investment income rose significantly between 2015 and 2022, from around 5% to 24%.

Chart 15

### DIRECT INVESTMENT IN SWITZERLAND

Investment income by type of capital

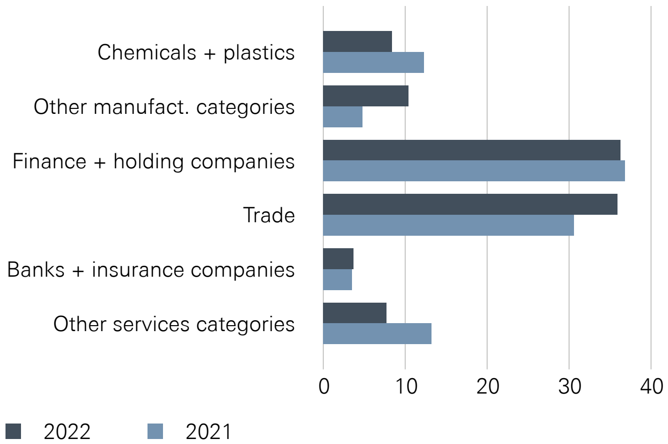



Source(s): SNB

Chart 16

### DIRECT INVESTMENT IN SWITZERLAND

Investment income by industry category (in CHF billions)

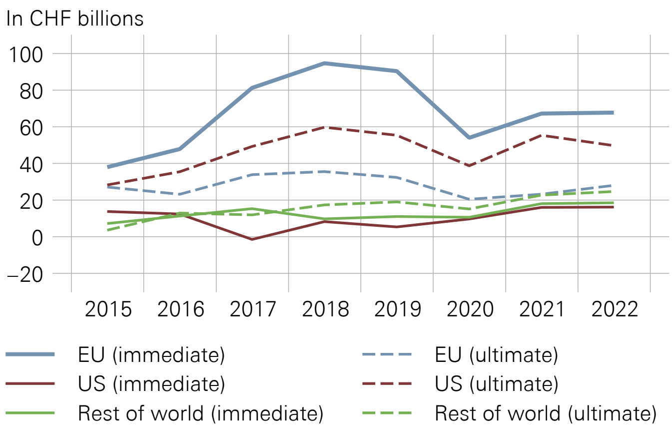



Source(s): SNB

Chart 17

### DIRECT INVESTMENT IN SWITZERLAND

Investment income by domicile of immediate investor and ultimate beneficial owner




Source(s): SNB

4

# Operational data on non-resident subsidiaries and their resident parent companies

### NUMBER OF STAFF AT NON-RESIDENT SUBSIDIARIES OF RESIDENT COMPANIES

In 2022, the number of staff employed by Swiss-controlled companies at their non-resident subsidiaries totalled 2,279,000.[1] This rise of 3% compared with the previous year is in line with the long-term average. Manufacturing accounted for somewhat less than two-thirds of this (up 20,000 to 1,382,000), while the services sector reported 897,000 (up 50,000).[2]

In manufacturing, two industry categories recorded a slight increase in foreign employment. Companies in the metals and machinery category employed 348,000 staff abroad; the increase of 14,000 employees, or 3%, was largely attributable to acquisitions. The number of employees abroad in the electronics, energy, optical and watchmaking category came to 226,000 (up 8,000 or 4%). By far the highest foreign employment was registered in the 'Other manufacturing and construction' category, with numbers remaining virtually unchanged at 494,000.

In the services sector, a significant proportion of the growth in foreign employment was accounted for by trade, which remains the services category with the highest employee numbers abroad (up 18,000 to 220,000). Resident insurance companies employed 120,000 people abroad. This rise of 9,000, or 9%, was partly attributable to acquisitions. Staff numbers at non-resident subsidiaries in the 'Other services' category were 163,000 (up 9,000 or 6%), and at banks 101,000 (up 2,000 or 2%).

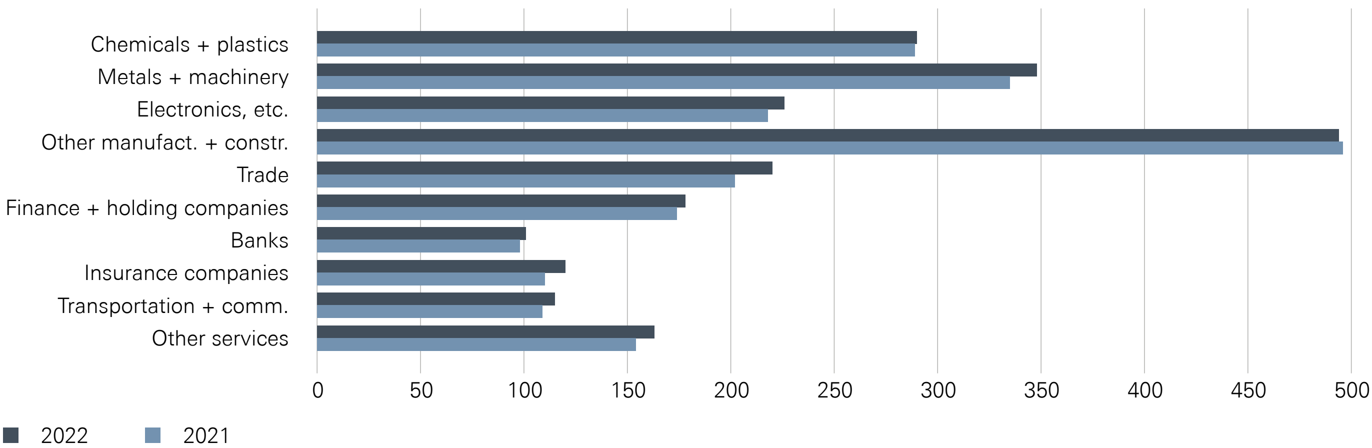
At 1,072,000 people, 46% of the global staff of Swiss-controlled enterprise groups were employed in Europe. The number employed in Asia was 538,000, corresponding to 24% of total employment abroad. At 350,000, North America accounted for 15% of the total. In the 'Rest of world' category, the share was 14%.

1 Only in companies which are covered by the direct investment statistics. The foreign employment numbers of other resident companies are not known.
2 The breakdown by economic activity is determined by the principal activity of the enterprise group worldwide.

Chart 18

**STAFF NUMBERS ABROAD**

By industry category (in thousands of persons)




Source(s): SNB

Chart 20 shows the top ten locations of Swiss-controlled groups' non-resident subsidiaries by number of employees. The area of the circles is proportionate to the size of the workforce. The x-axis depicts the average growth rate of staff numbers for the period 2012–2022, while the y-axis shows the percentage change between 2021 and 2022.

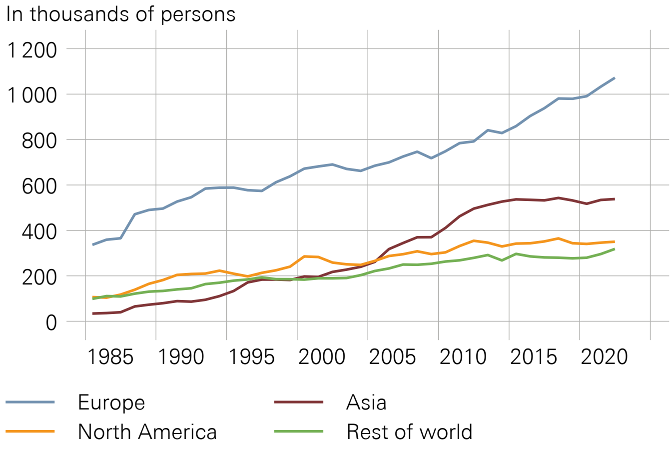
Six of the ten most important operational locations for Swiss-domiciled groups were in Europe. Here, Germany was the leading country with 300,000 employees. France came next with 121,000 employees, and the United Kingdom followed in third place (92,000). In all three countries, employment rose by 3% year-on-year. Poland has had the highest average growth rate in the last ten years, and in the year under review it also posted above-average growth (up 5%), with staff totalling 62,000. The holding company locations of the Netherlands, Luxembourg and Ireland, which play an important role in direct investment, together employed just 42,000 people, or 2% of total staff abroad.

Outside Europe, the US was the main location for the operational activities of Swiss-domiciled companies, accounting for 317,000 employees. In Asia, China topped the list with approximately 167,000 employees. India recorded a substantial reduction compared to the previous year, with the number of employees declining by 7% to 96,000, due to Swiss-domiciled groups selling off parts of companies. In Brazil, 85,000 people worked for subsidiaries of Swiss-domiciled groups (up 8%).

Chart 19

**STAFF NUMBERS ABROAD**

Regional breakdown

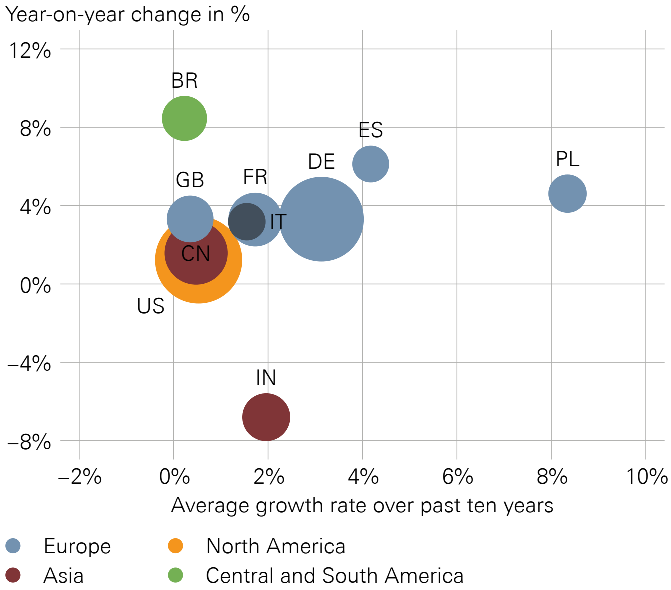



Source(s): SNB

Chart 20

**STAFF NUMBERS ABROAD**

Top ten employment locations (2022)




Source(s): SNB

## NUMBER OF NON-RESIDENT SUBSIDIARIES OF RESIDENT COMPANIES

In 2022, resident parent companies held 20,300 majority participations in non-resident enterprises: 8,600 of these subsidiaries were in the manufacturing sector, and 11,700 in the services sector. The 'Other services' category stands out, with 5,700 non-resident subsidiaries. This can be explained by the business model of major companies in this category, which is based on a dense global network of micro-agencies.

Chart 21 shows the ten locations with the most non-resident subsidiaries. The area of the circles is proportionate to the number of subsidiaries. The x-axis reflects the average growth rate for the period 2014–2022, while the y-axis shows the percentage change between 2021 and 2022. The majority of the non-resident subsidiaries (59%) were located in Europe. Swiss-domiciled groups had most subsidiaries in neighbouring countries: France (2,700, or 13% of the total), followed by Germany (1,900 or 9%) and Italy (1,000 or 5%). In the UK, the number of subsidiaries was 860. The main non-European location was the US, where 2,400 subsidiaries (12%) were domiciled. Around 800 Swiss subsidiaries were located in China.

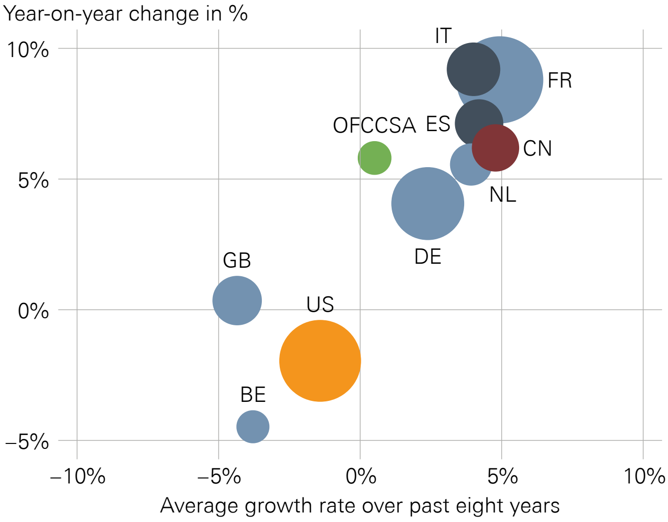
An average of 112 people worked at each non-resident subsidiary. Employment was highest in the 'Other manufacturing and construction' category (204 people on average), followed by transportation and communications (198). It was lowest at banks (76) and in the 'Other services' category (29).

Chart 22 shows a breakdown of average company size by region and the dispersion within the respective regions. With an average of 174 employees, subsidiaries in Asia employed the most. India and Pakistan topped the list, with 405 and 373 people respectively. At the other end of the spectrum was Europe (90 people), where there is also a broad dispersion in company size; this is partly due to the fact that there are many locations there with a high density of special purpose entities (SPEs), which have low staff numbers. For example, the average company size at Europe's offshore financial centres[3] and in Cyprus was just four and six employees respectively. Poland, Ukraine and Russia had the largest average company size in Europe (over 200 people).

Chart 21

### NUMBER OF NON-RESIDENT SUBSIDIARIES

Top ten locations (2022)

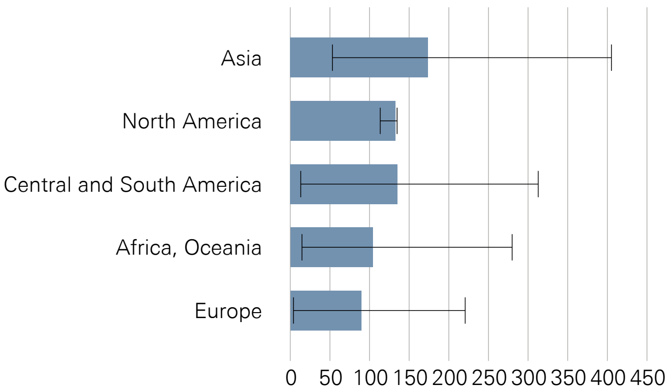



Source(s): SNB

Chart 22

### AVERAGE COMPANY SIZE

Staff numbers and dispersion[1] by region (2022)




1 The ranges shown are between the countries with the smallest and largest average company size within each region.

Source(s): SNB

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

### TURNOVER OF NON-RESIDENT SUBSIDIARIES OF RESIDENT COMPANIES

In 2022, non-resident subsidiaries of resident groups sold goods and services to third parties for a total of CHF 887 billion, an 8% rise in turnover compared with 2021 (CHF 823 billion). When compared with 2020, a year beset by the coronavirus pandemic, turnover increased by as much as one-quarter.

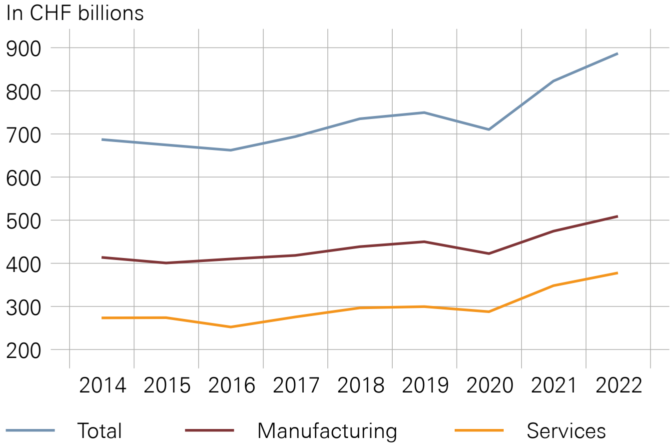
Subsidiaries in the manufacturing sector recorded turnover of CHF 509 billion, or 57% of the total. The highest turnover in manufacturing was reported by the 'Other manufacturing and construction' category (up 7% to CHF 173 billion). As in 2021, the chemicals and plastics category recorded turnover of CHF 149 billion. Affected by factors including high energy prices, the electronics, energy, optical and watchmaking category posted a 16% increase in turnover to CHF 107 billion. Non-resident subsidiaries in the metals and machinery category recorded turnover of CHF 78 billion (up 12%).

Turnover at non-resident subsidiaries in the services sector amounted to a total of CHF 378 billion. Here, insurance companies had the highest turnover; the corresponding figure in this industry – gross premiums earned – stood at CHF 113 billion. The trade category benefited from the positive market environment and higher prices and increased turnover by 29% to CHF 90 billion. Subsidiaries in the transport and communications category posted turnover of CHF 43 billion (up 17%). By contrast, substantial losses were recorded at the non-resident subsidiaries of banks, where turnover is measured by net earnings from interest and commission business. At CHF 32 billion, turnover there was down 17% year-on-year.

Chart 23

**TURNOVER ABROAD**

Sectoral breakdown

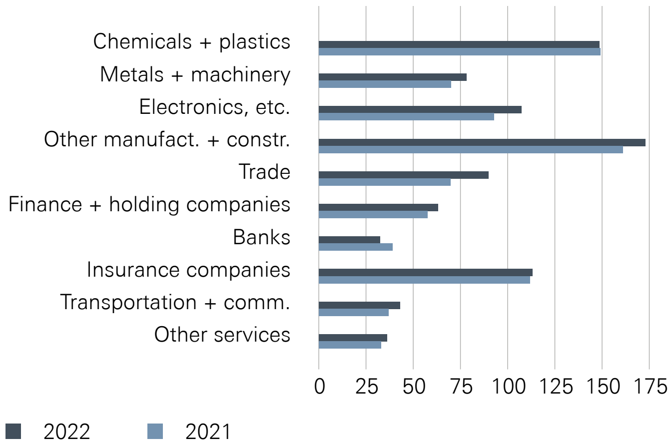



Source(s): SNB

Chart 24

**TURNOVER ABROAD**

By industry category (in CHF billions)




Source(s): SNB

Chart 25 shows the top ten locations of non-resident subsidiaries of resident companies according to turnover. The area of the circles is proportionate to turnover. The x-axis shows the average growth in turnover for the period 2014–2022, while the y-axis shows the percentage change between 2021 and 2022.

Of the top ten locations for highest turnover, seven are in Europe. Swiss-controlled companies achieved 43% of global turnover at their European subsidiaries (a total of CHF 380 billion). Germany recorded the highest turnover (CHF 86 billion), followed by France (CHF 53 billion) and Italy (CHF 38 billion). Outside Europe, subsidiaries in the US recorded the highest turnover (27% or CHF 236 billion). With China (CHF 50 billion) and Japan (CHF 22 billion), Asia has two countries in the top ten for highest turnover. In recent years, the Chinese subsidiaries of Swiss-domiciled groups have recorded one of the largest increases in turnover, averaging 6% per year, although they registered a slight decline in 2022.

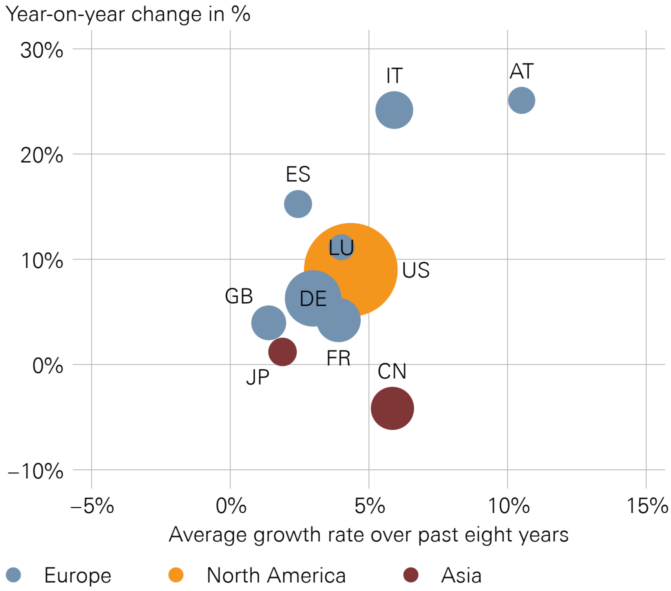
Swiss-controlled subsidiaries generated an average of CHF 389,000 in turnover per employee abroad. In manufacturing, each employee accounted for CHF 368,000 in turnover, while in services the corresponding figure was CHF 421,000. Within the manufacturing sector, the chemicals and plastics category had the highest turnover per employee, at CHF 512,000. In the case of services, insurance companies led the way with CHF 945,000 per employee.

Chart 26 shows a regional breakdown of turnover per employee and its dispersion. At CHF 720,000, the North American subsidiaries generated the highest turnover per employee. While the differences between the other regions were moderate, between the individual countries they were very large. In Luxembourg, where there are many SPEs, turnover was eight times higher than the European average (CHF 3.1 million compared with CHF 355,000). At CHF 2.8 million, turnover at the offshore financial centres of Central and South America was a full ten times higher than the regional average (CHF 277,000). India and Vietnam, where labour-intensive production is significant, were at the lower end of the spectrum in Asia (CHF 115,000 and CHF 140,000 respectively). Singapore and Qatar were at the upper end, respectively recording double and triple the average regional turnover.

Chart 25

**TURNOVER ABROAD**

Top ten locations with the highest turnover (2022)

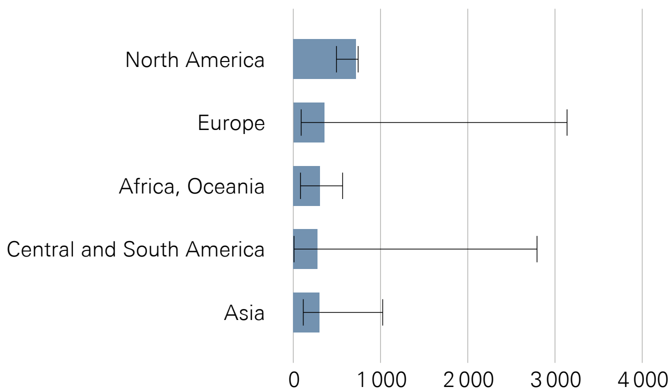



Source(s): SNB

Chart 26

**TURNOVER PER EMPLOYEE**

Dispersion[1] by region (2022; in CHF thousands)




1 The ranges shown are between the countries with the lowest and highest turnover per employee within each region.

Source(s): SNB

## NUMBER OF STAFF AT RESIDENT PARENT COMPANIES

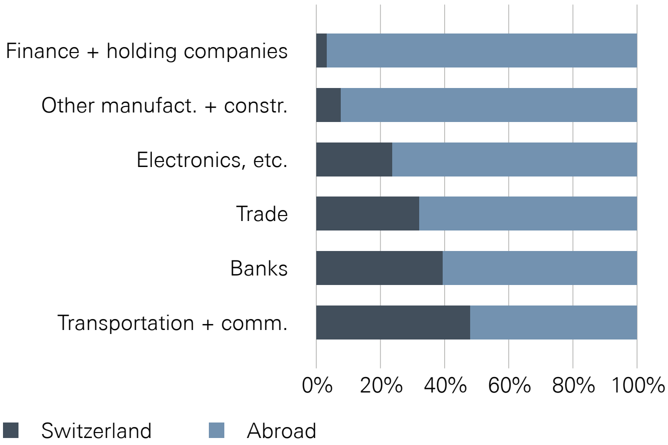
Resident companies which invest abroad are also major employers in Switzerland. In 2022, they employed 966,000 staff in Switzerland,[4] corresponding to 18% of total employment. Of these, 539,000 employees (56%) worked in companies included in the SNB's direct investment statistics. The remaining staff were employed at Swiss-controlled companies with participations in non-resident enterprises that were not included in these statistics since they had cross-border capital stocks of less than CHF 10 million.

If the number of staff at non-resident subsidiaries is added to the number of staff in Switzerland, the Swiss-controlled groups surveyed by the SNB employed a total of 2,817,000 people (cf. table 3). Thus, the proportion of employees abroad accounted for 81% of the total employment figure at groups. In manufacturing, this share was 87%, while in the services sector it was much lower at 73%. Within the manufacturing sector, the 'Other manufacturing and construction' category accounted for the highest percentage of employment abroad at 92%. The lowest percentage (76%) was in the electronics, energy, optical and watchmaking category. In the services sector, the differences between the individual industry categories are considerable: Swiss-controlled finance and holding companies employed 97% of their staff abroad, insurance companies 86%, trade 68%, banks approximately 60%, and companies in the transportation and communications category just over 50%.

Chart 27

### STAFF NUMBERS IN SWITZERLAND AND ABROAD

In %, by industry category (2022)




Source(s): SNB

4 Source: SFSO, enterprise groups statistics (STAGRE).

Table 3

## STAFF NUMBERS AT SWISS-CONTROLLED GROUPS BY SECTOR[1]

In thousands

| | 2018 | 2019 | 2020 | 2021 | 2022 | Share<br>In % |
|---|---|---|---|---|---|---|
| **Employees in Switzerland** | **556.7** | **549.8** | **535.5** | **537.9** | **538.5** | **19.1** |
| Of which manufacturing | 216.8 | 214.8 | 210.3 | 210.7 | 210.2 | 7.5 |
| Of which services | 340.0 | 335.0 | 325.2 | 327.2 | 328.3 | 11.7 |
| **Employees abroad** | **2 168.3** | **2 132.0** | **2 128.6** | **2 209.1** | **2 278.8** | **80.9** |
| Of which manufacturing | 1 381.0 | 1 352.3 | 1 336.7 | 1 362.0 | 1 381.9 | 49.0 |
| Of which services | 787.3 | 779.7 | 791.8 | 847.1 | 896.9 | 31.8 |
| **Total employees** | **2 725.1** | **2 681.7** | **2 664.1** | **2 747.0** | **2 817.3** | **100.0** |
| Of which manufacturing | 1 597.8 | 1 567.1 | 1 547.0 | 1 572.7 | 1 592.1 | 56.5 |
| Of which services | 1 127.3 | 1 114.7 | 1 117.1 | 1 174.3 | 1 225.2 | 43.5 |

1 Only includes companies covered by the direct investment statistics.

Source(s): SNB

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