



Swiss Global Finance

Facts and Figures



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

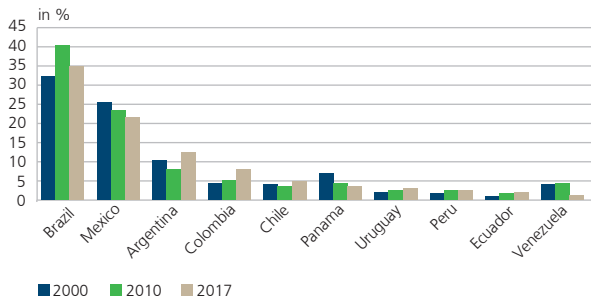
Swiss Confederation

Federal Department of Finance FDF

Bilateral Economic Relations

Switzerland's Main Trading Partners in Latin America

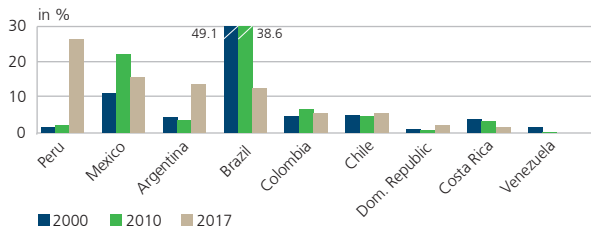
Share of Total Goods Exports (in % of total Swiss exports to Latin America)



Source: Federal Customs Administration, Bern

Brazil, Mexico and Argentina are the biggest export markets for Swiss goods, which make up two thirds of Swiss exports to the LAC region. Switzerland's main export products to Latin America are pharmaceuticals (46%), chemicals (17%), machinery (13%), watches (7%) and optical and medicinal instruments (5%).

Share of Total Goods Imports (in % of total Swiss imports to Latin America)

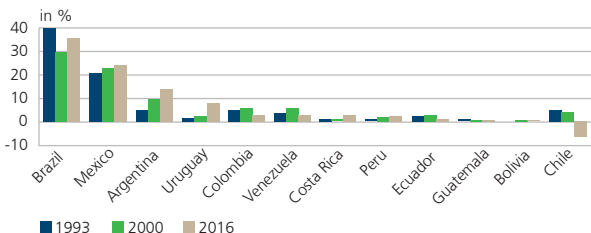


Source: Federal Customs Administration, Bern

Apart from gold (72%), major import products are agricultural products (12%), pharmaceuticals (4%), vehicles (3%) and machinery (2%).

Swiss Foreign Direct Investment

Share of Total Foreign Direct Investment (in % of total Swiss FDI stock in Latin America)



Source: Swiss National Bank, Zurich

With CHF 10.7 billion (39.7%), **Brazil** attracts the biggest share of Swiss FDI (OFCs excluded), followed by **Mexico** with CHF 7.2 billion (27%) and **Argentina** with CHF 4.1 billion (15.4%). This figure shows the main destination countries for Swiss FDI in Latin America.

Additional Facts and Figures

Employment

At the end of 2016, **Swiss firms employed 175,953 people in Latin America**, the majority of which were in Brazil (65,163), Mexico (34,751), Chile (18,852), Colombia (11,574) and Argentina (11,341). Swiss firms also had a large number of staff in Peru (6,512), Ecuador (5,413), Guatemala (2,641) and Costa Rica (1,704).

Taxation

Presently, Switzerland has DTAs to avoid or mitigate double taxation with Argentina, Chile, Colombia, Ecuador, Jamaica, Mexico, Peru, Trinidad and Tobago, Uruguay and Venezuela. Switzerland and Brazil signed a DTA in May 2018. The agreement still has to be approved by Parliament in both countries.

Stability

Arguably the strongest and most stable country in Europe, both economically and politically, with a decentralized, stable, neutral political system

The 20 Lowest Risk Countries

1 Norway	11 New Zealand
2 Switzerland	12 Germany
3 Sweden	13 Estonia
4 Canada	14 UK
5 Denmark	15 Taiwan
6 Netherlands	16 Czech Republic
7 USA	17 South Korea
8 Finland	18 Japan
9 Ireland	19 Australia
10 Austria	20 France

Source: Marsh Political Risk Map 2018

Outside of the EU, so there is no risk of a “Swexit”

Bilateral trade agreements are in place with every country in Europe – provides free movement of goods, services and people

More **free trade agreements** than the EU has (41 separate FTAs including Canada, China, Israel, Japan, Mexico)

Switzerland is 1 of only 3 countries in the world **considered fully stable** (see chart). Marsh report says “Companies should be prepared for the possibility that the UK will leave the EU without an orderly transition period, leaving many questions unanswered.”

Investing in a country like Switzerland significantly **reduces the risks** associated with international expansion.

Companies Prosper Faster

Switzerland is #1 for business competitiveness* among 137 countries, for the 9th consecutive year

Overall Ranking among the 137 Countries Measured					
Select Factors	France	Germany	Ireland	CH	UK
Overall global competitiveness	22	5	24	1	8
Basic requirements	26	11	20	1	23
Infrastructure	7	10	31	6	11
Macroeconomic environment	63	12	24	3	68
Efficiency enhancers	20	6	21	3	5
Technological readiness	21	8	18	2	4
Labor market efficiency	56	14	21	1	6
Country capacity to retain talent	75	13	21	1	6
Country capacity to attract talent	61	13	12	1	3
Innovation and sophistication factors	17	3	19	1	9
Business sophistication	16	5	19	1	7
Innovation	17	5	19	1	12

* The Global Competitiveness Report, by the World Economic Forum, defines competitiveness as “the set of institutions, policies, and factors that determine the level of productivity of an economy”. It measures 114 indicators including costs.

Source: WEF Global Competitiveness Report 2017-2018

Low Corporate Taxes and Available Incentives

Switzerland has the lowest corporate Effective Average Tax Rate in Europe

Overall the most competitive country with 8 of the 10 lowest rate locations

Tax rates in Europe:

Country	EATR %
Switzerland	10.1–21.4
Ireland	13.8
United Kingdom	20.2
Netherlands	21.9
Spain	27.8
Germany	29.3– ~33.0
France	34

All relevant forms of taxations and tax regulations at a location are taken into account.

Sources: Tax Table ZEW / BAK Economics; VC/PE figures Swiss Venture Capital Report 2018

Key figures

Over the past ten years Switzerland's gross domestic product (GDP) rose by one sixth whereas the absolute contribution of the financial centre to added value fell by one fifth.

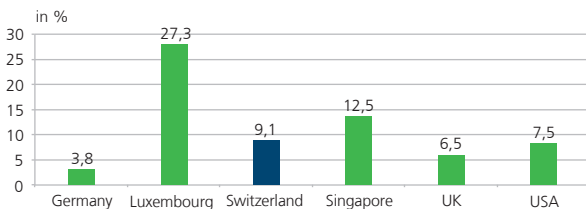
Added value, in CHF mn

	2007	2012	2017
Financial services	47 068	34 581	30 787
Insurance services	26 777	28 429	29 951
Financial centre total	73 845	63 010	60 738
in % of GDP	12.8	10.1	9.1
Gross domestic product (GDP) Switzerland	576 088	626 414	668 149

Data: Federal Statistical Office (FSO) / State Secretariat for Economic Affairs (SECO), annual aggregates of GDP, production approach (annual data).

Financial centre's share of GDP (2017)

The proportion of GDP from the financial centre shows its relative contribution to national added value. The size and sector structure of an economy can influence the extent of production by the financial sector.



The values for Luxembourg and the USA refer to 2016.

Data: German Federal Statistical Office, Statistics Portal – Grand Duchy of Luxembourg, FSO/SECO (Switzerland), Singapore Department of Statistics, Office for National Statistics (UK), Bureau of Economic Analysis (USA).

The growth in employment over the last decade occurred almost entirely outside the core area of the financial centre.

Employees, in full-time equivalents

	2007	2012	2017
Financial services	119 709	122 261	114 893
Insurance services	43 286	42 514	43 544
Activities auxiliary to financial services and insurance activities	43 228	51 041	55 017
Financial centre total	206 223	215 816	213 454
in % of overall employment	5.8	5.8	5.5
Overall employment	3 533 807	3 741 077	3 863 721

Data: FSO, Job Statistics (values for Q4).

The financial centre makes a contribution to the receipts of the public sector. This results both from taxes on workers' incomes and from taxes on employers' revenue.

Taxes, in CHF mn

	2012	2014	2016
Individuals	2 758	2 765	2 767
Companies	3 073	4 341	3 836
<i>Banks</i>	1 543	2 555	2 313
<i>Insurers</i>	1 530	1 786	1 523
Financial centre total	5 831	7 106	6 603
In % of direct overall tax revenue	7.5	8.8	7.8
Taxes on income and assets Confederation, cantons and communes	78 059	80 584	84 714

Data: SNB, FINMA, FFA, FTA (annual data).

Global integration

The current account surplus goes hand in hand with the rise in net international investment. As a result, the receivables in relation to foreign countries increase, whereby the financial centre contributes to the creditor position.

Net exports, in CHF bn

	2014	2015	2016
Financial services	16.6	16.3	15.8
<i>Export receipts</i>	20.1	19.9	19.6
<i>Import expenditure</i>	3.5	3.6	3.8
Insurance services	5.2	4.9	6.1
<i>Export receipts</i>	6.5	6.5	7.6
<i>Import expenditure</i>	1.4	1.6	1.6
Financial centre total	21.7	21.2	21.9
in % of Switzerland's current account surplus	39.3	29.9	35.1
Current account surplus	55.3	71.0	62.2

Data: <https://data.snb.ch> (SNB data portal; annual data).

Direct investments are a possible indicator of globalisation and represent a dynamic form of the international division of labour. The close ties between economies contribute to a strengthening of human cohesion.

Direct investments abroad, in CHF bn

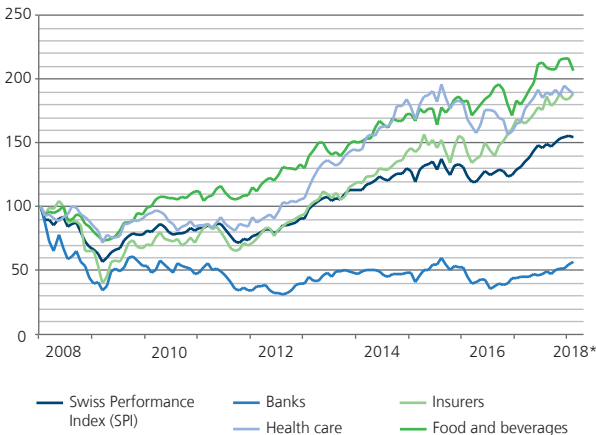
	2014	2015	2016
Capital stock of banks	85	81	86
Capital stock of insurers	72	75	84
Financial centre total	157	156	169
in % of total capital stock abroad	14.5	13.9	13.9
Total capital stock abroad	1 079	1 125	1 215

Data: <https://data.snb.ch> (SNB data portal; year-end values).

Stock exchange and capital market

Equity market (2008–2018)

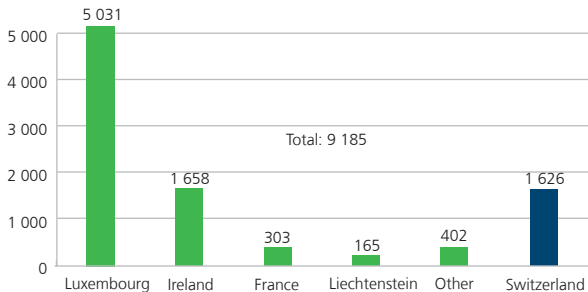
The low interest rate environment in recent years has made stock market investments more attractive in relative terms. With the exception of banks, many sectors have recorded positive developments in their basket of shares since the onset of the global financial crisis.



* Up to end of January 2018

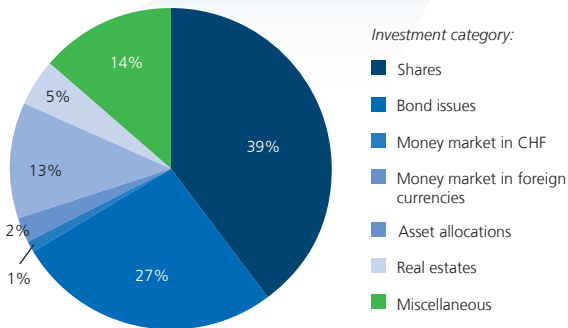
Data: <https://data.snb.ch> (SNB data portal; own indexing based on end-of-month values).

Collective capital investments: number and domicile (2017)



Data: FINMA (values for end of Q3).

The most widespread in Switzerland are collective investments from Luxembourg (market share of over 50%) and from Ireland and Switzerland (market share of almost 20% each). Two thirds of Swiss investments are in shares and bonds (see below).



Data: <https://data.snb.ch> (SNB data portal; values for end of Q3).

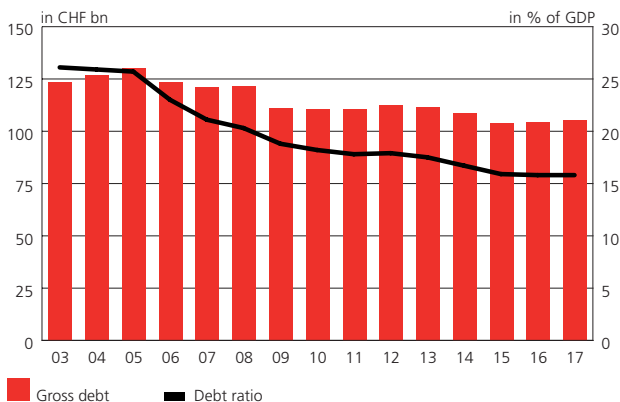
Federal final accounts (excluding separate accounts)

CHF mn	2015	2016	2017	Δ in % 16/17
Ordinary receipts	67 580	67 441	71 087	5.4
Ordinary expenditure	65 243	66 970	68 288	2.0
Ordinary financing result	2 337	470	2 799	
Extraordinary receipts	493	478	177	
Extraordinary expenditure	–	–	–	
Overall fiscal balance	2 831	949	2 977	
Gross debt	103 805	104 192	105 202	1.0

Federal final accounts (excluding separate accounts)

% GDP	2014	2015	2016	2017
Expenditure ratio	9.9	10.0	10.2	10.2
Tax ratio	9.3	9.7	9.6	10.0
Deficit/surplus ratio	0.0	0.4	0.1	0.4
Debt ratio	16.7	15.9	15.8	15.7

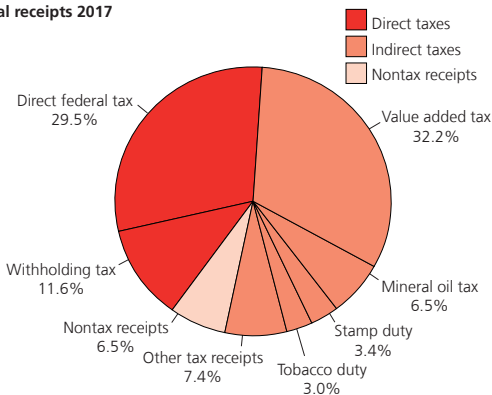
Federal debt and debt ratio



Federal receipts (excluding separate accounts)

CHF mn	2015	2016	2017	Δ in % 16/17
Ordinary receipts	67 580	67 441	71 087	5.4
Tax receipts	63 192	63 113	66 485	5.3
Direct federal tax	20 125	21 057	20 944	-0.5
Withholding tax	6 617	5 733	8 226	43.5
Stamp duty	2 393	2 021	2 434	20.5
Value added tax	22 454	22 458	22 902	2.0
Mineral oil tax	4 717	4 688	4 595	-2.0
Tobacco duty	2 198	2 131	2 139	0.4
Heavy vehicle charge	1 457	1 454	1 627	11.9
Customs duties	1 056	1 134	1 103	-2.8
Other tax receipts	2 173	2 438	2 514	3.1
Royalties and concessions	1 202	824	1 062	28.8
Financial receipts	1 218	1 093	1 184	8.4
Other current receipts	1 738	1 700	1 708	0.5
Investment receipts	231	711	648	-8.8

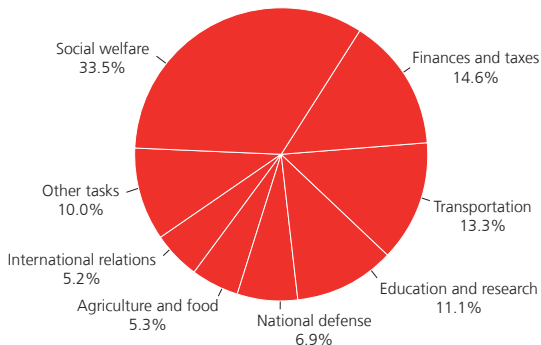
Federal receipts 2017



Federal expenditure by task area

CHF mn	2015	2016	2017	Δ in % 16/17
Ordinary expenditure	65 243	66 970	68 288	2.0
Institutional/financial prerequisites	2 612	2 568	2 600	1.2
Order and public security	1 121	1 125	1 134	0.8
International relations	3 723	3 544	3 529	-0.4
National defense	4 416	4 585	4 713	2.8
Education and research	7 080	7 167	7 573	5.7
Culture and leisure	488	508	514	1.2
Healthcare	223	228	232	1.9
Social welfare	21 998	22 544	22 908	1.6
Transportation	8 323	9 107	9 053	-0.6
Protection of the environment planning and spatial	1 359	1 389	1 476	6.2
Agriculture and food	3 666	3 658	3 652	-0.2
Economy	702	686	902	31.4
Finances and taxes	9 533	9 862	10 003	1.4

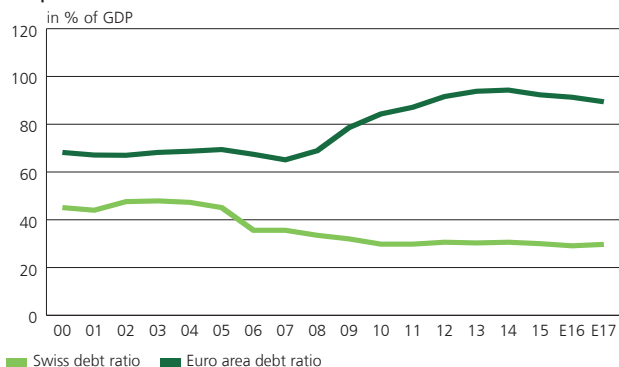
Federal tasks 2017



International comparison of state finances 2017

% GDP	Tax-to-GDP ratio (2016)	Gen. gov. expenditure ratio	Deficit ratio	Debt ratio (Maastricht)	Gross debt ratio
Switzerland	27.8	33.0	1.2	29.7	42.5
EU-euro area	–	47.2	-1.1	89.4	107.1
Germany	37.6	43.8	1.1	64.3	72.4
France	45.3	56.1	-2.9	97.5	124.2
Italy	42.9	49.2	-2.1	131.6	157.0
Austria	42.7	49.6	-0.8	78.0	101.1
Belgium	44.2	52.4	-1.7	103.6	125.4
Netherlands	38.8	43.1	0.6	59.6	73.1
Norway	38.0	50.2	5.4	–	42.7
Sweden	44.1	49.0	1.5	39.9	50.0
UK	33.2	40.5	-2.3	86.8	121.0
USA	26.0	37.6	-4.6	–	105.2
Canada	31.7	40.1	-1.6	–	97.4
OECD Ø	34.3	40.0	-2.6	–	111.8

Comparison of Swiss and euro area debt ratios



State indicators

Estimate	2013	2014	2015	2016
% GDP				
Overall tax receipts (tax-to-GDP ratio)	27.1	26.9	27.6	27.8
Confederation	9.6	9.4	9.9	9.8
Cantons	6.7	6.7	6.8	7.0
Municipalities	4.1	4.1	4.2	4.3
Social security contributions	6.7	6.6	6.7	6.7
General government expenditure	33.1	32.7	32.9	33.0
(gen. gov. expenditure ratio)				
Confederation	10.5	10.4	10.6	10.7
Cantons	13.9	13.5	13.6	13.6
Municipalities	7.1	7.2	7.1	7.1
Social insurance	9.1	9.1	9.2	9.3
Net lending / borrowing (deficit/surplus ratio)	-0.4	-0.2	0.6	0.4
Confederation	0.1	0.0	0.4	0.1
Cantons	-0.7	-0.3	0.1	0.1
Municipalities	-0.2	-0.2	-0.1	0.0
Social insurance	0.3	0.3	0.3	0.1
Maastricht debt (debt ratio)	30.3	30.6	30.0	29.1
Confederation	16.4	15.8	15.0	14.1
Cantons	7.5	8.3	8.4	8.5
Municipalities	6.6	6.7	6.8	6.7
Social insurance	0.7	0.6	0.4	0.4

Maastricht debt of government units

