



Swiss-American Chamber of Commerce

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Dear members and friends of the Swiss American Chamber of Commerce

What a crazy week! The US elections ended in a stunning surprise. Time Magazine's front page on August 22 read "Meltdown" with a picture of a melting Donald Trump. On October 22, Time Magazine doubled down with another picture of a melting Trump with the words "Total Meltdown". But voters did not listen to the many pollsters and pundits, and they created the biggest political upset victory in a long time. We will not linger on the question of "why", but rather concentrate on "What's next".

The morning after the elections and throughout the week, I had the privilege to comment on the consequences of the election outcome in the special show of the Swiss German TV and in many other media outlets. I would like to summarize the main points I made:

- The uncertainty about President-elect Donald Trump's next steps is unprecedented. Rarely has a presidential campaign focused so little on the program and the priorities of the winning candidate. The media is full of forecasts on economic stimulus, immigration, wall building, extradition, tax reform, relationships with friendly and competing nations, protectionist measures, the future of international trade, etc. – all based on a deep analysis of the crystal ball. Let's remember the legendary baseball player Yogi Berra: "It's tough to make predictions, especially about the future."
- What we know: The US market has been especially positive for Swiss companies. In the last 20 years, growth of Swiss exports to the USA has grown CHF 18 bn, a great result compared to the cumulated export growth of CHF 12 bn to the BRIC countries Brazil, Russia, India and China. Exports to the US have been the major driver of the Swiss export industry. In the last 4 years, Swiss exports to the EU shrunk 3%, exports to the BRIC countries shrunk 10% while exports to the USA saw an astonishing growth of 38%! At this point in time, every indicator points to a continued success of Swiss companies in the USA. The US economy is on a positive track. And Swiss companies are very well positioned and they have great experience to successfully work in this largest market of the world.
- The Swiss companies are so-called "good companies". They are the 6th largest foreign investor in the USA, the 6th largest tax payer, the largest spender of R&D investments and they pay the highest average salaries. Swiss companies offer some 450'000 direct jobs in 47 states and an additional approx. 1.7 million secondary jobs. Swiss companies are thus far away from possible measures against "offshoring, outsourcing and inverting companies" who are suspect of taking jobs, knowledge and tax revenues offshore.
- Direct investments of US companies in Switzerland are not done for cost savings. Per all rankings, Switzerland is one of the most expensive location. Switzerland can thus not be deemed "stealing" jobs from the USA, but is rather viewed as strengthening US companies and helping to create more jobs in the USA.
- Even considering the above points, uncertainty reigns. While many of the campaign promises will experience a rude awakening in reality, certain protectionist measures could be taken which would hurt Swiss companies, even if indirectly. For example, a customs duty of 45% on Chinese imports to the USA could hurt Swiss companies producing US-destined products in China. Or it could hurt Swiss companies selling to US companies that might be hurt by retaliatory measures by China.

In summary: There is no reason to be alarmist. But uncertainty creates risks. Swiss Amcham will follow the developments very closely and report back to you as soon as there are some clearer signs of future priorities of President-elect Trump.

Thank you for your support and counsel in these "interesting" times. And please send me your views and comments. It is important that we work together to produce the best outcome for international companies in Switzerland and the Swiss economy.

With kind regards

Martin Naville