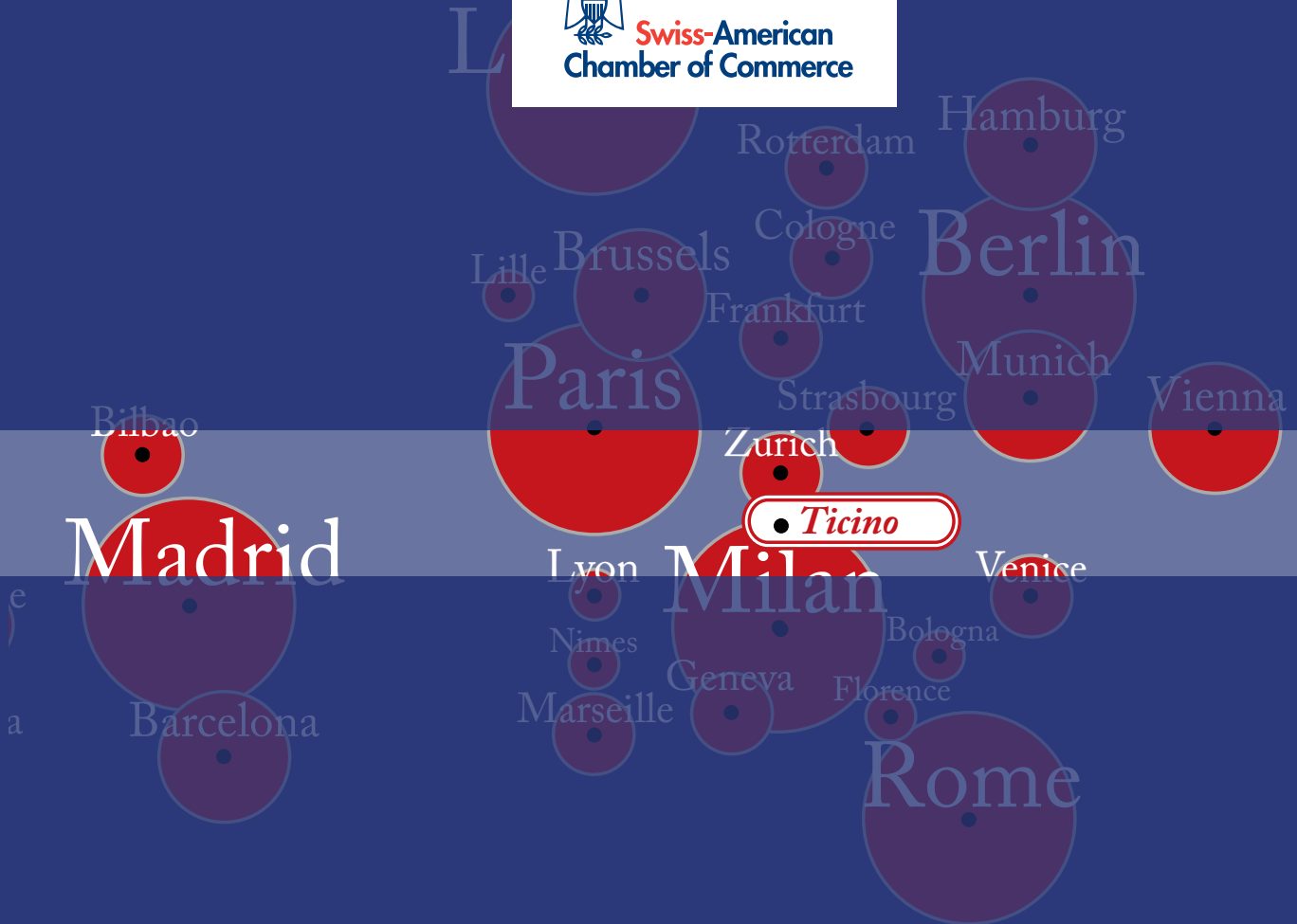


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Business Location
Ticino Switzerland



Beyond Traditional Frontiers

Ticino is Switzerland's Italian-speaking region with a wide array of business activities. It is geographically close to the northern Italian areas ranking among Europe's most dynamic. More marked economic integration with the latter, which follows as a result of the Bilateral Agreements between Switzerland and the European Union, brings added benefits in terms of market access, supply of skilled labor and costs. At the same time, Ticino has all the typical traits associated with Swiss quality, reliability, preference for decentralized structures and knowledge-based economy. Doing business in the Ticino means operating from a stable and efficient base offering excellent transport facilities to the European Union's large single market, the Mediterranean Sea, the Middle East and Africa.

Within less than one hour's car drive from Lugano (Ticino's largest urban area) lie the outskirts of greater Milan, the Lombardy region's capital and itself a small metropolis with some 4 million inhabitants. With the regions of Europe's capital cities (Greater London, Île de France/Paris, Hamburg, Oberbayern, Comunidad de Madrid, Vienna, Prague and others), Lombardy (9.6 million inhabitants) is among the European Union's most productive regions. Its per capita GDP (2005) is 23% and 36% higher than, respectively, the average of the euro area (13 countries) and EU (27 countries).

Lifestyle Business Location

Located between the cities of Milan and Zurich, Ticino's landscapes combine lush Mediterranean vegetation, breathtaking alpine beauty and a benign climate. One of its special attractions is the absence of large industry, making it particularly suited to tourism, events, architecture, arts and entertainment. The region also offers a variety of styles in terms of housing and leisure activities in a multicultural and multilingual setting, with short commuting distances and exceptionally low rates of crime and corruption. The nearest winter resort's snow and mountains may be reached in less than one hour by road from most places, while the nearest Mediterranean Sea ports are about two hours' car drive away.

Ticino Quick Facts

Area: 2,812 sq.km (1,085.7 sq.m)
Population: 327,000 (8% of the Swiss total)
Workforce: 167,000 (2008); 155,900 (2000)
GDP: 23 bn Swiss francs (2008, \$20.9 bn)
Per capita GDP: 70,000 Swiss francs (\$63,636)

20,000 registered companies
Total employed: 156,700
Unemployment rate: 4.5%

Road travel distances from Lugano

Milan	70km	43 miles
Zurich	200km	124 miles
Basel	260km	160 miles
Turin	180km	110 miles
Genova (sea port)	216km	134 miles
Venice (sea port)	297km	184 miles

Air travel distances from Lugano

Zurich ZRH	188km	101 miles
Geneva GVA	254km	137 miles
Rome FCO	617km	333 miles
Paris CDG	673km	364 miles

Air travel distances from Zurich and Milan (km-m)

London LHR	906/1070-563/665
Berlin THF	754/954-468/592
Madrid MAD	1430/1320-888/820
New York JFK	7250/7370-4503/4578
Los Angeles LAX	11000/11100-6832/6894

Did You Know That ...

- Ticino's architects have become world-famous over the centuries. Domenico Trezzini was a Swiss-Italian who elaborated the Peterine Baroque style of Russian architecture. Urban landscapes from St. Petersburg to Rome and Venice as well as, more recently, San Francisco or Paris have been influenced by Southern Swiss architectural flair. The "modern" generation (Mario Botta, Mario Campi, Aurelio Galfetti, Luigi Snozzi, Livio Vacchini and others) created autonomous and individualistic styles resulting from diverse and at times contradictory cultural influences. Ties with Italy have been maintained, reinforced, adapted and also combined with a central European artistic and intellectual heritage as typified by the Monte Verità experience.
- Following the break-up of his first marriage, Hermann Hesse resettled alone in the Ticino in 1919, where he lived in Montagnola near Lugano (with regular winter breaks in Germany later on) until his death in 1962. In a collection of water colors, poems and short stories ("Tessin", 1993), he described Ticino's people as particularly affable: "Now I knew: the man who emerged from the ground was old "Uncle" Mario from Montagnola - and even before the gate behind him was shut he recognized and greeted me. Tipping his felt hat with his finger, he turned to me with a friendliness that turns neighborly relations among elderly people in the Ticino into an amiable, graceful ceremony. His bony brown face was smiling affectionately, and he courteously enquired about my work, though without stepping closer or glancing at my folio. Such gracious tact, until one generation ago still considered a matter of course in all Latin countries and to this day regularly practiced by the French, lives on here, especially among the elderly. It is one of the things that makes life here in the South so easy and mellow."
- In a bid to quell the forces of Italian unification (Risorgimento), in 1848, and again in 1853, thousands of Swiss-Italians were expelled from Austrian-occupied Lombardy and the border was closed. This blockade brought hardship and distress to the population, and many emigrated to France, Great Britain and the distant shores of California, Australia and Argentina. The blockade notwithstanding, Italian patriots and refugees

could seek political asylum in the Ticino, notably at Lugano's Villa Tanzina, owned by the Italian exile Abbondio Chialiva, who had settled along the banks of Lake Lugano a wealthy man, after discovering a gold mine in Peru.

- Tribute to freedom: a salient feature of today's Lugano lakefront is the bronze bust of George Washington dating back to 1859, when Abbondio Chialiva, following in the footsteps of Giacomo Ciani, who in 1857 erected a monument to William Tell in the park surrounding his hotel, presided over the inauguration of the bust of George Washington in the presence of the Lugano City Council and the local Philharmonic Orchestra. The Gazzetta Ticinese commented: "The effigy of George Washington, next to that of William Tell, represents a luminous truth: the freely founded Federal compromise is appropriate for both the people closed within these small borders, and for the vastest region on the globe. Washington's bust merits praise to its owner, who placed the piece as public ornament in his garden, and to those who carried out the commission. The work so placed seems to be a perpetual salute to the United States, the land of the free."

- UNESCO heritage: one of UNESCO's prime missions consists in identifying, protecting and handing down to future generations the world's cultural and natural heritage. The World Heritage List includes 851 sites considered as having outstanding universal value. Two of Switzerland's seven heritage sites are located in Ticino. Around Bellinzona, Ticino's capital, a series of fortifications grouped around the castle of Castelgrande stands on a rocky peak looking out over the entire Ticino valley. Monte San Giorgio, a pyramid-shaped, wooded mountain (1,096 m above sea level), to the south of Lake Lugano is regarded as the best fossil record of marine life from the Triassic Period (245–230 million years ago). The sequence records life in a tropical lagoon environment, sheltered and partially separated from the open sea by an offshore reef.

The Coming Logistics Revolution

Ticino provides a comprehensive and evolving infrastructure platform for companies operating in the greater European area and beyond. The region lies on the main North - South transport route which handles vast quantities of passenger and freight traffic by rail, road and air. A net 39.5 million tons of goods were forwarded across the Swiss alpine routes in 2007 (36% by road, 64% by rail – representing the highest percentage of transportation by rail in Europe), corresponding to a total of 1.2 bn truck passages. Whereas Zurich International Airport is just 25 minutes from Lugano by plane (less than 3 hours by car or rail), the intercontinental hub of Milan Malpensa is only about 40 minutes from Lugano by car. Lugano airport handles close to 300,000 passengers per year. Both Milan Malpensa and Zurich are among Europe's busiest airports, recording high numbers in terms of passengers and goods. Some 20.7 million commercial passengers were registered at Zurich airport in 2007, against Milan Malpensa's 24 million. The latter ranks as Italy's most productive airport for freight cargo (420,000 tons per year, compared to Zurich's 374 300 tons).

Significant investments will take the transport infrastructure's capacity and functionality to truly unprecedented levels. At the regional level, funding for the planned rail link between Lugano and Milan Malpensa airport has been secured and the route is scheduled to open in 2013, while the TILO joint venture created by the Swiss and Italian National Railways a few years ago operates and develops cross-border traffic (equivalent to 125 km of rail lines), offering improved coordination, higher frequencies

and better overall service. TILO services are used by some 20,000 commuters daily. The milestone ALPTRANSIT project (incorporating base tunnels through the Gotthard and the Monte Ceneri) will integrate Switzerland into the pan European high speed network being rapidly completed, bringing about huge quantum leaps in both freight and passenger traffic while offering greatly increased transportation capacities and shorter journey times. The ramps of present-day railways through the Gotthard and Mt. Ceneri have gradients of up to 26 per thousand. The flatness and straightness of the base route – maximum gradient 12.5 per thousand overground and 8.0 per thousand in the base tunnels – will allow productive deployment of long, heavy trains through elimination of time-consuming shunting operations. Future freight trains (qualified) will travel at maximum speed of up to 160 kph, haul maximum loads of 1,200 tons and have lengths of up to 450 meters. Unaccompanied intermodal transport units will haul up to 4,000 tons of freight, with train lengths of 750 – 1,500 meters.

A necessary step to implement a continuous flat rail link through the Alps, the 15.4 km Ceneri Base Tunnel (scheduled to become operational in 2016) will bring about further improvements in the regional and cross-border transportation underlying Business Location Ticino. A further benefit of the planned system is that subsequent underground extension of the tunnel to the South, or crossing of the Magadino plain to the North, can be undertaken without interruption of rail traffic in the Ceneri Base Tunnel.



Tax Environment

On the basis of an overall index for the year 2006 combining sub indices for personal and corporate income taxes as well as taxes on wealth and capital, the Ticino has the third lowest tax burden in Switzerland, corresponding to 74.3% of the Swiss national average. A family with two children with a gross salary income of 150,000 Swiss francs (\$132,700) is liable to federal, cantonal and municipal income tax (excl. social security) at a rate of 11.4% (23.22% if the salary income is 300,000 Swiss francs (Source: Swiss Federal Tax Administration). Ticino's 2007 effective average corporate tax rate of 18.9% compares favorably with e.g. Basel (22.1%), Geneva (21.5%), Turin (30.9%) and London (28.6%). A personal taxation index 2007 on highly qualified manpower of 34.0% places the Ticino in the vicinity of the State of Texas (31.8%) and Zurich (30.4%), and well below Spain (38.7%), Germany (41.3%), or Italy (52.5%) (Source: BAK Basel Economics). International double-taxation treaties are in place with about 70 countries, alongside various reciprocity agreements in certain Cantons, namely for the purpose of mitigating the incidence of inheritance tax. Non Swiss residents with no income from employment may agree on an advantageous permanent lump-sum tax with the tax authorities.

Key Industries

Services account for about three quarters of regional GDP: banks, insurance, corporate consultancy services, commerce and logistics as well as tourism each year attract new customers and businesses, especially from the rest of Switzerland and Europe, the Americas and Asia. Strong expertise and support is available thanks to the large presence of national and international banks, whose services include loans to finance local projects, trade finance as well as international financial advisory and management services. Ticino's exports also include highly specialized machine tools, electronic components, chemicals, medical equipment, as well as luxury and fashion goods. Annual exports of goods and services amount to almost 5 billion Swiss francs, 70% of which go to the European Union, nearly 10% to the USA and Canada and 9% to Asia. Exports shipped outside the EU rose to 1.86 bn Swiss francs in 2006, thus exceeding Italy's share (i.e. 1.44 bn Swiss francs).

Investment Incentives

As part of a business-friendly, knowledge-based (see below) and unbureaucratic environment, and with the proactive support of a regional business development initiative, government agencies at all levels and other organizations are equipped to advise and support business ventures at their various stages. In addition, cantonal and federal financial incentives may be available depending on a company's location and innovative contents. Direct financial support from the Canton may take the form of subsidies amounting from 10% to 25% of material and immaterial investments (excl. land and real estate) that are considered innovative (in terms of products, services, processes or organization), as well as relief on cantonal corporate tax (on income and capital, but not real estate) for up to five years. Municipalities may grant tax relief from local tax to industrial companies. The Federal government may grant guarantees, subsidies to interest payments and federal tax relief to innovative manufacturers and service providers located in specially designated economic development zones.

In an effort to sustain innovative economic growth in both qualitative and quantitative terms, the Ticino avails itself of business incubators and accelerators designed to select, support and accelerate the successful development of entrepreneurial activities. The Start-up Promotion Centre helps Swiss and foreign graduates develop their innovative business ideas into commercially viable enterprises. Emanating from a federally funded innovation promotion agency, the Centre is closely associated with the USI and SUPSI Universities (see below) and draws on the latter's scientific, technical and management resources to assess the feasibility of proposed ideas and projects, supporting their development and realization. The TECNPOLO® business incubator supports young hi-tech companies, namely in the field of life sciences, which are still some time away from reaching significant shareholder returns despite producing a certain revenue stream.

Training and Research

For a country with very limited raw material resources like Switzerland, superior education and training is essential. In trade and industrial vocations and many professions of the services sector, the unique dual training system ensures the availability of highly qualified employees. Proximity to neighboring Italy, combined with the implementation of the Bilateral Agreements with the EU grants businesses in the Ticino easy access to a world-class human resources pool in fashion, textiles, engineering, design etc. Non-residents make up 47% of the workforce, and almost half of the non-Swiss workers live in Italy and commute across the border every day.

According to the balance of net technology transfer, Switzerland ranks as the second most important exporter of technology. Swiss universities are among the most renowned elite training and research centers in today's globalized world where the forces of innovation and competition are key determinants of success. Switzerland is also among the world's most prolific countries in terms of the World Bank's Knowledge Economy Index (KEI), which is calculated on the basis of indicators such as the efficient use of know-how within the economy, the links between universities, investors and consultancies, firms' intrinsic inclination to innovate and the widespread use of new communication and information technologies. Going forward, these strengths will continue to be nurtured, in particular via more differentiated and intense contacts between the business and academic worlds, the latter gradually becoming more entrepreneurial and opportunity-oriented. The market for the best brains has become increasingly competitive and the universities' reputation correspondingly more important for individual economies and regions.



In the Ticino, the University of Southern Switzerland (USI) offers diploma and post-diploma courses in business and economics, communication sciences, architecture and information technology (an Institute of Computational Sciences will be attached to the latter in the near future). With forty lecturers and twenty-five design studios, the USI Architecture school in Mendrisio trains more than 500 students for 3-year bachelor's, and 2-year master's degrees. The Institute of Applied Sciences of Southern Switzerland (SUPSI) conducts full-time professional training and post-graduate courses for executives alongside applied research, development and technology transfer mainly for small and medium-sized companies. SUPSI engineering faculty recently achieved a breakthrough in precise and non-invasive in-depth humidity measurement. Their microwave-based system provides fast, accurate data that is filed automatically; the system is in use on Europe's largest engineering site, the ALPTRANSIT project, and as a core monitoring component in the drying process applied to ceramic moulds.

The most important research centers in the Ticino are the Swiss Center for Scientific Calculation (an offshoot of the ETH Zurich Polytechnic), the Institute for Computer Integrated Manufacturing, the Institute for Biomedical Research, the Institute of Oncology and the Dalle Molle Institute for Studies in Artificial Intelligence. Today these institutions are interlinked and negotiations are under way aimed at eventually moving the entire Computational Science research group from Zurich to an enlarged USI campus in Lugano.

"The design of Europe's high-speed train mobility shows the Ticino's centrality within a network that is restructuring Europe's landscape. This inevitably calls for reflections on the new proximities, the new strategic locations, and the interactions between local and global mobility that will ensue."

"The new Lugano is a 10 km long urban structure characterized by full transport intermodality, sustainable mobility and increased economic attractiveness, combined with a renewed service-sector orientation, enhanced urban density, environmentally conscious growth and a multicultural understanding."

I.CUP – IRE (2008), "The New Lugano",
USI Academy of Architecture, Mendrisio

Schools

At all levels Swiss schools, both public and private, enjoy an excellent reputation around the globe. Language training plays an important part, as does the proven dual approach to education and vocational training. Italian is the primary language spoken in the Ticino's schools. Compulsory or optional Language courses (mainly German, French and English) are taught from primary school onward, especially in private schools.

Two internationally renowned private institutions offer American and international curricula. A university and college-preparatory academic year program as well as other courses (e.g. International Baccalaureate) and summer programs are taught to boarding and day students of approximately 45 nationalities at TASIS, The American School in Switzerland. TASIS also offers the first English-language elementary school in Ticino, grades PreK-6. Franklin College provides its multicultural student body with a four-year college experience distinctly international in perspective and crosscultural in content. Franklin College has about 380 students with 59 countries represented. Franklin offers a bachelor's degree with majors in, among others, International Communications, International Management, International Banking and Finance, International Economics, European Studies, International Relations, Environmental Science. Franklin is fully accredited in the United States as a baccalaureate granting institution and is the only purely undergraduate institution of higher learning in Switzerland to have its programs recognized by the Swiss University Commission (Schweizerische Universitätskonferenz, SUK).



Regional Headquarters

Ticino's main attractions are thus corporate tax advantages combined with a well-developed infrastructure, central location, benign climate, quality of life experienced every day amid landscapes of exceptional beauty, support by the authorities and a large, well qualified and motivated human resources pool. These features will be even more relevant in the future, given the trend toward lean headquarters, virtual and distributed organization and value creation through shared services. Other factors linked to the existence of specific industry clusters make it particularly attractive for business activities linked to

- Fashion, apparel and luxury goods
- Electronic components and electrical engineering
- Highly specialized machine tools
- Logistics, trading and supply chain management
- Design and new materials
- Drugs and life sciences, chemicals
- Banking and financial services
- Brokerage and distribution across Europe





Swiss-American Chamber of Commerce

Here we can realize an excellent symbiosis combining the typically Italian components of creativity and sensitivity with Northern European rationality, which pays scrupulous attention to technical and organizational aspects in manufacturing.

*Wendelin Ziegler, CEO,
Hugo Boss Industries (Switzerland)*

Most of the Ticino's features are typically Swiss. This includes a simple and efficient way of dealing with the authorities within a decentralized government structure, as well as an efficient and reliable public infrastructure e.g. in transports and communications.

*Marco Brusseleers, CEO
Turbomach SA*

I am not sure that if we were based in Detroit, Rüsselsheim or Turin we would be able to work as effectively with the local automobile manufacturers' competitors, even if we guarantee full confidentiality. Our methodology is based on co-design. In most cases, our clients travel here in order to work in a more focused way with fewer constraints.

*Marco Piffaretti, President,
Protoscar SA*

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