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Swiss outward FDI and its policy context

by

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Switzerland's outward foreign direct investment (OFDI) has traditionally been relatively high. The small size of the country, a natural resources shortage and the geographical location at the heart of Europe induced Swiss firms constantly to expand their activities abroad. This exposure to global markets is reflected in its OFDI. Although the global financial and economic crisis pushed the country into a recession and triggered a sharp decrease of OFDI flows, the Swiss OFDI stock continued to grow in 2008 and 2009. Thanks to a well-balanced economic structure based on innovation and knowledge and coherent government policies, Switzerland weathered, at least in the short-term, the effects of the crisis and set the path for a sustainable growth of OFDI.

Trends and developments

Country-level developments

Despite the global financial and economic crisis, Swiss OFDI remained at a high level in 2008.¹ As illustrated by annex table 1, the stock of Swiss OFDI has continuously grown since 2000, to reach US\$ 760 billion in 2008. This represented a 15% increase from the 2007 stock. Among comparable economies (selected in annex table 1), Switzerland recorded the second highest OFDI stock in 2008, behind the Netherlands. Furthermore, the ratio of its OFDI stock to gross

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¹ Swiss National Bank, *Direct Investment 2008* (Bern and Zurich: SNB, 2009).

domestic product (GDP) rose to 148% whereas it amounted to 37% for Austria, 59% for Ireland, 67% for Sweden, and 97% for the Netherlands.²

While the OFDI stock recorded a steady growth during 2000-2008, OFDI flows evolved more irregularly (annex table 2).³ Although comparable economies have higher fluctuations (annex table 2), three distinctive phases characterize Switzerland's. First, FDI outflows sharply decreased from US\$ 45 billion in 2000 to only US\$ 8 billion in 2002 (the lowest level since 1993). This spectacular decline, in line with the global trend, was mainly attributable to a large drop of the number of mergers and acquisitions (M&As) after the record year 2000 and a decrease in reinvested earnings reflecting the losses of banks, insurance and holding companies in the United States and the United Kingdom.⁴ In a second phase, OFDI flows gradually soared to US\$ 70 billion in 2006, a new peak. This recovery was principally due to a substantial increase in reinvested earnings and a rapid growth of acquisitions, favored by a flourishing international economy and a high level of liquid funds held by companies.⁵ Finally, OFDI flows dropped again to US\$ 57 billion in 2007 and US\$ 51 billion in 2008. This new fall, parallel to the slowdown of the global economy, resulted from a combination of reduced expenditure on acquisitions abroad, a decline in reinvested earnings and a repatriation of foreign equity.⁶ According to the quarterly estimates, this decline seems to be even more pronounced in 2009. After nine months, Swiss OFDI flows amounted to US\$ 14 billion, constantly decreasing from US\$ 6 billion in the first quarter to US\$ 4 billion in the third quarter.⁷

At a more disaggregated level, annex table 3 shows that some 40% of the capital stock abroad emanated from the manufacturing industry in 2008 (US\$ 305 billion). This share constantly rose after reaching its lowest level at 29% in 2001.⁸ Within manufacturing, chemicals and plastics accounted for the largest amount (US\$ 131 billion). Services however continued to hold the majority of OFDI stock, namely US\$ 455 billion on a total of US\$ 760 billion. Among services, financial activities (finance and holding companies, banks, insurance) contributed to nearly 90% of the services' stock abroad. The numbers in annex table 3 bear out the notion that Switzerland has a quite diversified base of FDI.

With regard to the geographical distribution of Swiss OFDI stock in 2008, 72% was still held in developed economies (annex table 4). This share however decreased by 8 percentage points since 2000. The EU held around 37% (US\$ 284 billion), including 7% in Germany, 6% in the United Kingdom and 4% in France. The Swiss OFDI stock in North America rose from US\$ 59 billion

² UNCTAD, *World Investment Report 2009: Transnational Corporations, Agricultural Production and Development* (Geneva: UNCTAD, 2009).

³ It is necessary to keep in mind that, although FDI flows influence FDI stocks, a change in FDI flows does not necessarily provide any direct indication about FDI stocks, and vice versa. Changes in FDI stocks can be due to various factors not related to FDI flows. For instance, changes in FDI stocks may be due to exchange rate movements, new valuation principles (e.g. adjustment to international accounting standards) or the raising of capital in domestic or international markets. For more information, please refer to Swiss National Bank, *Direct Investment 2008*, op. cit., p. 18.

⁴ Swiss National Bank, *Development of Direct Investment in 2001* (Bern and Zurich: SNB, 2002) and Swiss National Bank, *Development of Direct Investment in 2002* (Bern and Zurich: SNB, 2003).

⁵ Swiss National Bank, *Development of Direct Investment in 2003* (Bern and Zurich: SNB, 2004) and Swiss National Bank, *Direct Investment 2006* (Bern and Zurich: SNB, 2007).

⁶ Swiss National Bank, *Direct Investment 2007* (Bern and Zurich: SNB, 2008) and Swiss National Bank, *Direct Investment 2008*, op. cit.

⁷ Swiss National Bank, *Swiss Balance of Payment Q3 2009* (Bern and Zurich: SNB, 2009).

⁸ Ibid.

in 2000 to US\$ 171 billion in 2008. It corresponded thus to 22% of the total stock abroad. Although the share of the Swiss outward FDI stock in Canada rose from 5% in 2000 to 17% in 2008, the United States still gathered more of the Swiss OFDI stock in North America. Regarding developing economies, Africa accounted for 2%, Asia and Oceania for 6% and Latin America and the Caribbean for 19% of the Swiss OFDI stock, of which 74% stemmed from offshore financial centers. It is interesting to note that the share of the Swiss FDI stock in the BRIC countries rose from 2% to 6% between 2000 and 2008, in line with the global trend reflecting the higher share of BRICs in global FDI. The most impressive increase occurred in Brazil, where it jumped from US\$ 3.5 billion in 2000 to US\$ 31 billion in 2008. It is also worth observing that offshore financial centers, which serve almost exclusively as hubs for investments in other countries, hosted some 21% of the Swiss OFDI stock in 2008.

The sectoral and regional breakdown of the Swiss OFDI stock corroborates some of the major precepts of the theory of the multinational enterprise (MNE).⁹ On the one hand, as the possession of some kinds of ownership-specific advantages *vis-à-vis* foreign competitors is necessary to engage in cross-border activities, Swiss OFDI stock is mainly distributed among sectors in which Swiss MNEs possess specific skills and knowledge, such as the financial sector or the chemical industry.¹⁰ On the other hand, as Switzerland is a small innovation-driven country in which competitiveness and prosperity strongly depend on the use of the most sophisticated processes, Swiss OFDI stock is mainly dispersed within the most technologically advanced regions, namely Europe and North America. Swiss MNEs are therefore particularly prone to undertake strategic-asset seeking investment constantly to enhance their knowledge and technological assets.

As FDI data provided by the Swiss National Bank (SNB) allow for a relatively detailed analysis, it is possible to explore the evolution of the workforce employed by Swiss affiliates in foreign territories. In parallel to the observed OFDI growth, Swiss affiliates abroad increased their employment by 94,000 to 2.44 million in 2008, confirming thus the positive trend of the past six years.¹¹ Looking at the sectoral distribution, manufacturing accounted for 52% and services for 48% of employment abroad. Within manufacturing, the “chemicals and plastics”, “metals and machinery” and “other manufacturing and construction” sectors employed 78% of the manufacturing labor abroad. Regarding services, 18% out of 48% were employed by Swiss-domiciled but foreign-controlled finance and holding companies. Whereas the share of staff employed by Swiss companies in Europe (around 50%) and in North America (around 16%) remained relatively stable between 2004 and 2008, Swiss-companies increased their share of employees in Asia from 16% in 2004 to 21% in 2008.

The corporate players

The *World Investment Report 2009* reported 2,616 parent corporations established in Switzerland in 2008.¹² Among these, 40 Swiss MNEs ranked among the Forbes 2000 list of the world’s

⁹ For an exhaustive overview of the theory of the multinational enterprise, see John H. Dunning and Sarianna M. Lundan, *Multinational Enterprises and the Global Economy* (Cheltenham: Edward Elgar, 2008).

¹⁰ In terms of the motivations for investment, market access in services is likely to be relatively more important, whereas pharmaceutical investments are driven by knowledge acquiring motives. Either way, OFDI by Swiss MNEs is mainly oriented toward advanced economies.

¹¹ Swiss National Bank, *Direct Investment 2008*, op. cit.

¹² UNCTAD, 2009, op. cit.

biggest companies.¹³ By comparison, Ireland classed 9 companies, Austria 13, the Netherlands 22 and Sweden 22. Annex table 5 lists the twelve Swiss MNEs recording sales higher than US\$ 20 billion worldwide in 2008. These flagship firms depict the strengths, international scope and structure of the Swiss economy. Moreover, Nestlé, Roche, Holcim, and Novartis also appeared on the list of the world's top 100 non-financial MNEs, and Zurich Financial Services, UBS, Credit Suisse, and Swiss Reinsurance Company on the list of the top 50 financial MNEs.¹⁴

Swiss MNEs continued to strengthen their international stake by undertaking new investment abroad. Between 2000 and mid-2009, Swiss MNEs concluded 1,327 cross-border M&As worth more than US\$ 1,846 billion.¹⁵ Annex table 6 lists the ten largest M&As undertaken by Swiss MNEs between 2007 and 2009. Six of the ten were conducted by enterprises mentioned in annex table 5. By acquiring the U.S. firm Genentech for US\$ 46.7 billion in March 2009, the Swiss biopharmaceutical Roche concluded the largest M&A in terms of transaction value of the period.¹⁶ It is worth noting that four M&As were carried out by chemical and biopharmaceutical companies and three by firms active in the resources seeking industry. Regarding geographical distribution, the United States were the most targeted economy, with five M&As. Swiss MNEs were also particularly active in greenfield investment. During the period 2004-2009, 1,670 greenfield FDI projects were conducted by Swiss MNEs. A record peak of 459 projects had even been reached in 2008.¹⁷ Annex table 7 lists the ten biggest greenfield transactions concluded by Swiss investors. Interestingly, eight projects were conducted in emerging markets.

Effects of the current global crisis

Despite the weight of the financial sector in economic activity and massive losses of large Swiss banks in the US subprime mortgage market, Switzerland has weathered the financial and economic crisis better than many other countries – at least in the short term.¹⁸ The diversification of the Swiss economy, the specialization in innovative niches, a proactive monetary policy and a coherent government blueprint helped Switzerland to respond quickly to one of the worst economic downturns of the past decades.¹⁹ As illustrated above, Swiss direct investment abroad confirmed this analysis by remaining at a relatively high level in 2007 and 2008. In 2009, the Swiss OFDI stock continued to grow.²⁰ In contrast, Swiss OFDI flows gradually decreased from nearly US\$ 70 billion in 2006 to US\$ 57 billion in 2007, US\$ 51 billion in 2008 and US\$ 14 billion in the first three quarters of 2009 (annex table 2). The first decline in 2007 was mainly

¹³ “Forbes global 2000 lists of the world’s biggest companies,” *Forbes*, 2009.

¹⁴ Both lists are published annually by the *World Investment Report* (Geneva: UNCTAD).

¹⁵ UNCTAD, 2009, op. cit.; UNCTAD, FDI/TNC database, available at: <http://stats.unctad.org/fdi>.

¹⁶ This impressive transaction contrasts with the provisional outflow figure for 2009 (annex table 2: US\$ 14 billion). Because of confidentiality restriction, no comments on individual transactions are provided by the SNB. However, a general explanation can give an insight on why M&A figures do not always match FDI figures. Swiss FDI flows only include cross-border transactions (Switzerland-abroad). MNEs headquartered in Switzerland sometimes buy enterprises abroad via affiliates abroad. In other words, company “X” in Switzerland owns company “Y” in country “B”, and this company “Y” buys company “Z” in country “C”. In this case, the acquisition is included in the outward FDI figures of country “B” and not in the FDI outward figures of Switzerland. When it comes to Swiss FDI stocks and numbers of staff, a different methodology is applied. There, the SNB looks through intermediate companies and shows the ultimate owner abroad. In the previous example, the Swiss OFDI stock and the number of staff in country C will increase following the acquisition.

¹⁷ UNCTAD, 2009, op. cit.

¹⁸ OECD, *Economic Survey of Switzerland 2009 – Getting out of the Crisis* (Paris: OECD 2010).

¹⁹ Ibid.

²⁰ Swiss National Bank, *Monthly Statistical Bulletin February 2010* (Bern and Zurich: SNB, 2010).

attributable to a strong drop in cross-border M&As of Swiss manufacturing companies: capital outflows shrank by US\$ 24 billion, to US\$ 21 billion.²¹ Furthermore, OFDI flows of banks fell by 42%, to US\$ 10 billion.²² This investment fall in the bank industry would have been even sharper if it had not been influenced by two reverse forces: on the one hand, losses contracted in the US real estate market generated negative (results in) reinvested earnings, while, on the other hand, banks injected new equity capital into their struggling foreign affiliates.²³ In other words, the downward pressure on OFDI flows generated by negative reinvested earnings was partially counterbalanced by the injection of fresh equity capital.²⁴

Although new acquisitions led OFDI flows in manufacturing to rise to US\$ 34 billion and additional fresh equity slightly enhanced OFDI flows by banks, direct investment flows abroad still diminished in 2008.²⁵ This trend seems to be confirmed in 2009 as OFDI flows amounted to only US\$ 14 billion after the first three quarters.²⁶ The slowdown in Swiss OFDI flows has nevertheless to be considered in perspective. Indeed, Swiss direct investment flows abroad in 2007 and 2008 remained nearly 60% higher than the average of the preceding seven years. Second, the US\$ 51 billion flow recorded in 2008 can be broken down into an outward flow of US\$ 54 billion in equity capital, a withdrawal of US\$ 24 billion in reinvested earnings and an outflow of US\$ 21 billion in other capital.²⁷ Income from direct investment abroad plummeted from US\$ 50.5 billion in 2007 to US\$ 7.6 billion in 2008.²⁸ This collapse was mainly due to the massive losses realized by Swiss banks abroad. After recording losses reaching US\$ 8 billion in 2007, banks suffered losses exceeding US\$ 51 billion in 2008.²⁹ Finally, it seems that this weak income performance might last. Although the Swiss economy slowly regained momentum in 2009, OFDI flows are likely to remain at the 2007-2008 level throughout the period 2009-2010.³⁰

The policy scene

Despite the gloomy performance of the world economy and the resulting protectionist pressure, the overall global policy trend continues to foster greater openness and FDI.³¹ As prosperity increasingly depends on greater international cooperation, Swiss policy makers constantly seek to build an optimal environment conducive to the growth of the Swiss economy and the international expansion of Swiss companies. As an economy characterized by a pronounced outward orientation, Switzerland's competitiveness depends to a large extent on international trade and cross-border investment activities.³² The improvement of access to foreign markets represents therefore a core objective of Swiss foreign economic policy.

²¹ Swiss National Bank, *Direct Investment 2007*, op. cit.

²² Ibid.

²³ Ibid.

²⁴ Swiss FDI flows can be broken down in equity capital, reinvested earnings and other capital.

²⁵ Swiss National Bank, *Direct Investment 2008*, op. cit.

²⁶ Swiss National Bank, *Swiss Balance of Payment Q3 2009*, op. cit.

²⁷ Swiss National Bank, *Direct Investment 2008*, op. cit.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Swiss National Bank, *Quarterly Bulletin 4/2009* (Bern and Zurich: SNB, 2009).

³¹ UNCTAD, 2009, op. cit.

³² State Secretariat for Economic Affairs, *Free Trade Agreements (FTAs)*, 2010, available at: <http://www.seco.admin.ch/themen/00513/00515/01330/index.html?lang=en>, also for the information in the following paragraph.

Beside the multilateral approach (within the WTO framework), Switzerland aims to strengthen its economy by setting up a strong network of bilateral investment treaties (BITs) and free trade agreements (FTAs). At the beginning of 2010, Switzerland had 124 agreements on the promotion and reciprocal protection of investment with economies such as Argentina, China, Hong Kong (China), India, Indonesia, Japan, Russia, Saudi-Arabia, South Africa, and Singapore. Furthermore, in addition to the EFTA Convention and the FTA with the EU, Switzerland has concluded 22 FTAs with 31 partners outside the EU. Between 2008 and 2009, two new FTAs came into force, one with Canada and one with the South African Custom Union.³³ FTAs have also been signed with Albania, Serbia, the Cooperation Council of the Arab States of the Gulf, Columbia, and Peru. They will come into force in the course of 2010. Negotiations are currently being undertaken or will start soon with Algeria, China, Hong Kong (China), India, Indonesia, Russia, Thailand, Ukraine, and Vietnam. The foreign policy conducted by the Swiss Government seems to pay off as FTAs generated significant benefits for Swiss direct investors. In fact, the accumulated capital flows from Switzerland to its 31 partners outside the EU (FTAs) totaled more than US\$ 19 billion from 1988 to 2007. They represented some 5% of Switzerland's accumulated total capital exports. Moreover, while total Swiss OFDI increased on average by 13% in the years 1988-2007, the growth of outward FDI in the partner countries was on average 18% in the first four years after the respective FTAs came into force.

Conclusions

Although the world economic recession curbed the growth of Swiss OFDI, the operations of Swiss companies abroad remained extensive in 2008. Despite a slowdown of economic activity in 2009 and unsure forecasts for 2010, foreign investments of Swiss firms are expected to be relatively stable compared to their 2007-2008 level.³⁴ The foreign policy pursued by the Swiss authorities, the diversification of the Swiss economy and the strong integration of Swiss firms into the world economy will continue to limit the impact of the current economic downturn by stimulating entrepreneurship and favoring the development of new partnerships abroad.

Additional readings

Abt, Marianne, "L'importance des accords de libre-échange avec des partenaires extérieurs à l'UE," *La Vie Economique*, 10 (2009), pp. 4-6.

Federal Department of Foreign Affairs, *Foreign Policy Report 2009* (Bern: FDFA, 2009).

Gugler, Philippe and Julie Michel, "Foreign direct investment in R&D activities: location and motivations of Swiss foreign R&D." Paper presented at the 69th International Atlantic Economic Conference, Prague, March 24-27, 2010.

³³ South Africa, Botswana, Lesotho, Namibia and Swaziland.

³⁴ Swiss National Bank, *Monthly Statistical Bulletin February 2010*, op. cit.; Swiss National Bank, *Swiss Balance of Payment Q3 2009*, op. cit.

Michel, Julie, *Investissements Directs à l'étranger dans les Activités de Recherche et Développement: Fondements Théoriques et Application aux Entreprises Suisses* (Bern: Peter Lang Publishing Group, 2009).

Useful websites

For FDI policy: Swiss Government, Federal Department of Economic Affairs, available at: www.evd.admin.ch.

For FDI statistics: Swiss National Bank, available at: www.snb.ch.

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Statistical annex ^{35, 36}

Annex table 1. Switzerland: outward FDI stock, 2000-2009

(US\$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008^a	2009^b
Switzerland	233	248	295	343	396	426	518	658	760	762	810
Memorandum: comparator economies											
Austria	25	29	43	56	70	72	106	156	153	-	-
Ireland	28	41	59	73	107	104	121	146	159	-	-
Netherlands	306	332	397	523	587	616	758	877	844	-	-
Sweden	123	123	147	186	215	209	266	327	319	-	-

Source: Authors calculations, based on UNCTAD, FDI/TNC database; Swiss National Bank, *Development of Direct Investment* (2001-2006); Swiss National Bank, *Direct Investment* (2008-2009).

^a Data at the end of the third quarter.

^b Provisional data at the end of the third quarter. Authors calculation based on Swiss National Bank, *Monthly Statistical Bulletin February 2010* (Bern and Zurich: SNB, 2010).

Annex table 2. Switzerland: outward FDI flows, 2000-2009

(US\$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008^a	2009^b
Switzerland	45	17	8	15	27	54	70	57	51	30	14
Memorandum: comparator economies											
Austria	6	3	6	7	8	11	14	33	28	-	-
Ireland	5	4	11	6	18	14	15	21	14	-	-
Netherlands	76	51	32	44	29	132	65	29	58	-	-
Sweden	41	7	11	21	21	27	24	38	37	-	-

Source: UNCTAD, *World Investment Report 2003: FDI Policies for Development. National and International Perspectives* (Geneva: UNCTAD, 2003); UNCTAD, *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development* (Geneva: UNCTAD, 2006); UNCTAD, *World Investment Report 2009: Transnational Corporations, Agricultural Production and Development* (Geneva: UNCTAD, 2009).

^a Data for the first three quarters of 2008.

^b Provisional data for the first three quarters of 2009. Authors calculation based on Swiss National Bank, *Monthly Statistical Bulletin February 2010* (Bern and Zurich: SNB, 2010).

³⁵ As Swiss FDI data are published in Swiss Franc (CHF), they have been converted into US\$ on the basis of the official CHF/US\$ conversion key provided by the Swiss National Bank and used by UNCTAD to harmonize data in US\$.

³⁶ In the statistics on direct investment, the Principality of Liechtenstein is included in the Swiss data.

Annex table 3. Switzerland: sectoral distribution of outward FDI stock, 2000 - 2008(US\$ billion) ^a

Sector / industry	2000	2001	2002	2003	2004	2005	2006	2007	2008
Manufacturing	76.6	73.5	97.9	115.6	140.5	150.8	209.6	268.9	305.4
Textiles and clothing ^b	1.4	0.9	1.0	7.7	8.7	6.2	13.0	19.1	17.4
Chemicals and plastics	34.3	33.4	44.9	50.3	64.6	73.3	98.7	113.5	130.7
Metals and machinery	10.9	11.1	14.9	16.3	18.8	18.1	29.3	42.0	47.2
Electronics, energy, optical and watchmaking	9.7	6.7	11.1	10.1	10.9	10.8	16.6	30.0	33.8
Other manufacturing and construction	20.3	21.4	26.0	31.2	37.5	42.4	52.0	64.3	76.3
Services	156.8	174.3	197.5	227.0	255.9	275.4	308.5	389.0	454.7
Trade	7.2	7.3	8.9	8.7	12.2	17.4	18.0	24.2	25.8
Finance and holding companies	55.3	59.9	82.2	93.9	106.6	121.0	122.9	186.3	229.0
of which									
Swiss-controlled ^c	12.6	11.2	15.4	20.8	26.7	23.1	26.7	30.4	37.5
Foreign-controlled ^{d, e}	42.7	48.7	66.8	73.1	79.9	97.9	96.2	155.9	191.5
Banks	33.1	33.2	39.1	48.1	48.7	53.3	73.3	77.1	87.2
Insurance companies	52.5	62.3	57.8	65.5	76.5	72.9	79.3	75.0	91.1
Transportation and communications	2.2	4.3	3.0	3.1	2.8	2.7	4.7	10.7	11.1
Other services	6.5	7.3	6.5	7.7	9.1	8.1	10.3	15.7	10.5
Total	233.4	247.8	295.4	342.6	396.4	426.2	518.1	657.9	760.1
Total excluding foreign-controlled finance and holding companies	190.7	199.1	228.6	269.5	316.5	328.3	421.9	502.0	568.6

Source: Authors calculations, based on Swiss National Bank, *Development of Direct Investment* (2001-2006); Swiss National Bank, *Direct Investment* (2007-2008).

^a Capital stock at year-end (book value). The breakdown by sector and by economic activity refers to a company's core business in Switzerland. Until 2003, classification according to the General Classification of Economic Activities, ASWZ 1985 (Allgemeine Systematik der Wirtschaftszweige); from 2004 onwards, classification according to the General Classification of Economic Activities, NOGA 2002 (Nomenclature générale des activités économiques). Expansion of the reporting population in 2004.

^b Expansion of the reporting population in 2003.

^c A company is considered to be Swiss-controlled if a majority share of its capital is in Swiss hands.

^d A company is considered to be foreign-controlled if a majority share of its capital is in foreign hands.

^e Expansion of the reporting population in 2006.

Annex table 4. Switzerland: geographical distribution of outward FDI stock, 2000, 2008(US\$ billion)^a

Economy / region	2000	2008
World	233.4	760.1
Developed economies	185.9	553.6
Europe	121.5	352.1
European Union ^b	113.9	284.1
France ^c	11.2	33.1
Germany	14.0	52.7
Luxemburg	10.2	23.9
Netherlands	12.3	32.8
United Kingdom	35.9 ⁵	47.7
Other European countries ^d	7.7	68.0
Russian Federation	0.4	5.1
Offshore financial centers ^e	...	54.3
North America	58.6	170.8
Canada	3.2	30.3
United States	55.4	140.5
Other developed economies	4.9	30.7
Australia	1.9	15.2
Japan	2.9	14.0
Developing economies	47.6	206.5
Africa	2.0	12.6
Egypt	0.4	1.6
South Africa	0.8	8.3
Asia and Oceania	15.7	46.1
China	1.0	6.4
Hong Kong (China)	1.6	4.3
India	0.2	2.2
Indonesia	0.3	5.6
Singapore	7.5	7.7
United Arab Emirates	0.1	8.0
Latin America and Caribbean	29.9	147.8
Brazil	3.5	31.0
Offshore financial centers ^f	19.3	106.2

Source: Authors calculations, based on Swiss National Bank, *Development of Direct Investment* 2001; Swiss National Bank, *Direct Investment* 2008.

^s Capital stock at year-end (book value). Expansion of the reporting population in 2004. The definition of economies is based on the Eurostat geonomenclature.

^b As of 2004, EU25; as of 2007, EU27.

^c As of 2000, incl. Monaco, Réunion, French Guiana, Guadeloupe, and Martinique.

^d As of 2000, incl. Guernsey, Jersey and the Isle of Man, excl. Monaco; until 2003, incl. Baltic countries, Malta, Poland, Slovakia, Slovenia, Czech Republic, Hungary, and Cyprus; until 2006, incl. Bulgaria and Romania.

^e Gibraltar, Guernsey, Jersey, and the Isle of Man.

^f Anguilla, Bahamas, Barbados, Bermuda, Virgin Island (British), Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, and St Kitts and Nevis; as of 2000, incl. Virgin Islands (US), Antigua and Barbuda, Belize, Dominica, Grenada, Santa Lucia, St Vincent and the Grenadines, Turks, and Caicos Islands.

Annex table 5. Switzerland: principal MNEs headquartered in the country, ranked by world total sales, 2009

(US\$ billion)

Rank	Name	Industry	Sales ^a	Profits ^a	Assets ^a
1	Nestlé	Food, drink and tobacco	103.01	16.91	97.12
2	UBS	Diversified financial	61.23	-18.52	1,894.85
3	Credit Suisse Group	Diversified financial	45.64	-7.70	1,089.61
4	Roche Holding	Drugs and biotechnology	42.75	8.41	69.77
5	Novartis	Drugs and biotechnology	42.01	8.30	73.22
6	ABB	Capital goods	34.91	3.12	31.99
7	Zurich Financial Services	Insurance	32.35	3.04	325.04
8	Swiss Re Group	Insurance	31.08	-0.81	214.16
9	Adecco	Business services and supplies	29.56	0.73	10.51
10	Petroplus Holdings	Oil and gas operations	28.26	-0.51	6.93
11	Xstrata	Materials	27.95	3.60	55.31
12	Holcim	Construction	23.58	1.67	42.21

Source: Authors elaboration, based on “Forbes global 2000 lists of the world’s biggest companies,” *Forbes*, 2009.

^a Sales, profits and assets are world totals.

Annex table 6. Switzerland: the ten largest cross-border M&A deals, by outward investing firm, 2007-2009

Year	Acquiring company	Target company	Target industry	Target economy	Shares acquired (%)	Estimated/announced transaction value (US\$ billion)
2009	Roche Holding AG	Genentech Inc	Chemicals and biopharmaceuticals	United States	100	46.7
2009	Holcim Ltd	Cemex SAB de CV-AU Assets	Construction	Australia	100	1.6
2008	Novartis AG	Alcon Inc	Chemicals and biopharmaceuticals	United States	77	10.5
2008	Roche Holding AG	Ventana Medical Systems Inc	Chemicals and biopharmaceuticals	United States	94	3.7
2008	Xstrata PLC	Jubilee Mines NL	Materials	Australia	100	2.8
2008	Glencore International AG	Century Aluminium Co	Coal, oil and natural gas	United States	38.9	1.8
2008	STMicroelectronics NV-Wireless	NXP Semiconductors-Wireless Op	Semiconductors	Netherlands	100	1.5
2007	Nestle SA	Gerber Products Co	Food, beverages and tobacco	United States	100	5.5
2007	Swisscom AG	Fastweb SpA	Telecommunications	Italy	82	5.5
2007	Givaudan SA	Quest InternationalBV	Chemicals and biopharmaceuticals	Netherlands	100	2.3

Source: UNCTAD, World Investment Report 2009: Transnational Corporations, Agricultural Production and Development (Geneva: UNCTAD, 2009); Thomson ONE Banker. Thomson Reuters.

Annex table 7. Switzerland: the ten largest greenfield transactions, by outward investing firm, 2007-2009

Year	Investing company	Target industry	Business activity	Host economy	Estimated/announced transaction value (US\$ billion)
2009	Novartis	Chemicals and biopharmaceuticals	Research and development	China	1.0
2008	Glencore International	Coal, oil and natural gas	Manufacturing	Colombia	3.0
2008	Glencore International	Alternative and renewable energy	Electricity	Zambia	1.5
2008	STMicroelectronics	Semiconductors	Manufacturing	France	1.3
2008	Advanced Power AG	Coal, oil and natural gas	Electricity	Netherlands	1.2
2008	Holcim	Building and construction materials	Manufacturing	Brazil	0.7
2008	EFG Group	Financial services	Business services	Poland	0.7
2007	Xstrata PLC	Metals	Extraction	New Caledonia	3.8
2007	Vimetco	Metals	Manufacturing	Kyrgyzstan	3.2
2007	Jelmoli	Real estate	Construction	Algeria	1.3

Source: fDi Intelligence, a service from the Financial Times Ltd.