

THE CONSEQUENCES OF LOSING THE COMPETITION FOR MNCs WILL BE SERIOUS AND DIFFICULT TO UNDO. THE GAINS OF MANY YEARS OF HARD WORK AND INVESTMENT CAN BE LOST VERY QUICKLY.

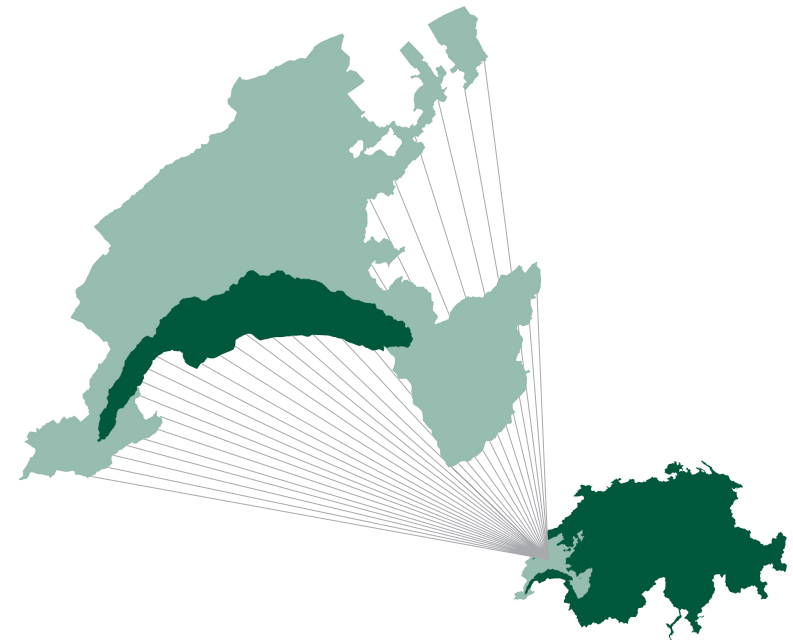
- Geneva and Vaud will be more seriously affected than other Swiss cantons by a negative development caused by MNCs downsizing their presence or leaving altogether.
- There is the risk of a domino effect, where the loss of one MNC might lead to the loss of other MNCs and ultimately the erosion of an entire sector.
- Outflow of investments and skilled personnel will result in diminished prosperity, employment opportunities, and competitiveness.

WE RECOMMEND FOUR KEY INITIATIVES TO MAINTAIN AND IMPROVE THE ATTRACTIVENESS OF GENEVA AND VAUD TO MNCs.

1. Establish interdepartmental task forces in Geneva and Vaud to meet MNCs' immediate issues regarding (i) investment in infrastructure, (ii) ease of immigration of highly skilled employees, (iii) administrative processes, (iv) tax incentives, (v) availability of affordable housing, (vi) personal security, and (vii) a stable, business-friendly environment.
2. Increase cooperation between Geneva and Vaud to create a joint MNC strategy.
3. Promote industry clusters of excellence.
4. Develop a comprehensive strategy to attract Asian MNCs.

# Multinational Companies in Geneva and Vaud

## — Growth Engine at Risk!



## SWITZERLAND PROVIDES AN ATTRACTIVE BUSINESS ENVIRONMENT FOR MULTINATIONAL COMPANIES (MNCs), WHICH IN RETURN CONTRIBUTE SIGNIFICANTLY TO THE SWISS ECONOMY IN TERMS OF WEALTH CREATION, COMPETITIVENESS, EMPLOYMENT, AND INNOVATION.

- In 2010, MNCs accounted for 36 percent of the Swiss GDP.
- More than 30 percent of the \$129 billion in additional GDP created in Switzerland between 2000 and 2010 came from new entries or expansions of MNCs.
- In this time period, the share of GDP contributed by foreign MNCs increased from 9 percent to 14 percent—with an annual growth of 8 percent (compared with the national average of 3 percent).
- In terms of employment, foreign MNCs have outpaced the national average by a factor of six and are responsible for the creation of every second new job in Switzerland.
- 75 percent of R&D investment comes from MNCs.

## IN GENEVA AND VAUD, TWO OF SWITZERLAND'S BIGGEST AND FASTEST GROWING CANTONS, THE MUTUAL BENEFITS ARE EVEN MORE PRONOUNCED.

- In 2010, MNCs were responsible for 43 percent of GDP in Geneva and 41 percent in Vaud—up from 35 and 33 percent, respectively, in 2000.
- Between 2000 and 2010, MNCs accounted for 67 percent of the GDP increase in Geneva and 63 percent in Vaud.

- Foreign MNCs are the main drivers of employment growth. Between 2000 and 2010, foreign MNCs increased employment by 8 percent annually in Geneva (compared with the cantonal average of 2 percent) and by 7 percent annually in Vaud (cantonal average: 1 percent).
- In this time period, in both cantons, MNCs created two-thirds of all new jobs. That means 24 thousand new jobs in each canton.
- MNCs engage with their communities and provide additional benefits through sponsorships of cultural and sports events, support for charities, and volunteer work.

## BUT THERE IS NO ROOM FOR COMPLACENCY: THE GROWTH ENGINES OF GENEVA AND VAUD ARE AT RISK, AND NEITHER CANTON CAN AFFORD TO ASSUME THAT ITS PAST SUCCESS WITH MNCs WILL CONTINUE.

- The attractiveness of Geneva and Vaud for MNCs is deteriorating along key dimensions such as infrastructure.
- The great appeal of the "economic package" offered to MNCs—cost, productivity, and taxes—is eroding.
- There is uncertainty about fiscal issues such as future corporate taxes and incentives.
- The strong value of the Swiss franc has reduced the competitiveness of operations in Switzerland.
- Global and regional competition for MNCs is escalating as many countries step up their value propositions and provide attractive packages to MNCs.