

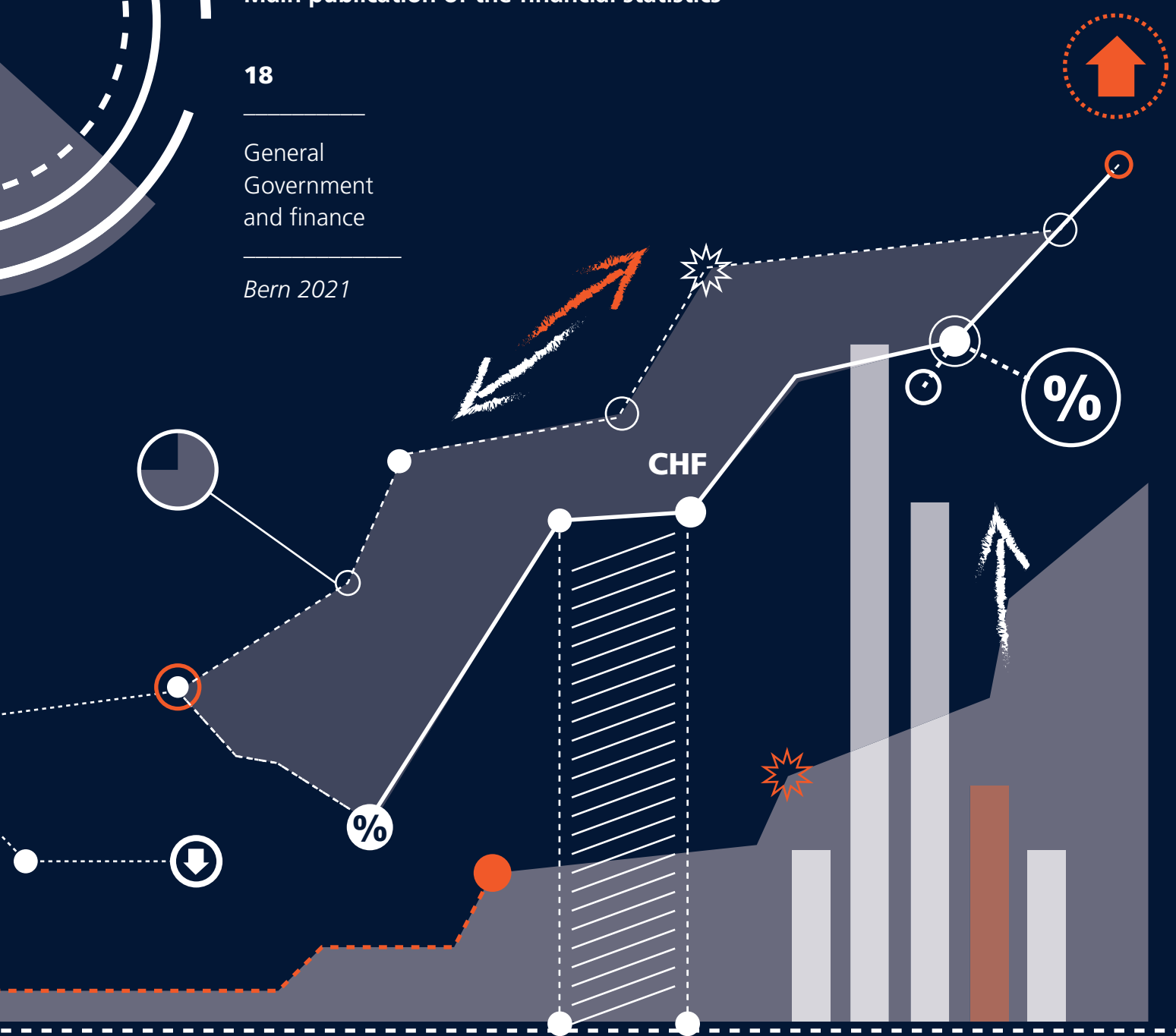
Swiss public finances 2019–2022

Main publication of the financial statistics

18

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1 Brief summary

2021 - Due to the prolonged pandemic situation, extensive measures were once again decided for 2021 to cushion the economic impact (including hardship measures by the Confederation and cantons). Like the previous year, the measures are likely to amount to around 18 billion for the general government. In view of the simultaneous decline in tax revenue in the case of the cantons and municipalities, the burden on the government units will remain very substantial. The deficit for the general government will probably reach 2.3% of GDP and will be largely covered by liabilities. The Financial Statistics Section thus expects liabilities to climb by 12.5 billion to 311,6 billion in 2021.

With the easing of the COVID-19 restrictions in spring 2021, the domestic economy started to recover. The economic recovery is likely to continue for the rest of the year. The federal government's economic forecasts expert group expects companies to increase their investments and hire more staff (forecast of September 2021). As a result, short-time working is likely to be gradually reduced and unemployment is set to fall. Consequently, the Financial Statistics Section anticipates a decline in expenditure in the case of the social security funds, which act as automatic cyclical stabilizers for the economy. Due to the significantly improved economic output, the general government expenditure ratio is likely to fall from 36.5% of GDP in 2020 to 35.3% of GDP in 2021.

2022 - As the economy continues to recover, the government units' financial situation should return to normal in 2022. The Confederation, cantons and social security funds are likely to return to positive territory, with a small surplus of 0.2% of GDP anticipated for the general government. Expenditure to combat the pandemic is likely to cost the general government 2.7 billion in 2022 (96% of this will be borne by the Confederation).

The economic forecasts indicate that employment should rise significantly in 2022 and unemployment should fall to 2.7%. The Financial Statistics Section expects the social security funds' expenditure to fall further as a result of the lower unemployment. Switzerland's general government expenditure ratio is likely to decline to 32.2% of GDP in 2022, which is 0.6 percentage points above the pre-crisis level. Compared with other OECD countries, Switzerland's general government expenditure ratio will remain low in the years ahead (see Table 2).

Risks - The greatest risks for the public finances concern the further course of the pandemic. The emergence of new variants of COVID-19 with altered characteristics, against which vaccines are ineffective, remains a serious risk for society and the economy. New restrictions would slow down or even let collapse economic growth as well as tax revenue. Support measures would increase expenditure in the fields of social security, economic activities and health. In the medium term, the reform of the old age insurance generates further risks since political discussion about the exact design of the reform are still ongoing. Furthermore the global harmonization of the OECD's corporate tax reform carries risks whose impact is still unclear at the moment. On the one hand, it may lead to additional receipts due to higher tax rates, while at the same time additional expenditure or tax reductions may occur as a result of compensatory measures. On the other hand, an exodus of large international groups may adversely affect public finances due to a reduction in receipts. A clearer picture will emerge once the details of the implementation of the global tax reform in Switzerland are known and the precise compensatory measures will have been defined.

2 Introduction

This document, entitled “Swiss public finances”, is the main publication of the Financial Statistics Section of the Federal Finance Administration. This annual publication is usually issued in October and is only available in electronic format. However, the contribution of the Financial Statistics Section to the [Statistical Yearbook of Switzerland](#) is still printed.

Since a wide range of financial statistics data tables is available on the [FFA website](#), this main publication focuses on the visual presentation of the data. The data tables on which the charts are based can also be downloaded in Excel format by clicking on the icon on the right above the chart.

This publication deals primarily with the trend of the finances of the general government sector as a whole. The most important developments in the sub-sectors (Confederation, cantons, municipalities and social security funds) are presented in certain charts and explained in the text.

Compared with the brief report that was published in August 2021, the main publication presents the trend and structure of receipts and expenditure by economic classification, the structure and trend of expenditure by function, and the structure and trend of the balance sheet position. Like the brief report, it additionally provides an international comparison of the main public finance indicators.

This publication contains the definitive 2019 financial statistics figures for the government units in accordance with the [national](#) and [international](#) statistics standards. It also contains initial provisional results for 2020, as well as estimates and forecasts for the main aggregates for 2021 and 2022. Forecasts up to 2025 for certain aggregates can additionally be found on the FFA website.

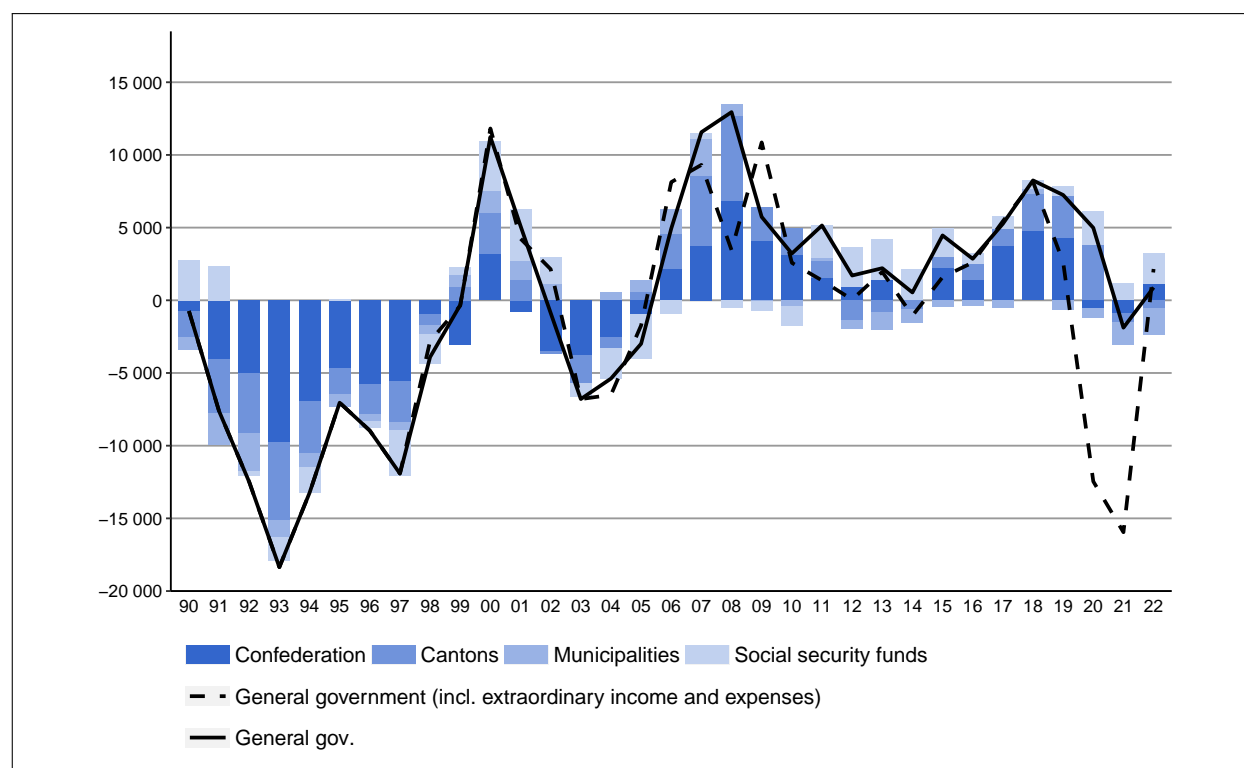
3 Switzerland's public finances in accordance with national guidelines (FS)

For the national financial statistics, the accounts of the government units are restated in a uniform structure based on the Harmonized Accounting Model for the Cantons and Municipalities (HAM2). This presentation allows a comparison of the government units in Switzerland. This section presents the main financial aggregates (balance, receipts, expenditure, statement of financial position and debt) for the general government sector in accordance with the national guidelines.

3.1 Fiscal balance, receipts and expenditure

Fiscal balance - Figure 1 shows the trend of the government units' fiscal balance for the period from 1990 to 2022. The black curve and the blue bars show the ordinary fiscal balance, i.e. the difference between ordinary receipts and ordinary expenditure, for the general government sector and the sub-sectors (Confederation, cantons, municipalities and social security funds). The black dashed line shows the overall fiscal balance, which includes extraordinary receipts and expenditure. The overall fiscal balance thus measures the overall result of the government units' financing statement.

Figure 1: Overall fiscal balance 1990-2022 (CHF mn)



Between 2014 and 2018, the general government's ordinary fiscal balance and the balance including extraordinary receipts and expenditure tended to improve. In 2019, the government units' financing statement once again showed a surplus of 2.6 billion, although this was 5.5 billion less than in the previous year. Excluding the extraordinary contribution to the recapitalization of the canton of Geneva pension fund (around 5 mn), the result would have been even better.

2020 and 2021 - In both 2020 and 2021, the COVID-19 pandemic will lead to the biggest economic crisis in decades, leaving deep scars on the government units' finances. In 2020, substantial shortfalls in tax receipts for the Confederation (especially withholding tax) and soaring expenditure in the Confederation and social security funds sub-sectors led to a high general government deficit (-12.5 bn).

In view of the decline in tax revenue in the case of the cantons and municipalities, the burden on the government units is still very substantial in 2021. The general government is likely to post a deficit of 16 billion, covered largely by short-term liabilities toward financial intermediaries and bonds, like in 2020. The Financial Statistics Section thus expects gross debt to climb by around 11 billion to 237 billion.

The additional expenditure in 2020 and 2021 is due to various fiscal policy measures to combat the pandemic and especially to cushion the economic impact. These include, for example, short-time working compensation (2020: 10.8 bn, 2021: 5 bn), loss of earnings compensation (2020 and 2021: 2.2 bn each) and hardship measures by the Confederation and the cantons (2021: 4.8 bn)¹. For the general government, these amount to 16.9 billion in 2020 and 17.6 billion in 2021, with the Confederation sub-sector bearing around 84% (2020) and 94% (2021). Thanks to the automatic economic stabilizers (taxes and unemployment insurance) and the extensive measures, many economic players should emerge from the crisis relatively unscathed, in spite of the fact that individual sectors have been hit hard.

With the easing of the COVID-19 restrictions in spring 2021, the domestic economy started to recover. The economic recovery is likely to continue for the rest of the year. The federal government's economic forecasts expert group (as of September 2021) expects companies to increase their investments and hire more staff. As a result, short-time working is likely to be gradually reduced and unemployment is set to fall. Accordingly, the Financial Statistics Section expects the social security funds' expenditure to decline. In contrast, the general government's expenditure is likely to continue to grow due to rising expenditure in the Confederation, cantons and municipalities sub-sectors.

2022 - As the economy continues to recover, the government units' financial situation should return to normal in 2022. The Confederation, cantons and social security funds sub-sectors will probably post a surplus in the financing statement. With expenditure of 240 billion, the general government is expected to post a positive fiscal balance of 2.2 billion. When extraordinary transactions are excluded, the surplus in the ordinary budget shrinks to 0.9 billion.

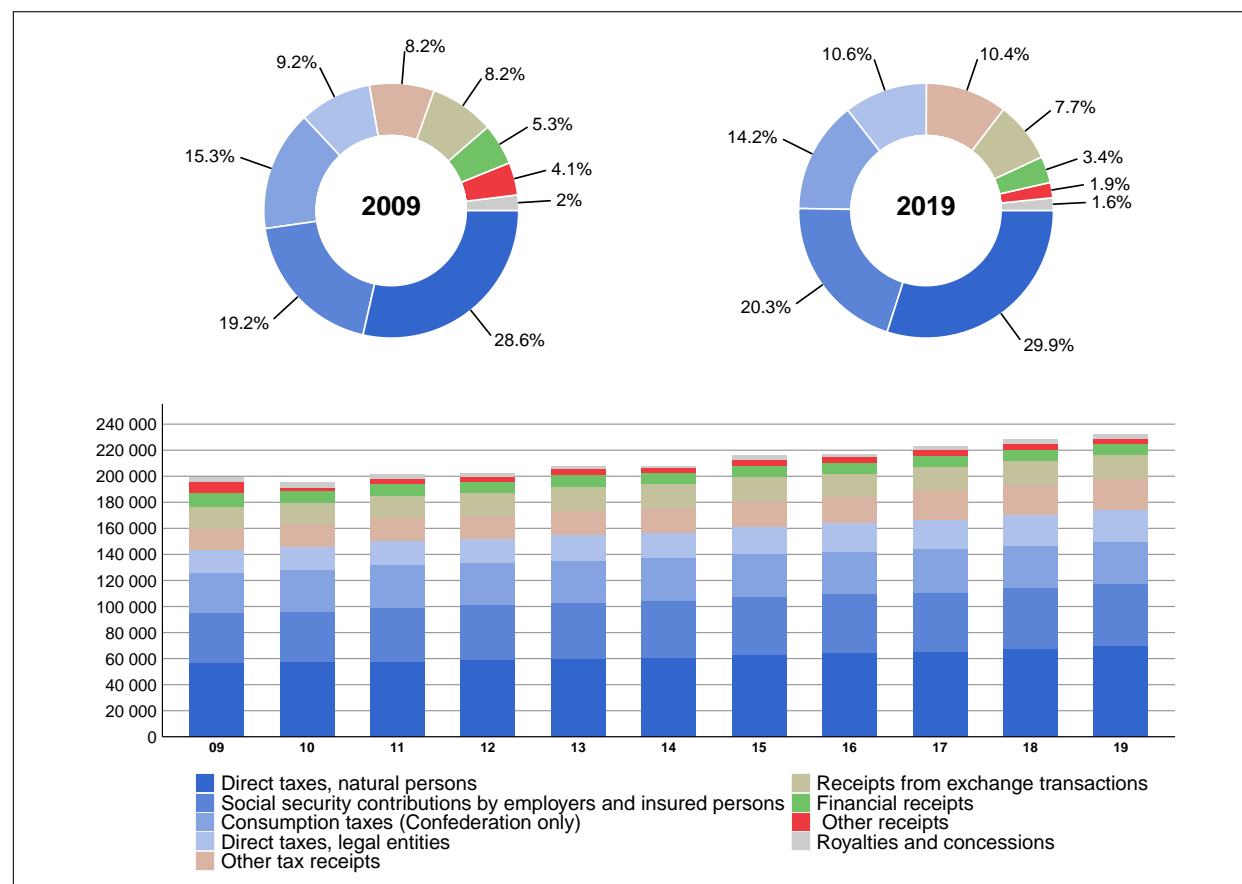
Extraordinary expenditure to combat the pandemic is likely to cost the general government 2.7 billion in 2022 (96% of this will be borne by the Confederation). This will be used primarily for covid tests, surety losses and vaccines, as well as to support the event industry and tourism. The extraordinary expenditure of around 3 billion stands against the general government's extraordinary receipts of 4.2 billion. In the case of the Confederation, the 1.3 billion share of the supplementary distributions by the Swiss National Bank (SNB) has been recognized as extraordinary receipts since 2021. This amount is not available for additional expenditure, and is instead used to reduce COVID-19-related debt.

¹ According to the Financial Statistics Section's estimates based on the hardship support granted to date (as of August 2021)

According to current estimates, a debt reduction is expected for the Confederation sub-sector between 2022 and 2025 as a result of the anticipated financing surpluses. For example, the Confederation's gross debt is set to fall by 0.7 billion to 108.8 billion in 2022. In contrast, the gross debt of the cantons and municipalities is likely to continue to grow. The general government's gross debt will probably amount to around 240 billion at the end of 2022. A similar level was last seen in 2002 to 2005 (see Figure 7).

Risks - he greatest risks for the public finances concern the further course of the pandemic. The emergence of new variants of COVID-19 with altered characteristics, against which vaccines are ineffective, remains a serious risk for society and the economy. New restrictions would slow down or even let collapse economic growth as well as tax revenue. Support measures would increase expenditure in the fields of social security, economic activities and health. In the medium term, the reform of the old age insurance generates further risks since political discussion about the exact design of the reform are still ongoing. Furthermore the global harmonization of the OECD's corporate tax reform carries risks whose impact is still unclear at the moment. On the one hand, it may lead to additional receipts due to higher tax rates, while at the same time additional expenditure or tax reductions may occur as a result of compensatory measures. On the other hand, an exodus of large international groups may adversely affect public finances due to a reduction in receipts. A clearer picture will emerge once the details of the implementation of the global tax reform in Switzerland are known and the precise compensatory measures will have been defined.

Receipts by economic classification - The definitive figures for the 2019 financial statistics shed some light on the structure of the general government sector's receipts and expenditure. Figure 2 shows the trend and structure of the general government sector's receipts according to the economic classification set out in the Harmonized Accounting Model for the Cantons and Municipalities (HAM2). The general government's receipts have grown by 33.3 billion, or 16.7%, since 2009. As illustrated in Figure 2, the financing structure of the general government sector remained very stable from 2009 to 2019. Accounting for 85.4% of total receipts in 2019, taxes are the main source of government financing. Around 198 billion of the total receipts of 232.4 billion came from various types of tax. Receipts from direct taxes of natural persons amounted to 69.6 billion in 2019, i.e. around 30% of total receipts. Social security contributions by employers and insured persons were the second-largest category, with receipts of 47.2 billion, or 20.3% of the total in 2019. Both of these main receipt categories have accounted for around half of the general government sector's receipts since 2010. This is likely to remain the case in the years ahead.

Figure 2: Receipts by economic classification (CHF mn and % of total)

Expenditure by economic classification - The structure of expenditure by economic classification appears to be more volatile than that of receipts, as shown in Figure 3. The proportion of ordinary transfer expenditure rose from 50.5% of total expenditure in 2009 to 51.6% in 2019, i.e. an increase of 23.6 billion over a 10-year period. Conversely, the proportion of financial expenditure fell from 3.3% of the total in 2009 to 1.2% in 2019, which corresponds to a drop of 3.3 billion over a 10-year period. It was attributable to persistently declining interest rates and the reduction of debt achieved over the same time span. Finally, the proportion of expenditure on both personnel and goods and services has remained very stable since 2009, as shown in Figure 3. These numbers tend to demonstrate that some of the resources freed up by the decline in financial expenditure and other categories of general government expenditure have essentially been redistributed to other sectors of the economy (businesses, households) via transfer expenditure. The data and information available at the time of reporting suggest that transfers as a percentage of total general government expenditure will grow further between 2020 and 2022. In particular, the measures taken in connection with the COVID-19 pandemic consist mainly of transfer expenditure for businesses, salaried workers and self-employed persons affected by the crisis.

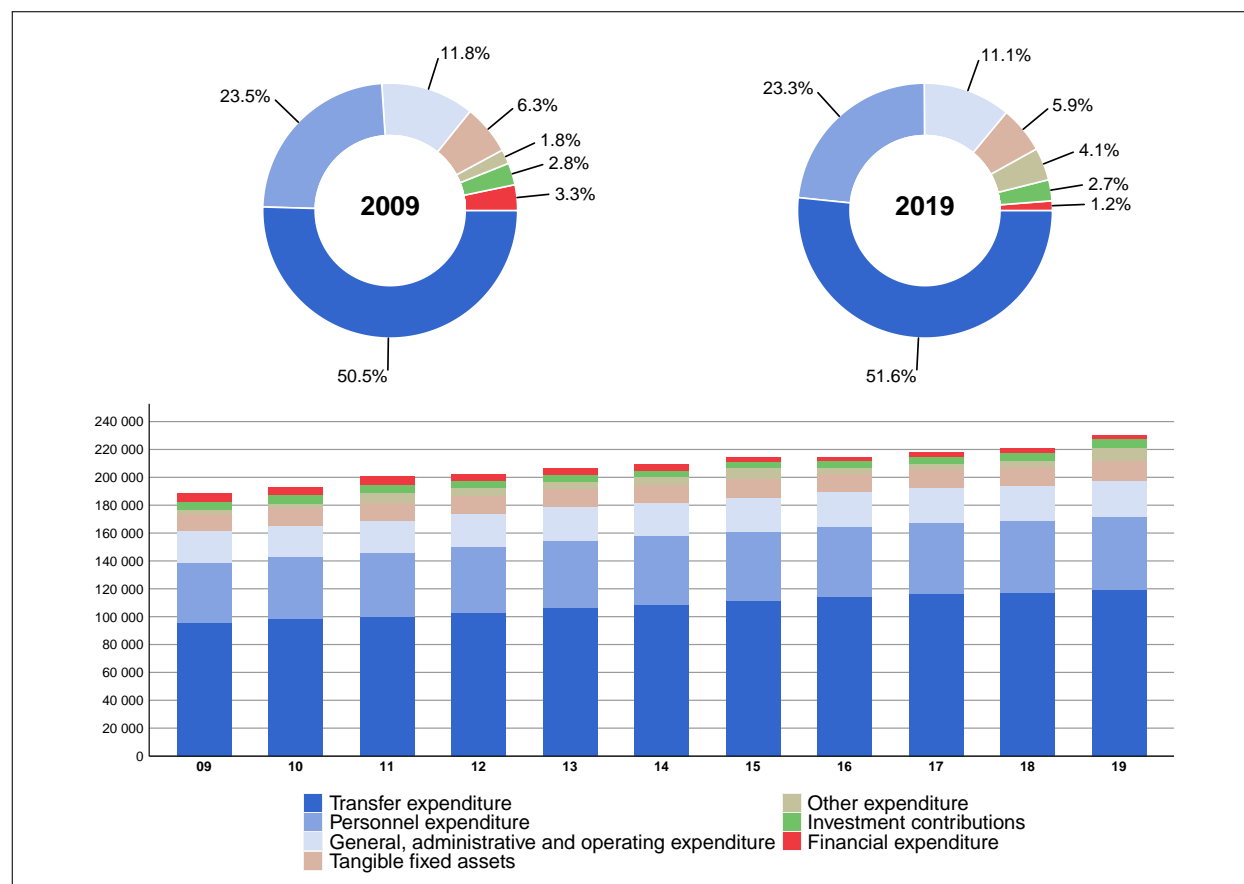
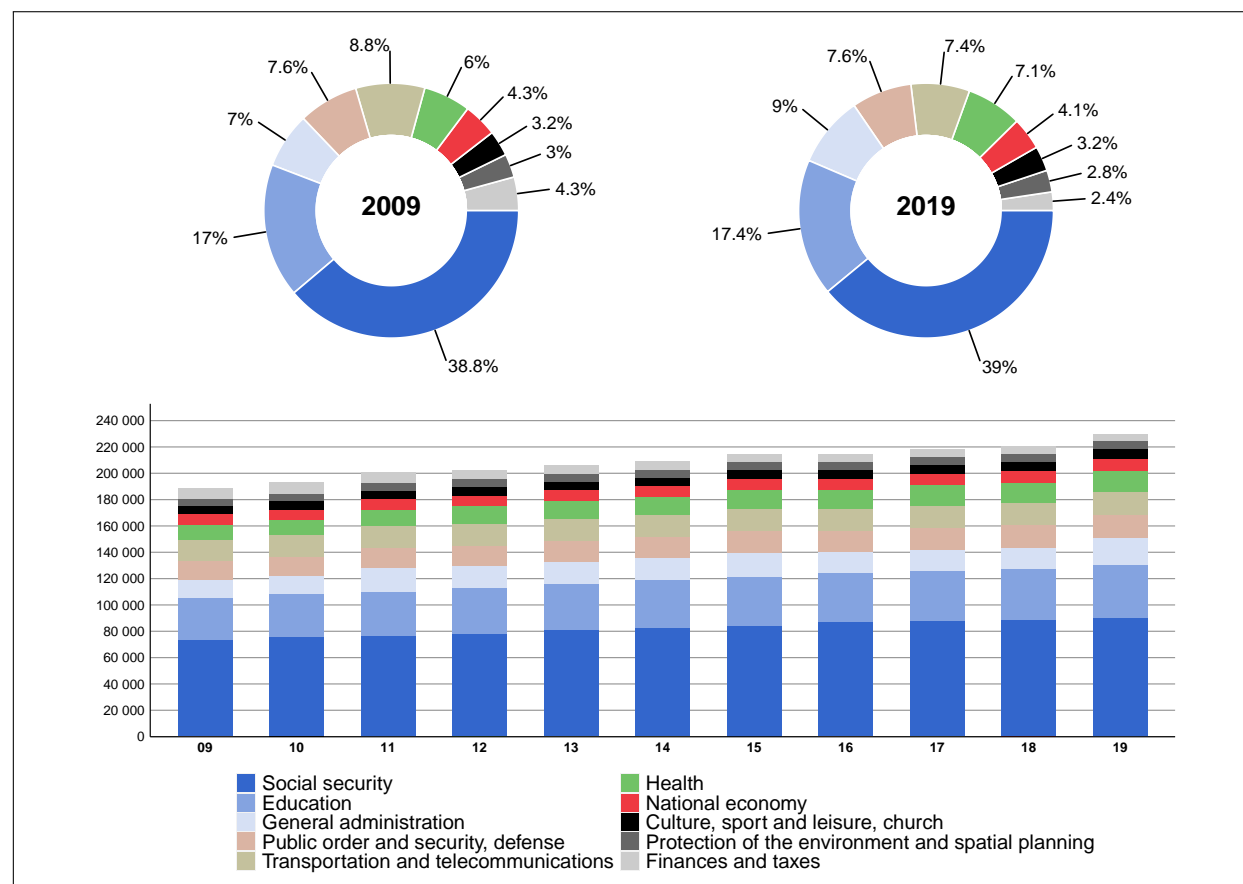
Figure 3: Expenditure by economic classification (CHF mn and % of total)

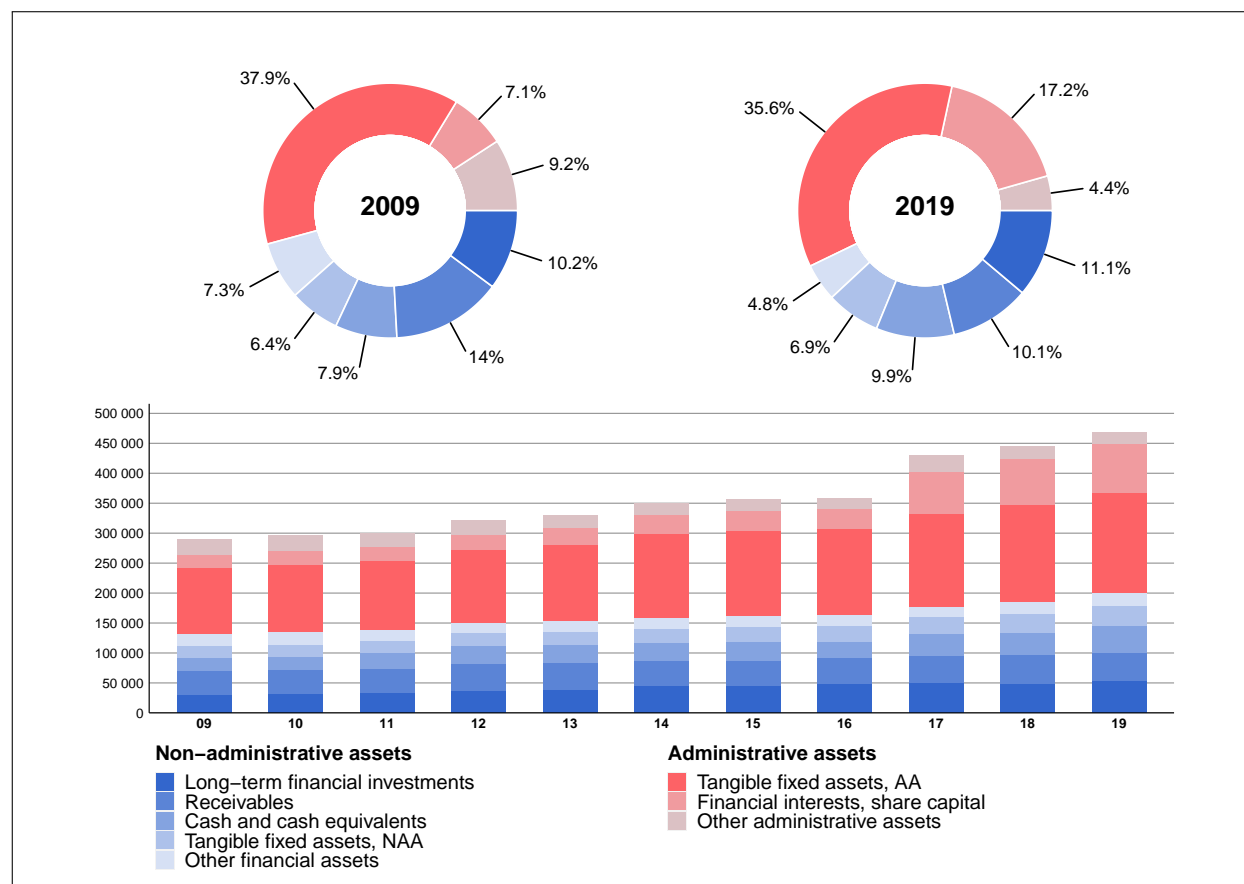
Figure 4 shows the trend and structure of the general government sector's expenditure according to the functional classification set out in the Harmonized Accounting Model for the Cantons and Municipalities (HAM2). Total expenditure amounted to 229,8 billion in 2019, i.e. an increase of 41.5 billion relative to 2009 (+22%). Social security and education together account for over 50% of the general government's expenditure. The general government sector's social security expenditure amounted to 89.7 billion in 2019, or 39% of total expenditure. Social security expenditure has grown by 16.6 billion since 2009, due largely to the rise in expenditure for old-age and survivors' insurance. The funding for old age and survivors has climbed by 10.2 to 49.4 billion since 2009. Expenditure in the area of social welfare and asylum affairs also increased by 2.7 billion relative to 2009. Expenditure in the disability and sickness and accident functional groups rose by 3 billion during the same period. In 2020 and 2021, social security's percentage of total expenditure is likely to surge, especially as a result of the economic and health crisis, as well as the AHV reform (AHV 21). Education is the second-largest expenditure item according to the functional classification. In 2019, the general government spent around 40 billion on education, which accounted for 17.4% of total expenditure. Education expenditure has grown by 8 billion since 2009. Obligatory schooling (+3.7 bn), tertiary-level institutions (+1.9 bn) and research (+1.5 bn) experienced the biggest increases over a 10-year period.

Figure 4: Expenditure by function (in CHF mn and % of total)

3.2 Statement of financial position and debt

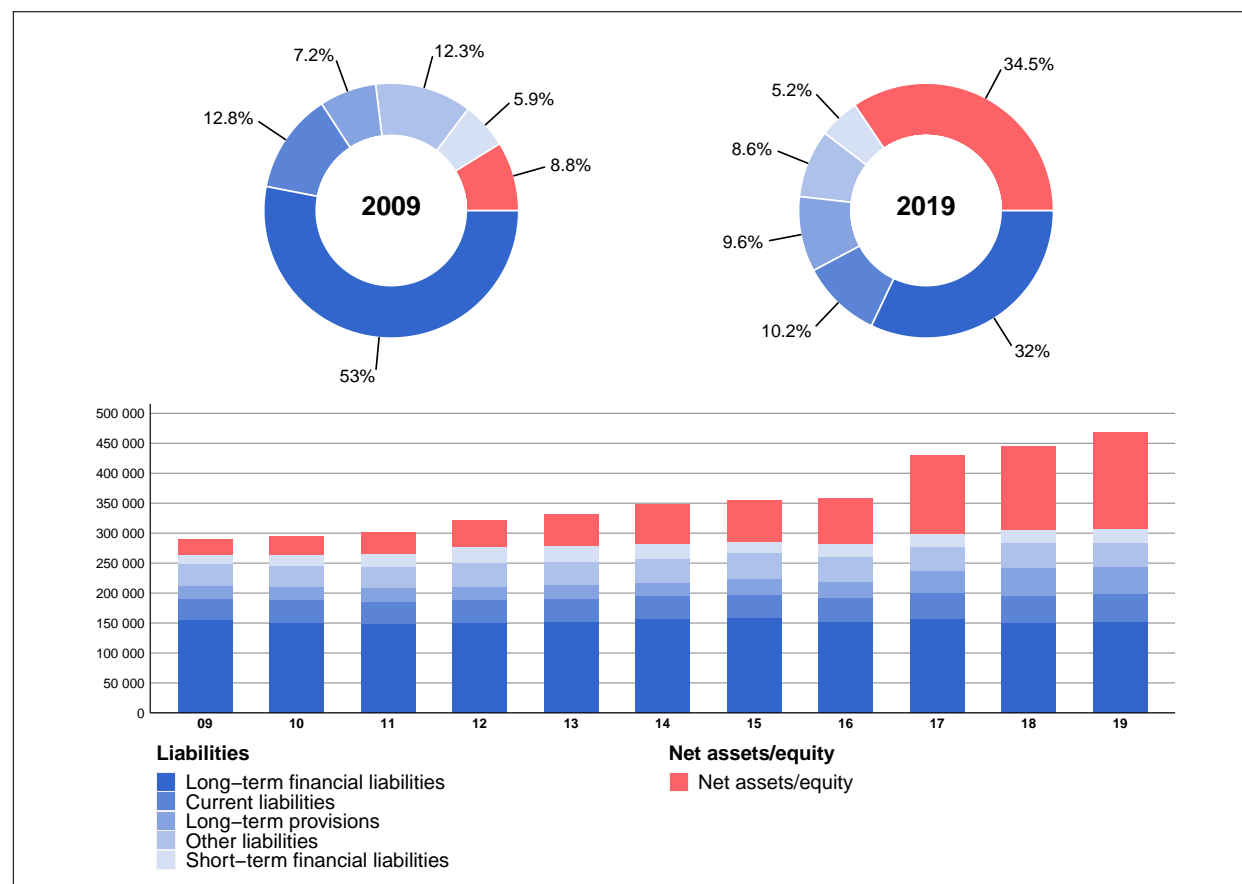
The [subsection on statement of financial position and debt](#) discusses the trend and structure of the general government sector's statement of financial position from 2009 onward. It also covers the trend of gross debt over the same period.

Assets - At the end of 2019, the assets on the general government's statement of financial position totaled 469.1 billion, i.e. 23.5 billion (5.3%) more than at the end of 2018. Over a 10-year period, total assets rose by 179.3 billion. That sharp increase can be largely attributed to the revaluation of assets by the cantons and municipalities when switching to the new Harmonized Accounting Model (HAM2). The mere value of fixed assets increased by 56.9 billion since the end of 2019 and accounted for 35.6% of total assets in 2019. Financial interests and share capital posted robust growth, with a rise of 60 billion relative to 2009. Their proportion of total assets thus went from 7.1% in 2009 to 17.2% in 2019. With regard to non-administrative assets, cash and cash equivalents rose by 23.7 billion relative to 2009. Long-term financial assets likewise surged relative to 2009 (+22.9 bn).

Figure 5: Assets in accordance with the FS (in CHF mn and % of total)

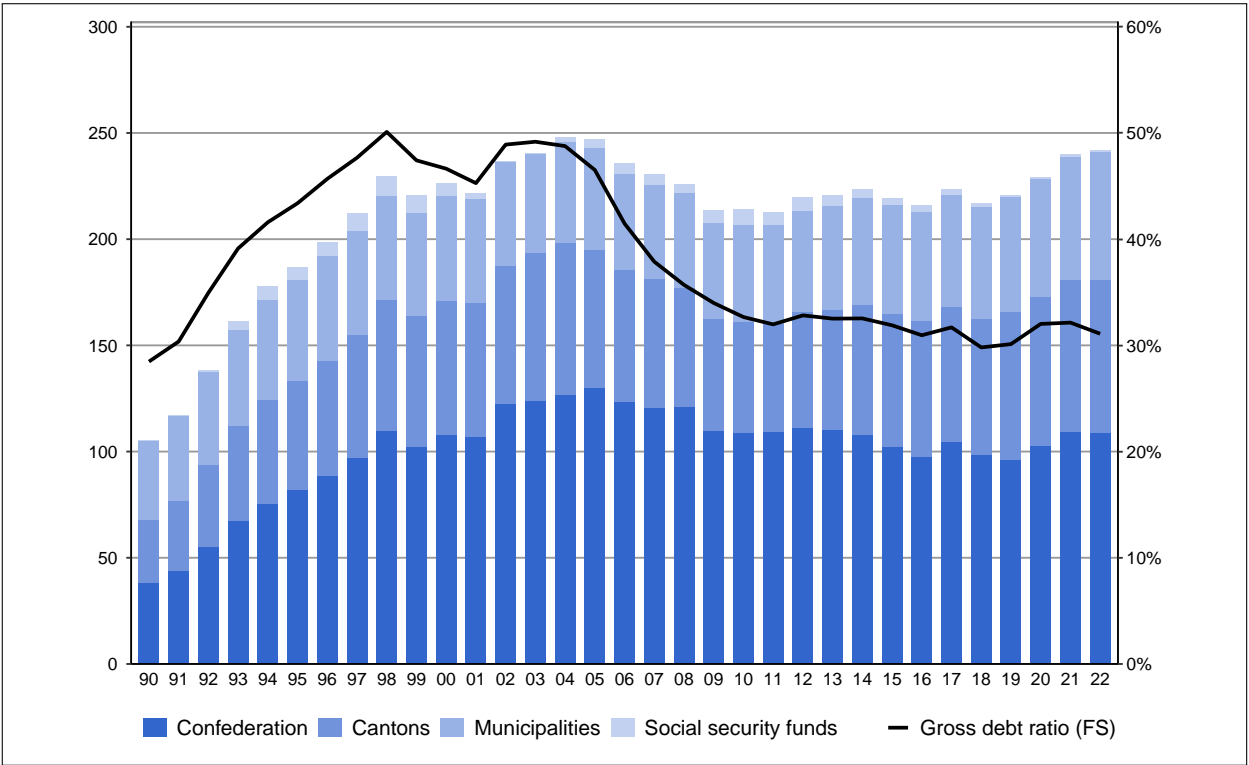
Liabilities - According to the definitive financial statistics figures, the general government sector's liabilities amounted to 307.5 billion at the end of 2019. This represents a rise of 1.2 billion (+0.4%) on the previous year's figure and a 10-year increase of 43.2 billion (+16.3%). This was driven primarily by the increase in long-term provisions, which were 23.9 billion (+113.8%) higher than at the end of 2009. The increase in long-term provisions was largely attributable to the Confederation sub-sector, whose provisions for future refund claims rose sharply. Over a 10-year period, current liabilities and accrued expenses and deferred income likewise jumped by 10.7 billion and 8.4 billion, respectively. In contrast, long-term financial liabilities decreased by 3.4 billion relative to the end of 2009. This decline resulted from much lower long-term financial liabilities for the Confederation (21.3 bn), combined with higher long-term financial liabilities at cantonal and municipal level (+14 bn and 4 bn, respectively). Finally, the sharp increase in net assets/equity at the general government level was due to good results as well as the adaptation in the wake of the switching to the new Harmonized Accounting Model (HAM2). Relative to 2009, net assets/equity rose by 136.1 billion.

The development of the various liability items is shown in Figure 6. Since 2009, the proportion of long-term financial liabilities has dropped by 21 percentage points to 32% of total liabilities. However, the proportion of net assets/equity increased by 25.6 percentage points to 34.5% during the same period.

Figure 6: Liabilities in accordance with the FS (in CHF mn and % of total)

Gross debt - Gross debt in accordance with the national guidelines (FS Model) is defined as the sum of current liabilities and short-term and long-term financial liabilities less the recognized value of short-term and long-term derivative financial instruments and less the recognized value of investment contributions posted as liabilities. Figure 7 illustrates the trend of nominal gross debt since 1990 for the general government sector and its four sub-sectors (blue bars), as well as that of gross debt as a percentage of nominal GDP for the general government sector (black curve). Nominal gross debt grew at a rapid pace in the early 1990s and peaked at 245.9 billion in 2004. Starting in 2004, gross debt both in nominal terms and as a percentage of GDP began to decline thanks to the favorable economic situation, the introduction of the debt brake at federal level, and fiscal rules at cantonal and municipal level. This trend continued until 2011, after which it slowed significantly. Between 2012 and 2019, gross debt stabilized at between 213 billion and 220 billion. Current estimates are indicating that the general government sector's gross debt will rise to 237.2 billion (+11.1 bn) in 2021. The funding requirements caused by the extensive measures to deal with the COVID-19 pandemic will be covered largely by liabilities toward financial intermediaries and bonds which have a short maturity and can thus be used flexibly. In 2022, a slight rise in gross debt is expected for the general government sector, especially in the municipalities sub-sector. In contrast, the Confederation and social security funds are likely to achieve a slight positive fiscal balance and thus reduce their debt.

Figure 7: Gross debt in accordance with the FS in CHF mn (lhs) and % of nominal GDP (rhs) 



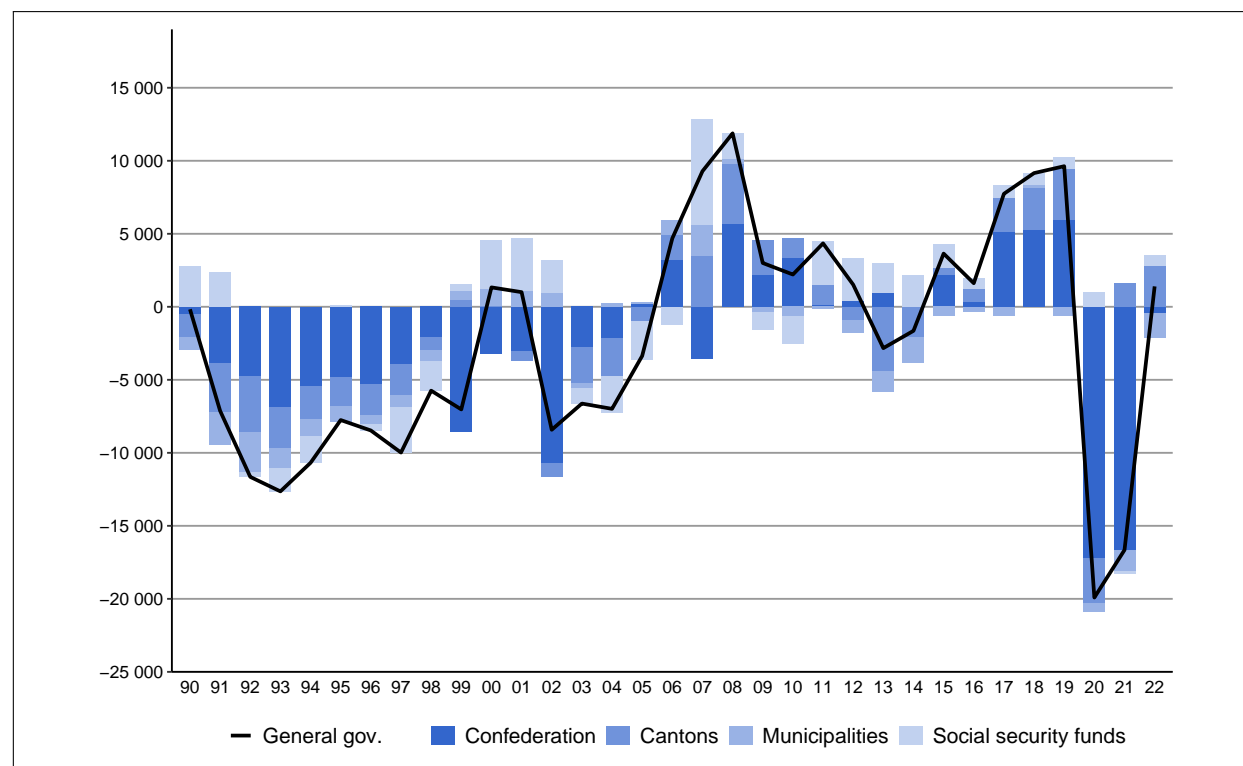
4 Switzerland's public finances in accordance with international guidelines (GFS)

The finances of the government units are also published in accordance with the guidelines of the International Monetary Fund (IMF) to facilitate international comparisons. The [section on international guidelines](#) presents the main aggregates (net lending/borrowing, receipts, expenditure, balance sheet and debt) for the general government sector in accordance with these international guidelines. It also contains an [international comparison of the key financial ratios](#).

4.1 Net lending/borrowing, receipts and expenditure

Net lending/borrowing - Figure 8 shows net lending/borrowing for the period 1990 to 2022 according to the IMF guidelines. The black curve and the blue bars portray the government units' overall net lending/borrowing, i.e. the difference between total receipts and expenditure for the general government sector and the sub-sectors (Confederation, cantons, municipalities and social security funds). Since 1990, net lending/borrowing according to the GFS Model has moved in a very similar way to the overall fiscal balance according to the FS Model (see dashed line in Figure 1).

Figure 8: Net lending/borrowing (in CHF mn)



A significant difference in 2020 concerns the withdrawal of 1.9 billion from withholding tax provisions, which are recognized as receipts in the FS Model, but not in the GFS Model. Accordingly, receipts are lower and the deficit higher in the GFS Model. It should be noted at this point that the GFS Model does not include

provisions and transactions involving them.[^] [the only provisions included in the GFS Model are those for military insurance, employee retirement benefits, long-term staff entitlements and additional employee payments, and coins in circulation] Due to the similar trends, the explanations and comments in the [subsection on the overall fiscal balance, receipts and expenditure](#) also apply to the GFS Model.

Receipts and expenditure - One of the objectives of the IMF's international guidelines is to include the general government sector in the system of national accounts. Compatibility is thereby ensured between the financial indicators according to the GFS guidelines and those according to the system of national accounts. These indicators make it possible to measure the significance of the general government sector in the economy.

Receipt ratio and tax-to-GDP ratio - The receipt ratio and tax-to-GDP ratio measure the proportion of the value added that is used to finance the general government sector's activity (including transfers to other economic sectors). The receipt ratio, which corresponds to total receipts as a percentage of nominal GDP, and the tax-to-GDP ratio, which corresponds to general government sector tax receipts (taxes and contributions to social security funds) as a percentage of nominal GDP, have had similar trends since 1990. This indicates that the proportion of nontax receipts has remained stable and that the momentum of receipts is determined essentially by the development of tax receipts. The tax-to-GDP ratio increased rapidly in the 1990s. Following interim highs of 27% in 2000 and 2002, it stabilized at around 26% of GDP between 2003 and 2014. From 2015 onward, it rose once again, reaching 27.4% respectively 27.3% of GDP in 2017 and 2019. In 2018, the tax-to-GDP ratio temporarily dipped by 0.5 percentage points. As a result of the health and economic crisis associated with the COVID-19 pandemic, the tax-to-GDP ratio is set to increase by 0.4 percentage points to 27.7% in 2020, its highest level in the period shown. This increase can be explained by the fact that GDP declines more sharply than tax receipts, which generally react with a certain time lag to cyclical fluctuations, especially at the cantonal and municipal levels. Based on the provisional figures and the forecasts of the Financial Statistics Section, the above-average rise in economic output is likely to cause the tax-to-GDP ratio to fall to 26.9% in 2021, thereby returning to its 2018 level. The tax-to-GDP ratio is expected to decline further in the following years (through to 2025).

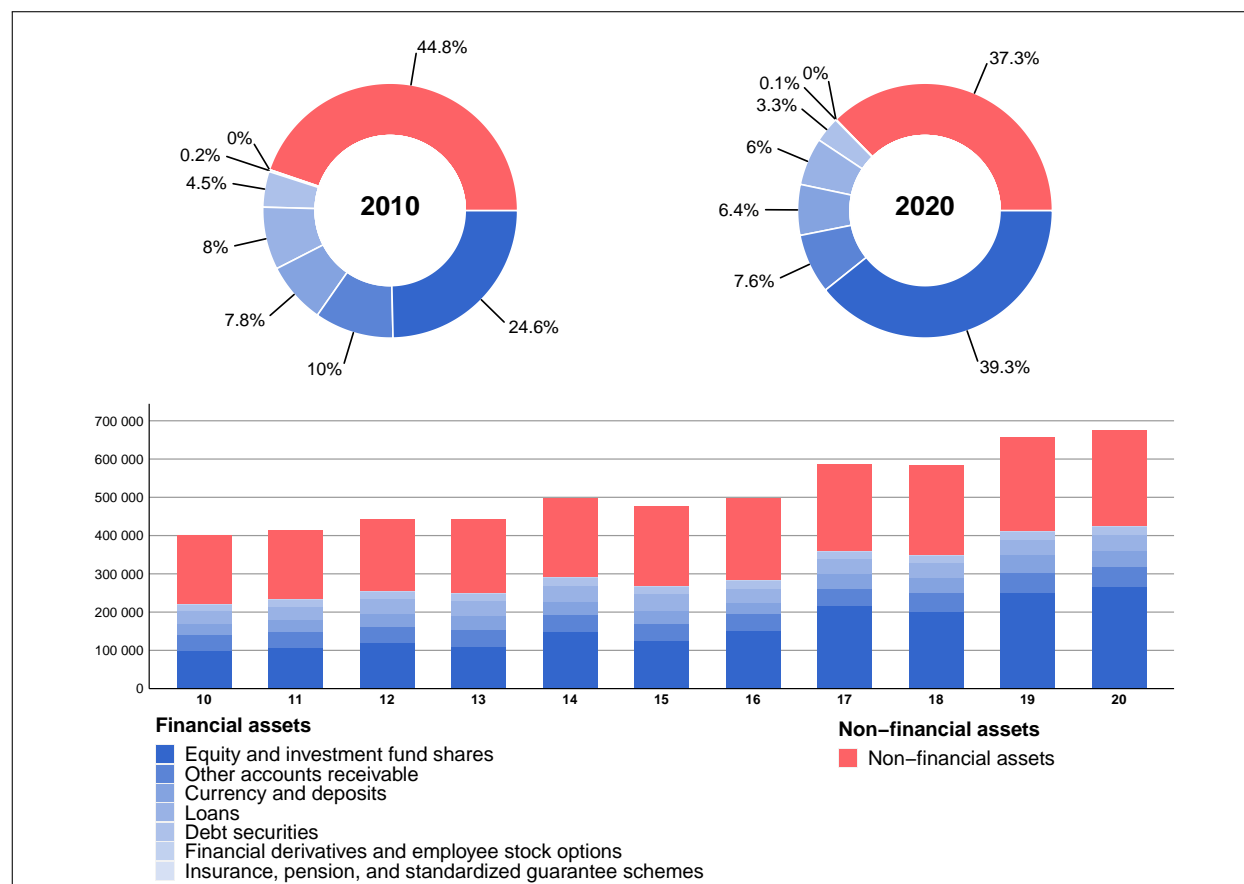
General government expenditure ratio - The general government expenditure ratio measures the amount of resources spent by the general government on its activities (including transfers to other economic sectors) as a percentage of nominal GDP. It surged in the 1990s, going from 27.6% in 1990 to 34% in 2002. It then plunged as a result of the very buoyant economy between 2004 and 2008, and stood at 29.8% at the end of 2008. From 2009 to 2017, government expenditure growth slightly outpaced that of GDP, and the general government expenditure ratio reached 32%. It then edged down by 0.7 percentage points to 31.3% in 2018.

Owing to the measures taken to deal with the economic crisis related to the COVID-19 pandemic and the low economic performance, the general government expenditure ratio rose to a new record high of 36.5% in 2020. At about 5 percentage points, this is the highest annual increase in the period shown (1990 onward). In 2021, the general government expenditure ratio is expected to fall by 1.3 percentage points to 35.2%. This means that it will not yet return to its pre-crisis level, partly because of further expenditure to deal with the COVID-19 pandemic. In contrast, economic performance in 2021 is likely to be higher than the pre-crisis level. Above-average economic growth (of around +4.5%) is likewise anticipated in 2022. The general government expenditure ratio is set to fall further to around 32.2% of GDP.

4.2 Balance sheet and debt

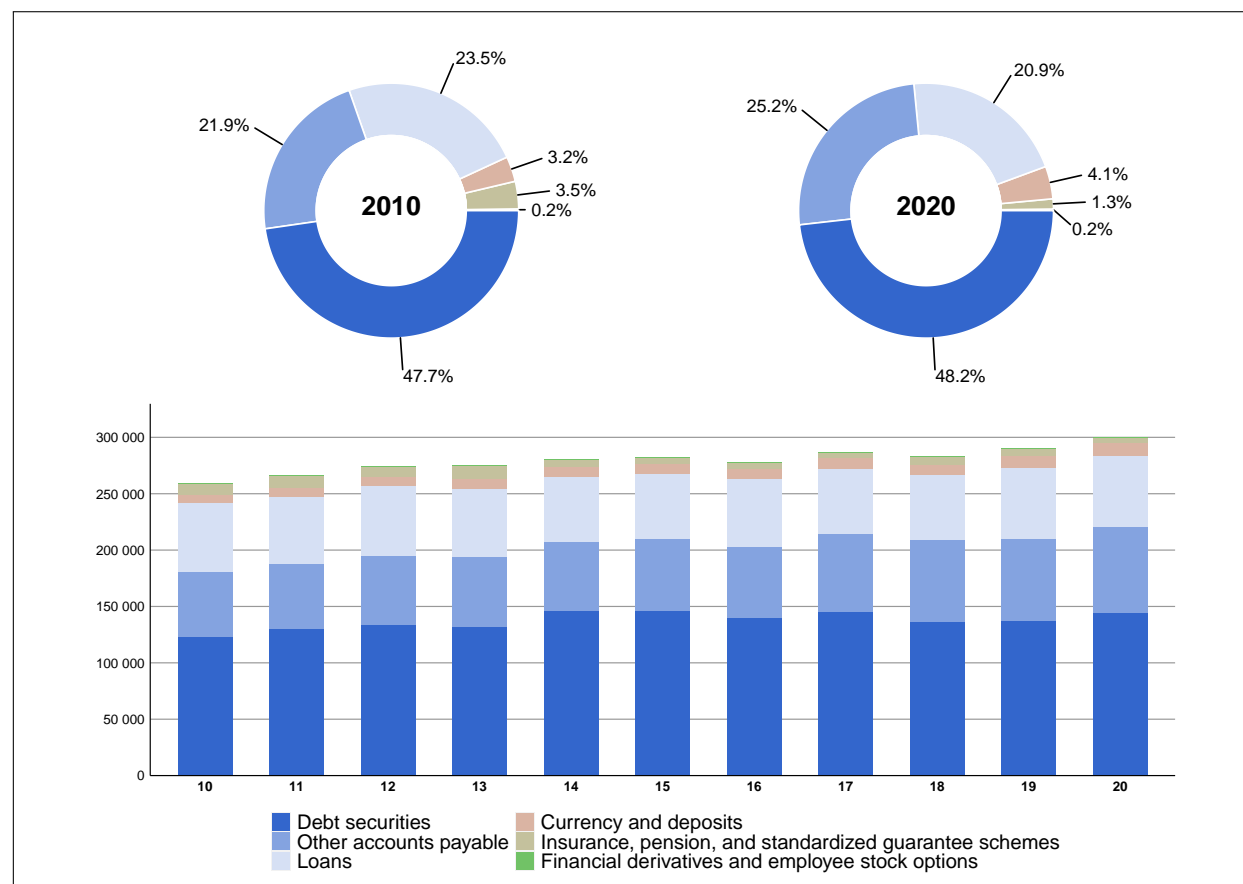
The financing of the COVID-19 measures also impacted the balance sheet: to cover the high funding requirements, cash and other liquid assets were reduced and financial liabilities increased in 2020. Based on the provisional figures of the Financial Statistics Section, the balance sheet presented in accordance with the international guidelines reached a total of 677 billion. This represents a rise of 20.9 billion (+3.2%) on the previous year's figure and a 10-year increase of 277.1 billion (+69.3%). Under the GFS guidelines, balance sheet items are classified according to the type of financial instrument and have to be measured at fair value insofar as possible. The GFS guidelines thus apply a different approach to the balance sheet than the FS guidelines.

Assets - Assets are comprised of financial assets and non-financial assets, which are classified by financial instrument. Since 2008, non-financial assets have risen by 41.1% and financial assets by 92.2%. In the case of financial assets, the development of the value of equity and investment fund shares is particularly striking. Shares in companies (e.g. SBB, RUAG and Swiss Post) that perform government unit tasks are recognized in this category. The Confederation's and cantons' shares in the net assets/equity of the Swiss National Bank (SNB) are also worthy of mention. The Confederation's share of the SNB's net assets/equity amounts to one third, while that of the cantons is two thirds. Relative to 2010, the value of this type of financial instrument climbed by around 167 billion (+169.9%) to reach 265.8 billion at the end of 2020. Meanwhile, this instrument's share of total assets rose from 24.6% (2010) to 39.3% (2020). This robust growth can be explained by the fact that equity and investment fund shares are recognized at fair value. Their trend thus reflects the performance of financial markets during the period shown. The financial markets' performance also explains the high volatility of equity and investment fund shares. After having shrunk by 16.5 billion between 2017 and 2018, the value of equity and investment fund shares rose by 51.8 billion in 2019 on the back of value increases on the financial markets. The value of the other financial instrument categories on the assets side of the balance sheet grew much less robustly than that of equity and investment fund shares. Accordingly, their share of total assets has fallen since 2010, as can be seen in Figure 9.

Figure 9: Assets in accordance with the GFS (in CHF mn and % of total)

Liabilities - The liabilities side of the balance sheet includes liabilities and net worth. Figure 10 shows the structure of the general government's recognized liabilities, as well as their trend over time. At the end of 2020, liabilities reached a total of 299.8 billion, based on the provisional figures of the Financial Statistics Section. Accounting for 48.2% of total liabilities, debt securities are the largest instrument category. Their percentage of the total remained fairly constant over the period shown, increasing by 0.5 percentage points relative to 2010. Meanwhile, the proportion of other accounts payable in total liabilities rose by 3.3 percentage points between 2010 and 2020. The increase of 18.9 billion was attributable primarily to tax-related accrued expenses and deferred income.

Gross debt according to the international GFS guidelines consists of the sum of the items on the liabilities side of the balance sheet, less financial derivatives and employee stock options. When expressed as a percentage of nominal GDP, it corresponds to the gross debt ratio.

Figure 10: Liabilities in accordance with the GFS (in CHF mn and % of total)

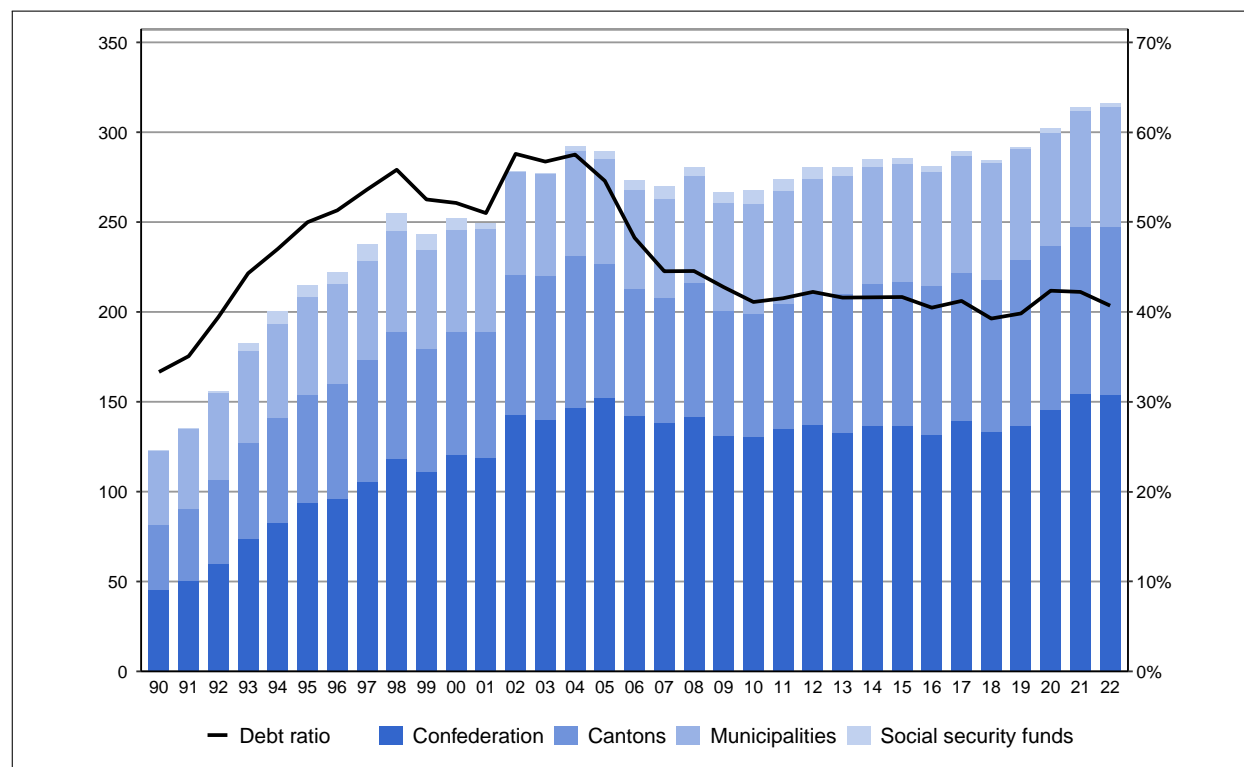
Gross debt ratio - Figure 11 shows the trend of the gross debt ratio and liabilities in billions of Swiss francs. It measures the gross debt of the general government sector according to the IMF guidelines. Based on the provisional financial statistics figures, the IMF gross debt ratio should be around 10 percentage points higher than the FS gross debt ratio in 2020. Although this difference tends to grow over time and the IMF gross debt ratio becomes more volatile, both indicators have followed a similar path since 1990 (see Figure 7).

At the end of 2019, liabilities amounted to 289.7 billion, or 39.8% of GDP. In 2020, they climbed by 9.5 billion to around 299 billion (42.4% of GDP) due to the COVID-19 crisis, as part of the substantial deficit in the general government sector is debt financed. The Confederation sub-sector alone posted an increase of 8.7 billion in liabilities. With loans declining slightly, the rise was attributable primarily to currency and deposits (+1.7 bn) and debt instruments (+7.3 bn), especially money market debt register claims. At the end of 2020, the nominal volume of the Confederation's money market debt register claims amounted to around 13 billion (+6.2 bn year on year).

General government liabilities are also set to surge in 2021 in order to finance the measures adopted (e.g. hardship support program) to cushion the economic impact of the pandemic. Consequently, the deficit is likely to be covered mainly by liabilities. The gross debt ratio is nevertheless likely to edge down, as a catch-up effect is anticipated after the massive economic downturn in 2020. Based on the September 2021

forecasts by the federal government's expert group on economic forecasts, economic output is set to grow by around 4.5% in 2021 and 2022. In 2022, especially at municipal level, general government liabilities are likely to rise again in nominal terms but fall in relation to GDP.

Figure 11: Liabilities (CHF bn (lhs) and in % of nominal GDP (rhs))



4.3 Switzerland's public finances in an international comparison

Since the statistics on Switzerland's public finances are presented in accordance with international guidelines, they can be compared with the statistics on other countries' public finances. [This subsection](#) provides an international comparison of the key financial ratios for a selection of countries or groups of countries. These include the deficit/surplus ratio, the gross debt ratio, the receipt ratio and the general government expenditure ratio. These ratios are expressed as a percentage of nominal GDP.

Deficit/surplus ratio and gross debt ratio - Table 1 provides an international comparison of the deficit/surplus ratio and gross debt ratio as a percentage of nominal GDP. In the period from 2018 to 2019, Switzerland was one of a group of countries with a financing surplus, as were Germany, Austria, Denmark, the Netherlands, Norway, Sweden and Canada. Of these countries, only Canada had a gross debt ratio exceeding 100% of nominal GDP. The countries with deficits, e.g. France, Italy, Belgium, Spain, Japan, the United Kingdom and the United States, likewise had a gross debt ratio of more than 100% of GDP.

Table 1 shows that not all countries had the same robust finances for dealing with the economic crisis triggered by the COVID-19 pandemic. With the exception of Switzerland, Germany, Denmark, the Netherlands, Norway and Sweden, all of the countries listed had deficits of at least 6% of GDP in 2020. Meanwhile, the stabilization measures caused the gross debt ratio to rise by more than 15 percentage points in many coun-

tries, with the biggest increases seen in Canada (+42.9 percentage points), Italy and Spain (+29.7 resp. +29.4 percentage points). In comparison, the rise in the gross debt ratio was much smaller in the Netherlands (+7.5 percentage points), Norway (+7.1 percentage points), Sweden (+6.2 percentage points) and Switzerland (+2.6 percentage points).

In 2021, the gross debt ratio of the countries shown will probably climb further, albeit to a much lesser extent. The expected increase for the OECD country average is +4.5 percentage points. The gross debt ratio is likely to remain below 45% in Switzerland, while it will be 125% of GDP or more in the euro area, the United Kingdom and North America (Canada, USA). In Japan, the ratio is even expected to reach a new record high of over 240% of GDP.

In 2022, the general government deficits of all the countries shown will probably fall significantly as tax receipts pick up and the need to support households and companies declines. Only Switzerland is likely to report a slight surplus, while Norway is set to have a balanced result. The average gross debt ratio of the OECD countries is likely to remain at a similar level, and that of the EU is set to decline.

Table 1: Deficit/surplus ratio and gross debt ratio



in % GDP	2018	2019	2020	2021	2022	in % GDP	2018	2019	2020	2021	2022
Switzerland	+1.3	+1.3	-2.8	-2.3	+0.2	Switzerland	39.3	39.8	42.4	42.2	40.7
Euro Area	-0.5	-0.6	-7.2	-7.2	-3.7	Euro Area	102.4	103.5	121.9	124.6	123.2
Germany	+1.8	+1.5	-4.1	-4.4	-1.5	Germany	69.4	67.8	78.9	82.8	81.7
France	-2.3	-3.0	-9.0	-8.2	-4.6	France	121.2	123.4	146.0	147.3	145.7
Italy	-2.2	-1.6	-9.4	-11.3	-6.3	Italy	146.8	154.2	183.9	187.5	185.1
Austria	+0.2	+0.7	-8.7	-7.1	-2.9	Austria	92.1	90.0	109.2	113.5	112.9
Belgium	-0.8	-1.9	-9.3	-7.2	-4.0	Belgium	117.7	120.2	142.4	143.6	143.2
Denmark	+0.7	+3.8	-1.1	-2.8	-0.9	Denmark	50.8	51.8	62.8	66.2	67.5
Netherlands	+1.4	+1.7	-4.2	-6.0	-2.4	Netherlands	66.0	62.2	69.7	73.7	74.0
Norway	+7.8	+6.2	-3.6	-1.4	+0.0	Norway	45.6	46.8	53.9	n.a.	n.a.
Spain	-2.5	-2.9	-10.8	-8.5	-5.3	Spain	114.6	117.4	146.8	146.6	144.3
Sweden	+0.8	+0.5	-3.0	-3.2	-1.6	Sweden	59.1	55.3	61.5	61.4	60.9
Canada	+0.3	+0.6	-10.6	-5.9	-1.5	Canada	115.2	115.0	157.9	161.7	161.5
Japan	-2.4	-3.0	-10.2	-6.8	-4.1	Japan	223.1	222.8	238.2	241.5	241.6
United Kingdom	-2.2	-2.3	-12.3	-9.1	-6.4	United Kingdom	109.1	113.6	139.9	141.2	137.2
United States	-6.2	-6.7	-15.8	-15.9	-9.7	United States	106.4	107.9	133.6	140.5	144.0
Total OECD	-2.8	-3.1	-10.8	-10.1	-6.0	Total OECD	108.5	109.5	130.0	134.5	135.3

Source: official data from IMF GFS database, updated and supplemented with OECD Economic Outlook 109 (May 2021)

Receipts and general government expenditure ratio - Table 2 shows that the receipt and general government expenditure ratios for the industrialized countries under review vary greatly. On the one hand, the United States, Switzerland, Japan, the United Kingdom, Spain and Canada have relatively low ratios from 2018 to 2019. On the other hand, the ratios in countries such as Norway, France, Belgium and Denmark are relatively high. Both ratios are stable in all countries up to 2019, while their development in the following two years is marked by the economic and health crisis. In 2020, Norway recorded a sharp decline in its receipt ratio (-3.1 percentage points), while Spain posted a sharp increase (+2.1 percentage points). Major

differences in the development of the receipt ratio are also emerging in 2021. The receipt ratios in Spain and the United Kingdom are rising, while those of the other countries are stable or falling. The ratio for the OECD country average remains unchanged at 37.4% of GDP in 2022.

The trend of the general government expenditure ratio is different from that of the receipt ratio. The measures to deal with the economic crisis resulting from the COVID-19 pandemic triggered a sharp rise in expenditure in all countries (including Switzerland) in 2020. The plunge in nominal GDP also amplified the rise in the general government expenditure ratio. Switzerland's general government expenditure ratio rose by 5 percentage points to 36.5% in 2020. Only in Sweden was the rise smaller (+3.5 percentage points). Around half of the countries surveyed posted an increase of more than 7.7 percentage points. Canada's general government expenditure ratio rose by as much as 11.4 percentage points. The comparatively smaller increase in Switzerland was also attributable to the fact that the decline in GDP was less sharp than in other countries. The general government expenditure ratio will fall again in most countries in 2021, and in some cases significantly, e.g. in Canada (-6.2 percentage points) and Norway (-6.1 percentage points). According to the current forecasts of the Financial Statistics Section, Switzerland's general government expenditure ratio is expected to decline to 32.2% of GDP in 2022, which is 0.7 percentage points above the pre-crisis level. Compared with the other countries shown, Switzerland's general government expenditure ratio will remain low.

Table 2: Receipt and general government expenditure ratio



in % GDP	2018	2019	2020	2021	2022	in % GDP	2018	2019	2020	2021	2022
Switzerland	32.6	32.8	33.6	33.0	32.3	Switzerland	31.3	31.5	36.5	35.2	32.2
Euro Area	46.5	46.4	46.9	46.3	46.4	Euro Area	46.9	47.1	54.2	53.4	50.1
Germany	45.5	45.8	45.8	45.0	45.0	Germany	43.7	44.3	49.9	49.4	46.6
France	52.7	51.6	52.0	51.2	51.3	France	55.0	54.6	61.0	59.4	55.9
Italy	45.6	46.3	47.1	45.9	46.6	Italy	47.8	47.9	56.5	57.2	52.9
Austria	48.8	49.0	48.4	48.3	48.3	Austria	48.6	48.4	57.1	55.3	51.2
Belgium	50.6	49.3	49.7	49.8	50.0	Belgium	51.4	51.3	59.0	57.0	54.1
Denmark	51.2	53.4	52.7	51.1	51.4	Denmark	50.6	49.6	53.8	53.9	52.3
Netherlands	42.9	42.8	43.0	41.5	41.6	Netherlands	41.5	41.1	47.2	47.4	44.0
Norway	55.8	56.8	53.7	49.9	50.3	Norway	48.0	50.6	57.3	51.2	50.3
Spain	38.6	38.5	40.6	41.2	41.3	Spain	41.0	41.4	51.5	49.7	46.6
Sweden	49.6	48.5	48.4	47.8	48.1	Sweden	48.8	48.0	51.5	51.0	49.8
Canada	41.2	41.6	41.8	40.3	40.3	Canada	40.9	41.0	52.4	46.2	41.7
Japan	35.5	35.2	35.8	35.8	35.8	Japan	37.9	38.2	46.0	42.7	39.9
United Kingdom	38.6	38.5	39.0	39.5	38.8	United Kingdom	40.8	40.8	51.3	48.5	45.1
United States	30.0	29.9	30.4	30.3	30.1	United States	36.2	36.6	46.2	46.2	39.8
Total OECD	37.5	37.5	37.8	37.4	37.4	Total OECD	40.3	40.6	48.6	47.5	43.4

Source: official data from IMF GFS database, updated and supplemented with OECD Economic Outlook 109 (May 2021)

5 Appendix

The appendices to this publication are published on the website of the Federal Finance Administration. The corresponding links are listed below:

[Overview of financial statistics methods and models](#)

[Scope of financial statistics](#)

