



DOING BUSINESS IN SWITZERLAND

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Introduction

 CAPITAL: **BERN**

 POPULATION

Total Population: 8,516,543

Natural Increase: 0.8%

Density: 216 Inhabitants/km²

Urban Population: 73.8%

Population of main cities: Zurich (391,359); Geneva (194,565); Basel (168,620); Lausanne (133,897); Bern (130,015)

Ethnic Origins: The population is comprised of about 65% of people of Swiss German origin, with about 18% of French Swiss origin, 10% of Ticino origin and 7% of other backgrounds. ([Swiss Federal Statistical Office](#))

Official Language: Switzerland has three official languages: German, French and Italian and four national languages: German, French, Italian and Romansch.

Other Languages Spoken: Other languages spoken include Serbo-Croatian, Albanian, Portuguese, Spanish and English.

Business Language(s): English, German, French and Italian

Religion: Roman Catholic (41.8%), Protestant (35.3%), Muslim (4.3%), Orthodox (1.8%), Other Christian (0.4%), Others (1%), Unspecified (4.3%), None (11.1%) (2000 census).

National Currency: Swiss Franc (CHF)

 COUNTRY OVERVIEW

Area: 41,290 km²

Type of State: Federal republic based on parliamentary democracy. Confederation of 26 cantons (states/provinces), which enjoy fair amount of decentralisation.

Type of Economy: High-income economy, OECD member.

Fourth GDP per capita in the world; offshore financial services dominate the economy.

HDI*: 0.930/1

HDI (World Rank): 3/188

Note: () [The HDI](#), Human Development Index, is an Indicator Which Synthesizes Several Data Such as Life Expectancy, Level of Education, Professional Careers, Access to Culture etc.*

 TELECOMMUNICATION

Telephone Code:

To call from Switzerland, dial 00

To call Switzerland, dial +41

Internet Suffix: .ch

Computers: 91.8 per 100 Inhabitants

Telephone Lines: 56.7 per 100 Inhabitants

Internet Users: 85.2 per 100 Inhabitants

Access to Electricity: 100% of the Population

Foreign Trade in Figures

Foreign Trade Indicators	2014	2015	2016	2017	2018
Imports of Goods <i>(million USD)</i>	275,742	251,873	268,658	268,842	279,528
Exports of Goods <i>(million USD)</i>	311,203	289,874	303,221	299,605	310,749
Imports of Services <i>(million USD)</i>	98,136	92,378	95,207	101,244	103,190
Exports of Services <i>(million USD)</i>	116,629	108,013	114,356	118,999	122,668

Source: WTO – World Trade Organisation, 2017

[See the latest updates in the Country Profile for Switzerland.](#)

Latest Update: January 2020

Economic and Political Overview

ECONOMIC OUTLINE

Economic Overview

Switzerland has an efficient market economy. Its standard of living, industrial productivity and quality of education and health care systems are among the highest in Europe. The Swiss economy performed well in 2018 (3% according to IMF) especially in the first six months due to a boost to investment and net exports from the tailwind of strong external demand, together with faster expansion of household spending, but contracted unexpectedly in the third quarter, hit by weak domestic consumption and an economic downturn in Germany, its biggest trading partner. Growth is expected to slow to 1.8% in 2019 and 1.7% in 2020. The biggest risks for the Swiss economy stem from Italy's fiscal policy, a significant cooling of the European economy and the possibility of a global trade war, which could impact Switzerland's externally-oriented economy, appreciating the franc and eroding competitiveness in less-productive sectors.

For centuries Switzerland has adhered to a policy of armed neutrality in global affairs, which has given it the access and political stability to become one of the world's wealthiest countries. Public debt continues to drop and inflation is expected to remain around 1% in the coming years. Switzerland remains high atop the list of preferred tax havens due to its low taxation of foreign corporations and individuals. The flow of overseas wealth to the country has come in for much criticism in past years, due to concerns over tax evasion, and in 2018, the Tax Justice Network, an international group campaigning for transparency, chose Switzerland as the capital of bank secrecy in the world. However, after signing an agreement on the automatic exchange of information with the European Union, Switzerland is poised to put an end to bank secrecy in 2019. As of this year, Swiss banks are required to share their clients' information with foreign tax authorities. Finally, Switzerland is one of the most environmental friendly countries in the world, and pledged to phase out nuclear power by 2034 and reduce energy consumption by 35%. A total revision of the Energy Act is in force since 1 January 2018, aiming to develop renewable energies.

A weakening of the Swiss franc helped boost economic growth, creating more jobs. The Swiss unemployment rate fell to 2.8% and is expected to maintain the similar low level in the coming years. According to the [State Secretariat for Economic Affairs \(SECO\)](#), all of Switzerland's French-speaking cantons saw unemployment decline, however the large difference with German-speaking Switzerland remained (3.6% vs 2.2%). 7.5% of the population suffers from income poverty, but only 0.9% experienced it for four years or more.

Main Indicators	2017	2018	2019 (e)	2020 (e)	2021 (e)
GDP (billions USD)	680.03e	705.55e	715.36	749.42	782.01
GDP (Constant Prices, Annual % Change)	1.9e	2.8e	0.8	1.3	1.6
GDP per Capita (USD)	80,764e	83,162e	83,717	86,674	89,370
General Government Balance (in % of GDP)	1.2e	1.1e	1.0	0.4	0.4
General Government Gross Debt (in % of GDP)	42.6e	40.5e	38.6	37.3	36.0
Inflation Rate (%)	0.5	0.9e	0.6	0.6	0.9
Unemployment Rate (% of the Labour Force)	3.1	2.5e	2.8	2.8	2.8
Current Account (billions USD)	45.35	72.17e	68.40	73.82	76.81
Current Account (in % of GDP)	6.7	10.2e	9.6	9.9	9.8

Source: IMF - World Economic Outlook Database, Latest available data

Note: (e) Estimated Data

Main Sectors of Industry

Switzerland is one of the most competitive economies in the world due to its strong added value services, its specialized industries and a motivated and highly skilled workforce of 4.9 million people out of a 8.5 million population. Agriculture represents 0.64% of GDP and employs 3.5% of the active population. The primary agricultural products are livestock and dairy products, though the country is also home to over 9,000 wineries. Swiss authorities grant numerous direct subsidies to farmers in order to meet strict ecological criteria, such as soil protection. The country has hardly any mineral resources. Despite the small size of the overall agricultural industry, organic farming has experienced considerable growth.

Industry employs 20.7% of the workforce and constitutes 25.2% of GDP. Switzerland is renowned worldwide for the high quality of its manufactured products, which include watches, motors, generators, turbines and diverse high-technology products. The strong industry sector is driven by large exporting groups. Basel, in particular, is home to a very dynamic and powerful chemical and pharmaceutical industry. Electricity is generated chiefly from hydraulic and nuclear power. Hydroelectric resources provide almost two-thirds of the country's energy.

The service sector represents 71.2% of GDP and employs 75.8% of the workforce. The banking sector alone represents nearly 10% of the GDP. Well-developed and globally competitive sectors, such as banking, insurance, freight and transport, have contributed to the development of international trade across Switzerland. Tourism, which adds significantly to the economy (almost 10 million tourists in 2018), helps to balance Switzerland's trade deficit.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	3.1	20.1	76.8
Value Added <i>(in % of GDP)</i>	0.7	25.0	71.2
Value Added <i>(Annual % Change)</i>	5.0	3.8	0.3

Source: World Bank, Latest available data.

Learn more about [Market Analyses about Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Indicator of Economic Freedom

Score: 81,9/100

World Rank: 4

Regional Rank: 1

[Economic freedom in the world \(interactive map\)](#)

Source: [2019 Index of Economic Freedom, Heritage Foundation](#)

Business environment ranking

Score: 8.52

World Rank: 2/82

Source: [The Economist - Business Environment Rankings 2014-2018](#)

Country Risk

See the country [risk analysis](#) provided by [Coface](#).

Sources of General Economic Information

Ministries	Federal Department of Finance Federal Department of Environment, Transport, Energy and Communications (DETEC) Federal Department of Home Affairs Federal Department of Defence, Civil Protection and Sport Federal Department of Justice and Police (FDJP)
Statistical Office	Federal Office for Statistics
Central Bank	Swiss National Bank (SNB)
Stock Exchange	Switzerland Stock Exchange
Other Useful Resources	Swiss Federal Banking Commission (SFBC) State Secretariat for Economic Affairs (SECO) State Secretariat for Education, Research and Innovation (SERI) Federal Institute of Metrology (METAS) Federal Office for the Environment (FOEN)
Main Online Newspapers	Onlinenewspapers.com
Economic Portals	EconomyWatch SwissWorld

POLITICAL OUTLINE

Type of State	Federal republic based on parliamentary democracy. Confederation of 26 cantons (states/provinces), which enjoy fair amount of decentralisation.
Executive Power	The President is both the chief of the state and head of the government. The post is purely ceremonial and by tradition rotates annually among the seven members of the Federal Council for one-year term. The Federal Council is a seven-member executive council (cabinet) that heads the executive branch, with its members being elected by country's parliament for a four-year term. Under the Constitution of Switzerland the make-up of the government is not determined by parliamentary majority but in accordance with a four-party power-sharing agreement (established in 1959) and known as the 'magic formula'.
Legislative Power	The legislature in Switzerland is bicameral. The parliament, called Federal Assembly, consists of the Council of States (upper house) and the National Council (lower house). The former is comprised of 46 seats, with two members selected from each of the 20 cantons (states/provinces) and one from each of the six half-canton. The National Council is comprised of 200 seats, with its members elected by popular vote on the basis of proportional representation. Members of both the Council of States and the National Council serve four year terms. The executive branch of government is directly or indirectly dependent on the support of the parliament, often expressed through a vote of confidence. The federal legislative power is vested in both the government and the parliament.
Main Political Parties	<ul style="list-style-type: none"> - Swiss People's Party (SVP): populist right-wing group; strong base in German-speaking areas of Switzerland - Social Democratic Party (SP/SPS): centre-left - Free Democratic Party (FDP): centre-right - Christian Democratic Party (CVP): centre-right

- [Conservative Democratic Party](#) (BDP): centre-right
- [Green Party](#) / [Swiss Ecologist Party](#) (PES): environmentalist and pacifist party
- [Green Liberals](#) (GL): left-wing environmentalist group
- [Evangelical People's Party](#) (EVP): centre-left
- [Ticino League](#) (Lega) : right wing , regionalism
- [Geneva Citizens Movement](#) (MCG): right wing
- [Swiss Party of Labour](#) (PdA): far-left,communist
- [Christian Social Party of Obwalden](#) (CSP OW) : centre-christian-left
- [Christian Social Party](#) (CSP/ PCS): centre-left
- [Federal Democratic Union](#) (EDU/UDF): right wing
- [Alternative Left](#) (AL) : Left wing, social-democrat

Current Political Leaders

President: Ueli MAURER (since 1 January 2019)
Vice President: Simonetta SOMMARUGA (since 1 January 2019)

Next Election Dates

National Council: October 2023
Council of States: each canton decides its own election dates, but these usually take place at the same time as those of the National Council.

Indicator of Freedom of the Press

World Rank: 6/180

Source: [2019 World Press Freedom Index, Reporters Without Borders](#)

Indicator of Political Freedom

Ranking: Free

Political Freedom: 1/7

Civil Liberties: 1/7

[Political freedom in the world \(interactive map\)](#)

Source: [Freedom in the World 2019, Freedom House](#)

Latest Update: January 2020

Trade Profile

FOREIGN TRADE IN FIGURES

The Swiss economy is extremely open to foreign trade, which represents 118.9% of the country's GDP (World Bank - 2017). The European Union is Switzerland's largest trade partner, accounting for two-thirds of its total foreign trade. Since 2002, the country has signed agreements with the EU regarding seven key trade sectors. Exports of goods and services account for nearly two-thirds of the country's GDP. Main exports are gems (26.2%), pharmaceuticals (24.2%), machinery (8%), clocks and watches (7%), while the main imports are gems and precious metals (31%), pharmaceuticals (10.7%), machinery and computers (7.2%), and vehicles (5.6%).

In 2017, Switzerland's main clients were Germany (15.1%), United States (12.3%), China (8.2%) and India (6.6%). Its main suppliers were Germany (20.7%), United States (8%), Italy (7.5%) and United Kingdom (7.2%).

Switzerland has a large trade surplus. Exports rely mostly on high-tech sectors, which are less dependent on the international economic situation than other industries. In 2017, Switzerland's exports amounted to USD 299.6 billion while imports amounted to USD 268.8 billion. The surplus narrowed in 2017 and early 2018 because of a growing deficit with Eurozone countries, but it grew again to reach USD 3.1 billion in November 2018 due to 6th consecutive decline of imports and an increase of exports to North America and Asia (Swiss National Bank).

Foreign Trade Indicators	2014	2015	2016	2017	2018
Imports of Goods (<i>million USD</i>)	275,742	251,873	268,658	268,842	279,528
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Imports of Services (<i>million USD</i>)	98,136	92,378	95,207	101,244	103,190
Exports of Services (<i>million USD</i>)	116,629	108,013	114,356	118,999	122,668
Imports of Goods and Services (<i>Annual % Change</i>)	-7.7	4.5	5.7	-0.6	-0.3
Exports of Goods and Services (<i>Annual % Change</i>)	-6.2	2.6	6.3	-0.2	2.9
Imports of Goods and Services (<i>in % of GDP</i>)	52.6	50.5	54.2	54.5	53.9
Exports of Goods and Services (<i>in % of GDP</i>)	64.3	62.2	65.7	65.0	66.1
Trade Balance (<i>million USD</i>)	55,363	53,798	50,751	50,760	60,391
Trade Balance (Including Service) (<i>million USD</i>)	77,397	73,296	71,087	67,094	81,194
Foreign Trade (<i>in % of GDP</i>)	116.9	112.7	120.0	119.5	120.0

Source: World Trade Organisation (WTO) - 2017; World Bank - 2017

Main Partner Countries

Main Customers (% of Exports)	2018	Main Suppliers (% of Imports)	2018
Germany	15.3%	Germany	20.7%
United States	13.2%	United Kingdom	9.5%
China	9.7%	Italy	7.6%
France	6.4%	United States	7.6%
India	5.7%	France	7.1%
Italy	5.3%	China	5.3%

Main Customers (% of Exports)	2018
Hong Kong	5.2%
United Kingdom	3.4%
Netherlands	2.6%
Japan	2.6%

Source: Comtrade, 2017

Main Suppliers (% of Imports)	2018
United Arab Emirates	3.7%
Ireland	3.2%
Austria	3.0%
Spain	2.0%

Main Products

310.5 bn USD of products exported in 2018	
Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form	20.6%
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses incl. those in the form of transdermal administration or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006)	14.4%
Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and modified immunological products, whether or not obtained by means of biotechnological processes; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products	9.4%
Wrist-watches, pocket-watches and other watches, incl. stop-watches (excl. of precious metal or of metal clad with precious metal)	4.4%
Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal (excl. articles > 100 years old)	3.8%
Heterocyclic compounds with nitrogen hetero-atom[s] only	3.0%
Wrist-watches, pocket-watches and other watches, incl. stop-watches, with case of precious metal or of metal clad with precious metal (excl. with backs made of steel)	2.2%
Orthopaedic appliances, incl. crutches, surgical belts and trusses; splints and other fracture appliances; artificial parts of the body; hearing aids and other appliances which are worn or carried, or implanted in the body, to compensate for a defect or disability	2.0%
Instruments and appliances used in medical, surgical, dental or veterinary sciences, incl. scintigraphic apparatus, other electro-medical apparatus and sight-testing instruments, n.e.s.	1.3%

278.7 bn USD of products imported in 2018	
Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured or in powder form	22.7%
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses incl. those in the form of transdermal administration or in forms or packings for retail sale (excl. goods of heading 3002, 3005 or 3006)	7.0%
Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal (excl. articles > 100 years old)	5.8%
Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars (excl. motor vehicles of heading 8702)	3.8%
Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; antisera and other blood fractions and modified immunological products, whether or not obtained by means of biotechnological processes; vaccines, toxins, cultures of micro-organisms (excl. yeasts) and similar products	3.6%
Heterocyclic compounds with nitrogen hetero-atom[s] only	2.5%
Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing $\geq 70\%$ by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, n.e.s.; waste oils containing mainly petroleum or bituminous minerals	1.7%
Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, n.e.s.	1.4%

310.5 bn USD of products exported in 2018		278.7 bn USD of products imported in 2018	
Machines and mechanical appliances having individual functions, not specified or included elsewhere in this chapter; parts thereof	0.8%	Transmission apparatus for radio-telephony, radio-telegraphy, radio-broadcasting or television, whether or not incorporating reception apparatus or sound recording or reproducing apparatus; television cameras; still image video cameras and other video camera recorders; digital cameras	1.2%
		Diamonds, whether or not worked, but not mounted or set (excl. unmounted stones for pick-up styluses, worked stones, suitable for use as parts of meters, measuring instruments or other articles of chapter 90)	0.9%

Source: Comtrade, 2017

See More Products [More imports \(Intracen Data\)](#)
[More exports \(Intracen Data\)](#)

Exchange Rate System

Local Currency: Swiss Franc (CHF)
 Exchange Rate Regime: Floating exchange regime. Since January 2015, the Swiss franc is no longer pegged to the euro.
 Level of Currency Instability: Very limited exchange risk since the Swiss franc is a major currency.
 Exchange Rate on :

Monetary Indicators	2014	2015	2016	2017	2018
Swiss Franc (CHF) - Average Annual Exchange Rate For 1 USD	0.92	0.96	0.99	0.98	0.98

Source: World Bank - Latest available data.

TRADE COMPLIANCE

International Conventions: Member of [World Trade Organisation](#)
 Member of [OECD](#)
 Party to the [Kyoto Protocol](#)
 Party to the [Washington Convention](#) on International Trade in Endangered Species of Wild Fauna and Flora
 Party to the [Basel Convention](#) on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
 Party to the [Montreal Protocol](#) on Substances That Deplete the Ozone Layer
 Party to the [Wassenaar Arrangement](#) on Export Controls For Conventional Arms and Dual-Use Goods and Technologies
 Party of the [International Coffee Agreement 2007](#)

Main International Economic Cooperation: Switzerland formed a customs union with Liechtenstein in 1924. Switzerland is a member of European Free Trade Association (EFTA), alongside Liechtenstein, Iceland

and Norway. Switzerland has signed bilateral agreements with the EU that guarantee many of the same economic advantages and lowered barriers to trade that EU members enjoy. The USA and Switzerland have formed a 'Trade and Investment Cooperation Forum' to promote mutual trade. Switzerland also signed last February, 2009 a Free-Trade Agreement with Japan allowing the exemption of customs duties for 99% of trade transactions between these two countries, within 10 years. Finally, Switzerland has signed free trade agreements with the States of the [Gulf Cooperation Council](#) (GCC) and Albania.

Party of the ATA Convention on Temporary Admissions and Use of the Carnets

Yes

As a Reminder, the ATA is a System Allowing the Free Movement of Goods Across Frontiers and Their Temporary Admission Into a Customs Territory With Relief From Duties and Taxes. The Goods Are Covered By a Single Document Known as the ATA Carnet That is Secured By an International Guarantee System.
[Look Up the Other Member Countries And Read the Web Pages of the World Customs Organization Devoted to the ATA Carnet.](#)

Party of the TIR Convention

Yes

As a Reminder, the TIR Convention and its Transit Regime Contribute to the Facilitation of International Transport, Especially International Road Transport, Not Only in Europe and the Middle East, But Also in Other Parts of the World, Such as Africa and Latin America.
The UNCTAD Website Allows You to [Read the TIR Convention](#), [See the List of Member Countries](#) And to [Find Further Information](#).

Accompanying Documents For Imports

A commercial invoice in duplicate or triplicate is sufficient for importing and custom clearance. 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.

Free Zones

None. However companies (both local and foreign-owned) can utilize duty- free warehouses to import goods into Switzerland without paying any tax and duties if the goods are subsequently re-exported to third countries.

For Further Information

[Federal Customs Administration State Secretariat for Economic Affairs](#) (SECO)

Non Tariff Barriers

Switzerland has a strict policy for import of agricultural biotechnology products. It involves a lengthy approval process. Quotas exist for import of certain products (mainly food items) which vary from year to year depending upon the size of harvests, volume of stocks and market requirements. These quotas are granted only to importers based in Switzerland and they need an import license. 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).

Sectors or Products For Which Commercial Disagreements Have Been Registered With the WTO

For details, visit: [World Trade Organization](#).

Assessment of Commercial Policy

[Country's commercial policy](#), as seen by the WTO.
[Barriers to exchanges](#), inventoried by the United States

[Barriers to exchanges](#), inventoried by the EU.
[Sanitary and phytosanitary barriers](#), inventoried by the EU.

Learn more about [How to Export to Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

STANDARDS

National Standards Organisations	Swiss Standards Association SNV (Schweizerische Normen Vereinigung) . SNV is the umbrella for all standards and certification organisations in Switzerland.
Integration in the International Standards Network	SNV is a member : International Standard Organisation (ISO) International Electrotechnical Commission (IEC) CEN (European Agency for Standards) International Communication Union (ITU)
Obligation to Use Standards	Obligatory.
Classification of Standards	The various domains of standardisation along with relevant organisation are mentioned below: <ol style="list-style-type: none"> 1. Electrosuisse Domains covered: electrical safety standards, electromagnetic emissions 2. SIA Domains covered: building standards (above and underground construction, cultural aspects, environmental criteria, insulation, air-cond/heating/safety) 3. VSS Domains covered: traffic safety, planning of public and private sector transportation networks, energy efficiency, signalling, safety in tunnels, financing 4. SVGW Sector covered: quality standards of processes and equipment for drinking water and natural gas 5. VSA Sector covered: sewage treatment and water pollution control. 6. DETEC (Federal Department of the Environment, Transport, Energy and Communications) Sector covered: telecommunications incl. radio and TV; 7. Swissmem Sector covered: Industrial machinery such as machine tools, textile machines, packaging machine, power generating and distribution equipment etc. 8. Interpharma Sector covered: Manufacturers of pharmaceuticals with own research departments 9. SWISSMEDIC Sector covered: Therapeutic products (Swiss government agency similar to FDA in USA). 10. SUVA Sector covered: Occupational safety.
Assessment of the System of Standardization	Switzerland is a member of CEN (European agency for standards) and thus needs to adopt any new European standards, as 50% of country's GDP is based on foreign trade. Switzerland applies "Harmonized European Standards" pertaining to health, safety and environmental criteria. All products covered by those standards must carry the CE label as a sign of compliance in all EU countries. The use of CE labels helps the sale of products in local market as well.

Online Consultation of Standards Visit the [SNV](#).

Certification Organisations [Swiss Accreditation Service \(SAS\)](#)

Associations of Standards Users [Swiss Office of Norms Practice \(NOP\)](#)

Latest Update: January 2020

Tax System

CORPORATE TAXES

Tax Base For Resident and Foreign Companies A company is considered resident in Switzerland for tax purposes if it is domiciled or if the place of effective management is in Switzerland.

Tax Rate

Corporate tax	The maximum effective corporate income tax rate ranges from 11.5% to 24.2%, depending on canton and commune. The rate comprises federal, cantonal and communal taxes. All 26 cantons apply different tax rates
Federal rate	8.5% (the tax is deductible for tax purposes and reduces the applicable tax base, resulting in a direct federal CIT rate on profit before tax of approximately 7.83%)

Tax Rate For Foreign Companies Resident companies are taxed on their worldwide income, except for profits derived from foreign branches and foreign immovable property, which are tax-exempt. Non-resident companies are taxed on their Swiss-sourced income (through their permanent establishment/branch income and/or immovable property located in Switzerland). Some cantons provide special tax and other benefits to attract investments in specific domains and locations.

Capital Gains Taxation There is no specific capital gains tax levied at the federal level. Capital gains on the sale of assets (including real property) are treated as ordinary business income (and losses are deductible), regardless of how long the assets have been held. If assets are sold to a shareholder or related company at a less than a fair market price, gains may be reassessed for tax purposes. Where the participation exemption applies, capital gains will be exempt from tax. To qualify, the participation must be at least 10% and held for more than one year. Participation relief is granted, however, only on the capital gain exceeding the investment cost of the sold participation (e.g. not on recaptured depreciation).

Main Allowable Deductions and Tax Credits Business expenses and depreciation are subjected to deductions. Corporate income and capital taxes paid to the federal government, as well as to the cantons and the municipalities, are tax deductible. Indirect taxes (e.g. real estate transfer tax) are tax deductible as well. Also, indirect taxes such as import duties and foreign taxes (not covered under unilateral or tax-treaty relief provisions) are deductible. Moreover, losses may be carried forward for seven years. The carryback of losses is not permitted.

Royalty payments are generally deductible for tax purposes as long as the royalty rate is at arm's length. As far as they are recognised as an expense in the statutory books, costs incurred for job-related training and continuing education of employees are generally tax deductible, same as the cost of employee share plans and stock option plans.

At the federal level, charitable contributions are deductible up to 20% of the net profit after tax, provided certain criteria are met.

Tax incentives are provided at the canton level for newly established enterprises and qualifying existing companies that make substantial changes to their businesses. Further tax incentives are provided at the federal level for establishing new businesses in qualifying areas of economic development and creation of new jobs. In October 2018, the Swiss government introduced a Patent Box scheme as well as tax incentives for research and development and other tax privileges in line with OECD standards. Under this scheme, profits from intangible rights that qualify for Patent Box relief are tax-deductible up to a maximum of 90%, while R&D costs can be deducted up to a maximum of 150% of the costs sustained.

Other Corporate Taxes Issuance stamp tax (often known as ‘capital duty’) on the issuance and the increase of the equity of Swiss corporations is levied at the rate of 1% on the fair market value of the assets contributed, with an exemption on the first CHF 1 million of capital paid in, whether it is made in an initial or subsequent contribution.

Corporate capital tax is only levied at the cantonal and the communal level (not at the federal level). It is based on a corporation’s equity, with rates varying between 0.001% and 0.525%, depending on the company’s location of corporate residence in Switzerland.

Transfer tax on immovable property is levied by most cantons and sometimes by the municipalities, but not by the federal government. Some cantons levy real property tax. The transfer of securities is also subject to a tax at a rate of 0.15% for securities issued by a tax resident of Switzerland and 0.3% for securities issued by a tax resident of a foreign country.

The employer contribution rate stands at 6.225% of the salary for four different insurances (at the same rate as the employee). The employer and the employee are also required to pay a solidarity contribution equal to 0.5% of the total annual salary exceeding CHF 148,200.

Other Domestic Resources [Swiss Federal Tax Administration](#)
[Doing Business: Switzerland](#), to obtain a summary of taxes and mandatory contributions

Country Comparison For Corporate Taxation

	Switzerland
Number of Payments of Taxes per Year	19.0
Time Taken For Administrative Formalities (Hours)	63.0
Total Share of Taxes (% of Profit)	28.8

Source: *Doing Business - 2017*.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

ACCOUNTING RULES

Accounting System

Accounting Standards The Swiss Code of Obligations does not contain any provisions on the accounting

standards to which a consolidated financial statement must be prepared. Only the IPO laws of the SWX Swiss Exchange require that an accepted accounting standard based on the 'true and fair view' principle be used (such as Swiss GAAP FER, IFRS or US GAAP). However Swiss GAAP FER accounting standards are used by the national groups and small and mid-sized organisations (seeking capital only from Swiss investors). In addition, sector-specific standards exist to regulate accounting provisions for pension funds, insurance companies and non-profit organisations. Companies listed on the main board of the SIX Swiss Exchange and listed companies domiciled in the EU have to prepare their consolidated financial statements in accordance with IFRS.

Accounting Regulation Bodies

[EXPERTsuisse](#), EXPERTsuisse: the Swiss Expert Association for Audit, Taxation and Fiduciary

Accounting Law

The Swiss [Code of Obligations](#) (OR) governs auditing and accounting in Switzerland.

Difference Between National and International Standards (IAS/IFRS)

Swiss GAAP FER, which are used by domestic companies seeking capital only from Swiss investors, are significantly different from IFRS in their scope and presentation (Please consult this comparative [guide](#) for further information). Public companies seeking capital from international investors may choose between IFRS Standards and US GAAP (the vast majority of these companies choose IFRS Standards). SMEs are free to choose any GAAP (IFRS for SMEs Standard, full IFRS Standards, US GAAP or any other GAAP).

Accounting News

[Accounting News in Switzerland](#)

Accounting Practices

Tax Year

The tax year generally is the calendar year, unless a company uses a different financial year. Federal and cantonal/communal income tax is assessed each year on income of the current year.

Accounting Reports

Any company registered with the register of commerce in Switzerland needs to maintain a book-of-account and is required to follow the general commercial accounting principles as set forth in the Swiss Code of Obligations. While it is compulsory to maintain the balance sheet, the profit-and-loss statement and the inventory in Swiss francs, this requirement does not apply to the day-to-day bookkeeping.

Publication Requirements

As per the law, an annual financial statement with its associated income statement, balance sheet and notes must be prepared. It must be made in a manner such that company's assets and earnings can be valued as accurately as possible.

Accountancy Profession

Accountants

A Swiss accountancy professional needs to have qualifications, which are recognised by the Ministry for Professional Education and Technology. The official Swiss accounting and finance qualifications are Fachausweis Buchhalter, Fachausweis Controller and Diplomierter Buchhalter/Controller. A qualified accountant could take one or more of the following roles: Auditor Accountant, Budget analyst Controller, Forensic accountant, Tax accountant.

The VEB (Federation of Accounting and Controllers) is the largest Swiss professional association in this industry.

Professional Accountancy Bodies

[EXPERTsuisse](#), EXPERTsuisse: the Swiss Expert Association for Audit, Taxation and Fiduciary

Member of the International Federation of Accountants (IFAC)	Switzerland is a member of IFAC.
Member of Other Federation of Accountants Audit Bodies	<p>Member of Accountancy Europe.</p> <p>Companies must seek a statutory auditor to conduct an annual audit of the financial health of their organisation.</p> <p>According to the Swiss commercial law, a company is subject to a full audit if it qualifies as a public company or if it meets two of the three following thresholds in two consecutive business years: a balance sheet total of CHF 20 million; revenue of CHF 40 million; and 250 full-time employees. A full audit for a public company must be conducted by an admitted Swiss audit expert, and a supervised audit firm must be elected.</p> <p>For non-public companies that meet two of the above criteria, only an admitted Swiss audit expert can be elected.</p> <p>A company that is not subject to a full audit generally will be subject to a limited audit, which can be carried out by an elected admitted auditor. A company that does not have more than 10 full-time employees can opt out of a limited audit.</p> <p>For more information, contact the Swiss Federal Audit Office.</p>

CONSUMPTION TAXES

Nature of the Tax	Value-Added Tax (VAT) - Mehrwertsteuer (MWST)
Standard Rate	7.7% as of 2019
Reduced Tax Rate	<p>A reduced rate of 2.5% applies to: food and drink (except that provided in hotels); agricultural supplies; water; printed materials; medicines; cultural and sporting events. A special rate of 3.7% applies to the hotel and lodging industry.</p> <p>Exports as well as supplies of goods and services to airlines are generally zero-rated.</p>
Exclusion From Taxation	<p>Hospital treatment, cultural services, insurance and reinsurance turnovers, specific turnovers in the field of money and capital transactions are exempt without credit. The supply of goods that are transported or dispatched directly abroad is also exempt and fully eligible for input VAT deduction.</p>
Method of Calculation, Declaration and Settlement	<p>VAT applies to the sale of goods and services within Switzerland and the import of goods and services into Switzerland. VAT registration is mandatory for enterprises with annual taxable turnover of above CHF 100,000. Returns are generally filed quarterly, unless the taxpayer opts for the balance tax rate method and files returns on a half-yearly basis. Full payment is due 60 days after the end of the VAT settlement period.</p>
Other Consumption Taxes	<p>Federal and cantonal governments levy excise taxes on a number products. To name a few, the following excise taxes are levied at the federal level:</p> <ul style="list-style-type: none"> Petroleum tax Performance-related Heavy Vehicle Charge National road tax (motorway tax sticker) Beer excise tax/Tax on alcohol Tobacco excise tax Radio and television fee

INDIVIDUAL TAXES

Tax Base For Residents and Non-Residents An individual is considered a Swiss resident if he/she: has the intention of staying permanently; is physically present for at least 90 days; or stays in Switzerland with the intention to exercise gainful activities for a consecutive period of at least 30 days (ignoring short absences).

Tax Rate

Individual income tax by Canton (Maximum rates)	Rate includes Federal Tax (13.2% maximum), Cantonal Tax (ranges from 14% to 35%), Communal Tax and Church Tax
Jura	40.15%
Basel-Land	42.17%
Geneva	44.75%
Bern	41.27%
Vaud	41.50%
Zurich	39.76%
Ticino	41.77%
Basel-Stadt	37.36%
Neuchâtel	38.09%
Valais	36.50%
Solothurn	33.97%
Fribourg	36.02%
Aargau	34.38%
Thurgau	32.48%
Glarus	31.56%
St. Gallen	33.52%
Graubünden	32.18%
Schaffhausen	31.89%
Luzern	31.16%
Appenzell A.Rh	30.74%
Nidwalden	25.55%
Appenzell I.Rh	24.86%
Uri	25.35%
Zug	22.38%
Schwyz	27.53%
Obwalden	24.30%

Allowable Deductions and Tax Credits Personal deductions vary according to the status of each person (single person, married, dependent child, etc.) and may be granted on both the federal and cantonal levels.

Alimony and subsistence payments paid to minor children are tax deductible for the payer and taxable for the recipient for federal tax purposes and in many cantons. A deduction for donations made to a qualifying Swiss based charity organisation (actual) can be claimed on the tax return. On the federal level, and in many cantons, the deduction is capped with a certain ratio of the taxable income.

A deduction can be claimed on the tax return for maintenance costs for self-owned real estate (actual or lump-sum). A deduction can be claimed on the tax return for certain bank charges.

Medical care and insurance allowances are often deductible. Other deductible expenses include business income expenses, social security premiums and interest on loans.

Special Expatriate Tax Regime Residents are subject to income tax on their worldwide income, except for profits from foreign businesses, branches and property, which are tax exempt. Non-residents are taxed on Swiss-sourced income only. Expatriates working in Switzerland are subject to the same personal income tax rates as Swiss nationals; however, expatriates are allowed an annual deduction of CHF 18,000 to cover housing fees and other living costs. Other expenses such as moving expenses and tuition are also deductible.

Capital Tax Rate No federal tax on individual net worth is levied. However, all cantons, except the canton of Schwyz, levy an inheritance and gift tax. Cantons also levy a net wealth tax which includes real property and the value of life insurance policies. Municipalities and some cantons levy an annual real property tax of 0.2% to 3% property value. Social security contributions for employees are as follows:
 Old-age, survivors', and disability insurance (10.25%; the employee's share is 50%)
 Unemployment insurance/supplementary unemployment insurance (approximately 2.2%; the employee's share is 50%)
 Family compensation fund (0.1% to 4%; usually paid fully by the employer)
 Occupational accident insurance (approximately 0.17%; paid fully by the employer)
 Occupational pension scheme (2nd pillar) (contributions depend on pension plan; the employee's share is usually 50%).

DOUBLE TAXATION TREATIES

Withholding Taxes Dividends: 0/35% (non-resident); Interest: 0/35% (if derived from deposits with Swiss banks, bonds and bond-like loans; or if paid to non-resident on receivables secured by Swiss real estate); Royalties: 0%.

SOURCES OF FISCAL INFORMATION

Tax Authorities [Swiss Federal Tax Administration](#)
[Swiss Confederation - Federal Department of Finance](#)

Other Domestic Resources [Taxation.ch website.](#)
[Swiss Official Web Portal ch.ch](#)

Learn more about [Service Providers in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Learn more about [Taxes and Accounting in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).



Latest Update: January 2020

Legal Environment

BUSINESS CONTRACT

General Observation	The role and responsibility of the vendor (including methods of quality control and packaging details) should be clearly mentioned. Due diligence of the company with whom you are signing the business contract is generally suggested. Although any company 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.
Law Applicable to the Contract	Swiss Code of Obligations ("CO")
Advisable Incoterms	Choose CIF or FOB .
Language of Domestic Contract	German, French, Italian or Romansch. English is generally used in all international contracts.
Other Laws Which Can Be Used in Domestic Contracts	Generally the laws and courts of America and other European countries including England are likely to be accepted by any Swiss supplier. The parties are free to choose the governing law of a contract. If not expressly agreed on by the parties, the applicable law is that of the country in which the party performing the characteristic obligation under the agreement in question resides.

INTELLECTUAL PROPERTY

National Organisations	The body in charge of the protection of intellectual property in Switzerland is the Federal Institute of the Intellectual property (IGE) .
Regional Organisations	Convention on Grants of European Patents (European Patent Convention of 1973).
International Membership	Member of the WIPO (World Intellectual Property Organization) Signatory to the Paris Convention For the Protection of Intellectual Property Membership to the TRIPS agreement - Trade-Related Aspects of Intellectual Property Rights (TRIPS)

National Regulation and International Agreements

Type of property and law	Validity	International Agreements Signed
Patent Swiss Patent Law of 1954; revised in 2007	20 years	Patent Cooperation Treaty (PCT)
Trademark Swiss Federal Trademark Statute	10 years; extendable for another 10 years.	Trademark Law Treaty Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks
Design Swiss Federal Statute on the Protection of Designs and Industrial Models	5 years; extendable up to 25 years.	

Type of property and law	Validity	International Agreements Signed
<p>Copyright</p> <p>Swiss Federal Copyright Statute</p>	<p>Life long; 50-70 years after death of person.</p>	<p>Berne convention For the Protection of Literary and Artistic Works Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms Rome Convention For the Protection of Performers, Producers of Phonograms and Broadcasting Organizations WIPO Copyright Treaty WIPO Performances and Phonograms Treaty</p>
<p>Industrial Models</p> <p>Swiss Federal Statute on the Protection of Designs and Industrial Models</p>	<p>5 years; extendable up to 25 years.</p>	

LEGAL FRAMEWORK OF BUSINESS

Equity of Judgments

Equal Treatment of Nationals and Foreigners	Federal laws are applied uniformly in the country. Foreign nationals can expect a free trial from the country’s judicial system.
The Language of Justice	The judicial languages used in the country are: German, French and Italian.
Recourse to an Interpreter	Possible
Legal Similarities	The main source of the law is the Constitution of 1848, amended completely in 1874 and 2000.

The Swiss federal system is characterised by substantial decentralisation. The cantons and half-cantons have control over much of economic and social policies having their own laws, with the federal government’s powers largely limited to foreign affairs and some economic policy.

The country’s legal system is based on civil law system influenced by customary law and judicial review of various legislative acts.

Switzerland accepts compulsory ICJ jurisdiction, but with reservations.

The Different Legal Codes

<p>Overview of Swiss laws</p>	<p>Swiss Laws</p>
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Checking National Laws Online	<p>Swiss Institute of Comparative Law Swiss Law Online</p>
Other Useful Resources	<p>Swiss Federal Constitution Swiss Federal Court</p>

[CH - CH](#), The Swiss Portal.

Country Guides

[LexMundi](#), A guide to doing business in Switzerland

Learn more about [Lawyers and Legal in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

The Jurisdictions

<p>Canton courts</p>	<p>Each canton has several courts of primary jurisdiction (in larger cantons so-called district courts) and one court of appeal. They usually cover civil and criminal cases. Administrative matters are heard by a special court. The courts of primary jurisdiction normally consist of five or three members. In the four cantons of Zurich, Bern, Aargau and St. Gallen civil matters are heard in commercial courts if they involve commercial transactions of a certain value of the matter in dispute. In some cantons specialized courts exist for labor disputes and for rent tribunals.</p> <p>Certain matters such as disputes about industrial property law and other specialized matters are heard before the court of appeal as first instance.</p>
<p>Federal Court (Tribunal fédéral/Bundesgericht)</p>	<p>It is the highest court and the final court of appeal in Switzerland. The main location is in Lausanne and the primary function is to provide for a uniform application of federal law throughout the country.</p> <p>A Federal insurance court (Tribunal fédéral des assurances/Eidgenössisches Versicherungsgericht), located in Lucerne, has appellate jurisdiction for certain disputes involving social security and insurance matters.</p> <p>In April 2004, the new Federal criminal court (Tribunal pénal fédéral/Bundesstrafgericht), located in Bellinzona, took up its functions as the federal court of first instance and the court of appeal in certain criminal matters.</p> <p>In 2007 the Federal criminal system was completed by the addition of a Federal administrative court (Tribunal administratif fédéral/Bundesverwaltungsgericht) with seat in St. Gallen.</p> <p>The members of the Federal courts are elected in a joint session of the National Council and the Council of States.</p>

Court Officials

Judges

The members of the Federal courts are elected in a joint session of the National Council and the Council of States. Public elections (judges of trial courts) and parliamentary elections (judges of cantonal appellate courts) determine which of the candidates put forward by the political parties will become judges. There are strict rules concerning the impartiality of judges, and, in general, a judge may be rejected if circumstances indicate that he/she could be biased in any way.

Public prosecutors	In Switzerland the role of the Public Prosecutor is performed by a representative of the Criminal Commission. The structure, appointment methods and the jurisdiction of the public prosecutor's office vary from canton to canton. In certain cantons, the power to appoint public prosecutors lies in the executive while in others it lies in the legislature.
Attorneys at law	Any person wishing to enter the profession of attorney must graduate from a Swiss school of law. In addition he/she should be a member of Swiss Bar Association. But to be admitted to the Bar, he/she must "apprentice" in a canton, for a period of nearly two years under the supervision of a qualified lawyer, followed by passing the bar examination for that canton (there is no "federal" bar examination in Switzerland).

Learn more about [Legal and Compliance in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

INTERNATIONAL DISPUTE RESOLUTION

Arbitration	Due to security, political stability, a highly developed infrastructure and neutrality, Switzerland has a long tradition as a place for international arbitration. A number of chambers of commerce offer arbitration services. Among these, the most important are the Zurich and the Geneva Chamber of Commerce, but also the Swiss-German or the Swiss-American Chamber of Commerce. Each of these chambers offer their own arbitration rules designed for international arbitration cases.
Arbitration Law	Chapter 12 of the Private International Law Act 1987 .
Conformity to International Commercial Arbitration Rules	Party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Party to the Geneva Protocol on Arbitration Clauses. Party to the Geneva Convention of the Execution of Foreign Arbitral Awards.
Appointment of Arbitrators	The arbitration panel generally consists of three arbitrators. Each party has the right to choose one arbitrator, and these two arbitrators elect the chairman.
Arbitration Procedure	Swiss arbitration tribunals frequently use arbitration rules such as the ICC Rules of Arbitration or the UNCITRAL Arbitration Rules. However, the parties to the arbitration are free to choose the rules governing the arbitral proceedings as well as the law governing the subject matter in dispute. International arbitrations are governed by Chapter 12 of the PIL Act, which applies to all arbitration cases where the arbitral tribunal has its seat in Switzerland and at least one of the parties had no domicile or habitual residence in Switzerland at the time when the arbitration agreement was concluded.
Permanent Arbitration Bodies	ICC International Court of Arbitration Geneva Chamber of Commerce and Industries (CCIG) Zurich Chamber of Commerce

Learn more about [Lawyers and Legal in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: January 2020

Reaching the Consumers

CONSUMER PROFILE

Consumer Profile

In 2018, Switzerland's population slightly exceeded 8.5 million. Switzerland faces an ageing population, albeit with consistent annual growth projected in 2035, due mostly to immigration and a fertility rate close to replacement level. As of 2012, resident foreigners made up 23.3% of the population, one of the largest proportions in the developed world. Most of these (64%) were from European Union or EFTA countries. Italians were the largest single group of foreigners, with 15.6% of total foreign population, followed closely by Germans (15.2%), immigrants from Portugal (12.7%), France (5.6%), Serbia (5.3%), Turkey (3.8%), Spain (3.7%), and Austria (2%). Immigrants from Sri Lanka, most of them former Tamil refugees, were the largest group among people of Asian origin (6.3%).

Between two-thirds and three quarters of the population, live in urban areas. Switzerland has a dense network of towns, where large, medium and small towns are complementary. The plateau is very densely populated with about 450 people per km² and the landscape continually shows signs of human presence. The weight of the largest metropolitan areas, which are Zürich, Geneva-Lausanne, Basel and Bern tend to increase. In international comparison the importance of these urban areas is stronger than their number of inhabitants suggests. In addition, the two main centres of Zürich and Geneva are recognised for their particularly great quality of life.

The median age is 42.5 years. People aged 0 to 14 years represent 15.23% of the population, the group of people aged 15 to 24 years represents 10.69% of the population, the group of people aged 25 to 54 years represents 42.88% of the population, the group of people aged 55-64 years represents 12.88% of the population and the group over 65 years represents 18.34% of the population (CIA World Factbook, 2018). There is 0.97 males per female in 2017.

The average household size is 2.2 people. 36% of Swiss household count 1 person, 18% 4 or 5 people, and 2% more than 6 people (2017).

The education system of Switzerland is largely decentralised. There are 26 cantons, which are overseen by the State Secretariat for Education, Research and Innovation (SERI). According to PISA survey, Switzerland schools are above the OECD average as for performances. According to an OECD report on education, the level of upper secondary attainment among 25-64 year-olds is one of the highest among OECD and partner countries with available data (87.8 %, rank 10/45, 2017). The level of upper secondary attainment among 25-34 year-olds is one of the highest among OECD and partner countries with available data. (91.9 %, rank 10/45, 2017). In contrast to general trends across OECD countries, women do not make up the majority of new entrants into bachelor's and master's programs in Switzerland. The share of female new entrants is 6 percentage points below the OECD average for both levels: 48% compared to 54% for bachelor's programs; 50% compared to 56% for masters. Women remain under-represented in science, technology, engineering and mathematics (STEM) field at tertiary level. Only 17% of new entrants into the fields of engineering, manufacturing and construction are women, below the OECD average of 24%.

3.3% of the labour force work in agriculture, 19.8% in industry and 76.9% in services (latest data available, 2015).

Purchasing Power

With a GDP per capita PPP of almost USD 61,000, Swiss consumers enjoy a particularly high buying power. The average nominal wage in 2017 was USD 62,300. According to a study by the "Gesellschaft für Konsumforschung" (GfK), Switzerland will have a purchasing power of €40,456 per inhabitant in 2018. This corresponds to a total of €340.6 billion. The central Swiss canton of Zug is at the top of the country's purchasing power table with an average disposable net income of €60,000 (70,500 francs) per head a year, according to a new study by market research firm GfK. That means the disposable net income of low-tax Zug is nearly one and a half times the Swiss average of €40,456. It also puts the canton clearly ahead of fellow low-tax cantons Schwyz where the figure is €55,411 and Nidwalden (€51,449). In Zurich, average disposable net income is €46,019, making it the fourth 'wealthiest' canton. Meanwhile, the total for the fifth-placed canton Geneva is €43,737.

Consumer Spending in Switzerland increased to 92,700.20 CHF Million in the third quarter of 2018 from 92,630.50 CHF Million in the second quarter of 2018. Consumer Spending in Switzerland averaged 70,487.63 CHF Million from 1980 until 2018, reaching an all-time high of 92,700.20 CHF Million in the third quarter of 2018 and a record low of 51,789 CHF Million in the first quarter of 1980.

In Switzerland, the average household net-adjusted disposable income per capita is USD 36,378 a year, higher than the OECD average of USD 30,563 a year. There is a considerable gap between the richest and poorest – the top 20% of the population earn more than four times as much as the bottom 20%.

Switzerland's GINI index was at the level of 32.3 in 2015. There is a gender gap between women and men's earnings for all levels of educational attainment for which data are available. Women in Switzerland with upper secondary education as their highest level of attainment earn 18% less than similarly educated men do; among tertiary-educated workers, the difference is even greater: female workers earn 21% less than their male counterparts do. In both cases however, the gender gap is narrower than the OECD average of 22% for upper secondary and 27% for tertiary-educated workers.

Consumer Behaviour

The majority of Swiss consumers give great importance to the origin of products (especially fresh products), and at an equal price, a local product will be given preference over one that does not state its origin. To decide on a purchase, Swiss consumers are more likely than their European counterparts to look out for value for money rather than the design or the brand's reputation. Furthermore, after-sales service is very important to these consumers.

Despite the increasing popularity of e-commerce, many Swiss prefer buying only from physical shops, which gives them the opportunity to assess the product and speak to a knowledgeable salesperson. About half of the Swiss population makes at least one online purchase a month.

Digital technology has greatly altered consumer behaviour in Swiss retail in the last few years. Product sales are increasingly shifting to the internet, generating high growth rates. At the same time, the boundaries between offline and online are blurring, as the use of digital devices and online channels is now also affecting bricks-and-mortar purchases (offline sales). Many customers are using (mobile) digital devices to check product information such as prices, reviews and stock availability before or during a shopping trip. According to a Deloitte study on digital retailing in Switzerland: 83% of Swiss consumers use a digital device for shopping-related activities before, during or after their physical shopping trip. This shows that digital influences the entire online and offline shopping journey. According to the same research, digital payment systems are on the rise. In future, 46% of Swiss consumers would like to use a mobile wallet to make a payment in-store while 65% would like to use self-checkout systems.

A representative survey conducted by market research company GfK on behalf of the WWF found that nine out of ten Swiss are re-evaluating their consumption behaviour in order to consume less, albeit for different kinds of reasons. The survey found that for 44% of respondents, saving money was the primary reason for wanting to buy less. On a national level, only 20% of people considered consuming less in order to protect the environment, according to the survey. The desire to save money was cited particularly often in French-speaking Switzerland, where 19 out of 20 people said that they wanted to consume less. By contrast, people in Italian-speaking Switzerland cited environmental concerns as a reason to rethink their consumption more often than those in all other areas of the country. For the German-speaking Swiss, the desire to have more time rather than material goods was mentioned more often than in other regions.

The Swiss are the biggest spenders on organic products in the world, and Swiss demand is one of the largest in Europe. In 2016, the turnover generated by controlled organic crops was of CHF 2.5 billion. One in ten fresh food items sold in Switzerland last year was organic, according to the Federal Office for Agriculture. The market share of organic products rose from 4.6% in 2007 to 9% in 2017, while the share of fresh organic food sold in Switzerland rose from just under 6% to 11.5% over the same period, the agriculture office reported. One in four eggs sold in Switzerland in 2017 was organic (26.6% of all eggs). Similar percentages were recorded for organic vegetables (23.1%) and organic fresh bread (22.1%). In sales, the Swiss organic food market grew by 7.6% per year over the past decade. The total value of organic food sold in Switzerland rose from CHF1.3 billion in 2007 to CHF2.7 billion in 2017. Annual per-capita expenditure rose from CHF171 to CHF320.

Despite protests and lawsuits, collaborative platforms such as Uber and AirBnb is commonly used among Swiss students and women. According to a survey, around 60% of ride-sharing services users are under 35, and 20% are students. Women now represent 47% of users, up from 39% in 2015.

Sector	Percentage
Housing, water, electricity, gas and other fuels	25.0%
Miscellaneous goods and services	22.0%
Transport	13.0%
Food and non-alcoholic beverage	10.0%
Restaurants and hotels	9.0%
Other insurance, taxes and transfers	9.0%
Culture and recreation	9.0%

Source: [Federal Statistical Office, 2016](#).

Consumer Recourse to Credit

Recourse to credit is common practice in Switzerland. Credit cards are widely accepted, and easy to obtain from banks and other financial institutions. The debt ratio of the households is one of the highest in the world, with a debt/disposable income of 218.2%.

Switzerland regularly tops the rankings when it comes to the debt of private households – along with Sweden, Norway, Canada, and Australia. Closer inspection shows that in all five countries mortgage debt accounts for 75%–97% of the total. Politicians have identified this problem. When the owner-occupied housing market threatened to overheat between 2010 and 2012, they tightened regulation on the lending banks. The banks in turn toughened up their own lending criteria, with the result that future homeowners now require more equity and have to pay off the loan more quickly. Since then, growth in the annual mortgage volume has halved from more than 5% at the beginning of 2012 to 2.57% by the end of 2017 – a far cry from the long-term average of 5.36% (Credit Suisse website).

Growing Sectors

According to the National office of statistics, the FMCG are the following: fish, fruits and nuts, vegetables, jam, marmalade and compote, beer.

Consumers Associations

[FCAB](#) , Federal Consumer Affairs Bureau
[FRC](#) , Fédération Romande des Consommateurs

Population in Figures

- Total Population: 8,516,543
- Urban Population: 73.8%
- Rural Population: 26.2%
- Density of Population: 216 Inhab./km²
- Men (in %) 48.8%
- Women (in %) 50.4%
- Natural increase: 0.76%
- Medium Age: 40.0
- Ethnic Origins: The population is comprised of about 65% of people of Swiss German origin, with about 18% of French Swiss origin, 10% of Ticino origin and 7% of other backgrounds. ([Swiss](#)

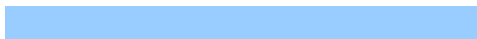

Federal Statistical Office)

Population of main cities







Name	Population
Zurich	391,359
Geneva	194,565
Basel	168,620
Lausanne	133,897
Bern	130,015

Source: Citypopulation.de, 2014 - Latest available data.

Age of the Population

Life Expectancy in Years	
Men:	81.7 
Women:	85.6 

Source: World Bank, last available data., 2009 - Latest available data.

Distribution of the Population By Age Bracket in %	
Under 5:	4.8% 
6 to 14:	10.3% 
16 to 24:	12.1% 
25 to 69:	60.6% 
Over 70:	12.2% 
Over 80:	5.0% 

Source: [United Nations, Department of Economic and Social Affairs, Population Division, Prospects 2010](http://United Nations)- Latest available data.

Household Composition

Total Number of Households (in million)	3.4
Average Size of the Households	2.3 Persons
Percent of Households of 1 Person	37.1%
Percent of Households of 2 Persons	28.4%
Percent of Households of 3 or 4 Persons	26.9%

Source: [Trends in Europe and North America, The statistical yearbook of the Economic Commission for Europe 2008, UNECE](http://Trends in Europe and North America). 2008 - Latest available data.

Consumption Expenditure

Purchasing Power Parity	2017	2018	2019	2020 (e)	2021 (e)
Purchasing Power Parity (Local Currency Unit per USD)	1.28	1.25	1.25	1.24	1.23

Source: IMF – World Economic Outlook Database, 2015

Definition: Purchasing Power Parity is the Number of Units of a Country's Currency Required to Buy the Same Amounts of Goods and Services in the Domestic Market as USD Would Buy in the United States.

Note: (e) Estimated Data

Household Final Consumption Expenditure	2016	2017	2018
Household Final Consumption Expenditure (Million USD, Constant Price 2000)	347,634	351,903	355,286
Household Final Consumption Expenditure (Annual Growth, %)	1.4	1.2	1.0
Household Final Consumption Expenditure per Capita (USD, Constant Price 2000)	41,517	41,636	41,717
Household Final Consumption Expenditure (% of GDP)	53.7	53.7	n/a

Source: World Bank, 2015

Consumption Expenditure By Product Category as % of Total Expenditure	2016
Housing, water, electricity, gas and other fuels	25.0%
Miscellaneous goods and services	22.0%
Transport	13.0%
Food and non-alcoholic beverage	10.0%
Restaurants and hotels	9.0%
Other insurance, taxes and transfers	9.0%
Culture and recreation	9.0%

Source: Federal Statistical Office, Latest available data

Information Technology and Communication Equipment, per 100 Inhabitants	2012
Telephone Subscribers	130.1
Main Telephone Lines	56.7
Cellular mobile subscribers	130.1
Internet Users	85.2
PCs	91.8

Source: International Telecommunication Union, Latest available data

MARKETING OPPORTUNITIES

Media in Which to Advertise

Television	<p>Television is the most popular advertising medium in the country. Almost every household owns a television set. For details, visit: Swiss Broadcasting Corporation. The Swiss people watch very little television in comparison with other countries - they spend an average of 118 minutes per day in front of a television screen (in the German region), and 135 minutes (French region).</p> <p>Main Televisions Swiss Broadcasting Corporation (SRG/SSR) Télévision Suisse Romande (TSR) Schweizer Fernsehen (SF) RSI</p>
Press	<p>Switzerland has one of the highest per capita densities of newspapers in the world. Over 100 daily or weekly local papers are distributed for free, partly financed by advertising. With its linguistic and cultural diversity, many newspapers are geared to particular regions or localities. One can however note a decrease in readership, as readers turn more and more to internet, as well as a decline in advertising revenue. About 93% of the population reads a newspaper on a regular basis.</p> <p>Main Newspapers Neue Zürcher Zeitung Tages-Anzeiger 24 heures Tribune de Genève Corriere del Ticino Le Temps</p>
Mail	<p>Surveys reveal that over 65% of the Swiss population responds to postal offers. However, more and more people stick "No Advertising" stickers on their postbox in an attempt to limit the number of mass mailings. Every household received between 36 and 60 kg of unwanted paper a year. In principle, it is possible to use an address to advertise if the person concerned made his address accessible to all (for example, voluntary entry in the phone book or in a business register) and has not prohibited its use for advertising purposes.</p>
In Transportation Venues	<p>Transit advertising is very widely used in Switzerland. 70% of the country's population uses public transport to go to work. Every day, nearly 2.4 million people travel by bus or tramway. Thus, public transport advertising has an impact at the core of the target. One finds advertising space on trains and tramways, buses, taxis and other specialised vehicles.</p> <p>Market Leaders: APG</p>
Radio	<p>Radio is by far the most popular and cheapest form of entertainment in the country. It reaches almost the entire population (84% of people over 15 years of age listen to the radio on a daily basis), which enables it to reach the majority of consumers. For more details, visit: Swiss Broadcasting Corporation</p> <p>Main Radios Swiss Broadcasting Corporation World Radio Switzerland SRF RTS RSI</p>

RTR

Web Online advertising spending is on the increase in Switzerland. Moreover, with the increasing penetration of broad-band internet connectivity in the country, the focus of advertising has shifted from printed media to online. At the end of 2015, about 87% of the population had access to internet from home. Many consumers find advertising annoying and use a software to block it.

Market Leaders:

[Virtual Network](#)
[TouchMind.com](#)

Main Advertising Agencies [Publicitas](#)
[Advico Young & Rubicam](#)
[McCann-Erickson Switzerland](#)
[GGK Basel](#)
[Havas Worldwide: Switzerland](#)

Main Principles of Advertising Regulations

- Beverages/Alcohol** Alcohol and cigarette advertising were banned on television and radio in 1964. Alcoholic beverages advertising is banned in/on public buildings, in/on public transport facilities and vehicles, as well as at sport and sport events locations, at events children and teenagers participate in, at medicine and other health products points of sale, and on the packaging of consumer products not related to alcoholic beverages.
- Cigarettes** Cigarette and alcohol advertising were banned on television and radio in 1964. In other media such as movie theaters and written press, some restrictions apply: for example, such advertising may not be aimed at children below 18 years of age. For more information, please follow [this link](#).
- Pharmaceuticals/Drugs** In Switzerland, mass advertising of most over the counter pharmaceutical products is generally authorised. It is banned for medicines that require a prescription. For more information, please consult the Law on [Therapeutic Products](#) and the [Regulations on Medicine Advertising](#).
- Other Rules** Read the [Law on Therapeutic Products](#) and [Regulations on Medicine Advertising](#).
- Use of Foreign Languages in Advertisement** Although Switzerland has four official languages (German, French, Italian, and Romansh), the country's dominant language is Schwyzertüüsch or Swiss German as it is better known (a collection of regional and local dialects spoken by almost two thirds of the population) is generally used for advertising. The use of English as advertising language is on the increase.
- Organizations Regulating Advertising** [The Commission for Commercial Fairness](#) is a self-regulatory body responsible for the regulation of advertising in the country.

Learn more about [Sales in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: January 2020

Selling

MARKET ACCESS PROCEDURES

Customs Procedures

Import Procedures	Goods imported into the country need to be presented to the appropriate Customs office and declared for customs clearance. The following time limits are followed for declaration of imported goods from arrival into 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; however, in reality, almost all commercial shipments are handled by forwarding companies. In most cases, these companies also are legally empowered to act as Customs agents. For more details, visit: Swiss Customs Office .
Specific Import Procedures	For import of animals and animal products (including fish and bees) special health certificates, stamped by the competent authorities of the country of origin, are required. Official plant health certificates of the country of origin must accompany shipments of some vegetables, fresh fruits, and wild plants. For more details, visit: Federal Office of Public Health and Federal Food Safety and Veterinary Office .
Importing Samples	<p>Goods that are used as and which qualify as samples are eligible for duty-free entry. In order to qualify, the words 'sample, not for resale' should be written on the commercial invoice.</p> <p>Goods for display at public exhibitions are also 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.</p>

Customs Duties and Taxes on Imports

Customs threshold (from which tariffs are required)	If the amount of duty and VAT of an import is less than CHF 5 then they are not charged.
Average Customs Duty (Excluding Agricultural Products)	5.5%. Swiss duties are generally 'specific' rather than 'ad valorem'. Duty varies according to the item imported. For details, visit: Swiss Customs Office .
Products Having a Higher Customs Tariff	Agricultural products (almost 30%), especially biotech food products.
Preferential Rates	In addition, the poorest countries will be able to import their goods into Switzerland free of customs duties and quotas. Under the revised Preferential Tariffs Ordinance, which entered into force in April 1, 2007, the complete lifting of duties and quota restrictions also applies to countries that are in the debt relief process as part of the international debt relief initiative.
Customs Classification	The Harmonised System (HS) is used.
Method of Calculation of Duties	Switzerland applies the Harmonized Customs System. Customs duties are generally levied in Swiss francs (CHF) on the basis of weight (e.g. 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.
Method of Payment of Customs Duties	For details, visit: Swiss Customs Office
Import Taxes (Excluding Consumer Taxes)	There are also taxes for the environment which are collected as prepaid royalties for the elimination of waste by the importer / distributor and which are included in the retail selling price. These taxes are enforced by the Federal Office of the Environment, Forests and the Landscape .

Labeling and Packaging Rules

Packaging	The Customs authorities are very particular about the quality of packaging and labeling, especially in case of food products. False descriptions are strictly prohibited. Switzerland's food law generally conforms with European Union food law.
Languages Permitted on Packaging and Labeling	French, German or Italian.
Unit of Measurement	Metric units of measurement and weight.
Mark of Origin "Made In"	Not mandatory, except in the case of foodstuffs and drinks.
Labeling Requirements	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. Consumer goods must be marked with the country of manufacture prior to sale. Packaged goods must also indicate the quality of purity, the ingredients and the net weight of measure of the contents. All particulars of weight and measurements must comply with the regulations of the Federal Measurement Office.
Specific Regulations	As per the Foodstuffs Ordinance, additional labelling information needs to be provided in the case of certain products, which includes 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. In addition, certain products like medicines, cosmetics, cleaning agents, electrical appliances, measuring and weighing devices, heating systems, pressure vessels and motorcycles are subjected to additional labelling and packaging regulations related to safety, environment and consumer protection.

DISTRIBUTING A PRODUCT

Distribution Network

Types of Outlet

Department stores	Clothes, Cosmetics, Jewelry, Food. Globus , Manor
Supermarkets and hypermarkets	Groceries, general merchandise. Coop , SPAR
Convenience stores	General food, drink, everyday products. Swiss Valley , Swiss Farms

Discount stores	Variety of goods including clothes, cosmetics, and general merchandise of daily use. Lidl
Drug Stores	Medicines, cosmetics, perfumes. Amavita , Alliance pharmacy (Boots stores)
Specialized stores	Designer clothes and wares- furniture, home accessories. Ikea (furniture) , C&A (clothes)

Evolution of the Retail Sector

Growth and Regulation According to Cushman & Wakefield, the retail segment and turnover in the retail industry remain affected by the strong Swiss franc. Even though turnover in the whole industry grew by 0.3% in 2016, predictions in the non-food segment remain negative. On the other hand, online sales are expected to grow annually by 7-10%.

According to *Credit Suisse Market Overview*, in 2016 Switzerland's retail food market was about US\$15 billion, and the total retail market was about US\$92 billion, most sales made of luxury brands. 2017 was stable, as revenues increased 0.1%, the first rise in three years. Better results are expected for 2018.

Swiss shoppers, who flocked to neighbouring Germany, France and Italy to pick up bargains, are expected to spend more money at home and sales, as the country's retailers' revenues are forecast to rise by 1.7% in 2018.

There are two main grocery retailers that dominate the market: Coop and Migros. Online retailers have around 7% of the Swiss market, with most Swiss shoppers using services like Zalando and Amazon.

Market share Most retailers are department stores, chain stores, consumer cooperatives, discount stores and supermarkets. Across these outlets, it is easy to find a wide range of products and services including: textiles, leather goods, sports articles, pharmaceuticals, toys and hardware.

The two main supermarket brands are Coop and Migro, with almost 70% of market share.

Retail Sector Organisations [Swiss Retailers Association \(SRA\)](#)

E-commerce

Internet access According to the [Federal Statistical Office](#), 90% of the adult population in Switzerland used the internet in 2017. There was particularly striking growth in users aged 65 and over. The amount of time spent online has also been increasing. Switzerland has the seventh fastest internet speed worldwide. Internet penetration was 89% in 2018, a 2% increase from 2017. Penetration rate in the French speaking areas of the country was 88%, while it was 89% in the German speaking regions and 81% in the Italian speaking portion of the country. The regions with the highest connectivity rates - 90% - are Espace Mitteland, Zurich and Zentralschweiz. On the other hand, Ticino is the least connected region, with a rate of 81%. Google is by far the most popular search engine in the country. As of July 2018, the leading search engines in Switzerland ranked by

market share were Google (93.36%), Bing (3.73%), DuckDuckGo (1.36%), Yahoo! (1.01%), MSN (0.3%) and YANDEX RU (0.1%).

E-commerce market

In 2017, Swiss B2C e-commerce turnover was estimated at US\$ 12.5 billion, a 10% growth from the previous year. In Switzerland, 95% of the population aged between 16 and 65 regularly use the internet, and 90% of them shopped online at least once in 2017. [According to a research by Ecommerce Wiki](#), e-commerce is expected to significantly increase over the next few years. The e-commerce market is also becoming more well rounded, and the dominance of a few big online stores is growing. Laptops and computers are by far the most popular devices used to buy products, with 41% of online shoppers using their computers monthly to make purchases. Even though computers and laptops are the most popular devices, smartphones and tablets are gaining popularity, especially among men (69% of internet users using smartphones and tablets to shop online were male). However, only 9% of Swiss online shoppers frequently use smartphones to make a purchase.

E-commerce sales and customers

In 2017, there were 6.6 million e-shoppers in Switzerland. Of all the internet users in the country, 90% of them have shopped online at least once. On average, Swiss consumers spend US\$ 2.460 online annually. Even though local websites are popular, the majority of Swiss e-shoppers (64%) make their purchases cross-border. This is due to the high value of the Swiss Franc and pricing transparency. Of those foreign websites, the German e-commerce websites are the most popular ones, as 51% of cross-border sales come from Germany. The second most popular one is China, accounting for 23% of all foreign purchases. Online shopping is increasing amongst all age groups. However, the highest share of e-shoppers is aged between 25 and 34, followed by those aged 35 to 44, 15 to 24, 45 to 54, 55 to 64, 64 to 74 and lastly 75 and over. The average time spent online by e-shoppers is 3 and a half hours a day, but almost a quarter of them (22%) spend over 5 hours online every day. The most popular product categories are clothes, transport, books and travel. Additionally, the most popular online payment methods in Switzerland are paying by invoice, credit card, Paypal and cash on delivery.

Social media

As of January 2018, 4.4 million people in Switzerland were active social media users. Of those users, 67% log into their social media profiles every day. Penetration rate was 51% in 2017, and it is expected to reach 55.2% by 2022. Social media is becoming increasingly popular with all age groups, but the largest share of users currently belongs to the age group between 20 and 29 years old (30%). As of July 2018, the leading social media platforms in Switzerland ranked by market share were Facebook (60.18%), Pinterest (20.85%), Twitter (8.06%), YouTube (4.63%), Instagram (2.62%) and Tumblr (1.84%).

Direct Selling

Evolution of the Sector

The [World Federation of Direct Selling Associations \(WFDSA\)](#) 2017 report shows retail direct selling in Switzerland fell 5%, was valued at USD 308 million, and involved 148,238 independent representatives (75% of which were female according to [SELDIA](#)).

[Euromonitor International](#) notes the greatest threat to direct selling in Switzerland are online operators who can offer various products to homes at lower prices. Beauty and personal care items were the most popular in 2017, followed by consumer appliances, food and drink, and consumer health. Nahrig AG remained the leading direct selling company, though market share is fragmented. Most direct selling products cater mid-tier to premium consumer needs. Three of the top five industry companies are international.

The [Swiss Association of Direct Selling Companies](#) (SVDF), [SELDIA](#) and [Direct Selling Europe](#) promote best practices in the industry.

Commercial Intermediaries

Trading Companies

Type of Organization Switzerland has some of the largest international trading and transit companies. These companies operate a network of bonded warehouses and other relevant facilities offering any kind of services needed in international trade.

Moreover B2B segment is growing very rapidly. More & more Swiss companies use online procurement to accelerate and streamline B2B business processes and to optimize their supply chain and internal processes.

Main Actors Refer to the link : [Federation of Swiss Importers and Wholesale Traders](#)

Wholesalers

Type of Organization Most of the Swiss wholesalers act as importers as well, holding exclusive regional or national rights for the imported product. The wholesalers maintain stocks of a range of products and provide quality control, transport, warehousing, and financing.

Main Actors Consult the [Federation of Swiss Importers and Wholesale Traders](#).

Useful Resources [Globalrepresentation](#)

Using a Commercial Agent

The Advantages Appointing an agent can be advantageous since they have a better understanding of Swiss market and can take care of your interests in your absence. Also, Switzerland is used as a launching pad for EU. Most local distributors will also have knowledge of regional distribution rules and regulations.

Where to Be Vigilant Due diligence study is necessary before establishing a relationship, but most of the companies are listed with the Swiss 'trade registry' which makes it easier get a financial profile of the company.

Elements of Motivation Exclusivity, higher sales commissions, incentives for achieving sales targets, etc.

The Average Amount of Commission - 3% to 7% for regular business transactions, and from 10% to 15% for occasional transactions.

- 1 to 5% in the case of bulk materials.

- up to 25% in the case of medical, laboratory, scientific analytical instruments, and software products.

Breach of Contract It depends upon the terms and conditions of the contract. But, in case the local agent goes to court, the foreign company can expect a fair judgment. Under Swiss law, commercial agents are treated as independent companies and can work for several companies.

Finding a Commercial Agent [Swiss Commercial Agents Association](#)
[Globalrepresentation](#)

Learn more about [Traders, Agents in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Setting Up a Commercial Unit

The Advantages	Switzerland provides location advantage, besides offering other tax & investment benefits. Before to establish a commercial unit, it is important to consider its location. Indeed, tax laws, availability of work permits, availability of labor force, and availability and cost of business facilities vary widely among cantons.
Where to Be Vigilant	It should be considered in the case of long term sales development.
Different Possible Forms of Settlement	
A Representative Office	Such an office can obtain market data and other information and provide necessary promotional and service support. However, a representative office must not involve itself in commercial transactions.
A Branch Office	A branch office is treated as a separate legal entity in Switzerland. It may take and fill orders and carry out a full marketing program, including advertising, recruiting a sales force, and performing promotional activities. A branch office needs to be registered with the local Office of Register. 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.
A Company	Setting up a wholly-owned corporation will involve more time and expense, but it can offer an effective means of guaranteeing better protection for proprietary information, obtaining credit, and penetrating markets.

Franchising

Evolution of the Sector	Franchising sector in Switzerland is not very profitable because of a limited market size and high operational costs. Another factor that makes franchising challenging is the Swiss consumer preference for high quality, authentic products and innovative ideas. 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. There is no specific franchising legislation in Switzerland that would require or restrict certain terms in franchise agreements. Rather, under Swiss law, franchise agreements are governed by general contract law. The legal framework for franchising is the Swiss Code of Obligations.
Some Big Franchises	Starbucks , coffee Burger King , fast food McDonalds , fast food
For Further Information	Swiss Franchise Association

Learn more about [Sales in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: January 2020

Buying

CUSTOMS PROCEDURES

Export Clearance	The documentation required in Switzerland for export clearance of goods is at par with the European Union (EU) standards, which broadly includes commercial invoice, bill of lading, packing list, certificate of origin and special certificates in case of food, livestock & animal products.
Necessary Declaration	<p>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.</p> <p>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.</p>
Restrictions	<p>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.</p> <p>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, or contribute to the conventional armaments of a state, which, by its behavior, endangers regional or global security.</p>
Export Taxes	Value-added tax (VAT) is levied according to EU guidelines (although Switzerland is not a member of EU) virtually on all goods and services. VAT was introduced in the country in 1995.

INDUSTRIAL AND MANUFACTURING PROFILE

Type of Production	Switzerland has a reputation for high quality manufacturing and has seen the output of its manufacturing sector expand in the past 25 years, bucking the trend of almost all other developed countries. However, employment in the sector has declined over the same time period due to automation, offshoring and, more recently, the sudden rise in the value of the Swiss franc. As of 2016, the manufacturing sector employs 620,000, or under a fifth of the Swiss labour force. A majority of manufacturing companies are concentrated in the regions of Zürich, Aargau, Bern, Basel, Solothurn, St. Gallen, Vaud and Thurgau. Switzerland is particularly known for the styling and quality of its high-end watches and clocks, of which 95% of the production is exported. The chemical and
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pharmaceutical industries have enjoyed a boom in the past few years.

The manufacturing sector constitutes 42% of the country's total exports in terms of volume. Three industries, mechanical, electrical and metal - known in German by the abbreviation MEM - play a central role in the Swiss economy. With approximately 320,000 employees, the MEM industries are the largest industrial employer and contribute 31% of Swiss goods exports (CHF 63 billion in 2015). About 80% of the products of the MEM industries are exported. The MEM industries, together with related fields, such as information and communication technologies, also develop high performing production facilities for numerous other industrial sectors, including the agricultural, automobile, chemical-pharmaceutical, electronic, food and textile industries.

Type of Manufacturers

Original Equipment Manufacturers	Switzerland has good reputation for its strengths in design, sophisticated IP protection and world class R&D capabilities, thus offering an attractive environment to OEMs. Most of the OEMs in Switzerland work in the MEM industries which mainly include areas: metallurgy, mechanical engineering and vehicle construction, electrical engineering and electronics, and precision instruments. In terms of both size of workforce and value of exports, the second of these is by far the largest. Switzerland is also one of the world's largest watch manufacturers. In terms of value, it is responsible for about half of all world production.
Original Design Manufacturers	The design and R&D activities in Switzerland are quite impressive as compared to the size of the country. 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 ODMs find Switzerland an attractive place.
Useful Resources	Economie suisse (Swiss Federation of Commerce and Industry)

IDENTIFYING A SUPPLIER

Business Directories

Multi-sector Directories	BusinessLink - Business directory of the Swiss industry. MacRAE'S Blue Book - Business directory with detailed information of companies in Europe. Search.ch, L'Annuaire - Phone directory in Switzerland. Swiss Firms - Find a company in Switzerland. Swisstrade B2B Directory - Directory of Swiss export companies - Kompass B2B. Wer liefert was? - Leading supplier search engine in B2B: manufacturers, service providers and distributors in Switzerland. Yellow Pages Switzerland - Find a business in Switzerland. Zefix - The commercial registers in Switzerland.
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Marketplaces

Domestic Marketplaces	Economie suisse (Swiss Federation of Commerce and Industry) ICC Switzerland
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Regional Marketplaces [European Trade Lead Business Directory](#)
[The BizEurope Network](#)
[ForeignTRADEX](#)

Other Useful Resources

Trade Agencies and Their Representations Abroad [Swiss Federation of Commerce and Industry \(Economie Suisse\)](#)
[Switzerland International Chamber of Commerce](#)
[State Secretariat for Economic Affairs](#)
[Association of Swiss Foreign Trade Chambers](#)

Fairs and Trade Shows [Trade Fairs](#)

Learn more about [Service Providers in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Finding Assistance

Recommended Resource [Alibaba](#)
[World chambers network](#)
[Yle Uutiset](#)
[TradeBoss](#)
[EMarketServices](#)

CONTROLLING THE QUALITY OF THE PRODUCTS

Quality Control Organizations [SNV \(Schweizerische Normen Vereinigung\)](#). It is an association serving as the national umbrella for all Swiss organizations interested in standards and provides guidance on new standards.

ORGANIZING GOODS TRANSPORT TO AND FROM SWITZERLAND

Main Useful Means of Transport [Federal Office of Transport](#)
[Department of Environment, Transport, Energy and Communication](#)

By Sea

Ports [Port of Switzerland](#)
Transport Professionals [ABC Maritime AG](#)
[Enzian Shipping AG](#)
[Massoel](#)
[Reederei Zurich AG](#)
[Mediterranean Shipping Company](#)
[The official site of the Association of Swiss Navigation Companies](#)
Government Transport Organisations [Federal Office of Transport](#)

By Air

Airports	The Airport of Zurich The Airport of Geneva The Airport of Bern The Airport of Basel
Transport Professionals	Swiss International Airlines
Government Transport Organisations	Federal Office for Civil Aviation (FOCA)

By Road

Transport Professionals	PBS (Pro Bahn Schweiz) (in German) UTP (Public Transports Federation) (in French)
Government Transport Organisations	Federal Roads Office (FEDRO)

By Rail

Transport Professionals	Swiss Federal Railways PBS (Pro Bahn Schweiz) (in German) UTP (Union des transports publics) (in French)
Government Transport Organisations	Federal Office of Transport

Learn more about [Sourcing in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: January 2020

Operating a Business

LEGAL FORMS OF COMPANIES

Private Limited Company (SARL/GmbH)	Number of partners: Minimum one executive domiciled in Switzerland. Capital (max/min): Minimum CHF 20,000. Shareholders and liability: Liability is limited up to the registered capital and not to the amount contributed.
Public Limited Company (AG/SA)	Number of partners: Minimum one executive domiciled in Switzerland. Capital (max/min): Minimum CHF 100,000. Shareholders and liability: Liability is limited to the amount contributed.
General Partnership	Number of partners: Minimum 2 partners. Capital (max/min): No minimum capital. Shareholders and liability: Liability is unlimited.
Limited Partnership	Number of partners: Minimum 2 partners. Two types of partners: active partners and sleeping partners. Capital (max/min): No minimum capital. Shareholders and liability: Liability of active partners is unlimited. Liability of sleeping partners is limited to the amount contributed.
Enterprises Federation	Swiss Federation of Commerce and Industry (Economie Suisse)
Find a Company or a Financial Report	Federal Commercial Registry Office

BUSINESS SETUP PROCEDURES

Setting Up a Company	Switzerland
Procedures (number)	6.00
Time (days)	10.00

Source: *Doing Business*.

For Further Information	Doing Business: Switzerland , procedures to start a business in Switzerland Federal Commercial Registry Office Swiss Commercial Gazette (SHAB)
The Competent Organisation	Chamber of Notaries in Geneva Chamber of Notaries in Zürich Swiss Federation of Notaries

Recovery Procedures

Principle	Bankruptcy proceedings may be initiated by the creditors of a company or by the involved company. In the event of an over-indebtedness (surendettement/Überschuldung) of the company, the board of directors is responsible for the notification of the competent judge, unless there are tangible prospects of a restructuring.
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Once the judge has been notified, bankruptcy proceedings are initiated by the court, and the bankruptcy office draws up an inventory and publishes the bankruptcy, requesting any creditors and debtors to file their claims and debts.

Minimum Debt-to-Capital Ratio Triggering Liquidation

There is no minimum debt-to-capital ratio triggering liquidation in Switzerland. Creditors may initiate debt enforcement proceedings (Betreibungsverfahren / procédure de poursuite) by filing a debt collection request (Betreibungsbegehren / réquisition de poursuite) against the debtor with the competent cantonal debt collection office (DCO; Betreibungsamt / office des poursuites). The DCO will then serve a summons for payment (Zahlungsbefehl / commandement de payer) on the debtor.

If the debtor does not file an objection, or after the objection has been validly dismissed by the courts, the creditor may request execution proceedings to be initiated.

Bankruptcy Laws

The insolvency law of Switzerland. It governs insolvency, foreclosure, bankruptcy and debt restructuring proceedings in Switzerland.

It is principally codified in the Federal Statute on Debt Enforcement and Bankruptcy (German: Bundesgesetz über Schuldbetreibung und Konkurs, SchKG; French: Loi fédérale sur la poursuite pour dettes et la faillite, LP) of 11 April 1889 (as amended), as well as in ancillary federal and cantonal laws.

Reorganization and Rehabilitation Laws

The Swiss law provides for debt restructuring agreements (Nachlassvertrag / concordat). These are court-mediated or out-of-court settlements between the debtor and his creditors and allow a private or public company - or a sovereign entity - facing cash flow problems and financial distress, to reduce and renegotiate its delinquent debts in order to improve or restore liquidity and rehabilitate so that it can continue its operations.

THE ACTIVE POPULATION IN FIGURES

	2012	2013	2015
Labour Force	4,910,000	4,976,000	5,097,000

Source: CIA - The World Factbook

	2015	2016	2017
Total activity rate	68.67%	68.52%	68.37%
Men activity rate	90.24%	90.18%	90.10%
Women activity rate	62.68%	62.58%	62.45%

Source: ILO, Laborstat - Yearly Statistics

Employed Persons, by Occupation (% of Total Labour Force)	2015
Human health and social work activities	13.9%
Manufacturing	12.5%
Wholesale and retail trade; repair of motor vehicles and motorcycles	12.2%
Professional, scientific and technical activities	8.7%

Employed Persons, by Occupation (% of Total Labour Force)	2015
Education	7.8%
Construction	5.8%
Financial and insurance activities	5.4%
Public administration and defence; compulsory social security	5.1%
Transportation and storage	4.3%
Accommodation and food service activities	3.9%
Administrative and support service activities	3.4%
Information and communication	3.4%
Agriculture, forestry and fishing	3.2%
Arts, entertainment and recreation	1.7%
Real estate activities	1.0%
Electricity, gas, steam and air conditioning supply	0.6%
Water supply; sewerage, waste management and remediation activities	0.3%
Mining and quarrying	0.1%

Source: *ILO, Laborstat - Yearly Statistics*

WORKING CONDITIONS

Opening Hours

Legal Weekly Duration	45 hours for technicians and white collar employees; 50 hours for other employees (e.g. building, industry and agriculture).
Maximum Duration	50 hours.
Night Hours	Between 10 p.m. and 5 a.m.

Working Rest Day Normally on Sunday. Other arrangements for days off may be made with the employee's consent.

Paid Annual Vacation A minimum of four weeks. For employees under the age of twenty, the minimum is five weeks annual vacation.

Retirement Age 65 years

Child Labour and Minimum Age For Employment The minimum age for full-time employment is 18 years. Child labor does not exist in the country. However children above 13 years of age may be employed in light duties for not more than 9 hours (in some cases 15 hours) per week during the school year.

Informal Labour Market Very much limited in Switzerland.

THE COST OF LABOUR

Pay

Minimum Wage	No minimum wage exists, except in the canton of Neuchâtel where it rises CHF 20 per hour.
Average Wage	CHF 7 760 per month (source: OECD, 2016, latest available data). Wages in Switzerland are among the highest in the world.
Other Forms of Pay	
Pay For Overtime	At least 25% extra.
Pay For Rest Days Worked	At least 25% extra.
Pay For Night Hours	At least 25% extra.
Pay For Overtime at Night	At least 25% extra.

Social Security Costs

The Areas Covered	Swiss social security is mandatory and provides for old age and survivors' insurance. Company pension plans that cover unemployment are also mandatory for employees and complement the federal social security programme.
Contributions	Contributions Paid By the Employer: Sickness and maternity: 0.225%; old age and widows: 4.20; disability: 0.70%; unemployment: 1.10% (of the monthly salary, with an annual ceiling of CHF 148,000). Contributions Paid By the Employee: diseases and maternity: 0.225%; old age and widowers: 4.20; disability: 0.70%; and unemployment: 1.10% on the monthly salary, capped at an annual amount of CHF 148,000.
Competent Organization	Federal Social Insurance Office (BSV) Federal Office of Public Health Insurance (FOPH)

MANAGEMENT OF HUMAN RESOURCES

Recruitment

Method of Recruitment	The various methods of recruitment used by companies in Switzerland are: <ol style="list-style-type: none"> 1. Advertising through newspapers, magazines, internet, etc. 2. Public employment offices Regional Placement Offices (URC). 3. Direct recruitment through educational Institutions.
Recruitment Agencies	Public recruitment agencies : Regional Placement Offices (URC). Private recruitment agencies : Here is a list of private placement agencies .
Recruitment Websites	EURES (The European Job Mobility Portal) PORTAIL EMPLOI Travailler en Suisse

The Contract

Type of Contract	Legal clauses regulate employment contracts and, to a lesser degree, collective
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agreements and individual negotiations. Under Swiss law, foreign citizens need a residence permit and a work permit to be employed in the country. They are granted at the cantonal level (quotas apply) and approved at the federal level.

The terms of employment contracts are rigid. The legal regime governing the employment relationship in Switzerland is generally more liberal and favourable towards the employer than in many other countries. Permission from the competent authority is needed for the appointment of a foreign employee and the requirements relating to the nationality of employees depend on the type of the company. In case of a stock company, the majority of the members of the board of directors must have Swiss or EU/EFTA country citizenship and must be domiciled in Switzerland, whereas for any other type of company there are no similar restrictions.

Breach of Contracts

Retirement	An employment contract may be terminated by mutual agreement by giving notice, in accordance with the employment contract.
Dismissals	The dismissal of personnel is subject to strict rules. If an employment contract specifies no specific term, either the employee or the employer may give notice of termination. Generally the legal notice periods are of 1-3 months, depending on the length of the employment relationship.
Other Possible Methods	An employer or employee may terminate the contract of employment without notice if such termination is based on a "cause". A party is considered to have a cause when circumstances are such that the party can no longer be expected to continue the employment relationship with loyalty and trust. Whether or not cause exists is a decision made largely at the judge's discretion.
Labour Laws	ILO – National labour law profile Labour laws in Switzerland Doing Business: Switzerland , to obtain a summary of labour regulations that apply to local enterprises

Dispute Settlement

Conciliation Process

Cases of Dispute	Dismissal, harassment, conflict over retirement, etc. Note: The settlement of labour disputes generally falls into two categories: a) individual or private labour law disputes and b) collective labour law disputes.
Legal Framework	Swiss Code of Obligations Law on Labor in Industry, Handicrafts and Trade.
Procedure	The labour disputes can be categorized into 2 types: a) disputes at law and b) disputes over interests. The first encompass all disputes pertaining to the implementation and interpretation of agreements between the two sides. In this connection, the parties may choose between an arbitration procedure and a judicial procedure. In contrast, differences of interest arise during bargaining for a new agreement, and no party may stake a judicial claim.

Various State conciliation bodies have been created for settlement of labour disputes, namely the Federal Conciliation Office and the permanent cantonal conciliation offices. The Federal Office deals only with differences of interest. In contrast, the competence of the permanent cantonal conciliation offices also covers disputes at law. Should

conciliation before the conciliation office be unsuccessful, the parties may request it to hand down a binding arbitral award.

Judicial Structures

Legal Framework	<p>Swiss Code of Obligations.</p> <p>Law on Labor in Industry, Handicrafts and Trade.</p>
Competent Legal Body	<p>Individual labour law disputes (private disputes) fall within the jurisdiction of civil courts. As a general rule labour law suits in which the amount in dispute is less than CHF 30,000 are subject to a simple and expeditious procedure. One-half of the country's cantons have set up special courts for labour law disputes. Appeals are heard by cantonal supreme courts, except in the canton de Geneva, where an appellate chamber fulfils this function.</p>

Social Partners

Social Dialogue and Involvement of Social Partners	<p>Switzerland does not have strong trade unions. Labour/management relations are good, mostly characterised by a willingness on both sides to settle disputes by negotiations rather than by strikes. The rights to strike is limited for civil servants.</p>
Unionisation Rate	<p>15.7% of wage and salary earners are trade union members as of 2014 (OECD data)</p>
Unions	<p>SGB / USS SCHWEIZERISCHE GEWERKSCHAFTBUND UNION (Trade Union Centre)</p>
Regulation Bodies	<p>Switzerland Labour Law Profile</p> <p>Swiss Managers Union</p> <p>Swiss Association of Asset Managers</p>

Learn more about [Operating a Business in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: January 2020

Investing

FDI IN FIGURES

Switzerland is an attractive destination for foreign investors because of its economic and political stability, transparent and fair legal system, reliable and extensive infrastructure and efficient capital markets. Despite its attractiveness, FDI flows to Switzerland remain highly volatile due to the country's large exposure to international trade dynamics and political stability. Inflows, which peaked in 2015 at USD 80.4 billion, have been on the decline since then and fell to USD -87.2 billion in 2018, the lowest in the world ([UNCTAD World Investment Report 2019](#)). This was mostly due to large repatriations of earnings by US parent companies from their foreign affiliates because of tax reform in the United States. The chemicals and plastics category accounted for the bulk of investment in manufacturing due to takeovers of Swiss companies by foreign investors, while the services sectors suffered a disinvestment from withdrawals in the case of finance and holding companies. The Netherlands and Luxembourg are by far the largest investors in Switzerland, accounting for over 50% of the FDI stock.

Swiss cantons offer numerous tax incentives in order to attract companies to establish operations and invest in their jurisdictions. Some cantons go as far as to waive taxes for new firms for a period of up to ten years. Part of the attraction may be driven by the government's pioneering openness to the global cryptocurrency craze, cementing its highly entrepreneurial status. The major laws regulating 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, nor are there any sector or geographical preferences. The country ranks 38th out of 190 in the [2019 Doing Business](#) report of the World Bank, declining five spots compared to the previous year. The country also fell in the AT Kearney Foreign Direct Investment Confidence Index ranking and came in the 13th place in 2019 compared to 9th a year earlier.

Foreign Direct Investment	2016	2017	2018
FDI Inward Flow (million USD)	60,670	39,000	-87,212
FDI Stock (million USD)	1,081,813	1,154,799	1,062,827
Number of Greenfield Investments***	122	137	126
FDI Inwards (in % of GFCF****)	-16.5	n/a	n/a
FDI Stock (in % of GDP)	120.2	n/a	n/a

Source: UNCTAD, Latest available data.

Note: * The UNCTAD Inward FDI Performance Index is Based on a Ratio of the Country's Share in Global FDI Inflows and its Share in Global GDP. ** The UNCTAD Inward FDI Potential Index is Based on 12 Economic and Structural Variables Such as GDP, Foreign Trade, FDI, Infrastructures, Energy Use, R&D, Education, Country Risk. *** Green Field Investments Are a Form of Foreign Direct Investment Where a Parent Company Starts a New Venture in a Foreign Country By Constructing New Operational Facilities From the Ground Up. **** Gross Fixed Capital Formation (GFCF) Measures the Value of Additions to Fixed Assets Purchased By Business, Government and Households Less Disposals of Fixed Assets Sold Off or Scrapped.

FDI STOCK BY COUNTRY AND INDUSTRY

Main Investing Countries	2017, in %	Main Invested Sectors	2017, in %
The Netherlands	28.5	Finance and holding	56.6
Luxembourg	21.7	Trade	16.1
USA	12.5	Chemicals and plastics	8.0
Offshore centres	9.6		

Main Investing Countries	2017, in %
United Kingdom	4.2
Austria	3.8
France	3.6
Germany	2.5
Denmark	1.6
Sweden	1.1
Spain	0.8
Other European countries	1.8

Main Invested Sectors	2017, in %
Electronics, watches, energy and optics	4.1
Insurance	2.3
Banks	2.2

Source: [Swiss National Bank](#) - Latest available data.

Form of Company Preferred By Foreign Investors	The stock corporation [société anonyme (SA)/Aktiengesellschaft(AG)] is the most widespread form of business organization, though the limited liability company [société à responsabilité limitée (SARL)/Gesellschaft mit beschränkter Haftung (GmbH)] has recently been used more frequently because of its less stringent regulatory structure.
Main Foreign Companies	1. McDonald's Corporation 2. IBM 3. Altria Group, Inc. (Philip Morris) 4. Johnson & Johnson Intl. 5. Procter & Gamble 5. Synthelabo 6. Hewlett-Packard incl. Compaq) 7. Texas Pacific 7. Liberty Global 8. Medtronic 9. General Electric Company 10. Mettler-Toledo 10. Sun Microsystems 11. Johnson Controls 12. Caterpillar 13. EDS 14. Zimmer Holdings 15. Dow 16. Cargill 17. Rockwell 18. Tyco Int' 19. CSC
Sources of Statistics	Federal Statistical Office

WHAT TO CONSIDER IF YOU INVEST IN SWITZERLAND

Strong Points	<p>Switzerland is the 38th country in terms of the ease of doing business according to the World Bank's annual report (Doing Business 2019). The main strengths of the Swiss economy include:</p> <ul style="list-style-type: none"> World-class infrastructure Highly skilled workforce Low unemployment rate A legal and regulatory environment that is very attractive for companies and FDI A strategic geographical location and excellent transport infrastructure that allows the country privileged access to European (West and East), African and Middle East markets An excellent market for high-tech products and services and high-end products, making it an ideal pilot country for the introduction of new products A major centre of research and development, offering excellent opportunities for partnerships and alliances (such as biotechnology and nanotechnology) Political and social stability and close relations with the European Union The country's relative political neutrality minimises the risks of tensions and economic sanctions that can slow down economic growth and attraction of FDI.
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Weak Points	<p>Disadvantages for FDI in Switzerland:</p> <ul style="list-style-type: none"> Switzerland has a relatively small economy, very open to international markets and landlocked, making its one of the most competitive markets in the world. The Swiss economy is highly dependent on trade, financial services and the presence of multinationals.
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Companies are also confronted with very strict regulations and standards (such as those related to the quality and packaging of products, drugs or cosmetics). Overvaluation of the Swiss franc and bank secrecy (which can serve as an economic refuge) make the country sensitive to global economic affairs, thus attracting from time to time the eyes of the whole world and thus slowing FDI and other economic initiatives.

Government Measures to Motivate or Restrict FDI Switzerland is a country with a legal framework particularly favourable to foreign direct investment. The federal government allows all the 26 cantons (states) to set their own foreign investment attraction policies. Many cantons offer foreign investors tax exemptions and other tax incentives. For example some cantons offer ten years of tax exemption to new firms. Furthermore, there is no surveillance or screening done on foreign investments except in certain sectors like telecommunications where certain levels of performance are required in order to qualify for tax reductions. For companies working in the banking and insurance fields, government authorisation is required in order to invest in the country.

PROTECTION OF FOREIGN INVESTMENT

Bilateral Investment Conventions Signed By Switzerland Switzerland has signed many investment protection treaties, out of which 112 are in force. UNCTAD allows you [to visualize the list of conventions signed by Switzerland](#).

International Controversies Registered By UNCTAD Switzerland has not been involved in any major international disagreement concerning foreign investment in the recent past because of its transparent and liberal foreign investment policy. The UNCTAD offers [a database listing disagreements](#).

Organizations Offering Their Assistance in Case of Disagreement [ICCWBO](#) , International court of arbitration, International chamber of commerce [ICSID](#) , International Center for settlement of Investment Disputes [United States Council for international Business](#).

Member of the Multilateral Investment Guarantee Agency Switzerland is a member of MIGA. [The MIGA website gives a detailed description of all the guarantees it proposes](#).

Country Comparison For the Protection of Investors

	Switzerland
Index of Manager’s Responsibility**	5.0
Index of Shareholders’ Power***	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

PROCEDURES RELATIVE TO FOREIGN INVESTMENT

Freedom of Establishment Guaranteed; however, the board of directors of a company registered in Switzerland must consist of a majority of Swiss citizens residing in Switzerland.

Acquisition of Holdings Possible; acquiring a majority stake of a local company is legal in Switzerland.

Obligation to Declare No such declarations are required; however, in order to prevent the misuse of its very liberal market framework, the Swiss government has introduced Due Diligence

Guidelines in the banking industry under which banks must identify the beneficial owner of the invested funds. The government has also instructed Swiss banks to abandon anonymous numbered bank accounts, keep banking records ten years after the closing of an account and to refrain from actively assisting customers to evade tax.

Competent Organisation For the Declaration [Federal Department of Finance](#)
[Swiss Financial Market Supervisory Authority \(FINMA\)](#)
[Swiss National Bank](#)

Requests For Specific Authorisations Companies working in sectors like banking and insurance need to seek government permission to invest directly in the country.

Learn more about [Foreign Investment in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

OFFICE REAL ESTATE AND LAND OWNERSHIP

Possible Temporary Solutions Ready to move office spaces (on rent) are available in the country. They offer complete infrastructure to start business operations.

The Possibility of Buying Land and Industrial and Commercial Buildings Yes. There is complete freedom to buy land & buildings for commercial purpose in the country.

Risk of Expropriation The constitution guarantees the property rights. There has not been any major expropriation in the recent past. However as per their constitutional powers, the federal and cantonal governments can, through a legal process, expropriate or restrict property for reasons of public interest. In such cases, full compensation is paid.

INVESTMENT AID

Forms of Aid Investment incentives are offered at the federal and canton levels, which could include: tax holidays or reduced tax rates up to 10 years. Subsidies on interest of bank loans. Offering loan guarantees.

The incentives as well as the regions for which incentives are available are specified in the so called "Lex Bonny Decree".

Privileged Domains Large scale investments in manufacturing and service sectors with potential for job creation are preferred.

Privileged Geographical Zones There are warehouses in the country where goods can be imported duty-free as long as these goods are subsequently re-exported. Moreover, Swiss international airports have stores offering duty free shopping.

Free Zones No free zones exist in the country.

Organizations Which Finance [Swiss Agency for Development and Cooperation.](#)

[Switzerland Global Enterprise.](#)

[Swiss Funds Association.](#)

[Swiss Bankers Association.](#)

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy	Travel & tourism, medical and security equipment, scientific and educational equipment & instruments, aircraft and automobile spare parts, electricity generation and distribution, information technology & telecommunications, agriculture, luxury, gastronomy.
High Potential Sectors	Bio- and nano- technology, IT & telecommunications, High-tech equipment.
Privatization Programmes	Privatisation programs are ongoing in sectors like railways, post office, telecommunication and energy. This is taking place mainly due to pressure from market globalisation and European integration.
Tenders, Projects and Public Procurement	Simap , Tenders Tenders Info , Tenders in Switzerland Ted - Tenders Electronic Daily , Business Opportunities in the European Union DgMarket , Tenders Worldwide

SECTORS WHERE INVESTMENT OPPORTUNITIES ARE FEWER

Monopolistic Sectors	Postal services and power & water distribution. Earlier telecommunications and transport (e.g. railways) sectors were also monopolistic, but have been liberalised.
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FINDING ASSISTANCE FOR FURTHER INFORMATION

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

Learn more about [Investing in Switzerland](#) on Globaltrade.net, the Directory for [International Trade Service Providers](#).

Latest Update: January 2020