



## Press release

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# Swiss public finances: surpluses expected for general government sector from 2023 onward

The Swiss economic recovery from the COVID-19 pandemic clearly continued in early 2022, but it is likely to slow sharply from Q3 onward due to persistent supply bottlenecks, higher inflation and generally tighter monetary policy. A surplus of 1.3 billion is expected for the general government (Confederation, cantons, municipalities and social security funds), with stable general government expenditure and higher general government receipts. 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 international developments and are therefore subject to uncertainty.

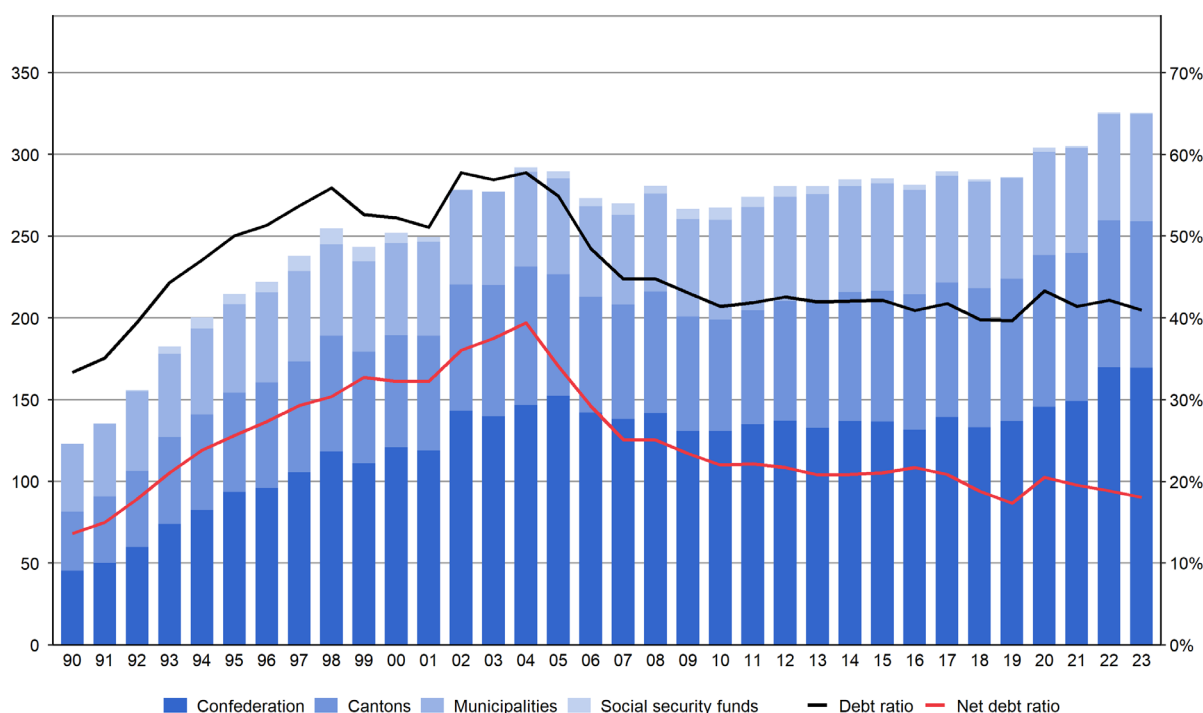
The COVID-19 pandemic led to the biggest economic crisis in decades, leaving a record deficit of 21.3 billion in the public finances in **2020**. The deficit of 3.1% of gross domestic product (GDP) was attributable primarily to the Confederation and cantons sub-sectors. Much of the additional expenditure was used to support incomes and preserve jobs (e.g. loss of earnings and short-time working compensation) and to finance health measures (e.g. procurement of medical supplies and COVID-19 tests).

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 is expected to amount to 0.5% of GDP.

The government units' financial situation is likely to improve in **2022** in the wake of the Swiss economic recovery in late 2021/early 2022. Funds not fully utilized to cushion the COVID-19 pandemic and solid tax growth for the cantons and municipalities will make a major contribution to the positive financial development of the general government sector. A surplus of 0.2% 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 40 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 peak of 324 billion in 2022/2023. However, the gross debt ratio is expected to decline from 2023 onward as a result of the anticipated increase in economic output.

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



**Risks:** The greatest source of uncertainty for the public finances lies in the fact that the economic situation could deteriorate because of the impact of international developments (war in Ukraine, sharper rises in energy and commodity prices, further procurement and supply problems for raw materials and goods, and generally tighter monetary policy). For the coming years, this would result in higher government spending (e.g. on humanitarian aid, defense, fuel and energy, financial expenditure) and lower tax receipts, which would put a burden on the public finances. Moreover, as the Swiss National Bank (SNB) announced a loss of 95.2 billion for the first half of 2022, there is uncertainty for the Confederation and the cantons regarding the amount of the SNB profit distribution.

The Financial Statistics Section of the Federal Finance Administration (FFA) is hereby publishing the definitive results for 2020, 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](http://www.finance.admin.ch):

- Report
- Detailed financial statistics data
- FAQ