

# Swiss-American Chamber of Commerce



## Yearbook Presentation 2006/07

**Hotel Baur au Lac, Zurich**

**August 11, 2006**



# YEARBOOK 2006/07

- 1. The Chamber: Board of Directors and various Chapter Boards in Switzerland and the USA**
- 2. US-Swiss Business Relations**
  - Views from US Ambassador Willeford and Swiss Ambassador Ziswiler
  - Foreign Companies in Switzerland
  - Migration and Tourism by Ambassador Loretan
  - Articles on E-Discovery, Website Liability and Swiss tax for US companies
  - Trade and investment statistics
- 3. CH companies in USA and US companies in CH**

# TODAY'S PRESENTATION

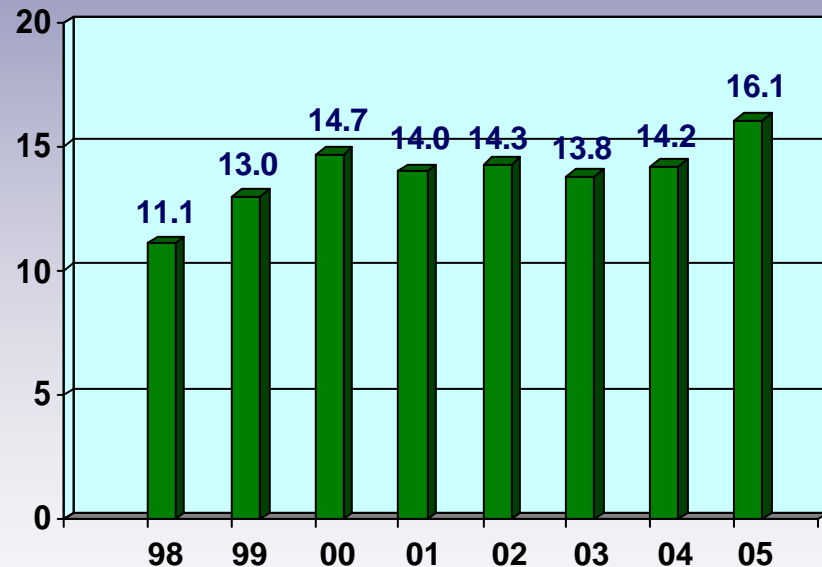
1. **Economic relationship CH-USA developed very well; some record numbers**
2. **Good progress in economic policy matters, in spite of disappointments**
3. **Some clouds in the sky, we are only at the start of possible improvements**
4. **Summary and call for action**

# RECORD EXPORT TO THE USA

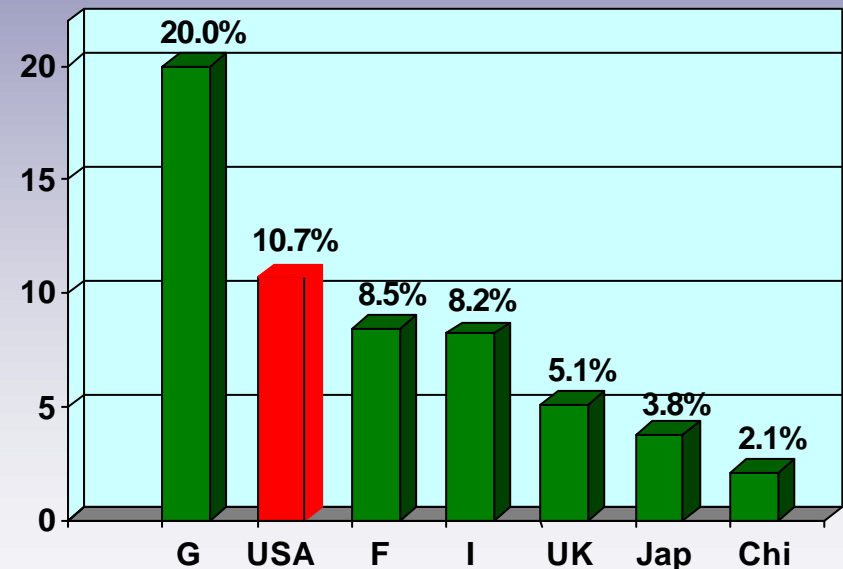
## USA is the 2nd largest market

CH view

Swiss exports  
to the US 2005  
(CHF bn)



% of  
total Swiss  
Exports 2005



Source: Swiss Customs Department

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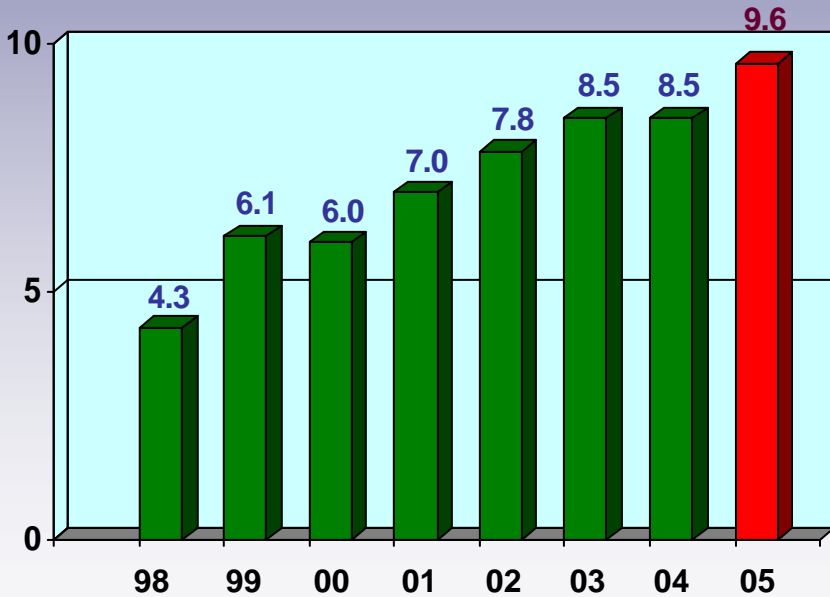


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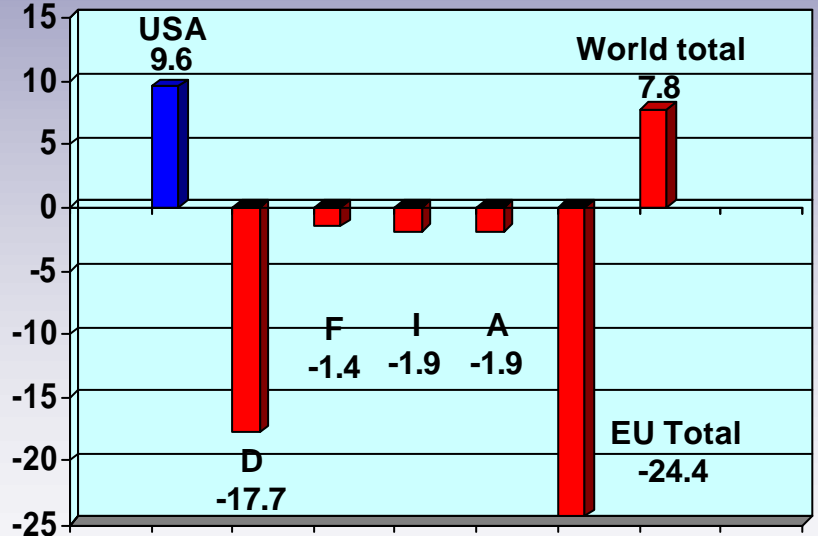
# RECORD TRADE SURPLUS

## 120% OF Swiss Trade Surplus

Swiss Trade surplus with US (CHF bn)



Swiss Trade Balance 2005 (CHF bn)

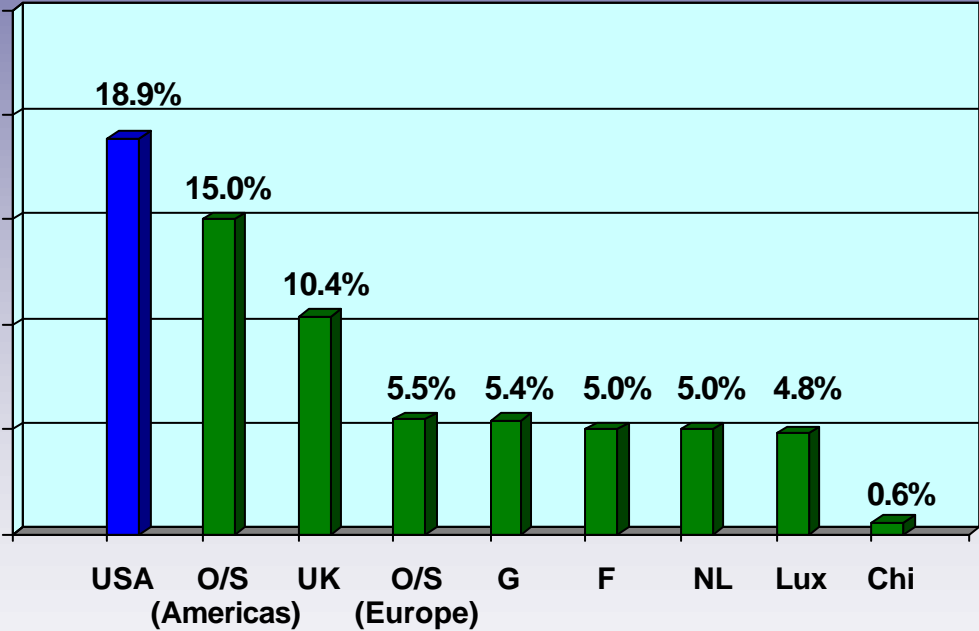


Source: Swiss Customs Department

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# LARGEST DESTINATION FOR FDI

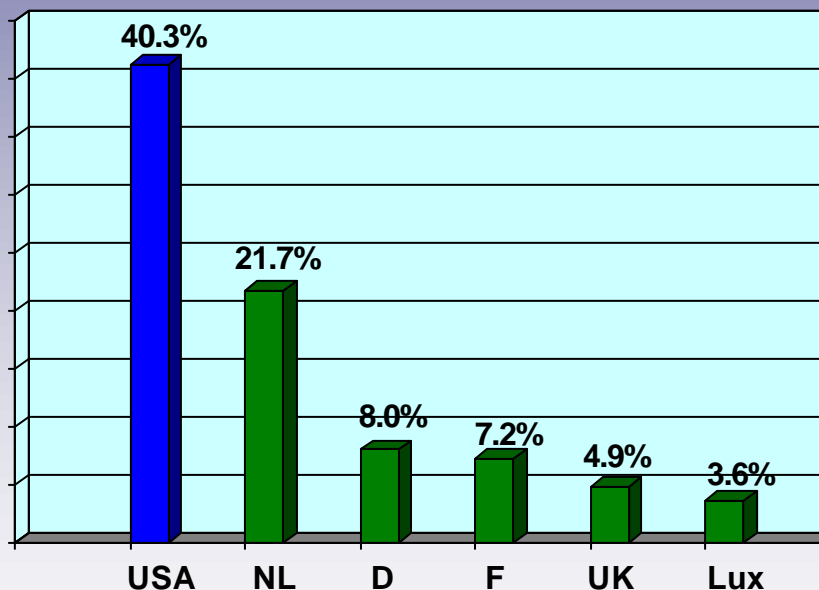
Cumulated Investment 2004<sup>1)</sup>



Source: Swiss National Bank  
1) Latest available data in August 2006

# USA IS THE KEY INVESTOR IN SWITZERLAND

Cumulated Investments 2004<sup>1)</sup>



**25% growth over 2003!**

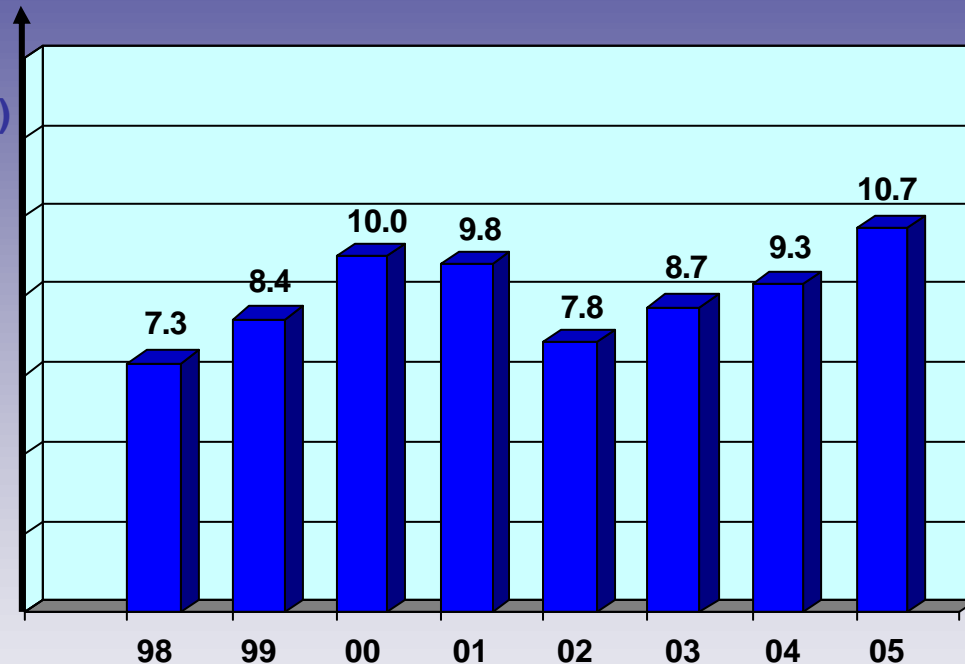
Source: Swiss National Bank  
1) Latest available data in August 2006

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# EXPORT BOOM TO SWITZERLAND

US exports to  
Switzerland  
2005 (in US\$ bn)



- Exports to CH with highest growth rate of all European countries (16.3%)!
- Worldwide #4 behind UAE (+109%), India (+30%) and China (+20%)
- Switzerland is 17th largest export market (1.2% of total export)
- Larger than Scandinavia (S, N, SF and Dk), four times Austria
- Larger than Saudi Arabia plus Russia

Source: U.S. Department of Commerce

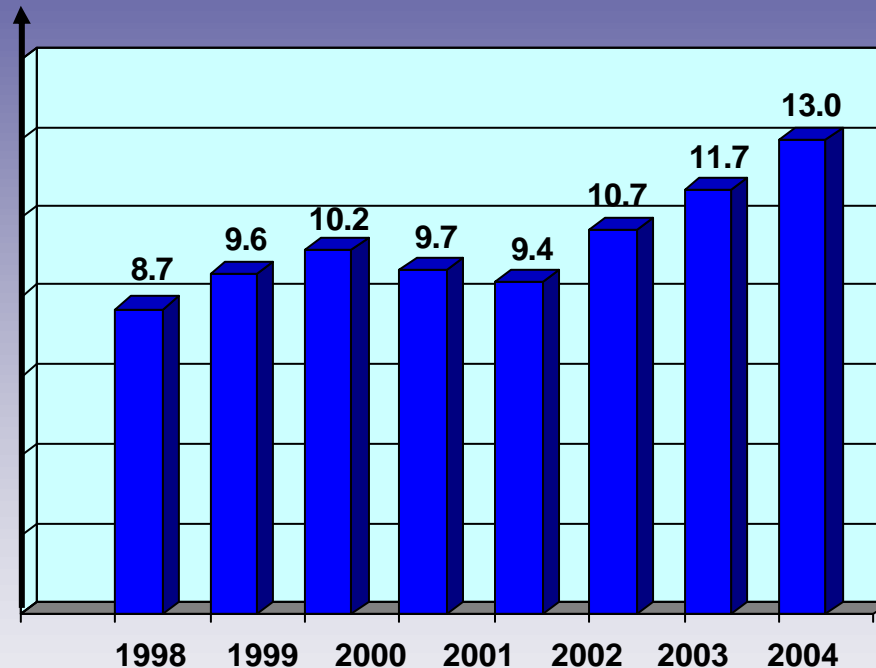
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# POSITIVE TREND IN IMPORTS, BUT POTENTIAL AVAILABLE

US imports  
from Switzerland  
2005 (in US\$ bn)



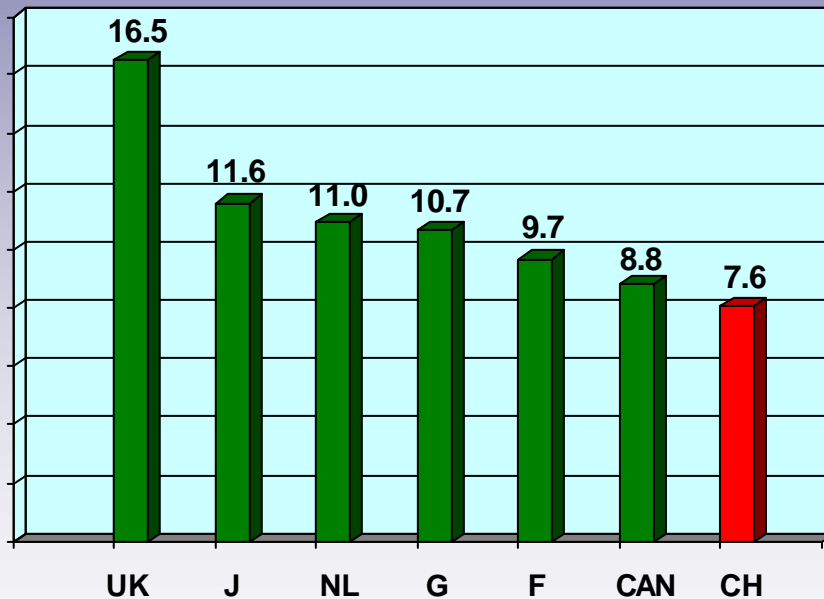
- Switzerland is 25th largest importer (0.8% of total imports)
- Larger than Indonesia, Hongkong, Australia
- 50% larger than Spain
- But smaller than Italy, Ireland, Sweden, Netherlands, Belgium



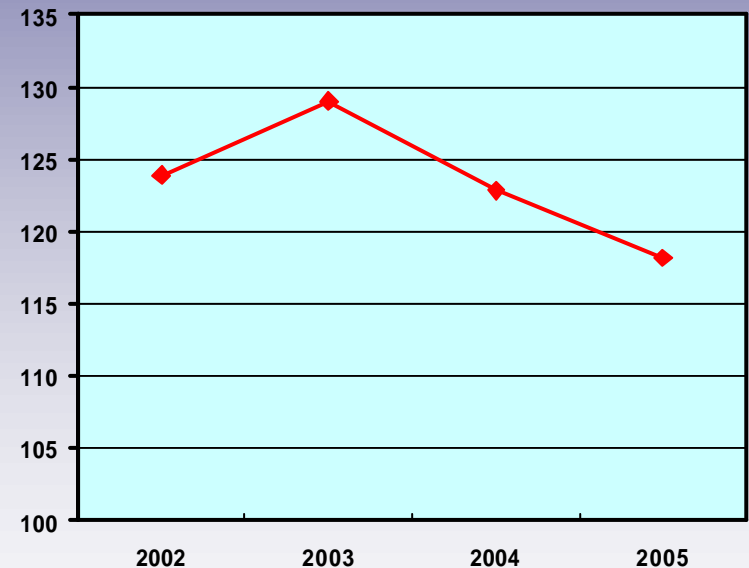
# STILL 7TH LARGEST FOREIGN INVESTOR

## Negative Trend or exception to rule?

In %  
of total Cumulated Investments 2005



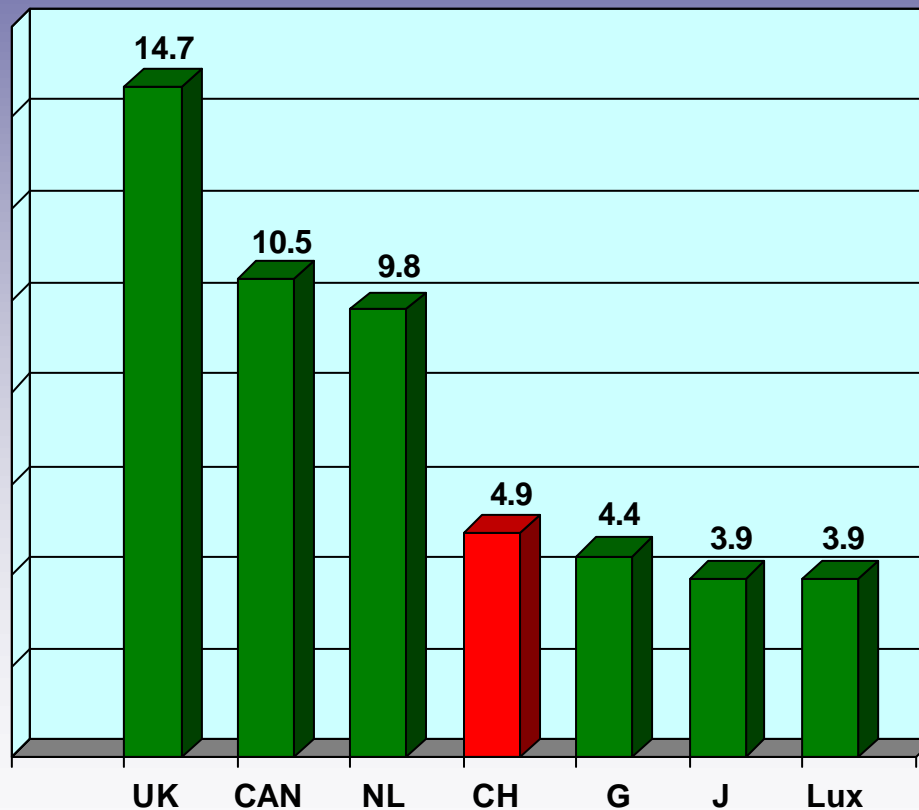
In US\$ bn  
of total Cum. Investments 2002-2005



- In 2005, Switzerland had the lowest capital inflow of all major countries

# 4TH LARGEST DESTINATION OF INVESTMENTS

US Direct  
Investment  
Position abroad  
(2004) In %  
of total



Source: U.S. Department of Commerce

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# USA INVESTMENTS = JOBS IN CH

- Some 650 US companies in CH provide high-quality jobs for 68'000 people in CH
- Recent study by the Chamber shows importance
  - Approx. 5% of GDP (= chemicals/pharma industry)
  - Overproportional driver of GDP growth
- Current US headquarters in CH include key multinationals:
  - IBM, P&G, Colgate, Altria, Medtronic, HP, Oracle, UPS, Du Pont, Alcoa, Caterpillar, Dow, GM, Philip Morris, eBay, Amgen, Pfizer, Baxter and many more
- In 2005, Switzerland was successful:
  - 41 new investments and 19 expansions



# EXAMPLES OF NEW IMPLEMENTATIONS AND SIGNIFICANT EXPANSIONS

- **Abercrombie and Fitch** (Logistic center for Europe; Ticino)
- **Advanced Digital Information Corp.** (European shared service center; Zurich)
- **Cisco Corp.** (European shared services, Vaud)
- **Eaton Corp.** (International HQ for manufacturing division; Vaud)
- **Electronic Arts** (International HQ for publishing business; Geneva)
- **Hercules Inc.** (Coordination center for European operations; Schaffhausen)
- **IBM** (new HQ for Northern, Middle and Eastern Europe; Zurich)
- **Isolagen Inc.** (Production of cellular therapies, Neuchatel)
- **Kennametal Inc.** (European HQ; Schaffhausen)
- **O-I Corp.** (formerly Owens-Illinois, European HQ; Vaud)
- **Philip Morris Int.** (new R&D center ; Neuchatel)
- **Red Herring** (European HQ; Zurich)
- **Stryker Corp.** (Production for Spine division; Fribourg)
- **Timberland** (European Shared Services Center; Schaffhausen)
- **VeriSign Inc.** (European Operations Center; Fribourg)
- **VF Corp.** (European HQ; Ticino)



# **SUMMARY: USA KEY FOR CH ECONOMY**

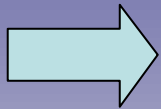
- 1. 2nd largest export market**
- 2. More than 100% of Swiss trade surplus**
- 3. Largest destination for Swiss foreign direct investments**
- 4. Most important investor in Switzerland**
- 5. Important provider of know-how and credibility for world markets**

# 2005/2006: MISSED OPPORTUNITY, BUT GREAT PROGRESS NONETHELESS

- On January 18, 2006, Federal Council decided the time was not right for Free Trade discussions with the USA
  - A missed opportunity
- In May/June 2006, however, two new platforms were built
  - Swiss-USA Trade and Investment Cooperation Forum („Forum“) between Department of Economy and USTR
  - Memorandum of Understanding („MoU“) establishing an Enhanced Political Framework

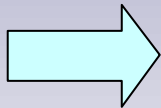
# CLOUDS ARE ON THE HORIZON.....

- Failure of WTO; USA´s stronger focus on bilateral agreements; increasing dialog US-EU



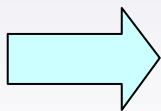
Risk for Switzerland to fall „between the cracks“?

- Increased regulations could start hindering investments and cross-border trade (e.g. visa limitations, SOX, textile regulations, Container Security Act, Bio-Terrorism Act)



Enough „weight“ for Switzerland to avoid discrimination?

- Relationship with EU might hurt Switzerland´s privileged position as favorite location for US companies (e.g. tax harmonization discussions)



Enough will to fight for the strategic advantages?



# ... BUT POTENTIAL FOR FURTHER PROGRESS

- Forum agreement signed on May 25, 2006 by FC Joseph Deiss and USTR Robert Portman. Current subjects of Forum (e.g. wine, organic food, cooperation in intellectual property and telecommunication) are good confidence builders. But more substantial issues can (and must) be added to the program.
- MoU for Enhanced Political Framework also signed in May by State Secretary Michael Ambühl and Under Secretary of State Nicholas Burns. MoU has a lot of potential, but needs to be structured and economic topics need to be defined.
- Additionally, the Joint Economic Commission (JEC) between secy and State Department has been in place as discussion platform since 1998.



**Platforms are set, now action needs to follow!**

# CALL FOR ACTION

1. Recognize USA as equal in importance to EU
2. Implement decision by Federal Council of May 2005 (balanced focus EU-USA)
3. Assign necessary resources and get results from the Forum and the MoU process
4. Encourage and support all CH-USA partnerships in science, technology, education, politics, culture etc.

# A SHORT VIEW ON THE SWISS-AMERICAN CHAMBER OF COMMERCE

- **Very prominent Board of Directors giving Chamber necessary credibility**
  - **40 members: 50% Swiss companies, 50% US companies**
- **Increasing membership (2005: over 2500)**
- **Approx. 150 senior managers promoting the relevant topics in various boards and chapters**
- **Sound finances, no membership fee increases in the last 14 years**



**Thank you for  
your attention!**

**Questions?**