

GOVERNMENT
OF THE PRINCIPALITY OF LIECHTENSTEIN



Economic and financial data on Liechtenstein

Data as of: 24 June 2021

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Introduction¹

This information brochure contains an overview of relevant data and facts on the Liechtenstein economy and public finances. The brochure allows interested parties to gain a quick overview of the current status and economic development of the country. Most of the data are amenable to international comparison and are derived mainly from publications of the Liechtenstein Office of Statistics (OSL), the Financial Market Authority (FMA) Liechtenstein, the Swiss Federal Statistical Office (FSO), Eurostat, and in part also from estimates by the Liechtenstein Institute.

300 years of the Principality of Liechtenstein

In 2019, the Principality of Liechtenstein celebrated the 300th anniversary of its existence within unchanged national borders. After several changes of rulers between the 12th and 17th centuries, Prince Johann Adam, head of the Princely House of Liechtenstein, acquired the sovereign rights over the Domain of Schellenberg (1699) and the County of Vaduz (1712). On 23 January 1719, the two domains were elevated to the status of Imperial Principality of Liechtenstein by Emperor Charles VI. Sovereignty was gained by admission to the Confederation of the Rhine in 1806.

The end of the First World War and the concomitant upheavals of traditional systems of rule paved the way in Liechtenstein for a new Constitution, which was adopted in 1921 and is still in force today. At the same time, Liechtenstein separated from Austria and turned to Switzerland, with which a Customs Treaty was concluded in 1923. Moreover, it was during this time when the Swiss Franc was introduced as Liechtenstein's currency. Economically, these steps had a positive effect, although the actual upswing in Liechtenstein began only after the Second World War. In addition to the Customs Treaty, cooperation with Switzerland today also includes numerous other treaties such as the Currency Treaty and agreements in areas such as education, intellectual property, agriculture, road transport, and indirect taxes and duties.

Political stability

The 1921 Constitution is considered a mixed constitution, combining the monarchic and the democratic principles. Article 2 of the Liechtenstein Constitution is emblematic in this regard, defining the Principality as "a constitutional, hereditary monarchy on a democratic and parliamentary basis", in which the power of the State is "embodied in the Reigning Prince and the People".

The Reigning Prince is the Head of State of the Principality of Liechtenstein. As Head of State, he represents the country to the outside world. The entry into force of any law requires the sanction of the Reigning Prince. Further powers of the Reigning Prince are the appointment of the Government (on the proposal of the Liechtenstein Parliament) and substantial participation in the appointment of judges. The Liechtenstein Parliament is elected every four years by proportional representation. This unicameral parliament consists of 25 Members of Parliament. The powers of Parliament correspond to those of most parliaments in Western democracies. Parliament adopts laws, international agreements and treaties, takes important financial decisions including the budget, is responsible for oversight of the Government and the National Administration, and approves the annual reports of State

¹ Parts of the introductory text draw on Christian Frommelt and on Marxer and Pállinger (2009), with the kind permission of the authors.

institutions. The Liechtenstein Government is composed of five Ministers. It acts as a collegial body and is responsible to both the Reigning Prince and Parliament.

Liechtenstein's political stability is based on a balanced distribution of powers, which puts a high degree of pressure on politics to compromise. Direct democracy plays a key role in Liechtenstein. Direct-democratic rights are comparable to those in Switzerland, such as the optional referendum and the popular initiative, with regard to both constitutional amendments and legislation. Another element of the culture of consensus in Liechtenstein politics is the generally extensive consultation process, in which municipalities, associations, and interest organisations can express their opinions on a legislative proposal.

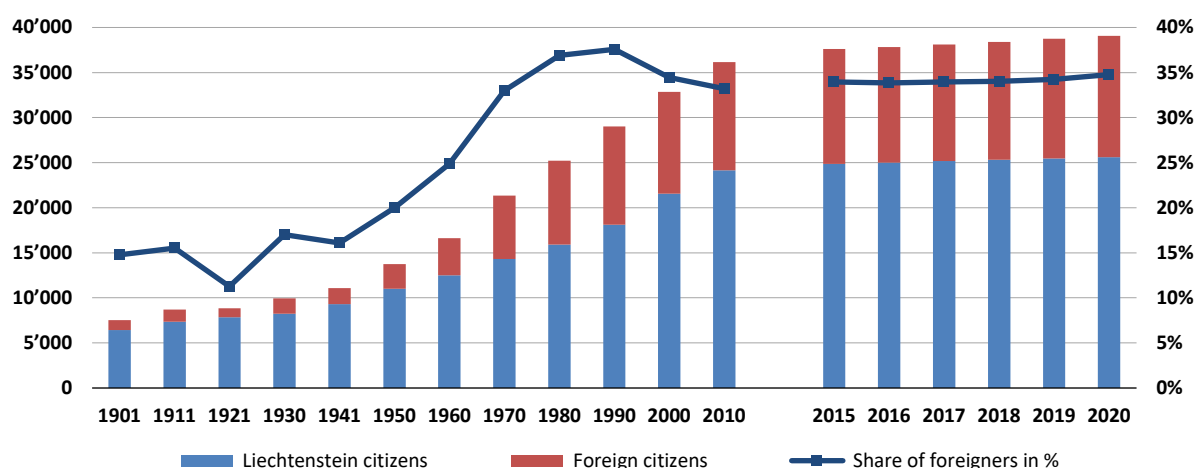
International relations

Liechtenstein pursues an active foreign policy, which is reflected above all in the close relations with its neighbouring countries of Switzerland and Austria and its membership in numerous international organisations. Milestones in the recognition of Liechtenstein as an independent member of the international community were its accession to the Council of Europe in 1978, its accession to the UN in 1990, its admission to the European Free Trade Association (EFTA) in 1991, and its accession to the WTO in 1995. Liechtenstein has been a member of the European Economic Area (EEA) since 1995 and an associate member of Schengen-Dublin since 2011.

Unhindered access to the European internal market via the EEA Agreement constitutes a locational advantage and an essential factor for the sustainable security and stability of the Liechtenstein economy. EEA membership has opened up new business opportunities, leading to further diversification of the Liechtenstein economy. At the same time, the Customs and Currency Treaties guarantee market access to Switzerland. Politically, Liechtenstein's EEA membership has helped to secure its sovereignty and at the same time position itself as a reliable partner in Europe. The overall outcome of Liechtenstein's EEA membership is therefore very positive, which is underlined by very high levels of approval for EEA membership among businesses, the population, and policymakers.

Population of Liechtenstein

In 2020 (31 Dec), the permanent population in the 11 municipalities of Liechtenstein increased by 315 persons or 0.8%, reaching 39'062. Liechtenstein thus has a population density of about 244 inhabitants per km².



Data source: OSL (Population Statistics).

The share of foreigners was 34.5% at the end of 2020. The majority of foreigners residing in Liechtenstein come from Switzerland (27.9% of foreigners), followed by Austria (17.3%) and Germany (12.9%). Other countries with a large number of Liechtenstein residents are Italy (8.9%), Portugal (5.2%), and Turkey (4.1%). 67.1% of Liechtenstein's population in 2019 were between 15 and 64 years of age, compared to 14.7% age 0 to 14 and 18.3% age 65 or more. Liechtenstein's age structure is thus similar to the EU average reported by Eurostat (age 15–64: 64.6%; age 0–14: 15.2%; age 65 or more: 20.2%). However, between 2007 and 2019, in none of the EU/EFTA states has the proportion of inhabitants aged 65 or more increased as rapidly as in Liechtenstein.

Location of Liechtenstein

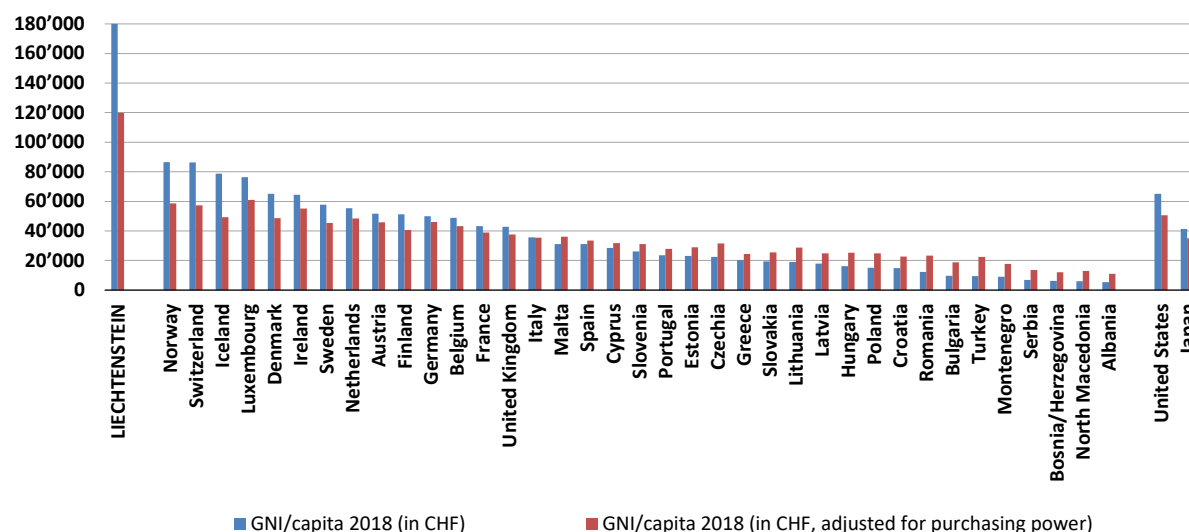
Liechtenstein's territory today covers an area of 160 km², making it the fourth smallest state in Europe. The settlement area amounts to 11%, while 42% of the national territory is considered forest area, 33% agricultural area, and 15% unproductive area. In the west and south, the national border runs 41 km along the Swiss cantons of St. Gallen and Graubünden. In the north and east, Liechtenstein shares a 37 km border with the Austrian state of Vorarlberg.



Source: OSL (Liechtenstein in Figures).

Liechtenstein national economy

Gross national income per capita



Gross national income (GNI, formerly referred to as gross national product) is a measure of the income of persons resident in the country (resident principle), generated by work or assets at home and abroad. GDP can be used as a starting point to calculate GNI by adding labour and capital income transferred from abroad and subtracting labour and capital income transferred abroad. Data source: calculation of GNI per capita (Liechtenstein Institute) based on OSL (Liechtenstein National Accounts), UN National Accounts Main Aggregates Database. Calculation of GNI adjusted for purchasing power (Liechtenstein Institute) based on Eurostat price level indices.

By a considerable margin, Liechtenstein's inhabitants have the highest level of prosperity among EU/EFTA states in terms of gross national income per capita (income from work and assets of private households, companies, and the public sector) at about CHF 180'000 in 2018. This is also true when the high price level in Liechtenstein is taken into account by adjusting for purchasing power.

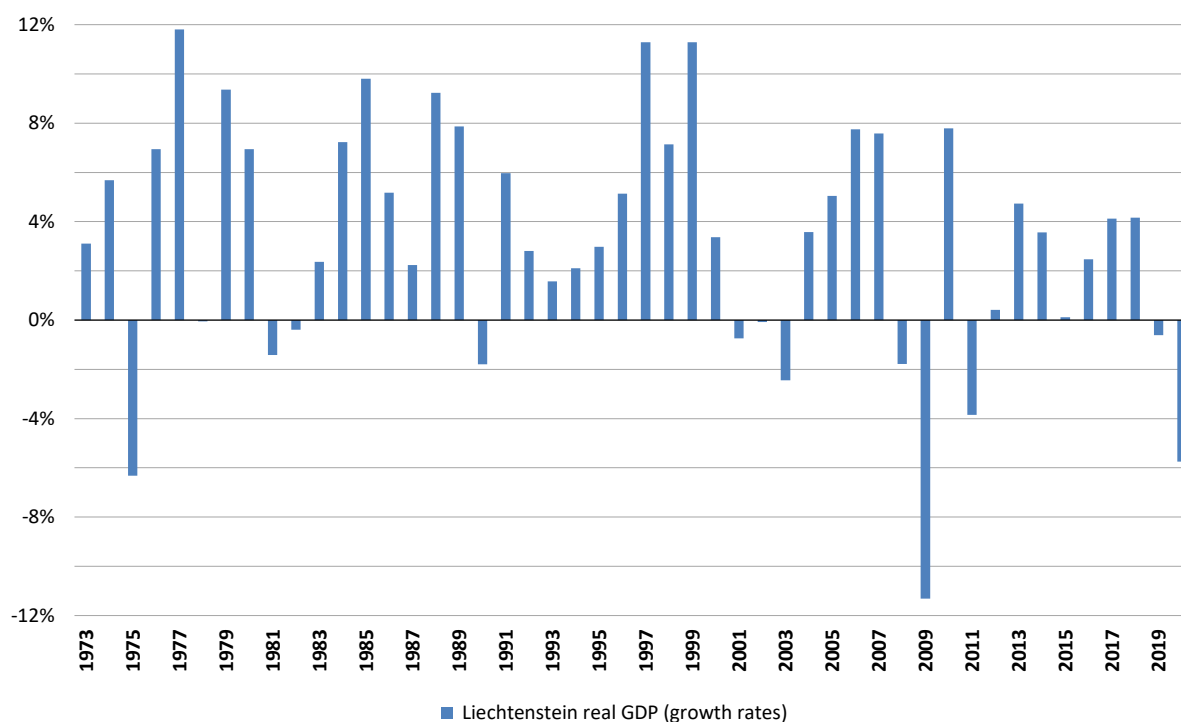
Population, employment, GDP/capita, productivity

2019	Liechten-	Switzerland	Austria	Germany	Luxembourg
Gross domestic product, CHF billion	6.6	727	442	3'837	71
Population (31 Dec)	38'747	8'606'033	8'901'064	83'166'711	626'108
Employees (annual average)	40'123	5'100'612	4'355'000	45'269'000	465'046
Full-time equivalents (annual average)	34'214	4'088'009			
GDP/capita (population), CHF	171'446	84'466	49'691	46'137	112'858
Productivity (GDP/employees), CHF	165'566	142'516	101'562	84'761	151'945
Productivity (GDP/full time equivalents), CHF	194'163	177'818			

GDP is a measure of the income of persons resident in Liechtenstein and abroad, generated by work or assets in Liechtenstein (domestic principle), i.e. for domestic production whose value added is generated and accrued by persons resident in Liechtenstein and/or abroad. Data source: OSL (GDP Estimate, Statistical Yearbook), FSO (National Accounts, Employment and Job Statistics), Liechtenstein Institute (estimate of Swiss full time equivalents including agriculture), SNB, Statistik Austria, Destatis, STATEC, Eurostat.

Liechtenstein's national economy is the fifth smallest of all European countries. Compared with Switzerland, Austria, Germany, and Luxembourg, it has the highest productivity (gross domestic product in relation to employees). However, Liechtenstein's productivity has not developed very dynamically since the turn of the millennium: Since then, GDP growth has been driven mainly by job creation and less by productivity gains.

Real GDP growth rate since 1973

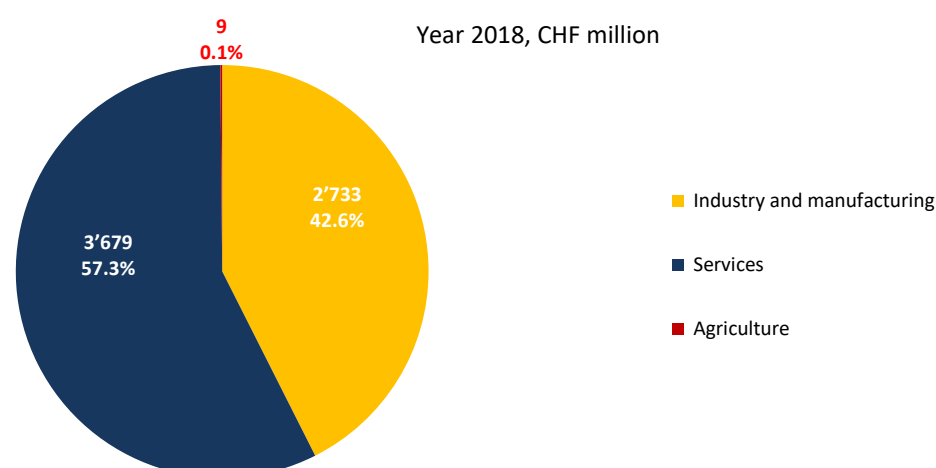


Data sources for GDP: Approximate structural break adjustment from ESA 1995 to ESA 2010 (Liechtenstein Institute) based on OSL (Statistical Yearbook, GDP Estimate), GDP estimate 2020 (Liechtenstein Institute), price adjustment of GDP (Liechtenstein Institute) based on GDP deflator for Switzerland (SECO, sport event adjusted).

Data source for GNI: Approximate structural break adjustment from ESA 1995 to ESA 2010 (Liechtenstein Institute) based on OSL (Statistical Yearbook), price adjustment of GNI (Liechtenstein Institute) based on Swiss CPI (FSO).

Compared with real GDP in 1972, Liechtenstein's economic output nearly quintupled by 2020. In Austria, Germany, and Switzerland the increase in the same period was between two- and threefold. The average price-adjusted Liechtenstein GDP growth rate since 1972 was a high 3.4%. Between 2012 and 2018 Liechtenstein's economy has largely overcome the financial crisis, the subsequent low international demand, the reforms in the financial centre, and the various appreciation shocks of the Swiss franc. After sharp declines, price-adjusted GDP in 2016 has exceeded the level from before the financial crisis (2007) for the first time. In 2020, Liechtenstein's economy and subsequently its GDP was hit by the COVID-19 pandemic. This crisis resulted in an estimated negative real GDP growth of -5.7%, after already a slight decline (-0.6%) in 2019. The decline in 2020 was slightly lower than the EU average (-6.2%) or Austria (-6.6%) and higher than in Switzerland (-2.9%) or Germany (-4.9%). Despite this decline, the real GDP of Liechtenstein in 2020 is continuously higher than in 2016. Since the turn of the millennium, it could be observed that gross domestic product (domestic value added) and gross national income (income of Liechtenstein residents) were diverging. The trend in price-adjusted GNI has tended to stagnate since then, however, the strong increases in 2016 and 2017 (+19% and +13%) has led to a surplus compared to the level of 2007 and made the GNI exceed the GDP for the first time since 2000. The real GNI per capita in 2018 was at highest level since the beginning of the national accounts in 1998. Usually, in Liechtenstein, GNI tends to be smaller than GDP because the high share of cross-border commuters in total employment tends to entail that a large proportion of labour income generated in Liechtenstein flows abroad, more than compensating for the usual surplus of net cross-border capital income. The strong GNI increases during recent years have closed this gap again, though.

Gross value added by economic sector

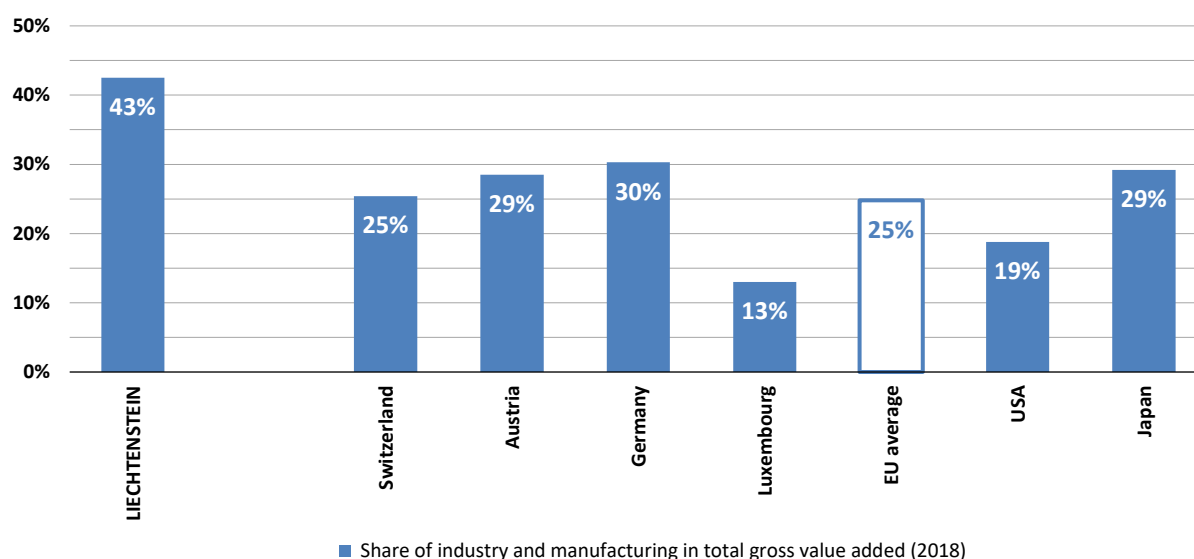


Data source: OSL (National Accounts).

With CHF 3.7 billion in gross value added, the services sector had the highest share of Liechtenstein GDP in 2018, followed by industry and manufacturing (CHF 2.7 billion) and agriculture (CHF 0.01 billion). The sectoral share of industry and manufacturing in 2018 of 43% was above the long-term average of slightly more than 40%, the sector recovered from the shock of the discontinuation of the SNB minimum CHF/EUR exchange rate target (2015). Financial and insurance activities are an important branch within the services sector and accounted for 13.3% of total economy's value added in 2018. This is the second-highest share of all EU/EFTA countries (behind Luxembourg). Productivity, i.e. gross value added in relation to full-time equivalent employment, amounted to CHF 193'700 for services and CHF 194'000 for industry and manufacturing in 2018. Comparing the gross value added shares by economic activity with Switzerland in the following table shows that Liechtenstein's economy is very diversified given its small size (this especially holds for the export goods diversification, see Brunhart and Geiger 2019).

Gross value added shares (2018) by economic activity (NOGA)	Liechtenstein	Switzerland
Agriculture, forestry, fishing (NOGA 01–03)	0.1%	0.6%
Mining and quarrying (05–09)	0.1%	0.1%
Manufacturing (10–33)	37.2%	18.6%
Electricity/water supply, sewerage, waste management and remediation activities (35–39)	1.1%	1.8%
Construction (41–43)	4.0%	4.9%
Wholesale and retail trade; repair of motor vehicles (45–47)	8.4%	15.5%
Transportation/storage, information/communication (49–53, 58–63)	3.6%	8.3%
Accommodation and food service activities (55–56)	0.8%	1.8%
Financial and insurance activities (64–66)	13.3%	9.9%
Real estate activities, scientific/technical/other support activities (68–82)	21.1%	17.3%
Public administration, defence, compulsory social security (84)	5.8%	10.0%
Education (85)	0.5%	0.6%
Human health and social work activities (86–88)	2.3%	7.7%
Arts, entertainment, recreation and other service activities (90–96)	1.1%	2.3%
Activities of households as employers (97)	0.2%	0.3%

Share of gross value added, industry and manufacturing



Data source: OSL (National Accounts), Eurostat, UN (National Accounts Main Aggregates Database).

Despite the important financial services sector, the value-added share of Liechtenstein's industry (including manufacturing), at 43%, is extraordinarily high by international standards in 2018 and is, for example, significantly higher than in Switzerland, Austria, Germany, Luxembourg, the EU average, the United States, and Japan. The industrial share (production of goods, construction) in the overall economic value added in 2018 in Liechtenstein was the highest among all European countries and the third-highest worldwide.

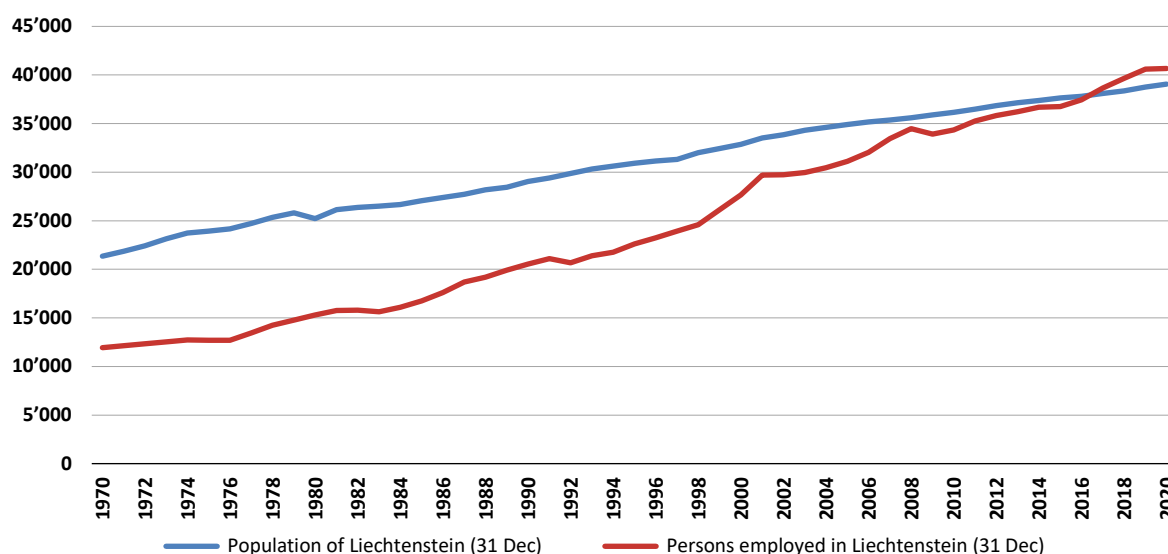
Enterprise and workplace structure

Enterprises and workplaces by company size (2019)	1 to 9 workplaces		10 to 49 workplaces		50 to 249 workplaces		250+ workplaces	
	Enterprises	Workplaces	Enterprises	Workplaces	Enterprises	Workplaces	Enterprises	Workplaces
Agriculture	97	217	2	30	0	0	0	0
Industry/manufacturing	477	1'354	119	2'691	20	2'290	9	8'749
Services	3'895	8'418	343	6'598	79	7'199	9	4'773

Data source: OSL (Employment Statistics)

By the end of 2019, the 18 largest companies in Liechtenstein employed 13'522 people (approx. 32% of the total workforce). However, Liechtenstein's national economy is also heavily shaped by small and medium-sized enterprises: About 88% of the 5'050 enterprises in Liechtenstein had fewer than ten employees (98% have fewer than 50). The number of companies in Liechtenstein is therefore very large compared to the population: There is one company for close to every eight inhabitants. The figure is about 15 in Switzerland and about 23 in Germany. The number of enterprises in Liechtenstein has nearly doubled in the last two decades.

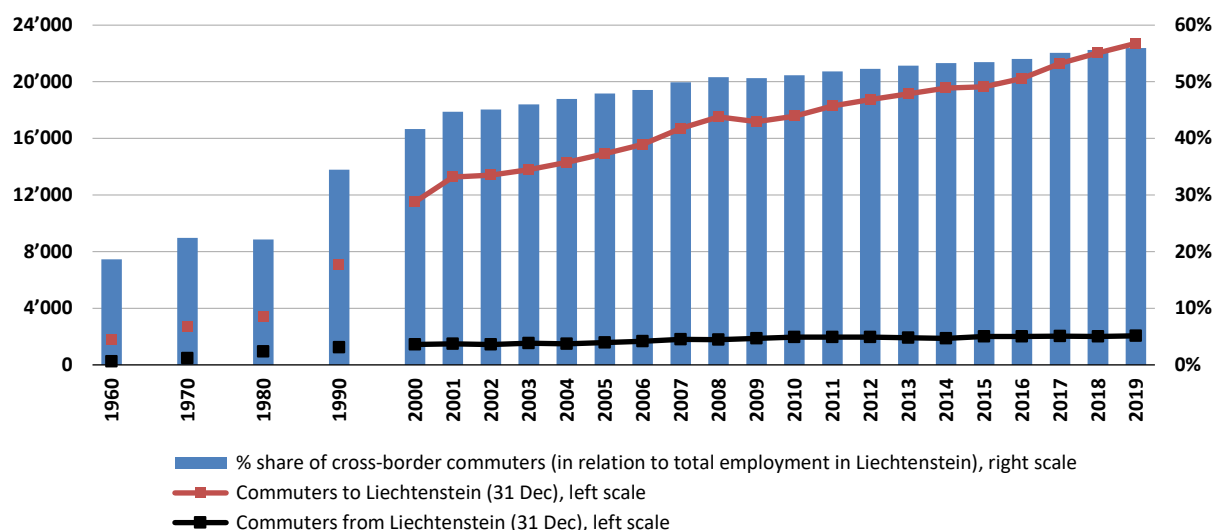
Population and employment since 1970



Data source: OSL (Statistical Yearbook), approximation of employment between 1971–1979 and approximate removal of structural breaks (Liechtenstein Institute).

The population of Liechtenstein almost doubled since 1970 to 39'062 by the end of 2020. Over the same period, the number of persons employed in Liechtenstein more than tripled to 40'670, i.e. there are now about as many employees as there are inhabitants, compared to only about half as many employees as inhabitants in 1970. In 2017 for the first time there were more employees than inhabitants, the ratio in 2020 was 104.0%. In comparison, this ratio in 2019 was 59.3% in Switzerland, 48.9% in Austria, 54.4% in Germany, and 74.3% in Luxembourg. Employment has tended to increase even during the years of the financial, euro debt crises as well as during the strong Swiss franc or during the Corona pandemic, and it was almost unaffected by the sharp GDP drops in certain years. This is less due to the labour force participation of domestic residents, but rather primarily due to the sharp increase in cross-border commuters to Liechtenstein: The labour force participation rate 2019 in Liechtenstein was 74.8% (labour force aged 15 to 64 in relation to total population), 84.0% in Switzerland, the EU-average was 71.3%.

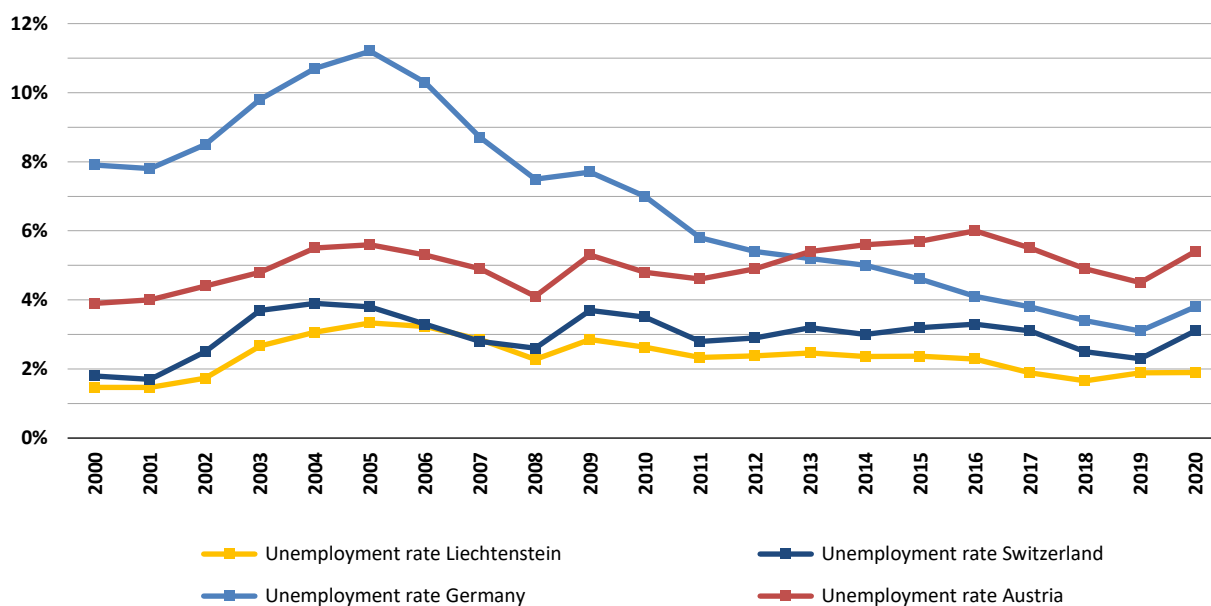
Cross-border commuters to and from Liechtenstein since 1960



Data source: OSL (Employment Statistics), approximate structural break adjustment (Liechtenstein Institute).

While the number of cross-border commuters from Liechtenstein is rising only slowly, the number of cross-border commuters to Liechtenstein has veritably exploded from about 7'100 in 1990 and 11'500 in 2000 to 22'715 in 2019 (2018: 22'038). The share of commuters to Liechtenstein has also increased in relation to total employment in Liechtenstein, both in industry and in services. In 2019, 57% of cross-border commuters to Liechtenstein came from Switzerland and 39% from Austria. The share of EEA nationals living in Switzerland and commuting to Liechtenstein has increased disproportionately over the last two decades, mainly due to the introduction of the free movement of persons under bilateral agreements between Switzerland and the EU.

Unemployment rate since 2000 (annual averages)

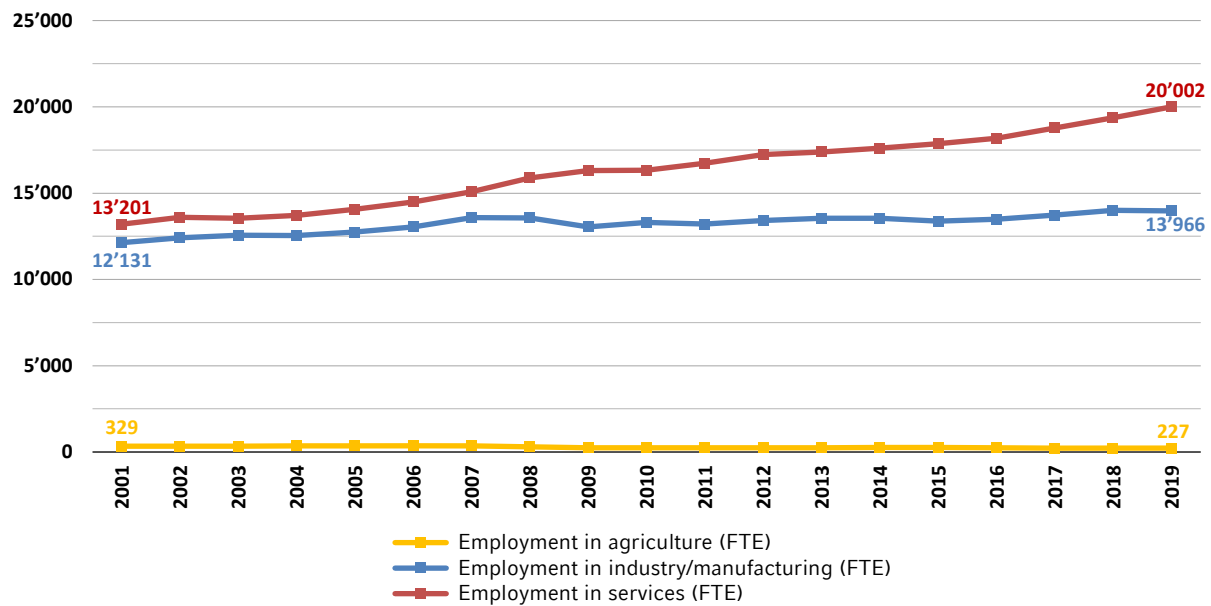


The levels of the unemployment rates of Liechtenstein and Switzerland are not fully internationally comparable.

Data source: OSL, FSO, SECO, Statistik Austria, Destatis, estimate of Liechtenstein unemployment rate before 2006 (Liechtenstein Institute).

While the COVID-19 pandemic and its economic implications lead to rising unemployment rates most countries, unemployment in Liechtenstein remained on a low level in 2020. Additionally, there has been a declining tendency for more than ten years. Youth unemployment in Liechtenstein was also very low at 1.5% in 2019 (Switzerland 2.2%, Austria 8.5 %).

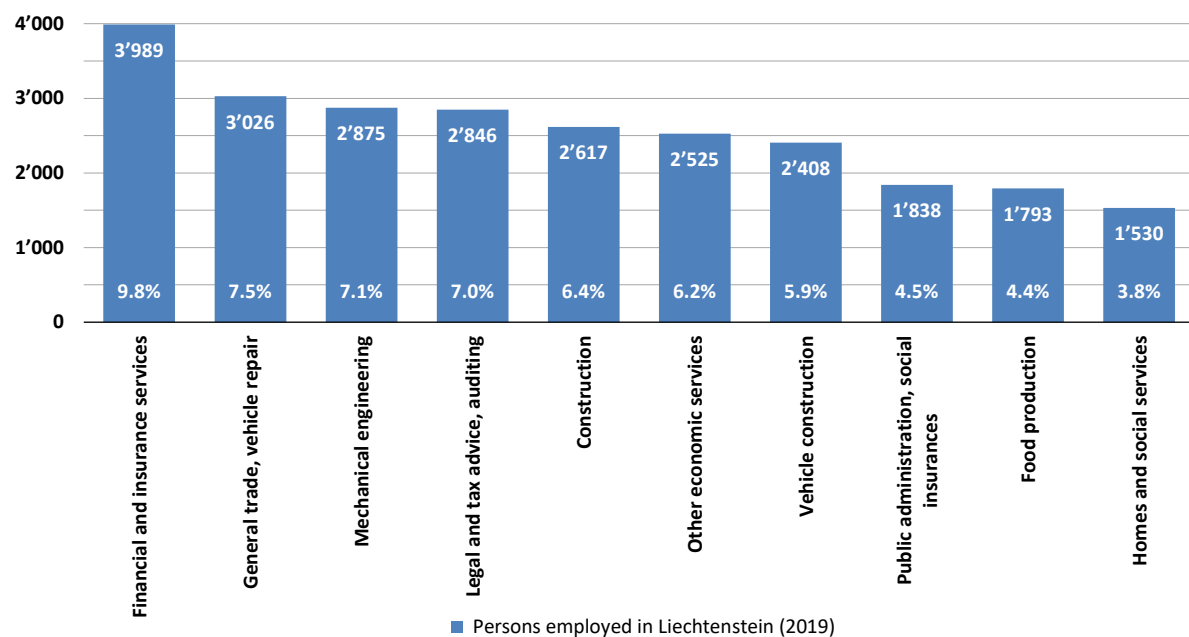
Employment (full-time equivalents) by economic sector since 2001



Data source: OSL (Employment Statistics), approximate adjustment for structural breaks (Liechtenstein Institute).

In contrast to most developed countries, no strong “tertiarization” has been observed in Liechtenstein so far: Although the share of employment in the industrial and manufacturing sector tends to decline, it was still very high at an annual average of 41% in 2019 compared to 59% in services and 1% in agriculture. In absolute terms, employment in the industrial sector rose from about 12'100 in 2001 to almost 14'000 by the end of 2019. The increase was not as steep as in the services sector, though.

Employment in the ten largest industries



Data source: OSL (Employment Statistics).

Employment (number of persons employed part-time and full-time) in Liechtenstein is surprisingly diversified for a (very) small state, across the economic sectors of industry and manufacturing, financial services, and general services. The ten industries with the highest employment are spread across all three of these economic sectors, accounting for 63% of total employment in Liechtenstein in 2019.

Persons employed by economic sector

Employed persons (2019)	Agriculture	Industry and manufacturing	Services (without finance and insurance)	Finance and insurance
Liechtenstein	0.6%	36.9%	52.7%	9.7%
Switzerland	2.6%	20.7%	72.3%	4.4%
Austria	3.7%	25.4%	71.0%	
Germany	1.4%	24.1%	74.5%	
Luxembourg	0.9%	18.5%	69.1%	11.5%

Data source: OSL (Employment Statistics), FSO (Jobs Statistics, Employment Statistics), STATEC.

As with gross value added, the relative importance of the industrial and manufacturing sector in Liechtenstein's employment is also clear when compared internationally. The distribution within the services sector (general services versus financial services) is also unusual in Liechtenstein, given that a large number of people work in the finance and insurance sub-sector: Specifically, about 9.5% of the total number of persons employed in Liechtenstein in 2018 worked in this sub-sector, while the figure was "only" 4.4% in Switzerland. Luxembourg is also a special case in this respect, with an even higher share working in financial and insurance services (11.5%).

Employees of Liechtenstein companies at home and abroad

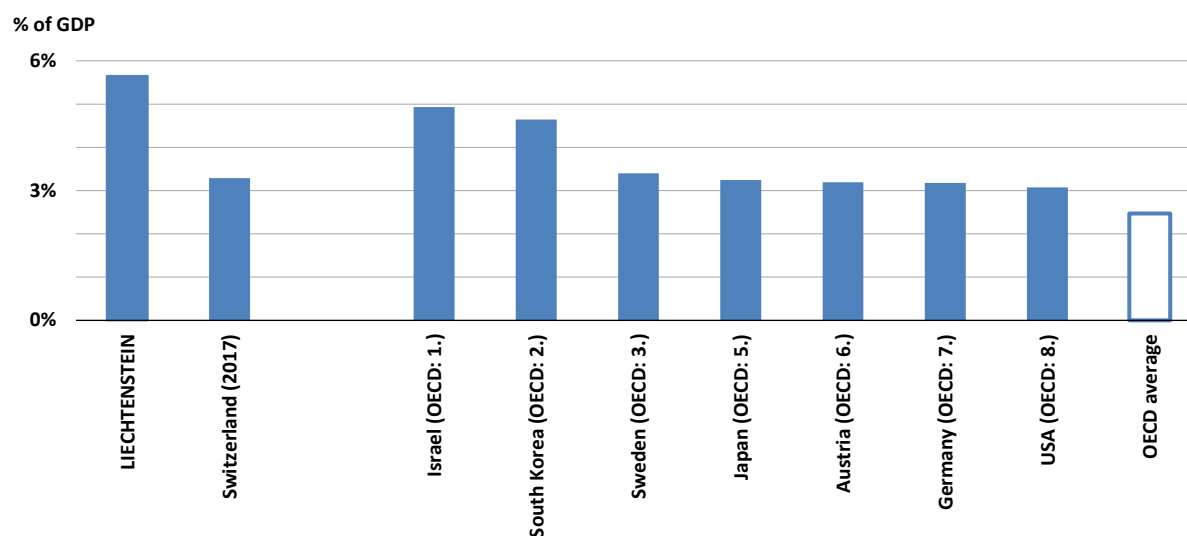
Employment (2020)	Liechtenstein	Abroad
LCCI industrial companies (number of employees)	10'252	56'673
Liechtenstein banks (number of employees)	approx. 2'400	approx. 4'300

LCCI employment: foreign branches, majority-owned or under management control of LCCI industrial companies.

Data source: LCCI (Annual Report), FMA, approximation of employment for banks (Liechtenstein Institute).

Liechtenstein companies create jobs not only in Liechtenstein, but increasingly also abroad: In 2000, Liechtenstein's large industrial companies employed a total of 24'134 people abroad. Compared to the domestic employment of 7'971 at that time, this corresponded to a foreign share of 75%, which rose to 85% by 2020. The number of employees working abroad for LCCI industrial companies increased strongly in recent years, but declined in the Corona year 2020 to 56'673 (2019: 58'201). In 2020, the Liechtenstein banks had approximately 4'300 employees working abroad (2'400 in Liechtenstein).

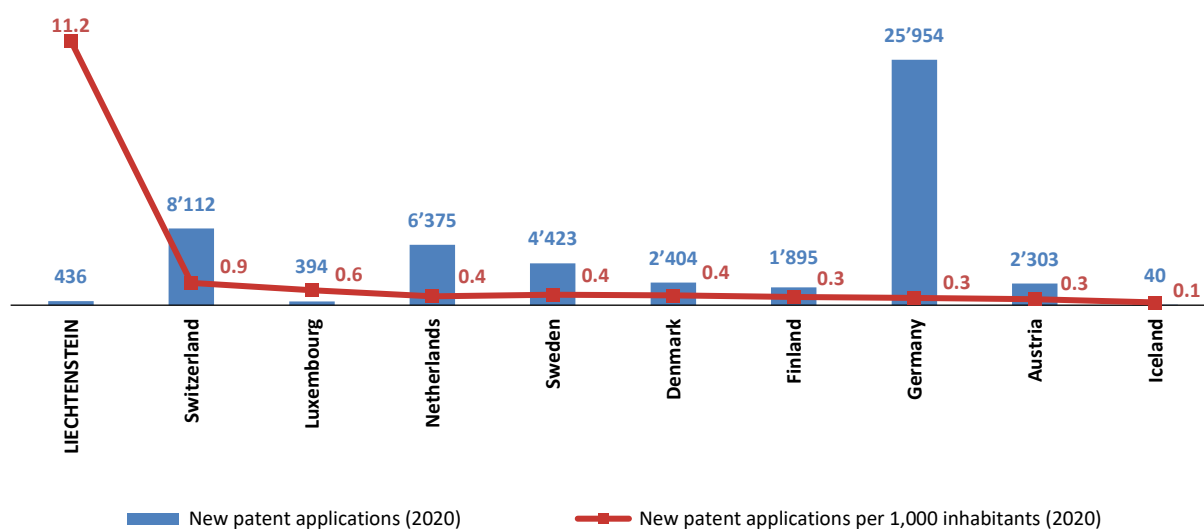
Private research and development spending



Research and development spending in relation to GDP (2019).
Data source: OSL (R+D Statistics, GDP Estimate), OECD, FSO.

In 2019, research and development spending in Liechtenstein amounted 5.7% of GDP or CHF 375.4 million. Liechtenstein was therefore ahead of the three OECD countries with the highest share of research and development spending in relation to GDP (2019) – Israel (4.9%), South Korea (4.6%), and Sweden (3.4%) – and also ahead of Austria (3.2%), Germany (3.2%), Japan (3.2%), the OECD average (2.5%), and Switzerland (3.3%, 2017). In Liechtenstein, research and development spending is almost entirely carried by the private sector (especially industry and manufacturing). Public spending on research and development was around 2% of the total research and development expenditure in 2019 (in Switzerland 2017 around 28%, EU average of 30% in 2018).

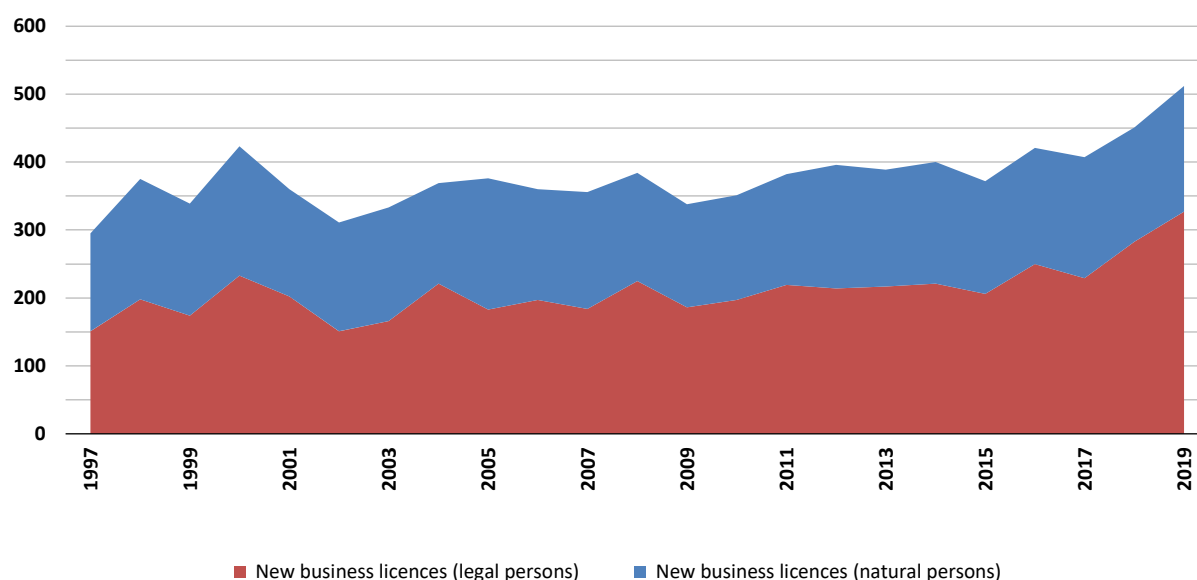
Patent applications in relation to the population



In cases where several applicants are listed, the country of the former is considered.
Data sources: European Patent Office, UN, OSL (Population statistics).

Liechtenstein's economy is extraordinarily innovative. The 436 new patent applications (2019: 437) in 2020 correspond to 11.2 patent applications per 1'000 inhabitants, which is very high in comparison with other countries.

Business licences since 1997



Newly issued licences in Liechtenstein between 1997 and 2000, new formations starting in 2001.
Data source: OSL (Statistical Yearbook).

On average, approximately 380 new companies have been established in Liechtenstein since 1997. The trend has been rising for several years, among both natural persons and legal persons.

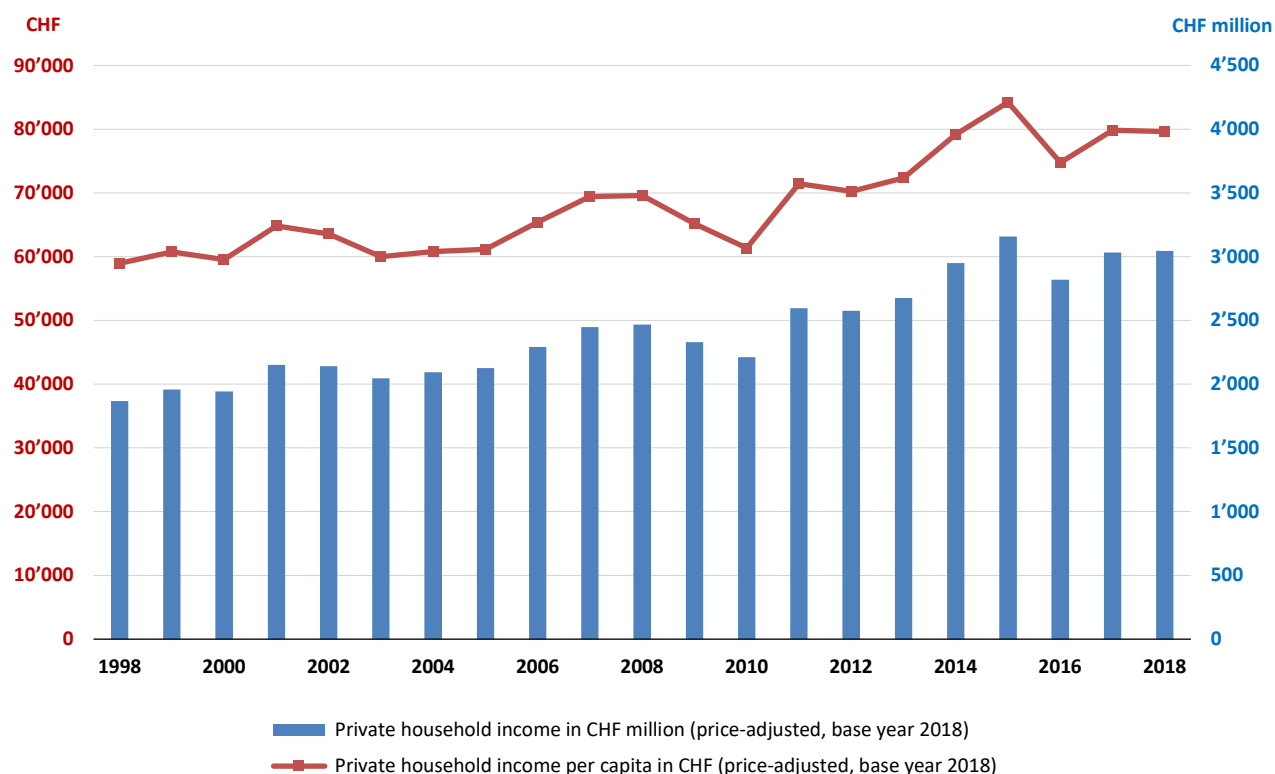
Prices, interest rates, and exchange rates since 2000

	Inflation rate	Interest rates		Exchange rates		
	Consumer prices (CPI)	Short-term	Long-term	CHF/€	CHF/£	CHF/\$
2000	1.6%	0.5%	3.6%	1.56	2.56	1.69
2001	1.0%	0.4%	3.1%	1.51	2.43	1.69
2002	0.6%	0.3%	2.9%	1.47	2.33	1.56
2003	0.6%	0.1%	2.0%	1.52	2.20	1.35
2004	0.8%	0.1%	2.2%	1.54	2.27	1.24
2005	1.2%	0.1%	1.8%	1.55	2.26	1.25
2006	1.1%	0.1%	2.4%	1.57	2.31	1.25
2007	0.7%	0.2%	2.3%	1.64	2.40	1.20
2008	2.4%	0.4%	2.4%	1.59	2.00	1.08
2009	-0.5%	0.1%	1.7%	1.51	1.70	1.09
2010	0.7%	0.1%	1.8%	1.38	1.61	1.04
2011	0.2%	0.1%	1.6%	1.23	1.42	0.89
2012	-0.7%	0.0%	1.5%	1.21	1.49	0.94
2013	-0.2%	0.0%	1.3%	1.23	1.45	0.93
2014	0.0%	0.0%	1.1%	1.21	1.51	0.92
2015	-1.1%	0.0%	0.4%	1.07	1.47	0.96
2016	-0.4%	0.0%	0.3%	1.09	1.33	0.99
2017	0.5%	0.0%	0.3%	1.11	1.27	0.98
2018	0.9%	0.0%	0.4%	1.15	1.31	0.98
2019	0.4%	0.0%	0.4%	1.11	1.27	0.99
2020	-0.7%	0.0%	0.3%	1.07	1.20	0.94

Data source: FSO (Swiss Consumer Price Index), OSL (Banking Statistics), SNB. Short-term interest rates: Sight deposits (2000–2016), current account (from 2017). Long-term interest rates: medium-term notes 7–8 years (2000–2016), medium-term notes 8–10 years (from 2017).

Pursuant to the Currency Treaty with Switzerland, the Swiss franc is the legal tender in Liechtenstein. The interest rate level is influenced strongly by the common currency area. This also applies to inflation, where common customs duties and jointly levied indirect taxes (e.g. VAT) result in additional alignment of the two countries. Historically by international standards, Liechtenstein has a very low inflation rate and a low interest rate level, both of which have fallen even further during the past two decades. The Swiss franc has appreciated significantly against the major currencies since the turn of the millennium, especially in the wake of the financial crisis 2008/09, discontinuation of the SNB's minimum exchange rate target for the franc against the euro at the beginning of 2015 and during the pandemic 2020.

Private household income since 1998

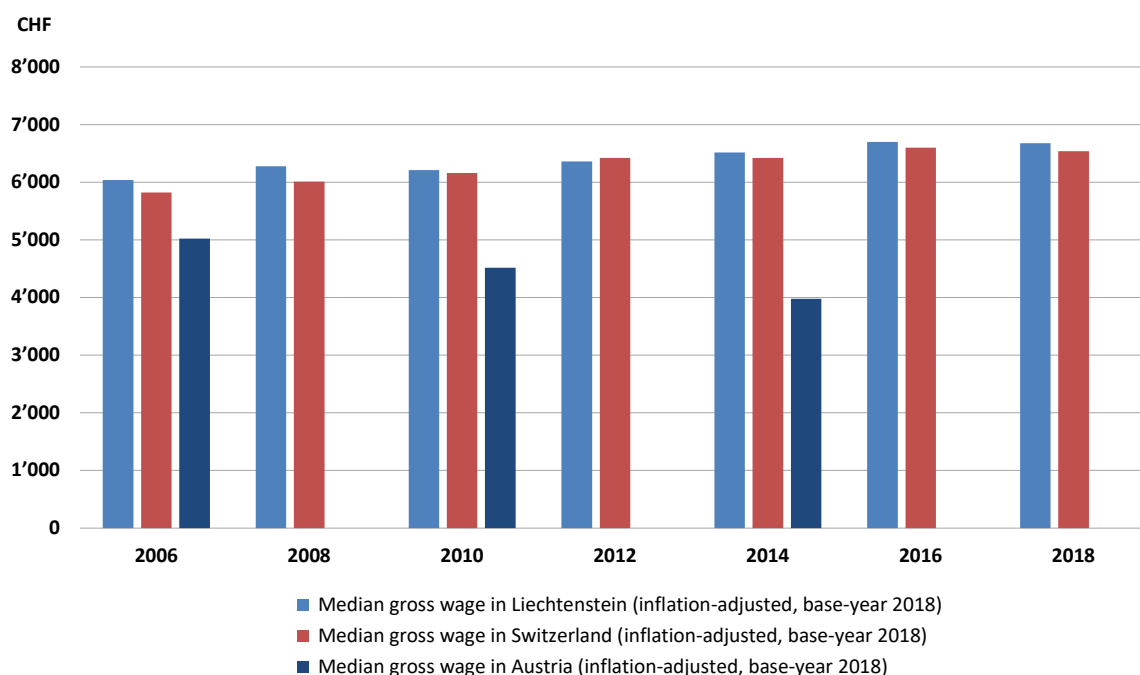


Private household income consists of compensation of employees, income of unincorporated enterprises and property income of households (national income accounts of Liechtenstein National Accounts).

Data source: OSL (National Accounts). Price adjustment (Liechtenstein Institute) based on Swiss Consumer Price Index (FSO).

The income of private households (income from self-employment and employment as well as asset income) can be calculated from the national income accounts of the Liechtenstein National Accounts. After a decline following the financial crisis 2008/09, income has returned to its original growth path, also in per capita figures. There was another decline in 2016 due to lower asset income of private households, but private household income recovered in 2017. In 2018 it stayed relatively constant compared to the previous year.

Gross monthly wage (median) since 2006



Data source: OSL (Wage Statistics, Tax Statistics). Price adjustment (Liechtenstein Institute) based on FSO (Consumer Price Index), Statistik Austria (Consumer Price Index), SNB (exchange rates).

In 2018, the effective gross monthly wage (median) of persons employed in Liechtenstein was CHF 6'675 (Switzerland: CHF 6'538). After 2008, wages in Liechtenstein stagnated for a long time. During that period, Switzerland was able to overtake Liechtenstein in this respect. The strong wage increase since 2010 – price-adjusted wages are meanwhile significantly higher than they were in 2008 – has again caused the median wage in Liechtenstein to exceed the median wage in Switzerland. Both countries are well ahead of Austria. The decline in Austrian wages in Swiss francs is mainly due to the strong appreciation of the Swiss franc against the euro. In 2014, cross-border commuters to Liechtenstein for the first time earned more than the working resident population in Liechtenstein. In 2018, the median taxed net assets of Liechtenstein residents amounted to CHF 45'273 per capita (mean CHF 471'369 per person) and CHF 120'108 per household (mean CHF 903'574 per household).

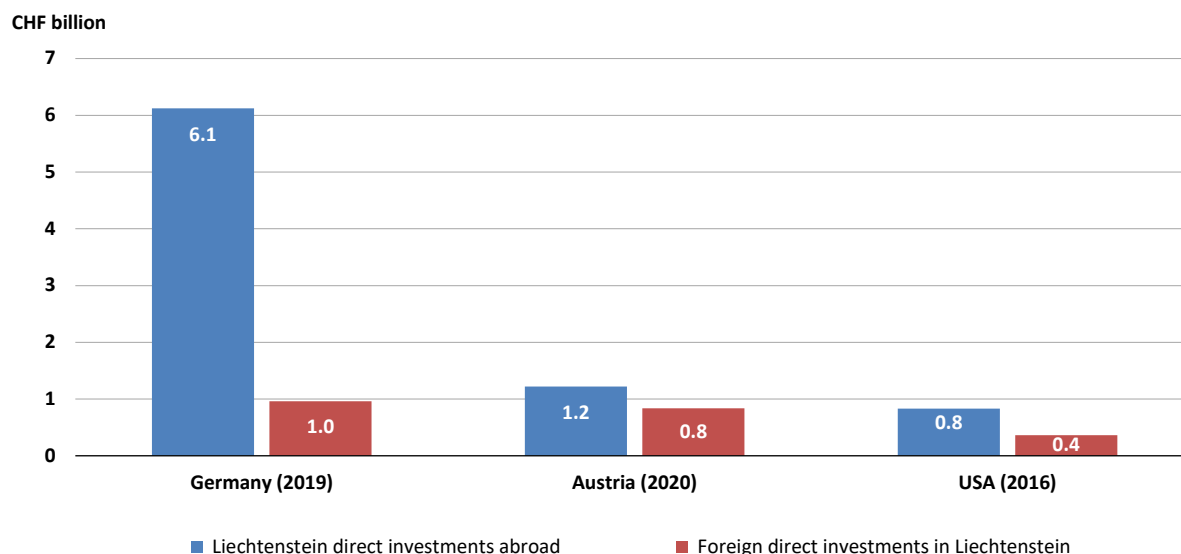
Average disposable income

Rank	Municipality	Average weighted disposable income	Rank	Municipality	Average weighted disposable income
1.	Triesenberg	61.5%	16.	Herisau AR	48.5%
2.	Schellenberg	59.5%	17.	Chur GR	48.4%
3.	Balzers	59.3%	18.	Frauenfeld TG	48.4%
4.	Schaan	59.1%	19.	Fläsch GR	48.3%
5.	Triesen	58.9%	20.	Buchs SG	47.8%
6.	Mauren	58.8%	21.	Sennwald SG	47.1%
7.	Gamprin	58.7%	22.	Schwyz SZ	47.1%
8.	Vaduz	58.6%	23.	St. Gallen SG	47.0%
9.	Ruggell	58.3%	24.	Sevelen SG	46.8%
10.	Eschen	58.3%	25.	Wartau SG	46.5%
11.	Planken	57.8%	26.	Zug ZG	46.5%
12.	Altdorf UR	51.1%	27.	Geneva GE	45.2%
13.	Glarus GL	50.3%	28.	Zurich ZH	42.9%
14.	Appenzell AI	50.2%	29.	Basel BS	42.5%
15.	Maïenfeld GR	48.7%			

Data source: Brunhart and Büchel (2016).

A study of the Liechtenstein Institute commissioned by the Government (Brunhart and Büchel 2016) determined the percentage disposable income of the Liechtenstein population for the base year 2013, comparing the consumption and savings possibilities of households and the financial attractiveness of living in Liechtenstein municipalities. It was determined how market income, i.e. original household income from work and assets, is reduced after taxes and social insurance contributions (in addition, state transfer income is taken into account) and how much of the income remains after urgently needed expenditures for housing, food, and mobility. Weighted by household type as well as income and asset classes, the disposable income in Liechtenstein averaged 59% of the generated market income, while that of Swiss municipalities averaged 44%. The considerable difference between Liechtenstein and Switzerland applied regardless of the household type selected (single, couple, family, pensioner) or the income and asset class. The causes of the higher disposable income in Liechtenstein are primarily the lower tax burden, but also the lower social insurance contributions (and in some cases higher transfer income); this is not compensated by housing costs, which tend to be higher in Liechtenstein.

Direct investments



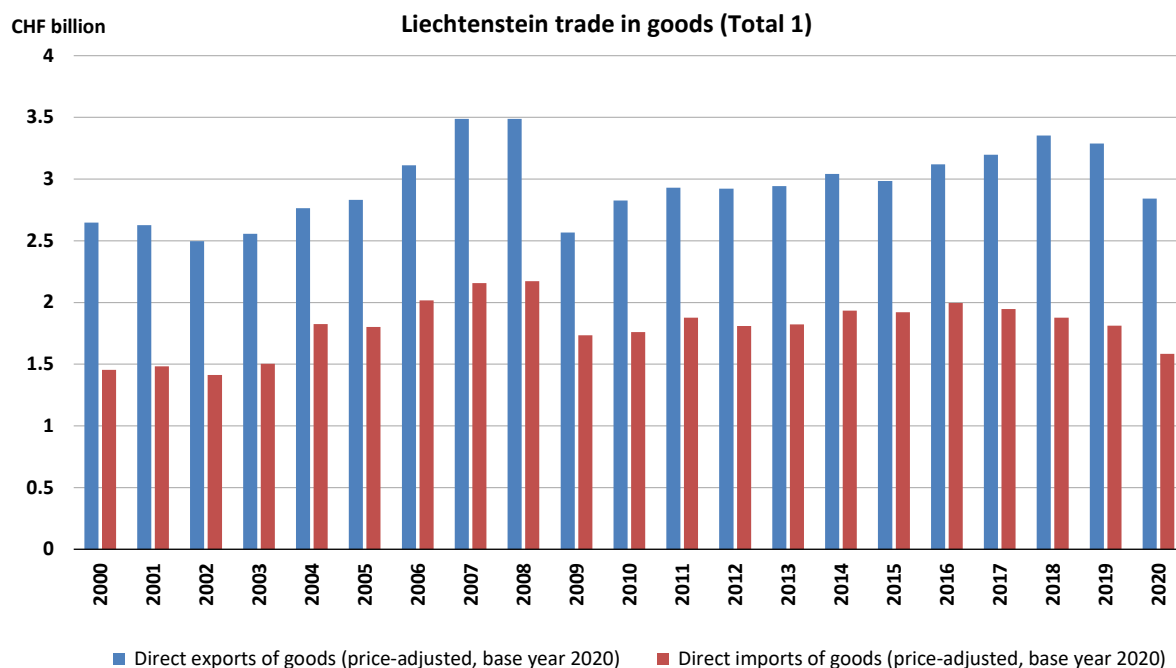
The most important types of foreign assets (also referred to as foreign investments) are direct investments and portfolio investments. While portfolio investments are monetary or financial investments abroad, direct investments represent long-term investments by companies, individuals, or other economic actors abroad which result in holdings in foreign companies or subsidiaries and normally involve corresponding influence/cooperation.

Data source: Central Bank of Germany (inventory of direct investments), Office for National Statistics (Pink Book), Bureau of Economic Analysis, Austrian National Bank.

Liechtenstein has invested more capital abroad than foreign countries have invested in Liechtenstein, which is primarily due to Liechtenstein's decades of trade surpluses. However, it is not possible to provide any precise details, given that Liechtenstein does not have its own balance of payments and the Swiss National Bank does not report Liechtenstein separately. Some foreign central banks do publish the economic exchange with Liechtenstein. For Austria, Germany, the United Kingdom, and the United States, for instance, some important data on foreign assets (households, companies, public sector) and especially direct investments is available. Accordingly, Liechtenstein's direct investments in Germany amounted to CHF 6.1 billion in 2019, in Austria to CHF 1.2 billion in 2020, and in the United States to CHF 0.8 billion in 2016. Conversely, the direct investments of those countries in Liechtenstein are significantly lower. The Bank of England provides figures on total foreign assets (direct investments, portfolio investments, and other asset investments) with respect to Liechtenstein: In 2019, Liechtenstein's inhabitants and companies had CHF 6.2 billion in foreign assets in the United Kingdom, while the United Kingdom had CHF 0.7 billion in Liechtenstein. In other countries, Liechtenstein's pattern is most likely similar to that in the four countries mentioned above.

Industry and manufacturing

Development of exports and imports of goods since 2000



Direct exports and imports of goods (Total 1) excluding exports/imports of services and exports/imports between Liechtenstein and Switzerland. While in the case of FCA exports and imports, "Total 2" includes the total of all product groups, "Total 1" takes an economic perspective and thus excludes trade in gold bars, other precious metals, coins, precious and semi-precious stones, as well as works of art and antiques. Data source: OSL (Foreign Trade Statistics), price adjustment (Liechtenstein Institute) based on Swiss export price index and import price index (SECO).

Due to the COVID-19 pandemic, Liechtenstein's direct goods exports (excluding trade in goods with Switzerland, Total 1) declined sharply in 2020: The annual decrease of real goods exports amounted to -13.5% (2019: -2.2%). However, this decline was only about half as severe as in the financial crisis, when exports fell by -26.3% (2009). Liechtenstein still has a large trade surplus in exports/imports of goods. In 2020, the goods trade surplus was at 73% (Total 2) compared to 72% in 2019, while Switzerland's trade surplus in goods amounted to 9.4% in 2020. This high trade surplus was also influenced by a decrease of the goods imports of 12.7% (2019: -3.4%).

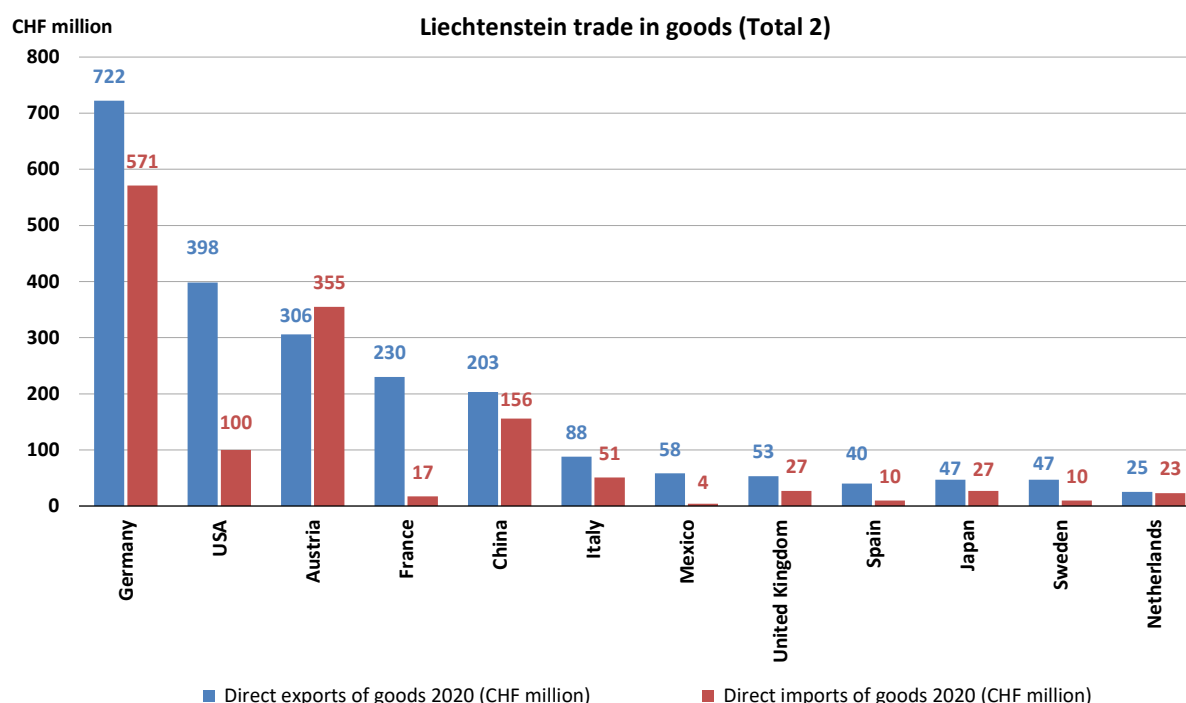
Export and foreign trade ratio

Trade in goods (2020)	Liechtenstein	Switzerland	Austria	Germany	Luxembourg	Iceland
Imports of goods (€ billion)	1.5	255.7	150.7	1'024.3	18.3	4.9
Exports of goods (€ billion)	2.7	279.7	147.5	1'207.5	12.1	4.0
GDP (€ billion)	5.8	656.9	377.3	3'336.2	64.1	19.0
Export ratio	46.0%	42.6%	39.1%	36.2%	18.8%	21.1%
Foreign trade ratio	72.5%	81.5%	79.0%	66.9%	47.4%	47.1%

Export ratio: exports of goods/GDP. Foreign trade ratio: (goods exports+imports)/GDP. The Federal Customs Administration provides figures for Liechtenstein's direct trade in goods, but these do not include exports/imports to or from Switzerland. Looking at the foreign trade revenues of LCCI member companies (in 2020, CHF 0.91 billion of CHF 6.42 billion in total foreign trade revenue was attributable to Switzerland), the actual Liechtenstein export ratio is probably over 50%, while the foreign trade ratio is more likely in the region of 85%. For Liechtenstein, there are also no figures for exports and imports of services (as there is no Liechtenstein balance of payments), which is why they have been excluded here for all countries in the comparison. Data source: Computation (Liechtenstein Institute) based on FCA, Eurostat, GDP Estimate (Liechtenstein Institute).

Due to its small size, high level of economic development, and competitive industry, Liechtenstein has a very high export ratio: Total direct exports of goods from Liechtenstein (without exports to Switzerland, Total 2) in 2020 sharply decreased to approximately CHF 2.71 billion (2019: CHF 3.42 billion), as consequence of the worldwide pandemic; in relation to GDP, they amounted to 46.6% in 2020. Even without exports to Switzerland, which are not included in the statistics of the Federal Customs Administration, the export ratio is thus significantly higher than that of neighbouring countries. The foreign trade ratio is also high by international standards, and can be explained by the high foreign trade surplus driven by the exports.

Direct exports and imports of goods by trading partner



While in the case of FCA exports and imports, "Total 2" includes the total of all product groups, "Total 1" takes an economic perspective and thus excludes trade in gold bars, other precious metals, coins, precious and semi-precious stones, as well as works of art and antiques. Data source for goods exports/imports (Total 2): OSL (Foreign Trade Statistics). Data source for foreign trade revenues: LCCI (Annual Report).

As already shown above, Liechtenstein has a high surplus in trade in goods. This is also true for the trade in goods with all of Liechtenstein's most important trading partners, with the exception of Austria. The most important of the 150 trading partners compiled by the Federal Customs Administration in 2020 for Liechtenstein was by far Germany, followed by the United States, Austria, France, and China. The Federal Customs Administration does not provide any figures for trade in goods between Switzerland and Liechtenstein. In terms of foreign sales of LCCI member companies, however, Switzerland ranks third behind Germany and the US. Of the total foreign sales of CHF 6.4 billion, CHF 910 million were attributable to Switzerland in 2020 (2019: 899 million of CHF 7.6 billion).

Direct exports and imports of goods by product group

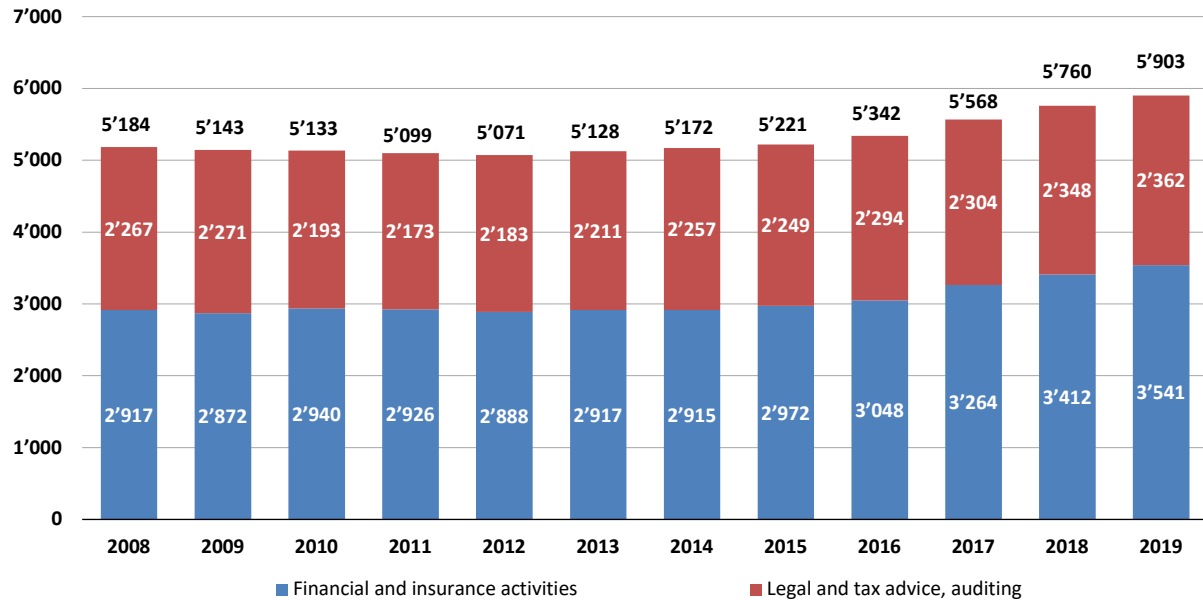
Exports/imports of goods by type (CPA)	Direct exports (2020)		Direct imports (2020)	
	CHF million	Share	CHF million	Share
Total type of goods	2'861	100.0%	1'651	100.0%
Agricultural/forestry products, fishing	3	0.1%	5	0.3%
Mining and Quarrying	0	0.0%	7	0.4%
Manufactured Products	2'833	99.0%	1'616	97.9%
Food Products	243	8.5%	69	4.2%
Beverages	0	0.0%	6	0.3%
Textiles	7	0.2%	10	0.6%
Wearing Apparel	0	0.0%	4	0.3%
Leather and Related Products	13	0.5%	7	0.4%
Wood (Expect Furniture); Straw, Plaiting Materials	2	0.1%	19	1.2%
Paper and Paper Products	7	0.2%	32	1.9%
Coke and Refined Petroleum Products	5	0.2%	2	0.1%
Chemicals and Chemical Products	180	6.3%	79	4.8%
Rubber and Plastic Products	42	1.5%	60	3.6%
Other Non-Metallic Mineral Products	201	7.0%	131	8.0%
Basic Metals	38	1.3%	134	8.1%
Fabricated Metal Products	610	21.3%	290	17.5%
Computer, Electronic and Optical Products	262	9.2%	109	6.6%
Electrical Equipment	300	10.5%	127	7.7%
Machinery	383	13.4%	290	17.6%
Motor Vehicles, Trailers and Semi-Trailers	314	11.0%	91	5.5%
Other Transport Equipment	4	0.1%	8	0.5%
Furniture	1	0.0%	24	1.5%
Other Manufactured Goods	218	7.6%	122	7.4%
Water supply, Waste Management	17	0.6%	8	0.5%
Information and Communication Services	4	0.1%	10	0.6%
Arts, Entertainment and Recreation Services	3	0.1%	5	0.3%

Data source: OSL (Foreign Trade Statistics).

The most important product groups for both Liechtenstein's exports and imports in 2020 were "Fabricated Metal Products" and "Machinery". Another important export groups were the "Motor Vehicles, Trailers and Semi-Trailers" and "Electrical Equipment" with a share of more than 10% of total exports.

Financial services

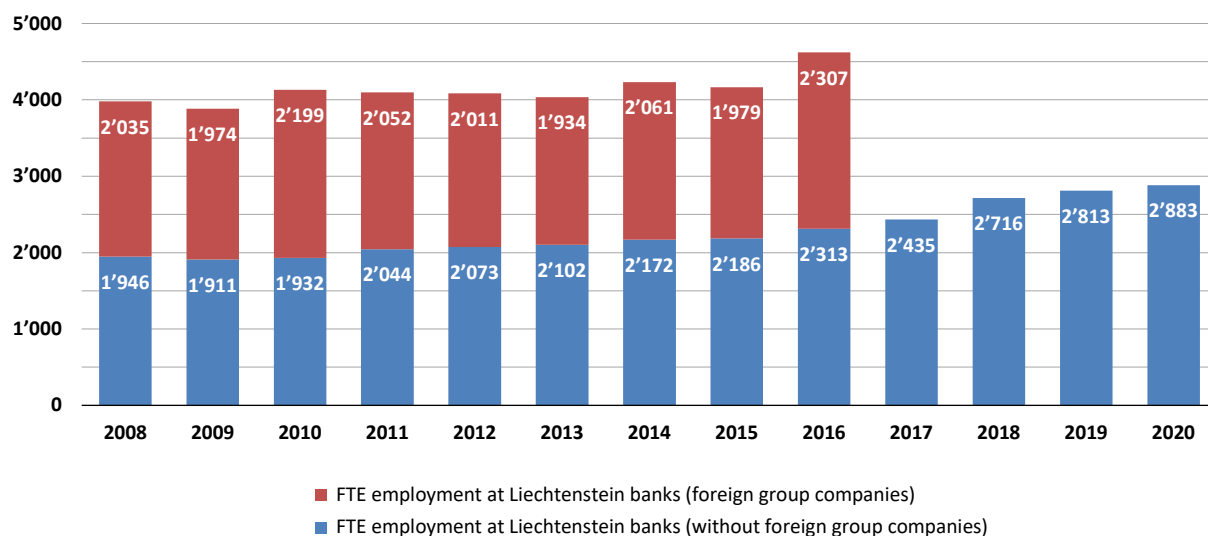
Employees (full-time equivalents) in the financial sector since 2008



Data source: OSL (Employment Statistics), approximate structural break adjustment (Liechtenstein Institute).

Full-time equivalent employment (31 Dec) in Liechtenstein's financial sector (financial/insurance activities, legal/tax advice, auditing) declined starting in 2009 and began rising again in 2013. The share of financial services employees in total employment in Liechtenstein has remained roughly constant since 2008 (2019: approx. 17%).

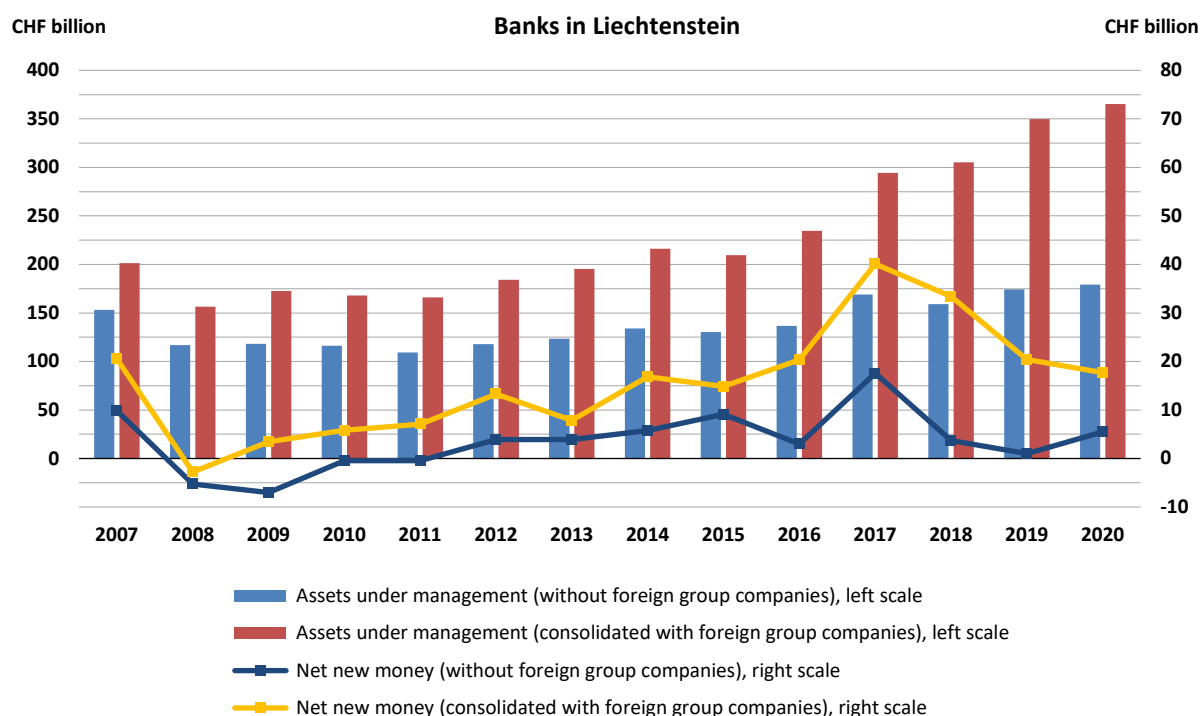
Employment (full-time equivalents) at banks since 2008



Data source: FMA (Liechtenstein Financial Centre).

The banking institutions in Liechtenstein had 2'313 employees in 2016 (full-time equivalents, foreign group companies not included). Including foreign group companies, the consolidated number of employees was about twice as many (4'620). Employment continued to rise to 2'883 full-time equivalents (excluding foreign group companies) in 2020. More recent aggregated data regarding foreign group companies is not available. The three large banks (LGT, LLB, VPB) had approximately 6'100 employees in 2020 (2019: 5'800) including foreign group companies.

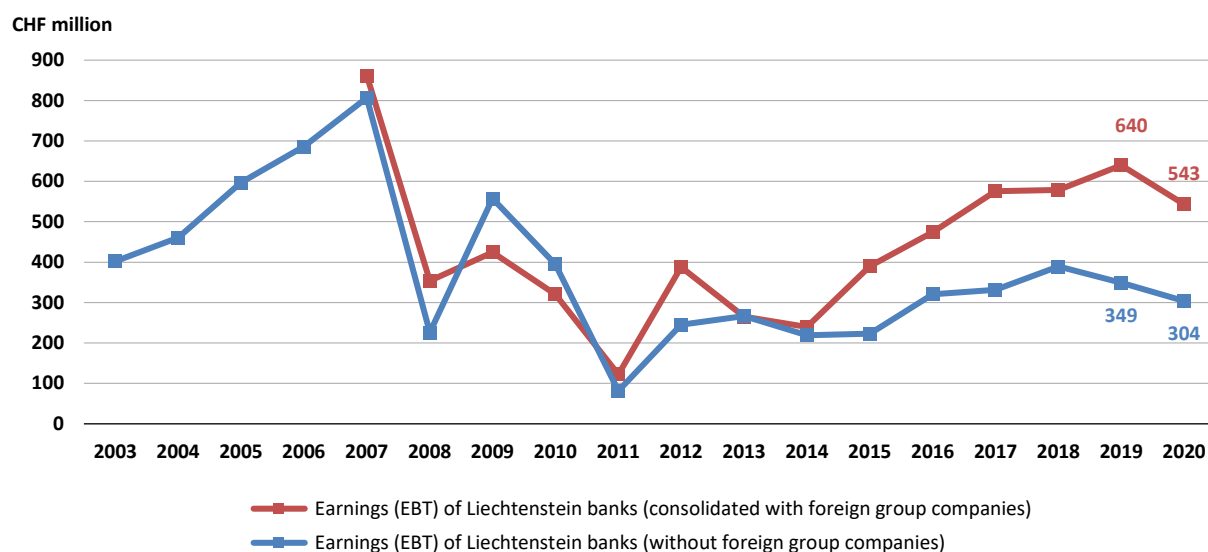
Assets under management and net new money since 2007



Data source: FMA (Liechtenstein Financial Centre).

The assets under management of Liechtenstein banks in Liechtenstein and abroad collapsed in the wake of the financial crisis and subsequent far-reaching reforms in the financial centre, but since then they have risen again quite steadily to over CHF 360 billion (including foreign group companies) in 2020. Assets under management in Liechtenstein, excluding foreign group companies, also recovered and reached or even exceeded the level of 2007, amounting to CHF 179 billion in 2020. In 2020, net new money amounted to CHF 17.7 billion (2019: CHF 20.4 billion) including foreign group companies and CHF 5.5 billion (2019: CHF 1.0 billion) excluding them. The positive trend in assets under management and net new money thus seems to be continuing despite of the pandemic. According to estimates by the Boston Consulting Group (2015), Liechtenstein has a share of about 1% in the total of USD 11'000 billion in cross-border assets under management. Compared with Switzerland (25%), the United Kingdom/Ireland (25%), Hong Kong/Singapore (15%), the Caribbean/Panama (12%), the United States (7%), and Luxembourg (5%), Liechtenstein is thus a rather small niche player.

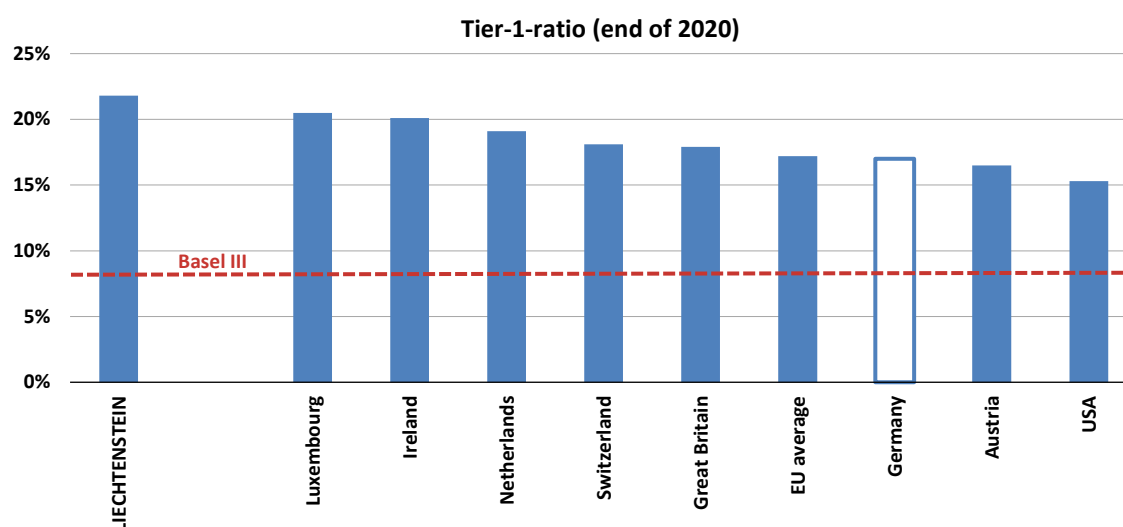
Earnings before taxes (EBT) since 2003



Data source: FMA (Liechtenstein Financial Centre), OSL (Banking Statistics).

The earnings of Liechtenstein banks in Liechtenstein and abroad tended to decline sharply after 2007. Various factors played a role here: the financial crisis, the strong Swiss franc (depreciation of assets in foreign currency), low interest rates (lower margins in the interest-difference business), structural change in the Liechtenstein financial centre, and the generally rising regulatory effort, which is a burden especially for smaller banks. Since 2011 earnings have been recovering, there is however a stagnation tendency visible in the last years.

Core capital of banking sector



The Tier 1 ratio is the core capital ratio (ratio of equity to risk-weighted total capital). BICRA stands for S&P's Banking Industry Country Risk Assessment, with 1 being the lowest risk and 10 the highest. The leverage ratio is the unweighted equity ratio (core capital in relation to business volume).

Data source: FMA (Liechtenstein Financial Centre), European Banking Authority, SNB, IMF.

Liechtenstein's banks are very strongly capitalised: At the end of 2019, they had an average Tier 1 ratio of a very high 21.8% (including foreign group companies). This is far above the requirements of

Basel III (8%, including supplementary capital) and the EU average (approx. 17.2%). This is also true for the leverage ratio, which at 7.5% by the end of 2020 was significantly above the requirements of Basel III (3%). All Liechtenstein banks have a core capital ratio of over 17.9%, and the consolidated cost/income ratio of banks in the Liechtenstein financial centre was 71.5% in 2020 (which is a good value for private banking). The country rating of Standard & Poor's (AAA with a stable outlook) and the BICRA rating (risk group 2) underscore the reliability of the Liechtenstein financial sector.

Employment in various financial services

Employment (2019/2020)	Employed persons (31 Dec)
Banks (2020, employed persons in Liechtenstein)	2'436
Asset management companies (2020, employed persons in Liechtenstein and abroad)	633
Insurance companies (2019, employed persons in Liechtenstein and abroad)	985
Legal/tax advice, auditing (2019, employed persons in Liechtenstein)	2'846

Data source: OSL (Employment Statistics, Banking Statistics), FMA (Liechtenstein Financial Centre).

In addition to banks, other financial services play an important role: According to figures from the Financial Market Authority, the 102 asset management companies licensed in Liechtenstein with their 633 employees (2019: 676) managed client assets of CHF 53.0 billion in 2019 (2019: CHF 43.1 billion). The 763 Liechtenstein investment funds contained net assets of CHF 58.8 billion in 2020 (2019: CHF 58.8 billion in 740 funds). In 2020, 36 insurance companies with an aggregated balance sheet total of CHF 31.1 billion were active in Liechtenstein (2019: 37 insurance companies with a balance sheet total of CHF 31.1 billion). Within the financial services sector in Liechtenstein, the Employment Statistics (OSL) show that legal and tax advice as well as auditing play a key role with 2'846 employees in 2019; according to the Banking Statistics (OSL), 2'436 persons worked in banks in 2020.

Public finances

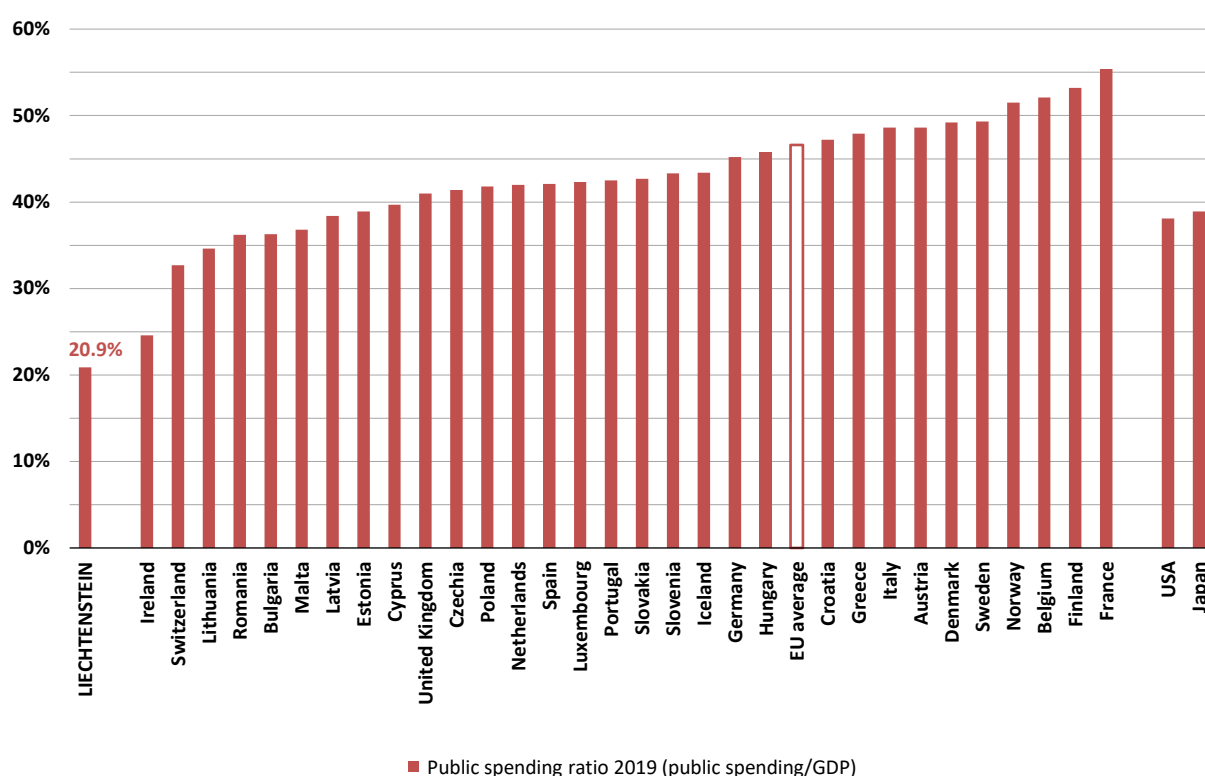
Liechtenstein and the other AAA-rated countries (S&P)

Standard & Poor's	S&P-rating (2020)	Population (2019)	Area (km ²)	GDP (2019, USD billion)	GDP/capita (2019, USD)
LIECHTENSTEIN	AAA	38'563	160	6.7	173'358
Australia	AAA	25'203'198	7'741'200	1'380	54'763
Denmark	AAA	5'771'876	43'094	350	60'657
Germany	AAA	83'517'045	357'022	3'861	46'232
Canada	AAA	37'411'047	9'984'670	1'741	46'550
Luxembourg	AAA	615'729	2'586	71	115'479
Netherlands	AAA	17'097'130	41'543	907	53'053
Norway	AAA	5'378'857	323'802	403	74'985
Singapore	AAA	5'804'337	719	372	64'103
Sweden	AAA	10'036'379	450'295	531	52'896
Switzerland	AAA	8'591'365	41'277	731	85'135

Data source: Standard & Poor's, UN National Accounts Main Aggregates Database, OSL (Population Statistics, GDP estimate). In international comparisons of Liechtenstein's GDP per capita, some caution is needed due to the very high number of cross-border commuters (for an international comparison of prosperity see figure „Gross national income per capita“).

Liechtenstein is distinguished by high political and economic stability as well as by an excellent situation of its public finances. Also for this reason, Liechtenstein is in Standard & Poor's highest rated group of countries (long-term rating: AAA), with a stable outlook. In 2020, only 11 of the 132 rated countries currently held the top rating of AAA.

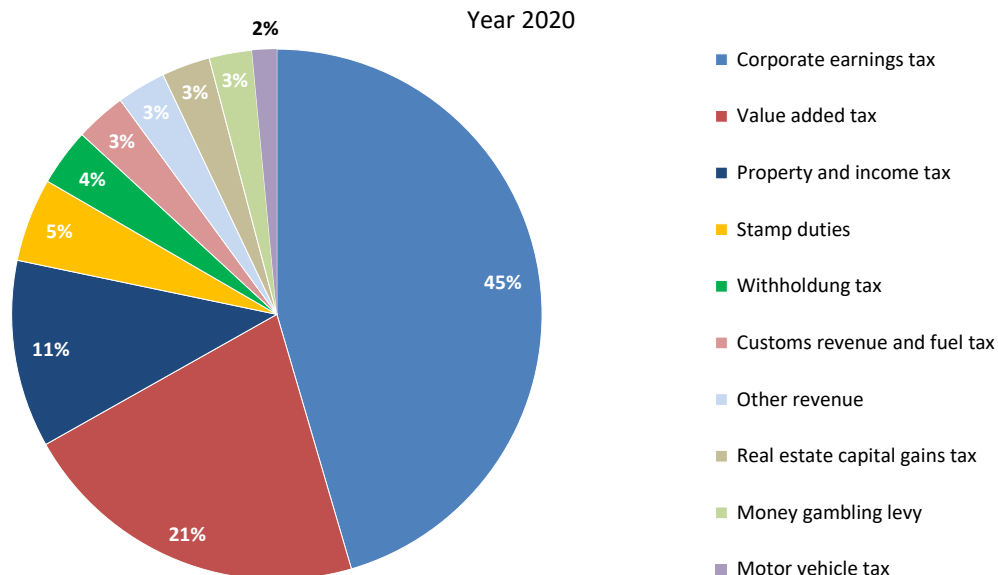
Public spending ratio



Data source: OSL (Government Finance Statistics, GDP Estimate), OECD.

At 20.9%, the public spending ratio, i.e. consolidated public spending (central government, local government, social security funds) in relation to GDP, was very low in 2019, not only in a European context, but also in a global comparison (USA 38.1% in 2019, Japan in 2018).

Central government revenue by type of tax



The municipal portion of the corporate earnings tax is excluded from the revenue. The tax revenues refer to the financial year and not the tax year.

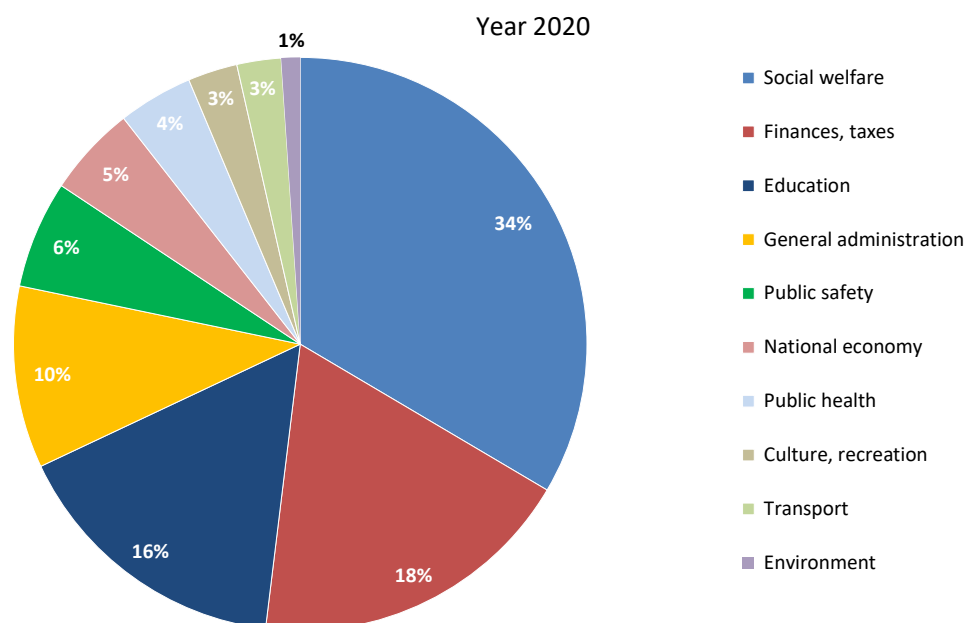
Data source: OSL (Statistical Yearbook), Government Accountability Report.

Central government revenue from taxes and duties amounted to CHF 1'030 million in 2020 (2019: CHF 749 million). The three most important types of tax accounted for almost 80% of this amount:

- national share of corporate earnings tax: CHF 468 million (2019: CHF 195 million),
- value added tax: CHF 220 million (2019: CHF 224 million),
- national share of property and income tax: CHF 118 million (2019: CHF 113 million).

Revenue from taxes and duties accounted for approximately 80% of total current central government income of CHF 1'280 million in 2020, while financial income of CHF 171 million accounted for approximately 13%. In 2020, municipal revenues from taxes and duties amounted to CHF 250 million (2019: CHF 219 million), mainly consisting of the municipal share of the corporate earnings taxes and of the property and income taxes.

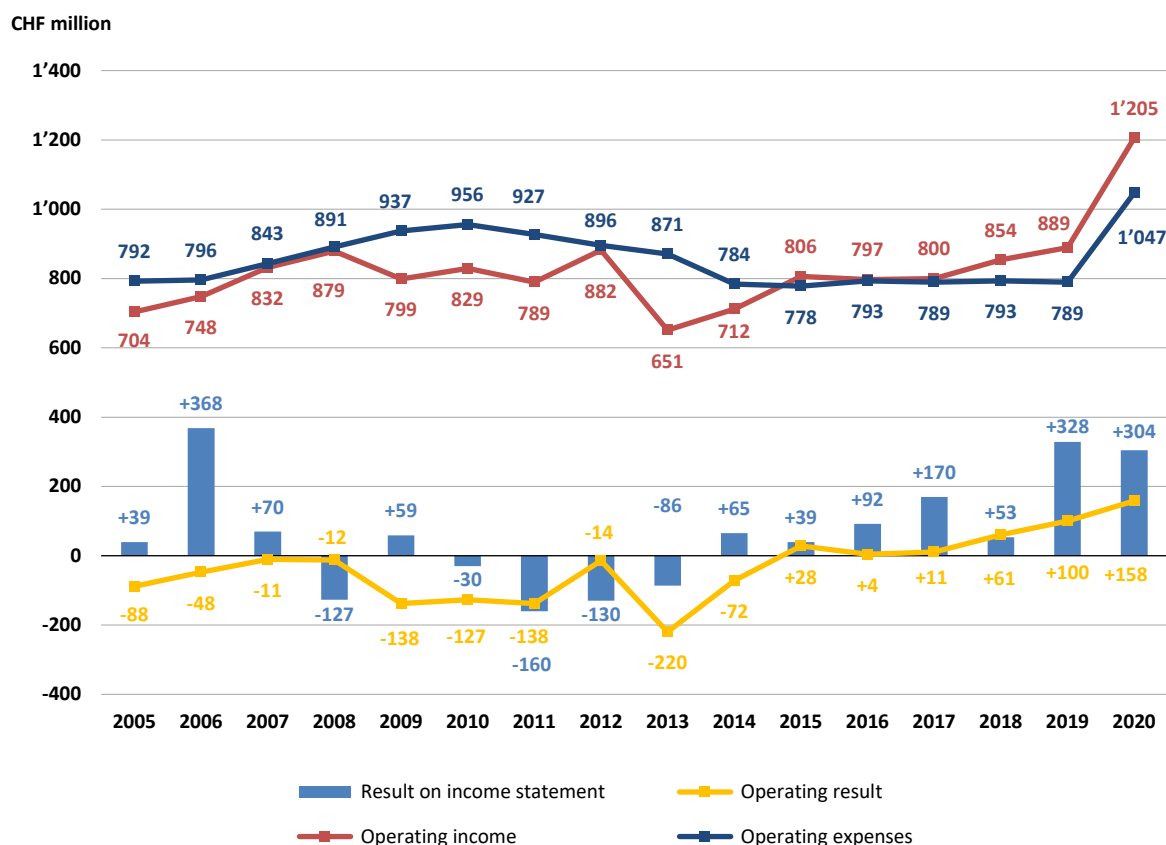
Current expenditure of the central government by area of responsibility



Data source: OSL (Statistical Yearbook, Government Finance Statistics), Government Accountability Report.

The total expenditure of the central government's current account in 2020 was approximately CHF 1'073 million (2019: CHF 794 million). The biggest growth was in the area of social welfare which rose from a share of 22% to 34% of total expenditures. Together with education, social welfare is responsible for half of the expenditures. Current expenditure of the municipalities amounted to CHF 244 million in 2019 (2018: CHF 269 million). In 2019, the central government and municipalities made consolidated total gross investments of CHF 111.9 million (2018: CHF 97.1 million).

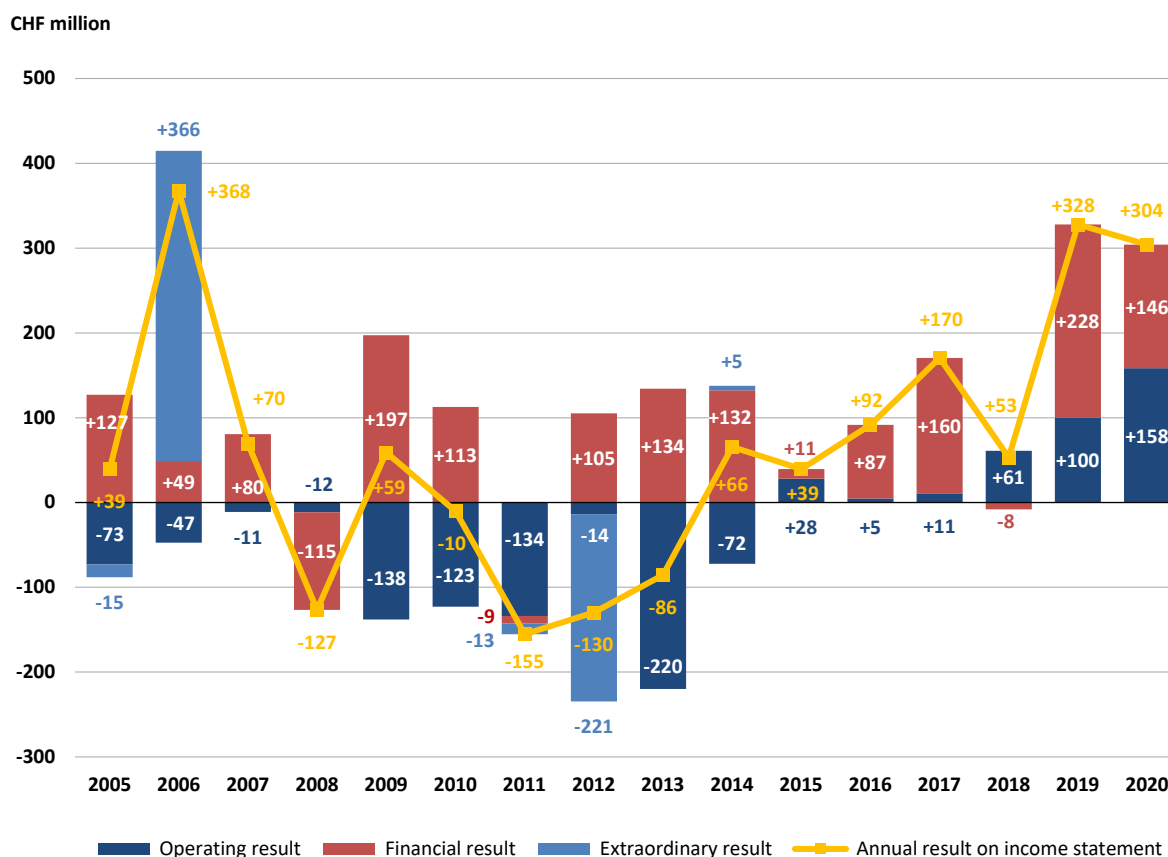
Operating result of the central government since 2005



Data source: Government Accountability Report.

After an extended rise in operating expenses until 2010, they have stabilised at a significantly lower level in recent years. In 2020 they were driven by the COVID-19 pandemic and an additional state funding for OASI. Operating income is very volatile, especially due to the economic cycle fluctuations in tax revenues; in addition, there were the strongly fluctuating special effects of the transition phase to the abolition of the coupon tax in 2011 to 2016. Beginning in 2015, the operating account has been positive again for the first time since 2001. In the year 2020 they were once again driven by a special effect due to a one-time tax income. The full effect of the COVID-19 pandemic on tax revenues will be visible beginning with 2021, since the revenue corporate revenue tax in 2020 related to the tax year 2018, the property and income tax revenue related to the tax year 2019 and also the value added tax share from the mutual pool with Switzerland also related to years before 2020.

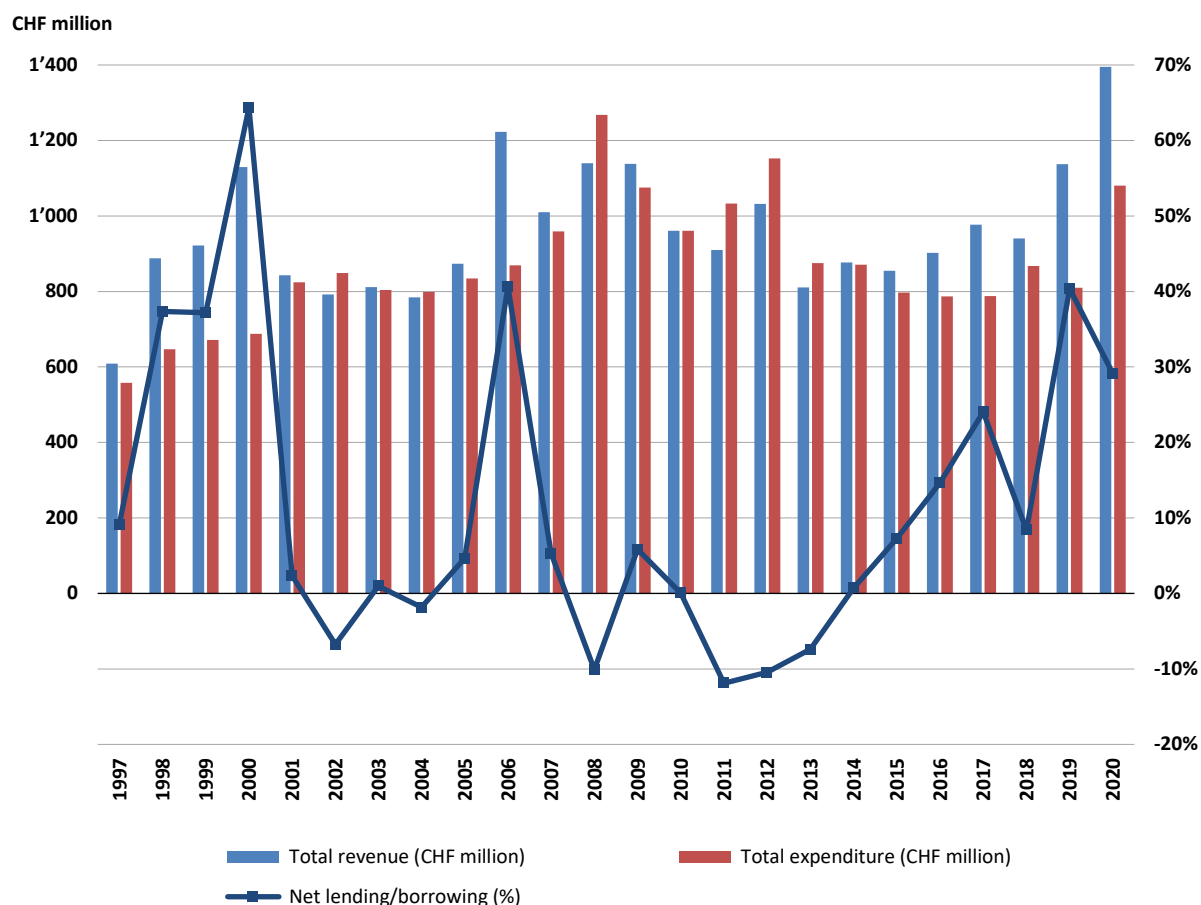
Detailed income statement of the central government since 2005



Data source: Government Accountability Report.

The central government's income statement – i.e. operating result, financial result, and extraordinary result (excluding investment account) – fell below zero after the financial crisis 2008/09, but has been positive again since 2014. Since 2015, the operating result has been positive again. In the years before (from 2002), the operating result had been negative and would have been too large in a few years to compensate with the usually positive financial result. In 2006 (sale of central government's LLB shares) and 2012 (securing the funding of the national pension insurance), high extraordinary special effects were recorded. In addition, the abolition of the coupon tax in the transitional phase from 2011 to 2016 resulted in some cases in high extraordinary revenue from the distribution of companies' old reserves. As both the income and the expense side rose strongly in 2020, these two effects compensated each other and the annual result was of the same magnitude as in the previous year.

Revenue, expenditure, and net lending/borrowing (in %) of the central government since 1997

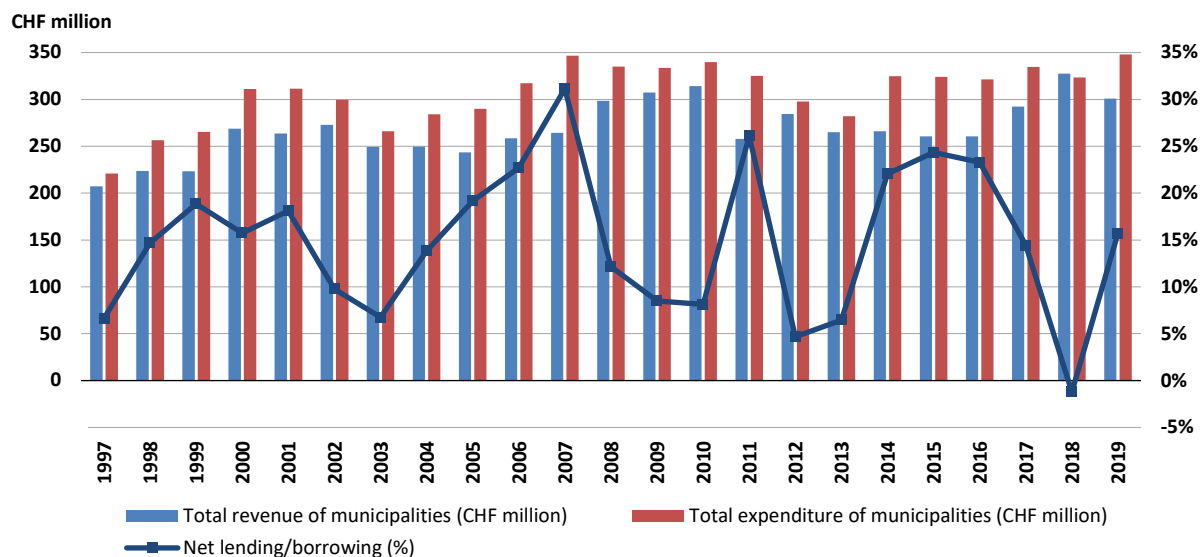


Overall result of the central government account: operating result (excl. write-offs on administrative assets) + financial result + extraordinary result + investment account. Net lending/borrowing (in %): overall revenue of the central government account/overall expenditure of the central government account.

Data source: recalculations of the central government account adjusted for structural breaks (Liechtenstein Institute and Thomas Lorenz/Stiftung Zukunft.li) based on OSL (Statistical Yearbook) and Government Accountability Reports.

Over the 24 years presented in the chart, Liechtenstein reported a positive net lending/borrowing ratio in 18 of these years, i.e. the revenue from the overall central government account was higher than the expenditure (overall result of the central government account: income statement and investment account, excluding write-offs on administrative assets). The central government account recovered strongly in recent years, and since 2014 there has been an overall surplus again (the operating result has also stabilised). The national account in 2020 was on the expenses side driven by the COVID-19 pandemic and an additional state funding for OASI, which lead to a cost increase by CHF 270 million. The income side was, as in 2019, positively influenced by a positive stock market development and special effect due to a one-time tax income. On top there was a special effect in connection with a foundation. This lead to a high overall surplus of CHF 315 million and net lending/borrowing ratio of +29.1%, although it was still smaller than in 2019 (CHF 327 million, +40.4%). The high surpluses in 1998, 1999, 2000, and 2006 were influenced by the sales of the Liechtensteinische Landesbank shares.

Revenue, expenditure, and net lending/borrowing (in %) of the municipalities since 1997

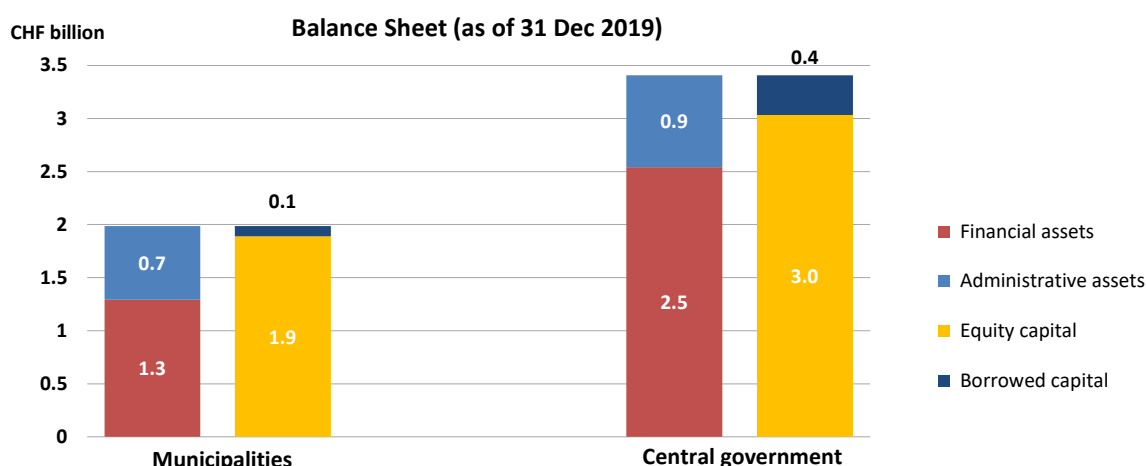


Overall result of the municipal accounts: operating result (excl. write-offs on administrative assets) + financial result + extraordinary result + investment account. Net lending/borrowing (in %): overall revenue of the municipal accounts/overall expenditure of the municipal accounts.

Data source: OSL (Statistical Yearbook)

Over the entire period presented, net lending/borrowing (overall result of the municipal accounts: income statement and investment account, excluding write-offs on administrative assets) of the Liechtenstein municipalities was clearly positive; except for 2018. In 2019, net lending/borrowing has recovered to +15.7%.

Asset/liability items of central government and municipalities



Data source: OSL (Statistical Yearbook), Government Accountability Report.

The net assets – i.e. equity plus surplus at the end of the year (assets minus liabilities) – of the municipalities were CHF 1.9 billion in 2019, about two third of the amount of the central government (CHF 3.0 billion). The net assets of the municipalities of Vaduz (CHF 704 million) and Schaan (CHF 373 million) were particularly significant. The very high share of financial assets on the assets side of both levels of government is also evident.

Net assets (as of 31 Dec) of the central government and municipalities since 1998

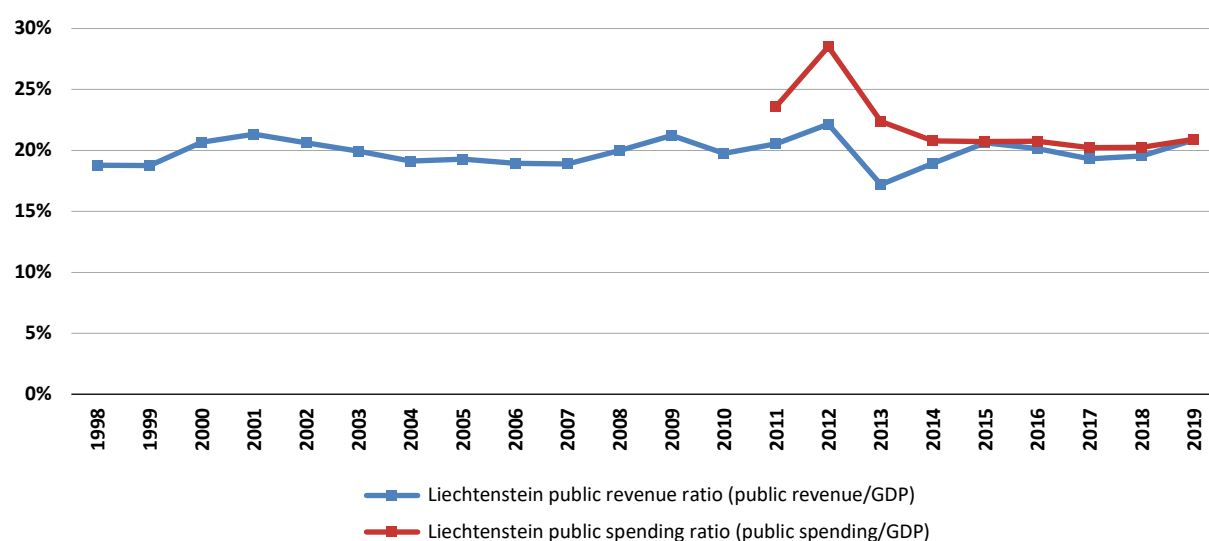
	Municipalities			Central government		
	Net assets (CHF million)	Net assets per capita (CHF)	Net assets/annual expenditure	Net assets (CHF million)	Net assets per capita (CHF)	Net assets/annual expenditure
1998	332.5	10'385	1.5	1'100.7	34'379	1.5
2007	911.6	25'782	3.5	2'764.1	78'179	2.5
2013	1'134.2	30'547	4.5	2'285.1	61'544	2.4
2016	1'320.2	34'916	5.3	2'481.4	65'629	2.9
2017	1'613.1	42'323	5.9	2'651.9	69'578	3.1
2018	1'788.5	46'601	6.0	2'704.8	70'479	3.1
2019	1'891.1	48'807	6.5	3'032.6	78'266	3.5
2020				3'336.8	85'423	3.0

Annual expenditure: current expenditure including capital expenditure, excluding write-offs on financial and administrative assets. Approximate structural break adjustment of the central government's net assets (Liechtenstein Institute).

Data source: Calculations based on OSL (Statistical Yearbook) and Government Accountability Reports. Net assets data for municipalities for 2020 are not yet available.

After a similarly steep increase in the net assets of the municipalities and the central government from 1998 to 2007, the net assets of the central government declined until 2013 and then rose again until 2020. In contrast, the net assets of the municipalities increased each year over the entire period from 1998. These conclusions are true in regard to absolute net assets and net assets per capita. The central government's net assets in relation to annual expenditure for the year in 2020 were lower than in previous year, which can be explained with the increase in expenditures during the COVID-19 pandemic and an additional state funding for OASI. In the prior years, this ratio has steadily increased and is now, despite the decline in 2020, with 3.2 still higher than its 2007 level. The increase of the net assets to expenditure ratio after 2013 was not only caused by the increase in net assets, but also by the significantly lower level of expenditure.

Public revenue ratio and public spending ratio since 1998

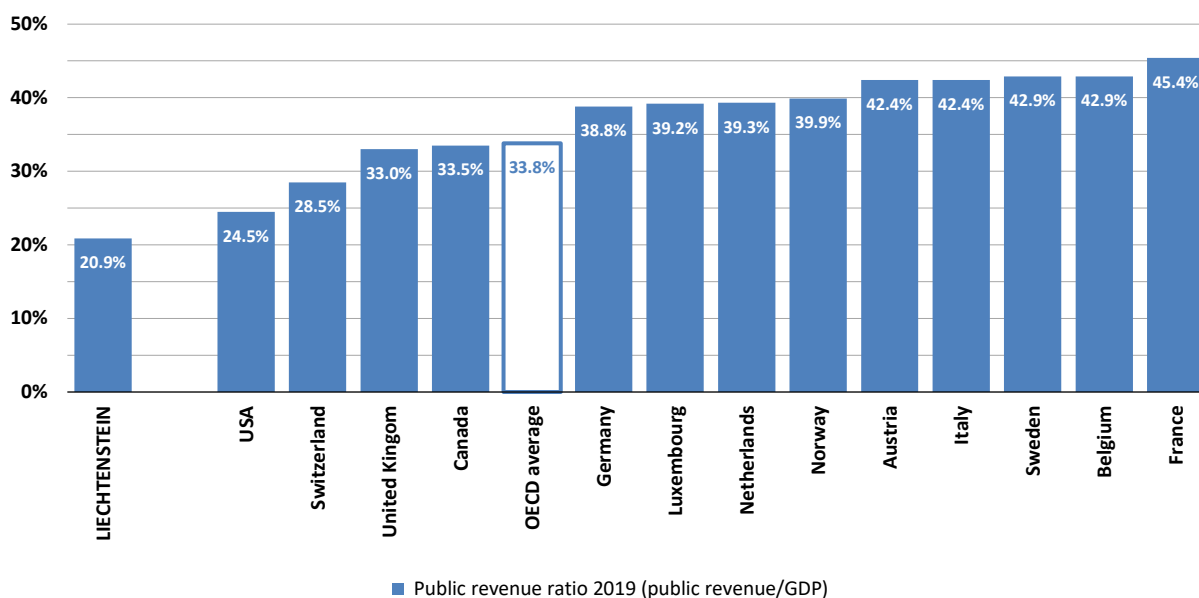


Public revenue ratio: consolidated public revenue (central government, local government, social security funds) in % of GDP. Public spending ratio: consolidated public expenditure (central government, local government, social security funds) in % of GDP.

Data source: OSL (Government Tax Statistics, Government finance statistics, GDP Estimate).

The public revenue ratio (consolidated public revenue of central government, local government, social security funds in relation to GDP) in Liechtenstein has been stable for the last two decades at a low level of approx. 20% (2019: 20.9%). The public spending ratio in 2012 (consolidated expenditure of the central government, local government and social security funds in relation to GDP) was strongly influenced by the sharp temporary increase in public expenditure in the course of securing funding of the central government pension insurance. Also the public spending ratio has settled at around 20% in recent years and was in 2019 with 20.9% exactly the same as the public revenue ratio.

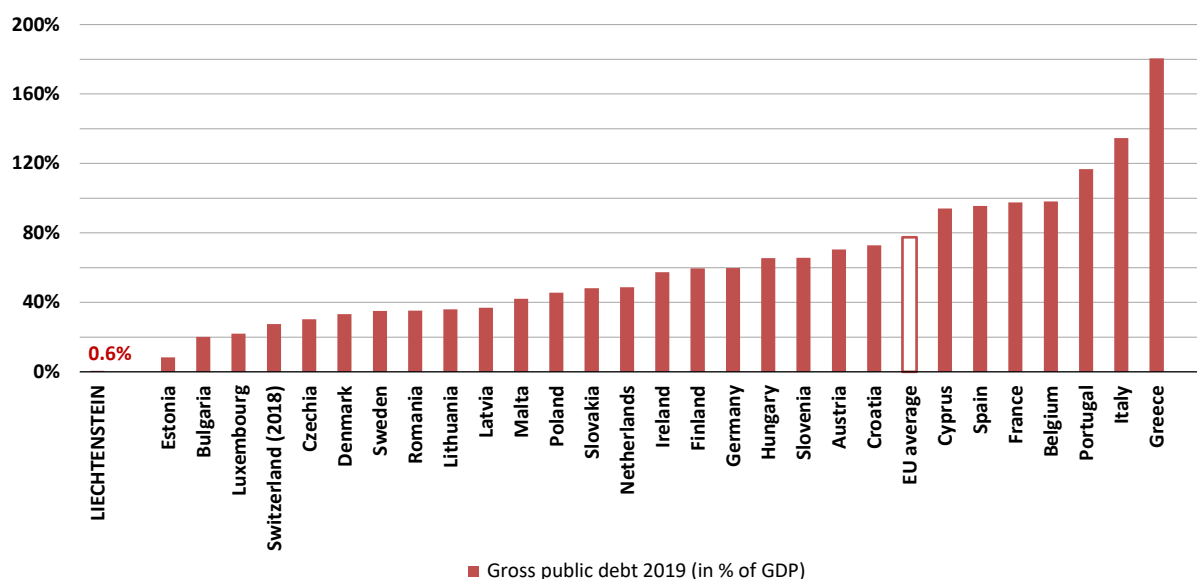
Public revenue ratio



Data source: OSL (Tax Statistics, GDP Estimate), OECD (Revenue Statistics).

Compared internationally, the public revenue ratio (consolidated revenue of the central government, local government and social security funds in relation to GDP) in Liechtenstein is traditionally extraordinarily low; in 2019, at 20.9%, it was even significantly below that of Switzerland (28.5%) and the United States (24.5%). The relatively low ratios of Liechtenstein's public budgets can also be observed when international comparisons are based on GNI instead of GDP as a reference value for public revenue/expenditure.

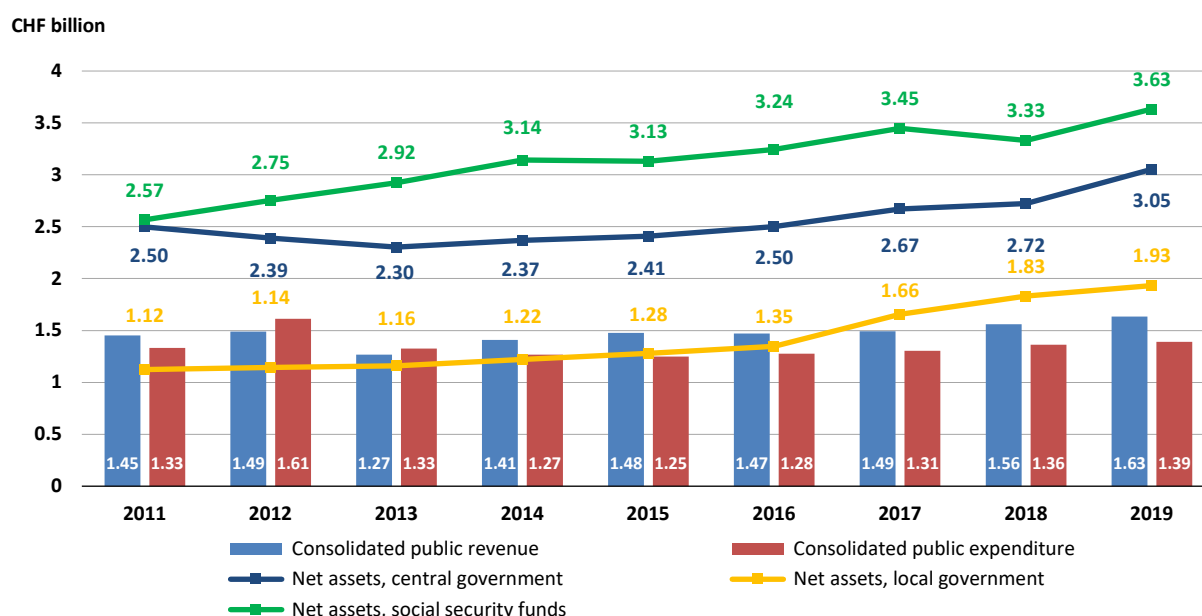
Gross debt in relation to GDP



Data source: OSL (Government finance statistics).

The gross debt ratio in Liechtenstein's public budgets is almost zero. If assets are taken into account, the result is even clearly negative debt (i.e. a positive net worth), which is very rarely the case by international standards.

Consolidated revenue/expenditure and net assets of the three levels of government since 2011

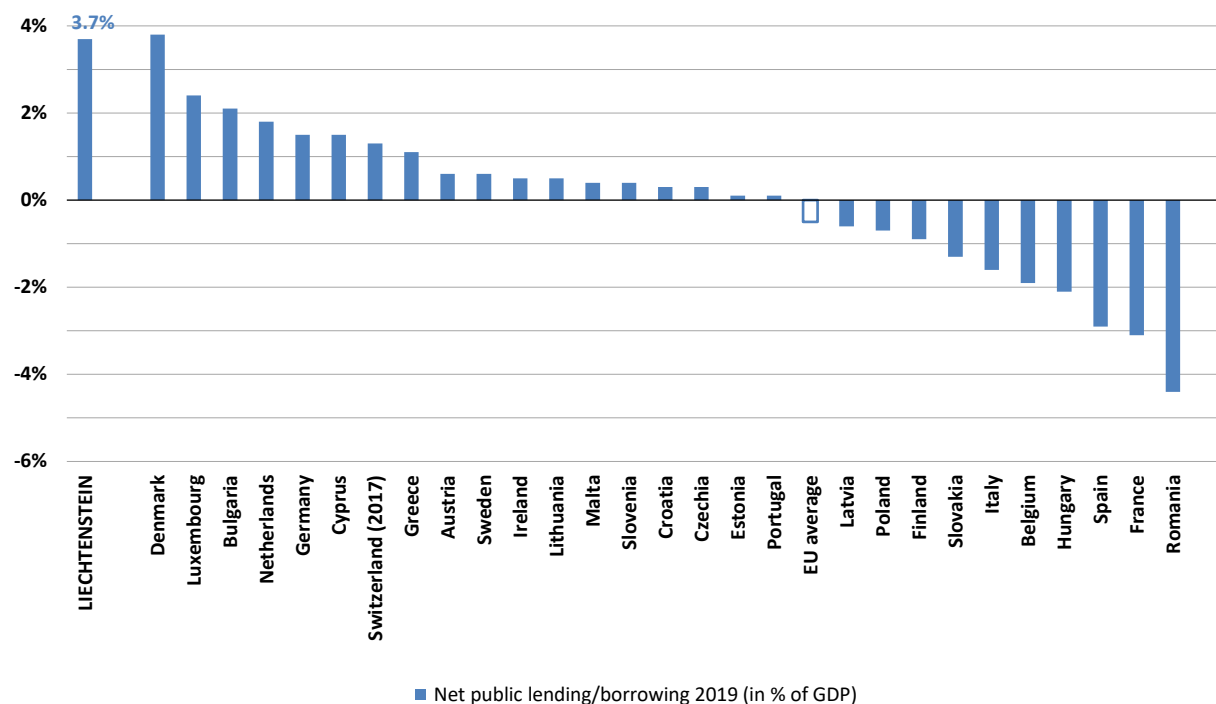


Data source: OSL (Government finance statistics), FFA (Government finance statistics), own calculations (Liechtenstein Institute).

After two negative years, Liechtenstein's public budgets reported a consolidated revenue surplus again since 2014. The net assets of the social security funds and the local government have risen continuously since 2011, while an increase has been observed for the central government only since 2013. In 2019, the consolidated net assets of all levels of Liechtenstein (central government, local government,

social security funds) amounted to CHF 8.6 billion (2018: CHF 7.9 billion), i.e. CHF 222'490 per inhabitant. By comparison, the total net assets of all government sub-sectors in Switzerland in 2019 amounted to CHF 42'165 per capita.

Net lending/net borrowing in relation to GDP



Data source: OSL (Government finance statistics).

Liechtenstein's consolidated net lending/borrowing as a percentage of GDP (central government, local government, social security funds) amounted to +3.7% in 2019 (2018: +3.0%). Due to the good international economic environment, this ratio was positive for over half of the countries considered.

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List of abbreviations

BICRA	Banking Industry Country Risk Assessment (S&P)
CHF	Swiss franc
CIA	Central Intelligence Agency
CPI	Swiss Consumer Price Index
Destatis	Federal Statistical Office of Germany
EBT	Earnings before taxes
EEA	European Economic Area
EU	European Union
Eurostat	Statistical Office of the European Union
FCA	Swiss Federal Customs Administration
FFA	Swiss Federal Finance Administration
FMA	Financial Market Authority Liechtenstein
FSO	Swiss Federal Statistical Office
FTE	Full-time equivalents
GDP	Gross domestic product
GNI	Gross national income (formerly gross national product)
IMF	International Monetary Fund
LBA	Liechtenstein Bankers Association
LCCI	Liechtenstein Chamber of Commerce and Industry
LGT	Liechtenstein Global Trust
LLB	Liechtensteinische Landesbank
NOGA	General Classification of Economic Activities
OASI	Old-Age and Survivors's Insurance
OECD	Organisation for Economic Co-operation and Development
OSL	Office of Statistics Liechtenstein
SECO	Swiss State Secretariat for Economic Affairs
SNB	Swiss National Bank
STATEC	National Institute of statistics and economic studies of Luxembourg
S&P	Standard & Poor's
UN	United Nations
USA	United States of America
VPB	Verwaltungs- und Privatbank



LIECHTENSTEIN-INSTITUT

Compiled by the Liechtenstein Institute, commissioned by the Government of the Principality of Liechtenstein.

Author:

Dr. Andreas Brunhart
andreas.brunhart@liechtenstein-institut.li

Assistant:

Johannes Lehmann, MSc

Editor:

Regierung des Fürstentums Liechtenstein

Peter-Kaiser-Platz 1
9490 Vaduz
+423 236 61 11

office@regierung.li
www.regierung.li