



Press release

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Swiss public finances from 2014 to 2017: Financial situation of government units still strained

For the second year in succession, the general government ended 2014 in negative territory. Like in recent years, only the social security funds managed to post a high surplus. The situation eased a little in 2015, particularly as a result of the Confederation's good results. The general government is likely to post small surpluses also in 2016 and 2017. While in 2016 the economic weakness triggered by the appreciation of the franc could be a burden particularly for the social security funds, the climate for the cantons is likely to brighten somewhat. Against the backdrop of this generally strained situation, a further debt reduction cannot be expected for the public finances in the next few years. This is depicted in the latest financial statistics figures.

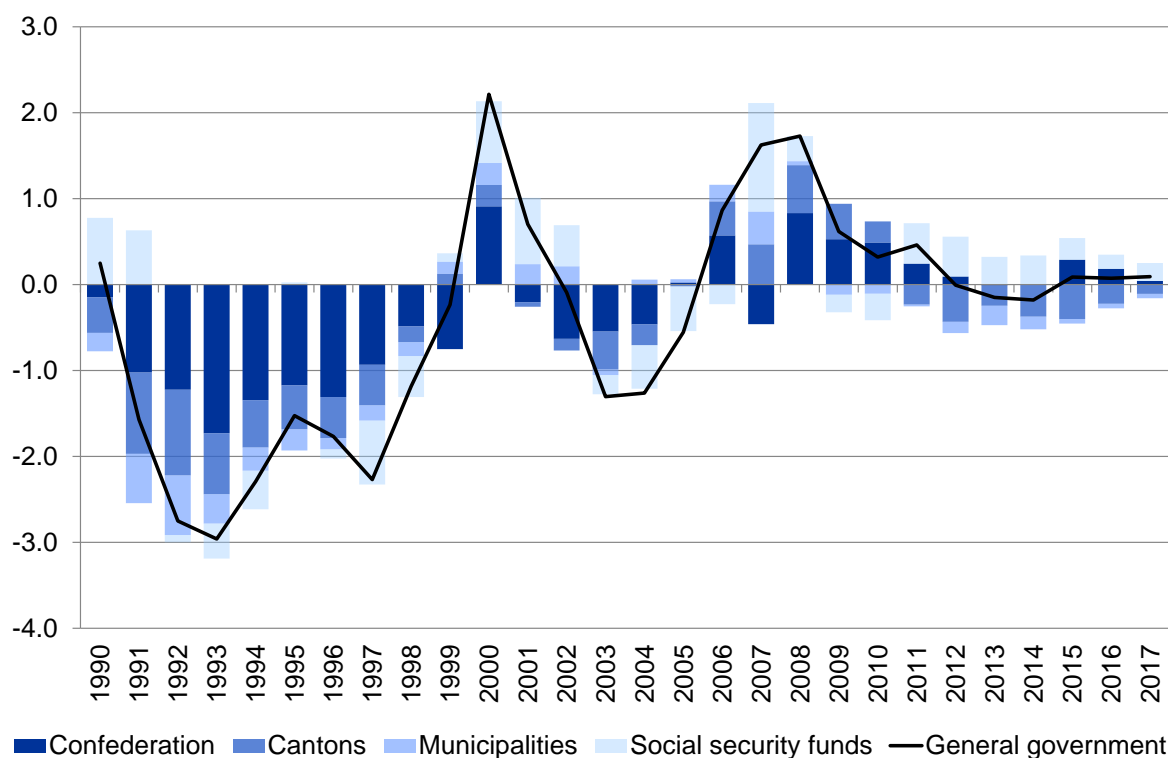
For the second year in succession, the general government ended in negative territory in 2014. Like the preceding year, the deficit ratio was -0.2% of nominal gross domestic product (GDP). Once again, the cantons and – to a slightly lesser extent – the municipalities pushed the general government into negative territory. While the Confederation broke even, the social security funds once again achieved high surpluses.

With a surplus ratio of 0.1%, the situation is likely to ease somewhat in 2015. Aside from the social security funds, the Confederation also has a high surplus thanks to the favorable development of receipts. With regard to the cantons, in contrast, the restructuring of some pension funds is once again causing a heavy burden, with the result that the balance is likely to remain clearly in negative territory.

The economic weakness triggered by the appreciation of the franc and the associated increase in unemployment will drag down primarily the social security funds' results in 2016 and – to a lesser extent – in 2017, although a deficit is not to be expected. The cantons' situation is likely to improve somewhat, although negative figures remain on the cards. In contrast, the Confederation will probably post surprisingly good results, driven once again by the development of receipts, particularly direct federal tax receipts. Overall, the general

government's surplus ratio is set to be 0.1% in 2016 and 2017.

1990-2017 deficit/surplus ratio, in % of GDP



Against the backdrop of this generally strained environment, a further debt reduction cannot be expected for all of the government units in the next few years. Only the Confederation and the social security funds can reduce their debt, but the Confederation's reduction will be interrupted in 2017 following a revaluation of Confederation bonds. In the case of the cantons and municipalities, the debt increase is likely to slow down by the end of the forecast period. The gross debt ratio will probably be 34.1% in 2017.

The Financial Statistics Section of the Federal Finance Administration (FFA) is hereby publishing for the first time the definitive 2014 results regarding the financial position of the government units (Confederation, cantons, municipalities and social security funds), as well as provisional results and forecasts for 2015 to 2017.

Further details:

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

- Brief report on financial statistics
- Detailed financial statistics data
- Overview of publications on budget figures at federal level