

Swiss Research Advantage

Switzerland is one of the prime investment locations in Europe. Swiss Business Hub USA aids small and medium-sized enterprises from Switzerland to develop business relations in the USA. Likewise, the Swiss Business Hub USA provides US companies with key information, assistance and advice about entering or expanding in Switzerland.

What is the history of globalization and Switzerland?

Since the late thirteenth century, Swiss people have practiced and advocated globalization. Switzerland has centuries of experience in dealing with people from different cultures and regions. As a nation, we are always ready to be a part of the evolving globalization process and to share our experiences with companies that are interested in locating in Switzerland.

The Swiss globalization knowledge base is deep because we have had a huge influx of foreigners for several centuries. Switzerland has always been a multi-cultural society, and our extensive dealings with other cultures enables us to make people from all different cultures around the world feel at home.

When you refer to globalization, what do you mean?

In the beginning, the globalization meant trade flows from Northern Europe to Southern Europe. This brought refugees, and with them industries like precision engineering or banking. One of them was Mr. Nestle who built the Nestle Company, one of the most globalized companies in the world.

Can you explain about the diversity in the economy?

The oldest business in Switzerland is providing services. The diversity and the advanced technology status of services in Switzerland are well known. Initially, it was transport services, then banking and financial services, and the next big industry to develop

was the mechanical industry. An attitude for precision led to the development of the watch industry, followed by textiles, out of which was born the equipment industry and the chemical industry, which later became the pharmaceutical industry.

Now, to develop advanced knowledge and technologies for all of these services and diversified sectors, you needed to have advanced research in the areas of science and engineering. We focus heavily on that, too.

For example, researcher's at IBM's development center outside of Zurich won the Nobel prize a few years ago for discovering the Tunneling Microscope which has in turn unlocked the wonders of nanotechnology.

What are the advantages of doing business in Switzerland?

One of the most important things about Switzerland is the multi-cultural aspect. Almost everybody in Switzerland speaks English, French and German. You need to speak at least two or three languages in Switzerland to be in the loop. That is one of the most important aspects of Swiss culture.

Also, being small the country had to always have a competitive and business friendly atmosphere. Moreover, we have successfully retained our identity while surrounded by larger nations. As a result, we have very extensive free trade relations with the European Union without being a member of it.



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“One of the most important things about Switzerland is its internationality and strategic location in the heart of Europe. Almost everybody in Switzerland speaks English, French and German and about 20 percent of our population is foreign born.”

We also have a multi-lingual workforce, which is highly skilled because of our dual training educational system. After the ninth year of school, about 65% to 70% of students begin a four-year apprenticeship that combines preparation for the work environment with a general education. At the end of this apprenticeship, the student is awarded a federal diploma equivalent to an Associates Degree. From there he or she may continue on at a university or may choose to go directly into the workforce.

The other 30% to 35% go to college prep to receive a Baccalaureate, and then to university. Now, the Baccalaureate is an exam that gives them immediate access to all Swiss universities. They do not have to apply because this exam is very tough and difficult to pass, so every university accepts them in whatever faculty they wish.

In difficult times, like when the economy is shrinking and businesses are scaling back, we are prepared to deal with it. Our workforce is flexible and our labor laws permit hiring, firing and layoffs. We have a special fund that provides assistance during the time one is searching for a new job or in retraining.

Also, in Switzerland when a company has issues to discuss with authorities they can go directly and talk with them. They are very accessible. It comes from the fact that in Switzerland, the top legislator is neither the Parliament nor the government, but rather it is the people and our belief in direct democracy.

Another important trait is sustainability. We have learned to look after our environment in a way which is good for industries, so we are advanced in sustainable technology, environment and energy technology.

Switzerland has double taxation treaties with many nations. We are currently revising these double taxation treaties with several nations, including the Europeans and the USA.

Switzerland also has one of the most highly developed infrastructures in the world, from the rail network to international air connections to the highway system to broadband internet access. There are more homes with broadband connections in Switzerland than there are in the U.S.

How do you attract other countries in Asia to do business in Switzerland?

We focus very strongly on China, India and Japan because we believe that these nations have a long business and economic history.

It is not only The United States or Germany or France who have important licenses to administer. Countries such as India and China also have important technologies to export. China has developed manufacturing processes, India has advanced in IT and business services exports.

Companies from China and India may also choose Switzerland to administer intellectual property around the world. Japan has several technologies including pharmaceuticals, microelectronics and automotive and production technologies that may be licensed from Switzerland.

Can you explain some of the success stories that you had in the last three or four years in attracting people to Switzerland?

Let me give an example of a Brazilian iron ore mining company, Vale SA. Vale is one of the largest in its field and set up a regional headquarters in Switzerland. This is an extraordinary advantage for them because they are close to other traders and customers.

Another company is Johnson & Johnson, producing medical technology in Switzerland. Now everybody believes that Switzerland is extremely expensive when it comes to labor costs, but there are also advantages of this talented and skilled workforce. The first one is that the Swiss are very passionate about precision and very meticulous in quality, and a second advantage is that people like to work long hours.

Johnson & Johnson produces many extremely important and innovative parts of its medical technology in Switzerland because they know about the reliability of the skilled Swiss workforce. So having a meticulous process of production is a great advantage in certain sectors.

Then there are other companies like Microsoft and Google conducting research in Switzerland. Another company is Caterpillar, considered as a pioneer of the Swiss environment. There are also smaller companies like Intuitive Surgical who have made very important technological investments in Switzerland.

I think the most important are the skills of the people and their passion to be successful. This is an extraordinary trait of the Swiss people. The second is that checks and balances in Switzerland are working in a way that provides a direct connection to the administration. The people feel well in Switzerland and we have a competitive tax environment.

Can you describe the tax regime and how competitive is in the region?

We have taxation at three levels, federal, canton and at a town levels and preparing tax filings in Switzerland is relatively easy and speedy for both individual and corporations.

Our taxes are lower than that of Germany because we are a small country. If a company decides to evaluate investment in Switzerland, they can get a binding ruling from the tax authorities in advance, and know exactly how much it will cost to invest and disinvest. I think this is a very important issue.

Taxes are moderate, but we are not a tax haven. Just to compare income taxes in the region in 2007, tax rates in Germany were 38.36%, Belgium 34%, UK 30%, Netherlands 25.5%, Austria 25%, Switzerland 21.3%, and in Ireland 12.5%.

Individual tax rates are also important. On the income of CHF 100,000 the percentage of the gross income would be

12.2% and on the CHF 200,000 it would be 17.2% and if you compare this with let's say Germany the respective tax rates will be 16.7% and 28.3%.

Different cantons have different tax regimes, but the federal tax burden for corporations is the same everywhere at 8.5%.

How the Swiss demographics are evolving?

The demographics are the same more or less everywhere in Europe. We are open to people coming to Switzerland, and safety and security attracts young professionals with families, but with the high quality of life many people stay long term. So we have a wide age range in the workforce. In fact, the politicians in Berne are now discussing increasing the retirement age for women from 62 to 65.

With the emphasis on education, we have been able to shrink the gap between blue and white-collar workers in Switzerland. This is an important aspect of workforce and social demographics, encouraging all people equally to enjoy the fruits of labor.

What role do you play in promoting international trade?

In the U.S., as in all the other countries, the primary role we play is to help Swiss companies to expand their activities abroad and also to help American companies choose to locate in Switzerland. This focus on both sides of trade creates jobs in both countries and expands markets.

As trade promoters, we assist small and medium-sized Swiss companies to enter or develop the U.S. market. We have currently about 500 Swiss companies in the U.S. The role of the trade promoter is to bring jobs to the U.S., and these companies currently employ between 400,000 and 450,000 people in the U.S. They also benefit from higher sales of their products.

At same time, about 600 U.S. companies are in Switzerland, employing about 65,000 to 68,000 people.

We publish market research reports for medical, biotech and green technology opportunities among others. These research reports are available to anyone at no charge.

So these are different platforms that we have and where we find business opportunities for Swiss companies. We provide market research and other business development services to companies for a fee, and we focus on one company at a time.

Do you focus on small to medium size companies or only large companies?

On the trade promotion side, the small and medium size companies are our focus. They have limited resources, and sometimes do not have business plans or strategies to expand to new markets in new regions. Our market studies help them to understand whether it is worthwhile devoting their time to enter a particular market, and whether they should dedicate their resources in the future. If they decide at a later stage to develop the market, we can help them to find people and assist them in building strategies.

Are you active in trade shows and what kind of promotions do you do?

Yes, we organize a great number of trade shows worldwide. In the U.S., this year we were present at the MD&M West, the medical design & manufacturing industry trade show where the Swiss Medtech Pavilion was one of the largest stands. Within this Swiss pavilion were people from the machine industry who make parts and components, and producers of super precision machines that are needed in medical field.

We also had a Swiss pavilion at the Nanotech Exhibition in Houston this year, and at the BIO show in Atlanta. Later this year we will participate in AdvaMed, a trade show representing medical devices makers and technologies developers. Next year we will have a pavilion at GLOBE 2010 in Vancouver, Canada, a trade show on sustainable technology. 

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