



Press release

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Swiss public finances: surpluses expected for cantons and social security funds

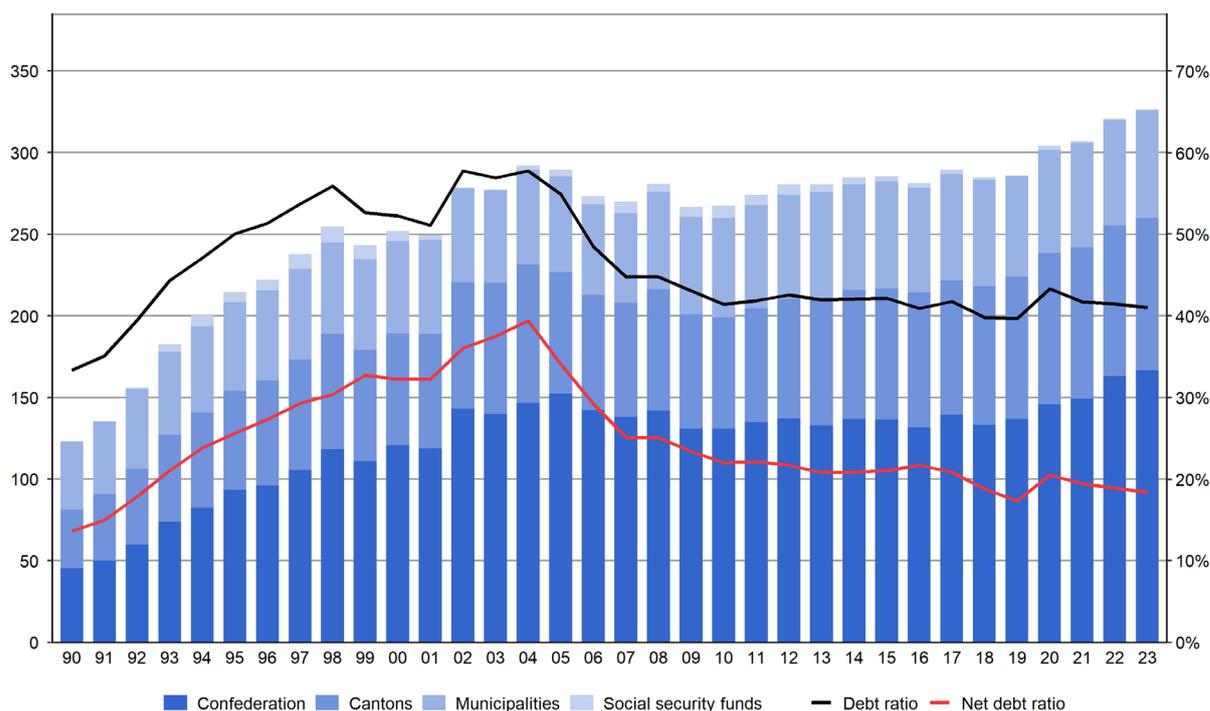
The financing statement of the general government (Confederation, cantons, municipalities and social security funds) is expected to show a slightly positive annual result of 0.8 billion for 2023, with rising expenditure and significantly below-average Swiss economic growth. Debt is likely to decline from 2023 onward. This is shown in the latest financial statistics figures of the Federal Finance Administration (FFA). However, the forecasts hinge on the impact of national and international developments, and are therefore subject to uncertainty.

The COVID-19 pandemic led to the biggest economic crisis in decades, leaving a record deficit of 21.3 billion in the public finances in **2020**. In **2021**, the stabilization measures were extended to include hardship assistance for businesses in order to support particularly affected sectors. Despite the parallel increase in tax revenue in all four sub-sectors, the burden on the government units (especially the Confederation) remained very substantial in 2021. The general government deficit amounted to 0.3% of GDP.

In the wake of the Swiss economic recovery in late 2021/early 2022, the government units' financial situation experienced a short-term improvement in **2022**. Funds not fully utilized to cushion the COVID-19 pandemic, the profit distribution by the Swiss National Bank based on fiscal 2021, and solid tax growth for the cantons and municipalities made a major contribution to the positive financial development of the general government sector. A surplus of 1.0% of GDP is expected for the general government, thanks to the high positive fiscal balances of the cantons and social security funds.

In order to finance the extensive measures costing around 37.4 billion to combat the COVID-19 pandemic between 2020 and 2022, the government units used existing liquidity and increased their debt. According to current estimates, the liabilities of the general government (especially the Confederation) are likely to rise further in nominal terms and reach a new high of 325 billion in **2023**. The debt ratio, by contrast, has been declining since 2021 due to GDP growth.

Debt trend 1990-2023: in % of GDP for the general government (rhs) and liabilities in CHF bn for all sub-sectors (lhs)



Risks: The biggest risks for government finances concern the potential impact of the war in Ukraine. An escalation of the conflict in Ukraine could, among other things, trigger an increase in the number of refugees and thus higher expenditure in the areas of social security and education. Finally, more persistent inflation and a more restrictive monetary policy could lead to higher financial expenditure for the years ahead.

The Financial Statistics Section of the Federal Finance Administration (FFA) is hereby publishing the provisional results for 2021, as well as estimates and forecasts for the government units (Confederation, cantons, municipalities and social security funds) through to 2026.

Further details:

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The following can be found as an enclosure to this press release at www.finance.admin.ch:

- Detailed financial statistics data
- FAQ