

The U.S. market: a growing source of opportunity and competitive edge for Swiss businesses

Swiss-American business relationships: driving innovation

Zurich, October 26, 2023 – Swiss businesses active within the U.S. market have a decisive edge over their industry counterparts at home. Overall, these companies score better in terms of financial health, talent management, technology, and sustainability. These are the findings of a new report from the Swiss-American Chamber of Commerce in collaboration with Accenture.

“Switzerland and the U.S. have longstanding and stable trading relations that continue to grow disproportionately despite the bilateral challenges of the past. The U.S. is the most important trading partner for the Swiss economy, and many Swiss businesses generate the majority of their revenue in the US,” says Martin Naville, CEO of the Swiss-American Chamber of Commerce. In recent years, Swiss businesses have successfully built a robust and durable presence in the U.S. and make a significant contribution to investment, research and development, job creation and general economic development in the country. Accordingly, Switzerland was the seventh-biggest foreign direct investor in the U.S. in 2022, with investments worth USD 227 billion.

Switzerland FDIs and export of goods and services in the US
(Indexed values, 1999 = 100)

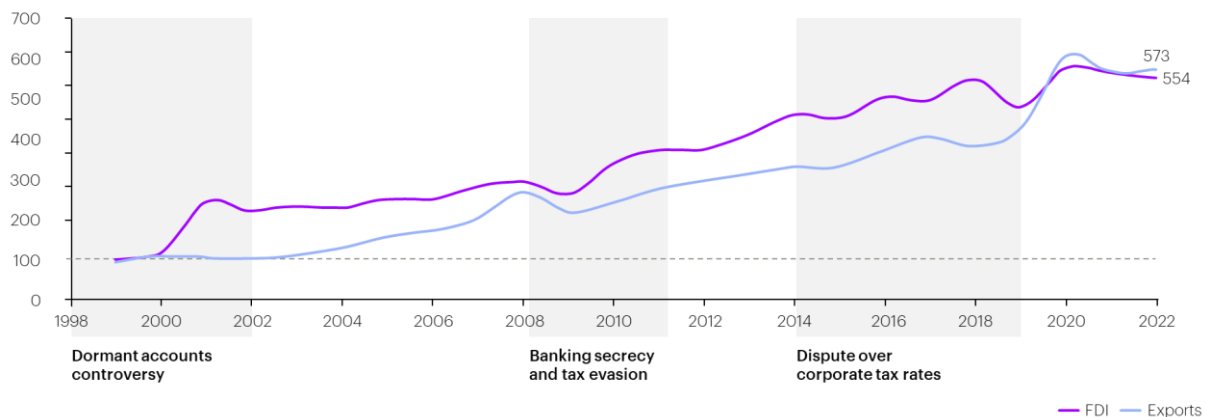


Fig. 1: Relations between Switzerland and the U.S. continue to experience stable growth despite challenges.

The U.S. has also been Switzerland’s most important trading partner since 2021. The U.S. market has primarily established itself as a destination for strategic goods. The pharmaceutical industry accounts for over half (58%) of exports. Also, almost a quarter of top Swiss businesses’ revenue is earned in the U.S.

In addition to exploring relations between the two countries, the report commissioned from Accenture, “Swiss Companies in the U.S.”, also saw the Swiss-American Chamber of Commerce examine how the performance of Swiss businesses operating in the U.S. differs from that of businesses in Switzerland with a minimal U.S. presence or none at all. This shows that companies with a strong U.S. presence tend to perform better on average.

A presence in the U.S. encourages stronger performance and competitiveness

In the period between 2017 and 2022, Swiss businesses with a stronger presence in the U.S. achieved greater growth in revenue overall and higher profit margins than their industry competitors. To understand the drivers of the financial performance, Accenture leveraged its Resilience Index, an analytical tool that evaluates companies on six pivotal business dimensions, providing a holistic view of their strengths and vulnerabilities.

According to this index, Swiss businesses active on the U.S. market outperformed other Swiss companies in four of the six areas analyzed: financial health, sales, supply chains, talent, sustainability, and technology.

Resilience Index score comparison across regions, Q4 2022
 Percentile in distribution of strength across industries in Q4 2022. 50% is overall industry median

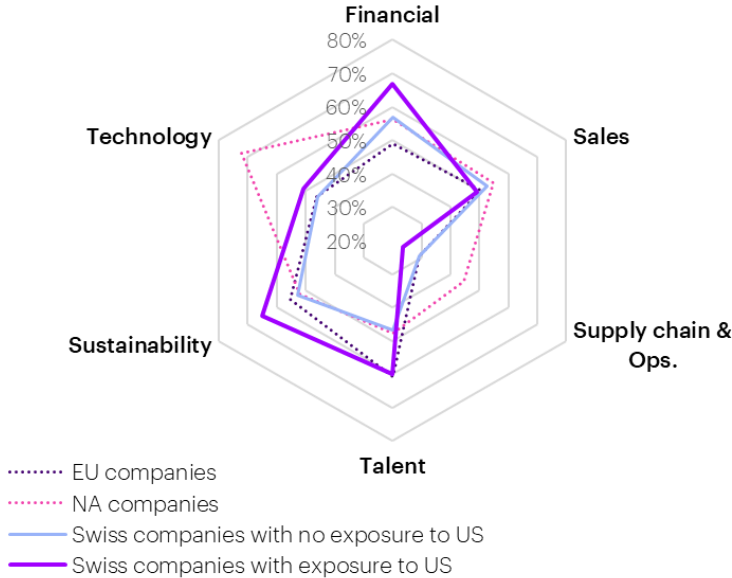


Fig. 2: Swiss businesses with a U.S. presence mostly perform better than their Swiss colleagues in the same industries

Swiss businesses with exposure to the U.S. score worse than their industry competitors above all in terms of their supply chains. These businesses usually have more complex supply chains with a larger number of suppliers. Due to heightening geopolitical tensions in 2021, Swiss businesses in the U.S. began gradually expanding and diversifying their supply chains. While Swiss businesses with no U.S. presence have cut their supplier numbers by 11% over the past three years, businesses active in the U.S. have increased this figure by 16%. In addition, these businesses have taken steps to reduce the risk of interruptions in their value chains – such as dependencies on suppliers and locations.

Challenges and opportunities for Swiss businesses

“Swiss businesses in the U.S. still face challenges on many different fronts. Accordingly, since 2019, hourly wages in the U.S. have increased by 16% – in contrast to 9% in Switzerland. The ongoing lack of specialist staff and high turnover rate are contributing factors. It is specialist Swiss businesses which are severely affected by these challenges, as, more than other U.S. companies, they primarily seek and recruit highly qualified specialist staff,” says Naville.

Despite geopolitical and economic uncertainty, the American economy remains remarkably resilient. “A range of positive initiatives attract foreign direct investment in strategic sectors,” observes Marco Huwiler, Country Lead at Accenture Switzerland. “These in turn offer Swiss companies the chance to position themselves as key suppliers and partners in important sectors such as technology or sustainability.” Today, Swiss businesses already invest 24% (a total of USD 4 billion) of their budget in new technologies in the U.S. – double and triple the share invested by their German and French counterparts respectively. Accordingly, Swiss businesses appear to be striving for their place at the cutting edge of technological developments.

Due to good relations between both countries, Swiss businesses in the U.S. will remain well-positioned going forward to take advantage of opportunities and tackle challenges in the long term.

About the Swiss-American Chamber of Commerce (Swiss Amcham)

Swiss Amcham is a private organization with around 1,700 members. It represents the interests of international companies (Swiss and foreign, large and small) located in Switzerland with regard to economic policy issues pertaining to the free movement of goods, services, people and investment between Switzerland and the US and challenges that prevent international businesses in Switzerland from achieving peak performance.

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