

Sunny days with many question marks for international companies

The last few weeks were filled with positive news for the international business in Switzerland: Business volume and corporate profits are up, unemployment in Switzerland is down, the Euro recovered somewhat and showed good stability, Switzerland's major bank reported good news, there were no aftershocks to the much debated US-Swiss treaty regarding exchange of information, no new threatening moves came from the EU or from the USA and politics were boring. Only the retirement of two Federal Councilors and the shenanigans regarding their succession brought some spice to the economic and political news. In a nutshell: Great summer days without worries?

Not quite! After the summer weeks, many important developments will continue to unfold and they will have significant influence on the coming months and years. First and foremost, America will elect a new Congress on November 2. The entire House and a third of the Senate will get re-elected and the fight between the Democrats and the Republican will go into the next round. It will be thrilling to see the judgement of the American people after nearly two years of an Obama White House and Democratic majorities in both the House and the Senate. This result will have major implications on international business between Switzerland and the US, but also for the world economy as a whole.

Further, we will see the implementation details of many US laws enacted in the last 12 months. Many of these laws have strong extraterritorial applications, will massively increase the cost and complexity of doing business with the US and will be regarded by many as clearly protectionist measures. Such laws include FATCA (Foreign Account Tax Compliance Act), the Neal Bill, Expanded Information Requirement Act and many more. It will be interesting to see to what extent foreign companies will be ready to implement these very extensive US regulations and whether retaliation by the EU or other trading partners of the USA will be enacted.

Finally, in Switzerland, we expect key legislations and regulations, such as the results from the "Too-Big-To-Fail" task force and the subsequent initiatives, results in the discussion with the major EU countries regarding resolution of the legacy problems of the Swiss Banking Secrecy and the results from the ongoing fight with the EU regarding taxation of corporates.

Overall, we can expect a stormy fall after a rather sunny and quiet summer. High level of attention will be required by all corporates and especially by the Swiss government and Parliament. Let's hope the political games around the election of two Federal Councilors will not impede efficient and wise solutions to the coming issues.