

National economy



Currency

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

Year	Annual average in %
2001	1.0
2002	0.6
2003	0.6
2004	0.8
2005	1.2
2006	1.1
2007	0.7

In Liechtenstein the Swiss national consumer prices index applies.



Income from gainful activity since 1960

The income from gainful activity is the sum of the income of those employed in Liechtenstein, with compulsory old-age and survivors insurance (active resident population minus outward frontier commuters plus inward frontier commuters), as well as contributions of those not gainfully employed with voluntary AHV insurance.

Year	in million CHF
1960	56.7
1970	194.4
1980	549.5
1990	1 092.7
2000	1 867.1
2001	1 988.6
2002	2 063.0
2003	2 020.3
2004	2 083.4
2005	2 199.5
2006	2 332.5
2007	2 466.0

Old age pension scheme

Assets as at 31.12. - in million CHF

Year	Old-age and survivors insurance (AHV)	Company pension scheme (BV)
1998	1 472.1	1 912.5
1999	1 583.2	2 109.0
2000	1 701.5	2 330.9
2001	1 773.4	2 414.7
2002	1 693.4	2 277.5
2003	1 785.0	2 621.2
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

National Accounts Indicators since 1998 – at current prices

Year	Gross domestic product (GDP) in million CHF	GDP per person (full-time equivalents) in CHF	Gross national income (GNI) in million CHF	GNI per inhabitant in CHF
1998	3 595	163 000	3 534	112 000
1999	4 002	178 000	3 869	120 000
2000	4 195	176 000	4 112	125 000
2001	4 205	165 000	3 782	113 000
2002	4 191	160 000	3 698	109 000
2003	4 135	158 000	3 538	104 000
2004	4 296	163 000	3 554	103 000
2005 ¹	4 555	169 000	3 892	112 000

¹ Provisional figures.

Gross domestic product (GDP) in 2005 – at current prices

In comparison with neighbouring countries

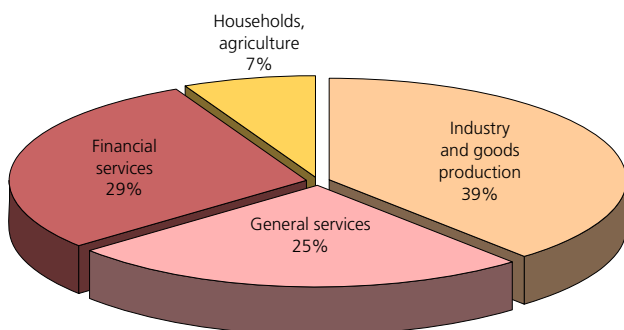
	National currency (bn.)	in billion CHF ¹
Liechtenstein	CHF	4.6
Switzerland	CHF	463.1
Austria	EURO	378.5
Germany	EURO	3 474.6

¹ Foreign currencies converted at yearly average rates (1 Euro = 1.548 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 2005, 48.1% 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 2005

By economic fields



Number of enterprise units

	2005	2006	2007	Change 2005/07 in %
Economic sectors				
Sector 1 Agriculture and forestry	126	122	121	-4.0
Sector 2 Manufacturing	597	602	584	-2.2
Sector 3 Services	2 531	2 692	2 790	10.2
Size of firms				
1-9 employees	2 784	2 943	3 026	8.7
10-49 employees	394	393	383	-2.8
50-249 employees	59	63	68	15.3
250+ employees	17	17	18	5.9
Total	3 254	3 416	3 495	7.4

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)

Social security agreements with Switzerland, Austria, Germany and Italy.

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
- banking laws including confidentiality
- good infrastructure
- high quality of life; 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