



Swiss-American Chamber of Commerce

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Media Release

Top market USA: Swiss companies see great opportunities, but also significant questions due to new rules - report

In the past years, the US market has become the largest export market and the most important direct investment destination for Swiss companies. Swiss companies see the planned massive investment programs by the government and Congress as great opportunities. But some new rules in supply chain and fiscal topics raise significant questions. This is revealed by a new report by the Swiss-American Chamber of Commerce. Swiss companies see the need to improve supply chain risk management, increase productivity and expand apprenticeship programs.

For decades, the United States has been one of the most important markets for Swiss companies. Today, the US market is the largest export market for Swiss goods, it was the market with the largest nominal export growth, and it is the largest direct investment destination for Swiss companies. The large, planned investment program by the US government and Congress (totaling some US\$ 6 trillion) will bring large opportunities for Swiss companies. CEOs of these companies see the future in a very positive light. However, the accompanying new location requirements (“Buy American”, “Critical Supply Chains”) as well as fiscal changes will demand significant adaptations in the way to do business. The Swiss American Chamber of Commerce conducted over 40 Interviews with C-level executives of Swiss companies about their strategies in the United States.

„The U.S., being the top export market and a major investment target for Switzerland, offers lucrative opportunities for Swiss companies. A very pleasant finding in our report is that Swiss companies seem to be optimistic about their prospects in the U.S. over the coming years. Reasons for that are among others the American business-friendliness and the attitude towards innovation and positioning – characteristics which distinguish the U.S. from Europe”, says Martin Naville, CEO Swiss-American Chamber of Commerce. “Nevertheless, the past developments and the uncertainty of the government’s economic agenda pose a great challenge to Swiss companies which attentively evaluate the evolving circumstances in order to react proactively.”

Do Swiss Companies Lose Ground in the United States?

Swiss companies operating in the U.S. have been a reliable source of innovation, investing more than \$10 billion in research and development in the USA in 2019. Swiss companies were the top investor in innovation for several years but were overtaken by Germany in 2018. Further, in the field of R&D spending, Swiss companies were far outpaced by companies based in Germany (which doubled spending), the Netherlands (which nearly tripled it). A similar trend can be evaluated for growth in number of employees. While Swiss companies have grown their U.S. employee base by 10% since 2010, Dutch and German firms have grown by more than 50% and Irish companies by 110%.

The U.S. Remains a Key Market – Companies Addressing Tomorrow’s Challenges

Despite these developments over the last few years, Swiss companies generally consider the United States one of the major markets in which they operate. However, several challenges can be identified that need to be addressed in the future. Otherwise, they may have an impact on growth and competitiveness. For instance, in the face of great uncertainty about how much of the government's economic agenda will be implemented, businesses have identified clear challenges and threats but are mostly adopting a wait-and-see approach. For this reason, Swiss companies have already begun to embrace a local-by-local model to segment their operations, minimize regional interdependencies and proactively mitigate potential impacts of geopolitical risks.

Three Areas of Action to Maintain Success

The report indicates that if the new Administration's agenda takes shape, companies will need to act three areas to maintain or increase success in the U.S.:

- 1. Improvement of supply chain risk management:** Economic policy trends not only in the U.S. highlight a growing move toward de-globalization. This is why supply chain resilience is becoming more important than supply chain efficiency. Companies need to embrace new assessments of supply chain risks and build a long-term supply chain resilience capability.
- 2. Increase productivity:** Potential increases in tax rates and personnel costs will drive up costs and impact profitability. Companies can counterbalance this effect by increasing productivity and investing in automation efforts.
- 3. Expand apprenticeship programs:** The lack of skilled workers is the top concern for Swiss companies operating in the United States. Therefore, it is of great importance to continue or build up collaborative relationships with local governments, school districts, and community colleges to expand these programs.

In summary, the report states that most Swiss companies with some key caveats remain bullish about their future in the U.S., given the strong expected economic rebound and opportunities offered by several policy actions.

About the Swiss-American Chamber of Commerce

The Swiss Amcham is a privately-funded organization with some 1800 members. Swiss Amcham represents international companies based in Switzerland (Swiss and foreign, large and small) in economic policy questions regarding economic policy questions in the free flow of goods, services, people and investments between Switzerland and the USA, as well as regarding issues hindering the optimal operations of international companies in Switzerland.

For further questions:

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