



## Doing Business in Switzerland:

### 2009 Country Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business in Switzerland

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### Market Overview

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- Switzerland's population of 7.5 million is affluent and cosmopolitan
- GDP of about USD 431 billion; forecast growth of 1.3% for 2009
- 17<sup>th</sup> largest U.S. export market and fourth fastest growing (16%) in the world
- Annual U.S.-Swiss trade in goods in 2008 of USD 36.4 billion
- U.S. exports in goods to Switzerland in 2008 valued at about USD 19.5 billion
- World-class infrastructure, business-friendly legal and regulatory environment
- Highly educated, reliable, and flexible work force
- Consumer and producer of high quality, value-added industrial/consumer goods
- Manufacturing sector is highly automated and efficient
- Strong market demand for U.S. components and production systems
- Strong demand for high quality products with competitive prices
- Highest per capita IT spending in the world
- Multilingual/multicultural European test market and business environment
- Many U.S. firms with European and regional headquarters in Switzerland  
(Trade figures based on U.S. Census Bureau statistics.)

### Market Challenges

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- Market is sophisticated, quality-conscious, high tech and competitive
- An epicenter of European and global competition
- Must enter Swiss market early to be competitive throughout Europe
- EU regulations and standards including packaging and labeling
- Unique Swiss requirements for medications, cosmetics, detergents, and chemicals

### Market Opportunities

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- Products with relatively advance technologies are best prospects
- Switzerland is strategically placed as a gateway to EU markets
- Ideal test market for introduction of new high tech and consumer products
- Excellent platform for marketing into Europe, Middle East and Africa
- High concentration of computer/Internet usage per capita

- Sophisticated market for U.S. devices
- Switzerland is becoming a European center for commercial aviation business
- Fast growing demand for highly sophisticated security equipment/systems
- One of world's top countries for R&D
- Excellent opportunities for partnerships in biotech and nanotech
- Venture capital funds highest in Europe

## **Market Entry Strategy**

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- Express commitment to the market and establish long term relationships
- Work directly with Swiss importers/distributors for maximum market penetration
- Be prepared to meet customers' needs and willing to sell in small volumes
- Offer high quality and environmen friendly products
- Enter the market early to gain and maintain competitive edge
- Evaluate carefully prospective partner's technical qualifications and ability to cover the German, French and Italian regions

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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3431.htm>

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### Using an Agent or Distributor

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Under Swiss law, agents are independent, can work for several firms, and are compensated by commission. A 1949 federal law on agency contracts governs their activities. Swiss law does not permit a principal to inspect the books of his/her Swiss agent. The law defines traveling salespeople (Handelsreisende) as employees of the company they represent. Under a 1941 federal law, they are entitled to a fixed salary, with or without commission, and reimbursement of travel and entertainment expenses.

For U.S. exporters interested in entering the Swiss market, finding and selecting the right person or firm for representation is important and sometimes difficult. Offering favorable terms may be required to obtain good representation for a new product or an unknown firm.

Viable Swiss firms are listed in the trade registry. Once a potential partner has been identified, it is advisable to request a financial profile of the company. This can be obtained at a relatively low cost from Dun & Bradstreet in the United States. The U.S. Commercial Service in Switzerland offers a “due diligence” service, which includes publicly available information and a translated report from the debt enforcement agency/cantonal credit report.

For more information, please contact the [U.S. Commercial Service Switzerland](#)

### Establishing an Office

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The actual mechanics of forming and registering an office in Switzerland can be accomplished in two to three weeks, but the planning process can be more time-consuming and involves many factors. Probably the most important factor to consider for establishing an office in Switzerland is location. Tax laws, availability of work permits, availability of labor force, and availability and cost of business facilities vary widely among cantons. Some cantons may offer special incentives for foreign investors.

Once a location is selected, the company must be registered in the Commercial Register, provided annual turnover amounts to at least SF 100,000. If annual turnover is under that amount, the company is not required to register. Registration documents contain the company name, amount of share capital, business purpose, names of directors and managers, and names of those who have signatory powers. Documents must be notarized and legalized by an "apostille" (legalization of the notary's signature) and, if required by the particular canton, translated by a recognized translator into German, French or Italian (the official languages of Switzerland).

The company's board of directors must consist of a majority of Swiss citizens, residing in Switzerland. However, with the exception of ownership interests in banks and real estate firms, foreigners may hold majority shares. Foreign-controlled companies usually meet this requirement by nominating Swiss directors who hold shares and perform functions on a fiduciary basis. The manager need not be a Swiss citizen, but at least one person authorized to sign with a sole signature or two persons authorized to sign by joint signature must be Swiss residents.

Registration also includes special wording that the company, if a branch of a foreign corporation, is relatively independent, economically and otherwise, from the corporation's head office. This basically enables the branch to exist as if it were a separate legal entity in Switzerland. The branch must have its own books of account, although such books may be kept by the company headquarters or by a third party. A branch does not enjoy limited liability. For that reason, American companies should normally set up a subsidiary.

Employment regulations and restrictions are often a concern to businesses once they have registered. Foreign employees must have work permits that are granted at the cantonal level (quotas apply) and approved at the federal level. Hiring Swiss residents is more straightforward. There is no minimum wage, but the company is liable for a host of benefits and compensations, ranging from pension plan contributions to health and accident insurance.

A final factor that needs to be taken into consideration when setting up a business is tax liability. As a rule, foreign companies have a tax liability on income attributable to a Swiss permanent establishment or income from immovable property located in Switzerland, including gains on the sale of such property. Withholding tax is levied on dividends and certain kinds of interest.

Under the U.S.-Switzerland treaty on double taxation, income from industrial and commercial activities is not taxed in either country unless derived from a permanent establishment in the taxing country. Switzerland taxes only those industrial and commercial profits of a U.S. permanent establishment in Switzerland attributable to in-country activities. The same deductions are allowed in determining taxable income as for

a Swiss corporation. Detailed information on investment in Switzerland is included in the Investment Climate Statement, Chapter 6.

Detailed information regarding setting up and staffing a business enterprise in Switzerland is available from the Swiss-American Chamber of Commerce and from "Doing Business Guides" published by such organizations as Ernst & Young and PricewaterhouseCoopers.

[LocationSwitzerland](#)  
[Swiss-American Chamber of Commerce](#)

## Franchising

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Switzerland's small geographic size and population of 7.5 million makes it a challenging market for franchising. Although some well-known franchise names like Starbucks, Burger King and McDonalds are established, Switzerland's limited market size, high salaries and high cost of services are all factors that make it difficult for a Swiss master franchisee to be profitable. Since the margins in many sectors are shrinking, it is increasingly difficult to generate a substantial return from a franchise operation. Another factor that makes franchising challenging is the Swiss consumer preference for high quality, authentic products and innovative ideas. Also limiting the interest in franchising may be the lack of the availability of financing for the Swiss to operate their own distribution, retail chains or stores in Switzerland.

The key to establishing a franchise concept in the Swiss market is the master franchisee or a language area franchisee. Switzerland is a small and multilingual country. Therefore, franchises should be tested in different cultural and linguistic environments: French in Geneva and Lausanne; German in Zurich, Basel and Bern; and Italian in Lugano.

It is advisable to undertake a feasibility study coupled with a sound business plan prior to signing new franchisees. To achieve maximum market penetration, U.S. franchisers should therefore adapt to the norms, standards and high end user expectations. Only rarely can a franchise concept be implemented directly from the United States. Thus, a U.S. franchiser should show flexibility when entering the Swiss market. Since Switzerland is a high-priced country, potential franchisees may find it advantageous to centralize the purchase of supplies in order to offer attractive prices to the consumer.

The legal framework for franchising is the Swiss Code of Obligations, which covers legal situations in agency/licensing agreements, contracting, order placing, business formation and incorporation, as well as brand, trade name and commercial or intellectual property protection.

## Direct Marketing

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Home shopping is becoming increasingly popular in Switzerland. This method of direct marketing has grown enormously in the past few years. The Swiss home shopping boom has reached a record high, and products range from Tupperware and Mary Kay

Cosmetics, to lingerie to new recipes and cleansing agents. There are more than 5,700 members of the Swiss Association of Direct Marketing Companies (Schweizerischer Verband der Direktverkaufsfirmer VDF), excluding mail order companies.

Most of the products sold at so-called home shopping parties are top quality and innovative and cannot be found at retail stores. Within the VDF association only the British company Body Shop offers the identical cosmetic and personal hygiene products that can be found in company shops and for the same price. Most Swiss consider the advantages of home shopping to be the following: competent advice offered by the sales person; the relaxed and friendly atmosphere of the private location; the combined experience of shopping and meeting with friends; and the possibility of testing the products on the spot. The following paragraphs describe some of the most popular types of products sold through the direct marketing system in Switzerland.

**Books and music:** The Bertelsmann-Verlag (Random House) is an example of a large multimedia firm that sells books, CDs, DVDs, videos and a range of products and services.

**Personal Hygiene:** Beauty products are sold via personal demonstrations at private locations. Personal hygiene products ranging from soap to night creams are ideal for direct sale as home shoppers can try out the various products and profit from the personalized consultation. Amway is one of the strongest representatives in this sector, offering cosmetics and a whole variety of personal hygiene products. Other companies established in the Swiss market include Mary Kay Cosmetics, Deesse, Just, Jafra, Blidor AG and the Body Shop.

**Jewelry and Apparel:** Companies like Jenny Lane, Pierre Lang and Swiss Feeling AG successfully sell costume jewelry. The direct sale of clothing items has by and large failed due to the modest margins and the huge variety of products. However, direct sales of lingerie for women are gaining in popularity.

**Cleansing Agents:** "Just" brand products have been sold through home shopping for generations. Other companies that sell top quality, ecologically friendly cleansing products include Blidor, L. Zollinger AG, and Amway.

**Household Articles:** Items range from Tupperware (almost every Swiss household has at least one of their famous items) to special cooking pots and pans. A huge variety of electrical appliances and various cleaning devices can also be found in this sector. New-to-market products are especially popular with home shoppers. Borna, Bandar Genossenschaft and Lux are all active in this market segment.

**Food/Nutrition:** Direct sales are growing for food items like fat-free bouillon, sauces and salt-free spice mixes; multivitamin products and food supplements and power-drinks that cover a whole day's requirement for vitamins, proteins and minerals. Nahrin AG, Edifors and NBC Nutrition & Bodycare Concept AG are the major competitors in the nutrition sector.

The members of the Swiss Association of Direct Marketing Companies (VDF) are obliged to comply with a code of honor, and by Swiss law, sales contracts may be rescinded within seven days. Many of the VDF members are willing to accept returns even after this time period has elapsed. The association offers assistance should

consumers experience problems or misunderstandings that cannot be solved directly with the sales person or manufacturer. New companies that apply for VDF membership must undergo an extensive examination, conducted by the association.

## [Swiss Association of Direct Marketing Companies](#)

### **Joint Ventures/Licensing**

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Legally, a joint venture consists of two or more individuals or corporations joining together for a particular project. Swiss law does not provide specific guidance for joint ventures, which may have any legal form allowed by Swiss law. The JV name is not protected nor can it be registered in the Swiss Commercial Registry (Handelsregister).

Swiss companies often rely upon licensing arrangements to acquire know-how or the right to manufacture new products. In most sectors, U.S. licensors may readily find prospective Swiss licensees with the manufacturing and marketing skills to cover the Swiss market as well as other European markets. Swiss expertise in exporting, flexibility in adapting to difficult markets, and skill in precision engineering can be a competitive advantage for prospective U.S. licensors.

U.S. exporters should carefully evaluate the pros and cons of a licensing strategy in comparison to other methods of market entry. The key to success in licensing lies in screening the prospective licensee to assess capabilities, interest and motivation. Swiss intellectual property legislation protects know-how and patent transfer arrangements. Some cantons allow tax write-offs on intellectual property and tax-free or preferential treatment of royalties earned through know-how transfer and licensing. Appropriate legal advice can be obtained from competent Swiss-based patent and licensing attorneys. [The Licensing Executives Society](#) has an active chapter in Switzerland.

### **Selling to the Government**

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Swiss government agencies use competitive bids for procurement. As a signatory to the WTO GPA, Switzerland complies with general international rules on procurement by government entities. Switzerland's federal government and cantonal governments are covered [http://www.wto.org/english/tratop\\_e/gproc\\_e/appendices\\_e.htm#appendixl](http://www.wto.org/english/tratop_e/gproc_e/appendices_e.htm#appendixl). Procurement at the federal level is generally limited to projects in sectors in which it has primary responsibility -- utilities, transportation, communications, defense and construction.

The Swiss Federal Government has put a priority on funding for research and education. U.S. manufacturers of scientific and laboratory instruments stand a realistic chance to supply a significant portion of the resulting procurement. Total federal government procurement averages over USD 6 Billion annually. The Defense Ministry has some restrictions on foreign purchases. The cantonal and communal governments implement public projects amounting to procurements of about USD 15 Billion annually.

The federal government exercises a great deal of discretion in inviting bids, and selective, discretionary tenders are more common than are public tenders. Contrary to

cantonal and communal practice, federal authorities are not required to inform an unsuccessful bidder of the tender award or reasons for the choice. In general, quality and technical criteria are more important than price in bid decisions. Cantons and communes usually prefer local suppliers. Foreign firms may be required to provide a Swiss bank guarantee if they have no local office or representation.

Notices of Swiss government tenders are published in the official trade journal Handelsamtsblatt. Tender documents can be obtained free from the Swiss government agency. While there is no requirement to have a local agent to bid, it is advantageous when equipment needs training, service or parts. CS Switzerland also lists Swiss government tenders on its website and has a direct link to the CS EU website with a comprehensive listing of tenders.

[Swiss Government Tenders](#)  
[Swiss Official Gazette of Commerce](#)

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Procurement by armasuisse, part of the Federal Department of Defense, Civil Protection and Sports better known by its acronym DDPS, may involve offsets. With regard to national security and armament policy, offset or compensation transactions in cases of procurements abroad have proven successful. As in the past, offset transactions are expected to open up access to foreign markets for Swiss industry or to strengthen its position in these markets. In particular, offset transactions may lead to the acquisition of additional know-how and consequently to additional export value, if the Swiss industry can offer its services at competitive conditions. The Swiss defense department is heavily reliant upon cooperation and expertise from foreign companies due to limited capability in Switzerland.

Additional information may be obtained from armasuisse by visiting:  
<http://www.ar.admin.ch/internet/armasuisse/en/home.html>

## **Distribution and Sales Channels**

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The most effective method of importing into and distributing within Switzerland depends on the type of product and the location of manufacturing or distribution sites. Capital goods manufacturers may find direct exporting most desirable when contracts with a limited number of customers represent an appreciable share of the market. However, most new-to-market exporters and exporters with products that require training for use and after-sales service should engage the services of a technically qualified Swiss agent with good market knowledge. As a rule, Swiss buyers of raw materials use specialized importers. Large orders, however, may also be placed directly with foreign producers.

Some of the largest international trading and transit companies are based in Switzerland. They operate a network of bonded warehouses and other relevant facilities offering any kind of services needed in international trade.

Suppliers of consumer goods may deal with an importer/wholesaler, engage the services of a representative, or sell directly to buying offices of large retail chains, especially if dealing with mass-produced goods. Often a representative or agent, who usually specializes in one or more product groups, is responsible for distribution in the whole country.

**Import and Wholesale Trade:** Many Swiss wholesalers are also importers who generally expect exclusive regional or national rights for the imported product. Wholesalers maintain stocks of a range of products and provide quality control, transport, warehousing, and financing. Associations of wholesalers in various sectors protect their common interests and facilitate more effective competition with other forms of distribution. Most wholesalers and importers also belong, either through sector associations or individually, to the [Federation of Swiss Importers and Wholesale Traders](#) (Vereinigung des Schweizerischen Import- und Grosshandels).

**Retail Trade:** Vertically integrated retailers dominate the Swiss market. Department stores, chain stores, consumer cooperatives, discount stores and supermarkets comprise the majority of such retailers that deal in a wide range of products and services. Their vertical structure and centralized buying give them a competitive advantage over independent retailers. The structure of retail trade in Switzerland is changing fast. The number of independent retailers is decreasing, giving way to a growing number of discount stores and supermarkets. Retailers with competitive prices such as IKEA and Media Markt are gaining market share. Individual retailers have set up organizations to provide wholesale purchasing, importing, and other services to compete with the large, vertically integrated retail establishments. Most of the leading retailers are legally structured as cooperatives. In addition to the common department store product lines, they also carry textiles, leather goods, sports articles, pharmaceuticals, toys, and hardware.

Swiss retailers continue to streamline their operations in response to domestic and international competition. Scanner cash registers for bar-coded articles are now standard, and state-of-the-art systems for automated payments without cashiers are in the testing phase. The use of credit cards for payment is now acceptable in most shops. Swiss retail groups belong to an Electronic Payment System Association (Verband Elektronischer Zahlungsverkehr).

[Electronic Payment System Association](#)

## **Selling Factors/Techniques**

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New-to-market U.S. exporters gain considerable market exposure through trade shows in Switzerland. Moreover, participation in trade shows demonstrates a commitment to the market. Swiss buyers, agents and distributors, to a greater extent than their U.S. counterparts, visit trade shows to find new products.

An exporter's offer must be accurate and comprehensive if it is to be taken seriously by the Swiss. The Swiss receive offers from all over the world, and they are unlikely to devote time to requesting additional details if not already included in marketing information. Relevant information must be provided at the outset with objective and detailed information, including the following: exact product description with technical

specifications; price details (CIF or FOB) in U.S. dollars or Swiss francs; method of payment; quantities available; packaging; and transport and delivery terms. An offer should also include information on the exporting firm; production equipment available and quality control factors; and financial references. If minimum quantities for accepting orders are part of contract negotiations, the exporter should adapt to the Swiss importer's needs, taking into account the relatively small size of the Swiss market.

Commitments should be scrupulously observed or the likelihood of success in the market may be seriously compromised. In the relatively small Swiss market, maintaining a company's good reputation is critical. Prospective Swiss business partners place high value on a long-term business relationship and commitment to the market.

Payment terms are usually stipulated in the sales contract, can be negotiated, and depend upon the amounts involved. Most common terms are the following: payment 30-60 days net (from the date of the invoice); payment within 10-15 days with 2-3% discount; and payment after 30-60 days with an interest charge. Good customers may expect credit of up to three months. Except for single, one-time transactions, or first-time transactions where there is doubt about the recipient's credit-worthiness, the costly letter of credit (LC) procedure should be avoided. An LC is perceived as depriving the recipient of the means to make deductions for faulty products or shipping problems.

## **Electronic Commerce**

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With approximately 70 percent of the Swiss population regularly using the Internet, Switzerland is among the leading countries in the world in broadband Internet usage. Expenditures in telecommunication technologies per capita in Switzerland are among the highest in the world. Private Internet use is the second highest in Europe, and Switzerland ranks third in terms of E-commerce. According to a recent study, 34% of users engaged in e-commerce activities at least once a month during 2007; this rate was two times more than in 2004 (Netzwoche Nr. 20, 2007). Many Swiss use the Internet to buy travel services, to do grocery shopping, to order consumer electronics, computers and, increasingly, household and fashion items. Online sales of Switzerland's two largest retail supermarket chains, Coop and Migros, are on the rise. Online sales of drugs and pharmaceuticals are also growing, as is the popularity of mail-order shopping companies. Switzerland's manufacturers' representatives and dealers are increasingly using e-commerce for B2C sales.

Swiss companies use online procurement to accelerate and streamline B2B business processes and to optimize their supply chain and internal processes. On the whole, Swiss companies are currently investing in security, intranets, services (such as web-enabled process optimization), storage, mobile internet, integration of conventional IT and the internet, content management, CRM, ERP, networking, and web publishing. Initially the domain of large corporations, e-commerce is being embraced by more and more of Switzerland's 300,000 small and medium-sized enterprises.

In addition to using the Internet as a sales venue, Swiss companies are spending more and more money on online advertising. From 2005 to 2006, Swiss spending on online advertising was USD 2.56 million, an increase of 33% over the previous year. One of the reasons for this development is a shift in focus from print media, which has been predominant in Switzerland, to online media. Industry specialists predict increasing

demand for large size, non-standard and non-aggressive ad formats and campaigns, which are now possible due to increasing broadband penetration.

[http://www.standortschweiz.ch/seco/internet/en/infrastructure/business/e\\_commerce/index.html](http://www.standortschweiz.ch/seco/internet/en/infrastructure/business/e_commerce/index.html)

## Trade Promotion and Advertising

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Print Media: With much linguistic and cultural diversity, Switzerland has one of the highest per capita densities of newspapers in the world. As a result, many papers are geared to particular regions or localities. The number of dailies has changed only slightly in the past 50 years, but circulation figures have more than doubled. There are over 100 daily or weekly local papers distributed for free and supported by advertising. The Swiss also publish an extensive range of periodicals, trade, and special interest magazines, including those concentrating on travel, gastronomy, medicine, environment, and hobbies.

Given the diversity of publications and the intrinsic characteristics of Switzerland, it is advisable to work through a professional advertising firm, such as Publicitas, when planning an advertising campaign.

Publicitas Swiss Press  
Holbeinstrasse 30  
8022 Zurich  
Tel. (41-44) 250 37 00, Fax. (41-44) 250 37 37  
E-Mail: [swisspress@publicitas.ch](mailto:swisspress@publicitas.ch)

## Major Swiss Newspapers and Periodicals

*Daily Newspapers (German):*

[Neue Zürcher Zeitung](#)  
[Tages-Anzeiger](#)  
[Der Bund](#)

*Daily Newspapers (French):*

[24 heures](#)  
[Tribune de Genève](#)  
[Le Matin](#)  
[Le Temps](#)

*Daily Newspapers (Italien):*

[Corriere del Ticino](#)  
[Giornale del Popolo](#)

*Weekly Newspapers (German):*

[Handelszeitung](#)  
[Sonntagszeitung](#)  
[Die Weltwoche](#)

*Business Magazines:*

[FACTS](#)

[Cash](#)

[Bilanz](#)

[Bilanz](#)

[L'Hebdo](#)

## **Pricing**

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In determining the selling price of a product, particularly for consumer goods, an exporter must take into account the difference between the price an importer is prepared to pay and the prevailing retail selling price. The costs of distribution combined with retail margins may increase the selling price substantially. Markups in Switzerland generally range from 20 to 100 percent and can be even higher.

Price controls, part of Swiss competition law since 1986, are primarily aimed at reducing abusive prices for goods and services resulting from a lack of competition and apply only to members of a cartel or similar organizations subject to this law. Parliament has established an office to look into prices that appear to be too high. Although this office maintains considerable informal clout, it cannot institute legal action. The prices of some products are directly influenced by government measures; these products are primarily agricultural goods and pharmaceuticals.

## **Sales Service/Customer Support**

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Finding a reliable means of providing rapid and efficient quality service and after-sales customer support is absolutely essential in Switzerland. Concluding a sales contract is usually dependent upon the ability to provide this follow-up service which may involve one or more of the following measures: opening an office in Switzerland; finding a competent agent/distributor to provide after-sales service; and/or keeping replacement stock in a Swiss or European warehouse.

## **Protecting Your Intellectual Property**

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### **Introduction**

Switzerland has one of the best regimes in the world for the protection of intellectual property, and protection is afforded equally to foreign and domestic rights holders. This topic is discussed more thoroughly under Investment Climate section on "Protection of Property Rights." <http://www.ige.ch/defaulte.htm>

Several general principles are important for effective management of intellectual property rights in Switzerland. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Switzerland than in the U.S. Third, rights must be registered and enforced in Switzerland, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. Government generally cannot enforce rights for private individuals in Switzerland. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. The U.S. Commercial Service in Switzerland offers a due diligence report designed to help U.S. companies gather publicly available information on a Swiss-based company. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Switzerland require constant attention. Work with legal counsel familiar with Switzerland laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Switzerland or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## **IPR Resources**

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the US Copyright Office at: **1-202-707-5959**.

- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

## Due Diligence

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Although the vast majority of Swiss importers are financially reliable business partners for U.S. exporters, there are, nonetheless, occasional bankruptcies. Therefore, U.S. exporters should use normal precautions and analyze relevant company financial background information before establishing a business relationship.

The Swiss Trade Register is a key source for checking the background of Swiss companies. Swiss companies with annual sales of SF 100,000 or more must be listed in the Swiss Trade Register with the following information:

- name of firm
- legal form
- head office (legal domicile)
- list of branch offices, purpose
- owners, partners, managing directors
- persons having power of attorney
- number of shareholders
- year of establishment

Any firm listed in the Swiss Trade Register is considered to be a legitimate company and is required to keep accounts and to maintain a balance sheet. However, the register does not reveal information about a company's financial status and business practices.

The Swiss Commercial Register is based on Federal Law, the Code of Obligations, and is implemented within the individual cantons. The Federal Office of Justice maintains [Zefix](#) (Central Business Names Index on the Internet), a listing of the cantonal registers of companies. Entries and changes in the commercial register are published in the [Swiss Commercial Gazette \(SHAB\)](#). Each canton also maintains information on whether or not a registered company has defaulted on payments. That information can be obtained directly from the relevant cantonal debt enforcement office. [CS Switzerland](#) offers a business facilitation service to assist U.S. companies in obtaining this information.

The Kompass Register, a listing of most Swiss companies, is roughly equivalent to the American Thomas Register. Provided by the listed companies, the information includes complete contact address, bank reference, name of president, members of the Board and managing director, a short description of company's activity, trademarks, share

capital, number of employees, and year of establishment. The Kompass CD is available from:

**Kompass Schweiz Verlag AG**

Hagenholzstrasse 81  
CH-8050 Zurich, Switzerland  
Tel: (41-44) 305 12 80, Fax: (41-44) 305 12 14  
E-Mail: [info@kompassonline.ch](mailto:info@kompassonline.ch)

More detailed information on financial data and company reputation can be obtained through credit report agencies like Dun & Bradstreet. Although there are several Swiss companies offering credit reports, D&B Novinform is the largest.

**D&B Novinform AG**

In der Luberzen 1  
CH-8902 Urdorf, Switzerland  
Tel: (41-44) 735 61 11, Fax: (41-44) 735 65 84  
<http://www.dnbswitzerland.ch>

It should also be noted that extensive information on Swiss companies can be obtained from [Dun & Bradstreet in the United States](#) directly and on-line.

**Local Professional Services**

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When American citizens are involved in disputes with either private individuals or business enterprises and the controversy cannot be settled amicably, the normal recourse is to seek remedy provided by the law of the appropriate cantonal jurisdiction. American diplomatic or consular officers may not act as attorney, agent, or representative in a fiduciary capacity in such matters. If legal action is to be undertaken in Switzerland, a local lawyer should be engaged either directly or via an American attorney. Since there are differences in the legal systems in Switzerland and the U.S., ignorance of those differences could jeopardize a case almost before it begins. The Swiss lawyer must file a complaint with the court, and the court then decides whether to serve or not. The Martindale-Hubbell Law Directory contains an extensive list of lawyers licensed to practice in Switzerland. The Embassy's Consular Section also maintains a list of lawyers by canton on its website below.

The only methods for a non-Swiss court or lawyer to obtain testimony or to serve process in civil matters in Switzerland are through the Hague Convention on taking of Evidence Abroad in Civil or Commercial Matters, the Hague Convention on the Service Abroad of Judicial and Extra-judicial Documents in Civil and Commercial Matter and through a letter interrogatory. For information on this rather cumbersome legal process, contact either the Embassy Bern Consular Section [bernacs@state.gov](mailto:bernacs@state.gov) or the Office of Citizens Consular Services in the Department of State (202) 647-5226.

[U.S. Embassy Bern Consular Section](#)

**Web Resources**

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[Setting up a company](#)  
[Swiss Official Gazette of Commerce](#)  
[Swiss Franchise Association](#)  
[Swiss Association of Direct Marketing Companies](#)  
[Swiss Federal Institute of Intellectual Property](#)  
[Federal Commercial Register \(Central Business Names Index\)](#)  
[Kompass Schweiz](#)  
[Dun & Bradstreet Switzerland](#)  
[Swiss Bar Association](#)

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## Chapter 4: Leading Sectors for U.S. Export and Investment

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### **Commercial Sectors**

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- [Medical Equipment](#)
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- [Travel and Tourism](#)

## Aircraft and Parts

### Overview

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	2006	2007	2008 (estimated)
Total Market Size	2,191	2,246	2,293
Total Local Production *	894	916	936
Total Exports	827	847	862
Total Imports	2,124	2,177	2,219
Imports from the U.S.	354	363	370

In Millions/USD

Exchange rate: 1 USD / 1.08 Sfr. (average rate of exchange in 2007)

Sources: The data noted above was compiled using official figures published by the Swiss Customs Authorities and interviews conducted with trade professionals.

\* It should be noted that "local production" figures are estimates only as a result of the proprietary nature of company data.

HS 8802.20 Aircraft of an unladen weight not exceeding 2,000 kg

HS 8802.30 Aircraft of an unladen weight exceeding 2,000, but not exceeding 15,000 kg)

HS 8802.40 Airplanes and other aircraft, of an unladen weight exceeding 15000 kg

HS 8803.10 Parts of aircraft e.g. propellers, undercarriages

The total Swiss market demand for civilian aircraft and parts, including components and avionics, was valued at an estimated USD 2.29 billion in 2008 and is estimated to grow 2% in 2009. In 2008, it is estimated that U.S. suppliers garnered a 16% share of the overall market. Switzerland has a relatively large number of operators of aircraft given the small size of the country, including the national flagship carrier SWISS (part of the Lufthansa Group), operators of regional and business jets, air taxi services as well as a substantial number of privately held aircraft.

Switzerland's sole aircraft manufacturer, Pilatus Aircraft, Ltd., is world renowned for its development of single-engine turboprop aircraft, in particular, the PC-12 civilian aircraft of which over 600 have been built. The company reported strong results in 2007 with a record annual output of 115 aircraft deliveries, thereby increasing demand for avionics, engines, parts and components from U.S. suppliers base on which Pilatus relies. U.S. content of the PC-12, Pilatus' flagship aircraft, is significant – this illustrates how intertwined the U.S. aviation industry is with the Swiss plane maker. Pilatus also produces the military trainer aircraft, the PC-21, newly developed for modern air forces around the world. In addition to Pilatus, several Swiss aerospace companies are also end-users of parts and components from U.S. suppliers.

Switzerland has approximately 25 manufacturers involved in the development, production and assembly of structural components, systems integration and services for aircraft, helicopter and systems that stem from defense and civilian aeronautics and

space technology. These companies are receptive to the idea of broadening their U.S. supplier list and interested in new product offerings.

Although private jet aviation as a business productivity tool is already well accepted in the United States, Switzerland has been slower to embrace this concept. However, Swiss executives and politicians are increasingly taking advantage of business jets for flexibility and to avoid congested airports and flight delays, and demand is steadily increasing in the business/regional market segment. Corporate jets available in the market encompass a wide spectrum, ranging from twin-engine turboprops to reconfigured jetliners, although the number of propulsion airplanes dwarfs the number of twin-engine turboprops. As a result of an increased demand for business jets, demand for parts and services for overhaul, retrofitting, and repair is expected to register growth in 2009.

### **Best Prospects/Services**

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Although SWISS's aircraft fleet is predominantly Airbus, many of the parts and components used in maintenance and overhaul are sourced from a broad network of U.S. suppliers, including various components, avionics, aircraft flight instruments and communication instruments. The majority of Swiss aerospace enterprises e.g. MROs and OEMs place orders with small, medium and large U.S. suppliers, which include (spare) parts, components, avionics, pilot accessories, maintenance parts and components, engines, seats, etc. In addition, a number Swiss operators of private/corporate jets procure new or used aircraft from U.S. sources.

### **Opportunities**

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N/A

### **Resources**

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Federal Office for Civil Aviation (FOCA): <http://www.aviation.admin.ch/>

Swiss Aeronautical Industries Group (SAIG): <http://www.swissmem.ch/>

Annual European Business Aviation Convention & Exhibition (EBACE 2009) to be held in Geneva on May 12-14, 2009, URL: <http://www.ebace.aero/>

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## Automotive Part

### Overview

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	2006	2007	2008 (estimated)
Total Market Size	1,211	1,230	1,242
Total Local Production *	3,376	3,425	3,482
Total Exports	3,267	3,310	3,369
Total Imports	1,102	1,115	1,129
Imports from the U.S.	44	48	49

In Millions/USD

Exchange rate: 1 USD / 1.08 Sfr. (average rate of exchange in 2007)

Sources: The data noted above was compiled using official figures published by the Swiss Customs Authorities and interviews conducted with trade professionals. It needs be noted that "local production" figures are estimates only as a result of the proprietary nature of company data.

HS 8702 Motor vehicles for the transport of ten or more persons, including the driver  
HS 8703 Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars  
HS 8708 Parts and accessories of the motor vehicles

The total Swiss market demand for automotive parts, equipment and accessories was estimated to be USD 1,24 billion in 2008. The Swiss economy is projected to grow by 0.2% in 2009, in line with government calls of a recession. Industry sources predict less than 1% growth in market demand for auto parts, accessories and aftermarket products in 2009 due to the economic crisis. Consumers are expected to spend less on the purchase of new automobiles and accessories in order to weather the economic woes. Imports from Germany have traditionally had a solid market share, capturing 48% of the market, followed by France with 13% and Japan with 12%. In the past few years, U.S. imports have had a market share of 4.5% and were estimated at USD 49 million in 2008. Demand for U.S. imports is expected to grow marginally as Swiss importers and distributors feel the pinch of the economic crisis. The low Swiss franc versus the U.S. dollar nonetheless makes U.S. products competitive and affordable for Swiss consumers. U.S. suppliers should carefully evaluate their pricing and sales terms to remain competitive.

Overall, Swiss automotive market demand, including sales of new and used automobiles and trucks, gasoline stations, repair and service facilities and providers of related services amounted to USD 68 billion in 2007, reflecting the market's importance in the Swiss economy. The overall car fleet in Switzerland is assessed at 3.8 million automobiles and is not expected to grow significantly over the next two years as a result of higher retention rates of automobiles and the forecast downturn of automobile sales in 2009. Although Switzerland does not manufacture automobiles, it has more than 300 enterprises involved in the production parts, components and systems for carmakers around the world, employing more than 35,000 people. Lay-offs in this industry sector are expected in 2009 as the economic picture is set to deteriorate.

The Swiss automotive market was liberalized on January 1, 2005, giving consumers greater choice in buying new automobiles. Many Swiss car dealers and repair facilities note that liberalization is bringing more competition into the market and is beginning to put downward pressure on prices. U.S. automobiles garnered only a meager 1% market share in 2007. The worldwide automobile crisis is forecast to send Switzerland's car sales into a downward trajectory, which already started in November 2008. Automobile importers are anticipating a total sales volume of 270,000 in 2009, which constitutes a downturn of 5%.

### **Best Prospects/Services**

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As economic growth is forecast to grow by 0.2% in 2009, consumer demand for luxury items, including hi-fi equipment, aluminum wheel rims, wider tires, etc. is expected to grow marginally. Products with a high degree of receptivity on the Swiss market include specialty equipment, specialty wheels, specialty tires, in-car entertainment systems, styling products, garage equipment, diagnostics equipment, and performance enhancing products.

### **Opportunities**

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79<sup>th</sup> International Motor Show in Geneva at Palexpo (fairgrounds)  
<http://www.salon-auto.ch/en/> March 5-15, 2009

### **Resources**

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Swiss Federal Roads Authority: <http://www.astra.admin.ch/>

Swiss Motor Trade and Repair Association (AGVS): <http://www.agvs.ch/>

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## Consumer Goods

### Overview

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	2006	2007	2008 (estimated)
Private Consumption *	2,370	2,430	2,480
Public-sector Consumption	440	450	460
Total	2,810	2,880	2940

In Millions/USD

Exchange rate: 1 USD / 1.08 Sfr. (average rate of exchange in 2008)

\* Figures include: Food & beverages, apparel & footwear, accommodation & energy, household furnishings, health & hygiene, transport & communication, leisure, hotel & restaurants, educational expenses, other spending.

Data obtained from: UBS Economic Information Center, Federal Office for Statistics, and several Swiss trade magazines covering consumer trends and retail trade.

With one of the world's highest per capita incomes, Switzerland (pop. 7.5 million) is a small, but very attractive consumer market. The continued economic growth over the last four years, reflected in low unemployment and the rise in disposable income, has led to a growing consumer spending of between 2 to 3 percent annually.

Switzerland's consumer market is highly competitive and reflects in many respects the multicultural and multilingual Swiss society with 20 percent of the population of foreign origin. Swiss consumers tend to be willing to pay somewhat more for high quality products and products produced by "environmentally friendly" methods. The Swiss place increasing importance on environmental and ethical standards on the production and source of food products, textiles, furniture, energy and motorcars.

Demand for consumer goods has been growing in almost all categories (furniture, clothing, shoes, household appliances, cosmetics and personal care products), including those sectors that are the most sensitive to economic fluctuations, such as leisure, foreign travel, culture and arts, motorcars etc.

New-to-market aggressive discounters are beginning to change the structure of the Swiss retail market. Price pressure is intense, and demand is growing for imports from low cost countries, especially from Asia. However, the Swiss penchant for quality and brand names means that there is still demand for U.S. products in the medium and upper priced segments of the market. Innovativeness, focus on niches, and branding are key factors to success.

### Best Prospects/Services

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- Sporting Goods
- Apparel: Functional wear/sportswear and high-end labels

- Furniture: Modern furniture with clear design and functionality
- Household appliances for the high-end market
- Electronic toys / educational games
- Giftware
- Designer jewelry

## Opportunities

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Sporting Goods: [Swisspo](#), [ISPO](#) (German trade fair attracting a lot of Swiss buyers)

Apparel: [TMC](#) (center with permanent showrooms for the trade)

Furniture: [imm-cologne](#) (German furniture fair attracting a lot of Swiss buyers)

Giftware: [Ornaris](#)

Food/beverage and kitchen equipment: [Igeho](#)

Cosmetics: [Beauty Forum Swiss](#)

Jewelry: [Baselworld](#)

## Resources

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[Swiss Federal Statistical Office](#)

[UBS Wealth Management Research – Switzerland in Figures](#)

[PriceWaterhouseCoopers – Retail and Consumer](#)

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## Educational Equipment and Supplies

### Overview

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	2006	2007	2008 (estimated)
Total Market Size	1,942	1,971	2,000
Total Local Production	1,551	1,574	1,597
Total Exports	717	727	738
Total Imports	1,108	1,124	1,141
Imports from the U.S.	275	279	283

In Millions/USD

Exchange rate: 1 USD / 1.08 Sfr. (average in 2008)

Sources: The data noted above was compiled using official figures published by the Swiss Customs Authorities and interviews conducted with trade professionals.

\* It should be noted that "local production" figures are estimates only as a result of the proprietary nature of company data.

The Swiss market for educational equipment and supplies was valued at an estimated USD 2 billion in 2008, and imports from the U.S. amounted to an estimated USD 283 million. Switzerland spends annually the equivalent of 6.4% of its GDP on education and related activities. Public funding amounted to an overall USD 25 billion for education – the cantons spent USD 21.5 billion, and the federal government USD 3.5 billion in 2006 (more current data is not available). Switzerland spends about USD 10,100 annually per student, USD 2,800 more per student than the average of the 29 OECD countries. The federal government focuses on tertiary education, which includes R&D. In addition, it finances the federal universities and research institutes ETH (Zurich), EPFL (Lausanne), PSI (Zurich), and EMPA (St.Gallen, Thun, Zurich) and contributes to the cantonal universities.

In the fall 2006, the Swiss Federal council decided to spend more on research and education, with an annual budget increase of 6% between 2008 and 2011. Most federal funding goes towards the universities with about USD 850 million spent annually on research and development. About USD 540 million of this amount is earmarked for combined educational and scientific programs that are managed by the Swiss National Science Foundation (SNF), an agency of the Swiss Federal Department of Science and Education and equivalent to the National Science Foundation (NSF). The public funds are matched about equally by the private sector. As a result of strong competition among Swiss universities, private sector funding is constantly increasing and plays an important and popular role. R&D will remain a top priority in Switzerland with strong support from both the private and public sector. U.S. manufacturers of scientific and laboratory instruments for universities have excellent opportunities in the Swiss market.

In addition to opportunities on the tertiary level, two significant factors and changes in the primary and secondary Swiss curricula will boost opportunities for U.S. firms in the near future: (1) the teaching of two foreign languages, including English, is mandatory at

primary and secondary schools in the vast majority of cantons, and (2) the cantonal educational book publishers supplying public schools are expected to be privatized soon. This early English instruction is expected to boost market demand for English-language educational materials. The Swiss market demand for educational books was valued at USD 82 million in 2007, of which USD 54 million represented the demand for textbooks, including licensed products for use in public schools supplied by the cantonal (state-owned) book publishers.

Because of the grim economic outlook, which is spreading across the industry, market demand is forecast to grow marginally over the coming months. Products to encompass scientific and laboratory instruments, IT hardware and software for educational applications, English textbooks, DVDs as well as information and communications technologies nonetheless bear good marketing potential and are expected to increase once the economy starts to improve.

### **Best Prospects/Services**

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Scientific and laboratory instruments  
IT hardware and software for educational applications  
Scientific models and demo equipment  
Textbooks and learning software  
Experimental and demo systems and kits for chemistry, biotechnology, physics, etc.  
School supplies and equipment e.g. furniture, books, games, toys, etc.  
Special equipment for the training of handicapped people

### **Opportunities**

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Worlddidac Basel 2010  
International Educational Equipment and Supplies Trade Show  
Basel, October 27 – 29, 2010  
[Worlddidac Basel 2010](#)

### **Resources**

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[Rector's Conference of the Swiss Universities](#)  
[State Secretariat for Education and Research](#)  
[Swiss Conference of Cantonal Directors of Education](#)  
[Worlddidac](#)  
[The Swiss Education Server](#)

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## Electric Power Generating and Distribution Equipment

### Overview

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	2006	2007	2008 (estimated)
Total Market Size	1,367	1,388	1,427
Total Local Production	3,470	3,541	3,645
Total Exports	2,513	2,569	2,646
Total Imports	410	416	428
Imports from the U.S.	46	48	50

In Millions/USD

Exchange rate: 1 USD / 1.08 Sfr. (average rate of exchange in 2008)

Please note: In the absence of hard statistical data, estimates were obtained from the Swiss Association of Power Generating Companies (VSE), Zurich; the Swiss Dept. of Energy; and BKW, the main Bern-based power generating company. Investments in this sector are subject to substantial fluctuations typical of large projects.

The total Swiss market demand for electric power generating equipment was valued at an estimated USD 1.427 billion in 2008, and U.S. imports were valued at USD 50 million. In spite of the global downturn, the market is forecast to grow approximately 3% in 2009. Switzerland's power companies are continually seeking equipment to streamline and upgrade operations, and demand will continue to grow for power management systems (IT), switching and distribution equipment. Of the power produced in Switzerland, 40% is generated from five nuclear power plants, and the other 60% is mostly generated from hydropower, which is distributed to surrounding countries, especially Northern Italy, in order to stabilize the European grid during periods of peak demand. Hydroelectric facilities still have a limited potential for expansion but will fall short of growing demand. Other sources of renewable energy in Switzerland are in their infancy with some efforts to promote solar, geothermal and wind energy.

To prevent a predicted energy shortfall by 2020 and avoid expensive power imports, Switzerland will require an estimated USD 20-30 billion of investment in new generating facilities over the next 15-20 years. On February 21, 2007, the Swiss Federal Council (cabinet) approved a long-term strategic plan that proposes to replace the country's ageing nuclear power plants while also pursuing alternative sources of energy. The Axpo Group submitted two framework permit applications for the replacement of the nuclear power plants Beznau I and II as well as Mühleberg in December 2008. With Atel having submitted a framework permit application for a new nuclear power plant in Niederamt on June 10, 2008, permits for three power plants are now under review. The Federal Council and parliament must ultimately vote on the plans. Since the decision is subject to a referendum, Swiss voters may at the end have the final say. A referendum could take place as early as 2012/13. Switzerland's underlying motivations include anticipated power shortages due to the eventual decommissioning of the five existing nuclear power plants, the fact that Switzerland is committed to non-fossil fuel energy sources with reliance on nuclear in addition to hydroelectric as clean, non-CO-2 emitting energy

sources, and the expiration of the import contracts with France (which relate to energy security).

The new Federal Law on Energy Supply entered into force on January 1, 2008. The law will allow the Electricity Commission to cap energy prices and business consumers of at least 100,000 Kwh to purchase their electricity freely, therefore bypassing the expensive cantonal monopolies. The major private sector utility companies are Romande Energie, FMB, Axpo, Atel and BKW. The Swiss national grid operator "Swissgrid" is the national transmission system operator and has full responsibility for operating the 6,700 kilometers of the Swiss high-voltage grid.

### **Best Prospects/Services**

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- Control instruments for power management and distribution
- Power management software and relevant IT hardware
- Power switching and distribution equipment
- Emergency control and management systems
- Equipment for power plants (generators, turbines, etc.)
- Complete turnkey power generating plants (gas, nuclear, hydroelectric)
  
- Small compact plants for decentralized power generation
- Engineering services
- Plant design
- Waste management

### **Opportunities**

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**PowerGen Europe** - KölnMesse, Cologne, Germany – May 26-28, 2009

POWER-GEN Europe is Europe's premier power generation conference and exhibition - renowned not only for its size, but also for the quality of its attendees.

Leading industry suppliers active in the pan-European market have an exhibit presence, while the conference consistently attracts senior speakers from around the world. The combined conference and exhibition provides a vibrant and influential forum for European and international industry executives to make valuable connections, enabling them to succeed in one of the worlds most diverse and challenging power markets.

Further information can be found in the following link:

[PowerGen 2009](#)

## International Organizations

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Goods and Services procured by UN agency, Geneva	2006	2007	2008
International Labor Organization	78.0	70.2	N/A
United Nations Office at Geneva (UNOG)	31.8	68.9	N/A
United Nations High Commissioner for Refugees (UNHCR)	89.1	130.4*	150*
World Health Organization (WHO)	132.8	142.1	136.8
World Intellectual Property Organization (WIPO)	31.9	51.3	N/A
World Meteorological Organization (WMO)	12.4	11.7	N/A

*\*Procurement from Supplier Management Service only; excludes procurement made by field offices and implementing partners.*

Geneva, Switzerland, is host to many international organizations which are active in fields as varied as the following: humanitarian aid; trade; human rights; the environment and sustainable development; training and education; peacekeeping and security; meteorology; intellectual property; health; telecommunications; and labor. Some UN agencies and other international organizations, including the United Nations High Commissioner for Refugees (UNHCR), World Health Organization (WHO), the International Committee of the Red Cross (ICRC), and the International Federation of the Red Cross (IFRC) carry out much of their procurement in Switzerland and represent an attractive market for U.S. manufacturers and service providers. Among the items procured are vehicles and spares, office equipment (e.g. furniture, photocopiers), IT, tools, tents, food, and pharmaceuticals to provide humanitarian aid for victims of war and catastrophes or to facilitate access to life-saving goods during epidemic and disease outbreaks. Geneva-based procurement fluctuates with the development of conflicts and disasters around the world and varies between USD 400 – 900 million annually.

The UNHCR and its implementing partners provide food, water, shelter, medical and other types of assistance to refugees worldwide to help them find safety and the means to re-start normal lives. In the past few years, UNHCR has sought to inject more transparency and competition into its procurement practices in order to choose from a wider range of suppliers and obtain the best value for its procurement. UNHCR's purchases fluctuate with the development of conflicts around the world, and statistics for goods purchased from 2003 through 2008 were as follows:

2003 90 million USD  
2004 100 million USD  
2005 112 million USD  
2006 89 million USD  
2007: 130 million USD  
2008: 150 million USD

The following UN agencies based in Geneva primarily procure office furniture, general office supplies and construction services/supplies for their own operational needs:

International Labor Organization (ILO), World Meteorological Organization (WMO), World Intellectual Property Organization (WIPO), United Nations Office at Geneva (UNOG), and the International Telecommunication Union (ITU).

The major categories of procured goods include vehicles and spares, office equipment (e.g. furniture, photocopiers), IT, tools, tents, food, drugs and many more to provide humanitarian aid for victims of war and catastrophes and to facilitate access to life-saving goods during epidemic and disease outbreaks.

The procured items in the aid market include many commodities of goods and services, such as food and agricultural equipment, water supply and sanitation, shelter and household items, drugs and medical equipment, transport, and IT equipment.

## Opportunities

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U.S. suppliers of goods and services procured by U.N. agencies<sup>1</sup> and other humanitarian aid organizations should register to become approved suppliers and should also consider meeting with appropriate procurement chiefs.

In general, important portals for UN procurement are:

- How to do Business with the UN: <http://unbiz.un.int/>
- The UN Global Marketplace: <http://www.ungm.org/>

<sup>1</sup>Please note that, as of March 1, 2008, UNHCR's Geneva-based supplier management service operation moved to Budapest, Hungary, where UNHCR's new Global Service Center for human resources, finance, procurement and IT support is now located.

## Resources

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[International Federation of the Red Cross](#)  
[International Committee of the Red Cross](#)  
[United Nations High Commissioner for Refugees](#)  
[World Health Organization](#)  
[United Nations Office Geneva](#)  
[Aid & Trade Event](#) (Washington DC, 2009)

For further information, please contact Commercial Specialist Maria Pamich, U.S. Commercial Service, Bern, Switzerland, e-mail: [maria.pamich@mail.doc.gov](mailto:maria.pamich@mail.doc.gov)

## Laboratory and Scientific Instruments & Equipment

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	2006	2007	2008 (estimates)
Total Market Size	863.5	909.0	1,138.6
Total Local Production	1,560.0	1,179.8	2,028.0
Total Exports	1,257.6	1,516.0	1,606.0
Total Imports	589.5	676.1	716.6
Imports from the U.S.	69.5	83.5	89.4

In Millions/USD

Exchange Rate: 1 USD = Swiss Francs 1.08 (annual average rate 2008)

Source: EZ Proxy

HS Codes 9027.20 (chromatographs and electrophoresis instruments), 9027.30 (spectrometers, spectrophotometers, spectrographs), 9027.50 (physical and chemical analysis instruments), 9027.80 (mass spectrometers), 9031 (measuring and testing equipment/instruments).

The total Swiss market demand for laboratory equipment and scientific instruments amounted to an estimated USD 1,138.6 billion in 2008. Total imports in 2008, are estimated at USD 716.6 million, accounted for about 63% of the total market demand. The Swiss market is an attractive market for U.S. suppliers of analytical and process control equipment and instruments, which enjoy an excellent reputation and are much in demand.

Switzerland's R&D activity, in relation to the size of the country, is rather impressive at an estimated USD 37 billion from 2007 through 2011. In addition to the wide range of research activities undertaken by Swiss universities and institutes, there is an enormous amount of research activity in the private sector, especially in the chemical, pharmaceutical, biotech, food, machinery and micro technology industries. The Swiss manufacturing industry is heavily export-oriented and depends upon the latest technology in order to retain its competitiveness on the world market. Therefore, state-of-the-art R&D remains a top priority in Switzerland.

There are a number of important new Swiss projects for research and development. Novartis Pharmaceutical is in the process of expanding its Basel global headquarters to encompass additional numerous research, production and administrative buildings in its Campus of Knowledge and Innovation. Hoffmann La Roche, the Swiss biotech company, intends to consolidate the 1,700 plus off-site workplaces in Basel at its headquarters. The Federal Institute of Technology in Zurich (ETH) is expecting to complete its "Science City," a state-of-the-art scientific complex by 2011.

The main end-users of laboratory equipment and scientific instruments are Swiss manufacturers, including about 180 chemical companies, 150 pharmaceutical producers, 200 biotech companies and 165 food manufacturers. They account for about 45% of the total market demand. Research institutes and universities, mostly federally funded,

account for about 35% of the market demand and 20% of the end-user market are cantonal (state) and communal (city) laboratories.

## Best Products/Services

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- Mass-Spectrometers (MALDI-TOF, ICP)
- NMR Spectrometers
- LC Analyzers (liquid chromatography)
- Gas chromatographic analyzers
- Spectrometers (IV/UV range)
- Ion Selective Analyzers
- Titration, Extraction, Supercritical extraction systems
- Robotized systems (sample changers etc.)
- Automated analytical systems
- pH, redox, temperature, conductivity, viscosity measuring instruments
- Precision flow metering instruments (inductive, doppler effect, etc.)
- Supplies
- 3D simulation software for laboratory/research use (simulating laboratory tests)

## Opportunities

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**ILMAC** Basel, Switzerland, September 21-24, 2010, industrial exhibition and conference for research and development, environmental and process technology in pharmaceuticals, chemicals and biotechnology, 554 exhibitors, 15,000 trade visitors.

**NANOEUROPE**, St. Gallen, Switzerland, August 27-28, 2009, annual trade show and conference covering nanosciences and relevant equipment and services, 30 exhibitors, 3,000 visitors.

**SWISS MEDLAB**, Montreux, September 2012, international congress and exhibition organized every four years by the Swiss Union of Laboratory Medicine (SULM) and its associated members, 60 exhibitors, 1,000 participants.

## Resources

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ILMAC main Swiss scientific and lab equipment trade show:

<http://www.ilmac.ch>

NANOEUROPE trade show in nano-sciences:

<http://www.nanoeurope.com>

SWISS MEDLAB laboratory medicine congress and exhibition:

<http://www.swissmedlab.ch>

Swiss National Research Program:

<http://www.snf.ch>

Federal Institutes of Technology in Zurich and Lausanne:

<http://www.eth.ch>, <http://www.epfl.ch>

Paul Scherrer Institute:

<http://www.psi.ch>

Swiss Federal Department of Science & Education:

<http://www.bbt.admin.ch>

	2006	2007	2008 (estimates)
Total Market Size	3,627.7	4,492.0	4,646.0
Total Local Production	7,383.7	7,905.0	8,563.0
Total Exports	5,906.6	6,323.5	6,867.0
Total Imports	2,150.6	2,493.6	2,950.0
Imports from the U.S.	702.7	828.8	912.0

In Millions/USD

Exchange Rate: 1 USD = CHF. 1.08 (annual average rate 2008)

Source: EZ Proxy

The above statistics cover the following HS Codes: 9018-9022 (excl. 9021.2100 & 9021.2900)

The total Swiss market demand for medical equipment was valued at an estimated USD 4,646 billion in 2008. Total imports 2008, valued at USD 2,95 billion, accounted for about 63.5% of the total market demand. With Europe's highest per capita income, Switzerland is an attractive, demanding market with one of the best national health care systems in the world. The country's liberal trade and investment policies favor access for a host of products and technologies. The dispersed nature of its health care system, which follows the pattern of its federal structure with 26 autonomous districts (cantons), contributes to the diversity of the market.

The combination of an aging population, rising living standards and new treatment methods is causing demand to grow at an above-average pace. Accordingly, as incomes rise, so do people's willingness to spend more on health services. Leading Europe on healthcare spending, Switzerland spends about 11% of its GDP on its national healthcare system. However, as in other national healthcare systems, cost-containment is a growing concern, and there is a clear trend to reduce hospital beds and to close down some hospitals.

U.S. equipment and supplies enjoy a good reputation in Switzerland. Many Swiss doctors and professors of medicine have been trained or have practiced in the United States, and there is considerable interchange in procedures and techniques. These factors create a strong demand for U.S. equipment and supplies.

Although Switzerland's market is relatively small, it is a highly sophisticated market with a strong demand for advanced technologies. It also offers the additional benefit of being a test market that is strategically placed in the heart of Europe. The country's 337 hospitals are mostly administrated by the 26 cantons or by local municipalities. In addition, a host of private clinics and medical homes (157) cater to the needs of a demanding local and international clientele and serve as professional training grounds for physicians. In 2007, 15,588 medical doctors (of whom 11,052 are specialists) and 4,165 dentists with private offices were registered (figures for 2008 are not yet

available). Specialized services, such as transplant capacities, are mainly offered at university clinics. In addition to laboratories in doctors' private offices, hospital, clinical and independent laboratories share the Swiss market. In 2008, the Swiss Association of the Leaders of Medical Analytical Laboratories counted some 200 members.

## Best Products/Services

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The average Swiss expects that hospitals will have the latest technology; therefore, U.S.-made products that are on the cutting-edge of technology will have great market potential. Furthermore, there is a growing recognition in the medical community that new innovative technologies often contribute to more economical patient care by helping to reduce the length of hospital stays.

The best sales potential for U.S.-manufactured medical equipment is in the following areas:

- Quality home health care, outpatient and rehabilitation equipment
- Advanced diagnostic systems (computer tomography, imaging systems, Nuclear Magnetic Resonance (NMR) scanners)
- Monitoring and intensive care equipment (X-Ray and Magnetic Resonance Imaging MRI)
- Sophisticated, computerized equipment and software
- Cardiology equipment
- Orthopedic devices
- Clinical laboratory equipment
- In-vitro diagnostic products
- Disposables, surgical consumables

## Opportunities

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**IFAS**, Zurich, Switzerland, October 26-29, 2010, biannual trade fair for medical and hospital equipment, 400 exhibitors, 18.000 trade visitors.

## Resources

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FASMED (Swiss Association of the Medical and Hospital Trade):

<http://www.fasmed.ch>

Swissmedic (Swiss Agency for therapeutic products):

<http://www.swissmedic.ch>

IFAS (Swiss trade fair for medical and hospital equipment):

<http://www.ifas-messe.ch>

## Safety and Security Equipment

### Overview

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	2006	2007	2008 (estimated)
Total Market Size	497	513	528
Total Local Production *	968	997	1,027
Total Exports	694	714	735
Total Imports	223	230	236
Imports from the U.S.	107	110	113

In Millions/USD

Exchange rate: 1 USD / 1.08 Sfr. (average rate of exchange in 2008)

Sources: The data noted above was compiled by conducting interviews with trade professionals.

\* It should be noted that "local production" figures are estimates only as a result of the proprietary nature of company data.

Switzerland (pop. 7.4 million) sits squarely in the heart of Western Europe. Although Switzerland is known as a very safe country, in recent years there have been incidents of violence, (armed) robberies, youth crimes, and burglaries. Switzerland's demographic profile has changed within the last decade. Accompanying societal changes is a growing security consciousness among the Swiss at all levels of government and in the business community with measures being taken to protect data, access control, peripheral security, transportation and other critical infrastructure. There is growing demand for equipment used in access control, detection, surveillance and law enforcement. Furthermore, there are ample opportunities for sales of security products in the fields of aviation, supply chain, and retail. Switzerland was host of the European soccer championships known by its acronym UEFA EURO 2008 in June, which spurred market growth of 3-4% in 2008. The total Swiss safety and security market was valued at an estimated USD 528 million in 2008 with total imports valued at USD 236 million. U.S. imports were estimated USD 113 million, which represents an import share of nearly 50%. U.S. suppliers enjoy excellent acceptance in the Swiss safety and security market.

Largely predicated on sales of CCTV, biometric applications and proximity systems, large and small-sized enterprises have begun to retrofit and incorporate new systems and technologies into existing security systems. The growing Swiss presence of regional and global headquarters of U.S. and other multinational corporations represents a significant end-user market segment. Airports represent another major purchaser category based on ongoing security enhancements to meet international agreements and bilateral agreements with the EU.

### Best Products/Services

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The most promising growth prospects are those in newer market segments, including airport passenger and baggage screening equipment, CCTV systems, perimeter protection systems, access control systems (including biometric identification systems), law enforcement equipment, explosives and metal detectors, forensic equipment, residential alarms and other advanced electronic systems. U.S. suppliers are especially competitive in access control equipment, biometrics applications, law enforcement supplies and equipment, forensics equipment, and surveillance equipment, including CCTV systems, and residential alarms. Major prospective buyers include public/private sector agencies, the Federal Government and local state authorities, supply chains and retailers, and airport operators.

Swiss private and public sector interest in biometric-based solutions and services is growing rapidly. Both Swiss end-users and OEMs are using biometrics in a broad field of applications where secure identification is required. The Swiss government has taken measures to tackle hooliganism at sports events, including automated facial identification systems. Major Swiss OEMs are incorporating biometric identification technology into their mechanical keys.

#### **Opportunities**

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N/A

#### **Resources**

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## Information and Communication Technologies

### Overview

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#### Swiss ICT Market (USD Billion)<sup>1</sup>

	2005	2006	2007	2008 <sup>2</sup>
Total ICT Market	27.3	27.9	28.7	29.5
IT equipment (computer & office equipment)	5.3	5.1	5.2	5.4
Software	3.6	3.8	4.1	4.3
IT Services (consulting & support)	6.3	6.5	6.9	7.2
Telecommunication equipment & services	12.2	12.4	12.5	12.6

1. Exchange rate used is the 2007 EURO/USD average exchange rate= 0.7306

2. Unofficial estimates

Source: Robert Weiss Consulting with data from EITO.

Switzerland offers an outstanding market for the Information and Communication Technology (ICT) Industry. Swiss residents spend more per capita on ICT goods than any other nation in the world. Switzerland is among the top ten countries in the world in terms of ICT infrastructure- an index that measures the penetration of traditional fixed lines, broadband access lines, mobile phones, PCs, Internet users and Internet servers per million population, quality of Internet connections, level of e-business development, of online commerce and of Internet/web literacy (IDC Corp.). Furthermore, Switzerland offers affordable of Internet access, telecom market competition, security of the Internet infrastructure, government support for ICT development, laws governing the Internet, strong ICT skills of the workforce and high quality of ICT supporting services.

In 2008, the total ICT market was valued at approximately US\$ 29 billion, an increase of approximately 3% from the previous year figure of US\$ 28.7 billion. The main increases were reflected in the Software and IT services sectors which jumped by 6% and 5% respectively from the previous year. There was also an increase of approximately 5% in Telecommunications equipment.

The breakdown of the ICT market in Switzerland is the following: telecommunications services and equipment account for almost half of the total value of the ICT market in Switzerland (43%). Software and IT equipment have about the same market share (15% and 18% respectively), with the remaining 24% belonging to IT services (consulting and support).

Switzerland has an advanced telecom market, with one of the highest Internet and broadband penetration rates in Europe. Mobile services, including mobile Internet, and broadband Internet access continue to drive the market. Broadband has replaced telephone communications as the main growth area since 2004, and DSL networks have

overtaken cable as the principal technology for broadband access. ADSL is available for more than 98% of telephone connections and is offered by 30 different suppliers.

The Swiss telecom market is divided primarily into the business fields of network-based communications, mobile communications, IP-based voice and data communications, and value-added services. One relatively recent branch of business is digital television, which is being marketed along with Internet access and telephony as a triple play offering via the Internet/cable network.

Swisscom is no longer the sole provider of telecommunication services. Orange and Sunrise, amongst others, operate their own networks for mobile communications and, to some extent, for fixed-line services. The Swiss parliament's decision in 2006 to open the "last mile" was a key event in the evolution of the Swiss telecoms market. It granted Swisscom's competitors full unbundled access to the copper-wire subscriber connection, cabling for leased lines, and high-speed bit-stream Internet access (within 4 years). Unbundling the last mile is an important step towards the full liberalization of the Swiss telecoms market and is expected to intensify competition among providers. As a result, the sector will continue to see declining prices.

Cablecom and the other cable network providers deliver their communications services over the existing cable TV network. With over two million cable TV connections in Swiss households Cablecom controls the second largest network and is currently the only other company besides Swisscom that offers true triple play service (data, voice and television/radio) to its customers in Switzerland. Cablecom was acquired by Liberty Global, Inc., for an estimated USD 2 billion. On December 16, 2005, Sunrise and Cablecom entered into a strategic partnership on mobile telephony. Swisscom started its IPTV network in late 2006 and has already received over 20,000 orders for the service, resulting in a six-week installation delay for new customers.

The Swiss mobile communications market covers some 6.5 million subscribers. Mobile network coverage is high in all regions (despite the country's difficult topography): the networks of the three largest providers cover 99% of the Swiss population. Swisscom (62%), Sunrise (19%) and Orange (18%) are the suppliers with the biggest market shares.

Internet telephony, offered by various specialized companies such as Skype and others, is posing new challenges to the classical voice communications market. As fixed network and mobile communications increasingly converge with Internet and television, integrated solutions in multimedia communications will become a key success factor in this market segment. This trend is accompanied by a massive increase in demand for high bandwidths.

Forecasts include continued growth of information technology spending in Switzerland, a further decrease in mobile communication costs, and expanded services for third-generation mobile devices, such as IPTV. Continued strong growth is expected for VOIP solutions.

**Best Products/Services**

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Telecommunication hardware and software

Wireless communications hardware and software  
IT Security (software, hardware and consulting)  
Voice over IP solutions  
Virtual Private Networks  
Outsourcing  
Consulting  
Mobile and radio services  
Internet/Web services  
Data transmission  
Leased line business

## Opportunities

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Orbit/iEX      Switzerland's largest IT show and conference held in Zurich from  
May 12-15, 2009

## Resources

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Federal Office of Communications: [www.bakom.ch](http://www.bakom.ch)  
Federal Communications Commission: <http://www.fedcomcom.ch>  
Federal Office of Information Technology: <http://www.bit.admin.ch>  
ICT Switzerland: [www.ictswitzerland.ch](http://www.ictswitzerland.ch)  
Swiss Association of Telecommunications Users: [www.asut.ch](http://www.asut.ch)

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## Travel and Tourism

### Overview

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	2006	2007	2008 (est.)
Total Swiss outbound travel to the US (passengers)	270,571	296,369	340,000

<http://tinet.ita.doc.gov/view/m-2008-01-001>

International visitors spent a record \$122 billion in 2007 in the United States, a 13% increase over the 2006 figure of \$108 billion. Of this amount, approximately one billion of this revenue comes from Swiss travelers, up by 9% from the previous year's figure of approximately \$ 900 million.

Almost 258,000 Swiss tourists visited the U.S. during the first nine months of 2008, up 19 percent from 2007 (latest data available). The quarterly arrivals were up 19 percent, 13 percent and 23 percent, respectively. The record year for arrivals from Switzerland was 1996, with a total of 417,064 visitors recorded (Source: <http://tinet.ita.doc.gov>).

The share of Swiss outbound travel sales made via the Internet is growing and registered about 18 percent of the total market. Internet sales were primarily for flights, individual hotels, and car rental reservations. About 90 percent of the growth in Internet sales is from travel within Europe, and Swiss travelers widely use the Internet as a source of information in planning a vacation.

Most Swiss still turn to travel agencies for purchases of packages above USD 1,000 per person as well as long haul travel. Switzerland's leading tour operators are noticing a growing trend towards more expensive trips, air travel in business class as opposed to economy class, and luxury hotels.

Swiss outbound travel continued to grow in 2007 from the previous year. Double-digit growth is expected for 2008 advance bookings to destinations where dollars can be used, the U.S. expected to be the main beneficiary. The main factor supporting Swiss travel to the United States is the relatively weak dollar, which lost value versus the Swiss Franc. Other factors include a more "relaxed" worldwide political environment, the Swiss preference for safe destinations, and a relatively low language barrier. A strong additional incentive is easy accessibility with six airlines offering 13 daily direct flights to eight U.S. gateway cities on the East and West Coasts. Some Swiss travel agencies that had reduced or even totally dropped their U.S. products in recent years are now back on the market and expanding their offers.

The new Swiss passport with biometric data has been in use for over one year. Swiss media are covering U.S. cities, states and regions on a regular basis and introducing them as attractive travel destinations to their readers.

Swiss citizens are eligible to enter the U.S. under the visa waiver program. **Beginning January 12, 2009**, all Visa Waiver Program (VWP) travelers will be required to have an electronic travel authorization to board a carrier and enter the United States.

**The Electronic System for Travel Authorization (ESTA)** is a new requirement implemented by the 9/11 Act to determine the eligibility of VWP visitors to travel to the United States. The program affects all 27 VWP countries (including Switzerland).

**At least 72 hours prior to departure**, travelers must log on to the secure, Web-based ESTA system at [esta.cbp.dhs.gov](http://esta.cbp.dhs.gov) and provide basic biographical and travel information contained in the I-94W form that all visitors currently complete.

Each application is then checked against law enforcement databases, including the terrorist watch-list, lost and stolen passport records, and visa revocation/refusal files, to determine if the traveler poses any security risk.

Each approved application will be valid for two years. In most cases, the applicant will receive a real-time response.

The U.S. Customs and Border Protection Web site offers useful information regarding ESTA that you might want to share with your clients and contacts. Visit [www.cbp.gov/xp/cgov/travel/id\\_visa/esta/](http://www.cbp.gov/xp/cgov/travel/id_visa/esta/).

#### **Best Products/Services**

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Fly & Drive packages

City trips for shopping and cultural events

Motor homes

Packages for outdoor activities (Jeep tours, river rafting, biking and soft adventure type tours)

Packages, including National Parks and related activities

Cruises

Beach vacation packages (Florida, Hawaii)

Golfing vacations

Educational travel/study packages

#### **Opportunities**

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Visit USA Seminar 2009, January 2009, Zürich, Switzerland

Ferien 09, Bern January 15 – 18, 2009 (Consumer Show)

FESPO 09, Zürich, January 29 – February 1, 2009 (Consumer Show)

TTW, November 5-6, 2009, Montreux, Switzerland (Swiss version of ITB)

The Visit USA Committee Switzerland is organizing a number of complementary workshops and events during the year, some in coordination with the Visit USA Committees in Germany and Austria.

For additional information please contact Commercial Specialist Maria Pamich, U.S. Commercial Service, Bern, Switzerland, e-mail: [maria.pamich@mail.doc.gov](mailto:maria.pamich@mail.doc.gov)

## 1. CONSUMER ORIENTED PRODUCTS

Given Swiss generally high income and refined consumer tastes and preferences, it is not surprising that consumer-oriented products are the leading category of U.S. exports. In addition, given Swiss support programs for home-grown products and the relative distance of the United States compared to other suppliers, specialty U.S. products or those without local or nearby competition are the most successful. Notable products meeting these criteria include wine, essential oils, nuts, asparagus, certain seafood and high-quality beef.

### Nuts:

Tree nuts, mainly almonds and some walnuts, are a top Swiss agricultural import from the United States. The U.S. is the top supplier of shelled almonds to the Swiss market. Swiss imports of all types of nuts are consistently strong, with the United States supplying \$42 million in trade in 2007.

### Wine:

U.S. wines continue to show a strong shelf presence against tough world and local competition in the retail outlets. There is good demand for higher quality wines, at higher prices, in the restaurant and hotel sector. Distribution of U.S. wines is relatively well established throughout Switzerland. Swiss imports of U.S. wine were valued at a healthy \$32 million in 2007.

### Essential Oils:

Swiss imports of U.S. essential oils, based on citrus, peppermint and other raw materials, have shown strong growth in recent years, and have become one of the top U.S. agricultural products imported into Switzerland. The United States is the second largest supplier of these products to the Swiss market, with import value reaching \$31 million in 2007. France, Germany and Indonesia are strong competitors in this market.

### Fresh Green Asparagus:

U.S. fresh green asparagus faces a challenging environment in Switzerland, mainly due to competition from France, Peru and Mexico. However, Switzerland remains an excellent market for U.S. fresh green asparagus because of the Swiss preference for larger-stalked, tender asparagus. A tariff-rate quota may be applied to imports between May 1 and June 15 each year, but generally imports come in at zero duty. Swiss imports of U.S. fresh asparagus totaled \$13 million in 2007.

### Meat:

Switzerland continues to be an attractive market for small amounts of U.S. high quality beef, which enters under the special Uruguay Round tariff-rate quota commitments for 1,500 metric tons. The demand for high quality beef is especially strong in the HRI sector, particularly to supply upper end resorts during the winter sports season. Total imports of U.S. beef were almost \$11 million in 2007. U.S. exporters should be aware that Switzerland took the final steps in 2008 to further harmonize its sanitary requirements for beef with those of the European Union (EU). U.S. beef suppliers must now be on the EU's list of U.S. plants approved under its hormone-free beef program,

though the product exported to Switzerland does not have to be hormone-free. New certification requirements apply, and in order to ensure that U.S. beef does not enter the EU market, it may not be transshipped through EU member states to reach Switzerland and must arrive into certain Swiss airports via air.

**Seafood:**

In spite of some fluctuations, Switzerland represents a healthy market for a range of U.S. fish and seafood products, with imports attaining around \$13 million in value in 2007. The main products are salmon, fresh and frozen fish fillets and lobsters and scallops. The U.S. is the top supplier of frozen salmon to the Swiss market.

**Fixed Vegetable Fats:**

The Swiss market for fixed vegetable fats from the United States is significant. The U.S. is the top supplier of this product to Switzerland, and imports from the United States were valued at \$13 million in 2007.

## 2. BULK PRODUCTS

Switzerland shows some rather large swings in import values of U.S. basic agricultural products or processed products for further manufacturing. The most notable is cotton.

**Cotton:**

The remaining productive textile sector generally serves a higher-end market, and the U.S. is the top supplier of cotton. Swiss imports of approximately \$10 million in 2007 were similar to 2006 levels.

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## Chapter 5: Trade Regulations and Standards

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### Import Tariffs

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Swiss duties are generally "specific" rather than "ad valorem". Duty varies according to the item imported, and the Swiss customs tariff uses the Harmonized System (HS) for the classification of goods. Customs duties are levied per 100 kilograms of gross weight, unless some other method of calculation is specified in the tariff (e.g. per unit, per meter, per liter). The gross dutiable weight includes the actual weight of the goods and their packaging, including the weight of any fixing material and supports on which the goods are placed. More information can be found on the homepage of the [Swiss Customs Office](#).

Although Switzerland has one of the highest applied average MFN tariff rates for agricultural products (almost 30%), its tariff rates for non-agricultural or manufactured exports are quite low, in fact one of the lowest (at roughly 2% or half the average U.S. rates). Hence, with some exceptions, import tariffs for U.S. exporters of manufactured goods to Switzerland tend to be negligible.

### Value Added Tax

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Imported goods and services are also subject to a Swiss value added tax (VAT). The standard VAT rate is 7.6%, although there is a reduced rate of 2.4% for certain goods and services, including the following: foodstuffs; agricultural products (meats, cereals, plants, seed and flowers); medicine and drugs; newspapers; magazines; books and other printed materials; and radio and TV services. Domestically produced goods are subject to the same VAT rates.

The VAT is levied at the border and is prepaid by the customs broker/freight forwarder, who then invoices it to the importer or end-user. The VAT is assessed based upon the value of the imported commodities, including customs duties, insurance and transportation costs (cif) and any other taxes. Customs clearance and related activities are typically handled by international freight forwarding companies on behalf of Swiss

customs. The average handling fee per shipment, exclusive of duty rates transportation costs, etc.) ranges between USD 150 and USD 250.

A U.S. exporter selling services for more than SF. 75,000 into Switzerland is liable to pay VAT of 7.6% and should register with the Swiss Federal Tax Administration:

Swiss Federal Tax Administration  
Main Division of the Value Added Tax  
Schwarztorstrasse 50  
3003 Bern  
Tel. (41-31) 322 21 11, Fax. (41-31) 325 71 38  
www.estv.admin.ch

Contact [CS Switzerland](#) for assistance.

## Trade Barriers

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Switzerland generally meets its commitments under WTO and bilateral agreements. However, due to significant tariff and quota barriers for many agricultural products, combined with a restrictive approval process for biotech products, labeling for meat produced with hormones and antibiotics and general consumer rejection of biotech products, US market opportunities in Switzerland are limited for these products.

Switzerland has a strict regulatory regime for agricultural biotechnology products. In order for biotech food or animal feed products to be imported and sold on the Swiss market, they must undergo a lengthy approval process. In addition, labeling is required for products containing biotech ingredients or derived from such ingredients. Recently, Switzerland further tightened labeling rules so that even so-called "second-generation" products derived from a biotech derivative (such as corn syrup produced from starch made from biotech corn) must also be labeled as biotech. The Swiss rules on approval and labeling roughly parallel those of the European Union. In addition, a referendum vote has established a moratorium on planting of biotech crops and production of biotech animals in Switzerland. This moratorium went into effect on November 27, 2005, and will be in force for five years, but does not apply to imports of biotech food or feed.

A continuing obstacle to certain U.S. exporters, particularly those of high value products, is the food retailing system. Two retail giants Migros and Coop, accounting for nearly 70% of grocery sales, dominate the food retail market. U.S. exporters are disadvantaged by this system because the two food chains emphasize their own store brand products and favor products from their own processing plants. They are devoted primarily to in-house brands, followed by international brands. Another barrier for U.S. brands represented by these major retail chains is their policy not to sell genetically modified (GMO) foods.

Over the past few years, Switzerland has taken steps to remove barriers to competition in its automotive, electricity, telecommunications, and postal sectors. The Swiss automotive market was liberalized in 2005, giving consumers greater choice in purchases of new automobiles and parts and giving independent car dealerships the right to sell, service and repair vehicles without violating warranty rules. Postage

services are liberalized with the exception of the Swiss Postal Service's monopoly for shipments (letters/parcels) weighing less than 100 grams (one-tenth of a kilo).

The new Federal Electricity Supply Act that went into effective January 1, 2008, will partially open the Swiss electricity market for competition as of January 1, 2009, when customers with an annual electricity consumption of 100,000 kWh will be able to choose their suppliers. Industry analysts foresee increasingly challenging market conditions for Swiss electricity companies over the next few years; however, most are already prepared for price competition and will have time to adjust to new market conditions. As electricity is a product that is very difficult to differentiate, pricing is expected to remain key in an increasingly competitive market environment. With environmental concerns growing in importance, the longer term may well see the emergence of more eco-labels in the Swiss electricity market.

An amendment to the Telecommunications Act was implemented in April 2007 that encourages competition in the fixed telephony market and provides for unbundling of the local loop, known as "opening of the last mile". As a result, telecommunications service providers have the right to access Swisscom's infrastructure and services in relation to the following: fully unbundled access to the local loop, fast bit stream (data stream) access, billing for the connection to the fixed network, interconnection, leased lines, and access to cables. The amendment to the Telecommunications Act follows the main principles of EC law with one exception—the Swiss regulatory authority (Comcom) does not impose specific obligations on service providers unless one party to an agreement requests intervention.

Alternative service providers have started to take advantage of the market liberalization. In fall 2007, Sunrise Communications installed its first shared local exchange station with Swisscom. Sunrise plans to build a nationwide fixed network; it installed equipment in 120 local exchanges in 2008 and plans to roll out its network to 80% of Swiss households by 2010.

In January 2008, Swisscom challenged Comcom's ruling of November 2007 that upheld Bit stream access for alternative suppliers. Ultimately, Swisscom was ordered to offer broadband internet access at cost oriented prices over a limited period (4 years as opposed to the 6 years that were originally proposed). This is because Swisscom is not willing to pay R&D alone endlessly, and it agrees to provide its infrastructure, for only a limited period, to enable other providers to install their own channels.

## **Import Requirements and Documentation**

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All imported goods must be presented to the appropriate Customs office and declared for clearance. Goods imported into Switzerland must be declared within the following time limits from arrival in the country by various means of transportation: road, 24 hours; river, 48 hours; rail, 7 days; and air, 7 days. The importer may examine goods before submitting them for clearance. For Swiss Customs purposes, an ordinary commercial invoice in duplicate or triplicate is considered sufficient documentation. The invoice should contain the following details: description of the products and packaging, gross and net weight of each package, quantity (in metric terms), country of origin, and CIF value to the Swiss border. As Swiss duties are specific, indication of value is required only for statistical purposes. No consular or other stamp is required.

For practical purposes, almost all commercial shipments are handled by forwarding companies, which, in most cases, also are legally empowered to act as Customs agents. They handle the Customs clearance, including the VAT and any applicable duties. The Customs agent pays the VAT, duties and other fees on behalf of the importer and then invoices the total cost as well as a service fee to the importer. Shipments sent by courier are handled in the same manner.

Swiss importers are able to counsel suppliers with information on Swiss requirements to facilitate documentation on the Swiss side. A certificate of origin is not normally required unless preferential duty rates are requested; however, one may be required for health reasons (meats and plants) or for reasons of quality control as with appellation wine.

Special health certificates, stamped by the competent authorities of the country of origin, are required for animals and animal products (including fish and bees). Official plant health certificates of the country of origin must accompany shipments of some vegetables, fresh fruits, and wild plants. Switzerland is gradually aligning its import requirements for agricultural products with those of the European Union.

As of January 1, 2009 Switzerland has implemented a common veterinary space with the European Union (EU). After undergoing inspection at an EU border inspection post (BIP) or the airports in Zurich or Geneva, animals and meat products may circulate freely within the EU and Switzerland. As the Swiss airports are not equipped to handle large animals, live horses and other hooved animals must enter the common veterinary space through an EU BIP. Animals and meat products which have not undergone prior inspection at an EU BIP may only be imported into Switzerland through the airport in Zurich or Geneva. Hormone-treated beef may only be imported through Zurich and Geneva airports and must not be re-exported.

For live animals or animal products shipped into Switzerland by land or river, the complete border veterinary inspection takes place at the first point of entry into the EU. The importer must check with the relevant EU BIP to find out the requirements regarding the time limits for declaration of lots and required documents. The import certificates are the same as those required for direct importation into Switzerland. The importation of live hooved animals, poultry, waterfowls and rates must continue to be declared in advance to the competent cantonal veterinary service 6 days before arrival.

For more information, please consult the websites below.

[Federal Office for Agriculture](#)  
[Swiss Federal Veterinary Office](#)

Import licenses are required only for a limited number of products. These generally fall into the two categories of measures to protect local agriculture production and measures of state control. To protect the agriculture sector and to maintain a degree of independence from external supplies, Switzerland imposes quantitative restrictions on agricultural imports. Products under these restrictions include cattle, meat, milk and dairy products, indigenous fresh fruit and vegetables, seasonal cut flowers, cereals and forage products, wine and grape juice.

More information is available through the Federal Office of Agriculture.

## Federal Office for Agriculture

Products subject to a quota require import licenses, which are granted only to importers based in Switzerland. Most quotas vary from year to year according to the size of harvests, volume of stocks and market requirements. Import licenses are also required for certain products not subject to quotas, but which are covered by special regulations concerned with public health, plant health, quarantine (plants), veterinary regulations; regulations concerning the protection of endangered species, safety measures, price control (for certain textile products); and measures for the protection of the Swiss economy and public morality.

More detailed information on import requirements is available from the Swiss Customs Office at <http://www.ezv.admin.ch/index.html>. (Website only in German, French and Italian.)

## U.S. Export Controls

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The Government of Switzerland regulates the export, import, and transit of goods usable for civilian and military purposes and is an active member of all major export control regimes, including the Wassenaar Arrangement (WA), the Missile Technology Control Regime (MTCR), the Nuclear Supplier Group (NSG), the Australia Group (AG) and the Chemical Weapons Convention (CWC).

The Office of Export Controls and Sanctions within the State Secretariat for Economic Affairs (SECO) is responsible for implementation of Swiss commitments pursuant to the multilateral export control regimes. SECO can deny an export license if there is reason to assume that goods proposed for export would be used for the development, production, or use of biological or chemical weapons; serve for the development, production, or use of nuclear weapons or of an unmanned missile for the delivery of nuclear, biological or chemical weapons or the proliferation of such weapons; or contribute to the conventional armaments of a state, which, by its behavior, endangers regional or global security.

As a UN member, Switzerland follows UN provisions for export licensing controls. In certain cases, where there is a high likelihood of diversion of goods to WMD or missile uses, the Government of Switzerland applies the "catch-all" provisions of its export control law to deny the export of goods not specifically included on any export control list.

The Government of Switzerland cooperates with the U.S. and other governments to avoid the diversion of Swiss exports for use in weapons of mass destruction (WMD) or missile uses. An export control dialogue is part of the U.S.-Swiss Joint Economic Commission (JEC). These meetings have served to move forward discussions on ways to strengthen the Wassenaar Agreement and other WMD control systems.

## Temporary Entry

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Imported goods that are destined for re-export may be cleared on the basis of a "Begleitschein" or "free-pass" certificate. The importer must apply for the certificate from the Customs Administration and provide surety for the Customs charges applicable to the imported goods. The certificate must be presented to Customs within the stipulated time with the goods in unchanged condition for re-export.

Goods transiting Switzerland must be declared for clearance at the point-of-entry Customs office and be covered by a national or international transit document (bond note, TIR carnet, T1/T2 dispatch declaration, or international waybill). These goods must be re-exported intact within the designated time limit. No transit duties or fees are levied.

A transit permit is required only for narcotic drugs, armaments, nuclear fuels, and nuclear fuel residues. In the case of direct transit by rail, the railway authorities guarantee duties and taxes. The issuing authority is the guarantor of road transit covered by a TIR carnet. A surety or financial deposit is required for transit covered by a bond note or transit through the EU covered by a T1/T2 dispatch declaration.

Goods temporarily imported or exported for processing or repair may be eligible for a reduction in duty or duty-free treatment granted on the basis of the economic interests of Swiss industry. Authorization is granted only to residents who do the processing or repair themselves or who commission a third party. Authorization is for particular goods that are to undergo specified processing. Special conditions may be imposed for Customs handling and supervision.

Goods for display at public exhibitions are eligible for free passage (Freipass) through Swiss customs. Certification from the trade fair authorities that the goods are entering Switzerland for the exhibition is usually required. Exhibition goods must be re-exported within a month of the end of the exhibition. If the goods are sold to a Swiss resident off the exhibition floor, the buyer incurs a liability for the customs charges. Almost all fairgrounds have a Customs office on site.

## **Labeling and Marking Requirements**

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Swiss labeling requirements apply mostly to food products. False descriptions are strictly prohibited. As a rule, the label or packaging for consumer goods must indicate the specific name of the product (in French, German or Italian), metric measure, sales price, unit price, weight of each component in the case of mixed products, and ingredients and additives in decreasing order of weight. All particulars of weight and measurements must comply with the regulations of the Federal Measurement Office (Eidgenosse Amt fuer Messwesen).

The Foodstuffs Ordinance specifies additional information that must be provided in the case of certain products, including the name of the manufacturer or distributor, country of origin of the product, and 'use by' date. Many distributors provide additional information on their labels, such as the 'EAN code' for computerized data retrieval, and/or the nutritional or energy value of the product.

Switzerland's food law generally conforms with European Union food law. According to Swiss regulators, all standards are equal to or less strict than EU standards with the exception of standards for aflatoxins, microtoxins, and certain pesticides. Standards

address acceptable levels of pesticides in water for drinking and food processing. The regulations cover all food products as well as tobacco and packaging and labeling standards.

For safety, health, environmental and consumer protection, as well as for compliance with international and national standards, certain products are subject to further regulations.

Medicines, cosmetics, cleaning agents, electrical appliances, measuring and weighing devices, heating systems, pressure vessels and motorcycles that are imported into and marketed in Switzerland are subject to additional regulations concerning safety, labeling, and packaging.

### **Prohibited and Restricted Imports**

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The Swiss method of controlling unwanted imports is through the imposition of restrictions, quotas and other rules and regulations as noted previously in this chapter.

### **Customs Regulations and Contact Information**

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Imported goods from the United States are subject to regular Swiss Customs duties at the time of importation. See also the sub-heading Import Tariffs.

Federal Customs Administration  
Monbijoustrasse 40  
3003 Bern  
Tel. (41-31) 322 65 11, Fax. (41-31) 322 78 72  
[www.ezv.admin.ch](http://www.ezv.admin.ch) (in German, French and Italian)

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## Chapter 6: Investment Climate

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### **Openness to Foreign Investment**

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Switzerland welcomes foreign investment and accords it national treatment. Foreign investment is not hampered by significant barriers. The Swiss Federal Government adopts a relaxed attitude of benevolent noninterference towards foreign investment, allowing the 26 cantons to set major policy, and confining itself to creating and maintaining general conditions favorable to both Swiss and foreign investors. Such factors include economic and political stability, a transparent legal system, reliable and extensive infrastructure, and efficient capital markets. Many U.S. firms including Dow, Philip Morris, General Motors, Kraft, Google, Procter & Gamble, and Baxter base their European or regional headquarters in Switzerland, drawn to the country's low corporate tax rates, exceptional infrastructure, and productive and multilingual work force.

Switzerland was ranked as the world's most competitive economy according to the World Economic Forum's Global Competitiveness Report for the first time in 2006, but fell back to second place behind the US in 2007 and 2008. The high ranking reflects the country's sound institutional environment, excellent infrastructure, efficient markets and high levels of technological innovation. Switzerland has a developed infrastructure for scientific research; companies spend generously on R&D; intellectual property protection is strong; and the country's public institutions are transparent and stable.

The Heritage Foundation, a public policy research institute that promotes free enterprise and limited government, said in January 2009 that Switzerland's policies towards trade, business, investment and property rights had created the 9th-freest economy on the globe. Switzerland scored 79.4 out of 100 on the 2009 Index of Economic Freedom, down 0.1 points from the 2008 ranking. The report noted that Switzerland excelled in

property rights and freedom from corruption, but that the government was becoming too large.

Many of Switzerland's cantons make significant use of fiscal and other incentives to attract investment to their jurisdictions. Some of the more aggressive cantons have sometimes waived taxes for new firms for up to ten years. Individual income tax rates vary widely across the 26 cantons. Corporate taxes vary depending upon the many different tax incentives. Zurich, which is sometimes used as a reference point for corporate location tax calculations, has a rate of around 25%, which includes municipal, cantonal, and federal tax.

Further information of Swiss taxes is available on:

<http://www.bfs.admin.ch/>

The major laws governing foreign investment in Switzerland are the Swiss Code of Obligations, the Lex Friedrich/Koller, the Securities Law, and the Cartel Law. There is no screening of foreign investment. There are few sectoral or geographic preferences or restrictions. Several exceptions are described below in the section on performance requirements and incentives.

Some former public monopolies retain their historical market dominance, despite privatization. Foreign investors can find it difficult to enter these markets, due to high entry costs and the relatively small size of the Swiss market.

Telecoms:

The 1998 Telecommunications Act brought liberalization and privatization to the Swiss telecommunications sector, opening the market to investment and competition from foreign firms. More than 50 Swiss and foreign companies now offer fixed line services. Three different operators -- Swisscom, Sunrise (TeleDenmark), and Orange (France Telecom -- share the mobile telephone market, with each company reportedly also holding a third-generation mobile telephony license (UMTS). Until September 2005, Southern Bell Corporation's 9.5% stake in Sunrise's parent company represented the only significant U.S. investment in the Swiss telecommunications market. But in that month, US Liberty Global purchased 100% of the shares of Cablecom, a competitor of Swisscom. Stiff competition between the two operators led to a drop in fixed line rates. The incumbent state monopoly -- Swisscom -- has used the courts to block the Swiss government's efforts to open the market to competition. However, in May 2006 the Federal Court successfully forced Swisscom, after years of legal wrangling, to drop its interconnection prices by 30% and pay SFr.35,000 in damages to Verizon. In July 2006, Swisscom also was ordered by the Communication Commission (ComCom) to pay back Sfr1 million to Cablecom for excessive interconnection fees on its fixed line network.

In March 2006, the parliament amended the Telecom Act in order to force Swisscom to unbundle its local loop. The forced unbundling of Swisscom's last mile will last four years, a period designed to provide time for other telecom providers to invest in their own local infrastructure. The reform does not extend to other technologies, such as Mobile and WiFi. The bill also requires that broadband access be offered to Swisscom competitors at cost-oriented prices over a period of six years, after which all operators are expected to provide their own broadband investment. Swisscom announced it would reduce fixed and mobile telephony prices by 5-10% in 2009.

In December 2007, ComCom accused Swisscom with levying excessive interconnection charges for the fixed line network between 2004 and 2006. Two competitors - Colt Telecom SA and Verizon Switzerland - complained that Swisscom's charges were 15-20% too high. In October 2008, the Swiss Federal Communications Commission (ComCom) forced Swisscom to provide bitstream access on the last mile for four years following a previous parliamentary recommendation. Swisscom was also forced to reduce its monthly interconnection charge to competitors from SFR23.50 to SFr18. In March, Swisscom had refused to submit a price proposal to its competitors, because in its view it was not dominant in the market. This drove Sunrise (a subsidiary of TeleDenmark – TDC) to submit an access application to ComCom, with a view to obtaining a decision in principle on the question of market dominance. ComCom came to the conclusion that Swisscom is market-dominant in relation to wholesale bit stream access. Swisscom has yet to announce whether it will appeal the ruling to the Federal Administrative Court:

#### Postal Services:

The Postal Act divides the Swiss postal market into two segments: universal services and competitive services. Competitive services, including express delivery, are unrestricted. Universal services are divided into reserved and non-reserved services. Swiss Post is the exclusive provider of reserved services, while it competes with private postal operators for the provision of non-reserved services. The regulatory authority exercises market supervision, ensures the functioning and fair competition in the postal market, and enables the proper implementation of applicable regulations.

The Swiss Government reduced Swiss Post's monopoly from a 350-gram threshold to 100 grams in 2006, and is planning to reduce it further to 50 grams in July 2009. The government also plans to amend the federal postal law in order to tackle the financing of the universal postal service, transform the Swiss Post into a public limited company, and better define its activities. The market liberalization aspect will be resolved separately by a federal draft decree submitted to a referendum. The government generally supports the idea that further liberalization of letter delivery services will not undermine the large existing mail distribution network. A recent independent study concluded that the SFr. 400 million public costs to keep mail delivery a "public service" have been exaggerated by Swiss Post. The report noted that Swiss Post was bypassing existing business restrictions on night transport and benefiting from favorable tax treatment. As a result, it could afford to keep a large number of post offices and staff across the country to maintain its edge over competitors.

#### Electricity:

The local public monopolies that used to dominate electricity transmission and distribution in Switzerland have been merged substantially into a few private sector utility companies (Romande Energie, FMB, Axpo, Atel, and BKW). Several cantons have attempted to prevent other providers from serving their areas, but those efforts were ruled illegal by the Federal Court under the Cartel Law. Some local communities have tried to bypass the court ruling by cementing their dominant position through cantonal legislative changes or "gentlemen's agreements" with large customers. On December 15, 2006, the Swiss national grid operator "Swissgrid" started operations as a national transmission system operator, taking full responsibility for running Switzerland's 6,700

kilometer-long high-voltage grid, which was formerly in the hands of private operators. In addition to the shareholders – Atel, BKW, CKW, EGL, EOS, EWZ, NOK, and RE – the new company's board of directors also includes two representatives of the cantons and three neutral members.

According to the new Federal Law on Energy Supply approved in 2007 by Parliament, the electricity market will be fully opened in two phases: business-only market liberalization is to start 2009, followed by full consumer access to energy competitors in 2014. Under the provisions of the implementing ordinance, energy prices will be capped by the Electricity Commission (EiCom). In September 2008, the Swiss government expressed concerns that electricity prices could increase by 20% and warned energy providers that further liberalization could be halted. Following pressure from various political parties calling for the government to freeze price hikes if necessary, the government amended on December 5, 2008 the Federal Ordinance on Electricity Supply to reduce price hikes by 45%. Nevertheless, first estimates expect a general price increase of 6-7% in 2009.

#### Insurance:

Foreign insurers attempting to do business in Switzerland are required to establish a subsidiary or a branch in Switzerland and are not allowed to sell their entire product line cross-border or through a representative office. Foreign insurers operating in Switzerland are limited to those types of insurance for which they are licensed in their home countries. The manager of a foreign-owned branch must be resident in Switzerland, and the majority of the board of directors of the Swiss subsidiary must have citizenship in the EU or the European Free Trade Association (Switzerland, Norway, Iceland, and Liechtenstein). Public monopolies exist for fire and natural damage insurance in 19 cantons and for the insurance of workplace accidents in certain industries. Private insurance firms must establish a fund – amounting to between 20 percent and 50 percent of their minimum capital requirement – available at short notice to cover potential losses.

#### Public Procurement:

Switzerland is a signatory to the WTO Agreement on Government Procurement (GPA). On the cantonal and local levels, a 1995 law provides for nondiscriminatory access to government procurement.

According to the July 2002 revised ordinance on public procurement, all private or state-owned companies such as utilities, transportation, communications, defense, and construction that submit tenders for government procurement must make their bids public if the contract exceeds SFr. 250,000. Total public procurement outlays are estimated at approximately SFr. 31 billion, split between the federal government (19%), the cantons (38%) and local administrations (43%). In percentage terms, this represents about 25% of all public expenditures (or 8% of GDP.) Cantonal and communal governments carry out many of the public projects. Their procurement spending is two to three times that of the federal government.

In September 2004, the Swiss government initiated a series of informal consultations to amend the 1994 Swiss Federal Law on Public Procurements. This process, which is intended to simplify the many different cantonal tender procedures, is expected to be

completed and enter into force in 2010. Contrary to cantonal and communal practice, federal authorities are not required to inform unsuccessful bidders of the tender accepted or the reasons for the choice. In general, quality and technical criteria are as important as price. Cantons and communes usually prefer local suppliers because they can recover part of their outlays through income taxes. Foreign firms may be required to guarantee technical support and after-sales service if they have no local office or representation. Access to public tenders by foreign bidders may be hampered by lack of transparency in the bidding conditions applied across the cantons.

Under the WTO Agreement on Government Procurement (GPA), Swiss cantons are allowed to implement the agreement independently from the federal government, which sometimes leads to disparities across cantons. Under the current Federal Law on Public Procurement, public tender procedures apply when the size of the contract exceeds SFr248,950, whereas WTO obligations set the tender threshold at SFr383,000.

Notices of Swiss government tenders are published in the Swiss Official Gazette of Commerce ([www.shab-online.admin.ch](http://www.shab-online.admin.ch)) and on the on-line Swiss Public procurement website SIMAP.CH [www.simap.ch](http://www.simap.ch) (French, German, and Italian versions only). Tender documents can be obtained free from the gazette's website. While there is no requirement to have a local agent to bid, it may be advantageous when equipment tenders include training, service or parts.

#### **Conversion and Transfer Policies**

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There is freedom of transfer for investment income, royalties, and repatriation of capital. There are no Swiss government policies or laws, which would regulate or limit the inflow or outflow of capital. Foreign exchange markets are free, and access to foreign exchange is uncontrolled. Swiss foreign exchange markets are highly developed and efficient. A parallel system to repatriate capital or profits has not developed.

#### **Expropriation and Compensation**

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Property rights are assured by the Swiss constitution. Within the framework of their constitutional powers, the federal and cantonal governments can nevertheless, through a legal process, expropriate or restrict property for reasons of public interest. In the event of expropriation or property restriction, full compensation must be made. An independent court, as required by the European Human Rights Convention, settles disputes. As a general rule, recourse to expropriation is taken only in cases involving major public construction projects, such as highways, railroads or airports. The Embassy is unaware of any major expropriations or restrictions in the recent past affecting US investments.

#### **Dispute Settlement**

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The Embassy is not aware of any significant investment disputes in recent years. Swiss legal provisions, which include the Code of Commercial Obligations and the 1994 revised bankruptcy law, provide extensive protection of secured interests in property.

Where American citizens are involved in disputes (with private individuals or business enterprises) and the controversy cannot be settled amicably, the normal recourse is to seek remedies provided by the law of the appropriate cantonal jurisdiction. Foreign lawyers may not act as "attorneys at law" unless they are admitted to a Swiss bar. There are, however, no restrictions on practicing as a "legal consultant." A U.S. attorney who is not admitted to a Swiss bar may also join a Swiss law firm as an "of counsel" member. American diplomatic or consular officers may not act as attorney, agent, or representative in a fiduciary capacity in such matters. If legal action is to be undertaken in Switzerland, a local lawyer should be involved (either directly or via an American attorney). There are differences in the legal systems in Switzerland and America, and ignorance of those differences could jeopardize a case. For example, in the United States a lawyer can serve papers on another person directly, but in Switzerland, lawyers must first file a complaint with the court. The court then decides whether to serve or not. The Martindale-Hubbell Law Directory contains an extensive list of lawyers licensed to practice in Switzerland. The Embassy's Consular Section, American Citizens' Services, also maintains a list of local English-speaking attorneys. The phone number is (41-31) 357-7011 fax number is (41-31) 357-7280. Please specify the canton for which the list is required when calling.

The only methods for a non-Swiss court or lawyer to obtain testimony or to serve process in civil matters in Switzerland are through the Hague Convention on taking of Evidence Abroad in Civil or Commercial Matters, the Hague Convention on the Service Abroad of Judicial and Extra judicial Documents in Civil and Commercial Matters, and through a letter interrogatory. For information on this legal process, contact either the Embassy Bern Consular Section or the Office of Citizens Consular Services in the Department of State (202) 647-5226. Switzerland has been a member of the International Center for the Settlement of Investment Disputes (ICSID) from its inception in 1966.

The effects of bankruptcy on creditors' rights are set out in articles 208 to 220 of the Swiss Federal Debt Prosecution and Bankruptcy Statute. Initiating bankruptcy proceedings results in all obligations of the debtor becoming due, with the exception of those secured by mortgages on real estate. The creditor can claim the amount of the debt and interest up until the date of the opening of bankruptcy proceedings, and the costs of enforcement (article 208 paragraph 1). Claims that do not have as their object a sum of money are converted into a monetary claim of corresponding value (article 211, paragraph 1). The order of distribution to the creditors is prescribed by article 219. Enforcement is handled by the canton with jurisdiction. Under the revised Code of Commercial Obligations now in Parliament, shareholders will have the right to sue board members or managers if they fail to publish adequate information of the financial situation of the company, or for any perceived undue benefits.

Business bankruptcies dropped from 4314 cases in 2007 to 4200 in 2008. However, in October 2008, reported bankruptcies reached 499, up 36% over the same period in 2007, due in part to the weakening economy. The main reasons for bankruptcies were reportedly illiquidity resulting from bad debts (78% of cases) or late payments (67%). Other causes included insufficient capital (57%), difficulties in obtaining a loan (55%), high salary costs (44%), reduced or canceled credit lines (44%), excessive financing costs (41%), and adverse economic developments (30%). The number of new company registrations in 2008 was about 3,000, a roughly 2% increase from 2007.

Bankruptcies of private individuals, which had been rising steadily for a decade, fell slightly from 6140 in 2007 to 6050 in 2008. However, the credit agency Credit Reform expects the rate to increase again in 2009 as a result of the economic slowdown.

An English brochure on the Swiss Federal Debt Prosecution and Bankruptcy Statute can be downloaded from the Swiss American Chamber of Commerce at:

[http://www.amcham.ch/switzerland/m\\_insolvency\\_and\\_bankruptcy.asp](http://www.amcham.ch/switzerland/m_insolvency_and_bankruptcy.asp) or from [www.wenger-plattner.ch/files/downloads/files/13a8e928f489ce82ee6fa1146b9a52cf](http://www.wenger-plattner.ch/files/downloads/files/13a8e928f489ce82ee6fa1146b9a52cf)

The full Federal Debt Prosecution and Bankruptcy Statute (in German, French and Italian) can otherwise be downloaded from the Swiss government's website at:

[http://www.admin.ch/ch/d/sr/c281\\_1.html](http://www.admin.ch/ch/d/sr/c281_1.html)

All monetary judgments are made in Swiss Francs.

## **Performance Requirements and Incentives**

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The Swiss Government offers few large-scale incentives to prospective investors, and those that exist are open to foreign and domestic investors alike.

A federal incentive program designed to attract investment to "economically fragile" regions of Switzerland (generally in the Italian and French linguistic regions) expired in June 1996 and was not renewed. A more decentralized system entered into force in 1998, with federal loan guarantees to economically troubled cantons. Much of the authority to administer these funds and create incentive programs is left to the cantonal governments. Incentives may include loan guarantees, tax breaks and interest subsidies. The cantonal government must match federal government commitments for each project. Interest subsidies are granted for a maximum of five years and cannot exceed one quarter of the usual commercial interest payments. Another federal program encourages entrepreneurship by granting tax breaks and incentives to both venture capital funds and individuals that invest in start-ups.

Some cantons offer investment incentive programs for domestic as well as foreign investment, in particular in rural areas. Indeed, priority is often given to foreign businesses that bring new high technology product lines. The most common incentives are: subsidies or loans by cantons for the development of industrial sites; cantonal guarantees on bank loans; capital loans at below-market interest rates; grants for facilities conducting research and development projects; subsidies to defray certain investment costs and to finance staff training; exemptions from taxes on profits and capital gains for specific periods; and liberal depreciation allowances.

Performance requirements, whether linked to incentives or to other investment-related conditions, are few. There are generally no requirements to source locally, export production, or derive foreign exchange from production. There is no requirement that nationals own equity in foreign investments or that the share of foreign equity be reduced over time, or that technology be transferred on certain terms.

There are no conditions on permission to invest related to geographical area (with the exception of investment incentives noted above), percentage of local content or equity,

import substitution, export requirements or targets, employment of nationals, technology transfer, or local financing.

Government financed or subsidized research and development programs are open to foreign companies with operations in Switzerland. U.S. companies have participated in research projects funded by the Swiss government in past years.

Visas and residence and work permits are strictly controlled in Switzerland. As a result of the 2002 Swiss-EU agreement on the free movement of persons, the country changed from a three-tier system for issuing work permits to a two-tier system. Under the old system, citizens of EU countries were in the first tier and enjoyed liberal access to work permits. The second tier was comprised of the U.S., Canada, Australia and New Zealand and citizens of these countries generally received favorable consideration for work permits. The "rest of the world" made up the third tier and these nationalities generally had the most difficulty obtaining work permits except in cases of very highly qualified applicants. Under the current system, the second and third tiers are combined. While on the surface this would appear to be a negative development for U.S. work permit applicants, Swiss officials are adamant that the impact on U.S. work permit applicants is negligible as these applicants are generally among the most highly qualified of all national groups. As of December 12, 2008, Switzerland joined the EU-Schengen area which will require U.S. citizens entering Switzerland to work to apply for a Schengen visa.

In the past, foreigners who did not have a residence permit for Switzerland, or companies based outside of the country, could find it difficult to acquire property for the purpose of establishing a business (or for purchase of a residence) due to the so-called "Lex Friedrich." This situation has eased with the enactment of the "Lex Koller" which means that special permits are generally not required for foreign entities wishing to acquire property for the purpose of operating an economic activity. Following the implementation of the Swiss-EU bilateral agreement on the free movement of persons on June 1, 2002, restrictions on EU and EFTA citizens were removed. Cantons have traditionally had extensive decision-making authority over the purchase of property by foreigners. In June 2008, the parliament refused a government bill aimed at abolishing all foreign ownership restrictions, because of fears it could spur foreign speculation. Nevertheless, foreigners are allowed to buy stocks of Swiss listed real estate companies. Real estate prices for business premises and hotels have increased by 10-25% as a result of foreign investment.

There are no restrictive export and import policies which discriminate against foreign investors. Products must be labeled in all three official languages (German, French, and Italian). All drugs (prescription and over-the-counter) must be approved and registered by Swissmedic, the Swiss Agency for Therapeutic Products.

## **Right to Private Ownership and Establishment**

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Foreign and domestic enterprises may engage in various forms of remunerative activities and may freely establish, acquire and dispose of interests in business enterprises. However, the following legal restrictions apply:

Corporate boards - - There are no laws authorizing private firms to limit or prohibit foreign investment or participation. The board of directors of a company registered in Switzerland must consist of a majority of Swiss citizens residing in Switzerland. At least one member of the board of directors authorized to represent the company (i.e., to sign legal documents) must be domiciled in Switzerland. If the board of directors consists of a single person, this person must have Swiss citizenship and be domiciled in Switzerland. Foreign controlled companies usually meet these requirements by nominating Swiss directors who hold shares and perform functions on a fiduciary basis. Mitigating these requirements is the fact that the manager of a company need not be a Swiss citizen and company shares can be controlled by foreigners (except for banks). The establishment of commercial presence by persons or enterprises without legal personality under Swiss law requires an establishment authorization according to cantonal law. The aforementioned requirements do not generally pose a major hardship or impediment for U.S. investors.

Hostile takeovers - - Swiss corporate shares can be issued both as registered shares (in the name of the holder) or bearer shares. Provided the shares are not quoted on the stock exchange, Swiss companies may in their articles of incorporation impose certain restrictions on the transfer of registered shares to prevent unfriendly takeovers by domestic or foreign companies (article 685a of the Code of Obligations). Unwelcome takeovers can also be warded off by public companies, but legislation introduced in 1992 has made this practice more difficult. Public companies must now cite in their statutes significant reasons, relevant for the survival, conduct and purpose of their business, to prevent or hinder a takeover by an outsider. As a further measure, public corporations may limit the number of registered shares that can be held by any one shareholder to a certain percentage of the issued registered stock. In practice, many corporations limit the number of shares to 2-5% of the relevant stock. Under the public takeover provisions of the Stock Exchange and Securities Law (for which the implementing decree entered into effect in 1997), a formal notification is required when an investor purchases more than 5% of a Swiss company's shares. An "opt out" clause is available for firms which do not want to be taken over by a hostile bidder, but such opt outs must be approved by a super-majority of shareholders and well in advance of any takeover attempt (i.e., not to thwart an attempt already launched). In April 2007, a secret takeover maneuver was conducted by the Russian investor Viktor Vekselberg's private equity firm Renova and the Victory group. The group captured a 32% stake of the Swiss engineering firm Sulzer. This strategy was made possible through the purchase by private and corporate accomplices of cash settlement options in order to evade financial controllers. Among these individuals was the director of the Zurich Cantonal Bank, who was dismissed for his role in the affair. The Swiss Federal Banking Commission (EBK) investigated the premises of the Zurich Cantonal Bank, Neue Zürcher Bank, and a subsidiary of the Deutsche Bank. The EBK also started an investigation against Renova and Victory and simultaneously closed the legal loophole on July 1, 2007. The EBK also amended the Takeover Ordinance on August 21 to lower the notification threshold from the current 5% to 3%. This new regulation entered into force on January 1, 2009.  
[http://www.admin.ch/ch/fr/rs/c954\\_195\\_1.html](http://www.admin.ch/ch/fr/rs/c954_195_1.html)

A reform of the corporation tax - approved by voters on February 24, 2008- aims to reduce levies on dividends to investors with a stake of at least 10 per cent. They are no longer be taxed in full, but only at the rate of 50 per cent for commercial investments and 60 per cent for the private sector.

Banking - - The Swiss Federal Banking Commission (EBK), the Federal Office of Private Insurance and the Anti-Money Laundering Control Authority were recently merged to form the Swiss Financial Market Supervisory Authority (FINMA). This new body aims to restore confidence in the financial markets and protect customers, creditors and investors.

Those wishing to establish banking operations in Switzerland must obtain prior approval from FINMA. This is granted if the following conditions are met: reciprocity on the part of the foreign state; the foreign bank's name must not give the impression that the bank is Swiss; the bank must adhere to Swiss monetary and credit policy; a majority of the bank's management must have their permanent residence in Switzerland. Otherwise, foreign banks are subject to the same regulatory requirements as domestic banks. Banks organized under Swiss law have to inform the FINMA before they open up a branch, subsidiary or representation abroad. Foreign or domestic investors have to inform the FINMA before acquiring or disposing of a qualified majority of shares of a bank organized under Swiss law. In case of exceptional temporary capital outflows threatening Swiss monetary policy, banks can be obliged to seek approval from the Swiss national bank to issue foreign bonds or other financial instruments that would cause capital outflow. Beginning January 1, 2009 - government protection of current accounts held in Swiss banks was raised from SFr30,000 to SFr100,000.

Insurance - - A federal ordinance requires the placement of all risks physically situated in Switzerland with companies located in the country. Therefore, it is necessary for foreign insurers wishing to provide liability coverage in Switzerland to establish a subsidiary or branch there.

With the exception of those few sectors in which Swiss-owned enterprises have been granted a legally established monopoly (i.e., railways, fire insurance, and certain utilities), non-discriminatory competition between foreign and domestic commercial entities prevails.

Cartels and Monopolies - - Foreign investments are subject to review by the Federal Competition Commission if the value of the investing firm's sales reaches a certain worldwide or Swiss-market threshold. An investment or joint venture by a foreign firm can be disapproved on the grounds of competition policy, although there is no evidence that regulators have applied these rules in a discriminatory manner.

In 2003, the Swiss parliament adopted a revised competition bill, which took effect in 2004. The most significant change is the authority to prosecute anticompetitive behavior without prior warning, with a maximum fine of 10 percent of a firm's total combined revenue for the past 3 years. Companies that cooperate with regulators are eligible for a reduced fine.

## **Protection of Property Rights**

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Secured interests in property are recognized and enforced, and mortgages are widely used. The legal system protects and facilitates the acquisition and disposition of all property rights. Switzerland is a member of the major international intellectual property rights conventions and was an active supporter of a strong IPR text in the GATT Uruguay round negotiations. Switzerland has one of the best regimes in Europe for the

protection of intellectual property and protection is afforded equally to both foreign and domestic rights-holders.

Patent protection is broad, and Swiss law provides rights to inventors that are generally similar to those available in the United States. Switzerland is a member of both the European Patent Convention and the Patent Cooperation Treaty (PCT), making it possible for inventors to file a patent application in the United States (or other Patent Cooperation Treaty country, or any member of the European Patent Convention) followed by an application with either the PCT office or the Swiss patent office to receive harmonized protection in Switzerland. If filed in Switzerland, patent applications must be made in one of the country's three official languages (German, French, Italian), and must be accompanied by detailed specifications and, if necessary, by technical drawings. The duration of a patent is 20 years. Patents are not renewable beyond the original 20-year term, but patent term restoration is possible for products, such as pharmaceuticals, that require an extensive testing period prior to marketing. According to the Swiss Patent Law of 1954, as amended, the following items cannot be covered by patent protection: surgical, therapeutic and diagnostic processes for application on humans and animals; inventions liable to disturb law and order and offend "good morals;" and biological processes for breeding species of plants and animals. In most other areas, coverage is similar to that in the United States. Should an American firm have concerns about possible patent infringement in Switzerland, access to the courts is readily available and there is a well-established and highly regarded patent bar. On June 22, 2007, the parliament adopted a revision of the Swiss patent law that provides for the protection of patents on bio-technologies and is EU compatible. This revision on biotechnical inventions entered into force on October 11, 2007.

While most "parallel imports" of products covered by copyright and trademark protection are subject to 'international exhaustion' treatment, patents until 2009 were subject to national protection, with exceptions for parallel imports of generic drugs under specific registration and safety guidelines and fertilizers and tractors from third countries.

In 2008, consumer and retail industry supporters in parliament pushed hard for regional exhaustion on patented products sold in the EU/EEA area, which are often cheaper since they bypass expensive Swiss distribution channels. This proposal met a lukewarm reception from the Federal Council and conservative political parties sympathetic to the Swiss pharmaceutical industry on the grounds regional exhaustion would weaken R&D investments in Switzerland. In December 2008, the parliament adopted the principle of regional exhaustion for patents, with an exception for pharmaceuticals, which are still subject to national exhaustion. Retail prices are expected to drop by 3.5-7.5% as a result of this measure.

The Swiss copyright law explicitly recognizes computer software as literary works and establishes a remuneration scheme for private copying of audio and video works, which distributes proceeds on the basis of national treatment. Owners of television programming enjoy significant protection and are remunerated for rebroadcast and satellite retransmission of their works, while rights holders have exclusive rental rights. Collecting societies are well established. Infringement is considered a criminal offense. The term of protection is life plus 70 years. In order to comply with the WCT and WPPT WIPO treaties Switzerland has already signed, the government proposed new amendments to the existing copyright law, which were adopted by parliament on October 5, 2007 and put into force on January 24, 2008. The audiovisual industry used

this opportunity to express strong reservations against the scope of the exception for private copying, but later expressed satisfaction that the revised legislation still prohibits the circumvention of technological protection measures. However, the unauthorized downloading of multimedia content and the provision of that content to family members or friends for personal use is not prohibited. Public libraries and broadcast libraries are also allowed to sell the works they possess, which may contain multimedia content, to their patrons. These libraries have also been exempted from paying a copyright fee to the industry. The United States will continue to monitor the implementation of the legislation. The United States has also raised certain questions regarding potentially broad mandatory licensing provisions governing research tools, in the context of pending Swiss patent law amendments.

Under Swiss law, anyone found guilty of infringing the copyright laws can be fined up to several thousand francs and, in extreme cases, face imprisonment. Making an illegal copy with the aim of selling or sharing it without authorization is against the law. Internet providers or joint patent holders can also be considered as accomplices if they fail to carry out the required measures to prevent such illegal sales, but many experts believe it is not easy to trace offenders. In general, Swiss legislation applies to illegal acts committed within Switzerland's national boundaries, which means that a Swiss user knowingly purchasing or downloading pirated audiovisual work from a foreign website cannot be prosecuted by the authorities. Downloading or copying a file from the internet for purely private purposes is allowed, and these files may be passed to friends and family members. The industry is particularly concerned that there is little willingness among consumer groups and the government to narrow the scope of personal use to avoid blatant abuse.

The primary concerns of the industry with regard to the changes are: 1) the revision widens the scope for exemptions, thus depriving the copyright owners of their rights; 2) the collection of royalties through the collecting societies is inadequate because it only provides 60% of the royalties to the producers who use these funds to subsidize Swiss artists; and 3) the revision offers little protection to the industry digital encryption programs (DRMs) as a result of the wide Swiss definition of "private copying". Public broadcasters will also be allowed to keep industry performances in their archives and charge individual users for access, thus bypassing the industry's online sales.

According to the Business Software Alliance (BSA), software piracy continues to be a significant problem. This appears to be due substantially to illegal copying by individuals and some small and medium-sized establishments. However, software piracy appears to have decreased in recent years, with the rate of software piracy in Switzerland falling from 26% of the market in 2007 to 25% in 2008 (a loss reduction equivalent to an estimated SFr 53 million). However, the industry estimates that CD/DVD piracy across Europe is on average even higher at 35%.

The Swiss audiovisual industry lobby (SAFE) started a campaign in 2005 entitled "stop-piracy" aimed at suing individual users in order to increase the awareness of the legal risks and potential lawsuits associated with piracy. The International Federation of the Phonographic Industry (IFPI) has sued 300 Swiss internet users over the past two years to enforce its rights. After the lawsuit is filed, if the Swiss investigating judge determines there is a copyright violation, a legal assistance request is forwarded to the Special Tasks Unit of the Swiss Federal Department of Justice and Police, which forces the internet access provider to provide the full details of the fraudulent customer. The

procedure is costly and was recently criticized by the Federal Data Protection and Information Commissioner (FDPIC), who said that tracking IP addresses was illegal since it violated the principle of "telecommunication secrecy". In June 2008, the FDPIC asked a Swiss company to stop tracking IP addressee because it contravened existing Federal Data Protection Law. When the company refused to do so, the FDPIC appealed the request to the Federal Administrative Court. A final ruling on this matter is still pending.

In May 2008, the European Commission reported that 2% of pirated goods entering the EU were transiting through Switzerland, a marked drop from the 5% reported in 2006. The EU estimates that Switzerland is the primary source of illegal medicines entering the EU (39.2% of the medicine seizures). However, Switzerland is not on the EU list of IPR priority countries.

Trademarks are protected. Switzerland recognizes well-known trademarks and has established simple procedures to register and renew all marks. The initial period of protection is 20 years. Service marks also enjoy protection. Trademark infringement is relatively rare in Switzerland, since there are few street vendors are few and those tend to avoid illegitimate or gray market products.

The government agreed on June 25, 2008 to propose an amendment of the Federal Law on Technical Barriers to Trade to permit implementation of the EU "Cassis-de-Dijon" principle. The proposed revision has not yet been debated in parliament. If adopted, all EU products could be imported into Switzerland without having to go through the burdensome Swiss certifications and Swiss languages requirement. Given that retail prices in Switzerland are 20-30% higher than in the EU, the government believes that domestic prices could drop by 10% through importation of EU products under streamlined Swiss regulations. Possible opt-outs to the Cassis-de-Dijon Principle have already been reduced from 129 to 40 products, but hurdles on the remaining products -- such as the Swiss regulations on the labeling of alcohol contained in Alcopops and the Swiss ban of phosphates in washing machine powders -- still remain.

Switzerland offers significant protection for layout designs of semiconductor integrated circuits, trade secrets, and industrial designs. Protection for integrated circuits and trade secrets is generally similar to that available in the United States, and protection for designs is somewhat broader. Because of the complexities involved in ensuring protection in each of these areas, individuals and corporations seeking protection are advised to engage the services of a lawyer specialized in these fields.

To bring Switzerland into conformity with its TRIPS commitment dating from the WTO Uruguay Round, Swiss authorities have established a 10-year protection period for test data submitted as part of the pharmaceutical approval process.

Protected Designation of Origin - Switzerland and the EU both recognize Protected Designation of Origin (PDO labels) as an "essential element" in the liberalization of agricultural products, and are currently negotiating a bilateral recognition agreement on designations of origin. Currently, labels awarded to wines and spirits are recognized under WTO rules. To date, 21 products already benefit from the PDO label.

Regulations affecting both local and foreign investors are generally transparent and applied in a nondiscriminatory manner.

In the past, cartels were endemic to the Swiss economy. Companies in a number of industrial and service branches organized themselves, through trade and industry associations, into horizontal and vertical cartels. Such arrangements existed in the market for prescribed medicines, sanitary ware, kitchen equipment, optical products, books, beverages, food retailing, dietary products, and many other sectors of the economy.

The Swiss cartel law specifically allows cartels unless the government concludes that they are harmful to society or the economy. On June 12, 2003, the Swiss Parliament adopted a revised competition bill, which subsequently entered into force on April 1, 2004. The most significant improvements in the revised law include the authority to sanction anti-competitive behavior without prior warning, with a maximum fine of ten percent of a firm's total combined revenue for the past three years. Whistle-blowing companies that cooperate with regulators are eligible for a reduced fine (leniency program). The transition period for adapting to the new law ended on April 1, 2005. According to IMF and OECD reports, Switzerland's gross domestic product could grow by an extra 0.5-0.8% a year if all cartels were eliminated.

In general, the Competition Commission considers vertical agreements with less than 20% of market share as insignificant, whereas others potentially face a fine. Cartels with over 50% of market share will be fined. Restrictions on the sale of components or spare parts are generally unlawful.

A number of administrative requirements restrict retail operations in the domestic market. These include planning regulations, local building codes, advertising restrictions, standards for equipment, approval procedures, and opening hours for shops. Although such measures are not intended to be discriminatory, their practical effect can be to limit market access for large discount retailers. Bureaucratic procedures are numerous, but generally transparent and nondiscriminatory.

A recent independent study highlighted the wide discrepancies in efficiency that exists between the country's many cantonal administrations. While Zurich, Basel, Bern, Jura, Valais, and Neuchatel get full marks for their cost-efficient services, including public access to government services on the internet. Other cantons, such as Geneva and Vaud, are criticized for being too bureaucratic, unfriendly and for taking twice as much time and money to deliver the same set of services. The study found that, for example, a work permit cost 200 francs in Lausanne and was delivered on average after 41 days, whereas a permit in Zurich cost 65 francs and was delivered in 12 days.

Switzerland's strong economy shows that good institutions and competent macroeconomic management, coupled with world-class educational attainment and a focus on technology and innovation, are a successful strategy for boosting economic competitiveness. Business activity benefits from a well-developed institutional framework, characterized by the rule of law, an efficient judicial system and high levels of transparency and accountability within public institutions. Excellent infrastructure is an additional positive feature of the business environment. The indicators also point to the rapidly growing importance of higher education and training as engines of productivity growth.

The efficiency of the Swiss capital market has helped make Switzerland a leading financial center. The Swiss franc denominated foreign bond market is one of the largest markets for foreign borrowers, and Zurich is one of the largest gold trading centers in the world. There are generally no restrictions on the purchase or sale of foreign currencies and equities. Residents and non-residents may conclude foreign exchange contracts, whether of a commercial or financial nature, in all currencies. Foreigners and Swiss nationals can make "forward transactions" at prevailing market rates. Payments for imports from all sources may be made freely, and exporters can freely transfer their proceeds. No legal impediments apply to payments for or receipts from invisibles. The repatriation of invested capital is unrestricted. The Swiss credit market is open to foreign investors on the same terms and conditions as for Swiss investors. A variety of credit instruments are available to the private sector.

To prevent the misuse of Switzerland's liberal market framework for money-laundering or criminal activity, provisions to regulate certain aspects of portfolio investment are regularly updated. One important firewall established by the Swiss banking industry is the 1997 Due Diligence Convention, under which banks must identify the beneficial owner of the invested funds. The EBK (now FINMA) updates the 1997 Due Diligence Guidelines on average every five years. The latest set of EBK amendments, which entered into force July 1, 2003, ordered Swiss banks to abandon anonymous numbered bank accounts, keep banking records ten years after the closing of an account, and refrain from actively assisting customers to evade taxes.

Nevertheless, widely used investment techniques still permit customers to hedge their investments against tax exposure. The EBK guidelines also increased the banks' awareness of Personally Exposed Persons (PEPs), such as well-known foreign political figures. The guidelines are expected to deter corruption through the application of several risk assessment criteria (customer name, nationality, country of residence, and business activity). The EBK guidelines apply to domestic and foreign banks based in Switzerland and to Swiss banks' subsidiaries abroad. The Swiss penal code explicitly recognizes money laundering as a criminal offense, as is membership in, or support of a criminal organization. The change in the law facilitates confiscation of illicitly acquired assets without having to establish an exact linkage between a given asset and a specific crime. Money laundering regulations extend to non-banking financial institutions and require reporting suspicious transactions. Switzerland has signed and ratified all of the 12 UN anti-terrorism conventions as of September 2003.

Foreign investment is not restricted by "cross-shareholding" or "stable shareholder" arrangements. There is generally little discrimination against foreign investors, the areas of chief complaint being the type of limitations cited under the section "right to private ownership and establishment." Special measures available to Swiss firms to defend against hostile takeovers are covered under the above section as well.

There is not government effort to restrict foreign participation in industry standard-setting. The Swiss private sector generally does not support efforts to restrict foreign investment, participation, or control of domestic enterprises.

Switzerland has long been characterized by political and social stability, and there are no indications that this will change in the foreseeable future.

## Corruption

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Switzerland has an effective legal and policy framework to combat domestic corruption. Laws are enforced effectively. U.S. firms investing in Switzerland have not complained of corruption to the Embassy in recent years. Corruption is reportedly not pervasive in any area or sector of the Swiss economy. Switzerland maintains effective investigative and enforcement procedures to combat domestic corruption. The giving or accepting of bribes in Switzerland is subject to criminal and civil penalties, including imprisonment up to five years.

Switzerland signed the OECD Anti-Bribery Convention in 1997 and it entered into force in the country on May 1, 2000. In February 2001, Switzerland signed the Council of Europe's Criminal Law Convention on Corruption and in December 2003 it signed the UN Convention against Corruption. In order to implement the Convention, the Parliament amended the Penal Code to make bribery of foreign public officials an offense (Title Nineteen "Bribery", Articles). The amendments entered into force on May 1, 2000. In accordance with the revised 1997 recommendation, Parliament amended the legislation on direct taxes of the Confederation, cantons and townships so as to prohibit the tax deductibility of bribes. The amendment of the Tax Code became effective on January 1, 2001.

In 2003, the Swiss cabinet issued guidelines to combat corruption among government officials. Under the recommendations, gifts should generally be declined, but those worth less than SF 100 may be accepted. Staff members are urged not to accept anything that would "challenge their independence and capacity to act." The guidelines also call for better internal control systems and include recommendations on how to protect whistle-blowers.

Switzerland ratified the Council of Europe's Criminal Law Convention on Corruption on July 1, 2006. Switzerland's penal code was amended so that foreign diplomatic staff and members of international organizations can be brought to court if they accept bribes.

On September 21, 2007, the Federal Council approved the 2003 UN Convention against Corruption. The lower chamber of parliament approved the draft bill on December 11, 2008 while the upper chamber has yet to approve it. Government experts believe that final approval will not result in significant changes since passive and active corruption of public servants is already considered a crime under the Swiss Criminal Code (Art. 322)

In June 2008, the Group of States against Corruption (GRECO, Council of Europe) welcomed Switzerland's efforts. Switzerland is among the top ten European countries in effectiveness for fighting corruption. For its first evaluation of Switzerland, the GRECO expressed satisfaction at the 2000 and 2006 revisions to the criminal law on corruption. The implementation of the criminal responsibility of the person (2003) was well perceived, as was the prohibition on tax breaks on bribes (2001). The full GRECO report is available online on:

[http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval1-2\(2007\)1\\_Switzerland\\_EN.pdf](http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval1-2(2007)1_Switzerland_EN.pdf)

In December 2008, the government announced a proposed change of the Swiss Obligation Code to ensure a better protection for “whistle-blowers” against unfair dismissals by an employer.

In 2007, Transparency International (TI) Switzerland said Switzerland was the export nation most effective at preventing bribery in its companies. It ranked Switzerland ranked seventh globally with a score of 9.1 out of ten. TI noted that Switzerland had no transparency laws on political party financing. According to the organization's anti-corruption report, Switzerland still did well when it came to preventing illegal political donations and in the fight against money laundering. But the country did less well when it came to "policy consequences of legal political donations", achieving only an average score. Transparency International reports that the problem lies mainly with minor incidents of corruption, especially in the area of public procurement. While TI believes it is a positive sign that Switzerland had ratified in 2000 the OECD anti-bribery convention and has adapted its legislation, it notes that Swiss courts had convicted only one person since 2000 in connection with bribing a foreign public official. During 2005, Swiss official statistics reported a total of 11 convictions for bribery. There were nine corruption cases in 2006.

A number of federal administrative authorities are involved in combating bribery. The State Secretariat for Economic Affairs deals with issues relating to the OECD Convention, the Federal Office of Justice with those relating to the Council of Europe Convention, and the Department of Foreign Affairs with the UN Convention. The power to prosecute and judge corruption offences is shared between the cantons and the Confederation. For the Confederation, the competent authorities are the Office of the Attorney General, the Federal Criminal Court and the Federal Police (“Fedpol”). In the cantons, the relevant actors are the cantonal judicial authorities and the cantonal police forces.

A third of Swiss workers report that they come across illicit dealings during their working lives. Around 12 per cent of economic crime concerning Swiss companies involves corruption, according to government estimates. One study by financial analysts KPMG into economic crimes in Swiss companies put corruption in second place behind fraud, in the frequency of offenses committed. Former Suva workers have been caught up in a bribery scandal concerning the sale of property for tens of millions of francs below the market price. Seven people have been arrested. Since 2000, criminal statutes concerning corruption have been tightened. For example, bribes paid abroad are no longer tax deductible.

Corruption is generally regarded to have decreased in the public sector over time. Swiss civil servants who accept money or unwarranted benefits risk up to five years' imprisonment. The upper-limit value of presents such as bottles of champagne and watches is a grey area that poses a problem because it varies according to department and canton. Transparency International believes a maximum sum valid at the federal level should be fixed. Some multinationals have assisted with the fight against corruption by setting up internal hotlines to enable staff to report problems anonymously.

After several visa abuses during the past few years in Swiss embassies abroad, a government audit highlighted 33 embassies and consulates with potential problems. The problematic cases identified occurred in Morocco, Turkey, Peru, Russia, Oman,

Nigeria, Serbia, Macedonia and the Democratic Republic of Congo. The Swiss Federal Foreign Affairs Department also confirmed around 100 cases of visa fraud at the Swiss Embassy in Pakistan.

## **Bilateral Investment Agreements**

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To date, Switzerland has concluded numerous investment protection treaties with developing and emerging market economies. Around 120 remain in force. On August 9, 2008, an investment agreement between Switzerland and the Kingdom of Saudi Arabia entered into force. Treaties have been signed, but not yet ratified, with Syria, Guyana, Columbia, Kenya, Lesotho and Sudan. Switzerland has not signed an investment protection agreement with any western industrialized country, including the US.

## **OPIC and Other Investment Insurance Programs**

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OPIC is not active in Switzerland. However, Switzerland is a member of the Multilateral Investment Guarantee Agency.

## **Labor**

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The Swiss labor force is highly educated and skilled. Many low-skilled, low-wage jobs are filled by foreign workers, who account for roughly 26% of the estimated labor force of approximately 4.7 million people. Many foreign nationals are long-time Swiss residents who have not applied for or been granted Swiss citizenship. Only 5.1% of the workforce is employed in agriculture, where foreign "seasonal workers" take many low-wage jobs. Many of the remainder are engaged in services or industrial manufacturing, much of which involves high technology.

Swiss workers expect high wages. Because wages in Switzerland are among the highest in the world, the Swiss economy is capital intensive and geared toward high value-added products and services.

The prohibition on strikes by federal public servants was repealed in 2000. The Federal council may only restrict or prohibit the right to strike where it affects the security of the state, external relations, or the supply of vital goods to the country. Civil servants in a few cantons and communes are still denied the right to strike.

Switzerland is in compliance with ILO conventions. Government regulations cover maximum work hours, minimum length of holidays, sick leave and compulsory military service, contract termination, and other requirements. However, there is no minimum wage law. Employees in the retail sector and in restaurants, bars, and the like, in cooperation with other interests, have been successful in slowing reform of the restrictive federal and cantonal laws governing opening hours. Shop hour restrictions are nevertheless loosening gradually in centers such as Zurich, Geneva, and Bern.

Swiss voters narrowly accepted on November 27, 2005, the revision of the Swiss Federal labor law in order to provide for flexible working hours, such as Sunday

openings, in major railway stations and airports. Sunday shopping also was previously possible in some railway stations, but only for a limited range of tourism-related products. As a result of the vote, the new regulation entered into force on April 1, 2006. Shopping hours outside of airports and railway stations remain regulated by cantonal laws.

One-fourth of the country's full-time workers are unionized. In general, labor/management relations are good, with a willingness on both sides to settle disputes by negotiations rather than by labor action. About 592 collective agreements exist today in Switzerland (Agriculture is about 5.2% unionized; manufacturing - 10.6%; construction - 77%; services - 26%) and are usually renewed without major problems. However, the mood is changing, and trade unions have complained that too little of the Swiss labor force is covered by collective agreements. Although days lost to strikes in Switzerland are among the lowest in the OECD, Swiss trade unions have encouraged workers to go on strike on several occasions in recent years. Several thousand construction workers went on strike in fall 2007 to complain about the unilateral termination of the industry labor agreement by the Swiss Building Association. Members struck on the grounds that member companies were not satisfied with the current wage agreement, because it did not provide the necessary flexibility for employers to change wage hours and adjust salaries based on performance. Trade unions report that checks of 5,000 companies made between January 2006 and June 2007 revealed that one in four firms was not paying the agreed minimum wage to its employees. In order to break the deadlock, the economic ministry appointed a former public servant who managed to reach a consensus with the trade unions in December. But in January 2008, industry members of the Swiss Building Association rejected the deal, saying it was difficult to implement. The failure to reach a consensus may impact the current political debate over the extension of the Swiss-EU agreement on the free movement of persons to Bulgaria and Romania in 2009. Trade unions have warned they will not support extension unless a deal is found in the construction sector.

At a general level, trade unions expressed satisfaction over the significant salary increases across major Swiss industries. Salaries increased on average by 0.7% in 2007 and by 2.5-3% in 2008.

Because of the global economic slowdown, the Federal Department of Economics announced in December 2008 new measures to enable certain industries (automobiles, steel and watches) to put their workers on leave during January or cut working hours. In December, the Department received 700 requests from companies willing to enroll in this program which is likely to cost SFr. 1 billion. The Swiss unemployment insurance program is committed to pay 80% of the lost working hours to the employees. The unemployment rate in Switzerland rose to 3.0 per cent in December 2008, up from 2.7 per cent in November, the highest level since March 2007. The absolute number of jobless rose by 11,110 to reach 118,762 in December, in part due to seasonal factors but also to the difficult global economic situation, which has cut Swiss exports.

The downturn came after a promising summer when unemployment was at its lowest level since 2002. The unemployment figure is expected to rise to 3.3 per cent in 2009 year and 4.3 per cent in 2010. All border cantons with neighboring EU countries suffer higher unemployment rates than the rest of Switzerland. Geneva reached 5.9%, double the Swiss average. Other cantons located at the heart of Switzerland enjoy a much better situation with rates around 1.1%. So far, workers aged 25-49 have been the

hardest hit. By business sector, the metal industry is hardest hit (unemployment up +183.5% over last year), followed by banking (+30%) and construction (+9%).

### Foreign-Trade Zones/Free Ports

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Swiss international airports have stores offering duty free shopping. Private companies can utilize duty-free warehouses to import goods tax and duty-free into Switzerland as long as the goods are subsequently re-exported to third countries. In each of these examples, foreign-owned companies receive the same treatment as domestic firms.

### Foreign Direct Investment Statistics

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For each year below, Swiss Francs have been converted to dollars at the average annual exchange rate (2005: 1\$=1.24; 2006: 1\$=1.25; 2007: 1\$=1.19); FDI stocks are reported at Book Value.

FDI inflows to Switzerland (\$ Millions)	2005	2006	2007
Total FDI inflows to Switzerland	-1.550	26,356	49,674
In pct of current GDP	-0.4	6.7	12.7

Capital stocks next week

(\$ Millions)	2005	2006	2007
FDI stocks in Switzerland:			
Total foreign stocks	182,134	212,836	319,238
in pct of current GDP	40.0	54.0	
largest investors			
- USA	49,793	48,536	58,510
- Netherlands	45,888	52,784	70,487
- Germany	16,728	18,264	23,745
- France	14,000	24,276	29,160
Industry sectors			
- Chemical and plastic	13,593	18,357	25,805
- Metals and machines	4,890	5,472	7,874
- Electronics, energy, optic, watches	9,016	9,973	13,976
- Other industries and construction	5,217	4,372	5,200
- Trade in services	26,047	28,058	36,122
- Finance and holding companies	83,453	96,456	170,109
- Banks	23,666	25,647	30,051
- Insurance companies	4,888	13,347	15,482
- Transports & Communications	5,653	5,797	8,064

(\$ Millions)	2005	2006	2007
Swiss FDI stocks from Switzerland			

Total FDI stocks from Switzerland	457,864	546,645	622,245
In pct of GDP	131	151	160
Country of destination			
- USA	68,216	105,952	95,576
- United Kingdom	37,703	46,650	47,963
- Germany	19,370	34,180	41,305
- Luxembourg	17,230	20,126	26,859
- France	18,217	24,524	24,683
- EU offshore financial centers	19,991	18,383	29,609
- Caribbean offshore financial centers	54,295	74,673	99,056
Industry sectors			
- Textile and clothing	7,954	12,733	18,035
- Chemical and plastic	58,985	96,366	107,297
- Metals and machines	17,236	28,572	39,749
- Electronics, energy, optic, watches	9,960	16,208	28,356
- Other industries and construction	34,184	50,792	60,845
- Trade in services	11,123	17,570	22,855
- Swiss Finance& holding corp.	24,368	26,050	28,771
- Banks	44,412	71,464	72,935
- Insurance companies	69,826	77,435	70,918
- Transport and communication	2,529	4,550	10,153
- Other services	8,312	10,050	14,864
Total FDI outflows from Switzerland	51,680	65,867	50,094
in pct of current GDP	13.8	16.9	12.8

Source: Online Swiss National Bank statistics <http://www.snb.ch>

Direct link: <http://www.snb.ch/en/iabout/stat/statpub/statmon/stats/statmon>

A list of the largest U.S. investors by number of- employees follows (data on the size of the firms' investments were not available):

	FY 2007	FY 2008
McDonald's Corporation	7,200	7,200
IBM	3,430	3,400
Altria Group, Inc. (Philip Morris)	3,000	3,000
Procter & Gamble	2,514	2,400
Johnson & Johnson Intl.	2,000	2,150
Synthes	1,849	2,000
Hewlett-Packard incl. Compaq)	1,600	1,400
Texas Pacific	1,600	1,600
Liberty Global	1,300	1,500
Medtronic	1,300	830
General Electric Company	1,250	1,300
Mettler-Toledo	1,020	921
Sun Microsystems	921	832
Johnson Controls		800
		1,000

Caterpillar	867	845
EDS	800	790
Zimmer Holdings	800	800
Dow	800	800
Cargill	790	794
Rockwell	760	750
Tyco Int'l		
Citigroup		
Baxter		
Du Pont		

Source: Swiss-American Chamber of Commerce (Yearbook 2008-2009 p. 100)  
It is estimated that 60,000 employees work for U.S. companies in Switzerland.

### Web Resources

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[Swiss National Bank \(SNB\)](#)

[State Secretariat for Economic Affairs \(SECO\)](#)

[Swissinfo](#) (news information for Switzerland)

[Osec Business Network Switzerland](#)

[Swiss Federal Administration](#)

[Swiss Cantons Online](#)

[Swiss Public procurement website](#) (only in French, German or Italian)

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## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
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- [U.S. Banks and Local Correspondent Banks](#)
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### How Do I Get Paid (Methods of Payment)

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Export financing is primarily conducted through commercial sources. Payment terms are arranged with the bank or financing institution.

### How Does the Banking System Operate

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Switzerland is one of the world's foremost banking and financial centers with over 330 bank headquarters. The banking network is highly developed, and Swiss banks are among the world's leaders in specialized fields such as private banking and asset management. The total assets of the Swiss banking system at the end of 2007 amounted to USD 3.201 trillion (Swiss francs 3.458 trillion). The physical presence of U.S. and other foreign entities in Switzerland is vital to successful financial service trade and continues to play an important role in the competitiveness of financial services. Banking in Switzerland is extremely diverse. Although it is based on the principle of universal banking, several bank groups are now fully or partially specialized.

Established in 1907, the Swiss National Bank has executive offices in Bern and Zurich and branch offices in six other cities. More than one-half of its share capital is held by the cantons, the cantonal banks and other public bodies; Swiss citizens own the remaining shares. Although the Federal Government is not a shareholder, it has statutory power to appoint the majority of the Bank Council members as well as the three members of the Governing Board and their deputies. As the National Bank fulfills a public task, it is administered with the cooperation and under supervision of the Confederation.

The Swiss National Bank (SNB) conducts the country's monetary policy as an independent central bank. Its primary goal is to ensure price stability, while taking due account of economic developments. It determines and implements monetary and credit policy, has the exclusive right to issue or withdraw bank notes and coins, and serves as a clearing-house for inter-bank transfers. Furthermore, it has an arrangement with the Principality of Liechtenstein to permit the use the Swiss Franc as the country's currency, and the SNB clears Liechtenstein's transactions.

The Bank Council oversees and controls the conduct of business by the National Bank. It consists of 11 members. The Federal Council (Switzerland's executive body of 7

ministers, including the President of the Confederation) appoints six members, including the BNS president and vice president. The Shareholders appoint the remaining five members. The National Bank's managing and executive body is the Governing Board, which is responsible for the monetary policy, asset investment strategy and international monetary cooperation. The Enlarged Governing Board consists of the three members of the Governing Board and their deputies. It is responsible for the strategic and operational management of the National Bank. Upon the recommendation of the Bank Council, the Federal Council appoints the members of the Governing Board and their deputies.

The object of the new Financial Market Supervisory Authority (FINMA), which entered into full force on January 1, 2009, is to group together under one authority the government supervision of banks, insurance companies, stock exchanges and securities dealers as well as other financial intermediaries in Switzerland. FINMA is a merger of the Federal Office of Private Insurance (FOPI), the Swiss Federal Banking Commission (SFBC) and the Anti-Money Laundering Control Authority. The aim of FINMA is to protect creditors, investors, insured persons and to ensure the general functioning of the financial markets in accordance with financial market legislation. It thus helps reinforce Switzerland's image and competitiveness as a financial center.

Financial Services, such as portfolio management and financial counseling, can be freely offered under the law of contracts. However, the provisions of criminal law on money laundering and the Federal Money-laundering Act are binding for all providers of financial services.

The "Federal Law on Combating Money Laundering in the Financial Sector" took effect in 1998 and strengthened due diligence obligations on the part of banks and other financial intermediaries. Officials believe this legislation puts Switzerland among the leading countries in terms of establishing a legal framework with which to effectively combat money laundering.

The following is information on the key players of the Swiss banking sector:

**UBS AG and Credit Suisse:** The two largest banks, UBS AG and the Credit Suisse Group, together account for over 50% of the balance sheet total of all banks in Switzerland. They are universal banks engaged in all types of banking business.

**Cantonal banks:** The 24 cantonal banks are semi-governmental organizations with a state guarantee. Despite their close connection to the state, cantonal banks must comply with commercial principles in their business activities. They are engaged in all banking businesses with an emphasis on lending and deposits.

**The Raiffeisen Group:** The Raiffeisen Group consists of affiliated independent banks with strong local roots and organized along cooperative lines. The Raiffeisen banks have the highest number of branches in Switzerland and are affiliated with the Swiss Union of Raiffeisen Banks.

**Private Banks:** The private banks include individually owned firms, collectives, and limited partnerships. Private bankers are subject to unlimited subsidiary liability with their personal assets. Their field of activity is asset management, chiefly for private clients.

Foreign banks: The foreign banks are involved in business in which the share of foreign assets in the balance sheet total is 70% or more and in asset management.

Commercial banks: As a rule, the commercial banks are universal banks for which mortgage investments play a significant role, in addition to commercial loans.

Consumer credit institutes: Consumer credit institutes specialize in small loans to private individuals and industry.

Post Finance: The activities of Post Finance are run by the governmental postal service and include payments, investments, mortgages, loans, and retirement planning.

SIX Interbank Clearing, a subsidiary of SIX Group, operates the SIC and euroSIC interbank payment systems. These systems allow participating financial institutions to securely make cashless payments in Swiss Francs and Euro in real time between themselves. The SIC system processes interbank payments in francs on behalf of and under the supervision of the Swiss National Bank. In association with SECB Swiss Euro Clearing Bank, SIX Interbank Clearing provides the processing of Euro transactions through the euroSIC system on behalf of the Swiss financial center. Both interbank systems provide financial institutions within Switzerland and beyond its borders with efficient access to national and international payment traffic.

SIX Group was formed at the beginning of 2008 by the merger of SWX Group, SIS Group and Telekurs Group. As one of Europe's leading securities exchange and financial market infrastructure operators, SIX Group offers first-rate services that address all aspects of Swiss and crossborder securities trading as well as the admission of securities to trading. The company's other business fields focus on rendering cost effective and efficient services in the areas of clearing, settlement, securities safekeeping and administration, as well as supplying international financial information for investment advisors, portfolio managers, financial analysts and administrators of securities transactions. In addition, its services in the area of payment transactions cover the acceptance and processing of payments made with credit, debit and customer cards, as well as the handling of interbank transfers and e-invoices.

Eurex: Eurex is one of the world's leading derivatives exchanges and is jointly operated by the German Futures and Options Exchange, Deutsche Boerse AG, and SIX Swiss Exchange. Eurex offers a broad range of international benchmark products and operates the most liquid fixed income markets, featuring open and low-cost electronic access. With market participants connected from 700 locations worldwide, trading volume at Eurex exceeds 1.5 billion contracts a year.

## **Foreign-Exchange Controls**

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The Swiss franc is freely convertible. With the exception of certain regulations applicable to banks and finance companies, there are no exchange controls. The National Bank has authority to introduce measures concerning minimum reserve requirements, foreign currency position, foreign source funds and a calendar for public issues of bonds and shares. However, these measures are intended for use only to counter exceptional circumstances, such as massive speculation resulting in overvaluation of the Swiss currency leading to significant problems for the Swiss export industry. Bank accounts

may be maintained in local or foreign currencies either within or outside Switzerland without restriction. There is no distinction between resident and nonresident accounts.

Repatriation of capital, loans, dividends, interest, royalties, service fees and branch office profits can be transacted without limitation through any bank. Export proceeds may be disposed of freely. Leading and lagging of import and export payments is allowed; there are no limitations and no requirement for prior authorization. Netting of trade-related payments and financial transactions is also allowed without prior authorization.

## **U.S. Banks and Local Correspondent Banks**

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AIG Private Bank, Ltd.  
Pelikanstrasse 37  
CH-8021 Zurich, Switzerland  
Tel: (41-44) 227 55 55, Fax: (41-44) 211 55 11  
<http://www.aigprivatebank.com>

Bank Morgan Stanley, Ltd.  
Bahnhofstrasse 92  
CH-8021 Zurich, Switzerland  
Tel: (41-44) 220 91 11, Fax: (41-44) 220 98 00  
<http://www.morganstanley.com>

Citibank (Switzerland)  
Seestrasse 25  
CH-8022 Zurich, Switzerland  
Tel: (41-44) 205 71 11, Fax: (41-44) 205 70 60  
<http://www.citicorp.com>

J.P. Morgan (Suisse) SA  
Rue de Confederation 8  
CH-1204 Geneva, Switzerland  
Tel: (41-22) 744 11 11, Fax: (41-22) 744 14 44  
<http://www.jpmorgan.com>

Goldman Sachs Bank AG  
Muensterhof 4  
CH-8022 Zurich, Switzerland  
Tel: (41-44) 224 10 00, Fax: (41-44) 224 10 50  
<http://www.gs.com>

Merrill Lynch Bank (Suisse) SA  
Rte. de Florissant 13  
CH-1211 Geneva 3, Switzerland  
Tel: (41-22) 703 17 17, Fax: (41-22) 703 17 27  
<http://www.mlbs.ch>

Standard Chartered Bank  
7, Quai du Mont Blanc

CH-1201 Geneva, Switzerland  
Tel: (41-22) 906 99 10, Fax: (41-22) 906 99 20  
<http://www.standardchartered.com>

## **Project Financing**

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Generally speaking, there is no special financing available for projects in Switzerland. The federal government may grant long-term loans at preferential interest rates for a limited category of projects in designated regions, primarily in remote, mountainous areas, that are threatened with economic decline. Cantonal and communal governments offer a wider variety of incentives, including financing, for investment projects in their respective areas. Most cantons maintain economic development agencies, some even with offices or representatives abroad, for the purpose of dealing with projects and investments.

## **Web Resources**

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Swiss National Bank (SNB)  
<http://www.snb.ch>

Swiss Financial Market Supervisory Authority (FINMASA)  
<http://www.finma.ch>

Swiss Bankers Association  
<http://www.swissbanking.org>

Association of Foreign Banks in Switzerland  
<http://www.foreignbanks.ch>

SIX Interbank Clearing  
<http://www.sic.ch>

SIX Group  
<http://www.six-group.com>

Eurex  
<http://www.eurexchange.com>

SWX Swiss Exchange  
<http://www.swx.com>  
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## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

### **Business Customs**

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As a prosperous, highly developed Western democracy, Switzerland's business customs and practices are similar to those of other northern European countries. While some American business representatives may find their Swiss counterparts somewhat conservative and formal, business customs in Switzerland correspond generally to those of the United States. Punctuality, particularly in German-speaking areas, is very important. Allowing ample lead-time in setting up business appointments is expected and one should not expect to "drop in" without an appointment.

### **Travel Advisory**

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A valid passport is required to enter Switzerland. Swiss residency and work permits for longer stays or employment are extremely difficult to obtain, as the Swiss government, at Cantonal level, imposes severe limitations on immigration and the country's foreign work force. All foreigners, including Americans, must have a work permit before commencing employment. The complicated process of obtaining a work visa can take several months.

For more information, contact the Consular Section of the Swiss Embassy in Washington, or the Swiss Consular Office in Atlanta, Chicago, Boston, Los Angeles, New York, or San Francisco.

#### **Swiss Official Representation in the USA:**

[Embassy of Switzerland, Washington DC](#)

[Swiss Consulate General Atlanta](#)

[Swiss Consulate General Chicago - Swiss Business Hub USA](#)

[Swiss Consulate General Boston - Swissnex Boston](#)

[Swiss Consulate General Los Angeles](#)

[Swiss Consulate General New York](#)

[Swiss Consulate General San Francisco](#)

[Permanent Mission of Switzerland to the United States](#)

Switzerland continues to have a very low rate of violent crime. However, pick pocketing and purse snatchings occur, especially during peak tourist periods and during major conferences, shows, and exhibits. A typical scam used against businesspeople is for a thief to grab a briefcase in a hotel or airport while an accomplice distracts the victim. Loss or theft of a U.S. passport should be reported to the local police immediately and to the American Embassy in Bern at +41 (0) 31 357 7011. Under most circumstances, a replacement can be issued in the course of a working day.

Countrywide emergency telephone numbers are police 117; Fire 118; and Ambulance 144. There is usually an English-speaking contact available.

## **Visa Requirements**

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U.S. companies requiring travel to the United States of business-people resident in Switzerland should allow sufficient time for visa issuance, if required. Visa applicants should go to the following link:

[http://bern.usembassy.gov/hours\\_of\\_operation.html](http://bern.usembassy.gov/hours_of_operation.html)

Information about U.S. visa policy and procedures: <http://travel.state.gov/visa>

Information sheet for U.S. citizens traveling to Switzerland:

[http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1034.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1034.html)

[http://bern.usembassy.gov/hours\\_of\\_operation.html](http://bern.usembassy.gov/hours_of_operation.html)

## **Telecommunications**

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Telecommunications are modern and, with on-going liberalization, dropping dramatically in price. Visiting U.S.-based business travelers may operate GSM-based cell phones in Switzerland. Cell phones are easily rented from vendors in Swiss airports.

## **Transportation**

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The Swiss business infrastructure is excellent. There are major international airports in Zurich, Geneva and Basel as well as smaller airports throughout the country. Road and rail networks, despite the country's mountainous terrain, are very well maintained and efficient. High-speed trains link Zurich and Bern in less than one hour and Zurich and Geneva within two and one-half hours. Urban public transport is unsurpassed.

## **Language**

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Switzerland is a multilingual country. Swiss-German is spoken by the majority of Swiss in the central and northeast portions of the country. French is the principal language of Geneva and the western cantons, and Italian is spoken in the south, especially in the

canton Ticino (Lugano/Locarno). English is widely spoken in business and tourist centers throughout the country.

**Health**

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Switzerland has excellent health care facilities. (Note: U.S. medical insurance is not always valid outside the United States. Travelers should check their insurance policies for specific overseas coverage.)

**Local Time, Business Hours, and Holidays**

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Swiss national holidays, including U.S. holidays, in 2009 are listed below. Unlike the U.S. practice, holidays in Switzerland falling on a weekend are not taken the preceding Friday or the following Monday. Most of the holiday dates vary yearly according to the Church calendar, and many Swiss cities have one or more local holidays in addition to the national holidays indicated below. The U.S. Embassy is closed on all U.S. and Swiss holidays.

2009		
January 1	Thursday	New Year's Day
January 2	Friday	Saint Berchtold's Day
January 19	Monday	Martin Luther King's Birthday
February 16	Monday	Washington's Birthday
April 10	Friday	Good Friday
April 13	Monday	Easter Monday
May 21	Thursday	Ascension Day
May 25	Monday	Memorial Day
June 1	Monday	Whit Monday
July 3*	Friday	Independence Day
August 1	Saturday	Swiss National Day
September 7	Monday	Labor Day
October 12	Monday	Columbus Day
November 11	Wednesday	Veterans Day
November 26	Thursday	Thanksgiving Day
December 25	Friday	Christmas Day
December 26	Saturday	St. Stephan's Day

*\*Note: When a holiday falls on a non-workday --Saturday or Sunday—the holiday usually is observed on Monday (if the holiday falls on Sunday) or Friday (if holiday falls on Saturday). July 4, 2009 (the legal public holiday for Independence Day), falls on a Saturday. For most Federal employees, Friday, July 3, will be treated as a holiday.*

**Temporary Entry of Materials and Personal Belongings**

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Personal effects, including laptop computers, do not need to be declared and can enter Switzerland freely. However, computer systems brought into Switzerland must be declared and a deposit must be paid covering the VAT and applicable customs duty,

which is refundable upon leaving the country. ATA Carnets are used widely throughout Switzerland and Europe for products shown at trade exhibitions. Trade exhibit materials can enter freely with a Carnet as long as they leave the country after the event. If the product is sold at the exhibition, applicable duties and VAT must be paid. All international trade fairs in Switzerland have customs offices that facilitate the payment of fees and clearing of items in an expeditious fashion.

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[Embassy of Switzerland, Washington DC](#)

[Swiss Consulate General Atlanta](#)

[Swiss Consulate General Chicago - Swiss Business Hub USA](#)

[Swiss Consulate General Boston - Swissnex Boston](#)

[Swiss Consulate General Los Angeles](#)

[Swiss Consulate General New York](#)

[Swiss Consulate General San Francisco](#)

[Permanent Mission of Switzerland to the United States](#)

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## Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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#### **U.S. Embassy Bern:**

Ambassador:	To be Named
Charge Deputy Chief of Mission:	Leigh Carter
Commercial Counselor:	Donald Businger
Commercial Specialist:	Sandor Galambos
Commercial Specialist:	Elisabeth Mbitha-Schmid
Commercial Assistant:	Maria Pamich
Commercial Assistant:	Jolanda Spychiger
Economic/Political Counselor:	Richard Rorvig
Economic Officer:	Leslie Freriksen
Political Officer:	Christopher Buck
Consular Services:	Edward Birsner
Consular – American Citizen Services:	Richard Reilly
Consular Services – Visa:	John Grondelski
Public Affairs Officer:	Lisbeth Keefe
Homeland Security/DHS/ICE:	Michael McCool
U.S. Customs Officer:	Joseph Catanzarite
International Mail Address: Sulgeneckstrasse 19 P.O. Box CH-3001 Bern, Switzerland Tel. +41 31 357 70 11 Fax +41 31 357 73 36	U.S. Pouch Address: American Embassy Bern U.S. Department of State 5110 Bern Place Washington, DC 20521-5110

#### **Chambers of Commerce:**

[Swiss-American Chamber of Commerce](#)  
[Swiss Cantonal Chambers of Commerce](#)

#### **Swiss Trade or Industry Associations:**

The following lists trade associations most relevant to U.S. companies pursuing business in Switzerland. For a complete listing of associations, please consult the Publicus 2009 "Schweizer Jahrbuch des oeffentlichen Lebens", published by Schwabe & Co. AG Verlag, P.O. Box 832, CH-4132 Muttenz 1, Switzerland; Tel. (41-61) 467-8509; Fax (41-61) 467-8586, [www.publicus.ch](http://www.publicus.ch)

[Economiesuisse](#) (Swiss Federation of Commerce and Industry)  
[Swissmem](#) (Machine- Electro- and Metal Industry / MEM Industry)  
[VSMWH](#) (Machine & Tool Traders Association)  
[Electrosuisse](#) (Association for Electrical Engineering, Power & Information Technologies)  
[Swiss Standards Association](#)  
[OSEC Business Network Switzerland](#) (Swiss Office for Trade Promotion)  
[VSIG Swiss Federation of Importers & Wholesalers](#)  
[Swiss Technology Network](#) (Electronics, Automation Eqp. & Computer Manuf. & Distributor Association)  
[ASUT](#) (Swiss Telecommunications Users Assn.)  
[SWICO](#) (Swiss Assn. For Information, Communication, Organizational Technology)  
[FASMED](#) (Swiss Medical Device Technology Assn.)  
[SIA](#) (Society for Engineers and Architects)  
[Swiss Textile Federation](#)  
[Swiss Society of Chemical Industries](#)  
[Swiss Banking Association](#)  
[Swiss Hotel Association](#)  
[Federation of the Swiss Watch Industry \(FH\)](#)  
[Swiss Exchange SWX](#)

### **Swiss Government Agencies:**

The following list of Swiss government agencies may be of relevance to U.S. companies doing business in and with Switzerland. The "Eidgenoessischer Staatskalender", published by Bundesamt fuer Bauten und Logistik, Eidg. Drucksachen- und Materialzentrale (Federal Printing Office), CH-3000 Bern, Switzerland, Tel. (41-31) 325 50 50, Fax (41-31) 325 50 58, [www.admin.ch/edmz](http://www.admin.ch/edmz), provides a comprehensive listing of Swiss government departments and officials. Another source of information is [www.admin.ch](http://www.admin.ch)

#### *Federal Department of Home Affairs:*

[Federal Office for Statistics](#)  
[Federal Office for Public Health](#)  
*Federal Department of Justice and Police:*  
[Federal Office of Metrology and Accreditation](#)  
[Federal Office for Intellectual Property](#)

#### *Federal Department of Economic Affairs:*

[State Secretariat for Economic Affairs \(SECO\)](#)  
[Federal Office for Professional Education and Technology](#)

*Federal Department of Defense, Protection of the Population and Sport:*  
Defense Procurement Agency (Armasuisse)

*Federal Department of Finance:*  
Federal Customs Administration

*Federal Department of Environment, Transport, Energy and Communications:*  
Federal Office for Civil Aviation  
Federal Office for the Environment, Forestry and the Landscape  
Federal Office for Communications

Quasi-Public Organization: [SwissPost](#)

### **Swiss Market Research Firms:**

Following are some of the major Swiss companies performing market research as well as polling. The U.S. Company must solicit terms and fees. The U.S. Embassy cannot recommend one firm over another.

[A.C. Nielsen](#)  
[IHA-GFM](#)  
[Trimedia Group](#)  
[Link Institute](#)  
[Demoscope](#)  
[ISOPUBLIC](#)

### **Swiss Commercial Banks:**

Following are the head offices of the two largest commercial banks in Switzerland. Each has numerous branches throughout the country. For additional information on these and other banks, please consult the Swiss Financial Yearbook, published by Elvetica Edizioni SA, P.O. Box 134, Via Vela 6a CH-6834 Morbio-Inferiore, Switzerland; Tel: (41-91) 683 50 56; Fax: (41-91) 683 76 05.

[UBS AG](#)  
[Credit Suisse Group](#)

### **U.S.-Based Multipliers Relevant for Switzerland:**

The Swiss-American Chamber of Commerce, in addition to its head office in Zurich (see Chamber heading above), maintains offices in six U.S. locations:

#### [Swiss-American Chamber of Commerce US locations](#)

The Swiss government maintains official representation in the U.S. through its Embassy in Washington and Consulates General in six locations:

[Embassy of Switzerland, Washington DC](#)  
[Swiss Consulate General Atlanta](#)  
[Swiss Consulate General Chicago - Swiss Business Hub USA](#)  
[Swiss Consulate General Boston - Swissnex Boston](#)  
[Swiss Consulate General Los Angeles](#)  
[Swiss Consulate General New York](#)  
[Swiss Consulate General San Francisco](#)  
[Permanent Mission of Switzerland to the United States](#)

### **Other Multipliers Relevant for Switzerland**

About 30 U.S. states maintain their own offices in Europe for economic development and trade promotion. Most are members of the Council of American States in Europe (CASE). These offices focus on attracting European, including Swiss, investment to their respective states, and some also provide trade assistance. Many sponsor group participation at major trade events or organize trade and investment missions, led by prominent state officials. A list of CASE offices is available from the Chairman: Paul Zito, Director, State of Ohio, European Office, Rue de la Pépinière 1, 4th Floor, 1000 Brussels, Belgium Tel. (32-2) 512 86 87, Fax. (32-2) 512 66 14, [www.case-europe.com](http://www.case-europe.com)

### **Market Research**

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

### **Trade Events**

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Please click on the link below for information on upcoming trade events in Switzerland.

#### [Trade Shows and Events](#)

Search for trade events by country, industry, state, date and event type. Listed events are officially supported by the U.S. Department of Commerce.

<http://www.export.gov/tradeevents/index.asp>

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## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

[http://www.buyusa.gov/switzerland/en/exporting\\_to\\_switzerland.html](http://www.buyusa.gov/switzerland/en/exporting_to_switzerland.html)

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.