

Switzerland: 2007 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Switzerland

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2007 Article IV consultation with Switzerland, the following documents have been released and are included in this package:

- the staff report for the 2007 Article IV consultation, prepared by a staff team of the IMF, following discussions that ended on March 5, 2007, with the officials of Switzerland on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on April 16, 2007. The views expressed in the staff report are those of the staff team and do not necessarily reflect the views of the Executive Board of the IMF;
- a Public Information Notice (PIN) summarizing the views of the Executive Board as expressed during its June 1, 2007 discussion of the staff report that concluded the Article IV consultation; and
- a statement by the Executive Director for Switzerland.

The document listed below has been or will be separately released.

Financial Sector Stability Assessment Update

The policy of publication of staff reports and other documents allows for the deletion of market-sensitive information.

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contained. As a result, competitiveness has improved and the current account surplus has now reached over 17 percent of GDP.

The SNB continued to normalize interest rates in 2006 and early 2007. With five quarterly step increases of 25 basis points, the policy rate now stands at 2½ percent or about 1¾ percent in real terms, slightly above average for past cycles.

Aided by strong cyclical revenue, the 2006 fiscal balance exceeded the budget target. The general government achieved a surplus of 0.8 percent of GDP with balance in the social security accounts and small surpluses in federal, cantonal and local governments. Together with asset sales, gross debt fell to 48.2 percent of GDP.

The financial sector is performing well in a favorable cyclical setting. Bank profitability is strong and financial soundness indicators have improved. The two large Swiss banks are global players in wealth management and derivatives markets, and as prime brokers to hedge funds and private equity firms--they need to watch global financial market volatility. Insurance and pension sectors are recovering from previous balance sheet pressures and low interest rates.

Executive Board Assessment

Executive Directors commended the Swiss authorities for their prudent economic management and sound policy frameworks. In this setting, Switzerland's economy continues to perform well, with low inflation and strong employment growth backed by flexible labor markets, and the short-term growth outlook is strongly positive. The main policy challenge going forward is to seize the opportunities provided by these favorable developments to further strengthen potential economic growth, and to address long-term structural and fiscal issues given population aging.

Directors commended the Swiss National Bank's success in keeping inflation well under control in recent years, and considered the recent gradual tightening appropriate. They recognized the importance of ensuring that inflation expectations remain well anchored, especially in view of the strong run-up in capacity utilization. In this context, Directors agreed that monetary policy will need to remain flexible to respond appropriately to inflation signals. With the economy possibly transitioning to a higher level of potential growth, and absent signs of inflation, Directors considered that the Swiss National Bank (SNB) should continue to monitor economic conditions closely, and be prepared to adapt policy as necessary. Directors also recommended a removal of the regulated link between interest rates and housing rents, noting its distortionary effects on inflation signals and for publicly-owned banks. Directors noted that the SNB's communications strategy, with its rolling three-year inflation forecast, continues to serve Switzerland well.

Directors reviewed the factors affecting the recent weakness of the Swiss franc, despite rising policy rates and strong fundamentals. They noted that carry-trades could be temporarily weakening the franc to a level below its equilibrium, and considered that the present independent floating exchange rate regime is best to handle these uncertainties. These developments in carry-trades could also imply important spillover risks for other countries,

especially in Eastern Europe, where the Swiss franc—by virtue of its low volatility and the low Swiss interest rate—is the currency of choice for loans that are contributing to rapid credit expansion. Directors accordingly supported close monitoring of such lending to limit related risks.

Directors noted that Swiss external competitiveness is strong. In addition, the large stocks of foreign assets of domestic pension funds and high-earning multinational corporations in Switzerland have contributed to a structurally large current account surplus. Thus, Directors noted that interpreting the surplus is complex and its connection to domestic demand is not straightforward. Going forward, Directors considered that deeper internal structural reforms could strengthen domestic demand and potential growth, and make a contribution—appropriate to Switzerland's size—to an orderly resolution of global imbalances. In this context, Directors noted the importance of further liberalization of sheltered sectors, including agriculture.

Directors welcomed the conclusions of the FSAP update that reaffirm the soundness of the Swiss financial system, and supported its recommendations. The crucial importance of the Swiss financial sector to both the domestic economy and the global financial system—as well as its large size and increasing complexity—heighten the need for continued vigilance and for the highest standards of financial supervision. In this context, several Directors welcomed the tripartite arrangement for supervisory cooperation between Switzerland, the United Kingdom, and the United States.

With regard to actions to strengthen financial sector supervision, Directors emphasized that the new supervisory authority, the Financial Market Supervisory Authority (FINMA), should be assured both financial and regulatory independence. Continuing efforts will also be important to evaluate large banks' operating models and to ensure that liquidity and capital regimes remain appropriate to changing circumstances. Directors also encouraged the authorities to take the opportunity of current favorable cyclical conditions to strengthen supervision for some insurance companies for which heightened risks were identified in last year's Swiss Solvency Test and to address underfunding in selected pension funds.

Directors commended the authorities for their strong fiscal performance guided by the valuable debt brake fiscal rule. Looking forward, they stressed that fiscal stimulus should be avoided and the integrity of the debt brake maintained. In this regard, many Directors were concerned about the large one-time expenditures in 2008 that would be treated outside the debt brake. They therefore welcomed the authorities' commitment to compensate for this spending in the medium term. Also, several Directors suggested that, in the current conjuncture, it would be appropriate that the cantons use their strong tax receipts to build up reserves to absorb future expenditure needs related to population aging—rather than to cut taxes. Directors looked forward to the publication of the long-run fiscal sustainability report, which should help to develop a consensus on the key fiscal challenges and the needed actions.

Directors encouraged the authorities to improve the timeliness and quality of some key data sources.

Public Information Notices (PINs) form part of the IMF's efforts to promote transparency of the IMF's views and analysis of economic developments and policies. With the consent of the country (or countries) concerned, PINs are issued after Executive Board discussions of Article IV consultations with member countries, of its surveillance of developments at the regional level, of post-program monitoring, and of ex post assessments of member countries with longer-term program engagements. PINs are also issued after Executive Board discussions of general policy matters, unless otherwise decided by the Executive Board in a particular case. The [staff report](#) (use the free [Adobe Acrobat Reader](#) to view this pdf file) for the 2007 Article IV Consultation with Switzerland is also available.

Ocena izvršnega odbora

Izvršni direktorji so pohvalili švicarske organe oblasti za njihovo razumno gospodarsko upravljanje in preudarne okvire politike. V tem okviru je švicarsko gospodarstvo še vedno uspešno, z nizko inflacijo in močno rastjo zaposlenosti, ki jo podpirajo prilagodljivi trgi dela, kratkoročni obeti za rast pa so zelo pozitivni. Glavni izliv politike je v prihodnje izkoristiti priložnosti, ki jih zagotavljajo ti ugodni razvojni ukrepi za nadaljnjo krepitev potencialne gospodarske rasti in za obravnavo dolgoročnih strukturnih in fiskalnih vprašanj ob staranju prebivalstva.

Direktorji so pohvalili uspeh švicarske nacionalne banke, ki je v zadnjih letih inflacijo ohranjala pod nadzorom in menijo, da je nedavno postopno zaostrovanje primerno. Priznavajo, da je pomembno zagotoviti, da inflacijska pričakovanja ostanejo dobro zasidrana, zlasti glede izrazitega naraščanja izkoriščenosti zmogljivosti. V zvezi s tem so se direktorji strinjali, da mora denarna politika ostati prilagodljiva, da se ustrezno odzove na inflacijske signale. Z morebitnim prehodom gospodarstva na višjo raven potencialne rasti in ob odsotnosti znakov inflacije, direktorji menijo, da mora švicarska nacionalna banka (SNB) še naprej natančno spremljati gospodarske razmere, in biti pripravljena, da po potrebi prilagodi politiko. Direktorji so prav tako priporočali odstranitev regulirane povezave med obrestnimi merami in stanovanjskimi najemninami, upoštevaje njene učinke izkriviljanja na inflacijske signale in banke v javni lasti. Direktorji so ugotovili, da komunikacijska strategija SNB s svojo načrtovano triletno napovedjo inflacije, Švici še naprej dobro služi.

Direktorji so pregledali dejavnike, ki so vplivali na nedavno šibkost švicarskega franka, kljub naraščajočim obrestnim meram in trdnim osnovam. Ugotovili so, da bi lahko najemanje posojil z nizko obrestno mero v tuji valuti začasno oslabilo frank na raven, ki je nižja od ravnotesja, in menijo, da je lahko sedanji neodvisni režim drsečega deviznega tečaja najboljši za reševanje teh negotovosti. Takšen razvoj dogodkov pri najemanju posojil z nizko obrestno mero v tuji valuti bi lahko pomenila tudi pomembna negativna tveganja za druge države, zlasti v Vzhodni Evropi, kjer je švicarski frank - zaradi svoje nizke volatilnosti in nizke švicarske obrestne mere – izbrana valuta za posojila, ki prispevajo k hitri rasti posojil. Direktorji so zato ustrezno podprli natančno spremljanje takih posojil, da se omejijo s tem povezana tveganja.

Direktorji so ugotovili, da je švicarska zunanja konkurenčnost močna. Poleg tega, pa so velike zaloge tujih sredstev domačih pokojninskih skladov in multinacionalnih korporacij z visokimi zaslužki v Švici prispevale k strukturno velikemu presežku tekočega računa. Zato direktorji opozarjajo, da je razlaga presežka zapletena in njegova povezava z domaćim povpraševanjem ni tako enostavna. Za v prihodnje, direktorji menijo, da bi lahko globlje notranje strukturne reforme okrepile domače povpraševanje in potencialno rast ter prispevale – ustrezno velikosti Švice - k pravilni rešitvi globalnih neravnotesij. V tem smislu so direktorji opozorili na pomen nadaljnje liberalizacije zaščitenih sektorjev, vključno s kmetijstvom.

Direktorji so pozdravili zaključke posodobitve FSAP, ki ponovno potrjujejo trdnost švicarskega finančnega sistema ter podprtli njegova priporočila. Ključni pomen švicarskega finančnega sektorja tako za domače gospodarstvo in globalni finančni sistem – kot tudi za njegov velik obseg in naraščajočo zapletenost – povečuje potrebo po stalnem nadzoru in najvišjih standardih finančnega nadzora. V zvezi s tem je več direktorjev pozdravilo tristransko ureditev nadzornega sodelovanja med Švico, Združenim kraljestvom in Združenimi državami Amerike.

V zvezi z ukrepi za okrepitev nadzora finančnega sektorja so direktorji poudarili, da je treba novemu nadzornemu organu, Organu za nadzor finančnih trgov (FINMA), zagotoviti tako finančno kot

regulatorno neodvisnost. Nadaljnja prizadevanja bodo prav tako pomembna za ocenjevanje poslovnih modelov velikih bank in za zagotovitev, da likvidnostni in kapitalski režimi ostanejo primerni za spremenljajoče se okoliščine. Direktorji so prav tako spodbujali organe oblasti, da naj izkoristijo trenutne ugodne ciklične razmere za okrepitev nadzora nad nekaterimi zavarovalnicami, za katere so bila v tansko letnem švicarskem testu solventnosti ugotovljena povečana tveganja in, da obravnavajo nezadostno financiranje v izbrane pokojninske sklade.

Direktorji so pohvalili organe oblasti za njihovo močno fiskalno uspešnost, ki ga vodi dragoceno fiskalno pravilo o zavori za dolg. Usmerjeni v prihodnost so poudarili, da se je treba izogibati fiskalnim spodbudam in ohraniti celovitost zavore za dolg. V zvezi s tem so bili številni direktorji zaskrbljeni zaradi velikih enkratnih izdatkov v letu 2008, ki bi se obravnavali izven zavore za dolg. Zato so pozdravili zavezo organov oblasti, da to porabo nadomestijo srednjeročno. Poleg tega je več direktorjev predlagalo, da bi bilo v trenutni konjunkturi primerno, da kantoni uporabijo svoje močne davčne prihodke, da ustvarijo rezerve za absorpcijo prihodnjih potreb po izdatkih, ki so povezani s staranjem prebivalstva – namesto, da zmanjšujejo davke. Direktorji so se veselili objave dolgoročnega poročila o zdržnosti javnih finančnih, ki naj bi pripomogla k oblikovanju soglasja o ključnih fiskalnih izzivih in potrebnih ukrepih.

Direktorji so organe oblasti spodbudili k izboljšanju pravočasnosti in kakovosti nekaterih ključnih virov podatkov.

Aj.

Podpisana Špela Ajdič, z odločbo Ministrstva za pravosodje Republike Slovenije z dne 20. 1. 2009, št. 705-648/2008, imenovana sodna tolmačka za angleški jezik, potrjujem, da se ta prevod popolnoma ujema z izvirnikom, ki je sestavljen v angleškem jeziku.

Maribor, 3. januar 2018

