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Swiss inward FDI and its policy context

by
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Switzerland has constantly sought to build an open economy in which foreign actors have been a crucial element of the economic growth process. The quality of the business environment, the central geographic location in Europe and the stability of the political, legal and social system have traditionally attracted a relatively high-level of inward foreign direct investment (IFDI) to the country. However, this success should not be taken for granted. The current economic crisis and the globalization of the world economy are challenging the attractiveness of Switzerland as a FDI location. In a context of fierce competition among countries to attract FDI, Switzerland has constantly to improve the quality of its business environment in order to remain a competitive location for foreign investors.

Trends and developments

Country-level developments

Despite the current global financial and economic crisis, Switzerland remains an attractive location for foreign investors. The FDI stock in Switzerland constantly rose over the past years, to reach US$ 439 billion in 2008 (annex table 1); between 2007 and 2008 alone, it rose by 30%.[1] The decline in 2005 stands out as a special case. The "American Jobs Creation Act" passed in October 2004 by the US Government temporary allowed US companies to repatriate their reinvested earnings at a tax-privileged rate.[2] Nevertheless, Switzerland hosts a relatively high

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[1] 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 that do not result in FDI flows. For instance, changes in FDI stocks may also be due to exchange rate movements, the raising of investment capital in third or domestic markets, new valuation principles (e.g. adjustment to international accounting standards), etc. For more information, see Swiss National Bank, *Direct Investment 2008* (Bern and Zurich: SNB, 2009), p. 18.

[2] Swiss National Bank, *Development of Direct Investment in 2005* (Bern and Zurich: SNB, 2006).

level of IFDI:[3] among selected comparable economies (annex table 1), Switzerland recorded the second largest stock of IFDI in 2008, behind the Netherlands. Moreover, the ratio of the country's IFDI stock as a percentage of gross domestic product (GDP) rose to 76%, while it amounted to 34% in Austria, 53% in Sweden, 64% in Ireland, and 74% in the Netherlands.[4]

While the IFDI stock in Switzerland grew steadily during the period 2000-2008, IFDI flows evolved more irregularly (annex table 2). The past years under review bore out this erratic trend. Whereas new acquisitions and increased reinvested earnings boosted IFDI flows to US$ 49.2 billion in 2007 (the highest flow ever recorded),[5] this unusually high figure did not last more than one year as FDI inflows sharply declined to US$ 5.1 billion in 2008.[6] Provisional data for 2009 seem to confirm a relatively low level of FDI flows.[7]

FDI in Switzerland is concentrated in the services sector, accounting for 84% of the total IFDI stock in 2008 (annex table 3). This share remained relatively stable between 2000 and 2008. Within services, finance and holding companies were responsible for nearly 70% of the total foreign investment in services. Manufacturing traditionally attracts less FDI (16%). More than half of the foreign FDI in manufacturing (55%) was in chemicals and plastics, reflecting the attractiveness of the chemical and biopharmaceutical industry in Switzerland, mainly clustered in the Basle area.[8]

Developed economies contributed to more than 90% of the IFDI stock in Switzerland in 2008 (annex table 4). Among developed economies, inflows from the EU amounted to US$ 309 billion (70% of the total inward stock). Of this, nearly two-third came from the Netherlands (US$ 88 billion), Austria (US$ 57 billion) and Luxembourg (US$ 55 billion), three well-known holding company locations.[9] By owning a FDI stock of more than US$ 80 billion in Switzerland, the United States is one of the country's most important foreign investors. Developing economies accounted for 10% of the IFDI stock (US$ 42 billion), of which 93% originated from offshore financial centers in Central and South America (US$ 39 billion).

The sectoral and regional breakdown of the Swiss IFDI stock reflects the motivation of foreign companies to invest in Switzerland. On the one hand, the attractive corporate tax system attracts a high level of investment by holding companies. On the other hand, the quality of the business environment[10] makes Switzerland the appropriate location for high value-added functions and

[3] UNCTAD, *World Investment Report 2009: Transnational Corporations, Agricultural Production and Development* (Geneva: UNCTAD, 2009).
[4] UNCTAD, *World Investment Report 2009*, op. cit.
[5] Swiss National Bank, *Direct Investment 2007* (Bern and Zurich : SNB, 2008).
[6] Swiss National Bank, *Swiss Balance of Payment (Quarterly Estimates) 4th Quarter 2009* (Bern and Zurich: SNB, 2009).
[7] The fall in investments will be analyzed in the section devoted to the effects of the current global crisis.
[8] P. Gugler and M. Keller, "The economic performance of Swiss regions," Center for Competitiveness, University of Fribourg, Switzerland (2009), available at: http://www.isc.hbs.edu/econ-natlcomp_resources.htm.
[9] The breakdown by ultimate beneficial owner gives a different picture as the share of these three countries in the total investment by EU countries dropped to only one-third. For more information about ultimate investors, see Swiss National Bank, *Direct Investment 2008*, op. cit., pp. 14-16.
[10] In particular the availability of skilled and multilingual labor, access to leading research and academic institutions, a stable macroeconomic, political, legal and social context, and high-quality infrastructure.

explains the large number of strategic-asset seeking investments in knowledge-intensive sectors by companies mainly from developed countries.[11]

In line with IFDI growth, foreign companies in Switzerland steadily increased their employment, from around 130,000 in 2000 to 395,000 in 2008.[12] This corresponded to around 10% of the total workforce in Switzerland (estimated at 4 million at the end of 2008).[13] In 2008, the number of staff employed by foreign investors in Switzerland rose by 16,000 individuals. The breakdown by investing country is relatively similar to the IFDI distribution: some 80% of the workforce of foreign investors was employed by European firms, 15% by North American companies and 5% by developing country ones.[14] Looking at the sectoral level, 38% was active in manufacturing and 62% in services. It is worth noting that, whereas finance and holding companies generated 58% of the total foreign investment in Switzerland, they accounted for only 4% of the total work force employed by foreign companies. This suggests that some holding companies are set up in Switzerland to avoid double taxation of income earned by foreign affiliates.[15]

The corporate players

For decades, multinational enterprises (MNEs) from across the globe have chosen Switzerland as a location for their foreign operations.[16] In 2007, Switzerland recorded the second highest concentration of *Fortune 500* companies per million inhabitants (1.6), behind Luxembourg.[17] Furthermore, the *World Investment Report 2009* identified 6,852 foreign affiliates located in Switzerland in 2008.[18] By generating around 10% of the total Swiss GDP, foreign MNEs play a pivotal role in the domestic economy.[19] Annex table 5 lists a sample of the main foreign affiliates established in Switzerland, ranked by number of employees in Switzerland. In order to illustrate the strong presence of foreign companies in Switzerland, a look at the structure of the banking industry is interesting. At the end of 2008, Switzerland hosted 154 foreign banks, representing 48% of all banks, 17% of gross profit of all banks, 15% of domestic employees of all banks, and 20% of taxes paid by all banks, and approximately 2% of the Swiss GDP.[20]

Foreign MNEs continued to strengthen their position in Switzerland by undertaking new investment. On the one hand, between 2000 and mid-2009, foreign MNEs concluded 946 M&As in Switzerland, worth more than US$ 100 billion.[21] Annex table 6 lists the ten largest M&As by foreign investors in Switzerland between 2007 and 2009. By acquiring 98% of the shares of the

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[11] For further information about the sectoral and regional breakdown of the IFDI stock in Switzerland, see The Swiss-American Chamber of Commerce and The Boston Consulting Group, *Multinational Companies on the Move: How Switzerland Will Win the Battle* (Zurich, 2007), and to R. J. Allen and P. R. Altenburger, *Switzerland: More than just Taxes*, Swiss-American Chamber of Commerce Yearbook 2009/2010 (Zurich: 2010).
[12] Swiss National Bank, *Development of Direct Investment in 2002* (Bern and Zurich: SNB, 2003), and Swiss National Bank, *Direct Investment 2008*, op. cit.
[13] Swiss National Bank, *Direct Investment 2008*, op. cit.
[14] Ibid.
[15] Although these firms are often depicted as “letter-box” companies, they undertake key activities that allow parent firms to maximize the effectiveness of their global business.
[16] Allen and Altenburger, op. cit.
[17] Swiss-American Chamber of Commerce and The Boston Consulting Group, op. cit.
[18] UNCTAD, *World Investment Report 2009*, op. cit.
[19] M. Naville and P. Tischhauser, “Comment la Suisse peut gagner la course difficile aux faveurs des multinationales,” *La Vie Economique*, (3) (2008), pp. 32-34.
[20] Association of Foreign Banks in Switzerland, *Foreign Banks in Switzerland and their Association: Who are they?* (Zurich, 2009).
[21] UNCTAD’s FDI/TNC database, available at: http://stats.unctad.org/fdi**,** and UNCTAD, *World Investment Report 2009*, op. cit.

Swiss biotechnological firm Serono for some US$ 9 billion, the German pharmaceutical company Merck undertook the largest foreign investment in a Swiss company. It is interesting to note that M&As by foreign companies were principally oriented toward high-value added firms, highlighting thus the strategic asset-seeking nature of foreign investors. But foreign MNEs were also very active through greenfield investment. During the period 2004-March 2009, 611 greenfield FDI projects were established by foreign investors.[22] Annex table 7 shows the ten biggest greenfield transactions between 2007 and 2009: five projects were in the hospitality and tourism industry, two in the pharmaceutical industry, two in IT services and one in the food and tobacco industry.[23]

Effects of the current global crisis

As illustrated in the previous sections, despite the global financial and economic crisis, the IFDI stock in Switzerland continued to grow between 2007 and 2008. Furthermore, this trend was corroborated in 2009 as IFDI stock rose by US$ 25 billion, to US$ 464 billion. Whereas IFDI flows reached a new record peak of US$ 49 billion in 2007, they sharply decreased by US$ 44 billion to US$ 5 billion in 2008.[24] This impressive fall, more accentuated than the global trend and the slowdown of the economic activity, resulted from a strong decline in reinvested earnings, a drop in acquisitions and significant disinvestments. Investors from the EU withdrew more than US$ 4 billion from Switzerland in 2008, while they invested US$ 48 billion the previous year.[25] Looking at the sectoral level, FDI inflows in manufacturing and services dropped between 2007 and 2008 by 99%, to US$ 0.1 billion (compared to US$ 23 billion in 2007), and by 80% to US$ 5 billion (compared to US$ 28 billion).[26] Within manufacturing, chemicals and plastics recorded the largest decrease, shrinking from an investment of US$ 14 billion in 2007 to a disinvestment of US$ 0.4 billion in 2008. With regard to services, although finance and holding companies remained the largest foreign investors in the country, they recorded the highest decline, reducing their investment from US$ 15 billion in 2007 to US$ 6 billion in 2008.[27]

Provisional data for 2009 also indicate low inflows. Although inward flows of US$ 6.3 billion recorded in the first quarter hinted at a probable recovery (they exceeded total inflows of the previous year by US$ 1.2 billion), IFDI flows dropped again during the second, third and fourth quarters, to, respectively, US$ 1.9 billion, US$ 2.2 billion and an outflow of US$ 0.7 billion.[28] Provisional data for 2009 show therefore total FDI inflows of US$ 9.7 billion. Although this figure was almost twice that of 2008 (US$ 5.1 billion), it remained 33% lower than the average of the nine previous years (US$ 14.5 billion).

[22] UNCTAD, *World Investment Report 2009,* op. cit.
[23] Although it can be surprising that five of the ten biggest greenfield transactions in Switzerland between 2007 and 2009 were in the hospitality and tourism industry (instead of in traditional attractive and competitive Swiss sectors such as pharmaceuticals or financial services), the inherent characteristics of greenfield investment (i.e. investment to construct a project in basic components) make investments in hospitality and tourism a common phenomenon.
[24] It is important to keep in mind that the unusual high 2007 figure accentuated the extent of the fall.
[25] Swiss National Bank, *Direct Investment 2008*, op. cit.
[26] Swiss National Bank, *Direct Investment 2008*, op. cit.
[27] This fall was mainly due to lower profits retained.
[28] Swiss National Bank, *Swiss Balance of Payment (Quarterly Estimates) 4th quarter 2009*, op. cit.

The financial and economic crisis also triggered the emergence of sovereign wealth funds (SWFs) as new investors in Switzerland.[29] Between 2007 and 2009, Asian and Middle East SWFs invested in six Swiss companies.[30] Three transactions were effectively classified as FDI: (i) Abar Investment (UAE) acquired 100% of AIG Private Bank, (ii) Mubadala Development Company (UAE) obtained 40% of the Swiss engineering firm SR Technics and (iii) Kuwait Investment Authority acquired 24% of the Swiss hotel group Victoria-Jungfrau Collection.[31] Furthermore, due to liquidity needs resulting from the financial crisis, SWFs also invested in the two largest Swiss banks, Credit Suisse and UBS. Qatar Investment Authority acquired 9.9% of Credit Suisse and the Government of Singapore Investment Corporation (GIC) injected almost US$ 10 billion in UBS.[32] Although SWFs flows into Switzerland triggered a debate about the need for legislative change and the possible strategic nature of these investments, the Government seems to have reached the conclusion that there is no justification to discriminate against SWFs and that protectionism could generate unnecessary negative trade-offs.[33]

The policy scene

Despite the competitiveness of the Swiss economy, the country has to tackle several challenges to maintain its leading position and strengthen the attractiveness of its business environment *vis-à-vis* a growing number of new players that are aggressively seeking to attract FDI, including with special tax schemes and better infrastructure. For example, whereas Switzerland used to be a major location for investment funds, a lack of flexibility in the regulatory framework and the tax regime has allowed Luxembourg and Ireland to outperform Switzerland in this area of business.[34] The financial industry is particularly illustrative of the fierce competition among countries to attract FDI, and the necessity to constantly reassess a country's institutional, regulatory and tax framework.

In order to safeguard the interests of the Swiss economy abroad and to improve Switzerland's attractiveness as a business location, the Swiss Government seeks to set up a strong network of free trade agreements (FTAs) and bilateral investment treaties (BITs).[35] In 2009, Switzerland

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[29] Although SWFs were traditionally more active in portfolio investment, they recently sharply increased their involvement in FDI and cross-border M&As by acquiring 10% or more of equity, with voting power, in enterprises abroad. Even though the amounts invested in FDI by SWFs remain relatively low proportionally to the size of these funds (estimated to be about US$ 4 trillion), they dramatically increased since 2005. In fact, cumulative FDI by SWFs over the past two decades reached US$ 65 billion in 2008, of which US$57 billion were invested in the past four years. For more information on SWFs, see UNCTAD, *World Investment Report 2008: Transnational Corporations and the Infrastructure Challenge* (Geneva: UNCTAD, 2008), UNCTAD, *World Investment Report 2009*, op. cit.; P. Gugler and M. Keller, "The Role of SWFs in shaping the neopolar world: the Asia-Europe perspective," in Lars Oxelheim, Eds., *The Repolarization of the Global Economic Area*, forthcoming.

[30] Information obtained from an internal database on SWFs, established by the Center for Competitiveness, University of Fribourg, Switzerland.

[31] Ibid.

[32] The third portfolio investment by SWFs in a Swiss company was in Glencore, a Swiss commodity trader firm.

[33] KPMG, *Sovereign Wealth Funds: The New Global Investors* (Zurich: KPMG, 2008).

[34] For more details about the Swiss financial industry, see the website of the Swiss Bankers Association, available at: http://www.swissbanking.org.

[35] For more information about the Swiss network of international agreements and treaties, see the website of the State Secretariat of Economic Affairs SECO available at: http://www.seco.admin.ch, and Philippe Gugler and Xavier Tinguely, "Swiss outward FDI and its policy context," *Columbia FDI Profiles*, April 29, 2010.

signed 14 double taxation agreements (DTTs).[36] After having been placed by the OECD and the G-20 states on a “grey list” of “uncooperative tax havens” in April 2009, the Federal Council decided to extend administrative assistance in tax matters and to adopt Art. 26 of the OECD Model Convention.[37] The signature of these DTTs is likely to facilitate the activities of the export sector, promote investment in Switzerland and contribute to prosperity of the country.[38]

Nevertheless, other reforms of the domestic economy are necessary to respond to the challenge of globalization. The *Global Competitiveness Report* (GCR) offers an overview of the main strengths and weaknesses of the Swiss business environment compared with those of 132 other countries.[39] Although Switzerland topped the overall ranking in 2009-2010, it performed relatively badly in certain categories that are important to foreign investors. For example, Switzerland ranked only 27th in the intensity of local competition, 30th in business impact of rules on FDI, 60th in time required to start a business, 93rd in the prevalence of trade barriers or 122th in strength of investor protection.[40] The Swiss Government wants to overcome these shortcomings. For instance, in the past years, the competencies of the competition authorities were reinforced, and the Swiss authorities started a liberalization process of traditionally protected sectors such as agriculture in which a FTA with the EU is under negotiation. Recognizing the crucial importance of foreign investors in Switzerland’s international economy, the Swiss government also set up a special institution to promote Switzerland as a business location.[41] Moreover, in the framework of the OECD Code of Capital Movements, Switzerland is committed progressively to abolish restrictions on the movement of capital.[42] It is worth noting that, although reservations apply to certain sectors subject to special conditions (such as real estate or financial operations), Swiss investment laws do not establish a general screening mechanism for foreign investment in Switzerland.[43]

Conclusions

Even if the global financial and economic crisis affected FDI inflows in 2008 and 2009, Switzerland continued to attract a relatively high level of FDI. However, even though the country ranks among the world’s most competitive economies, this success is not set in stone. International competition has become stronger, and many countries are becoming more attractive and more active in approaching foreign investors. As foreign companies play a crucial role in the dynamism of the Swiss economy, the constant improvement of the business environment is an essential prerequisite to maintain Switzerland’s attractiveness, competitiveness and prosperity in the future.

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[36] Between March 2009 and May 2010, Switzerland signed DTTs (with OECD Art. 26) with Austria, Denmark, the Färöer Islands, Finland, France, Luxembourg, Mexico, the Netherlands, Norway, Poland, Qatar, Spain, the United Kingdom, and the United States.

[37] Federal Department of Finance, *International Double Taxation* (Bern: FDF, 2010). Detailed information is available at: http://www.efd.admin.ch.

[38] For more information see OECD, Centre for Tax Policy and Administration, available at: http://www.oecd.org.

[39] World Economic Forum, *Global Competitiveness Report 2009-2010* (Geneva: WEF, 2009).

[40] The apparent lack of investor protection has to be seen in perspective, as Swiss law provides a high level of investor protection. Switzerland’s low ranking is likely to be explained by the fact that the country lies outside the applicable scope of the markets in financial instruments directive (MiFID). For more information, see M. Hess and H.-L. Chou, *MiFID: Challenge for Swiss Investment Firms as well?* (Zurich: Wenger & Vieli, 2007).

[41] For more information, see OSEC Business Network Switzerland available at: www.osec.ch.

[42] OECD, *Code of Liberalisation of Capital Movements* (Paris: OECD, 2009).

[43] For more information, see ibid.

Additional readings

Gugler, Philippe and Lamia Ben Hamida, "Are there demonstration-related spillovers from FDI? Evidence from Switzerland," *International Business Review,* 18 (5) (2009), pp. 494-508.

Naville, Martin and Pia Tischhauser, "Comment la Suisse peut gagner la course difficile aux faveurs des multinationals," *La Vie Economique,* 3 (2008), pp. 32-34.

Swiss-American Chamber of Commerce and Boston Consulting Group, *Foreign Companies in Switzerland: The Forgotten Sector* (Zurich, 2006).

Swiss-American Chamber of Commerce and Boston Consulting Group, *Multinational Companies on the Move: How Switzerland Will Win the Battle!* (Zurich, 2007).

Swiss-American Chamber of Commerce and Boston Consulting Group, *Creative Switzerland? Fostering an Innovation Powerhouse!* (Zurich, 2008).

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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For further information please contact: Vale Columbia Center on Sustainable International Investment, Zehra G. Kavame, (212) 854-0638, Zkavam1@law.columbia.edu.

Statistical annex[44]

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

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Switzerland	**86.8**	**89.3**	**125.1**	**161.8**	**195.9**	**169.0**	**218.0**	**337.5**	**439.1**	**463.8[a]**
Memorandum: comparator economies[b]										
Austria	31.2	35.0	44.9	57.6	70.7	82.6	111.1	163.4	139.3	-
Ireland	127.1	134.1	182.9	222.8	207.6	163.5	156.5	193.5	173.4	-
Netherlands	243.7	282.9	350.0	426.6	477.2	451.2	513.3	724.1	644.6	-
Sweden	94.0	91.9	119.4	158.9	196.2	171.8	227.3	290.0	253.5	-

Source: UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi and authors' calculations, based on SNB, *Development of direct investment 2001, 2002, 2003, 2004, 2005, 2006* (Zurich and Bern: SNB 2002-2007); *Direct Investment 2007, 2008* (Zurich and Bern: SNB 2008 - 2009).

[a] Provisional data from SNB, *Monthly Statistical Bulletin March 2010* (Zurich and Bern: SNB, 2010).
[b] Comparator economies have been chosen because of the comparable size of their population, GDP per capita and/or institutional framework.

Annex table 2. Switzerland: inward FDI flows, 2000-2009[a]

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Switzerland	**19.3**	**8.9**	**5.6**	**16.6**	**0.7**	**-1.3**	**26.3**	**49.2**	**5.1**	**9.7[b]**
Memorandum: comparator economies[c]										
Austria	8.8	5.9	0.4	7.1	3.9	10.8	7.9	29.6	13.6	-
Ireland	25.8	9.7	29.3	22.8	-10.6	-31.7	-5.5	24.7	-20.0	-
Netherlands	63.9	51.9	25.0	21.0	4.6	47.8	7.5	118.4	-3.5	-
Sweden	23.4	10.9	12.3	5.0	11.0	10.0	27.2	22.1	43.7	-

Source: UNCTAD's FDI/TNC database, available at http://stats.unctad.org/fdi and authors calculations, based on SNB (2002-2007), "*Development of direct investment 2001, 2002, 2003, 2004, 2005, 2006*", Zurich/Bern and SNB (2008-2009), "*Direct Investment 2007, 2008*", Zurich/Bern.

[a] A minus sign (-) indicates an outflow of capital (disinvestment).
[b] Provisional data from SNB, *Swiss Balance of Payments (Quarterly Estimates) 4th Quarter 2009* (Bern and Zurich: SNB, 2010).
[c] Comparator economies have been chosen because of the comparable size of their population, GDP per capita and/or institutional framework.

[44] As Swiss FDI data are published in Swiss Franc (CHF), they were converted in US$ using the official CHF/US$ conversion key provided by the Swiss National Bank and used by UNCTAD to harmonize data in US$. In the statistics on direct investment, the Principality of Liechtenstein is included in the Swiss domestic data.

Annex table 3. Switzerland: distribution of inward FDI stock, by economic sector and industry, 2000, 2008[a]

(US$ billion)

Sector / industry	2000	2001	2002	2003	2004	2005	2006	2007	2008
Manufacturing	**15.4**	**14.9**	**17.9**	**26.6**	**35.3**	**30.3**	**39.1**	**55.9**	**67.9**
Chemicals and plastics	4.6	5.9	6.4	9.4	16.2	12.6	18.8	27.3	37.1
Metals and machinery	2.1	2.0	2.6	3.8	4.8	4.5	5.6	8.3	9.1
Electronics, energy, optical and watchmaking	5.7	4.3	5.9	7.9	8.8	8.4	10.2	14.8	13.8
Other manufacturing and construction	3.0	2.7	3.0	5.5	5.5	4.8	4.5	5.5	7.9
Services	**71.4**	**74.4**	**107.2**	**135.2**	**160.6**	**138.7**	**178.9**	**281.6**	**371.2**
Trade	12.2	11.5	14.0	16.6	25.0	24.2	28.7	38.2	39.3
Finance and holding companies[b]	38.7	37.8	67.1	85.5	95.9	77.4	98.8	179.8	253.8
Banks	13.0	13.8	17.4	21.1	24.1	22.0	26.3	31.8	36.1
Insurance companies	3.4	2.9	2.8	3.3	4.9	4.6	13.7	16.4	19.6
Transportation and communications	2.3	3.7	3.3	5.2	5.1	5.2	5.9	8.5	12.0
Other services	1.8	4.7	2.6	3.5	5.6	5.3	5.5	6.9	10.4
Total	**86.8**	**89.3**	**125.1**	**161.8**	**195.9**	**169.0**	**218.0**	**337.5**	**439.1**

Source: Authors' calculations, based on SNB (2002-2007), *Development of Direct Investment 2001, 2002, 2003, 2004, 2005, 2006* (Zurich and Bern: SNB 2008-2009), *Direct Investment 2007, 2008* (Zurich and Bern: SNB 2008-2009),

[a] Capital stock at year-end (book value); The breakdown by sector and 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 2006.

Annex table 4. Switzerland: geographical distribution of inward FDI stock, 2000, 2008[a]

(US$ billion)

Economy / region	2000	2008
World	**86.8**	**439.1**
Developed economies	**85.5**	**397.0**
Europe	**51.7**	**312.7**
European Union [b]	51.6	309.6
Austria	0.4	57.5
Denmark	1.2	10.8
France [c]	8.3	32.5
Germany	12.4	35.8
Luxemburg	3.0	54.9
Netherlands	17.4	88.0
United Kingdom	3.1	9.1
Other European economies [d]	0.1	3.1
North America	**31.9**	**82.8**
Canada	1.4	1.5
United States	30.5	81.3
Other developed economies	**1.9**	**1.5**
Developing economies	**1.3**	**42.1**
Asia, Africa and Oceania	**0.4**	**2.0**
Central and South America	**0.9**	**40.1**
of which		
Offshore financial centers [e]	-	38.8

Source: Authors' calculations, based on SNB, *Development of Direct Investment 2001* (Zurich and Bern: SNB, 2002);,*Direct Investment 2008* (Zurich and Bern: SNB, 2009).

[a] Capital stock at year-end (book value); Expansion of the reporting population in 2004; The definition of countries 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] Virgin Island (US), Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Virgin Island (British), Dominica, Grenada, Jamaica, Cayman Islands, Montserrat, Netherlands Antilles, Panama, St Kitts and Nevis, Santa Lucia, St-Vincent and the Grenadines, Turks and Caicos Islands.

Annex table 5. Switzerland: some main foreign affiliates, ranked by number of employees in Switzerland, 2008-2009

Rank	Name	Economy	Industry	Number of employees
1	IBM	United States	Software and services	3,320
2	Johnson & Johnson	United States	Drugs and biotechnology	3,150
3	Procter & Gamble	United States	Household and personal products	2,700
4	HSBC Private Bank (Suisse) SA	United Kingdom	Banking	2,669
5	Hewlett-Packard	United States	Technology hardware and equipment	2,000
6	BSI SA	Italy	Banking	1,827
7	BNP Paribas (Suisse) SA	France	Banking	1,756
8	Sarasin & Cie AG	Netherlands	Banking	1,537

Source: Association of Foreign Banks in Switzerland, *Economic Figures 2008* (Zurich: AFBS, 2009); Bilan, *Les 20 Patrons Qui Font la Suisse* (Genève: Bilan, October, 18 - 21 2010).

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

Year	Acquiring company	Target company	Target industry	Source economy (IFDI)	Shares acquired (%)	Estimated/ announced transaction value (US$ billion)
2009	Mirror Lake Oil & Gas Co Ltd	Addax Petroleum Corp	Oil and gas operations	Canada	100	7.2
2009	BASF SE	Ciba Specialty Chemicals	Chemicals and biopharmaceuticals	Germany	96	2.6
2009	Berkshire Hathaway Inc	Swiss Reinsurance Co Ltd	Insurance	United States	23	2.6
2008	General Dynamics Corp	Jet Aviation International SA	Aviation services	United States	100	2.2
2008	BlackRock Inc	UBS AG - Mortgage Assets	Diversified financial	United States	100	1.5
2007	Merck KGaA	Serono International SA	Chemicals and biopharmaceuticals	Germany	98	8.6
2007	SCOR	Converium Holdong AG	Insurance	France	96	2.7
2007	Medi-Clinic Luxemburg Sarl	Klinik Hirslanden AG	Healthcare	Luxemburg	100	2.4
2007	Rank Group Ltd	SIG Holding	Packaging and filling machines	New Zealand	100	2.3
2007	Allianz Capital Partners GmbH	Selecta Group	Vending services	Germany	100	1.5

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 projects, by inward investing firm, 2007-2009

Year	Investing company	Target industry	Business activity	Source economy (IFDI)	Estimated/ announced transaction value (US$ million)
2009	Rezidor Hotel Group	Hotels and tourism	Construction	Belgium	92
2009	Starwood Hotels & Resorts	Hotels and tourism	Construction	United States	92
2008	Aldi Group	Food and tobacco	Headquarters	Germany	95
2008	Carlson Companies	Hotels and tourism	Construction	United States	92
2008	Orascom Group	Hotels and tourism	Construction	Egypt	92
2008	Accor	Hotels and tourism	Construction	France	92
2008	Merck & Co	Pharmaceuticals	Manufacturing	United States	80
2007	Cambridge Solutions	Software and IT services	ICT and internet infrastructure	United States	91
2007	Yahoo	Software and IT services	ICT and internet infrastructure	United States	91
2007	Baxter	Pharmaceuticals	Manufacturing	United States	80

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