



National Economy

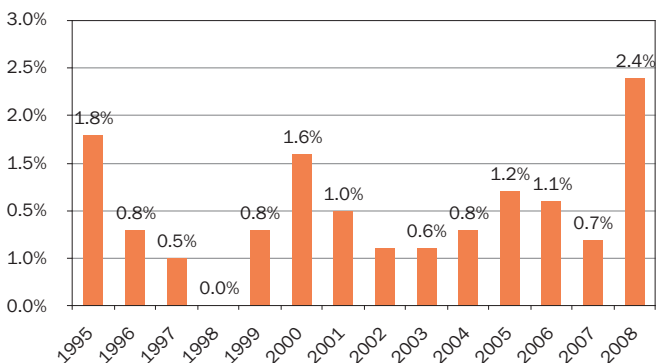
Liechtenstein has an extremely diverse national economy with numerous small and medium-sized enterprises. The high value-added is particularly due to the strong industrial sector and financial services, while the public sector of the national economy is comparatively small.

On 26 May 1924 Liechtenstein declared the Swiss franc (CHF) the legal currency of Liechtenstein. All coins, bank notes and other payment media used in Switzerland were recognised as official legal tender in Liechtenstein.

Rate of price increases, 2004 - 2008

Year	Annual average in %	In Liechtenstein the Swiss national consumer prices index applies.
2004	0.8	
2005	1.2	
2006	1.1	
2007	0.7	
2008	2.4	

Rate of price increases



Income from gainful activity, 1960 - 2008

Year	in million CHF
1960	56.7
1970	194.4
1980	549.5
1990	1 092.7
2000	1 867.1
2007	2 466.0
2008	2 610.0

The income from gainful activity is the sum of the income of those employed in Liechtenstein, with compulsory old-age and survivors insurance (including cross-border commuters from abroad).

Assets of the old age pension scheme, 2004 - 2008

Year	Old-age and survivors insurance (AHV)	Company pension scheme
	in million CHF	in million CHF
2004	1 845.1	2 814.0
2005	2 026.7	3 133.5
2006	2 133.3	3 447.0
2007	2 179.7	3 625.6
2008	2 040.6	3 399.6

GDP and GNI at current prices, 2003 - 2007

Year	Gross domestic product (GDP)	GDP per employed person	Gross national income (GNI)	GNI per inhabitant
	in billion CHF	in CHF	in billion CHF	in CHF
2003	4.1	157 820	3.5	103 650
2004	4.3	162 500	3.6	103 070
2005	4.6	169 540	3.9	111 990
2006	5.0	181 970	4.4	125 490
2007	5.5	194 050	4.9	140 300

GDP at current prices in comparison, 2007

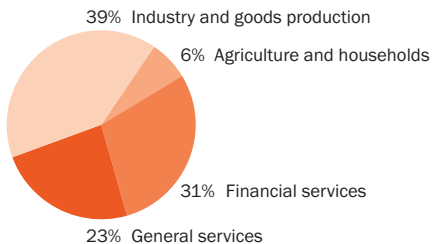
Country	National currency		in billion CHF
		in billion	
Liechtenstein	CHF	5.5	5.5
Switzerland	CHF	512.1	512.1
Austria	€	270.8	444.8
Germany	€	2 423.8	3 981.6

Euro converted at yearly average rate (1 € = 1.6427 CHF).

A distinctive feature of the Liechtenstein GDP is that it derives to a considerable extent from the work done by working personnel domiciled abroad. In 2008, 51% of people at work in Liechtenstein were cross-border commuters from abroad. For this reason, it is not valid to calculate per capita GDP based on population numbers in Liechtenstein. GDP per inhabitant would yield misleading results in comparison with other countries.

Gross value added in 2007

By economic fields



Number of enterprises by sector and size, 2001 - 2008

	2001	2008	Change in %
Total	2 906	3 648	25.5
Economic sectors			
Sector 1 Agriculture	126	99	-21.4
Sector 2 Industry	600	572	-4.7
Sector 3 Services	2 180	2 977	36.6
Size of firms			
1 - 9 employees	2 432	3 158	29.9
10 - 49 employees	399	401	0.5
50 - 249 employees	63	71	12.7
250 + employees	12	18	50.0

Social protection in Liechtenstein

- sickness and maternity insurance (1910)
- occupational accident insurance (1910)
- non-occupational accident insurance (1932)
- old-age and survivors insurance (1952)
- family allowance (1957)
- bad weather compensation in the construction industry (1957)
- subsidy for the building of houses (1958)
- disability insurance (1959)
- occupational illnesses protection (1961)
- supplementary allowances for old-age, survivors and disability insurance (1965)
- social assistance for individual cases (1966)
- unemployment insurance (1970)
- blind persons allowance (1971)
- widowers pension (1981)
- maternity benefits (1982)
- insolvency compensation (1985)
- company pension scheme (1989)

Bilateral social security agreements with Switzerland, Austria, Germany and Italy.

Through the EEA Agreement, various European legal instruments concerning social security are also valid in Liechtenstein.

Liechtenstein as a location

Advantages

- social, legal and economic stability
- customs and currency union with Switzerland
- member of the European Economic Area
- centrally located in Europe
- high level of political continuity and stability
- political neutrality and neutral neighbour countries
- liberal economic policy
- well-trained labour force
- long working hours
- cooperation between employers and workers
- liberal tax legislation with low tax rates
- sound public finances
- little bureaucracy and direct administrative channels
- rapid processing of applications and requests
- flexible public administration
- high competitiveness
- favourable conditions for investment
- strong financial capacities, low interest rates
- efficient banking system
- good infrastructure
- short travel distances to work, recreation areas nearby
- broad cultural spread

Disadvantages

- limited land area
- high prices of land for buildings
- high costs of buildings
- no own raw materials
- marginal position in Swiss economic area
- minor international importance
- heavily dependent on other countries